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X.98/2:130/pt.7

UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 98th CONGRESS

SECOND SESSION

VOLUME 130—PART 7

APRIL 11, 1984 TO APRIL 25, 1984

(PAGES 8653 TO 10040)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1984

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For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402

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United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 98th CONGRESS, SECOND SESSION

SENATE—*Wednesday, April 11, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Father in Heaven, we pray this morning for our families. Thank Thee for united families, mature in love and strong in connection. Thank Thee for men and women in public life who do not allow their families to be sacrificed on the altar of public service. Help those who struggle with priorities and sometimes engage in harsh words which compound frustrations.

Protect our homes against alienation. Encourage faithful spouses for whom changed plans and disappointment have become commonplace. Help youth who live on the edge of concealed bitterness to appreciate the necessity which sometimes causes parents to seem callous and indifferent. Help us all to put first things first remembering that the social order collaspes when the family disintegrates. In the name of Him who taught that love fulfills all law. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

A FASCINATING EXPOSITION AND SUPPLICATION TO THE DEITY

Mr. BAKER. Mr. President, I have almost made it a habit to comment on the Chaplain's prayers every morning. It is not that I am trying to prove to him that I listen, but because I find them a fascinating exposition and supplication to the Deity. And I listened this morning as he enumerated those things that we should be thankful for and guard against. It sounded to me like a multiple-choice test. But I hope we can continue to have provocative and good prayers by the Chaplain.

SENATE SCHEDULE

Mr. BAKER. Mr. President, it was a late night last night. It may be again tonight. I regret to say that to Senators, but I have indicated to the two managers of the tax revenue amendment that I am prepared to ask the Senate to stay as long as it appears useful to complete our work on this amendment.

I wish now to repeat, Mr. President, what I said yesterday. It is the intention of the leadership on this side to try very hard to finish the revenue tax portion of this matter; that is, the Finance Committee amendment. It would not be my intention to proceed much further than that on the boat bill. So if we can finish tonight, we will finish tonight and tomorrow would be a very light day. If we finish tomorrow, we would not be in on Friday. If we do not finish tomorrow, we will be in on Friday. That is not meant in any way to be a threat, but, rather, simply a description of the schedule of the Senate as proposed by the leadership on this side.

I express my regret to Senators for the late evening last night and the relatively early convening hour this morning, but I am sure all Members will agree with me that there is work to be done before we recess for the Easter break.

Mr. President, this morning there are no special orders and, after the two leaders have been recognized, there will be a period for the transaction of routine morning business until 10:30 a.m.

At 10:30 a.m., the Senate will resume consideration of the boat bill, which is H.R. 2163, and the pending question then will be the Dole-Long amendment No. 2902, as modified.

Mr. President, I have no further announcements to make at this time, nor do I have any further need for my time under the standing order. I offer it to the minority leader if he requires any additional time.

Mr. BYRD. Mr. President, I thank the distinguished majority leader.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

Mr. BYRD. I thank the President pro tempore.

PROPOSED IMPROVEMENTS IN THE CONFIRMATION PROCESS

Mr. BYRD. Mr. President, a little over 3 weeks ago I introduced S. 2446, the Senate Confirmation Act of 1984. That legislation was an effort to deal with what I saw as a growing institutional problem in connection with the Senate's role in fulfilling our advice and consent function under the Constitution of the United States. Simply stated, we are witnessing more and more occasions when the Senate has considered Presidential nominations without full and complete information before deciding whether nominees should be confirmed. I refer my colleagues to the CONGRESSIONAL RECORD of March 19 for examples of the kinds of situations that I had in mind.

The most recent nomination to raise this kind of problem, of course, has been the Edwin Meese case where considerable information was developed concerning the nominee only after the confirmation process was underway.

Mr. President, I fault the lack of thoroughness of the background investigations of nominees as being one part of the problem, and a few days ago I proposed three-part legislation to improve the process. First, S. 2446 would take the responsibility for supervising background investigations out of the White House and place it in the hands of an independent office of Government; namely, the Office of Government Ethics.

Second, that legislation would required that the Senate be given exactly

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

the same information about a nominee that is provided to a President or to a President-elect and his transition team.

Finally, the bill contains the so-called fail-safe provision to cover situations in which, despite our best efforts, relevant information becomes known about some of the very highest level officers in Government only after their nominations have been confirmed. It is this provision which I should like to address briefly today.

I intend to introduce that third provision as a separate piece of legislation. In addition to improvement of the confirmation process itself, S. 2446 would also require that if any President were to be reelected to serve a second consecutive term, then the nominations of the 20 top officials of that President's administration would have to be again confirmed by the Senate, if they were to continue to serve in the same high office during that President's second term. These 20 officials would include all the members of the President's Cabinet, plus the Secretaries of the military services, the CIA Director, the Director of Management and Budget, and the head of the Arms Control and Disarmament Agency.

I will cite just one example of the kind of situation this would cover. It is now evident that the Senate was not kept fully and currently informed about the mining operations of the CIA off the Nicaraguan coast. Those operations were overwhelmingly condemned by the Senate yesterday. The President has asked for bipartisanship in our foreign policy, and he got it yesterday.

What of the fact that we were not told? Those operations were overwhelmingly condemned by Members on both sides of the aisle.

What about the fact that the Director of Central Intelligence, William Casey, has acted—or perhaps I should say failed to act—in violation of law? The Intelligence Oversight Act requires that we be told about these kinds of operations. We were not told.

The chairman of the Senate Intelligence Committee, Mr. GOLDWATER, has said, reportedly:

> The legal requirement of the law was not followed in this case by not briefing our committee.

We can complain about these kinds of situations, and we can pass resolutions and adopt amendments, as we did yesterday, about the operations themselves. It seems that we ought to do something else with respect to the flaunting of the will of Congress and the laws of the land. We can hold accountable the one official in our Government who is charged by law with obeying this law.

We could make a new decision, if President Reagan were to be reelected, about whether the CIA Director should be allowed to serve for 4 more years as Director of Central Intelligence, and my proposed legislation would provide for that.

It would require that the Senate be obliged to provide its advice and consent on the question of whether the nominations of the CIA Director and 19 others serving in high office should be reconfirmed.

The President of the United States has to stand for reelection if he wants to serve a second term. Members of the Senate have to stand before the bar of public opinion if they seek to be reelected to serve a second or additional term. Why should not these individuals about whom I have been talking also be required to stand before the people's court of public opinion, the U.S. Senate, if the incumbent President, when reelected, wishes them to continue in their service? Why should they be beyond the reach of public judgment rendered through the elected representatives of the people?

These are very high Government officials. One can judge that simply by looking at the salaries they receive. They are not elected by the people. Their nominations are confirmed once—in the event nominations are confirmed—and then they get a free ride if the President, who has to stand before the bar of public opinion and take responsibility for their actions, is reelected and wishes to have those individuals continue in those high offices. It does not make good sense.

So I urge my colleagues to study the proposed legislation and the circumstances which I think justify the adoption of this measure by Congress. It would obtain in the case of democratic Presidents and Democratic departmental heads as well as Republicans.

Senators will remember that, from time to time, I differed with former President Carter, a member of my own political party, and this requirement of reconfirmation should apply regardless of what party is in control of the Senate or of the White House.

We hear that information which is available should be asked for; that Senators should ask questions that would elicit from an administration witness the information to which the Senate is entitled. Mr. President, the appropriate administration officer has a responsibility to volunteer the information to the appropriate committee or committees of Congress. He bears that responsibility.

And I do not think we should have all this shadowboxing for instance, well, you could ask the question and get the information. That is nonsense.

What confidence does that reaction implant in the minds of the American people?

Your elected representative is supposed to ask the question? High officials in Government take an oath to uphold the Constitution and the laws of the land, and the law requires that they inform the appropriate committee or committees fully about actions such as this which violate international law, actions which could reflect dangerously upon this country and undermine its credibility in the family of nations, actions which could get this country into war, actions which could result in casualties of American fighting men.

I think it is preposterous, preposterous to assert such a flawed claim.

When you go in court you are sworn, or when you come before the Senate committees for confirmation of your nomination. You swear to tell the truth, the whole truth, and nothing but the whole truth. Nominees do not swear that they will tell the whole truth only if asked a question. They are supposed to lay it all out.

Those of us who stand for reelection in these honorable public offices stand before the bar of public opinion regularly if we wish to be reelected. If we are found not to be telling the truth, something other than the truth, and less than the whole truth, then the people's verdict will not be very favorable.

So I say, Mr. President, that those high officials in Government who establish policies that affect the lives of 225 million Americans not only today but also far into the future in matters of war and peace, in weighty matters involving the economy of the country, and so on and so on, there is not less reason for requiring them to provide an accounting of their actions if they are asked to serve 4 more years by the President of the United States.

Mr. President, do I have time remaining?

The PRESIDING OFFICER (Mr. SYMMS). The time of the Senator has expired.

Mr. BYRD. I thank the Chair.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond 10:30 a.m., with statements therein limited to 2 minutes each.

The Senator from Wisconsin is recognized.

THE NOMINATION PROCESS

Mr. PROXMIRE. Mr. President, I have a great deal I wish to say this morning. Unfortunately, there is not much time.

First, I wish to commend the distinguished minority leader on what he just said. It is about time we take the Constitution and our constitutional responsibilities seriously.

The situation is ridiculous. I have been in this body 27 years. For more than 20 years the Senate has approved every single nominee the President has sent us for the Cabinet, ever since Strauss was turned down as an Eisenhower nomination in 1959.

Mr. BYRD. Whether he be Democratic or Republican.

Mr. PROXMIRE. I think that record is a disgraceful record. I am delighted that the Democratic leader has spoken up on it this morning and called our attention to the change which he is going to propose which I enthusiastically support, that if a President is reelected, his Cabinet must come before the Senate for confirmation. That makes sense.

But unfortunately my time is very limited.

I understand my good friend from Wisconsin and colleague also has material he wishes to put in the RECORD.

DO NOT SHOOT OUT NUCLEAR ARMS CONTROL EYES AND EARS

Mr. PROXMIRE. Mr. President, what activity of our Government lies at the very heart of reaching an effective nuclear arms control agreement with the Soviet Union? The answer: The satellite system that works 24 hours a day every day to constantly photograph every foot of the Soviet Union. Our search-and-find satellites do this absolutely critical intelligence work every day. If they spot suspicious activity we zoom in with close look satellites to determine precisely what is going on. If weather, darkness, or camouflage interfere with our detection we can use multispectral scanners. With computer techniques we can then develop highly precise photographs. This satellite system constitutes about 80 percent of the basis for verifying any arms control agreement. Without satellites we can forget arms control. This is why the antisatellite technology race between the United States and the U.S.S.R. is so dangerous.

Our antisatellite research program is well underway. Within the last 3 months we have begun intensively testing the system. It promises to be extremely effective. It is ahead of the Soviet technology at the moment. Within the next few months we here in the Senate will be called on to decide whether to go ahead with this aspect of the nuclear weapons race. The Reagan budget calls for $143 billion for research and development. It also asks $83 million in procurement money for the antisatellite program.

Why should we not move right ahead with the program? Are we not ahead of the Soviet Union? Why not put ourselves in the position of being able to knock the eyes out of the Soviet military, so they cannot detect our nuclear deterrent deployment? The answer, Mr. President, is that any use of this system would destroy any basis for arms control. Verification possibilities would vanish for the Soviet Union and, of course, without verification assurance neither superpower would or could consider any arms control agreement as anything but unilateral disarmament. Am I saying that if we fund this antisatellite system we would use it to promptly knock out Soviet satellites that monitor our compliance with nuclear arms limitation treaties present or future? No.

I am saying that the Soviet Union would believe that this was the eventual purpose of the system. They would believe we would use it at precisely the time and under just the circumstances that would put the Soviet Union at the greatest possible disadvantage. So how would they react? First, they would do what they always do when they believe we have built a significant technological nuclear arms advantage over them. They would pour their resources into matching or surpassing our antisatellite system. But what if they did not succeed? Suppose we could continue to stay ahead of the Soviet Union technologically in the antisatellite field, then what would be the Soviet reaction? It would be sure and direct. They would not—in fact, they could not—agree to any significant further arms control agreements. Why? Because they would know that their verification capability could be destroyed at any minute by the United States. They would know that without their satellite eyes and ears they would have no way of verifying American compliance or American violation.

They would furthermore know that unless they shot down American satellites, they would stumble around alone in blind darkness—not knowing what their potential adversary was doing. On the other hand unless they matched our antisatellite technology, they would assume that their adversary was able to observe any significant nuclear arms production or deployment. They would have to do everything in their power to take out our satellites. Whether they succeeded or failed in doing so, since they could not monitor our actions, they would assume the worst. They would assume we were quickly building up an ever greater and more threatening nuclear capability. Certainly if they did succeed in demolishing our satellites, we would assume, and with reason, that they were engaged in massive nuclear arms escalation. Both sides would know that without satellites warning time had been reduced perhaps by two-thirds or disappeared entirely. Both the United States and the Soviets would be constrained to move on a hair-trigger basis.

Mr. President, when the armed services authorization bill comes to the floor in a few weeks, we should debate the millions of dollars that bill will contain designed to destroy Soviet satellites. It is always tempting to fund any program that seems to give us a military advantage over our prime adversary—the Soviet Union. In this case, Mr. President, we should be conscious that the price we pay for this military advantage is to put all our nuclear arms control agreements present and future in jeopardy.

In this Senator's judgment we need a strong military force—strong in both conventional and nuclear arms. We need our immensely powerful nuclear deterrent. But if we simply rely on weapons of destruction, if we destroy the prospect of verifying a comprehensive nuclear arms control agreement by building antisatellite programs on both sides, if we do this we bring nuclear war much closer.

Mr. President, I ask unanimous consent to have printed in the RECORD an article from the San Jose Mercury News of February 13, 1984, entitled "Last Chance in Space;" and an article by Peter A. Clausen, who is senior arms analyst at the Union of Concerned Scientists, that appeared yesterday, April 10, 1984, in the New York Times, entitled "Courting a New Arms Race."

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the San Jose Mercury News, Feb. 13, 1984]

LAST CHANCE IN SPACE

Flying over Southern California on Jan. 21, a U.S. Air Force F-15 jet fighter fired an 18-foot rocket and wrote a new page in the history of space weaponry. It was the first flight test of a second-generation anti-satellite (ASAT) system.

In future tests, such rockets will carry 11-inch non-explosive heat-seeking warheads, capable of maneuvering into the orbits of targeted satellites; the warhead parks in the path of an oncoming satellite and acts like a fireplug stationed in front of a speeding car. The satellite is destroyed by the simple force of impact.

Initiated by the Ford administration and scheduled to be operational in 1987, the new U.S. ASAT is considerably more sophisticated than anything we or the Soviets have had before. It's compact, it's fast, and it can threaten the U.S.S.R.'s high-orbit communications and early-warning satellites. Its small size also would make it difficult to verify under an arms control treaty that banned such systems or limited their numbers.

Although already operational, the 1968-vintage Soviet "killer-satellite" system is more crude and less threatening. Composed of a booster rocket and an orbiting, exploding, pellet-filled globe, it has a much slower launch time. And it cannot reach our high-orbit satellites.

The asymmetry of the American and Soviet ASAT weapons mirrors the asymmetry of their satellites and our own. They use cheap, replaceable satellites with short space lives; our military satellites are fewer, longer-lived, more expensive and more sophisticated. The obvious conclusion is that if the two sides began shooting down one another's satellites, tit for tat, the United States would have more to lose.

But the loss would not be measured in mere numbers. Take away a superpower's satellites, and you steal its military eyes and ears. Much of the ability to retaliate to an attack would be destroyed—along with the command and control systems that might restrain escalation of a war begun by misunderstanding.

All of this invests anti-satellite weapons with a lethality out of all proportion to their size and cost. Still, the price tag is not negligible. The General Accounting Office places the eventual cost of the new U.S. ASAT at $3.6 billion. In the fiscal year 1985 budget, the Reagan administration seeks $143 million for research and development, and an additional $83 million in procurement funds.

Some of the R&D investment might be justified, were the administration also willing to seek treaties to limit or ban weapons from space. But the Reagan defense strategy actively spurns such agreements.

Some members of Congress, distrustful of a president who would hang our security on weapons alone, this spring will attempt to cut the ASAT budget authority—or at least to tie it to negotiations for a new space treaty. On their efforts may depend mankind's last hopes to preserve space as benign.

[From the New York Times, Apr. 10, 1984]

Courting a New Arms Race

(By Peter A. Clausen)

Cambridge, Mass.—President Reagan began the year with professions of good faith on arms control. But on a key test of this new conciliatory tone—the control of space weapons—he continues to stonewall.

Hiding behind dubious arguments about verification, the Administration refuses to negotiate with the Soviet Union to restrain anti-satellite weapons. In January, the Air Force began testing an anti-satellite weapon, which could squander future hopes of controlling these weapons. Meanwhile, America is pressing ahead with the President's "Star Wars" program—an implausible quest for weapons to shield the American people from nuclear attack by intercepting Soviet missiles in flight. These ill-advised policies foreshadow a new space arms race at great peril to our security.

Anti-satellite weapons are a bad idea whose time unfortunately seems to have come. Development of them threatens the satellites we rely on for warning of attack; monitoring arms control agreements; and military command, control and communications. The vulnerability of such satellites to attack would be a highly provocative factor in future United States-Soviet confrontations, and would reduce the chances of bringing hostilities under control if nuclear conflict actually began.

The Administration rejects talks on anti-satellite weapons on the pretext that restriction on them would be impossible to verify. It is true that an absolute ban on them would pose serious verification problems, but such a ban is not critical. A freeze on testing and deployment could readily be monitored and would achieve the key objective of preventing the further development and perfection of these weapons.

But the opportunity for such a freeze is fleeting. The Administration's verification argument could become a self-fulfilling prophecy if American testing continues. Our anti-satellite weapon is launched from a small missile carried by an F-15 fighter plane. Once operational, this weapon would be very difficult to monitor, since there are no obvious differences between F-15's equipped with the device and those not. In contrast, the Soviet anti-satellite weapon is placed in orbit by a huge booster rocket operating from known launch sites. Its previous tests have been closely watched by America, and such a weapon could not be clandestinely deployed.

Neither the American nor the Soviet anti-satellite weapon can now attack the key communications and early warning satellite stationed in high orbits. But this will change if anti-satellite-weapons development continues. A test ban is needed soon to halt development of these weapons while they remain relatively primitive on both sides, and before deployment of our weapon undermines future control possibilities.

Why then does the Administration shun negotiations? For two reasons having little to do with verification. The first is straightforward, if shortsighted: The Administration wants the option of attacking Soviet satellites, even if the price is to forfeit any restrictions on Soviet anti-satellite weapons. The second reason is the "Star Wars" connection. Development and testing of the weapon offers a technological stepping stone to missile defense systems operating in space. This tactic is also legally convenient, since missile defenses are banned by the 1972 Anti-Ballistic Missile Treaty, which anti-satellite weapons remain unrestricted. America plans to exploit this loophole in developing "Star Wars" weapons and is loath to see it closed.

The Administration's approach amounts to playing games with the A.B.M. Treaty, the cornerstone of nuclear arms control. It also undercuts recent American accusations that the Soviet Union is violating the treaty, and precludes any serious attempt to resolve that issue. There is a real danger in all this that the A.B.M. Treaty could come unraveled. This outcome would be all the more tragic because it would be in a lost cause: Independent scientists agree that the hope of defending ourselves against devastation in the event of nuclear attack is an escapist fantasy. It is a dangerous fantasy as well, since the development of missile defenses will inevitably stimulate new offensive arms buildups and make the nuclear balance shakier by multiplying fears and suspicions on both sides.

To prevent a new arms race in space, America must shift course. Two steps are critical: Suspend testing of anti-satellite weapons and start negotiations to halt the futher development of them, and give up the costly, futile and dangerous pursuit of "Star Wars" missile defenses. These actions would signal to Moscow that Washington stands by the A.B.M. Treaty and would put us in a position to insist—as we should—that Moscow do the same.

AMERICAN EXPRESS

Mr. PROXMIRE. Mr. President, the American Express Co. is spending a lot of money to convince its millions of cardholders to write Congress in opposition to legislation permitting credit card surcharges. The company pretends it wants to protect its cardholders from discrimination. In reality, it wants nothing more than to protect it's own profits from the rigors of free competition.

Big companies such as American Express do not spend a lot of money to protect consumers. They only spend money to protect themselves. Here are the real facts behind the cynical campaign of deceit and deception by American Express.

Credit card companies such as American Express get most of their income by imposing a discount on merchants who agree to accept their card. When a consumer buys something for $100 with an American Express card, the merchant typically gets back only $95 from American Express. In the meantime, American Express bills the consumer for the full $100 at the end of the month.

Many consumers might be deceived by this arrangement into thinking that it does not cost anything to use their American Express card. But nothing in life is free. The merchant must somehow recover the cost imposed on him by American Express. How does he do it? He includes the cost in his price. There is no other way.

Thus, the cardholder ends up paying a credit card surcharge anyway. But it is hidden in the sales price. Moreover, American Express desperately wants to keep it that way. The company has spent enormous sums of money to secure and retain special interest legislation to prohibit merchants from passing along the cost of the merchant discount in the form of a surcharge. A surcharge for using a credit card would simply make visible a charge that is now invisible to cardholders.

Why has American Express embarked upon a near-hysterical campaign to keep the surcharge ban? Because the company fears that if their cardholders ever knew the true cost of using credit cards, two things might happen.

First, some cardholders might conclude the cost is not worth the benefit and decide to pay with cash instead;

Second, if credit card charges were visible to consumers, credit card companies would be forced to compete with one another.

With more price competition, consumers would switch to credit cards with lower charges. For example, the merchant discount imposed by American Express averages 4.5 percent compared to 3.2 percent for VISA and MasterCard. The price competition among credit card companies resulting from visible surcharges would force down charges and credit card company revenues, especially those of American Express.

In 1983, American Express derived $1.35 billion in revenues from the hidden surcharge it collects from retail merchants. Only $750 million was collected through visible fees imposed on cardholders. It is clear why American Express prefers to keep those surcharges invisible to their cardholders.

A credit card surcharge would also give cash customers a break by not requiring them to pay for a benefit they do not receive. But that is not the whole story. All consumers are being ripped off by American Express whether they use credit cards or not. Cardholders are deceived about the true cost of credit cards and are denied the benefits of price competition. Cash buyers are forced to support American Express while receiving no benefit.

In its letter to its cardholders, American Express has contended a Federal surcharge ban is needed to prevent retail merchants from unfairly abusing credit card users. This contention is a demeaning insult to the hundreds of thousands of small businessmen and women who are doing an outstanding job in serving their customers. The typical small retailer faces far more competition than American Express. Retailers simply do not have the market power to abuse their customers without losing sales. By what right can American Express demand Federal laws imposing burdensome controls on small business while claiming freedom for itself? If American businessmen really have a built-in propensity to abuse their customers, why does not American Express call for Federal controls on how much credit card companies can charge their cardholders?

After we peel away all the smoke and phony rhetoric of American Express, it really boils down to the simple fact that the company is afraid to compete in the market place. It wants the Federal Government to use its power to impose price controls on small retail merchants. In the same breath, it supports sweeping legislation to deregulate companies in the financial services business. If there were a surcharge on hypocrisy, American Express would be bankrupt.

WISCONSIN CREDIT UNION LEAGUE'S 50TH ANNIVERSARY

Mr. PROXMIRE. Mr. President, the importance of credit unions in the Wisconsin economy is best demonstrated by the fact that one out of every four Wisconsin residents is now a credit union member.

Wisconsin's 571 credit unions report a total statewide membership of 1,288,570 residents. It is estimated that there is a credit union member living in one out of every three Wisconsin households.

Today, you will find these member-owned, not-for-profit financial cooperatives in Wisconsin communities of all sizes, in industrial plants and business places, in government offices, schools and universities, in rural areas and among hospital and church groups. Current assets of Wisconsin credit unions are $2.3 billion.

This year, Wisconsin credit unions are celebrating the 50th anniversary of the Wisconsin Credit Union League at the league's State convention May 18 and 19 in La Crosse. This anniversary marks the beginning of the Wisconsin's statewide financial cooperative movement.

There were only 37,000 credit union members in the entire State in 1934 when a small group of credit union leaders from 35 cities gathered at the State capitol in Madison to organize the Wisconsin Credit Union League as their statewide organization.

For the past half century the league has served as the instrument for the continued cooperative effort that has led to the growth and progress of Wisconsin credit unions.

Working together for 50 years within the organization of their league, credit unions have accomplished what they could not have achieved alone.

As financial cooperatives, credit unions are unique among our State's financial institutions. They provide their owner-members a unique and personal way to achieve the goals of sound money management.

Because of this, the whole State benefits. Credit unions have contributed greatly to the economic and social progress of Wisconsin in the past 50 years.

In 1934, when the league was organized, we were in the middle of a depression, times when credit was expensive and hard to get for the average person, times when it was impossible for many people to save, times when people needed the financial help only a credit union could provide.

It should also be noted that, because of its progressive tradition, Wisconsin was one of the first States to recognize the value of the credit union idea. It had one of the earliest State Credit Union Acts in the Nation. In 1931, the Wisconsin Legislature appropriated funds to advise people about low-rate money lending agencies. This led to the appointment by the State, in that same year, of a credit union organizer who was to assist in the organization of over 400 credit unions in the next 8 years.

In addition to its own strong credit union tradition, Wisconsin is also the headquarters State for the worldwide credit union movement.

Sixteen national and international credit union organizations serve the world's credit union members. Wisconsin is home for all these organizations, located in the Credit Union Center in Madison.

Edward A. Filene, recognized as the founder of the U.S. credit union movement, urged location of the national headquarters in Madison because it had an atmosphere of democracy and research, and because the Wisconsin Legislature strongly supported the credit union idea.

When the Credit Union National Association was organized in 1934, one of its first decisions was the selection of Madison as its headquarters.

One of the most marvelous aspects of the credit union movement is its ability to adapt to technical changes—including the world of electronic funds transfers—and maintain its unique identity as a nonprofit financial cooperative movement.

Credit unions have succeeded—in good times and bad, and throughout turbulent changes in the economy—because they stuck to the original credit union idea: the cooperative exchange of ideas and pooling their resources.

It is a good old idea that keeps proving its worth.

TORTURE IN THE EIGHTIES

Mr. PROXMIRE. Mr. President, Amnesty International has just released its latest report, "Torture in the Eighties." As a part of the group's worldwide human rights movement to expose and end the use of "torture as tool of state policy," the report cites allegations of torture and ill-treatment of prisoners in nearly 100 countries.

Prisoners have been tortured or cruelly treated in at least 1 out of every 3 countries during the 1980's. Government secrecy, intimidation, and censorship surrounding such abuses, however, have made a full, complete survey impossible.

A "state-controlled machinery to suppress dissent" describes the systematic nature of the cruelty applied to innocent men, women, and children of all social classes, ages, trades, and professions.

Methods range from beatings and whippings to pain-causing drugs given forcibly to some political prisoners of the Soviet Union. The use of heated skewers and electrodes on sensitive parts of the body have also been reported as torture techniques in a number of countries.

The evidence documented in the report comes from victims, witnesses, medical examinations, court records and former security agents who took part in the torture sessions.

Amnesty International concludes by urging the adoption of an international antitorture convention.

> Revulsion at the extermination camps of the Second World War led to a convention outlawing genocide for all time as a crime against humanity.

The report says, "Today's torture chambers demand a similar international response."

I applaud the efforts of Amnesty International. We can and should join their human rights campaign. Our first step must be the ratification of the treaty after which the antitorture treaty is modeled—the Genocide Convention.

Mr. President, I thank the Chair and I yield the floor.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

U.N. VOTING PRACTICES—SOUTH AFRICA

Mr. KASTEN. Mr. President, today I want to review with my colleagues another issue that was used in the analysis of the voting practices in the United Nations. This issue concerns South Africa and two votes in the U.N. General Assembly.

This seventh speech examining voting behavior in the United Nations is based on the first annual State Department report. In my remarks, I point out and highlight the voting patterns of countries receiving U.S. foreign assistance.

Successive U.S. administrations have expressed their repugnance at and opposition to the practice of apartheid in South Africa. The Reagan administration has been active in encouraging peaceful processes to moderate South Africa's racial policies, and the administration has invested an enormous amount of time and energy into encouraging a negotiated solution to South Africa's problems with its neighbors and a peaceful transition to independence and democratic, constitutional government for the territory of Namibia.

In this effort the United States has joined with its western allies France, Canada, the German Federal Republic, and the United Kingdom to form the contact group to mediate between South Africa and the frontline African states bordering South Africa and Namibia.

Mediation between South Africa and its black African neighbors is, one might have thought, an activity which would have earned the support of the United Nations. But the contact group nations' efforts run smack against prevailing ideological currents in the United Nations. For many years, overwhelming majorities in the U.N. General Assembly have approved resolutions attempting to isolate South Africa, politically and economically.

U.N. resolutions have also explicitly supported the efforts of national liberation movements to overthrow the South African Government. The contact group's efforts at peaceful mediation, therefore, face not only the hurdle of the difficulties between South Africa and its neighbors, but also the additional hurdle of a hostile U.N. General Assembly. And the General Assembly is apparently intent on isolating South Africa and bringing about a violent solution to the problems of the region.

Ambassador Alan Keyes, one of the deputies to Ambassador Jeane Kirkpatrick at the U.S. mission to the United Nations, summarized the U.S. position in debate in the General Assembly last fall. He said:

> The United States believes that a strategy of isolating South Africa will only contribute to making . . . violence more likely, widespread and destructive.

The United States rejects the isolationist approach, Ambassador Keyes said:

> In favor of another one which aims to help South African blacks build effective bases for the economic and political power they need in order to pursue their rightful place in South African society. We favor an approach which seeks to encourage and reinforce the better nature of South Africa's whites so that they too will see the folly of retaining an unjust, oppressive political domination.

Mr. President, our refusal to abet the isolation of South Africa, in favor of a negotiated solution to South Africa's regional problems has earned the United States condemnation, by name, in various U.N. General Assembly resolutions. The State Department's report on voting practices in the United Nations highlights two resolutions on South Africa from the 1983 General Assembly.

One of these resolutions—

> Condemns the policies of certain Western States, especially the United States of America, and Israel, and the transnational corporations and financial institutions that have increased political, economic and military collaboration with the racist minority regime of South Africa despite repeated appeals by the General Assembly.

This resolution attacks the United States for violating the South African arms embargo, which, in fact, we have not done.

The second resolution condemns the United States for a decision to permit some U.S. corporations to provide technological and maintenance service to commercial nuclear power installations in South Africa. This is not in any way connected with legitimate concern for preventing nuclear proliferation.

The tally on the resolution condemning U.S. cooperation with South Africa was 124 in favor, 16 opposed and 10 abstaining. On the resolution on commercial nuclear power, the vote was 122 in favor, 9 opposed, and 17 abstaining. The United States and the other members of the western contact group voted "no" on both proposals. On the latter motion, only Australia, Italy, Paraguay, and Portugal joined the contact group in voting no. In the other vote, we were also joined by Belgium, Iceland, Japan, Luxembourg, the Netherlands, New Zealand, and Norway.

The tally shows that nearly every developing country that receives U.S. foreign aid voted to condemn the United States in these resolutions. Even such good friends as Singapore, Thailand, and Egypt voted against us on both resolutions. Even Honduras and El Salvador voted to condemn the United States for "so-called 'constructive engagement' " with South Africa.

Mr. President, if that were all to the story, I would stop right there and attribute the votes to the extreme antipathy at the United Nation for anything associated with South Africa. But there is more to the story. It is interesting to note that these two resolutions did not condemn the other contact group members by name. They follow the formula of condemning "certain western states"—unspecified—while specifically naming only the United States and Israel.

As Ambassador Jeane Kirkpatrick has observed, in the introduction to the State Department's report on U.N. voting practices:

> Explicit criticism of a country by name has become, inside the U.N., something very different than in most human situations. It is an act of powerful blocs against countries unable to defend themselves in the U.N. context.

The United Nation's formula of selective condemnation of countries that deal with South Africa is designed to gain the most from the organization and habits of the blocs. The Arab and Islamic blocs that hold the rejectionist posture against Israel aline with the organization of African unity in lumping Israel and South Africa together for condemnation. The Soviet Union, with its bloc of captive nations, encourages selective and explicit condemnation of the United States.

The notion of a Washington-Tel Aviv-Pretoria axis is a favorite propaganda theme of the Soviet Union, and, it goes without saying, a terribly effective one in the United Nations. This interaction does double duty: It helps to reinforce the vicious falsehood that "Zionism is racism," while making the charge that America is "racist and imperialist."

The two U.N. resolutions I have cited, Mr. President, are totally out of step with the purposes and principles of the U.N. Charter, which has one of its primary tenets the principle of universality of membership. Thus, the United Nations acts self-destructively in treating the matter of South Africa in the selective and isolationist fashion that it does. Here, where good faith mediation by the United Nations could be so helpful, majorities of the General Assembly knowingly participate in incitement to violence.

So it has come to this: That increasingly, the United Nations, the world body created to resolve international conflicts peacefully, seems determined at least in the case of South Africa to beat plowshares into swords.

Mr. President, I ask unanimous consent that a table showing those countries which voted against the United States on these issues and are scheduled to receive U.S. foreign assistance in fiscal year 1985 be printed in the RECORD at the conclusion of my remarks.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

(See exhibit 1.)

Mr. KASTEN. Mr. President, it should be pointed out that the table does not include those countries which abstained, even though in some cases an abstention can be interpreted as a vote against us. Those countries which voted against us on both of the issues I talked about today appear with an asterisk next to their names. The table also shows the proposed U.S. bilateral foreign assistance for each country for fiscal year 1985, the current year levels of assistance, and the historic levels of assistance from 1946 through the fiscal year 1985 proposal.

EXHIBIT 1.—SOUTH AFRICA—NATIONS VOTING AGAINST U.S. POSITION

[Dollars in millions]

Country	Fiscal year 1985	Fiscal year 1984	1946–85
Africa:			
*Togo	8.3	9.5	92.9
Zaire	63.5	38.8	1,018.9
Swaziland	9.8	10.0	92.9
*Gabon	1.7	4.7	35.1
*Chad	21.1	10.8	108.5
*Central African Republic	4.3	4.1	30.4
*Cameroon	28.5	30.3	210.2
*Sudan	271.2	240.9	1,377.2
*Niger	33.1	28.4	247.5
*Kenya	129.5	112.3	887.9
*Egypt	2,170.3	2,504.3	18,497.9
*Somalia	120.1	109.0	697.4
*Lesotho	18.9	19.8	180.1
*Zambia	30.0	28.6	326.4
*Botswana	22.6	25.1	219.5
*Rwanda	9.9	11.1	77.4
*Morocco	140.9	124.4	1,926.4
*Tunisia	76.9	125.6	1,562.7
*Senegal	51.1	53.4	353.8
*Mauritius	5.7	5.7	52.5
*Djibouti	7.1	6.5	32.5
*Sierra Leone	9.7	8.0	128.3
*Gambia	6.0	5.4	50.0
*Burundi	7.2	6.9	59.5
*Mauritania	11.1	12.7	124.4
*Equatorial Guinea	1.8	1.8	7.1
*Comoros	.8	1.1	3.7
*Zimbabwe	30.2	40.0	267.0
*Ghana	10.2	21.0	473.2
*Mali	14.1	12.7	219.1
*Tanzania	3.1	11.0	350.7
*Upper Volta	19.0	16.9	234.3
*Uganda	10.1	9.1	97.0
*Seychelles	2.4	2.5	14.0
*Cape Verde	5.8	6.4	67.0
*Benin	3.0	3.0	65.8
*Sao Tome	.2	.7	3.5
*Madagascar	10.3	9.3	71.0
*Guinea Bissau	2.9	2.8	34.5
*Nigeria	(1)		203.3
*Congo	1.1	3.0	21.3
*Ethiopia	3.7	6.4	688.1
*Angola	.2	3.0	18.4
*Mozambique	(1)	6.2	82.3
*Guinea	12.0	5.7	203.4
Asia:			
*Oman	65.1	55.1	269.4
*Lebanon	35.8	156.2	649.3
*India	212.3	224.1	11,411.4
*Philippines	236.3	156.6	4,009.8
*Fiji	2.4	2.4	7.2
*Thailand	143.1	145.1	3,022.5
*Singapore	(1)	(1)	22.1
*Papua New Guinea	.9	.9	3.4
*Pakistan	632.0	583.3	7,743.1
*Nepal	18.3	17.1	353.7
*Burma	20.3	17.3	275.2
*Malaysia	11.0	11.1	298.5
*Indonesia	155.4	149.2	3,947.4
*Bangladesh	180.2	164.5	2,250.0
*Solomon Island	.8	.8	1.7
*Maldives	(1)	(1)	(1)
Bhutan	.6	.9	4.0
*Sri Lanka	74.3	72.6	880.4
*Jordan	117.1	136.7	2,871.0
*Cyprus	3.0	15.0	211.3
*Yemen Arab Republic	47.8	37.1	305.7
Latin America:			
Honduras	204.8	251.1	1,124.3
El Salvador	473.6	576.1	2,080.2
*St. Lucia	.1	.1	(1)
*Haiti	55.5	47.7	498.8
*Uruguay	.1	.1	249.8
*Jamaica	135.6	114.6	763.1
Costa Rica	219.9	192.1	971.9
*Belize	11.9	15.8	57.7
*Peru	78.3	67.4	1,292.7
*Bahamas	(1)		.3
*Dominican Republic	111.1	92.9	1,094.9
*Venezuela	(1)	(1)	353.8
*Trinidad-Tobago	(1)		40.5
*Ecuador	18.2	21.9	615.4
*Bolivia	52.5	42.3	1,067.7
*Colombia	19.2	11.3	1,657.5
*Brazil	.3	.1	3,068.8
*Suriname	.1	(1)	6.5
*Panama	60.3	62.0	603.9
*Mexico	9.2	8.7	386.7
*Guyana	(1)	.3	130.4
Europe:			
*Turkey	934.9	857.6	12,008.2
*Yugoslavia	.2	.1	2,832.5

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[1] Less than $50,000.

Mr. KASTEN. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

SENATE DELEGATION TO THE BRITISH-AMERICAN PARLIAMENTARY GROUP

The **PRESIDING OFFICER.** The Chair, on behalf of the Vice President, appoints the following Senators to be members of the Senate delegation to the British-American Parliamentary Group during the second session of the 98th Congress, to be held at the Wye Plantation, Queenstown, Md., on April 27-29, 1984: The Senator from Maryland (Mr. MATHIAS), chairman; the Senator from Alaska (Mr. STEVENS); the Senator from Utah (Mr. HATCH); the Senator from Maryland (Mr. SARBANES); and the Senator from Alaska (Mr. MURKOWSKI).

FORMER SENATOR FRANK CHURCH

Mr. DOMENICI. Mr. President, every so often there emerges here in Congress a representative whose commitment to responsible Government is so great both in his words and his actions that he stands apart from the rest and enjoys respect and admiration which do not know political affiliation. Frank Church was one of these representatives, and I know we all feel a great sense of loss at his death.

Senator Church's earliest years in the Senate coincided with increased attention to issues beyond our Nation's borders. These issues became matters of major concern to him. However, his leadership and strong stand against the war in Vietnam never affected his involvement with the needs of his home State of Idaho. I had the privilege of serving on the Committee on Energy and Natural Resources with Frank Church's tenure. As a Senator from a Western State as well, I grew to admire his balanced approach to developing the West in a manner that was reasonable and based on careful attention to protecting the wilderness of which he was so fond. It is certainly fitting that apart from the work he did here in the interest os his State's agricultural and wilderness needs, residents of Idaho have a more tangible reminder of their Senator in the 2 million acres which comprise the Frank Church River of No Return.

Not only was Frank Church an effective legislator, he was first and foremost, an ethical, compassionate man who brought these virtues with him to the U.S. Senate. As an early champion of financial disclosure by congressional candidates, Frank Church sought to protect the trust relationship between the voter and the elected official. As Chairman of the Senate Special Committee on Aging, Frank Church exhibited an unusual empathy for the problems of our elderly and was instrumental in awarding the elderly much needed cost-of-living adjustments to help keep pace with inflation. I remain on this committee, Mr. President, and am happy to say that the sensitivity and compassion with which Frank Church directed this committee continue to guide its activities.

This description barely scratches the surface of accounting for the many accomplishments of Frank Church and it is for this reason that I think our loss is go great. He was an involved man and a tireless representative whose concerns were so diverse that he touched all of us either directly, or through his work here. Fortunately, because of the tremendous success he had as a legislator we will never be without a reminder of his exemplary service to the people of Idaho, and indeed, to our entire Nation.

KEYCOM ELECTRONIC PUBLISHING

Mr. DIXON. Mr. President, technology is turning the future into the present in Illinois.

A constituent company in Schaumburg, IL, is making it possible for the Chicago metropolitan area to be the first region in the Midwest, and only the second in the Nation, to have videotex service. That means citizens will be able to use their television sets, or personal computers, to bank, shop, make airline, hotel, and restaurant reservations, order goods and services, and access information.

The company is Keycom Electronic Publishing and the service is Keyfax Interactive Information Service. I convey my heartiest congratulations to John P. Frazee, Jr., chairman of the board, and Wayne K. Norris, president and chief executive officer of Keycom.

Many local businesses and organizations are providing information for this service by offering their goods, services and information in printed text form over existing telephone lines with either Keyfax Videotex Terminals or personal computers.

In addition to those services listed above, the sky virtually is the limit with the amount of commercial activities which will be generated through the use of Keyfax Interactive, including: 24-hour-a-day news, weather, sports, business news, financial reports, airline/hotel/car rental reservations, electronic mail, home banking, and home shopping educational programs, even ticket reservations and more.

Keyfax Interactive will hurl Chicago into the forefront of the Nation's technology and videotex industry. It will create new jobs, greater conveniences to our citizens and make a significant impact upon the business and personal lifestyles of Chicagoans.

CODI HIGH ELK CROWNED 1984 MISS INDIAN WORLD

Mr. PRESSLER. Mr. President, I am proud to recognize a South Dakota native, Codi High Elk, who was recently crowned the 1984 Miss Indian World. Miss High Elk was named Miss Indian World at the Gathering of Nations Pow-Wow in Albuquerque, NM. In 1982, South Dakota was home to five national queens at the same time. Codi is successfully carrying on our State's tradition with her talent and ability.

Miss High Elk has lived all of her life in Thunder Butte, SD, and attends Dupree public school. Codi is a member of the Future Homemakers of America, Thunder Butte 4-H Club, Thunder Butte YMCA, and several other organizations in the Dupree area.

Codi is an award-winning Indian dancer and has danced since she was a small child. She has won 12 dancing championships, 7 second places, and a total of 32 trophies. Codi has attended many pow-wows in both the United States and Canada.

Paul and Clara High Elk, Codi's parents, have watched their youngest of six daughters work hard toward the title of "Miss Indian World." Princess Codi, aside from her regular school work, studies tribal government and the traditions and customs of her native people.

The Codi High Elk Planning Committee has been formed in Eagle Butte, S. Dak., to help Miss High Elk with her scheduling, social engagements, and fundraising efforts. Codi has successfully involved her community, family, and friends during her reign as Miss Indian World.

I commend Miss High Elk for her achievements and successes. Codi High Elk sets a fine example for all young people. All South Dakotans offer Codi their congratulations and thanks for representing South Dakota and our Nation as the 1984 Miss Indian World.

NUCLEAR WAR—A SHATTERED RAINBOW

Mr. CRANSTON. Mr. President, while nuclear war would physically destroy people of all ages, psychologically the specter of nuclear war has its worst impact on the young.

Without the psychological defenses adults have developed which shield them emotionally from many of life's adversities, many young people brood over the threat of nuclear war.

They have nightmares about it. They worry about an early death. They can not understand why adults have done such a thing to them, why adults have brought them and the world to its present terrible impasse.

But young people also show some great insights and strengths. They are capable of a profundity and a faith that adults might well emulate.

A few weeks ago, two teenagers—members of the Hay Class of Congregation B'nai Amoona in St. Louis—delivered short but perceptive sermons at a Shabbat service.

The Hay class is made up of youngsters who have become or will become Bar or Bat Mitzva during the course of this year. They are, therefore, either approaching their 13th birthday or just past it.

In his sermon, one of the youngsters—Marc Steinberg—likened nuclear war to "a shattered rainbow," in reference to the sign that God gave man after the flood that He would never again destroy the world. But He did not relieve mankind of its responsibility.

According to the Torah, Marc reminds us.

> God promised that He would never destroy the world again. However, He never promised that we would not destroy ourselves. It is entirely up to us to stop the growing problem. We must act quickly or arms control will be impossible.

Another youngster—Morrie Zimbalist—surveyed other children for their reactions to the possibility of nuclear war.

What he found should give us adults pause—and make us think anew of our sacred obligation to protect the lives of our children and to preserve God's Earth.

Mr. President, I ask unanimous consent that the sermons of Marc Steinberg and Morrie Zimbalist be printed in the RECORD, as follows:

There being no objection, the sermons was/were ordered to be printed in the RECORD, as follows:

HAY CLASS SHABBAT—MARC STEINBERG

There is a story about God and the rainbow. The story says that God had a bow which He used to shoot rain down from the heavens to the earth. These rains, during the time of Noah, caused a flood which destroyed the earth and everything in it. After the flood, God promised never to destroy the world again. And, as a sign of that promise, He took the same bow, filled it with beautiful colors, and set it in the heavens upside down.

Nuclear war is, to me, like a shattered rainbow. All the serenity, reason, and calm, so often suggested by a rainbow are gone. In less than an hour, indeed, in less than half an hour, the entire earth could be destroyed.

Jewish people our age, as you can see, have fears about Nuclear War. Some of you may wonder, "Didn't God promise that He wouldn't destroy the world again? Why then, should we fear Nuclear War?"

According to the Torah, God promised that he would never destroy the world again. However, He never promised that we would not destroy ourselves. It is entirely up to us to stop the growing problem. We must act quickly, or arms control will be impossible.

We can take action today by gaining a mutual respect for other people and by communicating with them. We must be willing to compromise or nothing will get done. We must have conferences with knowledgeable people in charge. We have to make this a common goal and work together.

The road to peace consists of building bridges of mutual trust and cooperation, a perception of common humanity, and a desire to solve disputes peacefully.

The Torah says that man is created in God's image. In other words, life is holy. People are guardians of one another as well as plants and animals.

What we need to look at is the upcoming generation—ours. We need to cooperate and to trust each other. The canned food drive that the Hay Class is presently carrying on is a modest example of this cooperation. It is good to be doing something; to know that even though all of this is true, there is still hope.

We all want to survive and live a good long life. Hopefully, we shall be able to. This is the prayer of my fellow students and me. Please join me in saying, "Amen."

HAY CLASS SERMON—MORRIE ZIMBALIST

In connection with today's sermon, I took a survey of kids in the B'nai Amoona Religious School, third grade through the seventh grade. I asked five questions:

The first was, "What do you think Nuclear War is?"

Most third graders said that it is a terrible war.

All of the fourth graders said, "A war between two places," except one student who wrote on the line, in big letters, "Horrible".

Sixth graders said, "It is a war with Nuclear Weapons that could end the world in a few minutes." One student summarized the answer with the following statement: "Nuclear War is a total disaster of the human race. The earth would be turned into pure hell and the human race would be no more."

Question number two was: "What do you think the outcome of Nuclear War would be?"

Almost everyone in all the grades said that the world would be destroyed. One student wrote, "The planet Earth would be a big glowing planet." Another student wrote, "Nothing much but sand and dirt."

Question number three on my survey was: "What countries do you think would fight in a Nuclear War?" The countries mentioned were: the United States, Russia, Israel, Japan, Germany, China, Vietnam, France, Britain, Canada, and England.

The fourth question was: "Tell why you want to survive."

Almost all of the kids want to survive because they are young and they want to lead good, long lives. A typical answer was: "I would want to survive Nuclear War because I am too young to die."

The second part of this question was: "Why would you not want to survive?" There were many emotional answers to this question. One was, "I would not want to survive because my family and friends would probably be dead." Another was: I would not want to survive because there would be nothing left to live for, eat, or do." Another was, "I would not want to survive because it would be lonely."

The last question was: "Does Nuclear War scare you?"

I suppose the best answer was the one that said, "Yes" four times, with four exclamation points.

CONCLUSION OF MORNING BUSINESS

Mr. BAKER. Mr. President, I observe by the clock that the hour of 10:30 a.m. has arrived.

Is there an order for the Senate to proceed now to the consideration of the pending business?

The PRESIDING OFFICER. Morning business is closed.

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

The PRESIDING OFFICER. The Senate will now resume consideration of the pending business, H.R. 2163.

The clerk will state the pending business.

The assistant legislative clerk read as follows:

An act to amend the Federal Boat Safety Act of 1971, and for other purposes.

The Senate resumed consideration of the bill.

Mr. BAKER. Mr. President, it is my hope that we can finish this bill; that is, the tax and revenue portion of this bill today.

On the chance that we might be able to finish, I understand there is a problem with the House originating the recess resolution. Therefore, I have instructed our Parliamentarian to draft the resolution so that we may originate it. Again, it will read: The adjournment of the Senate and the House Wednesday, Thursday or Friday until 11 a.m. Tuesday, April 24.

If we can finish the tax portion and the Finance Committee portion of this measure today, even if it is late today, it would be the intention of the leadership on this side absent extraordinary circumstances to ask the Senate then to adjourn pursuant to the provisions of that resolution.

That is the carrot. The stick is, Mr. President, that I suspect we are going to be very late tonight.

I talked to the distinguished chairman of the Finance Committee just a moment ago. He appears to be anxious to proceed, and is determined to pursue the final passage of his portion of this bill.

Let me say to the chairman of the Finance Committee and the minority leader, who is here on the floor, that I do not imagine we can finish tonight. But as I said on yesterday, and I believe the day before, if we can finish the Finance Committee portion of this, that is as far as the leadership on this side would expect us to go before we go out for the Easter recess.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, it seems that there are a number of amendments. Some will need to be voted on, and we are working on about 30 different amendments with different Senators, with the staff and with Treasury. We may be in a position in the early afternoon to start disposing of some of those amendments. If that is the case, then I understand there may be a package or two, or at least some major amendment coming from either side. But I think there is a possibility, probably remote, that we can accommodate the concerns of many of the Senators on both sides. As I said, we are in negotiations now with Treasury, with the joint committee staff, with out staff, and with the staff of the members. We may be able to dispose of 8 or 10 of those amendments late this morning or early afternoon.

That would certainly reduce the total number. Some will have to be voted on.

We are hoping that those who have amendments that need to be discussed, debated, and voted on will be willing to come to the floor and offer those amendments this morning. With that, if anyone has an amendment at this time, I would be happy to yield the floor.

AMENDMENT NO. 2930

(Purpose: To amend the Social Security Act to provide for a program of grants to States to provide health care benefits for the unemployed, and for other purposes)

Mr. HEINZ. Mr. President, I am prepared to offer the amendment that I discussed with the Senator.

Mr. President, parliamentary inquiry: what is the pending business?

The PRESIDING OFFICER. Amendment No. 2902, as modified.

The Senator from Pennsylvania is recognized.

Mr. HEINZ. Mr. President, unless the chairman of the Finance Committee has other plans, it is this Senator's intention to send an amendment to the desk and ask for its immediate consideration. And I do so.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ) proposes Amendment No. 2930.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

After title IX add the following new title:

TITLE X—HEALTH CARE FOR THE UNEMPLOYED

SHORT TITLE

SEC. 1001. This title may be cited as the "Health Care for the Unemployed Act of 1984".

GRANTS TO STATES

SEC. 1002. (a) Title XX of the Social Security Act is amended by adding at the end thereof the following new section:

"HEALTH CARE FOR UNEMPLOYED WORKERS

"SEC. 2008. (a)(1) Notwithstanding section 2005(a)(4) and any other provision of this title, any State (as defined in paragraph (4)) may establish a program under this section for providing health care coverage for unemployed workers, subject to the provisions of this section.

"(2) The State may choose those groups of individuals (and their immediate families) who shall be covered under the program, the duration of such coverage, and the duration of the program, as the State determines to be appropriate, except that—

"(A) no coverage may be provided to any individual (or his immediate family) unless such individual (i) is receiving regular, extended, or Federal supplemental compensation, railroad unemployment compensation, or any other Federal unemployment compensation, or (ii) is unemployed and has exhausted, on or after the date on which the State establishes a program under this section, his rights to such compensation (other than for cause) by reason of payment of all such compensation for which he is eligible, within the prior 6 months, (iii) is unemployed and has exhausted, after March 31, 1983, and prior to the date on which the State establishes a program under this section, his rights to such compensation (other than for cause) by reason of payment of all such compensation for which he is eligibile, but coverage under this clause shall only apply for the 6-month period beginning on the date on which such individual enrolls in the program, or (iv) was eligible for such compensation within the prior 30 days but lost such eligibility on account of employment;

"(B) no coverage may be provided for the first 6 weeks during which an individual is eligible for compensation (referred to in subparagraph (A)) in a benefit year (as determined under the applicable unemployment compensation law);

"(C) no coverage may be provided to any individual unless such individual was enrolled in a group health plan of the employer by whom he was employed at the time he last became eligible for compensation described in subparagraph (A) (and in making a determination with respect to prior enrollment, and with respect to coverage described in subparagraphs (F) and (G), the State may use the broadest possible determination of proof);

"(D) no coverage may be provided with respect to any services provided prior to the date of the enactment of this section, or services provided for an individual prior to the time such individual is determined to be eligible under such program, or inpatient services provided in a continuous period which began prior to such date or such eligibility;

"(E) no coverage may be provided for any individual who is otherwise eligible for medical assistance under the State plan under title XIX, who is eligible for benefits under title XVIII, or who is eligible for medical care from the Veterans' Administration (if such care is available and accessible to such individual);

"(F) no coverage may be provided for any individual who is covered under a group health plan for which a contribution toward the cost of the plan is being made by an employer, former employer, union, or any entity other than the individual, or who could have been so covered if an election had been made and premiums had been paid on a timely basis;

"(G) no coverage may be provided for any individual who is covered under a group health plan of such individual's spouse for which a contribution toward the cost of the plan is being made by an employer, former employer, union, or any entity other than such spouse, or who could have been so covered if an election after the date of the enactment of this section had been made and premiums had been paid on a timely basis;

"(H) no coverage may be provided for any individual whose family income exceeds an amount equal to 150 percent of the median family income in such State for a family of the same size as such individual's family unless a contribution is imposed on such individual as described in subsection (c)(1)(B) (and in making a determination with respect to an individual's family income, the State shall determine the declaration or proof of income to be required, the type of income to be included, and the time period over which the income is to be measured); and

"(I) in choosing groups of individuals (and their immediate families) to be covered, the State must give priority to those eligible individuals who have been unemployed for the longest period of time.

"(3) (A) The Secretary may waive the requirements of paragraph (2)(H) to the extent that special circumstances permit presumptions about the family income of applicants which make it unnecessary to apply the means test described in such paragraph on a case-by-case basis.

"(B) The provisions of paragraph (2)(H) shall not preclude a State from imposing a means test that is more restrictive than the test described in such paragraph.

"(4) Notwithstanding section 1101(a)(1), for purposes of this section the term 'State' means only the 50 States and the District of Columbia.

"(b)(1)(A) Services under the program established under this section may include only—

"(i) inpatient hospital services;

"(ii) emergency outpatient hospital services;

"(iii) routine and emergency physician services (including those provided in health clinics but not including those provided in nursing care or intermediate care facilities);

"(iv) prenatal, delivery, and post partum care;

"(v) laboratory and diagnostic X-ray services;

"(vi) X-ray, radium, and radioactive isotope therapy;

"(vii) services of a nurse midwife, described in section 1905(a)(17); and

"(viii) home health services in cases where the State determines that the coverage of such services is cost effective.

"(B) the State must include prenatal, delivery, and post partum care, and services for children (within the limits established under subparagraph (A)).

"(C) The State must include under the program some amoulatory and some institutional services.

"(D) No drugs or biologicals shall be included within the covered services described in subparagraph (A) unless provided as part of inpatient hospital services or provided for children.

"(2) The State shall determine the amount, duration, and scope of the covered services described in paragraph (1) which shall be included under the program, but in no event shall the amount, duration, or scope of such services under the program under this section exceed the amount, duration, or scope of such services included under the State plan for medical assistance for individuals described in section 1902(a)(10)(A).

"(3) Services may be provided through various arrangements made with providers by the State, but no such arrangement may provide services which are more generous than those provided under the State plan for medical assistance for individuals described in section 1902(a)(10)(A).

"(4) No cash payments may be made under the program to individuals participating in the program.

"(c)(1)(A) The State may provide for a weekly contribution from any individual participating in the program under this section, without regard to whether such individual is receiving compensation (referred to in subsection (a)(2)(A)), but (except as otherwise provided in subparagraph (B)) no such contribution may exceed—

"(i) an amount equal to a percent of the amount of compensation (referred to in subsection (a)(2)(A)) for which such individual is eligible for such week, or

"(ii) in the case of an individual who has exhausted his rights to such compensation, an amount equal to 8 percent of the minimum weekly amount of such compensation in such State.

Such contributions may vary for individual coverage and family coverage and by provider arrangement.

"(B) If the State chooses to provide coverage for any individual whose family income exceeds an amount equal to 150 percent of the median family income in such State for a family of the same size as such individual's family, the State must require a weekly contribution from such individual which—

"(i) is equal to or greater than the contribution amount which would be required from such individual if his family income did not exceed such amount; and

"(ii) does not exceed the actuarial value (as determined on a weekly basis) of the benefits provided under the State program.

"(2)(A) The State may require that deductibles and coinsurance amounts be imposed for users of services under the program. If the state chooses to require such deductibles and coinsurance amounts, they shall be at least the same amounts imposed under the State plan for medical assistance for individuals described in section 1902(a)(10)(A), subject to the limitations in this paragraph.

"(B) The estimated average monthly amount of such deductibles and coinsurance amounts for outpatient services may not exceed an amount equal to 5 percent of the average monthly benefit amount in such State for unemployment compensation referred to in subsection (a)(2)(A).

"(C) The amount of such deductibles and coinsurance amounts for inpatient services may not exceed the maximum amount of deductibles and coinsurance amounts which could be imposed by the State under its State plan for medical assistance for individuals described in section 1905(a)(10)(A) consistent with the provisions of title XIX, subject to the limitations in subparagaphs (D) and (E) of this paragraph.

"(D) No deductibles or coinsurance amounts may be imposed for prenatal, delivery, or post partum care.

"(E) No deductibles or coinsurance amounts may be imposed until after public hearings which provide adequate notice and opportunity for public participation have been held by the State with respect to such imposition.

"(F) Subject to the limitations specified in this paragraph, such deductibles and coinsurance amounts may vary with respect to different groupings of eligible individuals, different types of services, different provider arrangements, and various coverage periods.

"(3) Any contribution amount imposed by the State must be used by the State to pay the State share of the cost of the program under this section, or to provide additional services or periods of coverage to individuals eligible for coverage under such program.

(d)(1) Payment by the State for services provided to individuals eligible for the program under this section shall be made through the same administrative mechanisms through which payments are generally made under the State plan for medical assistance under title XIX; however, the State may provide for cost effective financing and delivery systems, and may selectively make arrangements with a specific group or provide for capitation reimbursement, but no such arrangement may be provided for services which are more generous than those provided under the State plan for medical assistance for individuals described in section 1902(a)(10)(A). Services provided through a prepaid capitation arrangement need not be provided through an organization meeting the requirements of section 1903(m).

"(2) Any limitations under the State plan for medical assistance on the amount that a provider of services may charge the recipient of such services shall also apply to the program under this section, except that contributions, deductibles, and coinsurance may be charged in accordance with subsection (c).

"(e)(1) The State may provide that determinations of qualifications for coverage under the program under this section may be made by the State agency administering the State's unemployment compensation law approved under section 3304 of the Internal Revenue Code of 1954, or any other State agency. The State may administer the services program under this section directly through the State agency administering the State plan for medical assistance under title XIX of this Act, or through arrangements with others.

"(2)(A) Upon becoming eligible for compensation (referred to in subsection (a)(2)(A)), an individual shall be informed of the eligibility criteria for coverage under the program established under this section and the benefits provided, and shall have four weeks from the time he is so informed, or (if later) from the time he loses his coverage under the group health plan of his employer, in which to voluntarily enroll in such program. Such individual shall also be informed of the possibility that such individual may be eligible to enroll in a health plan of his spouse. If the individual declines the opportunity to enroll, or later voluntarily terminates his enrollment, he may not again enroll in such program unless he subsequently becomes eligible for compensation (referred to in subsection (a)(2)(A)) for a new benefit year (as determined under the applicable unemployment compensation law).

"(B) In the case of an individual who has exhausted his rights to such compensation but may be eligible for coverage under the program, the State shall provide for notification, by public announcement or otherwise, or the eligibility criteria, and shall provide a four-week period (after such notification or, if later, after the individual loses his coverage under the group health plan of his employer) in which such individuals may enroll in the program. Thereafter the provisions of subparagraph (A) shall apply to such individuals.

"(3) In the case of any State which chooses to require the payment of a contribution, the State may deduct the amount of the contribution from the amount of such compensation paid to an individual enrolled in such program.

"(4) Any State which chooses to cover under its program individuals residing in such State who are or were receiving railroad unemployment compensation, may enter into an agreement with the Railroad Retirement Board under which—

"(A) the Railroad Retirement Board shall notify those unemployed railroad workers who may be eligible under the program of the availability of the program in accordance with paragraph (2);

"(B) the Board shall furnish the State agency making eligibility determinations with such information as the State agency may require in order to make eligibility determinations with respect to such unemployed railroad workers or shall, to the extent feasible, perform such determinations for the State agency;

"(C) the Board shall deduct contribution amounts from any railroad unemployment compensation payable to such unemployed railroad workers in the same amounts as if such workers were receiving unemployment compensation under the State unemployment compensation law, and transfer such amounts to the State; and

"(D) the State shall reimburse the Board for administrative costs incurred under such agreement, and such amounts shall be paid into the railroad unemployment insurance administration fund.

"(5) The Railroad Retirement Board is authorized to carry out those functions required of it under any agreement entered into under paragraph (4).

"(f)(1) Notwithstanding sections 2002 and 2003, payments to States having programs established under this section shall be made in accordance with the provisions of this subsection, but subject to subsection (g). Payments under this subsection are in addition to any amounts to which a State is entitled under section 2002, and payments made under section 2002 may not be used for purposes of this section. An amount, not to exceed the State's allotment determined under paragraph (2), equal to the Federal percentage (as determined under paragraph (6)) of the amount expended by such State for its program established under this section shall be paid to the State in the same manner as payments are made under section 1903(d).

"(2)(A) There are authorized to be appropriated $450,000,000 for the program year described in subparagraph (B)(i) and $250,000,000 for the program year described in subparagraph (B)(ii). The Secretary shall allot the amount appropriated for each such program year among the States as follows:

"(i) One-third of such amount shall be allotted among the States on the basis of the relative number of insured unemployed individuals who reside in each State as compared to the total number of insured unemployed individuals in all the States.

"(ii) Two-thirds of such amount shall be allotted among the States on the basis of the relative number of individuals who have been unemployed for 26 weeks or more and who reside in each State as compared to the total number of such individuals in all the States.

"(B) The program years for allotment are—

"(i) the 12-month period beginning with the first month which begins more than 5 weeks after the date of the enactment of this section (hereinafter in this section referred to as the 'first program year'); and

"(ii) the succeeding 12-month period (hereinafter in this section referred to as the 'second program year').

"(3) Allotments shall be made on the basis of the most recent 12-month period, preceding the month in which the Secretary makes such allotments, for which adequate data is available.

"(4) Funds shall be allotted at the beginning of each program year referred to in paragraph (2)(B), but payment shall be made as described in paragraph (1). Amounts allotted for the second program year may be paid to States for expenses incurred in providing services under the program for individuals who are enrolled in the program on the last day of such program year, until their eligibility for such program terminates, or until the end of the three-month period following the second program year, whichever is earlier.

"(5) Any funds allotted for a program year to a State which did not establish a program under this section shall be reallotted to those States having a program, at the end of such program year. Such funds may be expended in the same manner as described in paragraph (4).

"(6)(A) For purposes of this section, the Federal percentage is 100 percent with respect to services provided during the first three months of the first program year, and, with respect to services provided thereafter, is—

"(i) 95 percent with respect to services provided in any State during a 6-month period (described in subparagraph (C)) for which the State's rate of insured unemployment (as determined for purposes of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970) for the period consisting of the first week of the 6-month period and the preceding 51 weeks is equal to or exceeds 5 percent;

"(ii) 0 percent with respect to services provided in any State during such a 6-month period for which the State's rate of insured unemployment for the period consisting of the first week of the 6-month period and the preceding 51 weeks is less than 2 percent; and

"(iii) a percent of not more than 95 percent, nor less than 50 percent, which has the same relative relationship to 50 percent and to 95 percent as such State's rate of insured unemployment for the period consisting of the first week of such 6-month period and the preceding 51 weeks has to 2 percent and to 5 percent (rounded to the nearest one-tenth of one percent) with respect to services provided in any State during such a 6-month period for which the State's rate of insured unemployment for the period consisting of the first week of the 6-month period and the preceding 51 weeks is equal to or exceeds 2 percent but is less than 5 percent.

"(B) The Federal percentage otherwise applicable under subparagraph (A) for any week beginning after the first three months of the first program year, shall be increased by 15 percentage points (but not to a percentage greater than 95 percent) with respect to services provided in any State during a 6-month period for which the State's rate of insured unemployment for the period consisting of the first week of such 6-month period and the preceding 51 weeks is equal to or exceeds 120 percent of the average of such rates for such State for the corresponding 52-week period ending in each of the preceding 2 calendar years.

"(C) The Federal matching percentage for a State shall be established under subparagraphs (A) and (B) at the time such State establishes its program under this section, and shall continue at such percentage for a period of 6 months. The Federal matching percentage shall be redetermined at 6-month intervals thereafter and remain in effect for periods of 6 months. No such period may extend beyond the end of the third month following the end of the second program year. Notwithstanding the preceding sentences of this subparagraph, the matching percentage for each State with respect to services provided during the three months following the end of the second program year, shall be the matching percentage in effect for such States with respect to services provided on the last day of the second program year.

"(7) Not more than 15 percent of the amount allotted to a State may be used for administrative expenses.

"(g)(1) Only a State having a rate of insured unemployment (as determined for purposes of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970) for a period consisting of any week and the 51 preceding weeks, of 2 percent or more, may enroll new individuals in the program under this section during such week. If a State qualifies to enroll new individuals under the preceding sentence, such qualification shall continue for a period of not less than 6 months beginning with the first week in which such State so qualifies, and any State may subsequently requalify upon reaching the required rate of insured unemployment after the end of such 6-

month period, but no such period may extend beyond January 31, 1986.

"(2) During a period in which a State may not enroll new individuals in its program by reason of paragraph (1), payment under this section may be made with respect to individuals previously enrolled in such program until their eligibility expires, or, if sooner, the end of the third month following the end of the second program year.

"(h) Any State establishing a program under this section shall submit a report to the Secretary on June 1, 1985, on the program's implementation and impact. A final report shall be submitted in June 1986 by any State which carries out its program for any period after the first three months of the first program year, upon expiration of its program. The form and content of the reports required under this subsection shall be determined by the Secretary.

"(i) The State shall provide that the payment for any services received by an individual under the program shall be secondary to, and shall be reduced by the amount of, any other payment which is or could be made with respect to such services under any other health plan or public program, or from a third party, including any workmen's compensation law or plan, any automobile or liability insurance policy or plan (including a self-insured plan), and any no fault insurance. The State shall require each individual enrolled in the program to assign all rights to such payments as he may have to the State as a condition of enrolling in the program.

"(j)(1) No payment may be made under this section to any State unless such State provides, subject to paragraph (5), that any group health plan for employees of such State, provided by such State or to which such State makes a contribution, provides for open enrollment and continued coverage in accordance with paragraphs (2) and (3).

"(2)(A) A group health plan meets the requirements of this paragraph only if it provides a qualified open enrollment period for each married employee—

"(i) who is (or at a previous time was) eligible to enroll or is enrolled under the plan, and

"(ii) whose spouse loses eligibility for coverage under a group health plan due to the involuntary layoff or involuntary separation (other than for cause or mandatory retirement) from the spouse's employment.

"(B)(i) The terms and conditions of an enrollment during a qualified open enrollment period shall be the same as the terms and conditions which would be offered by the group health plan to the married employee described in subparagraph (A) if such employee began employment for the employer on the first day of such period.

"(ii) In the case of an employee who is covered under a group health plan before the qualified enrollment period, clause (i) shall not require a group health plan to allow such individual to elect a higher level of benefits than that provided by such coverage.

"(iii) Any enrollment during a qualified open enrollment period need not take effect before the date on which the loss of coverage described in subparagraph (A)(ii) takes effect.

"(3)(A) A group health plan meets the requirements of this paragraph only if it provides for continued coverage for each qualified employee who is involuntarily laid off or involuntarily separated (other than for cause or mandatory retirement) from employment.

"(B) An employee is a qualified employee for purposes of this paragraph if he was enrolled in the group health plan at the time he was laid off or separated (as described in subparagraph (A)), and had been an employee of the employer for a period of not less than one full calendar month immediately prior to such layoff or separation.

"(C) Continued coverage for purposes of this paragraph shall be for a period of not less than the period beginning with the day on which the employee is laid off or separated and ending with the last day of the earlier of—

"(i) the third calendar month beginning after the date of such layoff or separation;

"(ii) the second calendar month beginning after the date of such layoff or separation in the case of an employee who was employed by the employer for less than three, but more than two, full calendar months immediately preceding such date, or

"(iii) the first calendar month beginning after the date of such layoff or separation in the case of an employee who was employed by the employer for less than two, but more than one, full calendar month immediately preceding such date.

"(D) Continued coverage for purposes of this paragraph shall consist of the same benefit level as was provided to the employee under the group health plan immediately prior to his layoff or separation, or such lesser level of benefits as may be established by the commissioner or superintendent of insurance of the State having jurisdiction over the group health plan.

"(E) Continued coverage for purposes of this paragraph shall be on the same employer and employee premium cost sharing arrangement as was in effect under the group health plan immediately prior to the employee's layoff or separation.

"(4) For purposes of this subsection, the term 'qualified open enrollment period' means the 30-day period beginning on the day on which an appropriate State agency notifies the spouse of a married employee described in paragraph (2)(A) that such spouse has become eligible for receipt of unemployment compensation under any Federal or State law by reason of the separation or layoff described in paragraph (2)(A)(ii).

"(5)(A) Except as provided in subparagraph (B), the requirements of paragraph (1) shall apply—

"(i) in the case of the open enrollment requirements, to enrollment periods for employees whose spouses are involuntarily laid off or separated more than 60 days after the date of the enactment of this section; and

"(ii) in the case of the continued coverage requirements, to employees who are involuntarily laid off or separated on or after January 1, 1985.

"(B) In the case of a group health plan which was subject to a collective bargaining agreement in effect on the date of the enactment of this section, the date on which such agreement expires (determined without regard to any extensions agreed to after such date of enactment) shall, if later, be substituted for the dates (60 days after such date of enactment, or January 1, 1985) referred to in subparagraph (A).

"(6) Regulations implementing the requirements of this subsection shall be promulgated by the Secretary of the Treasury.

"(k) None of the funds provided under this section shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term.".

(b) Section 3304(a)(4)(C) of the Internal Revenue Code of 1954 and section 303(a)(5) of the Social Security Act are each amended by inserting "or health care" after "health insurance", and by inserting "or a contribution amount under section 2008 of the Social Security Act" after "program approved by the Secretary of Labor".

OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIRED FOR EMPLOYEES

SEC. 1003. (a) Chapter 41 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subchapter:

"Subchapter B—Health Plans of Large Employers Which Do Not Meet Open Enrollment and Continued Coverage Requirements

"Sec. 4912. Tax on health plans of large employers which do not meet open enrollment and continued coverage requirements.

"SEC. 4912. TAX ON HEALTH PLANS OF LARGE EMPLOYERS WHICH DO NOT MEET OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIREMENTS.

"(a) TAX IMPOSED.—In the case of a large employer, there is hereby imposed for each taxable year a tax equal to—

"(1) $500, multiplied by

"(2) the aggregate number of failures to meet the requirements of paragraph (2) or (3) of section 2008(j) of the Social Security Act during such taxable year under any group health plans offered by such employer.

"(b) DEFINITIONS; NONTAXABLE ENTITIES.—For purposes of this section—

"(1) LARGE EMPLOYER.—The term 'large employer' means an employer who, on each of some 20 days during the calendar year or the preceding calendar year, each day being in a different calendar week, employed for some portion of the day—

"(A) 10 or more individuals for purposes of the open enrollment requirements in section 2008(j)(2) of the Social Security Act, and

"(B) 25 or more individuals for purposes of the continued coverage requirements in section 2008(j)(3) of such Act.

"(2) EMPLOYER.—The term 'employer' does not include the Government of the United States, the government of the District of Columbia or any territory or possession of the United States, a State or any political subdivision thereof, or any agency or instrumentality (including the United States Postal Service and Postal Rate Commission) of any of the foregoing, except that such term includes nonappropriated fund instrumentalities of the Government of the United States.

"(3) GROUP HEALTH PLAN.—The term 'group health plan' has the meaning given such term by section 162(i)(2).

"(4) NONTAXABLE ENTITIES.—In the case of a large employer who is not subject to tax under this title, the calendar year shall be treated as such employer's taxable year.

"(c) CROSS REFERENCES.—

"(1) For provision denying deduction for tax imposed by this section, see section 275(a)(6).

"(2) For provisions making deficiency procedures applicable to tax imposed by this section, see section 6211 et seq.".

(b)(1) Chapter 41 of such Code is amended by striking out the chapter heading and inserting in lieu thereof the following:

"CHAPTER 41—PUBLIC CHARITIES; CERTAIN HEALTH PLANS OF LARGE EMPLOYERS

"Subchapter A. Public charities.
"Subchapter B. Health plans of large employers which do not meet

open enrollment requirements
and continued coverage.
"Subchapter A—Public Charities".

(2) The table of chapters for subtitle D of such Code is amended by striking out the item relating to chapter 41 and inserting in lieu thereof the following:

"Chapter 41. Public charities; certain health
plans of large employers.".

(3) Subparagraph (B) of section 6104(c)(1) of such Code is amended by striking out "or chapter 41 or 42" and inserting in lieu thereof ", subchapter A of chapter 41, or chapter 42".

(c)(1) Except as provided in paragraph (2), the amendments made by this section shall apply—

(A) in the case of the open enrollment requirements under section 2000 (j)(2) of the Social Security Act, to enrollment periods for employees whose spouses are involuntarily laid off or separated more than 60 days after the date of the enactment of this Act, in taxable years ending after such date; and

(B) in the case of the continued coverage requirements under section 2008 (j)(3), to employees who are involuntarily laid off or separated on or after January 1, 1985, in taxable years ending on or after such date.

(2) In the case of a group health plan which was subject to a collective-bargaining agreement in effect on the date of the enactment of this Act, the date on which such agreement expires (determined without regard to any extensions agreed to after the date of enactment of this Act) shall, if later, be substituted for the date provided by paragraph (1).

STUDY OF PRIVATE SECTOR HEALTH CARE COVERAGE FOR UNEMPLOYED WORKERS

SEC. 1004. The Secretary of Health and Human Services is directed to conduct a study of changes which might be made in employer-provided health care coverage which would provide adequate continuing health care coverage and conversion privileges for employees who are involuntarily terminated from employment. Such study shall include estimates of the costs which would be incurred by employers in providing continuing health care coverage of various durations, and at various contribution levels by the former employee (including a zero contribution level). The Secretary shall report the results of the study to Congress not later than January 1, 1985, and shall include any recommendations for legislation which would provide for such continuing coverage.

Mr. HEINZ. Mr. President, over the last 12 months I have from time to time—and with what must seem like considerable frequency to the chairman of the Finance Committee both in committee and here on the floor—urged this body to act on an amendment to provide a transitional program of health care for unemployed people who, having lost their jobs during this recession, have become unemployed through no fault of their own, and as a consequence have lost their ability to either retain or have any financial ability to purchase health insurance.

We all know very well that although unemployment has dropped significantly in the last 18 months, from a high of well over 10 percent down to 7.8 percent, there are still 8.8 million Americans who are out of work, seeking work, but who cannot find jobs. Of those, a very large number are people who, having lost their jobs, have lost their health insurance. And of those 8.8 million Americans, we know that 60 percent either have already lost their health insurance benefits or, because if sometimes takes 30 days, will lose their health insurance benefits at the end of a 30-day period after their last day of work.

We have often speculated about the exact number of employed persons without any health insurance coverage. The fact is we do not know how many unemployed workers are being covered by a spouse, or how many dependents live in that unemployed household, or how many unemployed workers can afford to pay out-of-pocket costs. There are a number of studies.

The Congressional Budget Office last year estimated there were 10.7 million people in that category.

Several labor unions estimate that there are 18 million people in this category. At the other end of the scale was the Office of Management and Budget, which conceded that there were 2.1 million people in this category.

No matter how you slice it, there are a lot of people who are in very serious shape, serious because, as we have well documented, people and their families who do not have health insurance are strongly inclined and often do postpone seeking necessary health care. By postponing that health care, they risk more serious complications, they risk greater illness, they risk greater debilitation.

The result of that is that when they eventually have their health needs attended to, it is much more costly, either to them, and they cannot afford it, or to the hospital that takes them in as a nonpaying, if you will, a charity case, or to the medicaid program, which picks up people when they are so poor there is no place else for them to go, or because we are very good at cost shifting under the Blue Cross-Blue Shield methods the other people who pay the bills at the hospital may indeed pick up that larger cost.

The point is that by foregoing necessary health care, these people are not only hurting themselves but by our not taking action we are kidding ourselves that we are saving this country money. Indeed, we are costing it more, as I hope I have clearly explained.

Let me say a word about how health insurance operates in this country.

It has often been explained that the reason we do not have national health insurance in the United States is because, by virtue of having encouraged employers to provide health insurance through the deductibility to the employer and the nontaxability of the benefits of the employee, we have encouraged an outstanding health care insurance system in this country. Indeed, in many ways, our health system is so much better than anybody else's it cannot be compared.

But there are significant imperfections and problems with it. It is not perfect.

Eighty-five percent of all the private health insurance purchased in the United States is purchased through employment-related groups. What that means, of course, is that when you lose your employment, you lose your health insurance. That means that not only the principal wage earner of the family, if there is only one with health insurance, loses his or her health insurance, but their family's ability to secure needed medical care is also sacrificed.

Employment studies show that the average duration of unemployment is increasing. That is because, presumably, of the structural changes taking place in our economy. Many Americans who are unemployed today have been out of work for 1 year or more.

In my hometown of Pittsburgh, the capital of the steel industry, some 96,000 steelworkers remain unemployed. That is better than it was 1 year ago or 1½ years ago when about 150,000 to 160,000 steelworkers were unemployed. But that 96,000 still represents over 25 percent unemployment in the steel industry.

The significance of that high rate I hope is not lost on our colleagues, Mr. President, because it is one of many indications of how, although the national unemployment picture has improved remarkably—we have created 5 million new jobs in the last 18 months—there are still enormous pockets of unemployment scattered throughtout the United States. Unfortunately, I happen to be an expert on misery and tragedy of all those pockets because we have too darn many of them in Pennsylvania.

The unemployment rate in such communities as Johnstown, Sharon, Altoona, Williamsport, parts of Beaver County, parts of Allegheny County, McKeesport, all are over not 8 percent, not 9 percent, not 10, 12, but over 13 percent in each and every instance.

When we had an 11 percent unemployment nationwide in this country, we had a terrible crisis. We took action in this Congress last year to do something about that crisis. We passed the jobs bill, we passed some other measures, and together we tried to close a little bit of the budget gap and succeeded in helping the people.

But there are these enormous pockets of people, such as a town like Midland, Pa., where 30 percent of the people no longer have work because the Crucible Steel plant is, for all practical purposes, no more, thanks to the mismanagement of it by a conglomerate called Colt Industries.

The point, Mr. President, is that it is easy for some of us to look at this national rosy picture, or even look at a somewhat rosy picture in our own State, if we come from a relatively low unemployment State. It would be nice for all of us to come from such a State but it is not a privilege that all of us enjoy. Even in those low unemployment States you will find significant pockets of unemployment.

Most people think of the Sun Belt States as having recovered fully. But even down in Texas—Texas, a Sun Belt State—in Laredo, the unemployment rate in December 1983 was 22 percent; in McAllen, TX, the unemployment rate for the same period was 19.2 percent.

In a way, those are almost as bad, and in some cases worse, than the unemployment there is in Wheeling, WV, Huntington, Jackson, or Flint, MI, or Youngstown, OH, all communities with unemployment rates ranging anywhere, for the most part, from 12 to 16 percent.

So, Mr. President, I hope the people understand that although we have made a lot of improvement, there are still some significant problems.

Let me just emphasize that there is some very credible and indeed worrisome evidence about the reality of people going without medical care because they cannot afford it since they are unemployed. We all know, to begin with, that when you become unemployed, as someone once said, it is a recession for the country but it is a depression to you personally.

If you do lose your livelihood; if you lose your job in a mill in which you have worked for 10, 20 or even 30 years; if you lose all your friends; if you come home to your house empty-handed on Friday when the paycheck is supposed to be handed out; when you have to explain to your children why it is you have no work; when you have to work with your wife to figure out some way to make what few pennies you have left cover the groceries, cover the rent, cover the utility bills, plus everything else, it should come as no surprise that there are a lot of people who suffer from high blood pressure, who aggravate heart diseases, who aggravate themselves in other ways, perhaps by drinking too much. These all are problems with symptoms that, if identified, can be moderated and treated early.

The best statistic I know of, and it should worry everyone in this Chamber, is that in the last year, we have had an increase in this country in infant mortality rates. That is the first increase in that statistic since World War II. It is a frightening key health status indicator, and we simply cannot afford to delay assistance to the people in need.

Let me take a minute, Mr. President, if I have succeeded in laying out the need and the problem, to discuss the legislation. This is legislation that the Senator from Michigan (Mr. RIEGLE), my colleague from Pennsylvania (Mr. SPECTER), Senator KENNEDY, and others have worked on over the course of the past year. Today is really the first opportunity that we shall have to get a germane up-or-down vote on the issue. It is the first chance for the Senate to stand up and be counted. The legislation is before the Senate in a form right now that should address all the concerns that Senators may have had to the extent they were concerned at previous times.

In the first place, this legislation is somewhat less costly to the Federal Government than it was when we proposed it last year. Last year, we proposed a 2-year program, $1.8 billion, $900 million a year. In recognition of the fact that unemployment has indeed dropped, we have reduced the amount of money in the bill the first year by half. We cut it to $450 million and in anticipation—and this, we hope, is not wishful thinking—of the continuing drop in unemployment, we provide for $250 million in the second year, a total cost of $700 million, the money to provide for these unemployed workers and their immediate families the kind of inpatient and outpatient hospital services, physician services, and so forth that we believe is needed.

I shall not at this point go into the details of the program itself because they are the details that the Senator from Kansas, the Senator from Michigan, and the Senator from Pennsylvania worked out together. The details of this program have been carefully considered in the Finance Committee and we have a program that was the subject of hearings, was the subject of amendment, and has been most carefully crafted not only to meet the needs of the unemployed but to meet the administrative necessities both of the Federal and State governments that will implement the program.

The legislation also comes before us with another question settled. That is, how to pay for this legislation. I trust most of our colleagues, Mr. President, will recall that the President of the United States, when he went up to Pittsburgh, Pa., with Senator SPECTER, myself, and our Governor, Richard Thornburgh, about this time last year, was mighty impressed with the problems that he saw in Pittsburgh, with the evidence of not only severe economic disruption, but economic hardship and the problems of an unemployable person—and he met many of them at the Control Data training center where they were trying to get the skills for new jobs. He learned firsthand what those problems were. When he returned, and he did have a little lobbying effort, admittedly, by Senator SPECTER and myself, our President, President Reagan, said to Mr. Stockman and Mr. Stockman said it to the Finance Committee, "I shall support a transitional program of health care for the unemployed on two conditions. Condition No. 1 is that it is not a permanent entitlement program."

This is not a permanent entitlement program. It is a limited transitional program.

Second, he said, "I shall support it if it pays for itself, if you find a way to offset its costs with additional revenues."

In the Finance Committee last year—and we were here on the floor in November making this point but were stricken on a point of order—we had identified changes in the income-averaging provisions of the Tax Code sufficient to more than pay, not for this program alone but for the $1.8 billion program that we had attempted to offer last year. There are more than sufficient funds, therefore, already in this bill. We put those tax provisions into this bill in the Finance Committee before it came to the floor.

First, we have raised the amount of the variance of income in order to qualify for income averaging from 120 to 140 percent, which was exactly the provision that we, in the Finance Committee, with Senator DOLE, with Senator KENNEDY, with Senator HATCH, and others, had agreed to.

Second, just to put a double lock on the door, this Finance Committee bill shortens the base period from 4 to 3 years. Those provisions together raise $133 million in 1984; $1.994 billion in 1985; $1.886 billion in 1986; $2.053 billion in 1987; $2.226 billion in 1988; and over $2.4 billion in 1989. So anybody who does not think that we are paying for this is simply wrong. We are paying for it many times over by virtue of what is in the bill before us.

So it is my hope, Mr. President—I do not wish to monopolize the Senate's time further—that this body will accept my amendment to the bill of my colleague, Senator DOLE.

I ask unanimous consent that Senator KENNEDY and Senator RIEGLE be added as cosponsors.

The PRESIDING OFFICER (Mr. MATTINGLY). Without objection, it is so ordered.

Mr. RIEGLE. Mr. President, I wish to support and to cosponsor the amendment and to congratulate my colleague, the Senator from Pennsylvania (Mr. HEINZ), for raising this issue here. This issue is something that, as he knows, many of us have been working on for some period of time. We have actually been discussing the urgent need for a program to provide health care for unemployed workers for over a year and a half. It would be tragic if we were to miss this opportunity to act.

The recent CBO estimates are to the effect that there are at least 5 million people who lost health coverage due to unemployment. Those people are out there now struggling to meet the urgent health care needs of themselves and their families with, in many cases, no way to respond to that problem.

As the Senator from Pennsylvania said, in this amendment, we have scaled down the request to less than 40 percent of what we had proposed last year. We have done that both in light of the statistics that show improvement in the unemployment situation, although the unemployment levels have now leveled out and did not go down in the last period for which the statistics have been presented. The amendment at the desk would authorize only $450 million for this year and a smaller $250 million for next year.

Everyone who has shown an interest in this very critical problem has recognized the need to act very quickly on it—that means this fiscal year. In fact, the Senate has gone on record two times within the last year as demonstrating its overwhelming support and meeting the health cares of unemployed workers.

In fact, on May 5 of last year, the Senate voted 90 to 9 to include $950 million for fiscal year 1984 in the budget resolution.

On June 15 of last year, we voted, by a vote of 75 to 23, in overwhelming bipartisan consensus, to appropriate $225 million for the remainder of fiscal year 1983.

So the Senate has acted before, Mr. President, and I think by very substantial margins, to show a desire to respond to this very urgent situation. It is unfortunate that we were unable to enact authorizing legislation during fiscal year 1983 and a $225 million appropriation was dropped in conference.

In addition, during the closing hours of the last session of this Congress, we were defeated by a procedural motion in our attempt to move forward.

I must say that I am now working within the Budget Committee to assure sufficient funds for this very urgently needed initiative. There are millions of Americans who are counting on us to provide some response to the critical need that they cannot themselves meet.

All of us in this Chamber have at one time or another experienced medical emergencies, either in our own personal circumstances or in our family situation, where there were urgent requirements for medical care in order to save lives, or to ease pain and hardship, or extend lives. This is exactly the same thing that is hitting the unemployed workers and their families across the country.

I have talked to any number of people who are unemployed in Michigan who have faced and are facing medical emergencies they cannot pay for and are unable to get the medical treatment they need in many cases for their children. This is a national problem. It stems from a national economic downturn of a duration and type, together with a trade invasion and other things, we have not before seen. We need to respond, and I think the Senate has indicated that it wants to respond; that we feel this is a problem which requires action at the national level.

I again say to the Senator from Pennsylvania that I appreciate his initiative in bringing this forward today. I am pleased to join with him. I hope the Senate will act today to finish its work on something as important as this subject. I yield the floor.

Mr. SYMMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. SYMMS. Mr. President, there is certainly no one in this Senate who is more interested in steel and its workers than the Senator from Pennsylvania (Mr. HEINZ). There is no question about that. He is chairman of the Steel Caucus. We know that. I applaud him for his continued interest in and efforts for the workers who are, unfortunately, unemployed in the steel industry.

Having said that, Mr. President, it grieves me to have to oppose this amendment, but I think this is another typical example of a political response which treats the symptom of the problem, rather than the problem itself. There are reasons why there are unemployed steelworkers in Pittsburgh, Pa., not the least of which has been a tax policy for the last many, many years that imposed a double tax on corporations. So for years and years and years the steel companies in Pittsburgh, in Wheeling, and in Cleveland were taxed twice.

As our capital base has constantly been eroded our steel mills have grown old. In contrast, Japan, our biggest competition, has tax laws which encourage capital formation. Their tax laws favor those people who save and invest in the growth of their economy—such as steel companies. Consequently, the cost of capital in Japan is about three times less than it is in the United States.

Our corporations are at a competitive disadvantage because the cost of capital is so much higher in the United States because of our tax laws.

Then there is another problem to which we in the Congress fail to address ourselves. We have granted, through our laws in this country, monopolies to those people who work in the steel mills. I have witnessed this. I do not know, the Senator from Pittsburgh can probably tell me——

Mr. HEINZ. The Senator from Pennsylvania.

Mr. SYMMS. From Pennsylvania, but I know his home is in Pittsburgh, and I know he does represent the entire State very ably and I compliment him for that—what does a steelworker make up there, $25 an hour?

Mr. HEINZ. Right now, nothing much.

Mr. SYMMS. Nothing much when he is not working.

There was an interesting article in the news this morning. The liquor distributors are on strike in Washington, DC. The workers on strike were getting $12 an hour, but there are a line of people two blocks long who want those jobs at $8 an hour. That is what is called the market, and if we try to continue to ignore the market, we will only be able to rub more Vaseline on this cancer that erodes our steel industry as well as our other basic industries. We will never really solve the problem.

I share the concern for the trauma that I am sure those unemployed families are experiencing, but the sad fact is that if this Congress continues to tax, spend, and elect as it has been doing for the past 50 years, most of those 97,000 unemployed workers in the steel industry will never get back to work. They will have to seek training in another occupation and in an industry where the union monopoly does not have such a stronghold over who can get jobs in these steel mills.

It is very difficult for us to compete, for example, with South Korea. I visited South Korea last year. They have modern steel plants with workers who are now giving the Japanese steel market fits. They are very efficient producers and have very efficient, modern steelmaking processes, and skilled steelworkers who are working for lower wages.

I believe the American worker can be as productive as any worker in the world and receive the good wages that we have enjoyed, but there is a breaking point, a limitation to what we can receive. I think this amendment, no matter how noble, is going to take more money out of the Federal Treasury and will only prolong the agony.

What needs to be done, in many cases, is that we will have to examine the basic costs of steel production in the United States—capital costs, labor costs, the cost of taxation, property taxes, State taxes, et cetera—and assess what we can do to reduce those costs so our steel industry can become competitive again and reduce this horrible trauma of unemployment which has had such a deleterious effect on so many suffering families.

Throwing more government money at the problem is not going to solve the problem, because when one looks at the income stream of the Federal Government, 90 percent of the revenue comes from people who earn

$35,000 or less a year. So there is not really anyplace to go to get the money. If we confiscated all the money from those people who earned anything over $75,000 a year, we would not have enough money to run the Federal Government for over 7 days, Mr. President.

Here again is an amendment, no matter how noble and how sincere the author's intentions, that will in the long run only exacerbate the problem. The problem will not be solved by Government spending, by taking that share of the resources from the production of this country and allocating it through the Washington, D.C. channels of bureaucracy.

The Federal Government does not have any money it does not take away from somebody, and so we are either going to print this money, borrow it, or tax somebody. I think the best way to solve this problem would be to not add any new programs at this time to the Federal system and, in fact, to hold all those programs in the Federal system at their present spending level.

It is interesting to note, Mr. President, that only 2 years ago the Federal Government was spending $85 million an hour; $85 million an hour is all the Federal Government was spending 2 years ago. In many parts of the country $85 million an hour is a lot of money. I have talked to many of my constituents who tell me that they are getting more government than they want with $85 million an hour.

But that is not good enough; 2 years later, the Federal budget calls for spending $100 million an hour. Just think of it, every 10 hours means $1 billion. Just think of that, Mr. President, every 10 hours the Federal Government spends $1 billion.

That is our problem. We cannot add programs like this and expect to ever solve the problem. The only way we are going to solve the problem is to look at the cause, not treat the symptoms. The cause is that it is costing too much money to produce steel in the United States of America today, and adding more Federal programs is going to do nothing to reduce that cost of steel production. Reducing the cost of steel production is the only way to restore those jobs. If it means a reduction in wages, a reduction in capital costs, a reduction in taxes in order to restore the competitive position of the American steel producer, that is what this country is going to have to do. The sooner we do it, the better off we will all be, and the better off those workers will be in Cleveland, Wheeling, and other cities where those people are unemployed.

Mr. HEINZ. Mr. President, I ask for the yeas and nays on the amendment.

The **PRESIDING OFFICER.** Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

● **Mr. LEVIN.** Mr. President, I am pleased to cosponsor and vote for the amendment offered by the Senator from Pennsylvania to provide health insurance for the unemployed.

As has already been stated during this debate, even with an economic recovery touching some portions of this county, there are some States, such as my home State of Michigan, where unemployment is still a very real problem. With 11.3 percent unemployment, Michigan is still worse off than was the Nation as a whole during the depth of the recession. Many of these people have been unemployed for a substantial period of time. The longer they go without the health insurance which they had available to them when they were still employed, the longer their health concerns may be neglected, and the greater may be the ultimate cost of curing illness. So, in a very real sense, this amendment will be saving individuals and the Government from having to pay even higher medical bills in the future.

I urge my colleagues to support this amendment. For many of those people for whom the recovery is still a headline and not a paycheck, this amendment is still urgently needed.●

Mr. GRASSLEY. Mr. President, I regret that I find myself in opposition to my good friend from Pennsylvania, Mr. Heinz. As one who had supported his efforts in the past to develop a health benefits program for unemployed individuals, I first would like to commend him for his continued efforts on this issue.

As many of my Finance Committee colleagues have indicated, the circumstances have changed significantly since we first undertook to develop a health insurance program. My original support for this concept hinged on the Congress finding a funding mechanism for the program. Last November, the funding mechanism of the program which was proposed was changing the income averaging laws. Income averaging was the subject of much discussion in the Senate Committee on Finance during consideration of the deficit reduction package. I opposed changes in the committee at that time.

The purpose of income averaging is to help prevent individuals with eratic income from facing a heavy tax burden in those years when they received higher income. Farmers are among those workers who do not have a steady flow of constant income. Rather, they are subject to wide fluctuations in their earnings. In Iowa, 10-15 percent of the tax returns prepared by the Iowa Farm Bureau in any given year use income averaging. In fact, 80 percent of Iowa farmers have used income averaging at one point.

In view of the recent turn of events in the farm economy, this is definitely not the time to be revising the income averaging provisions, and I strongly regret that the Finance Committee chose to modify such an important tool for farmers and many other taxpayers with widely fluctuating income. I could not support any new program which ties its financing, no matter how tenuous that link might be, to detrimental revisions in income averaging.

My opposition to this amendment does not diminish my concern with the problems of the unemployed. Even though we have seen reductions in the unemployment rate, pockets of very high unemployment areas still exist. I realize it is of little comfort to individuals unable to find work to say that unemployment rates are coming down. Nonetheless, it appears to this Senator that it would be inappropriate at this time to create a new program, no matter how it is financed, which might have the effect of thwarting the economic recovery so crucial to all American workers.

Again, I want to compliment the Senator from Pennsylvania for his diligence. I would merely conclude by saying that at a time in which we are trying to make some real strides in closing the deficit, it would be unwise for us to adopt a new spending program. Sustained growth in all sectors of the economy is the most important task before us, and I cannot support any proposal which might jeopardize our attaining that goal.

Mr. BRADLEY. Mr. President, I rise in support of the amendment offered by Mr. Heinz, the Senator from Pennsylvania, which will provide critically needed health insurance for the unemployed.

The recession which this Nation has experienced these past 2 years has resulted in a catastrophic unemployment rate unparalleled since the Great Depression. As a result, growing numbers of workers and their families have lost their employment based group health benefits and their employers' contributions toward the costs of such important protection.

Mr. President, the loss of group health insurance for those who have lost their jobs is not a new problem, but the current high rate of unemployment makes the matter of particular national concern.

The cyclical nature of business recessions has generated considerable legislative interest in protecting the health benefits of workers during a period of temporary loss of work such that by 1980 some 29 States had enacted legislation that generally required conversion features as part of group plans to allow workers the opportunity to maintain coverage. None of the State laws, however; require any employer to continue its contribution toward the costs of health benefits.

Collective bargaining has tended to provide benefits for a longer period of unemployment under negotiated plans for most workers, generally in manufacturing industries. This rarely extends, however, beyond 6 months, a not unusual duration of unemployment for our current recession. Since extended benefits commonly go to the most senior employee, it is the more recently hired first to be laid off worker who experiences the greatest benefit loss. A social security study in 1975 indicated that 50 to 60 percent of unemployed workers lost their health insurance for 22 weeks and only 20 to 14 percent of these substituted individual insurance plans. The duration and depth of this recession surely would suggest a similar or worse condition.

Mr. President, in general the unemployed worker who has lost his employer-based health coverage has been unable either to afford coverage with a substitute policy or to obtain coverage under existing public health care programs.

Although the recently passed jobs bill did provide additional funds, the maximum allowable by law, for maternal child and community clinics, this measure is woefully inadequate to address the need.

Mr. President, the ultimate solution clearly rests in a healthy economy and job opportunities for all workers. Until that occurs, we must provide these desperately needed health benefits to ease the suffering of those families currently within the unemployed ranks.

I urge my colleagues to support this amendment.

Mr. DOLE. Mr. President, I do not know whether it is necessary to enter into a time agreement on this amendment or not. I know that the sponsors of the amendment are willing to do that. I suggest 20 minutes equally divided, 10 minutes on a side.

Mr. HEINZ. That will be fine. I intend to yield back our part of the time, assuming that I have no requests for time, and I do that.

Mr. NICKLES. I object.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, there are three reasons why we should not agree to this amendment. First, because a public program to fund health benefits no longer meets a pressing need; second, because the private sector provisions will impose a burden on employers who need their available resources to hire workers and get on with the recovery; and third, because the program has not been financed.

Civilian employment now stands at 104.1 million, an all-time high. In the last 16 months, 5.1 million jobs have been created, including 2.2 million new jobs for women.

Although unemployment remained steady at 8.8 million in March, 3.1 million unemployed have gone back to work since November 1982. And the unemployment rate has fallen by 2.9 points.

Whereas 10.7 percent of the civilian labor force was out of work in late 1982, that number has dropped to 7.8 percent. For adult wage earners the rate is even lower at 6.8 percent.

The number of unemployed persons who had lost their last job continues to decline. Of the total number of unemployed in March, only 53 percent were job losers.

When the Finance Committee considered a program of health benefits for the unemployed, there was interest in placing a continued coverage requirement on private employers. The main reason we failed to act was uncertainty over the cost of such a requirement. Although the Congressional Budget Office and the insurance industry indicate that in the aggregate the additional cost of extended coverage to private employers could be small, that is not what small employers are saying. For United States Steel or other large employers that now provide extended coverage as a result of collective bargaining the cost will be nil. However, for small employers that may certainly not be the case.

The recovery is underway and people are going back to work. Clearly, this is not the time to impose any additional burden on employers—large or small.

This does not mean that we should not consider how the private sector might be approached in finding a solution to a problem caused by a recession in the future. The best way to address such a problem is to work through private insurance and self-insurers to provide for a continuation of benefits and open enrollment opportunities. This is a matter which we intend to pursue. It is an approach which makes the most sense but should not be forced on employers at this time.

The health benefits this amendment seeks to provide are not financed by new dollars. The sponsor simply refers to provisions already contained in the deficit reduction package. When such benefits were considered last year, both the Finance Committee and the Labor and Human Resources Committee recognized that funds needed to be made available to finance such a program. That need is no less important today. A spending program such as this should not be created simply by adding to the deficit.

Mr. President, I originally supported this proposal. However, since that time, the unemployment rate has dropped dramatically. Without a question, it is still a very big issue in the States of the principal sponsors, Senator HEINZ and Senator RIEGLE.

It seems to me that even though at one time we agreed on financing, today you could argue it either way. We argue that it is not financed, and the sponsors argue that it was financed and that, in effect, we have changed the rules.

I think the issue has been rather clearly stated. It is an important issue. There is some concern about whether this deserves an up-and-down vote, but I hope we can give the principal sponsor an up-and-down vote.

I yield the floor.

Mr. DURENBERGER. Mr. President, I will be brief.

As was the Senator from Kansas, I was an original cosponsor and partial author of the language that the Senator from Pennsylvania offers as an amendment today.

In that regard, let me express my appreciation to both Senators from Pennsylvania, not only for their commitment to providing health benefits for the unemployed but also for the fact that both of them—and I should also include the senior Senator from Michigan—have spent a great deal of time in their State with a variety of industries, a variety of businesses, and a variety of unemployed persons, in an effort to determine the seriousness of this problem and to develop the most appropriate solution. For this, and for Senator HEINZ's commitment to the appropriateness of national health care policy in this area, I rise to compliment them.

But I, too, will oppose the amendment by the Senator from Pennsylvania and I will do it for a variety of reasons. One reason is that the problem of unemployment is not quite the same as it was when we first started to address this issue more than a year ago. I will not repeat the statistics that the President would repeat, like 94.6 percent of the people in factory employment are working, because if you went to northern Minnesota, western Pennsylvania, northern Indiana, or southern Michigan, where there is a lot of factory employment, you are still going to find an awful lot of middle-aged workers with large families with no prospects for a job in their near- or long-term future.

So, to comment on the statistics and to comment on what is happening to unemployment does not get to the heart of the problem. To get to the heart of the problem we need to deal with the appropriateness of the solution.

We have explored, over a period of almost a year and a half now, the block grant approach to buying insurance with unemployment compensation benefits. But people at the State and local level cannot find a lot of enthusiasm for this approach even though we all think it makes sense. And if you go to the unions who represent many of the unemployed workers, they characterize this approach as a drop in the bucket. The unions think it is meaningless and they are not going to support it.

So it has become difficult to find support out there for anything other than a concept called continuity of benefits and so this is the issue we are now starting to explore and not just we in Government but people in the private sector as well.

I have here a publication of the Washington Business Group on Health dated April 21, 1983. In this report, they show national trends in extending health benefits beyond the termination of employment. It shows that many companies are moving to 1-month extensions, some to 1-month-plus, and others are at 6 months to 2 years of coverage termination or suspension of employment. It also shows that these companies have logically related the continuity of benefits to the length of employment. For example, if you look at persons with years of service in the category of 2 to 10 years, you will find most companies provide continuity of coverage for at least 6 months, with some providing coverage up to a year to 2 years after termination of employment. You find the same provisions for continuity of coverage when you look at those with 10 years of service or more.

So the point is, that employers are already providing health care coverage beyond termination or suspension of employment and what they are doing makes sense.

The question now is whether we should mandate this very good concept for everyone in the country. My answer is, that perhaps at some point in time we should. But I do not think that we can afford to do it now when we are just coming out of a recession. Such a mandate would affect a wide variety of companies and not just the steel or automobile industry which already has a lot of continuity of coverage. It would adversely affect a lot of small, medium, and large-sized employers who are having a difficult time making ends meet to say nothing about meeting the high cost of buying health insurance for their employees.

So, while I compliment the Senator for his commitment, and for his knowledge of the issue, I would advise my colleagues that this is not the time for us to come to the judgment that every employment entity in this country ought to adopt this particular solution. Certainly this is not the time for us to go the so-called welfare route by creating block grants for the purchase of health insurance for the unemployed.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. DURENBERGER. Yes, I am delighted to yield.

Mr. HEINZ. Mr. President, I thank the Senator for yielding.

I simply want to bring to the attention of the Senate that on January 25, 1984, the Steel Valley Unemployed Center located in Homestead, PA, released a survey of 671 people who either were or are now unemployed. The results of this survey depict the high levels of unemployment that still exist throughout the United States, and the continuing need to focus Federal attention and assistance to these depressed areas, which appears to be especially true where health care is concerned.

Unemployment figures have recently received front page attention with national rates of unemployment declining dramatically from 9.5 percent in August of 1983 to 8 percent in January 1984. Nonetheless, as the results of the Steel Valley survey cautions, these national figures do not tell the complete story. In part, these figures distort the real picture; in hundreds of communities across the United States, large pockets of unemployment still exist and are causing severe hardship among many American families; 9 million Americans are still looking for work but cannot find suitable employment. Many have been unemployed for more than 1 year and have exhausted Federal benefits. In addition, a great number of unemployed workers have lost all health benefits and are putting off needed medical care.

The Steel Valley Unemployed Center survey supports this contention. Of the 628 respondents to questions regarding income status, 222 people, or 35.3 percent, reported no income at all while an additional 312 people, or 49.5 percent, reported unemployment compensation or welfare payments as their only income source. In addition, of the 671 respondents to questions regarding medical coverage 268 people, or 39.9 percent, reported no health insurance protection and 75 people, or 11.1 percent, of the population surveyed required immediate care but were forced to delay treatment.

Mr. President, I have been a strong advocate for continued Federal unemployment benefits for those who have lost their jobs through no fault of their own. I have also fully supported creation of a Federal program designed to provide coverage to unemployed workers in need of health care and will continue to seek a solution to this problem. The survey conducted by the Steel Valley Unemployed Center of Homestead reminds us all that the problem for the unemployed and uninsured has not gone away, and that the need for Federal action remains paramount. While we have taken some steps forward on unemployment compensation, it is clear that a comprehensive reform of this program must be a high national priority. In addition, I believe this survey documents, once again, that a significant proportion of the unemployed are at substantial health risk because they lack health insurance coverage. For this reason, I believe we need action, our amendment to provide assistance to unemployed workers who have lost needed health care.

Mr. President, I ask unanimous consent to have printed in the RECORD the survey conducted by the Steel Valley Unemployed Center.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

STEEL VALLEY UNEMPLOYED CENTER

December 1983–January 1984, unemployed survey of medical and income needs.

Total surveyed: Income 628; medical 671 (not all answered all parts); jobs question 385 (not on all forms).

Income 628:

No income, 222 equals 35.3 percent;

UC only, 184 equals 29.2 percent;

Welfare, 128 equals 20.3 percent;

Part time, 88 equals 14.0 percent;

Full time, 13 equals 2 percent; 3 at more (0.47 percent) 10 at less (1.6 percent).

Medical insurance 671:

Yes, 403 equals 60 percent (private 225 plus welfare 178);

No, 268 equals 39.9 percent;

Private, 225 equals 33.5 percent (16.6 percent equals less spouse coverage);

Spouse, 114 equals 16.9 percent (111 purchased policy equals 16.5 percent, sub. fm 225P);

Welfare, 178 equals 26.5 percent;

Rejected by welfare, 100 equals 14.9 percent.

Need immediate care with no insurance, 75 equals 11.1 percent, with insurance, 41 equals 10.1 percent.

Would vote for a Federal jobs program 385 total (not on all forms):

Yes, 380 equals 98.7 percent;

No, 5 equals 1.3 percent.

Survey sources: Steel Valley Unemployed Center files, USW 1397 Christmas Party, Local 61 Marine and Shipbuilders Christmas Party, United Electrical Local 610, St. Peters Food Bank for McKeesport-Clairton area and railroad workers local UTU 3263.

Mr. DURENBERGER. I yield the floor.

SEVERAL SENATORS addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. I wonder if we might just agree to 5 minutes on a side equally divided. Is there any objection to that?

Mr. NICKLES. I have only about 4 minutes worth.

Mr. DOLE. We can yield back the time and have it at least nailed down. Some Members were asking about voting before noon.

Mr. HEINZ. Mr. President, let me say to the chairman of our committee that will be fine.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. HEINZ. Mr. President, I yield such time to the Senator from Pennsylvania as he may require.

Mr. SPECTER. Mr. President, I am pleased to join with my distinguished colleague from Pennsylvania in cosponsoring this amendment which I consider to be a matter of the utmost importance.

I have listened to the comments of the distinguished Senator from Minnesota (Mr. DURENBERGER), who says that this is not the time for the program. I would be inclined to agree with Senator DURENBERGER if the time for the program were last year instead of this year. We came very close to having this program adopted last year. On May 5, 1983, by a vote of 90 to 9, there was approval of a form of health coverage for the unemployed by this body. My sense is that at least for a State like Pennsylvania there continues to be an urgent need for this kind of assistance to the unemployed, and I say that on the basis of having visited all of Pennsylvania's 67 counties during the 97th Congress and having some 50-plus open house town meetings in the course of the 98th Congress.

Just last week, and I wish all Members of the Senate could have been present in the Senate caucus room, there was a large delegation of people from Pennsylvania and Ohio, perhaps 1,000 in number, who brought their problems to this body, and high on their list were their difficulties in sustaining life and limb, in paying the mortgages on their houses which would have been subject to foreclosure and in paying very high medical costs.

Mr. President, the widespread loss of health care benefits for the unemployed is a potentially devastating catastrophe. Millions of unemployed workers and their families face serious long-term health risks unless affordable health care insurance is restored to them.

The unemployed find themselves in an impossible financial bind. Premiums for individual policies cost at least twice as much as the group policy they joined at work. These higher premiums could consume up to one-half of each monthly unemployment compensation check. And by accepting unemployment benefits, or taking a part-time job, they become ineligible for welfare medical assistance.

Faced with so many competing bills for basic needs, jobless workers are passing up health care. According to various reports, pregnant women are foregoing prenatal medical care, surgery is being postponed, and prescriptions are being ignored because they are just too costly. The tragic result will almost certainly be that minor health ailments will become serious, and simple health problems will reappear as traumatic medical emergencies that might have been avoided with timely, routine health care.

This is a national problem requiring a national solution.

There are those who will argue that the economy has improved and that there is no need for health care coverage for the unemployed. Unfortunately, in a State such as mine, there are pockets of unemployment which are still devastated. While the total unemployment rate in the Nation for 1983 was 9.6 percent it was 11.8 percent in Pennsylvania. The Pennsylvania rate for 1983 was 22 percent above national average. Even in the first 3 months of 1984, Pennsylvania's statistics show that we are about 15 percent above the Nation's unemployment rate.

In April of last year, Blue Cross-Blue Shield of western Pennsylvania recognized the need for assisting the unemployed who had lost their employer-based health insurance. The company set up a program for the unemployed which subsidized the premiums and reduced the usual consumer fee by 40 percent. Unfortunately, 1 year later Blue Cross-Blue Shield is discontinuing the plan, not because there is not the need, but because it is losing so much money it cannot continue the program. As of February 12, 1984, there were 7,558 subscribers, and that does not include all of the family members covered. Blue Cross-Blue Shield estimates that the program is covering about 21,000 people. In 1984, that is, in the past 3 months, 4,700 people have signed up. And this program is just for western Pennsylvania, covering 29 of our 67 counties. Not to mention the fact, that these figures do not begin to cover all of those who are unemployed who have lost benefits but who are not participating in the subsidized program because they cannot even afford the reduced premium which averages about $73 per month per family.

Mr. President, the public sector portion of this bill will help alleviate the financial difficulties both individuals and the health services are encountering as a result of unemployment.

The private sector section of the bill is to insure foresight for any future recessions. During the 1974-75 recession, health plans for the unemployed were discussed in great detail but nothing was implemented either as a temporary measure or as a future safeguard. Less than 10 years later, Congress found itself debating the same issue all over again, virtually coming up with many of the same ideas. But nothing, other than a few Band-Aid approaches, was passed.

We have found that the average unemployed worker had lost benefits for 3 months until other employment could be found—thus the logic for mandating continued coverage at the same benefit level and the same employer/employee premium cost sharing arrangement for up to 3 months but in no case for a number of months greater than the unemployed worker's period of employment. If we establish this now, we will not encounter the overwhelming problems which we faced in the past two recessions in any future recessions. This is not meant to be a panacea but a means to avoid some of the catastrophies we experienced these past 2 years.

It is my sense, Mr. President, that this body has considered at length this proposal over the course of the past year-and-a-half and we have been on the brink of passage. Only the absence of an opportunity to take up this legislation last year led to its not being passed at that time.

This idea originated when Senator HEINZ and I visited Midland, PA. in March 1983 and the RECORD will show the continuous line of activity from that date until this one. I believe the need has been established. I believe that we have a reasonably scaled-back program which targets those who are in greatest need. And I urge that the body adopt the pending amendment.

I thank the Chair and I yield the floor.

Mr. DOLE. Mr. President, I yield 5 minutes to the Senator from Oklahoma.

Mr. NICKLES. Mr. President, I thank my colleague, the Senator from Kansas.

I wonder if the senior Senator from Pennsylvania will yield for a question.

Mr. HEINZ. I am pleased to yield.

Mr. NICKLES. The cost of this amendment is $700 million, $450 million for the first year. Eligibility is to be restricted to unemployed workers entitled to receive unemployment benefits who were enrolled in an employer group health plan; $700 million will not come close to covering this targeted group. And what about the individual who was employed but did not participate in his employer's plan? The former is entitled to the benefit while the latter is not.

Mr. HEINZ. Mr. President, let me say to my friend from Oklahoma that what he has described is not an entitlement to eligibility but a limitation as to eligibility, and the legislation specifically provides for the States who are the instrumentalities that will have great flexibility in administering the program to set substantially tightened eligibility in proportion to the need and the amount of money involved.

Mr. NICKLES. I thank the Senator. I do not have time to get involved in lengthy debate because I agreed to go forward under the time agreement. I appreciate where the Senator is coming from, but I disagree totally with his conclusions.

Mr. President, what we are trying to do with this tax bill is reduce the deficits, but if we pass this, we will establish new entitlement program which would provide for health and accident insurance for unemployed at a cost of $700 million to the taxpayers.

Health and accident insurance, for those who are not aware of it, is very expensive. It costs about $2,000 for a family annually. To provide this coverage for the roughly 9 to 10 million people who are unemployed would cost in the neighborhood of $20 billion. This proposal is simply the first segment of program which will constantly increase in both cost and coverage.

Last year, the House passed a $4 billion program over its initial 3-year phase. Even that large expenditure is insufficient. And the demand for this expansion will be very great since there are many people out there who are unemployed who do not have health and accident insurance, who, once they see their neighbor receiving the benefit, will want to receive it as well. They will feel that it is unfair. And they will be right; there would be inequity. And how do we deal with the many people who are employed who do not have health and accident insurance? The inequities are only furthered.

There would be a tremendous demand on Congress to increase the amount of funds devoted to this program. There is no limit. Accepting this amendment would be a giant step toward the establishment of national health insurance, and it is a step that this country cannot afford with the current deficit. I thought this was a tax bill, the purpose of which was to reduce the deficits. If we enact a brand new entitlement program that has virtually unlimited demand, we will only defeat the very purpose for consideration of this tax passage.

I would hope that the Senate, in our wisdom, will not accept this amendment. I think it would be contrary to the very thing we are trying to accomplish, and that is to get Federal deficits under control. Continually we hear people across the country say, "yes, we need to contain and restrain entitlements." And at the same time, when we come back to Washington, D.C., we find a lot of us are voting for brandnew entitlement programs because there is a constituency we are trying to appease.

I have no doubt there are many people that would love to see this program enacted. But I will tell you that the taxpayers of this country, the people who would have to pay the bill, the working people of this country, would regret it. I hope the Senate will have the wisdom to not accept this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. HEINZ. Mr. President, I am prepared to yield back in 1 second the balance of my time. But I would hate for anybody to be under the impression or misimpression that there is any entitlement to any individual under this amendment. On the very first page of the amendment, let me read the operative paragraph which says:

> any State (as defined in paragraph (4)) may establish a program under this section for providing health care coverage for unemployed workers, subject to the provisions of this section.
>
> (2) The State may choose those groups of individuals (and their immediate families) who shall be covered under the program, the duration of such coverage, and the duration of the program, as the State determines to be appropriate, except that—

And then we list limitations on eligibility at length.

This, Mr. President, is simply a program that goes to the States as a block grant that phases down. We say that if they are going to use it, they use it under certain constraints. And it is, I submit to my colleagues, not an entitlement program in any way.

I yield back the balance of my time.

Mr. NICKLES. Will the Senator yield for a question?

Mr. HEINZ. I am happy to yield for a question.

Mr. NICKLES. I appreciate the Senator yielding. I did not get involved in this dialog because of our time limitation.

The Senator said there is not an entitlement. As I understand it, there would be a State block grant. So the State of Pennsylvania would receive so much money. I assume this would be allocated to the States on the basis of their unemployment insurance claims.

Mr. HEINZ. There is a mechanism established in the legislation.

Mr. NICKLES. So the States that have the highest unemployment would receive the most?

Mr. HEINZ. It is sensitive to the unemployment.

Mr. NICKLES. Then these States which receive the block grant would determine who would be eligible to receive the benefit. Those individuals that meet those eligibility requirements would be entitled to receive it. We are talking about Federal money and involvement of the Federal Government. Is it not correct that the Federal Government spent $31 billion in unemployment compensation benefits last year?

Mr. HEINZ. As to the latter part of the Senator's question, I will assume that he is correct. As to the first part, the legislation has been intentionally drawn so that the States are not compelled to establish even within a State an individual entitlement in particular, because some of us believe that it may be more appropriate for the money—in certain communities where the provider network is appropriate, the State may want to make grants to institutions to provide health care for the people in Johnstown, Pa., through the public hospital, the nonprofit hospital there.

So I would only say to my friend that it is not predetermined that there is individual eligibility necessitated here.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, I yield 2 minutes to the Senator from Minnesota.

Mr. DURENBERGER. Mr. President, for the benefit of those of our colleagues who may be listening off the floor, I would hope that the opposition by the chairman of the committee and my own opposition, as chairman of the Health Subcommittee of the Finance Committee, to this bill does not indicate an insensitivity to the problem. I want to reiterate that just because the unemployment statistics are going down does not mean that 2,000 unemployed people will not show up in the Senate Caucus Room and say, "we have a problem." And it is not to say that the reflections of the junior Senator from Pennsylvania, who traveled to 67 counties of his State, are not accurate impressions. There is a serious problem out there. The question is how best to deal with it.

I just got off the telephone about an hour ago with a newly famous American in the health policy field, the Governor of Colorado, Dick Lamm, who recently made some statements about how long people ought to live and why. He called me with regard to another provision of this bill which has to do with the medicaid cap. But we got to talking about the subject of home health care programs, which I know the Senator from Pennsylvania cares about, and health care for the unemployed. One of the remarks he shared with me is that one of these days we in Washington ought to stop conceiving exactly what is good for the folks out there in the States.

He is going to participate sometime later this spring in a day-long hearing in the Finance Committee's Health Subcommittee on this and other problems of the medically disadvantaged. The medically disadvantaged includes those who are temporarily unemployed, permanently unemployed, refugees, and all low income people. We will be lookng at what the appropriate roles are for the private sector and the local, State and Federal governments, in the provision of health care for the medically disadvantaged given the limited resources that are available for this task.

So I am sure we will be back here again with the Senator from Pennsylvania with a more appropriate solution.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Who yields time?

Mr. DOLE. Mr. President, I yield back the balance of my time.

Mr. HEINZ. Mr. President, I ask unanimous consent that Senator Levin be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, I yield back the balance of my time.

The PRESIDING OFFICER. The time has been yielded back.

The question is on agreeing to the amendment of the Senator from Pennsylvania. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. Goldwater) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Arizona (Mr. DeConcini), and the Senator from Colorado (Mr. Hart) are necessarily absent.

The PRESIDING OFFICER (Mr. Humphrey). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 39, nays 57, as follows:

[Rollcall Vote No. 62 Leg.]

YEAS—39

Biden
Bingaman
Bradley
Burdick
Byrd
Cochran
Cohen
Cranston
D'Amato
Dixon
Dodd
Eagleton
Ford
Glenn
Hawkins
Heinz
Huddleston
Inouye
Jepsen
Kennedy
Lautenberg
Leahy
Levin
Mathias
Matsunaga
Melcher
Metzenbaum
Moynihan
Pell
Percy
Proxmire
Quayle
Randolph
Riegle
Sarbanes
Sasser
Specter
Tsongas
Weicker

NAYS—57

Abdnor
Andrews
Armstrong
Baker
Baucus
Boren
Boschwitz
Bumpers
Chafee
Chiles
Danforth
Denton
Dole
Domenici
Durenberger
East
Evans
Exon
Garn
Gorton
Grassley
Hatch
Hatfield
Hecht
Heflin
Helms
Hollings
Humphrey
Johnston
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
McClure
Mitchell
Murkowski
Nickles
Nunn
Packwood
Pressler
Pryor
Roth
Rudman
Simpson
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Trible
Wallop
Warner
Wilson
Zorinsky

NOT VOTING—4

Bentsen
DeConcini
Goldwater
Hart

So the amendment (No. 2930) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DANFORTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2931

(Purpose: To strike section 183 of the amendment (No. 2902) proposed by Mr. Dole (for himself and Mr. Long))

Mr. DANFORTH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. Danforth) for himself and Mr. Chafee, Mr. Moynihan, Mr. Percy, and Mr. Bentsen proposes an amendment numbered 2931.

Mr. DANFORTH. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 531, strike out all beginning with line 1, through line 20.

Mr. DOLE. Mr. President, if the Senator will yield, let me let the Members know that we have four or five amendments that are not controversial. That information may give those who do not have amendments a chance to get some lunch. I do not think there will be another vote for an hour.

Mr. METZENBAUM. Mr. President, will the Senator, when these noncontroversial amendments come up, tell us what the impact will be?

Mr. DOLE. Right.

Mr. DANFORTH. Mr. President, when the Finance Committee was considering the bill now before us, Senator Moynihan and I proposed an explanation of the alternative minimum tax as part of the bill. We felt that expanding the alternative minimum tax was not only a good way to raise some additional revenue, but to achieve some important tax equity.

The amendment we put forward included two new preference items in computing the alternative minimum tax. One was the inclusion of section 911 income relating to the special tax treatment of Americans doing business abroad, and the other was the inclusion as a preference item of losses generated by passive investments.

As the Finance Committee continued working on this alternative minimum tax proposal, the proposal, over a period of time, got whittled down. By the time the bill was reported out, all that was left in the expanded alternative minimum tax was the inclusion of section 911 income. The result of this is that Americans who are living abroad and doing business abroad will be taxed significantly higher than they are now.

Mr. President, this amendment strikes the section from the bill. It is offered on behalf of myself, Senator Moynihan, Senator Chafee, and Senator Percy.

I think that some of us at least recognize that the alternative minimum tax is a good concept and that the alternative minimum tax should be expanded. However, to single out section 911 income as the sole way of expanding the alternative minimum tax is to target those Americans who are living abroad and doing business abroad, and it is widely thought that to do so would be to further exacerbate the significant trade deficit which the United States is now experiencing.

It is common knowledge that the United States last year had a trade deficit of about $70 billion. It is said that this year, the trade deficits will go well over $100 billion. If this provision were to stay in the bill, the effect of it is, for example, that an engineer in Saudi Arabia earning $50,000 would receive a tax hike of $4,000. One earning $80,000, which is not a terribly higher amount of income of somebody living in Saudi Arabia, I am told, would have a tax increase of $10,000.

The revenue effect of striking this provision, which in fact is Senator Moynihan's and my provision, is a reduction in revenue of $68 million over the 3-year period of time.

Mr. President, I recognize the problem of the manager of the bill in not wanting a lot of amendments to the bill which affect revenue. My staff and the Finance Committee staffs have been working on a possible approach to try to make up some of the revenue. It is my understanding that the chairman of the Committee on Finance will have an amendment which he will offer immediately after this amendment, which will only make up the $68 million, but an additional $20 million to boot.

The question now, Mr. President, is simply on the first of the two amendments, which is the deletion of the section pertaining to the alternative minimum tax and its applications to section 911 income.

Mr. DOLE. Mr. President, let me say that the distinguished Senator from Missouri described his amendment accurately and also that I shall follow up immediately after the adoption of this amendment with an amendment that will pick up $88 million. I think it is an amendment that deserves adoption.

The law is generally intended to permit two corporations to file a consolidated return if one corporation owns and controls at least 80 percent of the other. Unfortunately, the law, as written, is more generous than that. Taxpayers have been using creative capital structures so as to be eligible for consolidation in situations not appropriate for consolidation and to avoid consolidation in situations when it should not be avoided. Taxpayers have been filing consolidated returns in instances where one owns less than 20 percent in value of the other. As a result, corporations with substantial taxable incomes have been taking advantage of the consolidated return rules to use the tax losses of other corporations. In essence, the former are buying tax losses of the latter.

For example, in one recent case a corporation with taxable income issued common stock entitled to 80 percent of the vote but only 20 percent of the dividends to another corporation with tax losses so that the two could consolidate.

In general, the amendment would require one corporation to own 80 percent of the vote and value of another before the two could consolidate. Once consolidated, the two could continue to consolidate unless the percentage of the vote owned dropped below 80 percent or the percentage of value owned dropped to 50 percent or below. This latter rule is intended to prevent deconsolidation by reason of small changes in the relative values of different classes of stock.

The amendment would be effective for taxable years beginning after 1984. However, it would not apply to corporations consolidated under present law until 1988.

The amendment would raise $88 million over the 1984-87 period.

It would be my intent to offer that amendment immediately following the disposition of the amendment of the Senator from Missouri and the Senator from Rhode Island.

Mr. **CHAFEE** addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. Mr. President, I rise in support of the amendment offered by the Senator from Missouri. If we could just briefly trace the history of the 911 provisions, some years ago, the Congress enacted laws reversing a longtime procedure in this country which was to exempt income earned abroad in order to make our workers abroad competitive with other nations. We reversed that sometime in the 1970's and the result was that our workers abroad were subject to the full U.S. income taxes with the credits that would be allowed should they be paying local taxes.

The net result was that in those hardship posts in the world, particularly Saudi Arabia—that is a good illustration but it applies in Africa and in a whole series of other countries—our engineering companies working there were required practically to pay the tax that was imposed by the United States on our workers, thus making the employment of U.S. citizens far more expensive than employing citizens of other nations. It was a classic case of the United States shooting itself in its foot because what these companies did was to hire other nationalities for the jobs abroad and the net result was a loss of American jobs.

So, 2 years ago, we reversed that, as did the House, and we changed section 911 to provide that the first $80,000 of earned income abroad was tax-exempt, and that proceeded upward in gradual steps to a total of $95,000. There are some provisions dealing with housing as well, which I will set aside, since they are not covered in the amendment sponsored by the Senator from Missouri.

The result of that change in section 911 is that there has been an increased employment of Americans abroad and our large American engineering companies no longer are hiring Britons, or Canadians, or the Swiss, or West Germans, or whatever it might be. They are returning to the custom of hiring Americans; we have had testimony to that effect, and so the letters have substantiated this as well.

Now, unfortunately, in the Finance Committee in an effort to include more income as preferred income, as the Senator from Missouri has explained, section 911 earnings were included but when all was said and done, it did not cover a host of other preferred income. It ended up solely with the 911 provisions. So the Senator from Missouri has moved the 911 participants from the preferred income section where they had to pay a minimum tax.

I think this is a good measure. I point out to those who might have some questions about all of this that we have frozen the 911 earned income at $80,000. It will not move upward in the steps as originally enacted in the legislation we passed in 1981. There it would have moved up by steps from $80,000 to $85,000 to $90,000 and finally going to $95,000 exempt earned income. This freezes it at $80,000. We have done that in this bill that is before us today.

So the amendment of the Senator from Missouri is a good one. It means greater employment opportunities for Americans. The other side of the coin is that if we did not pass it, we will not get added income and Americans abroad will just be replaced by foreign nationals. So it is my hope that the Senate will approve this measure.

Mr. **LEVIN** addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. LEVIN. Mr. President, I have been one looking at the minimum tax for some time and worried at just how many loopholes there are in the minimum tax. The result of our present system still is that we have literally thousands of people who earn hundreds of thousands of dollars who pay no taxes—none at all—at the same time that other Americans are paying in many instances more than their fair share. And so it has been my intent, as a matter of fact, to offer a sense-of-the-Senate amendment urging the Finance Committee to report out comprehensive tightening of the minimum tax.

I have a question of the chairman of the Finance Committee. I understand the amendment is aimed at this piecemeal change in the minimum tax and I can appreciate the sponsors of the amendment for proposing this kind of a piecemeal change to it, but I want to make sure this does not set a precedent that we will not look at this 911 income when it comes to the comprehensive review which I understand the Finance Committee is going to make of the minimum tax. I am wondering if the chairman of the Finance Committee can give us some assurance that there will be a comprehensive review. We understand that December is the time for the report of the Treasury. Will that comprehensive review include this particular exclusion?

Mr. DOLE. If I may respond to the Senator from Michigan, he expressed the same concern as I think most members of the Finance Committee have shared, and that is that there are a lot of people who make a lot of money who pay very little tax. Some are overseas and some are under section 911. So I do not think this is an indication we are not going to go back and look at 911 and the entire minimum tax. It would seem to me, as the chairman of the committee, that the one problem we have with the voluntary system is the perception that the system is not fair, and the more we do to broaden the base and to make certain everybody is making a contribution, the more we are going to have more participation in the tax system. So the answer is an assured yes.

Mr. LEVIN. I thank the Senator.

Mr. PERCY. Mr. President, I support this amendment which would strike section 183 of the Deficit Reduction Act of 1984. I am proud to be an original cosponsor of the amendment.

Any amount of revenue that could be gained from the postponement of increases in the foreign earned income exclusion is insignificant compared to the potential losses in American jobs and overseas contracts. With our growing trade and budget deficits, there is an imperative need to have large numbers of Americans in world markets to help promote, sell, and deliver U.S. goods and services. The Finance Committee's proposal to hold the maximum foreign earned income exclusion at its 1983 level of $80,000 per year until 1988 would have worked against this goal.

The current law enacted under the Economic Recovery Tax Act (ERTA) governing the tax treatment of Americans overseas was designed specifically to get more Americans into the international markets to help create jobs at home. In Illinois, we have a voluminous number of companies selling abroad and whose international sales account anywhere from 5 to 50 percent or more of sales. This means thousands of jobs for Illinois, as well as Federal tax revenues to close the budget deficits.

I urge my colleagues to support Senator Danforth's amendment to help promote the export of U.S. manufactured goods and services. There is no doubt in my mind that what the Treasury loses in taxes on personal income, it will receive many times over in tax revenues on foreign sales.

Mr. President, I ask unanimous consent that a number of letters I have received today from several people concerned with the consequences of the section as presently constituted be printed in the Record at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Chamber of Commerce,
United States of America,
Washington, DC, April 11, 1984.

Hon. Charles H. Percy,
U.S. Senate,
Washington, DC.

Dear Senator Percy: As you are aware, the 1981 reform of Section 911 of the IRS code did much to relieve the unique tax burdens placed on Americans working overseas. In doing so, it helped restore the ability of American firms to compete in foreign markets, and represented a significant victory in the continuing battle to dismantle the restraints that we have imposed on our own exporters.

As a leader in the 1981 effort to provide Americans abroad with tax treatment competitive with other countries, I sincerely hope you will move for deletion of section 183 of the Deficit Reduction Act during Senate floor action this week.

Sincerely,

Richard L. Breault,
Group Vice President, Policy.

National Association of State Universities and Land-Grant Colleges,
Washington, DC, April 11, 1984.

Hon. Charles H. Percy,
Chairman, Senate Committee on Foreign Relations, Washington, DC.

Dear Senator Percy: We would like to express our deep concern with the proposed changes to be offered in the provisions of Section 911 of the Internal Revenue Code to be offered by Senator John Danforth in his 20 percent minimum tax amendment in the proposed Senate Deficit Reduction Plan now under debate.

Such provisions would have a negative impact on the capacities of U.S. universities to effectively respond to the mandate of Title XII of the Foreign Assistance Act in recruiting competent scientists and professionals for projects in developing countries. The current provisions were passed by Congress only two years ago, after about four years of intense public debate and Congressional hearings, and have been an immense incentive in recruiting university personnel, especially in hardship posts, in their fight against world hunger.

We are pleased to hear that you will be offering an amendment that will strike the Danforth provisions and will be urging support for your efforts.

Sincerely,

James W. Cowan,
Director, Office of International Programs and Studies.

The M.W. Kellogg Company,
Washington, DC, April 11, 1984.

Hon. Charles H. Percy,
U.S. Senate,
Washington, DC.

Re: Senate deficit reduction and section 911 of the Tax Code.

Dear Senator Percy: You are well aware of our great concern on a provision in the deficit reduction package approved in the Senate Finance Committee on the broad alternative minimum tax and tax preference systems covering the tax treatment of Americans working overseas. This provision imposes a significant new price premium on Americans attempting to compete in foreign markets, and in effect the additional tax functions as a tariff imposed by our own government on the export of our own goods and services. It removes many Americans and American suppliers from international competition.

Lost export sales means jobs lost to our domestic economy and a resulting loss in tax revenues. Moreover, the impact this proposed new tax legislation will have on existing contracts is incalculable. U.S. companies with existing contracts will be penalized severely, and our overseas clients will interpret its enactment as once again futher evidence of the inconsistency of U.S. policy towards foreign commerce and the related risks of entering into long-term contracts with American companies.

One of our sister divisions in the Signal Companies is Universal Oil Products (UOP), headquartered in Des Plaines, Illinois. Currently, UOP has some 32 U.S. expatriates working abroad with an annual gross payroll of over $2.5 million, and as you know, these UOP jobs abroad create additional jobs back in Des Plaines, as well as equipment orders in the USA. Our Kellogg division of Signal has several Americans abroad with a gross payroll many times greater. The minimum tax measure as it applies to Section 911 of the tax code, if allowed to stand, will cause the loss of many of these jobs in the future and a loss of USA exports as well.

Any change in current law will provide consequences that no one wants or intends. In fact, the additional tax revenue obtained is very little particularly when compared to the large revenue loss that will result from lower U.S. exports. This area of tax law is a product of more than four years of intensive debate and many days of congressional hearings and review. To change it suddenly in a significant way without thorough review and debate is unwise.

We ask for your support in averting a potential mistake that can only aggravate the current budget deficit problem and cost a number of jobs in our domestic economy.

Yours sincerely,

John C. Richards,
Vice President, Government Affairs.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, I will speak very briefly. What we have before us is another amendment which impacts upon the revenue produced by this proposal. There are a number of others as well in the bill amounting to something like $22 billion, $23 billion. This is not a very significant one. It is about $68 million over 3 years I think I heard the Senator from Missouri say. I do not intend to oppose it as a matter of requiring a rollcall vote or anything of that kind, but I could not sit on the floor without indicating my concern that in the so-called tax revenue-raising measure we continue to find holes, or ways to reduce taxes, or to provide additional ways of people not having to pay their fair share of the tax burden.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Missouri.

The amendment (No. 2931) was agreed to.

Mr. DANFORTH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2932

(Purpose: To strike section 183 of the amendment (No. 2902) proposed by Mr. Dole (for himself and Mr. Long)

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. Dole), for himself and Mr. Long, proposes an amendment numbered 2932.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 182, insert the following after the end of section 51:

SEC. 52. ELIGIBILITY TO FILE CONSOLIDATED RETURNS

(a) In General.—Section 1504 (defining affiliated group) is amended by adding at the end thereof the following new subsection:

"(f) Definition of Affiliated Group for Taxable Years Beginning After 1984.—For taxable years beginning after December 31, 1984—

"(1) In general.—Except as provided in paragraph (6), or by regulation, for purposes of this chapter only, the term 'affiliated group' means 1 or more chains of includible corporations connected through stock ownership with a common parent corporation which is an includible corporation if—

"(A) stock possessing—

"(i) at least 80 percent of the voting power of all outstanding stock, and

"(ii) at least 80 percent of the total value of shares of all outstanding stock of each of the includible corporations (except the common parent corporation), is owned directly by 1 or more of the other includible corporations, and

"(B) the common parent corporation owns directly stock possessing—

"(i) at least 80 percent of the voting power of all outstanding stock, and

"(ii) at least 80 percent of the total value of shares of all outstanding stock,

of at least 1 of the other includible corporations.

"(2) Special rule for initial determination.—No affiliated group shall be eligible to file a consolidated return unless, on the first day of the first taxable year to be included in such consolidated return, the requirements of paragraph (1) are met. The preceding sentence shall not apply to any affiliated group filing a consolidated return for a taxable year which includes December 31, 1984.

"(3) Special rule for termination of affiliated group.—The determination of whether an affiliated group on each day of any taxable year continues to be an affiliated group (or whether any includible corporation continues to be a member of such group) shall be made by substituting 'more than 50 percent' for 'at least 80 percent' in clause (ii) in paragraph (1)(A) and clause (ii) of paragraph (1)(B).

"(4) 5 years must elapse before reaffiliation.—

"(A) In general.—For purposes of determining whether any corporation is a member of an affiliated group, a corporation and any successor of such corporation which has ceased after April 11, 1984, to be a member of any affiliated group may not be treated as a member of such group (or of any other affiliated group the common parent of which is the common parent, or any successor of such common parent, of such group) before the 5th taxable year of such corporation after its first taxable year for which it ceases to be a member of such affiliated group. The preceding sentence shall not apply to any domestic insurance company described in subsection (c)(2)(A).

"(B) Secretary may waive application of subparagraph (A).—The Secretary may waive the application of subparagraph (A) to any corporation for any period subject to such conditions as the Secretary may by regulations prescribe.

"(5) Stock.—For purposes of this subsection, the term 'stock' does not include nonvoting stock which is limited and preferred as to dividends and in redemption and liquidation and which is not convertible into stock of any other class.

"(6) Corporation affiliated on April 11, 1984.—For taxable years beginning before January 1, 1988, subsection (a) (and not paragraphs (1), (3), (5), or (7) of this subsection) shall apply for purposes of determining whether a corporation continues to be a member of an affiliated group of which it was a member on April 11, 1984. The preceding sentence shall apply only if the affiliated group files a consolidated return for its taxpayer year which includes March 10, 1984.

"(7) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations—

"(A) which treat warrants, obligations convertible into stock, and other similiar interests as stock, and stock as not stock, for purposes of this chapter,

"(B) which treat options to acquire or put stock as having been exercised,

"(C) which disregard changes after April 11, 1984, in voting power disproportionate to changes in the total value of shares of all outstanding stock, and

"(D) which do not permit an includible corporation to be a member of an affiliated group where there is a plan pursuant to which it is to cease meeting the qualification requirements for treatment as such a member."

(b) Technical Amendments.—Subsection (c) of section 1504 (relating to includible insurance companies) is amended by striking out "subsection (a)" each place it appears and inserting in lieu thereof "subsection (a) or (f), as the case may be,".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

Mr. DOLE. Mr. President, what we attempt to do in this amendment is to pick up $88 million in revenue to offset the loss in the amendment just agreed to of about $68 million. Plus, it is good tax policy. I know of no objection to the amendment. It has been recommended by Treasury and the Joint Tax Committee, and I believe it is a step in the right direction. We find that some corporations are taking advantage of present law, and this will end that practice.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 2932) was agreed to.

Mr. DANFORTH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Amendment No. 2933

(Purpose: To amend the effective date of the incentive stock option provision to provide transitional relief)

Mrs. HAWKINS. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Florida (Mrs. Hawkins) proposes an amendment numbered 2933.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On line 11, page 986 of the amendment, change the period to a comma and add the following thereafter: "except that such subsection shall not apply to any incentive stock option granted before September 20, 1984, pursuant to a plan adopted or corporate action taken by the board of directors of the grantor corporation before March 20, 1984."

On page 986, line 14, insert the following of the end thereof:

"In the case of an option issued after March 20, 1984 pursuant to a plan adopted or corporate action taken by the board of directors of the grantor corporation before March 20, 1984, the preceding sentence shall be applied by substituting 'December 31, 1984' for 'March 20, 1984'."

Mrs. HAWKINS. Mr. President, this is a very simple, straightforward, and very narrowly defined amendment which provides grandfather rules for stock option plans that have previously been approved by the board of directors of the grantor corporation before March 20, 1984.

I understand that the chairman will accept the amendment.

Mr. DOLE. Mr. President, this is in the nature of a technical change. It would continue present law with respect to definition of "incentive stock options" for options granted before September 20, 1984, where the option is granted pursuant to a plan adopted or corporate action taken by the board of directors before March 20, 1984. The present law minimum tax rules would continue to apply to these options if they are exercised before December 31, 1984.

In fact, these are transactions in progress. We are not creating any special exception.

Mr. METZENBAUM. Mr. President, will the manager of the bill be good enough to indicate the tax impact?

Mr. DOLE. No revenue effect, I am advised by the Joint Tax Committee.

Mr. METZENBAUM. If the people are able to get stock options they would not be able to get otherwise and if they would be given favorable tax treatment, there has to be some tax impact, even if it is only $1.

Mr. DOLE. I am advised that incentive stock options do not have much revenue impact. The corporation loses the deduction. They would not go through with the plan, in any event. I am advised by my experts——

Mr. METZENBAUM. The argument is that if you did not do this, they would not go through with the plan, and therefore it has no impact, because otherwise it would not be a reality. I think that is a rather obverse kind of reasoning. I think it has some revenue impact. I do not believe it is a major matter, but it is another indication of some loss of revenue, although the exact dollar amount is not spelled out.

I have no objection.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 2933) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mrs. HAWKINS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2934

(Purpose: To provide a transition rule under which certain corporations would be permitted to continue to rely on certain provisions of existing law to implement a proposed restructuring of its business)

Mr. LEVIN. Mr. President, I send an amendment to the desk.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN) proposes an amendment numbered 2934.

Mr. LEVIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 152, line 22, add the following subsection:

"(4) TRANSITION RULE.—The amendments made by this section shall not apply to distributions declared before the date of enactment of this Act and paid before December 31, 1984 if—

"(A) such distributions consist solely of not more than 51 percent of the then outstanding common stock of a corporation which was formed on or before March 15, 1984 and which is controlled (within the meaning of section 368(c)) by the distributing corporation immediately before the distributions.

"(B) such distributions are made pursuant to a proposal which was initially considered by the distributing corporations before February 15, 1982, and such initial consideration is reflected in one or more memoranda or other documentation prepared by or on behalf of the distributing corporation before February 15, 1982,

"(C) such proposal was actively considered by the management of the distributiing corporation before November 15, 1983,

"(D) such distributions are an integral part of a proposal approved in principle by the Board of Directors of the distributing corporation before February 15, 1984, and

"(E) such proposal was publicly announced by the distributiing corporation before March 15, 1984."

Mr. LEVIN. Mr. President, this amendment would provide a limited and carefully circumscribed transition rule under which a corporation would be permitted to continue to rely on certain provisions of existing law to implement a proposed restructuring of its businesses. This amendment has been reviewed by the staff of the Finance Committee and I understand it is acceptable to the floor managers of the bill and by the Treasury Department.

The Finance Committee bill would change a longstanding rule of existing law, with the result that corporations would now be taxed when they make dividend distributions of property which has appreciated in value. The individual shareholders who receive such dividends would continue to be taxed, as they are under existing law. The Finance Committee first voted to have the new rule effective for distributions declared after the date the legislation was enacted, as did the House Ways and Means Committee when it approved a comparable proposal. Thereafter, the Finance Committee moved the effective date back so that the bill as reported generally applies to distributions declared after March 15, 1984.

This change in effective date will have an adverse and inappropriate effect on Masco Corp., headquartered in Michigan, which has publicly announced a restructuring of its business, involving a distribution of stock of newly formed subsidiary corporation to the Masco shareholders, before the Finance Committee agreed to its partially retroactive effective date. The amendment would provide a limited transition rule under which Masco could complete its transaction under existing law, but only if certain additional requirements are met. These additional requirements are designed to assure that the restructuring proposal was under consideration before proposals were made to change existing law, and that the restructuring was approved in principle by the board of directors of the distributing corporation and then publicly announced, before the date on which the Finance Committee acted.

In these circumstances, Mr. President, considerations of fundamental fairness require that corporations such as Masco be allowed to complete their transactions under existing law. I ask, therefore, that the amendment be accepted.

Mr. DOLE. Mr. President, the Senator from Michigan has accurately characterized the amendment. It has been checked by the Treasury, by the staff on both sides, by the joint committee staff. I am advised that it has a one-time loss of less than $10 million.

Under the present law, in many instances, corporations are not taxed on distributions of appreciated property to their shareholders. Under the bill, gain would generally be recognized by a corporation on a nonliquidating distribution of appreciated property.

Under the proposal submitted by the Senator from Michigan, the provision would not apply to a particular transaction that has been planned for many months or longer. It would exempt a transaction that was planned and worked on intensively well before the committee bill.

That is the purport of the amendment. We have no objection to it and are prepared to accept it. I know of no objection on the other side.

Mr. PRYOR. There is no objection.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment.

The amendment (No. 2934) was agreed to.

Mr. LEVIN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEVIN. Mr. President, I thank Senator DOLE.

Mr. DOLE. Mr. President, I know that other amendments are being discussed with Treasury officials, joint committee officials, and others.

Perhaps the Senator from Ohio would be in a position to offer an amendment at this time.

The distinguished Senator from South Dakota (Mr. PRESSLER) has a highway tax amendment or a truck tax amendment, and he indicated that he would be ready to debate that amendment within 20 minutes, so perhaps we can notify him.

Does the Senator from Ohio have an amendment he can bring up at this time?

Mr. METZENBAUM. No.

Mr. DOLE. Mr. President, I say to Members who may be listening in their offices—or who can be notified through staff—that we have a little time now; and if some amendments have been agreed to with the Treasury Department, we would like to bring those up at this time.

In the meantime, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I have two amendments and hopefully a colloquy on this bill, and I hope by 1:30 p.m.-2 p.m. to be ready to go, and I serve notice on the distinguished floor manager that it will deal with capital gains which he and I have wrestled with before on several occasions.

But prior to that and since there were no amendments being offered right now, I was just curious about a statement the Senator from Ohio made a while ago, and I was wondering if the Senator from Kansas could discuss it, elaborate on it, verify it, deny it, or whatever.

The Senator from Ohio, as I understood, a while ago said that this bill has something like $20 billion in additional loopholes, giveaways, new laxness in the code, and so on. I know, for example, the things that I am going to try to strike, cutting the holding period on capital gains from 1 year to 6 months, goes up to $300 million a year, which is just $300 million of revenue we are not going to collect, for no good purpose that I can discern.

But I was wondering if the chairman of the Finance Committee could enlighten us as to how we came out, how much we put in, how much we took out. The net I know is about $48 billion.

Mr. DOLE. I will try to get the precise figures. The figures are not here right now. I think it is around $56 billion or $57 billion and came out with about $48 billion, but I have to double-check that.

Mr. METZENBAUM. Mr. President, will the Senator yield?

Mr. BUMPERS I am happy to yield.

Mr. METZENBAUM. I think the figure that the chairman of the Finance Committee is giving is correct, but in addition to that, there is the cancellation of $13.6 billion of deferred taxes which corporations are obligated to pay. They have been deferred over a period of years, and this bill provides for total cancellation of those deferred taxes, so when we take that $13.6 billion and the $8 billion or $9 billion, we are talking about $22 billion.

Mr. BUMPERS. How much does the Treasury lose over the next 3 years by the cancellation of these deferred taxes?

Mr. METZENBAUM. That is hard to figure because under the GATT arrangements, the Treasury, our Government, is being pressed to terminate these deferred tax arrangements. If they just went ahead and terminated, they would lose $13.6 billion because there is an obligation to pay the taxes immediately. However, it is fair to say that our Government is not disposed to do that.

So that it is hard to answer. It is $13.6 billion, or is it not? But the facts are that we lose $13.6 billion, assuming that the Government went ahead and terminated, which it is planning to do under its agreement with GATT, plus the $8 billion or $9 billion in new tax loopholes.

Mr. BUMPERS. Could the Senator from Kansas tell us what the rationale of canceling $13 billion worth of taxes is?

Mr. DOLE. It is not canceling. We went through that yesterday. I will just comment that if we are going to get an amendment on that later, we think we have added about $8 billion, with enterprise zones, spousal IRA's, and a number of other things that have broad bipartisan support in our committee. But our net figures is about $48 billion. So far, we have not lost any of that on the floor. We had one amendment that we just accepted of less than $10 million. Another will reduce it $68 million, but I offered an amendment that will pick up $88 million.

So I think we are holding our own, so far, on the Senate floor.

Mr. BUMPERS. What did the amendment of the Senator from Missouri (Mr. Danforth) cost?

Mr. DOLE. That was $68 million, and I replaced that with one that picks up $88 million.

Mr. BUMPERS. Did the committee consider that amendment?

Mr. DOLE. Consider my amendment or his amendment?

Mr. BUMPERS. No, the amendment of the Senator from Missouri.

Mr. DOLE. Yes.

Mr. BUMPERS. And defeated it?

Mr. DOLE. In fact, he offered the amendment himself to put the preference item in the minimum tax, but then the entire committee did away with most of the minimum tax change and he was sort of left standing alone, so I think it was just a matter of not wanting that one little item in as a preference item when all the other changes, I think about $1 billion in the minimum tax, was eliminated. We may go back and add that before the day is over, I might say to my friend.

Mr. BUMPERS. One final question: The Senator said the cancellation of these deferred taxes would be the subject of a later amendment. Whose amendment is that, and what does it do?

Mr. DOLE. Senator Metzenbaum has been concerned about this, and I understand he has some plans to approach it.

Mr. BUMPERS. I thank the Senator.

Mr. President, I suggest the absence of a quorum.

Mr. DOLE. Mr. President, if the Senator will withhold, let me again suggest to my colleagues that there is still a slight chance that we might complete action today, and if we do the majority leader has indicated there will be no additional Senate session this week. That is probably a little optimistic. The House of Representatives is taking up pretty much the same tax bill today. They will complete action on their bill today. They have a little different procedure there. I am not quarreling with ours. But if there are amendments, we would very much like to dispose of some of the amendments.

So, in the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRESSLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2904

(Purpose: To repeal the increase in the highway user tax made by the Highway Revenue Act of 1982)

Mr. PRESSLER. Mr. President, I call up my amendment No. 2904 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. Pressler) proposes an amendment numbered 2904 to amendment No. 2902.

Mr. PRESSLER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 817, line 14, strike out all through page 819, line 9, and insert in lieu thereof the following new section:

SEC. 601. REPEAL OF INCREASE IN HIGHWAY USE TAX AND INCREASE IN DIESEL FUEL TAX.

(a) Repeal of Increase in Highway Use Tax.—

(1) In general.—Subsection (a) of section 513 of the Highway Revenue Act of 1982 is repealed.

(2) Conforming amendment.—Subsection (f) of section 513 of the Highway Revenue Act of 1982 is amended to read as follows:

"(f) Effective Date.—The amendments made by this section shall take effect on July 1, 1984.".

(b) Effective Date.—The amendments made by subsection (a) shall take effect on July 1, 1984.

Mr. PRESSLER. Mr. President, I am offering this amendment today because I believe it is extremely important for thousands of small truckers and consumers throughout America. I believe most of us are familiar with this issue. It has been a bone of contention with the Congress since we passed the Surface Transportation Assistance Act in 1982.

Very simply, my amendment would eliminate user fee increases and return to pre-Surface Transportation Assistance Act levels. I recently chaired Senate hearings in Sioux Falls, S. Dak. to assess the condition of the trucking industry. It was not a very rosy picture. One of the chief concerns of those testifying was the devastating impact that the heavy user tax would have on their industry and their customers. Not only would it cripple thousands more small trucking firms, but this would result in higher consumer costs for virtually every product hauled by truck. The tax would not be a big problem for the larger firms. It is the smaller operators that would be hardest hit. It would also play a big role in discouraging new firms from entering the industry. The effect of this kind of taxation, in conjunction with the problems caused by "deregulation," is to drift further and further toward a monopolistic industry at the expense of thousands of small operators.

As you can see from the capsulized explanation of this amendment which is in the process of being circulated to all the desks, no new use tax would be assessed on anyone, but we would still raise the same amount of revenue—indeed, a little more—as the Finance

Committee compromise or the earlier STAA version. I want to emphasize that this would not result in a use tax change from what anyone is paying today.

Both farm and trucking groups support this amendment. The only real opposition that we have had in this effort has been the DOT, who claim that it is inequitable based on their "cost allocation study." I might just add that that is one of the most controversial and contested studies I have seen in a long time.

This amendment maintains the current $240 user fee maximum and adds a 6-cents diesel tax for trucks. I might remind the Senate that legislation which called for a complete elimination of the use tax and a replacement with a diesel tax had 35 cosponsors in this body.

With that in mind, I believe it is fair to assume that this compromise should be a very reasonable approach, especially because it maintains—even enhances—revenue return.

Many of the smaller truckers in America—especially in States like South Dakota—travel fewer than 50,000 miles per year. Some travel approximately 100,000 miles. But trucks of most big trucking companies travel much further, as a general rule, in the same year. To charge them all the same base rate per year is grossly unfair; but then to add insult to injury by calling it an equitable tax based on an accurate cost allocation is simply outrageous.

We hear a lot of talk about cost allocation and equity when we debate this issue, but it is hard to comprehend a more unequitable proposal than one which would charge a small operator who travels 40,000 to 50,000 miles per year the same amount as a huge, long-haul operation which runs its trucks two, three, and four times that amount in the same year. This would be patently unfair and, by definition, grossly inequitable.

I urge my colleagues to support this amendment, and work toward a fair and truly equitable solution to this important problem. Thank you.

Mr. President, I will describe this amendment from the materials that I have handed out, if I may.

Mr. President, I ask unanimous consent to make my statement and portions of my explanation a part of the RECORD, which I will not read.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEAR COLLEAGUE: Later this week, the Senate may take up consideration of the Finance Committee's deficit reduction package, which will be attached to H.R. 2163.

I have proposed an amendment to the portion of the Committee package dealing with truck heavy user fees (CONGRESSIONAL RECORD, April 2, 1984, page S 3631). My amendment would repeal the increase in one-time, flat user fees and make up the entire revenue differential with a six cents per gallon "pay-as-you-go" diesel fuel tax. As opposed to the Finance Committee's compromise proposal which would cut the use tax to $600, my amendment would return to the $240 use tax maximum.

The following is a comparison of the key elements of the various proposals:

	Surface Transportation Assistance Act of 1982 (to begin July 1, 1984)	Finance Committee compromise	Pressler amendment
Maximum use tax	$1,900	$600	$240.
Diesel tax per gallon	9 cents	15 cents	15 cents.
Weight categories (GVW = gross vehicle weight)	Tax schedule begins at 33,000 lbs. GVW; maximum of $1,900 assessed at 80,000 lbs. GVW.	Tax schedule begins at 55,000 lbs. GVW; maximum of $600 assessed at 80,000 lbs. GVW.	Tax schedule begins at 26,000 lbs. GVW; maximum of $240 assessed at 80,000 lbs. GVW.
Diesel tax exemptions (farm and other off-road vehicles totally exempt).	No additional exemption for vehicles under 10,000 lbs. GVW.	6 cents exemption for vehicles under 10,000 lbs. GVW	6 cents exemption for vehicles under 10,000 lbs. GVW.
Total revenue raised from 1984 to 1988 (in billions)	65.0	65.0	65.1.

This amendment is needed to protect the smaller trucking companies and help them survive. It is unfair to ask someone who travels 40,000 miles to pay the same amount of "use" tax as someone who travels 200,000 miles.

I urge you to join me in cosponsoring this amendment and hope you will vote for its passage. Please feel free to contact me if you have any questions regarding this legislation, or have your staff contact Kevin Schieffer of my office at X45842. Thank you for your consideration of this matter.

Sincerely,

LARRY PRESSLER,
U.S. Senator.

Mr. PRESSLER. Mr. President, I have proposed this amendment to the portion of the committee package dealing with heavy user fees. I know my colleagues in the Finance Committee have passed this out. They are managing it. My amendment would repeal the increase in one-time, flat user fees and make up the entire revenue differential with a 6-cent-per-gallon, pay-as-you-go diesel fuel tax. As opposed to the Finance Committee's compromise proposal, which would cut the use tax to $600, my amendment would return to the $240 use tax maximum.

The following is a comparison of the key elements of the various proposals.

The maximum use tax is Surface Transportation Assistance Act of 1982 to begin July 1, 1984, of $1,900. The Finance Committee proposal would raise $600 and the Pressler amendment, would have $240. That is the maximum revenue that the use tax would draw from each one in this example.

On the diesel tax per gallon the Surface Transportation Assistance Act would draw 9 cents, the Finance Committee compromise 15 cents, and the Pressler amendment 15 cents.

On the weight categories, gross vehicle weight, under the law the tax schedule begins at 33,000 pounds gross vehicle weight; maximum of $1,900 assessed at 80,000 pounds gross vehicle weight.

Then the Finance Committee compromise provides that the tax schedule begin at 55,000 pounds gross vehicle weight; maximum of $600 assessed at 80,000 pounds gross vehicle weight. Finally, under this amendment that I am offering today, the tax schedule begins at 26,000 gross vehicle weight; maximum of $240 assessed at 80,000 pounds gross vehicle weight.

I think that would be fair for a lot of our farmers, and to truckers who do not go so far, or, for example, custom combiners who do not drive that many miles a year, but who use their trucks frequently in fields.

On diesel tax exemptions, farm and other off-road vehicles totally exempt, under this present law there would be no additional exemption for vehicles under 10,000 pounds gross vehicle weight. Under the Finance Committee compromise, which is in the bill, it would be 6 cents exemption for vehicles under 10,000 pounds gross vehicle weight. Finally, under this amendment which I am offering, it would be 6 cents exemption for vehicles under 10,000 pounds gross vehicle weight.

The total revenue raised from 1984 to 1988 in billions of dollars, under the present plan, or under the Surface Transportation Assistance Act of 1982, would be $65 billion. Under the Finance Committee compromise, which my good friends have put forward, it would be $65 billion. Under the Pressler amendment, it would be $65.1 billion.

So, we get a little extra money this way to fix up our roads and highways. The amendment is needed to protect the smaller trucking companies, to help them survive.

It is unfair to ask someone who travels 40,000 miles to pay the same amount of use tax as someone who travels 200,000. That has been the problem with this thing from the beginning; that is, a lot of small truckers go 60,000 to 80,000 a year and the big trucking firms can move their trucks 200,000 miles a year, if they keep them moving.

You have people in categories such as the farm truck which goes just over the amount. A custom combiner or certain trucks that, because of the nature of the way they are used, are not out on the highway going 55 miles an hour all day. Those are the trucks that get hurt the worst in this situation. We could transfer that to a diesel fuel tax, raise the same amount of money, and it would be much more equitable.

I urge my colleagues to join me, and I hope they will vote for its passage because I think this is something that is long overdue.

Mr. President, I yield back the remainder of my time.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COCHRAN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRESSLER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I would say very quickly that the present law provides for a 9-cent-per-gallon diesel fuel tax and a maximum heavy vehicle use tax that will increase from $240 to $1,600 on July 1, 1984.

It gradually increases to $1,900 on July 1, 1988.

In the Finance Committee bill, we went after that particular tax and reduced it rather sharply. We reduced the maximum heavy vehicle use tax to $600 on July 1, 1984, and provide for 6-cent increase in the diesel fuel tax.

The amendment would provide for a 6-cent increase in the diesel fuel tax, and a maximum heavy vehicle use tax of $240.

Mr. President, I commend the distinguished Senator from South Dakota for his sincere interest in securing modifications to the heavy vehicle truck tax provisions of the Surface Transportation Assistance Act. I certainly share his interest in developing a less burdensome tax structure for the industry prior to July 1, when the first scheduled increase is to take effect. At that time, for the heaviest trucks, the annual heavy vehicle use tax payment will increase from $240 to $1,600 per vehicle.

Clearly, remedial action is desirable and that is why the Finance Committee included the provisions we are now considering in this bill. However, I differ sharply with the approach taken in the amendment which is now being offered.

In fact, the Finance Committee rejected a very similar amendment on a voice vote because it was inequitable to a substantial portion of the trucks operating in the United States today.

When the Surface Transportation Assistance Act was passed last year, a majority in Congress accepted the premise that heavy trucks cause substantial damage to highways and bridges, and that this class of trucks should pay in accordance with the amount of damage they cause.

I know truckers may disagree because of axles and all the different formulas, but it is pretty hard to convince someone in a passenger car—a small passenger car or a large passenger car—that the trucks are not doing the damage to the highways.

Let us face it, the highway, in effect, becomes the office for the truckdriver.

There is a lot of expense in maintaining highways, a lot of Federal expense. So we were trying to figure out some fair way to share the cost, not to load it all on the truckers but at least their fair share.

Many of us in Congress were concerned about the impact of substantial increases in heavy vehicle use taxes on the trucking industry. In fact, when we passed this bill in 1982, I immediately asked the General Accounting Office for a study because it seemed to me that we were raising the heavy vehicle use tax too much on trucks. As a result of the General Accounting Office study and testimony we had, we made these rather sharp modifications in the tax.

Some of us even tried to work with the industry in an effort to advance a more acceptable tax plan.

However, our concerns were not without value. In the legislation, we directed the Department of Transportation to conduct a study of alternative taxing schemes so that we could revisit this issue and give it the careful consideration it deserved. That report was released in January and has been helpful in our deliberations in the Finance Committee on restructuring truck taxes.

In its report, DOT outlined three fundamental criteria it felt should be met by any substitute tax plan: First revenue neutrality—raise the same amount of funds as the STAA truck taxes; second ease of payment and simplification of enforcement; and third retention of revenue cost equity within various truck classes—that is, to insure that highway costs are not shifted from one class of trucks to another.

The truck tax modifications contained in this bill come closer to fulfilling these objectives than any other proposal offered thus far. And, yet, I can say with complete confidence that these provisions fully respond to the industry's concerns regarding the STAA heavy vehicle use tax.

THE WEIGHT THRESHOLD

One of the most fundamental differences between the Finance Committee bill and this amendment relates to which trucks will be liable for the heavy vehicle use tax. Since, according to DOT, trucks weighing between 33,000 and 55,000 pounds are already overpaying their cost responsibility by 14 percent, the Finance Committee proposal raises the STAA weight threshold for the heavy vehicle use tax from 33,000 to 55,000 pounds.

Mr. President, we are talking about covering 64 percent of the trucks in this country. They get a much better deal from the Senate Finance Committee.

This change eliminates the heavy vehicle use tax on over 700,000 trucks, thereby substantially reducing cost and administrative burdens for the Internal Revenue Service. The increase in the weight threshold also exempts most farm trucks.

This amendment would do just the opposite. The amendment would lower the weight threshold to the pre-STAA level of 26,000 pounds. This would result in the inclusion of 1.6 million more trucks into the system. This amendment would increase taxes for 1.6 million truck owners. To me, that is just the direction we should not take. Therefore, I must oppose the amendment.

The trucks that would be penalized under this approach constitute 28 percent of America's truck force. The lion's share of these trucks operate in the service section of our economy. They are retail delivery trucks, rental trucks, farm trucks, construction, and maintenance and repair trucks.

These trucks are predominantly owned and operated by smaller, independent businesses which should not be asked to take on the added burden of a heavy vehicle use tax so that heavier trucks weighing more than 70,000 pounds, which cause more highway damage, can be given a big tax break.

I want to reiterate, our effort here today is not to provide a tax reduction for heavier trucks, but to arrive at a more acceptable tax structure so that the big trucks can pay a reasonable share of highway costs.

EQUITY CONCERNS

It seems to me to be a matter of equity. I am going to stick with the smaller trucks. The large proportion of people who own those trucks are people we know in our hometowns. They have one, two, or three trucks, and are trying to make ends meet. It seems to me this would move in the opposite direction.

When the STAA was passed, certain tax levels were agreed to for different truck weights. As it turned out, the larger trucks still underpay, while the smaller ones overpay.

In providing for a more acceptable tax, we do not want to see any further erosion of equity for these smaller trucks. This amendment would reduce equity for smaller trucks to give the big, over-the-road haulers an underserved tax break.

As I have already pointed out, according to DOT, lighter weight trucks are already overpaying their cost responsibility by about 14 percent under the STAA; the heaviest trucks are underpaying by about 34 percent and other combination trucks are underpaying by about 18 percent.

The Department of Transportation has informed my staff that this amendment would cause the lighter trucks to increase their overpayment to 22 percent—up from 14 percent—while the underpayment for the heaviest trucks would increase to 38 percent.

The provisions in the bill more than adequately respond to the concerns that have been expressed by the trucking industry, and treat all truck classes in a far more equitably fashion.

A $600 maximum heavy vehicle use tax is not too much to ask the heaviest trucks to pay. This can be paid in quarterly installments of $150 each and provides these trucks with a two-thirds reduction in the STAA use tax level. What is more, we are giving the industry the pay-as-you-go approach it has been seeking with the 6-cent diesel differential provision. Reduction of the lump-sum payment in combination with the diesel fuel increase will ease the industry's payment burden substantially.

For independent truckowner operators with five or fewer trucks, we have added the 1 year delay provision on heavy use tax payments that is contained in current law. Thus, they would continue to pay at the lower of the pre-STAA rate or the Finance Committee bill until July 1, 1985. For trucks weighing 60,000 pounds or less, the Finance Committee bill reduces the heavy vehicle use tax below the pre-STAA rates.

This amendment would increase the heavy vehicle use taxes for all of these truckowners.

I urge my colleagues to support this provision and to reject the amendment being offered by the Senator from South Dakota.

Is the Senator from South Dakota prepared to vote?

Mr. PRESSLER. Mr. President, I want to say that this amendment has been endorsed by various truck groups, independent organizations of truckers in several States, and also the ATA affiliates in many States.

Let me say that we do have some dispute regarding the validity of the DOT study.

Also, Mr. President, the amendment would not include more trucks. There has been some misunderstanding on that point. I believe that my amendment would not include more trucks.

Mr. President, I yield back the remainder of my time.

Mr. DOLE. Mr. President, I will say I do not quarrel with the Senator from South Dakota. I can understand why some of the ATA would support it. They represent primarily the big truckers. The big truckers are good people. They are out trying to make a living, but they are also damaging the highways.

Mr. President, there are not many alternatives. Either we have to load it on the smaller trucks, which do not cause much damage, or increase the tax on passenger cars, the gasoline tax, and they do not believe that they should pay additional taxes.

I just hope we can defeat the amendment. It would have a rather drastic impact on the package we have put together.

Mr. President, I must say we worked out a rather sharp reduction when I said we were dropping from $1,600 to $600 on the heavy use tax. The $1,600 will go up to $1,900 by 1988. So it is a rather substantial reduction.

Mr. President, the American Trucking Association has indicated by letter they are not objecting to what we have done in our committee, and we know of no real opposition to the action the committee took. We hope we can preserve the committee action.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from South Dakota. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Illinois (Mr. DIXON) and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 14, nays 81, as follows:

[Rollcall Vote No. 63 Leg.]

YEAS—14

Abdnor
Baucus
Boschwitz
Durenberger
East
Grassley
Heflin
Helms
Huddleston
Jepsen
Kasten
Melcher
Pressler
Zorinsky

NAYS—81

Andrews
Armstrong
Baker
Bentsen
Biden
Bingaman
Boren
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
Denton
Dodd
Dole
Domenici
Eagleton
Evans
Exon
Ford
Garn
Glenn
Gorton
Hatch
Hatfield
Hawkins
Hecht
Heinz
Hollings
Humphrey
Inouye
Johnston
Kassebaum
Kennedy
Lautenberg
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
McClure
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sarbanes
Sasser
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Wilson

NOT VOTING—5

DeConcini
Dixon
Goldwater
Hart
Weicker

So the Pressler amendment (No. 2904) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. GARN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I understand that at this time, the distinguished Senator from Arkansas has an amendment.

Is that correct?

Mr. BUMPERS. That is not quite correct. I will need a few minutes.

Mr. DOLE. I have to attend a meeting with Senator LONG, and I will suggest the absence of a quorum, and when the Senator from Arkansas is prepared, he can bring up his amendment. Is that on the holding period?

Mr. BUMPERS. Yes.

Mr. DOLE. I will be back in a few minutes, and we can start the debate.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE CONCURRENT RESOLUTION 103—PROVIDING FOR THE ADJOURNMENT OF THE CONGRESS

Mr. BAKER. Mr. President, I send to the desk a concurrent resolution dealing with the adjournment of the Congress, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A concurrent resolution (S. Con. Res. 103), providing for an adjournment of the Senate from April 11, 12, or 13, 1984 to April 24, 1984, and an adjournment of the House from April 12, or 13, 1984 to April 24, 1984.

Resolved by the Senate (the House of Representatives concurring), That when the

Senate adjourns on Wednesday, April 11, 1984, Thursday, April 12, 1984, or Friday, April 13, 1984, pursuant to a motion made by the Majority Leader, or his designee, in accordance with this resolution, it stands adjourned until 11:00 o'clock on Tuesday, April 24, 1984, and that when the House of Representatives adjourns on Thursday, April 12, 1984, or Friday, April 13, 1984, pursuant to a motion made by the Majority Leader, or his designee, in accordance with this resolution, it stand adjourned until 12:00 o'clock meridian on Tuesday, April 24, 1984.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The **PRESIDING OFFICER.** Is there objection to the present consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. **BAKER.** Mr. President, as Members will notice, this resolution provides for the adjournment of the Senate from today through Friday, the 11th, 12th, and 13th. I guess there is only a small chance that we can finish this amendment today, the Finance Committee portion of this measure. But I think there is some chance. That is why I asked that the resolution be constructed in this manner.

The House of Representatives is aware of this situation and does not object to the provisions in the resolution.

I yield the floor, Mr. President.

The **PRESIDING OFFICER.** The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 103) was agreed to.

Mr. **BAKER.** Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. **BYRD.** I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **BAKER.** Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. **DOLE.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

The Senate continued with the consideration of the bill.

Mr. **DOLE.** Mr. President, I know there are a number of amendments that are in some stage of negotiation with Treasury, and I understand that the Senator from Arkansas is ready to offer an amendment. Is that correct?

AMENDMENT NO. 2935

(Purpose: Striking out the decrease in capital gains holding period and the capital loss offset amount)

The **PRESIDING OFFICER** (Mr. DURENBERGER). The Senator from Arkansas is recognized.

Mr. **BUMPERS.** Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER.** The clerk will report.

The bill clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) proposes an amendment numbered 2935.

On page 1,091 beginning with line 11, strike out all through page 1,096, line 10.

Mr. **BUMPERS.** Mr. President, this amendment deals with a battle that the chairman of the Finance Committee and I have been waging for some time now. It would be terribly naive to believe that he is not going to prevail today because he did prevail in the past one time, and on another occasion because in the waning days of the session I was able to hold everything up in the Senate. So we were able to postpone the day of reckoning, and I might say that the Federal Treasury is $400 million better off as a result.

The Senate Finance Committee in this bill has chosen to reduce from 1 year to 6 months the holding period to qualify for the capital gains rate, which for individuals is a maximum of 20 percent a year, and for corporations it is 28 percent a year.

In order for my colleagues to understand precisely what we are talking about, we need to understand why we have a capital gains rate to begin with. What is there about our system that entitles people who earn a salary, such as a Senator, of $70,000 or more, to pay 50 percent tax rate as the highest rate on his income?

Everybody in the U.S. Senate, unless he or she has his income sheltered, pays 50 percent on a good portion of his salary.

If the income of people out in the world, whatever they are doing, goes over $40,000 or $50,000 a year, they hit that 50-percent level. Many years ago it was decided by the Congress that we ought to give some kind of an incentive to people to take risks to invest their money in business or property, or whatever. If they took those risks over a certain period of time, we gave them a break on their tax rate. There was nothing wrong with that then, nor is there anything wrong with it now.

We believe in rewarding people for putting up risk capital, particularly for small business. I am ranking member on the Small Business Committee, and I am constantly aware of the legislation affecting small business. I voted against the Heinz amendment this morning providing for health care for workers, not because I do not believe that unemployed or discharged workers ought to be covered by health insurance. There is nothing more devastating than not to be covered, and to have a major illness in the family. I have consistently voted for that. But this morning there was a provision in the Heinz amendment that said all employers with 25 employees or more must cover an involuntarily discharged worker for 3 months after he leaves work. If you have 100 employees or less, you certainly are considered small business. Why should somebody who happens to be in the category like a small contractor, of which my State is loaded, be called upon to bear that burden? It is a very costly burden. And it has a devastating effect on small business. So I voted no.

If the Senator from Pennsylvania (Mr. HEINZ) reoffers his amendment and takes that clause out, I will support the amendment. In the same vein, I know that the National Small Business Association does not favor what the Finance Committee has done reducing the holding period from 1 year to 6 months because that is contrary to true investment. That rewards people for investing and then running; taking their profit at the first opportunity and running. How many people do you know that can start a business brand new, maybe a new innovative creative idea, and know with any reasonable degree of certainty within 6 months they are going to make it?

Why should somebody who invests in Exxon and IBM, which are not likely to go away any time soon, or someone who simply buys stock through their broker on Wall Street be given a special break? What are they doing for risk capital in this country?

That defeats the whole rationale for the capital gains rate.

I have owned stock all of my adult life, and sometimes I have put money into things that were very risky, and sometimes I have put money into old, established corporations, because I thought they were going to grow a little and I would get the advantage of a capital gains rate.

But why should we reward people who are betting on a sure thing, virtually a sure thing? No risk. There is very seldom any risk involved in it. Where is the economic redeeming value for increasing the reward for taking less risk, which is what the Finance Committee does?

I want you to listen to the rationale that the Finance Committee gives for this action. Listen carefully:

> Studies of capital asset sales data confirm that investors are "locked in" to investments because they do not desire to realize short-term gains. This reduces capital market efficiency, because investors hold

assets longer than they otherwise might in the absence of tax considerations.

If I had a child in the third grade that did not know that, I would send him or her to their room and lock them in.

Listen again. I am going to paraphrase it. Studies show that people who own stock in a company do not like to sell short and pay a 50-percent tax, and they feel locked in.

Well, of course they do not want to sell and take a short-term gain because the rate is 50 percent and if they hang on to it the rate is 20 percent. You do not have to be brilliant to understand that.

It says, "This reduces capital market efficiency because investors hold assets longer than they otherwise might."

Well, of course they do. I invite anybody on the Finance Committee of the Senate to tell me what is the reason for the capital gains. We might as well reduce the holding period to zero if they buy one day and sell 3 days later. Give them the 20-percent rate.

Where does the economy of the United States benefit by reducing the holding period and thereby reducing the risk and increasing the reward?

Mr. SYMMS. Will the Senator yield?

Mr. BUMPERS. I am happy to yield.

Mr. SYMMS. I thank the Senator for yielding. Since the Senator asked the question, I might say the reason for this is very, very simple.

Mr. BUMPERS. But I do not understand it.

Mr. SYMMS. It is an encouragement for people to invest in stock in America's corporations who hire the people who work in this country. If you make the investment appear to be less risky, there will be more dollars invested in the stock market, thereby underwriting the very companies who are responsible for prosperity in the United States. It is not all that complicated. When the holding period was changed to 1 year it made it slightly more risky and less of an incentive for people to invest in the companies of America that are sold on the public stock exchange. It is matter of simple economies.

Mr. BUMPERS. If I call my broker in New York and buy 1,000 shares of Exxon today, how much money does Exxon get?

Mr. SYMMS. That is where Exxon gets its operating capital.

Mr. BUMPERS. Answer my question. They have 100 million shares of stock outstanding since year one. They got their money out of that stock a long time ago. All we are doing now is just shuffling money. When I buy 1,000 shares of Exxon some other person will send 1,000 shares to the broker, who will send it to me. Exxon does not play any role; 99 percent of the transactions that occur on Wall Street today do not affect the corporation one whit. It is only when you are buying an initial stock offering that you affect it.

Mr. SYMMS. Let us not use Exxon which has so many million shares, but let us talk about a company that has a lower number of shares, say 35 million shares instead of 100 million. If everybody sells that company's stock today I guarantee it will affect the way that company operates. If the Senator does not think it will, I urge him to check with his accountant because that is where the capital comes from in a capitalist economy. Look at the Exxon books. They have it listed in their profit and loss statement, right in their report that goes out to their stockholders or shareholders. They are carrying the cost of that stock at a certain price and people are putting their money into Exxon. That is where they get their operating capital. Instead of borrowing operating capital, people are buying stock. That is how Exxon and every other corporation raised the money they needed to open their doors or stay in business.

Mr. BUMPERS. I just got through saying 99 percent of the sales on Wall Street today have absolutely, irreversibly, not 1 ounce of effect on the corporation that that stock represents.

Mr. SYMMS. I am sorry, but I have to say that is absurd.

Mr. D'AMATO. Will the Senator yield?

Mr. BUMPERS. I want to pursue this. The Senator said a while ago that I said Exxon had 100 million shares of stock. That is a hypothetical case. I am not sure. I am sure they have that much or more outstanding. How about a corporation that has 35 million shares of stock? I do not care whether the corporation has 1 million, 10 million, or 100 million shares of stock outstanding, once the stock is sold and the corporation gets the money for the stock, every transaction thereafter of that same stock has not one earthly bit of economic value to that corporation. They do not get a penny of it.

Mr. SYMMS. First, it is my understanding that Exxon has 1 billion shares outstanding, not 100 million. Second, if you look in the books of the Exxon Corp., you will see that there is a place carried in the shareholders' report that states what the par value is and what the equity value is of the stock, which is their capital base. Originally, when they started the company, somebody invested money in the corporation by buying stock.

Mr. BUMPERS. What does that have to do with anything?

Mr. SYMMS. What it has to do with is if Exxon has to finance the exploration and drilling of wells, they are either going to borrow the money from a bank or they will issue new stock. If they do not have an equity value for their stock on the market, no one is going to want to invest in Exxon. So it does have an effect. All the Senator is trying to do is to say that there are millions and millions of people, some who want to buy Exxon and some who want to sell Exxon. There is a market for Exxon or any other company. It is buyers and sellers working together to make a market, to say it is so much per share in the marketplace. It does have an effect.

The argument I am making on the 6-months versus the 12-months holding period is that with each reduction in the holding period there will be more economic activity, more people interested in investing in stocks, more business being done, and, in fact, more revenues to the Federal Treasury.

Mr. BUMPERS. According to the Joint Committee on Taxation they show it is going to cost us $300 million a year.

Mr. SYMMS. I do not agree with that.

Mr. BUMPERS. I do not agree with it either. I think it will cost closer to $1 billion a year. How does the Senator get the idea that this could generate money for the Treasury?

I will give an example. Hear me out.

Last August, the Boone Pickens consortium, Mesa Petroleum, and others, began to buy stock in the Gulf Oil Corp. at $39 a share. They wound up buying shares for an average purchase price of $44 a share.

They bought 14.5 million shares at an average price of $44. That means when SoCal outbid Mesa for Gulf Oil Corp. at $80 a share, Boone Pickens and his group would sell their 14.5 million shares for $80 a share. He and the members of that consortium are going to have to pay whatever either the corporate or personal rate is, depending on whether it is a corporation or a person. This bill is prospective from February 29. So Boone Pickens and his group are not going to get the benefit of the bill.

But let us assume that this whole transaction between Mesa and Gulf and Socal had taken place on, we shall say, March 1 of this year. They held their stock for 6 months. Under the bill, they had a long-term gain of $782 million, and if they are taxed as individuals in a 50-percent category, that transaction alone costs the U.S. Treasury $234.77 million. If they were corporations, it cost the Treasury $140.86 million. And here the committee is saying this thing will only cost $300 million a year beginning in 1986, and here is one transaction that would have cost the Government almost that much.

Mr. SYMMS. Will the Senator yield for a question, Mr. President?

Mr. BUMPERS. Yes.

Mr. SYMMS. The Senator says it will cost the U.S. Government or the Treasury x hundreds of millions of dollars. I was not under the impression that the U.S. Treasury owned Gulf, SoCal, or Mesa Petroleum at the beginning of this transaction. So if the Government did not own it in the first place, it did not cost the Government anything. What they are getting is a transaction tax off the SoCal-Mesa deal.

The Senator is making the assumption that whoever benefits—in this case, Mesa Petroleum—takes that money and puts it in a sock and it is never seen again. That is not going to happen. That money is going to be reinvested in the marketplace. I would also like to mention that Mesa Petroleum was not the only beneficiary of the increased price in Gulf shares. There are many little old ladies, beneficiaries of pension funds, et cetera, who benefited greatly by having the value of their stock rise from $40 per share to $80 per share.

My question is, why does the Federal Government lose anything in that situation?

Mr. BUMPERS. Mr. President the Senator says if the Government does not own it, the Government does not have any business in it.

Mr. SYMMS. I am not saying that.

Mr. BUMPERS. What is the Senator saying?

Mr. SYMMS. I am saying we want to be able to float equity in this country and have a viable market where every day there is price discovery on every stock floated on every exchange so you have viability and liquidity in those stocks. One of the advantages of having a stock exchange is people in the country feel they can go buy and sell that stock every day. In many countries, you cannot do that. If they cannot float equity, they cannot do business. The Senator's assumption is that, somehow, it would not matter if the stock were not traded. Our bill will make it a more attractive stock market, by making the market more liquid, and creating an environment where there is better price discovery. Working men and women benefit from an active capital market. How could the Government lose anything when they did not have it to start off with?

Mr. BUMPERS. Mr. President, I am going to read the RECORD carefully tomorrow to see if I understand that argument any better tomorrow than I do now.

Mr. D'AMATO. Mr. President, is the amendment proposed by the Senator designed to enhance revenue? Is he suggesting the amendment will raise revenue?

Mr. BUMPERS. This amendment does not raise any revenue, it keeps us from losing revenue. What this provision in this bill does is reduce revenue to the Treasury. It is, in effect, a tax cut which, incidentally, goes to the wealthiest people in the country, and I shall come to that in a minute. We are trying to balance the budget. We are on the floor speaking in lofty, noble terms about how we have to do something to cut the deficits and here we are coming with another one of those loopholes big enough to drive a wagon and team through that is going to increase the deficit by $300 million a year.

Mr. D'AMATO. First, Mr. President, I would like to ask for the yeas and nays on the amendment.

Mr. BUMPERS. They have not, but I shall ask for them at the proper time.

The PRESIDING OFFICER (Mr. WARNER). Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. D'AMATO. Mr. President, I have to confess that I am not an expert on this 1,300-page monster, the Deficit Reduction Act of 1985. When I look at it and read it and turn it over to page 821, I find that the Senator's amendment would cost the Treasury, over the period 1984 through 1987, $550 million. What he does is also strike those provisions dealing with capital losses against ordinary income. So if we take the totality of the amendment, what he proposes is to reduce Treasury revenues by $550 million.

The amendment creates a market distortion. The fact of the matter is that the current capital gains holding period of 1 year creates a market distortion. It forces people to hold investments for an undue period of time and risk a turn in the financial markets. This is the so-called lock in effect. Why should individuals be forced to hold investments for an undue period of time. This only stifles new investment in other companies.

I would suggest that if the holding period on capital gains is reduced from 12 months to 6 months, the credit markets would be more efficient.

Mr. BUMPERS. If the Senator will yield, I want to hear the Senator's rationale for saying we will have a more realistic market. What does that mean?

Mr. D'AMATO. I would suggest that individuals would not be forced to hold investments strictly for tax purposes. Surely the Senator from Arkansas would agree that tax motivated transactions have a distorting impact on the market. Reducing the holding period to 6 months would limit this distortion.

Mr. BUMPERS. Mr. President, what is the rationale, the purpose, of saying to people of this country, if you earn income by the sweat of your brow, you will pay up to a 50-percent rate for that, I do not care whether you are a bricklayer or a stockbroker—who incidentally is sure going to be in the 50-percent category after we pass this. What is the rationale for saying to those people, you pay 50 percent but the rest of you people, if you invest and you keep an investment for 6 months, you only have to pay a 20-percent rate?

What was the rationale for the capital gains tax in the beginning? Does the Senator know the history of it? Can he tell us why we have a capital gains rate at all?

Mr. D'AMATO. It is the same rationale that has powered the growth of this country; that is giving people an initiative to save and invest in the future. Reducing the capital gains holding period would encourage future savings and investment. The fact of the matter is if we want to go to tax equity and guarantee that everybody pays a certain amount, I have no problem with that. The Tax Code is disgraceful. We should have a single rate tax structure. Complete reform is necessary. I agree with the Senator, individual tax rates are too high.

The fact is, if we look at the industrial nations of the West, we will find that almost none of them tax capital gains. I think what we are trying to do is correct an error in the Tax Code that results in a market imbalance. I suggest to the Senator that the marketplace will work more efficiently.

Mr. BUMPERS. Why not 3 months?

Mr. D'AMATO. That is not a bad idea.

Mr. BUMPERS. Does the Senator want to vote for a 3-month holding period?

Mr. D'AMATO. If the Senator is making that suggestion and wants to withdraw his amendment and make it 3 months——

Mr. BUMPERS. Would the Senator support 3 months?

Mr. D'AMATO. I think 6 months is a good start, but I think 3 months might be better.

Mr. BUMPERS. Why is 6 months so preferable to a year?

Mr. D'AMATO. Because that is what it used to be in 1976.

Mr. SYMMS. I will join the Senator on 3 months.

Mr. BUMPERS. The Senator from Idaho would join up if it was zero months.

In 1921, this country passed its first capital gains rate, and under that you had to hold for 2 years before you were eligible for a capital gains rate. That is the first one we ever had.

In 1936——

Mr. SYMMS. What was the rate?

Mr. BUMPERS. Pardon?

Mr. SYMMS. What was the rate?

Mr. BUMPERS. I do not know what the rate was, but in any event——

Mr. SYMMS. Two percent, three percent?

Mr. BUMPERS. If the people invested and put up risk capital, they had to hold it for 2 years before they qualified for the capital gains advantage.

In 1936, we amended the law in a most sensible way—the way it ought to be right now. Under that law an investment held for 1 year or less got no benefit. It was subject to ordinary income rates.

If held for 1 to 2 years, it qualified for 80 percent of the ordinary rate. If held for 2 to 5 years, it qualified for 60 percent of the ordinary rate. If you kept it 5 to 10 years, 40 percent of your gain was subject to the tax. And if you held it 10 years or more, then only 30 percent of your income was subject to the tax.

Therein lies the history and rationale for the capital gains tax. We said you take it and if you hold it for over a year, you get some benefit. If you hold it for more than 2 years, you get more benefit. If you hold it for 10 years or more, then you only have to pay tax on 30 percent of the gain.

Now we are down to 6 months and you pay tax on only 40 percent of the gain, so that the maximum rate anybody pays is 20 percent.

Mr. SYMMS. Could I ask the Senator a question?

Mr. BUMPERS. Sure.

Mr. SYMMS. I assume the Senator believes in venture capital, does he not?

Mr. BUMPERS. Believe in what?

Mr. SYMMS. Venture capital so people can actually go out and start a new company.

Mr. BUMPERS. You bet your life.

Mr. SYMMS. I am glad we agree on that.

During the 1970's when capital gains taxes were higher, there was virtually no venture capital in the United States because the risk combined with the tax made those types of investments cost ineffective.

The same people who made the estimates, the Joint Economic Committee and Treasury, said lowering the capital gains rate from 40 percent back to 28 percent and then to 20 percent would cost the Government revenue. We have since found that in fact it did not cost the Government revenues; that there was more money invested and that there were more transactions taking place in these markets.

Mr. BUMPERS. And the Treasury gets more money.

Mr. SYMMS. And the Treasury raised more money. Historically, if the Senator will go back and check the history of that, he will find out that during the period of the 1930's, when those long-term holding periods were put in place, it was an idea that really did not work out all that well. It did not turn out out as well as those people predicted it would.

I say to the Senator that if he really wants more venture capital available in our economy, the effect of the position that the Senator is taking, in my judgment, will make it more difficult. It makes it more difficult because it is the newer companies who have floated stock who have more difficulty in attracting investors. Those investors believe there is a greater risk in tying their money up in unknown stocks if they are forced to hold it for 1 year. There are all kinds of reasons why it is better to have a more viable attractive, live, fluid, liquid market.

Mr. BUMPERS. There may be, but I have not heard one yet.

I want the Senator to listen——

Mr. SYMMS. If you believe in venture capital, we would be better off in this country if we did not have a capital gains tax at all.

Mr. BUMPERS. The Senator would be for doing away with the capital gains rate, just let everybody pay the ordinary income rate then? I will go for that, if the Senator wants to.

Mr. SYMMS. I would not do that.

Mr. BUMPERS. Does the Senator want to do that?

Mr. SYMMS. No. What I am saying is——

Mr. BUMPERS. The Senator wants to cut the holding period to zero.

Mr. SYMMS. What I would like to do is make it more attractive for people to invest so there can be more jobs in America and we can be more competitive with the stiff competition we receive from countries like Japan that have lower rates on capital than we have and are now taking jobs away from American workers. That is my position.

Mr. BUMPERS. Incidentally, does the Senator know what percentage of the national budget corporations pay in Japan? They are our big competitor. We have been trying to help our corporations compete with Japan. Does the Senator know what the corporate rate is as a percentage of the national budget in Japan?

Mr. SYMMS. I do not know.

Mr. BUMPERS. It is about 27 percent. Does the Senator know what it is here? It will be about 7 percent this year.

Now, let us get back to venture capital.

Mr. SYMMS. The fact is the cost of capital is about three times higher in the United States than it is in Japan.

I apologize to the Senator——

Mr. BUMPERS. The Senator talked about venture capital, did I believe in venture capital.

Mr. SYMMS. I apologize to the Senator, but I have been called from the floor to go to the Budget Committee to vote.

Mr. BUMPERS. Will the Senator hold just 30 seconds? I am really anxious for him to hear this.

He mentioned venture capital a while ago. Here are the people who know what venture capital is and how tough it is to raise. The National Small Business Association, the people who are desperate for capital all the time, testified before the House Ways and Means Committee, and they said this about venture capital:

> Despite the fact that a shorter holding period might benefit our members as individual investors in the stock markets, our association believes that sound tax policy in the capital gains area for business and the economy as a whole would be to refrain from shortening the holding period and to consider the advantages of increasing the capital gain exclusion to 80 percent after a 5-year period for certain types of productive investments.

I could not agree more with that. If we are going to have a capital gains rate, it ought to be on a sliding scale basis, as it was in 1936, so that people who actually risk their capital get some tax break from it. What we are doing now is to allow the wealthiest 3 percent of the people in this country, to get 26 percent of the benefit. That is what this is all about. It is just another excuse to fill the pockets of the rich in this country. Some other people will get benefit from it, but I will put something in the RECORD in just a minute showing who is going to get the dollars, who is going to get the percentage of this $300 million loss to the Federal Treasury.

Mr. SYMMS. Is the Senator aware of the fact that approximately 68 percent of the money that is invested in the stock market is pension funds? Surely he is not saying those are the rich people who worked all their life and contributed to pension or other funds; 68 percent of the money in the stock market is pension funds. It is not the rich.

Mr. BUMPERS. This is an honest question: Do qualified pension funds pay taxes on profits—capital gains?

Mr. SYMMS. No, they do not. The fact that pension funds have not been forced to contend with an arbitrary holding period has been obviously beneficial to all concerned.

Mr. BUMPERS. Well, why bring that up, if they do not pay any taxes, anyway?

Mr. SYMMS. It is the biggest part of the market.

Mr. BUMPERS. That is wrong. I am not talking about people who are not paying taxes. Churches make money out of capital gains, too. I am not trying to penalize churches or pension funds. I am trying to tax people like me, who invest in the stock market and make a profit.

I am saying that if I put my money in a truly risky venture, I should get some consideration on the tax rate. But if I am just buying IBM and Exxon routinely, on a daily basis, why should I be rewarded by putting my money in there for 6 months and taking it out and making a little profit? There is no justifiable reason for it.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. BUMPERS. I yield.

Mr. DOLE. Does the Senator have a disposition to enter into a time agreement?

Mr. BUMPERS. Yes. Let us say 40 minutes from now—20 minutes on a side.

Mr. DOLE. Fine.

I make that request, Mr. President.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, here is what Jack Kennedy said about the capital gains rate. We revere him, and he said:

> Preferential capital gains treatment with respect to capital gains on assets held less than 1 year cannot be justified either in terms of long-run economic objectives or equity. Moreover, the present 6-months' test makes it relatively easy to convert various types of what is essentially ordinary income into capital gains.

Mr. President, if I were to say that all this is frustrating to me personally because of my intense feelings about it, I would be understating the cause. It is an incredible thing to me.

We make lofty speeches about reducing the deficits. We, on this side of the aisle, go home and make lofty speeches about how the President's tax bill of 1981 filled the pockets of the rich at the expense of the median-income families, the lower class, the lower middle class. Then we come in here with a measure that takes millions out of the Treasury and increases the deficit by that amount over the next 3 years, with absolutely no economic redeeming value, without even one justification that I have heard.

I must say that with all those statements made over there a while ago, I never heard one person say that this is going to enhance risk capital formation, because it does not.

I will tell Senators what it does. For example, the people in this country who make between $100,000 and $200,000 a year represent 2.2 percent of the tax returns filed. What do they get of this $300 million a year? They get 10.6 percent of it, five times above their numbers.

What is the person making $10,000 to $15,000 a year getting out it? He represents 13.5 percent of all the tax returns filed, and he gets 6.1 percent, or 100 percent less than his numbers.

The two-hundredths of 1 percent of the people who make over $1 million a year get 20 times their numbers.

If you want to vote to further polarize the wealthy from the poor in this country, this is small potatoes for the way we talk here, but this is just another way to give them still more.

Mr. President, I have one or two more charts here on the inequities of this. Here is how the benefits of this bill are distributed.

Of the people in this country who make more than $50,000 a year, and that includes every Senator—Senators could be fairly accused of filling their own pockets because they, too, are going to be one of the big beneficiaries of this measure.

Mr. President, 5.6 percent of the people in this country make more than $50,000 a year, and from the benefit of the 1981 tax cut, they get 33.1 percent. The $450 billion tax cut of 1981 goes to 6 percent of the folks.

I am not going to belabor this. I know that the Finance Committee has the votes. I know that this probably will not be adopted. But it is one of the most shameless things I have ever seen happen here.

We are getting ready to give away more millions to the wealthiest people in the country and then go home and make those lofty speeches about how we believe in risk capital, how we have encouraged people to invest, and how it is going to create economic activity. It is going to do that, all right. It is going to create a lot of economic activity. I do not believe for a moment that the revenue loss is going to be $300 million a year. I believe it will be twice that much.

Mr. President, I will close by just asking the manager of the bill this one question, if I may have the attention of the floor manager.

When we last debated this, a little over 1 year ago, the Finance Committee or the Joint Taxation Committee said this thing would cost $110 million in 1985, $268 million in 1986, and $268 million in 1987. This year, just 1 year later, they show that it is going to cost $60 million, about half what they estimated last year. I should like to know why the discrepancy.

Mr. DOLE. I am advised it is because of the change in the effective date. The date referred to there was November 1. This applies to March of this year, 1984. So that would bring about a smaller revenue loss, $60 million, in 1985.

Mr. BUMPERS. My figures may be wrong. I think they are taken from the committee report that shows that the revenue loss is $60 million for 1985. Is that correct?

Mr. DOLE. That is correct.

Mr. BUMPERS. And $307 million for 1986.

Mr. DOLE. It is $251 million for 1986 and $268 million for 1987. For 1984-87 combined, it is $579 million. I guess that is as a result of changing the effective date from November to March 1984.

Mr. BUMPERS. For the 1986 figure, which is the first year this really takes hold, the last time we debated this, the loss was estimated at $268 million; now it is estimated at $305 million.

Can the Senator tell me what went into the formula to change that?

Mr. DOLE. As I understand it, the Senator's amendment strikes both what we used to pay for it and the 6-month holding period. Is that correct?

Mr. BUMPERS. That is true. Yes, that is the explanation. You reduced the profit off the $3,000 to $1,000 under the bill. That would make up the difference. I appreciate the Senator's explanation.

Maybe I apologized too soon. My staff tells me that the same figures were used in the compilation of the figures before. It is not a big thing—$39 million.

Mr. DOLE. I am advised by the experts that we changed the effective date of both provisions, and that accounts for the change. If staff wants to get together and argue over that——

Mr. BUMPERS. Let me ask the Senator a question. I do not want to burden him with this.

I am curious as to what the Senator's own personal feelings are about why we should give up $300 million when we are running $200 billion deficits.

Mr. DOLE. The net effect of our provision is not to lose revenue. It is to pick up $550 million.

I share the concern expressed, and I have listened to most of the debate. I understand the concern that the Senator has with reference to the deficit and the revenue loss. I do not agree with some of his conclusions on who may benefit. We made it very clear when it left our committee that it would have to be at least revenue neutral and, it was hoped, would pick up some revenue.

That is the way it has been formulated and drafted. We believe that we have met that requirement.

The capital gains loss provisions together will reduce fiscal year budget receipts by less than $10 million in 1984, $60 million in 1985, and increase them by $370 million in 1986, $315 million in 1987, $333 million in 1988, and $350 million in 1989.

Mr. BUMPERS. That is almost $1 billion in the 4-year period.

Mr. DOLE. That is revenue gain.

Mr. BUMPERS. I was wondering what the Senator's own belief is regarding the rationale for the capital gains rate. Why should we give someone a 20-percent rate, whereas, if he works for a living, he has to pay 50-percent rate? What is the rationale for it?

Mr. DOLE. I think what we hope to do with this provision is to stimulate some investment. We have been looking at this in our committee since long before the Senator became chairman of the committee. We have now reached a point where we recognize that most countries do not have a holding period provision. We have been advised, and we have had hearings on this at least two times since I have been the chairman of the committee, that the 1-year holding period does cause some impact generally on the economy and on new and small businesses in particular, and so it seems to me that we are trying to free up capital, not restrict its mobility. In fact, we meet every year. If we find that we may have gone too far, I am certain that we can change it.

A 1979 New York Stock Exchange study, and maybe that is not the best study to quote from, determined that capital and mobility is a likely reason for the declining effectiveness of U.S. capital investment and generating a satisfactory rate of economic growth.

Of course, the stock exchange concluded that a shorter holding period would encourage equity financing and would help broaden our economy's equity base.

We have had a couple votes on this issue. I think it enjoys bipartisan support and, as I see it, it is not to bail out or to enrich a certain class of Americans, and I hope that our provision might be agreed to—and may finally survive the conference.

We have gone to conference a couple of times. I believe the House Ways and Means Committee now sees some merit in this proposal and, of course, we will be going to conference again if this entire package passes.

Mr. BUMPERS. Mr. President, let me just make one other observation, and I am prepared to yield the floor.

Does it bother the Senator from Kansas that 42.6 percent of the benefit of this provision goes to people who make over $50,000 a year and that they represent only 6 percent of the taxpayers of this country?

Mr. DOLE. In a sense, if the Senator does not want people to make over $50,000——

Mr. BUMPERS. I do not have anything against people who make $50,000. I am in that category myself. But I am just saying does the Senator feel that this is really being fair to take this much money out of our efforts to balance the budget, to keep interest rates down so the middle income people can buy automobiles, houses, and all that sort of thing, to put a provision which 42 percent of the benefits goes to that very small percentage of the people of this country who make over $50,000.

Mr. DOLE. If in fact it does increase the mobility of capital and will make it easier for new companies to start up or whatever, then the impact is going to be felt maybe by those who invest but also by those who seek jobs and those who will create new jobs and plant expansion. You can argue that if someone invests money he is going to make a profit. That does not concern me as much because we have been very busy since I have been chairman, even before, trying to close a lot of these loopholes that favor people in upper-income brackets.

One thing that the Senator from Kansas learned very quickly was that we take care of low-income people, the upper-income people take care of themselves, and the middle-income people pay the taxes.

So we made a determined effort, I think, as most Senators know in the tax bill of 1982 and in TEFRA to tighten up a lot of the loopholes, and we are doing the same thing in this legislation.

So I do not have that concern expressed by the Senator from Arkansas.

Mr. BUMPERS. Does the Senator share my belief that the reason we give people a tax advantage is that they do risk their capital?

Mr. DOLE. I think, for the most part, if people are willing to risk capital, there should be certain rewards, but I must say also that in this country we sort of have it backwards, as I view it. We penalize those who save and reward those who spend under our present Tax Code. We do not save much money in this most industrial country in the world. I think we are about last of all the industrial countries.

But I think we have considered this issue carefully. Maybe the Finance Committee reached the wrong conclusion. I am not certain what the vote in our committee, but it was fairly bipartisan, and I do not believe anyone voted for this change in the holding because they thought it would benefit a certain class of people.

Mr. BUMPERS. The National Small Business Association, as the Senator heard me say a moment ago, opposes this. One of the things they said in their testimony was that the venture capital community also has a view on this matter. Most new enterprises take 5 to 10 years to mature to a point where they are both profitable and can sell their stock to the public, thereby enabling the venture capital entity to liquidate its investment.

For this reason most venture capital partnerships were organized for a period of 7 to 10 years.

If anyone who wants to put a little venture capital in something for 5 years even, I am inclined to think he should not have to pay ordinary income taxes if it pans out.

But 6 months I find ridiculous as a justification for trying to raise risk capital, particularly for small business in this country.

I am prepared to yield the floor and reserve the remainder of my time.

Mr. JEPSEN. Mr. President, will the Senator yield?

Mr. DOLE. Mr. President, I yield 5 minutes to the Senator from Iowa.

Mr. JEPSEN. Mr. President, for several years now I have been on record as supporting the elimination, not the reduction, but the elimination of the capital gains holding period.

The United States is almost unique in the Western industrialized world in having a tax on capital let alone a holding period. A recent monograph by Arthur Anderson & Co. underlines this fact. The Japanese, for example, have neither a holding period nor a capital tax. It is not surprising they lead the world in rates of aggregate savings, growth, and general economic health.

In 1981, I introduced legislation to eliminate the holding period altogether, and during this session of Congress, I have cosponsored Senator DOLE's legislation, S. 13, to reduce the holding period to 6 months.

The debate on this issue has been ongoing, but I believe the evidence is clear: eliminating or reducing the holding period will increase Treasury receipts. Reducing the holding period encourages more efficient and less expensive capital markets. And it answers the fact that this is just for the wealthy people. Of course, the contrary is just so. The wealthy people can invest money, roll the dice, wait it out, do whatever. Those who have $500, or $1,000, or $2,000 who would like to have a piece of the action in this country who want to put some money in some more of a risk investment to balance out their fixed asset investment capital, that is Mr. and Mrs. Main Street America, do not do so, many of them, because they are not sure that they want to tie things up for a year.

Reducing the holding period encourages more efficient and less expensive capital markets. The American people—and I am talking not about the people with over $50,000 a year income—but all the American people, and especially those under $50,000 a year income, will be given the opportunity to realize profits on their investments closer to when they occur. Artificial delays dissipate potential gain.

Mr. President, the proposal to reduce the capital gains holding period has been supported in the past by the Reagan administration and both Houses of Congress. Provisions to shorten the holding period were passed in TEFRA and ERTA, only to be removed in conference. But the pattern is evident: The support is there, and we should allow the holding period reduction to pass.

Mr. President, elimination of the holding period altogether would be preferable as a very basic minimum to encourage accumulation of capital, to give all Americans an opportunity to participate in this great private sector economy which has brought us all of the good things in life that we have, has brought the highest standard of living known in the history of mankind to this country, has created all the wonder drugs and all the technology that we have. This all comes from risk capital. And it has come from risk capital that has come from millions of people investing—and there are millions more who would like to invest.

But, unlike most all other countries in this world, we say if you take and invest a little bit of your money, no matter what happens, you have got to watch it and keep it for a year or pay a penalty. Let us encourage the investment. Let us encourage the creation of capital. Let us get with it with regard to the rest of the world.

We are going through a period of national economic renewal now all across the board. We are a much stronger nation than we were 3 years ago. And we have a younger generation today that is really focusing in on the American dream again and looking to have a piece of the action. They are very serious, by the way, about going to school and preparing themselves, whether it is for a welding course or a community college.

The **PRESIDING OFFICER** (Mr. NICKLES). The Senator's time has expired.

Mr. **JEPSEN**. Mr. President, I ask unanimous consent that I may have 30 seconds additional time.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **JEPSEN**. We find that there is a great hope and a renewed confidence in our system of Government and our economic system in this country which, as I indicated before, has brought all the good things of life and a standard of living unequal to none paralleled in history.

Let us support those basic plans and foundations that help make that possible. Keeping this 6-month period at a very minimum is something we must do.

Mr. **DOLE**. Mr. President, I am prepared to yield back the balance of my time.

Mr. **BUMPERS**. Mr. President, I am not prepared at this time. I suggest the absence of a quorum on my time.

The **PRESIDING OFFICER**. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. **BUMPERS**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **BUMPERS**. Mr. President, I ask unanimous consent that I may be permitted to modify my amendment.

The **PRESIDING OFFICER**. Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 2935, AS MODIFIED

Mr. **BUMPERS**. Mr. President, I send a modification to the desk.

Amendment No. 2935, as modified, reads as follows:

On page 1091, beginning with line 12, strike out all through page 1095, line 16.

Mr. **BUMPERS**. Mr. President, I am prepared to yield back the balance of my time, if the chairman of the Finance Committee is prepared to do likewise.

Before I do that, I might just say that the modification, which I have just discussed with the Senator from Kansas, simply deals with the holding period only. It does not deal with the capital losses.

I am prepared to yield back the balance of my time.

Mr. **DOLE**. Mr. President, as I understand it, the present amendment just deals only with the holding period. That is what the Senator originally intended. I would say, for the same reasons I expressed before, that I am opposed to the amendment.

Mr. President, there has been much rhetoric expended on the issue on the holding period for capital gains. The legislation to reduce the holding period for favorable tax treatment to 6 months has been criticized as a subsidy for rich people and a subsidy for securities dealers. The one thing that has not been sufficiently focused upon, however, is the major economic impact of the provision. The reduction in the holding period will provide a significant improvement in efficiency of our system for allocation of capital while retaining a disincentive for short-term speculation that seems to be a concern of some Members.

MARKET INEFFICIENCY AND DISINCENTIVE FOR INVESTORS

It seems to me that there is no real argument against the concept that a differentiation in tax rates between capital assets held less than a year and those held longer creates anything but inefficiency in the market. As the 12-month period comes to a close, any rational investor will have to determine whether he will have a better return if he sells before or after the period has ended. This will take into consideration, of course, the amount of risk entailed in holding an asset for a year. The same problem exists with a 6-month holding period, but the one important difference is that the amount of risk to the investor that the asset's value will decrease in value is lessened substantially.

By lessening the holding period, thus reducing the risk of loss because of fluctuation of value over time, we will be encouraging more people in our system to acquire greater stake in it. People who cannot afford the risk of fluctuation for a full year will be able to invest in our economy. At the same time, there will be greater incentive for capital to be invested where it is most needed without the artificial restrictions of tax consequences.

IS THERE REALLY A REVENUE LOSS?

This Senator cannot say for certain whether a shortening of the holding period wil reduce or increase Treasury revenues. The static revenue estimate provided by the Joint Committee does indicate some revenue loss. However, there are reputable economic studies that indicate the opposite—a shorter holding period could actually increase Treasury revenues. One oft-cited example of this is the 1979 response to the 1978 reduction in the capital gains rates. The Senator from Kansas would simply like to remind his colleagues that they should not take for granted that there is necessarily a significant tax cost involved in a reduction of the capital gains holding period.

MOST COUNTRIES DO NOT HAVE A HOLDING PERIOD PROVISION

Another point that has not received sufficient emphasis is that the U.S. holding period rule is an aberration from the tax structure of most industrialized countries. Most industrialized countries have no holding period to distinguish taxation of short or long-term assets. In fact, according to a 1981 Price Waterhouse study, the capital gains provisions in the United States make the effective tax on capital assets in the United States among the highest in the world.

1-YEAR HOLDING PERIOD HURTS ECONOMY GENERALLY AND NEW AND SMALL BUSINESS PARTICULARLY

Given that the imposition of a distinction in tax rates depending upon whether an asset is held for less than, or more than, 6 months still provides a protection against speculation or manipulation as opposed long-term investment, and given that we really cannot pinpoint a revenue loss estimate for the provision, it is encumbent upon us at least to understand the impact of the 1-year holding period on economic activity. It is unquestioned that a holding period of any length—and especially one as long as 1 year, does, in fact, restrict the mobility of capital and will make it more difficult for small and new companies to obtain needed funds. A 1979 New York Stock Exchange study determined that capital immobility as a likely reason for the declining effectiveness of U.S. capital investment in generating a satisfactory rate of economic growth. The New York Stock Exchange has concluded that a shorter holding period would encourage equity financing and would help broaden our economy's equity base.

The Senator from Kansas would urge that all Members look at the true economic arguments that must be addressed with respect to this issue, not merely the political sloganeering that has masked the true issues involved.

Does the Senator care whether it is a tabling motion or an up or down vote?

Mr. **BUMPERS**. Let us just vote up or down, if the Senator does not mind. It is the same vote.

Mr. **DOLE**. I am prepared to have an up or down vote. Have the yeas and nays been ordered?

The **PRESIDING OFFICER**. The yeas and nays have been ordered.

Mr. DOLE. I yield back the balance of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment, as modified, of the Senator from Arkansas (Mr. BUMPERS). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Colorado (Mr. HART) and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote or who wish to change their vote?

The result was announced—yeas 14, nays 82, as follows:

[Rollcall Vote No. 64 Leg.]

YEAS—14

Bingaman
Bumpers
Chafee
Cohen
Eagleton
Hollings
Kennedy
Levin
McClure
Melcher
Metzenbaum
Mitchell
Pell
Proxmire

NAYS—82

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Burdick
Byrd
Chiles
Cochran
Cranston
D'Amato
Danforth
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
East
Evans
Exon
Ford
Garn
Glenn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Humphrey
Inouye
Jepsen
Johnston
Kassebaum
Kasten
Lautenberg
Laxalt
Leahy
Long
Lugar
Mathias
Matsunaga
Mattingly
Moynihan
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sarbanes
Sasser
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Weicker
Wilson
Zorinsky

NOT VOTING—4

DeConcini
Goldwater
Hart
Huddleston

So Mr. BUMPERS' amendment (No. 2935), as modified, was rejected.

Mr. DOLE. I move to reconsider the vote by which the amendment was rejected.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE and **Mr. METZENBAUM** addressed the Chair.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE addressed the Chair.

Mr. METZENBAUM. I think I have the floor, Mr. President.

Mr. DOLE. Well, the Senator lost it. I shall be glad to get the floor back for the Senator from Ohio. What I am trying to do is get some idea of what amendments are here.

Mr. METZENBAUM. I am ready.

Mr. DOLE. I have the Senator from New York, the Senator from New Jersey; the Senator from Pennsylvania, I think, had an amendment. He wants to check it. Did the Senator from Ohio have an amendment?

Mr. METZENBAUM. Yes, Senator KENNEDY and I have an amendment.

Does the Senator from Long Island have an amendment?

AMENDMENT NO. 2936

(Purpose: To amend section 103(b)(4)(E) of the Internal Revenue Code of 1954)

Mr. D'AMATO. Yes, Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. D'AMATO) proposes an amendment numbered 2936.

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SEC. 722. LOCAL FURNISHING OF ELECTRICITY OR GAS.

For the purposes of Section 103(b)(4)(E), facilities for the local furnishing of electric energy also shall include a facility that is part of a system providing service to the general populace (i) if at least 97% (measured both by total number of metered customers and by their annual consumption on a kilowatt-hour basis) of the retail customers of such system are located in two contiguous counties, and (ii) if the remainder of such customers are located in a portion of a third contiguous county which portion is located on a peninsula not directly connected by land to the rest of the county of which it is a part.

Mr. D'AMATO. Mr. President, I rise to offer an amendment that would allow the Long Island Lighting Co. (Lilco) to qualify as a utility providing the local furnishing of electricity.

Section 103(b)(4)(E) of the Internal Revenue Code of 1954 allows an electric utility to utilize tax-exempt industrial development bond financing for facilities that provide the local furnishing of electricity. This amendment was passed in the 1968 Tax Act.

Subsequently, local furnishing of electricity was defined, in a letter by Senator LONG to then Secretary of the Treasury Kennedy, as no more than two contiguous counties. The Treasury Department later adopted the two-county standard in published regulations.

I feel that it was Congress intent that IDB financing be made available to a utility that serves only a distinct local area. In the conference report on the 1968 Tax Act, the managers of the bill in the House stated that "facilities for the local furnishing of electricity energy * * * do not include facilities for regional or broader * * * transmission of electric energy." To not include utilities that provide regional service means, by inference, only those utilities that provide local service.

The two-county rule is only a guide to what should be defined as local. However, I believe that those utilities that do serve distinctive local areas should not be disqualified automatically because their service territory is larger than two contiguous counties. Congress reaffirmed this notion in the Tax Act of 1978 by defining local furnishing to be also a utility that serves one city and one county. This amendment was specifically designed for Con Edison of New York City.

Mr. President, Lilco serves two contiguous counties—Nassau and Suffolk Counties on Long Island—and a small part of a third county, Queens in New York City. Service in this third county, on the Rockaway Peninsula, accounts for less than 3 percent of Lilco's total metered customers and kilowatt-hour sales. Lilco's service territory is only that of Long Island, a distinct local area. Lilco serves the Rockaway Peninsula only because this peninsula is accessible, by land, to Nassau County. The only other way to reach the Rockaway Peninsula is over a body of water, Jamaica Bay. Clearly, Lilco is the sole utility able to serve the customers residing on the Rockaway Peninsula.

Mr. President, I believe that Congress did not intend to disqualify Lilco from the two-county rule because it serves a small portion of a third county. Obviously, Long Island is a very distinct local area. My amendment would allow a utility that serves at least 97 percent of their retail customers in a two-contiguous-county region to qualify for the local furnishing of electricity. For purposes of this amendment, 97 percent is measured both by total number of metered customers and by their annual consumption on a kilowatt-hour basis. The amendment further states that the customers of such a utility that are outside of a two-contiguous-county area must reside in a third contiguous county which is located on a peninsula not directly connected by land to the rest of the county of which it is a part. My amendment is drafted in such a way as to not create a precedent for a new loophole.

By allowing Lilco to qualify for tax-exempt financing we will save Long Island ratepayers from $100 million to $150 million annually. The ratepayers of Long Island pay among the highest rates in the Nation. If rate relief is not forthcoming, the residents and businesses of Long Island will flee the area. The end result will be that Long Island will become an economic basket case.

Mr. President, I feel strongly that Lilco qualifying for the local furnishing of electricity under section 103(b)(4)(E) of the Tax Code is what Congress intended. Long Island is a distinct local entity. The ratepayers deserve to accrue the benefits of tax-exempt financing. My amendment will garner great savings for the ratepayers, but will not create a glaring loophole in the Tax Code.

Mr. President my amendment would allow the Long Island Lighting Co., also know as Lilco, to qualify as a local utility providing the local furnishing of electricity. Congress intended, in establishing the local furnishing provision, to allow electric utilities that serve a distinctive area to qualify for tax-exempt financing. Lilco is just such a company.

It provides electric service in Nassau and Suffolk Counties. There is a slight deviation; there is a small peninsula called Far Rockaway, in which 3 percent of the company's customers reside. However, Lilco does serve only Long Island. Long Island is a distinct local area. I feel that Congress did not intend to disqualify a circumstance such as Lilco's from the local furnishing provision.

The fact is, Mr. President, that by having the ability to refinance its debt structure Lilco could save the consumers of Long Island anywhere from $100 million to $150 million annually.

So I offer this amendment because it is a question of equity. The fact is that Lilco does really fall within the local furnishing provision. Serving the Rockaway Peninsula, which is only accessible from Nassau County, should not preclude Lilco from the local furnishing provision. The people of Long Island deserve the benefits of tax-exempt financing.

Mr. DOLE. Mr. President, I have discussed this amendment with the distinguished Senator from New York (Mr. D'Amato). I have discussed it with Treasury. In fact—I cannot remember the date—the Senator from Lousiana and the Senator from Kansas joined the Senator from New York in a letter to the Treasury Secretary which I will make a part of the record concerning this problem. Treasury supports the amendment. I have no problem with the amendment. I understand that Senator Moynihan would like to hold up final action on the amendment until he gets back from a vote. Is that correct?

Mr. LONG. Mr. President, I would ask that this amendment be held over for the time being, and in due course we will get back to it. I am not able to take a position on the amendment at this moment. I would like to ask that it be held over for perhaps an hour or so.

Mr. DOLE. As I understand, Senator Moynihan has a Budget Committee markup and he indicated he would come back and take a look at it and discuss it with the Senator from Louisiana.

Mr. President, I would ask, if it is satisfactory to the distinguished junior Senator from New York, to temporarily lay aside the amendment to take up an amendment—is that all right?

Mr. D'AMATO. I move to lay it aside.

Mr. DOLE. Senator Bradley has an amendment.

The PRESIDING OFFICER. Is there objection?

Mr. DOLE. Could we agree to 15 minutes a side on this amendment?

Mr. BRADLEY. Mr. President, I am not sure I can tell exactly how long it will take. We will try to dispose of it in very rapid order, but I prefer not to enter into any kind of time agreement at this stage.

Mr. DOLE. I will be glad to give the Senator 25 minutes of the 30 minutes. We have 30 amendments left, I am advised, and there is some hope we might finish this tonight. So I am just trying to see if we can speed up the process.

Mr. BRADLEY. I am not prepared to enter into a time agreement now, as I said to the Senator. I think this issue is clearly going to be resolved in due course, but I would just as soon proceed and get a vote on it as soon as possible.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas to lay the pending amendment aside?

Without objection, it is so ordered.

AMENDMENT NO. 2938

(Purpose: To deny the extended affirmative commitments to synthetic fuels projects receiving assistance from the U.S. Synthetic Fuels Corporation)

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. Bradley) proposes an amendment numbered 2938.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. Specter). Without objection, it is so ordered.

The amendment is as follows:

On page 1086, strike out lines 3 through 6, and insert in lieu thereof:

(4) Affirmative commitments for synthetic fuels projects extended.—

(A) In general.—Subparagraph (C) of section 46(b)(2) (relating to energy percentage) (as so amended) is further amended—

On page 1086, line 7, strike out "(A)" and insert in lieu thereof "(i)".

On page 1086, line 10, strike out "(B)" and insert in lieu thereof "(ii)".

On page 1086, line 13, strike out "(C)" and insert in lieu thereof "(iii)".

On page 1086, between lines 15 and 16, insert the following new subparagraph:

(B) Denial of double benefit.—

(i) General rule.—The amendments made by subparagraph (A) shall not apply to any synthetic fuel project of any concern in receipt of, or making application to receive, financial assistance from the United States Synthetic Fuels Corporation after the date of the enactment of this Act.

(ii) Definitions.—The terms "synthetic fuel project", "concern", and "financial assistance" shall have the meaning given to such terms by paragraphs (18), (3), and (7), respectively, of section 112 of the Energy Security Act (42 U.S.C. 8702).

Mr. BRADLEY. Mr. President, the amendment that I am proposing prohibits sponsors of synfuel projects from receiving both financial assistance from the Synthetic Fuels Corporation and the special energy tax credit available to the synthetic fuels projects. Under my amendment, which takes effect upon enactment of this legislation, synfuels projects could receive assistance from the Synfuels Corporation or energy tax credits, but not both. Why is this amendment needed? Because we are grappling with a $200 billion budget deficit as far as the eye can see. If we are serious about reducing those deficits, we have to make some tough choices. We cannot simply afford to do everything. Synfuels may have a legitimate place in the mix of energy sources we will rely on in the future, but we need to get our priorities straight. Unless we curb the deficits, interest rates will soar again and we will find ourselves back in the grip of a devastating recession. In this environment, pouring more money into synfuels is a gross misallocation of resources.

How can we ask the taxpayers of America to pay twice for projects whose benefits are at best speculative, yet whose economic and environmental costs are both large and certain? The answer is clear. We cannot impose those costs at this time. To do so is to ignore the reality that is staring us in the face.

The bill before us provides costly and unwarranted subsidies for the development of synthetic fuels, one of the most heavily subsidized and expensive energy alternatives available. Synthetics already enjoy some of the most lucrative Federal subsidies of any energy technology. We have already appropriated almost $15 billion—that is right, $15 billion—for synfuels ventures.

The Synfuels Corporation officials have said that the subsidies they make available are designed to yield 20 to 25 percent return on equity and will, on average, equal 100 percent of a plant's costs.

In other words, if a venture is subsidized by the Synfuels Corporation, it is virtually risk free. Yet, on top of that subsidy, this bill gives them a 20-percent tax credit—a 10-percent regular investment tax credit plus a special 10-percent energy tax credit. What this means, Mr. President, is that taxpayers pay for synfuel projects twice—once through subsidized loans and guarantees the Synthetic Fuels Corporation provides and again through the Tax Code.

In my book, the only word for a double subsidy is double dipping.

Investment tax credits and energy tax credits are supposed to provide a stimulus for investment; but if a taxpayer is already receiving a generous subsidy through Synthetic Fuels Corporation funds, what is the rationale for allowing that taxpayer to claim a tax credit as well? There is no rationale.

Let me repeat: This is double dipping, and it is totally unjustified, especially in a bill whose ostensible purpose is to reduce the budget deficit. Voting for my amendment, however, would be a significant contribution to deficit reduction.

Mr. NICKLES. Mr. President, will the Senator yield?

Mr. BRADLEY. I should like to finish the statement, and then I will be pleased to yield to the Senator from Oklahoma, who I know supports this effort.

Mr. President, testimony presented to the Finance Committee established that a single synfuels project may be eligible for as much as $17 million a year during its construction. That translates into an aggregate revenue loss, over a 3-year period, of at least $170 million.

Given the deficit and the fact that we have already appropriated $15 billion for synfuels, spending an additional $170 million on these projects is fiscally irresponsible. It is made even less so by the fact that the Finance Committee bill eliminates a 15-percent residential energy conservation credit. Yet, the conservation credit is one of the most efficient and effective energy incentives available.

It is uncontrovertible that conservation is the cheapest, safest, and most environmentally sound energy source. It is also the energy source that we have consistently neglected. It is also unconscionable for us to eliminate a modest conservation subsidy while increasing Government support for synfuels, the costliest, most environmentally hazaradous energy alternative.

So, Mr. President, I urge the Senate to go on record in saying that enough is enough. We have already appropriated almost $15 billion in direct funding for synfuels. We do not need to add tax credits on top of that extremely generous subsidy.

In closing, I reassure my colleagues that this amendment is not retroactive. Projects that have already qualified will not be disadvantaged, but the time has come to draw the line. Those who are serious about grappling with the deficit will vote for this amendment.

Mr. President, I am pleased that a great number of environmental groups have seen fit to lend support to this amendment.

The public interest groups supporting the amendment include National Taxpayers Union, Congress Watch, and the Critical Mass Energy Project.

Mr. President, again, enough is enough. Let us stop the oversubsidization of synfuels and support this amendment.

Mr. NICKLES. Mr. President, will the Senator yield for a question?

Mr. BRADLEY. I yield for a question.

Mr. NICKLES. Mr. President, I compliment the Senator on his interest. I share many of his concerns about the Synthetic Fuels Corporation and some of the projects that are on the drawing board.

Does the Senator's amendment say that they could not receive subsidies if they recieve the investment tax credit and the energy tax credit?

Mr. BRADLEY. My amendment says that, prospectively, synfuel projects have to choose whether they go to the Synthetic Fuels Corporation and get those subsidies; and if they choose that route, they are not eligible for the energy tax credit and for the investment tax credit.

Mr. NICKLES. So they would not be entitled to receive the investment tax credit?

Mr. BRADLEY. They would be entitled to receive the investment tax credit but not the energy tax credit.

Mr. NICKLES. That was my question. In other words, if a corporation wants to build a coal gasification plant, it can get an investment tax credit, just as any venture can get on any business venture, but they cannot receive the additional 10-percent energy tax credit.

Mr. BRADLEY. That is correct.

Mr. NICKLES. I compliment the Senator from New Jersey for his interest, and I echo many of the comments he has made.

I think we do have the Federal Government financing these things with a 20-percent tax credit.

One additional question. The Senator mentioned that it is prospective only. The Senator is probably aware—I am not sure of the exact status—that several million dollars in projects has been approved recently but there has not been final approval by the Synthetic Fuels Board. Would those projects come under this amendment?

Mr. BRADLEY. This amendment provides only prospectively.

As the Senator knows, in this bill what is essentially altered is the affirmative commitment rule. Anything they do under the previous affirmative commitment rule will be eligible for both the tax subsidy and the Synfuel Corporation subsidy. But, prospectively, they have to make a choice.

Mr. NICKLES. So the recent Synthetic Fuel Board's decision with respect to approval on five or six projects, would this be covered under the previous law?

Mr. BRADLEY. That is correct. Projects such as Great Plains and Union Phase I, which already enjoy Synfuels Corporation assistance and synfuels tax credits, would be allowed to keep both, because the qualified under the old tax credit deadline.

Mr. NICKLES. I appreciate the Senator's response.

Mr. President, I ask unanimous consent that my name be added as a cosponsor of the amendment.

The PRESIDING OFFICER (Mr. DOLE). Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, I note there are several other Members of the Senate who said they wish to speak on this amendment. While we await their arrival in the Chamber, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WALLOP. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WALLOP. Mr. President, I rise in opposition to the amendment as I did in the Finance Committee, not because I favor double dipping, but because first, I deny that it exists; and second, feel that it is time that we stopped blinding ourselves to the future of energy in this country.

There appears frankly to be no proper time for us to look over the horizon in America when it comes to energy.

When we have a energy situation as we now have, everyone is comfortable, everyone thinks that an energy surplus now exists and what we have been through in the past was all some kind of mysterious plot and that the plot will be prevented in the future only because we have good will now and that there will be no need for alternative forms of energy and there will be no need for synthetic fuels.

When we have crises everyone wants first, to blame someone; and second, to solve it with some kind of mystical applied bandage that takes place in a hurry.

Synthetic fuels do not take place in a hurry. This Congress and this Senate and this country had best look to the future with something more than an eye on the present and the Senate's claim of a circumstance that does not exist with synfuels protects, namely, double-dipping.

In November 1978, Congress enacted the Energy Tax Act, establishing the energy investment tax credit, and added the production tax credit in 1980 prior to the enactment of the Energy Security Act which was, in effect, the Synfuels Act.

It was clear at that time that Congress wanted the energy investment tax credit and the Synthetics Fuel Corporation to work in tandem, and we should continue that work in tandem instead of assuming we are in a situation of energy surplus so far as the eye can see.

While that intent was clear, it was also clear at the time, Congress wanted to recognize and compensate for the interaction of the credits and any assistance which might be provided by the Synthetic Fuels Corporation. For example, before a project can qualify for the production tax credit, the project must first pay back to the Government any amounts they received from the energy tax credit. That, my friends, is no double dip. That is an upfront piece of money designed to get the project going, and if you get to the other side, you have to pay back any credit you receive from your energy tax credit.

Additionally, the Energy Security Act specifically and specially requires that the Synthetic Fuels Corporation, and I quote from it right now, "Shall impose such terms and conditions on any financial assistance after evaluating the financing of the synthetic fuel project, the tax benefits which will be available to investors in the synthetics fuel project and any regulatory actions associated with the synthetics fuel project as may be necessary to assure that an investor having an ownership or profit interest in the synthetics fuel project bear a substantial risk of after-tax loss in the event of any default or other cancellation of the synthetic fuels project."

This again is one of the circumstances that all of us seem to ignore when looking at this issue. It is not a big dumb subsidy for people who take no risk. It is clear that Congress intended and the act provides for substantial risk to the investor before any credits or assistance via the Energy Security Act.

Now, if that quotation which I have just read does not make it clear that there is no double-dip with respect to the credits, the Energy Security Act at section 131(t) should remove any remaining doubt. This section specifically provides that the Synthetic Fuels Corporation in determining need for financial assistance must take into consideration any specific tax credit associated with the Synthetic Fuel project.

The Synthetic Fuel Corporation must also take into account any other financial assistance available to the project and any revenue generated from the project from the production on nonsynthetic fuels products.

Let me note that the energy credits and any assistance which may be provided by the Synthetics Fuel Corporation in the form of loan or price guarantees provide separate and distinct functions.

The energy tax credit gives the project an upfront push that it needs if it is going to get off the ground in the first place.

These, my friends, are high-risk ventures with high capital requirements which just have very, very minimal economics, including any loan guarantees or price guarantees from the Synthetic Fuels Corporation.

The upfront push is the purpose of the tax credit, and the loan or the price guarantees are designed to provide limited long-term economic viability for the project.

I might say that a loan guarantee is in effect no dip at all because if the project works then there is no cost to the Federal Government. If the project does not work, it is more likely to be the event in the absence of a tax credit than in the presence of it.

So the risk that may be claimed here of double-dip is not likely to occur, and there is no cost to the Government.

I just again ask the Senate to take a clear look at the future of the energy requirements in this country and tell us whether or not it is in the energy interests of this country to begin to get on line some things other than the traditional fossil fuels as they are burnt and consumed by us with contemporary technology.

(Mr. SPECTER assumed the chair.)

Mr. LONG. Mr. President, will the Senator yield?

Mr. WALLOP. I am happy to yield to my friend from Louisiana.

Mr. LONG. Mr. President, I just received a communication from a corporate citizen of my State, the State of Louisiana. They advise me that they were able to obtain a loan for a synfuels project, and that the tax advantage was taken into account in deciding whether the loan would be made and whether the project was feasible. If the tax advantage is to be repealed, then of course the project would no longer be feasible.

The Senator knows, I am sure, as he is certainly one of our leading experts in this field, that if the impending disaster that could happen any day in the Persian Gulf should happen and oil supplies from that area were to be cutoff either by Iran or by some other power, then we would be in worse shape to take a cutoff of oil from the Near East now than we were when it happened last time.

Mr. WALLOP. That is true.

Mr. LONG. In due course, these wells we are counting on are going to be depleted. It used to be that when one found an oil well or gas well down my way, because of the surplus of the commodity on the market, they would prorate. You would be required to share your production, you might say, with everybody else, so that oil would be produced at the rate that the market could absorb. As a result, those wells would last 15 or 20 years. Now they let you pump them as fast as you can, to the extent that does not prejudice the ultimate recovery of those wells. And so the wells are being exhausted just about as fast as they can exhaust them. A well that might have lasted at a previous time for 15 years or more will now be depleted within 5 or 6 years.

We are rushing pell-mell toward the day when most of this oil and gas is going to be gone. And at that time if we get our imported energy cutoff, everbody will be asking why we did not do something when we had all this time.

Mr. WALLOP. That is exactly it.

Mr. LONG. When we had all this time, what did we do except fiddle and faddle around here and make false starts and reverse ourselves in midstream and wind up accomplishing nothing?

Now here is one program that is at least still moving and still making some progress and headway. Can the Senator explain why in the name of common sense we ought to foul that one up so it will not work? To me, what little we have that is moving toward solving the problem should be permitted to go forward.

Mr. WALLOP. And, as the Senator knows, there are not that many that can qualify for the credits. What we are trying to do is preserve those few that have some viability left, just to get some technology on stream to be proven and demonstrated.

I do not know what the figures are, I will get them in a minute, but it is a very small number of projects that are likely to be able to take advantage of this extension of the affirmative commitment rules.

Mr. LONG. But it is true that to the extent we are able to move in the program at all, we are developing a technology and we are developing a know-how that solves one problem, that when an energy cutoff comes and the emergency hits——

Mr. WALLOP. And it will.

Mr. LONG. At least we will save valuable time because there is no substitute for the time it takes to develop know-how, technology, and improved methods. There is no way you can avoid it. You have to have the time to develop the techniques.

Mr. WALLOP. I agree with the Senator. And it is that vision now that we seek in a relatively modest extension of these affirmative commitment rules to get some tax credits up front to continue those few projects that will help us. This is the same Congress that I am speaking to that has put a moratorium on almost all the available new offshore wells and how we are trying to put a moratorium on any exploration into synthetic fuels. It just is a circumstance, which anybody ought to be able to see, that is designed to create disaster. And the nice thing it will do for us is that when the disaster comes, we will be able to look around the country and find some big oil company to blame for the problems that we can try to solve now.

I thank the Senator and I yield the floor.

Mr. BRADLEY. Mr. President, I find this exchange very interesting because the distinguished Senators from Louisiana and Wyoming have raised the specter of an oil supply cutoff in the Persian Gulf and they have provided as the answer to that threat synthetic fuel corporations that will not be on line until 1990.

Mr. President, the threat is there tonight. It is not going to be there in 1990. It is there tonight. And so to argue that these giant brontosaurus projects that are slowly moving along, sucking up the taxpayers' dollars in the process, are going to answer a cutoff in the Persian Gulf is just ludicrous. It is not factual.

Mr. President, the only thing that meets that cutoff is, of course, having oil in stockpile, where we have it in Louisiana. Then we can use it immediately if we have a cutoff. It is the strategic petroleum reserve that meets that threat, not these giant synfuel projects.

A second point: What is going to be the price that this project produces oil for; $60 to $80 dollars a barrel? Mr. President, the price of oil in the world today is not $60 or $80 a barrel. And who guarantees that price, Mr. President? The American taxpayer, through the Synthetic Fuels Corporation.

Mr. President, all we are saying in this amendment is that enough is enough. There has already been $15 billion appropriated for the Synthetic Fuels Corporation—$15 billion. Now that is 10 percent of our present deficit. Ten percent of our present deficit has been appropriated for the Synthetic Fuels Corporation.

Mr. President, that money is already going to be spent. And although I think it was too much, that is not the issue in this amendment. We are not touching the $15 billion that has already been appropriated to push these brontosaurus projects another inch forward. We are talking only about the additional tax benefits, Mr. President.

No, let me revise that. We are not talking about all of the additional tax benefits. The investment tax credit can still apply. We are talking only about the 10-percent energy tax credit and whether this Congress and this country wants to subsidize the production of $80 a barrel oil directly through their tax dollars and, second, through the income Tax Code with a double dip.

Mr. President, the answer to that question should be no, we are not prepared to do that. We are not prepared to throw dollars away at a project that is going to be remote in its production of oil in small quantities to meet a threat that is here tonight. We have to use that money more effectively to reduce that deficit or, Mr. President, to buy oil and put it in reserves, or to provide further tax reduction, not to subsidize the production of $80 a barrel oil.

Mr. President, I really think we have to look at the argument that has been made about how risky these projects are, how terribly risky they are. The Synthetic Fuels Corporation guarantees 20 to 25 percent return on equity. Now that is a real risk, Mr. President. I do not know how many taxpayers in this country have that kind of a guarantee, 20 to 25 percent return on equity, wherever they invest, with other taxpayers backing them up.

Mr. President, this is one of those proposals that, when you dig it out of the Tax Code, you shake your head and you say, "My goodness, how did this get in there? My goodness, how could they have been so excessive?"

Mr. President, this is an opportunity for us to be reasonable, to say, "OK, $15 billion. OK, that is enough, but no more. No more."

Mr. President, I hope the Senate recognizes the folly of this double dipping and supports this amendment.

Mr. WALLOP. Mr. President, I love my friend from New Jersey. He restates an argument that I just made. But if these were as attractive as he says and the Environmental Policy Center says and they provided such magnificent rates of return, why is it that anybody would be seeking a tax credit in order to make them economically viable? I think the answer to that is clearly obvious; that the Environmental Policy Center and my friend from New Jersey have simply just misstated what is the case.

I am not saying he does not believe that to be the case, but I am saying that if anybody was to be guaranteed a return of 25 percent on the equity, they would be lining up right now. There would not be anybody here saying we need this to make the project viable. This country is full of people who understand profit. And people who understand that a profit of 25 percent is available to them are going to fight to get their money in up front. And that case just does not exist here.

The $60 to $80 figure is also something of a chimera that has been quoted in some cases, but it is a long-term guarantee. It is for first production only—to get something on line to tell us whether we have a productive capability or not.

Let me say to my friend from New Jersey that I read the papers, as does he, and recognize the threat in the Middle East, as it exists today. It may take place, and it may not. But if it does not take place today or tomorrow, it is an unsettled enough part of the world as to remain a threat to us for the rest of this century and beyond. I do not think anybody would deny that. And it is only part of the argument that is being produced by the Senator from Wyoming, and agreed to by the Senator from Louisiana.

The other part of it is that, if everything goes swimmingly in the Middle East—these are finite resources, and they are running out—I doubt that anyone on this floor would say anything differently than that.

What we are talking about is a look to this country's energy future, and new ways of trying to use the fuels which the Lord put on this Earth in ways which extend them, or make them usable, where presently they are not. I would say to my friends again, and to my friend from New Jersey particularly, I know him to have a shrewd business mind. If you can find one of those deals which guarantees a return of 25 percent on my equity and you will run the risk, I will put the money down today. That is a substantial, great whopping return that I doubt anybody in this room would not borrow money to achieve. You can borrow the money at 15 percent, and still get 10-percent return. That is a pretty good deal. I suggest to him that there is something of a chimera about those figures of a guaranteed 25 percent return on equity. I again renew my opposition to this amendment.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, let me say to my friend from Wyoming that, if he is puzzled why anyone would want to have this gift from the Government in the form of yet another tax subsidy, I think he misunderstands the profit motive. I do not know too many businessmen who, if the Government came to them and said, "Here is some more profit," would say, "No, no, I do not want any profit, I do not want any more; 10, 12 percent is enough. I do not want any more." Of course, they are going to take it. When the Government comes to them and says, "Here is $15 billion," they say, "Thank you." At the same time they tell us the market has got to work. Then on top of that, someone comes to him, says, "Here is the investment tax credit." They say, "Thank you."

They tell us the market has got to work. Someone comes to them and gives them an energy tax credit. They say thank you, and then they say the market has got to work. Sometimes, Mr. President, I wonder who has faith in the market, and who does not.

Mr. WALLOP. Would the Senator yield for a question?

Mr. BRADLEY. Certainly.

Mr. WALLOP. What you seem to be forgetting—and I ask you if you are not—is that these tax credits must be repaid before the production credit can be used.

Mr. BRADLEY. I do not think that is so.

Mr. WALLOP. The two are distinctly and conceptually opposite. One, the energy tax credit, is up front money, and the other goes to economic viability, if it gets there.

Mr. BRADLEY. This amendment is not directed at the $4 production tax credit. This is directed at the 10 percent energy tax credit. It is that which is the issue here, not the production tax credit that the Senator from Wyoming has suggested. I do not doubt that the American free enterprise system, if it started seeing the price of oil going up, could indeed move rapidly into other production that could meet the threat. Certainly they would. I trust the market. I do not think we need another level of subsidy, and another level of subsidy. The Senator made a point about the return on equity. I have here the Energy Daily of Monday, April 9, 1984. It does not make the exact point on return on equity, but it does give us some interesting figures. Again, none of the projects that I refer to here would be affected because they are already home free with both the subsidy out of the Synfuels Corporation and the Tax Code.

Let us take Union of California, phase II. Union of California has sought $2.7 million in price guarantees for a 42,000 barrel per day expansion of its 10,000 barrel per day phase I project in Garfield County, CO. The guaranteed price for the oil flowing from phase II would be $60 per barrel initially, but could be increased to $67 per barrel.

Mr. President, there is in this Energy Daily a report also of three or four other projects where the guaranteed price for the oil is $60 a barrel. It is about $27 out there in the market now, but the taxpayers are going to make sure it gets up to $60 because we have a threat out there. It does not make any sense. It just does not make any sense, and I have great regard and high regard for the Senator from Wyoming. But in this case, I would respectfully disagree with him and suggest that the Congress ought to say no more double dipping, and enough is enough.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. WALLOP. Mr. President, I will not go much longer. The Senator from Colorado wishes to be heard briefly on this issue. But I would just point out, if these things are such zingers, such marvelously attractive programs, why is it that despite loan guarantees and some price guarantees they are falling off faster than they are going forward, at great loss I might add, with or without tax credits to the investors? The answer is because they are operating on thin, thin margins.

I will just state the case again very simply. I agree that $60 or $67 a barrel of oil is way beyond the market, though I remember our distinguished and departed colleague from Washington State, Senator Jackson, was forecasting that we would have oil in the $80 range by the end of this decade. What we are trying to do is provide some alternatives for the future, not for the day after tomorrow, to Persian Gulf supplies.

I say to my friend that I understand the passion with which he has pursued SPR. SPR is going to give a 90-day kick in the seat which is nice and maybe even a year given the fact that a lot of oil now comes from outside the range of OPEC. That is a tremendous help. But neither it nor what we are talking about is going to take care of a full-blown price increase that lasts more than 1 year, if it starts tomorrow. But we are not looking at full-blown prices that may only start tomorrow.

We are looking at a long, broad-painted picture of trying to bring on energy technology that may be of service to this country at a time in the future when it is sorely needed, and not at a time when we need more than accusations about the collusion and plots of big oil, inefficiencies of oil companies, and all the other kinds of things we have heard over the last few price increases. The time then may come when somebody might look back and thank a few people who had vision enough to spread the energy effort of this country into new fields of technology at a time when we have just a little breathing room.

That is what we are appealing for here. I again feel that the double-dipping argument is a bogus argument. I do not believe it has been substantially demonstrated by the variety of arguments that have been raised here. I believe, as I have said, that this is a matter of long-term energy policy, a little bit of vision at a moment in time when we cannot afford to without it. If that is the case, we ought to do it. If it is not the case, the Senator from New Jersey can visit me in my retirement and say, "See, I told you," because I would agree with him that this is not going to happen the day after tomorrow. This is a long-term effort.

Mr. DOLE. Mr. President, I wonder if we might reach some agreement on when we can vote. We still have 30 amendments. Can we vote on this amendment now?

Mr. BRADLEY. Mr. President, I understand we are going to hear from the distinguished Senator from Colorado who said he wanted to speak. Then another Senator has said he also wants to speak. I am prepared to present some final remarks.

Mr. ARMSTRONG. Will the Senator yield?

Mr. DOLE. I yield.

Mr. ARMSTRONG. Mr. President, I would like to see if I can set a new record for brevity in speaking on a major amendment. Make no mistake, this is a major amendment.

The Senator from Wyoming is 100 percent right in what he said and I associate myself with his observations. The only thing I want to add to that fact is this: a lot of that synthetic fuel is in my State of Colorado. We have a big stake in it, a big economic stake. We think it is important to the future of our country. Yet, notwithstanding the fact that I have a parochial interest, I keep saying we ought to abolish the Synthetic Fuels Corporation.

Despite the fact that it is of enormous interest to my State, it is not the proper way for the future of this country. Tax credits are a proper way, loan guarantees, things that emphasize the private sector are exactly the right approach to getting this industry off the ground with the least amount of Government interference and support.

So while I understand the point that the Senator from New Jersey has raised and to some degree am sympathetic with it, I honestly think he is just going at it the wrong way. I hope Senators will be persuaded by the observations of Senators WALLOP and DOLE, and, at the right moment, we will vote to table the amendment.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I am very interested to learn that the Senators from Colorado and Wyoming, who are consistent exponents of the value of this system for the market, say on the one hand that they are not for the Synthetic Fuels Corporation, and say on the other hand that they are not only for the subsidy to the Synthetic Fuels Corporation but also for additional tax subsidy.

Let me suggest to the Senator from Wyoming that one of the reasons that things have not gone too well is because of the incompetence of the Corporation. It is a giant, lumbering bureaucracy that has just not made the right decisions. It cannot move swiftly.

The head of the Corporation is paid $150,000 a year. If he was in the private sector, he would have lost his job. He cannot even give away the money.

So, Mr. President, this is a plea for reason to my colleagues. Let us not have double dipping. If they choose to go the synthetic fuels route, and some might, or if they choose what the Senator from Colorado said, the income tax route, fine, let them go the income tax route. Let them respond to the tax credits, energy tax credit, investment tax credit, but not, in addition, go to the trough of the Synfuels Corporation.

Mr. President, this is a clear choice. Do we want double dipping? Do we want to subsidize $8 a barrel oil at a time of $200 billion in deficits? Or do we want to make a modest nick in that deficit and get it down to about $170 billion? That is the choice. Do we want to get the deficit down to about $170 billion, or do we continue to oversubsidize the production of energy from synfuels?

Mr. President, I am prepared to yield back the remainder of my time. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WALLOP. Mr. President, I am prepared to yield back the remainder of my time.

Mr. President, I move to lay the amendment on the table. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wyoming to lay on the table the amendment of the Senator from New Jersey. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Arizona (Mr. DECONCINI), the Senator from Colorado (Mr. HART), and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

The PRESIDING OFFICER (Mr. DURENBERGER). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 52, nays 43, as follows:

[Rollcall Vote No. 65 Leg.]

YEAS—52

Abdnor
Andrews
Armstrong
Baker
Bingaman
Boren
Burdick
Byrd
Cochran
Danforth
Denton
Dixon
Dole
Domenici
East
Evans
Ford
Garn
Gorton
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Johnston
Laxalt
Levin
Long
Mathias
Matsunaga
Mattingly
McClure
Murkowski
Packwood
Pell
Percy
Pryor
Randolph
Rudman
Simpson
Stennis
Stevens
Symms
Thurmond
Tower
Trible
Wallop
Warner
Weicker
Zorinsky

NAYS—43

Baucus
Biden
Boschwitz
Bradley
Bumpers
Chafee
Chiles
Cohen
Cranston
D'Amato
Dodd
Durenberger
Eagleton
Exon
Glenn
Grassley
Hollings
Humphrey
Inouye
Jepsen
Kassebaum
Kasten
Kennedy
Lautenberg
Leahy
Lugar
Melcher
Metzenbaum
Mitchell
Moynihan
Nickles
Nunn
Pressler
Proxmire
Quayle
Riegle
Roth
Sarbanes
Sasser
Specter
Stafford
Tsongas
Wilson

NOT VOTING—5

Bentsen
DeConcini
Goldwater
Hart
Huddleston

So the motion to lay on the table amendment No. 2938 was agreed to.

Mr. WALLOP. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2936

The PRESIDING OFFICER. The question recurs on the D'Amato amendment.

Mr. DOLE. Mr. President, as I understand it, the pending amendment is the so-called Lilco amendment. Then there are about four matters that have been cleared all around which we can dispose of and which will take about 1 minute combined.

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I understand that the Senator from New York (Mr. MOYNIHAN) wishes to make a statement.

Mr. MOYNIHAN. That is right.

First of all, Mr. President, I should like to thank my distinguished colleague for his courtesy in allowing this measure to be set-aside for 45 minutes. As I explained to the managers of the bill, I was required to be in the Budget Committee for a vote, there being a no-proxy rule in the Budget Committee. I can announce to the Chamber that the Budget Committee finally found a majority on one proposal.

Mr. President, I ask unanimous consent that my name be added as a cosponsor of the amendment.

Mr. D'AMATO. Mr. President, I am delighted to have the distinguished senior Senator from New York as a cosponsor in this endeavor, which I think we both feel is important.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I simply wish to say what I am sure the junior Senator from New York has already said, that on November 22 of last year——

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator from New York has the floor and is entitled to be heard by his colleagues.

Mr. MOYNIHAN. Mr. President, on November 22 of last year, the distinguished chairman of the Finance Committee and our beloved ranking minority member, the Senator from Louisiana, joined both Senators from New York in asking the Treasury to allow an exception to section 103(b)(4)(E) in this matter. Unaccountably, the Treasury did not. We wish they had. So, we thought we would try to do this instead by legislation, as we previously did 6 years ago in the Revenue Act of 1978 with respect to Westchester County and New York City. Now it seems possible.

I ask unanimous consent that a letter to the Secretary of the Treasury as well as articles by Mr. Earl Lang and Mr. Stuart Diamond be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON FINANCE,
Washington, DC, November 22, 1983.

Hon. DONALD T. REGAN,
Secretary of the Treasury,
Washington, DC.

DEAR MR. SECRETARY: We would like to call your attention to certain questions raised by Long Island Lighting Company in connection with Section 104(b)(4)(E) of the Internal Revenue Code, which provides tax exemption for obligations "substantially all of the proceeds of which are to be used to provide . . . facilities for the local furnishing of electrical energy or gas." Long Island Lighting Company is considering a financing of a portion of a nuclear facility for generation of electricity under this Section, but is in need of clarification in two specific areas.

First, special geographic factors have given rise to questions regarding the application of the two-county standard contained in the regulations. In this case, the facility would provide service to the public within two contiguous counties, plus an insubstantial number of retail customers (less than three percent of the total, measured both by the total number of metered customers and by their annual consumption on a kilowatt hour basis) located on the small Rockaways Peninsula, in a third county. The peninsula can be reached by land only from the basic two-county service area.

Under the rule that extends the tax exemption to obligations "substantially all" of the proceeds of which are used for local furnishing of energy, the regulations permit up to 10 percent of bond proceeds to be expended for other purposes. This would clearly permit use of 90 percent of bond proceeds to be used for a facility providing energy only within the two-county area, with up to 10 percent of the proceeds being used for non-exempt facilities. Under Long Island Lighting Company's special geographic circumstances, it may be appropriate to apply the "substantially all" standard in a manner that permits use of 100 percent of the bond proceeds for a facility that provides local service to a two-county area, plus a de minimis amount of service to customers in a third county.

The other question raised by this proposed financing is the extent and purpose of a facility's connection with other utility systems outside of the local area. On the one hand, a system that provided retail electric service to an area larger than the local area, or that regularly "exported" to other utilities more energy than it "imported" could not be considered to be local. On the other hand, the regulations clearly permit connections with other utilities for transfers relating to emergency circumstances. The Long Island Lighting Company facility would be connected to other utilities outside the local area, in order to assure the availability of the most economical and reliable energy supplies and to allow emergency transfers. It is not contemplated that the local system would be a net "exporter" of energy on a regular basis. The interconnections would be used principally for the "importation" of power into the local system, and to a much lesser extent for "exportation" of power and as a conduit for electrical energy passing from one part of an outside system to another part of the same system. Because Long Island is surrounded by water, it is especially important that generating facilities on the island be interconnected with one another. Because this local system would not be a net "exporter" of electrical energy, and because of the need for interconnection with other systems, it may be appropriate to treat the facility as qualifying under the local furnishing rule notwithstanding its interconnection with other systems.

Thank you for your consideration of these issues.

Very truly yours,

Robert Dole,
Alfonse D'Amato,
Russell Long,
Daniel Patrick
Moynihan,
U.S. Senators.

[From Newsday, Mar. 23, 1984]

U.S. Rejects LILCO Bond Plan: Treasury Says No to Debt-Refinancing Bid; D'Amato To Appeal

(By Stuart Diamond)

The U.S. Treasury Department yesterday dealt a blow to a key element of Long Island Lighting Co.'s plan to avoid bankruptcy when it rejected a bid to let the utility refinance its massive debt with tax-free bonds.

In a letter received yesterday by U.S. Sen. Alfonse D'Amato (R-N.Y.) the department said LILCO would not be exempted from a tax provision that restricts such refinancing to utilities serving two counties or fewer. Of LILCO's nearly 1 million customers, about 3 per cent are in the Rockaway section of Queens.

"This is a technicality . . . a typical bureaucratic response, and we're going to take it to a higher level," said D'Amato, who had sought a quick exemption on LILCO's behalf, citing the small number of Queens customers and the severe economic consequences looming from the Shoreham nuclear plant. D'Amato said he would press LILCO's case next week with Treasury Secretary Donald Regan. "I think it's imperative we get this relief," D'Amato added.

The bid was designed to save LILCO up to $150 million a year by refinancing with industrial development bonds about $2 billion in high-interest debt, borrowed chiefly to help pay for Shoreham. The money would have been used initially to close the $100-million gap LILCO must fill to avoid insolvency at the end of this year, company officials have said.

It eventually would have been used to cut customer's bills more than 10 per cent, amid a projected electric rate hike of more than 40 per cent from the $4-billion Shoreham plant, various officials said. A LILCO spokeswoman, Martha Lipfert, said utility chairman William Catacosinos, who had urged the tax break, was aware of the decision but did not wish to comment.

If Regan does not relent, D'Amato said he might propose legislation, although he said it would be "more difficult" since "other utilities and special concerns" would ask for similar treatment. Legislation has also been suggested by U.S. Sen. Daniel Patrick Moynihan (D-N.Y.), who last month predicted that Treasury would be reluctant to issue the waiver because of the federal deficit. Moynihan aides yesterday said the senator would evaluate the ruling and talk with officials there before deciding on a next move.

The Treasury ruling, dated March 16 and signed by John Chapoton, assistant secretary for tax policy, noted that the two-county rule was designed to help utilities furnishing power to local customers. He indicated the rule may be unfair in that some one-county service areas may be of equal size to other three-county areas. But he said Treasury would "oppose any legislative change to the existing definition."

But D'Amato says the ruling is wrong. "This is a distinctive local area," he said. He also said Treasury would lose at least as much as it saves by ruling against LILCO if the utility goes bankrupt and stops paying taxes, and if its business customers lose taxable profits because they are paying higher electric bills.

LILCO has discussed with Con Ed the sale of the Rockaway territory, but problems have been identified. About $100 million in new equipment would be needed to tie the customers to Con Ed's system. D'Amato said. State experts say the area's book value is only about $30 million. Catacosinos last month said he was reluctant to start selling off parts of the company. A Con Ed spokesman, Martin Gitten, last night said his utility would consider buying the Rockaway area, but declined to elaborate.

[From Newsday, Feb. 24, 1984]

Three Senators Offer Measures To Help LILCO Out of Crisis

(By Earl Lane and Stuart Diamond)

Washington.—Four U.S. Senators yesterday told Long Island Lighting Co. chairman William Catacosinos that they sympathize with the utility's severe financial and political problems and three of the lawmakers proposed specific measures to aid the company.

In a day of news conferences, hearings and successive private meetings between Catacosinos and a variety of officials here, a new sense of urgency seemed to surface on the need to help the financially desperate utility.

"LILCO can't continue very much longer because this company will . . . go broke," Sen. Alan Simpson (R-Wyo.), said in an interview after a meeting with Catacosinos and a hearing that the senator chaired on emergency planning for nuclear plants.

All the aid measures face obstacles, however, and the chance of success before time runs out for LILCO was unclear.

Yesterday's meetings capped a week of continuing efforts by LILCO to inform officials of its problems amid further setbacks. On Tuesday, Catacosinos told state legislators in Albany that the utility must decide by June whether to abandon its Shoreham nuclear plant to avoid bankruptcy. On Wednesday, federal regulators rejected a LILCO bid to allow Shoreham to start soon at low power due to questions about the reliability of the plant's backup diesel generators.

Simpson, chairman of the Senate subcommittee that oversees the nuclear industry, yesterday released a bill he drafted that would enable LILCO to gain approval of an acceptable emergency plan for Shoreham. The bill provides for a small cadre of federal officials to manage an emergency plan using many utility workers.

LILCO cannot get a full-power license without an acceptable plan, but Suffolk County has refused to submit one, saying a successful evacuation is impossible, and New York State has declined to intervene. As a result, the company has submitted a plan of its own, using utility workers to substitute for county employees.

Sen. Alfonse D'Amato (R-N.Y.) proposed that the state and federal government conduct a full emergency drill at Shoreham soon to test whether an acceptable plan can be implemented. He released a Feb. 22 letter to Treasury Secretary Donald T. Regan urging that LILCO be exempted from certain tax codes so the utility could refinance its debts with tax-free bonds, saving up to $150 million a year.

Sen. Daniel Patrick Moynihan (R-N.Y.), who joined D'Amato in the tax plea last fall, said that if the Treasury Department does not grant the waiver, he would attach to tax legislation this spring an amendment that would allow LILCO to sell the tax-free bonds.

Catacosinos approached the lawmakers to stress the urgency of LILCO's crisis and his belief that continuation of its problems would hurt not only Long Island, but also New York and other utilities around the nation. The LILCO chairman also met with Energy Secretary Donald Hodel, the five members of the U.S. Nuclear Regulatory Commission and Sen. George Mitchell (D-Me.), a member of Simpson's nuclear subcommittee.

LILCO's strongest support came from Simpson, whose frustration with Shoreham was evident during a three-hour hearing on the NRC's 1985 budget request. He said Shoreham has become a political "charade" and accused Cuomo and Suffolk County Executive Peter Cohalan of subverting the intent of emergency-response legislation.

His bill provides for perhaps two dozen federal officials to perform governmental tasks—such as order traffic diversion—that a utility, such as LILCO, may not be empowered to do. The officials would get involved if an adequate emergency plan existed but a state and locality refused to implement it.

But Simpson said it would be "tough" to get congressional approval and Mitchell said he was concerned that localities might do no emergency planning if they knew the federal government would take the responsibility. The Federal Emergency Management Agency has resisted such proposals in the past, saying it lacks resources or authority. But NRC Chairman Nunzio Palladino, whose agency has overall authority for approving the plans, said he "would heartily endorse a federal role" where emergency planning is stymied.

Both Simpson and D'Amato said they would discuss the issue with FEMA. Only 67 of the agency's 2,300 employees are in the nuclear power program nationwide, six of them in the New York region. But spokeswoman Marianne Jackson said the regional office has 62 full-time employees plus 70 reservists available to aid in any major mishap declared a disaster by the President.

David Denne of FEMA's Washington office added, however, that the agency "has no money" to train employees to manage nuclear emergency plans.

Catacosinos stressed, however, that a rescue may be too late if not completed soon. "Time is of the essence," he said during a press conference after his meeting with D'Amato. He said the tax-free bonds are crucial to the company's survival and that he needs the waiver immediately since it would take time to refinance the debt. The waiver asked by D'Amato and Moynihan is to exclude LILCO from a rule that bars utilities serving more than two counties from selling tax-free bonds. About three percent of the utility's business is Queens; the rest is in Nassau and Suffolk.

D'Amato is asking for a quick ruling. But Moynihan said the Treasury Department "will be reluctant to issue a waiver because of the [budget] deficit." So he introduced Catacosinos yesterday to Sen. Robert Dole (R-Kan.), head of the Senate Finance Committee, of which Moynihan is a member, and vowed to press for a legislative amendment if Treasury refuses what amounts to a tax loss of up to $150 million on LILCO's account.

D'Amato yesterday also said he would ask Cuomo to work with federal officials on a financial plan—including the importation of more inexpensive Canadian hydropower—to rescue LILCO while minimizing electric rate hikes. At a press conference in Manhattan, Cuomo said he wanted to hear more about the proposal before commenting.

Mr. MOYNIHAN. Mr. President, I thank the distinguished chairman of the committee and the managers of the bill for their courtesy in accepting this matter. This is of great importance to not a small portion of our State and of this Nation.

Mr. CHAFEE. Mr. President, I wonder if the Senator from New York will tell us what this matter is.

Mr. MOYNIHAN. It is a simple matter which allows the two-county rule for industrial development to be extended to this particular utility, which has a little [illegible] of territory in an adjacent third county.

Mr. CHAFEE. I thank the Senator.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. The question is on the amendment.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 2936) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. D'AMATO. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, there are a number of Senators who have amendments to be called up. First, the Senator from Washington (Mr. Gorton).

AMENDMENT NO. 2937

(Purpose: To allow employers additional time to acquire a targeted job credit certification in certain cases)

Mr. GORTON. Mr. President, I have an amendment at the desk which I ask to be considered.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Washington (Mr. Gorton) for himself and Mr. Levin, proposes an amendment numbered 2937.

Mr. GORTON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1090, between lines 18 and 19, insert the following new subsection:

(c) Special Rule for Certification.—Subparagraph (A) of section 51(d)(16) (relating to special rules for certifications) is amended by adding at the end thereof the following new sentence: "For purposes of the preceding sentence, if on or before the day on which such individual begins work for the employer, such individual has received from a designated local agency (or other agency or organization designated pursuant to a written agreement with such designated local agency) a written preliminary determination that such individual is a member of a targeted group, then 'the fifth day' shall be substituted for 'the day' in such sentence.".

Mr. GORTON. Mr. President, the amendment I have offered is designed to ease an administrative burden associated with the targeted jobs tax credit program. Under current law, an employer must submit the paperwork associated with a credit-eligible individual on the day of hire. This burdensome requirement was designed to avoid certain abuses which occur when employers simply scan their personnel files, looking for credit-eligible new employees whom they have already hired, even without the benefit of any tax credit.

My amendment eases the burden of this requirement without opening the door to such abuses, by permitting employers up to 5 days to file the necessary paperwork, provided the individual has a preliminary certification of credit-eligibility at the time of hire. In my home State, this accounts for most individuals hired under the targeted jobs tax credit, and hence this amendment will relieve a significant problem for small employers, to whom the existing requirement is annoying and troublesome.

The language of my amendment has been worked out with the staff of the Joint Tax Committee, and I believe it represents a small but concrete improvement in the targeted jobs tax credit program. I believe there will be no opposition.

Mr. DOLE. Mr. President, so far as I know, this amendment has been cleared on both sides, and the assistant commissioner, Senator Metzenbaum, cleared it, and I know of no further debate.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 2937) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, we have another amendment.

AMENDMENT NO. 2939

(Purpose: Exception for certain life insurance policies)

Mr. EVANS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Washington (Mr. Evans), for himself and Mr. Gorton, proposes an amendment numbered 2939.

Mr. EVANS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 678, between lines 10 and 11, insert the following:

(5) Exception for certain policies of $5,000 or less.—

(A) In general.—The amendments made by this section shall not apply to any contract which was issued before June 1, 1984 and—

(i) which was issued under a plan of insurance in existence on March 15, 1984, and

(ii) with respect to which the amount payable as an initial death benefit does not exceed $5,000.

(B) Only one contract per insured.—If a life insurance company issues more than one contract described in subparagraph (A) to the same person during the period beginning December 31, 1983, and ending May 31, 1984, subparagraph (A) shall only apply to the first contract so issued. For purposes of the preceding sentence, any contract issued by a member of the same controlled group (within the meaning of section 806(d)(3) of the Internal Revenue Code of 1954) as the life insurance company shall be treated as issued by such company.

Mr. EVANS. Mr. President, I offer an amendment for myself and Mr. Gorton regarding the effective date for the revised definition of a life insurance contract. Under the provisions of the Deficit Reduction Act of 1984, the definition of life insurance will be effective January 1, 1985, for contracts issued under plans of insurance existing on March 15, 1984. However, the effective date is retroactive to January 1, 1984, for increasing death benefit policies with premium funding more rapid than 10-year level premium payments.

This amendment provides a limited exception to the accelerated effective date for increasing death benefit policies. This proposal avoids the retroactive disqualification of business previously written by a company during 1984 and permits a company to develop, and secure State approval of, a replacement product that will satisfy the new guidelines.

Under this amendment, grandfather protection as life insurance would be provided to an increasing death benefit policy as a life insurance contract under present law to the extent that: First, the policy is issued prior to June 1, 1984, under a plan of insurance existing on March 15, 1984; second, the initial face amount of the policy does not exceed $5,000; and third, not more than one such policy is issued by the insurance company to the same insured.

The Joint Committee on Taxation and the Department of the Treasury have indicated the revenue impact to be negligible. Further information suggests that only six firms nationwide will be affected by this amendment, with two firms showing revenue losses. The Pierce National firm in Los Angeles expects to lose only $9,000 to $10,000; however, the Purple Cross Insurance Co. of Seattle will be severely impacted by a loss of $180,000 to $200,000 or 40 percent of the firm's net worth.

I wish to compliment Senators Dole and Long and the other Finance Committee members on an excellent job with the development of the Deficit Reduction Act of 1984.

I do not believe there is objection to this amendment, and I appreciate my colleagues support for it.

Mr. DOLE. Mr. President, the Senator is correct.

This amendment will provide a very short transition rule for certain small life insurance policies sold primarily to defray burial expenses.

The committee provision includes guidelines for the determination of whether a life insurance contract qualifies as life insurance for tax purposes. These guidelines are designed to make sure that the policies are not overly investment oriented.

The burial insurance policies would not meet the guidelines; and, in the case of at least one company, these contracts are the primary business.

All this amendment would do is to allow these policies to be sold until June 1, 1984. This will give the companies a chance to get revised contracts approved by the State insurance departments.

Mr. President, I know of no objection to the amendment.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Washington.

The amendment (No. 2939) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GORTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, now we have a short colloquy with the Senator from Washington and then we are going to recognize Senator Dixon.

AMENDMENT NO. 2940

(Purpose: Exempting property manufactured in the United States from the foreign tax-exempt leasing rules)

Mr. EVANS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Washington (Mr. Evans), for himself and Mr. Gorton, proposes an amendment numbered 2940.

Mr. EVANS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 28, between lines 16 and 17, insert the following:

"(iii) Property manufactured in the United States.—Clause (iii) of subparagraph (A) shall not apply to any property substantially all of which is manufactured within the United States or any possession of the United States.

Mr. EVANS. Mr. President, I rise to propose this amendment to express my concern over the elimination of the ability of U.S. manufacturers to take advantage of tax leveraged leasing to foreign entities. I understand the chairman's concern over lost revenues, and do truly appreciate and compliment him on the excellent job he has done in producing the bill. However, I remain concerned over the impact of the elimination of foreign entity tax advantaged leasing on U.S. exporters of manufactured goods.

This provision of the pending bill could dramatically weaken the ability of U.S. manufacturers to compete in world export markets. The Commerce Department in a study of the U.S. leasing industry in 1982, estimated that more than $125 billion of U.S. goods were leased abroad. This legislation could effectively eliminate lease financing for U.S goods in a year when we expect a trade deficit in excess of $100 billion.

The largest manufacturer in my home State has indicated that they fear that lease financing will no longer be available for aircraft sold abroad, despite the fact that the Finance Committee bill provides for severely curtailed tax benefits for leases in calendar year 1984. Furthermore, the transition rules adopted by the Finance Committee do not protect a number of aircraft sales for which commitments have already been made, and which were made prior to May 1983, when the Finance Committee began consideration of this issue.

I believe that the existing provisions of the Finance Committee bill with respect to foreign leasing are a serious problem, and I would hope that we could consider modifying those in a fashion which would permit further use of this important export-promotion mechanism.

Mr. GORTON. Mr. President, I rise in support of the amendment. Let me state at the outset, my agreement with the proposition that the Senators from Kansas and Louisiana have done an heroic job in putting together this tax bill. I know that they have had to make many difficult choices in constructing this package, and I also know they are bound to oppose attempts to alter its substance.

But I believe there is merit in further consideration of the leveraged leasing/export promotion provisions of this package. In this belief I am not alone: The amendment just proposed by my colleague, Senator Evans, and me reflects the Treasury Department's position on the issue as well. In testimony last year before the Finance

Committee, Assistant Treasury Secretary John Chapoton said: "U.S. exports could be adversely affected by these changes * * *" and that "special care must be taken to protect the international competitiveness of the United States."

Mr. President, I ask unanimous consent to have printed in the RECORD an extract from Mr. Chapoton's testimony.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF ASSISTANT TREASURY SECRETARY CHAPOTON TO THE FINANCE COMMITTEE ON FOREIGN ENTITY LEASING

We believe that additional policy considerations should be taken into account in the context of international transactions. We are concerned in particular about the potential impact of the bill on U.S. exports and believe that special care must be taken to protect the international competitiveness of the United States.

Under present law, Congress has differentiated between property used predominantly in the United States, which receives full ACRS benefits, and property used predominantly outside the United States. The investment tax credit generally is not allowed with respect to such foreign use property. Cost recovery allowances for foreign use property are calculated using longer class lives, but accelerated depreciation methods are allowed with respect to the longer lives. Certain limited categories of equipment used in international transportation and international communications are excepted from the limitations associated with foreign use property.

The bill would increase the limitations of present law by extending the recovery period for certain kinds of property and requiring straight-line depreciation for property covered by the bill, if it is used by a foreign person and 80 percent or more of the income derived from the use of the property is not subject to U.S. tax. The bill would override the exceptions provided by present law to the foreign use property limitations if the property is used by a foreign person.

In the international area, the bill would have two principal effects. First, the bill would deny the investment tax credit and provide less rapid depreciation for property that would otherwise qualify under one of the foreign use property exceptions of present law (e.g., international transportation or communications equipment) if it is used by a foreign person not subject to more than a de minimis amount of U.S. tax. Second, the additional limitations in the bill on cost recovery allowances for property used by foreign persons would increase the cost of lease-financed exports of the remaining kinds of property covered by the bill. U.S. exports could be adversely affected by these changes from present law.

We have no objection to limiting depreciation to an approximation of economic depreciation in certain cases where property is used outside the United States. We are concerned, however, that the application of these limitations to U.S.-produced property could significantly affect U.S. exports. Thus, we recommended that U.S.-produced property used by a foreign person be subject to the bill's limitations in the same circumstances as applied to a domestic tax-exempt entity, namely, if (i) existing property is subject to a sale-leaseback, (ii) property is financed with U.S. tax-exempt obligations, or (iii) property is subject to a lease that contains a fixed-price purchase or sale option or that extends for a term that exceeds 80 percent of the property's useful life.

We generally support the approach of the bill as it would apply to foreign-produced property, subject to the following modification. We recommend eliminating the exceptions in the bill for certain kinds of property and leases where there is a lease of foreign-produced property. We suggest, therefore, that the bill's limitations on cost recovery and investment tax credit be applied in any case where a U.S. person leases foreign-produced property to a foreign person not subject to more than a de minimis amount of U.S. tax. In this circumstance the transfer of tax benefits is clearly unjustified by tax or economic policy.

This concludes my remarks. Let me say that we would be pleased to work with the Committee on this bill. I would be happy to respond to any questions that you may have at this time.

Mr. GORTON. Mr. President, it is clear that the termination of tax-advantaged leasing provisions will result in an additional disadvantage for American products in international markets, at a time in which the high value of the dollar is already creating special problems for our export industries, resulting in the loss of jobs in my State and across the country.

I recognize the need for all parties to share in the burden of reducing our deficits. But I fear that the provisions of the Finance Committee bill in this regard may fall unduly harshly on certain sectors. Let me be explicit about my principal concern: The Finance Committee has adopted transition rules for foreign-entity leasing which severely disadvantage a key manufacturer in my home State and threaten the financing of millions of dollars in sales under contracts committed to prior to December 1983 but providing for deliveries in later years. In this regard, the transition rules adopted in the Ways and Means Committee bill appear more reasonable.

It is true that the Finance Committee has adopted a transition provision for credit property for 1984 which appears to be more generous than the House rule, which eliminates this advantage entirely for 1984. But unfortunately, the advantage is largely illusory. In fact, the stringency of the Finance Committee 1984 provisions is such as to render these transactions economically unattractive, and de facto to eliminate the possibilities for such financing arrangements.

I am not eager to pursue this issue to a vote. But I would hope that the chairman of the Finance Committee could give some indication that he is aware of this problem, and is prepared to give sympathetic consideration to the issue in conference with the House of Representatives.

Mr. DOLE. Mr. President, I appreciate the concerns of the Senators from Washington State. I, too, am concerned about the competitiveness of our export industries, and about the deficit in our balance of trade. Indeed, the Finance Committee has just held hearings on this very issue.

Where possible, we have sought to insure that changes provided for in the bill do not affect transactions entered into before the proposed effective dates. We will take another look at the particular concerns the Senators have expressed relating to aircraft in conference, assuming the other body adopts a measure of its own. Hopefully, we can satisfy their concerns at that time.

Mr. EVANS. Mr. President, I thank the distinguished Senator from Kansas. I appreciate his recognition of my concerns over this issue, and his willingness to look for a solution. I do not desire to pursue a vote on this issue. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. GORTON. Mr. President, I also thank the Senator from Kansas for his consideration.

Mr. DOLE. Mr. President, as I understand, the distinguished Senator from Illinois has an amendment.

Mr. DIXON. Mr. President, I have an amendment and I am prepared to proceed with it, but I have some problems with my colleague in connection with it, so I wonder in view of that the Senator will take up something else.

Mr. DOLE. Maybe the Senator could discuss it.

Mr. METZENBAUM. Take up something else.

Mr. DOLE. I understand the Senator from Virginia (Mr. TRIBLE) has an amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I understand Senator Dixon now is prepared to offer his amendment.

AMENDMENT NO. 2941

Mr. DIXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Illinois (Mr. DIXON) proposed an amendment numbered 2941 to amendment No. 2902.

Mr. DIXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of subtitle A of title I, insert the following new section:

SEC. . MODIFICATION OF ELECTION OR AGREEMENT UNDER SECTION 2032A.

(a) IN GENERAL.—Section 2032A(d) (relating to election and agreement) is amended by adding at the end thereof the following new paragraph:

"(3) MODIFICATION OF ELECTION AND AGREEMENT TO BE PERMITTED.—The Secretary shall prescribe procedures which provide that in any case in which the executor makes an election under paragraph (1) within the time prescribed for filing such election, but—

"(A) The notice of election, as filed, does not contain all required information, or

"(B) Signatures of 1 or more persons required to enter into the agreement described in paragraph (2) are not included on the agreement as filed, or the agreement does not contain all required information,

the executor will have a reasonable period of time (not exceeding 90 days) after notification of such failures to provide such information or agreements.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to estates of decedents dying after December 31, 1976.

(2) REFUND OR CREDIT OF OVERPAYMENT BARRED BY STATUTE OF LIMITATIONS.—Notwithstanding section 6511(a) of the Internal Revenue Code of 1954 or any other period of limitation or lapse of time, a claim for credit or refund of overpayment of the tax imposed by such Code which arises by reason of this section may be filed by any person at any time within the 1-year period beginning on the date of the enactment of this Act. Sections 6511(b) and 6514 of such Code shall not apply to any claim for credit or refund filed under this subsection within such 1-year period.

Mr. DIXON. Mr. President, this is a very simple and straightforward amendment. It attempts to deal with a policy of at least certain agents of the Internal Revenue Service, that has the effect of undermining the actions Congress has taken to try to preserve family farms and other small family businesses.

What is at issue here is section 2032A of the Internal Revenue Code. Basically, that section provides a mechanism to permit farm property or certain small business property being transferred at the death of the owner, to be valued as a farm or small business for estate tax purposes rather than at the perhaps much higher fair market value for the property. Now, some may wonder why Congress acted to treat farm and some small business property differently from most other property under Federal estate tax law. The reasons are very clear. I could explain them at some length. Instead, however, I will quote from the report of the House Ways and Means Committee in 1976, when section 2032A was adopted. That report states:

> When land is actually used for farming purposes or in other closely held businesses before and after the decedent's death it is inappropriate to value the land on the basis of its potential highest and best use especially since it is desirable to encourage the continued use of property for farming and other small business purposes. Valuation on the basis of highest and best use may result in the imposition of substantially higher estate taxes. In some cases, the greater estate tax burden makes continuation of farming, or the closely held business activities, not feasible because the income potential from these activities is insufficient to service extended payments or loans obtained to pay the tax. Thus, the heirs may be forced to sell the land for development purposes.

The law and the report both state the public policy issue directly and forcefully. Congress wants to continue the family farm and small family-owned enterprises. Congress does not want the death of the owner of a family farm or a small family-operated business to force the sale of that farm or business if the family wants to stay in farming or the small business. The idea was to not permit the Federal estate tax to destroy family farms or small businesses.

There seem to be people at the IRS, however, who are not interested in preserving family farms and small businesses, and who want to use the slightest technicality to prevent an estate from being valued under the provisions of section 2032A. Let me give you two examples of steps the IRS seems willing to take in its effort to break up family farms and small businesses.

In one case, the IRS has taken the position that an attempt to elect section 2032A treatment was invalid, even though timely filed, because the mother signed for her minor children without first having gone to court to be appointed as guardian for her own children. When this error was pointed out, the woman went to an Illinois judge, who promptly granted the guardianship and made its application retroactive. However, the service would not permit the election to be perfected. Now, I will not take the time of the Senate to argue whether the woman acted correctly. The point is that she acted in good faith and that even if she was in error, she should have been allowed to correct it.

In another case, a timely attempt to file a section 2032A election was considered by a local field office of the IRS to be invalid because it failed to contain the signature of the legal guardian of the grandson of the decedent, even though it contained the signature of the 3-month-old child's mother. The estate was not aware of the child's existence because the child was born only very shortly before the decedent died. Again, the issue is not whether a mistake was made. Rather, the point is that the estate acted in good faith, and attempted to take advantage of the section 2032A election in a timely manner. It does not seem unreasonable to me that in circumstances such as these, where there is no intent to do anything other than comply with the law, that there should be an opportunity to correct mistakes and perfect the filing.

Mr. President, as I read subsection (D) of section 2032A, the IRS already has sufficient discretion to permit parties to correct any good faith technical mistakes they make when filing applications for this special valuation treatment. However, the service seems to take the opposite view. Clarification of congressional intent by amending the section is therefore necessary.

My amendment provides that necessary clarification. It directs the Secretary of the Treasury to develop a procedure to allow an estate to correct simple errors in a filing for section 2032A valuation treatment. The section 2032A election would still have to be filed in a timely manner, as now required by law, but simple technical flaws would no longer destroy that election.

This may all sound very obscure and unimportant. But it is very important to family farmers and family-operated small businesses. These families want a chance to be able to continue their family traditions through the generations. Congress has clearly decided to give them that opportunity and not to let the death of the head of a family force the sale of the family farm or business because of the need to pay Federal estate taxes.

This is a reasonable amendment. It is supported by the Illinois Farm Bureau. I believe it will benefit family farmers and family-operated businesses around the Nation. We cannot allow simple, inadvertent errors to destroy the chances of many families to continue to farm or run their small businesses.

Mr. President, this particular amendment has been cleared with the distinguished chairman of the committee, the ranking member, and the distinguished Senator from Ohio, Senator METZENBAUM.

Mr. DOLE. Mr. President, the amendment by the Senator from Illinois corrects a very simple technical problem in electing the benefits of special use valuation for estate tax purposes. The amendment has no revenue impact and has been cleared on both sides of the aisle by our staff, and by the Joint Tax Committee staff.

All the amendment does is tell the Treasury Secretary to allow executors who timely elect special use valuation to have a reasonable period of time to correct purely technical oversights in the form of the election. The time would not exceed 90 days after notification of the technical problem, and only such problems as lack of certain information or signatures required.

Mr. President, the Senator is correct. He has accurately described the amendment. It has been cleared by the distinguished Senator from Louisiana (Senator Long). The Treasury has no objection. The chairman has no objection and we are prepared to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois (Mr. Dixon).

The amendment (No. 2941) was agreed to.

Mr. DIXON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DIXON. I thank the chairman of the committee.

Mr. DOLE. I thank the Senator from Illinois.

AMENDMENT NO. 2942

(Purpose: To exempt agricultural vehicles from the heavy truck use tax where use on public highways does not exceed 7,500 miles)

Mr. TRIBLE. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Virginia (Mr. Trible), for himself, Mr. Dole, Mr. Pressler, Mr. Abdnor, Mr. Nickles, Mr. Boschwitz, Mr. Baucus, and Mr. Symms, proposes an amendment numbered 2942 to amendment No. 2902.

Mr. TRIBLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 820, between lines 15 and 16, insert the following new section:

SEC. 604. SPECIAL RULE FOR CERTAIN AGRICULTURAL VEHICLES.

(a) In General.—Subsection (d) of section 4483 (relating to exemptions from highway use tax) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) 7,500-mile exemption for agricultural vehicles.—

"(A) In general.—In the case of an agricultural vehicle, paragraphs (1) and (2) shall be applied by substituting '7,500' for '5,000' each place it appears.

"(B) Definitions.—For purposes of this paragraph—

"(i) Agricultural vehicle.—The term 'Agricultural vehicle' means any highway motor vehicle—

"(I) used primarily for farming purposes, and

"(II) registered under the laws of the State in which such vehicle is, or is required to be registered as a highway motor vehicle used for farming purposes.

"(ii) Farming purposes.—The term 'farming purposes' means—

"(I) the transporting of any farm commodity to or from a farm or used directly in agriculture production.

"(iii) Farm commodity.—The term 'farm commodity' means any agricultural or horticultural commodity, feed, seed, fertilizer, livestock, bees, poultry, fur-bearing animals, or wildlife.".

(b) Effective Date.—The amendments made by subsection (a) shall take effect as if included in the amendments made by section 513 of the Highway Revenue Act of 1982.

Mr. TRIBLE. Mr. President, my amendment is quite simple. It amends title VI, the highway revenue provisions, of S. 2136 by raising the exemption from the heavy vehicle use tax from 5,000 miles annually to 7,500 for all agricultural vehicles. This amendment is cosponsored by Senators Dole, Pressler, Abdnor, Nickles, and Boschwitz.

The amendment defines agricultural vehicles to include highway motor vehicles used primarily for farming purposes. This includes trucks used for transporting agricultural or horticultural commodities, seed, feed, fertilizer, livestock, bees, poultry, fur-bearing animals, or wildlife, or supplies and equipment used in farming.

Farmers are staggering under the burden of years of inflation, high interest rates and severe drought. Farm debt is at an all-time high and bankruptcies are increasing.

To provide a measure of relief, I introduced S. 1596 to raise the annual 5,000-mile exemption for farm trucks from the heavy vehicle use tax to 10,000 miles.

Under the heavy vehicle use tax established in the Surface Transportation Assistance Act of 1982 (STAA), farmers driving in excess of 5,000 miles annually hauling their crops to market would have paid as much as an 800 percent increase in the heavy vehicle use tax. In many parts of the country—including my own State of Virginia—farmers frequently exceed the 5,000-mile limit. The number of farmers hauling in excess of 5,000 miles has multiplied with increased rail abandonments and grain elevator bankruptcies. According to the American Farm Bureau Federation, farm trucks now account for over 40 percent of all primary grain transportation. Only 4 percent of all farm trucks are long-haul vehicles.

The mileage exemption is insufficient to meet the needs of farmers who must truck their commodities longer distances to markets seeking higher prices. In short, the STAA discriminates against farmers who, by choice or circumstance, must drive over 5,000 miles annually to get their crops to market.

Changes made in the STAA by title VI of this legislation treat the farm community fairly. However, even though the heaviest trucks, those over 55,000 pounds, have had the tax reduced from a maximum of $1,900 to $600 annually, I believe it is unreasonable to ask farmers to pay the same road use tax as a transcontinental trucker traveling hundreds of thousands of miles each year.

One important fact must be remembered. Farmers, alone among shippers, cannot increase the price of their goods to cover the increased transportation costs. The farmer has to absorb any extra costs. Hauling is not the farmer's livelihood; it is simply the means of marketing his products. Nor can farmers pass on the increased costs of seed, feed, fertilizer, conservation measures, and equipment which are essential to farming.

My amendment has the support of the American Farm Bureau Federation, the National Cotton Council, the National Broiler Council, the American Soybean Association, the National Council of Farmer Cooperatives, the National Grain Trade Council, the National Grange, the National Corn Growers Association, the National Soybean Processors Association, the North American Export Grain Association, the Fertilizer Institute, the Millers National Federation, the National Cattlemen's Association, the National Farmers Union, the United Fresh Fruit & Vegetable Association, the National Turkey Federation, and the National Association of Wheat Growers.

I urge the adoption of my amendment.

Mr. DOLE. Mr. President, this has been cleared between the Senator from Louisiana and the chairman of the committee. Let me explain very briefly what it does.

It has no revenue effect. In the Finance Committee hearings, there was an amendment offered to increase the agriculture exemption for certain farm vehicles from 5,000 miles to 10,000 miles. That was not agreed to by the Department of Transportation. I led the effort to defeat that amendment. They did indicate at that time they could support a smaller number.

It seemed to me we needed to work on it. We have now agreed on 7,500 miles for an agriculture exemption.

The amendment proposed by the Senator from Virginia would allow certain vehicles used for farming purposes to be exempt from the heavy vehicle tax if they annually travel less than 7,500 miles on Federal highways.

Most of the agricultural vehicles are used predominantly on farms and have very limited highway use.

The purpose of the heavy vehicle use tax is to impose on each class of trucks an excise tax that is proportionate to the damage caused to our Federal highways.

Farm trucks generally are not used on the Federal highways and should not have to pay the same as a truck that travels 50,000 or 60,000 miles annually on the Federal highways.

Under the Finance Committee bill, the weight threshold for the heavy vehicle use is increased to 55,000 pounds. It is my understanding that approximately 95 percent of the farm vehicles weigh less than 55,000 pounds.

Therefore, the Finance Committee bill already exempts 95 percent of farm vehicles, I might say to my friend from Ohio.

I have some concerns about the ability of the IRS to enforce a mileage exemption and will continue to work with the Senator from Virginia in examining this compliance issue.

I support the amendment. I am advised that the Secretary of Transportation supports the amendment.

Mr. METZENBAUM. I thank the Senator from Kansas.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Virginia (Mr. TRIBLE).

The amendment (No. 2942) was agreed to.

Mr. TRIBLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I know Senator STENNIS is prepared to offer an amendment, but we are checking the IDB amendment at the staff level right now with Senator METZENBAUM's staff. Perhaps we will be ready in just a few minutes to proceed on that.

I want to say, while we prepare that, just for the record we have been working on this matter with the outstanding assistance of the distinguished Senator from Mississippi for many weeks. I appreciate his patience. I know it is a matter of grave concern to the Senator from Mississippi. We hope we have been able to work out something with Senator LONG, myself, and others to satisfy the concerns he expressed. As I understand it, Mississippi was the first State to issue IDB's. Is that correct?

Mr. STENNIS. Fifty years ago.

Mr. DOLE. Fifty years ago?

Mr. STENNIS. That is right.

Mr. DOLE. I think the Senator from Mississippi shares the same concern that many of us do. It is a good program if it serves a public purpose and if it creates jobs. And the Senator has helped us in many areas to eliminate some of the programs that were not jobs producing.

Mr. STENNIS. I certainly thank the Senator for his remarks. I thank the Senator from Kansas and the Senator from Louisiana for their counsel and guidance on the entire problem. Both of their staffs have been very helpful.

I think we have something that really lends strength to the program without doing harm.

Mr. DOLE. Maybe I can suggest the absence of a quorum.

Mr. SARBANES. Will the Senator yield?

Mr. DOLE. Yes. I think we can accommodate the Senator from Maryland. As I understand it, he has a problem.

Mr. SARBANES. Well, when we take the quorum break, I would like to discuss it in some detail with the Senator. I am concerned about maintaining the opportunity to use the IDB's in conjunction with the UDAG's, the urban development action grants. Those grants, of course, can only be used under certain limited circumstances that require paying attention to the degree of poverty and population lag and so forth. That is the first point.

Second, the amount of UDAG money is limited. It is appropriated every year.

Third, there is a judgment decision made by HUD with respect to who gets a UDAG. All of that operates to place some restraint on the use of the IDB's. But we do not want the IDB's eliminated from being employed in conjunction with the UDAG's. I think we are working that out to make that possible.

Mr. DOLE. As I understand the Senator, I think I have the same concern as he just expressed. Maybe we could suggest the absence of a quorum.

Mr. METZENBAUM. Will the Senator withhold?

Mr. DOLE. Yes.

Mr. METZENBAUM. I am informed that there is a special provision in this amendment having to do with Miles Laboratories. I am sure there is a reason for it, but I do not know what that reason is.

Mr. DOLE. Apparently in this case they have expended $850,000 before December 31, which was the effective date. This just clarifies that that was a substantial expenditure. In other words, they already started the project, they invested nearly $1 million and I guess we are about to change the rules. So, for clarification, that was a substantial expenditure.

I might suggest to the Senator from Ohio that during the quorum call I will read this memorandum in full and we can get back to him.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2943

(Purpose: To provide for a payment schedule for reimbursement of back claims due the States under the Social Security Act)

Mr. DOLE. Mr. President, while different staff members are looking at the IDB provisions, I have been authorized on behalf of the distinguished Senator from Missouri, Senator DANFORTH, to propose an amendment affecting medicaid which has been cleared by HHS and by the distinguished Senator from Louisiana, Senator LONG. It is proposed by Senator DANFORTH and Senator BRADLEY.

I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE), for Mr. DANFORTH, proposes an amendment numbered 2943.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title IX, add the following:

Subtitle F—Payment to States of Back Claims

PAYMENT SCHEDULE FOR REIMBURSEMENT OF BACK CLAIMS DUE THE STATES

SEC. 998. (a) The payment schedule contemplated by section 136 of Public Law 97-276 for reimbursement of expenditures described in that section is hereby established as follows:

(1) For expenditures identified in the decree entered by the United States District Court for the District of Columbia on July 21, 1983, in the case of *State of Connecticut v. Heckler*, No. 81-2237, and allowed by the Secretary of Health and Human Services prior to the date of the enactment of this Act, payment shall be made by supplemental grant award or otherwise, within 30 days after the date of the enactment of this Act.

(2) For any other expenditure described in such section 136 which was identified in such decree or in any other decree entered by a Federal court in a suit filed prior to September 30, 1982, payment shall be made, by supplemental grant award or otherwise, as soon as the expenditure or portion thereof involved is finally determined by the Secretary of Health and Human Services to be an allowable claim under the substantive provisions of the applicable title of the Social Security Act.

(b) With respect to section 306 of Public Law 96-272, no State or local expenditure incurred prior to October 1, 1978 under a state plan approved under title I, IV, V, X, XIV, XVI, XIX, or XX of the Social Security Act, shall be reimbursed, now or hereafter, unless—

(1) it is identified in paragraph (1) or (2) of subsection (a); or

(2) the claim for such reimbursement (whether asserted as an adjustment to prior year costs, or otherwise) was filed with the Secretary of Health and Human Services not later than May 15, 1981.

Mr. DOLE. Mr. President, as I understand this, it involves money that is due the States. There has been a court decision resolving an issue in favor of the States. There is no cost impact.

Finally, it resolves the dispute of long standing. We made an agreement a number of years ago to set a schedule of payment. This amendment fulfills the agreement.

PAYMENT OF BACK CLAIMS

Mr. DANFORTH. Mr. President, late in 1982, this body became involved in a discussion relating to the responsibility of the Department of Health and Human Services to pay the State's Federal share of programs under titles IV, XIX, and XX of the Social Security Act in those instances where the States filed claims for such payments on a retroactive basis.

Under Public Law 97-276, it was required that a payment schedule be established for the Federal reimbursement of State's back claims. This provision was included to provided recognition of the State's claims in a case then pending in the Federal court of appeals.

The court has since resolved the issue in favor of the States and the Department of HHS has been directed to pay out all allowable claims approved by HHS.

Under this amendment, the payment schedule contemplated by Public Law 97-276 is established as follows:

First, for expenditures identified as allowed claims in the decree entered by the U.S. District Court for the District of Columbia on July 21, 1983, in the case of of the *State of Connecticut* v. *Heckler*, No. 81-2237, payment shall be by supplemental grant award or otherwise immediately upon commencement of fiscal year 1984.

Second, for any other expenditure described in section 136 which was identified in the aforementioned State of Connecticut against Heckler suit or any other suit with respect to such an expenditure filed prior to September 30, 1982, payment shall be made by supplemental grant award or otherwise as soon as the expenditure or portion thereof, if any, is finally determined to be allowable under the substantive provisions of the applicable Social Security Act title.

Third, no payment will be permitted unless it is identified in the prior two paragraphs.

Mr. President, this amendment has no cost attached to it and finally resolves a dispute of long standing. We made an agreement a number of years ago to set a schedule for payment, and this amendment fulfills the agreement.

I urge my colleagues to accept the amendment.

RETROACTIVE CLAIMS

Mr. BRADLEY. Mr. President, I rise in support of this amendment to reimburse States for retroactive claims. Ten States, including New Jersey, have been fighting for years to receive payment for back claims for funding under various social security programs dating back to periods before September 30, 1978. At stake for New Jersey is more than $9 million, mostly for medicaid.

Mr. President, the Department of Health and Human Services, up until the present, has refused to allow payment for these back claims. The U.S. District Court for the District of Columbia ruled in 1983 that the Federal Government must repay the States. In Public Law 97-276, Congress authorized payment "in accordance with a schedule, to be established under the Social Security Act." What remains to be done is passage of that payment schedule.

This amendment established the payment schedule. It would mandate payment of claims already allowed by the Secretary of Health and Human Services within 30 days after enactment. I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Kansas (Mr. Dole).

The amendment (No. 2943) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2944

(Purpose: To exempt UDAG assisted projects and manufacturing facilities from the small issue limitation on IDB's, and for other purposes)

Mr. DOLE. Mr. President, I send an amendment to the desk for myself, Senator Stennis, and Senator Long on the IDB and ask for its immediate consideration. I think this will resolve the problem. I want to thank Senator Sarbanes for raising the question. We have been able to address it and include the language in the proposal.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kansas (Mr. Dole), for himself, Mr. Stennis, and Mr. Long, proposes an amendment numbered 2944.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 860 of the matter proposed to be inserted, strike out lines 4 through 12 and insert in lieu thereof the following: "industrial development bonds (including any obligation that is part of an issue described in subparagraph (E))—

"(i) which is not to be redeemed from the proceeds of such issue,

"(ii) the interest on which is exempt from tax under subsection (a),

"(iii) which are allocated to such beneficiary under subparagraph (C), and

"(iv) which are outstanding at the time of such later issue.

On page 870 of such matter, strike out line 16 and insert in lieu thereof the following:

"(E) Exception for UDAG projects and manufacturing facilities.—

"(i) In general.—Subparagraph (A) shall not apply to—

"(I) any issue substantially all of the proceeds of which are to be used to provide any manufacturing facility, or

"(II) any issue described in paragraph (6)(I).

"(ii) Manufacturing facility.—For purposes of this subparagraph, the term 'manufacturing facility' means any facility described in subparagraph (N) of section 103(b)(6).

"(iii) Certain storage facilities treated as manufacturing facility.—For purposes of this subparagraph, the term 'manufacturing facility' includes any facility used for the storage and distribution of property manufactured, processed, or produced by any person if—

"(I) such facility is owned and operated by such person,

"(II) substantially all of the property stored at, and distributed from, such facility is manufactured, processed, or produced by such person, and

"(III) no portion of such facility is used for the sale or distribution of such stored property directly to the ultimate consumer.

"(F) Treatment of Related Persons.—

On page 880 of such matter, between lines 5 and 6, insert the following:

(e) Termination Date For Small Issues Not to Apply to Manufacturing Facilities.—Subparagraph (N) of section 100(b)(6) (relating to termination date) is amended to read as follows:

"(N) Termination of paragraph.—

"(i) In general.—Except as provided in clause (ii), this paragraph shall not apply to any obligation issued after December 31, 1986 (including any obligation issued to refund an obligation issued on or before such date).

"(ii) Obligations issued to provide manufacturing facilities.—This paragraph shall apply to any obligation issued before January 1, 1991, as part of an issue all or substantially all of the proceeds of which are to be used to provide manufacturing facilities.

"(iii) Manufacturing facility.—For purposes of this subparagraph, the term 'manufacturing facility' means any facility which is used in the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property). Such term includes any storage facility integrally related to a manufacturing, production, or processing operation.".

On page 899 of such matter, strike out line 21, and insert in lieu thereof the following:

SEC. 721. RESTRICTION ON ISSUANCE OF INDUSTRIAL REVENUE BONDS FOR OFFICE, PROFESSIONAL, AND FINANCIAL FACILITIES.

(a) IN GENERAL.—Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(15) No exceptions for obligations issued for offices or certain facilities.—

"(A) IN GENERAL.—Paragraphs (4), (5), (6), and (7) shall not apply to any obligation other than an obligation described in section 103(b)(6)(J) issued as part of an issue more than 5 percent of the proceeds of which are to be used for—

"(i) offices or office equipment, or parking facilities

"(ii) medical or health facilities other than hospitals (including health clubs), or

"(iii) facilities used in providing professional, financial, legal, accounting, insurance, brokerage, or similar services.

"(B) PROCEEDS USED IN QUALIFIED CENSUS TRACT.—For purposes of applying subparagraph (A), any proceeds which are used to provide 20-year real property that is located in any qualified census tract (within the meaning of section 103A(k)(2)) shall not be treated as being used for any purpose described in subparagraph (A).".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to obligations issued after April 11, 1984.

(2) CONSTRUCTION OR BINDING AGREEMENT.—The amendments made by this section shall not apply to obligations issued with respect to facilities—

(A) the original use of which commences with the taxpayer and the construction of which began before April 12, 1984, or

(B) with respect to which a binding contract to incur significant expenditures (within the meaning of section 722(g) of this Act) was entered into before April 12, 1984.

SEC. 722. EFFECTIVE DATES.

On page 906 of such matter, line 3, strike out "and 720" and insert in lieu thereof "720, and 721".

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SEC. 723. SENSE OF THE SENATE REGARDING PER CAPITAL LIMITATION.

It is the sense of the Senate that no per capita limitation be imposed on the face amount of industrial development bonds (within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954)) which are treated as described in section 103(a) of such Code.

On page 904 of such matter, at the end of the table preceding line 1, insert the following:

Mr. DOLE. Mr. President, the first modification to the committee's IDB provision is a resolution stating the sense of the Senate that no per capita limitation should be imposed on the face amount of industrial development bonds. We know there is such a limit on the House side.

SUNSET OF SMALL-ISSUE IDB'S

The second modification would extend for 4 years the scheduled sunset of certain industrial development bonds. Under current law, small IDB's may not be issued after December 31, 1986. The modification would extend that sunset date to December 31, 1990, for certain small-issue IDB's used to provide manufacturing facilities, including facilities the primary purpose of which is manufacturing, producing, or processing goods. This, of course, is the traditional purpose for industrial development bonds. In the view of the sponsors of the amendment, these manufacturing facilities are distinguishable from other uses of IDB's and should not be sunset on December 31, 1986.

MODIFICATIONS TO $40 MILLION USER LIMITATION

The amendment also creates two exemptions from the committee provision restricting the use of small issue IDB's by firms using more than $40 million of outstanding tax-exempt IDB's. Under the amendment, this limitation would not apply to small issue IDB's that are used for manufacturing facilities, or to small issue IDB's that are eligible for the increased capital expenditure limits by virtue of receiving a UDAG grant.

As in the original provision, IDB's of all types will be counted in determining whether a company is subject to the restrictions of the $40 million user limitation. But, under the amendment, if a firm is using more than $40 million of IDB's, this rule will not restrict its use of additional small issue IDB's as long as the new IDB's are used for manufacturing facilities, or for facilities receiving a UDAG grant.

NO IDB'S FOR OFFICES, FINANCIAL SERVICE FACILITIES, AND PRIVATE HEALTH FACILITIES

Finally, Mr. President, the amendment eliminates the use of IDB's for certain facilities. In my view, the facilities eliminated from the list of permissible uses are those where the connection between IDB financing and job creation are most tenuous. These include IDB's used for office buildings and equipment, IDB's used to provide facilities for professional, legal, financial, accounting and similar services, and IDB's used to finance physicians offices and equipment, private health clubs, and health care facilities other than hospitals. We have added parking facilities. Generally, these restrictions would apply to bonds issued after April 11, 1984. However, transactions in progress would not be affected by the provision, by operation of a grandfather clause exempting projects where a taxpayer on April 11, 1984, had either commenced construction, or entered a binding contract to incur significant expenditures for the construction or acquisition of facilities. In addition, Mr. President, the prohibition on financing office buildings would not apply to buildings located in certain distressed areas.

Mr. LONG. Mr. President, I compliment the chairman for proposing this amendment. As the chairman so well knows, our efforts to protect the Treasury, while at the same time permitting proper use of these development bonds, will result in a very substantial savings to the Treasury. But our purpose in doing so is to try to confine the use of these industrial development bonds to the sorts of things that were envisioned when the program started. We want to help communities obtain payrolls, mainly to provide manufacturing jobs, in order to help those communities grow.

The program has been jeopardized by using development bonds for so many other things. Nobody had in mind they could be used for massage parlors, for example. By confining the use of IDB's to what we originally had in mind, this amendment will both save money for the Treasury and at the same time extend the life of the program.

I think the Senator has a very fine amendment.

I also want to congratulate the Senator from Mississippi, who has worked very hard on this matter. We all agreed that something must be done about this.

Mr. President, I believe that to a large extent we can regard this amendment as the Stennis amendment, because the Senator from Mississippi pushed everyone on it and insisted that the staffs on both sides of the aisle give it their best thoughts.

Mr. President, I believe this amendment is an appropriate solution to a serious problem. I think it is a good example of statemanship in action. I congratulate the chairman of the committee and I congratulate the Senator from Mississippi. I am proud to join with them in this amendment.

Mr. STENNIS. If the Senator will yield, I wish to thank each of them.

They certainly have responded to a call for help on behalf of the so-called little people, where these small bonds are involved.

I will have brief remarks to present later.

● **Mr. SASSER.** Mr. President, I support this amendment to modify the provisions of this tax bill relating to industrial development bonds.

This amendment recognizes that there are indeed problems in the industrial development bond program as there often are in all Federal programs. And while I applaud the actions of the Finance Committee to curb abuses in this area, I am concerned that the proposals that came out of the committee came previously close to throwing out the baby with the bath water.

Taking steps which greatly inhibit the use of industrial development bonds is unwise given that this source of financing is central to many State and local economic development programs in urban and rural areas. In

Tennessee in 1982, some $642 million in such bond issues helped spur growth and development across the State. Whether it be helping a plant get off the ground in Savannah, TN, or aiding in renovation of historic structures in Memphis through the center city commission, industrial development bonds have played a key role in keeping these communities moving forward.

I would like to point out the emphasis this amendment places on manufacturers who make use of industrial development bonds. Very few can argue that this is not a worthy use of IDB financing. In the State of Tennessee IDB bond issues in manufacturing projects totaled $1.5 billion between 1960 and 1981. During this same time period these IDB financed manufacturing concerns generated over 84,000 jobs in Tennessee. In 1983, 81 of Tennessee's bond issues went to manufacturers.

I feel compelled to touch for a moment, Mr. President, on the fact that the Senate has not been provided an opportunity to weigh the impact of the proposals contained in the Finance Committee package. The proposals have not been the subject of hearings in any Senate committee. Hearings on these specific proposals and on the use of Industrial Development Bonds in general would have contributed greatly to our understanding of the issues involved in this debate. In a sense, we are acting in the dark on these recent recommended changes.

Indeed, the ink is not completely dry on the last round of revisions in the industrial development bond program. The 1982 tax bill contained several significant alterations in IDB rules. Although we do not fully know the impact of those changes, we find ourselves faced with yet further so-called reform efforts. It seems to me that we would do well to assess the impact of prior legislative efforts before rushing into the breach on this issue again.

In short, Mr. President, we are moving to cut off valuable source of financing without fully comprehending the sweep of our actions. This trend bears out a fear I expressed during consideration of restrictions in industrial development bonds in 1981. At that time I sensed that we were setting a bad precedent. I feared we were creating a situation where Members would come back year after year arguing for greater limitations on the use of IDB's.

It is with some sadness that I see my words as somewhat prophetic. The basic purpose of the industrial development bond program, to create jobs and foster industrial growth, is being undercut by overbroad reform efforts. I urge my colleagues to join with us in supporting this amendment today and slowing this troubling trend.●

Mr. **SARBANES**. Mr. President, I want to thank the chairman and the ranking member of the committee for their response to this UDAG problem which was brought to their attention, and also the distinguished Senator from Mississippi who has taken such a strong lead on this issue.

The UDAG projects are, of course, excepted, as was indicated earlier, from this cap that was placed on small issues of IDB's, as the chairman of the committee pointed out. So if a developer had reached the cap with a UDAG project involves, he could continue. Of course, that reflects the fact that you cannot use UDAG's unless you have some rather strict criteria, even to compete in the competition for UDAG let alone get the UDAG which, of course, involved a judgment, and the amounts are limited.

Also, UDAG grant facilities would be exempt from the list of the health facilities and commercial buildings.

An exception is also carried over into the restriction on the issuance of IRB's for office, professional, and financial facilities. That reflects the same thinking. That was included. So that, if it is tied to a UDAG, that restriction that is contained later on in the amendment would not apply to it. I think that is a forthcoming response to the UDAG situation. It enables us to combine the IRB's and the UDAG's in order to accomplish these matters of urban revitalization, which had worked, I think, very successfully across the country.

I thank the chairman and the ranking member of the committee for their help, and the distinguished Senator from Mississippi.

The **PRESIDING OFFICER**. The Senator from Mississippi.

Mr. **STENNIS**. Mr. President, I have expressed thanks, and I mean very warm thanks, to the two floor managers of the bill. I also want to thank their committee staff members for being the excellent men that I found them to be, well prepared and knowledgeable in every way and with good suggestions. There are a great number of my fellow Senators, too, who are interested in these matters. They and their staff have been helpful in reference to working out these matters.

Mr. President, may I add these words: The Senator from Louisiana and each one of them mentioned the fact that the first program along this line that took advantage of these bonds was in Mississippi. That was 50 years ago this year, Mr. President. That program has run now since 1934 under my direct observation and some contact with it. My home county was one of the main beneficiaries. It was inaugurated by the late Gov. Hugh White—I want to bring his name in here—when he was a retired businessman. He conceived something along this line and ran for Governor on this platform of bringing to the community a small industrial plant of some kind that would thereby create jobs for the local people.

Many of these jobs are filled by the people who live in those communities. They do not even have to move. It has brought thousands and thousands of people in my State into this area of employment. As I say, it was bringing the job to the people rather than their having to move off somewhere else.

It has lent strength to our State, it has put more money in the State treasury, more in the county treasury and the little towns, the school districts, and everything else, and more into the Federal Treasury.

Mr. President, we have some actual figures. I am not boasting about this; we have some actual figures showing calculations made by competent people as to how much the Federal Treasury is benefited by the taxes paid in by these employers. I have seen people get jobs at these places and they are thereby able to send their children to college in later years who otherwise would not have been able to go.

This is a program, Mr. President, that is nationwide now. It is practiced in all 50 States. The effort is carried on for the location of these small industrial units. It is not of any cost to the Federal Government, is of very little cost to the State governments, and their subdivisions. It is on duty day and night, every day in the year, promoting, following up, and supporting these little institutions.

I can call attention to several phases of the amendment, but I do not think that is necessary unless somebody is interested. Somebody on the committee put a limitation on the total amount any contractor could have at any one time. We found out that that precluded a good many—State X, for example, lost the prospect of having projects brought and handled in the State by certain industrial people. They have combined now, merged in modern business practices. So in this amendment, it just says that this $40 million limitation will not apply where the principal part of the program is a manufacturing or industrial plant, a processing plant that goes with it. So that lifted the ban there that will make every company that might want to come to Arkansas or any other State, mine, or wherever it is. It would be open so they could come.

We have a case, if I may mention this, in our State that is running full blast now, where the manufacturer had already had tentative plans made to locate in Puerto Rico—one plant there and one in Spain, I believe it was, and one in some other place in Western Europe. But after this plan was unfolded to the manufacturer and he understood it, he changed his mind and canceled his plans to go abroad with his factories and put this one there in Mississippi and it has been growing and producing ever since.

Mr. President, I see the Senator from Arkansas here. I am glad to yield to him for a question.

Mr. PRYOR. Mr. President, I thank the very, very distinguished Senator from Mississippi (Mr. Stennis) for yielding to me. I want to say just a very short word to compliment the Senator from Mississippi for his splendid work on industrial bonds. I want to ask the distinguished Senator from Mississippi and also the cosponsors of this legislation if I may not be added as a cosponsor. Mr. President, I would like unanimous consent at this point to do that.

Mr. STENNIS. Mr. President, I shall be delighted to have the Senator join us.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. PRYOR. I would like for one moment, Mr. President, to say that the distinguished Senator has pointed up, with the State of Mississippi, how these revenue bonds have been used to create jobs and wealth in the State. I can echo that for his neighboring State of Arkansas. In fact, with some degree of research, we have attempted to go back through the history of tax-exempt revenue bonds.

We started off in 1959 with what we called the Act 9 bonds and moved into a sort of partnership arrangement with what we might call the industrial development bond arrangement. I say to the Senator from Mississippi that our investigation has revealed that some four billion dollars' worth of capital has been generated that may not have been generated had we not had some form of tax-exempt revenue bonds. We find now in our State of Arkansas that of the Fortune 500 companies, 239 of those 500 companies are now located in the State of Arkansas. Once again, I truly believe that in an area of manufacturing plants, the creation of jobs and ultimately the creation of, hopefully, some degree of economic opportunity is being done because of the incentive granted by these particular bonds.

Finally, Mr. President, the 330,000 jobs that have been created in the State of Arkansas since the inception of the revenue bond concept, we think, is certainly justification for this amendment to be passed and adopted as an amendment to this bill this evening.

Once again I compliment the distinguished Senator from Mississippi and the managers of this particular amendment.

Mr. METZENBAUM addressed the Chair.

Mr. STENNIS. I thank the Senator very much. He is the former Governor of Arkansas, too, and I know he contributes greatly to that fine State.

Mr. DOLE. Mr. President, will the Senator from Ohio yield just for a second?

Mr. METZENBAUM. Yes.

Mr. DOLE. I ask unanimous consent, Mr. President, to add the distinguished Senator from West Virginia (Mr. Randolph) as a cosponsor.

The **PRESIDING OFFICER.** Without objection, it is a ordered.

Mr. METZENBAUM addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, I, too, join my colleagues in paying respect to the distinguished Senator from Mississippi for the work he has done in connection with this measure. He has been a one-man lobbyist for this subject and has sold matter to many of his colleagues, and I respect him for it. I do not stand to oppose this amendment but, rather, to comment upon it for a moment.

When we started with industrial revenue bonds several years ago, the whole idea was that they were going to help make jobs and they were going to help by providing this tax-exempt financing for the purpose of doing that.

Well, it started down that road, and then, like so many other programs, it went off the highway. As it went off the highway, we found that massage parlors, bowling alleys, tennis clubs, and anything else you could think of suddenly became the subject of IRB's which only served to cause the program to come into some disrepute.

As a matter of fact, the Finance Committee bill and the amendment of the Senator from Mississippi move back more in the right direction. They extend the period of time as far as the sunset provision is concerned, but they limit the IRB's to manufacturing plants and to IRB's in connection with UDAG's and they provide some specific exceptions as to what can or cannot be included.

I think that is a definite move in the right direction. However, I would be remiss if I did not point out that one portion of the amendment states it is the sense of the Senate that there should not be caps for each of the States.

Well, I think that is a good provision. I think there is some merit to it. I think there is some way of providing some limitations in connection with it. I am not going to challenge it by vote or anything of the kind, but I want to make it clear it is not the sense of this Senator, and I am not certain that on a poll it would be the sense of the entire body. But be that as it may, I also want to say that this proposal again does what was done in connection with the life insurance amendment; it spells out a host of specific projects, individual locations, in cities throughout the Nation, an empty parking lot in New York City, all sorts of different facilities. There are pages of them. I recommend to those who may be listening to my voice that you open up the report and/or the original text and look at the amendments, and you will find that there are a host of specific exemptions.

To this I have some objection, and I find it distasteful, but I am told that in order to get the amendment through, in order to provide some limitation, in order to provide some halt to the total expansion of the program, it was the price the Finance Committee felt had to be paid in order to pass the amendment.

And so, Mr. President, I rise to say it is with tongue in cheek that I support the amendment because it does not go as far as I think it should, but I support it because I do think it is a step in the right direction.

In conclusion, I again commend the Senator from Mississippi for his arduous efforts.

Mr. STENNIS. I am most grateful again to the Senator for his compliment, and I comment him highly, too, for his thought and his conclusions about this very matter.

Let me say this. I found out in my work what a colossal task our Finance Committee is up against in trying to deal with this entire matter. There has been a growth there for years that was almost uncontrollable, and they have worked on it some each year. They are in the process, I think, of gradually finding their way to solving some of these problems. It is being improved all the time. It cannot be totally improved at any one time. It takes experience, stops and starts and tying it in with our economic conditions. I commend them very highly.

I think that they are on the right track and will continue to take some of these steps each year.

The added time that is in this amendment keeps the small industry part of the bill from being under the death sentence of almost immediate discontinuance, and that would give them a chance to get more and more system and experience and methods of meeting these problems. I think many of the States have been very good, indeed, in working out these matters. We have always had a statewide committee in Mississippi empowered by law, with a highly efficient man who knows his business at the head of it, that controlled the issuance of these bonds. They had to prove the project. They had to have cause for their conclusion that it was a project which would sustain itself and pay out the bonds, both principal and interest.

I want to say, too, that this is a case where there is some Federal money involved, not a grant but there is a saving equal to about 2.5 percent, and that is enough to make some difference. There is an advantage that is gained to those who build these factories and get them started off at least. They get a benefit in interest rates. That means, as we all know, a great deal at this particular stage of our economy.

In smaller States there is just no practical alternative to the issuance of tax exempt industrial revenue bonds to attract job creating manufacturing facilities. Larger States, far richer than Mississippi and other small States, can just appropriate money and lend it directly to the industry at extremely low interest rates. For instance, Pennsylvania is said to have a program whereby it loans money to manufacturing facilities establishing in that State at the low rate of 2 percent if that is necessary to attract the industry. Other large States have similar programs, some of them built around trust funds.

In Mississippi and a number of other States the industrial revenue bond program has not been abused but its use has been limited to manufacturing facilities which create jobs. We can present figures showing how many jobs have been created over x number of years; the payrolls attracted; and how much income tax revenue the Federal Government has derived as a result of these new jobs and payrolls. Hopefully those facts would show that the income tax revenues resulting from the issuance of industrial revenue bonds far outweigh the lost income tax revenues as a result of the tax exempt bonds.

Testimony can be developed and presented isolating the abuses some States and industries create in the application of the industrial revenue bond program. The figures will show how many bond issues and what amounts fall in this category and when the program is tightened up, hopefully job creating manufacturing facilities and the bonds issued for that purpose will not total such a huge amount that the continuation of this aspect of the program will not cause any serious burden on the U.S. Treasury.

I again thank all of those who have been so willing to help and so understanding about this entire matter. Mr. President, I yield the floor.

Mr. DOLE and Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER (Mrs. Hawkins). The Senator from Kansas is recognized.

Mr. DOLE. is there anything further on the amendment?

Mr. D'AMATO addressed the Chair.

Mr. STEVENS. I have a series of questions.

Mr. D'AMATO. Madam President, I have some questions. I have been attempting to work with the distinguished chairman, and I think we have come a long way, attempting to deal with many of the abuses that my colleague from Ohio has cited. I think we have eliminated many of them. My distinguished colleague from Mississippi has done an outstanding and apparently wonderful job in being able to bring us to this point where at least we can have a discussion with respect to the kinds of purposes for which industrial revenue bonds should or should not be preserved. Some people have cited some examples of the abuses of them, the fast food stores and chains.

Well, this same Senate moved in, I think, a very constructive manner to eliminate that abuse. There were others who complained about—and I agree with my distinguished colleague from Ohio—some of the entertainment kinds of things, country clubs, swimming complexes, et cetera, entertainment centers. We eliminated that abuse. We eliminated that abuse, and I commend my colleague from Ohio—I mean that very sincerely—because we want to make available the ability for small businesses, in particular, to borrow and to use the proceeds to revitalize communities in those cases where otherwise projects would not go forward. That is what we are attempting to accomplish.

However, I have to ask why, on page 4 of this—and I have just seen this for the first time—we eliminate, for example, facilities used in connection with professional, financial, legal, accounting, insurance, brokerage, or similar services.

If ever there was a provision, an exclusion, that would certainly put an end to the use of industrial revenue bonds in many of our financial centers in this Nation, in many of our urban centers in this Nation, this provision does it.

I am not for limiting liquor stores, for knocking out sky boxes, for knocking out airplanes. Fine; let us do it. But financial? No way. Brokerage houses? No way. Similar services? No way.

Why should they not be encouraged in our poor areas, and why should not the definition of where these areas can be held and developed be limited to census tracts as opposed to an urban development action grant?

If we are interested in making available redevelopment of areas, and if we want to limit those things that people say are abuses, fine. Let us limit abuses. If we are going to get the kind of capital we need in our older centers, particularly in the Northeast and some of our other communities, I simply believe that to attempt to make that impossible in the future does a great disservice to the purposes.

Why is it that if someone wants to build a facility that will be a so-called financial facility, something is wrong with that? Is there something inherently wrong with that? If somebody wants to answer, I would be delighted to hear the reason. Or a brokerage facility. Why? Particularly if we want to subscribe to the fact—which we really did not negotiate—that we would put it in an urban development action grant area. Why do we want to limit it to a census tract?

I suggest that if that were to be applied—and I hate to be parochial—to New York City and its 7 million people, there would be literally a handful of areas or regions that would qualify for use, and the rest of the city, including vast areas in Manhattan, Queens, Staten Island, and Brooklyn would be excluded.

I do not see any good purpose in moving that way. I have said from the beginning that if we want to correct the abuses, let us correct the abuses. Let us identify what they are. This does not correct an abuse.

Mr. DURENBERGER. Madam President, will the Senator yield for a question?

Mr. D'AMATO. I yield.

Mr. DURENBERGER. Would the Senator consider it good public policy today to extend the Rural Electrification Administration program to the city of New York?

Mr. D'AMATO. I have not asked. I do not think this does that. Does it?

Mr. DURENBERGER. No, I do not think this does it. But the Senator is making the argument, in effect, that the industrial development bond authority ought to be made available practically anywhere. I cannot disagree with the argument he makes about restricting purpose. But the first half of his argument seemed to indicate that there should be no policy that restricts areas in which this particular form of financing is available.

Mr. D'AMATO. As a matter of fact, I had discussed and my staff had discussed with committee that we use an urban development action grant area as a designation. But when we want to get into the census tracts area, we want to make it minutia, and we want to destroy the ability of areas in my State to use bonds.

I am not saying that I am not interested in the effect in New York, because I am. Vast areas in Florida would be excluded. If this purpose is wrong, let us eliminate it, and I am willing to do it.

By the way, I think we have come up with reasonable limitations. Is there not a $40 million limitation here? I am wondering. Can anyone answer what the limitation is?

We went from no limitations down to $40 million. We have come a long way. But this bill is not intended to be one that will curb the abuses. We have limited the amount. We are ready to circumscribe the areas, and we are ready to eliminate purposes. Why would anyone want to say that it can only be in a census tract area, and why would anyone want to say that brokerage houses, financial institutions, and so forth, cannot qualify? I wonder why. I am wondering who wants to advocate that. I woud love to hear who is advocating that position. It is in the bill; it is here. Can anyone tell me why? Maybe there is a good reason. I do not hear any.

Mr. MURKOWSKI. Madam President, will the Senator yield for a question?

Mr. D'AMATO. I yield.

Mr. MURKOWSKI. Obviously, there is a great deal of discrepancy between the needs of New York and my State of Alaska. But I find a similarity in the restrictions proposed, because our State is dependent on small business, whether it be a small financial institution, a small insurance business, a small brokerage business, or, as the language states, other similar services.

I do not think it necessarily reflects on the significance of the size of the State but more appropriately the needs of those areas to have the authority to utilize this financing, which has been traditional. To exempt this specific group, with no particular reason, no particular explanation, I think shows an inconsistency and certainly should be responded to with some explanation.

To just pick out three or four and say we are going to allow funding of those but not these—my question to the Senator from New York is this: Does he not feel that we have a inequity here that crosses the boundary of any individual State needs but pertains to the services associated with America's small business community?

Mr. D'AMATO. I have to agree with my distinguished colleague from Alaska.

The fact is that the gist of this proposal is not one which is intended to make available industrial revenue bonds to small businesses which demonstrate a need, but really to kill the program. This amendment has that effect.

With the exception of manufacturing—now, if we are going to say that is the only legitimate purpose, manufacturing, that should be what we are stating very clearly, instead of coming around it in this manner.

In addition, we lengthened the depreciation recovery period of most IDB-financed property in the following manner.

We go from 3 years to 4 years, up 33 percent. We go from 5 years to 7 years, up 40 percent. We go from 15 years to 22 years for nonresidential real property, up 47 percent.

This does not eliminate double dipping but it kills the economic usefulness of the program.

I again make my appeal and I hope it is taken as an appeal. I again appeal for fair play.

The Senator from New York is saying if we want to come to a compromise that does not kill the program but eliminates the abuses, I am supportive. I will be supportive. I am willing to examine it. But that is not what this amendment does.

This amendment guts industrial revenue bonds as it relates to the small business community. It deprives vast communities of the ability to utilize them in keeping their communities from becoming economic no man's zones.

I do not believe that it was ever the purpose of Congress to say that industrial revenue bonds should only be used in the area where a community has total blight. How are you going to attract someone in when you have total blight? I think we have a responsibility to attempt to avoid that blight before it comes from those people who dreamed up the census tract area, and I never knew it, and I am wondering where did it come from. I know where it came from. Then I get criticized. I have been trying to work with staff. We have been trying to work for a long time. The next thing we know I do not see this bill and it is introduced. The package is introduced.

When you work on this thing at least if you are going to have someone who is going to be called upon to vote on it who is interested in it, let staff see it, my staff, this Senator's staff see it, before it goes in.

If you wonder why, and I am going to raise serious objections and continue to go into it, it is because this bill is absolutely the death knell of industrial revenue bonds, and this Senator does not intend to keep quiet about it and we are going to talk about it. If someone wants to respond as to why they put these facilities, professional, financial, legal, accounting, insurance, brokerage, or similar, and then circumscribe their use only in census tract areas, I wish to know why.

If that does not kill the program, I do not know what does. If we want to look at the factors that are really killing the program, when we go after the accelerated depreciation in such a manner to make it totally uneconomical, unpalatable, why would someone want to use it?

Mr. DOLE. Mr. President, will the Senator yield for a question?

Mr. D'AMATO. Yes, for a question.

Mr. DOLE. The Senator has a right to speak on this issue as long as he wants. I just remind the Senator that we have tried to be of assistance to him on another amendment that is going to cost $600 million. In addition, as I understood it the Senator wanted some indication that we would not impose any per capita limits on bonds. That is the first portion of this amendment.

But there are reasonable limits to what we can do to accommodate Members, and I am prepared to talk at length if necessary.

Mr. D'AMATO. OK.

Mr. DOLE. The Senator can raise such objections as he chooses, but we have to expect some give and take on his part.

Mr. D'AMATO. I have not done that. I have attempted to——

Mr. DOLE. The Senator does it every time he stands up.

Mr. D'AMATO. If the Senator says I can talk——

Mr. DOLE. It is all right with me.

Mr. D'AMATO. I have not done that, nor do I intend to do that.

I can assure the Senator I am not going to remain silent simply because the Senator says we accepted the amendment that made good sense and if the Senator wants to go back to the other amendment with respect to Long Island Lighting Co. and if he wants to debate the merits of that that is fine.

But the fact of the matter is that we attempted and I have been attempting and I implored staff to see if we cannot work together to come up with something that is a reasonable compromise.

This is not a reasonable compromise. If the Senator wishes to argue to the merits of it, fine, I would be delighted to listen.

Tell me why, and if I am in error with respect to what this will do, I wish to know, and I stand ready to hear. That is all.

Mr. DOLE. I say to the Senator from New York his idea of a program and my view are different. I believe IDB's are wasteful to start out with, so I come with a little different position than the Senator does. I do not think we should build law offices, or lawyers' offices with IDB's, or doctors' offices, or accountants offices, or banks.

I will give the Senator a little indication here of who uses IDB's. K-mart, $301 million; Kroger Supermarkets, $144 million; DuPont Chemical, $101 million; Hospital Corp. of America, $69 million; Weyerhaeuser, $61 million; Atlantic-Richfield, $1 million; Bank of America, $9 million.

Mr. D'AMATO. I suggest that entire list is in terms of warehouses. Would we be against encouraging office development in areas that need it? Would we suggest that using it in a UDAG-qualified area would be something wrong because a person is a doctor, or a lawyer, or going to bring brokers in, or schoolteachers, or anyone else in.

Mr. DOLE. All right. We have taken care of the grant issue. The Senator wants to make it an area to take care of the entire city.

Talk about cost. That would probably run—we are getting an estimate on how much that would cost—would probably be hundreds of millions of dollars.

Mr. D'AMATO. If we are talking about reform let us talk about legitimate reform. We used to talk about building McDonald's and we knocked them out. We used to be talking about merchandizing centers and we eliminated them. We used to be talking about building bowling alleys and we eliminated them. We used to talk about condominiums. I said, No. 1, fine, let us eliminate it for condominiums.

This is not an attempt to deal with abuse. This is an attempt to kill the program.

Mr. DOLE. No. The Senator can represent it as he wishes. That is his right.

Mr. D'AMATO. We each have that right and we often have.

Mr. DOLE. The Senator apparently thinks we should build physicians' offices with IDB's, or accountants' offices, or lawyers' offices.

Mr. D'AMATO. I do not dispute this. We do not dispute this. But I do say to the Senator to have a prohibition against financial institutions, brokerages, or similar services is one that flies in the face of attempting to encourage small business and small business development or economic development.

That is what we are talking about here.

Mr. DOLE. In 1975 private purpose tax bond financing was about $8 billion; in 1983 it was up to $62 billion.

Mr. D'AMATO. How much of that came by way of pollution control? How much of that is included in that figure? Would the Senator give us the full facts? Out of that $63 billion how much was pollution control? Could we say we should not have pollution control?

Mr. DOLE. I would even question that. We mandate pollution control in one law and then give IDB financing in another.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. STEVENS. What about the small hardware store, the small business that is involved in selling local produce?

Mr. DOLE. They are not affected at all.

Mr. STEVENS. They are not covered. They are shut out, as I understand it. If they are not just processing anything, if they are also selling hardware, if they are also selling the local products that might be made in furniture manufacturing plant, then they cannot have the store to sell them. They can process fish but they cannot have the store to sell them. What about the facilities for the sale of locally manufactured products?

Mr. DOLE. I am advised they are not affected at all. All we are doing is helping manufacturing because they do create jobs in industrial plants, manufacturing plants. They do not create any jobs in a doctor's office or lawyer's office. I am not certain they create any jobs in a hardware store, but we do not touch those.

Mr. D'AMATO. IDB's create jobs in hardware stores, and retail establishments. As I understand it, the manufacturing exemption from the $40 million cap would not include service related expansion activities. These activities create jobs. Why place a $40 million limit on legitimate activities while exempting other worthy activities. What is the rationale for this legislation.

Mr. DOLE. As I understand these facilities are not affected.

Mr. STEVENS. They are not included.

Mr. DOLE. I am also reminded this is an industrial development bond program. Industrial development bonds. The trouble is it has gotten out of hand, like everything else the Government touches. Everyone uses private purpose bonds. I move into your town. I build a hardware store with IDB's and the poor guy who has worked all his life who has to pay more interest is out of business.

There should be limits when we are trying to stop some of the revenue loss. We should be able to do it in this area. I do not know of a less painless area to do it than do it in this area. We are cutting medicare, medicaid, food stamps, but IDB's are doubling almost every other year.

Mr. DURENBERGER. Mr. President, will the Senator yield?

Mr. STEVENS. The Senator says they are not affected, but I am still not given the answer of how they are included in manufacturing, producing, or processing industrial facilities. It seems to me the end product of a manufacturing concern is to sell their product, but the facilities that would be used for sale are not included in this IDB, as I understand it.

If the Senator wishes to include them, and I hope the Senate does, it does not make sense to sit there and manufacture the small furniture or to package shrimp, and whatnot, if you cannot have a sales place. I am interested in that.

Mr. DOLE. There is an effect on part of that plant?

Mr. STEVENS. The part of the facility they can have. The sales facility that is associated with manufactured or processed goods.

Mr. DOLE. I would not think that would be a problem. I think that is not impacted or not intended to be impacted.

Mr. DURENBERGER. Mr. President, will the manager yield to me?

Mr. STEVENS. I do not think I have an answer yet. I hope the Senator will let me pursue this.

Mr. DURENBERGER. Very well.

Mr. STEVENS. The Senator is saying the primary purpose of this amendment is directed at that which is manufactured, produced, or processed goods. I wish to put the sale of those same goods in there somehow.

Mr. DOLE. If they are going to sell them in that same area or going to sell them in Russell, KS, or New York City——

Mr. STEVENS. Most of the businesses we are talking about are small places. Most of them are right there in the same manufacturing place and their sales facilities are usually larger than most of the processing part of it. You go into a plant and you are looking at the processing of fish. When you get out to the front you have the display counters and the things. You have the same thing with locally produced furniture. You go out front and you have a display room.

Mr. DOLE. I do not see a problem with that. Maybe we can discuss it. If there is, we could clarify that.

But my point is we made some changes in this program that cost some money. So we tried to make some other changes to recoup some money. Everybody talks about deficit reductions until we get down to the nitty-gritty, and they all want to go in some other direction. "Oh, don't spend any money here, but spend it somewhere else."

I do not want to report out a package that loses $2 billion or $3 billion because everybody had some great idea on the Senate floor. I do not intend to do that. If we have to pull the bill down, we will pull the bill down.

Mr. D'AMATO. If I might ask the distinguished chairman of the Finance Committee how much revenue will be raised from the depreciation charges in the bill? Is not that charge going to kill the IDB program? That is what is going to take place. The depreciation charge represents a 47-percent increase.

The committee bill does not reform the IDB program. What we are attempting to do is make the program so unappealing that there will be no financial incentives for using IDB's. And that is the essence of the committee restrictions.

Is that reforming an abuse. If we want to deal with the abuses let us deal with the abuses. But do not kill the program. The Finance Committee bill goes well beyond removing any double-dipping that may occur with the use of IDB's. We did that in TEFRA. Now, the committee wants to eliminate all incentives to use IDB's.

If you want to kill industrial revenue bonds, then say so. Just repeal that section of the code. But do not do it through the back door. But I am not going to stand here and say this bill takes care of the abuses. It does not. It goes way beyond abuses and to the heart of the program.

Mr. DURENBERGER. Will the Senator yield?

Mr. D'AMATO. Certainly.

Mr. DURENBERGER. I asked the Senator a question earlier that may have sounded facetious, but it was prompted to find out whether or not he was treating this in the large sense as an industrial development program for the whole country.

I think one of the points that is bothering me, as I look over this list of amendments to what we did in the Finance Committee, was partially brought out by what the Senator from Alaska said. He asked if it was OK if we can have sales facilities in conjunction with the manufacturing facilities. But this set of amendments suggests a whole other situation to me.

It seems to me, if you look at this program as a national program and you look at some of the realities in this country, the realities are that there has been a trend in this country where manufacturing takes place from one part of the country to another, and there has been some trend where the so-called service or sales industries are taking place. The Senator's own city has become a service city rather than a manufacturing city.

As I look at those so-called amendments, the first one deletes what we did in the committee relative to small issue industrial development bonds to $40 million per user in the case of bonds used to finance manufacturing facilities.

Now, you know where that is going to go. That is going to go down here where we heard the testimony earlier from the people who have been committed to this program for a long time. And bless them for that.

Mr. D'AMATO. I agree.

Mr. DURENBERGER. The second one extends the termination date of the small issue bond program all the way to 1990. That is to make sure that that same program for manufacturing facilities keeps going and obviously is an advantage to one major growing part of our economy.

Then we get to the third part of it, which is the issue that the Senator from New York raises, which is sort of all the rest of us—those of us who are left with the service industries, whether it is in the health area, selling office equipment, making financial deals, legal, accounting, whatever. There they are taking it away.

Am I fairly stating or perhaps enlarging the scope of the point that the Senator from New York is making?

Mr. D'AMATO. The Senator has made a fair representation.

By the way, the $40 million cap was a limitation I was willing to live with, if some minor modifications are made. New York has agreed to this limitation. The Northeast has agreed to a limitation. But do not turn around and kill the program.

By the way, that is not a $40 million cap for one transaction. That means that if a company has a total of $40 million in bonds outstanding, it cannot issue any more. So, I more than met the committee halfway.

But I have been willing to accept restrictions. And I am not opposed to cutting back the use of industrial revenue bonds where they are inappropriate. Fine. Let us do that. But to simply come through with a meat ax to the program is wrong. I think it does a disservice to the economic recovery of this country.

And I would like to take up the whole question about loss of revenue associated with IDB's. I think that argument is fallacious. There absolutely is not one study that calculates the reflow effect of IDB's. Newly created jobs result in new revenues. Revenue estimates on IDB's do not take this into account.

I am for limiting IDB's but not to the extent that we say, "Those of you in New York, you no longer are going to be able to have any part of it." I think it is wrong. The restriction against the use of IDB's for financial services is wrong.

I yield back to the Senator from Minnesota. Did I answer his question.

Mr. DURENBERGER. I think the Senator responded very well, particularly the point that he made regarding the original purpose. If we are going to start changing the purpose on this bond, let us start doing it uniformly across this country.

But, obviously, the thing that bothers me about it is that I do not like the cap. None of us on this side like the cap. The author happens to be in the room right now, even though he is not a Member of the body. But we have spoken fairly strongly.

Mr. D'AMATO. On the $40 million cap, I might say that bonds are issued generally for 30 years. So that when we limit a company to $40 million, what are we saying? We are saying for the next 30 years that company cannot use more than $40 million. That is a pretty severe limitation. And that certainly goes to the heart of addressing those abuses that people are concerned about.

I wonder if my colleagues would care to respond with respect to that point?

Mr. DURENBERGER. I can only respond by acknowledging that the Senator from New York is on the right track in looking at the limitations.

I think there is some value in the restrictions that we placed on it in the committee on a per-user basis. But to exempt one use, it seems to me, is patently unfair; on its face it is unfair.

Mr. D'AMATO. I agree with my colleague.

Mr. DURENBERGER. If the limitation is going to apply, I think it ought to apply across the board.

Mr. D'AMATO. I have some general talking points on the industrial revenue bonds.

Mr. DOLE. If the Senator would yield, I will give the Senator a few examples here. They are not in New York.

Murfreesboro Bank & Trust Co. in Tennessee, $114 million. They built a new bank with $3 million tax-exempt IRB issues and they even discussed whether it was ethical for the bank, since they do not pay taxes anyway, to use tax-free financing.

The George Mason Bank in Fairfax, VA, sought and received IDB financing for building its building.

Mr. D'AMATO. Will the Senator yield?

Mr. DOLE. Those are financial services.

Mr. D'AMATO. Are you saying, for example, that the economy is worse off, or better off because the bank in Tennessee got three million dollars' worth of industrial revenue bonds? Would the community have been better served or not? The fact of the matter is that the project would probably not have taken place.

Mr. DOLE. I am saying they would have built it in any event. The Treasury and the taxpayers would be better off, and the deficit would be maybe $5 less.

Mr. D'AMATO. Can the Senator say that with assurance with respect to the majority of IDB financings taking place in this country? We are painfully aware of those abuses in the program. For instance, a liquor store in Chicago—who does not know about it, or the dirty bookstore? We understand. I am for limiting abuses.

Mr. DOLE. Those are cosmetic changes. Let us be realistic.

Mr. D'AMATO. But they are real changes.

Mr. DOLE. Sky boxes and liquor stores—they are not a major issue, we are not going to let you build massage parlors, sky boxes, or liquor stores with IDB's. But everything else, doctor's offices—they do not make much money. Let us build them with IDB's. Lawyers, banks, accountants, why should they use IDB's?

Mr. D'AMATO. I think the question is not who is going to invest, but the question is what is the purpose? Is the program one that will go forward and produce jobs? Is it an invasion of the Treasury? I am willing to study that.

By the way, there has been a study on the reflow effect of IDB's. This Senator has requested for more than 3 years a study of Treasury that would say what the reflow effect is, how much economic development comes back that would not have come back. I do not believe those figures came from Treasury. They are incomplete.

When we say that there is a raid on the Treasury, yes. There may have been some programs that could have been, or would have been, developed with or without IDB. But is the Senator suggesting that all programs that have used IDB's have been abuses?

Mr. DOLE. I am suggesting that if the administration had its way, it would end the entire program. I do not agree with the administration. I know it is difficult to do. We cannot continue to make speeches, and then come onto the floor and say, "Oh, we cannot tighten my program." It is aimed right at New York City, or Russell, KS, or wherever someone may be from. I do not know how we are going to get the deficit down. Maybe we are not. Maybe there is not enough will in this Congress to do anything about the deficit because nobody wants to give up anything.

Every time you give up a little bit, you make a mountain out of it, and we end up going backward. We made some changes in this provision to try to satisfy the Senator from New York. We negotiated on this for weeks.

Mr. D'AMATO. I am appreciative of the Senator's constructive suggestions in this area. But for a 2-year period of time, we have implemented and made available changes which have saved taxpayers money and have dealt with the abuses in the program.

There has never been one occasion where there has been an abuse restriction that this Senator has opposed.

Mr. DOLE. But was that a great sacrifice. You gave up how many sky boxes in New York?

Mr. D'AMATO. I did not advocate this. When you said no more racetracks, we said fine. But the Senator from New York did not say I have a racetrack pending for IDB financing. But certainly 1 hour's draftsmanship, or 2 hours' draftsmanship, or 3 hours' draftsmanship, if that is all that took place that produces these exclusions of the business purposes, it is not attempting to deal with the abuses.

Let us talk about IDB's because I think there were some people who may have doubted the Senator's sincerity in terms of saying that we are going to talk about IDB restrictions. They create jobs. In New York, private purpose IDB's created 123,541 new jobs during the 1970's. These are jobs that would have been lost if industrial revenue bonds were unavailable as a financing vehicle. I am for some restrictions, but let us keep the project.

In Texas, from January 1, 1980, to April 22, 1983, 79,716 jobs were either created or saved because of IDB's. IDB's I would suggest are a proven tool for creating and saving jobs.

Despite these facts and statistics, nowhere will you find any definitive study conducted by the Treasury which measured the impact of the jobs and revenues produced to this Government with respect to trying to put forth a case for saving IDB's. In a recent study, Norman Ture, former Under Secretary of the Treasury, found that in New York the vast majority of private firms have used small issue IDB's for small companies.

Mr. Ture found that 98.2 percent of the firms using IDB's in New York employed fewer than 500 people. It is these small companies that have the most difficult time acquiring long-term capital.

Mr. DOLE. Madam President, would the Senator from New York object to setting this amendment aside? Maybe the Senator from New York, the Senator from Minnesota, and others who have a problem with this could discuss it. We could move on to other amendments. There is still a slight chance that we can finish the bill this evening.

Mr. D'AMATO. I have no objection.

Mr. TSONGAS. Would the Senator yield?

Mr. DOLE. I would be happy to yield.

Mr. TSONGAS. Would it be possible for others to join the conversation?

Mr. DOLE. Surely; I was making a suggestion. We thought we had it worked out. Obviously, that is not the case. I think we need to get staff together and Members to see if we have covered all the bases and how much we have left to do.

Are there other amendments?

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. Would the Senator yield?

Mr. DOLE. I yield.

Mr. STENNIS. I ask unanimous consent that my colleague, Senator COCHRAN, be added as a cosponsor.

INDUSTRIAL REVENUE BONDS

Mr. COCHRAN. Madam President, industrial revenue bonds were first issued in 1936 in Mississippi for a manufacturing plant. Initially, the bond's primary purpose was to promote industry in predominantly rural areas. Between 1960 and 1968, IRB sales rose from approximately $100 million to $1.8 billion. By 1968, 40 States had already authorized the use of IRB's. Congress responded to the surge in IRB's by passing legislation limiting their use.

While there have been abuses in the IRB program, the proposed changes in the tax bill would be detrimental to the use of IRB's. IRB's have been crucially important to economic health and growth in Mississippi. The IRB program has been a major factor in Mississippi's high ranking as an attractive place for small businesses to settle. Mississippi has been ranked very high in the availability of capital resources for small business development, primarily because of the success of the IRB program.

Through the issuance of industrial revenue bonds, we have had millions of dollars of capital investment resulting in several thousand new jobs. The IRB program has been largely responsible for the advancements made in balancing economic development in Mississippi. IRB financing is limited to companies engaged in the manufacturing, processing, assembling, industrial storing, or warehousing of any agricultural, mining, or manufactured product, and to companies engaged in distributing such products. In 1981, 29 issues totaling $113,956,000 were closed in Mississippi.

While applauding the efforts of the honorable Senator from Kansas in the Finance Committee's efforts to correct abuses in the tax exempt bond program, I have to object to these further restrictions in the tax bill. There have been no hearings to speak of on this issue and I feel that these proposed restrictions cannot be accepted until there has been full deliberation on the matter.

The IRB program originated in Mississippi, and it has worked most efficiently and productively in my State. I, therefore, support Senator STENNIS and my other colleagues involved in promoting the IRB program without these arduous restrictions.

ELKHART, IN, IDB PROJECT

● Mr. QUAYLE. Mr. President, over the past few years a great deal of attention has been devoted to concerns over the volume of tax exempt financing utilizing the industrial development bond approach. These concerns are especially keen when tax advantages have been obtained for private projects. I have been one of those expressing concern, especially in view of the spiraling Federal deficits with which we are faced.

While changes in the current IDB system are in order, as both Houses of Congress have realized, we should take care to preserve the positive effects of and recognize a continuing need for IBD financing for certain, well-defined public and private projects. The Senate Finance Committee, in fact, was careful to acknowledge that it believes that "extraordinary levels of subsidy are necessary in the case of certain types of property * * * This Committee believes that additional levels of subsidy are appropriate for low-income rental housing, municipal solid waste disposal facilities, air and water pollution control facilities installed in existing plants, and projects financed in part with a UDAG grant."

(See page 676 of the committee report.)

The Senate Finance Committee has also specifically exempted several projects from the industrial development bond limitations. These are contained in section 721(e)(2)(A) on page 903.

Mr. President, I would like to call the attention of the Senate to a specific project in my home State of Indiana which fits the general criteria established by the Finance Committee for exemption except in one narrow, technical respect. I believe the nature of this project, a wastewater treatment facility, is such that it merits specific exclusion from the limitations we are about to enact into law. Following is a brief history of this important project.

Miles Laboratories, Inc., in cooperation with the city of Elkhart, IN, entered into an agreement with Elkhart on July 13, 1982, where it was agreed that Miles would not discharge industrial waste into the municipal wastewater treatment plant after January 1, 1986, except within certain limitations. In furtherance of that agreement, the city passed an inducement resolution on September 19, 1983, for an amount up to $15 million to finance a pretreatment plant to be located at Miles Laboratories. The parties have cooperated since that date and industrial development bonds are being issued this month.

There is a problem, according to bond counsel, with the retroactivity in the House and Senate proposed limits on industrial development bonds, which would adversely impact upon the Elkhart/Miles project.

The Senate Finance Committee anticipated such problems and attempted to provide the basis for an exemption for such projects "with respect to which a binding contract to incur significant expenditures was entered into before March 15, 1984." (See section 721(d)(2)(A)(ii) on page 901.) However, in defining "significant expenditures" (see section 721(g) on page 905), the committee unintentionally clouded the status of the Miles project because only approximately $850,000 has been expended to date on the $15 million project and thus the project fails the 20-percent test in the definition of significant expenditures.

The Elkhart/Miles project fits perfectly within the committee category of property for which extraordinary levels of subsidy are necessary and fits perfectly as well within the committee intention to exempt those projects which also are underway—in this case going back to July 13, 1982, and to September 19, 1983. It does not fit perfectly in the committee definition of significant expenditures.

To overcome these minor problems, Mr. President, I am proposing that the Miles waste water treatment plant be included specifically in the table of projects listed in section 721(e)(2)(A) on page 903 for exemption from the industrial development bond limitations based on the type of project, the qualifying action, and the date of qualifying action. I believe such an amendment is consistent with the general intent of the Finance Committee with regard to IDB limitations. Mr. President, I understand Senator Dole's amendment does list the Miles Laboratories project among those exempted from the new IDB limitations. I urge adoption of the amendment, so as to allow and facilitate the continued protection of the water supply in northern Indiana.●

Mr. DOLE. Is there objection to setting it aside?

The PRESIDING OFFICER. Is there objection to setting aside the amendment? Without objection, it is so ordered.

Mr. DOLE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Heinz). Without objection, it is so ordered.

Mr. DOLE. Mr. President, it is my understanding that we have a number of amendments now that we can start to work on. First is an amendment by the distinguished Senator from Virginia (Mr. Warner) and the distinguished Senator from North Carolina (Mr. Helms). The Senator from Indiana (Mr. Quayle) has two amendments to follow that. I am hoping that by that time, Senator Bradley, who has three amendments, will be available to offer those amendments.

That should reduce the number of amendments—I might say to the distinguished Senator from Mississippi, there is a whole conference going on on IDB's if he wants to join that conference. I do not think it involves the part he was particularly interested in.

That would give us some progress, and if we could start on those six or seven amendments, we may not have too many left. I am not certain we can finish tonight, but we can try.

AMENDMENT NO. 2945

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WARNER. Mr. President, I send an amendment to the desk on behalf of myself and the Senator from North Carolina (Mr. Helms) and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Virginia (Mr. Warner), for himself, Mr. Helms, and Mr. East, proposes an amendment numbered 2945.

Mr. WARNER. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1137, strike out lines 11 through 23, and insert in lieu thereof the following:

SEC. 870. DEDUCTIONS FOR CERTAIN EXPENSES INCURRED BY A MEMBER OF A UNIFORMED SERVICE, OR BY A MINISTER, WHO RECEIVES A HOUSING OR SUBSISTENCE ALLOWANCE.

(a) In General.—Paragraph (1) of section 265 (denying a deduction for payment of certain expenses relating to tax-exempt income) is amended by adding at the end thereof the following sentence: "This section shall not apply with respect to any income of a member of a uniformed service (within the meaning given to such term by section 101(3) of title 37, United States Code) in the form of a subsistence allowance or a quarters or housing allowance, or to income excluded from gross income of the taxpayer under section 107 (relating to rental value of parsonages).".

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1982.

Mr. WARNER. Mr. President, I am offering this amendment together with my distinguished colleague from North Carolina. It embraces the legislative goals established in S. 2519, a bill that I have introduced to amend the Internal Revenue Code of 1954 in order to protect the compensation now received by two of the most dedicated and worthy professional groups in our society; namely, military personnel and clergy.

Many of my distinguished colleagues fully appreciate that the Treasury Department recently approved, and then delayed until January 1985, implementation of a revenue ruling that would require members of the clergy to reduce their deductions for tax-deductible housing expenses to the extent that they are covered by tax-free allowances. Section 870 of the pending bill effectively delays implementation of this with respect to the clergy until 1986.

I have information to the effect that the Internal Revenue Service is about to issue a proposed ruling that would impose similar requirements on tax-free housing allowances to military personnel.

Revenue rulings dating back to the early sixties had confirmed the deduction procedures now protecting the clergy and the military. My amendment effectively leaves this situation status quo for the military and heads off any possible ruling by IRS.

Mr. President, such rulings will have a disastrous impact on the volunteer careers of those in the clergy and military service. Both groups have historically received modest pay. Traditionally, the Congress has provided nondenominational recognition to religious service in general by providing certain tax advantages to places of worship and clergy. All denominations are well aware of that tax benefit when they calculate the total package of compensation they provide for their ministers. Depriving them of this modest concession will only put a new burden on the already severely strained budgets of many small churches and denominations as they struggle to make up the losses.

Likewise, tax advantages are a very real and intentional part of the total compensation package we provide our military personnel. Indeed, they provide a very efficient and cost-effective means to offset some of the hardship aspects of military service. Military personnel are frequently required to move involuntarily, with no compensation for real estate expenses, a benefit commonly available to employees in the private sector in similar circumstances. The military may be required to relocate to high-cost areas, such as the Washington metropolitan area, where they find little or no Government housing available for them. Their moving expenses are generally not fully reimbursed. They face frequent and prolonged family separations. Their working conditions are frequently hazardous. They live each day knowing that they could be called on with little notice to combat areas where they will be expected to risk their very lives for us.

Tax-free allowances such as the basic allowance for quarters and the variable housing allowance, allow us to address the special housing needs of our military personnel in the most cost-effective manner. With separate allowances, as opposed to basic pay, the needs and even variations in costs from region to region can be targeted. Making such military allowances tax free reduces the amounts Congress must appropriate to provide fairly for the targeted expenses.

Mr. President, the Armed Services Committee of the Senate under the leadership of the distinguished Senator from Mississippi, who is present on the floor, and then under the leadership of the distinguished Senator from Texas, has effectively worked over the past 4 years to raise that total package of compensation and allowances to military personnel so that it is beginning to equate to what they might expect if they chose a career in the private sector. This advancement is dramatically reflected in the quality of individuals coming into the military today and, indeed, in the higher and ever-growing rate of retention of our most valuable military personnel.

To allow the Internal Revenue Service to promulgate a ruling comparable to that which has been applied to the clergy would have a disastrous effect on the progress that this body and, indeed, the House working together have provided in legislative measures in the past 4 years. So we would be moving in a backward direction at the very time when we are trying to hold ground for the military.

Implementation of either ruling could have serious financial consequences for the affected group, especially in high-cost areas. Because the individuals affected often calculate their tax savings in determining the housing they can afford or, in many areas, must do so to be able to buy at all, it is conceivable that these rulings could actually drive some into bankruptcy. Yet, the total gain to the U.S. Treasury, though not calculated yet by the IRS or Treasury Department, is estimated by them to be relatively small.

The more insidious aspect for both groups will be the adverse impact on morale and retention. For the military in particular, this is only one more example of erosion of their benefits. The resulting influence on retention is difficult to quantify but obviously negative.

Two other large groups stand to be adversely impacted by these rulings. Homebuilders in many areas, especially where there are large concentrations of service people, tend to rely greatly on home purchasing by military people. Realtors in those same areas recognize that the steady turnover of service families and the advantages of homeownership lead to a steady base of business for them. Implementation of these proposed IRS rulings will make homeownership much less desirable and perhaps not cost effective when the short-term ownership mandated by frequent moves is considered.

Just as the churches would face the prospect of having to raise the pay of their clergy to offset the loss to total compensation caused by these IRS rulings, so would the Congress have to raise the basic pay of our service people to correct the damage that would be done to their total compensation package. However, raising basic pay to address the compensation loss for some, would create a windfall increase in disposable income for others not affected by the ruling. Indeed, that is why I have described the current system of tax free allowances as efficient and cost-effective tools for addressing the housing needs of all our Armed Forces personnel who do not reside in Government quarters.

Mr. President, the Congress traditionally has recognized that, based on the many sacrifices military people make, it is proper to grant them benefits not available to the civilian populace. The Congress also traditionally has recognized a similar situation for the clergy.

Failure to act now or merely extending the deadline, as section 870 currently does for ministers, will leave these two groups in a form of limbo, wondering when the ax will fall. I urge my colleagues to join me in supporting this legislation to make explicit the intent we have already expressed.

Mr. President, at this time I should like to yield to my distinguished colleague from North Carolina.

The PRESIDING OFFICER (Mr. Andrews). The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, I thank the Chair and, of course, I thank my distinguished friend from Virginia.

This is one of those cases, Mr. President, where Senator Warner and I had virtually the same amendment prepared and ready to go. Upon discovering that he was thinking along the same lines that I have been working, I suggested we combine our efforts and not require the Senate to have to consider essentially the same issue twice.

Mr. President, what we are really talking about is a tax increase, not enacted by the Congress, but ordered by the Internal Revenue Service just by changing the regulations. They are proposing, in the case of ministers and according to the information available to me members of the armed services, to impose a higher tax.

Now, Mr. President, that is the duty of the Congress, not the Internal Revenue Service.

The Warner-Helms amendment would maintain the status quo for ministers and members of the uniformed services, who receive housing allowances, with respect to the deductibility of interest and taxes paid on a personal residence. Current and planned administrative actions by the IRS now threaten the full deductibility of these items, which have been available to ministers and military personnel for years. In substance, this amendment incorporates the provisions of my bill, S. 2017, which was introduced in October 1983.

Mr. President, in early 1983 the IRS published Revenue Ruling 83-3. In part, this ruling provides that ministers may no longer deduct interest and taxes paid on a personal residence to the extent the amounts expended are allocable to tax-exempt income. It has been scheduled to take effect in stages, with all parts becoming operable by January 1, 1985.

Since the publishing of Revenue Ruling 83-3, the IRS has also indicated that it is likely to make the ruling applicable to military personnel as well as ministers. This prospect has produced severe concern on the part of members of the armed services who see its chief effect on them as, in essence, a pay cut.

Mr. President, it is common practice in the United States for a minister to be given a housing allowance by his church. Under section 107 of the Internal Revenue Code this allowance is excludable from the minister's gross income. Up to now ministers have, fully within the letter of the law, deducted interest and taxes from their income just like other taxpayers. In their case, however, this deduction has an additional benefit because some of their compensation, in the form of a housing allowance, is exempted from gross income by section 107. With Revenue Ruling 83-3, making a new application of section 265, the IRS is attempting to diminish the benefit of section 107 to the clergy.

Mr. President, some would question even whether the IRS should be making, on its own, what appears to be an outright change in substantive law. In any event, this amendment would prevent the IRS from enforcing Revenue Ruling 83-3 and would leave in place the status quo on housing allowance tax deductions for the clergy.

Traditionally, Congress has tried to promote religion by refraining from taxing religious activities and by providing certain tax benefits for those involved in religious activities. We provide these tax benefits because of the longstanding recognition by the American people that Government exists to serve the common good of society. Government is the servant, not the master, of the people. Therefore, it is perfectly proper for the Government to give preferred status to certain institutions in society for the public good. Religion certainly occupies such a place in American society.

Mr. President, with respect to the military, it has long been the practice to provide members of the uniformed services with appropriate housing or with a housing allowance where appropriate housing has been unavailable. The granting of subsistence and housing allowances, separate and apart from actual pay, has been the traditional method for compensating members of the armed services and has been provided for either by regulation or by statute. It is codified today in title 37 of the United States Code.

Allowances paid to our military personnel traditionally have been recognized as being exempt from taxation. Both the courts and the Internal Revenue Service have held that subsistence and housing allowances are not items of income. For many years the Internal Revenue Service's regulations specifically have provided that subsistence and housing allowances need not be included in the income tax returns of members of the uniform services. Up to now, members of the Armed Forces have, fully within the letter of the law, deducted interest and taxes on their personal residences just like other taxpayers.

As with ministers, prior to Revenue Ruling 83-3, members of the uniformed services have received an additional benefit when taking such deductions because some of their compensation, in the form of housing and subsistence allowances, is exempted from gross income. In Revenue Ruling 83-3, the IRS has attempted to diminish the benefit available to the clergy. In internal memoranda and public statements, the IRS has expressed approval of another administrative action which similarly would diminish the benefit available to members of our Armed Forces.

Mr. President, the sole and simple purpose of this amendment is to maintain the status quo that has existed over many years for ministers and military personnel with respect to the tax treatment of benefits arising out of their customary housing allowances.

Mr. President, I urge my colleagues to support this amendment.

Mr. WARNER. Mr. President, by way of corroboration of the position taken by the distinguished Senator from North Carolina and myself, I should like to include in the Record a letter from the Secretary of Defense dated July 12, 1983, addressed to the Secretary of the Treasury, in which the Secretary of Defense endeavors to prevail on the Secretary of the Treasury not to promulgate a regulation comparable to Revenue Ruling 83-3 which would impact on the military.

I ask unanimous consent that the letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Secretary of Defense,
Washington, DC, July 12, 1983.

Hon. Donald T. Regan,
Secretary of the Treasury,
Washington, DC.

Dear Don: I am writing to ask your assistance in a matter of major concern to the men and women of our career military force. In particular, I ask that you ensure that the Internal Revenue Service (IRS) not proceed with a further change in tax policy that would substantially reduce take-home pay for military careerists.

Revenue Ruling 83-3 and its supporting legal opinion (Enclosed) have caused alarm and confusion within the military community. Although that final ruling applied only peripherally to our men and women in uniform, actions based on the legal opinion could work greatly to their detriment.

Specifically, the IRS proposed eliminating the itemized deduction for interest and real estate taxes to the extent that the servicemember receives tax-free military housing allowances (Basic Allowance for Quarters (BAQ) and Variable Housing Allowances (VHA). I am advised that the proposal is being held in abeyance only temporarily. Ostensibly, the reason provided by the IRS for this result was that Revenue Ruling 83-3 was issued to update existing rules and no ruling had ever been issued pertaining to tax-free military housing allowances. However, the reports indicated, and we confirmed, that individual IRS tax auditors were granted the authority, even without a ruling, to deny these interest and real estate tax deductions to military members who use BAQ and VHA to provide homes for themselves.

I am very concerned with the adverse effect on morale, retention, and budgetary actions that may be generated within the career military force as a result of this matter. Military housing allowances represent a long-standing tradition of American military service. The allowances are, as the name implies, provided in lieu of government provided housing. Since 1974 the allowances have been included specifically by statute (37 U.S.C. § 101(25)) as an element of Regular Military Compensation (RMC) along with the "Federal tax advantage accruing to the aforementioned allowances because they are not subject to Federal income tax." RMC, which provides a better total pay picture, is then used in conjunction with other factors in determining changes in rates of pay and allowances required to remain competitive with the civilian sector. Congress is well aware that servicemembers who live in their homes enjoy the benefit of deducting interest and taxes on those homes. We and the Congress closely examine military compensation every year to ensure fairness to the servicemember and the taxpayer. The IRS has long respected this practice. In sum, what may now appear to be an anomaly to some tax professionals, has a clear history of Executive and Legislative approval.

Implementation of a change in IRS policy in this regard will be construed as a further erosion of benefits, represent for many a substantial reduction in net pay, and create a real inequity among members. For instance, where a military member owns a home but does not live in it due to assignment to government or leased quarters, the member would be entitled to the full deduction for interest and real estate taxes on the home he owns. However, if the member were to move back into that home he would lose the deduction to the extent of tax-free allowances received to provide a home. I do not believe that further aggravating the already more arduous life of our uniformed personnel and their families by such an illogical result is in the best interests of the nation.

Even the public discussion of implementing such a proposal has had and will continue to have an adverse effect on morale in the career force. At a time when we are beginning to realize the successes of a total volunteer force and expending large sums of money to recruit and retain quality personnel, I believe it very shortsighted to jeopardize those efforts by applying a new policy that would have inequitable and harmful results. Additionally, allowing innuendos to stand that, although the policy with regard to military personnel and housing allowances has not changed, individual auditors have the authority to deny the deductions, will have similar results. In view of the foregoing, I consider it imperative that this matter promptly be put to rest.

While this problem could be resolved by reallocating a sufficient portion of the DoD budget to offset the effect of the tax increase, there are two obvious shortcomings to such an approach. First, such a reallocation is not solely a matter of Executive discretion. Second, the cost to the Government would significantly exceed the potential savings that would result from eliminating the deduction. Thus, the proposed tax policy change is as harmful to budgetary interests as it is to military morale and retention.

Accordingly, I request a clear statement or ruling be issued to the effect that preexisting policy will not change and any individual actions inconsistent with that policy are inappropriate. I also would hope that before again considering such a volatile change to existing policy, we will be given the opportunity to discuss the matter substantively with you or members of your Department. I am sure you share my view that those who bear the principal burden of the nation's defense should not suffer this reduction in pay without the agreement of the Congress and their Commander-in-Chief.

Sincerely,

Cap.

(Mr. HEINZ assumed the chair.)

Mr. HELMS. Mr. President, if the Senator will yield, who is the author of the letter?

Mr. WARNER. I have a second letter. This letter, I think, would have considerable impact on particularly the manager of the bill. It is dated December 5, 1983. Senator Helms has a copy. What is the signature on that letter?

Mr. HELMS. A very distinguished American from North Carolina. Her name is Elizabeth Hanford Dole.

Mr. WARNER. Her letter is addressed to the Honorable Donald T. Regan, Secretary of the Treasury. It also petitions the Secretary of the Treasury not to promulgate the regulation, on behalf of the men and women of the Coast Guard.

Mr. DOLE. She has not petitioned the chairman of the Finance Committee.

Mr. WARNER. She has authorized the two Senators now standing to make that petition.

Mr. President, I ask unanimous consent to have the letter from Secretary of Transportation Dole printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Secretary of Transportation,
Washington, DC, December 5, 1983.

Hon. Donald T. Regan,
Secretary of the Treasury,
Washington, DC.

Dear Don: I have been informed that the Internal Revenue Service may be considering a reversal of its long standing policy that military personnel may take the itemized deduction for home mortgage interest and real estate taxes, even though they receive a tax-free Basic Allowance for Quarters and Variable Housing Allowance. Secretary Weinberger has already written you expressing, on behalf of the men and women of our career military force, his objection to such a change in policy.

On behalf of the men and women of our military force who are members of the U.S. Coast Guard, I share the views of Secretary Weinberger on this important matter. While some may perceive the current treatment as an anomaly in the enforcement of the tax laws, it dates from 1925. Our armed forces personnel have come to rely upon it. I therefore ask that the current treatment of these expenses be continued, if not further affirmed, in an appropriate guide to IRS personnel.

Our military people move frequently. The ones who buy homes, therefore, generally have new, high payment mortgages and are often very close to the line separating those who can buy from those who cannot. A reduction in effective pay, such as the one under consideration by the IRS, could result in an inability of some to make current mortgage payments. It would also adversely affect those considering homeownership by lowering the amount of the mortgages for which they qualify. Presumably, this would be a factor in retention of experienced personnel since they are the ones most often in the homeownership category.

The Congress takes into account the tax-free nature of these allowances and the deductability of these expenses in computing military pay. Changing this long standing treatment for military personnel could well prompt the Congress to react with either a legislative repair or an increase in pay to account for this obvious loss in effective pay. Assuming Congress were to act favorably, any gain to the Treasury would be nullified.

Since this initiative of the Internal Revenue Service threatens the morale of our armed forces personnel, I believe that it should receive thorough consideration within the administration before it is implemented.

With best wishes.

Sincerely,

Elizabeth Hanford Dole.

Mr. DOLE. Mr. President, I say to my friends that I became aware of this about 6 weeks ago. I was making a speech downtown somewhere, and a minister approached me afterward and told me about the treatment—in his case, mistreatment, as he described it—and gave me a memo, and I proceeded to take it up with the committee.

What we did was to extend for 1 year, until January 1, 1986, the January 1, 1985, transitional rule applicable to certain ministers in the circumstances we find in this IRS 83-100. At that time, we did not even contemplate that it might be done on the military side.

It seems to me that this is an area we should explore in the committee. I would be willing to direct a letter to the Internal Revenue Service—I think I might be joined by my distinguished colleague Senator Long—to indicate not to move in this area until we have had a chance for a thoroughgoing hearing in the Senate Finance Committee.

Senator Grassley is chairman of that subcommittee, and I am certain he will cooperate.

I hope that would satisfy the concerns of the Senators.

Mr. WARNER. Mr President, I also should like to draw to the attention of the distinguished managers of the bill the language found in title 37, United States Code, in which there is a definition of regular compensation in section 101(25). It reads, after enumerating the various forms of compensation to be received by military personnel:

> . . . Federal tax advantages accruing to aforementioned allowances because they are not subject to Federal income tax.

Further, the standard form utilized by the Department of Defense in informing members of the military service of their compensation package, as directed by the Congress, has specific references to Federal tax advantages. It points out that quarters and separation allowances are not subject to Federal taxes.

A ruling on the military comparable to 83-3 would be directly in controvention of existing law in title 37 and the instructions provided our military personnel.

So this is a matter of enormous and serious consequence to the military, and I am reluctant to have hanging over their heads, even for this extended period, the threat of having part of their compensation subject to Federal tax.

What dates did the distinguished manager have in mind with reference to this? I assume that they will treat the military and the clergy in similar fashion.

Mr. DOLE. If we were certain there would be some action on the part of the military, what we might do is draft an amendment, and each would have the same 1-year extension, so that it would not impose any ruling during that period of time. That would be helpful as a stopgap and would give us until January 1, 1986—the balance of this year and all of next year—to have an appropriate determination on this issue. We might be able to come up with an amendment of that kind. In other words, no change would be effective before January 1, 1986.

Mr. HELMS. Mr. President, I need to consult with the distinguished Senator from Kansas and the distinguished Senator from Virginia. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the pending amendment be set aside temporarily so that we might take up an amendment by the distinguished Senator from Georgia (Mr. Nunn).

The PRESIDING OFFICER. Is there objection to setting aside the pending amendment of the Senator from Virginia? The Chair hears none, and it is so ordered.

AMENDMENT NO. 2946

Mr. NUNN. Mr. President, I have discussed this amendment with the chairman and the ranking minority member of the Finance Committee, Senator Dole and Senator Long. This amendment, that I will send to the desk shortly, strikes out the words "in taxable years beginning after December 31, 1984" and inserts in lieu thereof "after the date of enactment of this act."

This deals with the particular section on private foundations, and the effect of this amendment would be simply to make the effective date of this substantive change making gifts to private foundations the same as the gifts to public foundations. That is already in the bill, and this amendment would simply make the effective date of that the date of enactment rather than January 1, 1985, as is presently in the bill.

I have discussed this with the Senator from Kansas and with the Senator from Louisiana, and it is my hope and belief that they will accept this amendment.

So I send the amendment to the desk and ask that it be stated.

The **PRESIDING OFFICER**. The amendment will be stated.

The bill clerk read as follows:

The Senator from Georgia (Mr. NUNN) proposes an amendment numbered 2946.

On page 689, line 2 and 3, strike out "in taxable years beginning after December 31, 1984" and insert in lieu thereof "after the date of enactment of this Act".

Mr. **NUNN**. Mr. President, under current law, the income tax treatment of contributions by an individual to private nonoperating—that is grantmaking—foundations generally is less favorable than the treatment of contributions to public charities and private operating foundations. Contributions of cash and ordinary income property to public charities or private operating foundations are deductible up to 50 percent of the donor's adjusted gross income. For contributions of certain capital gain property, the limitations is 30 percent.

In contrast, contributions to private nonoperating foundations generally are deductible only up to 20 percent of the donor's adjusted gross income. In addition, donors of appreciated property to public charities and private operating foundations may deduct—subject to the 30 percent individual limitation—the full fair market value of the property. On the other hand, the amount deductible for gifts to private nonoperating foundations equals the asset's fair market value reduced by 40 percent of the unrealized appreciation—that is, the amount by which the value exceeds the donor's basis in the property. This discriminatory tax treatment has led to a reduction in donations to such private foundations.

The Senate Finance Committee recognized the inequity of current law and adopted, as part of their budget deficit reduction proposal, an amendment to eliminate tax disincentives for gifts to private nonoperating foundations by making the gifts deductible on the same basis as gifts to other charities. However, the Finance Committee proposal would not be effective until January 1, 1985.

In adopting the amendment to the charitable deduction rules, the Finance Committee acknowledged the substantial role which private nonoperating foundations play in private philanthropy. To carry out their charitable activities, such foundations need to have a solid financial resource base, and these resources have traditionally come from donations. There is no sound policy reason for continuing to deny equitable tax treatment for contributions to private nonoperating foundations until January 1, 1985. Therefore, to insure that needed resources are available to foundations, the elimination of tax disincentives for contributions to private nonoperating foundations should be effective upon enactment of the Finance Committee legislation.

Mr. President, again I emphasize my colleagues may be interested that this makes no substantive change in the committee bill. It is simply a date change so that the effective section of this dealing with private foundations and deductibility of gifts to private foundations would be on the date of enactment rather than January 1, 1985.

I hope the committee will accept and the Senate will accept this amendment.

Mr. **METZENBAUM**. Mr. President, will the Senator from Georgia yield?

The **PRESIDING OFFICER**. Is the Senator from Ohio seeking recognition?

Mr. **METZENBAUM**. Yes.

Mr. **NUNN**. I yield.

Mr. **METZENBAUM**. Will the Senator from Georgia be good enough to explain why it is important that the change be effective as of the date of enactment rather than January 1, 1985?

Mr. **NUNN**. It is obvious that there are people who would like to go ahead make sales, and what this relates to is the realized gain or nonrealized gain on gifts to foundations.

If you make a gift now of $20 million to a public charity, it is my understanding that there is no realized gain on that but if you make a gift to a private foundation, there is a realized taxable event. The tax is paid not on all of it—I believe it is on 60 percent—there already is a recognition.

So what the committee has done is to make a gift to a private foundation the same as gift to a public charity, and what this amendment does is make the effective date on enactment.

The obvious reason is that there are some people who have contacted me from my State of Georgia who would like to go ahead and make a sale this year and give away a good bit of money to a private foundation.

Mr. **METZENBAUM**. I am not quite clear why the sale aspect comes into it, since my understanding is that the provision we are talking about has to do with changing the proprietary or the deductibility of a gift to a private foundation to make it similar to a gift to a public foundation, and I do not understand the sales aspect.

Mr. **NUNN**. It does not have to be a sale. It is just a gift. If I used the word "sale," it should be the word "gift." A gift itself is the recognizable event in terms of the gift to a private foundation under the current law. That is being changed in the Finance Committee bill.

Mr. **METZENBAUM**. What would the tax impact be in 1984? What would be the impact upon the revenue.

Mr. **NUNN**. I do not know whether the committee has an estimate on that because in the particular case of the people who contacted me I am not sure there would be any impact at all because obviously anyone who wanted to wait—if this passes as it exists now—wanted to wait in order to take advantage of this Finance Committee provision would simply wait until after January 1, 1985. So I do not know how anyone can read the minds of whether the people are going to go ahead and make the gifts this year or whether they are not.

There is nothing retroactive about this amendment.

I defer to the Senator from Kansas.

Mr. **DOLE**. Mr. President, we understand that the joint committee estimate is it would be less than $5 million. I will get the exact figure.

Mr. **METZENBAUM**. Less than $5 million?

Mr. **DOLE**. Yes.

Mr. President, I understand this amendment has been cleared by the Senator from Louisiana and I have no objection to the amendment.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment (No. 2946) was agreed to.

AMENDMENT NO. 2945

The **PRESIDING OFFICER**. The question now recurs on the amendment of the Senator from Virginia.

Mr. **HELMS**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. **HELMS**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **HELMS**. Mr. President, I inquire of the distinguished Senator from Kansas if he is near completion of the drafting of the amendment or would he like to set it aside?

Mr. **DOLE**. I advise the Senator from North Carolina that the drafters are hard at work. They are now in the process of finalizing the change, and it may be a moment or two.

Mr. HELMS. Why do we not set it aside and proceed with another amendment if it will take too long?

Mr. WARNER. Mr. President, will the Senator yield?

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina has the floor, as I understand it, and he yields to the Senator from Virginia for a question.

Mr. HELMS. Yes.

Mr. WARNER. Mr. President, the question is this. Will the Senator permit the distinguished Senator from Georgia (Mr. MATTINGLY) to join us as a cosponsor on this amendment?

Mr. HELMS. Certainly.

Mr. WARNER. We jointly propound that in the form of a unanimous-consent request.

Mr. HELMS. Mr. President, I ask unanimous consent that the Senator from Georgia (Mr. MATTINGLY) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, it is my understanding that this amendment was going to be withdrawn. Am I now mistaken about that? Is it the intent to go forward with this amendment?

Mr. DOLE. Not with that amendment, I say to the Senator from Ohio.

Both Senator HELMS and Senator WARNER discussed this with me, and I suggested that the amendment be presented, that instead of seeking some permanent moratorium or not doing anything "until Congress acts" that we treat the military the same way the committee treated ministers who have a different application.

What we did in that case was to provide a 1-year extension. What we would say, in effect, is that before the IRS issues any rulings on this issue it cannot be done prior to January 1, 1986, and in the interim I promise both Senators that we could have a joint hearing with the Armed Services Committee and the Finance Committee prior to October 1. When we took up this matter in the committee, the only ones we felt involved were certain ministers. Now we are told that the same effort will be made insofar as military personnel are concerned, and I suggest that since we gave ministers a 1-year delay, we would do the same for the military.

That is the amendment that is now being drafted.

Mr. METZENBAUM. Is this the issue that has to do with the fact that ministers and now military would be receiving tax-free allowances for their residences and then be permitted to deduct the interest and taxes in connection with those same residences?

Mr. DOLE. Yes, essentially that is it, and this has been an ongoing dispute, I might add. I did have a memo about it about 1 month ago. I learned about it at a meeting where a minister got up and asked me the question. It has been an off-and-on dispute with the IRS as far as ministers are concerned for the past 15, to 20, to 30 years.

I am not certain the military question has ever been raised. But the Senator is substantially correct.

Mr. METZENBAUM. And it is the plan of the Finance Committee to have the ruling postponed for how long a period of time?

Mr. DOLE. One year. And during that time that will give us the balance of this year and next year to take some action. Obviously, some would not want to do anything. They do not want to change the status quo. I am suggesting we ought to hear it. We ought to hear from the IRS, from Treasury, and we ought to hear from the military. I have been told the Secretary of Transportation protests this because of the Coast Guard. So we have a number of people to hear from in this area. That is what I propose.

Mr. METZENBAUM. Is the chairman of the Finance Committee indicating that the Finance Committee does intend to take some action with respect to this matter and not merely provide a continued delay as far as the issue is concerned?

I must confess, I have some difficulty in understanding how you get tax-free income and then you get tax deductions for your mortgage and for your interest payments on your mortgage on your taxes. But I am not prepared to debate the merits of the issue, although I am frank to say that it seems that the IRS has a good deal of merit on its side.

Mr. DOLE. I do not quarrel with that. But my view is we cannot resolve every issue on the floor. Rather than have some permanent moratorium, it seems to me the better part of wisdom was to say, "OK, let's defer any implementation of this ruling until January 1, 1986. Let's have some hearings."

I am not certain where the votes would be after we have the hearings. But we do intend to address the issue. I guess you could justify it if you were a minister or in the service because of the low-pay ministers and military personnel receive. I think that is where the Senators are coming from.

Mr. METZENBAUM. The Senator from Ohio is pretty apprehensive because I think the same kind of delay was provided for previously in connection with the generations skipping tax. Now I am aware of the fact that in this bill the generations skipping tax is being provided for through a repeal. So I am just a little bit edgy.

Mr. DOLE. Again, it was by a vote in the committee. I cannot guarantee the Senator from Ohio who may prevail in the committee.

But I am suggesting that I think both the Senator from North Carolina and the Senator from Virginia felt strongly that we ought to decide right now that there should never be any tax involved. My view was we ought to take a look at it and provide a 1-year extension. And that is what we did in the committee insofar as some ministers were concerned. This would be the same on the military.

Mr. METZENBAUM. I thank the Senator.

Mr. DOLE. Is that substantially correct?

Mr. WARNER. Mr. President, that is an accurate representation of the understanding of the Senator from North Carolina and myself.

Mr. DOLE. I have not cleared this with the distinguished Senator from Louisiana. But we did on the ministers. That was committee action. I would suggest maybe the Senators would like to discuss it with the Senator from Louisiana while we are drafting this.

We would be more than pleased to discuss this matter with the distinguished Senator from Louisiana.

Mr. WARNER. Mr. President, in response to the inquiry by the distinguished Senator from Ohio, I would like to trace the history of the taxation of our U.S. military.

Mr. METZENBAUM. Will the Senator from Virginia yield for just 1 minute?

Mr. WARNER. Of course.

Mr. METZENBAUM. I was going to suggest to the Senator from Virginia, let well enough alone. I am calmed down.

Mr. WARNER. I recognize that the distinguished Senator from Ohio is calmed down, but occasionally it is like a volcano, it comes back again at the most unexpected time.

Mr. President, again, the compromise amendment on behalf of Mr. HELMS and myself is simply to make it eminently clear to the Internal Revenue Service that the present disposition of the Congress is not to let a Revenue ruling comparable to that of 83-3 be promulgated between now and January 1986 with respect to the military.

We are taking this action because we are privy to the internal working papers of the IRS and correspondence between various Cabinet officers who are likewise concerned.

Going back to the historical origins of taxation of the U.S. military, the Federal income tax advantage accruing to members of the Armed Forces derives from the nontaxable status of subsistence, quarters, and certain housing allowances—basic allowance for subsistence, or BAS, basic allowance for quarters, or BAQ, and variable and station housing allowances, or VHA and SHA, respectively—and Congress determination that those allowances should be treated as part of regular military compensation, along with basic pay. The origin of the tax advantage enjoyed by military personnel can be traced to a 1925 decision of the U.S. Court of Claims—arguably concurred in by Congress ever since—that held that neither the provision of certain items in kind to Armed Forces personnel, nor the payment of an allowance in commutation thereof, was subject to Federal income taxation under the precursor of the present-day Internal Revenue Code. With the subsequent extension of the rationale underlying this decision both to other items provided in kind and to allowances paid in lieu thereof, the tax advantage is appropriately seen as a more or less incidental byproduct of the way Congress has chosen to pay military personnel—namely, the pay plus nontaxable allowances system of military compensation.

So there is a long legislative history regarding the manner in which Congress has devised the military pay system. The action being taken by the Senator from North Carolina, and myself, is to preserve this status quo hopefully in perpetuity. But out of deference to the distinguished managers of the bill, we are willing to accept for the moment the compromise tendered.

Mr. DOLE. I thank the Senator from Virginia.

Mr. MATTINGLY. Mr. President, I support the amendment of the distinguished Senators from Virginia and North Carolina. In my opinion, it is absolutely vital to pass this amendment if we are to prevent what, in essence, would be a pay cut for many of our military personnel, including Active, Guard, and Reserve personnel.

Currently, the basic allowance for quarters and the so-called variable housing allowance are accorded tax-exempt status by the Internal Revenue Service as part of the military compensation formula. Such a tax advantage is an important element in computing the total levels of military pay and benefits. And thus, it is an important recruiting and morale boosting instrument.

Congress has made a specific effort, Mr. President, to increase such allowances at a faster rate than military pay itself. These actions were undertaken with the specific purpose of, among other things, reducing future retirement costs. By placing certain benefits outside the specific pay structure, retirement pay, which is based on service pay, will be reduced.

So I believe it to be unwise, Mr. President, to allow the IRS to thwart the expressed intention of the Congress.

I know that the Warner-Helms amendment would impact groups and individuals other than those in the military. I am pleased that it does and support its application in those areas.

As chairman of the Military Construction Appropriation Subcommittee, I am acutely aware of the enormous costs involved in building adequate family housing units for our servicemen and women; $3.1 billion has been requested this year for the family housing accounts in the Milcon budget—30 percent of the total Milcon request is devoted to family housing.

I urge the adoption of the amendment.

Mr. DOLE. Mr. President, before I suggest the absence of a quorum, Senator QUAYLE was here earlier and we understand there are a couple of amendments that he has that at least we can take up. Senator BRADLEY has three amendments. Senator BRADLEY is here. Is the Senator prepared to proceed with his three amendments?

Mr. BRADLEY. I am prepared to proceed with one amendment.

Mr. DOLE. Does the Senator have two additional amendments?

Mr. BRADLEY. I do have. I would expect at some point to be ready to offer those.

Mr. DOLE. I wonder if we might proceed then. We are trying to work something out to see whether we can take the first one. But is there one we are certain we cannot take that we can bring up?

Mr. BRADLEY. I came over to the floor to find out what the situation was. I would like to talk to the Senator and see if we cannot take some time in the future to deal with it.

Mr. DOLE. Like 8 p.m.?

Mr. BRADLEY. Probably not at 8 o'clock, but maybe shortly thereafter.

Mr. DOLE. Mr. President, let me read off the amendments that we know of. We have amendments by Senator QUAYLE, Senator DECONCINI, Senator BOSCHWITZ, Senator DODD—and Senator DODD's has been raised in case we have not been able to reach any agreement—Senator PRYOR; Senator KENNEDY, add consortia of educational institutions as eligible recipients of equipment contributions; Senator FORD, and that will be a distilled spirits amendment; Senator DOLE, and Senator EXON, and Senator DURENBERGER; Senator ABDNOR, a family farm amendment; Senator BRADLEY, tax on leaded gasoline; Senator HUMPHREY, FUTA summer camp exemption; Senator KENNEDY, strike medicare savings; Senator SPECTER, modify sale-lease-back, plus additional amendments; Senator BENTSEN, increase maternal and child block grants if there is an offset; Senator QUAYLE has another amendment on medicare; Senator HEINZ has two amendments; Senator BOSCHWITZ and Senator DIXON on real estate depreciation modifications; Senator BRADLEY; Senator D'AMATO on pension contributions for policemen and firefighters; Senator MURKOWSKI and Senator STEVENS, Alaska longevity bonus program; Senator COCHRAN, guaranteed divestment contracts; Senator GRASSLEY, farm depreciation and soil conservation; Senator BRADLEY, earned income tax credit indexing; Senator TSONGAS, deferred rent—we are addressing that in another amendment; Senator DOMENICI on photovoltaic cells; Senator D'AMATO on social security taxable base; and Senator BOSCHWITZ on tax-exempt status Firefighters Association.

Is Senator BOSCHWITZ in a position to take up the container amendment at this time?

Mr. BOSCHWITZ. Mr. President, we are negotiating on that. I think the firefighters one will not be in contention at all. If the Senator would give us some more time, we would appreciate it.

Mr. DOLE. If we could dispose of—disposition does not mean approval—but if we could dispose of the firefighters and the container amendments, and I know the Senator has another major amendment, we would like to dispose of some of the less major amendments in the next hour. If we cannot conclude then, I suggest we go home tonight at 9 o'clock, because we were here last night until midnight. There is no use staying until midnight tomorrow and all day tomorrow. So it appears rather obvious we are not going to conclude this evening.

Mr. BOSCHWITZ. Mr. President, I think we will be ready within the hour. We are still in the process of doing some rewriting on the firefighters amendment and we also have to clear it on the other side. It is not a very controversial amendment, nor is the container amendment very controversial. As a result, I do not think there will be a problem.

Mr. DOLE. Mr. President, I do not see Senator QUAYLE, but he was here earlier prepared to take up his amendment. Somehow he escaped.

Let me suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the pending amendments be temporarily laid aside.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The amendments are temporarily laid aside.

Mr. DOLE. Mr. President, I would suggest that the Senator from Indiana be recognized.

The PRESIDING OFFICER. The Senator from Indiana.

AMENDMENT NO. 2947

(Purpose: To allow dislocated workers to withdraw contributions to Individual Retirement Accounts)

Mr. QUAYLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Indiana (Mr. QUAYLE) proposes an amendment numbered 2947.

Mr. QUAYLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment add the following new section:

SPECIAL PROVISIONS FOR DISLOCATED WORKERS WITH RESPECT TO INDIVIDUAL RETIREMENT ACCOUNTS

SEC. . (a) Notwithstanding any other provision of the Internal Revenue Code of 1954, a dislocated worker having documentation issued by the Secretary under this section, may withdraw contributions to, and interest on, an individual retirement account established in accordance with the provisions of section 408 of the Internal Revenue Code of 1954, without incurring the tax penalty under section 408(f) of the Internal Revenue Code of 1954.

(b) For purposes of subsection (a), an individual is a dislocated worker if such individual—

(1) has at least twenty quarters of coverage under title II of the Social Security Act; and

(2) has exhausted all rights to regular compensation under State law in his most recent benefit year.

(c) The Secretary shall provide for the issuance of documentation to individuals identified as dislocated workers.

Mr. QUAYLE. Mr. President, I have discussed this amendment with both the chairman of the Finance Committee and the ranking member. This amendment is rather direct and does one specific thing. That is, it allows long-term unemployed to withdraw contributions from individual retirement accounts without a tax penalty.

Mr. President, Members are aware of the problem of the long-term unemployed, particularly those who come from States which have had an intolerably high unemployment rate, particularly long-term unemployment rate, for too long a period of time. There is in this country a new category of structurally unemployed individuals.

Structurally unemployed, Mr. President, historically has been defined as the hardcore, the economically disadvantaged individual, primarily the inner-city youth.

During the last 4 or 5 years, particularly with the number of plants closing, the transition that we are going through, the idea that we are going from a large manufacturing-industrial society to one that is geared more toward services and high technology, so to speak, the information era, we now have a new category of the structurally unemployed, and that is the dislocated worker.

The dislocated worker is one who is identified as having no real chance of going back to his or her place of employment.

What we have tried to encourage throughout the creation of the Job Training Partnership Act and the special attention that we pay to the dislocated worker in title III of that act, is to encourage dislocated workers that have no real chance of going back to their place of employment to seek training and retaining.

Mr. President, we believe that this amendment, which would allow the withdrawal of an IRA account of a dislocated worker, would certainly be an incentive to take that money out of the account. It has to be used for the express purpose of training, retraining, or education.

I believe, as we have to wrestle with this problem, that the Tax Code is the perfectly proper place to try to provide some incentives to see the dislocated worker use his or her money, and also to seek training and retraining.

Retraining is something I think you are going to see to be far more prevalent today than it has been in the past, and the fact that we will have individuals who will have three or four different types of jobs in a lifetime.

I believe the chairman of the committee will support me on this amendment.

Mr. DOLE. Mr. President, I understand the amendment has been cleared. We have no objection to the amendment. I think it is a good amendment and am prepared to accept it.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 2947) was agreed to.

Mr. DOLE. Mr. President, I understand the Senator from Indiana has another amendment.

The PRESIDING OFFICER. The Chair will advise that the amendment of the Senator from Virginia is still pending as is the amendment of the Senator from Kansas.

Mr. DOLE. Mr. President, if the Senator from Indiana is prepared to proceed, I will ask that we temporarily lay aside those amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, while we are waiting for the next amendment, I would announce that at least the tax portion equivalent of this bill passed the House tonight by a vote of 318 to 97. That bill was debated in the House since about 10 o'clock this morning. It had a majority vote of Republicans and a majority vote of Democrats. That is some indication that we are serious about at least the tax portion of deficit reduction.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. JEPSEN). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Kansas.

Mr. DOLE. Mr. President, the pending amendment is the amendment of the distinguished Senator from North Carolina and the distinguished Senator from Virginia; is that correct?

The PRESIDING OFFICER. That is one of the two pending amendments.

Mr. DOLE. As I understand it, if he would withdraw that amendment, he could send an amendment to the desk. Is that correct?

The PRESIDING OFFICER. It would take unanimous consent to set aside the pending amendment of the Senator from Kansas.

Mr. DOLE. Mr. President, I ask unanimous consent that that be set aside also.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. What I would like to do is withdraw the amendment.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. DOLE. Yes, I yield.

Mr. HELMS. Mr. President, on behalf of the Senator from Virginia, I ask unanimous consent to withdraw the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2945) was withdrawn.

AMENDMENT NO. 2948

Mr. HELMS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The bill clerk read as follows:

The Senator from North Carolina (Mr. HELMS), for himself and Mr. WARNER, Mr. MATTINGLY, and Mr. EAST, proposes an amendment numbered 2948.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 1137, strike out lines 11 through 23, and insert in lieu thereof the following:

SEC. 879. ALLOCATION OF EXPENSES TO PARSONAGE AND HOUSING ALLOWANCES.

With respect to any mortgage interest or real property tax costs paid or incurred before January 1, 1986, by any minister of the gospel or any member of a uniformed service (within the meaning given to such term by section 101(3) of title 37, United States Code) the application of section 265(1) of the Internal Revenue Code of 1954 to such costs or to a subsistence offering or a quarters as housing allowance shall be determined without regard to Revenue Ruling 83-3 (and without regard to any other regulation, ruling, or decision reaching the same result, or a result similar to, the result set forth in such Revenue Ruling.

Mr. HELMS. Mr. President, I want to make it clear that in addition to Senator WARNER and this Senator from North Carolina, we have cosponsorship of this amendment by the distinguished Senator from Georgia (Mr. MATTINGLY) and the equally able Senator from North Carolina (Mr. EAST).

Mr. DOLE. Mr. President, we have discussed this amendment. I think it is a good resolution of the situation and it has been cleared all the way around. I have agreed to have hearings with the Armed Services Committee not later than October 1 this year. So we accept the amendment.

The **PRESIDING OFFICER** (Mr. GORTON). The question is on agreeing to the amendment.

The amendment (No. 2948) was agreed to.

Mr. HELMS. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that we lay aside again the amendment of the Senator from Kansas. I understand the Senator from Alaska (Mr. MURKOWSKI) has an amendment which he will explain.

The **PRESIDING OFFICER.** Without objection it is so ordered. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I thank the Senator from Kansas.

AMENDMENT NO. 2949

(Purpose: To express the sense of the Senate regarding limitations and termination of qualified veterans' mortgage bonds)

Mr. MURKOWSKI. Mr. President, I send a perfecting amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. MURKOWSKI) for himself and Mr. CRANSTON, Mr. KASTEN, Mr. HATFIELD, Mr. WILSON, and Mr. STEVENS, proposes an amendment numbered 2949.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SEC. 722. SENSE OF THE SENATE REGARDING QUALIFIED VETERANS' MORTGAGE BONDS.

It is the sense of the Senate that—

(1) no termination date be imposed on the issuance of qualified veterans' mortgage bonds (within the meaning of section 103A (c)(3) of the Internal Revenue Code of 1954), and

(2) no qualified veterans' mortgage bonds be taken into account in applying section 103A of such Code.

Mr. MURKOWSKI. Mr. President, my amendment is brief and straightforward. The veterans' mortgage bond program is an important program for enabling veterans to obtain housing at reasonable interest rates. It is a program that has worked well in a number of States, and could well be enacted as a program in any State wishing to benefit veterans residing in their State. This is a program that has received broad national support. It has been endorsed by the National Governor's Association, the National Association of Counties, the United States Conference of Mayors, and other national groups.

A veterans' mortgage program was created in my home State in November 1982. Since that time, over 3,500 Alaska veterans have been able to receive housing loans that have allowed their families to buy into a housing market where they may have previously been unable to qualify. The availability of this mortgage loan program for veterans has provided a boost to the housing market, and thus the local economy. These bonding programs have received consistent and overwhelming approval in all States where this issue appears on the ballot. I should note that State-run veterans mortgage programs are not a new phenomena. In fact, the State of California has administered a veterans mortgage program that has helped thousands of veterans for over 61 years.

The tax bill we are currently considering in the Senate does not propose any changes in veterans' mortgage bonds. However, section 711 of H.R. 4170, as reported by the House Ways and Means Committee last October and scheduled for floor consideration shortly, contains two provisions that would have a very damaging effect on these bonds.

First, it would require that each State's ceiling for qualified mortgage bonds be reduced by the aggregate amount of qualified mortgage bonds issued in the State during the preceding calendar year—with certain exemptions for veterans' mortgage bonds approved by voter referendum prior to October 18, 1983.

Second, it would subject veterans' mortgage bonds to a December 31, 1988, sunset provision.

Mr. President, our amendment would state that it is the sense of the Senate that these changes not be made. We believe that the enactment of any such restrictions would seriously impair existing State veterans' housing programs, as well as discourage other States from establishing such programs as a means of assisting their veterans. In our view, State efforts such as these are appropriate and should be fostered—not impeded or hampered—by the Congress. We think this should be the Senate's position and that it is important that this position be known.

The **PRESIDING OFFICER.** The Senator from Kansas.

Mr. DOLE. Mr. President, I have reviewed the amendment, as has the distinguished Senator from Louisiana. We understand the Senator's concern and shall do our best in the conference. We have no objection to the amendment and are prepared to accept it.

The **PRESIDING OFFICER.** Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 2949) was agreed to.

Mr. MURKOWSKI. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, we are making some progress. I understand the distinguished Senator from Colorado (Mr. ARMSTRONG) in a few moments will be prepared to offer an amendment. Do I understand that it has been cleared with my colleague, the Senator from Louisiana?

Mr. ARMSTRONG. Mr. President, I believe they are in the process of being cleared and the staff is knowledgeable of it. I believe at the right time, it will be cleared, yes.

Mr. DOLE. We are prepared, if the Senator is, to proceed.

Mr. President, I understand we can take up an amendment that there will be a vote on. Senator D'AMATO has an amendment on tax-exempt income and Senator CHAFEE will lead the charge against that amendment. It is one that Senator LONG and Senator D'AMATO have an interest in.

Mr. ARMSTRONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ARMSTRONG. If the distinguished chairman of the Finance Committee is ready, I will be happy to proceed to offer a couple of modest amendments.

AMENDMENT NO. 2950

(Purpose: Technical amendment to definition of energy property)

Mr. ARMSTRONG. Mr. President, I do send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Senator from Kansas is informed that his amendment is the pending business.

Mr. ARMSTRONG. Mr. President, with the approval of the Senator from Kansas, I ask unanimous consent that his amendment be set-aside for the consideration of this amendment.

Mr. DOLE. Mr. President, I ask unanimous consent we set-aside the amendment of the Senator from Kansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. ARMSTRONG) proposes an amendment numbered 2950.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1089, between lines 5 and 6, insert the following:

(8) LEASED PROPERTY.—Clause (ii) of section 48(l)(2)(B) (defining energy property) is amended by inserting "(determined after the application of the principles of the last sentence of section 48(b)" after "taxpayer".

Mr. ARMSTRONG. Mr. President, at the present time there are two separate tax credits provided to encourage construction of coal-fired electrical generating facilities. There is the 10-percent investment tax credit and a second 10-percent energy conservation tax credit.

The 10-percent investment tax credit applies to new property and to property leased within 90 days of when it is placed in service.

The 10-percent energy tax credit also applies to new property, but now through a drafting error, it does not apply to property leased within 90 days of being placed in service.

This amendment simply corrects what we believe to be a drafting error and makes the two credits treated in a comparable way, that is, that both would apply to new property whether purchased or leased within 90 days.

Unless there is further discussion, I would ask that the amendment be adopted.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. If the Senator from Colorado will yield, is this the amendment that the Senator from Kansas would amend or is that the next one?

Mr. ARMSTRONG. Mr. President, this is the amendment which perhaps the Senator would seek to amend.

Mr. DOLE. I understand this has been cleared. Is an amendment to the amendment in order?

The PRESIDING OFFICER. Amendment is not in order.

Mr. DOLE. I ask unanimous consent that I be permitted to amend the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

AMENDMENT NO. 2951

(Purpose: Clarifying the definition of new section 38 property)

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself and Mr. LONG, proposes an amendment numbered 2951 to amendment numbered 2950.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is as follows:

On page 482, after section 173, add the following:

SEC. 174. DEFINITION OF SECTION 38 PROPERTY IN SALE-LEASEBACK TRANSACTIONS.

(a) IN GENERAL.—Subsection (b) of section 8488 (defining new section 38 property) is amended to read as follows:

"(b) NEW SECTION 38 PROPERTY.—For purposes of this subpart—

"(1) IN GENERAL.—The term 'new section 38 property' means section 38 property—

"(A) the construction, reconstruction, or erection of which is completed by the taxpayer after December 31, 1961, or

"(B) acquired after December 31, 1961, if the original use of such property commences with the taxpayer and commences after such date.

In applying section 46(C)(1)(A) in the case of property described in subparagraph (A), there shall be taken into account only that portion of the basis which is properly attributable to construction, reconstruction, or erection after December 31, 1961.

"(2) SPECIAL RULE FOR SALE-LEASEBACKS.—For purposes of paragraph (1), in the case of any section 38 property which—

"(A) is originally placed in service by a person, and

"(B) is sold and leased back by such person within 3 months of the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the lease.

"(3) The principles of paragraph (2) shall be applicable in determining whether the original use of property commences with the taxpayer for purposes of section 48(l)(2)(B)(ii)".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after April 11, 1984.

Mr. DOLE. Mr. President, while we are on the topic of the 90-day window, I understand that present law is not working properly. I thought the 90-day rule was intended to permit a taxpayer who places property in service to sell it and lease it back within 3 months without the property failing to qualify for full investment credit in the hands of the buyer-lessor.

However, the words of the statute appear to permit more. For example, suppose a person places an item of property in service and within 3 months he sells it to a second party who leases it to a third party. The statute appears to allow full credit to the second party as if he were the first user, even though the real first user is out of the picture.

My substitute amendment would tighten the rule to make it clear that it applies only when the person who originally placed the property in service sells the entire property and leases it back within a 3-month period.

It would also make that rule applicable for purposes of determining the credit for energy property in accordance with the amendment of the Senator from Colorado (Mr. ARMSTRONG).

The revenue effect is negligible. We do tighten up a little and, as I understand it, this has been cleared by Treasury and also by the joint committee staff.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Kansas.

The amendment (No. 2951) was agreed to.

The PRESIDING OFFICER. The question before the Senate is on agreeing to the amendment of the Senator from Colorado (Mr. ARMSTRONG), as amended.

The amendment (No. 2950), as amended, was agreed to.

Mr. ARMSTRONG. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2952

(Purpose: To exempt from the installment sales recapture provision any disposition made pursuant to an agreement entered into before March 16, 1984)

Mr. ARMSTRONG. Mr. President, I send an amendment to the desk and ask for its immediate consideration, with the approval of the Senator from Kansas, and I ask unanimous consent that his amendment be laid aside.

Mr. DOLE. I do ask unanious consent to temporarily set aside the Dole amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Colorado (Mr. ARMSTRONG) proposes an amendment numbered 2952.

Mr. ARMSTRONG. Mr. President, I will also ask unanimous consent that we dispense with further reading of this amendment, which is quite a simple one.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 476 of the matter proposed to be inserted, strike out lines 13 through 16 and insert in lieu thereof the following:
>
> (2) EXCEPTION.—The amendments made by this Act shall not apply with respect to any disposition conducted pursuant to—
>
> (A) a contract which was binding on March 22, 1984, or
>
> (B) an agreement entered into in principle before March 23, 1984.
>
> On page 476 of such matter, line 10, strike out "The" and insert in lieu thereof "Except as otherwise provided in this subsection, the".

Mr. ARMSTRONG. Mr. President, the bill which we have before us changes the recapture provision on sale of depreciated property. At the present time, as Senators know, the gain from such sales is deferred in an installment sale until the installments are received.

One of the changes that is made by this bill is to require that depreciation recapture income be taxed at the time of the sale. This provision in the pending bill goes into effect on March 15, 1984. The purpose of my amendment is to change the effective date from March 15 to March 22.

The reason for that is that while the committee approved this provision on March 15, it was impossible for anybody in the public to know that because the provision was not publicly announced until March 22.

My concern is that there may have been taxpayers who acted in reliance of the old law and had no way to know that anything was afoot during that 1-week period between March 15 and March 22. In fact, I know of at least one taxpayer who has that problem, and I am sure there are probably lots of them around the country.

So that is the reason for this amendment. It is just to track the effective date to the day on which this became publicly noticed.

Mr. DOLE. As I understand it, Mr. President, this is a technical amendment. It involves less than $10 million in revenue effect. As I remember discussing with the Senator from Colorado earlier, when the action was taken, there was not any notice. It was sometime after that before notice was received. It would seem to me under those circumstances that this is an appropriate thing to do.

Has this amendment been cleared with the distinguished Senator from Louisiana?

Mr. ARMSTRONG. Mr. President, if the Senator will yield, it has been presented to staff and so far as I know we have hard no objection from anyone to whom we have presented it.

Mr. DOLE. Mr. President, we are then prepared to accept the amendment.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Colorado.

The amendment (No. 2952) was agreed to.

Mr. ARMSTRONG. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I understand the distinguished Senator from New York is prepared to lay down an amendment which would require a rollcall vote. Senator CHAFEE will handle that particular amendment. We are awaiting their arrival.

Senator HEINZ, I think, is prepared also to offer an amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, it had been the hope of the Senator from Kansas that we might have one more vote tonight and then recess until tomorrow morning. The staff is drafting amendments faster than we can dispose of them around here. So I think we just need to come in tomorrow and start tabling all the amendments we have not been able to take care of so we can get out of here tomorrow night.

We started out this morning with 20-some amendments and now we are up to 30.

If there are some of these that are not going to be called up, it would be very helpful if we could have some indication. There are some that I know are in the process where people are trying to find offsets if it is spending to take care of it. I do not see how we can start taking spending amendments and revenue losing amendments and end up with a $48 billion package.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. LONG. Mr. President, it would help the Senator from Louisiana, as the ranking minority member, and I suppose it would help other Senators, if there could be printed in the RECORD for tomorrow a list of all the amendments that we are expected to vote on.

As the chairman so well knows, our distinguished majority leader, Mr. BAKER, some time ago put into effect a rule under which we do not print the amendments and put them out on our desks the way we used to do. Instead, they are printed in the RECORD at some point. It used to be we could take a whole sheaf of those amendments, and we could look through and see the ones we were willing to go along with and the ones we were not willing to support, and everybody else could do the same thing.

Now having the amendments printed would help for many reasons. One of them is that it would give you some indication of how much more work you had to do. You could look at the amendments that were going to be offered, and you could separate out those that had already been disposed of.

Could the chairman find a way to see that there be made available in the RECORD for tomorrow a description and the language of all these amendments so we will know what we are going to be voting on?

I must say it would help if we could look and see what we are going to be asked to vote on so we could pass judgment on it.

Mr. DOLE. I think the Senator has a good suggestion. Maybe we could describe each amendment without printing the entire amendment. Sometimes it is more difficult to figure out what it is with all the legalese.

Mr. LONG. Right now I would settle for anything compared to knowing nothing, which is where matters stand right now. We are just flying blind.

Mr. DOLE. All I have is a list, which I think we made available to everyone, which we have been scratching some off, but as I say, the add-ons are faster than the scratch-offs.

So I would suggest that perhaps someone on the staff prepare a brief description of each amendment and I place that in the RECORD, and I assume the RECORD will be available in the morning.

I do not know if there is a chance to get an agreement—I see the leader is here—that no amendments be in order, because they are coming out of the woodwork pretty fast.

I think Senators have heard the House of Representatives has passed their bill so they are dumping everything into this one.

We are just going to have to start tabling amendments that cost money. I am going to table them. If I lose, I lose. If they lose revenue we are going to try to table them. If we lose, we lose. But I think we have to make some progress if we are going to get out of here by Friday midnight and, you know, some of these amendments are not critical that they be passed in this bill, and I do not fault Members for trying to get their amendments taken care of.

Half of these, in my view, could be eliminated without any great loss.

Mr. LONG. Mr. President, if the Senator will yield at that point, can the distinguished chairman give us some indication of whether we will have another revenue bill to act on between now and the time we adjourn?

Mr. DOLE. I can always bring one up just for fun. But I am certain a lot of these old dogs will be back.

So, we would hope Senator CHAFEE might arrive in the Chamber so we could take up an amendment and have one more rollcall vote and then I do not see any way we can finish by tonight.

So I suggest we have one more rollcall vote.

Mr. BAKER. Mr. President, will the Senator yield for a moment?

Mr. DOLE. I yield.

Mr. BAKER. Mr. President, I think that is right. It is increasingly apparent that we cannot finish tonight. I had hoped we could and indeed the adjournment resolution provides for the adjournment over from tonight, or tomorrow, or Friday, but we cannot finish tonight, I gather, and after the managers are sure that they have exhausted their efforts, I wish to take us out.

It would be the plan of the leadership on this side to bring us in fairly early tomorrow, get a running start on this thing, and try hard to finish it tomorrow night, but if we cannot do that we will be here on Friday also trying to finish.

Mr. President, I hope the managers can go ahead, and one more rollcall sounds about right to me, and then we will arrange the sequence of events for tomorrow.

Mr. DOLE. Senator D'AMATO wanted to bring up an amendment an hour ago. If he will come to the floor and Senator CHAFEE would arrive, we could do it.

Are there any other amendments that we could dispose of at this time that have been cleared all around?

Mr. GRASSLEY. Mr. President, will the Senator yield to me briefly?

Mr. DOLE. I am happy to yield to the Senator from Iowa.

Mr. GRASSLEY. Mr. President, I am pleased that this deficit reduction package includes provisions of my bill, S. 108, which will help strengthen our technician training programs within our postsecondary vocational education system. I introduced S. 108 at the beginning of the 98th Congress and hearings were held in the Subcommittee on Taxation and Debt Management in August 1983.

Skill renewal and job training are central to our Nation's ability to generate economic growth and strengthen the competitiveness of our industry. As I am sure my colleagues are aware, our community and junior colleges and technical institutes have emerged as a leading resource for job training and retraining. The strength of these institutions lies in their ability to provide technical training programs which match the needs of local industries and are reflective of current job openings. These colleges create training programs in cooperation with industries and local businesses and reshape them as technology and training needs demand.

On a dramatically increasing basis, industry is turning to the community and junior colleges and technical institutes to provide employer specific training programs—programs that are tailored to meet the particular skill needs for an individual employer. These institutions are equipped to provide high quality instruction which is often better and less expensive than in-house skills training.

The demand for technician courses in the community college system is growing by leaps and bounds. Over half of our newly enrolled students in higher education are getting their start in the community college system. As we struggle to enlarge our professional ranks in science and engineering, we must keep sight of the fact that for every engineer we need four or five highly trained technicians in assisting positions. The community colleges and technical institutes are largely training these highly skilled technicians.

However, the need for state-of-the-art equipment has become a serious handicap for our community colleges in their ability to respond most effectively to the skills gap which plagues U.S. productivity. In this age of rapidly changing technology, much of their equipment has become obsolete, particularly in the fields of microprocessing, computer-assisted design and numerical control machining. Furthermore, many colleges are finding it impossible to expand into emerging fields of robotics, laser optics, and other new technologies because of lack of funds to initiate such programs, yet, laserbeam technology in tool and die machinery, for example, represents the present, not the future. Our industries expect their employees to be trained to adapt to these technologies.

To help keep pace with this change, we must have the help of business and industry. As many States struggle to avoid insolvency and face budgetary pressures of their own, they have been unable to meet the equipment needs of their community colleges.

While the Federal Government cannot assume financial responsibility for this lack of resources, it can encourage private industry, at a relatively minor loss of revenue, to help in underwriting the expense of modernizing training programs from which it will benefit. Some colleges have benefited from donated equipment from businesses which they could not have purchased on their own. The State of North Carolina received over $6 million of equipment donations for vocational training purposes in the last 2 years. At a very little cost to the Federal Government, we could encourage even greater private sector participation and support in the training process.

To assist community and junior colleges in meeting the job training demands of the future, my bill included in this tax measure makes three changes in the Tax Code. To encourage corporations to donate equipment, my bill amends the Internal Revenue Code to increase the charitable contribution deduction which may be taken by a corporation for the donation of eligible equipment. The amount of the deduction is the taxpayer's basis in the donated property plus one-half of the unrealized appreciation of the asset, not to exceed twice basis. Under current law, a corporate donor may only deduct its basis in the property.

This provision mirrors an ERTA provision permitting a corporation to claim a deduction of the same magnitude for the donation of equipment for research or research training to an institution of higher education. It expands the ERTA provision by permitting a corporation to donate equipment used for vocational training to a community college or a technical institute. The equipment must be donated for use in a qualified post-secondary vocational education program as defined by the Higher Education Act of 1965; furthermore, the donee must certify that substantially all of the use of the property will be for training students enrolled in qualified post-secondary vocational education programs in applied mathematics, science, or engineering and their related technical fields.

Another section from S. 108 included in this bill addresses the difficulty educational institutions face in competing with private industry to attract and maintain qualified technical instructors. It has two provisions designed to enable teaching skills to keep pace with technological growth. First, corporations are eligible to claim a $100 tax credit for employees lent to community and junior colleges to teach vocational training courses. An employer may not claim a credit for more than five courses taught by each employee during a taxable year. Eligible courses are those offered in a 2-year program in the fields of engineering, mathematics, physical or biological sciences designed to prepare a student to work as a technician or a paraprofessional. This incentive would encourage industry to contribute needed technical instruction that colleges are currently unable to provide, particularly specialized technologies.

Additionally, this measure offers employers a tax credit of $100 if they employ a full-time vocational education instructor with at least 2 years of teaching experience. To claim the tax credit, an employer must hire the instructor for not less than 3 months and not more than 1 year. If the instructor does not return to his or her teaching position, the corporation cannot claim the credit. This provision is designed to provide employers with a small incentive to hire community college vocational instructors. Not only would these instructors be exposed to the technological needs of the area's employers, their skills would also be upgraded by working with modern equipment. This double benefit enhances the ability of vocational education instructors to teach and place their students.

These provisions from S. 108, which were included in this tax measure, will help our educational institutions keep pace with job training changes in the workplace which affect as many as 2 million workers each year. Marvin Cetron of Forecasting International aptly describes the situation when he suggests:

> Training must be prepared to deal with vast and fast-paced changes as current jobs become obsolete and new ones are created, and must gear up to meet the challenge of massive technological, economic and social change. Lifelong learning will become a fact of life as people will require full-scale retraining every ten years for the 4-6 career changes they will undergo.

I firmly believe that productivity deriving from a successful national commitment to training will repay many times over the modest tax investment to implement the provisions in this bill.

Mr. DOMENICI. Mr. President, will the Senator yield?

Mr. DOLE. Mr. President, I yield to the Senator from New Mexico.

Mr. DOMENICI. I thank my good friend from Kansas.

Mr. President, I just wanted to ask the Senator from Kansas, has he had a chance to discuss the photovoltaic tax credit amendment that the Senator from New Mexico and others are interested in, and if not, I ask if he would over the evening and perhaps we can discuss it in the morning?

I am trying to get it down to a minimal but there are a number of us who think we have to extend that if we are going to maintain that industry alive in the United States with foreign competition.

Has the Senator had a chance to look at it?

Mr. DOLE. That is right. I understand Treasury has been looking at it. We have it on our list as one of the possible amendments.

I know the Senator agreed to tighten it up to reduce the cost in half.

Mr. DOMENICI. That is correct.

Would the Senator have his staff meet with ours and Senator Long's staff meet with ours on that photovoltaic and we can talk about it some time tomorrow?

I thank the Senator.

Mr. DOLE. Senator Chafee is here. If we rescue Senator D'Amato, he asked me to bring his amendment up about 8 p.m. I wonder if we might contact Senator D'Amato.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2953

Mr. HEINZ. Mr. President, I ask unanimous consent that an amendment I intend to offer either tonight, tomorrow, or before the conclusion of this bill be printed in the Record at this point.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

(The amendment (No. 2953) is printed in routine morning business today under amendments submitted.)

Mr. HEINZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I understand that the Senator from New York is prepared to go forward with an amendment and I am advised it is going to take a fair amount of time to deal with it properly.

I have a folder here of routine business that I would like to take up if the minority leader is prepared to do so. It will take but just a moment. Then we will have that out of the way.

Will the Senator from New York permit me to do this housekeeping work before he offers his amendment?

Mr. D'AMATO. Yes.

(The routine morning business transacted at this point is printed later in today's Record.)

Mr. BAKER. Now, Mr. President, may I express my apology to the managers of the bill. I hope that we have not delayed their further consideration of the matter. I am prepared to yield the floor.

Mr. President, do I understand that the Senator from New York is prepared to proceed at this time?

Mr. D'AMATO. That is correct.

Mr. BAKER. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. I believe, Mr. President, the Senator from Alaska has an amendment.

Mr. STEVENS. I have an amendment, if the Senator will yield, that I think will be accepted and disposed of very quickly, if the Senator from Kansas will permit me. I was looking for the manager of the bill in order to do that. If the Senator wishes to proceed and yield to me later, I will ask at the appropriate time to interrupt the Senator.

AMENDMENT NO. 2956

Mr. D'AMATO. Mr. President, I send an amendment to the desk on behalf of myself, Mr. Long, Mr. Moynihan, Mrs. Hawkins, Mr. Specter, Mr. Melcher, Mr. Murkowski, Mr. Boschwitz, Mr. Huddleston, Mr. Stevens, Mr. Wilson, Mr. Johnston, Mr. Hecht, and Mr. Mattingly, and ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection to laying aside the amendment that is pending to consider the amendment of the Senator from New York?

The Chair hears none, and it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

> The Senator from New York (Mr. D'Amato), for himself, Mr. Long, Mr. Moynihan, Mrs. Hawkins, Mr. Specter, Mr. Melcher, Mr. Murkowski, Mr. Boschwitz, Mr. Huddleston, Mr. Stevens, Mr. Wilson, Mr. Johnston, Mr. Hecht, and Mr. Mattingly, proposes an amendment numbered 2956.

Mr. D'AMATO. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> At the appropriate place, insert the following new section:
>
> SEC. . TAX-EXEMPT INTEREST EXCLUDED IN DETERMINING AMOUNT OF SOCIAL SECURITY BENEFITS TO BE TAXED.
>
> (a) In General.—Paragraph (2) of section 86 (b) (defining modified adjusted gross income) is amended to read as follows:
>
> "(2) Modified adjusted gross income.—For purposes of this subsection, the term 'modified adjusted gross income' means adjusted gross income determined without regard to this section and sections 221, 911, 931, and 933.".

(b) Effective Date.—The amendments made by subsection (a) shall take effect as if included in the amendment made by section 121 (a) of the Social Security Amendments of 1983.

Mr. D'AMATO. Mr. President, I am offering an amendment to repeal inclusion of tax-exempt interest from the calculations for determining the taxation of social security benefits. This amendment is based on legislation, S. 1113, which has 23 cosponsors and was the subject of a hearing on August 1, 1983, by the Finance Committee.

The issue was first raised by Senator Long last March during the debate on the Social Security Amendment of 1983. At that time Senator Long and I raised an amendment identical to S. 1113, which was defeated 52 to 44. Over the past year, however, more has been learned about the issue and how fragile the tax-exempt market is.

The Social Security Amendments of 1983 mandated the taxation of social security benefits for individuals with incomes of over $25,000 and $32,000 for a married couple. Included in the income threshold for taxation of social security benefits is taxable earnings, half of all social security benefits, and all tax-exempt interest income.

Mr. CHAFEE. Mr. President, I wonder if we might have order.

The PRESIDING OFFICER. The Senate will be in order. The point of the Senator from Rhode Island is well taken. Those Senators wishing to converse will please retire from the Chamber.

The Senator from New York is recognized.

Mr. STEVENS. Will the Senator from New York yield to me for just a moment?

Mr. D'AMATO. Yes, I will yield.

AMENDMENT NO. 2957

(Purpose: To revise the exemption from income under the SSI program for the Alaska bonus payments)

Mr. STEVENS. Mr. President, I do have a small amendment that deals with the question of the Alaska longevity bonus and its relationship to the SSI account. I think it has been worked out with the staff of the Finance Committee. It deals with the problem that is caused by the State supreme court ruling the current law unconstitutional. There is a change that the administration has told us we must make to that in order to preserve the right of these people to a supplemental income under the State law.

If the Senator is prepared to accept that, I would introduce the amendment at this time.

Mr. DOLE. I suggest the Senator introduce the amendment. This amendment would simply conform the SSI statute with necessary change in Alaska law. There is some concern that with residence requirements eliminated, many more people will be affected by the SSI provision and possibly payments made by other States could fall within the income exclusion.

I am advised the Social Security Administration is trying to work out something on that to prevent it from happening, so on the basis we are prepared to accept the amendment.

Mr. STEVENS. Mr. President, I ask unanimous consent that it be in order to consider the amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. Stevens), for himself and Mr. Murkowski, proposes an amendment numbered 2957.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

After section 977, insert the following:

EXCLUSION FROM INCOME OF ALASKA BONUS PAYMENT

Sec. 978. (a) Section 1612 (b)(2)(B) of the Social Security Act is amended—

(1) by inserting "(or any program established prior to such date but subsequently amended so as to conform to State or Federal constitutional standards)" after "1973"; and

(2) by striking out "attainment of age 65, and duration of residence" and inserting in lieu thereof "attainment of age 65 or any older age set by the State, and residency".

(b) The amendments made by subsection (a) shall become effective on the date of the enactment of this Act.

Mr. STEVENS. Mr. President, title XVI of the Social Security Act, as amended, established a national program, effective January 1, 1974, called "Supplementary Security Income for the Aged, Blind and Disabled"—SSI. It is a welfare program which provides monthly cash payments to persons who are blind, disabled, or who have reached the age of 65 and have demonstrated financial need.

The amount of the monthly payments is based on the difference between the maximum income standards, presently $314 for an individual and $472 for a couple, and the total monthly income as determined by 42 U.S.C. 1382. For our purposes, we are only concerned with the SSI payments to the aged; 42 U.S.C. 1382a(b)(2) is the Federal exemption which requires the Social Security Administration, when calculating the amount of SSI benefits for which an individual or couple is eligible, to disregard the $250 per month income provided by the Alaska longevity bonus program.

The Social Security Administration has informed us that this exemption will be in jeopardy when the new State of Alaska longevity bonus bill is enacted. It is their opinion that the State changes to the Alaska longevity bonus program, which are necessitated by a court decision, make the present exemption null and void. This amendment to the Federal law would continue the exemption for recipients of the revised pioneer bonus program.

Mr. President, according to the Alaska offices of the Social Security Administration:

(1) The number of older Alaskans who received SSI benefits during the most recent reporting period for which figures are available, the 3rd Quarter of 1983, was 1,111.

(2) The total federal dollars expended in Alaska in all of 1983 for SSI payments to older Alaskans was only $2,222,000.

As you can easily see when you compare these figures with the corresponding national totals—1,548,471 older Americans received $225.6 million each month in SSI payments in 1983—the fiscal impact of the Alaska program on the Federal budget is extremely small. However to the estimated 700 to 800 older Alaskans who receive both the Alaska longevity bonus and SSI, the average monthly SSI payment of $178 is significant.

I thank the Senate for its consideration in this matter.

The PRESIDING OFFICER. Is there further debate?

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask unanimous consent that the amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2958

(Purpose: To provide medicare payments for costs of hospital-based mobile intensive care units)

Mr. DOLE. Mr. President, if the Senator from New York and the Senator from Rhode Island will yield just for an additional minute, the Senator from New Jersey has an amendment which has been cleared by everyone including the assistant commissioner.

Senator METZENBAUM. I ask unanimous consent that amendment No. 2944 be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. Bradley), for himself and Mr. Lautenberg, proposes an amendment numbered 2958.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1283, between lines 14 and 15, insert the following:

PAYMENT FOR COSTS OF HOSPITAL-BASED MOBILE INTENSIVE CARE UNITS

SEC. 966. (a) (1) In the case of a project or system described in subsection (b), the Secretary of Health and Human Services shall provide, except as provided in paragraph (2), that the amount of payments to hospitals covered under the project or system (on and after the date of the enactment of this section and before the date on which Secretary terminates the waiver granted with respect to such project or system) shall include payments for their operation of hospital-based mobile intensive care units (as defined by State statute) if the State provides satisfactory assurances that the total amount of payments to such hospitals under titles XVIII and XIX of the Social Security Act under the demonstration project or system (including any such additional amount of payment) would not exceed the total amount of payments which would have been paid under such titles if the demonstration project or system were not in effect.

(2) Paragraph (1) shall not apply if the State in which the project or system is located notifies the Secretary—

(A) within 30 days after the date of the enactment of this section, in the case of a demonstration project described in subsection (b) (1), or

(B) within a reasonable period (established by the Secretary), in the case of a system described in subsection (b) (2),

that the State does not want paragraph (1) to apply to that project or system.

(b) A project or system referred to in subsection (a) is—

(1) a statewide demonstration project established in the State of New Jersey under section 222 (a) of the Social Security Amendments of 1972 (Public Law 92-603), or

(2) a statewide hospital reimbursement control system established in the State of New Jersey and approved under section 1885 (c) of the Social Security Act,

which project or system provides for payments to hospitals in a State determined on a prospective basis and related to a classification of patients by diabnosis-related groups.

(c) Payment for services described in this section shall be considered to be payments for services under part A or title XVIII of the Social Security Act.

Mr. BRADLEY. Mr. President, New Jersey implemented in 1979 a demonstration project of mobile intensive care units. This is a hospital based service consisting of sophisticated ambulance and paramedical personnel who answer emergency calls, stabilize a patient, and provide for voluntary ambulance service transfer of patients to the hospital. Initially, the service was reimbursed through part A medicare under the New Jersey DRG waiver. This method of reimbursement was disallowed by HCFA in 1982 since the units did not transport patients and a physician did not accompany the units. A revised waiver was granted by HCFA in 1983 to allow reimbursement under part B.

The part B waiver has posed some disturbing consequences. The copayment level to the beneficiary is considerable. Not all patients need the full extent of the service but this can only be determined after a call has been made. Unfortunately the patient will have to pay for the service regardless of need or outcome.

New Jersey is the only State with this demonstration project which has been estimated to have saved 200 lives since its inception. The service is well thought of by the public provider and volunteer ambulance service. It serves as a prototype for the entire Nation.

Mr. President, this amendment would provide reimbursement under part A medicare rather than part B for the mobile intensive care units through the life of the New Jersey demonstration. According to the New Jersey Department of Health, the costs of the amendment are not significant. The House has included a similar provision in its reconciliation bill. I urge my colleagues to support the amendment.

Mr. President, this amendment has been cleared on all sides. It is offered on my behalf and on behalf of Senator LAUTENBERG.

● Mr. LAUTENBERG. Mr. President, I am pleased to join my colleague Senator BRADLEY in offering this amendment to provide part A medicare coverage for reimbursement for the operation of mobile intensive care units (MICU's). MICU's provide advanced life support services in the field. The MICU vehicle is staffed by paramedics or nurses who are specially trained. The staff operate under direct radio and biomedical telemetry communications with a qualified physician or an MICU nurse under physician direction. Usually the MICU vehicle does not transport patients.

After operating as pilot projects for several years, the MICU's were recognized as permanent programs in New Jersey in 1980 and approved for reimbursement under part A of medicare. The MICU programs were reimbursed for all reasonable costs.

In September 1982, the Health Care Financing Administration (HCFA) notified the New Jersey Hospital Rate Setting Commission that HCFA would no longer allow part A reimbursement for MICU services. Subsequently HCFA agreed to permit part B reimbursement. This change to part B is unsatisfactory to the providers and the patients. Patients will have to carry a heavier cost burden than under the original system, and the hospitals believe their ability to provide a high level of quality service will be impaired.

This has proved to be a popular and effective service. Providing part A reimbursement will help to maintain this lifesaving program.

Mr. President, I hope this amendment can receive favorable consideration.●

Mr. DOLE. Mr. President, the Senator from New Jersey (Mr. BRADLEY) has agreed to limit the period of time during which a mobile intensive care unit can be reimbursed under part A to the duration of New Jersey's current medicare waiver. He has also agreed to require that no additional cost should result as a result of this amendment.

The Senator from Kansas is willing to agree to this amendment but wants to make it clear for the RECORD that the cost of services provided by these MICU's should be reimbursed under part B, when services provided are unrelated to an admission for inpatient care.

While willing to agree to this short-term measure, I hope that, over the long term, these costs will be dealt with under part B.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2958) was agreed to.

Mr. BRADLEY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2956

Mr. DOLE. Mr. President, we will now go back to the amendment of the Senator from New York (Mr. D'AMATO). When we clear the other amendment, we can dispose of that.

Mr. D'AMATO. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. D'AMATO. Mr. President, the inclusion of tax-exempt interest in the threshold calculation for determining taxation of benefits is tantamount to the direct taxation of State and local bonds. Furthermore, the inclusion of tax-exempt interest hurts only middle-income retirees and not the wealthy, as has been erroneously suggested.

As a former local official, I well understand the importance of tax-exempt financing to our cities and States. State and local governments raise revenues principally from two sources—direct taxes and the issuance of tax-exempt bonds. State and local bonds are tax exempt and, thus, carry lower interest rates than taxable securities. If municipal bonds were to become taxable, the interest costs on these securities would rise. Higher interest rates would be passed on directly to local taxpayers in the form of higher taxes.

The Municipal Finance Officers Association has estimated that the inclusion of tax-exempt interest in the income threshold for determining taxation of social security benefits has raised interest costs on municipal bonds between 25 and 50 basis points.

These higher interest rates will result in higher taxes in most cities and States. However, those cities and States impacted by the WPPSS debacle are already paying a premium on their tax-exempt securities and must now pay a further premium because of the inclusion of tax-exempt interest in the income threshold.

Mr. President, if there was a compelling equity argument to be made in support of taxing State and local bonds, I would withdraw my amendment. However, the inclusion of tax-exempt interest in the income threshold for taxing social security benefits hurts only the middle class. The wealthy are already well above the income threshold of $25,000 and are not impacted by the inclusion of tax-exempt interest. But it is the middle-income retirees who may be pushed over the $25,000 threshold by the inclusion of tax-exempt interest in the threshold for taxing social security benefits.

Worse yet, these people purchased municipal bonds many years ago with the express understanding that no Federal taxes would be owed on the income derived from these bonds. Now, Congress requires these middle-class retirees to pay taxes on their municipal bonds.

I suggest that our senior citizens have a right to ask for repeal of this provision in the Social Security Amendments of 1983. That is why my amendment is endorsed by the American Association of Retired Persons—not a group that represents the wealthy, but a group that represents America's senior citizens.

This provision including tax-exempt interest in the calculation determining taxation of social security benefits will create a new class of Federal income tax cheaters—middle-class senior citizens. Since this provision forces many middle-class retirees to pay taxes on their unregistered municipal bonds, there is no way to police the inclusion of tax-exempt interest for purposes of determining taxation of social security benefits. Consequently, people, by their very nature, are going to feel that Congress has changed the game after they made a covenant not to tax municipal bonds, and they did not expect the Congress of the United States to tax them through the back door.

Call this what you will; say it is not a direct tax; but a tax by any other name, direct or indirect, certainly fits the description I have just outlined.

Mr. President, my amendment will have no impact on Federal revenues. The Joint Committee on Taxation has estimated that my bill will cost less than $5 million over 5 years. However, if my amendment fails, local taxpayers will pay between $300 million and $600 million in higher taxes. This is because the inclusion of tax-exempt interest in the income threshold for taxing social security benefits represents a precedent for taxing of municipal bond income.

Mr. LONG. Mr. President, may we have order?

The PRESIDING OFFICER. The point of the Senator from Louisiana is well taken. Those wishing to converse will please do so outside the Chamber.

Mr. D'AMATO. Mr. President, the fact is that what we have is setting a dangerous precedent for the taxing of municipal bond income. This is having the effect of scaring investors away from the tax-exempt market at a time when local governments are finding increased need to undertake the repair of their highways and bridges and the infrastructure.

For this reason, all the major public interest groups support this amendment. Let me mention several. I have mentioned the American Association of Retired Persons. That is No. 1. Second, the National Governors Association. I do not think they speak for the wealthy. I think they are talking about their States.

The National Association of Counties. They are not talking for the wealthy. They are talking about what the impact of this legislation will be in terms of their financing.

The Conference of Mayors. Certainly, the Conference of Mayors, who represent urban America, is interested in the plight of the poor. They want equity; they want social justice.

So this provision, which was put forth on the basis that this was social justice and equity, does not do anything but impact middle-income retirees and cities.

Other groups that support my amendment are the National Association of State Legislatures, the Municipal Finance Officers Association, and the National League of Cities.

Mr. President, I believe that the arguments are convincing. In our rush to bring about what some would call tax equity, we have created exactly what we did not want—a tax on working middle-class Americans who purchased these bonds with the expectation that these incomes would never be taxed, certainly not by the Congress of the United States, whether directly or indirectly.

Mr. President, I also find that in a letter to me dated April 11, 1983, the Joint Committee on Taxation estimated that Senator Long's initial amendment last March—this is the same amendment that is on the floor today—would cost the Treasury less than $5 million over a period from 1984 through 1988. Then, in August, the committee did another revenue estimate—imagine, from March to August they did another estimate on the same provision—in which they revealed that there would be a $232 million loss of revenue from 1984 through 1988.

I do not understand how the number can go up in this short period of time. They said $5 million, and 4 months later they said $232 million. I sort of do understand.

The point is that the Joint Committee on Taxation does not like the amendment, so I think we see some fancy mathematics. Their second revenue estimate attempts to calculate the amount of investment that would be shifted to tax-exempt securities if this amendment is adopted. Of course, for an individual to sell taxable securities and buy tax-exempt securities would result in a lot of additional brokerage commissions. This is taxable income not calculated into their revenue estimate.

Mr. President, I yield to Senator Long.

Mr. BAKER. Mr. President, will the Senator from New York yield to me for a moment?

Mr. D'AMATO. I yield.

Mr. BAKER. Mr. President, we have a little bit of a dilemma here. It is 9:45 p.m. Both sides, I believe, have put out hotlines and noticed Senators who may be other places in the city that there may be another rollcall vote.

It is getting very late, though. I wonder if the Senator from New York will give us some idea how much longer he thinks this amendment will take.

Mr. D'AMATO. I do not think I will take more than 2 minutes in response, so I really basically do not need any additional time.

I know Senator Long wishes to speak to this. This Senator does not need any longer. I have made my arguments.

Mr. LONG. Mr. President, the Senator from Louisiana wishes to speak on this matter. I do not know how long I will take. I do not think I will take any long period of time. But I might be surprised by my own oratory and speak longer than I plan to begin with. I do not know exactly how long I will take, and offhand I cannot say it will be 10 minutes or half an hour. I will know as I warm up to the subject.

Mr. BAKER. We have all been known to do that on occasion.

Mr. President, let me make a suggestion. I do not wish to coerce anyone and I am only trying to sort of look after the flock, so to speak.

I wonder if we could set a time certain for a vote either tonight or in the morning just so we can be sure we know what the arrangements are.

Would Senators be agreeable to arranging a vote tonight say at 10:15 p.m.?

Mr. LONG. Mr. President, I do not feel I could agree to divide time that way. I do not anticipate that this debate will take more than 1 hour. But this is an important issue. It is a matter that the State and local governments will certainly take a great amount of interest in, and it is also one that the investment community will be curious to know how we resolve it.

Therefore, I think we should do justice to the issue. But I do not have in mind a lengthy debate. I have indicated how long I expect to talk about the matter, but I do not propose to limit this matter to half an hour because I think it is an important issue and I think we should do it justice, even though I do not see why it should take more than an hour for both sides.

Mr. BYRD. Mr. President, I think the RECORD will show that both the leader on the other side and the leader on this side tried to protect those who are gone. We thought there was going to be a rollcall vote soon. We both put out the word and some of the Senators are coming back, and they can see easily from the RECORD that this is a set of circumstances we could not foresee, and it is all in the RECORD.

It is obvious that if a vote occurs it will be at least 10:30 p.m. or longer, so I suggest we just go out and vote in the morning.

Mr. DOLE. Just go out.

Mr. LONG. I would just as soon go home.

Mr. BAKER. I agree with that.

HOSPITAL INFORMATION SYSTEMS

● Mr. MATTINGLY. Mr. President, Senator NUNN and I have jointly been working on an aspect of this legislation. We were particularly concerned about the approach used in title I as it relates to service contracts. In particular, a constituent of ours, HBO & Co., had raised a concern that this section, if not carefully drafted, could inadvertently place their firm at a disadvantage vis-a-vis their competitors.

Our constituents' concern stems from the fact they supply their information systems to hospitals on hardware which is located, much of it for convenience only, in the hospital, with hospital personnel having limited, controlled access to the equipment. The system would perform as efficiently for the hospital if much of the hardware, such as the CPU, was located elsewhere.

We believe that this arrangement is not a lease under the legislation but would appreciate the matter being clarified. We do not think that, under the circumstances and absent other factors, the fact that the hardware may be located on the hospital's premises and the fact that hospital employees have limited, controlled access to it should require the arrangement to be treated as a lease.

We wish to express our sincere appreciation at this time to the chairman for his support in addressing our concern and for the leadership he has provided in bringing to the Senate floor this comprehensive legislation.●

● Mr. DOLE. Mr. President, I sincerely appreciate the comments of the Senator from Georgia. In response to the Senator's comment let me say that while the lease versus service contract distinction depends on all the facts and circumstances of the particular case, I agree that the particular arrangement he describes, absent other factors, is to be treated as a service contract under the bill.●

ENTERPRISE ZONE PROVISIONS

Mr. ANDREWS. Mr. President, I would like to raise with the Senator from Kansas two matters with respect to the manner in which the economic enterprise zone provisions in this legislation will effect the Nation's American Indian reservations.

Mr. DOLE. I welcome the comments of my good friend the Senator from North Dakota.

Mr. ANDREWS. First of all, I would like clarification on whether two or more Indian reservations which share a common border, in whole or in part, would have the option under this measure of joining together in submitting one application for designation as a single enterprise zone. I believe the measure as currently worded is flexible enough to allow this, and I believe the option is extremely important to those reservations which, applying by themselves, would stand a poor chance of winning designation and would have trouble attracting new business on their reservation because as economic units they are just too small, standing alone.

Mr. DOLE. Let me assure the Senator from North Dakota that it is our understanding that this legislation would allow Indian reservations to have this option just as adjacent cities would. Furthermore, I would hope that the Department of Housing and Urban Development would make clear that adjacent reservations can exercise this option, in the regulations it issues under this bill. We have discussed this matter with HUD. As I believe the Senator from North Dakota has, and HUD assures us that joint application from adjacent reservations will be established.

Mr. ANDREWS. My second question to my friend the Senator from Kansas concerns the set-aside in the legislation for rural communities. I think it is just and fair that one-third of the designations under this legislation be reserved for rural areas as defined in the bill. However, since Indian reservations suffer some of the highest unemployment and economic deprivation in the country, I would hope that an equitable number of Indian reservation applications would be approved by the Secretary of Housing and Urban Development as part of this special rural initiative.

Mr. DOLE. My friend and colleague the Senator from North Dakota is correct in noting that the legislation contains a set-aside for rural areas nominated to be designated enterprise zones. I would fully support—and believe the Committee on Finance would encourage—that the Department of Housing and Urban Development make every effort to favorably review Indian reservation applications within the rural set-aside. This would be especially true for the first year of this program, during which all of us want to see the enterprise-zone concept tested fully and fairly.

Mr. ANDREWS. I think the Senator from Kansas has done an excellent job for all of us in crafting this piece of legislation, and I thank him for his responses to my comments.

AMENDMENT NO. 2930—HEALTH CARE FOR THE UNEMPLOYED

● Mr. KENNEDY. Mr. President, I am pleased to join with my colleagues in offering this amendment to provide health insurance for the unemployed.

I believe that it is essential that we act today. Unemployed workers and their families have already lived far too long with the fear and anxiety that they will not be able to afford needed medical care because they lack health insurance. Further delay would be unconscionable.

Mr. President, let me review the need for quick action.

The dimensions of the problem are enormous. The United States has just suffered through the worse depression since the Great Depression. While the economy appears to be improving, unemployment remains high, and many economists believe another downturn next year is likely.

One of the worst consequences of this deep recession is the loss of health insurance that too often compounds the tragedy of unemployment. The Congressional Budget Office estimates that 5 million Americans and their dependents have lost their jobs and lack health care because they face the cruel choice between paying the bill for food and rent, or paying the doctor's bill. Infant mortality is rising in hard-hit States, where the number of women who receive no prenatal care has tripled.

But these are only the bare statistics. The real human tragedies are even more compelling. Cases that have come to the attention of our committee included an infant death that could have been avoided and individuals who lost life savings because they happened to get sick while they were temporarily unemployed.

These stories are tragic—and doubly tragic because they could have been avoided if the legislation that we are considering today had been on the books.

Only by reversing the administration's reactionary economic policies can we truly offer hope to the struggling families of America. But this amendment is a step in the right direction.

No pregnant woman should be denied prenatal care because she and her husband are unemployed and cannot pay the doctor's bill. No workers should lose their health insurance because they lost their job. No families should lose their access to health care because they have become casualities of the administration's unfair war against inflation.

This amendment does not do everything we wanted. It does not provide sufficient funds to cover adequately those who will need coverage and will be eligible in 1984. It does not provide any funds for workers unemployed for over 2 years or for unemployed individuals who had no health insurance coverage while employed. I am hopeful that we will be able to address some of these deficiencies in conference.

Despite these limitations, however, this amendment is a major step forward. It will bring hope and relief to millions of workers who have been exposed to catastrophic health care costs or denied access to coverage as a result of this depression. By establishing a mandate for extention of private coverage, it will assure that millions of the future unemployed will not need a public program and will provide a valuable supplement to our unemployment insurance system.

I urge the Senate to adopt this amendment today.

Mr. President, I ask that a summary of the provisions be printed in the RECORD.

The summary follows:

BILL SUMMARY—HEALTH INSURANCE FOR THE UNEMPLOYED

PUBLIC PROGRAM

Funding.—$450 million the first year and $250 million the second year.

Eligibility.—Those currently receiving unemployment insurance payments or those who became unemployed within the last two years who have exhausted their UI benefits. Individuals must have had prior health insurance coverage.

Services.—The State must include prenatal, delivery, and post-partum care and some ambulatory and some institutional services. Covered services may not exceed those provided under Medicaid.

Means test.—The State must impose a means test for those with over 150 percent of the State median income. For this group, the State must either deny coverage or impose a higher premium. The State may impose a tighter means test at its option.

Premiums.—Any premium established by the State must not exceed 8 percent of the UI check for those receiving UI or 8 percent of the minimum benefit for those who have exhausted UI.

Coinsurance.—Coinsurance for outpatient services may not exceed, on average, 5 percent of UI payments for outpatient services and the Medicaid level for inpatient services.

Duplicative coverage.—No one may be covered if they are covered under another public or private insurance program.

State matching.—State matching ranges from 5 percent to 50 percent of program costs. States with insured unemployment above 5 percent pay only 5 percent. States at 2 percent pay 50 percent.

PRIVATE REQUIREMENTS

Spouse coverage.—If the spouse of an unemployed worker is employed, the employer must allow the employed spouse to enroll in any group health insurance plan he offers.

Extension of coverage.—After January 1, 1985, any laid-off worker must be allowed to extend his employment-based health insurance coverage for up to three months at the same premium share. State insurance commissions may, however, establish a smaller package.●

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have a folder of items that appear to be cleared on both sides for action by unanimous consent.

Let me identify them now, and ask the minority leader if he is prepared to proceed with all or any portion of these items at this time.

First, Mr. President, I have 10 items on the Calendar of Business today that were cleared on this side. They are Calendar 637, 738, 745, 746, 747, 748, 752, 754, 762, and 763.

In addition to that, Mr. President, I have three other items that are cleared on this side: Calendar Order 756, 758, and 759.

Mr. BYRD. Mr. President, has the distinguished majority leader included in his Calendar Order Nos. 754 and 747?

Mr. BAKER. Yes. They are.

Mr. BYRD. Mr. President, let me respond to the majority leader by saying that we are prepared on this side to proceed with, and to grant unanimous consent on, the calendar orders that the majority leader enumerated. If he wishes to do that en bloc, it is fine.

Mr. BAKER. Mr. President, I thank the minority leader. Because of the late hour and the circumstances, I would like to do that.

THE CALENDAR

Mr. BAKER. Mr. President, I ask that the Senate consider en bloc for passage the calendar orders as follows: 637, 738, 745, 746, 748, 752, 762, 763, 756, 758, and 759.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

TRANSFER OF RESPONSIBILITY FOR FURNISHING COPIES OF MILLER ACT PAYMENT BONDS

The bill (H.R. 596) to transfer responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which the bond was given, was considered, ordered to a third reading, read the third time, and passed.

RELIEF OF PATTY JEAN TIPTON AND RONALD TIPTON

The bill (S. 1488) for the relief of Patty Jean Tipton and her husband, Ronald Tipton, was considered, ordered to be engrossed for a third reading, read the third time, and passed as follows:

S. 1488

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 2401 of title 28, United States Code, any other statute of limitations, lapse of time, bar of laches, or any previous order or dismissal of any suit by a United States district court, the United States District Court for the Western District of Kentucky shall have jurisdiction to hear, determine, and render a judgment for damages upon any claims of Patty Jean Tipton and her husband, Ronald Tipton, of Owensboro, Kentucky, against the United States arising out of injuries allegedly suffered by Patty Jean Tipton as the result of a swine flu vaccination received in October 1976.

SEC. 2. Suit upon any claims referred to in the first section may be instituted at any time within six months after the date of the enactment of this Act. Proceedings for the determination of such claims and review thereof, and payment of any judgment thereon, shall be in accordance with the provisions of law applicable to cases of which the court has jurisdiction under section 1346(b) of title 28, United States Code.

SEC. 3 Nothing in this Act shall be construed as an inference of liability on the part of the United States.

NATIONAL GARDEN WEEK

The joint resolution (S.J. Res. 143) to authorize and request the President to issue a proclamation designating the calendar week beginning with Sunday, June 3, 1984, as "National Garden Week" was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution and preamble are as follows:

S.J. RES. 143

Whereas the gardeners of this country produce an abundance of food for our people and enable us to export food to other countries which are in desperate need; and

Whereas our gardeners help to preserve and foster our traditional spirit of independence and individual initiative; and

Whereas gardening instills in our people, both young and old, a greater appreciation for nature, in general, and for our beautiful land, in particular; and

Whereas such appreciation naturally leads to a greater respect and care for our environment; and

Whereas gardening, in addition to being most beneficial for our country, furnishes a pleasant, healthful, and productive full or part-time activity for a large number of our citizens; and

Whereas our gardens also yield flowers of great variety and breathtaking beauty; and

Whereas these flowers bring beauty into our lives and safisfy our esthetic needs: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation—

(1) designating the calendar week beginning with Sunday, June 3, 1984, as "National Garden Week"; and

(2) urging Federal, State, and local government agencies, as well as citizens and private organizations, to observe that week with educational efforts, ceremonies, and other appropriate activities which shall include the wearing of garden flowers as a symbol of our appreciation for the efforts and contributions of our gardeners.

HAWAII STATEHOOD SILVER JUBILEE DAY

The joint resolution (S.J. Res. 248) designating August 21, 1984, as "Hawaii Statehood Silver Jubilee Day" was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution and preamble are as follows:

S.J. Res. 248

Whereas, on March 12, 1959, Americans were thrilled to learn that the United States House of Representatives, by a vote of three hundred and twenty-three to eighty-nine, had approved statehood for Hawaii, following the favorable United States Senate vote of seventy-six to fifteen the day before;

Whereas President Dwight D. Eisenhower signed the Hawaii Statehood Bill on March 18, 1959;

Whereas pursuant to the provisions of the Hawaii Statehood Act, a plebiscite was held in the territory of Hawaii and on June 27, 1959, the people of Hawaii voted one hundred and thirty-two thousand nine hundred to seven thousand eight hundred in favor of statehood;

Whereas President Eisenhower proclaimed Hawaii the fiftieth State on August 21, 1959;

Whereas the admission of Hawaii to the Union has proven to be of immense benefit both to the United States itself and the State of Hawaii;

Whereas Hawaii is essential to our national security as the site of the headquarters of United States military and naval forces in the Pacific at Pearl Harbor, and is the location of the Army's Schofield Barracks, the Air Force's Hickam and Wheeler Air Force Bases, the Xaneohe Marine Corps Air Station, and other defense facilities;

Whereas Hawaii is our Nation's largest producer of sugarcane and pineapple and its only major domestic source of coffee, macadamia nuts, and certain species of decorative flowers, and is a leader in the development of commercial aquaculture;

Whereas Hawaii is also outstanding as a leader in astronomy, in ocean science, and alternate energy research and development, and in the extent and quality of its tourism industry;

Whereas the State of Hawaii contributes significantly to the national balance of trade, operating Hawaii Foreign-Trade Zone numbered 9 and Subzone numbered 9-A, welcoming hundreds of thousands of foreign tourists, and serving as a mid-Pacific base for United States and foreign commercial interchange;

Whereas Hawaii is the site of the unique, congressionally-funded Center for Cultural and Technical Interchange between East and West;

Whereas Hawaii is blessed with great natural beauty, clean waters, pure air, and extraordinary scenery; and

Whereas Hawaii's multiethnic people, in their personal lives and in the various social and civil institutions and policies they have formed, show a warm spirit of aloha, and have expressed this spirit in their Constitution's Preamble, ". . . with an understanding and compassionate heart toward all the peoples of the Earth . . .": Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That August 21, 1984, be known throughout our Nation as "Hawaii Statehood Silver Jubilee Day" in honor of the twenty-fifth anniversary—the Silver Jubilee—of Hawaii's Statehood; and be it further

Resolved, That the President be requested and authorized to issue a proclamation calling upon the people of the United States and all Federal, State, and local governments to observe "Hawaii Statehood Silver Jubilee Day" with observances and ceremonies appropriate to its importance.

OLDER AMERICANS MONTH

The joint resolution (H.J. Res. 466) designating May 1984 as "Older Americans Month" was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

NATIONAL HEARING IMPAIRED AWARENESS WEEK

The joint resolution (H.J. Res. 407) designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week" was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

WHITE HOUSE CONFERENCE ON SMALL BUSINESS

The Senate proceeded to consider the bill (H.R. 5298) to provide for a White House Conference on Small Business.

Mr. WEICKER. Mr. President, I am pleased the Senate today is considering H.R. 5298, a bill requiring the President to reconvene a White House Conference on Small Business. On April 2, 1984, the Small Business Committee unanimously reported to the Senate an identical bill, S. 2487.

This legislation enjoys the support of many small business associations, including the National Federation of Independent Business, Small Business United, National Small Business Association, as well as over half of the U.S. Senate. These endorsements reflect a strongly held view that the time has come for small businesses to reexamine themselves and their relationship with the Federal Government.

On March 29, 1984, I chaired a hearing on the bill. At the hearing, the committee received testimony from Frank Swain, chief counsel for advocacy at SBA, J. R. Kirkland, the director of policy research for the 1980 White House Conference on Small Business, and representatives from some of the major small business interest groups.

All of the witnesses supported the legislation calling for the President to conduct a national White House Conference by September 1986, to be preceded by State and regional conferences.

The witnesses placed a strong emphasis on having grassroot conferences held in each State prior to any national conferences. Furthermore, all the witnesses urged that the participants of the conferences be individuals from small businesses. The original text of the bill was amended to reflect these recommendations.

The previous White House Conference on Small Business consisted of 57 State and regional meetings, culminating in national conference in January 1980. The entire procedure involved over 50,000 small business owners from all 50 States. The national conference delegates chose their own 60 recommendations in 12 major areas; 15 of those recommendations were ranked as top priority issues requiring immediate attention by the Nation's policymakers.

The conference was successful in unifying a highly diverse small business community. It helped to galvanize the small businesses around a single, comprehensive agenda that called upon both the national legislative and executive branches to take action on a broad range of policy issues of concern to them, including tax, regulations, and procurement.

As Frank Swain, chief counsel for advocacy at SBA, noted at the March 29 hearing:

> The 1980 White House Conference was an important event for Federal small business policy. The discussions and meetings across the country and finally here in Washington brought diverse small business groups together to discover and suggest solutions to their common concerns with Federal policies and programs. The result has been an impressive series of changes in Federal statutes and regulations, and, I believe, a more fundamental change in our Government's appreciation of small business contributions to this Nation.

Mr. President, the committee report on S. 2487 contains a detailed status report on the 60 policy recommendations. I urge my colleagues to review this document. This report clearly demonstrates the important role the conference played in focusing the attention of the Federal Establishment to the needs and concerns of small business. I stress that nearly two-thirds of the agenda has already been acted upon.

Since January 1980, the political and economic landscape has dramatically changed. As chairman of the Small Business Committee, I believe it would be in the national interest for small businesses to again meet and identify their problems, and suggest solutions, where appropriate. I stress one important point. Small businesses will set the agenda, not Washington policymakers. The agenda will evolve over an 18-month period, as small business owners around the country meet and debate the issues. This unfiltered view from small business will be extremely helpful for the Congress and the executive branch as we work to assist this vital sector of the economy.

I urge the President to sign the legislation so the small business community can begin to mobilize in anticipation of this major conference.

Mr. KASTEN. Mr. President, I am pleased to be a cosponsor of S. 2487, legislation that calls for the reconvening of the White House Conference on Small Business.

Four years ago, small business men and women from all over the Nation gathered in Washington to analyze small business needs and make recommendations to Congress and the President. They called for tax cuts to stimulate capital formation, less regulation to improve efficiency, and lowered inflation to restore economic growth. The delegates to that conference set an ambitious and broad agenda for economic recovery. I am delighted to say that most of those recommendations were enacted during the past 4 years, and they have produced the desired results. We are, indeed, seeing an economic recovery.

But problems remain for the small business community. Interest rates are still too high and crippling development. A severe trade imbalance, caused in part by an overly strong dollar abroad, is hurting import-sensitive industries. Runaway Federal deficits are draining scarce capital and threatening to reignite inflation. If these problems are not solved soon, we could see the recovery undermined.

Another White House small business conference would enable us to gauge our success in addressing small business problems to date and generate suggestions on ways to improve the small business climate further. Its recommendations could lead us to policies that can produce even greater prosperity. It would give our small business people the chance to speak directly to their leaders and help shape policies that affect them.

I urge my colleagues to approve this legislation quickly so that planning can begin for this nationwide endeavor. I know the small business community is eager for the opportunity to make its views known in Washington.

Mr. BUMPERS. Mr. President, I am pleased that the Senate is giving prompt consideration to legislation which has passed the House calling on the President to reconvene the 1980 White House Conference on Small Business. The conference, to be held no later than September 1986, is to be preceded by at least one conference in each State.

On March 28, Senator WEICKER and I introduced legislation requiring the President to reconvene that White House Conference on Small Business. Sixty-three Senators have now cosponsored the bill. On March 29, the Senate Small Business Committee held a hearing on this legislation. Every witness at the committee's hearing, including Frank Swain, SBA's Chief Counsel for Advocacy at the Small Business Administration, small business owners representing the major small business organizations, and the Director of Policy and Research from the 1980 White House Conference, supported this legislation.

The Senate Small Business Committee has reported its legislation with some amendments that, in my judgment, strengthen the congressional support for the conference, and provide a statutory framework for the conduct of the State and national conferences. Since the pending House-passed bill is identical to the proposal reported by our committee, it is not necessary for us to also take up the Senate Small Business Committee's reported version.

By almost all accounts, the 1980 White House Conference on Small Business was an enormous success. It brought together more than 50,000 small business men and women from every State in the Union through 57 State and regional meetings. More than 2,000 delegates convened in Washington, D.C., in January 1980. By the small business community's own acknowledgment, the conference capped the largest single effort to organize itself. The conference resulted in the development of an agenda of 60 major issues of concern to small business.

In the 4 years since the last national conference was held, a substantial number of the 60 recommendations have been adopted. Our committee's report to accompany S. 2487 (Senate report 98-380) provides an update of those recommendations. Simply, Mr. President, given the growth and development of small business over the past several years, and recognizing the changes that have taken place in Federal legislative and regulatory policy since the last conference, it is appropriate that the President be provided a clear and unequivocable statement from the Congress that the time has come to reconvene the White House Conference on Small Business.

Under this legislation, the administration is given the greatest flexibility in designing the format and the administrative details for the upcoming White House Conference. However, many of the procedures used by the 1980 conference received high praise from both the delegates and the policymakers charged with reviewing and acting on the conference recommendations. I believe that the leaders of the upcoming conference would do well to review carefully those earlier procedures and implement as many of them as possible.

However, only a few very specific provisions regarding the conference are mentioned in the legislation. One of them, repeatedly mentioned by those who participated in the 1980 conference and those who worked with us in the development of this legislation, provides that the delegates are to pay their own way to the conference. Another requires that any funds not spent in the conduct of the conference, or for the preparation and filing of the final report of the conference, must be returned to the Treasury.

Another states that small business representatives are not to be denied access to any State meeting. Each of these provisions is intended to insure that the conference is designed by and for small business, relating to the problems and concerns of small business, and that the conference develops an agenda that would benefit small business.

This is a good bill. The legislation provides only the bare essentials for the preparation and conduct of the White House Conference that in our committee's view are necessary for the conduct of a proper conference. However, as I mentioned in my opening statement when this bill was introduced, the conference cannot be used as an excuse to hold off action while waiting for its results. Those of us on the Senate Small Business Committee, and in the Congress, and those in the administration, should continue to use our full powers to study and analyze the issues and concerns of small business, and take appropriate action to redress those problems.

Mr. President, I urge the Senate to give prompt approval to this legislation and clear the measure for the President.

Mr. NUNN. Mr. President, I support the pending House bill that would call on the President to reconvene the 1980 White House Conference on

Small Business. I fully support this legislation and urge its prompt and favorable consideration by the Senate.

From January 1981 to October 1983, I served as the ranking Democratic member of the Senate Small Business Committee. During that time, I had the opportunity to work directly to achieve many of the 60 delegate recommendations from the 1980 White House Conference on Small Business, and to monitor the efforts to implement the balance of those recommendations.

In May 1983, I included a statement in the CONGRESSIONAL RECORD summarizing the congressional and administrative efforts that had been made. I noted at that time that over 38 of the 60 recommendations had already been achieved. I concluded then that the time had come to begin the process of reconvening the White House Conference.

On May 13, 1983, Chairman WEICKER, Senator DOLE, and I joined with 49 other Senators in a letter to the President urging him to call and conduct another White House Conference. The legislation now pending, coupled with the identical Senate bill which I cosponsored and which the committee unanimously reported—S. 2487—should make it clear that the Congress believes that another White House Conference is appropriate and necessary.

Mr. President, I urge the Senate to approve this legislation without amendment, and send the bill to the President.

The bill (H.R. 5298) was ordered to a third reading, read the third time, and passed.

EXPRESSING APPRECIATION TO THE PRIME MINISTER OF THAILAND

The resolution (S. Res. 366) expressing appreciation to Prime Minister Prem of Thailand for Thailand's assistance to Indochinese refugees was considered and agreed to.

The preamble was agreed to.

The resolution, and the preamble, are as follows:

S. Res. 366

Whereas H.E. General Prem Tinsulanonda, Prime Minister of Thailand, is heading a distinguished delegation of Thai officials and businessmen to the United States, April 12 through April 15, 1984, for important discussions with the President, the Vice President, Members of the Cabinet, and members of the Senate Foreign Relations Committee;

Whereas Thailand has since 1975 provided first asylum for refugees fleeing Vietnam, Laos, and Cambodia;

Whereas the Thai Government and the Thai people have over nine years cooperated with the international humanitarian effort to care for and resettle these refugees; and

Whereas the visit of the Prime Minister and his delegation symbolizes the most friendly relationship which has existed for a century and a half between Thailand and the United States: Now, therefore, be it

Resolved, That the Senate hereby heartily welcomes the visit of Prime Minister Prem of Thailand and his delegation to the United States.

SEC. 2. The Senate commends the patient efforts of Thailand over the years to deal humanely with the outpouring of refugees from Vietnam, Laos, and Cambodia by providing first asylum, and notes the efforts now being made to suppress acts of piracy against boat refugees.

SEC. 3. The Senate, noting the intrusion of Vietnamese forces from Kampuchea into Thailand in recent weeks, expresses its strong support for the security of Thailand.

SEC. 4. The Secretary of the Senate shall transmit a copy of this resolution to the President of the United States with the request that the President transmit such copy to the Government of the Kingdom of Thailand.

EDMUND S. MUSKIE FEDERAL BUILDING

The Senate proceeded to consider the bill (S. 2460) to designate a Federal building in Augusta, ME, as the "Edmund S. Muskie Federal Building"

Mr. STAFFORD. Mr. President, Edmund S. Muskie has spent most of this adult life in public service. After serving as a member of the house of representatives in the Maine Legislature, he went on to become Governor of Maine from 1955 through 1958. Elected to the U.S. Senate in 1958, he served in that body until May 9, 1980, when he left the Senate to serve as Secretary of State.

As Governor of Maine, Ed Muskie became deeply interested in the environment and in economic development as it pertained to that State. He maintained these concerns throughout his political career.

In his years in the Senate, Ed Muskie helped shape policies in many fields, including city and housing legislation, securities industry reform legislation, economic development, Senate reform, and congressional budget policy. But his most outstanding achievements were in the area of environmental pollution control.

He was designated chairman of the Special Subcommittee on Air and Water Pollution when it was first created in 1963. That subcommittee, now the Subcommittee on Environmental Pollution, was responsible for all the legislative efforts which culminated in the roster of major environmental laws now on the books, including the Clean Air Act, the Clean Water Act, the Solid Waste Disposal Act, and the Toxic Substances Control Act.

Senator Muskie chaired the Environmental Pollution Subcommittee for 17 years. His role as subcommittee chairman was one of substance. He worked hard. He studied, he listened, and he learned. Within a relatively short time he became one of this country's leading experts in the complicated area of environmental pollution.

Ed Muskie had a lifelong interest in foreign policy as well as domestic affairs. He moved from the Senate to the role of Secretary of State at the request of President Jimmy Carter, with the unanimous approval of the Senate, in the spring of 1980. There he performed with ease the tasks related to diplomacy and the understanding of the complex problems facing this country around the world.

He became a skilled and competent diplomat quickly as he addressed such crises at the American hostages held in Iran, troubled U.S. relations throughout the Middle East, Southwest Asia, and Western Europe, and the Soviet brutalization of Afghanistan. His leadership and control with both allies and adversaries went far to advance the stability of our actions and to reassure people everywhere of the steadiness and purpose of American policy.

In all aspects of his public life, Ed Muskie has gained the respect of all associated with him because he worked hard, he knew his facts, and he listened carefully. Those assets served him well as State representative, as Governor, as U.S. Senator, and as Secretary of State.

In view of his many years of service to his fellow citizens, and his many contributions to the quality of American life, it is fitting that the Congress honor Edmund S. Muskie by naming the Federal building in Augusta, ME, in his honor.

The bill (S. 2460) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2460

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal building located at 40 Western Avenue, Augusta, Maine, shall hereafter be named and designated as the "Edmund S. Muskie Federal Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the "Edmund S. Muskie Federal Building".

MARGARET CHASE SMITH FEDERAL BUILDING

The Senate proceeded to consider the bill (S. 2461) to designate a Federal building in Bangor, ME, as the "Margaret Chase Smith Federal Building."

Mr. STAFFORD. Mr. President, designation of the Federal building in Bangor, Maine, as the Margaret Chase Smith Federal Building will honor a distinguished American for her long career of service to her constituents and to the Nation.

Senator Margaret Chase Smith first served 8½ years in the House of Representatives beginning in 1940, and the following 24 years in the U.S. Senate. Prior to her 32½ years of service as a Member of Congress, she was secretary to husband, Clyde H. Smith, who from 1937 to 1940 was Representative from the Second Congressional District of Maine.

As Congresswoman and then Senator, Margaret Chase Smith provided her colleagues independent judgment and clarity of conscience as the Congress grappled with the increasingly complex issues of the day.

Students of American political life, after marveling at her outstanding attendance and unbroken string of 2,941 "yea and nay" rollcall votes, might well classify Mrs. Smith not as conservative or liberal, but rather as the defender of American political institutions and their integrity.

Senator Smith's vigilant support of constitutional safeguards is best demonstrated in one of her major speeches. Her "Declaration of Conscience," delivered on the floor of the Senate June 1, 1950, responded to the excesses of anticommunism which accompanied the onset of the Cold War. It has become a vital resource for researchers, students, and discussion groups, especially in universities, colleges, and schools throughout the country.

In his Senate speech of March 22, 1984, Senator George J. Mitchell of Maine stated:

> Senator Smith knew 34 years ago, as we know today, that the United States can be defeated by inner disunity far more surely than by an external threat. She reminded her colleagues in the Senate of that fact at a time when rancor and bitterness in political dialog threatened the very fabric of the institution of the Senate itself. And her observations remain as valid and as important today as they were then.

Senator Smith maintained a strong interest in national defense matters throughout her career. In the House she served on the Naval Affairs and Armed Services Committees. In the Senate she continued and strengthened her involvement in defense issues by serving on the Committee on Armed Services, where she became ranking and helped write the Reserve Officer Personnel Act. Of great importance and influence, she rose to the second top position on the Appropriations Committee and became the ranking member of four Appropriations Subcommittees, including the Foreign Relations Subcommittee.

A related interest was displayed by Senator Smith in her advocacy of space exploration. She served and became ranking member of the Aeronautical and Space Sciences Committee, supporting the NASA programs including Apollo and the space shuttle. Of the broad value of the Apollo program for society she observed:

> It is designed for the security of the country, the exploration of our universe, and the various spin-off benefits that now—not just tomorrow—provide for improvement in our health and enjoyment of daily living.

Margaret Chase Smith's advocacy of a strong national defense was not a blind pursuit of military strength but a reasoned evaluation of the ability of military means to achieve the goals of national policy. As she declared:

> The defense of the nation is not alone a matter of military force. It depends upon foreign policies realistic in concept and unflinching in spirit.

"Unflinching in spirit" is surely as appropriate a phrase as any to describe Margaret Chase Smith. Her judgments were always her own, and she based her actions upon them regardless of personal political consequences. This constantly demonstrated personal integrity soon won the respect of her colleagues. In 1966, she was chosen by her peers as chairman of the Republican Conference, becoming the first woman in history elected to a leadership post in the Senate, a position she held until the end of her tenure.

Always active for women's rights, let it be emphasized that she was the first, and is the only, woman elected to both the House of Representatives and the Senate. In 1963, she became the first woman nominated for President at a national convention of a major political party. August 26, 1982, became a special day of her life upon dedication of the Northwood Institute Margaret Chase Smith Library Center at Skowhegan, her hometown.

Mr. President, I ask unanimous consent that a biography issued by the Library at that time be printed in the Record following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. STAFFORD. Mr. President, Margaret Chase Smith took seriously her pledge to serve the Nation and uphold its Constitution. For 32½ years she represented with great distinction the State of Maine and her constituency. Her long career was dedicated to working within and protecting this Nation's public institutions.

Because public buildings are the physical manifestation of public institutions, it is particularly fitting that this legislation designate the Federal Building in Bangor, ME, in honor of Margaret Chase Smith. May the red rose which she always wore forever be the symbol of her love, integrity, and loyalty.

[Exhibit 1]

THE LIFE OF MARGARET CHASE SMITH

Skowhegan, Maine.—Margaret Chase Smith of Skowhegan, Maine, was born on December 14, 1897, the oldest of six children. From this family and this little town in Maine, Margaret Smith went out into the world to become one of its most influential and admired leaders and an outstanding statesman representing her people, her town, her state, and her nation before the leaders of the country and the world.

Her father was a barber in Skowhegan and while her family always was able to provide the necessities of life, it was in no way an affluent family. At age 13 Margaret was employed as a clerk in a variety store where she worked her way through high school. It was also during these high school years that she worked as a telephone operator. For one year immediately after her graduation from high school in 1916, she was a teacher in a country school.

The years from 1919 to 1928, Margaret Chase was an employee on her hometown newspaper in Skowhegan. During her management of the circulation department, this weekly newspaper attained outstanding leadership in its field with a circulation of 4,500. The Independent-Reporter was sold, in 1928, for $47,000, the highest figure involved in the transfer of a country weekly in New England. Margaret Chase's eight-year association with the paper contributed substantially to that sale.

Margaret Chase went from the newspaper plant to an executive position with the Daniel E. Cummings Company, a Skowhegan concern manufacturing supplies for textile firms. Here she was introduced to politics as the superintendent of the company was the campaign manager for Wallace E. White. This successful campaign sent White to the United States Senate. Margaret was drawn into this campaign and received her first taste of political activity.

In 1930, Clyde H. Smith, who was president of the Independent-Reporter Corporation, had known Margaret for several years. Smith had had a successful political career both locally and statewide and was at the time serving in the House of Representatives from the Second District of Maine. In 1930 Congressman Smith and Margaret were married and she became his business partner, his political associate, and his secretary as well as his wife.

These activities were helpful to Congressman Smith and provided excellent preparation for the role Margaret was eventually to play in her nation's affairs.

All the way along, however, Margaret Chase Smith was in demand to use her capabilities in the service of people and organizations of her town and State and in Washington, as well. An early responsibility was as president of the local Skowhegan Sorosis. When the Skowhegan Business and Professional Women's Club was formed, Mrs. Smith was a charter member and its first president. Later she became president of the Maine State Business and Professional Women's Club.

In Washington, Mrs. Smith was elected treasurer of the Congressional Club, an organization of women who are wives of Senators, Congressmen, and other high government officials. There is an element of romance in finding a woman, not so very many years ago a Skowhegan high school girl, engaged in local occupations, entrusted with the financial affairs of the prestigious Congressional Club.

Stricken with a serious form of heart disease in the 1930's, Congressman Smith planned carefully for his succession. As he came to the realization of the gravity of his illness, he asked that his duties be continued by his wife. This desire was embodied in a signed statement issued the day before his death. And, thus, this little girl from this little town in a somewhat distant state was launched on the career in which she became a leader of her nation and the world.

After retirement from a long and active political career she launched a second and equally influential career as an educator serving as a visiting professor and lecturer in colleges and universities across the United States. She is in constant demand as a speaker for a wide variety of groups but she has chosen to use her wisdom and her energy in working with young people. In 1972 her political enemies characterized her as too old to continue to serve her country in the Senate but as 1982 approaches she continues to be one of the most sought after spokesmen in this country by young people.

Margaret Chase Smith was, and continues to be, the only woman elected to serve in both Houses of the Congress. She was first elected to the House of Representatives from the Second District of Maine in 1940. Prior to that she was a member of the Republican State Committee in Maine and had been her husband's secretary during his Congressional service. She served four successive terms in the House of Representatives.

In 1948, she was elected to the United States Senate by an overwhelming margin. This election found Senator Smith achieving the highest percentage majority and the greatest total vote majority in the history of Maine. In 1954, when she was reelected to a second term in the Senate, she was the top vote getter of all candidates for all offices. In the primary that year she had set a new record for the total number of votes received in a contested primary.

Again in 1960, when Senator Smith was reelected to a third term, she was the top vote getter of all candidates and she set a new all-time record for Maine in the number of votes. She won by the highest percentage of all Republican Senatorial candidates nationally making her the 1960 top vote getter of all Republican Senatorial candidates. That record still stands.

In 1966, the Senator repeated her record when she was reelected to her fourth term in the Senate. In this election she again was the top vote getter of all candidates for all offices and the only Republican elected to a major office.

At the Republican Convention in 1964, her name was placed in nomination for President of the United States. This is the first time a woman had been so nominated by a major political party. In the final ballot of the Convention she received the second highest number of votes.

On January 10, 1967, Senator Smith was elected Chairman of the Conference of all Republican Senators. She was the first woman elected to a leadership post in the United States Senate.

Throughout her political career, Senator Smith maintained a major interest in the military affairs of this nation and contributed greatly to the security of the country through her work on various committees relating to the military establishment. As early as 1943, as a member of the House of Representatives, she secured a seat on the powerful Naval Affairs Committee. This enabled her to have influence over shipbuilding and other interests vital not only to the nation but to Maine, as well. By the 80th Congress she was chairman of a subcommittee of the Armed Services Committee and eventually its ranking Republican member.

During her early years in the House, Senator Smith pioneered in the area of reserve legislation and waged a successful battle for women in the Armed Services. She succeeded in achieving regular, rather than just reserve status for women. She was nicknamed "Mother of the WAVES" after introducing legislation to create that organization.

In the Senate she continued her battles for military preparedness and won the respect of her colleagues and the people of this country for her self-possession, self-reliance, and her unusual grasp of the complexities of the Federal budget. Even her political enemies recognized and respected the value of her support and the dangers of her opposition.

In spite of all these legislative successes, however, Senator Smith herself recognizes that her greatest contribution to the well-being of the country and its people was her consistent stand, throughout her career, for the condemnation of bigotry and injustice wherever she found it. Her stand against McCarthyism in the early 1950's marked her outstanding courage and devotion to conscience and justice. In her own words, she said:

"If I am to be remembered in history, it will not be because of legislative accomplishments but for an act I took as a legislator in the United States Senate when on July 1, 1950, I spoke in the Senate in condemnation of McCarthyism when the Junior Senator from Wisconsin had the Senate paralyzed with fear that he would purge any Senator who disagreed with him. That speech is known as the Declaration of Conscience." [1]

This courageous act did indeed call down upon Senator Smith all the vengeance so often associated with the Junior Senator from Wisconsin. She was expelled from a key investigating subcommittee of the Expenditures Committee. A vicious campaign was launched against her in her home state during the next election.

This courageous act, however, served notice to her colleagues and to her constituents in Maine as well as to the people of America who so admired her that she was going to be independent and tough in her legislative responsibilities and that she could not be expected to follow the party line.

In spite of some very difficult election campaigns, Margaret Chase Smith always adhered to a two-pronged philosophy that became a trademark in her political career. One of these was her perfect attendance record in the Congress. She held until 1981 the alltime consecutive rollcall voting record in the entire history of the United States Senate with 2,941 consecutive roll call votes. She made it a practice never to campaign when the Senate was in session. The second part of her trademark was the fact that she was scrupulous about spending very little on her campaign. This frugality won wide approval among her constituents and was a real factor in her vote getting record as she was returned to the Congress for term after term.

During her career in public service Senator Smith also has been concerned about the relationship of government and the private sector. She always has been a champion of the role of free enterprise in the lives of a free people. Again, in her own words, Senator Smith recently has said:

"I believe it to be imperative and in the best interest of America to posture government and free enterprise as a cooperative team—respecting one another, supporting one another, defending one another—for the benefit of the individual and the nation. . . . In my entire political career, I have been outspoken in behalf of government—fair government—strong government. . . . Government and free enterprise are the major forces in making America strong."

This philosophy also continues to be part of a multifaceted cornerstone of her life and work.

After her retirement from the Senate in 1973, her political enemies and even some of her constituents apparently expected their Senator to settle into the rocking chair in Skowhegan. Very quietly she began a new career.

This new career is in education rather than politics. She has served, since 1973, as a visiting professor in dozens of colleges and universities across America. She has described what she does with young college people as "dialogue rather than lecture" and her sessions with them are the exciting, stimulating give-and-take of conversation rather than the passive listening of the lecture hall. Her objective, in her own words, has been: "In my effort to give students straight answers from my long experience, I could change their image of politicians and open, not change, their minds, on national issues."

In addition to here continuing work in colleges and universities, Senator Smith has served on the boards of trustees of various institutions including Northwood Institute of Midland, Michigan. She has been chairman of the Lilly Endowment, Inc., of Indianapolis and chairman of the Northwood Women's Board. Other organizations she has served include Freedom House (Chairman) in New York, Sun Life Insurance in Baltimore, United States Supreme Court Historical Society in Washington, and Pennsylvania Medical College in Philadelphia.

Consuming a great deal of the Senator's time has been the organization and development of The Margaret Chase Smith Library Center at her home in Skowhegan. The founding of the center brings to fruition one of Senator Smith's most cherished desires. To accomplish it, her residential property in Skowhegan has been transferred to Northwood Institute which is directing the development of the center. It will consist of her home with an extensive addition to house the library of records and other papers as well as the memorabilia of her long life of public service. Again, in her own words, she expresses her pleasure in the library and conference center: "It seems like a dream come true for me, my home remaining where it has always been encouraging younger people to turn the trend toward the free enterprise philosophy, a return to the American way of life. Out of all this I look forward to the feeling that there will be those who will emerge as leaders and dedicated public officials."

Thus has Margaret Chase Smith's most unusual career come full circle. As a little girl from a typical family in Skowhegan, Maine, she rose to the highest levels of government and statesmanship where she worked successfully with the great leaders of the world. She has returned to her early interest in helping young people to learn. Through her love of people and her enthusiastic vitality she has secured her experience and knowledge for all time in the heritage of her library and conference center.

The bill (S. 2461) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2461

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the

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[1] EDITOR'S NOTE.—Smith, Margaret Chase. "Declaration of Conscience." New York: Doubleday, 1972.

Federal building located at 202 Harlow Street, Bangor, Maine, shall hereafter be named and designated as the "Margaret Chase Smith Federal Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the "Margaret Chase Smith Federal Building".

Mr. COHEN. Mr. President, I rise to add my voice in support of legislation naming Federal buildings in Augusta and Bangor, ME, after former Senators Edmund S. Muskie and Margaret Chase Smith, respectively.

As a cosponsor of this legislation, I am delighted that the Senate has seen fit to consider this measure in such a speedy fashion. No tribute to either of these individuals could adequately recognize their accomplishments in public life, but this action will enable the Congress to show in a very modest way how much Senators Muskie and Smith are appreciated and revered by their colleagues and their country.

We are all familiar with the many laudable aspects of Senator Margaret Chase Smith's remarkable career. She was the first woman elected to both Houses of Congress, and the first woman to be placed in nomination for President by a major political party. There are many such accomplishments, but when I think of Senator Smith I think of her integrity, her energy, and her determination.

She was a loyal Republican, but did not hesitate to go against the party grain on matters of conscience. She was a graceful and sensitive lady, but also a tough-minded and relentless advocate for the interests of her State and Nation. I can only say how very proud I am to serve in the seat she held so long and so well. I visited Senator Smith a few weeks ago at her home in Skowhegan, ME, where she is greatly occupied with the establishment of the Margaret Chase Smith Library and many other issues. I know how very much this tribute will mean to her today.

When I came to the Senate in 1979, I found in Ed Muskie a dependable friend and colleague who guided me in my first weeks in this distinguished body. This did not keep him from being a ferocious and effective opponent on those issues we did not see eye-to-eye on, but we never stopped working together on issues of concern to Maine people. I will never forget how fortunate I was to have someone of Ed's experience and knowledge to work with in those early days of my Senate career.

As is the case with Senator Smith, we are all very familiar with Ed's litany of accomplishments: Governor of Maine, Senator, and Secretary of State. His work on environmental issues is still having a tremendous effect on our Nation to this day.

But those who are fortunate enough to know Ed outside of his work know a man who is sensitive, curious, enormously bright, funny, and warm. His shoes can never be filled in this institution, and I am delighted that the Senate is honoring him in this fashion.

Mr. President, let me conclude by saying that the Senate has been very lucky to have two such remarkable individuals grace its Halls, and this honor being accorded them today is most fitting.

Mr. MITCHELL. Mr. President, today we honor two of our distinguished former colleagues, Margaret Chase Smith and Edmund S. Muskie, with the passage of the two pieces of legislation now before the Senate.

One bill names the Federal building in Bangor, ME, the "Margaret Chase Smith Federal Building." The other bill names the Federal building in Augusta, ME, the "Edmund S. Muskie Federal Building."

Senator Smith and Senator Muskie represented the State of Maine in a manner that also made them national figures. Their contributions to the people of Maine and the United States endure today.

The enactment of these two bills is but a small token of our high regard for Senator Smith and Senator Muskie as legislators, colleagues, and contributors to the welfare of this country through exemplary public service.

I ask unanimous consent to have printed in the RECORD at this point biographies of Senator Smith and Senator Muskie, from "Leaders in Profile," which were written while each of our former colleagues was serving in the Senate.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LEADERS IN PROFILE—THE UNITED STATES SENATE

MAINE—MARGARET CHASE SMITH, REPUBLICAN (1949-73)

Margaret Chase Smith has always spoken out in the councils of the Senate for the strongest possible national defense and for a firm foreign policy to match it.

Senator Smith is ranking Republican on both the Senate Aeronautical and Space Sciences Committee and the Senate Armed Services Committee of which she Chairs the Reserve General Officer Promotions Subcommittee. The Senator is third ranking Republican on the Senate Appropriations Committee and second ranking on its Department of Defense Subcommittee. Senator Smith exercises an influence over the whole range of national defense. No other woman has ever equaled her position of power in the United States Senate.

As a member of a Subcommittee on congested areas of the Committee on Naval Affairs in the House of Representatives, she travelled throughout the country in 1943 to find the cause of bottlenecks in the Navy's war effort. It is one of the very few if not the only Subcommittee that earned a Presidential Unit Citation, which was awarded by President Franklin D. Roosevelt.

When the long, hard months of Subcommittee work were over, Mrs. Smith found herself deeply committed to the cause of bettering national defense and this absorbing interest has continued ever since. As a Representative she served on the House Naval Affairs and Armed Services Committees through three of her five terms in the House.

She introduced the first Reserve retirement legislation in 1943 and the first bill to provide drill pay for Reservists. She also recommended the legislation to provide equal death and disability coverage for Reserves on active duty. This policy became known as the Smith Act. Legislation that eventually led to the executive order setting up the Armed Forces Reserve medal was also introduced by the Senator.

In addition to these pioneering efforts, Senator Smith helped write the Reserve Officer Personnel Act and much other important military legislation. She was one of the first supporters of retired pay recomputation after 1958 and fought harder for it than anyone else in the Senate. But she has gotten far less national attention for the good things she has done than for the not-so-good things she has prevented.

Senator Smith has worked to improve the quality of the Reserve by making sure that those who get the important promotions earn them. She carefully reviews the records of promotion nominees, particularly those to flag and general rank, and has repeatedly blocked unworthy nominations. She got the Armed Services Committee to set a firm policy that it would never approve more than a one-grade promotion at a time. The action came after she had blocked two-grade jumps for five new state adjutants.

In 1957 the Senator objected to Jimmy Stewart's nomination for promotion to brigadier general in the Air Force Reserve. Her grounds for opposition were partly because the famous actor had not taken the annual Reserve training; largely, however, because she did not believe that he was qualified for the important post, Deputy Director of Operations of the Strategic Air Command, scheduled for him in the event of mobilization.

Altogether, Senator Smith thought the nomination was an unconscionable business, and other Senators agreed with her and the Committee rejected the Stewart nomination by a unanimous vote of 13-to-0 against his promotion to Brigadier General.

Two years later Stewart's promotion came up again and this time he had done his training. The Senator voted in his favor, but only after the Pentagon officially changed Stewart's assignment to public information and away from the Strategic Air Command.

Senator Smith played an important role in making women career members of the service. The original legislation provided only for Reserve status for women. After convincing herself that women were necessary in the military, the Senator fought to give them regular status. She lost in the Armed Services Committee, 26-1. She took the fight to the House floor where, after bitter debate, she lost again, by a 54-45 vote. But she had made a record. She got the Defense Department to speak out and finally won when the bill was in conference.

One important piece of women's legislation she did originate was the bill providing regular status for nurses.

In 1957 the Air Force asked her to come on active duty and make a study of why technically trained men were leaving the service. The Air Force felt, quite correctly it turned out, that men would talk more freely to her than they would to their senior officern. Senator Smith spent a month on active duty, conducted over 300 interviews with all ranks from full general to airman, and wrote a 101 page report. "I never worked so hard in my life," she said, recalling the assignment recently.

She found that "job dissatisfaction" and lack of recognition, what the professionals call a "psyche income," was the important reason for people leaving the service, even more important than pay.

According to the Senator, Pentagon policies on the Reserve since mid-December 1964 have resulted in undermining and weakening the Reserve. The attempt to push the illegal proposed merger of the Reserve and National Guard—without legislation—down the throat of the Congress was blocked.

In Senator Smith's own words: "Had the proposed plan gone through, the Army Reserve would have ceased to exist as an organization having any units since all units would have been assigned to the Army National Guard. Even though the Congress fortunately blocked this tragic proposal, the proposal nevertheless not only undermined the morale of the Reserve but put the Reserve organization and training in disastrous limbo for far too long. The harmful results still linger."

The Senator noted that not only did Congress prevent the merger, but permanent legislation was enacted into law to preclude any future merger since the Army Reserve must consist in part of units organized to serve as such.

Maine's distinguished Senator has emphasized the need for legislation with a system provided for by permanent law under which Congress, through the authorizing committees, will annually review and authorize the strengths of the Selected Reserve of each of our Reserve components.

Senator Smith has served as a Lieutenant Colonel in the Air Force Reserve. As the acknowledged champion of Reserve legislation in Congress, she has been cited for her service by the Air Reserve Association, the National Guard Association and the Reserve Officers Association.

Turning to America's armament capability, Senator Smith declared that during the regime of Secretary of Defense Robert McNamara, there was a serious deterioration of the strength of our national security and defense resulting form a destructive two-fold policy and theory of (a) cost effectiveness and (b) scaling down our military capability toward nothing more than parity with Russia on the theory that such parity would result in stalemate and that stalemate would result in peace. The Senator said that the disastrous results of this policy and theory are evident from our weakened position around the world.

When the Senate's debate on the Safeguard ABM reached its climax, August 6th and 7th, 1969, Margaret Chase Smith was spotlighted in her finest hour.

As time approached to vote on her amendment which would have abolished the Safeguard and spent the money on general research for "another" ABM, she held her ninety-nine Senatorial colleagues and a packed noisy press gallery spellbound. Though her first attempt to amend the Safeguard measure perished 89 to 11 in the voting, Senator Smith was not finished.

She accepted modifying language, by Senators Gore and Case, and tried another amendment which lost by a tie vote, 50-50, but her ultimate good sense came through in her main speech if not in the countdown.

It was in her estimate of Soviet psychology that Senator Smith surpassed all other members in sensibility. Only "our offensive arsenal," she said, has restrained the Soviets. Nothing else but respect for American nuclear might "has stayed their hands," at every confrontation from Berlin to Cuba. If "the Russian Kremlin leaders" (she gave no names) could advantageously get away with an attack, they would let loose "all of their devastating weapons on cities as well as missile sites."

Senator Smith's psychoanalysis of Soviet Russia hit its high point when she said that "dissent . . . violence . . . anarchy . . ." in the United States was a reason the Russians would not shoot their missiles at us. These men in the Kremlin, she said, had "confidence" that they can complete "a Communist conquest of the United States without firing a shot." So why should the Kremlin leaders destroy American resources which they "avidly covet," when it appeared that "Americans would ultimately deliver this country to them."

Senator Smith, an advocate of Space exploration, has stressed that our Apollo project was not intended merely as a race to beat Russia to landing a man on the moon. It is not only a moon program. Instead, the Senator declared, "It is designed for the security of our country, the exploration of our universe, and the various spin-off benefits that now—not just tomorrow—provide for improvement in our health and enjoyment of daily living."

Margaret Chase Smith, daughter of George Emery and Carrie (Murray) Chase was born in Skowhegan, Maine on December 14, 1897. She attended Skowhegan public schools and graduated from Skowhegan high school in 1916.

Mrs. Smith was a school teacher, a telephone and woolen company executive, and a circulation manager of the hometown weekly owned by Clyde H. Smith.

The pivotal event in her life was her marriage to Clyde Smith on May 14, 1930. She served on the Republican State Committee from 1930-36, before coming to Washington with her husband. In 1937 when her husband came to Congress, she became his Congressional secretary (he did not like the idea but she talked him into it). As such, she soon learned her way around and was drawn rapidly into the very center of the political maelstrom. After three years Clyde Smith died of a heart attack. Knowing himself to be dying—indeed on the day before he died—he appealed to the electorate to put his wife into his office.

Thus, Margaret Chase Smith embarked on her successful political career in June 1940, when she became a member of the United States House of Representatives from the Second Congressional District of Maine in the 76th Congress. Mrs. Smith served in that capacity from 1940 to 1949.

Vision and courage being substituted for wealth, Margaret Chase Smith dropped her seat in the House in 1948 and gambled everything on the Senate. The gamble succeeded so well that Mrs. Smith won out in the primaries with more votes than all of her three masculine opponents combined.

She was elected to the Senate by the highest percentage majority and the greatest total vote majority in the history of Maine. In 1954, when she was reelected to a second full six year term in the Senate, she was the top vote-getter of all candidates for all offices. In the primary she set a new record for the total number of votes received in a contested primary.

In 1960, when she was reelected to a third full six-year term in the Senate, for the third successive time she was the top vote-getter of all candidates for all offices. She set a then new all-time record for Maine in the number of votes, as she received 7,652 more votes than the previous record set by President Eisenhower in 1956, and she won by the highest percentage of all Republican Senatorial candidates nationally making her the 1960 top vote-getter of all Republican Senatorial candidates.

By the overwhelming support of her constituency, Margaret Chase Smith was reelected in the 1966 election to serve the people of Maine for a fourth full six-year term in the United States Senate.

Senator Smith is the only woman to serve in both houses of Congress. She is the only woman to ever have been elected to four full terms in the United States Senate. She is also the first woman to have been placed in nomination for President at a national convention of a major political party. In the final ballot at the 1964 Republican National Convention, she received the second highest number of votes.

Senator Smith was the first women elected to a leadership post in the United States Senate, being unanimously elected Chairman of the Conference of All Republican Senators on January 10, 1967. She was the first Senator to hold the all-time consecutive roll-call voting record in the entire history of the United States Senate with 2,941 consecutive roll call votes without a miss.

Senator Smith insists upon the normal prerogatives of seniority, insists upon taking equal responsibility and never shirking a job, and at the same time insists upon not taking any prerogatives that would not be due a male Senator of equal seniority. All politicians love the spotlight and there are opportunities where a woman could take the spotlight away from more senior colleagues; Mrs. Smith avoids any hint of such maneuvering.

One of the things that grew out of this conscious effort at balance between being a lady and being a lawmaker is the wearing of a rose, which has become Senator Smith's trademark. For years Mrs. Smith wore suits so as not to over-emphasize the feminine aspect. To soften the severity of the suits she began to wear a rose and now wears one with everything.

The Senator rejected President Nixon's nomination of Judge Clement F. Haynsworth Jr. to the Supreme Court in 1969. Senator Smith was one of three key Republicans who voted against Judge G. Harrold Carswell's nomination to the Supreme Court on April 9, 1970. By a vote of 51 to 45 the Senate rejected Judge Carswell's confirmation to that high office. When members of the press asked Senator Smith to elaborate on her opposition to the nomination, the Senator clearly stated, "My vote speaks for itself." Senator Smith has championed civil rights, but has made it clear that she has no patience for those who claim that women do not get the breaks. "People who get the breaks, whether women or men, are usually those who "make the breaks," she declared.

The Senator is weary of the constant references to the battle of the generations. "I am not very tolerant of older people who shake their heads in alarm about youth; but I have no more sympathy for young people who can only condemn and criticize the older generation. Every younger generation wants to achieve identity and recognition rapidly and in a revolutionary manner;

every older generation wants youth to become independent by a more gradual and evolutionary process. But young and old have serious obligations to each other. Parents have the responsibility for giving their children the best in rearing, education, and love that they can. Children have the responsibility of making the most constructive use of what they are given."

Senator Smith is a good strategist. Some remarks she made one time on United States military power in relation to Russian power might have caused the late Soviet Premier Nikita S. Khrushchev to call her "the devil in the guise of a woman."

Senator Smith is not given to frequent orations, knows how to keep her own counsel, and speaks only when she has something to say. Bowdoin College noted this quality in conferring the honorary degree of Doctor of Laws upon her in 1952. The citation reads, "She is a woman of common sense, good judgment and brevity of speech."

One of her rare Senate speeches came in 1950 and is known as Margaret Chase Smith's Declaration of Conscience. It was at a time when the late Senator Joseph R. McCarthy was making headlines with his charges that the government was being infiltrated by communists. Senator Smith declared that it was high time to stop character assassination behind the cloak of Congressional immunity. "The American people," she said, "are sick and tired of seeing innocent people smeared and guilty people whitewashed." She said that Democrats and Republicans alike were "playing directly into the Communist design to confuse, divide and conquer." She wanted a Republican victory, but she "didn't want to see the Republican Party ride to political victory on the four horsemen of calumny—fear, ignorance, bigotry, and smear." She made no mention of McCarthy, although he was the obvious target of the accusation. This Declaration of Conscience made a profound stir both in and out of Congress.

Senator Smith finds a national sickness in the United States, similar in its extent and pernicious effect although not in its source to the sickness of McCarthyism which she diagnosed and denounced so courageously two decades ago.

On June 1, 1970, speaking from the same Senate desk, Maine's senior Senator stated: "I speak today because of what I consider to be the great threat from the radical left that advocates and practices violence and defiance of the law—again, the threat of the ultimate result of a reaction of repression.

The Senator said she was "not proud of the way in which our national television networks and campuses have been made publicity platforms for irresponsible sensationalism—nor am I proud of the countercriticism against the networks and the campuses that has gone beyond the bounds of reasonableness and propriety and fanned, instead of drenching, the fires of division.

The Senator warned, "Extremism bent upon polarization of our people is increasingly forcing upon the American people the narrow choice between anarchy and repression.

"And make no mistake about it, if that narrow choice has to be made, the American people, even if the reluctance and misgiving, will choose repression.

"It is time that the greater center of our people," she continued, "those who reject the violence and unreasonableness of both the extreme right and extreme left, searched their consciences, mustered their moral and physical courage, shed their intimidated silence and declared their consciences."

On the international scene the Senator made extensive trips throughout the world from 1944 through 1961. Very few people have conferred with as many leaders of nations throughout the world as she has.

Senator Smith was in opposition to the Limited Nuclear Test Ban Treaty of 1963, which was ratified by the Senate, because of Russia's rejection of a proper method for inspecting nuclear facilities.

The Senator favored the Space Treaty in 1968 which was unanimously ratified by the Senate. She voted for the 1969 Nuclear Non-Proliferation Treaty to stop the spread of nuclear weapons.

Though she cast her ballot for the 1967 ratification of the United States-Soviet Union Consular Treaty, the Senator expressed the "hope" of the Senate that no consulates would be established until the Vietnam war ended.

Senator Smith has clearly stated, "The defense of the nation is not alone a matter of military force. It depends also upon foreign policies realistic in concept and unflinching in spirit."

EDMUND S. MUSKIE—MAINE

(Democrat, 1959-80)

Edmund S. Muskie, who is second ranking Democrat on the Senate Public Works Committee of which he chairs the Subcommittee on Air and Water Pollution, is a lending voice on the protection of our natural environment in the United States Senate. Muskie has vigorously sought Congressional adoption of his bill creating a Joint Congressional Committee on the Environment.

The tall, shy, stern-faced lawyer, who became the first Democratic Senator from Maine in forty-seven years, observed: "Citizens are no longer willing to accept the cliché that foul industrial odors represent the smell of money.

"The philosophy of the Clean Air Act of 1963 was designed to encourage state, regional and local programs to control and abate pollution, while spelling out the authority of the national government to step into interstate situations with effective enforcement authority."

According to the Senator, cleaning up the nation's air and water may cost about $30 billion over the next ten years and about $120 billion over the next thirty-three years.

Muskie, who shepherded the Clean Air Act of 1965 through the Senate, has pointed out that one of the shortcomings of the air pollution control program has been its failure to move ahead in the development of ambient air quality criteria.

On September 22, 1970 the Senate, by a vote of 73 to 0, approved a clean air bill far broader in its deadlines and penalties than any of its three predecessors. Muskie was a guiding force behind the Senate's adoption of the measure—entitled the National Air Quality Standards Act of 1970.

The Senator pointed out that a most important provision of the bill calls for an almost pollution-free automobile engine by 1975. Senator Muskie noted that the measure also is directed toward stationary sources of air pollution. The bill provides for national air quality standards for ten major contaminants. The Senate-approved legislation requires that the Secretary of Health, Education and Welfare designate major air quality control regions and stipulates that areas of states not designated will be considered air quality control regions. The bill calls for national air quality standards which would "insure the protection of the health of persons" and national goals "necessary to protect public health and welfare from any known or anticipated effects."

Other provisions of the bill would:

1. Enable a state or local government to adopt air quality standards and emission standards stricter than the national standards.

2. Require new industrial plants, such as steel mills, cement plants and power plants, to achieve emission performance based on the latest control technology.

3. Require the Secretary of Health, Education and Welfare to prohibit any emission of pollutants considered extremely hazardous to health.

4. Call for criminal and civil penalties in the case of violations plus authority to issue abatement orders.

Other sections of the Senate measure call for the allocation of federal funds for research relating to fuels, vehicles and the health effects of air pollution. Individual citizens would be permitted to file suits in courts to enforce air pollution standards provided they notify the Secretary beforehand.

The bill also would protect employees against dismissal if they appeared in actions against their employer. Further, an office of noise abatement would be established in the Health, Education and Welfare department under the terms of the Senate measure.

The bill went to a Senate-House Conference Committee where the conferees engaged in a hard struggle before agreeing on a compromise measure which favored much of the Senate's version. The National Air Quality Standards Act of 1970 passed both Houses and was signed into law by President Nixon.

In 1973 Senator Muskie expressed his opposition to President Nixon's effort to suspend air pollution emission standards in answer to the fuel shortage. The Senator pointed out that the President failed to justify this action and Muskie further noted that he was unable to obtain from Administration sources any analysis of the basis for, or implications of, this policy. The Senator observed: "The Clean Air Act of 1970 was a novel approach to legislation. Scientific and technical judgments were the basis for enactment of the law. The law—not regulations—set the emission standards and the deadlines. The Congress utilized the best technical and scientific evidence available in order to make a set of judgments regarding clean air designed to protect the public health at the earliest possible date. The data bearing upon those judgments is, of course, the product of on-going research and study. As new information is developed the Congress has a responsibility to continue to evaluate the asumptions on which the Clean Air Act was based and to consider modifications reflecting changes in those assumptions. However, it is improper to blame environmental concerns and laws for the energy crisis."

Senator Muskie was a leading spokeman of the Water Quality Act of 1965, enacted into law. The landmark Water Quality Act set procedures and deadlines for establishing water quality standards on all interstate streams and created a Federal Water Pollution Control Administration to provide national leadership in the clean water program.

The Federal Water Pollution Control Amendment and Clean Rivers Restoration

Act of 1966 initiated a massive sewage treatment construction program to encourage development of comprehensive plans to restore the quality of the entire river basin, to prohibit the dumping of oil and other pollutants from boats into rivers, harbors and coastal waters, and to accelerate a research and development program with emphasis on controlling sewage from combined sewers and on developing more efficient methods of joint treatment of municipal and industrial sewage.

Muskie has also underlined the need for stricter federal curbs on thermal pollution of our rivers electric power-generating plants.

The Senator points out that the fouling of beaches and the death of thousands of seabirds on both sides of the Atlantic because of oil tanker accidents have justifiably stirred an international protest.

He noted that representatives of the leading maritime nations meeting in London in 1967 agreed upon four proposals that would significantly strengthen regulations governing tankers. They would create separate sea lanes for tankers, designate certain areas in international waters from which they would be prohibited, improve the inspection of their navigational equipment and provide for international licensing of tanker captains and senior officers.

The 1970 Water Pollution Bill, initiated by Muskie's Subcommittee and signed into law by the President, tightens control of pollution of waters by oil and sewage from vessels and discharges from mines, and establishes controls of thermal pollution from atomic power plants. Senator Muskie has vigorously sought bigger tax incentives for corporations assuming their responsibility in pollution.

On November 17, 1970 the Maine lawmaker introduced an Ocean-Dumping Bill that would require permits from the New Environmental Protection Agency for any dumping of toxic or non-toxic wastes in the oceans or the Great Lakes. The Senator noted that under the Rivers and Harbors Act of 1899, all dumping in navigable waters is prohibited unless a permit is granted by the Corps of Engineers. Senator Muskie indicated that until recently the Corps almost never enforced this law. The Senator noted that in November of 1971 the Senate, by a vote of 73-to-0, passed a measure to curb the dumping of waste materials in waters beyond the territorial jurisdiction of the United States. The House adopted similar legislation.

The Federal Water Pollution Control Act Amendments of 1972, which originated in Muskie's Subcommittee, became law when Congress overrode the President's veto of the Act. Muskie noted that the objective of the bill (S. 2770) is to restore and maintain the chemical, physical, and biological integrity of the nation's waters. In order to achieve this objective the Act sets forth a "declaration of goals and policy" that: 1) the discharge of pollutants into the navigable waters be eliminated by 1985; 2) wherever attainable, an interim goal of water quality which provides for the protection and propagation of fish, shellfish, and wildlife and provides for recreation in and on the water be achieved by July 1, 1983; 3) the discharge of toxic pollutants in toxic amounts be prohibited; 4) Federal financial assistance be provided to construct publicly owned waste treatment works; 5) areawide waste treatment management planning processes be developed and implemented to assure adequate control of sources of pollutants in each State; and 6) a major research and demonstration effort be made to develop technology necessary to eliminate the discharge of pollutants into the navigable waters, waters of the contiguous zone, and the oceans. The states are declared to have the primary responsibility and right to implement such a goal.

Senator Muskie, who authored the Resource Recovery Act of 1969, now law, emphasizes that "we must begin to consider some way to attach the cost of solid waste disposal to the value of the products we use but do not consume." He maintains that "incentives for effective solid waste management should be related to the persistency of the product in the environment."

Senator Muskie has disagreed with those conservationists who would stop the nation's economic growth to protect its environment. The Senator contends that a growing modern technology would be needed to provide a better quality of life for all human beings. However, he has emphasized that the growth would have to be "disciplined" and that people would have to do without products that merely "titilate our consumer appetites."

Edmund Sixtus Muskie was born on March 28, 1914 in Rumford, Maine where his father, Stephen Marciszewski, a tailor, had emigrated from Poland. The small mill town also lured immigrants of French-Canadian, Irish, and Anglo-Saxon stock.

The timid youth began to emerge in high school, where he joined the debating team and put his towering height to work as a high-scoring center in basketball. He graduated from Rumford High School in 1932 and worked his way through Bates College in Lewiston as a bellhop at a summer resort and as a college waiter and dormitory proctor. He graduated cum laude in 1936 and attended Cornell Law School, where he earned his L.L.B. three years later.

He was establishing a law practice in Waterville, Maine, when World War II called him to duty. For the duration of the conflict, he served as a junior officer on destroyer escorts in the Atlantic and Pacific.

Returning to Waterville, the inexperienced lawyer found clients scarce. However, he did capture the heart of one, the former Jane Gray of Waterville. On May 29, 1948 they were married. The couple has five children.

When local Democratic leaders, hunting fresh candidates for the state legislature in 1946 approached him, young Ed Muskie readily accepted. The New Deal had cemented his allegiance to the Democratic Party, he recalls, and "I thought it would be interesting to be in the legislature once, while I was waiting for my law practice to build up." Muskie won and was quickly captivated by politics.

In 1947 he was defeated in a bid to become the mayor of Waterville. He was reelected to the State Legislature in 1948 and 1950. In 1948 he became the floor leader of the handful of Democrats in the body.

He also was chairman of the Maine Citizens' Committee for the Hoover report, the study led by the President on the functioning of the Federal Government.

Soon after his second reelection to the legislature, he resigned to become Maine's Director of the Office of Price Stabilization.

He left that post in 1952 to become Maine's Democratic National Committeeman. The rising politician arrived on the scene just in time to preside over the near collapse of the state's shaky party. Dwight Eisenhower's triumph over Adlai Stevenson wiped out the federal patronage that had sustained Democratic Party workers for years. And political misfortune was compounded by personal disaster. Early in 1953, while working on a second-story addition to his home, Muskie fell and broke his back. Almost a year passed before he was fully recovered, and by then he was almost depleted financially.

At the age of forty, he defeated the incumbent, Burton M. Cross, to become Maine's first Democratic Governor in two decades. He also became a star attraction to various Democrats in the Midwest. As the nation's first Polish-American Governor, he was invited to various Pulaski Day ceremonies and Kosciusko festivals.

In Augusta, Muskie found that his state was suffering from the exodus of New England's textile industry to the South, where labor was cheaper. After initiating an anti-water pollution program, Muskie created a Department of Economic Development to try to reverse the flight of industry.

In his bid for Washington, Ed Muskie rolled up 60 percent of the 1958 vote to become the first popularly elected Democratic Senator in Maine's history. In 1964 and 1970 Muskie was returned to Washington by an overwhelming majority vote of the people of Maine.

To carry and create the message of party unity, the Democratic caucus of the Senate early chose him as Chairman of its Senatorial Campaign Committee in 1967.

On August 29, 1968 Presidential nominee Hubert H. Humphrey chose Edmund Muskie as his running mate for the Vice Presidential spot on the Democratic ticket. Like Humphrey, Muskie gave top priority to reconciliation within the badly split Democratic Party. Humphrey also handed Muskie the mantle of urban affairs specialist.

At that time, Muskie commented, "Jefferson once said: 'When we begin to pile people upon people in the cities, as they do in Europe, we will begin to eat each other.' Historically, where societies have broken down it's been in big cities—whether Paris under Louis XVI or Leningrad under the Czars—where affluence and misery were juxtaposed. That's something I've been working on in the Senate, urban problems. The country is so darn big, the problems so complex, the Federal bureaucracy so gigantic, we've got to find new ways to strengthen local governments; it's the best place, moreover, for citizens to learn how to participate."

In 1972 Muskie abandoned the active pursuit of the Democratic Presidential nomination that he began with bright promise. He faced the moment of truth with dignity and fortitude. In the light of the Pennsylvania and Massachusetts results, he recognized that the long primary trail had become a journey into exile.

Muskie has declared that Congress should find out what the Federal Bureau of Investigation guidelines are on surveillance of public figures and citizens. In Senator Muskie's opinion, "there is no justification for any part of the federal intelligence community surreptitiously observing and reporting on legitimate political activities which do not affect our national security or which do not involve a potential crime." The Senator indicated that the F.B.I. was on the scene during forty to sixty separate rallies of conservation-minded citizens in 1970 and recorded the activities of those present. Senator Muskie has suggested that Congress commission an inquiry of its own and has urged creation of a civilian review agency to scrutinize all intelligence operations.

In order to provide the essential information about Government needed by Congress and the public, Muskie introduced the Truth in Government Act of 1972. This legislation would create an independent board with authority to lift secrecy labels from government documents. Under Muskie's plan, the board could make a document public after a lapse of two years. And at anytime, this board could send relevant documents to the appropriate committee of the Congress.

"Whatever the facts are," Muskie said, "they cannot inflict more damage than a rising tide of disbelief. We must give people a reason to believe anew in their ability to control the great events which shape and alter their fate. And that is why the board must be an independent board in appearance as well as in fact." The Senator said his plan would give the President and the departments the strongest incentive to be frank about the facts, which would in any case be made public almost immediately or soon afterwards. And at this same time, an independent board could protect the national security without using it is an excuse to hide blunders or launch covert policies. Muskie reintroduced legislation to supervise Executive secrecy practices in 1973 by writing strict standards for the classification and declassification of information and by establishing a process to review and contest excessive secrecy.

Holding firmly to his belief that a democracy works best when the people have all the information that the security of the nation permits, Muskie cosponsored and voted for the 1974 legislation proposing changes in the Freedom of Information Act, designed to strengthen public access to government documents. This legislation, S. 2543, included Muskie's amendment No. 1356. His amendment will enable courts to award costs and attorneys' fees to plaintiffs who successfully contest agency withholding of information. The Senator noted that the price of a court suit has too long been a deterrent to legitimate citizen contests of government secrecy claims. The 1974 legislative package, in the form of 17 amendments to the original Freedom of Information Act passed in 1966 and signed into law by President Johnson, was overwhelmingly passed by Congress but was vetoed by President Ford on October 17th. However, the Congress mustered enough votes to override the President veto and the Freedom of Information Act Amendments of 1974 became law.

In the Senate Muskie is a member of the following Senate Committees: Government Operations, and Public Works. He relinquished his membership on the Foreign Relations Committee to assume chairmanship of the Senate Committee on Budget.

In his first few months in the United States Senate he helped manage a bill that established the Advisory Commission on Intergovernmental Relations. The Commission was comprised of cabinet members, congressmen, governors and mayors. A Muskie amendment added $100,000 to the Commission's budget.

As Chairman of the Subcommittee on Intergovernmental Relations of the Senate Governmental Operations Committee, Muskie introduced a bill that would provide a special forum for learning more about the problems which will be caused by advancing technology, and about the ways that science and technology can provide solutions to these problems. It is to be a study committee, with no jurisdiction over legislation. It would have no permanence, its life being limited to three years, at the end of which it would render a comprehensive report. It would not interfere with the work of the standing committees, but rather would provide a much-needed central source of information not now available to the Senate.

Maine's senior Senator has observed that over the past decade, the power of the Office of Management and Budget as a policy-making agency has greatly increased. In the past four years, the OMB has emerged as a force, second only to the President, in determining domestic priorities within the Executive Branch of our government. For this reason, the Senator supported S. 518, a bill to provide for Senate confirmation of the Director and Deputy Director of the Office of Management and Budget. A modified version of the bill is now law.

Senator Muskie vigorously worked for Congressional adoption of the Congressional Budget and Impoundment Control Act of 1974 which was enacted into law. Muskie, Chairman of the new Budget Committee in the Senate, noted that the bill created a 15-member Budget Committee in the Senate and a similar 23-member Committee in the House. the Budget Committees will be the vocal points for all information and analyses relating to the formulation of recommended fiscal policies and budget priorities and would be responsible for recommending a Congressional budget to their respective House each Spring. He further noted that the bill established a Congressional Budget Office with a Director and Deputy Director appointed for a four-year term by the Speaker of the House and the President Pro Tem of the Senate. The Congressional Budget Office will be a nonpartisan staff to assist the Budget Committees in the discharge of all matters within their jurisdiction, and to provide informational and analytical services on the budget generally to other committees and members of Congress.

Senator Muskie has proposed legislation to reform the Internal Revenue Code and to restore the basic premise of our system of taxation—that taxes be measured by ability to pay and that citizens with equal resources make equal contributions to the costs of government. On February 28, 1973, he introduced S. 1036, a bill to amend the tax code with respect to legislative activity by certain types of exempt organizations. On March 15th he introduced S. 1255, a measure to reform State property taxes by relieving excessive property taxes on the poor and the elderly and encourage states to reform unsatisfactory local property tax administration, and on April 2nd, the Senator offered S. 1439, a bill—the Tax Reform Act of 1973—to reform the federal income, estate, and gift tax laws.

Senator Muskie's star legislative performance came in August, 1966, during a tense summer for many cities. The Johnson Administration was trying to win support for the first major undertaking of its new Department of Housing and Urban Development (HUD), the Model Cities bill. The bill's radical features of encouraging experiments in city government had found little favor in the House. In the Senate, administration strategists looked to the Banking, Housing and Urban Affairs Committee, the depository of most housing and urban legislation, for a champion. Their search did not end until they came down to the sixth-ranking Democrat, Muskie of Maine. At first Muskie was critical of HUD's presentation as too vague and technical, and before taking up the cause he put several clarifying amendments and new sections into the bill. The new sections allowed smaller cities to participate in funds for metropolitan planning and encouraged the preservation of historic buildings in towns and cities. The Senator called at the White House to detail reasons why he did not believe the original bill could pass. He personally steered the committee revised version through rough seas in the Senate. Following the passage of the Model Cities Bill by a vote of 53-22, Muskie was almost drowned in a flood of benediction.

The Senator has vigorously supported federal aid to assist our schools and colleges and has worked for increased Social Security benefits for our older citizens. To curb inflation, Muskie favors equitable wage and price controls. The Senator, who has introduced his own Revenue Sharing Act in 1971, supported and voted for the Revenue Sharing Act adopted by Congress in 1972 and signed into law by the President. The Senator supports a federal welfare takeover, recognizing that poverty like so many other problems called "urban" is national in scale. He is a champion of the small businessman and was a guiding force behind the Senate approval of the Securities Investor Protection Act of 1970 which became law.

Muskie has noted that the Senate Banking, Housing and Urban Affairs Committee hammered out a measure to curb illegal use of foreign banks. The Senator, who played a major role in the Senate passage of the bill, stated that the bill intends to curb the use of secret foreign bank accounts for illegal purposes. The bill passed Congress and was signed into law by the President.

Senator Muskie has made it clear that we must open the Highway Trust Fund to permit each community complete flexibility to determine local transportation priorities. "The option of mass transit, including rail transit, must be funded on an equal basis with highways." The Senator, a co-author of legislation to broaden the use of highway trust funds, supported the House-Senate conference agreement on the Federal Aid Highway Act of 1973, now law, as "a modest beginning" toward reshaping and redirecting transportation policies and priorities. The Federal Aid Highway Act allows the use of $200 million in trust funds for the acquisition of buses in Fiscal Year 1975, and gives urban areas the choice of using any part of the $800 million in urban system trust funds for rail or other mass transit systems in Fiscal Year 1976. The bill also authorizes $3 billion for the Federal Urban Mass Transit program and gives communities advance contract authority for public transportation systems.

"We must turn away from our sole reliance on the private automobile. This move can be made rationally, and with minimum social and economic disruption if we begin to move now—so that is a result of planned public policy, rather than a response to a crisis which may be still a decade away," the Senator has stated. Muskie noted that 1974 opened a new era for mass transit when the Congress approved and President Ford signed into law the landmark Mass Transit Bill providing $11.8 billion over six years and authorizing federal funds for operating subsidies.

In 1971 Senator Muskie relinquished his membership on the Senate Banking, Housing and Urban Affairs Committee to become a member of the Senate Foreign Relations Committee. In January of 1971 the Senator embarked on a tour that took him to Israel, the United Arab Republic, Russia and West Germany.

The Senator emphasizes that "American foreign policy must include a pledge for Israel's security." On his visit to Russia, Muskie met with Premier Aleksei N. Kosygin in a Kremlin meeting lasting nearly four hours. There was discussion on the need for "understanding" on both sides. They also talked about improving trade and limiting strategic arms. Senator Muskie voted for the Trade Bill of 1974 (H.R. 10710). This bill, now law, opens up new opportunities for trade with nonmarket countries, and with developing countries, under carefully prescribed conditions. It also provides for Congressional oversight of all trade negotiations.

In military affairs, Muskie has proposed that Washington suspend testing of the multiple independently targetable re-entry vehicle (MIRV) for six months and see what Moscow does. If the Soviets were to respond with a similar suspension, the Senator argues, the United States could extend its own moratorium indefinitely. If they did not, our experiments could be resumed without any real loss in terms of security. Muskie declares that the risks, in fact, are minimal, while the gains might be appreciable on both sides. The Senator noted that former President Nixon's position was that a MIRV suspension should be negotiated.

The senior Senator of Maine, who voted for the ratification of the interim United States-Soviet Union agreement to freeze a major part of their offensive nuclear arsenals for five years, contends that the test of intentions could have much greater significance to national and international security than any weapons test.

Senator Muskie, who served on Senator Mike Mansfield's 1966 Southeast Asia Mission, has observed that our experience in Indochina has been a tragic demonstration that our foreign policy affects us no less than it affects other nations. Muskie stated, "Foreign policy is not a game. It should be a means for allowing us to get on with what ought to be our fundamental tasks—of building a whole society here in America, and of helping other nations improve the quality of life for their citizens. The time has come to return to these tasks."

Floor manager of the War Powers Act in the Senate and one of the Senate conferees, Senator Muskie has indicated that he was pleased by the results of the House-Senate conference on the war powers legislation. "The Constitution gives to Congress the authority to take the nation into war and to regulate use of the armed forces in the absence of a declaration of war. The legislation agreed to on October 4th reaffirms this Constitutional principle and defines more precisely the respective spheres of Presidential and Congressional powers in this area," the Maine lawmaker explained. In November 1983, Congress overrode a Presidential veto and enacted the War Powers Act (S. 440) into law.

The Senator maintains that "in a world where distrust and hostility still run deep, where the aims of nations continue to differ in fundamental respects, we should be prepared to resist the threat or use of force, but we must also be prepared to exercise the wisdom, moderation, and restraint which are necessary if man is to create the conditions for peace."

ORGAN PROCUREMENT AND TRANSPLANTATION ACT

The Senate proceeded to consider the bill (S. 2048) to provide for the establishment of a Task Force on Organ Procurement and Transplantation and an Organ Procurement and Transplantation Registry, and for other purposes, which had been reported from the Committee on Labor and Human Resources with an amendment to strike all after the enacting clause and insert:

That this Act may be cited as the "Organ Procurement and Transplantation Act".

FINDINGS

Sec. 2. The Congress finds and declares that—

(1) the lack of suitable donor organs for patients awaiting surgery is a major obstacle to all organ transplant programs;

(2) a number of patients waiting for donor organs face certain death within a predictable time period;

(3) the absence of coordinated and effective systems to solicit, identify, and match organ donors with transplant patients has forced such patients and their families to resort to public appeals through the mass media in order to procure the organs needed for transplantation;

(4) a cooperative relationship between an informed public and a receptive medical community is necessary for the identification and procurement of organs for transplantation; and

(5) there is a need for additional medical centers which are capable of performing human organ transplant surgery.

TITLE I—TASK FORCE ON ORGAN PROCUREMENT AND TRANSPLANTATION ESTABLISHMENT

Sec. 101. Within thirty days after the date of enactment of this Act, the Secretary of Health and Human Services shall, under the authority of section 301 of the Public Health Service Act, establish a Task Force on Organ Procurement and Transplantation.

DUTIES OF THE TASK FORCE

Sec. 102. (a) The Task Force shall assess the nature and extent of public and private efforts that are needed to create a widely known, well defined, and effective organ procurement system, and shall develop a plan to assure the establishment of a national organ donor network and organ procurement system which emphasizes involvement by the private sector and provides for the coordination of existing organ procurement programs and services.

(b) The plan developed under subsection (a) shall include—

(1) an analysis of the factors that affect and determine the availability of organs for transplantation;

(2) a specification and clarification of mechanisms that exist or can be developed in the private sector to identify potential organ donors, encourage health care providers to promptly notify appropriate organizations of the availability of organs for transplant, provide for rapid matching of donors with appropriate organ recipients, facilitate the removal of organs, maintain the viability of organs, and transport organs to appropriate organ recipients, including mechanisms such as a national donor identification system;

(3) provisions for the education and training of health professionals, including physicians, nurses, and hospital and emergency care personnel;

(4) provisions for the education of the general public, the clergy, law enforcement officers, members of local fire departments, and other agencies and individuals that may be instrumental in effecting organ procurement;

(5) an identification of barriers to the donation of organs to pediatric patients, including an assessment of—

(A) barriers to the improved identification of pediatric organ donors and their families and pediatric organ recipients;

(B) current health care services provided for pediatric patients who need organ transplantation and organ procurement procedures, systems, and programs which affect such patients;

(C) cultural factors affecting the family with respect to the donation of the organs of a minor; and

(D) ethical and economic issues relating to organ transplantation needed by chronically ill pediatric patients;

(6) recommendations for the conduct and coordination of continuing research concerning all aspects of the transplantation of organs;

(7) an analysis of barriers to the interstate transportation of organs for transplantation;

(8) an analysis of the factors involved in insurance reimbursement for transplant procedures by private insurers and the public sector;

(9) an analysis of the factors relating to insurance reimbursement for long-term immunosuppressive drug therapy for organ transplant patients by private insurers and the public sector; and

(10) an assessment of need for additional medical centers which are capable of performing human organ transplant surgery and recommendations for the expeditious establishment of such centers.

MEMBERSHIP

Sec. 103. (a) The Task Force shall be composed of nineteen members as follows:

(1) The Secretary of Health and Human Services (or the designee of the Secretary).

(2) The Surgeon General of the United States (or the designee of the Surgeon General).

(3) The Director of the National Institutes of Health (or the designee of the Director).

(4) The Administrator of the Health Care Financing Administration (or the designee of the Administrator).

(5) Seven individuals appointed by the Secretary who are not officers or employees of the United States and who represent health professionals with expertise in the field of organ transplantation, including physicians, nurses, and hospital and emergency care personnel.

(6) Two individuals appointed by the Secretary who are not officers or employees of the United States and who represent private health insurers.

(7) Four individuals appointed by the Secretary who are not officers or employees of the United States and who represent the clergy, patient advocacy organization, and voluntary organizations.

(8) Two individuals appointed by the Secretary who are not officers or employees of the United States and who have experience with respect to organ procurement.

(b) A vacancy in the Task Force shall be filled in the same manner as the original appointment was made. A vacancy in the Task Force shall not affect its powers.

(c) Members shall be appointed for the life of the Task Force.

(d) The Secretary shall select a Chairman from among the members of the Task Force who are not officers or employees of the United States.

(e) Eleven members of the Task Force shall constitute a quorum, but a lesser number may hold hearings.

(f) The Task Force shall hold its first meeting on a date specified by the Secretary which is not later than thirty days after the date on which the Secretary establishes the Task Force under section 101. Thereafter, the Task Force shall meet at the call of the Chairman or a majority of its members, but shall meet at least three times during the life of the Task Force.

(g)(1) Each member of the Task Force who is not an officer or employee of the United States shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for grade GS–18 of the General Schedule under section 5332 of title 5, United States Code, for each day (including traveltime) during which such member is engaged in the actual performance of duties as a member of the Task Force. Each member of the Task Force who is an officer or employee of the United States shall receive no additional compensation.

(2) While away from their homes or regular places of business in the performance of duties for the Task Force, all members of the Task Force shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under sections 5702 and 5703 of title 5, United States Code.

DIRECTOR AND STAFF OF TASK FORCE

Sec. 104. (a) The Secretary shall appoint an Executive Director who shall be compensated at a rate not to exceed the rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b) With the approval of the Task Force, the Executive Director may appoint and fix the compensation of such additional personnel as the Task Force considers necessary to carry out its duties.

(c) The Executive Director and the additional personnel of the Task Force referred to in subsection (b) may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(d) Subject to such rules as may be prescribed by the Task Force, the Executive Director may procure temporary or intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals not to exceed $100 per day.

(e) Upon request of the Task Force, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Task Force to assist the Task Force in carrying out its duties under this Act.

(f) The Secretary shall provide the Task Force with such administrative and support services as the Task Force may request.

REPORT

Sec. 105. (a) The Task Force may transmit to the President, the Committee on Labor and Human Resources of the Senate, and the Committee on Energy and Commerce of the House of Representatives such interim reports as the Task Force considers appropriate.

(b) Not later than nine months after the date on which the Task Force is established by the Secretary under section 101, the Task Force shall transmit a final report to the President, the Committee on Labor and Human Resources of the Senate, and the Committee on Energy and Commerce of the House of Representatives. The final report of the Task Force shall contain a detailed statement of the findings and conclusions of the Task Force and such recommendations as the Task Force considers appropriate.

DEFINITIONS

Sec. 106. For purposes of this title—

(1) the term "Federal agency" has the meaning given to the term "agency" in section 551(1) of title 5, United States Code;

(2) the term "Secretary" means the Secretary of Health and Human Services; and

(3) the term "Task Force" means the Task Force on Organ Procurement and Transplantation established under section 101.

TERMINATION

Sec. 107. The Task Force shall terminate one month after the date on which the Task Force transmits the final report required under section 105 to the President, the Committee on Labor and Human Resources of the Senate, and the Committee on Energy and Commerce of the House of Representatives.

TITLE II—FACILITATION OF ORGAN PROCUREMENT AND TRANSPLANTATION

ESTABLISHMENT OF PROGRAM

Sec. 201. Title III of the Public Health Service Act is amended by adding at the end thereof the following new part:

"Part K—Organ Transplants

"ESTABLISHMENT OF ORGAN PROCUREMENT AND TRANSPLANATATION REGISTRY

"Sec. 399A. (a) Under the authority of section 301, the Secretary shall assure the establishment and operation in the private sector of an Organ Procurement and Transplantation Registry which meets the requirements of subsection (b). To the extent necessary to carry out this section, the Secretary may make grants and enter into contracts in a total amount not in excess of $2,000,000 in any fiscal year.

"(b) The Organ Procurement and Transplantation Registry shall—

"(1) promote the establishment, in one location or by coordinating regional centers, of—

"(A) a national registry of individuals who need organs for transplantation;

"(B) a national registry of individuals who, prior to their death, have voluntarily made commitments to donate organs for transplantation and be listed in the registry, which shall include provisions to—

"(i) permit any such individual, prior to death, to rescind any commitment made by such individual to donate organs and be listed in the registry;

"(ii) require a health care provider who cared for any such individual at the time of death of such individual to, prior to releasing any organ of such individual for donation, verify through the registry the commitment of such individual to donate such organ; and

"(iii) ensure, in accordance with Federal and State laws and criteria established by health care providers governing the confidentiality of medical records, access to the registry for physicians and other health care professionals; and

"(C) a national system to match organs available for donation with individuals listed in the registry described in subparagraph (A);

"(2) assure the operation of a twenty-four-hour telephone service to facilitate the matching of organs with individuals included in the registry described in paragraph (1)(A);

"(3) establish and maintain standards of quality for the acquisition and transportation of donated organs;

"(4) promote the coordination, as appropriate, of the transportation of donated organs to transplant centers;

"(5) provide information to the public and to physicians and other health professionals regarding organ donation; and

"(6) develop, prepare, and distribute, in conjunction with appropriate governmental and private entities, model uniform national organ donor cards in order to—

"(A) assure participation in the national registry described in paragraph (1)(B); and

"(B) assure the continuation of a system of organ donor cards under which individuals may agree to donate organs for transplantation without participation in such registry.

"(c) For purposes of this section, the term 'organ' means the human kidney, liver, heart, lung, bone Marrow, and any other human organ or tissue included by the Secretary by regulation.

"ASSISTANCE FOR ORGAN PROCUREMENT ORGANIZATIONS

"Sec. 399B. (a)(1) Subject to paragraph (2), the Secretary may make grants for the planning, establishment, and initial operation of organ procurement organizations described in subsection (b).

"(2)(A) No grant authorized under paragraph (1) shall be made by the Secretary until 30 days after the Task Force on Organ Procurement and Transplantation transmits the final report required under section 105(b) of the Organ Procurement and Transplantation Act.

"(B) The Secretary may make grants authorized under paragraph (1) only if such grants are made in a manner that is not inconsistent with any recommendation of the Task Force on Organ Procurement and Transplantation contained in the report referred to in subparagraph (A) that addresses the issue of Federal assistance for organ procurement agencies.

"(b)(1) An organ procurement organization for which grants may be made under subsection (a) is an organization which, as determined by the Secretary, will carry out the functions described in paragraph (2) and—

"(A) is a nonprofit entity;

"(B) has the capability of becoming self-supporting;

"(C) is not an organization which provides health care services or carries out other activities not related to the procurement of organs, except that it may be an organization which provides health care services or carries out other activities not related to the procurement of organs if it was being reimbursed for organ procurement activities under title XVIII of the Social Security Act before the date of the enactment of this part;

"(D) has accounting and other fiscal procedures (as specified by the Secretary) necessary to assure the fiscal stability of the organization;

"(E) has a defined service area which—

"(i) includes an entire standard metropolitan statistical area (as specified by the Office of Management and Budget); or

"(ii) does not include any part of such an area and is of sufficient size which will include at least fifty potential organ donors each year; and

"(F) has sufficient staff to effectively obtain organs from donors in its services area.

"(2) An organ procurement organization shall—

"(A) have agreements with a substantial majority of the hospitals and other health care entities in its service area which have facilities for organ donations;

"(B) conduct systematic efforts, including professional education, to acquire organs from potential donors;

"(C) arrange for the acquisition and preservation of donated organs;

"(D) arrange for the appropriate tissue typing of donated organs;

"(E) have a system to allocate donated organs among transplant centers according to established criteria;

"(F) provide for the transportation of donated organs to transplant centers;

"(G) have arrangements to coordinate its activities with transplant centers in its service area;

"(H) participate in the Organ Procurement and Transplantation Registry established under section 399A;

"(I) have arrangements with tissue banks for the preservation and storage of tissues as may be appropriate; and

"(J) evaluate annually the effectiveness of the organization in acquiring potentially available organs.

"(c) For grants under subsection (a) there are authorized to be appropriated $5,000,000 for fiscal year 1985 and for each of the two succeeding fiscal years.".

TITLE III—ANNUAL REPORT ON ORGAN TRANSPLANTATION

REPORT REQUIRED

SEC. 301. Title IV of the Public Health Service Act is amended by adding at the end thereof the following new section:

"ANNUAL REPORT ON ORGAN TRANSPLANTATION

"SEC. 480. The Secretary shall publish an annual report on the scientific and clinical status of organ transplantation. The Secretary shall consult with the Director of the National Institutes of Health and the Commissioner of the Food and Drug Administration in the preparation of the report.".

TITLE IV—PROHIBITION OF ORGAN PURCHASES

PROHIBITED ACTS

SEC. 401. (a) Subpart 1 of part F of the Public Health Service Act is amended by adding at the end thereof the following new section:

"PURCHASE OF HUMAN ORGANS PROHIBITED

"SEC. 352A. (a) It shall be unlawful for any person to knowingly acquire, receive, or otherwise transfer for valuable consideration any human organ for use in human transplantation if the transfer affects interstate commerce.

"(b) Any person who violates subsection (a) shall be fined not more than $50,000 or imprisoned not more than five years, or both.

"(c) For purposes of this section:

"(1) The term 'interstate commerce' has the same meaning as in section 201(b) of the Federal Food, Drug, and Cosmetic Act.

"(2) The term 'human organ' means the human kidney, liver, heart, lung, bone marrow, and any other human organ or tissue included by the Secretary by regulation.

"(3) The term 'valuable consideration' does not include the reasonable costs associated with the removal, storage, processing, preservation, quality control, and transportation of a human organ.".

(b) Such subpart is further amended by adding at the end of the heading for such subpart "and Human Organs".

(c) The heading for part F of such Act is amended—

(1) by inserting a comma and "HUMAN ORGANS," after "PRODUCTS"; and

(2) by inserting a comma after "LABORATORIES".

THE ORGAN TRANSPLANT AND PROCUREMENT ACT OF 1984

Mr. HATCH. Mr. President, I urge my colleagues to expeditiously approve S. 2048, the Organ Transplant and Procurement Act of 1984. This is vitally important legislation to thousands of Americans who suffer from end-stage organ failure and are in need of organ transplant surgery to save their lives and restore health. This might be a young child suffering from congenital liver disease, someone with kidney failure resulting from high blood pressure, or a person with chronic heart disease.

The issue of human organ transplantation is one of the most widely discussed and publicized health issues of our time. There are several reasons for this prominence, but one of the most important factors is increasing media attention paid to the plight of individuals whose lives are in jeopardy because of difficulties and delays in obtaining an organ transplant. Other factors in the growing interest of organ transplantation have been remarkable improvements in morbidity and mortality of patients undergoing organ transplantation, due to improved techniques and the development of immunosuppressive medications which reduce the incidence of rejection of the transplanted organs. As surgical and medical techniques improve, rendering transplantation safer and more effective, the gap between available resources and demand will increasingly widen. Therefore, it is timely and essential that we develop a national policy regarding the appropriate Federal and private sector roles in organ transplantation. An equitable policy and system is necessary so that individuals throughout our country have access to organ transplantation when appropriate and necessary. Individual pleas through television and newspaper articles, while commendable in bringing to public attention the urgent circumstance of one person's need, may be counterproductive to the needs of many others requiring organ transplantation. We need something better.

S. 2048 will help us provide what has been lacking—a national, equitable policy related to transplantation. However, we must proceed with caution. The task force established by this legislation is essential to look at complex and challenging questions, such as who should we pay for these expensive operations and consider ethical, social, and cultural issues. There is great concern among the public and private sector that developing technologies in organ transplantation will become increasingly more costly and impose large financial burdens on already strained national health resources. However, I am certain that with careful analysis, recommendations can be made to develop policies insuring fair access to transplant surgery for individuals who without such surgery would be at risk of losing their lives; and a means of public and private insurance to pay for such procedures.

We should not wait, however, to provide assistance in matching those needing surgery with the life-saving donor organs. This legislation will provide Federal funds to complete, and complement, a national organ procurement and transplantation computer registry, operated by the private sector. This alone will likely save hundreds of lives each year.

Let me review for my colleagues the key provisions of this legislation.

The Organ Procurement and Transplantation Act, S. 2048, amends the Public Health Service Act (PHSA) and makes additional provisions, as follows:

First, provides for the establishment by the Secretary of Health and Human Services of a task force on organ procurement and transplantation. Sets forth the duties of the task force in assessing the Nation's organ procurement system and in developing a plan for further coordinated efforts in organ procurement. Describes the membership of the task force. Directs the task force to submit a final report within 9 months.

Second, provides that the Secretary shall assure the establishment and operation in the private sector of an organ procurement and transplantation registry, and authorizes $2 million per year for grants and contracts. Provides that the registry shall include potential organ recipients, potential organ donors who have volunteered to be listed, and a matching system to link available organs with potential recipients. Sets forth other duties of the registry in facilitating coordinating organ procurement activities.

Third, provides that the Secretary may make grants to organ procurement organizations after the task force has submitted its report (provided the grants are not in a manner inconsistent with the recommendations of the task force concerning Federal assistance for organ procurement agencies). Defines, solely for the purpose of receiving assistance under this section, an organ procurement organization. Authorizes for these grants $5,000,000 for fiscal year 1985 and for each of the two succeeding years.

Fourth, requires that the Secretary publish an annual report on the scientific and clinical status of organ transplantation.

Fifth, prohibits the interstate buying and selling of human organs for transplantation.

In conclusion, I urge all my colleagues to vote for this necessary and timely legislation.

Mr. KENNEDY. Mr. President, I support S. 2048, the "Organ Procurement and Transplantation Act of 1984." This act represents an important attempt on the part of the Senate to address an issue of major concern to all of us.

Over the past year, the tragic situation of many children in need of liver transplants filled our media and stimulated the compassion and concern of the American public. As the stories of the children who required liver transplants unfolded, it became obvious that the transplant issue was quite complex. There were many children needing transplants whose cases did not stimulate major public responses. There were adults who needed organs, but who had to wait in dread. Hundreds, perhaps thousands of lives could be saved each year by improving our system of matching donors and patients, and finding the means to pay for these costly procedures and the medications necessary to insure their success.

In my own State of Massachusetts, Charles and Marilyn Fiske discovered almost a year and a half ago that when their then 10-month-old daughter needed a liver transplant, there was no donor to be found. Finally, Charlie Fiske made a dramatic and unprecedented appeal before a session of the American Academy of Pediatrics which resulted in major television network coverage; fortunately, a liver from a 10-month-old Salt Lake City auto accident victim was offered for transplantation. However, for every fortunate case, there are cases involving those who are not so fortunate, and the price of waiting for a critically needed organ is high; time takes its toll. Something must be done.

In addition to concerns over the current system of organ identification and allocation, we are concerned that the current system of reimbursement for transplant procedures may not adequately cover new technologies which offer both life and hope to those citizens faced with either death or severe limitations in their lives. We are concerned about the price of the medications used in the maintenance of the transplants.

As a result of these concerns and the obvious need for information by the American people, I introduced S. 1728 in August of last year, legislation to create a National Task Force on Organ Procurement and Transplant Reimbursement. This bill was referred to the Committee on Labor and Human Resources, which held hearings on the subject of organ transplantation, at my request, on October 20, 1983. As a result of the hearings held by the committee, Senator Orrin Hatch introduced S. 2048, the Organ Procurement and Transplantation Act. Since S. 2048 included the task force provisions required in my bill and other provisions thought to be critical to the transplant issue, S. 2048 was acted upon and reported out of the Committee on Labor and Human Resources with amendments favorably.

I urge my colleagues to support this legislation with favorable passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the several items were agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER TO INDEFINITELY POSTPONE SENATE JOINT RESOLUTION 266 AND S. 2487

Mr. BAKER. Mr. President, I ask unanimous consent that Calendar Nos. 747 and 754 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMENDING HISTORIC AMERICAN BUILDINGS SURVEY

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 173.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 173) entitled "Joint resolution commending the Historic American Buildings Survey, a program of the National Park Service, Department of the Interior", do pass with the following amendments:

In the fourth clause of the preamble, strike out "National Park Service", and insert: *National Park Service, the Library of Congress, and the American Institute of Architects.*

Amend the title so as to read: "Joint resolution commending the Historic American Building Survey, a program of the National Park Service, Department of the Interior, the Library of Congress, and the American Institute of Architects.".

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments en bloc.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

Mr. BAKER. Mr. President, I move that the Senate concur in the House title amendment.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the Senate concurred in the House amendments.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LICENSING OF THE YACHT "DAD'S PAD" FOR THE COASTWISE TRADE

Mr. BAKER. Mr. President, I confess to a certain curiosity about the next item I am about to state.

Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1186.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1186) entitled "An Act to clear certain impediments to the licensing of the yacht Dad's Pad for employment in the coastwise trade", do pass with the following amendment:

Strike out all after the enacting and insert: That, notwithstanding section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), the Secretary of the department in which the Coast Guard is operating shall cause the vessel Dad's Pad, official number 549526, owned by John C. Sciacca, to be documented as a vessel of the United States with the privilege of engaging in the coastwise trade, on compliance with all other requirements of law.

Sec. 2. Notwithstanding section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), the Secretary of the department in which the Coast Guard is operating shall cause the vessel Zobra, official number 229763, owned by Howard Costa, to be documented as a vessel of the United States with the privilege of engaging in the coastwise trade, on compliance with all other requirements of law.

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendment with a further amendment which I send to the desk on behalf of Senator Packwood.

AMENDMENT NO. 2954

(Purpose: Correct incorrect spelling of name of certain vessel)

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. Baker), for Mr. Packwood, proposes an amendment numbered 2954.

In section 2, strike "Zobra" and insert in lieu thereof "Zorba".

The PRESIDING OFFICER. Is there debate on the amendment?

Mr. BAKER. Mr. President, I would not dare inquire further. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2954) was agreed to.

The PRESIDING OFFICER. Without objection, the motion of the majority leader is agreed to.

CONVEYANCE OF CERTAIN LAND TO SHOW LOW, AZ

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 597.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 597) entitled "An Act to convey certain lands to Show Low, Arizona", do pass with the following amendments:

Strike out all after the enacting clause, and insert:

Section 1. That the Secretary of Agriculture is authorized and directed to survey and convey, by quitclaim deed and without consideration, to the city of Show Low, Arizona, all right, title, and interest of the United States to the lands generally depicted on a map entitled "Land Conveyance, City of Show Low, Arizona", and dated February 1984, which shall be on file and available in the office of the Chief of the Forest Service, Department of Agriculture, and more particularly described as a tract of land, together with improvements thereon, known as the Show Low City Park estimated to include approximately 52.46 acres.

Sec. 2. Title to any real property acquired by the city of Show Low pursuant to this Act shall revert to the United States if the city attempts to convey or otherwise transfer ownership of any portion of such property to any other party or attempts to encumber such title, or if the city permits the use of any portion of such property for any purpose incompatible with the purposes specified in section 3 of this Act.

Sec. 3. Real property conveyed to the city of Show Low pursuant to this Act shall be used only for public open space, park and recreational purposes.

Sec. 4. The mountain located at 63 degrees 04 minutes 15 seconds north latitude by 151 degrees 00 minutes 20 seconds west longitude shall retain the name Mount McKinley in perpetuity.

Amend the title so as to read: "An Act to confer certain lands to Show Low, Arizona, and for other purposes.".

(By request of Mr. Byrd the following statement was ordered to be printed in the Record:)

● Mr. DeCONCINI. Mr. President, S. 597, the bill now before the Senate, is the result of many years of work by members of the Energy and Natural Resources Committee, House Interior Committee, and citizens of the city of Show Low, particularly the Honorable Mayor Ellis B. Qualls. I am grateful to my colleagues Mr. Wallop and Mr. McClure for their assistance over the years in helping to get this bill through this body and for demonstrating to citizens all across this great Nation that the Congress is willing to take appropriate action when necessary to alleviate the unique burdens placed on small communities, like Show Low, that are largely surrounded by the national forest system.

This legislation has been significantly modified since its initial passage by the Senate last year. The bill before us today conveys approximately 52 acres of Forest Service land within the city limits to the city of Show Low for park and recreational purposes. This land, which has been utilized by the city for just such purposes by special-use permit from the Forest Service for a great number of years, will be transferred by quitclaim deed to the city. By doing so, many cumbersome requirements and regulations that both the city and the Forest Service have had to comply with over the years will be eliminated. At the same time, the citizens of this forest eliminated. At the same time, the citizens of this forest community will be allowed to continue to utilize this land for recreational needs and make some additional improvements knowing that the land will be their own and not taken away at some future date for other forest uses.

Mr. President, this parcel of land, as small as it may be, has enormous value to this community and represents the results of dogged persistence by community citizens to work with the Congress and Federal agencies to achieve their goals. While authority does exist allowing the Forest Service to convey certain parcels of land to communities for public purposes, this action can only be accomplished under that authority through the payment of fair market value. There are instances, as in the case of Show Low, where these towns simply do not have sufficient financial resources to purchase land because the small amounts of private land within their boundaries draw inadequate revenue.

Mr. President, when I refer to public purposes, I am referring to benefits not only the public in Show Low but to other citizens nationwide who may wish to visit this outstanding area of the country.

Mr. President, I wholeheartedly support this land conveyance legislation and once again, thank my colleagues for their understanding and determined efforts to make this legislation law. It is my hope that once the bill arrives in the House that my colleagues in that body will support the bill as written with no amendments and send it to the President for signature.●

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments with a further Senate amendment, which I send to the desk on behalf of Senator McClure.

AMENDMENT NO. 2955

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. Baker), for Mr. McClure, proposes an amendment numbered 2955.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

"Strike Section 4."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2955) was agreed to.

Mr. BAKER. Now, Mr. President, I move that the Senate agree to the House amendments, as amended.

The motion was agreed to.

ORDER FOR STAR PRINT—S. 121

Mr. BAKER. Next, Mr. President, I propose a star print to accompany S. 121 reflecting changes which I now send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

DOMESTIC VOLUNTEER SERVICE ACT AMENDMENTS OF 1984—CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on S. 1129 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1129) to authorize appropriations for programs under the Domestic Volunteer Service Act of 1983, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the House proceedings of the Record.)

Mr. HATCH. Mr. President, I am pleased to submit the conference report on S. 1129, the Domestic Volunteer Service Act of 1983, and ask for its immediate consideration. This conference agreement required compromises from all sides, but this legislation will continue to address the problems of poverty through the use of the skills of the increasing number of

American citizens, as the law was designed to do over a decade ago, in 1973.

In this reauthorization process we found a particular need to stimulate the use of more private sector resources and community volunteers; and we examined the possible alternatives to improve administration and operation of the action programs. This conference report reflects improvements we thought best.

I wish to compliment my colleagues in the House and the Senate on their cooperation in developing this important agreement. In particular, I appreciate the efforts of Senator DENTON, chairman of the Family and Human Services Subcommittee, Senator DODD, the ranking minority member of that subcommittee, and Congressmen PERKINS, ERLENBORN, and MURPHY for their dedication in following this legislation through the conference.

The conferees recognized that ACTION programs are cost effective and provide a variety of services to our communities. This conference report significantly increases the number of Senior Companion programs to provide valuable services to homebound elderly people. Further, it continues other programs which provide opportunities for Americans to serve as volunteers.

The Senior Companion program has been revised to include an expanded training component. Senior Companions assist homebound elderly people to remain in their own homes, and they enable some elderly in institutions to return to home-care settings. Senior Companions have proven to be outstandingly effective. This new bill assures that Senior Companions keep their active role in providing these compassionate services, and it affords opportunities for improving that role.

ACTION programs also include the Foster Grandparent program, Volunteers in Service to America (VISTA), and the Retired Senior Volunteer programs (RSVP). We agreed to continue the ACTION agency's authority to fund other worthwhile and proven programs, such as California Parents Acting on Drug and Alcohol Abuse, Inc., in Sacramento, and other parent groups which work against drug abuse among America's young. We agreed to continue ACTION's authority to fund other valuable community-supported programs such as Young Volunteers in Action.

I can attest to the valuable services ACTION volunteers provide in Utah. In my home State, more than 3,000 volunteers—senior citizens and professionals—donate their time to hospitals, schools, and the criminal justice system. These volunteers provide workshops and counseling to low-income individuals, and they teach refugees English, homemaking, and job skills.

This is a good bill. It is eagerly awaited by a broad cross section of Americans, from older citizens to our Nation's youth. I strongly encourage the Senate to approve this conference report, and I urge the President's early approval so the improved benefits of this bill can be felt without further delay.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER TO HOLD H.R. 1314 AT THE DESK

Mr. BAKER. Mr. President, I propose to hold at the desk H.R. 1314 when it is received from the House of Representatives. The bill is entitled a bill to extend the Reorganization Act of 1977. I ask that it be held at the desk until the close of business on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

TO MAKE THE SELECT COMMITTEE ON INDIAN AFFAIRS A PERMANENT COMMITTEE

Mr. BAKER. Mr. President, I have another calendar item. I refer to Calendar No. 523, Senate Resolution 127. I ask if the minority leader is prepared to proceed with that item.

Mr. BYRD. Mr. President, this side of the aisle is ready to proceed.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask that the Senate proceed to its consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 127) to make the Select Committee on Indian Affairs a permanent committee of the Senate.

The resolution (S. Res. 127) was considered and agreed to, as follows:

S. RES. 127

Resolved, That section 105 of S. Res. 4, Ninety-fifth Congress, agreed to February 4 (legislative day, February 1), 1977, as amended, is amended

(1) by striking out "temporary" in subsection (a)(1); and

(2) by striking out subsection (d).

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate action on that vote be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, may I say, for the benefit of those involved in the clearance process, that though the notation on our calendar was that clearance had been taken care of, there were other Senators on the floor who have indicated that they wish to inquire into that matter further. It is on my initiative, then, that the vitiation request was put.

EXECUTIVE CALENDAR

Mr. BAKER. Mr. President, I have items on the Executive Calendar that were cleared for action on this side. I ask the minority leader if he is prepared to consider any or all of the following items—Calendar Order Nos. 514, 539, 540, 541, 542, and 543.

Mr. BYRD. Mr. President, this side is ready to proceed to take up the nominations that have been enumerated by the distinguished majority leader with the exception of Calendar Order No. 514.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering nominations Nos. 539, 540, 541, 542, and 543.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

DEPARTMENT OF STATE

The legislative clerk read the nominations of Barrington King, of Georgia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brunei; of Stephen Warren Bosworth, of Michigan, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Philippines; of Lawrence S. Eagleburger, of Florida, and Arthur Adair Hartman, of New Jersey, for the personal rank of Career Ambassador; and of Gerald P. Carmen, of New Hampshire, to be the Representative of the United States of America to the European Office of the United Nations, with the rank of Ambassador.

CONFIRMATION OF PERSONAL RANK OF CAREER AMBASSADOR FOR AMBASSADOR ARTHUR HARTMAN

Mr. LAUTENBERG. Mr. President, I want to make a special note this evening of the confirmation by the Senate of the personal rank of Career Ambassador for Ambassador Arthur Hartman, who is currently our Ambassador to the Soviet Union. Though born in New York, Ambassador Hartman is now a resident of New Jersey. I cannot help but point out that his rise to the highest levels of the Foreign Service of the United States coincides with that change in residency.

Ambassador Hartman's career as a Foreign Service Officer has been a full and varied one. Like so many Americans, he used his 2 years of service overseas with the U.S. Army during World War II as a base for a successful career. When Ambassador Hartman returned to Paris after the war to work on the massive Marshall plan, he committed himself to Government service.

His economics background and penchant for efficiency saw him successfully through a series of posts in Saigon, Washington, and London. His distinguished service brought Ambassador Hartman a Presidential Management Improvement Award in 1970 and the Distinguished Honor Award in 1971.

After serving as Deputy Assistant Secretary for European Affairs, Arthur Hartman was named Ambassador to France by President Jimmy Carter. In 1981, President Reagan named him Ambassador to the Soviet Union.

Elevation of Ambassador Hartman to the personal rank of Career Ambassador is a high honor, one that we in the Senate of the United States recognize by our confirmation this evening. I am proud to join my colleagues in this confirmation of a distinguished constituent and fine American.

The PRESIDING OFFICER. The nominations are considered and confirmed.

Mr. BAKER. I move to reconsider the vote by which the nominations were considered and confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BOARD FOR INTERNATIONAL BROADCASTING

The legislative clerk read the nomination of Edward Noonan Ney, of New York, to be a member of the Board.

The PRESIDING OFFICER. The nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was considered and confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE RESOLUTION 367 PLACED ON CALENDAR

Mr. MOYNIHAN. Mr. President, on behalf of myself and 45 Senators, I send to the desk a resolution to express the sense of the Senate in support of Solidarity Sunday and ask that it be placed directly on the calendar.

Mr. BAKER. Mr. President, reserving the right to object, I will not object. I reserve only for the purpose of advising the distinguished Senator from New York that that matter and that action has been cleared on this side and we have no objection.

Mr. MOYNIHAN. I thank the majority leader.

Mr. BYRD. I say the same for this side.

Mr. MOYNIHAN. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 2131—EXTENDED VOLUNTARY DEPARTURE FOR SALVADORANS

Mr. GORTON. Is it the Senator's intention to cosponsor S. 2131 despite objections to the specific provisions of the bill which might lead him to oppose it if these objections are not addressed by the Judiciary Committee? In cosponsoring this measure, does the Senator hope to direct the attention of the Judiciary Committee to the question of whether undocumented Salvadorans are in need of sanctuary in the United States due to the present instability in El Salvador?

Mr. DURENBERGER. Mr. President, the Senator is correct. I ask unanimous consent that I be added as a cosponsor of S. 2131 despite having a number of reservations about this legislation as it exists in its present form. Due to the urgency of the current situation in El Salvador, I believe that it is essential that we come to grips with what I feel is a serious human rights and immigration problem—the treatment of Salvadorans who have sought sanctuary in this country.

Today, it would be most accurate to characterize the U.S. Government's approach to these Salvadorans as haphazard and contradictory. As has been stated in a recent editorial in the Minneapolis Star & Tribune, the U.S. Government's criteria for categorizing Salvadorans seeking sanctuary is highly subjective:

> In the U.S. Government's eyes, the Salvadoran immigrants fall into two categories. A few fear being singled out for persecution, and possibly execution, if forced to return to their country. They receive political asylum if they show that their fears are justified. The remainder are classified as economic migrants who come in search of jobs * * * The Salvadorans and those who work on their behalf challenge the government's two categories. In their view, most Salvadorans come to the United States for a third reason—to escape violence that in four years had claimed more than 30,000 civilian lives from a population about the size of Wisconsin's.

Both the State Department and Amnesty International have amassed numerous testimonies of violence in El Salvador. Their investigations have shown repeatedly that those individuals who are relatives of death squad victims or who have condemned human rights abuses in El Salvador, face a special threat to their well-being. Additionally, those who have entered the United States illegally have been arrested by the INS, and deported may well risk their lives by returning to El Salvador. Finally, and perhaps most important, even those who would not necessarily qualify for asylum or refugee status are understandably fearful of returning to a country in which warfare is a daily fact of life. Regardless of whether an individual Salvadoran is subject to the attention of death squads or guerrilla murder teams, he certainly may face simply being caught in the crossfire of a pitched battle.

After 4 years of civil war in which most Salvadorans who have fled the conflict for the United States have remained in a sort of bureaucratic limbo, I think that it is time that we in Congress and in the executive branch get to the bottom of this situation and find out how many Salvadorans are here and exactly why they came here. The conflict is now more protracted than ever, with no end to the violence in sight. The number of Salvadoran citizens residing in the United States is unknown, but estimated to be at least 60,000. Other sources suggest that the number may be as high as half a million people. In 1982, the INS granted only 65 Salvadorans political asylum and deported 2,118 to El Salvador. I find it difficult to believe that the INS can support so few petitions for extended voluntary departure, given the kind of evidence that has been presented to me. It is because I believe the evidence is so compelling that I support granting extended voluntary departure status to the Salvadorans who are in this country without proper documentation.

This is not the first time that extended voluntary departure has been granted to the citizens of an entire nation. In recent years, the United States has provided the same special status to Ethiopian and Afghan nationals who fled widespread violence in their own countries for the safety of the United States. Moreover, EVD is not a permanent claim on U.S. residence. It simply provides a haven until circumstances have stabilized so those who qualify would not become permanent residents of the United States or a burden on our public assistance system.

Although I have become a cosponsor of S. 2131, I have indicated several reservations about the bill to my good friend and colleague from Arizona, Senator DECONCINI. He has assured me that when this legislation comes up for consideration before the Judiciary Committee the bill will be revised to incorporate several modifications. S. 2131 requires that the President shall investigate and report within 18 months on the conditions of displaced Salvadorans within El Salvador and in the neighboring countries of Honduras, Guatemala, and Mexico. The bill also requires that the President report on the conditions and fates of Salvadoran nationals deported from the United States, with particular attention to those who have suffered violations of fundamental human rights upon their return to El Salvador. I believe that the 18-month reporting period is far to long. Several organizations have already done substantial work in categorizing and identifying Salvadorans who have been returned to El Salvador.

S. 2131 suspends deportation of Salvadorans for up to 3 years while the President and Congress investigate the treatment of displaced Salvadorans inside and outside El Salvador. Both Senator GORTON and I have expressed our concern that the 3-year suspension delays needed reforms far too long. We would prefer an 18-month formula.

The Presidential report would be furnished in the first 6 months, to be followed by congressional hearings on the issue in the House and Senate Judiciary Committees in the next 6 months, and to be concluded in the final 6 months by a legislative solution based on the findings of the Presidential report.

As the report of the National Bipartisan Commission on Central America noted, resettlement of displaced persons throughout the Central American region remains in urgent short-term objective of U.S. policy. Although the primary focus of S. 2131 is upon immigration reform, I would urge the Reagan administration to act to improve the availability of safe haven for displaced persons within the Central American region. Efforts must be made to provide for the security of persons in these resettlement camps. I believe that a stronger commitment to assisting the resettlement program in the Central American region would reduce the flow of undocumented Salvadorans to this country.

My support of the granting of extended voluntary departure stems from my firm conviction that it is a humanitarian approach for dealing with a serious problem that exceeds the bounds of human decency. It is a humane approach to an inhumane problem. Without a doubt, other countries in the Caribbean Basin need to assume greater responsibility in aiding the many thousands of displaced persons in the Central American region. Because of its long tradition of responding in a humane manner to the suffering of those less fortunate than we, it is my hope that the U.S. Government will realize that it has a special responsibility in this instance because of its support for the Salvadoran Government. As we all know, the violence in El Salvador knows no boundaries and is not carried out on the battlefield alone. Innocent noncombatants have suffered extraordinary losses because of it. These incidents, which are foreign to us, are unfortunately too routine in El Salvador. They underscore the fear that Salvadorans have about returning to their villages. Until some degree of peace and stability return to the Salvadoran countryside, I think that we in the United States have a responsibility not to deport these displaced Salvadorans.

Mr. GORTON. Mr. President, I am pleased to associate myself with the comments of the Senator from Minnesota, and at the end of my remarks I will ask to be added as a cosponsor of S. 2131.

I want to begin by commending the Senator from Arizona, Senator DECONCINI, for his efforts in bringing the compelling issue of Salvadoran refugees to the Senate's attention and for developing a bill which can serve as the foundation for an appropriate U.S. policy toward these people. This issue is a source of profound concern to thousands of American, so much so that many of them have decided to violate the law in order to offer sanctuary to Salvadorans. It is an issue which the administration has been reluctant to address, and which the Senate has not yet addressed in a sufficiently thorough manner. I am convinced that it requires our attention, and I believe that S. 2131, if not ideal in all of its elements, nonetheless offers an excellent foundation upon which we can develop an adequate policy.

Mr. President, nothing would contradict our most cherished values and traditions more grievously than forcing people to return to a homeland in which they will be the victims of persecution. Today, thousands of Americans deeply fear that this is the case with Salvadorans. I must confess that I am not certain it is, because a strong and persuasive argument is made on the other side of the issue. The uncertainty which remains, however, is a clear indication of our need for greater knowledge upon which to base our policy toward Salvadoran refugees.

The particular merit of S. 2131 is that it recognizes our need for more accurate knowledge of the dangers which may face Salvadorans if they are deported, and that it simultaneously assures their protection until we obtain that knowledge. I strongly support the general approach of S. 2131, which is the suspension of deportation of Salvadorans for a fixed period, during which the administration and Congress can study this problem and develop an appropriate policy.

I am concerned, however, about the timeframe in which S. 2131 proposes to operate and also about the focus of the report which it requries. S. 2131 would suspend the deportation of Salvadorans for 3 years. It would require the President within 18 months to provide Congress with a report on the fate of Salvadorans who have been deported to their homeland. The report also would discuss the number and condition of displaced Salvadorans both within El Salvador and in neighboring countries. Congress then would have an additional 2 years in which to consider the report and formulate a legislative response.

In my view, the timeframe provided for both the report and the suspension of deportation are too long. Given the work which the State Department and a number of private organizations have already done in this area, I believe a report can be completed in 6 months, and I am confident that Congress could take action on the report within an additional year.

Accordingly, I also believe 18 months should be long enough for the suspension of deportation to last. Suspension of deportation is not policy, but a reflection of the absence of policy. This shorter period would end in a timely fashion the uncertainty currently facing Salvadorans in the United States. It also will indicate clearly that the suspension is temporary in nature. A 3-year suspension might well be long enough to seem indefinite to Salvadorans who were contemplating coming to the United States, and therefore it might encourage a wave of migration. As was the case with the Mariel boatlift in 1980, which was caused by the lack of a clear U.S. refugee policy, the consequences of such a development would be negative, especially where our future ability to admit refugees is concerned.

In addition to shortening the timeframe of the bill, I believe the focus of the report should be made more specific. In particular, the report should attempt to discern whether particular categories of Salvadorans are at risk. As an example, it might be determined that young men of draft age are likely to be suspected of being sympathetic to the guerrillas and therefore likely to be subject to a particularly high degree of risk. In my view, such a result is far more likely than a simple determination that all Salvadorans are in danger or that none are. If such categories exist and we can discern them, we can offer sanctuary to people who truly need it, while still enforcing our immigration and asylum laws. This is in fact an approach which the administration has already taken with regard to Southeast Asian refugees.

Last, it is evident that there is a relationship between the quality of refugee resettlement efforts in Central America and the legitimacy with which Salvadorans can claim political refugee status in the United States. In terms of our policy, however, I believe these issues should be treated separately. If there is a refugee problem in Central America, as evidently there is, the United States should take the lead in addressing it, and we should do so regardless of any conclusions we may reach about political conditions in El Salvador and the degree of risk facing deportees. International refugee agreements emphasize resettlement as close as possible to the country of origin. Congress can encourage Presidential action and can enact legislation, either separately or as part of a comprehensive Central American aid package, to assure that adequate resettlement efforts are made in countries of first refuge.

These are specific issues which can, and I believe, should be addressed by the Judiciary Committee during hearings on S. 2131. In my view, however, the overriding need at this point is for Congress to deal promptly with the issue of Salvadoran refugees. S. 2131 offers an excellent foundation upon which the Judiciary Committee can develop an appropriate U.S. policy toward Salvadoran refugees. I am cosponsoring this measure with the hope that the committee will do so without delay.

Mr. President, I ask unanimous consent that I be added as a cosponsor of S. 2131.

Mr. BOSCHWITZ. Mr. President, today I am pleased to join with my distinguished colleagues from Minnesota and Washington in a discussion of extended voluntary department for El Salvadoran refugees, and S. 2131.

I have been concerned for some time about the nearly 500,000 Salvadoran refugees now living in the United States—refugees who have been coming in a steady stream since increased guerrilla activity began in early 1981.

Unfortunately, very few of these refugees have been granted political asylum, and over 15,000 have been deported. In response, the administration has been reluctant to grant these refugees extended voluntary departure status, thus, a legislative solution has become necessary.

I believe the DeConcini approach in S. 2131 is a good one—my only concern is the length of the moratorium. Perhaps 2 years would be better. My colleagues have expressed similar concerns. However, I feel that these issues are ones that can be addressed as the Senate continues its work on this important and humanitarian bill.

Therefore, I ask unanimous consent that I be added as a cosponsor to S. 2131.

REMEMBERING FRANK CHURCH

Mr. BINGAMAN. Mr. President, I want to express my sincere sympathy to the family of Frank Church—his wife Bethine, and his children and grandchildren in their great loss.

I hope that in this difficult time they also can be warmed by the pride they must feel in the work that Frank Church did in his life, and the value of that work to all of us.

As a new Senator, I came to this body wanting to learn as much as I could about its history and its folkways. Part of my education was to learn about the careers of the select group of Members of this body who truly can be said to have made a difference by virtue of their great work and of the quality and force of their character. These are the individuals whose presence here has made a great and positive impact not only for their constituencies, but for their country.

Frank Church belonged to this select group.

Whether his colleagues agreed with him or not on a given issue, they were never in doubt of his fearless adherence to principle, his eloquence in advancing a just cause, and his unfailing civility.

The example of his courage which has most inspired me is his willingness to take an early, and lonely, stand in opposition to the Vietnam war. It was a great act of conscience and political courage. We can all take a lesson from his willingness to rise above considerations of political expedience and to take a stand for what he knew was right.

These are qualities which are always in short supply in political life, Mr. President. In a turbulent political time, Frank Church brought the highest qualities of intellect and spirit to the public debate on some of the most difficult issues in our history. His work elevated that debate, and thus served to the benefit of us all.

U.S. CLOTHESPIN INDUSTRY

Mr. COHEN. Mr. President, my home State of Maine is the only State in which wooden, spring-type clothespins are still made in this country. Like many other small manufacturing industries, the clothespin industry has been hard hit by high levels of foreign imports in recent years.

Import quotas established by the Carter administration and extended by President Reagan expired this past February, and the industry is involved in a difficult struggle to survive in the face of heavily subsidized foreign competition.

Today's Wall Street Journal includes an article on these Maine firms, and I would ask unanimous consent that it be included in the RECORD at this point for the benefit of my colleagues.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE U.S. CLOTHESPIN HAD DAY IN THE SUN BUT NOW FEELS PINCH

(By William M. Bulkeley)

WEST PARIS, MAINE.—What cars are to Detroit, clothespins are to West Paris.

And what Datsuns and Toyotas are to General Motors Corp., low-priced clothespins from Taiwan and China are to Penley Corp. Penley makes clothespins and a clothespin byproduct—sawdust. With 100 employees, it is by far the biggest company in town. And like the rest of the clothespin industry, its future is on the line.

Five years ago, clothespin makers—like their bigger industrial cousins in autos and steel—wrangled temporary government protection against imports. But the government now is saying no soap to further protection for the four U.S. clothespin manufacturers. Says Richard H. Penley, the vice president of Penley Corp. and the third generation of Penleys in the clothespin line: "It could mean that one or more of us won't survive."

It was not always thus.

Fortunes have been built—well, one fortune was built—on clothespins. Robert S. Brookings, the St. Louis merchant who later established the Brookings Institution in Washington, D.C., began his career as a traveling salesman who, a competitor said, "could take a common clothespin and persuade a housewife it had virtues beyond all other clothespins."

The art world—well, one sculptor—has seen the clothespin's aesthetic possibilities. Claes Oldenburg installed a $75,000, 45-foot-tall steel clothespin in Philadelphia's Centre Square in 1976. Asked why, he replied, "It's no longer a clothespin. By using a common object, you involve people." So many people got involved in Mr. Oldenburg's clothespins that he later made four-foot tall versions in bronze, cloth and cardboard. They currently are worth about $60,000 each, his New York art gallery says.

A BETTER CLOTHESPIN

The clothespin had honorable, if lowly, beginnings. The original, cylindrical slotted pin probably was invented by the Shakers, a religious sect that practiced celibacy and, as a consequence, has just about died out. The industry made a technological breakthrough when U.S. Clothespin Co. of Montpelier, Vt., patented the first spring-type clothespins in 1895. These went through hard times during World War II when the government rationed wire for springs. But today they account for 95% of the 900 million clothespins sold in the U.S. every year.

The spread of disposable diapers and electric clothes-dryers after the war had the clothespin industry looking as if it might be all washed up. But then came the energy crisis of the 1970s, and clothespins—"solar dryers," one enthusiast calls them—once again had their day in the sun. "Every time I hang out my clothes, I get self-satisfaction by saying I beat the utility again," says Arlene Bruno, an Athens, N.Y., schoolteacher. Besides, she says, the sun will bleach out tomato stains; a dryer just bakes them in.

Still, no one is exactly cleaning up in the 400-worker clothespin industry. Three dozen pins might retail for $1.99, and Forester Manufacturing Co. of Wilton, Maine, sells a case of 1,296 pins to industrial users such as plant nurseries and photo labs for $38.72, or about three cents each.

So when the clothespin makers began to feel the pinch of foreign competition—especially after the U.S. resumed trade with China—they complained to the Carter administration. "The Red Chinese launched a great offensive, flooding the market with very cheap and very poor-quality clothespins," says A.J. "Ben" Haug, the president of Forster.

SHODDY IMPORTS?

From 1976 through 1978, imports took nearly half the U.S. market and, what is more, damaged the good name of clothespins. Many of the imports were made from softwood trees rather than the hardwoods of western Maine. They were rough and snagged double-knit fabrics or had springs that rusted and stained clothes, the U.S. makers say.

So, in 1979, the Carter administration began limiting imports to about 30% of U.S. consumption. That helped. Clothespin-industry revenues rose 31% in 1980 to about $11.7 million, and pretax profits more than doubled to $1.2 million. (The closemouthed clothespin companies won't comment on more-recent results.)

But the quota expired in February, and the industry can't request another for two years. Clothespins aren't likely to get any other protection in the meantime because no one knows enough about the world-wide clothspin trade to prove dumping, says Myron Solter, a Washington lawyer who represents the U.S. industry.

The clothespin people, like autos and steel, decided that the best way to deal with the pinch was to improve productivity. Penley Corp. cut costs somewhat by finding stronger wire and reducing the number of coils in a clothespin spring to five from seven.

But productivity gains come hard with a technology as mature—and a product as uncomplicated—as the clothespin. "You have to weigh the costs against whether it's going to be a continuing, profitable business," says E. Richard Drummond, the general manager of the Diamond International Corp. factory that makes clothespins in Dixfield, Maine. It is talk like that that prompts some competitors to wonder whether Diamond may be planning to leave the clothespin business. It does, after all, make other products: toothpicks, tongue depressors and ice cream sticks.

To advertise isn't exactly practical for the clothespin makers. Margins are too low. Moreover, a Forster study found that brand loyalty doesn't exist when it comes to clothespins. And it is the rare store that carries more than one brand, anyway. There isn't much potential for discovering untapped markets, either. Forster's Mr. Haug recommends the clothespin as an emergency tie clip. But, "anyone with half a cylinder operating between his ears knows about the uses for clothespins," he adds.

In the little Maine towns that watched imports undermine the once-dominant shoe and textile industries, the clothespin challenge is a real concern. Penley "is about the only business there is here," says Raymond Farr, a foreman who has worked in the plant for 40 years. Adds Ruth Dunham, a lathe and saw operator who has been with the company 28 years: "You'd think the government would look out for people in this country." It's the same lament you hear in Detroit.

A SALUTE TO ERIC SEVAREID

Mr. MOYNIHAN. Mr. President, on the night of March 6, 1984, Eric Sevareid received the National Press Club's highest honor, the "Fourth Estate Award," joining such friends and peers as Theodore H. White, Walter Cronkite and James Reston in that select company.

Those on hand—there was not an empty seat available—came away realizing how much we miss his regular commentaries. His Nordic fearlessness was never more in evidence. I especially liked the passage in which he proposed that the military officer who ordered the seizure of reporters trying to reach Grenada by boat should be prosecuted for piracy on the high seas.

Had Eric Sevareid been in one of those boats, I cannot doubt that a court martial would be underway this very moment.

Senators will not want to miss a word of Mr. Sevareid's address.

Mr. President, I ask unanimous consent that Mr. Sevareid's speech, along with preceding remarks by myself, Bill Leonard and Liz Carpenter, be included in the Record in the order in which they were given.

There being no objection, the material was ordered to be printed in the Record, as follows:

Remarks by Senator Daniel Patrick Moynihan

The title of the award Eric Sevareid receives tonight derives, of course, from MaCaulay's celebrated remark about the British Parliament that "the gallery in which the reporters sit has become a Fourth Estate of the Realm." It was a kind of whig notion of progress. First there were the Lords Spiritual, then the Lords Temporal, next the Commons, now the ink-stained wretches looking down on the lot, and letting the world in on it all.

There was and is something to the thought, but it helps to keep in mind Melbourne's wistful observation that he wished he could be as sure of anything as MaCaulay was of everything.

For "a State of the Realm" is a corporate body so secure in its rights and responsibilities that it need never fear for their preservation.

This is not so of the press: Its very power perpetually threatens its freedom. It remains the exceptional, rather than the normal arrangement in the world of nations. In truth, perhaps half the peoples of the world that had a free press in MaCaulay's time have lost it since.

Those who have not; those who retained that freedom are specifically and profoundly in debt to the men and women who have preserved it by exercising it.

In our case the First Congress provided that it be guaranteed by the Constitution, but generations have had to ensure that the guarantee was respected. It was not always easy. Once toward the end of World War II Elmer Davis observed that cowards didn't create the United States and cowards wouldn't preserve it and he was right.

At about this time Eric Sevareid was making his way on foot out of the Burmese jungle onto the war in the Mediterranean. He describes the journey in his classic book, "Not So Wild A Dream." It was republished not long ago, and he wrote an introduction to the new edition. In the introduction, as in the book, he is all doubts about himself; all admiration for others he thought truly noble.

He writes: "I have always had a kind of reverence for brillance, eloquence and physical bravery; I have come to have even more for that quality the Romans called gravitas—patience, stamina, weight of judgement. This is the essential quality of the truly strong, our preservers."

Strange that a man who perceives so much could not perceive that he himself was such a man: Truly strong, ever faithful. Odd that after thinking of him all those years as a Dour Norwegian, he turns out all along to have been an old Roman. And grand that the press club so honors him tonight.

Remarks by Bill Leonard

The other day in New Hampshire one of those over-interviewed Democrats allowed she intended to vote in the primary for Gary Hart. When asked why, she said, well, I guess it is because he reminds me of Eric Sevareid. That may be just about the nicest thing anyone could say about a Presidential candidate. And if the idea takes hold it might sweep Senator Hart right on to the nomination.

Sevareid.

What a disappointment he was to me when I first came to know him in the early 50's. It was then that I discovered he was, after all, not a God, but a mere man.

True enough, he looked like a God. Yes, he wrote like an angel. And, positively, he though as if the microswitches in his brain were activated by someone smart and sensitive enough to live on high.

But as I began to work along side him I soon realized he was . . . well, human.

He could grumble. He could complain. And did. He could mutter. I think perhaps he is the best . . . or is the worst—mutterer . . . I have ever known. With most people a mutter is a simple low growl. Eric mixes his growl with pure literature. Sit next to Eric and you always feel you're missing something. And you probably are. Dick Salant once said God invented radio so Eric's friends could hear what he had to say:

I had always admired Eric. Hell, the whole world admires Eric.

But I had never really loved him until one day, I think it may have been during the 1964 convention, when he whispered to me 'I haven't got anything to say.' I said Eric you must be kidding. "No, he said, I'm flat, what is there to say?" He looked at me. "Have you got any ideas, old friend?" Wow, Eric Sevareid asking me if I had any ideas. How could you hate a guy like that?

One day a few of us CBS News sorts were discussing Sevareid. One of them said "I see him as a kind of Conscience." Another put in "Well, I think he is more of a Presence, with a capitol P." Still another said he though what was important about Sevareid was that he was a thinker, that he proved you could think and still survive in television.

At about this time the irrepressible Don Hewitt spoke up. "You guys don't know Sevareid. Sevareid is a writer. Pure and simple. He looks at everything from the writer's point of view. The other day I was walking by his office and he said "Hey, Don, come here a minute." I went in and saw him looking down at something on his desk, shaking his head gloomily. It was the remains of a Chinese fortune cookie. He had the little piece of paper from the cookie in his hand and he waved it at me. "Dammit, Don," he said. "They're not writing these things the way they used to."

Eric, we are all here because we all know that they are not making Sevareid's the way the used to. We are here because we have something special and splendid in common. That is you.

REMARKS OF LIZ CARPENTER

Eric, Senator Moynihan, Mr. Leonard, friends of the major media—there has got to be a few left.

We are here tonight to honor a giant of the geritol generation—people caught in those awkward years between puberty and Preparation H.

Last week I was home on the range, watching the deer and the antelope play, sitting in my bubbling hot tub and looking out over the lights of Austin. Just when I had set my controls on my jacuzzi to "sensual perfection," the phone rang. Could I be in Washington tonight to make some lighthearted remarks about Eric Sevareid? Clare Luce had broken something probably a commandment and I was needed to fill the gender gap.

Light remarks about Eric Sevareid? God of God! Very God of very God! It's so unseemly it's like poking fun at the Pope or, at the very least, asking Gary Hart what his new ideas actually are.

It's hard to be funny about Eric, who has not sprinkled his public life with laugh-along moments, who is better known for the craggy face, the socratic dialogue, the man who posed for the original blasting of Mt. Rushmore.

Why me? He remembered a funny line which made him laugh 20 years ago at the White House Radio and Television correspondents back when Lyndon Johnson was picking me up by the ears. What was it? "Behind every broadcaster there stands a woman. And behind her stands his wife." Well, Eric used it on the air and gave me credit. As it turns out, he not only liked the line, he practiced it.

You should experience what it is to be quoted by Eric Sevareid coast-to-coast on sexual innuendo. Every broadcaster in the business was after me. And so were their wives. Wives wanted names. Broadcasters wanted silence. They were putty in my hands. Oh, the power and the glory!

Obviously, I had stumbled onto something. Sex was rampant thoughout the city starting right here in this building where in 1926 Calvin Coolidge laid the cornerstone—thereby starting a trend!

But back to Eric and his wild dreams, which he immortalized in a book by the same name. I hope you have read "Not So Wild a Dream." Sheer poetry! I know where Eric is coming from because I come from the same sized town.

He was born in Velva, North Dakota, which is a small town just outside of Voltaire, North Dakota. Voltaire is another small town northwest of Bergen, North Dakota. North Dakota is a small State just north of South Dakota. Mention Velva and most people go to the cheese counter. He wanted out and he got out.

So he took his paddle and canoe and started rowing through the rivers and the shivers, the lakes and the snakes, 2,200 miles—and just for cigarettes.

At the end, Eric later wrote, "I could prove nothing except I could paddle my own canoe 2,200 miles and survive."

Even then, Eric was practicing his Presidential style. No tippecanoe!! And his style remained so Presidential that years later people wanted him to seek the Presidency—but Bill Paley wouldn't resign.

He's still more Presidential than the Presidents. But there are similarities. Eric and President Reagan were born under William Howard Taft. But Eric got out from under. Eric is younger than Ronald Reagan, but who isn't?

And both Eric and "Dutch" Reagan had their mentors: Eric had Edward R. Murrow: Reagan played football for Pat O'Brien. Both developed great voices for radio in its early days . . . the days when you had to talk about things that happened which you couldn't know much about. A technique they both continue to use—as President Reagan demonstrated once again at his last press conference.

Eric developed a mellifluous voice—such sweet-honeyed tones that diabetics were warned that listening to him might be dangerous to their health.

He even makes bad news sound sexy. After one broadcast from the Aleutians, it was reported that hundreds of sperm whales beached themselves. Belly up!

People have asked me about Eric's scruples. For a guy his age they aren't half bad.

He first got world-wide identification with the fall of France. In the 40s, he first reported it. He became so popular, that he also reported the fall of France in the 50s, and then in the 60s, and once again in the 70s.

If I have any claim to this podium, it is that I have done time in this town—35 years of it—25 years as a reporter in this very building. I arrived here in 1942 with my journalism degree in hand and my virtue intact. I still have my journalism degree. I was a brunette then . . . so young and naive I thought the "body politic" was a Congressman's wife.

I have lived through great heady events and some lesser ones: Days when a President who opened the doors of China then had the doors of the White House closed on him. Days when a President stood in the East Room and said, "When I was a boy, there was so much poverty around us we didn't know it had a name." Ed Meese still doesn't. Days when Wilbur Mills got loose with Wayne Hays' pacemaker and there was hell to pay all over town!

I think I have known enough of politics and the howling press and the howling public to see the difference in those who search for perspective and those who only enjoy writing it in blood. Too seldom do we come upon a contemporary Ulysses who probes the truths of the wilderness, senses its harsh realities as well as its fertile land, its beauty and tenderness. Such a man is Eric Sevareid. Is this so wild a dream?

Eric once wrote, "it is rather extraordinary how men must plot and combine and negotiate merely to tell the truth. It always comes out somewhere. Some time. Always. But sometimes it comes too late."

For half a century, Eric's viking spirit has been the point of reference to us. Each of us can remember a moment, a line, that stays with us.

For me, it was a cruel and tragic afternoon when a brilliant Supreme Court Justice was driven from the bench by forces too complex to fathom.

And that afternoon, there was the steadying voice on the tube winding up his essay: "But Abe Fortas will always have thousands of friends in this town—including me."

Eric—best and brightest and bravest!

So, dear Eric, poet laureate of truth:

"Count your gardens by the flowers
  Never by the leaves that fall
Count your days by the sunny hours
  Not remembering clouds at all
Count your nights by stars, not shadows
  Count your life by smiles, not tears
On this happy, noble evening
  Count your age by friends, not years."

ADDRESS BY ERIC SEVAREID

I thought I had reached the age where nothing could surprise me. But word of tonight's occasion truly did. Salutation from one's peers is the deepest satisfaction of all.

I was first taken through these precincts at the age of twenty-four when I was on my way from the Mid-West to Europe. Had I been asked to remove my shoes at the entrance that would have seemed quite proper. This was the inner temple of my religion.

So I feel beatified.

After all, I have been gone from prime time, network television for some years now. Your kindness reminds me how much better it is to be gone but not forgotten, than forgotten but not gone.

What luck to have grown up an American in the period of America's pre-eminence. And to be an American journalist telling the story of this fascinating, if frightening, century. We are not *quite* as important under God's sun, as we sometimes think we are, but we are important, and in this country we sit above the salt. We make the community weather and sound the notes of the day. History, if history will be written in the next century, will know we were around.

I do have a bit of the preacher in me. I will keep tonight's sermon as short as I can. It is a kind of triptych. One message intended for government, one for the public at large and one for—us.

To the government, let me say—your big troubles usually do not lie in the press; they lie in the facts. The critical press happened to have the facts on both Watergate and Vietnam and it does today on Mid-East policy.

Every administration agonizes over the power of the press. But in this last generation it is the power of government that has grown the greatest. The press has no power to tax anyone, arrest anyone, send anyone to jail, or to his death in war. But like government people, we are, alas, educated at the people's expense and make our mistakes in public.

It is true, to a considerable extent, that the medium has become the message. There is something terribly wrong about this, but I suspect it has come about because the traditional messages, from government, from the church, from the intellectual establishments, have become so faint and confusing.

Must we always endure this abrasive adversary relationship, you in government ask. Yes, it is implicit in the First Amendment and there *is* a firstness about that amendment. Of course this adversaryness goes too far, at times, from one side or the other.

Where the press is concerned, it will soften and diminish when government leaders admit policy mistakes of a serious nature and complain on those occasions when they are overpraised. We await the day.

We admit that journalism is too important to be left entirely to journalists. Let us remind you that war is too important to be left entirely to generals. Best for everyone if you don't try again what you did in Grenada. The military officer who ordered the apprehension of those American reporters trying to get to Grenada in their boat to report an undeclared war ought to have been prosecuted for kidnapping or piracy on the high seas.

To the general public—whoever you are, exactly. I have never met anyone who considered himself a member of the public. But, we must generalize in order to communicate at all. I think we in the press tend to underestimate your intelligence from time to time; we also tend to overestimate your information. Maybe you can't be blamed too much. As the poet, Edna St. Vincent Millay said long ago, "Upon this gifted age, in its dark hour, falls from the sky a meteoric shower of facts." There is such a thing as news pollution, too.

Whenever we in the press get in quarrels with government and other would-be censors, we invoke what we call "the people's right to know." It sounds downright irreverent in this era of populism, but I think what the people really have is the right to find out. Publishers, print or electronic, have no constitutional right to be read or to be listened to. That, they must earn. And the people must earn their information.

This is a two-way street in another sense. You, the public, feel the press is full of biased and inaccurate writing and speaking. There is a fair amount of that, though less than there was when I began in this work. But what you don't seem to realize is that there is also a lot of inaccurate and biased listening and reading. My mail over many years has made that clear to me. We do not write or speak to an emotional and intellectual void.

Gallagher's Law remains in effect. Wes Gallagher of the A.P. said that criticism of the press by the public "rises in direct proportion to the amount of news read or heard that does not fit the reader's or listener's preconceived ideas of what the news should be."

You complain that there is too much bad news and news of violence. Maybe so, but the news mechanism can now report, and vividly, every part of the world and it is a pretty violent world. It is terrible to know about those things; the only thing worse would be not knowing about them.

Finally, to us—we work in the only American private enterprise that has a constitutional guarantee of its right to exist. This is an extraordinary privilege and ought to be felt by every one of us as an extraordinary responsibility. We cannot act as or be perceived as loose cannon on the deck; but I would rather have a press that is a little bit irresponsible than one overly cautious and self-censoring; for the safety of our people.

We are not a science, not exactly a profession or a trade, not exactly a business. Perhaps the late Randolph Churchill put it about right—"a calling," he said of journalism.

What is the end purpose of the calling? Mencken said it was to afflict the comfortable and comfort the afflicted. I don't think so. I think it is to pursue truth as best we can and reveal it with what talent and courage we have; in the doing of that both afflictions and comforts are likely to be affected.

In this city we feed on government, yes. But government could not function without the press. In a system based upon the consent of the governed, citizens must know what it is they are supposed to consent to. They cannot discover this by themselves. We—self-appointed in one sense; but appointed, in another, by the very nature of our society, have the job of doing the discovering for them. Mr. Agnew and quite a few others to the contrary, we must be unelected. If reporters and editors were elected, then the majority would receive only news it found agreeable at the moment, which would be a disaster. It is because even majorities can be wrong that we have the Bill of Rights.

This is one of those periods—they have occurred before—when the press, print and electronic, seems to be downright unpopular, disliked. It is not our prime job to be popular. But we need to think about this phenomenon. There is the bad news syndrome—Gallagher's Law—but it is more than that. We are perceived by an awful lot of people as not only smug, but arrogant, and as critics of everybody, but won't accept criticism ourselves. We are the only industry in the country that advertises attacks upon itself; but of course we must, and we must do more of this, because we hold something like a monopoly on the means of advertising. The chief offenders here are the networks; they have never found a systematic way to accommodate rebuttal, not for policy reasons but for practical reasons. But they must. Like doctors, professors and generals, broadcasters don't get talked back to enough.

Reporters are perceived by millions as rude, intrusive, insensitive. Most are not, but too many are; fierce competition lies at the bottom of this. And T.V. reporters get the brunt of the blame because people see them in action, far more than they see the man with the pencil. It is my own horseback notion that the air of self-satisfaction in the city room of a successful newspaper is somewhat thicker than it is in a broadcasting news studio. Broadcast journalism hasn't been around long enough to be that sure of itself.

Let us remember that courtesy is not timidity, that civility is not an enemy of freedom; indeed, it is an ally.

Newspapers must cherish an air of probity, of dignity, if you will. Broadcasters need not trivialize the news and they must not vulgarize it. Some do, I am sad to say.

But I am old enough to remember the days of the yellow press and the screamers on early radio. We are better now; better educated, more, not less responsible. And I think a general comparison with other countries comes out in our favor.

But are we really—and from now to the nearby close of this sermon, I am going to sound top lofty.—Are we really reporting and explaining the inner chemistries of these incredible world events?

For thirty years I have kept a copy of some words spoken to the Overseas Press Club in New York by Dr. Charles Malik, then foreign minister of what we thought of as a nation, but what has become the killing ground for all the hatreds of the Middle East—Lebanon. "These are not ordinary times," he said, "when so-called 'factual' reporting can tell the story of what is really happening. The real facts are the hidden clashes of will and outlook and culture whereby today whole civilizations are in the balance.

"If you aim at the real truth," he said, "the deep, hidden, tragic truth; if you always faithfully bring out what is ultimately at stake today, namely that there is a rebellion of the elements against all that you have held true and holy and sacred for thousands of years, then," he said, "I believe you will put the entire world in your debt."

As journalists, we must do our best to report and explain what these upheavals are all about; all we know for sure is that America, as a society, wants no part of them.

Let me quote someone else, Sir Karl Popper, his words of thirty years ago: "For those who have eaten from the tree of knowledge," he said, "Paradise is lost. The more we try to return to the heroic age of tribalism, the more surely do we arrive at the Inquisition, at the secret police and at a romanticized gangsterism. . . . We *can* return to the beasts," he said. "But if we wish to remain human, then there is only one way, the way of the open society . . . We must go on, into the unknown . . . using what reason we have to plan for both security *and* freedom."

There are many Americans, and some of them have power, who do not comprehend what is at stake, what will happen if we allow the underpinnings of this open society to be shaken. These are, simply, those civil liberties people get tired of hearing about. Remember, they are their own defenses; they can be defended only as long as we still have them.

I will go so far as to say, and I have been saying this for years, that if these American liberties are lost, then I believe the peace of the world entire would be lost. Because—if both the superpowers were semi-closed, paranoid, hostile, suspicious societies, then surely world tensions would become explosively unbearable.

In this polarized world there is a point where individual freedom and collective survival become one and the same.

Civilized people everywhere had better pray and all of us had better pray and work for the preservation of Americans' internal, domestic liberties, beginning with the liberties of speech and press.

They, not our soldiery or weaponry, make up the first line of our defense of peace and safety.

For this high honor and your attention, all my thanks.

MESSAGES FROM THE HOUSE

At 1:06 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House had passed the bill (S. 38) entitled the "Longshoremen's and Harbor Workers' Compensation Act," with an amendment, in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the amendment of the House to the bill (S. 1852) to extend the expiration date of the Defense Production Act of 1950.

The message further announced that the House had passed the following bills in which it requests the concurrence of the Senate:

H.R. 1314. An act to extend and revise the authority of the President under chapter 9 of title 15, United States Code, to transmit to the Congress plans for the reorganization of the agencies of the executive branch of the Government, and for other purposes; and

H.R. 4900. An act to authorize appropriations for fiscal year 1985 for the operation and maintenance of the Panama Canal, and for other purposes.

At 2:54 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. Whitten, Mr. Boland, Mr. Natcher, Mr. Smith of Iowa, Mr. Addabbo, Mr. Long of Maryland, Mr. Yates, Mr. Roybal, Mr. Bevill, Mr. Fazio, Mr. Conte, Mr. McDade, Mr. Myers, Mr. Robinson, and Mr. Kemp as managers of the conference on the part of the House.

ENROLLED BILL SIGNED

At 6:58 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks announced that the Speaker has signed the following enrolled bill:

S. 1852. An act to extend the expiration date of the Defense Production Act of 1950.

At 7:55 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 103. Concurrent resolution providing for an adjournment of the Senate from April 11, 12, or 13, 1984 to April 24, 1984, and an adjournment of the House from April 12 or 13, 1984 to April 24, 1984.

MEASURES REFERRED

The following House bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 4900. An act to authorize appropriations for fiscal year 1985 for the operation and maintenance of the Panama Canal, and for other purposes; to the Committee on Armed Services.

MEASURE HELD AT DESK

By unanimous consent, the following bill was ordered held at the desk until the close of business on April 12, 1984:

H.R. 1314. An act to extend and revise the authority of the President under chapter 9 of title 5, United States Code, to transmit to the Congress plans for the reorganizaton of the agencies of the executive branch of the Government, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources, without amendment:

H.R. 2211. An act to exempt electric and telephone facilities assisted under the Rural Electrification Act from certain right-of-way rental payments under the Federal Land Policy and Management Act of 1976 (Rept. No. 98-388).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 1711. A bill to extend Patent Numbered 3,376, and for other purposes (Rept. No. 98-389).

By Mr. THURMOND, from the Committee on the Judiciary, with amendments:

S. 501. A bill to amend the laws of the United States to eliminate gender-based distinctions (with additional views) (Rept. No. 98-390).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 2463. A bill to authorize appropriations of funds for certain fisheries programs, and for other purposes (Rept. No. 98-391).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services:

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: Lt. Gen. Jack V. Mackmull, U.S. Army (age 56), to be placed on the retired list, Maj. Gen. James J. Lindsay, U.S. Army, to be lieutenant general, Lt. Gen. LaVern E. Weber, U.S. Army (age 60), to be placed on the Reserve retired list, Lt. Gen. John N. Brandenburg, U.S. Army (age 54), to be placed on the retired list, Gen. Richard E. Cavazos, U.S. Army (age 55), to be placed on the retired list, Gen. Robert W. Sennewald, U.S. Army, to be reassigned in the grade of general, Lt. Gen. William J. Livsey, U.S. Army, to be general, Maj. Gen. Theodore G. Jenes, Jr., U.S. Army, to be lieutenant general, and Rear Adm. Huntington Hardisty, U.S. Navy, to be vice admiral. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, in addition, in the Air National Guard there are 31 promotions into the Air Force Reserve to the grade of lieutenant colonel (list begins with Raymond E. Belz), in the Air Force there are 1,967 appointments to the grade of captain (list begins with Candace C. Abbott), in the Army there are 83 appointments to the grade of colonel and below (list begins with Klaus B. Jade), in the Army there are 2,207 appointments to the grade of second lieutenant (list begins with Joseph T. Abbott), Lt. Comdr. Robert L. Gibson, U.S. Navy, to be commander, in the Air Force there are 141 appointments to the grade of second lieutenant (list begins with Larry N. Adair), in the Army there are 5 appointments in the grade of lieutenant colonel and below (list begins with Robert A. Doughty), in the Army there are 22 appointments to the grade of colonel and below (list begins with Conrad W. Loftus), in the Army Reserve there are 59 promotions to the grade of colonel and below (list begins with Frank N. Alexander), in the Navy there are 205 permanent promotions to the grade of captain (list begins with Medhat G. Ashamaila), in the Marine Corps there are 168 permanent appointments to the grade of colonel (list begins with Paul R. Aadnesen), in the Navy there are 30 permanent appointments to the grade of ensign (list begins with Mark J. Bland), in the Naval Reserve there are 36 permanent appointments to the grade of ensign and below (list begins with Mark A. Belcher), in the Naval Reserve there are 790 permanent appointments to the grade of lieutenant commander and below (list begins with Dean Esmond Butler), and in the Air Force there are 1,052 appointments to the grade of second lieutenant (list begins with Jeffrey J. Abbott). Since these names have already appeared in the Congressional Record and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the Record of March 30, April 4, and April 9, 1984, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mrs. HAWKINS:

S. 2552. A bill to amend section 903(a) of title 38, United States Code, to ensure a dignified burial for veterans buried pursuant to a contract entered into under such section; to the Committee on Veterans' Affairs.

By Mr. EXON:

S. 2553. A bill to clarify the provisions regarding discharges in bankruptcy dealing with child support; to the Committee on the Judiciary.

By Mr. D'AMATO (for himself, Mr. Lautenberg, Mr. Moynihan, Mr. Specter, Mr. Heinz, Mr. Sarbanes, Mr. Tsongas, Mr. Bradley, Mr. Eagleton, Mr. Dodd, Mr. Dixon, Mr. Riegle, Mr. Levin, Mrs. Hawkins, Mr. Mathias, and Mr. Weicker):

S. 2554. a bill to amend the Urban Mass Transportation Act of 1964; to the Committee on Banking, Housing, and Urban Affairs.

By Mrs. HAWKINS (for herself, Mr. Proxmire, and Mr. Dixon):

S. 2555. A bill to amend section 408 of the National Housing Act with respect to acquisitions of thrift institutions; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MATHIAS (by request):

S. 2556. A bill to authorize appropriations for the American Folklife Center for fiscal years 1985 through 1989; to the Committee on Rules and Administration.

By Mr. MURKOWSKI (for himself and Mr. Stevens):

S. 2557. A bill to repeal the requirement for biennial reports under the Alaska Federal Civilian Energy Efficiency Swap Act of 1980; to the Committee on Energy and Natural Resources.

By Mr. STAFFORD (by request):

S. 2558. A bill to authorize funds for the completion of certain comprehensive river basin plans for flood control, navigation, and other purposes; to the Committee on Environment and Public Works.

By Mr. HATCH:

S. 2559. A bill to revise and extend provisions of the Public Health Service Act relating to health professions educational assistance; to the Committee on Labor and Human Resources.

By Mr. BURDICK:

S. 2560. A bill for the relief of Walfredo R. Javier, Victoria Linda B. Javier, and Isaac Gil B. Javier; to the Committee on the Judiciary.

By Mr. PELL:

S. 2561. A bill entitled the "Training Technology Transfer Act of 1984"; to the Committee on Labor and Human Resources.

By Mr. McCLURE (for himself, Mr. Percy, Mr. Kennedy, Mr. Baker, and Mr. Stevens);

S. 2562. A bill to amend the John F. Kennedy Center Act and for other purposes; to the Committee on Environment and Public Works.

By Mr. D'AMATO (for himself, Mrs. Hawkins, Mr. Moynihan, Mr. Cranston, and Mr. Dodd):

S. 2563. A bill to amend section 1201 of the National Housing Act to extend the crime insurance program; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HEINZ (for himself, Mr. Specter, Mr. Percy, Mr. Dixon, Mr. Riegle, and Mr. Glenn):

S. 2564. A bill to grant the consent of Congress to a High Speed Passenger Rail Interstate compact between the States of Illinois, Indiana, Michigan, Ohio, and Pennsylvania and to authorize the Department of Transportation to cooperate with such States in implementing the compact; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MOYNIHAN (for himself, Mr. Armstrong, Mr. Baucus, Mr. Bentsen, Mr. Boren, Mr. Boschwitz, Mr. Bradley, Mr. Burdick, Mr. Chafee, Mr. Chiles, Mr. Cohen, Mr. Cranston, Mr. D'Amato, Mr. Dixon, Mr. Dodd, Mr. Dole, Mr. Exon, Mr. Grassley, Mr. Hart, Mr. Hatch, Mr. Hatfield, Mr. Hecht, Mr. Heinz, Mr. Hollings, Mr. Huddleston, Mr. Jepsen, Mrs. Kassebaum, Mr. Lautenberg, Mr. Leahy, Mr. Levin, Mr. Lugar, Mr. Mitchell, Mr. Pell, Mr. Pressler, Mr. Proxmire, Mr. Riegle, Mr. Sarbanes, Mr. Specter, Mr. Stevens, Mr. Tsongas, Mr. Weicker, Mr. Zorinsky, Mr. Biden, Mr. Johnston, Mr. Glenn, and Mr. DeConcini):

S. Res. 367. Resolution to express the sense of the Senate in support of "Solidarity Sunday"; placed on the calendar.

By Mr. PRESSLER (for himself, Mr. Pell, Mr. Domenici, Mr. Dole, Mr. Hatfield, Mr. Levin, Mr. Gorton, Mr. Boren, Mr. Inouye, Mr. Hart, Mr. Cochran, Mr. Tsongas, Mr. Stafford, Mr. Sarbanes, Mr. Durenberger, Mr. Dodd, Mr. Leahy, and Mr. Helms):

S. Res. 368. Resolution condemning chemical warfare wherever it occurs and calling for a ban on chemical weapons; to the Committee on Foreign Relations.

By Mr. BAKER:

S. Con. Res. 103. Concurrent resolution providing for an adjournment of the Senate from April 11, 12, or 13, 1984, to April 24, 1984, and an adjournment of the House from April 12 or 13, 1984, to April 24, 1984; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. HAWKINS:

S. 2552. A bill to amend section 903(a) of title 38, United States Code, to insure a dignified burial for veterans buried pursuant to a contract entered into under such section; to the Committee on Veterans' Affairs.

DIGNIFIED BURIAL FOR VETERANS

● Mrs. HAWKINS. Mr. President, today I am introducing legislation to insure that veterans who are buried under contractual agreement will receive a dignified burial. Under this bill the Administrator of the Veterans' Administration will make certain that caskets used for the unclaimed remains of veterans will be constructed of such materials to support the weight of an adult human body.

I commend the VA for issuing regulations last November to prevent any recurrence of an incident in which a Navy veteran was buried in a cardboard box at Virginia's Quantico National Cemetery. It is my intent with this legislation to insure that this injustice never happens again. I think it is best not to leave this subject to agency regulation.

My legislation has two provisions: The first will establish a standard requiring caskets provided by private funeral homes to be constructed of strong, durable materials. Any caskets constructed of cardboard, pressed paper or similar materials are not acceptable. The second will require the remains to be properly prepared for burial and appropriately dressed for the funeral service.

I believe that we must make sure that all veterans in the future, especially those who are impoverished or have no known relatives, will receive a decent and honorable burial. This is the least we can do for those men and women who have served their country. I therefore urge my colleagues to join me in supporting this bill.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2552

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled That subsection (a) of section 903 of title 38, United States Code, is amended—

(1) by inserting "(1)" after "(a)";

(2) by striking out "(1) shall" and inserting in lieu thereof "(A) shall";

(3) by striking out "(2)" and inserting in lieu thereof "(B)"; and

(4) by adding at the end thereof the following new paragraph:

"(2)(A) The Administrator shall ensure that a casket furnished pursuant to a contract entered into under paragraph (1) of this subsection is of sufficient design and is constructed of such materials as are necessary to support the weight of an adult human body. For the purposes of such contract, a casket which is constructed of particle board and meets the requirements of the preceding sentence is acceptable, and a casket which is constructed of cardboard, pressed paper, or similar materials is not acceptable.

"(B) The Administrator shall ensure that the body of a veteran who is buried pursuant to any contract entered into under paragraph (1) of this subsection is properly embalmed and is properly placed in the casket dressed in appropriate clothing and that the flag furnished by the Veterans' Administration for the burial drapes the casket during the funeral service.".●

By Mr. EXON:

S. 2553. A bill to clarify the provisions regarding discharges in bankruptcy dealing with child support; to the Committee on the Judiciary.

CLARIFYING PROVISIONS OF DISCHARGES IN BANKRUPTCY DEALING WITH CHILD SUPPORT

Mr. EXON. Mr. President, without a doubt, children are this Nation's most precious natural resource. As such, we should be sure that the laws of this Nation carefully protect their interests. Sadly, due to the high rate of divorce and the increasing number of children born out of wedlock, more and more children are living with only one of their natural parents.

Many of these children are being deprived of the support owed to them by their noncustodial parent. The number of parents who ignore their child support obligations is a national disgrace. Already, over 2 million parents a year are delinquent on their child support payments. In dollars, the children of this Nation are being cheated out of over $4 billion a year. This, of course, places a great strain on the Nation's public assistance programs, and puts at risk the welfare of children, and in a real way, the welfare of the Nation.

I am hopeful that the Senate will soon consider ways to improve the laws affecting child support enforcement. Several very good bills have been introduced relating to child support, and this Senator is anxious to address this serious problem.

However, I am not aware of any bills before the Senate which address two serious problems in the current Bankruptcy Code which affect child support obligations.

In the past, Congress has shown great wisdom in making child support payments nondischargeable in bankruptcy. A parent's obligation to his or her children is worthy of special and extraordinary treatment.

Unfortunately, there is a significant loophole in the current law. Under section 523 of the Bankruptcy Code, debts owed:

> . . . to a spouse, former spouse or child of the debtor, for alimony to, maintenance for, or support of such spouse or child, in connection with a separation agreement, divorce decree or property settlement agreement . . .

shall be nondischargeable in bankruptcy.

This section of the Bankruptcy Code makes no provision for child support payments when a child is born out of wedlock. Since the law limits nondischargeability to debts in connection with separation agreements, divorce decrees, and property agreements, bankruptcy courts have been discharging child support debts resulting from paternity cases and support agreements.

When compared to the law which preceded the current language, the omission becomes obvious. Under section 17a (1970 amendment) of the Bankruptcy Act, debts:

> . . . For alimony due or to become due, or for maintenance or support of wife or child, or for seduction of an unmarried female or breach of promise of marriage accompanied by seduction, or for criminal conversation . . .

were not dischargeable. In its attempt to eliminate the antiquated language of the prior law, Congress made a grave error and excluded from the protection of nondischargeability those children born out of wedlock. Such unequal treatment is unjust and must be eliminated.

The bill I introduce today corrects this inequity by striking the limiting language, "in connection with a separation agreement, divorce decree, or property settlement." Under this revision, the security of support would depend on parentage rather than the marital status of the child's natural parents.

Such a revision is fair and necessary. Children should not be punished for the acts of their parents, and parents should not be able to escape the obligation to provide financial assistance to their offspring.

Mr. President, my bill also addresses a related issue. Section 2 of this bill would make nondischargeable any debt arising out of child support assigned to a Government agency. Under the current law, a custodial parent may be required to assign his or her rights to receive child support to qualify for public assistance. If the delinquent parent, married or otherwise, should file for bankruptcy, the governmental agency is prevented from recovering the full amount of the assigned child support payments.

I believe that this provision should be changed because it encourages parents to ignore their child support obligations. A parent contemplating bankruptcy can refuse to pay his or her child support; force the child and custodial parent to assign their child support rights in order to receive public assistance; and the delinquent parent can then go bankrupt, secure that the once-protected child support debt is treated as any other debt.

If a parent knew that his or her child support obligations were inescapable, then the parent would have an incentive to make timely and full payments, or to appeal to the appropriate legal authorities to alter or amend the child support decree or agreement.

In conclusion Mr. President, the Senate Judiciary Committee will be taking a second look at the entire bankruptcy system this month, I hope that the committee will give serious consideration to the bill which I introduce today. We now have an excellent opportunity to correct serious injustice in the Bankruptcy Code.

Mr. President, I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2553

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 523(a)(5) of title 11, United States Code, is amended by—

(1) Striking out "in connection with a separation agreement, divorce decree, or property settlement agreement,"; and

(2) inserting ", or any such debt which has been assigned to the Federal Government or to a State or any political subdivision of such State" after "Social Security Act".

By Mr. D'AMATO (for himself, Mr. Lautenberg, Mr. Moynihan, Mr. Specter, Mr. Heinz, Mr. Sarbanes, Mr. Tsongas, Mr. Bradley, Mr. Eagleton, Mr. Dodd, Mr. Dixon, Mr. Riegle, Mr. Levin, Mrs. Hawkins, Mr. Mathias, and Mr. Weicker):

S. 2554. A bill to amend the Urban Mass Transportation Act of 1964, to the Committee on Banking, Housing, and Urban Affairs.

PUBLIC TRANSIT IMPROVEMENT ACT OF 1984

● Mr. D'AMATO. Mr. President, today I am introducing the Public Transit Improvement Act of 1984. Many of my distinguished colleagues have added their names as original cosponsors of this important legislation and their support underscores the crucial role of mass transit throughout the Nation.

This bill represents a bipartisan effort to enact amendments to the Surface Transportation Assistance Act of 1982 (STAA). It will provide essential funding levels to support mass transit, both in urban and rural communities, and will enable transit systems across the country to provide better service to passengers and assist those areas which are appropriate for new start transit systems.

The STAA is a landmark statute for mass transit. For the first time, Congress created a special mass transit trust account to fund discretionary capital grants for transit projects. In addition, formula grants were made to depend on predictable service related factors, as well as population factors. By passing the STAA, Congress recognized the vital role of mass transit and made a commitment to its future growth.

This bill will continue the spirit of that commitment: to meet the mobility needs of urban and rural citizens, the poor, the elderly, and the handicapped. The legislation:

Increases authorization levels for section 3—mass transit trust account—from $1.1 billion to $1.3 billion in fiscal year 1985 and from $1.1 billion to $1.4 billion in fiscal year 1986. Also, the bill will extend the authorization for section 3 through fiscal year 1987 at a level of $1.5. billion.

Extends the "3 for 2" trade-in provisions of the STAA through fiscal year 1986. These provisions allow transit systems to receive $2 in operating assistance for every $3 in capital funds traded in to UMTA. Under current law, these provisions will expire at the end of fiscal year 1984.

Provides that those transit systems which exercise the "3 for 2" swap are not eligible for discretionary capital grants except for emergency purposes.

Defines emergency discretionary capital grants and describes the circumstances under which such grants may be made.

Expands the definition of associated capital maintenance costs by lowering the eligible threshold cost from 1 percent to one-half percent, and includes as eligible expenses, the cost of leasing equipment and facilities, that is, computers, heavy construction equipment.

Earmarks a portion of section 3 discretionary capital grants for transit crime prevention grants.

Permits the use of operating assistance funds under section 5 for bus and bus-related facilities if there are no rail systems in operation in the fiscal year of apportionment.

Provides for multiyear contracting authority in order to enable local transit systems to better plan construction projects and financing arrangements.

Clarifies congressional intent regarding operating assistance for newly urbanized areas by indicating that 40 percent of such areas' authorized section 9 funds may be used for operating assistance.

There is a simply enormous need for transit funding. The American Public Transit Association, representing bus and rail transit systems which carry 94 percent of all transit riders in the United States, estimates that $36 billion will be needed to cover transit capital needs over the next 5 years.

The funds exist to increase authorizations. CBO, in recent testimony before a House committee, testified that the funds are available from the 1 penny of the gas tax to increase the authorizations. In fact, CBO's testimony stated:

> While the surplus generated by the mass transit account is of some small help in offsetting the Nation's $180 billion budget deficit, such use diverts the trust fund from its intended purpose, that of financing new transit investments.

Additional funds in the section 3 program will enable transit properties to replace aging buses, accelerate badly needed rail modernization work, and construct new systems which have a local commitment and meet objective cost-effective criteria.

We in Congress earmarked 1 penny of the gas tax increase specifically for mass transit—these are the funds which we are now attempting to spend, and that we are entitled to spend, but not 1 cent more. Federal law intends that the Government spend these funds on mass transit and any attempts to transfer them to the highway account must be opposed.

In addition, this bill will extend the "3 for 2 swap" provisions which will expire at the end of this year. During 1983, nearly 70 transit systems traded in over $40 million in capital funds and received $26 million in operating assistance. The $13 million which resulted from these trade-ins was used primarily by the Nation's smaller bus operations. The bill will enable transit operators to continue to have the flexibility to exercise this trade-in; however, those which do trade in capital for operating funds will not be permitted to receive section 3 capital funds, except under compelling circumstances, or to honor existing Federal funding commitments.

Another important element of this bill is the earmark of a portion of that increase in authorizations from section 3 for transit crime, and security, related capital equipment. Transit crime is a significant problem througout the Nation's transit systems. It erodes the Federal investment in these facilities. It is both morally sound and fiscally prudent for the Federal Government to promote ridership and to protect its investment by helping transit properties enhance safety and security measures.

Mass transit not only provides essential public service, but it is also a $13 billion a year industry, employing more than 900,000 people. A public investment of $100 million in transit can be expected to generate 7,500 to 9,000 jobs, as well as stimulate private sector development, broaden the tax base, and promote retail sales. It is essential to the vitality of cities: it has been shown that for each dollar invested in public transit, more than $3 will accrue in business revenue.

Mass transit has been a part of American life for more than 150 years. It helped to promote the growth of urban centers, as well as suburban areas. Often, it is the only efficient and economical method of transporting citizens in densely populated urban areas. During the 1970's, when Americans were held in the paralyzing grip of the oil shortage and the subsequent increases in energy prices, the critical value of well-planned, efficient transit systems became evident.

The economic health and growth of our cities, towns, and outlying villages depends on the extent and dependability of their transportation links. This bill will provide essential Federal funds to maintain, create, and improve the mass transit systems throughout this Nation. It must be adopted.●

● Mr. LAUTENBERG. Mr. President, over the last several weeks, I have been pleased to work with the Senator from New York, Senator D'Amato, in fashioning the Public Transit Improvement Act of 1984. This legislation is necessary to maintain our commitment to mass transit and to improve Federal programs.

Since the passage of the landmark Surface Transportation Assistance Act of 1982, funds have been accruing in the mass transit account of the highway trust fund. These funds should be used for the purpose Congress intended in 1982. Our bill will accomplish this purpose by increasing the authorization for capital assistance. It calls for no increase in taxes. It merely calls for dedicated revenues to be spent for the purposes Congress intended.

Our bill extend provisions of the Surface Transportation Assistance Act which greatly benefit transit authorities, large and small, around the country. Those authorities needing operating assistance to maintain service and forestall fare increases would continue to be able to trade capital for operating aid. The legislation would also facilitate efficient long-term use of Federal assistance by enhancing an authority's ability to plan and budget in anticipation of Federal assistance.

The D'Amato-Lautenberg bill will make technical changes in existing law allowing the State of New Jersey to use about $400,000 in 1983 operating assistance which was previously devoted to rail service which has been suspended. This provision was accepted by the Senate in 1983, but not enacted as part of the highway legislation recently signed into law.

Finally, our bill will allow authorities to use Federal capital assistance to lease equipment and facilities if a lease is more cost efficient than a purchase. An example is computers, which have relatively brief generational lives, and are cheaper to lease and turn over than to buy on a recurrent basis.

Mr. President, in States like New Jersey, mass transit is critical to large numbers of people to get from home to work, shopping, school, and recreation. Many of our elderly, poor, and infirm have no other means of transportation. Mass transit is environmentally sound and energy efficient. The need for construction, repair, and maintenance are great. The bill offered today affirms the Federal role in meeting these needs.●

● Mr. MOYNIHAN. Mr. President, I rise today with my distinguished colleagues from New York, Senator D'Amato, and New Jersey, Senator Lautenberg, to introduce the Public Transit Improvement Act of 1984. This is legislation to insure that Congress sustains its commitment under the Surface Transportation Assistance Act of 1982, to provide the Nation's mass transit systems with a steady and predictable source of Federal funds.

Mr. President, the Surface Transportation Assistance Act of 1982 (STAA) represented a major and important advance in the Federal Government's commitment to urban mass transit systems, a commitment backed up by increased funds. Members of this body will recall that title III of the STAA, the Federal Public Transportation Act of 1982, created a new mass transit account under the highway trust fund. Title III set aside 1 cent of the 9 cents per gallon Federal gasoline tax. to fund this new mass transit account.

Under the STAA, the mass transit account funds the section 3 urban discretionary grant program. Administered by the Urban Mass Transit Administration (UMTA), section 3 finances large capital improvements in mass transit, such as new construction projects. In the STAA, we authorized the spending of $1.1 billion in fiscal year 1984-86 for section 3.

Mr. President, the creation of the mass transit account represented a significant step forward in Federal financing of mass transit projects. As a member of the Subcommittee on Transportation of the Senate Environment and Public Works Committee, I long have appreciated the advantages of certainty and reliability in Federal funding of highway projects established under the highway trust fund. In much the same way, the mass transit account establishes a more secure funding mechanism for mass transit, enabling our local transit leaders to better determine their financing needs and the additional revenues they must raise.

We set the section 3 authorization level in the STAA at $1.1 billion per year, in large part, because we anticipated that the revenues from the 1-cent-per-gallon tax on gasoline going into the mass transit account would equal approximately $1.1 billion per year.

As often in such matters, our estimates for the mass transit account cash balance were somewhat off. This time, the estimate was too low; Congress did not anticipate the large revenues that would flow into the account. A variety of factors contributed to the larger than expected cash balance in the mass transit account, including lower gasoline prices, a strong recovery, and greater use of automobiles. Unfortunately, the authorization levels set in the STAA will not permit UMTA to spend the additional revenues for section 3 projects, projects much in need of additional funding.

The legislation we offer today would raise the authorization level for section 3 by $900 million over the next 3 fiscal years, permitting UMTA to spend the money actually collected for mass transit section 3 projects. Our bill would increase this authorization to $1.3 billion in fiscal year 1985 and to $1.4 billion in fiscal year 1986. The measure also extends the authorization for an additional year, through fiscal year 1987, at a level of $1.5 billion.

I cannot stress enough the importance of mass transit systems for urban and rural communities alike. Millions of Americans depend on mass transit to get to work, attend their churches and schools, purchase groceries and deliver goods—among many other essential daily activities. Without sound and reliable mass transit systems, many Americans simply would not be able to carry on their day-to-day activities. A Federal commitment to maintain and improve the Nation's mass transit system is essential, if we are to have a sound transportation system and a healthy economy.

Surely, the Nation's mass transit sytems have numerous important projects which need the additional funding authorized by this legislation. The Metropolitan Transit Authority of New York, for example, has embarked on an ambitious 5-year capital program to improve its subway, bus and commuter rail lines. Under this program, the MTA already has committed almost $4 billion from both public and private sources, for new equipment and construction contracts. With additional Federal funds, the MTA could expand its modernization plans.

Other transit authorities in New York State, both large and small, also could benefit from additional section 3 funding. The Niagara Frontier Transit Authority has received more than $400 million in Federal funds to build the Buffalo Subway System. Section 3 funding could help the NFTA extend the subway system to the suburbs surrounding the city, providing needed service for the residents of New York State.

Mr. President, we are all aware of the budgetary problems the Nation faces, and this legislation would create additional Federal responsibilities. Indeed, I and my colleagues on the Senate Finance Committee have spent most of the past several weeks endeavoring to close the deficit. But here we have a very different situation: The Federal Government already has collected the additional funds for greater section 3 projects; these revenues sit in the mass transit account. The only element lacking, and what this legislation would provide, is the authority to spend what has been collected—and set aside for—mass transit projects.

Mr. President, the Senate Budget Committee also will have to address this matter and as a member of that committee, I will do what I can to insure that the funds collected for section 3 mass transit projects are spent for that purpose.

The legislation we offer today addresses a number of other concerns of mine. In the STAA, we permitted the Nation's transit systems to trade-in $3 of capital assistance for $2 of operating assistance. This bill extends that provision, which will expire at the end of fiscal year 1984, through fiscal year 1986. The extension of the trade-in option permits local authorities greater flexibility in the use of their Federal funds. It is the local authorities, after all, that can determine the best way to spend their resources.

And last, Mr. President, this bill will permit multiyear contract authority. This will allow local authorities to better anticipate the flow of Federal funds, enhancing their financing options.

In all, Mr. President, the measure we are introducing is a reasonable and appropriate one, and I urge my colleagues to give it their strong support.●

By Mrs. HAWKINS (for herself, Mr. PROXMIRE, and Mr. DIXON):

S. 2555. A bill to amend section 408 of the National Housing Act with respect to acquisitions of thrift institutions; to the Committee on Banking, Housing, and Urban Affairs.

DEPOSIT INSURANCE FLEXIBILITY ACT AMENDMENTS OF 1984

● Mrs. HAWKINS. Mr. President, on behalf of Senators PROXMIRE, DIXON, and myself, I am introducing the Deposit Insurance Flexibility Act Amendments of 1984 to protect the right of the States to determine the banking structure that is best suited for their citizens. Our bill would place statutory restrictions on cross-industry interstate acquisitions of financial institutions permitted under the Garn-St Germain Act.

Since 1927, under the McFadden Act, it has been Federal policy that the States should determine branching practices within their borders. This was extended in 1956 under the Bank Holding Company Act Amendments to prevent a bank holding company from acquiring banks in more than one State. In recent years, market and legal developments have eroded this principle, which has been a foundation of the dual banking system.

Florida, with its lucrative market, has been a prime ground for invasion by the large out-of-State banks. This activity raises a number of questions. These money-center banks have a large volume of foreign loans of questionable soundness. Will the savings of Floridians be taken out of Florida to replenish the losses of these international bankers from foreign loans?

Another concern over these acquisitions is the concentration of financial power in a few national banking concerns. Recent acquisitions by Citicorp of New York of the First Federal Savings & Loan Association of Chicago and the New Biscayne Federal Savings & Loan Association of Miami illustrate this point. These acquisitions increased the assets of the Nation's largest multiple bank holding company and the largest savings and loan holding company by approximately $5.8 billion, to a total of over $135 billion. This giant international financial institution is twice the size of all the Florida savings and loan associations, with total assets of something over $64 billion.

The Conference of State Bank Supervisors (CSBS) expressed to me and the Florida congressional delegation a concern over the Biscayne acquisition. The Conference of State Bank Supervisors opposed the unrestricted acquisition under the emergency powers of the Garn-St Germain Act of Biscayne by Citicorp. When the matter was before the Federal Reserve Board for approval, CSBS argued that if the sale could not be denied, then stringent conditions must be placed on its operations in Florida.

Although the Federal Reserve did place restrictions requested by the State Supervisors on the acquisition, CSBS feels that they have limited value because the New York Federal Reserve Bank may relax the conditions for specific transactions, and the Federal Reserve may revoke them at will. Citicorp has had some success in having conditions on its acquisition of a California thrift relaxed. Consequently, CSBS has recommended that the Garn-St Germain Act be amended to require that conditions such as those administratively imposed upon the Biscayne acquisition be placed on all cross-industry interstate acquisitions.

Following the recommendation of the State supervisors, our bill would amend the Garn-St Germain Act to impose in all emergency cross-industry interstate acquisitions the following conditions:

The acquired institution shall not establish or operate a remote service unit at any location outside its home State.

The acquired institution shall be operated as a separate, independent, profit-oriented corporate entity. The applicant and the acquired institution shall limit their operations to affect this condition, and will observe the following conditions:

First, no banking or other subsidiary of applicant shall link its deposit-taking activities to accounts at the acquired institution in a sweeping arrangement or similar arrangement.

Second, neither the applicant nor any of its subsidiaries shall solicit deposits or loans for the acquired institution, nor shall the acquired institution solicit deposits or loans for any other subsidiary of applicant.

The applicant shall not change the name of the acquired institution to any term that might confuse the public regarding the acquired institution's status as a nonbank, thrift institution.

Mr. President, our bill emphasizes the original congressional intent behind the Garn-St Germain Act that cross-industry interstate acquisitions should be allowed only in emergency situations, and then only under strict limitations to protect the interests of the citizens in the State where the acquired institution is located. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2555

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Deposit Insurance Flexibility Act Amendments of 1984".

SEC. 2. (a) Section 408(m)(5)(A) of the National Housing Act (12 U.S.C. 1730a(m)(5)(A)) is amended to read as follows:

"(5)(A) Where a merger, consolidation, transfer, or acquisition under this subsection involves an insured institution eligible for assistance and a bank or bank holding company, an insured institution may retain and operate any existing branch or branches, including one or more remote service units, or any other existing facilities, but otherwise shall be subject to the conditions upon which a national bank may establish and operate branches in the State in which such insured institution is located.".

(b) Section 408(m) of such Act (12 U.S.C. 1730a(m)) is amended by adding at the end thereof the following:

"(D)(i) Notwithstanding any other provision of this Act, an insured institution acquired by a bank or bank holding company under this section shall be operated as a separate, independent, profit-oriented corporate entity.

"(ii) An acquiring institution, banking subsidiary, or other subsidiary of the acquiring institution may not link its deposit taking activities to accounts at such insured institution in any fashion, or solicit deposits or loans for the insured institution.

"(iii) An acquired insured institution or any of its subsidiaries may not solicit deposits or loans for the acquiring institution.

"(E) Notwithstanding any other provision of this Act, an acquired insured institution may not—

"(i) change its name in such a fashion as to confuse the public as to the insured institution's status as a nonbank, thrift institution, or

"(ii) convert its charter to that of a State savings and loan association or other State-chartered thrift institution or to a national or State commercial bank or trust company without prior regulatory approval of the Corporation and the Board of Governors of the Federal Reserve System.

"(F) Nothing in this section precludes the establishment of such additional requirements as may be deemed appropriate by order of the Corporation or the Board of Governors of the Federal Reserve System under their respective authorities.".●

By Mr. MATHIAS (by request):

S. 2556. A bill to authorize appropriations for the American Folklife Center for fiscal years 1985 through 1989; to the Committee on Rules and Administration.

AMERICAN FOLKLIFE CENTER REAUTHORIZATION

● Mr. MATHIAS. Mr. President, at the request of the Librarian of Congress and the trustees of the American Folklife Center, I introduce today a bill to reauthorize the American Folklife Center at the Library of Congress.

On January 2, 1976, as one of the first enactments occurring during the bicentennial year of the American Revolution, President Gerald R. Ford signed into public law the American Folklife Preservation Act. This act mandated the Library of Congress to establish an American Folklife Center which would develop programs and activities that would preserve and present American folklife. The Congress may reflect with pride on its accomplishment in the passage of this act, for its consequence was, by all accounts, the creation at the Library of Congress of one of the most successful folklife programs in the entire country.

In 1976, measures to increase the role of the Federal Government in preserving folklife had been pending in the Congress for more than 6 years. Although the initial impetus came from individuals and groups concerned with the cultures of the Appalachian regions, and Native Americans, they were soon joined by proponents of the ethnic, black, and Hispanic cultures as well as by individuals and groups from every section of the country.

Whatever their background or areas of interest, these individuals and groups were all agreed that the cultural diversity of this country is an invaluable national asset, one that is important to preserve in the face of increasing homogenization of American life. They called for an intensified Federal commitment in this area. This point of view grew to the extent that in the 94th Congress more than 230 Members of the House and more than half the Senate cosponsored bills similar to the enacted measure, reflecting growing concern and sentiment in succeeding Congresses for Federal support for the preservation of American folklife.

Mr. President, the Librarian of Congress has prepared a summary of the accomplishments of the American Folklife Center since its creation in 1976 and I submit this statement for inclusion in the RECORD.

There being no objections, the material was ordered to be printed in the RECORD, as follows:

AMERICAN FOLKLIFE CENTER—THE LIBRARY OF CONGRESS

HISTORY AND MISSION

The American Folklife Center was established in the Library of Congress by Act of Congress in 1976 (P.L. 94-201). Entitled the American Folklife Preservation Act, it directed the Center to develop programs and activities that "preserve and present American folklife." The Center's Board of Trustees contains a mix of private citizens and Federal agency representatives, appointed by the Congress and the President as well as serving ex officio, who provide general guidance to the Center. The Board was first convened in June 1976, and the Director was appointed in August of that year. The Center's initial authorization was for a period of three years (FY 1976-1978); subsequently it has been reauthorized for FY 1979-1981 and again for FY 1982-1984.

The Center's charge to "preserve and present American folklife" has led it to develop a varied program of projects and activities, from public events at the Library of Congress to field projects in different locales around the United States, and from major exhibitions to an equipment loan program and consultant visits to assist folklife activities at the local and regional level. All these activities can be subsumed under four broad goals through which the Center serves the American people. These are:

(1) Coordinative activities, in which the Center provides needed focus and coordination to efforts involving American folklife at the Library of Congress, among governmental agencies, and throughout the United States;

(2) Assistance to the field, in which the Center provides technical and consultant assistance in response to requests from local and state government agencies, organizations, communities, and educational institutions;

(3) Research and archival service, under which the Center and its Archive of Folk Culture foster the preservation, documentation, study, and dissemination of information about America's folk cultural traditions; and

(4) Model programs and publications, including printed publications, published recordings, films, live presentations, and exhibitions.

Through these broad goals the Center's efforts consistently include both research and public education, both preservation and dissemination, fulfilling the twin charge of its enabling legislation.

In its early life the Center has undergone phases in its growth. For example, in the years 1977-1979 it undertook several field projects, whereas in 1980-1982 it shifted to an emphasis on the development of public products from those field projects while simultaneously developing long-range, library-based research projects. The number and variety of publications from the Center has increased in recent years compared to the early years of the Center's activities. The future will bring further changes in emphasis, as is proper in response to the developing needs of the field of folklife itself; but there is broad agreement that the Center should maintain an approach to its mission that balances preservation with presentation, research with public service.

PROJECTED LEVELS OF ACTIVITY

Field projects

The Folklife Center has undertaken documentary field research in several different regions of the United States—notably Chicago, South-Central Georgia, Northern Nevada, the Blue Ridge Mountains along the Virginia-North Carolina border, Rhode Island, Montana, and the Pinelands region of New Jersey. Such major field projects have many benefits: (1) professional documentation of the folk cultural traditions of a region for posterity, with copies of the documentation available in the region itself; (2) the development of regional and state programs featuring folklife with the assistance of the Center; (3) exhibitions; (4) publications; and (5) public dissemination through non-print media. The Folklife Center would like to develop the capacity in the coming authorization period to initiate a new major field project every year.

Library research projects

In addition to field projects, the Center has developed library-based research projects on subjects of special interest and concern in the field of folklife. In the Federal Cylinder Project, for example, the Center has made a comprehensive effort to preserve, catalog, and disseminate folk cultural materials on early cylinder recordings in the Library of Congress and other Federal agencies. The Center envisions undertaking a new library research project each year with the resources requested.

Conferences

The Center has sponsored a variety of conferences dealing with subjects of special relevance or concern, both in Washington, D.C. and at other sites around the United States. Its early conference on "Ethnic Recordings in America" has led to a book publication and greatly stimulated an entire area of research in the private sector. Other conference topics have ranged from "American Folk Custom" to a projected conference on the subject of folk art. Smaller, less formal conferences have also proved effective tools in assisting development of the professional field and in bringing together disparate groups with common interests in folk culture. In the next authorization period the Center hopes to move to a schedule of one major conference each year and four smaller conferences and advisory meetings a year.

Public events

In addition to its successful series of outdoor concerts featuring folk music, the Center has experimented with winter programs, workshops, symposia, and occasional lectures dealing with various aspects of folklife. The Center would like to increase both its outdoor concert series and its public lectures in the coming years.

Exhibitions

The Center has undertaken several exhibitions, major and minor, and they have proved excellent stimulants to public discussion and understanding of folklife subjects. Its exhibition The American Cowboy has been enormously successful and will tour several major cities after six months at the Library of Congress. Other smaller exhibitions developed by the Center have also been useful tools in public education, both in Washington and around the country. The Center would like in the next authorization period to move toward a schedule of one smaller exhibition each year and a major exhibition (with accompanying publications) every three years.

Publications

Publishing has become an important Center activity for disseminating information and ideas about folklife to a wider public. Ten numbers have already appeared in its series "Publications of the American Folklike Center," and two major volumes have appeared in the "Studies in American Folklife" series. The Center also manages a long-standing series of LP recordings of folk music and folklore published by the Library, now numbering 80 recordings. The newsletter Folklife Center News appears four times a year. These publication series are joined by a wide variety of printed reports, brochures, guides, bibliographies, and other useful publications, as well as experimental publications in such media as videodisc. Plans are underway for development of a folklife annual, and the Center would like to increase its publishing efforts in future years to include a major book each year, additional brochures and guides, and additional reference and finding aids from its Archive of Folk Culture.

Daily activities

In addition to special projects and public programs, the staff of the Folklife Center works on a daily basis to be of assistance to the Congress, Federal, state, and regional agencies, the academic community, and a wide variety of organizations dealing with the subject of folklife. The professional staff of the Center regularly provide consultant assistance on various folklife subjects as well as responding to individual inquiries by mail and telephone and in person. The Center also collaborates regularly with other offices of the Library of Congress on subjects related to folklife, and the Center's Archive of Folk Culture continues its 50-year tradition of reader service, research assistance, and development of collections dealing with folklore and folk music. Requests to the Center and Archive for assistance continue to rise, and the Center must find ways in coming years to expand its capacity to service the public on a daily basis.

By Mr. MURKOWSKI (for himself and Mr. STEVENS):

S. 2557. A bill to repeal the requirement for biennial reports under the Alaska Federal-Civilian Energy Efficiency Swap Act of 1980; to the Committee on Energy and Natural Resources.

REPEAL OF REQUIRED REPORTS UNDER THE ALASKA FEDERAL-CIVILIAN ENERGY EFFICIENCY SWAP ACT OF 1980

● Mr. MURKOWSKI. Mr. President, the bill that I am introducing today will help reduce, albeit in a small way, the paper shuffling burden of the Federal Government, and in turn the cost of that paper exercise borne by the taxpayer.

The Alaska Federal-Civilian Energy Efficiency Swap Act (Public Law 96-571) directs the Secretary of Energy to make a biennial report to the Congress on actions taken pursuant to the act. The report is to include cost analysis of electric energy purchased and sold, revenues and profits generated from such sales, and oil and natural gas conserved as a result of such purposes and sales.

The first biennial report was submitted to the Congress on February 7, 1983. It covers progress made in implementing provisions of the act, especially the negotiation and execution of contracts between the Department of Defense and three Alaska utilities for exchange of power. These contracts take care of the primary opportunities to exchange power in Alaska. While the remaining opportunities to exchange power involve relatively small magnitudes of power, they are, nevertheless, being carefully assessed. Further, the utilities of Alaska and the Federal agencies with generating facilities are exploring additional opportunities to meet the conservation objectives of the act.

The bill that I am introducing today would repeal section 6(a) of the act that requires the submittal of such reports to the Congress. However, I anticipate that the Secretary from time to time would apprise the Congress of the activities taken pursuant to the act perhaps as part of annual budget submittals to the Congress or in the context of the annual report of the Alaska Power Adminisration—the Department of Energy's agency responsible for the marketing of federally produced hydroelectric power in the State of Alaska. Because of the progress made in implementing provisions of the act, there is no compelling reason to require additional biennial reports.●

By Mr. STAFFORD (by request):

S. 2558. A bill to authorize funds for the completion of certain comprehensive river basin plans for flood control, navigation, and other purposes; to the Committee on Environment and Public Works.

WATER RESOURCE DEVELOPMENT IN CERTAIN RIVER BASINS

● Mr. STAFFORD. Mr. President, the administration recently submitted to the Congress a legislative proposal to eliminate the requirement for periodic increases in the dollar monetary ceilings covering water resources development in various river basins.

On behalf of the administration, I am pleased to introduce this legislation. This bill is particularly timely as this legislation can be considered by the Senate during our debate of S. 1739, which I hope will occur soon after the Easter recess.

Mr. President, I ask unanimous consent that a copy of the bill, together with a copy of the transmittal letter, be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2558

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in addition to previous authorizations, there is authorized to be appropriated for the prosecution of the comprehensive plan of development of each river basin, that is referred to below by name and date of basic authorization, such sums as are necessary for the Secretary of the Army, acting through the Chief of Engineers, to complete the comprehensive plan of development.

Basin	Act of Congress
Alabama-Coosa River Basin	Mar. 2, 1945.
Arkansas River Basin	June 28, 1938.
Arkansas-Red River Basin	Nov. 7, 1966.
Baltimore Harbor	Dec. 31, 1970.
Blue River Basin	Dec. 31, 1970.
Brazos River Basin	Sept. 3, 1954.
Central and Southern Florida	June 30, 1948.
Columbia River Basin	May 17, 1950.
Connecticut River Basin	June 22, 1936.
Cottonwood Creek, California	Dec. 31, 1970.
Gulf Intracoastal Waterway, St. Marks, Tampa.	Aug. 13, 1968.
Mississippi River and Tributaries.	May 15, 1928.
Missouri River Basin	June 28, 1938.
North Branch Susquehanna River Basin.	July 3, 1958.
Ohio River Basin	June 22, 1936.
Ouachita River Basin	May 17, 1950.
Red Run Drain and Lower Clinton River.	Dec. 31, 1970.
Red River Waterway	Aug. 13, 1968.
Sabine River Basin	Dec. 31, 1970.
Sacramento River Basin	Dec. 22, 1944.
San Joaquin River Basin	Dec. 22, 1944.
Santa Ana River Basin	June 22, 1936.
South Platte River Basin	May 17, 1950.
Tampa Harbor	Dec. 31, 1970.
Trinity River Basin	Oct. 27, 1965.
Upper Mississippi River Basin	June 28, 1938.
Wabash River Basin	Aug. 13, 1968.
White River Basin	June 28, 1938.

SEC. 2. The sums authorized by this Act include those necessary for the Secretary of the Army, acting through the Chief of Engineers, to complete local flood protection in the Columbia River Basin, as authorized by Section 204 of the Flood Control Act of 1950 (64 Stat. 178).

DEPARTMENT OF THE ARMY,
Washington, DC, March 27, 1984.

Hon. GEORGE BUSH,
President of the Senate, Washington, DC.

DEAR MR. PRESIDENT: Enclosed is a draft of legislation "To authorize funds for the completion of certain comprehensive river basin plans for floor control, navigation, and other purposes."

The proposal is part of the Department of the Army Civil Works legislative program for the 98th Congress. The Office of Management and Budget advises that there is no objection to the presentation of the proposal for the consideration of Congress and that its enactment would be in accord with the program of the President.

PURPOSE OF THE LEGISLATION

If enacted, the proposed legislation would eliminate the need for yearly consideration by the President and Congress of river basin monetary authorization legislation. The proposal is not intended to diminish Congressional oversight for the Army Civil Works Program, but rather, to promote efficiency in the exercise of that oversight function.

Beginning with the Flood Control Acts of 1928 and 1936, Congress authorized certain basin and project plans for construction, subject to limitations on the amount of funds that could be appropriated for the plans in each basin. Today a total of 28 basins are subject to monetary limitations. In past years, Congress has had to enact river basin monetary authorization legislation to raise these limits on an annual basis and occasionally, as in 1977, twice in one year. In 1978, failure to pass such legislation disrupted schedules on several projects and required suspension of on-going contracts on others. This resulted in significant cost increases for the Federal government and serious hardships for construction workers who were laid off during the suspension of work on the projects. In addition, the delays placed on administrative burden on the Army Civil Works Program, as project schedules based on actual appropriations by the Congress were repeatedly disrupted.

Moreover, the river basin monetary limits no longer serve a useful oversight function. Since the passage of the Congressional Budget and Impoundment Control Act of 1974, the authorization committees of both Houses of Congress have developed procedures to provide for annual review of the entire Army Civil Works Budget. These annual reviews of the overall Civil Works Program would appear to remove the need for periodic review of that portion of the program subject to river basin monetary authorization limits. Accordingly, the Department of the Army believes that Congress should eliminate those limits. The proposed bill would, in effect, accomplish this end. In proposing this legislation, the Department of the Army does not in any way imply support for individual projects included in river basin plans. The Administration will continue to oppose individual projects that do not meet current criteria and objectives.

COST AND BUDGET DATA

Enactment of this legislation would not increase the total cost estimates of the projects within the 28 river basins. Thus, removing the river basin monetary authorization limits would not impose any additional requirements on the budget. The normal budgetary processes would apply. Each project for which funding is requested would continue to be reviewed and evaluated by the Appropriations Committees on an annual basis.

ENVIRONMENTAL AND CIVIL RIGHTS IMPACTS

The enactment of this proposal would have no civil rights impacts. This proposal would facilitate funding of projects normally undertaken by the Corps of Engineers. All of the projects will be undertaken in accordance with current regulations which would include an environmental assessment and an environmental impact statement, if needed.

Sincerely,
WILLIAM R. GIANELLI,
Assistant Secretary of the Army, (Civil Works).●

By Mr. HATCH:

S. 2559. A bill to revise and extend provisions of the Public Health Service Act relating to health professionals educational assistance; to the Committee on Labor and Human Resources.

HEALTH PROFESSIONS TRAINING ASSISTANCE AMENDMENTS OF 1984

Mr. HATCH. Mr. President, today I am introducing the Health Professions Training Assistance Amendments of 1984. This legislation reauthorizes current programs in title VII of the Public Health Service Act, and deletes obsolete sections, focusing the statute on present national concerns. This bill makes clear that the Federal Government continues to play a vital role, albeit limited, in the education of health professional students. A summary of the bill has already appeared in the March 13 RECORD.

Mr. President, health education is at a crossroads in our history. We are rapidly approaching a time when there will be an ample number of health professionals in most categories and in most regions of our country. There has been a dramatic increase in the number of health professionals—physicians, nurses, dentists, and allied health personnel, over the past 20 years, thanks to Federal and State initiatives. These efforts have been surprisingly successful and have resulted in almost doubling the number of students graduating annually from many of our health professional schools. In fact, the 1981 report of the Graduate Medical Education National Advisory Committee (GMENAC) suggests there will be a significant surfeit of physicians by 1990, possibly as many as 70,000 more physicians than required to provide adequate medical services. However, these projections for excess numbers of physicians vary according to medical specialty, and the same report estimated there will be ongoing needs for more primary care physicians, and preventive and public health experts. So, in spite of an overall abundance of health care providers, I believe it essential we maintain present programs which train individuals capable of providing primary health services, particularly in medically underserved areas. I want to emphasize that nothing in this legislation provides incentives to train more health professionals. I believe an important responsibility of the private sector, that is professional and academic organizations, is to grapple with concerns related to projections of significant excesses of health professionals.

This legislation has a proud history of providing a Federal response to concerns from our citizens related to inadequate access to health care. It has been successful in addressing those concerns by providing student assistance through loans and loan guarantees, increasing the numbers of providers, and encouraging careers in family medicine, primary care, general dentistry, and allied health.

However, today's needs are considerably different than they were when much of this legislation was passed into law. Access to health care is far less of a problem than a decade ago, but access by qualified students to a career in one of the health professions is a problem. It is limited by the cost of such education. This bill repeals past incentives for growth of health professional schools or increasing the overall numbers of providers, but maintains those provisions for student assistance, emphasizing the importance of aid to economically disadvantaged and minority students. I believe it essential we keep the doors open to a health career for all of our young people, not just those with the ability to pay for expensive educational programs. It maintains Federal support for educational programs in primary care, and encourages curriculum changes which focus on current national concerns, particularly health promotion, geriatric medicine, and health economics.

Mr. President, this bill is essential to our Nation's young people who desire, and deserve, to pursue a goal of becoming health professionals. I ask unanimous consent that a text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2559

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Health Professions Training Assistance Amendments of 1984".

REFERENCE

SEC. 2. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—AUTHORIZATIONS OF APPROPRIATIONS

SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

SEC. 101. (a) The first sentence of section 728(a) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$250,000,000 for the fiscal year ending September 30, 1985; $250,000,000 for the fiscal year ending September 30, 1986; $250,000,000 for the fiscal year ending September 30, 1987; and $250,000,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "1987," and inserting in lieu thereof "1991,".

STUDENT LOANS

SEC. 102. (a) Section 742(a) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$5,000,000 for the fiscal year ending September 30, 1985, "$5,000,000 for the fiscal year ending September 30, 1986, "$5,000,000 for the fiscal year ending September 30, 1987, and "$5,000,000 for the fiscal year ending September 30, 1988".

(b) Section 743 is amended by striking out "1987" each place it appears and inserting in lieu thereof "1991".

SCHOLARSHIPS FOR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

SEC. 103. Section 758(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$5,600,000 for the fiscal year ending September 30, 1985, $5,600,000 for the fiscal year ending September 30, 1986, $5,600,000 for the fiscal year ending September 30, 1987, and $5,600,000 for the fiscal year ending September 30, 1988".

DEPARTMENTS OF FAMILY MEDICINE

SEC. 104. Section 780(c) is amended by striking out "and" after "1983," and by inserting a comma and "$7,500,000 for the fiscal year ending September 30, 1985, $7,500,000 for the fiscal year ending September 30, 1986, $7,500,000 for the fiscal year ending September 30, 1987, and $7,500,000 for the fiscal year ending September 30, 1988" after "1984".

AREA HEALTH EDUCATION CENTERS

SEC. 105. The first sentence of section 781(g) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$18,000,000 for the fiscal year ending September 30, 1985, $18,000,000 for the fiscal year ending September 30, 1986, $18,000,000 for the fiscal year ending September 30, 1987, and $18,000,000 for the fiscal year ending September 30, 1988".

PHYSICIAN ASSISTANTS

SEC. 106. Section 783(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$4,800,000 for the fiscal year ending September 30, 1985, $4,800,000 for the fiscal year ending September 30, 1986, $4,800,000 for the fiscal year ending September 30, 1987, and $4,800,000 for the fiscal year ending September 30, 1988".

GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

SEC. 107. Section 784(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$17,500,000 for the fiscal year ending September 30, 1985, $17,500,000 for the fiscal year ending September 30, 1986, $17,500,000 for the fiscal year ending September 30, 1987, and $17,500,000 for the fiscal year ending September 30, 1988".

FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

SEC. 108. (a) The first sentence of section 786(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$34,000,000 for the fiscal year ending September 30, 1985, $34,000,000 for the fiscal year ending September 30, 1986, $34,000,000 for the fiscal year ending September 30, 1987, and $34,000,000 for the fiscal year ending September 30, 1988".

(b) The second sentence of such section is amended by striking out "and" after "1983," and by inserting "September 30, 1985, September 30, 1986, September 30, 1987, and September 30, 1988," after "1984,".

EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED BACKGROUNDS

SEC. 109. The first sentence of section 787(b) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$24,000,000 for the fiscal year ending September 30, 1985, $24,000,000 for the fiscal year ending September 30, 1986, $24,000,000 for the fiscal year ending September 30, 1987, $24,000,000 for the fiscal year ending September 30, 1988".

CONVERSION AND CURRICULUM GRANTS

SEC. 110. Section 788(f) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and $6,000,000 for the fiscal year ending September 30, 1985; $6,000,000 for the fiscal year ending September 30, 1986; $6,000,000 for the fiscal year ending September 30, 1987; $6,000,000 for the fiscal year ending September 30, 1988".

ADVANCED FINANCIAL DISTRESS ASSISTANCE

SEC. 111. The first sentence of section 788B(h) is amended by inserting before the period a comma and "and $5,600,000 for the fiscal year ending September 30, 1985, and each of the three succeeding fiscal years".

GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

SEC. 112. Section 791(d) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,500,000 for the fiscal year ending September 30, 1985, $1,500,000 for the fiscal year ending September 30, 1986, $1,500,000 for the fiscal year ending September 30, 1987, and $1,500,000 for the fiscal year ending September 30, 1988".

TRAINEESHIPS FOR STUDENTS IN OTHER GRADUATE PROGRAMS

SEC. 113. Section 791A(c) is amended by striking out "two" and inserting in lieu thereof "six".

PUBLIC HEALTH TRAINEESHIPS

SEC. 114. Section 792(c) is amended by striking out "and" after "1983;" and by inserting before the period a semicolon and "$2,500,000 for the fiscal year ending September 30, 1985; $2,500,000 for the fiscal year ending September 30, 1986; $2,500,000 for the fiscal year ending September 30, 1987; and $2,500,000 for the fiscal year ending September 30, 1988".

TRAINING IN PREVENTIVE MEDICINE

SEC. 115. Section 793(c) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$1,600,000 for the fiscal year ending September 30, 1985, $1,600,000 for the fiscal year ending September 30, 1986, $1,600,000 for the fiscal year ending September 30, 1987, and $1,600,000 for the fiscal year ending September 30, 1988".

NATIONAL CENTER FOR HEALTH SERVICES RESEARCH

SEC. 116. (a) The first sentence of section 308(i)(1) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$16,600,000 for the fiscal year ending September 30, 1985, $17,250,000 for the fiscal year ending September 30, 1986, $17,900,000 the fiscal year ending September 30, 1987, and $18,600,000 for the fiscal year ending September 30, 1988".

(b) The last sentence of such section is amended by striking out "and" after "1983," and by inserting "September 30, 1985, September 30, 1986, September 30, 1987, and September 30, 1988," after "1984,".

NATIONAL CENTER FOR HEALTH STATISTICS

SEC. 117. Section 309(i)(2) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$43,000,000 for the fiscal year ending September 30, 1985, $44,000,000 for the fiscal year ending September 30, 1986, $45,000,000 for the fiscal year ending September 30, 1987, and $46,000,000 for the fiscal year ending September 30, 1988".

TITLE II—PROGRAM REVISIONS

SCHOOLS OF CHIROPRACTIC

SEC. 201. (a) Section 701(4) is amended—

(1) by striking out "and" after " 'school of veterinary medicine',";

(2) by inserting a comma and "and 'school of chiropractic'," after " 'school of public health' ";

(3) by striking out "and" after "a degree of doctor of veterinary medicine or an equivalent degree,"; and

(4) by inserting "and a degree of doctor of chiropractic or an equivalent degree," before "and including advanced training relating to".

(b) Section 701(5) is amended—

(1) by striking out "or", after "pharmacy,"; and

(2) by inserting "or chiropractic," after "public health,".

(c) Section 787 is amended by striking out paragraph (2) and by redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4), respectively.

(d) Section 787(a) is amended by inserting "chiropractic," after "allied health,".

TRAINING OF PHYSICIAN ASSISTANTS

SEC. 202. Section 701(8) is amended to read as follows:

"(8)(A) The term 'program for the training of physician assistants' means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to competently provide primary health care under the supervision of a physician and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B)."

"(B) After consultation with appropriate organizations, the Secretary shall (within 180 days after the date of enactment of the Health Professions Training Assistance Amendments of 1984) prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

"(i) extend for at least one academic year and consist of (I) supervised clinical practice, and (II) at least four months (in the aggregate) of classroom instruction, directed toward preparing students to deliver health care;

"(ii) have an enrollment of not less than eight students; and

"(iii) train students in primary care, disease prevention, health promotion, geriatric medicine, and home health care.".

SCHOOLS OF ALLIED HEALTH

SEC. 203. (a)(1) Section 701(10) is amended—

"(A) by inserting "college," before "junior college,"; and

"(B) by striking out "in a discipline of allied health leading to a baccalaureate or associate degree (or an equivalent of either) or to a more advanced degree" in subparagraph (A) and inserting in lieu thereof "to enable individuals to become allied health professionals or to provide additional training for allied health professionals".

(2) Section 701 is amended by adding at the end thereof the following new paragraph:

"(13) The term 'allied health professional' means an individual—

"(A) who has received a certificate, an associate's degree, a bachelor's degree, a masters' degree, a doctoral degree, or postbaccalaureate training, in a science relating to health care;

"(B) who has responsibility for the delivery of health care services or related services, including—

"(i) services relating to the identification, evaluation, and prevention of diseases and disorders;

"(ii) dietary and nutrition services;

"(iii) health promotion services;

"(iv) rehabilitation services; or

"(v) health systems management services; and

"(C) who is not a graduate of a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, pharmacy, public health, or chiropractic, or a graduate program in health administration or clinical psychology.".

(b) The last sentence of section 702 (a)(1) is amended—

(1) by striking out "six" the first place it appears and inserting in lieu thereof "five";

(2) by striking out "four" and inserting in lieu thereof "five"; and

(3) by inserting "allied health," after "podiatry,".

GRADUATE PROGRAMS IN CLINICAL PSYCHOLOGY

SEC. 204. (a) Section 701 (as amended by section 203(a)(2) of this Act) is further amended by adding at the end thereof the following new paragraph:

"(14) The term 'graduate program in clinical psychology' means a graduate program in a public or nonprofit private institution in a State which provides training leading to a doctoral degree in clinical psychology or an equivalent degree.".

(b) Section 701(5) (as amended by section 201(b) of this Act) is further amended—

(1) by striking out "or" after "chiropractic,"; and

(2) by inserting "or a graduate program in clinical psychology," after "health administration,".

(c) Section 737 (as amended by section 201(c) of this Act) is further amended by striking out paragraph (2) (as redesignated by section 201(c) of this Act) and by redesignating paragraphs (3) and (4) (as redesignated by section 201(c) of this Act) as paragraphs (2) and (3), respectively.

(d) Section 787(a) (as amended by section 201(d) of this Act) is further amended by inserting a comma and "graduate programs in clinical psychology," after "podiatry".

ACQUISITION OF EQUIPMENT AND INSTRUMENTATION FOR TEACHING FACILITIES

SEC. 205. (a) Section 720(a)(1) is amended to read as follows:

"(a)(1) The Secretary may make grants to assist in the construction of teaching facilities or the acquisition of equipment for the training of physicians, dentists, pharmacists, optometrists, podiatrists, veterinarians, and professional public health personnel.".

(b)(1) Section 721(b)(1) is amended—

(A) by inserting "or the acquisition of equipment" after "construction of any facility" in the second sentence;

(B) by striking out "Commissioner" each place it appears in such sentence and inserting in lieu thereof "Secretary"; and

(C) by inserting "or acquire equipment" after "construct a facility" in such sentence.

(2) Section 721(c)(2) is amended—

(A) by inserting "or equipment" after "the facility" in clause (A);

(B) by inserting "or acquiring the equipment" after "the facility" in clause (B); and

(C) by striking out clause(C) and inserting in lieu thereof: "(C) sufficient funds will be available, when construction of the facility or acquisition of the equipment is completed, for effective use of such facility or equipment to provide the training for which such facility is being constructed or such equipment is being acquired;".

(3) Section 721(c)(7) is amended by inserting "in the case of an application for a grant to assist in the construction of a teaching facility," before "the construction".

(d) Section 721(d) is amended by inserting "to assist in the construction of teaching facilities" after "applications for grants" in the matter preceding paragraph (1).

(e)(1) Section 722(a)(1) is amended to read as follows:

"(a)(1) The amount of any grant under section 720(a)(1) for construction of a project or the acquisition of equipment shall be such amount as the Secretary determines to be appropriate after obtaining advice from the Council, except that no grant may exceed 80 per centum of the necessary costs of acquisition of equipment, as determined by the Secretary.”.

(2) The last sentences of section 722(b) is amended by inserting “or acquisition of the equipment, as the case may be” before the period.

(3) Section 722(c) is amended—

(A) by inserting “of a project or the acquisition of equipment” after “cost of construction”; and

(B) by inserting “or acquisition” before “which is to be financed”.

(f) Clause (1) of section 725 is amended by inserting “or the acquisition of any equipment” after “any facility”.

(g) Part B of title VII is amended by adding at the end thereof the following new section:

“DEFINITION

“SEC. 726A. For purposes of this part, the term ‘equipment’ means any equipment, device, tool, or other medical or scientific instrumentation to be used by students, faculty, or administrative or maintenance personnel for clinical purposes, research activities, libraries, classrooms, offices, auditoriums, or other related purposes necessary for, and appropriate to, the conduct of programs of education.”.

HEALTH EDUCATION ASSISTANCE LOAN PROGRAM

SEC. 206. (a)(1) Section 731(a)(2)(B) is amended by striking out “ceases to be a participant in an accredited internship or residency program or (if he was not a participant in such a program)”.

(2) Section 731(a)(2)(C) is amended by striking out “or the 33-year period”.

(3) Section 731 is further amended—

(A) by striking out subsection (c); and

(B) by redesignating subsection (d) as subsection (c).

(b) The first sentence of section 732(c) is amended to read as follows: “The Secretary shall, pursuant to regulations, charge a premium for insurance on each loan under this subpart, payable in advance, at such times and in such manner as may be prescribed by the Secretary.”.

(c) The first sentence of subsection (a) of section 734 and the first sentence of subsection (b) of such section are each amended by inserting “collection or” before “default”.

(d)(1) Section 729 is amended by inserting “allied health,” after “public health,” each place it appears.

(2) Section 737 (as amended by sections 201(c) and 204(c) of this Act) is further amended by adding at the end thereof the following new paragraph:

“(4) The term ‘school of allied health’ means a program in a school of allied health (as defined in section 701(10)) which leads to a master’s degree or a doctoral degree.”.

HEALTH PROFESSIONS STUDENT LOAN PROGRAM

SEC. 207. (a) Section 741(i) is amended to read as follows:

“(i) Subject to regulations of the Secretary, a school may assess a charge with respect to loans made under this subpart to cover the costs of insuring against cancellation of liability under subsection (d).”.

(b) Section 741(j) is amended by striking out the second sentence and inserting in lieu thereof the following: “The amount of any such charge shall equal the sum of (A) the product of the outstanding loan amount and at least six percent (calculated on an annual basis) but not more than the most recent interest rate for three-month Treasury bills, plus (B) the costs of collection of such charge and installment.”.

(c) Section 741 is amended by adding at the end the following new subsection:

“(m) The Secretary is authorized to attempt to collect any loan which was made under this subpart and which is in default, referred to the Secretary by a school with which the Secretary has an agreement under this subpart, on behalf of that school under such terms and conditions as the Secretary may prescribe (including reimbursement from the school’s student loan fund for expenses the Secretary may reasonably incur in attempting collection), but only if the school has previously exercised all due diligence (as specified by the Secretary) in attempting to collect the loan. A loan so referred shall be treated as a debt subject to section 5514 of title 5, United States Code. Amounts collected shall be deposited in the school’s student loan fund. Whenever the Secretary desires the institution of a civil action regarding any such loan, the Secretary shall refer the matter to the Attorney General for appropriate action.”.

(d) Section 742(b)(1) is amended by adding at the end thereof the following new sentence: “For fiscal years beginning after September 30, 1984, the Secretary may only accept applications for Federal capital contributions under this subpart from schools of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine which established after July 1, 1972, a student loan fund with Federal capital contributions under this subpart.”.

(e) Section 742(b) (as amended by subsection (d) of this section) is further amended by adding at the end thereof the following new paragraph:

“(5) If a school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine at which a student loan fund has been established with a Federal capital contribution under this subpart reduces its enrollment significantly or closes, any excess cash balance in such fund shall be returned to the Secretary and shall be available for allotment under this subpart.”.

CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

SEC. 208. (a) Section 770 is amended to read as follows:

“CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

“SEC. 770. (a)(1) The Secretary shall make annual grants to schools of public health for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year in accordance with paragraphs (2) and (3).

“(2) Each school of public health shall receive for the fiscal year ending September 30, 1985, and for each of the next three fiscal years, an amount equal to the product of—

“(A) $1,400, and

“(B) the sum of (i) the number of full-time students enrolled in such school in the school year beginning in such fiscal year, and (ii) the number of full-time equivalents of part-time students, determined pursuant to paragraph (3), for such school for such school year.

“(3) For purposes of paragraph (2), the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

“(A) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

“(B) the greater of (i) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (ii) 9, rounded to the next highest whole number.

“(b) Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of public health with approved applications exceeds the total of the amounts appropriated for such grants for such schools under subsection (e), the amount of a school’s grant with respect to which such excess exists shall for such fiscal year be an amount which bears the same ratio to the amount determined for the school under subsection (a) as the total of the amounts appropriated for that year under subsection (e) for grants to schools of public health bears to the amount required to make grants in accordance with subsection (a) to each of the schools of public health with approved applications.

“(c)(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as the Secretary deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

“(2) For purposes of this section, the term ‘full-time students’ (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a graduate degree in public health or equivalent degree.

“(d) In the case of a new school of public health which applies for a grant under this section in the fiscal year preceding the fiscal year in which it will admit its first class, the enrollment for purposes of subsection (a) shall be the number of full-time students which the Secretary determines, on the basis of assurances provided by the school, will be enrolled in the school, in the fiscal year after the fiscal year in which the grant is made.

“(e) For payments under this section, there are authorized to be appropriated $5,000,000 for the fiscal year ending September 30, 1985, and each of the three succeeding fiscal years.”.

(b) Section 771 is amended to read as follows:

“ELIGIBILITY FOR CAPITATION GRANTS

“SEC. 771. (a) The Secretary shall not make a grant under section 770 to any school of public health in a fiscal year beginning after September 30, 1977, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

“(1) the first-year enrollment of full-time students in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the first-year enrollment of such students in the school in the preceding school year or in the school year beginning in the fiscal year ending September 30, 1976, whichever is greater; and

"(2) the applicant will expend in carrying out its functions as a school of public health during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

"(b)(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of public health shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

"(A) by 5 percent of such number if such number was not more than 100, or

"(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

"(2) The Secretary may waive (in whole or in part) application to a school of public health of the requirement of paragraph (1) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (approved for such purpose by the Commissioner of Education) that compliance by such school with such requirement will prevent it from maintaining its accreditation. The requirements of subsection (a)(1) shall not apply to schools of public health.".

(c)(1) Section 772(b) is amended—

(A) by striking out "or subsection (a) or (b) of section 788";

(B) by striking out "of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry," and inserting in lieu thereof "public health,";

(C) by striking out "Secretary" each place it appears and inserting in lieu thereof "Secretary of Health and Human Services";

(D) by striking out "Commissioner of Education" and inserting in lieu thereof "Secretary of Education"; and

(E) by striking out "Commissioner" each place it appears and inserting in lieu thereof "Secretary of Education".

(2) The section heading for section 772 is amended to read as follows:

"APPLICATIONS FOR CAPITATION GRANTS"

(3) Section 788 is amended by redesignating subsection (f) (as amended by section 110 of this Act) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) To be eligible for a grant under subsection (a) or (b), the applicant must (1) be a public or other nonprofit school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry, and (2) be accredited by a recognized body or bodies approved for such purpose by the Secretary of Education, except that the requirement of this clause shall be deemed to be satisfied if (A) in the case of a school which by reason of no, or an insufficient, period of operation is not, at the time of application for a grant under this part, eligible for such accreditation, the Secretary of Education finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the Secretary of Health and Human Services makes a final determination as to approval of the application, or (B) in the case of any other school, the Secretary of Education finds after such consultation and after consultation with the Secretary of Health and Human Services that there is reasonable ground to expect that, with the aid of a grant (or grants) under those sections, having regard for the purposes of the grant for which application is made, such school will meet such accreditation standards within a reasonable time.".

(d) The heading for part E of title VII is amended to read as follows:

"PART E—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF PUBLIC HEALTH"

AREA HEALTH EDUCATION CENTERS

SEC. 209. (a) Section 781(c) is amended—

(1) by inserting "and" at the end of paragraph (2);

(2) by striking out paragraph (3);

(3) by redesignating paragraph (4) as (3);

(4) by striking out the second sentence; and

(5) by striking out "if another such school participating in the same program meets the requirement of that paragraph" in the last sentence.

(b) Section 781(d)(2)(F) is amended to read as follows:

"(F) conduct interdisciplinary training and practice involving physicians and other health personnel including, where practicable, physician assistants and nurse practitioners;".

TRAINING IN GENERAL DENTISTRY

SEC. 210. Section 786(b) is amended—

(1) by inserting "or an approved advanced educational program in the general practice of dentistry" before the semicolon in paragraph (1); and

(2) by striking out "residents" in paragraph (2) and inserting in lieu thereof "participants".

SPECIAL PROJECTS

SEC. 211. Section 788(b) is amended by striking out paragraphs (1) through (24) and inserting in lieu thereof the following:

"(1) training in health promotion and disease prevention;

"(2) training in geriatric care and long-term care;

"(3) projects to promote economy in health professions teaching and practice;

"(4) projects to develop initiatives for assuring the competence of health professionals;

"(5) faculty development for health professions schools, including schools of allied health; and

"(6) curriculum development in nutrition.".

PROGRAM ELIMINATIONS

SEC. 212. (a) Section 703 is repealed.

(b) Section 759 is repealed.

(c) Part D of title VII is repealed.

(d) Section 782 is repealed.

(e) Section 785 is repealed.

(f) (1) Section 788A is repealed.

(2) The second sentence of section 788B(a) is amended by inserting "(as such section was in effect prior to October 1, 1984)" after "section 788A".

(3) Section 788B(f) is amended by striking out the last sentence.

(4) Section 788B(h) (as amended by section 111 of this Act) is further amended—

(A) by striking out "and section 788A" in the first sentence; and

(B) by striking out the second sentence.

(g) Section 789 is repealed.

HEALTH SERVICES RESEARCH

SEC. 213. Section 305(c) is amended—

(1) by redesignating clauses (1), (2), and (3), as clauses (A), (B), and (C), respectively;

(2) by inserting "(1)" before "The"; and

(3) by adding at the end thereof the following new paragraph:

"(2) In carrying out this section, the Secretary shall assist State and local health agencies, including the establishment of the user liaison program and a technical assistance program.".

ANALYSIS OF FINANCIAL DISINCENTIVES TO CAREER CHOICES IN HEALTH PROFESSIONS

SEC. 214. The Secretary of Health and Human Services shall include in the report required to be submitted on October 1, 1985, pursuant to section 708(d)(2) of the Public Health Service Act—

(1) an analysis of any financial disincentive to graduates of health professions schools which affects the specialty of practice chosen by such graduates or the decision of such graduates to practice their profession in an area which lacks an adequate number of health care professionals; and

(2) recommendations for legislation and administrative action to correct any disincentive identified pursuant to clause (1), including the appropriateness of providing financial assistance to mitigate such disincentives.

EFFECTIVE DATE

SEC. 215. This Act and the amendments and repeals made by this Act shall take effect on October 1, 1984.

SUMMARY OF HEALTH PROFESSIONS TRAINING ASSISTANCE AMENDMENTS OF 1954

TITLE I—AUTHORIZATIONS OF APPROPRIATIONS

Health Education Assistance Loans (HEAL).—Reauthorizes the federal loan insurance program to a total principal amount of new loans made to a line of credit not exceeding $250,000,000 for fiscal year 1985–88. (Sec. 728(A))

Health Professions Student Loans (HPSL).—Federal capital contributions into student loan funds are authorized at $5,000,000 for fiscal year 1985–88, to schools that have established such student loan funds after July 1, 1972. (see item 7 under Title II). (Sec. 742(a))

Scholarships for Students of Exceptional Financial Need.—Reauthorizes grants to provide scholarships to first year, full-time students in schools of medicine, osteopathy, dentistry, optometry, podiatry, pharmacy, or veterinary medicine who are of exceptional financial need at $5,000,000 for fiscal year 1985–88. (Sec. 758(d))

Departments of Family Medicine.—Reauthorizes grants to schools of medicine and osteopathy to establish, maintain, or improve academic administrative units to provide clinical instruction in family medicine at $7,500,000 for fiscal year 1985–88. (Sec. 758(d))

Area Health Education Centers.—Reauthorizes contracts with schools of medicine and osteopathy for the planning, development and operation of area health education center programs at $18,000,000 for fiscal year 1985–88. (Sec. 781(g))

Physicians Assistants.—Reauthorizes grants to schools of medicine, osteopathy, and other public or nonprofit private entities to meet the costs of projects to plan, develop, operate or maintain programs for the training of physicians assistance at $4,800,000 for fiscal year 1985-88. (Sec. 783(d))

General Internal Medicine and General Pediatrics.—Reauthorizes grants and contracts to schools of medicine and osteopathy, and public or nonprofit private hospitals and other entities to plan, develop, and operate approved residency training programs in general internal medicine or general pediatrics at $17,500,000 for fiscal year 1985-88. (Sec. 784(b))

Family medicine and General Practice of Dentistry.—Reauthorizes grants and contracts to any public or nonprofit private, hospitals, schools of medicine or osteopathy to plan, develop, operate, or participate in professional training programs in the field of family medicine, or public or nonprofit private schools of dentistry or accredited postgraduate dental training institutions to plan, develop and operate an approved residency program or an approved advanced educational program in the general practice of dentistry, at $34,000,000 for fiscal year 1985-88.

Educational Assistance to Individuals from disadvantaged Backgrounds.—Reauthorizes grants and contracts to schools of medicine, osteopathy, public health, dentistry, veterinary medicine, optometry, pharmacy, allied health and podiatry and other health education entities to assist individuals from disadvantaged backgrounds to undertake education to enter a health profession, at $24,000,000 for fiscal year 1985-88. (Sec. 787(b))

Curriculum Development Grants.—Reauthorize grants to and contracts with any health profession, allied health profession or nurse training institution health manpower projects and programs such as, but not limited to: health promotion/disease prevention, training in geriatrics and long term care, promoting economics in health professions, teaching and practice, faculty development for health professional schools, and nutrition, at $6,000,000 for fiscal year 1985-88. (Sec. 788(f))

Advanced Financial Distress Assistance.—Reauthorizes contracts to schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry or pharmacy to provide financial assistance to meet incurred or prospective costs of operation if the Secretary determines that payment of such costs is essential to remove a school from serious and longstanding financial instability (only for schools who have previously received support under section 788(A) or 788(B)), at $5,600,000 for fiscal year 1985-88. (Sec. 788B(h))

Graduate Programs in Health Administration.—Reauthorizes grants to public or nonprofit private educational entities to support graduate educational programs in health administration, hospital administration, and health planning at $1,500,000 for fiscal year 1985-88. (Sec. 791(d))

Traineeships for Students in Other Graduate Programs.—Reauthorizes grants to public, nonprofit private educational entities which offer a program in health administration, hospital administration or health policy analysis and planning, to train students enrolled in such a program, at $500,000 for fiscal year 1985-88. (Sec. 791A(c))

Public Health Traineeships.—Reauthorizes grants to accredited schools of public health and other public or nonprofit institutions which provide training in public health to provide traineeships, at $2,500,000 for fiscal year 1985-88. (Sec. 792(c))

Training in Preventive Medicine.—Reauthorizes grants to and contracts with schools of medicine, osteopathy and public health to plan, develop, maintain or improve residency training programs in preventive medicine, at $1,600,000 for fiscal year 1985-88. (Sec. 793(c))

National Center for Health Services Research.—Reauthorizes grants and contracts for health services research, evaluation and demonstration activities at the following levels: fiscal year 1985. $16,600,000; fiscal year 1986, $17,250,000; fiscal year 1987, $17,900,000; fiscal year 1988, $18,600,000. (Sec. 308(i)(1))

National Center for Health Statistics.—Reauthorizes grants and contracts for health statistical and epidemiological activities at the following levels: Fiscal year 1985, $43,000,000; fiscal year 1986, $44,000,000; fiscal year 1987, $45,000,000; fiscal year 1988, $46,000,000. (Sec. 309(i)(2))

TITLE II—PROGRAM REVISIONS

Schools of chiropractic

a. For purposes of Title VII of the Public Health Service Act, schools of chiropractic are included in the definitions under General Provisions. (Sec. 701 (4) and (5))

b. Schools of chiropractic are included in statute as health professional schools eligible to participate in programs authorized under Educational Assistance To Individuals From Disadvantaged Backgrounds. (Sec. 787)

Training of Physician Assistants.—The definition of program for the training of physician assistants is amended to focus on training individuals qualified to provide primary health care under the supervision of a physician, and emphasize training in disease prevention, health promotion, geriatric medicine and home health care. (Sec. 701)

Schools of allied health

a. For purposes of Title VII of the Public Health Service Act the definition of school of allied health is amended to include college, and institutions providing additional training for allied health professionals. (Sec. 701(10)(A))

b. A new paragraph is added providing a definition of allied health professional which includes individuals with post baccalaureate training in a science related to health care. (Sec. 701(13))

c. An individual representing one of the allied health professional educational programs is included in the National Advisory Council on Health Professions Education. (Sec. 702)

Graduate programs in clinical psychology

a. For purposes of Title VII of the Public Health Service Act, graduate programs in clinical psychology are included in the definitions under General Provisions. (Sec. 701 (4) and (5))

b. Graduate programs in clinical psychology are included in statute as eligible to participate in programs authorized under Educational Assistance To Individuals From Disadvantaged Backgrounds. (Sec. 787)

Acquisition of Equipment and Instrumentation for Teaching Facilities.—Grant authority for assistance in the construction of teaching facilities for health professional schools is amended to include the acquisition of equipment. (Sec. 720) "Equipment" is defined as any equipment, devise, tool, or other medical or scientific instrumentation used by students, faculty or personnel.

Health Education Assistance loans (Heal Program).—The federally insured loan program is amended to permit deferral of interest and principal payments on loans for only a maximum of four years internship and residency after completion of medical school. The 2 percent ceiling on the insurance premium would be eliminated. Amounts in the student loan insurance fund could be used for costs of collection as well as for defaults. Students enrolled in schools of allied health are included in statute among those eligible for these loans, with a limitation of $12,500 in any academic year. (Sec. 729, 731, 732, 734, 737)

Health Professions Student Loan Program (HPSL Program).—The Secretary would no longer reimburse a school for its capital contribution if the borrower became unable to repay the debt; however, schools with federally funded student loan programs would be allowed to charge borrowers an insurance premium against cancellation of liability. The amount of charge a school may assess for failure of a borrower to pay all or any part of an assessment is amended to equal the sum of the outstanding loan plus six per cent interest rate plus the cost of collection of such debt.

The Secretary is authorized to assist in collecting a loan in default if the school has previously exercised all due diligence in attempting to collect the loan. The salary of a Federal employee who has defaulted on a student loan could be withheld. Funds collected from such action will be deposited in the school's student loan fund. Funds authorized for federal capital contributions to student loan programs are limited to schools of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, and veterinary medicine that established student loan funds with federal capital contributions after July 1, 1982. Excess cash balances in student loan funds shall be returned to the Secretary and may be allocated to schools with deficient loan funds. (Sec. 741, 742)

Capitation Grants for Schools of Public Health.—Annual grants to schools of public health for support of educational programs are made according to a prescribed formula considering full-time and full-time equivalents of part-time students. Payments under this section are authorized at $5,000,000 for fiscal year 1985-88. Subsequent sections specify eligibility and application requirements for schools of public health for capitation grants which are the same as current law. (Sec. 770, 771)

Area Health Education Centers.—Authority for the AHEC program is amended to eliminate the requirements to provide training for physicians assistants and nurse practioners. (Sec. 781)

Training in General Dentistry.—Authority for the program is amended to add approved advanced educational programs in the general practice of dentistry, recognizing non-hospital based training programs. (Sec. 786)

Special Projects.—Curriculum development projects for health, health profession and allied health profession schools are amended to focus on current national health priorities including, but not limited to: health promotion/disease prevention, geriatric care and long-term care, promoting economy in health professions, teaching and practice, projects assuring competence of health professionals, faculty development, and nutrition.

Program Eliminations.—Several obsolete or redundant sections of Title VII of the Public Health Service Act are eliminated as follows:

a. Advance Funding—Title VIII (Sec. 703). This authority has not been used for many years. "Advance funding" (appropriations of funds this year for obligation in a future year) is different from "forward funding" (appropriation and obligation of funds this year for expenditure by the recipient of the award next year).

b. Lister Hill Scholarship Program (Sec. 759). This authority, added by the Health Professions Educational Assistance Act of 1976, never was implemented. It expired (for new awards) at the end of fiscal year 1980.

c. Part D:

1. Grants to Provide Professional and Technical Training in the Field of Family Medicine (Secs. 761-1st 768). This authority was never implemented. It expired at the end of fiscal year 1973.

2. Grants for Training, Traineeships, and Fellowships in Family Medicine (2nd Sec. 767). This authority expired at the end of fiscal year 1977 and has been replaced by the family medicine training authority in Sec. 786.

3. Grants for Support of Postgraduate Training Programs for Physicians and Dentists (2nd Sec. 768). This authority never was implemented and expired at the end of fiscal year 1976.

4. Grants for Training, Traineeships, and Fellowships for Health Professions Teaching Personnel (Sec. 769).

5. Grants for Computer Technology Health Care Demonstration Programs (Sec. 769A). This authority expired at the end of fiscal year 1977.

6. General Provisions (Relating to Expired Secs. 767-769A) (Sec. 769B). This section should be repealed with Secs. 767-769A.

d. Education of Returning U.S. Students from Foreign Medical Schools (Sec. 782). This authority expired at the end of fiscal year 1980 and is no longer needed.

e. Occupational Health Training and Education Centers (Sec. 785). This authority, which expired at the end of fiscal year 1980, never was implemented as such. Similar training centers have been established under more general authorities administered by the National Institute for Occupational Safety and Health.

f. Grant authority for Financial Distress (Sec. 788A). Which has been replaced with targeted funds for the appropriate minority schools under Advanced Financial Distress authorized through 1988 in this legislation (Sec. 788B).

g. Training in Emergency Medical Services (Sec. 789). This authority expired at the end of fiscal year 1982 (per Public Law 96-142). Responsibility for EMS training is more appropriately assumed by State and local governments or other non-Federal entities.

h. Capitation Grants (Sec. 770-771). Capitation grants for health profession schools, with the exception of schools of public health, are eliminated.

Health Services Research.—A new authority is included in statute highlighting the User Liaison program currently conducted by the National Center for Health Services Research, and allowing provision of technical assistance to State and community health officials.

Analysis of Financial Disincentives in Career Choices in Health Profession.—A study is required analyzing financial disincentives to graduates of health professions schools affecting their choice of specialty and geographic location. Recommendations regarding a Federal program of financial assistance to mitigate such disincentives is requested, if found to be necessary.

By Mr. PELL:

S. 2561. A bill entitled the "Training Technology Transfer Act of 1984"; to the Committee on labor and Human Resources.

TRAINING TECHNOLOGY TRANSFER ACT

● Mr. PELL. Mr. President, I introduce today the Training Technology Transfer Act of 1984, a bill to facilitate the transfer of computerized training programs developed by the Federal Government, to the private sector and to State and local governments for use in manpower training programs.

The bill is designed to maximize the return on the public's investment in the costly process of computer programing for Government training systems that can by used with or without modification in the private sector or by local government entities. Hopefully it should prove to be a low budget way of bringing the Government to small businesses, community colleges and local job training programs which could not otherwise pay the cost of developing such programs.

Computer-based training systems are promising innovations on the educational landscape. By combining the latest developments in video disc technology with microcomputers, they provide visual representations of training problems and permit a high degree of interactivity between the trainee and the system. The trainee can request more explanation and elaboration and the system can test the trainee, before proceeding from one stage to another of the program.

In recent years, the Federal Government has invested heavily in this new technology, particularly in the armed services, where there is such a large pool of manpower to be trained that the high cost of technological innovation can be justified. In 1982, the Department of Defense spent $256 million on educational technology, while all other agencies of the Federal Government spent $18 million.

Last November, I sponsored, together with the distinguished minority leader (Mr. Byrd) and the distinguished Senator from Georgia (Mr. Nunn) an exhibition in the Russell Building rotunda of training technology developed by the Department of Defense. The exhibition provided a useful opportunity to see at close hand some of the systems that might be covered by this act. There was, for example, a program designed to teach trouble-shooting strategy for repair of a radar system, which displayed the system's electronic circuitry on the video screen and allowed the trainee to call up and examine magnified segments until he identified the source of a hypothetical system failure. Other programs dealt with map reading and navigation, automobile maintenance and basic literacy skills.

Designing the computer programs, or software, to drive these training systems is a high cost, labor intensive task that can cost between $100,000 and $1 million for a major system. This is why there must be a large pool of prospective beneficiary trainees if such systems are to be cost effective. It also is why it makes sense to transfer, as this bill proposes to do, the programs developed by the Government to the public domain and thereby assure that they will serve the widest possible number of beneficiaries in addition to their primary Government audience. Just to illustrate, a $250,000 military training program would cost $1 a student if it served a military audience of 250,000 troops, but if the same program, released nationwide for manpower training were to serve a total of 1 million people, its average cost would be 25 cents per trainee.

The bill I am introducing today establishes a framework for facilitating transfers of such training systems to the private sector and, hopefully, achieving gains in cost effectiveness on a scale, if not always of the same magnitude of the hypothetical example just cited. It should be emphasized that the bill does not apply to computer equipment or hardware, but rather to computer programs or software, which might be thought of as the creative dimension of computer technology today.

The bill would establish within the Department of Education an Office of Training Technology Transfer with a small staff headed by a director appointed by the Secretary of Education to perform the following functions:

One, compile and maintain an inventory of all training technology developed by or under the supervision of the Federal Government;

Two, distribute the inventory widely, using all existing channels of communication to the private sector, State and local governments and relevant interest groups;

Three, advise and assist in the transfer of programs listed in the inventory to prospective user applicants; and

Four, contract with qualified service providers for conversion of programs to meet the needs of prospective user-applicants, in the event modifications are required in the original version.

Conversion contracts could be negotiated on behalf of individual small businesses or educational institutions up to $25,000; State or local governments or agencies thereof, or trade associations, up to $50,000, or consortiums of such entities up to $250,000. Large enterprises employing more than 500 persons are specifically exempted from conversion assistance and would have to bear the full cost themselves.

The entire budget for the program is proposed at $15 million, but the money spent would be subject to a substantial multiplier effect insofar as every dollar spent would promote the further use of an investment already made, and in so doing would enhance the employability and productivity of U.S. workers.

Mr. President, this is a bill that charts a new course in unexplored areas. It crosses many jurisdictional lines and although simple in concept, may raise technical questions not yet anticipated. It may need to be perfected and revised in the course of hearings and committee deliberations. But I am convinced that its basic concept is sound and that it is in the public interest.

I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2561

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Training Technology Transfer Act of 1984".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds and declares that—

(1) Federal agencies, particularly the Department of Defense, have made extensive investments of public funds in the development of training technology;

(2) much training technology, especially computer programs and videodisc systems, is directly transferable to the private sector or could be transferable to the private sector after conversion;

(3) the transfer of training technology to the private sector could properly augment existing Federal programs for the training of new industrial workers or the retraining of workers whose jobs have been disrupted because of technological developments, foreign trade, and changes in consumer requirements; and

(4) the transfer of training technology to the private sector would be especially beneficial to small business concerns which lack the resources to develop such technology independently.

(b) Therefore, it is the purpose of this Act to facilitate the transfer of training technology from Federal agencies to the private sector and to State and local governments and agencies thereof in order to support the training and retraining of industrial workers, especially workers in small business concerns.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "Board" means the Training Technology Transfer Advisory Board established pursuant to section 7;

(2) the term "community-based organizations" has the same meaning as in section 4(5) of the Job Training Partnership Act;

(3) the term "conversion" means the process whereby training technology is analyzed and adapted to meet the needs of a non-Federal entity;

(4) the term "Director" means the Director of the Office of Training Technology Transfer established pursuant to section 4;

(5) the term "Federal agency" has the meaning given to the term "agency" in section 551(1) of title 5, United States Code;

(6) the term "National Occupational Information Coordinating Committee" means the National Occupational Information Coordinating Committee established under section 161(b)(1) of the Vocational Education Act of 1963;

(7) the term "Office" means the Office of Training Technology Transfer established pursuant to section 4;

(8) the term "private industry council" means a private industry council established under section 102 of the Job Training Partnership Act;

(9) the term "Secretary" means the Secretary of Education;

(10) the term "small business concern" has the same meaning as in section 3 of the Small Business Act;

(11) the term "State job training coordinating council" means a State job training coordinating council established under section 122 of the Job Training Partnership Act;

(12) the term "State occupational information coordinating committee" means a State occupatonal information coordinating committee established under section 161(b)(2) of the Vocational Education Act of 1963;

(13) the term "training technology" means computer software which is developed by a Federal agency to train employees of the agency and which may be transferred or converted for use by a non-Federal entity, and includes computer based instructional programs, interactive video disc systems, computer programs for microcomputer training devices and audiovisual devices, and programed learning kits; and

(14) the term "transfer" means the process whereby training technology is made available to a non-Federal entity for the training of the employees of such entity, with or without the conversion of such technology.

OFFICE OF TRAINING TECHNOLOGY TRANSFER

SEC. 4. (a) There is established in the Department of Education an Office of Training Technology Transfer. The Office shall be headed by a Director, who shall be appointed by the Secretary of Education. The position of the Director shall be placed in the Senior Executive Service. The Director shall be compensated at the lowest rate established for the Senior Executive Service under section 5381 of title 5, United States Code.

(b) To carry out this Act, the Director may appoint not in excess of 25 individuals in accordance with the civil service laws, and to compensate such individuals in accordance with the General Schedule under section 5332 of title 5, United States Code.

(c) In carrying out this Act, the Director shall utilize, to the fullest possible extent, all existing Federal programs to promote the identification, conversion, and transfer of training technology in accordance with this Act.

FUNCTIONS OF THE OFFICE

SEC. 5. (a)(1) The Director shall compile and maintain a current and comprehensive inventory of all training technology developed by or under the supervision of Federal agencies, especially training technology developed by or under the supervision of the Office of Assistant Secretary of Defense for Manpower, Reserve Affairs and Logistics of the Department of Defense. The inventory shall include, with respect to each item of training technology listed in the inventory—

(A) a complete description of such technology, including the purpose, content, intended academic level or competency level, and mode of presentation of such technology;

(B) a description of each type of computer hardware which is compatible with such technology and of any other equipment required to use such technology;

(C) a specification of any patent, copyright, or proprietary interest affecting the copying, conversion, or transfer of such technology; and

(D) information with respect to any conversion or transfer of such technology pursuant to this Act.

(2) In compiling the inventory required by this subsection, the Director shall—

(A) consult with and utilize fully the resources of all Federal agencies engaged in the collection and dissemination of information concerning training and technology, including the National Technical Information Service of the Department of Commerce and the Center for Utilization of Federal Technology of such Department; and

(B) request the participation and cooperation of entities in the legislative and judicial branches of Government.

(b)(1) The Director shall disseminate widely and on a regular basis the inventory required by subsection (a) and any revisions thereof in order to enable all potential users of training technology to receive ample notice that Federal agencies have developed such technology. In carrying out the preceding sentence, the Director shall—

(A) utilize all interagency and intergovernmental communication mechanisms, including the National Occupational Information Committee, State occupational information coordinating committees, State job training coordinating councils, private industry councils, State economic development agencies, and the Small Business Administration; and

(B) encourage the participation of independent private sector organizations, including organizations representing educational institutions, technical and professional organizations, and trade associations.

(2) The Director shall develop and distribute, in conjunction with the dissemination of the inventory required under subsection (a), detailed instructions and procedures for securing copies, including such rights thereto as may be required, of training technology listed in such inventory and instructions for participating in the conversion assistance program established under subsection (d) of this section.

(c) The Director shall advise and consult with any entity which is a prospective user of training technology listed in the inventory required under subsection (a) and assist such entity in securing the transfer and conversion of such technology from the Federal agency which developed such technology. If such agency has not established procedures for the transfer and conversion of such technology, the Director shall negotiate the transfer and conversion of such technology upon application by such entity.

(d)(1)(A) If an entity described in subparagraph (B) applies to the Director for the conversion of training technology listed in the inventory required under subsection (a), the Director shall enter into contracts with competent educational institutions and qualified private sector firms for the conversion of such technology in order to adapt such technology to the requirements of such entity.

(B) An entity referred to in subparagraph (A) is—

(i) a small business concern employing not more than 500 employees;

(ii) a public or private educational institution which is duly accredited, funded, or licensed by a State, including a college, university, community college, public school system, private preparatory school, or vocational school;

(iii) a trade association or a community-based organization;

(iv) a State or local government or an agency thereof or a private industry council; and

(v) a consortium of—

(I) State and local governments;

(II) private industry councils;

(III) community-based organizations; or

(IV) small business concerns, each of which employs not more than 500 employees.

(2) In awarding contracts under this subsection, the Director shall give preference to proposals by entities described in paragraph (1)(B) which will result in the enhancement of the employability and potential earnings of a maximum number of individuals. In carrying out the preceding sentence, the Director shall—

(A) conduct analyses of national needs for conversions of training technology listed in the inventory required under subsection (a), including analyses of the potential number of individuals who will benefit from such conversions, the content of computer software currently available for employee training, and the required levels of proficiency for the use of such software; and

(B) encourage and promote multiple use of training technology converted pursuant to this subsection by entities with similar training needs.

(3) Except as provided in paragraph (4), the Director may not enter into any contract under this subsection to assist an entity described in paragraph (1)(B), which—

(A) in the case of an entity described in clause (i) or (ii) of paragraph (1)(B), exceeds $25,000;

(B) in the case of an entity described in clause (iii) or (iv) of paragraph (1)(B), exceeds $50,000;

(C) in the case of a consortium described in paragraph (1)(E)(v)(IV), exceeds an amount equal to the product of $25,000 and the number of small business concerns in such consortium, except as provided in subparagraph (E) of this paragraph;

(D) in the case of a consortium described in clause (v)(I), (v)(II), or (v)(III) of paragraph (1)(B), exceeds an amount equal to the product of $50,000 and the number of State and local goernments, private industry councils, or community-based organizations, as the case may be, in such consortium, except as provided in subparagraph (E) of this paragraph; or

(E) in the case of—

(i) a trade association or a community-based organization which has units to train individuals in five or more States;

(ii) a consortium consisting of five or more units of State or local governments, private industry councils, or community-based organizations; or

(iii) a consortium of ten or more small business concerns, each of which employs not more than 500 employees,

exceeds $250,000 or an amount equal to the product of $50 multiplied by the number of individuals who will be trained with the technology to be converted pursuant to a contract under this subsection, whichever is less.

(4)(A) if the costs of conversion of a training technology exceed the applicable amount described in paragraph (3), the Director may authorize the applicant for the conversion of such technology to contribute amounts to pay for the cost of such conversion if the total amount of contributions which will be necessary to pay the costs of such conversion fo not exceed 50 percent of such costs.

(B) No applicant which contributes to the cost of conversion of training technology under subparagraph (A) shall receive any proprietary interest, share of ownership or control, copyright, or patent in the technology converted with such contribution.

(C) The Director shall promulgate regulations and procedures for contibutions to the costs of conversion of training technology under this subsection.

(5) After the performance of a contract entered into under this subsection is completed, the Director shall provide a copy of the training technology converted pursuant to such contract to the entity which applied to the Director under paragraph (1) for the conversion of such technology. Any training technology converted pursuant to a contract under this subsection shall be listed in the inventory required under subsection (a) and shall be available for conversion or transfer to any other entity pursuant to this Act.

(6) Any entity which is not an entity described in paragraph (1)(B) and which wishes to obtain the transfer or conversion of any training technology listed in the inventory required under subsection (a) shall pay the full cost of such transfer or conversion.

(7) The authority of the Director to enter into contracts under this section shall be to such extent or in such amounts as are provided in appropriation Acts.

(e) The Director shall conduct studies and analyses of conversions and transfers of training technology, including an evaluation of the effectiveness of training technology converted or transferred pursuant to this Act.

(f) All Federal agencies shall cooperate with the Director in the implementation of this Act. If the head of a Federal agency finds that such agency is unable to cooperate with the Director for reasons of national security, or for any other reason, such agency head shall report such finding to the Secretary. The Secretary shall report to the Congress by July 1 of each year all such findings received by the Secretary during the preceding twelve-month period.

ADMINISTRATIVE PROVISIONS

Sec. 6. (a) In carrying out this Act, the Director is authorized—

(1) to promulgate such rules, regulations, procedures, and forms as may be necessary to carry out the functions of the Office, and delegate authority for the performance of any function to any officer or employee of the Office under the direction and supervision of the Director;

(2) to utilize, with their consent, the services, equipment, personnel, information, and facilities of other Federal agencies and of State, local, and private agencies and instrumentalities, with or without reimbursement therefor;

(3) to enter into agreements with other Federal agencies as may be appropriate;

(4) to accept voluntary and uncompensated services, without regard to the provisions of section 1342 of title 31, United States Code; and

(5) to request such information, data, and reports from any Federal agency as the Director may from time to time require and as may be produced consistent with other law.

(b) Upon request of the Director, the head of each Federal agency shall promptly make the services, equipment, personnel, facilities, and information of the agency (including suggestions, estimates, and statistics) available to the Office to the greatest extent practicable.

TRAINING TECHNOLOGY TRANSFER ADVISORY BOARD

Sec. 7. (a) There is established the Training Technololgy Transfer Advisory Board, which shall be composed of—

(1) six members representing educational institutions, job training services organizations, labor organizations, small business concerns, other business concerns, and community-based organizations; and

(2) the Secretaries of Defense, Commerce, and Labor (or their designees), who shall be ex officio members.

(b) The Director shall serve ex officio as Executive Secretary of the Board.

(c)(1) Each member of the Board described in subsection (a)(1) shall be appointed by the Secretary for a three-year term. Each such member shall receive compensation at a rate equal to the daily rate prescribed for GS-16 under the General Schedule under section 5332 of title 5, United States Code, including traveltime, for each day such member is engaged in the actual performance of duties as a member of the Board, and shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(2) The Secretary shall designate one of such members as Chairman of the Board.

(d) The Board shall meet at least twice yearly at the call of the Secretary, or more frequently upon motion of a majority of its members.

(e) The Board shall—

(1) consult with and advise the Director on the operations of the Office;

(2) monitor and review the performance of the Office and the implementation of this Act;

(3) suggest new applications of training technology transfer and conversion;

(4) make recommendations for legislation to amend this Act and to revise regulations and procedures issued thereunder; and

(5) prepare and transmit reports to the Secretary and to the Congress as the Board considers appropriate.

PRESERVATION OF PUBLIC INTEREST

Sec. 8. Any training technology transfered or converted pursuant to this Act shall remain in the public domain and no recipient or beneficiary of such technology shall gain any exclusive right, patent, copyright, or ownership over such technology by reason of such transfer or conversion.

AUTHORIZATION OF APPROPRIATIONS

Sec. 9. To carry out this Act, there are authorized to be appropriated $15,000,000 for fiscal year 1985, and such sums as may be necessary for each succeeding fiscal year.●

By Mr. McCLURE (for himself, Mr. Percy, Mr. Kennedy, Mr. Baker, and Mr. Stevens):

S. 2562. A bill to amend the John F. Kennedy Center Act and for other purposes; to the Committee on Environment and Public Works.

JOHN F. KENNEDY CENTER ACT AMENDMENTS

● Mr. McCLURE. Mr. President, Senator Charles Percy, Senator Ted Kennedy, and I, along with Mr. Baker and Mr. Stevens, are introducing legislation at this time providing for waiver of interest payments and for early repayment of the John F. Kennedy Center for the Performing Arts revenue bonds purchased by the Secretary of Treasury.

The Kennedy Center was constructed with three primary sources of funding: appropriated funds, totalling $23.0 million; $34.5 million in private contributions, more than adequate to match the direct federal appropriations; and $20.4 million in Treasury bonds, due for repayment between 2017 and 2019. The authorizing legislation permitted the Secretary of the Treasury to defer annual interest payments on the bond amounts, and every Treasury Secretary since 1972 has deferred those payments. The Treasury has formally advised the Kennedy Center that it will not defer the interest payment due in 1984.

This proposed legislation would permanently waive interest on this intragovernmental debt and would require the Kennedy Center to begin early repayment of the principal. These payments would be made into a sinking fund to be created and managed by the Treasury Department. The amounts to be repaid are calculated to eliminate the principal by the time the bonds come due. While permanently waiving interest payments will reduce Government receipts, the financial reality of the Kennedy Center operation is that it is sound enough to cover its annual operating cost for the indefinite future and to repay the principal amount of their bond obligation but is not lucrative enough to also pay the compound interest on the bonds.

The Kennedy Center has been able to support their reputation as a National Cultural Center without the subsidy of an annual Federal appropriation for its performing arts functions. The repayment of the principal and interest on the Treasury bonds has long been the major financial crisis confronting Kennedy Center fundraising efforts. I belief that it is time to recognize the successes of the Kennedy Center and ask that you join with us in providing the Center with a more realistic and attainable debt service plan. The administration has indicated its support for this proposal and that the President will sign the bill if enacted as proposed.

Mr. President, I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2562

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 9 of the Kennedy Center Act (20 U.S.C. 760) is amended:

(1) By inserting "(a)" immediately after "Sec. 9.", and by striking out the third, fourth, and seventh sentences thereof; and

(2) By adding at the end thereof the following new subsections:

"(b) Effective as of the date of enactment of this subsection the obligations of the Board incurred under subsection (a) of this section shall bear no interest, and the requirement of the Board to pay the unpaid interest which has accrued on such obligations is terminated.

"(c) There is hereby established in the Treasury of the United States a sinking fund, the Kennedy Center Revenue Bond Sinking Fund (hereinafter referred to as the "Fund"), which shall be used to retire the obligations of the Board incurred under subsection (a) of this section upon the respective maturities of such obligations. The Board shall pay into the Fund, beginning on January 1, 1987 and ending on January 1, 2016, the annual sum of $200,000 in amortization of the principal amount of the obligations. Such sums shall be invested by the Secretary of the Treasury in public debt securities with maturities suitable for the needs of the Fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities. The interest on such investments shall be credited to and form a part of the Fund. Moneys in the Fund shall be used exclusively to retire the obligations of the Board incurred under subsection (a) of this section. Adjustments of not greater than plus or minus five percent may be made from time to time in the annual payments to the Fund in order to correct any gains or deficiencies as a result of fluctuations in interest rates over the life of the investments. *Provided, however:* That a final adjustment shall be made between the Board and the Secretary of the Treasury at the end of the amortization period to correct any overall gain or deficiency in the Fund. The terms of this adjustment shall be covered by a memorandum of understanding between the Board and the Secretary of the Treasury to be consummated on or before the time the initial payment into the Fund is made."●

By Mr. D'AMATO (for himself, Mrs. Hawkins, Mr. Moynihan, Mr. Cranston, and Mr. Dodd)

S. 2563. A bill to amend section 1201 of the National Housing Act to extend the crime insurance program; to the Committee on Banking, Housing, and Urban Affairs.

NATIONAL HOUSING ACT AMENDMENTS

● D'AMATO. Mr. President, I rise today to introduce legislation to reauthorize the Federal crime insurance program through September 30, 1985. Should this legislation be approved by Congress, the legislative life of the crime insurance program will become coterminous with that of the flood insurance program.

Both of these programs were originally created to promote the stabilization of areas of our country that would otherwise be abandoned by residents and proprietors of commercial establishments were it not for their ability to secure affordable crime and flood insurance. These programs offer eligible participants insurance coverage for property that would generally be considered uninsurable in the eyes of private insurers due to their location in areas of high risk for the casualties against which they protect.

Unfortunately, as a result of last minute compromises forged during negotiations on the Housing and Urban-Rural Recovery Act of 1983, the crime insurance program received only a 1-year reauthorization—until September 30, 1984—while the flood insurance program was extended for 2 years—until September 30, 1985. My proposal, Mr. President, put forth with the utmost sense of equity and justice, will extend the life of the crime insurance program until September 30, 1985. The programs have the same basic intent and purpose. I see no justification to terminate the authority of one program prior to the other.

The Federal crime insurance program provides crime insurance to businesses and residences in poor urban areas plagued with notoriously high crime rates. These businesses and residences would be unable to obtain this insurance at affordable prices in the private market and, thus, would most probably migrate out of these areas leading to the further deterioration of our inner cities.

When Congress adopted the Urban Property Protection Act of 1968, it found that decline of core areas of many of our cities was posing a serious threat to our econony in addition to Federal, State, and local tax bases:

> The vitality of many American cities is being threatened by the deterioration of their inner city areas; responsible owners of well maintained residential, business and other properties in many of these areas are unable to obtain adequate property insurance coverage against fire, crime and other perils; the lack of such insurance coverage accelerates the deterioration of these areas by discouraging private investment and restricting the availability of credit to repair and improve property therein; and this deterioration poses a serious threat to the national economy . . .

Unfortunately, this statement is as true today as it was in 1968. Just as the extension of the flood insurance program is justified by the perpetual threat of natural disasters, merchants, and residents in our urban centers continue to live with a daily fear of a flood of criminal activity that threatens their very existence. It would be unjust for Congress to leave these people at the mercy of private sector insurance concerns that will only insure against these risks at prohibitively exorbitant rates, if at all.

It has been argued that the crime insurance program is utilized by only a handful of States and, thus, its existence is no longer justified. This reasoning applies just as well to the flood insurance program. In 1983, four States accounted for 79.7 percent of the claims paid out of the national flood insurance fund. Over the entire life of the flood insurance program, seven States have received nearly 70 percent of all claims paid. Are we to say, Mr. President, that, because only a handful of States principally benefit from the flood insurance program, it should be terminated without any provision for insurance against these unavoidable risks? Certainly not. In fact, it was for these high risk areas that both the Federal flood and crime insurance programs were created and perpetuated.

In addition, Mr. President, it was never claimed that either of these programs would be entirely self-sustaining. Congress decreed that premiums for these types of coverage were to be affordable, rather than actuarily sound. In fact, it is the flood insurance program that has put the greatest strain on the Federal budget. In 1983, total obligations of the flood insurance program exceeded total premium income by $223 million, while the crime insurance program was a mere $22 million in the red.

Moreover, Mr. President, the loss ratio for the crime insurance program has shown a dramatic and consistent improvement in recent years. Specifically, the loss ratio in the program has fallen from $3 paid out for every $1 received in premium income in June 1981, to $1.18 of claims for every $1 in premiums in January 1984.

Thus, the combined ratio for the crime insurance program, 118 for the 12-month period ending January 13, 1984, corresponds closely to the combined ratio for the property-liability insurance industry as a whole, which was 114 for 1983. This is truly remarkable, considering that the Federal program insures only the worst risks—those considered untouchable in the private sector. This data strongly indicates that the Federal subsidy of the program will continue to decline.

Mr. President, 23 States and the District of Columbia currently participate in the crime insurance program as a result of the Federal Insurance Administrator's determination that a critical availability problem for crime insurance coverage exists in the private insurance market in these States. I would venture to say that the need for the program extends beyond these States currently participating in the program. The Federal Insurance Administration has been lax in promoting and marketing the crime insurance program. It has not put in the same effort as it has for the flood insurance program. With broader participation, the crime insurance program can expand its premium base and diversify its risk, which would put it well on the way to eventual self-sufficiency.

I urge my colleagues to support the reauthorization of the crime insurance program on the basis that a demonstrable need for this program exists and that its performance will continue to improve. As with the flood insurance program, nothing has changed which would undercut the rationale which forged the original creation of the program: that excessive crime losses, concentrated in heavily populated urban areas made insurance costs otherwise prohibitive for the merchants and residents that form the backbone of these communities. The Congress should protect these citizens from the relentless flood of crime in urban areas with no less vigor than that with which it protects those in rural areas from natural disasters.

Mr. President, I ask unanimous consent that my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2563

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1201(b)(1) of the National Housing Act is amended by striking out "September 30, 1984" and inserting in lieu thereof "September 30, 1985".●

By Mr. HEINZ (for himself, Mr. Specter, Mr. Percy, Mr. Dixon, Mr. Riegle, and Mr. Glenn).

S. 2564. A bill to grant the consent of Congress to a High Speed Passenger Rail Interstate compact between the States of Illinois, Indiana, Michigan, Ohio, and Pennsylvania and to authorize the Department of Transportation to cooperate with such States in implementing the compact; to the Committee on the Judiciary.

HIGH SPEED COMPACT

● Mr. HEINZ. Mr. President, today I introduce the High Speed Rail Compact Act of 1984. This legislation, which is cosponsored by my colleagues Senators, Specter, Percy, Riegle, Dixon, and Glenn will give Federal recognition to the High Speed Rail Compact between the States of Pennsylvania, Ohio, Indiana, Illinois, and Michigan, enabling this compact to undertake studies of the feasibility of a high speed rail system in these States in cooperation with the U.S. Department of Transportation and other Federal agencies.

As one who has long championed the benefits of electrified rail travel, I am pleased to be able to introduce this legislation on behalf of the States involved. High speed rail systems are currently being studied for construction in Florida, Texas, California, Louisiana, Mississippi, and the States represented by this legislation. High speed rail has been a proven success in operation across Europe and in Japan. In this country, it remains a dream, but with this legislation it can be brought closer to realization.

Several years ago, the Congress established a panel to study America's future transportation needs. The panel, composed of both Senate and House members as well as transportation leaders, worked with a technical staff for several years as the National Transportation Study Commission.

The Commission's final report predicted that by the year 2000, America will require almost double its present infrastructure for passenger travel. Currently, only one-tenth of 1 percent of all passenger travel in America is by train. If we are to meet the travel needs predicted by the National Transportation Study Commission, the first priority should be the development of our rail system.

High speed rail envisions a new type of railroad passenger service. The trains, traveling at speeds in excess of 150 mph, would produce competitive travel times for regional trips. In addition, the safety record compiled to date by the Japanese in the operation of their "Bullet Trains" is remarkable: since 1964, over 1.5 billion passengers have traveled without a single injury or fatality.

A high speed rail network will not only provide the transportation system necessary for future growth in our region, but it will also deliver benefits related to its planning and construction. In my State of Pennsylvania alone, as many as 45,000 construction jobs and 9,800 permanent jobs could be created in connection with a high speed rail system between Pittsburgh and Philadephia. Similar economic benefits would be found in the construction of high speed rail systems in the other compact States.

This economic activity would be shared by a wide range of industries, sparking an employment upturn in many of the same industries that built the interstate highways, such as construction companies clearing the rights of way, constructing bridges, and laying the roadbed. Heavy industry currently building conventional railroad equipment would have a new market, while construction would also involve the advanced technology involved in communications, operations, ticketing, and other aspects of a high speed rail system.

In the cities of the member States, high speed rail would be expected to provide a new dimension to the revitalization of urban areas which have fallen into neglect as rail service declined. The high speed rail facilities will stimulate business, construction, employment, and tax revenues. The five States served by this compact comprise the industrial heartland of America. Today this heartland and its industry have been weakened to create more jobs. A modern, efficient rail passenger system would make it attractive for business to locate in our States and lay a strong foundation for industrial revitalization by recession and new competition and it is seeking new businesses and opportunities.

Mr. President, other countries have demonstrated the feasibility of high speed passenger rail systems. Clearly, we will not see construction tomorrow, but this legislation will enable the High Speed Rail Compact to seek funds for planning and initial design concepts from the Federal Government in order to demonstrate the economic feasiblity of the project to private and public investors. Toward that end, Mr. President, I suggest the development of high speed rail transportation in this country will be an exciting and productive chapter in our rich history of America's railroads.

I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2564

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress consents to the compact entered into between the States of Illinois, Indiana, Michigan, Ohio, and Pennsylvania for the development of an interstate high speed interstate passenger network (hereinafter in this Act referred to as the "High Speed Compact"). Such compact is substantially as follows:

"INTERSTATE HIGH SPEED INTERCITY RAIL PASSENGER NETWORK COMPACT

"The party States solemnly agree:

"ARTICLE I.—POLICY AND PURPOSE

"Because the beneficial service of and profitability of a high speed interstate rail passenger system would be enhanced by establishing such a system which would operate across State lines, it is the policy of the States party to this compact to cooperate and share jointly the responsibilities concerning the development and operation of such a system connecting the major cities in Ohio, Indiana, Michigan, Pennsylvania, Illinois, and any other State which subsequently becomes a participant through enactment of the compact.

"ARTICLE II.—COOPERATION

"The States of Ohio, Indiana, Michigan, Pennsylvania, Illinois, and any other State which subsequently becomes a participant through enactment of the compact hereinafter referred to as participating States, agree to, upon adoption of this compact by the respective States, jointly participate in providing such information and data as is available and may be requested by a participating State or any consulting firms representing a participating State or the compact. It is mutually understood by the participating States that such information shall not include matters not of public record or of a nature considered to be privileged and confidential unless the State providing such information agrees to waive the confidentiality. The participating States further agree:

"(a) to make available to each other and to any consulting firm representing the member States or the compact such assistance as may be legal, proper and available, including but not limited to personnel, equipment, office space, machinery, computers, engineering and technical advice and services and to

"(b) provide such financial assistance for the implementation of the compact as may be legal, proper and available.

"ARTICLE III.—INTERSTATE RAIL PASSENGER ADVISORY COUNCIL

"There is hereby created an interstate rail passenger advisory council, the membership of which shall consist of two representatives from each participating State. The representatives shall be selected in accordance with the enacting legislation of the member States. The members of the advisory council shall serve at the pleasure of their appointing authority. The members shall select designees who shall serve in the absence of the members.

"The advisory council shall coordinate all aspects of the high speed interstate rail passenger system relative to interstate connections and shall do all other things necessary and proper for development of high speed rail passenger systems within the compact region.

"ARTICLE IV.—EFFECTIVE DATE

"This compact shall become effective for the States of Illinois, Indiana, Michigan, Ohio and Pennsylvania, which States have previously enacted such compact into law, upon the adoption of this Bill into law by the Congress of the United States, with consent of the President of the United States. Thereafter, it shall enter into force and effect as to any other participating State upon the enactment thereof by such State.

"This compact shall continue in force with respect to a participating State and remain binding upon such State until six months after such State has given notice to each other participating State of the repeal thereof. Such withdrawal shall not be construed to relieve any participating State from any obligation incurred prior to the end of the State's participation in the compact as provided herein.

"ARTICLE V.--CONSTRUCTION AND SEVERABILITY

"This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence or provision of this compact is declared to be contrary to the constitution of any participating State or of the United States or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any participating State, the compact shall remain in full force and effect as to the remaining States and in full force and effect as to the State affected as to all severable matters.".

Sec. 2. The Secretary of Transportation is authorized and directed to encourage the High Speed Compact through full cooperation and assistance. There are authorized to be appropriated to the Secretary of Transportation such sums as are necessary to assist in the implementation of the High Speed Compact.

Sec. 3. This Act specifically recognizes the inherent right of each State in the High Speed Compact to operate interstate high speed passenger trains within its borders and authorizes the States of the High Speed Compact to operate interstate high speed passenger trains across their borders into other States of the High Speed Compact, in accordance with the plans and specifications of the High Speed Compact. This Act also recognizes the inherent right of each sovereign state in the High Speed Compact to license or franchise any public or private corporate body to build and operate systems of high speed trains, within their own borders.

Sec. 4. This Act specifically recognizes that operation of high speed passenger trains by the High Speed Compact or its member States or designees thereof is not in conflict with Article 403-b of the Amtrak Act of 1970, as amended, or any other provision of law.

Sec. 5. The right to alter, amend, or repeal this Act is reserved expressly.●

● **Mr. PERCY.** Mr. President, it is indeed a pleasure to join Senator Heinz and a number of my colleagues in sponsoring this legislation to establish a high-speed passenger rail compact for the five States of Ohio, Illinois, Indiana, Michigan, and Pennsylvania.

The time for high-speed rail travel has come. The technology is available. France and Japan, to name two, are among the countries which are successfully operating high-speed rail. The United States needs to start taking steps to establish a capability of our own in this important transportation technology.

The legislation which I am cosponsoring today establishes the aims of the five-State compact. Very simply, it is an instrument of cooperation for our States to promote high-speed rail. The bill would also establish an Interstate Rail Passenger Advisory Council, which would be made up of representatives of each of the five States. The Council will coordinate the activities of the compact in establishing schedules, routes, and other related areas. Our bill would also direct the Secretary of Transportation to cooperate with and help the compact in its aims.

Ohio, Illinois, Indiana, Pennsylvania, and Michigan are ideally suited for a high-speed rail corridor. Our States have many small and large urban areas set relatively close together. In fact, various proposals have already emerged from companies interested in establishing corridors, including one which would run between Chicago and Milwaukee. People in our region will use rail travel if it can be a viable alternative—in terms of time and cost—to other forms of transportation.

The compact can also be extended to other States wishing membership. I urge my colleagues to consider this initiative and support it.●

ADDITIONAL COSPONSORS

S. 627

At the request of Mr. PACKWOOD, the names of the Senator from Alabama (Mr. DENTON), and the Senator from Delaware (Mr. BIDEN) were added as cosponsors of S. 627, a bill to authorize the establishment of a national scenic area to assure the protection, development, conservation, and enhancement of the scenic, natural, cultural and other resource values of the Columbia River Gorge in the States of Oregon and Washington, to establish national policies to assist in the furtherance of its objective, and for other purposes.

S. 1531

At the request of Mr. RIEGLE, the name of the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 1531, a bill to encourage the use of public school facilities before and after school hours for the care of school age children and for other purposes.

S. 1566

At the request of Mr. ROTH, the name of the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of S. 1566, a bill to amend title 5, United States Code, to provide civil penalties for false claims and statements made to the United States, to certain recipients of property, services, or money from the United States, or to parties to contracts with the United States, and for other purposes.

S. 1992

At the request of Mr. BENTSEN, the names of the Senator from Iowa (Mr. JEPSEN), the Senator from Minnesota (Mr. BOSCHWITZ), and the Senator from Nevada (Mr. HECHT) were added as cosponsors of S. 1992, a bill to amend the Internal Revenue Code of 1954 to simplify and improve the income tax treatment of life insurance companies and their products.

S. 2116

At the request of Mr. MATSUNAGA, the name of the Senator from Washington (Mr. EVANS) was added as a cosponsor of S. 2116, a bill to accept the findings and to implement the recommendations of the Commission on Wartime Relocation and Internment of Civilians.

S. 2131

At the request of Mr. GORTON, his name was added as a cosponsor of S. 2131, a bill to provide for the temporary suspension of deportation for certain aliens who are nationals of El Salvador, and to provide for Presidential and congressional review of conditions in El Salvador and other countries.

S. 2241

At the request of Mr. DENTON, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 2241, a bill to clarify the obligations of broadcasters to legally qualified candidates for public office, and for other purposes.

S. 2338

At the request of Mr. HEINZ, the names of the Senator from California (Mr. CRANSTON), the Senator from Maryland (Mr. SARBANES), the Senator from New Hampshire (Mr. RUDMAN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Michigan (Mr. LEVIN), the Senator from New York (Mr. D'AMATO), the Senator from Vermont (Mr. LEAHY), and the Senator from Utah (Mr. HATCH) were added as cosponsors of S. 2338, a bill to amend title XVIII of the Social Security Act to allow medicare coverage for home health services provided on a daily basis.

S. 2374

At the request of Mr. STAFFORD, the names of the Senator from Oregon (Mr. PACKWOOD), and the Senator from Montana (Mr. MELCHER) were added as cosponsors of S. 2374, a bill to extend the authorization for 5 years for the low-income home energy assistance program, for the community services block grant, and for the Head Start program, and for other purposes.

S. 2413

At the request of Mr. DENTON, the name of the Senator from New York (Mr. D'AMATO) was added as a cosponsor of S. 2413, a bill to recognize the organization known as the "American Gold Star Mothers, Inc."

S. 2418

At the request of Mr. MATHIAS, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 2418, a bill to authorize and direct the Librarian of Congress, subject to the supervision and authority of a Federal civilian or military agency, to proceed with the construction of the Library of Congress Mass Book Deacidification Facility, and for other purposes.

S. 2436

At the request of Mr. GOLDWATER, the names of the Senator from Vermont (Mr. STAFFORD), the Senator from Nevada (Mr. LAXALT), and the Senator from New Mexico (Mr. DOMENICI) were added as cosponsors of S. 2436, a bill to authorize appropriations of funds for activities of the Corporation for Public Broadcasting, and for other purposes.

S. 2446

At the request of Mr. BYRD, the name of the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 2446, a bill to amend the Ethics in Government Act of 1978 to insure that all relevant information bearing upon a nominee's fitness and qualifications is made available to the U.S. Senate in cases where the Senate is required to give its advice and consent, and to require reappointment and reconfirmation during a President's second consecutive term.

SENATE JOINT RESOLUTION 55

At the request of Mr. MATHIAS, the name of the Senator from Alabama (Mr. DENTON) was added as a cosponsor of Senate Joint Resolution 55, a joint resolution to recognize the pause for the Pledge of Allegiance as part of National Flag Day activities.

SENATE JOINT RESOLUTION 129

At the request of Mr. PRESSLER, the names of the Senator from North Dakota (Mr. BURDICK), the Senator from Colorado (Mr. HART), and the Senator from New Mexico (Mr. BINGAMAN) were added as cosponsors of Senate Joint Resolution 129, a joint resolution calling upon the President to seek a mutual and verifiable ban on weapons in space and on weapons designed to attack objects in space.

SENATE JOINT RESOLUTION 143

At the request of Mr. MELCHER, the name of the Senator from California (Mr. CRANSTON) was added as a cosponsor of Senate Joint Resolution 143, a joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning with Sunday, June 3, 1984, as "National Garden Week."

SENATE JOINT RESOLUTION 165

At the request of Mr. MATHIAS, the names of the Senator from Rhode Island (Mr. CHAFEE), the Senator from Alabama (Mr. DENTON), and the Senator from Connecticut (Mr. WEICKER) were added as cosponsors of Senate Joint Resolution 165, a joint resolution to commemorate the bicentennial anniversary of the constitutional foundation for patent and copyright laws.

SENATE JOINT RESOLUTION 235

At the request of Mr. PELL, the names of the Senator from New Mexico (Mr. DOMENICI), the Senator from Ohio (Mr. GLENN), the Senator from Iowa (Mr. GRASSLEY), and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of Senate Joint Resolution 235, a joint resolution to authorize the Law Enforcement Officers Memorial Fund, Inc., to establish a "National Law Enforcement Heroes Memorial."

SENATE JOINT RESOLUTION 236

At the request of Mr. MATSUNAGA, the name of the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor of Senate Joint Resolution 236, a joint resolution relating to cooperative East-West ventures in space as an alternative to a space arms race.

SENATE JOINT RESOLUTION 243

At the request of Mr. MOYNIHAN, the name of the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of Senate Joint Resolution 243, a joint resolution designating the week preceding October 28, 1984, as "National Immigration Week."

SENATE JOINT RESOLUTION 248

At the request of Mr. INOUYE, the names of the Senator from Mississippi

(Mr. Stennis) and the Senator from Iowa (Mr. Grassley) were added as cosponsors of Senate Joint Resolution 248, a joint resolution designating August 21, 1984, as "Hawaii Statehood Silver Jubilee Day."

SENATE JOINT RESOLUTION 258

At the request of Mr. Biden, the names of the Senator from North Dakota (Mr. Burdick) and the Senator from Alabama (Mr. Heflin) were added as cosponsors of Senate Joint Resolution 258, a joint resolution to designate the week of June 24 through June 30, 1984, as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 261

At the request of Mr. Leahy, the names of the Senator from Arizona (Mr. DeConcini), the Senator from Alabama (Mr. Denton), the Senator from Rhode Island (Mr. Chafee), the Senator from Ohio (Mr. Glenn), the Senator from New Hampshire (Mr. Humphrey), the Senator from Georgia (Mr. Mattingly), and the Senator from Connecticut (Mr. Weicker) were added as cosponsors of Senate Joint Resolution 261, a joint resolution to provide for the designation of the last week of June 1984 as "Helen Keller Deaf Blind Awareness Week."

SENATE CONCURRENT RESOLUTION 86

At the request of Mr. Heinz, the names of the Senator from Maine (Mr. Cohen) and the Senator from Arkansas (Mr. Pryor) were added as cosponsors of Senate Concurrent Resolution 86, a concurrent resolution expressing the sense of the Congress regarding the persecution of members of the Baha'i religion in Iran by the Government of Iran.

SENATE CONCURRENT RESOLUTION 94

At the request of Mr. Moynihan, the name of the Senator from New Jersey (Mr. Bradley) was added as cosponsor of Senate Concurrent Resolution 94, a concurrent resolution expressing the sense of Congress that the President of Syria should permit Jewish emigration.

SENATE RESOLUTION 241

At the request of Mr. Levin, the names of the Senator from New York (Mr. D'Amato) and the Senator from Louisiana (Mr. Johnston) were added as cosponsors of Senate Resolution 241, a resolution expressing the sense of the Senate that the foreign policy of the United States should take account of the genocide of the Armenian people, and for other purposes.

AMENDMENT NO. 2907

At the request of Mr. Cranston, the names of the Senator from Michigan (Mr. Levin) and the Senator from New Jersey (Mr. Lautenberg) were added as cosponsors of amendment No. 2907 intended to be proposed to H.R. 2163, a bill to amend the Federal Boat Safety Act of 1971, and for other purposes.

SENATE RESOLUTION 367—SUPPORTING "SOLIDARITY SUNDAY"

Mr. MOYNIHAN (for himself, Mr. Armstrong, Mr. Baucus, Mr. Bentsen, Mr. Boren, Mr. Boschwitz, Mr. Bradley, Mr. Burdick, Mr. Chafee, Mr. Chiles, Mr. Cohen, Mr. Cranston, Mr. D'Amato, Mr. Dixon, Mr. Dodd, Mr. Dole, Mr. Exon, Mr. Grassley, Mr. Hart, Mr. Hatch, Mr. Hatfield, Mr. Hecht, Mr. Heinz, Mr. Hollings, Mr. Huddleston, Mr. Jepsen, Mrs. Kassebaum, Mr. Lautenberg, Mr. Leahy, Mr. Levin, Mr. Lugar, Mr. Mitchell, Mr. Pell, Mr. Pressler, Mr. Proxmire, Mr. Riegle, Mr. Sarbanes, Mr. Specter, Mr. Stevens, Mr. Tsongas, Mr. Weicker, Mr. Zorinsky, Mr. Biden, Mr. Johnston, Mr. Glenn, and Mr. DeConcini) submitted the following resolution; which was placed on the calendar by unanimous consent:

S. Res. 367

Whereas on May 6, 1984, the constituent agencies of the Greater New York Conference on Soviet Jewry will convene the thirteenth annual "Solidarity Sunday for Soviet Jewry" in reaffirmation of the American People's resolve to secure freedom for Soviet Jews and beleaguered persons everywhere; and

Whereas Americans of all faiths will join in myriad activities on that day in a public expression of solidarity with the long suffering Jewish community in the Soviet Union; and

Whereas the right to emigrate freely and to be reunited with one's family abroad is denied Jews and many others in the Soviet Union; and

Whereas the Universal Declaration of Human Rights, adopted by the General Assembly of the United Nations, and the Helsinki Final Act explicitly assert guarantees of those rights; and

Whereas the Government of the Soviet Union has nevertheless continued to implement new restrictive measures further reducing the number of persons able to emigrate, bringing Jewish emigration from the Soviet Union to a virtual halt in 1983; and

Whereas the Government of the Soviet Union is persecuting its Jewish citizens and denying them even those few rights and privileges accorded other recognized religions in the Soviet Union; and

Whereas the Government of the Soviet Union discriminates against Jewish cultural activities by banning and suspending Hebrew and Jewish cultural classes, by arresting teachers of Hebrew, and by harassing those Soviet Jews who seek only to practice their religion; and

Whereas leading Soviet Jewish activist and prisoner of conscience Anatoly Shcharansky, who was arrested in March of 1977 and falsely charged with espionage and "anti-Soviet agitation", continues to suffer exceptionally harsh treatment in Chistopol prison; and

Whereas a virulent anti-Semitic campaign continues unabated in the Soviet Union and Soviet Jews are increasingly deprived of occupational and educational opportunities; and

Whereas thousands of innocent Jews and other persons, having applied to leave the Soviet Union, have been subjected to immediate induction into the armed forces, improper incarceration in mental institutions, expulsion from school and constant surveillance and harassment; and

Whereas the Government of the Soviet Union will not succeed in isolating Soviet Jews from their friends in the free world so long as those who cherish liberty continue to speak on behalf of beleaguered people everywhere; and

Whereas "Solidarity Sunday for Soviet Jewry" shall provide vigorous expression of American determination to secure freedom for Soviet Jewish prisoners of conscience incarcerated solely for their desire to emigrate; and

Whereas the Government of the Soviet Union refuses to permit the free exercise of religious beliefs and cultural expression and also refuses to remove all obstacles to the free emigration of its Jewish citizens and others who wish to leave and live in other countries: Now, therefore be it

Resolved, That it is the sense of the Senate that the Congress full supports "Solidarity Sunday for Soviet Jewry" and encourages Americans to participate.

SENATE RESOLUTION 368—CONDEMNING CHEMICAL WARFARE

Mr. PRESSLER (for himself, Mr. Pell, Mr. Domenici, Mr. Dole, Mr. Hatfield, Mr. Levin, Mr. Gorton, Mr. Boren, Mr. Inouye, Mr. Hart, Mr. Cochran, Mr. Tsongas, Mr. Stafford, Mr. Sarbanes, Mr. Durenberger, Mr. Dodd, Mr. Leahy, and Mr. Helms) submitted the following resolution; which was referred to the Committee on Foreign Relations.

S. Res. 368

Whereas, the world community, outraged and horrified by the inhumanity of chemical warfare, expressed its resolve in the Geneva Protocol of 1925 to outlaw the use of chemical warfare agents as weapons of war; and

Whereas, in recent conflicts, including the Iran-Iraq War, governments have demonstrated a growing willingness to acquire and use chemical warfare agents; and

Whereas such acquisition and use encourages the proliferation of chemical warfare capabilities and threatens the peace, security and well-being of every nation and its people: Now, therefore, be it

Resolved, It is the sense of the Senate that:

(a) all nations should condemn and abhor chemical warfare, wherever it occurs, and should being any such use to the attention of the United Nations; and

(b) the United States should give urgent attention to negotiation of a verifiable agreement, open to participation by all nations, banning the production and stockpiling of lethal and incapacitating chemical agents.

Sec. 2. A copy of this resolution shall be forwarded to the President, the Secretaries of State and Defense, the Director of Arms Control and Disarmament Agency and the Secretary General of the United Nations.

● Mr. PRESSLER. Mr. President, I rise today to introduce a sense of Senate resolution condemning chemical warfare wherever it occurs and calling for a ban on chemical weapons. Senator Pell joins me in authoring this resolution. Joining us as cosponsors of this important measure are Senators Domenici, Dole, Hatfield, Levin, Gorton, Boren, Inouye, Hart, Cochran, Tsongas, Stafford, Sarbanes, Durenberger, Dodd, Leahy, and Helms.

Mr. President, early last month the world was shocked to learn that the war between Iran and Iraq had taken a significant turn for the worse with Iraq's decision to produce and employ chemical weapons. The use of mustard gas and possibly other agents, including nerve gas and mycotoxins—yellow rain—is a most ominous development. The use of chemical warfare agents by any government undermines a fragile structure of prohibition on the use of chemical agents. Should the injunction against chemical weapons use contained in the 1925 Geneva Protocol come into question, the world can expect a mad rush by many nations to acquire tools for waging chemical warfare. With the widespread possession of the means for engaging in chemical warfare, it will be just a matter of time until these agents of death become a common currency of combat.

The collapse of the Geneva Protocol would threaten every nation and all the people of the world. Chemical weapons have been described as "the poor man's nuclear bomb." The technology required to manufacture many deadly agents is easily acquired. Relatively little scientific knowledge is needed for transforming widely available chemicals into the gases and liquids of death. Given this situation, it is simple to envision events where our friends and allies and even American Forces could come under chemical attack.

Thus, Mr. President, the U.S. Senate must condemn chemical warfare wherever it occurs. The United States cannot afford to play favorites today, and turn a blind eye to chemical weapons use by Iraq, if we are to avoid facing the grave and horrible consequences of chemical weapons usage in other conflicts tomorrow. I believe that the Reagan administration was entirely correct in bringing attention to the use of chemical agents by Iraq and condemning this conduct. I fully share the Iraqi Government's concern for survival, when faced by the fanatics of Iran, but chemical warfare is not an answer. Indeed, some reports suggest that the use of chemicals against Iranian troops may encourage Iran to acquire chemical warfare capabilities of its own. Iraq's chemical warfare strategy may soon come to haunt Iraq's forces.

Mr. President, as the current situation illustrates, the Geneva Protocol is a most fragile structure. This is a problem that this agreement shares with other "no first use" agreements. Agreements against the use of weaponry, be they chemical, conventional, or nuclear, always operate perfectly in periods of peace and stability. Unfortunately, in periods of crisis and war—when the effectiveness of injunctions against use would be of greatest value—nonuse accords face a serious risk of coming undone.

The only real guarantee of nonuse is arms control measures which join commitments not to use weaponry to prohibitions on the manufacture and possession of weaponry. The resolution I am now introducing with Senator Pell and 16 other cosponsors, urges that steps be taken to complete the process begun in Geneva in 1925; and, that the United States negotiate a verifiable ban, open to participation by all nations, on the production and stockpiling of lethal and incapacitating agents.

Effective measures of verification are vital for any significant arms control arrangement. As is evident from the compelling case pointing to Soviet involvement in chemical warfare in Southeast Asia and Afghanistan, agreements reached without effective verification procedures do not build international confidence and can provide paths for treaty violations. I believe that agreements reached for agreement's sake, lacking in sufficiently strong verification measures, serve no nation's interests. In the long run such accords lead to increased suspicions and undermine the atmosphere required for making real progress on arms control. Here, we must recall that the 1972 Biological Weapons Convention did not provide for on-demand, onsite verification of suspicious incidents which could raise doubts about compliance with the ban on biological and toxin weapons. It is because of deficiencies in verification that the United States and other nations have not been able to assert that the anthrax incident in Sverdlovsk, a Soviet city in the Ural Mountains, was not caused by Soviet manufacture of anthrax for germ warfare. The Soviets have been totally uncooperative in allowing any inspectors to visit Sverdlovsk. There is just too much evidence, suggesting the manufacture of anthrax and a Soviet effort to cover up the incident, to give any government confidence with Soviet compliance with the 1972 accord. The lack of strong verification measures is at the heart of the problem. The lack of verification provides room for doubt on compliance and for activities that are in violation of an arms control accord.

The same situation is manifest in the use of mycotoxins in Southeast Asia and Afghanistan. I have frequently spoken out on the issue of yellow rain. And, I am pleased that the Senate's unanimous approval of Senate Resolution 201 on February 9, 1984. Senate Resolution 201 places the Senate on record with regard to this unacceptable situation. Verification is at the heart of the yellow rain problem. There are numerous incidents where the use of yellow rain is suspected. But the Soviets and their clients in Southeast Asia and Afghanistan have refused to allow investigators from any government or international organization, including the United Nations, access into areas where chemical warfare is suspected. Again, the Soviets are exploiting weak arrangements on verification.

Mr. President, I am pleased that the administration has decided to address the issue of a chemical weapons ban directly. Vice President Bush will soon travel to Geneva to propose a new treaty banning chemical weapons. The administration's proposal provides for on-demand, onsite inspection. Such a verification regime is necessary to instill confidence in arms control of this sort. Whenever legitimate verification concerns are raised, the proposed verification procedure would allow inspectors to determine for themselves whether the Soviet Union or any other nation is in compliance with this ban.

Arms control is a living process. It does not come to an end once a treaty is ratified. It is only after ratification that one derives the benefits of good agreements; and, conversely, after ratification one suffers the consequences of poorly conceived accords. For this reason, I believe that the Soviet Union's latest proposal for verifying a chemical weapons band does not go far enough in dealing with the long-term security requirements of effective arms control. The Soviets have come closer to the U.S. position by agreement to onsite verification, on a continuous basis, of the destruction of chemical weaponry. Unfortunately, the Soviet proposal does not provide measures that would give continuing confidence, after initial destruction is completed, on compliance with a chemical weapons ban. It does not provide for effective investigation of suspected stockpiling or manufacture of chemical weapons. It would not deal with the concerns that have been raised by incidents such as that at Sverdlovsk or by the reports on yellow rain.

At the same time, Mr. President, let me suggest that the potential for effectively verifying a chemical weapons ban gives confidence that verification arrangements can be achieved for antisatellite weapons. As Senators know, I have long endorsed talks aimed at banning dedicated ASAT weapons, such as the Soviet SS-9 orbital interceptor system. I believe that if we can have confidence in verifying a ban on chemical weapons—especially when chemical weapons can be stored in any basement and produced in most any factory—then we should have even greater confidence in verifiably banning dedicated ASAT weapons. These are associated with a particular booster and must be fired from a few known launch pads. Let me add that the similar verification procedures can be structured for ground-based lasers with an ASAT potential.

Mr. President, I ask that an editorial from the Christian Science Monitor of April 6, 1984, addressing this very issue, appear at this point in the Record.

Mr. President, I urge all Senators to join with me and with Senator Pell and our other cosponsors in cosponsoring this resolution, condemning chemical warfare wherever it occurs and calling for a ban on chemical weapons.

Mr. President, I ask unanimous consent that several editorials and articles on chemical warfare be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Christian Science Monitor, Apr. 6, 1984]

Chemical Warfare: New Ban Needed

President Reagan's proposal to ban the production, possession, and use of chemical weapons worldwide should not be viewed as merely an election-year effort to convince American voters, and US allies, of the administration's efforts to achieve arms control. George Bush will head the effort.

The key to making an assessment of the proposal will be the genuineness of the American effort to reach an agreement with other nations, primarily the Soviet Union, and then to abide by an accord.

Still, one must note skepticism among some experts as to the degree of administration commitment to the control of chemical weapons and other armaments.

They note that the President recently voiced doubt about the prospects for an antisatellite ban, because of the difficulty of verification. They add that it would be even easier to hide stocks of chemical weapons. They say that whereas the Soviet Union in February expressed a willingness to permit on-site inspection of destruction of chemical weapons at "declared" stockpiles, the USSR has not agreed to inspection of sites suspected of being secret stockpiles.

A ban would be extremely worthwhile. For one thing, it would prevent the world from slipping back into the more frequent employment of a substance whose use was banned in 1925. Iraq has used chemical weapons in its current war with Iran, and the Soviet Union previously had apparently employed them in Afghanistan.

Such a ban might establish a momentum toward the control of other kinds of mass-destruction weapons.

It would aid the American military—and the European citizenry—by removing one major problem from the European theater. Both supporters and critics of the Reagan administration's military policy hold that the Soviet Union has considerably more chemical weapons than the US does; estimates are anywhere from a 4-to-1 to a 10-to-1 advantage. A considerable number of the Soviet shells and missiles that could be used against NATO forces are believed to contain gas.

Also, the Soviet Union is believed to have perhaps 10 times as many troops as the United States which specialize in chemical warfare—primarily defensive troops which would be expected to decontaminate areas attacked by gas.

Much of the $1.1 billion the Reagan administration is seeking now for chemical weaponry would go toward building up defensive capabilities for chemical warfare, including identifying and training more military specialists. If a ban could be obtained, it would preclude the need to build up defensive capabilities.

Further, the threat that chemical weapons might be used would force troops in battle to don cumbersome gas masks and rubber suits, which reduce their efficiency. Banning chemical weapons altogether would obviate the need for such equipment—and thus enormously increase the efficiency of American troops.

[From the Washington Post, Mar. 11, 1984]

Iraq's Chemical War

There is an irreducible element of arbitrariness in any international decision to sanction one form of warfare and not another. Yet there is an irreducible element of civilization in the effort to limit some of the means employed to wage war. There lies the moral source of the 1925 Geneva Convention, an international treaty that puts poison gas in a special category of horror and commits its signatories—now just about everybody—to avoid its use. Through the decades, while many other awesome practices have become common, this particular ban has worked startlingly well.

This is the larger context in which Iran now charges that Iraq has used prohibited chemicals in their 3½-year-old war in the Gulf. Some 400 Iranian soldiers are said to have died, among 1,000 exposed. Chemicals are something of a poor man's terror weapon: Iraq reportedly makes its own. Western sources have evaluated the evidence, and the United States has now publicly condemned Iraq for their use.

No other American response would be consistent with the long-range interest of the United States in outlawing this repellent form of warfare. The Reagan administration is also aware that it would lose credibility for its chemical- and biological-warfare charges against the Soviet Union if it were to look the other way in the case of Iraq. In fact, its "strong condemnation" of Iraq draws extra force from the fact that it has been quietly tilting toward Baghdad in the Gulf war. With that tilt comes a certain responsibility for overseeing the way Iraq conducts its policy.

The Iraqis have variously denied and danced around the poison-gas charges. But the basic context seems clear. As an Iraqi commander puts it, "We never welcome an enemy with flowers." Iran is pressing, on Iraqi soil, a counter-invasion that could yet bring the Baghdad government down. In its desperation, the Iraqi regime is being drawn to use the means of salvation at hand.

It is, of course, precisely in anticipation of these moments of extreme duress that efforts have been made over the years to keep the sorts of weapons with a high horror-and-escalation potential—poison gas, nuclear weapons—out of as many hands as possible. Who doubts that Iraq might now be contemplating use of a nuclear bomb against Iran if the Israelis, for their own reasons, had not knocked out the Iraqi reactor? Far better to keep the political and moral barriers against use of chemical weapons raised as high as they can be.

[From the Wall Street Journal, Mar. 12, 1984]

New "Yellow Rain" Victims

Austrian Doctors at University Clinic in Vienna announced Saturday that Iranian soldiers they are treating are suffering not only from the effects of mustard gas but also from mycotoxin poisoning, that is, from "yellow rain." The United States government, which by now knows more about the medical effects of these toxins than anyone else this side of the Iron Curtain, should offer to send its experts to Vienna to provide whatever help they can to these new victims.

One of the special horrors of chemical and especially biological warfare is that so little is known about how to cope with the bizarre medical effects. The tricothecene mycotoxins associated with "yellow rain" appear in the medical literature chiefly through a wartime epidemic in the Orenburg district of the Soviet Union, where famished peasants ate soured cereals contaminated by the toxin-producing fungus. But there was no experience with the effects of inhaling the toxins until the U.S. Army conducted animal tests as part of the investigation of "yellow rain" reports from Southeast Asia. The results of these tests are obviously one type of information that might help the Vienna doctors treat their unfortunate patients.

Four of the 15 Iranians sent to Vienna and Stockholm for treatment have already died, and others remain in critical condition, with their bodily systems collapsing in ways not included in the World War I reports on mustard gas. Humanitarian instincts have to be stirred by the plight of the Iranians, some of them youngsters. While they have reached what ought to be the safety of Vienna or Stockholm, they are now being pursued by a wholly new class of killer.

Mycotoxin poisoning was diagnosed because the doctors, puzzled by the symptoms they were treating, sent blood, urine and stool samples to the Toxilogical Institute in Ghent, Belgium. As our Gordon Crovitz has previously reported, Professor Aubin Heyndrickx of the institute had a long-standing interest in chemical warfare stirred by the World War I history, became interested in "yellow rain" because of the U.S. reports and has analyzed "yellow rain" samples for the Thai government. This time the tests showed residues of both mycotoxins and mustard gas.

Presumably the two agents were mixed to enhance the effect. Mustard gas is a blistering agent that attacks the skin and lungs; since it is highly viscous and lingers once applied, it can be used to deny terrain to a military force. However, victims can recover if they survive the initial effects. The mycotoxins introduce a lingering effect. It is also possible that the weapons used included other yet unknown ingredients.

There is of course no courtroom proof of the ultimate origins of the weapons. Iraq continues to deny that it has used chemical weapons, even over the weekend attacking the Red Cross for suggesting as much. In backing the charges of mustard gas used, the State Department said it was produced within Iraq. This seems practically inconceivable now that mycotoxins have also been found. The only plausible source for such a weapon is the Soviet Union or its satellites. "Yellow rain" was of course first used by Soviet proxies in Southeast Asia, and has also been identified where Soviet troops are fighting in Afghanistan. While the Soviets suspended arms sales to Iraq when it started the war with Iran in 1980, it resumed them in 1982 and remains Baghdad's primary source of military supplies.

We can confidently assume that the identification of mycotoxins in the Iraq-Iran war represents yet another Soviet violation of the Biological Weapons Convention of 1972, which banned the development, possession or transfer to third parties of biological and toxin weapons. It seems the Soviets have not only developed such weapons but are handing them out around the world like candy. Yet even the Reagan administration has not taken the obvious position of demanding some assurance of compliance with this existing treaty as a condition for future arms control agreements.

The administration did, thankfully, go on record early and hard with its initial "yellow rain" evidence. It's far from clear that we yet understand enough to save the lives of the Iranians wasting away in Vienna and Stockholm. But we are a good deal closer to that kind of knowledge than we would have been if this evidence had been down played because it would interfere with arms negotiations or delayed until the government could disprove every conceivable and some not-so-conceivable alternative explanation. If the U.S. had done less than it has on "yellow rain," the samples from Vienna would never have been analyzed for mycotoxins, and doctors treating the victims would be even more in the dark than they are today.

Because the U.S. did what it has done, the best available help for the suffering victims could now come from the U.S. Army and the Central Intelligence Agency. This help may not yet be entirely welcome to the Austrian or the Iranian governments, but it certainly should be offered nonetheless. The suffering Iranians make it clear that not only the U.S. but the world needs to learn to cope with a horrible new class of weapons, of which "yellow rain" may be only a first taste. The U.S. needs to make clear that it is willing to help; even more significantly, the U.S. needs to make sure that it is able to help.

[From the Wall Street Journal, Mar. 13, 1984]

YELLOW RAIN: HMONG, AFGHANS, NOW IRANIANS

(By Gordon Crovitz)

VIENNA.—Moshen Tebbi, a 17-year-old Iranian soldier, is about to earn his Islamic "martyrdom." He lies unconscious in the intensive-care unit of an Austrian hospital. Most of his skin is burned off and his bone marrow and lungs are eaten away. Machines keep him breathing—just.

According to doctors here, Moshen will die within days from poisoning by a combination of World War I-style mustard gas and an even deadlier poison made from mycotoxins—"yellow rain." There's no cure, and doctors expect that more Iranians in hospitals here and in Stockholm will also die from the attacks made in the war with Iraq.

Iran sent 15 injured soldiers to Europe for treatment March 2. Six have died so far, including a 16-year-old yesterday. More gassed soldiers are on their way this week to British, French and Swiss hospitals.

By studying the unlucky patients, Western doctors have been able to see that mycotoxins have taken chemical warfare to a new level. But they also realize they don't know much about yellow rain, and have no idea how to reverse its effects.

ABSOLUTE BREAKDOWN

There's a sulfur-based antidote for mustard gas, a blistering agent that primarily affects the skin, eyes and lungs. But the antidote isn't effective against the mycotoxins found in yellow rain. The first effect after an attack, according to the Iranians and their doctors here, is nausea and bleeding from the nose, mouth and intestines.

Then there is an "absolute breakdown of the functioning of the body," Dr. Gernot Pauser of the University of Vienna Hospital's intensive-care unit observes. Burning of the skin results in pus formations due to contamination by microbiological flora. Then the mycotoxin goes to work inside the body. It breaks down the immune response as white blood cells are no longer produced. The lungs go within 48 hours. Bone marrow ceases to replenish the blood with nutrients. The gastrointestinal system collapses. Doctors say the kidneys would go next, though so far none of the patients has lived to this stage.

This kind of warfare was so unexpected that it was first thought that the Iranians were regular burn victims. It took until Saturday for scientists to figure out what had actually happened and to alter the medical treatment for the mycotoxins. Doctors here had seen from the blistering and internal bleeding that these were not typical burn cases. They suspected poison gas, and sought outside help in finding a treatment. They sent blood, feces and urine samples from the two most critically ill patients to Aubin Heyndrickx, a toxicologist at the University of Ghent in Belgium. Prof. Heyndrickx is Europe's leading gas-warfare expert and last month announced that he had run tests that independently confirmed U.S. reports of yellow-rain attacks in Southeast Asia and Afghanistan. (He was profiled on this page Feb. 15.)

Based on Prof. Heyndrickx's tests in Ghent last week, Viennese physician Herbert Mandel announced here Saturday that "with certain proof and without doubt the Iranians are suffering from the effects of mustard gas and yellow rain." This is the first confirmation of a mixture of the mustard gases with the newer mycotoxins.

Yellow rain is not well known in the West—doctors here had been completely unfamiliar with it before the Iranians arrived—but was given its name by Hmong tribespeople fleeing the poison bombs the Soviet Union passed on to Vietnam. It is made of trichothecene mycotoxin, which is produced by fusarium, a fungus from moldy grains.

It's a wonder that the mycotoxins were identified in the Iranian samples. Prof. Heyndrickx is the only European scientist to develop a method for separating the poison from human samples, and his previous research was only with "environmental" samples like rocks and bark. The Karolinska Institute in Stockholm, Sweden, has repeated the Heyndrickx testing on the Iranian samples and confirmed his findings over the weekend.

None of the scientists suspected that the Iraqis could have mycotoxins. Last week, Prof. Heyndrickx first ran tests for the classic nerve and arsenic-based gases, which were not present. He then found yperite, a mustard gas named after Ypres, the Belgian town near the site of the first chemical attack in 1915. Finally, he ran a test for mycotoxins just in case, and was surprised to find them, and in high concentrations. "The combined synergistic effects of the two poisons are absolutely lethal," Prof. Heyndrickx says. "There is no scientific doubt about this." In fact, he says, the mycotoxins alone would probably have been fatal.

The doctors have tried to flush the mycotoxins out of the patients' skin, blood and organs. Dr. Mandel, who's in charge of this part of the treatment, has tried hemodialysis, and also has injected amino acids and charcoal to break down the poison. But, Dr. Pauser says, it is "hopeless," and the Viennese doctors don't expect any of the Iranians to survive.

"There is simply no antidote and no treatment," Prof. Heyndrickx concedes, because mycotoxins haven't been studied much. There was a natural outbreak of mycotoxin poisoning in Russia in 1943, which created an epidemic. But there's no experience in the West with reversing the effects of concentrations of as much as 30 parts per million, the poison level in these yellow-rain samples. The only treatment so far has been morphine to ease the pain.

Even with the limited help medicine offers, care just to prolong the soldiers' lives requires huge resources. "We can just about handle 10 Iranians in all of Vienna's intensive-care units," Dr. Pauser says. "But this kind of treatment could never be given in battlefield conditions."

This constraint may pose a present danger to the Ayatollah's brigades. No one knows how many Iranians have been attacked by the chemicals, but in addition to those in European hospitals, the International Committee of the Red Cross visited 160 soliders in Tehran last week. They "presented a disquieting clinical picture," the Red Cross said in diplomatic-speak for chemical injuries. Iraq denies using chemical weapons.

The Iranian news agency reports that "numbers" of Iranian soldiers have been killed and 1,700 wounded by chemical weapons used by the Iraqis in the past three weeks. It claims more than 600 were wounded Friday in the current battle for the Majnoon Islands separating Iran and Iraq. As in World War I, it appears that chemical weapons are most tempting when there is a standoff in trench warfare.

The use of asphyxiating gases in war is banned under the 1925 Geneva Protocol. The 1972 Convention on Biological and Toxic Weapons goes further, and outlaws the acquisition, stocking or transfer to other countries of biological weapons. Iran claims that Britain gave the chemical to Iraq. Muhammad Kiarashi, Iran's ambassador to Austria and liaison with the patients, toes this line even though Britain destroyed its gas weapons unilaterally in 1957 and even though the Soviet Union is the only country charged with producing and transferring yellow rain. Iraq could produce mustard gas on its own, the State Department says, but Prof. Heyndrickx doubts it has the facilities to make the mycotoxins. "Fusarium posions require a completely different technology than the old gases," he says. "So far, all mycotoxins are linked to production in the Soviet Union.

SLOW BUT SURE KILLERS

This fact has added to the horror among the doctors treating the Iranians. "One thing we have learned," Dr. Pauser says, "is that if there were this kind of attack in Europe, we would have no chance at all to survive." In fact, he argues that mycotoxins may be the most awesome weapon. Nuclear weapons, for example, kill instantly or within a few weeks through the fallout. But mycotoxins, he says, can stay in the victim's system for at least three months, slowly but surely killing from the inside.

Prof. Heyndrickx has returned to Ghent after conferring with the physicians here. He's taking back dozens more samples for further study. "Last year many people chose not to believe that mycotoxins were being used in Southeast Asia and Afghanistan," he says. "Now we all have to believe that yellow rain is being used and is being made even more dangerous by mixing it with other poisons." And, he warns scientists may not yet have found all the active poisons in the arsenals of war.

[From the New York Times, Mar. 14, 1984]

This Hellish Poison

All war dehumanizes, but chemical warfare dehumanizes completely. What Churchill called "this hellish poison" has excited loathing since the first yellow-green cloud of mustard gas was loosed at Ypres by the Germans in 1915. But the infernal became routine during World War I. In 1925, former belligerents adopted a Geneva protocol outlawing gas weapons as "justly condemned by the general opinion of the civilized world."

Iraq signed in 1931, with a reservation that its restraint applied only to nations that also ratified. Iran had done so, in 1929. If Iraq has now used mustard gas against Iran, it has broken its word and deeply offended a standard of civilization. It has also made the most urgent case for improving the old accord, as 40 nations are trying to do in Geneva.

The protocol's main flaw is that it forbids using chemical and biological weapons but not producing, stockpiling or selling them. Larger nations have therefore kept the weapons ready, as a deterrent.

Thus the demon has not always been kept in the canister. Italy used mustard gas against Ethiopia in 1936. Egypt is suspected of having gas-bombed villages in Yemen in 1963. And the Soviet Union and Vietnam have been accused by the United States, albeit with disputed evidence, of using toxic chemicals in both Indochina and Afghanistan in recent years.

Iraq apparently turned to home-made mustard gas and perhaps other toxic weapons when Iran organized fanatic teen-agers to clear a path for tanks. The usually cautious International Red Cross says Iranians were wounded in ways that could be attributed to mustard gas. The State Department's proper and prompt condemnation is all the more credible because Washington hopes that Iraq can repel Iran's invasion.

The protests may have some effect. No further use of chemical weapons has been reported. But the whiff of gas from the gulf may finally persuade the superpowers to improve the Geneva protocol.

A new draft that would also outlaw production and stockpiling has been stalled by disagreements about verification. The Soviet Union recently offered to exchange regular inspection visits as a "voluntary" concession to American fears. The United States wants verification "by challenge."

If the superpowers can bridge that disagreement, the promise of the 1925 accord might finally be realized. Their example might persuade the world finally to rid itself of this grisly weapon. That is a prize worthy of determined diplomacy.

[From the New York Post, Mar. 14, 1984]

Yellow Rain: When Will Washington Speak Out?

The medical reports from Austria and Belgium that Iranian soldiers being treated there are suffering from the effects of Iraqi chemical and germ warfare raise grave issues for the world.

Dr. Herbert Mandl of the Toxicological Institute in Ghent, Belgium, says there is "certain proof" that the Iranians have been subjected to mycotoxins—often referred to as yellow rain.

Doctors at Vienna's Second University Clinic announce the same conclusion.

There are also intelligence reports from Israel that the tests have revealed the presence of anthrax—which, unlike the dead fungus used to manufacture mycotoxins, is composed of living germs.

It is grave enough to be confronted with evidence that Iraq is using mustard gas in its desperate defensive operations against Iranian forces.

Iraq has a large oil resources and associated petro-chemical industries. The Soviet Union in the 1960s supplied it with equipment to develop defenses against chemcial warfare and since the early 1970s, apparently, Iraq has been making mustard gas for offensive weapons.

The evidence that it is now using mycotoxins and anthrax substances raises an even more frightening issue.

It is most unlikely that they were manufactured in Iraq.

The only country known to be producing both mycotoxins and anthrax is the Soviet Union. Are we now confronting a Soviet Union—already supplying two-thirds of Iraq's weapons—which is prepared to sell chemical and biological weapons to any country, not necessarily a satellite or surrogate?

There is now massive evidence—by doctors, refugees, scientists, journalists, defectors and officials of the use of yellow rain by Vietnamese forces in Laos and Cambodia and by Soviet forces in Afghanistan.

The Soviets have been experimenting with chemical and biological weapons for years—as was revealed by the 1979 accident in Sverdlovsk when an outbreak of anthrax from a military biological plant killed more than 1000 people.

Trichothecene mycotoxin, on the other hand, is the chemical product of a mold that grows in Soviet Central Asia in minute quantities on wheat. It is not produced in Afghanistan, Laos or Cambodia and it is unlikely that Iraq's petro-chemical industry could exploit it even if it were available.

Iraq, like the Soviet Union, is a signatory to the 1925 Geneva Protocol prohibiting poison gases and the 1972 Biological Weapons Convention.

The 1972 treaty requires members with evidence of an infringement to call an immediate meeting of the 111 signatories to the convention. The United States has been proclaiming for several years now that it has evidence of the Soviet manufacture and use of Yellow Rain but has so far held back from invoking the 1972 treaty.

Will Washington—and Austria and Belgium which are also signatories to the treaty—now be so pussyfooting with Iraq?

[From the Boston Globe, Mar. 15, 1984]

Yellow-Rain Horror

Reports that Iraq has used chemical weapons against Iranian soldiers have inspired worldwide revulsion. The U.S. State Department, accepting the findings of Austrian doctors at University Clinic in Vienna and chemical analysis conducted at the Toxological Institute in Ghent, Belgium, has condemned Iraq. The test results from Belgium indicate that Iranian soldiers sent to Vienna for treatment were suffering the effects not only of mustard gas, but also of mycotoxin poisoning, commonly known as "yellow rain."

The confirmed use of mycotoxins ushers in a terrible new prospect for chemical warfare, a new form of barbarism in a barbaric war, a new means of mass murder in the age of overkill.

Mustard gas alone could have been produced within Iraq. But scientists and U.S. officials reason that the Soviet Union, which now provides Iraq with 70 percent of its arms imports, is also the most likely source for the chemical weapon, yellow rain.

Dr. Herbert Mandel, a physician treating the Iranians sent to his Vienna clinic, stated that "with certain proof and without doubt the Iranians are suffering from the effects of mustard gas and yellow rain." The Belgian tests have been repeated and confirmed at the Karolinska Institute in Stockholm.

"The combined synergistic effects of the two poisons are absolutely lethal," explained Aubin Heyndrickx, the toxologist who identified high concentrations of mycotoxins in the samples taken from bodies and sent to Belgium. All the Iranian victims in Europe are expected to die. "There is simply no antidote and no treatment," Prof. Heyndrickx said. All that can be done is to give the dying men morphine to ease the pain.

Mustard gas is a blistering agent that was used in World War I and banned by the Geneva Protocol of 1925. There is an antidote for mustard gas. The only reported uses of yellow rain have been in Southeast Asia and Afghanistan. The mycotoxin breaks down the immune system and inexorably destroys the victim's internal organs. The victim perishes painfully within weeks or months.

"One thing we have learned," said Dr. Gernot Posner of the Vienna clinic, "is that if there were this kind of attack in Europe, we would have no chance at all to survive." The prolonged horror of the victims' suffering led Posner to suggest that mycotoxins may be worse than nuclear weapons.

There is not yet proof that Russia provided the yellow rain which Iraq has used against Iranian troops. Nevertheless, specialists say that all known production of mycotoxins has been confined to the Soviet Union. If the Russians have indeed exported these nightmarish toxins to the desperate regime of Iraq's Saddam Hussein, they will have not only imperiled negotiations toward a ban on chemical weapons; they will have also cast a pall over all other hopes for sanity in the thermonuclear age.

The Reagan Administration must make every effort to learn where the Iraqis got their long-promised "super weapon." At the same time, the Administration ought to propose to the Soviets a cooperative effort to end the evermore barbarous and dangerous war between Iran and Iraq.

[From the Wall Street Journal]

Review & Outlook—The Trail to Crazy Island

Now that Iranian "yellow rain" victims are dying on European television, it would seem impossible to deny that the weapon exists and that it is being used in combat.

Iraqi use of mustard gas was first reported several weeks ago in fighting in the oil-rich Majnoon Island sector. ("Majnoon" means crazy in Arabic.)

When Iranian victims were flown to Europe, Belgian and Swedish analysts also found high levels of mycotoxins, yellow rain, in their tissues. (The Belgian specialist Aubin Heyndrickx reported yesterday that he has now found mycotoxins and mustard gas in samples from all 10 of the Iranian soldiers flown to Vienna.) The only question left is where Iraq procured this "absolutely lethal" cocktail. Did it make it itself, or did it get it, in whole or part, from the Soviet Union, the common factor in all the other reportings of this horrible new form of "CBW"—chemical/biological warfare?

An intelligence report that reached the West even before the incident at Crazy Island says conclusively that the source was the Soviet Union. It details the names and dates in Iraq's negotiations with the Russians for some spectacular new weapon to break the stalemate in its war with Iran. Iraq first made its request, asking specifically for a CBW system, during the Nov. 14, 1983, Baghdad visit of Vladimir Mordvinov, deputy chairman of the U.S.S.R. Committee for Foreign Economic Relations. Mr. Mordvinov, who is also the deputy head of the Iraq-U.S.S.R. standing committee for economic and technical cooperation, replied he wasn't qualified to discuss the matter. Iraq, he said, should send a senior official to Moscow.

On Nov. 20, Tariq Aqiz, Iraq's deputy prime minister and foreign minister, flew to Moscow. He was told that there was no objection in principle to supplying the weapon, but that the Kremlin wanted to send someone for a firsthand look. So the Soviets dispatched a delegation headed by Yakov Ryabov, chairman of the State Committee for Foreign Economic Relations. Comrade Ryabov, Mr. Mordvinov's boss, is the man in charge of Soviet weapons supplies to Iraq. After talks in Baghdad on Nov. 27, he told the Iraqis they would get what they wanted. In reporting on this sequence of visits, Moscow Radio said, with fine irony, that the talks "provided for help in reclaiming an oil field." Reclaiming it from the Iranians, one might think.

This report didn't specify what kind of chemical/biological weapon the Soviets would send, but Iraq has since supplied the answer. Analysts think that mycotoxin production requires sophisticated facilities that Iraq doesn't have. For one thing, the risks of contaminating workers are high. Thus with mycotoxins present there is little credibility to any claims that Iraqi CBW agents are entirely home-grown. It remains to be seen whether Iraq made the mustard gas and mixed the mycotoxin cocktail, or whether this brew itself was a Soviet issue.

Reports from Iran yesterday said that a United Nations team of chemical-warfare experts had found an unexploded CBW bomb at the front. From the description it sounded like a mustard gas bomb. Eyewitness reports collected by our Gordon Crovitz in Vienna suggested that the Iraqis were using two kinds of bombs, one emitting a yellow smoke and the other a colorless gas. Perhaps, if the U.N. team displays unexpected courage in releasing its findings, we might have some enlightenment from that quarter.

The Middle East is already known, however, as a testing ground for chemical warfare. Back in 1965 and 1967, when Egypt was a Soviet ally intervening in the drawn-out civil war in North Yemen, its forces under the command of Gen. Saad al-Shazli used mustard gas extensively against villages loyal to royalist forces. One attack, on May 11, 1967, was confirmed by the International Red Cross, which performed on-site autopsies. Less conclusive reports also had the Egyptians using nerve gas and phosgene. The bombs were Russian-made; they may have killed thousands of Yemenites in several-dozen attacks. The weapon wasn't used in the Six-Day War with Israel, largely because Israel announced it could retaliate in kind. But Israeli forces in the Sinai found Soviet-supplied gas-warfare equipment. In 1970, Iraq itself was accused of using gas against Kurdish rebels led by Gen. Mustafa Barzani. Egypt is currently a supplier of arms to Iraq, but no one has accused the new Egyptian regime of dealing in gas.

The Soviet pattern, then as now, was to test such weapons, often using surrogates, on isolated populations in inaccessible areas in preparation for full-scale use in war. The U.S.S.R. ran its yellow-rain experiments in Laos, Cambodia and Afghanistan, and they apparently were successful. The weapon is now operational. The same report on the Soviet deal with Iraq adds that yellow rain is now being deployed in Warsaw Pact countries, and has been for several months.

[From the New York Times, Mar. 31, 1984]

A Poisoned War

Iraq denies that it has used chemical weapons against Iran, in violation of a 1925 Geneva treaty that both signed. But the United States Government reiterates that it has. And a United Nations team, after inspecting battle zones, concluded that someone had employed mustard and nerve gas. Now it appears that Iraq has acquired West German equipment for mass-producing chemical weapons. On present evidence, Iraq is breaking its word and compounding the offense by denying it.

These are not minor infractions. All wars are terrible, but some weapons are more terrible than others, and the loathing for poison gas is nearly universal. If in desperation Iraq invokes this forbidden weapon, its example will embolden others, including terrorists, to reach into the same diabolic arsenal.

Unlike nuclear arms, toxic chemicals are cheap to produce and to use. A pesticide factory can be converted to make nerve gas at modest expense. As zealously as it sought nuclear technology from France, Iraq has long been shopping for pesticide technology in Europe. Apparently it found a West German company willing to supply a plant capable of turning out Tabun, a nerve gas. The factory is thought to be still under assembly.

Such a purchase is not illegal, and Iraq may have some genuine peacetime need for insecticides. But this isn't peacetime, Iraq is broke, and it has been experimenting with chemical weapons. Nerve and mustard gases are very different from "yellow rain," the unusual toxic substance that the United States accuses the Soviet Union of employing in Afghanistan and Indochina. The production and use of mustard and nerve gases can be much more easily proved.

The State Department finds the evidence against Iraq compelling and has properly condemned it. The gravity of the charge is underlined by the fact that Washington has no desire to tilt against Iraq or toward an Iran proclaiming that the road to Jerusalem leads through Baghdad. The Soviet Union, too, seems eager to prevent the collapse of Iraq, which also obtains arms and credits from Western Europe.

This could be an influential consortium—if it speaks with one voice against chemical weapons and threatens Iraq with sanctions if necessary. The new American restrictions on selling Iraq and Iran certain chemical ingredients of poison gases need to be rapidly adopted by other nations.

Once this immediate threat is overcome, Washington and Moscow can lead the world in banishing these poisons. A new Geneva agreement to outlaw the production and use of chemical and biological weapons awaits only their agreement on verification procedures. The case for effective verification is made even stronger by the current demonstration of how easily bug-killers can be turned into people-killers.

[From the Washington Post, Apr. 2, 1984]

Against Chemical Warfare

United Nations Secretary General Javier Perez de Cuellar, on his own, sent scientific experts to Iran. They brought back and have now made public the first politically and evidentially unchallengeable account of Iraq's use of poison gas. The experts, limiting their report to what was before their eyes in the battlefields, hospitals and mortuaries of Iran, did not state that Iraq is doing the gassing. But that is the only possible conclusion.

This is not the first time the U.N. secretariat has filled some part of the vacuum left by the inability of member nations to take hold of the Iran-Iraq war. The secretariat first drew the conflict to the Security Council's formal attention; it has sent mediators there repeatedly, and it has put a spotlight on such collateral effects as damages done to civilians. Now it has put the spotlight on poison gas.

Unfortunately, the political side of the U.N. has consistently dillydallied. On Friday, for instance, the Security Council reacted to the secretariat's report with the timid device of a consensus statement made in the name of the members by the council's current president; none of the members had to stand up in public for it. The statement did condemn the use of gas. But it shied away from identifying Iraq as the guilty party. This was, as one observer put it, "a very U.N.'y exercise."

The United States, which was a part of that council maneuver, earlier had moved on its own to "strongly condemn" the Iraqi practice. To its credit, it did so even though it has been tilting toward Iraq in the Gulf war (so far without much evident effect). But this is not all that the Reagan administration has done. It is now making intelligence information available on Iraq's preparations to go beyond its apparently limited use so far of nerve gas and to mass-produce this terrible substance.

Some of the new information indicates that in making the gas Iraq has used equipment sold, innocently, by a firm in West Germany and that it has sought in the United States chemicals that could be used for that purpose. These reports suggest the remedy: all such exports should be halted.

Condemnations of one sort or another, publicity and export bans may seem like slight obstacles to put in the way of Iraq's conduct of this outlawed form of warfare. In many minds, too, there is a certain tacit reluctance to bear down on Iraq, which is now fighting to clear its territory of a foreign force, when Iran, earlier the victim but currently the invader, has done something no less revolting by forcing child soldiers to take part in suicide attacks.

But there can be no temporizing on chemical warfare. It is a horrible thing. Nations must do what they can to induce Iraq to stop it. The most urgent need is to redouble efforts to stop the war.

[From the New York Times, Apr. 7, 1984]

Trying To Ban Chemical Weapons

President Reagan's decision to seek a worldwide ban on chemical weapons is a welcome step, especially in light of Iraq's treacherous use of mustard gas and probably nerve gas against Iran. But without further efforts the initiative is unlikely to succeed or improve the Administration's undistinguished record on arms control.

Iraq used chemical weapons even though it signed the Geneva Protocol that forbids first use. A stronger treaty, banning even the possession of the odious weapons, would be a desirable way of discouraging other countries from following Iraq's perfidious example. But few nations are likely to sign on unless the United States and Soviet Union lead the way.

Extensive talks have been held with the Soviet Union in private and in a multination forum at Geneva. For 10 years the sticking point has been verification. Until recently the Soviet Union refused any kind of inspection, suggesting that everyone should declare what chemical weapons they have, destroy them and let satellites confirm that a bonfire has taken place. The United States and others insist that on-site inspection is essential.

Meanwhile the White House has vigorously pressed a new chemical weapons program on a reluctant Congress, saying that it is needed as a bargaining chip. But Congress has consistently refused to let the new "binary" weapons be produced.

The Soviet position is a prime obstacle to progress, but the Reagan Administration has only encouraged Soviet intransigence. The private talks with the Russians were broken off in order to persuade them to negotiate more assiduously in the public forum. That tactic was perhaps successful, but the Administration has refused to resume the talks. Also unconstructive was a drumbeat of allegations, some flimsily documented, that the Soviet Union has violated treaties by providing toxic weapons—"yellow rain"—for use in Southeast Asia.

Nonetheless some progress has been made. A year ago the Administration spelled out in the public forum at Geneva the inspection it considers necessary. Last January the Soviet Union agreed for the first time to the principle of letting inspectors verify the destruction of chemical stockpiles, although not of the factories used to make them.

Resuming the private talks would be one way of pursuing this interesting though insufficient Soviet shift. Abandoning the ill-conceived binary weapons program would carry no military risk and underscore American revulsion for chemical weapons.

Chemical weapons can have dramatic effects in conflicts where the victim is ill-prepared, but they're of little military importance between superpowers. If the United States and Soviet Union cannot reach agreement on this issue, the prospects for more serious accords are indeed dismal.●

● **Mr. PELL.** Mr. President, today, the Senator from South Dakota (Mr. Pressler) and I are introducing, with 16 other cosponsors, a resolution condemning chemcial warfare and calling upon the United States to take the lead in negotiating a ban on the production and stockpiling of lethal and incapacitating chemical agents.

We became convinced of the urgency that the Senate take a stand on this very important issue as reports were received of chemical weapons used by Iraq in the Iran-Iraq war. These reports were given added credence as it was made clear that Iraq stood ready to use chemcials to avoid defeat. Now, press reports indicate that Iran is thinking of chemical weapons.

Mr. President, at present, the world is living under a very fragile chemical weapons control regime. Following World War I, many nations, repulsed and horrified by the chemical warfare they had seen occur, devised the Geneva Protocol of 1925 to stop the use in war of chemical weapons. Nations did abstain from combat use of chemicals in World War II. Similarly, in other conflicts, nations have stayed away from chemicals. Now, it appears, there is a very real threat that existing controls will fall by the wayside.

We must not allow the spread of chemical weapons. It is not too late to get a ban on production and stockpiling. The administration professes interest in a verifiable ban on chemical weapons. If the administration is serious and is not intending to use verfication requirements yet again as an excuse for rejection of arms control, then we in Congress should join in the effort. We should be willing to give the administration our full support in a genuine quest of a verifiable ban on chemical weapons.

This resolution would accomplish such a purpose. I urge all Members who abhor and condemn chemical warfare to join in support of this legislation.●

AMENDMENTS SUBMITTED

FEDERAL BOAT SAFETY ACT AMENDMENTS

HEINZ (AND OTHERS) AMENDMENT NO. 2930

Mr. HEINZ (for himself, Mr. Specter, Mr. Kennedy, Mr. Riegle, and Mr. Levin) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes; as follows:

After title IX add the following new title:

TITLE X—HEALTH CARE FOR THE UNEMPLOYED

SHORT TITLE

Sec. 1001. This title may be cited as the "Health Care for the Unemployed Act of 1984".

GRANTS TO STATES

Sec. 1002. (a) Title XX of the Social Security Act is amended by adding at the end thereof the following new section:

"HEALTH CARE FOR UNEMPLOYED WORKERS

"Sec. 2008. (a)(1) Notwithstanding section 2005(a)(4) and any other provision of this title, any State (as defined in paragraph (4)) may establish a program under this section for providing health care coverage for unemployed workers, subject to the provisions of this section.

"(2) The State may choose those groups of individuals (and their immediate families) who shall be covered under the program, the duration of such coverage, and the duration of the program, as the State determines to be appropriate, except that—

"(A) no coverage may be provided to any individual (or his immediate family) unless such individual (i) is receiving regular, extended, or Federal supplemental compensation, railroad unemployment compensation, or any other Federal unemployment compensation, or (ii) is unemployed and has exhausted, on or after the date on which the State establishes a program under this section, his rights to such compensation (other than for cause) by reason of payment of all such compensation for which he is eligible, within the prior 6 months, (iii) is unemployed and has exhausted, after March 31, 1983, and prior to the date on which the State establishes a program under this section, his rights to such compensation (other than for cause) by reason of payment of all such compensation for which he is eligible, but coverage under this clause shall only apply for the 6-month period beginning on the date on which such individual enrolls in the program, or (iv) was eligible for such compensation within the prior 30 days but lost such eligibility on account of employment;

"(B) no coverage may be provided for the first 6 weeks during which an individual is eligible for compensation (referred to in subparagraph (A)) in a benefit year (as determined under the applicable unemployment compensation law);

"(C) no coverage may be provided to any individual unless such individual was enrolled in a group health plan of the employer by whom he was employed at the time he last became eligible for compensation described in subparagraph (A) (and in making a determination with respect to prior enrollment, and with respect to coverage described in subparagraphs (F) and (G), the State may use the broadest possible determination of proof);

"(D) no coverage may be provided with respect to any services provided prior to the date of the enactment of this section, or services provided for an individual prior to the time such individual is determined to be eligible under such program, or inpatient services provided in a continuous period which began prior to such date or such eligibility;

"(E) no coverage may be provided for any individual who is otherwise eligible for medical assistance under the State plan under title XIX, who is eligible for benefits under title XVIII, or who is eligible for medical care from the Veterans' Administration (if such care is available and accessible to such individual);

"(F) no coverage may be provided for any individual who is covered under a group health plan for which a contribution toward the cost of the plan is being made by an employer, former employer, union, or any entity other than the individual, or who could have been so covered if an election had been made and premiums had been paid on a timely basis;

"(G) no coverage may be provided for any individual who is covered under a group health plan of such individual's spouse for which a contribution toward the cost of the plan is being made by an employer, former employer, union, or any entity other than such spouse, or who could have been so covered if an election after the date of the enactment of this section had been made and premiums had been paid on a timely basis;

"(H) no coverage may be provided for any individual whose family income exceeds an amount equal to 150 percent of the median family income in such State for a family of the same size as such individual's family unless a contribution is imposed on such individual as described in subsection (c)(1)(B) (and in making a determination with respect to an individual's family income, the State shall determine the declaration or proof of income to be required, the type of income to be included, and the time period over which the income is to be measured); and

"(I) in choosing groups of individuals (and their immediate families) to be covered, the State must give priority to those eligible individuals who have been unemployed for the longest period of time.

"(3)(A) The Secretary may waive the requirements of paragraph (2)(H) to the extent that special circumstances permit presumptions about the family income of applicants which make it unnecessary to apply the means test described in such paragraph on a case-by-case basis.

"(B) The provisions of paragraph (2)(H) shall not preclude a State from imposing a means test that is more restrictive than the test described in such paragraph.

"(4) Notwithstanding section 1101(a)(1), for purposes of this section the term 'State' means only the 50 States and the District of Columbia.

"(b)(1)(A) Services under the program established under this section may include only—

"(i) inpatient hospital services;

"(ii) emergency outpatient hospital services;

"(iii) routine and emergency physician services (including those provided in health clinics but not including those provided in nursing care or intermediate care facilities);

"(iv) prenatal, delivery, and post partum care;

"(v) laboratory and diagnostic X-ray services;

"(vi) X-ray, radium, and radioactive isotope therapy;

"(vii) services of a nurse midwife, described in section 1905(a)(17); and

"(viii) home health services in cases where the State determines that the coverage of such services is cost effective.

"(B) The State must include prenatal, delivery, and post partum care, and services for children (within the limits established under subparagraph (A)).

"(C) The State must include under the program some ambulatory and some institutional services.

"(D) No drugs or biologicals shall be included within the covered services described in subparagraph (A) unless provided as part of inpatient hospital services or provided for children.

"(2) The State shall determine the amount, duration, and scope of the covered services described in paragraph (1) which shall be included under the program, but in no event shall the amount, duration, or scope of such services under the program under this section exceed the amount, duration, or scope of such services included under the State plan for medical assistance for individuals described in section 1902(a)(10)(A).

"(3) Services may be provided through various arrangements made with providers by the State, but no such arrangement may provide services which are more generous than those provided under the State plan for medical assistance for individuals described in section 1902(a)(10)(A).

"(4) No cash payments may be made under the program to individuals participating in the program.

"(c)(1)(A) The State may provide for a weekly contribution from any individual participating in the program under this section, without regard to whether such individual is receiving compensation (referred to in subsection (a)(2)(A)), but (except as otherwise provided in subparagraph (B)) no such contribution may exceed—

"(i) an amount equal to 8 percent of the amount of compensation (referred to in subsection (a)(2)(A)) for which such individual is eligible for such week, or

"(ii) in the case of an individual who has exhausted his rights to such compensation, an amount equal to 8 percent of the minimum weekly amount of such compensation in such State.

Such contributions may vary for individual coverage and family coverage and by provider arrangement.

"(B) If the State chooses to provide coverage for any individual whose family income exceeds an amount equal to 150 percent of the median family income in such State for a family of the same size as such individual's family, the State must require a weekly contribution from such individual which—

"(i) is equal to or greater than the contribution amount which would be required from such individual if his family income did not exceed such amount; and

"(ii) does not exceed the actuarial value (as determined on a weekly basis) of the benefits provided under the State program.

"(2)(A) The State may require that deductibles and coinsurance amounts be imposed for users of services under the program. If the State chooses to require such deductibles and coinsurance amounts, they shall be at least the same amounts imposed under the State plan for medical assistance for individuals described in section 1902(a)(10(A), subject to the limitations in this paragraph.

"(B) The estimated average monthly amount of such deductibles and coinsurance amounts for outpatient services may not exceed an amount equal to 5 percent of the average monthly benefit amount in such State for unemployment compensation referred to in subsection (a)(2)(A).

"(C) The amount of such deductibles and coinsurance amounts for inpatient services may not exceed the maximum amount of deductibles and coinsurance amounts which could be imposed by the State under its State plan for medical assistance for individuals described in section 1905(a)(10)(A) consistent with the provisions of title XIX, subject to the limitations in subparagraphs (d) and (E) of this paragraph.

"(D) No deductibles or coinsurance amounts may be imposed for prenatal, delivery, or post partum care.

"(E) No deductibles or coinsurance amounts may be imposed until after public hearings which provide adequate notice and opportunity for public participation have been held by the State with respect to such imposition.

"(F) Subject to the limitations specified in this paragraph, such deductibles and coinsurance amounts may vary with respect to different groupings of eligible individuals, different types of services, different provider arrangements, and various coverage periods.

"(3) Any contribution amount imposed by the State must be used by the State to pay the State share of the cost of the program under this section, or to provide additional services or periods of coverage to individuals eligible for coverage under such program.

"(d)(1) Payment by the State for services provided to individuals eligible for the program under this section shall be made through the same administrative mechanisms through which payments are generally made under the State plan for medical assistance under title XIX; however, the State may provide for arrangements with carriers or providers which provide for cost effective financing and delivery systems, and may selectively make arrangements with a specific group or provide for capitation reimbursement, but no such arrangement may provide for services which are more generous than those provided under the State plan for medical assistance for individuals described in section 1902(a)(10)(A). Services provided through a prepaid capitation arrangement need not be provided through an organization meeting the requirements of section 1903(m).

"(2) Any limitations under the State plan for medical assistance on the amount that a provider of services may charge the recipient of such services shall also apply to the program under this section, except that contributions, deductibles, and coinsurance may be charged in accordance with subsection (c).

"(e)(1) The State may provide that determinations of qualification for coverage under the program under this section be made by the State agency administering the State's unemployment compensation law approved under section 3304 of the Internal Revenue Code of 1954, or any other State agency. The State may administer the services program under this section directly through the State agency administering the State plan for medical assistance under title XIX of this Act, or through arrangements with others.

"(2)(A) Upon becoming eligible for compensation (referred to in subsection (a)(2)(A)), an individual shall be informed of the eligibility criteria for coverage under the program established under this section and the benefits provided, and shall have four weeks from the time he is so informed, or (if later) from the time he loses his coverage under the group health plan of his employer, in which to voluntarily enroll in such program, such individual shall also be informed of the possibility that such individual may be eligible to enroll in a health plan of his spouse. If the individual declines the opportunity to enroll, or later voluntarily terminates his enrollment, he may not again enroll in such program unless he subsequently becomes eligible for compensation (referred to in subsection (a)(2)(A)) for a new benefit year (as determined under the applicable unemployment compensation law).

"(B) In the case of an individual who has exhausted his rights to such compensation but may be eligible for coverage under the program, the State shall provide for notification, by public announcement or otherwise, of the eligibility criteria, and shall provide a four-week period (after such notification or, if later, after the individual loses his coverage under the group health plan of his employer) in which such individuals may enroll in the program. Thereafter the provisions of subparagraph (A) shall apply to such individuals.

"(3) In the case of any State which chooses to require the payment of a contribution, the State may deduct the amount of the contribution from the amount of such compensation paid to an individual enrolled in such program.

"(4) Any State which chooses to cover under its program individuals residing in such State who are or were receiving railroad unemployment compensation, may enter into an agreement with the Railroad Retirement Board under which—

"(A) the Railroad Retirement Board shall notify those unemployed railroad workers who may be eligible under the program of the availability of the program in accordance with paragraph (2);

"(B) the Board shall furnish the State agency making eligibility determinations with such information as the State agency may require in order to make eligibility determinations with respect to such unemployed railroad workers or shall, to the extent feasible, perform such determinations for the State agency;

"(C) the Board shall deduct contribution amounts from any railroad unemployment compensation payable to such unemployed railroad workers in the same amounts as if such workers were receiving unemployment compensation under the State unemployment compensation law, and transfer such amounts to the State; and

"(D) the State shall reimburse the Board for administrative costs incurred under such agreement, and such amounts shall be paid into the railroad unemployment insurance administration fund.

"(5) The Railroad Retirement Board is authorized to carry out those functions required of it under any agreement entered into under paragraph (4).

"(f)(1) Notwithstanding sections 2002 and 2003, payments to States having programs established under this section shall be made in accordance with the provisions of this subsection, but subject to subsection (g). Payments under this subsection are in addition to any amounts to which a State is entitled under section 2002, and payments made under section 2002 may not be used for purposes of this section. An amount, not to exceed the State's allotment determined under paragraph (2), equal to the Federal percentage (as determined under paragraph (6)) of the amount expended by such State for its program established under this section shall be paid to the State in the same manner as payments are made under section 1903(d).

"(2)(A) There are authorized to be appropriated $450,000,000 for the program year described in subparagraph (B)(i) and $250,000,000 for the program year described in subparagraph (B)(ii). The Secretary shall allot the amount appropriated for each such program year among the States as follows:

"(i) One-third of such amount shall be allotted among the States on the basis of the relative number of insured unemployed individuals who reside in each State as compared to the total number of insured unemployed individuals in all the States.

"(ii) Two-thirds of such amount shall be allotted among the States on the basis of the relative number of individuals who have been unemployed for 26 weeks or more and who reside in each State as compared to the total number of such individuals in all the States.

"(B) The program years for allotment are—

"(i) the 12-month period beginning with the first month which begins more than 5 weeks after the date of the enactment of this section (hereinafter in this section referred to as the 'first program year'); and

"(ii) the succeeding 12-month period (hereinafter in this section referred to as the 'second program year').

"(3) Allotments shall be made on the basis of the most recent 12-month period, preceding the month in which the Secretary makes such allotments, for which adequate data is available.

"(4) Funds shall be allotted at the beginning of each program year referred to in paragraph (2)(B), but payment shall be made as described in paragraph (1). Amounts allotted for the second program year may be paid to States for expenses incurred in providing services under the program for individuals who are enrolled in the program on the last day of such program year, until their eligibility for such program terminates, or until the end of the three-month period following the second program year, whichever is earlier.

"(5) Any funds allotted for a program year to a State which did not establish a program under this section shall be reallotted to those States having a program, at the end of such program year. Such funds may be expended in the same manner as described in paragraph (4).

"(6)(A) For purposes of this section, the Federal percentage is 100 percent with respect to services provided during the first three months of the first program year, and, with respect to services provided thereafter, is—

"(i) 95 percent with respect to services provided in any State during a 6-month period (described in subparagraph (C)) for which the State's rate of insured unemployment (as determined for purposes of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970) for the period consisting of the first week of the 6-month period and the preceding 51 weeks is equal to or exceeds 5 percent;

"(ii) 0 percent with respect to services provided in any State during such a 6-month period for which the State's rate of insured unemployment for the period consisting of the first week of the 6-month period and the preceding 51 weeks is less than 2 percent; and

"(iii) a percent of not more than 95 percent, nor less than 50 percent, which has the same relative relationship to 50 percent and to 95 percent as such State's rate of insured unemployment for the period consisting of the first week of such 6-month period and the preceding 51 weeks has to 2 percent and to 5 percent (rounded to the nearest one-tenth of one percent) with respect to services provided in any State during such a 6-month period for which the State's rate of insured unemployment for the period consisting of the first week of the 6-month period and the preceding 51 weeks is equal to or exceeds 2 percent but is less than 5 percent.

"(B) The Federal percentage otherwise applicable under subparagraph (A) for any week beginning after the first three months of the first program year, shall be increased by 15 percentage points (but not to a percentage greater than 95 percent) with respect to services provided in any State during a 6-month period for which the State's rate of insured unemployment for the period consisting of the first week of such 6-month period and the preceding 51 weeks is equal to or exceeds 120 percent of the average of such rates for such State for the corresponding 52-week period ending in each of the preceding 2 calendar years.

"(C) The Federal matching percentage for a State shall be established under subparagraphs (A) and (B) at the time such State establishes its program under this section, and shall continue at such percentage for a period of 6 months. The Federal matching percentage shall be redetermined at 6-month intervals thereafter and remain in effect for periods of 6 months. No such period may extend beyond the end of the third month following the end of the second program year. Notwithstanding the preceding sentences of this subparagraph, the matching percentage for each State with respect to services provided during the three months following the end of the second program year, shall be the matching percentage in effect for such States with respect to services provided on the last day of the second program year.

"(7) Not more than 15 percent of the amount allotted to a State may be used for administrative expenses.

"(g)(1) Only a State having a rate of insured unemployment (as determined for purposes of section 203 of the Federal-State Extended Unemployment Compensation Act of 1970) for a period consisting of any week and the 51 preceding weeks, of 2 percent or more, may enroll new individuals in the program under this section during such week. If a State qualifies to enroll new individuals under the preceding sentence, such qualification shall continue for a period of not less than 6 months beginning with the first week in which such State so qualifies, and any State may subsequently requalify upon reaching the required rate of insured unemployment after the end of such 6-month period, but no such period may extend beyond January 31, 1986.

"(2) During a period in which a State may not enroll new individuals in its program by reason of paragraph (1), payment under this section may be made with respect to individuals previously enrolled in such program until their eligibility expires, or, if sooner, the end of the third month following the end of the second program year.

"(h) Any State establishing a program under this section shall submit a report to the Secretary on June 1, 1985, on the program's implementation and impact. A final report shall be submitted in June 1986 by any State which carries out its program for any period after the first three months of the first program year, upon expiration of its program. The form and content of the reports required under this subsection shall be determined by the Secretary.

"(i) The State shall provide that the payment for any services received by an individual under the program shall be secondary to, and shall be reduced by the amount of, any other payment which is or could be made with respect to such services under any other health plan or public program, or from a third party, including any workmen's compensation law or plan, any automobile or liability insurance policy or plan (including a self-insured plan), and any no fault insurance. The State shall require each individual enrolled in the program to assign all rights to such payments as he may have to the State as a condition of enrolling in the program.

"(j)(1) No payment may be made under this section to any State unless such State provides, subject to paragraph (5), that any group health plan for employees of such State, provided by such State or to which such state makes a contribution, provides for open enrollment and continued coverage in accordance with paragraphs (2) and (3).

"(2)(A) A group health plan meets the requirements of this paragraph only if it provides a qualified open enrollment period for each married employee—

"(i) who is (or at a previous time was) eligible to enroll or is enrolled under the plan, and

"(ii) whose spouse loses eligibility for coverage under a group health plan due to the involuntary layoff or involuntary separation (other than for cause or mandatory retirement) from the spouse's employment.

"(B)(i) The terms and conditions of an enrollment during a qualified open enrollment period shall be the same as the terms and conditions which would be offered by the group health plan to the married employee described in subparagraph (A) if such employee began employment for the employer on the first day of such period.

"(ii) In the case of an employee who is covered under a group health plan before the qualified enrollment period, clause (i) shall not require a group health plan to allow such individual to elect a higher level of benefits than that provided by such coverage.

"(iii) Any enrollment during a qualified open enrollment period need not take effect before the date on which the loss of coverage described in subparagraph (A)(ii) takes effect.

"(3)(A) A group health plan meets the requirements of this paragraph only if it provides for continued coverage for each qualified employee who is involuntarily laid off or involuntarily separated (other than for cause or mandatory retirement) from employment.

"(B) An employee is a qualified employee for purposes of this paragraph if he was enrolled in the group health plan at the time he was laid off or separated (as described in subparagraph (A)), and had been an employee of the employer for a period of not less than one full calendar month immediately prior to such layoff or separation.

"(C) Continued coverage for purposes of this paragraph shall be for a period of not less than the period beginning with the day on which the employee is laid off or separated and ending with the last day of the earlier of—

"(i) the third calendar month beginning after the date of such layoff or separation;

"(ii) the second calendar month beginning after the date of such layoff or separation in the case of an employee who was employed by the employer for less than three, but more than two, full calendar months immediately preceding such date, or

"(iii) the first calendar month beginning after the date of such layoff or separation in the case of an employee who was employed by the employer for less than two, but more than one, full calendar month immediately preceding such date.

"(D) Continued coverage for purposes of this paragraph shall consist of the same benefit level as was provided to the employee under the group health plan immediately prior to his layoff or separation, or such lesser level of benefits as may be established by the commissioner or superintendent of insurance of the State having jurisdiction over the group health plan.

"(E) Continued coverage for purposes of this paragraph shall be on the same employer and employee premium cost sharing arrangement was in effect under the group health plan immediately prior to the employee's layoff or separation.

"(4) For purposes of this subsection, the term 'qualified open enrollment period' means the 30-day period beginning on the day on which an appropriate State agency notifies the spouse of a married employee described in paragraph (2)(A) that such spouse has become eligible for receipt of unemployment compensation under any Federal or State law by reason of the separation or layoff described in paragraph (2)(A)(ii).

"(5)(A) Except as provided in subparagraph (B), the requirements of paragraph (1) shall apply—

"(i) in the case of the open enrollment requirements, to enrollment periods for employees whose spouses are involuntarily laid off or separated more than 60 days after the date of the enactment of this section; and

"(ii) in the case of the continued coverage requirements, to employees who are involuntarily laid off or separated on or after January 1, 1985.

"(B) In the case of a group health plan which was subject to a collective bargaining agreement in effect on the date of the enactment of this section, the date on which such agreement expires (determined without regard to any extensions agreed to after such date of enactment) shall, if later, be substituted for the dates (60 days after such date of enactment, or January 1, 1985) referred to in subparagraph (A).

"(6) Regulations implementing the requirements of this subsection shall be promulgated by the Secretary of the Treasury.

"(k) None of the funds provided under this section shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term.".

(b) Section 3304(a)(4)(C) of the Internal Revenue Code of 1954 and section 303(a)(5) of the Social Security Act are each amended by inserting "or health care" after "health insurance", and by inserting "or a contribution amount under section 2008 of the Social Security Act" after "program approved by the Secretary of Labor".

OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIRED FOR EMPLOYEES

Sec. 1003. (a) Chapter 41 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subchapter:

"Subchapter B—Health Plans of Large Employers Which Do Not Meet Open Enrollment and Continued Coverage Requirements

"Sec. 4912. Tax on health plans of large employers which do not meet open enrollment and continued coverage requirements.

"SEC. 4912. TAX ON HEALTH PLANS OF LARGE EMPLOYERS WHICH DO NOT MEET OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIREMENTS.

"(a) Tax Imposed.—In the case of a large employer, there is hereby imposed for each taxable year a tax equal to—

"(1) $500, multiplied by

"(2) the aggregate number of failures to meet the requirements of paragraph (2) or (3) of section 2008(j) of the Social Security Act during such taxable year under any group health plans offered by such employer.

"(b) Definitions; Nontaxable Entities.—For purposes of this section—

"(1) Large employer.—The term 'large employer' means an employer who, on each of some 20 days during the calendar year or the preceding calendar year, each day being in a different calendar week, employed for some portion of the day—

"(A) 10 or more individuals for purposes of the open enrollment requirements in section 2008(j)(2) of the Social Security Act, and

"(B) 25 or more individuals for purposes of the continued coverage requirements in section 2008(j)(3) of such Act.

"(2) Employer.—The term 'employer' does not include the Government of the United States, the government of the District of Columbia or any territory or possession of the United States, a State or any political subdivision thereof, or any agency or instrumentality (including the United States Postal Service and Postal Rate Commission) of any of the foregoing, except that such term includes nonappropriated fund instrumentalities of the Government of the United States.

"(3) Group health plan.—The term 'group health plan' has the meaning given such term by section 162(i)(2).

"(4) Nontaxable entities.—In the case of a large employer who is not subject to tax under this title, the calendar year shall be treated as such employer's taxable year.

"(c) Cross References.—

"(1) For provision denying deduction for tax imposed by this section, see section 275(a)(6).

"(2) For provisions making deficiency procedures applicable to tax imposed by this section, see section 6211 et seq.".

(b)(1) Chapter 41 of such Code is amended by striking out the chapter heading and inserting in lieu thereof the following:

"CHAPTER 41—PUBLIC CHARITIES; CERTAIN HEALTH PLANS OF LARGE EMPLOYERS

"Subchapter A. Public charities.
"Subchapter B. Health plans of large employers which do not meet open enrollment requirements and continued coverage.

"Subchapter A—Public Charities".

(2) The table of chapters for subtitle D of such Code is amended by striking out the item relating to chapter 41 and inserting in lieu thereof the following:

"Chapter 41. Public charities; certain health plans of large employers.".

(3) Subparagraph (B) of section 6104(c)(1) of such Code is amended by striking out "or chapter 41 or 42" and inserting in lieu thereof ", subchapter A of chapter 41, or chapter 42".

(c)(1) Except as provided in paragraph (2), the amendments made by this section shall apply—

(A) in the case of the open enrollment requirements under section 2008(j)(2) of the Social Security Act, to enrollment periods for employees whose spouses are involuntarily laid off or separated more than 60 days after the date of the enactment of this Act, in taxable years ending after such date; and

(B) in the case of the continued coverage requirements under section 2008(j)(3), to employees who are involuntarily laid off or separated on or after January 1, 1985, in taxable years ending on or after such date.

(2) In the case of a group health plan which was subject to a collective-bargaining

agreement in effect on the date of the enactment of this Act, the date on which such agreement expires (determined without regard to any extensions agreed to after the date of enactment of this Act) shall, if later, be substituted for the date provided by paragraph (1).

STUDY OF PRIVATE SECTOR HEALTH CARE COVERAGE FOR UNEMPLOYED WORKERS

Sec. 1004. The Secretary of Health and Human Services is directed to conduct a study of changes which might be made in employer-provided health care coverage which would provide adequate continuing health care coverage and conversion privileges for employees who are involuntarily terminated from employment. Such study shall include estimates of the costs which would be incurred by employers in providing continuing health care coverage of various durations, and at various contribution levels by the former employee (including a zero contribution level). The Secretary shall report the results of the study to Congress not later than January 1, 1985, and shall include any recommendations for legislation which would provide for such continuing coverage.

DANFORTH (AND OTHERS) AMENDMENT NO. 2931

Mr. DANFORTH (for himself, Mr. Chafee, Mr. Moynihan, Mr. Percy, and Mr. Bentson) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 531, strike out all beginning with line 1, through line 20.

DOLE AMENDMENT NO. 2932

Mr. DOLE proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 182, insert the following after the end of section 51:

SEC. 52. ELIGIBILITY TO FILE CONSOLIDATED RETURNS.

(a) In General.—Section 1504 (defining affiliated group) is amended by adding at the end thereof the following new subsection:

"(f) Definition of Affiliated Group for Taxable Years Beginning After 1984.—For taxable years beginning after December 31, 1984—

"(1) In general.—Except as provided in paragraph (6), or by regulation, for purposes of this chapter only, the term 'affiliated group' means 1 or more chains of includible corporations connected through stock ownership with a common parent corporation which is an includible corporation if—

"(A) stock possessing—

"(i) at least 80 percent of the voting power of all outstanding stock, and

"(ii) at least 80 percent of the total value of shares of all outstanding stock of each of the includible corporations (except the common parent corporation), is owned directly by 1 or more of the other includible corporations, and

"(B) the common parent corporation owns directly stock possessing—

"(i) at least 80 percent of the voting power of all outstanding stock, and

"(ii) at least 80 percent of the total value of shares of all outstanding stock, of at least 1 of the other includible corporations.

"(2) Special rule for initial determination.—No affiliated group shall be eligible to file a consolidated return unless, on the first day of the first taxable year to be included in such consolidated return, the requirements of paragraph (1) are met. The preceding sentence shall not apply to any affiliated group filing a consolidated return for a taxable year which includes December 31, 1984.

"(3) Special rule for termination of affiliated group.—The determination of whether an affiliated group on each day of any taxable year continues to be an affiliated group (or whether any includible corporation continues to be a member of such group) shall be made by substituting 'more than 50 percent' for 'at least 80 percent' in clause (ii) in paragraph (1)(A) and clause (ii) of paragraph (1)(B).

"(4) 5 years must elapse before reaffiliation.—

"(A) In general.—For purposes of determining whether any corporation is a member of an affiliated group, a corporation and any successor of such corporation which has ceased after April 11, 1984, to be a member of any affiliated group may not be treated as a member of such group (or of any other affiliated group the common parent of which is the common parent, or any successor of such common parent, of such group) before the 5th taxable year of such corporation after its first taxable year for which it ceases to be a member of such affiliated group. The preceding sentence shall not apply to any domestic insurance company described in subsection (c)(2)(A).

"(B) Secretary may waive application of subparagraph (A).—The Secretary may waive the application of subparagraph (A) to any corporation for any period subject to such conditions as the Secretary may by regulations prescribe.

"(5) Stock.—For purposes of this subsection, the term 'stock' does not include nonvoting stock which is limited and preferred as to dividends and in redemption and liquidation and which is not convertible into stock of any other class.

"(6) Corporations affiliated on April 11, 1984.—For taxable years beginning before January 1, 1988, subsection (a) (and not paragraphs (1), (3), (5), or (7) of this subsection) shall apply for purposes of determining whether a corporation continues to be a member of an affiliated group of which it was a member on April, 11, 1984. The preceding sentence shall apply only if the affiliated group files a consolidated return for its taxpayer year which includes March 10, 1984.

"(7) Regulations.—The Secretary shall prescribed such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations—

"(A) which treat warrants, obligations convertible into stock, and other similar interests as stock, and stock as not stock, for purposes of this chapter,

"(B) which treat options to acquire or put stock as having been exercised,

"(C) which disregard changes after April 11, 1984, in voting power disproportionate to changes in the total value of shares of all outstanding stock and

"(D) which do not permit an includible corporation to be a member of an affiliated group where there is a plan pursuant to which it is to cease meeting the qualification requirements for treatment as such a member."

(b) Technical Amendments.—Subsection (c) of section 1504 (relating to includible insurance companies) is amended by striking out "subsection (a)" each place it appears and inserting in lieu therof "subsection (a) or (f), as the case may be,".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

HAWKINS AMENDMENT NO. 2933

Mrs. HAWKINS proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On line 11, page 986 of the amendment, change the period to a comma and add the following thereafter: "except that such subsection shall not apply to any incentive stock option granted before September 20, 1984, pursuant to a plan adopted or corporate action taken by the board of directors of the grantor corporation before March 20, 1984."

On page 986, line 14, insert the following of the end thereof: "In the case of an option issued after March 20, 1984, pursuant to a plan adopted or corporate action taken by the board of directors of the greater corporation before March 20, 1984, the preceding sentence shall be applied by substituting "December 31, 1984" for "March 20, 1984."

LEVIN AMENDMENT NO. 2934

Mr. LEVIN proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 152, line 22, add the following subsection:

"(4) Transition rule.—The amendments made by this section shall not apply to distributions declared before the date of enactment of this Act and paid before December 31, 1984 if—

"(A) such distributions consist solely of not more than 51 percent of the then outstanding common stock of a corporation which was formed on or before March 15, 1984 and which is controlled (within the meaning of section 368(c)) by the distributing corporation immediately before the distributions,

"(B) such distributions are made pursuant to a proposal which was initially considered by the distributing corporation before February 15, 1982, and such initial consideration is reflected in one or more memoranda or other documentation prepared by or on behalf of the distributing corporation before February 15, 1982,

"(C) such proposal was actively considered by the management of the distributing corporation before November 15, 1983,

"(D) such distributions are an integral part of a proposal approved in principle by the Board of Directors of the distributing corporation before February 15, 1984, and

"(E) such proposal was publicly announced by the distributing corporation before March 15, 1984."

BUMPERS AMENDMENT NO. 2935 (AS MODIFIED)

Mr. BUMPERS proposed an amendment, which was subsequently modified to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1091, beginning with line 12, strike out all through page 1095, line 16.

D'AMATO AMENDMENT NO. 2936

Mr. D'AMATO proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SECTION 722. Local Furnishing of Electricity or Gas.

For the purposes of section 103(b)(4)(E), facilities for the local furnishing of electric energy also shall include a facility that is part of a system providing service to the general populace (i) if at least 97% (measured both by total number of metered customers and by their annual consumption on a kilowatt hour basis) of the retail customers of such system are located in two contiguous counties, and (ii) if the remainder of such customers are located in a portion of a third contiguous county which portion is located on a peninsula not directly connected by land to the rest of the county of which it is a part.

GORTON (AND LEVIN) AMENDMENT NO. 2937

Mr. GORTON (for himself and Mr. LEVIN) proposed an amendment to amendment No. 2902, proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 1090, between lines 18 and 19, insert the following new subsection:

(c) SPECIAL RULE FOR CERTIFICATION.—Subparagraph (A) of section 51(d)(16) (relating to special rules for certifications) is amended by adding at the end thereof the following new sentence: "For purposes of the preceding sentence, if on or before the day on which such individual begins work for the employer, such individual has received from a designated local agency (or other agency or organization designated pursuant to a written agreement with such designated local agency) a written preliminary determination that such individual is a member of a targeted group, then 'the fifth day' shall be substituted for 'the day' in such sentence.".

BRADLEY (AND NICKLES) AMENDMENT NO. 2938

Mr. BRADLEY (for himself and Mr. NICKLES) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 1086, strike out lines 3 through 6, and insert in lieu thereof:

(4) AFFIRMATIVE COMMITMENTS FOR SYNTHETIC FUELS PROJECTS EXTENDED.—

(A) IN GENERAL.—Subparagraph (c) of section 46(b)(2) (relating to energy percentage) (as so amended) is further amended—

On page 1086, line 7, strike out "(A)" and insert in lieu thereof "(I)".

On page 1036, line 10, strike out "(B)" and insert in lieu thereof "(II)".

On page 1086, line 13, strike out "(C)" and insert in lieu thereof "(III)".

On page 1086, between lines 15 and 16, insert the following new subparagraph:

(B) DENIAL OF DOUBLE BENEFIT.—

(i) GENERAL RULE.—The amendments made by subparagraph (A) shall not apply to any synthetic fuel project of any concern in receipt of, or making application to receive, financial assistance from the United States Synthetic Fuels Corporation after the date of the enactment of this Act.

(ii) DEFINITIONS.—The terms "synthetic fuel project", "concern", and "financial assistance" shall have the meaning given to such terms by paragraphs (18), (3), and (7), respectively, of section 112 of the Energy Security Act (42 U.S.C. 8702).

EVANS (AND GORTON) AMENDMENTS NOS. 2939 AND 2940

Mr. EVANS (for himself and Mr. GORTON) proposed two amendments to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

AMENDMENT No. 2939

On page 678, between lines 10 and 11, insert the following:

(5) EXCEPTION FOR CERTAIN POLICIES OF $5,000 OR LESS.—

(A) IN GENERAL.—The amendments made by this section shall not apply to any contract which was issued before June 1, 1984 and—

(i) which was issued under a plan of insurance in existence on March 15, 1984, and

(ii) with respect to which the amount payable as an initial death benefit does not exceed $5,000.

(B) ONLY ONE CONTRACT PER INSURED.—If a life insurance company issues more than one contract described in subparagraph (A) to the same person during the period beginning December 31, 1983, and ending May 31, 1984, subparagraph (A) shall only apply to the first contract so issued. For purposes of the preceding sentence, any contract issued by a member of the same controlled group (within the meaning of section 806(d)(3) of the Internal Revenue Code of 1954) as the life insurance company shall be treated as issued by such company.

AMENDMENT No. 2940

On page 28, between lines 16 and 17, insert the following:

"(iii) PROPERTY MANUFACTURED IN THE UNITED STATES.—Clause (iii) of subparagraph (A) shall not apply to any property substantially all of which is manufactured within the United States or any possession of the United States.

Mr. DIXON proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

AMENDMENT No. 2941

At the end of subtitle A of title I, insert the following new section:

SEC. . MODIFICATION OF ELECTION OR AGREEMENT UNDER SECTION 2032A.

(a) IN GENERAL.—Section 2032A(d) (relating to election and agreement) is amended by adding at the end thereof the following new paragraph:

"(3) MODIFICATION OF ELECTION AND AGREEMENT TO BE PERMITTED.—The Secretary shall prescribe procedures which provide that in any case in which the executor makes an election under paragraph (1) within the time prescribed for filing such election, but—

"(A) The notice of election, as filed, does not contain all required information, or

"(B) Signatures of 1 or more persons required to enter into the agreement described in paragraph (2) are not included on the agreement as filed, or the agreement does not contain all required information,

the executor will have a reasonable period of time (not exceeding 90 days) after notification of such failures to provide such information or agreements.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.— The amendment made by this section shall apply to estates of decedents dying after December 31, 1976.

(2) REFUND OR CREDIT OF OVERPAYMENT BARRED BY STATUTE OF LIMITATIONS.—Notwithstanding section 6511(a) of the Internal Revenue Code of 1954 or any other period of limitation or lapse of time, a claim for credit or refund of overpayment of the tax imposed by such Code which arises by reason of this section may be filed by any person at any time within the 1-year period beginning on the date of the enactment of this Act. Sections 6511(b) and 6514 of such Code shall not apply to any claim for credit or refund filed under this subsection within such 1-year period.

TRIBLE (AND DOLE) AMENDMENT NO. 2942

Mr. TRIBLE (for himself, Mr. DOLE, Mr. BAUCUS, Mr. WARNER, and Mr. SYMMS) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

AMENDMENT No. 2942

On page 820, between lines 15 and 16, insert the following new section:

SEC. 604. SPECIAL RULE FOR CERTAIN AGRICULTURAL VEHICLES.

(a) IN GENERAL.—Subsection (d) of section 4483 (relating to exemptions from highway use tax) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

"(5) 7,500-MILE EXEMPTION FOR AGRICULTURAL VEHICLES.—

"(A) IN GENERAL.—In the case of an agricultural vehicle, paragraphs (1) and (2) shall be applied by substituting '7,500' for '5,000' each place it appears.

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) AGRICULTURAL VEHICLE.—The term 'agricultural vehicle' means any highway motor vehicle—

"(I) used primarily for farming purposes, and

"(II) registered under the laws of the State in which such vehicle is, or is required to be, registered as a highway motor vehicle used for farming purposes.

"(ii) FARMING PURPOSES.—The term 'farming purposes' means—

"(I) the transporting of any farm commodity to or from a farm or used directly in agriculture production.

"(iii) FARM COMMODITY.—The term 'farm commodity' means any agricultural or horticultural commodity, feed, seed, fertilizer, livestock, bees, poultry, fur-bearing animals, or wildlife.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the amendments made by section 513 of the Highway Revenue Act of 1982.

DANFORTH (AND DOLE) AMENDMENT NO. 2943

Mr. DOLE (for Mr. Danforth) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

Amendment No. 2943

At the end of title IX, add the following:

Subtitle F—Payment to States of Back Claims

PAYMENT SCHEDULE FOR REIMBURSEMENT OF BACK CLAIMS DUE THE STATES

Sec. 998. (a) The payment schedule contemplated by section 136 of Public Law 97-276 for reimbursement of expenditures described in that section is hereby established as follows:

(1) For expenditures identified in the decree entered by the United States District Court for the District of Columbia on July 21, 1983, in the case of *State of Connecticut* v. *Heckler*, No. 81-2237, and allowed by the Secretary of Health and Human Services prior to the date of the enactment of this Act, payment shall be made by supplemental grant award or otherwise, within 30 days after the date of the enactment of this Act.

(2) For any other expenditure described in such section 136 which was identified in such decree or in any other decree entered by a Federal court in a suit filed prior to September 30, 1982, payment shall be made, by supplemental grant award or otherwise, as soon as the expenditure or portion thereof involved is finally determined by the Secretary of Health and Human Services to be an allowable claim under the substantive provisions of the applicable title of the Social Security Act.

(b) With respect to section 306 of Public Law 96-272, no State or local expenditure incurred prior to October 1, 1978, under a State plan approved under title I, IV, V, X, XIV, XVI, XIX, or XX of the Social Security Act, shall be reimbursed, now or hereafter, unless—

(1) it is identified in paragraph (1) or (2) of subsection (a); or

(2) the claim for such reimbursement (whether asserted as an adjustment to prior year costs, or otherwise) was filed with the Secretary of Health and Human Services not later than May 15, 1981.

STENNIS (AND OTHERS) AMENDMENT NO. 2944

Mr. STENNIS (for himself, Mr. Long Mr. Pryor, Mr. Randolph, and Mr. Cochran) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 860 of the matter proposed to be inserted, strike out lines 4 through 12 and insert in lieu thereof the following: "industrial development bonds (including any obligation that is part of an issue described in subparagraph (E))—

"(I) which is not to be redeemed from the proceeds of such issue,

"(II) the interest on which is exempt from tax under subsection (a),

"(III) which are allocated to such beneficiary under subparagraph (C), and

"(IV) which are outstanding at the time of such later issue."

On page 870 of such matter, strike out line 16 and insert in lieu thereof the following:

"(E) Exception for UDAG projects and manufacturing facilities.—

"(1) In general.—Subparagraph (A) shall not apply to—

"(I) any issue substantially all of the proceeds of which are to be used to provide any manufacturing facility, or

"(II) any issue described in paragraph (6)(I),

"(ii) Manufacturing facility.—For purposes of this subparagraph, the term 'manufacturing facility' means any facility described in Subparagraph (N) of Section 103(b)(6).

"(iii) Certain storage facilities treated as manufacturing facility.—For purposes of this subparagraph, the term 'manufacturing facility' includes any facility used for the storage and distribution of property manufactured, processed, or produced by any person if—

"(I) such facility is owned and operated by such person,

"(II) substantially all of the property stored at, and distributed from, such facility is manufactured, processed, or produced by such person, and

"(III) no portion of such facility is used for the sale or distribution of such stored property directly to the ultimate consumer.

"(F) Treatment of related persons.—".

On page 880 of such matter, between lines 5 and 6, insert the following:

(e) Termination Date for Small Issues Not to Apply to Manufacturing Facilities.—Subparagraph (N) of section 103 (b) (6) (relating to termination date) is amended to read as follows:

"(N) Termination of paragraph.—

"(i) In general.—Except as provided in clause (ii), this paragraph shall not apply to any obligation issued after December 31, 1986 (including any obligation issued to refund an obligation issued on or before such date).

"(ii) Obligations issued to provide manufacturing facilities.—This paragraph shall apply to any obligation issued before January 1, 1991, as part of an issue all or substantially all of the proceeds of which are to be used to provide manufacturing facilities.

"(iii) Manufacturing facility.—For purposes of this subparagraph, the term 'manufacturing facility' means any facility which is used in the manufacturing or production of tangible personal property (including processing resulting in a change in the condition of such property). Such term includes any storage facility integrally related to a manufacturing, production, or processing operation.".

On page 899 of such matter, strike out line 21, and insert in lieu thereof the following:

SEC. 721. RESTRICTION ON ISSUANCE OF INDUSTRIAL REVENUE BONDS FOR OFFICE, PROFESSIONAL, AND FINANCIAL FACILITIES.

(a) In General.—Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(15) No exceptions for obligations issued for offices or certain facilities.—

"(A) In general.—Paragraphs (4), (5), (6), and (7) shall not apply to any obligation other than an obligation described in section 103(b)(6)(I) issued as part of an issue more than 5 percent of the proceeds of which are to be used for—

"(i) offices or office equipment, or parking facilities,

"(ii) medical or health facilities other than hospitals (including health clubs), or

"(iii) facilities used in providing professional, financial, legal, accounting insurance, brokerage, or similar services.

"(B) Proceeds used in qualified census tract.—For purposes of applying subparagraph (A), any proceeds which are used to provide 20-year real property that is located in any qualified census tract (within the meaning of section 103A(k)(2)) shall not be treated as being used for any purpose described in subparagraph (A).".

(b) Effective Date.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to obligations issued after April 11, 1984.

(2) Construction or binding agreement.—The amendments made by this section shall not apply to obligations issued with respect to facilities—

(A) the original use of which commences with the taxpayer and the construction of which began before April 12, 1984, or

(B) with respect to which a binding contract to incur significant expenditures (within the meaning of section 722(g) of this Act) was entered into before April 12, 1984.

SEC. 722. EFFECTIVE DATES.

On page 906 of such matter, line 3, strike out "and 720" and insert in lieu thereof "720, and 721".

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SEC. 723. SENSE OF THE SENATE REGARDING PER CAPITA LIMITATION.

It is the sense of the Senate that no per capita limitation be imposed on the face amount of industrial development bonds (within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954) which are treated as described in section 103(a) of such Code.

On page 904 of such matter, at the end of the table preceding line 1, insert the following.

WARNER (AND OTHERS) AMENDMENT NO. 2945

Mr. WARNER (for himself, Mr. Helms, Mr. East, and Mr. Mattingly) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1137, strike out lines 11 through 23, and insert in lieu thereof the following:

SEC. 870. DEDUCTIONS FOR CERTAIN EXPENSES INCURRED BY A MEMBER OF A UNIFORMED SERVICE, OR BY A MINISTER, WHO RECEIVES A HOUSING OR SUBSISTENCE ALLOWANCE.

(a) In General.—Paragraph (1) of section 265 (denying a deduction for payment of certain expenses relating to tax-exempt income) is amended by adding at the end thereof the following sentence: "This section shall not apply with respect to any income of a member of a uniformed service (within the meaning given to such term by section 101(3) of title 37, United States Code) in the form of a subsistence allowance or a quarters or housing allowance, or to income excluded from gross income of the taxpayer under section 107 (relating to rental value of parsonages).".

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1982.

NUNN AMENDMENT NO. 2946

Mr. NUNN proposed an amendment to amendment No. 2902 proposed by

Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 689, lines 2 and 3, strike out "in taxable years beginning after December 31, 1984" and insert in lieu thereof "after the date of enactment of this Act."

QUAYLE AMENDMENT NO. 2947

Mr. QUAYLE proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

At the end of the amendment add the following new section:

SPECIAL PROVISIONS FOR DISLOCATED WORKERS WITH RESPECT TO INDIVIDUAL RETIREMENT ACCOUNTS

SEC. . (a) Notwithstanding any other provision of the Internal Revenue Code of 1954, a dislocated worker having documentation issued by the Secretary under this section, may withdraw contributions to, and interest on, an individual retirement account established in accordance with the provisions of section 408 of the Internal Revenue Code of 1954, without incurring the tax penalty under section 408(f) of the Internal Revenue Code of 1954.

(b) For purposes of subsection (a), an individual is a dislocated worker if such individual—

(1) has at least twenty quarters of coverage under title II of the Social Security Act; and

(2) has exhausted all rights to regular compensation under State law in his most recent benefit year.

(c) The Secretary shall provide for the issuance of documentation to individuals identified as dislocated workers.

HELMS (AND OTHERS) AMENDMENT NO. 2948

Mr. HELMS (for himself, Mr. WARNER, Mr. MATTINGLY, and Mr. EAST) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 1137, strike out lines 11 through 23, and insert in lieu thereof the following:

SEC. 879. ALLOCATION OF EXPENSES TO PARSONAGE AND HOUSING ALLOWANCES.

With respect to any mortgage interest or real property tax costs paid or incurred before January 1, 1986, by any minister of the gospel or any member of a uniformed service (within the meaning given to such term by section 101(3) of title 37, United States Code), the application of section 265(1) of the Internal Revenue Code of 1954 to such costs or to a subsistence allowance or a quarters or housing allowance shall be determined without regard to Revenue Ruling 83-3 (and without regard to any other regulation, ruling, or decision reaching the same result, or a result similar to, the result set forth in such Revenue Ruling).

MURKOWSKI (AND OTHERS) AMENDMENT NO. 2949

Mr. MURKOWSKI (for himself, Mr. CRANSTON, Mr. KASTEN, Mr. HATFIELD, Mr. WILSON, and Mr. STEVENS) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SEC. 722. SENSE OF THE SENATE REGARDING QUALIFIED VETERANS' MORTGAGE BONDS.

It is the sense of the Senate that—

(1) no termination date be imposed on the issuance of qualified veterans' mortgage bonds (within the meaning of section 103A(c)(3) of the Internal Revenue Code of 1954), and

(2) no qualified veterans' mortgage bonds be taken into account in applying section 103A(g) of such Code.

ARMSTRONG AMENDMENT NO. 2950

Mr. ARMSTRONG proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 1089, between lines 5 and 6, insert the following:

(8) LEASED PROPERTY.—Clause (ii) of section 48(l)(2)(B) (defining energy property) is amended by inserting "(determined after the application of the principles of the last sentence of section 48(b))" after "taxpayer".

DOLE AMENDMENT NO. 2951

Mr. DOLE, by unanimous consent, proposed an amendment (in the nature of a substitute) to amendment No. 2950 proposed by Mr. ARMSTRONG to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 482, after section 173, add the following:

SEC. 174. DEFINITION OF SECTION 38 PROPERTY IN SALE-LEASEBACK TRANSACTIONS.

(a) IN GENERAL.—Subsection (b) of section 48 (defining new section 38 property) is amended to read as follows:

"(b) NEW SECTION 38 PROPERTY.—For purposes of this subpart—

"(1) IN GENERAL.—The term 'new section 38 property' means section 38 property—

"(A) the construction, reconstruction, or erection of which is completed by the taxpayer after December 31, 1961, or

"(B) acquired after December 31, 1961, if the original use of such property commences with the taxpayer and commences after such date.

In applying section 46(c)(1)(A) in the case of property described in subparagraph (A), there shall be taken into account only that portion of the basis which is properly attributable to construction, reconstruction, or erection after December 31, 1961.

"(2) SPECIAL RULE FOR SALE-LEASEBACKS.—For purposes of paragraph (1), in the case of any section 38 property which—

"(A) is originally placed in service by a person, and

"(B) is sold and leased back by such person within 3 months of the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the lease.".

"(3) The principles of paragraph (2) shall be applicable in determining whether the original use of property commences with the taxpayer for purposes of section 48(l)(2)(B)(ii)".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after April 11, 1984.

ARMSTRONG AMENDMENT NO. 2952

Mr. ARMSTRONG proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 476 of the matter proposed to be inserted, strike out lines 13 through 16 and insert in lieu thereof the following:

(2) EXCEPTION.—The amendments made by this Act shall not apply with respect to any disposition conducted pursuant to—

(A) a contract which was binding on March 22, 1984, or

(B) an agreement entered into in principle before March 23, 1984.

On page 476 of such matter, line 10, strike out "The" and insert in lieu thereof "Except as otherwise provided in this subsection, the".

HEINZ (AND PERCY) AMENDMENT NO. 2953

Mr. HEINZ (for himself and Mr. PERCY) submitted an amendment intended to be proposed by them to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

After section 965 add the following new section:

HOME HEALTH SERVICES PROVIDED ON A DAILY BASIS

SEC. 966. (a) Section 1861(m) of the Social Security Act is amended by adding at the end the following new sentence: "For purposes of paragraphs (1) and (4), nursing care and home health aide services may be provided under such paragraphs on a daily basis (with one or more visits per day) to an individual after his discharge from a hospital for a period of up to 45 days immediately following such discharge with monthly physician certification of the need for services on such a basis, and after such 45-day period based on a physician certification of exceptional circumstances requiring such services on a daily basis.".

(b) The amendment made by subsection (a) shall apply with respect to services furnished on or after the date of the enactment of this Act.

(c) The Secretary of HHS shall study and report back to Congress no later than January 1, 1985 on the effectivenss of home health care in preventing hospital and nursing home admission or re-admission, and make recommendatons to Congress on changes necessary to allow appropriate use of the home health benefit.

LICENSING OF YACHT "DAD'S PAD" FOR COASTWIDE TRADE

PACKWOOD AMENDMENT NO. 2954

Mr. BAKER (for Mr. PACKWOOD) proposed an amendment to the bill (S. 1186) to clear certain impediments to the licensing of the yacht *Dad's Pad* for employment in the coastwide trade; as follows:

In section 2, strike "Zobra" and insert in lieu thereof "Zorba".

CONVEYENCE OF CERTAIN LAND TO SHOW LOW, ARIZ.

McCLURE AMENDMENT NO. 2955

Mr. BAKER (for Mr. McClure) proposed an amendment to the amendment of the House to the bill (S. 597) to convey certain lands to the city of Show Low, Ariz.; as follows:

Amendment to the House amendment in the nature of a substitute "Strike Section 4."

FEDERAL BOAT SAFETY ACT AMENDMENTS

D'AMATO (AND OTHERS) AMENDMENT NO. 2956

Mr. D'AMATO (for himself, Mr. Long, Mr. Moynihan, Mrs. Hawkins, Mr. Specter, Mr. Melcher, Mr. Murkowski, Mr. Boschwitz, Mr. Huddleston, Mr. Stevens, Mr. Wilson, Mr. Johnston, Mr. Hecht, and Mr. Mattingly) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

At the appropriate place, insert the following new section:

SEC. . TAX-EXEMPT INTEREST EXCLUDED IN DETERMINING AMOUNT OF SOCIAL SECURITY BENEFITS TO BE TAXED.

(a) In General.—Paragraph (2) of section 86(b) (defining modified adjusted gross income) is amended to read as follows:

"(2) Modified adjusted gross income.—For purposes of this subsection, the term 'modified adjusted gross income' means adjusted gross income determined without regard to this section and sections 221, 911, 931, and 933.".

(b) Effective Date.—The amendments made by subsection (a) shall take effect as if included in the amendment made by section 121(a) of the Social Security Amendments of 1983.

STEVENS AMENDMENT NO. 2957

Mr. STEVENS proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

After section 977, insert the following:

EXCLUSION FROM INCOME OF ALASKA BONUS PAYMENT

Sec. 978. (a) Section 1612 (b)(2)(B) of the Social Security Act is amended—

(1) by inserting "on any program established prior to such date but subsequently amended so as to conform to State or Federal constitutional standards)" after "1973"; and

(2) by striking out "attainment of age 65 and duration of residence" and inserting in lieu thereof "attainment of age 65 or any older age set by the State, and residency".

(b) The amendments made by subsection (a) shall become effective on the date of the enactment of this act.

BRADLEY (AND LAUTENBERG) AMENDMENT NO. 2958

Mr. BRADLEY (for himself and Mr. Lautenberg) proposed an amendment to amendment No. 2902 proposed by Mr. Bradley (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1283, between lines 14 and 15, insert the following:

PAYMENT FOR COSTS OF HOSPITAL-BASED MOBILE INTENSIVE CARE UNITS

Sec. 966. (a)(1) In the case of a project or system described in subsection (b), the Secretary of Health and Human Services shall provide, except as provided in paragraph (2), that the amount of payments to hospitals covered under the project or system (on and after the date of the enactment of this section and before the date on which the Secretary terminates the waiver granted with respect to such project or system) shall include payments for their operation of hospital-based mobile intensive care units (as defined by State statute) if the State provides satisfactory assurances that the total amount of payments to such hospitals under titles XVIII and XIX of the Social Security Act under the demonstration project or system (including any such additional amount of payment) would not exceed the total amount of payments which would have been paid under such titles if the demonstration project or system were not in effect.

(2) Paragraph (1) shall not apply if the State in which the project or system is located notifies the Secretary—

(A) within 30 days after the date of the enactment of this section, in the case of a demonstration project described in subsection (b)(1), or

(B) within a reasonable period (established by the Secretary), in the case of a system described in subsection (b)(2),

that the State does not want paragraph (1) to apply to that project or system.

(b) A project or system referred to in subsection (a) is—

(1) a statewide demonstration project established in the State of New Jersey under section 222(a) of the Social Security Amendments of 1972 (Public Law 92-603),

(2) a statewide hospital reimbursement control system established in the State of New Jersey and approved under section 1886(c) of the Social Security Act,

which project or system provides for payments to hospitals in a State determined on a prospective basis and related to a classification of patients by diagnosis-related groups.

(c) Payment for services described in this section shall be considered to be payments for services under part A of title XVIII of the Social Security Act.

AUTHORITY FOR COMMITTEES TO MEET

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, April 11, to hold a hearing on transfer of U.S. high technology to the Soviet Union and Soviet bloc nations.

The PRESIDING OFFICER. Without objection, it is so ordered

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, April 11, 1984, in order to receive testimony concerning the following nominations:

Edward Leavy, of Oregon, to be U.S. district judge for the District of Oregon.

William D. Browning, of Arizona, to be U.S. district judge for the District of Arizona.

Joseph J. Longobardi, of Delaware, to be U.S. district judge for the District of Delaware.

Terrence W. Boyle, of North Carolina, to be U.S. district judge for the Eastern District of North Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Wednesday, April 11, 1984, in order to receive testimony on S. 2418, a bill which would authorize and direct the Librarian of Congress, subject to the supervision and authority of a Federal, civilian, or military agency, to proceed with the construction of the Library of Congress Mass Book Deacidification Facility.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, April 11, to have the committee photograph taken; and to hold a hearing on the nomination of Chapman Cox, to be general counsel of the DOD; to consider S. 2100, a bill to authorize the Secretary of the Army to sell ammunition for use in avalanche control; and to consider routine military nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SEA POWER AND FORCE PROJECTION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Sea Power and Force Projection, of the Committee on Armed Services, be authorized to meet during the session of the Senate on Wednesday, April 11, at 2:45 p.m., to receive additional testimony on Navy procurement and R&D programs.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, April 11, at 2 p.m., to hold a hearing to receive testimony on the Freedom of Government Competition Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, April 11, at 3:30 p.m., to mark up foreign aid legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

IMMIGRATION

● Mr. EAST. Mr. President, Americans of all political persuasions are concerned about runaway illegal immigration. Liberals and conservatives—and those in between—agree that the number of immigrants to this Nation should be determined by Americans. Every opinion poll reveals that a majority of our citizens want our immigration laws enforced and oppose amnesty for illegal aliens.

One respected organization with which I probably disagree on some issues, the Environmental Fund, has prepared a short, thought-provoking report entitled "Amnesty for Illegal Aliens: A Population Bomb?" I ask that this report be printed in the RECORD.

The report follows:

AMNESTY FOR ILLEGAL ALIENS: A POPULATION BOMB?

Congress may soon pass legislation which could, in ten years, add 30 million people to the U.S. population. The pending Mazzoli Immigration Reform and Control Act (H.R. 1510) would give permanent resident status to all persons who arrived in this country before January 1, 1982. The Environmental Fund supports immigration reform, but questions the wisdom of granting blanket amnesty to illegal aliens because of the long term demographic impact.

Between six and twelve million illegal immigrants, if not more, are already living in the United States. Government agencies expect 36% to 64% of these will apply for amnesty. This means that between 2.2 and 7.7 million people could receive amnesty and thereafter become permanent legal residents under the Mazzoli bill.

Under present immigration law, permanent residents may apply for citizenship after 5 years. Once they become citizens, they are free to bring in their immediate relatives—spouses, minor children, and parents. They may also petition for the admission of their brothers, sisters, and adult children. Upon entry to the U.S., these relatives are classified as permanent legal residents and may apply for citizenship after five years. Once they are full citizens, they too may bring in spouses, minor children, and petition for admission of other relatives. This process, known as "chain migration", could add tens of millions of people to our population before the year 2000.

CHAIN MIGRATION: GROWTH IN U.S. POPULATION BECAUSE OF AMNESTY

[All figures in millions]

Number of illegal aliens coming forward for amnesty	Number of family members brought in after citizenship is obtained			
	1 family member	2 family members	3 family members	4 family members
2	2	4	6	8
4	4	8	12	16
6	6	12	18	24
8	8	16	24	32

The table above shows how many new immigrants might enter the U.S. if the broad amnesty proposed in the House of Representatives passes and is followed by chain migration. The table assumes that between 2 and 8 million illegal aliens will come forward for amnesty, gain citizenship after five years, and bring in from 1 to 4 immediate family members.

Let us assume that the actual number of family members brought in by illegal aliens given amnesty is mid-way between 2 and 32 million, the lowest and highest estimates on the above table. This leads to the conclusion that about 18 million imigrants will enter the U.S. legally as a result of amnesty. That is equivalent to adding enough people for a state the size of New York.

The United States cannot afford to allow such a massive influx of people, especially just as our economy is beginning to recover from a decade of recession. The additional population would further burden our already over-extended social welfare programs and increase unemployment, making life more difficult for millions of Americans.

Besides being unfair to U.S. citizens, an amnesty for illegal aliens rewards people who knowingly violate U.S. laws and punishes those who abide by them. Millions of potential immigrants are waiting patiently for a chance to come to the United States legally. Should they not be given preference over illegal aliens? If Congress approves the amnesty provision in the Mazzoli bill, it will send a clear message to potential immigrants world-wide: it is far easier and faster to become a U.S. citizen by immigrating illegally than it is to wait for legal approval.

Another problem with the proposed amnesty is that it sets a dangerous precedent. The House bill calls for relatively weak sanctions against employers who hire illegal aliens. Unless these sanctions are strengthened, they will not be effective: illegal aliens will continue to be hired. Believing that they might be included in a future amnesty, and knowing they will still be able to find jobs, illegal aliens will continue to pour into the United States.

An alternative to the sweeping amnesty outlined in the Mazzoli bill would be to delete this provision and move up the Registry Date from 1948 to January 1, 1973. The Registry Date is an immigration law provision used by Congress to periodically grant permanent legal resident status to illegal immigrants. At present the Registry Date includes only those illegal immigrants who have resided in the U.S. since June 30, 1948. By updating this existing mechanism, only those illegal aliens who have firmly established themselves in the United States would be allowed to remain.

The Environmental Fund advocates immigration reform and commends the effort that Congress has made towards that goal. However, we believe that granting blanket amnesty to illegal aliens is inconsistent with the main objective of the Mazzoli bill, which is to control immigration. An amnesty would greatly increase, not decrease, immigration by setting off chain migration. The United States simply cannot afford the social, economic, and environmental degradation that will be caused by the addition of tens of millions to our population.●

DEAN CHRISTAKIS, SCIENCE TEACHER OF THE YEAR

● Mr. QUAYLE. Mr. President, a few days ago an American astronaut floated through space from the space shuttle *Challenger* to repair an ailing Solar Max satellite. While they were unsuccessful in fixing the satellite, it did show us what science is capable of.

This almost unbelievable event is what science and scientists' dreams are all about.

The love of and interest in science often begins for children in grade school, conducting simple experiments. Later this interest in science is generally fueled by a science teacher, one who makes science approachable and exciting. Dean Christakis, of Marquette High School in Michigan City, IN, is such an individual.

Mr. Christakis has just been selected the "Science Teacher of the Year" by Time, Inc., Discover magazine. For his award, Mr. Christakis will receive a gift of $5,000.

Mr. Christakis teaches biology and a research class. He was first drawn to science by his interest in the space program in the 1960's. In junior high and high school, he entered and won science fairs with sophisticated projects dealing with cancer research. He received a B.S. in science from Purdue University, and M.A.E. in biology from Muncie's Ball State University and a Ph.D. from Glendale, Calif., Kensington University.

In teaching the 9th and 10th grades for the last 13 years, Christakis has devised several imaginative classroom techniques. When teaching the function of DNA, he uses a videotape narrated by Isaac Asimov. He has said he will give an "A" to the student who can predict the Nobel Prize winners in all science categories, but so far no students have won an easy "A." His class has reenacted the 1925 Scopes monkey trial on videotapes and rendered a jury verdict. To help instill student pride, Christakis sells letterman-type shirts and jackets emblazoned with "Marquette High School Science Dept." The money goes to the science department.

Christakis is enthusiastic about teaching. I hope the life experience students have encountered have made each one a better, more complete person for society, he says. His secret to successful teaching:

> Any teacher who has a close working relationship with a student is successful. You receive something in return.

The glory of his life is his advanced research class "which allows me the opportunity to work with students for hours after school, on weekends and summers."

I congratulate Dean Christakis on this honor and commend him for his unselfishness at school and for bringing science alive for his students.●

PERSECUTION OF BAHA'IS

● Mr. HEINZ. I should like to take this opportunity to place into the RECORD a very thoughtful and moving letter I received from a Pennsylvania high school senior of the Baha'i faith. In his letter, Kambeze Etemad describes how his family and community, while living in Iran, were victims of persecution and discrimination. Kambeze asks that we in Congress, and indeed all Americans, try to better understand the plight of the Baha'is in Iran and work to improve their lives in that country.

Mr. President, since the Islamic fundamentalist regime took over in 1979, more than 160 Baha'is—including women and teenagers—have been executed. Thousands have been arrested, denied jobs, and have been discriminated against only because they are from the Baha'i religious faith. We must continue to condemn these atrocities.

I ask that Kambeze's letter be printed in the RECORD.

In addition, Mr. President, I ask to have printed in the RECORD a letter from the State Department in support of my resolution, Senate Concurrent Resolution 86, which expresses the sense of the Congress opposing the persecution of members of the Baha'i religion by the Government of Iran.

The letter follows:

MARCH 9, 1984.

H. JOHN HEINZ III,
20th Floor, Federal Building, 100 Liberty Avenue, Pittsburgh, PA.

DEAR SENATOR HEINZ: My name is Kambeze Etemad from Villanova, Pa. I am a senior at Harriton High School in Rosemont, Pa. I am an Iranian, born in the United States. My family and I are members of the Baha'i Community. As a Baha'i and of Iranian heritage, my family has been intimately involved with the persecution of the Baha'is in Iran. I have noticed the nations growing awareness of their plight and I still feel that people do not understand its implications or realize the reaction it demands.

Over the past few years, the people of the United States have been exposed to the plight of the Iranian Baha'is who have suffered brutal persecution in their native land. About 150 Baha'is have been fired from jobs, dismissed from schools, evicted from their villages to flee to the hostile mountains of Iran, had pensions cut and marriages nullified, among many other deliberate and systematic forms of oppression. Recently 170 more Baha'is were jailed and all Baha'i institutions and gatherings declared illegal, all because these people are Baha'is.

Many nations including the U.S., Canada, Australia, Germany, England, the European Parliament and the United Nations have passed resolutions condemning this persecution. But aside from putting Iran in the political spotlight, this has little effect on the actions of the Iranian government, simply because it doesn't seem to care what other nations feel or say. It is time that a more effective protest be made against the heinous persecution of the Baha'is in Iran.

The people in this country, who often complain over a speeding ticket or bemoan a stolen stereo, do not seem to understand the truly awful tribulations which the Baha'is have had to bear. We in this country don't understand what it means to have our arms hacked off deliberately, or to have schoolmates kill a Baha'i student with penknives, deliberately. We don't know what it's like to be dragged out of our homes by a mob, literally torn to pieces and then consigned to flames, deliberately. We have never come close to having our wives murdered immediately after she has given birth, or having our husband's head delivered to us in a bag by elated clergymen. Moreover, we seem not to realize that this is exactly what has been happening to the Baha'is since 1844, up until 1984!—only because these people have chosen to believe in the world uniting principles of the Baha'i Faith.

Few people in the world can understand what it means to give up one's life rather than his commitment to a spiritual truth, standard, or belief. One does not realize that these Baha'is would rather give their lives than recant their faith, because their faith is the source and meaning of their lives. Because we are unable to understand this, many of us may call it fanaticism or insanity. But we really cannot pass that kind of judgment until we investigate the stupendous claims and principles which the Baha'i Faith espouses. Then, we might be able to catch a glimse of the certitude which these staunch people possess as they willingly spill their lifeblood for their faith. And even then, we will not have the capacity to fully understand or pass judgment on their actions. But still—it is only fair that we try to understand—and investigate.

[Another] Baha'i teaching has laid bare one of Iran's most vulnerable injustices: the clergymen's absolute power over the lives of the ignorant masses. Baha'u'llah proclaimed that every person must independently investigate the truth of his convictions. Under this principle, a person is not a Baha'i simply because his parents were—he must investigate, and consciously choose for himself if he wants to be a Baha'i. And this is evident today, for the Baha'i Faith is not exclusive to any nationality, race, intellectual, capacity, or socio-economical status. For the first time in religious history, the original, authenticated hand written scriptures of a world religion have been preserved, and the Baha'i writings have been translated into over 600 languages and dialects. So all people are obliged to read them for themselves and get what they can get out of them. The Baha'i Faith has no clergy and no one may impose his interpretation on someone else. This, of course, sparked the jealously and fear of the Iranian clergy, for this principle would take away their abused and corrupt stanglehold over the ignorant people, who now desired to learn and to think for themselves.

And so the clergy lashed out at the Baha'is, as they still do, only now the persecution seems to be more obvious, fierce, and even legal. By twisting the basic principles of the Baha'i Faith, they have conjured up "reasons" to oppress the Baha'is. One such example is the civil nullification of Baha'i marriages. The Baha'i Faith teaches the equality of men and women, an idea hardly accepted in Iran today, much less in the mid-1800's. One action taken by Baha'i women to proclaim this principle was to not wear the traditional veil over the face (and in fact, it was a Baha'i woman who was the first to deliberately unveil herself in front of many Iranian men, and one day she will be venerated as one of the first and greatest advocates of "women's" lib). Because of this principle and this action, Baha'i marriages have been nullified, Baha'i wives considered prostitutes, and Baha'i children branded as illegitimate.

The government of Iran has declared Baha'is as enemies of Islam when in fact the Baha'i Faith confirms the teachings of Muhammad and extols Him more than any other non-Muslim religion of the world. Moreover, for a Baha'i, to deny one Prophet would mean to deny the validity of every other Prophet, including Baha'u'llah. Baha'is are accused of being detrimental to the welfare of Iran when in fact Baha'u'llah glorified His native land, enjoined obedience to government on His believers, and raised the importance of work and industriousness to the rank of worship. Baha'is have been accused as agents of Zionism and British imperialism when in fact Baha'u'llah was banished to Palentine (ironically by the king of Iran), passed away there, and His resting place was made the center of pilgrimage for Baha'is all over the world—long before the State of Israel was established. Moreover, Baha'is are obliged to remain uninvolved in any form of political, secret, or subversive activity. It is obvious that the accusations raised against the Baha'is are totally baseless and that the Baha'is have simply become national scapegoats and victims of rampant prejudice. But why? Why are these distortions, false accusations, and prejudices (among many, many others) the sole basis for the brutal persecution of Iran's Baha'i citizens? Simply because Iran couldn't (and still can't) handle the progressive, rational and ecumenical principles of the Baha'i Faith.

And therein lies the source of our effective protest against Iran's hypocrisy, bigotry and fanaticism. This is none other than for us, as a nation and as a world, to show the validity of these principles—show that the world can handle them even if Iran can't. The Baha'i Faith was revealed for the benefit of humanity, the survival of the planet, and unification of the world. It offers the teachings, morals, and institutional framework which will achieve and safeguard both the development of a world civilization and giant leap in humanity's spiritual evolution. And with these principles, the Baha'i Faith also offers humanity a tremendous and unparalleled challenge. It challenges every institution, race, nation, religion—every human heart—to diligently work for the survival of the human race and the prosperity thereof. It asks all unbiased, conscientious minds, free from the dross of preconception, to investigate the principles it advocates, regardless of one's background.

And now—today—this challenge has yet another and more immediate meaning and significance to the people of the U.S. and the free world. For by investigating, eventually acknowledging, and by our actions revealing the truth, pertinence and validity of these principles, we can effectively rally against the inhumanity which today guides the actions of the Iranian government. For by living up to these ideals, while we bring the planet closer and closer to its glorious destiny—its unification into the world commonwealth—we will also be putting international peer pressure on our intransigent peer. But this change and protest must begin in our hearts, minds, with our investigation, and through our actions. And there's no better place, or perhaps no other place to start than with the hearts and souls of the American people.

Respectfully,

KAMBEZE ETEMAD.

DEPARTMENT OF STATE,
Washington, DC, April 3, 1984.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: I am writing to express the views of the Department of State on S. Con. Res. 86, introduced by Senator Heinz and expressing the sense of the Congress regarding the persecution of members of the Baha'i religion in Iran by the Government of Iran.

The Department enthusiastically supports the Resolution. As you know, we have worked closely with the Baha'i community in the United States since the beginning of the Iranian Revolution to seek ways of mitigating the treatment received by Baha'is in Iran. We concur in the American Baha'is opinion that world publicity generated by resolutions in multi-lateral bodies and in the international media serves as a brake on the Iranian regime and prevents even more egregious actions that might be taken out of the glare of world publicity. Congressional actions like Senator Heinz' resolution generate publicity and are therefore wholeheartedly welcomed by the Department of State.

The Department of State has supported and will continue to support efforts in international fora such as the UN Commission on Human Rights condemning Iran for its persecution of Baha'is. We have not taken the lead internationally because of our belief, shared by the Baha'is, that such action would be counter-productive. This position is due to the Iranian regime's tendency to charge that the Baha'is are a fifth column of American agents in Iran, and that U.S. interest in them is not solely based on humanitarian concerns. It is our belief that the Iranian regime distinguishes between Congressional statements and actions and those of the Administration. It is for this reason that we believe publicity generated in Congress is helpful, while a lead role by the Administration in international fora would not be.

The Office of Management and Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report.

Sincerely,

W. TAPLEY BENNETT, Jr.,
Assistant Secretary, Legislative and Intergovernmental Affairs.●

MEAD-PHOENIX PROJECT TAX ISSUE—SECTION 722 OF H.R. 4170

● Mr. WILSON. Mr. President, I would like to take this opportunity to raise an issue of concern which has been brought to my attention by my California and Arizona colleagues in the House of Representatives regarding provisions in section 722 of H.R. 4170 that if not modified would threaten an energy project very important to the States of California and Arizona.

I am speaking of the Mead-Phoenix Transmission Line Project, a joint project which will directly benefit the California municipalities of Los Angeles, Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Pasadena, Riverside, Vernon, Santa Clara, Redding, and the Modesto Irrigation District. In addition, it will also benefit the Salt River Project Agricultural Improvement and Power District in Phoenix, AZ, and the Western Area Power Administration (Western) of the U.S. Department of Energy. Western has a 20 percent entitlement share of the project.

The tax issue raised in section 722 is whether or not the participation of the Western Area Power Administration in this project constitutes an indirect guarantee of the tax-exempt bond issues that would be used to finance the total project. Under section 722, an obligation is "federally guaranteed" if, among other things, "the payment of principal or interest on such obligation is otherwise indirectly guaranteed (in whole or in part) by the United States or any agency or instrumentality thereof."

Mr. President, the reason I raise this issue in the Senate even though the Senate tax bill does not include such provisions, which would be adverse to the project, is because this will no doubt have to be resolved in conference with the House. It is for this reason that I feel compelled to bring this issue to the attention of the distinguished chairman and members of the Finance Committee. It is obvious to me that some sort of clarification is necessary to remove the legal cloud hovering over this project.

At the request of Western, the structure now in place for financing construction of the Mead-Phoenix Project provides for the Southern California Public Power Authority (SCPPA) to finance construction costs on behalf of the project participants, including Western, on a combined basis using an accepted tax-exempt financing approach. SCPPA would do this by issuing long-term tax-exempt bonds. Western's transmission service contract will require Western to pay over time, and subject to periodic congressional appropriations, its proportionate share of SCPPA's costs of the Mead-Phoenix project, including principal of and interest on the long-term bonds issued by SCPPA to finance the project. Under section 722(c), however, it appears that if SCPPA finances on behalf of Western, SCPPA will be unable to issue tax-exempt bonds to finance the construction of the Mead-Phoenix project.

Mr. President, from the perspective of the California and Arizona public entities involved, a significant factor in the financial feasibility of the Mead-Phoenix project is the availability of tax-exempt financing. Without a doubt, this legal cloud would seriously impact the financial feasibility of the project.

This project is a high voltage direct current transmission line between the Hoover Dam area and the Phoenix area which will enable these public entities to make economic energy purchases and transfers between the two States through increased transmission capacity as well as for Western to meet its energy delivery requirements to its wholesale customers as required by Federal law. In the final analysis, our consumers will be the beneficiaries.

I am also concerned because of the local financial commitments already made on this project which since 1982 have amounted to $14.1 million in notes issued to finance its development and related costs. The preliminary estimates of construction costs of the project is approximately $500 million.

Mr. President, for the reasons set forth, I would urge the Finance Committee to review this issue prior to the conference on the tax bill and to let us know how we can resolve what is a technical matter but of significant consequence to a number of us in California and Arizona.●

REPEATING HISTORY IN EL SALVADOR

● Mr. PELL. Mr. President, the great philosopher, George Santayana, once said that "those who do not learn from history are condemned to repeat it." It is too bad that Santayana is not alive today and advising the President on Central America. For if he were, he might be able to help Mr. Reagan avoid the mistakes of his predecessors who tarnished the image of the United States by allying the greatest democracy the world has seen with tyrants destined to be rejected by their own people.

The Newport Daily News addressed this issue in a very perceptive editorial published on April 7. The editorial recounts how Imperial Germany was dragged to destruction by a slavish commitment to a weak and foolish ally, Austria-Hungary, and how in more recent times the United States has acted against its own interests by backing dictators of the likes of Nguyen Cao Ky in Vietnam and Anastasio Somoza in Nicaragua. As we debate the American commitment in Central America, both we and the administration would do well to heed the historical lessons which the Daily News has so eloquently recalled for us.

Mr. President, I ask that the full text of the Daily News editorial be printed at this point in the RECORD.

The editorial follows:

[From the Newport (RI) Daily News, Apr. 7, 1984]

PRESTIGE TARNISHED BY BACKING WRONG REGIMES

History abounds in parallels. Just seventy years ago, another powerful state wrestled with a problem that was to affect her destruction. The state was Imperial Germany, and the problem was its ally, the ramshackle Austro-Hungarian Dual Monarchy.

Austria-Hungary was a nation kept together by Scotch tape, bobby pins and library paste. It was governed under a dual parliamentary system based in the twin capitals of Vienna and Budapest. The ruling Austrians and Hungarians were not especially fond of each other. They oversaw a conglomeration of essentially unhappy Serbs, Croatians, Slovenes, Czechs, Slovaks, Ruthenians, Russians, Poles, Italians, Romanians, Jews and others—most of them anxious to establish ethnic nations of their own.

It was the age of nationalism. Within the previous 45 years, neighboring Germany and Italy had achieved nationhood. The Astro-Hungarian monarchy was further cursed by the existence to her south of a lusty Slavic state, Serbia, which was anxious to tear away Vienna's south Slavic peoples from her. Actually, the only thing holding Austria-Hungary together was its aged Emperor-King Franz Josef II.

As late as May, 1914, the year World War I was to begin, the German ambassador to Vienna wondered "whether it really pays to bind ourselves so tightly to this phantasm of a state which is cracking in every direction." His fears were based on reality. Germany and Austria-Hungary were the principal members of the Triple Alliance (third partner Italy was considered of doubtful loyalty). Arrayed against this grouping was the Triple Entente of Imperial Russia, France and Great Britain, and in this fateful year, things were becoming ever more ominous.

How prophetic did the German ambassador's words prove to be! Within a month, the heir to the Austro-Hungarian thrones and his wife were assassinated in the Austrian city of Sarejevo by a Serbian patriot. Within two months, Austria was at war with Serbia. This was the first step in a Triple Alliance-Triple Entente showdown (Italy eventually joined the conflict on the Entente side). The war broke up Austria-Hungary, finished Imperial Germany and turned Russia from a tsarist autocracy into a communist dictatorship.

But before the Austro-Serbian conflict widened into a general war, much agonizing took place in Berlin. While most highly-placed Germans acknowledged the hopeless decay of their Austrian ally, they failed to agree on a solution short of war. The view expressed in a note from the foreign ministry to the German ambassador to London was to prevail.

In support of Vienna's warlike stance, the ministry note acknowledged that while the Dual Monarchy "could not be maintained forever," the maintenance of Austria is a "necessity for us." And so, in giving this support to her ally, Germany—the stronger—became the horse, and Austria—the weaker—became the rider. Kaiser Wilhelm II's Germany succeeded in bringing down both herself and her partner.

We see a parallel today in the disastrous American foreign policy of the past twenty years. We staked virtually all our prestige and the morale of our armed forces in defense of a South Vietnamese regime detested by its people. We failed to learn a lesson there but have since pursued policies in support of regimes similarly unpopular. We backed dictator Anastasio Somoza in Nicaragua and lost out. We backed a weak Amin Gemayel in a fragmented Lebanon and lost out. We continue to back a repressive regime in El Salvador to no effect.

Despite all the fine talk of free elections and optimistic words out of Washington, the current crowd in El Salvador cannot possibly bring peace to that unhappy land. And it does not matter who the president is—whether it be Roberto d'Aubuisson, Jose Napoleon Duarte or any combination or recycling of these men and others who have brought that unhappy land to its current status.

Once again, we have staked our prestige and strength on hated regimes doomed to failure. As each of these falls, our own standing in the world is weakened just a little more.

What, then, should we do in a world aflame with nationalism?

May we suggest that we allow these different peoples to work out their own destinies, and that we stand by ready to help and assist whatever popular regimes emerge to put their countries back on their feet. It would certainly be a far wiser course than to continually link the United States and its great democratic tradition to the likes of Nguyen Cao Ky, Anastasio Somoza, Amin Gemayel, Ferdinand Marcos, and Roberto d'Aubuisson and his notorious death squads.●

LATCHKEY CHILDREN

● Mr. DODD. Mr. President, I wish to bring to the attention of my colleagues a very important course being offered by Phoenix Mutual Life Insurance Co. in Hartford, CT. The course, taught by Parents Anonymous of Connecticut, focuses on the problems facing latchkey children or those who must look after themselves when they return home from school. The students taking this course include not only parents working at Phoenix Mutual but also their children.

As I discovered during the first policy forum of the Senate Children's Caucus last June, the risks latchkey children face are many. They range from injury and sexual assault to boredom and loneliness. Some latchkey children may lose incentive to do well in school. Others may fall prey to delinquent activities. The recent rash of fires across the country involving children alone at home should alert us to the real dangers facing latchkey children.

Latchkey children are not the only ones who face risks. Working parents are often anxious from 3 p.m. until closing time, facing diminished concentration and productivity. They may spend a great deal of time on the phone, checking to see if their children arrived home safely from school and then rechecking.

Phoenix Mutual is the first major corporation in the country to offer a self-care course for the children of its employees. In addition, Phoenix Mutual assists working parents and their children by offering employees flexible hours, liberal vacation and leave time policy and comprehensive child care information and counseling.

As cochairman of the Senate Children's Caucus, I commend Phoenix Mutual and Parents Anonymous of Connecticut for their fine leadership in assisting working parents and their children. With estimates of the number of latchkey children in this country ranging anywhere from 4 million to 15 million, Phoenix Mutual and Parents Anonymous in my State have set a notable example worthy of duplication from Maine to California. I ask that a New York Times article about Phoenix Mutual's self-care course be printed in the Record.

The article follows:

[From the New York Times, Mar. 19, 1984]

COURSE FOR "LATCHKEY" CHILDREN AND PARENTS

(By Glenn Collins)

Hartford, March 17.—The question is every parent's nightmare, but it was raised matter-of-factly enough in the room full of children:

"Problem: You are walking home alone from school and you think that a man in a car is following you," Evie Herrmann-Keeling read from her work sheet, as 11 children followed the question on their own printed sheets. "What would you do? (A) Stand still and see what he does. (B) Walk quickly home and lock yourself in the house. (C) Walk to a neighbor's home and stay there. (D) Stop and ask the person what he wants. (E) Other."

"Well," Mrs. Herrmann-Keeling asked, "what do you think?"

A hand shot up, and Mrs. Herrmann-Keeling called on Kristin, an 11-year-old. "I think that if you go to a neighbor's house, well, an adult you know will be there—and they can help if you need it." She paused for a moment. "But if you go home and lock yourself in the house, you could be followed, and there might not be anyone there to help you."

A murmur of voices signaled agreement from the children, all of whom were between 9 and 13 years old. They began talking animatedly, and soon agreed that to "Stop and ask the person what he or she wants" was a very, very bad idea indeed.

It was a typical exchange in the weekly courses for "latchkey" children run by Mrs. Herrmann-Keeling, executive director of Parents Anonymous of Connecticut. What made the session unusual was that it took place in the office of a large corporation—the Phoenix Mutual Life Insurance Company—and was offered free to the company's 1,900 employees in the Hartford area.

It is believed to be the first such course offered by a major corporation and is one manifestation of a recent trend toward the participation of growing numbers of parents in family-education programs provided by their employers.

The course of five 90-minute sessions at Phoenix Mutual is intended to make both children and parents aware of the problems—and the opportunities for growth—that confront millions of American families who have "latchkey" children, those who spend time not directly supervised by a parent or adult.

Studies have estimated that there are between 4 and 10 million such children, but there are no reliable statistics on the phenomenon. Since the term "latchkey child" has become something of a pejorative, Parents Anonymous and other groups prefer the term "self care" to describe children who are on their own, usually after school.

These children are the shock troops of a family revolution that has seen a dramatic increase in two-career marriages and single-parent families. Although only 19 percent of mothers were working in 1947, 58 percent of all mothers with children under 18 were in the work force by 1980.

"It's very logical to approach the problem of latchkey children through the work place," said Mrs. Herrmann-Keeling. "Corporations are the very places where parents most need this service. It's very important for companies to be supportive of families."

A small but rapidly increasing number of corporations accept that premise, including companies as varied as Bankers Trust, Exxon, Philip Morris and Phoenix Mutual. They have been hosts to a variety of parent-education programs, have offered referrals to local social-service agencies and have established child-care networks among employees.

"At most companies, from 3 p.m. on," said Mrs. Herrmann-Keeling, "there is much covert telephoning going on. Parents feel they have to call to see if their children are safe. Yet it's so silly for this kind of thing to have to be underground. The more supportive the company can be of family life, the more productive workers will be."

"We felt that if we could ease parents' anxiety at work," said Cynthia Williams, Phoenix Mutual's director of equal employment opportunity, "then we'd have more productive parents who would spend more quality time at the office."

Mrs. Williams was instrumental in bringing the program to the company after Michael Yanke, a second vice president at Phoenix Mutual who is on the board of Parents Anonymous, heard about the latchkey course. "Some issues are just hard for parents to talk about with their children," he said. "Parents don't want to scare them unnecessarily. I wish that every parent could have this program available to their child."

The first session of the latchkey course is for parents alone. "Some parents just aren't aware that their kids may be scared," said Mrs. Herrmann-Keeling. "A lot of kids feel lonely, too—they are told not to answer the phone, not to go to the door and not to have friends over—so some feel they are prisoners in their own homes."

Mrs. Herrmann-Keeling said that Parents Annoymous did not want parents to use "the existence of this program to give them permission to leave their kids alone after school." "But for many families, financial necessity gives them little choice," she added, "and others are unable to make adequate child-care arrangements." The course is limited to children age 9 and older, because "I don't think it's appropriate for children under 9 to be in self-care," Mrs. Herrmann-Keeling said.

The subsequent three sessions of the latchkey program are for children alone. They talk about the workability of rules their parents have established, and use role-playing to learn how to communicate their feelings to parents. In the classes, they concentrate on home safety and also discuss the possibility of sexual assault.

ANSWERING THE DOOR

"We try to help children understand that they have the right to say no to an adult when they are touched in a way that they do not like," she added. Children are taught how to answer the door ("Look out the window and see if it's someone you know; never let a stranger in") and how to answer the telephone ("Never tell a phone-caller that you're home alone; say your parent can't come to the phone and take a message").

Parents Anonymous is a private, nonprofit organization that sponsors public education about child abuse and neglect. It runs self-help groups for parents who need assistance in dealing with these problems and provides services to children who have been abused or neglected. The group counts 40,000 families in 1,400 chapters worldwide, 34 of which are in Connecticut.

To enable the Connecticut chapters to deal with the problems of latchkey children, Mrs. Herrmann-Keeling turned to an educational program developed by the Kansas Committee for Prevention of Child Abuse called the "I'm in Charge" project. The final session of the "I'm in Charge" series brings parents and children together to discuss issues raised during the previous classes.

"We want to change rules that may not be working, so that kids will feel more comfortable alone, and parents will feel more confident of their children's ability to be by themselves," said Mrs. Herrmann-Keeling.

The positive aspect of "self-care," she said, can make it a growth experience for families that develop children's sense of responsibility and involves parents in monitoring the progress of their independence. "We wants parents and children to understand that they are working together to achieve a common goal," said Mrs. Herrman-Keeling.

Those seeking information about the program should get in touch with Parents Anonymous of Connecticut at 60 Lorraine Street, Hartford, Conn. 06105, telephone 203-523-5255.●

ORDERS FOR THURSDAY

ORDER FOR RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business tonight it stand in recess until the hour of 10 a.m. tomorrow.

The **PRESIDING OFFICER.** Without objection, it is so ordered

ORDER FOR ROUTINE MORNING BUSINESS, RESUMPTION OF CONSIDERATION OF H.R. 2163 AND AMENDMENT NO. 2956

Mr. BAKER. Mr. President, let me say to the distinguished Senator from New York that I would very much wish to go out now and we will be back on this. Let me put another unanimous-consent request.

Mr. President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, the time remaining until 10:30 a.m. be devoted to the transaction of routine morning business in which Senators may speak for not more than 2 minutes each, and that at 10:30 a.m. the Senate resume consideration of the pending business, at which time the D'Amato amendment will be the pending question.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. BAKER. Mr. President, under those circumstances, I urge the Senator from New York to consider that we were in late last night until about 11:15 p.m., and it is about 10 p.m. now, and I suggest that we go out and that we resume this debate in the morning at 10:30 a.m. as has now been arranged under the unanimous consent request.

Mr. D'AMATO. Mr. President, I wish to suggest the absence of a quorum for a moment.

Mr. SARBANES. Mr. President, before that is done, could the majority leader indicate what he anticipates on tomorrow?

Mr. BAKER. Yes, Mr. President. What I hope we can do as early as possible is finish the Finance Committee portion of this bill. I had some slight hope that we could do that tonight. It is now clear we cannot. But I would guess that we should be able to finish this section of the bill by tomorrow evening, and I hope by late tomorrow afternoon.

Mr. President, I announced earlier in the week, I guess yesterday and today, that it would not be the intention of the leadership on this side to ask the Senate to go further on this bill than the disposition of the Finance Committee portion before we go out for the Easter break.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, I understand now that the Senator from New York has agreed to this arrangement and if no one else wishes to speak at this moment, and I see no other Senator seeking recognition, I move, in accordance with the order just entered, that the Senate stand in recess until the hour of 10 a.m. tomorrow.

The motion was agreed to and, at 9:51 p.m., the Senate recessed until Thursday, April 12, 1984, at 10 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 11, 1984:

BOARD FOR INTERNATIONAL BROADCASTING

Edward Noonon Ney, of New York, to be a member of the Board for International Broadcasting for a term expiring April 28, 1985.

DEPARTMENT OF STATE

Gerald P. Carmen, of New Hampshire, to be the representative of the United States of America to the European Office of the United Nations, with the rank of Ambassador.

Barrington King, of Georgia, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Brunei.

The following-named career members of the Senior Foreign Service, class of career Minister, for the personal rank of career Ambassador in recognition of especially distinguished service over a sustained period:

Lawrence S. Eagleburger, of Florida.

Arthur Adair Hartman, of New Jersey.

Stephen Warren Bosworth, of Michigan, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of the Philippines.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Wednesday, April 11, 1984*

House met at 11 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O God, we thank You for the saints and heroes of days past whose noble deeds and faithfulness have been an inspiration for us. We pray, O gracious God, that we will be inspired by women and men in our day who have a vision of righteousness, who have the zeal for healing, who are the prophets for justice, who know compassion and mercy, and whose lives are a daily testimony of grace and of peace. Amen.

THE JOURNAL

The **SPEAKER**. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. **BLILEY**. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The **SPEAKER**. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **BLILEY**. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 366, nays 21, answered "present" 8, not voting 38, as follows:

[Roll No. 79]

YEAS—366

Ackerman
Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Archer
Aspin
AuCoin
Badham
Barnard
Barnes
Bartlett
Bateman
Bates
Bedell
Beilenson
Bennett
Bereuter
Berman
Bethune
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner
Bonior
Bonker
Borski
Bosco
Boucher
Boxer
Britt
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bryant
Burton (CA)
Burton (IN)
Byron
Campbell
Carney
Chandler
Chappell
Chappie
Cheney
Clarke
Coats
Coelho
Coleman (TX)
Collins
Conable
Conte
Cooper
Corcoran
Courter
Craig
Crane, Daniel
Crane, Philip
Crockett
D'Amours
Daniel
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
Dellums
Derrick
DeWine
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Dreier
Duncan
Dwyer
Dyson
Early
Edgar
Edwards (CA)
Edwards (OK)
English
Erdreich
Erlenborn
Evans (IL)
Fascell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Frost
Fuqua
Garcia
Gekas
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Gregg
Guarini
Gunderson
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hansen (UT)
Hartnett
Hatcher
Hayes
Hefner
Hertel
Hightower
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffords
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kleczka
Kogovsek
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach
Leath
Lehman (CA)
Lehman (FL)
Levin
Levine
Levitas
Lewis (CA)
Lewis (FL)
Livingston
Lloyd
Loeffler
Long (LA)
Long (MD)
Lott
Lowry (WA)
Lujan
Luken
Lungren
Mack
MacKay
Madigan
Markey
Marlenee
Marriott
Martin (IL)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McNulty
Mica
Michel
Mikulski
Miller (CA)
Mineta
Minish
Moakley
Molinari
Mollohan
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Patman
Patterson
Pease
Pepper
Perkins
Petri
Pickle
Porter
Price
Pritchard
Pursell
Quillen
Rahall
Rangel
Ratchford
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rogers
Rose
Rostenkowski
Roukema
Rowland
Roybal
Rudd
Russo
Sawyer
Schaefer
Scheuer
Schneider
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Sisisky
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solarz
Spence
Spratt
Staggers
Stangeland
Stark
Stokes
Stratton
Studds
Stump
Sundquist
Swift
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Traxler
Udall
Valentine
Vander Jagt
Vento
Volkmer
Vucanovich
Walgren
Watkins
Weaver
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (FL)
Young (MO)
Zschau

NAYS—21

Clay
Coughlin
Dickinson
Durbin
Emerson
Evans (IA)
Gejdenson
Goodling
Harkin
Hawkins
Jacobs
Lipinski
Miller (OH)
Penny
Roemer
Sabo
Schroeder
Sikorski
Solomon
Stenholm
Young (AK)

ANSWERED "PRESENT"—8

Breaux
Carr
Dymally
Gaydos
Lowery (CA)
Ottinger
St Germain
Vandergriff

NOT VOTING—38

Applegate
Carper
Clinger
Coleman (MO)
Conyers
Coyne
Downey
Eckart
Edwards (AL)
Ferraro
Florio
Foglietta
Gephardt
Hall (IN)
Hall (OH)
Hance
Hansen (ID)
Harrison
Heftel
Jones (NC)
Kazen
Lantos
Leland
Lent
Lundine
Martin (NC)
Mitchell
Nelson
Nichols
Paul
Roth
Savage
Shannon
Towns
Walker
Waxman
Williams (MT)
Wilson

☐ 1120

Mr. **SUNDQUIST** and Mr. **SMITH** of Florida changed their votes from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

PERMISSION FOR SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO SIT ON TODAY AND TOMORROW DURING THE 5-MINUTE RULE

Mr. **YOUNG** of Missouri. Mr. Speaker, I ask unanimous consent that the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation have permission to sit while the House is proceeding under the 5-minute rule on Wednesday and Thursday, April 11 and 12, 1984.

Mr. Speaker, this has been cleared with the minority.

The **SPEAKER**. Is there objection to the request of the gentleman from Missouri?

There was no objection.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

REQUEST FOR APPOINTMENT OF CONFEREES ON HOUSE JOINT RESOLUTION 492, URGENT SUPPLEMENTAL APPROPRIATION FOR DEPARTMENT OF AGRICULTURE, 1984

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. MILLER of California. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

URGENT SUPPLEMENTAL APPROPRIATION FOR DEPARTMENT OF AGRICULTURE

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, last Thursday the Senate passed House Joint Resolution 492, supplemental appropriation for fiscal 1984.

That bill contains: $235 million for emergency food assistance for nations where millions are facing starvation; $545 million for child nutrition programs: $300 million for women, infants, and children; $50 million for additional Federal crop insurance; $5 billion for additional agricultural export credits; and $100 million for summer youth employment.

It is tragic that the objection of one Member would keep the conferees, and the House, from considering these important programs.

I am writing to my chairman asking that he call an emergency meeting of the Committee on Appropriations to authorize a motion to go to conference, which would be privileged, and not require unanimous consent.

I hope that he will provide this elementary courtesy to the House, so that Members will not be in a position of leaving for a week's recess, with no action on these important programs.

WE SHOULD REJECT THE MX

(Mr. LEVINE of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVINE of California. Mr. Speaker, the arguments which prevailed in last year's MX debate demonstrate why it is time now to say no to the MX.

Last year the administration finally won its MX funding fight by pledging to become more actively involved in arms control negotiations. We have all seen what has happened. Arms control talks with the Soviet are at a stalemate.

Both sides are to blame, but there has been no arms control progress.

Today, as last year, there is no logic to building the MX. According to the Scowcroft Commission, the window of vulnerability which had been first used as justification for the MX does not exist. While there is little doubt that our land-based ICBM's are vulnerable to a first strike, the destructive power of our bomber fleet and our submarines is more than sufficient to inflict incredible damage on the Soviet Union should it launch a nuclear attack on the United States. In fact, the missiles on one Trident submarine are sufficient to destroy every Soviet city with a population of more than 100,000.

The MX is now intended for deployment in the same stationary silos that were once seen as unacceptable. There is no way to harden a silo sufficiently to make it invulnerable to attack. As long as the next generation of ICBM's are placed in existing silos, no matter how much they are hardened, they can be destroyed.

Given the doubts about the survivability of the MX, how could it possibly add in any significant way to our strategic nuclear deterrent? This system will reduce our security, not enhance it. We should this time reject the MX.

CHILD NUTRITION ACT

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOAKLEY. Mr. Speaker, I would like to commend Chairman PERKINS and the members of the Committee on Education and Labor for the excellent job they have done on the reauthorization of the Child Nutrition Act which is to come before the House today. This bill undoes many of the detrimental changes imposed by the infamous Reconciliation Act of 1981. I am particularly pleased by the bill's increased authorization levels for the women, infants, and children's supplemental feeding program, better known as WIC. The WIC program has been the model of a Federal program that has gone far beyond its original expectations. Thousands of high medical risk, low-income pregnant women and their babies have benefited from this vital program. The diet supplementals and nutritional training services provided by WIC funds have been instrumental in lessening the incidence of infant mortality, low birthweight, mental retardation, and serious birth defects.

A study done several years ago by Harvard University showed that every dollar spent in the WIC program saved $3 in direct medical costs. Yet, in spite of this documented success and cost effectiveness, the WIC program has continuously been attacked by the Reagan administration with budget cuts and programmatic changes. Today we have the chance to correct some of the damage made to WIC in the past and insure that the program will have effective levels of funding to continue its valuable services.

REAGAN TURNS OUTLAW IN CENTRAL AMERICA

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, the unauthorized, unjustified, and reckless use of power by this administration in Central America has convinced me that war is not only possible but increasingly probable before the year is out—before our own Presidential election can express the national mood, before the scheduled elections in Nicaragua can take place, and before the election results in El Salvador can be consolidated.

The administration appears to be hastening toward war before democracy has a chance to work and while diplomacy, in the form of the Contadora initiative, is still being spurned.

The administration either seeks this war deliberately or risks it through monumental carelessness in defiance of American and world opinion. It has ignored the Congress, disregarded international law and repudiated the counsel of our own allies.

The President would be well advised to remember that the people of this land have constitutional remedies for lawless behavior, and legislative safeguards against catastrophes in foreign policy—and both can and may be invoked by this Congress to avert national shame and disaster.

Mr. Speaker, I submit a copy of a letter as printed in the Washington Post from Senator BARRY GOLDWATER to CIA Director William Casey, which I believe sends a clear message to the President on Congress view of his recent actions in Nicaragua:

[From the Washington Post, Apr. 11, 1984]

Goldwater Writes CIA Director Scorching Letter

(The text of a letter, dated April 9 and made available yesterday, from Sen. Barry Goldwater, Ariz., chairman of the Senate Intelligence Committee, to CIA Director William J. Casey:)

Dear Bill: All this past weekend, I've been trying to figure out how I can most easily tell you my feelings about the discovery of the president having approved mining some of the harbors of Central America.

It gets down to one, little, simple phrase: I am pissed off!

I understand that you had briefed the House on this matter. I've heard that. Now, during the important debate we had last week and the week before, on whether we would increase funds for the Nicaragua program, we were doing all right until a member of the committee charged that the president had approved the mining. I strongly denied that because I had never heard of it. I found out the next day that the CIA had, with the written approval of the president, engaged in such mining, and the approval came in February!

Bill, this is no way to run a railroad, and I find myself in a hell of a quandary. I am forced to apologize to the members of the Intelligence Committee because I did not know the facts on this. At the same time, my counterpart in the House did know.

The president has asked us to back his foreign policy. Bill, how can we back his foreign policy when we don't know what the hell he is doing? Lebanon, yes, we all knew that he sent troops over there. But mine the harbors in Nicaragua? This is an act violating international law. It is an act of war. For the life of me, I don't see how we are going to explain it.

My simple guess is that the House is going to defeat this supplemental and we will not be in any position to put up much of an argument after we were not given the information we were entitled to receive; particularly, if my memory serves me correctly, when you briefed us on Central America just a couple of weeks ago. And the order was signed before that.

I don't like this. I don't like it one bit from the president or from you. I don't think we need a lot of lengthy explanations. The deed has been done and, in the future, if anything like this happens, I'm going to raise one hell of a lot of fuss about it in public.

Sincerely,

BARRY GOLDWATER,
Chairman.

☐ 1130

OASDI TRUSTEES REPORT

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, the annual report issued last week by the board of trustees for the old-age, survivor and disability trust funds represents good news for all social security beneficiaries. The actuarial estimates contained in the report indicate that benefits will continue to be paid on time, and that the trust funds are in close actuarial balance. Moreover, the stabilizer provision of the 1983 amendments is not expected to affect the next automatic benefit increase, so beneficiaries should receive their full cost-of-living increase next year.

Nevertheless, we in Congress must remain cautious and watchful. The continued well being of the social security program in this decade mainly depends on a continued strong national economy, and the margins of safety are not large. We must constantly be alert to any severe economic downturn, and not allow ourselves to become complacent in this regard.

However, even with this caution in mind, the report offers reassurance to present and future beneficiaries that despite the attempts of some to cast doubts on the solvency of the program, the social security system is sound today. Our obligation in Congress is to see to it that it remains sound. I am encouraged by the trustees report that we are off to a good start. It provides the best evidence that we not only did the right thing last year, but that we are a whale of a lot better off today than we were before we passed the 1983 amendments.

THE ACTION OF THE SENATE SAYS IT ALL

(Mr. LAFALCE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAFALCE. Mr. President, the action of the Senate condemning U.S. participation in the mining of Nicaragua's harbors says it all: You, Mr. President, do not understand the nature or the consequences of your foreign policy decisions.

You almost stumbled into war in Lebanon; do not stumble into war in Central America.

You say we need a bipartisan foreign policy. We do, but bipartisanship is a two-way street, not a one-way street, and it must be based on adherence to the principles of international law, not on violation of those principles.

We can only prevail in Third World conflicts if we can make our case in the court of world opinion, and the World Court of Justice. Mr. President, your actions cannot stand muster in either court, which is why your own Republicans have turned against you: HOWARD BAKER, TED STEVENS, PAUL LAXALT, BARRY GOLDWATER, and the list goes on and on.

Mr. President, heed the advice of your closest friends: Change course; follow the law; shed our shame, and restore our pride.

A TURNING POINT IN CENTRAL AMERICA

(Mr. LEVIN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, the vote last night in the U.S. Senate castigating U.S. involvement in the mining of Nicaraguan harbors is potentially a turning point.

The President has asked for bipartisanship in foreign policy. Last night he received a healthy dose of it. Hopefully, the Senate action will serve to rein in a reckless Reagan policy.

There are several types of tragedy lurking in the administration's approach. One is the specter of future massive U.S. troop involvement in Central America if the Reagan policy is carried to its ultimate logic.

Another is that the excesses of this administration will prevent a reasoned dialog on what is really going on in Central America and what are the real interests of the United States.

We must avoid both tragedies. The onus is now on the President of the United States to return to reason.

TAX COMPLEXITY ACT OF 1984

(Mr. MARKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARKEY. Mr. Speaker, I want to commend the members of the Ways and Means Committee for putting together what has got to be one of the most formidable volumes of legislation we will be considering in this Congress. Make no mistake about it, the Tax Reform Act of 1984 is a tiny step in the right direction toward reducing the deficit and reversing the Reagan administration's half-billion dollar tax giveaway to big business.

But there is something fundamentally wrong with this bill.

First, it is a symptom of what is wrong with our tax system. What the American people need is a fair and simple tax reform bill. What they are getting is a 1,000-page bill and an 1,800-page committee report.

What they are getting is not simplicity. There are special provisions for the tax status of cooking wine. There are special provisions for the tax status of an antiballistic missile site in North Dakota.

What they are getting is a tax bill that resembles the Iliad and the Oddessey and may as well have been written in Greek.

What they are not getting is a bill that makes meaningful reductions in the deficit, that eliminates the cumbersome Tax Code of the past, and reverses special-interest tax exemptions.

This is not the Tax Reform Act of 1984. This is the Tax Complexity Act of 1984. Surely we can do better than this.

NATIONAL ICE CREAM MONTH AND NATIONAL ICE CREAM DAY

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, I am pleased to introduce today a joint resolution that would proclaim July 1984 as National Ice Cream Month and July 15, 1984, as National Ice Cream Day. The resolution would honor an industry that produces a product enjoyed by many millions of people in the United States.

Ice cream is a nutritious and wholesome food of which over 887 million gallons were consumed in the United States in 1983. Apart from the reputation ice cream enjoys as a dessert and snack food, the production and distribution of this product contributes substantially to the economic well-being of the dairy industry and provides jobs to thousands of other people. According to recent statistics, the ice cream industry makes use of nearly 10 percent of the milk produced by dairy farmers in the United States and the sales of ice cream now total approximately $3.5 million annually.

I urge the Members to join me in cosponsoring this resolution so that it may be considered in the House at an early date.

NATIONAL INCENTIVES ACT

(Mr. PURSELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PURSELL. Mr. Speaker, recently I joined with Representative NANCY JOHNSON and my colleagues in introducing the National Incentives Act, a bill which dramatically improves the ways in which Government, employers, and employees deal with the changing patterns of employment as a result of structural changes in our economy.

The bill allows displaced workers to finance retraining with money withdrawn tax free and without penalty, from their IRA or annuity accounts. This approach builds upon an existing private finance system which at the end of 1982 reached over 12 million largely working class households.

This bill also removes the bias in the Tax Code against investment in training, by permitting businesses to deduct from their tax liability 25 percent of training costs above a company's average for the last 5 years. This incentive will generate $4 in private sector training for every $1 in lost revenue.

Furthermore, this bill removes a disincentive against retraining by allowing displaced workers to participate in retraining while they receive unemployment compensation.

Finally, Mr. Speaker, this proposal offers the best chance to insure that training will be useful. Decisions regarding type and quality of training are best made by those who have a direct stake in the training. Our approach establishes this link by putting into place incentives that are triggered only when business and workers decide for themselves to finance additional skills training.

I urge all of my colleagues to join us in cosponsoring this important legislation.

WHAT IS THE REAGAN FOREIGN POLICY?

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SEIBERLING. Mr. Speaker, a lot has been said already on the illegal and ill-fated mining of the harbors in Nicaragua, done in secret without even informing the Speaker of the House or chairman of the Senate Intelligence Committee, BARRY GOLDWATER. The President in the meantime has been castigating the Congress for not supporting his foreign policy.

BARRY GOLDWATER summed it up very well in his letter to the Chief of the CIA, he said:

> The President has asked us to support and defend his foreign policy, but how can we support his foreign policy when we do not even know what it is?

NATIONAL SCHOOL-AGE CHILD CARE AWARENESS WEEK

(Mr. McKERNAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McKERNAN. Mr. Speaker, today I am introducing legislation to establish the week of September 2, 1984—the first week of school for many children across the United States—as "National School Age Child Care Awareness Week."

Mr. Speaker, our society is changing. Today, more than half of America's children have both parents in the work force. Another one in five will spend at least a part of their childhood in a one-parent family. For many millions of school-aged children, these changes find them returning home from school to an empty house, with the responsibility of caring for themselves between the end of their school day and the end of their parents' work day. Such circumstances dispose these children to both physical and psychological risk.

It is my hope that throughout the first week of September the issue of before- and after-school care for our Nation's children can be acknowledged and addressed by employers, teachers, neighbors, and parents themselves. This "Awareness Week" provides the perfect opportunity for us to raise our consciousness with regard to this issue, to educate ourselves to the problems and to dedicate ourselves to their solution. I hope that my colleagues can join me in sponsoring this legislation and moving toward these goals.

□ 1140

COME JOIN US IN THE REAL WORLD

(Mr. LIVINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIVINGSTON. A quotation, Mr. Speaker:

> In the real world, the U.S. is losing ground to the Communists in El Salvador.

To my friends on the left, I say, no; that is not one of us Reaganites; that is not one of us conservative hardliners talking; that is Morton Kondracke, the executive editor of the liberal magazine, The New Republic, writing in the April 5 Viewpoint column of the Wall Street Journal.

The American voter lives in the real world, and, therefore, he knows that El Salvador, as well as Nicaragua, are important if only because they are neighbor States. El Salvador is not some place long ago and far away. It is here, and it is now. The people of El Salvador will not go away. They may go Communist if we cut off aid, or simply neglect to furnish aid, but they will not go away.

So to those who attack the President's Central American policy as a partisan effort, I offer this invitation: Come join us in the real world, if you can reject your infatuation with isolationism. Stop the phony debate over another Vietnam. Our boys are at home and will stay there as long as we give the Salvadorans the wherewithal to defend themselves. Stop forcing us to lose ground to the Communist terrorists in Central America. The American voter will ultimately thank you.

RELIEF NEEDED FOR FERROALLOY INDUSTRY

(Mr. MILLER of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of Ohio. Mr. Speaker, the domestic ferroalloy industry, which is vitally important to the national defense base of this country, is being systematically destroyed by foreign-government, subsidized imports. These imports are undermining our national security and causing losses which no industry can long sustain, and causing unemployment in several States in this country, including my own.

We understand that the administration has been considering import relief for this crucial industry for nearly 3 years, but no substantial relief has been provided. We sincerely hope that such relief will be provided shortly, so that the vital ferroalloy industry may be preserved.

MINING OF NICARAGUAN HARBORS

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURTON of Indiana. Mr. Speaker, much criticism has been aimed at the administration because the CIA was involved in helping mine the harbors in Nicaragua. Was this necessary? Should we interdict war supplies going into and coming out of Nicaragua? Let us look at the facts.

Fact No. 1: 15,000 tons of Soviet bloc war materials were sent to Nicaragua last year alone, a 60-percent increase.

Fact No. 2: There are 102,000 soldiers and militiamen in the Sandinista army, more than twice the size of all the Central American armies combined, and they plan to more than double that.

Fact No. 3: Umberto Ortega, the Defense Minister of Nicaragua, said they were working toward revolution from Costa Rica to Guatemala, all of Central America.

Fact No. 4: There are four airfields being enlarged to handle Soviet Mig-23 jet fighter planes in Nicaragua.

This President is trying to help Central American countries remain free. The Communists would take away those freedoms. If we do not support our President on this issue, the Communists will have their way in all of Central America and ultimately we will be directly involved because of congressional weakness.

PRESIDENTIAL UNIT CITATION FOR 22D MARINE AMPHIBIOUS UNIT

(Mr. CRAIG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CRAIG. Mr. Speaker, the days of Americans looking down their noses at our servicemen and women returned from active duty are over. Never again should we treat our servicemen and women the way we treated them upon their return home from Vietnam.

Today, I am introducing a House concurrent resolution calling on the President to present to the 22d Marine Amphibious Unit a Presidential Unit Citation for their heroic and unselfish service in Grenada and Lebanon. The 22d Marine Amphibious Unit set an island nation free and helped secure the safety of 595 American citizens. They were then immediately sent to Lebanon to serve the role as peacekeepers in that embattled area of the world. The 22d Marine Amphibious Unit served their country with gallantry and high standards and all Americans should be very proud of their actions. Now after 6 months of active duty, the 22d is on their way home. Unfortunately, 14 members of the unit will not be at the homecoming, for they gave their lives in the duty of their country.

Mr. Speaker, greater love hath no man than this, that a man lay down his life for his friends and his country.

I encourage my colleagues to immediately cosponsor this legislation so that the sense of Congress be expressed to the President before our troops arrive home.

DISUNITY OVER FOREIGN POLICY IN CENTRAL AMERICA

(Mr. RITTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RITTER. Mr. Speaker, the Soviet-Cuban-Nicaraguan axis must be jumping for joy as they witness our lack of unity and our recriminations over the subject of foreign policy in the Central American region. The Soviet-Cuban-Nicaraguan axis, who themselves command and control the blowing up of powerplants, bridges, telephone lines, roads, and factories in El Salvador, must be jumping for joy as they witness our lack of unity over foreign policy in Central America.

I ask the American people: Do they want a militaristic Soviet-armed Nicaragua threatening all the countries of Central America and, indeed, the United States itself? Critics in this House talk about potential for U.S. troop commitment. Well, I will tell you when we will have that troop commitment. It is when those who themselves would fight for freedom, those nationals of the Central American countries, have been deserted by their allies in this country; when nearly the entire Central America region is threatened by Soviet/Cuban domination, and that, my colleagues, would be a tragic result of the disunity that we show over foreign policy in Central America today.

Are we sleepwalking? Can we not see what our adversaries are trying to do to all the Americas?

KEVIN CARRICO, KANSAS WINNER OF VFW VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM

(Mr. ROBERTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ROBERTS. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its ladies auxiliary conduct a Voice of Democracy contest. In the State of Kansas, the winning speech was delivered by Kevin Carrico, a student at Beloit High School. It is an honor and a privilege to share the text of his speech with my colleagues.

MY ROLE IN UPHOLDING OUR CONSTITUTION

They came in the night. Their guns against the door, boots stomping, and taking us from our beds, we were forced into large vehicles. Do you want this to happen to you, in your home?

It does happen, it happens in countries not so fortunate as ours. Protected, as we are, living in a democracy, we must uphold our constitution and pay it's successors debts to our forerunners, the future generations.

What is my role in upholding the constitution? How can I as a teenager get involved and contribute to our nation's greatness? To get involved means to learn, to live loyalty, and to lead. These are all roles that I will accept. I am going to carry on what you have started, no matter what the price.

Having had a chance to work with "Right to Education" laws in special education, and with lobbying on both a state and national level, I have seen our constitution up close. It is a beautiful sight, a combination of wisdom that suggests not only our humble beginning, but also our future growth. Our responsibility begins at home in our community, learning how our city council works, what I have to do to get input into school board meetings, being active in student council government and contributing to the elderly and the handicapped in our community is only a beginning. I have found that the community welcomes the efforts and concerns of youth, seriously interested in learning the very basics of how our constitution works on a local level.

But it need not stop here. We can contact state senators and representatives when lobbying for a cause, they listened to me, they will listen to you. How else can we uphold our constitution if we are forever waiting for me to see an idea, the need for a state commission for the deaf, worked with, studied, and finally becoming law in our state. To help find and organize information for the hearing on this bill was to see a part of our constitution unfold before my eyes. We must all realize that when there is a need, there is a reason to act. Work your way through the political roles and become a part of our government constitution in action.

Some people can not even feel the loyalty to vote. We can make posters and encourage potential voters. It is a democracy not communism that will keep us safe in a world of constant turmoil. Throughout history those nations deprived of a democracy have decayed and disintegrated. Our constitution is the backbone of this nation and it is my role to promote the freedoms that it supports. Shirley Temple Black after having escaped the 1968 revolution in Czechoslovakia, reached freedom, bent down, and kissed the soil she so dearly called America. Must we encounter such a life threatening experience before we put a price on democracy. I say no! By guarding, living, and protecting our constitution, we can show the world that democracy is alive and well and here to stay.

The following is a quote from Zdzislaw Rurarz, a former Polish Ambassador who defected to America, "There is nothing dearer to man than freedom, you have it. But some people like mine do not have it."

I ask you all to help, together we can share the role in upholding our constitution. The fate of humanity is in our hands.

APPOINTMENT OF CONFEREES ON HOUSE JOINT RESOLUTION 492, URGENT SUPPLEMENTAL APPROPRIATIONS FOR DEPARTMENT OF AGRICULTURE, 1984

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H.J. Res. 492) making an urgent supplemental appropriation for the fiscal year ending September 30, 1984, for the Department of Agriculture, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Speaker, I offer a motion to instruct conferees.

The Clerk read as follows:

> Mr. Conte moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on House Joint Resolution 492 be instructed to agree to the amendments of the Senate numbered 2, 3, 4, and 5.

The SPEAKER. The gentleman from Massachusetts (Mr. Conte) is recognized for 1 hour.

□ 1150

Mr. CONTE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am offering this motion to instruct the House conferees on House Joint Resolution 492 to agree to four Senate amendments which have the effect of restoring the original purpose of this bill. That is, to provide a total of $150 million in emergency food assistance to thousands of starving Africans. This would also support an additional $175 million in Public Law 480 titles I and III aid.

By supporting this motion to instruct, you will be supporting this original humanitarian intent. The Senate amendments included in this motion would provide the remaining $60 million in food assistance for Africa which is needed to augment the $90 million already approved by the Congress and signed into law in Public Law 98-248. You will recall that we added that amount for food assistance to the bill providing low income fuel assistance.

On March 6, this House voted 374 to 29 to provide this $150 million in emergency food aid to a number of drought-stricken African countries. This motion to instruct is the same vote, and should be supported in the same manner.

This vote has nothing to do with El Salvador or Nicaragua or any of the other 30-odd Senate Christmas tree amendments. They loaded this bill up like the National Christmas tree, and it will be up to our House conferees to undecorate that sagging hemlock. This poor little humanitarian bill cannot carry all that weight. We just wanted to send some food to starving people, and the Senate added hundreds of millions of dollars in pork, along with a few little items regarding foreign affairs. Let us clean this up. Support this motion to instruct.

Selected Senate amendments: $177 million for the Bonneville lock and dam project for Oregon and Washington; $313 million for the Gallipolis locks for Ohio and West Virginia; $14 million in a deferral disapproval for the Cumberland Gap tunnel; $1 million to clean up toxic waste near Butte, Mont.; $3.4 million to operate a building by the urban education foundation in Philadelphia; and $61,000 to print "A History of the Senate."

The SPEAKER. Does the gentleman from Mississippi (Mr. Whitten) desire time?

Mr. WHITTEN. I do, Mr. Speaker.

The SPEAKER. Will the gentleman from Massachusetts (Mr. Conte) yield to the gentleman from Mississippi?

Mr. CONTE. I yield to the gentleman from Mississippi, Mr. Speaker.

Mr. WHITTEN. Mr. Speaker, may I say that this is news to me. Will the gentleman explain what is involved? I understood the Clerk to read amendment No. 2.

Mr. CONTE. Yes. Mr. Speaker, I also include $175 million for titles I and III, the commodity credit aid.

Mr. WHITTEN. Mr. Speaker, I oppose the motion to instruct on the basis that the conferees on the earlier bill, so far as I understand, agreed to $60,000,000 more Public Law 480 aid for Africa. I understand that they will do so again, and that the Public Law 480 for Africa will be taken care of. The $175,000,000 for Public Law 480 is a new item and has not been discussed. I believe it is bad practice, particularly between the gentleman from Massachusetts and me, to start instructing conferees.

Mr. Speaker, I would hope that the Members will vote down the motion to instruct.

The SPEAKER. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER. The question is on the motion to instruct offered by the gentleman from Massachusetts (Mr. Conte).

The motion was rejected.

The SPEAKER. The Chair appoints the following conferees: Messrs. Whitten, Boland, Natcher, Smith of Iowa, Addabbo, Long of Maryland, Yates, Roybal, Bevill, Fazio, Conte, McDade, Myers, Robinson, and Kemp.

ADMINISTRATION'S MINING OF NICARAGUAN PORTS FLOUTS INTERNATIONAL LAW

(Mrs. BURTON of California asked and was given permission to address the House for 1 minute.)

Mrs. BURTON of California. Mr. Speaker, the U.S.-sponsored mining of Nicaragua's ports is a violation of international law. The Reagan administration has admitted as much by refusing to accept the jurisdiction of the World Court on issues relating to our actions in Central America. I am shocked that the President of the United States would show so little respect for the law.

The conflict in Central America is a result of years of poverty, violence, and repression. The mining of the ports of Nicaragua may harass the Government, but it is hurting those who we supposedly want to help; the poor, the hungry, and the children of that country. The United States has much to offer its neighbors, but military aggression will only make the people of Central America suspicious of any constructive assistance and will undermine efforts to elect more democratic, humanitarian governments in those countries.

I commend the other body for overwhelmingly passing Senator Kennedy's resolution condemning U.S. participation in the mining of Nicaragua's ports. It is time for the Congress to stop condoning the President's actions by immediately ending all funding for his illegal adventures in Central America.

SCHOOL LUNCH AND CHILD NUTRITION AMENDMENTS OF 1984

The SPEAKER. Pursuant to House Resolution 478 and rule XXIII, the Chair declares the House in the Committee of the Whole on the State of the Union for the consideration of the bill, H.R. 7.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7) to make permanent certain of the authorizations of appropriations under the National School Lunch Act and the Child Nutrition Act of 1963, with Mr. Levitas in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Kentucky (Mr. Perkins) will be recognized for 30 minutes and the gentleman from Pennsylvania (Mr. Goodling) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Kentucky (Mr. Perkins).

Mr. PERKINS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, today we have an opportunity to vote for a bill that seeks to continue and expand our Nation's commitment to sound nutrition for every child. This bill, H.R. 7, has three main purposes:

First, to extend for 4 years several expiring programs that are essential components of the national effort to control hunger;

Second, to mitigate some of the effects of the funding cuts made in the school lunch and child nutrition programs in recent years, through addition of the provisions of an earlier bill passed by the House, H.R. 4091; and

Third, to make miscellaneous program changes intended to meet new and emerging needs and to improve program administration.

EXTENSIONS

H.R. 7 extends for fiscal years 1985 through 1988 five programs scheduled to expire after September 30, 1984. These expiring programs are: The summer food service program for children, the commodity distribution program, the nutrition education and training program, the funding for State administrative expenses, and the special supplemental food program for women, infants and children (WIC).

This 4-year extension is a minimum necessary to offer some stability to these programs. The administration of these programs would become increasingly difficult if each year the local administrators faced the possibility of program termination.

RESTORATIONS

This bill also incorporates provisions of H.R. 4091 which passed the House on October 25 of last year by a vote of 306 to 114. H.R. 4091 sought to restore approximately 10 percent of the funds which were cut by the Budget Reconciliation Act of 1981 primarily through provisions lowering prices and raising eligibility for reduced-price meals for the children of the working poor. We are including this bill in H.R. 7 because the Senate has refused to take action on these provisions.

In 1946 the Congress enacted the National School Lunch Act as a result of finding poor nutrition among World War II draftees. That act was meant to improve the nutrition of all American schoolchildren in order to strengthen our country.

By 1980 27.2 million children were participating in the program—63 percent of all children in school. That year there were 10.3 million children receiving free meals, 1.9 million receiving reduced-price meals and 15 million children known as "paid students" who were contributing substantially to the cost of their meals. The program involved an expenditure of $2.5 billion and involved the distribution of approximately 1.7 billion pounds of commodities.

The national school lunch program and related programs were—to my way of thinking—then the greatest feeding programs in the world.

In 1981 Congress cut spending in the school lunch and child nutrition programs by 35 percent, and as a result some 3.9 million fewer children are now participating in these programs according to a report issued by the General Accounting Office this March 30. GAO also found that 3,200 schools had dropped out of the lunch program completely.

In an effort to undo some of this harm, the congressional budget resolution for fiscal year 1984 permitted the restoration of about 10 percent of the amount cut in 1981. Bills restoring these funds have broad bipartisan support which has been demonstrated by twice passing the House—once by nearly a 3-to-1 margin; but the other body refuses to take action on these bills.

The provisions of H.R. 4091 incorporated in this bill (H.R. 7) will reduce the cost of a reduced-price lunch from the current 40 cents to 25 cents and of reduced-price breakfast from the current 30 cents to 15 cents. The bill also raises the eligibility for reduced-price meals from the current 185 percent of the OMB poverty guidelines to 195 percent of the OMB poverty guidelines. In addition, H.R. 7 provides an additional 6 cents for breakfast to improve the nutritional quality of the breakfast program, raises the average annual tuition for private school participation from $1,500 to $2,500 and indexes the provision to inflation. In the child care food program, the bill allows Federal subsidies for one additional meal and snack, to assist children in day care centers and family day care homes. Finally, the legislation allows a medical hardship deduction for unusual, high medical payments for families applying for free and reduced-price meals, and removes the requirement that free meal eligibility be the same as that required for food stamp eligibility—maintaining 130 percent of the poverty for free meal eligibility.

Clearly all these provisions are necessary to secure the welfare of our young people.

OTHER PROVISIONS

In addition, H.R. 7 restores three other provisions of law which were eliminated in 1981. The 1981 Reconciliation Act eliminated all private nonprofit sponsors from the program. This bill allows private nonprofit sponsors, if they have the facilities for self-preparation of meals or can obtain meals from a public facility to participate in the summer food service program. Such sponsors may not serve more than 2,500 children at 25 sites. This provision will bring back some of the needy children who had to be dropped from the program. The "tiering" method of reimbursement would be restored to child care centers participating in the child care food program. This system originally resulted in greater Federal assistance for centers serving large populations of low-income children. It also proved to be more cost effective and less administratively burdensome than verifying every application. Also, the food service equipment assistance program would be reinstituted with up to $10 million in authorized funds targeted to poor school districts.

Many hours of hearings were conducted to determine the needs of these programs and ways to improve their administration to best achieve their purpose. I feel that this bill does go forward in supporting our Nation's commitment to sound nutrition for our young people. These programs have enjoyed broad bipartisan support, and I urge you to join me in support of H.R. 7.

□ 1200

Mr. GOODLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I have had some strong reservations regarding several provisions now incorporated in H.R. 7. Consequently, I am unable to fully endorse the bill as reported, but hopefully by the time we have finished the amending process, I will be able to support it.

During our consideration of the School Lunch and Child Nutrition Amendments of 1984, a series of amendments will be offered making perfecting changes in the bill. It is my hope that these amendments will be accepted and then the House will be able to pass a bill with bipartisan support, which I think a child nutrition bill should have.

Let me state at the outset that I fully support those provisions of the School Lunch and Child Nutrition Amendments of 1984 which reauthorize through September 30, 1988, the summer food service, nutrition education and training, commodity distribution, State administration expenses, and supplemental food program for women, infants, and child authorities.

It was my privilege to join my distinguished chairman, Congressman PERKINS, as an original cosponsor of H.R. 4091, which the gentleman mentioned passed the House by 306 to 114, just last October. It would be my hope that by the time we finish with this bill today that the bill will look like H.R. 4091, which as I indicated, passed 306 to 114.

During subcommittee and full committee markup of this legislation, several amendments were adopted which I cannot support at this time as necessary for achieving the important goals and objectives of our federally assisted child nutrition initiatives.

I might add that were sufficient Federal revenues available, I would endorse their investment in the program changes called for in H.R. 7. However, faced with the magnitude of the current and projected future Federal deficits, I cannot now support several provisions in the bill. Regrettably, it was the adoption of these amendments to H.R. 7 that has denied this measure the strong bipartisan committee support which I am confident it would otherwise now enjoy.

First, H.R. 7 calls for increased authorization of appropriations to provide for modest growth in the number of clients to be served by the special supplemental food program for women, infants, and children. While I do not quarrel with the need for, or the merits of, the WIC program per se, I would prefer at this time to see the WIC program reauthorized at "such sums" as may be necessary to maintain the September 30, 1983, caseload.

Second, the bill now incorporates a provision that would reinstitute the food service equipment assistance program at an annual $10 million authorization, with such equipment assistance limited to those school districts which serve 60 percent or more free and reduced-price eligible children. During full committee markup, the committee accepted an amendment that I offered to lower the authorization from $15 to $10 million annually and target that food service equipment assistance to our poorer school districts. Nonetheless, with limited Federal dollar resources and on the basis of a recent USDA assessment of equipment which indicates that, generally speaking, school food service equipment is adequate and in satisfactory operating condition, I believe that our priorities should remain those of providing "food-on-the-plate" benefits to the youngsters who participate in our federally assisted child nutrition activities.

Third, I object to the restoration of the "tiering" reimbursement option to the child care food program because it does not target Federal meal subsidies on the basis of the economic need of the child. It should be noted, too, that other provisions of H.R. 7 provides Federal support for one additional meal and one additional snack for youngsters in day care centers.

Some will argue that in spite of the fact that it does not target Federal child feeding dollars on the basis of economic need, "tiering" has merit in that is provides additional general operating revenues to child care centers. I would suggest that this should be done in separate legislation dealing with child care centers only and not with nutrition.

Finally, let me briefly comment on the changes made in H.R. 7 with regard to the summer feeding program. I support wholeheartedly the continuation of the summer feeding program, since it provides meals for the same people that we say we should be providing meals to during the other 9 months of the year; but as many of you are aware, there was some waste, some abuse, some fraud when this was an opened program where many people were participating, some of which really should not have been and some who were participating, in my opinion, to get the almighty dollar rather than to provide nutritious meals to needy young people; so we tightened that considerably. I would like it to remain that way, because I think we now have strong control over the summer feeding programs.

As many of you are undoubtedly aware, the history of the summer feeding program has been one that is replete with gross waste, abuse, fraud, and mismanagement, attributable to a handful of unscrupulous private, nonprofit sponsors and food vendors. As a consequence, and in an effort to insure that there would continue to be a summer feeding program to serve our neediest youngsters, the Congress eliminated all private, nonprofit sponsors from future participation in the summer feeding program. Under current law, public or private nonprofit school food authorities, local, municipal, or country governments, and residential public or private nonprofit summer camps that develop special summer or vacation programs providing food service similar to that made available to children during the school year under the national school lunch and school breakfast programs are eligible to sponsor summer feeding program sites.

During subcommittee markup, an amendment was adopted that would enable private, nonprofit organizations who self-prepare meals and are limited to no more than 25 sites and a maximum total enrollment of 2,500 children to become summer feeding sponsors. I am deeply concerned that the amendment, as now worded, may make it possible for a small number of organizations to reenter the program and jeopardize its future integrity. While I would perfer that no changes be made in the summer feeding program at this time, I shall nonetheless, offer a floor amendment which is designed to better insure sound program management and a high quality of meal service to those very poor youngsters who participate in this summertime meal program.

I would say to my colleagues that, on balance, I believe that we have a sound bill. However, together with an amendment to the summer feeding provisions of H.R. 7, I shall offer several additional amendments to address the remaining policy concerns that I have briefly touched upon.

These are some of the concerns that I have. I hope that when we finish the amendment process that the bill will be such that we can get strong bipartisan support similar to that which we enjoyed in H.R. 4091, which again I would remind you passed overwhelmingly 306 to 114.

Let me respond to one or two things that were mentioned yesterday. Someone mentioned that fact that the number of free and reduced priced meals have increased dramatically in the last several years. I cannot imagine that anybody would be surprised that that would be true. During the last few years prior to the current recovery, we had been going through a recessionary period and naturally there would be more people participating in free and reduced price meals.

Mr. PERKINS. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. KILDEE).

Mr. KILDEE. Mr. Chairman, I rise in support of this bill, more as a former teacher and drawing upon my experiences as a teacher for 10 years than as a Member of this Congress, although as a Member of this Congress, I have been able to see a more national scope of the needs in this area of nutrition. The nutritional needs of a country must be a paramount concern of Government.

We historically can go back to the end of World War II when the school lunch program was started and find that during that war, many of our people could not pass the physicals because of poor nutrition. We should draw on that experience, I think, not only in the pursuit of war, but in the pursuit of positive and peaceful affairs which we have to provide for a healthy Nation. Without good nutrition, there cannot be good health. I can recall, in my years in teaching, seeing students come to school without an adequate meal and very often, some of those children really found that their most nutritious meal of the day was the meal that they obtained in the school lunch program.

We are a nation that can take care of these needs. We are a nation that does care.

I want to commend the people on both sides of the aisle for the work they have put together in the bill. I am confident that before the end of this day, that we will have a bill that we all can support. I have been working closely with the gentleman from Pennsylvania (Mr. GOODLING). The gentleman has some amendments which I will be supporting to make this bill more satisfactory to himself.

I want to thank the chairman of the committee and the ranking minority member for their good work on the bill.

Mr. GOODLING. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. BARTLETT).

□ 1210

Mr. BARTLETT. I thank the gentleman for yielding and I commend the gentleman for his good work on this bill in trying to make the child nutrition programs as reauthorized better than they presently are.

I come to this House floor, I suppose, with mixed emotions because when H.R. 7 was originally brought to our committee for hearings and markup, I hoped to be able to support H.R. 7 in the form that it had been offered. I do support the child nutrition programs that we have in this country.

The original H.R. 7 which was brought to the committee was on two pages and now we have a bill that has had so much added to it that it exceeds 20 pages as it comes to the floor today.

One amendment was made to this original two-page H.R. 7 in committee that was beneficial to the program, and that was to reduce the timing from a permanent authorization to a 5-year funding, and I support that. But, with that exception, so far as I have been able to tell, with the exception of that one amendment and some good and beneficial technical amendments made by the gentleman from Pennsylvania, the difficulty with H.R. 7 is, as we see it on the floor today, that as the markup progressed in committee, the bill got progressively worse. We began to see massive incremental add-ons, one at a time. Each one of those additions was not any sort of a disaster, but the final result was, according to the Office of Management and Budget, an additional $2.7 billion over and above the current services baseline over a 5-year period.

So on an incremental basis, this committee has brought to the House floor $10 million here and $20 million there and $100 million for another one of these incremental add-ons that now make H.R. 7 not worthy of this House's support.

Many Members on this side of the aisle, and some on that side of the aisle, will try to delete and reduce those add-ons to make this a more beneficial and a more acceptable bill.

I will submit to the House a partial list of some of the additions, the erroneous additions, that were made in committee.

For example, we added back the low priority $10 million food equipment program which does not buy any meals, which does not feed any children, but it does provide some equipment here and there around the country at a $10 million level.

We added back the summer food service programs to private agencies. We added back the tiered reimbursement systems, and at the end, we added back all of H.R. 4091 which goes back into the reimbursement level and into the definition of poverty level which was addressed and passed by this House last fall.

I would point out to this House if H.R. 4091, if those changes are going to be made into Federal law, we have already had the chance to make those changes. The bill has passed the House and there is no conceivable reason to load down H.R. 7, the reauthorization of these programs, with H.R. 4091, because if H.R. 4091 is going to move in the other body, it is going to move in any event.

The final result was a larger authorization across the board to the tune of an estimated $2.7 billion over a 5-year period over the current services baseline.

In addition, Mr. Chairman, I will be offering an amendment, which I also offered in committee, to try to introduce some equity into the State administrative expenses program. Now the SAE program is for administrative purposes only. It is administered by the States and it does not have one constant minimum matching grant, but in fact the matches from the States range all the way across the board. Texas is required, for example, to only match for administrative purposes 7 percent of the total Federal dollars spent on the SAE program but Kentucky is required to match 32 percent of the total dollars, and that is not fair.

My amendment will be to reinstate a minimum matching grant of 10 percent in 1986, and then 20 percent in 1987, and then 30 percent for years beyond to at least put some fairness from State to State into the program.

For the Members of this House, I have a chart that was recently developed by the USDA that will be at this desk and will be on the floor if each Member would like to look up his or her State.

I am hopeful that H.R. 7 will be amended on the House floor today in a way that will make it supportable and will mean that H.R. 7 will improve and, in fact, these programs will be authorized. If not, perhaps at the end of the day, this House should simply choose to merely extend the exisiting programs. If we cannot make beneficial amendments and beneficial changes to the existing programs, perhaps we should simply extend and reauthorize the existing programs for a set period of time until this House can find a way to delete these crippling budget-busting amendments which total $2.7 billion.

I thank the gentleman for the time and I yield back the balance of my time.

Mr. PERKINS. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Illinois (Mr. HAYES).

Mr. HAYES. Mr. Chairman, I welcome the opportunity to rise in support of H.R. 7, the school lunch and child nutrition amendments of 1984.

The need for a strong commitment to addressing the health and well-being of our Nation's young people is extremely crucial in today's society. As the Representative from the First Congressional District of Illinois, I have seen firsthand the suffering which has resulted from the Reagan administration's ill-conceived and misguided reduction in funding for food and nutrition programs. These cutbacks have had the greatest impact on low-income families who are often forced to depend on Government assistance for food and other basic necessities.

I have seen studies that indicate that an overwhelming 35.6 percent of blacks, 29.9 percent of Hispanics, and 12 percent of whites are no longer able to meet their basic nutritional needs. In Chicago, a study at Cook County Hospital last year found that 30 percent of all children under age 2 coming to the pediatric outpatient clinic had abnormally low growth, and that in half of those low growth cases, the children suffered from inadequate nutrition. The hospital also reported a 24-percent increase from 1981 to 1983 in admissions of young children for failure to thrive and other nutrition-related conditions.

Passage of H.R. 7 without any weakening amendments will help address this growing and totally unnecessary problem. It extends through fiscal year 1988 five expiring school lunch and child nutrition programs, which are: the women, infants and children (WIC) supplemental feeding program, the summer feeding program, the nutrition education program, the commodity distribution program, and the funding for State administrative expenses. The bill also includes the provisions of H.R. 4091 which passed the House on October 25, 1983.

The relationship between high postnatal health care costs and inadequate prenatal health care is well documented. Expansion of the WIC program as called for in H.R. 7, would in the long run, lower health care expenses for low-income families and consequently, lower the demand for increased health care benefits provided to them by the Federal Government.

H.R. 7 also helps restore the summer feeding program to the level of service it provided before the 1981 Budget Reconciliation Act. At this time it serves 1.42 million children out of 2.2 million it served before the 1981 budget reductions.

Another provision the legislation restores is the tiering system of the child care food program which was repealed by the 1981 Budget Act. The House Education and Labor Committee received documentation that tiering allowed low-cost centers to stay in operation and that without it, many have been forced to close and thus deny access to affordable day-care services by low-income families.

The final highlight which I would like to bring to the attention of my colleagues is the restoration of part of the subsidy for reduced price lunches for schoolchildren. With 8.8 million people out of work and thousands more who have exhausted their unemployment benefits, the increased lunch rate for their children is something that many of them simply cannot afford. In my district alone, there are over 160,000 people out of work, many of whom have exhausted their unemployment benefits. For them to come up with additional lunch money for their children, no matter how small the amount, is something that the vast majority of them simply cannot afford.

Mr. Chairman the nutrition programs contained in H.R. 7 were developed to insure that poor and disadvantaged children and women would participate fully in our society. A strong Federal commitment must be forthcoming if we are to come anywhere close to the elimination of hunger in America. H.R. 7 is but a small step in that direction, a step which I implore my colleagues to take by voting in favor of its passage without any weakening amendments.

Mr. GOODLING. Mr. Chairman, I yield 7 minutes to the gentleman from Wisconsin (Mr. GUNDERSON).

Mr. GUNDERSON. Mr. Chairman, the school meals and child nutrition programs are clearly among the best investments the Federal Government makes. Denied proper nutrition due to limited means, a child will fail to perform up to his or her abilities. Lacking a healthful diet, the expectant mother is more likely to give birth to a low birth weight child with all the serious implications for both infant mortality and the development of serious health problems. All of us recognize the immense contribution the WIC and school meal programs have made in addressing these problems.

The dispute on the bill before us today does not center on the effectiveness of these efforts. We all recognize that fact. The real question centers on how to best manage a supportable program in these truly difficult fiscal times. As a member of the Education and Labor Committee, I have closely reviewed these programs and the provisions for extending or expanding them contained in this bill.

I believe we can accommodate the imperative to control the level of the Federal deficit while meeting our critical national needs in these programs. The answer to this balancing act lies in the careful targeting of the resources we can provide to those with the greatest needs and the programs with the highest priority.

While I oppose the provisions of H.R. 7 which would establish the WIC program as a "capped entitlement," I understand this provision will be withdrawn by its author. Now is not the time to create a new entitlement program. It is time to recognize that we may need to increase authorization levels to accommodate growth in the number of recipients of these benefits.

However, in my home State of Wisconsin, the cost of the food packages has been kept below the national average specifically with the intent of maximizing participation. Yet, even with these efforts, not all recipients applying can be granted benefits. In Wisconsin last month, 64,331 individuals received benefits. It is unfortunate, however, that a waiting list of 5,000 has been required.

I would question, then, provisions in the bill to allow $3 million to be spent by the Secretary to undertake evaluations and pilot projects. We have a program who's effectiveness has been well documented. Let us rather focus this $3 million on providing aid to additional recipients.

The nutritional education and training program has accomplished much in Wisconsin and nationally to develop an increased awareness of the needs of good nutrition and in developing and disseminating nutritional information and curriculum materials. However, we must prioritize. I would be reluctant to support levels above the current $5 million figure at this time. Again, it is the simple case of using limited funds to provide the maximum number of meals.

Many of the other provisions in H.R. 7 are directly related to elements contained in H.R. 4091, a bill I cosponsored and supported when this House passed and sent it on to the Senate. In Wisconsin during the 1982-83 school year, the more than 2,100 schools participating in the school meals program served just under 70 million well-balanced and nutritious meals. I believe many of the provisions contained in H.R. 7 are reasonable, well-designed modifications. Particularly important in my view, are those sections which will encourage participation in reduced-price meals by families with limited incomes.

However, I must express my displeasure over four changes I will not support. In the best of times, these changes might be supportable. However, in order to meet our responsibility to manage and reduce the Federal deficit, some programs must be foregone while steering available funds to our highest priorities. There are four elements I believe we should not support at this time:

First, use of tiering in determining eligibility for reduced price or free meals moves us away from the targeting of available funds. Under tiering, all the children in a child care center receive a free lunch if two-thirds or more meet income eligibility requirements. If one-third to two-thirds are eligible for reduced-price meals, that rate applies to all. Program benefits are rightfully extended to children of families meeting the income eligibility standard. I cannot support identical treatment for families who do not meet these standards.

Second, expansion to three meals and two snacks per day. We will meet our responsibilities to provide nutritional meals to our schoolchildren. We should also recognize that our goal is not to take on the entire responsibility of the family unit in providing food.

Third, authorization of $10 million for equipment purchases. H.R. 7 would authorize $10 million for 4 years to school districts with concentrations of low-income students for the purchase of food preparation equipment. We should keep our support aimed at food on the plate.

Fourth, prohibiting verification of income figures provided in the application for reduced price or free lunches unless fully provided for with Federal funds is a complete overreaction. If the proposed verification rules are inappropriate, we can insure they are made more reasonable. I believe a method can be developed that will not put the schools in the welfare department business but will insure that benefits are limited to those who qualify under the guidelines established pursuant to the directions of this Congress.

In conclusion, I can see why some of my colleagues might be tempted to vote "no" on this measure given some of the excesses it contains. Rather let us correct this bill's inadequacies, so that we might maintain a sound, proper, and necessary nutrition program. Reauthorization is necessary and it is deserved.

□ 1220

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding.

I just would ask the gentleman from Wisconsin, who is a very solid and bright member of this committee, to take a look and to see what requirement we are already requiring the State of Wisconsin and other States. The State of Wisconsin is already required to match 44.9 percent of the Federal program.

I would just ask the gentleman to take a look at the match that we already have in the Federal law as a result of the maintenance of effort requirement. Let us use this as an opportunity to at least provide equity.

Mr. GUNDERSON. I am glad the gentleman brought that up because I think it is important we all understand where this came from.

In 1977 legislation, we required when the Federal Government began assistance, that States would have to maintain their effort. In other words, what they were doing could not be replaced by Federal dollars. We were not going to come in and give them Federal dollars for what the States had done in the past.

I am proud to say Wisconsin has been one of the leaders in this area and a lot of other areas. We have been funding these programs, so we had to maintain that commitment that we always had. I think that is a worthy goal.

It is much different saying, while we provide Federal dollars to help you, do not cut what you are doing, do not replace State dollars with Federal dollars. I am all for that. But I think to go above and beyond that and suggest we are going to maintain Federal programs, then ask States or local governments to pick up the tab, that is the theory that I think most of us have rejected back home and I happen to reject yet today.

Mr. PACKARD. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from California.

Mr. PACKARD. I thank the gentleman for yielding.

Would the gentleman from Wisconsin then recommend that we eliminate all matching funds through all programs throughout all legislation?

Mr. GUNDERSON. I am not saying that we eliminate matching funds. I am saying that I do not think any of us today want to be in the business of imposing new funding requirements on State or local governments. It is just like what we went through with reconciliation. Time after time I have been home in Wisconsin and I have said, the cuts at the Federal level were cuts. If the State or local government did not have the courage to make cuts and they transferred the cost of those to the local people, that is the problem of the local officials.

We at the Federal level, if we are going to mandate a program, ought to fund it. And if we are not going to do that, then we ought to make it optional.

Mr. PERKINS. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Chairman, I rise in strong support of H.R. 7, a bill extending five expiring Federal nutrition programs for children and women, including WIC. The bill includes provisions adopted overwhelmingly by the House last year which would improve the nutritional content of the breakfast program and assist children of working poor families to more readily participate in the lunch and breakfast programs. These restorations amount to about 10 percent of the cutbacks in 1981.

The bill also restores elements of the child care food program and the summer feeding program which has been cut back in 1981.

I am pleased that H.R. 7 includes a series of amendments I offered to improve one of our finest programs, the WIC program.

Medical research has shown WIC to be unusually successful. The GAO recently reported that WIC appears to reduce the incidence of low birth weight by 16 to 20 percent. This is extremely significant, since two-thirds to three-quarters of all neonatal mortality is due to low birth weight.

WIC has also been demonstrated: Repeatedly to be cost-effective. Among the recent findings:

WIC Is Cost Effective

A major study at the Harvard School of Public Health found that each $1 spent in the prenatal component of WIC averts $3 in hospitalization costs due to the reduced number of low birth weight infants requiring hospitalization.

A recent study conducted by the Missouri Department of Public Health examined Medicaid costs during the first month of life—and found that for every dollar spent on the prenatal component of WIC, there was a savings of $1.42 in actual Medicaid costs just during the first month of life. The Missouri study has been widely proposed as one of the best evaluations of WIC yet conducted.

A USDA analysis issued in 1980 found that WIC is highly cost-effective—and that by reducing low birth weight, WIC is likely to result in reductions in birth defects, disabilities and chronic ill health. The analysis stated that "prevention of these problems averts major medical expenditures and reduces the need for special assistance programs (e.g., Medicaid, SSI for disabled children, and special education)."

At Senate Agriculture Committee hearings last month. Dr. David Paige of Johns Hopkins, a leading authority in the field, said that WIC is the single most effective intervention strategy in reduction low birth weight. By reducing low birth weight, Paige testified, WIC has significant cost-beneficial effects:

"The cost to support, in the short-term, a low birth weight infant is considerable in any neonatal intensive care unit in the U.S., and the aftermath of [low birth weight] in terms of decreased cognitive performance, handicapping conditions and other problems which ensure as a result of low birth weight can be considerable in terms of human and capital cost over the life of an individual."

H.R. 7 reauthorizes WIC for 4 years and provides for modest growth in the program, in accordance with the budget resolution accepted by the House on April 5. The authorization ceilings in the bill would allow the program to grow at a rate of approximately 150,000 persons a year, or about half the historic rate of growth in the program. Today, WIC reaches only about one-third of those eligible for it, despite its marked success. H.R. 7 would enable it to reach about two-fifths of those eligible by fiscal year 1988.

The other WIC amendments in H.R. 7 are principally designed to improve the management and operation of WIC.

The WIC program really should be an entitlement program for all those low-income pregnant women, infants and children determined by medical professionals to be at nutritional risk. There is no question but that the capped entitlement feature in the bill would dramatically reduce the frequent changes in funding and participation forecasts which have made the program increasingly difficult to manage properly and efficiently, and which all too often have forced many eligible women and children off the program.

Making the program a capped entitlement would dramatically increase the ability of State WIC administrators to maintain continuity of services to the millions of low-income pregnant women, infants and children who need this program to get a healthy start in life. Their healthy start is time-limited—and does not wait for the administrative vagaries of bureaucrats. If we do not catch women at risk in the early months of their pregnancy—or infants at risk in the early months of their lives—our ability to give them the nutritional and health benefits of this program are diminished.

However, in deference to the budget resolution adopted last week, and to the problems in the Budget Act, I am offering an amendment to strike the conversion of WIC to a capped entitlement. This amendment will have the effect of retaining WIC as a discretionary program, leaving the appropriations committee the flexibility to determine how much money to appropriate up to the authorization ceilings.

Another WIC provision in H.R. 7 enables some of the funds now earmarked for pilot projects and evaluations to be used for technical assistance to improve State computer systems or other aspects of State WIC management. Another provision requires that USDA reduce the documentation requirements States must satisfy to demonstrate that one-sixth of all WIC administrative funds are spent on nutrition education. Current requirements are unnecessarily burdensome, and this reduction in paperwork should free up resources for more effective WIC operations in other areas.

Two of the provisions to improve State operations are worthy of particular note. One provision allows States to use up to 2.5 percent of their WIC food grants for a fiscal year to cover costs for WIC foods incurred by the State in the prior fiscal year. This provision was strongly recommended by the National WIC Directors Association and is needed to alleviate difficulties States now face in managing their programs in the final months of each fiscal year.

Currently, States are unable to know their exact expenditure levels for a fiscal year until several months after the fiscal year is over because WIC food vouchers for the final months of the fiscal year do not work their way through the WIC financial system until several months after the year has ended. This has consistently led to overestimates of expenditure levels by States—and to the denial or elimination of benefits for needy women and children in the final months of the year, followed by the subsequent information that the State actually ended up with unspent funds, which were subsequently recovered and reallocated to other States. There has been a recurring phenomenon in which States expend 95 percent or 97 percent of their grant levels while turning away mothers and children in need.

The provision of H.R. 7 allowing some limited advance borrowing from the following year's grant is designed to resolve this problem. It should enable States to spend closer to 100 percent of their grant levels for a given fiscal year, while also lessening disruptions in program management at the end of the year, and reducing the amount of funds carried over from year to year. The provision has no cost and promises to improve program operation significantly in the final months of the fiscal year. It should help place the program's financial management on a more orderly basis.

The other provision deserving of some mention requires that WIC funds be apportioned in a manner that insures that not less than 70 percent of the funds appropriated for a fiscal year are obligated or expended by the beginning of the fourth quarter of the fiscal year. This provision is designed to prevent the unnecessary peaks and valleys that can occur if WIC funds are not apportioned on a relatively even basis throughout the fiscal year. Peaks and valleys can lead to eligible women and children being denied benefits during the first parts of a fiscal year, followed by intensive efforts to add substantial numbers of persons to the program in the final months of the year if large amounts of funds do not become available until that time.

Under this provision, which supercedes any earlier legislation that might bear on this matter, deferrals of funds appropriated for WIC, or the withholding of WIC appropriations through some other legal means, would be permissible only to the extent that the Secretary could insure that at least 70 percent of the WIC appropriation for the fiscal year would still be obligated or expended by the beginning of the fourth quarter of the fiscal year. Supplemental appropriations enacted after January 1 and funds made available to States on a timely basis and subsequently reallocated to other States would not be subject to this requirement. Similarly, this requirement is not intended to affect part-year appropriations, such as that provided in the continuing resolution passed last November. Provisions in appropriations acts requiring partial year WIC funds to be spent by a specified date before the end of the fiscal year would still have to be honored. This provision of H.R. 7 does not provide the Secretary with license to shift 30 percent of part-year appropriations into the final quarter of the fiscal year in violation of appropriations acts.

The effect of this provision should be to assure the relatively even expenditure of WIC funds throughout the fiscal year—and the avoidance of yearend rushes to spend large sums of money—and to greatly expand the program at the end of the year—because withheld funds have suddenly become available at that time.

H.R. 7 also includes a new provision which I offered to address school districts problems with verification of applications in the lunch program. In the Reconciliation Act of 1981, USDA was given authority to issue regulations requiring school districts to verify income information of applications for free and reduced price meals on the assumption that such verifications would save money. The Secretary issued regulations effective for school year 1983-84.

During its recent hearings, the committee heard testimony that local school districts were spending a great deal of money on administrative costs for these verifications without being reimbursed at all by the Federal Government. The American School Food Service Association reported that many school districts were actually paying considerably more money for verification than they were recovering.

H.R. 7 contains an amendment which would prohibit verification unless funds are appropriated to pay local school districts for any federally imposed verification requirements.

H.R. 7 is a very important bill for America's children and families. I urge my colleagues to vote for its passage.

Mr. GOODLING. Mr. Chairman, I yield 1 minute to the gentleman from Vermont (Mr. Jeffords).

□ 1230

Mr. JEFFORDS. Mr. Chairman, I rise in support of the legislation before us today. It is not perfect, and I intend to support some of the amendments to be offered by my colleagues Mr. Goodling and Mr. Erlenborn, which I believe will strengthen this legislation.

However, on balance I think that this legislation is worthy of support. As my colleagues know, participation in the school lunch program declined radically in the wake of the cuts made in 1981. These cuts have resulted in schools across the country dropping out of the school lunch program. In my own State of Vermont, despite efforts by the State to promote the school lunch program, school after school has dropped out. Participation has plunged as well, with the number of reduced price meals down 40 percent and the number of free meals down 16 percent.

Last fall, by a vote of 306 to 114, the House affirmed that the 1981 cutbacks had gone too far by passing H.R. 4091, which adjusted the eligibility levels set in 1981 to a more reasonable level. By no means were we voting to undo all the provisions of the 1981 reconciliation bill; in fact, the additional spending would be about one-tenth of that cut.

The bill before us today incorporates the important provisions of H.R. 4091, as well as reauthorizations of a number of other programs as well. The bill also increases the authorizations for the women, infants, and children program.

There may be some confusion still surrounding this last point. As reported from the committee, H.R. 7 contained a capped entitlement for the WIC program; however, I understand that Mr. Miller will be offering an amendment to maintain WIC as a discretionary rather than an entitlement program.

I hope this amendment will allay the concerns of many of my colleagues on this side of the aisle. At a time of enormous Federal deficits, we must think twice before creating any new entitlement authority.

At the same time, I think there is no question but that we should authorize modest increases in the funding of the WIC program. In study after study, researchers have found that the WIC program not only saves lives, but that it saves money. The study previously referred to by the gentleman from California and frequently cited is that of the Harvard School of Public Health, which found that for every $1 spent on the prenatal component of WIC, we saved $3 in hospitalization costs for low-birth-weight babies. And this return on our investment does not even calculate the long-term savings realized from a lower incidence of birth defects and mental retardation which are significant since low-birth-weight babies have a three times greater incidence of birth defects.

More recently, the General Accounting Office found that the WIC program reduced the incidence of low-birth-weight babies from 16 to 20 percent. Given the fact that low birth weight is associated with two-thirds to three-fourths of all infant mortality, this is further testimony to the money WIC saves. It is important to remember that an additional few grams of weight at birth can mean the difference between life and death, or between a healthy or handicapped life.

Earlier studies have repeated these findings confirming the cost-effectiveness of the WIC program. From Florida to Washington and from Connecticut to California, State, county, and city public health officials have reached the same conclusion: that the WIC program is a cost-effective means of averting health problems in our country.

And yet, participation remains at a meager 30 percent of all those people eligible for the program. Given the effectiveness of the program and the large unmet need, the budget adopted by the House last week specifically invisioned modest increases for the WIC program. The WIC authorizations are entirely within the budget adopted Thursday. As my colleagues know, that budget allowed for modest growth in both defense and low-income programs. I believe it is important that we, Republicans and Democrats alike, maintain that balance.

I urge my colleagues to support the WIC authorization levels contained in this legislation, and hope that they can support this bill as well.

Mr. FORD of Michigan. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. GAYDOS).

Mr. GAYDOS. Mr. Chairman, in my mind the bill H.R. 7—improvements to the School Lunch and Child Nutrition Act—wisely undoes misjudgments imposed in the haste and heat of 1981 when the school lunch program was too sharply trimmed.

The House last fall passed and sent to the Senate these same compassionate corrections, which will further the cause of public education. The Senate has not acted.

So the discretion and perseverance shown by the gentleman from Kentucky, and the Committee on Education and Labor, in offering the Senate yet another chance to undo a thing that was overdone are the marks of a real statesman.

As Ben Franklin said, "You can give a man an office, but you cannot give him discretion."

In this sense, discretion means good judgment, which seems to be lacking in the executive branch at times, no matter which administration is calling the shots.

This bill limits Executive discretion in regard to school lunches, and this is a wise move on the part of Congress.

There are provisions that remove the discretion of the Secretary and of the OMB, which some have come to call the Office of Meddling and Bungling, in determining what children are eligible by fiddling administratively with the criteria for eligibility.

This would have them tied to the intent of Congress rather than some unseen, undebated purpose. Any fundamental change would have to be determined by Congress.

As a result of 1981, the number of schoolchildren able to concentrate on filling their minds because they had a good meal in their bellies has fallen by 3.6 million. The number of schools participating in the program has fallen by about 3,200.

H.R. 7 would authorize $150 million more—in accord with the budget resolution—and eliminate some of the more miserly approaches that have been taken.

Overall, it would provide better lunches and breakfasts for more children, and it will free school districts of some burdensome Federal redtape.

The committee looked and found no indication of real fraud in the program. Therefore, the bill provides that verification of eligibility, if it is to be done, must be paid for by the Federal Government.

In addition, there is a provision for the purchase of equipment by smaller and poorer school districts that will help them get out these better lunches and breakfasts.

Our recently gained knowledge, and the wisdom of the years, shows hunger to be one of the biggest impediments to learning.

As Woodrow Wilson said, "Hunger * * * breeds * * * all the ugly distempers that make an ordered life impossible."

Education is about bringing order and understanding to life so that progress is possible, and hunger is a hurdle that this bill will help overcome.

In short, Mr. Chairman, this bill gets us back on the track of a commitment that has been well debated in the past, and it is one on which we have had consensus. I urge passage. It is nothing more and nothing less than a downpayment on the future.

Mr. GOODLING. Mr. Chairman, I yield myself 30 seconds, merely to say that this is the first time that I have truly enjoyed working on the subcommittee in 10 years, because it is the first time I think on my side of the aisle where we have people who are truly interested and truly responsible for what is happening in committee. I would just like at this point to say thank you publicly to the gentleman from California (Mr. PACKARD), the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Wisconsin (Mr. GUNDERSON), the gentleman from Texas (Mr. BARTLETT), the gentleman from Utah (Mr. NIELSON), the gentleman from Washington (Mr. CHANDLER), and the gentleman from Iowa (Mr. TAUKE), because they truly are interested in what we are doing on the Education and Labor Committee. They are not there because they were assigned.

Mr. FORD of Michigan. Mr. Chairman, I yield 2 minutes to the gentleman from Montana (Mr. WILLIAMS)

Mr. WILLIAMS of Montana. Mr. Chairman, I am in support of the Child Nutrition Amendments of 1984. This important bill reauthorizes programs that help provide adequate nutrition to pregnant women, infants, and children, thus making it possible for all children to have a better chance at normal physical and cognitive growth.

All of us are concerned that the children in our Nation be adequately fed and not suffer from hunger. The Child Nutrition Amendments of 1984 address this issue, but are even more important. When children's nutritional needs are met, it becomes possible for them to reach their full potential as boys and girls, and eventually as adults. In addition, these nutritional programs have the potential for saving Federal dollars that would otherwise be needed for medical expenses and special education costs that can result when pregnant women and children receive inadequate nutrition.

In the Education and Labor Committee markup, I introduced an amendment that received widespread bipartisan support. This provision provides automatic eligibility for the free lunch and breakfast program to those children whose families receives AFDC or food stamps. Of course these children are eligible now. My provision does not change the criteria for the free lunch program. It simplifies the application process for both the parent and the agency. In addition, the provision addresses some of the problems that were described in testimony before our committee, regarding the difficulty some parents have with the application and verification forms. Automatic eligibility would therefore insure that the children who most need the benefits of the free lunch program will be able to enroll in the program.

Mr. GOODLING. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. ERLENBORN).

Mr. ERLENBORN. Mr. Chairman, I rise in opposition to H.R. 7, the School Lunch and Child Nutrition Amendments of 1984, as reported, with amendments, by the Committee on Education and Labor.

H.R 7 reauthorizes, through fiscal year 1988, five child nutrition authorities which will expire September 30, 1984. These authorities include: First, the nutrition education and training (NET) program; second, the State administrative expense (SAE) authority; third, the summer food service program for children; fourth, the commodity distribution authority for child nutrition and senior meals programs; and fifth, the special supplemental food program for women, infants, and children, more popularly referred to as the WIC program.

I support the reauthorization of the SAE authority, the commodity distribution and summer feeding programs at the current services levels. I cannot, however, support reauthorization of the nutrition education and training (NET) program at an annual level of $7.5 million, now authorized at $5 million.

Similarly, the authorization for the WIC program should be established at such sums as are necessary to maintain the September 30, 1983, caseload of approximately 3 million.

H.R. 7 also incorporates the provisions of H.R. 4091, a school lunch and child nutrition bill passed by the House last October 25. As you may recall, the floor debate on H.R. 4091 focused on the issue of whether or not numerous child nutrition program entitlement reforms made by the Omnibus Budget Reconciliation Act of 1981 should be reversed now and more generous federally subsidized child feeding benefits afforded to families with annual incomes approaching $20,000.

By its inclusion of H.R. 4091, H.R. 7 will rekindle the debate on what are appropriate and reasonable criteria for eligibility for increasingly costly child nutrition program benefits.

H.R. 7 also extends, at local option, special milk program benefits to all children enrolled in kindergarten classes, regardless of the family's economic status. This is just one more illustration of a proposed child nutrition policy change that will assist primarily children from nonneedy families. Special milk program participation data indicates that only 6 percent are from families who qualify for free milk because their incomes fall below 130 percent of poverty.

I, for one, have great difficulty in endorsing those provisions of the bill which will afford increased Federal child nutrition cash assistance for school lunches and breakfasts as well as a full day's meals plus snacks in day care center settings to children from families who are not among the neediest. We are talking about four-person families whose annual incomes are between 130 and 185 percent of the nonfarm income poverty guidelines—or annual incomes ranging from $12,871 to $18,315.

Moreover, section 4 of H.R. 7 further extends Federal child nutrition meal assistance to nonneedy families by increasing reduced-price income eligibility from 185 percent to 195 percent of the poverty guideline. This simply means that children from four-person families with yearly incomes between $18,315 and $19,305 would be eligible for more generous reduced-price subsidies.

Several other amendments were adopted during subcommittee markup which caused 11 of our 13 Republican members to withhold their support from the measure before us.

One of these amendments will move the child care food program 180 degrees away from carefully targeting Federal subsidies according to the economic status of the child's family.

Specifically, I am referring to that provision of the bill that restores the tiering reimbursement claiming option to the child care food program.

Let me give an example to illustrate how tiering works. Let us assume that we have a day care center with an enrollment of 100 children. Let us assume that one-third of the children come from families eligible for free meals, and one-third are children eligible for reduced-price meals, and the remaining one-third of the youngsters are entitled to paid meal benefits. Under the terms of the tiering approach, our day care center can claim the free or highest rate of meal reimbursement for all meals served to all 100 children, although only one-third of the youngsters come from families who are entitled, on a family-by-family income determination, to free meal benefits under present law.

Coupled with other relevant changes in the bill, how does tiering translate to actual dollars and cents terms? And how does the bottom line total compare to what can be claimed without tiering? Assuming that our day care center operates 5 days a week and served all 100 children, the maximum number of meals for which Federal reimbursement can be claimed—that is breakfast, lunch, and supper plus two snacks or supplements per child per day—if our center elects to use the tiering option of claiming payment, it would receive $1,816, or the full free rate, for 1 week's meal service to our 100 children. On the other hand, if our center were to be reimbursed at rates established on the basis of each family's income, it would receive $1,121 for 1 week's meal service to the same 100 children. By my calculations, tiering provides an additional $695 for the same number and quality meals to the same number of children.

I believe, too, that a strong argument can be made that the restoration of the tiering option to the child care food program is totally inconsistent with other child nutrition policy that requires that local school authorities verify the income data on a percentage of applications submitted by parents seeking free or reduced-price school lunches and breakfast for their children. The intent of the verification requirements incorporated in current law is to insure that the child who participates in the national school lunch and school breakfast programs receives only that level of Federal assistance to which he or she is entitled on the basis of the family's income.

I have no quarrel with verification. I raise the verification requirement to underscore the point that we are moving in a direction that will find our federally established child nutrition policy treating children from the same family very differently.

Let us take a four-person family with a yearly income of $18,000. And, let us assume that one of the children is enrolled in a day care center and his older brother is in elementary school. Tiering would permit the younger child to receive his meals at the free meal rate with no questions asked. However, the older child's application for reduced-price school breakfast and school lunches may be one of those that comes up in a random sampling to be verified. School officials would be contacting the parents to ascertain that the income data furnished was indeed accurate and that the older child was fully entitled to reduced-price meal service.

For those of us who are troubled by the fact that the Federal Government is providing any level of cash or commodity child feeding support to nonneedy families, it is most disturbing to think that we are seriously considering a policy change along the lines of the tiering option in the child care food program.

Against the backdrop of an almost deafening public rhetoric about the necessity to reduce the burgeoning Federal deficit, I find it impossible to justify why we should increase that deficit by any amount—however large or small—by making a change of this nature.

Similarly, I cannot support the amendment adopted in subcommittee which reinstitutes the food equipment assistance program that was terminated by the 1981 Budget Reconciliation Act. While I commend my colleague, **Bill Goodling**, for his successful efforts to reduce the originally proposed authorization level from $15 to $10 million annually and to limit such assistance to poorer school districts, I do not believe that we have any nationwide documentation that suggests an urgent need to provide new Federal support in this area. On the contrary, a recently issued food and nutrition service assessment of existing and future school food service equipment needs indicates that, in general, existing food service equipment can be considered to be dependable and in good operating condition.

Mr. Chairman, I wish to call to my colleagues' attention the fact that the Office of Management and Budget has communicated its strong opposition to H.R. 7, characterizing this measure as "a multibillion dollar budget add-on * * * reversing 12 reforms contained in the 1981 Gramm-Latta reconciliation bill."

Since the School Lunch and Child Nutrition Amendments of 1984 add, according to OMB, some $570 million to the President's budget in fiscal year 1985 and $4.6 billion over the next 5 years, we are advised that, should this legislation reach the President's desk, disapproval would be recommended.

In closing, Mr. Chairman, I urge my colleagues to join me in opposing H.R. 7 in its present form.

□ 1240

Mr. PERKINS. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota (Mr. PENNY).

Mr. PENNY. I thank the gentleman for yielding to me.

Mr. Chairman, there is a strong bipartisan support for the very important programs reauthorized in H.R. 7. We all understand that these programs provide great benefit to the schoolchildren, the elderly, pregnant mothers, and preschool children across America.

These important nutrition programs have improved the nutrition and the health of millions of Americans. As a farm State legislator, I think there is another consideration we ought to keep in mind as we move forward to reauthorize these nutrition programs.

Farmers in America are involved in the noble endeavor of trying to feed a hungry world. It seems to me that there is something a bit inconsistent in a public policy that would allow us to build up tremendous surpluses of milk and grain when we have nutrition needs here in America. Farmers want to meet the needs of the hungry here at home and around the globe, and it is for that reason that there is a strong support for this proposal in our farm areas. H.R. 7 will help us see to it that in America we do take care of the nutritional needs of our citizens.

H.R. 7 represents good nutrition policy; it represents good farm policy. In short, Mr. Chairman, it represents good public policy.

Mr. ADDABBO. Mr. Chairman, the problem of hunger in America is on the rise. It exists in cities, towns, and in the suburbs. It attacks every ethnic group and singles out those who are least capable of providing for themselves; pregnant women, children, and infants. Today, we have before us the School Lunch and Child Nutrition Amendments of 1984 which seek to extend and restore cuts that were made of five major Federal nutrition programs. I urge you to give your fullest support to H.R. 7.

The programs addressed by H.R. 7 are in such great demand that the question that faces us is not whether to support the legislation but rather how far can we go in our efforts to provide for the population in need. My answer is: We have not gone far enough.

Mr. Chairman, when I hear reports of food pantries in my district doing record business in providing emergency food aid; when I walk through the streets and speak with men who are in despair because they cannot find jobs and provide food for their wives and children, I know that this administration's cuts have taken a heavy toll. No Presidential task force can convince me otherwise. This administration's cuts in social programs and the surge in the unemployment rate have led to an increased demand for programs which provide school lunches and nutritional care. These programs are our only guarantee that food and proper care is delivered.

The provisions of this bill seek to meet the increased demand in the most efficient ways available. These services will not only assist the young children and their mothers but will also provide facilities for other groups considered as hunger risks such as senior citizens.

In New York alone, our figures show that an additional $4 million in Federal support would offer more than 100,000 children these benefits. These children are now going to school hungry, going to bed hungry, and living on a malnourished diet. They must be provided for. Several amendments that have been proposed seek to roadblock a tiering method which would provide reimbursements to those areas most in need. This would result in the exclusion of children in need of these services.

We, as responsible Members of Congress must insure that no amendments to the WIC program are passed either. The proponents of these amendments only seek to make the program less accessible. They would block an additional 150,000 mothers from receiving the benefits of WIC.

WIC services have been documented to significantly reduce the incidence of low birth weight, the leading cause of infant mortality, and highly associated with birth defects. Through counseling and prescription food supplements to pregnant women, nursing women, infants, and young children, WIC has met its program goals. The only goal WIC has been unable to meet is accommodating more people who demand its services. This is due to the recent budget cuts. New York medical professionals estimate that only 260,000 of the more than 600,000 women considered nutritional risks are able to receive its services. Across the country WIC is able to service only one-third of those who request assistance.

I will oppose any amendments that reduce the scope of these vital nutritional programs. We cannot allow the administration to continue writing blank checks for nuclear weapons when they claim we cannot afford to support programs for the needy. I urge my colleagues to vote for H.R. 7 and insure that all Americans are able to receive a well-balanced and nutritious diet.

● Mr. FRENZEL. Mr. Chairman, today we are to consider H.R. 7 to extend and improve the Child Nutrition Act of 1963.

Many of the child nutrition programs included in this bill are good ones. The nutrition program personnel that I know in my State are hard-working and dedicated individuals giving of themselves so that nutritional needs of children in our society will not be neglected. These individuals are to be commended. Those children in need are the greatest beneficiaries of these Federal dollars and fine programs.

I have no problem with reauthorizing the summer feeding program, WIC, NET, commodity distribution program, and State administrative expenses. Timely and reasonable reauthorization levels for these programs for the next 4 years is a must.

However, the reauthorization levels represent unreasonable increases, and, most discouraging of all, is the fact that this reauthorization bill is being used as a vehicle to tag on every change and new spending wish imaginable. OMB says that this bill will add spending of $2.7 billion over the next 5 years to the President's budget. That budget, by the way, is the one which was attacked by the House majority as being too heavy on deficits.

No program is perfect. Some funding increases and changes are needed in selected programs to insure that children in need are receiving appropriate assistance. But this bill goes well beyond reasonableness. Instead, program expansion and additional costs are the rule.

Here are a few examples: Increased funding for the nutrition education training program; WIC program made into an entitlement; school breakfast program subsidy increased by 6 cents overall; an extra meal and snack added for the day-care food program; summer feeding program expanded.

The result of the increases in authorization levels and the additional program costs are enormous. They total approximately $1.7 billion above the CBO baseline over the next 4 years. This bill seems to have come from another era that many Members, aware of the deficit crunch, have forsworn. Every committee with a worthy purpose attempts to escalate the cost of its programs. Unfortunately, there is no money left, even for worthy purposes.

I do not advocate curing our budget problems at the expense of needy children. I simply feel that responsible funding and program changes in all areas must be a goal. I am sorry that this is not a more responsible bill. I regret that I am obliged to oppose a bill which includes so many good programs which need to be authorized.

Should correcting amending language be adopted in the Committee of the Whole, I would, of course, be delighted to vote for it as I did last fall when it was presented in a responsible form. Of the amendments needed, the most important are to remove the new entitlement for the WIC program, and to remove the tiering feature that allows nutrition funds to be directed to less needy children in day care.●

● Mr. BEDELL. Mr. Chairman, I rise to lend my full support for the passage of H.R. 7, the School Lunch and Child Nutrition Amendments of 1984. These programs, which have been so very successful in improving the nutrition of pregnant women and children, are a crucial ingredient in our Nation's effort to combat hunger.

The bill restores some major provisions that were eliminated in 1981, when nearly 1,500 schools dropped out of the program because of Federal budget cuts. H.R. 7 addresses needs in the highly successful school lunch program, the growing commodity distribution and child care nutritional programs, and finally it improves on the very effective women, infants, and children (WIC) program.

The good news is that we have fewer grossly malnourished people in this country today than we did 15 years ago. But unfortunately, the problems still exist. These programs have been pitted against such national priorities as defense spending and pork barrel projects. We have only to look at the facts to know the need is there. From 1979 to 1982 the number of children below age 6 who live in poverty jumped by 1.5 million. That is a 41-percent increase.

Early last year, the U.S. Department of Agriculture released the conclusions of a 2-year study of 7,000 families participating in these nutrition programs. According to the report, the chief nutritional benefit that 3.5 million poor students receive from the school breakfast program is that they eat a meal they otherwise would skip. The report also concluded that the 23 million public schoolchildren who participate in the Federal school lunch program tend to be better nourished that those who get their noon meal elsewhere.

The children who benefit from these nutrition programs will benefit from a lifetime of physical well-being. These programs increase a child's willingness and ability to learn, thereby contributing to the growth and development of our Nation. These children are our Nation's greatest national resource and their welfare must be our highest priority.

Aside from the more obvious benefits, these programs utilize surplus foods, helping the stability of our agricultural economy. In my home State of Iowa, the child nutrition program constitutes a quarter of a billion dollar industry contributing to the financial health of the State.

Numerous studies have demonstrated the cost-effectiveness of these nutrition programs. For each $1 spent in the WIC program, and estimated $3 in prenatal health costs from Federal programs are saved. It has a snowballing effect that saves dollars.

I conclude my statement today by reminding my fellow colleagues that strong and healthy children are the best defense from foes and outside forces that we could ask for. Make passage of H.R. 7 a high priority.●

● Mr. BROWN of California. Mr. Chairman, today as we debate H.R. 7, the school lunch and child nutrition amendments, we will try to define the priority our Nation places on insuring that all children of our country are able to receive proper nourishment. This priority will be reflected in the dollar value we attach to these vital programs.

As you know, under our current administration the school lunch and child nutrition programs have suffered budget cuts over the last 3 years, a time of economic recession. The Omnibus Reconciliation Act of 1981 made a number of changes in child nutrition programs, resulting in cuts to the school lunch program close to $1 billion. To adjust for this reduced funding, lunch prices were raised, and eligibility requirements were tightened. In fiscal year 1981, 27 million children participated in the school lunch program. By fiscal year 1983, 3.6 million children had dropped out; only 23.4 million children participated.

In California, it is estimated that some 425,000 schoolchildren are no longer eating breakfast and/or lunch at school due to the budget cuts in the school lunch and breakfast program. During the past 2 years, Federal funding for child nutrition programs in California has decreased by approximately one-third.

Mr. Chairman, the most precious resource this country possesses is that of our children. Hunger and poor nutrition results in shorter attention spans, lowered concentration, and reduced learning abilities in children. Without proper food and nutrition, a portion of our country's children will not grow or learn at their highest capabilities. Further down the road these children will be less equipped to continue scholastically and may possibly have their ability to compete in the job market reduced.

We are recovering from a recession. While our country as a whole is experiencing economic growth, there are still areas of high unemployment. In my congressional district, unemployment in 1983 ranged above 10 percent. Ten percent of the families in my district have incomes below the poverty level. However, unlike a few years ago, when unemployment compensation, food stamps and other programs were available for workers who has lost their jobs, many families have exhausted their benefits. Now is the time when they truly need assistance.

Soup kitchen and food distribution programs in California cannot keep pace with the demand for food assistance requests. Surveyed programs have experienced increases of 50 percent or more in the number of meals or food baskets provided in just the the past year. For many, the recession is not over.

The legislation we are considering today would restore $150 million for child nutrition programs. This additional funding would allow schools to reduce meal prices, and loosen the eligibility requirement for participation in the reduced price and free lunch program. As my colleagues will remember, the House of Representatives passed H.R. 4091 last fall, which contained this restoration of funding.

H.R. 7 would also increase the women, infants, and children (WIC) program authorization levels. But even with this additional funding, the WIC program will still only be able to serve less than one-half of those persons eligible for this program. The WIC program would also be converted into a capped entitlement program beginning in fiscal year 1985. This change, which represents a return to the program's pre-fiscal year 1981 status, is intended to improve program management and delivery of services at the State level, eliminating uncertainties over funding.

There are those that are concerned about the funding levels of our domestic programs. With the budget deficit we are experiencing today, I feel strongly that we must limit Federal spending. However, the school lunch and child nutrition programs focus on a particularly vulnerable portion of our society, our children. The need for these programs is still great at this time and I fully support the improvements in these programs provided for by H.R. 7, the legislation we are considering today.●

● Mr. FAZIO. Mr. Chairman, I rise in support of H.R. 7, the School Lunch and Child Nutrition Amendments of 1984. This legislation reauthorizes and restores funds to those nutrition programs which have proven invaluable in guaranteeing the health and well-being of our Nation's children.

The mission of the child nutrition programs is to insure that children have the opportunity to reach their optimal physical and intellectual development by providing them with adequate nutritional support as part of the education program in public schools, private schools, and child care agencies.

This mission—which extends beyond the concept of eliminating hunger to include the promotion of good health through meeting the high nutritional needs of children and through teaching children good eating habits—becomes even more important when we consider that the Congressional Budget Office estimates that one-fourth of all children now live in households below 125 percent of the poverty level—$9,000 for a family of three.

Furthermore, the proportion of children in single parent families has grown from 13 percent in 1970 to 21 percent in 1982. Single parents are especially vulnerable to poverty.

However, in my own State of California, the State department of education finds that children may be malnourished for a variety of reasons apart from poverty: Among them parent neglect, ignorance, and poor eating habits. This is why the school lunch and breakfast programs need to be readily available to as many students as possible.

The California State Department of Education recently contracted with San Jose State University to study the "Eating Habits of Students in California Public Schools." The study reported that the school cafeteria was the main source of nutrients for students at all grade levels and that students who participated in the national school lunch program were found to have adequate, or near adequate, nutritional intake during the school day regardless of the students' grade level, sex, or socioeconomic background.

California teachers have reported definite improvement in students' attitudes and performance after the national school breakfast program was started.

Approximately 60 percent of the State's school meals are served free or at reduced price to needy children. For many of these children, the school meal is their only meal of the day. But recent cuts in Federal funding for child nutrition programs have caused a sharp drop in student participation. Many of these children may now be at nutritional risk. The California Department of Education estimates that in 1981-82—following the first full year impact of Gramm-Latta budget cuts—participation in the school lunch program decreased as follows:

First, free lunches down 12.2 percent;

Second, reduced price lunches down 26.7 percent; and

Third, paid lunches down 26.9 percent.

During 1981-82, participation in the National School Breakfast Program declined as follows:

First, free breakfasts down 3.4 percent;

Second, reduced price breakfasts down 50 percent; and

Third, paid breakfasts down 60 percent.

Malnutrition leads to social and economic costs which are far greater than the cost of the child nutrition programs. The minds and health of our children—their ability to learn and maintain their health—are not expendable.●

● Mr. CORRADA. Mr. Chairman, I rise in support of H.R. 7, to extend and improve the National School Lunch Act and the Child Nutrition Act of 1966.

The programs extended by this bill—the summer feeding program, the commodity distribution program, the nutrition education program, the funding for State administrative expenses, and the Women, Infants, and Children (WIC) Supplemental Funding Program—are essential components in our national efforts to combat hunger. In addition to extending authority for these programs, H.R. 7 incorporates the provisions of H.R. 4091, which would restore approximately 10 percent of funding cuts sustanied by these programs under the Omnibus Reconciliation Act of 1981.

Most importantly, H.R. 7 makes substantial improvements to the WIC program. At present, there are 2.8 million low-income women, infants, and children participating in this program and receiving a package of highly nutritious prescription food supplements each month. In Puerto Rico, over 90,000 people take advantage of this critical nutritional aid, including 15,000 women, 21,000 infants, and over 42,000 children.

I cannot overemphasize the importance of the WIC program. This nutritional assistance has been successful in improving the health and nutritional status of low-income pregnant women, infants, and children determined by the medical profession to be at nutritional risk. Various studies show that WIC reduces the incidence of low birth weight by 16 to 20 percent. This is extremely important because low birth weight is the leading cause of infant mortality and is also associated with other serious child health problems.

Mr. Chairman, the Puerto Rico Department of Health currently receives over $34 million for the WIC program. In improving H.R. 7 we will authorize increased appropriations for this program, and more importantly, change the authorization to a capped entitlement. This mechanism will provide a continuity to the program, and will allow States to plan expenditures under the act so as to maximize participation in the program.

I urge my colleagues to join me in wholehearted support of H.R. 7.●

● Mr. LEHMAN of Florida. Mr. Chairman, as chairman of the Prevention Strategies Task Force of the Select Committee on Children, Youth, and Families, I rise in strong support of H.R. 7, a bill to extend and improve programs under the Child Nutrition Act of 1963.

This bill allows for the continuation of several major Federal nutrition programs serving millions of needy women and children across the Nation. Without its passage, the adequate nutrition and health of many thousands will be in jeopardy.

In its first year, the select committee found ample evidence of increasingly adverse conditions facing large numbers of children and families. The committee learned that tens of thousands of infants are born at serious risk, due to lack of prenatal care, inadequate nutrition, and poor living conditions.

We also learned that conditions are especially bleak for minority women and children. The infant mortality rate for black infants has consistently been much higher than for white infants. It is now about twice as high, and the gap is widening. Black infants are also at least twice as likely as white infants to be of low or very low birth weight.

We know that many of these tragedies are preventable. Nearly two-thirds of U.S. infant mortality is related to low birth weight, and low birth weight is highly associated with inadequate prenatal care and nutrition. The committee heard compelling testimony that comprehensive care, including nutrition supplements, clearly improves the birth and early life chances for these at-risk women and children.

Among its provisions, H.R. 7 includes a modest but critically important increase in support for the special supplemental feeding program for women, infants, and children (WIC), a program whose benefits in saving lives and money have been demonstrated time and time again. Independent studies have documented that WIC significantly reduces infant mortality and the incidence of low birth weight babies among program participants, and thus saves enormous sums in the costs of immediate treatment as well as long-term care for babies and mothers with problems.

In addition to extending services under WIC, this bill provides for needed restoration of some support for other Federal nutrition programs—support lost in the past few years because of budget cuts. The importance of good nutrition extends beyond the early stages of life. We are hearing more and more about how good nutrition and dietary practices help in preventing many costly diseases later on.

With an estimated 20 percent of our Nation's children now living in poverty, and homelessness and hunger a reality, I urge you to join me in support of H.R. 7.●

● Mr. FAUNTROY. Mr. Chairman, I strongly urge my colleagues to support the school lunch and child nutrition amendments, H.R. 7. This legislation extends through fiscal year 1988 five expiring school lunch and child nutrition programs: The summer food service program for children, the commodity distribution program, the nutrition education and training program, the funding for State administrative expenses, and the special supplemental food program for women, infants, and children (WIC). All five of these programs expire on September 30, 1984.

H.R. 7 incorporates the provisions of H.R. 4091, as passed by the House on October 25, 1983, by a vote of 306 to 114. That bill was intended to assist the children of the working poor in receiving reduced price meals by raising the income eligibility level for reduced price meals and by lowering the price charged. That bill also sought to improve the nutritional content of school breakfasts.

The bill increases the WIC authorization from its current level of $1.13 to $1.36 billion in fiscal year 1984, and authorizes $1.55 billion in fiscal year 1985, $1.70 billion in fiscal year 1986, $1.85 billion in fiscal year 1987, and $2 billion in fiscal year 1988.

Mr. Chairman, the bill makes a number of changes in current law which will enable many needy children to receive nutritious meals. I urge adoption of H.R. 7.●

● Mr. ALBOSTA. Mr. Chairman, over the past few years, we have seen the nutritional status of children decline. Heightened by epidemic unemployment as well as drastic cuts in Federal food programs, child hunger is now evident in communities all over America, especially in my home State of Michigan. It is certainly a sad commentary on one of the wealthiest nation's of this world.

Since 1980, children have come first in budget sacrifice. According to the Children's Defense Fund, a nonprofit organization that monitors funding of children's programs, children lost $1 of every $10 previously provided to them by the Federal Government, particularly in the area of child nutrition. For example:

School lunch, school breakfast, child care food, and summer food programs have been reduced 29 percent or over $5 billion over fiscal years 1982-85.

The number of children receiving school lunches each day has fallen by nearly 3 million. Nearly 2,700 schools eliminated their school lunch programs and thus lunches to the poorest children in those schools.

One-half million fewer children participate in the school breakfast program—a program only 15 percent the size of the school lunch program.

Two-thirds of participating children had family incomes below poverty; 400,000 fewer poor children receive summer lunches.

These statistics are alarming. But what is more alarming is the realization that these statistics are not just abstract numbers but reflect the circumstances facing our next generation—America's children.

Therefore, I am supporting H.R. 7 which restores approximately 15 percent of the funds from child nutrition programs while staying within the "pay as you go" budget assumption approved by the House last week. This bill provides for a modest growth in child nutrition programs including the special supplemental food program, women, infants, and children (WIC) nutrition program, that is essential in assuring good nutrition so vital to the health of America's babies and young children.

I urge my colleagues to join me in supporting this measure.●

● Mr. SIMON. Mr. Chairman I rise in support of H.R. 7, which restores a portion of funding for the school lunch and child nutrition programs, and extends through 1988 the summer food program for children, the commodity distribution, nutrition education and training programs, and funding for State educational expenses.

The bill addresses problems caused by budget cuts in 1981 in three major areas of the school lunch program. The Omnibus Budget Reconciliation Act of 1981 reduced the reimbursement rates for all lunches, particularly for paid and reduced price lunches. Changes also were made in income eligibility requirements and criteria which lowered both free and reduced price lunch eligibility. Third, private and nonprofit schools and residential institutions whose annual tuition exceeded $1,500 were excluded from the program.

In the 2-year period the reductions have been in effect, participation in the school lunch program has dropped by 3 to 3½ million children. This shockingly high number does not reflect the number of children whose reduced family income lowered their ability to pay for school lunches in this time of recession.

This bill also takes into account certain situations in families that affect their eligibility, especially large medical expenses and other expenses that cause family hardship.

Further, the bill separates the free lunch eligibility from the food stamp eligibility standard, and spells out the definition of "poverty" in the law, making clear the target population and assuring that there can be no changes by the administration in this definition.

For many children, the school breakfast program provides a meal that they probably would not have. This bill allows the school breakfast program to be upgraded nutritionally and to reach some of the children who were dropped as a result of the 1981 cuts.

The bill restores the allowance for a meal and snack for children in child care, whose working parents often drop them off early in the morning and pick them up late in the evening.

H.R. 7 also will extend the special milk program to kindergarten children eliminated from the program under the 1981 law, especially those who have had no access to either the lunch or milk program.

Additionally, the bill raises the authorization level for nutrition education to half the 1980 figure.

Finally, H.R. 7 authorizes $10 million for purchase of food service equipment in school districts with especially needy children.

Mr. Chairman, I am appalled by the administration's insistence of verification of eligibility of low income children for free and reduced priced meals, particularly since the cost of the verification ranges from $20 to $30 a child. If the Federal Government is going to impose this burden on school districts, I believe it should pay for it. I am pleased that H.R. 7 includes a provision for this payment.

Mr. Chairman, the school lunch program has proven to make a substantial difference to children, both nutritionally and educationally. It is a well-known fact that children are less able to participate at their peak if they are hungry. The cuts that Congress made in 1981, coupled with the administrations cutbacks and alterations of the child nutrition programs since then, have had a very negative effect on low income children who are most at risk in our educational system. Moreover, H.R. 7 affirms congressional commitment to child nutrition by making WIC a capped entitlement program, eliminating uncertainties over funding.

I urge the support of my colleagues in Congress for this important legislation.●

● Mr. LELAND. Mr. Chairman, I rise in strong support of H.R. 7, the School Lunch and Child Nutrition Amendments of 1984, and thank my colleagues, Mr. PERKINS and Mr. MILLER, for their leadership on this issue. H.R. 7 reauthorizes school lunch and child nutrition programs and restores funding to the school lunch, breakfast, and child care food programs. Most critically, this bill will authorize increased funds for those individuals especially at risk—an additional 150,000 low-income, pregnant, and nursing women, infants, and children will be served by these programs by fiscal year 1985.

H.R. 7 restores only approximately 15 percent of the funds which were cut from child nutrition programs in fiscal year 1982. The increase in the fiscal year 1984 authorization level is only sufficient to prevent reductions in the number of persons served by the program in 1983; and still, tragically, less than one-half of the persons who are eligible and in need will be able to obtain services under WIC.

H.R. 7 is supported by the American School Food Service Association, the national PTA, and the child nutrition community. I urge my colleagues to support the recommendations put forth by the Education and Labor Committee in H.R. 7. We cannot afford to alter the structure or reduce the scope of the child nutrition programs if we are to maintain a strong commitment to the health and welfare of this Nation's most valuable resource, its children. Thank you.●

● Mr. CLAY. Mr. Chairman, I rise in support of H.R. 7, the school lunch and child nutrition amendments.

Five school lunch and child nutrition programs will expire on September 30, 1984: The summer food service program for children, the commodity distribution program, the nutrition education and training program, the funding for State administrative expenses, and the special supplemental food program for women, infants, and children (WIC). H.R. 7 will extend these programs through fiscal year 1988.

I can certainly appreciate the testimony which has been shared with this Congress from many individuals across these United States. They have expressed their views and shared factual information regarding the value of nutrition in the Nation's schools and the same theme has resounded throughout: A great need for the expansion of, and the continuation of, the programs provided for in this legislation.

These witnesses have expressed the importance and necessity for good nutrition programs in their respective locales. We know that hunger and poor nutrition habits know no boundaries.

Mr. Chairman, in my own congressional district of Missouri, for an example, the commodity distribution program has been extremely effective and efficient.

In regard to funding for State administrative expenses (SAE), the Missouri State Department Food Service Division could not function without the Federal aid provided, and the State department has been most helpful with assistance in expediting the food service program in St. Louis.

Recent legislation cut the Federal reimbursement for school lunches, tightened eligibility requirements, and raised the price charged to the child. Participation in the school programs fell sharply as a result of these changes. In 1981, the number of schools participating was 93,770. In 1983, the number had dropped to 90,500.

I am vitally concerned about the health and nutritional well-being of our Nation's children. In a nation as blessed as we are with an abundance of good food, we simply cannot afford for our children to go around hungry or be malnourished. We have to come to realize that these nutritional programs are a nutritional necessity and they are also a national investment.

These nutrition programs have an educational as well as a nutritional function. It is my firm belief that there is limited progress in the acquisition of knowledge when children arrive at school hungry and are not adequately fed during the day. Proper and adequate nutrition is a prerequisite for effective and efficient learning to take place.

In addition, Mr. Chairman, these programs are necessary for the nutritional well-being, health of, and the need for child care programs to allow mothers to work; in particular, those who are struggling to improve their family's situation.

In brief, this bill seeks to continue and expand our Nation's commitment to sound nutrition for every child and make it possible for our children to have nutritionally adequate diets.

I urge my colleagues to support this measure.●

● Mr. FORD of Michigan. Mr. Chairman, I rise in support of H.R. 7, a bill to extend and improve the National School Lunch Act and the Child Nutrition Act of 1966.

H.R. 7 would reestablish the Federal commitment to continue its important role in assuring proper nutrition for each child. It would do this in three specific ways.

First, it would extend through fiscal year 1988 five school lunch and child nutrition programs due to expire on September 30, 1984. These programs are: The summer food service program for children; the special supplemental food program for women, infants, and children (WIC); the Nutrition Education and Training Program (NET); the funding for State administrative expenses; and the commodity distribution program. All have been very successful in improving the nutrition of schoolchildren, and pregnant women, and children, and all are essential components of our national effort to eliminate hunger. A 4-year commitment by the Federal Government to continue these programs insures continuity and efficiency in program management and planning. This commitment also encourages reciprocal efforts by local educational authorities.

In addition to extending these programs, H.R. 7 restores some important provisions that had been deleted in the 1981 reconciliation.

In 1981, the WIC program was converted from a capped entitlement program to one dependent on specific amounts allocated each year. By subjecting this program to unpredictable funding decisions, threats of deferrals, and part-year appropriations, a series of problems directly attributable to funding uncertainties has plagued the WIC program, making long-range decisions and planning impossible. In 1981 alone, several hundred thousand persons were terminated from the program because of the uncertainty over funding levels. H.R. 7 would restore to the WIC program stability and efficient planning through the guaranteed funding provided by a capped entitlement. H.R. 7 also provides for modest program growth and changes to improve the administration of this highly effective program.

Another important provision was deleted in 1981 when the summer food service program for children was changed making certain nonprofit organizations ineligible to participate as program sponsors. This resulted in a dramatic 35 percent decline in the number of children served. H.R. 7 would restore eligibility for their sponsorship, bringing back some of the needy children who had been dropped.

Also eliminated in 1981 were the tiering method of reimbursement to child care centers participating in the child care food program, and the food service equipment assistance program. H.R. 7 restores these important components and provides up to $10 million in authorized funds for the food service equipment assistance program targeted to poor districts.

H.R. 7 would reestablish the Federal commitment to child nutrition in a second way. It would mitigate some of the damaging effects of the recent funding cuts made in school lunch and child nutrition programs by including all of the provisions of H.R. 4091. H.R. 4091 was adopted in the House by the overwhelming majority of 306 to 114 last fall. This bill would restore $105 million to the child nutrition programs in fiscal year 1984, $160 million in fiscal year 1985, and $165 million in fiscal year 1986 from cuts effected by the Omnibus Reconciliation Act of 1981. These increases restore between 10 and 15 percent of the 1981 cuts and would bring back some of the more than 3 million needy children who have been excluded from participating in the school lunch and breakfast programs because of the cuts.

H.R. 4091 would increase program participation and provide better nutrition in several ways. It would reduce the price of reduced price lunches and breakfasts to eligible students by restoring part of their Federal subsidies; it would expand participation in the programs through changed eligibility guidelines; it would enable greater participation in the programs by private schools by raising the tuition amount a school may charge and still be eligible to participate; it would restore an additional meal and snack in the child care food programs; and it would restore the special milk program for kindergarten children attending schools with a breakfast or lunch program. While these changes only partially restore the $1.5 billion that was eliminated from the child nutrition programs, they go far in correcting some of the most drastic and unwise cuts made which have compromised the nutrition of our children.

Finally, H.R. 7 reaffirms a Federal commitment to child nutrition by making various program changes intended to meet new and emerging needs and to improve program administration. Although each of these changes is significant, I would like to mention two which I believe are especially important. One provision is designed to insure that the Congress retains some control over eligibility standards of the programs. It would require that the Department not eliminate large numbers of low-income children through administrative action that Congress has not approved. The present administration has shown little understanding of hunger and little concern for the numbers of Americans still needlessly afflicted by malnutrition. This provision would help to insure that the programs reach all for whom they are intended by eliminating arbitrary decisions by this or future administrations. A second provision is designed to assist local school districts in paying for the cost of verifying applications for free and reduced price meals. This new provision simply recognizes the burden imposed on local school districts by Federal regulations and provides Federal funds to absorb these additional costs.

Mr. Chairman, H.R. 7 has the bipartisan support of my colleagues on the Education and Labor Committee, and I strongly urge its adoption by the full House.●

● Mr. GEJDENSON. Mr. Chairman, I rise at this time in strong support of H.R. 7, the school lunch and child nutrition amendments, and I urge all of my colleagues to vote in favor of this admirable effort to reduce the number of hungry children in this, the richest country in the world.

By now, we all know the statistics by heart: $1.5 billion cut from child nutrition programs since 1981; 3 million fewer children participating in the school lunch program, and only one-third of the people eligible for the special supplemental food program for women, infants, and children currently receiving aid from that program. When the Census Bureau announces that 34 million Americans—the highest number since 1965—are currently living in poverty, is it possible that those who have lost the right to Federal aid are somehow offsetting this loss by tapping into resources that the Government itself has said they do not have?

The bill before us today, Mr. Chairman, is a modest attempt to restore to low-income chidren just some of what was taken away from them in 1981. The provisions of H.R. 4091 incorporated into this bill would restore $150 million of the $1 billion cut from the school lunch program, thereby allowing some of the children of the working poor to once again receive a free or reduced-price school lunch. Incidentally, 70 percent of the children who, in 1981, were deemed ineligible for a free or reduced-price meal had family incomes below the poverty line. The WIC program, which provides high-protein food to pregnant women and children deemed nutritionally at risk, would receive a small increase in its authorization level over the next 3 years, allowing it to reach more, but nowhere near all, of the 10 million people who are eligible for its services.

Mr. Chairman, while we debate how much money to add or subtract from various child nutrition programs, millions of youngsters are simply not receiving the diet they need every day, without fail, in order to learn and grow. H.R. 7 will allow them to do just that.●

● Mr. SOLARZ. Mr. Chairman, Mr. ERLENBORN and other opponents claim the food service equipment is a newer and unneeded program but grants to schools to obtain food service equipment are almost as old as the national school lunch program, which dates back to 1946. From the beginning, Congress and practical administrations recognized that schools, particularly those serving low income children needed assistance to equip their kitchens and keep them up to date.

Thus, although we only created a separate authorization program for food service equipment in the 1970's the program had been operational before then. Funds were given to the State education agencies, which in turn distributed them on the basis of need to local public and private schools.

This program was eliminated by the passage of the hastily conceived Omnibus Reconciliation Act of 1981. Because of the many inquiries I have received about this program, I decided to introduce legislation to restore it, and Congressman BIAGGI offered the amendment in committee. With the strong support of the illustrious chairman of the Education and Labor Committee, Mr. PERKINS, the amendment to restore $10 million in funding for the food service equipment was retained as part of H.R. 7.

Based on the letters and conversations I have had with representatives of private and public schools, there is a crying need for this program. Schools which want to prepare food on site must now pay higher prices for delivered meals—because they lack fully equipped kitchens. Some new, private, parochial schools serving predominantly low income children have been forced to devote scarce resources to equipping their kitchens—instead of spending the funds directly on other educational needs—restoring this grant program would aid parochial schools like these and allow the children to receive the full benefits of the school lunch and breakfast program.

The U.S. Catholic Conference Department of Education told me last January:

> The demise of the "equipment program" has severely hampered the growth of the lunch program in many areas. Schools, especially in poor neighborhoods, must use their own scarce resources to obtain the necessary equipment to initiate a program. At one time the "equipment program" was an incentive to begin a lunch program because the equipment was "free" or at a "low" cost when a certain percentage of the school children were eligible for a free or a reduced price meal.
>
> Some school lunch programs are struggling with obsolete equipment in need of constant repair. The repair bills are beginning to increase dramatically. The equipment program permitted a certain percentage of the funds to be used for the replacement of equipment, but they are no longer there.
>
> Our people would welcome a return of this program.

Some have argued that the $10 million for food service equipment would be better applied to the national debt.

The budget resolution, just passed by the House, accommodates all of the programs authorized in H.R. 7, including this small program for foods service equipment, as well as important restorations to our major nutrition programs.

With the national debt now approaching $1.4 trillion, I can understand some of my colleagues enthusiasm for cutting spending but I wonder why they failed to support the Budget Committee's recommendations to save $182 billion over 3 years, or why they have consistently resisted efforts from this side of the aisle to apply the same scrutiny to programs at the Defense Department that they now show toward a program that is aimed at insuring that our schoolchildren receive an adequate breakfast and lunch—even if they attend a school that is too poor to be able to afford on its own the full cost of maintaining or equipping a kitchen.

Equipping schools so that they could serve meals on site would actually reduce school lunch costs.

We are talking about "an infrastructure program for our national school lunch nutrition program." Ovens, refrigerators, freezers, and other kitchen equipment wears out too—and the alternative no aid means some schools buy meals from vendors, where such services exist, or will drop out of the national school lunch program entirely.

Our Nation's children, particularly those from low- and moderate-income families deserve consideration by the Congress, and that is why the committee has acted to restore the food service equipment program and to target the assistance to schools serving 60 percent or more free or reduced price lunches.

This is a 4-year authorization—Congress can and should exercise careful oversight to see that these funds are distributed so that they are most effectively utilized to serve the schools in communities with the greatest need.

I urge my colleagues to support the funding of this important program, and to oppose all amendments to H.R. 7 which would cut these important nutrition programs for our citizen's who are in most need.●

● Mr. FORD of Tennessee. Mr. Chairman, I rise to offer my full support for H.R. 7 which is being considered for passage today on the floor of the House. This important and worthwhile legislation reauthorizes five child nutrition programs through fiscal year 1988 and makes much needed revisions in the school lunch, school breakfast, and WIC programs. As a cosponsor of H.R. 7 and an original cosponsor of the similar House passed H.R. 4091, I urge my colleagues to join me in adopting this bill to help provide food for the hungry children in our schools and the infants, women, and children neglected by circumstances beyond their control.

I have long been a supporter of the school lunch, breakfast, and commodity programs that affect the lives of over half a million children in my home State of Tennessee. In the Ninth District 50,974 are served free lunches each day; 15,000 children receive free breakfast; 71 percent of the total children served lunch in my district are eligible for free lunch. Unfortunately, this figure does not represent the total number of hungry children in the schools of Memphis. Many children go without lunch or breakfast because their families cannot afford the price of even the reduced price lunch. The budget cuts enacted as part of the Omnibus Reconciliation Act of 1981 have dramatically reduced participation in the reduced price lunch category. From October 1981 to October 1983 Memphis has experienced a 67-percent decline in reduced price lunch participation.

In light of this decline I believe that the modest changes recommended in H.R. 7 which are targeted specifically to the poor children in the free and reduced price school lunch and breakfast programs should be considered and passed without question.●

● Mr. GILMAN. Mr. Chairman, I rise in support of H.R. 7, legislation designed to extend and improve the Child Nutrition Act of 1963.

The importance of this legislation cannot be overstated. Since the act was first adopted in 1963, Congress has recognized the necessity of providing for the nutritional needs of many of our Nation's underprivileged children. The programs provided by the CNA have proven to be successful. Over the years, we have been able to reduce the instance of low birth weight, a leading cause of infant mortality, through our WIC program. The number of infants born underweight has dropped by at least 16 percent but we can still vastly improve on this success. Presently only 30 percent of those individuals eligible to participate in the WIC program actually do so.

Our programs in nutrition education and training have helped young people across the country gain a better understanding of the importance of sound nutrition. Yet thousands of children who are added to the school rolls every year still require nutritional education. Our school lunch and breakfast programs help insure that not only will our young people be provided with needed nutritional supplements, but that we can reinforce good nutritional habits on a continuing basis. Yet modifications are still needed. The Agriculture Department recently reported that some of the meals we provide are lacking some basic nutrients.

Though our programs have proven to be successful, we have yet to exhaust their effectiveness. Appropriations and implementation procedures may periodically change, but the need for the continued application of these programs has not. Accordingly, I urge my colleagues to join in support of H.R. 7, extending the life of the Child Nutrition Act of 1963.●

● Mrs. COLLINS. Mr. Chairman, I rise to add my support to the extension of the National School Lunch Act. It is an essential service to millions of children across the country.

Unfortunately the Reagan administration has chosen to ignore these needy children and refuses to deal with the national problem of hunger. The President has ranked hunger at the top of his list for budget slashes and at the bottom of his list of priorities.

Since 1981, almost $1.5 billion in child nutrition spending has been cut, $1 billion of that is in school lunch programs. The number of children below age 6 living in poverty has jumped by 41 percent and yet the number of children participating in school lunch or nutrition programs has actualy dropped by 3 million in the past 3½ years. Even the educational programs that teach children about nutrition and the importance of a balanced diet have been financially eroded to the points that this year's entire allocation is only $5 million. The administration wants to eliminate it completely so youngsters not only would not get to eat the proper foods, but learn about them. This is what so-called leadership has anyone in this country, especially children, to be going hungry. We must support this program.●

Mr. PERKINS. Mr. Chairman, I yield back the balance of my time.

Mr. GOODLING. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute now printed in the reported bill shall be considered as an original bill for the purpose of amendment and each section shall be considered as read.

The Clerk will designate section 1.

The text of section 1 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This act may be cited as the "School Lunch and Child Nutrition Amendments of 1984".

Mr. PERKINS. Mr. Chairman, I ask unanimous onsent that the remainder of the committee amendment in the nature of a substitute be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The text of the remainder of the committee amendment in the nature of a substitute is as follows:

AUTHORIZATIONS OF APPROPRIATIONS UNDER THE CHILD NUTRITION ACT OF 1966

SEC. 2. (a) Section 17 of the Child Nutrition Act of 1966 is amended in subsection (h)(2) by striking out "1984" and inserting in lieu thereof "1988".

(b) Section 7(i) of the Child Nutrition Act of 1966 is amended by striking out "1984" and inserting in lieu thereof "1988".

(c) Section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended—

(1) by striking out "1984" and inserting in lieu thereof "1988"; and

(2) by striking out in the second sentence "$5,000,000" and inserting in lieu thereof "$7,500,000".

AUTHORIZATIONS OF APPROPRIATIONS UNDER THE NATIONAL SCHOOL LUNCH ACT

SEC. 3. (a) Section 13(p) of the National School Lunch Act (42 U.S.C. 1761(p)) is amended by striking out "1984" and inserting in lieu thereof "1988".

(b) Section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) is amended by striking out "1984" and inserting in lieu thereof "1988".

INCREASE IN FEDERAL REIMBURSEMENT FOR REDUCED PRICE MEALS

SEC. 4. (a) Section 11(a)(2) of the National School Lunch Act is amended by striking out "40" and inserting in lieu thereof "25".

(b) Section 9(b)(3) of the National School Lunch Act is amended in the third sentence by striking out "40" and inserting in lieu thereof "25".

(c) Section 4(b) of the Child Nutrition Act of 1966 is amended—

(1) in paragraphs (1)(B) and (1)(C) by striking out "30" and inserting in lieu thereof "15"; and

(2) in paragraph (2)(C) by striking out "thirty" and inserting in lieu thereof "fifteen".

INCREASE IN INCOME GUIDELINES FOR DETERMINING ELIGIBILITY FOR REDUCED PRICE MEALS

SEC. 5. Section 9(b)(1)(A) of the National School Lunch Act is amended in the fourth sentence by striking out "185" and inserting in lieu thereof "195".

ADDITIONAL FUNDING TO IMPROVE SCHOOL BREAKFAST PROGRAM MEAL PATTERN

SEC. 6. (a) Section 4(b) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof the following paragraph:

"(3) The Secretary shall increase by 6 cents the current adjusted payment for each breakfast served under this Act and section 17 of the National School Lunch Act to assist States in improving the nutritional quality of such breakfasts, to the extent feasible.".

(b) The Secretary of Agriculture shall review and revise the nutrition requirements for meals served under the school breakfast program to improve the nutritional quality of such meals, taking into consideration both the findings of the National Evaluation of School Nutrition Programs and the need to provide increased flexibility in meal planning to local school food service authorities. Not later than one hundred and eighty days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to implement such revisions.

EXTENSION OF OFFER VERSUS SERVE PROVISION TO THE SCHOOL BREAKFAST PROGRAM

SEC. 7. Section 4(e) of the Child Nutrition Act is amended—

(1) by inserting "(1)" after "(e)"; and

(2) by inserting at the end thereof the following new paragraph:

"(2) Students in schools that participate in the school breakfast program under this Act shall be allowed to refuse not more than one item of such meal which they do not intend to consume, and any such failure to accept such offered food item shall not affect the full charge to the student for a breakfast meeting the requirements of this section or the amount of payments made under this Act to any such school for such breakfast.".

CHANGE IN TUITION LIMITATION FOR PRIVATE SCHOOLS

SEC. 8. (a) Section 12(d)(5) of the National School Lunch Act is amended—

(1) in the first sentence by striking out "$1,500" and inserting in lieu thereof "$2,500"; and

(2) by inserting at the end thereof the following new sentence: "On July 1, 1984, and on each subsequent July 1, the Secretary shall prescribe an annual adjustment in the tuition limitation amount in the first sentence of this paragraph to reflect changes in the Consumer Price Index for All Urban Consumers during the most recent twelve-month period for which such data is available.".

ADDITION OF ONE MEAL AND ONE SNACK TO THE CHILD CARE FOOD PROGRAM

SEC. 9. Section 17(f)(2)(B) of the National School Lunch Act is amended by striking out "two meals and one supplement" and inserting in lieu thereof "three meals and two supplements".

EXCLUSION OF CERTAIN MEDICAL EXPENSES FROM INCOME OF HOUSEHOLD

SEC. 10. Section 9(b)(3) of the National School Lunch Act is amended—

(1) by inserting "(A)" after "(3)"; and

(2) by inserting at the end of such paragraph the following new subparagraph:

"(B) For purposes of determining eligibility under subparagraph (A), 'household income' does not include unusually high medical payments which (i) could not be reasonably anticipated or controlled by the household, and (ii) were not recoverable through public or private sources.".

ELIMINATION OF REFERENCE TO FOOD STAMP PROGRAM ELIGIBILITY STANDARDS

SEC. 11. Section 9(b)(1)(A) of the National School Lunch Act is amended—

(1) by striking out in the second sentence "For the school years ending June 30, 1982, and June 30, 1983, the" and inserting in lieu thereof "The"; and

(2) by striking out the third sentence.

VERIFICATION LIMITATION

SEC. 12. Section 9(b)(2)(C) of the National School Lunch Act is amended by striking out the period at the end of the third sentence and inserting in lieu thereof ", except that the Secretary may not require any such verification for any fiscal year for which funds have not been appropriated to reimburse local school food authorities for the full cost of such verification. There are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out any verification required under this subparagraph.".

RESTORATION OF CERTAIN KINDERGARTENS TO SPECIAL MILK PROGRAM

SEC. 13. Section 3(a) of the Child Nutrition Act of 1966 is amended in the first sentence immediately before ", and (2)" by inserting "(except that the preceding limitation shall not apply to kindergarten programs in such schools)".

CHILD CARE FOOD PROGRAM REIMBURSEMENT RATES

SEC. 14. (a) Section 17(b) of the National School Lunch Act is amended by striking out "as provided in subsection (f)" and inserting in lieu thereof "served in the manner specified in subsection (c)".

(b) Section 17(c) of the National School Lunch Act is amended to read as follows:

"(c) The Secretary shall provide assistance to each State in the following manner:

"(1) For meals served to children in institutions, other than family or group day care home sponsoring organizations, where no less than two-thirds of the children enrolled are members of families that satisfy the income standards for free and reduced-price school means under section 9 of this Act, each State shall receive an amount equal to the sum of the products obtained by multiplying—

"(A)(i) the total number of breakfasts served in the State in these institutions by (ii) the national average payment rate for free breakfasts under section 4 of the Child Nutrition Act of 1966;

"(B)(i) the total number of lunches and suppers served in the State in these institutions by (ii) the sum of the national average payment rate for lunches under section 4 of this Act, and the national average payment rate for free lunches under section 11 of this Act; and

"(C)(i) the total number of supplements served in the State in these institutions by (ii) the national average payment rate for free supplements served in such institutions.

"(2) For meals served to children in institutions, other than family or group day care home sponsoring organizations, where less than two-thirds but not less than one-third of the children enrolled are members of families that satisfy the income standards for free and reduced-price school meals under section 9 of this Act, each State shall receive an amount equal to the sum of the products obtained by multiplying—

"(A)(i) the total number of breakfasts served in the State in these institutions by (ii) the national average payment rate for reduced-price breakfasts under section 4 of the Child Nutrition Act of 1966;

"(B)(i) the total number of lunches and suppers served in the State in these institutions by (ii) the sum of the national average payment rate for lunches under section 4 of this Act and the national average payment rate for reduced price lunches under section 11 of this Act; and

"(C)(i) the total number of supplements served in the State in these institutions by (ii) the national average payment rate for reduced-price supplements served in such institutions.

"(3) For meals served to children in institutions, other than family or group day care home sponsoring organizations and institutions electing to use the optional reimbursement procedures under subsection (f)(3) of this section (where less than one-third of the enrolled children are members of families that satisfy the income standards of free and reduced-price school meals under section 9 of this Act, each State shall receive an amount equal to the sum of the products obtained by multiplying—

"(A)(i) the total number of breakfasts served in the State in these institutions by (ii) the national average payment rate for breakfasts under section 4 of the Child Nutrition Act of 1966;

"(B)(i) the total number of lunches and suppers served in the State in these institutions by (ii) the national average payment rate for lunches under section 4 of this Act; and

"(C)(i) the total number of supplements served in the State in these institutions by (ii) the national average payment rate for supplements in such institutions.

"(4) For meals served to children in institutions electing to use the reimbursement procedures under subsection (f)(3) of this section each State shall receive assistance in the following manner—

"(A) for meals served to children who are members of families that satisfy the income standards for free school meals under section 9 of this Act each State shall receive an amount equal to the sum of the products obtained by multiplying—

"(i)(I) the number of breakfasts served by (II) the national average payment rate for free breakfasts under section 4 of the Child Nutrition Act of 1966;

"(ii)(I) the numbers of lunches and suppers served by (II) the sum of the national average payment rate for lunches under section 4 of this Act and the national average payment rate for free lunches under section 11 of this Act; and

"(iii)(I) the number of supplements served by (II) the national average payment rate for supplements determined under clause (C) of paragraph (1) of this subsection; and

"(B) for meals served to children who are members of families that satisfy the income standards for reduced-price meals under section 9 of this Act, each State shall receive an *amount equal to the sum of the products obtained by multiplying—*

"(i)(I) the number of breakfasts served by (II) the national average payment rate for reduced-price breakfasts under section 4 of the Child Nutrition Act of 1966;

"(ii)(I) the number of lunches and suppers served by (II) the sum of the national average payment rate for lunches under section 4 of this Act and the national average payment rate for reduced-price lunches under section 11 of this Act;

"(iii)(I) the number of supplements served by (II) the national average payment rate for supplements determined under clause (C) of paragraph (2) of this subsection; and

"(C) for meals served to all other children in these institutions, each State shall receive an amount equal to the sum of the products obtained by multiplying—

"(i)(I) the number of breakfasts served to such children by (II) the national average payment rate for breakfasts under section 4 of the Child Nutrition Act of 1966;

"(ii)(I) the number of lunches and suppers served to such children by (II) the national average payment rate for lunches under section 4 of this Act;

"(iii)(I) the number of supplements served to such children by (II) the national average payment rate for supplements determined under clause (C) of paragraph (3) of this subsection.

"(5) For meals served in family or group day care homes, each State shall receive amounts sufficient to make payments for such meals under subsection (f)(4) of this section.

"(6) For purposes of this section—

"(A) the national average payment rate for free lunches a[illegible]ppers, the national average payment rate for reduced-price lunches and suppers, and the national average payment rate for paid lunches and suppers shall be the same as the national average payment rates for free lunches, reduced-price lunches, and paid lunches, respectively, under sections 4 and 11 of this Act as appropriate;

"(B) the national average payment rate for free breakfasts, the national average payment rate for reduced-price breakfasts, and the national average payment rate for paid breakfasts shall be the same as the national average payment rates for free breakfasts, reduced-price breakfasts, and paid breakfasts, respectively, under section 4(b) of the Child Nutrition Act of 1966;

"(C) the national average payment rate for free supplements shall be 30 cents, the national average payment rate for reduced-price supplements shall be one-half the rate for free supplements, and the national average payment rate for paid supplements shall be 2.75 cents; and

"(D) determinations with regard to eligibility for free and reduced-price meals and supplements shall be made in accordance with the income eligibility guidelines for free lunches and reduced-price lunches, respectively, under section 9 of this Act.".

(c) Section 17(f) of the National School Lunch Act is amended—

(1) by amending subparagraph (2)(A) to read as follows:

"(2)(A) Subject to subparagraph (B), the disbursement to any institution for meals provided under this section shall not be less, for any fiscal year, than the sum of the products obtained by multiplying the total number of each type of meal (breakfast, lunch or supper, or supplement) served in such institution in that fiscal year by the applicable national average payment rates for States for each such type of meal at that category of institution, unless the resulting sum exceeds the cost to the institution of providing such meals.";

(2) by redesignating paragraphs (3) and (4) (and any references thereto) as paragraphs (4) and (5), respectively; and

(3) by inserting before paragraph (4) (as so designated) the following new paragraph (3):

"(3) Institutions, other than family or group day care home sponsoring organizations, may elect to receive reimbursement in accordance with the eligibility of each enrolled child for free, reduced-price, or paid meals under section 9 of this Act. Such reimbursement shall be based on (A) the national average payment rates for lunches under section 4 of this Act; (B) the national average payment rates for free lunches and reduced-price lunches under section 11 of this Act; (C) the national average payment rates for breakfasts, free breakfasts, and reduced-price breakfasts under section 4 of the Child Nutrition Act of 1966; and (D) the national average payment rates for supplements under subsection (c) of this section.".

FOOD SERVICE EQUIPMENT ASSISTANCE

SEC. 15. (a) The National School Lunch Act is amended by inserting after section 4 the following section:

"FOOD SERVICE EQUIPMENT ASSISTANCE

"SEC. 5. Of the sums appropriated for any fiscal year pursuant to the authorization contained in section 3 of this Act, $10,000,000 shall be available to the Secretary for the purpose of providing during such fiscal year food service assistance for the school lunch program under this Act pursuant to the provisions of this section. The Secretary shall only provide assistance under this section to school food authorities described in section 4(b)(2) in which 60 percent or more of the lunches served in the school lunch program during the second preceding school year were served free or at a reduced-price.".

(b) Subsection (d) of section 12 of the National School Lunch Act is amended by adding at the end thereof the following new paragraph:

"(8) 'Food service equipment assistance' means equipment used by schools in storing, preparing, or serving food for school children.".

USE OF SCHOOL LUNCH FACILITIES FOR ELDERLY PROGRAMS

SEC. 16. Section 12 of the National School Lunch Act is amended by inserting at the end thereof the following new subsection:

"(i) Facilities, equipment, and personnel provided to school food authorities for programs under this Act and under the Child Nutrition Act of 1966 may be used, as determined by the local educational agency to support nonprofit nutrition programs for the elderly (including programs funded under the Older Americans Act).".

LIMITATION ON CHANGES IN INCOME FOR PROGRAM ELIGIBILITY

SEC. 17. The Secretary may not make any change in the method of calculating income, as in effect on March 1, 1984, used to determine eligibility for free or reduced-price meals, food supplements, or other assistance under the National School Lunch Act or the Child Nutrition Act of 1966, which would result in any reduction in, or denial of, such assistance, except as specifically directed in an enactment of law.

AUTOMATIC ELIGIBILITY FOR CERTAIN PROGRAMS

SEC. 18. Section 9(b) of the National School Lunch Act is amended by inserting after paragraph (5) the following new paragraph:

"(6) Any child who is a member of a household under the food stamp program or a member of an AFDC assistance unit (under the aid to families with dependent children program under part A of title IV of the Social Security Act), in a State where the standard of eligibility for such assistance does not exceed 130 per centum of the income poverty guidelines, shall be served a free lunch without further application or eligibility determinations. For the purposes of any verification under paragraph (1)(C), proof of receipt of such assistance as is required under the preceding sentence shall be sufficient.".

ELIGIBILITY OF CERTAIN SPONSORS FOR THE SUMMER FOOD PROGRAM

SEC. 19. Section 13(a)(1)(B) of the National School Lunch Act is amended by inserting "private nonprofit organizations (including summer camps) which serve not more than 2,500 children daily at not more than 25 sites and use self-preparation facilities to prepare meals or obtain meals from a public facility (such as a school district, public hospital, or State university)," after "county governments,".

LIMITED STATE ENTITLEMENT TO ALLOCATIONS FOR THE SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 20. (a) Section 17(g) of the Child Nutrition Act of 1966 is amended—

(1) by inserting "(1)" after "(g)";

(2) in paragraph (1) (as so designated) by striking out the first sentence and inserting in lieu thereof "There are authorized to be appropriated $1,360,000,000 for fiscal year 1984 For fiscal years 1985, 1986, 1987, and 1988, there are authorized to be appropriated, and the Secretary shall pay to each State agency, such sums as may be necessary to provide supplemental foods, nutrition services, and administration, and such other programs, services, and activities as are authorized for eligible women, infants, and children under this section, but in no event shall the amount appropriated be greater than $1,550,000,000 for fiscal year 1985, $1,700,000,000 for fiscal year 1986, $1,850,000,000 for fiscal year 1987, and $2,000,000,000 for fiscal year 1988."; and

(3) by inserting after paragraph (1) (as so designated) the following new paragraph:

"(2) Each State agency shall be entitled to payment under this section for each fiscal year in an amount equal to such State agency's allocation, as determined under subsections (h)(2) and (i), of the authorization levels specified in paragraph (1).".

(b) Section 17(a) of the Child Nutrition Act of 1966 is amended by striking out in the second sentence ", up to the authorization levels set forth in subsection (g) of this section,".

APPORTIONMENT OF FUNDS

SEC. 21. Section 17(i) of the Child Nutrition Act of 1966 is amended—

(a) by inserting "(1)" after "(i); and

(b) by inserting after paragraph (1) (as so designated) the following new paragraph:

"(2) Notwithstanding any other provision of law, funds appropriated for a full fiscal year under this section shall be apportioned in such manner as shall ensure that not [illegible] than 70 per centum of the total funds appropriated for such fiscal year are obligated or expended by July 1 of such fiscal year, except that such requirement shall not apply to any supplemental appropriations enacted after January 1 of such fiscal year or to any

funds reallocated pursuant to paragraph (1).".

EXPENDITURE OF FUNDS FOR THE SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 22. (a) Section 17(i) of the Child Nutrition Act of 1966 is amended by inserting after paragraph (2) (as so designated in section 19) the following new paragraph:

"(3) Notwithstanding any other provisions of law, not more than 2.5 per centum of any State's allocation under this section for supplemental foods for any fiscal year may be expended by such State for expenses incurred under this section for supplemental foods during the fiscal year preceding the fiscal year for which the sums were appropriated.".

(b) The amendments made by subsection (a) shall not apply to appropriations made before the date of enactment of this Act.

COSTS FOR NUTRITION SERVICES AND ADMINISTRATION

SEC. 23. (a) Section 17(b) of the Child Nutrition Act of 1966 is amended—

(1) by striking out paragraph (1);

(2) by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively; and

(3) by inserting after paragraph (3), as so redesignated, the following new paragraph:

"(4) 'Costs for nutrition services and administration' means costs that shall include, but not be limited to, costs for certification of eligibility of persons for participation in the program (including centrifuges, measuring boards, spectrophotometers, and scales used for such certification), food delivery, monitoring, nutrition education, outreach, startup costs, and general administration applicable to implementation of the program under this section, such as the cost of staff, warehouse facilities, transportation, insurance, developing and printing food instruments, and administration of State and local agency offices.".

(b) Section 17 of the Act is amended—

(1) by striking out "administrative funds" each place it appears in subsections (f)(11), (h)(2), (h)(3), and (h)(4), and inserting in lieu thereof "funds for nutrition services and administration"; and

(2) by striking out "administrative costs" each place it appears in subsection (h) and inserting in lieu thereof "costs for nutrition services and administration".

IMPROVING STATE AGENCY ADMINISTRATIVE SYSTEMS

SEC. 24. Section 17(g) of the Child Nutrition Act of 1966 is amended in the second sentence by inserting "providing technical assistance to improve State agency administrative systems," after "health benefits,".

COORDINATION WITH AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM

SEC. 25. Section 17(f)(1)(K) of the Child Nutrition Act of 1966 is amended by inserting "the aid to families with dependent children program," after "child abuse counseling,".

PAPERWORK REDUCTION

SEC. 26. Section 17(h)(1) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof "The Secretary shall limit any such documentation required under the preceding sentence to a minimal level.".

NATIONAL ADVISORY COUNCIL

SEC. 27. (a) Section 17(k)(1) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof "The Secretary shall fill any vacancy in the Council within ninety days.".

(b) Section 17(k)(3) of the Child Nutrition Act of 1966 is amended—

(1) in the first sentence by inserting immediately before the period "and shall ensure that the Council meets at least once every twelve months"; and

(2) by striking out the second sentence.

STUDY OF A UNIVERSAL SCHOOL LUNCH PROGRAM

SEC. 28. The National School Lunch Act is amended by inserting at the end thereof the following new section:

"STUDY OF A UNIVERSAL SCHOOL LUNCH PROGRAM

"SEC. 24. The Secretary shall conduct a study to consider the feasibility of making the school lunch program a universal program for all children and to consider various methods of operating a self-financing school lunch program for all children, including reserving a separate source of revenue for any such program. The Secretary shall submit a report of such study to the Congress, together with any recommendations or proposals for legislation, by January 1, 1987.".

EXTENSION OF SCHOOL LUNCH PILOT PROJECT STUDY

SEC. 29. (a) Subject to the availability of appropriations, the ongoing school lunch pilot project study of alternative means of providing assistance under the school lunch program by distributing all cash and all letters of credit in lieu of commodities shall be extended through the school year ending June 30, 1985. Such study extension shall include at least sixteen of the school districts currently using the commodity letter of credit approach, at least sixteen of the school districts currently using the cash in lieu of commodities approach, and shall include the six remaining participating school districts from the original study pursuant to section 20(b) of the National School Lunch Act. The study shall include bonus commodities and shall be all cash in lieu of commodities or all letters of credit in lieu of commodities. Control sites shall remain constant. A full report on such study extension shall be made by the Secretary of Agriculture to the Congress by December 15, 1985.

(b) Upon request of a participating school district (and after consultation with the Comptroller General of the United States with respect to accounting procedures used to determine any losses), the Secretary of Agriculture shall provide cash compensation, subject to the availability of funds, to a school district which was participating in the school lunch pilot project study on or before the date of the enactment of this Act for losses sustained by the district as a result of the alteration of the methodology used to conduct the study during the school year ending June 30, 1983.

(c) For purposes of this section the term "school lunch pilot project study" means the study provided for in the last proviso of the matter under the heading "CHILD NUTRITION PROGRAMS" in title III of the Act entitled "An Act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1981, and for other purposes", approved December 15, 1980 (94 Stat. 3113).

(d)(1) There are authorized to be appropriated $6,000,000 to carry out subsection (a).

(2) There are authorized to be appropriated such sums as may be necessary to carry out subsection (b).

EFFECTIVE DATES

SEC. 30. (a) Except as otherwise provided, the provisions of this Act shall take effect on the date of the enactment of this Act.

(b) The provisions of sections 5, 8, and 13 shall take effect on the date of the enactment of this Act, except that each school food authority may elect to delay implementation of any such amendments to a date not later than July 1, 1984.

(c) Not later than sixty days after the date of the enactment of this Act, the Secretary of Agriculture shall issue final regulations to implement the amendments made by section 10. The amendments made by section 10 shall take effect upon issuance of such final regulations, except that each school food authority may elect to delay implementation of any such amendment to a date not later than July 1, 1984.

(d) The provisions of sections 4, 6(a), and 9 shall take effect on the first day of the first month following the date of the enactment of this Act.

(e) The provisions of sections 12, 14, 15, 18, 19, 20(b), 21, 22, 23, 24, 25, 28, and 29 shall take effect on October 1, 1984.

AMENDMENT OFFERED BY MR. PERKINS

Mr. PERKINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PERKINS: Page 5, after line 23, insert the following new subsection:

(b) Section 15(c) of the Child Nutrition Act of 1966 is amended—

(1) in paragraph (A) by striking out "$1,500" and inserting in lieu thereof "$2,500"; and

(2) by inserting at the end thereof the following new sentence: "On July 1, 1984, and on each subsequent July 1, the Secretary shall prescribe an annual adjustment in the tuition limitation amount in the first sentence of this paragraph to reflect changes in the Consumer Price Index for All Urban Consumers during the most recent twelve-month period for which such data is available.".

Mr. PERKINS. Mr. Chairman, this amendment extends the coverage of an amendment adopted in committee permitting private nonprofit schools with tuition under $2,500 a year to continue in the lunch program.

Current law bars any such school with the tuition in excess of $1,500 to participate. This amendment merely extends this provision in H.R. 7 to cover not only programs under the National School Lunch Act, but also those under the Child Nutrition Act.

The amendment is needed because the Child Nutrition Act authorizes the school breakfast program and State administrative expenses, both of which aid programs to private schools, and if this amendment is not accepted, about 70 percent of the Catholic schools will be excluded.

Mr. GOODLING. Mr. Chairman, if the gentleman will yield, we have no objections to the amendment on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. PERKINS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. PERKINS

Mr. PERKINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PERKINS: Page 17, line 24, insert "The limitation under this section shall take effect on the date of the enactment of this Act and shall be effective through fiscal year 1986." after the period.

Mr. PERKINS. Mr. Chairman, H.R. 7 bars the Secretary of Agriculture from changing by regulation the income eligibility for meals under the National School Lunch Act and the Child Nutrition Act. This would mean that he could not purely administratively modify the income eligibility guidelines by including noncash assistance.

The amendment limits this prohibition to 2 years because some members of the committee want to hold hearings on any such proposed changes.

I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, we have no objections. We did not want any language in this bill, but we certainly will accept the 2 year limitation as a compromise. So, Mr. Chairman, we have no objections to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. PERKINS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ERLENBORN

Mr. ERLENBORN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ERLENBORN: Strike out line 22 on page 7 and all that follows through line 5 on page 16 (and redesignate the subsequent sections accordingly); and on page 28, line 14, strike out "14,".

Mr. ERLENBORN. Mr. Chairman, this amendment will strike out what is referred to as tiering reimbursement, an option for reimbursement that was included in the bill.

The tiering option provides neither additional meals nor more nutritious meals for children who are enrolled in child care centers participating in the child care food progam. The tiering scheme does allow child care center operators to receive, as an administrative and bookkeeping convenience, levels of Federal cash and commodity assistance that bear no relationship to the economic status of the child's family.

Some centers will be able to receive the free reimbursement rate for meals to so-called paying children, children whose meals are now eligible for the very lowest rate of reimbursement. Mr. Chairman, I think even the proponents of the tiering reimbursement option must acknowledge that it fails to target Federal assistance on the basis of need. They argue that it will provide additional Federal funds for financially strapped day-care centers.

That may be desirable, Mr. Chairman, but to utilize the child food care program to direct nonfood related assistance to day care centers seems to me to be misusing the vehicle that is offered by this amendment or this bill.

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Mr. Chairman, to make this bill a better bill, we should do better in the way of targeting these funds and seeing that what additional funds are made available go not to operators of day-care centers but, rather, to providing more meals, more nutritious meals for more children.

This committee bill does not do that and, instead, it diverts these much needed funds to underwriting and subsidizing day-care centers generally, and I hope my amendment will be adopted.

Mr. KILDEE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois (Mr. ERLENBORN). I know it comes from a pure heart, but I just disagree with the gentleman on this.

I will, however, support a compromise amendment on this question of tiering which will be offered by the gentleman from Pennsylvania (Mr. GOODLING).

In committee, I offered the amendment which was adopted to restore the old three-tier system of reimbursements to these child care centers. Testimony before the committee showed that the deletion of tiering in 1981 had resulted in severe cuts in meal reimbursement for children in day-care centers, especially those day-care centers that were serving a majority of low-income families.

As a result, what we have here is that many of those low-income families are torn between the welfare system and working. Very often a day-care center operating there made it possible for that mother, for example, to work rather than being on welfare. I think that this Congress should always encourage work over welfare for those who are able to work.

So I live in a real world, and in the real world really we have, through tiering, assisted some people, in entering the work force rather than the welfare rolls.

I have been working, however, with the gentleman from Pennsylvania (Mr. GOODLING) to help modify the full restoration of that tiering. The Goodling amendment, which will be offered later, and I would urge my colleagues to support the Goodling amendment after we turn down the Erlenborn amendment. The Goodling amendment will restore only the top tier; that is, where two-thirds or more of children qualify for free or reduced meals, and one-half of those two-thirds qualify for the free meals, then we would pay for the additional one-third.

That is just for the top tier, so it is a substantial modification and, again, I think by rejecting this Erlenborn amendment and agreeing to the Goodling amendment which will come up later, we will help, I think, a very elusive and a very important group of Americans, that is, the working poor. Those working poor are really struggling to break that cycle of poverty.

Now, if we were to restore the entire tiering system, the Congressional Budget Office tells us that would cost $9 million. With this modification which will be offered by the gentleman from Pennsylvania (Mr. GOODLING) it will be less than half of that, so we are talking about probably less than $4 million.

I think we should make an investment in encouraging people to work rather than go on the welfare rolls. I think this is a great investment for this Congress to make.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. KILDEE. I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Chairman, I was puzzled listening to the gentleman's description of the costs. Was the gentleman's description of only a $9 million cost only in the first year, or is that for the reauthorization of this program?

Mr. KILDEE. I am talking annual cost.

Mr. BARTLETT. If the gentleman will yield further, just the one tiering amendment, which as I understand was added in committee and which the gentleman from Illinois would seek to delete, just this one amendment would then add $50 million or more over the 5-year period in cost. Is that correct?

Mr. KILDEE. It is no different than when we buy a weapon system in the Pentagon. If it costs over 5 year, we would multiply that annual cost by 5 years. I think that for less than $4 million a year even, this to my mind is a tremendous investment in trying to encourage people to work.

I have to live in a real world. I will say this: Immanuel Kant wrote two books, his "Critique of Pure Reason," and then his "Critique of Practical Reason." Not many read his "Critique of Pure Reason." Most people read his "Critique of Practical Reason." I am compelled from time to time to take off the shelf the "Critique of Practical Reason." I commend that to the gentleman from Texas also.

Be practical. This is a practical investment of dollars to encourage people to work. I live in that practical world.

● **Mr. BIAGGI.** Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois, our ranking minority member, Mr. ERLENBORN, which would strike the equipment assistance program in this legislation.

This provision was an amendment that I offered which is based upon legislation authored by my colleague, Steve Solarz. The need for the reestablishment of this program has been underscored in testimony before our committee during hearings on H.R. 7. The 1981 Omnibus Reconciliation Act eliminated this program and as a result, poorer school districts have been forced to drop out of the program—or even worse—use their meager dollars for upgrading or replacing equipment. These are the very same schools—serving the very same kinds of children we are trying to assist with this legislation.

I will not reiterate what has been debated here but will also point out that a similar amendment in committee failed overwhelmingly. In addition, we accepted a perfecting amendment, by Mr. Goodling, that would target funds under this program to those schools serving 60 percent or more free and reduced price lunches. I believe that we accepted this revision in good faith and believe that this amendment goes well beyond the intent of the committee in this matter.

Further, Mr. Chairman, we have received testimony not only from the American Federation of State, County, and Municipal Employees in support of this provision—but also from the United States Catholic Conference—which represents nonpublic schools in this regard. In addition, the Board of Jewish Education in my own city of New York has reaffirmed the need for the $10 million provided in this program to assist meal programs in schools such as theirs.

I join with my chairman in urging rejection of the Erlenborn amendment. We can no longer afford to allow these programs to be assaulted by the sword of economy—for in these programs—the sword has been misguided and misdirected.●

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. Erlenborn).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. ERLENBORN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 80]

Ackerman
Addabbo
Akaka
Albosta
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Archer
Aspin
AuCoin
Badham
Barnard
Barnes
Bartlett
Bateman
Bates
Bedell
Beilenson
Bennett
Bereuter
Berman
Bethune
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner
Bonior
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Britt
Brooks
Broomfield
Brown (CO)
Broyhill
Bryant
Burton (CA)
Burton (IN)
Byron
Campbell
Carney
Carper
Carr
Chandler
Chappell
Chappie
Cheney
Clarke
Clay
Clinger
Coats
Coelho
Coleman (TX)
Collins
Conable
Conte
Conyers
Cooper
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Crockett
D'Amours
Daniel
Darden
Daschle
Daub
Davis
de la Garza
Dellums
Derrick
DeWine
Dickinson
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Downey
Dreier
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Erlenborn
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Fuqua
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Gray
Green
Gregg
Guarini
Gunderson
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hansen (UT)
Harkin
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Hertel
Hightower
Hiler
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Johnson
Jones (OK)
Jones (TN)
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kleczka
Kogovsek
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach
Leath
Lehman (FL)
Levin
Levine
Levitas
Lewis (CA)
Lewis (FL)
Lipinski
Livingston
Lloyd
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Markey
Marlenee
Marriott
Martin (NC)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McNulty
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Minish
Mitchell
Molinari
Mollohan
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Myers
Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Ottinger
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Patman
Patterson
Pease
Penny
Pepper
Perkins
Petri
Pickle
Price
Pursell
Quillen
Rahall
Rangel
Ratchford
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roukema
Rowland
Roybal
Rudd
Russo
Sabo
Sawyer
Schaefer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shannon
Sharp
Shaw
Shelby
Shumway
Sikorski
Siljander
Simon
Sisisky
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stangeland
Stark
Stenholm
Stokes
Stratton
Studds
Stump
Sundquist
Swift
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Traxler
Udall
Valentine
Vandergriff
Vento
Volkmer
Vucanovich
Walgren
Watkins
Waxman
Weaver
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Winn
Wirth
Wise
Wolf
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

☐ 1310

The CHAIRMAN. Three hundred and ninety-four Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Illinois (Mr. Erlenborn) for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN. Five minutes will be allowed for the vote.

The vote was taken by electronic device, and there were—ayes 140, noes 262, not voting 31, as follows:

[Roll No. 81]

AYES—140

Archer
Badham
Bartlett
Bateman
Bennett
Bereuter
Bethune
Bilirakis
Bliley
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Campbell
Carney
Chandler
Chappell
Chappie
Cheney
Clinger
Coats
Conable
Conte
Corcoran
Courter
Craig
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
DeWine
Dickinson
Dreier
Edwards (AL)
Edwards (OK)
Emerson
Erlenborn
Evans (IA)
Fiedler
Fields
Frenzel
Gibbons
Gingrich
Goodling
Gradison
Gramm
Gregg
Gunderson
Hall, Sam
Hansen (UT)
Hartnett
Hiler
Holt
Hunter
Hutto
Jeffords
Kasich
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach
Lewis (CA)
Lewis (FL)
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Marriott
Martin (NC)
Martin (NY)
McCain
McCandless
McCollum
McEwen
McGrath
Michel
Miller (OH)
Molinari
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Nelson
Nielson

O'Brien
Oxley
Packard
Parris
Pashayan
Petri
Pritchard
Quillen
Regula
Ritter
Roberts
Robinson
Rogers
Roukema
Rudd
Sawyer
Schaefer
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Smith (NE)
Smith, Denny
Smith, Robert
Snyder
Solomon
Spence
Stangeland
Stenholm
Stump
Sundquist
Tauke
Taylor
Thomas (CA)
Vandergriff
Vucanovich
Weber
Whitehurst
Whittaker
Winn
Wolf
Wortley
Wylie
Young (FL)
Zschau

NOES—262

Ackerman
Addabbo
Akaka
Albosta
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Aspin
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Berman
Bevill
Biaggi
Boehlert
Boggs
Boland
Boner
Bonior
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Britt
Brooks
Bryant
Burton (CA)
Byron
Carper
Carr
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conyers
Cooper
Coughlin
Crockett
D'Amours
Darden
Daschle
Davis
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Downey
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
English
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Fish
Flippo
Florio
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gilman
Glickman
Gonzalez
Gore
Gray
Green
Guarini
Hall (OH)
Hall, Ralph
Hamilton
Hammerschmidt
Harkin
Hatcher
Hawkins
Hayes
Hefner
Hertel
Hightower
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hyde
Ireland
Jacobs
Johnson
Jones (OK)
Jones (TN)
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kogovsek
Kolter
Kostmayer
LaFalce
Leath
Lehman (CA)
Lehman (FL)
Levin
Levine
Levitas
Lipinski
Lloyd
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
MacKay
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McHugh
McKernan
McKinney
McNulty
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell
Mollohan
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Natcher
Neal
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Ottinger
Owens
Panetta
Patman
Patterson
Pease
Penny
Pepper
Perkins
Pickle
Price
Pursell
Rahall
Rangel
Ratchford
Ray
Reid
Richardson
Ridge
Rinaldo
Rodino
Roe
Roemer
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Shannon
Sharp
Shelby
Sikorski
Simon
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stark
Stokes
Stratton
Studds
Swift
Synar
Tallon
Tauzin
Thomas (GA)
Torres
Torricelli
Traxler
Udall
Valentine
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whitten
Williams (MT)
Williams (OH)
Wirth
Wise
Wright
Wyden
Yates
Yatron
Young (AK)
Young (MO)

NOT VOTING—31

Alexander
Brown (CA)
Coleman (MO)
Coyne
Duncan
Ferraro
Foglietta
Hall (IN)
Hance
Hansen (ID)
Harrison
Heftel
Hillis
Hopkins
Jenkins
Jones (NC)
Kazen
Lantos
Leland
Lent
Martin (IL)
Moakley
Paul
Porter
Roth
Savage
Towns
Vander Jagt
Walker
Wilson
Wolpe

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The Clerk announced the following pairs:

On this vote:

Mr. Vander Jagt for, with Mr. Wolpe against.

Mr. Paul for, with Mr. Leland against.

Mr. Duncan for, with Mr. Jones of North Carolina against.

Mrs. Martin of Illinois for, with Mr. Moakley against.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Goodling: Page 8, line 12, insert "and no less than one-third of the children enrolled are members of families that satisfy the income standards for free school meals under section 9 of this Act," after "Act,".

Strike out line 5 on page 9 and all that follows through line 24 on page 10 (and redesignate the subsequent paragraphs accordingly).

Mr. GOODLING (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Chairman, this amendment deals with the Erlenborn amendment that was just offered.

With this amendment we will save some money and we will also do what we should be doing in this bill, and that is trying to target food to the neediest of the needy.

What the amendment basically says is that if two-thirds of the children are in the free and reduced priced category, one-half of those must be free before all children in the particular day care center could receive the free meal.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I will be happy to yield to the gentleman from Kentucky.

Mr. PERKINS. This amendment has been thoroughly studied by the gentleman from Pennsylvania (Mr. Goodling) and the gentleman from Michigan (Mr. Kildee).

We accept the amendment. It is a good amendment and there should not be any dispute about it.

Mr. KILDEE. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Michigan.

Mr. KILDEE. I appreciate the cooperation the gentleman from Pennsylvania (Mr. Goodling) has extended. I know he still has some feelings on this, but he recognizes our concerns and I do feel that he has drafted an amendment we can accept.

Mr. GOODLING. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Goodling).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. MILLER OF CALIFORNIA

Mr. MILLER of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Miller of California: Strike out line 1 on page 19 and all that follows through line 6 on page 20 (and redesignate the subsequent sections accordingly); and on page 26, line 14, strike out "20(b),".

Page 2, strike out lines 9 and 10, and insert in lieu thereof the following: 1966 is amended—

(1) in subsection (c)(2) by striking out "Subject to" and all that follows through "1984." and inserting in lieu thereof "Subject to amounts appropriated for the purposes of this program under subsection (g)—;

(2) in subsection (g) by striking out the first sentence and inserting in lieu thereof "There are authorized to be appropriated $1,360,000,000 for fiscal year 1984, $1,550,000,000 for fiscal year 1985, $1,700,000,000 for fiscal year 1986, $1,850,000,000 for fiscal year 1987, and $2,000,000,000 for fiscal year 1988, for the purpose of carrying out the program authorized by this section."; and

(3) in subsection (h)(2) by striking out "1984" and inserting in lieu therof "1988".

Mr. MILLER of California (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MILLER of California. Mr. Chairman, when this legislation was in the Education and Labor Committee I offered an amendment to convert the WIC program from a discretionary program to a capped entitlement program. It is my strong belief, based on the evidence, that a capped entitlement program would provide for the best administration and continuity within this program and the greater efficiency in the running of this program.

As you know, the special supplemental feeding program for women, infants and children is dedicated to trying to prevent pregnant women who are at nutritional risk from having an unhealthy pregnancy, outcome-especially low birth weight, which is a leading cause of infant mortality. And the WIC program is dedicated to trying to help young infants and children, who are also at nutritional risk through the first 5 years of life.

Unfortunately, in the past, this program has continuously been interrupted because of our inabilities in Congress to meet deadlines or because of the bureaucratic maneuverings that have taken place by those who do not favor this program, despite the program's overwhelming bipartisan support.

However, in deference to the budget resolution adopted last week and due to the problems that the capped entitlement program creates with the Budget Act, I am offering this amendment to strike that conversion of WIC to a capped entitlement.

Mr. PERKINS. Mr. Chairman, will the gentleman yield to me?

Mr. MILLER of California. I yield to the gentleman from Kentucky.

Mr. PERKINS. Let me state that we accept the amendment. The gentleman and Mr. Jones have carefully worked out the amendment. The change is from an entitlement back to a discretionary appropriation.

It is a good amendment and we accept it.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. MILLER of California. I thank the gentleman for his support and I yield to the gentleman from Pennsylvania.

Mr. GOODLING. I know how strongly the gentleman feels about this and that is all the more reason why I appreciate your making the move that you have made, because it is the one amendment that should bring some votes from my side of the aisle.

I appreciate your offering it and we accept the amendment.

For my people on my side of the aisle, I want to make sure they understand that this eliminates the entitlement part of the WIC prgram.

Mr. MILLER of California. Due to the diligence of the gentleman from Pennsylvania (Mr. Goodling) I hope they all understand this eliminates the capped entitlement.

I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. Miller).

The amendment was agreed to.

□ 1330

AMENDMENT OFFERED BY MR. ERLENBORN

Mr. ERLENBORN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Erlenborn: Strike out line 6 on page 16 and all that follows through line 3 on page 17 (and redesignate the subsequent sections accordingly); and on page 26, line 14, strike out "15,".

Mr. ERLENBORN. Mr. Chariman, this amendment would strike the provision in the bill that reinstates the food service equipment program which was terminated as a result of the reconciliation bill of 1981.

Let me talk just a moment about the procedure, Mr. Chairman. Throughout the course of last year and this year, in one action after another, it has been the obvious intent of the majority on our committee to reverse those actions taken in the so-called Gramm-Latta reconciliation bill of 1981 that resulted in savings in the Federal budget.

In other words, they would like to turn the clock back and reinstitute programs and up authorized levels of programs that are still in continuance so that it would be as though the Gramm-Latta reconciliation bill of 1981 had never been adopted.

Now, I find this passing curious when, at the same time, day after day, we have Members from that same side of the aisle, the other side of the aisle, taking the well and complaining about the large deficits that have been and will be generated in the Federal budget.

This happens to be another one of those programs being reinstated just as in the last amendment I offered, the tiering option, which had been wiped out in 1981, was proposed to be reinstated. And I am thankful that with the agreement of the gentleman from Michigan (Mr. Kildee) the gentleman from Pennsylvania (Mr. Goodling) was able to have his amendment adopted, which at least cut back to about halfway the reinstatement of the old tiering program.

Now here we have the food service equipment program which again does not provide one more meal, does not provide any additional nutrition for children. What it does is provide funds to buy equipment for the preparation and serving of meals.

Now just last year the U.S. Department of Agriculture, Food and Nutrition Service made an inventory of what equipment was available in the institutions that are taking advantage of these child nutrition programs. Their finding was that, in general, existing school food service equipment can be considered to be in dependable and operating condition. There is no great need for these additional funds to buy new equipment or to upgrade the quality of equipment.

If we are at all serious about trying to get our excessive expenditures under control to some little thing toward reducing the Federal deficits and the ever-growing national debt, I would think this amendment would be accepted by the other side and I hope it is adopted.

Mr. PERKINS. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, there is only $10 million involved here. And the equipment provision is targeted to the poorest districts of the Nation; 60 percent of the children must be on free or reduced price lunches before this provision is applicable.

I know the gentleman has referred to a study made by the Department, but no one on our side has been able to see that study, but notwithstanding, there are certain poorer districts in this country that are unable to purchase new equipment. Equipment in many instances in the poorest districts is outmoded completely and an expenditure of $10 million for the poorest children of the Nation, the reduced price children lunches, and the free lunches, to try to take that $10 million away from the free and reduced price children of this country, when 60 percent of the children must be in that category, free or reduced price, before it is applicable, I think it is a shameful situation.

Mr. Chairman, I hope everybody will oppose this amendment, all the Members.

Mr. BARTLETT. Mr. Chairman, I move to strike the requisite number of words and I rise in support of the amendment.

Mr. Chairman, the gentleman, has offered an amendment which would in part at least attempt to save this piece of legislation, to permit this House to, in good conscience, reauthorize these five programs without adding back an enormous sum of funding. The gentleman's amendment would attempt to bring this reauthorization bill back into some semblance of reality.

Now the gentleman's amendment does not take away anything. The gentleman's amendment would take out of the committee bill the addition of the food equipment service program.

It has been said on the floor that this is only $10 million. In fact, Mr. Chairman, it is $10 million per year, every year, which is a total of $50 million for the next 5 years. If you add up all of the incremental——

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Kentucky.

Mr. PERKINS. I thank the gentleman for yielding.

Mr. Chairman, the gentleman knows that this is an authorization that has been around a long time. The Appropriations Committee will likewise take another look.

Unless we have free and reduced price children, more than 60 percent of them, in dire need of equipment, the Appropriations Committee is not going to appropriate that. We should do something in these areas.

Mr. BARTLETT. Reclaiming my time, Mr. Chairman, I thank the gentleman for pointing that out.

I happen to be a Member who believes that the authorizing committees ought to be more specific in their spending recommendations. And if this authorizing committee means for equipment services to take a higher priority school lunches or breakfasts, then that is what we should say that and not just wait for the Appropriations Committee to make all of the decisions. Incidentally, sending education decisions to the Appropriations Committee seems to be what is happening in an increasing amount.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. I thank the gentleman for yielding.

Mr. Chairman, I just want to rise in support of what the gentleman is saying here. The fact is if we have these school districts that have this many poor children in them that are receiving the free lunches, and we have got a limited amount of money, it seems to me we ought to take the money and put it into free lunches rather than in equipment first and foremost.

Second, I would really like to caution my colleagues as to how many of them have talked to their State departments of public instruction about this matter. We have contacted the Wisconsin Department of Public Instruction and they said this is not all that important. There are a lot of other things in school nutrition that are far more important than setting up new money for new equipment.

As the gentleman said, this is new money. We are not talking about cuts.

Mr. BARTLETT. The gentleman is correct that this is new money and the States are not clamoring for it.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Kentucky.

Mr. PERKINS. I thank the gentleman for yielding.

Mr. Chairman, let me say to the gentleman that this money is targeted. The gentleman's district would not get any of the money. It is targeted where we have 60 percent of the children receiving free and reduced price lunches. I cannot see why we would want to oppose, when the Secretary of Agriculture makes the selections of the poorest school districts in the country, and it is not just handed out to school districts that do not need money, it is handed out to those that really need it.

Mr. BARTLETT. Reclaiming my time, Mr. Chairman, I know that the gentleman from Kentucky, my distinguished chairman of the committee, is familiar with my district, with Dallas. I would point out to the gentleman that he has made Dallas Independent School District, which I represent, eligible for food equipment services, because we have 60 percent or more free or reduced price lunches served in our schools.

☐ 1340

Mr. PERKINS. Mr. Chairman, let me say to the gentleman if you needed it, it would be at the discretion of the Secretary. The Secretary would make that decision.

I know the gentleman from Dallas will not be a beneficiary of that because he does not need it, but if he did, he certainly would be eligible.

Mr. BARTLETT. As the gentleman knows, of course, we are grateful in Dallas that the gentleman would offer a $10 million categorical program for food equipment services, for Dallas, TX. We in Dallas, and you in Kentucky, administer the lunch programs. To add on a $10 million equipment program is neither necessary nor desirable, nor are the States or school districts asking for it.

Mr. PERKINS. The gentleman represents one of the richest districts in the Nation, I would say one of the six or eight most wealthy districts in this entire country, and naturally he does not need this equipment money. But there are other districts who do need it. And let us let the Secretary make that decision.

Mr. BARTLETT. The gentleman is correct. The point is that the Dallas Independent School District is eligible for the $10 million categorical grant which the gentleman has included in H.R. 3. If we are going to prioritize for the child nutrition program, we ought to begin with child nutrition and not for the reinstatement of a new Federal categorical grant for equipment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. ERLENBORN).

The question was taken; and on a division (demanded by Mr. ERLENBORN) there were—ayes 22, noes 24.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOODLING: Page 7, lines 11 and 12, strike out "full cost of such verification." and insert in lieu thereof "direct costs, as defined by commonly accepted accounting principles, attributable to such verification."

Mr. GOODLING. Mr. Chairman, what I am doing with this amendment is making very sure that we are providing Federal assistance when we want to meet only those State and local costs that are directly attributed to requirements of the statute for income verification. We do not want anything else thrown into here that the Federal Government is somehow picking up the tab. We want to make sure that the money is used only to cover those things that we on the Federal level mandate.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, we have no problem with the amendment. It just makes clear the intention. We accept it.

Mr. GOODLING. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOODLING: Page 18, strike out lines 18 through 24, and insert in lieu thereof the following:

SEC. 19. (a) Section 13(a)(1) of the National School Lunch Act is amended—

(1) in subparagraph (B) by inserting "private nonprofit organizations," after "county governments";

(2) by striking out "and (E)" and inserting in lieu thereof "(F)"; and

(3) by inserting "(E) 'private nonprofit organizations' includes only such organizations (including summer camps) which (i) operate at not more than 15 sites, or operate at not more than 20 sites pursuant to a waiver under subsection (i)(2), and (ii) use self-preparation facilities to prepare meals or obtain meals from a public facility (such as a school district, public hospital, or State university); and" after subsection (D).

(b) Section 13 of the National School Lunch Act is amended by inserting after subsection (h) the following new subsection:

"(i)(1) Eligible private nonprofit organizations entitled to participate in programs under this section as service providers shall be limited to those that—

"(A) operate in areas where a school food authority or the local, municipal, or county government has not indicated by March 1 of any year that such authority or such unit of local government will operate a program under this section in such year;

"(B) exercise full control and authority over the operation of the food service programs under this section at all sites under their sponsorship;

"(C) provide ongoing year-round activities for children;

"(D) demonstrate adequate management and fiscal capacity to operate programs under this section; and

"(E) meet applicable State and local health, safety, and sanitation standards.

"(2) The Secretary may waive the limitation to 15 sites under subsection (a)(1)(E) and permit a private nonprofit organization under this section to operate at not more than 20 sites if such organization demonstrates to the satisfaction of the Secretary that an unmet need for such additional sites exists and that such organization has the capability to serve such additional sites.".

Mr. GOODLING (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Chairman, let me explain what I am doing here. In the summer food program during reconciliation, we had heard so many reports about fraud and abuse in this program by some of the private vendors who were there only for profit and who had no concern at all for nutrition of children. It was in the committee we put these private vendors back into the business, and I want to tighten that.

Mr. PERKINS. Mr. Chairman, if the gentleman will yield, we accept the amendment.

The gentleman from Michigan (Mr. KILDEE) has been working on this.

Mr. KILDEE. If the gentleman will yield, I appreciate the work that the gentleman from Pennsylvania (Mr. GOODLING) has put into this. We have taken care of the abuses that he was worried about, and we have an amendment that we can accept.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. GOODLING).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer two technical amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments to be considered en bloc.

Amendments offered by Mr. GOODLING: Page 25, after line 19, insert the following new section (and redesignate the subsequent section accordingly):

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 30. (a) The National School Lunch Act is amended—

(1) in section 12(d) by inserting at the end thereof the following new paragraph:

"(8) 'Secretary' means the Secretary of Agriculture."; and

(2) by redesignating the second section 22 as "Sec. 23.".

(b) The Child Nutrition Act of 1966 is amended—

(1) in section 4(a) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services";

(2) in section 17(e)(2) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services";

(3) in section 17(k)(1) and (2) by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services";

(4) in section 19(d)(2) and (3) by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services".

Page 4, line 6, strike out "current" and insert in lieu thereof "annually".

Page 4, line 23, insert "of 1966" after "Act".

Page 6, line 15, strike out "houshold" and insert in lieu thereof "household".

Page 8, line 12, strike out "means" and insert in lieu thereof "meals".

Page 16, line 13, insert "equipment" after "service".

Page 17, line 1, strike out "assistance".

Page 18, line 13, strike out "(1)(C)," and insert in lieu thereof "(2)(C)".

Mr. GOODLING (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Chairman, these are technical amendments which both sides have agreed to.

Mr. PERKINS. Mr. Chairman, if the gentleman will yield, we accept the amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Pennsylvania (Mr. GOODLING).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. BARTLETT

Mr. BARTLETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT: Page 5, line 4, strike out "shall" and insert in lieu thereof ", at the option of the local school food authority, may".

Mr. BARTLETT. Mr. Chairman, I believe that the other side has accepted this amendment.

Currently the school lunch program has an offer versus serve provision. The committee has extended that offer versus serve to the breakfast program. This clarifies what I believe was the intent of the committee, and that is to make that at a local option basis.

I yield to the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, the Bartlett amendment does clarify the new provision permitting the student to reject one of three components of the school breakfast. The so-called offer versus served option would only be available to the school if the school district sought to use that option. We have no problem with it. I believe it merely carries out the gentleman's original intent in offering the amendment in committee. We accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. BARTLETT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BARTLETT

Mr. BARTLETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT: Page 25, after line 19, insert the following new section (and redesignate the subsequent sections accordingly):

STATE ADMINISTRATIVE EXPENSES STUDY

SEC. 30. Section 7 of the Child Nutrition Act of 1966 is amended by inserting after subsection (i) the following new subsection:

"(j) The Secretary shall conduct a study of the allocation formula and procedures under section 7 of the Child Nutrition Act of 1966. The Secretary shall submit a report of such study to the Congress, together with any recommendations for improving such formula and procedures, by April 30, 1985.".

Page 26, line 15, strike out "and 29" and insert in lieu thereof "29, and 30".

Mr. BARTLETT. Mr. Chairman, earlier today I discussed inequities in the program which provides Federal funding for administrative costs of several important nutrition programs—State administrative expenses.

I would like now to address a major, fundamental inequity in the program which needs to be corrected. At issue is how the decision is made to allocate Federal dollars to each State.

Why a State such as Rhode Island can be allocated $400,000 in fiscal year 1983, while New Hampshire received $277,000, and Utah received $204,000.

At present, there is a complicated formula and difficult procedures which fill six pages, but which are outdated and have little relationship to need or population in each State.

Federal funding for the State administrative expenses program has become an administrative nightmare riddled with inequities and cumbersome, unenforced and unenforceable regulations.

In addition to the initial allocation of Federal funds, there is another major concern with the procedures in the SAE program.

Currently, States are allowed to carry over unused funds from year to year. For example, at the start of fiscal year 1984, the amount carried over in Ohio was 106 percent of that State's 1984 allocation. In Iowa, it was 99 percent; in Tennessee, it was 122 percent; in Wyoming, it was 98 percent.

Such high carryover figures raise basic questions about the initial amounts allocated. If States are not using all of their allocated funds, one can logically conclude that they must not need all of the allocated funds. It would then make sense to provide the extra funding for States that do need such funding, but the current carryover provision precludes such action.

It is time for the allocation formula and procedures to be streamlined and updated. It is time to develop clear, enforceable rules and guidelines for this important component in our Nation's nutrition programs.

I do not have the answer as to what improvements should be made. I have now been considering the issue for several months, and believe that it requires in-depth study and recommendations.

That is why I am offering an amendment that would direct the U.S. Department of Agriculture to study the S-A-E allocation formula and procedures and report with recommendations for improvements. The Department would have 1 year to conduct the study and would have to report back to Congress by April 30, 1985.

For the sake of the State administrative expenses program, as well as the other nutrition programs which it affects, we can no longer ignore morass which the allocation formula and procedures have become.

We must reintroduce basic, fundamental equity at the origin: Federal funding procedures must be improved.

☐ 1350

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Kentucky.

Mr. PERKINS. I thank the gentleman for yielding.

Mr. Chairman, let me compliment our distinguished colleague, Mr. BARTLETT from Texas, for doing a lot of research in this area. We certainly have no objection to this study, and therefore we accept your amendment.

Mr. BARTLETT. I thank the chairman for accepting the amendment.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, we are very happy to accept the amendment on this side. We think it is needed. On your matching, it would be the State that would be punished, but I do not mind that because we probably are not paying enough.

Mr. BARTLETT. I thank the gentleman from Pennsylvania.

This is not the matching amendment, as the chairman knows, this is the mandate to study the formula itself. I also am hopeful, and I know the chairman would agree, that when we get the study from USDA and a recommendation for a streamlined formula, we would be able to have hearings, and if called for, to have a markup on a new formula.

Mr. PERKINS. I can give the gentleman that assurance; we certainly will have hearings and study it thoroughly.

Mr. BARTLETT. I thank the chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. BARTLETT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BLILEY

Mr. BLILEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLILEY:

Page 25, after line 19, insert the following new section (and redesignate the subsequent section accordingly):

STUDY OF CHILD NUTRITION PROGRAMS

SEC. 30. The Child Nutrition Act of 1966 is amended by inserting at the end thereof the following new section:

"STUDY OF CHILD NUTRITION PROGRAMS

"SEC. 21. The Secretary shall conduct a study of the effect on families of the school breakfast program, the child care food program, and other programs under this Act. Such study consider whether alternative nutrition delivery programs would strengthen families. The Secretary shall submit a report of such study to the Congress, together with any recommendations or proposals for legislation, by January 1, 1987.".

Page 26, line 15, strike out "and 29" and insert in lieu thereof "29, and 30".

Mr. BLILEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BLILEY. Mr. Chairman, this amendment would require a study of the effect on families of the various child nutrition programs reauthorized in this legislation. The amendment does not in any way alter the programs in the legislation, it simply requires the Secretary to study their effects on families and make any recommendations for changes which he finds appropriate within 2½ years.

I am not arguing against the need for these or any other child nutrition programs. For a variety of reasons it is necessary or useful for children to be fed in schools or day care centers. I recognize this fact.

At the same time, the importance of meals to families and to socialization is one of the oldest and most well documented features of our civilization. Plato and Aristotle commented on the importance of common meals in forming a unifying bond in a community. In all of our major religious traditions, the sharing of food through communion and similar ceremonies is one of the most important rituals. Modern sociologists and psychologists likewise recognize the importance of shared meals in our family and social life. A number of Federal programs for older Americans encourage congregate meals and activities.

For children, especially, mealtimes are an important period for forming bonds with their families. Sharing the necessities of life—food and shelter—are the bonds that underlie the love and trust found in a good family. Without that love and trust a child may grow up confused and alienated and may contribute more problems of poverty or crime to our society.

I do not claim that it is necessary, possible or even desirable for children to eat every meal at home. I do believe that it is better for children, particularly young children to eat at home when that is possible.

In our work on the Select Committee on Children, Youth and Families we have discovered that strong families alone can make major contributions to overcoming our social problems. One of our major goals, then, in Federal legislation should be to strengthen and assist families.

Following these principles, I believe that it would be best to encourage families to provide their own meals, when that is a practical option. Sometimes it is not. That is why we have the child care food program and the school breakfast program. When it is possible, however, I believe that we should channel nutrition and other assistance through families rather than around them.

As I come to the floor today, I do not have a magic solution. In fact, I do not yet have any suggestions for substantive changes in the programs we are considering. I do, however, believe that this is a subject we should consider carefully. We will study this issue further on the select committee, and a report by the administering agency would be most helpful to that effort.

What I would like to see out of the report are suggestions for how we can involve families more in child nutrition programs. One such suggestion might be allowing families who are able to be assisted in providing meals at home rather than in day care centers or schools. I am not at all concerned about lunch programs, and breakfast is probably less important than dinner. I am concerned, as we consider expanding programs which will provide all three meals, and particularly dinner away from home, about the effects we may be having on children and families, who would then eat no meals together during the week.

In closing, I would emphasize that I realize that three-meal-a-day programs may be necessary for some children. My amendment does not propose to change that, but only to suggest that we ought to consider what effect such programs have on families, and take what steps we can to reduce the harmful effects, and enhance the beneficial aspects of such programs.

I hope my colleagues will support this amendment.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. BLILEY. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, we are happy to accept the amendment on this side of the aisle.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. BLILEY. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, we have no objection to the amendment. We accept it.

Mr. BLILEY. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BARTLETT

Mr. BARTLETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT: Page 25, after line 19, insert the following new section (and redesignate the subsequent section accordingly):

STATE ADMINISTRATIVE EXPENSES

SEC. 18. Section 7 of the Child Nutrition Act of 1966 is amended by inserting after subsection (i) the following new subsection:

"(j)(1) For purposes of State administrative costs under this section the State shall provide—

"(A) not less than 10 per centum of such total costs for fiscal year 1986,

"(B) not less than 20 per centum of such total costs for fiscal year 1987, and

"(C) not less than 30 per centum of such total costs for fiscal year 1988, and for each subsequent fiscal year.

"(2) Except as provided in paragraph (3), if for any fiscal year a State does not fulfill the matching requirement under paragraph (1), such State's allocation under this section shall be proportionately reduced.

"(3) If by reason of any provision of law a State or local educational agency is prohibited from providing assistance to private schools in fulfillment of the requirement under paragraph (1), then to the extent that such requirement is so prohibited it shall not apply to a State.".

Mr. BARTLETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BARTLETT. Mr. Chairman, we are here today to reauthorize and to hopefully improve the child nutrition programs. We will consider how to reauthorize them and now to make some improvements. We have an opportunity to improve the child nutrition programs by improving their administration, and to improve the equity within those administative expenses.

One of the programs, that is being reauthorized is entitled "State administrative expenses." It is a separate authorization. State administrative expenses does not directly provide food for children or other eligible recipients. It is an important component, however, in the process of providing nutrition programs and it can be improved with the State matching amendment, which I am offering.

As its name implies, State administrative expenses makes available Federal funds for State administration of nutrition programs. State contributions are mandated through a maintenance of effort provision which requires that each State contribute each year, at least the same as in 1977. No percentage match is required, only the 1977 level.

If a State had a high contribution in 1977, then they presently have a high contribution; if they had a low contribution in 1977, then they are in effect being subsidized by the rest of the country. The provision has resulted in inequitable State contributions as a percentage of the Federal allocations.

For example, Connecticut is only required to contribute 5 percent of its Federal allocation, while Hawaii must put up 88 percent. Fortunately, most States already contribute more than their minimum requirements but this is not true in every case. There is a principle of equity involved.

The amendment I am offering would merely require that States meet certain minimum level of contributions beginning in 1986. Further, the contributions would be phased in beginning at the modest and minimum amount of 10 percent in 1986, and then 20 percent in 1987, and then 30 percent in 1988 and thereafter.

My amendment would begin the match in 1986, giving State legislatures the balance just to get up to their 10-percent minimum. The phased-in approach would accommodate States whose legislatures do not meet in 1985. The gradual increase would allow time for those few States which are not already contributing at those levels to prepare to assume a larger proportion of the funding.

Now this is not a radical concept, Mr. Chairman. The 30-percent match which would be reached in 1988, conforms to the 30-percent matching level already required in another nutrition program, the National School Lunch Act; it is already a part of Federal law. That percentage was reached also in a gradual manner. My amendment includes two important provisions which will insure continued participation in the program.

First, the Federal allocation can be made proportionate to the amount the State contributes. For example, in 1986 if a State does not contribute 10 percent of its Federal allocation, it can still participate in the program based on the amount that it does contribute. This means that if a State is allocated $1 million, but only contributed $95,000, it would then have its Federal allocation adjusted to $950,000.

The other important provision in this amendment is intended for States which have laws prohibiting the expenditures of public funds for private schools. In such instances States would not have to match that portion of its Federal allocations which goes to private institutions.

This amendment would merely allow time to introduce some equity into State contributions to iron out the peaks and valleys and provide some equity among the States.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. I thank the gentleman for yielding.

Mr. Chairman, I basically have no objection to what the gentleman from Texas is trying to do. I would probably end up offering an amendment which would begin 1987, 1988, and 1989 only because 1986 would begin October 1, 1985, and may create some problems because our budget would begin at that time. That may create some problems.

I also would probably want to offer a 10-15-20; 10 percent in 1987; 15 percent in 1988; and 20 percent in 1989. I would have no problems with an approach such as that and think that the gentleman is doing something that should be done. I think we must slow down how it is done, and delay when it begins.

Mr. BARTLETT. I thank the gentleman for his comments and if we could get those changes into House and passed into this bill, I would favor those changes. I think the Congress has to adopt the concept of a minimum matching grant for administrative purposes only.

Mr. PERKINS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have a mailgram from California, the American School Food Service Association:

> We strongly support H.R. 7 as reported, and oppose the Bartlett amendments representing additional Child Nutrition cuts not covered in the President's budget or recommended by the committee.
>
> Please oppose the Bartlett amendment with regard to state administrative expenses and nutrition, education and training.

Now, that telegram is from the legislative chairman of the American School Food Service Association of California.

□ 1400

We have chopped the school lunch program so much since we had the vote here in 1981 on that June day, and here we come again on some administrative expenses to disrupt the program, one in which we had the greatest feeding program in the world until we chopped it up.

I do not think any of us want to vote for an amendment that will tremendously handicap that program. At the State level, true enough, this money is utilized at the State level. The local school districts always furnished the money for the administration of the program at the local level through the Nation. They use this money for educational purposes to a great degree, carrying on seminars, educating the workers who work in the school lunchrooms, and so forth.

If the formula some time in the future needs to be changed, that is all right, but to require matching at this time from poorer school districts throughout the Nation for these administrative expenses where the State uses the funds mostly for better nutrition programs at the local level——

Mr. **ERLENBORN**. Mr. Chairman, will the gentleman yield?

Mr. **PERKINS**. I yield to the gentleman from Illinois.

Mr. **ERLENBORN**. I thank the gentleman for yielding.

Mr. Chairman, I noted that gentleman read a communication from the State of California. I wonder if the gentleman is aware that there is a matching requirement today, as I recall it, based on their contribution in 1977. I wonder if the gentleman is aware that the State of California today is violating the law in that they are not providing the matching required by law.

Mr. **PERKINS**. Let me say to the gentleman from Illinois that I am well aware of that provision. We carried it over from the day that we enacted the program, that if a State did not make the effort, maintenance effort, that they were in 1977, that they would not be entitled to any of this money. And they have made that effort.

Mr. **ERLENBORN**. If the gentleman would yield further, would the gentleman then say that under the law as he has described it, California, which is required to make a 33-percent effort and is only making a 28-percent effort, should be denied participation in the program, rather than being cited as an authority for continuation of the program they are violating?

Mr. **PERKINS**. I will not agree with the gentleman on his statistics because I do not believe they are correct. I think California has well lived up to the 1977 requirement.

Mr. **BARTLETT**. Mr. Chairman, will the gentleman yield?

Mr. **PERKINS**. Yes, I yield to the gentleman from Texas.

Mr. **BARTLETT**. I thank the gentleman for yielding.

Mr. Chairman, this is the last one, and I appreciate the gentleman supporting my other two amendments, but this is a matter of fairness.

For example, I would contend it is not fair for the State of Kentucky, as we often discuss on the committee, which does have some unemployment problems, to be required by law to put in 33 percent of the Federal grant, and the State of Texas to only be required to put in 7 percent of their Federal grant.

Mr. **PERKINS**. Let me say to the gentleman that this is one of the greatest programs in the world. It has been worked out carefully, and there were no hearings held on this particular point in committee. To pull this out of the thin air and to come here to the floor and try to disrupt and tear up and require matching when it is going to affect hundreds of thousands of poor children throughout the Nation, I just think that it deserves better consideration and it should not be considered in this fashion on the floor.

So, therefore, I am in opposition to the amendment and I would hope that all Members would not let this program be torn apart any further and vote against this amendment.

Mr. **FORD** of Michigan. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I will not use 5 minutes because I understand that we have to yield the floor for another piece of legislation.

I just would like to observe that I do not think the gentleman from Illinois intentionally wanted to mislead the House, but he suggests that we have a provision in the law for State matching, which is not at all true. If the gentleman were a new member of the committee, I could see why he might be confused between maintenance of effort and matching, but he has been at this for 20 years and he very clearly knows that what is required by the present law is maintenance of effort with, I believe, 1977 as the base year.

Mr. **ERLENBORN**. Mr. Chairman, will the gentleman yield?

Mr. **FORD** of Michigan. Yes, I yield to the gentleman from Illinois.

Mr. **ERLENBORN**. I thank the gentleman for yielding.

Mr. Chairman, let me say to the gentleman that I may have used the term "matching," but I did say at the level that they matched in 1977, so I agree with the gentleman that it is a maintenance of effort. Although my phraseology may not have been correct, my thought, I think, was expressed that it was to be at the 1977 dollar level.

Mr. **FORD** of Michigan. I thank the gentleman for his clarification.

AMENDMENT OFFERED BY MR. GOODLING AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BARTLETT

Mr. **GOODLING**. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. GOODLING as a substitute for the amendment offered by Mr. BARTLETT: Page 25, after line 19, insert the following new section (and redesignate the subsequent section accordingly):

STATE ADMINISTRATIVE EXPENSES

SEC. 18. Section 7 of the Child Nutrition Act of 1966 is amended by inserting after subsection (i) the following new subsection:

"(j)(1) For purposes of State administrative costs under this section the State shall provide—

"(A) not less that 12 per centum of such total costs for fiscal year 1987.

"(B) not less than 15 per centum of such total costs for fiscal year 1988, and

"(C) not less than 20 per centum of such total costs for fiscal year 1989, and for each subsequent fiscal year.

"(2) Except as provided in paragraph (3), if for any fiscal year a State does not fulfill the matching requirement under paragraph (1), such State's allocation under this section shall be proportionately reduced.

"(3) If by reason of any provision of law a State or local educational agency is prohibited from providing assistance to private schools in fulfillment of the requirement under paragraph (1), then to the extent that such requirement is so prohibited it shall not apply to a State.".

Mr. **GOODLING** (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. **GOODLING**. Mr. Chairman, let me say very simply what I am doing here.

First of all, I am delaying any consideration for a year. We would begin in fiscal year 1987, which would give the States plenty of time who may or may not have legislative meetings scheduled next year, and then it would only be 10 percent.

In 1988 it would be 15 percent, and in 1989, 20 percent.

I believe I am probably going to be the only person who will be hurt in any way, shape, or form, and I think that the idea is good enough that I will suffer that pain.

Mr. **GUNDERSON**. Mr. Chairman, will the gentleman yield?

Mr. **GOODLING**. I yield to the gentleman from Wisconsin.

Mr. **GUNDERSON**. I thank the gentleman for yielding.

Mr. Chairman, my concern is that we just passed an amendment that sets up a study by USDA to come back to us in the spring of 1985. I guess I have to ask why we are going to pass any amendment if we are going to have a study, or why do we not eliminate the study?

Why should we set up a study to find out what is wrong with the program and report to us with recommendations if we are going to change the program right now?

As I indicated in my discussions with the gentleman from Texas earlier, I am not hung up on this allocation thing, but it just seems to me that what we ought to be doing, and I would hope the study would do this, is to come up and say, "Look, give every State so much money for administration. If they are going to be inefficient, make them pick up the rest in the State."

But I think this whole formula on adminstration is getting complex and is far overburdensome.

Mr. GOODLING. My suggestion would be that in conference we knock out the study if we adopt my substitute.

Mr. GUNDERSON. All right.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Chairman, I would suggest to the gentleman that, while both the matching and the formula amendments are in the same bill, the fact of the matter is that they are two entirely different decisions. One is whether you have some equity with a minimum match, and the other one is how the formula is divided among the States, whether it is according to need, or population, or anything discernible.

My question to the gentleman would be: If his amendment would pick up some more votes to obtain the matching, then I would be happy to accept it. Is his amendment going to be something that is going to cause this matching amendment to be passed, or are we just compromising with each other?

Mr. GOODLING. We will see that in just a minute.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I thank the gentleman for yielding.

Mr. Chairman, maybe the gentleman from Pennsylvania or the gentleman from Texas can tell me what happens with the money that would be saved by this, that is, transferred to the States? Where does that money go, and whom would it benefit?

Mr. GOODLING. I would believe that it goes to the benefit of those who are going to receive improved nutrition.

Mr. JEFFORDS. If the gentleman will yield further, in other words, if this money goes back in, it would be available for expenditures for the kids on the programs and, in essence, you are going to make more money available; is that correct?

Mr. GOODLING. It goes for administration. It does not go into the food program.

☐ 1410

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, the funds that would be saved by the increase of a minimum matching would go back into the pot of the Federal funds authorized for State administrative expenses and would, therefore, be available for allocation to other States that are required to overmatch. Delaware, for example, is putting in 88 percent of the Federal funds. They are only required to put in 63 percent. So it would go back into the State administrative expenses.

I thank the gentleman for yielding.

Mr. JEFFORDS. Mr. Chairman, I thank the gentleman for yielding.

Mr. GOODLING. Mr. Chairman, I yield back the balance of my time.

Mr. PERKINS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. McHUGH) having assumed the chair, Mr. LEVITAS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7) to make permanent certain of the authorizations of appropriations under the National School Lunch Act and the Child Nutrition Act of 1963, had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 103. Concurrent resolution providing for an adjournment of the Senate from April 11, 12, or 13, 1984 to April 24, 1984, and an adjournment of the House from April 12 or 13, 1984 to April 24, 1984.

TAX REFORM ACT OF 1984

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 462 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 462

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4170) to provide for tax reform, and for other purposes, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill for failure to comply with the provisions of clause 2(L)(5) of rule XI, clause 3 of rule XIII, and sections 311 and 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment under the five-minute rule. In lieu of the amendments recommended by the Committee on Ways and Means now printed in the bill, reported on October 21, 1983 (H.Rept. 98-432), it shall be in order to consider, as original text for the purpose of amendment, an amendment in the nature of a substitute consisting of the text of titles I through VIII and title XII (redesignated as title IX) only, of the amendment in the nature of a substitute recommended by the Committee on Ways and Means reported on March 5, 1984 (H.Rept. 98-432, part 2). Said substitute shall be considered as having been read for amendment, and all points of order against said substitute for failure to comply with the provisions of clause 5(a), rule XXI are hereby waived. No amendment to the bill or to said substitute shall be in order except such conforming and perfecting amendments recommended by the Committee on Ways and Means as the Chairman of the Committee of the Whole in his discretion shall entertain, and said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the amendment in the nature of a substitute made in order as original text by this resolution. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from South Carolina (Mr. DERRICK) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield the customary 30 minutes, for purposes of debate only, to the gentleman from Tennessee (Mr. QUILLEN), and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 462 is a modified closed rule providing for the consideration of H.R. 4170, a bill to provide for tax reform, and for other purposes. The rule waives points of order against consideration of the bill for failure to comply with:

Clause 2(l)(5) of rule XI—which requires committee reports to be printed in single volume;

Clause 3 of rule XIII—which requires committee reports to include a "Ramseyer";

Section 311 of the Budget Act—which prohibits consideration of legislation which would cause the budget resolution's limit on total spending to be exceeded;

And section 402(a) of the Budget Act—which requires that authorizing legislation be reported by May 15 preceding the beginning of the fiscal year in which the legislation becomes effective.

The rule provides 4 hours of general debate, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

The rule makes in order an amendment in the nature of a substitute consisting of titles I through VIII and title XII—redesignated as title IX—of the amendment in the nature of a substitute recommended by the Committee on Ways and Means on March 5, 1984.

This amendment shall be considered as original text for the purposes of amendment, and shall be considered as having been read. The rule waives all points of order against the amendment for failure to comply with clause 5(a) of rule XXI—which prohibits appropriations in authorizing legislation.

No other amendment is in order to the bill or to the amendment in the nature of a substitute except conforming and perfecting amendments recommended by the Committee on Ways and Means. It shall be in the discretion of the Chairman of the Committee of the Whole to entertain such amendments. Any such amendment shall itself not be subject to amendment.

The rule also allows any Member to demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the amendment in the nature of a substitute.

Finally, the rule provides for one motion to recommit, with or without instructions.

Mr. Speaker, as everyone knows, H.R. 4170 was originally reported by the Ways and Means Committee last October, but the rule which would have provided for consideration of the bill was defeated in the House on November 14. The Ways and Means Committee met again on this legislation earlier last month and reported an amendment in the nature of a substitute to H.R. 4170. This substitute included all of the provisions of H.R. 4170 as reported in October, with some amendments to those provisions—most notably an amendment excluding certain "public use" bonds from the State volume cap imposed on industrial revenue bonds. The substitute also added a number of additional revenue measures freezing certain provisions in the tax code which are scheduled for termination or revision and reforming the treatment of tax shelters.

The Ways and Means Committee then came to the Rules Committee and asked for a rule making in order the substitute to be considered as the original text of the bill. After consultation with the Ways and Means Committee and the majority leadership, the Rules Committee made in order an amendment in the nature of a substitute consisting of titles I through VIII and title XII of the substitute reported by Ways and Means. Titles IX, X, and XI, which were deleted from the substitute, deal with the social security disability, medicare, and trade adjustment assistance programs, respectively. It was believed that it would be better to deal solely with the revenue provisions of H.R. 4170 at this time and to consider the other provisions at a later time as separate pieces of legislation. Subsequently, the social security disability provisions passed the House on March 27 in H.R. 3755 and the medicare and trade adjustment assistance provisions have been included in H.R. 5394, the Omnibus Reconciliation Act of 1984, which is scheduled for consideration in the House tomorrow.

There was some controversy in November, when we last brought forward a rule for H.R. 4170, over the consideration of amendments to the medicare title of the bill. There were a number of Members who apparently misunderstood the procedures contained in that rule relating to consideration of those amendments. It is important to note, therefore, that the rule we are considering here today effectively removes all medicare provisions from H.R. 4170. As a result, there will be no consideration of the Ways and Means Committee amendment dealing with a freeze of physician fees paid by medicare, or of the Energy and Commerce Committee amendment dealing with the medicaid CHAPS program.

Besides making in order the Ways and Means amendment in the nature of a substitute, House Resolution 462 waives several points of order against the consideration of H.R. 4170.

The rule waives clause 2(l)(5) of rule XI, which would prohibit consideration of H.R. 4170 because the committee report is printed in more than one volume. It should be noted that the original committee report filed last October was printed in two volumes: One consisting of 488 pages, the other of more than 825 pages. The revised committee report filed on March 5, which explains the provisions of the amendment in the nature of a substitute, consists of an additional 1,833 pages.

The resolution also waives clause 3 of rule XIII. This provision of the House rules requires committee reports to include a "Ramseyer," a comparative print showing the text of any statute proposed to be amended and the proposed deletions from and additions to that statute. The committee report on H.R. 4170 filed in October included a "Ramseyer." The revised report explaining the committee amendment in the nature of a substitute does not include one. The additional provisions included in the substitute reported by the Ways and Means Committee earlier last month amend hundreds of sections of the tax code. The press of time prevented the preparation of a "Ramseyer" for these additional provisions.

This resolution also waives sections 311 and 402(a) of the Budget Act. A waiver of section 311 is necessary because adoption of H.R. 4170, as introduced, would cause the House to exceed the appropriate level of outlays set in the Budget resolution for fiscal year 1984. However, I want to point out that, because the spending portions of H.R. 4170 have not been included in the amendment in the nature of a substitute made in order by this rule, adoption of H.R. 4170, as amended by that substitute, will not cause the outlay levels set in the budget resolution to be exceeded.

A waiver of section 402(a) of the Budget Act is necessary because H.R. 4170, as introduced, authorizes the enactment of new budget authority for fiscal year 1984, but the bill was reported after the May 5, 1983 deadline for such authorizing legislation. However, the authorizing provisions of H.R. 4170 have been dropped from the amendment in the nature of a substitute made in order by this rule.

The rule also provides a waiver of clause 5(a), rule XXI against the substitute. Clause 5(a) prohibits consideration of an amendment containing appropriations to a bill not reported by the Appropriations Committee. The amendment in the nature of a substitute made in order by this rule contains two provisions which technically constitute appropriations. Section 463 increases the authorization limit on the Internal Revenue Service real property redemption fund from $1 to $10 million. Section 465 authorizes the Treasury Department to accept gifts and bequests for the purpose of aiding the work of the Department, with the proceeds of such bequests to be placed in a separate fund of the Treasury to be disbursed upon the Secretary's order.

The rule provides that no amendment shall be in order to the amendment in the nature of a substitute except for conforming and perfecting amendments recommended by the Committee on Ways and Means. It has been the policy of the Rules Committee to make in order committee amendments when a tax bill is being considered. This allows the Ways and Means Committee an opportunity to make technical corrections of errors or ambiguities which might be discovered subsequent to the rule being reported. In this instance, however, Ways and Means indicated at the Rules Committee hearing that they might find themselves in the situation where they would need to offer a substantive amendment under the allowance for committee amendments. The situation might arise where, subsequent to the adoption of the rule, the House would adopt a budget resolution calling for an increase in revenues greater than the increase contained in the Ways and Means substitute. Ways and Means indicated that they would then feel compelled to comply promptly with the budget resolution, and that they would like to have the flexibility to offer an amendment raising the additional revenues as a committee amendment to their substitute for H.R. 4170.

The Rules Committee applauds the Ways and Means Committee's commitment to respond promptly to any instructions to raise additional revenues. However, the Rules Committee feels very strongly that it would be inappropriate to ask the House to give any Member or any committee the right to offer a significant, substantive and potentially controversial amendment which no one has seen and which would itself not be amendable. Therefore, with Chairman ROSTENKOWSKI's agreement, we made in order only conforming and perfecting amendments in order to allow Ways and Means to make any necessary technical corrections. If the budget resolution which was adopted last week had called for a revenue increase significantly in excess of what was already provided for in H.R. 4170, we would have given prompt consideration to a Ways and Means request for a revision to this rule to allow them to offer an additional formally adopted committee amendment which would raise those additional revenues. However, since House Concurrent Resolution 280, the first budget resolution for fiscal year 1985, called for a revenue increase of less than $50 billion, there was no need to revise this rule to allow such an amendment.

Mr. Speaker, I have taken a good deal of time to explain the provisions and intent of this rule. I will not take any additional time to comment on the substance of the tax legislation itself, except to say that, like many Members, I am not entirely happy with the legislation. For instance, in spite of substantial improvements to the IDB section of the bill, I believe those restrictions are still too restrictive. But I know, if we put off voting on a tax bill until we have a bill that every Member of this House is satisfied with, we will be waiting a long time.

And I know, Mr. Speaker, that this country cannot afford to continue to wait for legislation to reduce the deficit. When I came out on this floor last November 14 with the original rule for H.R. 4170 the national debt stood at $1,378 billion. Since the defeat of that rule the national debt has increased by $114 billion, to $1,492 billion. If we refuse once again to consider this legislation, how are we going to explain to the American people that the time is not yet ripe for dealing with the deficit, and that our parochial concerns over certain provisions in this bill outweigh our concern over the $765 million that is added to our national debt every day we delay action on this and other deficit-reducing legislation.

I believe we all know that it is time to consider and adopt this legislation. One indication of this is that when the Rules Committee reported a rule for H.R. 4170 last November it was on a 7 to 6 vote. On March 7, the Rules Committee reported this rule out on a 10 to 2 bipartisan vote, with 1 abstention. Another indication is that 250 Members of the House voted last week for a budget resolution that assumed the passage of H.R. 4170. Those who did not vote for that budget resolution should remember that a number of the alternative budgets offered, which you may have supported, also called for the nearly $50 billion in increased revenues which would be raised by H.R 4170. All who supported such increases should realize that the only way to fulfill the promises contained in the budget is to support this rule and support H.R. 4170. If this rule or this legislation is defeated today we will not pass a revenue bill this year and we will have demonstrated that we are unwilling to implement the budget plans we set for ourselves.

Mr. Speaker, the adoption of this resolution is just a tiny first step toward reducing the deficit, but defeat of this rule would signal the entire country that we are standing still, that we are immobilized by special interests and partisan politics. I urge my colleagues to vote for this rule and demonstrate that we will take the steps needed to insure the longrun vitality of our economy.

□ 1420

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

Mr. Speaker, the situation today is quite different from that of November 17, 1983, when a rule providing for the consideration of a similar tax bill was defeated on the House floor. There were a number of difficulties with that rule which do not apply to the rule before us today. There have also been some improvements to the tax bill which should make it less objectionable.

The Rules Committee made a mistake in November by granting a rule that made in order a great number of controversial amendments. These amendments were a direct threat to the bipartisan spirit that had fashioned the tax bill in the Ways and Means Committee.

The Rules Committee took the opposite approach this time. This rule does not make in order any of the controversial amendments permitted by the rule defeated in November. The rule makes in order the committee amendment in the nature of a substitute that was reported with bipartisan support on March 5, 1984.

The rule also permits conforming and perfecting amendments formally recommended by the Committee on Ways and Means which are not subject to amendment and which shall be entertained only at the discretion of the chair. The rule makes in order only those titles of the committee proposal that raise revenue, not those titles that entail spending.

I am not suggesting that there are not legitimate objections to this tax bill. I am not satisfied with several of its provisions, especially in regard to the restrictions placed on industrial development bonds. I am suggesting, however, that this rule is a reasonable rule and that it should be adopted.

The committee amendment the rule makes in order was fashioned with considerable bipartisan support and it improves the bill. The restrictions placed on industrial development bonds were rendered somewhat less objectionable, though I remain opposed to them because I believe they will retard useful economic development. This is a great mistake.

The committee amendment also adds a new title which restructures and reduces the highway vehicle use tax while recapturing revenue by increasing the diesel fuel tax. This is an important measure that is much more fair to our trucking industry than current law.

There are a number of other provisions that deserve our support. For example, the reform of the Life Insurance Industry Tax System is a great improvement over current law. The extension of the single-family and multifamily mortgage revenue bond program will help housing by providing much-needed assistance to homebuyers. The fringe benefit provisions, while not perfect, do resolve an uncertain and confusing situation that has existed for many years.

Members are aware that the revenue figures for this tax bill meet the requirements of the budget resolution that passed the House last week. As such, this bill is a part of the deficit reduction downpayment. Another part will be brought up tomorrow on the House floor when we consider the budget reconciliation bill.

I urge adoption of the rule.

□ 1430

This is the second time around on this rule, and it is no time to delay any further. We must make a downpayment on our deficit. We must reassure the financial community that we are going to continue to improve our unemployment situation, we are going to lower interest rates, and we are going to keep our inflation rate down.

This is just the beginning. Let us go forward with it, Mr. Speaker.

I urge the adoption of the rule.

Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, as a general rule, I usually feel compelled to oppose rules such as the one approved by the Rules Committee for the consideration of the bill H.R. 4170, the Tax Reform Act of 1984. Typically, closed rules tend to eliminate the possibility of offering amendments, which, in my judgment, often improve the legislation under consideration by the House.

H.R. 4170, however, is not a typical bill. It is an extremely complex, more than 1,000-page compromise designed to help reduce the budget deficit.

It is also not a perfect bill. Although I am a cosponsor of H.R. 4170, there are a few provisions with which I do not agree. The House floor, however, is not the place to make changes in a bill as complicated as this.

After the defeat of the rule under which the predecessor to H.R. 4170 was to have been considered last November, the Ways and Means Committee made several changes in the bill. In addition to many technical changes, and to the inclusion in the bill of additional revenue items, modifications were made in the IDB provisions in the bill in order to reduce the types of bonds which would be included under the bond cap. The major bond change will treat publicly owned airports, convention centers, port facilities, and mass commuting facilities as public purpose projects, therefore exempting them from the IDB cap. Additional transitional rules were also provided for several of the bill's provisions.

The net result is that the bill we are going to be considering today is a much better bill than the one brought to the floor last year. It will provide some real deficit reductions, while at the same time addressing many of the concerns that were brought to the committee over the past several months. This is a good compromise package. And the rule should be passed so that we can get on with the business of considering its merits.

It is also important to remember that passage of this bill by the House is only the first step in the process. The bill must still be considered by the other body, and the substantial differences between the two versions will have to be worked out in a conference committee.

I invite my colleagues to vote for this rule. In my judgment it is a critical step in the process toward passing meaningful deficit reductions. Let those who do not want to reduce the deficit vote against it.

This rule is another step toward meeting an obligation on the downpayment. To me that is an important obligation which mandates a vote for House Resolution 462.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to our leader, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, I have some mixed emotions on this rule and on this tax bill.

I do not like raising taxes. It runs against my grain. I do not believe raising taxes is the cure-all needed to reduce the deficit.

In principle, raising taxes is bad medicine.

I do not like having to vote on this tax bill today. We thought we had a clear understanding that a tax bill aimed at deficit reduction would be preceded by a firm commitment to spending reduction.

We have made some small token spending reductions, but not nearly enough.

There is a reconciliation bill scheduled for a vote tomorrow, but if that bill represents what is left of the majority's willingness to cut spending then they are perpetrating a great hoax on American people.

The reconciliation bill is a joke.

The fact is there is no real commitment from the majority to cut spending. The tax bill we have before us could just as easily provide both the revenues and the excuse for increasing spending.

However, I am going to vote for this rule and I will vote for the bill.

One reason is that we do have a commitment to reduce expenditures that comes from down the avenue.

I received a letter today from President Reagan in which he reaffirms his commitment to refuse to sign this tax bill unless it is accompanied by or preceded by legislation to reduce spending.

Let me read that letter:

> DEAR BOB: As the House prepares to consider major elements of our deficit reduction downpayment, let me underscore the point I made to the Republican Conference two weeks ago: the deficit downpayment is a compromise and has involved give and take on all fronts. Therefore, all three components—loophole closings, domestic spending cuts and defense savings—must move forward in the legislative process so that consensus can be maintained and the threat of high deficits reduced. We cannot tolerate any effort to turn these genuine bipartisan efforts at balanced deficit reduction into a smokescreen for simply raising taxes.
>
> In this regard, I am pleased to note that Congress has already enacted the first two installments of the domestic spending cuts. The farm target price freeze which I signed today and H.R. 4169 which will cap COLA, pay and other costs, will save $11.4 billion over the next three years.
>
> In addition, both Senate and House reconciliation bills now pending contain an additional $3 billion in management savings partially based on Grace Commission recommendations. These bills are a good start and emphasize that domestic spending cuts are an integral part of the downpayment and are moving forward in the legislative process.
>
> I also note that the entitlement reforms contained in S. 2062, now pending in the Senate, and H.R. 5394, scheduled for floor action this week, between them can provide sufficient savings to achieve our targets in that category as well.
>
> Consistent with the $48 billion downpayment plan target for loophole closings, my Administration has generally endorsed the provisions of H.R. 4170. In light of the progress on spending measures reviewed above, I urge that it be acted upon expeditiously by the House.
>
> If the tax loophole and entitlement reform bills now being considered in both Houses can be merged in Conference in the weeks ahead, we will have achieved a substantial part of our deficit downpayment goal.
>
> Nevertheless, I will insist—through use of the veto if necessary—that the remainder of our downpayment be achieved in the appropriations process later this year. In particular, an overall freeze on non-defense appropriations, which could save $13 billion over the next several years, is both justified and essential to our downpayment package.
>
> In summary, I am pleased that despite the political temptations of the hour, forward progress is evident in both Houses of Congress. I urge that you and your Republican colleagues in the House do everything within your power to ensure that those remaining components of our downpayment plan are enacted as quickly as possible. These vital measures are our best practical means at present for reducing Federal deficits and ensuring that the buoyant economic recovery now underway is sustained in the months and years ahead.
>
> Sincerely,
>
> RONALD REAGAN.

I will vote for this tax bill because the President is committed, if no one else is.

I will vote for this tax bill because it contains provisions which do not increase taxes but provide much needed reform of the Tax Code.

This legislation is the product of the good faith of Members on both sides of the aisle and I have to respect the diligent efforts they put into it.

This legislation is realistic. As a component of deficit reduction it has a place in what we do in this Congress to open up the credit market for private investment and enhance economic expansion.

I say enhance economic expansion, because it needs to be said that deficit reduction by itself is not the end-all solution to economic improvement.

Deficit reduction is a partner in economic health care. Remember: Economic expansion is occurring without deficit reduction, right now, all across America.

The economy is growing and expanding and gaining new strength without reigniting the fires of inflation.

We have already won a good part of the battle of economic recovery, although there are going to be areas of the country, like my own, which will be the last to be pulled along because of our dependence on heavy industry and the losses that were sustained and suffered during the course of the recession. But in my judgment we have an obligation here. I certainly feel I have an obligation in keeping my agreement with the President, with the Members of my party and the other party, to try and fashion a package that includes reductions in defense, discretionary and some entitlement programs, and some revenue enhancement by way of these reforms.

So I would urge my colleagues to support the rule and support the bill on final passage.

☐ 1440

Mr. DERRICK. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. Shannon).

Mr. SHANNON. Mr. Chairman, I take the floor to address one aspect of this bill. I know that the rule is under attack because there are some controversial provisions having to do with industrial development bonds. And I think that all of us in the Chamber are of two minds on this issue. Certainly they have been an effective tool for economic development in some areas, but I think we all have to acknowledge that there have been abuses as well. If we as an institution are going to face up to this terrible problem of deficits then we have to be willing to eliminate these kinds of abuses.

I think that this bill addresses this problem in a very effective way. It does not say to States and local communities "You cannot issue bonds anymore." All it says is we want you to be careful who you are giving them to. Make sure that there are some economic benefit to the people before you issue bonds.

My own State, the Commonwealth of Massachusetts, I think has the best agency in the country. And even there, while we have seen bonds used for legitimate purposes, we have seen some abuses. One of the worst ones was last week when the Massachusetts Industrial Finance Agency approved a $16.1 million bond for Beverely Enterprises, a nationwide nursing home chain.

In case the Members are not familiar with Beverely Enterprises let me describe it to my colleagues. It is the largest operator of nursing homes in the United States, with over $1 billion in assets. It is an extremely profitable corporation. Its profits have risen 2,500 percent since 1976. It is an aggressive and fast-growing corporation. In the past few years it has been moving around the country buying up nursing homes in State after State. At last count they owned almost 800 nursing homes in 43 States.

And it finances these acquisitions in two ways. One is by getting industrial development bonds and the other is through stock and bond issues. Let me assure the Members it does not need this taxpayer subsidy to get its capital because it has raised more than $400 million through stock and bond issues.

By no stretch of the imagination is this a small company that needs IDB's to raise capital to expand its business. It is a huge enterprise with full access to the capital markets and it will acquire nursing homes in Massachusetts or elsewhere with or without IDB's.

The only reason Beverely Enterprises and corporations like them use bonds is because they are accessible under current law because we allow taxpayer subsidies to be used for these purposes. Who can fault them? It is a cheap way of financing the acquisition of nursing homes.

What we are saying in this bill to agencies like the one in Massachusetts and around the country is let us use some discretion. Let us make sure that when we issue these bonds they are going to create jobs. Let us not throw away the taxpayers' money because I do not think that the people of Massachusetts want their taxpayer dollars, their hard-earned dollars, to be used for these kinds of acquisitions of nursing homes by huge corporations.

This bill will require State agencies and local communities to be more discrete in the way in which they spend taxpayer dollars. What is so unreasonable about that?

I support the rule. I support the bill. I hope we are going to pass both.

Mr. QUILLEN. Mr. Speaker, I urge the adoption of the rule and the bill when it is presented on the floor.

At this time, Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. Gekas).

Mr. GEKAS. Mr. Speaker, throughout my brief tenure in Congress I have never been able to harmonize my thinking with the closed rule because in its inherent value it chokes off debate where many of us at given times feel debate is proper.

But, on the other hand, I can see where a closed rule sometimes is a very good tool for expediting the business of the Congress, but that closed rule should only occur, it seems to me, when there is only one issue at hand. To close a rule on one issue is more acceptable than when you have a closed rule where a package of items comes into play for a vote up or down. That gives us a soup with several different vegetables, some of which may cause stomach cramps. We need the opportunity to extract some of those vegetables in separate debate.

In my judgment, this rule does violence to those of us who want to speak out and to try to create some alternatives on the question of the industrial development bonds.

I would very much like to have the opportunity to see if we can better mold that issue to the liking of the substantial majority of the States and of the areas which have great benefits flowing from the IDB's.

For that reason, I oppose the rule and ask my colleagues to join in accepting all of the package, if you will, except give us the opportunity to talk a little bit more about and expand upon the issue of IDB's. That is the reason we ought to be defeating this rule.

A closed rule sometimes, yes, but most of the times, no. This is a no.

Mr. DERRICK. Mr. Speaker, I yield 4 minutes to the gentleman from Iowa (Mr. Bedell).

Mr. BEDELL. Mr. Speaker, the last few hours have been extremely difficult for me. I support the tax bill. I believe that we need to do something about our deficits and whereas I would go further than this tax bill does, at least it does something.

The problem I have is that in the last tax bill I rose to speak against the rule. That rule was defeated. It was defeated partly because of members of our Small Business Committee, who were very disturbed over a provision in that bill which would have said that big business could get pollution control tax-exempt financing, but would, in effect, prevent small business from getting it.

As a result of that some 37 of us sent a letter to the Ways and Means Committee and we received a letter back from its chairman indicating that indeed he agreed with us and it would be taken care of.

Unfortunately, and I hope only through a series of unfortunate events, we find that there are some problems with the wording in that tax bill and there could be a loophole for the administration, if they wished, to try to prevent us from getting such tax-exempt financing.

I have to tell the Members that all the indications that we have are that indeed the administration would do so. In fact, before my subcommittee, when I asked a representative of the administration whether or not they would change their policy if it could be shown that their policy discriminated against small business, he gave me a one word answer, which was "No."

I do not want to fight this bill. I do not want to fight this rule. I think it is something that we urgently need.

I have talked to a great many Members on this side of the aisle. They tell me that everybody is pretty uptight at this time. There is great concern as to what is going to happen.

I have a letter from the chairman of the Ways and Means Committee in which he says:

> The committee agrees with the members of your committee, who signed the February 10th letter, that small business should be greatly assisted in the national effort to check pollution. Any bonds issued for this purpose will be subject to the cap.

And he also says:

> I want to call your attention to a change agreed to last night in the markup of H.R. 4170 that would allow small firms both to receive SBA loan guarantees and use tax exempt industrial development bonds to finance pollution control devices.

I believe that the chairman meant what he said in that letter. I believe that he means to do what he has told us in a signed letter he would do.

Under those circumstances and after talking to a great many people, I have made up my mind that it would be improper for me to fight the rule on this particular bill because it is so important to us.

I guess all I can do, Mr. Speaker, is to plead with the gentleman that he will live up to what he told us he would do in his letter of March 1. That is all we ask. And if indeed the gentleman does that, we will be satisfied with what has happened.

Mr. MITCHELL. Mr. Speaker, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Maryland.

Mr. MITCHELL. I thank the gentleman for yielding.

Mr. Speaker, my colleague, the gentleman from Iowa (Mr. BEDELL) has raised a very serious issue. I just want to express my gratitude to the chairman and the members of the committee. We have an absolutely unholy situation in which small businesses are taxed, not permitted to use certain tax benefits, while the giant corporations of America are.

□ 1450

They pay their pollution bond taxes, and that cleans them up. Meanwhile, SBA is saying that our little businesses cannot have that luxury.

I want to thank the gentleman and the members of his committee. You have addressed this issue, Mr. GEPHARDT has, and I will say publicly that I have every reasonable expectation that the commitment that you made to us will be lived up to, and I am sincerely and deeply appreciative of that.

Mr. BEDELL. If I may reclaim some of my time, I hope that the chairman and the Members of this body realize that we have had every indication that if the administration is free to do so, they will not issue Small Business guarantees of these bonds. And we are most anxious that we do not leave a loophole to give them that opportunity, and I assume from the letter from the chairman that the chairman will do likewise.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 462 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4170.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4170) to provide for tax reform, and for other purposes, with Mr. DERRICK in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 2 hours and the gentleman from New York (Mr. CONABLE) will be recognized for 2 hours.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise to ask the support of the House for H.R. 4170, the Tax Reform Act of 1984. This is a bipartisan effort, with overall support from the administration, to simplify the tax law, to make it more equitable, and to scale back the growth of certain tax incentives that threaten to significantly erode the tax base. In an effort to raise additional revenue to meet the President's request for a deficit downpayment, the committee delayed—or froze—a series of tax reductions scheduled to take effect over the next 3 years. We have tried to make the deficit reduction effort as painless as possible.

The bill will raise $49.2 billion through fiscal year 1987—a statistic fixed more by political reality than economic necessity. While the revenue impact is modest compared with deficit estimates of $660 billion over the same period, the symbolic message is not: That Congress is prepared to move against the deficit.

If allowed to continue their upward sweep, deficits will ultimately crush the economic recovery. Perhaps not in 1984. Maybe not in 1985. But at the very least, unchecked deficits will collapse the Nation's trust in Congress ability to make tough economic choices. At most, they will either push us back into deep recession or spark renewed inflation.

Beyond the Nation's editorial writers and predictable voices from Wall Street, concern for $200 billion deficits seems to have all but slipped from national awareness. Too many people have been lulled by good economic news. No one senses that a national economic crisis is drifting ever closer.

Yet, we can now see the storm clouds on the horizon. Interest rates are rising—the prime rate, the Fed's discount rate, and mortgage interest rates. The financial markets know that the economy cannot prosper with these deficits.

We who have been sent to Washington to make difficult economic choices know that the only approach to reducing the deficit must be a balance of revenue increases and spending cuts. We know that, in the end, reducing the deficit demands sacrifice from all sectors of the economy. We know that it will demand political courage and bipartisan cooperation.

The bill we bring to the floor today goes the first mile.

By itself, the Tax Reform Act is a broad compilation of tax reforms, many of which have been on the committee's agenda for some years. We have moved to clean up a number of abuses, particularly in the leasing area. We managed to sort out our major differences over the bill's restrictions on the use of private purpose tax-exempt bonds—accommodating most concerns of individual Members. We have brought logic, simplicity and permanency to two major areas of the Tax Code—life insurance and fringe benefits. And we have tightened up a series of corporate accounting procedures.

This is not a Democratic tax bill. It is not a Republican tax bill. Its passage was virtually unanimous on both sides of the committee—a rare event in this period of political posturing and mistrust.

The bill carries as its preamble the bipartisan pledge to put every dollar toward reducing the deficit, rather than financing new spending initiatives.

Let me describe the major provisions of the bill:

OVERVIEW

To begin with an overview, the bill postpones certain tax reductions currently scheduled to take effect after 1983, supplies much-needed rules to frustrate a host of abusive tax-avoidance practices, and checks the excessive revenue losses associated with income averaging and leasing by tax-exempt entities. In addition, the bill provides successor legislation for provisions which have already expired relating to life insurance and mortgage subsidy bonds, refines tax laws relating to private foundations, restructures highway excise taxes for heavy vehicles, and makes simplifying changes and technical corrections in many areas.

TAX FREEZE

The bill freezes 11 tax reductions that were enacted in 1981 or 1982 but were not made effective until 1984 or a later year. The fact that Congress specified effective dates as much as 4 and 5 years after enactment indicates that these measures are not of immediate importance. Indeed, none of the 11 items were in the President's original tax-reduction program and none is needed to relieve hardships or repair fundamental problems.

The bill generally postpones these scheduled tax reductions until 1988. This freeze covers scheduled increases in the amount of property eligible for expensing, the amount of used property eligible for the investment tax credit, limits on credits for employer contributions to employee stock ownership plans, and limits on the amount of income earned abroad that is excludible from taxable income. The freeze also covers scheduled cuts in the top estate and gift tax rate and the windfall profit tax rate applicable to newly discovered oil. General application of liberalized finance leasing rules, indexing of limits on tax-qualified pension plans, and repeal of the telephone excise tax are postponed until 1988. One-half of the scheduled reduction in the cigarette excise tax is deferred until 1988, and the distilled spirits excise tax is temporarily increased for a 27-month period until 1988. The bill repeals the 15-percent net interest exclusion that would otherwise start in 1985.

The freeze unites good politics with good economics by simply postponing these scheduled tax reductions until a later date when, hopefully, we can afford to let them take effect. To achieve deficit reductions we must often choose between cutting existing spending programs or raising existing taxes. Here is a chance to achieve deficit reduction by postponing billions of dollars of low-priority tax cuts that have not yet taken effect. Many will wonder whether we can face the more difficult decisions, if we fail to defer these future tax cuts when the Treasury will be borrowing an additional $500 million every day in new debt.

CLOSING LOOPHOLES

The bill contains numerous provisions that will close abusive loopholes. The provisions are numerous because the loopholes are numerous. In general, the provisions deal with transactions and practices in which the essential private gain is derived from tax deferral or from the conversion of future expenses into current deductions, short-term gains into long-term gains, or ordinary income into capital gain.

For example, a corporation under present law may buy stock of another corporation shortly before the exdividend date and sell shortly thereafter. The corporation deducts 85 percent of the dividend received and offsets its short-term capital loss from the stock against other short-term capital gains, effectively converting those gains into 85-percent-exempt income. The bill provides new rules to discourage tax-motivated transactions of this type.

For another example, a taxpayer using the accrual method of accounting may be permitted to deduct currently amounts to be paid far in the future. This overstates the true cost of the taxpayer's expense, because the time value of money is not taken into account, and effectively results in an interest-free governmental loan to the taxpayer. The bill provides new rules to protect against premature accruals so that expenses for activities the taxpayer is obligated to perform are not generally accrued for tax purposes until the activities themselves are performed.

For a third example, present law does not specifically require that an exchange of business property for property of a like kind be completed within a definite period in order to qualify for tax-free treatment. This opens the opportunity for taxpayers who delay acquisition of the replacement property for a long time to avoid the general rule requiring recognition of gain on sales or exchanges of property. It has facilitated, for instance, attempts to qualify for tax-free treatment the exchange of partnership interests in "burned out" tax shelters for interests in different partnerships. Therefore, the bill provides a 180-day period for completing like-kind exchanges and clearly specifies that the like-kind exchange rules do not apply to any exchange of interests in different partnerships.

The bill addresses many loopholes which exploit deficiencies in present law. These occur in many areas, including accounting practices, compliance and the tax treatment of corporations, partnerships, trusts, bonds and straddles. The bill continues the efforts Congress made in 1981 to clamp down on tax-motivated straddling by repealing the general exceptions from the straddle rules for stock and exchange-traded stock options. It also provides rules to produce more uniform tax treatment of options market makers on securities exchanges and professional traders on commodity exchanges. In the foreign area, the bill tightens rules to prevent U.S. persons from shifting part of their income from wholly domestic transactions to a passive, related party in a tax haven; to forestall inappropriate recharacterizations of U.S. income as foreign income; and to assure that payment of Federal excise tax revenues to Puerto Rico and the Virgin Islands will be made only with respect to articles having a substantial economic connection with these possessions.

RESTRICTING EXCESSIVE REVENUE LOSSES

The bill corrects certain problems that were not foreseen when taxes were cut in 1981. One problem relates to the leasing of property by tax-exempt entities. Since enactment of the regular investment tax credit in 1962, Congress has disallowed the credit for property used by tax-exempt entities, for otherwise they could indirectly obtain the benefit of a credit against income tax from which they are exempt. However, Congress enacted no similar disallowance of the highly accelerated depreciation deductions approved in 1981, although they operate economically much like the investment credit. To prevent a Federal tax benefit beyond tax exemption itself and an incentive for leasing over public ownership, the bill slows down depreciation deductions for property leased to tax-exempt entities or foreign entities that are effectively exempt from the U.S. income tax.

To assure that the investment incentives afforded by the investment tax credit and accelerated depreciation deductions are directed to productive capital formation, rather than to subsidize personal indulgence in luxury automobiles which are represented as business assets, the bill denies those tax benefits for the cost of an automobile beyond $21,000.

A third problem concerns the growing use of income averaging. Averaging is intended to mitigate the tax consequences of a large, irregular jump in income, but it also operates under present rules to benefit persons with more normal increases in income. As the need for averaging has been diminished by the 23-percent reduction in marginal tax rates, the bill modifies the income averaging rules so only those taxpayers with an unusual increase in income will benefit.

LIFE INSURANCE

The bill contains a comprehensive reform of the life insurance company income tax provisions. Under present law, life insurance companies are taxed under a complex three-phase structure which results in a tax base that is unlikely to bear any predictable relationship to economic income. The bill replaces this structure with a simplified system that much more nearly resembles the tax treatment of other corportations. There are, however, provisions which reflect the special nature of the life insurance industry. These include rules for the computation of reserves and special deductions to ease the transition away from the benefits available under present law. The bill also provides for a comprehensive definition of life insurance to eliminate the marketing of certain products that are too investment oriented.

With respect to the treatment of policyholders, the bill places a $50,000 limit on the amount of group term life insurance that employers may give tax free to their retired employees. Also, the bill eliminates an exception to the premature distribution penalty for annuities and taxes deferred income on annunities if distribution is not begun before the death of the annuity holder. The bill also limits the deduction for interest on certain very large policyholder loans.

TAX-EXEMPT BONDS

Because housing costs and high interest rates continue to present a formidable barrier to low- and middle-income persons trying to buy their first home, the bill extends the tax exemption for qualified mortgage bonds to bonds issued prior to January 1, 1989. The bill provides that veterans mortgage bonds will generally count toward State mortgage bond volume caps and are subject to the 1989 sunset date. As an alternative to mortgage bonds designed to target a greater portion of the benefit of tax exemption to home buyers, State and local governments can trade in their mortgage bond authority for the right to issue tax credits to qualified home buyers.

To promote greater selectivity in the use of tax-exempt bonds for private activities and to control the Federal revenue impact, the bill subjects private activity tax-exempt bonds to statewide volume caps. Private activity bonds include most industrial development bonds (IDB's) and student loan bonds. Bonds used to finance projects for multifamily residential rental property are exempted from the caps. Additionally, IDB's used to finance convention or trade show facilities, airports, docks, wharves, and certain mass commuting facilities are exempted from the caps where the facilities are owned for tax purposes by a State or local government. The volume caps are to be set at $150 for each resident of the State, reduced to $100 per capita after 1986 to reflect the sunset under present law for small issue IDB's.

The bill contains additional measures to assure the appropriate use of tax-exempt bonds and to protect against the double benefit of tax-exempt bond financing and accelerated cost recovery.

PRIVATE FOUNDATIONS

The bill refines current tax laws regulating private foundations to better encourage and enhance their charitable activities, while retaining the basic protections against abuse. The bill contains incentives for additional charitable giving to foundations and removes certain unnecessary or unduly burdensome restrictions that may impede charitable activities.

HIGHWAY EXCISE TAXES

Present law imposes an annual use tax on heavy highway vehicles and a 9-cent-per-gallon tax on highway diesel fuel. The use tax, which generally depends on weight but not on mileage, is scheduled to increase significantly on July 1, rising from $240 to $1,600 on the heaviest trucks.

So that the highway excise tax burden will correlate more closely with miles of actual use, the bill reduces the heavy vehicle use tax from schedules levels and increases the diesel fuel tax. This is done without materially affecting the total amount of excise taxes collected or the distribution of those taxes among users of different types of vehicles. Beginning in July 1984, the maximum use tax is lowered to $500 on vehicles over 72,000 pounds and the diesel fuel tax is raised to 14½ cents per gallon. Vehicles weighing less than 55,000 pounds will pay no heavy vehicle use tax. To shield owners of light vehicles from these changes, the bill provides a one-time advance repayment of the extra fuel taxes expected to be paid over the normal useful life of diesel cars, pickup trucks, and other light vehicles.

SIMPLIFICATION AND TECHNICAL CORRECTIONS

The bill simplifies the tax law in many areas, including the computation of income tax credits, determination of an individual's liability for making estimated income tax payments, the treatment of transfers of property between spouses, and other matters.

In general, the bill groups existing income tax credits into logical categories and provides uniform tax liability limitations and carryover rules. The business credits will be combined into one credit and a 3-year carryback and 15-year carryforward period will be allowed on a first-in-first-out basis.

The individual estimated income tax rules of present law are simplified and clarified by the bill. Generally, an individual will be required to make estimated tax payments—including withholding payments—equal to the lesser of 80 percent of the current year's tax or 100 percent of the prior year's tax.

Under present law, gain is recognized on certain transfers of property in exchange for marital rights of a spouse or former spouse. The bill provides that property transfers between spouses or, if incident to divorce, between former spouses, will not result in the recognition of gain or loss.

Finally, the bill contains technical, clerical, conforming and clarifying amendments to provisions enacted by the Tax Equity and Fiscal Responsibility Act of 1982, the Subchapter S Revision Act of 1982, the Highway Revenue Act of 1982, the Social Security Amendments of 1983 and other recently enacted tax legislation.

CLARIFYING REMARKS

Several questions on the proper interpretation of the committee bill have arisen since the committee report was filed. As manager of the bill, I would like to offer clarification of these points.

Under section 112 of the committee bill, the time at which employers are entitled to deduct contributions made under an arrangement to defer compensation is the time at which the payments are made to the employees or independent contractors. The committee report clarifies that this special deduction timing rule will not apply to accrued compensation paid within a brief time after the close of the taxable year, consistent with typical payroll practices. It has come to our attention that, in some cases, employers presently are accruing yearend bonuses which are not able to be paid until the following year because of mechanical difficulties in computing the bonus amount, which may be based, for example, on total compensation or some other figure which cannot be determined precisely until shortly after the end of the year. The committee intends that, in such a case, payments within 2½ months after the close of the taxable year will be considered to be payments made within a brief time after the close of that year. Thus, if this requirement is met under such an arrangement, employers could continue to deduct the amount in the year before it is actually paid.

Under section 119 of the bill, a plan substantially all of the accrued benefits of which are derived from employee contributions is not a qualified pension plan. The committee report clarifies that, for purposes of determining the extent to which accrued benefits are derived from employee contributions, each plan of the employer is tested separately. The committee intends that this determination shall be made, in the case of certain plans maintained by the Federal Government or an instrumentality of the Federal Government, by aggregating all plans of the employer that constitute a single, interrelated program of benefits. Plans maintained by an employer are aggregated for this purpose only if, first, the plan is not maintained as part of a master or prototype plan designed and administered by an unrelated person and in the management of which the employer does not actively participate, and second, the employer maintains a defined benefit plan that is the primary plan for most retirement benefits and a voluntary savings program to which employees may contribute as a supplement to the primary plan.

Section 161 of the bill provides that the recovery of amounts for which a credit was allowed will result in an increase in tax. I wish to clarify that this provision will not apply where, for example, the research credit is allowed and the results of the research are later licensed and sold.

Under section 211 of the bill, there is proposed a new code section 816 which defines a life insurance company for Federal tax purposes. By way of amplification of the committee report, I would like the record to reflect our understanding that a life company that otherwise qualifies under this test would not otherwise fail qualification by reason of its stock ownership of life insurance company subsidiaries and receipt of dividends from such life subsidiaries, even if those life subsidiaries were larger than the parent. Of course, this determination should be made looking at all the facts and circumstances—without regard to the receipt of dividends from life subsidiaries—so as to prevent an abuse of the rule by what would be mere holding companies.

Under section 642 of the bill, the effective date of section 324 of the Social Security Amendments of 1983 is clarified. Under this provision, certain payments were grandfathered from the changes made by the Social Security Amendments of 1983. For example, the grandfather rule would extend to payments made under agreements entered into by March 24, 1983, with respect to an optional retirement and separation program which was offered to employees generally, or a class or classes of employees, on a nondiscriminatory basis, where the payments were made to employees who elected early retirement under the employer's qualified retirement plan. As a result, these payments would be treated as under prior law.

CONCLUDING REMARKS

Mr. Chairman, the Committee on Ways and Means has produced a very tight tax bill without fanfare or bloodletting. This is not a blockbuster revenue bill. The political parameters for passage were narrow. The bill is the purest tax reform work the committee has reported in many years. It certainly is the largest. The bill has no cornerstone. Its strength lies in its hundreds of small, complex parts.

Raising revenue is always difficult. It is perhaps the toughest political vote we are asked to cast. Compared with the revenues that face this body over the next few years, the deficit impact is marginal. But passage of this bill is a statement that we intend to stand our ground. It is one more ounce of faith that we give a doubting nation.

I urge support for the Tax Reform Act of 1984.

□ 1510

The **CHAIRMAN**. The gentleman from Illinois (Mr. ROSTENKOWSKI) has consumed 19 minutes.

Mr. **CONABLE**. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I have four reasons to vote for the legislation before us today.

First, I believe that our Federal deficits do matter and should be lowered. For many years, we fiscally conservative Republicans have been telling everybody that deficits are bad and that the Government's budget should be balanced. It is interesting to note that many Democrats now preach the same kind of sermon—one they formerly dismissed as irrelevant. I am glad they finally have seen the light and now agree that something must be done to narrow the gap between what we spend and what the taxpayers provide. Obviously this legislation will not close that gap; it will not balance the budget. But with interest on spending it will help. Combined with companion measures to reduce expenditures, it will have the net effect of bringing our income and outgo into closer proximity over the next 3 years.

Second, the legislation is consistent with the President's request in his state of the Union message, and in subsequent White House statements, for a downpayment on our looming deficits. Virtually everyone, including the President, who seriously wants to achieve a downpayment this year, has acknowledged that some increase in the general fund of the Treasury must be a part of the equation. Our committee's bill represents that revenue factor. It was produced early, and with some fine tuning, it has withstood the assaults of those who oppose either any tax changes or these in particular. No one has come up with an alternative revenue factor acclaimed as superior. That, of course, reflects the way the legislation was developed by the Committee on Ways and Means and is evidence of our chairman's leadership. He wanted to contribute to the downpayment, he seized the initiative and he made the best of it.

Third, the legislation makes some needed improvements in the Internal Revenue Code, notably with respect to the treatment of fringe benefits, sale-leaseback by tax-exempt entities, and foundations. Most of the changes were designed to curb the costly erosion of our tax base—a goal that ultimately will mean a fairer, more equitable distribution of the total tax burden.

Fourth, the legislation achieves all this without, in any way, disturbing either the third-year phase of the President's 25-percent, across-the-board tax reduction, or the most important policy change for American taxpayers: The indexing or marginal rates, the personal exemption, and the zero bracket amount—the threshold of income taxation. Indexing is scheduled to start next year. Once it does, taxpayers no longer will be hurt by bracket creep and the Congress will, for the first time, have to raise taxes openly if it does decide to increase its income. Government spenders will be unable to rely on inflation to collect more revenue automatically. Understandably, this knowledge has caused the institution a great concern. But indexing is the best friend the taxpayers ever had, and the congressional leadership, mindful of the provisions popularity, has backed away from killing or delaying it.

This legislation, therefore, has many virtues, Mr. Chairman. It also has some troublesome aspects.

One of these has to do with its linkage to spending cuts. When the Committee on Ways and Means completed action on this amendment in the nature of a substitute for H.R. 4170, Republican members of the committee expressed concern that it was not balanced by reductions in expenditures. We indicated clearly that our support depended upon solid agreements on spending cuts, especially assurances that the proceeds of the tax measure would be used only for deficit reduction, not for spending increases. The chairman of the committee, the gentleman from Illinois, accommodatingly said he would not bring the committee amendment to the floor until such agreements had been made and such assurances given.

It can be argued, of course, that these conditions were met a week ago when the House approved, by a substantial majority, the Budget Committee resolution. After all, the resolution did include spending reductions, most of it in defense, exceeding the revenue produced by the bill before us today.

It can be argued on the other side that the conditions will not be met until the various committees have complied with budget resolution instructions, and the House has acted finally on the resulting package. That will not happen until tomorrow, of course.

In any case, I am not thrilled by the spending reductions at stake here. Some of them arguably are composed of equal parts smoke and mirrors. Some of them represent a questionable mix of spending increases and decreases having the appearance of a net reduction. And the grand total of nondefense cuts is nowhere near as high as I prefer.

Frankly, Mr. Chairman, I am disappointed by our relatively feeble efforts to cut spending. But I am not shocked. We have done this sort of thing before, and the reality is that the tax part of the equation is here and we have to take a position on it today, one way or another.

The committee amendment is a complex combination of provisions addressing perceived abuses or loopholes, postponements of some scheduled tax decreases, and structural reforms of the Tax Code. It has nine titles.

TITLE I

Title I of the bill has three parts. First, a so-called tax freeze portion generally postpones for several years a number of provisions which would reduce revenues if they went into effect as scheduled under current law. Second, it contains the Tax-Exempt Leasing Act of 1984. Third, it contains a number of reform provisions, most of which were suggested by the Treasury and included in the President's budget package of February 1, 1984.

THE TAX FREEZE

The first provision postpones the increase in the amount of property which is eligible for expensing. Under existing law, the amount of investment in new property which can be expensed—that is, deducted completely in the year in which placed in service—would be increased gradually from its 1983 level of $5,000 to $10,000 for taxable years beginning after 1985. Under the bill, it would be frozen at $5,000 until 1988 and then phased in as under current law. The second provision postpones the increase in the amount of used property which is eligible for the investment tax credit. Under existing law, the maximum amount of used property eligible for the investment credit is scheduled to increase from $125,000 to $150,000 in 1985. The bill freezes the amount eligible for the credit at $125,000 through 1987, after which the limit increases to $150,000. Although this provision might have an adverse effect on small businesses, presumably that will be more than offset by the economic benefits of reducing deficits. It should be noted also that a number of other provisions of the bill are specifically designed to benefit small business. These include liberalization of the at-risk rules governing the use of the investment tax credit and the limitation on the deduction of losses for closely held businesses.

The third freeze item postpones the effective date of the finance lease provisions which resulted from the compromise reached on the repeal of safe-harbor leasing as part of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). While I personally opposed this provision because of its negative impact on our basic industries, which are struggling economically, a bipartisan majority of the committee did approve it as being consistent with the overall freeze proposal.

The fourth provision of the freeze postpones the increases in the employee stock ownership credit. Under existing law, the tax credit for employer contributions to an employee stock ownership plan is scheduled to increase from one-half of 1 percent of payroll in 1983 and 1984 to three-fourths of 1 percent in 1985. The bill freezes the credit at the current rate through 1987, after which it would increase to three-fourths of 1 percent.

The fifth provision delays until 1988 the indexing of the limits that were placed on contributions and benefits under qualified benefit plans as part of TEFRA.

The next provision delays liberalization of the foreign-earned income exclusion for 4 years. Under current law, certain U.S. citizens and resident aliens who live abroad are allowed to exclude foreign-earned income up to $80,000 in 1983. This amount is scheduled to increase to $85,000 in 1984, to $90,000 in 1985, and $95,000 in 1986. Under the bill, the maximum exclusion would be frozen at the 1983 level of $80,000 until 1988. Not allowing this provision to go into effect will have some negative impact on the hiring of U.S. citizens abroad, however, it should be noted that the strength of the U.S. dollar has significantly improved the position of U.S. citizens working abroad relative to that which existed when the liberalization was enacted in 1981.

The next provision of the freeze delays the reduction in the top estate and gift tax rate from 60 to 50 percent. Under current law, the top rate is declining from 70 percent in 1981 to 50 percent for persons dying in years after 1984. Under the bill, the rate is frozen at its 1983 level of 60 percent until 1988, when it declines as under current law. While this delay will result in some increase in estate and gift taxes, several points should be considered. First, the maximum rate of 60 percent does not apply until the taxable estate exceeds $3,500,000. As a result, the estates that would be affected by this change represent a small fraction of total estates and, moreover, represent only the most wealthy estates. Second, a number of provisions already in the estate tax laws reduce tremendously the burden of the estate tax on family farms, small businesses, and others, by permitting special valuation in the case of farms and allowing installment payment of taxes in the case of both family farms and small businesses, with a relatively low interest rate on the amount of the unpaid tax.

The next provision of the freeze delays the reduction of the windfall profits tax on newly discovered oil. Under current law, the windfall profits tax rate on newly discovered oil is being reduced over 5 years, starting in 1982, from 30 percent to 15 percent by 1986. Under the bill, the rate of windfall profits tax on newly discovered oil would remain at 25 percent through 1987, and then would be phased down as under current law. The provision is expected to raise a total of only $30 million over the period of 1984 to 1987. In view of this relatively small amount of revenue, it is not expected that the change would have a serious impact on further exploration and production. Moreover, the bill does encourage oil production by correcting an error that was made in the Tax Reduction Act of 1975, whereby percentage depletion on secondary and tertiary production was in effect repealed after 1983. Under the bill, this error would be corrected. Thus, independent producers could claim percentage depletion in 1984 at a rate of 15 percent on as many as 1,000 barrels of all their production.

Finally, the bill repeals the net interest exclusion which is scheduled to take effect in 1985. While the repeal may have some negative impact on the savings rate, this will be at least partially offset by the nondeductible IRA provision which is a part of the life insurance title of the bill.

TAX-EXEMPT LEASING

The second portion of title I of the bill is the Tax-Exempt Leasing Act of 1984. It provides rules intended to deny certain tax benefits to those who lease personal or real property to tax-exempt entities—Federal, State, and local governments and others. The underlying theory of the bill is that these benefits generally should be available to a lessor only if the lessee could have obtained the same benefit through ownership. There are significant exemptions for short-term leases, and generous transition rules to exempt from the bill most transactions wherein the parties had expended significant sums in reliance on current law.

The importance of these provisions cannot, I think, be overstated. The growth of these types of transactions over the past year has been most dramatic. A classic case was the sale-leaseback of ships by the Navy, and many communities across the country have wanted to sell and then lease back their city halls and other public facilities in order to save themselves some money at the expense of all the Nation's taxpayers. In the absence of the important changes in H.R. 4170, the Treasury stands to lose an open-ended amount of revenue.

TREASURY REFORM PACKAGE

A third part of title I essentially is a Treasury reform package that formed a key tax component of the President's 1985 budget. The package generally is intended to address loopholes and structural defects. There are modifications with respect to the treatment of bonds and other debt instruments. The tax treatment of corporations and their shareholders are modified in certain respects. There are several provisions with respect to the taxation of partnerships and trusts, to eliminate unintended uses of those entities. There are a number of important changes, relative to the so-called time value of money, intended to prevent taxpayers from artificially reducing taxable income by taking deductions with respect to payments that will not be made until far into the future, or by prepaying expenses that are not actually necessary currently. The tax rules governing commodity straddles that were enacted as part of the Economic Recovery Tax Act of 1981 (ERTA) are extended to stock options and other equity forms of investment. These rules were developed in close consultation with the affected industries and represent a compromise on the part of the parties involved. There are a number of provisions dealing with the treatment of foreign taxpayers, some compliance items, and some miscellaneous provisions, the most significant of which modifies income averaging. The modification is consistent with the primary purpose of averaging: that is, to ease the adverse impact of a particularly large amount of income received in a single year but actually attributable to several years of labor. I think the change is justified because the 3-year rate reduction and the advent of indexing will serve at least some of the original purpose of income averaging.

LIFE INSURANCE

Title II, the Life Insurance Tax Act of 1984, represents the culmination of an intense and comprehensive review of Internal Revenue Code provisions governing the tax treatment of life insurance companies and their products. In many ways, the development of this particular piece of legislation should serve as a model for the future. It resulted from close cooperation and extensive consultation with all interested parties, including every segment of the life insurance industry, plus the Treasury and agents' groups. It represents a substantial improvement of the 1959 act which has massive complexity and numerous illogical provisions. Moreover, it has the widespread and active support of the industry affected. Its prime movers, the gentleman from California (Mr. STARK) and the gentleman from Louisiana (Mr. MOORE) should be proud of their achievement.

PRIVATE FOUNDATIONS

Title III, relating to private foundations, stands as a milestone in the development of foundation law.

It ends a lengthy process of study and consideration. Last year, I chaired a committee of the President's Task Force on Private Sector Initiatives. My job was to review legal and regulatory impediments to private philanthropy. A substantial portion of our final report was devoted to those obstacles which reduce the effectiveness of private foundations or needlessly curtail their philanthropy. Remedies were proposed in H.R. 3043, which I introduced in the spring along with Representatives SHANNON, FRENZEL, and GEPHARDT, my colleagues on the Ways and Means Committee. In June, our Subcommittee on Oversight held extensive hearings on the role of private foundations, in light of the landmark 1969 legislation and 14 years of experience under it. The legislation before us today, therefore, has evolved through many layers of review and consideration.

One of the most significant provisions increases limits on tax deductibility of contributions to private foundations. Although these new rules fall short of my long-held goal of putting gifts to private foundations on a par with gifts to other public charities in terms of tax treatment, they nevertheless represent a positive step toward that equality, and a spur to turning around the declining birthrate of private foundations.

The issue of excess holding clearly has been the most controversial in our consideration. In 1969, the Congress agreed: First, that foundations ought to maximize income for their charitable purposes, and second, that this goal was inconsistent with owning and operating businesses. The fear was that the interests of the business might take precedence over the philanthropic purpose of the foundation, and that foundation-owned businesses might have an unfair competitive advantage over businesses owned by taxable entities. Under the 1969 act, foundations must reduce their holdings, in gradual stages. Now that some of those with substantial excess holdings are approaching the end of the first phase of divestiture, without having divested themselves, they are seeking relief from the 1969 requirements. The committee listened carefully and at great length to the arguments of these foundations and concluded, properly I believe, that the 1969 requirements were fair, still serve a useful purpose, and ought to be retained.

This title does provide limited relief from divestiture rules by permitting IRS to grant a 5-year conditional extension in the case of unusually large gifts or bequests.

Also important is the relief provided for certain operating foundations, including many libraries and museums. Occasionally such institutions lose their public charity status and become private foundations because income from their endowments grows disproportionately to their public contributions. The bill provides that when this happens, the organizations will not be subject to the 2-percent excise tax or the expenditure responsibility requirements imposed on other foundations which may lend them support.

In summary, title III is the product of a comprehensive examination of foundations today. In some respects we have reaffirmed the wisdom of the 1969 act, in others we have made adjustments to help our Nation's foundations meet the philanthropic challenge they face.

SIMPLIFICATION

Title IV, the Tax Simplification and Improvement Act of 1984, also represents a comprehensive effort, initiated at the request of Chairman ROSTENKOWSKI and myself, by the House tax staffs and the Treasury to identify unnecessarily complicated areas of the Internal Revenue Code. Working closely with members of the American Bar Association and other professional groups, the combined staffs recommended a number of significant improvements in the code which should help many taxpayers.

Among these improvements are the following: A significant liberalization and simplification of provisions governing division of property between separating or divorcing spouses; a simplification of the estimated tax payment rules; a liberalization of the at-risk rules restricting use of the investment tax credit, and losses, so as to more fairly place limitations on closely-held operating businesses, while at the same time preserving the limits necessary to discourage abusive tax shelter type transactions; new rules for sequential use of various tax credits available under the code, and a liberalization of rules governing the deductibility of lodging expenses incurred in connection with obtaining medical treatment while away from home.

FRINGE BENEFITS

Under title V, the fringe benefit provisions, the Congress would for the first time directly confront the troublesome question of which elements of employees' compensation should be subject to Federal income and employment taxes.

Over the years, as marginal tax rates of ordinary citizens have been pushed higher and higher by the bracket creep phenomenon, employers and workers groups have become increasingly adept at structuring compensation packages which shift large chunks of pay outside the tax structure. This has progressed to where many companies routinely pay 30 to 40 percent, and some pay more than half of payroll, in fringes and perks.

When the IRS proposed regulations in the 1970's to make virtually all compensation taxable—as the Tax Code currently provides—the ensuing wave of protest produced not a solution to the issue, but a procrastinating series of moratoriums to prevent IRS from acting. The result has been an inconsistent patchwork, where a particular type of fringe may be untaxed in some parts of the country but routinely challenged by the IRS in others.

These trends are disturbing for a number of fairly obvious reasons:

The lack of consistent rules has given a false impression that fringe benefits currently are not considered as taxable income, and that only income which is received in the form of cash is subject to Federal income tax.

Not all companies pay lavish fringe benefits, and employees who are paid entirely in cash may be at a disadvantage, after taxes, compared to workers who are showered with fringe benefits.

A self-reinforcing cycle may be perpetuated if fringes remain in limbo. The tax base will be eroded severely, tax rates will be raised in order to generate the same amount of income from a smaller base, and higher rates, in turn, will encourage the payment of fringes as even higher proportions of compensation.

Title V attempts to break this cycle by establishing definite boundaries as to what constitutes taxable income. It takes into account the current climate by accommodating the types of fringe benefits which have generally and largely gone untaxed under the moratoriums.

The certainty which these changes will provide should offer welcome relief in a hitherto murky area. This legislation is fair to employers, to employees, and to taxpayers generally. And from a public policy viewpoint, perhaps the most important accomplishment in title V is the conservation of a portion of the tax base which was in jeopardy of becoming dangerously diluted.

TECHNICAL CORRECTIONS

Title VI makes a series of necessary corrections in the Tax Equity and Fiscal Responsibility Act (TEFRA), the Subchapter S Revision Act of 1982, the Highway Revenue Act of 1982, and the Social Security Amendments of 1983. These changes all are technical, clerical, conforming, or clarifying in nature.

TAX-EXEMPT BONDS

Title VII, the Tax-Exempt Bond Limitation Act of 1984, has three principal parts. The first provides for a 5-year extension of the mortgage subsidy bond program. It also offers a new option to give local issuers the ability to exchange bond authority for the authority to issue tax credits to qualifying home buyers. These credits are equivalent to the benefits available through borrowing money raised under the bond program at reduced interest rates. Because the credit is a more efficient way of providing benefits to home buyers, it is possible to provide the same total level of benefits at a lower cost to the Federal Government.

The second part of the title places a limitation on the amount of certain private purpose tax-exempt bonds which may be issued in any 1 year in a State on a per-person basis. General obligation bonds of State and local governments are not subject to the cap. Bonds for tax-exempt charitable organizations, such as hospitals and universities, also are not subject to the cap. Other private purpose tax-exempt bonds, including student loan bonds, are subject to the cap. Moreover, the cap has been significantly modified from the form in which it originally was proposed. Bonds for low-income, multifamily housing have been completely removed from the cap as have certain publicly owned facilities like airports, docks, wharves, and convention centers.

The need for some effective limitation on the growth of private purpose tax-exempt bonds has become more apparent as both their total volume and percentage share of the overall tax-exempt market have grown dramatically. In 1976, the total volume of private purpose tax-exempt bonds was $6.2 billion, which represented only 21 percent of the total tax-exempt market. By 1983, the total volume had reached $62.4 billion and represented over 68 percent of all tax-exempt obligations. This expansion has raised two significant concerns. First, the total cost of these benefits to the Federal Treasury has risen significantly. Second, the cost of borrowing by State and local governments has been pushed up substantially as private purpose borrowing has crowded out the overall tax-exempt market.

The per-person limit is considered by many to be the fairest and most logical method of controlling private purpose bonds, for several reasons: First, the level of the cap is fairly generous at $150, the national average for 1983 actually was only $113; and second, responsibility for allocating the cap is placed at State and local levels where officials should be better able to evaluate the relative merits of projects.

The third part of the bond title consists of a number of additional restrictions recommended by either the Treasury or various Members. Included are the following: The depreciation available with respect to property financed with tax-exempt financing is made the same for all types of property, except for low-to-moderate-income multifamily housing which continues to receive a more generous method; the tax-exempt status for bonds is denied if the borrowing of the proceeds is federally guaranteed; and the arbitage limitations currently applicable to mortgage subsidy bonds are extended to other tax-exempt bonds.

MISCELLANEOUS

Title VIII, the miscellaneous revenue portion incorporates a number of provisions intended to address inequities in the code or to liberalize the treatment of certain transactions. Included are provisions extending capital-gains treatment to part of the gain derived from a condominium conversion; exempting taxpayers making net gifts prior to March 4, 1981, from the unfavorable tax impact of a U.S. Supreme Court decision subsequently rendered concerning such gifts; extending casualty loss treatment to those taxpayers who are required to raze their homes as a result of a storm, flood, or other natural disaster; liberalizing the tax-free reinvestment of amounts received prior to retirement for certain types of retirement plans; and clarifying as the administrations recommended the tax-exempt status of dependent care organizations.

TITLE IX

The final title represents a compromise reached in the Ways and Means Committee on the tax treatment of heavy trucks. The language on this subject in the gasoline tax bill enacted late in 1982 proved extremely controversial. The committee, therefore, acting before the effective dates on those particular provisions, agreed on an amendment more broadly acceptable to interested parties. Essentially, the change provides a so-called diesel differential of 5.5 cents per gallon on that type of fuel to replace the heavy truck use taxes scheduled to take effect in July. As far as I know, no controversy on the issue remains.

In summary, Mr. Chairman, this committee amendment in the nature of a substitute is important legislation. It represents an enormous amount of developmental work, spanning many months and, in the case of a few provisions, several years. Members and staff have labored with executive personnel, notably from the Treasury Department, and with affected private sector groups, in a cooperative effort to solve a series of longstanding problems of concern to all parties.

Let me remind my colleagues of two key characteristics of the legislation.

One, it is a bipartisan product. On most of its contents, minority and majority worked cooperatively. On final passage, there was a voice vote and little dissent was heard; 27 of the committee's 35 Members, including eight of our 12 Republicans, cosponsored the measure. Some are now diappointed that better spending restraints had not been achieved as a precondition.

Two, this is a big bill in terms of bulk, but it is not as monumental as some have described it. It does raise nearly $50 billion over 3 years, but it does not raise individual rates. Instead it generates revenue through the closing of loopholes and delaying for several years certain provisions which would have resulted in a revenue loss if they went into effect as scheduled.

Boiled down, the legislation had two great values: It helps make a respectable if not abundant downpayment on our deficits, and it makes some long-needed improvements in our Tax Code. Some of its provisions were designed to simplify, some would correct inequities, some would merely clarify. Others, as I indicated earlier, would prevent further erosion of the Nation's tax base.

Our tax base has been eaten away steadily by fertile and innovative operations who have taken advantage of every potential loophole—opening them wider and wider until the drain on an already impoverished Treasury has reached dangerous dimensions. In an era of awesomely high deficits, I do not see how we can stand by and watch while that revenue drain continues unabated. To the extent we do that, the burden on the average taxpayer will increase proportionately.

If this legislation did no more than strengthen the base, it would warrant support. But it does much more than that. I will vote for it, and I encourage my colleagues to do so.

□ 1530

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 15 minutes to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Chairman, first I want to commend the chairman and the ranking member of the Ways and Means Committee for bringing this bill before us. It is important legislation for this country and needs to be passed.

Now, Mr. Chairman, two of the provisions included in this bill are bills which I introduced at the beginning of the 98th Congress. We called them the Pickle bills and they received a lot of criticism, but they resulted in two provisions that I want to make reference to here today. One is the use of sale-leaseback schemes which cities and other nonprofit entities, including the Federal Government, have been employing in recent years, and the second is restricting the use of industrial development bonds.

First, I want to address the portion of the bill restricting these so-called sale-leaseback schemes. This legislation will stop one of the most unusual, ingenious, and costly tax shelters that we have seen in years. By now we have all heard stories of how these transactions are being used. In one of the most celebrated cases, the U.S. Navy entered into a $2.39 billion long-term lease for the construction and charter of 13 cargo ships for its rapid deployment force.

Now, on the surface, that looks like a good deal, but that is because Navy did not include in its cost estimate the total lost Federal revenue that would result from this transaction, which in the first 3 years amounted to $1.3 billion. That is more than half the total reported cost to the Navy. But whether it is a city selling its city hall and leasing it back or whether it is the leasing rather than purchase of the U.S. Navy leasing cargo ships for the rapid deployment force, it all adds up to one thing. It is a bad deal for the U.S. taxpayers.

Let me give you an example about how some of these transactions work. A city will sell its city hall to private investors or developers. Sometimes they have financed this property with industrial development bonds. Then the city will enter into a lease with the private owners who will get tax-exempt financing, accelerated depreciation, investment tax credits, and interest deductions.

Now, that means, Mr. Chairman, that in many instances in this type of project the Federal Government is picking up the tab for a substantial portion of the total cost. Now, that is not right and that ought not to be allowed and this bill attempts to put a curtailment on that.

Clearly, Congress never intended that tax-exempt entities receive the type of benefits that make these deals so attractive. Leveraged leasing and sale-leasebacks generate depreciation deductions, interest deductions and investment tax credits that would not exist if the ownership remained in tax-exempt entities.

A city, a county, or a State, Mr. Chairman, does not have any tax liabilities and as such they are not entitled to tax credits and they certainly ought not then to be able to take advantage of tax benefits which they would not qualify for on their own.

Actually, our cities and the counties are literally in many instances selling tax shelters, deductions, and credits that they are not entitled to.

Now, this practice is a way for the local, State, and other government agencies to pass on the costs of their operation to the Federal Government. It is literally a back door way of getting a Federal subsidy and that kind of a subsidy ought to be stopped.

Now, Mr. Chairman, I would like to address that portion of the bill pertaining to the use of industrial development bonds. Since the mid-1970's, the use of private purpose tax-exempt bonds to subsidize the borrowing costs of private business has increased dramatically. The total dollar volume of private purpose issues has skyrocketed. Now, listen to how it has grown. In 1975, $6.2 billion were issued. In 1982, that volume went to $44 billion. Now, that is over half of all tax-exempt bonds. In other words, IDB's are now bigger in volume than the traditional tax exempt bonds.

As a consequence, our counties and our cities now are going to have to go out and look for buyers to buy traditional bonds. Now, that is a fact. They do not like to admit that, but they are just now realizing that.

More than that, local taxes and local user fees will have to be raised to pay for the increased cost of interest on traditional public purpose bonds; so literally they are shooting themselves in the foot and I think our cities and the counties are now realizing that.

Now, some say that the changes made by TEFRA in 1982 took care of the IDB problem, that it is too soon to be opening up this issue again; but TEFRA hardly slowed down this program. It did not stop national nursing home chains and national discount houses from using IDB's as routine business loans, nor has TEFRA prevented some of our largest multinational corporations with access to a multitude of ways to raise capital from taking advantage of so-called small issue IDB's. I am talking about nearly every major corporation in America.

□ 1540

All of them are getting into this because it is there and so they are taking advantage of it. They will tell you privately that is not really a good thing. It might be a good thing for their pocketbook but it is a terrible thing for the Federal Government.

You can see that the temptation for a local official to parcel out tax subsidies to private enterprise is strong. You know it makes a city councilman or a commissioner feel good to approve a $20 million or $30 million project. He satisfies that entity and he can walk off and sleep well that night because he does not have to put up a dollar, not a dollar, and he does not have to be responsible for it. He does not have to answer ever again for that project, if it is a good one or a bad one or if it goes down or if it might succeed.

If there is no responsibility then you can see that they are going to issue these things willy-nilly and that is just what they are doing.

I am not talking about some faraway places. They are doing it in my city of Austin.

The proponents of the IDB's say they need the IDB's to build their communities, to revitalize their States, and that there is no other way to do it. Mr. Chairman, that is false. We just ought to brand it: that is a false statement.

They say there is no other way to do it. Mr. Chairman, every city, every county in the United States can issue industrial bonds. They do not go only to distressed areas. They go anyplace they want to and everybody accepts it.

So I say to you that it is a temptation and I guess we cannot blame them. But we ought to put a stop to it.

What does it cost? I will conclude by saying this: The Joint Committee on Taxation has estimated that without any restrictions on the use of IDB's, that the Federal Government will loss in excess of $64 billion in the next 4 years, $64 billion.

For those of you who want no limits on IDB's, you might gain a little favor back home. But let me tell you you are causing immense problems for your Federal taxpayers. Everybody then has to pay for these things.

So it is not something we can just consider lightly.

The bill we have before us, Mr. Chairman, restricts the use of these IDB's only by about 15 percent. Why, Mr. Chairman, you would think that we were going to kill the program with the hue and cry and the wringing of hands here by some to the Members saying "Oh, I just can't give up these IDB's." We are really only going to restrict them by 15 percent and that is all, and all of these crocodile tears are just self-serving. It is not going to hurt them that much.

I wish we could do more. We ought to do more. You are going to see, unless we take further action later, that these things are going to get so much out of hand that drastic steps will have to be taken to change it.

This bill is not perfect. I do not like the State volume limitations in it. I wish we did not have a cap. I wish we could use some kind of restrictions in the depreciation schedule that would make these bonds less attractive.

I hope that we can make some changes. But that is not the question. There is a cap in this bill and it does not do that much violence to the corrections we are trying to make.

This bill ought to be passed and you ought not hold back just because there is a cap on it. The bill is needed.

There are three things in this bill that ought to be enough to make us pass it with a resounding vote. First, the sale and leaseback. That is monumental legislation. It will go down in the tax books as one of the best things we have ever done.

Second, the curtailment of the IDB's. It is an attempt to control the volume of tax-exempt bonds used to finance private activities.

Third, the life insurance section of the bill resolves the question of how our life insurance companies will be taxed. It will provide direction and certainty for the industry.

These are vitally important matters. So I say to you this is good legislation and it ought to be passed. It ought to be passed by a strong vote.

I yield back the balance of my time.

Mr. CONABLE. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan (Mr. SILJANDER).

Mr. SILJANDER. Mr. Chairman, as I was traveling throughout my district over the last several weekends and holding town meetings and talking to constituents, I asked them a basic question: Are you willing to support the 1984 Tax Reform Act?

The response I heard over and over again was very simple, no. This is because in 1982 we were asked to support the Tax Equity Act, a $100 billion increase in taxes and covering up of loopholes, et cetera, and we were told that if we did that the deficit in 1983 and the deficits in the years to come would be substantially reduced.

We all know that after the Tax Equity Act of 1982 $100 billion tax increase was passed, 1983 had the highest deficit in history.

Now, in 1984, it is not looking much better.

We were also told that if we voted for this tax increase, with every $1 of tax increase we would have $3 in tax reductions. Again that never happened.

Then, in 1983, we were asked to vote for social security tax increases which passed in 1983, and we were asked to vote for a gas tax increase both of which passed.

Now, in 1984, we are now looking toward a estimated $50 billion increase in taxes and plugging up loopholes under the guise of the tax reform.

Mr. Chairman, I showed this book to my constituency. It is 1,023 pages of tax increase and loophole plugs. That is the bill we are now discussing on the floor, with an additional 810 pages of explanations of the 1,023 pages of tax bill.

I told my constituents that if any of them could read this then could explain to me what it said I would be more than thrilled to support and vote for it. No one did.

I think the American people are clamoring for a fair and simple tax system that we all can relate to and that we can easily understand.

This document, this 1,023 page tax bill which incidentally does not include the bureaucratic promulgation that will come adding more pages. This added to 10,000 approximate pages of the IRS Code is complicated and confusing.

I do not think the average citizen in this country, certainly not myself, could fathom 10,000 pages, nor understand them, nor understand an additional 1,023 pages of more IRS Tax Codes.

I have asked people two simple questions. I asked them, one, do you feel you are overtaxed. Needless to say, all of my constituency at meetings of businessmen, lawyers, farmers, the average citizen answered yes. They all felt they were overtaxed.

I asked a second question: Do you feel the Government spends too much money? The answer was a resounding almost unanimous yes once again.

What do the American people want? They want something that is a simple, fair tax system that requires everyone to pay their fair share of taxes. The elite, through sophisticated lawyers and tax loopholes can avoid paying taxes which leaves the massive burden on the middle-income American. People want and ought to receive a simple tax that all would pay equally and fairly.

Also a system that will make sure the poor or the lower income brackets are not adversely affected. A tax system that will assure homeowners to still deduct their property taxes and interest on their homes, and also assure the charitable and religious institutions that we would not want to tamper with the deductions for them.

Certainly, and last, in making the system very simple, and with four basic deductions, allow an incentive for increased savings through IRA and Keogh deductions.

What I am alluding to is a simple, basic, flat tax that the average American citizen, the average American taxpayer who has been filling out their forms over the last several months, can understand.

Yes, Mr. Chairman, rather than 1,023 pages of tax increase and loophole plugging and 810 pages of explanations, we could eliminate this entire maze, including the 10,000 pages of IRS regulations. I reduced it to one single, simple page. It would take 10 or 15 minutes for any of us to fill out our taxes whether we were a millionaire or the average working man.

The best way to plug up the loopholes is a fair, simple, flat tax of 10 percent.

Many people in this country wonder why should we give Caesar more than we give God, and this is a basic, 2000-year-old tithing principle.

So I would call upon my colleagues to consider at least looking at a proposal I will be introducing this week, a simple 10-percent flat tax, and there will be no need to hire sophisticated Harvard lawyers to fill out a tax form any longer.

□ 1550

There will be no way for the rich to hire them to avoid paying taxes through loopholes. I appeal to my colleagues and the American people, this versus this; thousands of pages versus one.

I thank the Chairman.

Mr. Chairman, I yield back the balance of my time to the gentleman from New York.

Mr. CONABLE. May I ask the Chairman how much time the gentleman from Michigan used?

The CHAIRMAN. The gentleman (Mr. SILJANDER) yielded back 4 minutes.

Mr. ROSTENKOWSKI. I yield 5 minutes to the gentleman from North Dakota (Mr. DORGAN).

Mr. DASCHLE. Mr. Chairman, will the gentleman from North Dakota yield to the gentleman from South Dakota?

Mr. DORGAN. I yield to the gentleman from South Dakota.

Mr. DASCHLE. Mr. Chairman, I rise in opposition to the bill.

Mr. Chairman, once again we return to the floor to debate H.R. 4170, the Tax Reform Act of 1984. And once again, as I did last November, I must reluctantly rise to register my opposition to the partial substance of this bill but, more importantly, to the unfair procedural methods used to guarantee that effective debate and improving amendments on certain sections of this bill cannot be carried out.

The rule we accepted today is the same rule that this House rejected last November in that it makes in order only those amendments formally approved by the Ways and Means Committee. Effectively, this means that no amendments can be offered. The reason for this gag rule is that a more open rule might prove to be a little messy, and that the smooth passage of this bill, drafted in closed door session by the Ways and Means Committee, might be delayed for a few hours or, unthinkable as that is, marginally changed.

I would agree that an open rule would perhaps be a little messier than the greased skid operation we will see here today. But democracy is by its nature a messy business. Totalitarianism and dictatorship are neat, without any loose ends, and without significant debate. But democracy, which this

House is supposed to be the ultimate expression of, generates its strength from the free and open exchange of differing ideas, and resolves those occassional conflicts through majority rule. The process going on today is in many ways a repudiation of that process.

We are being asked to vote up or down on a bill which runs over 1,000 pages in length, and which is explained in a committee report which itself runs over 1,800 pages in length. There is much that is good in this bill which, if it were presented on its own merits, would overwhelmingly pass this House. My own vote, for instance, would be positively cast for a number of provisions in H.R. 4170 were they considered on their own merits. To the committee's tactical credit, it has crafted this bill using a carrot and stick approach which has guaranteed lobbing support in the bill's favor from a wide spectrum of the business community affected by the bill. In doing so, it has also guaranteed passage of the bill.

Certain sections of the bill should pass, and should pass overwhelmingly. These are the carrots the committee has included in the bill. Among these are provisions that I have long supported, introduced legislation on, and voted for in the past, and will vote for again in the future.

One of the items that fits into this category is the reauthorization of mortgage revenue bonds, a highly successful interest lowering device which has made homeownership possible for many who could not otherwise afford a home of their own. Authorization for this program expired at the end of last year, and, in my own State of South Dakota, funding for the program provided by the last bond issue is on the verge of being exhausted. We need to reauthorize that program, and to do it now.

Similarly, the bill provides a sensible reformulation of tax policy relating to the insurance industry. I am a strong supporter of this legislation, popularly known as the Stark Moore provision, and would, on an individual vote, indicate that support. The same can be said of the provisions in the bill which regularize the tax treatment of fringe benefits, and remove them from the limbo in which they presently reside. I also favor provisions allowing for increased contributions into individual retirement accounts, measures to curb tax shelters and abuses of corporate tax laws, windfall profits on newly discovered oil, finance leasing tax treatment delays, luxury car tax credit and deduction limitations, and tax simplification procedures. These are a few among the many of the provisions of this bill that I could support, and will support again in the future.

I am also glad to see the committee has taken action in this bill to at least partially offset the inequitable heavy vehicle user fees which were mandated in the Surface Transportation Assistance Act of 1982. I opposed those provisions in the STAA in 1982, and voted against the bill at that time, preferring, as I do now, a straight diesel differential tax as the most equitable way of linking costs to actual highway use. While the committee provision makes a start in this direction, it still does not provide a pure diesel differential, as envisioned in H.R. 2124, which I have cosponsored and testified in favor of before the committee. While I understand many of the national trucking organizations are satisfied with this compromise, the South Dakota Trucking Association prefers, as I do, the straight diesel differential approach.

Finally, however, the committee has adamantly refused the House Membership the opportunity to work its will on the section of the bill imposing a cap on individual State's issuance of industrial revenue bonds. I have described, in my remarks on this program on the floor last November, the devastating impact that such an arbitrary limitation would have on sparsely populated, relatively underdeveloped States like my own of South Dakota. Rather than repeat those arguments here, I will simply ask permission to insert at the end of my remarks a copy of my statement at that time. The facts are still the same, as is the committee's refusal to let the House membership work its will on this issue in a full and fair debate and vote.

It is primarily because of this inequitable procedure that I must once again, however reluctantly, vote against this bill in total. It is possible, I know, to duck this issue by simply stating my objection and making some nice sounding noises about working to change the objectionable sections in conference with the other body, and that is, I suppose, a legitimate route to take. However, as a Member of this body, I have basically two ways to exercise my duties and responsibilities to my constituency. One is my voice, and the other is my vote. I have used my voice to express my opposition to the gag rule procedures in effect here today, and I will also use my vote to reinforce those sentiments. I will do so by casting a negative vote on H.R. 4170. At this point I include the following:

[From the Congressional Record, Nov. 17, 1983]

Mr. Daschle. Mr. Speaker, it is not very often that I rise in opposition to a rule bringing to the floor an important piece of legislation. By any definition, the bill whose rule we are considering today is an important piece of legislation. I feel it incumbent upon me to explain to the membership why I intend to vote against this rule.

The bill we are debating today, H.R. 4170, the Tax Reform Act of 1983, is in many ways an admirable bill. As a matter of fact, though I have some minor problems with some sections of them, I could, in the final analysis, vote to approve 10 of the 11 titles of the bill. For instance, title II is an excellent reform of life insurance taxation, a compromise which provides plugging of loopholes while at the same time being carefully enough crafted that it enjoys the full support of the life insurance industry.

Similarly, title IV provides some much needed simplification of the Tax Code in particular instances, and title V does a good job in clearly delineating the tax-exempt status of many fringe benefits, removing those fringe benefits from the cloud of uncertainty that has been hanging over them for many years. And while I might have some individual problems with elements of the other titles, there is nothing in them that I would consider so damaging to my constituents to warrant a negative vote. However, there is one title of the bill which caused my constituents serious concern. This is title VII, the tax-exempt bond provision.

Of course, even title VII has strong merits to recommend it. This title contains a 5-year reauthorization of the mortgage subsidy bond program. I am cosponsor of this reauthorization language, and would strongly urge passage. There are few more beneficial methods to make home ownership a realizable goal that the Federal Government can employ than mortgage subsidy bonds. However, this same title of the bill contains provisions establishing a cap of $150 per capita per State for private purpose tax-exempt bonds. Included in this cap would be all new issues for student loans. Originally, the cap figure also included multifamily rental housing bonds, but it is my understanding that a committee amendment will exempt the multifamilies from this cap.

While this last action is certainly a welcome one, and one which I applaud, the simple mathematics of the situation force me to the conclusion that the imposition of a $150 per capita cap on my State of South Dakota would work a real hardship on the residents of my State. The simple mathematics say this: In 1984, under the provisions of this bill, South Dakota, including all its local governmental subdivisions, will be empowered to issue private purpose tax-exempt bonds for all purposes, including student loans, to a total not to exceed roughly $105 million. After 1986, with the termination of small issue bond authority, that figure will drop to $73.5 million.

Now, let us look at what is actually going on in South Dakota at the present time, and see what effect such a cap would have on currently ongoing programs and projects. First, I am informed by the South Dakota Education Assistance Corp., that a new bond issue of $104 million is currently being assembled for the purpose of financing student loans. This is not a refinancing, or a rollover, or anything else. This is a new issue, all of which would fall under the cap being proposed. The cap has now, with this single issue, for all intents and purposes, been reached.

There you have it * * * the simple mathematics of the situation. If the planned cap does in fact go into effect next year, South Dakota's entire allotment could be taken up with one issue for student loans. What would happen, of course, is that this issue probably could not go forward in its entirety. There are numerous other uses in the State that are planned for tax-exempt revenue bonds, both for special purpose issues by localities, and State bonds for beneficial projects that would cut across county and municipality lines. A very partial list of these planned activities indicates that various local governments in my State would seek to issue at least, and this is a minimum figure, $170 million, all of which would theoretically belong under this cap. A realistic figure for planned tax-exempt issues in my State for the coming year would be somewhere in the neighborhood of $280 million.

Objection may be made that this is precisely the situation that this bill was crafted to address, that the issuance of bonds of this type are a drain on the Treasury that is getting worse every year, and that corrective action such as the proposed cap is necessary to recapture this lost revenue and reduce the deficit. To be perfectly frank, if I believed that this were true, I might be able to overcome my reluctance to vote for this legislation. But the committee's own figures indicate that for 1984 and 1985, the revenue increase would be a total of only $86 million. To be sure, in the out years of 1986 and 1988, the bill contemplates increased revenues of about $1.8 billion, but we have all seen how tax lawyers, when one avenue is closed, seem to find a superhighway just around the corner. My intuitive reaction to this estimate would be that the out year revenues would be considerably less than the projection, because new tax shelters would be found. This attempt to close a loophole is admirable, but frankly, unless a lot more loopholes are closed at the same time, there will be no significant revenue gain. But even accepting the figures at face value, this provision would net revenues of about $2.6 billion over 5 years, the same 5 years in which we can envision additional deficits of nearly $1 trillion, if current policy remains in effect. A $2.6 billion saving would hardly be a scratch on an elephant compared to this deficit.

While not significantly reducing the deficit, this provision would work a real hardship on people throughout my State. College students who need loans for their educations, cities and counties that can only finance desperately needed development through tax-exempts, and the entire effort of my State to diversify its economy would all be victims of this legislation.

In many ways my State is a rich State—rich in the strength of its people, in its environmental quality, in its capacity to see a job that needs doing, and to do it. But in other ways; in purely economic ones, my State is not so rich. It does not have great energy reserves, on which it can levy severance taxes. It does not have an industrial base. It does not have a great deal of commercial activity, although we are working to improve that. South Dakota is a largely rural State, dependent on its agricultural and tourism industries for the great part of its business activities. Over the last 2 years, a combination of severe depression in the agricultural sector, and a lessening of Federal aid have not made South Dakotans' lot a particularly easy one. As a matter of fact, according to a recent Treasury study, South Dakota has lost, in the last 2 years, a greater percentage of Federal financial aid than any State in the Union, a full 27-percent decrease.

South Dakotans, however, are a pretty independent lot, who are fully committed to doing their share to reduce the Federal deficit, and they have taken these reductions with remarkably good grace. They have sought alternatives to Federal aid in their development and student loan programs, and have made beneficial use of tax-exempt bonding procedures in this effort. If this rug is pulled out from under them, knowing our State's resilience, it will not be the end of the world. But it will make the job harder, and I would like to spare my State that.

All the preceding notwithstanding, however, I would like to take this opportunity to congratulate Ways and Means Chairman Rostenkowski on the great bulk of this bill. Tax questions are some of the most volatile and emotion-ridden political issues that we are called to deal with, and the great majority of the provisions of this bill are a tribute to his legislative skill and his ability to overcome obstacles too numerous to mention in bringing forth a reasonable, sensible package that on the whole merits support. I deeply regret that the rule under consideration denies the membership of the House the opportunity, however, to have a separate vote on the tax-free bond provisions of title VII. Without such an opportunity, I cannot support the rule, and urge my colleagues to join me in voting for its defeat.

Mr. DORGAN. I want to thank the Chairman for yielding me the time. The chairman of the Committee on Ways and Means and the ranking minority member, Mr. Conable, have done an excellent job with this bill.

The bill is not perfect. No bill is, and there are things in this bill that everyone could shoot at.

But this is a good bill. It is more reform than revenue. It closes loopholes; it does not raise individual tax rates. This bill should be passed because its the right thing to do.

The present Federal Tax Code is unraveling like a ball of yarn. Laced with loopholes and stripped of fairness, the present tax system is little more than a punch board of gimmicks. It has just about reached the outer limits of political and economic acceptability.

H.R. 4170 reversed the deterioration of the Tax Code. It restores a measure of sensibility and fairness to our tax policies. In the process, it also contributes to a reduction in the Federal deficit.

Unlike a lot of bills we have seen, this one closes loopholes that are so outrageous they literally beg to be closed.

I always thought the most creative people in this country were the people on Madison Avenue who told us about the heartbreak of psoriasis, where to buy our coffee, who flies the friendly skies, or how to spell relief.

Not true. The most creative people in this country, I have come to believe, are the lawyers, and accountants, and loophole artists who stretch and distort the Tax Code. Following up on what Mr. Pickle of Texas said about IDB's and tax leasing, let me tell you how it all works.

We have a city down south that decided to sell and lease back its sewage system. It financed the construction of that sewage system using IDB's. Then this city, which is tax exempt, decided to sell the sewage system to a group of wealthy investors, who received tax breaks the city could not. Next, the city leased the sewage system back from the investors. The city received a small break on the rent, and the tax payers got the shaft.

The Federal Government lost on both counts—with IDB's on the construction of the sewage system, and then with the deep tax subsidy on the leaseback to the city.

The sort of nonsense has got to stop. This bill stops it.

We have a deficit that is outrageous in this country. I am not supporting this bill because it puts a dent in the deficit. I do not think it does a whole lot for the deficit. It is $50 billion, spread over 3 years; and the first year is not all that significant. The fact is, we ought to pass this measure because it is the right thing to do. It stands on its own merits.

If you are talking about taxpayer fairness in this country, you ought to support this bill.

I just hope that the people in this House who normally find some reason to vote against almost everything that is good, will take a look at this and ask themselves a question: "Have I complained about tax fairness in the past? Have I complained about the presence of tax loophole? Have I complained about the Federal deficit? If I have, then I had better vote for a bill that addresses some of those problems."

Well, this bill does it. It may be the best tax reform measure we have seen in a decade. I think it is a credit to the bipartisan spirit of the Committee on Ways and Means, fashioned under the very able and distinguished leadership of Chairman Rostenkowski.

Let us pass this because it ought to be passed; it needs to be passed. If it is not passed, if tax-exempt leasing is given the green light, the deficit will continue to explode. The cool of inaction, of not passing this bill, could be great indeed.

Finally, Mr. Chairman, if I might, I would like to address a provision in the bill relating to first-time farmers. Generally, IDB proceeds may not be used to purchase agricultural land under the provisions of the bill. An exception exists for first-time farmers, to the extent that expenditures for land by any single individual do not exceed $250,000. I believe there are some sound public policy reasons for the first-time farmer exception for land. My concern is with the definition of "first-time farmer." The definition in the bill would exclude an individual who currently owns or ever owned any farm land, even 1 acre.

I think it is important that there be a de minimus rule on land ownership. Commonsense suggests that an individual who only owns a small amount of farmland and who wants to become a full-time farmer would be among those first-time farmers with the highest probability of business success. Yet, under the bill, this individual might not qualify.

I would ask the distinguished chairman of the Committee on Ways and Means whether the question of a de minimus rule could be favorably considered in conference.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. DORGAN. I yield to the chairman.

Mr. ROSTENKOWSKI. I thank the gentleman from North Dakota for his comments. He is a staunch defender of family farmers and he makes some good observations.

I want to assure him that his concerns will be addressed in the conference on this bill.

Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. Pickle).

Mr. PICKLE. Mr. Chairman, I would like to ask the distinguished chairman of the Committee on Ways and Means a question regarding the Texas veterans' bond program. Under the Texas veterans' bond program, general obligation bonds are issued for the purchase of land. Loans under this program are limited to $20,000 per veteran.

My question to the distinguished chairman is this: Where the proceeds of such a veterans' bond issue, other than an amount which is not a major portion of the proceeds, are used, for example, for the acquisition of land for recreational or investment purposes, would such an issue be subject to the volume limitations contained in the bill?

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the chairman.

Mr. ROSTENKOWSKI. The veterans' bond issue described by the gentleman from Texas would not be subject to the volume limitations contained in the bill. In addition, the use of the proceeds by the veteran may be established by an affidavit of the veteran.

Mr. PICKLE. I thank the gentleman.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia (Mr. Mollohan).

Mr. MOLLOHAN. Mr. Chairman, I appreciate very much the committee chairman's consideration of a problem which I have been very concerned with as the committee considered this question. It has relationship to the ESOP credit payroll provisions.

The chairman has been very gracious in taking my concerns into consideration. I would like to at this time enter into a colloquy with him

Mr. Chairman, I would like to express serious concern with the provision contained in title I of H.R. 4170 which would impose a freeze on the ESOP payroll tax credit. As the chairman of the Ways and Means Committee knows, the Weirton Steel Corp. is a major employer in my district. The company was purchased by its employees in January of this year in a transaction which established the Weirton Steel Corp. ESOP. Parties to the transaction contemplated the increase in the ESOP tax credit scheduled under present law. Thus, I am concerned with the provision of title I of the bill which would freeze the ESOP tax credit at its present level of one-half of 1 percent of payroll. My inquiry to the chairman of the Ways and Means Committee is whether this undesirable effect of the committee's bill will be addressed in conference.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. MOLLOHAN. I certainly yield to the committee chairman.

Mr. ROSTENKOWSKI. Mr. Chairman, the gentleman has discussed this issue with me on several occasions. I fully share his concern that the proposed freeze on the ESOP tax credit not adversely impact transactions that were completed in reliance on present law prior to the action of the Committee on Ways and Means on March 1.

As the gentleman knows, there are significant differences between the bills reported by the Committee on Ways and Means and the Senate Finance Committee with respect to the ESOP tax credit. I believe, therefore, sufficient flexibility will be available in conference to permit the House-Senate conferees to address the important equity issue raised by the gentleman from West Virginia. It is my intention and full expectation that the conference committee will resolve this matter to the satisfaction of the gentleman from West Virginia and the employees and management of the Weirton Steel Corp.

Mr. MOLLOHAN. That is very reassuring. I thank the distinguished chairman of the committee for his cooperation on this matter.

Mr. CONABLE. Mr. Chairman, this seems to be colloquy time at the old stand. I yield 3 minutes to the gentleman from Tennessee (Mr. Duncan) for the purpose of having a colloquy with the chairman of the committee.

□ 1600

Mr. DUNCAN. Mr. Chairman, I thank the gentleman for yielding time to me. I would like to address a colloquy to our esteemed chairman, the gentleman from Illinois (Mr. Rostenkowski).

Since we are legislating a change in an acceptable method of accounting, should we not clarify the intention of the committee expressed in footnote 15 on page 1381 of the committee report that the committee contemplates that the Treasury shall take into consideration the negative impact on taxpayers from this change who relied in good faith on the Insilco decision in formulating the type of rules which may be appropriate to allow automatic permission to change to a non-LIFO method of accounting?

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Chairman, I thank the gentleman for yielding.

The gentleman from Tennessee is correct. The Treasury should be considerate of the reliance of taxpayers on the Insilco decision in formulating its rules.

Mr. DUNCAN. Mr. Chairman, I thank the gentleman.

Mr. CONABLE. Mr. Chairman, I yield 30 seconds to the gentleman from California (Mr. Stark).

Mr. STARK. I thank the gentleman for yielding.

Mr. Chairman, I wanted to take this opportunity to congratulate the distinguished gentleman from Tennessee (Mr. Duncan). I know the Chair of the full committee would join me in thanking him, for his work as the ranking minority member of our Select Revenues Subcommittee, which did such great work on the life insurance tax bill and on the fringe benefits bill.

I wanted to thank the gentleman from Tennessee (Mr. Duncan) for his work and cooperation over the past year on these bills. He has done a marvelous job. It was through his efforts that we were able to write sound bipartisan legislation in the subcommittee.

Mr. CONABLE. Mr. Chairman, I now yield 10 minutes to the gentleman from Ohio (Mr. Gradison), a valued member of the committee.

Mr. GRADISON. Mr. Chairman, none of us is likely to receive a "Profile in Courage" award from our constituents for voting for a tax increase. Objections to this bill have been raised on both sides of the aisle, and last November the House refused even to consider a tax bill far more modest in its revenue goals than the one before us today.

There seem to be three principal objections to this measure:

First, taxes are not popular. Period.

Second, tax increases reduce the funds available for savings and consumption by business and individuals and may dampen the forces of economic recovery, acting counter to the objectives of national economic policies oriented toward savings, investment, growth, and improved productivity.

And, finally, the argument is made that there is no assurance that these revenue increases will be used to cut the deficit.

Each of these three points deserves our consideration.

Just as in 1981 when this House engaged in a bidding war to cut taxes, we now are in a bidding war to see who will make the largest cut in the deficit. This is true regardless of party. It is true of both Houses. It is true of the White House as well as the Congress. As for cutting the deficit we cannot go home without it. The bidding began with $100 billion of cuts over 3 years proposed by the President in his State of the Union call for a downpayment on the deficit. The ante was upped to $150 billion in the Rose Garden package announced by leaders of my party. And finally, the magic number was raised to $182 billion by House action last week.

Unfortunately for us all, there is no way to agree on deficit-cutting packages of this size without a tax component. The President recognized that in his original fiscal year 1985 budget submitted this January which called for over $35 billion of revenue increases over 3 years. And, of course, the package before us today was, in effect, included in the Rose Garden plan agreed to by congressional Republican leaders and the President.

Some argue that economic growth will, by itself, reduce the deficit to manageable proportions. Would that it were so. The President's 1985 budget did project revenue increases of $75 billion, but it also showed spending boosts of $71 billion, 86 percent of which was for defense, medicare, social security, and interest on the debt. Yes, growth would suffice if spending were frozen, but it has not been and it will not be, judging from the reluctance to touch entitlements or to do more than slow down the growth of defense spending.

As for the effects of the tax bill on the economy, the increases are so small that the average taxpayer will not even notice them. Indeed, the increased revenue from this bill in fiscal year 1985 amounts to less than $10 billion out of a gross national product in excess of $3.5 trillion, only about one-quarter of 1 percent of GNP, no big deal as far as economic impact is concerned.

Some will argue that this a bad bill simply because it is a tax increase. This is the notion that a tax is a tax, or to put it another way, all taxes are bad regardless of what is taxed and how the revenue is used. Frankly, this makes no more sense to this Member than to say an outlay is an outlay. We all have our priorities in terms of which spending programs should grow and which should be cut. And we recognize that our spending decisions affect how much money is in the hands of individuals and businesses to spend, save, or invest. So, too, with taxes. Sound tax changes will actually improve the economy by lessening economic distortions—as in closing of loopholes and discouraging uneconomic tax shelters—or encouraging sounder allocation of resources, by restricting the use of tax provisions which distort economic behavior and tip the scales toward tax-favored investment and away from other, more productive, uses. This bill contains many such provisions, for example, restrictions on tax-exempt leasing and new limitations on private-purpose industrial development bonds.

This bill defers certain tax cuts not yet in effect, changes which only in the strange calculus of congressional budget scorekeeping can be described as tax increases. And this bill makes tax changes which will improve the economic performance of key industries such as life insurance and trucking.

This bill broadens the tax base or at least helps preserve what we have. No efforts in the direction of flat-rate taxes can succeed without base broadening. This bill tests whether Congress can move in this direction.

Much is made these days in talking of taxation about computer models, macroeconomic effects and all that. While it may sound quaint and old fashioned, let me remind the House of the traditional purpose of increasing taxes: To raise revenues to finance Government expenditures. This bill is a modest step toward carrying out this old-fashioned task.

Finally is the argument that the taxes raised by this measure will not be used to reduce the deficits. If this Member believed that he would not support this bill. Nor would 8 out of the 12 Republicans on the Ways and Means Committee be cosponsors. Nor would the President of the United States have included this tax package in the deficit reduction Rose Garden downpayment agreement.

We must start somewhere. Last week, the House approved a budget resolution. Reconciliation comes up tomorrow. If we are wrong about how these tax revenues will be used, we can vote against the tax conference report. If the spending and tax elements do not both go forward the President no doubt will veto this bill, and the votes to sustain would clearly be found.

So I say—especially to those on my side of the aisle—spring training is over. Beginning today the season—the deficit cutting season—is underway. From here on every time at bat goes down in the record books. If you believe as I believe that deficits matter—that they matter economically and that they matter politically—today is our chance to take a first step toward deficit reduction. The second will follow tomorrow.

Sure it would be better if spending and taxes were in a single package with a single vote. Sure it would be better if there were larger spending cuts to make it easier for the medicine of the tax increases to go down. Sure it would be better if the spending cuts were voted on first.

All of us would like to be heroes and to win the deficit reduction game with a grand slam home run. But this is only the first inning. We have got to get runners on base. There will be many innings to come: Taxes today, reconciliation tomorrow, appropriations later.

The deficit reduction season is now underway. This Member urges his colleagues to join the team.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Oregon (Mr. AuCoin).

Mr. AuCOIN. Mr. Chairman, I would like to engage the committee chairman in a brief colloquy.

Section 73 of H.R. 4170 contains partnership changes designed to prevent use of a partnership as a means of avoiding tax on a transaction which would otherwise require taxation. The typical transaction involves tax-free contribution of appreciated property to a partnership followed by the partnership selling the property and distributing the sales proceeds to the partner as a tax free return of capital. If the partner had sold the property individually, a tax would be imposed at the time of sale.

My particular concern is that this section may inadvertently affect homebuyer, or builder, bonds. Builder bonds do not involve a sale of property and, therefore, tax is deferred. Under the provisions of the bill, any transfer of property to a partnership followed by borrowing against the property would be taxed as a sale. Thus, small builders with a partnership as a finance subsidiary might be taxed on the builder bond transaction. Small builders, therefore, would be placed at a competitive disadvantage in relation to large builders which use a corporation as a finance subsidiary.

I would ask the distinguished chairman of the Committee on Ways and Means whether this issue could be addressed in conference.

Mr. ROSTENKOWSKI. Mr. Chairman if the gentleman will yield, I thank the gentleman from Oregon for his observations. I want to a assure him that his concerns regarding homebuyer or builder bonds will be addressed in the conference on this bill.

□ 1610

Mr. AuCOIN. Mr. Chairman, I appreciate the gentleman's remarks.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. Coelho).

Mr. COELHO. Mr. Chairman, I have a concern about an aspect of the bill which, thus far, has not been addressed. The volatility of interest rates in recent months has made some mortgage revenue bonds which have already been issued relatively useless. Apparently, there is some question as to whether a renegotiation of interest rates on these already-issued bonds would count against the annual volume cap, and because of this doubt, some housing programs have been stymied. My question to the distinguished chairman of the Committee on Ways and Means is whether there is any language in the bill to clarify the intent of the committee with respect to rate changes in outstanding mortgage revenue bonds.

Mr. ROSTENKOWSKI. If the gentleman will yield, the gentleman from California raises a good point. The committee's bill does not address this issue. However, I share the gentleman's concerns. The committee recognizes that shifts in interest rates may prevent State and local housing finance agencies from lending bond proceeds. In such cases, agencies can partially or completely renegotiate the interest rate on the outstanding bonds. The committee believes that such renegotiations should not be counted against the current year's volume cap.

Mr. COELHO. I thank the gentleman for his clarification. If I understand correctly, then, it would be the intent of the committee to allow such renegotiations to take place, within the constraints outlined, in order to fully make use of outstanding bonds?

Mr. ROSTENKOWSKI. The gentleman is correct.

Mr. COELHO. Mr. Chairman, I thank the gentleman.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 8 minutes to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I rise in support of H.R. 4170, the Tax Reform Act of 1984. Several of the titles of this bill were the result of extensive hearings and deliberations by the Subcommittee on Select Revenue Measures—title II, the Life Insurance Tax Act of 1983 (H.R. 4065, as amended); title V, the Permanent Tax Treatment of Fringe Benefits Act of 1983 (H.R. 3525, as amended); and title VIII, the Miscellaneous Revenue Provisions (H.R. 699, H.R. 2476, H.R. 2831, H.R. 3096 and H.R. 3173, as amended).

Title II, the Life Insurance Tax Act of 1983, represents over 9 months of intensive work by the subcommittee in conjunction with the staffs of the Joint Committee on Taxation, the Treasury, minority, and the Senate Finance Committee. The bill represents a complete overhaul of the provisions of the Internal Revenue Code dealing with the taxation of life insurance companies. Constructing a rational and workable replacement for the badly outdated 1959 Life Insurance Company Tax Act was a monumental undertaking. The bill, as adopted by the Ways and Means Committee, has the support of all major segments of the insurance industry—mutual companies, stock companies and groups representing insurance agents. The problem of developing a streamlined system of taxation for an industry divided on the basis of corporate form and who are deeply suspicious of each other required an enormous amount of delicate negotiations. While not everyone is totally happy with the bill as reported, I think it is fair to say that most of the industry realizes that it is the best possible accommodation that could be reached. It raises $1 billion more than the industry is currently paying and attempts to strike a fair segment balance between the tax burdens of stock and mutual companies while allowing companies to grow in an ever more competitive and interest-sensitive environment.

I would particularly like to call attention to the work of my coauthor in the bill, the gentleman from Louisiana (Mr. MOORE). It was through his untiring efforts and his commitment to cooperation and bipartisan support of this bill that we were able to achieve, I think, a monumental task in terms of rewriting a part of the Tax Code that had not been restructured since 1959.

The distinguished ranking minority member of our full committee loaned his name to a bill which was referred to earlier as the Stark-Conable bill, which attempted and presumed to rewrite the permanent rules for the tax treatment of fringe benefits, an area in which angels have feared to tread for several sessions.

Title V of H.R. 4170 provides permanent rules for the tax treatment of fringe benefits. As you may be aware, the Internal Revenue Service has been under a series of congressionally imposed moratoriums preventing the issuance of any regulations providing for the tax treatment of fringe benefits. This is a situation which produces divergent and unfair results for similarly situated taxpayers and inhibits the proper enforcement of our tax laws. The bill attempts to provide workable rules that would define those fringe benefits worthy of exemption from tax and bring certainty to an area much in need of it.

The bill exempts many of the long-established fringe benefits which individuals have received as a result of their employment in a specific industry, and generally enjoys the support of the affected industries, such as airlines and auto dealers, and of the unions. Thus, airline employees would continue to receive free airline passes and retail clerks would receive store discounts. The bill establishes five general categories of exempt fringe benefits. It is important to note that the bill does not affect any of the existing statutory fringe benefits, such as health insurance, life insurance (up to $50,000), or pensions. Nor, of course, does the bill prevent the Congress at any future time from adding new fringe benefits to the list of those already exempted. What the bill seeks to do is to prevent a further erosion of the tax base as a result of the profusion of new fringe benefits designed to avoid our basic tax on income, as broadly defined in code section 61. This bill, while generous, seeks to assure that those fringe benefits provided are done so on a nondiscriminatory basis. This is both fundamentally fair and an assurance that these benefits do not have the purpose of merely further compensating the highly paid or owners and officers of a business.

Title VIII incorporates numerous bills that were considered this year by the Select Revenue Measures Subcommittee. They are, by and large, noncontroversial and have limited revenue impact. They deal with the tax treatment of condominium conversions, certain abusive offshore commodity funds, certain disaster losses, and other miscellaneous changes.

Additional provisions deal with a number of expiring provisions, including the expiration of the moratorium on NOL carryover rules and the tax deferral under the PIK program. The other provisions make minor changes in the code and deal with certain changes to the rules of regulated investment companies and provide relief for certain taxpayers in relation to travel expenses.

The bill, as a whole, will raise over $49 billion through fiscal year 1987. This is clearly not a solution to the massive deficits that threaten the very economy of this Nation. It is, however, a good beginning. The bill broadens the tax base and closes many loopholes that not only reduce revenue but threaten the integrity of our voluntary tax system. The bill contains important restrictions on the explosive growth of industrial development bonds, freezes future tax reductions which we cannot now afford, and ends abuses in the area of partnerships and stock transactions. Much remains to be done in the next Congress to make the Internal Revenue Code more equitable and to raise the revenue needed to reduce the deficits. I think it is clear to us all that the failure to pass this legislation would send a signal that we are unable to control the deficit, a signal which would be disastrous to our country. I urge swift passage of this important legislation.

Mr. Chairman, I will ask our distinguished chairman of the full committee, who is entitled to many accolades for shepherding this bill through the committee, to engage in a brief colloquy.

The city of Oakland has constructed a new convention center which is important to the people of Oakland and the bay area. This project was first used for meetings and conventions after December 31, 1982, and prior to May 23, 1983. However, certain finishing work and punch list items were completed after May 23, 1983. My question to the distinguished chairman of the Committee on Ways and Means is whether the bill intended that for purposes of the second leasing transitional rule, a project is completed when it is first used for the purposes for which it was constructed or is ready for such use even if certain finishing work and punch list items remain to be done.

Mr. ROSTENKOWSKI. If the gentleman will yield, the gentleman's understanding of the transition rule is correct.

Mr. STARK. I thank the gentleman.

Mr. ROSTENKOWSKI. Mr. Chairman, I would like to take this opportunity to commend my subcommittee chairman, the gentleman from California (Mr. STARK), on the outstanding job that he and his subcommittee did on the insurance legislation that was before them, and on the other pieces of legislation that the subcommittee reported.

There certainly was a fruitful working relationship in the subcommittee that should be commended, and I am proud of the products that were ultimately suggested to the full committee for its adoption.

□ 1620

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. STARK. I would be delighted to yield to my distinguished colleague and the coauthor of the Stark-Moore insurance proposal and, in yielding, take the opportunity to thank him for getting involved. I happily yield to the distinguished gentleman from Louisiana.

Mr. MOORE. I thank my distinguished subcommittee chairman for yielding.

Mr. Chairman, let me say that the gentleman's leadership has been nothing less than simply outstanding. The work that the gentleman exhibited as the chairman of our subcommittee in putting together the life insurance taxation proposal is something I think that we have not seen in many, many years. I have not seen it in the 10 years I have been privileged to serve in Congress.

The gentleman's leadership was absolutely exemplary; there would not be this section without it; the gentleman proved to have mastered a very difficult area of the law; he proved to have had the balance to be able to draw something that is fair; and he also proved the ability to bring in a bipartisan effort.

I compliment the gentleman on a job very well done.

Mr. STARK. I thank the distinguished gentleman for his kind words, and, as he knows, it could not have been done without his cooperation and effort.

Mr. CONABLE. Mr. Chairman, I yield 8 minutes to the gentleman from Texas (Mr. ARCHER).

Mr. ARCHER. I thank the gentleman for yielding me this time.

Mr. Chairman, the legislation which we are today considering represents the culmination of many years of work on the part of individual Ways and Means Committee members and of our committee as a whole. It contains a number of necessary changes in the Tax Code while also attempting to raise new revenues to close the looming budget deficits. To me, and I believe to most House Members, it presents one of the few opportunities we may have in many years to vote for a tax bill where, on its face, the good being done seems to outweigh the fact that we are indeed increasing the tax burden on the American public once again.

Yet to me, this legislation presents a critical dilemma. I want to be able to support most of what the bill does but I do not believe that the answer to our continuing Federal budget deficits lies with new taxes. It is my strong conviction that the general tax burden is already too heavy and that it acts as a restraint on economic growth and individual initiative. To my way of thinking, the real answer lies with reduced Federal spending and limits on its uncontrolled future growth.

In this regard, I find H.R. 4170 and its scheduling for floor action prior to the consideration of spending reductions fatally flawed. Any tax increases must be inextricably linked to spending reductions. Without that key element, I find myself compelled to oppose its passage. I hope that this House and the Senate as well will act responsibly to rein in Federal spending but, at this point, that only remains a hope—and a hope is not the basis on which I can cast an affirmative vote for H.R. 4170

This legislation does indeed make a downpayment on the budget deficit. If its revenue projections hold true—and I must frankly admit that I find them in some instances to be based more on hope than on fact—we will be reducing the cumulative budget deficits of fiscal years 1984 through 1987 by $49.2 billion. Almost one-half of that revenue does not materialize until 3 years from now in 1987.

We are kidding ourselves and the American public that this bill alone will significantly reduce the deficit we currently face or even the one that next year holds. Every little bit helps but the area in which real progress and real savings must come is the spending portion of the budget equation. That is where we must make the tough decisions and cast the tough votes. Time and time again the American people tell us—individually and in national polls—spending must be cut. The American people will accept some higher taxes but only if the real issue is first addressed. Cut spending first and then present this type of legislation to the Congress for approval and the Nation for acceptance and compliance.

In 1982, the Congress passed the Tax Equity and Fiscal Responsibility Act. It was projected to raise Federal tax receipts by over $220 billion between fiscal years 1983 and 1987. Implicit to the passage of this legislation was the understanding that, if taxes were raised, spending would also be cut. There can be no mistake about how TEFRA was billed—it was called a deficit reduction measure. Yet, TEFRA did not reduce deficits even though it did raise a huge amount of new taxes. The expectation under which this legislation passed with administration endorsement was that the net budgetary results would be $3 of spending reductions for every dollar of new taxes. What we actually got after TEFRA was $1.67 in new spending for every $1 in new TEFRA taxes. I am sorely afraid that without the direct linkage of H.R. 4170 and its new taxes to specific spending reduction commitments we will in fact end up in the same or worse position as we did with TEFRA. We are straining our economy and the patience of the American taxpayer to the limit if we once again raise taxes and once again fail to make major spending cuts.

I would also like to call to the attention of my colleagues several provisions of this legislation which cause me considerable distress. In 1981, under the Economic Recovery Tax Act, long-sought and much needed reforms were made in the Federal estate and gift tax. The case for these changes was compelling, particularly in light of the devastating impact that estate taxes were having on small business and farming. Now only 3 years later, we are freezing the maximum estate and gift tax rate at 60 percent through 1987 rather than proceeding with scheduled reductions to 55 percent in 1984 and 50 percent in years thereafter. Not only will this change mean further turmoil to those who have already changed their estate plans in expectation of already enacted law, but there is also the very real possibility that the freeze may be extended indefinitely.

Also under ERTA, we finally recognized that our tax policies with regard to Americans employed overseas were having the counterproductive effect of discouraging the use of American goods and services in foreign markets.

We did this in the realization that having Americans working overseas would stimulate U.S. exports and create more jobs at home. We raised the foreign earned income exclusion to $80,000 with scheduled increases to $95,000 in 1986 and beyond. Under this bill, we freeze the exclusion at $80,000 until 1988. Once again, we are being penny wise and pound foolish. The $407 million that may be raised over the next 6 years will, in my opinion, be far outweighed by lost sales and higher trade deficits. Particularly in light of the current record breaking balance of payments deficits, we should be doing all we can to encourage exports. What we are doing here will have the exactly opposite result.

I am also concerned that we do not have a real grasp on the economic impact that the so-called tax shelter provisions will have. They were adopted by the Ways and Means Committee 1 day after hearings were completed. The economic impact of some of these changes may go far beyond the legitimate goal of closing abusive shelters and may indeed curtail legitimate business arrangements that are economically productive and create and sustain employment.

I urge my colleagues to recognize the details of what we are today presenting to the American people. It is not my intent to nitpick through this voluminous bill. It contains many items that I supported and several of which I have personally introduced. It is in most respects the result of bipartisan work by Ways and Means Committee members. Had this bill been directly linked to spending reductions, I would be inclined to support it despite its flaws. However, I have reluctantly concluded that, without such linkage, I cannot vote for H.R. 4170.

In conclusion, I must reiterate that the record of this Congress in cutting spending does not provide the basis on which to assure that raising taxes will be accompanied by meaningful spending reductions that will solve our deficits. I continue to believe that the key to reducing the deficit is spending restraint and continued economic recovery and growth. I fear that by raising taxes in H.R. 4170 without a concrete linkage to spending cuts we hold forth the distinct possibility of damaging our economy by once again raising taxes without simultaneously cutting spending.

□ 1630

Mr. ROSTENKOWSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from South Carolina (Mr. Derrick).

Mr. DERRICK. I thank the gentleman for yielding to me.

Mr. Chairman, the gentleman's substitute for H.R. 4170 includes a provision which prohibits the use of IDB's to purchase farmland, with an exception in the case of a first-time farmer purchasing a farm costing up to $250,000. Your bill defines "first-time farmer" as:

> * * * any individual who has not at any time had any direct or indirect ownership in land used for farming purposes in which the individual (or the individual's spouse or minor children) have participated.

I am concerned about a possible implication of the first-time farmer definition. Down in my part of the country, and I am sure in many other areas as well, quite a few teenagers will buy an acre or two from their fathers to farm for a 4-H project or some such thing. I want to make sure that, when these young people are ready 10 years or so later to buy a real farm, that the IRS does not say that they are not eligible to use IDB's to purchase farmland because they are not first-time farmers.

Am I correct that your committee's intent is to reach an agreement in conference with the Senate that will make sure that a farmer will not be disqualified from use of IDB financing merely because he has owned some minimal amount of farmland?

Mr. ROSTENKOWSKI. Mr. Chairman, if the gentleman will yield, I thank the gentleman from South Carolina for his comments and I want to assure him that his concerns will be given careful consideration in the conference on this bill.

Mr. DERRICK. I thank the gentleman.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia (Mr. Fowler).

Mr. FOWLER. I thank the gentleman for yielding this time to me.

Mr. Chairman, as the gentleman knows, the other gentleman from Georgia (Mr. Jenkins) and I have had the privilege of working on the Ways and Means Committee with the chairman on this legislation. As you know we were concerned about the approach used in title I as it relates to service contracts. In particular, a constituent of ours, HBO & Co., had expressed concern that this section, if not carefully drafted, could inadvertently place their firm at a disadvantage with their competitors. This concern comes from the fact that the company supplies their information systems to hospitals on hardware which is located—much of it for convenience only—in the hospital, with hospital personnel having limited, controlled access to the equipment. The system would perform as efficiently for the hospital if much of the hardware, such as the CPU, was located elsewhere.

We believe that this arrangement would not constitute a lease under the legislation—but would appreciate your clarifying the matter. We do not think that, under the circumstances and absent other factors, the fact that the hardware may be located on the hospital's premises and the fact that hospital employees have limited, controlled access to it should require the arrangement to be treated as a lease.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. FOWLER. I yield to the gentleman from Illinois for a response.

Mr. ROSTENKOWSKI. I thank the gentleman for yielding.

Mr. Chairman, I sincerely appreciate the comments of the gentleman from Georgia. He has been an active and helpful participant in the development of this legislation.

In response to the gentleman's comment, let me say that while the lease versus service contract distinction depends on all the facts and circumstances of the particular case, I agree that the particular arrangement he describes, absent other factors, is to be treated as a service contract under the bill.

Mr. FOWLER. I thank the chairman for his helpfulness.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee (Mr. Ford).

Mr. FORD of Tennessee. I thank the gentleman for yielding time to me.

Mr. Chairman, I, too, rise in support of the bill that is before us today. I had an opportunity to work with the gentleman from Illinois and other members of the Committee on Ways and Means in reporting this bill out of Ways and Means, and today I join with the chairman and others on this floor in strong support of the legislation.

I would like to have a short colloquy with the chairman at this time. I wanted to clarify a point that has been raised by section 136 of the bill, relating to the source of transportation income. The section states that transportation income will include the performance of services directly related to the use of a vessel or aircraft engaged in transportation. Concern has been expressed by the owners of the Panama oil pipeline that the service the pipeline provides, which is the transporting of oil across Panama, could be considered a service directly related to the use of a vessel. The effect of such an interpretation would be to treat the income derived from the pipeline as U.S. source income.

It is my understanding that it was not the intent of the committee to treat income from this pipeline as U.S. source income. I would ask the distinguished chairman of the Committee on Ways and Means if my understanding is correct for this bill.

Mr. ROSTENKOWSKI. Mr. Chairman, if the gentleman will yield. The gentleman's understanding is correct.

Mr. FORD of Tennessee. Mr. Chairman, I thank the chairman of the committee very much and would like to say again that I urge my colleagues to support the bill that is before us today.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon (Mr. ROBERT F. SMITH).

Mr. ROBERT F. SMITH. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in opposition to H.R. 4170.

I am particularly concerned about the effect that the proposed restriction on qualified veterans' mortgage bonds will have on Oregon's veterans' farm and home loan program.

Under the bill, the tax exemption for interest on qualified veterans' mortgage bonds is limited to bonds issued prior to January 1, 1989, this is, it will sunset on that date. Additionally, each State's ceiling for qualified mortgage bonds is to be reduced by the aggregate amount of qualified veterans' mortgage bonds issued in the State during the preceding calendar year. This provision will cripple Oregon's veterans' farm and home loan program.

While I am aware of the committee's concern about the expansion of mortgage subsidy bond programs and the alleged loss of revenue to the Treasury, I believe that it is premature to limit a State's ability to issue these bonds now.

Oregon's veteran farm home loan program was authorized by an amendment to the Oregon Constitution in 1944 and has been in effect for almost 40 years. It utilizes general obligation bonds and serves a significant public purpose.

Although Oregon has one of the most active veterans' home loan programs in the Nation, it is not without limits. In 1981, the Oregon State Legislature placed a limit on the dollar volume of bonds that could be issued each year and required a bonding limit to be set in the biannual budget. Oregon has recognized that these limits are necessary to insure the State's long-term credit rating and the State's bond rating, which is itself a limitation.

In addition, Oregon has limited the scope of its program. It serves a narrow targeted clientele and provides only one loan per veteran, although with some exceptions.

There is no evidence that veterans' programs and the issuance of veterans' bonds are proliferating to the point where a cap is necessary. Few States have veterans' programs and despite the exemption placed in the 1980 Mortgage Subsidy Bond Act, they have not spread like wildfire.

In Oregon, veterans' mortgage loans make up a small percentage of total mortgages. Last year, only 8.8 percent of Oregon's mortgages were veterans' mortgages. This amounted to less than 3 percent of the State's total mortgage dollars. For the first half of 1983, only 8.5 percent of Oregon's mortgages were made through the veterans' program, representing less than 3 percent of the total dollar amount of loans. I would also like to point out that although Oregon's veterans' farm home loan program constitutes a small percentage of the State's total mortgage activity, it makes an important contribution to homeownership and State economy.

It is extremely important to veterans who would otherwise be unable to afford a home and add to our State's timber-based economy. In tough years when high interest rates dry up traditional sources of mortgage financing, the veterans' program is the only game in town. It helps keep many homebuilders and mills in business until the market recovers. For example, last year 60 percent of the houses constructed in Oregon were constructed through Oregon's veterans' farm and home loan program. This program has made a major impact on Oregon's timber-based economy at a time when our economy is slow to recover.

I strongly believe that it would be a serious mistake to overstate the impact of veterans' bonds on the Treasury and underestimate the benefits they provide by implementing restrictions which would effectively put an end to the veterans' home loan program in Oregon.

For example, in 1982, the Oregon Department of Veterans' Affairs sold $300 million worth of mortgage bonds. If these bonds were not tax exempt, then they would have generated approximately $36 million in interest income to the bond holders, assuming a bond interest rate of 12 percent. Assuming an average tax rate of 25 percent, the Federal Treasury would have collected $9 million in revenue.

On the other hand, Federal studies show that the multiplier effect for money pumped into the economy is a factor of two. Thus the $300 million of veterans' mortgage bonds sold in 1982 generated $600 million in gross economic activity. As you can see, the positive impact on the economy is substantially greater than the loss of revenue.

Oregon is not alone in its veterans' farm and home loan program. Texas and Alaska began similar programs in 1983. Wisconsin has such a program and California's program loaned $652 million to its veterans in 1980. All of these programs will be adversely affected by passage of H.R. 4170. I urge you to join me in rejecting this legislation and its callous disregard for the men and women who have given their full measure of devotion to preserve America's peace and strength.

□ 1640

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. SHANNON).

Mr. SHANNON. Mr. Chairman, I thank the chairman of the committee for yielding me this time.

Mr. Chairman, I think when we get to discussing these tax bills, the discussion does become kind of technical, particularly with a multifaceted bill like this. It is important for us to focus on the reasons for passing this tax bill, not just on the specific provisions.

I think every Member of this body has gone home and talked about the need to reduce deficits, and clearly there is a need for that in this country. We cannot go on with these $200 billion deficits forever. That is what this tax bill is all about, taking the step to do the hard work to bring those deficits down. It is difficult when dealing with industrial development bonds, it is difficult when dealing with some of these other changes in the tax law that are contained in this bill, but what is the alternative?

The alternative is that we are going to see these kinds of deficits forever, and that is going to mean in a real sense that the character of this country is going to change because we are not going to be able to give people in the next generation the kinds of opportunities they have had in the past. Our children will be paying higher taxes. Already we have seen the prime rate going up a point in the last few weeks, and that is going to mean fewer job opportunities for Americans. The pressure on programs like the student loan program and the medicare program will continue to grow, and that will mean fewer opportunities for all our citizens.

That is what we are talking about when we talk about the need to pass this tax bill. It is difficult, it is hard work, but we have produced a bill with bipartisan support from the Committee on Ways and Means. We do share the burden of reducing deficits. Everybody has to bear a little bit of that burden, and that is why I think it is so important that we pass this bill.

When we get to the vote on this bill, let us not just focus on who is going to get hurt. Let us focus on what the alternative to this bill is. The alternative is, I think, bad for the whole country. We will see a choking off of our economic recovery, and we will see fewer opportunities for our children and our grandchildren.

Let us today and tomorrow show that we have got the guts to stand up and do what is right for the country and for the whole public interest and reduce these deficits by passing the tax bill today and the reconciliation bill tomorrow.

Now, Mr. Chairman, if I may, I would like to make an inquiry of the committee chairman.

Mr. Chairman, I would like to ask a question of the gentleman from Illinois, the chairman of the Committee on Ways and Means, Mr. Rostenkowski, about a specific provision of the bill.

As you know, title VI of H.R. 4170 provides for a number of technical corrections, including minor changes in medicare's new hospital prospective payment system. I would like to ask the committee chairman a question about prospective payment.

When the Committee on Ways and Means approved the prospective payment legislation last year, it provided an exception for rehabilitation hospitals and for rehabilitation units that are distinct parts of hospitals.

Can you tell me, was it the intention of your committee to require a rehabilitation unit to have a full-time medical director as a condition for its exclusion from the prospective payment system?

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. SHANNON. I am happy to yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Chairman, in answer to the gentleman's question, no, it was not the committee's intention to require a full-time medical director. I do not recall any discussion of such a requirement. And we did not anticipate that the Secretary of Health and Human Services would issue regulations imposing the requirement as a condition for exclusion from the prospective payment system.

Moreover, it would appear that since the medicare patient in such a unit will be under the care of a physician, such a requirement would be unnecessary. The committee assumed that professionally established standards would be relied upon—for example, those of the Joint Commission on Accreditation of Hospitals or of the Commission on Accreditation of Rehabilitation Facilities, and these do not contain a full-time medical director requirement.

Mr. SHANNON. Mr. Chairman, I want to thank the gentleman from Illinois (Mr. Rostenkowski) for his answer, and I thank him for his leadership on this very important legislation.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Colorado (Mr. Kogovsek).

Mr. KOGOVSEK. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I believe the committee chairman has shown a great deal of care and judgment in crafting the provisions of the mortgage subsidy bonds and mortgage credit certificates. However, there is one item that was not addressed in the committee report which I believe needs clarification. It is my understanding that the intent of these new certificates is to lower net interest rates for homebuyers. This credit should be reflected in withholdings from wages and salaries on a monthly basis so that the homebuyer can receive the benefits of this provision in his or her take home pay, and thereby help to qualify to buy the house. It is my understanding that an individual may have a tax credit for which he or she is eligible reflected in monthly pay through withholding. My question to the distinguished chairman of the Committee on Ways and Means is whether this is the committee's intent in establishing this alternative program of mortgage credit certificates.

Mr. ROSTENKOWSKI. Mr. Chairman, will the gentleman yield?

Mr. KOGOVSEK. I yield to the gentleman from Illinois.

Mr. ROSTENKOWSKI. Mr. Chairman, I understand the gentleman's concern. It is the committee's intent that taxpayers be permitted to adjust their withholdings to reflect the credit.

Mr. KOGOVSEK. Mr. Chairman, I thank the gentleman. I believe that the Internal Revenue Service needs to know the intent of Congress, and that realtors, homebuilders, and especially the lending institutions should be advised of this intent. With this clarification, more people will be able to buy a home and the alternative program will be fully effective.

Mr. Chairman, I also understand there is a difference between the Senate bill and the gentleman's bill in relation to the depreciation period for real estate.

Mr. Chairman, I strongly support the provision of the gentleman's bill, and I would hope that he will prevail in conference so that the 15-year depreciation can be maintained.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to a distinguished member of the committee, the gentleman from Louisiana (Mr. Moore), who has made the Republicans contribution to the insurance companies' dilemma.

Mr. MOORE. Mr. Chairman, I would like to discuss a matter of commonsense this afternoon in this debate and start off by simply saying that I think all of us realize that no tax bill that raises revenue is popular. Let us just start with that.

There is nobody who wants to raise taxes. Nobody ever wants to vote for a bill that does. So we start off with everybody trying to find a reason why we should vote against a bill rather than reasons why we ought to vote for one. It is awfully easy to vote no; it is hard to vote yes. You do not win very many votes back home by doing what is necessary and by raising taxes.

Mr. Chairman, this is the 10th year I have been privileged to serve in this House, and this is the first tax bill I will ever have voted for—the very first one. I have found it easy in the past to oppose them. I have always found more than enough reasons why one should be defeated. But try as I might, that is not the case with this bill.

I think this is the time for statesmen and not for politicians seeking popularity. This is a time when our Nation is looking to us to give it our best effort. We have a very serious deficit problem, and the citizens want to see what we are going to do. Their hopes and their futures are riding on what we are going to do, as interest rates have already started going back up again, and we have seen in 1980 through 1982 what those interest rates can do to the American people. They want something better.

Looking at this tax bill from a commonsense point of view, I think there are two points we ought to consider. First, we should look at the bill itself. Let us look at what the bill does. When we do, we see that the bill deserves passage in its own right regardless of any connection with a deficit reduction package or a spending reduction. It does because it is a proper, if not a popular, tax bill that is giving us needed, proper tax changes.

The bill consists of three parts. First, there is the original bill, H.R. 4170. The bill addresses such problems as tax-exempt leasing, something that people have been reading about in the paper and saying should be taken care of. It reforms private foundation rules, and that is again something which has been brought to our attention in the press. There is a rewrite of the Life Insurance Taxation Act which all the life insurance companies are now supporting and saying, "Please pass this," because they need it.

□ 1650

There is an extension of mortgage subsidy bonds which we are hearing about from our homebuilders and prospective homeowners wanting to see passed. There is simplification of estimated tax payment rules, significant liberalization and simplification of provisions governing a division of property between separating or divorcing spouses and rules needed to finally set some rules on fringe benefits.

Now, all of these things are needed. All of these things are proper. These are the sort of things that a tax bill should do to keep modernizing and updating the tax law to make it fair and make it work.

The second part of that tax bill was brought to us by the administration. It was brought to us to bring an element of fairness to the Tax Code and by such provisions as eliminating partnership abusive tax shelters; eliminating corporate tax abuses, appropriate rules with respect to the time value of money, and appropriate modification of income averaging rules. All of these things are trying to make the Tax Code fair. We have heard much about the fairness issue. We know there are people today who are taking advantage of loopholes in the tax law that are not paying their fair share of the taxes. Generally some are upper income groups who have found some of these shelters.

We are now closing those shelters. We are closing the handiwork of some very bright CPA's and attorneys who have found ways for people to escape their share of the tax burden.

Now, that the American people say you should pass. That is a proper tax bill. That ought to be passed. The third and final part of the tax bill is the tax freeze, the thinking of our distinguished chairman of the full committee. What he simply is saying is the fact that some of these things we passed in 1981 are worthy and they are good, but you cannot afford them right now. Because of the large deficits, let us delay them for just 3 years and let them go into effect then, and that makes sense.

There are things in there that we can certainly wait 3 more years for. We are not repealing them. We are simply saying wait, because you cannot afford them now.

So there you have this tax bill. There you have the tax bill that some people have questions about. You have a tax bill that is bipartisan, a tax bill that has the support of both liberals and conservatives, a tax bill that is proper and needed, a tax bill that does not raise taxes across the board for anybody, a tax bill that does not raise tax rates, but simply does what we are charged to do and have the duty of doing in preserving the tax base, in writing the Tax Code to keep it up to date and to take care of abuses in that Tax Code.

So the first reason for the passage of this bill is that it is a good tax bill, a proper one in its own right, regardless of any spending reductions. It is a good tax bill in its own right.

Mr. BREAUX. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I certainly yield to the dean of my delegation, the gentleman from Louisiana (Mr. Breaux).

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. CONABLE. Mr. Chairman, I yield 3 additional minutes to the gentleman from Louisiana (Mr. Moore).

Mr. BREAUX. Mr. Chairman, this will be for a short question.

I thank the gentleman for yielding.

One of the concerns that I have had and I know a number of others have had, coming from Louisiana last year, was the treatment in the tax bill with regard to industrial development bonds. It is my understanding that there has been a different treatment and approach in handling industrial development bonds in this tax bill, particularly as it affects the use of these bonds for multifamily housing, which is the biggest use of these bonds in our State of Louisiana.

Can the gentleman tell us how it differs this year, if the gentleman knows?

Mr. MOORE. The gentleman is entirely correct. For our State of Louisiana and for many States, by taking low-income housing out from under the cap we have essentially seen to it that most States do not even reach the cap. In the State of Louisiana, for instance, according to 1983, bond issuances would still have an unexpended $18 per capita left to spend by virtue of that action.

Furthermore, public things, such as docks and airports were taken out from under the cap if they are owned by a public body; so we have sufficiently and greatly liberalized the rule to be sure that we are not overly restricting things necessary for our State or any other State.

Mr. BREAUX. Mr. Chairman, I thank the gentleman for his explanation and with that, I certainly support the legislation.

Mr. MOORE. The second point I would like to raise as to why this bill deserves passage is the fact that it is part of a deficit reduction program. If this bill fails today, you are killing the deficit reduction program for this year. You are telling the American people, "Just keep those deficits another year or two until we can come back and get our house in order next year." That is not what they expect of us. That is not what they deserve. They want and deserve better.

Many of my colleagues are saying, "Now, wait a minute. We didn't get the spending cuts we wanted or we didn't get them in the right balance of military versus social, or let's pass the spending cuts first and then the tax increases."

All of that has some merit, but not now. You will have your chance to consider that when the conference report comes back to the House. Then you can make that final judgment. Do not make that judgment now and kill the process. In so doing, you are killing any chance to do anything to reduce deficits.

It takes a little courage to step out in front and vote for the tax bill now. But our deficit problems require courage and our people deserve it. You can reserve the right and you have the right to vote no later, if you are unhappy with the results of the spending cuts. We all know that the spending cut bill that leaves this House will look different when it comes back from the conference committee. We all know that.

So let us not hide behind these frail excuses, trying to seek the public's popularity. I think those who do are going to be very sadly disappointed when they find out the people are not going to have much patience with such.

This is a good bill. It is a needed bill and it is part of a process that must work to help this Nation's economy.

Let me simply add this. I do not think the American people have any patience with our philosophical quibbling. I do not think they have any patience with our partisan rhetoric. They want pragmatic, sound results. They want something done now to bring those deficits down and we are offering them that with this tax bill. We are giving them a proper tax bill and it is part of a program to reduce deficits. It should be supported.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from Arizona (Mr. Rudd).

Mr. RUDD. Mr. Chairman, H.R. 4170 is a mixed bag of tax proposals, some of which I support and others which I must oppose.

For example, title II provides a new single-phase tax structure for the life insurance industry to replace the existing three-phase system. Which I strongly support. The life insurance industry supports these provisions and is willing to bear the estimated $1 billion in additional tax liability called for under the bill.

I am also supportive of the provisions which restructure the highway use tax. Under current law, the tax was to be increased by almost 1,000 percent to a maximum of $1,900 per year on the heaviest vehicles by July 1, 1988. This massive increase would force many small trucking operations out of business, and while other larger operations may survive, the increased costs would certainly be passed on to consumers. H.R. 4170 restructures the use tax to eliminate the tax on vehicles under 55,000 pounds and decrease the maximum tax rate to $500 per year.

I also support the revisions which encourage contributions to nonprofit and charitable organizations, as well as those provisions establishing a permanent tax policy with respect to employee fringe benefits.

These provisions ought to be considered on their own merit and expeditiously approved.

These positive aspects of the bill, however, are undercut by the fact that under the budget resolution adopted by this house last week, the $49.2 billion of new revenue raised under H.R. 4170 will not be used for deficit reduction, but simply to finance new and higher government spending. This is simply the same old liberal story of tax and tax, spend and spend.

Whether H.R. 4170 is called "tax reform" or "pay-as-you-go" or just a plain tax increase, the end result is the same—Americans will have $49 billion less for savings, investment and consumer spending, while the Federal Government simply will have another $49 billion to spend and spend.

We should not turn back to the failed policy of high taxation and Federal spending.

Alternative Republican policies, which have promoted lower spending and taxation, have resulted in one of the most vigorous economic recoveries in our Nation's history. They have facilitated the creation of 4.5 million jobs over the last year and a half—more jobs than any of the liberal public works programs could provide—and at no expense to the taxpayer. These alternative policies of less spending and taxation have also brought about a dramatic reduction in inflation and interest rates.

There are a number of provisions in H.R. 4170 which I believe threaten this economic recovery, as well as individual taxpayers and businesses, and the creation of additional new jobs. I am especially concerned about the so-called "tax freeze" title of the bill.

For example, it provides for the repeal of the 15-percent net interest exclusion which was designed to promote savings and enlarge the pool of capital available for investment.

Delaying the drop in the estate and gift tax rate from 60 to 50 percent as proposed under the bill will translate into tax increases of as much as 20 percent on owners of small business and family farms who wish to pass on their family enterprises to their children.

The delay in the reduction of the windfall profits tax on newly discovered oil will penalize exploration and production of new energy resources and inhibit progress toward our Nation's energy self-sufficiency.

I am also concerned about the provisions in title VII which would impose a ceiling on the amount of industrial development revenue bonds (IDB's) that each State may issue during any calendar year. The per capita cap on IDB issuances unfairly discriminates against less populated, rapidly growing States, like my home State of Arizona.

Other tax-exempt bond limitations threaten the Mead-Phoenix project, a direct current transmission project between the Hoover Dam and Phoenix, because it is partially funded through the Department of Energy.

For these reasons, I must reluctantly oppose the entire bill.

The deficit must be attacked with responsible spending policies, not just higher and higher taxes. The Grace Commission has provided 2,478 recommendations for eliminating or curtailing Government activities without affecting essential Government services. I urge my colleagues to consider the Grace recommendations and to reject tax increases before any specific spending cuts are adopted.

□ 1700

Mrs. KENNELLY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I sincerely hope this body will take the very necessary step of approving the tax bill currently before us. As a new relatively new participant in the often difficult process of drafting a bill that raises revenues, I can assure my colleagues that the product is very well constructed and has only a minimum impact on the average American.

Last week the House voted for a budget resolution to reduce Federal deficits by $182 billion. Indeed, all of the alternatives presented on the floor focused on that objective, and they focused on it because we all realize the need to "begin to turn the ominous curve of Federal deficits in the right direction," in the words of Paul Volcker. The significance of our action last week was that we agreed to grapple with this problem.

Now, 1 week later, we have the first major piece of legislation implementing the resolution. How can we oppose it? What do we say to our constituents next week if we leave here having approved a plan to deal with deficits, and then turn around and refuse to implement it? That is the position we will be in if we do not approve this bill today.

I am sure that few of my colleagues support every provision in this bill. My own State of Connecticut continues to have objections to the industrial revenue bond provisions. Even so, at some point a decision has to be made as to whether of not, on balance, this country will be better off with the passage of this legislation. I submit the answer to this question is an unqualified "Yes."

We must look at this bill as a whole, for its total effect is clearly greater than the sum of its provisions taken independently. The total effect of the bill lays in its impact on the economy and its continued demonstration of our desire and commitment to deal with deficits. Already interest rates are beginning to edge upward—this at a time of the year when Federal borrowing is traditionally lowest. I hope we send the right signal to the financial markets; I hope we tell them the House is serious about turning around deficits. Mr. Chairman, I urge the adoption of this legislation.

Mr. Chairman, I now yield 5 minutes to the gentleman from Ohio (Mr. Pease).

Mr. PEASE. Mr. Chairman, I rise in support of H.R. 4170, the Tax Reform Act of 1984. This bill serves three urgent and worthy Federal policy goals: deficit reduction, tax reform and moving the dollar into better alinement with foreign currencies.

The House has taken the President's challenge to make a $100 billion downpayment on the Federal deficit and gone one better. Just 6 days ago, the House approved its budget resolution for fiscal year 1985 calling for $182 billion in deficit reduction over 3 years. By raising approximately $49 billion in revenue, H.R. 4170 is a crucial part of the $182 billion goal set in the budget resolution.

The $49.3 billion in revenue is achieved by taking back or delaying certain tax benefits accorded mainly to upper income taxpayers as a result of President Reagan's 1981 tax bill. H.R. 4170 also includes the first major rewrite of the taxation of life insurance companies since 1959, sale-leaseback revisions and curtailment of industrial revenue bond abuses and of their unbridled growth.

I am pleased to be a cosponsor of H.R. 4170 and would like to commend the chairman for including in the committee bill three provisions from my proposed tax loophole-closing amendment: making the transfer of intangible property by a U.S. person to a foreign corporation a taxable event unless reasonable royalties are paid, restricting the calculation of income averaging, and requiring all items of income, gain, loss, deduction or credit to be allocated to partners in the same manner as the allocation of bottom line taxable income or loss.

By reducing the deficit, H.R. 4170 moves Congress a significant step toward more responsible fiscal policy. Reducing the deficit diminishes Federal Government borrowing in the capital market. Hopefully, that will lower interest rates and eventually allow the dollar to float to a more realistic position with respect to other currencies. An overvalued dollar encourages imports and makes U.S. exports noncompetitive in overseas markets. As a representative of an industrial State heavily dependent on exports, I believe we must recognize the strong influence of Federal fiscal policy on our projected $100 billion trade deficit and take immediate steps to reduce the Federal deficit.

With unemployment in my district as high as 24 percent during the recent recession, the families of autoworkers and steelworkers are only too aware of the tragic effect of high interest rates on their job security. They are also aware of President Reagan's 1981 tax giveaways which eroded our tax base and reduce the progressivity of our tax system, transferring wealth from lower to higher income families and reducing the share of corporate tax receipts to approximately 8 percent of all Government revenues.

Mr. Chairman, I urge my colleagues to approve H.R. 4170 without further delay and to provide the great majority of American taxpayers with some assurance that fiscal policy is taken seriously in Congress and that we are responding to cries for a more equitable tax system.

Mrs. KENNELLY. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. Matsui).

Mr. MATSUI. I thank the gentlewoman for yielding the time to me.

First of all, I would like to commend the gentleman from Illinois (Mr. Rostenkowski), chairman of the committee, for the very fine work that he has done on this tax reform bill. As many of you know, he has been working on this bill since around April of 1983, right after we dealt with the social security bill.

Frankly, I think that over the period of these months he has done a tremendous job in keeping the members of this committee together and, of course, developing a very excellent bill that I think many of us can support.

And certainly I would like to commend the ranking minority member, the gentleman from New York (Mr. Conable), who will be leaving this body after this year. He has been superb in his analyses of many of the provisions of this bill and other legislation that has come before us, and I want to commend both of them.

Many of the speakers before me, of course, have talked about the reason that we need this particular bill, the fact that we will have budget deficits in excess of $200 billion for the rest of this decade and going into the 1990's. The fact that this economic recovery that we happen to be in at this time is very fragile and it is quite possible that we could see a rather significant increase in the interest rates, either in the third or fourth quarter of this year, or certainly the first half of 1985.

But I do not think that we should support this bill merely to reduce Federal deficits. Frankly, I think that this bill, the Tax Reform Act of 1984, stands on its own and even if we did not have a deficit problem, the Members of this body should support this particular legislation.

If you will look at the different titles of the nine titles in this legislation you can see why.

First of all, it does not impact in any way individual or do away with some of the individual income tax cuts that occurred in 1981.

Second, we do eliminate abusive tax shelters by the sum of $12 billion over a 3-year period. There are many Members that would take offense with the cap we have put on industrial development bonds, but I would only urge the Members who do have that problem to look back at the history of the growth of industrial development bonds over the past few years and that growth has been alarming.

The local and State governments have not been required to prioritize the projects that they are developing with IDB's. Frankly, I think it is time that the Congress required local and State governments to prioritize. The only way you can do that is by putting a limitation or a cap on IDB growth.

□ 1710

At the same time, in February of this year, with Treasury's concurrence, we exempted from the IDB cap a number of different public purpose projects, and that will allow local and State governments to develop those necessary projects to maintain and keep the infrastructure of their various communities and States.

We also made some changes in fringe benefits. Although they were not significant for the status quo, in the future they will have a great deal of significance in the sense that we can slow down the growth of the movement away from wages into fringe benefits and, thereby, having a drain on the tax system of the United States. We have made numerous changes in this legislation.

So I think that aside from the issue of the budget deficit, this bill can stand on its own. It is legislation that should indeed pass.

I might further point out to some of those Members who intend to vote against it because of the IDB issue that we do have the extension of mortgage revenue bonds and we have revised the tax structure of life insurance by reducing their overall taxes in the future.

I think those two items should be incentive enough to support this legislation.

Mr. ANTHONY. Mr. Chairman, will the gentleman yield?

Mr. MATSUI. I yield to the gentleman from Arkansas.

Mr. ANTHONY. I thank my friend from California for yielding. I asked for additional time on my own but since he brought up the point about the industrial development bonds and those Members who may vote "No" solely on that section, I would like to address that.

As the gentleman well knows, I was probably the point person on the committee that continually pushed to try to get that section liberalized. I was not totally satisfied with the manner in which it came out, but I intend to support and vote for H.R. 4170.

I would like to not only assure my colleagues who represent my State but also the citizens of my State that the way the bill came out from its original, and the way it was originally introduced, is much different, taking multifamily rental housing out and also restating some of the things such as wharves, docks, convention centers that would be Government-owned, taken out of the cap. Having $150 per capital income cap in a State as far as my State is concerned.

The CHAIRMAN. The time of the gentleman (Mr. Matsui) has expired.

Mrs. KENNELLY. I yield to the gentleman from California (Mr. Matsui) an additional minute.

Mr. MATSUI. I yield further to the gentleman from Arkansas.

Mr. ANTHONY. I thank the gentleman for yielding further. I want to bring out at this point that he has made a strong point. I think you should look at the total tax reform, deficit reduction and cast a more statesmanlike vote rather than looking at it from a very parochial way and that is what I intend to do.

Mr. MATSUI. I yield back the balance of my time.

Mr. CONABLE. Mr. Chairman, I now yield 7 minutes to the highly qualified gentleman from Nebraska (Mr. Daub).

Mr. COUGHLIN. Mr. Chairman, will the gentleman yield?

Mr. DAUB. I yield to my good friend, the gentleman from Pennsylvania.

Mr. COUGHLIN. Mr. Chairman, I rise in support of the bill.

Mr. Chairman, although the rule for the consideration of H.R. 4170, the Tax Reform Act of 1984, has been adopted on a voice vote, I wish to go on record as having opposed the rule because it does not permit any amendments to the section of the bill placing restrictions on the use of industrial development bonds.

While I generally support H.R. 4170 and recognize that it will contribute to reducing the deficit, I am very much concerned about the IDB restrictions. Pennsylvania suffers from serious economic problems caused by its aging industrial base and loss of jobs to foreign competitors and new Sun Belt industries. While unemployment nationwide has dropped dramatically to 7.8 percent, the jobless rate in Pennsylvania remains above 10 percent. It should be pointed out that the still bleak unemployment picture in Pennsylvania has been improving steadily over the last year and that improvement has been aided by the jobs that have been created through industrial growth and expansion financed in part by industrial development bonds. IDB's have played a particularly important role in Pennsylvania's economic recovery and it would be economically counterproductive to place a ceiling on IDB issues in the Commonwealth.

The committee's proposal for a statewide IDB cap based on $150 per capita may be penny wise but it is surely pound foolish. It will mean that fewer jobs will be created and less taxes paid. Final data on total volume of IDB's actually issued in Pennsylvania in 1983 is not yet available, but the amount of IDB's approved that year was approximately $177 per capita. In fact, during each of the previous 4 years, the per capita volume of IDB's approved in Pennsylvania has been higher than the $150 cap that would be imposed by H.R. 4170.

H.R. 4170 should have been considered under a rule permitting an amendment to eliminate the IDB State caps.

Mr. DAUB. Mr. Chairman, the bill before us today represents a massive and distinguished effort by the House Ways Means Committee. Contained within its 11 titles are a number of changes to current law that will have a profound effect on our society and our economy.

There are several areas of specific interest to me as they reflect legislation that I have either sponsored or cosponsored during this session of the 98th Congress.

The first of these is the change in the law regarding individual retirement accounts. Thanks to the gentleman from Louisiana (Mr. Moore) the provision in this legislation exists that will establish some parity between the treatment of women who work outside the home and those who choose to work within it. However, unlike legislation which I and others have supported, it does not allow for a deduction against income for these additional contributions.

I understand that the rationale is that the Treasury cannot stand the further revenue drain that this would represent. This is a misplaced concern and I want to emphasize this as we would look at this in the context of the conferenceable idea with the other body, because it fails to recognize the fact that although the amount is deducted when contributed, it is recognized as income when withdrawals begin.

Moreover, like other deductions, the amount under question here is not diverted to consumption but, instead, is locked away in long-term investments that provide the necessary capital for new homes, autos, and other goods that require a substantial investment pool.

Allowing those individuals who work at unpaid jobs in the home to enjoy the same kind of retirement incentives as those who work at part-time jobs outside the home would acknowledge that Congress did not hold the view that work done by women was somehow less important or valuable.

Additionally, it would help older women of whom only 17 percent receive any sort of pension income. I am well aware that there are those in this House who believe that we should not provide pension incentives for nonwage earners. But I would direct your attention to a statement made by Shirley Sandage of the Older Women's League, "While our pension system focuses on retirement benefits for the working spouse, it's usually the nonworking spouse who lives longer."

If we want to sincerely assist the elderly and elderly women in particular, we ought to at least allow them the same tax incentives that we provide to others. Anything less than that is discrimination, pure and simple. I am pleased that the committee has seen fit to address the issue of fringe benefits.

The original version of H.R. 3525 would have allowed the Treasury to include as income certain fringe benefits that existed at little or no cost to the business providing them. I was pleased then to see the committee adopt a proposal that was contained in H.R. 3789 which I introduced in August.

Under this language, certain fringe benefits are excluded from the employee's gross income for Federal tax purposes if they qualify under one of the following five categories:

First, a no-additional cost service; second, a qualified employee discount; third, a working condition fringe; fourth, a de minimis fringe; or, fifth, a qualified tuition reduction.

The American people already are paying too great a burden in taxes and to add to that burden the benefit that they have historically enjoyed through these fringes would result in little revenue accruing to the Treasury but would evidence a meanness of spirit on the part of this Congress.

There are portions of the fringe benefits section that I disapprove of, however. Most specifically is the issue of so-called discrimination and what we are talking about is the Federal Government making decisions about how an individual may run his or her business without any justification for Federal involvement.

The bill also addresses the issue of tax-exempt bonds. And while I applaud the committee's action with regard to mortgage subsidy bonds, the proposed volume caps for private purpose bonds and other restrictions will result in little revenue gain in my opinion, and a substantial loss of economic opportunity for thousands of Americans.

High interest rates have made difficult many opportunities that would be possible if rates were within historical levels. This problem is the responsibility of the Federal Government and it is abdicated by our failure to look at what has been continually fueling the high interest rates and that has been irresponsible Federal spending.

The fact that Americans have continued to make economic progress possible in spite of these interest rates should be an occasion for relief and not one to undermine those efforts.

With regard to the provisions dealing with highway vehicle use and diesel fuel taxes, the action of the committee was altogether appropriate and reflects a compromise that should have been made when the bill was passed in 1982 containing the stepped up taxes on this industry. The allocation contained in H.R. 4170 is a fair one that protects the small business as well as the agricultural community in general; where a disproportionate share of that burden would have fallen under the 1982 act.

It is important, as a bill, and I think what we all face is also the opportunity to see that spending is cut as we attempt to bring revenues up. The American economy is at a crisis stage and it is the responsibility of this Congress to act in such a fashion that we insure that interest rates will not rise to levels that will thwart what will continue to propel this economic improvement forward.

We have seen as many as 750,000 jobs created in a single month lately without any additional Federal dollars being spent. We need to continue that pace and essential to that lower deficit is lower interest rates. I hope that this bill is the beginning of a process and not the end of our efforts.

Think about, ladies and gentlemen, my colleagues, three things: And I conclude. First of all, indexing is preserved; second, the marginal tax rate relief is preserved.

□ 1720

And last, and in my opinion most important, the President has pledged to use his veto to enforce spending cuts.

With that, I hope that each and every Member of this House will find it possible to support the legislation as reported.

Mr. PICKLE. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma (Mr. Jones).

Mr. JONES of Oklahoma. Mr. Chairman, I will not use all of my time.

I rise in support of this legislation and urge my colleagues to support this revenue bill. I would remind my colleagues that this revenue package is what was called for in the budget resolution that passed this House last week with bipartisan support. It was a part of the reconciliation instructions that flowed from that budget resolution. This is carrying out the budget that all of us said we would enforce this year.

This has bipartisan support. The Reagan administration supports it. A majority of Democrats support it. It is something that is timely and is needed to keep this economic recovery going. And this, coupled with the spending reductions that are called for in the budget resolution and the other parts of the reconciliation package, I think, will help stabilize the interest rates and keep this recovery going.

I urge the passage of this bill.

Mr. CONABLE. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Illinois (Mrs. MARTIN).

Mrs. MARTIN of Illinois. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. CONABLE. Mr. Chairman, I yield 7 minutes to the gentleman from Illinois (Mr. PHILIP M. CRANE), a member of the committee.

Mr. PHILIP M. CRANE. Mr. Chairman, first of all, I thank my distinguished leader of the minority for yielding to me. I want to acknowledge our distinguished chairman of the committee and I want to acknowledge the members on both sides of the aisle who worked strenuously to meet the agreement that was negotiated to get the deficit downpayment in the neighborhood of a $50 billion increase in taxes over the next 4 years while simultaneously getting over $100 billion in spending reductions.

I can also salute the ingredients of this bill that address the question of reform. I think there is a great deal of our Tax Code still in need of reform. I praise my colleagues for those portions of this bill.

The reason I cannot support the total bill, however, is that it generates $50 billion in increased taxes. I think that is precisely the wrong way to go to address the problem confronting this Nation today.

We passed, in 1981, the largest single tax cut in the history of civilization. Over a 5-year timeframe it amounted to a $960 billion tax cut. I have heard all of the debate about how we have cut taxes to the bare bones, but the truth of the matter is, as Paul Craig Roberts pointed out in the Wall Street Journal in December of last year, you can subtract from that $960 billion tax cut $660 billion over that 5-year timeframe as a result of social security tax increases on the one hand and bracket creep on the other before we get indexation in 1985.

So, now you are down to a $300 billion tax cut. TEFRA, while advertised as a $100 billion tax increase over 3 years, is a $229 billion tax increase over a 5-year timeframe.

So now instead of a $300 billion tax cut remaining from 1981, we are down to a $71 billion tax cut.

Then we passed the gas tax in December 1982. That is a $16 billion increase in taxes. Now you are down to a $55 billion tax cut.

This bill, over 4 years, is roughly a $50 billion tax increase, but if you look to 1988, it is another $12½ billion tax increase in that year alone.

What I submit to my colleagues is that the 1981 tax cut has evanesced before our eyes and if you look at taxes as a percentage of gross national product, today they are constant in terms of the percentages that we were looking at back in 1980. We have not enjoyed the much needed tax relief that this country demands, but the spending, as a percentage of gross national product, has gone from roughly 22.4 percent in Jimmy Carter's last year, 1980, to approximately 25 percent of GNP by 1983.

This is the area that we must address. And I will give my colleagues some conception of the magnitude of the problem that we are imposing upon youngsters growing up today.

If you have balanced budgets every year for the next 16 years—and bear in mind over the previous 16, we only had one budget surplus—between now and the year 2000 and if we just finance our existing national debt at 10-percent interest rates, our current national debt, roughly $1.5 trillion, by the year 2000 becomes, as a result of compounded interest, a $7.5 trillion national debt. Now that is with balanced budgets every year over the next 16 years and paying for that at only a 10-percent rate.

You are looking, by the year 2000, at annual interest payments in excess of $750 billion.

Thomas Jefferson addressed the question of deficit spending. It was called funding in his day. And Alexander Hamilton was a great promoter of that concept, because Hamilton wanted to lock all the moneyed interests into the National Government.

Jefferson railed against it and very properly so. Jefferson believed in pay as you go, that you do not inflict the burden of deficits on oncoming generations.

He said: To mortgage posterity in the name of deficit spending—he used the term "funding"—is to swindle futurity on a grand scale.

And I submit to my colleagues that that is what we are doing. Until we address this question of spending and recognize that we have a crisis of incredible proportions facing our kids, coming sooner rather than later, we are doomed. We have automatic social security tax increases structured for 1988 and 1990, and the health insurance fund has to be funded. We have built in tax increases of considerable magnitude. Think back to 1950. The maximum social security tax then was $189. By 1965, the maximum social security tax was $358. Today it is $4,700. By the year 1990 it is going to be between $8,000 and $9,000 a year.

What kind of a future are we passing on to our children?

We had Paul Volcker before our committee yesterday. And Paul Volcker acknowledged that you cannot wring blood out of a turnip. You cannot ultimately address the deficit question through taxation.

We cannot finance this awesome problem facing us through tax increases. You cannot get blood out of a turnip. You are going to destroy our economic system if you think taxes are the answer.

In addition to that you cannot contemplate borrowing all this money. There is not enough money available in the entire world to finance this kind of debt unless you have total debauchery of currency between now and the year 2000.

I have got some currency here from German history. This note was printed, a 50 mark note, in 1914, in Germany. The ratio was roughly 4 marks to the dollar. That was about $12.50 American; 9 years later they printed this note. It is a 500 million mark note, more than the entire German national debt just 9 years before.

Now they paid their debts off. They paid their debts off by the destruction of their currency.

Keep in mind that that dollar bill that you have in your pocket right now, this piece of paper, is worth only 30 cents of the 1967 dollar. Now, what has that done to pensions? And insurance? And savings in this country? God forbid that we would permit ourselves to duplicate the experience that occurred in Germany in 1923 because that experience not only cost everybody a lifetime of savings, and earnings, and pensions, and insurance, it wiped them out totally in an economic sense. But, worse than that, it ultimately destroyed their political institutions as well. They got hit with the crash of 1929 on top of that. That ushered in Adolf Hitler and you know the rest of the story.

I submit to my colleagues that we have a crisis on our hands that must be addressed now. We cannot delay it, nor can we, in good conscience, pass that burden onto our children and grandchildren.

□ 1730

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, first of all, I want to commend the chairman and the members of the Ways and Means Committee for the work that they have done on this bill. Having worked on reconciliation over the last 4 years, I must say that the Ways and Means Committee has been extremely cooperative in the efforts to try to achieve savings and needed revenue increases.

In the last week we have heard a large number of speeches about the need to control deficits, and Members were voting for all kinds of different approaches that set targets to reduce deficits. It is easy to vote when you are talking about general targets on resolutions. The time for action is now.

This is the meaningful action that the public is looking at in terms of dealing with deficits. Are you prepared to vote to implement the budget resolution? Which means you have to adopt the revenues that are here in this bill, and it means tomorrow you have to pass a reconciliation bill that will represent, when you put all of the pieces together, some $12 billion in savings.

We are involved in unprecedented action in terms of the budget resolution. We adopted a budget resolution last week. Within a period of 1 week we will take up a revenue bill, and tomorrow we will take up reconciliation. That has never taken place in the history of the budget process that within a period of a week you not only adopt the resolution, but actually pass enforcement parts of that reduction as well.

I understand there are all kinds of reasons and excuses and ways to try to bail out of voting for this legislation. But I think the public is not going to be fooled. In the end, they are going to look to these votes to determine whether Members are indeed serious about reducing the deficit.

Mr. Chairman, I rise today in support of the Tax Reform Act of 1984. This legislation makes a number of important changes in our tax laws and is a very important part of efforts to address our Nation's fiscal problems. Specifically, this legislation represents a concrete step toward reducing the massive budget deficits we face in the coming years. If we are to ever get deficits under control, revenue increases, along with controls on spending, will have to be enacted. This legislation today is a beginning.

Of course, with deficits ranging beyond $180 billion in the coming years, raising $49 billion during the next 4 years is not going to be enough in the long run. Other measures will clearly be necessary on both the spending and revenue sides. But again, this is a beginning, and it is the best package that can be obtained during this difficult year, and I commend Chairman ROSTENKOWSKI and the rest of the Ways and Means Committee for their work on this bill.

Like many Members, I do not agree with all the provisions in this major piece of legislation. For example, I have received a number of expressions of concern from local officials in my district regarding the provisions relating to the tax-exempt status of industrial development bonds (IDB's). The use of IDB's has been vital to the success of many projects in my area as well as around the country. With local governments facing their own budget problems, many essential public projects would not be developed without the revenue provided through IDB financing. While we must take a very careful look at what could be considered abuses in the use of IDB's, we must continue to insure that worthwhile community projects are allowed to be supported. It is my hope that the negative impact on legitimate local projects of the IDB provisions in this bill will not outweigh the revenue increase they permit.

In addition, Mr. Chairman, I would like to call attention to two provisions in this measure which stem from legislation I originally sponsored.

The first is a provision which would address an issue of importance to former residents of the Love Creek area in Santa Cruz County, CA, who were forced to relocate or destroy their homes as a result of a natural disaster and an adjacent area being declared unsafe. Section 803 of H.R. 4170 would provide affected residents the opportunity to claim a casualty loss deduction for losses they experienced following the disaster in the winter of 1982.

Following the disaster and the issuance of a Presidential disaster declaration, a request was made to the Internal Revenue Service to determine whether affected residents were eligible to apply for casualty deductions for their losses. The IRS ruled that these residents were not entitled to a casualty deduction because it found no proximate relationship between the occurrence of the disaster and the losses incurred by the residents as a result of the disaster and their subsequently being forced to destroy or relocate their homes.

The fact is that if these residents had suffered physical damage to their homes as a result of the disaster, they would have been eligible for casualty loss deductions. Like other homeowners who experience physical damage to their homes, the residents in the Love Creek area have suffered tremendous economic devastation. Because of an absence of physical damage, I do not believe these residents should be prevented from applying for a casualty loss deduction.

Section 803 corrects the current inequity by permitting taxpayers whose residences are located in a Presidentially declared disaster area and are required to destroy or relocated their residences the opportunity to claim a deduction for losses caused by the disaster and the order to destroy or relocate their residence. This provision is drafted very tightly; however, it does recognize situations where residences are condemned and declared uninhabitable as a result of the disaster. Although there may be an absence of physical damage in such situations, taxpayers may experience similar economic loss. In such instances, these taxpayers should also be provided the same tax treatment as provided to those taxpayers who experience physical damage. I commend the Ways and Means Committee for its support and work on this provision.

The second provision stems from H.R. 1540, a bill I introduced to permit certified public accountants and enrolled agents to practice before the U.S. Tax Court in small tax cases—which are conducted under informal procedures—without taking the stringent examination now required of them. H.R. 4170 also increases the maximum amount for those small tax cases from $5,000 to $10,000.

There are two sections of the Internal Revenue Code relevant to this issue—section 7452, relating to representation of parties before the Tax Court, and section 7463, relating to disputes involving $5,000 or less.

Section 7452 prevents the denial of admission to practice before the court to any individual on account of his "failure to be a member of any profession or calling." However, it does not prevent the court from establishing rules making it more difficult for members of a particular profession to qualify.

Section 7563 establishes a less formal procedure for the handling of cases involving sums of $5,000 or less. In other cases, formal procedures, including use of the rules of evidence, are required. But section 7563, at the taxpayer's option, allows flexible, informal procedures in small cases so that they can be conducted in a manner that protects the taxpayer's rights but also allows a more rapid, nonappealable settlement of the case.

Under the rules that have been established by the Tax Court, no distinction is made between qualifying for representation in small and large cases. Attorneys qualifying for practice in all cases through a relatively simple procedure. However, nonattorneys must pass a written examination given by the court.

In the 5 years between 1978 and 1982, a total of 18 out of 240 professionals to whom this test was given, or about 7.5 percent, passed. A primary purpose of the test is to test knowledge of courtroom procedure, but for small tax cases, these guidelines are not even used. Thus the test is irrelevant.

Of course, it is crucial that those representing taxpayers before the Tax Court know tax law. Certified public accountants and other individuals enrolled to practice before the Internal Revenue Service know tax law. It is their business, and they must pass State qualification standards in order to practice. Attorneys, on the other hand, may know virtually nothing about tax law and still face no impediment to practicing before the Tax Court.

Most taxpayers who obtain outside assistance for preparation of income tax returns employ CPA's or enrolled agents. But if they get involved in a dispute with the IRS, they must hire an attorney to take their case before the Tax Court or find one of the few nonattorneys who have qualified to practice. In small cases, it is very costly for the taxpayer to hire an attorney who is completely unfamiliar with the case. In addition, many attorneys are not even interested in representing taxpayers in small tax cases. The result of this situation is that many smaller taxpayers simply are unable to gain representation.

Enabling the taxpayer to make use of the individual who helped prepare his return would greatly expedite many cases before the Tax Court. In addition, since small tax cases cannot be appealed if they are tried under these informal procedures, additional time and work can be saved through encouragement of the use of CPA's and enrolled agents for practice before the court.

These facts are important, because time is an increasing problem for the court. Backups have become severe, and the Chief Counsel of the IRS has stated that "we have to develop procedures for more efficient handling of cases."

This provision will help to achieve that goal. Very simply, section 475 permits CPA's and enrolled agents to practice before the U.S. Tax Court in small tax cases tried under informal procedures without taking the special examination now required by the Tax Court. I believe this makes a great deal of sense, and I hope it will be retained in the bill when it goes to conference with the Senate.

Again, Mr. Chairman, I urge adoption of this legislation. Both for provisions I have specifically mentioned and the overall deficit-reducing impact of the bill, it is vital that this measure be adopted.

Mr. CONABLE. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Virginia (Mr. BATEMAN).

Mr. BATEMAN. Mr. Chairman, it is my intention to support H.R. 4170, the Tax Reform Act of 1984. But I do so with some great reluctance because a part of this bill is, in my view, seriously flawed. I have particular reference to the provision dealing with industrial development bonds, the so-called IDB's.

We are told by the proponents of the bill that the IDB provisions represent a number of concessions having been made in this part of the bill since the legislation came before the House last November and was denied a rule because of a widespread concern about the IDB section and several other parts of the bill as then constituted.

I have discussed with a number of bond lawyers the so-called concessions which the Committee on Ways and Means have made in the IDB title of H.R. 4170, and these discussions have confirmed my own strong suspicions that the concessions in fact concede little of importance.

The cap on volume of issues remains in place, and the exceptions to the cap are drawn up in such a way as to leave very little out from under the ceiling.

I am more than willing to support other kinds of modifications to the law governing the tax-exempt status of IDB's. For example, further restrictions on permissible uses of the industrial bond mechanism. That is the direction which I believe we should take to restrict IDB's in a rational way. An arbitrary mathematical ceiling is a mindless device which punishes worthy use equally with frivolous ones. Actually, the fundamental flaw in the IDB provisions of the bill is the underlying philosophy, a philosphy that all income of the United States belongs to the Federal Government except that which Congress sees fit to let the people keep.

Furthermore, the IDB restrictions in this bill are written in disregard of the fact that industrial development bonds have an enormous potential for expanding the economy and generating jobs, thereby not only making America more prosperous and productive, but also raising the revenues paid into the Treasury.

I think it is a shame that such an objectional provision has been included in H.R. 4170, because, on the whole, the committee has done a fine job in crafting this legislation.

I am pleased to see, for example, that the bill rationalizes the tax treatment of the life insurance industry, reauthorizes mortgage revenue bonds, sets forth clear guides governing taxation of fringe benefits, strengthens the rules on tax shelters with a potential for abuse, and substitutes an equitably designed diesel fuel tax for part of a truck tax that was punitive to our farmers.

On balance, this is good legislation, and I plan to support it on final passage. It is most regrettable, however, that the rule for consideration of the bill did not permit those of us who object to the IDB provisions as being ill-conceived an opportunity to attack that part.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to a fine member of the committee, the gentleman from South Carolina (Mr. CAMPBELL).

Mr. CAMPBELL. Mr. Chairman, today we are in a situation that is very pleasing to most Americans. We have the strongest economic recovery that we have had in about 20 years caused in large part by the President's tax cuts that took place after the 1981 session of this Congress. We had reached a point before that, as far as personal taxes went, taxes on productivity and work, that were confiscatory. We had at the end of 1980 run into the ravages of inflation at the highest level ever, and we had the highest interest rates. It took some drastic action to get this country moving. President Reagan proposed and we took drastic action.

As a result, today we have inflation down. Today the prime interest rate is about half of what it was in 1980. Instead of housing doubling every 4 years in cost, as it did under the previous administration, it today has only gone up 1 percent. Productivity is up. More people are working in America than have ever worked in the history of this Nation. Housing is up. Automobile sales are up. After-tax earnings of American workers are up. And yet we still have problems. We have problems with deficits, deficits largely caused by spending, much of which is automatic, and which we must face one day if we are going to deal with it. We will never be able to deal with the real problem of deficit by raising taxes or cutting discretionary items. We are going to have to restructure entitlements in this country before we are ever going to get to a balanced budget situation.

However, we can and we must look at the situation that we have today, as far as the deficits of America go. And, quite frankly, those deficits today are something that scare us. They threaten the economic recovery, they threaten the good times that we have and are enjoying; and it is our responsibility to do something about it.

One of the items that we must consider has to be some increase in revenues. In seeking to find a way to increase revenues, the Ways and Means Committee eliminated from consideration taxes on the wages of working people in this country, and put together a tax bill that is, on balance, mixed. But when you look at it in detail, you find that there are some very good items in this tax bill.

Now, I do not agree with the IDB section in its entirety. I do not like excise taxes that have been placed on certain items. I do not like some of the changes that were made in FUTA and FICA contributions as it pertains to tips. But I do like eliminating some of the tax abuses, I do like the insurance provisions, I do like the mortgage revenue bond provisions, I do like the diesel differential, and I do like the fringe benefit package.

So as I look at it, I would say, as tax bills go, this is probably the best I have ever seen. If we have to look at a deficit package, then we better look at the whole mix. And we do not have yet a decent package. The budget passed out of this House is not a decent budget. It cuts too much in defense. The Republican budget was not a decent budget either. It did not have enough cuts in defense and it had too much in domestic.

I hope that when we come out of conference we will have a decent mix, but we will never come out with anything if we do not take the step today and deal with the tax package that we have before us. For that reason, because of the problems of the deficits of this country and the hope that we will find a decent mix, it my intention to vote for this bill. It is true I did not sponsor this legislation. But we as Members of Congress cannot just lay in the grass and criticize. We cannot sit idly by. The time is now, and we must act.

I would urge my colleagues, as a part of a deficit reduction package, and, yes, because of some of the provisions of its own, to support this legislation.

□ 1740

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas (Mr. ANTHONY).

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. ANTHONY. I yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentleman for yielding.

Mr. Chairman, I rise in favor of H.R. 4170, the Tax Reform Act of 1984, and urge my colleagues to join with Chairman ROSTENKOWSKI and 27 other members of the Ways and Means Committee who are cosponsors of this important legislation in support of its passage.

Mr. Chairman, tax bills are perhaps the most difficult pieces of legislation that we vote upon, and because of its omnibus nature, we must accept the sum of its parts in determining whether to support or oppose its passage. Regardless of its merits, some group or constituency will always remain opposed to the passage of any tax bill and as a result, will believe that our support for its passage reflects a lack of our commitment to their interests or concerns. Obviously, the situation is not as simple as that.

No tax bill is perfect. This tax bill is not perfect. It is not the exact kind of tax bill that I would have preferred to see us considering today. Nevertheless, H.R. 4170 represents a solid bipartisan effort. I believe we must support H.R. 4170 because it begins to meet effectively a demand that the Congress must address.

The first demand that H.R. 4170 begins to address is that of reducing the Federal deficit which in my opinion is a ticking time bomb which if permitted to remain at current levels poses the single greatest threat—economic collapse—to our Nation.

Reducing the deficit, Mr. Chairman, remains the No. 1 priority faced by Congress today. It is an absolute imperative that we face and accept this challenge in order to insure the continued recovery and to restore a robust vitality to our national economy. H.R. 4170 will help in reducing the deficit.

Mr. Chairman, as I have previously noted, no tax bill is perfect. In my opinion this bill could have been even more comprehensive in scope than it presently is. Nevertheless, I believe the strengths of H.R. 4170 exceed any of its weaknesses. Clearly, the huge tax cuts that were pushed through the Congress by President Reagan in 1981 have contributed to size of the Federal deficit. These cuts are expected to produce a revenue loss of $624 billion over the next 3 fiscal years. In my mind, additional revenues must be raised if deficits are ever to be brought under control.

The original version of H.R. 4170 would have raised only a relatively small amount of revenues—$8.1 billion—over the next 3 fiscal years. Certain committee amendments that were permissible under the defeated rule to this bill could have increased these revenues to the $73 billion target that was established in last year's budget resolution.

Today's new version of H.R. 4170 will raise considerably more revenues—$47.2 billion over the next 3 fiscal years—and serves to meet the revenue target of $49.8 billion over the next 3 fiscal years that was established by the budget resolution recently adopted by the House. Although it remains my belief that we need to address the budget deficit issue in a more comprehensive manner than this measure alone can accomplish, I believe H.R. 4110—if coupled with prudent cuts in certain areas of Federal spending including especially those at the Department of Defense—can assist in serving to reduce the Federal deficit and thus, contribute to the sustained growth and stability of our Nation's economy. I urge my colleagues to join in support of H.R. 4170's final passage.

Mr. ANTHONY. I thank the gentleman for yielding me this time.

Mr. Chairman, I would like to add my congratulations to the gentleman for shepherding a very complex and difficult and detailed piece of legislation, not only through the committee process, but onto the House floor.

I think all of us probably have been back in our districts over the past few months talking about the growing deficits and the fact that it is going to drive interest rates up and probably put us back into another recession. The difference is we have talked about different mixes of revenue raisers and spending cuts but we have probably all used those buzz words, we want to do it in a fair and equitable manner.

What disturbed me in my early rounds in the latter part of 1983 was it seemed like no one was listening. I do not believe our constituents were getting the message to the House Members that was reflected in the fact that we defeated the rule that preceded this bill at the end of 1983. Something has happened since then. People who called me in 1981 asking me to vote for that massive tax bill, Mr. Chairman, have been calling me on the telephone and they have been saying, "We do not like it, but we think that you have got to raise revenue, and we encourage you to vote to raise revenue because we know that the alternative is disaster for us."

And they have said, "If you will display the courage to vote for this tax bill, we will go out as a community and we will defend you."

I find that to be very refreshing, and in fact I hope that my friends and colleagues are finding that people coming to visit their offices, one of the things that they want to talk about right now is a deficit reduction package. Nearly every association is saying, "We see the light, we hear what you have been saying, and we want to do it."

Mr. Chairman, as you well know, I fought very hard for a more liberalized version of the industrial development or the revenue bond section. In a consensus government, I think it tells you that you do not get everything that you want, you just hope that you get enough, that you can say that you have been treated fairly.

I have explained the provision as how it would apply to my State to my business people. The response that I have had back from them 100 percent is, "We cannot get everything we want, we have to share in the pain. We think that we should do our fair part."

Mr. Chairman, I think you have treated us fairly on that issue. I think you have put the program into a position so that we can curb some of the abusive uses of it, but I know my State will be able to utilize the program for additional industrial growth and jobs. We will not be stymied for many years to come, and I know that this great deliberative body, if it sees a law that has been unduly restrictive, has the ability to revisit it at later times.

I urge all of my colleagues to lay aside any one little bitty argument that they would have. When you have a bill that has a 1,023 pages, any one of us can find one little section that we disagree with, go back home and say that is the reason we voted against it. I think 1984 is the time to say, we have got to look at the country as a whole because we will all be better off if we pass a revenue raising measure that has been done in a fair and equitable manner.

I think this is done in a fair and equitable manner. I think it will send a strong signal. Hopefully, it will help stabilize. The war is not won; we will be back in 1985 and 1986 trying to find some additional answers. I think this is the first baby step and I would encourage a favorable vote.

Mr. Chairman, I rise in opposition to the changes in the maximum estate and gift tax rate included in H.R. 4170, the Tax Reform Act of 1984.

The Economic Recovery Tax Act of 1981 provided a 4-year phase in of reductions in the maximum gift and estate tax rates. The maximum rates were due to drop from 60 percent to 55 percent in 1984. Under H.R. 4170, the maximum gift and tax rate will remain 60 percent through 1987.

In my State of Arkansas there are many areas of forest lands that have been passed down from generation to generation. In many cases families have had to sell large parcels of land to pay off estate tax assessments. A great deal of this forest land is being sold to developers thereby decreasing the timber supply base. If this trend continues our supply of timber could be put in jeopardy.

I understand that we are facing huge Federal deficits and action has to be taken to relieve what I consider to be our major economic problem. However, I feel strongly that on balance, the vitality and stability of our forestry reserves far outweighs the small amount of dollars this provision would bring into the Treasury.

Mr. Speaker, at this point in the Record I would like to submit a letter I received from Mr. William R. Ganser, Jr., executive vice president for the Southern Forest Products Association.

The letter follows:

New Orleans, LA,
March 13, 1984.

Hon. Beryl Anthony,
House of Representatives, Washington, DC.

Dear Mr. Anthony: It is generally predicted that the South will become the main source of forest products for the nation as a whole before the end of this century because of our region's huge potential for future timber growth. But this goal can be realized only if the South greatly intensifies the current level of forest management practices. That, is turn, depends on the inclinations and motivations of private landowners, who hold most of the region's commercial forest acreage.

The Southern Forest Products Association, an organization of lumber manufacturers with operations in 12 states, has 50 member companies which account for almost 80 percent of the total Southern Pine lumber production. Two-thirds of their raw material comes from nonindustrial private forestland ownerships.

Many of the private forestland ownerships in the South are family holdings of long standing that have been passed down from one generation to another. In recent years, increasingly large numbers of heirs have been forced either to sell out to developers or else to prematurely liquidate developing timber stands to be able to pay estate taxes. That, of course, has reduced the timber supply base while discouraging the practice of intensive forestry.

Strong forestry incentives are needed to first stem and ultimately reverse these unfavorable trends. And some of the most important incentives are the estate tax reductions approved in the 1981 federal tax reform bill scheduled to go into effect on a graduated basis between now and 1986.

That is why we oppose the proposal of House Ways and Means Committee Chairman Dan Rostenkowski, as incorporated in H.R. 4170, to increase the maximum estate tax rate from 50 to 60 percent. Should this be approved by the Congress, we predict that reductions of the tax base due to further defaults of forest holdings would far more than offset any revenue gains the increase would bring the Federal Treasury.

The most adversely effected landowner group by the Rostenkowski proposal would be 287,000 nonindustrial private forestland owners with individual holdings averaging 100 acres or more, and who own 60 percent of the South's commercial forest acreage.

The National Forest Products Association joins us in urging your opposition to the proposed estate tax increase as contrary to the best interests of forestry.

Sincerely,

William R. Ganser, Jr.,
Executive Vice President.

Mr. CONABLE. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. Thomas).

Mr. THOMAS of California. I thank the gentleman, the distinguished ranking member from New York, for yielding me this time.

Mr. Chairman, I just want to take the well for a few minutes and not discuss the specifics, they have been discussed enough. But, rather, to say that I think the focus should be on the timeliness of H.R. 4170 and the manner in which this bill is being handled.

I do not think anyone, when the vote is through, will be able to say that this was not a bipartisan effort. Certainly, a large measure of that credit has to go to the distinguished chairman of this committee, when, in closed door, primarily, and open door sessions, he was very sensitive to what we, the minority, could or could not do.

I commend him for the way in which he conducted the committee. From my perspective also, I think this House owes a deep debt of gratitude to the ranking Republican on the committee. A Member of the House for 20 years, and who, since he has announced his retirement presents us with probably his final work product, a bill which is as fair a tax bill as a tax bill can be, and which will be the cornerstone of a significant bipartisan effort to reduce the deficit.

I just want to commend the gentleman from New York for his long and valuable work to the committee on which we serve and to this House and to the State of New York, and the Nation.

Mr. CONABLE. Mr. Chairman, will the gentleman yield?

Mr. THOMAS of California. I yield to the distinguished gentleman from New York.

Mr. CONABLE. I thank the gentleman for yielding.

I really thank my friend, but I hope he will not cut me off in the bloom of youth. I think we have a rich, full year still ahead of us, and there is ample opportunity for entertainment still facing the Ways and Means Committee.

Mr. THOMAS of California. I still want to thank the gentleman from New York in terms of the bipartisan effort that is clearly evidenced in the work product here before us.

I think the Members can support this measure, as a meaningful part of a bipartisan deficit reduction plan.

Mr. KOSTMAYER. Mr. Chairman, I rise in reluctant support of H.R. 4170, the Tax Reform Act of 1984.

Earlier today I opposed the rulemaking consideration of H.R. 4170 in order. I would have preferred an open rule which would have permitted amendments to the bill.

As with any omnibus bill such as the one before us now, there are provisions which I find objectionable. The provisions of H.R. 4170 which most concern me are those dealing with industrial development bonds. I would have voted for an amendment either striking the IDB restrictions, or modifying them.

IDB's have been tremendously important in Pennsylvania, and in my own congressional district in stimulating construction, and development, as well as rehabilitation and renovation of existing structures. IDB's have been useful in creating jobs, a major concern of mine. I believe the cap on IDB's contained in H.R. 4170 will impose unreasonable restrictions their use. The Senate bill is preferable in that it has no cap, and I am hopeful that the Senate conferees will prevail on this point. The cap does not distinguish between good and bad projects. If there are reforms to be made in the IDB area, it seems to me there are better ways to do it than a cap which will cause good projects as well as bad to be eliminated. It is for this reason that H.R. 4170 as presently before us is vigorously opposed by the Commonwealth of Pennsylvania. I agree with my Governor, Dick Thornburgh and others on this issue.

Now, however, that the rule prohibiting amendments has been passed in spite of these objections, I find that the bill's many merits cause me to vote in favor of its adoption.

First of all, I think the American people are rightly asking the President and the Congress to at long last take some action to reduce the projected budget deficits. I commend the Ways and Means Committee for taking the lead and coming up with a package which will cut the deficits by some $49 billion over a 4-year period. Along with limiting increases in military spending, I believe the enactment of the tax reforms contained in this package are the quickest and surest way we can make some progress on the deficit issue. The President, I am pleased to say, supports passage of H.R. 4170 as well, citing this very reason.

Last week we saw the prime rate increase from 11½ to 12 percent. Most economists predict that rates will continue to climb because the looming deficits will put extreme pressure on the credit markets. We simply have to send a signal to the investment community that we are taking steps to reduce the deficit. Frankly, I wish we could do more, and that the administration would support such efforts.

There are other features of this bill which are attractive. The realtors in my district support H.R. 4170 because of the extension of mortgage subsidy bonds contained therein. The insurance industry is supporting the long overdue changes in tax treatment of life insurance companies. Others are enthusiastically supporting the provisions which for the first time codify tax treatment of many fringe benefits. The bill also contains provisions for which I was an original cosponsor reducing the increases in the truck user taxes scheduled to take effect on July 1, 1984. And the bill delays currently scheduled decreases in windfall profits taxes on income from decontrolled oil.

So for all these reasons, I am supporting H.R. 4170, Mr. Chairman. At the same time I would hope that the House conferees on this measure, Mr. Chairman, would at the appropriate time recede to the Senate on key elements of the IDB provisions so that many worthwhile projects using IDB financing can go forward.

Mr. HOYER. Mr. Chairman, I intend to vote for passage of this important legislation and want to congratulate Chairman ROSTENKOWSKI, Congressman CONABLE, and the other members of the subcommittee for their tireless efforts to bring to the floor of the House a bill which has strong bipartisan support and fairly addresses the problem of tax loopholes.

I would be remiss, however, Mr. Chairman, if I did not voice my concern over the industrial revenue bond portions of this legislation. While some Members have pointed out examples of abuses in industrial revenue bonds, I would argue that the abuses of IDB's pale in comparison to the benefits realized by thousands of communities across the country. In the interest of moving this important legislation, I believe we may have acceded too easily to restrictions which may have the effect of throwing out an awful lot of good apples because there were a few rotten ones in the bunch. Though I am disturbed by the IDB restrictions present in the legislation, I intend to vote for this bill because it is a good bill, because it is a necessary bill, and because I am confident that we may be able to moderate these IDB restrictions during a conference with the Senate.

Mr. Chairman, let me also bring to the attention of the House a provision in the bill dealing with the legislation's treatment of partnerships and the provision's relationship to home buyer bonds.

Home buyer bonds allow homebuilders to finance the purchase of a home. To issue home buyer bonds, builders must utilize a mortgage finance subsidiary. This entity is a partnership if several small builders join together to pool mortgages in a joint venture or if the builder uses a partnership or small business corporation (subchapter S corporation) as a means of doing business. The tax law also mandates use of a partnership when the builder is a subchapter S corporation.

Section 73 of this legislation contains changes designed to prevent use of a partnership as a means to avoid tax on a transaction that would otherwise require taxation. The typical transaction involves tax-free contribution of appreciated property to a partnership followed by the partnership selling the property and distributing the proceeds to the partner as a tax-free return of capital. If the partner had sold the property individually, a tax would be imposed at the time of the sale.

I understand the need to resolve any abuse that may have occurred by partnerships in the past. However, it is my understanding that this legislation is not intended to alter the current tax treatment of installment sales as applied to homebuilders. Unless the current tax treatment is left unaffected by this legislation, small builders with partnerships as financing subsidiaries will be placed at a competitive disadvantage in relation to larger builders which use corporations as financing subsidiaries.

During the past months, the housing industry has begun to experience a dramatic recovery. I am confident that we in the Congress are encouraged by this recovery and would not enact legislation which would impede that progress. I have attached for inclusion in the RECORD a letter from Mr. Craig Fuller, Assistant to the President for Cabinet Affairs to Mr. Peter Herder, president of the National Association of Home Builders, indicating the administration's assurance that it is, "unlikely that * * * action will be used to restrict the use of homebuilder bonds in the foreseeable future".

● Mr. FUQUA. Mr. Chairman, I rise in support of H.R. 4170, the Tax Reform Act and would commend the committee on its tireless efforts to bring this important legislation to the floor.

Specifically, I applaud the reductions in the highway use tax for large trucks and concomitant increases in the tax on diesel fuel for vehicles in excess of 10,000 pounds. These are equitable changes to present law, palatable to both industry and Government alike. Would that all legislation passing this body were so well received.

Similarly, H.R. 4170 provides a comprehensive simplification of the tax system for insurance companies, equally as necessary and supported as the highway use tax provisions.

In addition, the bill allows taxpayers to contribute an additional $1,750 per year to an individual retirement account, a program which 90.6 percent of the residents of the Second Congressional District of Florida support according to my 1983 district questionnaire.

This legislation grants a 5-year extension of the mortgage subsidy bond program, closes tax loopholes and raises $49 billion in new revenues over a 4-year period commensurate with the House budget resolution, all provisions which I fully support.

However, Mr. Chairman, I am grievously opposed to the provisions regarding industrial development bonds or IDB's. Granted, this program has been abused in the recent past and I agree that limitations and prohibitions were necessary. Government has no business subsidizing the building of gambling and liquor establishments or skyboxes.

I object specifically to the volume cap placed upon IDB's and student loan bonds. The State of Florida has experienced incredible growth. The Bureau of the Census reported a 43.5-percent growth rate between the 1970 and 1980 census; and, latest survey estimates show, as of December 1983, that Florida has over 1 million more residents than were recorded in the 1980 census. As we can only expect this trend to continue, Florida will be shortchanged under the cap, as even the most recent census data cannot adequately reflect the population. If this arbitrary cap is based on 1983 figures and the legislation enacted by the end of the year, Florida will most probably have another 330,000 residents whose needs must be met by their communities.

I do not have to point out that the voices of smaller cities and communities often go unheard in the clamoring of larger cities for funds. Moreover, the State government will be pitted against localities and localities will be pitted against each other for the authority to issue such bonds. Because of the 50-50 split between the State and local governments and the local distribution according to population, larger cities are afforded a great advantage. The Second District of Florida is comprised almost exclusively of these smaller cities, but the needs of these smaller communities for nursing homes, for industrial parks, for new industry, for solid waste disposal are critical needs all the same.

Finally, I have consistently supported the student loan program and am convinced not only of the critical need, but also the success of the program. This arbitrary cap forces competition between student loan bonds and IDB's, an impossible choice between important aid to young people who would better themselves and these valuable instruments of economic development.

Mr. Chairman, I am pleased that decisive action is being taken to end the abuses arising out of leasing transactions involving tax exempt and Government entities. However, I am concerned that this bill could subject energy sales contracts from alternative energy and cogeneration projects to the restrictive rules governing leasing transactions.

Over the past 10 years the House Science and Technology Committee has authorized appropriations for a large number of research and development programs aimed at creating renewable energy and cogeneration technologies for the commerical marketplace in a timely manner.

Many respected studies reviewed by the committee indicate appropriate tax incentives were vitally needed in order to allow these technologies to successfully compete in scarce capital markets. Testimony available to the committee strongly suggests that, without proper tax direction, several new technologies, such as wind, solar, photovoltaics, ocean thermal energy conversion, and solar thermal systems, will be unable to receive the market support that is needed to tap their potential.

Many of these technologies are currently benefiting from the favorable tax treatment offered by third party venture capital project financing to field their early preproduction prototypes. Favorable tax treatment has made these highly risky projects financially attractive much sooner than would otherwise be the case. These third-party projects have also successfully replaced the costly Government funded demonstration programs that were previously envisaged as the principal vehicle for commercializing these new technologies. The committee has received consistent and strong testimony at our authorization hearings about the importance of these third-party financed projects for the continued survival of the renewable energy industry. In addition, the Department of Defense recently testified before the House Armed Services Committee that it intends to meet its commitment to use more renewable energy by entering into contracts with third-party financed projects.

As I have stated, concern has recently been raised that provisions of the Tax Reform Act of 1984, which I strongly support as a whole, could severely undermine the viability of third-party financed projects by causing some of those projects to be reclassified as leases rather than service contracts. The Senate Finance Committee bill, the counterpart bill, includes language which explicitly exempts alternative energy and cogeneration projects from all possible transactions. I hope that such language which takes into account the extreme adverse impacts on the infant alternative energy industry will be acceptable to those members representing the House.●

● Mr. OBERSTAR. Mr. Chairman, we have before the House an opportunity to reduce the Federal deficits projected by President Reagan over the next 3 years.

The Nation cannot afford the grievous error which we would make by rejecting the opportunity now before us.

In 1982, a coalition of Republicans and Democrats united in this House to pass the Tax Equity and Fiscal Responsibility Act of 1982. The 1982 act undid some of the economic damage done by the 1981 tax bill's enormous revenue losses.

When the House considered the budget resolution last week, it rejected a very sensible budget alternative of which I was a cosponsor which would provide for deficit reductions going beyond those resulting from the tax bill now on the floor.

The issue, however, is not whether I or any of us believe this bill is perfect, or whether it is the best bill which could have been brought to the floor. Rather, the issue is whether this country will be better off if we enact this bill rather than delaying action on deficit reduction any further.

I believe that deficit reduction cannot wait. This bill is an important part of that process. Tomorrow, we consider reductions in domestic spending. Soon, I hope, this House will vote for substantial reductions in President Reagan's bloated military budget.

The enactment of tax legislation perhaps more than any other legislation is a product of compromise. It would be virtually impossible to pass meaningful tax reform if each separate provision had to be voted upon separately.

I do not like the bill's restrictions on industrial development bonds. In November, I voted against the rule providing for the consideration of the original version of H.R. 4170. I did so because too much of the burden of the revenue provisions fell on States and municipalities using the bonds. I voted against the rule because I did not like the manner in which the tax bill was being rushed through in the final hours of the first session of the 98th Congress.

Since that time, the Ways and Means Committee has sent to the floor a far better, more comprehensive tax reform legislation. It will raise $47 billion in revenues over the next 3 years—far more than the $8 billion in the bill before the House last fall.

In addition, the committee has improved somewhat the provision relating to IDB's. The original legislation reported last fall exempted only multifamily housing from the per capita volume cap. Under the current legislation, IDB's used to finance public facilities, such as convention or trade show centers, airports, docks, wharves, and certain mass transit facilities are also exempt from the volume cap. I still oppose the volume cap which will severely restrict economic development in many small cities. On balance, however, I support H.R. 4170, and I do so convinced that the Nation will be the better for its enactment.

A few minutes ago, with considerable reluctance, I supported the rule for consideration of this bill. I do not like closed rules; I voted against rules on three major bills last year because of my opposition to their closed or modified closed rules.

I voted for this rule today because to kill the rule today would be to kill the bill for good. Unlike last November, when defeating the rule actually resulted in the better bill before us today, time is running on the 98th Congress.

I would have preferred a vote on the tax alternative developed by the Democratic study group to reduce deficits even further—and to close a number of major loopholes in tax law. I would have preferred an opportunity to amend the section on IDB's.

We will not have those opportunities now—which is regrettable.

But, we do have an opportunity to cut the deficit. We do have the chance to take another step in undoing the economic damage done by the 1981 tax act. We can pass the much needed comprehensive revision of the tax treatment of life insurance companies in title II of the bill.

In 1982, I supported President Reagan's Tax Equity Reform Act, because that legislation was in our national interest. In that same spirit of bipartisanship, I urge a strong bipartisan vote for the Tax Reform Act of 1984 and I urge President Reagan to sign it when presented to him.●

● Mr. RAHALL. Mr. Chairman, I rise in support for this deficit reducing measure, H.R. 4170, the Tax Reform Act of 1984. This legislation, with its many provisions, has some highly beneficial items such as those which seek to reform and to insert more equity into the tax system. However, it also includes a provision which still concerns me, namely, the cap which would be placed on industrial development bonds.

The actions of the Congress in passing the budget last week in conjunction with this tax measure and the budget reconciliation we will soon consider should make it apparent that this Congress is serious about reducing the budget deficit. Moreover, the Congress is taking a prudent approach to this business by insuring that it is done in a fair and responsible manner.

For example, out of the $49.2 billion in revenue enhancements to be achieved over the period of fiscal year 1984 to fiscal year 1987 by H.R. 4170, $21.4 billion would be obtained through a tax freeze. Another $16.8 billion would be provided through provisions of the bill designed to limit unwarranted tax shelters and to curb abuses of corporate tax laws and accounting procedures. These loopholes in our tax system are a great concern to those who have contacted me in support of a flat-tax rate system.

Some specific provisions with which I find great merit include those which provide for a comprehensive revision of the tax treatment of life insurance companies by replacing the current system with a simplified structure using rules generally similar to those applied to other types of corporations. The IRA provision, also, is highly meritorious and would allow an individual to contribute an additional $1,750 per year to an IRA account beyond the current $2,000 limit without being subject to excise taxes. This additional amount would also not be included as taxable income upon withdrawal.

This legislation would also extend for 5 years the authority of State and local governments to issue mortgage subsidy bonds and creates a new program or mortgage credit certificates that would provide tax credits for up to 50 percent of the mortgage interest payments of eligible homeowners. Many families seeking to own a home will undoubtedly benefit from this provision.

Another commendable element of H.R. 4170 is that it resolves much of the uncertainty and inequity in the taxation of fringe benefits.

Finally, I am greatly relieved that this bill contains a provision I have long supported to change certain taxes on the motor carrier industry imposed by the Surface Transportation Assistance Act of 1982. H.R. 4170 would modify and reduce the heavy vehicle user fee scheduled to go into effect in July but at the same time increase the tax on diesel fuel used in vehicles weighing more than 10,000 pounds. This provision would return the user funding of the highway trust fund to a pay-as-you-go basis with only a small loss of revenues. In this manner, the system is more equitable and would not wreak havoc on the smaller and independent segment of the industry.

My major problem with H.R. 4170 remains the cap it would place on the volume of industrial development bonds a State may issue. There have been many instances where IDB's have been misused in a manner not in the public interest. Yet, on the whole, the financing of low-income rental housing, airports, mass transit, pollution control, sewage, and solid waste disposal facilities through IDB's has lended great benefit to the public.

The State's cap under this bill would be determined by multiplying the State's population by $150. The concern of a State such as mine is that this cap may restrict the availability of low-cost capital during a period of economic recovery. For this reason, I have joined many of my colleagues in an effort to make in order an amendment to modify this IDB provision. Unfortunately, such an amendment is not allowed under the rule for H.R. 4170.

While I have this concern, I do not believe it in itself is reason to vote down an otherwise fine bill. The chairman of the Committee on Ways and Means, **Dan Rostenkowski**, has assured me that based on actual issuance for the first 6 months of 1983, the total per capita annualized volume of "private purpose" bonds issued in West Virginia was $50—only 30 percent of the $150 per capita limit in H.R. 4170.

Indeed, while not endorsing this bill, the West Virginia Office of Economic and Community Development has informed me that my State would be eligible for $300 million in IDB's under the bill. With respect to small issue bonds, the State issued $170 million worth in 1980, $227 million in 1981, and $171 million in 1982. So, H.R. 4170 leaves West Virginia room for expansion and a certain degree of flexibility. If, by some chance, the State's 1983 volume exceeds the cap, the bill provides for a phase-in period with compliance by 1985. In addition, the bill allows a State to carry over for 3 years—6 years in the case of pollution control facilities—bond volume authority in order to finance specific projects. This would allow a State to store-up IDB authority to use in financing larger projects. The bottom line is that H.R. 4170 will force a State to prioritize projects to be financed with IDB's.

Another problem I have with this bill is its provision relating to employee stock ownership plans. Under current law, the credit for employer contributions to ESOP's is set at the full amount of the employer contribution up to a limit of 0.5 percent of the employer's total payroll to be increased to 0.75 percent in 1985. The bill would postpone this increase until 1988. Frankly, I find this provision to be without any merit whatsoever and believe it to be unfair to those courageous and struggling employee-owned companies such as Weirton Steel and the Dean Co., in West Virginia. I urge this provision be deleted during the conference on this bill with the other body.

Mr. Chairman, as my remarks indicate, H.R. 4170 is a mixed bag of worms. However, on the whole I believe it should be adopted with the hope that some of its provisions can be modified in conference.●

● Mr. PATTERSON. Mr. Chairman, I rise today in support of the bill before us, H.R. 4170. Although not a perfect piece of legislation, this measure includes a number of provisions that are very important if we are to meet our Nation's housing needs.

The Tax Code plays a critical role in our Nation's housing policy. We have seen how powerful tax policy is in directing investment to those endeavors we, as a society, believe are valuable. Housing has always been one of those investments. So often referred to as the "American dream of homeownership," we often forget that this cliche really is a critical thread in our Nation's social fabric. By owning a home, a family develops a sense of belonging to a neighborhood, a sense of commitment to community, both of which enhance our society.

The advantages we provide in the Tax Code for homeownership are included not only because of their social value but also because of their economic benefits. Incentives for homeownership translate into incentives for homebuilding, an activity which has one of the strongest multiplier effects on our economy. Housing construction means jobs for people who work in any of the industries that produce the more than 3,000 individual components that go into the construction of each new home.

Equally important is the role the Tax Code plays in directing investment into multifamily rental housing development. I have long believed that it is the role of the Government to create the conditions that encourage the private sector to respond to the needs of our citizens. One such need that would go largely unfulfilled were it not for tax incentives is affordable rental housing. It is important that the Federal Government continue to encourage rental housing development, whether it be through direct lending or grant programs or through tax incentives. It must be noted, however, that as direct expenditures for low-income rental housing decline, we will be forced to rely to a greater extent on the Tax Code to meet low-income rental housing needs.

SINGLE-FAMILY MORTGAGE BONDS

I am pleased that the tax bill before us today does recognize the critical role of the Tax Code in housing policy. In particular, one of the most important provisions in this bill is the reauthorization of the Mortgage Subsidy Bond Tax Act.

At the stroke of midnight on December 31, 1983, this program expired. It would be a shame for the expiration to be any more than temporary, for the mortgage bond program has served our Nation well by making the dream of homeownership a reality to about 1 million low- and moderate-income families.

In 1983 alone, approximately $11 billion in single-family mortgage revenue bonds were issued. This provided affordable financing for about 220,000 newly constructed and existing units. During this same year, nearly $1.5 billion in mortgage bonds were issued in my home State of California, providing financing for over 12,000 first-time homeowners. In Orange County, Calif., which includes my district, $277 million in mortgage bonds were issued in the 3 years of the program. These funds provided below market mortgage money to nearly 3,300 first-time home buyers each of whom bought newly constructed homes.

In economic terms, mortgage bonds have a countercyclical impact on the housing industry—an industry which often determines the health of our Nation's economy. This impact can be impressive.

During 1982, when the housing industry and the country was experiencing the worst slump since World War II, the mortgage bond program provided an assured source of home financing and thus a stimulus for the construction of affordable homes. Without a guaranteed source of financing for low- and moderate-income buyers, builders would have lacked confidence to build any new homes at the lower end of the price scale. During that year, California issued $1.8 billion in mortgage bonds. According to the California Building Industry Association, these bonds produced about 17,700 new units—about 15 percent of the State's total production that year. This activity, which would not have taken place otherwise, is estimated to have generated some 54,000 jobs and about $113 million in tax revenues.

The flexibility of the program allows States and localities to tailor housing finance programs for a multitude of specific needs, including passive solar demonstrations and accessible housing for the disabled. The flexibility has also allowed States and localities to creatively couple bond money with other funds to create programs that stretch limited dollars even further to help buyers who would otherwise be priced out of the market. Because of the sound and innovative management of the Orange County program, some of the country's bond issues were able to provide mortgage interest rates for homebuyers that were even less than the interest rate Orange County was paying on the bonds.

Housing costs in my district are quite high, so homeownership is out of reach for most of my low- and moderate-income constituents. However, through the use of this program, Orange County officials, working with local builders and developers, were able to make homeownership possible for thousands of these families. Specifically, one-third of the homebuyers participating in the program had incomes at or below 80 percent of area median income, one-third had income between 80 and 100 percent of area median income, and one-third had incomes between 100 and 120 percent of area median income.

Mortgage bonds are cost-effective. They serve a vital countercyclical role which results in U.S. Treasury revenues. It is impossible to say with certainty that Federal tax revenues lost through the mortgage bond program would have found their way into Federal coffers had the program not existed. To make such a statement would assume that investors are of such poor intelligence as to be unable to find an alternative tax-sheltered investment. Rather, should the program be permanently terminated, one would expect that investors would find some other source of tax shelter, a scenario which would deprive housing of a critical source of financing.

There is a continuing need for mortgage bonds. Through the rest of the 1980's the maturing baby-boom generation is expected to push the rate of household formation to new levels. Bond financing is critical to the affordability of homes for these new families.

I applaud the efforts of my colleague from New York, TOM DOWNEY, in leading the way for the reauthorization of this program. His bill, H.R. 1176, began in 1983 with the support of only a handful of Members, expanded to an impressive list of over 300 cosponsors, and now has been included by the Ways and Means Committee as part of H.R. 4170.

MULTIFAMILY HOUSING BONDS

I am pleased to see that H.R. 4170 makes a number of special provisions for multifamily rental housing financed through the use of industrial development bonds. As originally proposed, the bill would have precluded the use of IDB's for multifamily rental housing development.

The most egregious provisions were those to subject multifamily rental housing to the State volume cap and to impose the lower single family arbitrage limit on multifamily housing bonds. I am happy to see that the Ways and Means Committee has eliminated these provisions.

The restrictions on the use of bond proceeds for purchase of land and existing facilities do concern me. Land is a legitimate cost in any housing development. Those areas of the country where land costs are high should not be penalized. The rehabilitation of existing facilities—whether it be moderate or substantial rehabilitation—must be encouraged by our Tax Code in order to make the best use of existing housing stock. I am pleased to see that the committee has made some modifications in both the land and existing facilities provisions, and hope that the final agreement of House and Senate conferees will properly address these two issues.

I am concerned about the potential impact of the proposed IDB restrictions on the ability of local governments to finance needed economic development. It is my hope that the conferees will craft a final agreement which assures that sound economic development programs may utilize for IDB financing.

HOUSING DEPRECIATION

I am pleased to see that the Ways and Means Committee's bill does not make any changes in the 15-year depreciation for residential structures. The Ways and Means Committee acted wisely in making no changes in current depreciation rules.

It is my understanding, however, that the Senate Finance Committee has proposed to increase the cost recovery period to 20 years for all structures. Such a change in the accelerated cost recovery system (ACRS) would cripple critically needed investment in housing.

While I recognize that the Senate Finance Committee proposed this change as part of its effort to reduce the budget deficit, the adverse economic consequences of the change would more than outweigh the benefits. It has been estimated that during the first years after enactment, a 20-year recovery period for structures would annually reduce commercial and residential investment by $8 billion, reduce gross national product by $16 billion and cause a loss of approximately 400,000 jobs, primarily in the construction industries.

I would urge the House to hold strongly to its position of no change in ACRS. A change in the 15-year recovery period would be extremely unwise.

HOME BUYER BONDS

In the past year, we have witnessed the development of an innovative mechanism in the delivery of mortgage money to home buyers: Home buyer bonds or builder bonds. Through this innovative technique, builders are able to obtain direct access to the secondary mortgage market, lower their costs and pass these savings on to home buyers in the form of lower mortgage interest rates. The builder must use a finance subsidiary of some sort—such as a corporation or a partnership—in order to make use of this mechanism.

One of the provisions of the tax bill inadvertently jeopardizes the use of home buyer bonds by small builders who use a partnership subsidiary. Section 73 of the bill contains partnership changes designed to prevent use of a partnership as a means of avoiding tax on a transaction which would otherwise require taxation. Although I have no objection to tightening this provision for certain circumstances, I am concerned that it was drafted in such a way as to overlook the implications for home buyer bonds. It is my hope that this drafting oversight can be resolved in conference.

HOUSING TAX POLICY

I would like to reiterate my support for this measure. As troubled as I am about raising taxes to the extent this bill proposes, I recognize the need for this legislation in order to reduce the budget deficit.

By passing this legislation we are making tax and budget policy—we are trying to reduce the unacceptable Federal budget deficits. However, we must not lose sight of the fact that we are also setting housing policy. Each of the items I have mentioned can have a significant impact on the ability of our Nation's citizens to find affordable rental housing or to realize the American dream of homeownership. Each of these policies has the potential to affect the health of the housing industry and thus our economy in general. I would urge my colleagues who will be conferees with the Senate to keep these thoughts in mind as they work to reach a final agreement on the Tax Reform Act of 1984.

I thank the chairman.●

● Mr. EDWARDS of Oklahoma. Mr. Chairman, buried within a 1,000-page document—the Tax Reform Act of 1983—there are several provisions which will do severe harm to our Nation's ability to develop domestic oil and gas reserves.

I refer specifically to the provisions which put a freeze on the reduction in the windfall profits tax and a second provision which makes it more difficult to provide investment money for the independent producer.

Under current law, the windfall profits tax on newly discovered oil is scheduled to decline to 25 percent in 1983, 22.5 percent in 1984, 20 percent in 1985, and 15 percent in 1986 and subsequent years. The House bill freezes the rate at 25 percent through 1987—another good example that once the Federal Government begins to take revenue from the private sector, it is extremely difficult to stop.

Many independents, who do the majority of new field exploration and development in the United States, rely heavily on expenses that are paid in 1 year for costs to be incurred in a subsequent year. I agree with the committee that many tax shelter abuses have occurred; however, prepayment of expenses in the energy industry is a legitimate, historical method of obtaining funds to further the search for oil and gas reserves.

As I read these provisions, I was reminded of the recent testimony by Secretary of State George Shultz before the Foreign Operations Subcommittee, on which I serve. Mr. Shultz said there is "a real possibility" that the war between Iran and Iraq could lead to a closing of the Persian Gulf. Our Nation's crude oil supply remains very fragile, and is significantly impacted by political events in many foreign countries. Our security is dependent on a healthy, productive energy sector in this country.

Yet, it seems that at every opportunity the Congress makes it more difficult to explore and develop oil and gas reserves. The energy industry is already heavily taxed. The windfall profits tax alone in the last 3 years has brought in from producing companies and royalty owners nearly $50 billion. In Oklahoma, gross production and other severance taxes paid to the State reached $744.9 million in 1982, an increase of 1,000 percent since 1973. In the period between 1953 and 1982, oil companies paid the Federal Government nearly $59 billion as the result of bonus payments and royalties from offshore exploration and development.

Oil companies are already taxed at virtually every level of operation. I believe these provisions in H.R. 4170 are wrong and will serve to further inhibit U.S. efforts to reach national energy independence.●

● Mr. BROWN of California. Mr. Chairman, we have before us today a revenue-raising proposal which puts teeth into the tentative budget we passed last week calling for $50 billion in additional taxes over the next 3 years. Tax increases are never pleasant, particularly in an election year, because it requires hard decisions—decisions in which someone pays.

We could, if we choose, do the expedient thing and wait until next year, but that would be abdicating our responsibilities. And a major responsibility it is. We must, if we are to foster continued prosperity, make inroads into our rising Federal deficits. These deficits could edge out the available credit, raise interest rates, and abort our recovery. And without a sustained recovery, our deficits will continue to rise—beginning the cycle again.

The proposal submitted by the Ways and Means Committee is modest in comparison to the problem. It would raise revenues by $50 billion over 3 years, but almost half—$21.4 billion—would be generated by a "tax freeze." The freeze would temporarily roll back certain tax reductions that took effect at the beginning of this year, and delay or repeal additional tax cuts scheduled to take effect over 3 years.

A total of 11 scheduled tax reductions would be affected by the freeze. Of these, nine would be delayed, generally until 1988. Another tax reduction—the net interest exclusion scheduled to take effect in 1985—would be repealed; yet another—a cut in the excise tax on cigarettes—would be reduced but allowed to take place on schedule. The bill would also increase the excise tax on liquor in order to offset the revenue loss resulting from the reduction in the cigarette excise tax.

Most of the tax reductions that would be delayed or repealed by the tax freeze were enacted as part of the Economic Recovery Tax Act of 1981. That legislation was enacted after a severe "bidding war" which distorted an attempt to relieve individual taxpayers and so severely reduced revenues from all segments that we now find ourselves in our present budgetary dilemma. These delays would, in part, offset our previous actions.

Another major portion of this bill is designed to limit unwarranted tax shelters and curb abuses of corporate tax laws and accounting procedures. Many of these provisions are similar to proposals made in President Reagan's February budget. Together, the antitax shelter/antiabuse provisions of this bill are expected to raise a total of $16.8 billion in additional revenues over the 4-year period from fiscal year 1984 through fiscal year 1987.

Two provisions in the bill which adversely affect my own district are restrictions on leasing by tax-exempt entities and restrictions in the use of industrial development bonds (IDB's). While I understand the need to curb abuses, I am disappointed that the committee set an arbitrary date of May 23, 1983, to prohibit this procedure. Even though there are transition rules, the time and money spent by some communities to examine what was then a legitimate opportunity must now be absorbed by local taxpayers without results. The city of Riverside, for example, did forgo the use of a consultant and, instead, used its own resources to examine the then-legitimate potential. Because the city fell outside the arbitrary deadline, and because it did not hire a consultant, it does not qualify under the transition rules. I understand the committee's concern for both a need to eliminate loopholes and abuses, and to reduce our deficit, but Riverside should be commended, not punished, for attempting to find ways to reduce the financial burden on its residents.

Perhaps the most controversial measure of this bill is the restriction on industrial development bonds (IDB's). There is not a district in this country which is not adversely affected by the restrictions the Ways and Means Committee has recommended. State and local governments have traditionally used these tax-exempt bonds to finance public projects such as schools, roads, and the public debt. In the 1930's, however, State and local governments began to issue bonds to finance private business activities. The use of such private purpose bonds remained relatively limited, but by 1982, $44 billion of the $85.1 billion in State and local borrowing went to private-purpose bonds. According to the Joint Tax Committee, under current law, private-purpose bonds will result in a revenue loss to the U.S. Treasury of $10.1 billion in fiscal year 1984, and $34.6 billion between fiscal year 1984 through fiscal year 1986.

This legislation places a cap on the total volume of IDB's and student loan bonds that a State and its local governments may issue. A State's cap would be determined by multiplying the State's population by $150. Under the bill, IDB's used to finance multifamily residential rental housing are exempt from the volume cap, as are IDB's used to finance convention or trade show facilities, airports, docks, wharves, and certain mass commuting facilities, if those facilities are owned for tax purposes by a State or local entity.

I have many reservations about the proposed restrictions, but I also feel that, considering our limited resources, priorities for tax-exempt bonds should be given to State and local governments, allowing the private sector to find more traditional financing. It is not an easy choice to make. Private sector investment is no less beneficial than investments made by governmental entities. But many times, the private sector has alternatives not available to the public sector because it must be accountable to its taxpayers.

As my fellow colleagues will acknowledge, tax reductions are far easier than tax increases. Tax increases require a fortitude many of us would rather not exhibit in an election year. But we sought these jobs, not for individual glory, but with an understanding that certain responsibilities, certain decisions, would be ours to make. I ask my colleagues not to reject this bill because one or two items are not to your liking, but to accept this package as a means to reduce our escalating deficit, and to keep our perilous economy on the road to recovery. Thank you.●

● Ms. OAKAR. Mr. Chairman, in response to the clarion call of the American people for Congress to reduce the staggering Federal deficits which are projected to be $200 billion throughout the decade, I rise in support of H.R. 4170, the Tax Reform Act of 1984.

This was a difficult decision for me because, like many of my colleagues, I am opposed to the restrictions on industrial development bonds contained in title VII of this bill. The effects of the devastating recession of the past 2 years still linger in my city of Cleveland and the State of Ohio where industrial development bonds are a proven means of encouraging development, increasing jobs, and promoting economic growth.

As a member of the Committee on Banking, Finance and Urban Affairs, I can attest to the detrimental impact the deficit is having on interest rates, housing investment, and economic growth. Without doubt, the deficit is the greatest economic problem confronting this Nation. Failure to act in a bipartisan manner on a balanced program of spending cuts and revenue increases will only move us closer to the frightful economic consequences which most surely await if the deficit is not reduced. The area of the defense budget can no longer be a sacred cow in the budget; we should emphasize the quality of defense, not the quantity.

I urge my colleagues to join me in supporting H.R. 4170, the Tax Reform Act of 1984.●

● Mr. LIVINGSTON. Mr. Chairman, this gentleman takes a back seat to no one when it comes to the need for fiscal conservatism and deficit reduction. Unlike many of those born-again budget watchdogs we have heard today, I voted for the balanced budget amendment to the Constitution, which I was proud to cosponsor. I also voted for the Gramm-Latta budget cuts of 1981.

But I cannot vote for H.R. 4170; I cannot vote to raise taxes with this bill. Based on past experience, I am afraid that we will never see the promised spending reductions that are supposed to go along with these tax increases as a unified deficit reduction package. In other words, we are vainly trying to balance the budget by raising taxes instead of by reducing spending.

In 1982, we were promised $3 in spending cuts for each $1 in tax increases. What we got instead of that was $1.67 in spending increases for each dollar in tax hikes. And make no mistake about it, the budget process and budget reconciliation do not deliver actual spending cuts—only empty promises.

Even the promises are flawed. The budget that recently passed this House over my opposing vote calls for spending reductions to come out of the hide of defense without equal attention to deficit social spending and entitlements. It is simply not a balanced approach to call for $95 billion in defense cuts and only $18 billion in social spending reductions as a fair trade for $48 billion in tax increases. Thanks, but no thanks.

Real defense spending declined by almost one-fourth of its 1970 level during the last half of the 1970's, from $90.1 billion constant 1972 dollars to an average of $68.3 billion constant 1972 dollars for the years 1976-79. We cannot afford to return to that trend now as called for in this so-called deficit reduction package. Our national security would be severely jeopardized.

And I believe our economic security is equally jeopardized by these calls for higher taxes, which ignore the fact that revenues to the U.S. Treasury doubled in nominal terms between 1976 and 1981 as did individual income taxes. Deficits persisted because the congressional leadership of this body applied all those new revenues to new spending. In short, tax increases remove the pressure for spending cuts and lead to more spending.

Mr. Chairman, this bill rolls back the progress we made for taxpayers in the President's 1981 tax cut bill in the areas of inheritance tax, interest income exclusions, small business deductions, and others. We undo the good we did. That is a mistake, especially when we consider that the House has already passed the 1984 budget reconciliation bill, H.R. 4169, which cuts spending by only $10 billion over fiscal years 1984-86. Taken together with the pending bill, H.R. 4170, the result is $5 in tax increases for every $1 in spending cuts. That is 15 times worse than the 3-to-1 ratio of spending cuts for tax increases promised, but not delivered, in 1982.

Mr. Chairman, we can deal with the deficit by cutting spending, and we can cut spending. I voted for the Dannemeyer/Grace Commission 1985 budget bill amendment last week. It would have reduced deficits $206 billion over the next 3 years while calling for only $7 billion in tax increases. I am also cosponsoring legislation to grant the President a line-item veto power which would allow him to veto specific items of wasteful spending contained in otherwise good legislation.

I urge my colleagues to oppose H.R. 4170. It raises taxes by $49 billion over 4 years, $92 billion over 6 years. But it will do nothing to reduce our deficits, unless we show some inclination to bring runaway spending policies under control.●

● Mr. McEWEN. Mr. Chairman, I rise to express my strong support for the provision in H.R. 4170, the Tax Reform Act, which provides relief to the trucking industry from burdensome taxes while assuring adequate revenues to maintain and improve U.S. highways. Mr. Chairman, I must express my disappointment, however, that this important measure is included in legislation that increases taxes and threatens economic growth.

In the final hours of the 97th Congress, the Surface Transportation Assistance Act was passed to provide for the needed repair of our Nation's highways and bridges. Yet, this legislation placed an unfair burden on a trucking industry that was already experiencing economic hardship. Faced with an economic slump that began in 1979 and the instability caused by deregulation which started in 1980, American truckers needed relief. I, therefore, cosponsored H.R. 2124, legislation which repeals the heavy vehicle use tax and replaces this tax with a five-cents-per-gallon tax on diesel fuel. This legislation gained widespread support in the Congress but no action was taken. A compromise was recently reached.

The compromise plan contained in H.R. 4170 addresses the concerns of the trucking industry and the Department of Transportation. This measure goes a long way in affording truckers the fair treatment they deserve. Again, Mr. Speaker, I commend those individuals who have joined the fight to protect our truckers from inequitable taxes, but must express my grave concern that this needed provision is contained in a tax package that is questionable.

Mr. Chairman, I rise in strong support of title II of H.R. 4170, the Tax Reform Act, which relates to the taxation of life insurance companies.

Life insurance companies are vital to our Nation's economic well-being. 800,000 Americans are employed in this industry. These companies contribute an incredible $65 billion annually to our long-term capital base; 160 million Americans turn to life insurance companies for help in planning their long-term financial security.

One would expect that with such impressive economic contributions to this country, Congress would be eager to answer that, at a minimum, the tax laws under which the companies operate do not expire. However, Congress has inexcuseably neglected this vital industry. It failed to enact new tax rules before the old ones expired. The stop-gap tax rules enacted in 1982 expired on December 31, 1983, without any new provisions to take their place. This neglect has led to tremendous financial uncertainty for life insurance companies.

Now that the House Committee on Ways and Means has come forward with legislation which would provide these tax rules, it is tied to a $100 billion 5-year tax increase for the American people. This is truely unfortunate. In short, I strongly support the life insurance tax provisions but reserve judgment on a bill which also contains tax increases that could threaten the Nation's economic progress.●

● Mr. DANIEL. Mr. Chairman, this is a difficult bill to oppose, because it incorporates several measures which I support, and in two instances have cosponsored legislation to achieve.

I have been a vocal and active supporter of extension of mortgage revenue bond authority. I have seen the success of this program in permitting home ownership for low- and middle-income families, and I am impressed. I have signed the discharge petition to bring this before the House so that it might be considered on its merits.

I have also supported reform of the heavy truck use tax, and have sponsored legislation to reform present provisions.

And I strongly support the provisions in this bill restructuring taxation on life insurance companies.

There are other elements in the bill worthy of support as well.

But if it is difficult to oppose some elements, it is impossible to support the bill in its entirety.

This bill will result in an additional flow of funds through the Treasury of some $49 billion through 1987. This money will not be used to reduce the deficit, let alone the national debt. Instead, these funds will be funneled through Federal hands, and right back out.

I cannot support still one more raid on the taxpayers of this Nation to feed the addiction of a Congress hooked on spending.●

● Mr. DREIER of California. Mr. Chairman, I rise in opposition to H.R. 4170.

I had difficulty arriving at my decision to oppose this bill because it contains many important provisions. But in the final analysis, H.R. 4170 will have a decidedly negative impact on small businesses, cities, and the general health of the economy. Without the opportunity to freely debate controversial portions of the bill and offer amendments where necessary, I cannot support it.

At the outset, I must say that I strongly endorse the extension of mortgage revenue bonds. They are a vital and necessary tool for promoting homeownership and a healthy economy, and I would gladly support MRB's in any legislative vehicle other than H.R. 4170.

I also support those provisions of H.R. 4170 that permanently protect fringe benefits from taxation and that make sensible and necessary modifications in the highway use tax. I am cosponsor of legislation that promotes both of these important modifications in the Tax Code.

Lastly, let me say that I recognize the difficult position the insurance industry is in and understand their dire need for a new Tax Code. I know they have worked long and hard with the Ways and Means Committee to develop a workable Tax Code, and support the compromise they have established.

Nevertheless, while I support these provisions of the bill, I am absolutely opposed to H.R. 4170's restrictions on industrial development bonds. I believe this is a hasty and unfortunate provision of the bill. It was not long ago that congress enacted serious and far-reaching restrictions on IDB's in passing TEFRA. Those restrictions eliminated many of the worst abuses of IDB's and called for mandatory reporting reqirements so that the Treasury Department and Congress could further study their use. H.R. 4170 dramatically restricts the use of IDB's without the benefit of these studies and without permitting sufficient time to elapse so that the impact of the TEFRA restrictions can be properly evaluated.

More important, by placing a comprehensive volume cap of $150 per capita, this bill pits legitimate public projects against one another, as well as regions versus regions. It potentially denies thousands of small cities and municipalities across the Nation the means to carry out badly needed economic revitalization and development.

Last, I find it unfortunate that this bill has been made retroactive to last year. As such, it has already jeopardized worthwhile projects that are in the final stages of planning. They may eventually be completed, but the delays already experienced will result in significantly higher costs.

I also would like to express my strong opposition to those provisions of H.R. 4170 that delay important tax relief enacted in 1981 as part of the Economic Recovery Tax Act. The worst of these include:

Plans to delay the expensing of business personal property for 4 years. This will hurt millions of small businesses by raising the cost of investment;

Plans to delay the top estate and gift tax rate from 60 to 50 percent for 4 years. This will result in as much as a 20-percent tax increase for owners of family farms and small businesses who hope to pass their family businesses on to their children.

By delaying the liberalization of the foreign earned income exclusion for 4 years, H.R. 4170 would effectively put a tax on hiring Americans to work abroad. This can only limit our ability to compete in foreign markets and result in even higher trade deficits.

Delaying the reduction in the windfall profits tax on newly discovered oil will penalize exploration and production of new oil in the United States. This is a questionable move at anytime, but no more so than now, when turmoil in the Middle East makes oil self-sufficiency a national priority.

In conclusion, Mr. Chairman, let me say again that I regret the fact that I do not have the opportunity to support such important tax reform provisions as the extension of mortgage revenue bonds, a new Tax Code for the insurance industry and permanent protection of fringe benefits form taxation.

I believe we cannot, however, deprive our cities of such an important tool for redevelopment and revitalization as IDB's by instituting a comprehensive and retroactive volume cap. Likewise, I think it is unwise to endanger the strong economic upturn of the past year-and-a-half by delaying those provisions of the ERTA reforms that are still vitally important to our Nation's small businesses.

I urge my colleagues to join me in defeating this bill.●

● Mr. ROYBAL. Mr. Chairman, I would like to take this opportunity to raise an issue of local concern which has been brought to our attention by a number of our California and Arizona municipalities regarding provisions in section 722 of H.R. 4170. Sometimes it takes time for the smoke to clear after lengthy work in our committees, and sometimes, unknowingly, we create obstacles for our infrastructure projects which require remedy. Well, I believe I found such a project in the Mead-Phoenix transmission line project which appears to have been struck a blow by section 722 of the bill.

The Mead-Phoenix transmission line project is a joint participation of a number of California and Arizona municipalities including the California cities of Los Angeles, Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Pasadena, Riverside, Vernon, Santa Clara, Redding, the Modesto irrigation district, as well as the Salt River project agricultural improvement and power district in Phoenix, Ariz., and the Western Area Power Administration—Western—of the U.S. Department of Energy.

The legal issue related is whether or not the participation of Western in this project constitutes an indirect guarantee of any tax-exempt bonds that would be issued to finance it. Section 722 of the bill would deny tax-exemption of interest on obligations of political subdivisions if such obligations are federally guaranteed. Under section 722, an obligation is federally guaranteed if, among other things:

> (C) The payment of principal or interest on such obligation is otherwise indirectly guaranteed—in whole or in part—by the United States or an agency or instrumentality thereof.

From the perspective of the California and Arizona municipalities involved, a significant factor in the financial feasibility of a project such as the Mead-Phoenix project is the availability to them of lower cost tax-exempt financing. Without a doubt, there is now a legal cloud hovering over this project.

I do not think it is our desire to give a death blow to a good project. This project is a high-voltage direct current transmission line between the Hoover Dam area and the Phoenix area which will enable these municipalities to make economic energy purchases and transfers between the two States through increased transmission capacity as well as for Western to meet its energy delivery requirements in its wholesale customers as required by Federal law. In the final analysis, our consumers will be the beneficiaries.

I am also concerned because of the financial commitments already made on this project. The project was initiated in 1982 through development agreements among the municipalities and Western. The preliminary estimate of construction costs of the project is approximately $500 million. Since June 1982, the project has issued notes for $14.1 million to finance its development and related costs. A final project decision to proceed with construction is expected in late 1985.

Mr. Chairman, I would urge the Ways and Means Committee to take a second look at this issue when the tax bill goes to conference so that this matter which is of such importance to California and Arizona can be satisfactorily resolved.●

● Mr. LUNDINE. Mr. Chairman, last week the House passed a budget resolution providing for a deficit reduction over 3 years of $182 billion. As part of that resolution the House recognized that certain spending increases were necessary and passed a pay-as-you-go amendment which provides for $49.8 billion in outlays over 3 years to accommodate 3.5-percent real increases in defense spending and 3.5-percent real growth in certain low-income programs. This amendment also provides for $49.8 billion in additional revenue over this same period to pay for this increased spending.

Today we have before us the Tax Reform Act of 1984 which addresses the issue of raising that revenue which the budget resolution has mandated we raise. The simple fact is we cannot increase spending for defense or any other worthwhile purpose without increasing revenue to match those outlays. The deficit cannot be increased.

The Tax Reform Act of 1984 revenue provisions are estimated to raise total revenues over the next 3 years of $49.8 billion. This amount will pay for some of the increased spending to which we have committed ourselves.

This act represents a bipartisan effort to deal with many important and difficult issues and represents the determination of Congress to take definitive steps to address the huge budget deficit. The bill is large and provides for a number of required changes in the tax law. It provides for the first revision of taxation of the life insurance industry since 1959. It contains measures to curb tax-shelter abuses which have become rampant in the last several years. It provides permanent rules for the tax treatment of certain employee fringe benefits.

There are supporters and opponents of this act. The controversy which has evoked the most concern is the provision which imposes restrictions on industrial development bonds. This represents a very difficult issue. Those who support a ceiling on the amount of IDB's that a State may issue cite the recent rapid growth of IDB's market share of all tax-exempt bonds as undesirable. The volume of private purpose bonds increased from $6.2 billion in 1975 to $44 billion in 1982 and accounts for more than 50 percent of the tax-exempt bond market. The revenue loss to the Federal Government is expected to total $10.1 billion in fiscal year 1984 and to reach $13 billion in fiscal year 1986.

The imposition of a ceiling of $150 per capita for each State is designed to restrain unlimited growth of IDB's. Most States will be able to continue to issue IDB's at their present levels because they are less than the cap. The bill makes provision for some unique financing needs which would cause hardship if the bond issue was included in the cap. One exemption from the cap is multifamily low- and moderate-income rental housing. It is asserted that certain facilities require such large amounts of financing that it would be difficult to finance them under the cap. So exemptions have been provided for certain facilities, such as convention and trade show centers, if they are owned by a government unit.

In addition to checking uncontrolled growth of IDB's the purpose of the bill is to address acknowledged abuses which exist under the current law. However, strangely enough, the effect of the proposed allocation formula is probably not to address these abuses. The bill allocates the cap based on population density. This means that the greater portion of the ceiling which is allocated to local issuing authorities will go to the larger population areas which is precisely where there have been the most abuses.

I know from my own personal experience in the southern tier of New York State that IDB's have been a very effective and properly utilized tool for industrial revitalization and at a time when industrial revitalization in this country is one of the highest priorities, we are placing rural areas at a distinct disadvantage. The 34th Congressional District of New York will be allocated a lesser amount of issuing authority than it needs to meet the demands of industrial development projects.

Most of the proposed exemptions are big city facilities. Those purposes which will not be subject to the cap if they are owned by a government unit are convention and trade show facilities, airports, docks, wharves, mass commuting, and parking facilities or storage or training facilities directly related to any of these purposes. Smaller local issuing authorities will not benefit from these exceptions so they will be effectively excluded from issuing bonds beyond their ceiling. I think New York State should allocate the State's ceiling according to a formula which does not discriminate against rural areas and pit big cities against less populated communities.

I face a difficult choice in deciding to support the Tax Reform Act of 1984. But in fact I see no choice. The huge Federal deficit must be addressed. Last week was the first step in attacking this awful, overwhelming problem. In supporting the Tax Reform Act I take the next step which is required to raise revenue to insure that any increase in spending is offset by additional revenue and therefore does not add to the Federal deficit.●

● **Mr. AuCOIN.** Mr. Chairman, I rise in support of the committee amendment.

There is no mystery about what is required to bring down the deficit; the military spending increase must be moderated, both domestic and entitlement spending must be restrained, and our revenue base must be restored.

The President has finally come to recognize this, the leadership in the Senate has come to recognize this, and the leadership in the House—on both sides of the aisle—recognizes this. Therefore, there should be no confusion about the bill we have before us today. This will be the first concrete step we can take in this Congress to reduce the deficit.

Anyone who voted in favor of the Latta Republican budget resolution should vote for this bill—the revenues in the bill before us were required by the Latta substitute.

Anyone who voted in favor of the House budget committee resolution should vote for this bill—the revenues are identical.

In short, anyone who is serious about reducing the deficit should vote for this bill.

I think we all agree that any increase in revenues must be matched with restraint or actual cuts in spending. The budget I voted for last week would have accomplished this by freezing spending for 1 year and, together with the revenues included in the bill before us today, would have cut the deficit by $234 billion over the next 3 years. Even though that measure failed, I plan to carry my fight on spending restraint to the Appropriations Committee.

The jury is still out on the spending side, I think we can and will do more. But the fact remains that we must do something on the revenue side and the bill before us raises the revenues we need in a fair and equitable manner by curbing abusive tax shelters and increasing the fairness of the tax system.

I do not agree with everything in this bill. I am particularly concerned about the impact the mortgage revenue bond provisions will have on the Oregon veterans' housing program.

Under present law, veterans' mortgage bonds, which are general obligations of a State, are exempt from the State, are exempt from the State volume limits established in 1980 for mortgage revenue bonds. The Tax Reform Act of 1984, however, will bring veterans' mortgage bonds within these volume limits by reducing a State's mortgage revenue bond authority by the volume of veterans' mortgage bonds issued in the prior year. In addition, the tax exemption for interest on qualified veterans' bonds will sunset at the end of 1988.

The chairman of the Ways and Means Committee, is well aware of my opposition to these restrictions. No one has worked harder than I have to protect the Orgeon veterans' home loan program. In letters and personal appeals, I have encouraged the chairman to reconsider his position.

I believe the committee made a bad move in seeking to restrict veterans' mortgage bonds. Oregon's veterans' home loan program has been tremendously important in stimulating housing construction in my State. Last year, 60 percent of the new homes constructed in Oregon were constructed through this program.

I recognize the committee's concern about cost. And, I understand the committee's intent to limit the potential revenue loss associated with the abuse of tax-exempt bonds.

However, in the case of Oregon, the use of these bonds for housing is based upon a long history that preceded the popularization and explosion of tax-exempt bonds issued by State and local governments. Oregon's program has been operating since 1945 when it was authorized by an overwhelming majority of Oregon voters in an amendment to the State constitution. The people of Oregon recognized that this was but a small attempt to repay a debt of gratitude to those who have sacrificed so much.

And, although Oregon has a very active program, it is not without limits. The volume of bonds that the State can issue for veterans' home loans is subject to a constitutional limitation adopted by State referendum. The State legislature also places a specific dollar limit on the amount of bonds that can be issued each year. The people of Oregon have imposed these kinds of restrictions because they recognize that they are necessary to insure the State's long-term credit rating. As for the problem of veterans' bonds becoming contagious, there appears to be little evidence to warrant that fear. Few States have veterans' programs and they have not spread like wildfire.

I would point out that even though the program constitutes less than 5 percent of Oregon's total mortgage activity, it makes a significant contribution to homeownership and my State's timber-based economy.

In tough years, when high interest rates dry up traditional sources of mortgage finance, the veterans' program helps keep many homebuilders and mills in business.

I would also point out that the flow of funds to the Treasury is not one way. The revenue loss associated with these bonds provides far more benefits in terms of jobs, housing construction, and economic activity—all bringing dollars back to the Treasury.

It is unfortunate that the bill, with all its god intentions, does not consider this. And, as a result, could deal a severe blow to the Oregon veterans' program.

On this issue, the chairman and I strongly disagree. Fortunately, the Senate tax bill does not contain similar provisions on veterans' bonds. I hope that Senator PACKWOOD, as the ranking Republican on the Finance Committee, can hold firm on the Senate position at the conference table.

For my part, I will continue to urge the Ways and Means Committee to strike this provision when the tax bill goes to conference. And I reserve judgment on the final agreement that is reached.

But for now, we have a higher issue before us. My constituents are frightened by the propspect of ever-increasing deficits. They want something done to reduce the deficit. The common good of the Nation demands that we accept this package as a crucial step in reducing the deficit, to go along with major spending cuts.

The danger we face is that prolonged high deficits will cripple economic recovery at a time when so many of us are of working to avoid economic catastrophe.

We have all talked about the need to reduce the deficit. A vote in favor of this bill shows that we have the courage of our convictions.●

● **Mr. McEWEN.** Mr. Chairman, I rise in strong support of title 7 of H.R. 4170, the Tax Reform Act, which relates to mortgage subsidy bonds. As cosponsor of H.R. 1176, the Housing Finance Opportunity Act, I recognize the importance of continuing this successful program.

In 1980, Congress enacted legislation to target tax-exempt financing for housing. This program has been working well to foster growth for the housing industry. In 1983, mortgage revenue bonds financed 150,000 single unit homes of which 70,000 were new starts. The number of jobs that were created by these new units range from 76,000 to 89,000 nationwide.

Now the House Committee on Ways and Means has provided a 5-year extension of the mortgage revenue bonds. However, it is tied to a $100 billion 5-year tax increase for the American people. It is truly unfortunate that this program, which provides a needed source of affordable financing for potential homeowners, is part of legislation containing an unsupportable and indefensible tax increase levied on the general public. In short, I strongly support the mortgage revenue bond program but reserve judgment on a bill which also contains tax increases that threaten the Nation's economic progress.●

Mr. CONABLE. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. I thank the gentleman for yielding me this time.

Mr. Chairman, I am a cosponsor of H.R. 4170, and, in general, I support the entire package. It is so large and complicated that no person could completely agree with all of its components. Surely I do not. There is no such thing as a perfect tax bill. But H.R. 4170 is a pretty good piece of work.

It is not without areas of heartburn, but it is hard to imagine any bill which raises nearly $50 billion over 3 years which would be easier to support.

When the Ways and Means Committee first began the process of developing a tax package last year, its members began the process not with the idea that we were going to raise taxes, but rather with the idea that there were provisions in the Tax Code which required correction, revision, and extension. The original version of the Tax Reform Act of 1984, first reported by the Ways and Means Committee late last year, was not a major revenue raiser. It was composed largely of corrective provisions. As work began on this year's budget, however, it became obvious that additional revenues would have to be raised as a part of a deficit reduction package. Even those who almost oppose increased taxes knew that spending reductions could not be addressed without a tax element included in the final deficit reduction package.

Instead of increasing taxes across-the-board to meet a certain revenue target, however, the committee chose to continue along the same general path it had started down last year, and generally concentrated on raising revenue by enacting further reforms in the Tax Code. The net result is that almost $50 billion in revenue is raised over the next 3 years through a series of tax reforms, including provisions designed to eliminate what the Treasury considers some of the more abusive tax shelters that have been eroding our revenue base, and through delays in future tax reductions that have not yet taken effect.

It must be emphasized that the committee took great pains to see that the major provisions of the 1981 Tax Act, including indexing and the individual income tax reductions, were left intact. And indeed they are. The tax tables, individual and corporate, are untouched.

Title I of the bill contains over 65 different provisions, and includes the so-called tax-freeze as well as most of the general so-called reform provisions. In general I supported most of the freeze items which are delayed in the bill when they were first enacted in the 1981 Tax Act, and I would generally prefer that they take effect as originally enacted. However, in attempting to meet its revenue goal, the committee made the decision that it would be preferable to delay the enactment of future tax cuts than to allow these tax reductions to take effect, and to raise taxes elsewhere. Although I generally concur with this decision, I think that the committee should have been more careful in selecting the provisions that were delayed. Some items, most notably the section 911 exclusion on foreign earned income which helps to encourage exports and jobs for Americans abroad, and the estate rate maximum rate should have been left alone.

Title I also includes a provision dealing with the tax treatment of leases involving tax-exempt entities. During an Oversight Subcommittee hearing last year into the limited problem of the Navy leasing ships as opposed to purchasing them outright, it became apparent that leasing by governmental agencies was becoming a widespread abuse. For example, prior to this bill, a city could construct its sports facility with tax-exempt bonds, sell it to a taxable entity, and then lease it back. The city then reaps a double benefit, and the investor, for a relatively low risk, is able to purchase tax deductions that were never intended to be provided. The practice is a raid on the Federal Treasury through a back-door device, and the committee was right in stopping it.

Unfortunately, while most of this provision is necessary, the restrictions are imposed in an unnecessary broad manner. The problem originally before the committee, as I mentioned earlier, involved tax-motivated leases of expensive personal property such as ships and airplanes, and tax-motivated leases of real property. In its final form, however, the bill also applies to ordinary leases that happen to involve a tax-exempt entity as well as to lease abuses.

The committee recognized that this sledgehammer approach would not work, and agreed to exempt from the bill's restrictions most leases of high-tech computer, hospital and communications equipment. Due to a misunderstanding in the conceptual markup of the bill, the exclusion for high-tech computer, hospital and communications equipment was not applied to leases to the Federal Government. This had the effect of eliminating at least half of the benefit of my amendment, and I hope, and expect, that the mistake will be corrected in conference.

There is also the potential in the sale-leaseback provisions for the bill to apply retroactively to transactions which occurred prior to the effective date of the provision. In my judgment, this was not the intent of the committee.

The two problems I have mentioned with regard to the sale-leaseback provision in title I of the bill are not the only problems with the provision. I am hopeful, however, that these, and other, problems will be taken care of during the conference committee.

Title I of the bill also contains numerous provisions designed to eliminate some of the tax benefits available to abusive tax shelters, and to eliminate unintended tax benefits that are currently being taken. I support most of these provisions because I would prefer to increase revenues by increasing compliance with our current tax laws, and by eliminating unnecessary tax provisions, or taxing provisions which have been abused. That is surely preferable to the alternative of raising taxes on everyone, and allowing tax shelters to continue business as usual. While there are transition problems which will have to worked out in conference, I think generally the reform provisions in title I are reasonable and appropriate.

Title II of the bill provides a complete revision of the rules under which life insurance companies are taxed. The current law governing the tax treatment of life insurance was written in 1959, and was woefully inadequate for dealing with the modern life insurance industry.

Two years ago, the Congress could not agree on a new system of life insurance taxation, and temporary, stopgap legislation, was enacted instead. Subcommittee Chairman PETE STARK and Congressman HENSON MOORE took on the challenge last year, and were able to develop, and shepherd through the committee, a comprehensive rewrite of the taxation of life insurance that received the support of most of the various segments of the life insurance industry, while at the same time raising more revenue than was raised under the stop-gap legislation.

In view of the conflicts that existed between the two major industry groups, the stocks and the mutuals, this was not an easy task. Although I feel that the mutuals were assigned a revenue burden that was disproportionately large in comparison to their share of life insurance business, I think Messrs. STARK and MOORE deserve special commendation.

Title III of the bill deals with the tax treatment of private foundations. The Congress last conducted a comprehensive review of the private foundation tax laws in 1969. In my judgment, although it does not represent a comprehensive review, this bill contains worthy and long overdue improvements. The changes in the treatment of gifts of appreciated stock to private foundations and the increases in the contribution limits of cash gifts to private foundations, along with the liberalized carry forward rules for excess contributions, will help private foundations to attract more funds to continue their needed, charitable work.

I consider the committee's action a first step toward the eventual, and justified, equalization of the tax treatment of private foundations with that of public charities.

Title IV contains most of the provisions which were originally included in the Tax Law Simplification and Improvement Act of 1983. This title, which contains dozens of generally protaxpayer changes in the Tax Code, is designed to clarify and simplify tax provisions which were either statutorily deficient, had created confusion in tax administration, or had other deficiencies. Passage of this provision should make life easier for many taxpayers.

Title V deals with the tax treatment of fringe benefits. The rules provided for in H.R. 4170 should finally lay to rest much of the uncertainty that has existed over the past several years concerning the tax status of nonstatutory fringe benefits. Ever since the day the Treasury first proposed taxing fringe benefits, the Congress has imposed, and reimposed, a moratorium on the issue, with a vague promise that Congress would sometime provide definitive guidance. In H.R. 4170 the vague congressional promise has become reality, and the provision in the bill at long last provides long-needed guidelines as to what is or is not a taxable fringe benefit.

More importantly, the bill essentially maintains the tax-exempt status of the fringe benefits that are most important to many working taxpayers. Airline passes to airline employees, tuition remissions for college and university employees, discounts to retail employees, health and exercise facilities, subsidized cafeterias, and so forth, have all generally been treated as tax-free fringe benefits under the bill. There are still many ambiguities in the bill, and I am certain that, at some point in the future, we will have to make the usual corrections to the bill in order to resolve issues of which we are not now aware. Generally, however, the proposal is a good one, and an enormous improvement over the uncertainty of the repeated moratoriums.

Title VI of the bill makes technical corrections to the Tax Equity and Fiscal Responsibility Act of 1982, the Highway Revenue Act of 1982, the Social Security Act Amendments of 1983, and other recent tax laws. More often than not recently, technical bills become far more than technical in nature. However, I have carefully reviewed the provisions of this title, and it appears to me that it generally provides needed, technical corrections.

Title VII of the bill contains both the most popular provision in the bill, and the most controversial provision. Under title VII, the mortgage revenue bond program will be extended for 5 more years. The extension of the single family mortgage revenue bond program will help to insure that low-interest mortgage financing will be available for thousands of first-time homebuyers, providing these homebuyers with the opportunity to fulfill the American dream of homeownership while at the same time providing thousands of jobs in construction and related industries. Over 330 Members of this House authored the bill to extend this program.

Title VII also includes controversial restrictions on the use of tax-exempt industrial development bonds. The centerpiece of the proposal is a $150-per-capita cap limiting the amount of tax-exempt bonds a State could issue in any single year. The volume cap does not include limitations on the amount of bonds which can be issued by tax-exempt organizations, nor does it limit the amount of public purpose general obligation bonds which can be issued by State and local governments. In addition, the definition of public purpose bonds issued by State and local government has been broadened to include not only traditional uses such as roads and schools, but also to include convention centers, airports, port facilities, and mass commuting facilities.

A volume cap on tax-exempt bonds was not my first choice as a means of restricting their use. In fact when it became apparent that the figures the committee was using were not totally accurate, I wanted to defer the cap for a year. The committee, however, felt that it was very important to slow the future growth in the use of the bonds due to the explosion of growth which has occurred in the use of tax-exempt bonds in recent years.

Tax-exempt bonds generally should be the financing vehicle of last resort. In times of short supply of credit, or of high interest rates, they are often the only game in town. The problem arises when tax-exempt bonds start being perceived as the financing vehicle of choice, regardless of the availability of conventional financing, or even worse, as the only financing vehicle.

The bill is designed to discourage the perception that tax-exempts are designed to be a first choice as a means of financing private purpose projects. In choosing a cap rather than further severe restrictions in depreciation, the committee attempted to develop an equitable and uniform system for limiting the rapid growth of tax-exempt bonds.

It is also important to realize that most States will not even immediately be effected by the cap. According to a recently released study by the Treasury Department, 34 States can issue more bonds than were issued in 1983 without bumping up against the cap. For the States whose volume is above the cap already, a transitional rule is provided which will increase the cap for 1984 by an amount equal to one-half of the amount the State's 1983 volume exceeded $150 per capita. I would like to point out that my own State, Minnesota, is one of the States whose 1983 volume exceeded $150 per capita.

It should also be noted that the tax bill in the other body does not contain any provision similar to the IDB cap. Changes will therefore no doubt be made in conference. If the bond provisions are not amended to the Members' satisfaction in the conference committee, a negative vote on the conference report may be in order. It does not seem reasonable to me, however, to vote against the bill now simply because the bond provisions, as presently written, are not perfect.

Title VIII of the bill deals with miscellaneous revenue provisions, most of which are designed to deal with a specific problem which has come to the attention of the committee. In my judgment, the provisions all have merit, and their inclusion is not objectionable. However, there are many more minor, almost technical provisions, which could have, and probably should have, been included in the bill. These include several noncontroversial, no-revenue-impact proposals, as well as proposals dealing with provisions in the Tax Code which expired at the end of last year. Hearings have been held on some of these proposals already, and more hearings are scheduled later this week. The other body has included many of these provisions in its tax bill, and I am hopeful that some of them will be accepted, especially the provision dealing with section 127 of the Tax Code—which concerns employee tuition reimbursement plans—and the provision dealing with the disclaimer of future interests.

The final title of H.R. 4170 title IX deals with the heavy vehicle use tax and diesel fuel taxes imposed on trucks. In my judgment, this is one of the most important provisions in the bill.

In 1982, the Congress increased the heavy vehicle use tax on trucks from a maximum of $240 per year to a maximum of $1,900 per year. This new tax imposed an unreasonable burden on the trucking industry, and threatened to force many small companies out of business. The main problem with the 1982 tax was not that the trucking industry, in the aggregate, was being forced to pay too much—although I think it was—but rather the manner in which the tax was being collected. The $1,900 was a use tax, but it had to be paid whether or not a trucker was working and using the roads, or unemployed, with his truck sitting idle in the backyard.

To correct this problem, my colleagues Messrs. JENKINS, CAMPBELL, and I introduced H.R. 2124, a bill to replace the heavy vehicle use tax with a more equitable tax based on diesel fuel consumed by trucks. Nearly 250 Members of the House joined us. The final title of H.R. 4170 contains a modified version of this bill.

Under H.R. 4170, the $1,900 heavy vehicle use tax will be repealed. It will be replaced with a dramatically lower heavy vehicle use tax of $500, and an increase in the diesel fuel excise tax of 5½ cents per gallon. The bill also exempts all trucks with a gross vehicle weight rating of 55,000 pounds or less from paying any use tax.

The provision in the bill is revenue neutral, and will provide the highway trust fund with as much revenue as it would have received under the 1982 act. Most importantly, however, it collects the tax in a manner which will allow the trucking industry, and its customers, to survive. The legislation is strongly supported by the American Trucking Association, as well over 40 other trucking industry organizations.

Mr. Speaker, all in all this is a good, compromise package. At least 90 percent of the bill is noncontroversial, and many of the provisions in the bill are extremely popular.

The mortgage revenue bond extension bill had over 330 cosponsors in the House, and will provide thousands of first-time homebuyers with the opportunity to purchase their first home. The truck tax provisions had over 250 cosponsors in the House, and will provide the trucking industry with a more equitable way of paying its taxes, without any loss to the highway trust fund.

The private foundation rules will help to provide private charities with the resources necessary to continue their charitable purposes. The life insurance provisions will provide the life insurance industry with a modern set of rules under which the industry will be taxed. The tax simplification rules will help to eliminate needless complexity in our current tax laws. The list of highly desirable provisions in this bill can go on and on.

Even more importantly, this bill provides the necessary first step toward the goal of enacting meaningful deficit reductions. The President has endorsed it, and urges a "yes" vote today, per the letter read into the RECORD today by the majority leader. Last week, this House passed a budget which called for new revenues equal to those provided in this bill, approximately $49 billion for fiscal year 1985 through fiscal year 1987. The Latta substitute would have provided for a similar amount of revenues. In addition, the House passed budget cuts spending by over $132 billion.

Although the spending reductions were not made in the same manner as the reductions supported by the President, the budget has yet to be passed by the Senate and reconciled in conference. The bottom line is that spending cuts must be made, and the deficit must be reduced. That is why the President supports this bill. It is an integral part of the deficit reduction package. Without it, there will be no downpayment. I urge you to join me in supporting H.R. 4170.

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Mr. CONABLE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me say that I fully support the statement of the gentleman from Minnesota. I trust my colleagues will vote for this measure. I believe it is in the best interest of the country. It is a preliminary step in deficit reduction. We must not stop that effort at this point, realizing that there are many turns in the road that lie ahead.

I hope we will move forward and support this bill.

Mr. Chairman, I now yield back the balance of my time.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. COYNE).

Mr. COYNE. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of H.R. 4170, the Tax Reform Act of 1984.

If we are to restore fiscal integrity to the budget process, we cannot rely almost exclusively on the reduction of existing programs to lower the Federal deficit. We must broaden the national revenue base and, in so doing, we must restore a sense of equity to our tax system.

We are still experiencing the aftershock of the enactment of the administration's tax bill in 1981. As a result of that legislation, we can expect the Federal Treasury to lose $482 billion over the next 3 years. This is an average of $161 billion in revenue drain per year.

As a recent study by the Congressional Budget Office indicates, the bulk of the administration's tax cut went to those who need it the least. The $8,390 average tax cut received by families earning $80,000 or more is seven times greater than the reduction received by the average American family.

The measure we have before us is a small step toward rectifying some of the unfair actions this Congress has taken in the area of taxes while providing $49 billion in new revenue over a 4-year period. The new revenue would come from several sources, including a temporary freeze on new tax cuts scheduled to take effect in 1984 and subsequent years. In addition, H.R. 4170 restricts sale and leaseback arrangements which involve tax-exempt entities, extends the mortgage subsidy bond program, and liberalizes rules on individual retirement accounts. The measure would change the way we tax life insurance companies and would revise the rules for industrial revenue bonds.

Some parts of this bill are better than others. The freeze on some of the ill-advised changes in the Tax Code since 1981 is an essential reform which should bring a gain of $21.421 billion in revenue through fiscal 1987. At this point, I would like to share with my colleagues some figures which reflect the result of the temporary freeze in dollars:

Revenue effects of the tax freeze, fiscal years 1984-87

[In millions of dollars]

Provision	*Revenue gain*
Total	21,421
Exclusion for foreign-earned income	221
Limit on expensing of personal property	1,448
Limit on investment credit for used equipment	260
Net interest exclusion	6,982
Limits on pension plans	81
Credit for contributions to ESOP's	1,679
Maximum estate and gift tax rate	1,031
Windfall profits tax on newly discovered oil	30
Cigarette and liquor excise taxes	3,812
Telephone excise tax	3,184
Finance leasing	2,693

Source: Ways and Means Committee.

Other provisions would plug loopholes big enough to drive a truck through, or, in some instances, a luxury car. H.R. 4170 would limit the tax deductions and credits which may be taken when a luxury car is purchased for business purposes. The bill would limit these benefits to the first $21,000 of the cost of the automobile.

In the 4-year period from fiscal 1984 through 1987, this measure would increase revenues by $16.8 billion by cracking down on abusive tax shelters. Artificial allocations of gains, income, and losses among partners with the purpose of avoiding taxes would be restricted as would transactions in which U.S. income is funneled so as to be characterized as foreign, nontaxable income.

There are other provisions of this legislation which are less attractive, especially for States such as Pennsylvania. I speak of the restrictions on industrial revenue bonds, which would impose a cap on the dollar amount of IDB's which could be issued a State. The exact amount per State would be determined by multiplying the State population by $150. Exempt from the cap would be issuances used to finance multifamily residential rental housing, as well as bonds used to finance convention and trade show facilities, airports, docks, wharves, and certain mass commuting facilities.

Mr. Chairman, IDB's have been an especially useful economic development tool in a State which needs all the economic development tools it can possibly have access to. Preliminary figures from the Treasury Department indicate that the IDB volume for my State in 1983 was $134 per capita a figure slightly under the cap proposed in H.R. 4170. The Pennsylvania Department of Commerce informs me, however, that in the 4 previous years, the volume ranged from $154 to $219. If the economy is able to break out of the recession in a robust manner, the more accurate volume of IDB's used might be the earlier years rather than 1983.

Reasonable restrictions on IDB's are in order. I strongly support those provisions in H.R. 4170 which prohibit use of IDB's to finance airplanes, skyboxes in sports stadiums, gambling establishments or liquor stores. And I am in strong accord with the committee's intent to raise revenue in a fair and balanced manner. But my question at this point is: Why all the emphasis on IDB's as a revenue raiser, when by the Ways and Means Committee figures the new IDB guidelines in H.R. 4170 will raise only $1.1 billion over 4 years?

If the goal is to raise revenue in a fair manner, there are far better alternatives to consider. Doing away with the oil percentage depletion allowance and expensing of intangible drilling costs would raise $29 billion over the next 5 years.

By eliminating the capital gains treatment of timber, we could raise $3.4 billion during the same period.

If we were to extend coverage of the withholding tax to royalties, we could raise $3.9 billion.

Limiting the tax deduction for business entertainment and meals to 50 percent of the amount spent would add $5.2 billion.

Restricting indexing to inflation over 3 percent would increase tax revenues over 5 years by $101.25 billion.

By taking these five steps, the Federal Government could raise $142.75 billion over the next 5 years. This is more than 100 times what we can expect to raise by restricting IDB's. While I share the goal of an increased revenue base and a lower deficit, I believe that the methods used to attain that goal could, in certain instances, be improved.

This is not a perfect bill. It is nonetheless, a necessary one. If we are to put the Government on a sounder financial footing, if we are to restore some fairness to our Tax Code, H.R. 4170 must be approved. I wish that it would go further in some areas and that it would be less punitive in others, but these reservations do not prohibit me from supporting the measure. I urge my colleagues to do likewise.

Mr. **ROSTENKOWSKI**. Mr. Chairman, I yield myself the time I have remaining.

Mr. Chairman, let me say at the outset that this was truly a bipartisan effort from the time that I assumed the chair and dropped the gavel on consideration of what is now known as H.R. 4170. There has been a contribution by every member of the committee, both Democrats and Republicans. The bill is a conglomeration of great ideas which, pulled together, make up one of the finest pieces of reform legislation that this Congress will consider.

I think most Members would agree with me that we all want economic recovery, and we want it to continue. I think the price of steady recovery is deficit reduction. We all know that deficits are brought down by taxes and spending cuts. Both are difficult, especially in an election year. But I think the individual who recognizes that we have a problem with our deficits, is willing to debate that issue in his district and show the steel that is necessary to reduce the deficit.

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We cannot have it both ways. We cannot raise public fears over the deficit and shirk from the painful choices to bring the deficit down.

The public will judge us in November by the courage that we show here in April and in May.

In the end, this bill goes far beyond tax reform and deficit reduction. I think it serves notice that the House has regained its footing after some rocky years, that we have regained a sense of independence, that we understand that neither Democrats nor Republicans alone can carry the day, that our common interest outweigh our differences.

Next year for those of us who will return, it will be a tough year. The economic stakes next year will even be higher. Our choices will even be riskier.

Our vote today declares to a doubting Nation that this body, that the Members that will return, are ready and prepared for the challenge.

I urge favorable consideration on this what I consider a very fine piece of legislation.

Mr. Chairman, I yield back the balance of my time.

The **CHAIRMAN**. Pursuant to House Resolution 462, the bill is considered as having been read for amendment under the 5-minute rule. The text of an amendment in the nature of a substitute, which shall be considered as having been read, consisting of the text of titles I through VIII and title XII (redesignated as title IX) only, of the amendment in the nature of a substitute recommended by the Committee on Ways and Means reported on March 5, 1984, printed in House Report 98-432, part 2, is considered as an original bill for the purpose of amendment in lieu of the amendments recommended by the Committee on Ways and Means now printed in the bill. No amendments to the bill or to the substitute are in order except conforming and perfecting amendments recommended by the Committee on Ways and Means as the Chairman of the Committee of the Whole in his discretion shall entertain, which shall not be subject to amendment.

The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

H.R. 4170

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Tax Reform Act of 1984".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

(c) TABLE OF TITLES.—

Title I. Tax Freeze; Tax Reforms Generally.
Title II. Life Insurance Provisions.
Title III. Revision of Private Foundation Provisions.
Title IV. Tax Simplification.
Title V. Tax Treatment of Fringe Benefits.
Title VI. Technical Corrections.
Title VII. Tax-Exempt Bond Provisions.
Title VIII. Miscellaneous Revenue Matters.
Title IX. Highway Revenue Provisions.

TITLE I—TAX FREEZE; TAX REFORMS GENERALLY

SEC. 10. TABLE OF CONTENTS.

Sec. 1. Short title; etc.

TITLE I—TAX FREEZE; TAX REFORMS GENERALLY

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Sec. 15. Employee stock ownership credit.
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Sec. 18. Foreign earned income of individuals.

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Sec. 21. Maximum rate.

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Sec. 25. Tax rate on newly discovered oil.
Sec. 26. Excise tax on communications services.
Sec. 27. Excise tax on cigarettes and distilled spirits.

Subtitle B—Tax-Exempt Entity Leasing

Sec. 31. Short title.
Sec. 32. Denial of tax incentives for property used by governments and other tax-exempt entities.
Sec. 33. Study of present class life of certain high technology property.

Subtitle C—Treatment of Bonds and Other Debt Instruments

Sec. 41. Treatment of bonds and other debt instruments.
Sec. 42. Technical and conforming amendments related to original issue discount changes.
Sec. 43. Technical and conforming amendments related to treatment of market discount and acquisition discount.
Sec. 44. Effective dates.

Subtitle D—Corporate Provisions

Part I—Limitations on Dividends Received Deduction

Sec. 51. Dividends received deduction reduced where portfolio stock is debt financed.
Sec. 52. Treatment of dividends from regulated investment companies.

Part II—Treatment of Certain Distributions

Sec. 53. Corporate shareholder's basis in stock reduced by non-taxed portion of extraordinary dividends.
Sec. 54. Distribution of appreciated property by corporations.
Sec. 55. Extension of holding period for losses attributable to capital gain dividends of regulated investment companies or real estate investment trusts.

Part III—Miscellaneous Provisions

Sec. 56. Denial of deductions for certain expenses incurred in connection with short sales.
Sec. 57. Nonrecognition of gain or loss by corporation on options with respect to its stock.
Sec. 58. Amendments to accumulated earnings tax.
Sec. 59. Repeal of stock for debt exception for purposes of determining income from discharge of indebtedness.
Sec. 60. Distributions of obligations having original issue discount.
Sec. 61. Eligibility to file consolidated returns.

Subtitle E—Partnership Provisions

Sec. 71. Partnership allocations with respect to contributed property.
Sec. 72. Determination of distributive shares when partner's interest changes.
Sec. 73. Payments to partners for property or certain services.
Sec. 74. Contributions to a partnership of unrealized receivables, inventory items, or capital loss property.
Sec. 75. Transfers of partnership interests by corporations.
Sec. 76. Application of section 751 in the case of tiered partnerships.
Sec. 77. Section 1031 not applicable to partnership interests; limitation on the period during which like kind exchanges may be made.
Sec. 78. Elimination of basis strips under section 734(b).
Sec. 79. Overruling of Raphan case.

Subtitle F—Trust Provisions

Sec. 81. Treatment of property distributed in kind.
Sec. 82. Treatment of multiple trusts.

Subtitle G—Accounting Changes

Sec. 91. Certain amounts not treated as incurred before economic performance.

Subtitle H—Provisions Relating to Tax Straddles

Sec. 101. Repeal of exception from straddle rules for stock options and certain stock.
Sec. 102. Section 1256 extended to certain options.
Sec. 103. Regulations under section 1092(b).
Sec. 104. Limitation on losses from hedging transactions.
Sec. 105. Clarification that section 1234 applies to cash settlement options.

Subtitle I—Employee Benefit Provisions

Part I—Welfare Benefit Plans

Sec. 111. Treatment of funded welfare benefit plans.
Sec. 112. Treatment of unfunded deferred benefits.
Sec. 113. Additional requirements for tax-exempt status of certain organizations.
Sec. 114. Amendments to tax on unrelated business income.
Sec. 115. Employer and employee benefit association treated as related persons under section 1239.

Part II—Other Provisions

Sec. 116. Treatment of certain medical, etc., benefits under section 415.
Sec. 117. Limitation on accrual of vacation pay.
Sec. 118. Determination of whether there is a collective bargaining agreement.
Sec. 119. Disqualification of plan where substantially all contributions are employee contributions.
Sec. 120. Participation and discrimination standards applicable to cash or deferred arrangements.

Subtitle J—Foreign Provisions

Sec. 131. Treatment of related person factoring income.
Sec. 132. Taxation of certain transfers of property outside the United States.
Sec. 133. Section 1248 to apply to certain indirect transfers of stock in a foreign corporation.
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Sec. 135. Clarification of definition of articles produced in Puerto Rico or the Virgin Islands.
Sec. 136. Treatment of certain transportation income.
Sec. 137. Treatment of payments to Guam and Virgin Islands corporations.
Sec. 138. Application of collapsible corporation rules to foreign corporations.
Sec. 139. Definition of foreign investment company.
Sec. 140. Treatment of certain distributions received by United States-owned foreign corporations.
Sec. 141. Interest and dividends paid by certain United States-owned foreign corporations treated as derived from United States sources.
Sec. 142. Certain dividends treated as interest for purposes of the limitation on the foreign tax credit.

Subtitle K—Reporting, Penalty, and Other Provisions

Sec. 151. Organizers and sellers of potentially abusive tax shelters must keep lists of investors.
Sec. 152. Returns relating to mortgage interest received in trade or business.
Sec. 153. Returns relating to foreclosures and abandonments of security.
Sec. 154. Increase in penalty for promoting abusive tax shelters.
Sec. 155. Reporting of State and local refunds not required with respect to non-itemizers.
Sec. 156. Authorization to disregard appraisals of persons penalized for aiding in understatements of tax liability.
Sec. 157. Provisions relating to individual retirement accounts.
Sec. 158. Returns relating to exchanges of partnership interests where unrealized receivables, etc., involved.
Sec. 159. Statements required in case of certain substitute dividend payments.

Subtitle L—Miscellaneous Provisions

Sec. 161. Inclusion of tax benefit items in income.
Sec. 162. Loans with below-market interest rates.
Sec. 163. LIFO conformity rules applied on controlled group basis.
Sec. 164. Treatment of collapsible corporations.
Sec. 165. Eligibility for income averaging.
Sec. 166. Limitation on amount of depreciation and investment tax credit allowable for luxury automobiles.
Sec. 167. Amendments to section 1239.
Sec. 168. Amendments to section 267.

Subtitle A—Deferral of Certain Tax Reductions

SEC. 11. SHORT TITLE.

This subtitle may be cited as the "Tax Freeze Act of 1984".

PART I—INCOME TAX PROVISIONS

SEC. 12. AMOUNT OF USED PROPERTY ELIGIBLE FOR INVESTMENT TAX CREDIT.

(a) General Rule.—Subparagraph (A) of section 48(c)(2) (relating to dollar limitation on amount of used section 38 property) is amended—

(1) by striking out "$150,000 ($125,000 for taxable years beginning in 1981, 1982, 1983, or 1984)" and inserting in lieu thereof "$125,000 ($150,000 for taxable years beginning after 1987)", and

(2) by striking out "$150,000 (or $125,000" each place it appears and inserting in lieu thereof "$125,000 (or $150,000".

(b) Technical Amendment.—Subparagraph (B) of section 48(c)(2) is amended by striking out "$75,000 ($62,500 for taxable years beginning in 1981, 1982, 1983, or 1984)" and inserting in lieu thereof $62,500 ($75,000 for taxable years beginning after 1987)".

SEC. 13. FINANCE LEASE PROVISIONS.

(a) Four-Year Deferral of Finance Lease Provisions.—

(1) In general.—Subparagraph (A) of section 209(d)(1) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by striking out "December 31, 1983" and inserting in lieu thereof "December 31, 1987".

(2) Finance lease provisions continue to apply to farm property.—Clause (i) of sec-

tion 209(d)(1)(B) of such Act is amended by striking out "January 1, 1984" and inserting in lieu thereof "January 1, 1988".

(3) TECHNICAL AMENDMENTS.—

(A) Subclause (I) of section 168(f)(8)(B)(ii) (relating to requirement that only 40 percent of lessee's property may be treated as qualified), as amended by section 209 of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "1986" and inserting in lieu thereof "1990".

(B) Paragraph (4) of section 168(i) (relating to limitations), as so amended, is amended by striking out "1985" each place it appears and inserting in lieu thereof "1989".

(b) TERMINATION OF SAFE HARBOR LEASING RULES.—Paragraph (8) of section 168(f) of the Internal Revenue Code of 1954 (relating to special rules for leasing), as in effect after the amendments made by section 208 of the Tax Equity and Fiscal Responsibility Act of 1982 but before the amendments made by section 209 of such Act, shall not apply to agreements entered into after December 31, 1983. The preceding sentence shall not apply to property described in paragraph (5) of section 208(d) of such Act.

(c) PROHIBITION OF LEASING REGULATIONS.—The Secretary of the Treasury or his delegate shall not issue any regulations relating to the determination of whether any transaction is a lease during the period beginning on the date of the enactment of this Act and ending on December 31, 1987. The preceding sentence shall not apply to regulations issued to carry out the purposes of subtitle B of title I of this Act or section 210 of the Tax Equity and Fiscal Responsibility Act of 1982.

(d) TRANSITIONAL RULES.—The amendments made by subsection (a) shall not apply with respect to any property if—

(1) a binding contract to acquire or to construct such property was entered into by the lessee before March 2, 1984, or

(2) such property was acquired by the lessee, or the construction of such property was begun, by or for the lessee, before March 2, 1984.

SEC. 14. ELECTION TO EXPENSE CERTAIN DEPRECIABLE BUSINESS ASSETS.

Paragraph (1) of section 179(b) (relating to dollar limitation) is amended by striking out the table contained therein and inserting in lieu thereof the following:

"If the taxable year begins in:	The applicable amount is:
1983, 1984, 1985, 1986, or 1987	$5,000
1988 or 1989	7,500
1990 or thereafter	10,000."

SEC. 15. EMPLOYEE STOCK OWNERSHIP CREDIT.

Subparagraph (B) of section 44G(a)(2) (relating to employee stock ownership credit), as in effect before the amendments made by title IV of this Act, is amended by striking out the table contained therein and inserting in lieu thereof the following:

"For aggregate compensation paid or accrued during a portion of the taxable year occurring in calendar year:	The applicable percentage is:
1983, 1984, 1985, 1986, or 1987	0.5
1988 or thereafter	0."

SEC. 16. COST-OF-LIVING ADJUSTMENTS IN PENSION PLAN LIMITATIONS.

(a) GENERAL RULE.—Paragraph (3) of section 415(d) (relating to freeze on adjustment to define contribution and benefit limits) is amended by striking out "January 1, 1986" and inserting in lieu thereof "January 1, 1988".

(b) TECHNICAL AMENDMENT.—Subparagraph (A) of section 415(d)(2) (defining base periods), as amended by section 235(b)(2)(B) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "October 1, 1984" and inserting in lieu thereof "October 1, 1986".

SEC. 17. REPEAL OF PARTIAL INTEREST EXCLUSION.

(a) GENERAL RULE.—Subsections (a) and (c) of section 302 of the Economic Recovery Tax Act of 1981 are hereby repealed, and the Internal Revenue Code of 1954 shall be applied and administered as if such subsections (and the amendments made by such subsections) had not been enacted.

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 57(a) is amended to read as follows:

"(1) EXCLUSION OF DIVIDENDS.—Any amount excluded from gross income for the taxable year under section 116."

SEC. 18. FOREIGN EARNED INCOME OF INDIVIDUALS.

Subparagraph (A) of section 911(b)(2) (relating to limitation on foreign earned income) is amended by striking out the table contained therein and inserting in lieu thereof the following:

"In the case of taxable years beginning in:	The annual rate is:
1983, 1984, 1985, 1986, or 1987	$80,000
1988	85,000
1989	90,000
1990 and thereafter	95,000."

SEC. 19. EFFECTIVE DATE.

The amendments made by this part shall apply to taxable years ending after December 31, 1983.

PART II—ESTATE AND GIFT TAX RATES

SEC. 21. MAXIMUM RATE.

(a) GENERAL RULE.—Paragraph (2) of section 2001(c) (relating to phase-in of 50 percent maximum rate) is amended—

(1) by striking out "1985" in subparagraph (A) and inserting in lieu thereof "1989",

(2) by striking out "1983" each place it appears in subparagraph (C) and inserting in lieu thereof "1983, 1984, 1985, 1986, or 1987", and

(3) by striking out "1984" each place it appears in subparagraph (D) and inserting in lieu thereof "1988".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to the estates of decedents dying after, and gifts made after, December 31, 1983.

PART III—EXCISE TAXES

SEC. 25. TAX RATE ON NEWLY DISCOVERED OIL.

(a) GENERAL RULE.—Subparagraph (B) of section 4987(b)(3) (relating to rate of tax on newly discovered oil) is amended by striking out the table contained therein and inserting in lieu thereof the following:

"For taxable periods beginning in:	The applicable percentage is:
1983, 1984, 1985, 1986, or 1987	25
1988	22½
1989	20
1990 and thereafter	15."

(b) CONTINUATION OF PERCENTAGE DEPLETION FOR OIL AND GAS FROM SECONDARY OR TERTIARY PROCESSES.—

(1) Paragraph (2) of section 613A(c) (relating to exemption for independent producers and royalty owners) is amended by striking out the last sentence.

(2) Subparagraph (A) of section 613A(c)(3) (defining depletable oil quantity) is amended by adding at the end thereof the following new sentence: "Clause (ii) shall not apply after December 31, 1983."

(3) Subparagraph (E) of section 613A(c)(7) is amended by adding at the end thereof the following new sentence: "This subparagraph shall not apply after December 31, 1983."

(4) Subparagraph (A) of section 613A(c)(9) (relating to transfer of oil or gas property) is amended by striking out "paragraph (1)" and inserting in lieu thereof "this subsection".

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to taxable periods beginning after December 31, 1983.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall take effect on January 1, 1984.

SEC. 26. EXCISE TAX ON COMMUNICATIONS SERVICES.

Paragraph (2) of section 4251(b) (relating to rate of tax on communications services) is amended by striking out the table contained therein and inserting in lieu thereof the following:

"With respect to amounts paid pursuant to bills first rendered:	The applicable percentage is:
During 1983, 1984, 1985, 1986, or 1987	3
During 1988 or thereafter	0."

SEC. 27. EXCISE TAX ON CIGARETTES AND DISTILLED SPIRITS.

(a) CIGARETTES.—Subsection (b) of section 5701 (relating to tax on cigarettes) is amended to read as follows:

"(b) CIGARETTES.—

"(1) IN GENERAL.—On cigarettes, manufactured in or imported into the United States, there shall be imposed the following taxes:

"(A) SMALL CIGARETTES.—On small cigarettes, a tax at the rate per thousand determined in accordance with the following table:

"In the case of cigarettes removed:	The rate is:
Before October 1, 1985	$8
On or after October 1, 1985, and before January 1, 1988	6
On or after January 1, 1988	4

"(B) LARGE CIGARETTES.—On large cigarettes, a tax at the rate per thousand determined in accordance with the following table:

"In the case of cigarettes removed:	The rate is:
Before October 1, 1985	$16.80
On or after October 1, 1985, and before January 1, 1988	12.60
On or after January 1, 1988	8.40

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) SMALL CIGARETTES.—The term 'small cigarettes' means cigarettes weighing not more than 3 pounds per thousand.

"(B) LARGE CIGARETTES.—The term 'large cigarettes' means cigarettes weighing more than 3 pounds per thousand; except that, if more than 6½ inches in length, they shall be taxable as if they were small cigarettes, counting each 2¾ inches (or fraction thereof) of the length of each as 1 cigarette."

(b) DISTILLED SPIRITS.—

(1) IN GENERAL.—Paragraphs (1) and (3) of section 5001(a) (relating to rate of tax on distilled spirits) are each amended by striking out "$10.50" and inserting in lieu thereof "$10.50 ($14.25 during the period beginning on October 1, 1985, and ending on December 31, 1987)".

(2) Technical amendment.—Paragraphs (1) and (2) of section 5010(a) (relating to credit for wine content and for flavors content) are each amended by striking out "$10.50" and inserting in lieu thereof "the rate at which such distilled spirits were subject to tax under section 5001 (or section 7652)".

(c) Floor Stocks Taxes on Distilled Spirits.—

(1) Imposition of tax.—On distilled spirits produced in or imported into the United States which are removed before October 1, 1985, and held on such date for sale by any person, there shall be imposed a tax at the rate of $3.75 for each proof gallon and a proportionate tax at the like rate on all fractional parts of a proof gallon.

(2) Liability for tax and method of payment.—

(A) Liability for tax.—A person holding distilled spirits on October 1, 1985, to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) Method of payment.—The tax imposed by paragraph (1)—

(i) shall be paid in such manner as the Secretary shall by regulations prescribe, and

(ii) shall be paid at such date (not later than 6 months after the date of the enactment of this Act) as the Secretary shall by regulations prescribe.

(3) Exception for on-premises retail establishments.—To the extent provided in regulations prescribed by the Secretary, the tax imposed by paragraph (1) shall not apply to distilled spirits held on October 1, 1985, on the premises of a retail establishment where alcoholic beverages are sold for consumption on the premises only.

(4) Definitions.—For purposes of this subsection—

(A) Distilled spirits.—The term "distilled spirits" has the meaning given such term by section 5002(a)(8) of the Internal Revenue Code of 1954.

(B) Treatment of imported perfumes containing distilled spirits.—Any article described in section 5001(a)(3) of such Code shall be treated as distilled spirits; except that the tax imposed by paragraph (1) shall be imposed on a wine gallon basis in lieu of a proof gallon basis.

(d) Floor Stocks Refunds.—

(1) In general.—Where, before a tax reduction date, any tax-reduced article has been sold by the manufacturer, producer, or importer and on such day is held for sale by any person (hereinafter in this subsection referred to as the "dealer"), there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the excess of the tax paid by such manufacturer, producer, or importer on such article over the tax which would have been paid if such article were taxed at the rate in effect on the tax reduction date if—

(A) claim for such credit or refund is filed with the Secretary before the day 9 months after the tax reduction date based on a request submitted to the manufacturer, producer, or importer before the day 6 months after the tax reduction date by the dealer who held the article in respect of which the credit or refund is claimed, and

(B) on or before the day 9 months after the tax reduction date, reimbursement has been made to the dealer by the manufacturer, producer, or importer in an amount equal to such excess or written consent has been obtained from the dealer to the allowance of the credit or refund.

(2) Limitation on eligibility for credit or refund.—No manufacturer, producer, or importer shall be entitled to credit or refund under paragraph (1) unless he has in his possession such evidence of the inventories with respect to which the refund or credit is claimed as may be required by regulations prescribed by the Secretary.

(3) Other laws applicable.—All provisions of law, including penalties applicable with respect to the taxes imposed by section 5001 or 5701 (whichever is appropriate) shall, insofar as applicable and not inconsistent with paragraphs (1) and (2) of this subsection, apply in respect of the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayments of the tax.

(4) Definitions.—For purposes of this subsection—

(A) Tax reduction date.—The term "tax reduction date" means—

(i) in the case of articles subject to tax under section 5001 of the Internal Revenue Code of 1954, January 1, 1988, and

(ii) in the case of articles subject to tax under section 5701(b) of such Code, October 1, 1985, and January 1, 1988.

(B) Tax-reduced article.—The term "tax-reduced article" means any article subject to tax under section 5001 or 5701(b) of such Code.

(e) Definitions for Purposes of Subsections (c) and (d).—For purposes of subsections (c) and (d)—

(1) Person.—The term "person" includes any State or political subdivision thereof, or any agency or instrumentality of a State or political subdivision thereof.

(2) Secretary.—The term "Secretary" means the Secretary of the Treasury or his delegate.

Subtitle B—Tax-Exempt Entity Leasing

SEC. 31. SHORT TITLE.

This subtitle may be cited as the "Tax-Exempt Entity Leasing Tax Act of 1984".

SEC. 32. DENIAL OF TAX INCENTIVES FOR PROPERTY USED BY GOVERNMENTS AND OTHER TAX-EXEMPT ENTITIES.

(a) General Rule.—Section 168 of the Internal Revenue Code of 1954 (relating to accelerated cost recovery system) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) Property Used by Governments and Other Tax-Exempt Entities.—

"(1) In general.—Notwithstanding any other provision of this section, the deduction allowed under subsection (a) (and any other deduction allowable for depreciation or amortization) for any taxable year with respect to tax-exempt use property shall be determined—

"(A) by using the straight-line method (without regard to salvage value), and

"(B) by using a recovery period determined under the following table:

"In the case of:	The recovery period shall be:
(I) Property not described in subclause (II) or subclause (III).	The present class life
(II) Personal property with no present class life.	12 years
(III) 15-year real property.	40 years

"(2) Operating rules.—

"(A) Recovery period must at least equal lease term.—In the case of any tax-exempt use property used by the tax-exempt entity pursuant to a lease, the recovery period used for purposes of paragraph (1) shall not be less than—

"(i) except as provided in clause (ii), the lease term, or

"(ii) in the case of 15-year real property, 125 percent of the lease term.

"(B) Conventions.—

"(i) Property other than 15-year real property.—In the case of property other than 15-year real property, the half-year convention shall apply for purposes of paragraph (1).

"(ii) 15-year real property.—In the case of 15-year real property, the amount determined under paragraph (1) shall be determined on the basis of the number of months in the year in which the property is in service.

"(C) Exception where longer recovery period applies.—Paragraph (1) shall not apply to any recovery property if the recovery period which would apply to such property by reason of an election under subsection (b)(3) exceeds the recovery period for such property determined under this subsection.

"(D) Determination of class for property which is not recovery property.—In the case of any property which is not recovery property, for purposes of this subsection, the determination of whether such property is 15-year real property shall be made as if such property were recovery property.

"(E) Coordination with subsection (f)(12).—Paragraph (12) of subsection (f) shall not apply to any tax-exempt use property to which this subsection applies.

"(3) Tax-exempt use property.—For purposes of this subsection—

"(A) Property other than 15-year real property.—Except as otherwise provided in this subsection, the term 'tax-exempt use property' means any tangible property used by a tax-exempt entity.

"(B) 15-year real property.—

"(i) In general.—In the case of 15-year real property, the term 'tax-exempt use property' means that portion of the property used by a tax-exempt entity in a disqualified use.

"(ii) Disqualified use.—For purposes of this subparagraph, the term 'disqualified use' means any use of the property by a tax-exempt entity, but only if—

"(I) part or all of the property was financed (directly or indirectly) by an obligation the interest on which is exempt from tax under section 103 and such entity (or a related entity) participated in such financing,

"(II) such use is pursuant to a lease under which there is a fixed or determinable price purchase or sale option which involves such entity (or a related entity) or there is the equivalent of such an option,

"(III) such use is pursuant to a lease which has a lease term in excess of 80 percent of the property's useful life, or

"(IV) such use occurs after a sale (or other transfer) of the property by, or lease of the property from, such entity (or a related entity).

"(iii) 20-percent threshold test.—Clause (i) shall apply to any property only if the portion of such property used by tax-exempt entities in disqualified uses is more than 20 percent of the property.

"(iv) Treatment of improvements.—For purposes of this subparagraph, improvements to a property (other than land) shall not be treated as a separate property.

"(C) Exception for short-term leases.—

"(i) In general.—Property shall not be treated as used by a tax-exempt entity merely by reason of use pursuant to a short-term lease.

"(ii) Property other than 15-year property.—For purposes of this subparagraph, except as provided in clause (iii), the term 'short-term lease' means any lease which has a lease term less than the greater of—

"(I) 1 year, or

"(II) 30 percent of the property's present class life (to the extent such present class life does not exceed 10 years).

"(iii) 15-year real property.—For purposes of this subparagraph, in the case of 15-year real property, the term 'short-term lease' means any lease which has a lease term of less than 3 years.

"(D) Exception where property used in unrelated trade or business.—The term 'tax-exempt use property' shall not include any portion of a property predominantly used by the tax-exempt entity in an unrelated trade or business the income of which is subject to tax under section 511.

"(4) Tax-exempt entity.—

"(A) In general.—For purposes of this subsection, the term 'tax-exempt entity' means—

"(i) the United States, any State or political subdivision thereof, any possession of the United States, or any agency or instrumentality of any of the foregoing,

"(ii) an organization (other than a cooperative described in section 521) which is exempt from tax imposed by this chapter, and

"(iii) any foreign person or entity.

"(B) Exceptions for certain property used by foreign person or entity.—

"(i) Income from property subject to United States tax.—Clause (iii) of subparagraph (A) shall not apply with respect to any property if more than 50 percent of the gross income for the taxable year derived by the foreign person or entity from the use of such property is subject to tax under this chapter. For purposes of the preceding sentence, any exclusion or exemption shall not apply for purposes of determining the amount of the gross income so derived, but shall apply for purposes of determining the portion of such gross income subject to tax under this chapter.

"(ii) Movies.—Clause (iii) of subparagraph (A) shall not apply with respect to any qualified film (as defined in section 48(k)(1)(B)).

"(C) Foreign person or entity.—For purposes of this paragraph, the term 'foreign person or entity' means—

"(i) any foreign government, any international organization, or any agency or instrumentality of any of the foregoing, and

"(ii) any person who is not a United States person.

"(D) Treatment of certain taxable instrumentalities.—For purposes of this subsection and paragraph (5) of section 48(a), a corporation shall not be treated as an instrumentality of the United States or of any State or political subdivision thereof if—

"(i) all of the activities of such corporation are subject to tax under this chapter, and

"(ii) a majority of the board of directors of such corporation is not selected by the United States or any State or political subdivision thereof.

"(E) Certain previously tax-exempt organizations.—For purposes of this subsection and paragraph (4) of section 48(a), an organization shall be treated as an organization described in subparagraph (A)(ii) with respect to any property of which such organization is the lessee if such organization (or a predecessor organization which was engaged in substantially similar activities) was an organization (other than a cooperative described in section 521) exempt from tax imposed by this chapter at any time during the 5-year period ending on the date such organization first used such property.

"(5) Special rules for certain high technology equipment.—

"(A) Exemption where lease term is 5 years or less and for foreign use property.—For purposes of this subsection, the term 'tax-exempt use property' shall not include any qualified technological equipment if—

"(i) the use of the tax-exempt entity is pursuant to a lease which has a lease term of 5 years or less, or

"(ii) subsection (f)(2) applies to such property.

"(B) Recovery period where lease term is greater than 5 years.—In the case of any qualified technological equipment not described in subparagraph (A), the recovery period used for purposes of paragraph (1) shall be 5 years.

"(C) Qualified technological equipment.—For purposes of this paragraph—

"(i) In general.—Except as provided in clause (ii), the term 'qualified technological equipment' means—

"(I) any computer or peripheral equipment,

"(II) any high technology telephone station equipment installed on the customer's premises, and

"(III) any high technology medical equipment.

"(ii) Exception for certain property.—The term 'qualified technological equipment' shall not include any property used by a tax-exempt entity if—

"(I) part or all of the property was financed (directly or indirectly) by an obligation the interest on which is exempt from tax under section 103,

"(II) such use occurs after a sale (or other transfer) of the property by, or lease of such property from, such entity (or related entity) and such property has been used by such entity (or a related entity) before such sale (or other transfer) or lease, or

"(III) such tax-exempt entity is the United States or any agency or instrumentality of the United States.

"(D) Computer or peripheral equipment defined.—For purposes of this paragraph—

"(i) In general.—The term 'computer or peripheral equipment' means—

"(I) any computer, and

"(II) any related peripheral equipment.

"(ii) Computer.—The term 'computer' means a programmable electronically activated device which—

"(I) is capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention, and

"(II) consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities.

"(iii) Related peripheral equipment.—The term 'related peripheral equipment' means any auxiliary machine (whether online or off-line) which is designed to be placed under the control of the central processing unit of a computer.

"(iv) Exceptions.—The term 'computer or related peripheral equipment' shall not include—

"(I) any equipment which is an integral part of other property which is not a computer,

"(II) typewriters, calculators, adding and accounting machines, copiers, duplicating equipment, and similar equipment, and

"(III) equipment of a kind used primarily for amusement or entertainment of the user.

"(E) High technology medical equipment.—For purposes of this paragraph, the term 'high technology medical equipment' means any electronic, electromechanical, or computer-based high technology equipment used in the screening, monitoring, observation, diagnosis, or treatment of patients in a laboratory, medical, or hospital environment.

"(6) Other special rules.—

"(A) Lease term.—In determining a lease term for purposes of this subsection—

"(i) there shall be taken into account options to renew, and

"(ii) 2 or more successive leases with respect to the same or substantially similar property shall be treated as 1 lease.

"(B) Treatment of certain contracts for providing services, etc.—

"(i) In general.—For purposes of this subsection and paragraphs (4) and (5) of section 48(a), a contract which purports to be a service contract shall not be treated as a service contract if such contract is more properly treated as a lease of property, taking into account all relevant factors including whether or not—

"(I) the tax-exempt entity is in physical possession of the property,

"(II) such entity controls the property,

"(III) such entity has a significant economic or possessory interest in the property,

"(IV) the service provider does not bear any risk of substantially diminished receipts or substantially increased expenditures if there is nonperformance under the contract,

"(V) the service provider does not use the property concurrently to provide significant services to entities unrelated to the tax-exempt entity, and

"(VI) the total contract price does not substantially exceed the rental value of the property for the contract period.

"(ii) Other arrangements.—For purposes of this subsection and paragraphs (4) and (5) of section 48(a), an arrangement (including a partnership or other pass-thru entity) which is not a service contract and purports not to be a lease shall be treated as a lease if such arrangement is more properly treated as a lease, taking into account all relevant factors including factors similar to those set forth in clause (i).

"(C) Exception for certain solid waste disposal facilities.—For purposes of this subsection—

"(i) In general.—The term 'tax-exempt use property' shall not include any qualified solid waste disposal facility.

"(ii) Qualified solid waste disposal facility.—For purposes of clause (i), the term 'qualified solid waste disposal facility' means any facility if—

"(I) such facility provides solid waste disposal services for residents of part or all of 1 or more governmental units and substantially all of the solid waste processed at such facility is collected from the general public,

"(II) such facility produces marketable quantities of steam, hot water, or electricity,

"(III) the tax-exempt entity does not control the facility and is not in physical possession of the facility, and

"(IV) the service provider bears any risk of substantially diminished receipts or increased expenditures if there is nonperformance under the contract.

"(D) Special rules for certain international organizations.—If any domestic corporation which is not a tax-exempt entity is a member of the International Telecommunications Satellite Consortium, the International Maritime Satellite Organization, or any successor organization of such Consortium or Organization, the term 'tax exempt use property' shall not include such domestic corporation's proportionate share (determined after the application of paragraph (8) to tax-exempt entities) of property held by such Consortium, Organization, or successor organization.

"(7) Related entities.—For purposes of this subsection—

"(A)(i) Each governmental unit and each agency or instrumentality of a governmental unit is related to each other such unit, agency, or instrumentality which directly or indirectly derives its powers, rights, and duties in whole or in part from the same sovereign authority.

"(ii) For purposes of clause (i), the United States, each State, and each possession of the United States shall be treated as a separate sovereign authority.

"(B) Any entity not described in subparagraph (A)(i) is related to any other entity if the 2 entities have—

"(i) significant common purposes and substantial common membership, or

"(ii) directly or indirectly substantial common direction or control.

"(C)(i) An entity is related to another entity if either entity owns (directly or through 1 or more entities) a 50 percent or greater interest in the capital or profits of the other entity.

"(ii) For purposes of clause (i), entities treated as related under subparagraph (A) or (B) shall be treated as 1 entity.

"(D) An entity is related to another entity with respect to a transaction if such transaction is part of an attempt by such entities to avoid the application of this subsection, paragraph (4) or (5) of section 48(a), or clause (vi) of section 48(g)(2)(B).

"(8) Treatment of partnerships, etc.—

"(A) In general.—If—

"(i) any property which (but for this subparagraph) is not tax-exempt use property is held by a partnership which has both a tax-exempt entity and a person who is not a tax-exempt entity as partners, and

"(ii) the allocation to the tax-exempt entity of partnership items is not a qualified allocation,

such tax-exempt entity's proportionate share of such property shall be treated as tax-exempt use property.

"(B) Qualified allocation.—For purposes of subparagraph (A), the term 'qualified allocation' means any allocation under the partnership agreement to a tax-exempt entity which—

"(i) results in such entity's being allocated the same distributive share of each item of income, gain, loss, deduction, credit, and basis and such share remains the same during the entire period the entity is a partner in the partnership, and

"(ii) meets the requirements of section 704(b)(2).

For purposes of clause (i), items allocated under section 704(c) shall not be taken into account.

"(C) Determination of proportionate share.—

"(i) In general.—For purposes of subparagraph (A), a tax-exempt entity's proportionate share of any property held by a partnership shall be determined on the basis of such entity's share of partnership distributions or partnership items of income or gain (excluding gain allocated under section 704(c)), whichever results in the largest proportionate share.

"(ii) Determination where allocations vary.—For purposes of clause (i), if, under the partnership agreement, a tax-exempt entity's share of partnership distributions or partnership items of income or gain (excluding gain allocated under section 704(c)), may vary during the period such entity is a partner in the partnership, such share shall be the highest share such entity may receive under such agreement.

"(D) Other pass-thru entities.—Rules similar to the rules of subparagraphs (A), (B), and (C) shall also apply in the case of any trust or other pass-thru entity.

"(9) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection."

(b) Denial of Investment Tax Credit for Property Used by Foreign Governments and Other Foreign Persons.—

(1) Paragraph (5) of section 48(a) (relating to property used by governmental units) is amended by striking out the first two sentences and inserting in lieu thereof the following: "Property used—

"(A) by the United States, any State or political subdivision thereof, any possession of the United States, or any agency or instrumentality of any of the foregoing, or

"(B) by any foreign person or entity (as defined in section 168(j)(4)(C)), but only with respect to property to which section 168(j)(4)(A)(iii) applies (determined after the application of section 168(j)(4)(B)),

shall not be treated as section 38 property. The preceding sentence shall not apply to any property to the extent such property is treated as not being tax-exempt use property under section 168(j)(6)(D) (relating to special rule for certain international organizations)."

(2) The heading of paragraph (5) of section 48(a) is amended by striking out "governmental units" and inserting in lieu thereof "governmental units and certain foreign persons".

(c) Rehabilitation Credit Not To Apply Where Property Financed by Tax-Exempt Bonds and Used by Tax-Exempt Entity.—

(1) In general.—Subparagraph (B) of section 48(g)(2) (relating to certain expenditures not treated as qualified rehabilitation expenditures) is amended by adding at the end thereof the following new clause:

"(vi) Tax-exempt financing of property used by tax-exempt entities.—Any expenditure in connection with the rehabilitation of the portion of a building which is tax-exempt use property if any portion of—

"(I) the cost of acquiring such building or any interest therein, or

"(II) the expenditures in connection with such rehabilitation,

is financed (directly or indirectly) by an obligation the interest on which is exempt from taxation under section 103. For purposes of the preceding sentence, the term 'tax-exempt use property' has the meaning given to such term by section 168(j)(3), except that '1 year' shall be substituted for '3 years' in section 168(j)(3)(C)(iii). This clause shall not apply for purposes of determining under paragraph (1)(C) whether a building has been substantially rehabilitated."

(2) Technical amendment.—Clause (i) of section 48(g)(2)(B) is amended by adding at the end thereof the following new sentence: "The preceding sentence shall not apply to any expenditure to the extent subsection (f)(12) or (j) of section 168 applies to such expenditure."

(d) Authority To Prescribe Present Class Life for Certain Property.—Paragraph (2) of section 168(g) (defining present class life) is amended by adding at the end thereof the following new sentence: "If any property (other than section 1250 class property) does not have a present class life within the meaning of the preceding sentence, the Secretary may prescribe a present class life for such property which reasonably reflects the anticipated useful life of such property to the industry or other group."

(e) Investment Tax Credit Allowable With Respect to Certain Solid Waste Disposal Facilities.—Paragraph (5) of section 48(a) (relating to property used by governmental units) is amended by adding at the end thereof the following new sentence: "This paragraph shall not apply to any qualified solid waste disposal facility (within the meaning of section 168(j)(6)(C))."

(f) Cross Reference.—Paragraph (5) of section 48(a) is amended by adding at the end thereof the following new sentence: "For provisions providing special rules for application of this paragraph and paragraph (4), see section 168(j)."

(g) Effective Dates.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply—

(A) to property placed in service by the taxpayer after May 23, 1983, in taxable years ending after such date, and

(B) to property placed in service by the taxpayer on or before May 23, 1983, if the use by the tax-exempt entity is pursuant to a lease entered into after May 23, 1983.

(2) Leases entered into on or before May 23, 1983.—The amendments made by this section shall not apply with respect to any property used by a tax-exempt entity if such use is pursuant to—

(A) a lease entered into on or before May 23, 1983 (or a sublease under such a lease), or

(B) any renewal or extension of a lease entered into on or before May 23, 1983, if such renewal or extension is pursuant to an option exercisable by the tax-exempt entity which was contained in such lease on May 23, 1983.

(3) Binding contracts, etc.—

(A) The amendments made by this section shall not apply with respect to any property used by a tax-exempt entity if such use is pursuant to 1 or more written binding contracts which, on May 23, 1983, and at all times thereafter, required—

(i) the taxpayer (or his predecessor in interest under the contract) to acquire, construct, reconstruct, or rehabilitate such property, and

(ii) the tax-exempt entity (or a tax-exempt predecessor thereof) to use such property.

(B) The amendments made by this section shall not apply with respect to any property used by a tax-exempt entity—

(i) if—

(I) on or before May 23, 1983, the taxpayer (or his predecessor in interest under the contract) or the tax-exempt entity entered into a written binding contract to acquire, construct, reconstruct, or rehabilitate such property and such property had not previously been used by the tax-exempt entity, or

(II) the taxpayer or the tax-exempt entity acquired the property or completed the construction, reconstruction, or rehabilitation of the property after December 31, 1982, and on or before May 23, 1983, and

(ii) if—

(I) such use is pursuant to a written binding contract entered into before January 1, 1984, which requires the tax-exempt entity to use such property, or

(II) the tax-exempt entity had, in writing, indicated on or before May 23, 1983, a firm plan to enter into a written contract for the use of such property.

(4) OFFICIAL GOVERNMENTAL ACTION ON OR BEFORE MAY 23, 1983.—

(A) IN GENERAL.—The amendments made by this section shall not apply with respect to any property used by a tax-exempt entity (other than the United States, any agency or instrumentality thereof, or any foreign person or entity) if—

(i) on or before May 23, 1983—

(I) there was significant official governmental action approving the project or its design, and

(II) the aggregate amount paid or incurred with respect to the project exceeded the lesser of $100,000 or one-half of 1 percent of the estimated cost of the project, and

(ii) the use by the tax-exempt entity is pursuant to a written binding contract entered into before January 1, 1984, which requires the tax-exempt entity to use the property.

(B) SIGNIFICANT OFFICIAL GOVERNMENTAL ACTION.—For purposes of subparagraph (A), the term "significant official governmental action" does not include granting of permits, zoning changes, environmental impact statements, or similar governmental actions.

(5) MASS COMMUTING VEHICLES.—The amendments made by this section shall not apply to any qualified mass commuting vehicle (as defined in section 103(b)(9) of the Internal Revenue Code of 1954) which is financed in whole or in part by obligations the interest on which is excludable from gross income under section 103(a) of such Code if—

(A) such vehicle is placed in service before January 1, 1988, or

(B) such vehicle is placed in service on or after such date—

(i) pursuant to a binding contract or commitment entered into before April 1, 1983, and

(ii) solely because of conditions which, as determined by the Secretary of the Treasury or his delegate, are not within the control of the lessor or lessee.

(6) CERTAIN TURBINES AND BOILERS.—The amendments made by this section shall not apply to any property described in section 208(d)(3)(E) of the Tax Equity and Fiscal Responsibility Act of 1982.

(7) CERTAIN FACILITIES FOR WHICH RULING REQUESTS FILED ON OR BEFORE MAY 23, 1983.—The amendments made by this section shall not apply with respect to any facilities described in clause (ii) of section 168(f)(12)(C) of the Internal Revenue Code of 1954 (relating to certain sewage or solid waste disposal facilities), as in effect on the day before the date of the enactment of this Act, if a ruling request with respect to the use of such facility by the tax-exempt entity was filed with the Internal Revenue Service on or before May 23, 1983.

(8) RECOVERY PERIOD FOR CERTAIN QUALIFIED SEWAGE FACILITIES.—

(A) IN GENERAL.—In the case of any property (other than 15-year real property) which is part of a qualified sewage facility, the recovery period used for purposes of paragraph (1) of section 168(j) of the Internal Revenue Code of 1954 (as added by this section) shall be 12 years.

(B) QUALIFIED SEWAGE FACILITIES.—For purposes of subparagraph (A), the term "qualified sewage facilities" means any facilities which are part of the sewer system of a city, if—

(i) on June 15, 1983, the City Council approved a resolution under which the city authorized the procurement of equity investments for such facilities, and

(ii) on July 12, 1983, the Industrial Development Board of the city approved a resolution to issue a $100,000,000 industrial development bond issue to provide funds to purchase such facilities.

(9) SPECIAL RULE FOR CERTAIN PARTNERSHIPS ORGANIZED BEFORE OCTOBER 21, 1983.—Paragraph (8) of section 168(j) of the Internal Revenue Code of 1954 (as added by this section) shall not apply to property held by any partnership if—

(A) such property was acquired by such partnership before January 1, 1985,

(B) before October 21, 1983, such partnership was organized and publicly announced the maximum amount of interests which would be sold in the partnership, and

(C) the marketing of partnership interests in such partnership was completed not later than the 90th day after the date of the enactment of this Act and the aggregate amount of interests in such partnership sold does not exceed the maximum amount described in subparagraph (B).

(10) DEFINITIONS.—For purposes of this subsection—

(A) TAX-EXEMPT ENTITY.—The term "tax-exempt entity" has the same meaning as when used in section 168(j) of the Internal Revenue Code of 1954 (as added by this section), except that such term shall include any related entity (within the meaning of such section).

(B) FOREIGN PERSON OR ENTITY.—The term "foreign person or entity" has the meaning given to such term by section 168(j)(4)(C) of such Code (as added by this section).

SEC. 33. STUDY OF PRESENT CLASS LIFE OF CERTAIN HIGH TECHNOLOGY PROPERTY.

(a) GENERAL RULE.—The Secretary of the Treasury or his delegate shall conduct a study of the present class lives of property which is qualified technological property (as defined in section 168(j)(5)(C) of the Internal Revenue Code of 1954 without regard to clause (ii) thereof).

(b) REPORT TO THE CONGRESS.—Not later than July 1, 1984, the Secretary of the Treasury or his delegate shall submit a report to the Congress on the study conducted under subsection (a), together with such recommendations as he may deem advisable.

Subtitle C—Treatment of Bonds and Other Debt Instruments

SEC. 41. TREATMENT OF BONDS AND OTHER DEBT INSTRUMENTS.

(a) GENERAL RULE.—Subchapter P of chapter 1 (relating to special rules for capital gains and losses) is amended by adding at the end thereof the following new part:

"PART V—SPECIAL RULES FOR BONDS AND OTHER DEBT INSTRUMENTS

"Subpart A. Original issue discount.
"Subpart B. Market discount.
"Subpart C. Discount on short-term obligations.
"Subpart D. Miscellaneous provisions.

"Subpart A—Original Issue Discount

"Sec. 1271. Treatment of amounts received on retirement or sale or exchange of lebt instruments.
"Sec. 1272. Current inclusion in income of original issue discount.
"Sec. 1273. Determination of amount of original issue discount.
"Sec. 1274. Determination of issue price in the case of certain debt instruments issued for property.
"Sec. 1275. Other definitions and special rules.

"SEC. 1271. TREATMENT OF AMOUNTS RECEIVED ON RETIREMENT OR SALE OR EXCHANGE OF DEBT INSTRUMENTS.

"(a) GENERAL RULE.—For purposes of this subtitle, in the case of debt instruments which are capital assets in the hands of the taxpayer—

"(1) RETIREMENT.—Amounts received by the holder on retirement of such debt instruments shall be considered as amounts received in exchange therefor.

"(2) SALE OR EXCHANGE.—

"(A) IN GENERAL.—

"(i) CAPITAL GAIN TREATMENT.—On the sale or exchange of debt instruments held by the taxpayer more than 1 year, any gain realized shall (except as provided in clause (ii)) be considered gain from the sale or exchange of a capital asset held for more than 1 year.

"(ii) SPECIAL RULE WHERE INTENTION TO CALL DEBT INSTRUMENT BEFORE MATURITY.—If at the time of original issue there was an intention to call any such debt instrument before maturity, any gain realized on the sale or exchange thereof which does not exceed an amount equal to the original issue discount reduced by the portion of original issue discount previously includible in the gross income of any holder (without regard to subsection (a)(6) or (b)(4) of section 1272 (or the corresponding provisions of prior law)) shall be considered as ordinary income.

"(B) EXCEPTIONS.—This paragraph (and paragraph (2) of subsection (c)) shall not apply to—

"(i) any tax-exempt obligation, or

"(ii) any holder who has purchased the debt instrument at a premium.

"(C) DOUBLE INCLUSION IN INCOME NOT REQUIRED.—This section and sections 1272 and 1286 shall not require the inclusion of any amount previously includible in gross income.

"(3) CERTAIN SHORT-TERM GOVERNMENT OBLIGATIONS.—

"(A) IN GENERAL.—On the sale or exchange of any short-term Government obligation, any gain realized which does not exceed an amount equal to the ratable share of the acquisition discount shall be treated as ordinary income. Gain in excess of such amount shall be considered gain from the sale or exchange of a capital asset held less than 1 year.

"(B) SHORT-TERM GOVERNMENT OBLIGATION.—For purposes of this paragraph, the term 'short-term Government obligation' means any obligation of the United States or any of its possessions, or of a State or any political subdivision thereof, or of the District of Columbia which is—

"(i) issued on a discount basis, and

"(ii) payable without interest at a fixed maturity date not exceeding 1 year from the date of issue.

Such term does not include any tax-exempt obligation.

"(C) ACQUISITION DISCOUNT.—For purposes of this pararaph, the term 'acquisition discount' means the excess of the stated redemption price at maturity over the taxpayer's basis for the obligation.

"(D) Ratable share.—For purposes of this paragraph, the ratable share of the acquisition discount is an amount which bears the same ratio to such discount as—

"(i) the number of days which the taxpayer held the obligation, bears to

"(ii) the number of days after the date the taxpayer acquired the obligation and up to (and including) the date of its maturity.

"(b) Exceptions.—This section shall not apply to—

"(1) Natural persons.—Any obbligation issued by a natural person.

"(2) Obligations issued before July 2, 1982, by certain issuers.—Any obligation issued before July 2, 1982, by an issuer which—

"(A) is not a corporation, and

"(B) is not a government or political subdivision thereof.

"(c) Transition Rules.—

"(1) Special rule for certain obligations issued before January 1, 1955.—Paragraph (1) of subsection (a) shall apply to a debt instrument issued before January 1, 1955, only if such instrument was issued with interest coupons or in registered form, or was in such form on March 1, 1954.

"(2) Special rule for certain obligations to which section 1272 does not apply.—

"(A) In general.—On the sale or exchange of debt instruments issued by a government or political subdivision thereof after December 31, 1954, and before July 2, 1982, or by a corporation after December 31, 1954, and on or before May 27, 1969, held by the taxpayer more than 1 year, any gain realized which does not exceed—

"(i) an amount equal to the original issue discount, or

"(ii) if at the time of original issue there was no intention to call the debt instrument before maturity, an amount which bears the same ratio to the original issue discount as the number of complete months that the debt instrument was held by the taxpayer bears to the number of complete months from the date of original issue to the date of maturity,

shall be considered as ordinary income. Gain in excess of such amount shall be considered gain from the sale or exchange of a capital asset held more than 1 year.

"(B) Subsection (a)(2)(A) not to apply.—Subsection (a)(2)(A) shall not apply to any debt instrument referred to in subparagraph (A) of this paragraph.

"SEC. 1272. CURRENT INCLUSION IN INCOME OF ORIGINAL ISSUE DISCOUNT.

"(a) Original Issue Discount on Debt Instruments Issued After July 1, 1982, Included in Income on Basis of Constant Interest Rate.—

"(1) General rule.—For purposes of this subtitle, there shall be included in the gross income of the holder of any debt instrument having original issue discount issued after July 1, 1982, an amount equal to the sum of the daily portions of the original issue discount for each day during the taxable year on which such holder held such debt instrument.

"(2) Exceptions.—Paragraph (1) shall not apply to—

"(A) Tax-exempt obligations.—Any tax-exempt obligation.

"(B) United states savings bonds.—Any United States savings bond.

"(C) Short-term government obligations.—Any short-term government obligation (within the meaning of section 1271(a)(3)).

"(D) Obligations issued by natural persons before March 2, 1984.—Any obligation issued by a natural person before March 2, 1984.

"(3) Determination of daily portions.—For purposes of paragraph (1), the daily portion of the original issue discount on any debt instrument shall be determined by allocating to each day in any accrual period its ratable portion of the increase during such accrual period in the adjusted issue price of the debt instrument. For purposes of the preceding sentence, the increase in the adjusted issue price for any accrual period shall be an amount equal to the excess (if any) of—

"(A) the product of—

"(i) the adjusted issue price of the debt instrument at the beginning of such accrual period, and

"(ii) the yield to maturity (determined on the basis of compounding at the close of each accrual period), over

"(B) the sum of the amounts payable as interest on such debt instrument during such accrual period.

"(4) Adjusted issue price.—For purposes of this subsection, the adjusted issue price of any debt instrument at the beginning of any accrual period is the sum of—

"(A) the issue price of such debt instrument, plus

"(B) the adjustments under this subsection to such issue price for all periods before the first day of such accrual period.

"(5) Accrual period.—Except as otherwise provided in regulations prescribed by the Secretary, the term 'accrual period' means a 1-year period (or the shorter period to maturity) beginning on the day in the calendar year which corresponds to the date of original issue of the debt instrument.

"(6) Reduction in case of certain subsequent holders.—For purposes of this subsection, in the case of any purchase of a debt instrument to which this subsection applies after its original issue, the daily portion shall not include an amount (determined at the time of purchase) equal to the excess (if any) of—

"(A) the cost of such debt instrument incurred by the purchaser, over

"(B) the issue price of such debt instrument, increased by the sum of the daily portions for such debt instrument for all days before the date of purchase (computed without regard to this paragraph),

divided by the number of days beginning on the date of such purchase and ending on the day before the stated maturity date.

"(b) Ratable Inclusion Retained for Corporate Debt Instruments Issued Before July 2, 1982.—

"(1) General rule.—There shall be included in the gross income of the holder of any debt instrument issued by a corporation after May 27, 1969, and before July 2, 1982—

"(A) the ratable monthly portion of original issue discount, multiplied by

"(B) the number of complete months (plus any fractional part of a month determined under paragraph (3)) such holder held such debt instrument during the taxable year.

"(2) Determination of ratable monthly portion.—Except as provided in paragraph (4), the ratable monthly portion of original issue discount shall equal—

"(A) the original issue discount, divided by

"(B) the number of complete months from the date of original issue to the stated maturity date of the debt instrument.

"(3) Month defined.—For purposes of this subsection, a complete month commences with the date of original issue and the corresponding day of each succeeding calendar month (or the last day of a calendar month in which there is no corresponding day). In any case where a debt instrument is acquired on any day other than a day determined under the preceding sentence, the ratable monthly portion of original issue discount for the complete month (or partial month) in which such acquisition occurs shall be allocated between the transferor and the transferee in accordance with the number of days in such complete (or partial) month each held the debt instrument.

"(4) Reduction in case of certain subsequent holders.—For purposes of this subsection, the ratable monthly portion of original issue discount shall not include an amount, determined at the time of any purchase after the original issue of the debt instrument, equal to the excess of—

"(A) the cost of such debt instrument incurred by the holder, over

"(B) the issue price of such debt instrument, increased by the portion of original discount previously includible in the gross income of any holder (computed without regard to this paragraph),

divided by the number of complete months (plus any fractional part of a month) from the date of such purchase to the stated maturity date of such debt instrument.

"(c) Definitions and Special Rules.—

"(1) Purchase defined.—For purposes of this section, the term 'purchase' means any acquisition of a debt instrument, but only if the basis of the debt instrument is not determined in whole or in part by reference to the adjusted basis of such debt instrument in the hands of the person from whom acquired, or under section 1014(a) (relating to property acquired from a decedent).

"(2) Exceptions.—This section shall not apply to any holder—

"(A) who has purchased the debt instrument at a premium, or

"(B) which is a life insurance company to which section 811(b) applies.

"(3) Basis adjustments.—The basis of any debt instrument in the hands of the holder thereof shall be increased by the amount included in his gross income pursuant to this section.

"SEC. 1273. DETERMINATION OF AMOUNT OF ORIGINAL ISSUE DISCOUNT.

"(a) General Rule.—For purposes of this subpart—

"(1) In general.—The term 'original issue discount' means the difference between—

"(A) the issue price, and

"(B) the stated redemption price at maturity.

"(2) Stated redemption price at maturity.—The term 'stated redemption price at maturity' means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest payable unconditionally at fixed periodic intervals of 1 year or less during the entire term of the debt instrument).

"(3) ¼ of 1 percent de minimis rule.—If the original issue discount determined under paragraph (1) is less than—

"(A) ¼ of 1 percent of the redemption price at maturity, multiplied by

"(B) the number of complete years to maturity,

then the original issue discount shall be treated as zero.

"(b) Issue Price.—For purposes of this subpart—

"(1) Publicly offered debt instruments not issued for property.—In the case of any issue of debt instruments—

"(A) registered with the Securities and Exchange Commission, and

"(B) not issued for property,

the issue price is the initial offering price to the public (excluding bond houses and brokers) at which price a substantial amount of such debt instruments were sold.

"(2) Privately placed debt instruments not issued for property.—In the case of any privately placed issue of debt instruments not issued for property, the issue price of each such instrument is the price paid by the first buyer of such debt instrument.

"(3) Debt instruments issued for property where there is public trading.—In the case of a debt instrument which is issued for property and which—

"(A) is part of an issue a portion of which is traded on an established securities market, or

"(B) is issued for stock or securities which are traded on an established securities market,

the issue price of such debt instrument shall be the fair market value of such property.

"(4) Other cases.—Except in any case—

"(A) to which paragraph (1), (2), or (3) of this subsection applies, or

"(B) to which section 1274 applies,

the issue price of a debt instrument which is issued for property shall be the stated redemption price at maturity.

"(5) Property.—In applying this subsection, the term 'property' includes services and the right to use property, but such term does not include money.

"(c) Special Rules for Applying Subsection (b).—For purposes of subsection (b)—

"(1) Initial offering price; price paid by the first buyer.—The terms 'initial offering price' and 'price paid by the first buyer' include the aggregate payments made by the purchaser under the purchase agreement, including modifications thereof.

"(2) Treatment of investment units.—In the case of any debt instrument and an option, security, or other property issued together as an investment unit—

"(A) the issue price for such unit shall be determined in accordance with the rules of this subsection and subsection (b) as if it were a debt instrument,

"(B) the issue price determined for such unit shall be allocated to each element of such unit in the proportion which the fair market value of such element is of the total fair market value of all elements in such unit, and

"(C) the issue price of any debt instrument included in such unit shall be the portion of the issue price of the unit allocated to the debt instrument under subparagraph (B).

"(3) Special rule for exchange of debt instruments in reorganizations.—

"(A) In general.—If—

"(i) any debt instrument is issued pursuant to a plan of reorganization within the meaning of section 368(a)(1) for another debt instrument (hereinafter in this paragraph referred to as the 'old debt instrument'), and

"(ii) the fair market value of the old debt instrument is less than its adjusted issue price,

then, for purposes of paragraph (3) of subsection (b), the fair market value of the old debt instrument shall be treated as equal to its adjusted issue price.

"(B) Definitions.—For purposes of this paragraph—

"(i) Debt instrument.—The term 'debt instrument' includes an investment unit.

"(ii) Adjusted issue price.—

"(I) In general.—The adjusted issue price of the old debt instrument is its issue price, increased by the portion of any original issue discount previously includible in the gross income of any holder (without regard to subsection (a)(6) or (b)(4) of section 1272 (or the corresponding provisions of prior law)).

"(II) Special rule for applying section 163(e).—For purposes of section 163(e), the adjusted issue price of the old debt instrument is its issue price, increased by any original issue discount previously allowed as a deduction.

"SEC. 1274. DETERMINATION OF ISSUE PRICE IN THE CASE OF CERTAIN DEBT INSTRUMENTS ISSUED FOR PROPERTY.

"(a) In General.—In the case of any debt instrument to which this section applies, for purposes of this subpart, the issue price shall be the lesser of—

"(1) the amount of principal payable at maturity, or

"(2) the principal amount determined under subsection (b).

"(b) Determination of principal amount.—For purposes of this section—

"(1) In general.—Except as provided in paragraph (3), the principal amount determined under this subsection of any debt instrument shall be equal to the sum of the present values of all payments due under such debt instrument.

"(2) Determination of present value.—For purposes of paragraph (1), the present value of a payment shall be determined in the manner provided by regulations prescribed by the Secretary—

"(A) as of the date of the sale or exchange, and

"(B) by using a discount rate equal to 120 percent of the applicable Federal rate, compounded semiannually.

"(3) Fair market value rule in potentially abusive situations.—

"(A) In general.—In the case of any potentially abusive situation, the principal amount determined under this subsection of any debt instrument received in exchange for property shall in no event be greater than the fair market value of such property.

"(B) Potentially abusive situation defined.—For purposes of subparagraph (A), the term 'potentially abusive situation' means—

"(i) a tax shelter (as defined in section 6661(b)(2)(C)(ii)), and

"(ii) any other situation which, by reason of—

"(I) recent sales transactions,

"(II) nonrecourse financing,

"(III) financing with a term in excess of the economic life of the property, or

"(IV) other circumstances,

is of a type which the Secretary specifies by regulations as having potential for tax avoidance.

"(c) Debt Instruments To Which Section Applies.—

"(1) In general.—Except as otherwise provided in this subsection, this section shall apply to any debt instrument given in consideration for the sale or exchange of property if—

"(A) the stated redemption price at maturity for such instrument exceeds the principal amount of such debt instrument (as determined under subsection (b) by using a discount rate equal to 110 percent of the applicable Federal rate), or

"(B) the stated redemption price at maturity for such instrument exceeds the amount of principal payable at maturity.

"(2) Exceptions.—This section shall not apply to—

"(A) Sales for less than $1,000,000 of farms by individuals or small businesses.—

"(i) In general.—Any debt instrument received—

"(I) by an individual, estate, or testamentary trust,

"(II) by a corporation which as of the date of the sale or exchange is a small business corporation (as defined in section 1244(c)(3)), or

"(III) by a partnership which as of the date of the sale or exchange meets requirements similar to those of section 1244(c)(3),

as consideration for the sale or exchange of a farm (within the meaning of section 6420(c)(2)) by such individual or entity.

"(ii) $1,000,000 limitation.—Clause (i) shall apply only if it can be determined at the time of the sale or exchange that the sales price cannot exceed $1,000,000. For purposes of the preceding sentence, all sales and exchanges which are part of the same transaction (or a series of related transactions) shall be treated as 1 sale or exchange.

"(B) Sales of principal residences.—Any debt instrument received by an individual as consideration for the sale or exchange of his principal residence (within the meaning of section 1034).

"(C) Sales involving total payments of $250,000 or less.—

"(i) In general.—Any debt instrument received as consideration for the sale or exchange of property if the sum of the following amounts does not exceed $250,000:

"(I) the aggregate amount of the payments due under such debt instrument and all other debt instruments received as consideration for the sale or exchange, and

"(II) the aggregate amount of any other consideration to be received for the sale or exchange.

"(ii) Consideration other than debt instrument taken into account at fair market value.—For purposes of clause (i), any consideration (other than a debt instrument) shall be taken into account at its fair market value.

"(iii) Aggregation of transactions.—For purposes of this subparagraph, all sales and exchanges which are part of the same transaction (or a series of related transactions) shall be treated as 1 sale or exchange.

"(D) Debt instruments which are publicly traded or issued for publicly traded property.—Any debt instrument to which section 1273(b)(3) applies.

"(E) Annuities.—Any amount the liability for which depends in whole or in part on the life expectancy of 1 or more individuals and which constitutes an amount received as an annuity to which section 72 applies.

"(F) Sales or exchanges to which section 483(g) applies.—Any debt instrument to the extent section 483(g) applies to such instrument.

"(G) Certain sales of patents.—In the case of any transfer described in section 1235(a) (relating to sale or exchange of patents), any amount contingent on the productivity, use, or disposition of the property transferred.

"(d) Determination of Applicable Federal Rate.—For purposes of this section—

"(1) Applicable federal rate.—

"(A) In general.—

"In the case of a debt instrument with a term of:	The applicable Federal rate is:
Not over 3 years	The Federal short-term rate.
Over 3 years but not over 9 years.	The Federal mid-term rate.
Over 9 years	The Federal long-term rate.

"(B) Determination of rates.—Within 15 days after the close of—

"(i) the 6-month period ending on September 30 of any calendar year, or

"(ii) the 6-month period ending on March 31 of any calendar year,

the Secretary shall determine the Federal short-term rate, mid-term rate, and long-term rate for such 6-month period.

"(C) Effective date of determination.—Any Federal rate determined under subparagraph (A) shall—

"(i) apply during the 6-month period beginning on January 1 of the succeeding calendar year in the case of a determination made under subparagraph (B)(i), and

"(ii) apply during the 6-month period beginning on July 1 of the calendar year in the case of a determination made under subparagraph (B)(ii).

"(D) Federal rate for any 6-month period.—For purposes of this paragraph—

"(i) Federal short-term rate.—The Federal short-term rate for any 6-month period shall be the rate determined by the Secretary to be equal to the average market yield (during such 6-month period) on outstanding marketable obligations of the United States with remaining periods to maturity of 3 years or less.

"(ii) Federal mid-term and long-term rates.—The Federal mid-term rate and long-term rate shall be determined in accordance with the principles of clause (i).

"(2) Rate applicable to any sale or exchange.—In the case of any sale or exchange, the determination of the applicable Federal rate shall be made as of the first day on which there is a binding contract in writing for the sale or exchange.

"(3) Term of debt instrument.—In determining the term of a debt instrument for purposes of this subsection, under regulations prescribed by the Secretary, there shall be taken into account options to renew or extend.

"SEC. 1275. OTHER DEFINITIONS AND SPECIAL RULES.

"(a) Definitions.—For purposes of this subpart—

"(1) Debt instrument.—The term 'debt instrument' means a bond, debenture, note, or certificate or other evidence of indebtedness. Except for purposes of section 1271, such term also includes any other obligation.

"(2) Issue date.—

"(A) Debt instruments registered with the Securities and Exchange Commission.—In the case of any debt instrument registered with the Securities and Exchange Commission, the term 'date of original issue' means the date on which the issue was first issued to the public.

"(B) Privately placed issues.—In the case of any debt instrument to which section 1273(b)(2) applies, the term 'date of original issue' means the date on which the debt instrument was sold by the issuer.

"(C) Other debt instruments.—In the case of any debt instrument not described in subparagraph (A) or (B), the term 'date of original issue' means the date on which the debt instrument was issued in an exchange.

"(3) Tax-exempt obligation.—The term 'tax-exempt obligation' means any obligation if—

"(A) the interest on such obligation is not includible in gross income under section 103, or

"(B) the interest on such obligation is exempt from tax (without regard to the identity of the holder) under any other provision of law.

"(b) Treatment of Certain Deferred Payments for Services or Use of Property.—

"(1) Treatment of payee.—If any portion of a deferred payment to which this subsection applies is allocable to any taxable year of the payee, the taxable income of such payee for such taxable year (and subsequent taxable years) shall be determined as if—

"(A) as of the close of the taxable year, the payee received a debt instrument in exchange for the services performed (or the use of the property) during the taxable year, and

"(B) such debt instrument had original issue discount equal to the excess of—

"(i) the portion of the payment allocable to the taxable year, over

"(ii) the present value (as of the close of the taxable year) of such portion determined in accordance with the rules of section 1274(b).

"(2) Treatment of payor.—If any portion of a deferred payment to which this subsection applies is allocable to any taxable year of the payor, the taxable income of such payor for such taxable year (and subsequent taxable years) shall be determined as if—

"(A) as of the close of the taxable year, the payor issued a debt instrument in exchange for the services performed (or the use of the property) during the taxable year, and

"(B) such debt instrument had original issue discount equal to the excess of—

"(i) the portion of the payment allocable to the taxable year, over

"(ii) the present value (as of the close of the taxable year) of such portion determined in accordance with the rules of section 1274(b).

"(3) Deferred payments to which subsection applies.—

"(A) In general.—Except as otherwise provided in this paragraph, this subsection applies to any amount to be paid for services (or the use of property) if such amount is to be paid after the close of the calendar year following the calendar year in which the services are performed (or the property is used).

"(B) Subsection not to apply to deferred payments of $250,000 or less.—This subsection shall not apply to any amount to be paid for services (or the use of property) if the sum of the following amounts does not exceed $250,000—

"(i) the aggregate amount of payments due under debt instruments received as consideration for such services (or use of property), and

"(ii) the aggregate amount of any other consideration to be received for such services (or use of property).

For purposes of the preceding sentence, rules similar to the rules of clauses (ii) and (iii) of section 1274(c)(2)(C) shall apply.

"(C) Coordination with section 1273(b)(3).—This subsection shall not apply to any debt instrument to which section 1273(b)(3) applies.

"(D) Payments to which other sections apply.—This subsection shall not apply to any payment if section 83, 267, 404, 404A, or 706(a) applies to such payment. Sections 83, 267, 404, 404A, and 706(a) shall be applied before the application of this subsection.

"(4) Other definitions and special rules.—For purposes of the subsection—

"(A) Allocation of deferred payment.—The portion of a deferred payment to which this subsection applies allocable to any taxable year shall be determined under the accrual method of accounting.

"(B) Payee.—The term 'payee' means the person to whom the deferred payment is to be made.

"(C) Payor.—The term 'payor' means the person required to make the deferred payment.

"(c) Information Requirements.—

"(1) Information required to be set forth on instrument.—

"(A) In general.—In the case of any debt instrument having original issue discount, the Secretary may by regulations require that—

"(i) the amount of the original issue discount, and

"(ii) the issue date,

be set forth on such instrument.

"(B) Special rule for privately placed instruments.—In the case of any privately placed issue of debt instruments, the regulations prescribed under subparagraph (A) shall not require the information to be set forth on the debt instrument before any disposition of such instrument by the first buyer.

"(2) Information required to be submitted to Secretary.—In the case of any issue of debt instruments having original issue discount and registered with the Securities and Exchange Commission, the issuer shall (at such time and in such manner as the Secretary shall by regulation prescribe) furnish the Secretary the following information:

"(A) The amount of the original issue discount.

"(B) The issue date.

"(C) Such other information with respect to the issue as the Secretary may by regulations require.

For purposes of the preceding sentence, any person who makes a public offering of stripped bonds (or stripped coupons) shall be treated as the issuer of a debt instrument having original issue discount and registered with the Securities and Exchange Commission.

"(3) Exceptions.—This subsection shall not apply to any obligation referred to in section 1272(a)(2).

"(4) Cross reference.—

"For civil penalty for failure to meet requirements of this subsection, see section 6706.

"(d) Regulation Authority.—The Secretary may prescribe regulations providing that where, by reason of varying rates of interest, put or call options, indefinite maturities, contingent payments, or other circumstances, the tax treatment under this subpart (or section 163(e)) does not carry out the purposes of this subpart (or section 163(e)), such treatment will be modified to the extent necessary to carry out the purposes of this subpart (or section 163(e)).

"Subpart B—Market Discount on Bonds

"Sec. 1276. Disposition gain representing accrued market discount treated as ordinary income.

"Sec. 1277. Deferral of interest deduction allocable to accrued market discount.

"Sec. 1278. Definitions and special rules.

"SEC. 1276. DISPOSITION GAIN REPRESENTING ACCRUED MARKET DISCOUNT TREATED AS ORDINARY INCOME.

"(a) Ordinary Income.—

"(1) In general.—Except as otherwise provided in this section, gain on the disposition of any market discount bond shall be treated as ordinary income to the extent it does not exceed the accrued market discount on such bond. Such gain shall be treated as interest and recognized notwithstanding any other provision of this subtitle.

"(2) Dispositions other than sales, etc.—For purposes of paragraph (1), a person disposing of any market discount bond in any transaction other than a sale, exchange, or involuntary conversion shall be treated as realizing an amount equal to the fair market value of the bond.

"(b) Accrued Market Discount.—For purposes of this section—

"(1) Ratable accrual.—Except as otherwise provided in this subsection or subsection (c), the accrued market discount on any bond shall be an amount which bears the same ratio to the market discount on such bond as—

"(A) the number of days which the taxpayer held the bond, bears to

"(B) the number of days after the date the taxpayer acquired the bond and up to (and including) the date of its maturity.

"(2) Election of accrual on basis of constant interest rate (in lieu of ratable accrual).—

"(A) In general.—At the election of the taxpayer with respect to any bond, the accrued market discount on such bond shall be the aggregate amount which would have been includible in the gross income of the taxpayer under section 1272(a) with respect to such bond for all periods during which the bond was held by the taxpayer if such bond had been—

"(i) originally issued on the date on which such bond was acquired by the taxpayer,

"(ii) for an issue price equal to the adjusted basis of the taxpayer in such bond immediately after its acquisition.

"(B) Coordination where bond has original issue discount.—In the case of any bond having original issue discount, for purposes of applying subparagraph (A)—

"(i) the stated redemption price of such bond at maturity shall be treated as equal to its revised issue price, and

"(ii) the determination of the portion of the original issue discount which would be includible in the gross income of the taxpayer under section 1272(a) shall be made under regulations prescribed by the Secretary.

"(C) Election irrevocable.—An election under subparagraph (A), once made with respect to any bond, shall be irrevocable.

"(c) Treatment of Nonrecognition Transactions.—Under regulations prescribed by the Secretary—

"(1) Transferred basis property.—If a market discount bond is transferred in a nonrecognition transaction and such bond is transferred basis property in the hands of the transferee, for purposes of determining the amount of the accrued market discount with respect to the transferee—

"(A) the transferee shall be treated as having acquired the bond on the date on which it was acquired by the transferor for an amount equal to the adjusted basis of the transferor, and

"(B) proper adjustments shall be made for gain recognized by the transferor on such transfer (and for any original issue discount or market discount included in the gross income of the transferor).

"(2) Exchanged basis property.—If any market discount bond is disposed of by the taxpayer in a nonrecognition transaction and paragraph (1) does not apply to such transaction—

"(A) any exchanged basis property received by the taxpayer in such transaction (if not otherwise a market discount bond) shall be treated as a market discount bond, and

"(B) the amount of the accrued market discount with respect to such exchanged basis property shall include any accrued market discount determined with respect to the property disposed of to the extent not theretofore treated as ordinary income under subsection (a).

"(d) Special Rules.—Under regulations prescribed by the Secretary—

"(1) rules similar to the rules of subsection (b) of section 1245 shall apply for purposes of this section; except that—

"(A) paragraph (1) of such subsection shall not apply, and

"(B) an exchange qualifying under section 354(a), 355(a), or 356(a) (determined without regard to subsection (a) of this section) shall be treated as an exchange described in paragraph (3) of such subsection, and

"(2) appropriate adjustments shall be made to the basis of any property to reflect gain recognized under subsection (a).

"(e) Section Not To Apply to Market Discount Bonds Issued Before Date of Enactment of Section.—This section shall not apply to any market discount bond issued before the date of the enactment of this section.

"SEC. 1277. DEFERRAL OF INTEREST DEDUCTION ALLOCABLE TO ACCRUED MARKET DISCOUNT.

"(a) General Rule.—Except as otherwise provided in this section, the net direct interest expense with respect to any market discount bond shall be allowed as a deduction for the taxable year only to the extent that such expense exceeds the portion of the market discount allocable to the days during the taxable year on which such bond was held by the taxpayer (as determined under the rules of section 1276(b)).

"(b) Disallowed Deduction Allowed for Year of Disposition.—

"(1) In general.—Except as otherwise provided in this subsection, the amount of the disallowed interest expense with respect to any market discount bond shall be treated as interest paid or accrued by the taxpayer in the taxable year in which such bond is disposed of.

"(2) Nonrecognition transactions.—If any market discount bond is disposed of in a nonrecognition transaction (as defined in section 7701(a)(45))—

"(A) the disallowed interest expense with respect to such bond shall be treated as interest paid or accrued in the year of disposition only to the extent of the amount of gain recognized on such disposition, and

"(B) the disallowed interest expense with respect to such property (to the extent not so treated) shall be treated as disallowed interest expense—

"(i) in the case of a transaction described in section 1276(c)(1), of the transferee with respect to the transferred basis property, or

"(ii) in the case of a transaction described in section 1276(c)(2), with respect to the exchanged basis property.

"(3) Disallowed interest expense.—For purposes of this subsection, the term 'disallowed interest expense' means the aggregate amount disallowed under subsection (a) with respect to the market discount bond.

"(c) Net Direct Interest Expense.—For purposes of this section, the term 'net direct interest expense' means, with respect to any market discount bond, the excess (if any) of—

"(1) the amount of interest paid or accrued during the taxable year on indebtedness which is incurred or continued to purchase or carry such bond, over

"(2) the aggregate amount of interest (including original issue discount) includible in gross income for the taxable year with respect to such bond.

"SEC. 1278. DEFINITIONS AND SPECIAL RULES.

"(a) In General.—For purposes of this part—

"(1) Market discount bond.—

"(A) In general.—Except as provided in subparagraph (B), the term 'market discount bond' means any bond having market discount.

"(B) Exceptions.—The term 'market discount bond' shall not include—

"(i) Short-term obligations.—Any obligation with a fixed maturity date not exceeding 1 year from the date of issue.

"(ii) Tax-exempt obligations.—Any tax-exempt obligation (as defined in section 1275(a)(3)).

"(iii) United states savings bonds.—Any United States savings bond.

"(2) Market discount.—

"(A) In general.—The term 'market discount' means the excess (if any) of—

"(i) the stated redemption price of the bond at maturity, over

"(ii) the adjusted basis of such bond immediately after its acquisition by the taxpayer.

"(B) Coordination where bond has original issue discount.—In the case of any bond having original issue discount, for purposes of subparagraph (A), the stated redemption price of such bond at maturity shall be treated as equal to its revised issue price.

"(C) De minimis rule.—If the market discount is less than ¼ of 1 percent of the stated redemption price of the bond at maturity multiplied by the number of complete years to maturity (after the taxpayer acquired the bond), then the market discount shall be considered to be zero.

"(3) Bond.—The term 'bond' means any bond, debenture, note, certificate, or other evidence of indebtedness.

"(4) Revised issue price.—The term 'revised issue price' means of the sum of—

"(A) the issue price of the bond, and

"(B) the aggregate amount of the original issue discount includible in the gross income of all holders for periods before the acquisition of the bond by the taxpayer (determined without regard to section 1272(a)(6)).

"(5) Original issue discount, etc.—The terms 'original issue discount', 'stated redemption price at maturity', and 'issue price' have the respective meanings given such terms by subpart A of this part.

"(b) Election To Include Market Discount Currently.—

"(1) In general.—If the taxpayer makes an election under this subsection—

"(A) sections 1276 and 1277 shall not apply, and

"(B) market discount on any market discount bond shall be included in the gross income of the taxpayer for the taxable years to which it is attributable (as determined under the rules of subsection (b) of section 1276).

"(2) Scope of election.—An election under this subsection shall apply to all market discount bonds acquired by the taxpayer on or after the 1st day of the 1st taxable year to which such election applies.

"(3) Period to which election applies.—An election under this subsection shall apply to the taxable year for which it is made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary to the revocation of such election.

"(c) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subpart.

"Subpart C—Discount on Short-Term Obligations

"Sec. 1281. Current inclusion in income of discount on certain short-term obligations.

"Sec. 1282. Deferral of interest deduction allocable to accrued discount.

"Sec. 1283. Definitions and special rules.

"SEC. 1281. CURRENT INCLUSION IN INCOME OF DISCOUNT ON CERTAIN SHORT-TERM OBLIGATIONS.

"(a) In General.—In the case of any short-term obligation to which this section applies, for purposes of this title, there shall be included in the gross income of the holder an amount equal to the sum of the daily portions of the acquisition discount for each day during the taxable year on which such holder held such bond.

"(b) Short-Term Obligations to Which Section Applies.—This section shall apply to any short-term obligations which—

"(1) is held by a taxpayer using an accrual method of accounting,

"(2) is held by a bank (as defined in section 581),

"(3) is held primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or

"(4) is identified by the taxpayer under section 1256(e)(2) as being part of a hedging transaction.

"(c) Cross Reference.—

"For special rules limiting the application of this section to original issue discount in the case of nongovernmental obligations, see section 1283(c).

"SEC. 1282. DEFERRAL OF INTEREST DEDUCTION ALLOCABLE TO ACCRUED DISCOUNT.

"(a) General Rule.—Except as otherwise provided in this section, the net direct interest expense with respect to any short-term obligation shall be allowed as a deduction for the taxable year only to the extent that such expense exceeds the sum of the daily portions of the acquisition discount for each day during the taxable year on which the taxpayer held such obligation.

"(b) Section Not To Apply to Obligations to Which Section 1281 Applies.—

"(1) In general.—This section shall not apply to any short-term obligation to which section 1281 applies.

"(2) Election to have section 1281 apply to all obligations.—

"(A) In general.—A taxpayer may make an election under this paragraph to have section 1281 apply to all short-term obligations acquired by the taxpayer on or after the 1st day of the 1st taxable year to which such election applies.

"(B) Period to which election applies.—An election under this paragraph shall apply to the taxable year for which it is made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary to the revocation of such election.

"(c) Certain Rules Made Applicable.—Rules similar to the rules of subsections (b) and (c) of section 1277 shall apply for purposes of this section.

"(d) Cross Reference.—

"For special rules limiting the application of this section to original issue discount in the case of nongovernmental obligations, see section 1283(c).

"SEC. 1283. DEFINITIONS AND SPECIAL RULES.

"(a) Definitions.—For purposes of this subpart—

"(1) Short-term obligation.—

"(A) In general.—Except as provided in subparagraph (B), the term 'short-term obligation' means any bond, debenture, note, certificate, or other evidence of indebtedness which has a fixed maturity day not exceeding 1 year from the date of issue.

"(B) Exceptions for tax-exempt obligations.—The term 'short-term obligation' shall not include any tax-exempt obligation (as defined in section 1275(a)(3)).

"(2) Acquisition discount.—The term 'acquisition discount' means the excess of—

"(A) the stated redemption price at maturity (as defined in section 1273), over

"(B) the taxpayer's basis for the obligation.

"(b) Daily Portion.—For purposes of this subpart—

"(1) Ratable accrual.—Except as otherwise provided in this subsection, the daily portion of the acquisition discount is an amount equal to—

"(A) the amount of such discount, divided by

"(B) the number of days after the day on which the taxpayer acquired the obligation and up to (and including) the day of its maturity.

"(2) Election of accrual on basis of constant interest rate (in lieu of ratable accrual).—

"(A) In general.—At the election of the taxpayer with respect to any obligation, the daily portion of the acquisition discount for any day is the portion of the acquisition discount accruing on such day determined (under regulations prescribed by the Secretary) on the basis of—

"(i) the taxpayer's yield to maturity based on the taxpayer's cost of acquiring the obligation, and

"(ii) compounding daily.

"(B) Election irrevocable.—An election under subparagraph (A), once made with respect to any obligation, shall be irrevocable.

"(c) Special Rules for Nongovernmental Obligations.—In the case of any short-term obligations which is not a short-term Government obligation (as defined in section 1271(a)(3)(B))—

"(1) sections 1281 and 1282 shall be applied by taking into account original issue discount in lieu of acquisition discount, and

"(2) appropriate adjustments shall be made in the application of subsection (b) of this section.

"(d) Other Special Rules.—

"(1) Basis adjustments.—The basis of any short-term obligation in the hands of the holder thereof shall be increased by the amount included in his gross income pursuant to section 1281.

"(2) Double inclusion in income not required.—Section 1281 shall not require the inclusion of any amount previously includible in gross income.

"(3) Coordination with other provisions.—Section 454(b) and section 1271(a)(3) shall not apply to any short-term obligation to which section 1281 applies.

"Subpart D—Miscellaneous Provisions

"Sec. 1286. Tax treatment of stripped bonds.

"Sec. 1287. Denial of capital gain treatment for gains on certain obligations not in registered form.

"Sec. 1288. Treatment of original issue discount on tax-exempt obligations.

"SEC. 1286. TAX TREATMENT OF STRIPPED BONDS.

"(a) Inclusion in Income as if Bond and Coupons Were Original Issue Discount Bonds.—If any person purchases after July 1, 1982, a stripped bond or a stripped coupon, then such bond or coupon while held by such purchaser (or by any other person whose basis is determined by reference to the basis in the hands of such purchaser) shall be treated for purposes of section 1272(a) as a bond originally issued on the purchase date and having an original issue discount equal to the excess (if any) of—

"(1) the stated redemption price at maturity (or, in the case of coupon, the amount payable on the due date of such coupon), over

"(2) such bond's or coupon's ratable share of the purchase price.

For purposes of paragraph (2), ratable shares shall be determined on the basis of their respective fair market values on the date of purchase.

"(b) Tax Treatment of Person Stripping Bond.—For purposes of this subtitle, if any person strips 1 or more coupons from a bond and after July 1, 1982, disposes of the bond or such coupon—

"(1) such person shall include in gross income an amount equal to the interest accrued on such bond before the time that such coupon or bond was disposed of (to the extent such interest has not theretofore been included in such person's gross income),

"(2) the basis of the bond and coupons shall be increased by the amount of the accrued interest described in paragraph (1),

"(3) the basis of the bond and coupons immediately before the disposition (as adjusted pursuant to paragraph (2)) shall be allocated among the items retained by such person and the items disposed of by such person on the basis of their respective fair market values, and

"(4) for purposes of subsection (a), such person shall be treated as having purchased on the date of such disposition each such item which he retains for an amount equal to the basis allocated to such item under paragraph (3).

A rule similar to the rule of paragraph (4) shall apply in the case of any person whose basis in any bond or coupon is determined by reference to the basis of the person described in the preceding sentence.

"(c) Retention of Existing Law for Stripped Bonds Purchased Before July 2, 1982.—If a bond issued at any time with interest coupons—

"(1) is purchased after August 16, 1954, and before January 1, 1958, and the purchaser does not receive all the coupons which first become payable more than 12 months after the date of the purchase, or

"(2) is purchased after December 31, 1957, and before July 2, 1982, and the purchaser does not receive all the coupons which first become payable after the date of the purchase,

then the gain on the sale or other disposition of such bond by such purchaser (or by a person whose basis is determined by reference to the basis in the hands of such purchaser) shall be considered as ordinary income to the extent that the fair market value (determined as of the time of the purchase) of the bond with coupons attached exceeds the purchase price. If this subsection and section 1271(a)(2)(A) apply with respect to gain realized on the sale or exchange of any evidence of indebtedness, then section 1271(a)(2)(A) shall apply with respect to that part of the gain to which this subsection does not apply.

"(d) Special Rules for Tax-Exempt Obligations.—In the case of any tax-exempt obligation (as defined in section 1275(a)(3))—

"(1) subsections (a) and (b)(1) shall not apply,

"(2) the rules of subsection (b)(4) shall apply for purposes of subsection (c), and

"(3) subsection (c) shall be applied without regard to the requirement that the bond be purchased before July 2, 1982.

"(e) Definitions and Special Rules.—For purposes of this section—

"(1) Bond.—The term 'bond' means a bond, debenture, note, or certificate or other evidence of indebtedness.

"(2) Stripped bond.—The term 'stripped bond' means a bond issued at any time with interest coupons where there is a separation in ownership between the bond and any coupon which has not yet become payable.

"(3) Stripped coupon.—The term 'stripped coupon' means any coupon relating to a stripped bond.

"(4) Stated redemption price at maturity.—The term 'stated redemption price at maturity' has the meaning given such term by section 1273(a)(2).

"(5) Coupon.—The term 'coupon' includes any right to receive interest on a bond (whether or not evidenced by a coupon). This paragraph shall apply for purposes of subsection (c) only in the case of purchases after July 1, 1982.

"(f) Regulation Authority.—The Secretary may prescribe regulations providing that where, by reason of varying rates of interest, put or call options, or other circumstances, the tax treatment under this section does not accurately reflect the income of the holder of a stripped coupon or stripped bond, or of the person disposing of such bond or coupon, as the case may be, for any period, such treatment shall be modified to require that the proper amount of income be included for such period.

"SEC. 1287. DENIAL OF CAPITAL GAIN TREATMENT FOR GAINS ON CERTAIN OBLIGATIONS NOT IN REGISTERED FORM.

"(a) In General.—If any registration-required obligation is not in registered form, any gain on the sale or other disposition of such obligation shall be treated as ordinary income (unless the issuance of such obligation was subject to tax under section 4701).

"(b) Definitions.—For purposes of subsection (a)—

"(1) Registration-required obligation.—The term 'registration-required obligation' has the meaning given to such term by section 163(f)(2) except that clause (iv) of subparagraph (A), and subparagraph (B), of such section shall not apply.

"(2) Registered form.—The term 'registered form' has the same meaning as when used in section 163(f).

"SEC. 1288. TREATMENT OF ORIGINAL ISSUE DISCOUNT ON TAX-EXEMPT OBLIGATIONS.

"(a) General Rule.—For purposes of this title, original issue discount on any tax-exempt obligation shall be treated as accruing—

"(1) for purposes of section 163, in the manner provided by section 1272(a) (determined without regard to paragraph (6) thereof), and

"(2) for purposes of determining the adjusted basis of the holder, in the manner provided by section 1272(a) (determined with regard to paragraph (6) thereof).

"(b) Definitions.—For purposes of this section—

"(1) Original issue discount.—The term 'original issue discount' has the meaning given to such term by section 1273(a) without regard to paragraph (3) thereof. In applying section 1273(b)(1) for purposes of the preceding sentence, an issue shall be treated as registered with the Securities and Exchange Commission if it is a publicly offered tax-exempt obligation.

"(2) Tax-exempt obligation.—The term 'tax-exempt obligation' has the meaning given to such term by section 1275(a)(3)."

(b) Amendment of Section 483.—Section 483 (relating to interest on certain deferred payments) is amended to read as follows:

"SEC. 483. INTEREST ON CERTAIN DEFERRED PAYMENTS.

"(a) Amount Constituting Interest.—For purposes of this title, in the case of any payment—

"(1) under any contract for the sale or exchange of any property, and

"(2) to which this section applies,

there shall be treated as interest that portion of the total unstated interest under such contract which, as determined in a manner consistent with the method of computing interest under section 1272(a), is properly allocable to such payment.

"(b) Total Unstated Interest.—For purposes of this section, the term 'total unstated interest' means, with respect to a contract for the sale or exchange of property, an amount equal to the excess of—

"(1) the sum of the payments to which this section applies which are due under the contract, over

"(2) the sum of the present values of such payments and the present values of any interest payments due under the contract.

For purposes of the preceding sentence, the present value of a payment shall be determined under the rules of section 1274(b)(2) using a discount rate equal to 120 percent of the applicable Federal rate determined under section 1274(d).

"(c) Payments to Which Subsection (a) Applies.—

"(1) In general.—Except as provided in subsection (f), this section shall apply to any payment on account of the sale or exchange of property which constitutes part or all of the sales price and which is due more than 6 months after the date of such sale or exchange under a contract—

"(A) under which some or all of the payments are due more than 1 year after the date of such sale or exchange, and

"(B) under which, using a discount rate equal to 110 percent of the applicable Federal rate determined under section 1274(d), there is total unstated interest.

"(2) Treatment of other debt instruments.—For purposes of this section, a debt instrument of the purchaser which is given in consideration for the sale or exchange of property shall not be treated as a payment, and any payment due under such debt instrument shall be treated as due under the contract for the sale or exchange.

"(3) Debt instrument defined.—For purposes of this subsection, the term 'debt instrument' has the meaning given such term by section 1275(a)(1).

"(d) Payments Indefinite as to Time, Liability, or Amount.—In the case of a contract for the sale or exchange of property under which the liability for, or the amount or due date of, any portion of a payment cannot be determined at the time of the sale or exchange, this section shall be separately applied to such portion as if it (and any amount of interest attributable to such portion) were the only payments due under the contract; and such determinations of liability, amount, and due date shall be made at the time payment of such portion is made.

"(e) Change in Terms of Contract.—If the liability for, or the amount or due date of, any payment (including interest) under a contract for the sale or exchange of property is changed, the 'total unstated interest' under the contract shall be recomputed and allocated (with adjustment for prior interest (including unstated interest) payments) under regulations prescribed by the Secretary.

"(f) Exceptions and Limitations.—

"(1) Coordination with original issue discount rules.—This section shall not apply to any debt instrument to which section 1272 applies.

"(2) Sales prices of $3,000 or less.—This section shall not apply to any payment on account of the sale or exchange of property if it can be detemined at the time of such sale or exchange that the sales price cannot exceed $3,000.

"(3) Carrying charges.—In the case of the purchaser, the tax treatment of amounts paid on account of the sale or exchange of property shall be made without regard to this section if any such amounts are treated under section 163(b) as if they included interest.

"(4) Certain sales of patents.—In the case of any transfer described in section 1235(a) (relating to sale or exchange of patents), this section shall not apply to any amount contingent on the productivity, use, or disposition of the property transferred.

"(5) Annuities.—This section shall not apply to any amount the liability for which depends in whole or in part on the life expectancy of 1 or more individuals and which constitutes an amount received as an annuity to which section 72 applies.

"(g) Maximum Rate of Interest on Certain Transfers of Land Between Related Parties.—

"(1) In general.—In the case of any qualified sale, the discount rate used in determining the total unstated interest rate under subsection (b) shall not exceed 7 percent, compounded semiannually.

"(2) Qualified sale.—For purposes of this subsection, the term 'qualified sale' means any sale or exchange of land by an individual to a member of such individual's family (within the meaning of section 267(c)(4)).

"(3) $500,000 limitation.—Paragraph (1) shall not apply to any qualified sale between individuals made during any calendar year to the extent that the sales price for such sale (when added to the aggregate sales price for prior qualified sales between such individuals during the calendar year) exceeds $500,000.

"(4) Nonresident alien individuals.—Paragraph (1) shall not apply to any sale or exchange if any party to such sale or exchange is a nonresident alien individual."

(c) Penalty for Failure To Meet Information Requirements.—

(1) In general.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6706. ORIGINAL ISSUE DISCOUNT INFORMATION REQUIREMENTS.

"(a) **Failure To Show Information on Debt Instrument.**—In the case of a failure to set forth on a debt instrument the information required to be set forth on such instrument under section 1275(c)(1), unless it is shown that such failure is due to reasonable cause and not to willful neglect, the issuer shall pay a penalty of $50 for each instrument with respect to which such a failure exists.

"(b) **Failure To Furnish Information to Secretary.**—Any issuer who fails to furnish information required under section 1275(c)(2) with respect to any issue of debt instruments on the date prescribed therefor (determined with regard to any extension of time for filing) shall pay a penalty equal to 1 percent of the aggregate issue price of such issue, unless it is shown that such failure is due to reasonable cause and not willful neglect.

"(c) **Deficiency Procedures Not To Apply.**—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section."

(2) **Clerical amendment.**—The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6706. Original issue discount information requirements."

SEC. 42. TECHNICAL AND CONFORMING AMENDMENTS RELATED TO ORIGINAL ISSUE DISCOUNT CHANGES.

(a) **General Rule.**—

(1) Sections 1232, 1232A, and 1232B are hereby repealed.

(2) Clause (i) of section 103A(i)(2)(C) (defining yield on the issue) is amended by striking out "section 1232(b)(2)" and inserting in lieu thereof "sections 1273(b) and 1274".

(3) Subsection (e) of section 163 (relating to original issue discount) is amended to read as follows:

"(e) **Original Issue Discount.**—

"(1) **In general.**—In the case of any debt instrument issued after July 1, 1982, the portion of the original issue discount with respect to such debt instrument which is allowable as a deduction to the issuer for any taxable year shall be equal to the aggregate daily portions of the original issue discount for days during such taxable year.

"(2) **Definitions and special rules.**—For purposes of this subsection—

"(A) **Debt instrument.**—The term 'debt instrument' has the meaning given such term by section 1275(a)(1).

"(B) **Daily portions.**—The daily portion of the original issue discount for any day shall be determined under section 1272(a) (without regard to paragraph (6) thereof and without regard to section 1273(a)(3)).

"(3) **Cross reference.**—

"For provision relating to deduction of original issue discount on tax-exempt obligation, see section 1288."

(4) Paragraph (3) of section 165(j) (relating to denial of deductions for losses on certain obligations not in registered form) is amended by striking out "subsection (d) of section 1232" and inserting in lieu thereof "section 1282".

(5) Paragraph (1) of section 249(b) (relating to limitation on deduction of bond premium on repurchase) is amended by striking out "section 1232(b)" and inserting in lieu thereof "sections 1273(b) and 1274".

(6) Clause (ii) of section 263(g)(2)(B) (defining interest and carrying charges) is amended by striking out "section 1232(a)(3)(A)" and inserting in lieu thereof "section 1271(a)(3)(A)".

(7) Paragraph (1) of section 405(d) (relating to taxability of beneficiary of qualified bond purchase plan) is amended by striking out "section 1232 (relating to bonds and other evidences of indebtedness)" and inserting in lieu thereof "section 1271 (relating to treatment of amounts received on retirement or sale or exchange of debt instruments)".

(8) Paragraph (1) of section 409(b) (relating to income tax treatment of bonds) is amended by striking out "section 1232 (relating to bonds and other evidences of indebtedness)" and inserting in lieu thereof "section 1271 (relating to treatment of amounts received on retirement or sale or exchange of debt instruments)".

(9) Paragraph (3) of section 811(b) (relating to amortization of premium and accrual of discount), as amended by this Act, is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

(10) Subsection (b) of section 1037 (relating to application of section 1232) is amended—

(A) by striking out "section 1232(a)(2)(B)" in paragraph (1) and inserting in lieu thereof "section 1271(c)(2)",

(B) by striking out "section 1232" in paragraphs (1) and (2) and inserting in lieu thereof "subpart A of part V of subchapter P", and

(C) by striking out "Section 1232" in the subsection heading and inserting in lieu thereof "Original Issue Discount Rules".

(11) Subsection (h) of section 1351 (relating to special rule for evidences of indebtedness) is amended by striking out "section 1232(a)(2)" and inserting in lieu thereof "section 1273(a)".

(12) Paragraph (6) of section 6049(d) (relating to treatment of original issue discount) is amended—

(A) by striking out "section 1232A" each place it appears in subparagraph (A) and inserting in lieu thereof "section 1272", and

(B) by striking out "section 1232(b)(1)" and inserting in lieu thereof "section 1273(a)".

(b) **Clerical Amendments.**—

(1) The table of parts for subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Part V. Special rules for bonds and other debt instruments."

(2) The table of sections for part IV of subchapter P of chapter 1 is amended by striking out the items relating to sections 1232, 1232A, and 1232B.

SEC. 43. TECHNICAL AND CONFORMING AMENDMENTS RELATED TO TREATMENT OF MARKET DISCOUNT AND ACQUISITION DISCOUNT.

(a) **Definition of Substituted Basis Property; Etc.**—

(1) **In general.**—Section 7701(a) (relating to definitions) is amended by adding at the end thereof the following new paragraphs:

"(42) **Substituted basis property.**—The term 'substituted basis property' means property which is—

"(A) transferred basis property, or

"(B) exchanged basis property.

"(43) **Transferred basis property.**—The term 'transferred basis property' means property having a basis determined under any provision of subtitle A (or under any corresponding provision of prior income tax law) providing that the basis shall be determined in whole or in part by reference to the basis in the hands of the donor, grantor, or other transferor.

"(44) **Exchanged basis property.**—The term 'exchanged basis property' means property having a basis determined under any provision of subtitle A (or under any corresponding provision of prior income tax law) providing that the basis shall be determined in whole or in part by reference to other property held at any time by the person for whom the basis is to be determined.

"(45) **Nonrecognition transaction.**—The term 'nonrecognition transaction' means any disposition of property in a transaction in which gain or loss is not recognized in whole or in part for purposes of subtitle A."

(2) **Technical amendment.**—Subsection (b) of section 1016 is amended by striking out the last sentence.

(b) **Elections Made in Manner Prescribed by Secretary.**—Section 7805 (relating to rules and regulations) is amended by adding at the end thereof the following new subsection:

"(d) **Manner of Making Elections Prescribed by Secretary.**—Except to the extent otherwise provided by this title, any election under this title shall be made at such time and in such manner as the Secretary shall by regulations or forms prescribe."

(c) **Other Technical Amendments.**—

(1) Paragraph (12) of section 341(e) (related to nonapplication of section 1254(a)) is amended by striking out "and 1254(a)" and inserting in lieu thereof "1254(a), and 1276(a)".

(2) Paragraph (2) of section 453B(d) (relating to liquidations to which section 337 applies) is amended by striking out "or 1254(a)" and inserting in lieu thereof "1254(a), or 1276(a)".

(3) Subsection (c) of section 751 (defining unrealized receivables) is amended—

(A) by striking out "and an oil, gas, or geothermal property (described in section 1254) and inserting in lieu thereof "an oil, gas, or geothermal property (described in section 1254), and a market discount bond (as defined in section 1278)", and

(B) by striking out "or 1254(a)" and inserting in lieu thereof "1254(a), or 1276(a)".

SEC. 44. EFFECTIVE DATES.

(a) **General Rule.**—Except as otherwise provided in this section, the amendments made by this subtitle shall apply to taxable years ending after the date of the enactment of this Act.

(b) **Treatment of Debt Instruments Received in Exchange for Property.**—

(1) **In general.**—

(A) Except as otherwise provided in this subsection, sections 1274 and 1275(b) of the Internal Revenue Code of 1954 (as added by this subtitle) and the amendment made by section 41(b) (relating to amendment of section 483) shall apply to sales or exchanges after December 31, 1984.

(B) Sections 1274 and 1275(b) of such Code and the amendment made by section 41(b) shall not apply to any sale or exchange pursuant to a written contract which was binding on March 1, 1984, and at all times thereafter before the sale or exchange.

(2) **Revision of section 482 regulations.**—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury or his delegate shall modify the safe harbor interest rates applicable under the regulations prescribed

under section 482 of the Internal Revenue Code of 1954 so that such rates are consistent with the rates applicable under section 483 of such Code by reason of the amendments made by section 41.

(3) Clarification of interest accrual; fair market value rule in case of potentially abusive situations.—

(A) In general.—In the case of any sale or exchange after March 1, 1984, and before January 1, 1985—

(i) nothing in section 483 of the Internal Revenue Code of 1954 shall permit any interest to be deductible before the period to which such interest is properly allocable, and

(ii) such section 483 shall be treated as including provisions similar to the provisions of section 1274(b)(3) of such Code (as added by this subtitle).

(B) Exception for binding contracts.—Subparagraph (A) shall not apply to any sale or exchange pursuant to a written contract which was binding on March 1, 1984, and at all times thereafter before the sale or exchange.

(C) Interest accrual rule not to apply where substantially equal annual payments.—Clause (i) of subparagraph (A) shall not apply to any debt instrument with substantially equal annual payments.

(c) Market Discount Rules.—

(1) Ordinary income treatment.—Section 1276 of the Internal Revenue Code of 1954 (as added by this subtitle) shall apply to obligations issued after the date of the enactment of this Act in taxable years ending after such date.

(2) Interest deferral rules.—Section 1277 of such Code (as added by this subtitle) shall apply to obligations acquired after the date of the enactment of this Act in taxable years ending after such date.

(d) Rules Relating to Discount on Short-Term Obligations.—Subpart C of part V of subchapter P of chapter 1 of such Code (as added by this subtitle) shall apply to obligations acquired after the date of the enactment of this Act.

(e) 10-Year Spread of Adjustments Required by Reason of Accrual of Discount on Certain Short-Term Obligations.—

(1) Election to which section 1281 applies to all obligations held during taxable year.—A taxpayer may elect to have section 1281 of the Internal Revenue Code of 1954 apply to all short-term obligations described in subsection (b) of such section which were held by the taxpayer at any time during the first taxable year ending after the date of the enactment of this Act.

(2) 10-year spread.—In the case of any taxpayer who makes an election under paragraph (1)—

(A) the provisions of section 1281 of the Internal Revenue Code of 1954 (as added by this subtitle) shall be treated as a change in the method of accounting of the taxpayer.

(B) such change shall be treated as having been made with the consent of the Secretary, and

(C) under regulations prescribed by the Secretary of the Treasury or his delegate, the net amount of the adjustments required by section 481(a) of such Code required to be taken into account by the taxpayer in computing taxable income shall be taken into account in each of the 10 taxable years beginning with the taxable year for which such election is made.

(f) Treatment of Original Issue Discount on Tax-Exempt Obligations.—Section 1288 of such Code (as added by this subtitle) shall apply to obligations issued after September 3, 1982, and acquired after March 1, 1984.

(g) Repeal of Capital Asset Requirement.—Section 1272 of such Code (as added by this subtitle) shall not apply to any obligation issued before December 31, 1984, which is not a capital asset in the hands of the taxpayer.

(h) Reporting Requirements.—Section 1275(c) of such Code (as added by this subtitle) and the amendments made by section 41(c) shall take effect on the day 30 days after the date of the enactment of this Act.

Subtitle D—Corporate Provisions

PART I—LIMITATIONS ON DIVIDENDS RECEIVED DEDUCTION

SEC. 51. DIVIDENDS RECEIVED DEDUCTION REDUCED WHERE PORTFOLIO STOCK IS DEBT FINANCED.

(a) General Rule.—Part VIII of subchapter B of chapter 1 (relating to special deductions for corporations) is amended by inserting after section 245 the following new section:

"SEC. 245A. DIVIDENDS RECEIVED DEDUCTION REDUCED WHERE PORTFOLIO STOCK IS DEBT FINANCED.

"(a) General Rule.—In the case of any dividend on debt-financed portfolio stock, there shall be substituted for the percentage which (but for this subsection) would be used in determining the amount of the deduction allowable under section 243, 244, or 245 a percentage equal to the product of—

"(1) 85 percent, and

"(2) 100 percent minus the average indebtedness percentage.

"(b) Section Not To Apply to Dividends for Which 100 Percent Dividends Received Deduction Allowable.—Subsection (a) shall not apply to—

"(1) qualifying dividends (as defined in section 243(b) without regard to section 243(c)(4)), and

"(2) dividends received by a small business investment company operating under the Small Business Investment Act of 1958.

"(c) Debt Financed Portfolio Stock.—For purposes of this section, the term 'debt financed portfolio stock' means any stock of a corporation if—

"(1) as of the beginning of the ex-dividend date, the taxpayer does not own stock of such corporation possessing at least 50 percent of the total combined voting power of all classes of stock entitled to vote and does not own at least 50 percent of the total number of shares of all other classes of stock of the corporation, and

"(2) at some time during the base period there is portfolio indebtedness with respect to such stock.

"(d) Average Indebtedness Percentage.—For purposes of this section—

"(1) In general.—Except as provided in paragraph (2), the term 'average indebtedness percentage' means the percentage obtained by dividing—

"(A) the average amount (determined under regulations prescribed by the Secretary) of the portfolio indebtedness with respect to the stock during the base period, by

"(B) the average amount (determined under regulations prescribed by the Secretary) of the adjusted basis of the stock during the base period.

"(2) Special rule where stock not held throughout base period.—In the case of any stock which was not held by the taxpayer throughout the base period—

"(A) paragraph (1) shall be applied by taking into account only the portion of the base period during which the stock was held by the taxpayer, and

"(B) the average indebtedness percentage shall be the amount determined under paragraph (1) (as modified by subparagraph (A)) multiplied by a fraction—

"(i) the numerator of which is the number of days during the base period on which the taxpayer held the stock, and

"(ii) the denominator of which is the number of days during the base period.

"(3) Portfolio indebtedness.—

"(A) In general.—The term 'portfolio indebtedness' means any indebtedness directly attributable to investment in the stock.

"(B) Certain amounts received from short sale treated as indebtedness.—For purposes of subparagraph (A), any amount received from a short sale shall be treated as indebtedness for the period beginning on the day on which such amount is received and ending on the day the short sale is closed.

"(4) Base period.—The term 'base period' means, with respect to any dividend, the shorter of—

"(A) the period beginning on the ex-dividend date for the most recent previous dividend on the stock and ending on the day before the ex-dividend date for the dividend involved, or

"(B) the 1-year period ending on the day before the ex-dividend date for the dividend involved.

"(e) Reduction in Dividends Received Deduction Not To Exceed Allocable Interest.—Under regulations prescribed by the Secretary, any reduction under this section in the amount allowable as a deduction under section 243, 244, or 245 with respect to any dividend shall not exceed the amount of any interest deduction (including any deductible short sale expense) allocable to such dividend."

(b) Clerical Amendment.—The table of sections for part VIII of subchapter B of chapter 1 is amended by inserting after the item relating to section 245 the following new item:

"Sec. 245A. Dividends received deduction reduced where portfolio stock is debt financed."

(c) Effective Date.—The amendments made by this section shall apply with respect to stock the holding period for which begins after the date of the enactment of this Act in taxable years ending after such date.

SEC. 52. TREATMENT OF DIVIDENDS FROM REGULATED INVESTMENT COMPANIES.

(a) General Rule.—Subsection (b) of section 854 (relating to limitations applicable to dividends received from regulated investment company) is amended by adding at the end thereof the following new paragraph:

"(4) Special rule for computing deduction under section 243.—For purposes of computing the deduction under section 243—

"(A) paragraph (1) shall be applied by substituting '100 percent' for '75 percent', and

"(B) an amount shall be treated as a dividend for purposes of paragraph (1) only if a deduction would have been allowable under section 243 to the regulated investment company (determined as if section 243 applied to dividends received by a regulated investment company)."

(b) Effective Date.—The amendment made by this subsection (a) shall apply to taxable years of regulated investment companies beginning after the date of the enactment of this Act.

PART II—TREATMENT OF CERTAIN DISTRIBUTIONS

SEC. 53. CORPORATE SHAREHOLDER'S BASIS IN STOCK REDUCED BY NONTAXED PORTION OF EXTRAORDINARY DIVIDENDS.

(a) GENERAL RULE.—Part IV of subchapter O of chapter 1 (relating to special rules for gain or loss on disposition of property) is amended by redesignating section 1059 as section 1060 and by inserting after section 1058 the following new section:

"SEC. 1059. CORPORATE SHAREHOLDER'S BASIS IN STOCK REDUCED BY NONTAXED PORTION OF EXTRAORDINARY DIVIDENDS.

"(a) GENERAL RULE.—If any corporation—

"(1) receives an extraordinary dividend with respect to any share of stock, and

"(2) sells or otherwise disposes of such stock before such stock has been held for more than 1 year,

the basis of such corporation in such stock shall be reduced by the nontaxed portion of such dividend.

"(b) NONTAXED PORTION.—For purposes of this section—

"(1) IN GENERAL.—The nontaxed portion of any dividend is the excess (if any) of—

"(A) the amount of such dividend, over

"(B) the taxable portion of such dividend.

"(2) TAXABLE PORTION.—The taxable portion of any dividend is—

"(A) the portion of such dividend includible in gross income, reduced by

"(B) the amount of any deduction allowable with respect to such dividend under section 243, 244, or 245.

"(c) EXTRAORDINARY DIVIDEND DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'extraordinary dividend' means any dividend with respect to a share of stock if the amount of such dividend equals or exceeds the threshold percentage of the taxpayer's adjusted basis in such share of stock (determined without regard to this section).

"(2) THRESHOLD PERCENTAGE.—The term 'threshold percentage' means—

"(A) 5 percent in the case of stock which is preferred as to dividends, and

"(B) 10 percent in the case of any other stock.

"(3) AGGREGATION OF DIVIDENDS.—

"(A) AGGREGATION WITHIN 90-DAY PERIOD.—All dividends—

"(i) which are received by the taxpayer (or person described in subparagraph (C)) with respect to any share of stock, and

"(ii) which have ex-dividend dates within the same period of 90 consecutive days,

shall be treated as 1 dividend.

"(B) AGGREGATION WITHIN 1 YEAR WHERE DIVIDENDS EXCEED 20 PERCENT OF ADJUSTED BASIS.—All dividends—

"(i) which are received by the taxpayer (or a person described in subparagraph (C)) with respect to any share of stock, and

"(ii) which have ex-dividend dates during the same period of 365 consecutive days,

shall be treated as extraordinary dividends if the aggregate of such dividends exceeds 20 percent of the taxpayer's adjusted basis in such stock (determined without regard to this section).

"(C) SUBSTITUTED BASIS TRANSACTIONS.—In the case of any stock, a person is described in this subparagraph if—

"(i) the basis of such stock in the hands of such person is determined in whole or in part by reference to the basis of such stock in the hands of the taxpayer, or

"(ii) the basis of such stock in the hands of the taxpayer is determined in whole or in part by reference to the basis of such stock in the hands of such person.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) TIME FOR REDUCTION.—Any reduction in basis under subsection (a) by reason of any distribution which is an extraordinary dividend shall occur at the beginning of the ex-dividend date for such distribution.

"(2) DISTRIBUTIONS IN KIND.—To the extent any dividend consists of property other than cash, the amount of such dividend shall be treated as the fair market value of such property as of the date of the distribution.

"(3) DETERMINATION OF HOLDING PERIOD.—For purposes of determining the holding period of stock under subsection (a)(2), rules similar to the rules of paragraphs (3) and (4) of section 246(c) shall apply; except that the period taken into account under paragraph (3)(B) of such section shall be 1 year.

"(4) EX-DIVIDEND DATE.—The term 'ex-dividend' means the date on which the share of stock becomes ex-dividend.

"(5) EXTENSION TO CERTAIN PROPERTY DISTRIBUTIONS.—In the case of any distribution of property (other than cash) to which section 301 applies—

"(A) such distribution shall be treated as a dividend without regard to whether the corporation has earnings and profits, and

"(B) the amount of such distribution shall be reduced by the amount of any reduction in basis under section 301(c)(2) by reason of such distribution.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section including regulations providing for the application of this section in the case of stock dividends, stock splits, reorganizations, and other similar transactions."

(b) RULES FOR COMPUTING HOLDING PERIODS.—

(1) Subsection (c) of section 246 (relating to the exclusion of certain dividends) is amended by adding at the end thereof the following new paragraph:

"(4) HOLDING PERIOD REDUCED FOR PERIODS WHERE RISK OF LOSS SUBSTANTIALLY DIMINISHED.—The holding periods determined under paragraph (3) shall be appropriately reduced (in the manner provided in regulations prescribed by the Secretary) for any period (during such periods) in which—

"(A) the taxpayer has an option to sell, is under a contractual obligation to sell, or has made (and not closed) a short sale of, substantially identical stock or securities,

"(B) the taxpayer is the grantor of an option to buy substantially identical stock or securities, or

"(C) there is otherwise a substantial diminution of the taxpayer's risk of loss from holding the stock by reason of holding 1 or more other positions.

The preceding sentence shall not apply in the case of a qualified covered call (as defined in section 1092(d)(6))."

(2) Paragraph (3) of section 246(c) is amended by striking out the last sentence.

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part IV of subchapter O of chapter 1 is amended by striking out the item relating to section 1059 and inserting in lieu thereof the following new items:

"Sec. 1059. Corporate shareholder's basis in stock reduced by nontaxed portion of extraordinary dividends.
"Sec. 1060. Cross references."

(2) Paragraph (1) of section 246(b) (relating to limitation on aggregate amount of deduction) is amended by striking out "and without regard" and inserting in lieu thereof "without regard to any adjustment under section 1059, and without regard".

(3) Section 1016(a) (relating to adjustments to basis) is amended by striking out "and" at the end of paragraph (24), by striking out the period at the end of paragraph (25) and inserting in lieu thereof ", and" and by adding at the end thereof the following new paragraph:

"(26) to the extent provided in section 1059 (relating to reduction in basis for extraordinary dividends)."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to distributions after March 1, 1984, in taxable years ending after such date.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to stock acquired after the date of the enactment of this Act in taxable years ending after such date.

SEC. 54. DISTRIBUTION OF APPRECIATED PROPERTY BY CORPORATIONS.

(a) GAIN RECOGNIZED ON DISTRIBUTIONS OF APPRECIATED PROPERTY.—

(1) IN GENERAL.—Paragraph (1) of section 311(d) (relating to appreciated property used to redeem stock) is amended to read as follows:

"(1) IN GENERAL.—If—

"(A) a corporation distributes property (other than an obligation of such corporation) to a shareholder in a distribution to which subpart A applies, and

"(B) the fair market value of such property exceeds its adjusted basis (in the hands of the distributing corporation),

then gain shall be recognized to the distributing corporation in an amount equal to such excess as if the property distributed had been sold at the time of the distribution. This subsection shall be applied after the application of subsections (b) and (c)."

(2) EXCEPTIONS.—

(A) Paragraph (2) of section 311(d) is amended by striking out subparagraphs (A) and (B) and inserting in lieu thereof the following:

"(A) a distribution to an 80-percent corporate shareholder if the basis of the property distributed is determined under section 301(d)(2);

"(B) a distribution which is made with respect to qualified stock if—

"(i) section 304(b)(4) applies to such distribution, or

"(ii) such distribution is a qualified dividend;".

(B) Subsection (e) of section 311 is amended by adding at the end thereof the following new paragraphs:

"(3) 80-PERCENT CORPORATE SHAREHOLDER.—The term '80-percent corporate shareholder' means, with respect to any distribution, any corporation which owns—

"(A) stock in the corporation making the distribution possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote, and

"(B) at least 80 percent of the total number of shares of all other classes of stock of the distributing corporation (except nonvoting stock which is limited and preferred as to dividends).

"(4) QUALIFIED DIVIDEND.—The term 'qualified dividend' means any distribution of property to a shareholder other than a corporation if—

"(A) such distribution is a dividend,

"(B) such property was used by the distributing corporation in the active conduct of a qualified business (as defined in paragraph (2)(B)), and

"(C) such property is not property described in paragraph (1) or (4) of section 1221."

(3) Clerical amendment.—The subsection heading of subsection (d) of section 311 is amended to read as follows:

"(d) Distributions of Appreciated Property.—".

(b) Holding Period of Corporate Distributee of Appreciated Property.—Section 301 (relating to distributions of property) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) Special Rule for Holding Period of Appreciated Property Distributed to Corporation.—For purposes of this subtitle, if—

"(1) property is distributed to a corporation, and

"(2) the basis of such property in the hands of such corporation is determined under subsection (d)(2)(B),

then such corporation shall not be treated as holding the distributed property during any period before the date on which such corporation's holding period in the stock began."

(c) Cross Reference.—Paragraph (13) of section 1223 (relating to holding period of property) is amended to read as follows:

"(13) Cross references.—

"(A) For special holding period provision relating to certain partnership distributions, see section 735(b).

"(B) For special holding period provision relating to distributions of appreciated property to corporations, see section 301(e)."

(d) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to distributions declared after the date of the enactment of this Act in taxable years ending after such date.

(2) Exception for certain distributions.—The amendments made by this section (other than subsection (b)) shall not apply to distributions before February 1, 1986, of interests in a royalty trust if—

(A) a group of one or more shareholders held at least 10 percent of the outstanding stock of the corporation making such distribution on February 1, 1984,

(B) such group (acting in concert) acquired at least 10 percent of the outstanding stock of a corporation controlled (within the meaning of section 368(c) of the Internal Revenue Code of 1954) by such corporation during the 1-year period ending on February 1, 1984,

(C) such group submitted a proposal for distributions of interests in a royalty trust from such corporation or such controlled corporation, and

(D) such corporation acquired control of such controlled corporation during the 1-year period ending on February 1, 1984.

SEC. 55. EXTENSION OF HOLDING PERIOD FOR LOSSES ATTRIBUTABLE TO CAPITAL GAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES OR REAL ESTATE INVESTMENT TRUSTS.

(a) Regulated Investment Companies.—

(1) In general.—Subparagraph (A) of section 852(b)(4) (relating to loss attributable to capital gain dividend) is amended to read as follows:

"(A) Loss attributable to capital gain dividend.—If—

"(i) subparagraph (B) or (D) of paragraph (3) provides that any amount with respect to any share is to be treated as a long-term capital gain, and

"(ii) such share is held by the taxpayer for less than 6 months,

then any loss (to the extent not disallowed under subparagraph (B)) on the sale or exchange of such share shall, to the extent of the amount described in clause (i), be treated as a long-term capital loss."

(2) Determination of holding periods.—Subparagraph (C) of section 852(b)(4) is amended to read as follows:

"(C) Determination of holding periods.—For purposes of this paragraph, the rules of paragraphs (3) and (4) of section 246(c) shall apply in determining the period for which the taxpayer held any share of stock; except that for the number of days specified in subparagraph (B) of section 246(c)(3) there shall be substituted—

"(i) '6 months' for purposes of subparagraph (A), and

"(ii) '30 days' for purposes of subparagraph (B)."

(3) Exception for losses incurred under periodic liquidation plans.—Paragraph (4) of section 852(b) is amended by adding at the end thereof the following new subparagraph:

"(D) Losses incurred under a periodic liquidation plan.—To the extent provided in regulations, subparagraph (A) shall not apply to losses incurred on the sale or exchange of shares of stock in a regulated investment company pursuant to a plan which provides for the periodic liquidation of such shares."

(b) Real Estate Investment Trust.—Paragraph (7) of section 857(b) (relating to loss on sale or exchange of stock in real estate investment trust) is amended to read as follows:

"(7) Loss on sale or exchange of stock held less than 6 months.—

"(A) In general.—If—

"(i) subparagraph (B) of paragraph (3) provides that any amount with respect to any share or beneficial interest is to be treated as a long-term capital gain, and

"(ii) the taxpayer has held such share or interest for less than 6 months,

then any loss on the sale or exchange of such share or interest shall, to the extent of the amount described in clause (i), be treated as loss from the sale or exchange of a capital asset held for more than 1 year.

"(B) Determination of holding period.—For purposes of this paragraph, the rules of paragraphs (3) and (4) of section 246(c) shall apply in determining the period for which the taxpayer has held any share of stock or beneficial interest; except that '6 months' shall be substituted for the number of days specified in subparagraph (B) of section 246(c)(3).

"(C) Exception for losses incurred under periodic liquidation plans.—To the extent provided in regulations, subparagraph (A) shall not apply to any loss incurred on the sale or exchange of shares of stock of, or beneficial interest in, a real estate investment trust pursuant to a plan which provides for the periodic liquidation of such shares or interests."

(c) Effective Date.—The amendments made by this section shall apply to losses incurred with respect to shares of stock and beneficial interests with respect to which the taxpayer's holding period begins after the date of the enactment of this Act.

PART III—MISCELLANEOUS PROVISIONS

SEC. 56. DENIAL OF DEDUCTIONS FOR CERTAIN EXPENSES INCURRED IN CONNECTION WITH SHORT SALES.

(a) Short Sale Payments Attributable to Dividends.—Section 263 (relating to capital expenditures) is amended by adding at the end thereof the following new subsection:

"(h) Payments in Lieu of Dividends in Connection With Short Sales.—

"(1) In general.—If—

"(A) a taxpayer makes any payment with respect to any stock used by such taxpayer in a short sale and such payment is in lieu of a dividend payment on such stock, and

"(B) the closing of such short sale occurs on or before the 15th day after the date of such short sale,

then no deduction shall be allowed for such payment. The basis of the stock used to close the short sale shall be increased by the amount not allowed as a deduction by reason of the preceding sentence.

"(2) Longer period in case of extraordinary dividends.—If the payment described in paragraph (1)(A) is in respect of an extraordinary dividend, paragraph (1)(B) shall be applied by substituting 'the day 1 year after the date of such short sale' for 'the 15th day after the date of such short sale'.

"(3) Extraordinary dividend.—For purposes of this subsection, the term 'extraordinary dividend' has the meaning given to such term by section 1059(c); except that such section shall be applied by treating the amount realized by the taxpayer in the short sale as his adjusted basis in the stock.

"(4) Special rule where risk of loss substantially diminished.—The running of any period of time applicable under paragraph (1)(B) (as modified by paragraph (2)) shall be suspended during any period in which—

"(A) the taxpayer holds, has an option to buy, or is under a contractual obligation to buy, substantially identical stock or securities, or

"(B) there is otherwise a substantial diminution of the taxpayer's risk of loss from the short sale by reason of holding 1 or more other positions."

(b) Investment Interest To Include Certain Expenses Involving Short Sales.—Subparagraph (D) of section 163(d)(3) (defining investment interest) is amended to read as follows:

"(D) Investment interest.—

"(i) In general.—The term 'investment interest' means interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment.

"(ii) Certain expenses incurred in connection with short sales.—For purposes of clause (i), the term 'interest' includes any amount allowable as a deduction in connection with the personal property used in a short sale."

(c) Interest for Purposes of Section 265(2) To Include Certain Expenses Involving Short Sales.—Section 265(2) (relating to denial of deduction for interest relating to tax-exempt income) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, the term 'interest' includes any amount paid or incurred in connection with the personal property used in a short sale."

(d) Effective Date.—The amendments made by this section shall apply to short sales after the date of the enactment of this Act in taxable years ending after such date.

SEC. 57. NONRECOGNITION OF GAIN OR LOSS BY CORPORATION ON OPTIONS WITH RESPECT TO ITS STOCK.

(a) General Rule.—Subsection (a) of section 1032 (relating to exchange of stock for property) is amended by adding at the end thereof the following new sentence: "No gain or loss shall be recognized by a corporation with respect to any lapse or acquisition of an option to buy or sell its stock (including treasury stock)."

(b) Effective Date.—The amendment made by subsection (a) shall apply to options acquired or lapsed after the date of the enactment of this Act in taxable years ending after such date.

SEC. 58. AMENDMENTS TO ACCUMULATED EARNINGS TAX.

(a) Clarification That Tax Applies to Corporations Which Are Not Closely Held.—Section 532 (relating to corporations subject to accumulated earnings tax) is amended by adding at the end thereof the following new subsection:

"(c) Application Determined Without Regard to Number of Shareholders.—The application of this part to a corporation shall be determined without regard to the number of shareholders of such corporation."

(b) Treatment of Capital Gains and Losses.—

(1) In general.—Subsection (b) of section 535 (defining accumulated taxable income) is amended by striking out paragraphs (5), (6), and (7) and inserting in lieu thereof the following:

"(5) Capital losses.—

"(A) In general.—Except as provided in subparagraph (B), there shall be allowed as a deduction an amount equal to the net capital loss for the taxable year.

"(B) Recapture of previous deductions for capital gains.—The aggregate amount allowable as a deduction under subparagraph (A) for any taxable year shall be reduced by the lesser of—

"(i) the nonrecaptured capital gains deductions, or

"(ii) the amount of the accumulated earnings and profits of the corporation as of the close of the preceding taxable year.

"(C) Nonrecaptured capital gains deductions.—For purposes of subpargraph (B), the term 'nonrecaptured capital gains deductions' means the excess of—

"(i) the aggregate amount allowable as a deduction under paragraph (6) for preceding taxable years beginning after December 31, 1984, over

"(ii) the aggregate of the reductions under subparagraph (B) for preceding taxable years.

"(6) Net capital gains.—

"(A) In general.—There shall be allowed as a deduction—

"(i) the net capital gain for the taxable year (determined with the application of paragraph (7)), reduced by

"(ii) the taxes attributable to such net capital gain.

"(B) Attributable taxes.—For purposes of subparagraph (A), the taxes attributable to the net capital gain shall be an amount equal to the difference between—

"(i) the taxes imposed by this subtitle (except the tax imposed by this part) for the taxable year, and

"(ii) such taxes computed for such year without including in taxable income the net capital gain for the taxable year (determined without the application of paragraph (7)).

"(7) Capital loss carryovers.—

"(A) Unlimited carryforward.—The net capital loss for any taxable year shall be treated as a short-term capital loss in the next taxable year.

"(B) Section 1212 inapplicable.—No allowance shall be made for the capital loss carryback or carryforward provided in section 1212.

"(8) Special rules for mere holding or investment companies.—In the case of a mere holding or investment company—

"(A) Capital loss deduction not allowed.—Paragraph (5) shall not apply.

"(B) Earnings and profits.—For purposes of subchapter C, the accumulated earnings and profits at any time shall not be less than they would be if this subsection had applied to the computation of earnings and profits for all taxable years beginning after the date of the enactment of the Tax Reform Act of 1984."

(2) Effective date.—The amendment made by paragraph (1) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 59. REPEAL OF STOCK FOR DEBT EXCEPTION FOR PURPOSES OF DETERMINING INCOME FROM DISCHARGE OF INDEBTEDNESS.

(a) General Rule.—Subsection (e) of section 108 (relating to income from discharge of indebtedness) is amended by adding at the end thereof the following new paragraph:

"(10) Indebtedness satisfied by corporation's stock.—

"(A) In general.—For purposes of determining income of a debtor from discharge of indebtedness, if a debtor corporation transfers stock to a creditor in satisfaction of its indebtedness, such corporation shall be treated as having satisfied the indebtedness with an amount of money equal to the fair market value of the stock.

"(B) Exception for title 11 cases and insolvent debtors.—Subparagraph (A) shall not apply in the case of a debtor in a title 11 case or when the debtor is insolvent."

(b) Effective Date.—The amendment made by subsection (a) shall apply to transfers after the date of the enactment of this Act in taxable years ending after such date.

SEC. 60. DISTRIBUTIONS OF OBLIGATIONS HAVING ORIGINAL ISSUE DISCOUNT.

(a) Effect on Earnings and Profits.—

(1) Paragraph (2) of section 312(a) (relating to effect of earnings and profits) is amended to read as follows:

"(2) the principal amount of the obligations of such corporation (or, in the case of obligations having original issue discount, the aggregate issue price of such obligations), and ".

(2) Section 312 is amended by adding at the end thereof the following new subsection:

"(n) Definition of Original Issue Discount and Issue Price for Purposes of Subsection (a)(2).—For purposes of subsection (a)(2), the terms 'original issue discount' and 'issue price' have the same respective meanings as when used in subpart A of part V of subchapter P of this chapter."

(b) Treatment Under Original Issue Discount Rules.—Subsection (a) of section 1275 (relating to other definitions and special rules), as added by section 41 of this Act, is amended by adding at the end thereof the following new paragraph:

"(4) Treatment of obligations distributed to corporations.—Any debt obligation of a corporation distributed by such corporation with respect to its stock shall be treated as if it had been issued by such corporation for property."

(c) Effective Date.—The amendments made by this section shall apply with respect to obligations distributed after the date of the enactment of this Act in taxable years ending after such date.

SEC. 61. ELIGIBILITY TO FILE CONSOLIDATED RETURNS.

(a) In General.—Section 1504 (defining affiliated group) is amended by adding at the end thereof the following new subsection:

"(f) Definition of Affiliated Group for Taxable Years Beginning After 1984.—For taxable years beginning after December 31, 1984—

"(1) In general.—Except as provided in paragraph (6), for purposes of this chapter only, the term 'affiliated group' means 1 or more chains of includible corporations connected through stock ownership with a common parent corporation which is an includible corporation if—

"(A) stock possessing—

"(i) at least 80 percent of the voting power of all classes of stock, and

"(ii) at least 80 percent of the total value of shares of all classes of stock of each of the includible corporations (except the common parent corporation),

is owned directly by 1 or more of the other includible corporations, and

"(B) the common parent corporation owns directly stock possessing—

"(i) at least 80 percent of the voting power of all classes of stock, and

"(ii) at least 80 percent of the total value of shares of all classes of stock,

of at least 1 of the other includible corporations.

"(2) Special rule for initial determination.—An includible corporation shall not be treated as a member of an affiliated group unless, on the first day of the first taxable year of such corporation otherwise to be included in a consolidated return of such group, the requirements of paragraph (1) are met.

"(3) Special rule for termination of affiliated group.—The determination of whether an affiliated group continues to be an affiliated group (or whether any includible corporation continues to be a member of such group) shall be made by substituting 'more than 50 percent' for 'at least 80 percent' in clause (ii) in paragraph (1)(A) and clause (ii) of paragraph (1)(B).

"(4) 5 years must elapse before reaffiliation.—

"(A) In general.—For purposes of determining whether any corporation is a member of an affiliated group, a corporation which has ceased to be a member of such group (and any successor of such corporation) may not be treated as a member of such group (or of any other affiliated group which includes the common parent of such group (and any successor of such common parent)) before the 5th taxable year of such corporation after its first taxable year for which it ceases to be a member of such affiliated group.

"(B) Secretary may waive application of subparagraph (A).—The Secretary may waive the application of subparagraph (A) to any corporation for any period subject to such conditions as the Secretary may by regulations prescribe.

"(5) Stock.—For purposes of this subsection, the term 'stock' does not include—

"(A) nonvoting stock which is limited and preferred as to dividends and in liquidation and which is not convertible into stock of any other class, "(B) employer securities (within the meaning of section 409(A)(1)) while such securities are held under a tax credit employee stock ownership plan, and

"(C) qualifying employer securities (within the meaning of section 4975(e)(8)) while such securities are held under an employee stock ownership plan which meets the requirements of section 4975(e)(7).

"(6) Corporations affiliated on March 1, 1984.—Subsection (a) (and not paragraphs (1) and (3) of this subsection) shall apply for purposes of determining whether a corporation continues to be a member of an affiliated group of which it was a member on March 1, 1984.

"(7) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations—

"(A) which treat warrants, obligations convertible into stock, and other similar interests as stock, and stock as not stock, for purposes of this chapter,

"(B) which treat options to acquire stock as having been exercised,

"(C) which disregard decreases in voting power disproportionate to decreases in the total value of shares of all classes of stock, and

"(D) which do not permit an includible corporation to be a member of an affiliated group where there is a plan pursuant to which it is to cease meeting the qualification requirements for treatment as such a member."

(b) Technical Amendments.—Subsection (c) of section 1504 (relating to includible insurance companies) is amended by striking out "subsection (a)" each place it appears and inserting in lieu thereof "subsection (a) or (f), as the case may be,".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

Subtitle E—Partnership Provisions

SEC. 71. PARTNERSHIP ALLOCATIONS WITH RESPECT TO CONTRIBUTED PROPERTY.

(a) General Rule.—Subsection (c) of section 704 (relating to contributed property) is amended to read as follows:

"(c) Contributed Property.—With respect to property contributed to the partnership by a partner, depreciation, depletion, and gain or loss shall, under regulations prescribed by the Secretary, be shared among the partners so as to take account of the variation between the basis of the property to the partnership and its fair market value at the time of contribution."

(b) Conforming Amendments.—The fourth sentence of section 613A(c)(7)(D) and the third sentence of section 743(b) are each amended by striking out "an agreement described in section 704(c)(2) (relating to effect of partnership agreement on contributed property), such share shall be determined by taking such agreement into account" and inserting in lieu thereof "property contributed to the partnership by a partner, section 704(c) (relating to contributed property) shall apply in determining such share".

(c) Effective Date.—The amendments made by this section shall apply with respect to property contributed to the partnership after March 31, 1984, in taxable years ending after such date.

SEC. 72. DETERMINATION OF DISTRIBUTIVE SHARES WHEN PARTNER'S INTEREST CHANGES.

(a) General Rule.—Section 706 (relating to taxable years of partner and partnership) is amended by adding at the end thereof the following new subsection:

"(d) Determination of Distributive Share When Partner's Interest Changes.—

"(1) In general.—Except as provided in paragraphs (2) and (3), if during any taxable year of the partnership there is a change in any partner's interest in the partnership, each partner's distributive share of any item of income, gain, loss, deduction, or credit of the partnership for such taxable year shall be determined by the use of any method prescribed by the Secretary by regulations which takes into account the varying interests of the partners in the partnership during such taxable year.

"(2) Certain cash basis items prorated over period to which attributable.—

"(A) In general.—If during any taxable year of the partnership there is a change in any partner's interest in the partnership, then (except to the extent provided in regulations) each partner's distributive share of any allocable cash basis item shall be determined—

"(i) by assigning the appropriate portion of each such item to each day in the period (during the taxable year) to which it is attributable, and

"(ii) by allocating the portion assigned to any such day among the partners in proportion to their interests in the partnership at the close of such day.

"(B) Allocable cash basis item.—For purposes of this paragraph, the term 'allocable cash basis item' means any of the following items which are described in paragraph (1) and with respect to which the partnership uses the cash receipts and disbursements method of accounting:

"(i) Interest.

"(ii) Taxes.

"(iii) Payments for services or for the use of property.

"(iv) Any other item of a kind specified in regulations prescribed by the Secretary as being an item with respect to which the application of this paragraph is appropriate to avoid significant misstatements of the income of the partners.

"(C) Items attributable to periods not within taxable year.—To the extent that any allocable cash basis item is attributable to—

"(i) periods before the beginning of the taxable year, such item shall be assigned under subparagraph (A)(i) to the first day of such taxable year, or

"(ii) periods after the close of the taxable year, such item shall be assigned under subparagraph (A)(i) to the last day of the taxable year.

"(3) Items attributable to interest in other partnership prorated over entire taxable year.—If—

"(A) during any taxable year of the partnership there is a change in any partner's interest in the partnership, and

"(B) such partnership is a partner in another partnership,

then (except to the extent provided in regulations) each partner's distributive share of any item attributable to the other partnership shall be determined by assigning an equal portion of each such item to each day during the taxable year of the partnership (during which such partnership is a partner in the other partnership) and by allocating the portion assigned to any such day among the partners in proportion to their interests in the partnership at the close of such day.

"(4) Taxable year determined without regard to subsection (c)(2)(A).—For purposes of this subsection, the taxable year of a partnership shall be determined without regard to subsection (c)(2)(A)."

(b) Conforming Amendments.—Paragraph (2) of section 706(c) is amended—

(1) by striking out the last sentence of subparagraph (A), and

(2) by striking out ", but such partner's distributive share of items described in section 702(a) shall be determined by taking into account his varying interests in the partnership during the taxable year" in subparagraph (B).

(c) Effective Date.—The amendments made by this section shall apply—

(1) in the case of items described in section 706(d)(2) of the Internal Revenue Code of 1954 (as added by subsection (a)), to amounts attributable to periods after March 31, 1984, and

(2) in the case of items described in section 706(d)(3) of such Code (as added by subsection (a)), to amounts paid or accrued by the other partnership after March 31, 1984.

SEC. 73. PAYMENTS TO PARTNERS FOR PROPERTY OR CERTAIN SERVICES.

(a) General Rule.—Section 707 (relating to transactions between partner and partnership) is amended by adding at the end thereof the following new subsection:

"(d) Treatment of Payments to Partners for Property or Certain Services.—

"(1) Property transfers.—If—

"(A) there is a transfer of money (or other property) by a partner to a partnership, and

"(B) there is a related direct or indirect transfer of money (or other property) to such partner or another partner from the partnership,

the transaction shall be considered as a sale of property.

"(2) Services and property properly chargeable to capital account.—If—

"(A) a partner performs services for a partnership or transfers property to a partnership,

"(B) the direct payment by the partnership for such services or property would constitute an amount chargeable to capital account, and

"(C) there is a related direct or indirect allocation of income or gain (or item thereof) to such partner,

such transaction (including any related distribution) shall be treated as described in subsection (a) or (c) (whichever is appropriate); and the allocation referred to in subparagraph (C) shall be disregarded for purposes of this subtitle.

"(3) Treatment of persons becoming partner.—For purposes of this subsection, a person shall be treated as a partner with respect to any transfer of property or performance of services if such person becomes a partner in the partnership after such transfer or performance of such service.

"(4) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection."

(b) Effective Date.—The amendment made by subsection (a) shall apply to services performed or property transferred after March 1, 1984.

SEC. 74. CONTRIBUTIONS TO A PARTNERSHIP OF UNREALIZED RECEIVABLES, INVENTORY ITEMS, OR CAPITAL LOSS PROPERTY.

(a) General Rule.—Subpart A of part II of subchapter K of chapter 1 (relating to contributions to a partnership) is amended by adding at the end thereof the following new section:

"SEC. 724. CHARACTER OF GAIN OR LOSS ON CONTRIBUTED UNREALIZED RECEIVABLES, INVENTORY ITEMS, AND CAPITAL LOSS PROPERTY.

"(a) **Contributions of Unrealized Receivables.**—In the case of any property which—

"(1) was contributed to the partnership by a partner, and

"(2) was an unrealized receivable in the hands of such partner immediately before such contribution,

any gain or loss recognized by the partnership on the disposition of such property shall be treated as ordinary income or ordinary loss, as the case may be.

"(b) **Contributions of Inventory Items.**—In the case of any property which—

"(1) was contributed to the partnership by a partner, and

"(2) was an inventory item in the hands of such partner immediately before such contribution,

any gain or loss recognized by the partnership on the disposition of such property during the 5-year period beginning on the date of such contribution shall be treated as ordinary income or ordinary loss, as the case may be.

"(c) **Contributions of Capital Loss Property.**—In the case of any property which—

"(1) was contributed by a partner to the partnership, and

"(2) was a capital asset in the hands of such partner immediately before such contribution,

any loss recognized by the partnership on the disposition of such property during the 5-year period beginning on the date of such contribution shall be treated as a loss from the sale of a capital asset to the extent that, immediately before such contribution, the adjusted basis of such property in the hands of the partner exceeded the fair market value of such property.

"(d) **Definitions.**—For purposes of this section—

"(1) **Unrealized receivable.**—The term 'unrealized receivable' has the meaning given such term by section 751(c) (determined by treating any reference to the partnership as referring to the partner).

"(2) **Inventory item.**—The term 'inventory item' has the meaning given such term by section 751(d)(2) (determined by treating any reference to the partnership as referring to the partner and by applying section 1231 without regard to any holding period therein provided).

"(3) **Substituted basis property.**—If any property described in subsection (a), (b), or (c) is disposed of in a nonrecognition transaction, the tax treatment which applies to such property under such subsection shall also apply—

"(A) to such property in the hands of the person acquiring such property if such property is transferred basis property in the hands of such person, and

"(B) to any exchanged basis property received by the taxpayer in the transaction."

(b) **Amendment of Section 735.**—Section 735 (relating to character of gain or loss on disposition of distributed property) is amended by adding at the end thereof the following new subsection:

"(c) **Special Rules.**—

"(1) **Waiver of holding periods contained in section 1231.**—For purposes of this section, section 751(d)(2) (defining inventory item) shall be applied without regard to any holding period in section 1231(b).

"(2) **Substituted basis property.**—If any property described in subsection (a) is disposed of in a nonrecognition transaction, the tax treatment which applies to such property under such subsection shall also apply—

"(A) to such property in the hands of the person acquiring such property if such property is transferred basis property in the hands of such person, and

"(B) if subparagraph (A) does not apply, to any exchanged basis property received by the taxpayer in the transaction."

(c) **Clerical Amendment.**—The table of sections for subpart A of part II of subchapter K of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 724. Character of gain or loss on contributed unrealized receivables, inventory items, and capital loss property."

(d) **Effective Dates.**—

(1) **In general.**— Except as provided in paragraph (2), the amendments made by this section shall apply to property contributed to the partnership after March 31, 1984, in taxable years ending after such date.

(2) **Subsection (b).**—The amendment made by subsection (b) shall apply to property distributed after March 31, 1984, in taxable years ending after such date.

SEC. 75. TRANSFERS OF PARTNERSHIP INTERESTS BY CORPORATIONS.

(a) **General Rule.**—Subpart C of part II of subchapter K of chapter 1 (relating to transfer of interests in a partnership) is amended by adding at the end thereof the following new section:

"SEC. 744. TRANSFERS OF PARTNERSHIP INTERESTS BY CORPORATIONS.

"(a) **Corporate Distributions.**—For purposes of determining the amount of gain recognized by a corporation on any distribution, any distribution of an interest in a partnership shall be treated as a distribution of the corporation's proportionate share of the recognition property of such partnership.

"(b) **Sales or Exchange to Which Section 337 Applies.**—For purposes of determining the amount of gain recognized on a sale or exchange described in section 337, any sale or exchange by a corporation of an interest in a partnership shall be treated as a sale or exchange of the corporation's proportionate share of the recognition property of such partnership.

"(c) **Recognition Property.**—For purposes of this section, the term 'recognition property' means any property with respect to which gain would be recognized to the corporation if such property—

"(1) were distributed by the corporation in a distribution described in section 311 or 336, or

"(2) were sold in a sale described in section 337.

In determining whether property of a partnership is recognition property, such partnership shall be treated as owning its proportionate share of the property of any other partnership in which it is a partner.

"(d) **Limitation on Amount of Gain Recognized.**—The amount of any gain recognized by reason of subsection (a) or (b) shall not exceed the amount of the gain which would have been recognized if the partnership interest had been sold (or, in any case to which subsection (b) applies, if section 337 did not apply).

"(e) **Extension to Trusts.**—Under regulations, rules similar to the rules of this section shall also apply in the case of interests in trusts."

(b) **Adjustment of Transferee's Basis in Partnership Property.**—Subsections (a) and (b) of section 743 (relating to optional adjustment to basis of partnership property) are each amended by inserting, "by distribution," after "sale or exchange".

(c) **Technical Amendment to Section 751(c).**—The last sentence of section 751(c) (defining unrealized receivables) is amended by striking out "at its fair market value".

(d) **Clerical Amendment.**—The table of sections for subpart C of part II of subchapter K of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 744. Transfers of partnership interests by corporations."

(e) **Effective Date.**—The amendments made by this section shall apply to distributions, sales, and exchanges made after March 1, 1984, in taxable years ending after such date.

SEC. 76. APPLICATION OF SECTION 751 IN THE CASE OF TIERED PARTNERSHIPS

(a) **General Rule.**—Section 751 (relating to unrealized receivables and inventory items) is amended by adding at the end thereof the following new subsection:

"(f) **Special Rules in the Case of Tiered Partnerships, Etc.**—In determining whether property of a partnership is—

"(1) an unrealized receivable, or

"(2) an inventory item,

such partnership shall be treated as owning its proportionate share of the property of any other partnership in which it is a partner. Under regulations, rules similar to the rules of the preceding sentence shall also apply in the case of interests in trusts."

(b) **Effective Date.**—The amendment made by subsection (a) shall apply to distributions, sales, and exchanges made after March 31, 1984, in taxable years ending after such date.

SEC. 77. SECTION 1031 NOT APPLICABLE TO PARTNERSHIP INTERESTS; LIMITATION ON THE PERIOD DURING WHICH LIKE KIND EXCHANGES MAY BE MADE.

(a) **In General.**—Subsection (a) of section 1031 (relating to nonrecognition of gain or loss from exchanges solely in kind) is amended to read as follows:

"(a) **Nonrecognition of Gain or Loss From Exchanges Solely in Kind.**—

"(1) **In general.**—No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment if such property is exchanged solely for property of like kind which is to be held either for productive use in a trade or business or for investment.

"(2) **Exception.**—This subsection shall not apply to any exchange of—

"(A) stock in trade or other property held primarily for sale,

"(B) stocks, bonds, notes,

"(C) other securities or evidences of indebtedness or interest,

"(D) interests in a partnership,

"(E) certificates of trust or beneficial interests, or

"(F) choses in action.

"(3) **Requirement that exchange be completed not more than 180 days after transfer of exchanged property.**—For purposes of this subsection, any property received by the taxpayer shall be treated as property which is not like-kind property if such property is received after the earlier of—

"(A) the day which is 180 days after the date on which the taxpayer transfers the property relinquished in the exchange, or

"(B) the due date (determined with regard to extensions) for the transferor's return of the tax imposed by this chapter for the taxable year in which the transfer of the relinquished property occurs."

(b) Effective Dates.—

(1) In general.—Except as otherwise provided in this subsection, the amendment made by subsection (a) shall apply to transfers made after March 31, 1984, in taxable years ending after such date.

(2) Binding contract exception for transfer of partnership interests.—Paragraph (2)(D) of section 1031(a) of the Internal Revenue Code of 1954 (as amended by subsection (a)) shall not apply in the case of any exchange pursuant to a binding contract in effect on March 1, 1984, and at all times thereafter before the exchange.

(3) Requirement that exchange be completed within 180 days.—Paragraph (3) of section 1031(a) of the Internal Revenue Code of 1954 (as amended by subsection (a)) shall apply—

(A) to transfers after the date of the enactment of this Act, and

(B) to transfers on or before such date of enactment if the property to be received in the exchange is not received before January 1, 1987.

In the case of any transfer on or before the date of the enactment of this Act which the taxpayer treated as part of a like-kind exchange, the period for assessing any deficiency of tax attributable to the amendment made by subsection (a) shall not expire before January 1, 1988.

SEC. 78. ELIMINATION OF BASIS STRIPS UNDER SECTION 734(b).

(a) General Rule.—Subsection (b) of section 734 is amended by adding at the end thereof the following new sentence: "Paragraph (1)(B) shall not apply to any property which is an interest in another partnership with respect to which the election provided in section 754 is not in effect."

(b) Effective Date.—The amendment made by subsection (a) shall apply to distributions after March 1, 1984, in taxable years ending after such date.

SEC. 79. OVERRULING OF RAPHAN CASE.

Section 752 (relating to treatment of certain liabilities) is amended by adding at the end thereof of the following new subsection:

"(e) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section."

Subtitle F—Trust Provisions

SEC. 81. TREATMENT OF PROPERTY DISTRIBUTED IN KIND.

(a) General Rule.—Section 643 (relating to definitions applicable to subchapters A, B, C, and D) is amended by adding at the end thereof the following new subsection:

"(d) Treatment of Property Distributed in Kind.—

"(1) Basis of beneficiary.—The basis of any property received by a beneficiary in a distribution from an estate or trust shall be—

"(A) the adjusted basis of such property in the hands of the estate or trust immediately before the distribution, adjusted for

"(B) any gain or loss recognized to the estate or trust on the distribution.

"(2) Treatment of property distributions.—In the case of any distribution of property (other than cash)—

"(A) gain or loss shall be recognized by the estate or trust in the same manner as if such property had been sold to the distributee at its fair market value, and

"(B) the amount taken into account under sections 661(a)(2) and 662(a)(2) shall be the fair market value of such property.

"(3) Election to have paragraph (2) not apply.—In the case of any distribution of property (other than cash) to which an election under this paragraph applies—

"(A) paragraph (2) shall not apply, and

"(B) the amount taken into account under sections 661(a)(2) and 662(a)(2) shall be the lesser of the basis of such property in the hands of the beneficiary (as determined under paragraph (1)) or the fair market value of such property."

(b) Effective Date.—The amendment made by subsection (a) shall apply to distributions after March 1, 1984, in taxable years ending after such date.

SEC. 82. TREATMENT OF MULTIPLE TRUSTS.

(a) General Rule.—Section 643 (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end thereof the following new subsection:

"(e) Treatment of Multiple Trusts.—For purposes of this subchapter, under regulations prescribed by the Secretary, 2 or more trusts shall be treated as 1 trust if—

"(1) such trusts have substantially the same grantor or grantors and substantially the same primary beneficiary or beneficiaries, and

"(2) a principal purpose of such trusts is the avoidance of the tax imposed by this chapter.

For purposes of the preceding sentence, a husband and wife shall be treated as 1 person."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after March 1, 1984.

Subtitle G—Accounting Changes

SEC. 91. CERTAIN AMOUNTS NOT TREATED AS INCURRED BEFORE ECONOMIC PERFORMANCE.

(a) In General.—Section 461 (relating to general rule for taxable year of deduction) is amended by adding at the end thereof the following new subsections:

"(h) Certain Liabilities Not Incurred Before Economic Performance.—

"(1) In general.—For purposes of this title, in determining whether an amount has been incurred with respect to any item during any taxable year, all of the events which establish liability for such amount shall not be treated as having occurred any earlier than when economic performance with respect to such item occurs.

"(2) Time when economic performance occurs.—Except as provided in regulations prescribed by the Secretary, the time when economic performance occurs shall be determined under the following principles:

"(A) Property and services.—If the liability of the taxpayer requires a payment to another person for—

"(i) the providing of property or services to the taxpayer by another person, economic performance occurs when such person provides such property or services, or

"(ii) the use of property by the taxpayer, economic performance occurs as the taxpayer uses such property.

"(B) Providing of services or property by the taxpayer.—If the liability of the taxpayer requires the taxpayer to provide property or services, economic performance occurs as the taxpayer provides such property or services.

"(C) Workers compensation, tort, and employee benefit liabilities of the taxpayer.—If the liability of the taxpayer requires a payment to another person and—

"(i) arises under any workers compensation act,

"(ii) arises out of any tort, or

"(iii) arises under any contractual liability of the taxpayer to provide benefits to employees of the taxpayer (other than through a plan subject to the requirements of section 404 or 404A or through a fund to which section 419 applies), economic performance occurs as the payments to such person are made. Subparagraphs (A) and (B) shall not apply to any liability described in the preceding sentence.

"(D) Other items.—In the case of any other liability of the taxpayer, economic performance occurs at the time determined under regulations prescribed by the Secretary.

"(3) Subsection not to apply to certain cases to which other provisions of this title specifically apply.—This subsection shall not apply to any item to which any of the following provisions apply:

"(A) Subsection (c) or (f) of section 166 (relating to reserves for bad debts).

"(B) Section 463 (relating to vacation pay).

"(C) Section 466 (relating to discount coupons).

"(D) Any other provisions of this title which specifically provides for a deduction for a reserve for estimated expenses.

"(i) Tax Shelters May Not Deduct Items Earlier Than When Economic Performance Occurs.—

"(1) In general.—In the case of a tax shelter computing taxable income under the cash receipts and disbursement method of accounting, such tax shelter shall not be allowed a deduction under this chapter with respect to any item before the time when such item would be treated as incurred under subsection (h).

"(2) Tax shelter defined.—For purposes of this section, the term 'tax shelter' means—

"(A) any enterprise (other than a C corporation) if at any time interests in such enterprise have been offered for sale in any offering required to be registered with any Federal or State agency having the authority to regulate the offerings of security for sale,

"(B) any syndicate (within the meaning of section 1256(e)(3)(B)), and

"(C) any tax shelter (within the meaning of section 6661(b)(2)(C)(ii)).

"(3) Special rule for farming.—In the case of the trade or business of farming (as defined in section 464(e)), this section shall apply only to a farming syndicate (as defined in section 464(c)). The preceding sentence shall not apply to a tax shelter described in paragraph (2)(C)."

(b) 10-Year Net Operating Loss Carryback Period for Deferred Statutory or Tort Liability Deductions.—

(1) In general.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end thereof the following new subparagraph:

"(K) Special rule for deferred statutory or tort liability losses.—In the case of a taxpayer which has a deferred statutory or tort liability loss (as defined in subsection (k)) for any taxable year beginning after December 31, 1983, the deferred statutory or tort liability loss shall be a net operating loss carryback to each of the 10 taxable years preceding the taxable year of such loss."

(2) Deferred statutory or tort liability losses.—Section 172 is amended by redesignating subsection (k) as subsection (l) and

by inserting after subsection (j) the following new subsection:

"(k) Definitions and Special Rules Relating to Deferred Statutory or Tort Liability Losses.—For purposes of this section—

"(1) Deferred statutory or tort liability loss.—The term 'deferred statutory or tort liability loss' means, for any taxable year, the lesser of—

"(A) the net operating loss for such taxable year, reduced by any portion thereof attributable to—

"(i) a foreign expropriation loss, or

"(ii) a product liability loss, or

"(B) the sum of the amounts allowable as a deduction under this chapter (other than any deduction described in subsection (j)(1)(B)) which—

"(i) is taken into account in computing the net operating loss for such taxable year, and

"(ii) is for an amount incurred with respect to a liability which arises under a Federal or State law or out of any tort of the taxpayer and—

"(I) in the case of a liability arising out of a Federal or State law, the act (or failure to act) giving rise to such liability occurs at least 3 years before the beginning of such taxable year, or

"(II) in the case of a liability arising out of a tort, such liability arises out of a series of actions (or failures to act) over an extended period of time a substantial portion of which occurs at least 3 years before the beginning of such taxable year.

A liability shall not be taken into account under the preceding sentence unless the taxpayer used an accrual method of accounting throughout the period or periods during which the acts or failures to act giving rise to such liability occurred.

"(2) Special rule for nuclear powerplants.—Except as provided in regulations prescribed by the Secretary, that portion of a deferred statutory or tort liability loss which is attributable to amounts incurred in the decommissioning of a nuclear powerplant (or any unit thereof) may, for purposes of subsection (b)(1)(K), be carried back to each of the taxable years during the period—

"(A) beginning with the taxable year in which such plant (or unit thereof) was placed in service, and

"(B) ending with the taxable year preceding the loss year.

"(3) Coordination with subsection (b)(2).—In applying paragraph (2) of subsection (b), a deferred statutory or tort liability loss shall be treated in a manner similar to the manner in which a foreign expropriation loss is treated.

"(4) No carryback to taxable years beginning before January 1, 1984.—No deferred statutory or tort liability loss may be carried back to a taxable year beginning before January 1, 1984, unless such loss may be carried back to such year without regard to subsection (b)(1)(K)."

(3) Conforming amendments.—

(A) Clause (i) of section 172(b)(1)(A) is amended by striking out "and (J)" and inserting in lieu thereof "(J), and (K)".

(B) Subsections (h) and (j) of section 172 are each amended by striking out "subsection (b)" in the matter preceding paragraph (1) and inserting in lieu thereof "this section".

(c) Effective Dates.—

(1) In general.—The amendments made by this section shall apply to amounts with respect to which a deduction would be allowable under chapter 1 of the Internal Revenue Code of 1954 (determined without regard to such amendments) after—

(A) in the case of amounts to which section 461(h) of such Code (as added by such amendments) applies, the date of the enactment of this Act, and

(B) in the case of amounts to which section 461(i) of such Code (as so added) applies, after March 31, 1984.

(2) Section 461(h) to apply in certain cases.—Notwithstanding paragraph (1), section 461(h) of the Internal Revenue Code of 1954 (as added by this section) shall be treated as being in effect to the extent necessary to carry out any amendments made by this section which take effect before section 461(h).

Subtitle H—Provisions Relating to Tax Straddles

SEC. 101. REPEAL OF EXCEPTION FROM STRADDLE RULES FOR STOCK OPTIONS AND CERTAIN STOCK.

(a) Repeal of Exception for Stock Options.—

(1) In general.—Subparagraph (B) of section 1092(d)(2) (relating to special rule for stock options) is amended to read as follows:

"(B) Exception for qualified covered call options.—The term 'position' shall not include any qualified covered call option."

(2) Qualified covered call option defined.—Subsection (d) of section 1092 is amended by adding at the end thereof the following new paragraph:

"(6) Qualified covered call option defined.—For purposes of this subsection—

"(A) In general.—The term 'qualified covered call option' means any option granted by the taxpayer to purchase stock held by the taxpayer (or acquired by the taxpayer in connection with the granting of the option) but only if—

"(i) such option is traded on a national securities exchange which is registered with the Securities and Exchange Commission or on a similar exchange which the Secretary determines has rules adequate to carry out the purposes of this paragraph,

"(ii) gain or loss with respect to such option is not ordinary income or loss,

"(iii) such option is granted more than 30 days before the day on which the option expires, and

"(iv) such option is not a deep-in-the-money option.

"(B) Deep-in-the-money option.—The term 'deep-in-the-money option' means an option having a strike price lower than the lowest qualified bench mark.

"(C) Lowest qualified bench mark.—

"(i) In general.—Except as otherwise provided in this subparagraph, the term 'lowest qualified bench mark' means the highest available strike price which is less than the applicable stock price.

"(ii) Special rule where option is for period more than 90 days and strike price exceeds $50.—In the case of an option—

"(I) which is granted more than 90 days before the date on which such option expires, and

"(II) with respect to which the strike price is more than $50,

the lowest qualified bench mark is the second highest available strike price which is less than the applicable stock price.

"(iii) Lowest qualified bench mark may not be less than 85 percent of stock price.—If (but for this clause) the lowest qualified bench mark would be less than 85 percent of the applicable stock price, the lowest qualified bench mark shall be treated as equal to 85 percent of the applicable stock price.

"(D) Strike price.—For purposes of this paragraph, the term 'strike price' means the price at which the option is exercisable.

"(E) Applicable stock price.—For purposes of this paragraph, the term 'applicable stock price' means, with respect to any stock for which an option has been granted—

"(i) the closing price of such stock on the most recent day on which such stock was traded before the date on which such option was granted, or

"(ii) the opening price of such stock on the day on which such option was granted, but only if such price is greater than 110 percent of the price determined under clause (i).

"(F) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Such regulations may include modifications to the provisions of this paragraph which are appropriate to take account of changes in the practices of option exchanges or to prevent the use of options for tax avoidance purposes."

(b) Repeal of Exception for Stock.—

(1) In general.—Paragraph (1) of section 1092(d) (defining personal property) is amended by striking out "(other than stock)".

(2) Exception where straddle consists of holding stock.—Subsection (d) of section 1092 is amended by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (4), (5), (6), and (7) respectively, and by inserting after paragraph (2) the following new paragraph:

"(3) Exception where straddle consists of holding stock.—

"(A) In general.—The term 'straddle' shall not include any offsetting positions which (but for this subparagraph) would be a straddle if all of such positions consist of—

"(i) the holding of stock, or

"(ii) the short sale of stock.

"(B) Special rule for offsetting position stock.—Subparagraph (A) shall not apply in the case of stock of a corporation formed or availed of to take positions in personal property which offset positions taken by any shareholder."

(c) Treatment of Gain or Loss Where Taxpayer Grantor of Option To Buy Stock.—Section 1092 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) Treatment of Gain or Loss Where Taxpayer Grantor of Option To Buy Stock.—If—

"(1) the taxpayer holds any stock, and

"(2) at any time while the taxpayer holds such stock, there is outstanding an option granted by the taxpayer to purchase such stock and such option has a strike price less than the applicable stock price,

any amount which (but for this subsection) would be treated as long-term capital gain with respect to such stock (or any substituted basis property with respect to such stock) shall be treated as short-term capital gain to the extent of any short-term capital loss recognized on the option."

(d) Effective Dates.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to positions established after October 31, 1983, in taxable years ending after such date.

(2) Special rule for offsetting position stock.—In the case of any stock of a corporation formed or availed of to take positions

in personal property which offset positions taken by any shareholder, the amendments made by this section shall apply to positions established on or after May 23, 1983, in taxable years ending on or after such date.

(3) Subsection (c).—The amendment made by subsection (c) shall apply to positions established after March 1, 1984, in taxable years ending after such date.

SEC. 102. SECTION 1256 EXTENDED TO CERTAIN OPTIONS.

(a) General Rule.—

(1) Section 1256 (relating to regulated futures contracts marked to market) is amended—

(A) by striking out "regulated futures contract" each place it appears and inserting in lieu thereof "section 1256 contract", and

(B) by striking out "regulated futures contracts" each place it appears and inserting in lieu thereof "section 1256 contracts".

(2) Subsection (b) of section 1256 is amended to read as follows:

"(b) Section 1256 Contract Defined.—For purposes of this section, the term 'section 1256 contract' means—

"(1) any regulated futures contract,

"(2) any foreign currency contract,

"(3) any nonequity option, and

"(4) any dealer equity option."

(3) Subsection (g) of section 1256 is amended to read as follows:

"(g) Definitions.—For purposes of this section—

"(1) Regulated futures contracts defined.—The term 'regulated futures contract' means a contract—

"(A) with respect to which the amount required to be deposited and the amount which may be withdrawn depends on a system of marking to market, and

"(B) which is traded on or subject to the rules of a qualified board or exchange.

"(2) Foreign currency contract defined.—

"(A) Foreign currency contract.—The term 'foreign currency contract' means a contract—

"(i) which requires delivery of a foreign currency which is a currency in which positions are also traded through regulated futures contracts,

"(ii) which is traded in the interbank market, and

"(iii) which is entered into at arm's length at a price determined by reference to the price in the interbank market.

"(B) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of subparagraph (A), including regulations excluding from the application of subparagraph (A) any contract (or type of contract) if its application thereto would be inconsistent with such purposes.

"(3) Nonequity option.—The term 'nonequity option' means any listed option which is not an equity option.

"(4) Dealer equity option.—The term 'dealer equity option' means, with respect to an options dealer, any listed option which—

"(A) is an equity option,

"(B) is purchased or granted by such options dealer in the normal course of his trade or business, and

"(C) is listed on the national securities exchange on which such options dealer is registered.

"(5) Listed option.—The term 'listed option' means any option (other than a right to acquire stock from the issuer) which is traded on (or subject to the rules of) a qualified board or exchange.

"(6) Equity option.—The term 'equity option' means any option to buy or sell stock. Such term also includes any other option with respect to an index or a group of stocks unless—

"(A) there is in effect a designation by the Commodity Futures Trading Commission of a contract market for a contract based on such index or group of stocks, or

"(B) the Secretary determines that such option meets the requirements of the Commodity Futures Trading Commission in effect for such a designation.

"(7) Qualified board or exchange.—The term 'qualified board or exchange' means—

"(A) a national securities exchange which is registered with the Securities and Exchange Commission,

"(B) a domestic board of trade designated as a contract market by the Commodity Futures Trading Commission, or

"(C) any other exchange or board of trade which the Secretary determines has rules adequate to carry out the purposes of this section.

"(8) Options dealer.—The term 'options dealer' means any person registered with the Securities and Exchange Commission and an appropriate national securities exchange as a market maker or specialist in listed options."

(b) Capital Gain Treatment for Traders in Section 1256 Contracts.—Subsection (f) of section 1256 (relating to special rules) is amended by adding at the end thereof the following new paragraphs:

"(3) Capital gain treatment for traders in section 1256 contracts.—

"(A) In general.—For purposes of this title, gain or loss from trading of section 1256 contracts (whether or not such trading is in the ordinary course of the taxpayer's trade or business of trading section 1256 contracts) shall be treated as gain or loss from the sale or exchange of a capital asset.

"(B) Exception for certain hedging transactions.—Subparagraph (A) shall not apply to any section 1256 contract to the extent such contract is held for purposes of hedging property if any gain or loss with respect to such property in the hands of the taxpayer would be ordinary income or loss.

"(C) Treatment of underlying property.—For purposes of determining whether gain or loss with respect to any property is ordinary income or loss, the fact that the taxpayer is in the trade or business of trading section 1256 contracts related to such property shall not be taken into account.

"(4) Subsection (a)(3) not to apply to certain limited partners or limited entrepreneurs.—Paragraph (3) of subsection (a) shall not apply to any gain or loss with respect to dealer equity options which are allocable to limited partners or limited entrepreneurs (within the meaning of subsection (e)(3))."

(c) Technical and Conforming Amendments.—

(1) Subsection (c) of section 1256 (relating to terminations, etc.) is amended—

(A) by striking out "by taking or making delivery," in paragraph (1) and inserting in lieu thereof "by taking or making delivery, by exercise or being exercised by assignment or being assigned, by lapse,",

(B) by striking out "takes delivery under" in paragraph (2) and inserting in lieu thereof "takes delivery under or exercises", and

(C) by striking out "TAKES DELIVERY ON" in the heading of paragraph (2) and inserting in lieu thereof "TAKES DELIVERY ON OR EXERCISES".

(2) Subsection (d) of section 1092 (as in effect before the amendments made by section 101) is amended by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) Special rule for section 1256 contracts.—In the case of a straddle at least 1 (but not all) of the positions of which are section 1256 contracts, the provisions of this section shall apply to any section 1256 contract and any other position making up such straddle.

"(5) Section 1256 contract.—The term 'section 1256 contract' has the meaning given such term by section 1256(b)."

(3) Subsection (c) of section 1212 (relating to carryback of losses from regulated futures contracts to offset prior gains from such contracts) is amended—

(A) by striking out "net commodity futures loss" each place it appears (including in any headings) and inserting in lieu thereof "net section 1256 contracts loss",

(B) by striking out "regulated futures contracts" each place it appears (including in any headings) and inserting in lieu thereof "section 1256 contracts", and

(C) by striking out "net commodity futures gain" each place it appears (including in any headings) and inserting in lieu thereof "net section 1256 contract gain".

(4) Paragraph (1) of section 1234A (relating to gains or losses from certain terminations) is amended by striking out "a regulated futures contract" and inserting in lieu thereof "a section 1256 contract".

(5) The section heading for section 1256 is amended by striking out "REGULATED FUTURES CONTRACTS" and inserting in lieu thereof "SECTION 1256 CONTRACTS".

(6) The table of sections for part IV of subchapter P of chapter 1 is amended by striking out "Regulated futures contracts" and inserting in lieu thereof "Section 1256 contracts".

(d) Effective Dates.—

(1) In general.—Except as otherwise provided in this subsection or subsection (e), the amendments made by this section shall apply to positions established after the date of the enactment of this Act, in taxable years ending after such date.

(2) Special rule for options on regulated futures contracts.—In the case of any option with respect to a regulated futures contract (within the meaning of section 1256 of the Internal Revenue Code of 1954), the amendments made by this section shall apply to positions established after October 31, 1983, in taxable years ending after such date.

(e) Elections With Respect to Property Held on or Before the Date of the Enactment of This Act.—At the election of the taxpayer—

(1) the amendments made by this section shall apply to all section 1256 contracts held by the taxpayer on the date of the enactment of this Act, effective for periods after such date in taxable years ending after such date, or

(2) in lieu of an election under paragraph (1), the amendments made by this section shall apply to all section 1256 contracts held by the taxpayer at any time during the taxable year of the taxpayer which includes the date of the enactment of this Act.

(f) Election for Installment Payment of Tax Attributable to Stock Options.—

(1) If the taxpayer makes an election under this subsection—

(A) the taxpayer may pay part or all the tax for the taxable year referred to in subsection (e)(2) in 2 or more (but not exceeding 5) equal installments, and

(B) the maximum amount of tax which may be paid in installments under this subsection shall be the excess of—

(i) the tax for such taxable year determined by taking into account subsection (e)(2), over

(ii) the tax for such taxable year determined by taking into account subsection (e)(2) and by treating all section 1256 contracts which are stock options and which were held by the taxpayer on the first day of such taxable year as having been acquired for a purchase price equal to their fair market value on the last business day of the preceding taxable year.

An election under this subsection may be made only if the taxpayer makes an election under subsection (e)(2).

(2) Date for payment of installment.—

(A) If an election is made under this subsection, the first installment under paragraph (1) shall be paid on or before the due date for filing the return for the taxable year described in paragraph (1), and each succeeding installment shall be paid on or before the date which is one year after the date prescribed for payment of the preceding installment.

(B) If a bankruptcy case or insolvency proceeding involving the taxpayer is commenced before the final installment is paid, the total amount of any unpaid installments shall be treated as due and payable on the day preceding the day on which such case or proceeding is commenced.

(3) Interest imposed.—For purposes of section 6601 of the Internal Revenue Code of 1954, the time for payment of any tax with respect to which an election is made under this subsection shall be determined without regard to this subsection.

(4) Form of election.—An election under this subsection shall be made not later than the time for filing the return for the taxable year described in paragraph (1) and shall be made in the manner and form required by regulations prescribed by the Secretary. The election shall set forth—

(A) the amount determined under paragraph (1)(B) and the number of installments elected by the taxpayer,

(B) each section 1256 contract which is a stock option held by the taxpayer on the first day of the taxable year described in paragraph (1), and the date such contract was acquired,

(C) the fair market value on the last business day of the preceding taxable year of every contract described in subparagraph (B), and

(D) such other information for purposes of carrying out the provisions of this subsection as may be required by such regulations.

(g) Definitions.—For purposes of subsections (e) and (f)—

(1) Section 1256 contract.—The term "section 1256 contract" has the meaning given to such term by section 1256(b) of the Internal Revenue Code of 1954 (as amended by this section).

(2) Stock option.—The term "stock option" means any option to buy or sell stock.

SEC. 103. REGULATIONS UNDER SECTION 1092(b).

(a) General Rule.—Subsection (b) of section 1092 (relating to character of gain or loss; wash sales) is amended to read as follows:

"(b) Regulations.—The Secretary shall prescribe such regulations with respect to gain or loss on positions which are part of a straddle as may be necessary to carry out the purposes of this section. To the extent consistent with such purposes, such regulations shall include rules applying the principles of subsections (a) and (d) of section 1091 and of subsections (b) and (d) of section 1233."

(b) Requirement That Regulations Be Issued Within 6 Months After the Date of Enactment.—The Secretary of the Treasury or his delegate shall prescribe regulations under section 1092(b) of the Internal Revenue Code of 1954 (including regulations relating to mixed straddles) not later than the date 6 months after the date of the enactment of this Act.

SEC. 104. LIMITATION ON LOSSES FROM HEDGING TRANSACTIONS.

(a) General Rule.—Subsection (e) of section 1256 (relating to mark to market not to apply to hedging transactions) is amended by adding at the end thereof the following new paragraph:

"(5) Limitation on losses from hedging transactions.—

"(A) In general.—

"(i) Limitation.—Any hedging loss for a taxable year shall be allowed only to the extent of the taxable income of the taxpayer for such taxable year attributable to the trade or business in which the hedging transactions were entered into. For purposes of the preceding sentence, taxable income shall be determined by not taking into account items attributable to hedging transactions.

"(ii) Carryover of disallowed loss.—Any hedging loss disallowed under clause (i) shall be treated as a deduction attributable to a hedging transaction allowable in the first succeeding taxable year.

"(B) Exception where economic loss.—Subparagraph (A)(i) shall not apply to any hedging loss to the extent that such loss exceeds the aggregate unrecognized gains from hedging transactions as of the close of the taxable year.

"(C) Exception for certain hedging transactions.—In the case of any hedging transaction relating to property other than stock or securities, this section shall only apply in the case of a taxpayer described in section 465(a)(1).

"(D) Hedging loss.—The term 'hedging loss' means the excess of—

"(i) the deductions allowable under this chapter for the taxable year attributable to hedging transactions (determined without regard to subparagraph (A)(i)), over

"(ii) income received or accrued by the taxpayer during such taxable year from such transactions.

"(E) Unrecognized gain.—The term 'unrecognized gain' has the meaning given to such term by section 1092(a)(3)."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

SEC. 105. CLARIFICATION THAT SECTION 1234 APPLIES TO CASH SETTLEMENT OPTIONS.

(a) General Rule.—Section 1234 (relating to options to buy or sell) is amended by adding at the end thereof the following new subsection:

"(c) Treatment of Cash Settlement Options.—

"(1) In general.—For purposes of subsections (a) and (b), a cash settlement option shall be treated as an option to buy or sell property.

"(2) Cash settlement option.—For purposes of paragraph (1), the term 'cash settlement option' means any option which on exercise settles in (or could be settled in) cash or property other than the underlying property."

(b) Effective Date.—The amendment made by subsection (a) shall apply to options purchased or granted after October 31, 1983, in taxable years ending after such date.

Subtitle I—Employee Benefit Provisions

PART I—WELFARE BENEFIT PLANS

SEC. 111. TREATMENT OF FUNDED WELFARE BENEFIT PLANS.

(a) General Rule.—Part I of subchapter D of chapter 1 (relating to pension, profit sharing, stock bonus plans, etc.) is amended by adding at the end thereof the following new subpart:

"Subpart D—Treatment of Welfare Benefit Funds

"Sec. 419. Treatment of funded welfare benefit plans.

"SEC. 419. TREATMENT OF FUNDED WELFARE BENEFIT PLANS.

"(a) General Rule.—Contributions paid or accrued by an employer to a welfare benefit fund—

"(1) shall not be deductible under section 162 or 212, but

"(2) if they satisfy the requirements of either of such sections, shall (subject to the limitation of subsection (b)) be deductible under this section for the taxable year in which paid.

"(b) Limitation.—The amount of the deduction allowable under subsection (a)(2) for any taxable year shall not exceed the welfare benefit fund's qualified cost for the taxable year.

"(c) Qualified Cost.—For purposes of this section—

"(1) In general.—Except as otherwise provided in this subsection, the term 'qualified cost' means, with respect to any taxable year, the sum of—

"(A) the qualified direct cost for such taxable year, and

"(B) subject to the limitation of paragraph (4)(B), any addition to a qualified asset account for the taxable year.

"(2) Income adjustments.—In the case of any welfare benefit fund, the qualified cost for any taxable year shall be reduced by such fund's after-tax income for such taxable year.

"(3) Qualified direct cost.—

"(A) In general.—The term 'qualified direct cost' means, with respect to any taxable year, the aggregate amount which would have been allowable as a deduction to the employer with respect to the benefits provided during the taxable year, if—

"(i) such benefits were provided directly by the employer, and

"(ii) the employer used the cash receipts and disbursements method of accounting.

"(B) Time when benefits provided.—For purposes of subparagraph (A), a benefit shall be treated as provided when such benefit would be includible in the gross income of the employee if provided directly by the employer (or would be so includible but for any provision of this chapter excluding such benefit from gross income).

"(C) Adjustment to qualified direct cost for excess changeover reserve.—

"(i) In general.—In the case of a welfare benefit fund with an excess changeover reserve, the qualified direct cost for any taxable year—

"(I) shall be applied against the amount of such reserve, and

"(II) to the extent so applied shall not be taken into account under paragraph (1)(A).

"(ii) Excess reserve reduced not more rapidly than ratably over 5 taxable years.—Clause (i) shall not apply for any taxable year to the extent that the application of clause (i) to such taxable year and preceding taxable years result in the excess changeover reserve being reduced more rapidly than ratably over the first 5 taxable years ending after March 31, 1984.

"(iii) Excess changeover reserve.—For purposes of this subparagraph, the term 'excess changeover reserve' means the excess of—

"(I) the amount of assets set aside for purposes described in paragraph (4)(A) as of March 31, 1984, over

"(II) the amount which would have been permitted to be set aside under paragraph (4)(B) as of such date.

"(4) Qualified asset account.—

"(A) In general.—The term 'qualified asset account' means any assets set aside to provide for the payment of welfare benefits, other than facilities used in the provision of such benefits.

"(B) Limitation.—The limitation provided by this subparagraph for any taxable year is the amount (if any) which would have to be added to the qualified asset account so that the amount in such account as of the close of the taxable year equals 75 percent of the average annual qualified direct costs (other than insurance premiums) for taxable years in the base period for benefits for which reserves are permitted.

"(C) Valuation.—For purposes of subparagraph (B), the amount of the qualified asset account shall be the value of the assets in such account (as determined under regulations).

"(D) Base period.—The term 'base period' means the period consisting of the taxable year and the preceding taxable year.

"(E) Benefits for which reserves are permitted.—The term 'benefits for which reserves are permitted' means any life insurance, accident, sickness, severance pay, supplemental unemployment, or group legal benefits.

"(F) Higher limitation in certain cases.—In the case of benefits for which reserves are permitted, the Secretary shall by regulations provide that the amount of the qualified asset account may exceed the limitation of subparagraph (B)—

"(i) if the limitation of subparagraph (B) is less than the amount of claims incurred but unpaid and expected to be paid before the close of the next taxable year, or

"(ii) if the liability for which the account was established is under a collective bargaining agreement and a higher reserve is necessary.

"(5) After-tax income.—

"(A) In general.—The term 'after-tax income' means, with respect to any taxable year, the gross income of the welfare benefit fund reduced by the sum of—

"(i) the deductions allowed by this chapter which are directly connected with the production of such gross income, and

"(ii) the tax imposed by this chapter on the fund for the taxable year.

"(B) Treatment of certain amounts.—In determining the gross income of any welfare benefit fund—

"(i) contributions and other amounts received from employees shall be taken into account, but

"(ii) contributions from the employer shall not be taken into account.

"(6) Item only taken into account once.—No item may be taken into account more than once in determining the qualified cost of any welfare benefit fund.

"(d) Carryover of Excess Contributions.—If—

"(1) the amount of the contributions paid (or deemed paid under this subsection) by the employer during any taxable year to a welfare benefit fund, exceeds

"(2) the limitation of subsection (b),

such excess shall be treated as an amount paid by the employer to such fund during the succeeding taxable year.

"(e) Welfare Benefit Fund.—For purposes of this section—

"(1) In general.—The term 'welfare benefit fund' means any fund—

"(A) which is part of a plan of an employer, and

"(B) through which the employer provides welfare benefits to employees or their beneficiaries.

"(2) Welfare benefit.—The term 'welfare benefit' means any benefit other than a benefit with respect to which—

"(A) section 83(h) applies,

"(B) section 404 applies (determined without regard to section 404(b)(2)),

"(C) section 404A applies, or

"(D) an election under section 463 applies.

"(3) Fund.—The term 'fund' means—

"(A) any organization described in paragraph (7), (9), (17), or (20) of section 501(c), and

"(B) any trust, corporation, or other organization not exempt from the tax imposed by this chapter.

"(f) Method of Contributions, Etc., Having the Effect of a Plan.—If—

"(1) there is no plan, but

"(2) there is a method or arrangement of employer contributions or benefits which has the effect of a plan,

this section shall apply as if there were a plan.

"(g) Extension to Plans for Independent Contractors.—If any fund would be a welfare benefit fund (as modified by subsection (f)) but for the fact that there is no employee-employer relationship—

"(1) this section shall apply as if there were such plan, and

"(2) any references in this section to the employer shall be treated as a reference to the person for whom services are provided, and any reference in this section to an employee shall be treated as a reference to the person providing the services.

"(h) Aggregation Rules.—For purposes of this section—

"(1) Aggregation of funds of employer.—All welfare benefit funds of an employer shall be treated as 1 fund.

"(2) Treatment of related employers.—Rules similar to the rules of subsections (b), (c), (m), and (n) of section 414 shall apply. For purposes of the preceding sentence, section 414(m)(5)(B) shall be applied by substituting 'section 318' for 'section 267(c)'.

"(i) Regulations.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section. Such regulations may provide that the plan administrator of any welfare benefit fund which is part of a multiemployer plan shall submit such information to the employers contributing to the fund as may be necessary to enable the employers to comply with the provisions of this section."

(b) Clerical Amendment.—The table of subparts for part I of subchapter D of chapter 1 is amended by adding at the end thereof the following new item:

"Subpart D. Treatment of welfare benefit funds."

(c) Effective Dates.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to contributions paid or accrued after March 31, 1984, in taxable years ending after such date.

(2) Special rule for collective bargaining agreements.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements—

(A) between employee representatives and 1 or more employers, and

(B) in effect on March 1, 1984 (or ratified on or before such date),

the amendments made by this section and section 114 shall not apply to years beginning before the later of (i) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after March 1, 1984), or (ii) January 1, 1986.

(3) Special rule for paragraph (2).—For purposes of paragraph (2), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section or section 114 shall not be treated as a termination of such collective bargaining agreement.

SEC 112. TREATMENT OF UNFUNDED DEFERRED BENEFITS.

(a) General Rule.—Subsection (b) of section 404 (relating to method of contributions, etc., having the effect of a plan) is amended to read as follows:

"(b) Method of Contributions, Etc., Having the Effect of a Plan; Unfunded Deferred Benefits.—

"(1) Method of contributions, etc., having the effect of a plan.—If—

"(A) there is no plan, but

"(B) there is a method or arrangement of employer contributions or compensation which has the effect of a stock bonus, pension, profit-sharing, or annuity plan, or other plan deferring the receipt of compensation (including a plan described in paragraph (2)),

subsection (a) shall apply as if there were such a plan.

"(2) Plans providing unfunded deferred benefits.—

"(A) In general.—For purposes of this section, any plan providing for deferred benefits (other than compensation) for employees, their spouses, or their dependents shall be treated as a plan deferring the receipt of compensation. In the case of such a plan, for purposes of this section, the determination of when an amount is includible in gross income shall be made without regard to any provisons of this chapter excluding such benefits from gross income.

"(B) Exception for funded benefits.—Subparagraph (A) shall not apply to any benefit provided through a welfare benefit fund (as defined in section 419(e))."

(b) Cross Reference.—Subsection (j) of section 162 (relating to cross references) is amended by adding at the end thereof the following new paragraph:

"(3) For special rules relating to—

"(A) funded welfare benefit plans, see section 419,

and

"(B) deferred compensation and other deferred benefits, see section 404."

(c) Effective Date.—The amendments made by this section shall apply to amounts paid or incurred after March 31, 1984, in taxable years ending after such date.

SEC. 113. ADDITIONAL REQUIREMENTS FOR TAX-EXEMPT STATUS OF CERTAIN ORGANIZATIONS.

(a) General Rule.—Part I of subchapter P of chapter 1 (relating to exempt organizations) is amended by adding at the end thereof the following new section:

"SEC. 505. ADDITIONAL REQUIREMENTS FOR ORGANIZATIONS DESCRIBED IN PARAGRAPH (9), (17), OR (20) OF SECTION 501(c).

"(a) Certain Requirements Must Be Met in the Case of Organizations Described in Paragraph (9), (17), or (20) of Section 501(c).—

"(1) Voluntary employees' beneficiary associations, etc.—An organization described in paragraph (9) or (20) of subsection (c) of section 501 which is part of a plan of an employer shall not be exempt from tax under section 501(a) unless such plan meets the requirements of paragraphs (1) and (2) of subsection (b) of this section.

"(2) Supplemental unemployment compensation benefit trusts.—A trust described in paragraph (17) of subsection (c) of section 501 shall not be exempt from tax under section 501(a) unless the plan of which such trust is a part meets the requirements of paragraph (1) of subsection (b) of this section.

"(3) Exception for collective bargaining agreements.—Paragraphs (1) and (2) shall not apply to any organization which is part of a plan maintained pursuant to 1 or more collective bargaining agreements between 1 or more employee organizations and 1 or more employers.

"(b) Requirements.—

"(1) Utilization.—A plan meets the requirements of this paragraph with respect to any class of benefits for any year only if the benefits of such class provided under the plan during such year to highly compensated individuals do not exceed 25 percent of the benefits of such class provided under such plan during such year.

"(2) Nondiscrimination requirements.—

"(A) In general.—Except as provided in subparagraph (B), a plan meets the requirements of this paragraph only if—

"(i) each class of benefits under the plan is provided under a classification which is set forth in the plan and which is found by the Secretary not to be discriminatory in favor of employees who are highly compensated individuals, and

"(ii) in the case of each class of benefits, such benefits do not discriminate in favor of employees who are highly compensated employees.

A life insurance, disability, severance pay, or supplemental unemployment benefit shall not be considered to fail to meet the requirements of clause (ii) merely because the benefits received bears a uniform relationship to the total compensation, or the basic or regular rate of compensation, or employees covered by the plan.

"(B) Application of paragraph where other nondiscrimination rules provided.—In the case of any benefit for which nondiscrimination rules are applicable under a provision of law other than this subsection, the requirements of this paragraph are met only if such rules are satisfied with respect to such benefit.

"(C) Aggregation rules.—Rules similar to the rules of section 419(h) shall apply for purposes of this subsection.

"(3) Highly compensated individual.—For purposes of this subsection, the term 'highly compensated individual' has the meaning given such term by section 105(h)(5). For purposes of the preceding sentence, section 105(h)(5) shall be applied by substituting '10 percent' for '25 percent'.

"(c) Requirement That Organization Notify Secretary That it is Applying for Tax-Exempt Status.—

"(1) In general.—An organization shall not be treated as an organization described in paragraph (9), (17), or (20) of section 501(c)—

"(A) unless it has given notice to the Secretary, in such manner as the Secretary may by regulations prescribe, that it is applying for recognition of such status, or

"(B) for any period before the giving of such notice, if such notice is given after the time prescribed by the Secretary by regulations for giving notice under this subsection.

"(2) Special rule for existing organizations.—In the case of any organization in existence on March 31, 1984, the time for giving notice under paragraph (1) shall not expire before the date 1 year after the date of the enactment of this section."

(b) Clerical Amendment.—The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 505. Additional requirements for organizations described in paragraph (9), (17), or (20) of section 501(c)."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 114. AMENDMENTS TO TAX ON UNRELATED BUSINESS INCOME.

(a) Extension of Section 512(a)(3) to Supplemental Unemployment Benefit and Group Legal Trusts.—

(1) Paragraph (3) of section 512(a) (relating to special rules applicable to organizations described in section 501(c) (7) or (9)) is amended by striking out "section 501(c) (7) or (9)" each place it appears (including in the paragraph heading) and inserting in lieu thereof "paragraph (7), (9), (17), or (20) of section 501(c)".

(2) Clause (ii) of section 512(a)(3)(B) is amended by striking out "section 501(c)(9)" and inserting in lieu thereof "paragraph (9), (17), or (20) of section 501(c)".

(b) Limitation on Deduction for Set-Aside.—Paragraph (3) of section 512(a) is amended by adding at the end thereof the following new subparagraph:

"(E) Limitation on amount of set-aside in the case of organizations described in paragraph (9), (17), or (20) of section 501(c).—

"(i) In general.—In the case of any organization described in paragraph (9), (17), or (20) of section 501(c), a set-aside for any purpose specified in clause (ii) of subparagraph (B) may be taken into account under subparagraph (B) only to the extent that such set-aside does not result in an amount of assets set aside for such purpose in excess of the limitation of section 419(c)(4)(B).

"(ii) Special rules.—For purposes of clause (i)—

"(I) in the case of any organization which is a member of a group of organizations treated as 1 organization under section 419(h), the limitation of section 419(c)(4)(B) shall be such organization's proportionate share of such limitation determined for such group, and

"(II) assets used in the provision of benefits described in clause (ii) of subparagraph (B) shall not be taken into account."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 115. EMPLOYER AND EMPLOYEE BENEFIT ASSOCIATION TREATED AS RELATED PERSONS UNDER SECTION 1239.

(a) General Rule.—Section 1239 (relating to gain from sale of depreciable property between certain related taxpayers) is amended by adding at the end thereof the following new subsection:

"(d) Employer and Related Employee Association.—For purposes of subsection (a), the term 'related person' also includes—

"(1) an employer and any person related to the employer (within the meaning of subsection (b)), and

"(2) an organization described in paragraph (7), (9), (17), or (20) of section 501(c) and which is controlled directly or indirectly by persons referred to in paragraph (1)."

(b) Effective Date.—The amendment made by subsection (a) shall apply to sales or exchanges after December 31, 1984, in taxable years ending after such date.

PART II—OTHER PROVISIONS

SEC. 116. TREATMENT OF CERTAIN MEDICAL, ETC., BENEFITS UNDER SECTION 415.

(a) General Rule.—Section 415 (relating to limitations on benefits and contributions under qualified plan) is amended by adding at the end thereof the following new subsection:

"(l) Treatment of Certain Medical Benefits.—

"(1) In general.—For purposes of this section, contributions allocated to any individual medical account which is part of a defined benefit plan shall be treated as an annual addition to a defined contribution plan for purposes of subsection (c).

"(2) Individual medical benefit account.—For purposes of paragraph (1), the term 'individual medical benefit account' means any separate account—

"(A) which is established for a participant under a defined benefit plan, and

"(B) from which benefits described in section 401(h) are payable solely to such participant, his spouse, or his dependents."

(b) Requirement That Separate Account Be Maintained for 5-Percent Owner.—Subsection (h) of section 401 (relating to medical, etc., benefits for retired employees and their spouses and dependents) is amended by striking out "and" at the end of paragraph (4), by striking out the period at the end of paragraph (5) and inserting in lieu thereof ", and", and by adding at the end thereof the following new paragraph:

"(6) in the case of an employee who is a 5-percent owner, a separate account is established and maintained for such benefits payable to such employee (and his spouse and dependents) and such benefits (to the extent attributable to plan years beginning after March 31, 1984, for which the employee is a 5-percent owner) are only payable to such employee (and his spouse and dependents) from such separate account.

For purposes of paragraph (6), the term '5-percent owner' means any employee who, at any time during any of the 5 preceding plan years, is a 5-percent owner (as defined in section 416(i)(1)(B))."

(c) Effective Date.—The amendments made by this section shall apply to years beginning after March 31, 1984.

SEC. 117. LIMITATION ON ACCRUAL OF VACATION PAY.

(a) General Rule.—Paragraph (1) of section 463(a) (relating to annual vacation pay) is amended by striking out "and payable during" and inserting in lieu thereof "and expected to be paid during".

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after March 31, 1984.

SEC. 118. DETERMINATION OF WHETHER THERE IS A COLLECTIVE BARGAINING AGREEMENT.

(a) General Rule.—Subsection (a) of section 7701 (relating to definitions) is amended by adding at the end thereof the following new paragraph:

"(46) Determination of whether there is a collective bargaining agreement.—In determining whether there is a collective bargaining agreement between employee representatives and 1 or more employers, the term 'employee representatives' shall not include any organization more than one-half of the members of which are employees who are owners, officers, or executives of the employer."

(b) Effective Date.—The amendment made by subsection (a) shall take effect on April 1, 1984.

SEC. 119. DISQUALIFICATION OF PLAN WHERE SUBSTANTIALLY ALL CONTRIBUTIONS ARE EMPLOYEE CONTRIBUTIONS.

(a) General Rule.—Subsection (a) of section 401 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by inserting after paragraph (24) the following new paragraph:

"(25) A trust shall not constitute a qualified trust under this section if substantially all of the accrued benefits under the plan of which such trust is a part are derived from employee contributions."

(b) Technical Amendments.—

(1) Paragraph (2) of section 402(a) (relating to certain employees' annuities) is amended by striking out "and (22)" and inserting in lieu thereof "(22), and (25)".

(2) Paragraph (3) of section 818(a) (defining pension plan contracts), as amended by title II of this Act, is amended by striking out "and (22)" and inserting "(22), and (25)".

(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after March 31, 1984.

SEC. 120. PARTICIPATION AND DISCRIMINATION STANDARDS APPLICABLE TO CASH OR DEFERRED ARRANGEMENTS.

(a) General Rule.—Subparagraph (A) of section 401(k)(3) is amended to read as follows:

"(A) A qualified cash or deferred arrangement shall be considered to satisfy the requirements of subsection (a)(4), with respect to contributions, and of subparagraph (B) of section 410(b)(1) for a plan year, if (and only if)—

"(i) those employees eligible to participate under the plan satisfy the provisions of subparagraph (A) or (B) of section 410(b)(1), and

"(ii) the actual deferral percentage for highly compensated employees (as defined in paragraph (4)) for such year bears a relationship to the actual deferral percentage for all other eligible employees for such plan year which meets either of the following tests:

"(I) The actual deferral percentage for the group of highly compensated employees is not more than the actual deferral percentage of all other eligible employees multiplied by 1.5.

"(II) The excess of the actual deferral percentage for the group of highly compensated employees over that of all other eligible employees is not more than 3 percentage points, and the actual deferral percentage for the group of highly compensated employees is not more than the actual deferral percentage of all other eligible employees multiplied by 2.5."

(b) Effective Date.—The amendment made by subsection (a) shall apply to plan years beginning after December 31, 1984.

Subtitle J—Foreign Provisions

SEC. 131. TREATMENT OF RELATED PERSON FACTORING INCOME.

(a) Treatment as Foreign Personal Holding Company Income.—

(1) In general.—Subsection (a) of section 553 (defining foreign personal holding company income) is amended by adding at the end thereof the following new paragraph:

"(8) Income from trade or service receivables of related persons.—

"(A) In general.—Income from a trade or service receivable of a related person.

"(B) Trade or service receivable.—For purposes of subparagraph (A), the term 'trade or service receivable' means any account receivable or evidence of indebtedness arising out of the disposition of property described in section 1221(1), or the performance of services, by a related person.

"(C) Related person.—For purposes of this paragraph, the term 'related person' has the meaning given to such term by section 954(d)(3)."

(2) Exception for trade or service receivables of certain foreign corporations.—Subparagraph (A) of section 954(c)(4) (relating to certain income received from related persons) is amended by inserting before the semicolon at the end thereof the following: "or income from a trade or service receivable (as defined in section 553(a)(8)(B)) of such a related person".

(b) Treatment of United States Property.—Subsection (b) of section 956 (defining United States property) is amended by adding at the end thereof the following new paragraph:

"(3) Trade or service receivables of related united states persons.—Notwithstanding paragraph (2), the term 'United States property' includes any trade or service receivable (as defined in section 553(a)(8)(B)) of a related person (within the meaning of section 954(d)(3)) who is a United States person."

(c) Source Rule.—Section 861 (relating to income from sources within the United States) is amended by adding at the end thereof the following new subsection:

"(g) Income From Trade or Service Receivables of Related United States Persons.—

"(1) In general.—For purposes of subsection (a) and section 862(a)—

"(A) income from a trade or service receivable of a related United States person shall be treated as income from sources within the United States, and

"(B) any distribution from a foreign corporation (and any amount included in gross income under section 951) to the extent attributable to income described in subparagraph (A) shall be treated as income from sources within the United States.

"(2) Definitions.—For purposes of this subsection—

"(A) Trade or service receivable.—The term 'trade or service receivable' has the meaning given to such term by section 553(a)(8)(B).

"(B) Related united states person.—The term 'related United States person' means any related person (within the meaning of section 954(d)(3)) who is a United States person."

(d) Effective Date.—The amendments made by this section shall apply to accounts receivable and evidences of indebtedness transferred after March 1, 1984 in taxable years ending after such date.

SEC. 132. TAXATION OF CERTAIN TRANSFERS OF PROPERTY OUTSIDE THE UNITED STATES.

(a) In General.—Subsection (a) of section 367 (relating to transfers of property from the United States) is amended to read as follows:

"(a) Transfers of Property from the United States.—

"(1) General rule.—If, in connection with any exchange described in section 332, 351, 354, 355, 356, or 361, a United States person transfers property to a foreign corporation, such foreign corporation shall not, for purposes of determining the extent to which gain shall be recognized on such transfer, be considered to be a corporation.

"(2) Exception for certain stock or securities.—Except to the extent provided in regulations, paragraph (1) shall not apply to the transfer of stock or securities of a foreign corporation which is a party to the exchange or a party to the reorganization.

"(3) Exception for transfers of certain property used in the active conduct of a trade or business.—

"(A) In general.—Except as provided in regulations prescribed by the Secretary, paragraph (1) shall not apply to any property transferred to a foreign corporation for use by such foreign corporation in the active conduct of a trade or business outside of the United States.

"(B) Paragraph not to apply to certain property.—Except as provided in regulations prescribed by the Secretary, subparagraph (A) shall not apply to any—

"(i) property described in paragraph (1) or (3) of section 1221 (relating to inventory and copyrights, etc.),

"(ii) installment obligation, accounts receivable, or similar property,

"(iii) foreign currency or other property denominated in foreign currency, or

"(iv) property with respect to which the transferor is a lessor at the time of the transfer, except that this clause shall not apply if the transferee was the lessee.

"(C) Transfer of foreign branch with previously deducted losses.—Except as provided in regulations prescribed by the Secretary, subparagraph (A) shall not apply to gain realized on the transfer of the assets of a foreign branch of a United States person to a foreign corporation in an exchange described in paragraph (1) to the extent that—

"(i) the sum of losses—

"(I) which were incurred by the foreign branch before the transfer, and

"(II) with respect to which a deduction was allowed to the taxpayer, exceeds

"(ii) the amount of such losses which is treated as income from sources within the United States under section 904(f).

Any excess described in the preceding sentence shall be treated for purposes of this chapter as ordinary income from sources outside the United States.

"(4) Special rule for transfer of partnership interests.—Except as provided in regulations prescribed by the Secretary, a transfer by a United States person of an interest in a partnership to a foreign corporation in an exchange described in paragraph (1) shall, for purposes of this subsection, be treated as a transfer to such corporation of such person's pro rata share of the assets of the partnership.

"(5) Secretary may exempt certain transactions from application of this subsection.—Paragraph (1) shall not apply to the transfer of any property which the Secretary, in order to carry out the purposes of this subsection, designates by regulation."

(b) Special Rules for Transfers of Intangibles.—Subsection (d) of section 367 (relating to special rule for transfer of intangibles by possession corporations) is amended to read as follows:

"(d) Special Rules Relating to Tranfers of Intangibles.—

"(1) In general.—Except as provided in regulations prescribed by the Secretary, if a United States person transfers any intangible property (within the meaning of section 936(h)(3)(B)) to a foreign corporation in an exchange described in section 332, 351, 354, 355, 356, or 361—

"(A) subsection (a) shall not apply to the transfer of such property, and

"(B) the provisions of this subsection shall apply to such transfer.

"(2) Transfer of intangibles treated as transfer pursuant to exclusive licensing agreement.—

"(A) In general.—If paragraph (1) applies to any transfer, the United States person transferring such property shall be treated as receiving over the useful life of such property amounts which reasonably reflect the amounts which would have been received annually under an exclusive licensing agreement.

"(B) Effective on earnings and profits.—For purposes of this chapter, the earnings and profits of a foreign corporation to which the intangible property was transferred shall be reduced by the amount of income required to be included in income under subparagraph (A).

"(C) Amounts received treated as United States source ordinary income.—For purposes of this chapter, any amount included in gross income by reason of this subsection shall be treated as ordinary income from sources within the United States."

(c) Secretary Must be Notified of Transactions to Which Section 367(a) Applies.—

(1) Notification requirement.—Subpart A of part III of subchapter A of chapter 61 is amended by adding after section 6038A the following new section:

"SEC. 6038B. NOTICE OF TRANSFERS TO WHICH SECTION 367(a) APPLIES.

"(a) In General.—Each United States person who transfers property to a foreign corporation in an exchange described in section 332, 351, 354, 355, 356, or 361 shall furnish to the Secretary, at such time and in such manner as the Secretary shall by regulations prescribe, such information with respect to such exchange as the Secretary may require in such regulations.

"(b) Penalty for Failure to Furnish Information.—

"(1) In general.—If any United States person fails to furnish the information described in subsection (a), such person shall pay a penalty equal to 25 percent of the amount of the gain which would be realized on the exchange if section 367(a) were applicable to such exchange.

"(2) Reasonable cause exception.—Paragraph (1) shall not apply to any failure if the United States person shows such failure is due to reasonable cause and not to willful neglect."

(2) Extension of period for assessment and collection where Secretary not notified.—Subsection (c) of section 6501 (relating to exceptions to limitations on assessment and collection) is amended by adding at the end thereof the following new paragraph:

"(8) Failure to notify Secretary under section 6038B.—In the case of any tax imposed on any exchange by reason of section 367(a), the time for assessment of such tax shall not expire before the date which is 3 years after the date on which the Secretary is notified of such exchange under section 6038B(a)."

(3) Conforming amendment.—The table of sections for subpart A of part III of subchapter A of chapter 61 is amended by adding after the item relating to section 6038A the following new item:

"Sec. 6038B. Notice of transfers to which section 367(a) applies."

(d) Repeal of Declaratory Judgment Provisions Involving Transfers of Property From the United States.—

(1) In general.—Section 7477 is hereby repealed.

(2) Conforming amendments.—

(A) Section 7482(b)(1) (relating to venue for review of Tax Court decisions) is amended by striking out subparagraph (D) and by redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E), respectively.

(B) The table of sections for part IV of subchapter C of chapter 76 is amended by striking out the item relating to section 7477.

(e) Transfers To Avoid Income Tax.—

(1) In general.—Section 1492 (relating to nontaxable transfers) is amended—

(A) by striking out paragraphs (2) and (3) and by inserting in lieu thereof—

"(2) To a transfer—

"(A) described in section 367, or

"(B) not described in section 367 but with respect to which the taxpayer establishes to the satisfaction of the Secretary that no gain should be recognized under principles similar to the principles of section 367, or", and

(B) by redesignating paragraph (4) as paragraph (3).

(2) Conforming amendment.—Section 1494(b) (relating to abatement or refund) is amended by striking out all that follows "that" and inserting in lieu thereof "no gain should be recognized on such transfer under principles similar to the principles of section 367".

(f) Effective Date.—The amendments made by this section shall apply to transfers or exchanges after December 31, 1984, in taxable years ending after such date.

SEC. 133. SECTION 1248 TO APPLY TO CERTAIN INDIRECT TRANSFERS OF STOCK IN A FOREIGN CORPORATION.

(a) General Rule.—Section 1248 (relating to gain from certain sales or exchanges of stock in foreign corporations) is amended by adding at the end thereof the following new subsection:

"(i) Treatment of Certain Indirect Transfers.—

"(1) In general.—If any shareholder of a 10-percent corporate shareholder of a foreign corporation exchanges stock of the 10-percent corporate shareholder for stock of the foreign corporation, for purposes of this section, the stock of the foreign corporation received in such exchange shall be treated as if it had been—

"(A) issued to the 10-percent corporate shareholder, and

"(B) then distributed by the 10-percent corporate shareholder to such shareholder in redemption of his stock.

"(2) 10-percent corporate shareholder defined.—For purposes of this subsection, the term '10-percent corporate shareholder' means any domestic corporation which, as of the day before the exchange referred to in paragraph (1), satisfies the stock ownership requirements of subsection (a)(2) with respect to the foreign corporation."

(b) Effective Date.—The amendment made by subsection (a) shall apply to exchanges after the date of the enactment of this Act in taxable years ending after such date.

SEC. 134. TREATMENT OF UNITED STATES SOURCE ORIGINAL ISSUE DISCOUNT IN CASE OF FOREIGN PERSONS.

(a) Nonresident Alien Individuals.—

(1) In general.—Subparagraph (C) of section 871(a)(1) (relating to income not connected with United States business) is amended to read as follows:

"(C) in the case of—

"(i) a sale or exchange (or retirement) of an original issue discount obligation, the amount of any gain not in excess of the original issue discount accruing while such obligation was held by the nonresident alien individual (to the extent such discount was not theretofore taken into account under clause (ii)), and

"(ii) the payment of interest on an original issue discount obligation, an amount equal to the original issue discount accrued on such obligation since the last payment of interest thereon (except that such original issue discount shall be taken into account under this clause only to the extent that the tax thereon does not exceed the interest payment less the tax imposed by subparagraph (A) thereon), and ".

(2) Definitions and special rules.—Section 871 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) Special Rules for Original Issue Discount.—For purposes of this section and section 881—

"(1) Original issue discount obligation.—

"(A) In general.—Except as provided in subparagraph (B), the term 'original issue discount obligation' means any bond or other evidence of indebtedness having original issue discount (within the meaning of section 1273).

"(B) Exceptions.—The term 'original issue discount obligation' shall not include—

"(i) Certain short-term obligations.—Any obligation payable 183 days or less from the date of original issue (without regard to the period held by the taxpayer).

"(ii) Tax-exempt obligations.—Any obligation the interest on which is exempt from tax under section 103 or under any other provision of law without regard to the identify of the holder.

"(2) Determination of portion of original issue discount accruing during any period.—The determination of the amount of the original issue discount which accrues during any period shall be made under the rules of section 1272 (or the corresponding provisions of prior law).

"(3) Source of original issue discount.—Except to the extent provided in regulations prescribed by the Secretary, the determination of whether any amount described in subsection (a)(1)(C) is from sources within the United States shall be made at the time of the payment (or sale or exchange) as if such payment (or sale or exchange) involved the payment of interest.

"(4) Stripped bonds.—The provisions of section 1286 (relating to the treatment of stripped bonds and stripped coupons as obligations with original issue discount) shall apply for purposes of this section."

(b) Foreign Corporations.—

(1) In general.—Paragraph (3) of section 881(a) (relating to tax on income of foreign corporations not connected with United States business) is amended to read as follows:

"(3) in the case of—

"(A) a sale or exchange (or retirement) of an original issue discount obligation, the amount of any gain not in excess of the original issue discount accruing while such obligation was held by the foreign corporation (to the extent such discount was not theretofore taken into account under subparagraph (B)), and

"(B) the payment of interest on an original issue discount obligation, an amount equal to the original issue discount accrued on such obligation since the last payment of interest thereon (except that such original issue discount shall be taken into account under this subparagraph only to the extent that the tax thereon does not exceed the interest payment less the tax imposed by paragraph (1) thereon), and".

(2) Cross reference.—Subsection (c) of section 881 (relating to doubling of tax) is amended to read as follows:

"(c) Cross References.—

"For doubling of tax on corporations of certain foreign countries, see section 891.

"For special rules for original issue discount, see section 871(g)."

(c) Effective Date.—The amendments made by this section shall apply to the payments made on or after the 60th day after the date of the enactment of this Act with respect to obligations issued after March 31, 1972.

SEC. 135. CLARIFICATION OF DEFINITION OF ARTICLES PRODUCED IN PUERTO RICO OR THE VIRGIN ISLANDS.

(a) General Rule.—Section 7652 (relating to shipments to the United States) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) Articles Produced in Puerto Rico or the Virgin Islands.—For purposes of subsections (a)(3) and (b)(3)—

"(1) Distilled spirits brought into the United States.—Any article containing distilled spirits shall in no event be treated as produced in Puerto Rico or the Virgin Islands unless at least 90 percent of the distilled spirits in such article are attributable to distilled spirits originally distilled in Puerto Rico or the Virgin Islands (as the case may be).

"(2) Value added requirement for Puerto Rico.—Any article (including distilled spirits) shall in no event be treated as produced in Puerto Rico unless—

"(A) the sum of (i) the cost or value of the materials produced in Puerto Rico, plus (ii) the direct costs of processing operations performed in Puerto Rico, equals or exceeds,

"(B) 50 percent of the value of such article as of the time it is brought into the United States.

"(3) Prohibition of Federal excise tax subsidies.—

"(A) In general.—No amount shall be transferred under subsection (a)(3) or (b)(3) in respect of taxes imposed on any article if the Secretary determines that a Federal excise tax subsidy was provided by Puerto Rico or the Virgin Islands (as the case may be) with respect to such article.

"(B) Federal excise tax subsidy.—For purposes of this paragraph, the term 'Federal excise tax subsidy' means any subsidy—

"(i) of a kind different from, or

"(ii) in an amount per value or volume of production greater than,

the subsidy which Puerto Rico or the Virgin Islands offers generally to industries producing articles not subject to Federal excise taxes.

"(4) Direct costs of processing operations.—For purposes of this subsection, the term 'direct costs of processing operations' has the same meaning as when used in section 213 of the Caribbean Basin Economic Recovery Act.

"(5) Exceptions.—

"(A) In general.—This subsection shall not apply—

"(i) to rum (as defined in subsection (d)(3)), and

"(ii) to any article consumed in Puerto Rico or the Virgin Islands (as the case may be).

"(B) Cane neutral spirits.—Paragraphs (2) and (3) shall not apply to any distilled spirits with a proof of 190 or more which are derived from cane. The preceding sentence shall not apply if the Secretary determines that an arrangement similar to redistillation applies to distilled spirits described in the preceding sentence."

(b) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply with respect to articles brought into the United States on or after March 1, 1984.

(2) Exception for Puerto Rico for periods before July 1, 1985.—

(A) In general.—Subject to the limitations of subparagraphs (B) and (C), the amendment made by subsection (a) shall not apply with respect to articles brought into the United States from Puerto Rico after February 29, 1984, and before July 1, 1985.

(B) $130,000,000 limitation for fiscal year 1984.—In the case of articles brought into the United States after February 29, 1984, and before July 1, 1984, the aggregate amount payable to Puerto Rico by reason of subparagraph (A) shall not exceed the excess of—

(i) $130,000,000, over,

(ii) the aggregate amount payable to Puerto Rico under section 7652(a) of the Internal Revenue Code of 1954 with respect to articles which were brought into the United States after June 30, 1983, and before March 1, 1984, and which would not meet the requirements of section 7652(c)(1) of such Code.

(C) $75,000,000 limitation for fiscal year 1985.—In the case of articles brought into the United States after June 30, 1984, and before July 1, 1985, the aggregate amount payable to Puerto Rico by reason of subparagraph (A) shall not exceed $75,000,000.

SEC. 136. TREATMENT OF CERTAIN TRANSPORTATION INCOME.

(a) General Rule.—Section 863 (relating to items not specified in section 861 or 862) is amended by adding at the end thereof the following new subsection:

"(c) Source Rule for Certain Transportation Income.—

"(1) In general.—Under regulations prescribed by the Secretary, all transportation income attributable to transportation which begins and ends in the United States (or in any possession of the United States) shall be treated as derived from sources within the United States.

"(2) Transportation income.—For purposes of this subsection, the term 'transportation income' means any income derived from, or in connection with—

"(A) the use (or hiring or leasing for use) of a vessel or aircraft, or

"(B) the performance of services directly related to the use of a vessel or aircraft.

For purposes of the preceding sentence, the term 'vessel or aircraft' includes any container used in connection with a vessel or aircraft."

(b) Effective Date.—The amendment made by subsection (a) shall apply with respect to transportation beginning after the date of the enactment of this Act in taxable years ending after such date.

SEC. 137. TREATMENT OF PAYMENTS TO GUAM AND VIRGIN ISLANDS CORPORATIONS.

(a) General Rule.—Subsection (b) of section 881 (relating to exception for Guam corporations) is amended to read as follows:

"(b) Exception for Certain Guam and Virgin Islands Corporations.—

"(1) In general.—For purposes of this section, the term 'foreign corporation' does not include a corporation created or organized in Guam or the Virgin Islands or under the law of Guam or the Virgin Islands if—

"(A) 75 percent or more in value of the stock of such corporation is owned (directly or indirectly) by individuals who are citizens or residents of the United States or of any possession of the United States, and

"(B) 75 percent or more of the gross income of the corporation is derived from sources within a possession of the United States.

"(2) Paragraph (1) not to apply to tax imposed in Guam.—For purposes of applying this subsection with respect to income tax liability incurred to Guam pursuant to this title—

"(A) paragraph (1) shall not apply, and

"(B) for purposes of this section, the term 'foreign corporation' does not include a corporation created or organized in Guam or under the law of Guam.

"(3) Cross reference.—For tax imposed in the Virgin Islands, see sections 934 and 934A."

(b) Technical Amendment.—Subparagraph (B) of section 7651(5) is amended by inserting "(other than section 881(b)(1))" after "For purposes of this title".

(c) Effective Date.—The amendments made by this section shall apply to payments made after March 1, 1984, in taxable years ending after such date.

SEC. 138. APPLICATION OF COLLAPSIBLE CORPORATION RULES TO FOREIGN CORPORATIONS.

(a) In General.—Subsection (f) of section 341 (relating to collapsible corporations) is amended by adding at the end thereof the following new paragraph:

"(8) Special rule for foreign corporations.—To the extent provided in regulations prescribed by the Secretary—

"(A) paragraph (1) shall not apply to a foreign corporation, and

"(B) paragraph (3) shall not apply if the transferee is a foreign corporation."

(b) Effective Date.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.

SEC. 139. DEFINITION OF FOREIGN INVESTMENT COMPANY.

(a) General Rule.—Paragraph (2) of section 1246(b) (defining foreign investment company) is amended to read as follows:

"(2) engaged (or holding itself out as being engaged) primarily in the business of investing, reinvesting, or trading in—

"(A) securities (as defined in section 2(a)(36) of the Investment Company Act of 1940, as amended), "(B) commodities, or

"(C) any interest (including a futures or forward contract or option) in property described in subparagraph (A) or (B),

at a time when 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or the total value of all classes of stock, was held directly (or indirectly through applying paragraphs (2) and (3) of section 958(a) and paragraph (4) of section 318(a)) by United States persons (as defined in section 7701(a)(30))."

(b) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply to sales and exchanges (and distributions) on or after September 29, 1983, in taxable years ending on or after such date.

(2) Stock held on September 29, 1983.—In the case of a sale or exchange (or distribution) not later than the date which is 1 year after the date of the enactment of this Act, the amendment made by subsection (a) shall not apply with respect to stock held by the taxpayer continuously from September 29, 1983, to the date of such sale or exchange (or distribution).

SEC. 140. TREATMENT OF CERTAIN DISTRIBUTIONS RECEIVED BY UNITED STATES-OWNED FOREIGN CORPORATIONS.

(a) General Rule.—Section 535 (defining accumulated taxable income) is amended by adding at the end thereof the following new subsection:

"(d) Income Distributed to United States-Owned Foreign Corporation Retains United States Connection.—

"(1) In general.—For purposes of this part, if more than 10 percent of the earnings and profits of any foreign corporation for any taxable year—

"(A) is derived from sources within the United States, or

"(B) is effectively connected with the conduct of a trade or business within the United States,

any distribution out of such earnings and profits (and any interest payment) received (directly or through 1 or more other entities) by a United States-owned foreign corporation shall be treated as derived by such corporation from sources within the United States.

"(2) United states-owned foreign corporation.—For purposes of paragraph (1), the term 'United States-owned foreign corporation' means any foreign corporation if 50 percent or more of—

"(A) the total combined voting power of all classes of stock of such corporation entitled to vote, or

"(B) the total value of all classes of stock of such corporation is held directly (or indirectly through applying paragraphs (2) and (3) of section 958(a) and paragraph (4) of section 318(a)) by United States persons (as defined in section 7701(a)(30))."

(b) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply to distributions received by a United States-owned foreign corporation (within the meaning of section 535(d) of the Internal Revenue Code of 1954) on or after May 23, 1983, in taxable years ending on or after such date.

(2) Corporations in existence on May 23, 1983.—In the case of a United States-owned foreign corporation (as so defined) in existence on May 23, 1983, the amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

SEC. 141. INTEREST AND DIVIDENDS PAID BY CERTAIN UNITED STATES-OWNED FOREIGN CORPORATIONS TREATED AS DERIVED FROM UNITED STATES SOURCES.

(a) In General.—Section 904 (relating to limitation on foreign tax credit) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) Interest and Dividends From Certain United States-Owned Foreign Corporations Treated as Derived From United States Sources.—

"(1) In general.—For purposes of this section, if 10 percent or more of the gross income of any United States-owned foreign corporation for the 3 taxable years preceding the taxable year in which any distribution or interest payment is made by such corporation (or for such part of such period as the corporation is in existence)—

"(A) is derived from sources within the United States, or

"(B) is effectively connected with the conduct of a trade or business within the United States,

then such distribution (or interest payment) to the extent attributable to gross income described in subparagraph (A) or (B) shall be treated as derived from sources within the United States.

"(2) United states-owned foreign corporation.—For purposes of paragraph (1), the term 'United States-owned foreign corporation' has the meaning given such term by paragraph (2) of section 535(d)."

(b) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendment made by subsection (a) shall apply to any distribution or interest payment made by a United States-owned foreign corporation after the date of the enactment of this Act to the extent attributable to income received or accrued by such corporation after such date.

(2) Interest on obligations held on March 1, 1984, not taken into account.—The amendment made by subsection (a) shall not apply to interest on any term obligation held by a United States-owned foreign corporation if such corporation held such obligation on March 1, 1984.

SEC. 142. CERTAIN DIVIDENDS TREATED AS INTEREST FOR PURPOSES OF THE LIMITATION ON THE FOREIGN TAX CREDIT.

(a) In General.—Subsection (d) of section 904 (relating to limitation on foreign tax credit) is amended by adding at the end thereof the following new paragraph:

"(3) Certain distributions of united states-owned corporations treated as interest.—

"(A) In general.—If 10 percent or more of the earnings and profits of a corporation to which this paragraph applies for the 3 taxable years preceding the taxable year during which a distribution is made by such corporation (or for such part of such period as the corporation is in existence) is attributable to interest described in paragraph (2), such distribution (to the extent attributable to such interest), whether made directly or through 1 or more entities, shall be treated as interest described in such paragraph.

"(B) Corporations to which paragraph applies.—This paragraph shall apply to—

"(i) any United States-owned foreign corporation (within the meaning of section 535(d)(2)), and

"(ii) any United States-owned regulated investment company.

For purposes of this paragraph, the determination of whether a regulated investment company is United States-owned shall be determined under the principles of section 535(d)(2).

"(C) Certain amounts treated as interest.—Subparagraph (C) of paragraph (2) shall not apply to any amount treated as interest under subparagraph (A)."

(b) Effective Date.—

(1) In general.—The amendment made by subsection (a) shall apply to distributions made after the date of the enactment of this Act.

(2) Interest on obligations held on March 1, 1984, not taken into account.—The amendment made by subsection (a) shall not apply to interest on any term obligation held by a United States-owned corporation if such corporation held such obligation on March 1, 1984.

Subtitle K—Reporting, Penalty, and Other Provisions

SEC. 151. ORGANIZERS AND SELLERS OF POTENTIALLY ABUSIVE TAX SHELTERS MUST KEEP LISTS OF INVESTORS.

(a) In General.—Subchapter B of chapter 61 (relating to miscellaneous provisions involving information and returns) is amended by redesignating section 6111 as section 6112 and by inserting after section 6110 the following new section:

"SEC. 6111. ORGANIZERS AND SELLERS OF POTENTIALLY ABUSIVE TAX SHELTERS MUST KEEP LISTS OF INVESTORS.

"(a) In General.—Any person who—

"(1) organizes any potentially abusive tax shelter, or

"(2) sells any interest in such a shelter,

shall maintain (in such manner as the Secretary may by regulations prescribe) a list identifying each person who was sold an interest in such shelter and containing such other information as the Secretary may by regulations require.

"(b) Potentially Abusive Tax Shelter.—For purposes of this section, the term 'potentially abusive tax shelter' means any entity, investment plan or arrangement, or other plan or arrangement which is of a type which the Secretary determines by regulations as having a potential for tax avoidance or evasion.

"(c) Special Rules.—

"(1) Availability for inspection; retention of information on list.—Any person who is required to maintain a list under subsection (a)—

"(A) shall make such list available to the Secretary for inspection upon request by the Secretary, and

"(B) except as otherwise provided under regulations prescribed by the Secretary, shall retain any information which is required to be included on such list for 7 years.

"(2) Lists which would be required to be maintained by 2 or more persons.—The Secretary shall prescribe regulations which provide that, in cases in which 2 or more persons are required under subsection (a) to maintain the same list (or portion thereof), only 1 person shall be required to maintain such list (or portion)."

(b) Penalty for Failure To Maintain List.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"SEC. 6706. FAILURE TO MAINTAIN LISTS OF INVESTORS IN POTENTIALLY ABUSIVE TAX SHELTERS.

"(a) In General.—Any person who fails to meet any requirement imposed by section 6111 shall pay a penalty of $50 for each person with respect to whom there is such a failure, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection for any calendar year shall not exceed $50,000.

"(b) Penalty in Addition to Other Penalties.—The penalty imposed by this section shall be in addition to any other penalty provided by law."

(c) Conforming Amendments.—

(1) The table of sections for subchapter B of chapter 61 is amended by striking out the item relating to section 6111 and inserting in lieu thereof the following new items:

"Sec. 6111. Organizers and sellers of potentially abusive tax shelters must keep lists of investors.

"Sec. 6112. Cross reference."

(2) The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6706. Failure to maintain lists of investors in potentially abusive tax shelters."

(d) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 152. RETURNS RELATING TO MORTGAGE INTEREST RECEIVED IN TRADE OR BUSINESS.

(a) In General.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by adding at the end thereof the following new section:

"SEC. 6050H. RETURNS RELATING TO RECEIPT OF MORTGAGE INTEREST IN TRADE OR BUSINESS.

"(a) Mortgage Interest of $600 or More.—Any person—

"(1) who is engaged in a trade or business, and

"(2) who, in the course of such trade or business, receives from any other person interest—

"(A) on 1 or more obligations which are secured by the same real property, and

"(B) aggregating $600 or more for any calendar year,

shall make the return described in subsection (b) with respect to each person from whom such interest was received at such time as the Secretary may by regulations prescribe.

"(b) Form and Manner of Returns.—A return is described in this subsection if such return—

"(1) is in such form as the Secretary may prescribe,

"(2) contains—

"(A) the name and address of the person from whom the interest was received,

"(B) the amount of interest received for the calendar year, and

"(C) such other information as the Secretary may prescribe.

"(c) Application to Governmental Units.—For purposes of subsection (a)—

"(1) Treated as persons.—The term 'person' includes any governmental unit (and any agency or instrumentality thereof).

"(2) Special rules.—In the case of a governmental entity or any agency or instrumentality thereof—

"(A) subsection (a) shall be applied without regard to the trade or business requirement contained therein, and

"(B) any return required under subsection (a) shall be made by the officer or employee appropriately designated for the purpose of making such return.

"(d) Statements To Be Furnished to Persons With Respect to Whom Information Is Furnished.—Every person making a return under subsection (a) shall furnish to each person whose name is set forth in such return a written statement showing—

"(1) the name and address of the person making such return, and

"(2) the aggregate amount of interest received by the person making such return.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was made."

(b) Penalties.—

(1) Subparagraph (B) of section 6652(a)(1) (relating to failure to file certain information returns, etc.) is amended—

(A) by striking out "or" at the end of clause (iii),

(B) by inserting "or" at the end of clause (iv), and

(C) by inserting after clause (iv) the following new clause:

"(v) section 6050H(a) (relating to mortgage interest received in trade or business),".

(2) Clause (iii) of section 6652(a)(3)(A) (relating to penalty in case of intentional disregard) is amended by inserting "or section 6050H" after "section 6041A(b)".

(3) Paragraph (1) of section 6678(a) (relating to failure to furnish certain statements) is amended—

(A) by striking out "or 6052(b)" and inserting in lieu thereof "6052(b), or 6050H(d)", and

(B) by striking out "or 6052(a)" and inserting in lieu thereof "6052(a), or 6050H(a)".

(c) Conforming Amendment.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new item:

"Sec. 6050H. Returns relating to mortgage interest received in trade or business."

(d) Effective Date.—The amendments made by this section shall apply to amounts received after December 31, 1984.

SEC. 153. RETURNS RELATING TO FORECLOSURES AND ABANDONMENTS OF SECURITY.

(a) In General.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by adding at the end thereof the following new section:

"SEC. 6050I. RETURNS RELATING TO FORECLOSURES AND ABANDONMENTS OF SECURITY.

"(a) In General.—Any person who, in connection with a trade or business conducted by such person, lends money secured by property and who—

"(1) in full or partial satisfaction of any indebtedness, acquires an interest in any property which is security for such indebtedness, or

"(2) has reason to know that the property in which such person has a security interest has been abandoned,

shall make a return described in subsection (c) with respect to each of such acquisitions or abandonments, at such time as the Secretary may by regulations prescribe.

"(b) Exceptions.—

"(1) Indebtedness less than $15,000.—Subsection (a) shall not apply if the indebtedness is less than $15,000. For purposes of the preceding sentence, all indebtedness arising out of any transaction (or series of related transactions) shall be aggregated.

"(2) Consumer loans.—Subsection (a) shall not apply to any loan to an individual secured by an interest in tangible personal property which is not held for investment and which is not used in a trade or business.

"(c) Form and Manner of Return.—The return required under subsection (a) with respect to any acquisition or abandonment of property—

"(1) shall be in such form as the Secretary may prescribe,

"(2) shall contain—

"(A) the name and address of each person who is a borrower with respect to the indebtedness which is secured,

"(B) a general description of the nature of such property and such indebtedness,

"(C) in the case of a return required under subsection (a)(1)—

"(i) the amount of such indebtedness at the time of such acquisition, and

"(ii) the amount of indebtedness satisfied in such acquisition,

"(D) in the case of a return required under subsection (a)(2), the amount of such indebtedness at the time of such abandonment, and

"(E) such other information as the Secretary may prescribe.

"(d) Applications to Governmental Units.—For purposes of this section—

"(1) Treated as persons.—The term 'person' includes any governmental unit (and any agency or instrumentality thereof).

"(2) Special rules.—In the case of a governmental entity or any agency or instrumentality thereof—

"(A) subsection (a) shall be applied without regard to the trade or business requirement contained therein, and

"(B) any return under this section shall be made by the officer or employee appropriately designated for the purpose of making such return.

"(e) Statements To Be Furnished to Persons With Respect to Whom Information Is Required To Be Furnished.—Every person required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return a written statement showing the name and address of the person required to make such return. The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.

"(f) Treatment of Other Dispositions.—To the extent provided by regulations prescribed by the Secretary, any transfer of the property which secures the indebtedness to a person other than the lender shall be treated as an abandonment of such property."

(b) Penalties.—

(1) Subparagraph (B) of section 6652(a)(1) (relating to failure to file certain information returns, etc.) is amended—

(A) by striking out "or" at the end of clause (iv),

(B) by adding "or" at the end of clause (v), and

(C) by inserting after clause (v) the following new clause:

"(vi) section 6050I (relating to foreclosures and abandonments of security),".

(2) Clause (iii) of section 6652(a)(3)(A) (relating to penalty in case of intentional disregard) is amended by striking out "or section

6050H" and inserting in lieu thereof ", section 6050H, or section 6050I".

(3) Paragraph (1) of section 6678(a) (relating to failure to furnish certain statements) is amended—

(A) by striking out "or 6050H(d)" and inserting in lieu thereof "6050H(d), or 6050I(e)", and

(B) by striking out "or 6050H(a)" and inserting in lieu thereof "6050H(a), or 6050I(a)".

(c) **Conforming Amendment.**—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new item:

"Sec. 6050I. Returns relating to foreclosures and abandonments of security."

(d) **Effective Date.**—The amendments made by this section shall apply with respect to acquisitions of property and abandonments of property after December 31, 1984.

SEC. 154. INCREASE IN PENALTY FOR PROMOTING ABUSIVE TAX SHELTERS.

(a) **In General.**—Subsection (a) of section 6700 (relating to promotion of abusive tax shelters) is amended by striking out "10 percent" and inserting in lieu thereof "20 percent".

(b) **Effective Date.**—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 155. REPORTING OF STATE AND LOCAL REFUNDS NOT REQUIRED WITH RESPECT TO NON-ITEMIZERS.

(a) **In General.**—Subsection (a) of section 6050E (relating to State and local income tax refunds) is amended by adding at the end thereof the following: "No return shall be required under the preceding sentence with respect to any individual if it is determined (in the manner provided by regulations) that such individual did not claim itemized deductions under chapter 1 for the taxable year giving rise to the refund, credit, or offset."

(b) **Effective Date.**—The amendment made by subsection (a) shall apply to payments of refunds, and credits and offsets made, after December 31, 1982.

SEC. 156. AUTHORIZATION TO DISREGARD APPRAISALS OF PERSONS PENALIZED FOR AIDING IN UNDERSTATEMENTS OF TAX LIABILITY.

(a) **In General.**—Section 330 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) After notice and opportunity for a hearing to any appraiser with respect to whom a penalty has been assessed under section 6701(a) of the Internal Revenue Code of 1954, the Secretary may—

"(1) provide that appraisals by such appraiser shall not have any probative effect in any administrative proceeding before the Department of the Treasury or the Internal Revenue Service, and

"(2) bar such appraiser from presenting evidence or testimony in any such proceeding."

(b) **Effective Date.**—The amendment made by subsection (a) shall apply to penalties assessed after the date of the enactment of this Act.

SEC. 157. PROVISIONS RELATING TO INDIVIDUAL RETIREMENT ACCOUNTS.

(a) **Clarification That Regulations May Require Reports To Identify Years to Which Contributions Relate.**—Subsection (i) of section 408 (relating to individual retirement accounts) is amended by inserting "(and the years to which they relate)" after "contributions".

(b) **Increase in Penalty for Failure To File Reports.**—Subsection (a) of section 6693 (relating to failure to provide reports on individual retirement accounts and annuities) is amended by striking out "$10" and inserting in lieu thereof "$50".

(c) **Effective Dates.**—

(1) **Subsection** (a).—The amendment made by subsection (a) shall apply to contributions made after April 15, 1984, for taxable years beginning after December 31, 1983.

(2) **Subsection** (b).—The amendment made by subsection (b) shall apply to failures occurring after the date of the enactment of this Act.

SEC. 158. RETURNS RELATING TO EXCHANGES OF PARTNERSHIP INTERESTS WHERE UNREALIZED RECEIVABLES, ETC., INVOLVED.

(a) **In General.**—Subpart B of part III of subchapter A of chapter 61 (relating to information and returns) is amended by adding at the end thereof the following new section:

"SEC. 6050J. RETURNS RELATING TO EXCHANGES OF CERTAIN PARTNERSHIP INTERESTS.

"(a) **In General.**—Except as provided in regulations prescribed by the Secretary, if there is an exchange described in section 751(a) of any interest in a partnership during any calendar year, such partnership shall make a return for such calendar year stating—

"(1) the name and address of the transferee and transferor in such exchange, and

"(2) such other information as the Secretary may by regulations prescribe.

Such return shall be made at such time and in such manner as the Secretary may require by regulations.

"(b) **Statement To Be Furnished to Transferor and Transferee.**—Every partnership making a return under subsection (a) shall furnish to each person whose name is set forth in such return a written statement showing—

"(1) the name and address of the partnership making the return, and

"(2) the information shown on the return with respect to such person.

The statement required under the preceding sentence shall be furnished to the person on or before January 31 following the calendar year for which the return under subsection (a) was made."

(b) **Penalties.**—

(1) Subparagraph (B) of section 6652(a)(1) (relating to failure to file certain information returns, etc.) is amended by striking out "or" at the end of clause (v), by adding "or" at the end of clause (vi), and by inserting after clause (vi) the following new clause:

"(vii) section 6050J (relating to exchanges of certain partnership interests),".

(2) Paragraph (1) of section 6678(a) (relating to failure to furnish certain statements) is amended—

(A) by striking out "or 6050I(e)" and inserting in lieu thereof "6050I(e), or 6050J(b)", and

(B) by striking out "or 6050I(a)" and inserting in lieu thereof "6050I(a), or 6050J(a)".

(c) **Conforming Amendment.**—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new item:

"Sec. 6050J. Returns relating to exchanges of certain partnership interests."

(d) **Effective Date.**—The amendments made by this section shall apply with respect to exchanges after December 31, 1984.

SEC. 159. STATEMENTS REQUIRED IN CASE OF CERTAIN SUBSTITUTE DIVIDEND PAYMENTS.

(a) **General Rule.**—Section 6045 (relating to returns of brokers) is amended by adding at the end thereof the following new subsection:

"(d) **Statements Required in Case of Certain Substitute Dividend Payments.**—If—

"(1) any broker in stocks or securities lends stock of a corporate customer for use in a short sale, and

"(2) receives (on behalf of the customer) a payment in lieu of a dividend on such stock during the period such short sale is open,

such broker shall furnish such customer a written statement (at the time and in the manner prescribed by regulations) identifying such payment as being in lieu of a dividend payment."

(b) **Effective Date.**—The amendment made by subsection (a) shall apply to payments received after December 31, 1984.

Subtitle L—Miscellaneous Provisions

SEC. 161. INCLUSION OF TAX BENEFIT ITEMS IN INCOME.

(a) **In General.**—Section 111 (relating to recovery of bad debts, prior taxes, and delinquency amounts) is amended to read as follows:

"SEC. 111. RECOVERY OF TAX BENEFIT ITEMS.

"(a) **Deductions.**—Gross income does not include income attributable to the recovery during the taxable year of any amount deducted in any prior taxable year to the extent such amount did not reduce income subject to tax.

"(b) **Credits.**—

"(1) **In general.**—If—

"(A) a credit was allowable with respect to any amount for any prior taxable year, and

"(B) such amount is recovered during the taxable year,

the tax imposed by this chapter for the taxable year shall be increased by the amount of the credit attributable to the recovered amount.

"(2) **Exception where credit did not reduce tax.**—Paragraph (1) shall not apply to the extent that the credit allowable for the recovered amount did not reduce the amount of tax imposed by this chapter.

"(3) **Exception for investment tax credit and foreign tax credit.**—This subsection shall not apply with respect to the investment tax credit and the foreign tax credit.

"(c) **Treatment of Carryovers.**—For purposes of this section, an increase in a carryover which has not expired before the beginning of the taxable year in which the recovery takes place shall be treated as reducing income subject to tax or reducing tax imposed by this chapter, as the case may be.

"(d) **Special Rules for Accumulated Earnings Tax and for Personal Holding Company Tax.**—In applying subsection (a) for the purpose of determining the accumulated earnings tax under section 531 or the tax under section 541 (relating to personal holding companies)—

"(1) any excluded amount under subsection (a) allowed for the purposes of this subtitle (other than section 531 or section 541) shall be allowed whether or not such amount resulted in a reduction of the tax under section 531 or the tax under section 541 for the prior taxable year; and

"(2) where any excluded amount under subsection (a) was not allowable as a deduction for the prior taxable year for purposes of this subtitle other than of section 531 or section 541 but was allowable for the same taxable year under section 531 or section 541, then such excluded amount shall be allowable if it did not result in a reduction of the tax under section 531 or the tax under section 541."

(b) Clerical Amendment.—The table of sections for part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by striking out the item relating to section 111 and inserting in lieu thereof:

"Sec. 111. Recovery of tax benefit items."

(c) Effective Date.—The amendments made by this section shall apply to amounts recovered after December 31, 1983, in taxable years ending after such date.

SEC. 162. LOANS WITH BELOW-MARKET INTEREST RATES.

(a) General Rule.—Subchapter C of chapter 80 (relating to provisions affecting more than 1 subtitle) is amended by adding at the end thereof the following new section:

"SEC. 7872. TREATMENT OF LOANS WITH BELOW-MARKET INTEREST RATES.

"(a) Treatment of Family Loans and Demand Loans.—

"(1) In general.—For purposes of this title, in the case of any below-market loan which is a family loan or a demand loan, the foregone interest shall be treated as—

"(A) transferred from the lender to the borrower, and

"(B) retransferred by the borrower to the lender as interest.

"(2) Time when transfers made.—Except as otherwise provided in regulations prescribed by the Secretary, any foregone interest attributable to periods during any calendar year shall be treated as transferred (and retransferred) under paragraph (1) on the last day of such calendar year.

"(b) Treatment of Other Below-Market Loans.—

"(1) In general.—For purposes of this title, in the case of any below-market loan to which subsection (a)(1) does not apply, the excess of—

"(A) the amount loaned, over

"(B) the present value of all payments due under such loan,

shall be treated as property transferred by the lender to the borrower on the date the loan was made.

"(2) Treatment of excess.—For purposes of this title, any excess described in paragraph (1) shall be—

"(A) deductible to the borrower as interest, and

"(B) included in the gross income of the lender as interest,

under principles similar to the principles of section 1272(a).

"(c) Below-Market Loan.—For purposes of this section, the term 'below-market loan' means any loan if—

"(1) in the case of a demand loan, interest is payable on the loan at a rate less than the applicable Federal rate, or

"(2) in the case of a term loan, the amount loaned exceeds the present value of all payments due under the loan.

"(d) Foregone Interest.—For purposes of this section, the term 'foregone interest' means, with respect to any period during which the loan is outstanding, the excess of—

"(1) the amount of interest which would have accrued on the loan during the period if interest accrued on the loan at the applicable Federal rate, over

"(2) any interest payable on the loan properly allocable to such period.

"(e) Special Rules for Family Loans.—In the case of a family loan—

"(1) the amount treated as retransferred by the borrower to the lender shall not exceed any income realized by the borrower which is attributable to the loan; and

"(2) subsection (b) shall apply for purposes of chapter 12.

"(f) Other Definitions and Special Rules.—For purposes of this section—

"(1) Present value.—The present value of any payment shall be determined in the manner provided by regulations prescribed by the Secretary—

"(A) as of the date of the loan, and

"(B) by using a discount rate equal to the applicable Federal rate.

"(2) Applicable federal rate.—In the case of any loan, the applicable Federal rate shall be the applicable Federal rate in effect under section 1274(d) (as of the day on which the loan was made), compounded semiannually.

"(3) Family loan.—The term 'family loan' means any below-market loan where the foregone interest is a gift (within the meaning of section 2501).

"(4) Amount loaned.—The term 'amount loaned' means the amount received by the borrower.

"(g) Exceptions.—

"(1) Where tax avoidance not a principal purpose.—Under regulations prescribed by the Secretary, this section shall not apply if it is established to the satisfaction of the Secretary that the loan did not have as 1 of its principal purposes the avoidance of any Federal tax.

"(2) Loans to which section 483 or 1274 applies.—This section shall not apply to any loan to which section 483 or 1274 applies.

"(h) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations providing that where, by reason of varying rates of interest, conditional interest payments, waivers of interest, or other circumstances, the provisions of this section do not carry out the purposes of this section, adjustments to the provisions of this section will be made to the extent necessary to carry out the purposes of this section."

(b) Clerical Amendment.—The table of sections for subchapter C of chapter 80 is amended by adding at the end thereof the following new item:

"Sec. 7872. Treatment of loans with below-market interest rates."

(c) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to—

(A) term loans made after March 1, 1984, and

(B) demand loans outstanding after March 1, 1984.

(2) Exception for demand loans outstanding on March 1, 1984, and repaid within 60 days after date of enactment.—The amendments made by this section shall not apply to any demand loan which—

(A) was outstanding on March 1, 1984, and

(B) was repaid before the date 60 days after the date of the enactment of this Act.

(3) Treatment of renegotiations, etc.—For purposes of this subsection, any loan renegotiated, extended, or revised after March 1, 1984, shall be treated as a loan made after such date.

SEC. 163. LIFO CONFORMITY RULES APPLIED ON CONTROLLED GROUP BASIS.

(a) General Rule.—Section 472 (relating to last-in, first-out inventories) is amended by adding at the end thereof the following new subsection:

"(g) Conformity Rules Applied on Controlled Group Basis.—

"(1) In general.—Except as otherwise provided in regulations, all members of the same group of financially related corporations shall be treated as 1 taxpayer for purposes of subsections (c) and (e)(2).

"(2) Group of financially related corporations.—For purposes of paragraph (1), the term 'group of financially related corporations' means—

"(A) any affiliated group as defined in section 1504 determined by substituting '50 percent' for '80 percent' each place it appears in section 1504(a) and without regard to section 1504(b), and

"(B) any other group of corporations which consolidate for purposes of financial statements."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 164. TREATMENT OF COLLAPSIBLE CORPORATIONS.

(a) Amount of Gain Required To Be Recognized.—Subparagraph (A) of section 341(b)(1) (defining collapsible corporation) is amended by striking out "a substantial party" and inserting in lieu thereof "⅔".

(b) Aggregation for Purposes of Section 341(d)(2).—Subsection (d) of section 341 (relating to limitations on application of section) is amended by adding at the end thereof the following sentence: "In determining whether property is described in subsection (b)(1) for purposes of applying paragraph (2), all property described in section 1221(1) shall, to the extent provided in regulations prescribed by the Secretary, be treated as one item of property."

(c) Conforming Amendment.—Paragraph (2) of section 341(d) is amended by striking out "so manufactured, constructed, produced, or purchased" and inserting in lieu thereof "described in subsection (b)(1)".

(d) Effective Date.—The amendments made by this section shall apply with respect to sales, exchanges, and distributions after the date of the enactment of this Act in taxable years ending after such date.

SEC. 165. ELIGIBILITY FOR INCOME AVERAGING.

(a) Base Period Shortened to 3 Years.—Paragraph (2) of section 1302(c) (relating to definition of averagable income; related definitions) is amended by striking out "4 taxable years" and inserting in lieu thereof "3 taxable years".

(b) Increase in Percentage of Average Base Income Taken Into Account.—Section 1301 (relating to limitation on tax) is amended by striking out "120 percent" and inserting in lieu thereof "140 percent".

(c) Technical and Conforming Amendments.—

(1) Section 1301 (relating to limitation on tax) is amended—

(A) by striking out "5 times" and inserting in lieu thereof "4 times", and

(B) by striking out "20 percent" and inserting in lieu thereof "25 percent".

(2) Paragraph (1) of section 1302(a) (defining averagable income) is amended by striking out "120 percent" and inserting in lieu thereof "140 percent".

(3) Paragraph (1) of section 1302(b) (defining average base period income) is amended by striking out "one-fourth" and inserting in lieu thereof "⅓".

(4) Paragraph (3) of section 1302(c) is amended by striking out "4 taxable years" and inserting in lieu thereof "3 taxable years".

(d) Effective Date.—The amendments made by this section shall apply to computation years beginning after December 31, 1983, and to base period years applicable to such computation years.

SEC. 166. LIMITATION ON AMOUNT OF DEPRECIATION AND INVESTMENT TAX CREDIT ALLOWABLE FOR LUXURY AUTOMOBILES.

(a) General Rule.—Subsection (d) of section 168 (relating to unadjusted basis; adjustments) is amended by adding at the end thereof the following new paragraph:

"(3) Limitation in case of luxury automobiles.—

"(A) In general.—In the case of a passenger automobile, the aggregate basis of such automobile taken into account by all persons holding interests in the automobile—

"(i) for purposes of determining the amount of the deduction allowable under this section (and any other deduction allowable for depreciation or amortization),

"(ii) for purposes of determining the amount of the credit allowable under section 38, and

"(iii) for purposes of section 179,

shall not exceed $21,000 increased by the automobile price inflation adjustment (if any) for the calendar year in which the automobile is placed in service.

"(B) Passenger automobile.—For purposes of this paragraph—

"(i) In general.—Except as provided in clause (ii), the term 'passenger automobile' means any 4-wheeled vehicle—

"(I) which is manufactured primarily for use on public streets, roads, and highways, and

"(II) which is rated at 6,000 pounds gross vehicle weight or less.

"(ii) Exception for certain vehicles.—The term 'passenger automobile' shall not include—

"(I) any ambulance, hearse, or combination ambulance-hearse used by the taxpayer directly in a trade or business,

"(II) any vehicle used by the taxpayer directly in the trade or business of transporting persons or property for compensation or hire, and

"(III) under regulations, any truck or van.

"(C) Automobile price inflation adjustment.—For purposes of this paragraph—

"(i) In general.—The automobile price inflation adjustment for any calendar year is the percentage (if any) by which—

"(I) the CPI automobile component for November of the preceding calendar year, exceeds

"(II) the CPI automobile component for November of 1983.

In the case of calendar year 1984, the automobile price inflation adjustment shall be zero.

"(ii) CPI automobile component.—The term 'CPI automobile component' means the automobile component of the Consumer Price Index for All Urban Consumers published by the Department of Labor.

"(D) Coordination with section 1031.—In the case of an exchange described in section 1031 where the property received in the exchange is a passenger automobile, the excess of the fair market value of such property over the limitation of subparagraph (A) shall be treated as an amount received in cash for purposes of section 1031.

"(E) Treatment of leases.—

"(i) Exception for lessors.—This paragraph shall not apply to any passenger automobile leased or held for leasing by any person regularly engaged in the business of leasing passenger automobiles.

"(ii) Treatment of lessees.—For purposes of determining the amount allowable as a deduction under this chapter for rentals or other payments under a lease for a period of 30 days or more of a passenger automobile, only the allowable portion of such payments shall be taken into account.

"(iii) Allowable portion.—The term 'allowable portion' means, with respect to any lease of an automobile, the fraction—

"(I) the numerator of which is the limitation of subparagraph (A) in effect for the calendar year in which the automobile is placed in service under the lease, and

"(II) the denominator of which is the fair market value of such automobile when so placed in service."

(b) Presumption That at Least 50 Percent of Use of Automobile Is for Personal Purposes.—Section 162 (relating to trade or business expenses) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) Presumption That at Least 50 Percent of Use of Automobile Is for Personal Purposes.—

"(1) In general.—For purposes of this title, at least 50 percent of the use of any passenger automobile during any taxable year shall be treated as personal use unless the taxpayer establishes otherwise by adequate records or by sufficient evidence corroborating his own statement.

"(2) Definitions.—For purposes of this section—

"(A) Passenger automobile.—The term 'passenger automobile' has the meaning given such term by section 168(d)(3)(B).

"(B) Personal use.—The term 'personal use' means any use which is not in a trade or business and is not in any activity described in section 212."

(c) Effective Dates.—

(1) Subsection (a).—The amendment made by subsection (a) shall apply to property placed in service after March 1, 1984, in taxable years ending after such date.

(2) Subsection (b).—The amendment made by subsection (b) shall apply to taxable years beginning after December 31, 1984.

SEC. 167. AMENDMENTS TO SECTION 1239.

(a) Patent Applications Treated as Depreciable Property.—Section 1239 (relating to gain from sale of depreciable property between certain related taxpayers) is amended by adding at the end thereof the following new subsection:

"(e) Patent Applications Treated as Depreciable Property.—For purposes of this section, a patent application shall be treated as property which, in the hands of the transferee, is of a character which is subject to the allowance for depreciation provided in section 167."

(b) Taxpayer and Certain Trusts Treated as Related Persons.—Subsection (b) of section 1239 is amended to read as follows:

"(b) Related Persons.—For purposes of subsection (a), the term 'related person' means—

"(1) a husband and wife,

"(2) a person and all entities which are 80-percent owned entities with respect to such person,

"(3) a taxpayer and any trust in which such taxpayer (or his spouse) is a beneficiary, unless such beneficiary's interest in the trust is a remote contingent interest (within the meaning of section 318(a)(3)(B)(i))."

(c) Effective Date.—The amendments made by this section shall apply to sales or exchanges after March 1, 1984, in taxable years ending after such date.

SEC. 168. AMENDMENTS TO SECTION 267.

(a) Allowance of Deduction Where Expenses and Interest Are Paid to Related Cash-Basis Taxpayers After 2½-Month Period.—

(1) In general.—Subsection (a) of section 267 (relating to losses, expenses, and interest with respect to transactions between related taxpayers) is amended to read as follows:

"(a) In General.—

"(1) Deduction for losses disallowed.—No deduction shall be allowed in respect of any loss from the sale or exchange of property (other than a loss in case of a distribution in corporate liquidation), directly or indirectly, between persons specified in any of the paragraphs of subsection (b).

"(2) Matching of deduction and payee income item in the case of expenses and interest.—If—

"(A) by reason of the method of accounting of the person to whom the payment is to be made, the amount thereof is not (unless paid) includible in the gross income of such person, and

"(B) at the close of the taxable year of the taxpayer for which (but for this paragraph) the amount would be deductible under this chapter, both the taxpayer and the person to whom the payment is to be made are persons specified in any of the paragraphs of subsection (b),

then any deduction allowable under this chapter in respect of such amount shall be allowable as of the day as of which such amount is includible in the gross income of the person to whom the payment is made (or, if later, as of the day on which it would be so allowable but for this paragraph)."

(2) Conforming amendment.—Subsection (e) of section 267 (relating to rule where last day of 2½-month period falls on Sunday, etc.) is hereby repealed.

(b) Extension of Section 267 to Certain Related Entries.—

(1) Pass-thru entities.—Section 267 is amended by striking out subsection (f) and inserting in lieu thereof the following:

"(e) Special Rules for Pass-Thru Entities.—

"(1) In general.—In the case of any amount paid or incurred by, to, or on behalf of, a pass-thru entity, for purposes of applying subsection (a)(2)—

"(A) such entity,

"(B) in the case of—

"(i) a partnership, any person who owns (directly or indirectly) any capital interest or profits interest of such partnership, or

"(ii) an S corporation, any person who owns (directly or indirectly) any of the stock of such corporation,

"(C) any person who owns (directly or indirectly) any capital interest or profits interest of a partnership in which such entity owns (directly or indirectly) any capital interest or profits interest, and

"(D) any person related (within the meaning of subsection (b) of this section or section 707(b)(1)) to a person described in subparagraph (B) or (C),

shall be treated as persons specified in a paragraph of subsection (b). Subparagraph

(C) shall apply to a transaction only if such transaction is related either to the operations the partnership described in such subparagraph or to an interest in such partnership.

"(2) Pass-thru entity.—For purposes of this section, the term 'pass-thru entity' means—

"(A) a partnership, and

"(B) an S corporation.

"(3) Constructive ownership in the case of partnerships.—For purposes of determining ownership of a capital interest or profits interest of a partnership, the principles of subsection (c) (other than paragraph (3)) shall apply.

"(4) Subsection (a)(2) not to apply to certain guaranteed payments of partnerships.—In the case of any amount paid or incurred by a partnership, subsection (a)(2) shall not apply to the extent that section 707(c) applies to such amount."

(2) Certain controlled groups.—

(A) Paragraph (3) of section 267(b) is amended to read as follows:

"(3) Two corporations which are members of the same controlled group (as defined in subsection (f));".

(B) Section 267 is amended by adding at the end thereof the following new subsection:

"(f) Controlled Group Defined.

"(1) In general.—For purposes of subsection (b)(3), the term 'controlled group' has the meaning given to such term by section 1563(a), except that—

"(A) 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a), and

"(B) the determination shall be made without regard to subsections (a)(4) and (e)(3(C) of section 1563.

"(2) Loss disallowance rule not to apply to a transfer to a DISC.—For purposes of applying subsection (a)(1), the term 'controlled group' shall not include a DISC."

(3) Corporation and partnership owned by same persons.—Paragraph (10) of section 267(b) is amended—

(A) by striking out "An S corporation" and inserting in lieu thereof "A corporation", and

(B) by striking out "the S corporation" and inserting in lieu thereof "the corporation".

(4) S corporation and C corporation owned by same persons.—Paragraph (12) of section 267(b) is amended by striking out "the same individual" and inserting in lieu thereof "the same persons".

(5) Technical amendments.—

(A) Paragraph (3) of section 170(a) is amended by striking out "section 267(b)" and inserting in lieu thereof "section 267(b) or 707(b)".

(B) Clause (iii) of section 514(c)(9)(B) is amended by striking out "section 267(b)" and inserting in lieu thereof "section 267(b) or 707(b)".

(C) Subsection (d) of section 1235 is amended—

(i) by striking out "section 267(b)" in the matter preceding paragraph (1) and inserting in lieu thereof "section 267(b) or persons described in section 707(b)",

(ii) by striking out "section 267 (b) and (c)" and inserting in lieu thereof "section 267 (b) and (c) and section 707(b)", and

(iii) by striking out "section 267(b)" in paragraph (1) and inserting in lieu thereof "section 267(b) or 707(b)".

(D) Subparagraph (F) of section 368(a)(2) is amended by striking out clause (viii).

(c) Effective Dates.—

(1) Subsection (a).—The amendments made by subsection (a) shall apply to amounts allowable as deductions under chapter 1 of the Internal Revenue Code of 1954 for taxable years beginning after December 31, 1983. For purposes of the preceding sentence, the allowability of a deduction shall be determined without regard to any disallowance or the postponement of deductions under section 267 of such Code.

(2) Subsection (b).—

(A) In general.—Except as provided in subparagraph (B), the amendments made by subsection (b) shall apply to transactions after September 29, 1983, in taxable years ending after such date.

(B) Exception for transfers to foreign corporations on or before March 1, 1984.—The amendments made by subsection (b)(2) shall not apply to property transferred to a foreign corporation on or before March 1, 1984.

(3) Exception for existing indebtedness, etc.—

(A) In general.—The amendments made by this section shall not apply to any amount paid or incurred—

(i) on indebtedness incurred on or before September 29, 1983, or

(ii) pursuant to a contract which was binding on September 29, 1983, and at all times thereafter before the amount is paid or incurred.

(B) Treatment of renegotiations, extensions, etc.—If any indebtedness (or contract described in subparagraph (A)) is renegotiated, extended, renewed, or revised after September 29, 1983, subparagraph (A) shall not apply to any amount paid or incurred on such indebtedness (or pursuant to such contract) after the date of such renegotiation, extension, renewal, or revision.

TITLE II—LIFE INSURANCE PROVISIONS

SEC. 201. SHORT TITLE; ETC.

(a) Short Title.—This title may be cited as the "Life Insurance Tax Act of 1984".

(b) Table of Contents.—

TITLE II—LIFE INSURANCE PROVISIONS

Sec. 201. Short title; etc.

Subtitle A—Taxation of Life Insurance Companies

Part I—Amendment of Subchapter L

Sec. 211. Amendment of subchapter L.

Part II—Effective Date; Transitional Rules

SUBPART A—EFFECTIVE DATE

Sec. 215. Effective date.

SUBPART B—TRANSITIONAL RULES

Sec. 216. Reserves computed on new basis; fresh start.
Sec. 217. Other special rules.

Subtitle B—Taxation of Life Insurance Products

Sec. 221. Definition of life insurance contract.
Sec. 222. Treatment of certain annuity contracts.
Sec. 223. Limitation on interest deduction in case of life insurance loans.
Sec. 224. Group-term life insurance purchased for employees.

Subtitle C—Nondeductible Contributions to Individual Retirement Plans

Sec. 231. Nondeductible contributions permitted to individual retirement plans.

Subtitle D—Studies

Sec. 241. Studies.

(c) Table of Sections for Part I of Subchapter L.—Under the amendment to part I of subchapter L made by section 211(a), the subparts and sections of such part I will be as follows:

Part I—Life Insurance Companies

SUBPART A—TAX IMPOSED

Sec. 801. Tax imposed.

SUBPART B—LIFE INSURANCE GROSS INCOME

Sec. 803. Life insurance gross income.

SUBPART C—LIFE INSURANCE DEDUCTIONS

Sec. 804. Life insurance deductions.
Sec. 805. General deductions.
Sec. 806. Special deductions.
Sec. 807. Rules for certain reserves.
Sec. 808. Policyholder dividends deduction.
Sec. 809. Reduction in certain deductions of mutual life insurance companies.
Sec. 810. Operations loss deduction.

SUBPART D—ACCOUNTING, ALLOCATION, AND FOREIGN PROVISIONS

Sec. 811. Accounting provisions.
Sec. 812. Definition of company's share and policyholders' share.
Sec. 813. Foreign life insurance companies.
Sec. 814. Contiguous country branches of domestic life insurance companies.
Sec. 815. Distributions to shareholders from pre-1984 policyholders surplus account.

SUBPART E—DEFINITIONS AND SPECIAL RULES

Sec. 816. Life insurance company defined.
Sec. 817. Treatment of variable contracts.
Sec. 818. Other definitions and special rules.

Subtitle A—Taxation of Life Insurance Companies

PART I—AMENDMENT OF SUBCHAPTER L

SEC. 211. AMENDMENT OF SUBCHAPTER L.

(a) General Rule.—Part I of subchapter L of chapter 1 is amended to read as follows:

"PART I—LIFE INSURANCE COMPANIES

"Subpart A. Tax imposed.
"Subpart B. Life insurance gross income.
"Subpart C. Life insurance deductions.
"Subpart D. Accounting, allocation, and foreign provisions.
"Subpart E. Definitions and special rules.

"Subpart A—Tax Imposed

"Sec. 801. Tax imposed.

"SEC. 801. TAX IMPOSED.

"(a) Tax Imposed.—

"(1) In general.—A tax is hereby imposed for each taxable year on the life insurance company taxable income of every life insurance company. Such tax shall consist of a tax computed as provided in section 11 as though the life insurance company taxable income were the taxable income referred to in section 11.

"(2) Alternative tax in case of capital gains.—

"(A) In general.—If a life insurance company has a net capital gain for the taxable year, then (in lieu of the tax imposed by paragraph (1)), there is hereby imposed a tax (if such tax is less than the tax imposed by paragraph (1)).

"(B) Amount of tax.—The amount of the tax imposed by this paragraph shall be the sum of—

"(i) a partial tax, computed as provided by paragraph (1), on the life insurance company taxable income reduced by the amount of the net capital gain, and

"(ii) an amount determined as provided in section 1201(a) on such net capital gain.

"(C) NET CAPITAL GAIN NOT TAKEN INTO ACCOUNT IN DETERMINING SPECIAL LIFE INSURANCE COMPANY DEDUCTION AND SMALL LIFE INSURANCE COMPANY DEDUCTION.—For purposes of subparagraph (B)(i), the amounts allowable as deductions under paragraphs (2) and (3) of section 804 shall be determined by reducing the tentative LICTI by the amount of the net capital gain (determined without regard to items attributable to noninsurance businesses).

"(b) LIFE INSURANCE COMPANY TAXABLE INCOME.—For purposes of this part, the term 'life insurance company taxable income' means—

"(1) life insurance gross income, reduced by

"(2) life insurance deductions.

"(c) LIFE INSURANCE COMPANY TAXABLE INCOME INCREASED BY DISTRIBUTIONS FROM PRE-1984 POLICYHOLDERS SURPLUS ACCOUNT.—

"For provision increasing life insurance company taxable income for distributions to shareholders from pre-1984 policyholders surplus account, see section 815.

"Subpart B—Life Insurance Gross Income

"Sec. 803. Life insurance gross income.

"SEC. 803. LIFE INSURANCE GROSS INCOME.

"(a) IN GENERAL.—For purposes of this part, the term 'life insurance gross income' means the sum of the following amounts:

"(1) PREMIUMS.—

"(A) The gross amount of premiums and other consideration on insurance and annuity contracts, less

"(B) return premiums, and premiums and other consideration arising out of indemnity reinsurance.

"(2) DECREASES IN CERTAIN RESERVES.—Each net decrease in reserves which is required by section 807(a) to be taken into account under this paragraph.

"(3) OTHER AMOUNTS.—All amounts not includible under paragraph (1) or (2) which under this subtitle are includible in gross income.

"(b) SPECIAL RULES FOR PREMIUMS.—

"(1) CERTAIN ITEMS INCLUDED.—For purposes of subsection (a)(1)(A), the term 'gross amount of premiums and other consideration' includes—

"(A) advance premiums,

"(B) deposits,

"(C) fees,

"(D) assessments,

"(E) consideration in respect of assuming liabilities under contracts not issued by the taxpayer, and

"(F) the amount of policyholder dividends reimbursable to the taxpayer by a reinsurer in respect of reinsured policies,

on insurance and annuity contracts.

"(2) POLICYHOLDER DIVIDENDS EXCLUDED FROM RETURN PREMIUMS.—For purposes of subsection (a)(1)(B)—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'return premiums' does not include any policyholder dividends.

"(B) EXCEPTION FOR INDEMNITY REINSURANCE.—Subparagraph (A) shall not apply to amounts of premiums or other consideration returned to another life insurance company in respect of indemnity reinsurance.

"Subpart C—Life Insurance Deductions

"Sec. 804. Life insurance deductions.

"Sec. 805. General deductions.

"Sec. 806. Special deductions.

"Sec. 807. Rules for certain reserves.

"Sec. 808. Policyholder dividends deduction.

"Sec. 809. Reduction in certain deductions of mutual life insurance companies.

"Sec. 810. Operations loss deduction.

"SEC. 804. LIFE INSURANCE DEDUCTIONS.

"For purposes of this part, the term 'life insurance deductions' means—

"(1) the general deductions provided in section 805,

"(2) the special life insurance company deduction determined under section 806(a), and

"(3) the small life insurance company deduction (if any) determined under section 806(b).

"SEC. 805. GENERAL DEDUCTIONS.

"(a) GENERAL RULE.—For purposes of this part, there shall be allowed the following deductions:

"(1) DEATH BENEFITS, ETC.—All claims and benefits accrued, and all losses incurred (whether or not ascertained), during the taxable year on insurance and annuity contracts.

"(2) INCREASES IN CERTAIN RESERVES.—The net increase in reserves which is required by section 807(b) to be taken into account under this paragraph.

"(3) POLICYHOLDER DIVIDENDS.—The deduction for policyholder dividends (determined under section 808(c)).

"(4) DIVIDENDS RECEIVED BY COMPANY.—

"(A) IN GENERAL.—The deductions provided by sections 243, 244, and 245 (as modified by subparagraph (B))—

"(i) for 100 percent dividends received, and

"(ii) for the life insurance company's share of the dividends (other than 100 percent dividends) received.

"(B) APPLICATION OF SECTION 246(b).—In applying section 246(b) (relating to limitation on aggregate amount of deductions for dividends received) for purposes of subparagraph (A), the limit on the aggregate amount of the deductions allowed by sections 243(a)(1), 244(a), and 245 shall be 85 percent of the life insurance company taxable income, computed without regard to—

"(i) the special life insurance company deduction and the small life insurance company deduction,

"(ii) the operations loss deduction provided by section 810,

"(iii) the deductions allowed by sections 243(a)(1), 244(a), and 245, and

"(iv) any capital loss carryback to the taxable year under section 1212(a)(1),

but such limit shall not apply for any taxable year for which there is a loss from operations.

"(C) 100 PERCENT DIVIDEND.—For purposes of subparagraph (A), the term '100 percent dividend' means any dividend if the percentage used for purposes of determining the deduction allowable under section 243 or 244 is 100 percent. Such term does not include any dividend to the extent it is a distribution out of tax-exempt interest or out of dividends which are not 100 percent dividends (determined with the application of this sentence).

"(D) CERTAIN DIVIDENDS RECEIVED IN THE CASE OF FOREIGN CORPORATIONS.—Subparagraph (A)(i) (and not subparagraph (A)(ii)) shall apply to any dividend which would be a 100 percent dividend if section 1504(b)(3) did not apply for purposes of applying section 243(b)(5).

"(5) OPERATIONS LOSS DEDUCTION.—The operations loss deduction (determined under section 810).

"(6) ASSUMPTION BY ANOTHER PERSON OF LIABILITIES UNDER INSURANCE, ETC., CONTRACTS.—The consideration (other than consideration arising out of indemnity reinsurance) in respect of the assumption by another person of liabilities under insurance and annuity contracts.

"(7) REIMBURSABLE DIVIDENDS.—The amount of policyholder dividends which—

"(A) are paid or accrued by another insurance company in respect of policies the taxpayer has reinsured, and

"(B) are reimbursable by the taxpayer under the terms of the reinsurance contract.

"(8) OTHER DEDUCTIONS.—Subject to the modifications provided by subsection (b), all other deductions allowed under this subtitle for purposes of computing taxable income.

Except as provided in paragraph (3), no amount shall be allowed as a deduction under this part in respect of policyholder dividends.

"(b) MODIFICATIONS.—The modifications referred to in subsection (a)(8) are as follows:

"(1) INTEREST.—In applying section 163 (relating to deduction for interest), no deduction shall be allowed for interest in respect of items described in section 807(c).

"(2) BAD DEBTS.—Section 166(c) (relating to reserve for bad debts) shall not apply.

"(3) CHARITABLE, ETC., CONTRIBUTIONS AND GIFTS.—In applying section 170—

"(A) the limit on the total deductions under such section provided by section 170(b)(2) shall be 10 percent of the life insurance company taxable income computed without regard to—

"(i) the deduction provided by section 170,

"(ii) the deductions provided by paragraphs (3) and (4) of subsection (a),

"(iii) the special life insurance company deduction and the small life insurance company deduction,

"(iv) any operations loss carryback to the taxable year under section 810, and

"(v) any capital loss carryback to the taxable year under section 1212(a)(1), and

"(B) under regulations prescribed by the Secretary, a rule similar to the rule contained in section 170(d)(2)(B) (relating to special rule for net operating loss carryovers) shall be applied.

"(4) AMORTIZABLE BOND PREMIUM.—

"(A) IN GENERAL.—Section 171 shall not apply.

"(B) CROSS REFERENCE.—

"For rules relating to amortizable bond premium, see section 811(b).

"(5) NET OPERATING LOSS DEDUCTION.—Except as provided by section 844, the deduction for net operating losses provided in section 172 shall not be allowed.

"(6) DIVIDENDS RECEIVED DEDUCTION.—Except as provided in subsection (a)(4), the deductions for dividends received provided by sections 243, 244, and 245 shall not be allowed.

"SEC. 806. SPECIAL DEDUCTIONS.

"(a) SPECIAL LIFE INSURANCE COMPANY DEDUCTION.—For purposes of section 804, the special life insurance company deduction for any taxable year is 25 percent of the excess of the tentative LICTI for such taxable year over the small life insurance company deduction (if any).

"(b) Small Life Insurance Company Deduction.—

"(1) In general.—For purposes of section 804, the small life insurance company deduction for any taxable year is 60 percent of so much of the tentative LICTI for such taxable year as does not exceed $3,000,000.

"(2) Phaseout between $3,000,000 and $15,000,000.—The amount of the small life insurance company deduction determined under paragraph (1) for any taxable year shall be reduced (but not below zero) by 15 percent of so much of the tentative LICTI for such taxable year as exceeds $3,000,000.

"(3) Small life insurance company deduction not allowable to company with assets of $500,000,000 or more.—

"(A) In general.—The small life insurance company deduction shall not be allowed for any taxable year to any life insurance company which, at the close of such taxable year, has assets equal to or greater than $500,000,000.

"(B) Assets.—For purposes of this paragraph, the term 'assets' means all assets of the company.

"(C) Valuation of assets.—For purposes of this paragraph, the amount attributable to—

"(i) real property and stock shall be the fair market value thereof, and

"(ii) any other asset shall be the adjusted basis of such asset for purposes of determining gain on sale or other disposition.

"(D) Special rule for interests in partnerships and trusts.—For purposes of this paragraph—

"(i) an interest in a partnership or trust shall not be treated as an asset of the company, but

"(ii) the company shall be treated as actually owning its proportionate share of the assets held by the partnership or trust (as the case may be).

"(c) Tentative LICTI.—For purposes of this part—

"(1) In general.—The term 'tentative LICTI' means life insurance company taxable income determined without regard to—

"(A) the special life insurance company deduction, and

"(B) the small life insurance company deduction.

"(2) Exclusion of items attributable to noninsurance businesses.—The amount of the tentative LICTI for any taxable year shall be determined without regard to all items attributable to noninsurance businesses.

"(3) Noninsurance business.—

"(A) In general.—The term 'noninsurance business' means any trade or business which is not an insurance business.

"(B) Certain businesses treated as insurance businesses.—For purposes of subparagraph (A), any business which is not an insurance business but is of a type traditionally carried on by life insurance companies for investment purposes shall be treated as an insurance business.

"(d) Special Rule for Controlled Groups.—

"(1) Special life insurance company deduction and small life insurance company deduction determined on controlled group basis.—For purposes of subsections (a) and (b)—

"(A) all life insurance companies which are members of the same controlled group shall be treated as 1 life insurance company, and

"(B) any special life insurance company deduction and any small life insurance company deduction determined with respect to such group shall be allocated among the life insurance companies which are members of such group in proportion to their respective tentative LICTI's.

"(2) Nonlife insurance members included for asset test.—For purposes of subsection (b)(3), all members of the same controlled group (whether or not life insurance companies) shall be treated as 1 company.

"(3) Controlled group.—For purposes of this subsection, the term 'controlled group' means any controlled group of corporations (as defined in section 1563(a)); except that subsections (a)(4) and (b)(2)(D) of section 1563 shall not apply.

"(4) No double counting of loss.—Under regulations prescribed by the Secretary, proper adjustments shall be made in the application of this subsection so that a loss from operations of any member of a controlled group will reduce the tentative LICTI of such group only once.

"SEC. 807. RULES FOR CERTAIN RESERVES.

"(a) Decrease Treated as Gross Income.—If for any taxable year—

"(1) the opening balance for the items described in subsection (c), exceeds

"(2)(A) the closing balance for such items, reduced by

"(B) the sum of (i) the amount of the policyholders' share of tax-exempt interest, plus (ii) any excess described in section 809(a)(2) for the taxable year,

such excess shall be included in gross income under section 803(a)(2).

"(b) Increase Treated as Deduction.—If for any taxable year—

"(1)(A) the closing balance for the items described in subsection (c), reduced by

"(B) the sum of (i) the amount of the policyholders' share of tax-exempt interest, plus (ii) any excess described in section 809(a)(2) for the taxable year, exceeds

"(2) the opening balance for such items,

such excess shall be taken into account as a deduction under section 805(a)(2).

"(c) Items Taken Into Account.—The items referred to in subsections (a) and (b) are as follows:

"(1) The life insurance reserves (as defined in section 816(b)).

"(2) The unearned premiums and unpaid losses included in total reserves under section 816(c)(2).

"(3) The amounts (discounted at the appropriate rate of interest) necessary to satisfy the obligations under insurance and annuity contracts, but only if such obligations do not involve (at the time with respect to which the computation is made under this paragraph) life, accident, or health contingencies.

"(4) Dividend accumulations, and other amounts, held at interest in connection with insurance and annuity contracts.

"(5) Premiums received in advance, and liabilities for premium deposit funds.

"(6) Reasonable special contingency reserves under contracts of group term life insurance or group accident and health insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or for a combination thereof.

For purposes of paragraph (3), the appropriate rate of interest for any obligation is the higher of the prevailing State assumed interest rate as of the time such obligation first did not involve life, accident, or health contingencies or the rate of interest assumed by the company (as of such time) in determining the guaranteed benefit.

"(d) Method of Computing Reserves for Purposes of Determining Income.—

"(1) In general.—For purposes of this part (other than section 816), the amount of the life insurance reserves for any contract shall be the greater of—

"(A) the net surrender value of such contract, or

"(B) the reserve determined under paragraph (2).

In no event shall the reserve determined under the preceding sentence for any contract as of any time exceed the amount which would be taken into account with respect to such contract as of such time in determining statutory reserves (as defined in section 809(b)(4)(B)).

"(2) Amount of reserve.—The amount of the reserve determined under this paragraph with respect to any contract shall be determined by using—

"(A) the tax reserve method applicable to such contract,

"(B) the prevailing State assumed interest rate, and

"(C) the prevailing commissioners' standard tables for mortality and morbidity adjusted as appropriate to reflect the risks (such as substandard risks) incurred under the contract which are not otherwise taken into account.

"(3) Tax reserve method.—For purposes of this subsection—

"(A) In general.—The term 'tax reserve method' means—

"(i) Life insurance contracts.—The CRVM in the case of a contract covered by the CRVM.

"(ii) Annuity contracts.—The CARVM in the case of a contract covered by the CARVM.

"(iii) Noncancellable accident and health insurance contracts.—In the case of any noncancellable accident and health insurance contract, a 2-year full preliminary term method.

"(iv) Other contracts.—In the case of any contract not described in clause (i), (ii), or (iii)—

"(I) the reserve method prescribed by the National Association of Insurance Commissioners which covers such contract (as of the date of issuance), or

"(II) if no reserve method has been prescribed by the National Association of Insurance Commissioners which covers such contract, a reserve method which is consistent with the reserve method required under clause (i), (ii), or (iii) or under subclause (I) of this clause as of the date of the issuance of such contract (whichever is most appropriate).

"(B) Definition of CRVM and CARVM.—For purposes of this paragraph—

"(i) CRVM.—The term 'CRVM' means the Commissioners' Reserve Valuation Method prescribed by the National Association of Insurance Commissioners which is in effect on the date of the issuance of the contract.

"(ii) CARVM.—The term 'CARVM' means the Commissoners' Annuities Reserve Valuation Method prescribed by the National Association of Insurance Commissioners which is in effect on the date of the issuance of the contract.

"(4) Prevailing State assumed interest rate.—For purposes of this subsection—

"(A) In general.—The term 'prevailing State assumed interest rate' means, with respect to any contract, the highest assumed interest rate permitted to be used in computing life insurance reserves for insurance contracts or annuity contracts (as the case may be) under the insurance laws of at least 26 States. For purposes of the preceding sentence, the effect of the nonforfeiture laws of a State on interest rates for reserves shall not be taken into account.

"(B) When rate determined.—Except as provided in subparagraph (C), the prevailing State assumed rate with respect to any contract shall be determined as of the beginning of the calendar year in which the contract was issued.

"(C) Election for nonannuity contracts.—In the case of a contract other than an annuity contract, the issuer may elect (at such time and in such manner as the Secretary shall by regulations prescribe) to determine the prevailing State assumed rate as of the beginning of the calendar year preceding the calendar year in which the contract was issued.

"(5) Prevailing commissioners' standard tables.—For purposes of this subsection—

"(A) In general.—The term 'prevailing commissioners' standard tables' means, with respect to any contract, the most recent commissioners' standard tables prescribed by the National Association of Insurance Commissioners which are permitted to be used in computing reserves for that type of contract under the insurance laws of at least 26 States when the contract was issued.

"(B) Insurer may use old tables for 3 years when tables change.—If the prevailing commissioners' standard tables as of the beginning of any calendar year (hereinafter in this subparagraph referred to as the 'year of change') is different from the prevailing commissioners' standard tables as of the beginning of the preceding calendar year, the issuer may use the prevailing commissioners' standard tables as of the beginning of the preceding calendar year with respect to any contract issued after the change and before the close of the 3-year period beginning on the first day of the year of change.

"(C) Special rule for contracts for which there are no commissioners' standard tables.—If there are no commissioners' standard tables applicable to any contract when it is issued, the mortality and morbidity tables used for purposes of paragraph (2)(C) shall be determined under regulations prescribed by the Secretary.

"(D) Special rule for contracts issued before 1948.—If—

"(i) a contract was issued before 1948, and

"(ii) there were no commissioners' standard tables applicable to such contract when it was issued,

the mortality and morbidity tables used in computing statutory reserves for such contracts shall be used for purposes of paragraph (2)(C).

"(E) Special rule where more than 1 table or option applicable.—If, with respect to any category of risks, there are 2 or more tables (or options under 1 or more tables) which meet the requirements of subparagraph (A) (or, where applicable, subparagraph (B) or (C)), the table (and option thereunder) which generally yields the lowest reserves shall be used for purposes of paragraph (2)(C).

"(e) Special Rules for Computing Reserves.—

"(1) Net surrender value.—For purposes of this section—

"(A) In general.—The net surrender value of any contract shall be determined—

"(i) with regard to any penalty or charge which would be imposed on surrender, but

"(ii) without regard to any market value adjustment on surrender.

"(B) Special rule for pension plan contracts.—In the case of a pension plan contract, the balance in the policyholder's fund (determined without regard to any market value adjustment) shall be treated as the net surrender value of such contract.

"(2) Issuance date in case of group contracts.—For purposes of this section, in the case of a group contract, the date on which such contract is issued shall be the date as of which the master plan is issued (or, with respect to a benefit guaranteed to a participant after such date, the date as of which such benefit is guaranteed).

"(3) Supplemental benefits.—

"(A) Qualified supplemental benefits treated separately.—For purposes of this part, the amount of the life insurance reserve for any qualified supplemental benefit—

"(i) shall be computed separately as though such benefit were under a separate contract, and

"(ii) shall, except to the extent otherwise provided in regulations, be the reserve taken into account for purposes of the annual statement approved by the National Association of Insurance Commissioners.

"(B) Supplemental benefits which are not qualified supplemental benefits.—In the case of any supplemental benefit described in subparagraph (D) which is not a qualified supplemental benefit, the amount of the reserve determined under paragraph (2) of subsection (d) shall, except to the extent otherwise provided in regulations, be the reserve taken into account for purposes of the annual statement approved by the National Association of Insurance Commissioners.

"(C) Qualified supplemental benefit.—For purposes of this paragraph, the term 'qualified supplemental benefit' means any supplemental benefit described in subparagraph (D) if—

"(i) there is a separately identified premium or charge for such benefit, and

"(ii) any net surrender value under the contract attributable to any other benefit is not available to fund such benefit.

"(D) Supplemental benefits.—For purposes of this paragraph, the supplemental benefits described in this subparagraph are any—

"(i) guaranteed insurability,

"(ii) accidental death or disability benefit,

"(iii) convertibility,

"(iv) disability waiver benefit, or

"(v) other benefit prescribed by regulations,

which is supplemental to a contract for which there is a reserve described in subsection (c).

"(4) Certain contracts issued by foreign branches of domestic life insurance companies.—

"(A) In general.—In the case of any qualified foreign contract, the amount of the reserve shall be not less than the minimum reserve required by the laws, regulations, or administrative guidance of the regulatory authority of the foreign country referred to in subparagraph (B) (but not to exceed the net level reserves for such contract).

"(B) Qualified foreign contract.—For purposes of subparagraph (A), the term 'qualified foreign contract' means any contract issued by a foreign life insurance branch (which has its principal place of business in a foreign country) of a domestic life insurance company if—

"(i) such contract is issued on the life or health of a resident of such country,

"(ii) such domestic life insurance company was required by such foreign country (as of the time it began operations in such country) to operate in such country through a branch, and

"(iii) such foreign country is not contiguous to the United States.

"(5) Treatment of substandard risks.—

"(A) Separate computation.—Except to the extent provided in regulations, the amount of the life insurance reserve for any qualified substandard risk shall be computed separately under subsection (d)(1) from any other reserve under the contract.

"(B) Qualified substandard risk—For purposes of subparagraph (A), the term 'qualified substandard risk' means any substandard risk if—

"(i) the insurance company maintains a separate reserve for such risk,

"(ii) there is a separately identified premium or charge for such risk,

"(iii) the amount of the net surrender value under the contract is not increased or decreased by reason of such risk, and

"(iv) the net surrender value under the contract is not regularly used to pay premium charges for such risk.

"(C) Limitation on amount of life insurance reserve.—The amount of the life insurance reserve determined for any qualified substandard risk shall in no event exceed the sum of the separately identified premiums charged for such risk plus interest less mortality charges for such risk.

"(D) Limitation on amount of contracts to which paragraph applies.—The aggregate amount of insurance in force under contracts to which this paragraph applies shall not exceed 10 percent of the insurance in force (other than term insurance) under life insurance contracts of the company.

"(f) Adjustment for Change in Computing Reserves.—

"(1) 10-year spread.—

"(A) In general.—For purposes of this part, if the basis for determining any item referred to in subsection (c) as of the close of any taxable year differs from the basis for such determination as of the close of the preceding taxable year, then so much of the difference between—

"(i) the amount of the item at the close of the taxable year, computed on the new basis, and

"(ii) the amount of the item at the close of the taxable year, computed on the old basis,

as is attributable to contracts issued before the taxable year shall be taken into account under the method provided in subparagraph (B).

"(B) Method.—The method provided in this subparagraph is as follows:

"(i) if the amount determined under subparagraph (A)(i) exceeds the amount determined under subparagraph (A)(ii), $\frac{1}{10}$ of such excess shall be taken into account, for each of the succeeding 10 taxable years, as a deduction under section 805(a)(2); or

"(ii) if the amount determined under subparagraph (A)(ii) exceeds the amount determined under subparagraph (A)(i), $\frac{1}{10}$ of such excess shall be included in gross income, for each of the 10 succeeding taxable years, under section 803(a)(2).

"(2) Termination as life insurance company.—Except as provided in section 381(c)(22) (relating to carryovers in certain corporate readjustments), if for any taxable year the taxpayer is not a life insurance company, the balance of any adjustments under this subsection shall be taken into account for the preceding taxable year.

"SEC. 808. POLICYHOLDER DIVIDENDS DEDUCTION.

"(a) POLICYHOLDER DIVIDEND DEFINED.—For purposes of this part, the term 'policyholder dividend' means any dividend or similar distribution to policyholders in their capacity as such.

"(b) CERTAIN AMOUNTS INCLUDED.—For purposes of this part, the term 'policyholder dividend' includes—

"(1) any amount paid or credited (including as an increase in benefits) where the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management,

"(2) excess interest,

"(3) premium adjustments, and

"(4) experience-rated refunds.

"(c) AMOUNT OF DEDUCTION.—

"(1) IN GENERAL.—Except as limited by paragraph (2), the deduction for policyholder dividends for any taxable year shall be an amount equal to the policyholder dividends paid or accrued during the taxable year.

"(2) REDUCTION IN CASE OF MUTUAL COMPANIES.—In the case of a mutual life insurance company, the deduction for policyholder dividends for any taxable year shall be reduced by the amount determined under section 809.

"(d) DEFINITIONS.—For purposes of this section—

"(1) EXCESS INTEREST.—The term 'excess interest' means any amount in the nature of interest—

"(A) paid or credited to a policyholder in his capacity as such, and

"(B) determined at a rate in excess of the prevailing State assumed interest rate for such contract.

"(2) PREMIUM ADJUSTMENT.—The term 'premium adjustment' means any reduction in the premium under an insurance or annuity contract which (but for the reduction) would have been required to be paid under the contract.

"(3) EXPERIENCE-RATED REFUND.—The term 'experience-rated refund' means any refund or credit based on the experience of the contract or group involved.

"(e) TREATMENT OF POLICYHOLDER DIVIDENDS.—For purposes of this part, any policyholder dividend which—

"(1) increases the cash surrender value of the contract or other benefits payable under the contract, or

"(2) reduces the premium otherwise required to be paid,

shall be treated as paid to the policyholder and returned by the policyholder to the company as a premium.

"SEC. 809. REDUCTION IN CERTAIN DEDUCTIONS OF MUTUAL LIFE INSURANCE COMPANIES.

"(a) GENERAL RULE.—

"(1) POLICYHOLDER DIVIDENDS.—In the case of any mutual life insurance company, the amount of the deduction allowed under section 808 shall be reduced (but not below zero) by the differential earnings amount.

"(2) REDUCTION IN RESERVE DEDUCTION IN CERTAIN CASES.—In the case of any mutual life insurance company, if the differential earnings amount exceeds the amount allowable as a deduction under section 808 for the taxable year (determined without regard to this section), such excess shall be taken into account under subsections (a) and (b) of section 807.

"(3) DIFFERENTIAL EARNINGS AMOUNT.—For purposes of this section, the term 'differential earnings amount' means, with respect to any taxable year, an amount equal to the product of—

"(A) the life insurance company's average equity base for the taxable year, multiplied by

"(B) the differential earnings rate for such taxable year.

"(b) AVERAGE EQUITY BASE.—For purposes of this section—

"(1) IN GENERAL.—The term 'average equity base' means, with respect to any taxable year, the average of—

"(A) the equity base determined as of the close of the taxable year, and

"(B) the equity base determined as of the close of the preceding taxable year.

"(2) EQUITY BASE.—The term 'equity base' means an amount equal to—

"(A) the surplus and capital,

"(B) adjusted as provided in paragraphs (3), (4), (5), and (6) of this subsection.

"(3) INCREASE FOR NONADMITTED FINANCIAL ASSETS.—

"(A) IN GENERAL.—The amount of the surplus and capital shall be increased by the amount of the nonadmitted financial assets.

"(B) NONADMITTED FINANCIAL ASSETS.—For purposes of subparagraph (A), the term 'nonadmitted financial asset' means any nonadmitted asset of the company which is—

"(i) a bond,

"(ii) stock,

"(iii) real estate,

"(iv) a mortgage loan on real estate, or

"(v) any other invested asset.

"(4) INCREASE WHERE STATUTORY RESERVES EXCEED TAX RESERVES.—

"(A) IN GENERAL.—If—

"(i) the aggregate amount of statutory reserves, exceeds

"(ii) the aggregate amount of tax reserves,

the amount of the surplus and capital shall be increased by the amount of such excess.

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) STATUTORY RESERVES.—The term 'statutory reserves' means the aggregate amount set forth in the annual statement with respect to items described in section 807(c). Such term shall not include any reserve attributable to a deferred and uncollected premium if the establishment of such reserve is not permitted under section 811(c).

"(ii) TAX RESERVES.—The term 'tax reserves' means the aggregate of the items described in section 807(c) as determined for purposes of section 807.

"(5) INCREASE BY AMOUNT OF CERTAIN OTHER RESERVES.—The amount of the surplus and capital shall be increased by the sum of—

"(A) the amount of any mandatory securities valuation reserve,

"(B) the amount of any deficiency reserve, and

"(C) the amount of any voluntary reserve not described in subparagraph (A) or (B).

"(6) ADJUSTMENT FOR NEXT YEAR'S POLICYHOLDER DIVIDENDS.—The amount of the surplus and capital shall be increased by 50 percent of the amount of any provision for policyholder dividends (or other similar liability) payable in the following taxable year.

"(c) DIFFERENTIAL EARNINGS RATE.—For purposes of this section, the differential earnings rate for any taxable year is the excess of—

"(1) the imputed earnings rate for the taxable year, over

"(2) the average mutual earnings rate for the second calendar year preceding the calendar year in which the taxable year begins.

"(d) IMPUTED EARNINGS RATE.—

"(1) IN GENERAL.—For purposes of this section, the imputed earnings rate for any taxable year is—

"(A) 16.5 percent in the case of taxable years beginning in 1984, and

"(B) in the case of taxable years beginning after 1984, an amount which bears the same ratio to 16.5 percent as the current stock earnings rate for the taxable year bears to the base period stock earnings rate.

"(2) CURRENT STOCK EARNINGS RATE.—For purposes of this subsection, the term 'current stock earnings rate' means, with respect to any taxable year, the average of the stock earnings rates determined under paragraph (4) for the 3 calendar years preceding the calendar year in which the taxable year begins.

"(3) BASE PERIOD STOCK EARNINGS RATE.—For purposes of this subsection, the base period stock earnings rate is the average of the stock earnings rates determined under paragraph (4) for calendar years 1981, 1982, and 1983.

"(4) STOCK EARNINGS RATE.—

"(A) IN GENERAL.—For purposes of this subsection, the stock earnings rate for any calendar year is the numerical average of the earnings rates of the 50 largest stock companies.

"(B) EARNINGS RATE.—For purposes of subparagraph (A), the earnings rate of any stock company is the percentage (determined by the Secretary) which—

"(i) the statement gain or loss from operations for the calendar year of such company, is of

"(ii) such company's average equity base for such year.

"(C) 50 LARGEST STOCK COMPANIES.—For purposes of this paragraph, the term '50 largest stock companies' means a group (as determined by the Secretary) of stock life insurance companies which consists of the 50 largest stock life insurance companies which are subject to tax under this chapter.

"(D) TREATMENT OF AFFILIATED GROUPS.—For purposes of this paragraph, all stock life insurance companies which are members of the same affiliated group shall be treated as one stock life insurance company.

"(e) AVERAGE MUTUAL EARNINGS RATE.—For purposes of this section, the average mutual earnings rate for any calendar year is the percentage (determined by the Secretary) which—

"(1) the aggregate statement gain or loss from operations for such year of mutual life insurance companies, is of

"(2) their aggregate average equity bases for such year.

"(f) RECOMPUTATION IN SUBSEQUENT YEAR.—

"(1) INCLUSION IN INCOME WHERE RECOMPUTED AMOUNT GREATER.—In the case of any mutual life insurance company, if—

"(A) the recomputed differential earnings amount for any taxable year, exceeds

"(B) the differential earnings amount determined under this section for such taxable year,

such excess shall be included in life insurance gross income for the succeeding taxable year.

"(2) DEDUCTION WHERE RECOMPUTED AMOUNT SMALLER.—In the case of any mutual life insurance company, if—

"(A) the differential earnings amount determined under this section for any taxable year, exceeds

"(B) the recomputed differential earnings amount for such taxable year, such excess shall be allowed as a life insurance deduction for the succeeding taxable year.

"(3) RECOMPUTED DIFFERENTIAL EARNINGS AMOUNT.—For purposes of this subsection, the term 'recomputed differential earnings amount' means, with respect to any taxable year, the amount which would be the differential earnings amount for such taxable year if the average mutual earnings rate taken into account under subsection (c)(2) were the average mutual earnings rate for the calendar year in which the taxable year begins.

"(4) SPECIAL RULE WHERE COMPANY CEASES TO BE MUTUAL LIFE INSURANCE COMPANY.—Except as provided in section 381(c)(22), if—

"(A) a life insurance company is a mutual life insurance company for any taxable year, but

"(B) such life insurance company is not a mutual life insurance company for the succeeding taxable year,

any adjustment under paragraph (1) or (2) by reason of the recomputed differential earnings amount for the first of such taxable years shall be taken into account for the first of such taxable years.

"(g) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) STATEMENT GAIN OR LOSS FROM OPERATIONS.—The term 'statement gain or loss from operations' means the net gain or loss from operations required to be set forth in the annual statement—

"(A) determined with regard to policyholder dividends (as defined in section 808) but without regard to Federal income taxes,

"(B) determined on the basis of the tax reserves rather than statutory reserves, and

"(C) properly adjusted for realized capital gains and losses and other relevant items.

"(2) OTHER TERMS.—Except as otherwise provided in this section, the terms used in this section shall have the same respective meanings as when used in the annual statement.

"(3) DETERMINATIONS BASED ON AMOUNT SET FORTH IN ANNUAL STATEMENT.—Except as otherwise provided in this section or in regulations, all determinations under this section shall be made on the basis of the amounts required to be set forth on the annual statement.

"(4) ANNUAL STATEMENT.—The term 'annual statement' means the annual statement for life insurance companies approved by the National Association of Insurance Commissioners.

"(5) REDUCTION IN EQUITY BASE FOR PORTION OF EQUITY ALLOCABLE TO LIFE INSURANCE BUSINESS IN NONCONTIGUOUS WESTERN HEMISPHERE COUNTRIES.—The equity base of any mutual life insurance company shall be reduced by an amount equal to the portion of the equity base attributable to the life insurance business multiplied by a fraction—

"(A) the numerator of which is the portion of the tax reserves which is allocable to life insurance contracts issued on the life of residents of countries in the Western Hemisphere which are not contiguous to the United States, and

"(B) the denominator of which is the amount of the tax reserves allocable to life insurance contracts.

The preceding sentence shall not apply unless the fraction determined under the preceding sentence exceeds ⅒.

"(h) TREATMENT OF STOCK COMPANIES OWNED BY MUTUAL LIFE INSURANCE COMPANIES.—

"(1) TREATMENT AS MUTUAL LIFE INSURANCE COMPANIES FOR PURPOSES OF DETERMINING STOCK EARNINGS RATES AND MUTUAL EARNINGS RATES.—Solely for purposes of subsections (d) and (e), a stock life insurance company shall be treated as a mutual life insurance company if stock possessing—

"(A) at least 80 percent of the total combined voting power of all classes of stock of such stock life insurance company entitled to vote, or

"(B) at least 80 percent of the total value of shares of all classes of stock of such stock life insurance company,

is owned at any time during the calendar year directly (or through the application of section 318) by 1 or more mutual life insurance companies.

"(2) TREATMENT OF AFFILIATED GROUP WHICH INCLUDES MUTUAL PARENT AND STOCK SUBSIDIARY.—In the case of an affiliated group of corporations which includes a common parent which is a mutual life insurance company and one or more stock life insurance companies, for purposes of determining the average equity base of such common parent (and the statement gain or loss from operations)—

"(A) stock in such stock life insurance companies held by such common parent (and dividends on such stock) shall not be taken into account, and

"(B) such common parent and such stock life insurance companies shall be treated as though they were one mutual life insurance company.

"(3) ADJUSTMENT WHERE STOCK COMPANY NOT MEMBER OF AFFILIATED GROUP.—In the case of any stock life insurance company which is described in paragraph (1) but is not a member of an affiliated group described in paragraph (2), under regulations, proper adjustments shall be made in the average equity bases (and statement gains or losses from operations) of mutual life insurance companies owning stock in such company as may be necessary or appropriate to carry out the purposes of this section.

"(i) TRANSITIONAL RULE FOR CERTAIN HIGH SURPLUS MUTUAL LIFE INSURANCE COMPANIES.—

"(1) IN GENERAL.—For purposes of subsection (a)(3), the average equity base of a high surplus mutual life insurance company for any taxable year shall not include the applicable percentage of the excess equity base of such company for such taxable year.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) EXCESS EQUITY BASE.—The term 'excess equity base' means the lesser of—

"(i) the excess of—

"(I) the average equity base of the company for the taxable year, over

"(II) the amount which would be its average equity base if its equity percentage equaled 130 percent of the numerical average of the equity percentages for all mutual life insurance companies for such taxable year, or

"(ii) $50,000,000.

"(B) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means the percentage determined in accordance with the following table:

"For taxable years beginning in:	The applicable percentage is:
1984	100
1985	80
1986	60
1987	40
1988	20
1989 or thereafter	0.

"(C) HIGH SURPLUS MUTUAL LIFE INSURANCE COMPANY.—The term 'high surplus mutual life insurance company' means any mutual life insurance company if, for the taxable year beginning in 1984, its equity percentage exceeded 130 percent of the numerical average of the equity percentages for all mutual life insurance companies for such taxable year.

"(D) EQUITY PERCENTAGE.—The term 'equity percentage' means, with respect to any mutual life insurance company, the percentage which—

"(i) the average equity base of such company (determined under this section without regard to this subsection) for a taxable year bears to

"(ii) the average of—

"(I) the assets of such company as of the close of the preceding taxable year, and

"(II) the assets of such company as of the close of the taxable year.

For purposes of the preceding sentence, the assets of a company shall include all assets included under this section in its equity base.

"(3) DETERMINATION OF AVERAGE OF EQUITY PERCENTAGES FOR ALL COMPANIES.—The average of the equity percentages for all mutual life insurance companies for any taxable year shall be such average as determined by the Secretary using the most recent data available as of the close of such taxable year.

"SEC. 810. OPERATIONS LOSS DEDUCTION.

"(a) DEDUCTION ALLOWED.—There shall be allowed as a deduction for the taxable year an amount equal to the aggregate of—

"(1) the operations loss carryovers to such year, plus

"(2) the operations loss carrybacks to such year.

For purposes of this part, the term 'operations loss deduction' means the deduction allowed by this subsection.

"(b) OPERATIONS LOSS CARRYBACKS AND CARRYOVERS.—

"(1) YEARS TO WHICH LOSS MAY BE CARRIED.—The loss from operations for any taxable year (hereinafter in this section referred to as the 'loss year') shall be—

"(A) an operations loss carryback to each of the 3 taxable years preceding the loss year,

"(B) an operations loss carryover to each of the 15 taxable years following the loss year, and

"(C) if the life insurance company is a new company for the loss year, an operations loss carryover to each of the 3 taxable years following the 15 taxable years described in subparagraph (B).

"(2) AMOUNT OF CARRYBACKS AND CARRYOVERS.—The entire amount of the loss from operations for any loss year shall be carried to the earliest of the taxable years to which (by reason of paragraph (1)) such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess (if any) of the amount of such loss over the sum of the offsets (as defined in subsection (d)) for each of the prior taxable years to which such loss may be carried.

"(3) ELECTION FOR OPERATIONS LOSS CARRYBACKS.—In the case of a loss from operations for any taxable year, the taxpayer may elect to relinquish the entire carryback period for such loss. Such election shall be made by the due date (including extensions of time) for filing the return for the taxable year of the loss from operations for which the election is to be in effect, and, once made for any taxable year, such election shall be irrevocable for that taxable year.

"(c) Computation of Loss From Operations.—For purposes of this section—

"(1) In general.—The term 'loss from operations' means the excess of the life insurance deductions for any taxable year over the life insurance gross income for such taxable year.

"(2) Modifications.—For purposes of paragraph (1)—

"(A) the operations loss deduction shall not be allowed, and

"(B) the deductions allowed by sections 243 (relating to dividends received by corporations), 244 (relating to dividends received on certain preferred stock of public utilities), and 245 (relating to dividends received from certain foreign corporations) shall be computed without regard to section 246(b) as modified by section 805(a)(4).

"(d) Offset Defined.—

"(1) In general.—For purposes of subsection (b)(2), the term 'offset' means, with respect to any taxable year, an amount equal to that increase in the operations loss deduction for the taxable year which reduces the life insurance company taxable income (computed without regard to paragraphs (2) and (3) of section 804) for such year to zero.

"(2) Operations loss deduction.—For purposes of paragraph (1), the operations loss deduction for any taxable year shall be computed without regard to the loss from operations for the loss year or for any taxable year thereafter.

"(e) New Company Defined.—For purposes of this part, a life insurance company is a new company for any taxable year only if such taxable year begins not more than 5 years after the first day on which it (or any predecessor, if section 381(c)(22) applies) was authorized to do business as an insurance company.

"(f) Application of Subtitles A and F in Respect of Operation Losses.—Except as provided in section 805(b)(5), subtitles A and F shall apply in respect of operation loss carrybacks, operation loss carryovers, and the operations loss deduction under this part, in the same manner and to the same extent as such subtitles apply in respect of net operating loss carrybacks, net operating loss carryovers, and the net operating loss deduction.

"(g) Transitional Rule.—For purposes of this section and section 812 (as in effect before the enactment of the Life Insurance Tax Act of 1984), this section shall be treated as a continuation of such section 812.

"Subpart D—Accounting, Allocation, and Foreign Provisions

"Sec. 811. Accounting provisions.
"Sec. 812. Definition of company's share and policyholders' share.
"Sec. 813. Foreign life insurance companies.
"Sec. 814. Contiguous country branches of domestic life insurance companies.
"Sec. 815. Distributions to shareholders from pre-1984 policyholders surplus account.

"SEC. 811. ACCOUNTING PROVISIONS.

"(a) Method of Accounting.—All computations entering into the determination of the taxes imposed by this part shall be made—

"(1) under an accrual method of accounting, or

"(2) to the extent permitted under regulations prescribed by the Secretary, under a combination of an accrual method of accounting with any other method permitted by this chapter (other than the cash receipts and disbursements method).

To the extent not inconsistent with the preceding sentence or any other provision of this part, all such computations shall be made in a manner consistent with the manner required for purposes of the annual statement approved by the National Association of Insurance Commissioners.

"(b) Amortization of Premium and Accrual of Discount.—

"(1) In general.—The appropriate items of income, deductions, and adjustments under this part shall be adjusted to reflect the appropriate amortization of premium and the appropriate accrual of discount attributable to the taxable year on bonds, notes, debentures, or other evidences of indebtedness held by a life insurance company. Such amortization and accrual shall be determined—

"(A) in accordance with the method regularly employed by such company, if such method is reasonable, and

"(B) in all other cases, in accordance with regulations prescribed by the Secretary.

"(2) Special rules.—

"(A) Amortization of bond premium.—In the case of any bond (as defined in section 171(d)), the amount of bond premium, and the amortizable bond premium for the taxable year, shall be determined under section 171(b) as if the election set forth in section 171(c) had been made.

"(B) Convertible evidence of indebtedness.—In no case shall the amount of premium on a convertible evidence of indebtedness include any amount attributable to the conversion features of the evidence of indebtedness.

"(3) Exception.—No accrual of discount shall be required under paragraph (1) on any bond (as defined in section 171(d)), except in the case of discount which is—

"(A) interest to which section 103 applies, or

"(B) original issue discount (as defined in section 1232(b)).

"(c) No Double Counting.—Nothing in this part shall permit—

"(1) a reserve to be established for any item unless the gross amount of premiums and other consideration attributable to such item are required to be included in life insurance gross income,

"(2) the same item to be counted more than once for reserve purposes, or

"(3) any item to be deducted (either directly or as an increase in reserves) more than once.

"(d) Allocation in Case of Reinsurance Agreement Involving Tax Avoidance or Evasion.—In the case of 2 or more related persons (within the meaning of section 482) who are parties to a reinsurance agreement (or where one of the parties to a reinsurance agreement is, with respect to any contract covered by the agreement, in effect an agent of, or conduit for, another party to such agreement), the Secretary may—

"(1) allocate between or among such persons income (whether investment income, premium, or otherwise), deductions, assets, reserves, credits, and other items related to such agreement, or

"(2) recharacterize any such items,

if he determines that such allocation or recharacterization is necessary to reflect the proper source and character of the taxable income (or any item described in paragraph (1) relating to such taxable income) of each such person.

"(e) Method of Computing Reserves on Contract Where Interest Is Guaranteed Beyond End of Taxable Year.—For purposes of this part (other than section 816), amounts in the nature of interest to be paid or credited under any contract for any period which is computed at a rate which—

"(1) exceeds the prevailing State assumed interest rate for the contract for such period, and

"(2) is guaranteed beyond the end of the taxable year on which the reserves are being computed,

shall be taken into account in computing the reserves with respect to such contract as if such interest were guaranteed only up to the end of the taxable year.

"(f) Short Taxable Years.—If any return of a corporation made under this part is for a period of less than the entire calendar year (referred to in this subsection as 'short period'), then section 443 shall not apply in respect to such period, but life insurance company taxable income shall be determined, under regulations prescribed by the Secretary, on an annual basis by a ratable daily projection of the appropriate figures for the short period.

"SEC. 812. DEFINITION OF COMPANY'S SHARE AND POLICYHOLDERS' SHARE.

"(a) General Rule.—

"(1) Company's share.—For purposes of section 805(a)(4), the term 'company's share' means, with respect to any taxable year, the percentage obtained by dividing—

"(A) the company's share of the net investment income for the taxable year, by

"(B) the net investment income for the taxable year.

"(2) Policyholders' share.—For purposes of section 807, the term 'policyholders' share' means, with respect to any taxable year, the excess of 100 percent over the percentage determined under paragraph (1).

"(b) Company's Share of Net Investment Income.—For purposes of this section, the company's share of net investment income is the excess (if any) of—

"(1) the net investment income for the taxable year, over

"(2) the sum of—

"(A) the deduction for policyholders' dividends determined under sections 808 and 809 for the taxable year, and

"(B) all amounts in the nature of interest paid or credited to customers pursuant to insurance or annuity contracts.

For purposes of paragraph (2)(B), the term 'insurance or annuity contract' shall include any pension plan contract.

"(c) Net Investment Income.—For purposes of this section, the term 'net investment income' means the excess of—

"(1) gross investment income, over

"(2) investment expenses.

"(d) Gross Investment Income.—For purposes of this section, the term 'gross investment income' means the sum of the following:

"(1) Interest, etc.—The gross amount of income from—

"(A) interest (including tax-exempt interest), dividends, rents, and royalties,

"(B) the entering into of any lease, mortgage, or other instrument or agreement from which the life insurance company derives interest, rents, or royalties, and

"(C) the alteration or termination of any instrument or agreement described in subparagraph (B).

"(2) Short-term capital gain.—The amount (if any) by which the net short-term capital gain exceeds the net long-term capital loss.

"(3) Trade or business income.—The gross income from any trade or business (other than an insurance business) carried on by the life insurance company, or by a partnership of which the life insurance company is a partner. In computing gross income under this paragraph, there shall be excluded any item described in paragraph (1).

Except as provided in paragraph (2), in computing gross investment income under this subsection, there shall be excluded any gain from the sale or exchange of a capital asset, and any gain considered as gain from the sale or exchange of a capital asset.

"(e) Investment Expenses.—For purposes of this section, the term 'investment expenses' means the sum of—

"(1) the deductions allowable which are directly connected with the production of investment income (other than the deductions under sections 243, 244, and 245), and

"(2) an amount equal to the general expenses of the life insurance company for the taxable year multiplied by a fraction—

"(A) the numerator of which is the gross investment income for the taxable year, and

"(B) the denominator of which is the gross receipts of the life insurance company for the taxable year.

"(f) Dividends From Certain Subsidiaries Not Included in Gross Investment Income.—For purposes of this section, the term 'gross investment income' shall not include any dividend received by the life insurance company which is a 100-percent dividend (as defined in section 805(a)(4)(C)). Such term also shall not include any dividend described in section 804(a)(4)(D) (relating to certain dividends in the case of foreign corporations).

"(g) No Double Counting.—Under regulations, proper adjustments shall be made in the application of this section to prevent an item from being counted more than once.

"SEC. 813. FOREIGN LIFE INSURANCE COMPANIES.

"(a) Adjustment Where Surplus Held in the United States Is Less Than Specified Minimum.—

"(1) In general.—In the case of any foreign company taxable under this part, if—

"(A) the required surplus determined under paragraph (2), exceeds

"(B) the surplus held in the United States,

then its income effectively connected with the conduct of an insurance business within the United States shall be increased by an amount determined by multiplying such excess by such company's current investment yield.

"(2) Required surplus.—For purposes of this subsection—

"(A) In general.—The term 'required surplus' means the amount determined by multiplying the taxpayer's total insurance liabilities on United States business by a percentage for the taxable year determined and proclaimed by the Secretary under subparagraph (B).

"(B) Determination of percentage.—The percentage determined and proclaimed by the Secretary under this subparagraph shall be based on such data with respect to domestic life insurance companies for the preceding taxable year as the Secretary considers representative. Such percentage shall be computed on the basis of a ratio the numerator of which is the excess of the assets over the total insurance liabilities, and the denominator of which is the total insurance liabilities.

"(3) Current investment yield.—For purposes of this subsection—

"(A) In general.—The term 'current investment yield' means the percent obtained by dividing—

"(i) the net investment income on assets held in the United States, by

"(ii) the mean of the assets held in the United States during the taxable year.

"(B) Determinations based on amount set forth in the annual statement.—Except as otherwise provided in regulations, determinations under subparagraph (A) shall be made on the basis of the amounts required to be set forth on the annual statement approved by the National Association of Insurance Commissioners.

"(4) Other definitions.—For purposes of this subsection—

"(A) Surplus held in the united states.—The surplus held in the United States is the excess of the assets (determined under section 806(b)(3)(C)) held in the United States over the total insurance liabilities on United States business.

"(B) Total insurance liabilities.—For purposes of this subsection, the term 'total insurance liabilities' means the sum of the total reserves (as defined in section 816(c)) plus (to the extent not included in total reserves) the items referred to in paragraphs (3), (4), (5), and (6) of section 807(c).

"(5) Reduction of section 881 taxes.—In the case of any foreign company taxable under this part, there shall be determined—

"(A) the amount which would be subject to taxes under section 881 if the amount taxable under such section were determined without regard to sections 103 and 894, and

"(B) the amount of the increase provided by paragraph (1).

The tax under section 881 (determined without regard to this paragraph) shall be reduced (but not below zero) by an amount which is the same proportion of such tax as the amount referred to in subparagraph (B) is of the amount referred to in subparagraph (A); but such reduction in taxes shall not exceed the increase in taxes under this part by reason of the increase provided by paragraph (1).

"(b) Adjustment to Limitation on Deduction for Policyholder Dividends in the Case of Foreign Mutual Life Insurance Companies.—For purposes of section 809, the equity base of any foreign mutual life insurance company as of the close of any taxable year shall be increased by the amount of any excess determined under paragraph (1) of subsection (a) with respect to such taxable year.

"(c) Cross Reference.—

"For taxation of foreign corporations carrying on life insurance business within the United States, see section 842.

"SEC. 814. CONTIGUOUS COUNTRY BRANCHES OF DOMESTIC LIFE INSURANCE COMPANIES.

"(a) Exclusion of Items.—In the case of a domestic mutual insurance company which—

"(1) is a life insurance company,

"(2) has a contiguous country life insurance branch, and

"(3) makes the election provided by subsection (g) with respect to such branch,

there shall be excluded from each item involved in the determination of life insurance company taxable income the items separately accounted for in accordance with subsection (c).

"(b) Contiguous Country Life Insurance Branch.—For purposes of this section, the term 'contiguous country life insurance branch' means a branch which—

"(1) issues insurance contracts insuring risks in connection with the lives or health of residents of a country which is contiguous to the United States,

"(2) has its principal place of business in such contiguous country, and

"(3) would constitute a mutual life insurance company if such branch were a separate domestic insurance company.

For purposes of this section, the term 'insurance contract' means any life, health, accident, or annuity contract or reinsurance contract or any contract relating thereto.

"(c) Separate Accounting Required.—Any taxpayer which makes the election provided by subsection (g) shall establish and maintain a separate account for the various income, exclusion, deduction, asset, reserve, liability, and surplus items properly attributable to the contracts described in subsection (b). Such separate accounting shall be made—

"(1) in accordance with the method regularly employed by such company, if such method clearly reflects income derived from, and the other items attributable to, the contracts described in subsection (b), and

"(2) in all other cases, in accordance with regulations prescribed by the Secretary.

"(d) Recognition of Gain on Assets in Branch Account.—If the aggregate fair market value of all the invested assets and tangible property which are separately accounted for by the domestic life insurance company in the branch account established pursuant to subsection (c) exceeds the aggregate adjusted basis of such assets for purposes of determining gain, then the domestic life insurance company shall be treated as having sold all such assets on the first day of the first taxable year for which the election is in effect at their fair market value on such first day. Notwithstanding any other provision of this chapter, the net gain shall be recognized to the domestic life insurance company on the deemed sale described in the preceding sentence.

"(e) Transactions Between Contiguous Country Branch and Domestic Life Insurance Company.—

"(1) Reimbursement for home office services, etc.—Any payment, transfer, reimbursement, credit, or allowance which is made from a separate account established pursuant to subsection (c) to one or more other accounts of a domestic life insurance company as reimbursement for costs incurred for or with respect to the insurance (or reinsurance) of risks accounted for in such separate account shall be taken into account by the domestic life insurance company in the same manner as if such payment, transfer, reimbursement, credit, or allowance had been received from a separate person.

"(2) Repatriation of income.—

"(A) In general.—Except as provided in subparagraph (B), any amount directly or indirectly transferred or credited from a branch account established pursuant to subsection (c) to one or more other accounts of such company shall, unless such transfer or credit is a reimbursement to which paragraph (1) applies, be added to the income of the domestic life insurance company.

"(B) Limitation.—The addition provided by subparagraph (A) for the taxable year with respect to any contiguous country life insurance branch shall not exceed the amount by which—

"(i) the aggregate decrease in the tentative LICTI of the domestic life insurance company for the taxable year and for all prior taxable years resulting solely from the application of subsection (a) of this section with respect to such branch, exceeds

"(ii) the amount of additions to tentative LICTI pursuant to subparagraph (A) with respect to such contiguous country branch for all prior taxable years.

"(C) Transitional rule.—For purposes of this paragraph, in the case of a prior taxable year beginning before January 1, 1984, the term 'tentative LICTI' means life insurance company taxable income determined under this part (as in effect for such year) without regard to this paragraph.

"(f) Other Rules.—

"(1) Treatment of foreign taxes.—

"(A) In general.—No income, war profits, or excess profits taxes paid or accrued to any foreign country or possession of the United States which is attributable to income excluded under subsection (a) shall be taken into account for purposes of subpart A of part III of subchapter N (relating to foreign tax credit) or allowable as a deduction.

"(B) Treatment of repatriated amounts.—For purposes of sections 78 and 902, where any amount is added to the life insurance company taxable income of the domestic life insurance company by reason of subsection (e)(2), the contiguous country life insurance branch shall be treated as a foreign corporation. Any amount so added shall be treated as a dividend paid by a foreign corporation, and the taxes paid to any foreign country or possession of the United States with respect to such amount shall be deemed to have been paid by such branch.

"(2) United states source income allocable to contiguous country branch.—For purposes of sections 881, 882, and 1442, each contiguous country life insurance branch shall be treated as a foreign corporation. Such sections shall be applied to each such branch in the same manner as if such sections contained the provisions of any treaty to which the United States and the contiguous country are parties, to the same extent such provisions would apply if such branch were incorporated in such contiguous country.

"(g) Election.—A taxpayer may make the election provided by this subsection with respect to any contiguous country for any taxable year. An election made under this subsection for any taxable year shall remain in effect for all subsequent taxable years, except that it may be revoked with the consent of the Secretary. The election provided by this subsection shall be made not later than the time prescribed by law for filing the return for the taxable year (including extensions thereof) with respect to which such election is made, and such election and any approved revocation thereof shall be made in the manner provided by the Secretary.

"(h) Special Rule for Domestic Stock Life Insurance Companies.—At the election of a domestic stock life insurance company which has a contiguous country life insurance branch described in subsection (b) (without regard to the mutual requirement in subsection (b)(3)), the assets of such branch may be transferred to a foreign corporation organized under the laws of the contiguous country without the application of section 367 or 1491. Subsection (a) shall apply to the stock of such foreign corporation as if such domestic company were a mutual company and as if the stock were an item described in subsection (c). Subsection (e)(2) shall apply to amounts transferred or credited to such domestic company as if such domestic company and such foreign corporation constituted one domestic mutual life insurance company. The insurance contracts which may be transferred pursuant to this subsection shall include only those which are similar to the types of insurance contracts issued by a mutual life insurance company. Notwithstanding the first sentence of this subsection, if the aggregate fair market value of the invested assets and tangible property which are separately accounted for by the domestic life insurance company in the branch account exceeds the aggregate adjusted basis of such assets for purposes of determining gain, the domestic life insurance company shall be deemed to have sold all such assets on the first day of the taxable year for which the election under this subsection applies and the net gain shall be recognized to the domestic life insurance company on the deemed sale, but not in excess of the proportion of such net gain which equals the proportion which the aggregate fair market value of such assets which are transferred pursuant to this subsection is of the aggregate fair market value of all such assets.

"SEC. 815. DISTRIBUTIONS TO SHAREHOLDERS FROM PRE-1984 POLICYHOLDERS SURPLUS ACCOUNT.

"(a) General Rule.—The life insurance company taxable income (within the meaning of section 801(b)) for any taxable year of any stock life insurance company which has an existing policyholders surplus account shall be increased by any direct or indirect distribution to shareholders from such account. For purposes of the preceding sentence, the life insurance company taxable income (within the meaning of section 801(b)) shall be treated as not less than zero.

"(b) Ordering Rule.—For purposes of this section, any distribution to shareholders shall be treated as made—

"(1) first out of the shareholders surplus account, to the extent thereof,

"(2) then out of the policyholders surplus account, to the extent thereof, and

"(3) finally, out of other accounts.

"(c) Shareholders Surplus Account.—

"(1) In general.—Each stock life insurance company which has an existing policyholders surplus account shall continue its shareholders surplus account for purposes of this part.

"(2) Additions to account.—The amount added to the shareholders surplus account for any taxable year beginning after December 31, 1983, shall be the excess of—

"(A) the sum of—

"(i) the life insurance company's taxable income (determined without regard to this section),

"(ii) the special deductions provided by section 806, and

"(iii) the deductions for dividends received provided by sections 243, 244, and 245 (as modified by section 805(a)(4)) and the amount of interest excluded from gross income under section 103, over

"(B) the taxes imposed for the taxable year by section 801 (determined without regard to this section).

"(3) Subtractions from account.—There shall be subtracted from the shareholders surplus account for any taxable year the amount which is treated under this section as distributed out of such account.

"(d) Policyholders Surplus Account.—

"(1) In general.—Each stock life insurance company which has an existing policyholders surplus account shall continue such account.

"(2) No additions to account.—No amount shall be added to the policyholders surplus account for any taxable year beginning after December 31, 1983.

"(3) Subtractions from account.—There shall be subtracted from the policyholders surplus account for any taxable year an amount equal to the sum of—

"(A) the amount which (without regard to subparagraph (B)) is treated under this section as distributed out of the policyholders surplus account, and

"(B) the amount by which the tax imposed for the taxable year by section 801 is increased by reason of this section.

"(e) Existing Policyholders Surplus Account.—For purposes of this section, the term 'existing policyholders surplus account' means any policyholders surplus account which has a balance as of the close of December 31, 1983.

"(f) Other Rules Applicable to Policyholders Surplus Account Continued.—Except to the extent inconsistent with the provisions of this part, the provisions of subsections (d), (e), (f), and (g) of section 815 (and of sections 6501(c)(6), 6501(k), 6511(d)(6), 6601(d)(3), and 6611(f)(4)) as in effect before the enactment of the Life Insurance Tax Act of 1984 are hereby made applicable in respect of any policyholders surplus account for which there was a balance as of December 31, 1983.

"Subpart E—Definitions and Special Rules

"Sec. 816. Life insurance company defined.
"Sec. 817. Treatment of variable contracts.
"Sec. 818. Other definitions and special rules.

"SEC. 816. LIFE INSURANCE COMPANY DEFINED.

"(a) Life Insurance Company Defined.—For purposes of this subtitle, the term 'life insurance company' means an insurance company which is engaged in the business of issuing life insurance and annuity contracts (either separately or combined with accident and health insurance), or noncancellable contracts of health and accident insurance, if—

"(1) its life insurance reserves (as defined in subsection (b)), plus

"(2) unearned premiums, and unpaid losses (whether or not ascertained), on noncancellable life, accident, or health policies not included in life insurance reserves,

comprise more than 50 percent of its total reserves (as defined in subsection (c)). For purposes of the preceding sentence, the term 'insurance company' means any company more than half of the business of which during the taxable year is the issuing of insurance or annuity contracts or the reinsuring of risks underwritten by insurance companies.

"(b) Life Insurance Reserves Defined.—

"(1) In general.—For purposes of this part, the term 'life insurance reserves' means amounts—

"(A) which are computed or estimated on the basis of recognized mortality or morbidity tables and assumed rates of interest, and

"(B) which are set aside to mature or liquidate, either by payment or reinsurance, future unaccrued claims arising from life insurance, annuity, and noncancellable accident and health insurance contracts (including life insurance or annuity contracts combined with noncancellable accident and health insurance) involving, at the time with respect to which the reserve is computed, life, accident, or health contingencies.

"(2) Reserves must be required by law.—Except—

"(A) in the case of policies covering life, accident, and health insurance combined in one policy issued on the weekly premium payment plan, continuing for life and not subject to cancellation, and

"(B) as provided in paragraph (3),

in addition to the requirements set forth in paragraph (1), life insurance reserves must be required by law.

"(3) Assessment companies.—In the case of an assessment life insurance company or association, the term 'life insurance reserves' includes—

"(A) sums actually deposited by such company or association with State officers pursuant to law as guaranty or reserve funds, and

"(B) any funds maintained, under the charter or articles of incorporation or association (or bylaws approved by a State insurance commissioner) of such company or association, exclusively for the payment of claims arising under certificates of membership or policies issued on the assessment plan and not subject to any other use.

"(4) Deficiency reserves excluded.—

"(A) In general.—The term 'life insurance reserves' does not include deficiency reserves.

"(B) Deficiency reserve defined.—For purposes of this subsection and subsection (c), the deficiency reserve for any contract is that portion of the reserve for such contract equal to the amount (if any) by which—

"(i) the present value of the future net premiums required for such contract, exceeds

"(ii) the present value of the future actual premiums and consideration charged for such contract.

"(5) Amount of reserves.—For purposes of this subsection, subsection (a), and subsection (c), the amount of any reserve (or portion thereof) for any taxable year shall be the mean of such reserve (or portion thereof) at the beginning and end of the taxable year.

"(c) Total Reserves Defined.—For purposes of subsection (a), the term 'total reserves' means—

"(1) life insurance reserves,

"(2) unearned premiums, and unpaid losses (whether or not ascertained), not included in life insurance reserves, and

"(3) all other insurance reserves required by law.

The term 'total reserves' does not include deficiency reserves (within the meaning of subsection (b)(4)).

"(d) Adjustments in Reserves for Policy Loans.—For purposes only of determining under subsection (a) whether or not an insurance company is a life insurance company, the life insurance reserves, and the total reserves, shall each be reduced by an amount equal to the mean of the aggregates, at the beginning and end of the taxable year, of the policy loans outstanding with respect to contracts for which life insurance reserves are maintained.

"(e) Guaranteed Renewable Contracts.—For purposes of this part, guaranteed renewable life, accident, and health insurance shall be treated in the same manner as noncancellable life, accident, and health insurance.

"(f) Amounts Not Involving Life, Accident, or Health Contingencies.—For purposes only of determining under subsection (a) whether or not an insurance company is a life insurance company, amounts set aside and held at interest to satisfy obligations under contracts which do not contain permanent guarantees with respect to life, accident, or health contingencies shall not be included in life insurance reserves or in total reserves.

"(g) Burial and Funeral Benefit Insurance Companies.—A burial or funeral benefit insurance company engaged directly in the manufacture of funeral supplies or the performance of funeral services shall not be taxable under this part but shall be taxable under section 821 or section 831.

"SEC. 817. TREATMENT OF VARIABLE CONTRACTS.

"(a) Increases and Decreases in Reserves.—For purposes of subsections (a) and (b) of section 807, the sum of the items described in section 807(c) taken into account as of the close of the taxable year with respect to any variable contract shall, under regulations prescribed by the Secretary, be adjusted—

"(1) by subtracting therefrom an amount equal to the sum of the amounts added from time to time (for the taxable year) to the reserves separately accounted for in accordance with subsection (b) by reason of appreciation in value of assets (whether or not the assets have been disposed of), and

"(2) by adding thereto an amount equal to the sum of the amounts subtracted from time to time (for the taxable year) from such reserves by reason of depreciation in value of assets (whether or not the assets have been disposed of).

The deduction allowable for items described in paragraphs (1) and (6) of section 805(a) with respect to variable contracts shall be reduced to the extent that the amount of such items is increased for the taxable year by appreciation (or increased to the extent that the amount of such items is decreased for the taxable year by depreciation) not reflected in adjustments under the preceding sentence.

"(b) Separate Accounting.—For purposes of this part (other than section 809), a life insurance company which issues variable contracts shall separately account for the various income, exclusion, deduction, asset, reserve, and other liability items properly attributable to such variable contracts. For such items as are not accounted for directly, separate accounting shall be made—

"(1) in accordance with the method regularly employed by such company, if such method is reasonable, and

"(2) in all other cases, in accordance with regulations prescribed by the Secretary.

"(c) Variable Contract Defined.—For purposes of this part, the term 'variable contract' means a contract—

"(1) which provides for the allocation of all or part of the amounts received under the contract to an account which, pursuant to State law or regulation, is segregated from the general asset accounts of the company,

"(2) which—

"(A) provides for the payment of annuities, or

"(B) is a life insurance contract, and

"(3) under which—

"(A) in the case of an annuity contract, the amounts paid in, or the amount paid out, reflect the investment return and the market value of the segregated asset account, or

"(B) in the case of a life insurance contract, the amount of the death benefit (or the period of coverage) is adjusted on the basis of the investment return and the market value of the segregated asset account.

If a contract ceases to reflect current investment return and current market value, such contract shall not be considered as meeting the requirements of paragraph (3) after such cessation.

"(d) Special Rules for Pension Plan Contracts.—

"(1) Treatment as paying annuity.—A pension plan contract which is not a life, accident, or health, property, casualty, or liability insurance contract shall be treated as a contract which provides for the payment of annuities for purposes of subsection (c).

"(2) Basis of assets held for pension plan contract.—In the case of pension plan contracts which are variable contracts, the basis of each asset in a segregated asset account shall (in addition to all other adjustments to basis) be—

"(A) increased by the amount of any appreciation in value, and

"(B) decreased by the amount of any depreciation in value,

to the extent that such appreciation and depreciation are from time to time reflected in the increases and decreases in reserves or other items referred to in subsection (a) with respect to such contracts.

"(e) Other Special Rules.—

"(1) Life insurance reserves.—For purposes of subsection (b)(1)(A) of section 816, the reflection of the investment return and the market value of the segregated asset account shall be considered an assumed rate of interest.

"(2) Additional separate computations.—Under regulations prescribed by the Secretary, such additional separate computations shall be made, with respect to the items separately accounted for in accordance with subsection (b), as may be necessary to carry out the purposes of this section and this part.

"(f) Variable Annuity Contracts Treated as Annuity Contracts.—For purposes of this part, the term 'annuity contract' includes a contract which provides for the payment of a variable annuity computed on the basis of—

"(1) recognized mortality tables, and

"(2)(A) the investment experience of a segregated asset account, or

"(B) the company-wide investment experience of the company.

Paragraph (2)(B) shall not apply to any company which issues contracts which are not variable contracts.

"SEC. 818. OTHER DEFINITIONS AND SPECIAL RULES.

"(a) Pension Plan Contracts.—For purposes of this part, the term 'pension plan contract' means any contract—

"(1) entered into with trusts which (as of the time the contracts were entered into) were deemed to be trusts described in section 401(a) and exempt from tax under section 501(a), (or trusts exempt from tax under section 165 of the Internal Revenue Code of 1939 or the corresponding provisions of prior revenue laws);

"(2) entered into under plans which (as of the time the contracts were entered into) were deemed to be plans described in section 403(a), or plans meeting the requirements of paragraphs (3), (4), (5), and (6) of section 165(a) of the Internal Revenue Code of 1939;

"(3) provided for employees of the life insurance company under a plan which, for the taxable year, meets the requirements of paragraphs (3), (4), (5), (6), (7), (8), (11), (12), (13), (14), (15), (16), (19), (20), and (22) of section 401(a);

"(4) purchased to provide retirement annuities for its employees by an organization which (as of the time the contracts were purchased) was an organization described in section 501(c)(3) which was exempt from tax under section 501(a) (or was an organization exempt from tax under section 101(6) of the Internal Revenue Code of 1939 or the corresponding provisions of prior revenue laws), or purchased to provide retirement annuities for employees described in section 403(b)(1)(A)(ii) by an employer which is a State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing;

"(5) entered into with trusts which (at the time the contracts were entered into) were individual retirement accounts described in section 408(a) or under contracts entered into with individual retirement annuities described in section 408(b); or

"(6) purchased by—

"(A) a governmental plan (within the meaning of section 414(d)), or

"(B) the Government of the United States, the government of any State or political subdivision thereof, or by any agency or instrumentality of the foregoing, for use in satisfying an obligation of such government, political subdivision, or agency or instrumentality to provide a benefit under a plan described in subparagraph (A).

"(b) Treatment of Capital Gains and Losses, Etc.—In the case of a life insurance company—

"(1) in applying section 1231(a), the term 'property used in the trade or business' shall be treated as including only—

"(A) property used in carrying on an insurance business, of a character which is subject to the allowance for depreciation provided in section 167, held for more than 1 year, and real property used in carrying on an insurance business, held for more than 1 year, which is not described in section 1231(b)(1)(A), (B), or (C), and

"(B) property described in section 1231(b)(2), and

"(2) in applying section 1221(2), the reference to property used in trade or business shall be treated as including only property used in carrying on an insurance business.

"(c) Gain on Property Held on December 31, 1958 and Certain Substituted Property Acquired After 1958.—

"(1) Property held on December 31, 1958.—In the case of property held by the taxpayer on December 31, 1958, if—

"(A) the fair market value of such property on such date exceeds the adjusted basis for determining gain as of such date, and

"(B) the taxpayer has been a life insurance company at all times on and after December 31, 1958,

the gain on the sale or other disposition of such property shall be treated as an amount (not less than zero) equal to the amount by which the gain (determined without regard to this subsection) exceeds the difference between the fair market value on December 31, 1958, and the adjusted basis for determining gain as of such date.

"(2) Certain property acquired after December 31, 1958.—In the case of property acquired after December 31, 1958, and having a substituted basis (within the meaning of section 1016(b))—

"(A) for purposes of paragraph (1), such property shall be deemed held continuously by the taxpayer since the beginning of the holding period thereof, determined with reference to section 1223,

"(B) the fair market value and adjusted basis referred to in paragraph (1) shall be that of that property for which the holding period taken into account includes December 31, 1958,

"(C) paragraph (1) shall apply only if the property or properties the holding periods of which are taken into account were held only by life insurance companies after December 31, 1958, during the holding periods so taken into account,

"(D) the difference between the fair market value and adjusted basis referred to in paragraph (1) shall be reduced (to not less than zero) by the excess of (i) the gain that would have been recognized but for this subsection on all prior sales or dispositions after December 31, 1958, of properties referred to in subparagraph (C), over (ii) the gain which was recognized on such sales or other dispositions, and

"(E) the basis of such property shall be determined as if the gain which would have been recognized but for this subsection were recognized gain.

"(3) Property defined.—For purposes of paragraphs (1) and (2), the term 'property' does not include insurance and annuity contracts and property described in paragraph (1) of section 1221.

"(d) Insurance or Annuity Contract Includes Contracts Supplementary Thereto.—For purposes of this part, the term 'insurance or annuity contract' includes any contract supplementary thereto.

"(e) Special Rule for Consolidated Returns.—If an election under section 1504(c)(2) is in effect with respect to an affiliated group for the taxable year, all items of the members of such group which are not life insurance companies shall not be taken into account in determining the amount of the tentative LICTI of members of such group which are life insurance companies.

"(f) Allocation of Certain Items for Purposes of Foreign Tax Credit, Etc.—

"(1) In general.—Under regulations, in applying sections 861, 862, and 863 to a life insurance company, the deduction for policyholder dividends (determined under section 808(c)), reserve adjustments under subsections (a) and (b) of section 807, and death benefits and other amounts described in section 805(a)(1) shall be treated as items which cannot definitely be allocated to an item or class of gross income.

"(2) Election of alternative allocation.—

"(A) In general.—On or before September 15, 1984, any life insurance company may elect to treat items described in paragraph (1) as properly apportioned or allocated among items of gross income to the extent (and in the manner) prescribed in regulations.

"(B) Election irrevocable.—Any election under subparagraph (A), once made, may be revoked only with the consent of the Secretary."

(b) Technical and Conforming Amendments.—

(1) Subclause (IV) of section 72(e)(5)(D)(i) is amended by striking out "section 805(d)(3)" and inserting in lieu thereof "section 818(a)(3)".

(2) Subsection (a) of section 80 (relating to restoration of value of certain securities) is amended by striking out "802" and inserting in lieu thereof "801".

(3)(A) Subparagraph (C) of section 243(b)(3) (relating to effect of election) is amended by striking out clause (iii), by adding "and" at the end of clause (ii), and by redesignating clause (iv) as clause (iii).

(B) Paragraph (6) of section 243(b) (relating to special rules for insurance companies) is amended by striking out "section 802" and inserting in lieu thereof "section 801".

(4) Subsection (d) of section 381 (relating to carryover in certain corporate acquisitions) is amended by striking out "section 812(f)" and inserting in lieu thereof "section 810".

(5) Paragraph (24) of section 401(a) (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by striking out "section 805(d)(6)" and inserting in lieu thereof "section 818(a)(6)".

(6)(A) Paragraph (1) of section 453B(e) (relating to life insurance companies) is amended by striking out "section 301(a)" and inserting in lieu thereof "section 816(a)".

(B) Paragraph (2) of section 453B(e) is amended to read as follows:

"(2) Special rule where life insurance company elects to treat income as not related to insurance business.—Paragraph (1) shall not apply to any transfer or deemed transfer of an installment obligation if the life insurance company elects (at such time and in such manner as the Secretary may by regulations prescribe) to determine its life insurance company taxable income—

"(A) by returning the income on such installment obligation under the installment method prescribed in section 453, and

"(B) as if such income were an item attributable to a noninsurance business (as defined in section 806(c)(3))."

(7) Paragraph (5) of section 542(b) (relating to certain dividend income received from a nonincludible life insurance company) is amended by striking out "section 802" and inserting in lieu thereof "section 801".

(8) Subsection (b) of section 594 (relating to alternative tax for mutual savings banks conducting life insurance business) is amended by striking out "section 801" and inserting in lieu thereof "section 816".

(9) Paragraph (4) of section 832(b) (defining premiums earned) is amended by striking out "section 801(b)" and inserting in lieu thereof "section 816(b) but determined as provided in section 807" and by striking out "section 801" and inserting in lieu thereof "section 816".

(10) Section 841 (relating to credit for foreign taxes) is amended—

(A) by striking out "section 802," each place it appears and inserting in lieu thereof "section 801,", and

(B) by striking out "section 802(b)" and inserting in lieu thereof "section 801(b)".

(11)(A) Subsection (a) of section 844 (relating to special loss carryover rules) is amended—

(i) by striking out "section 812," and inserting in lieu thereof "section 810 (or the corresponding provisions of prior law),", and

(ii) by striking out "section 812(a)" and inserting in lieu thereof "section 810(a)".

(B) Subsection (b) of section 844 is amended—

(i) by striking out "section 812(a)" and inserting in lieu thereof "section 810(a)", and

(ii) by striking out "section 812(b)(1)(C)" in paragraph (2) and inserting in lieu thereof "section 810(b)(1)(C)".

(12) Section 891 (relating to doubling of rates of tax on citizens and corporations of certain foreign countries) is amended by striking out "802" and inserting in lieu thereof "801".

(13)(A) Subsection (b) of section 953 (relating to income from insurance of United States risks) is amended by striking out paragraph (1) and by redesignating paragraphs (2), (3), (4), and (5) as paragraphs (1), (2), (3), and (4), respectively.

(B) Paragraph (2) of section 953(b), as redesignated by subparagraph (A), is amended to read as follows:

"(2) The following provisions of subchapter L shall not apply:

"(A) The special life insurance company deduction and the small life insurance company deduction.

"(B) Section 805(a)(5) (relating to operations loss deduction).

"(C) Section 832(c)(5) (relating to certain capital losses)."

(C) Paragraph (3) of section 953(b), as redesignated by subparagraph (A), is amended by—

(i) striking out "section 809(c)(1)" and inserting in lieu thereof "section 803(a)(1)", and

(ii) by striking out "section 809(c)(2)" and inserting in lieu thereof "section 803(a)(2)", and

(iii) by striking out "section 809(d)(2)" and inserting in lieu thereof "section 805(a)(2)".

(D) Paragraph (2) of section 953(a) is amended by striking out ", (2), and (3)" and inserting in lieu thereof "and (2)".

(E) Paragraph (4) of section 953(b), as redesignated by subparagraph (A), is amended by striking out "paragraph (4)" and inserting in lieu thereof "paragraph (3)".

(14) Paragraph (17) of section 1016(a) is amended by striking out "section 818(b)" each place it appears and inserting in lieu thereof "section 811(b)".

(15) Paragraph (1) of section 1035(b) (defining endowment contract) is amended by striking out "section 801" and inserting in lieu thereof "section 816".

(16) Paragraph (1) of section 1201(b) (relating to cross references) is amended by striking out "section 802(a)(2)" and inserting in lieu thereof "section 801(a)(2)".

(17) Subparagraph (B) of section 1232A(c)(4) (relating to original issue discount) is amended by striking out "section 818(b)" and inserting in lieu thereof "section 811(b)".

(18)(A) Paragraph (1) of section 1351(a) (relating to treatment of recoveries of foreign expropriation losses) is amended by striking out "802" each place it appears and inserting in lieu thereof "801".

(B) Paragraph (2) of section 1351(c) (relating to amount of recovery) is amended by striking out "section 810(c)" and inserting in lieu thereof "section 307(c)".

(C) Paragraph (3) of section 1351(i) (relating to adjustments for succeeding years) is amended by striking out "section 812" and inserting in lieu thereof "section 810".

(19)(A) Subsection (c) of section 1503 (relating to special rules for application of certain losses against income of insurance companies taxed under section 802) is amended by striking out "section 802" each place it appears and inserting in lieu thereof "section 801".

(B) Paragraph (1) of section 1503(c) is amended by striking out the third sentence.

(C) The subsection heading of section 1503(c) is amended by striking out "Section 802" and inserting in lieu thereof "Section 801".

(20) Subsections (b)(2), (c)(1), and (c)(2)(A) of section 1504 (defining affiliated group) are each amended by striking out "section 802" and inserting in lieu thereof "section 801".

(21)(A) Subsection (a) of section 1561 (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended—

(i) by striking out paragraphs (3) and (4), by adding "and" at the end of paragraph (1), and by striking out the comma at the end of paragraph (2) and inserting in lieu thereof a period, and

(ii) by striking out "paragraphs (2), (3), and (4)" in the last sentence and inserting in lieu thereof "paragraph (2)".

(B) Subsection (b) of section 1561 is amended—

(i) by striking out paragraphs (3) and (4) and by adding "and" at the end of paragraph (1), and

(ii) by striking out ", (2), (3), or (4)" and inserting in lieu thereof "or (2)".

(22) Subsections (a)(4) and (b)(2)(D) of section 1563 (defining controlled group of corporations) are each amended by striking out "section 802" and inserting in lieu thereof "section 801".

(23) Paragraph (2) of section 4371 (relating to imposition of tax on policies issued by foreign insurers) is amended by striking out "section 819" and inserting in lieu thereof "section 813".

(24)(A) Subsection (c) of section 6501 (relating to limitations on assessment and collection) is amended by striking out paragraph (6) and by redesignating paragraph (7) as paragraph (6).

(B) Subsection (k) of section 6501 (relating to reductions of policyholders surplus account of life insurance companies) is hereby repealed.

(25) Subsection (d) of section 6511 (relating to limitations on credit or refund) is amended by striking out paragraph (6) and by redesignating paragraph (7) as paragraph (6).

(26) Subsection (d) of section 6601 (relating to interest on underpayments, etc.) is amended by striking out paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(27) Subsection (f) of section 6611 (relating to interest on overpayments) is amended by striking out paragraph (4).

PART II—EFFECTIVE DATE; TRANSITIONAL RULES

Subpart A—Effective Date

SEC. 215. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to taxable years beginning after December 31, 1983.

Subpart B—Transitional Rules

SEC. 216. RESERVES COMPUTED ON NEW BASIS; FRESH START.

(a) In General.—As of the beginning of the first taxable year beginning after December 31, 1983, for purposes of part I of subchapter L of the Internal Revenue Code of 1954 (other than section 816 thereof), the reserve for any contract shall be recomputed as if the amendments made by this subtitle had applied to such contract when it was issued.

(b) Fresh Start.—

(1) In general.—Except as provided in paragraph (2), in the case of any life insurance company, any change in the method of accounting (and any change in the method of computing reserves) between such company's first taxable year beginning after December 31, 1983, and the preceding taxable year which is required solely by the amendments made by this subtitle shall be treated as not being a change in the method of accounting (or change in the method of computing reserves) for purposes of the Internal Revenue Code of 1954.

(2) Treatment of adjustments from years before 1984.—

(A) Adjustments attributable to decreases in reserves.—No adjustment under section 810(d) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) attributable to any decrease in reserves as a result of a change in a taxable year beginning before 1984 shall be taken into account in any taxable year beginning after 1983.

(B) Adjustments attributable to increases in reserves.—

(i) In general.—Any adjustment under section 810(d) of the Internal Revenue Code of 1954 (as so in effect) attributable to an increase in reserves as a result of a change in a taxable year beginning before 1984 shall be taken into account in taxable years beginning after 1983 to the extent that—

(I) the amount of the adjustments which would be taken into account under such section in taxable years beginning after 1983 without regard to this subparagraph, exceeds

(II) the amount of any fresh start adjustment attributable to contracts for which there was such an increase in reserves as a result of such change.

(ii) Fresh start adjustment.—For purposes of clause (i), the fresh start adjustment with respect to any contract is the excess (if any) of—

(I) the reserve attributable to such contract as of the close of the taxpayer's last taxable year beginning before January 1, 1984, over

(II) the reserve for such contract as of the beginning of the taxpayer's first taxable year beginning after 1983 as recomputed under subsection (a) of this section.

(C) Related income inclusions not taken into account to the extent deduction disallowed under subparagraph (B).—No premium shall be included in income to the extent such premium is directly related to an increase in a reserve for which a deduction is disallowed by subparagraph (B).

(3) Reinsurance transactions, and reserve strengthening after September 27, 1983.—Paragraph (1) shall not apply (and section 807(f) of the Internal Revenue Code of 1954 as amended by this subtitle shall apply) to any reserve transferred (or expenses transferred) pursuant to a reinsurance agreement entered into, modified, or terminated after September 27, 1983, and before January 1, 1984 (or to any reserve strengthening reported for Federal income tax purposes after September 27, 1983, for a taxable year ending before January 1, 1984). Any amount included in income under section 807(f) of such Code by reason of the preceding sentence (and any income attributable to transferred expenses described in the preceding sentence) shall not be taken into account for purposes of determining the amount of the special life insurance company deduction and the small life insurance company deduction.

SEC. 217. OTHER SPECIAL RULES.

(a) New Section 814 Treated as Continuation of Section 819A.—For purposes of section 814 of the Internal Revenue Code of 1954 (relating to contiguous country branches of domestic life insurance companies)—

(1) any election under section 819A of such Code (as in effect on the day before the date of the enactment of this Act) shall be treated as an election under such section 814, and

(2) any reference to a provision of such section 814 shall be treated as including a reference to the corresponding provision of such section 819A.

(b) Treatment of Elections Under Section 453B(e)(2).—If an election is made under section 453B(e)(2) before January 1, 1984, with respect to any installment obligation, any income from such obligation shall be treated as attributable to a noninsurance business (as defined in section 806(c)(3) of the Internal Revenue Code of 1954).

(c) States Which Determine Annuity Reserves Without Reduction for Surrender Charges.—If in determining minimum reserves for annuity contracts a State does not reduce such reserves for surrender charges and such State has continuously pursued this practice since September 27, 1983, then any life insurance company domiciled in such State may adjust the amount determined under section 807(d)(2) of the Internal Revenue Code of 1954 as a tax reserve for such contract by taking into account the reasonable surrender charges on such contract.

(d) Determination of Tentative LICTI Where Corporation Made Certain Acquisitions in 1980, 1981, 1982, and 1983.—If—

(1) a corporation acquired the assets of 1 or more insurance companies after 1979 and before April 1, 1983, and

(2) the bases of such assets in the hands of the corporation were determined under section 334(b)(2) of the Internal Revenue Code of 1954 (or such corporation made an election under section 338 of such Code with respect to such assets),

then the tentative LICTI of the corporation holding such assets for taxable years beginning after December 31, 1983, and before January 1, 1986, shall, for purposes of determining the amount of the special deductions under section 806 of such Code, be increased by the deduction allowable under chapter 1 of such Code for the amortization of the cost of insurance contracts acquired in such asset acquisition (and any portion of any operations loss deduction attributable to such amortization).

(e) Special Rule for Allocation in Case of Reinsurance Agreements.—Subsection (d) of section 811 of the Internal Revenue Code of 1954 (as amended by this title) shall not apply with respect to any contract issued before September 27, 1983, which is reinsured before such date under a reinsurance agreement entered into before such date.

(f) Treatment of Certain Companies Operating Both as Stock and Mutual Company.—If during the 10-year period ending on December 31, 1983, a company has, as authorized by the law of the State in which the company is domiciled, been operating as a mutual life insurance company with shareholders—

(1) except as provided in paragraph (2), such company shall be treated as a stock life insurance company, and

(2) with respect to the mutual portion of its equity base, such company shall be treated as a mutual life insurance company for purposes of sections 808(c)(2) and 809 of the Internal Revenue Code of 1954.

For purposes of the preceding sentence, the mutual portion for any calendar year of items of gain from operations, equity base, dividends to policyholders, assets, and reserves, and of other items shall be determined in the same manner as prescribed for reports filed by such company with State insurance regulatory authorities.

(g) Treatment of Certain Assessment Life Insurance Companies.—

(1) Mortality and morbidity tables.—In the case of a contract issued by an assessment life insurance company, the mortality and morbidity tables used in computing statutory reserves for such contract shall be used for purposes of paragraph (2)(C) of section 807(d) of the Internal Revenue Code of 1954 (as amended by this subtitle) if such tables were—

(A) in use since 1965, and

(B) developed on the basis of the experience of assessment life insurance companies in the State in which such assessment life insurance company is domiciled.

(2) Treatment of certain mutual assessment life insurance companies.—In the case of any contract issued by a mutual assessment life insurance company which—

(A) has been in existence since 1965, and

(B) operates under chapter 13 or 14 of the Texas Insurance Code,

for purposes of part I of subchapter L of chapter 1 of the Internal Revenue Code of 1954, the amount of the life insurance reserves for such contract shall be equal to the amount taken into account with respect to such contract in determining statutory reserves.

(3) Statutory reserves.—For purposes of this subsection, the term "statutory reserves" has the meaning given to such term by section 809(b)(4)(B) of such Code.

(h) Treatment of Reinsurance Agreements Required by NAIC.—Effective for taxable years beginning after December 31, 1981, and before January 1, 1984, subsections (c)(1)(F) and (d)(12) of section 809 of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) shall not apply to dividends to policyholders reimbursed to the taxpayer by a reinsurer in respect of accident and health policies reinsured under a reinsurance agreement entered into before June 30, 1955, pursuant to the direction of the National Association of Insurance Commissioners and approved by the State insurance commissioner of the taxpayer's State of domicile. For purposes of subchapter L of chapter 1 of such Code (as in effect on the day before the date of the enactment of this Act) any such dividends shall be treated as dividends of the reinsurer and not the taxpayer.

(i) Special Rule for Companies Using Net Level Reserve Method for Noncancelable Accident and Health Insurance Contracts.—A company shall be treated as meeting the requirement of section 807(d)(3)(A)(iii) of the Internal Revenue Code of 1954, as amended by this Act, with respect to any noncancelable accident and health insurance contract for any taxable year if such company—

(1) uses the net level reserve method to compute its tax reserves under section 807 of such Code on such contracts for such taxable year,

(2) was using the net level reserve method to compute its statutory reserves on such contracts as of December 31, 1982, and

(3) has continuously used such method for computing such reserves on such contracts after December 31, 1982, and through such taxable year.

Subtitle B—Taxation of Life Insurance Products

SEC. 221. DEFINITION OF LIFE INSURANCE CONTRACT.

(a) General Rule.—Chapter 79 (relating to definitions) is amended by adding at the end thereof the following new section:

"SEC. 7702. LIFE INSURANCE CONTRACT DEFINED.

"(a) General Rule.—For purposes of this title, the term 'life insurance contract' means any contract which is a life insurance contract under the applicable law, but only if such contract—

"(1) meets the cash value accumulation test of subsection (b), or

"(2)(A) meets the guideline premium requirements of subsection (c), and

"(B) falls within the cash value corridor of subsection (d).

"(b) Cash Value Accumulation Test for Subsection (a)(1).—

"(1) In general.—A contract meets the cash value accumulation test of this subsection if, by the terms of the contract, the cash surrender value of such contract may not at any time exceed the net single premium which would have to be paid at such time to fund future benefits under the contract.

"(2) Rules for applying paragraph (1).—Determinations under paragraph (1) shall be made—

"(A) on the basis of interest at the greater of an annual effective rate of 4 percent or the rate or rates guaranteed on issuance of the contract, and

"(B) on the basis of the rules of subparagraph (B)(i) (and, in the case of qualified additional benefits, subparagraph (B)(ii)) of subsection (c)(3).

"(c) Guideline Premium Requirements.—For purposes of this section—

"(1) In general.—A contract meets the guideline premium requirements of this subsection if the sum of the premiums paid under such contract does not at any time exceed the guideline premium limitation as of such time.

"(2) Guideline premium limitation.—The term 'guideline premium limitation' means, as of any date, the greater of—

"(A) the guideline single premium, or

"(B) the sum of the guideline level premiums to such date.

"(3) Guideline single premium.—

"(A) In general.—The term 'guideline single premium' means the premium at issue with respect to future benefits under the contract.

"(B) Basis on which determination is made.—The determination under subparagraph (A) shall be based on—

"(i) the mortality charges specified in the contract (or, if none is specified, the mortality charges used in determining the statutory reserves for such contract),

"(ii) any charges (not taken into account under clause (i)) specified in the contract (the amount of any charge not so specified shall be treated as zero), and

"(iii) interest at the greater of an annual effective rate of 6 percent or the minumum rate or rates guaranteed on issuance of the contract.

"(C) When determination made.—Except as provided in subsection (f)(7), the determination under subparagraph (A) shall be made as of the time the contract is issued.

"(4) Guideline level premium.—The term 'guideline level premium' means the level annual amount, payable over a period not ending before the insured attains age 95, computed on the same basis as the guideline single premium, except that paragraph (3)(B)(iii) shall be applied by substituting '4 percent' for '6 percent'.

"(d) Cash Value Corridor for Purposes of Subsection (a)(2)(B).—For purposes of this section—

"(1) In general.—A contract falls within the cash value corridor of this subsection if the death benefit under the contract at any time is not less than the applicable percentage of the cash surrender value.

“(2) Applicable percentage.—

“In the case of an insured with an attained age as of the beginning of the contract year of:		The applicable percentage shall decrease by a ratable portion for each full year:	
More than:	But not more than:	From:	To:
0	40	250	250
40	45	250	215
45	50	215	185
50	55	185	150
55	60	150	130
60	65	130	120
65	70	120	115
70	75	115	105
75	90	105	105
90	95	105	100

“(e) Computational Rules.—

“(1) In general.—For purposes of this section—

“(A) the death benefit (and any qualified additional benefit) shall be deemed not to increase,

“(B) the maturity date shall be no earlier than the day on which the insured attains age 95, and

“(C) the amount of any endowment benefit (or sum of endowment benefits) shall be deemed not to exceed the least amount payable as a death benefit at any time under the contract.

“(2) Limited increases in death benefit permitted.—Notwithstanding paragraph (1)(A)—

“(A) for purposes of computing the guideline level premium, an increase in the death benefit which is provided in the contract may be taken into account but only to the extent necessary to prevent a decrease in the excess of the death benefit over the cash surrender value of the contract, and

“(B) for purposes of the cash value accumulation test, the increase described in subparagraph (A) may be taken into account if the cash surrender value of the contract may not at any time exceed the net level reserve (determined as if level annual premiums were paid for the contract over a period not ending before the insured attains age 95).

“(f) Other Definitions and Special Rules.—For purposes of this section—

“(1) Premiums paid.—

“(A) In general.—The term ‘premiums paid’ means the premiums paid under the contract less amounts (other than amounts includible in gross income) to which section 72(e) applies.

“(B) Treatment of certain premiums returned to policyholder.—If, in order to comply with the requirements of subsection (a)(2)(A), any portion of any premium paid during any contract year is returned by the insurance company (with interest) within 60 days after the end of a contract year, the amount so returned (excluding interest) shall be deemed to reduce the sum of the premiums paid under the contract during such year.

“(C) Interest returned includible in gross income.—Notwithstanding the provisions of section 72(e), the amount of any interest returned as provided in subparagraph (B) shall be includible in the gross income of the recipient.

“(2) Cash values.—

“(A) Cash surrender value.—The cash surrender value of any contract shall be its cash value determined without regard to any surrender charge, policy loan, or reasonable termination dividends.

“(B) Net surrender value.—The net surrender value of any contract shall be determined with regard to surrender charges but without regard to any policy loan.

“(3) Death benefit.—The term ‘death benefit’ means the amount payable by reason of the death of the insured (determined without regard to any qualified additional benefits).

“(4) Future benefits.—The term ‘future benefits’ means death benefits and endowment benefits.

“(5) Qualified additional benefits.—

“(A) In general.—The term ‘qualified additional benefits’ means any—

“(i) guaranteed insurability,

“(ii) accidental death or disability benefit,

“(iii) family term coverage,

“(iv) disability waiver benefit, or

“(v) other benefit prescribed under regulations.

“(B) Treatment of qualified additional benefits.—For purposes of this section, qualified additional benefits shall not be treated as future benefits under the contract, but the charges for such benefits shall be treated as future benefits.

“(C) Treatment of other additional benefits.—In the case of any additional benefit which is not a qualified additional benefit—

“(i) such benefit shall not be treated as a future benefit, and

“(ii) any charge for such benefit which is not prefunded shall not be treated as a premium.

“(6) Premium payments not disqualifying contract.—The payment of a premium which would result in the sum of the premiums paid exceeding the guideline premium limitation shall be disregarded for purposes of subsection (a)(2) if the amount of such premium does not exceed the amount necessary to prevent the termination of the contract on or before the end of the contract year (but only if the contract will have no cash surrender value at the end of such extension period).

“(7) Adjustments.—

“(A) In general.—In the event of a change in the future benefits or any qualified additional benefit (or in any other terms) under the contract which was not reflected in any previous determination made under this section, under regulations prescribed by the Secretary there shall be proper adjustments in future determinations made under this section.

“(B) Certain changes treated as exchange.—In the case of any change which reduces the future benefits under the contract, such change shall be treated as an exchange of the contract for another contract.

“(8) Correction of errors.—If the taxpayer establishes to the satisfaction of the Secretary that—

“(A) the requirements described in subsection (a) for any contract year were not satisfied due to reasonable error, and

“(B) reasonable steps are being taken to remedy the error,

the Secretary may waive the failure to satisfy such requirements.

“(9) Special rule for variable life insurance contracts.—In the case of any contract which is a variable contract (as defined in section 817), the determination of whether such contract meets the requirements of subsection (a) shall be made whenever the death benefits under such contract change but not less frequently than once during each 12-month period.

“(g) Treatment of Contracts Which Do Not Meet Subsection (a) Test.—

“(1) Income inclusion.—

“(A) In general.—If at any time any contract which is a life insurance contract under the applicable law does not meet the definition of life insurance contract under subsection (a), the income on the contract for any taxable year of the policyholder shall be treated as ordinary income received or accrued by the policyholder during such year.

“(B) Income on the contract.—For purposes of this paragraph, the term ‘income on the contract’ means, with respect to any taxable year of the policyholder, the excess of—

“(i) the sum of—

“(I) the increase in the net surrender value of the contract during the taxable year, and

“(II) the cost of life insurance protection provided under the contract during the taxable year, over

“(ii) the amount of premiums paid under the contract during the taxable year reduced by any policyholder dividends received during such taxable year.

“(C) Contracts which cease to meet definition.—If, during any taxable year of the policyholder, a contract which is a life insurance contract under the applicable law ceases to meet the definition of life insurance contract under subsection (a), the income on the contract for all prior taxable years shall be treated as received or accrued during the taxable year in which such cessation occurs.

“(D) Cost of life insurance protection.—For purposes of this paragraph, the cost of life insurance protection provided under the contract shall be the lesser of—

“(i) the cost of individual insurance on the life of the insured as determined on the basis of uniform premiums (computed on the basis of 5-year age brackets) prescribed by the Secretary by regulations, or

“(ii) the mortality charge (if any) stated in the contract.

“(2) Treatment of amount paid on death of insured.—If any contract which is a life insurance contract under the applicable law does not meet the definition of life insurance contract under subsection (a), the excess of the amount paid by the reason of the death of the insured over the net surrender value of the contract shall be deemed to be paid under a life insurance contract for purposes of section 101 and subtitle B.

“(3) Contract continues to be treated as insurance contract.—If any contract which is a life insurance contract under the applicable law does not meet the definition of life insurance contract under subsection (a), such contract shall, notwithstanding such failure, be treated as an insurance contract for purposes of this title.

“(h) Endowment Contracts Receive Same Treatment.—

“(1) In general.—References in subsections (a) and (g) to a life insurance contract shall be treated as including references to a contract which is an endowment contract under the applicable law.

“(2) Definition of endowment contract.—For purposes of this title (other than paragraph (1)), the term ‘endowment contract’ means a contract which is an endowment contract under the applicable law and which meets the requirements of subsection (a).

“(i) Transitional Rules for Certain Contracts Issued Pursuant to Existing Plans of Insurance.—

“(1) Contracts issued during 1984.—In the case of a contract which is issued during 1984 pursuant to an existing plan of insurance, such contract shall be treated as meeting the requirements of subsection (a) if—

"(A) such contract (whether or not a flexible premium contract) would meet the requirements of section 101(f),

"(B) such contract is not a flexible premium life insurance contract (within the meaning of section 101(f) and would meet the requirements of subsection (a) determined by—

"(i) substituting '3 percent' for '4 percent' in subsection (b)(2) of this section, and

"(ii) treating subparagraph (B) of subsection (e)(1) of this section as if it read as follows: 'the maturity date shall be the latest maturity date permitted under the contract, but not less than 20 years after the date of issue or (if earlier) age 95' or

"(C) under such contract—

"(i) the premiums (including any policy fees) will be adjusted from time-to-time to reflect the level amount necessary (but not less than zero) at the time of such adjustment to provide a level death benefit assuming interest crediting and an annual effective interest rate of not less than 3 percent, or

"(ii) at the option of the insured, in lieu of an adjustment under clause (i) there will be a comparable adjustment in the amount of the death benefit.

"(2) Certain contracts issued pursuant to existing plans of insurance.—

"(A) In general.—In the case of a qualified 20-pay contract, this section shall be applied by substituting '3 percent' for '4 percent' in subsection (b)(2).

"(B) Qualified 20-pay contract.—For purposes of subparagraph (A), the term 'qualified 20-pay contract' means any contract which—

"(i) requires at least 20 nondecreasing annual premium payments, and

"(ii) is issued pursuant to an existing plan of insurance.

"(3) Existing plan of insurance.—For purposes of this subsection, the term 'existing plan of insurance' means, with respect to any contract, any plan of insurance which was filed by the company issuing such contract in 1 or more States before September 28, 1983, and is on file in the appropriate State for such contract.

"(j) Regulations.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section."

(b) Technical Amendments.—

(1) Paragraph (1) of section 101(f) is amended by striking out "flexible premium life insurance contract" and inserting in lieu thereof "flexible premium life insurance contract issued before January 1, 1984".

(2) The subsection heading of subsection (f) of section 101 is amended by striking out "Flexible Premium Contracts" and inserting in lieu thereof "Flexible Premium Contracts Issued Before January 1, 1984".

(c) Clerical Amendment.—The table of sections for chapter 79 is amended by adding at the end thereof the following new item:

"Sec. 7702. Life insurance contract defined."

(d) Effective Date.—The amendments made by this section shall apply to contracts issued after December 31, 1983, in taxable years ending after such date. For purposes of the preceding sentence, in the case of a master contract, the date taken into account with respect to any insured shall be the first date on which such insured is covered under such contract.

SEC. 222. TREATMENT OF CERTAIN ANNUITY CONTRACTS.

(a) Penalty on Premature Distributions.—Paragraph (1) of section 72(q) (relating to 5-percent penalty for premature distributions from annuity contracts) is amended to read as follows:

"(1) Imposition of penalty.—If any taxpayer receives any amount under an annuity contract, the taxpayer's tax under this chapter for the taxable year in which such amount is received shall be increased by an amount equal to 5 percent of the portion of such amount which is includible in gross income."

(b) Amount of Annuity Contract Treated as Distributed Where Holder Dies Before Annuity Starting Date.—Section 72 (relating to annuities; certain proceeds of endowment and life insurance contracts) is amended by redesignating subsection (s) as subsection (t) and by inserting after subsection (r) the following new subsection:

"(s) Amount of Annuity Contract Treated as Distributed Where Holder Dies Before Annuity Starting Date.—

"(1) In general.—If the holder of any annuity contract dies before the annuity starting date, an amount equal to the cash surrender value of such contract (determined without regard to any surrender charge) shall be treated as paid to such holder immediately before his death.

"(2) Exception for contracts under qualified plans.—This subsection shall not apply to any annuity contract described in subsection (e)(5)(D).

"(3) Basis adjustment.—For purposes of this section, in the case of any contract to which paragraph (1) applied, the amount includible in gross income by reason of paragraph (1) shall be treated as a premium paid for such contract.

"(4) Penalty not to apply.—Subsection (q) shall not apply to any amount includible in gross income by reason of this subsection."

(c) Effective Date.—The amendments made by this section shall apply to contracts issued after the day which is 6 months after the date of the enactment of this Act in taxable years ending after such date.

SEC. 223. LIMITATION ON INTEREST DEDUCTION IN CASE OF LIFE INSURANCE LOANS.

(a) General Rule.—Section 264 (relating to certain amounts paid in connection with insurance contracts) is amended by adding at the end thereof the following new subsection:

"(d) Limitation on Interest Deduction in the Case of Life Insurance Loans.—

"(1) In general.—The amount otherwise allowable as a deduction under this chapter for life insurance interest shall not exceed the applicable limit for the taxable year.

"(2) Applicable limit.—For purposes of this subsection—

"(A) In general.—The applicable limit for any taxable year is an amount equal to the product of—

"(i) the applicable dollar amount for the taxable year, multiplied by

"(ii) the annual rate prescribed under section 6621 which is in effect as of the first day of the taxable year.

"(B) Indefinite carryover of unused limit.—If the applicable limit for any taxable year exceeds the amount of the life insurance interest paid or accrued during such taxable year, the amount of the applicable limit for the succeeding taxable year shall be increased by the amount of such excess.

"(3) Applicable dollar amount.—

"(A) Individuals.—In the case of an individual, the applicable dollar amount for any taxable year shall be $250,000 ($500,000 in the case of a joint return).

"(B) Corporations, etc.—

"(i) In general.—In the case of any corporation, partnership, proprietorship, or other entity engaged in a trade or business, the applicable dollar amount shall be $500,000 times the number of qualified lives.

"(ii) Qualified lives.—For purposes of clause (i), the term 'qualified life' means any individual if—

"(I) at some time during the taxable year, the corporation, partnership, proprietorship, or other entity had a policy of life insurance (other than term) on the life of such individual and had outstanding a life insurance loan (as defined in paragraph (4) without regard to subparagraph (C) thereof) with respect to such policy, and

"(II) the face amount of such insurance policy was not less than 10 percent of the highest face amount of any policy of life insurance (other than term) which is carried by such corporation or other entity on the life of any individual and with respect to which there is outstanding a life insurance loan (as defined in paragraph (4) without regard to subparagraph (C) thereof).

"(4) Definitions and special rules.—For purposes of this subsection—

"(A) Life insurance interest.—The term 'life insurance interest' means any interest paid or accrued on a life insurance loan which (without regard to this subsection) is allowable as a deduction under this chapter for the taxable year.

"(B) Life insurance loan.—Except as provided in subparagraph (C), the term 'life insurance loan' means any indebtedness—

"(i) incurred under a life insurance, endowment, or annuity contract,

"(ii) secured by a life insurance, endowment, or annuity contract, or

"(iii) incurred or continued to purchase or carry a life insurance, endowment, or annuity contract.

Such term shall not include any indebtedness the interest on which is not allowable as a deduction under this chapter for the taxable year (determined without regard to this subsection).

"(C) Exception for loans on policies issued before September 28, 1983.—The term 'life insurance loan' shall not include any indebtedness which (but for this subparagraph) would be a life insurance loan if the life insurance, endowment, or annuity contract referred to in subparagraph (B)—

"(i) was issued before September 28, 1983, or

"(ii) was issued on or after such date pursuant to a binding contract entered into before such date."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years ending after September 27, 1983.

SEC. 224. GROUP-TERM LIFE INSURANCE PURCHASED FOR EMPLOYEES.

(a) Section 79 Extended to Former Employees.—

(1) Section 79 (relating to group-term insurance purchased for employees) is amended by adding at the end thereof the following new subsection:

"(e) Employee Includes Former Employee.—For purposes of this section, the term 'employee' includes a former employee."

(2) Paragraph (1) of section 79(b) is amended to read as follows:

"(1) the cost of group-term life insurance on the life of an individual which is provided under a policy carried directly or indirectly by an employer after such individual has terminated his employment with such employer and is disabled (within the meaning of section 72(m)(7)),".

(b) Amount of Inclusion in Case of Discriminatory Plans.—Paragraph (1) of section 79(d) (relating to nondiscrimination requirements) is amended to read as follows:

"(1) In general.—In the case of a discriminatory group-term life insurance plan—

"(A) subsection (a)(1) shall not apply with respect to any key employee, and

"(B) the cost of group-term life insurance on the life of any key employee shall be determined without regard to subsection (c)."

(c) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1983.

(2) Existing group-term life insurance plans.—The amendments made by this section shall not apply—

(A) to any group-term life insurance plan of the employer in existence on September 27, 1983, or

(B) to any group-term life insurance plan of the employer (or a successor employer) which is a comparable successor to a plan described in subparagraph (A),

but only with respect to an individual covered by the plan on such date, and in an amount not in excess of the insurance coverage of such individual on such date.

Subtitle C—Nondeductible Contributions to Individual Retirement Plans

SEC. 231. NONDEDUCTIBLE CONTRIBUTIONS PERMITTED TO INDIVIDUAL RETIREMENT PLANS.

(a) General Rule.—

(1) Nondeductible limit taken into account in determining excess contributions.—Subparagraph (B) of section 4973(b)(1) (defining excess contributions) is amended to read as follows:

"(B) the sum of the amount allowable as a deduction under section 219 for such contributions plus the nondeductible limit for the taxable year, and".

(2) Definition of nondeductible limit.—Section 4973 is amended by adding at the end thereof the following new subsection:

"(d) Nondeductible Limit.—

"(1) In general.—For purposes of subsection (b), the term 'nondeductible limit' means whichever of the following is the least:

"(A) $1,750,

"(B) the excess of—

"(i) the compensation (as defined in section 219(e)(1)) includible in the individual's gross income for the taxable year, over

"(ii) the maximum amount allowable as a deduction under section 219 for such taxable year to the individual, or

"(C) the amount of the designated nondeductible contributions for the taxable year.

"(2) Designated nondeductible contribution.—

"(A) In general.—For purposes of paragraph (1), the term 'designated nondeductible contribution' means any contribution to an individual retirement plan for the taxable year which is designated as a nondeductible contribution.

"(B) Designation.—Any designation under subparagraph (A) may be made (or revoked) at any time before the last day prescribed by law for filing the return of tax imposed by subtitle A for the taxable year (including extensions thereof).

"(3) Special rule for spousal IRA.—In the case of an individual to whom a deduction is allowable under section 219(c) for any taxable year, the nondeductible limit for such year shall be determined by reference to such individual's compensation and shall be allocated between the spouses in such manner as they may designate."

(3) Conforming amendment.—Subparagraph (C) of section 4973(b)(2) is amended to read as follows:

"(C) the excess (if any) of—

"(i) the sum of the maximum amount allowable as a deduction under section 219 for the taxable year plus the nondeductible limit for the taxable year, over

"(ii) the amount contributed (determined without regard to section 219(e)(6)) to the accounts or for the annuities for the taxable year."

(b) Treatment of Distributions.—Paragraphs (1) and (2) of section 408(d) (relating to tax treatment of distributions) are amended to read as follows:

"(1) In general.—Except as otherwise provided in this subsection, any amount paid or distributed out of an individual retirement account or under an individual retirement annuity shall—

"(A) first be treated as paid or distributed out of income and gains attributable to designated nondeductible contributions (to the extent thereof),

"(B) second be treated as paid or distributed out of designated nondeductible contributions (to the extent thereof), and

"(C) then be treated as paid or distributed out of other amounts.

"(2) Treatment of distributions.—

"(A) Ordinary income amounts.—Any amount to which subparagraph (A) or (C) of paragraph (1) applies shall be included in gross income by the payee or distributee (as the case may be) for the taxable year in which the payment or distribution is received.

"(B) Basis recovery.—Any amount to which subparagraph (B) of paragraph (1) applies shall be excluded from gross income.

"(C) Distributions of annuity contracts.—Paragraph (1) shall not apply to the distribution from an individual retirement account of an annuity contract which meets the requirements of paragraphs (1), (3), (4), and (5) of subsection (b); except that paragraph (1) shall apply to any distributions under such contract.

"(D) Loss.—If—

"(i) the aggregate amount of designated nondeductible contributions to any individual retirement account or annuity, exceeds

"(ii) the aggregate amount paid or distributed out of such account or under such annuity,

an amount equal to such excess shall be allowed as a deduction to the individual for the last taxable year in which such account or annuity is in existence."

(c) Information Requirements.—

(1) Individual retirement accounts.—Subsection (a) of section 408 (defining individual retirement accounts) is amended by adding at the end thereof the following new paragraph:

"(8) The trustee maintains such records as may be necessary to separately account for designated nondeductible contributions and for income and gains attributable to such contributions."

(2) Individual retirement annuities.—Subsection (b) of section 408 is amended by inserting after paragraph (5) the following new paragraph:

"(6) The issuer of such contract maintains such records as may be necessary to separately account for designated nondeductible contributions and for income and gains attributable to such contributions."

(d) Technical Amendments.—

(1) Disallowance of deduction for designated nondeductible contribution.—Subsection (d) of section 219 (relating to other limitations and restrictions) is amended by adding at the end thereof the following new paragraph:

"(5) Denial of deduction for designated nondeductible contributions.—No deduction shall be allowed under this section with respect to any designated nondeductible contribution (as defined in section 4973(d)(2))."

(2) Increase in limitations on amount individual retirement plan can accept.—

(A) The following provisions are each amended by striking out "$2,000" each place it appears and inserting in lieu thereof "$3,750":

(i) Section 408(a)(1).

(ii) Section 408(b).

(iii) Section 408(j).

(B) Subparagraph (A) of section 408(d)(5) is amended by striking out "$2,250" and inserting in lieu thereof "$4,000".

(3) Separate records required in case of rollover contributions.—Paragraph (3) of section 408(d) (relating to rollover amounts) is amended by adding at the end thereof the following new subparagraph:

"(E) Separate reporting for amounts attributable to designated nondeductible contributions.—For purposes of this paragraph, the Secretary shall prescribe regulations providing for such allocations of amounts attributable to designated nondeductible contributions (as defined in section 4973(d)(2)) as may be necessary to ensure that the separate treatment of such contributions and the income and gain attributable to such contributions is maintained."

(e) Effective Date.—The amendments made by this section shall apply to contributions made during taxable years beginning after December 31, 1983.

Subtitle D—Studies

SEC. 241. STUDIES.

(a) Revenue Reports.—Not later than July 1, 1984, and July 1 of each calendar year thereafter, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on—

(1) the aggregate amount of revenue received under part I of subchapter L of chapter 1 of the Internal Revenue Code of 1954 for the most recent taxable years for which data are available,

(2) a comparison between the amount of such revenue and the amount anticipated by reason of changes made by the Tax Equity and Fiscal Responsibility Act of 1982 or the Life Insurance Tax Act of 1983, and

(3) the reasons for any difference between such aggregate revenues and anticipated revenues.

(b) Report With Respect to Segment Balance, Etc.—

(1) In general.—The Secretary of the Treasury (in consultation with the Joint Committee on Taxation, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate) shall conduct a full and complete study of the operation of part I of subchapter L of chapter 1 of the Internal Revenue Code of 1954 during 1984, 1985, and 1986. Such study shall also include an analysis of life insurance products and the taxation thereof. Such study shall also include an

analysis of whether part I of such subchapter L operates as a disincentive to growing companies.

(2) ITEMS TO BE INCLUDED.—The study conducted under paragraph (1) shall include—

(A) an analysis of the portion of the taxes paid by mutual life insurance companies and stock life insurance companies, and

(B) any other data considered relevant by either stock life insurance companies or mutual life insurance companies in determining appropriate segment balance, such as the respective amounts of the following items held by each segment of the industry—

(i) equity,

(ii) life insurance reserves,

(iii) other types of reserves,

(iv) dividends paid to policyholders and shareholders,

(v) pension business,

(vi) total assets, and

(vii) gross receipts.

Such report shall also include an analysis of the extent to which taxes paid by stockholders of life insurance companies shall be included in analyzing segment balance.

(3) REPORTS.—

(A) INTERIM REPORTS.—The Secretary of the Treasury shall submit interim reports on the study conducted under this subsection to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than July 1, 1986, 1987, and 1988.

(B) FINAL REPORT.—Not later than January 1, 1989, the Secretary of the Treasury shall submit a final report on the study conducted under this subsection to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

(c) AUTHORITY TO REQUIRE DATA.—The Secretary of the Treasury shall have authority to require reporting of such data with respect to life insurance companies and their products as may be necessary to carry out the purposes of this section.

TITLE III—REVISION OF PRIVATE FOUNDATION PROVISIONS

SEC. 301. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Private Foundation Tax Treatment Revision Act of 1984".

(b) TABLE OF CONTENTS.—

Sec. 301. Short title; table of contents.
Sec. 302. Limitations on deduction for contributions to private foundations.
Sec. 303. Exemption for certain operating foundations from excise tax on investment income.
Sec. 304. Reduction in excise tax on investment income where private foundation meets certain distribution requirements.
Sec. 305. Amendment to taxes on failure to distribute income.
Sec. 306. Abatement of first tier taxes in certain cases.
Sec. 307. Miscellaneous amendments.
Sec. 308. 5-year extension of requirements to dispose of certain excess holdings attributable to large gifts and bequests.
Sec. 309. Decreases attributable to stock issuances not to reduce permitted percentage of holdings where decrease is 2 percent or less.
Sec. 310. Aggregation of stock holdings of private foundation and disqualified persons in applying 95 percent ownership test.
Sec. 311. 5-year period to dispose of excess holdings resulting from certain acquisitions by disqualified persons.
Sec. 312. The conducting of certain games of chance not treated as unrelated trade or business.
Sec. 313. Tax on self-dealing not to apply to certain stock purchases.
Sec. 314. Person ceases to be substantial contributor after 10 years with no connection to foundation.
Sec. 315. Technical amendments.

SEC. 302. LIMITATIONS ON DEDUCTION FOR CONTRIBUTIONS TO PRIVATE FOUNDATIONS

(a) INCREASE IN PERCENTAGE LIMITATION FOR INDIVIDUALS.—

(1) IN GENERAL.—Clause (i) of section 170(b)(1)(B) (relating to percentage limitations for individuals) is amended by striking out "20 percent" and inserting in lieu thereof "30 percent".

(2) CARRYOVER OF EXCESS CONTRIBUTIONS.—Subparagraph (B) of section 170(b)(1) is amended by adding at the end thereof the following new sentence:

"If the aggregate of such contributions exceeds the limitation of the preceding sentence, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution (to which subparagraph (A) does not apply) in each of the 5 succeeding taxable years in order of time."

(b) DEDUCTION ALLOWED FOR FULL FAIR MARKET VALUE OF CERTAIN STOCK CONTRIBUTED TO PRIVATE FOUNDATIONS.—Subsection (e) of section 170 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end thereof the following new paragraph:

"(5) SPECIAL RULE FOR CONTRIBUTIONS OF STOCK FOR WHICH MARKET QUOTATIONS ARE READILY AVAILABLE.—

"(A) IN GENERAL.—Subparagraph (B)(ii) of paragraph (1) shall not apply to any contribution of qualified appreciated stock.

"(B) QUALIFIED APPRECIATED STOCK.—Except as provided in subparagraph (C), for purposes of this paragraph, the term 'qualified appreciated stock' means any stock of a corporation—

"(i) for which (as of the date of the contribution) market quotations are readily available on an established securities market, and

"(ii) which is capital gain property (as defined in subsection (b)(1)(C)(iv)).

"(C) DONOR MAY NOT CONTRIBUTE MORE THAN 10 PERCENT OF STOCK OF CORPORATION.—

"(i) IN GENERAL.—In the case of any donor, the term 'qualified appreciated stock' shall not include any stock of a corporation contributed by the donor in a contribution to which paragraph (1)(B)(ii) applies (determined without regard to this paragraph) to the extent that the amount of the stock so contributed (when increased by the aggregate amount of all prior such contributions by the donor of stock in such corporation) exceeds 10 percent (in value) of all of the outstanding stock of such corporation.

"(ii) SPECIAL RULE.—For purposes of clause (i), an individual shall be treated as making all contributions made by any member of his family (as defined in section 267(c)(4)).

"(D) TERMINATION.—This paragraph shall not apply to contributions made after December 31, 1994."

(c) 20-PERCENT LIMITATION RETAINED FOR CONTRIBUTIONS OF CAPITAL GAIN PROPERTY.—

(1) IN GENERAL.—Paragraph (1) of section 170(b) (relating to percentage limitations for individuals) is amended by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and by inserting after subparagraph (C) the following new subparagraph:

"(D) SPECIAL LIMITATION WITH RESPECT TO CONTRIBUTIONS OF CAPITAL GAIN PROPERTY TO ORGANIZATIONS NOT DESCRIBED IN SUBPARAGRAPH (A).—

"(i) IN GENERAL.—In the case of charitable contributions (other than charitable contributions to which subparagraph (A) applies) of capital gain property, the total amount of such contributions of such property taken into account under subsection (a) for any taxable year shall not exceed the lesser of—

"(I) 20 percent of the taxpayer's contribution base for the taxable year, or

"(II) the excess of 30 percent of the taxpayer's contribution base for the taxable year over the amount of the contributions of capital gain property to which subparagraph (C) applies.

For purposes of this subsection, contributions of capital gain property to which this subparagraph applies shall be taken into account after all other charitable contributions.

"(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the limitation of clause (i), such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution of capital gain property to which clause (i) applies in each of the 5 succeeding taxable years in order of time."

(2) TECHNICAL AMENDMENTS.—

(A) Clause (vii) of section 170(b)(1)(A) is amended by striking out "subparagraph (D)" and inserting in lieu thereof "subparagraph (E)".

(B) The subparagraph heading and clause (i) of subparagraph (C) of section 170(b)(1) are amended to read as follows:

"(C) SPECIAL LIMITATION WITH RESPECT TO CONTRIBUTIONS DESCRIBED IN SUBPARAGRAPH (A) OF CERTAIN CAPITAL GAIN PROPERTY.—

"(i) In the case of charitable contributions described in subparagraph (A) of capital gain property to which subsection (e)(1)(B) does not apply, the total amount of contributions of such property which may be taken into account under subsection (a) for any taxable year shall not exceed 30 percent of the taxpayer's contribution base for such year. For purposes of this subsection, contributions of capital gain property to which this subparagraph applies shall be taken into account after all other charitable contributions (other than charitable contributions to which subparagraph (D) applies)."

(C) Subparagraph (B) of section 170(e)(1) is amended by striking out "subsection (b)(1)(D)" and inserting in lieu thereof "subsection (b)(1)(E)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 1984.

SEC. 303. EXEMPTION FOR CERTAIN OPERATING FOUNDATIONS FROM EXCISE TAX ON INVESTMENT INCOME.

(a) GENERAL RULE.—Section 4940 (relating to excise tax based on investment income) is amended by adding at the end thereof the following new subsection:

"(d) EXEMPTION FOR CERTAIN OPERATING FOUNDATIONS.—

"(1) IN GENERAL.—No tax shall be imposed by this section on any private foundation which is an exempt operating foundation for the taxable year.

"(2) Exempt operating foundation.—For purposes of this subsection, the term 'exempt operating foundation' means, with respect to any taxable year, any private foundation if—

"(A) such foundation is an operating foundation (as defined in section 4942(j)(3)),

"(B) such foundation has been publicly supported for at least 10 taxable years,

"(C) at all times during the taxable year, the governing body of such foundation—

"(i) consists of individuals at least 75 percent of whom are not disqualified individuals, and

"(ii) is broadly representative of the general public, and

"(D) at no time during the taxable year does such foundation have an officer who is a disqualified individual.

"(3) Definitions.—For purposes of this subsection—

"(A) Publicly supported.—A private foundation is publicly supported for a taxable year if it meets the requirements of section 170(b)(1)(A)(vi) or 509(a)(2) for such taxable year.

"(B) Disqualified individual.—The term 'disqualified individual' means, with respect to any private foundation, an individual who is—

"(i) a substantial contributor to the foundation,

"(ii) an owner of more than 20 percent of—

"(I) the total combined voting power of a corporation,

"(II) the profits interest of a partnership, or

"(III) the beneficial interest of a trust or unincorporated enterprise,

which is a substantial contributor to the foundation, or

"(iii) a member of the family of any individual described in clause (i) or (ii).

"(C) Substantial contributor.—The term 'substantial contributor' means a person who is described in section 507(d)(2).

"(D) Family.—The term 'family' has the meaning given to such term by section 4946(d).

"(E) Constructive ownership.—The rules of paragraphs (3) and (4) of section 4946(a) shall apply for purposes of subparagraph (B)(ii)."

(b) Requirement of Expenditure Responsibility Not To Apply to Certain Operating Foundations.—Paragraph (4) of section 4945(d) (defining taxable expenditure) is amended to read as follows:

"(4) as a grant to an organization unless—

"(A) such organization is described in paragraph (1), (2), or (3) of section 509(a) or is an exempt operating foundation (as defined in section 4940(d)(2)), or

"(B) the private foundation exercises expenditure responsibility with respect to such grant in accordance with subsection (h), or".

(c) Effective Date.—

(1) For subsection (a).—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

(2) For subsection (b).—The amendment made by subsection (b) shall apply to grants made after December 31, 1984, in taxable years ending after such date.

(3) Certain existing foundations.—A foundation which was an operating foundation (as defined in section 4942(j)(3) of the Internal Revenue Code of 1954) as of January 1, 1983, shall be treated as meeting the requirements of section 4940(d)(2)(B) of such Code (as added by subsection (a)).

SEC. 304. REDUCTION IN EXCISE TAX ON INVESTMENT INCOME WHERE PRIVATE FOUNDATION MEETS CERTAIN DISTRIBUTION REQUIREMENTS.

(a) General Rule.—Section 4940 (relating to excise tax based on investment income) is amended by adding at the end thereof the following new subsection:

"(e) Reduction in Tax Where Private Foundation Meets Certain Distribution Requirements.—

"(1) In general.—In the case of any private foundation which meets the requirements of paragraph (2) for any taxable year, subsection (a) shall be applied with respect to such taxable year by substituting '1 percent' for '2 percent'.

"(2) Requirements.—A private foundation meets the requirements of this paragraph for any taxable year if—

"(A) the amount of the qualifying distributions made by the private foundation during such taxable year equals or exceeds the sum of—

"(i) an amount equal to the assets of such foundation for such taxable year multiplied by the average percentage payout for the base period, plus

"(ii) 1 percent of the net investment income of such foundation for such taxable year, and

"(B) the average percentage payout for the base period equals or exceeds 5 percent.

In the case of an operating foundation (as defined in section 4942(j)(3)), subparagraph (B) shall be applied by substituting '3½ percent' for '5 percent'.

"(3) Average percentage payout for base period.—For purposes of this subsection—

"(A) In general.—The average percentage payout for the base period is the average of the percentage payouts for taxable years in the base period.

"(B) Percentage payout.—The term 'percentage payout' means, with respect to any taxable year, the percentage determined by dividing—

"(i) the amount of the qualifying distributions made by the private foundation during the taxable year, by

"(ii) the assets of the private foundation for the taxable year.

"(C) Special rule where tax reduced under this subsection.—For purposes of this paragraph, if the amount of the tax imposed by this section for any taxable year in the base period is reduced by reason of this subsection, the amount of the qualifying distributions made by the private foundation during such year shall be reduced by the amount of such reduction in tax.

"(4) Base period.—For purposes of this subsection—

"(A) In general.—The term 'base period' means, with respect to any taxable year, the 5 taxable years preceding such taxable year.

"(B) New private foundations, etc.—If an organization has not been a private foundation throughout the base period referred to in subparagraph (A), the base period shall consist of the taxable years during which such foundation has been in existence.

"(5) Other definitions.—For purposes of this subsection—

"(A) Qualifying distribution.—The term 'qualifying distribution' has the meaning given such term by section 4942(g).

"(B) Assets.—The assets of a private foundation for any taxable year shall be treated as equal to the excess determined under section 4942(e)(1).

"(6) Treatment of successor organizations, etc.—In the case of—

"(A) a private foundation which is a successor to another private foundation, this subsection shall be applied with respect to such successor by taking into account the experience of such other foundation, and

"(B) a merger, reorganization, or division of a private foundation, this subsection shall be applied under regulations prescribed by the Secretary."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

SEC. 305. AMENDMENT TO TAXES ON FAILURE TO DISTRIBUTE INCOME.

(a) Limit on Amount of Certain Administrative Expenses Taken Into Account as Qualifying Distributions.—Subsection (g) of section 4942 (defining qualified distributions) is amended by adding at the end thereof the following new paragraph:

"(4) Limitation on administrative expenses allocable to making of contributions, gifts, and grants.—

"(A) In general.—The amount of the grant administrative expenses paid during any taxable year which may be taken into account as qualifying distributions shall not exceed the excess (if any) of—

"(i) 15 percent of the aggregate amount of qualified grants made by the private foundation during such taxable year and the immediately preceding 4 taxable years, over

"(ii) the aggregate amount of grant administrative expenses paid during the 4 preceding taxable years which were taken into account as qualified distributions.

"(B) Grant administrative expenses.—For purposes of this paragraph, the term 'grant administrative expenses' means any administrative expenses which are allocable to the making of qualified grants.

"(C) Qualified grants.—For purposes of this paragraph, the term 'qualified grant' means any contribution, gift, or grant which is a qualifying distribution.

"(D) Transitional rule.—In the case of any preceding taxable year which began before January 1, 1985, the amount of the grant administrative expenses taken into account under subparagraph (A)(ii) shall not exceed 15 percent of the qualified grants made by the foundation during such taxable year."

(b) Required Distribution Increased by Amount of Certain Repayments, Etc.—Paragraph (1) of section 4942(d) (defining distributable amount) is amended to read as follows:

"(1) the sum of the minimum investment return plus the amounts described in subsection (f)(2)(C), reduced by".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 306. ABATEMENT OF FIRST TIER TAXES IN CERTAIN CASES.

(a) General Rule.—Subchapter C of chapter 42 (relating to abatement of second tier taxes) is amended by redesignating section 4962 as section 4963 and by inserting after section 4961 the following new section:

"SEC. 4962. ABATEMENT OF PRIVATE FOUNDATION FIRST TIER TAXES IN CERTAIN CASES.

"(a) General Rule.—If it is established to the satisfaction of the Secretary that—

"(1) a taxable event was due to reasonable cause and not to willful neglect, and

"(2) such event was corrected within the correction period for such event, then any private foundation first tier tax imposed with respect to such event (including interest) shall not be assessed and, if assessed, the assessment shall be abated and, if collected, shall be credited or refunded as an overpayment.

"(b) Private Foundation First Tier Tax.—For purposes of this section, the term 'private foundation first tier tax' means any first tier tax imposed by subchapter A of chapter 42, except that such term shall not include the tax imposed by section 4941(a) (relating to initial tax on self-dealing)."

(b) Conforming Amendments.—

(1) The heading of subchapter C of chapter 42 is amended to read as follows:

"Subchapter C—Abatement of First and Second Tier Taxes in Certain Cases".

(2) The table of sections for subchapter C of chapter 42 is amended by striking out the item relating to section 4962 and inserting in lieu thereof the following:

"Sec. 4962. Abatement of private foundation first tier taxes in certain cases.

"Sec. 4963. Definitions."

(3) The table of subchapters for chapter 42 is amended by striking out the item relating to subchapter C and inserting in lieu thereof the following:

"Subchapter C. Abatement of first and second tier taxes in certain cases."

(4) Sections 4942(g)(2)(C), 6213(e), and 6503(g) are each amended by striking out "section 4962(e)" and inserting in lieu thereof "section 4963(e)".

(c) Effective Date.—The amendments made by this section shall apply to taxable events occurring after December 31, 1984.

SEC. 307. MISCELLANEOUS AMENDMENTS.

(a) Repeal of Requirement That Voter Registration Activities Be Carried on in 5 or More States.—Paragraph (2) of section 4945(f) (relating to nonpartisan activities carried on by certain organizations) is amended to read as follows:

"(2) the activities of which are nonpartisan and are not confined to 1 specific election period,".

(b) Definition of Family Member.—Subsection (d) of section 4946 (defining members of family) is amended to read as follows:

"(d) Members of Family.—For purposes of subsection (a)(1), the family of any individual shall include only his spouse, ancestors, children, grandchildren, great grandchildren, and the spouses of children, grandchildren, and great grandchildren."

(c) Requirement That Annual Notice Include Telephone Number of the Private Foundation.—Subsection (d) of section 6104 (relating to public inspection of private foundations' annual returns) is amended by striking out "shall state the address of the private foundation's principal office" and inserting in lieu thereof "shall state the address and the telephone number of the private foundation's principal office".

(d) Effective Dates.—

(1) Subsection (a).—The amendment made by subsection (a) shall take effect on January 1, 1984.

(2) Subsections (b) and (c).—The amendments made by subsections (b) and (c) shall take effect on January 1, 1985.

SEC. 308. 5-YEAR EXTENSION OF REQUIREMENT TO DISPOSE OF CERTAIN EXCESS HOLDINGS ATTRIBUTABLE TO LARGE GIFTS AND BEQUESTS.

(a) General Rule.—Subsection (c) of section 4943 (relating to taxes on excess business holdings) is amended by adding at the end thereof the following new paragraph:

"(7) 5-year extension of period to dispose of certain large gifts and bequests.—The Secretary may extend for an additional 5-year period the period under paragraph (6) for disposing of excess business holdings in the case of an unusually large gift or bequest of diverse business holdings or holdings with complex corporate structures if the foundation—

"(A) establishes that—

"(i) diligent efforts to dispose of such holdings have been made within the initial 5-year period, and

"(ii) disposition within the initial 5-year period has not been possible (except at a price substantially below fair market value) by reason of such size and complexity or diversity of such holdings, and

"(B)(i) before the close of the initial 5-year period, has submitted a plan to the Secretary for disposing of all of the excess business holdings involved in the extension, and

"(ii) the Secretary determines that such plan can reasonably be expected to be carried out before the close of the extension period."

(b) Effective Date.—

(1) In general.—The amendment made by subsection (a) shall apply to business holdings with respect to which the 5-year period described in section 4943(c)(6) of the Internal Revenue Code of 1954 ends on or after November 1, 1983.

(2) Transitional rule.—Any plan submitted to the Secretary of the Treasury or his delegate on or before the 60th day after the date of the enactment of this Act shall be treated as submitted before the close of the initial 5-year period referred to in section 4943(c)(7)(B) of the Internal Revenue Code of 1954 (as added by subsection (a)).

SEC. 309. DECREASES ATTRIBUTABLE TO STOCK ISSUANCES NOT TO REDUCE PERMITTED PERCENTAGE OF HOLDINGS WHERE DECREASE IS 2 PERCENT OR LESS.

(a) General Rule.—The second sentence of clause (ii) of section 4943(c)(4)(A) (relating to present holdings) is amended to read as follows:

"For purposes of the preceding sentence, any decrease in percentage holdings attributable to issuances of stock (or to issuances of stock coupled with redemptions of stock) shall be disregarded so long as—

"(I) the net percentage decrease disregarded under this sentence does not exceed 2 percent, and

"(II) the number of shares held by the foundation is not affected by any such issuance or redemption."

(b) Effective Date.—The amendment made by subsection (a) shall apply to increases and decreases after the date of the enactment of this Act.

SEC. 310. AGGREGATION OF STOCK HOLDINGS OF PRIVATE FOUNDATION AND DISQUALIFIED PERSONS IN APPLYING 95 PERCENT OWNERSHIP TEST.

(a) General Rule.—Clause (i) of section 4943(c)(4)(B) (relating to present holdings) is amended by striking out "the private foundation has" and inserting in lieu thereof "the private foundation and all disqualified persons have".

(b) Effective Date.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 311. 5-YEAR PERIOD TO DISPOSE OF EXCESS HOLDINGS RESULTING FROM CERTAIN ACQUISITIONS BY DISQUALIFIED PERSONS.

(a) General Rule.—Paragraph (6) of section 4943(c) (relating to 5-year period to dispose of gifts, bequests, etc.) is amended by adding at the end thereof the following new sentence:

"In any case where an acquisition by a disqualified person would result in a substitution under clause (i) or (ii) of subparagraph (D) of paragraph (4), the preceding sentence shall be applied with respect to such acquisition as if it did not contain the phrase 'or by a disqualified person' in the material preceding subparagraph (A)."

(b) Effective Date.—The amendment made by subsection (a) shall apply to acquisitions after the date of the enactment of this Act.

SEC. 312. THE CONDUCTING OF CERTAIN GAMES OF CHANCE NOT TREATED AS UNRELATED TRADE OR BUSINESS.

(a) General Rule.—For purposes of section 513 of the Internal Revenue Code of 1954 (defining unrelated trade or business), the term "unrelated trade or business" does not include any trade or business which consists of conducting any game of chance if—

(1) such game of chance is conducted by a nonprofit organization,

(2) the conducting of such game by such organization does not violate any State or local law, and

(3) as of October 5, 1983--

(A) there was a State law in effect which permitted the conducting of such game of chance by such nonprofit organization, but

(B) the conducting of such game of chance by organizations which were not nonprofit organizations would have violated such law.

(b) Effective Date.—Subsection (a) shall apply to games of chance conducted after June 30, 1981, in taxable years ending after such date.

SEC. 313. TAX ON SELF-DEALING NOT TO APPLY TO CERTAIN STOCK PURCHASES.

(a) General Rule.—Section 4941 of the Internal Revenue Code of 1954 (relating to taxes on self-dealing) shall not apply to the purchase during 1978 of stock from a private foundation (and to any note issued in connection with such purchase) if—

(1) consideration for such purchase equaled or exceeded the fair market value of such stock,

(2) the purchaser of such stock did not make any contribution to such foundation at any time during the 5-year period ending on the date of such purchase,

(3) the aggregate contributions to such foundation by the purchaser before such date were less than $10,000 and less than 2 percent of the total contributions received by the foundation as of such date, and

(4) such purchase was pursuant to the settlement of litigation involving the purchaser.

(b) Statute of Limitations.—If credit or refund of any overpayment of tax resulting from subsection (a) is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law, refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed before the close of such 1-year period.

SEC. 314. PERSON CEASES TO BE SUBSTANTIAL CONTRIBUTOR AFTER 10 YEARS WITH NO CONNECTION TO FOUNDATION.

(a) GENERAL RULE.—Paragraph (2) of section 507(d) (defining substantial contributor) is amended by adding at the end thereof the following new subparagraph:

"(C) PERSON CEASES TO BE SUBSTANTIAL CONTRIBUTOR IN CERTAIN CASES.—

"(i) IN GENERAL.—A person shall cease to be treated as a substantial contributor with respect to any private foundation as of the close of any taxable year of such foundation if—

"(I) during the 10-year period ending at the close of such taxable year such person (and all related persons) have not made any contribution to such private foundation,

"(II) at no time during such 10-year period was such person (or any related person) a foundation manager of such private foundation, and

"(III) the aggregate contributions made by such person (and related persons) are determined by the Secretary to be insignificant when compared to the aggregate amount of contributions to such foundation by one other person.

For purposes of subclause (III), appreciation on contributions while held by the foundation shall be taken into account.

"(ii) RELATED PERSON.—For purposes of clause (i), the term 'related person' means, with respect to any person, any other person who would be a disqualified person (within the meaning of section 4946) by reason of his relationship to such person. In the case of a contributor which is a corporation, the term also includes any officer or director of such corporation."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

SEC. 315. TECHNICAL AMENDMENTS.

(a) AMENDMENTS OF INTERNAL REVENUE CODE OF 1954.—

(1) Subparagraph (B) of section 4942(a)(2) (relating to taxes on failure to distribute income) is amended by striking out "subsection (j)(4)" and inserting in lieu thereof "subsection (j)(2)".

(2) Paragraph (1) of section 4942(f) (defining adjusted net income) is amended by striking out "subsection (d)" and inserting in lieu thereof "subsection (j)".

(3) Paragraph (3) of section 6501(n) (relating to special rule for chapter 42 and similar taxes) is amended by striking out "section 4942(g)(2)(B)(i)(II)" and inserting in lieu thereof "section 4942(g)(2)(B)(ii)".

(4) The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b) AMENDMENT OF 1969 TAX REFORM ACT.—

(1) Subparagraph (A) of section 101(l)(4) of the Tax Reform Act of 1969 is amended by striking out "by substituting '51 percent' for '50 percent' " and inserting in lieu thereof "as if it did not contain the phrase ', but in no event shall the percentage so substituted be more than 50 percent' ".

(2) The amendment made by paragraph (1) shall apply as if included in section 101(l)(4) of the Tax Reform Act of 1969.

TITLE IV—TAX SIMPLIFICATION

SEC. 401. SHORT TITLE; ETC.

(a) SHORT TITLE.—This title may be cited as the "Tax Law Simplification and Improvement Act of 1984".

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Subtitle A—Revision and Simplification of Estimated Income Tax for Individuals

SEC. 411. REVISION OF PENALTY FOR FAILURE TO PAY ESTIMATED INCOME TAX.

Section 6654 (relating to addition to the tax for failure by individual to pay estimated income tax) is amended to read as follows:

"SEC. 6654. FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

"(a) Addition to the Tax.—Except as otherwise provided in this section, in the case of any underpayment of estimated tax by an individual, there shall be added to the tax under chapter 1 and the tax under chapter 2 for the taxable year an amount determined by applying—

"(1) the applicable annual rate established under section 6621,

"(2) to the amount of the underpayment,

"(3) for the period of the underpayment.

"(b) Amount of Underpayment; Period of Underpayment.—For purposes of subsection (a)—

"(1) Amount.—The amount of the underpayment shall be the excess of—

"(A) the required installment, over

"(B) the amount (if any) of the installment paid on or before the due date for the installment.

"(2) Period of underpayment.—The period of the underpayment shall run from the due date for the installment to whichever of the following dates is the earlier—

"(A) the 15th day of the 4th month following the close of the taxable year, or

"(B) with respect to any portion of the underpayment, the date on which such portion is paid.

"(3) Order of crediting payments.—For purposes of paragraph (2)(B), a payment of estimated tax shall be credited against unpaid required installments in the order in which such installments are required to be paid.

"(c) Number of Required Installments; Due Dates.—For purposes of this section—

"(1) Payable in 4 installments.—There shall be 4 required installments for each taxable year.

"(2) Time for payment of installments.—

"In the case of the following required installments:	The due date is:
1st	April 15
2nd	June 15
3rd	September 15
4th	January 15 of the following taxable year.

"(d) Amount of Required Installments.—For purposes of this section—

"(1) Amount.—

"(A) In general.—Except as provided in paragraph (2), the amount of any required installment shall be 25 percent of the required annual payment.

"(B) Required annual payment.—For purposes of subparagraph (A), the term 'required annual payment' means the lesser of—

"(i) 80 percent of the tax shown on the return for the taxable year (or, if no return is filed, 80 percent of the tax for such year), or

"(ii) 100 percent of the tax shown on the return of the individual for the preceding taxable year.

Clause (ii) shall not apply if the preceding taxable year was not a taxable year of 12 months or if the individual did not file a return for such preceding taxable year.

"(2) Lower required installment where annualized income installment is less than amount determined under paragraph (1).—

"(A) In general.—In the case of any required installment, if the individual establishes that the annualized income installment is less than the amount determined under paragraph (1)—

"(i) the amount of such required installment shall be the annualized income installment, and

"(ii) any reduction in a required installment resulting from the application of this subparagraph shall be recaptured by increasing the amount of the next required installment determined under paragraph (1) by the amount of such reduction (and by increasing subsequent required installments to the extent that the reduction has not previously been recaptured under this clause).

"(B) Determination of annualized income installment.—In the case of any required installment, the annualized income installment is the excess (if any) of—

"(i) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income, alternative minimum taxable income, and adjusted self-employment income for months in the taxable year ending before the due date for the installment, over

"(ii) the aggregate amount of any prior required installments for the taxable year.

"(C) Special rules.—For purposes of this paragraph—

"(i) Annualization.—The taxable income, alternative minimum taxable income, and adjusted self-employment income shall be placed on an annualized basis under regulations prescribed by the Secretary.

"(ii) Applicable percentage.—

"In the case of the following required installments:	The applicable percentage is:
1st	20
2nd	40
3rd	60
4th	80

"(iii) Adjusted self-employment income.—The term 'adjusted self-employment income' means self-employment income (as defined in section 1402(b)); except that section 1402(b) shall be applied by placing wages (within the meaning of section 1402(b)) for months in the taxable year ending before the due date for the installment on an annualized basis consistent with clause (i).

"(e) Exceptions.—

"(1) Where tax is small amount.—No addition to tax shall be imposed under subsection (a) for any taxable year if the tax shown on the return for such taxable year (or, if no return is filed, the tax), reduced by the credit allowable under section 31, is less than $500.

"(2) Where no tax liability for preceding taxable year.—No addition to tax shall be imposed under subsection (a) for any taxable year if—

"(A) the preceding taxable year was a taxable year of 12 months,

"(B) the individual did not have any liability for tax for the preceding taxable year, and

"(C) the individual was a citizen or resident of the United States throughout the preceding taxable year.

"(3) Waiver in certain cases.—No addition to tax shall be imposed under subsection (a) with respect to any underpayment to the extent the Secretary determines that by reason of casualty, disaster, or other unusual circumstances the imposition of such addition to tax would be against equity and good conscience.

"(f) Tax Computed After Application of Credits Against Tax.—For purposes of this section, the term 'tax' means—

"(1) the tax imposed by chapter 1, plus

"(2) the tax imposed by chapter 2, minus

"(3) the sum of—

"(A) the credits against tax allowed by part IV of subchapter A of chapter 1, other than the credit against tax provided by section 31 (relating to tax withheld on wages), plus

"(B) to the extent allowed under regulations prescribed by the Secretary, any overpayment of the tax imposed by section 4986 (determined without regard to section 4995(a)(4)(B)).

"(g) Application of Section in Case of Tax Withheld on Wages.—

"(1) In general.—For purposes of applying this section, the amount of the credit allowed under section 31 for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amount shall be deemed paid on each due date for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld.

"(2) Separate application.—The taxpayer may apply paragraph (1) separately with respect to—

"(A) wage withholding, and

"(B) all other amounts withheld for which credit is allowed under section 31.

"(h) Special Rule Where Return Filed on or Before January 31.—If, on or before January 31 of the following taxable year, the taxpayer files a return for the taxable year and pays in full the amount computed on the return as payable, then no addition to tax shall be imposed under subsection (a) with respect to any underpayment of the 4th required installment for the taxable year.

"(i) Special Rules for Farmers and Fishermen.—For purposes of this section—

"(1) In general.—If an individual is a farmer or fisherman for any taxable year—

"(A) there shall be only 1 required installment for the taxable year,

"(B) the due date for such installment shall be January 15 of the following taxable year,

"(C) the amount of such installment shall be equal to the required annual payment (determined under subsection (d)(1)(B) by substituting '66⅔ percent' for '80 percent', and

"(D) subsection (h) shall be applied—

"(i) by substituting 'March 1' for 'January 31', and

"(ii) by treating the required installment described in subparagraph (A) of this paragraph as the 4th required installment.

"(2) Farmer or fisherman defined.—An individual is a farmer or fisherman for any taxable year if—

"(A) the individual's gross income from farming or fishing (including oyster farming) for the taxable year is at least 66⅔ percent of the total gross income from all sources for the taxable year, or

"(B) such individual's gross income from farming or fishing (including oyster farming) shown on the return of the individual for the preceding taxable year is at least 66⅔ percent of the total gross income from all sources shown on such return.

"(j) Fiscal Years and Short Years.—

"(1) Fiscal years.—In applying this section to a taxable year beginning on any date other than January 1, there shall be substituted, for the months specified in this section, the months which correspond thereto.

"(2) Short taxable year.—This section shall be applied to taxable years of less than

12 months in accordance with regulations prescribed by the Secretary.

"(k) Estates and Trusts.—This section shall not apply to any estate or trust.

"(l) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

SEC. 412. REPEAL OF REQUIREMENT OF DECLARATIONS, ETC.

(a) General Rule.—The following provisions are hereby repealed:

(1) Section 6015 (relating to declaration of estimated income tax by individuals).

(2) Section 6073 (relating to time for filing declarations of estimated income tax by individuals).

(3) Section 6153 (relating to installment payments of estimated income tax by individuals).

(b) Technical and Conforming Amendments.—

(1) Subsection (g) of section 871 is amended by striking out paragraph (6) and by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(2) Subsection (b) of section 1403 is amended by striking out paragraph (3).

(3) Paragraph (2) of section 6012(b) is amended by striking out "or section 6015(a)".

(4) Paragraph (1) of section 6020(b) is amended by striking out "(other than a declaration of estimated tax required under section 6015)".

(5) Paragraph (1) of section 6201(b) is amended to read as follows:

"(1) Estimated income tax.—No unpaid amount of estimated income tax required to be paid under section 6154 or 6654 shall be assessed."

(6) Paragraph (5) of section 6362(e) is amended by striking out "and section 6015 and other provisions relating to declarations of estimated income" and inserting in lieu thereof "and provisions relating to estimated income tax".

(7) Subsection (h) of section 6601 is amended to read as follows:

"(h) Exception as to Estimated Tax.—This section shall not apply to any failure to pay any estimated tax required to be paid by section 6154 or 6654."

(8) Subsection (d) of section 6651 is amended to read as follows:

"(d) Exception for Estimated Tax.—This section shall not apply to any failure to pay any estimated tax required to be paid by section 6154 or 6654."

(9) Section 7203 is amended by striking out "(other than a return required under the authority of section 6015)".

(10) Subsection (a) of section 7216 is amended—

(A) by striking out "or declarations or amended declarations of estimated tax under section 6015,", and

(B) by striking out "return or declaration" each place it appears and inserting in lieu thereof "return".

(11) Paragraph (34) of section 7701(a) is hereby repealed.

(c) Clerical Amendments.—

(1) The table of sections for subpart B of part II of subchapter A of chapter 61 is amended by striking out the item relating to section 6015.

(2) The table of sections for part V of subchapter A of chapter 61 is amended by striking out the item relating to section 6073.

(3) The table of sections for subchapter A of chapter 62 is amended by striking out the item relating to section 6153.

SEC. 413. CREDITING OF INCOME TAX OVERPAYMENT AGAINST ESTIMATED TAX LIABILITY.

The application of the Internal Revenue Code of 1954 with respect to the crediting of a prior year overpayment of income tax against the estimated tax shall be determined—

(1) without regard to Revenue Ruling 83-111 (and without regard to any other regulation, ruling, or decision reaching the same result as, or a result similar to, the result set forth in such Revenue Ruling); and

(2) with full regard to the rules (including Revenue Ruling 77-475) before Revenue Ruling 83-111.

SEC. 414. EFFECTIVE DATES.

(a) Sections 411 and 412.—The amendments made by sections 411 and 412 shall apply with respect to taxable years beginning after December 31, 1984.

(b) Section 413.—The provisions of section 413 shall take effect on January 1, 1984.

Subtitle B—Domestic Relations

SEC. 421. SHORT TITLE.

This subtitle may be cited as the "Domestic Relations Tax Reform Act of 1984".

SEC. 422. TREATMENT OF TRANSFERS OF PROPERTY BETWEEN SPOUSES OR INCIDENT TO DIVORCE.

(a) General Rule.—Part III of subchapter O of chapter 1 (relating to common nontaxable exchanges) is amended by adding at the end thereof the following new section:

"SEC. 1041. TRANSFERS OF PROPERTY BETWEEN SPOUSES OR INCIDENT TO DIVORCE.

"(a) General Rule.—No gain or loss shall be recognized on a transfer of property from an individual to (or in trust for the benefit of)—

"(1) a spouse, or

"(2) a former spouse, but only if the transfer is incident to the divorce.

"(b) Transfer Treated as Gift; Transferee Has Transferor's Basis.—In the case of any transfer of property described in subsection (a)—

"(1) for purposes of this subtitle, the property shall be treated as acquired by the transferee by gift, and

"(2) the basis of the transferee in the property shall be the adjusted basis of the transferor.

"(c) Incident to Divorce.—For purposes of subsection (a)(2), a transfer of property is incident to the divorce if such transfer—

"(1) occurs within 1 year after the date on which the marriage ceases, or

"(2) is related to the cessation of the marriage."

(b) Technical Amendments.—

(1) Repeal of section 72(k).—Subsection (k) of section 72 (relating to payments in discharge of alimony) is hereby repealed.

(2) Repeal of section 101(e).—Subsection (e) of section 101 (relating to alimony, etc., payments) is hereby repealed.

(3) Coordination with section 453B.—Section 453B (relating to gain or loss on disposition of installment obligations) is amended by adding at the end thereof the following new subsection:

"(g) Transfers Between Spouses or Incident to Divorce.—In the case of any transfer described in subsection (a) of section 1041—

"(1) subsection (a) of this section shall not apply, and

"(2) the same tax treatment with respect to the transferred installment obligation shall apply to the transferee as would have applied to the transferor."

(4) Term interests.—Paragraph (1) of section 1001(e) (relating to certain term interest) is amended by striking out "section 1014 or 1015" and inserting in lieu thereof "section 1014, 1015, or 1041".

(5) Coordination with section 1015.—Section 1015 (relating to basis of property acquired by gifts and transfers in trust) is amended by adding at the end thereof the following new subsection:

"(e) Gifts Between Spouses.—In the case of any property acquired by gift in a transfer described in section 1041(a), the basis of such property in the hands of the transferee shall be determined under section 1041(b)(2) and not this section."

(6) Coordination with section 1239.—

(A) Subsection (b) of section 1239, as amended by this Act, is amended by striking out paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(B) Subparagraph (C) of section 453(h)(1) (relating to special rule where obligor and shareholder are related persons) is amended by striking out "the obligor of any installment obligation and the shareholder are related persons" and inserting in lieu thereof "the obligor of any installment obligation and the shareholder are married to each other or are related persons".

(C) The subsection heading for section 453(g) is amended by striking out "Spouse or".

(7) Coordination with section 47.—Section 47 (relating to certain dispositions, etc., of section 38 property) is amended by adding at the end thereof the following new subsection:

"(e) Transfers Between Spouses or Incident to Divorce.—In the case of any transfer described in subsection (a) of section 1041—

"(1) subsection (a) of this section shall not apply, and

"(2) the same tax treatment under this section with respect to the transferred property shall apply to the transferee as would have applied to the transferor."

(c) Clerical Amendment.—The table of sections for such part III is amended by adding at the end thereof the following:

"Sec. 1041. Transfers of property between spouses or incident to divorce."

(d) Effective Dates.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to transfers after the date of the enactment of this Act in taxable years ending after such date.

(2) Election to have amendments apply to transfers after 1983.—If both spouses or former spouses make an election under this paragraph, the amendments made by this section shall apply to all transfers made by such spouses (or former spouses) after December 31, 1983.

(3) Exception for transfers pursuant to existing decrees.—Except in the case of an election under paragraph (2), the amendments made by this section shall not apply to transfers under any instrument in effect on or before the date of the enactment of this Act unless both spouses (or former spouses) elect to have such amendments apply to transfers under such section.

(4) Election.—Any election under paragraph (2) or (3) shall be made in such manner, at such time, and subject to such conditions, as the Secretary of the Treasury or his delegate may by regulations prescribe.

SEC. 423. TAX TREATMENT OF ALIMONY AND SEPARATE MAINTENANCE PAYMENTS.

(a) General Rule.—Section 71 (relating to alimony and separate maintenance payments) is amended to read as follows:

"SEC. 71. ALIMONY AND SEPARATE MAINTENANCE PAYMENTS.

"(a) General Rule.—Gross income includes amounts received as alimony or separate maintenance payments.

"(b) Alimony or Separate Maintenance Payments Defined.—For purposes of this section—

"(1) In general.—The term 'alimony or separate maintenance payment' means any payment in cash if—

"(A) such payment is received by (or on behalf of) a spouse under a divorce or separation instrument,

"(B) the divorce or separation instrument does not designate such payment as a payment which is not includible in gross income under this section and not allowable as a deduction under section 215,

"(C) in the case of an individual legally separated from his spouse under a decree of divorce or of separate maintenance, the payee spouse and the payor spouse are not members of the same household at the time such payment is made, and

"(D) there is no liability to make any such payment for any period after the death of the payee spouse and there is no liability to make any payment (in cash or property) as a substitute for such payments after the death of the payee spouse.

"(2) Divorce or separation instrument.—The term 'divorce or separation instrument' means—

"(A) a decree of divorce or separate maintenance or a written instrument incident to such a decree,

"(B) a written separation agreement, or

"(C) a decree (not described in subparagraph (A)) requiring a spouse to make payments for the support or maintenance of the other spouse.

"(c) Payments To Support Minor Children.—Subsection (a) shall not apply to that part of any payment which the terms of the divorce or separation instrument fix (in terms of an amount of money or a part of the payment) as a sum which is payable for the support of minor children of the spouses. For purposes of the preceding sentence, if any payment is less than the amount specified in the instrument, then so much of such payment as does not exceed the sum payable for support shall be considered a payment for such support.

"(d) Spouse.—For purposes of this section, the term 'spouse' includes a former spouse.

"(e Exception for Joint Returns.—This section and section 215 shall not apply if the spouses make a joint return with each other.

"(f) Recomputation Where Excess Front-Loading of Alimony Payments.—

"(1) In general.—If there are excess alimony payments—

"(A) the payor spouse shall include the amount of such excess payments in gross income for the payor spouse's taxable year beginning in the 3rd post-separation year, and

"(B) the payee spouse shall be allowed a deduction in computing adjusted gross income for the amount of such excess payments for the payee's taxable year beginning in the 3rd postseparation year.

"(2) Excess alimony payments.—For purposes of this subsection, the term 'excess alimony payments' means the sum of—

"(A) the excess payments for the 1st post-separation year, and

"(B) the excess payments for the 2nd post-separation year.

"(3) Excess payments for 1st post-separation year.—For purposes of this subsection, the amount of the excess payments for the 1st post-separation year is the excess (if any) of—

"(A) the amount of the alimony or separate maintenance payments paid by the payor spouse during the 1st post-separation year, over

"(B) the sum of—

"(i) the average of—

"(I) the alimony or separate maintenance payments paid by the payor spouse during the 2nd post-separation year, reduced by the excess payments for the 2nd post-separation year, and

"(II) the alimony or separate maintenance payments paid by the payor spouse during the 3rd post-separation year, plus

"(ii) $15,000.

"(4) Excess payments for 2nd post-separation year.—For purposes of this subsection, the amount of the excess payments for the 2nd post-separation year is the excess (if any) of—

"(A) the amount of the alimony or separate maintenance payments paid by the payor spouse during the 2nd post-separation year, over

"(B) the sum of—

"(i) the amount of the alimony or separate maintenance payments paid by the payor spouse during the 3rd post-separation year, plus

"(ii) $15,000.

"(5) Exceptions.—

"(A) Where payment ceases by reason of death or remarriage.—Paragraph (1) shall not apply if—

(i) either spouse dies before the close of the 3rd post-separation year, or the payee spouse remarries before the close of the 3rd post-separation year, and

(ii) the alimony or separate maintenance payments cease by reason of such death or remarriage.

"(B) Support payments.—For purposes of this subsection, the term 'alimony or separate maintenance payment' shall not include any payment received under a decree described in subsection (b)(2)(C).

"(C) Fluctuating payments not within control of payor spouse.—For purposes of this subsection, the term 'alimony or separate maintenance payment' shall not include any payment to the extent it is made pursuant to a continuing liability (over a period of not less than 3 years) to pay a fixed portion of the income from a business or property or from compensation for employment or self-employment.

"(6) Post-separation years.—For purposes of this subsection, the term '1st post-separation year' means the 1st calendar year in which the payor spouse paid to the payee spouse alimony or separate maintenance payments to which this section applies. The 2nd and 3rd post-separation years shall be the 1st and 2nd succeeding calendar years, respectively."

(b) Amendment of Section 215.—Section 215 (relating to deduction for alimony, etc., payments) is amended to read as follows:

"SEC. 215. ALIMONY, ETC., PAYMENTS.

"(a) General Rule.—In the case of an individual, there shall be allowed as a deduction an amount equal to the alimony or separate maintenance payments paid during such individual's taxable year.

"(b) Alimony or Separate Maintenance Payments Defined.—For purposes of this section, the term 'alimony or separate maintenance payment' means any alimony or separate maintenance payment (as defined in section 71(b)) which is includible in the gross income of the recipient under section 71.

"(c) Requirement of Identification Number.—The Secretary may prescribe regulations under which—

"(1) any individual receiving alimony or separate maintenance payments is required to furnish such individual's taxpayer identification number to the individual making such payments, and

"(2) the individual making such payments is required to include such taxpayer identification number on such individual's return for the taxable year in which such payments are made.

"(d) Coordination With Section 682.—No deduction shall be allowed under this section with respect to any payment if, by reason of section 682 (relating to income of alimony trusts), the amount thereof is not includible in such individual's gross income."

(c) Penalty for Failure To Supply Identifying Number.—Section 6676 (relating to failure to supply identifying number) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) Penalty for Failure To Supply Identifying Number Under Section 215.—If any person who is required by regulations prescribed under section 215—

"(1) to furnish his taxpayer identification number to another person, or

"(2) to include on his return the taxpayer identification number of another person,

fails to comply with such requirement at the time prescribed by such regulations, such person shall, unless it is shown that such failure is due to reasonable cause and not to willful neglect, pay a penalty of $50 for each such failure."

(d) Technical Amendments.—

(1) Subparagraph (B) of section 219(b)(4) (relating to certain divorced individuals) is amended by striking out all that follows "gross income" and inserting in lieu thereof "under section 71 (relating to alimony and separate maintenance payments) by reason of a payment under a decree of divorce or separate maintenance or a written instrument incident to such a decree."

(2) Subsection (b) of section 682 (relating to income of an estate or trust in case of divorce, etc.) is amended—

(A) by striking out "or section 71", and

(B) by striking out the last sentence.

(3) Paragraph (17) of section 7701(a) (defining husband and wife) is amended by striking out "71, 152(b)(4), 215, and 682" and inserting in lieu thereof "152(b)(4) and 682".

(e) Effective Date.—

(1) In general.—The amendments made by this section shall apply with respect to divorce or separation instruments (as defined in section 71(b)(2) of the Internal Revenue Code of 1954, as amended by this section) executed after December 31, 1984.

(2) Modifications of instruments executed before January 1, 1985.—The amendments made by this section shall also apply to any divorce or separation instrument (as so defined) executed before January 1, 1985, but modified on or after such date if the modification expressly provides that the amendments made by this section shall apply to such modification.

SEC. 424. DEPENDENCY EXEMPTION IN THE CASE OF CHILD OF DIVORCED PARENTS, ETC.

(a) GENERAL RULE.—Subsection (e) of section 152 (relating to support test in case of child of divorced parents, etc.) is amended to read as follows:

"(e) SUPPORT TEST IN CASE OF CHILD OF DIVORCED PARENTS, ETC.—

"(1) CUSTODIAL PARENT GETS EXEMPTION.—Except as otherwise provided in this subsection, if—

"(A) a child (as defined in section 151(e)(3)) receives over half of his support during the calendar year from his parents—

"(i) who are divorced or legally separated under a decree of divorce or separate maintenance,

"(ii) who are separated under a written separation agreement, or

"(iii) who live apart at all times during the last 6 months of the calendar year, and

"(B) such child is in the custody of one or both of his parents for more than one-half of the calendar year,

such child shall be treated, for purposes of subsection (a), as receiving over half of his support during the calendar year from the parent having custody for a greater portion of the calendar year (hereinafter in this subsection referred to as the 'custodial parent').

"(2) EXCEPTION WHERE CUSTODIAL PARENT RELEASES CLAIM TO EXEMPTION FOR THE YEAR.—A child of parents described in paragraph (1) shall be treated as having received over half of his support during a calendar year from the noncustodial parent if—

"(A) the custodial parent signs a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such custodial parent will not claim such child as a dependent for any taxable year beginning in such calendar year, and

"(B) the noncustodial parent attaches such written declaration to the noncustodial parent's return for the taxable year beginning during such calendar year.

For purposes of this subsection, the term 'noncustodial parent' means the parent who is not the custodial parent.

"(3) EXCEPTION FOR MULTIPLE-SUPPORT AGREEMENT.—This subsection shall not apply in any case where over half of the support of the child is treated as having been received from a taxpayer under the provisions of subsection (c).

"(4) EXCEPTION FOR CERTAIN PRE-1985 INSTRUMENTS.—

"(A) IN GENERAL.—A child of parents described in paragraph (1) shall be treated as having received over half his support during a calendar year from the noncustodial parent if—

"(i) a qualified pre-1985 instrument between the parents applicable to the taxable year beginning in such calendar year provides that the noncustodial parent shall be entitled to any deduction allowable under section 151 for such child, and

"(ii) the noncustodial parent provides at least $600 for the support of such child during such calendar year.

For purposes of this subparagraph, amounts expended for the support of a child or children shall be treated as received from the noncustodial parent to the extent that such parent provided amounts for such support.

"(B) QUALIFIED PRE-1985 INSTRUMENT.—For purposes of this paragraph, the term 'qualified pre-1985 instrument' means any decree of divorce or separate maintenance or written agreement—

"(i) which is executed before January 1, 1985,

"(ii) which on such date contains the provision described in subparagraph (A)(i), and

"(iii) which is not modified on or after such date in a modification which expressly provides that this paragraph shall not apply to such decree or agreement.

"(5) SPECIAL RULE FOR SUPPORT RECEIVED FROM NEW SPOUSE OF PARENT.—For purposes of this subsection, in the case of the remarriage of a parent, support of a child received from the parent's spouse shall be treated as received from the parent.

"(6) CROSS REFERENCE.—

"For provision treating child as dependent of both parents for purposes of medical expense deduction, see section 213(d)(4)."

(b) TREATMENT AS DEPENDENT OF BOTH PARENTS FOR MEDICAL EXPENSE DEDUCTION.—

(1) Subsection (d) of section 213 (relating to definitions) is amended by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) SPECIAL RULE IN THE CASE OF CHILD OF DIVORCED PARENTS, ETC.—Any child to whom section 152(e) applies shall be treated as a dependent of both parents for purposes of this section."

(2) Subsection (b) of section 105 is amended by adding at the end thereof the following new sentence: "Any child to whom section 152(e) applies shall be treated as a dependent of both parents for purposes of this section."

(3) Paragraph (6) of section 213(d) (as redesignated by paragraph (1)) is amended by striking out "the limitations of paragraph (4)" and inserting in lieu thereof "the limitations of paragraph (5)".

(c) TREATMENT OF CERTAIN MARRIED INDIVIDUALS LIVING APART.—

(1) Subsection (b) of section 143 (relating to certain married individuals living apart) is amended to read as follows:

"(b) CERTAIN MARRIED INDIVIDUALS LIVING APART.—For purposes of those provisions of this title which refer to this subsection, if—

"(1) an individual who is married (within the meaning of subsection (a)) and who files a separate return maintains as his home a household which constitutes for more than one-half of the taxable year the principal place of abode of a child (within the meaning of section 151(e)(3)) with respect to whom such individual is entitled to a deduction for the taxable year under section 151 (or would be so entitled but for paragraph (2) or (4) of section 152(e)),

"(2) such individual furnishes over one-half of the cost of maintaining such household during the taxable year, and

"(3) during the last 6 months of the taxable year, such individual's spouse is not a member of such household,

such individual shall not be considered as married."

(2) Subparagraph (A) of section 2(b)(1) (defining head of household) is amended—

(A) by striking out "which constitutes for such taxable year" and inserting in lieu thereof "which constitutes for more than one-half of such taxable year", and

(B) by striking out "under section 151" in clause (i) and inserting in lieu thereof "under section 151 (or would be so entitled but for paragraph (2) or (4) of section 152(e))".

(3) Paragraph (1) of section 43(c) (defining eligible individual) is amended—

(A) by inserting after "section 151(e)(3))" in subparagraph (A)(i) the following: "or would be so entitled but for paragraph (2) or (4) of section 152(e)", and

(B) by striking out "the child has the same principal place of abode as the individual" in subparagraph (B) and inserting in lieu thereof "the child has the same principal place of abode as the individual for more than one-half of the taxable year".

(4) Paragraph (5) of section 44A(f) (relating to special dependency test in case of divorced parents, etc.) is amended to read as follows:

"(5) SPECIAL DEPENDENCY TEST IN CASE OF DIVORCED PARENTS, ETC.—If—

"(A) paragraph (2) or (4) of section 152(e) applies to any child with respect to any calendar year, and

"(B) such child is under the age of 15 or is physically or mentally incapable of caring for himself,

in the case of any taxable year beginning in such calendar year, such child shall be treated as a qualifying individual described in subparagraph (A) or (B) of subsection (c)(1) (whichever is appropriate) with respect to the custodial parent (within the meaning of section 152(e)(1)), and shall not be treated as a qualifying individual with respect to the noncustodial parent."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 425. INNOCENT SPOUSE RELIEVED OF LIABILITY IN CERTAIN CASES.

(a) GENERAL RULE.—Subsection (e) of section 6013 (relating to spouse relieved of liability in certain cases) is amended to read as follows:

"(e) SPOUSE RELIEVED OF LIABILITY IN CERTAIN CASES.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, if—

"(A) a joint return has been made under this section for a taxable year,

"(B) on such return there is a substantial understatement of tax attributable to grossly erroneous items of one spouse,

"(C) the other spouse establishes that in signing the return he or she did not know, and had no reason to know, that there was such substantial understatement, and

"(D) taking into account all the facts and circumstances, it is inequitable to hold the other spouse liable for the deficiency in tax for such taxable year attributable to such substantial understatement,

then the other spouse shall be relieved of liability for tax (including interest, penalties, and other amounts) for such taxable year to the extent such liability is attributable to such substantial understatement.

"(2) GROSSLY ERRONEOUS ITEMS.—For purposes of this subsection, the term 'grossly erroneous items' means, with respect to any spouse—

"(A) any item of gross income attributable to such spouse which is omitted from gross income, and

"(B) any claim of a deduction or credit by such spouse in an amount for which there is no basis in fact or law.

"(3) SUBSTANTIAL UNDERSTATEMENT.—For purposes of this subsection, the term 'substantial understatement' means any understatement (as defined in section 6661(b)(2)(A)) which exceeds $500.

"(4) SPECIAL RULE.—For purposes of paragraph (2)(A), the determination of the spouse to whom items of gross income (other than gross income from property) are attributable shall be made without regard to community property laws."

(b) Treatment of Community Income.—Section 66 (relating to treatment of community income where spouses live apart) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) Spouse Relieved of Liability in Certain Other Cases.—Under regulations prescribed by the Secretary, if—

"(1) an individual does not file a joint return for any taxable year,

"(2) such individual does not include in gross income for such taxable year an item of community income properly includible therein which, in accordance with the rules contained in section 879(a), would be treated as the income of the other spouse,

"(3) the individual establishes that he or she did not know of, and had no reason to know of, such item of community income, and

"(4) taking into account all facts and circumstances, it is inequitable to include such item of community income in such individual's gross income,

then, for purposes of this title, such items of community income shall be included in the gross income of the other spouse (and not in the gross income of the individual)."

(c) Effective Date.—The amendments made by subsections (a) and (b) shall apply to all taxable years to which the Internal Revenue Code of 1954 applies. Corresponding provisions shall be deemed to be included in the Internal Revenue Code of 1939 and shall apply to all taxable years to which such Code applies.

SEC. 426. TREATMENT OF CERTAIN PROPERTY SETTLEMENTS FOR PURPOSES OF ESTATE AND GIFT TAXES

(a) Deduction Allowed Against Estate Tax for Transfers Satisfying Section 2516.—

(1) In general.—Subsection (b) of section 2043 (relating to transfers for insufficient consideration) is amended to read as follows:

"(b) Marital Rights Not Treated as Consideration.—

"(1) In general.—For purposes of this chapter, a relinquishment or promised relinquishment of dower or curtesy, or of a statutory estate created in lieu of dower or curtesy, or of other marital rights in the decedent's property or estate, shall not be considered to any extent a consideration 'in money or money's worth'.

"(2) Exception.—For purposes of section 2053 (relating to expenses, indebtedness, and taxes), a transfer of property which satisfies the requirements of paragraph (1) of section 2516 (relating to certain property settlements) shall be considered to be made for an adequate and full consideration in money or money's worth."

(2) Cross reference.—Subsection (e) of section 2053 (relating to deduction for expenses, indebtedness, and taxes) is amended to read as follows:

"(e) Marital Rights.—

"For provisions treating certain relinquishments of marital rights as consideration in money or money's worth, see section 2043(b)(2)."

(b) Section 2516 Extended to Agreements Entered Into Within 1 Year After Divorce.—Section 2516 (relating to certain property settlements) is amended by striking out so much of such section as precedes paragraph (1) thereof and inserting in lieu thereof the following:

"Where a husband and wife enter into a written agreement relative to their marital and property rights and divorce occurs within the 3-year period beginning on the date 1 year before such agreement is entered into (whether or not such agreement is approved by the divorce decree), any transfers of property or interests in property made pursuant to such agreement—".

(c) Effective Dates.—

(1) Subsection (a).—The amendments made by subsection (a) shall apply to estates of decedents dying after the date of the enactment of this Act.

(2) Subsection (b).—The amendment made by subsection (b) shall apply to transfers after the date of the enactment of this Act.

SEC. 427. INCOME FROM SHELTERED WORKSHOPS NOT TAKEN INTO ACCOUNT IN DETERMINING DEPENDENCY EXEMPTION.

(a) In General.—Subsection (e) of section 151 (relating to additional personal exemption for dependents) is amended by adding at the end thereof the following new paragraph:

"(5) Certain income of handicapped dependents not taken into account.—

"(A) In general.—For purposes of paragraph (1)(A), the gross income of an individual who is permanently and totally disabled shall not include income attributable to services performed by the individual at a sheltered workshop if—

"(i) the availability of medical care at such workshop is the principal reason for his presence there, and

"(ii) the income arises solely from activities at such workshop which are incident to such medical care.

"(B) Sheltered workshop defined.—For purposes of subparagraph (A), the term 'sheltered workshop' means a school—

"(i) which provides special instruction or training designed to alleviate the disability of the individual, and

"(ii) which is operated by—

"(I) an organization described in section 501(c)(3) and exempt from tax under section 501(a), or

"(II) a State, a possession of the United States, any political subdivision of any of the foregoing, the United States, or the District of Columbia.

"(C) Permanent and total disability defined.—An individual shall be treated as permanently and totally disabled for purposes of this paragraph if such individual would be so treated under paragraph (3) of section 37(e)."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

Subtitle C—Revision of At-Risk Rules

SEC. 431. REVISION OF INVESTMENT CREDIT AT-RISK RULES.

(a) In General.—So much of paragraph (8) of section 46(c) (relating to limitation to amount at risk) as precedes subparagraph (F) thereof is amended to read as follows:

"(8) Certain nonrecourse financing excluded from credit base.—

"(A) Limitation.—The credit base of any property to which this paragraph applies shall be reduced by the nonqualified nonrecourse financing with respect to such property (as of the close of the taxable year in which placed in service).

"(B) Property to which paragraph applies.—This paragraph applies to any property which—

"(i) is placed in service during the taxable year by a taxpayer described in section 465(a)(1), and

"(ii) is used in connection with an activity with respect to which any loss is subject to limitation under section 465.

"(C) Credit base defined.—For purposes of this paragraph, the term 'credit base' means—

"(i) in the case of new section 38 property, the basis of the property, or

"(ii) in the case of used section 38 property, the cost of such property.

"(D) Nonqualified nonrecourse financing.—

"(i) In general.—For purposes of this paragraph and paragraph (9), the term 'nonqualified nonrecourse financing' means any nonrecourse financing which is not qualified commercial financing.

"(ii) Qualified commercial financing.—For purposes of this paragraph, the term 'qualified commercial financing' means any financing with respect to any property if—

"(I) such property is acquired by the taxpayer from a person who is not a related person,

"(II) the amount of the nonrecourse financing with respect to such property does not exceed 80 percent of the credit base of such property, and

"(III) such financing is borrowed from a qualified person or represents a loan from any Federal, State, or local government or instrumentality thereof, or is guaranteed by any Federal, State, or local government.

Such term shall not include any convertible debt.

"(iii) Nonrecourse financing.—For purposes of this subparagraph, the term 'nonrecourse financing' includes—

"(I) any amount with respect to which the taxpayer is protected against loss through guarantees, stop-loss agreements, or other similar arrangements, and

"(II) except to the extent provided in regulations, any amount borrowed from a person who has an interest (other than as a creditor) in the activity in which the property is used or from a related person to a person (other than the taxpayer) having such an interest.

In the case of amounts borrowed by a corporation from a shareholder, subclause (II) shall not apply to an interest as a shareholder.

"(iv) Qualified person.—For purposes of this paragraph, the term 'qualified person' means any person which is actively and regularly engaged in the business of lending money and which is not—

"(I) a related person with respect to the taxpayer,

"(II) a person from which the taxpayer acquired the property (or a related person to such person), or

"(III) a person who receives a fee with respect to the taxpayer's investment in the property (or a related person to such person).

"(v) Related person.—For purposes of clause (i), the term 'related person' has the meaning given such term by section 168(e)(4). Except as otherwise provided in regulations prescribed by the Secretary, the determination of whether a person is a related person shall be made as of the close of the taxable year in which the property is placed in service.

"(E) Application to partnerships and S corporations.—For purposes of this paragraph and paragraph (9)—

"(i) In general.—Except as otherwise provided in this subparagraph, in the case of any partnership or S corporation, the determination of whether a partner's or shareholder's allocable share of any financing is nonqualified nonrecourse financing shall be made at the partner or shareholder level.

"(ii) Special rule for certain recourse financing of S corporation.—A shareholder of an S corporation shall be treated as liable for his allocable share of any financing provided by a qualified person to such corporation if—

"(I) such financing is recourse financing (determined at the corporate level), and

"(II) such financing is provided with respect to qualified business property of such corporation.

"(iii) Qualified business property.—For purposes of clause (ii), the term 'qualified business property' means any property if—

"(I) such property is used by the corporation in the active conduct of a trade or business,

"(II) during the entire 12-month period ending on the last day of the taxable year, such corporation had at least 3 full-time employees who were not owner-employees (as defined in section 465(c)(7)(E)(i)) and substantially all the services of whom were services directly related to such trade or business, and

"(III) during the entire 12-month period ending on the last day of such taxable year, such corporation had at least 1 full-time employee substantially all of the services of whom were in the active management of the trade or business.

Such term shall not include any master sound recording or other tangible or intangible asset associated with literary, artistic, or musical properties.

"(iv) Determination of allocable share.—The determination of any partner's or shareholder's allocable share of any financing shall be made in the same manner as the credit allowable by section 38 with respect to such property."

(b) Treatment of Subsequent Increases and Decreases in Nonqualified Nonrecourse Financing.—

(1) Subsequent decreases.—Paragraph (9) of section 46(c) (relating to subsequent increases in the taxpayer's amount at risk with respect to the property) is amended to read as follows:

"(9) Subsequent decreases in nonqualified nonrecourse financing with respect to the property.—

"(A) In general.—If, at the close of a taxable year following the taxable year in which the property was placed in service, there is a net decrease in the amount of nonqualified nonrecourse financing with respect to such property, such net decrease shall be taken into account as additional qualified investment in such property in accordance with subparagraph (C).

"(B) Certain transactions not taken into account.—For purposes of this paragraph, nonqualified nonrecourse financing shall not be treated as decreased through the surrender or other use of property financed by nonqualified nonrecourse financing.

"(C) Manner in which taken into account.—

"(i) Credit determined by reference to taxable year property placed in service.—For purposes of determining the amount of credit allowable under section 38 and the amount of credit subject to the early disposition rules under section 47, any increase in a taxpayer's qualified investment in property by reason of this paragraph shall be deemed to be additional qualified investment made by the taxpayer in the year in which the property referred to in subparagraph (A) was first placed in service.

"(ii) Credit allowed for year of decrease in nonqualified nonrecourse financing.—Any credit allowable under this subpart for any increase in qualified investment by reason of this paragraph shall be treated as earned during the taxable year of the decrease in the amount of nonqualified nonrecourse financing."

(2) Subsequent increases.—So much of subsection (d) of section 47 (relating to property ceasing to be at risk) as precedes paragraph (3) thereof is amended to read as follows:

"(d) Increases in Nonqualified Nonrecourse Financing.—

"(1) In general.—If, as of the close of the taxable year, there is a net increase with respect to the taxpayer in the amount of nonqualified nonrecourse financing (within the meaning of section 46(c)(8)) with respect to any property to which section 46(c)(8) applied, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in credits allowed under section 38 for all prior taxable years which would have resulted from reducing the qualified investment taken into account with respect to such property by the amount of such net increase.

"(2) Transfers of debt more than 1 year after initial borrowing not treated as increasing nonqualified nonrecourse financing.—For purposes of paragraph (1), the amount of nonqualified nonrecourse financing (within the meaning of section 46(c)(8)(D)) with respect to the taxpayer shall not be treated as increased by reason of a transfer of (or agreement to transfer) any evidence of an indebtedness if such transfer occurs (or such agreement is entered into) more than 1 year after the date such indebtedness was incurred."

(c) Clarification of Coordination of Section 48(d) With At-Risk Rules.—Subsection (d) of section 48 (relating to certain leased property) is amended by adding at the end thereof the following new paragraph:

"(6) Coordination with at-risk rules.—

"(A) Requirement that lessor be at risk.—In the case of any property which, in the hands of the lessor, is property to which section 46(c)(8) applies, the amount of the credit allowable to the lessee under section 38 with respect to such property by reason of an election under this subsection shall at no time exceed the credit which would have been allowable to the lessor with respect to such property (determined without regard to section 46(e)(3)) if—

"(i) the lessor's basis in such property were equal to the lessee acquisition amount, and

"(ii) no election had been made under this subsection.

"(B) Lessee subject to at-risk limitations.—

"(i) In general.—In the case of any lease where—

"(I) the lessee is a taxpayer described in section 465(a)(1),

"(II) the property is used by the lessee in connection with an activity with respect to which any loss is subject to limitation under section 465, and

"(III) the at-risk percentage is less than 30 percent (18 percent in the case of 3-year property),

any credit allowable under section 38 to the lessee by reason of an election under this subsection (hereinafter in this paragraph referred to as the 'total credit') shall be allowable only as provided in subparagraph (C).

"(ii) At-risk percentage.—For purposes of this paragraph, the term 'at-risk percentage' means the percentage obtained by dividing—

"(I) the present value (as of the time the lease is entered into) of the aggregate lease at-risk payments, by

"(II) the lessee acquisition amount.

For purposes of subclause (I), the present value shall be determined by using a discount rate equal to the rate in effect under section 6621 as of the time the lease is entered into.

"(iii) Lessee acquisition amount.—For purposes of this paragraph, the term 'lessee acquisition amount' means the amount for which the lessee is treated as having acquired the property by reason of an election under this subsection.

"(iv) Lease at-risk payment.—For purposes of this paragraph, the term 'lease at-risk payment' means any rental payment—

"(I) which the lessee is required to make under the lease in all events, and

"(II) with respect to which the lessee is not protected against loss through nonrecourse financing, guarantees, stop-loss agreements, or other similar arrangements.

"(C) Year for which credit allowable.—

"(i) In general.—Except as provided in clause (ii), in any case to which subparagraph (B)(i) applies, the portion of the total credit allowable for any taxable year shall be an amount which bears the same ratio to such total credit as—

"(I) the aggregate rental payments made by the lessee under the lease during such taxable year, bears to

"(II) the lessee acquisition amount.

"(ii) Remaining amount allowable for year in which aggregate rental payments exceed 30 percent of acquisition amount.—The total credit (to the extent not allowable for a preceding taxable year) shall be allowable for the first taxable year as of the close of which the aggregate rental payments made by the lessee under the lease equal or exceed 30 percent (18 percent in the case of 3-year property) of the lessee acquisition amount.

"(D) Special rules for subparagraphs (B) and (C).—

"(i) Subparagraphs (B) and (C) apply in lieu of other at-risk rules.—In the case of any election under this subsection, paragraphs (8) and (9) of section 46(c) and subsection (d) of section 47 shall only apply with respect to the lessor.

"(ii) Application to partnerships and S corporations.—For purposes of subparagraphs (B) and (C), rules similar to the rules of subparagraph (E) of section 46(c)(8) shall apply.

"(iii) Subsequent reductions in at-risk amount.—Under regulations prescribed by the Secretary, the principles of subsection (d) of section 47 shall apply for purposes of subparagraphs (B) and (C).

"(E) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph, including regulations—

"(i) providing for such adjustments as may be appropriate where expenses connected with the lease are borne by the lessor, and

"(ii) providing the extent to which contingencies in the lease will be disregarded."

(d) Technical Amendments.—

(1) Clause (i) of section 46(c)(8)(F) (relating to special rule for certain energy property) is amended to read as follows:

"(i) In general.—Subparagraph (A) shall not apply with respect to qualified energy property."

(2) Subclause (III) of section 46(c)(8)(F)(ii) (defining qualified energy property) is amended to read as follows:

"(III) as of the close of the taxable year in which the property is placed in service, not more than 75 percent of the basis of such property is attributable to nonqualified nonrecourse financing, and".

(3) Subclause (IV) of section 46(c)(8)(F)(ii) is amended by striking out "nonrecourse financing (other than financing described in section 46(c)(8)(B)(ii))" and inserting in lieu thereof "nonqualified nonrecourse financing".

(4) Subparagraph (A) of section 47(d)(3) is amended by striking out "ceasing to be at risk" and inserting in lieu thereof "increasing the amount of nonqualified nonrecourse financing (within the meaning of section 46(c)(8))".

(5) Clause (i) of section 47(d)(3)(B) is amended by striking out "other than a loan described in section 46(c)(8)(B)(ii)".

(e) Effective Dates.—

(1) In general.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act in taxable years ending after such date; except that such amendments shall not apply to any property to which the amendments made by section 211(f) of the Economic Recovery Tax Act of 1981 do not apply.

(2) Amendments may be elected retroactively.—At the election of the taxpayer, the amendments made by this section shall apply as if included in the amendments made by section 211(f) of the Economic Recovery Tax Act of 1981. Any election made under the preceding sentence shall apply to all property of the taxpayer to which the amendments made by such section 211(f) apply and shall be made at such time and in such manner as the Secretary of the Treasury or his delegate may by regulations prescribe.

SEC. 432. EXCLUSION OF ACTIVE BUSINESSES OF QUALIFIED C CORPORATIONS FROM AT-RISK RULES, ETC.

(a) Exclusion of Active Businesses of Qualified C Corporations From At-Risk Rules.—Subsection (c) of section 465 (relating to deductions limited to amount at risk) is amended by adding at the end thereof the following new paragraph:

"(7) Exclusion of active businesses of qualified C corporations.—

"(A) In general.—In the case of a taxpayer which is a qualified C corporation—

"(i) each qualifying business carried on by such taxpayer (or carried on by a partnership of which such taxpayer is a partner) shall be treated as a separate activity, and

"(ii) subsection (a) shall not apply to losses from such business.

"(B) Qualified C corporation.—For purposes of subparagraph (A), the term 'qualified C corporation' means any corporation described in subparagraph (B) of subsection (a)(1) which is not—

"(i) a personal holding company (as defined in section 542(a)),

"(ii) a foreign personal holding company (as defined in section 552(a)), or

"(iii) a personal service corporation (as defined in section 269A(b) but determined by substituting '5 percent' for '10 percent' in section 269A(b)(2)).

"(C) Qualifying business.—For purposes of this paragraph, the term 'qualifying business' means any business if—

"(i) during the entire 12-month period ending on the last day of the taxable year, such corporation had at least 1 full-time employee substantially all the services of whom were in the active management of such business,

"(ii) during the entire 12-month period ending on the last day of the taxable year, such corporation had at least 3 full-time, nonowner employees substantially all of the services of whom were services directly related to such business,

"(iii) the amount of the deductions which are allowable to the taxpayer solely by reason of sections 162 and 404 for the taxable year exceeds 15 percent of the gross income from such business for such year, and

"(iv) such business is not an excluded business.

"(D) Special rules for application of subparagraph (C).—

"(i) Partnerships in which taxpayer is general partner.—In the case of a business of a partnership, if—

"(I) the taxpayer is a general partner in the partnership, and

"(II) during the entire 12-month period ending on the last day of the partnership's taxable year, the number of full-time nonowner employees of the partnership (or of corporate partners of the partnership) substantially all the services of whom were directly related to such business equals or exceeds 3,

then the taxpayer's proportionate share (determined on the basis of its profits interest) of the activities of the partnership in such business shall be treated as activities of the taxapayer.

"(ii) Deduction for owner employee compensation not taken into account.—For purposes of clause (iii) of subparagraph (C), there shall not be taken into account any deduction in respect of compensation for personal services rendered by any employee (other than a non-owner employee) of the taxpayer or any member of such employee's family (within the meaning of section 318(a)(1)).

"(iii) Special rule for banks.—For purposes of clause (iii) of subparagraph (C), in the case of a bank (as defined in section 581) or a financial institution to which section 591 applies—

"(I) gross income shall be determined without regard to the exclusion of interest from gross income under section 103, and

"(II) in addition to the deductions described in such clause, there shall also be taken into account the amount of the deductions which are allowable for amounts paid or credited to the accounts of depositors or holders of accounts as dividends or interest on their deposits or withdrawable accounts under section 163 or 591.

"(iv) Special rule for life insurance companies.—

"(I) In general.—Clause (iii) of subparagraph (C) shall not apply to any insurance business of a qualified life insurance company.

"(II) Insurance business.—For purposes of subclause (I), the term 'insurance business' means any business which is not a noninsurance business (within the meaning of section 806(c)(3)).

"(III) Qualified life insurance company.—For purposes of subclause (I), the term 'qualified life insurance company' means any company which would be a life insurance company as defined in section 816 if unearned premiums were not taken into account under subsections (a)(2) and (c) of section 816.

"(E) Definitions.—For purposes of this paragraph—

"(i) Non-owner employee.—The term 'non-owner employee' means any employee who does not own, at any time during the taxable year, more than 5 percent in value of the outstanding stock of the taxpayer. For purposes of the preceding sentence, section 318 shall apply, except that '5 percent' shall be substituted for '50 percent' in section 318(a)(2)(C).

"(ii) Excluded business.—The term 'excluded business' means—

"(I) equipment leasing (as defined in paragraph (6)), and

"(II) any business involving the use, exploitation, sale, lease, or other disposition of master sound recordings, motion picture films, video tapes, or tangible or intangible assets associated with literary, artistic, musical, or similar properties.

"(iii) Special rules relating to communications industry, etc.—

"(I) Business not excluded where taxpayer not completely at risk.—A business involving the use, exploitation, sale, lease, or other disposition of property described in subclause (II) of clause (ii) shall not constitute an excluded business by reason of such subclause if the taxpayer is at risk with respect to all amounts paid or incurred (or chargeable to capital account) in such business.

"(II) Certain licensed businesses not excluded.—For purposes of subclause (II) of clause (ii), the provision of radio, television, cable television, or similar services pursuant to a license or franchise granted by the Federal Communications Commission or any other Federal, State, or local authority shall not constitute an excluded business by reason of such subclause.

"(F) Affiliated group treated as 1 taxpayer.—For purposes of this paragraph—

"(i) In general.—Except as provided in clause (iii), the component members of an affiliated group of corporations shall be treated as a single taxpayer.

"(ii) Affiliated group of corporations.—The term 'affiliated group of corporations' means an affiliated group (as defined in section 1504(a)) which files or is required to file consolidated income tax returns.

"(iii) Component member.—The term 'component member' means an includible corporation (as defined in section 1504) which is a member of the affiliated group.

"(G) Loss of 1 member of affiliated group may not offset income of personal holding company.—Nothing in this paragraph shall permit any loss of a member of an affiliated group to be used as an offset against the income of any other member of such group which is a personal holding company (as defined in section 542(a))."

(b) Activities Treated as Separate Activities by Statute May Be Aggregated Where Taxpayer Actively Participates in the Management of Each Activity.—Paragraph (2) of section 465(c) (relating to activities to which risk applies) is amended to read as follows:

"(2) Separate activities.—For purposes of this section—

"(A) In general.—Except as provided in subparagraph (B), a taxpayer's activity with respect to each—

"(i) film or video tape,

"(ii) section 1245 property which is leased or held for leasing,

"(iii) farm,

"(iv) oil and gas property (as defined under section 614), or "(v) geothermal property (as defined under section 614),

shall be treated as a separate activity.

"(E) Aggregation of activities where taxpayer actively participates in management of each activity.—

"(i) In general.—All activities which are described in both subparagraph (A) and clause (ii) of this subparagraph and which constitute part or all of a trade or business shall be treated as 1 activity.

"(ii) Activities.—An activity is described in this clause if—

"(I) the taxpayer actively participates in the management of such activity, or

"(II) such activity is carried on by a partnership or an S corporation and 65 percent or more of the losses for the taxable year is allocable to persons who actively participate in the management of such activity."

(c) Corporations Considered at Risk With Respect to Amounts Borrowed From Shareholders, Etc.—Paragraph (3) of section 465(b) (relating to certain borrowed amounts excluded) is amended to read as follows:

"(3) Certain borrowed amounts excluded.—

"(A) In general.—For purposes of paragraph (1)(B), amounts borrowed shall not be considered to be at risk with respect to an activity if such amounts are borrowed from any person who has an interest in such activity or (except to the extent provided in regulations) from a related person to a person (other than the taxpayer) having such an interest.

"(B) Exceptions.—

"(i) Interest as creditor.—Subparagraph (A) shall not apply to an interest as a creditor in the activity.

"(ii) Interest as shareholder with respect to amounts borrowed by corporation.—In the case of amounts borrowed by a corporation from a shareholder, subparagraph (A) shall not apply to an interest as a shareholder.

"(C) Related person defined.—For purposes of subparagraph (A), the term 'related person' has the meaning given such term by section 168(e)(4)."

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1983; except that any loss from an activity described in section 465(c)(7)(A) of the Internal Revenue Code of 1954 (as amended by this section) which (but for the amendments made by this section) would have been treated as a deduction for the taxpayer's first taxable year beginning after December 31, 1983, under section 465(a)(2) of such Code shall be allowed as a deduction for such first taxable year notwithstanding such amendments.

Subtitle D—Estate Tax Provisions

SEC. 441. PERMANENT RULES FOR REFORMING GOVERNING INSTRUMENTS CREATING CHARITABLE REMAINDER TRUSTS AND OTHER CHARITABLE INTERESTS.

(a) General Rule.—Paragraph (3) of section 2055(e) (relating to disallowance of deductions in certain cases) is amended to read as follows:

"(3) Reformations to comply with paragraph (2).—

"(A) In general.—A deduction shall be allowed under subsection (a) in respect of any qualified reformation.

"(B) Qualified reformation.—For purposes of this paragraph, the term 'qualified reformation' means a change of a governing instrument by reformation, amendment, construction, or otherwise which changes a reformable interest into a qualified interest but only if—

"(i) any difference between—

"(I) the actuarial value (determined as of the date of the decedent's death) of the qualified interest, and

"(II) the actuarial value (as so determined) of the reformable interest,

does not exceed 5 percent of the actuarial value (as so determined) of the reformable interest,

"(ii) in the case of—

"(I) a charitable remainder interest, the nonremainder interest (before and after the qualified reformation) terminated at the same time, or

"(II) any other interest the reformable interest and the qualified interest are for the same period, and

"(iii) such change is effective as of the date of the decedent's death.

A nonremainder interest (before reformation) for a term of years in excess of 20 years shall be treated as satisfying subclause (I) of clause (ii) if such interest (after reformation) is for a term of 20 years.

"(C) Reformable interest.—For purposes of this paragraph—

"(i) In general.—The term 'reformable interest' means any interest for which a deduction would be allowable under subsection (a) at the time of the decedent's death but for paragraph (2).

"(ii) Beneficiary's interest must be fixed.—The term 'reformable interest' does not include any interest unless, before the remainder vests in possession, all payments to persons other than an organization described in subsection (a) are expressed either in specified dollar amounts or a fixed percentage of the fair market value of the property. For purposes of determining whether all such payments are expressed as a fixed percentage of the fair market value of the property, section 664(d)(3) shall be taken into account.

"(iii) Special rule where timely commencement of reformation.—Clause (ii) shall not apply to any interest if a judicial proceeding is commenced to change such interest into a qualified interest not later than the 90th day after—

"(I) if an estate tax return is required to be filed, the last date (including extensions) for filing such return, or

"(II) if no estate tax return is required to be filed, the last date (including extensions) for filing the income tax return for the 1st taxable year for which such a return is required to be filed by the trust.

"(iv) Special rule for will executed before January 1, 1979, etc.—In the case of any interest passing under a will executed before January 1, 1979, or under a trust created before such date, clause (ii) shall not apply.

"(D) Qualified interest.—For purposes of this paragraph, the term 'qualified interest' means an interest for which a deduction is allowable under subsection (a).

"(E) Limitation.—The deduction referred to in subparagraph (A) shall not exceed the amount of the deduction which would have been allowable for the reformable interest but for paragraph (2).

"(F) Special rule where income beneficiary dies.—If (by reason of the death of any individual) by the due date for filing the estate tax return (including any extension thereof) a reformable interest is in a wholly charitable trust or passes directly to a person or for a use described in subsection (a), a deduction shall be allowed for such reformable interest as if it had met the requirements of paragraph (2) on the date of the decedent's death. For purposes of the preceding sentence, the term 'wholly charitable trust' means a charitable trust which, upon the allowance of a deduction, would be described in section 4947(a)(1).

"(G) Statute of limitations.—The period for assessing any deficiency of any tax attributable to the application of this paragraph shall not expire before the date 1 year after the date on which the Secretary is notified that such reformation has occurred.

"(H) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph, including regulations providing such adjustments in the application of the provisions of section 508 (relating to special rules relating to section 501(c)(3) organizations), subchapter J (relating to estates, trusts, beneficiaries, and decedents), and chapter 42 (relating to private foundations) as may be necessary by reason of the qualified reformation.

"(I) Reformations permitted in case of remainder interests in residence or farm, pooled income funds, etc.—The Secretary shall prescribe regulations (consistent with the provisions of this paragraph) permitting reformations in the case of any failure—

"(i) to meet the requirements of section 170(f)(3)(B) (relating to remainder interests in personal residence or farm, etc.), or

"(ii) to meet the requirements of section 642(c)(5)."

(b) Income Tax Deduction.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end thereof the following new paragraph:

"(7) Reformations to comply with paragraph (2).—

"(A) In general.—A deduction shall be allowed under subsection (a) in respect of any qualified reformation.

"(B) Rules similar to section 2055(e)(3) to apply.—For purposes of this paragraph, rules similar to the rules of section 2055(e)(3) shall apply."

(c) Gift Tax Deduction.—Subsection (c) of section 2522 is amended by adding at the end thereof the following new paragraph:

"(4) Reformations to comply with paragraph (2).—

"(A) In general.—A deduction shall be allowed under subsection (a) in respect of any qualified reformation.

"(B) Rules similar to section 2055(e)(3) to apply.—For purposes of this paragraph, rules similar to the rules of section 2055(e)(3) shall apply."

(d) Treatment of Certain Contingencies Under Section 664.—Section 664 (relating to charitable remainder trusts) is amended by adding at the end thereof the following new subsection:

"(f) Certain Contingencies Permitted.—

"(1) General rule.—If a trust would, but for a qualified contingency, meet the requirements of paragraph (1)(A) or (2)(A) of subsection (d), such trust shall be treated as meeting such requirements.

"(2) Value determined without regard to qualified contingency.—For purposes of determining the amount of any charitable contribution (or the actuarial value of any interest), a qualified contingency shall not be taken into account.

"(3) Qualified contingency.—For purposes of this subsection, the term 'qualified contingency' means any provision of a trust which provides that, upon the happening of a contingency, the payments described in paragraph (1)(A) or (2)(A) of subsection (d) (as the case may be) will terminate not later than such payments would otherwise terminate under the trust."

(e) Effective Date.—

(1) Subsections (a), (b), and (c).—The amendments made by subsections (a), (b), and (c) shall apply to reformations after December 31, 1978; except that such amendments shall not apply to any reformation to which section 2055(e)(3) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) applies. For purposes of applying clause (iii) of section 2055(e)(3)(C) of such Code (as amended by this section), the 90th day described in such clause shall be treated as not occurring before the 90th day after the date of the enactment of this Act.

(2) Subsection (d).—The amendment made by subsection (d) shall apply to transfers after December 31, 1978.

(3) Statute of limitations.—

(A) In general.—If on the date of the enactment of this Act (or at any time before the date 1 year after such date of enactment), credit or refund of any overpayment of tax attributable to the amendments made by this section is barred by any law or rule of law, such credit or refund of such overpayment may nevertheless be made if claim therefor is filed before the date 1 year after the date of the enactment of this Act.

(B) No interest where statute closed on date of enactment.—In any case where the making of the credit or refund of the overpayment described in subparagraph (A) is barred on the date of the enactment of this Act, no interest shall be allowed with respect to such overpayment (or any related adjustment) for the period before the date 180 days after the date on which the Secretary of the Treasury (or his delegate) is notified that the reformation has occurred.

SEC. 442. ALTERNATE VALUATION ELECTION AVAILABLE ONLY WHERE IT RESULTS IN REDUCTION OF GROSS ESTATE AND ESTATE TAX.

(a) General Rule.—Section 2032 (relating to alternate valuation) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) Election Must Decrease Gross Estate and Estate Tax.—No election may be made under this section with respect to an estate unless such election will decrease—

"(1) the value of the gross estate, and

"(2) the amount of the tax imposed by this chapter (reduced by credits allowable against such tax)."

(b) Effective Date.—The amendments made by subsection (a) shall apply with respect to estates of decedents dying after the date of the enactment of this Act.

SEC. 443. ALTERNATE VALUATION ELECTION AVAILABLE ON LATE RETURN.

(a) General Rule.—Subsection (d) of section 2032 (relating to time of election), as amended by section 442, is amended to read as follows:

"(d) Election.—

"(1) In general.—The election provided for in this section shall be made by the executor on the return of the tax imposed by this chapter. Such an election, once made, shall be irrevocable.

"(2) Statute of limitations where property sold before election.—If—

"(A) an election provided for in this section is made after a disposition of any property, and

"(B) the basis of such property is reduced by reason of such election, the period for assessing any deficiency of tax attributable to such basis reduction shall not expire before the date 1 year after the date on which such election is made."

(b) Effective Date.—The amendment made by subsection (a) shall apply with respect to the estates of decedents dying after the date of the enactment of this Act.

Subtitle E—Foreign Tax Provisions

SEC. 451. DEFINITION OF RESIDENT ALIEN AND NONRESIDENT ALIEN.

(a) General Rule.—Section 7701 (relating to definitions) is amended by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively, and by inserting after subsection (a) the following new subsection:

"(b) Definition of Resident Alien and Nonresident Alien.—

"(1) In general.—For purposes of this title (other than subtitle B)—

"(A) Resident alien.—An alien individual shall be treated as a resident of the United States with respect to any calendar year if (and only if) such individual meets the requirements of clause (i) or (ii):

"(i) Lawfully admitted for permanent residence.—Such individual is a lawful permanent resident of the United States at any time during such calendar year.

"(ii) Substantial presence test.—Such individual meets the substantial presence test of paragraph (3).

"(B) Nonresident alien.—An individual is a nonresident alien if such individual is neither a citizen of the United States nor a resident of the United States (within the meaning of subparagraph (A)).

"(2) Special rules for first and last year of residency.—

"(A) First year of residency.—

"(i) In general.—If an alien individual is a resident of the United States under paragraph (1)(A) with respect to any calendar year, but was not a resident of the United States at any time during the preceding calendar year, such alien individual shall be treated as a resident of the United States only for the portion of such calendar year which begins on the residency starting date.

"(ii) Residency starting date for individuals lawfully admitted for permanent residence.—In the case of an individual who is a lawful permanent resident of the United States at any time during the calendar year, but does not meet the substantial presence test of paragraph (3), the residency starting date shall be the first day in such calendar year on which he was present in the United States while a lawful permanent resident of the United States.

"(iii) Residency starting date for individuals meeting substantial presence test.—In the case of an individual who meets the substantial presence test of paragraph (3) with respect to any calendar year, the residency starting date shall be the first day during such calendar year on which the individual is present in the United States.

"(B) Last year of residency.—An alien individual shall not be treated as a resident of the United States during a portion of any calendar year if—

"(i) such portion is after the last day in such calendar year on which the individual was present in the United States (or, in the case of an individual described in paragraph (1)(A)(i), the last day on which he was so described),

"(ii) during such portion the individual has a closer connection to a foreign country than to the United States, and

"(iii) the individual is not a resident of the United States at any time during the next calendar year.

"(C) Certain nominal presence disregarded.—

"(i) In general.—For purposes of subparagraphs (A)(iii) and (B), an individual shall not be treated as present in the United States during any period for which the individual establishes that he has a closer connection to a foreign country than to the United States.

"(ii) Not more than 10 days disregarded.—Clause (i) shall not apply to more than 10 days on which the individual is present in the United States.

"(3) Substantial presence test.—

"(A) In general.—Except as otherwise provided in this paragraph, an individual meets the substantial presence test of this paragraph with respect to any calendar year (hereinafter in this subsection referred to as the 'current year') if—

"(i) such individual was present in the United States on at least 31 days during the calendar year, and

"(ii) the sum of the number of days on which such individual was present in the United States during the current year and the 2 preceding calendar years (when multiplied by the applicable multiplier determined under the following table) equals or exceeds 183 days:

"In the case of days in:	The applicable multiplier is:
Current year	1
1st preceding year	⅓
2nd preceding year	⅙

"(B) Exception where individual is present in the United States during less than one-half of current year and closer connection to foreign country is established.—An individual shall not be treated as meeting the substantial presence test of this paragraph with respect to any current year if—

"(i) such individual is present in the United States on fewer than 183 days during the current year, and

"(ii) it is established that for the current year such individual has a tax home (as defined in section 911(d)(3) without regard to the second sentence thereof) in a foreign country and has a closer connection to such foreign country than to the United States.

"(C) Subparagraph (B) not to apply in certain cases.—Subparagraph (B) shall not apply to any individual with respect to any current year if at any time during such year—

"(i) such individual had an application for adjustment of status pending, or

"(ii) such individual took other steps to apply for status as a lawful permanent resident of the United States.

"(D) Medical condition exception for subparagraph (B)(i).—Clause (i) of subparagraph (B) shall not apply to any individual who was unable to leave the United States because of a medical condition which arose while such individual was present in the United States.

"(E) Exception for exempt individuals.—An individual shall not be treated as being present in the United States on any day if such individual is an exempt individual for such day.

"(4) Exempt individual defined.—For purposes of this subsection—

"(A) In general.—An individual is an exempt individual for any day if, for such day, such individual is—

"(i) a foreign government-related individual,

"(ii) a teacher or trainee, or

"(iii) a student.

"(B) Foreign government-related individual.—The term 'foreign government-related individual' means any individual temporarily present in the United States by reason of—

"(i) diplomatic status, or a visa which the Secretary (after consultation with the Secretary of State) determines represents full-time diplomatic or consular status for purposes of this subsection,

"(ii) being a full-time employee of an international organization, or

"(iii) being a member of the immediate family of an individual described in clause (i) or (ii).

"(C) Teacher or trainee.—The term 'teacher or trainee' means any individual—

"(i) who is temporarily present in the United States under subparagraph (J) of section 101(15) of the Immigration and Nationality Act (other than as a student), and

"(ii) who substantially complies with the requirements for being so present.

"(D) Student.—The term 'student' means any individual—

"(i) who is temporarily present in the United States—

"(I) under subparagraph (F) of section 101(15) of the Immigration and Nationality Act, or

"(II) as a student under subparagraph (J) of such section 101(15), and

"(ii) who substantially complies with the requirements for being so present.

"(E) Special rules for teachers, trainees, and students.—

"(i) Limitation on teachers and trainees.—An individual shall not be treated as an exempt individual by reason of clause (ii) of subparagraph (A) for the current year if, for any 2 calendar years during the preceding 6 calendar years, such person was an exempt person under clause (ii) or (iii) of subparagraph (A).

"(ii) Limitation on students.—For any calendar year after the 5th calendar year for which an individual was an exempt individual under clause (ii) or (iii) of subparagraph (A), such individual shall not be treated as an exempt individual by reason of clause (iii) of subparagraph (A), unless such individual establishes to the satisfaction of the Secretary that such individual does not intend to permanently reside in the United States and that such individual meets the requirements of subparagraph (D)(ii).

"(5) Lawful permanent resident.—For purposes of this subsection, an individual is a lawful permanent resident of the United States at any time if—

"(A) such individual has the status of having been lawfully accorded the privilege of residing permanently in the United States as an immigrant in accordance with the immigration laws, and

"(B) such status has not been revoked (and has not been administratively or judicially determined to have been abandoned).

"(6) Presence in the united states.—For purposes of this subsection—

"(A) In general.—Except as provided in subparagraph (B), an individual shall be treated as present in the United States on any day if such individual is physically present in the United States at any time during such day.

"(B) Commuters from canada or mexico.—If an individual regularly commutes to employment (or self-employment) in the United States from a place of residence in Canada or Mexico, such individual shall not be treated as present in the United States on any day during which he so commutes.

"(7) Annual statements.—The Secretary may prescribe regulations under which an individual who (but for subparagraph (B), (D), or (E) of paragraph (3)) would meet the substantial presence test of paragraph (3) is required to submit an annual statement setting forth the basis on which such individual claims the benefits of subparagraph (B), (D), or (E) of paragraph (3), as the case may be.

"(8) Taxable year.—

"(A) In general.—For purposes of this title, an alien individual who has not established a taxable year for any prior period shall be treated as having a taxable year which is the calendar year.

"(B) Fiscal year taxpayer.—If—

"(i) an individual is treated under paragraph (1) as a resident of the United States for any calendar year, and

"(ii) after the application of subparagraph (A), such individual has a taxable year other than a calendar year,

he shall be treated as a resident of the United States with respect to any portion of a taxable year which is within such calendar year."

(b) Effective Dates.—

(1) In general.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

(2) Transitional rule for applying substantial presence test.—

(A) If an alien individual was not a resident of the United States as of the close of calendar year 1984, the determination of whether such individual meets the substantial presence test of section 7701(b)(3) of the Internal Revenue Code of 1954 (as added by this section) shall be made by only taking into account presence after 1984.

(B) If an alien individual was a resident of the United States as of the close of calendar year 1984, but was not a resident of the United States as of the close of calendar year 1983, the determination of whether such individual meets such substantial presence test shall be made by only taking into account presence in the United States after 1983.

(3) Transitional rule for applying lawful residence test.—In the case of any individual who—

(A) was a lawful permanent resident of the United States (within the meaning of section 7701(b)(5) of the Internal Revenue Code of 1954, as added by this section) as of the close of calendar year 1983, and

(B) was present in the United States on any day during 1984,

for purposes of section 7701(b)(2)(A) of such Code (as so added), such individual shall be treated as a resident of the United States during 1984.

SEC. 452. TREATMENT OF COMMUNITY INCOME.

(a) General Rule.—Subsection (a) of section 879 (relating to tax treatment of certain community income in the case of a resident or citizen of the United States who is married to a nonresident alien individual) is amended by striking out so much of such subsection as precedes paragraph (1) thereof and inserting in lieu thereof the following:

"(a) General Rule.—In the case of a married couple 1 or both of whom are nonresident alien individuals and who have community income for the taxable year, such community income shall be treated as follows:".

(b) Clerical Amendments.—

(1) The heading of section 879 is amended to read as follows:

"SEC. 879. TAX TREATMENT OF CERTAIN COMMUNITY INCOME IN THE CASE OF NONRESIDENT ALIEN INDIVIDUALS."

(2) The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by striking out the item relating to section 879 and inserting in lieu thereof the following:

"Sec. 879. Tax treatment of certain community income in the case of nonresident alien individuals."

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SEC. 453. AMENDMENTS RELATED TO FOREIGN PERSONAL HOLDING COMPANIES.

(a) Attribution From Family Members.—Subsection (a) of section 554 (relating to constructive ownership) is amended by adding at the end thereof the following new sentence:

"For purposes of the stock ownership requirement provided in section 552(a)(2), stock owned by a nonresident alien individual (other than a foreign trust or foreign estate) shall not be considered by reason of so much of paragraph (2) as relates to attribution through family membership as owned by a citizen or by a resident alien individual who is not the spouse of the nonresident individual."

(b) Inclusion in Income of United States Persons Holding Interest Through Foreign Entity.—Section 551 (relating to foreign personal holding company income taxed to United States shareholders) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) Stock Held Through Foreign Entity.—For purposes of this section, stock of a foreign personal holding company owned (directly or through the application of this subsection) by—

"(1) a partnership, estate, or trust which is not a United States shareholder, or

"(2) a foreign corporation which is not a foreign personal holding company,

shall be considered as being owned proportionately by its partners, beneficiaries, or shareholders. In any case to which the preceding sentence applies, the Secretary may by regulations provide for such adjustments in the application of this part as may be necessary to carry out the purposes of the preceding sentence."

(c) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1983.

(2) 1-year extension for certain trusts created before june 30, 1953.—

(A) In general.—The amendment made by subsection (b) shall apply to taxable years of a foreign corporation beginning after December 31, 1984, with respect to stock of such corporation which is held (directly or indirectly, within the meaning of section 554 of the Internal Revenue Code of 1954) by a trust created before June 30, 1953, if—

(i) none of the beneficiaries of such trust was a citizen or resident of the United States at the time of its creation or within 10 years thereafter, and

(ii) such trust does not, after July 1, 1983, acquire (directly or indirectly) stock of any foreign personal holding company other than a company described in subparagraph (B).

(B) DESCRIPTION OF COMPANY.—A company is described in this subparagraph if—

(i) substantially all of the assets of such company are stock or assets previously held by such trust, or

(ii) such company ceases to be a foreign personal holding company before January 1, 1985.

SEC. 454. AMENDMENTS RELATED TO SECTION 1248.

(a) ELIMINATION OF DOUBLE TAXATION OF EARNINGS AND PROFITS OF CERTAIN FOREIGN CORPORATIONS.—

(1) Section 959 (relating to exclusion from gross income of previously taxed earnings and profits) is amended by adding at the end thereof the following new subsection:

"(e) COORDINATION WITH AMOUNTS PREVIOUSLY TAXED UNDER SECTION 1248.—For purposes of this section and section 960(b), any amount included in the gross income of any person as a dividend by reason of subsection (a) or (f) of section 1248 shall be treated as an amount included in the gross income of such person under section 951(a)(1)(A)."

(2) Section 1248 is amended by adding at the end thereof the following new subsection:

"(i) CROSS REFERENCE.—

"For provision excluding amounts previously taxed under this section from gross income when subsequently distributed, see section 959(e)."

(b) CLARIFICATION OF SECTION 1248(c)(2)(D).—Subparagraph (D) of section 1248(c)(2) (relating to earnings and profits of subsidiaries of foreign corporations) is amended by striking out "section 958(a)(2)" and inserting in lieu thereof "section 958(a)".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply with respect to transactions to which subsection (a) or (f) of section 1248 of the Internal Revenue Code of 1954 applies occurring after the date of the enactment of this Act.

(2) ELECTION OF EARLIER DATE FOR CERTAIN TRANSACTIONS.—

(A) IN GENERAL.—If the appropriate election is made under subparagraph (B), the amendments made by subsection (a) shall apply with respect to transactions to which subsection (a) or (f) of section 1248 of such Code applies occurring after October 9, 1975.

(B) ELECTION.—

(i) Subparagraph (A) shall apply with respect to transactions to which subsection (a) of section 1248 of such Code applies if the foreign corporation described in such subsection (or its successor in interest) so elects.

(ii) Subparagraph (A) shall apply with respect to transactions to which subsection (f) of section 1248 of such Code applies if the domestic corporation described in section 1248(f)(1) of such Code (or its successor) so elects.

(iii) Any election under clause (i) or (ii) shall be made not later than 180 days after the date of the enactment of this Act and shall be made in such manner as the Secretary of the Treasury or his delegate shall prescribe.

SEC 455. COORDINATION OF SUBPART F WITH FOREIGN PERSONAL HOLDING COMPANY PROVISIONS.

(a) GENERAL RULE.—Subsection (d) of section 951 (relating to coordination with foreign personal holding company provisions) is amended to read as follows:

"(d) COORDINATION WITH FOREIGN PERSONAL HOLDING COMPANY PROVISIONS.—If, but for this subsection, an amount would be included in the gross income of a United States shareholder for any taxable year both under subsection (a)(1)(A)(i) and under section 551(b) (relating to foreign personal holding company income included in gross income of United States shareholder), such amount shall be included in the gross income of such shareholder only under subsection (a)(1)(A)."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years of United States shareholders beginning after the date of the enactment of this Act.

SEC. 456. STAPLED STOCK; STAPLED ENTITIES.

(a) GENERAL RULE.—Part IX of subchapter B of chapter 1 is amended by inserting after section 269A the following new section:

"SEC 269B. STAPLED ENTITIES.

"(a) GENERAL RULE.—Except as otherwise provided by regulations, for purposes of this title—

"(1) if a domestic corporation and a foreign corporation are stapled entities, the foreign corporation shall be treated as a domestic corporation,

"(2) in applying section 1563, stock in a second corporation which constitutes a stapled interest with respect to stock of a first corporation shall be treated as owned by such first corporation, and

"(3) in applying subchapter M for purposes of determining whether any stapled entity is a regulated investment company or a real estate investment trust, all entities which are stapled entities with respect to each other shall be treated as 1 entity.

"(b) SECRETARY TO PRESCRIBE REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to prevent avoidance or evasion of Federal income tax through the use of stapled entities. Such regulations may include (but shall not be limited to) regulations providing the extent to which 1 of such entities shall be treated as owning the other entity (to the extent of the stapled interest).

"(c) DEFINITIONS.—For purposes of this section—

"(1) ENTITY.—The term 'entity' means any corporation, partnership, trust, association, estate, or other form of carrying on a business or activity.

"(2) STAPLED ENTITIES.—The term 'stapled entities' means any group of 2 or more entities if more than 50 percent in value of the beneficial ownership in each of such entities consists of stapled interests.

"(3) STAPLED INTERESTS.—Two or more interests are stapled interests if, by reason of form of ownership, restrictions on transfer, or other terms or conditions, in connection with the transfer of 1 of such interests the other such interests are also transferred or required to be transferred.

"(d) SPECIAL RULE FOR TREATIES.—Nothing in section 894 or 7852(d) or in any other provision of law shall be construed as permitting an exemption, by reason of any treaty obligation of the United States heretofore or hereafter entered into, from the provisions of this section."

(b) CLERICAL AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 is amended by inserting after the item relating to section 269A the following new item:

"Sec. 269B. Stapled entities."

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) INTERESTS STAPLED AS OF JUNE 30, 1983.—Except as otherwise provided in this subsection, in the case of any interests which on June 30, 1983, were stapled interests (as defined in section 269B(c)(3) of the Internal Revenue Code of 1954 (as added by this section), the amendments made by this section shall take effect on January 1, 1985 (January 1, 1987 in the case of a foreign corporation).

(3) CERTAIN STAPLED ENTITIES WHICH INCLUDE REAL ESTATE INVESTMENT TRUST.—Paragraph (3) of section 269B(a) of such Code shall not apply in determining the application of the provisions of part II of subchapter M of chapter 1 of such Code to any real estate investment trust which is part of a group of stapled entities if—

(A) all members of such group were stapled entities as of June 30, 1983, and

(B) as of June 30, 1983, such group included one or more real estate investment trusts.

(4) CERTAIN STAPLED ENTITIES WHICH INCLUDE PUERTO RICAN CORPORATIONS.—

(A) Paragraph (1) of section 269B(a) of such Code shall not apply to a domestic corporation and a qualified Puerto Rican corporation which, on June 30, 1983, were stapled entities.

(B) For purposes of subparagraph (A), the term "qualified Puerto Rican corporation" means any corporation organized in Puerto Rico

(i) which is described in section 957(c) of such Code or would be so described if any dividends it received from any other corporation described in such section 957(c) were treated as gross income of the type described in such section 957(c), and

(ii) does not, at any time during the taxable year, own (within the meaning of section 958 of such Code but before applying paragraph (2) of section 269B(a) of such Code) any stock of any corporation which is not described in such section 957(c).

(5) TREATY RULE NOT TO APPLY TO STAPLED ENTITIES ENTITLED TO TREATY BENEFITS AS OF JUNE 30, 1983.—In the case of any entity which was a stapled entity as of June 30, 1983, subsection (d) of section 269B of such Code shall not apply to any treaty benefit to which such entity was entitled as of June 30, 1983.

(6) ELECTION TO TREAT STAPLED FOREIGN ENTITIES AS SUBSIDIARIES.—

(A) IN GENERAL.—In the case of any foreign corporation and domestic corporation which as of June 30, 1983, were stapled entities, such domestic corporation may elect (in lieu of applying paragraph (1) of section 269B(a) of such Code) to be treated as owning all interests in the foreign corporation which constitute stapled interests with respect to stock of the domestic corporation.

(B) ELECTION.—Any election under subparagraph (A) shall be made not later than 180 days after the date of the enactment of this Act and shall be made in such manner as the Secretary of the Treasury or his delegate shall prescribe.

(C) ELECTION IRREVOCABLE.—Any election under subparagraph (A), once made, may be revoked only with the consent of the Secretary of the Treasury or his delegate.

Subtitle F—Miscellaneous Treasury Administrative Provisions

PART I—PROVISIONS NOT RELATING TO DISTILLED SPIRITS TAX

SEC. 461. SIMPLIFICATION OF CERTAIN REPORTING REQUIREMENTS.

(a) DISC Report.—

(1) Section 506 of the Revenue Act of 1971 (relating to submission of annual reports to Congress) is amended to read as follows:

"SEC. 506. SUBMISSION OF REPORTS TO CONGRESS.

"The Secretary of the Treasury shall, for the calendar year 1981 and each second calendar year thereafter, submit a report to the Congress within 27½ months following the close of such calendar year setting forth an analysis of the operation and effect of the provisions of this title."

(2) The amendment made by paragraph (1) shall apply to reports for calendar years after 1980.

(b) Report on Possessions Corporations.—The Secretary of the Treasury shall, for the calendar year 1981 and each second calendar year thereafter, submit a report to the Congress within 24 months following the close of such calendar year setting forth an analysis of the operation and effect of sections 936 and 934(b) of the Internal Revenue Code of 1954.

(c) High Income Taxpayer Report.—

(1) Section 2123 of the Tax Reform Act of 1976 is amended to read as follows:

"SEC. 2123. HIGH INCOME TAXPAYER REPORT.

"The Secretary of the Treasury shall publish annually information on the amount of tax paid by individual taxpayers with high total incomes. Total income for this purpose is to be calculated and set forth by adding to adjusted gross income any items of tax preference excluded from, or deducted in arriving at, adjusted gross income, and by subtracting any investment expenses incurred in the production of such income to the extent of the investment income. These data are to include the number of such individuals with total income over $200,000 who owe no Federal income tax (after credits) and the deductions, exclusions, or credits used by them to avoid tax."

(2) The amendment made by paragraph (1) shall apply to information published after the date of the enactment of this Act.

(d) International Boycott Reports.—

(1) Section 1067 of the Tax Reform Act of 1976 is amended to read as follows:

"SEC. 1067. REPORTS BY THE SECRETARY.

"(a) General Rule.—As soon after the close of each 4-year period as the data become available, the Secretary shall transmit a report to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate setting forth for such 4-year period—

"(1) the number of reports filed under section 999(a) of the Internal Revenue Code of 1954 for taxable years ending with or within each calendar year in such 4-year period,

"(2) the number of such reports with respect to each such calendar year on which the taxpayer indicated international boycott participation or cooperation (within the meaning of section 999(b)(3) of such Code), and

"(3) a detailed description of the manner in which the provisions of such Code relating to international boycott activity have been administered during such 4-year period.

"(b) 4-Year Period.—For purposes of subsection (a), the term '4-year period' means the period consisting of 4 calendar years beginning with calendar year 1982 and each subsequent fourth calendar year."

(2) The amendment made by paragraph (1) shall apply to reports for periods after December 31, 1981.

SEC. 462. REMOVAL OF $1,000,000 LIMITATION ON WORKING CAPITAL FUND.

The last sentence of section 322(a) of title 31, United States Code (placing a $1,000,000 limitation on the working capital fund for the Department of the Treasury), is hereby repealed.

SEC. 463. INCREASE IN LIMITATION ON REVOLVING FUND FOR REDEMPTION OF REAL PROPERTY.

Subsection (a) of section 7810 (relating to revolving fund for redemption of real property) is amended by striking out "$1,000,000" and inserting in lieu thereof "$10,000,000".

SEC. 464. REMOVAL OF $1,000,000 LIMITATION ON SPECIAL AUTHORITY TO DISPOSE OF OBLIGATIONS.

Subsection (b) of section 324 of title 31, United States Code (relating to disposing and extending the maturity of obligations), is amended by striking out the last sentence.

SEC. 465. SECRETARY OF THE TREASURY AUTHORIZED TO ACCEPT GIFTS AND BEQUESTS.

Section 321 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(d)(1) The Secretary of the Treasury may accept, hold, administer, and use gifts and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department of the Treasury. Gifts and bequests of money and the proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury in a separate fund and shall be disbursed on order of the Secretary of the Treasury. Property accepted under this paragraph, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest.

"(2) For purposes of the Federal income, estate, and gift taxes, property accepted under paragraph (1) shall be considered as a gift or bequest to or for the use of the United States.

"(3) The Secretary of the Treasury may invest and reinvest the fund in public debt securities with maturities suitable for the needs of the fund and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities. Income accruing from the securities, and from any other property accepted under paragraph (1), shall be deposited to the credit of the fund, and shall be disbursed on order of the Secretary of the Treasury for purposes as nearly as possible in accordance with the terms of the gifts or bequests.

"(4) The Secretary of the Treasury shall, not less frequently than annually, make a public disclosure of the amount (and sources) of the gifts and bequests received under this subsection, and the purposes for which amounts in the separate fund established under this subsection are expended."

SEC. 466. EXTENSION OF PERIOD FOR COURT REVIEW OF JEOPARDY ASSESSMENT WHERE PROMPT SERVICE NOT MADE ON THE UNITED STATES.

(a) General Rule.—Paragraph (2) of section 7429(b) (relating to judicial review) is amended by adding at the end thereof the following new sentence:

"If the court determines that proper service was not made on the United States within 5 days after the date of the commencement of the action, the running of the 20-day period set forth in the preceding sentence shall not begin before the day on which proper service was made on the United States."

(b) Effective Date.—The amendment made by subsection (a) shall apply to actions commenced after the date of the enactment of this Act.

SEC. 467. EXTENSION OF PERIOD DURING WHICH ADDITIONAL TAX SHOWN ON AMENDED RETURN MAY BE ASSESSED.

(a) General Rule.—Subsection (c) of section 6501 (relating to exceptions) is amended by adding at the end thereof the following new paragraph:

"(7) Special rule for certain amended returns.—Where, within the 60-day period ending on the day on which the time prescribed in this section for the assessment of any tax imposed by subtitle A for any taxable year would otherwise expire, the Secretary receives a written document signed by the taxpayer showing that the taxpayer owes an additional amount of such tax for such taxable year, the period for the assessment of such additional amount shall not expire before the day 60 days after the day on which the Secretary receives such document."

(b) Effective Date.—The amendment made by subsection (a) shall apply with respect to documents received by the Secretary of the Treasury (or his delegate) after the date of the enactment of this Act.

SEC. 468. TREATMENT OF CERTAIN GUARANTEED DRAFTS ISSUED BY FINANCIAL INSTITUTIONS.

(a) General Rule.—Paragraph (2) of section 6311(b) (relating to liability of banks and others) is amended—

(1) by striking out "or cashier's check" and inserting in lieu thereof "or cashier's check (or other guaranteed draft)",

(2) by striking out "the amount of such check" and inserting in lieu thereof "the amount of such check (or draft)",

(3) by striking out "the bank or trust company" and inserting in lieu thereof "the financial institution", and

(4) by striking out "such bank" each place it appears and inserting in lieu thereof "such financial institution".

(b) Effective Date.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 469. DISCLOSURE OF WINDFALL PROFIT TAX INFORMATION TO STATE TAX OFFICIALS.

(a) General Rule.—Paragraph (1) of section 6103(d) (relating to disclosure to State tax officials) is amended by striking out "44, 51" and inserting in lieu thereof "44, 45, 51".

(b) Effective Date.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

PART II—PROVISIONS RELATING TO DISTILLED SPIRITS

SEC. 470. REPEAL OF OCCUPATIONAL TAX ON MANUFACTURERS OF STILLS AND CONDENSERS, NOTICES OF MANUFACTURE AND SET UP OF STILLS.

(a) In General.—Subpart C of part II of subchapter A of chapter 51 (relating to manufacturers of stills) is amended to read as follows:

"Subpart C—Manufacturers of Stills

"Sec. 5101. Notice of manufacture of still; notice of set up of still.

"Sec. 5102. Definition of manufacturer of stills.

"SEC. 5101. NOTICE OF MANUFACTURE OF STILL; NOTICE OF SET UP OF STILL.

"(a) NOTICE REQUIREMENTS.—

"(1) NOTICE OF MANUFACTURE OF STILL.—The Secretary may, pursuant to regulations, require any person who manufactures any still, boiler, or other vessel to be used for the purpose of distilling, to give written notice, before the still, boiler, or other vessel is removed from the place of manufacture, setting forth by whom it is to be used, its capacity, and the time of removal from the place of manufacture.

"(2) NOTICE OF SET UP OF STILL.—The Secretary may, pursuant to regulations, require that no still, boiler, or other vessel be set up without the manufacturer of the still, boiler, or other vessel first giving written notice to the Secretary of that purpose.

"(b) PENALTIES, ETC.—

"(1) For penalty and forfeiture for failure to give notice of manufacture, or for setting up a still without first giving notice, when required by the Secretary, see sections 5615(2) and 5687.

"(2) For penalty and forfeiture for failure to register still or distilling apparatus when set up, see sections 5601(a)(1) and 5615(1).

"SEC. 5102. DEFINITION OF MANUFACTURER OF STILLS.

"Any person who manufactures any still or condenser to be used in distilling shall be deemed a manufacturer of stills."

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (2) of section 5179(b) (relating to registration of stills) is amended to read as follows:

"(2) For provisions requiring notification to set up a still, boiler, or other vessel for distilling, see section 5101(a)(2)."

(2) Paragraph (2) of section 5615 (relating to property subject to forfeiture) is amended to read as follows:

"(2) DISTILLING APPARATUS REMOVED WITHOUT NOTICE OR SET UP WITHOUT NOTICE.—Any still, boiler, or other vessel to be used for the purpose of distilling—

"(A) which is removed without notice having been given when required by section 5101(a)(1), or

"(B) which is set up without notice having been given when required by section 5101(a)(2); and".

(3) Subsection (a) of section 5691 (relating to penalties for nonpayment of special taxes relating to liquors) is amended by striking out "limited retail dealer, or manufacturer of stills" and inserting in lieu thereof "or limited retail dealer".

SEC. 471. ALLOWANCE OF DRAWBACK CLAIMS EVEN WHERE CERTAIN REQUIREMENTS NOT MET.

Section 5134 (relating to drawback) is amended by adding at the end thereof the following new subsection:

"(c) ALLOWANCE OF DRAWBACK EVEN WHERE CERTAIN REQUIREMENTS NOT MET.—

"(1) IN GENERAL.—No claim for drawback under this section shall be denied in the case of a failure to comply with any requirement imposed under this subpart or any rule or regulation issued thereunder upon the claimant's establishing to the satisfaction of the Secretary that distilled spirits on which the tax has been paid or determined were in fact used in the manufacture or production of medicines, medicinal preparations, food products, flavors, or flavoring extracts, which were unfit for beverage purposes.

"(2) PENALTY.—

"(A) IN GENERAL.—In the case of a failure to comply with any requirement imposed under this subpart or any rule or regulation issued thereunder, the claimant shall be liable for a penalty of $1,000 for each failure to comply unless it is shown that the failure to comply was due to reasonable cause.

"(B) PENALTY MAY NOT EXCEED AMOUNT OF CLAIM.—The aggregate amount of the penalties imposed under subparagraph (A) for failures described in paragraph (1) in respect of any claim shall not exceed the amount of such claim (determined without regard to subparagraph (A)).

"(3) PENALTY TREATED AS TAX.—The penalty imposed by paragraph (2) shall be assessed, collected, and paid in the same manner as taxes, as provided in section 6662(a)."

SEC. 472. DISCLOSURE OF ALCOHOL FUEL PRODUCERS TO ADMINISTRATORS OF STATE ALCOHOL LAWS.

(a) IN GENERAL.—Subsection (l) of section 6103 (relating to confidentiality and disclosure of returns and return information) is amended by adding at the end thereof the following new paragraph:

"(9) DISCLOSURE OF ALCOHOL FUEL PRODUCERS TO ADMINISTRATORS OF STATE ALCOHOL LAWS.—Notwithstanding any other provision of this section, the Secretary may disclose—

"(A) the name and address of any person who is qualified to produce alcohol for fuel use under section 5181, and

"(B) the location of any premises to be used by such person in producing alcohol for fuel,

to any State agency, body, or commission, or its legal representative, which is charged under the laws of such State with responsibility for administration of State alcohol laws solely for use in the administration of such laws."

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 6103(p)(3) (relating to records of inspection and disclosure) is amended by striking out "(5), or (7)" and inserting in lieu thereof "(5), (7), (8), or (9)".

(2) The material preceding subparagraph (A) of paragraph (4) of section 6103(p) is amended by striking out "or (7)" and inserting in lieu thereof "(7), (8), or (9)".

(3) Clause (i) of section 6103(p)(4)(F) is amended by striking out "(l) (6) or (7)" and inserting in lieu thereof "(l) (6), (7), (8), or (9)".

(4) Paragraph (2) of section 7213(a) (relating to unauthorized disclosure of information) is amended by striking out "or (8)" and inserting in lieu thereof "(8), or (9)".

(5) Section 127(a)(1) of Public Law 96-249 is amended by striking out "Subsection (i)" and inserting in lieu thereof "Subsection (l)".

(6) The paragraph (7) of section 6103(l) added by Public Law 96-265 is hereby redesignated as paragraph (8).

SEC. 473. REPEAL OF STAMP REQUIREMENT FOR DISTILLED SPIRITS.

(a) IN GENERAL.—Section 5205 (relating to stamps) is hereby repealed.

(b) BOTTLES MUST HAVE OTHER ANTITAMPERING CLOSURE.—Section 5301 is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) CLOSURES.—The immediate container of distilled spirits withdrawn from bonded premises, or from customs custody, on determination of tax shall bear a closure or other device which is designed so as to require breaking in order to gain access to the contents of such container. The preceding sentence shall not apply to containers of bulk distilled spirits."

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The second sentence of section 5062(b) (relating to drawback in case of exportation) is amended by striking out "stamped or restamped, and".

(2) Paragraph (2) of section 5066(a) (relating to bottled distilled spirits eligible for export with benefit of drawback) is amended by striking out "stamped or restamped, and marked," and inserting in lieu thereof "marked".

(3) Subsection (b) of section 5116 (relating to cross references) is amended to read as follows:

"(b) CROSS REFERENCE.—

"For provisions relating to containers of distilled spirits, see section 5206."

(4) Subsection (c) of section 5204 (relating to gauging) is amended—

(A) by striking out "STAMPING," in the heading, and

(B) by striking out "stamping," in the text.

(5)(A) Section 5206 (relating to containers) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) EFFACEMENT OF MARKS AND BRANDS ON EMPTIED CONTAINERS.—Every person who empties, or causes to be emptied, any container of distilled spirits bearing any mark or brand required by law (or regulations pursuant thereto) shall at the time of emptying such container efface and obliterate such mark or brand; except that the Secretary may, by regulations, waive any requirement of this subsection where he determines that no jeopardy to the revenue will be involved."

(B) Subsection (f) of section 5206, as redesignated by subparagraph (A), is amended by adding at the end thereof the following new paragraphs:

"(3) For provisions relating to the marking and branding of containers of distilled spirits by proprietors, see section 5204(c).

"(4) For penalties and forfeitures relating to marks and brands, see sections 5604 and 5613."

(6) Paragraph (4) of section 5207(a) (relating to records and reports) is amended by striking out subparagraph (D), by adding "and" at the end of subparagraph (B), and by striking out ", and" at the end of subparagraph (C) and inserting in lieu thereof a period.

(7) Subsection (c) of section 5215 (relating to return of tax determined distilled spirits to bonded premises) is amended—

(A) by striking out "RESTAMPING" in the heading and inserting in lieu thereof "RECLOSING", and

(B) by striking out "restamping" in the text and inserting in lieu thereof "reclosing".

(8) Section 5235 (relating to bottling of alcohol for industrial purposes) is amended by striking out "stamped," in the first sentence and by striking out the second sentence.

(9) Subsection (c) of section 5301 (relating to regulation of traffic in containers of distilled spirits) is amended—

(A) by striking out "stamping" in paragraphs (1) and (3) and inserting in lieu thereof "tax determination", and

(B) by striking out ", if the liquor bottles are to be again stamped under the provisions of this chapter".

(10) Subsection (a) of section 5555 (relating to records, statements, and returns) is amended by striking out "or for the affixing of any stamp required to be affixed by this chapter,".

(11)(A) Section 5604 (relating to penalties relating to stamps, marks, brands, and containers) is amended to read as follows:

"SEC. 5604. PENALTIES RELATING TO MARKS, BRANDS, AND CONTAINERS.

"(a) IN GENERAL.—Any person who shall—

"(1) transport, possess, buy, sell, or transfer any distilled spirits unless the immediate container bears the type of closure or other device required by section 5301(d);

"(2) with intent to defraud the United States, empty a container bearing the closure or other device required by section 5301(d) without breaking such closure or other device,

"(3) empty, or cause to be emptied, any distilled spirits from an immediate container bearing any mark or brand required by law without effacing and obliterating such mark or brand as required by section 5206(d),

"(4) place any distilled spirits in any bottle, or reuse any bottle for the purpose of containing distilled spirits, which has once been filled and fitted with a closure or other device under the provisions of this chapter, without removing and destroying such closure or other device,

"(5) willfully and unlawfully remove, change, or deface any mark, brand, label, or seal affixed to any case of distilled spirits, or to any bottle contained therein,

"(6) with intent to defraud the United States, purchase, sell, receive with intent to transport, or transport any empty cask or package having thereon any mark or brand required by law to be affixed to any cask or package containing distilled spirits, or

"(7) change or alter any mark or brand on any cask or package containing distilled spirits, or put into any cask or package spirits of greater strength than is indicated by the inspection mark thereon, or fraudulently use any cask or package having any inspection mark thereon, for the purpose of selling other spirits, or spirits of quantity or quality different from the spirits previously inspected,

shall be fined not more than $10,000 or imprisoned not more than 5 years, or both, for each such offense.

"(b) CROSS REFERENCES.—

"For provisions relating to the authority of internal revenue officers to enforce provisions of this section, see sections 5203, 5557, and 7608."

(B) The table of sections for part I of subchapter J of chapter 51 is amended by striking out the item relating to section 5604 and inserting in lieu thereof the following:

"Sec. 5604. Penalties relating to marks, brands, and containers."

(12)(A) Subsection (b) of section 5613 (relating to forfeiture of distilled spirits not stamped, marked, or branded as required by law) is amended to read as follows:

"(b) CONTAINERS WITHOUT CLOSURES.—All distilled spirits found in any container which is required by this chapter to bear a closure or other device and which does not bear a closure or other device in compliance with this chapter shall be forfeited to the United States."

(B) The section heading of section 5613 is amended by striking out "STAMPED" and inserting in lieu thereof "CLOSED".

(C) The item relating to section 5613 in the table of sections for part I of subchapter J of chapter 51 is amended by striking out "stamped" and inserting in lieu thereof "closed".

(13) Subsection (b) of section 6801 (relating to authority for establishment, alteration, and distribution) is amended by striking out "several stamp taxes;" and all that follows and inserting in lieu thereof "several stamp taxes."

(14) The table of sections for part I of subchapter C of chapter 51 is amended by striking out the item relating to section 5205.

SEC. 474. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this part shall take effect on the first day of the first calendar month which begins more than 90 days after the date of the enactment of this Act.

(b) REPEAL OF STAMP REQUIREMENT.—The amendments made by section 473 shall take effect on July 1, 1985.

Subtitle G—Tax Court Provisions

SEC. 475. CERTIFIED PUBLIC ACCOUNTANTS AND ENROLLED AGENTS AUTHORIZED TO REPRESENT TAXPAYERS IN SMALL TAX CASES; INCREASE IN JURISDICTIONAL LIMIT FOR SMALL CASES.

(a) GENERAL RULE.—Section 7463 (relating to disputes involving $5,000 or less) is amended by adding at the end thereof the following new subsection:

"(g) REPRESENTATION OF TAXPAYER.—In any case in which the proceedings are conducted under this section, any person who is—

"(1) a certified public accountant, or

"(2) an enrolled agent authorized to practice before the Internal Revenue Service,

shall be allowed to represent the taxpayer. Nothing in this subsection shall prevent the Tax Court from extending its rules of practice relating to suspension or disqualification to persons referred to in paragraph (1) or (2)."

(b) INCREASE IN JURISDICTIONAL LIMIT FOR SMALL TAX CASES.—

(1) IN GENERAL.—Subsection (a) of section 7463 (relating to disputes involving $5,000 or less) is amended by striking out "$5,000" each place it appears and inserting in lieu thereof "$10,000".

(2) CLERICAL AMENDMENTS.—

(A) The section heading for section 7463 is amended by striking out "$5,000" and inserting in lieu thereof "$10,000".

(B) The table of sections for part II of subchapter C of chapter 76 is amended by striking out "$5,000" in the item relating to section 7463 and inserting in lieu thereof "$10,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 476. ANNUITIES TO SURVIVORS OF TAX COURT JUDGES.

(a) ENTITLEMENT TO ANNUITY.—Subsection (h) of section 7448 (relating to entitlement to annuity) is amended—

(1) by striking out "$900 per year divided by the number of such children or $360 per year," in paragraph (2) and inserting in lieu thereof "$4,644 per year divided by the number of such children or $1,548 per year,"; and

(2) by striking out "$480 per year" in paragraph (3) and inserting in lieu thereof "$5,580 per year divided by the number of such children or $1,860 per year, whichever is lesser".

(b) EFFECTIVE DATE.—The amendments made by this subsection (a) shall apply to annuities payable with respect to months beginning after the date of the enactment of this Act.

SEC. 477. PROCEEDINGS WHICH MAY BE ASSIGNED TO COMMISSIONERS.

(a) IN GENERAL.—Subsection (d) of section 7456 (relating to proceedings which may be assigned to commissioners) is amended to read as follows:

"(d) PROCEEDINGS WHICH MAY BE ASSIGNED TO COMMISSIONERS.—The chief judge may assign—

"(1) any declaratory judgment proceeding,

"(2) any proceeding under section 7463,

"(3) any proceeding where neither the amount of the deficiency placed in dispute (within the meaning of section 7463) nor the amount of any claimed overpayment exceeds $10,000; and

"(4) any other proceeding which the chief judge may designate,

to be heard by the commissioners of the court, and the court may authorize a commissioner to make the decision of the court with respect to any proceeding described in paragraph (1), (2), or (3), subject to such conditions and review as the court may provide."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if enacted as part of the Miscellaneous Revenue Act of 1982.

SEC. 478. SPECIAL TRIAL JUDGES.

(a) IN GENERAL.—Subsection (a) of section 7456 (relating to administration of oaths and procurement of testimony) is amended by striking out "commissioner" each place it appears and inserting in lieu thereof "special trial judge".

(b) APPOINTMENT AND COMPENSATION.—Subsection (c) of section 7456 (relating to commissioners) is amended—

(1) by striking out "COMMISSIONERS" in the heading and inserting in lieu thereof "SPECIAL TRIAL JUDGES";

(2) by striking out "commissioners" and inserting in lieu thereof "special trial judges"; and

(3) by striking out "commissioner" and inserting in lieu thereof "special trial judge".

(c) PROCEEDINGS WHICH MAY BE ASSIGNED TO SPECIAL TRIAL JUDGES.—Subsection (d) of section 7456 (relating to proceedings which may be assigned to commissioners), as amended by section 477, is amended—

(1) by striking out "COMMISSIONERS" in the heading and inserting in lieu thereof "SPECIAL TRIAL JUDGES";

(2) by striking out "commissioners" and inserting in lieu thereof "special trial judges"; and

(3) by striking out "commissioner" and inserting in lieu thereof "special trial judge".

(d) CONFORMING AMENDMENT.—Subsection (c) of section 7471 (cross reference relating to compensation and travel and subsistence allowances of commissioners) is amended by striking out "COMMISSIONERS" in the heading and inserting in lieu thereof "SPECIAL TRIAL JUDGES", and by striking out "commissioners" and inserting in lieu thereof "special trial judges".

(e) EFFECTIVE DATE.—

(1) The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) Any reference in any law to a commissioner of the Tax Court shall be treated as a reference to a special trial judge of the Tax Court.

SEC. 479. PUBLICITY OF TAX COURT PROCEEDINGS.

(a) IN GENERAL.—Section 7461 (relating to publicity of proceedings) is amended to read as follows:

"SEC. 7461. PUBLICITY OF PROCEEDINGS.

"(a) GENERAL RULE.—Except as provided in subsection (b), all reports of the Tax Court and all evidence received by the Tax Court and its divisions, including a transcript of the stenographic report of the hearings, shall be public records open to the inspection of the public.

"(b) EXCEPTIONS.—

"(1) TRADE SECRETS OR OTHER CONFIDENTIAL INFORMATION.—The Tax Court may make any provision which is necessary to prevent the disclosure of trade secrets or other confidential information, including a provision that any document or information be placed under seal to be opened only as directed by the court.

"(2) EVIDENCE, ETC.—After the decision of the Tax Court in any proceeding has become final, the Tax Court may, upon motion of the taxpayer or the Secretary, permit the withdrawal by the party entitled thereto of originals of books, documents, and records, and of models, diagrams, and other exhibits, introduced in evidence before the Tax Court or any division; or the Tax Court may, on its own motion, make such other disposition thereof as it deems advisable."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 480. ELIMINATION OF MANDATORY RETIREMENT AGE FOR TAX COURT JUDGES.

(a) IN GENERAL.—Paragraph (1) of section 7447(b) (relating to retirement of Tax Court judges) is amended to read as follows:

"(1) Any judge may retire at any time after attaining age 70."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

Subtitle H—Simplification of Income Tax Credits

SEC. 481. SHORT TITLE.

This subtitle may be cited as the "Tax Credit Simplification Act of 1984".

SEC. 482. CREDITS GROUPED TOGETHER IN MORE LOGICAL ORDER.

(a) CREDITS DIVIDED INTO 4 CATEGORIES.—The table of subparts for part IV of subchapter A of chapter 1 (relating to credits against tax) is amended to read as follows:

"Subpart A. Nonrefundable personal credits.
"Subpart B. Foreign tax credit, etc.
"Subpart C. Refundable credits.
"Subpart D. Business-related credits."

(b) EXISTING CREDITS ASSIGNED TO APPROPRIATE CATEGORY.—Part IV of subchapter A of chapter 1 is amended by striking out the heading and table of sections for subpart A and inserting in lieu thereof the following:

"Subpart A—Nonrefundable Personal Credits

"Sec. 21. Expenses for household and dependent care services necessary for gainful employment.
"Sec. 22. Credit for the elderly and the permanently and totally disabled.
"Sec. 23. Residential energy credit.
"Sec. 24. Contributions to candidates for public office.
"Sec. 25. Limitation based on tax liability; definition of tax liability.

"Subpart B—Foreign Tax Credit, Etc.

"Sec. 27. Taxes of foreign countries and possessions of the United States; possession tax credit.
"Sec. 28. Clinical testing expenses for certain drugs for rare diseases or conditions.
"Sec. 29. Credit for producing fuel from a nonconventional source.
"Sec. 30. Credit for increasing research activities.

"Subpart C—Refundable Credits

"Sec. 31. Tax withheld on wages.
"Sec. 32. Earned income.
"Sec. 33. Tax withheld at source on nonresident aliens and foreign corporations.
"Sec. 34. Certain uses of gasoline and special fuels.
"Sec. 35. Overpayments of tax.

"Subpart D—Business Related Credits

"Sec. 38. General business credit.
"Sec. 39. Carryback and carry forward of unused credits.
"Sec. 40. Alcohol used as fuel.
"Sec. 41. Employee stock ownership credit."

(c) SECTIONS MOVED TO APPROPRIATE PLACE IN PART IV.—

(1) DESIGNATION.—The following sections of such part IV are henceforth to be designated in accordance with the following table:

Old section number	New section number	New subpart designation
44A	21	A
37	22	A
44C	23	A
41	24	A
33	27	B
44H	28	B
44D	29	B
44F	30	B
31	31	C
43	32	C
32	33	C
39	34	C
45	35	C
44E	40	D
44G	41	D

(2) PLACED IN APPROPRIATE SUBPARTS.—Each section for which paragraph (1) provides a new section number is hereby moved to the appropriate place in the appropriate subpart of such part IV.

SEC. 483. UNIFORM LIMITATION ON PERSONAL NONREFUNDABLE CREDITS.

Subpart A of part IV of subchapter A of chapter 1 is amended by adding after section 24 the following new section:

"SEC. 25. LIMITATION BASED ON TAX LIABILITY; DEFINITION OF TAX LIABILITY.

"(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer's tax liability for such taxable year.

"(b) TAX LIABILITY.—For purposes of this section—

"(1) IN GENERAL.—The term 'tax liability' means the tax imposed by this chapter for the taxable year.

"(2) EXCEPTION FOR CERTAIN TAXES.—For purposes of paragraph (1), any tax imposed by any of the following provisions shall not be treated as tax imposed by this chapter:

"(A) section 56 (relating to corporate minimum tax),

"(B) subsection (m)(5)(B), (o)(2), or (q) of section 72 (relating to additional tax on certain distributions),

"(C) section 408(f) (relating to additional tax on income from certain retirement accounts),

"(D) section 531 (relating to accumulated earnings tax),

"(E) section 541 (relating to personal holding company tax),

"(F) section 1351(d)(1) (relating to recoveries of foreign expropriation losses),

"(G) section 1374 (relating to tax on certain capital gains of S corporations), and

"(H) section 1375 (relating to tax imposed when passive investment income of corporation having subchapter C earnings and profits exceeds 25 percent of gross receipts).

"(c) SIMILAR RULE FOR ALTERNATIVE MINIMUM TAX FOR TAXPAYERS OTHER THAN CORPORATIONS.—

"For treatment of tax imposed by section 55 as not imposed by this chapter, see section 55(c)."

SEC. 484. UNIFORM CARRYOVER PROVISIONS FOR BUSINESS-RELATED CREDITS.

Subpart D of part IV of subchapter A of chapter 1 is amended by inserting before section 40 the following new sections:

"SEC. 38. GENERAL BUSINESS CREDIT.

"(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) the business credit carryforwards carried to such taxable year,

"(2) the amount of the current year business credit, plus

"(3) the business credit carrybacks carried to such taxable year.

"(b) CURRENT YEAR BUSINESS CREDIT.—For purposes of this subpart, the amount of the current year business credit is the sum of the following credits determined for the taxable year:

"(1) the investment credit determined under section 46(a),

"(2) the targeted jobs credit determined under section 51(a),

"(3) the alcohol fuels credit determined under section 40(a), plus

"(4) the employee stock ownership credit determined under section 41(a).

"(c) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the sum of—

"(A) so much of the taxpayer's net tax liability for the taxable year as does not exceed $25,000, plus

"(B) 85 percent of so much of the taxpayer's net tax liability for the taxable year as exceeds $25,000.

"(2) NET TAX LIABILITY.—For purposes of paragraph (1), the term 'net tax liability' means the tax liability (as defined in section 25(b)), reduced by the sum of the credits allowable under subparts A and B of this part.

"(3) SPECIAL RULES.—

"(A) MARRIED INDIVIDUALS.—In the case of a husband or wife who files a separate return, the amount specified under subparagraphs (A) and (B) of paragraph (1) shall be $12,500 in lieu of $25,000. This subparagraph shall not apply if the spouse of the taxpayer has no business credit carryforward or carryback to, and has no current year business credit for, the taxable year of such spouse which ends within or with the taxpayer's taxable year.

"(B) CONTROLLED GROUPS.—In the case of a controlled group, the $25,000 amount specified under subparagraphs (A) and (B) of paragraph (1) shall be reduced for each component member of such group by apportioning $25,000 among the component members of such group in such manner as the Secretary shall by regulations prescribe. For purposes of the preceding sentence, the term 'controlled group' has the meaning given to such term by section 1563(a).

"(C) LIMITATIONS WITH RESPECT TO CERTAIN PERSONS.—In the case of a person described in subparagraph (A) or (B) of section 46(e)(1), the $25,000 amount specified under subparagraphs (A) and (B) of paragraph (1) shall equal such person's ratable share (as determined under section 46(e)(2)) of such amount.

"(D) Estates and trusts.—In the case of an estate or trust, the $25,000 amount specified under subparagraphs (A) and (B) of paragraph (1) shall be reduced to an amount which bears the same ratio to $25,000 as the portion of the income of the estate or trust which is not allocated to beneficiaries bears to the total income of the estate or trust.

"(d) Special Rules for Certain Regulated Companies.—In the case of any taxpayer to which section 46(f) applies, for purposes of sections 46(f), 47(a), 196(a), and 404(i) and any other provision of this title where it is necessary to ascertain the extent to which the credits determined under section 40(a), 41(a), 46(a), or 51(a) are used in a taxable year or as a carryback or carryforward, the order in which such credits are used shall be determined on the basis of the order in which they are listed in subsection (b).

"SEC 39. CARRYBACK AND CARRYFORWARD OF UNUSED CREDITS.

"(a) In General.—

"(1) 3 year carryback and 15 year carryforward.—If the sum of the business credit carryforwards to the taxable year plus the amount of the current year business credit for the taxable year exceeds the amount of the limitation imposed by subsection (c) of section 38 for such taxable year (hereinafter in this section referred to as the 'unused credit year'), such excess (to the extent attributable to the amount of the current year business credit) shall be—

"(A) a business credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(B) a business credit carryforward to each of the 15 taxable years following the unused credit year,

and, subject to the limitations imposed by subsections (b) and (c), shall be taken into account under the provisions of section 38(a) in the manner provided in section 38(a).

"(2) Amount carried to each year.—

"(A) Entire amount carried to first year.—The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 18 taxable years to which (by reason of paragraph (1)) such credit may be carried.

"(B) Amount carried to other 17 years.—The amount of the unused credit for the unused credit year shall be carried to each of the other 17 taxable years to the extent that such unused credit may not be taken into account under section 38(a) for a prior taxable year because of the limitations of subsections (b) and (c).

"(b) Limitation on Carrybacks.—The amount of the unused credit which may be taken into account under section 38(a)(3) for any preceding taxable year shall not exceed the amount by which the limitation imposed by section 38(c) for such taxable year exceeds the sum of—

"(1) the amounts determined under paragraphs (1) and (2) of section 38(a) for such taxable year, plus

"(2) the amounts which (by reason of this section) are carried back to such taxable year and are attributable to taxable years preceding the unused credit year.

"(c) Limitation on Carryforwards.—The amount of the unused credit which may be taken into account under section 38(a)(1) for any succeeding taxable year shall not exceed the amount by which the limitation imposed by section 38(c) for such taxable year exceeds the sum of the amounts which, by reason of this section, are carried to such taxable year and are attributable to taxable years preceding the unused credit year.

"(d) Transitional Rules.—

"(1) Carryforwards.—

"(A) In general.—Any carryforward from an unused credit year under section 46, 50A, 53, 44E, or 44G which has not expired before the beginning of the first taxable year beginning after December 31, 1983, shall be aggregated with other such carryforwards from such unused credit year and shall be a business credit carryforward to each taxable year beginning after December 31, 1983, which is 1 of the first 15 taxable years after such unused credit year.

"(B) Amount carried forward.—The amount carried forward under subparagraph (A) to any taxable year shall be properly reduced for any amount allowable as a credit with respect to such carryforward for any taxable year before the year to which it is being carried.

"(2) Carrybacks.—In determining the amount allowable as a credit for any taxable year beginning before January 1, 1984, as the result of the carryback of a general business tax credit from a taxable year beginning after December 31, 1983, paragraph (1) of subsection (b) shall be applied as if it read as follows:

"'(1) the sum of the credits allowable for such taxable year under sections 38, 40, 44B, 44E, and 44G, plus'."

SEC. 485. TECHNICAL AND CONFORMING AMENDMENTS.

(a) References to Old and New Provisions.—Whenever in this section reference is made to an old or new section or other provision, the reference is to the provision before (in the case of "old") or after (in the case of "new") the changes made by section 482 of this Act.

(b) Old Section 21.—

(1) Redesignation.—Old section 21 (relating to effect of changes) is redesignated as section 15.

(2) Conforming amendments.—Sections 441(f)(2)(A) and 6013(c) are each amended by striking out "21" and inserting in lieu thereof "15".

(3) Table of sections.—The table of sections for part III of subchapter A of chapter 1 is amended by striking out the item relating to section 21 and inserting in lieu thereof the following:

"Sec. 15. Effect of changes."

(c) New Section 21.—New section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking out subsection (b) and by redesignating subsections (c), (d), (e), (f), and (g) as subsections (b), (c), (d), (e), and (f), respectively,

(2) by striking out "subsection (c)(1)" in subsection (a) and inserting in lieu thereof "subsection (b)(1)",

(3) by striking out "subsection (c)(2)" in subsection (a) and inserting in lieu thereof "subsection (b)(2)",

(4) by striking out "subsection (c)(1)(C)" in paragraph (2) of subsection (d) (as redesignated by paragraph (1)) and inserting in lieu thereof "subsection (b)(1)(C)",

(5) by striking out "subsection (d)(1)" in subparagraph (A) of subsection (d)(2) (as redesignated by paragraph (1)) and inserting in lieu thereof, "subsection (c)(1)",

(6) by striking out "subsection (d)(2)" in subparagraph (B) of subsection (d)(2) (as redesignated by paragraph (1)) and inserting in lieu thereof "subsection (c)(2)", and

(7) by striking out "subsection (c)(1)" in subsection (e)(5) (as redesignated by paragraph (1)) and inserting in lieu thereof "subsection (b)(1)".

(d) New Section 22.—New section 22 (relating to the credit for the elderly and the permanently and totally disabled) is amended—

(1) by striking out "section 37 amount" each place it appears in the text and inserting in lieu thereof "section 22 amount",

(2) by striking out the heading of subsection (c) and inserting in lieu thereof "(c) Section 22 Amount.—", and

(3) by amending subsection (d) to read as follows:

"(d) Adjusted Gross Income Limitation.—If the adjusted gross income of the taxpayer exceeds—

"(1) $7,500 in the case of a single individual,

"(2) $10,000 in the case of a joint return, or

"(3) $5,000 in the case of a married individual filing a separate return,

the section 22 amount shall be reduced by one-half of the excess of the adjusted gross income over $7,500, $10,000, or $5,000, as the case may be."

(e) New Section 23.—Subsection (b) of new section 23 (relating to residential energy credit) is amended by striking out paragraphs (5) and (6) and inserting in lieu thereof the following:

"(5) Carryforward of unused credit.—

"(A) In general.—If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 25(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

"(B) No carryforward to taxable years beginning after December 31, 1987.—No amount may be carried under subparagraph (A) to any taxable year beginning after December 31, 1987."

(f) New Section 24.—Subsection (b) of new section 24 (relating to contributions to candidates for political office) is amended by striking out paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(g) New Section 28.—

(1) New section 28 is amended—

(A) by striking out "section 44F" each place it appears and inserting in lieu thereof "section 30", and

(B) by striking out "section 44F(b)" in subsection (c)(2) and inserting in lieu thereof "section 30(b)," and

(C) by striking out "section 44F(f)" in subsection (d)(4) and inserting in lieu thereof "section 30(f)".

(2) Paragraph (2) of new section 28(d) is amended to read as follows:

"(2) Limitation based on amount of tax.—The credit allowed by this section for any taxable year shall not exceed the taxpayer's tax liability for the taxable year (as defined in section 25(b)), reduced by the sum of the credits allowable under subpart A and section 28."

(h) New Section 29.—Paragraph (5) of new section 29(b) (relating to credit for producing fuel from a nonconventional source) is amended to read as follows:

"(5) Application with other credits.—The credit allowed by subsection (a) for a taxable year shall not exceed the taxpayer's tax liability for the taxable year (as defined in section 25(b)), reduced by the sum of the credits allowable under subpart A and sections 27 and 28."

(l) New Section 30.—

(1) New section 30 (relating to credit for increasing research activities) is amended—

(A) by striking out "in computing the credit under section 40 or 44B" in subsection (b)(2)(D)(iii) and inserting in lieu thereof "in determining the targeted jobs credit under section 51(a)", and

(B) by amending subparagraph (A) of subsection (g)(1) to read as follows:

"(A) In general.—Except as provided in subparagraph (B), the credit allowed by subsection (a) for any taxable year shall not exceed the taxpayer's tax liability for the taxable year (as defined in section 25(b)), reduced by the sum of the credits allowable under subpart A and sections 27, 28, and 29."

(2) New section 30 treated as continuation of old section 44F.—For purposes of determining—

(A) whether any excess credit under old section 44F for a taxable year beginning before January 1, 1984, is allowable as a carryover under new section 30, and

(B) the period during which new section 30 is in effect,

new section 30 shall be treated as a continuation of old section 44F (and shall apply only to the extent old section 44F would have applied).

(j) New Section 33.—New section 33 (relating to tax withheld at source on nonresident aliens and foreign corporations and on tax-free covenant bonds) is amended to read as follows:

"SEC. 33. TAX WITHHELD AT SOURCE ON NONRESIDENT ALIENS AND FOREIGN CORPORATIONS.

"There shall be allowed as a credit against the tax imposed by this subtitle the amount of tax withheld at source under subchapter A of chapter 3 (relating to withholding of tax on nonresident aliens and on foreign corporations)."

(k) New Section 40.—New section 40 (relating to alcohol used as fuel) is amended—

(1) by amending subsection (a) to read as follows:

"(a) General Rule.—For purposes of section 38, the alcohol fuels credit determined under this section for the taxable year is an amount equal to the sum of—

"(1) the alcohol mixture credit, plus

"(2) the alcohol credit.",

(2) by striking out "the credit allowable under this section" in subsection (c) and inserting in lieu thereof "the credit determined under this section",

(3) by striking out "credit was allowable" each place it appears in paragraph (3) of subsection (d) and inserting in lieu thereof "credit was determined",

(4) by striking out subsection (e) and redesignating subsection (f) as subsection (e),

(5) by amending paragraph (2) of subsection (e) (as redesignated by paragraph (4)) to read as follows:

"(2) No carryovers to years after 1994.—No amount may be carried under section 39 by reason of this section (treating the amount allowed by reason of this section as the first amount allowed by this subpart) to any taxable year beginning after December 31, 1994.", and

(6) by adding at the end thereof the following new subsection:

"(f) Election To Have Alcohol Fuels Credit Not Apply.—

"(1) In general.—A taxpayer may elect to have this section not apply for any taxable year.

"(2) Time for making election.—An election under paragraph (1) for any taxable year may be made (or revoked) at any time before the expiration of the 3-year period beginning on the last date prescribed by law for filing the return for such taxable year (determined without regard to extensions).

"(3) Manner of making election.—An election under paragraph (1) (or revocation thereof) shall be made in such manner as the Secretary may by regulations prescribe."

(l) New Section 41.—New section 41 (relating to employee stock ownership plan) is amended—

(1) by amending paragraph (1) of subsection (a) to read as follows:

"(1) Amount of credit.—In the case of a corporation which elects to have this section apply for the taxable year and which meets the requirements of subsection (c)(1), for purposes of section 38, the amount of the employee stock ownership credit determined under this section for the taxable year is an amount equal to the amount of the credit determined under paragraph (2) for such taxable year.",

(2) by amending subsection (b) to read as follows:

"(b) Certain Regulated Companies.—No credit attributable to compensation taken into account for the ratemaking purposes involved shall be determined under this section with respect to a taxpayer if—

"(1) the taxpayer's cost of service for ratemaking purposes or in its regulated books of account is reduced by reason of any portion of such credit which results from the transfer of employer securities or cash to a tax credit employee stock ownership plan which meets the requirements of section 409;

"(2) the base to which the taxpayer's rate of return for ratemaking purposes is applied is reduced by reason of any portion of such credit which results from a transfer described in paragraph (1) to such employee stock ownership plan; or

"(3) any portion of the amount of such credit which results from a transfer described in paragraph (1) to such employee stock ownership plan is treated for ratemaking purposes in any way other than as though it had been contributed by the taxpayer's common shareholders.

Under regulations prescribed by the Secretary, rules similar to the rules of paragraphs (4) and (7) of section 46(f) shall apply for purposes of the preceding sentence.", and

(3) by striking out "the credit allowed under this section" in subsection (c)(3) and inserting in lieu thereof "the credit determined under this section".

(m) Repeal of Certain Old Provisions.—

(1) Old sections 38, 40, 44, and 44B are hereby repealed.

(2) Old subpart C of part IV of subchapter A of chapter 1 is hereby repealed.

(n) Redesignation of Old Subparts.—

(1) Old subparts B and D of part IV of subchapter A of chapter 1 are redesignated as subparts E and F, respectively.

(2) The subpart heading for subpart F of part IV of subchapter A of chapter 1 (as so redesignated) is amended to read as follows:

"Subpart F—Rules for Computing Targeted Jobs Credit".

(3) The table of subparts for such part IV (as amended by subsection (a) of section 482) is amended by adding at the end thereof the following:

"Subpart E. Rules for computing credit for investment in certain depreciable property.

"Subpart F. Rules for computing targeted jobs credit."

(o) Investment Tax Credit.—

(1) Section 46 (relating to amount of investment tax credit) is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) Amount of Investment Credit.—For purposes of section 38, the amount of the investment credit determined under this section for any taxable year shall be an amount equal to the sum of the following percentages of the qualified investment (as determined under subsections (c) and (d)):

"(1) the regular percentage,

"(2) in the case of energy property, the energy percentage, and

"(3) in the case of that portion of the basis of any property which is attributable to qualified rehabilitation expenditures, the rehabilitation percentage.

"(b) Determination of Percentages.—For purposes of subsection (a)—

"(1) Regular percentage.—The regular percentage is 10 percent.

"(2) Energy percentage.—

"(A) In general.—The energy percentage shall be determined in accordance with the following table:

Column A—description	Column B—percentage	Column C—period	
		For the period	
In the case of	The energy percentage is	Beginning on	And ending on
(i) General Rule.—Property not described in any of the following provisions of this column	10 percent	Oct. 1, 1978	Dec. 31, 1982
(ii) Solar, Wind, or Geothermal Property.—Property described in section 48(l)(2)(A)(ii) or 48(l)(3)(A)(viii)	A. 10 percent B. 15 percent	Oct. 1, 1978 Jan. 1, 1980	Dec. 31, 1979 Dec. 31, 1985
(iii) Ocean Thermal Property.—Property described in section 48(l)(3)(A)(ix)	15 percent	Jan. 1, 1980	Dec. 31, 1985
(iv) Qualified Hydroelectric Generating Property.—Property described in section 48(l)(2)(A)(vii)	11 percent	Jan. 1, 1980	Dec. 31, 1985
(v) Qualified Intercity Buses.—Property described in section 48(l)(2)(A)(ix)	10 percent	Jan. 1, 1980	Dec. 31, 1985
(vi) Biomass Property.—Property described in section 48(l)(15)	10 percent	Oct. 1, 1978	Dec. 31, 1985
(vii) Chlor-Alkali Electrolytic Cells.—Property described in section 48(l)(5)(M)	10 percent	Jan. 1, 1980	Dec. 31, 1982

"(B) Periods for which percentage not specified.—In the case of any energy property, the energy percentage shall be zero for any period for which an energy percentage is not specified for such property under subparagraph (A) (as modified by subparagraphs (C) and (D)).

"(C) Longer period for certain long-term projects.—For the purpose of applying the energy percentage contained in clause (i) of subparagraph (A) with respect to property which is part of a project with a normal construction period of 2 years or more (within the meaning of subsection (d)(2)(A)(i)), 'December 31, 1990' shall be substituted for 'December 31, 1982' if—

"(i) before January 1, 1983, all engineering studies in connection with the commencement of the construction of the project have been completed and all environmental and construction permits required under Federal, State, or local law in connection with the commencement of the construction of the project have been applied for, and

"(ii) before January 1, 1986, the taxpayer has entered into binding contracts for the acquisition, construction, reconstruction, or erection of equipment specially designed for the project and the aggregate cost to the taxpayer of that equipment is at least 50 percent of the reasonably estimated cost for all such equipment which is to be placed in service as part of the project upon its completion.

"(D) LONGER PERIOD FOR CERTAIN HYDROELECTRIC GENERATING PROPERTY.—If an application has been docketed by the Federal Energy Regulatory Commission before January 1, 1986, with respect to the installation of any qualified hydroelectric generating property, for purposes of applying the energy percentage contained in clause (iv) of subparagraph (A) with respect to such property, 'December 31, 1988' shall be substituted for 'December 31, 1985'.

"(3) SPECIAL RULE FOR CERTAIN ENERGY PROPERTY.—The regular percentage shall not apply to any energy property which, but for section 48(l)(1), would not be section 38 property. In the case of any qualified hydroelectric generating property which is a fish passageway, the preceding sentence shall not apply to any period after 1979 for which the energy percentage for such property is greater than zero.

"(4) REHABILITATION PERCENTAGE.—

"(A) IN GENERAL.—

"In the case of qualified rehabilitation expenditures with respect to a:	The rehabilitation percentage is:
30-year building	15
40-year building	20
Certified historic structure	25.

"(B) REGULAR AND ENERGY PERCENTAGES NOT TO APPLY.—The regular percentages and the energy percentages shall not apply to that portion of the basis of any property which is attributable to qualified rehabilitation expenditures.

"(C) DEFINITIONS.—For purpose of this paragraph—

"(i) 30-YEAR BUILDING.—The term '30-year building' means a qualified rehabilitated building other than a 40-year building and other than a certified historic structure.

"(ii) 40-YEAR BUILDING.—The term '40-year building' means a qualified rehabilitated building (other than a certified historic structure) which would meet the requirements of section 48(g)(B) if '40' were substituted for '30' each place it appears in subparagraph (B) thereof.

"(iii) CERTIFIED HISTORIC STRUCTURE.—The term 'certified historic structure' means a qualified rehabilitated building which meets the requirements of section 48(g)(3)."

(2) Subclause (II) of section 46(c)(8)(F)(ii) is amended by striking out "section 46(a)(2)(C)" and inserting in lieu thereof "subsection (b)(2)".

(3)(A) Paragraph (1) of section 46(e) is amended—

(i) by striking out "and the $25,000 amount specified under subparagraphs (A) and (B) of subsection (a)(3)", and

(ii) by striking out "such items" and inserting in lieu thereof "such qualified investment".

(B) Paragraph (2) of section 46(e) is amended by striking out "the items described therein" and inserting in lieu thereof "qualified investment".

(4)(A) Paragraphs (1) and (2) of section 46(f) are each amended by striking out "no credit shall be allowed by section 38" and inserting in lieu thereof "no credit determined under subsection (a) shall be allowed by section 38".

(B) Paragraphs (1) and (2) of section 46(f) are each amended by striking out "the credit allowable by section 38" each place it appears and inserting in lieu thereof "the credit determined under subsection (a) and allowable by section 38".

(C) Subparagraph (B) of section 46(f)(4) is amended by striking out "the credit allowed by section 38" and inserting in lieu thereof "the credit determined under subsection (a) and allowed by section 38".

(5) Paragraph (8) of section 46(f) is amended—

(A) by striking out "the credit allowable under section 38" each place it appears and inserting in lieu thereof "the credit determined under subsection (a) and allowable under section 38", and

(B) by striking out "(within the meaning of subsection (a)(7)(C))" and inserting in lieu thereof "(within the meaning of the first sentence of subsection (c)(3)(B))".

(6) Paragraph (2) of section 46(g) is amended by striking out "the limitation of subsection (a)(3)" and inserting in lieu thereof "the limitation of section 38(c)".

(7) Paragraph (1) of section 46(h) is amended—

(A) by striking out "the credit allowable to the organization under section 38" and inserting in lieu thereof "the credit determined under subsection (a) and allowable to the organization under section 38", and

(B) by striking out "the limitation contained in subsection (a)(3)" and inserting in lieu thereof "the limitation contained in section 38(c)".

(8) Paragraphs (5) and (6) of section 47(a) are each amended by striking out "under section 46(b)" and inserting in lieu thereof "under section 39".

(9) Subsection (c) of section 47 is amended by striking out "subpart A" and inserting in lieu thereof "subpart A, B, or D".

(10) Subparagraph (B) of section 48(c)(3) is amended by striking out "section 46(b)" and inserting in lieu thereof "section 39".

(11) Subparagraph (B) of section 48(d)(1) is amended by striking out "section 46(a)(6)" and inserting in lieu thereof "section 38(c)(3)(B)".

(12) Subsection (f) of section 48 is amended—

(A) by adding "and" at the end of paragraph (1),

(B) striking out ", and" at the end of paragraph (2) and inserting in lieu thereof a period, and

(C) by striking out paragraph (3).

(13) Paragraph (1) of section 48(l) is amended by striking out "section 46(a)(2)(C)" and inserting in lieu thereof "section 46(b)(2)".

(14) Subsection (m) of section 48 is amended by striking out "subsection (a)(2)" and inserting in lieu thereof "subsection (b)".

(15) Subsection (n) of section 48 (relating to requirements for allowance of employee plan percentage) is hereby repealed; except that paragraph (4) of section 48(n) of the Internal Revenue Code of 1954 (as in effect before its repeal by this paragraph) shall continue to apply in the case of any recapture under section 47(f) of such Code of a credit allowable for a taxable year beginning before January 1, 1984.

(16) Subsection (o) of section 48 (defining certain credits) is amended by striking out paragraphs (3), (4), (5), (6), and (7) and by redesignating paragraph (8) as paragraph (3).

(17) Subsection (q) of section 48 is amended—

(A) by striking out "section 46(a)(2)" each place it appears and inserting in lieu thereof "section 46(a)", and

(B) by striking out "section 46(a)(2)(B)" each place it appears and inserting in lieu therof "section 46(b)(1)".

(18) Subsection (r) of section 48 is amended by striking out "section 381(c)(23)" and inserting in lieu thereof "section 381(c)(26)".

(p) TARGETED JOBS CREDIT.—

(1) Subsection (a) of section 51 (relating to amount of targeted jobs credit) is amended to read as follows:

"(a) DETERMINATION OF AMOUNT.—For purposes of section 38, the amount of the targeted jobs credit determined under this section for the taxable year shall be the sum of—

"(1) 50 percent of the qualified first-year wages for such year, and

"(2) 25 percent of the qualified second-year wages for such year."

(2) Subsection (g) of section 51 is amended by striking out "the credit provided by section 44B" and inserting in lieu thereof "the targeted jobs credit determined under this subpart".

(3) Section 51 is amended by adding at the end thereof the following new subsection:

"(j) ELECTION TO HAVE TARGETED JOBS CREDIT NOT APPLY.—

"(1) IN GENERAL.—A taxpayer may elect to have this section not apply for any taxable year.

"(2) TIME FOR MAKING ELECTION.—An election under paragraph (1) for any taxable year may be made (or revoked) at any time before the expiration of the 3-year period beginning on the last date prescribed by law for filing the return for such taxable year (determined without regard to extensions).

"(3) MANNER OF MAKING ELECTION.—An election under paragraph (1) (or revocation thereof) shall be made in such manner as the Secretary may by regulations prescribe."

(4) Subsection (a) of section 52 is amended by striking out "the credit (if any) allowable by section 44B to each such member" and inserting in lieu thereof "the credit (if any) determined under section 51(a) with respect to each such member".

(5) Subsection (b) of section 52 is amended by striking out "the credit (if any) allowable by section 44B" and inserting in lieu thereof "the credit (if any) determined under section 51(a)".

(6) Subsection (c) of section 52 is amended by striking out "credit shall be allowed under section 44B" and inserting in lieu thereof "credit shall be allowed under section 38 for any targeted jobs credit determined under this subpart".

(7) Paragraph (2) of section 52(d) is amended by striking out ", subject to section 53, a credit under section 44B" and inserting in lieu thereof ", subject to section 38(c), a credit under section 38(a)".

(8) Section 53 (relating to limitation based on amount of tax) is hereby repealed.

(9) The table of sections for old subpart D of part IV of subchapter A of chapter 1 is amended by striking out the item relating to section 53.

(q) SECTION 55.—

(1) Paragraph (1) of section 55(c) (relating to credits) is amended—

(A) by striking out "subpart A of part IV" and inserting in lieu thereof "subpart A, B, or D of part IV", and

(B) by striking out "section 33(a)" each place it appears and inserting in lieu thereof "section 27(a)".

(2) Clause (i) of section 55(c)(2)(B) is amended by striking out "section 33(a)" and inserting in lieu thereof "section 27(a)".

(3) Paragraph (3) of section 55(c) is amended to read as follows:

"(3) Carryover and carryback of certain credits.—In the case of any taxable year for which a tax is imposed by this section, for purposes of determining the amount of any carryover or carryback to any other taxable year of any credit allowable under section 23, 30 or 38, the amount of the limitation under section 25, 30(g), or 38(c) (as the case may be) shall be deemed to be—

"(A) the amount of such limitation for such taxable year (determined without regard to this paragraph), reduced (but not below zero) by

"(B) the amount of the tax imposed by this section for the taxable year, reduced by—

"(i) the amount of the credit allowable under section 27(a),

"(ii) in the case of the limitation under section 30(g), the amount of such tax taken into account under this subparagraph with respect to the limitation under section 25, and

"(iii) in the case of the limitation under section 38(c), the amount of such tax taken into account under this subparagraph with respect to limitations under sections 25 and 30(g)."

(4) Paragraph (2) of section 55(f) is amended by striking out "allowable under subpart A of part IV of this subchapter (other than under sections 31, 39, and 43)" and inserting in lieu thereof "allowable under subparts A, B, and D of part IV of this subchapter".

(r) Technical and Conforming Amendments to Other Provisions.—

(1) Section 56.—

(A) Subsection (c) of section 56 (defining regular tax deduction) is amended—

(i) by striking out "subpart A of part IV other than sections 39 and 44G" and inserting in lieu thereof "subparts A, B, and D of part IV", and

(ii) by amending the last sentence to read as follows: "For purposes of the preceding sentence, the amount of the credit determined under section 38 for any taxable year shall be determined without regard to the employee stock ownership credit determined under section 41."

(B) Subparagraph (A) of section 56(e)(1) is amended by striking out clauses (i), (ii), (iii), and (iv) and inserting in lieu thereof the following:

"(i) section 27 (relating to foreign tax credit), and

"(ii) section 38 (relating to general business credit), exceed".

(2) Section 86.—Paragraph (1) of section 86(f) (relating to treatment as pension or annuity for certain purposes) is amended by striking out "section 43(c)(2)" and inserting in lieu thereof "section 32(c)(2)".

(3) Section 87.—Section 87 (relating to alcohol fuel credit included in income) is amended to read as follows:

"SEC. 87. ALCOHOL FUEL CREDIT.

"Gross income includes the amount of the alcohol fuel credit determined with respect to the taxpayer for the taxable year under section 40(a)."

(4) Section 103.—Clause (iv) of section 103(b)(6)(F) (relating to certain capital expenditures not taken into account) is amended by striking out "section 44F(b)(2)(A)" and inserting in lieu thereof "section 30(b)(2)(A)".

(5) Section 108.—Subparagraph (B) of section 108(b)(2) (relating to reduction of tax attributes in title 11 case or insolvency) is amended to read as follows:

"(B) Research credit and general business credit.—Any carryover to or from the taxable year of a discharge of an amount for purposes of determining the amount allowable as a credit under—

"(i) section 30 (relating to credit for increasing research activities), or

"(ii) section 38 (relating to general business credit).

For purposes of this subparagraph, there shall not be taken into account any portion of a carryover which is attributable to the employee stock ownership credit determined under section 41."

(6) Section 129.—

(A) Paragraph (2) of section 129(b) (relating to earned income limitation) is amended by striking out "section 44A(e)(2)" and inserting in lieu thereof "section 21(d)(2)".

(B) Paragraph (1) of section 129(e) (defining dependent care assistance) is amended by striking out "section 44A(c)(2)" and inserting in lieu thereof "section 21(b)(2)".

(C) Paragraph (2) of section 129(e) (defining earned income) is amended by striking out "section 43(c)(2)" and inserting in lieu thereof "section 32(c)(2)".

(7) Section 168.—

(A) Clause (i) of section 168(i)(1)(D), as added by section 208(a) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "subpart A of part IV" and inserting in lieu thereof "subparts A, B, and D of part IV".

(B) Clause (iii) of section 168(i)(1)(D), as added by section 208(a) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "under the last sentence of section 53(a)" and inserting in lieu thereof "under section 25(b)(2)".

(C) Subparagraph (A) of section 168(i)(4), as added section 208(a) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "subpart A of part IV of subchapter A of this chapter" and inserting in lieu thereof "section 38".

(D) Clause (i) of section 168(i)(1)(D), as added by section 209(b) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "subpart A of part IV" and inserting in lieu thereof "subparts A, B, and D of part IV".

(E) Clause (iii) of section 168(i)(1)(D), as added by section 209(b) of the Tax Equity and Fiscal Responsibility Act of 1982, is amended by striking out "under the last sentence of section 53(a)" and inserting in lieu thereof "under section 25(b)(2)".

(8) Section 196.—

(A) Section 196 (relating to deduction for certain unused investment credits) is amended to read as follows:

"SEC. 196. DEDUCTION FOR CERTAIN UNUSED BUSINESS CREDITS.

"(a) Allowance of Deduction.—If any portion of the qualified business credits determined for any taxable year has not, after the application of section 38(c), been allowed to the taxpayer as a credit under section 38 for any taxable year, an amount equal to the credit not so allowed shall be allowed to the taxpayer as a deduction for the first taxable year following the last taxable year for which such credit could, under section 39, have been allowed as a credit.

"(b) Taxpayer's Dying or Ceasing To Exist.—If a taxpayer dies or ceases to exist before the first taxable year following the last taxable year for which the qualified business credits could, under section 39, have been allowed as a credit, the amount described in subsection (a) (or the proper portion thereof) shall, under regulations prescribed by the Secretary, be allowed to the taxpayer as a deduction for the taxable year in which such death or cessation occurs.

"(c) Qualified Business Credits.—For purposes of this section, the term 'qualified business credits' means—

"(1) the investment credit determined under section 46(a) (but only to the extent attributable to property the basis of which is reduced by section 48(q)),

"(2) the targeted jobs credit determined under section 51(a), and

"(3) the alcohol fuels credit determined under section 40(a).

"(d) Special Rule for Investment Tax Credit.—In the case of the investment credit determined under section 46(a) (other than a credit to which section 48(q)(3) applies), subsection (a) shall be applied by substituting "an amount equal to 50 percent of" for "an amount equal to".

(B) The table of sections for part VI of subchapter B of chapter 1 is amended by striking out the item relating to section 196 and inserting in lieu thereof:

"Sec. 196. Deduction for certain unused business credits."

(9) Section 213.—Subsection (e) of section 213 (relating to exclusion of amounts allowed for care of certain dependents) is amended by striking out "section 44A" and inserting in lieu thereof "section 21".

(10) Section 280C.—

(A) Section 280C (relating to certain expenses for which credits are allowable) is amended by striking out subsection (a) and by redesignating subsections (b) and (c) as subsections (a) and (b), respectively.

(B) Subsection (a) of section 280C (as so redesignated) is amended—

(i) by striking out the first sentence and inserting in lieu thereof the following: "No deduction shall be allowed for that portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of the credit determined for the taxable year under section 51(a).", and

(ii) by striking out "Section 44B Credit" in the subsection heading and inserting in lieu thereof "Targeted Jobs Credit".

(C) Subsection (b) of section 280C (as so redesignated) is amended by striking out "44H" each place it appears and inserting in lieu thereof "29".

(D) Paragraph (3) of section 280C(b) (as so redesignated) is amended—

(i) by striking out "section 44F(f)(5)" and inserting in lieu thereof "section 30(f)(5)",

(ii) by striking out "section 44F(f)(1)(B)" and inserting in lieu thereof "section 30(f)(1)(B)",

(iii) by striking out "section 44F(f)(1)" and inserting in lieu thereof "section 30(f)(1)".

(11) Section 381.—Subsection (c) of section 381 is amended—

(A) by striking out paragraphs (23), (24), (26), (27), and (30),

(B) by redesignating paragraphs (25), (28), and (29) as paragraphs (23), (24), and (25), respectively.

(C) by striking out "44F" each place it appears in paragraph (25) (as so redesignated) and inserting in lieu thereof "30", and

(D) by adding at the end thereof the following new paragraph:

"(26) Credit under section 38.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 38, and under such regulations as may be prescribed by the Secretary) the items required to be taken into account for purposes of section 38 in respect of the distributor or transferor corporation."

(12) Section 383.—

(A) Section 383 (as in effect on the day before the date of the enactment of the Tax Reform Act of 1976) is amended—

(i) by striking out "with respect to any unused investment credit" and all that follows and inserting in lieu thereof the following: "with respect to any unused business credit of the corporation which can otherwise be carried forward under section 39, to any unused credit of the corporation which could otherwise be carried forward under section 30(g)(2), to any excess foreign taxes of the corporation which could otherwise be carried forward under section 904(c), and to any net capital loss of the corporation which can otherwise be carried forward under section 1212.", and

(ii) by striking out the section heading and inserting in lieu thereof the following:

"SEC. 383. SPECIAL LIMITATIONS ON UNUSED BUSINESS CREDITS, RESEARCH CREDITS, FOREIGN TAXES, AND CAPITAL LOSSES."

(B) Section 383 (as amended by the Tax Reform Act of 1976) is amended—

(i) by striking out "with respect to any unused investment credit" and all that follows and inserting in lieu thereof the following: "with respect to any unused business credit of the corporation under section 39, to any unused credit of the corporation under section 30(g)(2), to any excess foreign taxes of the corporation under section 904(c), and to any net capital loss of the corporation under section 1212.", and

(ii) by striking out the section heading and inserting in lieu thereof the following:

"SEC. 383. SPECIAL LIMITATIONS ON UNUSED BUSINESS CREDITS, RESEARCH CREDITS, FOREIGN TAXES, AND CAPITAL LOSSES."

(C) The table of sections for part V of subchapter C of chapter 1 is amended by striking out the item relating to section 383 and inserting in lieu thereof the following:

"Sec. 383. Special limitations on unused business credits, research credits, foreign taxes, and capital losses."

(13) Paragraph (21) of section 401(a) is amended by striking out "allowable—" and all that follows and inserting in lieu thereof "allowable under section 41 if the employer made the transfer described in section 41(c)(1)(B)."

(14) Section 404.—Subsection (i) of section 404 (relating to deductibility of unused portions of employee stock ownership credit) is amended to read as follows:

"(i) Deductibility of Unused Portions of Employee Stock Ownership Credit.—

"(1) Unused credit carryovers.—If any portion of the employee stock ownership credit determined under section 41 for any taxable year has not, after the application of section 38(c), been allowed under section 38 for any taxable year, such portion shall be allowed as a deduction (without regard to any limitations provided under this section) for the last taxable year to which such portion could have been allowed as a credit under section 39.

"(2) Reductions in credit.—There shall be allowed as a deduction (subject to the limitations provided under this section) an amount equal to any reduction of the credit allowed under section 41 resulting from a final determination of such credit to the extent such reduction is not taken into account under section 41(c)(3)."

(14) Section 409.—

(A) Section 409 (relating to qualifications for tax credit employee stock ownership plans), as redesignated by section 497 of this Act, is amended by striking out "44G" each place it appears in subsections (b), (g), (i), (m), and (n) and inserting in lieu thereof "41".

(B) Paragraph (1) of section 409(b), as so redesignated, is amended by striking out "48(n)(1)(A) or".

(C) Subsection (g) of section 409, as so redesignated, is amended by adding at the end thereof the following new sentence: "For purposes of the preceding sentence, the references to section 48(n)(1) and the employee plan credit shall refer to such section and credit as in effect before the enactment of the Tax Law Simplification and Improvement Act of 1983."

(D) Subparagraph (A) of section 409(i)(1), as so redesignated, is amended by striking out "48(n)(1) or".

(E) Subsection (k) of section 409, as so redesignated, is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, the reference to the matching employee plan credit shall refer to such credit as in effect before the enactment of the Tax Law Simplification and Improvement Act of 1983."

(16) Section 527(g)(1).—Paragraph (1) of section 527(g) (relating to treatment of newsletter funds) is amended by striking out "section 41(c)(2)" and inserting in lieu thereof "section 24(c)(2)".

(17) Section 642(a)(2).—Paragraph (2) of section 642(a) (relating to credit for political contributions) is amended by striking out "section 41" and inserting in lieu thereof "section 24".

(18) Section 691(b).—Subsection (b) of section 691 (relating to allowance of deductions and credit) is amended by striking out "section 33" each place it appears and inserting in lieu thereof "section 27".

(19) Sections 874(a) and 882(c)(2).—Sections 874(a) and 882(c)(2) are each amended—

(A) by striking out "32" and inserting in lieu thereof "33", and

(B) by striking out "section 39" and inserting in lieu thereof "section 34".

(20) Section 901(a).—Subsection (a) of section 901 (relating to allowance of foreign tax credit) is amended by striking out the last sentence and inserting in lieu thereof the following: "The credit shall not be allowed against any tax treated as a tax not imposed by this chapter under section 25(b)."

(21) Section 904(g).—Subsection (g) of section 904 (relating to limitation on foreign tax credit) is amended to read as follows:

"(g) Coordination With Nonrefundable Personal Credits.—In the case of an individual, for purposes of subsection (a), the tax against which the credit is taken is such tax reduced by the sum of the credits allowable under subpart A of part IV of subchapter A of this chapter."

(22) Section 936.—

(A) Clause (i)(I)(a) of section 936(h)(5)(C) is amended by striking out "section 44F(b)" and inserting in lieu thereof "section 30(b)".

(B) Clause (i)(IV)(c) of section 936(h)(5)(C) is amended—

(i) by striking out "section 44F" and inserting in lieu thereof "section 30", and

(ii) by striking out "section 44F(f)" and inserting in lieu thereof "section 30(f)".

(23) Section 1016(a)(21).—Paragraph (21) of section 1016(a) (relating to adjustments to basis) is amended—

(A) by striking out "section 44C(e)" and inserting in lieu thereof "section 23(e)", and

(B) by striking out "section 44C" and inserting in lieu thereof "section 23".

(24) Section 1033(g)(3)(A).—Subparagraph (A) of section 1033(g)(3) (relating to election to treat outdoor advertising displays as real property) is amended by striking out "the credit allowed by section 38 (relating to investment in certain depreciable property)" and inserting in lieu thereof "the investment credit determined under section 46(a)".

(25) Section 1351(i).—Subsection (i) of section 1351 (relating to adjustments for succeeding years) is amended—

(A) by striking out "section 33" and inserting in lieu thereof "section 27", and

(B) by striking out "section 38 (relating to investment credit)" and inserting in lieu thereof "section 38 (relating to general business credit)".

(26) Section 1366(f).—Paragraph (1) of section 1366(f) (relating to special rules) is amended by striking out "section 39" each place it appears and inserting in lieu thereof "section 34".

(27) Section 1374(b).—Subsection (b) of section 1374 (relating to amount of tax imposed on certain capital gains) is amended by striking out "section 39" and inserting in lieu thereof "section 34".

(28) Section 1375(c).—Paragraph (1) of section 1375(c) (relating to disallowance of credit) is amended by striking out "section 39" and inserting in lieu thereof "section 34".

(29) Section 1451.—

(A) Chapter 3 (relating to withholding of tax on nonresident aliens and foreign corporations and tax-free covenant bonds) is amended by striking out subchapter B and by redesignating subchapter C as subchapter B.

(B) The table of subchapters for chapter 3 is amended by striking out the items relating to subchapters B and C and inserting in lieu thereof the following:

"Subchapter B. Application of withholding provisions."

(C) The heading of chapter 3 is amended by striking out "AND TAX-FREE COVENANT BONDS".

(D) The table of chapters for subtitle A is amended by striking out "and tax-free covenant bonds" in the item relating to chapter 3.

(E) Section 12 is amended by striking out paragraph (6) and by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(F) Subsection (f) of section 164 (as in effect before its redesignation by the Social Security Amendments of 1983) is amended by striking out paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(G) Subsection (a) of section 1441 is amended by striking out "except in the cases provided for in section 1451 and".

(H) Paragraph (3) of section 1441(c) is amended by striking out "section 1451" and inserting in lieu thereof "section 1451 (as in effect before its repeal by the Tax Credit Simplification Act of 1983)".

(I) Subsection (a) of section 1442 is amended—

(i) by striking out "or section 1451", and

(ii) by striking out "; except that, in the case of interest described in section 1451 (relating to tax-free covenant bonds), the deduction and withholding shall be at the rate specified therein".

(J) Paragraph (2) of section 6049(b) (relating to amounts not treated as interest) is amended—

(i) by adding "and" at the end of subparagraph (C),

(ii) by striking out ", and" at the end of subparagraph (D) and inserting in lieu thereof a period, and

(iii) by striking out subparagraph (E).

(K) Paragraph (16) of section 7701(a) is amended by striking out "1451,".

(30) Section 6096(b).—Subsection (b) of section 6096 (defining income tax liability) is amended by striking out "allowable under sections 33, 37, 38, 40, 41, 42, 44, 44A, 44B, 44C, 44D, 44E, 44F, 44G, and 44H" and inserting in lieu thereof "allowable under part IV of subchapter A of chapter 1 (other than subpart C thereof)".

(31) Section 6201(a)(4).—Paragraph (4) of section 6201(a) (relating to erroneous credit under section 39 or 43) is amended—

(A) by striking out "section 39" and inserting in lieu thereof "section 34",

(B) by striking out "section 43" and inserting in lieu thereof "section 32", and

(C) by striking out "SECTION 39 OR 43" in the paragraph heading and inserting in lieu thereof "SECTION 32 OR 34".

(32) Section 6211(b).—

(A) Paragraph (1) of section 6211(b) is amended by striking out "without regard to so much of the credit under section 32 as exceeds 2 percent of the interest on obligations described in section 1451" and inserting in lieu thereof "without regard to the credit under section 33".

(B) Paragraph (4) of section 6211(b) is amended by striking out "section 39" and inserting in lieu thereof "section 34".

(33) Section 6213(h)(3).—Paragraph (3) of section 6213(h) is amended by striking out "section 39" and inserting in lieu thereof "section 32 or 34".

(34) Section 6362(c)(1).—Paragraph (1) of section 6362(c) (relating to qualified resident tax which is a percentage of the Federal tax) is amended by striking out "sections 31 and 39" and inserting in lieu thereof "sections 31 and 34".

(35) Section 6401(b).—Subsection (b) of section 6401 (relating to excessive credits treated as overpayments) is amended to read as follows:

"(b) Excessive Credits—

"(1) In general.—If the amount allowable as credits under subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) exceeds the tax imposed by subtitle A (reduced by the credits allowable under subparts A, B, and D of such part IV), the amount of such excess shall be considered an overpayment.

"(2) Special rule for credit under section 33.—For purposes of paragraph (1), any credit allowed under section 33 (relating to withholding of tax on nonresident aliens and on foreign corporations) for any taxable year shall be treated as a credit allowable under subpart C of part IV of subchapter A of chapter 1 only if an election under subsection (g) or (h) of section 6013 is in effect for such taxable year."

(36) Section 6411.—

(A) So much of subsection (a) of section 6411 as precedes paragraph (2) thereof (relating to tentative carryback and refund adjustments) is amended to read as follows:

"(a) Application for Adjustment.—A taxpayer may file an application for a tentative carryback adjustment of the tax for the prior taxable year affected by a net operating loss carryback provided in section 172(b), by a business credit carryback provided in section 39, by a research credit carryback provided in section 30(g)(2) or by a capital loss carryback provided in section 1212(a)(1), from any taxable year. The application shall be verified in the manner prescribed by section 6065 in the case of a return of such taxpayer and shall be filed, on or after the date of filing for the return for the taxable year of the net operating loss, net capital loss, or unused business credit from which the carryback results and within a period of 12 months after such taxable year or, with respect to any portion of a research credit carryback or a business credit carryback attributable to a net operating loss carryback or a net capital loss carryback from a subsequent taxable year, within a period of 12 months from the end of such subsequent taxable year (or, with respect to any portion of a business credit carryback attributable to a research credit carryback from a subsequent taxable year within a period of 12 months from the end of such subsequent taxable year), in the manner and form required by regulations prescribed by the Secretary. The applications shall set forth in such detail and with such supporting data and explanation as such regulations shall require—

"(1) The amount of the net operating loss, net capital loss, unused research credit, or unused business credit;".

(B) Subsections (b) and (c) of section 6411 are each amended by striking out "unused investment credit, unused work incentive program credit, unused new employee credit, unused research credit, or unused employee stock ownership credit" each place it appears and inserting in lieu thereof "unused research credit, or unused business credit".

(37) Sections 6420(g)(2), etc.—Sections 6420(g)(2), 6421(i)(3), and 6427(i)(3) are each amended by striking out "section 39" and inserting in lieu thereof "section 34".

(38) Section 6501(p).—Section 6501 is amended by striking out subsection (p) and by redesignating subsection (q) as subsection (p).

(39) Section 6511(d)(4)(C).—Subparagraph (C) of section 6511(d)(4) (defining credit carryback) is amended to read as follows:

"(C) Credit carryback defined.—For purposes of this paragraph, the term 'credit carryback' means any business carryback under section 39 and any research credit carryback under section 30(g)(2)."

(40) Section 7871.—Subparagraph (A) of section 7871(a)(6) is amended by striking out "section 41(c)(4)" and inserting in lieu thereof "section 24(c)(4)".

(41) Section 9502(d).—Paragraph (3) of section 9502(d) (relating to transfers from the Airport and Airway Trust Fund on account of certain section 39 credits) is amended—

(A) by striking out "section 39" and inserting in lieu thereof "section 34", and

(B) by striking out "SECTION 39 CREDITS" in the heading and inserting in lieu thereof "SECTION 34 CREDITS".

(42) Section 9503(c).—Clause (ii) of section 9503(c)(2)(A) (relating to transfers from the Highway Trust Fund for certain repayments and credits) is amended by striking out "section 39" and inserting in lieu thereof "section 34".

SEC. 486. EFFECTIVE DATES.

(a) General Rule.—The amendments made by this title shall apply to taxable years beginning after December 31, 1983, and to carrybacks from such years.

(b) Tax-Free Covenant Bonds.—The amendments made by subsections (i) and (r)(29) of section 485 shall not apply with respect to obligations issued before January 1, 1984.

Subtitle I—Miscellaneous Simplification Provisions

SEC. 491. ROLLOVER OF CERTAIN PARTIAL DISTRIBUTIONS PERMITTED.

(a) General Rule.—

(1) Qualified trusts.—Clause (i) of section 402(a)(5)(A) (relating to rollover amounts) is amended to read as follows—

"(i) any portion of the balance to the credit of an employee in a qualified trust is paid to him,".

(2) Qualified annuities.—Clause (i) of section 403(a)(4)(A) (relating to rollover amounts) is amended to read as follows:

"(i) any portion of the balance to the credit of an employee in an employee annuity described in paragraph (1) is paid to him,".

(3) Section 403(b) annuities.—Clause (i) of section 403(b)(8)(A) (relating to rollover amounts) is amended to read as follows:

"(i) any portion of the balance to the credit of an employee in an annuity contract described in paragraph (1) is paid to him,".

(b) Special Rules for Rollovers of Partial Distributions.—Paragraph (5) of section 402(a) is amended by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and by inserting after subparagraph (C) the following new subparagraph:

"(D) Special rules for partial distributions.—

"(i) Requirements.—Subparagraph (A) shall apply to a partial distribution only if—

"(I) such distribution is of an amount equal to at least 50 percent of the balance to the credit of the employee in a qualified trust (determined immediately before such distribution and with regard to subsection (e)(4)(C)),

"(II) such distribution is not one of a series of periodic payments, and

"(III) the employee elects (at such time and in such manner as the Secretary shall by regulations prescribe) to have subparagraph (A) apply to such partial distribution.

"(ii) Partial distributions may be transferred only to individual retirement plans.—In the case of a partial distribution, a plan described in subclause (IV) or (V) of subparagraph (E)(iv) shall not be treated as an eligible retirement plan.

"(iii) Denial of 10-year averaging and capital gains treatment for subsequent distributions.—If an election under clause (i) is made with respect to any partial distribution paid to any employee—

"(I) paragraph (2) of this subsection,

"(II) paragraphs (1) and (3) of subsection (e), and

"(III) paragraph (2) of section 403(a),

shall not apply to any distribution (paid after such partial distribution) of the balance to the credit of such employee under the plan under which such partial distribution was made (or under any other plan which, under subsection (e)(4)(C), would be aggregated with such plan).

"(iv) Special rule for unrealized appreciation.—If an election under clause (i) is made with respect to any partial distribution, the second and third sentences of paragraph (1) shall not apply to such distribution."

(c) Partial Distributions Paid to Spouse of Employee After Employee's Death Eligible for Rollover.—

(1) In general.—Paragraph (7) of section 402(a) (relating to rollover where spouse receives lump-sum distribution at death of employee) is amended to read as follows:

"(7) Rollover where spouse receives distributions after death of employee.—If any distribution attributable to an employee is paid to the spouse of the employee after the employee's death, paragraph (5) shall apply to such distribution in the same manner as if the spouse were the employee."

(2) Estate tax treatment.—Subsection (e) of section 2039 (relating to exclusion of individual retirement accounts, etc.) is amended by striking out "section 402(a)(5)" and inserting in lieu thereof "section 402(a)(5) (without regard to section 402(a)(7))".

(d) Technical and Conforming Amendments.—

(1) The following provisions are each amended by striking out "qualifying rollover distribution" each place it appears and inserting in lieu thereof "qualified total distribution"—

(A) section 402(a)(5)(B),

(B) section 402(a)(5)(E)(i) (as redesignated by subsection (b)), and

(C) section 402(a)(6)(E)(i).

(2) Subparagraph (B) of section 402(a)(5) is amended by adding at the end thereof the following new sentence: "In the case of any partial distribution, the maximum amount transferred to which subparagraph (A) applies shall not exceed the portion of such distribution which is includible in gross income (determined without regard to subparagraph (A))."

(3) Clause (ii) of section 402(a)(5)(E) (as redesignated by subsection (b)) is amended by striking out "gross income" and inserting in lieu thereof "gross income (determined without regard to this paragraph)".

(4) Clause (v) of subparagraph (E) of section 402(a)(5) (as redesignated by subsection (b)) is amended to read as follows:

"(v) Partial distribution.—The term 'partial distribution' means any distribution to an employee of any portion of the balance to the credit of such employee in a qualified trust; except that such term shall not include any distribution which is a qualified total distribution."

(5) Subparagraph (F) of section 402(a)(5) (as redesignated by subsection (b)) is amended by striking out "subparagraph (D)(iv)" each place it appears and inserting in lieu thereof "subparagraph (E)(iv)".

(6) Paragraph (6) of section 402(a) is amended by striking out "paragraph (5)(D)(i)" each place it appears and inserting in lieu thereof "paragraph (5)(E)(i)".

(7) Clauses (iii) and (iv) of section 402(a)(6)(D) are each amended by striking out "employee contributions" and inserting in lieu thereof "employee contributions (or, in the case of a partial distribution, the amount not includible in gross income)".

(8) Clause (i) of section 402(a)(6)(E) is amended by striking out "paragraph (5)(D)(i)(II)" and inserting in lieu thereof "paragraph (5)(D) or (5)(E)(i)(II)".

(9) Subparagraph (B) of section 403(a)(4) is amended by striking out "(B) through (E)" and inserting in lieu thereof "(B) through (F)".

(10) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

"(B) Special rules for partial distributions.—

"(i) In general.—In the case of any distribution other than a total distribution, rules similar to the rules of clauses (i) and (ii) of section 402(a)(5)(D) shall apply.

"(ii) Total distribution.—For purposes of subparagraph (A), the term 'total distribution' means one or more distributions from an annuity contract described in paragraph (1) which would constitute a lump-sum distribution within the meaning of section 402(e)(4)(A) (determined without regard to subparagraphs (B) and (H) of section 402(e)(4)) if such annuity contract were described in subsection (a), or 1 or more distributions of accumulated deductible employee contributions (within the meaning of section 7205).

"(iii) Aggregation of annuity contracts.—For purposes of this paragraph, all annuity contracts described in paragraph (1) purchased by an employer shall be treated as a single contract, and section 402(e)(4)(C) shall not apply."

(11) Subparagraph (C) of section 403(b)(8) is amended by striking out "(D)(v), and (E)(i)" and inserting in lieu thereof "(F)(i)".

(12) Clause (ii) of section 408(d)(3)(A) is amended by striking out "rollover contribution from an employee's trust" and inserting in lieu thereof "rollover contribution of a qualified total distribution (as defined in section 402(a)(5)(E)(i)) from an employee's trust".

(13) Subparagraph (C) of section 409(b)(3) is amended by striking out the second sentence and inserting in lieu thereof the following new sentences: "This subparagraph does not apply in the case of a transfer to such an employee's trust or such an annuity unless no part of the value of such proceeds is attributable to any source other than a qualified rollover contribution. For purposes of the preceding sentence, the term 'qualified rollover contribution' means any rollover contribution of a qualified total distribution (as defined in section 402(a)(5)(E)(i)) which is from such an employee's trust or annuity plan (other than an annuity plan or a trust forming part of a plan under which the individual was an employee within the meaning of section 401(c)(1) at the time contributions were made on his behalf under such plan), and which did not qualify as a rollover contribution by reason of section 402(a)(7)."

(e) Effective Date.—The amendments made by this section shall apply to distributions made after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 492. PREFERRED STOCK ELIGIBLE UNDER SECTION 1244.

(a) General Rule.—Subsections (c)(1) and (d)(2) of section 1244 (relating to losses on small business stock) are each amended by striking out "common stock" and inserting in lieu thereof "stock".

(b) Effective Date.—The amendment made by subsection (a) shall apply to stock issued after the date of the enactment of this Act in taxable years ending after such date.

SEC. 493. MEDICAL CARE DEDUCTION ALLOWED FOR LODGING AWAY FROM HOME IN CERTAIN CASES.

(a) In General.—Subsection (d) of section 213 (relating to definitions for purposes of the deduction for medical, dental, etc., expenses), as amended by section 424(b), is amended by redesignating paragraphs (2), (3), (4), (5), (6), and (7) as paragraphs (3), (4), (5), (6), (7), and (8), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) Amounts paid for certain lodging away from home treated as paid for medical care.—Amounts paid for lodging (not lavish or extravagant under the circumstances) while away from home primarily for and essential to medical care referred to in paragraph (1)(A) shall be treated as amounts paid for medical care if—

"(A) the medical care referred to in paragraph (1)(A) is provided by a physician in a licensed hospital (or in a medical care facility which is related to, or the equivalent of, a licensed hospital), and

"(B) there is no significant element of personal pleasure, recreation, or vacation in the travel away from home.

The amount taken into account under the preceding sentence shall not exceed $50 for each night for each individual."

(b) Technical Amendment.—

(1) Paragraph (7) of section 213(d), as redesignated by subsection (a), is amended by striking out "paragraph (5)" and inserting in lieu thereof "paragraph (6)".

(2) Paragraph (6) of section 152(e), as amended by section 424 of this Act, is amended by striking out "section 213(d)(4)" and inserting in lieu thereof "section 213(d)(5)".

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1983.

SEC. 494. STUDY OF SIMPLIFIED TAX ON GROSS INCOME.

(a) General Rule.—The Secretary of the Treasury shall conduct a study of the advisability of replacing the current Federal income tax system with a simplified tax based on gross income. Such study shall examine the advisability of replacing only the individual income tax and both the individual income tax and corporate income tax with a simplified tax based on gross income.

(b) Factors To Be Taken Into Account.—In conducting the study under subsection (a), the Secretary of the Treasury shall take into account (among other factors) the following:

(1) protecting the economically disadvantaged;

(2) reducing administrative complexity;

(3) reducing paperwork, auditing requirements, tax evasion, and expediting the resolution of taxpayer-government disputes;

(4) increasing economic incentives for capital formation and productivity;

(5) removing economic disincentives to employment; and

(6) excluding certain items (such as social security benefits) from gross income.

(c) Report.—Not later than the date 6 months after the date of the enactment of this Act, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the study conducted under this section.

Subtitle J—Repeal of Certain Obsolete Provisions

SEC. 497. TERMINATION OF RULES RELATING TO QUALIFIED BOND PURCHASE PLANS AND RETIREMENT BONDS WITH RESPECT TO BONDS ISSUED AFTER DECEMBER 31, 1983.

(a) Qualified Bond Purchase Plans.—Section 405 (relating to qualified bond purchase plans) is hereby repealed.

(b) Retirement Bonds.—Section 409 (relating to retirement bonds) is hereby repealed.

(c) Existing Bonds May Be Rolled Over Into Qualified Employer Plans.—

(1) Subparagraph (A) of section 405(d)(3) (as in effect before its repeal by subsection (a)) is amended to read as follows:

"(A) In general.—If—

"(i) any qualified bond is redeemed,

"(ii) any portion of the excess of the proceeds from such redemption over the basis of such bond is transferred to an individual retirement plan which is maintained for the benefit of the individual redeeming such bond, or to a qualified trust (as defined in section 402(a)(5)(D)(iii)) for the benefit of such individual, and

"(iii) such transfer is made on or before the 60th day after the individual received the proceeds of such redemption,

then gross income shall not include the proceeds to the extent so transferred and the transfer shall be treated as a rollover contribution described in section 408(d)(3)."

(2) Subsection (e) of section 402 (relating to tax on lump-sum distributions) is amended by adding at the end thereof the following new paragraph:

"(5) Special rule where portion of lump-sum distribution attributable to rollover of bond purchased under qualified bond purchase plan.—If any portion of a lump-sum distribution is attributable to a transfer described in section 405(d)(3)(A)(ii) (as in effect before its repeal by the Tax Law Simplification and Improvement Act of 1983), paragraphs (1) and (3) of this subsection and paragraph (2) of subsection (a) shall not apply to such portion."

(d) Technical and Conforming Amendments.—

(1) Paragraph (2) of section 55(f) (defining regular tax) is amended by striking "409(c),".

(2) Paragraph (7) of section 62 (defining adjusted gross income) is amended—

(A) by striking out "the deductions allowed by section 404 and section 405(c)" and inserting in lieu thereof "the deduction allowed by section 404", and

(B) by striking out "ANNUITY, AND BOND PURCHASE" in the heading and inserting in lieu thereof "AND ANNUITY".

(3) Paragraph (1) of section 72(o) is amended by striking out "402, 403, and 405" and inserting in lieu thereof "402 and 403".

(4) Paragraph (4) of section 72(o) is amended by striking out "408(d)(3), and 409(b)(3)(C)" and inserting in lieu thereof "and 408(d)(3)".

(5) Subparagraph (D) of section 172(d)(4) is amended by striking out "or section 405(c)".

(6) Paragraph (2) of section 219(d) is amended by striking out "405(d)(3), 408(d)(3), or 409(b)(3)(C)" and inserting in lieu thereof "or 408(d)(3)".

(7) Paragraph (1) of section 219(e) is amended by striking out the last sentence.

(8) Paragraph (3) of section 219(e) is amended by striking out subparagraph (C), by adding "and" at the end of subparagraph (B) and by redesignating subpargraph (D) as subparagraph (C).

(9) Clause (iv) of section 402(a)(5)(D) is amended by striking out subclause (III) and by redesignating subclauses (IV) and (V) as subclauses (III) and (IV), respectively.

(10) Clause (i) of section 402(a)(5)(E) is amended by striking out ", (II), or (III)" and inserting in lieu thereof "or (II)".

(11) Clause (ii) of section 402(a)(5)(E) is amended by striking out "(IV) or (V)" and inserting in lieu thereof "(III) or (IV)".

(12) The last sentence of section 403(b)(1) is amended by striking out "or 409(b)(3)(C)".

(13) Subsection (a) of section 406 is amended by striking out ", an annuity plan described in section 403(a), or a bond purchase plan described in section 405(a)" and inserting in lieu thereof "or an annuity plan described in section 403(a)".

(14) Paragraph (3) of section 406(a) is amended by striking out ", 403(a), or 405(a)" and inserting in lieu thereof "or 403(a)".

(15) Subsection (d) of section 406 is amended—

(A) by striking out "sections 404 and 405(c)" and inserting in lieu thereof "section 404",

(B) by striking out "annuity, or bond purchase" and inserting in lieu thereof "or annuity", and

(C) by striking out "(or section 405(c))" in paragraph (2) thereof.

(16) Paragraph (1) of section 407(a) is amended by striking out ", an annuity plan described in section 403(a), or a bond purchase plan described in section 405(a)" and inserting in lieu thereof "or an annuity plan described in section 403(a)".

(17) Subparagraph (B) of section 407(a)(1) is amended by striking out ", 403(a), or 405(a)" and inserting in lieu thereof "or 403(a)".

(18) Subsection (d) of section 407 is amended—

(A) by striking out "sections 404 and 405(c)" and inserting in lieu thereof "section 404",

(B) by striking out "annuity, or bond purchase" and inserting in lieu thereof "or annuity", and

(C) by striking out "(or section 405(c))" in paragraph (2) thereof.

(19) Paragraph (1) of section 408(a) is amended by striking out "403(b)(8), 405(d)(3), or 409(b)(3)(C)" and inserting in lieu thereof "or 403(b)(8)".

(20) Clause (i) of section 408(d)(3)(A) is amended by striking out "or retirement bond".

(21) Subparagraph (B) of section 408(d)(3) is amended by striking out ", individual retirement annuity, or a retirement bond" and inserting in lieu thereof "or an individual retirement annuity".

(22) Clause (ii) of section 408(d)(3)(D) (relating to partial rollovers) is amended by striking out "bond,".

(23) Paragraph (6) of section 408(d) is amended—

(A) by striking out ", individual retirement annuity, or retirement bond" and inserting in lieu thereof "or an individual retirement annuity", and

(B) by striking out ", annuity, or bond" and inserting in lieu thereof "or annuity".

(24) Subparagraph (E) of section 408(k)(3) is amended by striking out ", 403(a), or 405(a)" and inserting in lieu thereof "or 403(a)".

(25) Paragraph (2) of section 412(a) is amended by striking out "or 405(a)".

(26) Subsection (h) of section 414 is amended by striking out "or 405(a)".

(27) Subsection (l) of section 414 is amended by striking out "or 405".

(28) Paragraph (2) of section 415(a) is amended by striking out subparagraph (D), by striking out "or" at the end of subparagraph (C), by adding "or" at the end of subparagraph (B), and by striking out "405(a),".

(29) Subparagraph (A) of section 415(b)(2) is amended by striking out "408(d)(3), and 409(b)(3)(C)" and inserting in lieu thereof "and 408(d)(3)".

(30) Subparagraph (B) of section 415(b)(2) is amended by striking out "408(d)(3) and 409(b)(3)(C)" and inserting in lieu thereof "and 408(d)(3)".

(31) Paragraph (2) of section 415(c) is amended by striking out "405(d)(3), 408(d)(3), and 409(b)(3)(C)" and inserting in lieu thereof "and 408(d)(3)".

(32) Paragraph (1) of section 415(k) is amended by striking out subparagraphs (C) and (H), by redesignating subparagraphs (D), (E), (F), and (G) as subparagraphs (C), (D), (E), and (F), respectively, by striking out ", or" at the end of subparagraph (F) (as so redesignated) and inserting in lieu thereof a period, and by adding "or" at the end of subparagraph (E) (as so redesignated).

(33) Paragraph (2) of section 457(e) is amended by striking out subparagraph (C) and by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively.

(34) Subsection (e) of section 2039 is amended—

(A) by striking out paragraph (3),

(B) by striking out ", or" at the end of paragraph (2) and inserting in lieu thereof a period,

(C) by adding "or" at the end of paragraph (1),

(D) by striking out "405(d)(3), 408(d)(3), or 409(b)(3)(C)" and inserting in lieu thereof "or 408(d)(3)", and

(E) by striking out ", annuity, or bond" each place it appears and inserting in lieu thereof "or annuity".

(35) Paragraph (5) of section 2517(a) is amended by striking out ", an individual retirement annuity described in section 408(b), or a retirement bond described in section 409(a)" and inserting in lieu thereof "or an individual retirement annuity described in section 408(b)".

(36) Paragraph (5) of section 3121(a) is amended by striking out subparagraph (C) and by redesignating subparagraphs (D) through (G) as subparagraphs (C) through (F), respectively.

(37) Paragraph (5) of section 3306(b) is amended by striking out subparagraph (C) and by redesignating subparagraphs (D) through (G) as subparagraphs (C) through (F), respectively.

(38) Paragraph (12) of section 3401(a) is amended by striking out subparagraph (C) and by redesignating subparagraph (D) as subparagraph (C).

(39) Subsection (e) of section 209 of the Social Security Act is amended by inserting "(as in effect before the enactment of the Tax Law Simplification and Improvement Act of 1983)" after "Internal Revenue Code of 1954" in paragraph (4) thereof.

(40) Subsection (a) of section 4972 is amended by striking out the last sentence and inserting in lieu thereof "This section applies only to plans which include a trust described in section 401(a) or which are described in section 403(a)."

(41) Subsection (a) of section 4973 is amended—

(A) by striking out paragraph (3),

(B) by striking out "or" at the end of paragraph (2),

(C) by adding "or" at the end of paragraph (1),

(D) by striking out ", annuities, or bonds" and inserting in lieu thereof "or annuities", and

(E) by striking out ", annuity, or bond" and inserting in lieu thereof "or annuity".

(42) Subparagraph (A) of section 4973(b)(1) is amended by striking out "408(d)(3), and 409(b)(3)(C)" and inserting in lieu thereof "and 408(d)(3)".

(43) The last sentence of section 4973(b) is amended by striking out ", individual retirement annuity, or bond" and inserting in lieu thereof "or the individual retirement annuity".

(44) Paragraph (1) of section 4973(c) is amended by striking out ", 408(d)(3)(A)(iii), or 409(b)(3)(C)" and inserting in lieu thereof "or 408(d)(3)(A)(iii)".

(45) The last sentence of section 4975(d) is amended by striking out ", individual retirement annuity, or an individual retirement bond (as defined in section 408 or 409)" and inserting in lieu thereof "or an individual retirement annuity (as defined in section 408)".

(46) Paragraph (1) of section 4975(e) is amended—

(A) by striking out "or 405(a)",

(B) by striking out "or a retirement bond described in section 409",

(C) by striking out "annuity, or bond" and inserting in lieu thereof "or annuity", and

(D) by striking out "account, or bond" and inserting in lieu thereof "or account".

(47) Section 6047 is amended by striking out subsection (c) and by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

(48) Subsection (e) of section 6058 is amended by striking out paragraph (2) and by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(49) Clause (i) of section 6104(a)(1)(B) is amended by striking out ", 403(a), or 405(a)" and inserting in lieu thereof "or 403(a)".

(50) Subsection (f) of section 6652 is amended by striking out "and bond purchase".

(51) Section 7207 is amended by striking out "or (c)".

(52) Subsection (c) of section 7476 is amended by striking out paragraph (3), by striking out ", or" at the end of paragraph (2) and inserting in lieu thereof a period, and by adding ", or" at the end of paragraph (1).

(53) Paragraph (37) of section 7701(a) is amended by striking out subparagraph (C), by striking out ", and" at the end of subparagraph (B) and inserting in lieu thereof a period, and by adding "and" at the end of subparagraph (A).

(54) The table of sections of subpart A of part I of subchapter D of chapter 1 is amended by striking out the items relating to sections 405 and 409.

(55) The section heading for section 4973 is amended by striking out "CERTAIN INDIVIDUAL RETIREMENT ANNUITIES, AND CERTAIN RETIREMENT BONDS" and inserting in lieu thereof "AND CERTAIN INDIVIDUAL RETIREMENT ANNUITIES".

(56) The table of sections for chapter 43 is amended by striking out "certain individual retirement annuities, and certain retirement bonds" in the item relating to section 4973 and inserting in lieu thereof "and certain individual retirement annuities".

(57) The section heading for section 6047 is amended by striking out "AND BOND PURCHASE".

(58) The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by striking out "and bond purchase" in the item relating to section 6047.

(59) The first sentence of section 3107 of title 31, United States Code, is amended by inserting before the period ", as in effect before the enactment of the Tax Law Simplification and Improvement Act of 1983".

(e) SECTION 409A REDESIGNATED AS SECTION 409.—

(1) The section heading for section 409A is amended by striking out "SEC. 409A." and inserting in lieu thereof "SEC. 409.".

(2) Subsection (c)(1)(A)(i) of old section 44G is amended by striking out "section 409A" and inserting in lieu thereof "section 409".

(3) Paragraph (3) of old section 44G(c) is amended by striking out "section 409A(l)" and inserting in lieu thereof "section 409(l)".

(4) Paragraph (22) of section 401(a) is amended by striking out "section 409A" and inserting in lieu thereof "section 409".

(5) Paragraph (23) of section 401(a) is amended by striking out "section 409A(h)" each place it appears and inserting in lieu thereof "section 409(h)".

(6) Clause (ii) of section 415(c)(6)(B) is amended by striking out "section 409A" and inserting in lieu thereof "section 409".

(7) The last sentence of section 1504(a) is amended by striking out "for section 409A(l)" and inserting in lieu thereof "of section 409(l)".

(8) Paragraph (7) of section 4975(e) is amended—

(A) by striking out "section 409A(h)" and inserting in lieu thereof "section 409(h)",

(B) by striking out "section 409A(e)(4)" and inserting in lieu thereof "section 409(e)(4)", and

(C) by striking out "section 409A(e)" and inserting in lieu thereof "section 409(e)".

(9) Paragraph (8) of section 4975(e) is amended by striking out "section 409A(l)" and inserting in lieu thereof "section 409(l)".

(10) Paragraphs (1) and (3) of section 6699(a) are each amended by striking out "section 409A" and inserting in lieu thereof "section 409".

(11) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by striking out "Sec. 409A" and inserting in lieu thereof "Sec. 409".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments and repeals made by subsections (a), (b), and (d) shall apply to obligations issued after December 31, 1983.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to redemptions after the date of the enactment of this Act in taxable years ending after such date.

(3) SUBSECTION (e).—The amendments made by subsection (e) shall take effect on January 1, 1984.

(4) BONDS UNDER QUALIFIED BOND PURCHASE PLANS MAY BE REDEEMED AT ANY TIME.—Notwithstanding—

(A) subparagraph (D) of section 405(b)(1) of the Internal Revenue Code of 1954 (as in effect before its repeal by this section), and

(B) the terms of any bond described in subsection (b) of such section 405,

such a bond may be redeemed at any time after the date of the enactment of this Act in the same manner as if the individual redeeming the bond had attained age 59½.

(5) TREATMENT OF TAX IMPOSED UNDER SECTION 409(c).—For purposes of section 26(b) of the Internal Revenue Code of 1954 (as amended by this Act), any tax imposed by section 409(c) of such Code (as in effect before its repeal by this section) shall be treated as a tax imposed by section 408(f) of such Code.

SEC. 498. REPEAL OF RULES RELATING TO GAINS FROM DISPOSITION OF PROPERTY USED IN FARMING WHERE FARM LOSSES OFFSET NONFARM INCOME.

(a) IN GENERAL.—Section 1251 (relating to gain from disposition of property used in farming where farm losses offset nonfarm income) is hereby repealed.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) SECTION 170.—

(A) The second sentence of section 170(e)(1) (relating to certain contributions of ordinary income and capital gain property) is amended by striking out "1251(c),".

(B) Subparagraph (C) of section 170(e)(3) (relating to special rule for certain contributions of inventory and other property) is amended by striking out "1251,".

(2) SECTION 341.—Paragraph (12) of section 341(e) (relating to nonapplication of section 1245(a)) is amended by striking out "1251(c),".

(3) SECTION 453B.—The second sentence of section 453B(d)(2) (relating to liquidations to which section 337 applies) is amended by striking out "1251(c),".

(4) SECTION 751.—The second sentence of subsection (c) of section 751 (defining unrealized receivables) is amended—

(A) by striking out "farm recapture property (as defined in section 1251(e)(1)),", and

(B) by striking out "1251(c),".

(5) SECTION 1252.—The second sentence of section 1252(a)(1) (relating to gains from disposition of farm land) is amended by striking out ", except that this section shall not apply to the extent section 1251 applies to such gain".

(c) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by striking out the item relating to section 1251.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1983.

TITLE V—TAX TREATMENT OF FRINGE BENEFITS

SEC. 501. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Permanent Tax Treatment of Fringe Benefits Act of 1984".

(b) TABLE OF CONTENTS.—

TITLE V—TAX TREATMENT OF FRINGE BENEFITS

Sec. 501. Short title; table of contents.
Sec. 502. Exclusion of certain fringe benefits from gross income.
Sec. 503. Exclusion of certain reductions in tuition from gross income.

SEC. 502. EXCLUSION OF CERTAIN FRINGE BENEFITS FROM GROSS INCOME.

(a) EXCLUSION OF CERTAIN FRINGE BENEFITS.—

(1) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 132 as section 133 and by inserting after section 131 the following new section:

"SEC. 132. CERTAIN FRINGE BENEFITS.

"(a) EXCLUSION FROM GROSS INCOME.—Gross income shall not include any fringe benefit which qualifies as a—

"(1) no-additional-cost service,

"(2) qualified employee discount,

"(3) working condition fringe, or

"(4) de minimis fringe.

"(b) No-Additional-Cost Service Defined.—For purposes of this section, the term 'no-additional-cost service' means any service provided by an employer to an employee for use by such employee if—

"(1) such service is offered for sale to customers in the ordinary course of the line of business of the employer in which the employee is performing services, and

"(2) the employer incurs no substantial additional cost (including forgone revenue) in providing such service to the employee (determined without regard to any amount paid by the employee for such service).

"(c) Qualified Employee Discount Defined.—For purposes of this section—

"(1) Qualified employee discount.—The term 'qualified employee discount' means any employee discount with respect to qualified property or services to the extent such discount does not exceed—

"(A) in the case of property, the gross profit percentage of the price at which the property is being offered by the employer to customers, or

"(B) in the case of services, 20 percent of the price at which the services are being offered by the employer to customers.

"(2) Gross profit percentage.—

"(A) In general.—The term 'gross profit percentage' means the percent which—

"(i) the excess of the aggregate sales price of property sold by the employer to customers over the aggregate cost of such property to the employer, is of

"(ii) the aggregate sales price of such property.

"(B) Determination of gross profit percentage.—Gross profit percentage shall be determined on the basis of—

"(i) all property offered to customers in the ordinary course of the line of business of the employer in which the employee is performing services (or a reasonable classification of property selected by the employer), and

"(ii) the employer's experience during a representative period.

"(3) Employee discount defined.—The term 'employee discount' means the amount by which—

"(A) the price at which the property or services are provided to the employee by the employer, is less than

"(B) the price at which such property or services are being offered by the employer to customers.

"(4) Qualified property or services.—The term 'qualified property or services' means any property (other than real property and other than personal property of a kind held for investment) or services which are offered for sale to customers in the ordinary course of the line of business of the employer in which the employee is performing services.

"(d) Working Condition Fringe Defined.—For purposes of this section, the term 'working condition fringe' means any property or services provided to an employee of the employer to the extent that, if the employee paid for such property or services, such payment would be allowable as a deduction under section 162 or 167.

"(e) De Minimis Fringe Defined.—For purposes of this section—

"(1) In general.—The term 'de minimis fringe' means any property or service the value of which is so small as to make accounting for it unreasonable or administratively impracticable.

"(2) Aggregation rule.—For purposes of applying paragraph (1), all small-value property or services provided with respect to an individual during any calendar year which (but for subsection (a)(4)) would be includible in gross income shall be aggregated.

"(3) Treatment of certain eating facilities.—The operation by an employer of any eating facility for employees shall be treated as a de minimis fringe (and shall not be aggregated under paragraph (2)) if—

"(A) such facility is located on or near the business premises of the employer, and

"(B) revenue derived from such facility normally equals or exceeds the direct operating costs of such facility.

The preceding sentence shall apply with respect to any officer, owner, or highly compensated employee only if access to the facility is available on substantially the same terms to each member of a group of employees which is defined under a reasonable classification set up by the employer which does not discriminate in favor of officers, owners, or highly compensated employees.

"(f) Certain Individuals Treated as Employees for Purposes of Subsections (a)(1) and (2).—For purposes of paragraphs (1) and (2) of subsection (a)—

"(1) Retired and disabled employees and surviving spouse of employee treated as employee.—With respect to a line of business of an employer, the term 'employee' includes—

"(A) any individual who was formerly employed by such employer in such line of business and who separated from service with such employer in such line of business by reason of retirement or disability, and

"(B) any widow or widower of any individual who died while employed by such employer in such line of business or while an employee within the meaning of subparagraph (A).

"(2) Spouse and dependent children.—

"(A) In general.—Any use by the spouse or a dependent child of the employee shall be treated as use by the employee.

"(B) Dependent child.—For purposes of subparagraph (A), the term 'dependent child' means any child (as defined in section 151(e)(3)) of the employee—

"(i) who is a dependent of the employee (or of the widow or widower described in paragraph (1)(B)), or

"(ii) both of whose parents are deceased.

For purposes of the preceding sentence, any child to whom section 152(e) applies shall be treated as the dependent of both parents.

"(g) Special Rules Relating to Employer.—For purposes of this section—

"(1) Controlled groups, etc.—All employees treated as employed by a single employer under subsection (b), (c), or (m) of section 414 shall be treated as employed by a single employer for purposes of this section.

"(2) Reciprocal agreements.—For purposes of paragraph (1) of subsection (a), any service provided by an employer to an employee of another employer shall be treated as provided by the employer of such employee if—

"(A) such service is provided pursuant to a written agreement between such employers, and

"(B) neither of such employers incurs any substantial additional cost (including forgone revenue) in providing such service or pursuant to such agreement.

"(h) Special Rules.—

"(1) Exclusions under subsection (a)(1) and (2) apply to officers, etc., only if no discrimination.—Paragraphs (1) and (2) of subsection (a) shall apply with respect to any fringe benefit described therein provided with respect to any officer, owner, or highly compensated employee only if such fringe benefit is available on substantially the same terms to each member of a group of employees which is defined under a reasonable classification set up by the employer which does not discriminate in favor of officers, owners, or highly compensated employees.

"(2) Special rule for leased sections of department stores.—

"(A) In general.—For purposes of paragraph (2) of subsection (a), in the case of a leased section of a department store—

"(i) such section shall be treated as part of the line of business of the person operating the department store, and

"(ii) employees in the leased section shall be treated as employees of the person operating the department store.

"(B) Leased section of department store.—For purposes of subparagraph (A), a leased section of a department store is any part of a department store where over-the-counter sales of property are made under a lease or similar arrangement where it appears to the general public that individuals making such sales are employed by the person operating the department store.

"(3) Auto salesmen.—

"(A) In general.—For purposes of subsection (a)(3), qualified automobile demonstration use shall be treated as a working condition fringe.

"(B) Qualified automobile demonstration use.—For purposes of subparagraph (A), the term 'qualified automobile demonstration use' means any use of an automobile by an automobile salesman in the sales area in which the automobile dealer's sales office is located if—

"(i) such use is provided primarily to facilitate the salesman's performance of services for the employer, and

"(ii) there are substantial restrictions on the personal use of such automobile by such salesman.

"(4) Parking.—

"(A) In general.—Except as provided in subparagraph (B), the term 'working condition fringe' includes providing parking to an employee on or near the business premises of the employer.

"(B) Special rule for officers, etc.—The term 'working condition fringe' shall not include providing parking on or near the business premises of the employer to an officer, owner, or highly compensated employee unless such parking is available on substantially the same terms to each member of a group of employees which is defined under a reasonable classification set up by the employer which does not discriminate in favor of officers, owners, or highly compensated employees.

"(5) On-premises gyms and other athletic facilities.—

"(A) In general.—Gross income shall not include the value of any on-premises athletic facility provided by an employer to his employees.

"(B) On-premises athletic facility.—For purposes of this paragraph, the term 'on-premises athletic facility' means any gym or other athletic facility—

"(i) which is located on the premises of the employer,

"(ii) which is operated by the employer, and

"(iii) substantially all the use of which is by employees of the employer, their spouses, and their dependent children (within the meaning of subsection (f)).

"(i) Customers Not To Include Employees.—For purposes of this section (other than subsection (c)(2)(B)), the term 'customers' shall only include customers who are not employees.

"(j) Section Not To Apply to Fringe Benefits Expressly Provided for Elsewhere.—This section (other than subsection (e)) shall not apply to any fringe benefits of a type the tax treatment of which is expressly provided for in any other section of this chapter.

"(k) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section."

(2) Clerical amendment.—The table of sections for such part III is amended by striking out the item relating to section 132 and inserting in lieu thereof the following:

"Sec. 132. Certain fringe benefits.

"Sec. 133. Cross references to other Acts."

(b) Definition of Cafeteria Plan.—

(1) In general.—Paragraph (1) of section 125(d) (defining cafeteria plan) is amended to read as follows:

"(1) In general.—The term 'cafeteria plan' means a written plan under which—

"(A) all participants are employees, and

"(B) the participants may choose among 2 or more benefits consisting of cash and statutory nontaxable benefits."

(2) Definition of statutory nontaxable benefit.—Subsection (f) of section 125 is amended to read as follows:

"(f) Statutory Nontaxable Benefits Defined.—For purposes of this section, the term 'statutory nontaxable benefit' means any benefit which, with the application of subsection (a), is not includible in the gross income of the employee by reason of an express provision of this chapter (other than section 117, 124, 127, or 132). Such term includes any group term life insurance which is includible in gross income only because it exceeds the dollar limitation of section 79."

(3) Technical amendment.—Subsection (c) of section 125 is amended by striking out "nontaxable benefits" each place it appears and inserting in lieu thereof "statutory nontaxable benefits".

(c) Conforming Amendments to Employment Taxes.—

(1) Social security taxes.—

(A) Subsection (a) of section 3121 (defining wages) is amended by striking out "or" at the end of paragraph (18), by striking out the period at the end of paragraph (19) and inserting in lieu thereof "; or", and by inserting after paragraph (19) the following new paragraph:

"(20) any benefit provided to or on behalf of an employee if at the time such benefit is provided it is reasonable to believe that the employee will be able to exclude such benefit from income under section 117 or 132."

(B) Section 209 of the Social Security Act is amended by striking out "or" at the end of subsection (q), by striking out the period at the end of subsection (r) and inserting in lieu thereof "; or", and by inserting after subsection (r) the following new subsection:

"(s) Any benefit provided to or on behalf of an employee if at the time such benefit is provided it is reasonable to believe that the employee will be able to exclude such benefit from income under section 117 or 132 of the Internal Revenue Code of 1954."

(2) Railroad retirement tax.—Subsection (e) of section 3231 (defining compensation) is amended by adding at the end thereof the following new paragraph:

"(5) The term 'compensation' shall not include any benefit provided to or on behalf of an employee if at the time such benefit is provided it is reasonable to believe that the employee will be able to exclude such benefit from income under section 117 or 132."

(3) Unemployment tax.—Subsection (b) of section 3306 (defining wages) is amended by striking out "or" at the end of paragraph (13), by striking out the period at the end of paragraph (14) and inserting in lieu thereof "; or", and by inserting after paragraph (14) the following new paragraph:

"(15) any benefit provided to or on behalf of an employee if at the time such benefit is provided it is reasonable to believe that the employee will be able to exclude such benefit from income under section 117 or 132."

(4) Withholding.—Subsection (a) of section 3401 (defining wages) is amended by striking out "or" at the end of paragraph (18), by striking out the period at the end of paragraph (19) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

"(20) any benefit provided to or on behalf of an employee if at the time such benefit is provided it is reasonable to believe that the employee will be able to exclude such benefit from income under section 117 or 132."

(d) Determination of Line of Business in Case of Affiliated Group Operating Retail Department Store.—If—

(1) as of October 5, 1983, the employees of one member of an affiliated group were entitled to employee discounts at the retail department stores operated by another member of such affiliated group, and

(2) the primary business of the affiliated group is the operation of retail department stores,

then, for purposes of applying section 132(a)(2) of the Internal Revenue Code of 1954, with respect to discounts provided for such employees at the retail department stores operated by such other member, the employer shall be treated as engaged in the same line of business as such other member.

(e) Effective Date.—The amendments made by this section shall take effect on January 1, 1984.

SEC. 563. EXCLUSION OF CERTAIN REDUCTIONS IN TUITION FROM GROSS INCOME.

(a) In General.—Section 117 (relating to scholarships and fellowship grants) is amended by adding at the end thereof the following new subsection:

"(d) Qualified Tuition Reductions.—

"(1) In general.—Gross income shall not include any qualified tuition reduction.

"(2) Qualified tuition reduction.—For purposes of this subsection, the term 'qualified tuition reduction' means the amount of any reduction in tuition provided to an employee of an organization described in section 170(b)(1)(A)(ii) for the education (below the graduate level) at such organization (or another organization described in section 170(b)(1)(A)(ii)) of—

"(A) such employee, or

"(B) any person treated as an employee (or whose use is treated as an employee use) under the rules of section 132(f).

Such term also includes the amount of any reduction in tuition provided to an employee of an organization described in section 170(b)(1)(A)(ii) for the education at the graduate level at such organization of such employee if such employee is a teaching or research associate or assistant at such organization.

"(3) Reduction must not discriminate in favor of highly compensated, etc.—Paragraph (1) shall apply with respect to any qualified tuition reduction provided with respect to any officer, owner, or highly compensated employee only if such reduction is available on substantially the same terms to each member of a group of employees which is defined under a reasonable classification set up by the employer which does not discriminate in favor of officers, owners, or highly compensated employees. For purposes of the preceding sentence, a classification which includes all employees of the organization who are members of its faculty shall be treated as a reasonable classification."

(b) Effective Date.—The amendment made by this section shall apply to qualified tuition reductions (as defined in section 117(d)(2) of the Internal Revenue Code of 1954) for education furnished after June 30, 1984, in taxable years ending after such date.

TITLE VI—TECHNICAL CORRECTIONS

SEC. 601. SHORT TITLE; ETC.

(a) Short Title.—This title may be cited as the "Technical Corrections Act of 1984".

(b) Table of Contents.—

TITLE VI—TECHNICAL CORRECTIONS

Sec. 601. Short title; etc.

Subtitle A—Amendments Related to the Tax Equity and Fiscal Responsibility Act of 1982

Sec. 611. Technical corrections of provisions relating to individuals.
Sec. 612. Technical corrections of provisions primarily related to businesses.
Sec. 613. Technical corrections of pension provisions.
Sec. 614. Miscellaneous provisions.
Sec. 615. Effective date.

Subtitle B—Amendments Related to Subchapter S Revision Act of 1982; Etc.

Sec. 621. Technical corrections of Subchapter S Revision Act of 1982.
Sec. 622. Miscellaneous provisions.

Subtitle C—Amendments Relating to Highway Revenue Act of 1982

Sec. 631. Value of used components furnished by first user not taken into account in determining price.
Sec. 632. Clarification of application of gasoline excise tax to gasohol, etc.
Sec. 633. Certain chain operators of retail gasoline stations treated as producers.
Sec. 634. Other technical amendments.
Sec. 635. Repeal of certain provisions made obsolete by Highway Revenue Act of 1982.
Sec. 636. Effective date.

Subtitle D—Amendments to Other Laws

Part I—Changes in OASDI, Public Assistance, and Related Provisions of the Social Security Act

Sec. 641. Changes in title II of the Social Security Act necessitated by the 1983 Amendments.
Sec. 642. Changes in text of the 1983 Amendments.
Sec. 643. Other technical corrections in the Social Security Act and related provisions.
Sec. 644. Effective dates.

Part II—Changes in Medicare-Related Provisions of the Social Security Act

Sec. 646. Changes in medicare provisions relating to the 1983 Amendments.
Sec. 647. Enrollment and premium penalty with respect to working aged provision.

Sec. 648. Other technical corrections in medicare-related provisions of the Social Security Act and related Acts.

(c) Coordination With Other Titles.—For purposes of applying the amendments made by any title of this Act other than this title, the provisions of this title shall be treated as having been enacted immediately before the provisions of such other titles.

Subtitle A—Amendments Related to the Tax Equity and Fiscal Responsibility Act of 1982

SEC. 611. TECHNICAL CORRECTIONS OF PROVISIONS RELATING TO INDIVIDUALS.

(a) Amendments Related to Section 201.—

(1) Definition of regular tax.—Paragraph (2) of section 55(f) (defining regular tax) is amended by striking out "sections 72(m)(5)(B)" and inserting in lieu thereof "sections 47(a), 72(m)(5)(B)".

(2) Special election for intangible drilling and development costs limited to wells located in the United States.—Subparagraph (A) of section 58(i)(4) (relating to special election for intangible drilling and development cost not allocable to interest as limited partner) is amended by inserting "(with respect to wells located in the United States)" after "intangible drilling costs".

(3) 3-year amortization for circulation expenses.—

(A) Subparagraph (B) of section 57(a)(6) (relating to circulation and research and experimental expenditures) is amended to read as follows:

"(B) the amount which would have been allowable for the taxable year with respect to expenditures paid or incurred during such taxable year if—

"(i) the circulation expenditures described in section 173 had been capitalized and amortized ratably over the 3-year period beginning with the taxable year in which such expenditures were made, or

"(ii) the research and experimental expenditures described in section 174 had been capitalized and amortized ratably over the 10-year period beginning with the taxable year in which such expenditures were made."

(B) Paragraph (1) of section 58(i) (relating to optional 10-year writeoff of certain tax preferences) is amended by striking out "10-year period" and inserting in lieu thereof "10-year period (3-year period in the case of circulation expenditures described in section 173)".

(C) Subsection (b) of section 173 is amended by striking out "10-year" and inserting in lieu thereof "3-year".

(4) Losses treated as investment losses.—Subparagraph (B) of section 55(e)(8) is amended to read as follows:

"(B) Income and losses taken into account in computing qualified net investment income.—Any income or loss derived from a limited business interest shall be taken into account in computing qualified net investment income."

(b) Amendment Related to Section 202.—Paragraph (5) of section 213(d) (relating to definitions) is amended by striking out "paragraph (2)" and inserting in lieu thereof "paragraph (4)".

(c) Amendments Related to Section 203.—

(1) Clarification of adjusted gross income in the case of estates and trusts.—Paragraph (2) of section 165(h) (relating to casualty and theft losses) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

"(B) Determination of adjusted gross income in case of estates and trusts.—For purposes of paragraph (1), the adjusted gross income of an estate or trust shall be computed in the same manner as in the case of an individual, except that the deductions for costs paid or incurred in connection with the administration of the estate or trust shall be treated as allowable in arriving at adjusted gross income."

(2) Coordination of section 165(h) with section 1231.—Paragraph (2) of section 165(h) (relating to casualty and theft losses) is amended by adding at the end thereof the following new subparagraph:

"(D) Coordination with section 1231.—

"(i) For purposes of paragraph (1)(B), adjusted gross income shall be determined without regard to the application of section 1231 to any gain or loss from an involuntary conversion of property described in subsection (c)(3) arising from fire, storm, shipwreck, or other casualty or from theft.

"(ii) Section 1231 shall be applied after the application of paragraph (1)."

(3) Clerical amendment.—Subsection (d) of section 6405 (relating to refunds attributable to certain disaster losses) is amended by striking out "section 165(h)" and inserting in lieu thereof "section 165(i)".

SEC. 612. TECHNICAL CORRECTIONS OF PROVISIONS PRIMARILY RELATING TO BUSINESSES.

(a) Amendments Related to Section 204.—

(1) Clarification of additional amount treated as ordinary income under section 1250.—

(A) Paragraph (1) of section 291(a) (relating to section 1250 capital gain treatment) is amended—

(i) by striking out "under section 1250" in subparagraph (B) and inserting in lieu thereof "under section 1250 (determined without regard to this paragraph)", and

(ii) by striking out "which is ordinary income" and inserting in lieu thereof "which is ordinary income under section 1250".

(B) Subsection (a) of section 1250 is amended by adding at the end thereof the following new paragraph:

"(4) Cross reference.—

"For reduction in the case of corporations on capital gain treatment under this section, see section 291(a)(1)."

(2) Investment tax credit allowed only for mineral exploration and development costs for deposits located in the United States.—Clause (ii) of section 291(b)(2)(B) is amended by inserting "in the case of a deposit located in the United States," after "(ii)".

(3) Clarification of coordination with cost depletion.—Paragraph (6) of section 291(b) (relating to coordination with cost depletion) is amended to read as follows:

"(6) Coordination with cost depletion.—The portion of the adjusted basis of any property which is attributable to amounts to which paragraph (1) applied shall not be taken into account for purposes of determining depletion under section 611."

(4) Clarification of definition of interest.—Subparagraph (B) of section 291(e)(1) (relating to interest on debt to carry tax-exempt obligations acquired after December 31, 1982) is amended by adding at the end thereof the following new clause:

"(iii) Interest.—For purposes of this subparagraph, the term 'interest' includes amounts (whether or not designated as interest) paid in respect of deposits, investment certificates, or withdrawable or repurchasable shares."

(b) Amendment Related to Section 205.—Subsection (q) of section 48 (relating to basis adjustment to section 38 property) is amended by adding at the end thereof the following new paragraph:

"(6) Adjustment in basis of interest in partnership or S corporation.—The adjusted basis of—

"(A) a partner's interest in a partnership, and

"(B) stock in an S corporation,

shall be appropriately adjusted to take into account adjustments made under this subsection in the basis of property held by the partnership or S corporation (as the case may be)."

(c) Amendment Related to Section 207.—Paragraph (4) of section 189(e) (defining residential real property) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ", or", and by adding at the end thereof the following new subparagraph:

"(C) real property held by a cooperative housing corporation (as defined in section 216(b)) and used for dwelling purposes."

(d) Amendments Related to Section 210.—

(1) Special rule where dealer-lessee required to purchase vehicle.—Paragraph (2) of section 210(b) of the Tax Equity and Fiscal Responsibility Act of 1982 (defining terminal rental adjustment clause) is amended by adding at the end thereof the following new sentence: "Such term also includes a provision of an agreement which requires a lessee who is a dealer in motor vehicles to purchase the motor vehicle for a predetermined price and then resell such vehicle where such provision achieves substantially the same results as a provision described in the preceding sentence."

(2) Exception where lessee took position on return that he was owner.—Section 210 of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by adding at the end thereof the following new subsection:

"(c) Exception Where Lessee Took Position on Return.—Subsection (a) shall not apply to deny a deduction for interest paid or accrued claimed by a lessee with respect to a qualified motor vehicle agreement on a return of tax imposed by chapter 1 of the Internal Revenue Code of 1954 which was filed before the date of the enactment of this Act or to deny a credit for investment in depreciable property claimed by the lessee on such a return pursuant to an agreement with the lessor that the lessor would not claim the credit."

(e) Amendment Related to Section 211.—Subparagraph (A) of section 211(e)(2) of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to retention of old sections 907(b) and 904(f)(4) where taxpayer had separate basket foreign loss) is amended by striking out "the 8-year period" and inserting in lieu thereof "the 8-year period (or such shorter period as the taxpayer may select)".

(f) Amendment Related to Section 212.—Paragraph (1) of section 954(h) (defining foreign base company oil-related income) is amended by striking out "section 907(c)(2)" and inserting in lieu thereof "paragraphs (2) and (3) of section 907(c)".

(g) Amendment Related to Section 213.—The table contained in subparagraph (C) of section 936(a)(2) is amended by striking out

"The percentage tax is:" and inserting in lieu thereof "The percentage is:".

(h) Amendment Related to Section 217.—Subsection (e) of section 217 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to effective date) is amended by adding at the end thereof the following new sentence: "For purposes of applying section 168(f)(8)(D)(v) of the Internal Revenue Code of 1954, the amendments made by subsection (c) shall apply to agreements entered into after the date of the enactment of this Act."

(i) Amendments Related to Section 222.—

(1) Sections 301(e)(2) and 302(f)(3) are each amended by striking out "partial or complete liquidation" and inserting in lieu thereof "complete liquidation".

(2) Paragraph (1) of section 543(a) (defining personal holding company income) is amended by striking out subparagraph (C), by adding "and" at the end of subparagraph (A), and by striking out ", and" at the end of subparagraph (B) and inserting in lieu thereof a period.

(j) Amendment Related to Section 223.—Paragraph (1) of section 311(e) (defining qualified stock) is amended by adding at the end thereof the following new subparagraph:

"(C) Rules for passthru entities.—In the case of an S corporation, partnership, trust, or estate—

"(i) the determination of whether subparagraph (A) is satisfied shall be made at the shareholder, partner, or beneficiary level (rather than at the entity level), and

"(ii) the distribution shall be treated as made directly to the shareholders, partners, or beneficiaries in proportion to their respective interests in the entity."

(k) Amendments Related to Section 224.—

(1) Definition of purchase.—

(A) Subparagraph (B) of section 338(h)(3) (defining purchase) is amended to read as follows:

"(B) Deemed purchase under subsection (a).—The term 'purchase' includes any deemed purchase under subsection (a)(2)."

(B) Paragraph (3) of section 338(h) is amended by adding at the end thereof the following new subparagraph:

"(C) Certain stock acquisitions from related corporations.—

"(i) In general.—Clause (iii) of subparagraph (A) shall not apply to an acquisition of stock from a related corporation if at least 50 percent in value of the stock of such related corporation was acquired by purchase (within the meaning of subparagraphs (A) and (B)).

"(ii) Certain distributions.—Clause (i) of subparagraph (A) shall not apply to an acquisition of stock described in clause (i) of this subparagraph if the corporation acquiring such stock—

"(I) made a qualified stock purchase of stock of the related corporation, and

"(II) made an election under this section (or is treated under subsection (e) as having made such an election) with respect to such qualified stock purchase.

"(iii) Related corporation defined.—For purposes of this subparagraph, a corporation is a related corporation if stock owned by such corporation is treated (under section 318(a) other than paragraph (4) thereof) as owned by the corporation acquiring the stock."

(C) Paragraph (1) of section 338(h) (defining 12-month acquisition period) is amended by inserting before the period at the end thereof the following: "(or, if any of such stock was acquired in an acquisition which is a purchase by reason of subparagraph (C) of paragraph (3), the date on which the acquiring corporation is first considered under section 318(a) (other than paragraph (4) thereof) as owning stock owned by the corporation from which such acquisition was made)".

(D) Paragraph (4) of section 318(b) (relating to cross references) is amended to read as follows:

"(4) section 338(h)(3) (defining purchase);".

(2) Special rules for applying section 338.—

(A) Subsection (h) of section 338 (relating to definitions and special rules) is amended by striking out paragraph (7), by redesignating paragraphs (8) and (9) as paragraphs (9) and (10), respectively, and by inserting after paragraph (6) the following new paragraphs:

"(7) Additional percentage must be attributable to purchase, etc.—For purposes of subsection (c)(1), any increase in the maximum percentage of stock taken into account over the percentage of stock (by value) of the target corporation held by the purchasing corporation on the acquisition date shall be taken into account only to the extent such increase is attributable to—

"(A) purchase, or

"(B) a redemption of stock of the target corporation—

"(i) to which section 302(a) applies, or

"(ii) in the case of a shareholder who is not a corporation, to which section 301 applies.

"(8) Acquisition by affiliated corporations taken into account for consistency purposes.—For purposes of subsections (e) and (f), except as otherwise provided in regulations, an affiliated group shall be treated as 1 corporation."

(B) Paragraph (9) of section 338(h), as redesignated by subparagraph (A), is amended by striking out "paragraph (9)" and inserting in lieu thereof "paragraph (10)".

(C) Subsection (h) of section 338 is amended by adding at the end thereof the following new paragraphs:

"(11) Section 337 to apply where target had adopted plan for complete liquidation.—If—

"(A) during the 12-month period ending on the acquisition date the target corporation adopted a plan of complete liquidation,

"(B) such plan was not rescinded before the close of the acquisition date, and

"(C) the purchasing corporation makes an election under this section (or is treated under subsection (e) as having made such an election) with respect to the target corporation,

then, subject to rules similar to the rules of subsection (c)(1), for purposes of section 337 (and other provisions which relate to section 337), the target corporation shall be treated as having distributed all of its assets as of the close of the acquisition date.

"(12) Tax on deemed sale not taken into account for estimated tax purposes.—For purposes of section 6655, tax attributable to the sale described in subsection (a)(1) shall not be taken into account.

"(13) Coordination with section 341.—For purposes of determining whether section 341 applies to a disposition within 1 year after the acquisition date of stock by a shareholder (other than the acquiring corporation) who held stock in the target corporation on the acquisition date, section 341 shall be applied without regard to this section."

(3) Coordination with section 333.—The last sentence of paragraph (1) of section 338(c) (relating to coordination with section 337 where purchasing corporation holds less than 100 percent of stock) is amended by striking out "such 1-year period" and inserting in lieu thereof "such 1-year period and section 333 does not apply to such liquidation".

(4) Treatment of certain liquidations.—

(A) In general.—Section 269 (relating to acquisitions made to evade or avoid income tax) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) Certain Liquidations After Qualified Stock Purchases.—

"(1) In general.—If—

"(A) there is a qualified stock purchase by a corporation of another corporation,

"(B) an election is not made under section 338 with respect to such purchase,

"(C) the acquired corporation is liquidated pursuant to a plan of liquidation adopted not more than 2 years after the acquisition date, and

"(D) the principal purpose for such liquidation is the evasion or avoidance of Federal income tax by securing the benefit of a deduction, credit, or other allowance which the acquiring corporation would not otherwise enjoy,

then the Secretary may disallow such deduction, credit, or other allowance.

"(2) Meaning of terms.—For purposes of paragraph (1), the terms 'qualified stock purchase' and 'acquisition date' have the same respective meanings as when used in section 338."

(B) Conforming amendment.—Subsection (c) of section 269 (as redesignated by subparagraph (A)) is amended by striking out "subsection (a)" and inserting in lieu thereof "subsection (a) or (b)".

(C) Effective date.—The amendments made by this paragraph shall apply to liquidations after October 20, 1983, in taxable years ending after such date.

(5) Assets treated as sold at fair market value.—

(A) Paragraph (1) of section 338(a) (relating to general rule) is amended by inserting "at fair market value" after "the acquisition date".

(B) Subsection (b) of section 338 (relating to price at which deemed sale made) is amended to read as follows:

"(b) Basis of Assets After Deemed Purchase.—

"(1) In general.—For purposes of subsection (a), the assets of the target corporation shall be treated as purchased at an amount equal to their adjusted fair market value.

"(2) Adjusted fair market value.—For purposes of paragraph (1), the term 'adjusted fair market value' means the excess (if any) of—

"(A) the aggregate fair market value of the stock of the target corporation as of the close of the acquisition date, over

"(B) the amount of the net unrealized appreciation determined under paragraph (3).

"(3) Amount of net unrealized appreciation.—For purposes of paragraph (2), the amount of the net unrealized appreciation determined under this paragraph is the excess (if any) of—

"(A) the fair market value of stock of the target corporation which is held by the purchasing corporation on the acquisition date, over

"(B) the aggregate bases of stock described in subparagraph (A).

"(4) ALLOCATION AMONG ASSETS.—The amount determined under paragraph (1) shall be allocated among the assets of the target corporation under regulations prescribed by the Secretary.

"(5) ADJUSTMENTS FOR CONTINGENT PAYMENTS, ETC.—Under regulations prescribed by the Secretary, proper adjustments shall be made in the application of this subsection and subsection (a) for contingent payments and other relevant items."

(6) TIME FOR MAKING ELECTION.—Paragraph (1) of section 338(g) (relating to election) is amended to read as follows:

"(1) WHEN MADE.—Except as otherwise provided in regulations, an election under this section shall be made not later than the 15th day of the 9th month beginning after the month in which the acquisition date occurs."

(7) REGULATORY AUTHORITY.—Subsection (i) of section 338 (relating to regulations) is amended to read as follows:

"(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section including—

"(1) regulations to ensure that the purposes of this section to require consistency of treatment of stock and asset purchases with respect to a target corporation and its target affiliates (whether by treating all of them as stock purchases or as asset purchases) may not be circumvented through the use of any provision of law or regulations (including the consolidated return regulations), and

"(2) regulations providing for the coordination of the provisions of this section with the provisions of this title relating to foreign corporations and their shareholders."

(8) AMENDMENTS NOT TO APPLY TO ACQUISITIONS BEFORE SEPTEMBER 1, 1982.—

(A) IN GENERAL.—The amendments made by this subsection shall not apply to any qualified stock purchase (as defined in section 338(d)(3) of the Internal Revenue Code of 1954) where the acquisition date (as defined in section 338(h)(2) of such Code) is before September 1, 1982.

(B) EXTENSION OF TIME FOR MAKING ELECTION.—In the case of qualified stock purchases involving the acquisition of 2 banks during February 1981, the time for making an election under section 338 of such Code shall not expire before the close of the 60th day after the date of the enactment of this Act.

(9) SPECIAL RULES FOR DEEMED PURCHASES UNDER PRIOR LAW.—If, before October 20, 1983, a corporation was treated as making a qualified stock purchase (as defined in section 338(d)(3) of the Internal Revenue Code of 1954), but would not be so treated under the amendments made by paragraphs (1) and (2) of this subsection, such corporation may elect, at such time and in such manner as the Secretary of the Treasury or his delegate may by regulations prescribe, not to have the amendments made by such paragraphs apply.

(l) AMENDMENTS RELATED TO SECTION 226.—

(1) AMOUNT CONSTITUTING DIVIDEND.—Subparagraph (A) of section 304(b)(2) (relating to amount constituting dividend) is amended to read as follows:

"(A) WHERE SUBSECTION (a)(1) APPLIES.—In the case of any acquisition of stock to which paragraph (1) (and not paragraph (2)) of subsection (a) applies, the determination of the amount which is a dividend shall be made as if the property were distributed—

"(i) by the acquiring corporation to the extent of its earnings and profits, and

"(ii) then by the issuing corporation."

(2) COORDINATION WITH SECTION 351.—Subparagraph (A) of section 304(b)(3) (relating to coordination with section 351) is amended by striking out "(and not part III)" and inserting in lieu thereof "(and not section 351 and not so much of sections 357 and 358 as relates to section 351)".

(3) CERTAIN ASSUMPTIONS OF LIABILITY.—

(A) The first sentence of clause (i) of section 304(b)(3)(B) (relating to certain assumptions of liability, etc.) is amended by striking out "Subsection (a)" and inserting in lieu thereof "In the case of an acquisition described in section 351, subsection (a)".

(B) Subparagraph (B) of section 304(b)(3) (relating to coordination with section 351) is amended by adding at the end thereof the following new clause:

"(iii) CLAUSE (i) DOES NOT APPLY TO STOCK ACQUIRED FROM RELATED PERSON EXCEPT WHERE COMPLETE TERMINATION.—Clause (i) shall apply only to stock acquired by the transferor from a person—

"(I) none of whose stock is attributable to the transferor under section 318(a) (other than paragraph (4) thereof), or

"(II) who satisfies rules similar to the rules of section 302(c)(2) with respect to both the acquiring and the issuing corporations (determined as if such person were a distributee of each such corporation)."

(4) DISTRIBUTIONS INCIDENT TO FORMATION OF BANK HOLDING COMPANIES.—Subparagraph (C) of section 304(b)(3) (relating to distributions incident to formation of bank holding companies) is amended by adding at the end thereof the following new sentence: "For purposes of this subparagraph, any assumption of (or acquisition of stock subject to) a liability under subparagraph (B) shall not be treated as a distribution of property."

(5) CONSTRUCTIVE OWNERSHIP.—

(A) Paragraph (3) of section 304(c) (relating to constructive ownership) is amended to read as follows:

"(3) CONSTRUCTIVE OWNERSHIP.—

"(A) IN GENERAL.—Section 318(a) (relating to constructive ownership of stock) shall apply for purposes of determining control under this section.

"(B) MODIFICATION OF 50-PERCENT LIMITATIONS IN SECTION 318.—For purposes of subparagraph (A)—

"(i) paragraph (2)(C) of section 318(a) shall be applied by substituting '5 percent' for '50 percent', and

"(ii) paragraph (3)(C) of section 318(a) shall be applied—

"(I) by substituting '5 percent' for '50 percent', and

"(II) in any case where such paragraph would not apply but for subclause (I), by considering a corporation as owning the stock (other than stock in such corporation) owned by or for any shareholder of such corporation in that proportion which the value of the stock which such shareholder owned in such corporation bears to the value of all stock in such corporation."

(B) Paragraph (4) of section 306(c) is amended by striking out the last sentence and inserting in lieu thereof the following: "For purposes of applying the preceding sentence to paragraph (3), the rules of section 304(c)(3)(B) shall apply."

(6) CERTAIN STOCK ACQUIRED IN SECTION 351 EXCHANGE.—Paragraph (3) of section 306(c) (relating to certain stock acquired in section 351 exchange) is amended by striking out the last sentence and inserting in lieu thereof the following: "Rules similar to the rules of section 304(b)(2) shall apply—

"(A) for purposes of the preceding sentence, and

"(B) for purposes of determining the application of this section to any subsequent disposition of stock which is section 306 stock by reason of an exchange described in the preceding sentence."

(7) EFFECTIVE DATE FOR AMENDMENTS MADE BY PARAGRAPHS (1) AND (3).—The amendments made by paragraphs (1) and (3) shall apply to stock acquired after October 20, 1983, in taxable years ending after such date.

(m) AMENDMENT RELATED TO SECTION 229.—Subsection (c) of section 229 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to modification of regulations on the completed contract method of accounting) is amended by adding at the end thereof the following new paragraph:

"(4) UNDERPAYMENTS OF ESTIMATED TAX FOR 1982.—To the extent provided in regulations, no addition to tax shall be made under section 6654 or 6655 of the Internal Revenue Code of 1954 for the taxpayer's first taxable year ending after December 31, 1982, by reason of a long-term contract, but only with respect to installments required to be paid before April 13, 1983."

(n) AMENDMENT RELATED TO SECTION 233.—Paragraph (11) of section 51(d) (defining members of economically disadvantaged families) is amended by adding at the end thereof the following new sentence: "Any such determination with respect to an individual who is a qualified summer youth employee or youth participating in a qualified cooperative education program with respect to any employer shall also apply for purposes of determining whether such individual is a member of another targeted group with respect to such employer."

SEC. 613. TECHNICAL CORRECTIONS OF PENSION PROVISIONS.

(a) AMENDMENTS RELATED TO SECTION 235.—

(1) ACTUARIAL ADJUSTMENTS MADE TO BENEFIT LIMIT RATHER THAN TO BENEFIT.—

(A) Subparagraph (C) of section 415(b)(2) (relating to adjustment to $90,000 limit where benefit begins before age 62) is amended by striking out the first sentence and inserting in lieu thereof the following: "If the retirement income benefit under the plan begins before age 62, the determination as to whether the $90,000 limitation set forth in paragraph (1)(A) has been satisfied shall be made, in accordance with regulations prescribed by the Secretary, by reducing the limitation of paragraph (1)(A) so that such limitation (as so reduced) equals an annual benefit (beginning when such retirement income benefit begins) which is equivalent to a $90,000 annual benefit beginning at age 62."

(B) Subparagraph (D) of section 415(b)(2) (relating to adjustment to $90,000 limitation where benefit begins after age 65) is amended to read as follows:

"(D) ADJUSTMENT TO $90,000 LIMIT WHERE BENEFIT BEGINS AFTER AGE 65.—If the retirement income benefit under the plan begins after age 65, the determination as to whether the $90,000 limitation set forth in paragraph (1)(A) has been satisfied shall be made, in accordance with regulations prescribed by the Secretary, by increasing the limitation of paragraph (1)(A) so that such limitation (as so increased) equals an annual benefit (beginning when such retirement income benefit begins) which is equivalent to a $90,000 annual benefit beginning at age 65."

(C)(i) Clauses (i) and (iii) of section 415(b)(2)(E) are each amended by striking out "any benefit" and inserting in lieu thereof "any benefit or limitation".

(ii) Clause (ii) of section 415(b)(2)(E) is amended by striking out "any benefit" and inserting in lieu thereof "any limitation".

(2) DEFINITION OF CURRENT ACCRUED BENEFIT IN THE CASE OF COLLECTIVELY BARGAINED PLANS.—Clause (i) of section 235(g)(4)(B) of the Tax Equity and Fiscal Responsibility Act of 1982 (defining current accrued benefit) is amended by adding at the end thereof the following new sentence: "In the case of any plan described in the first sentence of paragraph (5), the preceding sentence shall be applied by substituting for 'January 1, 1983' the applicable date determined under paragraph (5)."

(3) TRANSITION FRACTION ONLY APPLIES TO PLANS IN EXISTENCE BEFORE JULY 1, 1982.—Paragraph (6) of section 415(e) (relating to special transition rule for defined contribution fraction for years ending after December 31, 1982) is amended by adding at the end thereof the following new subparagraph:

"(C) PLAN MUST HAVE BEEN IN EXISTENCE ON OR BEFORE JULY 1, 1982.—This paragraph shall apply only to plans which were in existence on or before July 1, 1982."

(4) TREATMENT OF CERTAIN COLLECTIVE BARGAINING AGREEMENTS ENTERED INTO BEFORE JULY 1, 1982.—Clause (ii) of section 235(g)(4)(B) of the Tax Equity and Fiscal Responsibility Act of 1982 (defining current accrued benefit) is amended by adding at the end thereof the following new sentence: "For purposes of subclause (I), any change in the terms and conditions of the plan pursuant to a collective bargaining agreement entered into before July 1, 1982, and ratified before September 3, 1982, shall be treated as a change made before July 1, 1982."

(b) AMENDMENTS RELATED TO SECTION 236.—

(1) EXCEPTION FOR CERTAIN LOANS NOT TO APPLY TO LOANS FROM DEDUCTIBLE EMPLOYEE CONTRIBUTIONS.—

(A) Subparagraph (A) of section 72(o)(3) (relating to amounts constructively received) is amended by striking out "subsection (p)" and inserting in lieu thereof "subsection (p) (other than the exception contained in paragraph (2) thereof)".

(B) Subparagraph (A) of section 72(p)(2) (relating to exception for certain loans) is amended by adding at the end thereof the following new sentence:

"For purposes of clause (ii), the present value of the nonforfeitable accrued benefit shall be determined without regard to any accumulated deductible employee contributions (as defined in subsection (o)(5)(B))."

(2) DEFINITION OF REQUIRED PRINCIPAL PAYMENT.—Subparagraph (C) of section 236(c)(2) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by inserting before the period at the end thereof the following: "or if such loan was payable on demand".

(3) REPEAL OF PROVISION TREATING CERTAIN LOAN REPAYMENTS AS CONTRIBUTIONS.—Subsection (f) of section 404 (relating to certain loan repayments considered as contributions) is hereby repealed.

(4) CLARIFICATION OF EXCEPTION FOR SMALL LOANS.—Clause (ii) of section 72(p)(2)(A) (relating to exception for certain loans) is amended to read as follows:

"(ii) the greater of (I) one-half of the present value of the nonforfeitable accrued benefit of the employee under the plan, or (II) $10,000."

(c) AMENDMENTS RELATED TO SECTION 237.—

(1) AMENDMENTS CONFORMING TO LIMITING TO KEY EMPLOYEES THE PENALTY FOR PREMATURE DISTRIBUTIONS.—

(A) Clause (i) of section 72(m)(5)(A) is amended by striking out "as an owner-employee" and inserting in lieu thereof "as a key employee".

(B) The paragraph heading of section 72(m)(5) is amended by striking out "OWNER-EMPLOYEES" and inserting in lieu thereof "KEY EMPLOYEES".

(C) Sections 46(a)(4), 53(a), and 901(a) are each amended by striking out "tax on premature distributions to owner-employees" and inserting in lieu thereof "tax on premature distributions to key employees".

(2) CORRECTION OF CROSS REFERENCE TO DEFINITION OF BANK.—

(A) Subsection (f) of section 401 is amended by striking out "(as defined in subsection (d)(1))" and inserting in lieu thereof "(as defined in section 408(n))".

(B) Subsection (h) of section 408 is amended by striking out "(as defined in section 401(d)(1))" and inserting in lieu thereof "(as defined in subsection (n))".

(3) LIMITATION ON ROLLOVERS TO APPLY ONLY TO KEY EMPLOYEES.—Clause (ii) of section 402(a)(5)(E) (relating to self-employed individuals and owner-employees) is amended to read as follows:

"(ii) KEY EMPLOYEES.—An eligible retirement plan described in subclause (IV) or (V) of subparagraph (D)(iv) shall not be treated as an eligible retirement plan for the transfer of a distribution if any part of the distribution is attributable to contributions made on behalf of the employee while he was a key employee in a top-heavy plan. For purposes of the preceding sentence, the terms 'key employee' and 'top-heavy plan' have the same respective meanings as when used in section 416."

(d) AMENDMENTS RELATED TO SECTION 238.—

(1) REPEAL OF SECTION 72(m)(9).—Paragraph (9) of section 72(m) (relating to return of excess contributions before due date of return) is hereby repealed.

(2) INCREASE IN AMOUNT OF DEDUCTION FOR SIMPLIFIED EMPLOYEE PENSIONS.—Clause (ii) of section 219(b)(2)(A) (relating to special rules for employer contributions under simplified employee pensions) is amended by striking out "but not in excess of $15,000" and inserting in lieu thereof "but not in excess of the limitation in effect under section 415(c)(1)(A)".

(3) REPEAL OF SECTION 401(e).—Subsection (e) of section 401 (relating to contributions for premiums on annuity, etc., contracts) is hereby repealed.

(4) REPEAL OF SECTION 404(a)(9).—

(A) Subsection (a) of section 404 is amended by striking out paragraph (9) and by redesignating paragraph (10) as paragraph (9).

(B) Subparagraph (C) of section 415(c)(6) is amended—

(i) by striking out "paragraph (10) of section 404(a)" and inserting in lieu thereof "paragraph (9) of section 404(a)",

(ii) by striking out "section 404(a)(10)(A)" and inserting in lieu thereof "section 404(a)(9)(A)", and

(iii) by striking out "section 404(a)(10)(B)" and inserting in lieu thereof "section 404(a)(9)(B)".

(5) REPEAL OF SECTION 404(h)(4).—Paragraph (4) of section 404(h) (relating to effect on self-employed individuals or shareholder employees) is hereby repealed.

(6) DETERMINATION OF EARNED INCOME OF SELF-EMPLOYED FOR PURPOSES OF SECTION 404(a)(8)(C).—Subparagraph (C) of section 404(a)(8) is amended by striking out "the earned income of such individual" and inserting in lieu thereof "the earned income of such individual (determined without regard to the deductions allowed by this section and section 405(c))".

(7) REPEAL OF SECTION 415(c)(7).—

(A) Subsection (c) of section 415 is amended by striking out paragraph (7) and by redesignating paragraph (8) as paragraph (7).

(B) Subclause (II) of section 415(e)(3)(B)(ii) is amended by striking out "subsection (c)(7) or (8)" and inserting in lieu thereof "subsection (c)(7)".

(8) COORDINATION OF REPEALS OF CERTAIN SECTIONS.—Sections 404(e) and 1379(b) of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of the Tax Equity and Fiscal Responsibility Act of 1982) shall not apply to any plan to which section 401(j) of such Code applies (or would apply but for its repeal).

(9) AMENDMENT OF SECTION 404(e).—Subsection (e) of section 404 is amended by striking out "under this section" and inserting in lieu thereof "under paragraph (1), (2), or (3) of subsection (a)".

(e) AMENDMENT RELATED TO SECTION 239.—Subparagraph (B) of section 101(b)(3) (relating to treatment of self-employed individuals for exclusion of employees' death benefits) is amended to read as follows:

"(B) SPECIAL RULE FOR CERTAIN DISTRIBUTIONS.—In the case of any amount paid or distributed—

"(i) by a trust described in section 401(a) which is exempt from tax under section 501(a), or

"(ii) under a plan described in section 403(a),

the term 'employee' includes a self-employed individual described in section 401(c)(1)."

(f) AMENDMENTS RELATED TO SECTION 240.—

(1) DEFINITION OF KEY EMPLOYEE.—

(A) Subparagraph (A) of section 416(i)(1) (defining key employee) is amended by striking out "any participant in an employer plan" and inserting in lieu thereof "an employee".

(B) Clause (ii) of section 416(i)(1)(A) is amended to read as follows:

"(ii) 1 of the 10 employees having annual compensation from the employer of more than the limitation in effect under section 415(c)(1)(A) and owning (or considered as owning within the meaning of section 318) the largest interests in the employer,".

(C) Subparagraph (A) of section 416(i)(1) (defining key employee) is amended by adding at the end thereof the following new sentence: "For purposes of clause (ii), if 2 employees have the same interest in the employer, the employee having greater annual compensation from the employer shall be treated as having a larger interest."

(D) Subparagraph (C) of section 416(i)(1) is amended by striking out "DETERMINING 5-PERCENT OR 1-PERCENT OWNERS" in the subparagraph heading and inserting in lieu thereof "DETERMINING OWNERSHIP IN THE EMPLOYER".

(2) TREATMENT OF SIMPLIFIED EMPLOYEE PENSIONS.—Paragraph (1) of section 408(k) (defining simplified employee pension) is amended to read as follows:

"(1) IN GENERAL.—For purposes of this title, the term 'simplified employee pension' means an individual retirement account or individual retirement annuity—

"(A) with respect to which the requirements of paragraphs (2), (3), (4), and (5) of this subsection are met, and

"(B) if such account or annuity is part of a top-heavy plan (as defined in section 416), with respect to which the requirements of section 416(c)(2) are met."

(3) Clarification of transitional rule.—Paragraph (3) of section 235(g) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by adding at the end thereof the following new sentence: "A similar rule shall apply with respect to the last plan year beginning before January 1, 1984, for purposes of applying section 416(h) of the Internal Revenue Code of 1954."

(4) Treatment of distributions from terminated plans.—Paragraph (3) of section 416(g) (relating to distributions during last 5 years taken into account) is amended by adding at the end thereof the following new sentence: "The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group."

(5) Clarification of cost-of-living adjustments.—

(A) In general.—Paragraph (2) of section 416(d) (relating to cost-of-living adjustments) is amended by striking out "in the same manner" and inserting in lieu thereof "at the same time and in the same manner".

(B) Simplified employee pensions.—Subparagraph (C) of section 408(k)(3) (relating to contributions must bear uniform relationship to total compensation) is amended by adding at the end thereof the following new sentence: "The Secretary shall annually adjust the $200,000 amount contained in the preceding sentence at the same time and in the same manner as he adjusts the dollar amount contained in section 415(c)(1)(A)."

(6) Clerical amendments.—

(A) Subsection (f) of section 416 is amended by striking out "require" and inserting in lieu thereof "required".

(B) Clause (iii) of section 416(i)(1)(B) is amended by striking out "subparagraph (A)(ii)(II)" and inserting in lieu thereof "subparagraph (A)(ii)".

(g) Amendments Related to Section 242.—

(1) Definition of key employee and top-heavy plan.—

(A) Clause (i) of section 401(a)(9)(A) (relating to required distributions before death) is amended to read as follows:

"(i) either will be distributed to him not later than the later of—

"(I) his taxable year in which he attains age 70½, or

"(II) his taxable year in which he retires, or".

(B) Subparagraph (A) of section 401(a)(9) is amended by adding at the end thereof the following new sentence: "Subclause (II) of clause (i) shall not apply with respect to any employee who was a key employee (as defined in section 416) in a top-heavy plan (as defined in section 416) for the plan year ending in the taxable year in which he attains age 70½."

(2) Exception for certain dependents or former spouse.—Paragraph (9) of section 401(a) is amended by added at the end thereof the following new subparagraphs:

"(C) Exception where distributions made to certain dependents or former spouse.—Subparagraph (B) shall not apply if the entire interest of the employee (or the remaining part of such interest if distribution thereof has commenced) will be distributed (beginning not later than 1 year after the employee's death or the death of his surviving spouse)—

"(i) to a qualified beneficiary, and

"(ii) in accordance with regulations prescribed by the Secretary, over a qualified period.

"(D) Qualified beneficiary defined.—For purposes of subparagraph (C), the term 'qualified beneficiary' means—

"(i) any qualified dependent, and

"(ii) a former spouse of the employee.

"(E) Qualified dependent.—For purposes of this paragraph—

"(i) In general.—The term 'qualified dependent' means any individual who was a dependent (as defined in section 152) of the employee (or his surviving spouse) for any 2 of the last 5 taxable years of the employee (or his surviving spouse).

"(ii) Special rule for child of divorced parents, etc.—Any child to whom section 152(e) applies for any taxable year shall be treated as the dependent of both parents.

"(iii) Social security benefits disregarded.—Benefits under title II of the Social Security Act received by (or on behalf of) an individual shall not be taken into account for purposes of determining whether such individual is the dependent of another taxpayer.

"(F) Qualified period.—For purposes of this paragraph—

"(i) In general.—The qualified period with respect to any qualified beneficiary shall end at the later of—

"(I) the life expectancy of an individual with an age equal to the age of the employee at his death (or the age of the surviving spouse), or

"(II) 5 years after the date of the employee's death (or the death of the surviving spouse).

"(ii) Special rule for permanently and totally disabled individuals.—In accordance with regulations, the qualified period for any individual who was permanently and totally disabled at the death of the employee (or who thereafter becomes permanently and totally disabled) shall be the life of such individual or a term certain not extending beyond the life expectancy of such individual.

"(G) Special rules for minors.—For purposes of this paragraph, in the case of an individual who has not attained age 22 at the time of the employee's death—

"(i) the distributions are not required to begin before the individual attains age 22, and

"(ii) the qualified period shall in no case end before such individual attains age 27."

(3) Clarification of transitional rule.—

(A) Subparagraph (B) of section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by striking out "paragraph (9) of".

(B) Paragraph (2) of section 242(b) of such Act is amended by striking out "January 1, 1984" and inserting in lieu thereof "the first day of the first plan year beginning on or after January 1, 1984".

(C) Subsection (b) of section 242 of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Treatment of certain default options.—For purposes of paragraph (2), if—

"(A) a plan permits an employee to designate a method of distribution but provides that in the absence of such a designation a specified method of distribution will apply, and

"(B) as of the first day of the first plan year beginning on or after January 1, 1984, such specified method of distribution applied to an individual by reason of his failure to make a designation which was available to him before such first day,

such specified method of distribution shall be treated as pursuant to a designation made by the employee before the first day of such plan year."

(4) Special rule for collective-bargaining agreements.—Paragraph (5) of section 235(g) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended—

(A) by striking out "section 253" each place it appears and inserting in lieu thereof "section 242", and

(B) by adding at the end thereof the following new sentence: "In the case of any plan described in the first sentence of this paragraph, paragraphs (2) and (3) of section 242(b) shall be applied by substituting for 'January 1, 1984' the applicable date determined under this paragraph."

(5) Clarification that required distributions may be made to other beneficiaries.—Clause (ii) of section 401(a)(9)(A) is amended by inserting "to the employee or any of his beneficiaries" after "will be distributed".

(6) Delay in effective date for government plans.—Subsection (b) of section 242 of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by adding at the end thereof the following new paragraph:

"(4) Special rule for government plans.—In the case of a government plan (as defined in section 414(d) of the Internal Revenue Code of 1954)—

"(A) paragraph (1) shall be applied by substituting 'December 31, 1985' for 'December 31, 1983', and

"(B) paragraphs (2) and (3) shall be applied by substituting 'January 1, 1986' for 'January 1, 1984'."

(h) Amendments Related to Section 243.—

(1) Effective date for provisions related to inherited individual retirement plans.—Subsection (c) of section 243 of the Tax Equity and Fiscal Responsibility Act of 1982 is amended to read as follows:

"(c) Effective Date.—The amendments made by this section shall apply with respect to individuals dying after December 31, 1983."

(2) Clerical amendment.—The subparagraph (C) of section 408(d)(3) which was added by section 335(a)(1) of the Tax Equity and Fiscal Responsibility Act of 1982 is redesignated as subparagraph (D).

(i) Amendment Related to Section 247.—Subsection (a) of section 247 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to existing personal service corporations may liquidate under section 333 during 1983 and 1984) is amended by inserting "which is in existence on September 3, 1982," after "section 535(c)(2)(B) of the Internal Revenue Code of 1954)".

(j) Amendment Related to Section 248.—Paragraph (2) of section 414(n) (defining leased employee) is amended by striking out "any person" in the material preceding subparagraph (A) and inserting in lieu thereof "any person who is not an employee of the recipient and".

(k) Amendment Related to Section 249.—Subparagraph (D) of section 408(k)(3) (relating to treatment of certain contributions and taxes) is amended by striking out the second and third sentences and inserting in lieu thereof the following: "If the employer does not maintain an integrated plan at any time during the taxable year, OASDI contributions (as defined in section 401(l)(2)) may, for purposes of this paragraph, be taken into account as contributions by the employer to the employee's simplified employee pension, but only if such contributions are so taken into account with respect to each employee maintaining a simplified employee pension."

(l) Amendments Related to Section 253.—

(1) Limitation of profit-sharing and stock bonus plans.—Subparagraph (C) of section 415(c)(3) is amended by striking out "In the case of a participant" and inserting in lieu thereof "In the case of a participant in a profit-sharing or stock bonus plan".

(2) Clarification of rule that contributions be nonforfeitable.—Subparagraph (C) of section 415(c)(3) (relating to special rules for permanent and total disability) is amended by striking out the last sentence and inserting in lieu thereof the following: "This subparagraph shall apply only if contributions made with respect to amounts treated as compensation under this subparagraph are nonforfeitable when made."

SEC. 614. MISCELLANEOUS PROVISIONS.

(a) Amendment Related to Section 255.—Subsection (c) of section 811 (relating to special rule for dividends to policyholders under reinsurance contracts) is amended by striking out "conventional coinsurance contract" and inserting in lieu thereof "reinsurance contract".

(b) Amendment Related to Section 281A.—Paragraph (2) of section 281A(b) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended by striking out "subsection (a)" and inserting in lieu thereof "paragraph (1)".

(c) Amendment Related to Section 292.—Paragraph (2) of section 7430(a) (relating to awarding of court costs and certain fees) is amended by striking out "including the Tax Court" and inserting in lieu thereof "including the Tax Court and the United States Claims Court".

(d) Amendment Related to Section 314.—Subparagraph (E) of section 6678(3) is amended by striking out "section 6053(c)" and inserting in lieu thereof "section 6053".

(e) Amendments Related to Section 323.—

(1) Subsection (b) of section 5684 is amended—

(A) by striking out "Section 6660" in the heading and inserting in lieu thereof "Section 6662", and

(B) by striking out "section 6660(a)" in the text and inserting in lieu thereof "section 6662(a)".

(2) Subsection (c) of section 5761 is amended—

(A) by striking out "Section 6660" in the heading and inserting in lieu thereof "Section 6662", and

(B) by striking out "section 6660(a)" in the text and inserting in lieu thereof "section 6662(a)".

(f) Amendments Related to Section 334.—

(1) Clarification that death benefit exclusion applies to distributions under section 403(b).—Subparagraph (C) of section 3405(b)(2) (relating to special rule for distributions by reason of death) is amended to read as follows:

"(C) Special rule for distributions by reason of death.—In the case of any nonperiodic distribution from or under any plan or contract described in section 401(a), 403(a), or 403(b)—

"(i) which is made by reason of a participant's death, and

"(ii) with respect to which the requirements of clauses (ii) and (iv) of subsection (d)(4)(A) are met,

subparagraph (A) or (B) (as the case may be) shall be applied by taking into account the exclusion from gross income provided by section 101(b) (whether or not allowable)."

(2) Clarification of credit for withheld amounts.—Paragraph (1) of section 31(a) is amended by striking out "under section 3402 as tax on the wages of any individual" and inserting in lieu thereof "as tax under chapter 24".

(3) Penalty for failure to give notice.—Section 6652 (relating to penalty for failure to file certain information returns, registration statements, etc.) is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) Failure To Give Notice to Recipients of Certain Pension, Etc., Distributions.—In the case of each failure to provide notice as required by section 3405(d)(10)(B), at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and in the same manner as tax, by the person failing to provide such notice, an amount equal to $10 for each such failure, but the total amount imposed on such person for all such failures during any calendar year shall not exceed $5,000."

(4) Exception for amounts paid to nonresident aliens.—Subparagraph (B) of section 3405(d)(1) (relating to exceptions) is amended by striking out "and" at the end of clause (i), by striking out the period at the end of clause (ii) and inserting in lieu thereof ", and", and by adding at the end thereof the following new clause:

"(iii) any amount which is subject to withholding under subchapter A of chapter 3 (relating to withholding of tax on nonresident aliens and foreign corporations) by the person paying such amount or which would be so subject but for a tax treaty."

(5) Clarification of amount withheld where employer security distributed.—Paragraph (8) of section 3405(d) (relating to maximum amount withheld) is amended by adding at the end thereof the following new sentence: "No amount shall be required to be withheld under this section in the case of any designated distribution which consists only of employer securities of the employer corporation (within the meaning of section 402(a)(3)) and cash (not in excess of $200) in lieu of fractional shares."

(g) Amendment Related to Section 337.—Subsection (d) of section 982 (relating to admissibility of documentation maintained in foreign countries) is amended by striking out paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(h) Amendment Related to Section 339.—Paragraph (1) of section 6038A(c) (defining control) is amended by striking out "section 6038(d)(1)" and inserting in lieu thereof "section 6038(e)(1)".

(i) Amendment Related to Section 345.—Subsection (b) of section 345 of the Tax Equity and Fiscal Responsibility Act of 1982 (relating to effective date) is amended by striking out "taking effect on" and inserting in lieu thereof "taking effect on or after".

(j) Amendment Related to Section 346.—Subparagraph (B) of section 346(c)(2) of the Tax Equity and Fiscal Responsibility Act of 1982 is amended to read as follows:

"(B) Subparagraph (A) of section 6601(d)(2) is amended by striking out 'the last day of' each place it appears and inserting in lieu thereof 'the filing date for'."

(k) Amendments Related to Title IV.—

(1) Extension of partnership audit provisions to entities filing partnership returns, etc.—Subchapter C of chapter 63 (relating to tax treatment of partnership items) is amended by adding at the end thereof the following new section:

"SEC. 6233. EXTENSION TO ENTITIES FILING PARTNERSHIP RETURNS, ETC.

"(a) General Rule.—If a partnership return is filed by an entity for a taxable year but it is determined that the entity is not a partnership for such year, then, to the extent provided in regulations, the provisions of this subchapter are hereby extended in respect of such year to such entity and its items and to persons holding an interest in such entity.

"(b) Similar Rules in Certain Cases.—If for any taxable year—

"(1) an entity files a return as an S corporation but it is determined that the entity was not an S corporation for such year, or

"(2) a partnership return or S corporation return is filed but it is determined that there is no entity for such taxable year,

then, to the extent provided in regulations, rules similar to the rules of subsection (a) shall apply."

(2) Technical and clerical amendments.—

(A) Subparagraph (B) of section 6230(c)(1) is amended by striking out "(or erroneously computed the amount of any such credit or refund)".

(B) Paragraph (9) of section 6231(a) is amended by striking out "electing small business corporation" and inserting in lieu thereof "S corporation".

(C) Subsection (f) of section 6231 is amended by striking out "such deduction or credit" and inserting in lieu thereof "such loss or credit".

(D) The table of sections for subpart C of chapter 63 is amended by adding at the end thereof the following new item:

"Sec. 6233. Extension to entities filing partnership returns, etc."

(E) Paragraph (3) of section 6501(q) is amended to read as follows:

"(3) Cross reference.—

"For extension of period for windfall profit tax items of partnerships, see section 6229 as made applicable by section 6232."

(F) Paragraph (3) of section 6511(h) is amended to read as follows:

"(3) Cross reference.—

"For period of limitation for windfall profit tax items of partnerships, see section 6227(a) and subsections (c) and (d) of section 6230 as made applicable by section 6232."

(G) Subsection (h) of section 7422 is amended by striking out "section 6131(a)(3)" and inserting in lieu thereof "section 6231(a)(3)".

(H) Subparagraph (B) of section 6231(b)(2) (relating to items cease to be partnership items in certain cases) is amended by striking out "section 6227(b)" and inserting in lieu thereof "section 6227(c)".

SEC 615. EFFECTIVE DATE.

Any amendment made by this subtitle shall take effect as if included in the provision of the Tax Equity and Fiscal Responsibility Act of 1982 to which such amendment relates.

Subtitle B—Amendments Related to Subchapter S Revision Act of 1982; Etc.

SEC. 621. TECHNICAL CORRECTIONS OF SUBCHAPTER S REVISION ACT OF 1982.

(a) Limitation on Recognition of Gain in the Case of Certain Distributions.—

(1) Section 1363 (relating to effect of election on corporation) is amended by adding at the end thereof the following new subsection:

"(e) Subsection (d) Not To Apply to Complete Liquidations and Reorganizations.—Subsection (d) shall not apply to any distribution—

"(1) of property in complete liquidation of the corporation, or

"(2) to the extent it consists of property permitted by section 354, 355, or 356 to be received without the recognition of gain."

(2) Subsection (d) of section 1363 is amended by striking out "If" and inserting in lieu thereof "Except as provided in subsection (e), if".

(b) Coordination With Rules Relating to Income From Discharge of Indebtedness.—

(1) Paragraph (2) of section 1363(c) (relating to elections of the S corporation) is amended by striking out subparagraph (A) and by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

(2) Subsection (d) of section 108 (relating to income from discharge of indebtedness) is amended by redesignating paragraphs (7), (8), and (9) as paragraphs (8), (9), and (10), respectively, by striking out paragraph (6), and by inserting after paragraph (5) the following new paragraphs:

"(6) Subsections (a), (b), and (c) to be applied at partner level.—In the case of a partnership, subsections (a), (b), and (c) shall be applied at the partner level.

"(7) Special rules for S corporation.—

"(A) Subsections (a), (b), and (c) to be applied at corporate level.—In the case of an S corporation, subsections (a), (b), and (c) shall be applied at the corporate level.

"(B) Reduction in carryover of disallowed losses and deductions.—In the case of an S corporation, for purposes of subparagraph (A) of subsection (b)(2), any loss or deduction which is disallowed for the taxable year of the discharge under section 1366(d)(1) shall be treated as a net operating loss for such taxable year.

"(C) Coordination with basis adjustments under section 1367(b)(2).—For purposes of subsection (e)(6), a shareholder's adjusted basis in indebtedness of an S corporation shall be determined without regard to any adjustments made under section 1367(b)(2)."

(c) Treatment of Inactive Subsidiaries.—Paragraph (6) of section 1361(c) (relating to ownership of stock in certain inactive corporations) is amended to read as follows:

"(6) Ownership of stock in certain inactive corporations.—For purposes of subsection (b)(2)(A), a corporation shall not be treated as a member of an affiliated group during any period within a taxable year by reason of the ownership of stock in another corporation if such other corporation—

"(A) has not begun business at any time on or before the close of such period, and

"(B) does not have gross income for such period."

(d) Treatment of Worthless Debt.—Paragraph (3) of section 1367(b) (relating to coordination with section 165(g)) is amended to read as follows:

"(3) Coordination with sections 165(g) and 166(d).—This section and section 1366 shall be applied before the application of sections 165(g) and 166(d) to any taxable year of the shareholder or the corporation in which the security or debt becomes worthless."

(e) Adjustment to Earnings and Profits for Recapture Under Section 47.—

(1) Subsection (d) of section 1371 (relating to coordination with investment credit recapture) is amended by adding at the end thereof the following new paragraph:

"(3) Adjustment to earnings and profits for amount of recapture.—Paragraph (1) of subsection (c) shall not apply to any increase in tax under section 47 for which the S corporation is liable."

(2) Paragraph (1) of section 1371(c) is amended by striking out "paragraphs (2) and (3)" and inserting in lieu thereof "paragraphs (2) and (3) and subsection (d)(3)".

(f) Qualified Subchapter S Trusts.—

(1) Grace period.—Subparagraph (D) of section 1361(d)(2) (relating to grace period) is amended by striking out "60 days" and inserting in lieu thereof "75 days".

(2) Definition of qualified subchapter s trust.—Subsection (d) of section 1361 (relating to special rule for qualified subchapter S trust) is amended by striking out paragraphs (3) and (4) and inserting in lieu thereof the following:

"(3) Qualified subchapter s trust.—For purposes of this subsection, the term 'qualified subchapter S trust' means a trust—

"(A) the terms of which require that—

"(i) during the life of the current income beneficiary, there shall be only 1 income beneficiary of the trust,

"(ii) any corpus distributed during the life of the current income beneficiary may be distributed only to such beneficiary,

"(iii) the income interest of the current income beneficiary in the trust shall terminate on the earlier of such beneficiary's death or the termination of the trust, and

"(iv) upon the termination of the trust during the life of the current income beneficiary, the trust shall distribute all of its assets to such beneficiary, and

"(B) all of the income (within the meaning of section 643(b)) of which is distributed (or required to be distributed) currently to 1 individual who is a citizen or resident of the United States.

"(4) Trust ceasing to be qualified.—

"(A) Failure to meet requirements of paragraph (3)(A).—If a qualified subchapter S trust ceases to meet any requirement of paragraph (3)(A), the provisions of this subsection shall not apply to such trust as of the date it ceases to meet such requirement.

"(B) Failure to meet requirements of paragraph (3)(B).—If any qualified subchapter S trust ceases to meet any requirement of paragraph (3)(B) but continues to meet the requirements of paragraph (3)(A), the provisions of this subsection shall not apply to such trust as of the first day of the first taxable year beginning after the first taxable year for which it failed to meet the requirements of paragraph (3)(B)."

(3) Technical amendment.—Clause (i) of section 1361(d)(2)(B) (relating to separate election with respect to each S corporation) is amended by striking out "S corporation" each place it appears and inserting in lieu thereof "corporation".

(g) Coordination With Section 338.—

(1) Paragraph (6) of section 1362(e) (relating to treatment of S termination year) is amended by adding at the end thereof the following new subparagraph:

"(C) Paragraph (2) not to apply to items resulting from section 338.—Paragraph (2) shall not apply with respect to any item resulting from the application of section 338."

(2) Paragraph (2) of section 1362(e) is amended by striking out "as provided in paragraph (3)" and inserting in lieu thereof "as provided in paragraphs (3) and (6)(C)".

(h) Election To Have Items Assigned to Short Taxable Year Under Normal Accounting Rules.—Subparagraph (B) of section 1362(e)(3) (relating to election to have items assigned to each short taxable year under normal accounting rules) is amended to read as follows:

"(B) Shareholders must consent to election.—An election under this subsection shall be valid only if all persons who are shareholders in the corporation at any time during the S short year and all persons who are shareholders in the corporation on the first day of the C short year consent to such election."

(i) Election To Have New Passive Income Rules Not Apply During 1982.—Paragraph (3) of section 6(b) of the Subchapter S Revision Act of 1982 (relating to new passive income rules apply to taxable years beginning during 1982) is amended by adding at the end thereof the following new sentences: "The preceding sentence shall not apply in the case of any corporation which elects (at such time and in such manner as the Secretary of the Treasury or his delegate shall prescribe) to have such sentence not apply. Subsection (e) shall not apply to any termination resulting from an election under the preceding sentence."

(j) S Corporation Treated as Partnership for Purposes of Section 318.—Paragraph (5) of section 318(a) (relating to constructive ownership of stock) is amended by adding at the end thereof the following new subparagraphs:

"(E) S corporation treated as partnership.—For purposes of this subsection—

"(i) an S corporation shall be treated as a partnership, and

"(ii) any shareholder of the S corporation shall be treated as a partner of such partnership.

The preceding sentence shall not apply for purposes of determining whether stock in the S corporation is constructively owned by any person."

(k) Clarification of Treatment of Certain Elections Under Prior Law.—Subsection (e) of section 6 of the Subchapter S Revision Act of 1982 (relating to treatment of certain elections under prior law) is amended by striking out "any termination" and inserting in lieu thereof "any termination or revocation".

(l) Elections for Certain Short Taxable Years.—Subsection (b) of section 1362 (relating to when subchapter S election made) is amended by adding at the end thereof the following new paragraph:

"(4) Taxable years of 2½ months or less.—For purposes of this subsection, an election for a taxable year made not later than 2 months and 15 days after the first day of the taxable year shall be treated as timely made during such year."

(m) Taxable Year of Existing S Corporations.—Paragraph (1) of section 1378(c) (relating to existing S corporations required to use permitted year after 50-percent shift in ownership) is amended by striking out "which includes December 31, 1982" and inserting in lieu thereof "which includes December 31, 1982 (or which is an S corporation for a taxable year beginning during 1983 by reason of an election made on or before October 19, 1982)".

(n) References to Prior Law.—Subsection (b) of section 1379 (relating to references to prior law included) is amended to read as follows:

"(b) References to Prior Law Included.—Any references in this title to a provision of this subchapter shall, to the extent not inconsistent with the purposes of this subchapter, include a reference to the corresponding provision as in effect before the enactment of the Subchapter S Revision Act of 1982."

(o) Election to Treat Distributions as Dividends During Certain Post-Termination Transition Periods.—Subsection (e) of section 1371 (relating to coordination with subchapter C) is amended to read as follows:

"(e) Cash Distributions During Post-Termination Transition Period.—

"(1) In general.—Any distribution of money by a corporation with respect to its stock during a post-termination transition period shall be applied against and reduce the adjusted basis of the stock, to the extent that the amount of the distribution does not exceed the accumulated adjustments account.

"(2) Election to distribute earnings first.—An S corporation may elect to have paragraph (1) not apply to all distributions made during a post-termination transition period described in section 1377(b)(1)(A). Such election shall not be effective unless all shareholders of the S corporation to whom distributions are made by the S corporation during such post-termination transition period consent to such election."

(p) Corporate Preference Rules Applied to S Corporations Which Were Recent C Corporations.—Subsection (b) of section 1363 (relating to computation of corporation's taxable income) is amended by striking out "and" at the end of paragraph (2), by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", and", and by adding at the end thereof the following new paragraph:

"(4) section 291 shall apply if the S corporation (or any predecessor) was a C corporation for any of the 3 immediately preceding taxable years."

(q) Treatment of Stock Held by Estate or Qualified Transferor.—Clause (i) of section 1378(c)(3)(B) (relating to existing S corporations required to use permitted year after 50-percent shift in ownership) is amended by striking out "who held" and inserting in lieu thereof "who (or whose estate) held".

(r) Amendments Related to Accumulated Adjustments Account.—

(1) Subparagraph (A) of section 1368(e)(1) (defining accumulated adjustments account) is amended by striking out "(except that" and all that follows through the end thereof and inserting in lieu thereof the following: "(except that no adjustment shall be made for income (and related expenses) which is exempt from tax under this title and the phrase '(but not below zero)' shall be disregarded in section 1367(b)(2)(A))".

(2) Subsection (c) of section 1368 (relating to S corporation having earning and profits) is amended by adding at the end thereof the following new sentence: "If the distributions during the taxable year exceed the amount in the accumulated adjustments account at the close of the taxable year, for purposes of this subsection, the balance of such account shall be allocated among such distributions in proportion to their respective sizes."

(s) Special Rules for Certain Expenses of S Corporations.—Paragraph (1) of section 267(f) (as in effect on the day before the date of the enactment of this Act) is amended by striking out all that follows subparagraph (B) and inserting in lieu thereof the following: "then any deduction allowable under such sections in respect of such amount shall be allowable as of the day as of which such amount is includible in the gross income of the person to whom the payment is made (or, if later, as of the day on which it would be so allowable but for this paragraph)."

(t) Pro Rata Allocation for S Termination Year Not to Apply if 50-Percent Change in Ownership.—Paragraph (6) of section 1362(e) (relating to special rules) is amended by adding at the end thereof the following new subparagraph:

"(C) Pro rata allocation for s termination year not to apply if 50-percent change in ownership.—Paragraph (2) shall not apply to an S termination year if there is a sale or exchange of 50 percent or more of the stock in such corporation during such year."

(u) Clerical Amendments.—

(1) Subparagraph (B) of section 465(a)(1) (relating to limitation to amount at risk) is amended by striking out "a corporation" and inserting in lieu thereof "a C corporation".

(2) Subsection (e) of section 1371 (relating to cash distributions during post-termination transition period) is amended by inserting before the period at the end thereof the following: "(within the meaning of section 1368(e))".

(3) Paragraph (2) of section 6659(f) is amended by striking out "section 465(a)(1)(C)" and inserting in lieu thereof "section 465(a)(1)(B)".

(4) Subparagraph (C) of section 6362(d)(2) is amended by striking out "electing small business corporation (within the meaning of section 1371(a))" and inserting in lieu thereof "an S corporation".

(v) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), any amendment made by this section shall take effect as if included in the Subchapter S Revision Act of 1982.

(2) Amendment made by subsection (b)(2).—Subparagraph (C) of section 108(d)(7) of the Internal Revenue Code of 1954 (as amended by subsection (b)(2)) shall apply to contributions to capital after December 31, 1980, in taxable years ending after such date.

(3) Amendment made by subsection (g)(1).—If—

(A) any portion of a qualified stock purchase is pursuant to a binding contract entered into on or after October 19, 1982, and before the date of the enactment of this Act, and

(B) the purchasing corporation establishes by clear and convincing evidence that such contract was negotiated on the contemplation that, with respect to the deemed sale under section 338 of the Internal Revenue Code of 1954, paragraph (2) of section 1362(e) of such Code would apply,

then the amendment made by paragraph (1) of subsection (g) shall not apply to such qualified stock purchase.

(4) Amendment made by subsection (t).—If—

(A) on or before the date of the enactment of this Act 50 percent or more of the stock of an S corporation has been sold or exchanged in 1 or more transactions, and

(B) the person (or persons) acquiring such stock establish by clear and convincing evidence that such acquisitions were negotiated on the contemplation that paragraph (2) of section 1262(e) of the Internal Revenue Code of 1954 would apply to the S termination year in which such sales or exchanges occur,

then the amendment made by subsection (t) shall not apply to such S termination year.

SEC. 622. MISCELLANEOUS PROVISIONS.

(a) Amendments Related to Technical Corrections Act of 1982.—

(1) Paragraph (12) of section 57(a) (relating to accelerated cost recovery deduction) is amended—

(A) by striking out "(or, in the case of property described in section 167(k), under section 167)" in subparagraph (A), and

(B) by inserting "(or, in the case of property described in section 167(k), under section 167)" after "section 168(a)" in subparagraph (B).

(2) Subparagraph (A) of section 1256(g)(1) (defining foreign currency contract) is amended by inserting after "regulated futures contracts" the following: "(or the settlement of which depends on the value of such a currency)".

(3) Subclause (I) of section 306(a)(8)(A)(ii) of the Technical Corrections Act of 1982 is amended by striking out "the date of the enactment of the Tax Equity and Fiscal Responsibility Act of 1982" and inserting in lieu thereof "September 1, 1982".

(4)(A) Subparagraph (D) of section 105(c)(5) of the Technical Corrections Act of 1982 is amended by adding at the end thereof the following new clause:

"(iv) Election by taxpayer with respect to contracts entered into after January 12, 1983.—In lieu of the elections under clauses (ii) and (iii), a taxpayer may elect to have the amendments made by subparagraphs (B) and (C) apply only with respect to contracts entered into after January 12, 1983."

(B) Clause (i) of section 105(c)(5)(D) of such Act is amended by striking out "clauses (ii) and (iii)" and inserting in lieu thereof "clauses (ii), (iii), and (iv)".

(5)(A) Subparagraph (A) of section 172(b)(2) (relating to amount of carrybacks and carryovers) is amended by striking out "and (6)" and inserting in lieu thereof "and (5)".

(B) Subsection (d) of section 172 (relating to modifications) is amended by redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(6) Subsection (b) of section 5684 is amended by striking out "subsections (a) and (b)" and inserting in lieu thereof "subsection (a)".

(7) Any amendment made by this subsection shall take effect as if included in the provisions of the Technical Corrections Act of 1982 to which such amendment relates.

(b) Coordination of Certain Amendments Made by Highway Revenue Act of 1982 and Public Law 97-473.—For purposes of applying the amendments made by section 547 of the Highway Revenue Act of 1982 and the amendment made by section 202(b)(2) of Public Law 97-473, Public Law 97-473 shall be deemed to have been enacted immediately before the Highway Revenue Act of 1982.

(c) No Designation of Principal Campaign Committee Required Where Only One Political Committee.—Effective for taxable years beginning after December 31, 1981, subparagraph (B) of section 527(h)(2) (relating to special rule for principal campaign committees) is amended by adding at the end thereof the following new sentence: "Nothing in this subsection shall be construed to require any designation where there is only one political committee with respect to a candidate."

Subtitle C—Amendments Relating to Highway Revenue Act of 1982

SEC. 631. VALUE OF USED COMPONENTS FURNISHED BY FIRST USER NOT TAKEN INTO ACCOUNT IN DETERMINING PRICE.

Subparagraph (B) of section 4052(b)(1) (relating to determination of price) is amended by striking out "and" at the end of clause (ii) and by inserting after clause (iii) the following new clause:

"(iv) the value of any component of such article if—

"(I) such component is furnished by the first user of such article, and

"(II) such component has been used before such furnishing, and".

SEC. 632. CLARIFICATION OF APPLICATION OF GASOLINE EXCISE TAX TO GASOHOL, ETC.

(a) GASOLINE EXCISE TAX TO APPLY TO GALLON OF GASOHOL.—

(1) IN GENERAL.—Paragraph (1) of section 4081(c) (relating to gasoline mixed with alcohol) is amended to read as follows:

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, subsection (a) shall be applied—

"(A) by substituting '4 cents' for '9 cents' in the case of the sale of any gasohol (the gasoline in which was not taxed under subparagraph (B)), and

"(B) by substituting '4⁴⁄₉ cents' for '9 cents' in the case of the sale of any gasoline for use in producing gasohol.

For purposes of this paragraph, the term 'gasohol' means any mixture of gasoline if at least 10 percent of such mixture is alcohol."

(2) LATER SEPARATION OF GASOLINE.—Paragraph (2) of section 4081(c) is amended—

(A) by striking out "at the rate of 4 cents a gallon" and inserting in lieu thereof "at a rate equivalent to 4 cents a gallon", and

(B) by striking out "5 cents a gallon" and inserting in lieu thereof "4⁴⁄₉ cents a gallon".

(3) CREDIT OR REFUND.—Paragraph (1) of section 6427(f) (relating to gasoline used to produce certain alcohol fuels) is amended by striking out "5 cents" and inserting in lieu thereof "4⁴⁄₉ cents".

(b) LOWER FLOOR STOCKS TAX ON GASOHOL.—Subsection (a) of section 521 of the Highway Revenue Act of 1982 is amended by inserting "(4 cents a gallon in the case of a gallon of gasohol, as defined in section 4081(c))" after "5 cents a gallon".

SEC. 633. CERTAIN CHAIN OPERATORS OF RETAIL GASOLINE STATIONS TREATED AS PRODUCERS.

(a) IN GENERAL.—Subsection (d) of section 4082 (defining wholesale distributor) is amended to read as follows:

"(d) WHOLESALE DISTRIBUTOR.—As used in subsection (a), the term 'wholesale distributor' includes—

"(1) any person who—

"(A) sells gasoline to producers, retailers, or to users who purchase in bulk quantities and deliver into bulk storage tanks, or

"(B) purchases gasoline from a producer and distributes such gasoline to 10 or more retail gasoline stations under common management with such person,

"(2) but only if such person elects to register with respect to the tax imposed by section 4081.

Such term does not include any person who (excluding the term 'wholesale distributor' from subsection (a)) is a producer or importer."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the first day of the first calendar quarter beginning after the date of the enactment of this Act.

SEC. 634. OTHER TECHNICAL AMENDMENTS.

(a) FLOOR STOCKS REFUNDS FOR TIRES TAXED AT LOWER RATE AFTER JANUARY 1, 1984.—

(1) IN GENERAL.—Paragraph (1) of section 523(b) of the Highway Revenue Act of 1982 (relating to floor stocks refunds for tires) is amended by inserting "(or will be subject to a lower rate of tax under such section)" after "and which will not be subject to tax under such section".

(2) AMOUNT OF REFUND LIMITED TO REDUCTION IN TAX.—Paragraph (2) of section 523(b) of such Act is amended by adding at the end thereof the following: "In the case of any tire which is a tax-repealed article solely by reason of the parenthetical matter in paragraph (1), the amount of the credit or refund under subsection (a) shall not exceed the excess of the tax imposed with respect to such tire by section 4071(a) as in effect on December 31, 1983, over the tax which would have been imposed with respect to such tire by section 4071(a) on January 1, 1984."

(b) OVERPAYMENTS OF TAX ON TRUCKS, ETC., AND TIRES.—

(1) TRUCKS, ETC.—

(A) IN GENERAL.—Subsection (b) of section 6416 (relating to special cases in which tax payments considered overpayments) is amended by inserting after paragraph (5) the following new paragraph:

"(6) TRUCK CHASSIS, BODIES, AND SEMITRAILERS USED FOR FURTHER MANUFACTURE.—If—

"(A) the tax imposed by section 4051 has been paid with respect to the sale of any article, and

"(B) before any other use, such article is by any person used as a component part of another article taxable under section 4051 manufactured or produced by him,

such tax shall be deemed to be an overpayment by such person. For purposes of the preceding sentence, an article shall be treated as having been used as a component part of another article if, had it not been broken or rendered useless in the manufacture or production of such other article, it would have been so used."

(B) TECHNICAL AMENDMENT.—Subparagraph (B) of section 6416(a)(2) is amended by striking out "or (5)" and inserting in lieu thereof "(5), or (6)".

(2) TIRES.—

(A) IN GENERAL.—Paragraph (4) of section 6416(b) (relating to tires) is amended to read as follows:

"(4) TIRES.—If—

"(A) the tax imposed by section 4071 has been paid with respect to the sale of any tire by the manufacturer, producer, or importer thereof, and

"(B) such tire is sold by any person on or in connection with, or with the sale of, any other article, such tax shall be deemed to be an overpayment by such person if such other article is—

"(i) an automobile bus chassis or an automobile bus body, or

"(ii) by such person exported, sold to a State or local government for the exclusive use of a State or local government, sold to a nonprofit educational organization for its exclusive use, or used or sold for use as supplies for vessels or aircraft."

(B) TECHNICAL AMENDMENTS.—

(i) Paragraph (2) of section 6416(b) is amended by striking out subparagraph (E).

(ii) Paragraph (3) of section 6416(b) (relating to tax-paid articles used for further manufacture, etc.) is amended by striking out subparagraph (C).

(iii) Subparagraph (C) of section 6416(a)(1) is amended by striking out ", (b)(3) (C) or (D), or (b)(4)".

(iv) Subparagraph (B) of section 6416(a)(2), as amended by paragraph (1)(B), is amended by inserting "(4)," before "(5)".

(v) Subparagraph (3) of section 6416(a) is amended to read as follows:

"(3) SPECIAL RULE.—For purposes of this subsection, in any case in which the Secretary determines that an article is not taxable, the term 'ultimate purchaser' (when used in paragraph (1)(B) of this subsection) includes a wholesaler, jobber, distributor, or retailer who, on the 15th day after the date of such determination, holds such article for sale; but only if claim for credit or refund by reason of this paragraph is filed on or before the date for filing the return with respect to the taxes imposed under chapter 32 for the first period which begins more than 60 days after the date on such determination."

(c) ALLOWANCE OF TAX-FREE SALES OF GASOLINE FOR USE IN NONCOMMERCIAL AVIATION.—

(1) IN GENERAL.—Section 4082 (relating to definitions with respect to the tax on gasoline) is amended by adding at the end thereof the following new subsection:

"(e) CERTAIN SELLERS OF GASOLINE FOR USE IN NONCOMMERCIAL AVIATION TREATED AS PRODUCERS.—For purposes of this subpart, the term 'producer' includes any person who regularly sells gasoline to owners, lessees, or operators of aircraft for use as fuel in such aircraft in noncommercial aviation (as defined in section 4041(c)(4))."

(2) REFUNDS.—Section 6427 (relating to fuels not used for taxable purposes) is amended by redesignating subsections (j), (k), and (l) as subsections (k), (l), and (m), respectively, and by inserting after subsection (i) the following new subsection:

"(j) SPECIAL RULES WITH RESPECT TO NONCOMMERCIAL AVIATION.—For purposes of subsection (a), in the case of gasoline—

"(1) on which tax was imposed under section 4041(c)(2),

"(2) on which tax was not imposed under section 4081, and

"(3) which was not used as an off-highway business use (within the meaning of section 6421(d)(2)),

the amount of the payment under subsection (a) shall be an amount equal to the amount of gasoline used as described in subsection (a) or resold multiplied by the rate equal to the excess of the rate of tax imposed by section 4041(c)(2) over the rate of tax imposed by section 4081."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the first day of the first calendar quarter beginning after the date of the enactment of this Act.

(d) FLOOR STOCKS REFUNDS FOR TREAD RUBBER.—Paragraph (1) of section 523(b) of the Highway Revenue Act of 1982 (relating to floor stocks refunds for tires) is amended by adding at the end thereof the following new sentence: "Any tread rubber which was subject to tax under section 4071(a)(4) as in effect on December 31, 1983, and which on January 1, 1984, is part of a retread tire which is held by a dealer and has not been used and is intended for sale shall be treated as a tax-repealed article for purposes of subsection (a) of section 522."

(e) PENALTIES, ETC. TO APPLY TO FLOOR STOCKS TAXES.—Subsection (c) of section

521 of the Highway Revenue Act of 1982 is amended by adding at the end thereof the following: "All other provisions of law, including penalties, applicable with respect to the taxes imposed by section 4081 or 4071(a) (whichever is appropriate) shall apply to the floor stocks taxes imposed by this section."

(f) No 1984 Short Taxable Period for Owner-Operators.—Subsection (a) of section 4481 (relating to tax on use of certain vehicles), as in effect before the amendments made by the Highway Revenue Act of 1982, is amended by striking out the last sentence.

(g) Clarification of Secondary Liability of Installers of Parts and Accessories Purchased Separately.—The text of section 4051(b)(3) is amended to read as follows: "The owners of the trade or business installing the parts or accessories shall be secondarily liable for the tax imposed by paragraph (1)."

(h) No Inference for Past Periods To Be Drawn From Amendment Relating to Customary Use of Trailers.—The subsection heading of subsection (c) of section 513 of the Highway Revenue Act of 1982 is amended by striking out "Clarification of".

SEC. 635. REPEAL OF CERTAIN PROVISIONS MADE OBSOLETE BY HIGHWAY REVENUE ACT OF 1982.

(a) Deletion of Terminated Manufacturers Excise Tax on Motor Vehicles.—

(1) Part I of subchapter A of chapter 32 is amended by striking out sections 4061, 4062, and 4063.

(2) The part heading and the table of sections for such part I are amended to read as follows:

"PART I—GAS GUZZLERS

"Sec. 4064. Gas guzzlers tax."

(3) The table of parts for subchapter A of chapter 32 is amended by striking out the item relating to part I and inserting in lieu thereof the following:

"Part I. Gas guzzlers."

(b) Cross-References to Terminated Manufacturers Excise Tax on Motor Vehicles Stated as Part of Retail Tax.—

(1) Exemptions.—Section 4053 (relating to exemptions from retail tax on heavy trucks, etc.) is amended to read as follows:

"SEC. 4053. EXEMPTIONS.

"No tax shall be imposed by section 4051 on any of the following articles:

"(1) Camper coaches bodies for self-propelled mobile homes.—Any article designed—

"(A) to be mounted or placed on automobile trucks, automobile truck chassis, or automobile chassis, and

"(B) to be used primarily as living quarters or camping accommodations.

"(2) Feed, seed, and fertilizer equipment.—Any body primarily designed—

"(A) to process or prepare seed, feed, or fertilizer for use on farms,

"(B) to haul feed, seed, or fertilizer to and on farms,

"(C) to spread feed, seed, or fertilizer on farms,

"(D) to load or unload feed, seed, or fertilizer on farms, or

"(E) for any combination of the foregoing.

"(3) House trailers.—Any house trailer.

"(4) Ambulances, hearses, etc.—Any ambulance, hearse, or combination ambulance-hearse.

"(5) Concrete mixers.—Any article designed—

"(A) to be placed or mounted on an automobile truck chassis or truck trailer or semitrailer chassis, and

"(B) to be used to process or prepare concrete.

"(6) Trash containers, etc.—Any box, container, receptacle, bin or other similar article—

"(A) which is designed to be used as a trash container and is not designed for the transportation of freight other than trash, and

"(B) which is not designed to be permanently mounted on or permanently affixed to an automobile truck chassis or body.

"(7) Rail trailers and rail vans.—Any chassis or body of a trailer or semitrailer which is designed for use both as a highway vehicle and a railroad car. For purposes of the preceding sentence, piggy-back trailer or semitrailer shall not be treated as designed for use as a railroad car."

(2) Certain combinations not treated as manufacture.—Subsection (c) of section 4052 (relating to definitions and special rules) is amended to read as follows:

"(c) Certain Combinations Not Treated as Manufacture.—

"(1) In general.—For purposes of this subchapter (other than subsection (a)(3)(B)), a person shall not be treated as engaged in the manufacture of any article by reason of merely combining such article with any item listed in paragraph (2).

"(2) Items.—The items listed in this paragraph are any coupling device (including any fifth wheel), wrecker crane, loading and unloading equipment (including any crane, hoist, winch, or power liftgate), aerial ladder or tower, snow and ice control equipment, earthmoving, excavation and construction equipment, spreader, sleeper cab, cab shield, or wood or metal floor."

(c) Other Technical and Conforming Amendments.—

(1) Clause (i) of section 48(l)(16)(B) (defining qualified intercity bus) is amended to read as follows:

"(i) the chassis of which is an automobile bus chassis and the body of which is an automobile bus body,".

(2)(A) The first sentence of section 4071(b) is amended by striking out "or inner tube" and by striking out "or tube" each place it appears.

(B) The first sentence of section 4071(c) is amended by striking out "on total weight," and all that follows and inserting in lieu thereof "on total weight exclusive of metal rims or rim bases."

(C) Subsection (e) of section 4071 is amended—

(i) by striking out "or inner tubes (other than bicycle tires and inner tubes)",

(ii) by striking out "and inner tubes" in paragraphs (1) and (2), and

(iii) by striking out the last sentence and inserting in lieu thereof the following: "This subsection shall not apply with respect to the sale of an automobile bus chassis or an automobile bus body."

(D) Subsection (f) of section 4071 (relating to imported recapped or retreaded United States tires) is hereby repealed.

(3) Section 4072 (relating to definitions) is amended by striking out subsection (b) and by redesignating subsection (c) as subsection (b).

(4) Section 4073 (relating to exemptions) is amended to read as follows:

"SEC. 4073. EXEMPTION FOR TIRES WITH INTERNAL WIRE FASTENING.

"The tax imposed by section 4071 shall not apply to tires of extruded tiring with an internal wire fastening agent."

(5)(A) The heading for part II of subchapter A of chapter 32 is amended by striking out "AND TUBES".

(B) The table of parts for subchapter A of chapter 32 is amended by striking out "and tubes" in the item relating to part II.

(C) The item relating to section 4073 in the table of sections for part II of subchapter A of chapter 32 is amended to read as follows:

"Sec. 4073. Exemption for tires with internal wire fastening."

(6)(A) Paragraph (1) of section 4216(b) (defining constructive sale price) is amended—

(i) by striking out "(other than an article the sale of which is taxable under section 4061(a))" in the second sentence, and

(ii) by striking out the third sentence.

(B) Paragraph (2) of section 4216(b) is amended by striking out subparagraph (C), by adding "and" at the end of subparagraph (B), and by redesignating subparagraph (D) as subparagraph (C).

(C) Subsection (b) of section 4216 is amended by striking out paragraph (5).

(D) Paragraph (3) of section 4216(b) is amended by striking out "paragraphs (4) and (5)" and inserting in lieu thereof "paragraph (4)".

(E) Paragraph (6) of section 4216(b) is redesignated as paragraph (5) and is amended by striking out "(1), (3), and (5)" and inserting in lieu thereof "(1) and (3)".

(F) Subsection (f) of section 4216 (relating to certain trucks incorporating used components) is hereby repealed.

(7)(A) Subsection (b) of section 4218 (relating to use by manufacturer or importer considered as sale) is amended—

(i) by striking out "or inner tube", and

(ii) by striking out "Except as provided in subsection (d), if" and inserting in lieu thereof "If".

(B) The heading for subsection (b) of section 4218 is amended by striking out "and Tubes".

(C) Section 4218 is amended by striking out subsections (c) and (d) and by redesignating subsection (e) as subsection (c).

(D) Subsection (a) of section 4218 is amended by striking out "(other than an article specified in subsection (b), (c), or (d))" and inserting in lieu thereof "(other than a tire taxable under section 4071)".

(8)(A) Subsection (a) of section 4221 (relating to tax-free sales) is amended by inserting "(or under section 4051 on the first retail sale)" after "manufacturer".

(B) Subsection (c) of section 4221 is amended by striking out "section 4063(a) (6) or (7), 4063(b), 4063(e)," and inserting in lieu thereof "section 4053(a)(6)".

(C) Paragraph (1) of section 4221(d) (defining manufacturer) is amended by inserting before the period ", and, in the case of the tax imposed by section 4051, includes the retailer with respect to the first retail sale".

(D) Paragraph (6) of section 4221(d) (relating to use in further manufacture) is amended—

(i) by striking out subparagraph (B) and the last sentence,

(ii) by striking out "(other than an article referred to in subparagraph (B))" in subparagraph (A),

(iii) by redesignating subparagraph (C) as subparagraph (B), and

(iv) by adding "or" at the end of subparagraph (A).

(E) Paragraph (2) of section 4221(e) is amended—

(i) by striking out "or inner tube" each place it appears; and

(ii) by striking out "or tube" each place it appears.

(F) The heading for paragraph (2) of section 4221(e) is amended by striking out "AND TUBES".

(G) Subsection (e) of section 4221 is amended by striking out paragraphs (4), (5), and (6) and inserting in lieu thereof the following:

"(3) TIRES USED ON INTERCITY, LOCAL, AND SCHOOL BUSES.—Under regulations prescribed by the Secretary, the tax imposed by section 4071 shall not apply in the case of tires sold for use by the purchaser on or in connection with a qualified bus."

(9) Subsection (d) of section 4222 is amended by striking out "4063(a)(7), 4063(b), 4063(e)," and inserting in lieu thereof "4053(a)(6),".

(10) Paragraph (1) of section 4223(b) is amended by striking out "section 4218(e)" and inserting in lieu thereof "4218(c)".

(11) Paragraph (2) of section 4227 is amended by striking out "and tubes".

(12)(A) So much of paragraph (1) of section 6412(a) (relating to floor stock refunds) as precedes "there shall be credited or refunded" is amended to read as follows:

"(1) TIRES AND GASOLINE.—Where before October 1, 1988, any article subject to the tax imposed by section 4071 or 4081 has been sold by the manufacturer, producer, or importer and on such date is held by a dealer and has not been used and is intended for sale,".

(B) Paragraph (1) of section 6412(a) is amended by striking out the last sentence.

(C) Subparagraph (A) of section 6412(a)(2) is amended to read as follows:

"(A) The term 'dealer' includes a wholesaler, jobber, distributor, or retailer."

(D) Subsection (c) of section 6412 is amended by striking out "4061, 4071," and inserting in lieu thereof "4071".

(13)(A) Subparagraph (C) of section 6416(b)(1) (relating to adjustment of tire price) is amended by striking out "section 4071(a) (1) or (2) or section 4071(b)" and inserting in lieu thereof "subsection (a) or (b) of section 4071".

(B) Paragraph (2) of section 6416(b) is amended by striking out subparagraph (F) and all that follows to the end thereof and inserting in lieu thereof the following:

"(E) in the case of any tire taxable under section 4071(a), sold to any person for use as described in section 4221(e)(3); or

"(F) in the case of gasoline, used or sold for use in the production of special fuels referred to in section 4041.

Subparagraphs (C) and (D) shall not apply in the case of any tax paid under section 4064."

(C) Paragraph (3) of section 6416(b) is amended by striking out all subparagraphs and the last sentence thereof and inserting in lieu thereof the following:

"(A) in the case of any article other than gasoline taxable under section 4081, such article is used by the subsequent manufacturer or producer as material in the manufacture or production of, or as a component part of—

"(i) another article taxable under chapter 32, or

"(ii) an automobile bus chassis or an automobile bus body,

manufactured or produced by him; or

"(B) in the case of gasoline taxable under section 4081, such gasoline is used by the subsequent manufacturer or producer, for nonfuel purposes, as a material in the manufacture or production of any other article manufactured or produced by him."

(D) Subparagraph (B) of section 6416(a)(2) is amended by striking out "or (B)".

(E) Section 6416 is amended by striking out subsections (c) and (g) and by redesignating subsections (e), (f), (h), and (i) as subsections (c), (d), (e), and (f), respectively.

(F) Subparagraph (A) of section 6416(b)(3) is amended by striking out "(except in any case to which subsection (g) applies)".

(14) Section 6511 is amended by striking out subsection (i) and by redesignating subsection (j) as subsection (i).

(15) Paragraph (3) of section 9502(b) is amended by striking out "under paragraphs (2) and (3) of section 4071(a), with respect to tires and tubes of types used on aircraft" and inserting in lieu thereof "under section 4071 with respect to tires of the types used on aircraft".

(16) Sections 1366(f)(1) and 6401(b) are each amended by striking out ", special fuels, and lubricating oil" and inserting in lieu thereof "and special fuels".

SEC. 636. EFFECTIVE DATE.

Except as otherwise provided in this subtitle, any amendment made by this subtitle shall take effect as if included in the provisions of the Highway Revenue Act of 1982 to which such amendment relates.

Subtitle D—Amendments to Other Laws

PART I—CHANGES IN OASDI, PUBLIC ASSISTANCE, AND RELATED PROVISIONS OF THE SOCIAL SECURITY ACT

SEC. 641. CHANGES IN TITLE II OF THE SOCIAL SECURITY ACT NECESSITATED BY THE 1983 AMENDMENTS.

(a) Section 201(l)(3)(B)(i) of the Social Security Act (as added by section 142(a)(3)(B) of the Social Security Amendments of 1983 (in this part referred to as the "1983 Amendments")) is amended by inserting "Insurance" after "Survivors".

(b)(1) Section 202(c)(1) of such Act is amended (in the matter appearing between subparagraphs (D) and (E) of such section, as amended by section 301(a)(2)(C) of the 1983 Amendments)—

(A) by striking out all that follows "has attained" and precedes ", the first month" in clause (i) and inserting in lieu thereof "retirement age (as defined in section 216(l))";

(B) by striking out all that follows "has not attained" and precedes ", or" in clause (ii)(I) and inserting in lieu thereof "retirement age (as defined in section 216(l))"; and

(C) by striking out "to which" in the matter following clause (ii) and inserting in lieu thereof "in which".

(2) Section 202(c)(5)(A) of such Act (as added by section 301(a)(5) of the 1983 Amendments) is amended by striking out "classes (i) and (ii)" and inserting in lieu thereof "clauses (i) and (ii)".

(c)(1) Section 202(e)(2)(A) of such Act (as amended by section 133(a)(1)(B) of the 1983 Amendments) is amended by striking out all that follows "subsection (q)," and precedes "subparagraph (D) of this paragraph" and inserting in lieu thereof "paragraph (7) of this subsection, and".

(2) Section 202(e)(2)(C) of such Act (as designated and amended by section 133(a)(1)(B) of the 1983 Amendments) is amended—

(A) by striking out the period immediately after "deceased individual"; and

(B) by inserting a closing parenthesis after "paragraph (3) of such subsection (w)".

(3) Paragraph (7) of section 202(e) of such Act (as redesignated by section 131(a)(3)(A) of the 1983 Amendments) is amended by striking out "paragraph (2)(B)," and inserting in lieu thereof "paragraph (2)(D),".

(d)(1) Section 202(f)(1)(C)(ii) of such Act (as added by section 306(g) of the 1983 Amendments) is amended by striking out all that follows "attained" and precedes ", and" and inserting in lieu thereof "retirement age (as defined in section 216(l))".

(2) Section 202(f)(2)(A) of such Act is amended by striking out "paragraph (3)(B)," and inserting in lieu thereof "paragraph (3)(D),".

(3) Section 202(f)(3)(C) of such Act (as designated and amended by section 133(b)(1)(B) of the 1983 Amendments) is amended by striking out the period immediately after "deceased individual".

(e) Section 202(q)(9)(B)(i) of such Act (as amended by section 201(b)(1) of the 1983 Amendments) is amended by striking out "section 216(a)" and inserting in lieu thereof "section 216(l)".

(f) Section 202(x) of such Act (as added by section 339(a) of the 1983 Amendments) is amended by adding at the beginning thereof the following heading:

"Limitation on Payments to Prisoners".

(g)(1) Section 203(d) of such Act (as amended by sections 132(b)(2) and 309(h) of the 1983 Amendments) is amended—

(A) by striking out "on seven or more different calendar days of which he engaged" in paragraph (1)(A) and inserting in lieu thereof "for more than forty-five hours of which such individual engaged"; and

(B) by striking out "on seven or more different calendar days" in paragraph (2) and inserting in lieu thereof "for more than forty-five hours".

(2) The amendments made by paragraph (1) shall apply only with respect to months beginning with the second month after the month in which this Act is enacted.

(h) Section 205(r) of such Act (as added by section 336 of the 1983 Amendments) is amended—

(1) by striking out "(r)(3)(A) and (r)(3)(B)" in paragraph (4) and inserting in lieu thereof "subparagraphs (A) and (B) of paragraph (3)";

(2) by striking out "the Act" in paragraph (7) and inserting in lieu thereof "this Act"; and

(3) by striking out the heading and inserting in lieu thereof the following:

"Use of Death Certificates to Correct Program Information".

(i)(1) Section 209(e) of such Act (as amended by section 324(c)(2) of the 1983 Amendments) is amended by striking out the semicolon after "Act of 1974".

(2) Section 209 of such Act is further amended by striking out "section 414(h)(2) of such Code" in the material added by section 324(c)(1) of the 1983 Amendments and inserting in lieu thereof "section 414(h)(2) of such Code where the pickup referred to in such section is pursuant to a salary reduction agreement (whether evidenced by a written instrument or otherwise)".

(j)(1) Section 210(a) of such Act (as amended by sections 321(b) and 322(a)(1)(B) of the 1983 Amendments), in the matter preceding paragraph (1), is amended by striking out the matter which follows "such affiliate" and precedes "or (C)" and the matter which follows "section 233" and precedes "except", and by inserting in lieu thereof a comma and a semicolon, respectively.

(2) Section 210(a)(5)(B) of such Act (as amended by section 101(a)(1) of the 1983 Amendments) is amended to read as follows:

"(B) is performed by an individual who—

"(i) has been continuously performing service described in subparagraph (A) since December 31, 1983, and for purposes of this clause—

"(I) if an individual performing service described in subparagraph (A) returns to the performance of such service after being separated therefrom for a period of less than 366 consecutive days, regardless of whether the period began before, on, or after December 31, 1983, then such service shall be considered continuous.

"(II) if an individual performing service described in subparagraph (A) returns to the performance of such service after being detailed or transferred to an international organization as described under section 3343 of subchapter III of chapter 33 of title 5, United States Code, or under section 3581 of chapter 35 of such title, then the service performed for that organization shall be considered service described in subparagraph (A),

"(III) if an individual performing service described in subparagraph (A) is reemployed or reinstated after being separated from such service for the purpose of accepting employment with the American Institute of Taiwan as provided under section 3310 of chapter 48 of title 22, United States Code, then the service performed for that Institute shall be considered service described in subparagraph (A), and

"(IV) if an individual performing service described in subparagraph (A) returns to the performance of such service after performing service as a member of a uniformed service (including, for purposes of this clause, service in the National Guard and temporary service in the Coast Guard Reserve) and after exercising restoration or reemployment rights as provided under chapter 43 of title 38, United States Code, then the service so performed as a member of a uniformed service shall be considered service described in subparagraph (A); or

"(ii) is receiving an annuity from the Civil Service Retirement and Disability Fund, or benefits (for service as an employee) under another retirement system established by a law of the United States for employees of the Federal Government (other than for members of the uniformed services);".

(3) Section 210(a)(5)(v) of such Act (as so amended) is amended to read as follows:

"(v) any other service in the legislative branch of the Federal Government if such service—

"(I) is performed by an individual who was not subject to subchapter III of chapter 83 of title 5, United States Code, or to another retirement system established by a law of the United States for employees of the Federal Government (other than for members of the uniformed services), on December 31, 1983, or

"(II) is performed by an individual who was subject to subchapter III of chapter 83 of such title 5, or to another retirement system established by a law of the United States for employees of the Federal Government (other than for members of the uniformed services), on December 31, 1983, but who—

"(a) commenced the performance of such service in the legislative branch after that date, or

"(b) was separated from service in the legislative branch after that date and has returned to the performance of such service, unless such individual becomes subject to such subchapter III within 45 days after the effective date of such commencement or return (or, if later, within 45 days after the date of the enactment of this subclause), or remains subject to such other retirement system, and unless (in the case of a separation and return described in subdivision (b)) the period of the separation was less than 366 consecutive days;

and for purposes of this clause (v) an individual is subject to such subchapter III or to any such other retirement system at any time only if (1) such individual's pay is subject to deductions, contributions, or similar payments (concurrent with the service being performed at that time) under section 8334(a) of such title 5 or the corresponding provision of the law establishing such other system, or (in a case to which section 8332(k)(1) of such title applies) such individual is making payments of amounts equivalent to such deductions, contributions, or similar payments while on leave without pay, or (2) such individual is receiving an annuity from the Civil Service Retirement and Disability Fund, or is receiving benefits (for service as an employee) under another retirement system established by a law of the United States for employees of the Federal Government (other than for members of the uniformed services);".

(4) The amendments made by paragraphs (2) and (3) shall be effective with respect to service performed after December 31, 1984.

(k)(1) Section 215(a)(7)(B)(ii)(I) of such Act (as added by section 113(a) of the 1983 Amendments) is amended by striking out "who initially become eligible for old-age or disability insurance benefits" and inserting in lieu thereof "who become eligible (as defined in paragraph (3)(B)) for old-age insurance benefits (or became eligible as so defined for disability insurance benefits before attaining age 62)".

(2) Section 215(a)(7)(C)(ii) of such Act (as so added) is amended by striking out "survivors" and inserting in lieu thereof "survivor's".

(3) Section 215(f)(9)(B)(i) of such Act (as added by section 113(c) of the 1983 Amendments) is amended by striking out "as though such primary insurance amount had initially been computed without regard to subsection (a)(7) or (d)(5)" and inserting in lieu thereof "as though the recomputed primary insurance amount were being computed under subsection (a)(7) or (d)(5)".

(4) Section 215(i)(5)(A) of such Act (as added by section 112(c) of the 1983 Amendments) is amended by adding at the end thereof the following new sentence: "Any amount so increased that is not a multiple of $0.10 shall be decreased to the next lower multiple of $0.10.".

(5) Section 215(i)(5)(B) of such Act (as so added) is amended—

(A) by striking out clause (iii) and inserting in lieu thereof the following:

"(iii) multiplying such quotient by 100 so as to yield such applicable additional percentage (which shall be rounded to the nearest one-tenth of 1 percent),";

(B) by striking out "ending with such subsequent calendar year" in clauses (iv) and (v) and inserting in lieu thereof "ending with the year before such subsequent calendar year"; and

(C) by striking out "initially became eligible for an old-age or disability insurance benefit" in clause (v) and inserting in lieu thereof "became eligible (as defined in subsection (a)(3)(B)) for the old-age or disability insurance benefit that is being increased under this subsection".

(l)(1) Section 216(f) of such Act is amended by adding at the end thereof the following new sentence: "For purposes of subparagraph (C) of section 202(c)(1), a divorced husband shall be deemed not to be married throughout the month in which he becomes divorced.".

(2) Section 216(h)(3)(A)(i) of such Act (as amended by section 201(c)(1)(D) of the 1983 Amendments (after the application of section 642(b)(1) of this Act)) is amended by striking out "(as defined in section 216(l))" and inserting in lieu thereof "(as defined in subsection (l))".

(3) Section 216(i)(2) of such Act (as amended by section 201(c)(1)(D) of the 1983 Amendments (after the application of section 642(b)(1) of this Act)) is amended by striking out "(as defined in section 216(l))" in subparagraphs (B) and (D) and inserting in lieu thereof "(as defined in subsection (l))".

(m) Subparagraph (B) of section 223(c)(1) of such Act is amended by moving clause (iii) (as added by section 332(b)(2) of the 1983 Amendments) two ems to the left, and by moving the preceding provisions of such subparagraph two ems to the right, so that the left margin of such subparagraph and its clauses is indented four ems and is aligned with the margin of subparagraph (A) of such section.

(n) Section 229(b) of such Act (as amended by section 151(b)(1) of the 1983 Amendments) is amended by adding at the end thereof the following new sentence: "Additional adjustments may be made in the amounts so authorized to be appropriated to the extent that the amounts transferred in accordance with clauses (i) and (ii) of section 151(b)(3)(B) of the Social Security Amendments of 1983 with respect to wages deemed to have been paid in 1983 were in excess of or were less than the amount which the Secretary, on the basis of appropriate data, determines should have been so transferred.".

SEC. 642. CHANGES IN TEXT OF THE 1983 AMENDMENTS.

(a) Section 101(d) of the Social Security Amendments of 1983 (Public Law 98-21) is amended by striking out "remuneration paid" and inserting in lieu thereof "service performed".

(b) Section 112(f) of such Amendments is amended by inserting "of such Act" after "section 201(a)".

(c) Section 201(c) of such Amendments is amended—

(1) by inserting "the" immediately before "age of 65" in paragraph (1); and

(2) by inserting "the" immediately before "age of sixty-five" in paragraph (3).

(d) Section 301(a)(5) of such Amendments is amended by striking out "Section 202(c)" and inserting in lieu thereof "Effective with respect to monthly insurance benefits for months after December 1984 (but only on the basis of applications filed on or after January 1, 1985), section 202(c)".

(e) Section 305(d)(2) of such Amendments is amended by inserting "each place it appears" immediately before "in subsection (c)(4)(C)".

(f)(1) Section 422A(c)(9) of the Internal Revenue Code of 1954 (relating to special rule when disabled) is amended by striking out "section 105(d)(4)" and inserting in lieu thereof "section 37(e)(3)".

(2)(A) Section 324(d)(1) of the Social Security Amendments of 1983 is amended by adding at the end thereof the following new sentence: "For purposes of applying such amendments to remuneration paid after December 31, 1983, which would have been taken into account before January 1, 1984, if such amendments had applied to periods before January 1, 1984, such remuneration shall be taken into account when paid (or, at the election of the payor, at the time which would be appropriate if such amendments had applied).".

(B) Section 324(d)(2) of such Amendments is amended by adding at the end thereof the following new sentence: "For purposes of applying such amendments to remuneration paid after December 31, 1984, which would have been taken into account before January 1, 1985, if such amendments had applied to periods before January 1, 1985, such remuneration shall be taken into account when paid (or, at the election of the payor, at the time which would be appropriate if such amendments had applied).".

(C) Section 324(d)(4) of such Amendments is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, any plan or agreement to make payments described in paragraph (2), (3), or (13)(A)(iii) of section 3121(a) of such Code (as in effect on the day before the date of the enactment of this Act) shall be treated as a nonqualified deferred compensation plan.".

(g) Section 327(d) of such Amendments (relating to codification of Rowan decision with respect to meals and lodging) is amended to read as follows:

"(d)(1) The amendments made by subsection (a) shall apply to remuneration paid after December 31, 1983.

"(2) The amendments made by subsection (b) and subsection (c)(4) shall apply to remuneration (other than amounts excluded under section 119 of the Internal Revenue Code of 1954) paid after March 4, 1983, and to any such remuneration paid on or before such date which the employer treated as wages when paid.

"(3) The amendments made by paragraphs (1), (2), and (3) of subsection (c) shall apply to remuneration paid after December 31, 1984.".

(h)(1) The second sentence of section 338(b)(3) of such amendments is amended to read as follows: "Each member of the Panel shall be allowed travel and related expenses which shall be subject to the same regulations and limitations (insofar as they are applicable) as those which the Senate Committee on Rules and Administration prescribes for application to travel and related expenses for which payment is authorized to be made from the contingent fund of the Senate.".

(2) Section 338(b) of such amendments is further amended by adding at the end thereof the following new paragraph:

"(6) The provisions of section 8344 of title 5, United States Code, shall not apply to service by an individual as a member of the Panel.".

(3) The amendments made by this subsection shall take effect on January 1, 1984.

(i) Section 339(b) of such amendments is amended to read as follows:

"(b) Section 223 of such Act is amended by adding at the end thereof the following new subsection:

" '(h) For provisions relating to limitation on payments to prisoners, see section 202(x).'.".

(j) Section 111(e) of such Amendments is amended by inserting "Budget" before "Reconciliation".

SEC. 643. OTHER TECHNICAL CORRECTIONS IN THE SOCIAL SECURITY ACT AND RELATED PROVISIONS.

(a)(1)(A) The fourth sentence of section 201(d) of the Social Security Act is amended—

(i) by striking out "the Second Liberty Bond Act, as amended," and inserting in lieu thereof "chapter 31 of title 31, United States Code,"; and

(ii) by striking out "public-debt obligation" and inserting in lieu thereof "public-debt obligations".

(B) Section 201(g)(1)(B) of such Act is amended by striking out "clauses" in the first sentence and inserting in lieu thereof "clause".

(2)(A)(i) Section 202(d)(1) of such Act, in clause (ii) in the matter which follows subparagraph (C) and precedes subparagraph (D), is amended by striking out "paragraphs" and "paragraph" and inserting in lieu thereof "subparagraphs" and "subparagraph", respectively.

(ii) Section 202(d)(1)(G) of such Act is amended—

(I) by striking out the comma after "age of 18";

(II) by striking out "the age of 22," and inserting in lieu thereof "the age of 22—";

(III) by striking out ", or, subject to section 223(e), the termination month (and for purposes" and inserting in lieu thereof the following:

"(i) the termination month, subject to section 223(e) (and for purposes";

(IV) by striking out "after the 15 months" and all that follows down through "such earlier month." and inserting in lieu thereof the following:

"after the 15 months following such period of trial work in which he engages or is determined able to engage in substantial gainful activity),

or (if later) the earlier of—

"(ii) the first month during no part of which he is a full-time elementary or secondary school student, or

"(iii) the month in which he attains the age of 19,

but only if he was not under a disability (as so defined) in such earlier month."; and

(V) by indenting all of clause (i) (as designated and amended by the preceding provisions of this subparagraph) four ems, so as to align its left margin with the margins of clauses (ii) and (iii) (as so designated).

(iii) The second sentence of section 202(d)(7)(A) of such Act is amended by striking out "the date of the enactment of this paragraph" and inserting in lieu thereof "the effective date of this sentence".

(B) Section 202(e)(1) of such Act is amended—

(i) by striking out the first comma after "age 60" in the matter following subparagraph (F)(ii); and

(ii) by striking out "he engages" in the last sentence and inserting in lieu thereof "she engages".

(C) Section 202(f)(1) of such Act is amended by striking out the first comma after "age 60" in the matter following subparagraph (F)(ii).

(D) Section 202(f)(3)(D)(i) of such Act is amended by striking out the semicolon after "applicable,".

(E) Section 2202(a)(1)(B) of Public Law 97-35 is amended by striking out "as".

(F)(i) Section 202(q)(3)(G) of the Social Security Act is amended by striking out "as if the period" and inserting in lieu thereof "if the period".

(ii) Section 202(q)(7)(E) of such Act is amended by striking out "he attained retirement age" and inserting in lieu thereof "she or he attained retirement age".

(G) Section 202(t)(4)(E) of such Act is amended—

(i) by inserting "of 1937 or 1974" after "Railroad Retirement Act" where it first appears; and

(ii) by inserting before the semicolon at the end thereof the following: "of 1937 or section 18(2) of the Railroad Retirement Act of 1974".

(H) Section 202(u)(1)(B) of such Act is amended by striking out ", 112, or 113".

(3)(A) Section 203(a)(8) of such Act is amended by adding a period at the end thereof.

(B) Section 203(d)(2) of such Act is amended by striking out "an individual who is entitled" and inserting in lieu thereof "an individual under the age of seventy who is entitled".

(C) Section 203(f)(5)(B)(ii) of such Act is amended by striking out "702(a)(9)" and inserting in lieu thereof "702(a)(8)".

(D) Section 203(f)(8) of such Act is amended by indenting subparagraphs (B) and (C) two additional ems (for a total indentation of four ems) so as to align their left margins with the margins of subparagraphs (A) and (D).

(4)(A) Section 205(c)(5)(D) of such Act is amended by inserting "of 1937 or 1974" after "Railroad Retirement Act" each place it appears.

(B) Section 205(c)(5)(I) of such Act is amended by inserting before the semicolon at the end thereof the following: "or section 7(b)(7) of the Railroad Retirement Act of 1974".

(C) Section 205(e) of such Act is amended by striking out "on order" and inserting in lieu thereof "an order".

(D) Section 205(h) of such Act is amended by striking out "section 24 of the Judicial Code of the United States" and inserting in lieu thereof "section 1331 or 1346 of title 28, United States Code,".

(E) Section 205(i) of such Act is amended by striking out all that follows "through" and precedes "and prior" and inserting in lieu thereof "the Fiscal Service of the Department of the Treasury,".

(F) Section 205(p)(1) of such Act is amended by striking out "section 1420(e) of the Internal Revenue Code" and inserting in lieu thereof "section 3122 of the Internal Revenue Code of 1954".

(5) Section 208 of such Act is amended by indenting paragraphs (f) through (h) two ems so as to align their left margins with the margins of paragraphs (a) through (e) (and by appropriately further indenting subdivisions (1), (2), and (3) of paragraph (g)).

(6)(A) Section 209 of such Act is amended—

(i) by indenting paragraphs (5) through (9) of subsection (a) two ems so as to align their left margins with the margins of the preceding paragraphs of such subsection;

(ii) by striking out "(p) Remuneration" and inserting in lieu thereof "(p)(1) Remuneration";

(iii) by striking out the period at the end of paragraph (p)(i) as redesignated by clause (ii) of this subparagraph and inserting in lieu thereof a semicolon;

(iv) by striking out "(p) Any contribution" and inserting in lieu thereof "(2) Any contribution"; and

(v) by indenting subsections (e), (f), and (k) through (r) two ems so as to align their left margins with the margins of subsections (a) through (d) and subsections (g), (h), and

(j) (appropriately further indenting paragraphs (1) and (2) of subsection (f) and paragraphs (1) and (2) of subsection (m)).

(B) The seventh paragraph from the end of section 209 of such Act (relating to remuneration for service performed as a member of a uniformed service) is amended by striking out "section 102(10) of the Servicemen's and Veterans' Survivor Benefits Act" and inserting in lieu thereof "chapter 3 and section 1009 of title 37, United States Code".

(7)(A) Section 210(a)(1) of such Act is amended by striking out "(A)" and all that follows down through "or (B)".

(B) Section 210(a)(7) of such Act is amended by indenting subparagraph (D) two additional ems (for a total indentation of four ems) so as to align its left margin with the margins of subparagraphs (A) through (C).

(C) Section 210(a)(9) of such Act is amended by striking out "section 1532 of the Internal Revenue Code" and inserting in lieu thereof "section 3231 of the Internal Revenue Code of 1954".

(D) Section 210(a)(19) of such Act is amended by striking out the comma after "; or".

(E) Section 210(l)(2) of such Act is amended—

(i) by striking out "section 102 of the Servicemen's and Veterans' Survivor Benefits Act" and inserting in lieu thereof "paragraph (21) of section 101 of title 38, United States Code"; and

(ii) by striking out "such section" and inserting in lieu thereof "paragraph (22) of such section".

(F) Section 210(l)(3) of such Act is amended by striking out "such section 102" and inserting in lieu thereof "paragraph (23) of such section 101".

(G) Section 210(m) of such Act is amended—

(i) by striking out "a reserve component of a uniformed service as defined in section 102(3) of the Servicemen's and Veterans' Survivor Benefits Act" in the first sentence and inserting in lieu thereof "a reserve component as defined in section 101(27) of title 38, United States Code";

(ii) by inserting ", the National Oceanic and Atmospheric Administration Corps," after "Coast and Geodetic Survey" in the first sentence;

(iii) by striking out "military or naval" each place it appears in paragraph (5) and inserting in lieu thereof "military, naval, or air"; and

(iv) by striking out "Universal Military Training and Service Act" in paragraph (5)(B) and inserting in lieu thereof "Military Selective Service Act".

(8)(A) Section 211(a) of such Act is amended by striking out "chapter 1 of the Internal Revenue Code", "such chapter", and "section 183 of such code" in the matter preceding paragraph (1) and inserting in lieu thereof "subtitle A of the Internal Revenue Code of 1954", "such subtitle", and "section 702(a)(8) of such Code", respectively.

(B) Section 211(a)(3) of such Act is amended—

(i) by striking out "chapter 1 of the Internal Revenue Code" and inserting in lieu thereof "subtitle A of the Internal Revenue Code of 1954"; and

(ii) by inserting "or" before "(C)".

(C) Section 211(a)(4) of such Act is amended by striking out "section 23(a) of such code" and inserting in lieu thereof "section 172 of the Internal Revenue Code of 1954".

(D) Section 211(a) of such Act is further amended by striking out "702(a)(9)" in clauses (iii) and (iv) (in the matter following paragraph (12)) and inserting in lieu thereof in each instance "702(a)(8)".

(E) Section 211(b)(1) of such Act is amended by indenting subparagraphs (D), (G), (H), and (I) an additional two ems (for a total indentation of four ems) so as to align their left margins with the margins of the other subparagraphs of such section.

(F) Section 211(c) of such Act is amended by striking out "section 23 of the Internal Revenue Code" and inserting in lieu thereof "section 162 of the Internal Revenue Code of 1954".

(G) Section 211(c)(3) of such Act is amended by striking out "section 1532 of the Internal Revenue Code" and inserting in lieu thereof "section 3231 of the Internal Revenue Code of 1954".

(H) Section 211(d) of such Act is amended by striking out "supplement F of chapter 1 of the Internal Revenue Code" and inserting in lieu thereof "subchapter K of chapter 1 of the Internal Revenue Code of 1954".

(I) Section 211(e) of such Act is amended by striking out "chapter 1 of the Internal Revenue Code", "chapter 1 of such code", and "such chapter 1" and inserting in lieu thereof "subtitle A of the Internal Revenue Code of 1954", "subtitle A of such Code", and "such subtitle A", respectively.

(9)(A) Section 213(a)(1) of such Act is amended by striking out "means" and inserting in lieu thereof "mean".

(B) Section 213(a)(2)(B)(ii) of such Act is amended by striking out "equal to $3,000" and inserting in lieu thereof "equal $3,000".

(10)(A) Section 215(a)(1) of such Act is amended—

(i) by striking out "of such benefits" in subparagraph (B)(i) and inserting in lieu thereof "for such benefits";

(ii) by striking out "amounts" in subparagraph (B)(iii) and inserting in lieu thereof "amount"; and

(iii) by striking out "scetion 217" in subparagraph (C)(ii) and inserting in lieu thereof "section 217".

(B) Section 215(a)(4) of such Act is amended by indenting subparagraph (B) two ems so as to align its left margin with the margin of subparagraph (A) (and by appropriately further indenting clauses (i) and (ii) of such subparagraph (B)).

(C) Section 215(f)(2)(A) of such Act is amended by striking out "primary insurance account" and inserting in lieu thereof "primary insurance amount".

(D) Section 215(h) of such Act is amended—

(i) by adding at the beginning thereof the following heading:

"Service of Certain Public Health Service Officers";

and

(ii) by striking out "Civil Service Commission" in paragraph (1) and inserting in lieu thereof "Director of the Office of Personnel Management".

(E) Section 215 of such Act is further amended—

(i) by striking out "he" each place it appears in subsections (a)(2)(B)(i), (a)(3)(B)(i), (a)(4)(A), (b)(2)(A) (second sentence), (b)(3)(A)(ii)(I), (b)(4), and (f)(2)(D)(ii), and the first place it appears in subsection (f)(2)(A), and inserting in lieu thereof "he or she";

(ii) by striking out "his" each place it appears in subsections (a)(3)(B)(ii), (b)(1)(A), and (b)(2)(B)(ii)(II) and inserting in lieu thereof "his or her";

(iii) by striking out "him" in subsections (d)(1)(C) and (e)(1) and inserting in lieu thereof "such individual"; and

(iv) by striking out "he" the second place it appears in subsection (f)(2)(A) and inserting in lieu thereof "the Secretary".

(11)(A) Section 2203(d)(4) of Public Law 97-35 is amended by inserting after "at the end of paragraph (3)" the following: "(after and below subparagraph (C)(ii))".

(B) Section 216(i)(2)(F)(ii) of the Social Security Act is amended by striking out "enacted," in the matter immediately preceding subdivision (I) and inserting in lieu thereof "enacted—".

(12)(A) Section 217(d) of such Act is amended by indenting paragraphs (1) and (2) two ems.

(B) Section 217(e)(1) of such Act is amended by inserting ", National Oceanic and Atmospheric Administration Corps," after "Coast and Geodetic Survey" in the last sentence.

(C) Section 217(f)(1) of such Act is amended by striking out "Civil Service Commission" and inserting in lieu thereof "Director of the Office of Personnel Management".

(13) Section 218(i) of such Act is amended by striking out "subchapter A or E of chapter 9 of the Internal Revenue Code" and inserting in lieu thereof "chapter 21 and subtitle F of the Internal Revenue Code of 1954".

(14) Section 221(e) of such Act is amended by striking out "Federal Disability Trust Fund is charged" and inserting in lieu thereof "Federal Disability Insurance Trust Fund is charged".

(15)(A) Subsections (a) and (b)(1) of section 222 of such Act are amended by striking out "the Vocational Rehabilitation Act" each place it appears and inserting in lieu thereof "title I of the Rehabilitation Act of 1973".

(B) Section 222(b)(3) of such Act is amended by striking out "equal" and inserting in lieu thereof "equals".

(C) Section 222(b)(4) of such Act is amended by striking out "full-time student" and inserting in lieu thereof "full-time elementary or secondary school student".

(16)(A) Section 223(d)(2)(A) of such Act is amended by striking out "an individual" and inserting in lieu thereof "An individual".

(B)(i) Section 223 of such Act is further amended by striking out "he" each place the term appears (except in subsection (c)(1)(B)(iii)) and inserting in lieu thereof—

(I) "such individual" in subsections (a)(1) (the first, second, fourth, sixth, and seventh places it appears in the first sentence, and in the second, third, and fourth sentences), (a)(2) (the first, third, and fourth places it appears in the first sentence, and in the second sentence), (c)(1)(A) (the first place it appears), (c)(1)(B)(i), (c)(1)(B)(ii) (the first place it appears), (c)(2)(B) (the first place it appears), (d)(1)(B), (d)(2)(A) (the second and third places it appears), (e), and (g)(2)(A); and

(II) "he or she" in subsections (a)(1) (the third and fifth places it appears), (a)(2) (the second and fifth places it appears), (b), (c)(1)(A) (the second place it appears), (c)(1)(B)(ii) (the second place it appears), (c)(2)(B) (the second place it appears), (d)(2)(A) (the first and fourth places it appears), and (d)(5).

(ii) Section 223 of such Act is further amended by striking out "his" each place the term appears (except in subsection (d)(2)(B)) and inserting in lieu thereof—

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(I) "such individual's" in subsections (d)(2)(A) (the first place it appears) and (d)(4) (the second place it appears); and

(II) "his or her" in subsections (a)(1), (a)(2), (d)(2)(A) (the second place it appears), (d)(4) (the first and third places it appears), (e), and (g)(2).

(iii) Section 223 of such Act is further amended by striking out "him" each place the term appears and inserting in lieu thereof—

(I) "such individual" in subsections (d)(2)(A) and (d)(4) (the second place it appears); and

(II) "him or her" in subsection (d)(4) (the first place it appears).

(17) Section 226(b) of such Act is amended (in the matter following paragraph (2)(C)) by striking out "part (A)" and inserting in lieu thereof "part A".

(18) The last sentence of section 230(c) of such Act is amended by striking out "(3)(f)(3)" and inserting in lieu thereof "3(f)(3)".

(b)(1) Section 302(b) of such Act is amended by striking out all that follows "through" and precedes "and prior" and inserting in lieu thereof "the Fiscal Service of the Department of the Treasury".

(2) Section 303(a)(4) of such Act is amended by striking out "1606(b)" and inserting in lieu thereof "3305(b)".

(3) Section 303(a)(5) of such Act (as amended by the 1983 Amendments) is amended—

(A) by striking out "1606(b)" and inserting in lieu thereof "3305(b)"; and

(B) by striking out the punctuation mark immediately before the last proviso and inserting in lieu thereof a colon.

(4) Section 303(c) of such Act is amended by striking out "That" in paragraphs (1) and (2) and inserting in lieu thereof "that".

(5) Section 303(e)(2)(A)(i) of such Act is amended by striking out "child support obligatons" and inserting in lieu thereof "child support obligations".

(c)(1)(A) Section 402(a)(9) of such Act is amended by striking out "use of disclosure" and inserting in lieu thereof "use or disclosure".

(B) Section 402(a)(14) of such Act is amended by striking out "(A) provide that" and inserting in lieu thereof "provide (A) that".

(C) Section 402(a)(19)(F)(i) of such Act is amended by striking out "or section 408" and inserting in lieu thereof "or section 472".

(D) Section 402(a)(19)(G) of such Act is amended by striking out the comma before "that" in clause (iv).

(E) Section 402(a) of such Act is further amended—

(i) by striking out "must" immediately before the first of its 36 numbered subdivisions and inserting in lieu thereof "must—";

(ii) by indenting and aligning such numbered subdivisions (without altering any of the numbering, language, or punctuation) to the extent necessary to make each of such subdivisions a numbered paragraph with its left margin indented two ems (and with any designated internal subdivisions within such paragraphs (including the numbered subdivisions in subparagraphs (A) and (B) of paragraph (8) and in subparagraph (A) of paragraph (14) but not including such subparagraphs themselves, and not including any of the subdivisions in paragraphs (9), (10), (15), (19)(G), (25), (30), (31), (33), and (36)) being appropriately further indented and aligned as subparagraphs or clauses);

(iii) by striking out "and" after the semicolon at the end of paragraph (5);

(iv) by striking out "clause" each place it appears in paragraphs (15)(A), (15)(B), and (19)(F) and inserting in lieu thereof "paragraph"; and

(v) by striking out "section 402(a)(7)" in paragraph (19)(D) and inserting in lieu thereof "paragraph (7)".

(F) Section 402(c) of such Act is amended by striking out "clause" each place it appears and inserting in lieu thereof "paragraph".

(2)(A) Section 403(b)(3) of such Act is amended by striking out all that follows "through" and precedes "and prior" and inserting in lieu thereof "the Fiscal Service of the Department of the Treasury".

(B) Clause (ii) in the last sentence of section 403(j) of such Act is amended by striking out the comma after "excess payments".

(3)(A) Section 406(b)(2) of such Act is amended by adding "and" after the semicolon at the end of clause (C), by striking out clause (D), and by redesignating clause (E) as clause (D).

(B)(i) The last sentence of section 406(b) of such Act, and section 402(a)(19)(F)(i) of such Act, are each amended by striking out "clauses (A) through (E)" and inserting in lieu thereof "clauses (A) through (D)".

(ii) Section 402(a)(26)(B) of such Act is amended by striking out "subparagraphs (A) through (E)" and inserting in lieu thereof "clauses (A) through (D)".

(4)(A) Section 407(b)(1)(C) of such Act is amended by striking out "such father", and "he" each place it appears, and by inserting in lieu thereof in each instance "such parent".

(B) Section 407(b)(2)(A) of such Act is amended by striking out "thirty days" and inserting in lieu thereof "30 days".

(5) Section 409(a) of such Act is amended—

(A) by striking out "vacanies" in paragraph (1)(B) and inserting in lieu thereof "vacancies"; and

(B) by striking out "part (C)" in paragraph (3) and inserting in lieu thereof "part C".

(6) Section 410 of such Act is amended by striking out "Food Stamp Act of 1964" in subsections (a) and (c) and inserting in lieu thereof "Food Stamp Act of 1977".

(7)(A) Section 414(b)(5) of such Act in amended by striking out "receipients" and inserting in lieu thereof "recipients".

(B) Section 415(b)(1)(B)(ii) of such Act is amended by striking out "determinig" and inserting in lieu thereof "determining".

(8) Section 420(b) of such Act is amended by striking out the comma immediately after "preceding sentence".

(9) Section 441 of such Act is amended by striking out "(a)".

(10) Section 444(d) of such Act is amended by striking out "rereferred" and inserting in lieu thereof "referred".

(11) Section 445(b)(1)(E) of such Act is amended by striking out "Comprehensive Employment and Training Act of 1973" and inserting in lieu thereof "Job Training Partnership Act".

(12) The second sentence of section 452(c)(2) of such Act is amended by striking out "preceding section" and inserting in lieu thereof "preceding sentence".

(13) Section 453(b)(2) of such Act is amended by striking out ", or the United States" and inserting in lieu thereof "of the United States".

(14) Section 454 of such Act is amended—

(A) by striking out "of such parent" in paragraph (9)(C);

(B) by striking out "collection and distribution," in clause (A)(ii) of paragraph (16) and inserting in lieu thereof "collection, and distribution"; and

(C) by indenting paragraph (17) two ems so as to align its left margin with the margins of the preceding paragraphs, and amending such paragraph (as so indented)—

(i) by striking out "to accept" and inserting in lieu thereof "provide that the State will accept",

(ii) by striking out " and to impose" and inserting in lieu thereof "will impose",

(iii) by striking out "to transmit" and inserting in lieu thereof "will transmit", and

(iv) by striking out ", otherwise to comply" and inserting in lieu thereof "will otherwise comply".

(15) Section 456 of such Act is amended—

(A) by inserting "(1)" after "SEC. 456. (a)";

(B) by striking out "(1) The amount" and inserting in lieu thereof "(2) The amount";

(C) by striking out "(2) Any" and inserting in lieu thereof "(3) Any"; and

(D) by striking out "paragraphs (1)(A) and (B)" and inserting in lieu thereof "subparagraphs (A) and (B) of paragraph (2)".

(16) The heading of section 458 of such Act is amended by striking out "STATES" and inserting in lieu thereof "STATES".

(17) Section 462(f)(2) of such Act is amended by striking out "dependents" and inserting in lieu thereof "dependents' ".

(18)(A) Section 474(b)(4)(A) of such Act is amended by striking out "subparagraph (c)" and inserting in lieu thereof "subparagraph (C)".

(B) Section 474(c)(2) of such Act is amended by striking out "relvant" and inserting in lieu thereof "relevant".

(C) Section 474(d)(1) of such Act is amended—

(i) by striking out "and (c)" the second place it appears and inserting in lieu thereof "and (C)"; and

(ii) by striking out "secretary" and inserting in lieu thereof "Secretary".

(d)(1) Section 901(c) of such Act is amended by aligning paragraphs (1) through (4) (including the subparagraphs in paragraph (3)) flush with the left margin (but with appropriate indentation in the case of the subparagraphs and clauses in paragraph (1)).

(2) Section 901(f) of such Act is amended by moving paragraph (3) two ems to the left, so that its left margin is in flush alignment with the margins of the other paragraphs in such section.

(3) Section 904(b) of such Act is amended by striking out "the Second Liberty Bond Act, as amended," and inserting in lieu thereof "chapter 31 of title 31, United States Code,".

(4) Section 908(d) of such Act is amended by striking out "5703(b)" and inserting in lieu thereof "5703".

(e)(1)(A) Subparagraphs (C) and (D) of section 1101(a)(8) of such Act are amended by indenting them 4 ems so as to align their left margin with the left margin of subparagraphs (A) and (B) of such section.

(B) Paragraph (9) of section 1101(a) of such Act is amended by indenting it (including subparagraphs (A) through (D) and clauses (i) and (ii) of subparagraph (C)) 4 additonal ems so as to align the left margin at the beginning of such paragraph with the left margin of paragraph (8)(A) of such section.

(2)(A) Section 1107(a) of such Act is amended by striking out ", subchapter E of chapter 1 or subchapter A, C, or E of chapter 9 of the Internal Revenue Code,".

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(B) The amendment made by subparagraph (A) shall not apply to returns filed or representations made on or before the date of the enactment of this Act.

(3) Section 1107(b) of such Act is amended—

(A) by striking out "he" each place it appears and inserting in lieu thereof "he or she"; and

(B) by striking out "former wife divorced," each place it appears and inserting in lieu thereof "divorced wife, divorced husband, surviving divorced wife, surviving divorced husband, surviving divorced mother, surviving divorced father,".

(4) Section 1114(h)(1) of such Act is amended by striking out "sections 281, 283, and 1914 of title 18 of the United States Code, and section 190 of the Revised Statutes (5 U.S.C. 99)" and insert in lieu thereof "sections 203, 205, and 209 of title 18, United States Code".

(5) Section 1115(a) of such Act is amended by striking out "VI,", "602,", and "603,".

(6) Section 1116 of such Act is amended—

(A) by striking out "VI," in subsections (a)(1), (b), and (d);

(B) by striking out "604," in subsection (a)(3); and

(C) by striking out "XVI," and all that follows through "part A" in subsection (d) and inserting in lieu thereof "XVI, or XIX, or part A".

(7) Section 1131(a) of such Act is amended—

(A) by striking out the period after "section 204(d) of this Act" in paragraph (2)(B) and inserting in lieu thereof a comma; and

(B) by moving the matter following paragraph (2)(B) two ems to the left so that it is flush with the left margin.

(f) Title XIII of such Act is repealed.

(g)(1) Section 1611(c) of such Act is amended by adding at the beginning thereof the following heading:

"Period for Determination of Benefits".

(2) Section 1611(g) of such Act is amended by striking out "or individuals" and inserting in lieu thereof "or such individual".

(3) Section 1612(b)(2) of such Act is amended by indenting subparagraph (B) two ems so as to align its left margin with the margin of subparagraph (A).

(4) Section 1612(b)(9) of such Act is amended by inserting a comma after "child".

(5) The heading of section 1613(c) of such Act is amended to read as follows:

"Disposal of Resources For Less Than Fair Market Value".

(6) Section 1614(a)(3) of such Act is amended by moving subparagraph (E) two ems to the left, so that its left margin is in flush alignment with the margins of the other subparagraphs in such section.

(7) Section 1614(d)(1) of such Act is amended by striking out "man and women" and inserting in lieu thereof "man and woman".

(8) Section 1615 of such Act is amended by striking out "the Vocational Rehabilitation Act" in subsections (a), (c), and (d) and inserting in lieu thereof "title I of the Rehabilitation Act of 1973".

(9) Section 1618 of such Act is amended—

(A) by moving subsection (d) two ems to the left, so that its left margin is in flush alignment with the margins of the other subsections in such section;

(B) by striking out the comma after "levels of its" in such subsection (d); and

(C) by inserting a comma after "1980", and after "1976" each place it appears, in such subsection.

(10) Section 1621(e) of such Act is amended by striking out "severably" and inserting in lieu thereof "severally".

(11) Section 1631(b)(1) of such Act is amended by striking out "equity or" and inserting in lieu thereof "equity and".

(12) Section 1631(d)(1) of such Act is amended by striking out "(e), and (f)" and inserting in lieu thereof "and (e)".

(h)(1) Section 2002(b) of such Act is amended by striking out "section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213)" and inserting in lieu thereof "section 6503 of title 31, United States Code,".

(2) Section 2006(c) of such Act is amended by striking out "section 202 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4212)" and inserting in lieu thereof "section 6503 of title 31, United States Code".

(i)(1) Subsection (f) of section 86 of the Internal Revenue Code of 1954 is amended by redesignating paragraphs (1), (2), (3), and (4) as paragraphs (2), (3), (4), and (5), respectively, and by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) section 37(c)(3)(A) (relating to reduction for amounts received as pension or annuity),".

(2) Subsection (a) of section 132 of such Code is amended by striking out paragraphs (5) and (7) and by redesignating paragraph (8) as paragraph (6).

(3) Section 3121(b)(1) of such Code is amended by striking out "(A)" and all that follows down through "or (B)".

(4)(A) Section 3121(b)(5)(B) of such Code (as amended by section 101(b)(1) of the 1983 Amendments) is amended to read as follows:

"(B) is performed by an individual who—

"(i) has been continuously performing service described in subparagraph (A) since December 31, 1983, and for purposes of this clause—

"(I) if an individual performing service described in subparagraph (A) returns to the performance of such service after being separated therefrom for a period of less than 366 consecutive days, regardless of whether the period began before, on, or after December 31, 1983, then such service shall be considered continuous,

"(II) if an individual performing service described in subparagraph (A) returns to the performance of such service after being detailed or transferred to an international organization as described under section 3343 of subchapter III of chapter 33 of title 5, United States Code, or under section 3581 of chapter 35 of such title, then the service performed for that organization shall be considered service described in subparagraph (A),

"(III) if an individual performing service described in subparagraph (A) is reemployed or reinstated after being separated from such service for the purpose of accepting employment with the American Institute in Taiwan as provided under section 3310 of chapter 48 of title 22, United States Code, then the service performed for that Institute shall be considered service described in subparagraph (A), and

"(IV) if an individual performing service described in subparagraph (A) returns to the performance of such service after performing service as a member of a uniformed service (including, for purposes of this clause, service in the National Guard and temporary service in the Coast Guard Reserve) and after exercising restoration or reemployment rights as provided under chapter 43 of title 38, United States Code, then the service so performed as a member of a uniformed service shall be considered service described in subparagraph (A); or

"(ii) is receiving an annuity from the Civil Service Retirement and Disability Fund, or benefits (for service as an employee) under another retirement system established by a law of the United States for employees of the Federal Government (other than for members of the uniformed service);".

(B) Section 3121(b)(5)(v) of such Code (as so amended) is amended to read as follows:

"(v) any other service in the legislative branch of the Federal Government if such service—

"(I) is performed by an individual who was not subject to subchapter III of chapter 83 of title 5, United States Code, or to another retirement system established by a law of the United States for employees of the Federal Government (other than for members of the uniformed services), on December 31, 1983, or

"(II) is performed by an individual who was subject to subchapter III of chapter 83 of such title 5, or to another retirement system established by a law of the United States for employees of the Federal Government (other than for members of the uniformed services), on December 31, 1983, but who—

"(a) commenced the performance of such service in the legislative branch after that date, or

"(b) was separated from service in the legislative branch after that date and has returned to the performance of such service,

unless such individual becomes subject to such subchapter III within 45 days after the effective date of such commencement or return (or, if later, within 45 days after the date of the enactment of this subclause), or remains subject to such other retirement system, and unless (in the case of a separation and return described in subdivision (b)) the period of the separation was less than 366 consecutive days;

and for purposes of this clause (v) an individual is subject to such subchapter III or to any such other retirement system at any time only if (1) such individual's pay is subject to deductions, contributions, or similar payments (concurrent with the service being performed at that time) under section 8334(a) of such title 5 or the corresponding provision of the law establishing such other system, or (in a case to which section 8332(k)(1) of such title applies) such individual is making payments of amounts equivalent to such deductions, contributions, or similar payments while on leave without pay, or (2) such individual is receiving an annuity from the Civil Service Retirement and Disability Fund, or is receiving benefits (for service as an employee) under another retirement system established by a law of the United States for employees of the Federal Government (other than for members of the uniformed services);".

(C) The amendments made by subparagraphs (A) and (B) shall be effective with respect to service performed after December 31, 1983.

(5) Section 3121(i)(2) of such Code is amended by striking out "section 102(10) of the Servicemen's and Veterans' Survivor Benefits Act" and inserting in lieu thereof "chapter 3 and section 1009 of title 37, United States Code".

(6) Section 3121(m)(2) of such Code is amended—

(A) by striking out "section 102 of the Servicemen's and Veterans' Survivor Benefits Act" and inserting in lieu thereof "paragraph (21) of section 101 of title 38, United States Code"; and

(B) by striking out "such section" and inserting in lieu thereof "paragraph (22) of such section".

(7) Section 3121(m)(3) of such Code is amended by striking out "such section 102" and inserting in lieu thereof "paragraph (23) of such section 101".

(8) Section 3121(n) of such Code is amended—

(A) by striking out "a reserve component of a uniformed service as defined in section 102(3) of the Servicemen's and Veterans' Survivor Benefits Act" in the first sentence and inserting in lieu thereof "a reserve component as defined in section 101(27) of title 38, United States Code";

(B) by inserting ", the National Oceanic and Atmospheric Administration Corps," after "Coast and Geodetic Survey" in the first sentence;

(C) by striking out "military or naval" each place it appears in paragraph (5) and inserting in lieu thereof "military, naval, or air"; and

(D) by striking out "Universal Military Training and Service Act" in paragraph (5)(B) and inserting in lieu thereof "Military Selective Service Act".

(9) Effective January 1, 1984, subparagraph (B) of section 3121(v)(1) of such Code is amended to read as follows:

"(B) any amount treated as an employer contribution under section 414(h)(2) where the pickup referred to in such section is pursuant to a salary reduction agreement (whether evidenced by a written instrument or otherwise).".

(10) Effective January 1, 1985, subparagraph (B) of section 3306(r)(1) of such Code is amended to read as follows:

"(B) any amount treated as an employer contribution under section 414(h)(2) where the pickup referred to in such section is pursuant to a salary reduction agreement (whether evidenced by a written instrument or otherwise).".

(11) Section 6334(c) of such Code is amended by inserting "(including section 207 of the Social Security Act)" immediately after "any other law of the United States".

(j)(1) Section 1101(a)(6) of the Social Security Act is amended by striking out "means" and all that follows and inserting in lieu thereof "means the Secretary of Health and Human Services.".

(2) The following provisions of such Act are amended by striking out "Health, Education, and Welfare" wherever it appears and inserting in lieu thereof "Health and Human Services":

(A) In title II—

(i) subsections (a)(3), (a)(4), (b)(1), (b)(2), (g)(1), (g)(2), (g)(4), and (i)(1) of section 201;

(ii) subsections (q)(4)(B), (q)(6)(B), and (r)(1) of section 218; and

(iii) subsections (b)(3) and (b)(4) of section 231;

(B) in title IV—

(i) subsections (b)(2) and (b)(3) of section 403;

(ii) subsection (a) of section 431;

(iii) subsection (b) of section 436;

(iv) section 439;

(v) section 441;

(vi) section 443;

(vii) subsection (a) of section 444;

(viii) subsection (a) of section 452;

(ix) subsection (b)(1) of section 453;

(x) paragraph (8)(B) of section 454; and

(xi) section 460;

(C) in title VII—

(i) section 702; and

(ii) subsection (c)(1) of section 706;

(D) in title XI—

(i) section 1102;

(ii) subsection (b) of section 1106;

(iii) subsection (b) of section 1107;

(iv) subsection (c) of section 1114;

(v) section 1120; and

(vi) subsection (a) of section 1126;

(E) in title XVI, section 1602; and

(F) in title XVIII—

(i) subsections (a), (f)(1), (g), and (h) of section 1817;

(ii) subsections (a)(2) and (d)(1) of section 1840;

(iii) subsections (f), (g), (h), and (i) of section 1841; and

(iv) subsection (b)(3) of section 1842.

(3) The following provisions of such Act are amended by striking out "of Health, Education, and Welfare" wherever it appears:

(A) In title II—

(i) subsections (a)(10)(B) and (l)(4)(A) of section 210;

(ii) subsections (a)(2), (a)(3), (b)(2), (e)(2), (e)(3), and (f)(1) of section 217;

(iii) subsections (a)(1), (c)(4), (d)(3), (d)(7), (h)(2), (h)(3), (i), (j), (k)(1), (l), and (p)(2) of section 218;

(iv) subsection (g) of section 228; and

(v) subsection (d) of section 233;

(B) in title IV—

(i) subsection (a)(3) of section 403; and

(ii) subsection (e) of section 407; and

(C) in title XIX, section 1901.

(4) Section 205(l) of such Act is amended by striking out "employee" and all that follows down through "designated" and inserting in lieu thereof "employee of the Department of Health and Human Services designated".

(5) The following provisions of the Internal Revenue Code of 1954 are amended by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services":

(A) Subsection (d)(6)(B)(ii) of section 51;

(B) subsections (c)(1), (c)(2)(E), (g)(1), (g)(3)(A), and (g)(3)(B) of section 1402;

(C) subsection (b)(10)(B) of section 3121;

(D) subsections (d) and (f) of section 6057;

(E) subsection (l)(5) of section 6103; and

(F) paragraph (5) of section 6511(d).

(k) Sections 432(d), 432(f)(1), 433(g), and 434(b) of the Social Security Act are each amended by striking out "of Labor" wherever it appears.

(l) Any reference to the Federal Security Administrator which may remain in the provisions of title II, IV, VII, or XI of the Social Security Act (other than section 1101(a)(6) of such Act) is amended—

(1) by substituting "Secretary" or "Secretary's" for the term "Administrator" or "Administrator's", where the reference is to that term alone;

(2) by substituting "Secretary of Health, Education, and Welfare" for the term "Federal Security Administrator", where the reference is to that term, if the provision containing such reference is amended by paragraph (2) or (3) of subsection (j) (in which case the amendment of such provision under this paragraph shall be deemed to have taken effect immediately prior to the amendment of such provision under such paragraph (2) or (3)); and

(3) by substituting "Secretary of Health and Human Services" for the term "Federal Security Administrator" in any other case where the reference is to that term; but nothing in this subsection shall affect the exercise under section 402(a)(5) of such Act of the functions, powers, and duties relating to the prescription of personnel standards on a merit basis which were transferred from the Secretary of Health, Education, and Welfare by section 208(a)(3)(D) of Public Law 91-648.

SEC. 644. EFFECTIVE DATES.

(a) The amendments made by sections 641 and 642 shall be effective as though they had been included in the enactment of the Social Security Amendments of 1983 (Public Law 98-21).

(b) Except to the extent otherwise specifically provided in this subtitle, the amendments made by section 643 shall be effective on the date of the enactment of this Act; but none of such amendments shall be construed as changing or affecting any right, liability, status, or interpretation which existed (under the provisions of law involved) before that date.

PART II—CHANGES IN MEDICARE-RELATED PROVISIONS OF THE SOCIAL SECURITY ACT

SEC. 646. CHANGES IN MEDICARE PROVISIONS RELATING TO THE 1983 AMENDMENTS.

(a)(1) Section 1866(a)(1)(F) of the Social Security Act is amended by inserting "a professional standards review organization (if there is such an organization in existence in the area in which the hospital is located as of July 1, 1983) or" before "a utilization and quality control".

(2) The amendment made by paragraph (1) shall take effect on the sixtieth day following the date of the enactment of this Act.

(b)(1) Section 1886(d)(1) of such Act is amended—

(A) by striking out ", or discharges occurring" in subparagraph (C), and

(B) by striking out "cost reporting periods beginning, or" in subparagraph (D).

(2) Section 1886(c)(4)(A) of such Act is amended by striking out "and (D)" and inserting in lieu thereof "(D) and (E)".

(3) Section 1886(e)(5) of such Act is amended—

(A) by striking out "for public comment" in the matter before subparagraph (A), and

(B) by inserting "for public comment" in subparagraph (A) after "that fiscal year,".

(4) Section 1866(a)(1)(F) of such Act (as added by section 602(f)(1)(C) of the Social Security Amendments of 1983 (in this part referred to as the "1983 Amendments") is amended by striking out "(c) or (d)" and inserting in lieu thereof "(b), (c), or (d)".

(5)(A) The last sentence of section 1878(f)(1) of such Act is amended by inserting "or which have obtained a hearing under subsection (b)" after "common ownership or control".

(B) The amendment made by subparagraph (A) shall be effective with respect to any appeal or action brought on or after the date of the enactment of this Act.

(6) Section 1818(c) of such Act is amended by striking out "subsection (a) of section 1839" and inserting in lieu thereof "subsection (b) of section 1839".

(c)(1) Section 1817(a) of the Social Security Act (as amended by section 141(b) of the 1983 Amendments) is amended—

(A) by striking out "monthly on the first day of each calendar month" in the next to last sentence and inserting in lieu thereof "from time to time",

(B) by striking out "to be paid to or deposited into the Treasury during such month" in such sentence and inserting in lieu thereof "paid to or deposited into the Treasury", and

(C) by striking out the last sentence.

(2) The amendments made by paragraph (1) shall become effective on the first day of the month following the month in which this Act is enacted.

(d)(1) Section 602(h)(2) of the Social Security Amendments of 1983 (Public Law 98-21) is amended by adding at the end the following new subparagraph:

"(C) Notwithstanding section 604(a)(1), the amendments made by this paragraph shall be effective with respect to any appeal or action brought on or after the date of the enactment of the Tax Reform Act of 1984.".

(2) Section 604(c) of such Amendments is amended by adding at the end the following new paragraph:

"(4) The Secretary shall cause to be published in the Federal Register proposed regulations to carry out subsection (c) of section 1886 of the Social Security Act (as amended by this title) no later than May 1, 1984, and allow for a period of 45 days for public comment thereon. After consideration of the comments received, the Secretary shall cause to be published in the Federal Register final regulations to carry out such subsection not later than August 1, 1984.".

(e) Except as otherwise specifically provided in this section, the amendments made by this section shall be effective as though they had been included in the enactment of the Social Security Amendments of 1983 (Public Law 98-21).

SEC. 647. ENROLLMENT AND PREMIUM PENALTY WITH RESPECT TO WORKING AGED PROVISION.

(a) The second sentence of section 1839(b) of the Social Security Act is amended by adding before the period at the end the following: ", but there shall not be taken into account months in which the individual has met the conditions specified in clauses (i) and (iii) of section 1862(b)(3)(A) and can demonstrate that the individual was enrolled in a group health plan described in clause (iv) of such section by reason of the individual's (or the individual's spouse's) current employment".

(b) Section 1837 of such Act is amended by adding at the end the following new subsection:

"(i)(1) In the case of an individual who—

"(A) meets the conditions described in clauses (i) and (iii) of section 1862(b)(3)(A),

"(B) at the time the individual first satisfies paragraph (1) or (2) of section 1836, is enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of the individual's (or the individual's spouse's) current employment, and

"(C) has elected not to enroll (or to be deemed enrolled) under this section during the individual's initial enrollment period,

there shall be a special enrollment period described in paragraph (3).

"(2) In the case of an individual who—

"(A) meets the conditions described in clauses (i) and (iii) of section 1862(b)(3)(A),

"(B)(i) has enrolled (or has been deemed to have enrolled) in the medical insurance program established under this part during the individual's initial enrollment period and any subsequent special enrollment period under this subsection during which the individual was not enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of the individual's (or individual's spouse's) current employment, and

"(C) has not terminated enrollment under this section at any time at which the individual is not enrolled in such a group health plan by reason of the individual's (or individual's spouse's) current employment,

there shall be a special enrollment period described in paragraph (3).

"(3) The special enrollment period referred to in paragraphs (1) and (2) is the period—

"(A) beginning with the first day of the third month before the month in which the individual attains the age of 70 and ending seven months later, or

"(B) beginning with the first day of the first month in which the individual is no longer enrolled in a group health plan described in section 1862(b)(3)(A)(iv) by reason of current employment and ending seven months later,

whichever period begins earlier.".

(c) Section 1838 of such Act is amended by adding at the end the following new subsection:

"(e) Notwithstanding subsection (a), in the case of an individual who enrolls during a special enrollment period pursuant to—

"(1) subparagraph (A) of section 1837(i)(3)—

"(A) before the month in which he attains the age of 70, the coverage period shall begin on the first day of the month in which he has attained the age of 70, or

"(B) in or after the month in which he attains the age of 70, the coverage period shall begin on the first day of the month following the month in which he so enrolls; or

"(2) subparagraph (B) of section 1837(i)(3)—

"(A) in the first month of the special enrollment period, the coverage period shall begin on the first day of such month, or

"(B) in a month after the first month of the special enrollment period, the coverage period shall begin on the first day of the month following the month in which he so enrolls.".

(d)(1) The amendment made by subsection (a) shall apply to months beginning with January 1983 for premiums for months beginning with July 1984.

(2) The amendments made by subsections (b) and (c) shall apply to enrollments in months beginning with July 1984, except that in the case of any individual who would have had a special enrollment period under section 1837(i) of the Social Security Act that would have begun before July 1, 1984, such period shall be deemed to begin on July 1, 1984.

SEC. 648. OTHER TECHNICAL CORRECTIONS IN MEDICARE-RELATED PROVISIONS OF THE SOCIAL SECURITY ACT AND RELATED ACTS.

(a)(1) Section 1122(b) of the Social Security Act is amended—

(A) by striking out the period at the end of paragraph (1) and inserting in lieu thereof a comma, and

(B) by striking out "(or the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963)".

(2) Section 1122(i)(3) of such Act is amended by striking out "5703(b)" and inserting in lieu thereof "5703".

(3) Section 1128A(g) of such Act is amended by striking out "Professional Standards Review Organization" and inserting in lieu thereof "utilization and quality control peer review organization".

(4) Section 1129(a) of such Act is amended by striking out "Sate" and inserting in lieu thereof "State".

(5) The heading of title XI of such Act is amended by striking out "PROFESSIONAL STANDARDS REVIEW" and inserting in lieu thereof "PEER REVIEW".

(b)(1) The last sentence of sections 1814(a) of such Act and the last sentence of section 1835(a) of such Act are each amended by striking out "contractural" and inserting in lieu thereof "contractual".

(2) Sections 1817(c) and 1841(c) of such Act are each amended by striking out "under the Second Liberty Bond Act, as amended" and inserting in lieu thereof "under chapter 31 of title 31, United States Code".

(3) Section 1818(c)(1) of such Act is amended by striking out "Act" and inserting in lieu thereof "section".

(4) Section 1818(d)(2) of such Act is amended by striking out "if midway between multiples of $1" and inserting in lieu thereof ", if a multiple of 50 cents but not a multiple of $1,".

(5) Section 1833(a)(2) of such Act is amended by indenting subparagraphs (A) and (B) two additional ems so as to align their left margins with the left margin of subparagraph (C) and by appropriately further indenting the clauses and subclauses of such subparagraphs.

(6) Section 1832(a)(2)(F)(ii)(II) of such Act is amended by striking out "Organization" and inserting in lieu thereof "organization".

(7) Section 1833(a)(1) of such Act is amended by striking out "and" at the end thereof.

(8) Section 1835(a)(2) of such Act is amended—

(A) by striking out "and" at the end of subparagraphs (B) and (C), and

(B) by indenting subparagraph (D) two additional ems so as to align its left margin with the left margin of subparagraph (C).

(9) Section 1835(e) of such Act is amended—

(A) by inserting "(i)" in paragraph (2) after "written assurances that",

(B) by striking out "(B)" in paragraph (2) and inserting in lieu thereof "(ii)",

(C) by striking out "return for" in paragraph (2) and inserting in lieu thereof "return of", and

(D) by striking out "(1) such hospital" and "(2) the Secretary" and inserting in lieu thereof "(A) such hospital" and "(B) the Secretary", respectively.

(10) Section 1837(g)(1) of such Act is amended by striking out "section 226(a)(2)(B)" and "section 1839(e)" and inserting in lieu thereof "section 226(b)" and "section 1839(d)", respectively.

(11) Sections 1840(d)(1), 1840(d)(2), and 1841(h) of such Act are each amended by striking out "Civil Service Commission" and inserting in lieu thereof "Director of the Office of Personnel Management" each place it appears.

(12) Section 1841(h) of such Act is amended by striking out "it" and inserting in lieu thereof "the Director".

(13) Section 1842(b)(3)(B)(ii)(II) of such Act is amended by striking out the period following "title".

(14) The seventh sentence of section 1842(b) of such Act is amended by striking out "(i)" and "(ii)" and inserting in lieu thereof "(I)" and "(II)", respectively.

(15) Section 1842(h)(3) of such Act is amended by striking out "lowest charged" and insert in lieu thereof "lowest charge".

(16) Section 1843(d)(3)(B) of such Act is amended by striking out "1937" and inserting in lieu thereof "1974".

(17) Section 1844(a)(1)(B)(ii) of such Act is amended by striking out the period and inserting in lieu thereof "; plus".

(18) Sections 1864(c) and 1875(b) of such Act are each amended by striking out "the" after "Joint Commission on".

(19) Section 1861(j)(2) of such Act is amended by striking out "provision of" and inserting in lieu thereof "provision for".

(20) Section 1861(j)(13) of such Act is amended by striking out "a nursing home" and inserting in lieu thereof "an institution".

(21) Section 1861(u) of such Act is amended by striking out "or" before "home health agency".

(22) Section 1861(v)(1) of such Act is amended—

(A) by redesignating the clause (B) in subparagraph (A) as subparagraph (B) with the first line of such subparagraph indented 2 ems;

(B) by aligning subparagraphs (C) and (D) flush with the left margin (but with appropriate indentation in the case of the clauses and subclauses of subparagraph (C)); and

(C) by inserting a comma after "section 1832(a)(2)(B)(i)" in subparagraph (D).

(23) Section 1861(v)(1)(C)(i) of such Act is amended by inserting a dash after "but only if".

(24) Section 1861(v)(1)(E)(ii) of such Act is amended by striking out "uses" and inserting in lieu thereof "use".

(25) Section 1861(v)(1)(I) of such Act is amended by striking out "to the Secretary, or upon request to the Comptroller General" in clauses (i) and (ii) and inserting in lieu thereof "by the Secretary, or upon request by the Comptroller General".

(26) Section 1861(v)(3) of such Act is amended by striking out "semiprivate" and inserting in lieu thereof "semi-private".

(27) Section 1861(z)(2) of such Act is amended by striking out "subparagraph (1)" and inserting in lieu thereof "paragraph (1)".

(28) Section 1861(aa)(2)(I) of such Act is amended by striking out "ultilization" and inserting in lieu thereof "utilization".

(29) Section 1861(cc)(1)(F) of such Act is amended by striking out "self administered" and inserting in lieu thereof "self-administered".

(30) Section 1861(cc)(2)(F) of such Act is amended by striking out "standard establishment" and inserting in lieu thereof "standards established".

(31) Section 1862(a)(12) of such Act is amended by striking out the second comma after "dental procedure".

(32) Section 1862(b)(3)(A)(iii) of such Act is amended by inserting "before the month" after "ending with the month".

(33) Section 1863 of such Act is amended by striking out "(j)(11)" and inserting in lieu thereof "(j)(15)".

(34) Section 1866(a)(1)(E) of such Act is amended by adding at the end a comma.

(35) Section 1866(b) of such Act is amended by moving the alignment of paragraph (3) two ems to the left so as to align its left margin with the left margin of paragraph (4).

(36) Section 1869(b)(1)(B) of such Act is amended by striking out ", or section 1818, or section 1819" and inserting in lieu thereof "or section 1818".

(37) Section 1872 of such Act is amended—

(A) by striking out the comma after "206", and

(B) by striking out "(f),".

(38) Section 1876(b)(2)(D) of such Act is amended by striking out "paragraph (1)" and inserting in lieu thereof "subparagraph (A)".

(39) Section 1876(c)(4)(A)(i) of such Act is amended by striking out "promptly as appropriate" and inserting in lieu thereof "with reasonable promptness".

(40) Section 1878(c) of such Act is amended by striking out "inadmissable" and inserting in lieu thereof "inadmissible".

(41) Section 1878(e) of such Act is amended by striking out ", (e), and (f)" and inserting in lieu thereof "and (e)".

(42) Section 1881 of such Act is amended by striking out "end-stage" and inserting in lieu thereof "end stage" each place it appears.

(43) Section 1886(a)(2)(B) of such Act is amended by striking out "disportionate" and inserting in lieu thereof "disproportionate".

(44) Section 1886(b)(3)(A)(ii) of such Act is amended by inserting "of" after "in the case".

(45) Section 1886(d)(3)(D)(i)(I) of such Act is amended by striking out "(C)," and inserting in lieu thereof "(C))".

(c)(1)(A) Section 903(a)(4) of Public Law 96-499 is amended by striking out "new paragraph".

(B) Section 937(c) of Public Law 96-499 is amended by striking out "on on" and inserting in lieu thereof "on or".

(2) Section 2353(h)(1) of Public Law 97-35 is amended by striking out the comma after "XIX".

(3)(A) Section 114(c)(2)(C)(ii) of Public Law 97-248 is amended by inserting "and enrolled under part B" after "part A".

(B) Section 114(c)(3)(E) of Public Law 97-248 is amended—

(i) by striking out "section 1833(a)(1) of the Social Security Act or", and

(ii) by adding before the period at the end the following: ", or reimbursement on a reasonable cost basis under section 1833(a)(1)(A) of such Act".

(C) Section 149 of Public Law 97-248 is amended by striking out "part" and inserting in lieu thereof "subtitle".

(d) Section 162(i)(2) of the Internal Revenue Code of 1954 is amended by striking out "213(e)" and inserting in lieu thereof "213(d)".

(e)(1) Except as provided in paragraph (2), the amendments made by this section shall be effective on the date of the enactment of this Act; but none of such amendments shall be construed as changing or affecting any right, liability, status, or interpretation which existed (under the provisions of law involved) before that date.

(2) The amendments made by paragraphs (1), (2), and (3) of subsection (c) shall be effective as if they had been originally included in Public Laws 96-499, 97-35, and 97-248, respectively.

TITLE VII—TAX-EXEMPT BOND PROVISIONS

SEC. 701. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This title may be cited as the "Tax-Exempt Bond Limitation Act of 1984".

(b) Table of Contents.—

TITLE VII—TAX-EXEMPT BOND PROVISIONS

Sec. 701. Short title; table of contents.

Subtitle A—Mortgage Subsidy Bonds

Sec. 711. Extension of mortgage subsidy bond authority.
Sec. 712. Mortgage credit certificates.

Subtitle B—Private Activity Bonds

Sec. 721. Limitation on aggregate amount of private activity bonds.
Sec. 722. Tax exemption denied for obligation directly or indirectly guaranteed by Federal Government.
Sec. 723. Aggregate limit per taxpayer for small issue exception.
Sec. 724. Limitations on acquisitions of land, existing facilities, etc.
Sec. 725. Miscellaneous industrial development bond provisions.
Sec. 726. Effective dates.

Subtitle C—Obligations of Certain Educational Organizations

Sec. 731. Tax-exempt status of obligations of certain educational organizations.

Subtitle A—Mortgage Subsidy Bonds

SEC. 711. EXTENSION OF MORTGAGE SUBSIDY BOND AUTHORITY.

(a) General Rule.—Subparagraph (B) of section 103A(c)(1) (defining qualified mortgage bond) is amended by striking out "December 31, 1983" each place it appears and inserting in lieu thereof "December 31, 1988".

(b) Reporting Requirements for Mortgage Subsidy Bonds.—

(1) In general.—Subsection (j) of section 103A (relating to other requirements) is amended by adding at the end thereof the following new paragraph:

"(3) Information reporting requirement.—

"(A) In general.—An issue meets the requirements of this subsection only if the issuer submits to the Secretary, not later than the 15th day of the 2nd calendar month after the close of the calendar quarter in which the issue is issued, a statement concerning the issue which contains—

"(i) the name and address of the issuer,

"(ii) the date of the issue, the amount of the lendable proceeds of the issue, and the stated interest rate, term, and face amount of each obligation which is part of the issue,

"(iii) such information as the Secretary may require in order to determine whether such issue meets the requirements of this section, and

"(iv) such other information as the Secretary may require.

"(B) Extension of time.—The Secretary may grant an extension of time for the filing of any statement under subparagraph (A) if there is reasonable cause for the failure to file such statement in a timely fashion."

(2) Requirement to apply to veterans' bonds.—Subparagraph (C) of section 103A(c)(3) (defining qualified veterans' mortgage bond) is amended by striking out "subsection (j)(1)" and inserting in lieu thereof "paragraphs (1) and (3) of subsection (j)".

(c) Treatment of Qualified Veterans' Bonds.—

(1) Termination of treatment.—Paragraph (3) of section 103A(c) (defining qualified veterans' mortgage bond) is amended by adding at the end thereof the following new sentence: "No obligation issued after December 31, 1988, may be treated as a qualified veterans' mortgage bond."

(2) State ceiling reduced by amount of veterans' bonds.—Paragraph (4) of section 103A(g) (defining State ceiling) is amended to read as follows:

"(4) State ceiling.—For purposes of this section—

"(A) In general.—Except as provided in subparagraph (B), the State ceiling applicable to any State for any calendar year shall be the greater of—

"(i) 9 percent of the average annual aggregate principal amount of mortgages executed during the immediately preceding 3 calendar years for single-family, owner-occupied residences located within the jurisdiction of such State, or

"(ii) $200,000,000.

"(B) Reduction for amount of qualified veterans' mortgage bonds issued during preceding calendar year.—The State ceiling applicable to any State for any calendar year shall be reduced by the aggregate amount of qualified veterans' mortgage bonds issued in the State during the preceding calendar year."

(d) Treatment of Limited Equity Cooperatives.—

(1) In general.—Section 103A(l) (relating to other definitions and special rules) is amended by adding at the end thereof the following new paragraph:

"(11) Treatment of limited equity cooperative housing corporations.—

"(A) Treatment as residential rental property.—Except as provided in subparagraph (B), for purposes of this section and section 103(b), any limited equity cooperative housing shall be treated as residential rental property and not as owner-occupied housing.

"(B) Subject to mortgage subsidy bond ceiling.—

"(i) In general.—In the case of any issue a significant portion of the proceeds of which are to be used to finance limited equity cooperative housing—

"(I) subsection (a) of section 103 shall not apply to any obligation issued as a part of such issue unless such issue meets the requirements of subsection (g) of this section, and

"(II) for purposes of subsection (g) of this section, any obligation issued as a part of such issue shall be treated as a qualified mortgage bond.

"(ii) Exception where financing subject to section 103 cap.—Clause (i) shall not apply to any obligation which was taken into account under section 103(n).

"(C) Limited equity cooperative housing.—For purposes of this paragraph, the term 'limited equity cooperative housing' means any dwelling unit which a person is entitled to occupy by reason of his ownership of stock in a qualified cooperative housing corporation.

"(D) Qualified cooperative housing corporation.—For purposes of this paragraph, the term 'qualified cooperative housing corporation' means any cooperative housing corporation (as defined by section 216(b)(1)) if—

"(i) the consideration paid for stock held by any stockholder entitled to occupy any house or apartment in a building owned or leased by the corporation may not exceed the sum of—

"(I) the consideration paid for such stock by the first such stockholder, as adjusted by a cost-of-living adjustment determined by the Secretary,

"(II) payments made by any stockholder for improvements to such house or apartment,

"(III) payments attributable to any stockholder to amortize the principal of the corporation's indebtedness arising from the acquisition or development of real property, including improvements, thereto, and

"(IV) contributions attributable to any stockholder to a corporate reserve account to the extent that such account is restricted to the development or acquisition of real property, including improvements, thereto;

"(ii) the value of the corporation's assets, to the extent such value exceeds the combined transfer values of the outstanding corporate stock (reduced by any corporate liabilities), shall be used only for public benefit or charitable purposes, or directly to benefit the corporation itself, and shall not be used directly to benefit any stockholder; and

"(iii) such corporation makes an election under this paragraph at such time and in such manner as the Secretary may by regulations prescribe.

"(E) Effect of election.—If a cooperative housing corporation makes an election under this paragraph, section 216 shall not apply with respect to such corporation (or any successor thereof).

"(F) Corporation must continue to be limited equity cooperative.—Subsection (b)(4)(A) of section 103 shall not apply to any obligation issued as part of an issue a significant portion of the proceeds of which are to be used to finance limited equity cooperative housing unless the cooperative housing corporation continues to be a qualified cooperative housing corporation at all times during the qualified project period (within the meaning of section 103(b)(12)(B)).

"(G) Election irrevocable.—Any election under this paragraph, once made, shall be irrevocable."

(e) Effective Date.—

(1) In general.—The amendments made by this section shall apply with respect to obligations issued after December 31, 1983.

(2) Transitional rule where state formula for allocating state ceiling expires.—

(A) In general.—If a State law which provided a formula for allocating the State ceiling under section 103A(g) of the Internal Revenue Code of 1954 for calendar year 1983 expires as of the close of calendar year 1983, for purposes of section 103A(g) of such Code, such State law shall be treated as remaining in effect after 1983. In any case to which the preceding sentence applies, where the State's expiring allocation formula requires action by a State official to allocate the State ceiling among issuers, actions of such State official in allocating such ceiling shall be effective.

(B) Termination.—Subparagraph (A) shall not apply on or after the effective date of any State legislation enacted after the date of the enactment of this Act with respect to the allocation of the State ceiling.

(3) Qualified veterans' mortgage bonds authorized before October 18, 1983, not taken into account.—For purposes of section 103A(g)(4)(B) of the Internal Revenue Code of 1954 (as amended by this section), any qualified veterans' mortgage bond shall not be taken into account if—

(A) The issuance of such bond was authorized by a State referendum before October 18, 1983, or

(B) the issuance of such bond is authorized pursuant to a State referendum before December 1, 1983, where such referendum was authorized by action of the State legislature before October 18, 1983.

SEC. 712. MORTGAGE CREDIT CERTIFICATES.

(a) In General.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by redesignating section 25 as section 26 and by inserting after section 24 the following new section:

"SEC. 25. INTEREST ON CERTAIN HOME MORTGAGES.

"(a) Allowance of Credit.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the product of—

"(1) the certificate credit rate, and

"(2) the interest paid or incurred by the taxpayer during the taxable year on the remaining principal of the certified indebtedness amount.

"(b) Certificate Credit Rate; Certified Indebtedness Amount.—For purposes of this section—

"(1) Certificate credit rate.—The term 'certificate credit rate' means the rate of the credit allowable by this section which is specified in the mortgage credit certificate.

"(2) Certified indebtedness amount.—The term 'certified indebtedness amount' means the amount of indebtedness which is—

"(A) incurred by the taxpayer—

"(i) to acquire the principal residence of the taxpayer,

"(ii) as a qualified home improvement loan (as defined in section 103A(l)(6)) with respect to such residence, or

"(iii) as a qualified rehabilitation loan (as defined in section 103A(l)(7)) with respect to such residence, and

"(B) specified in the mortgage credit certificate.

"(c) Mortgage Credit Certificate; Qualified Mortgage Credit Certificate Program.—For purposes of this section—

"(1) Mortgage credit certificate.—The term 'mortgage credit certificate' means any certificate which—

"(A) is issued under a qualified mortgage credit certificate program by the State or political subdivision having the authority to issue a qualified mortgage bond to provide financing on the principal residence of the taxpayer,

"(B) is issued to the taxpayer in connection with the acquisition, qualified rehabilitation, or qualified home improvement of the taxpayer's principal residence,

"(C) specifies—

"(i) the certificate credit rate, and

"(ii) the certified indebtedness amount, and

"(D) is in such form as the Secretary may prescribe.

"(2) Qualified mortgage credit certificate program.—

"(A) In general.—The term 'qualified mortgage credit certificate program' means any program—

"(i) which is established by a State or political subdivision thereof for any calendar year for which it is authorized to issue qualified mortgage bonds,

"(ii) under which the issuing authority elects (in such manner and form as the Secretary may prescribe) not to issue an amount of qualified mortgage bonds which it may otherwise issue during such calendar year under section 103A,

"(iii) under which the indebtedness certified by mortgage credit certificates meets the requirements of the following subsections of section 103A (as modified by subparagraph (B) of this paragraph):

"(I) subsection (d) (relating to residence requirements),

"(II) subsection (e) (relating to 3-year requirement),

"(III) subsection (f) (relating to purchase price requirement),

"(IV) subsection (h) (relating to portion of loans required to be placed in targeted areas), and

"(V) paragraphs (1) and (2) of subsection (j) (relating to other requirements),

"(iv) under which no mortgage credit certificate may be issued with respect to any residence any of the financing of which is provided from the proceeds of a qualified mortgage bond,

"(v) which is not limited to indebtedness incurred from particular lenders, and

"(vi) if the issuing authority allocates a block of mortgage credit certificates for use in connection with a particular development, which requires the developer to furnish to the issuing authority and the homebuyer a certificate that the price for the residence is no higher than it would be without the use of a mortgage credit certificate.

"(B) Modifications of section 103A.—Under regulations prescribed by the Secretary, in applying section 103A for purposes of subclauses (II) and (IV) of subparagraph (A)(iii)—

"(i) each qualified mortgage certificate credit program shall be treated as a separate issue,

"(ii) the product determined by multiplying—

"(I) the certified indebtedness amount of each mortgage credit certificate issued under such program, by

"(II) the certificate credit rate specified in such certificate,

shall be treated as proceeds of such issue and the sum of such products shall be treated as the total proceeds of such issue, and

"(iii) paragraph (1) of section 103A(e) shall be applied by substituting '100 percent' for '90 percent or more'.

Clause (iii) shall not apply if the issuing authority submits a plan to the Secretary for administering the 90-percent requirement of section 103A(e)(1) and the Secretary is satisfied that such requirement will be met under such plan.

"(d) Determination of Certificate Credit Rate.—For purposes of this section—

"(1) In general.—The certificate credit rate specified in any mortgage credit certificate shall not be less than 10 percent or more than 50 percent.

"(2) Aggregate limit on certificate credit rates.—

"(A) In general.—In the case of each qualified mortgage credit certificate program, the sum of the products determined by multiplying—

"(i) the certified indebtedness amount of each mortgage credit certificate issued under such program, by

"(ii) the certificate credit rate with respect to such certificate,

shall not exceed 15 percent of the nonissued bond amount.

"(B) Nonissued bond amount.—For purposes of subparagraph (A), the term 'nonissued bond amount' means, with respect to any qualified mortgage credit certificate program, the amount of qualified mortgage bonds which the issuing authority is otherwise authorized to issue and elects not to issue under subsection (c)(2)(A)(ii).

"(C) Aggregate of nonissued bond amounts cannot exceed 9 percent of mortgages executed.—The aggregate nonissued bond amount for any calendar year of all issuing authorities in any State shall not exceed the limit determined under section 103A(g)(4)(A)(i) for such State for such calendar year.

"(e) Special Rules and Definitions.—For purposes of this section—

"(1) Carryforward of unused credit.—In the case of any taxpayer, if the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 26(a) for such year reduced by the sum of the credits allowable under this subpart (other than this section) such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

"(2) Indebtedness not treated as certified where certain requirements not in fact met.—Subsection (a) shall not apply to any indebtedness if all the requirements of subsection (d)(1), (e), (f), and (j) of section 103A were not in fact met with respect to such indebtedness.

"(3) Period for which certificate in effect.—

"(A) In general.—Except as provided in subparagraph (B), a mortgage credit certificate shall be treated as in effect with respect to interest attributable to the period—

"(i) beginning on the date such certificate is issued, and

"(ii) ending on the earlier of the date on which—

"(I) the certificate is revoked by the issuing authority, or

"(II) the residence to which such certificate relates ceases to be the principal residence of the individual to whom the certificate relates.

"(B) Certificate invalid unless indebtedness incurred within certain period.—A certificate shall not apply to any indebtedness which is incurred after the close of the calendar year following the calendar year for which the issuing authority made the applicable election under subsection (c)(2)(A)(ii).

"(C) Notice to secretary when certificate revoked.—Any issuing authority which revokes any mortgage credit certificate shall notify the Secretary of such revocation at such time and in such manner as the Secretary shall prescribe by regulations.

"(4) Special rules where mortgage is assumed.—In the case of a mortgage with respect to which a mortgage credit certificate was issued and which is assumed by a taxpayer—

"(A) the credit certificate rate under such certificate shall not be taken into account under this section to the extent it exceeds 25 percent, and

"(B) such certificate shall be treated as issued to such taxpayer.

"(5) Certain refinancing permitted.—In applying subsection (c)(2)(A)(iii), the requirements of section 103A(j)(1) shall be treated as met if a mortgage credit certificate is issued with respect to a mortgage which is used to replace an existing mortgage for which such a certificate has already been issued if, under regulations prescribed by the Secretary, such replacement mortgage does not extend the term, alter the amortization schedule, or increase the principal amount, of the original mortgage.

"(6) Public notice that certificates will be issued.—At least 90 days before any mortgage credit certificate is to be issued after a qualified mortgage credit certificate program, the issuing authority shall provide reasonable public notice of—

"(A) the eligibility requirements for such certificate,

"(B) the methods by which such certificates are to be issued, and

"(C) such other information as the Secretary may require.

"(7) Interest paid or accrued to related persons.—No credit shall be allowed under subsection (a) for any interest paid or accrued to a person who is a related person to the taxpayer (within the meaning of section 103(b)(6)(C)(i)).

"(8) Principal residence.—The term 'principal residence' has the same meaning as when used in section 1034.

"(9) Qualified rehabilitation and home improvement.—

"(A) Qualified rehabilitation.—The term 'qualified rehabilitation' has the meaning given such term by section 103A(l)(7)(B).

"(B) Qualified home improvement.—The term 'qualified home improvement' means an alteration, repair, or improvement described in section 103A(l)(6).

"(10) Qualified mortgage bond.—The term 'qualified mortgage bond' has the meaning given such term by section 103A(c)(1).

"(f) Reduction in Aggregate Amount of Qualified Mortgage Bonds Which May Be Issued Where Certain Requirements Not Met.—

"(1) In general.—If for any calendar year any mortgage credit certificate program fails to meet the requirements of—

"(A) clause (iii), (iv), (v), or (vi) of subsection (c)(2)(A), or

"(B) paragraph (2) of subsection (d),

the applicable State ceiling under paragraph (4) of section 103A(g) for the State in which such program operates shall be reduced by twice the correction amount with respect to such failure. Such reduction shall be applied to such State ceiling for the calendar year following the calendar year in which the Secretary determines the correction amount with respect to such failure.

"(2) Correction amount.—

"(A) In general.—For purposes of paragraph (1), the term 'correction amount' means, in the case of a failure to meet a requirement referred to in—

"(i) paragraph (1)(A), the amount of indebtedness involved, or

"(ii) paragraph (1)(B), the amount equal to the excess credit amount divided by 0.15.

"(B) Excess credit amount.—

"(i) In general.—For purposes of subparagraph (A)(ii), the term 'excess credit amount' means the excess of—

"(I) the credit amount for any mortgage credit certificate program, over

"(II) the amount which would have been the credit amount for such program had such program met the requirements of paragraph (2) of subsection (d).

"(ii) Credit amount.—For purposes of clause (i), the term 'credit amount' means the sum of the products determined under clauses (i) and (ii) of subsection (d)(2)(A).

"(3) Special rule for states having constitutional home rule cities.—In the case of a State having one or more constitutional home rule cities (within the meaning of section 103A(g)(5)(C)), the reduction in the State ceiling by reason of paragraph (1) shall be allocated to the constitutional home rule city, or to the portion of the State not within such city, whichever caused the reduction.

"(g) Reporting Requirements.—Each person who makes a loan which is a certified indebtedness amount under any mortgage credit certificate shall file a report with the Secretary containing—

"(1) the name, address, and social security account number of the individual to which the certificate was issued,

"(2) the certificate's issuer, date of issue, certified indebtedness amount, and certificate credit rate, and

"(3) such other information as the Secretary may require by regulations.

Such report shall be filed at such time and in such manner as the Secretary may require by regulations.

"(h) Termination.—No election may be made under subsection (c)(2)(A)(ii) for any calendar year after 1988."

(b) Application With Section 103A.—Subsection (g) of section 103A (relating to limitation on aggregate amount of qualified mortgage bonds issued during any calendar year) is amended by adding at the end thereof the following new paragraph:

"(8) Reduction for mortgage credit certificates.—The applicable limit of any issuing authority for any calendar year shall be reduced by the sum of—

"(A) the amount of qualified mortgage bonds which such authority elects not to issue under section 25(c)(2)(A)(ii) during such year, plus

"(B) the amount of any reduction in such ceiling under section 25(f) applicable to such authority for such year."

(c) Disallowance of Portion of Deduction for Interest Where Credit Taken.—Section 163 (relating to deduction for interest) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) Reduction of Deduction Where Section 25 Credit Taken.—The amount of the deduction under this section for interest paid or accrued during any taxable year on indebtedness with respect to which a mortgage credit certificate has been issued under section 25 shall be reduced by the amount of the credit allowable with respect to such interest under section 25 (determined without regard to section 26)."

(d) Penalty for Failure To File Reports.—

(1) In general.—Subchapter B of chapter 68 is amended by adding at the end thereof the following new section:

"SEC. 6706. FAILURE TO FILE REPORTS ON LOANS COVERED BY MORTGAGE CREDIT CERTIFICATES.

"(a) In General.—Any person required by section 25(g) to file a report with the Secretary who fails to file the report with respect to any mortgage credit certificate at the time and in the manner required by the Secretary shall pay a penalty of $200 for such failure unless it is shown that such failure is due to reasonable cause and not to willful neglect.

"(b) Deficiency Procedures Not To Apply.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply with respect to the assessment or collection of any penalty imposed by subsection (a)."

(2) Clerical amendment.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"Sec. 6706. Failure to file reports on loans covered by mortgage credit certificates."

(e) Allocation to Issuers Other Than State Housing Financing Agencies Determined on Basis of Population Where No Overriding State Statute.—Subparagraph (A) of section 103A(g)(3) is amended by striking out all that follows "for such year as—" and inserting in lieu thereof:

"(i) the population of the jurisdiction of such issuing authority, bears to

"(ii) the population for the entire State.

For purposes of the preceding sentence, the determination of population shall be made in accordance with section 103(n)(9)."

(f) Technical Amendments.—

(1) Sections 28(d)(2), 29(b)(5), 30(g)(1)(A), 38(c)(2), and 901(a), as amended by this Act, are each amended by striking out "section 25(b)" and inserting in lieu thereof "section 26(b)".

(2) Section 23(b)(5), as amended by this Act, is amended by striking out "section 25(a)" and inserting in lieu thereof "section 26(a)" and by striking out "(other than this section)" and inserting in lieu thereof "(other than this section and section 25)".

(3) Paragraph (3) of section 55(c) is amended—

(A) by striking out "25" each place it appears and inserting in lieu thereof "26", and

(B) by striking out "section 23, 30, or 38" and inserting in lieu thereof "section 23, 25, 30, or 38".

(4) Clause (iii) of section 168(i)(1)(D), as added by section 208(a) of the Tax Equity and Fiscal Responsibility Act of 1982 and amended by this Act, is amended by striking out "section 25(b)(2)" and inserting in lieu thereof "section 26(b)(2)".

(5) Clause (iii) of section 168(i)(1)(D), as added by section 209(b) of the Tax Equity and Fiscal Responsibility Act of 1982 and amended by this Act, is amended by striking out "section 25(b)(2)" and inserting in lieu thereof "section 26(b)(2)".

(g) Conforming Amendment.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking out the item relating to section 25 and inserting in lieu thereof the following:

"Sec. 25. Interest on certain home mortgages.

"Sec. 26. Limitation based on tax liability; definition of tax liability."

(h) Effective Date.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to interest paid or accrued after December 31, 1983, on indebtedness incurred after December 31, 1983.

(2) Elections.—The amendments made by this section shall apply to elections under section 25(c)(2)(A)(ii) of the Internal Revenue Code of 1954 (as added by this section) for calendar years after 1983.

(3) Subsection (e).—The amendment made by subsection (e) shall apply to obligations issued after December 31, 1984.

(4) Transitional rule relating to amount of certificates which may be issued.—

(A) In general.—If the aggregate amount of mortgage subsidy bonds issued by any authority during 1983 was less than the applicable limit of such authority under section 103A(g) of the Internal Revenue Code of 1954 for such calendar year, then, for purposes of section 25(d)(2) of such Code, the nonissued bond amount with respect to any qualified mortgage credit certificate program (determined without regard to this paragraph) for calendar year 1984, 1985, 1986, 1987, or 1988 shall be reduced by the excess of the applicable limit of such authority for such calendar year over the amount determined under subparagraph (B) or (C).

(B) 1984.—For calendar year 1984, the sum of—

(i) the aggregate amount of mortgage subsidy bonds issued by the issuing authority during 1983, plus

(ii) 25 percent of the excess of the applicable limit of such authority for 1984 over the amount determined under clause (i).

(C) 1985, 1986, 1987, 1988.—For calendar year 1985, 1986, 1987, or 1988, the sum of—

(i) the amount determined for the preceding calendar year under this subparagraph or subparagraph (B), plus

(ii) 25 percent of the excess of the applicable limit of such authority for the calendar year over the amount determined under clause (i).

Subtitle B—Private Activity Bonds

SEC. 721. LIMITATION ON AGGREGATE AMOUNT OF PRIVATE ACTIVITY BONDS.

Section 103 (relating to interest on certain governmental obligations) is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) Limitation on Aggregate Amount of Private Activity Bonds Issued During Any Calendar Year.—

"(1) In general.—A private activity bond issued as part of an issue shall be treated as an obligation not described in subsection (a) if the aggregate amount of private activity bonds issued pursuant to such issue, when added to the aggregate amount of private activity bonds previously issued by the issuing authority during the calendar year, exceeds such authority's private activity bond limit for such calendar year.

"(2) Private activity bond limit for state agencies.—For purposes of this subsection—

"(A) In general.—The private activity bond limit for any agency of the State authorized to issue private activity bonds for any calendar year shall be 50 percent of the State ceiling for such calendar year.

"(B) Special rule where state has more than 1 agency.—If more than 1 agency of the State is authorized to issue private activity bonds, all such agencies shall be treated as a single agency.

"(3) Private activity bond limit for other issuers.—For purposes of this subsection—

"(A) In general.—The private activity bond limit for any issuing authority (other than a State agency) for any calendar year shall be an amount which bears the same ratio to 50 percent of the State ceiling for such calendar year as—

"(i) the population of the jurisdiction of such issuing authority, bears to

"(ii) the population for the entire State.

"(B) Overlapping jurisdictions.—For purposes of subparagraph (A)(i), the rules of section 103A(g)(3)(B) shall apply.

"(4) State ceiling.—For purposes of this subsection—

"(A) In general.—The State ceiling applicable to any State for any calendar year shall be an amount equal to $150 multiplied by the State's population.

"(B) Phasein of limitation where amount of 1983 private activity bonds exceeds the ceiling.—

"(i) In general.—In the case of any State which had an excess bond amount for 1983, the State ceiling for calendar year 1984 shall be the sum of the State ceiling determined under subparagraph (A) plus 50 percent of the excess bond amount for 1983.

"(ii) Excess bond amount for 1983.—For purposes of clause (i), the excess bond amount for 1983 in any State is the excess (if any) of—

"(I) the aggregate amount of private activity bonds issued by issuing authorities in such State during the first 9 months of calendar year 1983 multiplied by 4/3, over

"(II) the State ceiling determined under subparagraph (A) for calendar year 1984.

"(C) Adjustment of ceiling to reflect termination of small issue exemption.—In the case of calendar years after 1983, subparagraph (A) shall be applied by substituting '$100' for '$150'.

"(5) Special rule for states with constitutional home rule cities.—In the case of any State with 1 or more constitutional home rule cities (as defined in section 103A(g)(5)(C)), the rules of paragraph (5) of section 103A(g) shall apply for purposes of this subsection.

"(6) State may provide for different allocation.—

"(A) In general.—A State may, by law enacted after the date of the enactment of this subsection, provide a different formula for allocating the State ceiling among the governmental units in such State having authority to issue private activity bonds.

"(B) Interim authority for governor.—

"(i) In general.—The Governor of any State may proclaim a different formula for allocating the State ceiling among the governmental units in such State having authority to issue private activity bonds.

"(ii) Termination of authority.—The authority provided in clause (i) shall not apply after the earlier of—

"(I) the first day of the first calendar year beginning after the legislature has met in regular session for more than 60 days after the date of the enactment of this paragraph, or

"(II) the effective date of any State legislation with respect to the allocation of the State ceiling enacted after the date of the enactment of this subsection.

"(C) State may not alter allocation to constitutional home rule cities.—The rules of paragraph (6)(C) of section 103A(g) shall apply for purposes of this paragraph.

"(7) Private activity bond.—For purposes of this subsection—

"(A) In general.—Except as otherwise provided in this paragraph, the term 'private activity bond' means any obligation the interest on which is exempt from tax under subsection (a) and which is—

"(i) an industrial development bond, or

"(ii) a student loan bond.

"(B) Exception for multifamily housing.—The term 'private activity bond' shall not include any obligation described in subsection (b)(4)(A) nor any public housing program obligation under section 11(b) of the United States Housing Act of 1937.

"(C) Exception for certain facilities described in section 103(b)(4)(C) or (D).—

"(i) In general.—The term 'private activity bond' shall not include any obligation described in subparagraph (C) or (D) of section 103(b)(4), but only if the property described in such subparagraph is owned by a governmental unit.

"(ii) Exception not to apply to certain parking facilities.—This subparagraph shall not apply to any obligation described in subparagraph (D) of section 103(b)(4) solely by reason of the reference to parking facilities contained therein.

"(D) Refunding issues.—The term 'private activity bond' shall not include any obligation which is issued to refund another obligation to the extent that the amount of such obligation does not exceed the amount of the refunded obligation. In the case of any student loan bond, the preceding sentence shall apply only if the maturity date of the refunding obligation is not later than the later of—

"(i) the maturity date of the obligation to be refunded, or

"(ii) the date 15 years after the date on which the refunded obligation was issued (or in the case of a series of refundings, the date on which the original obligation was issued).

"(8) Student loan bonds.—For purposes of this subsection, the term 'student loan bond' means an obligation which is issued as part of an issue all or a major portion of the proceeds of which are to be used directly or indirectly to finance loans to individuals for educational expenses.

"(9) Population.—For purposes of this subsection, determinations of the population of any State (or issuing authority) shall be made with respect to any calendar year on the basis of the most recent census estimate of the resident population of such State (or issuing authority) published by the Bureau of the Census before the beginning of such calendar year.

"(10) Elective carryforward of unused limitation for specified project.—

"(A) In general.—If—

"(i) an issuing authority's private activity bond limit for any calendar year after 1983, exceeds

"(ii) the aggregate amount of private activity bonds issued during such calendar year by such authority,

such authority may elect to treat all (or any portion) of such excess as a carryforward for 1 or more carryforward projects.

"(B) Election must specify project.—In any election under subparagraph (A), the issuing authority shall—

"(i) specify the project (or projects) for which the carryforward is elected, and

"(ii) specify the portion of the excess described in subparagraph (A) which is to be a carryforward for each such project.

"(C) Use of carryforward.—

"(i) In general.—If any issuing authority elects a carryforward under subparagraph (A) with respect to any carryforward project, any private activity bonds issued by such authority with respect to such project during the 3 calendar years (or, in the case of a project described in subsection (b)(4)(F), 6 calendar years) following the calendar year in which the carryforward arose shall not be taken into account under paragraph (1) to the extent the amount of such bonds do not exceed the amount of the carryforward elected for such project.

"(ii) Order in which carryforward used.—Carryforwards elected with respect to any project shall be used in the order of the calendar years in which they arose.

"(D) Election.—Any election made under this paragraph shall be made at such time and in such manner as the Secretary shall by regulations prescribe. Any such election (and any specification contained therein), once made, shall be irrevocable.

"(E) Carryforward project.—For purposes of this paragraph, the term 'carryforward project' means—

"(i) any project described in paragraph (4) or (5) of subsection (b), and

"(ii) the purpose of issuing student loan bonds.

"(11) Treatment of qualified scholarship funding bonds.—In the case of a qualified scholarship funding bond (as defined in subsection (e)), such bond shall be treated for purposes of this subsection as issued by a State or local issuing authority (whichever is appropriate)."

SEC. 722. TAX EXEMPTION DENIED WHERE OBLIGATION DIRECTLY OR INDIRECTLY GUARANTEED BY FEDERAL GOVERNMENT.

Subsection (h) of section 103 (relating to certain obligations must not be guaranteed or subsidized under a energy program) is amended to read as follows:

"(h) Obligation Must Not Be Guaranteed, Etc.—

"(1) In general.—An obligation shall not be treated as an obligation described in subsection (a) if such obligation is federally guaranteed.

"(2) Federally guaranteed defined.—For purposes of paragraph (1), an obligation is federally guaranteed if—

"(A) the payment of principal or interest with respect to such obligation is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof),

"(B) such obligation is issued as part of an issue and a significant portion of the proceeds of such issue are to be—

"(i) used in making loans the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or

"(ii) invested (directly or indirectly) in federally insured deposits or accounts, or

"(C) the payment of principal or interest on such obligation is otherwise indirectly guaranteed (in whole or in part) by the United States (or an agency or instrumentality thereof).

"(3) Exceptions.—

"(A) Certain insurance programs.—An obligation shall not be treated as federally guaranteed by reason of—

"(i) any guarantee by the Federal Housing Administration, the Veterans' Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association,

"(ii) any guarantee of student loans and any guarantee by the Student Loan Marketing Association to finance student loans, or

"(iii) any guarantee by the Small Business Administration of obligations described in subsection (b)(4)(F).

"(B) Debt service, etc.—Paragraph (1) shall not apply to—

"(i) proceeds of the issue invested for an initial temporary period until such proceeds are needed for the purpose for which such issue was issued,

"(ii) investments of a bona fide debt service fund,

"(iii) investments of a reserve which meet the requirements of subsection (c)(4)(B),

"(iv) investments in obligations issued by the United States Treasury, or

"(v) other investments permitted under regulations.

"(C) Exception for housing programs.—

"(i) In general.—Except as provided in clause (ii), paragraph (1) shall not apply to—

"(I) an obligation described in subsection (b)(4)(A) or a public housing program obligation under section 11(b) of the United States Housing Act of 1937,

"(II) a qualified mortgage bond (as defined in section 103A(c)(1)), or

"(III) a qualified veterans' mortgage bond (as defined in section 103A(c)(3)).

"(ii) Exception not to apply where obligation invested in federally insured deposits or accounts.—Clause (i) shall not apply to any obligation which is federally guaranteed within the meaning of paragraph (2)(B)(ii).

"(D) Loans to, or guarantees by, financial institutions.—Except as provided in paragraph (2)(B)(ii), an obligation which is issued as part of an issue shall not be treated as federally guaranteed merely by reason of the fact that the proceeds of such issue are used in making loans to a financial institution or there is a guarantee by a financial institution.

"(4) DEFINITIONS.—For purposes of this subsection—

"(A) TREATMENT OF CERTAIN ENTITIES WITH AUTHORITY TO BORROW FROM UNITED STATES.—To the extent provided in regulations prescribed by the Secretary, any entity with statutory authority to borrow from the United States shall be treated as an instrumentality of the United States. Except in the case of a private activity bond (as defined in subsection (n)(7)), nothing in the preceding sentence shall be construed as treating the District of Columbia or any possession of the United States as an instrumentality of the United States.

"(B) FEDERALLY INSURED DEPOSIT OR ACCOUNT.—The term 'federally insured deposit or account' means any deposit or account in a financial institution to the extent such deposit or account is insured under Federal law by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any similar federally chartered corporation.

"(5) CERTAIN OBLIGATIONS SUBSIDIZED UNDER ENERGY PROGRAM.—

"(A) IN GENERAL.—An obligation to which this paragraph applies shall be treated as an obligation not described in subsection (a) if the payment of the principal or interest with respect to such obligation is to be made (in whole or in part) under a program of the United States, a State, or a political subdivision of a State the principal purpose of which is to encourage the production or conservation of energy.

"(B) OBLIGATIONS TO WHICH PARAGRAPH APPLIES.—This paragraph shall apply to any obligations to which paragraph (1) of subsection (b) does not apply by reason of—

"(i) subsection (b)(4)(H) (relating to qualified hydroelectric generating facilities), or

"(ii) subsection (g) (relating to qualified steam-generating or alcohol-producing facilities)."

SEC. 723. AGGREGATE LIMIT PER TAXPAYER FOR SMALL ISSUE EXCEPTION.

Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(15) AGGREGATE LIMIT PER TAXPAYER FOR SMALL ISSUE EXCEPTION.—

"(A) IN GENERAL.—Paragraph (6) of this subsection shall not apply to any issue if the aggregate authorized face amount of such issue allocated to any beneficiary (when increased by the outstanding tax-exempt IDB's of such beneficiary) exceeds $40,000,000.

"(B) OUTSTANDING TAX-EXEMPT IDB'S OF ANY PERSON.—For purposes of applying subparagraph (A) with respect to any issue, the outstanding tax-exempt IDB's of any person who is a beneficiary with respect to such issue is the aggregate face amount of all industrial development bonds the interest on which is exempt from tax under subsection (a)—

"(i) which are allocated to such beneficiary, and

"(ii) which are outstanding at the time of such later issue (not including as outstanding any obligation which is to be redeemed from the proceeds for the later issue).

"(C) ALLOCATION OF AMOUNT OF ISSUE.—

"(i) AMOUNT ALLOCATED TO DEVELOPER, ETC.—The amount of any issue shall be allocated to any person who is a beneficiary by reason of owning the facilities being financed by the issue and renting such facilities to other persons to the extent (and only to the extent) the amount of such issue is not allocated under clause (ii).

"(ii) ALLOCATION TO OTHER BENEFICIARIES.—The amount of any issue shall be allocated among beneficiaries who are not described in clause (i) as follows:

"(I) If one of such beneficiaries uses more than 50 percent of the facilities, the entire amount of the issue shall be allocated to such beneficiary.

"(II) In any case to which subclause (I) does not apply, the amount of such issue shall be allocated equally among beneficiaries who use at least 25 percent but not more than 50 percent of the facilities; except that no one such person shall be allocated more than 50 percent.

"(D) BENEFICIARY.—For purposes of this paragraph, the term 'beneficiary' means any person who is a user of the facilities being financed by the issue.

"(E) TREATMENT OF RELATED PERSONS.—For purposes of this paragraph, all persons who are related (within the meaning of paragraph (6)(C)) to each other shall be treated as one person."

SEC. 724. LIMITATIONS ON ACQUISITIONS OF LAND, EXISTING FACILITIES, ETC.

(a) LIMITATION ON USE FOR LAND ACQUISITION.—Subsection (b) of section 103 is amended by adding at the end thereof the following new paragraph:

"(16) LIMITATION ON USE FOR LAND ACQUISITION.—

"(A) IN GENERAL.—Paragraphs (4), (5), (6), and (7) shall not apply with respect to any obligation issued as part of an issue if—

"(i) any portion of the proceeds of such issue are to be used (directly or indirectly) for the acquisition of land (or an interest therein) to be used for farming purposes, or

"(ii) 25 percent or more of the proceeds of such issue are to be used (directly or indirectly) for the acquisition of land not described in clause (i) (or an interest therein).

"(B) EXCEPTION FOR FIRST-TIME FARMERS.—

"(i) IN GENERAL.—If the requirements of clause (ii) are met with respect to any land, subparagraph (A) shall not apply to such land, and paragraph (17) shall not apply to property located thereon, but only to the extent of expenditures (financed with the proceeds of the issue) not in excess of $250,000.

"(ii) ACQUISITION BY FIRST-TIME FARMERS.—The requirements of this clause are met with respect to any land if—

"(I) such land is to be used for farming purposes, and

"(II) such land is to be acquired by an individual who is a first-time farmer, who will be the principal user of such land, and who will materially and substantially participate on the farm of which such land is a part in the operation of such farm.

"(iii) FIRST-TIME FARMER.—For purposes of this subparagraph, the term 'first-time farmer' means any individual if such individual has not at any time had any direct or indirect ownership interest in land which is part of a farm in the operation of which such individual materially participated. For purposes of this subparagraph, any ownership or material participation by an individual's spouse or minor child shall be treated as ownership and material participation by the individual.

"(iv) FARM.—For purposes of this subparagraph, the term 'farm' has the meaning given such term by section 6420(c)(2)."

(b) ACQUISITION OF EXISTING PROPERTY NOT PERMITTED.—Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(17) ACQUISITION OF EXISTING PROPERTY NOT PERMITTED.—

"(A) IN GENERAL.—Paragraphs (4), (5), (6), and (7) shall not apply to any obligation issued as part of an issue if any portion of the proceeds of such issue is to be used for the acquisition of any property (or an interest therein) unless the first use of such property is pursuant to such acquisition.

"(B) EXCEPTION FOR CERTAIN REHABILITATIONS.—Subparagraphs (A) shall not apply with respect to any building (and the equipment therefor) if—

"(i) the rehabilitation expenditures with respect to such building equals or exceeds

"(ii) 15 percent of the cost of acquiring such building (and such equipment).

"(C) REHABILITATION EXPENDITURES.—For purposes of this paragraph—

"(i) IN GENERAL.—Except as provided in this subparagraph, the term 'rehabilitation expenditures' means any amount properly chargeable to capital account which is incurred by the person acquiring the building (or any successor) for property (or additions or improvements to property) in connection with the rehabilitation of a building. In the case of an integrated operation contained in a building before its acquisition, such term includes rehabilitating existing equipment in such building or replacing it with substantially similar equipment.

"(ii) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'rehabilitation expenditures' does not include any expenditure described in section 48(g)(2)(B) (other than clause (i) thereof).

"(iii) PERIOD DURING WHICH EXPENDITURES MUST BE INCURRED.—The term 'rehabilitation expenditures' shall not include any amount which is incurred after the date 2 years after the later of—

"(I) the date on which the building was acquired, or

"(II) the date on which the obligation was issued."

(c) USE OF TAX-EXEMPT BONDS PROHIBITED FOR SKYBOXES, AIRPLANES, GAMBLING ESTABLISHMENTS, ETC.—Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(18) NO PORTION OF BONDS MAY BE ISSUED FOR SKYBOXES, AIRPLANES, GAMBLING ESTABLISHMENTS, ETC.—Paragraphs (4), (5), (6), and (7) shall not apply to any obligation issued as part of an issue if any portion of the proceeds of such issue is to be used to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises."

SEC. 725. MISCELLANEOUS INDUSTRIAL DEVELOPMENT BOND PROVISIONS.

(a) CERTAIN RESTRICTIONS APPLY TO EXEMPTIONS NOT CONTAINED IN INTERNAL REVENUE CODE OF 1954.—Paragraph (1) of section 103(m) (relating to obligations exempt other than under this title) is amended by adding at the end thereof the following new sentence: "In the case of an obligation issued after December 31, 1983, such obligation shall not be treated as described in this paragraph unless the appropriate requirements of subsections (b), (c), (h), (k), (l), and (n) of this section and section 103A are met with respect to such obligation. For purposes of applying such requirements, a possession of the United States shall be treated as a State."

(b) Expansion of Tax-Exempt Bond Financed Property Required To Be Depreciated on Straight-Line Basis.—

(1) In general.—Subparagraph (C) of section 168(f)(12) (relating to limitations on property financed with tax-exempt bonds) is amended to read as follows:

"(C) Exception for projects for residential rental property.—Subparagraph (A) shall not apply to any recovery property which is placed in service in connection with projects for residential rental property financed by the proceeds of obligations described in section 103(b)(4)(A)."

(2) Conforming amendment.—Paragraph (12) of section 168(f) is amended by striking out subparagraph (D) and by redesignating subparagraph (E) as subparagraph (D).

(c) Aggregation of Issues for Single Project.—Paragraph (6) of section 103(b) (relating to exemption for small issues) is amended by adding at the end thereof the following new subparagraph:

"(P) Aggregation of issues with respect to single project.—For purposes of this paragraph, 2 or more issues part or all of which are to be used with respect to a single building, an enclosed shopping mall, or a strip of offices, stores, or residences using substantial common facilities shall be treated as 1 issue (and any person who is a principal user with respect to any of such issues shall be treated as a principal user with respect to the aggregated issue)."

(d) Definition of Related Persons in the Case of Partnerships.—Paragraph (13) of section 103(b) (relating to exception where bond held by substantial user) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, a partnership and each of its partners (and their spouses and minor children) shall be treated as related persons."

(e) Mortgage Subsidy Bond Arbitrage Rules Extended to Industrial Development Bonds and Student Loan Bonds.—Subsection (c) of section 103 (relating to arbitrage bonds) is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

"(6) Extension of mortgage subsidy bond arbitrage rules to private activity bonds.—

"(A) In general.—Under regulations, any obligation to which this paragraph applies shall be treated as an obligation not described in subsection (a) (1) or (2) unless the issue of which such obligation is a part meets requirements similar to those of section 103A(i).

"(B) Obligations to which paragraph applies.—

"(i) In general.—Except as provided in clause (ii), this paragraph shall apply to any obligation which—

"(I) is an industrial development bond, or

"(II) is a student loan bond (as defined in subsection (n)(8)) issued after December 31, 1985.

"(ii) Exception for multifamily housing.—This paragraph shall not apply to any obligation described in subsection (b)(4)(A) nor to any public housing program obligation under section 11(b) of the United States Housing Act of 1937.

"(iii) Exception for refunding of student loan bonds issued before January 1, 1986.—This paragraph shall not apply to any obligation which is issued to refund a student loan bond issued before January 1, 1986, but only to the extent the requirements of subsection (n)(7)(C) are met with respect to the refunding.

"(C) Student loan incentive payments not taken into account.—For purposes of applying section 103A(i) as made applicable to student loan bonds by subparagraph (A), payments described in paragraph (5) shall not be taken into account."

(f) Residential Rental Property May Be in Mixed Use Structure.—Paragraph (4) of section 103(b) (relating to certain exempt activities) is amended by adding at the end thereof the following new sentence: "For purposes of subparagraph (A), any property shall not be treated as failing to be residential rental property merely because part of the building in which such property is located is used for purposes other than residential rental purposes."

(g) Increase in Amount of Capital Expenditures Not Taken Into Account Where There Is Urban Development Action Grant.—Subparagraph (I) of section 103(b)(6) (relating to aggregate amount of capital expenditures where there is urban development action grant) is amended—

(1) by striking out "$10,000,000" and inserting in lieu thereof "$15,000,000", and

(2) by adding at the end thereof the following new sentence: "This subparagraph shall not apply unless the amount of the urban development action grant equals or exceeds 5 percent of a reasonable estimate (made at the time that the Department of Housing and Urban Development gives preliminary approval of the grant) of the total capital expenditures on the facilities with respect to which the action grant has been made."

(h) Public Approval Requirement in the Case of Public Airport.—If—

(1) the proceeds of any issue are to be used to finance a facility or facilities located on a public airport, and

(2) the governmental unit issuing such obligations is the owner or operator of such airport,

such governmental unit shall be deemed to be the only governmental unit having jurisdiction over such airport for purposes of subsection (k) of section 103 of the Internal Revenue Code of 1954 (relating to public approval for industrial development bonds).

(i) Repeal of Advance Refunding of Qualified Public Facilities.—Paragraph (7) of section 103(b) (relating to advance refunding of qualified public facilities) is hereby repealed.

SEC. 726. EFFECTIVE DATES.

(a) Private Activity Bond Cap.—

(1) In general.—Except as otherwise provided in this subsection, the amendment made by section 721 shall apply to obligations issued after December 31, 1983.

(2) Certain projects preliminarily approved before October 19, 1983 given approval.—If—

(A) there was an inducement resolution (or other comparable preliminary approval) for a project before October 19, 1983, by any issuing authority, and

(B) a substantial user of such project notifies the issuing authority within 30 days after the date of the enactment of this Act that it intends to claim its rights under this paragraph,

such issuing authority shall allocate its share of the limitation under section 103(n) of such Code for the calendar year during which the obligations were to be issued pursuant to such resolution (or other approval) first to such project. If the amount of obligations required by all projects which meet the requirements of the preceding sentence exceeds the issuing authority's share of the limitation under section 103(n) of such Code, priority under the preceding sentence shall be provided first to those projects for which substantial expenditures were incurred before October 19, 1983. If any issuing authority fails to meet the requirements of this paragraph, the limitation under section 103(n) of such Code for the issuing authority for the calendar year following such failure shall be reduced by the amount of obligations with respect to which such failure occurred.

(3) Exception for certain bonds for a convention center and resource recovery project.—In the case of any city, if—

(A) the city council of such city authorized a feasibility study for a convention center on June 10, 1982, and

(B) on October 4, 1983, a municipal authority acting as the management agent for such city selected a proposal for the construction of a facility that will generate steam and electricity through the combustion of municipal waste,

the amendment made by subsection (a) shall not apply to any issue issued during 1984 to finance the convention center described in subparagraph (A) or the facility described in subparagraph (B).

(b) Property Financed With Tax-Exempt Bonds Required To Be Depreciated on Straight-Line Basis.—

(1) In general.—Except as otherwise provided in this section, the amendments made by section 725(b) shall apply to property placed in service after December 31, 1983, to the extent such property is financed by the proceeds of an obligation (including a refunding obligation) issued after October 18, 1983.

(2) Exceptions.—

(A) Construction or binding agreement.—The amendments made by section 725(b) shall not apply with respect to facilities—

(i) the original use of which commences with the taxpayer and the construction, reconstruction, or rehabilitation of which began before October 19, 1983, or

(ii) with respect to which a binding contract to incur significant expenditures was entered into before October 19, 1983.

(B) Refunding.—

(i) In general.—Except as provided in clause (ii), in the case of property placed in service after December 31, 1983, which is financed by the proceeds of an obligation which is issued solely to refund another obligation which was issued before October 19, 1983, the amendments made by section 725(b) shall apply only with respect to an amount equal to the basis in such property which has not been recovered before the date such refunded obligation is issued.

(ii) Significant expenditures.—In the case of facilities the original use of which commences with the taxpayer and with respect to which significant expenditures are made before January 1, 1984, the amendments made by section 725(b) shall not apply with respect to such facilities to the extent such facilities are financed by the proceeds of an obligation issued solely to refund another obligation which was issued before October 19, 1983.

(C) Facilities.—In the case of an inducement resolution or other comparable preliminary approval adopted by an issuing authority before October 19, 1983, for purposes of applying subparagraphs (A)(i) and (B)(ii) with respect to obligations described in such resolution, the term "facilities" means the facilities described in such resolution.

(c) Other Provisions Relating to Tax-Exempt Bonds.—

(1) In general.—Except as otherwise provided in this section, the amendments made by this subtitle shall apply to obligations issued after December 31, 1983.

(2) Obligations invested in federally insured deposits.—Clause (ii) of section 103(h)(2)(B) of the Internal Revenue Code of 1954 (as amended by this subtitle) shall apply to obligations issued after April 14, 1983.

(3) Exceptions.—

(A) Construction or binding agreement.—The amendments made by this subtitle (other than section 721) shall not apply to obligations with respect to facilities—

(i) the original use of which commences with the taxpayer and the construction, reconstruction, or rehabilitation of which began before October 19, 1983, or

(ii) with respect to which a binding contract to incur significant expenditures was entered into before October 19, 1983.

(B) Facilities.—Subparagraph (C) of subsection (b)(2)(A) shall apply for purposes of subparagraph (A) of this paragraph.

(4) Repeal of advance refunding of qualified public facilities.—The amendment made by section 725(i) shall apply to refunding obligations issued after the date of the enactment of this Act.

(d) Provisions of This Subtitle Not To Apply to Certain Property.—The amendments made by this subtitle shall not apply to any property (and shall not apply to obligations issued to finance such property) if such property is described in any of the following paragraphs:

(1) Any property described in paragraph (5), (6), or (7) of section 32(g) of this Act.

(2) Any property described in paragraph (3) of section 216(b) of the Tax Equity and Fiscal Responsibility Act of 1982.

(3) Any solid waste disposal facility described in section 103(b)(4)(E) of the Internal Revenue Code of 1954 if—

(A) a State public authority created pursuant to State legislation which took effect on June 18, 1973, took formal action before October 19, 1983, to commit development funds for such facility,

(B) such authority issues obligations for any such facility before January 1, 1987, and

(C) expenditures have been made for the development of any such facility before October 19, 1983.

(e) Detert of the facilities.

(2) Certain grants treated as expenditures.—For purposes of paragraph (1), the amount of any UDAG grant preliminarily approved on May 5, 1981, or April 4, 1983, shall be treated as an expenditure with respect to the facility for which such grant was so approved.

Subtitle C—Obligations of Certain Educational Organizations

SEC. 731. TAX-EXEMPT STATUS OF OBLIGATIONS OF CERTAIN EDUCATIONAL ORGANIZATIONS.

(a) In General.—For purposes of section 103 of the Internal Revenue Code of 1954, a qualified educational organization shall be treated as a State governmental unit, but only with respect to a trade or business carried on by such organization which is not an unrelated trade or business (determined by applying section 513(a) of such Code to such organization).

(b) Qualified Educational Organization.—For purposes of subsection (a), the term "qualified educational organization" means a college or university created on February 22, 1855, by specific act of the legislature of the State within which such college or university is located.

(c) Effective Date.—This section shall apply to obligations issued after December 31, 1953.

TITLE VIII—MISCELLANEOUS REVENUE MATTERS

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SEC. 801. CAPITAL GAIN TREATMENT FOR PORTION OF GAIN ON SALE OF CONDOMINIUM UNITS CONVERTED FROM EXISTING STRUCTURES.

(a) General Rule.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

"SEC. 1257. CAPITAL GAIN TREATMENT FOR PORTION OF GAIN ON SALE OF CONDOMINIUM UNITS CONVERTED FROM EXISTING STRUCTURES.

"(a) General Rule.—For purposes of this title, any gain recognized by the taxpayer on the sale or exchange of any qualified condominium unit shall be treated as gain from the sale of property used in the trade or business (as defined in section 1231(b)) to the extent that the gain so recognized does not exceed such unit's allocable capital gain amount.

"(b) Qualified Condominium Unit.—For purposes of this section—

"(1) In general.—The term 'qualified condominium unit' means any condominium unit resulting from the conversion of qualified real property into condominium units.

"(2) Qualified real property.—The term 'qualified real property' means any real property—

"(A) which consists of one or more structures (and the land necessary for the use of the structures) used in a trade or business of the taxpayer at all times during the 5-year period ending on the determination date, and

"(B) with respect to which the taxpayer makes an election under this section.

"(3) Special rule where property acquired by inheritance or devise, etc.—For purposes of this subsection, the taxpayer shall be treated as holding any property and as using such property in his trade or business during any period during which such property was held and so used—

"(A) in the case of property acquired by inheritance or devise, by the decedent, or

"(B) by any other person if the basis of such property in the hands of the taxpayer is determined (in whole or in part) by reference to the basis of such property in the hands of such other person.

"(c) Allocable Capital Gain Amount.—For purposes of this section—

"(1) In general.—The term 'allocable capital gain amount' means, with respect to any qualified condominium unit, the portion of the imputed capital gain determined under paragraph (2) with respect to the qualified real property which is allocated to such unit under paragraph (3).

"(2) Imputed capital gain.—The term 'imputed capital gain' means, with respect to any qualified real property, the amount of the gain (if any) which—

"(A) would have resulted had such property been sold on the determination date for an amount equal to its fair market value on such date, and

"(B) would have not been treated as ordinary income under section 1245 or 1250.

"(3) Allocation among units.—The amount of the imputed capital gain shall be allocated among condominium units in proportion to their respective fair market values on the determination date.

"(4) Fair market value determinations.—For purposes of paragraphs (2) and (3), the fair market value (and adjusted basis) of any qualified real property (and of any condominium unit) shall be determined without regard to any improvement made in anticipation of the conversion into condominium units.

"(5) Determination date.—The term 'determination date' means, with respect to any qualified real property, the earliest of—

"(A) the day on which the taxpayer adopted a plan to convert such property into condominium units,

"(B) the day on which substantial improvements were first made to such property in anticipation of a conversion into condominium units, or

"(C) the day on which the form of ownership of such property is changed into condominium units.

If more than 2 years elapses between the sale of the first unit and the second unit, the day taken into account under subparagraphs (A) and (C) shall be the date the second sale is made.

"(d) Special Rules.—

"(1) Election.—An election under subsection (a) shall be made at such time and in such manner as the Secretary shall by regulations prescribe. Such an election, once made, may be revoked only with the consent of the Secretary.

"(2) Special rule for carryover basis transactions.—If any taxpayer makes an election under this section with respect to any qualified real property, the same tax treatment which would apply to the taxpayer shall also apply to any other person whose basis in such property is determined (in whole or in part) by reference to the basis of such property in the hands of the taxpayer.

"(3) Special rule where substantial valuation overstatement.—

"(A) In general.—If the percentage determined by dividing—

"(i) the amount claimed for purposes of subsection (c) as the value of any qualified real property on the determination date, by

"(ii) the amount determined to be the correct value of such property on such date for purposes of subsection (c),

exceeds 115 percent, for purposes of this section, the amount of the imputed capital gain shall be reduced by the amount determined under subparagraph (B).

"(B) Amount of reduction.—The amount of the reduction determined under this subparagraph is an amount equal to—

"(i) 20 percent of the amount which (but for this paragraph) would be the imputed capital gain,

"(ii) for each full percentage point by which the percentage determined under subparagraph (A) exceeds 115 percent."

(b) Clerical Amendment.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 1257. Capital gain treatment for portion of gain on sale of condominium units converted from existing structures."

(c) Effective Date.—The amendments made by this section shall apply with respect to property the form of ownership of which is changed into condominium units after the date of the enactment of this Act in taxable years ending after such date.

SEC. 802. NO GAIN RECOGNIZED FROM NET GIFTS MADE BEFORE MARCH 4, 1981.

(a) In General.—In the case of any transfer of property subject to gift tax made before March 4, 1981, for purposes of subtitle A of the Internal Revenue Code of 1954, gross income of the donor shall not include any amount attributable to the donee's payment of (or agreement to pay) any gift tax imposed with respect to such gift.

(b) Gift Tax Defined.—For purposes of subsection (a), the term "gift tax" means—

(1) the tax imposed by chapter 12 of such Code, and

(2) any tax imposed by a State (or the District of Columbia) on transfers by gifts.

(c) Statute of Limitations.—If refund or credit of any overpayment of tax resulting from subsection (a) is prevented on the date of the enactment of this Act (or at any time within 1 year after such date) by the operation of any law or rule of law (including res judicata), refund or credit of such overpayment (to the extent attributable to subsection (a)) may nevertheless be made or allowed if claim therefor is filed within 1 year after the date of the enactment of this Act.

SEC. 803. DISASTER LOSS DEDUCTION WHERE TAXPAYER ORDERED TO DEMOLISH OR RELOCATE RESIDENCE IN DISASTER AREA BECAUSE OF DISASTER.

(a) General Rule.—Section 165 (relating to losses) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

"(k) Treatment as Disaster Loss Where Taxpayer Ordered To Demolish or Relocate Residence in Disaster Area Because of Disaster.—In the case of a taxpayer whose residence is located in an area which has been determined by the President of the United States to warrant assistance by the Federal Government under the Disaster Relief Act of 1974, if—

"(1) not later than the 120th day after the date of such determination, the taxpayer is ordered, by the government of the State or any political subdivision thereof in which such residence is located, to demolish or relocate such residence, and

"(2) the residence has been rendered unsafe for use as a residence by reason of the disaster,

any loss attributable to such disaster shall be treated as a loss which arises from a casualty and which is described in subsection (i)."

(b) Effective Date.—The amendment made by subsection (a) shall apply to taxable years ending after December 31, 1981, with respect to residences in areas determined by the President of the United States, after such date, to warrant assistance by the Federal Government under the Disaster Relief Act of 1974.

SEC. 804. APPLICATION OF CASH OR DEFERRED ARRANGEMENT RULES TO PRE-ERISA MONEY PURCHASE PLAN.

(a) General Rule.—Paragraphs (1) and (2) of section 401(k) (relating to cash or deferred arrangements) are each amended by inserting "(or a pre-ERISA money purchase plan)" after "stock bonus plan".

(b) Definition of Pre-ERISA Money Purchase Plan.—Subsection (k) of section 401 is amended by adding at the end thereof the following new paragraph:

"(5) Pre-ERISA money purchase plan.—For purposes of this subsection, the term 'pre-ERISA money purchase plan' means a pension plan—

"(A) which is a defined contribution plan (as defined in section 414(i)),

"(B) which was in existence on June 27, 1974, and which, on such date, included a salary reduction arrangement, and

"(C) under which neither the employee contributions nor the employer contributions may exceed the levels provided for by the contribution formula in effect under the plan on such date."

(c) Technical Amendment.—Subparagraph (B) of section 401(k)(2) as amended by striking out ", hardship or the attainment of age 59½," and inserting in lieu thereof "(or in the case of a profit sharing or stock bonus plan, hardship or the attainment of age 59½)".

(d) Effective Dates.—

(1) In general.—The amendments made by this section shall apply with respect to plan years beginning after the date of the enactment of this Act.

(2) Transitional rule.—Rules similar to the rules under section 135(c)(2) of the Revenue Act of 1978 shall apply with respect to any pre-ERISA money purchase plan (as defined in section 401(k)(5) of the Internal Revenue Code of 1954) for plan years beginning after December 31, 1979, and on or before the date of the enactment of this Act.

SEC. 805. DELAY OF AMENDMENTS TO SECTION 382.

Subsection (g) of section 806 of the Tax Reform Act of 1976 is amended—

(1) by striking out "January 1, 1984" in paragraphs (2) and (3) and inserting in lieu thereof "November 1, 1984", and

(2) by striking out "June 30, 1984" in paragraph (2) and inserting in lieu thereof "October 31, 1984".

SEC. 806. EXTENSION OF PAYMENT-IN-KIND TAX TREATMENT ACT OF 1983 TO WHEAT FOR 1984 CROP YEAR.

(a) Extension.—

(1) In general.—Section 5 of the Payment-in-Kind Tax Treatment Act of 1983 (relating to definitions and special rules) is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) Extension to Wheat Planted and Harvested in 1984.—In the case of wheat—

"(1) any reference in this Act to the 1983 crop year shall include a reference to the 1984 crop year, and

"(2) any reference to the 1983 payment-in-kind program shall include a reference to any program for the 1984 year for wheat which meets the requirements of subparagraphs (A) and (B) of subsection (a)(1)."

(2) Definition of crop year.—Paragraph (2) of section 5(a) of such Act is amended to read as follows:

"(2) Crop year.—The term '1983 crop year' means the crop year for any crop the planting or harvesting period for which occurs during 1983. The term '1984 crop year' means the crop year for wheat the planting and harvesting period for which occurs during 1984."

(b) Effective Date.—

(1) In general.—The amendments made by this section shall apply with respect to commodities received for the 1984 crop year (as defined in section 5(a)(2) of the Payment-in-Kind Tax Treatment Act of 1983 as amended by subsection (a)).

(2) Income tax treatment not to apply for 1984 crop year to the extent payments determined to be illegal.—

(A) In general.—If it is determined in a judicial proceeding brought under subparagraph (B) that the $50,000 limitation of section 1101(1) of the Agriculture and Food Act of 1981 applies to payments-in-kind under the Payment-in-Kind (PIK) programs, section 2(a) of the Payment-in-Kind Tax Treatment Act of 1983 shall apply to commodities received for the 1984 crop year only to the extent that the receipt of such commodities is legal under such determination.

(B) Comptroller general to bring action for declaratory judgment.—

(i) In general.—Not later than 60 days after the date of the enactment of this Act, the Comptroller General of the United States shall (and notwithstanding any other provision of law is hereby authorized to) bring an action in the name of the United States against the Secretary of Agriculture in the United States District Court for the District of Columbia for a declaration with respect to the issue of whether the $50,000 limitation of section 1101(1) of the Agriculture and Food Act of 1981 applies to payments-in-kind under the Payment-in-Kind (PIK) programs.

(ii) Priority.—To the maximum extent possible, the United States District Court for the District of Columbia shall give priority to the action brought under this subparagraph.

(C) Declaration only to apply for income tax treatment for 1984 crop year.—Nothing in any declaration in a proceeding brought under subparagraph (B) shall affect—

(i) the tax treatment under the Payment-in-Kind Tax Treatment Act of 1983 for the 1983 crop year,

(ii) the tax treatment under such Act for the 1984 crop year other than the tax treatment under section 2(a) of such Act, or

(iii) the tax treatment of a cooperative with respect to commodities received on behalf of another person.

SEC. 807. TAXATION OF UNEMPLOYMENT COMPENSATION NOT TO APPLY TO COMPENSATION PAID FOR WEEKS OF UNEMPLOYMENT ENDING BEFORE DECEMBER 1, 1978.

(a) General Rule.—Subsection (d) of section 112 of the Revenue Act of 1978 (relating to taxation of unemployment compensation benefits at certain income levels) is amended to read as follows:

"(d) Effective Date.—The amendments made by this section shall apply to payments of unemployment compensation made after December 31, 1978, in taxable years ending after such date; except that such amendments shall not apply to payments made for weeks of unemployment ending before December 1, 1978."

(b) Waiver of Statute of Limitations.—If credit or refund of any overpayment of tax resulting from the amendment made by subsection (a) is barred on the date of the enactment of this Act or at any time during the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), refund or credit of such overpayment (to the extent attributable to the amendment made by subsection (a)) may, nevertheless, be made or allowed if claim thereor is filed before the close of such 1-year period.

SEC. 808. TREATMENT OF TRANSPORTATION EXPENSES INCURRED WITH RESPECT TO EMPLOYMENT AT THE ANTIBALLISTIC MISSILE SITE NEAR NEKOMA, NORTH DAKOTA.

(a) General Rule.—Employment at the antiballistic missile project near Nekoma, North Dakota, shall be treated for purposes of sections 62 and 162 of the Internal Revenue Code of 1954 as temporary employment with respect to transportation and traveling expenses—

(1) otherwise allowable as a deduction under section 162(a) of such Code,

(2) paid or incurred after 1969 and before 1975, and

(3) claimed on a return filed for any taxable year which includes any portion of the period described in paragraph (2).

(b) Waiver of Statute of Limitations.—If refund or credit of any overpayment of Federal income tax resulting from the application of subsection (a) is prevented at any time before the date one year after the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), refund or credit of such overpayment (to the extent attributable to the application of subsection (a)) may, nevertheless, be made or allowed if claim therefor is filed before the date one year after the date of the enactment of this Act.

(c) Effective Date.—This section shall apply to taxable years ending after December 31, 1969.

SEC. 809. TREATMENT OF HOME WON IN LOCAL RADIO CONTEST AND SPECIALLY DESIGNED FOR HANDICAPPED FOSTER CHILD.

(a) If the Federal income tax attributable to the receipt of the prize described in subsection (b) is paid within one year after the date of the enactment of this Act, such payment shall be treated for purposes of the Internal Revenue Code of 1954 as being in full satisfaction of such tax and all interest, additions to the tax, additional amounts, and penalties in respect of liability for such Federal income tax.

(b) For purposes of subsection (a), the prize described in this subsection is a residence which—

(1) was won by the taxpayer in a local radio contest,

(2) was specially designed to meet the needs of a handicapped foster child of the taxpayer,

(3) is the principal residence (within the meaning of section 1034 of such Code) of the taxpayer, and

(4) had a lien placed on it by the Internal Revenue Service on May 24, 1983, after an Internal Revenue Service supervisor had overruled two payment schedules negotiated with the taxpayer for the payment of taxes, interest, and penalties on income attributable to such residence for the taxpayer's 1980 taxable year.

(c) For purposes of subsection (a), the Federal income tax attributable to the prize described in subsection (b) shall be determined without regard to interest, additions to the tax, additional amounts, and penalties.

SEC. 810. TAX TREATMENT OF REGULATED INVESTMENT COMPANIES.

(a) Personal Holding Companies Permitted To Be Regulated Investment Companies.—

(1) In general.—Subsection (a) of section 851 (defining regulated investment company) is amended by striking out "(other than a personal holding company as defined in section 542)".

(2) Special rule for rate of tax.—Paragraph (1) of section 852(b) (relating to imposition of tax on regulated investment companies) is amended by adding at the end thereof the following new sentence: "In the case of a regulated investment company which is a personal holding company (as defined in section 542), that tax shall be computed at the highest rate of tax specified in section 11(b)."

(3) Requirement that investment company have no earnings and profits accumulated in year for which it was not a regulated investment company.—Subsection (a) of section 852 (relating to requirements applicable to regulated investment companies) is amended by striking out "and" at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", and", and by adding at the end thereof the following new paragraph:

"(3) either—

"(A) the provisions of this part applied to the investment company for all taxable years ending on or after November 8, 1983, or

"(B) as of the close of the taxable year, the investment company has no earnings and profits accumulated in any taxable year to which the provisions of this part (or the corresponding provisions of prior law) did not apply to it."

(4) Procedures similar to deficiency dividend procedures made applicable.—Section 852 is amended by adding at the end thereof the following new subsection:

"(e) Procedures Similar to Deficiency Dividend Procedures Made Applicable.—

"(1) In general.—If—

"(A) there is a determination that the provisions of this part do not apply to an investment company for any taxable year (hereinafter in this subsection referred to as the 'non-RIC year'), and

"(B) such investment company meets the distribution requirements of paragraph (2) with respect to the non-RIC year,

for purposes of applying subsection (a)(3) to subsequent taxable years, the provisions of this part shall be treated as applying to such investment company for the non-RIC year.

"(2) Distribution requirements.—

"(A) In general.—The distribution requirements of this paragraph are met with respect to any non-RIC year if, within the 90-day period beginning on the date of the determination (or within such longer period as the Secretary may permit), the investment company makes 1 or more qualified designated distributions and the amount of such distributions is not less than the excess of—

"(i) the portion of the accumulated earnings and profits of the investment company (as of the date of the determination) which are attributable to the non-RIC year, over

"(ii) any interest payable under paragraph (3).

"(B) Qualified designated distribution.—For purposes of this paragraph, the term 'qualified designated distribution' means any distribution made by the investment company if—

"(i) section 301 applies to such distribution, and

"(ii) such distribution is designated (at such time and in such manner as the Secretary shall by regulations prescribe) as being taken into account under this paragraph with respect to the non-RIC year.

"(C) Effect on dividends paid deduction.—Any qualified designated distribution shall not be included in the amount of dividends paid for purposes of computing the dividends paid deduction for any taxable year.

"(3) Interest charge.—

"(A) In general.—If paragraph (1) applies to any non-RIC year of an investment company, such investment company shall pay interest at the annual rate established under section 6621—

"(i) on an amount equal to 50 percent of the amount referred to in paragraph (2)(A)(i),

"(ii) for the period—

"(I) which begins on the last day prescribed for payment of the tax imposed for the non-RIC year (determined without regard to extensions), and

"(II) which ends on the date the determination is made.

"(B) Coordination with subtitle F.—Any interest payable under subparagraph (A) may be assessed and collected at any time during the period during which any tax imposed for the taxable year in which the determination is made may be assessed and collected.

"(4) Provision not to apply in the case of fraud.—The provisions of this subsection shall not apply if the determination contains a finding that the failure to meet any requirement of this part was due to fraud with intent to evade tax.

"(5) Determination.—For purposes of this subsection, the term 'determination' has the meaning given to such term by section

860(e). Such term also includes a determination by the investment company filed with the Secretary that the provisions of this part do not apply to the investment company for a taxable year."

(5) Effective dates.—

(A) In general.—Except as otherwise provided in this paragraph, the amendments made by this subsection shall apply to taxable years beginning after December 31, 1982.

(B) Investment companies which were regulated investment companies for years ending before November 8, 1983.—In the case of any investment company to which the provisions of part I of subchapter M of chapter 1 of the Internal Revenue Code of 1954 applied for any taxable year ending before November 8, 1983, for purposes of section 852(a)(3)(B) of the Internal Revenue Code of 1954 (as amended by this subsection), no earnings and profits accumulated in any taxable year ending before January 1, 1984, shall be taken into account.

(C) Investment companies beginning business in 1983.—In the case of an investment company which began business in 1983 (and was not a successor corporation), earnings and profits accumulated during its first taxable year shall not be taken into account for purposes of section 852(a)(3)(B) of such Code (as so amended).

(b) Short-Term Obligations Issued on a Discount Basis.—

(1) In general.—Paragraph (2) of section 852(b) (defining investment company taxable income) is amended by adding at the end thereof the following new subparagraph—

"(F) The taxable income shall be computed without regard to section 454(b) (relating to short-term obligations issued on a discount basis) if the company so elects in a manner prescribed by the Secretary."

(2) Effective date.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1978.

SEC. 811. TIPS TREATED AS WAGES FOR PURPOSES OF FEDERAL UNEMPLOYMENT TAX.

(a) General Rule.—Section 3306 (relating to definitions for purposes of Federal unemployment tax) is amended by adding at the end thereof the following new subsection:

"(s) Tips Treated as Wages.—For purposes of this chapter, the term 'wages' includes tips which are—

"(1) received while performing services which constitute employment, and

"(2) included in a written statement furnished to the employer pursuant to section 6053(a)."

(b) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendment made by subsection (a) shall take effect on January 1, 1985.

(2) Exception for certain states.—In the case of any State the legislature of which—

(A) did not meet in a regular session which begins during 1984 and after the date of the enactment of this Act, and

(B) did not meet in a session which began before the date of the enactment of this Act and remained in session for at least 25 calendar days after such date of enactment,

the amendment made by subsection (a) shall take effect on January 1, 1986.

SEC. 812. DEFERRAL OF ESTATE TAXES FOR AN INTEREST IN A HOLDING COMPANY THAT IN TURN OWNS STOCK IN A CLOSELY HELD OPERATING COMPANY.

(a) In General.—Subsection (b) of section 6166 (providing definitions and special rules for extension of time for payment of estate tax where estate consists largely of interest in closely held business) is amended by adding after paragraph (7) the following new paragraph:

"(8) Interest in closely held business owned through holding company—

"(A) In general.—If the executor elects the benefits of this paragraph (at such time and in such manner as the Secretary shall by regulation prescribe) and if 80 percent or more in value of the assets of one corporation consists of nonreadily tradeable stock (as defined in paragraph (7)(B)) in a second corporation carrying on a trade or business, then—

"(i) for purposes of this section (other than paragraph (1)(C)(i)), a proportionate part of the stock of the first corporation which is included in determining the gross estate of the decedent shall be treated as stock of the second corporation,

"(ii) for purposes of paragraph (1)(C)(i), a portion of the voting stock of the second corporation which is held by the first corporation shall be treated as included in determining the gross estate of the decedent,

"(iii) the executor shall be treated as having selected under subsection (a)(3) the date prescribed by section 6151(a), and

"(iv) section 6601(j) (relating to 4-percent rate of interest) shall not apply.

"(B) 20-percent requirement.—The portion referred to in subparagraph (A)(ii) shall be determined according to the proportion of the value of the voting stock of the first corporation which is included in determining the gross estate of the decedent.

"(C) Other assets excluded.—The proportionate part referred to in subparagraph (A)(i) shall be determined according to the ratio which the value of the stock of the second corporation which is held by the first corporation bears to the value of all assets of the first corporation."

(b) Acceleration of Payment.—Paragraph (1) of section 6166(g) (relating to disposition of interest; withdrawal of funds from business) is amended by adding at the end thereof the following new subparagraph:

"(E) If any portion of stock in a corporation (described as the first corporation in subsection (b)(8)(A)) is treated as stock in a second corporation by reason of subsection (b)(8)(A)—

"(i)(I) any disposition of any interest in such stock in such first corporation, which was included in determining the gross estate of the decedent, or

"(II) any withdrawal of any money or other property from such first corporation attributable to any interest included in determining the gross estate of the decedent,

shall be treated for purposes of this paragraph as a disposition of (or a withdrawal with respect to) all such stock qualifying under subsection (a)(1), and

"(ii)(I) any disposition of any interest in such stock in such second corporation by such first corporation, or

"(II) any withdrawal of any money or other property from such second corporation attributable to such stock by such first corporation owning such stock.

shall be treated for purposes of this paragraph as a disposition of (or a withdrawal with respect to) all such stock qualifying under subsection (a)(1)."

(c) Paragraph (2) of section 6166(g) (relating to undistributed income of estate) is amended by adding at the end thereof the following new subparagraph:

"(C) For purposes of this paragraph, dividends paid to a corporation owning nonreadily tradable stock in a corporation carrying on a trade or business (as described in subsection (b)(8)(A)) by such corporation shall be treated as paid to the estate of the decedent."

(d) Effective Date.—The amendments made by this section shall apply with respect to estates of decedents dying after the date of the enactment of this Act.

SEC. 813. ACTUARIAL ADJUSTMENTS UNDER SECTION 415 FOR COMMERCIAL AIRLINE PILOTS MADE ON BASIS OF AGE 60.

(a) General Rule.—Subsection (b) of section 415 (relating to limitation for defined benefit plans) is amended by adding at the end thereof the following new paragraph:

"(8) Special rule for commercial airline pilots.—The case of any participant who is a commercial airline pilot, if—

"(A) the benefit begins at or after age 60, and

"(B) as of the time the benefit begins, regulations prescribed by the Federal Aviation Administration do not permit an individual to serve as a commercial airline pilot after attaining age 60,

paragraph (2)(C) shall be applied by substituting 'age 60' for 'age 62' each place it appears."

(b) Effective Date.—The amendment made by subsection (a) shall take effect as if it had been included in section 235 of the Tax Equity and Fiscal Responsibility Act of 1982.

SEC. 814. COOKING WINE MAY BE FORTIFIED USING DISTILLED SPIRITS.

(a) In General.—Subsection (a) of section 5214 (relating to withdrawal of distilled spirits from bonded premises free of tax or without payment of tax) is amended by striking out the period at the end of paragraph (12) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

"(13) without payment of tax for use on bonded wine cellar premises in the production of wine or wine products which will be rendered unfit for beverage use and removed pursuant to section 5362(d)."

(b) Liability For Tax.—

(1) Paragraph (1) of section 5005(e) (relating to withdrawals without payment of tax) is amended by striking out "or (10)" and inserting in lieu thereof "(10), or (13)".

(2) Paragraph (2) of section 5005(e) is amended by inserting "used in the production of nonbeverage wine or wine products," after "used in the production of wine,".

(c) Technical Amendment.—Section 5354 (relating to bonds for bonded wine cellars) is amended by striking out "wine spirits" each place it appears and inserting in lieu thereof "distilled spirits".

(d) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 815. TRANSITIONAL RULE FOR TREATMENT OF CERTAIN INCOME FROM S CORPORATIONS AS INVESTMENT INCOME.

(a) In General.—If—

(1) a corporation was an S corporation for the taxable years of such corporation beginning in 1982, 1983, and 1984, and

(2) a shareholder of such corporation makes an election to have this section apply,

then any qualified income which such shareholder takes into account by reason of holding stock in such corporation for any taxable year of such corporation beginning in 1983 or 1984 shall be treated as net investment income for purposes of section

163(d) of the Internal Revenue Code of 1954.

(b) Definitions.—For purposes of subsection (a)—

(1) Qualified income.—The term "qualified income" means any income other than income which is attributable to personal services performed by the shareholder for the S corporation.

(2) S corporation.—The term "S corporation" has the meaning given such term by section 1361(a) of the Internal Revenue Code of 1954.

(c) Election.—The election under subsection (a) shall be made at such time and in such manner as the Secretary of the Treasury or his delegate may by regulations prescribe.

SEC. 816. CERTAIN ORGANIZATIONS PROVIDING CHILD CARE INCLUDED WITHIN THE DEFINITION OF TAX-EXEMPT ORGANIZATIONS.

(a) In General.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (k) as subsection (l) and inserting after subsection (j) the following new subsection:

"(k) Treatment of Certain Organizations Providing Child Care.—For purposes of subsection (c)(3) of this section and sections 170(c)(2), 2055(a)(2), and 2522(a)(2), the term 'educational purposes' includes the providing of care of children away from their homes if—

"(1) substantially all of the care provided by the organization is for purposes of enabling individuals to be gainfully employed, and

"(2) the services provided by the organization are available to the general public."

(b) Cross References.—

(1) Subsection (k) of section 170 is amended by redesignating paragraphs (1) through (8) as paragraphs (2) through (9), respectively, and by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) For treatment of certain organizations providing child care, see section 501(k)."

(2) Subsection (f) of section 2055 is amended by redesignating paragraphs (2) through (11) as paragraphs (3) through (12), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) For treatment of certain organizations providing child care, see section 501(k)."

(3) Subsection (d) of section 2522 is amended by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1) For treatment of certain organizations providing child care, see section 501(k)."

(c) Effective Dates.—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after the date of the enactment of this Act.

TITLE IX—HIGHWAY REVENUE PROVISIONS

SEC. 1200. TABLE OF CONTENTS.

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Sec. 1201. Reduction of heavy vehicle use tax.
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SEC. 1201. REDUCTION OF HEAVY VEHICLE USE TAX.

(a) General Rule.—Subsection (a) of section 4481 (as amended by section 513(a) of the Highway Revenue Act of 1982) is amended to read as follows:

"(a) Imposition of Tax.—A tax is hereby imposed on the use of any highway motor vehicle which (together with the semitrailers and trailers customarily used in connection with highway motor vehicles of the same type as such highway motor vehicle) has a taxable gross weight of at least 55,000 pounds at the rate specified in the following table:

"Taxable gross weight:	Rate of tax:
"At least 55,000 pounds, but not over 72,000 pounds.	$150 per year plus $20 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds.
Over 72,000 pounds..........	$500."

(b) Special Rules in the Case of Certain Owner-Operators.—

(1) Special rule for taxable period beginning on July 1, 1984.—In the case of a small owner-operator, the amount of the tax imposed by section 4481 of the Internal Revenue Code of 1954 on the use of any highway motor vehicle subject to tax under section 4481(a) of such Code (as amended by subsection (a)) for the taxable period which begins on July 1, 1984, shall be the lesser of—

(A) $3 for each 1,000 pounds of taxable gross weight (or fraction thereof), or

(B) the amount of the tax which would be imposed under such section 4481(a) without regard to this paragraph.

(2) Exemption for vehicles used for less than 5,000 miles (and certain other amendments) to take effect on July 1, 1984.—In the case of a small owner-operator, notwithstanding subsection (f)(2) of section 513 of the Highway Revenue Act of 1982, the amendments made by subsections (b), (c), and (d) of such section shall take effect on July 1, 1984.

(3) Small owner-operator defined.—For purposes of this subsection, the term "small owner-operator" has the meaning given such term by section 513(f)(2) of the Highway Revenue Act of 1982.

(4) Taxable gross weight.—For purposes of this subsection, the term 'taxable gross weight' has the same meaning as when used in section 4481 of the Internal Revenue Code of 1954.

(c) Effective Date.—The amendment made by subsection (a) (and the provisions of subsection (b)) shall take effect on July 1, 1984.

SEC. 1202. INCREASE IN DIESEL FUEL TAX.

(a) General Rule.—Paragraph (1) of section 4041(a) (relating to diesel fuel) is amended by striking out "9 cents" and inserting in lieu thereof "14½ cents".

(b) Treatment of Gasohol.—Paragraph (1) of section 4041(k) (relating to fuels containing alcohol) is amended to read as follows:

"(1) In general.—Under regulations prescribed by the Secretary, in the case of the sale or use of any liquid at least 10 percent of which consists of alcohol (as defined in section 4081(c)(3))—

"(A) subsection (a)(1) shall be applied by substituting '9½ cents' for '14½ cents', and

"(B) subsection (a)(2) shall be applied by substituting '4 cents' for '9 cents', and

"(C) no tax shall be imposed by subsection (c)."

(c) Income Tax Credit for Purchase of Diesel Powered Automobile or Light Truck.—Section 6427 (relating to fuels not used for taxable purposes), as amended by this Act, is amended by redesignating subsections (g), (h), (i), (j), (k), (l), and (m) and as subsections (h), (i), (j), (k), (l), (m), and (n), respectively, and by inserting after subsection (f) the following new subsection:

"(g) Advance Repayment of Increased Diesel Fuel Tax to Original Purchasers of Diesel-Powered Automobiles and Light Trucks.—

"(1) In general.—Except as provided in subsection (j), the Secretary shall pay (without interest) to the original purchaser of any qualified diesel-powered highway vehicle an amount equal to the diesel fuel differential amount.

"(2) Qualified diesel-powered highway vehicle.—For purposes of this subsection, the term 'qualified diesel-powered highway vehicle' means any diesel-powered highway vehicle which—

"(A) has at least 4 wheels,

"(B) has a gross vehicle weight rating of 10,000 pounds or less, and

"(C) is registered for highway use in the United States under the laws of any State.

"(3) Diesel fuel differential amount.—For purposes of this subsection, the term 'diesel fuel differential amount' means—

"(A) except as provided in subparagraph (B), $96, or

"(B) in the case of a truck or van, $180.

"(4) Original purchaser.—For purposes of this subsection—

"(A) In general.—Except as provided in subparagraph (B), the term 'original purchaser' means the first person to purchase the qualified diesel-powered vehicle for use other than resale.

"(B) Exception for certain persons not subject to fuels tax.—The term 'original purchaser' shall not include any State or local government (as defined in section 4221(d)(4)) or any nonprofit educational organization (as defined in section 4221(d)(5)).

"(C) Treatment of demonstration use by dealer.—For purposes of subparagraph (A), use as a demonstrator by a dealer shall not be taken into account.

"(5) Vehicles to which subsection applies.—Except as provided in paragraph (6), this subsection shall only apply to qualified diesel-powered highway vehicles originally purchased after January 1, 1985, and before January 1, 1988.

"(6) Special rule for certain vehicles held on January 1, 1985.—

"(A) In general.—In the case of any person holding a qualified diesel-powered highway vehicle on January 1, 1985—

"(i) such person shall be treated as if he originally purchased such vehicle on December 31, 1984, but

"(ii) the amount payable under paragraph (1) to such person for such vehicle shall be the applicable fraction of the diesel fuel differential amount.

"(B) Applicable fraction.—For purposes of subparagraph (A), the applicable fraction is the fraction determined in accordance with the following table:

"If the model year of the vehicle is:	The applicable percentage is:
1984 or 1985	1
1983	⅚
1982	4/6
1981	3/6
1980	2/6
1979	⅙

In the case of a 1978 or earlier model year vehicle, the applicable fraction shall be zero.

"(7) Basis reduction.—

"(A) In general.—For purposes of subtitle A, the basis of any qualified diesel-powered highway vehicle shall be reduced by the amount payable under this subsection with respect to such vehicle.

"(B) Coordination with limitation on luxury automobiles.—The limitation of section 168(d)(3)(A) with respect to any vehicle shall be reduced by the amount payable under paragraph (1) with respect to such vehicle."

(d) Technical and Conforming Amendments.—

(1) Amendments to highway trust fund.—

(A) Transfers to mass transit account.—Paragraph (2) of section 9503(e) (relating to transfers to Mass Transit Account) is amended to read as follows:

"(2) Transfers to mass transit account.—The Secretary of the Treasury shall transfer to the Mass Transit Account the mass transit portion of the amounts appropriated to the Highway Trust Fund under subsection (b) which are attributable to taxes under sections 4041 and 4081 imposed after March 31, 1983. For purposes of the preceding sentence, the term 'mass transit portion' means an amount determined at the rate of 1 cent for each gallon with respect to which tax was imposed under section 4041 or 4081."

(B) Income tax credits payable out of highway trust fund.—Clause (ii) of section 9503(c)(2)(A) is amended by striking out "used before October 1, 1988" and inserting in lieu thereof "used before October 1, 1988 (or with respect to qualified diesel-powered highway vehicles purchased before January 1, 1988)".

(2) Conforming amendments to income tax credit.—

(A) Subsections (a)(4) and (b) of section 39 (as in effect before the enactment made by title IV of this Act) are each amended by striking out "6427(i)" and inserting in lieu thereof "6427(j)".

(B) Subsections (a), (b)(1), (c), (d), (e)(1), and (f)(1) of section 6427 are each amended by striking out "(i)" and inserting in lieu thereof "(j)".

(C) Subsection (h)(1) of section 6427 (as redesignated by subsection (c)) is amended—

(i) by striking out "or (f)" and inserting in lieu thereof "(f), or (g)", and

(ii) by striking out "fuel used" each place it appears and inserting in lieu thereof "fuel used (or a qualified diesel powered highway vehicle purchased)".

(D) Subsection (h)(2)(A) of section 6427 (as so redesignated) is amended—

(i) by striking out "and (e)" in clause (i) and inserting in lieu thereof "(e), and (g)", and

(ii) by striking out "fuel used" each place it appears and inserting in lieu thereof "fuel used (or a qualified diesel powered highway vehicle purchased)".

(E) Subsection (k)(2) of section 6427 (as so redesignated) is amended by striking out "(g)(2)" and inserting in lieu thereof "(h)(2)".

(F) Subsection (m) of section 6427 (as so redesignated) is amended by striking out "and (d)" each place it appears and inserting in lieu thereof "(d), and (g)".

(G) Sections 7210, 7603, 7604(b), 7604(c)(2), 7605(a), 7609(c)(1), and 7610(c) are each amended by striking out "6427(h)(2)" each place it appears and inserting in lieu thereof "6427(i)(2)".

(e) Effective Date.—The amendments made by this section shall take effect on July 1, 1984.

SEC. 1282. STUDY.

(a) General Rule.—The Secretary of Transportation (in consultation with the Secretary of the Treasury) shall conduct a study of whether highway motor vehicles with taxable gross weights of 80,000 pounds or more bear their fair share of the costs of the highway system.

(b) Report.—Not later than the day 1 year after the date of the enactment of this Act, the Secretary of Transportation shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the study conducted under subsection (a) together with such recommendations as he may deem advisable.

The CHAIRMAN. Are there any amendments recommended by the Committee on Ways and Means?

AMENDMENT OFFERED BY MR. ROSTENKOWSKI

Mr. ROSTENKOWSKI. Mr. Chairman, I offer a technical amendment.

The Clerk read as follows:

Amendment offered by Mr. Rostenkowski: Page 3, in the item relating to section 75, strike out "partnership interests" and insert in lieu thereof "partnership and trust interests".

Page 8, line 10, strike out "begun, by" and insert in lieu thereof "begun by".

Page 9, line 4, strike out "define" and insert in lieu thereof "defined".

Page 9, line 5, strike out "benefit limits" and insert in lieu thereof "benefit plan limits".

Page 11, in the table following line 12, strike out "1983,".

Page 15, beginning in line 15, strike out "6 months after the date of the enactment of this Act" and insert in lieu thereof "March 31, 1986".

Page 15, beginning in line 23, strike out "sold for consumption on the premises only" and insert in lieu thereof "sold only for consumption on the premises".

Page 16, at the end of line 12, insert the following: "To the extent provided in regulations prescribed by the Secretary, the preceding sentence shall not apply to any article held on October 1, 1985, on the premises of a retail establishment."

Page 18, after line 16, insert the following:

(C) Treatment of floor stocks tax.—Any tax imposed by subsection (c) with respect to any article shall be treated as tax paid by the manufacturer, producer, or importer of such article.

Page 21, strike out lines 6 through 9 and insert the following: "period which applies to such property (without regard to this subsection) exceeds the recovery period for such property determined under this subsection.".

Page 27, line 17, strike out "AND FOR" and insert in lieu thereof "AND EXEMPTION FOR".

Page 27, line 21, strike out "use of" and insert in lieu thereof "use by".

Page 34, line 18, strike out "tax exempt" and insert in lieu thereof "tax-exempt".

Page 34, at the end of line 22, insert the following: "The preceding sentence shall not apply to any property (or portion thereof) held by such Consortium or Organization (or any successor) to the extent such property (or portion thereof) is tax-exempt use property by reason of use by a tax-exempt entity other than such Consortium or Organization (or any successor)."

Page 37, strike out lines 5 and 6 and insert the following:

"(ii) has substantial economic effect within the meaning of section 704(b)(2).

Page 42, beginning in line 12, strike out "which was contained in such lease" and insert in lieu thereof "which was held by the tax-exempt entity".

Page 48, after line 6, insert the following:

(10) Special rule for amendment made by subsection (c)(2).—The amendment made by subsection (c)(2) to the extent it relates to subsection (f)(12) of section 168 of the Internal Revenue Code of 1954 shall take effect as if it had been included in the amendments made by section 216(a) of the Tax Equity and Fiscal Responsibility Act of 1982.

Page 48, line 7, strike out "(10)" and insert in lieu thereof "(11)".

Page 50, strike out line 1 and all that follows down through line 2 on page 52 and insert the following:

"SEC. 1271. TREATMENT OF AMOUNTS RECEIVED ON RETIREMENT OR SALE OR EXCHANGE OF DEBT INSTRUMENTS.

"(a) General Rule.—For purposes of this subtitle—

"(1) Retirement.—Amounts received by the holder on retirement of any debt instrument shall be considered as amounts received in exchange therefor.

"(2) Ordinary income on sale or exchange where intention to call before maturity.—

"(A) In general.—If at the time of original issue there was an intention to call a debt instrument before maturity, any gain realized on the sale or exchange thereof which does not exceed an amount equal to—

"(i) the original issue discount, reduced by

"(ii) the portion of original issue discount previously includible in the gross income of any holder (without regard to subsection (a)(6) or (b)(4) of section 1272 (or the corresponding provisions of prior law)),

shall be treated as ordinary income.

"(B) Exceptions.—This paragraph (and paragraph (2) of subsection (c)) shall not apply to—

"(i) any tax-exempt obligation, or

"(ii) any holder who has purchased the debt instrument at a premium.

"(3) Certain short-term government obligations.—

"(A) In general.—On the sale or exchange of any short-term Government obligation, any gain realized which does not exceed an amount equal to the ratable share of the acquisition discount shall be treated as ordinary income.

Page 52, line 11, strike out "exceeding" and insert in lieu thereof "more than".

Page 53, strike out line 20 and all that follows down through line 4 on page 54 and insert the following:

"(2) Special rule for certain obligations with respect to which original issue discount not currently includible.—

"(A) In general.—On the sale or exchange of debt instruments issued by a government or political subdivision thereof after December 31, 1954, and before July 2, 1982, or by a corporation after December 31, 1954, and on or before May 27, 1969, any gain realized which does not exceed—

Page 54, strike out lines 15 through 18 and insert the following:

shall be treated as ordinary income.

Page 54, after line 22, insert the following:

"(C) Cross reference.—

"For current inclusion of original issue discount, see section 1272.

"(d) Double Inclusion in Income Not Required.—This section and sections 1272 and 1286 shall not require the inclusion of any amount previously includible in gross income.

Page 55, strike out lines 19 through 21 and insert the following:

"(C) Short-term obligations.—Any debt instrument which has a fixed maturity date not more than 1 year from the date of issue.

Page 56, line 17, strike out "accrual period" and insert in lieu thereof "accrual period and properly adjusted for the length of the accrual period".

Page 57, strike out line 6 and all that follows down through line 3 on page 58 and insert the following:

"(5) Accrual period.—Except as otherwise provided in regulations prescribed by the Secretary, the term 'accrual period' means a 6-month period (or shorter period from the date of original issue of the debt instrument) which ends on a day in the calendar year corresponding to the maturity date of the debt instrument or the date 6 months before such maturity date.

"(6) Reduction where subsequent holder pays acquisition premium.—

"(A) Reduction.—For purposes of this subsection, in the case of any purchase after its original issue of a debt instrument to which this subsection applies, the daily portion for any day shall be reduced by an amount equal to the amount which would be the daily portion for such day (without regard to this paragraph) multiplied by the fraction determined under subparagraph (B).

"(B) Determination of fraction.—For purposes of subparagraph (A), the fraction determined under this subparagraph is a fraction—

"(i) the numerator of which is the excess (if any) of—

"(I) the cost of such debt instrument incurred by the purchaser, over

"(II) the issue price of such debt instrument increased by the sum of the daily portions for such debt instrument for all days on or before the date of purchase (computed without regard to this paragraph), and

"(ii) the denominator of which is the sum of the daily portions for such debt instrument for all days after the date of such purchase and ending on the stated maturity date (computed without regard to this paragraph).

Page 59, strike out line 1 and all that follows down through line 23 on page 60 and insert the following:

"(3) Month defined.—For purposes of this subsection—

"(A) Complete month.—A complete month commences with the date of original issue and the corresponding day of each succeeding calendar month (or the last day of a calendar month in which there is no corresponding day).

"(B) Transfers during month.—In any case where a debt instrument is acquired on any day other than a day determined under subparagraph (A), the ratable monthly portion of original issue discount for the complete month (or partial month) in which such acquisition occurs shall be allocated between the transferor and the transferee in accordance with the number of days in such complete (or partial) month each held the debt instrument.

"(4) Reduction where subsequent holder pays acquisition premium.—

"(A) Reduction.—For purposes of this subsection, the ratable monthly portion of original issue discount shall not include its share of the acquisition premium.

"(B) Share of acquisition premium.—For purposes of subparagraph (A), any month's share of the acquisition premium is an amount (determined at the time of the purchase) equal to—

"(i) the excess of—

"(I) the cost of such debt instrument incurred by the holder, over

"(II) the issue price of such debt instrument, increased by the portion of original issue discount previously includible in the gross income of any holder (computed without regard to this paragraph),

"(ii) divided by the number of complete months (plus any fractional part of a month) from the date of such purchase to the stated maturity date of such debt instrument.

"(c) Exceptions.—This section shall not apply to any holder—

"(1) who has purchased the debt instrument at a premium, or

"(2) which is a life insurance company to which section 811(b) applies.

"(d) Definition and Special Rule.—

"(1) Purchase defined.—For purposes of this section, the term 'purchase' means—

"(A) any acquisition of a debt instrument, where

"(B) the basis of the debt instrument is not determined in whole or in part by reference to the adjusted basis of such debt instrument in the hands of the person from whom acquired.

"(2) Basis adjustment.—The basis of any debt instrument in the hands of the holder thereof shall be increased by the amount included in his gross income pursuant to this section.

Page 61, strike out lines 4 through 7 and insert the following:

"(1) In general.—The term 'original issue discount' means the excess (if any) of—

"(A) the stated redemption price at maturity, over

"(B) the issue price.

Page 61, strike out lines 12 through 15 and insert the following: "amounts payable at that time (other than any interest based on a fixed rate, and payable unconditionally at fixed periodic intervals of 1 year or less during the entire term of the debt instrument).".

Page 61, line 19, strike out "redemption price" and insert "stated redemption price".

Page 62, strike out lines 4 and 5 and insert the following:

"(A) publicly offered, and".

Page 64, strike out lines 1 through 5 and insert the following:

"(B) the issue price determined for such unit shall be allocated to each element of such unit on the basis of the relationship of the fair market value of such element to the fair market value of all elements in such unit, and

Page 64, strike out line 10 and all that follows down through line 21 on page 65.

Page 66, strike out lines 4 through 17 and insert the following:

"(a) In General.—In the case of any debt instrument to which this section applies, for purposes of this subpart, the issue prices shall be the lesser of—

"(1) the stated principal amount, or

"(2) the imputed principal amount.

"(b) Imputed Principal Amount.—For purposes of this section—

"(1) In general.—Except as provided in paragraph (3), the imputed principal amount of any debt instrument shall be equal to the sum of the present values of all payments due under such debt instruments.

Page 67, strike out lines 3 through 8 and insert the following:

"(A) In general.—In the case of any potentially abusive situation, the imputed principal amount of any debt instrument received in exchange for property shall not exceed the fair market value of such property.

Page 68, strike out lines 7 through 14 and insert the following:

"(A) the stated redemption price at maturity for such instrument exceeds the imputed principal amount of such debt instrument which would be determined under subsection (b) if a discount rate equal to 110 percent of the applicable Federal rate were used, or

"(B) the stated redemption price at maturity for such instrument exceeds the stated principal amount.

Page 71, strike out lines 10 through 18 and insert the following:

"(F) Certain sales of patents.—In the case of any transfer described in section 1235(a) (relating to sale or exchange of patents), any amount contingent on the productivity, use, or disposition of the property transferred.

"(G) Sales or exchanges to which section 483(g) applies.—Any debt instrument to the extent section 483(g) (relating to certain land transfers between related persons) applies to such instrument.

Page 74, strike out lines 9 through 15 and insert the following:

"(A) Publicly offered debt instruments.—In the case of any debt instrument which is publicly offered, the term 'date of original issue' means the date on which the issue was first issued to the public.

Page 75, after line 7, insert the following:

"(4) Special rule for determination of issue price in case of exchange of debt instruments in reorganizations.—

"(A) In general.—If—

"(i) any debt instrument is issued pursuant to a plan of reorganization (within the meaning of section 368(a)(1)) for another debt instrument (hereinafter in this paragraph referred to as the 'old debt instrument'), and

"(ii) the amount which (but for this paragraph) would be the issue price of the debt instrument so issued is less than the adjusted issue price of the old debt instrument,

then the issue price of the debt instrument so issued shall be treated as equal to the adjusted issue price of the old debt instrument.

"(B) Definitions.—For purposes of this paragraph—

"(i) Debt instrument.—The term 'debt instrument' includes an investment unit.

"(ii) Adjusted issue price.—

"(I) In general.—The adjusted issue price of the old debt instrument is its issue price, increased by the portion of any original issue discount previously includible in the gross income of any holder (without regard to subsection (a)(6) or (b)(4) of section 1272 (or the corresponding provisions of prior law)).

"(II) Special rule for applying section 163(e).—For purposes of section 163(e), the adjusted issue price of the old debt instrument is its issue price, increased by any original issue discount previously allowed as a deduction.

Page 77, strike out line 24 and all that follows down through line 11 on page 78 and insert the following:

"(D) Payments to which other sections apply.—Sections 83, 267, 404, 404A, and 706(a) shall be applied before the application of this subsection, and this subsection shall not apply to any payment to which any such section applies.

"(4) Other definitions and special rules.—For purposes of this subsection—

"(A) Allocation of deferred payment.—The portion of a deferred payment allocated to any taxable year shall be determined under the accrual method of accounting.

Page 79, strike out lines 9 through 13 and insert the following:

"(2) INFORMATION REQUIRED TO BE SUBMITTED TO SECRETARY.—In the case of any issue of publicly offered debt instruments having original issue discount, the issuer shall (at such time and in such manner as the

Page 80, strike out lines 1 through 5 and insert the following: "publicly offered debt instrument having original issue discount.".

"(3) EXCEPTIONS.—This subsection shall not apply to any obligation referred to in section 1272(a)(2) (relating to exceptions from current inclusion of original issue discount).

Page 80, line 13, strike out "will be modified" and insert "shall be modified".

Page 81, strike out lines 3 through 5 and insert the following: "count on such bond. Such gain shall be recognized notwithstanding any other provision of this subtitle.".

Page 81, after line 11, insert the following:

"(3) GAIN TREATED AS INTEREST FOR CERTAIN PURPOSES.—Except for purposes of sections 871(a), 881, 1441, 1442, and 6049 (and such other provisions as may be specified in regulations), any amount treated as ordinary income under paragraph (1) shall be treated as interest for purposes of this title.

Page 82, strike out lines 22 through 24 and insert the following:

"(i) the stated redemption price at maturity of such bond shall be treated as equal to its revised issue price, and

Page 83, line 2, strike out "would be" and insert in lieu thereof "would have been".

Page 83, line 20, strike out "adjusted basis" and insert in lieu thereof "basis".

Page 84, strike out lines 1 through 14 and insert the following:

"(2) EXCHANGED BASIS PROPERTY.—If any market discount bond is disposed of by the taxpayer in a nonrecognition transaction and paragraph (1) does not apply to such transaction, any accrued market discount determined with respect to the property disposed of to the extent not theretofore treated as ordinary income under subsection (a)—

"(A) shall be treated as accrued market discount with respect to the exchanged basis property received by the taxpayer in such transaction if such property is a market discount bond, and

"(B) shall be treated as ordinary income on the disposition of the exchanged basis property received by the taxpayer in such exchange if such property is not a market discount bond.

"(3) PARAGRAPH (1) TO APPLY TO CERTAIN DISTRIBUTIONS BY CORPORATIONS OR PARTNERSHIPS.—For purposes of paragraph (1), if the basis of any market discount bond in the hands of a transferee is determined under section 334(c), 732(a), or 732(b), such property shall be treated as transferred basis property in the hands of such transferee.

Page 85, line 7, strike out "Before Date" and insert in lieu thereof "on or before Date".

Page 85, line 9, strike out "before the date" and insert in lieu thereof "on or before the date".

Page 88, after line 5, insert the following:

"(iv) INSTALLMENT OBLIGATIONS.—Any installment obligation to which section 453B applies.

Page 88, line 11, strike out "adjusted basis" and insert in lieu thereof "basis".

Page 93, strike out line 5 and insert the following: "maturity date not more than 1 year from the date."

Page 94, strike out lines 17 through 25 and insert the following:

"(c) SPECIAL RULES FOR NONGOVERNMENTAL OBLIGATIONS.—

"(1) IN GENERAL.—In the case of any short-term obligation which is not a short-term Government obligation (as defined in section 1271(a)(3)(B))

"(A) sections 1281 and 1282 shall be applied by taking into account original issue discount in lieu of acquistion discount, and

"(B) appropriate adjustments shall be made in the application of subsection (b) of this section.

"(2) ELECTION TO HAVE PARAGRAPH (1) NOT APPLY.—

"(A) IN GENERAL.—A taxpayer may make an election under this paragraph to have paragraph (1) not apply to all obligations acquired by the taxpayer on or after the first day of the first taxable year to which such election applies.

"(B) PERIOD TO WHICH ELECTION APPLIES.—An election under this paragraph shall apply to the taxable year for which it is made and for all subsequent taxable years, unless the taxpayer secures the consent of the Secretary to the revocation of such election.

Page 96, line 15, strike out "before the time" and insert in lieu thereof "while held by such person and before the time".

Page 99, after line 12, insert the following:

"(6) PURCHASE.—The term 'purchase' has the meaning given such term by section 1272(d)(1).

Page 100, beginning in line 20, strike out "For purposes of this title, original" and insert in lieu thereof "Original".

Page 107, strike out line 3 and insert the following: "and not willful neglect. The amount of the penalty imposed under the preceding sentence with respect to any issue of debt instruments shall not exceed $50,000 for such issue.".

Page 107, strike out line 14 and insert the following:

(a) IN GENERAL.—

Page 108, line 21, strike out "1282" and insert in lieu thereof "1287".

Page 109, after line 25, insert the following:

(10) Subparagraph (A) of section 871(a)(1) (relating to income other than capital gains) is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

(11) Paragraph (1) of section 881(a) (relating to imposition of tax) is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

Page 110, line 1, strike out "(10)" and insert in lieu thereof "(12)".

Page 110, line 12, strike out "(11)" and insert in lieu thereof "(13)".

Page 110, after line 15, insert the following:

(14) Subsection (b) of section 1441 (relating to withholding of tax on nonresident alien) is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

Page 110, line 16, strike out "(12)" and insert in lieu thereof "(15)".

Page 110, line 23, strike out "Amemdments" and insert in lieu thereof "Amendments".

Page 114, line 8, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 115, line 16, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 116, line 6, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 116, line 10, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 116, line 15, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 117, beginning in line 7, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 117, line 9, strike out the period and insert in lieu thereof a comma.

Page 117, line 15, strike out "required".

Page 117, line 22, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 117, line 25, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 118, line 4, strike out "this subtitle" and insert in lieu thereof "section 41".

Page 118, after line 6, insert the following:

(i) OTHER MISCELLANEOUS CHANGES.—

(1) ACCRUAL PERIOD.—In the case of any obligation issued after July 1, 1982, and before January 1, 1985, the accrual period, for purposes of section 1272(a) of the Internal Revenue Code of 1954 (as amended by section 41(a)), shall be a 1-year period (or shorter period to maturity) beginning on the day in the calendar year which corresponds to the date of original issue of the obligation.

(2) CHANGE IN REDUCTION FOR PURCHASE AFTER ORIGINAL ISSUE.—Section 1272(a)(6) of such code (as so amended) shall not apply to any purchase on or before the date of the enactment of this Act, and the rules of section 1232(A)(a)(6) of such Code (as in effect on the day before the date of the enactment of this Act) shall continue to apply to such purchase.

(j) CLARIFICATION THAT PRIOR TRANSITIONAL RULES NOT AFFECTED.—Nothing in the amendment made by section 41(a) shall affect the application of any transitional rule for any provision which was a predecessor to any provision contained in part V of subchapter P of chapter 1 of the Internal Revenue Code of 1954 (as added by section 41).

Page 118, line 14, strike out "section 245" and insert in lieu thereof "section 246".

Page 118, line 16, strike out "SEC. 245A." and insert in lieu thereof "SEC. 246A.".

Page 120, strike out line 11 and all that follows down through line 2 on page 121 and insert in lieu thereof the following:

"(2) SPECIAL RULE WHERE STOCK NOT HELD THROUGHOUT BASE PERIOD.—In the case of any stock which was not held by the taxpayer throughout the base period, paragraph (1) shall be applied as if the base period consisted only of that portion of the base period during which the stock was held by the taxpayer.

Page 122, line 7, strike out "section 245" and insert in lieu thereof "section 246".

Page 122, in the material following line 8, strike out "SEC. 245A." and insert in lieu thereof "SEC. 246A."

Page 123, strike out lines 4 through 6 and insert the following:

243 to the regulated investment company determined—

(i) as if section 243 applied to dividends received by a regulated investment company,

(ii) after the application of section 246 (but without regard to subsection (b) thereof), and

(iii) after the application of section 246A."

Page 125, line 14, strike out "90" and insert in lieu thereof "85".

Page 126, strike out lines 24 and 25 and insert the following:

market value of such property (as of the date of the distribution) reduced as provided in section 301(b)(2).

Page 127, strike out lines 5 and 6 and insert the following:

except that '1 year' shall be substituted for the number of days specified in subparagraph (B) of section 246(c)(3).

Page 127, line 16, strike out "of such distribution" and insert in lieu thereof "so treated".

Page 128, strike out lines 21 through 23 and insert the following:

The preceding sentence shall not apply in the case of any qualified covered call (as defined in section 1092(d)(7) but without regard to the requirement that gain or loss with respect to the option not be ordinary income or loss)."

Page 131, line 9, strike out "section 304(b)(4)" and insert in lieu thereof "section 302(b)(4)".

Page 135, line 6, strike out "less than 6 months" and insert in lieu thereof "6 months or less".

Page 136, line 17, strike out "less than 6 months" and insert in lieu thereof "6 months or less".

Page 136, line 24, strike out "less than 6 months" and insert in lieu thereof "6 months or less".

Page 137, strike out lines 3 through 5 and insert the following: "amount described in clause (i), be treated as a long-term capital loss.".

Page 141, strike out lines 24 and 25 and insert the following:

(b) TREATMENT OF CAPITAL GAINS AND LOSSES.—Subsection (b) of section 535.

Page 142, beginning in line 24, strike out "December 31, 1984" and insert in lieu thereof "the date of the enactment of the Tax Reform Act of 1984".

Page 144, strike out lines 9 and 10 and insert the following:

"(A) CAPITAL LOSS DEDUCTION, ETC., NOT ALLOWED.—Paragraphs (5) and (7)(A) shall not apply.

Page 144, strike out lines 18 through 20 and insert the following:

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

Page 146, line 2, strike out "of earnings and profits" and insert in lieu thereof "on earnings and profits".

Page 146, line 22, strike out "to corporations" and insert in lieu thereof "by corporations".

Page 148, line 22, strike out "in paragraph (1)(A)" and insert "of paragraph (1)(A)".

Page 149, line 25, strike out "section 409(A)(1)" and insert "section 409A(1)".

Page 160, strike out line 17, and all that follows down through line 2 on page 161 and insert the following:

"(3) SUBSTITUTED BASIS PROPERTY.—

"(A) IN GENERAL.—If any property described in subsection (a), (b), or (c) is disposed of in a nonrecognition transaction, the tax treatment which applies to such property under such subsection shall also apply to any substituted basis property resulting from such transaction. A similar rule shall also apply in the case of a series of nonrecognition transactions.

"(B) EXCEPTION FOR STOCK IN C CORPORATION.—Subparagraph (A) shall not apply to any stock in a C corporation received in an exchange described in section 351."

Page 161, strike out lines 13 through 24 and insert the following:

"(2) SUBSTITUTED BASIS PROPERTY.—

"(A) IN GENERAL.—If any property described in subsection (a) is disposed of in a nonrecognition transaction, the tax treatment which applies to such property under such subsection shall also apply to any substituted basis property resulting from such transaction. A similar rule shall also apply in the case of a series of nonrecognition transactions.

"(B) EXCEPTION FOR STOCK IN C CORPORATION.—Subparagraph (A) shall not apply to any stock in a C corporation received in an exchange described in section 351."

Page 162, strike out lines 5 through 9 and insert the following:

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to property contributed to a partnership after March 31, 1984, in taxable years ending after such date.

Page 162, line 14, strike out "PARTNERSHIP INTERESTS" and insert in lieu thereof "PARTNERSHIP AND TRUST INTERESTS".

Page 162, line 20, strike out "PARTNERSHIP INTERESTS" and insert in lieu thereof "PARTNERSHIP AND TRUST INTERESTS".

Page 163, strike out lines 17 and 18 and insert the following:

"(2) were sold in a sale described in section 337,

whichever is appropriate. In determining whether property of a partnership is recogni-

Page 163, strike out lines 22 and all that follows down through line 5 on page 164 and insert the following:

"(d) EXTENSION TO TRUST.—Under regulations, rules similar to the rules of this section shall also apply in the case of the distribution or sale or exchange by a corporation of an interest in a trust."

Page 164, in the material following line 17, strike out "partnership interests" and insert in lieu thereof "partnership and trust interests".

Page 168, line 18, strike out "any property" and insert in lieu thereof "any distributed property".

Page 170, strike out lines 14 through 17 and insert the following:

sections 661(a)(2) and 662(a)(2) shall be the lesser of—

(i) the basis of such property in the hands of the beneficiary (as determined under paragraph (1)), or

(ii) the fair market value of such property."

Page 173, line 6, strike out "contractual".

Page 173, strike out lines 11 through 15 and insert the following:

section 419 applies),

economic performance occurs as the payments to such person are made. Subparagraphs (A) and (B) shall not apply to any liability described in the preceding sentence.

Page 173, strike out lines 20 through 22 and insert the following:

"(3) SUBSECTION NOT TO APPLY TO ITEMS TO WHICH OTHER PROVISIONS OF THIS TITLE APPLY.—This subsection shall not

Page 174, line 13, strike out "disbursement" and insert in lieu thereof "disbursements".

Page 174, beginning in line 23, strike out "offerings of security" and insert in lieu thereof "offering of securities".

Page 180, line 16, strike out "For purposes of this subsection—".

Page 180, line 20, strike out "acquired by" and insert in lieu thereof "stock acquired by".

Page 182, beginning in line 17, strike out "For purposes of this paragraph, the" and insert in lieu thereof "The".

Page 182, beginning in line 20, strike out "For purposes of this paragraph, the" and insert in lieu thereof "The".

Page 183, strike out lines 17 through 19 and insert the following:

"(1) IN GENERAL.—Paragraph (1) of section 1092(d) (defining personal property) is amended to read as follows:

"(1) PERSONAL PROPERTY.—The term 'personal property' means any personal property of a type which is actively traded. Such term also includes any stock of a corporation formed or availed of to take positions in personal property which offset positions taken by any shareholder."

Page 184, strike out lines 5 through 8 and insert the following:

(but for this subparagraph) would be a straddle if—

"(i) each of such positions consists of—

"(I) the holding of stock, or

"(II) the short sale of stock, and

"(ii) such positions are not part of a larger straddle which includes a position not described in clause (i).

Page 187, line 10, strike out "contracts" and insert in lieu thereof "contracts (or the settlement of which depends on the value of such a currency)".

Page 191, line 7, strike out "exercised" and insert in lieu thereof "exercised,".

Page 192, strike out lines 14 and 15 and insert the following:

1256 contracts",

(C) by striking out "regulated futures contract" each place it appears in paragraph (7)(A) (including the heading) and inserting in lieu thereof "section 1256 contract", and

(D) by striking out "net commodity futures

Page 193, line 5, strike out "and inserting" and insert in lieu thereof "in the item relating to section 1256 and inserting".

Page 194, strike out line 10 and insert the following:

(1) IN GENERAL.—If the taxpayer makes an election under this

Page 195, line 14, strike out "one year" and insert in lieu thereof "1 year".

Page 196, line 7, strike out "Secretary" and insert in lieu thereof "Secretary of the Treasury or his delegate".

Page 203, line 6, strike out "reserve" and insert in lieu thereof "reserve (to the extent thereof)".

Page 208, line 11, strike out "plan" and insert in lieu thereof "a plan".

Page 209, line 1, strike out "section 414(m)(5)(B)" and insert in lieu thereof "section 414(m)(6)(B)".

Page 212, line 9, strike out "subchapter P" and insert in lieu thereof "subchapter F".

Page 214, strike out lines 14 through 20 and insert the following:

A life insurance, disability, severance pay, or supplemental unemployment compensation benefit shall not be considered to fail to meet the requirements of clause (ii) merely because the benefits available bear a uniform relationship to the total compensation, or the basic or regular rate of compensation, of employees covered by the plan.

Page 214, line 25, strike out "of law" and insert in lieu thereof "Of this chapter".

Page 216, line 7, strike out "subchapter P" and insert in lieu thereof "subchapter F".

Page 218, line 20, strike out "person" and insert in lieu thereof "persons".

Page 221, line 3, strike out "annual" and insert in lieu thereof "accrual of".

Page 222, line 11, strike out "employee contributions" and insert in lieu thereof "nondeductible employee contributions".

Page 222, line 13, strike out "section 402(a)" and insert in lieu thereof "section 404(a)".

Page 223, strike out lines 6 through 10 and insert the following:

"(A) A cash or deferred arrangement shall not be treated as a qualified cash or deferred arrangement unless—

Page 223, beginning in line 11, strike out "participate under the plan" and insert in lieu thereof "benefit under the arrangement".

Page 224, strike out line 10 and insert the following:

tiplied by 2.5.

If 2 or more plans which include cash or deferred arrangements are considered as 1 plan for purposes of section 401(a)(4) or 410(b), the cash or deferred arrangements included in such plans shall be treated as 1 arrangement for purposes of this subparagraph."

Page 225, line 2, strike out "of a related person" and insert in lieu thereof "acquired (directly or indirectly) from a related person".

Page 225, line 19, strike out "of such" and insert in lieu thereof "acquired directly from such".

Page 226, strike out lines 1 through 7 and insert the following:

"(3) TRADE OR SERVICE RECEIVABLES OF RELATED UNITED STATES PERSONS.—

"(A) IN GENERAL.—Notwithstanding paragraph (2), the term 'United States property' includes any trade or service receivable acquired (directly or indirectly) from a related United States person.

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) Trade or service receivable.—The term 'trade or service receivable' has the meaning given to such term by section 553(a)(8)(B).

"(ii) Related United States person.—The term 'related United States person' means any related person (within the meaning of section 954(d)(3)) who is a United States person."

Page 226, line 16, strike out "of a related" and insert in lieu thereof "acquired (directly or indirectly) from a related".

Page 227, line 13, strike out "March 1, 1984" and insert in lieu thereof "March 1, 1984,".

Page 229, strike out lines 4 and 5 and insert in lieu thereof the following:

denominated in foreign currency,

"(iv) intangible property (within the meaning of section 936(h)(3)(B)), or

"(v) property with respect to which the

Page 229, strike out lines 23 through 25 and insert the following:

"(ii) the amount of such losses recaptured under section 904(f).

Page 230, line 1, strike out "excess described in" and insert in lieu thereof "gain recognized by reason of".

Page 230, line 15, strike out "tranfer" and insert in lieu thereof "transfer".

Page 230, line 23, strike out "Tranfers" and insert in lieu thereof "Transfers".

Page 231, strike out lines 5 and 6 and insert the following:

tion in an exchange described in section 351 or 361—

Page 231, line 10, strike out "transfer" and insert in lieu thereof "transfer".

Page 231, strike out lines 11 through 13 and insert the following:

"(2) TRANSFER OF INTANGIBLES TREATED AS TRANSFER UNDER A SALE FOR CONTINGENT PAYMENTS.—

Page 231, beginning in line 19, strike out "an exclusive licensing agreement" and insert in lieu thereof "a sale for contingent payments".

Page 231, line 21, strike out "Effective" and insert in lieu thereof "Effect".

Page 232, after line 8, insert the following:

(c) TREATMENT OF LIQUIDATIONS UNDER SECTION 336.—Section 367 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) TREATMENT OF LIQUIDATIONS UNDER SECTION 336.—In the case of any distribution described in section 336 by a domestic corporation which is made to a person who is not a United States person, to the extent provided in regulations, gain shall be recognized under principles similar to the principles of this section."

Page 232, strike out lines 9 and 10 and insert the following:

(d) SECRETARY MUST BE NOTIFIED OF TRANSACTIONS DESCRIBED IN SECTION 367(a).—

Page 232, strike out lines 14 and 15 and insert the following:

"SEC. 6038B. NOTICE OF TRANSFERS DESCRIBED IN SECTION 367(a).

Page 233, strike out lines 3 through 6 and insert in lieu thereof the following:

(a) at the time and in the manner required by regulations, such person shall pay a penalty equal to 25 percent of the amount of the gain realized on the exchange.

Page 234, strike out the material between lines 2 and 3 and insert in lieu thereof the following:

"Sec. 6038B. Notice of transfers described in section 367(a)."

Page 234, line 3, strike out "(d)" and insert in lieu thereof "(e)".

Page 234, line 17, strike out "(e)" and insert in lieu thereof "(f)".

Page 235, strike out line 11 and insert in lieu thereof the following:

367."

Page 235, line 12, strike out "(f)" and insert in lieu thereof "(g)".

Page 237, line 5, strike out "(or retirement)".

Page 238, line 21, strike out "identify" and insert in lieu thereof "identity".

Page 239, line 20, strike out "(or retirement)".

Page 241, line 25, strike out the comma following "exceeds".

Page 243, strike out lines 11 through 15 and insert the following:

with a proof of 190 or more which are derived from cane. The preceding sentence shall not apply if the Secretary determines that an arrangement having an effect similar to the redistillation incentive applies to distilled spirits described in the preceding sentence."

Page 243, line 18, strike out "amendment" and insert in lieu thereof "amendments".

Page 244, line 14, strike out "articles" and insert in lieu thereof "articles (other than rum or cane neutral spirits)".

Page 246, strike out lines 10 through 22 and insert the following:

"(1) IN GENERAL.—For purposes of this section, a corporation created or organized in Guam or the Virgin Islands or under the law of Guam or the Virgin Islands shall not be treated as a foreign corporation for any taxable year if—

"(A) at all times during such taxable year less than 25 percent in value of the stock of such corporation is owned (directly or indirectly) by foreign persons, and

"(B) at least 20 percent of the gross income of such corporation is shown to the satisfaction of the Secretary to have been derived from sources within Guam or the Virgin Islands (as the case may be) for the 3-year period ending with the close of the preceding taxable year of such corporation (or for such part of such period as the corporation has been in existence).

Page 247, line 2, strike out "pursuant to this title".

Page 247, strike out lines 8 and 9 and insert the following:

"(3) DEFINITIONS.—

"(A) FOREIGN PERSON.—For purposes of paragraph (1) the term 'foreign person' means any person other than—

"(i) a United States person, or

"(ii) a person who would be a United States person if references to the United States in section 7701 included references to a possession of the United States.

"(B) INDIRECT OWNERSHIP RULES.—For purposes of paragraph (1), the rules of section 318(a)(2) shall apply except that '5 percent' shall be substituted for '50 percent' in subparagraph (C) thereof.

"(4) CROSS REFERENCE.—

"For tax imposed in the Virgin Islands, see sections 934 and 934A."

(b) WITHHOLDING OF TAX.—Subsection (c) of section 1442 (relating to exception for Guam corporations) is amended to read as follows:

"(c) EXCEPTION FOR CERTAIN GUAM AND VIRGIN ISLANDS CORPORATIONS.—

"(1) IN GENERAL.—For purposes of this section, the term 'foreign corporation' does not include a corporation created or organized in Guam or the Virgin Islands or under the law of Guam or the Virgin Islands if the requirements of subparagraphs (A) and (B) of section 881(b)(1) are met with respect to such corporation.

"(2) PARAGRAPH (1) NOT TO APPLY TO TAX IMPOSED IN GUAM.—For purposes of applying this subsection with respect to income tax liability incurred to Guam—

"(A) paragraph (1) shall not apply, and

"(B) for purposes of this section, the term 'foreign corporation' does not include a corporation created or organized in Guam or under the law of Guam.

"(3) CROSS REFERENCE.—

"For tax imposed in the Virgin Islands, see sections 934 and 934A."

Page 247, line 10, strike out "(b)" and insert in lieu thereof "(c)".

Page 247, line 13, strike out "(c)" and insert in lieu thereof "(d)".

Page 248, line 4, strike out "of enactment" and insert in lieu thereof "of the enactment".

Page 250, strike out line 22 and all that follows down through line 2 on page 251 and insert the following:

such corporation,

is held directly (or indirectly through applying paragraphs (2) and (3) of section 958(a) and paragraph (4) of section 318(a)) by United States persons (as defined in section 7701(a)(30))."

Page 251, line 6, strike out "distributions" and insert in lieu thereof "distributions and interest payments".

Page 252, after line 24, insert the following:

"(3) DISTRIBUTION.—For purposes of this subsection, the term 'distribution' includes any amount required to be included in income under section 951."

Page 254, strike out lines 21 through 24 and insert the following:

"(C) DISTRIBUTION.—For purposes of this paragraph, the term 'distribution' includes any amount required to be included in income under section 951."

Page 257, line 9, strike out "6706" and insert in lieu thereof "6707".

Page 258, in the material following line 3, strike out "6706" and insert in lieu thereof "6707".

Page 260, line 13, strike out "such return" and insert in lieu thereof "such return from the person to whom the statement is furnished".

Page 261, strike out lines 19 through 21 and insert the following:

(d) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to amounts received after December 31, 1984.

(2) Special rule for obligations in existence on December 31, 1984.—In the case of any obligation in existence on December 31, 1984, no penalty shall be imposed under section 6652 of the Internal Revenue Code of 1954 by reason of the amendments made by this section on any failure to supply a taxpayer identification number with respect to amounts received before January 1, 1986.

Page 270, strike out line 10 and insert the following:

made.

"(c) Requirement That Transferor Notify Partnership.—

"(1) In general.—In the case of any exchange described in subsection (a), the transferor of the partnership interest shall promptly notify the partnership of such exchange.

"(2) Partnership not required to make return until notice.—A partnership shall not be required to make a return under this subsection with respect to any exchange until the partnership is notified of such exchange."

Page 270, after line 24, insert the following:

(3) Section 6678 (relating to failure to furnish certain statements) is amended by adding at the end thereof the following new subsection:

"(c) Failure To Notify Partnership of Exchange of Partnership Interest.—In the case of any person who fails to furnish the notice required by section 6050J(c)(1) on the date prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, such person shall pay a penalty of $50 for each such failure."

Page 271, strike out lines 14 and 15 and insert the following: Substitute Dividend Payments.—If any broker in stocks or securities—

"(1) lends stock

Page 277, line 5, strike out "subsection (b)" and insert in lieu thereof "if the loan is a term loan, subsection (b)".

Page 280, line 20, strike out "party" and insert in lieu thereof "part".

Page 291, line 16, strike out "the partnership" and insert in lieu thereof "of the partnership".

Page 294, line 20, strike out "the".

Page 294, line 24, strike out "subparagraph (B)" and insert in lieu thereof "subparagraphs (B) and (C)".

Page 295, after line 7, insert the following:

(C) Special rule for s corporations.—Subsection (e) of section 267 of the Internal Revenue Code of 1954 (as in effect on the day before the date of the enactment of this Act) shall remain in effect until the amendments made by subsection (a) take effect.

Page 340, strike out lines 17 and 18, and insert the following: "ages for the 50 largest mutual life insurance companies for such taxable year, or".

Page 341, strike out lines 7 and 8 and insert the following: "percentages for the 50 largest mutual life insurance companies for such taxable years.".

Page 341, after line 25 insert the following:

"(E) 50 largest mutual life insurance companies.—The term '50 largest mutual life insurance companies' means a group (as determined by the Secretary) of mutual life insurance companies which consists of the 50 largest mutual life insurance companies which are subject to tax under this chapter.

Page 342, line 2, strike out "for all companies".

Page 342, beginning in line 3, strike out "all mutual life insurance companies" and insert in lieu thereof "the 50 largest mutual life insurance companies".

Page 353, line 15, strike out "804(a)(4)(D)" and insert in lieu thereof "805(a)(4)(D)".

Page 399, line 7, strike out "Noncancelable" and insert in lieu thereof "Noncancellable".

Page 399, line 11, strike out "noncancelable" and insert in lieu thereof "noncancellable".

Page 412, strike out lines 3 and 4, and insert the following:

"(i) Transitional Rules for Certain Contracts.—

Page 412, line 6, strike out "an contract" and insert in lieu thereof "any contract".

Page 412, beginning in line 6, strike out "pursuant to an existing plan of insurance".

Page 412, line 24, strike out "95' or" and insert in lieu thereof "95', or".

Page 414, strike out lines 1 through 7, and insert in lieu thereof the following:

"(C) Existing plan of insurance.—For purposes of this paragraph, the term 'existing plan of insurance' means, with respect to any contract, any plan of insurance which was filed by the company issuing such contract in 1 or more States before September 28, 1983, and is on file in the appropriate State for such contract.

Page 425, line 11, strike out "section 219(e)(6)" and insert in lieu thereof "section 219(f)(6)".

Page 429, after line 15, insert the following:

(4) Clerical amendment.—Subparagraph (A) of section 4973(b)(2) is amended by striking out "section 408(d)(1)" and inserting in lieu thereof "section 408(d)".

Page 430, line 8, strike out "1983" and insert in lieu thereof "1984".

Page 476, strike out line 3, and insert the following:

"(2) is related to the cessation of the marriage.

"(d) Special Rule Where Spouse Is Nonresident Alien.—Paragraph (1) of subsection (a) shall not apply if the spouse of the individual making the transfer is a nonresident alien."

Page 479, line 14, strike out "such section" and insert in lieu thereof "such instrument".

Page 488, line 4, strike out "The amendments" and insert in lieu thereof "Except as otherwise provided in this subsection, the amendments".

Page 488, after line 15, insert the following:

(3) Requirement of identification number.—Section 215(c) of the Internal Revenue Code of 1954 (as amended by subsection (b)) and the amendments made by subsection (c) shall apply to payments made after December 31, 1984.

Page 492, line 24, strike out "this section" and insert in lieu thereof "this subsection".

Page 497, line 9, strike out "or credit" and insert in lieu thereof ", credit, or basis".

Page 498, line 17, strike out "such items" and insert in lieu thereof "such item".

Page 509, line 20, strike out "early disposition" and insert in lieu thereof "early disposition or cessation".

Page 520, line 4, strike out "which are allowable" and insert in lieu thereof "attributable to such business which are allowable".

Page 521, line 5, strike out "taxapayer" and insert in lieu thereof "taxpayer".

Page 525, line 18, strike out "holding company" and insert in lieu thereof "holding company or personal service corporation".

Page 525, strike out line 23 and insert the following:

542(a)) or a personal service corporation (as defined in section 269A(b) but determined by substituting '5 percent' for '10 percent' in section 269A(b)(2))."

Page 550, strike out lines 13 through 25 and insert the following:

(3) Transitional rule for applying lawful residence test.—In the case of any individual who was a lawful permanent resident of the United States (within the meaning of section 7701(b)(5) of the Internal Revenue Code of 1954, as added by this section) throughout calendar year 1984, for purposes of section 7701(b)(2)(A) of such Code (as so added), such individual shall be treated as a resident of the United States during 1984.

Page 554, line 1, strike out "10 years" and insert in lieu thereof "5 years".

Page 603, line 6, strike out "28" and insert in lieu thereof "27".

Page 633, line 14, strike out "1983" and insert in lieu thereof "1984".

Page 633, line 24, strike out "1983" and insert in lieu thereof "1984".

Page 638, line 10, strike out "1983" and insert in lieu thereof "1984".

Page 644, after line 18, insert the following:

(c) Clarification of Effect of Amendments on Investment Tax Credit.—Nothing in the amendments made by section 485(o) shall be construed as reducing the amount of any credit allowable for qualified investment in taxable years beginning before January 1, 1984.

Page 648, strike out line 24 and insert the following:

(C) section 402(a)(6)(E).

Page 651, strike out line 19, and insert in lieu thereof the following:

ing in lieu thereof "and (F)(i)".

Page 657, line 17, strike out "1983" and insert in lieu thereof "1984".

Page 659, line 5, strike out "section 402(a)(5)(E)" and insert in lieu thereof "section 402(a)(5)(F), as amended by this Act,".

Page 659, line 8, strike out "section 402(a)(5)(E)" and insert in lieu thereof "section 402(a)(5)(F), as amended by this Act,".

Page 664, line 7, strike out "1983" and insert in lieu thereof "1984".

Page 668, strike out lines 21 through 23 and insert the following:

(7)(A) The last sentence of section 1504(a) is amended by striking out "for section 409A(l)" and inserting in lieu thereof "of section 409(l)".

(B) Subparagraph (B) of section 1504(f)(5), as added by section 61 of this Act, is amended by striking out "section 409A(l)" and inserting in lieu thereof "section 409(l)".

Page 678, strike out lines 13 through 15 and insert in lieu thereof the following:

"(i) who is a dependent of the employee, or

Page 699, after line 10, insert the following:

(2) The paragraph heading of paragraph (1) of section 306(b) (relating to exceptions) is amended by striking out "INTEREST." and inserting in lieu thereof "INTEREST, ETC.".

Page 699, line 11, strike out "(2)" and insert in lieu thereof "(3)".

Page 710, strike out lines 5 through 9 and insert the following: "of this subsection, the amendments made by such paragraphs shall not apply to such purchase unless such corporation elects (at such time and in such manner as the Secretary of the Treasury or his delegate may by regulations prescribe) to have the amendments made by such paragraphs apply.".

Page 723, strike out line 7 and insert in lieu thereof the following:

404(a)(8)(D)—Subparagraph (D) of section 404(a)(8) is

Page 729, line 3, strike out "added" and insert in lieu thereof "adding".

Page 745, strike out line 25 and insert the following: "as a net operating loss for such taxable year. The preceding sentence shall not apply to any discharge to the extent that subsection (a)(1)(C) applies to such discharge.".

Page 756, line 3, strike out "(C)" and insert in lieu thereof "(D)".

Page 756, after line 8, insert the following:

(u) Treatment of Predecessor Corporation Under Section 1374.—Paragraph (2) of section 1374(c) (relating to exception for new corporations) is amended—

(1) by striking out "(and any predecessor corporation)" in subparagraph (A), and

(2) by adding at the end thereof the following new sentence:

To the extent provided in regulations, an S corporation and any predecessor corporation shall be treated as 1 corporation for purposes of this paragraph and paragraph (1)."

Page 756, line 9, strike out "(u)" and insert in lieu thereof "(v)".

Page 757, line 1, strike out "(v)" and insert in lieu thereof "(w)".

Page 758, line 12, strike out "1262(e)" and insert in lieu thereof "1362(e)".

Page 788, line 2, strike out the period and insert in lieu thereof a comma.

Page 790, lines 15 through 20, indent subdivisions (a) and (b) an additional two ems (for a total indentation of eight ems).

Page 790, indent lines 21 through 25 two additional ems (for a total indentation of six ems).

Page 791, indent lines 1 through 4 two additional ems (for a total indentation of six ems).

Page 792, line 3, strike out "1984" and insert in lieu thereof "1983".

Page 820, strike out line 6 and insert in lieu thereof the following:

(4)(A) Section 1114(g) of such Act is amended by striking out the period after "Code" and inserting in lieu thereof a comma.

(B) Section 1114(h)(1) of such Act is amended by strik-

Page 834, line 21, strike out "The amendments" and inserting in lieu thereof "Except as otherwise specifically provided, the amendments".

Page 858, line 21, strike out "The issuance" and insert in lieu thereof "the issuance".

Page 862, line 20, insert "or a qualified veterans' mortgage bond" after "mortgage bond".

Page 873, line 8, strike out "6706" and insert in lieu thereof "6708".

Page 873, in the material following line 23, strike out "6706" and insert in lieu thereof "6708".

Page 880, line 18, strike out "1983" and insert in lieu thereof "1986".

Page 883, after line 14, insert the following new clause:

"(iii) Determination of Weather Property Owned by Governmental Unit.—For purposes of clause (i), property shall not be treated as not owned by a governmental unit solely by reason of the length of the lease to which it is subject if the lessee makes an irrevocable election (binding on the lessee) and all successors in interest under the lease) not to claim depreciation or an investment credit with respect to such property.

Page 888, strike out lines 23 through 25 and insert the following:

"(iii) any guarantee by the Small Business Administration of obligations for pollution control facilities (within the meaning of section 404(a)(1) of the Small Business Investment Act of 1958, as in effect on the date of the enactment of the Tax Reform Act of 1984) if—

"(I) the Administrator of the Small Business Administration charges a fee for making such guarantee, and

"(II) the amount of such fee equals or exceeds 1 percent of the amount guaranteed.

Page 988, Line 14, strike out "(6), and (7)" and insert in lieu thereof "and (6)".

Page 907, strike out lines 1 through 9 and insert in lieu thereof the following:

(B) on November 4, 1983, a municipal authority acting for such city accepted a proposal for the construction of a facility that is capable of generating steam and electricity through the combustion of municipal waste,

the amendment made by section 721 shall not apply to any issue, issued during 1984 or 1985 and substantially all of the proceeds of which are to be used to finance the convention center (or access ramps and parking facilities therefor) described in subparagraph (A) or the facility described in subparagrpah (B).

Page 928, line 17, strike out "within" and insert in lieu thereof "not later than".

Page 939, line 15, strike out "this paragraph" and insert in lieu thereof "subparagraph (A)".

Page 939, line 17, strike out "all".

Page 939, strike out the period at the end of line 25 and insert in lieu thereof a comma.

Page 940, line 1, strike out "this paragraph" and insert in lieu thereof "subparagraph (A)".

Page 940, line 3, strike out "all".

Page 940, line 12, strike out "decedent" and insert in lieu thereof "decedent to the extent attributable to stock treated as stock of the first corporation by subsection (b)(8)(A)(i)".

Page 1020, in the table preceding line 1, strike out "precentage" and insert in lieu thereof "fraction".

Mr. ROSTENKOWSKI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Chairman, the amendment at the desk is a purely technical amendment which the Committee on Ways and Means has approved for the purpose of perfecting various provisions of H.R. 4170. I want to emphasize that there is no substantive effect to the amendment. Rather, the amendment perfects the bill in order to insure that the committee's intent, the explanation in the committee report and the actual statutory language are consistent. It also contains corrections of printing errors, miscites, language usage, cross-references and similar clarifications.

Mr. Chairman, tax legislation, like our body of tax law, is quite complex and many provisions are interrelated. Unforeseen omissions and oversights are inevitable. This reported bill has been pending for some weeks now and the professional staffs of the committee, academic observers and tax practitioners have identified certain provisions that need correction or clarification. This amendment will save us a step in conference and reduce the need for a speedy technical corrections bill after final enactment of the legislation.

Finally, let me assure my colleagues that this amendment is completely without controversy and has the support and understanding of both the majority and minority members of the committee. I also understand that in most, if not all cases, Treasury Department staff assisted in drafting these various technical corrections.

Mr. CONABLE. Mr. Chairman, I support the committee amendment.

The CHAIRMAN. The question is on the amendment offered by Mr. Rostenkowski.

The amendment was agreed to.

The CHAIRMAN. The question is on the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Derrick, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4170) to provide for tax reform, and for other purposes, pursuant to House Resolution 462, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment in the nature of a substitute.

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that another committee amendment be in order at this point.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. HARTNETT. Mr. Speaker, reserving the right to object, I might inquire of the chairman, is this the amendment that would put some additional money in for the national parties' conventions?

Mr. ROSTENKOWSKI. Mr. Speaker, if the gentleman will yield, that is correct.

Mr. HARTNETT. That being the case, Mr. Speaker, I object.

The SPEAKER. Objection is heard.

The amendment in the nature of a substitute is agreed to.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. ARCHER

Mr. ARCHER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ARCHER. Yes, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. ARCHER moves to recommit the bill H.R. 4170 to the Committee on Ways and Means.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ROSTENKOWSKI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 318, nays 97, answered "present" 2, not voting 16, as follows:

[Roll No. 82]

YEAS—318

Ackerman
Addabbo
Akaka
Alexander
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Aspin
AuCoin
Badham
Barnard
Barnes
Bartlett
Bateman
Bates
Bedell
Beilenson
Bennett
Bereuter
Berman
Bevill
Biaggi
Bliley
Boehlert
Boggs
Boland
Boner
Bonior
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Britt
Brooks
Broomfield
Brown (CA)
Broyhill
Bryant
Burton (CA)
Burton (IN)
Campbell
Carper
Chandler
Chappell
Chappie
Clarke
Clay
Clinger
Coelho
Collins
Conable
Conyers
Cooper
Corcoran
Coughlin
Coyne
Crockett
D'Amours
Darden
Daub
Davis
de la Garza
Dellums
Derrick
DeWine
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Downey
Duncan
Durbin
Dwyer
Dymally
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Erdreich
Erlenborn
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Fish
Flippo
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Fuqua
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Goodling
Gore
Gradison
Gray
Green
Guarini
Gunderson
Hall (IN)
Hall (OH)
Hamilton
Hansen (UT)
Harkin
Hatcher
Hawkins
Hayes
Hefner
Hightower
Hillis
Holt
Horton
Howard
Hoyer
Huckaby
Hughes
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kaptur
Kasich
Kastenmeier
Kennelly
Kildee
Kindness
Kleczka
Kogovsek
Kolter
Kostmayer
LaFalce
Latta
Leach
Lehman (CA)
Lehman (FL)
Lent
Levine
Levitas
Lewis (FL)
Lipinski
Lloyd
Long (LA)
Long (MD)
Lott
Lowry (WA)
Lujan
Luken
Lundine
MacKay
Markey
Marriott
Martin (NC)
Martin (NY)
Matsui
Mavroules
McCloskey
McCurdy
McDade
McGrath
McHugh
McKernan
McKinney
Mica
Michel
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell
Moakley
Mollohan
Montgomery
Moody
Moore
Morrison (CT)
Morrison (WA)
Mrazek
Murtha
Neal
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Ottinger
Owens
Oxley
Packard
Panetta
Patterson
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pritchard
Quillen
Rahall
Rangel
Ratchford
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Robinson
Rodino
Roe
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal
Russo
Sabo
Savage
Sawyer
Scheuer
Schneider
Schulze
Schumer
Seiberling
Shannon
Sharp
Shaw
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Snowe
Snyder
Solarz
Spence
Spratt
St Germain
Staggers
Stark
Stenholm
Stokes
Stratton
Studds
Sundquist
Swift
Synar
Tallon
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Valentine
Vander Jagt
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Williams (MT)
Williams (OH)
Winn
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (MO)
Zschau

NAYS—97

Albosta
Anderson
Archer
Bethune
Bilirakis
Brown (CO)
Byron
Carney
Carr
Cheney
Coats
Coleman (TX)
Courter
Craig
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daschle
Dickinson
Dreier
Dyson
Early
Edwards (OK)
Emerson
English
Fiedler
Fields
Florio
Frost
Gonzalez
Gramm
Gregg
Hall, Ralph
Hall, Sam
Hammerschmidt
Hartnett
Hertel
Hiler
Hopkins
Hubbard
Hunter
Kemp
Kramer
Lagomarsino
Leath
Lewis (CA)
Livingston
Loeffler
Lowery (CA)
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martinez
Mazzoli
McCain
McCandless
McCollum
McEwen
McNulty
Molinari
Moorhead
Murphy
Myers
Natcher
Nielson
Parris
Pashayan
Patman
Pursell
Roberts
Roemer
Rogers
Rudd
Schaefer
Schroeder
Sensenbrenner
Shelby
Shumway
Shuster
Siljander
Skeen
Smith, Denny
Smith, Robert
Solomon
Stangeland
Stump
Tauzin
Traxler
Vandergriff
Vucanovich
Weber
Whitten
Young (AK)
Young (FL)

ANSWERED "PRESENT"—2

Conte
Levin

NOT VOTING—16

Coleman (MO)
Foglietta
Hance
Hansen (ID)
Harrison
Heftel
Jones (NC)
Kazen
Lantos
Leland
Mikulski
Paul
Simon
Udall
Walker
Wilson

□ 1830

The Clerk announced the following pairs:

On this vote:

Ms. Mikulski for, with Mr. Kazen against.

Mr. Leland for, with Mr. Paul against.

Mr. SKEEN, Mrs. BYRON, and Mr. PACKARD changed their votes from "yea" to "nay."

Mr. PACKARD changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. CONTE. Mr. Speaker, I am a director of the Berkshire Life Mutual Insurance Co. in Pittsfield, MA, and, therefore, I felt compelled to vote "present" on H.R. 4170.

PERSONAL EXPLANATION

Mr. LEVIN of Michigan. Mr. Speaker, I would like the record to indicate the reason for my voting "present" on H.R. 4170.

At various points during more than 8 years prior to my becoming a Member of Congress, I provided legal services in connection with a proposed redevelopment project in downtown Detroit, MI.

This proposed project could be affected by the provisions of H.R. 4170, and therefore, I have voted "present" rather than in favor of the bill.

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Tax Reform Act of 1984, H.R. 4170, which was approved by the House.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ADJOURNMENT OF THE SENATE FROM WEDNESDAY, APRIL 11, THURSDAY, APRIL 12, OR FRIDAY, APRIL 13, 1984, TO TUESDAY, APRIL 24, 1984; AND ADJOURNMENT OF THE HOUSE FROM THURSDAY, APRIL 12, OR FRIDAY, APRIL 13, 1984, TO TUESDAY, APRIL 24, 1984

Mr. WRIGHT. Mr. Speaker, I call up from the Speaker's table a privileged Senate concurrent resolution (S. Con. Res. 103) and ask for its immediate consideration.

The Clerk read the Senate concurrent resolution, as follows:

S. Con. Res. 103

Resolved by the Senate (the House of Representatives concurring), That when the Senate adjourns on Wednesday, April 11, 1984, Thursday, April 12, 1984, or Friday, April 13, 1984, pursuant to a motion made by the majority leader, or his designee, in accordance with this resolution, it stand adjourned until 11 o'clock a.m. on Tuesday, April 24, 1984, and that when the House of Representatives adjourns on Thursday, April 12, 1984, or Friday, April 13, 1984, pursuant to a motion made by the majority leader, or his designee, in accordance with this resolution, it stand adjourned until 12 o'clock meridian on Tuesday, April 24, 1984.

Sec. 2. The Speaker of the House and the majority leader of the Senate, acting jointly after consultation with the minority leader of the House and the minority leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

REQUEST FOR PERMISSION FOR COMMITTEE ON RULES TO FILE RULE ON HOUSE CONCURRENT RESOLUTION 290

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a rule on House Concurrent Resolution 290.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. PACKARD. Mr. Speaker, reserving the right to object. Has the minority leadership approved this?

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. PACKARD. I yield to the gentleman from Texas.

Mr. WRIGHT. This has been discussed with the minority leader and the minority leader has indicated, based upon the understanding that the rule would require no more than 1 hour of general debate, that he would not object.

Mr. PACKARD. Would the majority leader be willing to withhold until we hear from the minority leader?

Mr. WRIGHT. If the leader withholds we will begin reconsidering the bill, H.R. 7, and may be here until midnight.

Mr. PACKARD. Further reserving the right to object until the minority leader is here. He is on the phone and will be right out.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. PACKARD. I yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding.

Mr. Speaker, I just wonder, as I am sure the explanation was from the gentleman from California, the gentleman from Illinois (Mr. Michel) is on the phone and will be here in just a few seconds and we wondered if the gentleman from Texas would allow him to get off the phone and come to the floor.

Mr. WRIGHT. As I understand it the gentleman is further reserving the right to object and considering the unanimous-consent request the fact considering what questions he wants to ask relating to the unanimous-consent request in order that he might make his judgment more intelligently.

Mr. PACKARD. If I do not get direction from the minority leader then I will object.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. PACKARD. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, I just had walked on the floor and I think because I am a member of that committee I would like to know what we are discussing here.

Would the majority leader mind repeating the content of the resolution.

Mr. WRIGHT. If the gentleman will yield further, we are discussing whether or not to grant unanimous consent for the Committee on Rules to have until midnight tonight to file a rule for the consideration, which we expect to schedule tomorrow, of House Concurrent Resolution 290, which is a resolution expressing the sense of Congress that no appropriated funds shall be used for the purpose of mining the ports or territorial waters of Nicaragua. The same as was passed by the other body on yesterday.

Mr. KEMP. Mr. Speaker, would the gentleman withdraw his request until such time as the minority leader is back on the floor which will be in a very short period of time. I doubt frankly whether there would be unanimity on this subject until the minority was assured by its leader that he felt comfortable with the request.

So I would ask, in the interest of the gentleman's purpose, if he would just withdraw the request for just a few seconds.

Mr. WRIGHT. Let me suggest that I withdraw the request while others make unanimous-consent requests, because if we go back into the Committee of the Whole House for the consideration of H.R. 7, then it would not be appropriate to make such a request. I will withhold at the moment.

Mr. KEMP. I appreciate that. I assure the gentleman that is not the purpose.

Mr. PACKARD. That is not the intent.

The SPEAKER. Will the gentleman from Texas (Mr. Wright) kindly withdraw his request at this particular time?

Mr. WRIGHT. I will do so at this time, Mr. Speaker.

The SPEAKER. We will take up three resolutions of the gentlewoman from Indiana (Mrs. Hall).

The unanimous-consent request of the gentleman from Texas (Mr. Wright) is withdrawn.

REQUEST FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 487 DESIGNATING JUNE 6, 1984, AS "D-DAY NATIONAL REMEMBRANCE"

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 487) to designate June 6, 1984, as "D-day National Remembrance," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentlewoman from Indiana?

Mr. WINN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

□ 1840

YEAR OF EXCELLENCE IN EDUCATION

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 210) to designate the period commencing January 1, 1984, and ending December 31, 1984, as the "Year of Excellence in Education," and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The **SPEAKER**. Is there objection to the request of the gentlewoman from Indiana?

Mr. **COURTER**. Mr. Speaker, reserving the right to object, I yield to the gentleman from Virginia (Mr. WOLF) who is the House sponsor of this legislation.

Mr. **WOLF**. Mr. Speaker, I rise in support of Senate Joint Resolution 210, the resolution before the House today which I have introduced to designate 1984 as the "Year of Excellence in Education."

It is my hope that this joint resolution, the companion measure of which has already passed the other body, will focus the attention of the 98th Congress and the Nation on appropriate and innovative methods to strengthen education in America. The quality of education in this Nation depends on ideas and cooperation at all levels of government—local, State, and Federal. I believe this resolution is one step we can take toward achieving this important goal by underscoring the commitment of the Congress and the people of this country to educational excellence.

I want to offer my congratulations to my Virginia colleague in the other body, Senator PAUL TRIBLE, for his initiative in this joint resolution. I also want to thank my colleague, Mr. COURTER of New Jersey, and the staff on the Post Office and Civil Service Subcommittee on Census and Population for their efforts in assisting me with this resolution in the House. In addition, I want to express my gratitude to the subcommittee chairwoman, Mrs. HALL of Indiana, for bringing this resolution to the House floor, and to all my colleagues who joined as cosponsors of this statement on one of the most important issues we face—the education of the young people of our Nation.

Mr. **COURTER**. Further reserving the right to object, Mr. Speaker, I rise in support of Senate Joint Resolution 210, to designate April 1, 1984 through March 31, 1985, as the "Year of Excellence in Education." I would also like to take the opportunity to commend my good friend and colleague, FRANK WOLF, for introducing the resolution which I was pleased to cosponsor.

The education of this generation and future generations is very important to the greatness of our Nation. We must instill in our youth the need to achieve excellency in education. We as parents have a great challenge to indoctrinate in our children the need for learning and to prepare them for the responsibilities which our young people will confront in the future.

As citizens we must not only give support to our youth but to our schools and teachers in order to obtain the best possible educational system in the world. Progress is being made to improve our educational system but I am sure we all feel that more improvements in the quality of education can be made. Upgrading our educational system must have the cooperation and support at all levels of our State, local, and Federal Government in order to improve and strengthen our schools.

The passage of this resolution, Year of Excellence in Education, can serve as a constant reminder of how urgent it is to continue the progress our Nation is making in achieving the best possible education available for our future generations. We should not settle for anything less; therefore, I urge and support the passage of this resolution.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. **GILMAN**. Mr. Speaker, I strongly urge colleagues to join me in support of Senate Joint Resolution 210 that establishes April 1984 to March 1985 as the Year of Excellence in Education.

Mr. Speaker, this resolution cannot come at a more appropriate time. Our elementary, secondary, and university schools are facing a new challenge. Educating our children is more expensive, more important, and moreover, more crucial to the prosperity of our country and its vital interests than ever before.

In a rapidly changing, technological world education must keep up with innovation, and in fact, innovation cannot occur without proper education. The proper tutoring of our children and those adults reentering and/or finishing school is essential in the growth of our country. For instance, the computer age has required a new era in the education of our youngsters. In addition, professionals already in the field have to constantly be educated on new advancements such as computer programing. This knowledge usually comes from either job training by a corporation or from the local school system or university. Therefore, it is vital to examine the present condition of American schools.

Two issues arise when the issue of education is discussed. One is how an individual will be educated and the other issue is how that educational experience will be financed. Since most, if not all Americans are educated mainly in schools, it is imperative to examine the qualitative successes and drawbacks of our schools as well as the costs involved in maintaining and improving the system and the amount of student aid available.

The recent report by the President's Commission on Excellence in Education in American Schools illustrated the need to improve the present situation. By no means am I suggesting that American education is a failure, but what I am suggesting is that our education standards must be improved in order to prepare the next generation for a highly competitive and complex environment. Students must be challenged more than they are today. Curricula should be more in tune with the individual and provide more of an incentive for the student to perform.

An education is not only essential for the students themselves, more importantly, an education provides the ethical and moral base for a competent, enlightened American citizen. This process of learning is as important as what one learns. This process is affected by family, friends, and teachers alike. The crux lies in the opportunity for every American to be exposed to this environment. Financial hardship should not be the stumbling block to a proper education.

It is in this regard that I express my support for the legislation before us today. I again urge my colleagues to join me in support of Senate Joint Resolution 210 so that our Nation can strive for excellence in education in this coming year and in the years to come.●

The **SPEAKER**. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 210

Whereas the future of our Nation depends on the quality of education today;

Whereas every child is a precious resource whose potential should be realized to the fullest;

Whereas preservation of our priceless legacy of democracy, individual liberty, and rule of law requires informed citizens;

Whereas an economy based increasingly on technical competence will impose new demands on our schools;

Whereas the National Commission on Educational Exellence and numerous other nationwide studies have concluded that there is an urgent need to improve our American education;

Whereas a national effort is necessary to revitalize our educational system;

Whereas academic exellence requires parental involvement;

Whereas a quality education of our teachers is essential to ensure the competence of our Nation's future leaders; and

Whereas local community and volunteer efforts in support of education require more national recognition; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the period commencing January 1, 1984, and ending December 31, 1984, is designated as the "Year of Excellence in Education", and the President is authorized and requested to issue a proclamation encouraging parents, teachers, administrators, government officials, and people of the United States to observe the year with activities aimed at restoring the American educational system to its place of preeminence among the nations of the world.

AMENDMENT OFFERED BY MRS. HALL OF INDIANA

Mrs. **HALL** of Indiana. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. HALL of Indiana: Page 2, line 3, strike out "January 1, 1984, and ending December 31, 1984," and insert in lieu thereof "April 1, 1984, and ending March 31, 1985".

The SPEAKER. The question is on the amendment offered by the gentlewoman from Indiana (Mrs. HALL).

The amendment was agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

TITLE AMENDMENT OFFERED BY MRS. HALL OF INDIANA

Mrs. HALL of Indiana. Mr. Speaker, I offer an amendment to the title.

The Clerk read as follows:

Title amendment offered by Mrs. HALL of Indiana: Amend the title so as to read: "Joint resolution to designate the period commencing April 1, 1984, and ending March 31, 1985, as the 'Year of Excellence in Education'."

The title amendment was agreed to.

A motion to reconsider was laid on the table.

REQUEST FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 247 DESIGNATING APRIL 24, 1984 AS "NATIONAL DAY OF REMEMBRANCE OF MAN'S INHUMANITY TO MAN"

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 247) to designate April 24, 1984, as "National Day of Remembrance of Man's Inhumanity to Man," and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentlewoman from Indiana?

Mr. SILJANDER. I object, Mr. Speaker.

The SPEAKER. Objection is heard.

D-DAY NATIONAL REMEMBRANCE

The SPEAKER. For what purpose does the gentleman from Kansas rise?

Mr. WINN. Mr. Speaker, because of the noise in the Chamber, it has been called to my attention that I objected to House Joint Resolution 487, the D-day National Remembrance. I withdraw that objection.

The SPEAKER. It is too late to withdraw the objection.

Does the gentlewoman from Indiana (Mrs. HALL) wish to renew the request?

Mrs. HALL of Indiana. Yes, Mr. Speaker.

Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from futher consideration of the joint resolution (H.J. Res. 487) to designate June 6, 1984, as "D-day National Remembrance," and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 487

Whereas June 6, 1984, marks the fortieth anniversary of D-day, the day of the beginning of the Allied assault at Normandy, France;

Whereas the D-day assault was the most extensive amphibious operation ever to occur, involving on the first day of the operation five thousand ships, eleven thousand sorties of Allied aircraft, and one hundred and fifty-three thousand American, British, and Canadian troops;

Whereas American troops suffered significant losses during the assault, including one thousand four hundred and sixty-five dead, three thousand one hundred and eighty-four wounded, one thousand nine hundred and twenty-eight missing in action, and twenty-six captured; and

Whereas the D-day assault was among the most critical events of World War II since its success led ultimately to the Allied victory in Europe: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That June 6, 1984, is designated as "D-day National Remembrance", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

● **Mr. LANTOS.** Mr. Speaker, 40 years ago today, some of the finest military officers in the U.S. Army and Navy were involved with our British allies in the final planning and preparations for the greatest amphibious landing in the history of the world.

History remembers many dates and many events. Yet few dates and few events are as remembered as D-day—June 6, 1944—the day on which the Allied invasion of Normandy began. Operation "Overlord," the Allied invasion of France, marked the beginning of the final push against Nazi Germany that brought the horrors and atrocities of the Second World War to a final conclusion less than 1 year later.

For millions of Americans, Omaha, Juno, Utah, Gold, and Sword are more than just words, they symbolize the beaches on which over 9,000 American, British, French, and Canadian troops gave their lives on that June 6, 40 years ago. That military operation involved great risks, but it also held great promise for bringing an end to a war that engulfed the world. Over 150,000 soldiers were involved in the first day of the battle. Some of the finest military minds and ground commanders were involved in that operation—George Marshall, Dwight Eisenhower, Omar Bradley, Sir Bernard Montgomery, among others.

Mr. Speaker, it is most appropriate that this House pass legislation calling upon all Americans to commemorate and remember that day. I thank the more than 230 of my colleagues in the House who have joined me in cosponsoring this resolution to commemorate D-day. I commend my distinguished colleague from Indiana (Mrs. HALL), for her help in quickly bringing this to the floor of the House so we will have adequate time to mark this commemoration.

Mr. Speaker, the resolution which is up for consideration in the House today not only honors the men of D-day, it also honors the spirit in which they served. D-day has become a symbol of the bravery, courage, and self-sacrifice of the thousands of men and women who fought to preserve our democratic way of life and to restore it to Western Europe. It is important that we remember the sacrifices they made in order that we might live in a free society.●

● **Mr. MONTGOMERY.** Mr. Speaker, I want to congratulate my distinguished colleague from California (Mr. TOM LANTOS), for introducing House Joint Resolution 487, to designate June 6, 1984 as "D-day National Remembrance." I was delighted to join as a cosponsor of this resolution when it was first introduced, and I strongly support its enactment.

Mr. Speaker, many battles were fought to preserve freedom in World War II but one battle will never be forgotten. It occurred on June 6, 1944, when American and allied forces joined together to regain a foothold in Europe. June 6, 1984, marks the 40th anniversary of D-day, the date of the allied assault on Normandy, France.

This assault involved over 5,000 naval vessels; 11,000 sorties of allied aircraft; and 153,000 American, British, and Canadian troops. It was probably the most comprehensive and complex plan ever undertaken by our military leaders. It was carried out with dispatch. Within 24 hours from the time it was launched the allied troops had breached Hitler's much propagandized Atlantic Wall.

The price we pay for freedom, Mr. Speaker, is high. The losses in both men and material were heavy during the Normandy invasion. Allied casualties totaled more than 10,200. American troops suffered 1,465 killed, 3,184 wounded, and 1,928 missing in action.

Mr. Speaker, I am pleased to join my distinguished colleague from California in supporting this resolution. In my view, D-day is one of the most significant dates in the history of the United States.●

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. HALL of Indiana. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the resolutions just passed.

The SPEAKER. Is there objection to the request of the gentlewoman from Indiana?

There was no objection.

REQUEST FOR PERMISSION FOR COMMITTEE ON RULES TO FILE REPORT ON RULE ON HOUSE CONCURRENT RESOLUTION 290

The SPEAKER. Does the gentleman from Texas (Mr. WRIGHT) want to renew his request at this time?

Mr. WRIGHT. Mr. Speaker, I understand that the Members on the other side are not prepared to respond to the unanimous consent request at this time.

Furthermore, I am told—and I should divulge this information for the knowledge of the gentlemen on the other side—that while we were waiting, the Rules Committee has reported a rule, and it is 2 hours general debate.

Now, that kind of blows up the agreement upon which we were earlier asking unanimous consent. For that reason, I am not sure that the gentlemen on the other side want to agree to the unanimous-consent request. We will just stay in session until the rule is filed.

The SPEAKER. The Chair recognizes the gentleman from Michigan (Mr. BONIOR).

Mr. BONIOR of Michigan. Mr. Speaker, the rule will be coming down in a very short time for filing.

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent, based upon information which I have just divulged, that the Committee on Rules may have until midnight tonight to file its report on a rule to accompany the consideration of House Concurrent Resolution 290.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MICHEL. Mr. Speaker, reserving the right to object, the majority leader and I had a little conversation a few moments ago, agreeing, I thought, at least between the two of us—and that cannot be all-controlling—that the Rules Committee would agree to an hour debate on the resolution tomorrow. That would be an hour on the rule, an hour on the resolution. We figured that that would be sufficient.

If the majority leader could assure me that the rule which is coming down provides for no more than an hour on the rule and an hour on the resolution, then we could agree to the unanimous-consent request. In the absence of that approval, I think we would be constrained to object.

Mr. WRIGHT. Mr. Speaker, I understand the gentleman's point. I regret very much that during the time the gentleman was in conversation with others, attempting to clear that side's agreement, the Rules Committee went ahead and acted before I could get the word to them. I was awaiting word from the gentleman. They have granted a 2-hour rule, I am sorry to say. But that is the case. They cannot go back in now and redo it. So it is a 2-hour rule. The gentleman is entitled to know that fact.

I would say that if jointly the two sides were to agree to try to hold the debate on the issue itself down to 1 hour, we probably could. But there is nothing in the rule that requires us to. The rule is a 2-hour rule.

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from New York.

Mr. SOLOMON. Mr. Speaker, I would just like to ask, since no one has seen this rule, does the rule allow for any amendment to the resolution that is coming on this floor that affects the national security of this country?

Mr. WRIGHT. Mr. Speaker, if the gentleman will yield, no, since it affects the national security of the country, we thought we should not offer any amendments to it. We do not want to jeopardize the security of the country by thoughtless amendments.

Mr. SOLOMON. Mr. Speaker, I think we ought to stay here for a while.

Mr. Minority Leader, I would object when the proper time comes.

The SPEAKER. The Chair hears an objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 290, EXPRESSING SENSE OF THE CONGRESS THAT NO APPROPRIATED FUNDS SHALL BE USED FOR THE PURPOSE OF MINING THE PORTS OR TERRITORIAL WATERS OF NICARAGUA

Mr. BONIOR of Michigan, from the Committee on Rules, submitted a privileged report (Rept. No. 98-678) on the resolution (H. Res. 485) providing for the consideration of the concurrent resolution (H. Con. Res. 290) expressing the sense of the Congress that no appropriated funds shall be used for the purpose of mining the ports or territorial waters of Nicaragua, which was referred to the House Calendar and ordered to be printed.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. That concludes the business of the day except for 1-minute speeches and special orders.

□ 1850

NATIONAL LIBRARY WEEK

The SPEAKER pro tempore (Mr. MURTHA). Under a previous order of the House, the gentleman from New York (Mr. OWENS) is recognized for 60 minutes.

Mr. OWENS. Mr. Speaker, we are grateful today for the opportunity to salute National Library Week. Natioanl Library Week is one of hundreds of such observances that we observe each year. However, in view of the fact that there has been a recent revival of the recognition of the importance of education in our society, I would like to take this opportunity to note that libraries have a vital role in that educational process.

Libraries have a role in the creation of the learning society which was cited in "A Nation at Risk." We would like to take this opportunity to discuss the implication of libraries in "A Nation at Risk." Before I begin, I want to yield to my colleague from Georgia (Mr. THOMAS).

Mr. THOMAS of Georgia. I thank the gentleman for yielding to me.

Mr. Speaker, I am honored to have this opportunity to join with my freshman colleague from New York in support and recognition of National Library Week.

Yesterday, I had the pleasure of visiting with Georgia members of the National Library Association. I always look forward to their visit and to learning more about our librarians' important role in the education of children and adults.

Libraries have evolved and progressed a long way from the early days when their only mission was the lending of books. They offer courses and lectures on topics ranging from investments to gardening. They provide access to a variety of audio-visual equipment such as films, records, and cassettes.

Many libraries present programs for children including story telling, creative drama classes, and crafts. They have material for the blind and physically impaired. They present literacy training programs for adults. You can truly say that our libraries serve all segments of the population from the cradle to the grave.

In this time of serious budget restraints, it is easy to recognize the large and continuing return we receive on our investments in libraries across the Nation. The money we spend on libraries is money invested in the quality of life of all of our people. It is money that pays spectacular dividends for us all.

I join with my colleagues in commending the dedicated librarians who provide invaluable assistance to citizens throughout our land. Thank you.

Mr. OWENS. Mr. Speaker, the libraries are a part of the educational infrastructure of America which it is so important that we rebuild. In the report issued by the President's Committee on Excellence in Education, it was made quite clear that education is the most important component, not only the bulwark of the defense of our Nation, but also in our ability to meet commercial competition from our allies.

Libraries have vital importance in this educational structure; libraries must be a part of a gigantic effort which this Nation must mount to rebuild the educational infrastructure.

On the value of libraries in general, I think all Americans agree; it is on the specifics where there is disagreement. For example, the President in issuing a statement on National Library Week observance made the following statement:

> National Library Week reminds us of our inalienable rights as free explorers in the unbounded universe of the human mind. All the world's treasures of thought, imagination, scholarship, experience, and patient investigation are accessible to Americans in our libraries. The more these treasures are minded, the richer the store becomes. Each generation adds new knowledge, and each reading gives new life to ancient wisdom.
>
> I offer my warmest commendation to the American Library Association and to its members, the devoted librarians who guard this inexhaustable resource, for making us aware once again, for the vast potential for learning our libraries have to offer and of the freedom Americans enjoy to search the limitless reaches of human thoughts.

This is a statement issued by President Ronald Reagan; however, the same President Ronald Reagan in the crucial piece of legislation before the House, the Library Services and Reconstruction Act, in the budget for that act, the same President has placed the amount of zero; no funding is recommended by President Reagan for libraries.

This has led members of the library community to voice great concern about the future of libraries in our country. Yesterday, a visitor to the Congress, on the Hill, was E. J. Josie, the president elect of the American Library Association. He voiced his concern about the President's attitude toward libraries in these words:

> Libraries constitute one of the nation's most valuable assets. The Library Services and Construction Act has contributed enormously to the Library Services Program of the public libraries of the country. College and university libraries have benefited from the High Education Act. The citizens of our communities and the students, faculty and researchers who use our public libraries and the college and university libraries of our nation, will be shortchanged if Mr. Reagan's zero funding of the Library Services and Construction Act in fiscal year 1985 prevails.
>
> How can we get on and act on our concern regarding the recommendations of the report entitled, "A Nation at Risk", or of reports like the Brademas Report if our Federal government does not fund the Library Services and Construction Act?
>
> While there may be those who express concern for the Federal government's huge deficit, it is my view that our nation will have a more serious educational and cultural deficit if libraries are not funded adequately.
>
> No longer should public officials view libraries as frills and non-essential, for libraries do undergird our country's educational system. The truth of the matter is, our libraries are an integral part of the nation's educational infrastructure.

This is a statement of the president elect of the American Library Association.

□ 1900

Some of those issues I submit in summary. They not only relate to the Library Services Construction Act, but such items as the Health and Human Services appropriation for education in general, the Library of Congress funding, the mass book deacidification facility program, the National Archives, National Historical Publications and Records Commission, the National Archives status, the request that the National Archives be made independent, separated from the parent organization, the National Endowment for the Humanities, whose many programs inpact on libraries, postal revenue forgone subsidy, the Library Services and Construction Act, which I have already mentioned, the Higher Education Act reauthorization, the Medical Library Assistance Act, the congressional budget resolution relating to several items relating to libraries, the Cable Telecommunications Act, the telecommunications cost increases, and the Pay Equity Act, which does impact also on librarians.

The American Library Association has submitted a number of recommendations which I will submit for the record. They have submitted a statement also which is entitled, "Less Access to Less Information By and About the U.S. Government." This is a statement which chronicles the Reagan administration's success in limiting the amount of information to the American public on a month-by-month basis, various actions that have been taken which lead to limitations being placed on the amount of information that is available to the American public.

There is also another statement from the ALA Washington office which talks about the drastic increases in telecommunications costs which are facing libraries, which also impact heavily on the ability of libraries to keep up with the information age and have the electronic data processing services which American students and researchers so vitally need.

I would like to conclude by saying that libraries in a nation at risk have a very vital role. I would like to submit a critique of the report "Nation at Risk." The "Nation at Risk" report recognizes that our national leaders have recently begun to rediscover the extraordinary value and the vital function of education in our complex society. Periodically this revelation does come home to Americans. The Sputnik helped to stimulate the process in the late 1950's. Today, in the early 1980's, it is the European and Japanese challenge in the commercial marketplace, as well as the continued Soviet development of sophisticated weapons.

The connections have now been made in the minds of our leaders. For the first time they understand that the vast array of geniuses, scholars, competent practitioners, researchers, and technicians which are needed to achieve even very limited scientific and technological objectives will not be available unless a conscious, continuous effort is made to produce them. Powerful decisionmakers have finally begun to understand that the manpower production process, the education assembly line, begins in preschool centers and it extends through graduate schools into continuing education.

The President's Commission clearly pinpoints the need when it states, and I quote:

> In a world of ever accelerating competition and change in the conditions of the workplace, of ever greater danger of ever larger opportunities for those prepared to meet them, educational reform should focus on the goal of creating a learning society. At the heart of such a society is a commitment to a set of values and system of education that affords all members the opportunity to stretch their minds to full capacity from early childhood through adulthood, learning more as the world itself changes.

I quote a second part of the report, "A Nation at Risk":

> Learning is the indispensible investment required for success in the information age that we are entering.

The report offers several sound recommendations. Several other nationally recognized reports are in the same vein, the 20th Century Fund report, the National Task Force on Education economic growth report, the Carnegie Foundation report. All of these reports emphasize the critical need for a revamping of American education. In the most official of these reports, however, the report entitled "A Nation at Risk," there is no thorough and significant discussion of the role and function of libraries in this proposed new and ideally restructured education system. "A Nation at Risk" only mentions libraries in two passing references. I will not quote those references, but they are scanty, indeed, and there are at least two other comments from "A Nation at Risk" reports which definitely touch on matters where the know-how and insight of librarians on the President's Commission on Excellence in Education might have fostered greater insights and amplification on the role of libraries.

The following quote:

> In most schools, the teaching of study skills is haphazard and unplanned. Consequently, many students complete high schools and enter college without discipline and systematic study habits.

The second quote:

> The expenditures for textbooks and other instructional materials have declined by 50 percent over the last 17 years. While some recommend a level of spending on texts of between 5 and 10 percent of the operating cost of schools, the budget for basic texts and related materials have been dropping steadily during the past decade and a half and they are now only .7 percent of the total budget today.

You can readily see here that even when they touch on matters very much related to library work, there is a refusal in this Commission's report to go one step further and give due recognition to libraries. This is a major shortcoming.

This pace-setting report, which will greatly influence national education policy for many years to come, is drastically flawed. Unless actions are taken to remedy this situation as far as education is concerned, this country will still remain a nation at risk.

To plan for the revamping of the education system without discussing the role of libraries and the information function is as ridiculous as a design to streamline transportation without considering roads and bridges. To leave out the basic substance at the core, the heart of the education process is as absurb as a master plan for the revamping of American industry which refuses to discuss the fuel sources needed to provide energy and power. There is an overall education infrastructure, and libraries must be recognized as a vital part of it. Any planning for the future of education in this age of information which leaves out libraries is planning for disaster.

Regardless of the educational policy approach which you endorse, whether it is the pursuit of excellence designed to educate only the elite or whether it is the theory of the value added which states that education for any person is useful because it adds to his ability to survive in a complex, regardless of the theory which you endorse, it is immediately clear that both philosophies require the best possible library and information systems.

Within the library profession, we have always recognized this requirement, this crucial need of the education process, whether it is formal or informal. The public library is the people's university. The college library is the heart and soul of any institution of higher education. The school media center is the central point for support and reinforcement. These phrases and concepts are all too familiar, but they are not merely empty cliches. They still describe an ideal that cannot be discarded if we truly want to establish a learning society.

All of these recent reports on education briefly acknowledge the fact that they are discussing the challenge of educating the American people for the age of information. All of these reports indicate a fleeting glimpse of the basic demands of the age of information, but none understand the full implications. Simple-minded preconceptions, Neanderthal prejudices and blind spots caused by arrogance have all combined to blur the collective vision of the key role of libraries in providing education in this age of information.

Again, at a crucial decisionmaking point in history, librarians have failed to be present to make the contribution that only librarians are qualified to make. The members of the National Commission on Excellence in Education, which published "A Nation at Risk," included college and university presidents, corporate executives, foundation executives, school board officials, ex-politicians, school superintendents, principals, a Nobel Laureate, teachers, and private consultants. But within this very important body of 18 people, no room could be found for even one librarian, school librarian, public, academic, or special.

Librarians have a duty to speak out and challenge the kind of rehashing of old approaches which "A Nation at Risk" report represents. All who care about education must speak out against the sins of omission which the authors of this report have committed. We must insist the librarians be allowed to fill the gaps.

□ 1910

There is a need for a special addendum to the report, "The Nation at Risk, the Role of Libraries in Education for the Information Age."

As part of this introduction to the addendum, I would propose the following: To meet the needs of this information age, we must do everything possible to foster and encourage a learning society. A learning society is a society which is saturated with educational activities and opportunities. A learning society assigns as great a priority to its informal educational organizations and institutions as it assigns to its formal educational institutions. A learning society must be structured with the full understanding that Americans spend more than twice the number of years of a lifetime outside of the formal education structure—public schools and colleges—than they spend attending the formal institutions. The nonformal institutions include libraries, adult education classes, television, classrooms, museums, et cetera. For example, persons who have received the Ph.D. degree may be classified as among the persons who have received the most years of formal education and formal schooling. When you consider these people who have gone to school for 20 years, adding the 12 years that they have spent in public schools, we may assume 4 years in college and 4 years in graduate school for a total of 20 years. Assuming such persons live to become 65, this means that 45 of those 65 years were spent outside of the formal education system. They will spend most of that time in dependence on nonformal education activities and organizations, such as the library.

Longevity of utilization alone dictates that a higher priority should be assigned to the nonformal educational sector. Among these nonformal educational institutions, the libraries and information centers are positioned to offer the greatest variety of services to the greatest number of people of all ages, all classes, all vocations and professions, without regard to race, creed, or color. Libraries must be placed at the center of our learning society.

Further following the format of the commission's report in this addendum on libraries, I would cite the following as "indicators of risk," risk to this Nation if we do not restructure our educational system.

Our Nation is in trouble:

First, because the existing libraries are rapidly becoming obsolete. The lack of computerized data bases and machine retrieval systems available at no cost or at minimal cost renders most libraries inadequate for the information age demands.

Second, our Nation is in trouble because existing libraries have inadequate collections in other formats—print, microfilm, microfiche, audiovisual, et cetera.

Third, public library collections are not developed to serve the needs of workers in a rapidly changing workplace. University and college libraries are locked off from broader utilization by the general public. Corporate and other special libraries are available only to elite groups of adults. Almost no students have access to them.

Budgets are declining for all categories of libraries. Even while higher education expenditures increase, the percent made available to college and university libraries is decreasing or remaining the same.

School libraries and media centers with professional librarians are still not a mandated requirement in most of the Nation's school systems. Training in independent study research and library skills is not available in most school systems. Students are not prepared to pursue the lifelong continuous education which must take place in a so-called learning society.

Graduate library schools are continuing to experience declining enrollments. Salaries for librarians are continuing to fall behind the salaries of other comparable professionals.

The curriculum of most library schools is a vocational curriculum of fatalism. Instead of being trained to reshape the profession and the library marketplace, students are being taught to prepare for a slot which is known to be available.

Finally, the greatest danger than our country faces, the greatest risk indicator of all in the area of education is the fact that most professional educators and policymakers as well as students are totally unaware of the fact that the paucity of library resources means they are providing and receiving a second rate education which cripples their ability to function in the age of information.

Mr. STAGGERS. Mr. Speaker, will the gentleman yield?

Mr. OWENS. Yes.

Mr. STAGGERS. Mr. Speaker, I would first like to commend Congressman OWENS for sponsoring this special order in recognition of National Library Week.

The district I have the honor to represent—West Virginia's Second Congressional District—is one of the most rural areas in America.

Not enough can be said of the contribution made by the more than 56 public libraries located throughout my district.

For the most part small in size, these libraries offer opportunities for residents to obtain books and materials from anywhere in the State through the interlibrary loan program.

This is important for it provides the individual with access to information that would otherwise be unavailable to them.

It is important that our schoolchildren in rural settings have the opportunity to explore new frontiers, new worlds, and new ideas.

Equally important is the necessity of providing these young people the opportunity as adults to continue their education or to embark into new fields of learning.

This not only contributes to the betterment of the individual, but as well contributes to the enrichment of our society.

We, as a nation, are well into the information age, with the development of more sophisticated technologies for distributing information.

Our rural areas must be a full partner in this important leap forward in our Nation's history. And they can be with continued support for public libraries throughout America.

As Thomas Jefferson said:

> If a nation expects to be ignorant and free in a state of civilization, it expects what never was and never will be * * * if we are to guard against ignorance and remain free, it is the responsibility of every American to be informed.

We must make sure that individuals are provided with the utmost opportunity to be informed and our public libraries provide the best hope of accomplishing this.

I speak here of the importance of public libraries to our rural areas, but as well, I speak of that which is good for America.

Mr. OWENS. Mr. Speaker, I thank the gentleman.

Altogether, these risk indicators show that our youth and students are not being prepared to function in a learning society after they leave the formal education system, and if they were properly trained they would experience disappointment upon entry into the nonformal sector because there are too few adequate, up-to-date facilities with the necessary materials and the quality of personnel needed.

To escape this dismal morass of shortcomings and inadequacies, I would offer the following set of recommendations to conclude the library addendum to "A Nation at Risk":

First, in the future all education policymaking or policy recommending bodies, including national commissions, must have representation from the library profession. Such representation must be mandated at State and local levels as well as the Federal level.

Second, the traditional Nation which assumes that real education takes place only in a classroom with a teacher must be discarded. Other modes of teaching and learning must be placed on an equal footing with formal education structures. Libraries must not be seen as superfluous entities to be funded only if funds are available after the so-called essential services have been covered.

Third, libraries must be placed at the center of the educational planning process. The library is a prime institution in a learning society were lifelong learning opportunities and activities must be provided.

Fourth, training to utilize libraries and resource centers must be mandated in elementary and secondary school systems. Such training will facilitate the education process while the student is within the formal education system as well as provide the skills necessary for more independent lifelong learning.

Fifth, school and college libraries must be viewed as vital to the education process and be funded accordingly. The school and college library experience must be structured to prepare students for the ongoing, lifetime utilization of libraries. Libraries at these levels must be equipped with modern information technology.

Sixth, it must be recognized that in the constellation of educational institutions, the library stands out as one of the most efficient, the entity which offers the best cost-benefits ratio. The crucial question of education costs must be examined with the assumption that more independent, self-help study and education utilizing libraries and programed instruction are the only clear paths to cost reductions.

Seventh, a massive capital expense program for educational institutions is needed. Initial amounts comparable to expenditures for defense are needed for educational technology including computers and machine information retrieval systems for libraries. Millions of Federal dollars are needed for such one-time expenditures.

Eighth, a drastic overhauling of the career and salary structures of school and library systems is needed and can only be achieved with massive Federal funding. Millions of dollars are needed on an ongoing basis to retain high-quality personnel in all educational institutions, especially libraries.

Ninth, special funds must be provided to library schools to develop cross coordinated programs with other appropriate disciplines in the areas of computer science and information technology. The vital need is for the training of personnel to develop, operate, and maintain the most practical and efficient information management systems possible and to make such systems available to the general populace through public libraries.

Radical proposals; wild dreams; irresponsible indulgence in fantasy; these are just a few of the reactions that I am certain have sprung forward in your minds. Please pause, stop and reflect for a moment on the terminology, the language, of the report of the President's Commission, our Nation is at risk. The trumpet must be sounded. Nothing less than maximum effort must be called forth. Our Nation is at risk.

Let me quote directly a few items from the first two paragraphs of the Commission's reports:

> Our nation is at risk. Our once unchallenged preeminence in commerce, industry, science, and technological innovation is being overtaken by competitors throughout the world. This report is concerned with only one of the many causes and dimensions of the problem, but it is the one that undergirds American prosperity, security, and civility. . . . The educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a nation and a people . . .
>
> If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war . . .

This is not the rhetoric of MAJOR OWENS. These are the official words of the Commission appointed by Ronald Reagan. The Commission may now regret the truth of its own statements. The President may now want to underplay the findings of his own commission. But the report remains on the record. The official exposure of the alarming state of American education is now a matter of history. It would be a dangerous folly for Americans to dismiss this report as just more rhetoric about education. Our Nation is at risk. Our Nation cannot establish a learning society without placing its libraries at the apex of the education structure. Our Nation is at risk and during this and future national library week observances we must resolve to work harder to make our Nation's leaders understand better the vital role played by the numerous libraries and information systems of this great Nation.

Mr. Speaker, I include the following material:

THE WHITE HOUSE,
Washington.

NATIONAL LIBRARY WEEK—APRIL 8-14, 1984

National Library Week reminds us of our inalienable rights as free explorers in the unbounded universe of the human mind.

All the world's treasures of thought, imagination, scholarship, experience, and patient investigation are accessible to Americans in our libraries. The more these treasures are mined, the richer the store becomes. Each generation adds new knowledge, and each reading gives new life to ancient wisdom.

I offer my warmest commendation to the American Library Association and to its members, the devoted librarians who guard this inexhaustible resource, for making us aware once again of the vast potential for learning our libraries have to offer and of the freedom Americans enjoy to search the limitless reaches of human thought.

RONALD REAGAN.

APRIL 10, 1984.

Libraries constitute the Nation's most valuable asset. The Library Services and Construction Act has contributed enormously to the library service programs of the public libraries of the country. Our college and university libraries have benefitted from the Higher Education Act. The citizens of our communities and the students, faculty and researchers, who use our public libraries and the college and university libraries of our nation would be short-changed if Mr. Reagan's zero funding of LSCA and HEA Title II in FY 1985 prevails. How can we act on our concerns regarding the recommendations of the Nation at Risk and the Brademas Report, if our Federal government does not fund LSCA and HEA?

While there may be those who express concern for the Federal government's huge deficit, it is my view that our nation will have a more serious educational and cultural deficit, if libraries are not funded adequately. No longer should public officials view libraries as frills and nonessential for libraries undergird our country's educational system. The truth of the matter is that libraries are an integral part of the nation's educational infrastructure.

E. J. JOSEY,
President elect, American Library Association.

STATUS OF LIBRARY-RELATED LEGISLATION ACTIVE THIS MONTH

[To supplement material in folders]

As of Apr. 6, 1984	Senate	House
Labor-HHS-Education Appropriations, fiscal year 1985: Administration budget would eliminate all LSCA and HEA II library programs, but would increase ECIA chapter 2 school block grant by 52 percent, and would increase NCLIS by 2 percent.	Hearings underway	Hearings underway.
Library of Congress—Funding: LC has requested $239,263,000; hopes to increase preservation activities	Hearings concluded	Hearings concluded.
Mass Book Deacidification Facility: LC seeks authority to build $11,500,000 building equipped with diethyl zinc vacuum chambers to neutralize acid in book paper of LC collections. LC developed this process which will extend life of brittle paper for 400–600 years.	S. 2418, hearing, April 11, 2 p.m., SR-301	No bill.
National Archives, National Historical Publications and Records Commission—Funding: Administration's fiscal year 1985 budget for NARS is $85,908,000, up a marginal 7 percent from 1984's inadequate level. NHPRC's $4 million for grants would be zero in 1985 budget.	Hearings underway	Hearings underway.
NARS Independence: Bills would improve National Archives' status by separating it from parent original, General Services Administration. Next steps are Senate floor action, House committee approval.	S. 905, soon to be on Senate floor	H.R. 3987, Government Operations Committee markup, April 10, 10 a.m., H.R. 2154.
National Endowment for the Humanities, fiscal year 1985: Administration budget proposes to combine library and adult programs with total funding of $2.99 million, 32.8 percent less than the two programs together in fiscal year 1984. Total of $125,475,000 requested for NEH, 10.5 percent less than fiscal year 1984.	Hearings concluded	Appropriations Subcommittee hearing April 12.
Postal Revenue Foregone Subsidy: Administration is requesting only $400 million, less than half the $851 million needed in fiscal year 1985 to keep library and other nonprofit rates at current levels.	Hearings underway	Hearings underway.
Library Services and Construction Act Extension: Bills reauthorize and amend LSCA for 4–5 years, add title IV for Indian library services. House bill adds titles V and VI for library literacy programs and foreign language materials.	S. 2490, Education Subcommittee markup, April 12, 10 a.m., SD-430.	H.R. 2878, passed House 357 to 39, January 31, 1984.
Higher Education Act Reauthorization: Representative Simon's bill, H.R. 5240, is 356-page extension and amendment of HEA including title II with need criteria for II–A college lib. grants. Bill of Representatives Ford and Coleman (H.R. 5210) covers HEA II only, with new II–D for academic library technological equipment, joint-use lib. projects and new technological demonstrations. ALA testimony urged incorporation into H.R. 5240 of II–A need criteria and II–D technological assistance from H.R. 5210..	No HEA bill, but might attach HEA II amendment as rider to LSCA bill.	H.R. 5240, H.R. 5210, hearings underway.
Medical Library Assistance Act: Reauthorization bill for MLAA passed House last November, is pending in Senate. H.R. 2350 would authorize $10,000,000 and $12,000,000; S. 773, $11,025,000 and $11,576,000 for fiscal years 1985 and 1986.	S. 773, stalled on fetal research issue	H.R. 2350, passed House November 17, 1983.
Congressional Budget: House-passed resolution would allow marginal growth in education and library programs. In Senate, plan worked out between Republicans and White House would hold discretionary programs at 1984 funding levels. This plan may be on Senate floor and in Senate Budget Committee simultaneously. There may be amendments to raise level for discretionary programs; situation fluid.	Pending	House Concurrent Resolution 280, passed House April 5.
Cable Telecommunications Act: National League of Cities, U.S. Conference of Mayors, National Cable TV Association in new round of negotiations to resolve differences over H.R. 4103.	S. 66, passed 1983	H.R. 4103, pending before full Energy and Commerce Committee.
Telecommunications Costs Increases: No major legislation pending. Senator Larry Pressler circulating letter to FCC on library private line service to his Senate colleagues to collect signatures. His request to FCC would help libraries avoid devastating cost increases for library data communications over private phone lines.		
Pay Equity: H.R. 4595 and 5092 (Representative Oakar, D–Ohio) would eliminate discriminatory wage setting practices in the Federal civil service and base practices on principles of pay equity, and provide specific directives to those agencies responsible for the enforcement of Federal equal employment opportunity laws.		Hearings concluded.

SUMMARY OF AMERICAN LIBRARY ASSOCIATION APPROPRIATION RECOMMENDATIONS

FISCAL YEAR 1985 LABOR-HHS-EDUCATION APPROPRIATIONS

1. Library programs: U.S. Department of Education

	Fiscal year—			
	1984 appropriation	1985 authorization	1985 Reagan request	1983 ALA recommendation
Library Services and Construction Act:				
Title I, Public Library Services	$65,000,000	[1] $80,000,000	0	$80,000,000
Title II, Public Library Construction	0	[1] 50,000,000	0	50,000,000
Title III, Interlibrary Cooperation	15,000,000	[1] 20,000,000	0	20,000,000
Total LSCA	80,000,000	150,000,000	0	150,000,000

	Fiscal year—			
	1984 appropriation	1985 authorization	1985 Reagan request	1983 ALA recommendation
Higher Education Act:				
Title II-A, College Library Resources	0	35,000,000	0	30,000,000
Title II-B, Lib. Training, Research and Development	880,000	35,000,000	0	10,000,000
Title II-C, Research Libraries	6,000,000	15,000,000	0	15,000,000
Total HEA	6,880,000	85,000,000	0	55,000,000
Education Consolidation and Improvement Act: Chapter 2 Elementary and Secondary Education State Block Grant [2]	479,420,000	such sums	728,879,000	728,879,000

[1] Levels in LSCA reauthorization bill, H.R. 2878, passed by House 357–39 Jan. 31, 1984.

[2] Forward funded consolidation of 28 programs including the former ESEA IV-B School Library Resources and Instructional Equipment program.

2. Other programs

The American Library Association supports the authorized levels for the following:

National Commission on Libraries and Information Science, $700,000.

National Center for Education Statistics (incl. library surveys), $8,947,000.

The American Library Association supports the budget request of $45,830,000 for the National Library of Medicine, plus the authorized amount for the Medical Library Assistance Act. Authorization of $11,000,000 for MLAA has been passed by the House (HR 2350); $11,025,000 is pending in the Senate (S. 773).

LESS ACCESS TO LESS INFORMATION BY AND ABOUT THE U.S. GOVERNMENT: III

A 1982-83 CHRONOLOGY: SEPTEMBER 1982–DECEMBER 1983

The continuing pattern of the federal government to restrict government publications and information dissemination activities are due to a combination of specific policy decisions, the current Administration's interpretations and implementation of the 1980 Paperwork Reduction Act (P.L. 96-511), and agency budget cuts. However, the current climate in which government agency activities are considered unnecessary frills goes well beyond the need to review information dissemination programs and to eliminate duplication and waste. The new ground rules in Washington represent more than the natural shift of priorities from one Administration to another.

ALA reaffirmed its long standing conviction that open government is vital to a democracy in a resolution passed by Council in July 1982 which expressed the Association's concern that there is a "mounting threat to access to information needed for the fulfillment of the democratic process." In a similar resolution in 1981, ALA called for the underlying principle of the federal government's information dissemination policies and procedures to be free and equal public access. With access to information a major ALA priority, members should be concerned about this series of actions which creates a climate in which government information activities are suspect.

The following partial chronology from September 1982 to December 1983 supplements two previous 1981 and 1982 chronologies prepared on the same topic by the ALA Washington Office:

SEPTEMBER 1982

In response to a September 8 Federal Register (pp. 39515–39530) notice by the Office of Management and Budget (OMB) regarding proposed regulations for the information collection provisions of the Paperwork Reduction Act of 1980, Washington Office Director Eileen Cooke sent OMB the resolution on federal government statistical activities passed by Council at the 1982 annual conference. Her letter sent with the resolution expressed ALA's concern with the assumption throughout the proposed regulations that federal government data collection is a burden on the public, with little recognition given to the benefits to the public which are derived from accurate, nonbiased and timely statistics. She stressed that the Association would like to see more safeguards for public access in the regulations.

OCTOBER

On October 6, 1982, OMB released a list of more than 2,000 government publications—one out of every six—targeted for termination or consolidation into other publications. This initiative, together with 4,500 other cost reductions proposed for an additional 2,300 publications, is expected to produce cost savings "of more than one-third of all federal publications." According to OMB 82-25, "Reform '88: Elimination, Consolidation and Cost Reduction of Government Publications," sixteen percent of all government publications will be discontinued. This amounts to 70 million copies, ¹⁄₁₂ of the 850 million copies printed, and is part of "* * * the Reagan Administration's continuing drive to eliminate costly, redundant and superfluous publications * * *" Each federal agency will be reviewing its publications for increased user fees. Similar savings are expected during 1983 to 1985.

JANUARY 1983

OMB published the draft of the revision of its Circular A-76 "Performance of Commercial Activities" in the January 12 Federal Register, pp. 1376–1379. Library services and facility operation and cataloging were listed as examples of commercial activities. The supplement to the circular sets forth procedures for determining whether commercial activities should be operated under contract with private sources or in-house using government facilities and personnel. (The Federal Librarians Round Table recommended many changes in the draft circular to OMB).

JANUARY

OMB proposed amendments to its Circular A-122, "Cost Principles for Nonprofit Organizations," in the January 24 Federal Register, pp. 3348–3351. The proposal "* * * would have had the apparent effect of severely restricting or inhibiting an organization from engaging in protected first amendment rights with its own private assets as a condition for receiving the benefits of any federal contract or grant, unless the organization could duplicate all its facilities, equipment and personnel." ("Legal Analysis of OMB Circular A-122: Lobbying by Non-Profit Grantees of the Federal Government," Congressional Research Service, Library of Congress, December 15, 1983, p. CRS-2). The proposal was withdrawn in March after substantial congressional and public criticism. (Chronicle of Higher Education, March 9, 1983).

FEBRUARY

In a February 18 speech to the Conservative Political Action Conference, President Reagan cited "* * * reducing publication of more than 70 million copies of wasteful or unnecessary government publications" as one of the ways that his Administration is attempting to make government more efficient. (Weekly Compilation of Presidential Documents, February 23, 1983, p. 260).

MARCH

Stating that additional safeguards are needed to protect classified information, the President issued a directive on safeguarding national security information on March 11. The directive mandates greater use of polygraph examinations in investigations of leaks of classified information and requires all individuals with access to certain types of classified information to sign a lifelong prepublication review agreement to submit for governmental review all writings and proposed speeches which touch upon intelligence matters. As directed by ALA Council in a resolution passed at the 1983 Annual Conference, ALA Executive Director Robert Wedgeworth wrote to the President and requested that The Presidential Directive on Safeguarding National Security Information be rescinded. In December, Congress added an amendment to the Department of State Authorizations (P.L. 98-164) prohibiting implementation of the directive until April 15, 1984.

APRIL

The Department of Energy proposed regulations in the April 1 Federal Register, pp. 13988–13993, to "* * * describe those types of Unclassified Controlled Nuclear Information (UCNI) to be protected, establish minimum protection standards, set forth the conditions under which access to UCNI would be granted, and establish procedures for the imposition of penalties for violation of those regulations." Although libraries were not mentioned in the proposal, the scope of the documentation and information potentially covered raised concern about access to information on nuclear research in libraries which are depositories of Department of Energy nuclear materials.

AUGUST

At a public hearing at the Department of Energy on August 16, Sandra Peterson, chair of the Government Documents Round Table, testifying on behalf of ALA, concluded that the proposed DOE regulations issued in April about Unclassified Controlled Nuclear Information should be withdrawn and reevaluated. At the hearing, a DOE official recognized the concerns of academic and research institutions about the effect of the proposed rule on their libraries. Two possible solutions were suggested: (1) expressly exempt from the rule nongovernmental libraries whether operated by government contractor or not; and (2) limit the responsibility of nongovernment libraries to the protection of documents or materials specifically identified by title, if possible, to the library by DOE in writing. In an October letter to DOE on behalf of ALA, Peterson rejected both approaches as impossible and impractical. DOE plans to issue a revised proposal in January 1984 in the Federal Register for an additional public comment period.

AUGUST

OMB issued the revision of its Circular A-76 (see January) in the August 16 Federal Register, pp. 37110-37116. The impact of this circular extends to all libraries which depend on or have a service relationship with federal libraries. A contract for total library operations of the Department of Energy library was awarded to a private sector firm in August, for the Department of Housing and Urban Development in September.

SEPTEMBER

In the September 12 Federal Register, pp. 40964-40965, OMB solicited public comment on the development of a policy circular on federal information management as part of its responsibility to implement the Paperwork Reduction Act of 1980 (PL 96-511). The only underlying principle mentioned by OMB was that "... information is not a free good but a resource of substantial economic value ... ." The ALA response stressed that "To participate fully in a democratic society, citizens must be informed and aware, regardless of their individual ability to pay for information." Indications are that OMB will try to establish user fees in order to recover the government's full costs of creating as well as providing information, and will try to define what constitutes unfair competition with the private sector as it relates to information issues and library operations. OMB plans to issue a proposed circular for public comment in the Federal Register in February 1984.

OCTOBER

In contrast to other policies which restrict public access to government information, the U.S. Government Printing Office launched a national campaign to increase public awareness and use of federal depository libraries. The campaign uses public service announcements with the theme "Contact your local library" on television, radio and in print to guide the audience to all libraries, the 1,375 depositories and other non-depositories.

NOVEMBER

OMB issued a watered down version of its January revisions to Circular A-122: "Cost Principles for Nonprofit Organizations; Lobbying and Related Activities" in the November 3 Federal Register, pp. 50860-50874. In a December 19 letter, ALA urged OMB to clarify ambiguous language in the proposal and reaffirmed the Association's commitment to the principle that open government is vital to a democracy. OMB has extended their previous mid-December comment deadline to January 18, 1984. ALA chapters and state library associations may want to further analyse the OMB proposal to see if it would affect their organization's lobbying and related activities.

DRASTIC INCREASES IN TELECOMMUNICATIONS COSTS FACING LIBRARIES

Problem: The FCC's access charge decision and pending divestiture-related tariffs will have a major impact on library phone bills and data communications costs. Access charges will raise library phone bills and increase dial-access charges for library users of value added networks. The most drastic impact is the 73 percent increase April 3 in the cost of private leased lines used by libraries to transmit bibliographic data.

Impact: Through a system of "bibliographic utilities" such as the Online Computer Library Center (OCLC), the Research Libraries Information Network (RLIN), and the Washington Library Network (WLN), and regional and state library networks, libraries have created nationwide bibliographic databases. The largest of these, OCLC, contains more than 10 million bibliographic records and over 147 million location listings. It is in effect a merged catalog used by 3,300 member libraries of all types to make their technical processes more efficient, and by library patrons to gain access to library materials irrespective of geography.

Libraries gain access to OCLC through a system of regional library networks over private telephone lines which have been leased from AT&T. Information from AT&T analyzed by OCLC indicates an average 73 percent increase for the data circuits used by libraries. Three quarters of the regional OCLC networks face increases of 70 percent or more (see table on reverse). The network with the highest increase will pay 138 percent more for the same facilities and services. The increases will take effect April 3 as a result of the private line tariffs filed last October. Modest reductions in interoffice channel charges are more than offset by dramatically increased terminating channel costs and the increased number of components and charges in the revised rate structure.

The problem this causes for libraries is immediate and severe. Libraries are typically publicly funded and supported and operate on fixed budgets, often on a biennial cycle. Library managers have no way to pass additional unbudgeted expenses on to their patrons. Parent organizations of libraries are simply not prepared to pay 73 percent more for telecommunications without reducing the book budget, public services, or staff. Small libraries may be forced to discontinue automated services.

Legislation: The House-passed HR 4102 and the pending S. 1660 attempt to minimize the impact of access charges on individuals and small businesses, but assume that other users will be able to absorb increased costs. For libraries, this is simply not the case.

Why help libraries? Libraries are part of universal service. Information needed for research, scholarship, innovation, education, and daily living is increasingly electronic. Libraries make access to such information universal, regardless of an individual's personal circumstances. Universal access to information in a democratic society is a social objective which can only be met through libraries.

Solutions: (1) Reject the private line tariffs as filed, (2) delay charges and tariffs beyond April 3 so that long-range impacts can be further assessed, (3) phase in necessary increases over three years to allow development of realistic budgets or cost-effective alternatives, (4) if charges and tariffs are to go forward, exempt library and educational users.

TELECOMMUNICATIONS CHARGES FOR CONNECTION TO OCLC

Library network	Monthly charge— October 1983	Monthly charge— Under proposed tariff	Amount of increase per month	Percent change
AFLI, Pennsylvania	$1,871	$4,158	$2,287	122
AMIGOS, Southwest	64,751	102,215	37,465	58
BCR, Rocky Mountains	33,670	52,862	19,193	57
CAPCON, Washington, D.C., region	3,833	9,126	5,293	138
FEDLINK, Federal Government	28,620	53,940	25,320	88
ILLINET, Illinois	25,719	48,095	22,376	87
INDEP, nonnetwork	662	1,064	403	61
INCOLSA, Indiana	14,398	26,511	12,113	84
MINITEX, Minnesota	19,590	32,777	13,188	67
MLC, Michigan	13,464	23,695	10,231	76
MLNC, Missouri	7,915	14,135	6,220	79
NEBASE, Nebraska	4,970	8,467	3,497	70
NELINET, New England	30,915	52,642	21,727	70
OCLCWEST, Western United States	56,156	84,721	28,566	51
OHIONET, Ohio	26,416	47,555	21,140	80
PALINET, Pennsylvania	29,607	49,720	20,112	68
PRLC, Pennsylvania	10,158	19,700	9,542	94
SOLINET, Southeast	69,543	126,184	56,641	81
SUNY, New York	33,266	61,471	28,205	85
WILS, Wisconsin	10,224	18,472	8,249	81
Totals	485,748	837,510	351,768	73

Mr. Speaker, I want to thank all the Members who joined me today in this special order and state that the important thing which must be considered is that there is a blind spot in our society with respect to the role of libraries in the crucial function of education for our society. It is very important that this blind spot be recognized. It is very important that we review the paucity of legislation which is available to help libraries and in that paucity there are only a few items that are included at the Federal level and among those items is the Library Services Construction Act which is presently being held hostage by the Senate. The House of Representatives has already passed the Library Services Construction Act.

There is a vital need for the Senate to act on this piece of legislation which is a very tiny part of our total budget. The total amount of aid given the libraries throughout the entire history of this Nation is far less than the cost of one aircraft carrier. Our libraries deserve more. We deserve as leaders to make our populace understand and recognize the vital role that libraries play in education within what we have called a learning society.

● Mr. GOODLING. Mr. Speaker, this week is National Library Week and if the libraries and librarians throughout the country provide the same exemplary services that are provided in my congressional district, encompassing York, Adams, and Cumberland Counties in Pennsylvania, then they greatly deserve this distinction.

Libraries serve all ages, with materials ranging from picture books for preschoolers to large print materials for senior citizens and other individuals with reading disabilities.

Libraries stimulate the minds of young and old alike, taking them from book to book, from adventure.

Libraries provide access to books—and thus to knowledge—to those individuals who might be denied the reading experience due to financial restraints. Libraries work on the basis of equality and the belief that everyone has a right to read.

Libraries provide us with the challenge to learn, to grow, to expand our horizons. They provide the information that leads us into professions; they open doors to foreign countries and provide us with the wisdom necessary to understand other cultures, other ways of life. Libraries help people explore new worlds and, of course, libraries provide entertainment through the availability of books, records, tapes, et cetera.

Libraries educate us and, in that respect alone, represent a valuable resource to any community—ask any student who is assigned a report and cannot find enough information in his school library; ask the researcher, the historian; ask the individual looking for a quiet place to open up his or her favorite book.

Mr. Speaker, during National Library Week, I urge my colleagues to join me in paying tribute to libraries and the individuals who staff them. They have earned this recognition by their dedicated service to any and all who open their doors.●

● Mr. RANGEL. Mr. Speaker, I rise in recognition of National Library Week, and to commend my colleague MAJOR R. OWENS for his initiative in this special order.

Libraries are the temples of knowledge. They preserve the heritage and great achievements of man. We can look around us and see the great technological and architectural achievements of civilization, but it is within our libraries that the real spirit of man's achievements resides. Without the dedicated work of our librarians, all of our achievements—and those of past traditions—would just fade away. I salute them.

I think that it is safe to say that literally millions of young people have charted the course of their lives inside libraries. Schooling and education in the classroom walks hand in hand with the knowledge acquired in libraries. Because so many people depend upon libraries for both work and enjoyment, it is critical that we do all we can do to maximize the use of the books and services available.

We have a duty, Mr. Speaker, to protect this resource, and it is indeed an honor for me to participate in this salute to America's libraries. Thank you.●

● Mr. FRANK. Mr. Speaker, I would like to thank my colleague from New York, Mr. OWENS for giving us the opportunity to speak today in support of National Library Week. I believe that it is important to set aside time to consider the enormous contribution that libraries make to our society. Libraries are one of our Nation's most precious resources. Libraries allow all citizens access to information that is critical to democracy. No longer do libraries act only as a depository for books, documents, and records. Nowadays, libraries offer a wide range of community services that benefit Americans of all ages and economic backgrounds.

Mr. Speaker, earlier this session, the House passed the reauthorization of the Library Services and Construction Act. The Senate is now considering this legislation. This legislation makes money available for grants that will extend library services to areas and populations that are currently unserved or underserved. In addition there are funds to make library buildings handicapped accessible and energy efficient and to encourage interlibrary cooperation. Since Congress first passed the act in 1957, the number of libraries and the services they offer have grown enormously. There are over 10,000 libraries in America today serving over 96 percent of our Nation's population. Library collections have expanded to include special collections including foreign language and large print books, films, albums, cassettes, art reproductions, sheet music, microfilm, microfiche, and even computer software. Special programs are offered throughout the country for children, elderly, handicapped, and the illiterate. This growth would not have been possible without the strong Federal support offered by the Library Services and Construction Act. I would like to take this opportunity to urge our colleagues in the other body to act favorably on the reauthorization of this important act.●

● Mr. FRENZEL. Mr. Speaker, public libraries, hospital libraries, school libraries, college/university libraries, historical libraries, government agency libraries, private company libraries, law firm libraries all dot, and grace, our country from coast to coast, offering a multitude of services to our citizens, corporations, and other organizations. I am delighted that the Congress has set aside this week and this special time to honor, salute, and shed light on our libraries. They are a great national resource, occasionally overlooked in our overscheduled society.

The mention of libraries often conjures up an image of rooms overflowing with books, ladders to fetch books perched high atop shelves, and the librarian laboring at the checkout desk. This traditional scene remains basically unchanged in many libraries throughout the country. Libraries continue to carry out their traditional role of providing needed books and publications.

But, when was the last time you visited your library? A closer look at libraries reveals that many libraries have assumed new, additional roles as we enter the information age. Libraries are progressing and evolving. They are making use of new technology and seeking to expand their information capacities in many areas.

In my State of Minnesota, many libraries have access to data bases and hence, are able to conduct basic searches for general and specialized information of almost infinite variety. Searches may assist in the setting up of small businesses, exploring product markets, exploring careers, reviewing patent information, retrieving unobtainable publications, and so forth. Such services add to the economic and social development, and the vitality of the State.

Further, in the realm of computers, some libraries in my State have microcomputers. Such computers can permit those, who might not otherwise have the opportunity, to learn to use the computer and benefit from its many services. Besides the business and education fields, libraries are also providing essential services in the medical field. Physicians have always been privy to medical library information. However, now with technological advances, physicians, including those in remote areas, now have access to crucial on the spot information via telecommunications from medical libraries such as the National Library of Medicine. In short, our libraries' assets and capabilities are growing every day.

With such great new areas of information available, and our very scarce financial resources, comes the need to insure that all citizens have access to as much of this information as possible. Interlibrary resource sharing, between all types of libraries is a wonderful development of recent years. In my State, Federal interlibrary funds have been well used and there is strong private/public sector cooperation and sharing of information and materials. This triumph of cooperation over turf rights is most encouraging. The sharing and availability of ideas benefits all by helping our citizens and Nation to grow.

I commend and thank our library systems and their dedicated personnel for their great services, past and present, and for their foresight and planning for the future. Libraries can indeed broaden our horizons in many new unexpected ways. When was the last time you visited your library?●

● Mr. FORD of Michigan. Mr. Speaker, I rise today during National Library Week to pay tribute to the thousands of public libraries, school libraries, media centers, academic libraries, government libraries, special libraries and information centers throughout the country. These institutions play a vital role in the flow of information to the citizens of this Nation. The theme for National Library Week is "Knowledge is Power" and that theme translates into reality in every facet of the American society. It is the best informed businessman who makes the best decisions, the best informed office holder who designs the best policy, and the best informed student who makes the most of his educational experience. Libraries not only provide the information necessary for success, they amuse and delight us, contribute to learning and literacy, to scholarship and research and to innovation and development.

I am pleased to have played a part in the modest contribution of the Federal Government in helping libraries serve all of our citizens. A library witness put it this way in a recent congressional hearing:

> Think of published information resources as a gigantic jigsaw puzzle. Each library has only a limited budget, so it can purchase only one piece of the puzzle. If it gets a user request for information unavailable in its collection, its staff has to locate the library that holds the missing piece. To have a coherent national information system, we need, ideally, to have information about the pieces of the information puzzle held by each library.

Through programs such as the Library Services and Construction Act (LSCA), the Higher Education Act library programs, school library and block grant programs, and library postal subsidies, we have helped libraries improve their resources, link together, and share information for the benefit of all users. We must keep these programs viable and we must insure that the huge increase in telecommunications costs do not undo the cooperative networks libraries have put together—with the help of Federal grants—over the last 15 years.

The largest online library data base, the Online Computer Library Center (OCIC) contains more than 10 million biliographic records and over 147 million location listings used by 3,300 member libraries. These are impressive numbers, and this technology is a powerful tool. But OCLC member libraries may face an average 73-percent increase in telecommunication costs due to divestiture related tariffs and FCC-imposed access charges.

As an example of the fine programs made available through libraries because of Federal dollars let me cite the following programs in my home district of Michigan:

The Wayne/Oakland County Library Federation has developed a bibliographic service that includes 18 libraries in automated information sharing. The program will later be expanded to include 20 additional libraries.

The Washtenaw County Library has become a subregional library serving the blind and physically handicapped. Its services include: circulation of talking books by mail; selection of reading materials for some patrons; maintenance of volunteer programs for recording needed materials; visits to patrons to discuss services; maintenance of deposit collections in appropriate institutions; and distribution of information about the programs offered.

These programs enrich the lives of thousands of library users who would otherwise be without needed information and pleasure reading materials.

Universal access to information in a democratic society is a social objective which can only be met through libraries; they deserve our appreciation and support.●

● Mr. WORTLEY. Mr. Speaker, I rise in recognition of National Library Week. Today's search for excellence in education makes it imperative that libraries remain a vital link to the lifelong learning process. Libraries provide all our people; including the young, old, and handicapped, access to science, music, art, history, theater, philosophy, and the many other limitless treasures of human thought.

In my congressional district, libraries play a crucial role in combating illiteracy through outreach programs to minorities and provide other services such as job information centers, storytelling for preschool children, senior citizen programs, library/museum projects, programing for penitentiary inmates, video service, and services to the hearing and visually impaired. Without these programs, our community would not be the same.

National funds devoted to libraries are well spent. Not only do our communities benefit from the free flow of information, but worthwhile and lasting employment is created. The ripple effect of these national funds is tremendous. Of the $2.6 million granted to libraries last year in my home State of New York, through the emergency jobs bill, $16.2 million was matched at the local level. This created a total of $18.8 million in new employment opportunities. The economic benefits are clearly visible.

Taking this opportunity to express the value of libraries to our free democratic society is not enough. As legislators, we must continue to provide adequate funds so that the localities in our districts can match and surpass Federal funds to provide the library services they need. The imagination, productivity, and knowledge of all our people will in some way be dependent upon the strength of our libraries.●

● Mr. ROWLAND. Mr. Speaker, National Library Week serves to once again remind us of one of our Nation's great resources—our community libraries.

No other country in the world has anything to equal the library system that exists in the United States. Virtually every community in this vast country, large and small, has one or more libraries where citizens have access to a tremendous wealth of learning, knowledge, and reading entertainment.

Learning and knowledge are a cornerstone of our representative form of government. Our Founding Fathers knew this and expressed it over and over again. Without an informed public, we cannot hope to continually survive as a free and prosperous society.

I have noticed the buttons that many of our librarians who are visiting with us are wearing that say, "kids need libraries."

This is a wonderful slogan. Our young people particularly need good, dedicated libraries, both in their schools and communities. Reading opens up the world to them and helps them fully grow and develop.

If for no other reason, we need to support and improve upon the modest programs that are now in place to assist libraries.

But, of course, we all need libraries. People of all ages, the young and the elderly, are served by library programs.

We can take that slogan one step farther and say, "our country needs libraries."●

● Mr. DERRICK. Mr. Speaker, first of all, I would like to thank my friend and colleague, Representative MAJOR R. OWENS, for seeking recognition of National Library Week today. Libraries have played a key role in providing education for our citizens. They complement and supplement our schools which often find themselves constrained by limited resources. I know from personal experience how frequently my staff and I use the services of the libraries here in our Nation's Capital. I am sure that many of my colleagues share these experiences.

As far back as 1698 Dr. Thomas Bray, in an essay supporting a plan for the establishment of libraries in the Colonies said:

> Standing libraries will signify little in the country where persons must ride some miles to look into a book—such journeys being too expensive of time and money; but lending libraries which come to 'em without charge, may tolerably well supply the vacancies in their own studies.

There were not any traveling lending libraries in 1698, of course, but over the last several years bookmobiles have long played an important role in the development and extension of library services in South Carolina. The Library Services and Construction Act (LSCA) has provided grants over the years to help cover the cost of bookmobiles in the State. During the last 2 years, 9 bookmobiles were purchased with the help of LSCA funds.

Bookmobiles are just one of the many services provided under LSCA. I particularly support the use of these funds for this purpose, assuring that all persons are served. Legislation to extend the Library Services and Construction Act programs, H.R. 2878, was adopted in this Chamber on January 31, 1984, and is now pending before the Senate Subcommittee on Education, Arts and Humanities. This legislation provides for needed improvements in library literacy programs and foreign language materials. H.R. 2878 enjoyed widespread bipartisan support in this body and I urge my colleagues in the Senate to expeditiously proceed in adopting this legislation.●

● Mr. SPRATT. Mr. Speaker, it is a pleasure for me to participate in the special order today recognizing the important contributions public libraries have made to this Nation. This week is "National Library Week," and efforts will be made through various activities and events to increase the awareness of the important services rendered by these institutions. While we pay special tribute to the contributions public libraries have made, we must also emphasize the important role libraries will have in our future.

Children are our investment in the future and the Library Services Construction Act funds help strengthen the contribution of public library services to children and parents in South Carolina.

Library Services and Construction Act funds have been used to stimulate county libraries to recognize, train, staff, and develop services for children through demonstration projects. These moneys have enabled our public libraries to try innovative ways to reach out to low-income children to determine what approaches are most successful. Because of the stimulus provided by this act, many libraries provide books and book experience to children in Head Start and day care programs. Research shows that exposure to books at an early age is important for reading readiness and later school experience.

Despite the accomplishments of the Library Services and Construction Act program over the past 25 years, Federal funds are still needed. Demonstration projects still provide the most effective way to show local officials the benefit of improved services for children who need the best resources possible to live in a rapidly changing society.●

● Mr. CLINGER. Mr. Speaker, I would like to voice my support for National Library Week. Libraries are one of this Nation's most important and unheralded resources, as well as being a primary tool and indication of a true democracy. Libraries offer protection and guidance for the inexhaustible pool of knowledge available to our Nation's citizens. The sphere of involvement of libraries extends far beyond books stored on a shelf. Through the use of libraries, Americans are better able to adapt to the changes in society and the advancing technologies in an information-dependent society.

In many instances, libraries are also the only source of many community services. Libraries serve many diverse populations in our society. For example, in the Commonwealth of Pennsylvania, one of the most populous States in this Nation, with over 11 million people, there is a functional illiteracy rate of nearly 25 percent. Many areas are dependent upon programs offered through our public libraries to reduce this alarming statistic. In addition, many elderly, low income, and handicapped people in rural, isolated areas depend on libraries as their only source of information. Collections of large print books and tapes are available for the visually impaired and the homebound.

The importance of libraries in rural areas cannot be overstated. Recently, Warren County, which is located in my district, received a grant from the Department of Education for $388,430 to begin renovations on the county library. Many communities all over the county are in desperate need of such Federal funds, however, there never seems to be enough to go around. Congress must recommit itself to upgrading libraries as an investment in the future of this country and its children.

Mr. Speaker, this country is indebted to its public library system and on behalf of the 23d District of Pennsylvania, I would like to express my praise and gratitude to those individuals who have made this system successful.●

● Mr. OBERSTAR. Mr. Speaker, I am pleased to join my colleagues in this recognition of National Library Week and of the importance of libraries in our country.

Historically, library usage has increased during hard times, and recent years have been no exception. Economic recovery has not come to many areas of my northeastern Minnesota district, where the unemployment rate is two and three times the national average in most towns. Library usage is up substantially; the Aurora, MN. library recorded a 39-percent increase in circulation last year and other libraries on the Iron Range report similar increases in usage.

"Generally, it is the unemployed and young fathers with their children who are coming in," said one librarian on the Range.

The Duluth Public Library reports a 143-percent increase in loans of library materials in 1982 over 1980 in spite of shorter service hours. That library's main source of funds is the city of Duluth, which has unemployment of about 14 percent.

The Arrowhead Library system, which serves 7 counties and a population of 326,000, saw a 39-percent increase in its mail-a-book service in 1982. At the same time postage costs were up 85 percent.

Mail-a-book is one of the ways the Arrowhead system extends its services to rural residents who have little or no access to a library. Another way rural and underserved areas gain access to library materials is through the bookmobile. The Arrowhead system's 3 bookmobiles traveled 59,200 miles during 1982 throughout a 17,000-square-mile area and loaned 231,244 books.

These libraries have faced the growing demands for services and shrinking budgets over the past few years, but they have met that challenge. Federal library funds, although only about 2 percent of total funding for public libraries in Minnesota, are a very important source of help to these struggling libraries, especially in rural areas.

Federal funds have helped the Kitchigami regional library extend services to the rural portions of the 4 counties it serves through a bookmobile which makes 50 stops in each 2-week cycle. Visits include a crossroads called Goplin Corner on State Highway 64 near Motley, the Red Lake Indian Reservation, the entrance to a State park, senior citizen housing facilities, and, of course, small towns—populations under 800—which cannot support a public library.

Most recently, Federal aid has enabled the Kitchigami system to provide video cassette player/recorders to six of its eight libraries.

Minnesota has used LSCA title III, interlibrary cooperation funds to establish a regional resource sharing organization called Planet [public library access network]. This organization links the resources of libraries within a specific area and provides a central clearinghouse for interlibrary loan and reference services. Also, a contract funded by LSCA links Minnesota's public libraries to the resources of the State's academic libraries and libraries in nearby States.

As the unemployment rate steadily increased over the past 2 years, libraries have stretched their limited resources to meet the needs of out-of-work people and have even added new services in some areas.

The Duluth Public Library has a number of books to help people write a résumé; but during this recession, the demand for job-hunting assistance has been so great that the reference section put together a résumé pamphlet and printed 2,000 copies to hand out to people who need this help. The library also has typing booths so the unemployed can type their résumés.

Libraries are also providing information on how to act in a job interview, as well as national help wanted ads to locate the much-needed jobs.

One satisfied job hunter told the librarians:

> You've got everything I need, from Civil Service test books to a national research paper. Then, when I get a lead, you've got books that tell me how to write a résumé and how to act in an interview. I'm giving myself the best possible chance to find work by using the library.

More and more fathers are bringing their young children into the library to play with the toy collections and to check out a favorite toy to take home.

One grateful mother of three said:

> I could never afford to buy a tenth of the toys and kits you have available for us to check out.

Whole families now spend several hours in the library. The Duluth Library even had to install a changing table in the men's room so fathers would have a place to change diapers.

The families who bring their children in just to play with the toys learn through the story hours that little children like to be read to. The result has been that regularly for the last few months the Duluth Library has opened for business with scarcely 50 picture books available for loan—they own nearly 50,000. Other parents who are unable to read have discovered the kits, a cassette and a book, and are borrowing these in great numbers so children can have the experience of being read to. The library has had to ration the kits because some mornings there are only two or three left of the hundreds they own.

The Silver Bay Public Library was instrumental in planning and sponsoring the Silver Bay Cope and Hope Fair last year. The purpose of the fair was to introduce area residents to ways and resources for coping with the difficulties they faced because of job layoffs.

In Silver Bay, where the unemployment rate is over 60 percent, hundreds of people have permanently lost their jobs, the public library put together a job search workshop. They offered two identical workshops on the same day; one in the morning and one in the afternoon, to accommodate those who work shifts. The TV taping crew at the library taped one session of the workshop and has presented it on cable TV for those who missed the program.

These examples indicate what libraries in northeastern Minnesota are doing to meet the special needs of the public they serve. Libraries across the country are doing a fine job meeting the growing and changing needs of the public, most often with very limited budgets. I commend our libraries and congratulate them on their contributions to our society.●

● Mr. CONYERS. Mr. Speaker, I am very pleased to have the opportunity to participate in this special order in recognition of National Library Week, sponsored by my colleague MAJOR OWENS. Libraries are a vital resource in our communities and hold a vast potential for both scholarship and entertainment. They are an institution upon which we all depend to store the world's treasures of thought and make them available to all without question or cost.

Today, our Nation's libraries are faced with a possible cutback in Federal funding support. Although Federal funds account for only about 5 percent of public library support, it is a critical 5 percent used to reach that part of the population without library services, or for whom the provision of library services requires extra effort. The Library Services and Construction Act, which passed the House on January 31, 1984, authorized $150 million for grants to assist States in the extension and improvement of library services for the physically handicapped, the institutionalized, bilingual, and older persons. The Reagan administration, however, proposes that this program be eliminated, thereby further reducing Federal assistance to the disadvantaged.

In my congressional district, the Detroit Public Library has used moneys received under this program to enhance services to the handicapped and to increase its collection of foreign language materials. In addition, the funds have been used to improve the accessibility of libraries to the handicapped through new construction. Finally, cooperation between the various types of libraries has been enhanced. None of these things could have been accomplished without this Federal funding support.

As the Senate debates this important piece of legislation, we must help them understand the need for continued Federal support of our libraries. The moneys to be authorized should be viewed as an investment, the return on which will manifest itself in the achievements of all present library users, and most certainly those who will use library resources in future generations.●

● Mr. MORRISON of Connecticut. Mr. Speaker, I rise today in honor of National Library Week. During this week we celebrate one resource—the library—which enables us to cultivate our most precious natural resource—the human mind.

I am proud to report that in my district and in Connecticut as a whole, libraries have played a critical role in making the pursuit of knowledge accessible and enjoyable. Connecticut is one of the few States in the Nation which uses a statewide library card. Connecticard makes available the books and resources of 185 public libraries to every library card holder. In my district, Library on Line, Project Leap, and Bibliomation are three separate consortia which are involved in cooperative resource sharing. In each of these programs, systems have been developed so that many individual libraries can share resources, provide circulation control and plan for future acquisition. All in all, automation in Connecticut's libraries has expanded more in the past 18 months than it did in the last 20 years.

The libraries in Connecticut have also expanded their role as a center for the entire community. Many libraries have adult education programs, offering classes in the evenings. Libraries are picking up more materials for the learning disabled, and offering individual instructon for the elderly, deaf, blind, and physically disabled. Libraries in Connecticut present films and lectures, and many libraries are building new multipurpose community rooms. More libraries are working with senior citizen centers, some running a branch at the centers themselves, and sponsoring such programs as, for instance, a registered tax consultant explaining the intricacies of the income tax form.

The Connecticut libraries open the world of thought to every individual who has the desire to learn. They are centers of culture, of communication and of knowledge. Clearly, the Connecticut libraries exemplify the ideal of National Library Week—knowledge is real power.●

● Mrs. KENNELLY. Mr. Speaker, I am delighted to join with my distinguished colleague from New York in recognizing National Library Week.

Libraries are without a doubt one of America's most valuable national resources, and they are deserving of our recognition during this special week. The day when a young child discovers a library is a very special occasion, when he or she finds access to a vast array of books and other resources. While in school, many of us feel that a library is a home away from home. And after we leave school, the library continues to provide us with a wealth of information.

Yet libraries are constantly fighting battles of shrinking budgets and growing needs. In our modern era of information technology, libraries are trying to enter the computer era, and to provide us with access to a new range of services, while still maintaining traditional services. Library budgets have not expanded to meet these new needs.

Federal programs, such as the Library Services and Construction Act passed by the House in January, provide valuable assistance to our libraries in this time of limited resources. The Federal funds, while not large, have served well as seed money to generate further funding from State governments and private sources. We must continue to support these valuable programs.

In Connecticut, libraries have done a superb job of managing with their limited resources. In fiscal year 1984, Connecticut received about $1.5 million in

Federal funds for statewide library services; this was then matched by the State with an additional $3.25 million. This is a dramatic demonstration of the wide impact of this Federal program. These funds helped to add new books to library collections, to provide services to handicapped readers, and to promote resource sharing among libraries.

It is appropriate to recognize America's libraries both with our words and with our appropriations. It is impossible to imagine a world in which libraries were allowed to disappear, where one did not have access to their collections. I join with my colleagues in saluting America's libraries.●

GENERAL LEAVE

Mr. OWENS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of this special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

THE MINING OF NICARAGUAN HARBORS—A GREAT POLITICAL MANIPULATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. SILJANDER) is recognized for 60 minutes.

Mr. SILJANDER. Mr. Speaker, I appreciate the opportunity to address the House on what I consider one of the greatest political manipulations I have seen on the floor with the Committee on Foreign Affairs in a long time in the Congress.

Mr. Speaker, I must be very candid in talking about Nicaragua and the crisis in Central America. Some people have exhibited what they call an outrage, an outrage at the fact that the United States has somehow participated in mining the ports of Nicaragua.

I think it is important that we bring some of these facts to light regarding this particular situation.

No. 1. Mining of a harbor in Nicaragua has been done for one express purpose—by the Contras, not the United States, by the Contra-revolutionaries, to help in the constant effort to interdict arms flowing into Nicaragua from the Soviet Union, from Cuba, from Libya, and even from the Palestinian Liberation Organization back in the Middle East, funneling arms into Nicaragua and then those arms are transferred from Nicaragua elsewhere in Central America to promote what they call the visionary Marxist revolution without frontiers.

I really see little difference in terms of the goal of interdiction or stopping the arms flow into Nicaragua and out of Nicaragua throughout the Central American region, little difference in using mines or using grenades, guns, artillery, that this Congress has voted in support to the counterrevolutionaries in Nicaragua. Those grenades and those guns have killed people. If the Congress has still, at least in the past, been considering, has considered successfully and is still considering more aid to the Contras in Nicaragua, I think that is certainly reasonable considering the crisis in Central America and considering that we are facing 9,000 Cubans, we are facing 2,000 Soviet-bloc advisers, many PLO and Libyans that are in Central America.

Incidentally, regarding the PLO in Central America, I rather doubt that the PLO is looking for a homeland in Central America. They are there with the Cubans, the Soviets, and the Libyans for one express purpose, to help promote that Marxist revolution throughout the region.

But back to the parallel. I see very little difference in allowing the Contras to place mines in the harbor where it has been proven beyond any reasonable doubt that major shipments of arms have come in through that harbor into Nicaragua for revolutionary spreading purposes. I see very little difference in placing those mines, which are not meant to sink ships, or to kill or destroy ships, but simply to damage ships as a deterrent for ships coming into the harbor. They are concussion mines, handmade concussion mines, which again, I repeat, are not used to totally destroy ships, but only used in terms of disabling and damaging ships.

Now, if we compare that to the fact that the Congress—and I repeat once again, that the Congress has voted for more other types and more seriously deadly weapons, yet here we have a tremendous outcry by the liberals in Congress about this action.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. SILJANDER. I yield to the gentleman from Illinois.

□ 1920

Mr. HYDE. I want to commend the gentleman for his insight and for his courage in taking the floor this evening to speak out on an issue that disturbs a great number of us, because the train is rolling down the track. The administration is being condemned out of hand because it dares, it dares to seek to protect the suffering 5 million people of El Salvador from the importation of ammunition and weapons from communities in Nicaragua and this, of course, is something that is just improper. It is just something not to be done.

I want to ask the gentleman a question. You were present and you were very active in the consideration of the ill-fated Boland-Zablocki bill which you will recall we debated last year, which sought to cut off any funds whatsoever for the insurgents fighting to recapture their own revolution within Nicaragua, the forces that are called Contras that were seeking to democratize their country, that were seeking to have pluralism, to have a free press, a free practice of religion. And we were assisting in an undercover fashion, which uniquely becomes exposed because of the outrage of the gentlemen of the left who dominate the majority party and who seem to think that resistance to Marxist-Leninist hegemony is somehow wrong.

But the alternative that was offered by the Boland-Zablocki bill was to literally build a fence around Nicaragua, that it was somehow ungentlemanly and indecent to support undercover operations, covert operations, so we will build a fence overtly, we will interdict this exporting of weapons and ammunition to El Salvador by halting them overtly; $80 million was the amount of money that was authorized in that legislation.

I want to ask the gentleman: Do you remember what their suggestion was on interdicting shipments of arms to El Salvador by sea? I can see building a barbed wire fence, maybe electrified. I guess you could not put land mines around Nicaragua because that is improper, and ungentlemanly, and forbidden. But how are they going to interdict shipments by sea if mines, ocean mines, are somehow wrong and contrary to international law and brutal? How were they going to interdict shipments at sea; do you remember? Were we going to bomb those ships? Were we going to put a naval blockade? What was their plan?

Mr. SILJANDER. I do not think they had a plan.

I thank the gentleman for his comments and points. I really do not think they had a plan.

It is pretty obvious there is a two-track philosophy and approach by the liberals. One, let us support interdiction of funds for arms on land and not do anything on sea, thereby leaving an obvious gaping loophole in the whole philosophy in the entire legislation, and a more practical inlet of arms through the waterways of Nicaragua. So I do not think they really had a plan for that.

Mr. HYDE. I thank the gentleman.

Mr. BURTON of Indiana. Will the gentleman yield?

Mr. SILJANDER. I am happy to yield to my friend from Indiana.

Mr. BURTON of Indiana. A number of Members of Congress had an opportunity not long ago to meet with the Ambassadors from Honduras and Costa Rica and to talk to them about the problems their countries are facing because of the Communist menace in Nicaragua. The leaders with whom I talked, we had a long discussion, indicated to be that the Communist Party in Costa Rica, for instance, has been requested by the Nicaraguan Government to send their Communist participants to Managua to be taught guerrilla tactics and military tactics so that they can come back and undermine the Government of Costa Rica. The same thing in Honduras.

As a matter of fact, recently they found 600 Communists that had been trained in guerrilla tactics and military tactics in Nicaragua coming back across the border to try to stir up trouble in Honduras. And they have been training these people in Managua to undermine these governments.

In addition to that, they have had labor leaders who are Communist sympathizers in Costa Rica and Honduras in Managua trying to work with them in starting strikes in both those countries to undermine those governments. There they are working day and night trying to undermine those governments to such a degree that they will fall of their own weight.

In addition to that, I would like to quote some facts and statistics which have not been discussed much by those who favor pulling in our horns throughout Central America.

First of all, the fact, No. 1, which we talked about earlier today. Since the Sandinistas took over in Nicaragua, 36 new military bases have been built. Nicaragua now has the largest army in Central America. They have 44,000 active duty army personnel and 58,000 militiamen, a total of 102,000. And they are building daily toward a goal of 250,000.

Mr. SILJANDER. If I could just reclaim my time for a minute, are you telling me then that there are approximately 105,000 trained Nicaraguans under arms today, as of this moment?

Mr. BURTON of Indiana. There is no question about it.

Mr. SILJANDER. I was told by many of the news reports and by those on the left in the committee and in the Congress on the floor that the reason for the buildup of arms in Nicaragua and for the training of the troops in Nicaragua was for a simple reason, to off-balance the guerrilla activities.

Would you say 105,000 is sufficient to off-balance activities of 15,000 guerrillas?

Mr. BURTON of Indiana. I think that is an absolutely ridiculous argument that they are making. The fact of the matter is they have twice the army, twice the size of the entire armed forces of all of Central America combined. All of their neighbors, if you add up all of their armed forces together, they are only about half of what Nicaragua has, and Nicaragua is continuing to build their armed forces toward a 250,000-man army.

Mr. SILJANDER. I think the gentleman is making a very good point. So the argument they are using that this buildup of arms, buildup of training, buildup of manpower, is not really for strictly defensive purposes, or to stop the insurgency movement in Nicaragua, but it looks rather evident, at least based on the statistics that we are hearing, it looks rather evident that the real goal is in fact consistent with the export of arms, the export of training and revolution throughout Central America. Their interests are not just merely defensive, and to cease and desist the insurgency, but, rather, to quote the Sandinistas themselves, to bring this revolution much further than their own borders.

Mr. BURTON of Indiana. If I may, if the gentleman would yield further, I would like to point out that Alberto Ortega, Daniel Ortega's brother, who is the Defense Minister there, has said on numerous occasions that he wants this revolution from Costa Rica all the way to Guatemala, and assuming his attitude is not going to change, into Mexico as well, and that endangers the very security of the United States of America.

Mr. HYDE. Will the gentleman yield?

Mr. SILJANDER. I am happy to yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

I am most interested and fascinated by the statistics of the gentleman from Indiana, because what we see is a country, Nicaragua, a poor country, geared for conflicts rather than economic growth. They take all of their assets and resources and pour it into the Defense Establishment, by far more than they need to defend their country—from the post office of Costa Rica? Is that what they are afraid of?

It is utter nonsense. But it is geared for conflicts just like Cuba, a beautiful country, with beautiful people, with natural resources that should flourish. But all of their assets go into military expenditures so that they can have an expeditionary force in Angola, in Ethiopia. Their army can go all over the world at the bidding of the Soviet Union, gearing their economy for conflicts instead of economic growth.

Is this taking care of the poor people that the trendy vicars and the liberation theologians are so enthused about, taking all of the money and all of the assets and pouring it into the military instead of helping the poor people?

I guess the only job you can get is if you work for the army.

I thank the gentleman for yielding.

Mr. BURTON of Indiana. Will the gentleman yield further?

Mr. SILJANDER. I yield back to the gentleman from Indiana.

Mr. BURTON of Indiana. I thank the gentleman very much.

I would just like to point out that the gentleman from Illinois (Mr. HYDE) has stimulated my thought processes a little bit. I would like to point out that instead of taking care of their citizens from an economic standpoint and trying to build a sound economic base, they are putting a lot of people in fear down there. As a matter of fact, they are modeling their entire society after the Cuban society. They are putting a Communist agent or sympathizer in every block so that they can inform upon their neighbors if they have any concern about what the Government is doing in Nicaragua. So there is a spy network that it taking over in Nicaragua which is undermining the very society down there.

Mr. SILJANDER. Are you saying, I want to understand this more clearly, the gentleman from Indiana is suggesting that in Nicaragua they are placing in every precinct of sorts or every block Communist sympathizers or Marxists sympathizers to the Government that will observe and watch their neighbors, and if they observe any activity which they consider antigovernment and they report this to the Government, then the Government can thereby take some form of action against those civilians?

□ 1930

Mr. BURTON of Indiana. That is right.

Mr. SILJANDER. That does not sound like a very open and free society. I might remind the gentleman that in 1979, after the takeover of tyrant Somoza the Sandinistas went before the OAS looking for recognition, saying that all of you should recognize us because we will initiate in our new government, Sandinista government, freedom of religion, freedom of press, freedom of labor unions to participate, freedom of speech, and freedom of travel, and life, and society, and elections.

And what I am hearing is that a society gearing up for not a defensive mechanism to defend themselves, but a mechanism really for promoting war and revolution. It sound like we are hearing a system and a society that is repressing the civilians by the Big Brotherism, rather than having TV cameras in every home, we have a block watcher in each block or each precinct.

Mr. BURTON of Indiana. That is exactly right.

Mr. SILJANDER. Is this what you are alluding to?

Mr. BURTON of Indiana. Yes, it is. If the gentleman would yield further, I will state a few more facts which I think the American people and this Congress ought to be aware of. There are now about 8,000 Cuban advisers in Nicaragua, including at least 2,000 military advisers.

In 1983, an estimated 15,000 tons of Soviet bloc arms and equipment reached the Sandinista army; that is about a 60-percent increase over 1982. So they are building this military machine at a very rapid rate. Nicaragua is equipped with the most modern weapons, dozens of Soviet-made tanks.

Recently, they received from Bulgaria, another Communist bloc country, amphibious tanks so they could go into the swamp areas there and make sure they wipe out the Contras, who are trying to regain their country.

There are 800 Soviet-bloc tanks, Soviet M-152 howitzers, 100 antiaircraft guns, helicopters, planes.

They are expanding four of their airports down there so they will accommodate Mig-23 jet airplanes flown in from the Soviet Union. The Government has T-54 and T-55 tanks; they recently sent approximately 70 Nicaraguans to Bulgaria for training as pilots and mechanics. I can go on and on and on.

There is no doubt in my mind or anybody who is studying the problems in Central America, that the Sandinista government in Nicaragua is building a war machine that has but one purpose and that is to take away the freedoms of the people throughout Central America, make that a Communist launching pad from Mexico to put the United States in an untenable situation on our southern border.

If this Congress does not pay attention to that problem today and if we do not give the proper military aid and assistance to Nicaragua, the Contras in Nicaragua and El Salvador, we are going to have real severe problems in the not-too-distant future.

My biggest concern is that American boys at some point in the future will be involved in a land war somewhere between here and Central America, probably Mexico, trying to defend the freedoms that we enjoy today, unnecessarily.

Mr. SILJANDER. I yield to the gentleman from Pennsylvania.

Mr. RITTER. I think that is an excellent point, because some of the critics of the policy in Central America have said that we are leading up to the commitment of U.S. troops.

Now listen to this reasoning: The reason we are leading up to the commitment with U.S. troops is because the Nicaraguans really, the Nicaraguan Freedom Fighters, the Nicaraguans who want the Sandinistas to live up to their promises, they are out there fighting. There could be more of them fighting if there was the support for them.

That is going to lead to the commitment of U.S. troops. In other words, because the Salvadoran Government and its army is fighting against the Cuban-Soviet-Nicaraguan insurgents, death squads, that is going to lead to the commitment of U.S. troops.

The fact is that when people in these countries, nationals of these countries fight for their own freedom and are willing to risk their lives for their countries and their freedom so that they are not subverted by a Marxist Axis of Nicaragua, Cuba, and the Soviet Union, that is when U.S. troops will not be used.

Now we have a condition where these people with a little bit of support are willing to put their lives on the line and fight the emissaries of the Soviet Union. If we withdraw our assistance, that is when these emissaries of the Soviet Union become extraordinarily powerful, can move up the Central American isthmus toward Mexico and the Rio Grande River and it is precisely then when these countries have fallen that U.S. troops may well be put into play.

What we are trying to do, what I understand the gentleman from Indiana is saying, is that we do not want U.S. troops committed. We are willing to assist those who are willing to put their lives on the line and fight for freedom and at a cost—you talk about $20 million for the Contras in Nicaragua, you talk about $60 million for El Salvador; that is the cost of a couple of sophisticated fighter planes. A Trident submarine costs $1 billion, an MX costs hundreds of millions of dollars; B-1 costs $1 billion; and we may have to do this in order to be able to negotiate with the Soviets who already have these things.

But to say somehow we are spending money ineffectively when people are willing to fight and die is really strange; to say that that is going to cost American lives when the nationals of these countries are putting their lives on the line in order to stem the tide toward the United States.

Mr. SILJANDER. Regaining my time, I think this is precisely the point that stirs my heart and stirs my emotions, because while I sit in Congress and all day today in the Foreign Affairs Committee, listening to testimony by Kenneth Dam, who is Assistant Secretary, regarding the mining incident, when I see the mining incident, it is an out, a scapegoat for the liberals now to suggest, "Let us cut off all covert assistance, any assistance, overt or covert, to the Contras, the counterrevolutionaries, the freedom fighters in Nicaragua."

I see this as their opportunity for now to say, "It is time now Congress should cut it off completely." And if we do so, if we in Congress decide to turn our backs on the freedom fighters in Nicaragua, if we do that, then they will be those responsible for, inevitably, as the gentleman from Pennsylvania is alluding to, then they will be responsible for sending American troops from their own borders into Mexico to stabilize a very unstable situation.

What do you think the Russians are doing there to the tune of thousands of Russian advisers, also Bulgarians, training in secret 9,000 Cubans? They are not there for a picnic.

Mr. RITTER. I thought they were there because they enjoy the climate of the Caribbean.

Mr. SILJANDER. I appreciate the humor of the gentleman, because it does illustrate in a sarcastic framework just the very issue we are all talking about. They are there for a precise purpose; a clear purpose, to destabilize the domestic economy, to draw attention to, the PLO anyway, draw attention away from the Middle East to the United States, our own borders, because they see this revolution without frontiers, they see a Mexico that is economically distraught; they see a debt crisis in Central America, looming on the horizon. They see a great opportunity considering two-thirds of all American trade going through the Caribbean Basin.

Mr. RITTER. Is the gentleman saying that if this Congress withdraws support for the Contras those fighting, so that the Sandinistas will live up to their promises that if America withdraws the $21 million that that will make the situation far more dangerous for the United States in that region.

Mr. SILJANDER. Absolutely. Who is off balance? The hundreds of millions of dollars of Soviet, Cuban, Libyan, PLO, oil money and oil money flowing into Nicaragua.

As the gentleman from Indiana outlined, tanks, 105,000, an army bigger than all Central American combined.

And the goal stated by them of 250,000.

□ 1940

Now listen, it is pretty clear.

Mr. RITTER. That is one-tenth of the population of Nicaragua. That would be equivalent, would it not, to an army, a U.S. Army of 22 million people?

Mr. SILJANDER. That is correct.

Mr. RITTER. I thank the gentleman.

Mr. SILJANDER. What I am trying to say, it is clear the intention is not a defensible one or one of pure defense on the part of the Sandinistas or Nicaraguans. It is not one the Soviets are there for a picnic. They are there to destabilize the entire region which thereby destabilizes the United States. And after all, from the Soviet standpoint, they have China on one border, who is not a clear friend, they have Turkey on another border. Why should the United States be free of enemies on our borders?

And since economically—I will repeat what I said before—two-thirds of our trade goes through the Caribbean Basin and Central America; 66 percent of our imported oil. And I ask people listening, go back to the time we paid double for the price of oil within a month's time because of a slight interruption of imported oil. And those lines overlapping one another, two and three deep around the gasoline and the fueling stations of America. Beyond that, what about the refugee crisis? What about the fact that it is estimated now that 50,000 are flooding across the borders per month. Who is going to feed and clothe them?

Are refugees bad people? No.

Mr. RITTER. Is the gentleman saying that the nationals who have to live under Marxist totalitarian rule do not necessarily want to stay there and they attempt to live; is that what the gentleman is saying?

Mr. SILJANDER. I am saying that refugees are fleeing tyranny. They are fleeing Communist interruptions of economies in Honduras and more specifically, El Salvador. They are fleeing tyranny in Nicaragua. They are fleeing this Marxist revolution.

It happened in Vietnam; 10 percent of the population left by boat.

And here, as Ronald Reagan said, all one needs to do is go by foot to leave. And at 50,000 a month now, what if Honduras, Guatemala, Costa Rica, with no army to speak of, and Mexico with its economic destabilizing condition today, what if they were all to fall? Some estimates go as high as 500,000 a month flooding across the border.

Mr. RITTER. If the gentleman will yield further, Jack Anderson, who receives great renown for his analysis was in the Lehigh Valley of Pennsylvania. He gave a speech to a group of people. He said that the Soviet Union was interested not in the destabilization of El Salvador or in the arming of the Nicaraguans, those were only stepping stones.

Jack Anderson said, when he came to the district, that their goal was the destabilization of the United States of America.

Where the gentleman is correct, once Mexico becomes a situation of great turmoil, at that point there will be a massive influx north across the Rio Grande River, an influx that even today we have difficulty handling. Can one imagine what it would be like if a tyrannical regime or widespread revolution comes to the country of Mexico, what that would mean to the Southwest United States and really the entire United States of America. Anderson said the goal of the Soviet Union was the destabilization of the United States using Central America and the Caribbean as the stepping stones.

Mr. SILJANDER. Khrushchev said that, "We will bury you," to the United States. I do not think he meant in ashes of nuclear holocaust. I think he meant in a very practical way he will bury us internally. He will bury us through our own hemisphere, through the Central American crisis that looms over us.

I just repeat: Who is going to pay the price for the hundreds of thousands of fleeing civilians, fleeing tyranny, who will pay the price of housing, clothing, feeding, language training? And what about the jobs that will be taken from Americans? Again, let me repeat, refugees are not bad people. They are just honest citizens fleeing tyranny, but can the United States afford 10 times the illegal immigration we are now experiencing today? That is the question. Can the American taxpayers afford it? And are we willing to afford it?

Mr. BURTON of Indiana. If the gentleman will yield to me, I would just like to make two quick points.

First of all, we must, if we are going to avoid these terrible things we are talking about tonight, if we are going to avoid those, we must interdict the massive amounts of military supplies coming into Nicaragua.

Now, there has been a lot of criticism of mining those ports down there and I will not go into all the arguments that are going to be made today or have been made or will be made tomorrow, but the fact of the matter is we are going to have to stop those military supplies from getting in there because the minute they get in there they are being used within that country and they are being exported into El Salvador, Honduras, Guatemala, Costa Rica, every place they possibly can in Central America to undermine those Governments. And the only way you are going to stop them from getting into those other countries and in the hands of Communists and Communist terrorists in those countries is to stop them from getting in there in the first place.

So whether or not we mine the harbors or try something else, something must be done to interdict those supplies from getting in and getting out.

The second point I would like to make is that three of the gentlemen standing here in this colloquy went to Granada. And you will recall we saw the Soviet documents, agreements between the Soviets and the Grenadian Communist Government and the North Koreans and the Cubans. Those agreements pledged millions of dollars, $10 million from the North Koreans, 15 million rubles from the Soviets to Grenada, an island 8 miles by 18 miles. They were going to use that for a military base to expand the revolution throughout the eastern Caribbean into Central America and South America. They had given us a complete roadmap. The leaders of Nicaragua have said the same things that Castro has said and Bishop said in Grenada before he was deposed. There is no doubt that their goal is revolution throughout Central America and to take over that part of the world.

I think it would be a dereliction of our responsibility in the Congress of the United States if we did nothing about it. I think it would be terrible for us to stand idly by and watch our southern neighbors succumb to the Communists.

If we do this, in my opinion, we are going to rue this day. Freedom will cry aloud from every person in every country we allow to be crushed under the boot of communism. I think that the three of us tonight have experienced a little bit of it by going to Grenada. It is incumbent upon us, as well as the gentlemen from California and Illinois, to get this message across to our colleagues in the Congress.

Mr. HUNTER. Mr. Speaker, will the gentleman yield?

Mr. SILJANDER. I yield to the gentleman from California.

Mr. HUNTER. I thank the gentleman for yielding.

I thank all of the gentlemen who have participated tonight for putting this very important message out. The way I feel after several days of watching the Foreign Minister of Nicaragua come in and make his PR play in front of America's televisions and talk shows and newspapers, that in fact his visit, to change the subject, if you will, has been very successful. And essentially that is exactly what he is involved in is changing the subject instead of focusing America's attention on the promises that the Sandinistas made to hold elections, which they have never held, to have a humane government in accord with the letter that they sent to the OAS in July 1979, and to allow a free press, and a number of other things. They have, instead of focusing America's attention on their failures in those regards, they are now talking about the World Court and trying to focus America's attention on whether or not we should submit ourselves to the jurisdiction of this forum.

I would contend that as long as they are in the business of destabilizing the Americas, it is perfectly appropriate for the United States to stop their inventory from coming in.

Again I remember the Nicaraguan Minister, Mr. D'Escoto, said, after he had been asked a question four or five times on one program, "Are you in fact sending arms to El Salvador?" First he said, "We are not sending arms in violation of any laws." And when he was really pinned down, he finally said, "No; we are not."

I think that Democrats and Republicans have watched the classified briefings. I do not think there is any doubt that arms and ammunition are going from Nicaragua to El Salvador. I do not think any Member in this Chamber would dispute that. They might have a dispute over whether or not in fact our assistance to the freedom fighters in Nicaragua is substantially interdicting the flow of arms, but nobody doubts that there is a flow of arms from Nicaragua into El Salvador.

Mr. SILJANDER. Let me ask the gentleman a question then. Does the gentleman not find it in the context of what we have talked about tonight rather incredible that Members of the U.S. Congress, here in the land of the free and the brave, the greatest model of democracy in the world, is it not rather amazing that because of this mining incident that that should be reason enough to cut off all covert assistance, in any form or any kind, overt or covert for that matter, to the counterrevolutionaries or freedom fighters in Nicaragua? I find it rather amazing.

Why and what, in the gentleman's opinion, would motivate Members of this body to advocate that as a result of this mining incident, we should thereby cut off all assistance and allow the revolution to continue, allow the destabilization of that region to continue, which will be, as we have talked about very often tonight, an erosion of our own security and economy at our borders.

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Mr. HUNTER. I think to answer the gentleman's question that if they are successful, if the Sandinista propaganda effort is successful in sending the Foreign Minister out here to hit the American media and to appear on the talk shows and do the interviews with the print media, if that effort is in fact followed by this Congress cutting off aid to the freedom fighters in Nicaragua he is going to be able to go home and say, "Mission Accomplished. We pulled off one of the greatest propaganda efforts in the history of this conflict.

"Here we have been able to divert American attention away from the security matters that they were operating under before the security concerns for Central America, we have been able to divert attention away from the fact that we have abused human rights in our country, we have diverted attention away from the fact that we have never held elections."

And I understand now the rules are if they hold the elections they are going to give a whole 15 minutes a week to all of the opposition parties combined. I think their time is going to be something like midnight to 18 after midnight. They are not going to allow popular people in the country, like Eden Pastora, to appear on the ballot because they would otherwise win. And the only political assemblies that will be allowed will be political assemblies that the government sanctions, that is, the assemblies that are focused on government candidates.

So they have made a mockery of the representations that they have made to the OAS. This talk about a representative democratic government that they talked about is so much baloney, and yet they have turned America's attention. More importantly, they have turned the attention of the leadership, the leadership in this House—and every person here represents a constituency of about half a million people—away from the real issues. And that is going to be a tragedy.

I cannot feel mad at my colleagues on the other side of the aisle, even those on this side of the aisle, who feel that the issue now is to decide whether or not we should succumb to the jurisdiction of the World Court and try to go through these legal equations. If in fact this House turns its attention away from the tremendous danger that is manifest in the regime in Nicaragua to the United States of America and our allies in this hemisphere, it will be a tremendous tragedy.

Mr. SILJANDER. I thank the gentleman very much for his comments.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. SILJANDER. I yield to the gentleman from Illinois.

Mr. HYDE. I want to say to my friend from California that I looked up the World Court today. They have 15 judges. One is from the Soviet Union, one is from Poland, one is from Syria, there is one from India.

Now, I suggest that I would be very chary about submitting anybody's human rights to judges from the Soviet Union, and Poland, and Syria. And India worries me a little bit because they have not been all that sympathetic with the consent between the Marxist-Leninists and the United States.

But I would hesitate to bring some of the world's toughest controversies to that World Court. Maybe the West Bank settlements, maybe the Golan Heights. I just do not think we would trust an evenhanded verdict from that court. And why should the national security of this hemisphere be brought over to a forum that far away that has on its judicial bench people whose whole philosophy, not to say theology, is antithetical to the struggle against Marxist-Leninism in this hemisphere.

I thank the gentleman for yielding.

Mr. SILJANDER. If I might make one point about the World Court, I think an overriding concern certainly in the World Court is: How can the United States logically and tragically bring before a World Court system exposed to international press issues and facts that Kenneth Dam, Assistant Secretary, could not bring before an open committee of the U.S. Congress? He said, "I am sorry, I cannot answer any of those questions regarding the mining because it is classified evidence or classified information. I will be happy to respond in a closed, classified briefing."

So we are expected to go before the World Court and expose our classified information and discuss the guerrilla activities. It seems rather illogical, No. 1, that we discuss and argue an irregular war activity, which is very difficult to pinpoint anyway, and, No. 2, that we discuss information which we cannot openly discuss in the United States of America and before the Foreign Affairs Committee of this Congress.

So I think that, really, comes right down to the point why we are crazy. Certainly it would be foolish to go before a court under those circumstances, beyond the fact that the Sandinistas have tried the United Nations to divert attention away from human rights violations and social injustices. Now they are going to the World Court. It is all a propaganda ploy. Why do they not go before the Contadora Four? That is where we place confidence, in their own people. Why should they go beyond, to outside international realms, to those who are not as close to persecutions?

Mr. RITTER. I will tell the gentleman why, if the gentleman will yield. There is a very good reason why.

Mr. SILJANDER. I will yield to the gentleman from Pennsylvania to tell me why.

Mr. RITTER. Because the Sandinistas are experts in theater. The Sandinistas are putting on a show before the world in order to hide the inequities and to hide the vast Soviet military buildup that is going on in their country, in order to hide behind this veil of theater at the World Court what they are doing as command and control over the insurgents in El Salvador.

Now, I find this feeling of hurt that the Sandinistas have expressed interesting, to say the least.

Think of the hypocrisy. The Sandinistas, the Marxist-Leninist Soviet-Cuban dominated Sandinistas, they are up in arms about mining of their harbors, while at the same time they are in charge of directing what the next bridge is to be blown up in El Salvador, what the next road is to be blown up, what the next power station and telephone line is to be blown up. And it is there in the House Intelligence Committee report, and the liberals, and the conservatives, and the Republicans, and the Democrats all know the command and control function of the Nicaraguan Government over the insurgency in El Salvador.

Mr. SILJANDER. Where is the outcry? Reclaiming my time, where is the outcry, then, of these freedom lovers on the left who think it is so horrible? To quote one of the members of the Foreign Affairs Committee, he said because we are allowing the freedom fighters to use concussion bombs, concussion mines, which do not sink any vessels, they have not killed a single soul yet.

"I used to think," he said, "there was a difference between the Soviet Union and the United States going to such radical, fanatical extremes to compare our allowance of freedom fighters interdict arms," suggesting therefore in a syllogistic way that we are equal to the Soviet Union because of their persecutions.

Mr. RITTER. If the gentleman will yield, these are the same people who said that our rescue operation in Grenada was equivalent to the Soviet invasion of Afghanistan.

This is the convoluted thinking, this mirror image thinking, that somehow Stalin's heirs, Hitler's moral twins, are the same as the world's greatest democracy. This entails a substantial loss of self-confidence and self-assurance in the goodness of the American democratic experiment. This entails a blindfold over reality, whereby when repressed people the world over wish to escape somewhere, where do they come? They spend years trying to get in here. And to somehow equate the United States with the Soviet Union because we are helping freedom fighters regain their just due, as promised by the Sandinistas, with Nicaraguan totalitarian leaders is really stretching the point. And I think the American people will see through this theater that the Sandinistas Marxist-Leninists have been promoting at the World Court.

Mr. LAGOMARSINO. Mr. Speaker, will the gentleman yield?

Mr. SILJANDER. I yield to the gentleman from California.

Mr. LAGOMARSINO. I thank the gentleman for yielding.

We do not have to make veiled allusions to the secret briefings or Intelligence Committee reports that are not made available to the public. All we have to do is to read the Intelligence Committee report itself when they reported to this House, an official document, an open document. They said in several places in that document that beyond any doubt the Sandinistas were providing arms, ammunition, direction and control, communication direction, and all of that, to the guerrillas in El Salvador.

I suggest that what is happening here, regardless of what one might feel about the mining issue itself—as the gentleman has pointed out, not one ship has been sunk, no one has been killed, I do not think anyone has even been injured, while there have been injuries and deaths, and so on, in the land war that is going on between the Contras and the Sandinista armed forces. But I think what has happened is, as has been pointed out already here, certain people in this body and in the other body and in the public itself are using this issue as an excuse to shut off all covert aid to the Contras in Nicaragua.

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I suggest what is happening here regardless of what one might feel about the mining issue itself, and as the gentleman pointed out, not one ship has been sunk, no one has been killed, I do not think anybody even has been injured. While there have been injuries and death and so on in the land war that is going on between the Contras and the Sandinista armed forces.

I think what has happened is, as has been pointed out already here, certain people in this body and in the other body and in the public itself, are using this issue as an excuse to shut off all covert aid to the Contras in Nicaragua. I suggest the reason that is happening is because the Contras are starting to have some success.

They have recently been able to get together: Ardes in the North, or Ardes in the South, Pastora's organization and that of Robelo. With FDN in the North and with the Miskito Indian groups, two of those. They are starting to do some real damage. I do not think there is any danger on the part of or any fear of danger that they are going to overthrow the government, but they certainly are giving them a bad time, and they are making them think about whether or not they do want to continue to not keep their promises. They have even made some noises in the direction of changing their society. I do not think they are sincere, but at least they are making those noises.

I do not think that anybody believes, truly believes that if all that were to stop, if all the Contras were to disappear from Nicaragua, that the Sandinista government would go ahead with those things it has said it will do.

Mr. SILJANDER. Let me ask the gentleman a question: Who are the counterrevolutionaries? We have talked about the Contras, who are they?

Mr. LAGOMARSINO. There are three groups as I understand it. One is a group of persons known as the FDN. There is a seven-member board of directors, consisting of people who were Somoza opponents for the most part. I think there is one National Guard colonel who spent all of the civil war here in Washington because he did not apparently enjoy the confidence of Mr Somoza so he had him out of the country. The rest are all civilians who were mostly in opposition to Mr. Somoza.

One of them, Adolpho Calero, is a conservative businessman who supported the Sandinistas when they first came into office.

Mr. RITTER. Who was indeed imprisoned by Somoza at one time.

Mr. LAGOMARSINO. I was going to point that out. I went to Nicaragua in November of 1979 right after the revolution took place in July. Mr. Calero was one of the businessmen who asked me and the other members of that delegation to give economic assistance to the new government so they could survive.

So, he was not against them until they started imposing their Cuban-style revolution on what had happened. They stole the revolution is what happened. The people in the south have an even more interesting history: The military leader of that group is Eden Pastora, known popularly in Nicaragua as Captain Zero. He is the one who captured the National Assembly and held scores of very prominent people hostage for a long time, and who really put the revolution across. He was one of the top commanders in that revolution. A real gun soldier, not a desk soldier at all.

He became disillusioned. He is not what we would call a conservative. But he became very disillusioned with the Cubanization of that society, and he is now in opposition to it. One of his compadres is Alphonso Robelo, who is a member of the original junta; not the nine-member directorate, not the military arm, but the civilian arm that was right underneath that; the five people.

He became disillusioned. Then there are two groups of Indians who are really fighting for their survival. Anyone who would suggest, as some did when we had a debate on this before, that they are doing it for the money, I think are really trivializing.

Mr. SILJANDER. That is why I find it difficult to understand why the same people who are on the left are saying that we should cut all aid to the counterrevolutionaries over to covertly are the same ones that are suggesting that all the freedom fighters are former members of the National Guard under Somoza.

Now that is obviously, blatantly, clearly untrue. So at every angle we turn, any issue we seem to assess more than superficially, we find that the rhetoric lacks substance.

Mr. LAGOMARSINO. The gentleman pointed out one very good example of that. There were what, some 7,000 or 8,000 members of the National Guard under Somoza? There are 10,000 Contras right now. So, even if they all survive and they all did that, there are more. So obviously they are not all Somocistas.

Mr. SILJANDER. I yield to the gentleman from Pennsylvania (Mr. RITTER).

Mr. RITTER. There are probably more former Somocistas serving in the Sandinista Army than there are serving with the Contras.

Mr. LAGOMARSINO. As a matter of fact, recently an entire unit, 250 Sandinista regular soldiers defected to the Eden Pastaora's group Ardes, in the south of Nicaragua.

Mr. SILJANDER. The gentleman mentioned the Miskito Indians in the eastern and northern section of Nicaragua. It seems incredible to me also of the human rights and religious violations of those peoples alone. If I were a Miskito Indian, and the government that promised freedom of religion, freedom of speech, freedom of travel, placed 90 percent of my people in sugar cane work camps, Cucra Hill, for example, has 12,000 Miskito Indians, it is built for approximately 800. I think there is one doctor that comes by once a week. There is very little food, very little medical attention and there are other work camps elsewhere in Nicaragua of Miskito Indians.

If they burned 127 of my churches down, I would think that the freedom of religion rhetoric certainly did not go too far in terms of reality.

I yield to the gentleman from Pennsylvania (Mr. RITTER).

Mr. RITTER. It is truly amazing that after what the Sandinistas did to the Miskito Indian people, the ethnic peoples of the east coast of Nicaragua, that there was not an incredible outcry all over the United States and the rest of the West. But this silence, amounts to a deafening roar. The fact is that the leader, one of the key leaders of the Miskito Indian, Misura Group, his name is Stedman Fagoth. Stedman was told, in a Nicaraguan jail, by Thomas Borga, who happens to be the Interior Minister, that if he had to, if Borge had to, if the Sandinistas had to, to bring Sandinism to the east coast of Nicaragua, they would kill the last Miskito.

Now, these are the criminals that we here on this House floor are saying is the duly constituted Government of Nicaragua. No wonder there is a substantial, and this is a real revolution, the revolution of the Contras and Ardes, and the Miskitos against the Sandinistas, no wonder, because they have adopted the kind of policies which, regarding the Miskitos, amount to genocide.

Mr. SILJANDER. I yield to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. The gentleman from Pennsylvania mentioned religion and I think it is interesting to note that when some of us were in El Salvador, I will be speaking about this later, for the election down there, we had the occasion to meet with Archbishop Rivera y Damas. Archbishop Rivera y Damas is certainly not one who could be characterized as being, well how should I put it, he certainly enjoys the reputation of being quite liberal, of being very studious about what he says, being very careful about what he says, and he has not been known for criticizing the left any more than he has criticized the right.

We asked him about the religious situation in Nicaragua and he said there are two views of that. He said one view is that the Nicaraguans have really terribly violated the religious rights of the people of that country; they have prohibited the bishop there from saying his mass on television as he had done before; they have interfered with religious education, and they have set up a really competitive church, a popular church, as they call it, which has been criticized by Pope John Paul II.

He said there is another view that the revolution there is going along pretty well and that there are a few problems but that they do not amount to much. He said, I subscribe to the first view. That is about as strong a statement as he makes about anything. We all know what the Sandinistas did to the Pope when he was there: Orchestrated a very demeaning experience for him with people yelling and holding up signs and so on. So I think, as the gentleman said earlier, the Sandinistas certainly have not kept their promise, and one of the reasons that the Contras are engaged in the activity they are, which was pointed out earlier, is not because they are getting money, but because they are laying their life on the line each and every day that they are engaged in that activity.

□ 2010

One of the reasons that they are doing that is to hold the Government's feet there to the fire to make them keep those promises, to have free elections, to have free labor unions, and all the rest of it.

Mr. RITTER. Mr. Speaker, will the gentleman yield?

Mr. SILJANDER. I yield to the gentleman from Pennsylvania.

Mr. RITTER. I thank the gentleman from Michigan for yielding and, incidentally, I thank him very much for organizing this special order because I think there is so much mythology surrounding the subjects that it is absolutely essential that some of the facts get through.

Going back to the mining incident, I think it should be stated that not only are these mines not capable of sinking a ship, not capable really of injuring people, but also that when these mines were set, the countries and the shipping firms that were shipping into these ports were notified. Not only were they notified, but as I understand it, Lloyds of London was even contacted to check on the possibilities of insurance in the case of damage.

I think what we are really talking about here is the difference between a mine at sea and a mine on the land. As a matter of fact, a mine on the land can do far more human damage. So this great outcry needs to be put in some perspective.

What our policy in Nicaragua basically amounts to is, one, we seek the Sandinista rulers to begin to bring an end to their military relationship with the Soviet Union and Cuba that makes them into another armed camp, that makes them into another base for exporting revolution, their term "revolution" in this hemisphere.

We seek a cessation of their exporting violence to their neighbors. We seek a reduction of the size and extent of their military forces as endangering the rest of the isthmus, as endangering perhaps even the United States itself. We seek an opening up of the political system for pluralism so that a promise made today cannot be turned upon tomorrow; that the system is pluralistic, democratic, and allows the people to make the decisions, the Nicaraguan people to make the decisions, not the Politburo and the KGB and the Soviet international fighting force of Soviets, and Czechs, and Bulgarians, and North Koreans, and what have you.

What is wrong with that? Those are honorable goals. Those are goals that certainly the people of Nicaragua, if they had a chance to vote on those goals, would support them themselves. They do not want to be Cubanized, Russified, and turned into an armed camp. They are now drafting 14-year-olds. They are having an enormous problem with their population, trying to bring in vast new quantities of recruits, but this is their way of militarizing the society further.

What we are talking about is the bottom line, some return, some form of the Monroe Doctrine, which says that large aggressive, foreign, hostile powers shall not make severe footholds contrary to the security interests of the United States in this hemisphere. And this is what we see.

Mr. SILJANDER. I thank the gentleman from Pennsylvania very much for his comments and all the other gentlemen who have participated in this special order.

Mr. Speaker, I would just like to end by saying we should not allow the issue, the real issue at hand, a Soviet-PLO-Libyan-Cuban backed revolution throughout Central America to be detracted by an obscure issue, and the bottom line is an obscure issue of mines in the harbors in Nicaragua, as a scapegoat to evade our responsibility and to avoid our responsibility to back freedom fighters in Nicaragua, which is no different than backing freedom fighters in Afghanistan fighting Soviet oppression there, and as we should have done back in World War II with the Jews in the ghettoes, the Warsaw ghetto in Poland fighting against Fascist radicalism there.

I see a consistency of all three and I hope we can stand up as Americans and really see the need for us to join in unity and harmony and not allow ourselves to be detracted by hypes and by media attention on an obscure issue that is obscuring the reality of the tragedy of the situation in Central America and the need for all Americans to unify behind a common goal to assist the freedom fighters in stabilizing a very precarious situation.

THE FACTS ABOUT CENTRAL AMERICA TODAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. LAGOMARSINO) is recognized for 60 minutes.

Mr. LAGOMARSINO. Mr. Speaker, As you know, I was in El Salvador at the end of March to serve as an official observer of the Presidential elections. All 31 of us—18 Members of Congress, labor, and religious leaders, professors and private businessmen—who made up the official delegation named by President Reagan, came away with the impression that democracy is truly alive and functioning in El Salvador. When we returned, our bipartisan group gave to President Reagan our assessment of the importance of continued support for the efforts of the Government of El Salvador to further the creation of a vital, representative, functioning democracy.

Sometimes it is difficult to measure the degree of progress being made toward a subjective goal like representative government. But I can tell you watching thousands on thousands of Salvadorans wait patiently in line for hours just to vote impressed me that they truly believed that their participation would make a difference for the future of their country. Many of these Salvadorans trekked miles to cast their votes. One lady carrying a baby told me she had walked 6 miles and had already been in line for three hours, waiting to vote for peace, she said. The Salvadorans had to brave bullets and bunions, they were not deterred from registering their preference for the next President of El Salvador. As it turns out, no single candidate got a majority of the votes and there will have to be a runoff election in early May to determine the final winner. Most experts seem to think that Napoleon Durate, the candidate who won the largest percentage of the voting in March, will emerge the winner in the runoff.

It is true not everyone who wanted to was able to vote. Bureaucratic snafus and redtape complicated a process that was already made difficult by the guerrilla war being waged in parts of the country. The Marxist guerrillas tried to disrupt the election process by confiscating identification cards, burning ballot boxes and attacking polling places. At the start of the day, some 20 small municipalities on the northern border were prevented from participating because of guerrilla activities, and by the end of the day another 22 percincts had their voting activities disrupted. But, approximately 78 percent of the Salvadorans voted, and that is a significant number in any country.

There was some criticism that people had to vote—that it is required by law. That is true in many Latin American countries, Western European countries, and Australia. I am advised the law has never been enforced in El Salvador. In any case, let me ask you this. Would you rather risk a few colones fine—which has never been imposed—or being stopped at a guerrilla checkpoint and have them see you voted after their warnings not to?

The final argument—and a good one—is a variation of leading a horse to water. For the purpose of argument, let us say—against everything I and all of my colleagues saw and heard with our own eyes and ears—that Salvadorans could be made to vote against their will. Even so they could not be made to vote any certain way, or for any particular person or party. In El Salvador the traditional way of protesting the choice is by casting a blank ballot. In the last Presidential election—a rigged one in 1976—50 percent of the ballots were blank. By contrast, in the 1982 election, less than 10 percent were blank and less than that this March, 3 percent.

By voting in the election in El Salvador, the people were making a political statement about the future of their country. The Salvadorans want an end to war, they want to be able to live their lives in peace with the hope of making a decent living, and they have chosen the ballot box, not guns, as the way to express their desire for change. They were showing by action what El Salvador's Archbishop Rivera Y Damas told us, "The guerrillas do not have the support of the people."

It is ironic to me that people who are fighting so hard to achieve democracy in their country, who are sacrificing so much, who reflect the desire for freedom and a better life for their children are the victims of a bitter and frustrating debate in the Congress about whether or not the United States should help. The National Bipartisan Commission on Central America worked exhaustively for 6 months, speaking to more than 200 experts in the United States and 300 in Central America. They concluded—and this was a group of Democrats, Republicans and Independents—that Central America is both vital and vulnerable, and that whatever other crisis may arise to claim the Nation's attention, the United States cannot afford to turn away from that threatened region.

Those of us who observed the elections in El Salvador returned to the United States fully understanding the conclusions of the Commission. The United States must support the countries of Central America with a level of funding that will insure that those nations, like El Salvador, will have the means—politically, economically, and militarily—to develop and strengthen their democratic system.

☐ 2020

Mr. ZSCHAU. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from California.

Mr. ZSCHAU. Mr. Speaker, I thank the gentleman for yielding. I want to commend my colleague and friend, the gentleman from California (Mr. LAGOMARSINO) for arranging this special order.

I think it is very important that the people of this country, as well as those in this Congress, understand what really took place on March 25, 1984, the date of the Salvadoran Presidential elections. Before I went to El Salvador as part of the Presidential group to observe the elections, I was given brochures that had been preprinted that indicated that the elections would be a sham, that this was just a charade, that it was a public relations gimmick in order to get support for an ill-fated and ill-conceived policy of this administration, that the people would be forced to vote, that the elections would be rigged; so as you might suspect, I was a little skeptical, having read the propaganda about whether or not these elections would take place in a good fashion.

When I went to the towns of Cojutpeque, San Martine, San Salvador, Ilobasco, and San Vicente, I saw in the early morning long lines of people, people had walked for miles to get a chance to cast their ballots. They were standing there in the hot Sun. Some had arrived at 5 o'clock in the morning, even though the polls did not open until 7. Some probably stood in line waiting to vote for a long as 6 hours, maybe even longer.

There were frustrations associated with it, as the gentleman from California mentioned. Some of the polling places had been overrun by guerrillas. The power had been knocked out the night before, which added to the confusion on an already complicated election day.

In addition, there were the snafus that arose as a result of an overzealous attempt, in my opinion, to make sure that there could be no legitimate charges that the elections were rigged. Every member in Salvador, every citizen in Salvador, had to have an identification card and also a name on a list and many people because they did not know exactly where they were to vote just stood in lines for hours only to find that they were at the wrong polling place.

As a result of all those difficulties, those obstacles, there were probably 100,000 to 150,000 people in El Salvador who wanted to vote, who made an earnest attempt to vote, but were unable to vote because of the obstacles. Yet in spite of that, as the gentleman mentioned, 78 percent of the people actually cast ballots in this election. It was an incredible display of desire, an incredible display of people wanting to have democracy.

Was the election fair? The gentleman from California and I talked to many poll watchers, people from the various political parties who were at each of the ballot boxes. In our discussions with them they said that there was, apart from these procedural problems, no indication that there was anything unfair going on. The fact that all the political parties supported the results of the election indicates a broad support for the procedure that was done.

Were the people forced to vote? Absolutely not. Sure, just as in Australia, as in Belgium, as in Italy, in Greece, and certain provinces of Austria, there is a law that requires people to vote, but they were not there because of the law. As one woman put it, she was there to vote for democracy.

What was the reason for being there? People that we talked to said they were there because they hoped that through this process they would have peace in their country. They hoped that perhaps it would bring prosperity.

Some critics of the elections have said, "Well, there is no guarantee that peace will occur. There is no guarantee that the economy of El Salvador will be any better because of the election."

But the question is, Is there any guarantee in any country, in the United States, that because we have elections that we will have a stronger economy or that peace will exist not only in our region, but around the world? Even though there is no guarantee, we believe in the process. I think that is what the people of El Salvador were saying. We believe in this democratic process.

In San Martine, we were talking to some people about why they were there in line and a young man came up to us and he said, "You're from the United States, aren't you?"

We said, "Yes."

And he said, "You have a good democracy in the United States."

We thanked him for his compliment and then he went on to say, "Here in Salvador we are just starting, but each time we do this we will get better and better and better and perhaps some day, some day in Salvador, we will have a democracy that is as good as the democracy in the United States."

Well, who is to know? I hope that that is the way it does come out. The clear message on March 25, 1984, was yes to democracy and no to the guerrillas, in contradiction to the slogans of the guerrillas that said no to elections and yes to the popular revolution. Those slogans which were painted around the country were repudiated by the will of the people.

I have with me a copy of a letter that I would like to include in this special order. It is a pastoral order from the bishop, Archbishop Rivera Y Damas that appeared in the April 1 issue of the church newspaper Orientacion. In his letter he describes his own experience of going to the polls and standing in lines and how people recognized him and actually let him get up toward the front of the line, something that not many people could do, as we observed there in Salvador. He is writing this even before the polls closed on March 25, and he makes a couple statements that I would like to just highlight here.

□ 2030

He said, "If there are more than 1.5 million voters, in spite of the blackout, the bombs, the threats to harass before, during and after March 25, it means that the war has been discredited, the guerrillas must stop and think about this for a while."

Then he went on to say, "I believe that in spite of the poor quality of the campaign it * * *." I guess he was making some comment about the tactics that the various candidates were using, "the unexplainable changes, delays and lack of planning on the part of the Central Elections Council, the Salvadoran people have responded to the electoral process and deserve our applause and respect."

I think that that statement in the pastoral letter from the Archbishop is an accurate statement of what we saw down there.

The text of the letter is as follows:

The following is an informal translation of Archbishop Rivera Y Damas' letter on elections that appeared in the April 1st issue of the church newspaper "Orientacion."

With my identity card, issued in Santiago De Maria, I went to vote at the "National Polling Place," according to the published instructions. In my case, being from Usulutan, this was located in the Joaquin Rodezno School, Colonia Dina, San Salvador.

One had to leave the car at some distance and walk under the hot March sun on an exceptionally hot day. There was a festive atmosphere and the lines were long; there were four lines leading to the same door, which by its narrowness resembled the door to the kingdom of heaven.

Although most residents from Usulutan recognized me as their ex-bishop, greeted me with respect and affection, and allowed me to advance. There was one point where neither the good will of the patient ex-diocesans nor the "efficient and well-mannered help" of a policeman were enough to let me get any further. At that point, one entered (the building only) under pressure from those coming from behind. Accepting advice, I finally entered through the exit door. Although the Canonical right no longer gives very many privileges to priests, in the hearts of the people we still find a tiny corner of understanding.

Once inside the school, I came upon an individual whose role I still don't understand. He wore no armband or other insignia, but he had a group of people forming a line and he almost got me into it too. However, since I informed him that my identity card was issued in Santiago De Maria, he told me "wait a while because those ballot boxes have not arrived yet." I was resigned to leave when an acquaintance told me "It's not true, those ballot boxes are over here." I got into that line and after some fifteen minutes, at around 10 a.m., I voted. Some interesting comments were overhead: "We have left the children, but one had to come and vote to see if the situation can be straightened out." This was the predominant comment. There is, therefore, a qualitative sense to the vote, which those who study the elections must keep in mind. If there are more than 1.5 million voters in spite of the blackout, the bombs, and the threats to harass before, during, and after March 25," it means that the war was been discredited and the "Boys" (guerrillas must stop and think about this for a while.

Once home, I was told that in Santiago De Maria the affluence of voters "was every bit as large as in 1982," but that in Villa Del Triunfo the "boys" had not allowed the people to vote.

I believe that in spite of the poor quality of the campaign, and the unexplainable changes, delays and lack of planning on the part of the central elections council, the Salvadoran people have responded to the electoral process and deserve our applause and respect. I write these lines while there are still three hours to go until the polls are closed, and while one can already hear the complaints of the citizens because of the disorganization.

May the Lord always keep our people under his protection.

ARTURO RIVERA Y DAMAS,
Archbishop.

It is not perfect. There are no guarantees. But the bottom line of the experience of March 25, 1984, is the people of El Salvador want democracy. The people of El Salvador deserve democracy and I think they ought to have it.

Mr. LAGOMARSINO. I thank the gentleman for a very eloquent statement. As he was talking I remembered very vividly some of the experiences we shared together. And we were together, the gentleman and I, all morning. Then we went to the same place in the afternoon, although by separate helicopters.

They did say they believed in the process. And very few of them thought this was a magical thing. I do not think any of them did.

They voted 2 years ago. They know that that vote did not magically cure all of their problems. It did not get rid of the guerrillas. It did not end all of the travails that they have to go through.

But it started it. And they saw that, and they knew that this was another step, not the final step, but just another step in a process.

I recall one young man, and I believe the gentleman was there when we were talking to him, and we asked him, "Why are you voting?"

He, like many others when that question was asked, did not look at us like maybe we were asking a dumb question. But we thought we should ask to see what they would say. And this young man said, "I am voting because it is my duty. I wouldn't be much of a citizen if I didn't, would I?"

It is a very difficult question to answer. We have to say yes, you are right, you would not be.

I think that those people have demonstrated, and it is easy here. We can go down to the polling place and there is usually not a very long line. There were long lines there. It was a hot Sun. There was confusion and no order. I suppose in some places they had many boxes, maces, they called them, where up to 500 people could vote where you would have all of those in the same building. Perhaps it was the only building available. Perhaps it was because it would be easier for the security forces to guard that. Maybe it was just because if a person was in the wrong line it would be easier to get in the right line. But it did cause some terrific traffic jams, and you would think people would be very upset and angry.

They were not. Even the people who were not allowed to vote did not seem angry. They were frustrated, they were very disappointed.

Another thing the gentleman mentioned, and this was one of the things that really impressed me, is how the various parties cooperated together in the process. You could not tell really except that some of them had symbols who was representing or who was poll watching for what party. And it was a very interesting and encouraging thing for me.

I remember it was in San Vicente in the afternoon and things had gotten very hectic and people were milling around who had not been allowed to vote. And they were walking up to the various poll watchers. It did not seem to matter which one. They could tell. They had symbols on their caps or on their T-shirts and they were holding their cards up to them. I know those were not all members of the same party. And there were members, there were poll watchers who were helping everybody, anybody who came up to vote to go through the process, and the cooperation between them was very good.

You saw no hostility at all. There is some, obviously. There is some here. But the gentleman mentioned the tenor and the tone of the campaign. It got very rough. It gets very rough here.

Interestingly enough, though, in the runoff election both of the major parties have apparently, at least for the time being, pretty well cooled their rhetoric. They know what is at issue here is a nation. They know they have to come to an appropriate result. And I think everybody is cooperating in that. It really is a very heartening thing to see. It is one of the great experiences of my life, and I was very pleased that I was able to see.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Illinois.

Mr. HYDE. I want to say to you, Mr. LAGOMARSINO of California, and Mr. ZSCHAU of California, that I do not think I have heard a more important statement on this floor in the 10 years that I have been here than what you have been speaking about. You have been describing very eloquently, because very sincerely and from first-hand knowledge, a hunger for freedom and for the democratic process that has been demonstrated by the suffering people of El Salvador.

I have in my office a huge portrait of Washington at Valley Forge and I always look at that every day, many times because it symbolizes the suffering of a band of people who were thirsting for democracy to build a new nation. You people, both of you were present at a Valley Forge of a sort in El Salvador, in the heat and the boiling Sun where 78 percent of the people risked their lives to come out and to commit themselves to freedom, to peace, and to process.

Now, they look to us as the premier democracy of the world, for support, for sustenance, for encouragement, and how do we do that? By walking away from them because there are some right-wing criminals who want to destroy the process? Do we walk away from them and leave them to the tender mercies of the guerrillas who use landmines around a powerline when they bomb the powerline to black out these poor peasants, and people's homes, and livelihoods, and schools? Then they put mines around the powerlines so the work crews who go in to repair it and to restore electricity get their legs blown off.

I suggest to you that if we withdraw our support for that poor struggling government down there we hand a victory over to those people who plant those landmines.

Now, because you have seen, you believe in your heart and you are sharing that with America tonight. But I suggest to you if it was heart warming to watch that, it is heartbreaking to watch this Congress turn its back on the people of El Salvador. So I salute you and I am just thrilled that I was here to listen to you.

Mr. LAGOMARSINO. I thank the gentleman for his eloquent statement. His statements are always eloquent ones.

The gentleman and I and two other Members of this House were in El Salvador 1 year ago and we talked to many of the people who were still involved in that government then. We talked to some of the political leaders at that time. I am sure the gentleman recalls as vividly, as I do, how the Democratic system even started to work then.

You recall when we met with one of the new parties there and we asked, "What are you about?" They had just broken off from one of the old parties in the assembly and they now had nine members of the assembly, and they suddenly became the third largest party in that group. We asked the head of that party who was one of the Presidential candidates in the last election—did not win, did not come in second—we asked him what they were all about. He said, "We support democracy. We don't like this pluralism. We want to make that process work."

I have seen even in a year, that short period of a year, how this has really started to go. People are thinking in those terms now. As I say, it is not easy because they do not have a history of that. No question about it, the elections in the past have been rigged. The people who were supposed to win did win. And Napoleon Duarte, one of the candidates now, probably won the election in 1972 and it was probably stolen from him.

I do not think that is going to happen any more in that country if we stay the course. If we stay the course I think the people there are willing to do and ready to do what they need to have democracy there. But it is going to depend on what we do here.

Mr. ZSCHAU. Will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from California.

Mr. ZSCHAU. I thank the gentleman for yielding. I, too, want to thank our colleague from Illinois for his kind remarks.

He mentioned that the people of Salvador risked their lives in order to come out to vote. But there was another group that really deserve mention at this time and that is the members of the army, the Salvadoran Armed Forces.

They by law have the privilege of voting in an election but decided that if they took time off in order to vote that they would not be able to provide proper security for the people, the Salvadorans who were coming to the polls that day.

□ 2040

And rather than being in a position to defend themselves, they dispersed throughout the country to be at polling places where, in many cases, they were sitting ducks and vulnerable to guerrilla attack. The security was provided throughout most of the country but it was not reported very extensively that about 30 members of the Salvadoran Armed Forces, in order to provide security and support for the democratic processes, lost their lives to guerrilla attacks on that day.

The question in my mind at this time is, Will the people of El Salvador be able to get up for it again in another 30 days, the kind of long treks to the polls, the standing in the hot Sun, the frustration may have dimmed the spirit. But I think that is a question that they deserve a chance to answer.

Shortly the elections will be coming up and security will have to be provided again.

In order to provide that security, the Salvadoran Armed Forces need equipment, they need ammunition in order to enable the next step of the democratic process to continue. And I think it would be terribly unfair for this country, when the people of El Salvador have shown this thirst for democracy, for us to deny it to them.

I think that we have to go ahead and support this process that the people have shown that they want. I believe they deserve it. I hope they will be able to get up enough energy to do it again, but they should be the ones to decide whether democracy continues to have the same sort of enthusiastic support in El Salvador.

And if we, in this country, make a decision to cut off, at this time, the emergency military aid, then the security of those people who do come out to vote in the runoff elections will be endangered, the risks will be even greater and we will be in the position of perhaps denying to the people of El Salvador their dream of a democratic system.

Mr. LAGOMARSINO. An eloquent statement by the gentleman from California.

I would like to add to the Armed Forces of El Salvador, the gentleman mentioned that 30 Salvadoran soldiers were killed in the process. That is just while we were there, in the 36 hours or whatever short period of time it was. Another 32 it was, I believe, were wounded, 13 were missing.

So they were paying the price and they do every day. They have a very high casualty rate, as I understand, one that has really not been matched in any modern army for many, many years, far beyond any casualties in any of the great conflicts we have been engaged in. And to do that, to guard the electoral process, meant that the Salvadoran forces had to come out of the field where they have been more successful than some of our news media would have us believe, pursuing guerrillas, keeping the pressure on, getting to them where they live, taking the war to them as our people down there have been recommending for a number of years.

They are doing that now. They had to back off that during the electoral processes. So they paid from a military standpoint a terrible price to reestablish that. I think another thing we should keep in mind or maybe for some people put in their mind because they do not know it.

In Vietnam, if a U.S. marine or soldier was wounded in action, chances were one out of nine that he would die; in other words, eight out of nine that were wounded were able to be evacuated and saved and did not succumb to their wounds.

The comparable figure in El Salvador is between one and two out of three. In other words, between one-third and two-thirds of all those wounded in the field die; 90 percent of those, I understand, could be saved if they could be gotten to a hospital. In other words, the hospital care is quite good; the field care is getting to be good, but you have to get the wounded soldier from the field to the hospital.

And that is what much of this emergency aid that the President is asking us to provide would be for.

And I cannot think of anything that would not only be more humanitarian than to provide that assistance but also which would be more encouraging for morale.

You know, it must be a terrible thing for morale to know that if you are wounded, you do not have a very good chance of survival. It probably would make most soldiers in most armies very reluctant to do what these young people are doing there every day and every night, too.

So there are lots of good reasons why we should not short them on these things being requested of us. Again, I commend the gentleman for his statements and thank him for taking part in this special order and also the gentleman from Illinois.

El Salvador has made significant efforts to improve conditions in that country. Its land reform program is unequaled in scope in this hemisphere. Its banking and export industry reforms were not easy steps to take, but they have been important for helping to change some of the inequities in the economic structure of the society. The elections of 1982 and March 1984 have solidified the democratic structure of the Government. And despite media reports to the contrary, violence attributable to the Government forces or to rightwing death squads has dropped significantly in the last 3 years. Of particular importance is the fact that following Vice President Bush's visit in December to El Salvador—and I was with him—the number of deaths attributable to rightwing death squads has dropped to virtually none. The Vice President made it absolutely clear to the Government and the military that the United States would not tolerate continued death squad activity in El Salvador. The reduction in violent deaths over the last 3 years was noted, but the point conveyed to the Salvadorans was that it was no longer a question of improvement but of an absolute end to death squad activity. The problem, though, has now become how to deal with the more apparent death squad activity by the left. Since June 1983 five conservative members of the National Assembly in El Salvador have been assassinated as well as several high-ranking political party leaders. If you compared the numbers and projected them to the U.S. Congress, it would have meant 36 Members of Congress assassinated. You can imagine the impact that just 1 assassination would have much less 36. You heard little about it at the time and nothing since, but the guerrillas recently killed an American woman.

No matter how much we deplore the violence whether from the right or the left, the truth remains that the United States has significant, vital interests at stake in Central America. The northern border of the region is Mexico. The southern border is the Panama Canal. Half of all our foreign trade passes through the Panama Canal or other Caribbean sealanes. Three-fourths of our imported oil passes through this region, and half of our supplies to NATO would go by these routes in the event of a crisis in Europe. The entire region is economically important to the United States. Central America is a $7 billion market for our exports and we have approximately $8 billion in direct investment in the region. Moreover, the Soviets greatly increased their presence in the region. For example, in 1982, Soviet military aid to Latin America totaled $1.2 billion. U.S. military aid was slightly more than $150 million. There are 8,000 Soviet civilian advisers stationed in Cuba and 2,500 military advisers plus a Soviet brigade of 3,000. In 1982, the Soviets and Cubans had 50 times as many military advisers in Latin America as did the United States. All of these factors cannot be overlooked as we evaluate U.S. policy toward Central America.

I believe it is particularly unfortunate that critics of administration policy in Central America have either condemned or ignored the recommendations of the bipartisan commission. Commission member Robert Strauss, former chairman of the Democratic Party, urged critics to read the report of the commission before condemning it. He said:

> This work should not be ignored by any who believe the United States has an interest in fostering democratic pluralism and

economic development and resisting the spread of Marxism-Leninism doctrine in our hemisphere.

It has been the democratic majority in the House which generally has been the most critical of U.S. policy in Central America. Yet, they have offered nothing constructive as an alternative. Furthermore, it was the Democratic majority on the House Intelligence Committee that vividly described the nature of the guerrilla war in El Salvador. Their May 1983 report says that the Salvadoran insurgency:

> Depends for its lifeblood—arms, ammunition, financing, logistics, and command-and-control facilities—upon outside assistance from Nicaragua and Cuba. This Nicaraguan-Cuban contribution to the Salvadoran insurgency is longstanding. It began shortly after the overthrow of Somoza in July 1979. It has provided—by land, sea, and air—the great bulk of the military equipment and support received by the insurgents.

One of the harshest critics these days is Democratic Presidential hopeful **Gary Hart**. His supporters also love to portray him as the embodiment of the spirit of former President Kennedy. If that is the case, I wish he would study the following quotation by President Kennedy:

> The United States is determined to prevent by whatever means necessary, including the use of arms, the Marxist-Leninist regime in Cuba from extending, by force or threat of force, its aggressive or subversive activities to any part of this hemisphere, and to prevent in Cuba the creation or use of an externally supported military capability endangering the security of the United States.

The bipartisan commission, in analyzing the problems of Central America, said that the economic and social costs for solving the problems in the region are enormous, but "whatever the short-term costs of acting now, they are far less than the long-term costs of not acting now." The commission emphasized that the approach to solving the problem must encompass all aspects of the problems faced in the region and not simply attacking parts of the problem on a piecemeal basis. The commission recommended a balanced mix of economic and security assistance to reinforce the political, diplomatic, economic, and security activities that are the necessary ingredients to a regional political solution.

I do not believe it can be emphasized often enough. The commission recommendations, the administration policy, and those of us in the Congress who support it seek a political solution in Central America. But, as the commission states:

> A lasting political solution will become possible only when the insurgents are convinced that they cannot win through force * * * a successful counterinsurgency effort * * * the more rapid the better—is a necessary condition for a political solution.

Those of us who endorse the commission recommendations and support the administration's policy are not seeking a military solution to the problems in Central America; we are seeking the most effective means to secure the objective of a political solution.

In a hearing before the Western Hemisphere Affairs Subcommittee, Dr. Richard Millett testified that the actions of the Congress are interpreted not just by the Government of El Salvador but by the guerrillas as well, and for that reason cutting off all military aid to El Salvador sends the wrong signal to the guerrillas that they can achieve a military victory. The commission on the other hand recommends that El Salvador's forces "must be significantly and quickly strengthened" and that "significantly increased levels of military aid" be provided "as quickly as possible so that the Salvadoran authorities can act on the assurance that needed aid will be forthcoming." The commission emphasizes that "the principles outlined here will enhance the prospects of a political solution—so that arms would support diplomacy rather than supplant it."

Many have argued that by simply concentrating on working against poverty and injustice in the region that we can avoid the violent conflicts of the future. However, the reality of the present situation is that you have to solve the existing conflict. The necessary first step to economic and social progress, promotion of democracy and human rights in El Salvador is to end the guerrilla war. Human rights in El Salvador will not be improved by a guerrilla victory. Those who are idealistic about improving conditions in that country and in the region should be urging our government much more strongly to support the efforts of those democratic countries like El Salvador and Honduras. A guerrilla victory in El Salvador will result in human rights conditions no better than those in Cuba, Poland, or Hungary.

In response to the bipartisan commission recommendations, the administration requested $178.7 million in supplemental military aid to El Salvador this fiscal year. However, it was not even given a chance for consideration by the House Foreign Affairs Committee. Now, the administration's urgent request for $93 million was cut through a bipartisan compromise to $62 million. That $62 is still only one-third the amount needed, and there is no assurance that that inadequate amount will be approved by the Congress.

In order for Democracy to have a chance in El Salvador, the guerrillas have to be convinced they are not going to win a military victory. The Salvadoran military also has to have the confidence that it can survive. The supplemental aid request represents the absolute minimum needed to keep the Army going a few more months as well as to provide the most basic tools for medical assistance to the soldiers. A good portion of this request is for MEDEVAC helicopters and ambulances and other medical equipment and supplies which would help reduce the loss of life of the combatants. In Vietnam, for example, combat wounds resulted in the death of one out of nine soldiers. In El Salvador, it is one out of three. Basic medical assistance, represented by the urgent supplemental request, would provide the needed humanitarian relief that could save the lives of many more Salvadorans.

All of us who recognize what is at stake in this crisis in Central America are committed to find a workable approach that will promote democracy and economic growth in the region and achieve security for those nations as well as our own. If we do not respond to this challenge, it will be the United States that will be the ultimate loser. By taking deliberate, responsible action now, we will demonstrate to our allies, and adversaries alike, that we will support our interests and back up our commitments. It is a signal that will be read not just in Central America but also in the Middle East, in Western Europe, in Asia and Africa, wherever our interests are at stake in the world.

As the commission states, "The crisis will not wait. There is no time to lose."

CSIS Latin American Election Series—The El Salvadoran Presidential Elections

A POST-ELECTION BULLETIN

(By William Perry)

After a hotly contested campaign of four months, the first round of the Salvadoran presidential election was held on Sunday, March 25, 1984. Local conditions were, indeed, difficult. Attacks by leftist guerrillas impeded the balloting in several parts of the country. And generalized logistical problems, attendant to the implementation of a somewhat complex new voting system, plainly frustrated the good intentions of many voters. In spite of these obstacles, however, the Salvadoran people clearly demonstrated their desire to participate in the electoral process, as a concrete step toward the institutionalization of democracy in their troubled land.

The results of the election were, in general, those foreseen in our pre-election analysis. Official national returns have been coming in very slowly but party officials present at the local counts have been phoning in the results. The Christian Democratic network has been working best in this regard—providing provisional totals that have not been contested by the other parties and which have been confirmed by what official results we do have. On this basis it seems that Napoleon Duarte of the center-left Christian Democratic Party has achieved a clear plurality, with approximately 45 percent of the valid vote cast. The rightist candidacy of Arena's Roberto D'Aubuison finished second with about 30 percent. And Francisco Guerrero of the center-conservative PCD ran a relatively strong third with almost 19 percent of the total. The lesser parties faired poorly, together polling less than 10 percent. And the total number of invalid votes appears to be in the 150,000 to 200,000 range. Under Salvadoran electoral law, the absence of an absolute majority by any candidate requires a head-to-head run off between the two greatest vote-getters—to be held on a Sunday within a month following certification of the results of the first round. The likely dates now seem April 29 or, more probably, May 6.

Trouble with the guerrillas was plainly foreseeable and the government did not even attempt to set up voting stations in twenty-two small municipalities located in the far north of the country. In addition some 20 other municipalities suffered complete interruption of the voting as the guerrillas entered the towns, burning ballots, ballot boxes, and voting lists and confiscating or destroying the voters' identity cards. In addition, through threats and the cutting of transportation links and electricity, the guerrillas hoped to reduce the turnout. Still, the areas seriously affected were relatively small and sparsely populated—and many individuals made their way from these districts to vote in other towns controlled by the government. In all probability, guerrilla activities cut down on the turnout by about ten percent.

Ironically, the new voting system, designed to minimize chances of fraud (which it certainly did), proved a considerably greater impediment to voting than did violence from the extreme left. The addition of new polling places to reduce waiting time confused many voters, as did the computerized voting lists and the consequent need to vote at one table from among the dozens that were to be found in any fair-sized town. The need to accommodate the hundreds of thousands of voters trying to cast ballots outside their home towns also created problems. And finally administrative and bureaucratic difficulties led to instances of late deliveries or misdirection of voting materials and to an inadequate number of ballots at some locations.

All things considered, however, the election went as well, and certainly as fairly, as could be expected. As much as 90 percent of the electorate would have voted had circumstances allowed and approximately 70 percent succeeded in doing so, despite all obstacles. (It is admittedly difficult to know precisely how many voters were in the country; over 2.5 million are on the official roles but a large number of people have emigrated and 1.8 million possible voters is probably a realistic figure.) What difficulties there were appeared random and unintentional and worked to no party's special advantage. And given the clear margin of victory by the two leading parties, the ultimate outcome seems in no way to have been affected. This is confirmed by the fact that none of the major parties is disposed to challenge the integrity of the vote.

The voters seemed to go to the polls willingly and even joyously—and demonstrated surprisingly good humor in the face of transportation difficulties, long waits, and instances of confusion that sometimes frustrated their intentions. If not always efficient, the officials in charge of the elections tried their best and were certainly concerned with the fairness of the proceedings. Observers were particularly impressed by the cooperation among the parties in the supervision and overseeing of the vote—a very surprising factor in view of the bitter partisan divisions that have characterized Salvadorean politics. Although security measures were tight in some areas of the country, there was no evidence of military intimidation of the process. Under orders from the high command, the soldiers themselves did not vote. Moreover, there was no pervasive pattern of casting blank ballots—the traditonal recourse of Salvadorean voters when forced to participate in elections of which they do not approve. And, in sum, the election process seems to have been a fair, if somewhat less than totally efficient, one which in the end produced a result quite representative of the public's opinion.

The vote on March 25 sets the stage for a direct and crucial confrontation between Napoleon Duarte of the center-left Christian Democrats and Roberto D'Aubuisson of the rightist ARENA. The campaign will be intense and probably bitter. D'Aubuisson will continue to carry the banners of traditional values, free enterprise, and more agressive conduct of the war against subversion. He will likewise persist in his imputations that the Christian Democrats, through weakness (if not treachery) and negotiations, will betray the country to the communists. In addition, he has become increasingly critical of U.S. influence in the country, which he sees as working to the disadvantage of his candidacy.

Duarte will stress the importance of democracy, a mixed economy, social reform, and efforts to control violence and bring peace to the country. While recognizing that the ultimate aim of the guerrillas is total power, he does not shut the door on negotiations with at least some rebel elements—once they conclude that they cannot win the war and if they are willing to accept the existing democratic framework. The Christian Democrats also will continue to harp D'Aubuisson's alleged connections with right-wing death squads and the hazard to continued U.S. support of El Salvador that an ARENA victory might entail.

The race promises to be close, and the role of voters who did not favor either of the two front-runners in the first round will, of course, be the key. As is normal in a presidential race, most of the smaller parties had disappointing turnouts—their potential supporters not wishing to waste their vote on a candidate with no chance of victory. Of the smaller parties, PAISA and PPS voters will probably line up with D'Aubuisson while the AD constituency will back Duarte—adding about three percent to his total and bringing him close to the 50 percent mark necessary to win.

The kingmaker may well be Francisco Guerrero of the center-conservative PCN, who, because of an active campaign and hopes that he might overtake D'Aubuisson for the second spot, received nearly one-fifth of the vote in the first round. His situation is as delicate as it is crucial. Duarte might be able to win without him, but he could virtually guarantee the triumph of the Christian Democrats. On the other hand, a clear majority of his party would probably, after some hesitation, prefer D'Aubuisson. Duarte could use Gurrero's votes and influence with conservatives after the elections. But, for ARENA, the unified support of the PCN (which together with ARENA slightly out-polled the PCD) is indispensable. Guerrero will face a difficult personal choice. Support of Duarte might destroy his party. But lining up with ARENA might not still be enough to throw the election the other way. Much will depend on what kind of informal arrangements can be made—the deadline for formal coalitions having past. Other factors will include his personal confidence in the two principals, the degree to which he would be able to influence the rank and file of the PCN constituency, and his purported concern over the impact of a D'Aubuisson victory on relations with the United States.

In any event, the race promises to be both close and crucial. And, whatever the outcome of the vote, the ultimate prospects for democracy and stability in El Salvador depend upon the attitude of the winners and the losers to the outcome, the course of the war, and the role of the United States.

William Perry currently is a CSIS Fellow in Latin American Studies and Director of the Center's Latin American Election Studies Project. Mr. Perry holds a Masters Degree from the University of Pennsylvania and has taught and conducted research at the Foreign Policy Research Institute, the School of Advanced International Studies and the Johns Hopkins University, the Stanford Research Institute, and the University of Brasilia. Since coming to the Georgetown Center in 1981, he has concentrated on Latin American politics, the foreign and security policies of the Latin American nations, and U.S. policy toward the Hemisphere. As Director of the Latin American Election Project, Mr. Perry has, over the last 18 months, published a series of detailed and widely-acclaimed analyses on the Brazilian, Argentine, and Venezuelan elections. He is currently at work on the Salvadorean electoral process, and has recently returned from El Salvador, where he was a member of the U.S. Presidential Delegation of Observers during the balloting of March 25.

Georges Fauriol runs the Caribbean Basin Program, a unit of the Center's Latin American Studies Program. A Ph. D. graduate of the University of Pennsylvania, Dr. Fauriol is the author of several recent publications on regional affairs, particularly Caribbean Basin Security (1983) and Foreign Policy Behavior of Caribbean States.

THE CSIS LATIN AMERICAN PROGRAM

The CSIS Latin American Program is a dynamic and comprehensive series of research, publication, and public affairs efforts under the direction of William Perry and Georges Fauriol. Briefings and reports are regularly produced and seminars conducted on matters of current policy interest. In addition, a growing number of institutionalized programs and projects have been established to provide attention to key subregional areas and functional concerns, including: Brazil, Central America and the Caribbean, Cuba, Congressional Study Group on Latin America, Election Studies, Immigration, Insurgency and Terrorism, Latin American Security, Mexico, and U.S. Security Interests in Latin America.

I yield back the balance of my time.

THE NEW ISOLATIONISTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. HYDE) is recognized for 60 minutes.

Mr. HYDE. Mr. Speaker, whatever the faults and follies of Franklin Roosevelt and Harry Truman, they at least taught us that America could no longer exist in splendid isolation—immune from the struggle for freedom's survival in an increasingly dangerous world.

Roosevelt understood that a Nazi-dominated Europe and an Asia dominated by Japan's greater East Asia co-prosperity sphere would confront the free world—what would be left of the free world—with an intolerable political and economic situation that would soon deteriorate into a military disaster for America.

Later, Truman understood that Communist domination of the Korean Peninsula would profoundly affect a disarmed Japan, with the most serious and dangerous consequences for peace and freedom in the world.

But the lessons of history are missed by our Democratic leaders of the left—I suppose, most charitably, because they have not read history—or perhaps having read it, have failed to understand its lessons.

There are two types of ignorance—vincible and invincible. I would feel comforted if I thought exposure to the facts of history could provide guideposts to our philosopher-kings of the left who dominate the thinking of the majority party. This would be vincible ignorance and hence curable. But I fear constant ingestion of leftist ideology has made their malady unconquerable—invincible.

For example, the two leading candidates for the Democratic Presidential nomination share a common view that we disengage from involvement in Central America—Jimmy Carter's Vice President would have us walk away while George McGovern's old campaign manager would have us run away.

These political leaders have moved the center of gravity of the Democratic Party—the party of Roosevelt and Truman—leftward toward their new isolationism, and have an almost childlike faith in negotiations, unadorned by military considerations, as the best means toward peace and pluralism in the world. They believe that peace is the natural condition of society and if any conflict arises, all that is required is to sit down—provided you can agree on the shape of the table—and talk about the problem and all will be well. They reject the notion that successful negotiations are a reflection of power relationships between the parties. In foreign policy as in economics, the concept of incentives is unknown to them.

The classic example of a negotiated solution without reference to power relationships is Munich—in October 1938 Britain obtained "peace in our time"—a peace that ultimately cost 40 million lives before the last cannon was fired.

The dominant left establishment, in addition to its blind and unhistorical faith in naked negotiations, has another remarkable genius—the ability to create terrible political disasters and walk away unscathed and never look back.

This talent anesthetizes their consciences and enables them to foment a series of human disasters without ever learning a thing.

They even transform their failures into a ratification of their unique moral vision: Chiang Kai-shek was a corrupt warlord and Mao Tse-tung was but an agrarian reformer; the Diem and the Thieu governments of South Vietnam were corrupt despoilers of human rights—remember the self-immolating Buddhist monks—and the Vietcong were only indigenous nationalists. The consequences of this error in judgment has so far—and the final body count can never be totaled— cost 2 million Cambodian lives, and untold boat people who would rather risk drowning at sea or attacks by pirates than suffer the evil peace imposed by the Communists. These same practitioners of selective outrage in Congress energized the drive to oust the Shah of Iran and his dreaded secret police, and in their wake? The Ayatollah and all the persecution, violence, and misery that has yet to reach its climax. The names are different, the geography changes from Cuba to Angola, but the value judgment is always the same, the preferred tyranny is always to the left.

The left liberals in Congress are outraged by what they call rightwing death squads in El Salvador. Of course there is a criminal element in war-torn El Salvador that indulges its peculiar sense of patriotism by assassinating political enemies, and no one can morally defend them or their crimes. But how strangely absent is any recognition, much less criticism of leftwing death squads in that bleeding country. As of March 22, assassins had killed 5 members of the Salvadoran constituent assembly—this is the equivalent of murdering 36 U.S. Congressmen. Imagine if a terrorist group murdered 36 elected Members of Congress: Do you think there would be some concern in the press about the identities of the assassins, their political orientation? It is surely worth noting that all five of the murdered Salvadoran assemblymen were conservative or, in the preferred terminology, rightwing. Do you suppose as a result some hue and cry has been directed at leftwing death squads? Do not look for it in the collected speeches and papers of the left-liberals in this Congress, because as we all know there is no political profit in condemning leftwing death squads.

The cardinal error of the left in this Congress is its inability or unwillingness to take communism seriously in Central America. This failure leads them to deride the Reagan administration's anticommunism and to commit such blunders as condemning our Government's actions in Grenada—the single most therapeutic action on behalf of freedom since the Marshall plan.

We should not be surprised—the same myopia causes them to heap ridicule on President Reagan when he refers to the U.S.S.R. as "an evil empire." In this, Ronald Reagan has committed the unpardonable offense of truth. Consider, we are describing the Government that built the Berlin Wall, and the Gulag, that rolled tanks into Hungary and Czechoslovakia, that forbids humane emigration, that has created over 3 million Afghan refugees in the wake of its brutal invasion, which shot down an unarmed civilian airliner that had lost its way—what else can you call them and not become as hypocritical as they? Is it disturbing the peace to describe in moral terms the nature of our adversary—indeed freedom's adversary?

The congressional left does not see nor grasp the revolutionary nature of Marxism-Leninism, nor its exportability. They perceive the enemy as Russian imperialism, and utter clichés about communism no longer being monolithic -every Marxist state a potential Titoist prize to be weaned away from the Soviets by tender loving care. They will not accept that the enemy is a massive totalitarian force that is metastasizing in our front yard by projecting Soviet and Cuban power. Remember, San Salvador is 900 miles from Brownsville, TX, and you can walk from there to here. San Salvador is closer to Washington, DC, than Tucson, AZ.

How do we sustain an interventionist posture in NATO with our 250,000 troops and in South Korea with our 30,000 troops, and in the Persian Gulf with our naval vessels, and at the same time maintain an isolationist posture in Central America?

We are reminded that if we continue to involve ourselves in Central America we will have another Vietnam on our hands. Well, in truth there are many similarities:

The left told us the Vietcong were indigenous insurgents, not controlled from the outside. Today there is a Soviet naval base at Cam Ranh Bay. The same charge is made in reference to El Salvador, but now, as then, the facts are different.

Senator **Daniel Moynihan**, in a statement March 29, said:

> It is the judgment of the (Senate) Intelligence Committee that Nicaragua's involvement in the affairs of El Salvador and, to a lesser degree, its other neighbors, continues. As such, our duty, or at very least our right, now as it was (last November) is to respond to these violations of international law and uphold the charter of the OAS.
>
> Specifically, arms and material still flow from the communists bloc through Nicaragua to the insurgents in El Salvador. Yesterday, many of my colleagues will have read the reports in various newspapers about testimony of the undersecretary of defense for policy, Fred C. Ikle, in which he confirmed that approximately half the weapons used by the Salvadoran guerrillas were captured

or acquired from the Salvadoran armed forces. This is undoubtedly true.

It is also true, however, that the other half, or the greater part thereof, came via Nicaragua and further the intelligence community's lastest and best estimate is that a predominant percentage of their ammunition, about 80 percent, still comes via Nicaragua. Estimates about the remaining material is similar. What the House Intelligence Committee stated last May is still true:

"(The insurgency in El Salvador) depends for its lifeblood—arms, ammunition, financing, logistics and command-and-control facilities—upon outside assistance from Nicaragua and Cuba."

In sum, the Sandinista support for the insurgency in El Salvador has not appreciably lessened; nor, therefore, has their violation of the OAS charter abated.

The left urged a "negotiated settlement with power sharing" in Vietnam. So also in El Salvador. Have you visited the mass graves in Cambodia or the refugee camps in Thailand or Malaysia recently? I recommend it if you believe Communists are prone to power sharing.

The South Vietnamese Government was under constant attack from politicans of the left for human rights abuses. Remember the attention given to a few self-immolating Buddhist monks? But the total misery and suffering of the Communist aftermath can never be calculated. The boat people, half of whom drown and the remainder run the gamut of rapacious murdering pirates, symbolize the catastrophic consequences of demanding a standard of perfection from an embattled government under stress while the Communist alternative awaits assuming power so it can impose its own brand of terror, persecution, and death.

The predictable result in Vietnam as a consequence of the sanctimony and hypocritical fastidiousness of the American antiwar left was a Communist takeover, the erection of its own Gulag and the extirpation of human rights accompanied by the ongoing and incalculable loss of human lives. But where are the expressions of outrage at this Asiatic holocaust? Where are the ringing denunciations and the pastoral letters of condemnation? The pickets at the United Nations?

It requires no profound insight to understand another basic failure of our domestic left—the inability to tell one evil from another. Of course right-wing death squads are criminal and must be rooted out in El Salvador and everywhere else that pretends to be a democracy. But should this effort fail—an admitted evil—shall we impose the penalty of consigning the entire population of El Salvador to the Marxist-Leninists? They can then impose Soviet-Cuban-Nicaragua communism on the 5 million suffering people of El Salvador, and then proceed with their proclaimed "revolution without frontiers" up the isthmus toward Honduras, Guatemala, and Mexico—and down to Costa Rica and Panama. The map of Central America confirms Henry Kissinger who told the House Foreign Affairs Committee that we either defend freedom now at some cost, or do it later at great cost and direct U.S. involvement. The choice is up to this Congress and time is running out. In World War II, we enjoyed a margin for error that gave us time to gear up the arsenal of democracy (now called the military-industrial complex). We no longer have that margin for error.

I suggest to our righteous friends of the left that the price for selling out Central America is not merely the extinction of democracy in the region and the Sovietization of the Caribbean, but a direct and fearful threat to our own national security. We will then be forced to respond by giving the Soviets their greatest foreign policy triumph—the redirecting of our troops out of Europe and Korea and redeploying them in this hemisphere.

And never forget, there is one thing at which the Communists excel—the creation of refugees. I trust our congressional leaders are planning to deal with the human tidal wave of refugees that will stream up the Central American land bridge to Texas and California.

I must ask, are the political satisfactions of attacking the Reagan administration's foreign policy worth the price of selling out any chance at democracy and freedom in Central America?

History will answer—and I hope you are right and I am wrong. But if the past is really prologue, in refusing to resist the onset of Marxist-Leninist hegimony in Central America, we become accessories in perpetuating a human castastrophe that will take a Solzhenitsyn to describe.

□ 2100

CUSTOMS BROKERS BILL INTRODUCED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 10 minutes.

● Mr. FRENZEL. Mr. Speaker, today I have introduced, H.R. 5418, a bill which revises the law regulating Customs brokers. To my best knowledge, it is supported by both the Customs Service and the customs brokers. Basically, the bill maintains the system of licensing brokers, but gives customs the opportunity to more closely examine the qualifications of potential brokers, and to apply penalties more effectively when brokers have violated the terms of their licenses.

It also permits license to a corporation if one officer or partner is a broker, rather than the two specified in current law.

It requires broker permits issued for each customs district used by brokers and specifies that local brokers must be hired in each permit district to supervise business in that district.

The bulk of the bill relates to changes which will make it easier for customs to penalize those who violate either a brokers or permit license. For the first time, customs can assess a monetary penalty, up to $30,000, for violations, in lieu of suspension or revocation of licenses. Monetary penalty can also be assessed for providing the services of a customs broker without a license.

The bill clarifies what actions by brokers can constitute a penalty, revocation or suspension, such as false information in broker or permit applications, convictions regarding wrongful imports or exports, fraud, counterfeiting, embezzlement, and so forth. Monetary penalty cannot be assessed for non-Customs crimes, such as larceny or extortion, however. If monetary penalty is not paid within 60 days, a license will be automatically suspended. Also, if a license lapses for 120 days, or if brokers in permit districts are not employed for 120 days, licenses will be revoked.

Brokers will receive written notice to show cause why license or permit should not be revoked, suspended or penalty assessed with 30 days to respond. An ALJ will hear the case if requested. Treasury Secretary decides the case and permits mitigation if necessary, with regular appeal process available within 60 days. A 5-year statute of limitation holds—if fraud, 5 years from date violation discovered.

Currently, brokers must notify customs each 3 years as to whether they are still in business. Now, if these reports are not filed, individual brokers licenses may be suspended until filed or revoked.

The bill also authorizes customs to charge fees to brokers for carrying out sections of the bill.

Lastly, brokers' liens are now recognized against merchandise before it can be released from customs custody, in addition to any other liens which may occur.

My belief is that this bill will satisfy mutual concerns that both the customs Service the business community and reputable customs brokers have toward maintaining the integrity of the customs brokerage business.●

TRIBUTE TO THE LATE HONORABLE JOE L. EVINS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee (Mr. GORE) is recognized for 60 minutes.

GENERAL LEAVE

Mr. GORE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the life, character, and public service of the late Honorable Joe L. Evins.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GORE. Mr. Speaker, the people of Tennessee and, indeed, of this entire Nation have suffered a great loss in the death of former Representative Joe L. Evins. For 30 years, Congressman Evins served as a Member of this body. From the time he was first elected to Congress on November 5, 1946, until the day he retired, he dedicated himself to fulfilling the needs of the people of this Nation.

While in Congress, he served as chairman of the Public Works Appropriations Subcommittee and of the Committee on Small Business. Through his devoted committee work and his persistent efforts, he became known as a champion for the common man. However, Congressman Evins did not exclusively concern or commit himself to any single group. He sought to reach all of the Nation by pushing for a plan he called the building of America.

To Joe Evins, building America meant providing hospitals for those in need of medical care, building libraries to give people the opportunity to read and to educate themselves, supporting irrigation projects for the West, and building TVA dams to control flooding and to provide electricity for the South. Even though these were the areas of major national concern, Congressman Evins continually sought to extend his philosophy, that public works projects are an investment in the American people, to all areas of American livelihood.

Congressman Evins knew that the people of the United States were the backbone of this great Nation, and he encouraged us to work for progress. He was a strong force behind the model cities program to upgrade our towns and to enhance the quality of life for urban residents. He was also a staunch supporter of science and technology because he felt these areas represented American ingenuity and were the keys to progress in the future. He pushed for medical research and experimentation, for the development of new fabrics, and for the construction of new building materials. Furthermore, he sought to broaden our horizons by supporting the space program; and in acknowledgement of his unyielding support, a plaque bearing his name rests on the moon.

Even though Congressman Evins was an important and influential man here in Washington, he never lost touch with the people back home. As he walked quickly down the Halls of the Capitol, he was often greeted by, "Good morning, Mr. Chairman," yet in his hometown of Smithville, TN, it was merely, "Hi Joe." He came to Washington as a Representative and never forgot the people of the upper Cumberland region—he himself was one of us.

Born on a farm in DeKalb County, TN, he was a deeply religious man whose honor and integrity were never questioned. He graduated from Vanderbilt University and from Cumberland Law School in the early 1930's. He served as an Army attorney in Europe, reaching the rank of major by the war's end. After the war, he first ran for the congressional seat he was to hold for 30 years under six Presidents.

Throughout his years, Congressman Evins sought to bring Government to the people. In 1963, he authored "Understanding Congress" because he felt Congress needed to be strengthened and better understood, since it was "the bulwark of democracy." He worried about waste in Government and about a system which ventured to far from commonsense ideals. Fortunately, he never lost sight of what he believed were the basic cornerstones of America's greatness: The spirit of America, the Constitution, education, our religious heritage, and the community concept of neighbors helping neighbors.

Congressman Evins retired on top in 1976, having never lost an election. Throughout his tenure here, he had always been known as a hard worker and a devoted family man. He had come to Washington to represent the people of his district, and when he retired, he fittingly went back home to the district and people he loved most.

Many Congressmen on both sides of the aisle have benefited from his wise advice. Certainly I, as many of you, have sought his counsel many times through the years and feel that I have lost both a good personal friend and a mentor in the death of Joe Evins. His integrity and hard work were shining examples to all of us who knew him. His devotion to his family, his district, and to the people of this Nation were unparalleled.

Today we mourn the loss of Joe L. Evins, but we will always remember his compassion and his accomplishments for the people of this country.

Mr. Speaker, I include for the RECORD an article from the Smithville Review.

FORMER CONGRESSMAN JOE EVINS DIES

Former U.S. Representative Joe L. Evins who represented Tennessee in Congress for three decades, died Saturday at 8:17 a.m. in Vanderbilt Hospital, Nashville, after an 11-day stay. He was 73.

A native of DeKalb County, Evins had suffered three heart attacks, most recently in February 1982.

He retired after his 15th term in Congress in 1976, saying he wanted to spend more time with his family and wanted to "quit on top".

While in office, his power was unequaled among the state's house delegation.

Countless buildings, bridges, dams, sewer projects, airports and other public facilities, and millions upon millions in federal funds came to this area through Joe L. Evins, whose power in Washington and popularity at home was so great he held the office 30 years, with little or no opposition and with the approval and respect of people from both political parties.

It was Evins, in fact, who persuaded President Lyndon Johnson to pour millions in federal funds to small towns rather than large cities when Johnson first came up with the idea for Model Cities, a program which is often credited with bringing Smithville into the 20th century as a leading city in the Upper Cumberland.

Submitting Johnson's proposal of federal funds to aid four or five large cities wouldn't get far in Congress, the powerful Evins told Johnson's men. But a program to aid medium and small cities would draw a broad base of support, he said.

Smithville and neighboring Cookeville were two of the approximately 150 locals in the nation that went on to enjoy the Model Cities boost in the arm in the following years.

Representing a rural and small town district as he did, Evins was one of the most effective and influential spokesmen for agricultural and small business interests in the House, and devoted much of his energy to promoting a governmental atmosphere favorable to the preservation of that fast-vanishing phase of American existence.

Despite his many years in Washington, Evins remained pretty much a country boy himself.

While he was still a small child, his family moved into town, to a two-storied brick colonial house built by his grandfather in 1889.

The house was only three blocks from the DeKalb County Courthouse and his father, J. Edgar Evins, was a magistrate for 35 years and mayor of Smithville for 15 years, so young Joe sort of grew up around the courthouse.

The elder Evins was a businessman, banker and political power in Smithville for decades. He was a state Senator, a member of the state Democratic executive committee, a building contractor responsible for construction of many of the town's major buildings and for 24 years operator of Consoldiated Bus Lines, which ran a transportation network from Chattanooga and Knoxville to Nashville and into Kentucky.

In DeKalb County High School, he belonged to the 4-H Club and the Theta Epsilon Literary Society, was business manager for the schools student newspaper, Spunk, and was a member of the school debating team.

The high school organized its first football team in 1926, and Evins landed a spot on the team as left end, although he weighed only 135 pounds, when the star left end broke his arm. But when he entered Vanderbilt University, the team of Coach Dan McGugin had an ample supply of heavier left ends with sound arms, so Evins became the team manager.

At Vanderbilt, he was a member of Phi Kappa Sigma, a social fraternity, and Phi Delta Phi, a legal fraternity, and was a member of the sophomore Wise Owl Club, president of the Pre-Law Club and assistant editor of the college annual. In his senior year, he was elected to the Commodore Club, an honorary club composed of 12 members chosen for student leadership.

Upon his graduation from Vanderbilt with a bachelor's of arts degree in 1933, Evins turned down an offer to become clerk and master of DeKalb County Chancery Court and, instead, entered Cumberland University Law School in Lebanon, where he graduated in 1934.

He took his law degree back to Smithville, hung out his shingle, and married Ann Smartt, daughter of Circuit Court Judge R. W. Smartt of McMinnville, who was teaching school in Smithville.

Evins' father was for many years a political power in the congressional district and, through his influence, young Evins was offered a job in Washington by Ewin L. Davis, chairman of the Federal Trade Commission and a former Tennessee congressman.

The job, said Davis, was temporary, dependent upon the availability of funds, but Evins rose in three years to the post of assistant secretary of the agency and was still with the FTC when World War II broke out.

"I figured someone else could do the job," said Evins. "I quit and volunteered for the Army."

Meanwhile, during his tenure with the FTC, Evins pursued post-graduate legal studies at George Washington University.

During the war, Evins rose to the rank of major in the Judge Advocate General's Department, spending his first two years of military service in Washington and two more years in England, France and Germany. During his last year in England, 1944, Evins was qualified as his father's opponent in the Democratic primary for the state senate from his three-county 12th District. The elder Evins withdrew and his son received the nomination, but after the primary, Joe Evins withdrew in his turn, and his father was nominated and elected.

On his return from overseas, Evins began to receive a great deal of encouragement from friends in the district to become a soldier-candidate for Congress in the old 5th District.

"I didn't need much," he said. "I became GI Joe, soldier-lawyer and candidate for Congress."

He wasn't conceded much chance against the one-term incumbent, Rep. Harold H. (Doc) Earthman of Murfreesboro, but he won handily, and from that time on was never seriously challenged as representative of the sprawling district.

Even after many years in the House, one of his friends called Evins "a remarkable combination of political naivete and political shrewdness," but the naivete had very much the upper hand when he reported as a new member of the House along with such other freshmen as John F. Kennedy and Richard M. Nixon. Eager and self confident, he asked a colleague one day if he would yield the floor so Evins could speak on a TVA appropriations bill.

"Yes," answered his colleague, "if the gentlemen has anything to offer."

"I learned then, "Evins said later, "that it takes time to get your spurs."

He learned, too, what committees are for.

Trying to help his friend, Rep. J. Percy Priest of Nashville, get money for a new Veterans Administration hospital, he hopped up on the floor and offered an amendment. It was voted down immediately. Later, working through a committee, he succeeded in getting through an amendment providing $10 million for the hospital.

As an ex-serviceman, he was appointed to the Veterans Affairs Committee upon his entry in Congress, and he learned there that (a) legislation without appropriation is useless and (b) appropriations are controlled in committee.

With that in mind, he made inquiries and learned that his colleagues considered Rep. Clifton A. Woodrum of Virginia, chairman of the Appropriations Committee's independent offices subcommitteee, one of the few most influential men in the House Evins set his eye on the Appropriations Committee.

When Rep. Albert Gore Sr. of Cordell Hull's old 4th District, father of the present congressman, went up to the Senate in 1952, Evins had his chance.

He became Gore's successor in the 4th, because his own 5th District and Gore's 4th were combined in a reapportionment law, and Evins was elected to represent the new 4th. More important to Evins' personal career, he succeeded to the spot Gore relinquished on the House Appropriations Committee.

Later, he followed Woodrum as chairman of the independent offices subcommittee, but gave up that chairmanship early in 1971 to become chairman of the public works subcommittee.

Evins also served on the House Armed Services Committee and the Small Business Committee during his tenure in the House, and for 12 years was chairman of the latter committee.

His interest in the small businesses typical of his congressional district caused him to devote particular attention to the Small Business Committee, where he succeeded to the membership held by the late Estes Kefauver when Kefauver advanced to the Senate in 1948.

In 1955, Evins was named chairman of a subcommittee to find out whether the Federal Trade Commission and other agencies had become "puppets" of the executive branch of the government, and in 1959 he was appointed head of a special "watchdog" subcommittee to ride herd on the Small Business Administration.

He also served as chairman of the House Committee on Personnel and Patronage, which handles about 500 job appointments, including Capitol Hill pages, clerks and police officers.

Sometime before his retirement, Evins had emerged as one of the top 20 members of the House in influence and power, and some insiders ranked him among the top 10.

In his early 60s, he had achieved heights usually reserved for a handful of congressmen in their 70s, and there was talk that one day he might become Speaker of the House.

● Mr. QUILLEN. Mr. Speaker, I would like to take this opportunity, along with my colleagues, to pay tribute to former Congressman Joe L. Evins, who recently passed away.

Congressman Evins was first elected in 1946 and served with distinction until his retirement in 1977. I was privileged to serve with him for 14 of those 30 years.

He chaired the House Committee on Small Business and was instrumental in the creation of the Small Business Administration. He was a champion of small businessmen, and his efforts in their behalf will long be remembered.

He was known as a man who could get things done, not only for his constituents in the Fourth District of Tennessee, but throughout this great Nation. In his positions on the House Appropriations subcommittees, he was dedicated to funding projects in every State—following his plan he called "the building of America."

Congressman Evins was justifiably proud of his accomplishments directly benefiting his district and the State of Tennessee. He was responsible for bringing hospitals, schools, airports, and highways into the Fourth District, and he helped get the funding for the Veterans' Administration Hospital in Nashville.

Though we sat on opposite sides of the aisle, I have to say I admired him for his commitment to serving his constituents. When I first came to Washington as a Member of this body in 1963, I immediately became aware of his tremendous reputation for both individual constituent service had his skillful use of his senior legislative position on national issues.

He became something of a role model for many new Members, particularly on his side of the aisle. He may never have realized how many freshmen set out to follow down the path he established.

He was the dean of our delegation for a number of years. Being in that position myself, now, and looking back at the changes in our State over the years, I marvel at the impact his career had on the State and its residents.

Times have changed, both here in Washington and in Tennessee. They have changed, in part, because he helped them change—all for the better.

His is a name that will be long-remembered both in the State he loves so well, and on Capitol Hill. In that, we can see the true measure of his life on this Earth.●

● Mr. CHAPPELL. Mr. Speaker, I take great pride in joining Representative GORE in his special order in memory of Joe L. Evins.

Joe L. Evins was a humble man, a resourceful man, and a man with an extraordinary sense of humor. He will be deeply missed.

Congressman Evins was admired by everyone he came in contact with. He served 15 terms in Congress before retiring in 1977, during which time he established himself as one of the most powerful men in Congress when it came to public works. He served as chairman of the Subcommittee on Public Works and Atomic Energy Appropriations. Congressman Evins was also chairman of the Committee on Small Business.

Joe was a charismatic man who represented his district with a sincere commitment and driving spirit to succeed. He has left us with many fond memories, and a monumental amount of respect—both for him and the causes for which he strived.

Let history recall Joe L. Evins for the great American and legislator that he was.●

● Mr. DUNCAN. Mr. Speaker, Joe L. Evins, the former dean of the Tennessee delegation, was a friend to all Tennesseans, and to all the people of this country. For 30 years he represented the people of the Fourth Congressional District of Tennessee, a tenure matched by only 300 Members of Congress in the history the House.

It was not his accomplishment, however, that gave him the most pride. Someone once asked him, "What has been your greatest personal achievement?"

"Being elected to Congress 15 terms is a high honor," he responded, "But for working to enhance the quality of life for our people and the building of a strong national defense for this Nation, the major projects for my own district have been some of my greatest personal achievements."

He served as chairman of the Subcommittee on Public Works Appropriations for 6 years, and though he served longer terms at other posts, it was here that he felt he made his greatest contributions. In his farewell address to the House he said:

> We have built great dams, navigation and irrigation projects, flood control projects, hydroelectric power projects, highways, hospitals, airports, libraries, and other public facilities of lasting and enduring value to the American people. We have helped build America and strengthen America.

He has also left a monument to us. It is a monument of hard work, service, and of maintaining touch with the people back home. He represented their views well in the House of Representatives. He once wrote a book called, "Understanding Congress" and few men understood Congress better than Joe L. Evins. He recognized the importance of congressional oversight in order to insure the legislative intent was followed by Federal agencies. He knew that Congress was more than a legislative factory. To him it was a body of debate, confrontation, and above all, compromise.

Congress lost a fine leader when Joe L. Evins retired in 1976. We have now lost a fine man and a friend, and we will miss him.●

● Mr. FORD of Tennessee. Mr. Speaker, I rise today to honor the memory of one of Tennessee's greatest statesmen, Joe L. Evins.

In 1836, when David Crockett and Sam Houston joined the Texas revolution they continued a tradition which named Tennessee the Volunteer State. Since the War of 1812, Tennessee has been known for generously offering our best to build a better Tennessee and a better America.

During his 30 years in Washington as Congressman from the Fourth District of Tennessee, Joe L. Evins upheld the highest traditions of a true Volunteer, compiling a record of continuous service unmatched by any Tennessee Congressman in history.

Because of his love for our State and because of the depth of his knowledge, the soundness of his judgment, and the personal attention to the needs of Tennessee and the Nation, many important and worthwhile public works projects were implemented that saved communities once having little economic future. Tennessee is proud of the accomplishments of Joe L. Evins. He served our State and the Nation with integrity and dedication throughout his successful career.

I extend the warmest expression of sympathy to his three daughters and their familes. He will be missed by all those who knew him, but his life work will continue as a reminder of the stature of this great Tennessean, Joe L. Evins.●

● Mr. WHITTEN. Mr. Speaker, I join with my friends to express my sorrow and regrets at the death of our former colleague, the Honorable Joe L. Evins of Tennessee.

Through the years I have served here, I do not know of a more industrious, hard-working, or able man than Joe. He certainly left a mark not only on his district but on the Nation as a whole. Joe's chairmanship of the Committee on Small Business and the Public Works Subcommittee of the Appropriations Committee serve as testimony to his tremendous dedication and outstanding service.

Joe and his family were our closest friends. Unfortunately, his wife preceded him in death. To his fine family, we express our deep and heartfelt sorrow.●

● Mr. PICKLE. Mr. Speaker, Joe Evins was one of the strong leaders of Congress for nearly 30 years. As head of the House Committee on Small Business and as chairman of the Appropriations Subcommittee on Public Works, Joe Evins was active and forceful. In short, he got results. He had an unbounding energy that seemed to push him forward to help others.

A Member of Congress, throughout all his years of service, generally remembers two things: First, his colleagues, who are freshmen in the same class, and who will remain closest to him in all his years of service in the Congress. Second, he will remember the veterans who took the time to talk, visit, and counsel him on the complexities of the House. The counsel that the older Members provide to the younger Members is invaluable.

Joe Evins was one of those special Members who took the time. He not only would respond to you, but he would seek you out, and if he thought your cause was a good one, he would do all he could to help you. I can attest to this fact because Joe Evins was always helpful to me and mindful of my concerns.

He was a thoughtful man who wanted to build this country. I dare say Joe Evins' handwriting can be seen on every public works project or small business in this country. Tennessee has not produced a more energetic advocate of this country than Joe Evins.

I extend my sympathies to his family. Our country and this Congress has lost a friend, and I for one am deeply saddened by his passing.●

● Mrs. LLOYD. Mr. Speaker, I join my colleagues in paying tribute to our late former colleague, the honorable Joe L. Evins, who passed away last weekend. With his death, we have lost not only a great leader but a great man.

Joe L. Evins served for 30 years in the House of Representatives and during that time his leadership was a model for all of us to follow. He believed in working for the good of all Americans and the projects he supported as an important committee leader benefitted not only his district but the Nation as well. During his tenure as chairman of the Subcommittee on Public Works Appropriations, he helped bring water projects to irrigate the West, energy to bolster industry in the South, and was responsible for the building of a number of health facilities throughout our country. As you can see, the impact of his leadership was felt by all.

In his home State of Tennessee, we will always remember him fondly. He always had time to spare for people and was ready to listen to even the smallest problem that an individual might have. The work he did for his district and his State, bringing hospitals, schools, airports, and highways to the area, is outstanding and has helped Tennessee to progress to the point that it is today. In addition, his leadership in obtaining necessary funding for the Veterans' Administration Hospital in Nashville was vitally important.

In my own district and especially in the Oak Ridge area, Joe L. Evins was instrumental in providing scientific and technological work at Oak Ridge. A plaque now stands in the museum of science and energy in Oak Ridge paying tribute to his work and frequent success.

I was a freshman Member during his final term in Congress. He helped nurture the development of an entire generation of political leadership in the State of Tennessee. He was a dynamic and forceful man and the wisdom that he passed on to me during that time has held me in good stead ever since. He was a fine Christian man and he exemplified the finest qualities of leadership, compassion, and concern for his country, his State, and for his fellow man. Tennessee has indeed lost a loyal friend, and trusted servant, with his passing.

Joe L. Evins represented his State with complete dedication and commitment. Few people have ever made such a permanent impact not only of the State of Tennessee but also on the Nation as a whole. It will be a long time, if ever, before we see again the likes of a man such as Joe L. Evins.●

● Mr. HORTON. Mr. Speaker, it was with a sense of deep sadness that I learned of Joe Evins death on March 31. Joe served this institution and the people of Tennessee with a dedication and distinction which shall long be remembered.

Joe first came to Washington in 1946. During his 30 years in the House he rose to the posts of chairman of the Committee on Small Business and chairman of the Appropriations Subcommittee on Public Works. In addition, Joe distinguished himself as an author, writing the book "Understanding Congress," a book which reveals his depth and insight.

I first met Joe when I came to Congress in 1962. Later, I had the privilege of serving with him on the House Committee on Small Business. Through this time, my respect and admiration for Joe grew. Never, in all my years in Congress, have I met an individual with greater energy, dedication, and concern for the people of his congressional district and the Nation as a whole.

I wish to extend my sincerest condolences to Joe's family. Joe was a good friend to many of us who are here today. His contributions, his concern for the "little people," and his skill as a legislator will long be remembered by all.●

● Mr. PERKINS. Mr. Speaker, Tennessee has given the Congress many outstanding Members of the Congress over the years, and among these was my old friend and former colleague, Joe L. Evins, who passed away a few days ago.

Joe Evins arrived in the House 2 years before I did, but we were good friends from the start. Our districts had many similarities, and we shared many common interests.

He was a fine gentleman—a man of integrity, balance, patriotism, and an instinctive drive to serve the people of his district, his State, and his Nation.

During his latter years of service here, he was chairman of the Appropriations Subcommittee on Public Works. I shall always remember his unfailing courtesy to me and the delegations of my eastern Kentucky friends who came before his hearings to plead for flood control projects. He had a wide knowledge of the region, and a demonstrated sympathy for people who must live, year after year, season after season, with the threat of floods and disaster. His memory will always be green in my area of Kentucky, as I am sure it will be in his Tennessee district.

Joe Evins was in the tradition of fine Representatives from that north central Tennessee district. He succeeded the distinguished Albert Gore, Sr., when the latter was elected to the Senate in 1946; and Joe was in turn succeeded by our colleague, ALBERT GORE, Jr., when he retired in 1977. The people of that district have done well by themselves, and they have certainly done well by us, the colleagues with whom their representatives served.

Joe Evins was a fine Congressman and a good friend. I am truly sorry to learn of his passing.●

● Mr. SMITH of Iowa. Mr. Speaker, it is with great sadness that I rise to participate in this special order on Joe Evins.

Joe ably respresented the Fourth District of Tennessee for almost 30 years. It was my privilege to serve with him for 15 of these years not only in the Congress but also on both the Appropriations Committee and the Small Business Committee.

I remember well the days before construction of the new Rayburn House Office Building when the Small Business Committee was scattered in basement corridors of the Cannon Building. Many an executive, of both big corporations and small businesses alike, was relegated to seeking the Committee by wandering through stacks of boxes and dodging fork lift trucks.

Joe Evins, however, fought and obtained from Speaker McCormack the new quarters in the Rayburn building which the Committee has occupied ever since.

I also remember Joe's devotion to small business matters. In my early days on the Committee, it was only a small group of nine members who stood against the conglomerates.

I want to give tribute to Chairman Evins for the advice and guidance he gave me. I first served as a subcommittee chairman under Joe on the Small Business Committee to investigate the effect of corn marketing by the Commodity Credit Corporation on small business.

Finally, I simply want to point out only one of the qualities which made Joe Evins a great committee chairman: his foresight. Back in 1969 he recognized the impending impact of the energy situation and authorized the Subcommittee on Special Small Business Problems, which I was privileged to chair, to commence a study and hearings on the energy situation. Although everyone, including oil companies, ridiculed the prediction, we actually predicted that a cartel would be formed and that prices would rise steeply. We called for the establishment of a reserve and less dependence on Mideast oil; 5 or 6 years later, when the oil embargo hit the only committee with a hearing record, our committee and other committees in both the House and Senate used that information as a basis for emergency action.

Joe always had the foresight to lead and attempt to head off problems. We all have missed him since his retirement in 1977 and knowing we will not see him again makes the loss felt even more.●

● Mr. BOLAND. Mr. Speaker, the news of the passing of our former colleague, Chairman Joe Evins of Tennessee, saddened me as I am sure it did all of those who knew him.

I had the privilege of serving with Joe Evins on the Appropriations Committee. He was my chairman on the Public Works Subcommittee and I followed him as chairman of the Subcommittee on HUD/Independent Agencies. I know him to be a man of integrity and diligence who went out of his way to make sure that the important work of the Appropriations Committee was conducted in an evenhanded fashion.

Joe Evins believed that the Federal Government has an indisputable role to play in bettering the lives of the American people and the communities in which they live. That belief was reflected in the support he gave to programs like Model Cities and subsidized housing, the Tennessee Valley Authority and the Appalachian Regional Commission. He understood that Federal programs, if they were carefully designed, adequately funded, and intelligently administered, could be positive influences for good in our society.

I know of few Members of this body who were more dogged in the championing of the cause of their constituents than Joe Evins. The needs of the people of Tennessee were never far from his mind and for 30 years he was their Representative in the best sense of the word. His service in Washington was a source of pride to his people and a source of benefit to all the people of the United States.

Mr. Speaker, I want to extend my sympathies to Joe's daughters, and the rest of the Evins family.●

● Mr. ANNUNZIO. Mr. Speaker, I rise in tribute to the Honorable Joe L. Evins, former Member of Congress from the State of Tennessee, who died on March 31, at the age of 73, after dedicating his life to public service, including serving 15 consecutive terms as a Member of the House of Representatives. He was highly regarded and respected by his constituents and his colleagues in Congress, and his death is a tremendous loss to the people of this Nation.

Joe Evins first came to Washington in 1935, as a lawyer for the Federal Trade Commission, and was an assistant secretary for the Commission from 1938 to 1940. During World War II, he served our country in Europe with distinction, in the Army Judge Advocate

General's Corps, and attained the rank of major. After the war he returned to Tennessee, and became chairman of the DeKalb County Democratic Executive Committee, before winning election to the House of Representatives in 1946.

In his 30-year tenure as a Member of the House, Joe Evins compiled a splendid record of achievement, as the chairman of the House Small Business Committee, and as the chairman of several subcommittees of the House Appropriations Committee, developing an expertise in public works, atomic energy, and the supervision of Federal housing programs and agencies.

Congressman Evins was a fine legislator, and served the people from the Fourth Congressional District of Tennessee, until his retirement from Congress in 1976, with distinction, deep compassion, and courage. He will be missed by all those he served as well as those who had the privilege of working with him.

Mrs. Annunzio and I extend our deepest sympathey to the members of his family who survive him.●

● Mr. MAZZOLI. Mr. Speaker, I would like to pay tribute to my friend and former colleague, Joe L. Evins of Tennessee.

Joe represented the Fourth Congressional District of Tennessee for over 20 years, and I remember him as a hard worker and a dedicated Member of the House. Joe served his district, his State, and the Congress well. I extend my condolences to his family.●

● Mr. de la GARZA. Mr. Speaker, today we gather to respectfully pay tribute to former Representative Joe L. Evins—distinguished Democrat who for three decades represented Tennessee in Congress.

Mere words can do little to convey the significance of this esteemed gentleman's contributions to our country. His crowning achievements were in the area of public works where as chairman of the Subcommittee on Public Works and Atomic Energy Appropriations, which had virtual control of appropriations for the Tennessee Valley Authority, the former Atomic Energy Commission, and the vast public works of the Army Corps of Engineers, Joe Evins formulated and shaped many of the legislative programs that laid the basis for significant economic growth throughout our Nation.

In his basic understanding he always sympathized with those of us who "needed a little help" with a civil function project. I know how good he was to me.

His achievements will indeed serve as a warm and glowing testimonial of his energy and vision of a better America. With his passing a void is left that cannot be filled—and to have been able to count myself among Joe Evins friends is an honor I will always treasure. Joe Evins will be missed.

To his daughters and their families I extend my deepest condolences and prayers.●

● Mr. MITCHELL. Mr. Speaker, it was with great sadness that members of the Committee on Small Business learned of the death of our friend and colleague, Joe L. Evins. Representative Evins served on the committee for 28 years, from 1949 to 1977; and he served as chairman from 1963 until August 1976, the longest continuous service in that capacity in the committee's history.

Under Chairman Evins' leadership, the Select Committee on Small Business became a permanent select commitee in 1971, and a full standing committee with the beginning of the 94th Congress in 1975. The committee's membership increased from 9 to 37 while Joe Evins served on it, recognition of the importance of small business to the Nation's economy, a recognition due in no small measure to the hard work and perseverence of this remarkable man.

Joe Evins was one of the most highly respected and influential Members of Congress during his tenure here. As dean of the Tennessee delegation in the House, he was one of that great State's most popular public officials. His record of achievement is associated not only with his chairmanship of the Small Business Committee, but also with his service as chairman of the Appropriations Subcommittee on Public Works. Chairman Evins was also the recipient of numerous awards from small business organizations for his unfailing efforts on their behalf.

I would like to recall a few remarks made by the late Speaker John W. McCormack in a 1968 ceremony honoring Chairman Evins:

> Joe Evins is an outstanding gentleman. He possesses those rich qualities that endear him to all of us: the quality of loyalty and the quality of dedication and the quality of friendship, real friendship—and there is no richer quality than that in my opinion—the quality of ability and the quality of courage. He has given to the Congress of the United States contributions that enrich the legislative history of our country. And, as chairman of the Small Business Committee, he has been a bulwark of strength among a very important segment of American society, because the small businessmen of America are a powerful asset to the strength and the stability, not only economically, but otherwise, of our great country. And the small businessmen and the groups representing them throughout the country have complete confidence in Congressman Evins, and deep respect for him, and, through him, for the members of his committee.

These eloquent sentiments express what all those who served with Joe Evins knew; and, although some Members now serving on the committee did not have the privilege of working with Chairman Evins, each of us has been touched by his accomplishments.

Joe once said, "Our greatest assets are our friends—and mine are the greatest." We have lost a very special friend with the passing of Joe Evins, and his memory will not be forgotten.●

● Mr. ADDABBO. Mr. Speaker, I am deeply saddened by the passing of my former colleague and friend, Congressman Joe Evins. Under Joe's chairmanships the Committee on Small Business and the Appropriations Subcommittee on Public Works were influential forces that greatly shaped the face of America.

Joe Evins loved Congress. He said it time and time again, and directed his energies toward carrying out the duties entrusted to him by the people of the Fourth Congressional District of Tennessee and the Nation.

During his tenure of 30 years in the House, he developed the ability to offer the greatest amount of representation to Tennessee, as well as the Nation. Chairman Evins' legislative influence is apparent when one travels around the country and sees the dam projects he supported that have resulted in our increased industrial capacity.

As the leader of the Tennessee delegation for many years, Joe Evins used to say that Tennessee should really be couted as three States, eastern Tennessee, middle Tennessee, and western Tennessee, each with their own set of needs. Joe Evins looked out for these constituencies but also looked out for other parts of the country. He was a loyal friend of New York City and supported programs which promoted the city's waterways. He also was responsible for the growth of small businesses. It was his committee that sponsored the creation of the Small Business Administration.

Joe Evins viewed his 30 years of service and his chairmanship as a means of being able to serve his district, the State of Tennessee, and the Nation more effectively. The increased responsibilities that accompany experience and seniority gave him influence but also a schedule that pressured him into making conscious efforts not to provide less time for his constituents. In his book, "Understanding Congress," he said that it is a Congressman's ability to be much closer to the people than the members of the other branches of Government that place that office as the bulwark of society, able to offer strength to our democracy.

It is this exceptional dedication to this Chamber and the American people that Joe Evins will be remembered for. I close with a statement he made in his book:

> There is a unique satisfaction in the public service of a Representative in Congress which makes his job much more appealing than the mere material rewards would seem to warrant, and which makes

him accept wear and tear philosophically. Few members complain of the pressure except among themselves. Indeed, I would not be writing this except for the love for our American system of democratic government and my growing conviction that Congress should be understood, made to work more effectively, and strengthened as an institution of government.

Joe Evins will truly be missed. I offer my personal sympathies to his daughters and to his fellow Tennesseans.●

● Mr. BONER of Tennessee. Mr. Speaker, the hearts of Tennesseans are heavy with the loss of Joe. L. Evins. He did so much for his State and for his Nation during his lifetime that mere words cannot express the debt of gratitude we owe him. As a Member of Congress for 30 years, Joe L. Evins served the people of Tennessee's Fourth District with distinction. While so much of what he did proved ultimately to benefit the entire Nation, he always kept first and foremost among his responsibilities his role as spokesman and advocate for the interests of the people who elected him.

Joe L. Evins' father once told him, "Always remember there is no substitute for honesty, loyalty, and sincerity. Make this your motto." Joe Evins followed his father's advice.

A magazine article once described Joe Evins as "a man of action, a doer, a workhorse, an expert in Government eminently qualified and highly skillful at making the wheels of government turn."

As chairman of the Public Works Appropriations Subcommittee and the Committee on Small Business, Joe Evins was in a position to help and assist the growth and development of the entire country. From the largest city to the smallest community, his skillful direction of public works projects can be seen in public buildings and other Federal projects. There are millions of Americans who have never heard the name of Joe L. Evins who benefit daily from the fruits of his lifelong labors.

During his congressional career, he had one persistent theme—"building America." As an editorial in the Nashville Tennessean pointed out 2 days ago, Joe L. Evins' "voice and influence helped bring water projects to irrigate the West, helped bring energy to bolster industry in Southern States and facilitated the building of numerous health facilities through the Nation."

Joe Evins' influence was seen beyond his State, beyond his Nation, even beyond this planet. Because of his persistent and imaginative assistance to the Nation's space program, there is a plaque on the Moon bearing the name of Joe L. Evins.

I was not fortunate enough to begin my service in the House in time to serve with my fellow Tennessean, but I was lucky enough to be the recipient of the encouragement and advice Joe Evins so generously shared with me during my three terms here. I will sorely miss the visits we had and the telephone calls he would make on behalf of a project or issue being considered by the House.

The State of Tennessee and the entire Nation will miss the strong presence of Joe L. Evins, but his accomplishments will long remain as a monument to this man whom we all love and respect.●

● Mr. FUQUA. Mr. Speaker, I appreciate this opportunity, arranged by the gentleman from Tennessee (Mr. GORE), to pay homage to a great man who served in this body. I first met Joe Evins when I came to Congress in 1963. At that time, he was already an established Member, respected by all.

He served both as chairman of the Subcommittee on Public Works of the House Appropriations Committee and as chairman of the Small Business Committee. In his work he displayed a diligence for detail and a concern for the taxpayers' pocketbook. He cared about water projects and other public works activities which mean so much to the communities of our Nation. He understood how funding could affect the economic stability and growth of an entire region and the important role the Federal Government could play.

He also appreciated the role small business has to play in our business society. It was his belief we should encourage small business, the backbone of our economy.

Joe Evins worked hard for the people of Tennessee's Fourth Congressional District for 30 years and I know they appreciated his efforts. He is gone from us now but he will always be remembered by those of us lucky enough to have served in Congress with him.●

● Mr. BOLAND. Mr. Speaker, the news of the passing of our former colleague, Chairman Joe Evins of Tennessee, saddened me as I am sure it did all of those who knew him.

I had the privilege of serving with Joe Evins on the Appropriations Committee. He was my chairman on the Public Works Subcommittee and I followed him as chairman of the Subcommittee on HUD/Independent agencies. I know him to be a man of integrity and diligence who went out of his way to make sure that the important work of the Appropriations Committee was conducted in an even-handed fashion.

Joe Evins believed that the Federal Government has an indisputable role to play in bettering the lives of the American people and the communities in which they live. That belief was reflected in the support he gave to programs like model cities and subsidized housing, the Tennessee Valley Authority, and the Appalachian Regional Commission. He understood that Federal programs, if they were carefully designed, adequately funded, and intelligently administered, could be positive influences for good in our society.

I know of few Members of this body who were more dogged in the championing of the cause of their constituents than Joe Evins. The needs of the people of Tennessee were never far from his mind and for 30 years he was their Representative in the best sense of the word. His service in Washington was a source of pride to his people and a source of benefit to all the people of the United States.

Mr. Speaker, I want to extend my sympathies to Joe's daughters, and the rest of the Evins family.●

● Mr. CONTE. Mr. Speaker, I would like to thank the gentleman from Tennessee (Mr. GORE) for reserving the time for this special order to pay tribute to the memory of an exemplary former Congressman and friend, Joe Evins.

Although I have the great privilege of occupying Joe's former suite of offices in the Rayburn Building, I, or anyone else for that matter, can only hope to take his place in stature or dedication. When Joe retired in 1976, he had given new definition to the title "Mr. Chairman." A fair and forthright man, Joe was one of the finest leaders Tennessee produced.

I served with Joe on both the Appropriations Committee, where he chaired the HUD-Independent Agencies Subcommittee for 4 years and the Public Works Subcommittee for 8, and the Small Business Committee, which he chaired for 12 years.

Joe's 30 years of service to this institution were marked by concern for the common man, dedication to his constituency, and national progress. His death last week marks the end of an era in Tennessee politics. I join with his many friends and colleagues in offering my heartfelt condolences to his family.●

CREDIT CARD CRIMINALS COULD MAKE THE FORTUNE 500

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, credit card fraud is reaching frightening proportions. By the end of 1984, total fraudulent credit transactions will reach the $2 billion mark. For an idea of just how large this number is, if the criminals formed a company, that company would make it into the Fortune 500. Right along side the Superior Oil Co. and General Tire & Rubber, Inc., would be Company 181—Credit Card Criminals, Inc.

Unfortunately, credit card criminals are not just a company which we can dissolve. Criminals may work alone or in relatively small groups, and they prey on the unsuspecting credit card holder. American business has currently witnessed a wave of merger activity, and credit card criminals have certainly participated in the trend. Criminals are now forming larger credit card rings, where, as members of organized units, criminal employees perform tasks ranging from obtaining numbers to counterfeiting credit cards. Credit card criminals lie in wait to misappropriate the consumer's good credit and the merchant's goodwill. They add costs on to the price of all merchandise, and they seek to take advantage of us all.

The Credit Card Protection Act, passed by the House on November 16, 1983, by a vote of 422 to 0, and now under consideration by the Senate, will go a long way to decrease credit card fraud by making it illegal to distribute credit card numbers and cards except on a limited basis.

Issuers of credit cards are now also participating in the effort to reduce credit card crime and put these criminals out of work. Visa and Mastercard, for example, have introduced new credit cards with anticounterfeit features. The new cards have three-dimensional laser holograms, ultraviolet ink and fine-line printing. The new cards cannot be duplicated through photography or silk screening. These efforts are already proving successful in discouraging fraud, but full conversion to cards containing these devices will not be complete until 1985.

Some companies are also changing the style of credit card slips used in credit transactions. A new no carbon slip has recently been developed, and other manufacturers are producing a slip in which the carbon is torn in half when the customer is handed a receipt. Such action prevents the credit card criminal from collecting used carbons, copying the name and number from the slip, and producing a counterfeit copy of a valid charge card. The consumer can help on this front too, by taking the carbon when it is used to complete sales forms.

Credit Card Criminals, Inc., is one company we all would like to see go bankrupt. Criminals help drive up the annual fees and the interest rates on credit cards. The result is that individual cardholders are paying the business costs of the fraudulent transactions.

Consumers can prevent being victimized by these unsavory criminals. Consumers should never reveal their credit card numbers to strangers. Criminals will pose as pollsters, and ask for a credit card number as identification. Consumers should never fall for this ruse. Similarly, if someone calls and says, "Don't worry, I found your credit card and I will send it to you," report the card loss to the company. If you do not, you might find that the good samaritan has run the card up to its limits.

Credit cards are valuable property. Consumers should not let their cards be easy targets for the sly credit card criminal. Credit cards are best kept separately from one's wallet, and carried only when needed. Copies of all credit cards, as well as toll-free credit company numbers, should be stored close at hand. Most important, cards should be reported lost or stolen as soon as possible.

Credit card fraud is an overwhelming problem, but we all can take steps to reduce it. In Congress, the Credit Card Protection Act will make this type of fraudulent activity a Federal crime. Credit card issuers are beginning to institute safety anticounterfeit measures. Consumers are wising up to the criminal's technique. We can all work together. Let us put this sordid company of criminals out of business.●

STANDING TALL OR STANDING ALONE?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, I find it difficult to convey the depth of my outrage and dismay over the unfolding nightmare of the deepening U.S. military role and involvement in Central America. A bipartisan foreign policy is dependent on mutual trust between the Congress and the executive branch. Sadly, the events of the last few days have undermined any potential for cooperation in dealing with the challenges of Central America.

As my colleagues are well aware, this body will shortly be called upon to approve the conference report on House Joint Resolution 492, which includes the Senate's authorization of $61.7 million in military assistance for El Salvador and $21 million in covert aid for the U.S.-sponsored insurgency in Nicaragua. With final approval of its military aid package pending, the White House has with increased fervor appealed for bipartisan support of its Central American policies. In a national address last week, President Reagan solemnly warned that congressional disagreement with his policies in Central America would "encourage the enemies of democracy."

Yet despite such protestations, the administration has continued to demonstrate an alarming lack of good faith in dealing with Congress. Recent revelations about the direct U.S. role in overseeing the mining of three Nicaraguan ports make clear that the White House has secretly pursued its policy of antagonism toward the Sandinista government to new extremes—justifiable only under the conditions of war. It is simply unconscionable that this information was withheld during recent Senate deliberations on the administration's covert aid request. There can be no consensus on foreign policy without informed and open debate in both Houses of Congress.

This disregard extends beyond Congress to our friends abroad who are increasingly skeptical about covert U.S. involvement in Nicaragua. Last week the United States cast the sole but conclusive vote of dissent on a measure before the U.N. Security Council condemning outside military intervention in Nicaragua. America's two most stalwart allies—France and Britain—have been sharply critical of the covert war in Nicaragua and, in particular, the recent mining of waters through which ships of many registries now pass.

With regard to the mining, the administration's extraordinary and unprecedented refusal to accept World Court jurisdiction in disputes arising from U.S. activities in Central America not only exposes the questionable grounds upon which the White House has sought to justify its policies, but also demonstrates a profound and disturbing contempt for international law and world opinion. This action marks a cynical retreat on our Nation's historic commitment to the peaceful resolution of international disputes, as exemplified by past acceptance of World Court jurisdiction.

If this Nation is to maintain any semblance of world leadership, it cannot say and do two different things. It cannot say covert funds are for interdiction of arms and support a covert army engaged in acts of war. It cannot claim to support the protection of human rights and tolerate their blatant abuse at the same time. Does the White House think that Congress was not serious when it voted last November to cap military aid for El Salvador and to limit its disbursement pending a verdict in the murders of American churchwomen in that country? Just 2 months ago this body voted to restore human rights certification requirments on the provision of U.S. military aid—requirements which were vetoed last fall by President Reagan. I remind my colleagues that the $61.7 million in question today is but a down-payment on the $313 million in additional military aid that the administration plans to spend over the next 18 months in El Salvador—more than $30,000 for every guerrilla believed to be operating in that country.

An unmistakable pattern has emerged over the last 3 years: In the realm of foreign policy, the administration ceaselessly has demonstrated its willingness to use measures that offend American principles, violate international law, and outrage our allies—hallmarked by a patented disregard for diplomatic negotiation and established mechanisms of congressional oversight.

Mr. Speaker, the Congress, much to my opposition, has excused such behavior in the past. But this behavior can no longer be tolerated. I am unalterably opposed to the provision of any assistance—overt or covert—which serves solely to promote military solutions in Central America. An open ended military involvement is a poor substitute for foreign policy, and belies the very principles upon which this Nation was founded. It is also a dangerous course which could ultimately precipitate the direct intervention of U.S. troops.

The events of the last few weeks threaten to overshadow regional peace efforts, such as the Contadora negotiations sponsored by Mexico, Venezuela, Colombia, and Panama. A joint communique issued last Sunday by the four foreign ministers of the Contadora group decried the grave deterioration in Central America caused by the mining of Nicaraguan ports and U.S. military maneuvers in Honduras.

Those negotiations are, as many of my colleagues are aware, entering an extremely delicate stage and American activities in the region will inevitably play a powerful role in determining their success or failure. On January 9 of this year the participating foreign ministers of the Contadora effort—including Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua—signed a document outlining the 21 objectives they had agreed to last fall. This proposed framework for a regional peace agreement focuses on three areas essential to peace: First, the withdrawal of all foreign military troops, advisers, and military installations; second, the elimination of illegal arms traffic and support for insurgents; and third, internal dialog, free elections, and respect for human rights. The agreement also provides for the establishment of three commissions responsible for developing plans for verification, to be presented April 30 before a meeting of foreign ministers.

Mr. Speaker, no less than seven resolutions have been introduced in Congress expressing support for the Contadora process. The President has, for his part, affirmed his commitment to that effort in recent foreign policy statements and in endorsing the recommendations of his National Bipartisan Commission on Central America. To quote the letter:

> Within this framework, the United States should actively encourage the Contadora process. We should continue to consult genuinely and regularly with its members. . . . The Contadora countries are engaged in a bold new experiment. They deserve the gratitude and encouragement of all the nations in the hemisphere.

Despite its professed support, however, the administration continues to pursue a course of action which undercuts the Contadora process. By definition, the United States cannot be supporting the Contadora initiative and at the same time stepping up its secret war against Nicaragua or escalating the war in El Salvador. In this regard, the seemingly permanent U.S. military presence in Honduras and the use of Honduran territory for armed incursions into Nicaragua threaten to spark expansion of the present conflicts and to undermine that country's nascent democracy.

For these reasons, it is my view that Congress must repudiate not encourage haphazard, illegal, and unilateral policies in Central America. There must be an immediate suspension of all military and covert aid to Central America pending a full debate on U.S. policies in that part of the world. It is further my intention to introduce legislation that would tie any assistance to the implementation of the conditions established by the Contadora nations. There will never be an acceptable policy that is fashioned solely by the CIA or the State Department. The only successful policy is that shaped and supported with the help of our friends in this hemisphere. It need not underestimate or tolerate the efforts of other nations who would exploit or encourage disruption in the region. But in doing so, the United States must stand for stability not chaos. No single actor in the Central America drama has a greater capacity to shape the future direction of events in that region than the United States. This country has an essential role to play in the Americas but that role must be one of leadership and cooperation, not of domination.

The United States should seek to promote change through diplomacy rather than through intimidation or war. We should demonstrate strength through forbearance. Ultimately, we should fulfill our partnership with the other American States in the common pursuit of peace by throwing our full diplomatic weight behind the Contadora peace process. These are goals that all Americans can support, and the foundation for a viable and mature foreign policy.

If America is to stand tall in world affairs, it must not stand alone.●

NATIONAL LIBRARY WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. DWYER) is recognized for 5 minutes.

● Mr. DWYER of New Jersey. Mr. Speaker, it is an honor for me to join my esteemed colleague, Mr. OWENS, in saluting National Library Week. Libraries have made and continue to make a profound contribution to the quality of life in this country. As our informational needs and technologies advance in leaps and bounds, the need for the access that our libraries provide is even greater.

We know, too, how important a role libraries play in education. Their role is essential in helping to promote the literacy that is the key to all education. Recent reports have underscored the need to enhance our literacy training in this country where 23 million adults are still functionally illiterate.

I have been proud to play a role in providing continued funding for programs authorized under the Library Services and Construction Act, programs which have provided literacy training for the illiterate, employment information for the unemployed, books and materials for the handicapped and elderly, and other special services for minorities and the disadvantaged. Certainly, if our economy is going to expand, these are the types of services which must be stressed.

Although Federal funding accounts for only 5 percent of public library support, it is a critical 5 percent used to reach that part of the population without library services or for whom services are inadequate.

The vast contributions made by our university and research libraries also cannot be overemphasized and the ability of these libraries to be linked throughout the country allows for instant sharing of information among thousands of libraries.

Mr. Speaker, I am proud to join in today's salute to our libraries and librarians. We are a better and certainly more informed society as a result of their presence, and we must be sure to do our part in insuring that this key to learning is protected and enhanced.●

AVIATION CABIN SAFETY ACT OF 1984

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. LEVITAS) is recognized for 15 minutes.

● Mr. LEVITAS. Mr. Speaker, the safety record of the air carriers of this Nation is certainly without equal anywhere in the world. It is the safest way to travel.

Every year millions of passengers are carried from one corner of this country to many distant places on this and other continents.

And though our accident rate with its resultant injuries, fatalities, and loss of aircraft is laudable, the real question is—is it as safe as it could be?

I think not—and I know that many of my colleagues would agree with me, especially those who have had the opportunity to serve on the Public Works and Transportation Committee's Subcommittee on Investigations and Oversight, and participated in the hearings which this subcommittee has been conducting since 1976, when the subcommittee was then chaired by the majority leader, the Honorable JIM WRIGHT of Texas. The subcommittee began general hearings on crashworthiness in February 1976, under his chairmanship.

Subsequent sessions of Congress saw a continuation of those hearings under the Honorable BO GINN of Georgia, the Honorable NORM MINETA of California, and for the last few years I have been privileged to chair that subcommittee and have enjoyed the support of another devoted aviation safety advocate, the ranking minority member, the Honorable GUY MOLINARI from New York.

The tragic problem is that hundreds and hundreds of individuals have been involved in survivable air carrier accidents only to perish in the fires, explosions, smoke, and toxic fumes—all of which, in many cases, could have been avoided. As a result, we have seen many needless deaths.

There will be some who will question why Congressmen MOLINARI, GLICKMAN, and I are approaching this problem by legislation. We have heard it said repeatedly that the National Transportation Safety Board has the responsibility of investigating accidents, establishing the cause thereof, and of ultimately making recommendations to the Federal Aviation Administration to correct any identified problem areas.

We do not quarrel with what we all assume is the way things should be accomplished. Our concern is that the Safety Board has, in fact, done all of the things which it is required to do under its enabling statute, but the FAA has not been responsible to repeated recommendations to improve cable safety and thereby improve the chances of passengers to survive those accidents which have been termed survivable.

The U.S. Department of Transportation, working through the FAA, has the statutory responsibility under title 6 of the Federal Aviation Act of 1958, as amended, to promote safety in civil aviation by issuing minimum standards and by certificating aircraft.

I believe it is important to recite some of the history of the agency's neglect of the subject of cabin safety to illustrate the reasons for our deep concern that nothing will ever be accomplished in this critical area unless and until this body enacts the necessary legislation to require that it be done.

I would like to cite as an example of the agency's failure to respond to repeated recommendations of the Safety Board, the subject of flammability and aircraft cabin interior materials, which, incidentally, are specifically included in the enabling statute.

We learned in the course of our hearings that the FAA first established, in an investigation of a 1961 accident in Denver, Colo., that airline passengers who survived impact were being killed by toxic gases as they attempted to evacuate the aircraft in a postcrash fire situation. We also know that the agency has been conducting research into the cause and effects of fire and smoke since 1963 and toxic fume emissions from burning cabin materials since at least 1966.

But we also learned that whatever final decision would be rendered by the FAA, there would be other considerations which would play a role. For example, an April 1975, "Policy Statement of the Federal Aviation Agency" included the following comments on the use of cost benefit analysis to aid in the decisionmaking:

> It is clear that a price must be paid for many safety improvements, either in terms of dollars or systems efficiency. Therefore, in carrying out its responsibility to promote air safety, the agency will judge each proposed safety improvement in light of the cost to be paid for it.

In October 1967, FAA's response to a congressional inquiry concerning elimination of toxic materials in transport aircraft revealed that the agency believed the use of self-extinguishing materials matched against rapid evacuation reduces problems of toxicity to level of secondary concern. In 1968 an FAA informations paper on the agency's crashworthiness program showed toxicity of burning cabin materials as the last subject in order of importance. By November 1975, toxicity related work was one of the 10 high-priority programs established by the acting FAA Administrator, but in the following month the status report on agency priority items proposed deferring a toxicity rule pending answers to many technical problems.

FAA utilizes the rulemaking process to establish the need and secure comments for the purpose of arriving at the best solution to many problems areas. In respect to cabin safety, the rulemaking process has been described as an on-again, off-again procedure which has failed to address these problem areas.

As early as 1964, the agency issued an advance notice of proposed rulemaking seeking public views on a number of cabin safety matters, but in 1965 that proposal was withdrawn with the statement that more work was needed to develop precise regulatory standards.

In January 1969, FAA issued a notice of proposed rulemaking to require the use of smoke hoods by air carriers to protect passengers from incapacitating smoke and toxic fumes during an emergency evacuation. That notice was withdrawn in August 1970, accompanied by a statement that smoke hoods might delay emergency evacuation to an unacceptable degree. There was some indication that despite the withdrawal of the notice, the agency would continue to diligently pursue the potential of smoke hoods. In 1976 testimony before the subcommittee, FAA's Federal Air Surgeon stated that he supported a reexamination of smoke hoods because FAA's research into other methods of fire, smoke, and toxic fumes protection had failed to produce improvements. He repeated this same opinion to us in testimony before the subcommittee in 1979.

In 1969 FAA issued an advance notice of proposed rulemaking on smoke emission standards, and a notice of proposed rulemaking followed in 1975.

In 1974 FAA issued an advance notice of proposed rulemaking on toxicity standards for cabin materials. Flammability standards for new aircraft interiors were first established in 1967 and upgraded in 1972. In 1975 FAA proposed extending the 1972 flammability standards to all air carrier aircraft regardless of when manufactured.

On August 15, 1978, all of these rulemaking efforts were terminated and an advisory committee—Special Aviation Fire and Explosion Reduction Committee—was established to recommend future actions. This committee was known as the "Safer Committee." On September 12, 1978, I expressed my disappointment at the withdrawal of the proposed rules in a letter to then Administrator Langhorne Bond and requested the agency advise the Congress of the plan of action which the Safer Committee would follow—when members would be selected, when the first meeting would be held, and when some positive results could be expected.

I was advised the members would be completely selected by October 31, 1978, and the first meeting would be held within 30 days thereafter in Washington, DC. After waiting for several months, our subcommittee announced public hearings on interior compartment materials on March 3, 1979. The hearings were scheduled for April 25 and 26, 1979. Finally on April 5, 1979, FAA publicly announced the members of the Safer Committee and scheduled the first meeting for May 10 and 11, 1979. That committee delivered its report to the FAA Administrator in August 1980.

We questioned the creation of the committee at that time, and in subsequent subcommittee hearings. I recall very clearly pointing out to FAA Administrator Bond that I had some serious concerns as to the timetable which has been given for recommendations of the Safer Committee to achieve the rulemaking process and the formal adoption of any such rules. Two to five years was listed as the timetable for the recommendations to be made, rules proposed and their adoption as a standard.

Now, almost 5 years later, and 18 years after the FAA first issued a notice of proposed rulemaking entitled "crashworthiness and passenger evacuation," we still have as a flammability standard a 1947 regulation. Last year the agency suddenly made some pronouncements on rulemaking for cabin interior materials and exclaimed they were "right on schedule."

Curiously this occurred soon after the tragic events involving the Air Canada DC-9 in-flight fire and loss of lives. Why does it take yet another tragic air disaster to focus public attention on the simple and very obvious fact that the current FAA regulations lag far behind the current level of technology?

There is no real issue as to the availability of materials—they are available. Anyone who has taken the time to read the sworn testimony before the subcommittee knows that safer, lighter weight materials that resists ignition better than any materials now in use, and that at ignition—800° F—the material only chars and decomposes, have been developed for NASA's space program.

Use of this material could reduce inflight fire risks, and certainly increase the time necessary for passenger evacuation in a survivable crash situation endangered by fire outside the aircraft. Once the necessary regulations are issued I am convinced that even better fire resistant, lighter weight, and longer wearing fabrics will appear in the marketplace at competitive prices.

Our hearings have demonstrated over and over again that things such as smoke hoods, protective breathing devices, fire and smoke detection devices, automatic discharge fire extinguishers, and relocating of emergency lighting to armrest and floor level have been researched, tested, and retested, and yet none of these have to date been mandated by the FAA.

Survivability in aircraft accidents has too often, and far too long, been a matter of chance, and I believe it is the responsibility of this body to take the action now to inspire the responsible Federal agencies to improve the chances of every passenger to safely evacuate a disabled aircraft. Things such as aircraft seat design and seat strength, flight attendant training, evacuation techniques, and many additional safety concerns can no longer be left to collect dust on the shelf of some research facility.

My colleague, Congressman Molinari expressed it best at the subcommittee hearings on aviation safety last July when he remarked that he did not think we, meaning the Congress, are going to be able to stick around here much longer and permit these safety conditions to remain at a stalemate. He concluded, and I wholeheartedly agree, that the air traveling public that we represent expect a lot more from their Congressmen, and that we should hold the FAA accountable for the mission they have been assigned, but which has been permitted to languish these many years.

We believe this bill will shake loose from the bowels of the agency many safety recommendations and suggested improvements which have been in limbo for lack of a decisionmaker to push them into the forefront.●

THE ADMINISTRATION CANNOT ESCAPE RESPONSIBILITY FOR ITS ACTIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. Wirth) is recognized for 5 minutes.

● Mr. WIRTH. Mr. Speaker, I am embarrassed that this administration has notified the world that my country will not abide by international law, and will not accept the jurisdiction of the World Court over its actions in Central America. After fighting throughout this century for the rule of law in international affairs, we have decided to become international outlaws.

In swift succession last week, we have learned of direct CIA involvement in the mining of Nicaragua's ports. Our ally, France, has offered to help clear the mines. Further, our Representative at the United Nations vetoed a Security Council resolution protesting outside military intervention in Nicaragua, which included the mining of harbors. Finally, in a state of fantasy, President Reagan has called for a bipartisan foreign policy which can be defined as congressional silence.

The actions of this administration make a mockery of the President's pronouncements. The Congress of the United States cannot accept or condone a foreign policy based on an internationally understood act of war and the arbitrary suspension of the rules of law as they apply to international disputes. The President of the United States may wish to suspend for some arbitrary period the ideals and principles on which this Nation is based. I and my colleagues cannot permit this shameful conduct, which we would rightfully condemn if practiced by other nations, to continue.

This administration cannot escape responsibility for its actions by declaring it will not abide by established norms of international conduct. By declaring itself above the law, it will simply reduce our credibility in the eyes of the world community and further erode our ability to stand clearly as an alternative to the totalitarian policies of communism.

Sadly, Mr. Speaker, this secret war the Reagan administration is pursuing has a better chance of succeeding in permanently damaging our world image than in disrupting the Government of Nicaragua.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Craig (at the request of Mr. Michel), for the balance of the week, on account of attendance at the funeral of Senator Frank Church.

Mr. Walker (at the request of Mr. Michel), for April 11, on account of a death in the family.

Mr. Jones of North Carolina (at the request of Mr. Wright), for today, on account of official business.

Ms. Mikulski (at the request of Mr. Wright), after 2 p.m. today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Packard) to revise and extend their remarks and include extraneous material:)

Mrs. Vucanovich, for 60 minutes, today.

Mr. Lagomarsino, for 60 minutes, today.

Mr. Hyde, for 60 minutes, today.

Mr. Burton of Indiana, for 60 minutes, today.

Mr. Frenzel, for 10 minutes, today.

Mr. Siljander, for 60 minutes, April 12.

(The following Members (at the request of Mr. Gore), to revise and extend their remarks and include extraneous material:

Mr. Gore, for 60 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Panetta, for 5 minutes, today.

Mr. Dwyer of New Jersey, for 5 minutes, today.

Mr. Levitas, for 15 minutes, today.

Mr. Wirth, for 5 minutes, today.

Mr. Gonzalez, for 60 minutes, today.

Mr. Alexander, for 60 minutes, on April 12.

Mr. Lantos, for 60 minutes, on April 25.

Mr. Reid, for 60 minutes, on April 25.

Mr. Feighan, for 60 minutes, on April 25.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Addabbo, during general debate on H.R. 7 in the Committee of the Whole today.

Mr. Kostmayer, immediately prior to the vote on H.R. 4170, today.

Mr. Hoyer, immediately preceding the vote on H.R. 4170, today.

(The following Members (at the request of Mr. Packard), and to include extraneous matter:)

Mr. Young of Alaska in two instances.

Mr. Lewis of Florida.

Mr. Miller of Ohio in three instances.

Mr. Myers.

Mr. Bilirakis in two instances.

Mr. Moorhead.

Mr. Gekas.

Mr. Frenzel in five instances.

Mr. Lewis of California.

Mr. Coats.

Mr. Daub in three instances.

Mr. Lent.

Mr. Craig.

Mr. Goodling.

Mr. Livingston.

Mr. Ritter in two instances.

(The following Members (at the request of Mr. Gore) and to include extraneous matter:)

Mr. Hamilton.

Mr. Panetta in two instances.

Mr. Chappell.

Mr. Mollohan.

Mr. Edwards of California in two instances.

Ms. Mikulski in two instances.

Mr. Hoyer.

Mr. Fascell.

Mr. Addabbo.

Mr. Martinez.

Mr. Hawkins.

Mr. Miller of California.

Mr. Valentine.

Ms. Ferraro.

Mr. Conyers.

Mr. Barnard.

Mr. Morrison of Connecticut.

Mr. Smith of Florida.

Mr. Synar.

Mr. Weiss.

Mr. Bonker.

Mr. Olin.

Mr. Pepper.

Mr. Stark.

Mr. Edgar.

Mr. Pease.

Mr. Eckart.

Mr. Udall in two instances.

Mr. Kildee.

Mr. Rangel.

Mr. Ackerman in two instances.

Mr. Fazio.

Mr. Gephardt.

Mr. Aspin.

Mr. Leland in two instances.

Mr. Berman.

Mr. Mrazek.

Mr. Lantos.

Ms. Oakar.

Mr. Boucher.

Mr. Gaydos.

Mr. Evans of Illinois.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1852. An act to extend the expiration date of the Defense Production Act of 1950.

ADJOURNMENT

Mr. GORE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 6 minutes p.m.), the House adjourned until tomorrow, Thursday, April 12, 1984, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3144. A letter from the Director, Office of Management and Budget, transmitting a cumulative report on rescissions and deferrals of budget authority, pursuant to Public Law 93-344, section 1014(e) (H. Doc. No. 98-206); to the Committee on Appropriations and ordered to be printed.

3145. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notice of the Navy's offer to sell certain defense articles and services to Greece (Transmittal No. 84-36), pursuant to AECA, section 36(b) (90 Stat. 741; 93 Stat. 708, 709, 710; 94 Stat. 31-34; 95 Stat. 1520); to the Committee on Foreign Affairs.

3146. A letter from the Secretary, the Foundation of the Federal Bar Association, transmitting a report and financial audit for the fiscal year ending September 30, 1983, pursuant to Public Law 88-504, section 3 (36 U.S.C. 1103); to the Committee on the Judiciary.

3147. A letter from the Under Secretary for International Affairs and Commodity Programs, Department of Agriculture, transmitting the third quarterly commodity and country allocation table showing current programming plans for food assistance for 1984, pursuant to the act of July 10, 1954, chapter 469, section 408(b) (91 Stat. 552; 94 Stat. 2246; Executive Order 11963); jointly, to the Committees on Agriculture and Foreign Affairs.

3148. A letter from the Federal and State Cochairmen, Alaska Land Use Council, transmitting a report on the activities of the Council, pursuant to Public Law 96-487, section 1201(g); jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS: Committee on Government Operations. Report on readiness of the Navy's tactical air forces is overstated (Rept. No. 98-674). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on Intelpost: A Postal Service failure in international electronic mail (Rept. No. 98-675). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on Federal Reserve competition with the private sector in check clearing and other services (Rept. No. 98-676). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on Federal Government export promotion activities: Oversight of foreign commercial service (Rept. No. 98-677). Referred to the Committee of the Whole House on the State of the Union.

Mr. BONIOR: Committee on Rules. House Resolution 485. Resolution providing for the consideration of House Concurrent Resolution 290, concurrent resolution expressing the sense of the Congress that no appropriated funds shall be used for the purpose of mining the ports or territorial waters of Nicaragua (Rept. No. 98-678). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of North Carolina (for himself, Mr. Perkins, Mr. Biaggi, Mr. Petri, Mr. Williams of Montana, Mr. Corrada, Ms. Snowe, Mr. Rinaldo, Mr. Pepper, Mr. Patterson, Mr. Studds, Mr. Bilirakis, Mr. Price, Mr. Kogovsek, Mr. Bonker, Mr. Lantos, Mr. Jeffords, Mr. Leland, Mr. Clinger, Mr. Wortley, Mr. Ridge, Mr. Stark, Mr. Evans of Illinois, Mr. Winn, Mr. Smith of Florida, Mr. Swift, Mr. Florio, Mr. Hamilton, Mr. Fauntroy, Mr. Kastenmeier, Mr. Oberstar, Mr. Bonior of Michigan, Mr. Stokes, Mr. Bedell, Mr. Dwyer of New Jersey, Mr. Vento, Mr. Roybal, Mr. Hyde, Mr. Crockett, Mr. McKinney, Mr. Boland, Mr. Britt, Mr. Flippo, Ms. Oakar, Ms. Ferraro, Mr. Schumer, Ms. Mikulski, Mr. Patman, Mrs. Burton of California, Mr. Davis, Mr. Hatcher, Mr. Levin of Michigan, Mr. Barnes, Mr. Hightower, Mr. Dyson, Mr. Sabo, Mr. Bevill, Mr. Frank, Mr. Vandergriff, Mr. Wolpe, Mr. Gray, Mr. Williams of Ohio, Mr. Roe, Mr. Owens, Mr. Mollohan, Mr. Young of Missouri, Mr. Frost, Mr. Duncan, Mr. Long of Maryland, Mr. Hughes, Mr. Corcoran, Mr. Conyers, Mr. Neal, Ms. Kaptur, Mr. D'Amours, Mrs. Lloyd, Mr. Torres, Mr. Boehlert, Mr. Wyden, Mr. Chappell, Mr. Clarke, Mr. Boucher, Mr. LaFalce, Mr. McCandless, Mr. Weaver, Mr. Seiberling, Mr. Morrison of Washington, and Mr. Pursell):

H.R. 5414. A bill to amend the Older Americans Act of 1965 to authorize appropriations for fiscal years 1985, 1986, and 1987, and for other purposes; to the Committee on Education and Labor.

By Mr. ANDREWS of North Carolina (for himself, Mr. Perkins, Mr. Roybal, Mr. Pepper, Mr. Biaggi, Mr. Mitchell, Mr. Owens, Mr. Ratchford, Mr. Fauntroy, Mr. Rangel, Mr. Lewis of Florida, Mr. Long of Louisiana, Mr. Clarke, and Mr. Boehlert):

H.R. 5415. A bill to amend the Older Americans Act of 1965 by adding a new title relating to multipurpose senior centers education and training; to the Committee on Education and Labor.

By Mr. GORE:

H.R. 5416. A bill to amend the Federal Power Act to promote competition in the generation, transmission, and distribution of electric energy; to the Committee on Energy and Commerce.

By Mr. STRATTON (for himself and Mrs. Holt):

H.R. 5417. A bill to amend title 10, United States Code, to authorize the Secretary of Defense to enter into agreements with other member nations of the North Atlantic Treaty Organization for certain cooperative projects; jointly, to the Committees on Armed Services and Foreign Affairs.

By Mr. FRENZEL:

H.R. 5418. A bill to amend section 641 of the Tariff Act of 1930, and for other purposes; to the Committee on Ways and Means.

By Mr. WHITTEN:

H.R. 5419. A bill making supplemental appropriations for the fiscal year ending September 30, 1984, and for other purposes; to the Committee on Appropriations.

By Mr. FASCELL:

H.R. 5420. A bill to authorize international development and security assistance programs and Peace Crops programs for fiscal year 1985, and for other purposes; to the Committee on Foreign Affairs.

By Mr. MOAKLEY:

H.R. 5421. A bill to authorize international development and security assistance programs and Peace Crops programs for fiscal year 1985, and for other purposes; to the Committee on Foreign Affairs.

By Mr. ALBOSTA:

H.R. 5422. A bill relating to the tariff classifications of certain silicone resins and materials; to the Committee on Ways and Means.

By Mr. BARNARD:

H.R. 5423. A bill to amend the Consumer Credit Protection Act with respect to consumer leases and rental-purchase agreements; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BERMAN:

H.R. 5424. A bill to provide for joint United States-Israeli development assistance projects; to the Committee on Foreign Affairs.

By Mr. CRAIG (for himself and Mr. Hansen of Idaho):

H.R. 5425. A bill to designate certain national forest system lands in the State of Idaho for inclusion in the National Wilderness Preservation System and to release other forest lands for multiple use management, and for other purposes; jointly, to the Committees on Interior and Insular Affairs and Agriculture.

By Mr. KOGOVSEK:

H.R. 5426. A bill to designate certain national forest system lands in the State of Colorado for inclusion in the National Wilderness Preservation System, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. LATTA:

H.R. 5427. A bill to amend the Internal Revenue Code of 1954 to make the ground water heat pump eligible for residential energy and investment tax credits; to the Committee on Ways and Means.

By Mr. LEVITAS (for himself, Mr. Molinari, and Mr. Glickman):

H.R. 5428. A bill to require the Administrator of the Federal Aviation Administration to promulgate final rules not later than December 31, 1985, prescribing standards to minimize the hazards of fire and smoke on aircraft; to the Committee on Public Works and Transportation.

By Mr. McNULTY (for himself and Mr. Udall):

H.R. 5429. A bill to provide for the duty-free entry of articles required for the installation and operation of a telescope in Arizona; to the Committee on Ways and Means.

By Ms. MIKULSKI (for herself, Mr. Mitchell, Mr. Barnes, Mr. Hoyer, Mr. Dyson, and Mr. Long of Maryland):

H.R. 5430. A bill to provide a right of first refusal for metropolitan areas before a professional sports team is relocated, and for other purposes; to the Committee on Energy and Commerce.

By Mr. PAUL:

H.R. 5431. A bill to amend the Internal Revenue Code of 1954 to restrict the authority of the Internal Revenue Service to summons certain tax workpapers of independent auditors; to the Committee on Ways and Means.

By Mr. SILJANDER:

H.R. 5432. A bill to amend the Internal Revenue Code of 1954 by providing for the taxation of certain income at the flat rate of 10 percent and for other purposes; to the Committee on Ways and Means.

By Mr. STOKES:

H.R. 5433. A bill to amend title VII of the Public Health Service Act to provide financial assistance to minority students in the health professions, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WATKINS:

H.R. 5434. A bill to amend the Public Utility Regulatory Policies Act of 1978 to provide that small natural gas-fired generators will be treated as qualifying small power producers for purposes of section 210 of that act; to the Committee on Energy and Commerce.

By Mr. YOUNG of Alaska:

H.R. 5435. A bill to amend the act of October 18, 1972, to modify the authorization of appropriations for Sitka National Park, Alaska, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. COATS (for himself, Mr. Marriott, Mr. Miller of California, Mr. Schumer, Mr. Fish, Mrs. Boggs, Mr. Bliley, Mr. Wolf, Mr. Burton of Indiana, Mrs. Johnson, Mr. McKernan, Mrs. Vucanovich, Mr. Dixon, Mr. Smith of Florida, Mr. Towns, and Mr. Lehman of Florida):

H.J. Res. 542. Joint resolution to designate the week beginning November 19, 1984, as "National Adoption Week"; to the Committee on Post Office and Civil Service.

By Mr. de la GARZA (for himself, Mr. Madigan, Mr. Foley, Mr. Harkin, Mr. Jeffords, and Mr. Markey):

H.J. Res. 543. Joint resolution to proclaim July 1984, as "National Ice Cream Month"; and July 15, 1984, as "National Ice Cream Day"; to the Committee on Post Office and Civil Service.

By Mr. McKERNAN (for himself, Mr. Miller of California, Mr. Marriott, Mr. Fish, Mr. Lehman of Florida, Mrs. Johnson, Mr. McHugh, Mr. Patterson, Mr. Leland, Mr. Morrison of Connecticut, Mr. Coats, Mrs. Boxer, Mr. Rowland, Ms. Oakar, Mr. Wortley, Mr. Lagomarsino, Mr. Owens, Mrs. Vucanovich, Mrs. Holt, Mr. Levin of Michigan, Mr. Evans of Illinois, Mr. Mazzoli, Mr. Daub, Mr. Brown of California, Mr. Thomas of Georgia, Ms. Ferraro, Mr. Roe, Mr. Weiss, Ms. Snowe, Mr. Bonior of Michigan, Mr. Horton, and Mr. Jeffords):

H.J. Res. 544. Joint resolution to designate the week beginning September 2, 1984, as "National School-Age Child Care Awareness Week"; to the Committee on Post Office and Civil Service.

By Mr. VANDERGRIFF:

H.J. Res. 545. Joint resolution designating the week of September 16 through 22, 1984, as "Emergency Medicine Week"; to the Committee on Post Office and Civil Service.

By Mr. BARNES:

H. Con. Res. 290. Concurrent resolution expressing the sense of the Congress that no appropriated funds shall be used for the purpose of mining the ports or territorial waters of Nicaragua; jointly, to the Committee on Foreign Affairs and the Permanent Select Committee on Intelligence.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Ms. OAKAR:

H.R. 5436. A bill to provide for the duty-free entry of organs imported for the use of Trinity Cathedral of Cleveland, Ohio; to the Committee on Ways and Means.

By Mr. PERKINS:

H.R. 5437. A bill for the relief of Corazon N. Chua, to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 259: Mr. McDade.

H.R. 408: Mr. Bereuter, Mr. Bonior of Michigan, Mr. Bosco, Mr. Boucher, Mr. Clarke, Mr. Coelho, Mr. Dixon, Mr. Fish, Mr. Foglietta, Mr. Garcia, Mr. Gejdenson, Mr. Glickman, Mr. Hertel of Michigan, Mr. Lipinski, Mrs. Martin of Illinois, Mr. Mavroules, Mr. Pashayan, Mr. Richardson, Mr. Scheuer, Mr. Shannon, Mr. Solarz, Mr. Thomas of Georgia, and Mr. Wirth.

H.R. 1617: Mr. Synar, Mr. Towns, Mr. Young of Florida, Mr. Howard, Mrs. Boggs, and Mr. Evans of Illinois.

H.R. 1984: Mr. Matsui and Mr. Andrews of North Carolina.

H.R. 1991: Mr. Edwards of California.

H.R. 2105: Mr. Nowak.

H.R. 2154: Mr. Donnelly.

H.R. 2927: Mr. Studds.

H.R. 2985: Mr. Kindness.

H.R. 3361: Mr. Hyde.

H.R. 3775: Mr. Broyhill and Mr. Ray.

H.R. 4078: Mr. Bedell.

H.R. 4220: Mr. Boehlert, Mr. Conyers, Mr. Heftel of Hawaii, Mr. Levin of Michigan, Mrs. Burton of California, Mr. Gejdenson, Mr. Miller of California, Mr. Leland, Mr. Fauntroy, Mrs. Hall of Indiana, Mr. Stokes, Mr. Crockett, Mr. Rangel, Mr. Bates, Mr. Foglietta, Mr. Fish, and Mr. Owens.

H.R. 4440: Mr. Foglietta, Mr. Ford of Michigan, Mr. Levine of California, Mr. Neal, and Mr. Schumer.

H.R. 4447: Mrs. Kennelly, Mr. Morrison of Washington, Mr. Skelton, and Mr. Biaggi.

H.R. 4472: Mr. Perkins, Mr. Roybal, Mr. Pepper, Mr. Biaggi, Mr. Mitchell, Mr. Owens, Mr. Ratchford, Mr. Fauntroy, Mr. Rangel, Mr. Lewis of Florida, Mr. Long of Louisiana, Mr. Clarke, and Mr. Boehlert.

H.R. 4598: Mr. Kolter and Mr. Clinger.

H.R. 4642: Mr. de Lugo, Mr. Roth, Mr. Ottinger, and Mr. Eckart.

H.R. 4677: Mr. McKinney.

H.R. 4747: Mr. Swift and Mr. McNulty.

H.R. 4758: Mr. Dyson and Mr. Morrison of Washington.

H.R. 4785: Mr. Rinaldo, Mr. Pepper, Mr. Patterson, Mr. Studds, Mr. Bilirakis, Mr. Price, Mr. Kogovsek, Mr. Bonker, Mr. Lantos, Mr. Jeffords, Mr. Leland, Mr. Clinger, Mr. Wortley, Mr. Ridge, Mr. Stark, Mr. Evans of Illinois, Mr. Winn, Mr. Smith of Florida, Mr. Swift, Mr. Florio, Mr. Hamilton, Mr. Fauntroy, Mr. Kastenmeier, Mr. Oberstar, Mr. Bonior of Michigan, Mr. Stokes, Mr. Bedell, Mr. Dwyer of New Jersey, Mr. Vento, Mr. Roybal, Mr. Hyde, Mr. Crockett, Mr. McKinney, Mr. Boland, Mr. Britt, Mr. Flippo, Ms. Oakar, Ms. Ferraro, Mr. Schumer, Ms. Mikulski, Mr. Patman, Mrs. Burton of California, Mr. Davis, Mr. Hatcher, Mr. Levin of Michigan, Mr. Barnes, Mr. Hightower, Mr. Dyson, Mr. Sabo, Mr. Bevill, Mr. Frank, Mr. Vandergriff, Mr. Wolpe, Mr. Gray, Mr. Williams of Ohio, Mr. Evans of Illinois, Mr. Roe, Mr. Owens, Mr. Mollohan, Mr. Young of Missouri, Mr. Frost, Mr. Duncan, Mr. Long of Maryland, Mr. Hughes, Mr. Corcoran, Mr. Conyers, Mr. Neal, Ms. Kaptur, Mr. D'Amours, Mrs. Lloyd, Mr. Torres, Mr. Boehlert, Mr. Wyden, Mr. Chappell, Mr. Clarke, Mr. Boucher, Mr. LaFalce, Mr. McCandless, Mr. Weaver, Mr. Seiberling, Mr. Morrison of Washington, and Mr. Pursell.

H.R. 4800: Mr. Kostmayer.

H.R. 4805: Mr. Berman, Ms. Kaptur, Mr. Downey of New York, Mr. Leland, Mr. Markey, Mr. Stokes, Mr. Gejdenson, Mr. Fauntroy, Mr. Glickman, Mr. Mineta, and Mr. Murphy.

H.R. 4809: Mr. Florio.

H.R. 4813: Mr. Schumer.

H.R. 4877: Mrs. Collins.

H.R. 4904: Mr. Crockett, Mr. Ratchford, Mr. Vento, Mr. Donnelly, and Mr. Mitchell.

H.R. 4916: Mr. Roybal, Mr. Skelton, Mr. Daschle, Mr. Hawkins, Mr. Smith of Florida, Mr. MacKay, Mr. Clarke, Mr. Roe, Mr. Young of Florida, Mr. Wirth, Mr. Stenholm, Mr. Hughes, Mr. Florio, Mr. Mineta, Mr. Hefner, Mr. Brown of California, Mr. Moody, Mr. Crockett, Mr. Mitchell, Mr. McGrath, Mr. Corrada, Mr. Lewis of Florida, Mr. Vento, Ms. Mikulski, Mr. Lipinski, Mr. Harkin, Mr. Fish, Mr. Durbin, Mr. Dingell, Mr. Levin of Michigan, Mr. Dyson, Mr. Stratton, Mr. Dowdy of Mississippi, Mr. Owens, Mr. Perkins, Mr. Markey, Mr. Berman, Mr. Barnes, Mr. Neal, Mr. Reid, Mr. Frenzel, Mr. Ratchford, Mr. Clinger, Mr. Wise, Mr. Weaver, Mr. Stangeland, Mr. Flippo, Mr. Rowland, Ms. Snowe, Mr. Lujan, and Mr. Guarini.

H.R. 4953: Mr. Donnelly.

H.R. 4965: Mr. Biaggi.

H.R. 4966: Mr. Erdreich.

H.R. 4971: Mr. Addabbo, Mr. Gray, Mr. Eckart, Mr. Barnes, Mr. Frank, Mr. Kogovsek, Mr. Won Pat, Mr. Towns, Mr. Stokes, Mr. Leland, Mr. Whitehurst, Mr. Hance, Mr. Oberstar, Mr. Mrazek, Mr. Chappie, Mr. Kindness, Mr. Andrews of Texas, Mr. English, Mr. Reid, Mr. Hughes, Mr. McKernan, Mr. Mitchell, Mr. Vento, Mr. Williams of Montana, Mr. Ford of Tennessee, Mr. Ford of Michigan, Mr. Patman, Mrs. Burton of California, Mr. Brown of California, Mr. Miller of California, Mr. LaFalce, Mr. Guarini, Mr. Roth, Mr. Ridge, Mr. Ratchford, Mr. Fauntroy, Mr. Crockett, Mr. Young of Missouri, Mr. Hayes, Mr. Bedell, Ms. Mikulski, Mr. Fish, Mr. Edgar, and Mr. Biaggi.

H.R. 5039: Mr. Bonker, Mr. Lantos, Mr. Penny, Mr. Sabo, Mr. Jenkins, Mr. Ortiz, Mr. Lagomarsino, Mr. Torres, Mr. Roybal, Ms. Mikulski, Mr. Corrada, Mr. Edgar, Mr. Stenholm, and Mr. Akaka.

H.R. 5064: Mr. Sabo, Mr. Weiss, Mr. Hughes, and Mr. Rowland.

H.R. 5066: Mr. Lagomarsino and Mr. Bateman.

H.R. 5068: Mr. Schumer.

H.R. 5128: Mr. Akaka, Mr. Owens, Mr. Frank, Mr. McKinney, Mr. Boland, and Mr. Wolpe.

H.R. 5140: Mr. Durbin, Mr. Fish, Mr. Harkin, Mr. Rinaldo, Mr. Sikorski, Mr. Tauzin, Mr. Waxman, and Mr. Yatron.

H.R. 5145: Mr. Gray, Mr. Andrews of Texas, Mr. Rose, Mr. Fauntroy, Mr. Markey, Mr. Conyers, Mr. Mitchell, Mr. Vento, Mr. Murphy, Mr. Ratchford, Mr. Crockett, Mr. Boland, Mr. Edwards of California, Mrs. Kennelly, Mr. Stokes, Mr. Whitehurst, Mr. Udall, Mr. Frank, Mr. Ford of Michigan, Mr. Garcia, Mr. Ford of Tennessee, Mr. Oberstar, Mr. Nowak, Mrs. Burton of California, Mr. Fish, Mr. Torres, Mr. Morrison of Connecticut, Mr. Wheat, Mr. Hatcher, Mr. Dellums, Mr. Won Pat, Mr. Mineta, Mr. Evans of Illinois, Mr. Hertel of Michigan, Mr. Guarini, Mr. Brown of California, Mrs. Boxer, Ms. Kaptur, Mr. Weaver, and Mr. Weiss.

H.R. 5200: Mrs. Smith of Nebraska, Mr. Weber, Mr. Luken, Mr. Hayes, and Mr. Jeffords.

H.J. Res. 3: Mr. Pritchard, Mr. Durbin, and Mr. Zschau.

H.J. Res. 73: Mrs. Smith of Nebraska.

H.J. Res. 389: Mr. McCloskey and Mr. DeWine.

H.J. Res. 435: Mr. Feighan and Mr. Young of Alaska.

H.J. Res. 447: Mr. Porter, Mr. Philip M. Crane, Mr. Michel, Mr. Conable, Mr. Solomon, Mr. Whitehurst, Mr. Young of Alaska, Mr. Leath of Texas, Mr. Lewis of Florida, Mr. Fazio, Mr. Coleman of Texas, Mr. Bevill, Mr. Hunter, Mr. Sundquist, Mr. Moorhead, Mr. Breaux, Mr. Davis, Mr. Lowery of California, Mrs. Schneider, Mr. Petri, Mr. Denny Smith, Mr. Brooks, Mr. Andrews of North Carolina, Mr. Mack, and Mrs Hall of Indiana.

H.J. Res. 451: Mr. Smith of Iowa, Mr. Durbin, Mr. Ford of Michigan, Mr. Vandergriff, Mr. Molinari, Mr. Mavroules, Mr. Gramm, Mrs. Martin of Illinois, and Mr. Marriott.

H.J. Res. 455: Mr. Goodling, Mr. Bryant, Mr. Evans of Illinois, Mrs. Boxer, Mr. Roberts, Mr. Wirth, Mr. Anthony, Mr. Neal, Mr. Howard, Mr. Daniel, Mr. Dwyer of New Jersey, Mr. Oberstar, Mr. Rahall, Mr. Fuqua, Mr. Bates, Mr. Shumway, Mr. Stokes, Mr. Martin of North Carolina, Mr. Wise, Mr. Emerson, Mr. Thomas of Georgia, Mr. Walgren, and Mr. Craig.

H.J. Res. 481: Mr. Anthony.

H.J. Res. 487: Mr. Pursell.

H.J. Res. 488: Ms. Ferraro, Mr. Bevill, Mr. D'Amours, Mr. Vander Jagt, Mr. Edwards of Alabama, Mr. Snyder, Mr. Flippo, Mr. McCollum, Mr. Long of Louisiana Mr. Guarini, Mr. Wolpe, Mr. Hansen of Utah, Mr. Solarz, Mr. Frank, Mr. O'Brien, Mr. Towns, Mr. Dyson, Mr. Harkin, Mr. Erdreich, Mr. Leland, Mr. Wolf, Mr. Smith of Florida, and Mr Rangel.

H.J. Res. 494: Mr. Daub, Mr. Fauntroy, Mr. Kasich, Mr. Lewis of Florida, Mr. Long of Louisiana, Mr. McNulty, Mr. Owens, Mr. Reid, Mr. Roe, Mr. Schaefer, Mr. Stokes, Mr. Towns, Mrs. Vucanovich, and Mr. Wortley.

H.J. Res. 499: Mr. Sisisky, Ms. Snowe, Mr. Thomas of Georgia, Mr. Vento, Mr. de la Garza, and Mr. Morrison of Connecticut.

H.J. Res. 512: Mr. Thomas of Georgia, Mr. Lagomarsino, Mr. McHugh, Mr. Mavroules, Mr. Hoyer, Mr. Dellums, Mr. Daniel, Mr. LaFalce, Mr. Richardson, Mr. Wolpe, and Mr. Vento.

H.J. Res. 521: Mr. Porter and Mr. Hyde.

H.J. Res. 527: Mr. Vento.

H.J. Res. 535: Mr. Ritter, Mr. Hertel of Michigan, Ms. Oakar, and Mr. Walgren.

H.J. Res. 539: Ms. Ferraro, Mr. Frank, Mr. Miller of California, Mr. Fauntroy, Mr. Solarz, Mr. Morrison of Connecticut, Mr. Kastenmeier, Mr. Evans of Illinois, Mr. Russo, Mr. Wirth, Mr. Matsui, Mr. Stark, Mr. Leland, Mr. Lowry of Washington, Mrs. Burton of California, Mr. Addabbo, Mr. Dorgan, Mr. Towns, and Mr. McCloskey.

H.J. Res. 540: Ms. Ferraro, Mr. Frank, Mr. Miller of California, Mr. Fauntroy, Mr. Morrison of Connecticut, Mr. Kastenmeier, Mr. Evans of Illinois, Mr. Russo, Mr. Wirth, Mr. Wheat, Mr. Matsui, Mr. Stark, Mr. Leland, Mr. Lowry of Washington, Mrs. Burton of California, Mr. Walgren, Mr. McCloskey, and Mr. Owens.

H. Con. Res. 107: Mr. Smith of New Jersey and Mr. Anderson.

H. Con. Res. 226: Mr. Bereuter, Mr. Bilirakis, Mr. Dwyer of New Jersey, Mr. Vander Jagt, Mrs. Vucanovich, Mr. Won Pat, Mr. Wylie, and Mr. Young of Alaska.

H. Con. Res. 236: Mr. Jeffords, Mr. Durbin, Mr. Seiberling, Mr. Feighan, and Mr. Williams of Montana

H. Con. Res. 257: Mr. Lagomarsino, Mr. Gregg, Mr. Ridge, Mr. McGrath, Mr. Skeen, Mr. Carney, Mr. Bliley, Mr. Clinger, Mr. Fish, Mr. Nielson of Utah, Mr. Owens, and Mr. Hartnett.

H. Con. Res. 265: Mr. Bates, Mr. Beilenson, Mr. Fazio, Mr. Feighan, Mr. Foglietta, Mr. Lehman of Florida, Mr. Solarz, Mr. Stark, Mr. Volkmer, Mr. Weaver, and Mr. Yatron.

H. Con. Res. 270: Mr. Young of Florida, Mr. Annunzio, Mr. Applegate, Mr. Horton, Mr. Pepper, Mr. Philip M. Crane, and Mr. Addabbo.

H. Con. Res. 277: Mr. Lagomarsino, Mr. McGrath, Mr. Hall of Ohio, Mr. Ritter, Mr. Eckart, Mr. Smith of Florida, and Mr. Williams of Ohio.

H. Res. 442: Mr. Hubbard, Mr. D'Amours, Ms. Kaptur, Mr. Lundine, Mr. Neal, Mr. Fauntroy, Mr. Simon, Mr. Smith of Florida, Mr. Mitchell, Mr. Annunzio, Mr. Richardson, Mr. Harrison, Mr. Hawkins, Mr. Frank, Mr. Owens, Mr. Rangel, Mr. Stokes, Mr. Kildee, Mr. Williams of Montana, Mr. Torres, Mr. Coelho, and Mr. Levin of Michigan.

H. Res. 451: Mr. Boner of Tennessee, Mr. Brown of California, Mr. Corrada, Mr. Dicks, Mr. Dowdy of Mississippi, Mr. Fazio, Mr. Feighan, Mr. Fish, Mr. Foley, Mr. Harrison, Mr. Lagomarsino, Mr. Lowery of

California, Mr. Mineta, Mr. Nielson of Utah, Mr. Reid, Mr. Roberts, Mr. Rodino, Mr. Scheuer, Mr. Simon, Mr. Skeen, Mr. Traxler, Mr. Waxman, Mr. Wolf, and Mr. Wyden.

H. Res. 477: Mr. Daub, Mr. Bates, Mr. Patman, Mr. Brown of Colorado, Mr. Rowland, Mr. Lipinski, Mr. Walker, Mr. Hansen of Utah, Mr. Schaefer, Mr. McCandless, Mr. Gingrich, Mr. Philip M. Crane, Mr. Siljander, Mr. Weber, and Mr. Daniel B. Crane.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 5394

By Mr. MOORE:

(Substitute to the amendment of Mr. Rostenkowski of Illinois.)

—After section 308, insert the following new section (and conform the table of contents of title III accordingly):

PAYMENT FOR PHYSICIANS' SERVICES

Sec. 309. (a)(1) Subsection (b) of section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4)(A) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services, the Secretary shall not set any level higher than the same level as was set for the period ending June 30, 1984, in the case of the twelve-month period ending June 30, 1985.

"(B) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services for periods beginning after June 30, 1985, the Secretary shall treat the levels as set under subparagraph (A) as having fully provided for economic changes which would have been taken into account but for the limitations contained in subparagraph (A).

"(C) In determining the reasonable charge under paragraph (3) for physicians' services for the 12-month period beginning July 1, 1984, the customary charges shall be deemed to be the same customary charges as were recognized under this section for the 12-month beginning July 1, 1983."

(2) The amendments made by paragraph (1) shall be effective with respect to items and services furnished on or after July 1, 1984.

(b)(1) The Administrator of the Health Care Financing Administration, in close consultation with the Comptroller General, shall establish a system to monitor the impact of the amendments made by subsection (a)(1) and, in particular, shall monitor changes in—

(A) the medicare physician assignment rate (as defined in paragraph (4)(C)) for physicians' services furnished to medicare beneficiaries and for such services furnished to low-income medicare beneficiaries,

(B) the average physician disallowance (as defined in paragraph (4)(D)) for physicians' services furnished to medicare beneficiaries and for such services furnished to low-income medicare beneficiaries,

(C) the amount (or proportion) of charges for physicians' services furnished to low-income medicare beneficiaries which are borne directly by such beneficiaries, and

(D) patterns of physicians' practices in furnishing such services, such as a change in the volume or type of such services.

To the extent practicable, such monitoring shall be conducted through methods that permits analysis of such impacts on a regional, as well as a national, basis.

(2) The Administrator shall report to Congress not less often than quarterly on the results of such monitoring.

(3) If such monitoring reveals that—

(A)(i) there is a decrease of more than 2.0 percentage points in the medicare physician assignment rate from the rate in effect for services furnished before July 1984, for medicare beneficiaries or (ii) there has been any decrease in such rate for physicians' services furnished to low-income medicare beneficiaries, or

(B) after July 1, 1984, (i) there is an increase of more than 2.0 percent in the average physician disallowance with respect to claims for physicians' services furnished to medicare beneficiaries, or (ii) there has been any increase in such average physician disallowance for such services furnished to low-income medicare beneficiaries,

the Administrator immediately shall notify the Committees on Ways and Means and Energy and Commerce of the House of Representatives and the Committee on Finance of the Senate of such fact and shall include with such notice such legislative and other recommendations as may be appropriate to assure that medicare beneficiaries, and particularly low-income medicare beneficiaries, are not charged any additional amounts as a result of any increases in charges for physicians' services occurring during the 12-month period beginning July 1, 1984.

(4) As used in this subsection:

(A) The term "medicare beneficiary" means an individual enrolled in the supplementary medical insurance program under part B of title XVIII of the Social Security Act.

(B) The term "low-income medicare beneficiary" means a medicare beneficiary who is a low-income individual (as defined by the Comptroller General for this purpose).

(C) The term "medicare physician assignment rate" means the proportion of claims for payment for physicians' services submitted under part B of title XVIII of the Social Security Act which are made on the basis of an assignment described in section 1842(b)(3)(B)(ii) of such Act or under the procedure described in section 1870(f)(1) of such Act.

(D) The term "average physician disallowance" means the average nationwide difference per claim, for requests for payment submitted for physicians' services for which payment may be made under part B of title XVIII of the Social Security Act, between the charges billed for such services and the amount recognized as reasonable with respect to such services under such part.

EXTENSIONS OF REMARKS

CHARLES E. "JIM" COMPTON, CHAIR OF NUTRITION, IS ESTABLISHED AT WEST VIRGINIA UNIVERSITY SCHOOL OF MEDICINE

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, April 11, 1984

● Mr. RANDOLPH. Mr. President, last November, it was my privilege to participate in the dedication of the Charles E. "Jim" Compton Chair of Nutrition at the West Virginia University School of Medicine.

This new chair is named for a friend of many years, Charles E. "Jim" Compton, a highly successful business leader and a generous philanthropist. One of Jim's special goals is that the benefits of good nutrition be taught to all citizens, especially our youth.

Nearly 200 people, including the legendary baseball star, Joe DiMaggio, attended dedication ceremonies at the WVU Medical Center. The Chair of Nutrition will be a powerful stimulus of West Virginia University's study of the relationship of nutrition to the causes and treatment of disease. It will be pivotal to the coordination of the many nutrition-related programs in numerous schools and departments throughout the university.

The first person appointed to hold the chair is C. Lawrence Kien, M.D., currently at the Medical College of Wisconsin in Milwaukee, where he has been on the biochemistry and pediatrics faculty since 1977. During that time, Dr. Kien has been director of the parenteral nutrition team and director of nutrition and metabolism at Milwaukee Children's Hospital.

As Richard A. DeVaul, Dean of the WVU School of Medicine, stated at the celebration:

> There is nothing quite as important to an academic institution as an endowed chair. This prestigious faculty position allows us to recruit a nationally-prominent individual who enriches our entire academic environment.

WVU President E. Gordon Gee indicated that the university community is very excited about the interdisciplinary nature of this position and what it will mean to the medical school. This chair is designed to fill a long-term need for coordination and communication among faculty involved in nutrition efforts through the university and across the State.

A coordinated university effort in research, education, and service will hasten the day when nutrition education becomes an integral part of education—not only of physicians and other health care professionals, but of all individuals, beginning with their primary education.

Jim Compton's initiative is a milestone in the history of West Virginia University. I recall an occasion 7 or 8 years ago when Jim testified at a Senate hearing on nutrition, chaired by our former colleague Senator George McGovern. Jim demonstrated the courage of his convictions to improve the quality of nutrition throughout West Virginia and the Nation. He is a man of substance, spirit, and vision in his coal operations, his company's progressive employee programs, and his active involvement in philanthropic programs.

Jim Compton's ultimate dream is for the prevention of many of the cases of ill health and disease that today fill our hospitals. He envisions a tomorrow when the knowledge of disease prevention will enable medical centers to devote more of their talents and resources to keeping people well. His endowment of the Charles E. "Jim" Compton Chair of Nutrition opens the door to the fulfillment of that dream.

I am gratified to note that Dr. Kien has been making initial contact with nutrition-oriented faculty in a number of departments across campus, to get their thoughts on how best to coordinate and organize nutrition programing at WVU.

At the ceremony, Dr. Kien said, "In keeping with my own interests and the aims of the endowment, I hope to develop a nutrition education center with several branches."

He emphasized his desire to enhance the nutrition curriculum of students in the health professions at WVU, to serve as an information resource for other departments, to develop public education programs and pilot programs in nutrition education at the elementary school level.

Dr. Kien said he will also continue his own research efforts involving nutrition problems is premature infants, cancer patients, and other sick persons.

Jim Compton has been a member of the WVU Foundation board since November 1975, and Board Chairman James Harless read a resolution praising his commitment and generosity to the university.

Governor Jay Rockefeller also sent congratulations on "this new page in the School of Medicine's history," and fourth-year medical student Valerie Lazzell brought thanks from the student body.

Joe DiMaggio attended as an old friend of Mr. Compton and earlier had joined in support of the proposed chair of nutrition.

Mr. President, I ask that portions of the dedication luncheon address given by Dr. Richard Rivlin be printed in the RECORD.

The material follows:

EXTRACTS FROM THE REMARKS OF RICHARD RIVLIN, CHIEF, NUTRITION SERVICE, MEMORIAL SLOAN-KETTERING CANCER CENTER, AND PROFESSOR OF MEDICINE AND CHIEF OF NUTRITION DIVISION, NEW YORK HOSPITAL-CORNELL MEDICAL CENTER

There are four challenges to the field of nutrition which West Virginia University, under the leadership of Dr. Kien as the first holder of the Charles E. "Jim" Compton Chair of Nutrition, should address:

The first goal is to establish nutrition as a field. Nutrition is not yet a recognized specialty in either medicine, surgery or pediatrics. Nutrition needs status and needs to be established. At present, there is not even agreement as to what a nutritionist is. Anyone can call himself a nutritionist, without credentials. Leading universities such as WVU and leading scientists such as Dr. Kien must seek to make nutrition a recognized, established specialty.

The second major challenge in nutrition is cancer—how nutrition is related to the causation of cancer. There is increasing evidence that a diet high in fat is associated with an increased prevalence of at least three major malignancies: breast, prostate and colon. As yet, we don't know the exact mechanisms by which dietary fat causes these malignancies. There is evidence, too, that vitamin A deficiency may be a real risk in terms of epithelial cancers—the lung and bladder, for example. We need to learn the mechanisms and what dietary manipulations can serve to help prevent cancer; that is, how can what we eat or do not eat help to prevent cancer.

The third challenge in nutrition is aging. Abuse in the use of vitamins and minerals is becoming an increasing health problem, particularly among the elderly. Too often, we see elderly who are on limited incomes squandering their few resources on nutritional supplements which are inappropriate and downright dangerous. Roughly one-third to half of all Americans over 65 are taking some type of vitamin supplement—often inappropriately.

Finally, the fourth challenge in nutrition is the relationship of nutrition to exercise. Exercise may be beneficial in many ways, but as a nation we may be going a little to the extreme. For example, too many marathon runners—who have to be thin and healthy—are following peculiar dietary practices. Many young women who are marathon runners have bones that are starved for calcium. We are learning, therefore, that although on the one hand, exercise benefits bone mobilization, excessive exercise is an important problem. Young women who ex-

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ercise a little bit get improvement in terms of bone development, but if they exercise to the point of loss of their menstrual periods, they lose the benefits of exercise.

On balance, of course, exercise is beneficial in terms of weight reduction, cardiovascular health, and prevention of bone loss. We need research to determine the maximum benefit of exercise to health, both vigorous exercise in the young and even minimal physical activity in the elderly.

Medicine needs to bring qualified professionals from other fields to lend their expertise in this area. West Virginia University, with its interested faculty and warm spirit of cooperation, should be able to make important contributions to the field of nutrition.●

STREAMLINING MEDICAL MALPRACTICE DISPUTES

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. GEPHARDT. Mr. Speaker, today, I join Representative MOORE in sponsoring the Alternative Medical Liability Act of 1984. Medical malpractice laws desperately need reform. The present system is crumbling under its own weight. While once a workable system, changes in law and technology have made it inefficient and unfair. Two-thirds of all malpractice dollars do not go to patients, but are consumed by costs of settling the dispute. Such a system protects neither providers nor patients.

This bill offers a streamlined approach to resolving patient claims. By reducing dispute-related costs, more funds become available to compensate patients and unnecessary costs are avoided. This legislation recognizes the special need for protecting elderly patients. Traditional malpractice recovery does not adequately protect the needs of elderly patients.

When older Americans attempt to recover for malpractice-related injuries, they are faced with the prospect of years of litigation. Even when a claim can be established, the amount of recovery is highly speculative. A recent study revealed that between States, the average awards in each State show a thirtyfold variance. Such discrepancies between awards make the system look more like a lottery than a system of justice.

The recoveries of the current system cannot be predicted. The current system penalizes patients unwilling to gamble. A 1975 newspaper article tells the story of a college student who sued for malpractice after being blinded. While the jury deliberated on whether and how much the student could recover, the student decided to accept a $165,000 settlement. A few minutes later, the jury returned a verdict for $900,000. As one can see, gambling in the malpractice game can involve high stakes. For older persons in particular, this uncertainty becomes unbearable.

Patients do not want a tort system that tests their gambling skills. They want a system that insures speedy recovery of their losses. They need a system that encourages cooperation between providers and patients, rather than one which rewards delay and dispute. An elderly person is only one-quarter as likely to exercise his legal rights as is the public at large. This occurs because the current system tacitly limits access to the courts. The years of contest involved, coupled with the emotional and financial strains, are simply too great to offset the potential recovery.

The most obvious costs to patients and physicians alike comes in the form of inflated medical bills. As malpractice liability skyrockets, providers are forced to raise their fees. Physicians consider the cost of malpractice insurance in deciding whether to raise their fees.

Costs of malpractice insurance reflects the current disarray of the tort system. U.S. malpractice insurance premiums are 40 times higher than in Canada or Great Britain. In 1982 alone, health care providers paid $1.7 billion in malpractice premiums. Malpractice premiums were up 22.5 percent in 1983.

Insurance premiums reveal only a part of malpractice-related expenses. Because 74 percent to 78 percent of physician claims originate from acts occurring within hospitals, hospital coverage will be at least equal to that of doctors. Hospitals spend another billion dollars per year on risk management. Additional premium costs for supporting personnel adds another $3 million per year, while in-house counsel costs $24 million annually. Doctors lose another $44 million to time expended in depositions and other trial proceedings. As immense as these figures are, they appear nominal compared with the estimated $15 to $30 billion per year expended on defensive medicine.

Defensive medicine serves no one's interest. Staggering malpractice liability forces doctors to allow court decisions to replace their professional judgments. Treatment otherwise considered unnecessary will be given when weighed against the threat of liability for not complying with judicial decisions. The current law makes the judge the doctor's partner.

No estimates can reflect other intangible costs: Early retirement of physicians, emotional strains placed on patients and doctors alike, costs of establishing new doctor-patient relationships, and so forth. Although the costs are already intolerable, the worst is yet to come. Experts foresee increasing premiums, as well as greater difficulties in obtaining insurance protection.

These costs show that the current system is failing and threatens to deteriorate further. State law reforms have been ineffective in controlling this problem. The Federal Government must intervene on behalf of patients. To the extent that malpractice liability increases health care costs paid by Federal programs, the Federal Government pays for these State law inadequacies.

This legislation respects States' rights in the area of malpractice law. States receive latitude in implementing a revised system of settling malpractice disputes on a systemwide basis. Only if States fail to enact such legislation will the Federal program become effective. If the Federal program goes into effect, it encompasses malpractice claims arising from treatments paid by the Federal Government. This residual approach allows States to avoid the Federal system.

Whether the State decides to draft legislation within the guidelines set out in the bill or allows the Federal program to take effect, the bill achieves the result of streamlining the recovery process. The process begins when the provider offers to pay the patient's net economic loss. If the provider fails to come forward and offer net economic loss within 6 months, the patient can bring an action under current State law. If the provider does offer to pay, the case is closed. The provider has 30 days after the patient accepts the provider's offer to actually pay.

This bill, unlike current law, gives all parties incentives to come to a fair and rapid settlement. Providers can assure settlement merely by tendering net economic loss. The bill also protects patients from the recalcitrant provider. The provider who does not settle would be exposed to damages for pain and suffering in a later suit. In combination, the bill's provisions make early resolution beneficial to providers and patients.

This vastly improves the current system. Today, some patients and lawyers resist settlement because the juries reward so well. Juries have great latitude in such awards because damages may include large amounts for pain and suffering. Such damages cannot be reduced to dollars and cents. The jury's generosity is virtually the only constraint on the award. Huge settlements are driving up the cost of health care. This legislation provides a means to remove these noneconomic damages. This will provide strong incentive for providers to come forward and settle. Current advantages gained by delay are outweighed by the mutual advantages created in this bill for settlement.

This legislation gives all parties incentives to cooperate for an early and inexpensive resolution of their dispute. Patients give up their potential claim for pain and suffering, but receive a speedy and adequate recovery. Most patients' claims would be paid in months, not years, and all settlements would be adequate to cover monetary losses associated with the injury. Providers must either pay the patient's net economic loss, or risk a suit in which the patient could recover potentially huge noneconomic losses. In return, the providers are no longer subject to the emotions of jurors in measuring damages for pain and suffering. Because damages for pain and suffering defy measurement, the legislation limits the provider's exposures to uncontrolled liability.

This streamlined approach to resolving malpractice disputes carries advantages for society as well. The legislation avoids unproductive expenses for long disputes. Litigation in malpractice will decline, thereby easing our overcrowded court dockets. The medical profession will no longer be threatened by explosive malpractice liability.

The hallmark of this legislation is fairness. All parties give reasonable concessions in return for a more rational system that will benefit both the disputing parties and society at large. It will also lessen the overall cost of health care by decreasing the burden of malpractice. I congratulate Representative MOORE for his thoughtful approach to this problem and the solution offered in this legislation. I encourage my colleagues to support this legislation.●

GWEN KNOBEL, 1984 NEBRASKA PRINCESS

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. DAUB. Mr. Speaker, Nebraska was well represented this past weekend at the Cherry Blossom Festival by our State's princess, Gwen Knobel.

Gwen is a 1982 graduate of the University of Nebraska at Lincoln with a bachelor of science degree from the Home Economics College and a dual major in elementary education/human development and the family. While in college, she was a page at the Nebraska Legislature, a member of the advisory board for the Home Economics College, a member of the university programs council, secretary of the Young Republicans, and a member and officer of the Alpha Chi Omega Sorority.

Additionally, she was secretary of the Innocents Society, a 13-member senior honor society chosen for scholarship, leadership, and service to the university. She was tapped for mortar board, also a senior honorary, and was a member of Omicron Nu and Phi Upsilon Omicron, academic honoraries through the Home Economics College.

Gwen is now in her second year of teaching kindergarten in Schuyler, NE. She also finds time to serve as secretary of the Schuyler Arts Council, to participate on a town league volleyball team, and to support the Schuyler Civic Club.

Nebraska is rightfully proud of our attractive and energetic cherry blossom princess; Gwen Knobel is one more reason that Nebraska's the best State in the country.●

TRIBUTE TO BENJAMIN V. COHEN

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. PEPPER. Mr. Speaker, one of the great and good men who immeasurably served our country was Benjamin V. Cohen. He left an imprint upon a better America he helped to build which will never disappear. Legislation will make life better for centuries for millions of our countrymen which came from the head and heart and hand of this man. One of his friends and colleagues, the senior vice chancellor of the City University of New York, the Honorable Julius C.C. Edelstein, wrote a beautiful tribute to Ben Cohen before he passed away to be presented to him in a folio before his birthday. Ben passed away before he received this moving and beautiful tribute. I think it should be preserved in a lasting place, the CONGRESSIONAL RECORD, so that those who knew and loved Ben can have their tender memories refreshed and those who never knew him can learn about one of the greatest figures in a period of giants in America.

I ask therefore, Mr. Speaker, that the article by Mr. Edelstein be included in the body of the RECORD immediately following my remarks.

The article follows:

REMINISCENCES AND THOUGHTS ON BENJAMIN V. COHEN

One must love Ben Cohen or one does not know him. There is no in between. He is both legend and history. Beyond all that he is a warm, loving, earnest, humorous, generous, sensitive, toughminded, wise, dedicated, and self-depreciating human being.

He has a creative and genius-level intelligence, with a practical cast, implacable logic, and passionate force. His usual style of expression is by understatement except when condemning the corrupt, the oppressive or the cruel. Then he can be hyperbolic.

I first met him in the 1930's, not long after he had come to Washington to serve as a White House Brain-Truster. I was a journalist—a reporter—at the time. I sought and secured an interview with Benjamin V. Cohen for a feature article I was commissioned to write for Time magazine, about the various think-tankers who were then swarming through the corridors of power in the nation's capital. They were many, and widely distributed in the federal agencies. They came and went, flashing across the governmental horizon, making their impact, and then disappearing into the private sector or the academic world. Ben Cohen was one of the few who stayed in the government service and then became a permanent part of the Washington scene. Before F.D.R. was elected President, Ben had been associated with both Bernard Baruch and Felix Frankfurter. With these credentials Ben was drawn into the inner circle of White House New Dealers, quickly becoming recognized as the consummate, the perfectionist draftsman of the New Deal legislation, working for the White House with Tommy the Cork, Sammy the Rose and other famed Brain-Trusters of the time. During subsequent years, which were the years of World War II, Ben became a world figure, helping to mold U.S. policy well into the Truman post-war period. On leaving active government service, Ben remained in Washington, gaining widespread recognition as an unofficial Washington oracle—consulted by government officeholders, world diplomats, foreign governments, aspiring candidates, journalists, academicians, and public interest organizations.

He and I, starting as acquaintances following that first interview in 1936, became colleagues, then friends, then fast friends. These are some scattered recollections of Ben Cohen from that progression of associations.

As the New Deal of the 1930's came to a close under the darkening clouds of world tension and then conflict, the international phase of Ben's career in government began. When his good friend, former Senator and Supreme Court Justice James F. Byrnes became Roosevelt's right hand as wartime Director of Economic Mobilization, Ben Cohen became his right hand.

Ben and I became colleagues in the White House after I was transformed into an officer of the U.S. Navy, and then assigned as aide to Fleet Admiral William D. Leahy, first chairman of the Joint Chiefs of Staff in the White House. There, in the East Wing news ticker room, off the Men's Room, Ben and I would regularly analyze the war's developments, abroad and at home. He was teacher. I was pupil. I looked up to him as Aristotle's students regarded the sage of Athens. Ben was unfailingly generous with his insights and his wisdom. Brilliant in analysis, compelling in logic and persuasive in conviction, his interpretations and projections were nothing short of dazzling.

As World War II progressed, I went off to sea, to join the shooting war, and Ben, to Britain, as counselor to U.S. Ambassador John Winant. After V-E Day, I was summoned back to the White House for a second tour of duty with Admiral Leahy. Ben was there, in the East Wing, advising, planning, meeting, drafting. Came the Fourth Inaugural, then Yalta, and two months after that, Roosevelt's world-shaking death.

Harry S. Truman moved into the White House, and James F. Byrnes became Secretary of State, with Ben Cohen as Counselor of the Department.

In the summer days of 1945, shortly before V-J Day, Ben and I were assigned to attend the crucial Potsdam Conference, the last wartime summit meetng of the Heads of State, the first attended by President Truman.

Ben and I shared a cabin on the U.S. cruiser Augusta, on the way to and on the way back from the Potsdam Conference. At night on the darkened deck, with victory and peace on the horizon, we spoke of the past and the future . . . failures of the past and hopes for the future. One night Ben told me about his deeply-held interest in Palestine and Zionism, and of his formative association as law clerk to the great U.S. Circuit Judge Julian Mack, first President of the World Zionist Congress. A Jewish homeland in Palestine should be an aim of American policy, Ben said. I was surprised. I somehow didn't expect this from Ben. It was not my view. But I was deeply impressed by the passion behind Ben's vision of this goal. I was close to conversion.

With the hostilities at an end and world attention focused on the newly-formed United Nations Organization, President Truman appointed Ben as a U.S. delegate to the U.N., along with Eleanor Roosevelt.

Then, and for a long time thereafter, Ben Cohen's prevailing passion was to strengthen the United Nations, advocating the accommodation of Great Power attitudes to the realities and dangers of the polarized world. In 1960-61 Ben delivered the Oliver Wendell Holmes Lectures—a series of three—at Harvard University, on this subject. These lectures became the basis of a book entitled "The United Nations: Constitutional Developments, Growth, and Possibilities." How he honed and polished every word of that slim volume! He declared afterward that he would never write another book. And he never did.

He certainly believed—and still believes—in the United Nations, despite its weaknesses and failings. If only the practices and attitudes of the Member Governments, including those of the United States, could have followed the suggestions he outlined in that 1961 book, the world might have a less ominous outlook today.

When it was proposed in the 1950's that Communist China be given a seat in the United Nations, and that two Chinas be recognized, many voices in Washington were raised in outraged opposition, even among liberals. Senator Herbert H. Lehman spoke up critically, declaring that Red China "must not be allowed to shoot its way into the United Nations". Ben Cohen gently but firmly reproved his friend, the bellwether liberal from New York. Ben maintained that all nations and their established governments, regardless of U.S. attitudes toward their policies, should be admitted and enfolded within the United Nations as a world forum for international intercourse, to reduce the danger of major wars and of the use of force for the settlement of international disputes.

In 1954, after the Taiwanese Government had reinforced the offshore islands of Quemoy and Matsu, and Communist China began to bombard those islands, spokesmen for the Eisenhower Administration threatened to "unleash Chiang-kai-shek" for an invasion of Mainland China. Ben Cohen led the intellectual opposition to this move from his "headquarters" in his apartment on 17th and Massachusetts Avenue. His arguments against involving the U.S. in another major Far Pacific war prevailed at the time. Less than two decades later, President Nixon and Henry Kissinger established governmental relations with communist China, thus pursuing the Far Eastern initiatives originally suggested and advocated by Ben Cohen.

As a pastime, Ben and I took up tennis, a game at which neither of us had attained much proficiency in our earlier lives. We proceeded to attack the game enthusiastically if not skillfully. We played every morning, for years, sometimes before the sun was up, wearing gloves on the chillier days, carrying brooms on rainy days to brush the puddles off the courts. Ben became a fierce, relentless and passionate player, making up for his lack of strokes with his plentitude of dedication. He might have shown John McEnroe or Ilie Nastase a trick or two in disputing decisions on service or sidelines.

While in Washington, I was not only Ben's permanent tennis partner but also his regular opponent at checkers, at which he played with the same verve and ferocity that characterized his play at tennis. He liked to win. He hated to lose.

He enjoyed good food. We dined out often, but inexpensively, sometimes the two of us, sometimes more. He always dominated the conversation, and on the broadest range of subjects . . . government, politics, personalities, the economy, the world, war, peace, freedom, justice.

He was totally unassuming, in whatever company. I remember many occasions when I would take him as my guest to the homes of young, struggling, less-than-elegant friends in the government service. Ben would be the first to rise after dinner to help clear the table and serve the coffee.

Ben Cohen's concern for and devotion to intimate friends is another source of legend . . . and a paradox in a man so highly mental. To his friends, he is generous without limit with his time, effort and resources. Basically compassionate and even sentimental, he is capable of a true if awkward tenderness. In the course of a long-ago personal tragedy visited upon this writer, Ben sat at my side in the hospital day after day, for many successive weeks, with never-failing gentleness, kindness and counsel. Could one ever forget?

Ben Cohen has surely made and left his mark on many institutions of his country, and of the world. He has been admired and respected for his works and for his words. But above all he has made and left his mark upon people, by the scores and by the hundreds, across the entire time warp of his life. He has loved, and surely he has been loved. And always will be.●

A DIVERSE COUNTRY

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Ms. OAKAR. Mr. Speaker, earlier this year a great deal of attention was focused on Yugoslavia, which was hosting the winter Olympics in Sarajevo. Although the greatest amount of time was devoted to sport, it is important to remember that Yugoslavia is a diverse and complex country consisting of a number of different peoples. For an interesting and informative analysis of today's Yugoslavia, I commend my colleagues' attention to an article from the February 1, 1984, New York Times, by Felice D. Gaer, executive director of the International League for Human Rights, and ask that it be printed in the RECORD.

U.S., PRESS BELGRADE

(By Felice D. Gaer)

When, as expected, President Mika Stiljak of Yugoslavia requests American aid for his shattered economy today, his hosts in Washington should point out that certain changes would help Yugoslavia emerge from its economic crisis and garner additional Western support. By limiting the press, curtailing open debate and restricting participation in public life, Yugoslavia's leaders have cut off natural political forces that, in a freer country, could correct various errant policies and faulty economic plans and replace tired officials.

Tito's political legacy remains a taboo topic in Yugoslavia and in diplomatic talks in the West. Guided by the Communist Party and secret police, the federal structure resists change. Tito's successors act quickly to end dissent and criticism of underlying political problems, perhaps fearing that an unwelcome kind of national unity may emerge. Arrests abound, giving Yugoslavia one of the highest rates of political prisoners in Eastern Europe.

Offenses vary: involvement with an uncensored journal, independent demonstrations, interviews in foreign magazines, petitions seeking amnesty for political prisoners or legal changes. Punishment is severe: loss of employment, denial of a passport, refusal of publication—often followed by arrest and imprisonment in brutal surroundings.

Last year, for the first time, journalists publicly denounced political control of the media. The summer brought dismissals and forced resignations of editors of offending periodicals. Not long ago, Ranka Cicak was jailed for writing articles for a Zagreb weekly exposing financial mismanagement by local officials.

The economic crisis—a $20 billion foreign debt, 40 percent inflation, unemployment and severe shortages of electricity, water and consumer staples—was fueled by easy foreign loans to ineffective managers. Western nations and bankers have agreed to reschedule debt repayments, and International Monetary Fund bail-out loans have come with conditions, but economic austerity is not enough.

For years, Western political analysts assumed that national divisions would tear Yugoslavia apart, leaving it prey to Soviet invasion. While regional grievances indeed exist, today's main dangers stem from the legacy of years of mismanagement and continued inability to undertake essential reform.

In talks with Belgrade, Washington has long eschewed formal discussion of political reforms, instead papering over problems with mild talk of "reliance on the market." This timidity reflects Yugoslavia's nonaligned sensitivities, strategic location and persistence as a model of independence for neighboring Communist countries.

But precisely when America is asked to help rescue Yugoslavia financially, underlying political matters merit frank discussion. Although the Administration asserts that the most serious long-term human rights problems are associated with Marxist-Leninist states, Yugoslavia has escaped its criticism. In its contacts with South Korea and Uruguay, among others, the Administration has discussed timetables for democratic reform. Yugoslavia itself often lectures other Governments—Chile, Israel and Austria, for example—about offensive internal policies. American-Yugoslav talks on these matters are appropriate and overdue.

The agenda could be extensive. The following essential measures would signal Yugoslav good will and future intentions: ending controls on the press; repealing the law on "hostile propaganda" and releasing 500 or more prisoners interned under it; insuring that the Constitution protects against discrimination for one's political views (daily events belie recent Yugoslav assurances to the United Nations of such protection); ending harassment of political dissidents, particularly through refusal of passports and use of political criteria for employment; establishing election procedures that include multiple candidates and the secret ballot; extending invitations to international humanitarian agencies to examine prisons and psychiatric institutions, where abuses are reported.

If any such changes followed emergency economic assistance, larger amounts of aid and loans with convenient terms should then be encouraged. Without such measures, economic assistance would be a mere stopgap, postponing genuine reform.

Yugoslavia's leaders face major challenges: maintaining national unity, stimulating productivity, modernizing the society and insuring political stability. They can increase repression, "rotate" leaders and seek breathing space while using Western loans—or they can seek real political and economic change. The Reagan Administration's ability to raise these issues would be a true test of statesmanship.●

BRIAN PHIPPS IS VOICE OF DEMOCRACY WINNER

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. DAUB. Mr. Speaker, Brian Hawthorne Phipps of Omaha has been named the first-place winner in the annual Voice of Democracy Speech Contest sponsored by the Nebraska Veterans of Foreign Wars. Brian is a senior at Mt. Michael Benedictine High School in Elkhorn, NE, and was sponsored by VFW Post 2704 and auxiliary in District 10 of the Department of Nebraska.

Brian has won numerous trophies in speech and debate and was on the dean's list for 4 years. He is a member of the National Honor Society, and his main interests are history and politics. His high school speech instructor is Duane Aschenbrenner.

Brian's winning speech is inspiring, and I am pleased to take this opportunity to share it with my colleagues. His speech follows:

My Role in Upholding Our Constitution

Our Constitution is more than a mere set of laws. It is the very framework on which our nation is built. Ensconced in its provisions are the principles of freedom, justice and human rights. Because these cannot stand by themselves, it is necessary that as citizens we uphold the Constitution. The Soviet constitution insures freedom of speech, but this is ignored by the government of that nation. It is our responsibility to keep this from happening in the United States.

The Bill of Rights requires special attention. It is easy to forget its guidelines for the sake of convenience or prejudice. We don't have to be senators or judges to uphold the Bill of Rights. Its moral guidelines apply to us all in our daily lives. I will explain this by examining four groups of amendments.

The first amendment deals with the basic rights of a free people. The freedoms of religion, speech, press, free assembly, and petition are essential in a democratic society. As a citizen, I can uphold these rights by allowing others to worship as they please and refraining from religious discrimination; by sharing my opinions and respecting the opinions of others; by writing letters to the editor and reading the editorials in my local papers; by organizing and attending peaceful assemblies; and by petitioning and writing our elected officials.

The First Amendment is, arguably, the most important of our laws. It is a law of spirit, not of universal practice. It is an ideal, not a full reality. More than any other, this amendment represents the hope and ambition of our nation's founders.

The next two amendments deal with the need to keep America free from militarism. If the armed forces owned the only weapons and could be quartered in our homes and offices, they could conceivably present a threat to our free way of life. By exercising our freedoms, we can keep the armed forces subject to the will of the people. I can uphold these amendments by supporting the National Guard, a well-regulated militia, and by defending the right of Americans to bear certain types of firearms.

The justice system is the focus of the next set of amendments. The need for Warrants explained in Amendment No. 4 prevents our private property from being indiscriminately searched. Our rights to a due process of law are protected by the 5th, 6th, 7th, and 8th Amendments.

All too often, we take these rights for granted, saying that criminals get off too easily. While errors many exist in our criminal justice system, they are not the fault of the Constitution. We would learn to appreciate these amendments much more if we were to live in a society where cruel punishment was administered without a trial, let alone a trial by jury. The American Civil Liberties Union is an organization which strives to uphold these rights. By supporting this organization and those candidates who promise to reform the justice system without violating the spirit of the Constitution, I can do my part in upholding this section of the Bill of Rights.

The final two amendments are "catchalls" which protect all other rights reserved to both the states and the people. There are numerous rights the colonists inherited from English Common Law which are not enumerated in the previous amendments. They are covered under these two. Allow me to use an example. In the computer age, the potential for government violation of our right to privacy has increased. By using the rights given to us in the other amendments we can help prevent the advent of a "Big Brother" society in which our ancient rights are sacrificed in the interest of security and convenience.

My role in upholding these four sets of amendments is not just theoretical. I have campaigned for candidates whom I believe in. I was active in pro-America Rallies during the Iranian hostage crisis. I engage in frequent political discussion and I make a point of reading editorials in important papers and news magazines. I have also written letters to the editor and expressed my views in oratorical contests like this one. It is not impossible or even difficult for a teenager to be active in upholding our constitution.●

ACT NOW TO AVOID SPACE WARS

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. EDGAR. Mr. Speaker, I would like to call the attention of my colleagues to the following editorial, which appeared in the Philadelphia Inquirer on March 7. The editorial makes a convincing case that Congress must act immediately and resolutely to insure that the administration resumes negotiations with the Soviet Union to limit or ban anti-satellite weapons (ASAT's). In a recent report to Congress, the President stated his intention to push ahead with testing and deployment of a new ASAT weapon while still refusing to engage in ASAT limitation talks; it is our responsibility to reject this reckless policy.

Mr. Speaker, time to reverse the momentum toward a new round of the nuclear arms race in outer space is running out. I commend the Inquirer article to my colleagues, and I urge them to join me in opposing the President's Star Wars policies:

Act Now To Avoid Space Wars

Soviet leader Konstantin U. Chernenko stirred interest in Washington by calling for "real actions" on nuclear arms treaties by the Reagan administration to signal a "drastic change" in U.S.-Soviet relations.

One action that would benefit both countries would be to move back to the negotiating table on the issue of antisatellite missiles (ASATs).

There is strong bipartisan concern in the Congress about the Reagan administration's enthusiasm for deploying new weapons in space. Much of the controversial, administration-backed "star wars" technology for a missile defense system in space is still on the drawing boards. But the development of ASATs is at a critical stage.

Satellites have become the central nervous systems of the superpowers' military machines. Deploying weapons that threaten to knock out satellites will further destabilize U.S.-Soviet relations by heightening fears of a first strike so devastating that retaliation would be impossible.

The Soviet Union already has a slow, ground-based and rather simple anti-satellite weapon that can attack U.S. satellites in low orbit (about one-third of those in space). But it can't reach the United States' more important early warning and communications system much higher up. Top U.S. officials have said publicly that America would not have trouble jamming the electronics of the Soviet weapon.

The United States is developing a mobile, swifter and much more sophisticated ASAT weapon, scheduled for its first test against a target in space this fall. At its present development stage it doesn't threaten high-orbit satellites but potentially it could do so.

Three rounds of Soviet-American talks on ASATs came to a halt in 1979 when the United States backed off over the Soviet invasion of Afghanistan.

Congress signaled its unease over current ASAT development by requiring the administration to report March 31 on its "good faith" efforts to negotiate an ASAT ban with the Soviets, before testing against satellites in space.

So far, however, the administration seems busier finding reasons not to negotiate than overcoming obstacles to fruitful talks.

Last summer, the late Soviet President Yuri V. Andropov—perhaps reflecting Soviet worries about U.S. capability for a space war—said he would halt Soviet ASAT tests unilaterally so long as planned U.S. test did not proceed. Of greater interest, the Soviets proposed a draft treaty to the United Nations last autumn suggesting the dismantling of existing ASATs and the banning of new ones.

Pentagon officials opposed the moratorium idea because the Soviets already had a weapon. Now administration officials are saying a comprehensive ban is unlikely because it can't be verified. This is obfuscation. Why raise such problems until there are specific proposals on the table? There are ways to begin addressing the problem short of a comprehensive ban.

The time for a full ASAT ban is rapidly running out. With development of the next generation of ASATs the fleeting chance may pass. Congress should press President Reagan firmly for evidence of the "good faith" in seeking ASAT negotiations that so far has been lacking.●

PERSONAL EXPLANATION

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. RANGEL. Mr. Speaker, because of the sudden death of a very dear friend, I was unable to vote for the Dixon amendment to House Concurrent Resolution 280, the first budget resolution. I would like the record to show that, had I been here, I would have voted in the strong affirmative.●

VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM

HON. ALAN B. MOLLOHAN

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. MOLLOHAN. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its Ladies Auxiliary conduct a Voice of Democracy Contest.

The program began 36 years ago with the endorsement of the U.S. Office of Education and the National Association of Secondary School Principals. In 1961, the Veterans of Foreign Wars assumed sole sponsorship responsibility. At that time, the national scholarship award consisted of a single $1,500 scholarship for the first place winner. Today, the national scholarships have been increased to six, totaling $32,000. Student participation has tripled and school participation has doubled.

The contest theme this year was "My Role in Upholding Our Constitution." It is with great pleasure that I submit for the RECORD, the winning speech for West Virginia. It was written by Ms. Justine Marie Scott of Clarksburg, WV. I commend Ms. Scott for an outstanding job.

MY ROLE IN UPHOLDING OUR CONSTITUTION

We Americans are constantly reminded of how fortunate we are to live in such a great country. This is indeed true; but have we ever stopped for a while, cleared our minds and our hearts, and realized why? We are free, and this is the only explanation for our contentment. It is not wealth, for what good is money if we are not free to spend it as we choose? It is not power for power is worth nothing if we are not free to execute it. It is that we are practically handed liberty. But what makes us so different from the poor Nicaraguan farmer or the oppressed poet in Russia is that we have protection and reassurance of our freedom—the Constitution of the United States of America.

With the existence of such a great document, the question arises of whose responsibility it is to uphold the constitution? To this question there is but one answer: if it protects and applies to all people then all people must uphold it. The constitution is an outward sign of Liberty, Freedom, Justice, and Equality for all—man, woman or child; black, yellow, white or red; old or young; with ancestry of Norway, China or Russia; for the Buddist, the Catholic or the Hindu. Therefore, any citizen who is within the borders of this free nation has a role in upholding the laws that set him or her free.

Even the constitution is not the master of society, but its servant. In the Preamble of this document it is stated that the purpose for which the constitution was written was "To secure the blessings of Liberty to ourselves and our posterity." This is true but only to a point. The constitution is not of use if we the people do not heed its words of experience and wisdom. Therefore, it is as much my role to uphold the constitution as it is my neighbor's role. For we both reap its benefits—our Freedom. The constitution is a mere document that has limited meaning. The meaning of this writing is within the people that obey it. Liberty must live in the hearts and souls of people. It cannot be legislated.

The constitution gives us Liberty—Liberty to smell the perfume of the blossoming apple tree in spring, Liberty to see the foam on the ocean as it redecorates the sand on the shore at its side, the Liberty to run through the grass with our feet touching God's earth and our eyes beholding his creatures. The constitution also gives us the Liberty to speak out when injustice is done to our country or ourselves, and Liberty to write what we feel, or the Liberty to worship whatever God we choose.

The constitution is America's way of life written on paper; therefore, it is my role and responsibility, if the time should come, even to die for it.

When it is taken to mind that all people have a role in upholding this great constitution of ours that states that all men are created equal, then people will realize that the liberty we strive for is at reach. The Liberty that Judge Learned Hand said, "—is the spirit of Him who, nearly two thousand years ago, taught mankind that lesson it has never learned, but has never quite forgotten; that there shall be a kingdom where the least shall be heard and considered side by side with the greatest!"●

EXPORTING IS IMPORTANT AND ESSENTIAL TO OUR ECONOMIC HEALTH

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. PEASE. Mr. Speaker, last week, four top executives from Honeywell, Inc., Caterpillar Tractor Co., Firestone Tire & Rubber Co., and CIGNA Corp. testified before the Trade Subcommittee. They delivered a message: Exporting is not only important, but essential to the economic health of our Nation.

This assertion seems irrefutable, but the truth of it still comes hard for Americans who are used to buying from and selling to each other in what for over a century has been the largest, most free, and most prosperous market in the world.

Expanding exports will be absolutely essential if the United States is to provide jobs for the young sons and daughters of present-day working Americans. That is the topic I addressed in my most recent weekly newspaper column. It follows:

WASHINGTON REPORT

(By Don J. Pease)

"We should start with the proposition that exporting is not only important, but essential to the economic health of our nation."

So said Edson Spencer, chief executive officer of Honeywell Inc., in testimony last week to the Trade Subcommittee of the House Ways and Means Committee.

The same message came from three other top corporate executives from Caterpillar Tractor Co., Firestone Tire and Rubber Co., and Cigna Corporation.

The assertion seems irrefutable, but the truth of it still comes hard for Americans who are used to buying from and selling to each other in what for over a century has been the largest, most free and most prosperous market in the world.

Nonetheless, expanding exports will be absolutely essential if the U.S. is to provide jobs for the young sons and daughters of present-day working Americans. It's estimated that as many as 3,000,000 more Americans would be working today if it were not for the current huge disparity between U.S. exports and the imports received from other countries.

What can Congress do to help strengthen U.S. industrial competitiveness? Chief executive Spencer of Honeywell cited the following:

Retain accelerated depreciation schedules which allow corporations to recover quickly from tax reductions the cost of buying new machinery and equipment.

Allow U.S. corporations to establish "foreign sales corporations" to conduct their export business and defer part of the tax on income from export sales. The present law permitting such corporations is flawed, and Congress is actively working on an improved version.

Relax anti-trust laws to permit joint research and development by firms in high-technology industries like electronics. The House Judiciary Committee has recently approved such legislation.

Reduce barriers to export of U.S. high-technology products. American businessmen see such exports as the wave of the future, but the U.S. Defense Department tries to restrict exports that could in any conceivable fashion have a military application and find their way into Soviet hands. Both the House of Representatives and the Senate have passed legislation—now in a joint conference committee—to better reconcile the need for national security with the need to export American products.

Last, but certainly not least, reduce federal deficits. Spencer and his corporate colleagues emphasized again and again the chain of events which sees huge deficits causing high interest rates, which attract foreign investment to the U.S., which hikes the value of the dollar against foreign currencies, which overprices U.S. exports, which leads to enormous balance of trade deficits.

By coincidence, within hours after the four corporate executives testified, the House of Representatives passed a budget resolution for fiscal year 1985 which reduces the deficit by $182 billion over three years. That should help a little—even though $182 billion over three years is a drop in the federal deficit bucket.●

LOVE 60 PLUS 3

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. DAUB. Mr. Speaker, 3 years ago it was my distinct privilege to call to the attention of my colleagues the exceptional career of Preston Love. As I mentioned at that time, if there is one art form that is truly American, it is jazz, and if there is one American who is truly devoted to this art form, it is Preston Love.

Since that time 3 years ago, Preston Love Day has become an annual event in Omaha, and later this month, a star-studded collection of musicians, singers and dancers will perform at Omaha's biggest jam session ever.

This lively tribute to our premier jazz musician is an appropriate recognition of Preston Love's continued achievements in the field. He has recently become a star of European jazz circles having toured there five times with all-star jazz groups. His 1970 recording, "Preston Love's Omaha Barbeque," has been rereleased four times; his new Swedish album, "Preston Love's Omaha Blues," has just had its second pressing since April of last year, and it was ranked No. 2 in the national blues station survey.

This international recognition does not change the fact that Preston Love is an Omaha institution, and I know that my colleagues will want to join me in honoring this accomplished musician and purveyor of American culture throughout the world.●

A CRISIS IN STEEL! WHERE'S OUR GOVERNMENT?

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. GAYDOS. Mr. Speaker, we have a crisis in the Nation's domestic steel industry today. I know it. The Congressional Steel Caucus knows it. Our steel producers and steelworkers know it.

Mr. Robert W. Dickey, president and general manager of Radio Station KQV in Pittsburgh, PA, also knows it.

What puzzles Mr. Dickey, myself, the Steel Caucus, our steelmakers and steelworkers, is why others in the Congress and, in particular, the White House do not know it. Perhaps it is the view from the Rose Garden that effects the vision, coloring it so they see things as they would like them to be and not as they are.

At any rate, Mr. Dickey has broadcast two editorials—and I hope there will be more—on the "Steel Crisis" and was kind enough to furnish me with the transcripts. I am inserting the material into the RECORD with the desire they will help convince some of my colleagues in this House, as well as the one on Pennsylvania Avenue, that our Nation is involved in a trade war in steel and will lose it unless our Government acts decisively—and soon—to turn the tide.

I suggest a good place to start would be enactment of the "Fair Trade in Steel Act of 1984," now under consideration in the Subcommittee on Trade which is chaired by our esteemed colleague, Hon. SAM GIBBONS.

Mr. Dickey's editorials are as follows:

STEEL CRISIS—I

To anyone in the Tri-State region, it is no news to state that there is a very severe crisis in the American steel industry. From a record high year in 1973 when U.S. produced steel totalled one hundred and fifty-one million tons till 1983 the total tonnage of American produced steel fell more than 50 percent to less than 75 million tons.

In that same period, employment in the steel industry dropped from four hundred and fifty-three thousand men and women to only two hundred and forty-three thousand—forty-six percent reduction in the work force. The loss of jobs in allied industries was equally—if not more—severe.

The major reason for this decline of our American steel industry has been the increasing flood of imported steel. Perhaps "flood" is too mild a word—torrent is a better description. In 1952, only 2.3 percent of our domestic steel consumption was imported. But, in the thirty years since then, U.S. consumption of imported steel has grown to an unprecedented record of 21.3 percent—almost a ten-fold increase, which means that more than one ton out of every five used in this country is produced abroad.

Some ill-informed economists claim that this loss of the American industry in tonnage and jobs is due primarily to the exorbitantly high wages paid here. The truth is that if every foreign producer paid American wages, the foreigners could likely still beat U.S. competition because they are so highly subsidized by foreign governments—which in many cases actually own the steel companies in their countries.

This is NOT "free" trade: This kind of subsidization is like putting an unarmed soldier on the battlefield against an enemy armed with an automatic machine gun!

More about our American steel crisis in our next editorial.

STEEL CRISIS—II

In a previous editorial about the serious crisis in our American steel industry we said that the subsidies given by foreign governments to their own steel industries gives these producers a very unfair advantage in the world markets which are supposedly devoted to the principles of free and fair trade.

Let's examine a few more facts. There is no free nor fair trade when the foreign steel companies are given tremendous government subsidies—amounting to as much as 30 or 40 percent of their production costs. The United States government does not subsidize steel production in this country and therefore, it is highly unrealistic to expect that our companies could possibly compete on an equal basis.

Some foreign countries subsidize most if not all of the transportation costs incurred in shipping their steel to the U.S. They would much rather pay wages in their own shipping and steel industries than to be faced with high unemployment insurance and welfare costs—in addition, of course, to the very real threat of internal revolution.

What is so weird about all of this is that our own government, even today, persists in following the shortsighted example of previous administrations by totally refusing to really enforce the fair trade laws which are already on the books against those foreign producers who'd be out of business except for their ridiculously high government subsidies. Our administration wants many additional billions of dollars for national defense at the very same time that it allows our own steel industry—one of our first and most important lines of defense—to slowly strangle on the ropes of so-called free trade.

What's wrong with our congress? Don't they—and the administration—have the brains, guts and foresight to see that the American steel industry must be given a fair chance to compete against all those free foreign government subsidies?

If you agree, this presidential/congressional election year is a good time to let the candidates know how you feel about this frighteningly tragic steel crisis.●

PROFESSIONAL SPORTS TEAM COMMUNITY PROTECTION ACT

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Ms. MIKULSKI. Mr. Speaker, last week Robert Irsay moved the Baltimore Colts, from their home of 31 years to Indianapolis in the dead of night. This treatment of the people of Baltimore by Mr. Irsay, and the people of Oakland by Al Davis before him, is nothing short of shabby and deplorable.

Because of these actions, and potential sports teams' moves, I am introducing today, the Professional Sports Team Community Protection Act. The purpose of this legislation is to give local communities a right of first refusal when the owner of a team seeks to relocate the team has been received.

Mr. Speaker, this bill, as currently drafted would not require the Raiders to return to Oakland. But, it is intended to apply to the Baltimore Colts. It is my hope that this legislation will help to keep the Baltimore Colts in the great city of Baltimore. The citizens of the city have lavished so much support and affection on the Colts, they deserve better than what they got from the fickle Colts owner.

We are all aware of the importance of major league professional sports franchises to our communities, both economically and emotionally. Many cities and counties have authorized capital construction of stadiums for their teams, while setting the rent for the stadium at a rate sufficient only to recoup operating expenses. Small businesses are built up in response to and reliance on the team's presence. And recently we have begun to see governmental authorities making additional concessions to keep a team from changing location. Recently, the Washington Capitals were given tax relief to keep the team in Landover, MD. The Capitals have responded and rewarded the Capital area citizens with an outstanding season. Also, there is the emotional investment that millions of sports fans across the United States make in their local teams. That is an investment that cannot be quantified and must not be ignored.

It is unfortunate that this legislation is necessary, but today's Indianapolis may be tomorrow's Baltimore.

The bill follows:

H.R. 5430

A bill to provide a right of first refusal for metropolitan areas before a professional sports team is relocated, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Professional Sports Team Community Protection Act".

FINDINGS AND POLICY

Sec. 2 (a) The Congress finds that—

(1) professional sports teams achieve a strong local identity with the people of the city and region in which they are located, and provide a source of pride and entertainment to their supporters;

(2) professional sports teams are invested with a strong public interest;

(3) the public, through a municipal stadium authority (which is typically a city or county agency or a municipal corporation), generally authorizes capital construction bonds to finance the construction of the stadium in which a professional sports team plays;

(4) normally, the lease or use agreement between the municipal stadium authority and the professional sports team sets rent to defray only the operating costs of the stadium, and does not reimburse the public for the costs of constructing the stadium; and

(5) despite the close association with and support from the people in the city and region where they play, professional sports teams may be enticed from time to time to relocate to new geographical locations without regard to important interests and considerations which may be thought to be inconsistent with immediate financial gain for the owners of such teams.

(b) It is the policy of the Congress in this Act to discourage relocation of any professional sports team which is receiving adequate support from people in the city and region where such team plays, unless such relocation is necessary to prevent severe financial hardship.

PURPOSE

Sec. 3. It is the purpose of this Act to provide people in the city and region where a professional sports team plays the right of first refusal when the owner of such a team intends to relocate the team or when a good faith offer to purchase and relocate such a team has been received.

DEFINITIONS

Sec. 4. As used in this Act, the term—

(1) "Board" means the Professional Sports Team Arbitration Board established in section 7 of this Act;

(2) "league" means an association composed of two or more professional sports teams which, by agreement, have adopted, accepted or put into effect rules for the conduct of professional sports teams which are members of that association and the regulation of contests and exhibitions in which such teams regularly engage;

(3) "person" means any individual, partnership, corporation, or any unincorporated association, or any combination or association thereof;

(4) "professional sports team" or "team" means any group of professional athletes organized to play major league baseball, basketball, football, hockey or soccer which has been engaged in competition in such sport for more than five years;

(5) "stadium" means the physical facility within which a professional sports team regularly plays;

(6) "territorial agreement" means any agreement, contract, rule, course of conduct or other activity by, or between or among, persons owning or conducting, or engaging or participating in, any professional sports team which relates to the right of a team to operate within a specific territory; and

(7) "territory" means the geographic area within which a professional sports team has agreed to operate.

GROUNDS FOR RELOCATION

Sec. 5. (a) Except for those cases specified in section 7(i) of this Act, a person or league may change the territory or metropolitan location of any professional sports team only in accordance with subsection (b)(1) of this section and only if the appropriate grounds for relocation specified in subsection (b) of this section is met.

(b)(1) The grounds for relocation specified in paragraph (2) (A) or (B) of this subsection must be met in any case where a person other than the professional sports team seeking relocation owns the stadium in which the team plays. The grounds for relocation specified in paragraph (2)(B) of this subsection must be met in any case where the professional sports team seeking relocation owns the stadium in which the team plays.

(2) As specified in paragraph (1) of this subsection, the following are grounds for relocation of any professional sports team under this Act:

(A) The stadium is manifestly inadequate for the purposes of properly and competitively operating the team; the stadium authority demonstrates no intent to remedy the deficiencies of such stadium within a reasonable period of time; and other sports facilities in the same territory or metropolitan location have not been made available by appropriate governmental authorities for use by the professional sports team.

(B) The professional sports team has incurred net operating losses, exclusive of deductions for depreciation and amortization, to an extent that poses significant danger to the continued existence of the team; and the team, for not less than the most recent three consecutive years, has had attendance records in the relevant league's lowest quarter of attendance records, unless the team's attendance records are equal to or greater than 75 per centum of the capacity of the stadium in the case of football, 50 per centum of the capacity of the stadium in the case of basketball, or 35 per centum of the capacity of the stadium in the case of baseball.

(c) The provisions of this section shall apply to any professional sports team, notwithstanding any filing by such team of a petition for relief pursuant to chapter 11 of title 11, United States Code. The judge presiding over a proceeding involving any such petition shall perform the functions of the Board specified in section 7 of this Act, except that the judge may, by order, shorten the time periods specified in such section if the judge determined that such action is necessary or desirable and if such action is consistent with the provisions of this Act and title 11, United States Code.

NOTICE OF RELOCATION OR OFFER OF SALE

Sec. 6. (a)(1) Any person wishing to relocate a professional sports team to a territory or metropolitan location other than the territory or location in which it is then playing shall furnish notice of intent to relocate the team at least eight months before the proposed date for such relocation.

(2) Such notice shall be furnished to the relevant league and to the municipality where the team plays. Such notice shall—

(A) be in writing;

(B) be delivered through certified mail or be personally delivered; and

(C) contain a statement of intention to relocate, the new location, reasons for the relocation, documentation supporting the appropriate ground for relocation pursuant to section 5(b) of this Act, and the date on which the relocation is scheduled to occur.

(b)(1) When any owner of a professional sports team receives a bona fide offer to purchase such team, and the acceptance of such offer could result in the relocation of such team, the owner shall, either before accepting such offer or as a condition of accepting such offer, provide notice of offer of sale and intent to sell the team at least eight months before the date of any sale.

(2) Such notice shall be furnished to the relevant league and to the municipality where the team plays. Such notice shall—

(A) be in writing;

(B) be delivered through certified mail or be personally delivered;

(C) contain a statement that, but for the terms of this Act, the owner would at that time accept such offer;

(D) contain a statement of intent to sell, any potential location or locations for relocation of the team (if the owner knows of such location), any documentation available to the owner supporting the appropriate ground for any such relocation pursuant to section 5(b) of this Act or a statement that the owner believes that no objection to the relocation of such team will be received from any governmental entity or that no offer for sale will be made which is greater to or equal in value than the offer which has been received, the date on which the sale of the team is scheduled to occur, and any estimated date for relocation once the sale of the team has occurred, (if the owner is aware of such date); and

(E) contain all terms and conditions of such offer, including a written copy of such offer, signed by the maker of such offer.

(c) Any person wishing to relocate a professional sports team to a territory other than the territory in which it is then playing or any person negotiating for the sale of such a team which could result in the relocation of the team shall, for a reasonable period of time, offer the team for sale at fair market value to other persons who would continue to locate such team in the metropolitan area in which it plays. If any person submits an offer of sale which would ensure that the team would remain in the metropolitan area in which it plays, notice regarding such sale shall be provided to the Board, together with the information specified in subsection (b)(2) of this section.

(d) Any person identified in subsection (c) of this section shall, upon request of the league or the appropriate municipality, provide access to all relevant financial records necessary to support or refute the grounds for any such relocation, pursuant to section 5(b) of this Act.

ARBITRATION BOARD

SEC. 7. (a) There shall from time to time be established a Professional Sports Team Relocation Arbitration Board to carry out the activities of this section. The Board shall be composed of three members, who shall be appointed as follows:

(1) One member shall be appointed by the current owner of the professional sports team involved in a petition for relocation or offer of sale.

(2) One member shall be appointed by the governmental authority that regulates the operation of the stadium in which the professional sports team plays.

(3) One member shall be appointed by the Secretary of Commerce.

(b) The Board shall be appointed within thirty days after notice is delivered pursuant to section 6(a)(1) or (b)(2) of this Act. The members shall select a chairman from among its members. Any member of the Board who is not an officer or employee of the Federal Government shall be entitled to receive compensation at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day (including traveltime) during which the member is engaged in the actual performance of the duties of the Board. No individual who has (or as a result of sale or relocation, might have) a financial or other pecuniary interest in any professional sports team which engages in the same sport as the professional sports team involved in a petition for relocation or offer for sale may serve on the Board.

(c) All notices of relocation or offers of sale regarding the involved professional sports teams shall be referred to the Board. Within six months after the establishment of the Board, the Board shall conduct a formal hearing on the record to consider all such notices of relocation or offers of sale.

(d) The Board shall, within seven months after the establishment of the Board, determine if any such offers of sale would ensure that the team would remain in the metropolitan area in which it plays, and are equal to or greater in value than the value of the relocation of the involved professional sports team. The Board shall, to the extent provided in advance by appropriation Acts, contract with an independent actuary for all such valuations. In making any such valuation, projected revenues arising out of the broadcasting of any game engaged in or conducted by each team in either its current or future territory shall not be considered, unless such team meets the grounds for relocation specified in section 5(b)(2)(B) of this Act.

(e) The Board shall determine whether the involved professional sports team meets any of the grounds for relocation specified in section 5(b) of this Act, as appropriate.

(f) The Board may not approve any offer for sale or notice of relocation which would result in the involved professional sports team no longer playing in the metropolitan area where it plays if an offer of greater or equal value is received which would continue to locate such team in such area.

(g) If the Board determines that—

(1) any offer for sale or notice for relocation which has been received regarding the involved professional sports team equals or exceeds the value of the original offer or petition for relocation; or

(2) none of the grounds for relocation specified in section 5(b), as appropriate, is met,

the owner of such team may not sell or relocate such team without a written commitment, enforceable through specific performance, from any purchaser to continue to locate such team in the metropolitan area in which it plays. The Board shall have no jurisdiction with respect to any other terms of the sale of such team, including the selection of the purchaser.

(h) All determinations of the Board shall be final and binding on all parties involved in such arbitration.

(i) The provisions of this section shall not apply to any notice for relocation or offer of sale regarding any professional sports team if, within six months after the establishment of the Board—

(1) the Board has not received any offer to purchase such team which would ensure that the team would remain in the metropolitan area in which it plays; and

(2) the Board has not received any objection to the relocation of such team from any appropriate governmental entity.

(j) The Board shall not carry out the provisions of this section in any situation in which a judge is performing the functions of the Board, as specified in section 5(c) of this Act.

CIVIL ACTIONS

SEC. 8. Any governmental entity in a metropolitan area from which a professional sports team relocates may bring a civil action in any appropriate United States district court for damages and relief, including injunctive relief, on the grounds that such relocations did not comply with the provisions of this Act, including the grounds that any owner or other party did not comply with the arbitration procedure or decision pursuant to section 7 of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. There are authorized to be appropriated to the Secretary of Commerce, for purposes of section 7 of this Act, such sums as may be necessary for fiscal year 1985. Such sums shall remain available until expended.

APPLICABILITY

SEC. 10. This Act shall apply to any proposed relocation or sale of any professional sports team which occurs or is intended to occur after January 1, 1984.●

GREEK INDEPENDENCE DAY

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 20, 1984

● Mr. CHAPPELL. Mr. Speaker, I join my colleague, Representative BILIRAKIS, in this special order commemorating March 25, 1984, the 163d anniversary of the Greek War of Independence.

This day gives us the opportunity to reflect upon the spirit of man and his commitment to achieving freedom and democracy. It was on this day in 1821 that the Greek people rose up in defiance of the Ottoman Empire and began their long and bloody struggle for freedom, ending nearly 500 years of slavery and oppression.

As an American, I am proud to acknowledge the strong continuing ties between Greece and the United States, and the enormous contributions they have made to this Nation by holding on to their traditions of education, family and church, taught by their ancestry and passed down through the generations.

As we celebrate this anniversary of Greek independence, we acknowledge this event as a milestone in the history of world democracy.

Throughout the Fourth Congressional District, we are fortunate to share with our many Greek friends, the opportunity to celebrate this very important date in Greek-American history. In Daytona Beach, FL, as throughout the country, this religious holiday will be celebrated with a variety of festivities.

St. Demetrios, a Greek Orthodox church and school, in Daytona Beach, under the new guidance of Father Nick G. Manousakis, will celebrate Greek Independence Day with a dinner/dance to benefit St. Demetrios School.

I also take the opportunity of Greek Independence Day to commemorate the birth of our present day relationship founded on friendship and man's democratic spirit and determination to achieve liberty and freedom from oppression.

Let us share in this celebration in hope that someday freedom can be known to all people.●

GOLDWATER'S LETTER

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. STARK. Mr. Speaker, no one could say it better than Senator BARRY GOLDWATER. I would like to place the Senate Intelligence Committee chairman's letter to the Director of the CIA in the RECORD of our proceedings today.

As Senator GOLDWATER accurately notes, the mining of harbors is a violation of international law and an act of war. The administration apparently knows this as well, as they have demonstrated by suspending the jurisdiction of the International Court of Justice over U.S. actions in Central America.

I urge my colleagues to oppose further funding of the President's overt covert war against Nicaragua, and demand that the House position prevail in conference.

The letter follows:

GOLDWATER WRITES CIA DIRECTOR SCORCHING LETTER

(The text of a letter, dated April 9 and made available yesterday, from Sen. Barry Goldwater (R-Ariz.), chairman of the Senate Intelligence Committee, to CIA Director William J. Casey)

DEAR BILL: All this past weekend, I've been trying to figure out how I can most easily tell you my feelings about the discovery of the president having approved mining some of the harbors of Central America.

It gets down to one, little, simple phrase: I am pissed off!

I understand that you had briefed the House on this matter. I've heard that. Now, during the important debate we had last week and the week before, on whether we would increase funds for the Nicaragua program, we were doing all right until a member of the committee charged that the president had approved the mining. I strongly denied that because I had never heard of it. I found out the next day that the CIA had, with the written approval of the president, engaged in such mining, and the approval came in February!

Bill, this is no way to run a railroad, and I find myself in a hell of a quandary. I am forced to apologize to the members of the Intelligence Committee because I did not know the facts on this. At the same time, my counterpart in the House did know.

The president has asked us to back his foreign policy. Bill, how can we back his foreign policy when we don't know what the hell he is doing? Lebanon, yes, we all knew that he sent troops over there. But mine the harbors in Nicaragua? This is an act violating international law. It is an act of war. For the life of me, I don't see how we are going to explain it.

My simple guess is that the House is going to defeat this supplemental and we will not be in any position to put up much of an argument after we were not given the information we were entitled to receive; particularly, if my memory serves me correctly, when you briefed us on Central America just a couple of weeks ago. And the order was signed before that.

I don't like this. I don't like it one bit from the president or from you. I don't think we need a lot of lengthy explanations. The deed has been done and, in the future, if anything like this happens, I'm going to raise one hell of a lot of fuss about it in public.

Sincerely,

BARRY GOLDWATER,
Chairman.●

A TRIBUTE TO PETE MURPHY

HON. JOHN T. MYERS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. MYERS. Mr. Speaker, last Friday I buried a friend, our Appropriations Committee buried a dedicated staff member, Eve Murphy buried a loving husband, and six Murphy children buried a caring father.

I take time today to share a few thoughts about Pete Murphy, the clerk of the Defense Appropriations Subcommittee, who died of cancer April 3.

"Uncle Pete" was the name my wife and I affectionately gave him. He reminded us of my brother-in-law, known as Uncle Harold to our family and friends. Pete was everyone's kindly uncle—always there when you needed him yet never demanding or obtrusive. A solid citizen. An all around good fellow. Able to get along with everyone. Meat and potatoes. Unpretentious. A wonderful wit yet able to laugh at himself. Straight forward. One who spoke his mind. A thinker. Never dwelling on the negative, always able to see the Sun coming up. Pete's quiet and unassuming traits spoke louder than any voice.

He brought to our committee staff 22 years of FBI training and devoted 16 years of his considerable energies to insuring that funds appropriated for the Nation's defense were well spent. Pete's professional competence and honesty were well recognized by all who knew him.

Pete loved his Irish heritage. He laughed lovingly at the thought of his father stopping a hometown St. Patrick's Day parade to regale the grand marshal with tales of his trip to Ireland. Pete had planned that trip and traveled with his parents as a testament to that love.

At Friday's services for Pete, his old friend, Father Stack, who had prayed with him over those long, hard months, delivered a homily, "The Absent Are Present." Truly the spirit of Pete Murphy is present in this Chamber today and will be with our committee in the days to come. Pete was a man of quality who leaves a legacy worth remembering and emulating.

Our hearts and our prayers go out to Pete's beloved wife, Eve, that beautiful Irish charm whom he cherished so dearly, and their children, Dan, Mike, Jim, Mary Ellen, Kathy, and Pat.●

MORE PRESS CRITICISM OF REAGAN'S CENTRAL AMERICA POLICIES

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BARNES. Mr. Speaker, as we sink deeper into the abyss in Central America, our Nation's leading newspapers continue to sound the alarm and call for more constructive policies that better serve our interests. Recently the Los Angeles Times published a major editorial calling on our Government to recognize the reality of revolution in Central America and to seek political solutions to that region's problems. We would all benefit from a careful reading of this sensible editorial, and I include it at this point for the information of my colleagues.

The editorial follows:

[From the Los Angeles Times, Mar. 18, 1984]

A CIVILIZED PRESENCE

The series of articles on Central America published last week by The Times laid out the difficult challenges facing the United States in that volatile part of the world—our "front yard," to use the phrase favored by President Reagan.

Its principal theme was that 1984 is a year of decision in Central America. The coming elections in El Salvador and Nicaragua, as well as in the United States, may well determine whether the crisis that has plagued the region since 1979 will grow deeper and bloodier. Or they could mark the beginning of efforts to settle the region's convoluted political disputes.

The series linked the revolutionary fervor in Nicaragua and the civil war in El Salvador with the potential for even greater bloodshed in Guatemala and the growing U.S. military presence in Honduras. It also warned of the debilitating effect that this regionwide crisis has on the area's one stable democracy—Costa Rica.

Several of the articles provided revealing looks at people on all sides of the political turmoil, particularly the violent extremes of right and left. But they also focused on those trapped in the middle, the vast majority of the region's people—peasants trying to survive in countrysides that have become battlefields, workers and middle-class businessmen trying to survive in economies are shambles.

The series also put the current crisis in Central America into the context of history—both the often-tragic history of the region's individual nations and the sad history of U.S. involvement there. U.S. interest in Central America has swung from one extreme to the other over the years—from indifference and outright neglect to anger and the use of military force when the security of our "front yard" was perceived as being in danger. It was not so long ago that trouble in countries like El Salvador and Nicaragua could easily be quelled by this country's overwhelming military force, but that is not an option any longer.

For a variety of reasons, most of them good, U.S. public opinion will no longer tolerate the kind of U.S. interventions that were routine in Nicaragua during the 1930s. As a result, the Reagan Administration is playing an indirect role in the Central American crisis—wresting periodic infusions of money from a reluctant Congress for military training and weapons for El Salvador, as it has been trying to do for the last week and funneling covert aid to Nicaraguan rebels through the Central Intelligence Agency.

There are many reasons the Administration has failed to generate wide public support for its policies in Central America, not the least of which is the fact that they are often perceived as haphazard and secretive, with no real vision of what the United States wants there beyond short-term stability.

But the biggest problem with Administration policies in the region is that they are simplistic. When President Reagan first took office, then-Secretary of State Alexander M. Haig, Jr. epitomized the Administration's views on the growing rebellion in El Salvador when he blamed it on Cuban and Nicaraguan subversion and accused both nations of acting as surrogates for the Soviet Union.

The Administration's reasoning has grown a little more sophisticated since then—Reagan now publicly admits that El Salvador is something less than a perfect democracy, for example—but not much more. The President's views were broadened somewhat by the final report of his Bipartisan Commission on Central America, chaired by former Secretary of State Henry A. Kissinger. Although commission members were divided on some key issues, they at least agreed that the vast majority of poor people in Central America would have reason enough to revolt even without Soviet or Cuban meddling. And in its most dramatic departure from past U.S. policy in Central America, the Kissinger report said that "indigenous reforms, even indigenous revolutions, are not themselves a security concern of the United States."

If that important new principle is accepted—and we believe that it must be for the United States to exist peacefully with many emerging nations in the modern world—the question becomes not how to quash revolutions in places like Central America but how best to deal with them so that their damage to legitimate U.S. interests is minimal. That kind of constructive diplomacy can also help reduce the violence and suffering that revolutions can cause.

Both Reagan and Kissinger now argue that the massive infusions of military and economic aid that they want for Central America—$8 billion over the next five years—will "buy time" for governments like El Salvador's to reform themselves before they are overthrown by guerrillas who may be hostile to the United States. That would have been a fine strategy a decade ago. But the time for change in El Salvador was 1972, when a fairly elected, moderate government was overthrown by the military. The time for change in Nicaragua was long before the Sandinistas led the revolt that overthrew the corrupt and brutal Somoza dictatorship in 1979.

We are convinced that the only successful strategy for dealing with the turmoil in Central America is one based on a realistic appraisal that events in both Nicaragua and El Salvador are too far along for the clock to be turned back to a more peaceful time. Too many citizens of both nations have opted for armed revolution as the only way to change their government and society. Rather than trying to defeat the rebellion in El Salvador or trying to roll back the revolution in Nicaragua, the United States must find ways to live with them.

That is why the Administration's emphasis on military aid to U.S. friends in the region—whether the governments of El Salvador and Honduras or the counterrevolutionaries in Nicaragua—is doomed to fail in the long run. Even if we were to supply enough military aid to stem Central America's revolutions in the short term, the problems of the region are so severe now, and the political bitterness and estrangement so great, that another bloody explosion would be inevitable in a few years.

The only solution that we see for the Central American crisis is negotiations, not just to end the civil war in El Salvador but also to arrange peace treaties between the Sandinista government in Nicaragua and its neighbors. Once the shooting is stopped, the massive infusions of U.S. aid that the Kissinger Commission envisioned and that most Americans would probably favor can be used as an incentive to get former enemies to work together.

The best hope for a negotiated settlement in Central America is represented by efforts of the Contadora Group—Mexico, Venezula, Colombia, Panama. Diplomats from those four nations have been working for more than a year to arrange peace treaties among the region's five nations. They have made remarkable progress thus far in getting all five governments to agree on a set of 21 negotiating principles, including withdrawal of foreign military advisers from the region and agreement to refrain from interfering in each other's affairs. Now the mechanics for making those 21 principles operative must be worked out. It will be a long and tedious process, and the United States could help by sending less military aid to El Salvador and Honduras, and offering them—and the Nicaraguans—economic incentives to negotiate instead.

Such a strategy will require patience and maturity on the part of this country. For if the fighting in El Salvador were to end through the formation of a new coalition government, some of the people with whom we would have to deal there, much like the Sandinistas in Nicaragua, will not be very friendly. They may not even be especially grateful. But the history of other Latin American revolutions, like Mexico's leads us to believe that they will eventually mature and come to understand that they can coexist with the United States—just as we learn that we can live with them.

This hopeful possibility was expressed eloquently last year by Carlos Fuentes, the Mexican novelist and former diplomat, in addressing commencement exercises at Harvard University. After describing the historic and cultural pressures that created the current crisis in Central America, he concluded: "The cultural conflict I have evoked includes the stubbornness of the minimal popular demands, after all these centuries, which equate freedom with bread, schools, hospitals, national independence and a sense of dignity. If left to ourselves, we will try to solve these problems by creating national institutions to deal with them. All we ask from you is cooperation, trade and normal diplomatic relations. Not your absence, but your civilized presence."

That is indeed the best thing that the United States can now offer the troubled and bloodied nations of Central America. Not more arms with which futile effors will be made to turn back or change history. And not a turning away from its turmoil and problems in frustration and hopelessness. But a civilized presence.●

THE PARK SCHOOL EXCHANGE PROGRAM

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Ms. MIKULSKI. Mr. Speaker, I had the pleasure today to meet with French students from the College Blaise Pascal, a public school in Viarmes, France. They are here as part of an exchange program with the Park School of Brooklandville, MD, which is located, I am proud to say, in my district. The students will spend 3 weeks with Park School students and their families, learning about life here in the United States.

For several years, the Park School had been looking for ways to establish an exchange with a school in France. Finally, in the spring of 1983, the exchange became a reality. Ten upper school students were selected by the modern language department to spend 3 weeks in France. The students, accompanied by Christine Broening, head of the foreign language department at the Park School, were hosted by families of students attending the College Blaise Pascal in France, from March 5 through March 26, 1983.

While in France, the students from the Park School lived with families of varying educational and professional backgrounds, sharing their meals, shopping, and domestic routines. They went to school, to the swimming pool, and to the judo club with their host children. In short, they lived the life of a typical French middle-class family.

Upon returning to the United States, all of the students agreed that the experience was significant and rewarding. I am convinced that the French students who are currently visiting here in the United States on the program, will find their experience just as rewarding. The Park School exchange program proves that there is more to an education than just books. Understanding and communicating with the world around us is crucial to the future of our planet, and I am proud to say that these young people were excited to meet that challenge.

At a time when some nations have trouble even talking to each other, it is refreshing to see programs such as this exchange program of the Park School succeed. We have much to learn from the young people of the world, and as they experience different cultures and learn to appreciate different backgrounds, we can all look forward to a future of hope and understanding.

The Park School can be proud of its program, and even more, they can be proud of their students who made it work.●

HOUSE TO REVIEW CONRAIL SALE

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. ECKART. Mr. Speaker, among transportation issues in 1984 there is perhaps no issue more serious for the public interest than the sale of Conrail.

This House voted, on March 6, to assert that the Congress must review and approve any proposed sale of this rail system so vital to rail shippers and rail employees in many parts of our Nation.

Our colleague from New Jersey, JIM FLORIO, has been vigilant in insuring that Conrail would not be sold piecemeal, as was proposed by the administration in 1981. And he continues to argue, properly, that congressional review is necessary.

This complex issue was discussed in detail in the April 16 edition of Business Week and I think that our colleagues would find this article to be quite helpful.

The article follows:

THE FOR SALE SIGN ON CONRAIL STARTS ATTRACTING SERIOUS BIDDERS

After months of stops and starts, the sale of Conrail is finally picking up steam. The federal government now has in hand the details of what it considers the first bona fide offer for Consolidated Rail Corp.—a $1.1 billion bid from Alleghany Corp. for the 85% of Conrails stock held by the Transportation Dept.—and it hopes that an announcement of the bid will spur competing proposals. Citicorp, for one, is in preliminary discussions with Conrail's management, labor unions, and Transportation on a plan to finance a buyout through common stock.

Already before Transportation is an offer by the Railway Labor Executives Assn. (RLEA) calling for a leveraged buyout by Conrail's organized employees. They would put up only $500 million in cash, borrowed against the assets of the company. In addition, they would forgo any claim to back pay for the three years they have been working for lower wages than the rest of the railroad industry, and they would not take advantage of Conrail's past losses as a carryforward against future tax liabilities. Labor puts the total estimated worth of its package at $2.2 billion. But Transportation officials consider it inadequate, and the group is mulling over a revision of its proposal with help from several financial sources—including the cash-rich Bass brothers of Texas and Bank of America.

Three railroads—Norfolk Southern, CSX and Sante Fe Industries—also have begun acquisition studies, although Santa Fe is now tied up in another proposed railroad merger. In all, says Federal Railroad Administrator John H. Riley, a "half-dozen" parties are seriously interested. He and the department's investment banker, Goldman, Sachs & Co., have talked to more than 100 companies, financial institutions, and wealthy individuals. "The first offer will force the others out of the woodshed," he says. When it comes, Riley is expected to announce a cutoff date of either 60 or 90 days hence to bring all proposals into the open.

Regardless of the buyer, pulling off a sale of Conrail will be an awesome political feat. Labor and management have virtual veto power, and Congress plans to step in once everyone else has signed off. "Negotiating this thing in public is going to be difficult for anyone," notes Stephen Berger, chairman of the U.S. Railway Assn. (USRA), Conrail's banker and a watchdog agency that reports to Congress. "You've got to lay your soul down in front of the whole country."

SATISFIED

As business week went to press, Alleghany still refused to confirm that a formal announcement of an offer for Conrail is in the works. But the company is known to have talked with the three parties that can swing the deal—the government, Conrail's management, and Conrail's unions—and all three are sufficiently satisfied with Alleghany's proposed package to enable the New York-based holding company to proceed with a formal bid. Some of the parties involved said an announcement should come by mid-April.

Alleghany is sitting on more than $700 million from its January sale of Investors Diversified Services Inc. to American Express Co. With the $350 million in cash it got from that deal, plus the 11.5 million shares of American Express stock that it could borrow against or sell, Alleghany seems a sure bet to raise the money.

For its part, the Federal Railroad Administration likes the fact that Alleghany is no stranger to railroads. The company was the principal stockholder of the New York Central Railroad from 1954 to 1968. It also owned stock in the successor railroad, Penn Central Corp.

OLD TIES

But Alleghany Chairman Fred M. Kirby was on the board of Penn Central prior to its collapse in 1970—forcing the federal government's intervention and, eventually, the creation of Conrail—and Alleghany's links to the collapse could pose a problem. Representative James J. Florio (D-N.J.), chairman of a House subcommittee that oversees rail matters, is busy dusting off reports from congressional investigations in the early 1970s of alleged insider trading in Penn Central just before its end. Institutional investors, including Alleghany, unloaded their stock late in May, 1970, prior to the May 28 public announcement that the railroad was abandoning plans to sell a $100 million debenture offering and was instead seeking a government-guaranteed loan.

Florio has already inserted remarks in the Congressional Record critical of Alleghany and of the Transportation Department's rush to sell Conrail before the election. "There is obviously something ironic about turning the railroad back to the people who ran it into the ground," says Florio.

Riley denies any rush, saying he is carefully waiting for a buyer who meets three conditions: "First, we will favor the purchase option that leaves the railroad in the strongest financial condition after the sale. Second, we will favor the option that best protects service patterns to shippers and communities in the Northeast. Finally, we will favor the option that is consistent with the previous criteria and offers the maximum return to the U.S." Transportation has, however, rejected a proposal that its economic advisers say might produce the biggest yield of all: a total or partial public stock offering. "We want to know who we are selling it to, and we want to sell it to someone who wants to run a railroad," Riley explains.

BARGAINING CHIP

The government's inclination is to encourage purchase by another railroad, but labor and management have balked at the active contenders, Norfolk Southern Corp. and CSX Corp. They work in and around Conrail territory and would surely close overlapping operations. "They may be serious," says Brian M. Freeman, the RLEA's financial adviser, "but nobody should take them seriously." Adds Richard Kilroy, president of the Brotherhood of Railway, Airline & Steamship Clerks: "We've lost 50,000 jobs on Conrail, and we don't want the plant and facilities decimated any further."

Labor made wage concessions to help save the railroad, including a wage differential that pays Conrail workers 12% less than the rest of the industry. Those savings accounted for $120 million of Conrail's $313 million in net income in 1983. Thus, the threat of ending its wage restraint gives labor a great deal of muscle in the sale negotiations. Labor also claims that past pay deferrals, worth $400 million, must be made up.

In addition, all employees participate in the employee stock ownership plan (ESOP), which owns the 15% of Conrail stock not held by Transportation. Alleghany is trying to meet the RLEA's demands and has reached some tentative agreement, but the workers could still proceed with their own deal. For now, labor has agreed to keep the wage differential. In return, Alleghany would liquidate the ESOP for $350 million in cash, give labor $150 million in preferred stock, and offer a profit-sharing plan worth $15 million a year for 13 years. "We are now in the realm of reason with Alleghany," says Freeman.

NECESSARY BLESSING

Conrail Chairman L. Stanley Crane, a highly regarded railroad executive, also will be a major factor in the negotiations. The prestige he has earned for his astounding turnaround of Conrail means lawmakers will be disposed to heed him. Buyers also want him and his management team to continue to operate the railroad. As a result, any deal would need his blessing. The original RLEA proposal did not have that blessing.

The most difficult player to please may be Congress. Lawmakers are determined to get back as much as they can of the money they have spent fixing up Conrail's physical plant and covering its operating losses. Of the total $7.6 billion the government has poured into Conrail, $3.2 billion has gone for physical improvements and for making up operating losses since the company was formed in 1976. The remaining $4.4 billion went to purchase track and equipment from the six bankrupt railroads that made up Conrail, to buy out excess jobs, and to pay for the commuter service that was turned over to local agencies last year.

Exactly how much say Congress will have is unclear under current law. The House has passed legislation introduced by Florio that gives legislators final approval of any sale of Conrail. But Transportation Secretary Elizabeth H. Dole has threatened to recommend a veto of the bill, arguing it would "both radically alter and seriously impair the department's statutory authority to arrange for the sale."

Making a Conrail sale still more complex is the question of tax credits. The railroad had a net operating loss of slightly more than $2 billion from 1976 to 1981, when it began making money. In a normal situation, an acquiring company could use that loss in a carryforward to shelter its own income from taxes. But since Conrail's operating losses were made up by the federal government as they occurred, any carryforward now would in effect tap the government's till a second time. The potential for "double dipping" into the Treasury from the sale of Conrail is known to have enraged Office of Management & Budget Director David A. Stockman. More likely to be negotiable is $275 million investment tax credits for rolling stock and signals. Alleghany wants these credits, but the subject remains controversial within the Administration. The outcome will clearly affect the size of anyone's bid.

Financial types, though, do not view this as a raid on the public treasure chest. USRA's Berger, who is an investment banker by profession and no amateur in politics, says: "You've got to forget how much the federal government put into Conrail. This is business deal now. Conrail's value is its cash flow and its earnings potential."●

ARGENTINA: PATIENCE IS NEEDED

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BARNES. Mr. Speaker, in a recent editorial the Miami Herald explained why Argentina's new democratic government needs time to cope with its overwhelming economic problems. Since the editorial was published, we have fortunately achieved a temporary agreement to prevent Argentina's default on its interest payments. But the need for continuing flexibility on the part of Argentina's creditors remains. The editorial particularly points out how damaging it would be for the International Monetary Fund to demand too much austerity of Argentina at this time. I hope all of our policymakers, the banks, and the IMF will pay heed to this warning.

The editorial follows:

[From the Miami Herald, Mar. 22, 1984]

ARGENTINA: PATIENCE

When Argentine President Raul Alfonsin took office last December, he had three serious problems to deal with: the military, the labor unions, and the economy. The military had been the power, or power broker, of political life in Argentina for almost 40 years. The Peronist labor unions were the second most influential force in the country, and often they and the armed forces competed to be Argentina's most disruptive force. With inflation at 450 percent a year and a foreign debt of $43 billion, Argentina's economy was in shambles.

Mr. Alfonsin knew that he had to cope with these problems while public opinion was on his side, while the momentum of his surprising and overwhelming victory gave him added strength. In the almost three months that the post-election high lasted, Mr. Alfonsin brought the military under control. He kept his word and put those who violated human rights behind bars, including some of the top military leaders in the country.

In the context of Argentina's history, that is a remarkable achievement. Still, it is the only problem that Mr. Alfonsin was able to solve before succumbing to the weight of the remaining problems.

Mr. Alfonsin now has suffered his first defeat. The Argentine Senate killed a bill designed to curb the power of the Peronist labor unions. The defeat indicates that the Peronists now are willing to fight him for control of the unions.

It is under these conditions that Mr. Alfonsin must face economic problems of a gravity unprecedented in Argentine history. He must try simultaneously to provide a better standard of living, control the world's worst inflation, and satisfy the demands of the international bankers who have not even been paid interest owed on their loans.

The key for Argentina is to sign a letter indicating to the International Monetary Fund (IMF) that it intends to cut back its budget deficits drastically. If this agreement is signed, private bankers probably will allow Argentina to roll over the delinquent interest payments. To agree, however, implies such an austere budget that Mr. Alfonsin's ability to govern might be impaired.

Mr. Alfonsin—and Argentina—deserve better. American officials at the IMF should use their considerable voting power to sway the international organization into recognizing the value of having a functioning democracy in Argentina. To demand extreme austerity now imperils the development of this process. Therefore, IMF officials should be as flexible and patient with Argentina as possible.●

THE MAKING OF A PRESIDENT 1984: SAN MATEO NATIVE PLAYS GEORGE WASHINGTON IN TV MINISERIES

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. LANTOS. Mr. Speaker, one of our many national heroes, probably the most distant and one-dimensional has been George Washington—the father of our country. He appears in the popular mind as a towering, but distant figure given to chopping down cherry trees and standing in boats crossing the Delaware.

This week, Mr. Speaker, Americans have had the pleasure of viewing a miniseries on the life of our first President. Although television and moviemakers have tackled a number of historical figures and historical situations, this is one of the first and most ambitious efforts to portray the life of George Washington. I am delighted with this effort and hope that it will encourage Americans to take a greater interest in this great American.

Mr. Speaker, with my constituents in San Mateo County, I share a particular interest in the star of this miniseries, Barry Bostwick, who admirably plays George Washington in the series, was born in the heart of the 11th Congressional District in San Mateo Park in 1945. He is the son of Henry ("Bud") and Betty Bostwick. His father was administrative assistant to the late Congressman, J. Arthur Younger, and he has been the executive director of the San Mateo County Development Association since its organization.

Barry attended local schools and was graduated from San Mateo High School in 1963, where he did some work in drama. This interest was intensified by his participation in several productions at our local little theater, Hillbarn. He attended California Western College in San Diego and then studied theater at New York University. He returned to San Diego, where he became a member of the Globe Theatre Group and played Shakespearean drama for a few seasons. Returning to New York, he worked in the A.P.A. Repertory Theatre with Ellis Raab. One of his first plays was an Irish fantasy, "Cockle Doddle Dandy." He studied singing and dancing at this time, as well as sharpening his dramatic talents, which were next seen when he created the leading role of Danny in the Broadway production "Grease."

Barry has done work in a number of movies including "Scruples," "Once Upon a Family," and with George Scott in "Movie, Movie." He continues to perform and act throughout the world and he makes his home in Beverly Hills, but he returns frequently to the San Francisco Peninsula to visit his parents at their apartment in Woodlake.

Mr. Speaker, Barry Bostwick will be "George Washington" for the rest of his life in the eyes of our Nation's television audience. I am delighted that Americans now have additional opportunity and incentive to know our first President.●

SEEKING JUSTICE FOR THE MILITARY

HON. JAMES F. McNULTY, JR.

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● **Mr. McNULTY.** Mr. Speaker, I am honored to be able to report to my colleagues in the House of Representatives that the San Diego Tribune has endorsed the bill, H.R. 1942, a measure which permits due process of law for men and women in the armed services when it is alleged that a medical malpractice has occurred. The San Diego Tribune takes note of the need for such legislation which would correct present practice which has the practical effect of treating our servicemen and women as "second-class citizens."

The need for such clarification of the will of Congress in legislation recognizing Federal tort liability has been acknowledged by 59 Congressmen and Congresswomen who are cosponsors of H.R. 1942. I urge my other colleagues who have not yet had the opportunity to study the background and need for this legal reform to do so and to consider becoming cosponsors of this legislation.

The article follows:

[From the San Diego Tribune, Mar. 13, 1984]

SEEKING JUSTICE FOR THE MILITARY

It would mean complete chaos if those in the military service were able to sue the federal government for injuries they sustained in combat.

If a wounded soldier could file legal action to be recompensed for his injuries, the U.S. government would still be trying to sort out the 1 million casualties of World War II.

But how about the peacetime service person who is crippled for life because of the incompetence of a military doctor? Can such victims sue for damages? They can, but it is almost impossible to win.

A U.S. Supreme Court ruling 34 years ago—called the Feres Doctrine—found that military persons have the right to sue in peacetime but that "the government is not liable . . . for injuries to servicemen where the injuries arise out of and are in the course of activity incident to service."

This ruling has been interpreted to cover almost every circumstance, including some horror stories of malpractice in the nation's military hospitals.

Two of these cases were covered in the March/April issue of Common Cause magazine:

There is Denise Chaffee, who joined the Army in 1979. After boot camp, Chaffee entered an Army hospital for some some minor gynecological surgery. There was something wrong with Chaffee's oxygen supply, and she woke up three months later paralyzed, blind, and unable to speak. She sued the government for $10 million and lost.

Then there is the case of Jerry Meagher, a U.S. sailor, who entered Balboa Naval Hospital here to have a small cyst removed from his arm. He was overdosed by anesthesiologists and not given proper care afterward. Because of this he is a quadriplegic, he cannot speak or do anything on this own. He sued the government for $4 million and the Supreme Court turned it down be Meagher's injuries were "incident to service."

Neither Chaffee nor Meagher has been able to sue the government for malpractice successfully. Convicts can sue. Aliens can sue. Military dependents can sue. But servicemen and women don't have a prayer.

Now Meagher's congressman, Rep. James McNulty, D-Ariz., has introduced legislation to amend the Feres Doctrine—to define "activity incident to service" in a more limited way. Standing watch on a Navy ship would be an activity incident to service. Undergoing elective surgery in a naval hospital would not. His bill would allow members of the military a better chance in suing the government for medical malpractice when they are injured in a government hospital.

McNulty says the Feres Doctrine has made second-class citizens out of military personnel. The congressman's bill is now before the administrative law and governmental relations subcommittee of the House Judiciary Committee.

We hope that the subcommittee sees the need for such legislation and votes the measure out for House action. It will be too late to help Chaffee and Meagher, but it will help others receive justice.●

MILLIONAIRE MAGIC

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● **Mr. GEKAS.** Mr. Speaker, over the past few months, a new mania has swept through Pennsylvania, a mania that sprang from Williamsport Area High School, where a skillful group of basketball athletes and their patient and calm coaches ignited an excitement that has left not only the city of Williamsport in a frenzy but the surrounding communities as well. This mania I refer to is none other than "Millionaire Magic."

The Williamsport High School Millionaires basketball team, led by head coach Pete White and assistants Lynn Datres and Larry Moore, capped their magnificant regular season of 25 to 0 with five consecutive wins in the district and State playoffs. The highlight of the Millionaires' basketball season came on March 31, 1984, in the Hershey Park Arena when they defeated their final opponent, Erie Prep, by a score of 68 to 61 to win the coveted PIAA Class AAAA State Championship.

The coaches and players should be congratulated for their outstanding performances on and off the court both as performers and outstanding citizens in their community. The sportsmanship which was displayed throughout their long and gruelling season is a credit to themselves and the fans who enjoy watching them play.

Those players contributing to the team effort are Marc Graves, Mickey Lockwood, Peter White, Jim Mertorf, Jeff Churba, Seth Burch, Joe Bower, Scott Peterson, Scott Richardson, Dan Pagana, Victor Barce-Harvey, and Rik Niklaus.

Congratulations and thanks go to these coaches and players for giving the fans of Williamsport a season of unending thrills and showing us the joy of high school basketball at its finest. The 1983-84 Millionaires basketball season will long be remembered as true magic.●

INTRODUCTION OF A BILL SEEKING TO AMEND THE ACT OF OCTOBER 18, 1972, WHICH AUTHORIZED APPROPRIATIONS FOR DEVELOPMENT AND RESTORATION AT THE SITKA NATIONAL HISTORICAL PARK IN SITKA, ALASKA

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● **Mr. YOUNG of Alaska.** Mr. Speaker, I am today introducing legislation which seeks to amend the act of October 18, 1972, which authorized appropriations for the development and restoration at the Sitka National Historical Park in Sitka, AK.

My colleagues have heard me speak on the floor previously on the efficacy of the arguments for wise management of our public lands and places. This legislation is designed to do just that. The legislation would remove the statutory ceiling on development expenditures (now $1,571,000) for the historical park in Sitka so as to allow the restoration of the site of the oldest, most nearly intact structure from the Russian-American period in North America. Sitka was the capital of Russian Alaska, and the Russian bishop's house to be restored under this legislation was the center of Russian activities here. The existing legislation must be amended to allow for the final restoration to continue, so that the park may live up to its name and congressional intent.

I wish to state that this action is consistent with former Secretary Watt's much-lauded position of "taking care of what we own" rather than acquiring new, expensive to maintain lands and physical structures. This legislation allows stewardship to continue and will enable the Sitka National Historic Park to welcome visitors according to the enacting legislation's intent.

I look forward to working with my colleague, Chairman JOHN SEIBERLING, to schedule hearings on this legislation and proceed rapidly with consideration of the merits of the bill. Thank you, Mr. Speaker.●

INDIANA'S FEDERAL TAXES

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. HAMILTON. Mr. Speaker, I am inserting my Washington report for April 11, 1984, into the CONGRESSIONAL RECORD:

INDIANA'S FEDERAL TAXES

Hoosiers often ask me whether Indiana gets its money's worth from the federal government. Specifically, Hoosiers want to know whether we get back our fair share of federal benefits after we pay our federal taxes. In general, the answer is no, but because the question is more complicated than it seems to be at first I requested a special report from the Library of Congress. The picture that emerges from the report is summarized below:

Question: How much do Hoosiers pay to and receive from the federal government?

Answer: Federal taxes paid by Indiana residents amounted to $2,485 per capita in 1982, about 4 percent below the national average of $2,585. Federal expenditures per capita amounted to $1,849, about 29 percent below the national average of $2,591. Thus, each Hoosier lost $636, while the average American gained $6. Our state was 31st in federal taxes paid, but in federal expenditures it was 50th. In short, Hoosiers pay marginally less in federal taxes but receive much less in federal benefits.

Q: Is Indiana's return on its federal tax dollar getting any better?

A: No. In 1952, Hoosiers enjoyed $1.34 in federal expenditures for every dollar that they paid in federal taxes. By 1976, however, Indiana had experienced the largest per capita decrease in federal contracts among the states, and its return on federal taxes had fallen to 73 cents on the dollar. There has been no significant variation in this figure in later years. Our state's 1982 return of 77 cents on the dollar put it in 46th place in the nation.

Q: How much of the federal budget is spent in our state?

A: In 1982, the federal government spent $10.1 billion in Indiana, 1.7 percent of a total of $584.8 billion that it spent across the nation that year.

Q: How is that federal money being spent in Indiana?

A: There are five primary categories of federal spending to consider: direct payments to individuals, federal contracts, grants to state and local governments, pay for federal workers, and other major programs of financial assistance. In 1982, about 55.4% of our portion of the federal budget consisted of direct payments to individuals under social security, medicare, veterans' legislation, and other similar programs. Federal contracts accounted for 21%, grants to state and local governments took 15.4%, and pay for federal employees absorbed 7.3%. Only 0.9% consisted of other financial aid, such as support for farmers. Indiana was higher than the national average in direct payments to individuals, but lower in federal contracts and federal pay. In fact, federal civilian employment in Indiana in 1980 was 6% below the peak that it had reached in 1970, when 44,500 Hoosiers were so employed. Generally speaking, a "benefit profile" like Indiana's means that a state has less federal money for economic development.

Q: Will Indiana increase its share of the federal budget in the future?

A: Not immediately. During 1982, the amount of federal funds spent in our state grew 3.3% over the previous year. On the average, however, states got about 7.4% more in 1982 than they did in 1981, so we lagged behind. Indiana saw above-average growth in government contracts and federal pay and below-average growth in direct payments to individuals, but the total increase of $464 million was partly offset by a sharp drop of 9.9% in grants to state and local governments, which cost Indiana $170 million. Indiana lost its federal grants at nearly half again the average rate of loss among other states.

Q: What can Indiana do to get more federal grants for state and local governments?

A: Quite a bit. Federal grants are set in part by the level of service the state itself wishes to provide, yet Indiana is a state with low taxes and low spending. In 1981, a recent typical year, we ranked 40th in the country in state and local taxes and 50th among the states in state and local spending. Because we choose to tax ourselves less than most other states in support of education, public welfare, highways, health and hospitals, airports, police and fire protection, corrections, parks and recreation, and sewage treatment, we capture fewer federal grants. In order to get more federal money for jobless Hoosiers, for example, we would have to increase our employers' tax. In order to get more federal money for poor families with dependent children, we would have to increase the monthly payment or make more Hoosier families eligible. The fact that we lag behind in these matters is due to our own choice, not to unfair treatment by the federal government.

Q: Can Indiana get more federal money across the board by changing its policies?

A: Not easily. Where the programs are being federally administered, variation among the states in direct payments to individuals is largely attributable to demographic factors. Per captia payments for medicare in Indiana are 17% below the national average, and those for food stamps are 12% below the national average, chiefly because of our lower-than-average established need. Per capita payments for social security in Indiana are 5% above the national average mainly because we have the higher wage base of an industrial state.

Q: Is Indiana getting its share of the nation's growing defense budget?

A: No. Thirty years ago, defense contracts in our state exceeded the national per capita average by 250%. Indiana was a leading supplier of ammunition and military vehicles at that time. But when the focus of defense contracting shifted to electronics, communications, and other high-technology fields, Indiana did not respond to the change. Today, our state's defense contracts amount to a mere 62% of the national per capita average.

(Note: Material for this newsletter was taken from a special report prepared by the Economics Division of the Congressional Research Service, an agency of the Library of Congress.)●

THE UNEQUAL ACCESS BILL

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. ACKERMAN. Mr. Speaker, as a member of the House Education and Labor Subcommittee on Elementary, Secondary, and Vocational Education who strongly opposed H.R. 5345—the so-called Equal Access Act—I want to bring to the attention of my colleagues an editorial which appeared in the April 6 edition of the Washington Post. The editorial raises serious questions regarding the constitutionality and policy implications of this dangerous legislation.

As the Post points out, H.R. 5345 would allow school administrators to discriminate against minority religions, and would permit religious institutions to set up shop in our public schools. The framers of our Constitution drafted the establishment clause to protect against just such entanglements between church and state.

I hope my colleagues will give this editorial serious consideration should H.R. 5345 be brought to the floor in the near future.

The editorial follows:

THE UNEQUAL ACCESS BILL

The House Education and Labor Committee countered Senate defeat of the school prayer amendment by speeding up action on "The Religious Speech Protection Act." After one day of hearings last week, a subcommittee and the full committee have voted to report the measure to the full House. The bill is designed to force public school systems to make secondary school facilities available for student religious meetings during noninstructional time. Districts that refuse to cooperate would lose all federal funding. That's a sweeping penalty, but there's more wrong than that with this idea.

Schools that are made available for meetings of outside groups during non-school hours are treated, for First Amendment purposes, like open spaces. They become public forums that must be made available on an equal basis to all groups, no matter how unpopular their beliefs. Thus in Alexandria, Virginia school officials recently had to grant a request by the Nazi party to meet in the auditorium at Yorktown High School. In a recent case, the University of Missouri was told by the Supreme Court that it could not deny meeting facilities to a Christian student group when space had been made available to more than 100 other undergraduate organizations.

The House bill goes far beyond preserving this well-established First Amendment principle. It forces schools to accommodate religious meetings even when the school board chooses to deny access to other groups. Sponsors of the measure point out that classrooms could be used for these meetings even during the school day so long as the meetings were held during students' discretionary time. Moreover, schools would be free to deny access to religious groups that did not have sufficient members in the student body, and they could not prohibit outside religious leaders from attending and conducting the instruction or worship service. Amendments in opposition to both these practices were defeated in committee.

If this bill becomes law, there will be what amounts to release time religious instruction in the schools during the school day—for major religions only. This is not an equal access bill. It is a special-privilege bill that grants superior rights to religious organizations over, say, political or civic groups. It protects some speech but not all. It makes it possible for the government to foster programs by one religion but not another. Any congressman with a passing acquaintance with the First Amendment has an obligation to vote it down.●

U.S. MILITARY INVOLVEMENT IN LATIN AMERICA

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. DASCHLE. Mr. Speaker, the following editorial from the April 2 Philadelphia Inquirer chronicles the administration's inexorable slide toward direct U.S. military involvement in Latin America. Unfortunately, I believe the Inquirer's prediction that President Reagan's policies will lead to direct U.S. military involvement in this region is accurate.

Despite President Reagan's incredulous statement that congressional debate hindered fulfillment of his goals in Lebanon, it is imperative for Congress to prevent commitment of U.S. troops into any situation, including Latin America, when it is clear that a military solution is unattainable or inappropriate, and when a majority of the American people are unwilling to accept the sacrifice of American lives in such an endeavor.

DECEPTIVELY, MR. REAGAN SLIDES TOWARD A U.S. WAR

It has become hypnotic, the muffled march into Central America. It is a distracting business to keep tabs on. While its elections are on center stage, U.S. spy planes fly over El Salvador's combat, radioing reports to government troops. While the Congress debates military aid, U.S. battle-equipped training troops suddenly come to light in places in which the Pentagon said they didn't exist.

It is the sideshows that can trip the wires of war. If spy planes are fired upon, will there be calls for retaliatory raids—the sort of raids that led to heavier combat involvement in Lebanon? If U.S. personnel are injured or taken hostage, will there be calls for rescue or punishment—the calls that led to confrontation with Iran?

The Pentagon waffles. One day it reports episodes of U.S. troops under hostile fire. The next, as demands arise that the machinery of the War Powers Act be activated, the official story changes. The bullets were not that close after all.

But there assuredly will be more. What will Congress do? Sen. Edward M. Kennedy (D., Mass.) failed in his effort last week to require a declaration of war before U.S. troops could be sent into combat in Central America, where, he said, they are being sucked "into harm's way."

If there is to be no declaration, then what? Will President Reagan level with the American people; will he tell them that he has charted a course that may compel them to shed their blood and the blood of their sons? Or will he persist, inserting troops on the sly, waiting for fate to trigger circumstances that require a rush to arms?

So far, he has chosen a course of deception. "Routine maneuvers" in Honduras left that country decorated with airfields and prepared for more naval and ground exercises that will involve 30,000 U.S. troops in coming weeks. His "covert" war to halt arms flowing from Nicaragua has grown into a full-blown terrorist effort to topple the Sandinista government in Managua. And now the revelations of U.S. air support and trainers with remote units.

Ronald Reagan talks about the Soviet-Cuban threat, but he has not made a convincing case that it is the primary or even underlying cause of unrest in Central America. He has not made a case that victory over leftist insurgents by itself will bring peace and prosperity to that embattled land.

Until he does, he will not have the wholehearted support at home that any long-term foreign military venture requires. That was the lesson of Vietnam. It was a factor in dooming the U.S. presence in Lebanon. Until Mr. Reagan levels with the American people, unless he obtains their clear consent, he has no right to wage war in their name—secret or otherwise.●

PRINCE GEORGES COUNTY BASKETBALL CHAMPS

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. HOYER. Mr. Speaker, we in Maryland had a red letter year in our sports activities recently. Our Baltimore Orioles took the world series, capping a brilliant season. And our University of Maryland Terrapins basketball team won the ACC tournament and did well in the NCAA's.

But we are equally successful at the local level, and, in particular, in my Fifth Congressional District in Prince Georges County.

DeMatha Catholic High School was named the leading boys' high school basketball team in the Nation;

Crossland High School girls' basketball team won the Maryland class AA title;

Central High School boys' basketball team won the Maryland class A championship; and

Fairmount Heights High School girls' basketball team took the class A girls' championship.

In addition, DeMatha's marching band was named the most outstanding Catholic high school band in the Nation, the fourth year for such an honor.

This certainly is a remarkable achievement for our youngsters, and shows the fine athletic programs offered by our schools in Prince Georges County.

I applaud the talent and energies of these young people and their coaches and teachers. I know my colleagues will join me in congratulating these teams on their fine accomplishments.●

NETWORKS UNRELENTING IN EARLY ELECTION-DAY PROJECTIONS

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. EDWARDS of California. Mr. Speaker, with 1 hour to go before the polls closed in the April 10 Pennsylvania primary, all three networks were unrelenting in their harmful practices of making early election-day projections or characterizations of the race.

The Pennsylvania polls close at 8 p.m., but at 7 p.m. the networks intruded into election day with their controversial practices on the nightly news. This is what was said starting at 7 p.m.:

7 p.m. CBS News, Dan Rather: The "polls are still open, so far based on the CBS, New York Times interviews with Pennsylvanians who have already voted, Walter Mondale is doing very well."

7 p.m. NBC News, Tom Brokaw: The "polls are still open, based on interviews with voters, it appears Walter Mondale will do very well, he may win by a wide margin as he did in New York. The fact that Mondale is doing well, is no surprise."

7:07 p.m. ABC News, Peter Jennings: It "looks to have been a good day for Walter Mondale, if the trend continues Mondale will win his second big industrial State."

8 p.m. NBC News, news bulletin: "Mondale winner in Pennsylvania."

How many more primaries and caucuses do we have to witness this happening? Are the networks not listening to what mostly everyone is saying, that there is no public demand or need for this type of announcement? Ironically the New York Times, who help CBS conduct exit polls are one and the same who on April 5, 1984, called on the networks to "report (exit polls) responsibly, which, most of all means after the voting has ended."

Well put. I hope that the networks will finally start to listen and act accordingly.●

MARTIN COUNTY'S "SOUND OF MUSIC"

HON. TOM LEWIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. LEWIS of Florida. Mr. Speaker, I would like to commend a group of children in Martin County, FL, in my 12th Congressional District, for their recent portrayals of the children of Baron von Trapp in the production of "The Sound of Music" at the Barn Theater in Stuart, FL.

The collective performances of the 13 children who portrayed the Von Trapp children on alternating nights were magnificent in all respects. These talented young people gave depth and scope to this beautiful story of a family's flight to freedom.

The actors and actresses and their respective roles follow:

Vicki Lollman of Stuart (Liesl); Kevin Thuman of Stuart and Mark Ankrom of Port St. Lucie (Frederick); Pearl Ashcraft and Valarie Lyons, both of Palm City (Louisa); Scott Ettinger and Mike Bielenberg, both of Stuart (Kurt); Jennifer Harrell of Stuart and Laura Collins of Jensen Beach (Bregetta); Carrie Gifford of Palm City and Noelle Wagner of Jensen Beach (Marta); and Melinda Harrell of Stuart and Kaija Krumins of Jensen Beach (Gretl).●

UNITED STATES-ISRAELI COOPERATION IN AIDING THE THIRD WORLD

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BERMAN. Mr. Speaker, I am introducing today legislation to fund joint United States-Israeli assistance projects to meet basic human needs in Third World countries. The legislation adds $20 million to worldwide development assistance in fiscal year 1985 for this purpose. Under the legislation, Israel and a recipient country would design a project which would have to be approved by the Secretary of State. Congress would be notified in advance on any obligation of funds.

Israel receives far more assistance requests from developing countries than it can fund. It has $100 million in unfunded requests from Africa alone.

Third World countries recognize that Israel has developed unique technical expertise in many areas, and that Israel's recent economic development experience is particularly appropriate to their needs.

Through assistance, Israel is able to reestablish constructive ties with countries that have severed diplomatic relations. Israel has aid projects in 20 African countries, but has diplomatic ties with only 2.

In 1980, African governments with which Israel had no formal diplomatic ties sent 200 trainees to Israel. Many of these governments fear that closer relations with Israel will provoke retaliation by Libya or protests from domestic, radical, Moslem factions. Yet they remember Israeli aid in the 1960's as particularly effective and appropriate to their needs, and they see Israel as an outstanding economic development model. The United States should encourage the ties that Israel is developing with Africa and other Third World countries through its assistance.

Other countries fund Israeli technical assistance and training programs. Among them; the Netherlands, Sweden, Canada, and Germany.

There is ample precedent for this kind of U.S. cooperation with other donors. The United States often provides scholarships for study in third countries. For example, the United States funds agricultural training in Egypt for students from Yemen.

Division of labor among donors in individual projects is standard operating procedure for AID: In an agricultural research project in western Sudan, the World Bank is providing the infrastructure, the United States the technical expertise, and Germany the extension agents.

Israel provides effective assistance in a broad range of areas. They include: Irrigation, soil management, farming in arid zones; appropriate technology for small farms and cooperatives; early childhood education; literacy in countries with a variety of native languages; development of cooperatives; health care in diseases which Israel and African countries have in common; development strategies for newly independent nations with small markets; and training for women in rural development. Since 1961, Israel has run a training center for this purpose. In Africa and many developing countries, women do the farmwork and marketing and are responsible for family health, but training programs are still aimed at men.

But there are many assistance requests which Israel cannot now fund: Liberia asks for help in fighting an eye disease with which Western countries have no experience, but was only recently eradicated in Israel. Israel has been asked to send doctors, to educate two Liberian doctors in Israel, and to set up and equip clinics. Israel has the doctors available, but cannot afford the equipment.

Kenya requests that Israel establish a school for agriculture as part of its professional instruction for its youth movement. According to the ILO's and other studies of employment problems in Kenya, the country needs to overcome a colonial heritage whereby educated youth expect white collar jobs and do not seek careers in agriculture. Israel provides an appropriate alternative model: educated Israelis have chosen to develop the country's agriculture on the kibutzim and in private farming.

Bolivia has submitted to Israel requests for assistance on five irrigation and development projects.

Sri Lanka seeks Israel's assistance in agricultural development projects.

Mr. Speaker, I urge my colleagues to support this legislation. With it we can help speed humane and successful economic development in the Third World.●

FRANK FORRESTER CHURCH: IN MEMORIAM

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. FASCELL. Mr. Speaker, like many of my colleagues, in this and in the other body, I was deeply saddened to learn of the untimely death of the distinguished former chairman of the Senate Foreign Relations Committee, the Honorable Frank Church of Idaho.

It was my privilege to have worked closely with Frank Church over an extended period of time on the full spectrum of foreign policy issues which our respective committees were called upon to consider. Although he was a man of deep personal conviction and a tough negotiator in Senate-House conferences, he was also eminently approachable and willing to listen to another point of view throughout the long, and often arduous, negotiating sessions of the late sixties and early seventies.

To many, Senator Church will be remembered for his eloquent and persuasive oratorical skills, which carried him from early victory in an American Legion national oratory contest to the national spotlight as keynote speaker at the 1960 Democratic National Convention—and to a subsequent run for the Presidency.

It is equally true, however, that his urbane, polished, and almost musically cadenced speaking style tended to mask the fighting qualities of a politician who often ran against the popular tide, both in his State and in the Nation at large, and who espoused causes whose time, politically, had not yet arrived. His early battle against the dread disease of cancer while still a law school student undoubtedly tested his determination and resolve for the political and personal battles yet to come.

Mr. Speaker, the eloquent and independent voice of Frank Church has been stilled, but it will not be forgotten. He not only received, but he clearly earned, the high regard and respect of his colleagues.

To his family and many admirers, both in the State of Idaho and across the Nation, I extend my deepest sympathy.●

THE HIGHLAND CONGREGATIONAL CHURCH CENTENNIAL CELEBRATION

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BROWN of California. Mr. Speaker, the Highland Congregational Church in my district is celebrating its 100th anniversary in 1984. I am pleased to be a part of this celebration in acknowledgement of this congregation's great historical and valued service to our community.

On April 21, 1884, nine members, representing five religious denominations, gathered in what is now the vicinity of Highland, to form a Christian union which eventually became the Highland Congregational church. It was decided by the members that the congregation would accept all other denominations. This was a remarkable action for that period of time in which religious denominations were rarely joined in worship.

Despite the difficulties in attending services, the church's membership grew. By the turn of the century, there were 140 members of the Highland church. About this time, the members felt prosperous enough to offer the minister a regular salary of almost $42 a month—when and if it was paid. The Highland church in those days had kerosene lamps. There was no water on the property. The chairs had a tendency to collapse during services. A special committee of three had to be formed for the purpose of repairing the church's hitching posts. Ladies' skirts swept the floors, and hats and gloves were always worn.

The priorities of the founders 100 years ago are constant and valued reminders for our own lives today:

Tolerance and acceptance of widely differing viewpoints—of the original nine members, one was a Baptist, two were Methodists, two were Catholic, two were Presbyterian, and the other two were Congregationalists. The church became Congregational because it was the only denomination that would accept all others.

Education was encouraged among members by sending their children to colleges in the area. Knowledge and learning were considered "holy" pursuits.

The arts were considered a vital part of life's pleasures. Several of the members were extemely accomplished and expressed their talents on many occasions.

All of life was considered sacred, not just when worshiping: The church encouraged dancing, beach parties, bowling, etc cetera, when other churches saw these activities as sinful.

Patriotism and social responsibility were tied with fervency and independence. Social action was always expressed through love of country and concern for others.

A covenant for mutual respect rather than a creed was the basis for the members' religious life.

These are but a few of the elements in the church's profile that have enriched the community over the years. The love and friendship of the founders is expressed through the unity of all the denominations included in the congregation. From 1884 to 1984, generations of Highlanders have kept the little white church on the hill a constant reminder of our heritage. The message of the original founders of the church has been expressed consistently for 100 years in the motto: "A Colonial Church for a Contemporary Faith." In this centennial anniversary, we can be thankful for the cultural, moral, and social values the Highland Congregational Church has contributed to the heritage of its community, its State, and its country.●

PERSONAL EXPLANATION

HON. JAMES R. "JIM" OLIN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. OLIN. Mr. Speaker, yesterday I was unavoidably absent during two votes: roll Nos. 77 and 78. Had I voted, I would have voted "No" on roll No. 77, the Carney amendment to H.R. 4900, the Panama Canal authorization, and "yes" on roll No. 78, passage of H.R. 4900, the Panama Canal authorization.●

IT IS TIME FOR ENVIRONMENTALISTS TO CARE ABOUT PEOPLE

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. YOUNG of Alaska. Mr. Speaker, my office recently received a press release from a group calling itself the Friends of Animals which—to my way of thinking—demonstrates a complete lack of concern for this Nation and its citizens. Under the banner of saving the dying oceans, this elitist group of nonthinkers has proposed that all commercial fishing in the United States be brought to a halt unless fishermen use a specific type of gear. This ridiculous suggestion is made as a way to save marine mammals.

I want to remind this body that our Nation controls some 15 to 20 percent of the world's marine protein resources in our 200-mile exclusive economic zone. Sadly, at the same time, the trade deficit in fisheries products represents approximately 10 percent of our total balance of trade deficit. As a result, this Congress has consistently established national policies to promote the development of our fishing industry. Now, Friends of Animals would have us give all that up because they allege that marine mammal populations are being destroyed.

Longline gear, which the so-called Friends suggest our fishermen use, is realistic in certain fisheries. It is completely unrealistic if we wish to harvest the massive amounts of bottomfish that are found in the 200 mile zone off Alaska, New England, and the west coast. Longline gear also cannot be used to harvest shrimp, crab, or lobsters. It cannot be used to harvest the bountiful salmon resource of western Alaska. What the Friends of Animals are suggesting is that we stop harvesting fish in order to insure the survival of marine mammals that are not being harmed using existing practices. If anything, the marine mammal populations off our shores fare better than the fishermen. In the Bering Sea, for example, the marine mammal populations consume from 2 to 10 times the amount of fish caught each year by United States and foreign fishermen combined. Marine mammals are protected under the Marine Mammal Protection Act and incidental catch of these creatures by fishermen is strictly regulated. In some areas—such as the surf clam fishery in the Bering Sea, the Dungeness crab fishery in Prince William Sound, and the abalone fishery in California seafood consumption by marine mammals has nearly wiped out commercial fishing. It is not the marine mammals that need protection, it is the fishermen.

I think it is time that special interest environmental groups be held accountable for their narrow point of view. I hope that every Member of this body joins me in putting this proposal where it belongs—in the deepest garbage can you can find.●

EMERGENCY MEDICINE WEEK

HON. TOM VANDERGRIFF

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. VANDERGRIFF. Mr. Speaker, today, I introduced legislation to designate the week of September 16, 1984, through September 22, 1984, as "Emergency Medicine Week." This resolution recognizes the challenges conquered by emergency health care providers across the Nation, and encourages all Americans to become aware of the advances made in emergency medicine. Identical legislation is being introduced in the other body by Senator LLOYD BENTSEN of Texas.

Eighteen years ago, the National Academy of Sciences reported that accidental injuries were the neglected epidemic of modern society and the Nation's most important environmental health problem. They were the leading cause of death in the first half of life's span.

As a result of that report, a dedicated group of men and women worked together to improve emergency health care for all Americans. In 1968, these physicians founded the American College of Emergency Physicians, the cornerstone of a speciality dedicated to improving emergency health care in the United States. ACEP is located in Dallas, TX.

Since that time, Americans have learned they can depend on these specialists in emergency care to provide them with immediate lifesaving care. In 1960, 42 million Americans visited emergency departments. By 1984, that figure is expected to double to more than 84 million visits.

Sixty-three residency programs in emergency medicine have been established to provide formal training for emergency physicians. A board certification—first administered in 1980—establishes the credentials of emergency physicians within the speciality. The training of emergency nurses and thousands of prehospital care providers has also improved.

Countless lives are being saved daily because of the efforts of the American College of Emergency Physicians, as well as all emergency care personnel. Victims of heart attacks, automobile accidents, poisonings, and burns can be assured that their care will be the best possible.

This resolution, which pays tribute not just to these past efforts, but to future research and improvements, will salute and give the support deserved to these health care professionals whose emergency medicine speciality continues to mature.

Mr. Speaker, I ask that the bill be printed in the RECORD immediately following this statement.●

THE HIGH COST OF HEALTH CARE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BROWN of California. Mr. Speaker, rising health care costs are of major concern to all Americans. Most experts predict that medicare will be the next major Federal financing crisis. As we prepare to respond to rising costs and health care program deficits, we must determine why health care costs have spiraled.

Hospital spending has outpaced the general economy for 50 years—beginning 35 years before medicare and medicaid were enacted. Increases are attributed in part to more costly technologies, to the fact that medicare and medicaid do not cover full hospital charges for care, and to inadequate Government regulation. Third-party—insurance company—payments for health care, while essential, encourage overuse of facilities and services.

The economic stabilization program of the Nixon administration's wage-price control policy represented initial Federal intervention in the early 1970's. It held the health care inflation rate down to 5.7 percent, but it was then abandoned. Without Federal controls, hospital charges increased dramatically—17.2 percent in 1975. Fortunately, a number of States recognized the need for Government action. They developed overall cost control programs, which on the average have held down the rate of increase to 2 percentage points below the national average.

Last year Congress and the administration adopted a social security reform bill which changed medicare's payment system and reduced payment rates. I was pleased to see the California Medical Association lead the way in encouraging physicians to adopt a voluntary 1-year freeze on their fees. My colleagues on the various health subcommittees have proposed several approaches to cost control, some of which I have endorsed.

These steps are only a beginning. We need to reform methods of payment for physician services, providing payments that encourage high quality, cost effective care, rather than encouraging increased visits and procedures. We must reform payments for hospital capital costs to encourage rational allocation of resources and limit unneeded spending. We need to encourage State hospital cost control programs.

Mr. Speaker, we are all responsible for skyrocketing health care costs, and we must all participate in efforts to control costs. John C. Bedrosian wrote about public responsibility for health care costs in a recent Los Angeles Times article. I include the text of the article for my colleagues' review.

We are in an era of hard choices. With a growing elderly population which consumes a great deal of health care, and the continued development of new and expensive health care technologies, the choices will not become any easier. But with those of us in Government working with the health care community—physicians, hospital administrators and personnel, and consumers—perhaps we can meet the challenge.

The article follows:

[From the Los Angeles Times, Mar. 18, 1984]

HIGH COST OF HEALTH CARE—WE ARE ALL TO BLAME

(By John C. Bedrosian)

It is impossible to talk about health-care trends without talking costs. They are the basis for most of the change taking place, and they are out of sight. It is not difficult to pinpoint the blame—and it's not just hospitals. It is all of us.

To understand how we got where we are, we must look back to 1965, when the Great Society produced the nation's first "free lunch" by offering Medicare for the elderly and Medicaid for the poor, and set it up on a cost-based system for reimbursing providers. But nowhere was an incentive provided to control costs. This reimbursement system meant that the inefficient provider was no worse off than the efficient. It was much the same in the private sector, with insurance companies occasionally raising their premiums—but always reimbursing in full.

We had effectively arrived at the point where more than 90 percent of all hospital bills were paid by other than the patients themselves—by government, employers or private insurers.

By immunizing the health-care industry from market forces, government and insurance coverage insulated consumers and providers alike from the true cost of care. Meanwhile, an open-ended reimbursement system rewarded excessive admissions and services and inefficient use of high technology. Fed by the lack of restraints and the government-supported conviction that health care is a God-given right, we became a nation of hypochrondriacs bent on immortality: We wanted the best medical care money could buy. "Miracle" cures and treatments became routine and rarely questioned for their medical or cost effectiveness.

Other forces, including inflation, fueled the cost of health care, too. The malpractice epidemic of the 1970s swelled doctor bills by encouraging physicians to overuse medical tests and services. Employers and unions also drove up the cost of health care by designing increasingly liberal benefit programs that unleased a tremendous demand for services while leaving the strong insinuation that most of it was free.

So the answer to the question of who is to blame for the high cost of health care is us—all of us—providers, insurance companies, government, physicians, lawyers and consumers.

Most symptomatic of the current condition and leading the mandate for change is what's happening with Medicare, which cost $3 billion in 1967, $49 billion last year and is projected to cost $118 billion by 1988, threatening to collapse of its own weight. As a result, the federal government—architect of the system that underlay much of the escalation—now leads the outcry over runaway health-care costs. What we have is a new system of "prospective" reimbursement for Medicare based on diagnosis-related groups of treatments, or DRGs. So long (and good riddance!) to cost-based reimbursement.

But the new "solution" creates its own problems, and some may fear that the new system will jeopardize quality of care. I disagree, though health care henceforth will certainly need to be delivered with efficiency and economy in mind as well as quality.

Notable among cost-conscious trends will be sophisticated cost-tracking systems within hospitals and proliferation of PPOs, or "preferred provider organizations," to market health-care services at discounts in exchange for a guaranteed pool of patients. Underlying the PPO phenomenon is the refusal, at last, of employers to sit still while costs of employee benefits soar even higher. Many are already instituting programs to ensure that benefits will be used rationally, such as requiring larger employee co-payments and deductibles, obtaining second surgical opinions and implementing "wellness" programs to reduce demand for health services.

We are witnessing the great demystification of health care, which now joins the 20th Century as a business driven by market influences. We have lost our immunity to market forces to a new spirit of competition, and not all providers will survive. We are going to see a major redefinition of the roles of hospitals, physicians and patients, with hospitals run increasingly like the businesses they are.

Despite these emerging changes, however, health care will remain expensive, especially considering the growth and increasing longevity of our elderly, who consume four times as much medical care as the rest of society. The only way to bring costs down is to restrain medical research or limit access. On the other hand, competitive market forces, the slowing of inflation and the introduction of new efficiencies should ease cost escalation.

But to assure that the public will also continue to benefit from improved quality and availability of health care in an era of growing demand and waning resources, we must devise a national policy to establish patterns of allocating health care.●

HERNANDO-PASCO HOSPICE RECEIVES LICENSE

HON. MICHAEL BILIRAKIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BILIRAKIS. Mr. Speaker, hospice care, a growing trend in the treatment of the terminally ill, is sweeping across the Nation. And I am proud to announce that the Hernando-Pasco Hospice has recently been licensed by the State of Florida.

It is through the tireless efforts of many, including the directors, personnel, volunteers, and donors, that a dream has become reality. Their dedication of giving support to the terminally ill and their families is a humanitarian quality, much needed in this day of science and technology.

I wish to congratulate all the individuals that have volunteered their time to this worthy cause, especially those that have completed the patient-care training course.

In closing, I want to express my wishes for their continued success and offer the example of Hernando-Pasco to this Congress, as well as the people of this Nation, as an example of courage and achievement.●

LUCY HAESSLER—A WOMAN FOR PEACE

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. PANETTA. Mr. Speaker, I would like to take this opportunity to pay tribute to one of the most dedicated peace activists I have ever known, Mrs. Lucy Haessler of the Women's International League for Peace and Freedom. Mrs. Haessler is 80 years young today, and she is as aggressive as ever in her search for world peace.

Lucy Haessler's quest for peace and human rights has spanned 60 years and four continents. Born in Newton Highlands, MA, in 1904, she developed a strong sense of social responsibility through her involvement in the early women's suffrage, labor, and civil rights movements. Then, after World War II, she turned to the most important challenge ever to face mankind, removing the threat of war from our lives forever.

As a leading member of the Women's International League for Peace and Freedom, Mrs. Haessler served on WILPF's policy committee and on the editorial advisory board for the publication "Peace and Freedom." From 1979 to 1982 she was the U.S. correspondent for "Pax et Libertas," and was also cochair of the Santa Cruz branch of WILPF for several years.

In 1974 and 1977, Mrs. Haessler was selected as a delegate to two WILPF International Triennial Congresses, first in Great Britain and later in Tokyo. She has also participated in peace conferences conducted by WILPF and the Women's International Democratic Federation in France, the Soviet Union, Poland, and East Germany. Most recently, Mrs. Haessler journeyed to Belgium in 1983 for International Women's Day, where she joined thousands of dedicated peace activists in expressing her concern about the impending deployment of Cruise and Pershing II missiles in Europe.

Perhaps Mrs. Haessler's most farsighted contribution to the peace movement began in 1954 with her strong protest against the war in Indochina. For 20 years, she and her late husband Carl conducted a public education campaign to impress upon all Americans the folly of U.S. military involvement in that region of the world. Mrs. Haessler helped to organize antiwar marches in Washington and New York, and was a leader in the nascent peace campaigns of WILPF, Women Strike for Peace, and Physicians for Social Responsibility.

Mr. Speaker, Lucy Haessler serves as an inspiration to all who believe in the strength of the human spirit and the benefits of social activism. A witness to four major wars, she has never waivered in her support for essential human rights and peaceful relations among nations. I hope Mrs. Haessler will continue her valiant efforts, and with her help, we may yet realize her 60-year-old dream: Peace on Earth. On behalf of all who have benefited from her dedication and perseverance, I would like to wish Lucy Haessler a happy birthday, and a healthy and rewarding future.●

COMMENDING THE LONG ISLAND CHAPTER OF THE NATIONAL ASSOCIATION OF MEDIA WOMEN

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. ADDABBO. Mr. Speaker, I would like to congratulate the Long Island chapter of the National Association of Media Women on the occasion of their Mardi Gras Ball. This organization is to be commended for promoting activities which encourage students to develop their interests in the news media: newspapers, radio, and television.

Some of the activities the Long Island chapter sponsors are media workshops and seminars that highlight important elements of reporting. The organization's sensitivity to minority affairs, including the joint seminar that it holds with the Jamaica chapter of the National Association for the Advancement of Colored People (NAACP) is particularly significant.

I believe this organization not only offers positive direction to young people, it also enables professionals to channel their experiences into the community. And by sharing experiences with each other, both groups emerge with something new.

I will continue to support the National Association of Media Women and am proud to see that three members of the Long Island chapter are members of the national board: Eleanor Haynes, national first vice president, Ruth Ransom, national secretary, and Sabrina Gill, national lay board member.

In the next few weeks, I look forward to their second annual "Queens Five Mile Run" in Flushing Meadow Park, and though I will not be running, I will actively be watching to insure that the fundraising drive, kicked off at this race, is running smoothly. The money will be applied to a scholarship fund for students interested in pursuing a career in the field of mass communications.●

IN MEMORY OF CARMEN DRAGON

HON. CARLOS J. MOORHEAD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. MOORHEAD. Mr. Speaker, it is with sadness that I announce to my colleagues in the House of Representatives the death of Carmen Dragon, a man of natural dignity, enormous musical talent, and well-deserved fame.

For more than two decades, Carmen Dragon was the musical director of the Glendale Symphony Orchestra. It is principally Mr. Dragon who receives and deserves the credit for molding and nurturing the Glendale Symphony into a world class orchestral group.

On many occasions, I have enjoyed the GSO under the baton of Maestro Dragon. He had a special genius for making beautiful songs even more beautiful. His arrangements created sweeping, lush sounds that were distinct and so very listenable.1I know that many people in and out of my district were shocked by the death of Carmen Dragon. We will all miss his sounds, his special talents, his inspired leadership, and the many musical gifts he gave from the heart with so much aplomb and grace.●

NASSAU CHILDREN'S HOUSE, INC.

HON. ROBERT J. MRAZEK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. MRAZEK. Mr. Speaker, the renewed emphasis in this country on the tragedy of abused, neglected, and runaway youth is especially appropriate for a society which seems to be searching for its moral and ethical center in an age ripe with confusing signals.

It may interest the Members of this body to know that in Nassau County, part of which falls in my district, an organization has been addressing for 100 years the needs of youth requiring out-of-home care. I rise today to bring special attention to this organization, the Nassau Children's House, Inc.

Originally known as the Temporary Home for Friendless Children, this exemplary organization has served the needs of more than 22,000 young people and their families since 1884. It soon evolved into the county's Society for the Prevention of Cruelty to Children, providing probation and child protective services for Nassau County through the early 1900's.

In its present form, the Nassau Children's House, Inc., is comprised of four residential programs for boys and young men. The Nassau House in Mineola serves young abused or neglected teens. Nassau Haven, also in Mineola, houses runaway and homeless youth. Port Washington Group House in Port Washington is a haven for older teens who are finishing school. And Walkabout, in Bethpage, helps to prepare youth for independent living.

Through the years, Mr. Speaker, the Nassau Children's House, Inc.and its predecessors have benefited from a committed corps of supporters and professionals. Their efforts have led to a century of progress in meeting the needs of several generations of young people with special problems and nowhere else to turn. I commend the ongoing work of the Nassau Children's House, Inc., in addressing one of the primary social problems of the day.●

TECHNOLOGY AND HUMANITY

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BROWN of California. Mr. Speaker, in my years on the Science and Technology Committee, and throughout my life, I have witnessed amazing, overwhelming technological achievements. We have advanced so far in computer science, space science, health care, engineering, telecommunications, and other fields that years of training are required to become a professional. We continue to make rapid technological strides, and will probably increase our pace in some areas.

We are beginning to see the societal results of these advancements. We have a new class of disadvantaged children, a new class of technological illiterates. Some sectors of the economy, such as the automotive and steel industries, have laid off enormous numbers of employees, most of whom will never be able to find similar employment—it does not exist anymore. Our achievements in health care bring myriad bioethical decisions. As we develop technologies to keep someone alive who is brain dead, we must decide when life ends, and who pulls the plug. One group of scientists has applied for a patent on a new life form.

In talking with members of the religious community, I have discovered that perhaps one of the most essential questions brought about by technological advancements is that of defining humanity. As we develop godlike abilities to control and produce life, we must examine our own humanity and redefine our relationship with our Creator. In the words of one pastor, "the world of the microchip, like all new technologies, is going to alter our image of ourselves, and that will reawaken the age-old discussion of who we are, who God is, and how we relate to God and to one another."

I include for my colleagues' review the full text of "Christian Faith and a Microchip World," a message written by Richard Newby of the Friends Church in Muncie, IN. I believe Pastor Newby's message applies to all religious faiths, and addresses questions which we must answer in this new technological era.

THE CHRISTIAN FAITH AND A MICROCHIP WORLD BY PASTOR RICHARD NEWBY, MUNCIE, IN, SOCIETY OF FRIENDS MEETING, SPRING 1984

The first wrist watch I ever owned was a second-hand Bulova I received at my high school graduation. It is very different from a watch I saw recently in a jewelry store. The 1983 version of a wrist watch neither ticks nor hums. It has digital numbers in place of hands. In addition to telling time, which it will do on either a twelve or twenty-four hour basis, whichever you choose, it tells you what day of the week it is and keeps track of the date, automatically adjusting for leap year every four years. It also has a built-in stop watch which can time events down to one one-hundredth of a second. It has an alarm system which you can set to wake you up at the same time every day, or on selected days. In other words, I could set it to go off only on Sunday mornings at 6:00 A.M. if I choose. On top of that, it has in it a full-scale electronic calculator which can add, subtract, multiply, and divide. Some of us should have had that in grade school. Now all of this comes packed into a case which is somewhat smaller than my graduation watch and weighs about a third as much.

And how is all of this possible? It is possible because of a little piece of material about the size of a baby's thumbnail, made out of the predominant element in common beach sand and called a "microchip." And what is a microchip? Well, at the risk of over-simplification, it is a sliver of silicon on which is printed, or etched, a pattern of electronic wires, switches, and circuits often as complicated as a road map of a large metropolitan area, making it capable of calculating, processing, and storing superhuman amounts of information. Medieval saints used to argue about how many angels could dance on the head of a pin, and it was pure mythology. In the very near future, a piece of silicon the size of a small postage stamp will be able to memorize 200 Bibles word for word, and that is fact.

And why is all this important for us? Why should I be taking sermon time to talk about it? I am talking about it because, like it or not, that little chip is going to change the shape of the world in which you and I live. Indeed, it is doing so already. And that world is going to offer serious challenges to our faith as well as open up exciting opportunities and possibilities for the understanding and practicing of that faith. And I feel that we neglect to face those challenges and opportunities at our own peril. So what are those issues as I see them?

First, I think that the world of the microchip, like all new technologies, is going to alter our image of ourselves, and that will reawaken the age old discussion of who we are, who God is, and how we relate to God and to one another. The world of the microchip is going to push the human quest for knowledge and power considerably further than it has gone heretofore, and heighten the impression that man is able, through his efforts, to duplicate the work of God.

Now notice, I did not say that man would actually do the work of God. But what he will do will be very impressive indeed. Already, we are into a world where microchips are designing new microchips beyond the capacity of human beings to design. In some parts of the world whole factories are run by computers and robots which have microchips for a heart. By 1990, Japanese engineers will have produced a chip containing circuits as complicated as the road map of a metropolitan center twice the size of the state of Alaska, at which point the computer should become capable of thought processes and judgment similar to the human mind. Little wonder that TIME magazine name a computer as its "man of the year."

Now I think it symbolizes something when a computer is chosen "man of the year." When man finally produces something which he identifies by the same capabilities with which he identifies himself, then a struggle which began way back with the story of Adam and Eve wanting to know everything so that they could be as God has reached a whole new rung on the ladder. What I see up the road is a whole new discussion among ourselves concerning what it means to be God, what it means to be human, and a struggle to articulate what faith is. And to try and sidestep that discussion will be to reduce Christianity to an irrelevant little game of cliches which relates in no way to real life. Now you may find that scary. Frankly, so do I, because I don't have any real answers. But I also happen to think it will be exciting.

And where can we start? Well, we could do worse than begin with Paul's famous words to the Corinthians: "If I understand all mysteries and all knowledge but have not love, I am nothing." In other words, if I speak with the language of computers and robots, and have chips so as to move mountains but have not love, I am condemned to live in a world of meaningless whirs and bleeps.

Once we have built machines which can comprehend more mysteries than we can, we may well be free to start thinking together about what love is, and how love makes us unique and different from machines, and how love really relates us to each other and to God. And that couldn't be all bad.

But let that germinate in you as we move on. A second thing I see is that the world of the microchip is going to raise the whole question of moral integrity in ways which are new and much more dangerous than that faced by any previous generation.

The microchip is going to set before us vast possibilities, both for new ways of living as well as for destruction. The more computers and robots become the producers, the more we are going to have to redefine the whole meaning of work and how it relates to our faith. Computerized satellites give us closer surveillance of crops and natural resources. They also make the whole military situation more precarious.

When schools become filled with computers and the lobbies of our stores with video games, will our children be better able to calculate and function socially, or will they become emotionally dependent upon electronic gadgets and never develop a clear identity? Will electronic games reinforce the values of meaningful and caring community, or will they garner their popularity by reinforcing our most crude and violent prejudices and impulses? Electronic banking may well make it possible for you to carry on your business day and night, and eventually from a terminal in your own living room. It will also open up thousands of new channels for criminals who figure out how to master the system. Such is the world that the microchip makes possible.

As a people of faith, we probably need to realize that new technology is neither good nor evil in itself; it does not make people either better or worse; it does not essentially change human nature at all. It simply places more power, more capabilities in people's hands. In other words, the question of how we use what has been developed still focuses back upon us. And the more power that is placed in our hands, the more critical becomes the moral choices we make.

The words of Moses in Deuteronomy come home to us: "Behold, I have called heaven and earth to witness against you this day, that I have set before you both life and death, blessing and curse." And when he says to us, "Therefore choose life, that you and your descendants may live, loving the Lord your God." Let us be aware of what that responsibility entails.

In the face of that, let me briefly share with you what I think is the more hopeful side of all this. I think the future can open all sorts of new possibilities for the church and its message.

I think there may lie ahead countless possibilities for the church's ministry of love and grace with its people and with the world. I look to a day when computerized systems will take a lot of church busywork off our shoulders and free us for more one-on-one work with people. When the day comes that children are receiving a good bit of their education over home computer terminals, will the church be ready with the software to place Christian information and teaching on the lines? Or will we be caught trying to keep up a picture of the Sunday School we inherited a hundred years ago?

And that is hardly a beginning. But before we even make a beginning, a critical decision has to be made. And that is the decision as to whether or not this power, like other powers, can be seen as a gift of God to be used with His blessing and His guidance. My feeling is that if we are willing to be realistic about our faith, it can be. It can become a tool for heightening the experience of love and grace.●

VINCENT MITCHELL—YOUNG HERO

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. PANETTA. Mr. Speaker, it is a great honor for me to recognize and pay tribute to the heroism of a young constituent of mine, 17-year-old Vincent Mitchell of Seaside, CA. A few weeks ago, Vincent leapt into the ocean to successfully rescue a 10-year-old boy who was drowning after falling into the water at Point Lobos State Reserve.

On Wednesday, March 14, Vincent was supervising a group of Monterey County elementary school students on an outing to Point Lobos. He was busy watching the youngsters collect seashells and climb rocks when a large wave splashed the rocks, sending 10-year-old Danny Trujillo into the churning and icy water. Without concern for his personal safety, Vincent immediately threw off his jacket and ran into the water to save young Danny. After several minutes, he reached the youngster and towed him safely back to shore.

Danny Trujillo received only minor cuts and bruises in his brush with death, while Vincent suffered a scraped knee from his heroic leap into the water at Sea Lion Cove. Both are lucky to be alive after escaping the strong undertow along the coast of Point Lobos.

Mr. Speaker, Vincent Mitchell not only saved the life of Danny Trujillo, he brought our community together in a bond of gratitude and relief. He has shown all of us that with courage and selflessness, we can accomplish great feats as human beings. For that, we are all thankful. On behalf of the citizens of the Monterey Peninsula, I want to thank Vincent Mitchell for his heroism, and I wish him a happy, healthy, and rewarding future.●

ONE CONSTITUENT'S VIEWS ON THE DEFICIT PROBLEM

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. ANDERSON. Mr. Speaker, as you well know, with each passing hour our country falls further and further into debt. During last week's budget debate, some Members proposed tax increases to offset the tremendous annual deficits which now seem entrenched in our system. Some, on the other hand, asked for further budget cuts in the effort to balance the budget. Still others advocated that we should enact a combination of tax increases and budget cuts to help us get into the black.

Whether you subscribe to either of these three theories or even have an alternative plan to reduce the national debt, I think we all agree that we must act on the deficit problem now before it is too late.

Recently, a constituent of mine, Mr. Dave Emerson, sent me a copy of his letter to the President urging him to play a larger role in the effort to balance the budget. I believe that Mr. Emerson's remarks make sense and should be considered by all the Members of the House.

Mr. Emerson's letter is as follows:

MULHEARN REALTORS,
Lakewood, CA, January 27, 1984.

President REAGAN,
White House, Washington DC.

DEAR MR. PRESIDENT. As a realtor who daily tries to help young Americans find a way to own a home of their own, I was severely disturbed by your lack of careful attention to the severe economic problem which confronts our nation this year—our incredible budget deficit. This is no item which can be glossed over lightly and is, in fact, the cruelest and most severe form of taxation that I've ever seen!

Every person that I've sold a home to in the last two years has paid a severe premium and is paying such a premium every month in excessively high interest rates as a result of our federal government's soaking up billions and billions of dollars that would otherwise be available for mortgage money. Even worse, Mr. President, is the irreparable harm we are doing to future generations in spending money that they, in fact, will have to pay back. I cannot think of a crueler form of taxation without representation.

In a peace-time situation with a stable and growing economy, it is inexcusable not to be able to balance our books. I care not whether increased taxes or reduced spending is the solution. The important thing is to find a solution! When the ship is sinking, let's not argue about what color of bucket we'll use to bail it out.

The fact this is an election year, and as such there may be no way to deal with the budget, elicits only cynicism from those of us who would like to have faith in our political institutions. There is no time to waste, Mr. President; we have gone too far already. Every year you add to the national debt more than President Carter added in four years.

Mr. President, I'm not writing you as an enemy but as a friend. I voted for you in 1980, and I would like to vote for you again in 1984, but your inability to deal with this serious problem is increasingly causing me and millions of Americans like me to lose our confidence. Please, let's take action today. There's no reason we shouldn't halve the deficit this year and balance it by next.

Respectfully submitted,

DAVE EMERSON.●

IRVINGTON HIGH SCHOOL STUDENTS LOOK AT THE ISSUES

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. EDWARDS of California. Mr. Speaker, recently, the seniors at Irvington High School in Fremont, CA, polled their fellow students on a number of issues which are the subject of considerable debate here in Congress. The results were most illuminating.

I thought my colleagues would find of interest the collective wisdom of 131 12th grade American Government students, and take pleasure in sharing the survey results.

The survey follows:

SURVEY OF NATIONAL ISSUES

1. A bilateral, verifiable Nuclear Freeze between the U.S.S.R. and the U.S.A. should be implemented: Yes 98 equals 74 percent; No 14 equals 10 percent; No opinion 17 equals 12 percent.

2. The U.S. should withdraw its troops from Lebanon immediately: Yes 91 equals 69 percent; No 23 equals 17 percent; No opinion 13 equals 90 percent.

3. Time should be set aside during the school day for organized, optional silent Prayer in Public Schools: Yes 35 equals 26 percent; No 86 equals 65 percent; No opinion 11 equals 8 percent.

4. Abortion should be made illegal except in cases where the mother's life is in danger: Yes 35 equals 26 percent; No 85 equals 64 percent; No opinion 8 equals 6 percent.

5. Participation in the Social Security System should be made voluntary: Yes 49 equals 37 percent; No 58 equals 44 percent; No opinion 20 equals 15 percent.

6. A Constitutional amendment requiring a Balanced Federal Budget should be ratified: Yes 58 equals 44 percent; No 42 equals 32 percent; No opinion 27 equals 20 percent.

7. The Federal Government should cut off Financial Aid for post-secondary education to men who fail to register for the Draft: Yes 48 equals 36 percent; No 55 equals 41 percent; No opinion 26 equals 19 percent.

8. The President should be allowed broader authority to commit American troops than is now permitted under the War Powers Act: Yes 19 equals 14 percent; No 93 equals 70 percent; No opinion 16 equals 12 percent.

9. The U.S. should adopt a "No First Use" Nuclear Weapons Policy: Yes 69 equals 52 percent; No 38 equals 29 percent; No opinion 19 equals 14 percent.

10. Tariffs on automobile imports should be discontinued: Yes 42 equals 3[illegible] percent; No 67 equals 51 percent; No opinion 19 equals 14 percent.

11. A standardized national Competency Test must be passed by all high school students in order to graduate from high school: Yes 105 equals 80 percent; No 20 equals 15 percent; No opinion 4 equals 3 percent.

12. All U.S. military aid to El Salvador should be withdrawn: Yes 70 equals 53 percent; No 31 equals 23 percent; No opinion 29 equals 22 percent.

13. The Draft should be reinstated and we should not rely on the all volunteer army: Yes 26 equals 19 percent; No 73 equals 55 percent; No opinion 29 equals 22 percent.●

PAY SPECIAL TRIBUTE TO OLDER AMERICANS IN KNOX COUNTY, IL

HON. LANE EVANS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. EVANS of Illinois. Mr. Speaker, I rise today to pay special tribute to Older Americans of Knox County (OAK), a nonprofit organization founded in 1979, which provides a variety of needed services and activities to older Americans in Knox County, IL.

This community-based institution has been able to gain community support for its efforts to provide needed and purposeful services to the senior community, and has done so without government financial support.

Since 1979, OAK has been in the process of purchasing and renovating an abandoned grade school building. The purchase of this building will be finalized on April 18, 1984. This expensive and timely task was accomplished as well with no assistance from government.

I would like to commend this organization for this independent, self-help endeavor. The selfless donations of time and contributions of many citizens in Knox County have made these great achievements possible. OAK's ambitious accomplishments truly deserve celebration. I rise today to recognize the great contributions of the Older Americans of Knox County, to congratulate them on their achievements and to wish them the best for the future.●

PRESERVING THE NATIONAL HEALTH SERVICE CORPS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. CONYERS. Mr. Speaker, the National Health Service Corps is a modest but critically effective health care delivery program which has been targeted for elimination by the Reagan administration. Indeed, the administration's drastic rollback in this and other essential health programs, comes at a time when there are serious and growing discrepancies in health, particularly among low income and black Americans.

I would like to share with the Members of the House an analysis of the Reagan administration's gutting of the National Health Service Corps which I recently wrote for the Op-Ed pages of Newsday, a Long Island newspaper.

The article follows:

REAGAN A HAZARD TO HEALTH OF POOR

(By John Conyers Jr.)

In his address before the Joint Session of Congress on Feb. 18, 1981, President Reagan declared that his administration would "continue to fulfill the obligations that spring from our national conscience. . . The poverty-stricken, the disabled, the elderly, all those with true need can rest assured that the social safety net of programs they depend on are exempt from any cuts."

Despite this assurance, infant mortality in some American communities is now at rates common in Third World countries. Inner-city black children are suffering from acute—and often fatal—lead poisoning five times more frequently than white children. Cancer mortality is rising in lower-income minority groups at rates four times the national average.

These and other life-threatening diseases which disproportionately target the poor and minorities are largely preventable with adequate and accessible health care. President Reagan, however, has led the fight to abolish even the most minimal health programs established by prior administrations to protect poor people. While citing a discredited theory that a physician surplus has forced doctors to practice in financially unattractive communities, the administration is systematically dismantling federally funded health programs. As a result, the provision of health care to the poor has been returned to the discretion of the private sector.

One critical program marked for extinction by the Reagan administration is the

National Health Service Corps scholarship program, which was established in 1970 to help eliminate the natural maldistribution of medical personnel throughout the United States. Students participating in this program obliged their future services to medically underserved communities in exchange for tuition and a monthly stipend. This program afforded medical students, a great many of them black and Hispanic, an opportunity to develop their professional talents, and then offered them a chance to serve their own communities.

Since its inception, the NHSC has experienced remarkable success, particularly through physician placements in community health centers. In communities served by these clinics, inoculations increased by as much as 50 percent, hospitalizations decreased by as much as 60 percent and incidence of preventable diseases declined dramatically. The corps has been cost-efficient as well. For every $1 spent on prenatal care, for instance, an estimated $4 to $6 is saved on newborn intensive-care costs.

Despite the documented effectiveness of the NHSC, its funding has been slashed. This action must be questioned in light of the administration's own "Health USA" report, which blamed poverty and the lack of medical insurance for blocking access to medical care.

Rollbacks in funding for federal entitlement programs are responsible for the dramatic decline in the numbers of women seeking prenatal care. Infant mortality, which is twice as high among blacks as among whites, is on the rise in 30 cities. The number of poor children receiving pediatric attention has declined, with the tragic effect that less than half of all black preschoolers are immunized against diptheria, whooping cough, tetanus and polio.

Phasing out the safety net provided by NHSC demonstrates outright hostility to the poor and their health needs. The retreat in the administration's commitment to the program has radically compromised the congressional intent to provide low cost quality health care to the disadvantaged. Monthly stipends for student obligees have been cut in half, forcing them to incur larger debts, which will eventually translate into higher patient fees. Corps physicians are being assigned to practice in rural communities which can support them financially, rather than in federally funded urban clinics where there is a demonstrated need.

The doctors who joined the corps with the understanding that they would be given the opportunity to practice in their own impoverished communities are justifiably disturbed by this policy change. The failure of the program's administrators to place them where they are likely to stay is short-sighted and self-defeating.

National health statistics sharply underscore the need for President Reagan to honor his guarantee of a safety net for the truly needy. The NHSC has successfully served disadvantaged patients and doctors alike. With renewed commitment to its original goals, it could once again enhance, and indeed save, the lives of many impoverished Americans.●

NORTH CAROLINA POULTRY AND EGG MONTH

HON. TIM VALENTINE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. VALENTINE. Mr. Speaker, farm income in North Carolina from poultry is approaching $1 billion, making poultry the second highest income commodity in the State. A recent report by Dr. Marc A. Johnson of North Carolina State University indicates that the industry's success reflects innovation and efficiency, and that poultry products remain among America's best food values.

Mr. Speaker, Gov. James B. Hunt, Jr., has proclaimed "April as Poultry and Egg Month" in North Carolina. I request that his proclamation and Dr. Johnson's report be inserted in the RECORD.

POULTRY—NORTH CAROLINA'S BILLION DOLLAR FOOD INDUSTRY

(By Marc A. Johnson, Extension Economics and Business)

North Carolina's poultry industries rebounded in 1983 from the slight downturn in 1982. The value of production of broilers and turkeys rose 11 percent and 15 percent, respectively, while the value of hatching egg production rose 26 percent. The value of table egg production declined 12 percent marking a substantial adjustment to a long period of poor prices. In 1983, consumers were buying greater quantities of poultry at lower real prices than ten years ago. Despite recent price increases, poultry remains a food product for the budget-minded consumer.

The state is a leader in the production of broilers, turkeys and eggs. During the past decade quail and ducks have been added as commercial enterprises. The farm value of poultry production in North Carolina increased from $517 million in 1973 to $1.03 billion in 1983.[1] During this period, poultry prices increased less than the rate of inflation, but production increased sharply and consumers benefited by consuming larger quantities of poultry at sharply lower real prices.

BROILERS

In 1983 the production of broilers in North Carolina totaled 417 million birds compared with 290 million ten years earlier. On a live-weight basis, broiler production in 1983 totaled 1.77 billion pounds, up 634 million pounds over the 1.13 billion pounds produced in 1973. Gross farm income from broilers amounted to $483 million in 1983 compared to $273 million in 1973. North Carolina ranks fourth among states in commercial broiler production.

The broiler industry continues to grow in production and marketing efficiency, and these gains are passed on to consumers in the form of lower retail prices. When expressed in constant dollars with the 1967 Consumer Price Index as the base, retail prices for dressed, ready-to-cook broilers dropped sharply from 38 cent per pound in 1967 to 29 cents per pound in 1983.

The consumption of broilers totaled 52.9 pounds per person in the U.S. in 1982, up from only 40.7 pounds per person in 1973. Further processed broiler meat products, such as frozen dinners, also are produced by North Carolina broiler firms. In 1983, production of broilers in North Carolina was sufficient to supply the needs of the state's 5.8 million people as well as the uses of 28 million out-of-state consumers.

TURKEYS

Of the major turkey producing states, production in North Carolina increased more rapidly during the decade than in any state in the nation. The number of turkeys produced in North Carolina in 1983 total 36 million, up 16 percent from 1982 but two and three-quarters times the 13 million produced in 1973. North Carolina now ranks first among states in turkey production.

On a live-weight basis, turkey production in North Carolina in 1983 totaled nearly 573 million pounds compared with 226 million pounds in 1973. Dollar sales from turkeys were approximately $243 million in 1983, substantially higher than the $86.2 million sales in 1973.

The turkey industry continues to make large gains in the efficiency of production and marketing, and these gains are passed on to consumers in the form of retail price changes which are below the inflation rate. Additional efficiencies are anticipated in the future. The turkey industry has developed a wide range of processed products for the consumer, and gains in further processing are expected to continue in the years ahead.

The consumption of turkeys amounted to 10.8 pounds per person in the U.S. in 1982 compared to 8.5 pounds in 1973. Retail prices for turkeys declined sharply during the past decade after adjusting for the impact of inflation. When expressed in constant dollars with the 1967 Consumer Price Index as the base, retail prices for dressed, ready-to-cook turkeys averaged lower in 1981 than in 1967, falling from 20.6 cents per pound in 1967 to 13.8 cents in 1983.

The 1983 production of turkeys in North Carolina was sufficient to meet the needs of the state's 5.8 million people as well as the needs of more than 47.2 million out-of-state consumers.

EGGS

North Carolina is a leading state in the production of both hatching eggs and table eggs. Approximately 45 percent of the eggs in North Carolina are used for hatching eggs, mainly to supply the state's large broiler industry, and 55 percent of the eggs are sold as table eggs. Production in 1983 in North Carolina amounted to more than 3.63 billion eggs. Gross farm income from eggs amounted to $235 million compared to $158 million in 1973.

The number of table eggs produced in North Carolina in 1983 was sufficient to supply the needs of the state's 5.8 million people as well as the year's consumption of 1.6 million out-of-state consumers. Hatching egg production in North Carolina in 1981 accounted for about 20 percent of the nation's production of hatching eggs.

The egg industry trend is to make gains in production and marketing efficiency, and these gains are passed on to the consumer in the form of retail prices which change at less than the rate of inflation. The average number of eggs produced by each layer was 252 in 1983, an increase of 24 eggs over the average production of 228 eggs per layer in 1973.

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[1] Production and sales figures reported here for 1983 are estimates made by personnel of the North Carolina Agricultural Extension Service.

When expressed in constant dollars with 1967 as the basis, the average retail price of table eggs fell from 36.9 cents per dozen in 1967 to 19.1 cents per dozen in 1983. A dozen large eggs weighs one and one-half pounds. When retail prices are 90 cents per dozen in current dollars, the price is actually 60 cents per pound, an economical source of high protein food.

PROCLAMATION

Whereas, poultry food products represent the largest food industry in the state; and

Whereas, the poultry food industry is of great importance to the economy of North Carolina, with our state ranking first in the nation in turkey production, second in duckling production, fourth in commercial broiler production and eighth in egg production; and

Whereas, North Carolina is the most diversified poultry producing state in the nation—producing broilers, turkeys, eggs, duckling and quail; and

Whereas, poultry production brings producers the second highest commodity income in the state; and

Whereas, the poultry food industry provides employment for thousands of North Carolinians; and

Whereas, the poultry food industry in North Carolina provides a basic human need, nutritious, wholesome food, not only for North Carolina citizens, but for homes throughout America and other countries of the world; and

Whereas, these hard-working food suppliers are dedicated, resourceful and pioneering; now

Therefore, I, James B. Hunt, Jr., Governor of the State of North Carolina, do hereby proclaim April 1984 as Poultry and Egg Month in North Carolina and commend this observance to our citizens.●

THE 1984 RECIPIENT OF THE BURRIS AWARD

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. RALPH M. HALL. Mr. Speaker, the Texas Association of Business annually confers the Ed C. Burris Award on the business or industry that a committee judges to be the most outstanding in Texas for the previous year.

The 1984 recipient of the Burris Award is the Trane Co. in Tyler, TX.

The selection of Trane confirms its achievements in marketing programs, employee relations programs, environmental and safety programs, and community relations activities.

Trane's operation in Tyler has undergone rapid transition since September 1982 when the company purchased General Electric's Tyler-based central air-conditioning business. That business, now known as Trane's Dealer Products Group, markets central air-conditioning products throughout the United States and in many other countries of the free world.

Since 1982 the company has added 175 professional employees. In addition, about 220 production employees have been recalled from layoff, and 300 new production employees have been hired and another 75 will be added to the Trane workforce in May. This growth means productivity—and productivity is the only real road to economic recovery.

Trane presently is constructing a 32,000-square-foot, $2 million office building that will house a new $1.5 million computer and many of the company's new employees.

Trane, today an international Fortune 500 company, began as a family business about a century ago. James Trane, a Norwegian immigrant, opened his own store in La Crosse in 1885. Within a few years he had gained the reputation as one of the area's best plumbers. Trane's first air-conditioning unit, the Trane unit cooler, was developed in 1931. Trane continues to be concerned about the quality of air-conditioners produced and his employee benefits are among the best in American industry.

I congratulate Bill Roth, chairman of the board and chief executive officer of Trane, and Stan Gorski, vice president of Trane and general manager of the Tyler facility—and all of the other officials and employees of the Trane Co. in Tyler, on its impressive accomplishments and for being judged the 1984 recipient of the Ed C. Burris Award.

Receipt of this award is not only recognition of Trane as the outstanding business in Texas for the year 1984—it is the culmination of a young Norwegian immigrant's dream—it is a tribute to all of Tyler and Smith County—and all of Texas—and serves as unrefutable testimony to a great probusiness free enterprise atmosphere—one which equates achievements, dignity, success, and recognition.●

CONSUMER LEASING

HON. DOUG BARNARD, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BARNARD. Mr. Speaker, the legislation I am introducing today addresses important issues in the field of consumer leasing.

Increasingly, consumers are looking toward leasing transactions to use, and occasionally to own, everything from automobiles to home furnishings. They are drawn to leasing because there often is no downpayment and monthly payments are often lower than in credit transactions. In other instances, the consumer may choose rental-purchase transactions because there is no long-term obligation, nor any maintenance responsibilities.

To shop meaningfully, however, consumers need easy access to information on the costs and responsibilities of leases and rental-purchase agreements.

The Consumer Leasing Act was passed in 1976 to insure adequate disclosure of the terms of consumer leases of personal property. This acknowledged the consumer trend of using leasing as an alternative to credit purchases. The Consumer Leasing Act, like the Truth-in-Lending Act, is a disclosure statute. Customers can get information in an easily understandable form about the costs, terms, and conditions of the leasing agreement. The act covers leases of personal property for more than 4 months when the property is used for personal, family, or household purposes. Automobile leasing has become the main transaction covered under the act, with about 700,000 cars covered.

When Congress undertook the simplification of the Truth-in-Lending Act in 1980, it made no changes in the Consumer Leasing Act. The bill I am introducing today is a proposal to simplify the Consumer Leasing Act and to cover short-term consumer leases with ownership options referred to as "rental-purchase agreements."

The changes my bill would make have been studied by a large number of interested parties. When the Federal Reserve Board was considering the issue, meetings were held with business and consumer representatives to discuss the need for changes. The Federal Reserve took into consideration both the need for accurate lease cost disclosures, as well as the realization of the burdens of compliance.

The bill applies the same principles used in the 1980 simplification of the credit provisions of the Truth-in-Lending Act. The bill reduces the number and complexity of disclosures required in a leasing transaction, and focuses on the information consumers are most likely to use when shopping. Like the Truth-in-Lending Act, it requires that disclosed information be presented separately from other information to highlight it for consumers.

This is an appropriate time for Congress to revise the Consumer Leasing Act, because the leasing industry, especially automobile leasing, seems poised for significant growth. The yields from lease operations were bolstered by the Economic Recovery Tax Act of 1981, and many financial institutions are prepared to enter the market quickly, if anticipated demand materializes. In addition, leasing firms are already attempting to stimulate demand by offering automobile dealers new and attractive leasing programs. Given the high purchase price of automobiles, car dealers are emphasizing the absence of a downpayment and lower monthly payments in leases compared to purchases.

In addition to streamlining the Consumer Leasing Act, the bill expands the coverage to include rental-purchase—sometimes referred to as rent-to-own. This industry rents televisions, major home appliances, and furniture to consumers on a week-to-week or month-to-month basis with an option to purchase. There is no obligation to continue making payments.

For several years, consumer groups have complained of abuses, and to date, the industry remains unregulated. Consumer groups have complained, for example, that rental companies have emphasized the ownership option without disclosing the total cost to the consumer to buy the item. Industry members also have been criticized for failing to tell consumers whether the property being rented is new or used, and for not clearly stating that consumers do not own the property until all payments are made.

The time is appropriate to meet these criticisms with adequate disclosures specified by uniform Federal disclosure legislation. Thus consumers could shop more effectively for televisions, home appliances, and furniture.

The legislation I am introducing today incorporates a proposal sent to us by the Federal Reserve, and has been studied by both industry and consumer groups. It represents, in many instances, a compromise solution to the concerns of both groups. In addition to improving the substance of the law, the bill also improves the existing structure and language of the law. For example, the bill consolidates all of the leasing provisions now scattered throughout the Truth-in-Lending Act. The bill is written in plain English, and eliminates "legalese" from the existing statutes when possible. There is always the risk, when a bill is cleaned up, that some may interpret stylistic changes as suggesting a change in meaning where none was intended. However the benefits of improved readability outweigh any such misunderstandings.

Since the Federal Reserve first sent its proposal to Congress in the spring of 1983, two bills reflecting its work have been introduced in the Senate. In July 1983, hearings were held by the Subcommittee on Consumer Affairs of the Senate Committee on Banking, Housing, and Urban Affairs. As a result of those hearings and further discussion with the Federal Reserve, my bill contains several minor changes from the original draft. Most are technical in nature and better explain the original intent of the statute. For example, the definition of consumer lease has been expanded to include the purchase of services—such as insurance—incidental to the personal property that is leased. In the section on advertising disclosures, a section has been added to clarify the liability of the advertising media for violations of the statute.

In the section on rental-purchase advertising, the Federal Reserve had proposed a dual trigger mechanism for the advertising disclosures. The second trigger—advertising ownership options—would have worked a considerable hardship on the industry since most advertising is generic in nature. My bill contains two triggers, but only requires cost and other advertising disclosures when a rental-purchase company advertises cost or the option to purchase a single, particular item. If a rental company advertises rental-purchase of a specific item, then the company also would have to disclose the total cost of ownership for that item as well as the other disclosures.

I am indebted to the Federal Reserve and its staff for the initiative they have taken in providing Congress with draft legislation to simplify and improve the Consumer Leasing Act. We seek to afford consumers protection and information as they shop for leases, without placing unreasonable burdens on the industry. As the House works through this bill, I welcome the insight and involvement from all interested parties.●

ENTERPRISE ZONES: WILL THEY HELP THE JOBLESS?

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. HAWKINS. Mr. Speaker, I have long been concerned with the economic revitalization of our urban areas. The barriers and problems associated with new developments in decaying urban areas have been studied and analyzed by experts from coast to coast. Currently there are a number of legislative proposals before the Congress that purportedly hold the key to alleviating the distressing conditions under which many of our Nation's urban residents are forced to endure. One such concept, which is likely to receive consideration via the tax bill, is the idea of offering tax incentives to businesses to relocate to distressed urban areas, better known as enterprise zones.

The enterprise zone concept is one that I have examined on a number of occasions. After closely scrutinizing the current proposals which are before both the House and the Senate, I feel that certain components are essential if the zones are to achieve their intended results.

Citizen participation from community based and neighborhood organizations in both the planning and implementation stages is imperative if the intended beneficiaries are to be reached. The outreach services that community groups provide, such as job training, meals on wheels, day care, and child immunization, serve as the survival mechanisms for many of the urban disadvantaged.

Education and training linkages are sorely lacking in the current enterprise zone proposals. The Job Training Partnership Act (JTPA), the Vocational Education Act and other relevant job bills such as H.R. 1036, the Community Renewal Employment Act, which passed this body by a wide margin last year, must be integrated into the legislation if those most in need are to be served.

Another concern that I have with the enterprise zone concept is the possibility of creating "pockets of poverty" in areas that are not lucky enough to be designated as one of the 25 eligible entities. Businesses located in the adjoining areas might well be tempted to relocate across the zone boundary in order to receive the favorable tax treatment. Antidisplacement strategies must be devised and adhered to.

Stronger incentives/requirements must be devised to insure that disadvantaged residents who reside within the area are given priority consideration for the jobs that will be available. I am fearful that the employee and employer tax credits presently proposed will not be sufficient to encourage businesses to hire those that have been unemployed for long periods of time or who have never held a job.

Small businesses, those with 20 employees or less, created most of the new net jobs. Most new small businesses are started with the personal savings of the individuals involved in the endeavor.

It is distressing to note that 90 percent of small businesses fail within their first 18 months of operation. Therefore, I believe small businesses should have greater access to start-up capital through a revolving loan fund or a venture capital loan fund at below prime market interest rates.

The Federal Government, along with the State and city jurisdictions should develop a plan in conjunction with the area lending institutions to underwrite loans to new and existing small businesses in the designated enterprise zone areas.

Finally, because enterprise zones will not be an urban panacea, the coordination of existing Federal programs such as urban development action grants (UDAG), community development block grants (CDBG), Economic Development Administration grants (EDA) and the loans made available through the Small Business Administration (SBA) will be paramount to the successful operation of the zones. Targeting of these programs will also be necessary because no direct Federal resources are provided in the legislation.

Enterprise zones could be a small step in the right direction for the revitalization of our Nation's urban areas, providing enough safeguards are included to allow the participation of the intended recipients.●

H.R. 1510

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BERMAN. Mr. Speaker, I am inserting into the RECORD a copy of my testimony on H.R. 1510, the Simpson-Mazzoli bill, before the House Rules Committee on April 12, 1984. It is my hope that when the committee completes its deliberations it will conclude that because of the serious flaws contained in H.R. 1510, it will not be granted a rule at this time. The testimony follows:

I'm testifying here as one who has strong objections to the Simpson-Mazzoli immigration legislation, and to express my view that it would be a serious mistake to grant it a rule.

We all understand that a serious problem exists—our borders can be transgressed almost at will, the presence of an undocumented workforce has depressing effects on the job market for domestic workers, and it creates undesirable social conditions. I have tremendous respect for Chairman Mazzoli and others who have attempted to deal with this problem, and believe that one day their efforts will pay off in the form of a more progressive piece of legislation that will earn the support of many of us who are opposed to H.R. 1510.

However, I am convinced that in the current political setting, we will not enact a law that is humane, fair, and real solution to the problem the authors seek to address. Any bill that is passed by this House, regardless of how it's amended, faces a conference with the Senate and the need to keep the support of an intensely ideological and cost-conscious White House. For the House to participate in a process where the end product is certain to be so flawed and so violative of the rights of the lowest paid people in this country, would be unconscionable. We would be offering the pretense of legalization on the one hand, but denying assistance benefits on the other. We would punish employers for hiring undocumented workers, but make it easier for them to use foreign guestworkers. We would create conditions for massive job discrimination against Hispanics, and undermine efforts of U.S. workers, particularly farmworkers, to organize to improve their wages and working conditions.

Those who subscribe to a progressive political philosophy should not permit the vehicle for such abuse to move forward. Should this committee decide to do otherwise, it must only do so under an open rule. Any attempt to modify or close will necessarily limit efforts to address these concerns and insure that the flaws of H.R. 1510 go untouched and uncorrected. In other words we will not even be able to go to conference committee with our best foot forward.

The provisions of H.R. 1510 which concerns me the most are those dealing with the H-2 program. On this issue alone, I must oppose this immigration reform bill. The H-2 program is an artificial method to depress wages and should be abolished. Once employers begin offering adequate wages and providing decent working conditions, there will be U.S. workers available and willing to fill these jobs.

The Panetta/Morrison amendment is the most egregious example of an unwarranted subsidy of agribusiness that could ever find its way into an immigration reform bill. From a policy standpoint, I am apalled that it is even being contemplated. The H-2 provisions of H.R. 1510 already elevate the needs of growers to find cheap labor over the rights and needs of U.S. workers. Not a single concession is made to the latter. The impact of the Panetta/Morrison amendment would be even more devastating, and the comparison with the discredited bracero program is appropriate.

Specifically, the Panetta/Morrison amendment would allow:

An unlimited number of new guestworker admissions, affected only by monthly and annual quotas to be established by the Attorney General, unfettered by Congressional constraints;

No Labor Department pre-admission certification of need for imported workers (the Agriculture Committee noted that up to 500,000 foreign workers may be needed);

"Emergency" admissions on 72 hours notice;

Workers admitted under this new program would not have an employment contract outlining the terms of their employment, and therefore would have no legal rights relating to their employment that could be enforced;

Workers would not be guaranteed subsistence expenses while traveling to the worksite, nor are they assured employment for a minimum period;

Workers, ineligible for any government assistance, would most likely be precluded from using federally-funded legal services, leaving them with no way to enforce what few protections the amendment provides.

The Judiciary Committee's version of H.R. 1510, by streamlining the requirements a grower must meet to hire H-2 workers, would also add to the oversupply of farm labor. Growers, who have always had the advantage of national labor laws that exclude farmworkers from the protections that workers in industry enjoy, will be in an even better position to defeat the efforts of farmworkers to organize and improve their standard of living. Progress toward improving the substandard wages and miserable working conditions that characterize farm labor will be reversed.

It is critical to understand both the guestworker provisions of H.R. 1510 and the Panetta/Morrison amendments in the context of existing laws, which treat farm labor differently from industry workers. H-2 workers are even further removed from these protections. Farmworkers are specifically excluded from the National Labor Relations Act, and in only two states are they effectively allowed to bargain collectively over wages, hours, and working conditions. Under the Fair Labor Standards Act of 1938, farmworkers were excluded from minimum wage and overtime protections. It wasn't until 1978—40 years later—that they finally achieved parity with respect to minimum wage, although coverage provisions of the Act manage to exclude a significant number of farmworkers. The FLSA still does not include farmworkers under its overtime provisions.

U.S. farmworkers have been similarly unsuccessful in improving their working conditions under the Occupational Health and Safety Act. Very few standards have ever been promulgated by the Labor Department for agriculture, and none of them address some of the most major concerns of farm labor, such as field sanitation.

Federal law already treats farmworkers unfairly. Therefore, to pass legislation that contains provisions giving agricultural employers another tool to fight the efforts of farmworkers to organize to improve their standard of living would be unforgivable. Moves to expand the union-busting arsenal of the growers should not find their shelter in a so-called immigration reform bill.

Another area of H.R. 1510 that troubles me is employer sanctions. Concerns over the discrimination that will surely occur as a result of these sanctions have been brushed aside too easily. The problem is compounded when the Kindness amendment, adopted in the Judiciary Committee, is taken into account. Employers under the bill face civil and potentially criminal penalties for hiring an undocumented worker. With the sword of Damocles hanging over their heads, they will understandably view with great suspicion the authenticity of documentations presented by the job applicant. One can readily come to the conclusion that many employers will find it far safer to systematically pass over the applications of job seekers with Hispanic surnames and foreign accents than to risk entanglement in the web of employer sanctions H.R. 1510 tries to weave. The Kindness amendment, by eliminating record-keeping requirements, removes the ability for fair employment agencies at federal and state levels to ascertain whether such discrimination is occurring, and provides no trigger for oversight or involvement by the Equal Employment Opportunity Commission.

Unfortunately, the proponents of H.R. 1510 have concluded that sanctions are the most effective way to stop illegal immigration. In California, however, where a sanctions law was in effect for two and a half years before the state Supreme Court struck it down in '74, the effects were quite the opposite of what its supporters had expected. (Attached to my testimony is a more detailed description of how the California law operated.) In addition, the "Dixon Arnett" law, as it is known, became a tool for employers to further exploit undocumented workers, extracting a "tax" from workers that allegedly defrayed the cost of the fines levied on those who employed illegal aliens. To further reduce their risk, many employers fired Mexican-American workers without attempting to distinguish between U.S. citizens and those who were undocumented. As this law demonstrated, employer sanctions are not the answer to the problem of illegal immigration, and yet they are certain to create new obstacles to U.S. workers.

The legalization provisions of H.R. 1510 are also flawed. As it is structured, it will not work. The "public charge" and "continuous residency" requirements will leave many undocumented persons fearful that a trap is being set for them, and that failure to qualify will lead to deportation. Once the word begins to spread, fewer persons will be willing to step forward to apply. We will then have a situation in which hundreds of thousands, or perhaps millions, of undocumented persons will remain living in an atmosphere of fear, despite the good intentions of this legalization program.

It is also unfair to grant legalization to a person who may have been employed for several years, but who will be ineligible for most assistance should they lose their job. Where is the safety net for these individuals?

In closing, let me repeat my earlier statement that we are making a serious mistake if we allow this bill to move forward. Regardless of the form in which the bill leaves this House, it will most certainly be a different version which is signed into law. Every attempt to amend H.R. 1510 is based on an overall dissatisfaction with it, and since these amendments would be rendered meaningless in a conference, we should stop fooling ourselves that a package acceptable to all can be achieved. I urge this committee not to grant a rule.

CALIFORNIA'S EXPERIENCE UNDER THE DIXON ARNETT ACT

Assembly Bill 528, known as the Dixon Arnett bill, was passed in November of 1971. "Arnett" made it illegal to knowingly employ illegal aliens in California if that employment had an adverse effect on resident workers. Specifically, Section (b) attached a fine of not less than $200 nor more than $500 for each offense. As with proposals currently before Congress, "employer sanctions" were felt to be the key to reducing unemployment among resident workers as well as ultimately increasing labor law compliance. This scheme did not succeed in California.

What was theoretically a bill to curb noncompliance with labor laws by employers, in reality became a weapon with which the second class status of undocumented workers was further solidified. Additionally, hindsight reveals that violations of labor laws increased.

Extensive testimony during Assembly hearings in 1971 and 1972 revealed that as a result of the law, undocumented workers of senior employment status were replaced by other illegal aliens at lower wages. Others were forced to pay "mordidas," or tax, to their employers. Workers were forced to pay employers $200-$500 (the amount of the fine) as a form of bond in case the worker was arrested. There is also evidence that some employers used the law as an opportunity to reduce wages, in order to cover the cost of the "risk" involved. Finally, thousands of workers within the Mexican-American community were fired without any attempt to separate documented and undocumented workers.

There are lessons to be learned from this experience. First, we must recognize that in the individual worksite there exists an imbalance of power in employment relationships. As a result, any legislation which focuses on the kind of workers hired will disproportionately and adversely affect workers themselves. Second, labor law enforcement is overwhelmingly dependent upon worker complaints. As long as an employer has the "risk" of a sanction with which to threaten workers, complaints will not be filed. Lastly, we must understand that undocumented workers are truly a sub-class of people, highly vulnerable and easily abused. Giving employers additional leverage (as was discussed above) only strengthens the existence of a second-class citizenry.●

MINING NICARAGUA'S TERRITORIAL WATERS

HON. ROD CHANDLER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. CHANDLER. Mr. Speaker, while I have generally supported the administration's Central American policy, I must speak out today against the CIA-sponsored mining of Nicaragua's harbors. I am outraged that the United States would participate in this hostile act, and I am pleased that the Senate has passed an amendment voicing its opposition to this activity. I hope that the House of Representatives will soon follow suit.

Nicaraguan, Cuban, and Soviet support for insurgency elsewhere in Central America is of concern throughout the hemisphere, and cannot be ignored. The United States has a legitimate interest in restoring stability to this region so close to our borders. But I remain unconvinced that our not-so-secret covert support for rebels fighting against the Nicaraguan Government is useful in achieving that goal. The mining of Nicaragua's territorial waters in an attempt to disrupt that nation's economy can only be destined to thrust Nicaragua still more deeply into the Soviet sphere.

To conduct foreign policy secretly, without the knowledge or consent of Congress and the American people, violates the democratic principles upon which this Nation is founded. The administration must recognize the folly of this practice. Furthermore, the administration should reconsider its ill-advised decision to refuse the jurisdiction of the World Court. If we cannot defend our actions successfully in the International Court of Justice in The Hague, I believe we must question the advisability of taking those actions at all.

I urge the administration to rethink its policy toward Nicaragua. In the meantime, I will continue to oppose further covert aid appropriations. I believe that the problems in Central America are real and acute and must be addressed, but I also believe they demand solutions which are honest and effective. Harassment through surrogates is no substitute for diplomacy.●

A TRIBUTE TO HAL SLEET UPON HIS RETIREMENT

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. ANDERSON. Mr. Speaker, on April 13, 1984, the U.S. Borax Co. of Wilmington, CA, will pay tribute to Hal Sleet, who will be retiring after 24 years of service to the company.

Hal was born in Jacksonville, FL, and was raised in El Paso, TX. He attended local schools there, and continued his education at the University of Texas, El Paso. After graduation, he went to work for the Continental Can Co. in Sacramento, CA. He later became regional auditor, which required him to travel an area extending from the Canadian border to Long Beach. He transferred to Pennsylvania, but longed for a return to California sunshine. Hal went to work for U.S. Borax on April 15, 1960, and has been the accountant for the Wilmington complex ever since.

Hal lives in Wilmington with his wife Mary, and they have one son, Randy. Randy, a doctor of toxicology at the University of Arizona, is married to "Punkie," and she has provided Hal and Mary with two lovely grandchildren, Andy and Mickie.

Hal has been very active in community affairs in Wilmington. He represented U.S. Borax as a member of the Rotary Club, where he was zone representative for the district governor in 1966, and was president of the Wilmington Rotary for the 1967-68 term. He has also served on the board of directors of the Wilmington Chamber of Commerce for 15 years, much of this time as treasurer. At the Wilmington Chamber, Hal, as usual, has been very supportive by offering suggestions and advice when needed.

In addition, Hal has been heavily involved in continuing education having taken a course in accounting or in a related field—such as real estate management—every year for 10 years at such schools as the University of Southern California, UCLA, and Cypress Junior College.

He has his own outside accounting business, specializing in auditing credit unions. Hal plans to continue this business and will return to California from his new home in Tucson, AZ, every 3 months for this purpose.

Throughout his career, Hal has been an accountant par excellence. My wife, Lee, joins me in wishing Hal and his wife Mary a happy retirement, and their entire family a wonderfully prosperous future.●

IN SUPPORT OF H.R. 5094, TO EXTEND THE TARGETED JOBS TAX CREDIT ACT

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. FORD of Tennessee. Mr. Speaker, on March 8, 1984, our colleague Congressman CHARLES RANGEL, introduced H.R. 5094 which would extend the targeted jobs tax credit (TJTC) for 5 more years. The existing credit expires at the end of 1984. Thus, early congressional action is critical to the future of this effective program which provides tax incentives to employers who hire the structurally unemployed.

The targeted jobs tax credit program was enacted in 1978 to encourage employers to hire individuals with special employment needs. That is, it was aimed at increasing the employment opportunities of persons who have great difficulty finding jobs both in good and bad times. By Congress providing a meaningful tax incentive to business under the program, the business community has responded by promoting the program to the fullest extent possible. The results have been gainful employment to the handicapped, Vietnam veterans, disadvantaged youth, SSI and AFDC recipients, ex-convicts, and others who might not qualify for employment.

As chairman of the Ways and Means Public Assistance and Unemployment Compensation Subcommittee, I am acutely aware of the hardships that unemployment, which is at a high level, has had on the poor, and economically disadvantaged.

Almost 10 million Americans are out of work, and another 1.3 million are too discouraged to seek employment. While the administration continues to promise that better days "are just around the corner," these promises cannot pay today's food bills or rent.

The people who continue to suffer are in desperate need of the relief offered by extending the Targeted Jobs Act. This program represents a viable approach for solving some of the serious unemployment that continues to exist in our country today.

In summary, I am convinced of the benefits of the targeted jobs tax credit program to the taxpayer, the employer, and the employee. This program works and clearly encourages employers to hire persons that they otherwise would not. Like Congressman RANGEL, I believe the Targeted Jobs Tax Credit Act deserves a congressional reprive from continuous short-term extensions. I urge my colleagues to support this initiative, as many have done in the past, and to work for a rapid 5-year extension of the program.

With this in mind, I would also like to share with the Members my prepared testimony before the Ways and Means Subcommittee on Select Revenue Measures on this subject.

The testimony follows:

TESTIMONY OF REPRESENTATIVE HAROLD FORD

Mr. Chairman and my distinguished colleagues of the Select Revenue Measures Subcommittee. It is my honor this morning to have the opportunity to appear before your outstanding committee to testify on behalf of H.R. 5094 which would extend the targeted jobs tax credit (TJTC) for 5 more years.

I am also happy to be a cosponsor of the bill. I want to thank you for convening this hearing and for allowing me to testify on this important and crucial matter.

I would like to direct my comments toward what this act means to those who are in the program, and who probably still would be unemployed if the program had not been in existence.

I would also like to stress the need for this program to be continued in order to meet the growing needs of this segment of our society.

The targeted jobs tax credit was enacted to encourage employers to hire structurally unemployed individuals. That is, it was aimed at increasing the employment opportunities of persons who have great difficulty finding jobs both in good and bad times.

These persons typically have limited work experience and chronically low incomes. The credit has been very effective in reducing unemployment in the targeted groups.

The need to extend the TJTC program is demonstrated by the increased participation of targeted workers from fiscal year 1982 to fiscal year 1983. In 1983, TJTC created jobs for 431,182 workers nationwide.

It has been proven that the targeted jobs tax credit program is working and is making a difference. The State of Tennessee makes use of the credit, and it is located in a region which accounts for nearly one-quarter of all certifications issued.

For example, of a total of 4,430 certifications for Tennessee, 3,193 went to economically disadvantaged youth; 482 certifications went to AFDC recipients; 261 went to the handicapped and disabled; 211 went to ex-convicts; and 272 disadvantaged Vietnam veterans were awarded certifications.

As you know, Mr. Chairman, the targeted jobs tax credit has had bipartisan support as an incentive for private sector job creation for the economically disadvantaged and hard-to-employ workers. Because the credit is targeted to specific categories of disadvantaged workers, it is a useful complement to subsidized training programs under the Job Training Partnership Act. It also provides, at much less cost, a workable alternative to public sector job programs such as those that existed under CETA.

According to budget estimates, the targeted job tax credit will be utilised to employ more than three hundred thousand workers in fiscal year 1984, at a cost to the Treasury of $465,000,000.

This represents $1,550 per worker—the lowest cost of any Federal jobs program and far lower than the ten thousand dollars cost of a public sector job for the disadvantaged under CETA.

When taxes paid by these employed workers, plus reduced unemployment and welfare costs are factored in, the return from this investment far outweights the cost.

As chairman of the Ways and Means Public Assistance and Unemployment Compensation Subcommittee, I am acutely aware of the hardships that unemployment, which is at its highest level since the depression, has had on the poor, and economically disadvantaged.

Almost 10 million Americans are out of work and another 1.3 million are too discouraged to look for a job. While the administration continues to promise that better days "are just around the corner," these promises cannot pay today's food bills or rent.

The people who continue to suffer are in desperate need of the relief offered by extending the Targeted Jobs Act, and in my opinion, this program represents a viable approach for solving some of the serious unemployment that continues to exist in our country today.

I have received numerous letters from Fortune 500 companies, Tennessee employers, and constituents who are TJTC employees urging our support of the program and the importance of its continued existence. Let me assure you that the majority of these people would not have been hired had not it been for the TJTC program.

The TJTC program has provided business and industry with a real incentive to create additional job opportunities for those individuals most in need. The Congress has provided a meaningful tax incentive to businesses under the program, and the business community has responded by promoting the program to the fullest extent possible. The results have been gainful employment to the handicapped, Vietnam veterans, disadvantaged youth, SSI recipients, AFDC recipients, ex-convicts, and others who might not qualify for employment.

In the words of one Tennessee employer, "the tax advantages of this program have led us to seek employees that otherwise may not have been hired. Once on the job, the employees have proven themselves to be capable workers.

"This, in turn, has led supervisors to continue their recruiting efforts. By being employed, these workers have become taxpaying wage earners, thereby taking many of them off government assistance programs. The program also has given employees the opportunity to grow and advance within the company."

In closing, I wish to commend my colleague Congressman Charles Rangel for the excellent work he has done in crafting extension legislation for the program.

I am convinced of the benefits of the targeted jobs tax credit program to the taxpayer, the employer, and the employee. This program works and clearly encourages employers to hire persons that they otherwise would not. Like Congressman Rangel, I believe the Targeted Jobs Tax Credit Act deserves a congressional reprieve from these continuous short-term extensions. I strongly urge the committee to act in favor of extending the program for 5 more years.

Thank you and all the members present for allowing me this opportunity to testify before you.●

PERSONAL EXPLANATION

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. LELAND. Mr. Speaker, on April 11, 1984 I was unable to be here in Washington because I was traveling on official business. I am aware that the House was not only considering H.R. 7, the Child Nutrition Act, but also H.R. 4170, the tax reform bill. I am sorry that I was not able to be here to participate in the debate and record my vote, however, I had an important engagement in Houston.●

NATIONAL LOYALTY DAY

HON. BRUCE A. MORRISON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. MORRISON of Connecticut. Mr. Speaker, today I would like to call your attention to an important day of celebration, "National Loyalty Day." This celebration, which will take place this year on May 6, was established by Congress over 30 years ago as an opportunity to reaffirm our loyalty to flag and country.

For three decades the Veterans of Foreign Wars has led celebrations of Loyalty Day in every State in the Union. I would like to commend Comdr. Quentin Goodrich of Wallingford, CT, the 1984 chairman of the Connecticut Loyalty Day Committee, for organizing this year's events in my State. In my congressional district, the third district of Connecticut, the VFW Post 591 in Wallingford will sponsor a military ball on the eve of Loyalty Day and will hold a Loyalty Day parade and luncheon.

At each one of these celebrations, the American flag, symbol of our strong commitment to democratic institutions, will be raised high. Loyalty Day is an occasion for us to reaffirm our allegiance to the flag and to remember those who fought to defend it. We may best thank our veterans for the sacrifices they have made to preserve freedom by pledging our allegiance to the flag once more on Loyalty Day.●

TRIBUTE TO JIM KELLY, MAYOR OF EL MONTE, CA

HON. MATTHEW G. MARTINEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. MARTINEZ. Mr. Speaker, it is with great pleasure that I bring to your attention one of California's most distinguished citizens. Mr. Jim Kelly, mayor of the city of El Monte, has lived in the State of California since 1948. His contribution to his city and State are a true testimony to this gentleman's honorable character. Now, at the time of his retirement, I join his wife Margaret, their five children and three grandchildren, in congratulating him on his fruitful and exciting career.

Jim Kelly has worked for Balian Ice Cream since 1964. During these years of dedicated service, Jim became actively involved with events and activities in his community. In 1964 he became the annexation chairman and in 1966 was street lighting chairman for the city of El Monte. In 1967 Jim was the leader of the city cleanup campaign. Jim has also been actively involved with city planning throughout the years. Jim served as commissioner for city parks and recreation on two separate occasions and in 1975 he served as city planning commissioner. Jim was elected to the city council in March 1976, and was first elected mayor in April 1980, and reelected in April 1982.

Some of the other services to his community include president of the Holy Name Society and chairman of the annual fiesta at the Epiphany Church. Jim has also been a Scoutmaster for the Boy Scouts for 11 years. As a charter member and post commander of the South El Monte American Legion Post 407, Jim has worked hard to insure that the veterans of this country continue to receive the recognition that they deserve. He served in the U.S. Navy from 1950-54. Jim is also a member of the Teamsters Union.

Mr. Speaker, I am proud to take part in this celebration of recognition of Jim Kelly's career. It is a great honor to have had the opportunity to know and work with such an accomplished individual.●

FRANK CHURCH

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Ms. FERRARO. Mr. Speaker, Frank Church served the Senate and our party with great honor and total commitment for 24 years. He was an early and courageous leader against the war in Vietnam. He insisted that the rule of law must apply as much to our intelligence community as to all other parts of our Government and our society. His was a strong and eloquent voice of economic and social justice, battling for the rights of women, the elderly, and the poor.

As Presidential candidate, as chairman of the Senate Foreign Relations Committee, and as private citizen, Frank Church persistently reminded his fellow Senators and fellow citizens of the need for America to be a force for peace, for human rights, and for freedom in a world of revolutionary upheaval. Those fundamental values are well worth remembering as we examine America's role in the world.●

THE 100TH ANNIVERSARY OF FIRST GERMAN BROWN TROUT PLANTING

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. KILDEE. Mr. Speaker, today marks the 100th anniversary of the first planting of German brown trout in American waters. This is significant to all trout fishermen, but particularly those in Michigan, for the first brown trout were planted on this date in 1884 in the Pere Marquette River in northern Michigan. Since that time countless enthusiasts have enjoyed the challenge associated with fishing for German brown trout.

Baron Frederick von Behr, president of the Deutschen Fischerei Verein in Berlin sent two shipments of German brown trout eggs to the United States in 1883 and 1884. No fish were planted from the first shipment because so few fish hatched and a second had to be sent. It was from the second shipment that German brown trout were successfully planted in the Pere Marquette River.

The Pere Marquette has long been recognized as a truly unique and valued Michigan resource. Its special characteristics have merited its designation as part of the National Wild and Scenic Rivers System. It also has been designated as a State wild and scenic river under the Michigan Natural River Act. This Saturday the role of the Pere Marquette in introducing German brown trout will be commemorated at a special observance being organized by the west Michigan chapter of Trout Unlimited. As part of the ceremonies, a historical marker will be erected along the river's bank so that people for generations to come will be reminded of the special role of the Pere Marquette in bringing these fish to American waters.●

THE 20TH ANNIVERSARY OF THE CIVIC ASSOCIATION OF SUNRISE, FL

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. SMITH of Florida. Mr. Speaker, today I join my colleague from Florida (Mr. SHAW) in honoring the 20th anniversary of the city of Sunrise, FL, Civic Association.

The original development now known as Sunrise, was called Sunrise Golf Village at its inception in 1962. In 1964 the Sunrise Civic Association was formed which will be 20 years old this month. The city of Sunrise was incorporated in 1972.

Sunrise is a great place to live, has a fine hospital and schools, and a rich sense of community. The city should be commended for its fine programs and facilities. These would not have been possible without the hard work of the members of this community organization. Mr. Speaker, it would be impossible to properly pay tribute to the Civic Association of Sunrise, FL, without mentioning the people of Sunrise and their commitment to maintaining their beautiful city. I am proud to represent this city that is growing by leaps and bounds and currently has a population of 48,000 people.●

LEGISLATION AUTHORIZING U.S. PARTICIPATION IN IDA VII

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. PATTERSON. Mr. Speaker, recently, I introduced H.R. 5336, authorizing U.S. participation in the seventh replenishment of resources of the International Development Association. The United States, under President Eisenhower, played the key role in the creation of IDA. It is now by far the most important official development institution in the world. IDA's purpose was and is to loan low-cost, project-specific, development capital to the poorest countries of the world. This legislation has been requested by President Reagan and was cosponsored by the ranking Republican on my subcommittee, Mr. BEREUTER, along with Mr. LAFALCE, Mr. LOWRY, Mr. GARCIA, Mr. MCKINNEY, and Mr. LEACH.

Mr. Speaker, I know it may seem strange that so many members of my committee would support a substantial request from the President for foreign aid in an election year. But this is not another giveaway program. IDA is an investment in America's security and political influence. And it is not a top-heavy bureaucracy or a scheme to redistribute the world's wealth. IDA is a tightly run ship, managed by my friend and fellow Californian, World Bank President Tom Clausen. Mr. Clausen, the former president of the Bank of America, has a strong private sector orientation and is helping developing countries invest in the infrastructure needed to allow private enterprise to thrive.

U.S. participation in IDA has served U.S. foreign policy interests well during the years since its creation in 1960. Let us be blunt about it: The United States and our non-Communist allies help developing countries with valuable technical assistance and real economic development resources. The Soviet Union sometimes sends its surrogates arms, but it does not help them achieve their development goals and better the lives of their people. This is a battle for hearts and minds, a battle for the future—and I am proud to say it is a battle we are winning.

We have to keep winning it because the Soviet Union and its surrogates are best able to increase their influence in the developing countries when conditions of social unrest and general instability exist. Such instability often leads to higher military and defense expenditures for the United States. IDA development projects bring hope for a better future—and hope is the enemy of Soviet adventurism in the developing world. I think we can all understand why the Soviet Union opposes the activities of IDA, and I would submit that this is a compelling reason for strong U.S support of this institution.

There are strong economic reasons to support IDA, as well. First, because of the multilateral structure of IDA, U.S contributions are leveraged: For every dollar the United States contributes to IDA, other donor countries contribute $3. This means the aid burden is shared and we get a bigger impact for every dollar at lower cost to the American taxpayer. Second, IDA has helped to promote market-oriented economic growth leading to a more stable economic and political environment for U.S. private investors and traders. We gain markets and maintain access to needed raw materials. In addition, U.S. companies profit from direct MDB procurement contracts. Finally, I want to reemphasize that the money IDA lends is not some blank check transfer payment. These loans are accompanied by strong market-oriented economic policy advice. The United States votes against any economically unsound loans and is also required to vote against loans to gross human rights violators under most circumstances.

The administration's negotiated funding level for U.S. participation in IDA VII would enable a contribution of $750 million per year for 3 years beginning in fiscal year 1985. This is about $1 billion less than the previous U.S. contribution. Questions were raised in hearings my subcommittee held last month on the adequacy of this funding level given the needs of the IDA borrower countries. The countries of sub-Saharan Africa, for example, are currently experiencing a period of negative economic growth. That means people are literally starving and diseases are spreading rapidly. I believe this contribution to IDA represents the minimum which we, as responsible citizens of the world's wealthiest country, can make.

In conclusion, Mr. Speaker, I believe that the protection of U.S. interests in the world depends on effective support for countries that respect the human rights of their citizens and offer them hope for a better future. Our participation in IDA helps us reach that goal by improving the lives of the world's poorest people through project assistance and policy advice.●

TRIBUTE TO WILLIAM SOBELSOHN

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. ACKERMAN. Mr. Speaker, I would like to bring to the attention of my colleagues the fine works of a man of noteworthy distinction, the late Bill Sobelsohn, a renowned civic activist and businessman from Kew Gardens in Queens, NY. In a gesture of community appreciation, the William Sobelsohn Memorial Playground will be dedicated in his honor this Sunday, April 15, 1984, in Forest Park, Queens.

This is just a small token of appreciation for this great man. Bill Sobelsohn is being honored for his love and generosity to his wife, Hermine, and family, friends, and community.

Bill Sobelsohn was born in Brooklyn, educated at Queens College, and later served in the Korean war. From the time he and his new bride, Hermine, moved into the Forest Park neighborhood in 1954, Sobelsohn had a deep-felt commitment to his community. Indeed, he lived nearly all his life near the playground that, beginning next week, will bear his name.

Sobelsohn took over the business school his father had founded, and expanded it into a thriving enterprise. As administrator of the Sobelsohn School, he has helped train many young New Yorkers for careers in accounting, insurance, and real estate.

A distinguished member of the Congregation Anshe Sholom in Kew Gardens, Sobelsohn held the prestigious positions of membership committee chairman, treasurer, and vice president. In 1980, Sobelsohn earned the Anshe Sholom Man of the Year Award for his efforts to promote cooperation and brotherhood.

An active force in the New Frontier Regular Democratic Club, Bill Sobelsohn served first as treasurer and then assistant to then-State Senator and District Leader Seymour Thaler.

Sobelsohn was also a leading advocate for neighborhood stabilization, and, despite his own business concerns, he realized the dangers of overdevelopment of Kew Gardens by real estate interest and fought hard to preserve the character of his community.

Bill Sobelsohn continued his civic responsibilities and contributions to the community until his death on October

10, 1982. His dedication to his neighbors, friends, and associates will be long remembered. The naming of the Sobelsohn Memorial Playground in his honor is a truly apt commemoration.

In recognition of Bill Sobelsohn's praiseworthy efforts made on behalf of his community, I ask my colleagues to join me in paying tribute to this great man.●

PERSONAL EXPLANATION

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. SYNAR. Mr. Speaker, I missed two rollcall votes yesterday and I would like to take this opportunity to record how I would have voted had I been present. On rollcall No. 77, an amendment to H.R. 4900, the Panama Canal authorization, I would have voted "No." On rollcall No. 78, final passage of H.R. 4900, I would have voted "aye."●

THE SCHOOLS ARE PAYING FOR EPA'S ASBESTOS POLICY FAILINGS

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. MILLER of California. Mr. Speaker, numerous articles in newspapers throughout the United States have called attention to the serious deficiencies in the administration's program to reduce the serious health dangers of asbestos in schools. Schools in Goffstown, NH, were fined $24,000 by EPA for failure to comply with the Agency's asbestos identification rule. A few days later, the Philadelphia school district received a similar penalty. Districts in several other States also face penalties for inadequate action to control asbestos in their schools.

But I think we must note, Mr. Speaker, that Goffstown's problems began in Washington, DC. The failure of our schools to comply with the EPA's asbestos in schools rule is the legacy of an administration that put our Nation's Environmental Protection Agency in the custody of individuals who lacked a commitment to the basic charter of that Agency.

For its first 3 years, this administration put the asbestos in schools problem on the back burner. EPA allocated only minimal resources to the asbestos problem, resulting in an extremely low level of awareness of the law's requirements. Until recently, the Agency had assigned just one full-time employee to each of the Nation's 10 regions to work on asbestos in schools. In EPA region IV, for example, 1 official was responsible for providing technical assistance to 8 States encompassing over 15,000 schools.

The result of this inaction and unconcern? A recent EPA survey found that two-thirds of the local education agencies it questioned were in violation of one or more of the rule's requirements. Of those in violation of the rule, half had not conducted an adequate inspection, two-thirds had not adequately notified parents when friable asbestos was found and three-fifths had not notified school employees.

These figures are not surprising in view of the complacence with which this issue has been met at EPA. Many schools are just becoming aware of the law and of the hazards associated with asbestos. And many more, lacking proper guidance from EPA, have neglected this difficult issue due to lack of understanding and inadequate resources.

Mr. Speaker, the EPA itself has estimated that approximately 14,000 of our Nation's 121,600 elementary and secondary schools contain hazardous asbestos. Some 3 million schoolchildren and 650,000 school employees may be exposed to this grave hazard. I am encouraged by what appears to be a new level of commitment in Mr. Ruckelshaus' EPA to resolving this problem. But I must express my concern that our already hard-pressed schools will now pay a price for the shortcomings of this administration's policies.

Mr. Speaker, the Congress cannot turn its back on the asbestos hazard which threatens our schoolchildren. I hope my colleagues will join me later in the session in seeking to provide limited financial assistance to the schools under the Asbestos School Hazard Detection and Control Act (Public Law 96-270) so that they can eliminate these unnecessary hazards.●

ARMS CONTROL AMENDMENT PACKAGE

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. ASPIN. Mr. Speaker, the MX gets most of the attention when we speak of nuclear weaponry. Regardless of how we feel about the MX, several other issues of grave concern to arms control lurk in the defense budget and will be ignored only at our peril. I am speaking of such systems as the antisatellite missile, prospective American violations of the SALT II agreement, and battlefield nuclear weapons, among others.

I would like to discuss a dozen possible amendments to the defense bills that will address seven arms control issues. These amendments were worked out with my colleagues, NORM DICKS and AL GORE, and their staffs. The theme that links these amendments is stability. This concept is too rarely understood. Our concern should not be with mere numbers—a la Time Magazine charts that show big red missiles and little blue missiles—but rather with a configuration of weapons systems that does not tempt one side or the other to resort to nuclear weapons. That involves more than numbers.

Contrary to popular opinion, massive reductions in the numbers of nuclear weapons could actually harm us. Reductions could be destabilizing. Why? Fewer weapons make the possessor fret more about the survivability of the limited numbers he has left. Large numbers bother the public, but the thought of small numbers ought to worry them if they would envision Presidents and politbureauocrats confronting crisis with such a small number of nuclear weapons that they would considering using them for fear their weapons might otherwise be knocked out in a war. Or put starkly, let us say both we and the Soviets give up the capability to destroy each other seven times over and cut our stockpiles back to the point where neither can destroy more than one-fourth of the other's population and industry. Would we better off? Or would leaders in a crisis be willing to resort to nuclear arms because now they would know that civilization could not be wiped off the map? Some facile solutions can make the nuclear world a less stable one in which to live.

A number of the amendments in this package will look familiar, for many Members have already done work in these areas. For example, AL GORE has done yeoman service in developing the counterforce issue, and GEORGE BROWN and JOHN SEIBERLING pressed ASAT last year when few people even knew what the term meant. My goal here is to bring together the major arms control issues that can be dealt with legislatively—issues that we tend to deal with in isolation but which ought to be look at as a whole.

The package presented here today is not meant to be the final say on the matter. Congressmen GORE and DICKS and I will be talking with Members on both sides of the aisle—and both sides of the Hill—to refine and improve the amendments. While I use the term package, I do not mean to suggest that the amendments will be presented in one place at one time. Some could go on the Defense bill and others on the Energy Department bill, some would go on appropriations and some on authorizations, some will be presented in committee, others on the floor. It is a package in the sense that it is a unified whole philosophically and endeavors to provide a useful and workable legislative agenda in the arms control area.

ANTISATELLITE MISSILES (ASAT)

The Soviets have long had a very crude antisatellite missile (Asat) system. We have been developing a far more sophisticated one. Our missile is relatively small—only about 18 feet long—can be carried under an F-15 fighter, and fired directly at an opposing satellite. It carries no explosive; it simply collides with the opposing satellite like a bowling ball mowing down tenpins. We have fired the missile once, but only to see if the system for launching it from an F-15 would work. Later, we are due to make the key test—from an arms control standpoint—by firing the missile at an object in space in order to check out the homing device, which is the key to whether our ASAT works or fails.

Once we have proven that ASAT works, it will be very difficult for arms control to come to grips with the weapon. Arms control relies on the verifiability of agreements. But our ASAT is very small and every F-15 is a potential launcher; verification of ASAT's once they are proven workable and put in production is thus virtually impossible. Testing in space is easier to verify and thus the key to ASAT control.

We have a major arms control interest in preventing an ASAT race. And we have some rather fundamental military interests in doing so, too.

First, reliable ASAT's make satellites vulnerable, and thus the use of nuclear weapons are more likely. At the start of a crisis, it would be tempting to blind the other side first by knocking out his spy satellites. This is an act that does not draw any blood but is nonetheless severe. The satellites we keep at the highest altitudes are there to detect the launch of a Soviet missile attack on us. The Soviets have similar satellites that are essential for early warning. Without them, the country would face a crisis blinded. Not knowing what the other side is doing and fearing the worst generates pressures to go nuclear before the other side can strike out of the blue. Thus, ASAT's are inherently destabilizing. They threaten to make a crisis situation worse, rather than better.

Second, satellites are more important to us than the Soviets and we stand to lose more if satellites at high altitudes eventually become vulnerable. It is not only a matter of our launch detector satellites. About 70 percent of U.S. military communications move by satellite. The Soviets, on the other hand, can more easily resort to overland communications because they sit astride the Eurasian land mass. Thus, it is in our military interest to forestall the development of sophisticated ASAT's.

Third, while the Soviets have more satellites in orbit and thus present more targets to us, they can also replace their losses more easily. Their satellites are short lived compared to ours. They are constantly replacing theirs. In 1982, for example, we launched 7 military satellites; they launched 81. They are in a far better position—with stocks of satellites and launchers on hand—to make up for losses incurred in an ASAT war in space.

I should note that the Soviet Union declared a unilateral moratorium on ASAT's last August. They recognize that our Asat will be a major advance over their large, lumbering, and outdated system, which first entered the test stage 16 years ago. There is no doubt that they would seek to match or leapfrog our antisatellite capability if we prove it out by hitting an object in space.

Amendment No. 1 is designed to preclude that development—I will insert the texts of the proposed amendments at the conclusion of my speech. Amendment No. 1 would forbid the testing of our ASAT against an object in space so long as the Soviets continue to abide by their own moratorium. As I said, verification is the core of successful arms control; this bans testing against an object in space, which is the kind of activity both we and the Soviets can observe and verify.

While our ASAT is far more sophisticated than the aging Soviet system, it is not the end-all-and-be-all. Like the Soviet system, our ASAT can only reach low-altitude satellites. Thus, even if we successfully test and deploy our ASAT, we and the Soviets know we cannot threaten all their satellites—nor they ours. It is difficult to put a fixed number on our capability, but we can say it is declining as the Soviets put more of their satellites in higher altitudes. Recognizing that, there is interest in the military in perfecting the ASAT so that we can knock out of the sky anything they can put up there. Another amendment, amendment No. 2, is designed to obviate that development, which would combine the horrors of nonverification with the evils of a system posing a major threat to the Soviets. The amendment would forbid the expenditure of funds to develop an advanced, high-altitude version of our ASAT. The ban would automatically be lifted if the Soviets started testing their ASAT.

STRATEGIC DEFENSE INITIATIVE (SDI)

A year ago, the President launched a major research effort aimed at giving us the capability of using space to defend against a Soviet missile attack, a proposal dubbed "Star Wars" in the media and the "Strategic Defense Initiative" by the White House.

This is a difficult issue to come to grips with for two reasons. First, the funds for the program are spread all over the budget like so many breadcrumbs on a tablecloth. And, second, while the fundamental concept of "Star Wars"—sort of a Buck Rogers ABM—is destabilizing and a threat to arms controls, virtually everyone agrees that some research work in this realm makes good sense.

With regard to the first problem, the President's SDI package does not contain everything that logically comprises his SDI. For example, within his SDI program, there is $489 million for directed energy weapons, mainly lasers. But scattered elsewhere in the defense budget is another $404 million for directed energy weapons. One proposal, amendment No. 3, would simply direct the Defense Department to put all the related research programs together in a separate title in the annual budget. Thus, in future years, when we will have to deal in detail with SDI to prevent any of the components from getting out of hand, we will have the required information at hand.

A second SDI amendment, amendment No. 4, gets to the substance of the issue by limiting the funding for the research effort. Exactly how much we might seek to cut the program will depend on what action the committees take to trim it. There is broad agreement that some research in this area makes sense. Lasers may well play a key role in the 21st century battlefield, and we cannot afford to fall behind. The issues are the focus of these programs on antiballistic missile defense and the intense level of effort. A funding limit is a direct cap on the level of effort and an indirect approach to the focus of the programs.

Our challenge to the President's Star Wars program need not take on a partisan cast. In fact, we are actually fighting to preserve a Republican position. It was the Nixon administration that negotiated and signed the ABM Treaty of 1972. It reasoned that the world was a safer place if we avoided an arms race in defensive systems. If one power gains a temporary advantage in the ability to destroy incoming missiles, then it may be tempted in a crisis to hide behind that shield and attack the other side. In theory, Star Wars would give us the ability to "fight and win" a nuclear war. In practice, of course, neither side could gain a permanent advantage, and the Star Wars defense, like all defenses, would have its holes. Just a single hole in the Star Wars defense, however, could allow through more destructive power than all the belligerents unleashed throughout World War II.

SALT II TREATY

In all the debate over weapons systems and negotiating positions, we have tended to forget about the unratified SALT II Treaty. It contains a 1985 expiration date. That date envisioned a successor treaty would be in place by then, just as the SALT I agreement envisioned that a successor treaty would be ratified before the 1977 expiration date of SALT I.

Before the 1980 election, candidate Ronald Reagan was highly critical of the Carter administration for adhering to SALT I after it expired and to SALT II although it was unratified. On taking office, President Reagan agonized over the issue and, after several months, quietly announced that he would do just what he had criticized President Carter for doing.

The issue now, however, is whether President Reagan is reverting to candidature. News leaks from the administration make clear that it is seriously thinking about launching new Trident submarines without dismantling the requisite number of old Poseidon subs, as would be required to adhere to the SALT II limits on the number of submarine-based missiles. We are thus facing a step backward—as opposed to the absence of any step forward—in the arms control arena.

The proposed amendment is to have Congress declare our adherence to the provisions of the two SALT agreements. This is amendment No. 5. The House approved this amendment as part of the Defense Authorization Act 2 years ago, but it did not survive the conference.

This amendment would simply enact the President's own words about refraining from actions that undercut SALT I and SALT II so long as the Soviets behave similarly. It allows the President to lift the ban in the amendment if he certifies to Congress that it is in "the supreme national interest" of the United States to do so. Clearly, if allegations of Soviet violations of those agreements are proven, it could be in the supreme national interest to cease adhering to SALT I and SALT II.

SEA-LAUNCHED CRUISE MISSILES (SLCM'S)

The next two amendments, amendments No. 6 and No. 7 are similar. They both address the sea-launched cruise missile in the same manner. One amendment, written for the Defense Authorization Act, deals with deployment of nuclear-tipped SLCM's; the other is written for the Department of Energy bill and deals with production of nuclear warheads for the SLCM.

The two amendments would permit the President to move forward with nuclear SLCM's if he can design a nuclear system that is distinguishable from a conventional system, that is, where one can easily judge whether this SLCM is nuclear or conventional, and will remain that way. The clincher is that the Joint Chiefs of Staff and the Director of Central Intelligence would be required to certify in writing that the President's proposed system of differentiating is acceptable to them if applied to the Soviet Union in an arms control agreement.

SLCM's are not automatically destabilizing. In fact, in some ways they are a stabilizing weapons system, in the sense that all cruise missiles are slow and, therefore, have no first-strike potential.

In the strategic arms talks, the Soviets have always expressed concern over our cruise missiles—ground-, air-, and sea-launched. Any comprehensive arms accord will likely have to include some ceiling on numbers to win Soviet acceptance. With air-launched cruise missiles (ALCM's), we already have a counting system agreed to and included in SALT II. Ground-launched cruise missiles (GLCM's) do not pose a serious counting problem; they are relatively few in number and locatable. But SLCM's pose a problem of immense proportions such that they could scuttle any agreement.

The Navy is planning to place between 7,000 and 8,000 launch tubes for a variety of weapons on a variety of ships. These tubes will then carry, in addition to conventional weapons, several thousand SLCM's, both nuclear and conventional. The design of such a dual-capable that is, nuclear or conventional weapon is a nod in the right direction when one is concerned about dollars. Arms control is not unmindful of budget considerations, but from an arms control perspective, dollars are not the principal concern, and they must not drive the decisionmaking process to undermine arms control. The current SLCM design does just that. Dual-capable systems are a verification nightmare. The Soviets would have to consider every SLCM a nuclear threat—but for us to count several thousand SLCM launchers as nuclear for purposes of an arms control agreement could eliminate virtually all other strategic weapons in our arsenal.

Furthermore, from a strictly military position, one must ask whether nuclear SLCM's make sense for us. A glance at the map shows that SLCM's are far more threatening to us than to the Soviets; most of our major population and industrial centers are easily reachable by cruise missiles launched from the Atlantic, Pacific, or Caribbean. Most Soviet targets, on the other hand, are well inland. Do we really want to push ahead with nuclear SLCM's and thereby encourage the Soviets to do the same?

BATTLEFIELD NUCLEAR WEAPONS

This problem with dual-capable forces is already with us in Europe and poses another threat to stability. Nuclear weapons there are intermixed with conventional forces. Many of our units train with such emphasis on nuclear conflict that it takes precious time away from their most important function—presenting a credible conventional deterrent. Many of our nuclear weapons are deployed so far forward that they risk capture by attacking forces unless they are used; this forces a decision in the early moments of conflict when decisionmakers are most prone to panic. We should not be designing a system that requires an early decision on using nuclear power.

One proposal, amendment No. 8, is designed to concentrate minds in the Defense and State Departments on just that issue. It requires a report to the Congress on how American forces could be redesigned to limit or eliminate these problems. I think we should, first, pull our nuclear weapons far back from the front, and procure delivery systems with longer ranges; second, eliminate dual capable systems; and third, segregate troops who deal with nuclear weapons from those who train conventionally. The proposed study should lead us in that direction.

Amendment No. 9 would keep the problem from getting worse while the process set in motion by amendment No. 8 seeks to find a way to make things better. Specifically, amendment No. 9 would delete funds for all tactical nuclear warheads that are not already deployed. Our desire is to prevent a future war from going nuclear. It is, therefore, very much in our interest to be less dependent on nuclear weapons in Europe. Most particularly in the tactical arena, it makes no sense to do nuclearly what you can already do conventionally—like strike at tank concentrations or ships or an advancing infantry division.

The other proposal, amendment No. 10, deals with the recent administration decision to remove 1,400 tactical nuclear weapons from Europe. The administration has provided a general outline of the plan, geared primarily to the removal of aging landmines, artillery shells, and the like, which are deteriorating; they probably pose a greater danger to our troops than the Soviets. This amendment would require the administration to supply Congress with the details on what it will take out and when after the detailed decisions are made.

SUBMARINE-LAUNCHED BALLISTIC MISSILES (SLBM'S)

Any description of our missile submarines invariably begins by describing them as the most invulnerable leg of our nuclear deterrent. There are problems with bombers, leading to work on and debate over the B-1 and Stealth. There are problems with the land-based ICBM's, which opened wide the infamous "window of vulnerability" and gave birth to the long debate on the MX. But liberals and conservatives alike cozy up to the sea-based deterrent. It is the epitome of a stabilizing system; it must have been dreamed up by an arms controller.

The key is the invulnerability of our subs.

What if they are not quite so invulnerable? We are putting a lot of our eggs into that one basket. The next proposal, amendment No. 11, would require the administration to review the entire sea-based deterrent and report back to Congress. The goal is to look at any adjustments we might need to make—and should begin working on now—to maintain the invulnerability on which we are so dependent. Instead of waiting until we have to sweat out a threat to SLBM's, let us try to keep the threat from developing in the first place.

Those adjustments could involve submarine design—for example, a larger number of smaller subs. They could involve adjuncts to the submarine—for example, better ways to control them in a crisis situation. They could involve arms control strategies we could pursue to enhance submarine survivability—for example, mutual agreement on antisubmarine warfare techniques so that neither side would threaten to eliminate the other's missile subs in a conventional war while battling attack submarines that do not carry missiles and would be a major element in any conventional war.

It is not in our interest to see the SLBM go the way of the ICBM and the bomber.

COUNTERFORCE

Last year, in a letter to several Members of Congress, President Reagan declared that he had no intention of seeing the United States develop a "counterforce" or "first-strike" capability. Even he understood how destabilizing this would be. Sometimes there is some confusion over just what constitutes "first strike." Often the MX is described as a first-strike weapon because it has sufficient accuracy and throwweight to knock out Soviet missile silos. In reality, however, no weapon, per se, provides a first-strike capability. It requires a sufficient number of weapons with sufficient accuracy and throwweight to gain that capability. The United States may be about to deploy such weapons in such numbers. Alone, the MX, which will be deployed in the late 1980's, will not give us that capability. But in conjunction with two other weapons we could get a capability we do not need or want.

The D5 missile, which will be placed in our Trident submarines in the 1990's, is one. The Midgetman missile, which will be deployed in the same timeframe, is another. We want to be sure that we do not deploy a combination of these systems in such numbers that before the end of the century we are threatening the Russians in the same way we say they must not threaten us.

The final proposal, amendment No. 12, one that has been proposed by Congressman GORE, requires the President to review all our deployment plans with a view to defining clearly when we would build up sufficient counterforce capability to present a first-strike threat.

The goal here is to establish a clear threshold beyond which we shall not pass.

CONCLUSION

This is a large number of amendments. As a group, I would describe them in two ways:

First, they are not simple or simplistic. This country craves some comprehensive way out of the arms control thicket with its maze of intricate concepts and counting systems. That is what gave birth to the freeze movement. It answered the public's need for some clear means to voice its firm advocacy of arms control as a priority on the national agenda. In talking about a dozen different amendments, I am certainly not helping the cause of simplicity. But the choice is really between advocacy of practical arms control or resort to rhetoric that is not merely simple but also simplistic. I feel we have the responsibility to opt for the former even though we may still pay appropriate obeisance at the altar of the latter.

Second, and most importantly, these proposals are aimed at providing genuine stability in the strategic realm. Their goal is to make it less likely that anyone would resort to nuclear arms in a crisis.

They are geared to allow both the Soviet and American leaderships to act more calmly in the difficult moments that will undoubtedly confront us in the decades to come.

They are geared to eliminate those fears that "if I don't use it, I'll lose it."

They are not part of some neat numbers game, but rather a package of concepts that can give the superpower relationship some stability regardless of the weapons system bean count.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of title II (RDT&E) add the following new section:

LIMITATION ON TESTING OF ANTI-SATELLITE WEAPONS

SEC. . No funds appropriated pursuant to authorizations of appropriations in this title may be used for the flight testing against an object in space of any anti-satellite weapon so long as the Soviet Union continues to observe its existing moratorium against testing anti-satellite weapons in space.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of title II (RDT&E) add the following new section:

LIMITATION ON DEVELOPMENT OF ADVANCED ANTI-SATELLITE WEAPONS

SEC. . No funds appropriated pursuant to authorizations of appropriations in this title may be used for development, test, or evaluation of an advanced anti-satellite weapon so long as the Soviet Union continues to observe its existing moratorium against testing rocket-boosted interceptor anti-satellite weapons in space. For purposes of this section, an advanced anti-satellite weapon is a rocket-boosted missile intercepter designed to be capable of disabling or destroying a satellite in space at distances further than can be reached by an anti-satellite missile launched from an F-15 aircraft (as developed under the Strategic Defense Program of the Department of Defense.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of the bill add the following new section:

REPORT ON STRATEGIC DEFENSE

SEC. . The Secretary of Defense shall include with the budget request of the Department of Defense for each fiscal year from fiscal year 1986 through 1990 a detailed report on the funding of programs forming the Strategic Defense Initiative program of the Department of Defense and other programs of the Government relating to the strategic defense of the United States. Each such report—

(1) shall set forth—

(A) the amounts obligated and expended for each such program during the previous fiscal year;

(B) the amounts expected to be obligated and expended for each such program during the fiscal year during which the report is submitted;

(C) the amounts requested to be appropriated for such programs for the fiscal year for which the budget is submitted and expected to be expended for such programs during such fiscal year; and

(D) the amounts programmed to be requested to be appropriated for the following fiscal year for such programs and expected to be expended for such programs during such fiscal year;

(2) shall include a narrative description of program objectives for each such program and how such program relates to the overall strategic defense of the United States; and

(3) shall include detailed information on expenditures for any ground-based directed energy or laser program that could be used for anti-satellite purposes.

Any request transmitted to Congress for the enactment of legislation to authorize appropriations for military functions of the Department of Defense for a fiscal year to which the reporting requirements of this section applies shall set forth as a separate title in any draft legislation submitted with that request all amounts requested to be authorized for appropriation to the Department of Defense for programs to which such reporting applies.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of title II (RDT&E) add the following new section:

LIMITATION ON AMOUNTS FOR STRATEGIC DEFENSE INITIATIVE

SEC. . The total of the amounts that may be appropriated for fiscal year 1985 for programs forming the Strategic Defense Initiative program of the Department of Defense may not exceed $——, such amount being the total of the amounts appropriated for such programs for fiscal year 1984 adjusted for inflation and an additional amount to allow no more than 5 percent real growth in any such program for which an increase was requested in the Budget of the President for fiscal year 1985.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of the bill add the following new section:

LIMITATION OF STRATEGIC WEAPONS

SEC. . (a) None of the funds appropriated pursuant to authorizations of appropriations in this Act may be used for the procurement, testing, deployment, or operation and maintenance of any strategic nuclear weapon or nuclear weapon system, or of a launcher for a strategic nuclear weapon or nuclear weapon system, if that procurement, testing, deployment, or operation and maintenance would contravene existing strategic arms policies of the United States as declared by the President in his Memorial Day address of May 31, 1982, as follows: "As for existing strategic arms agreements, we will refrain from actions which undercut them so long as the Soviet Union shows equal restraint.".

(b) The limitations set forth in subsection (a) shall not apply after the date that is 30 days after the date on which the President transmits a report in writing to Congress (1) containing the President's certification that it is in the supreme national interest of the United States that such limitations no longer apply, and (2) setting forth the reasons for the certification.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of the bill add the following new section:

SEA-LAUNCHED CRUISE MISSILES

SEC. . (a) The Secretary of Defense may not provide for the deployment of any cruise missile designed to carry a nuclear warhead and to be launched from a naval vessel or for the assembly of nuclear warheads onto such a cruise missile until—

(1) the President submits to Congress a report describing a method—

(A) by which it is possible to determine whether a cruise missile designed to be launched from a naval vessel is conventionally armed or nuclear armed and by which it is possible to verify a limitation on the number of cruise missiles armed with nuclear warheads and deployed on naval vessels; and

(B) which the Joint Chiefs of Staff and the Director of Central Intelligence have certified in writing is a high-confidence method as applied by the United States to cruise missiles of another nation and is an acceptable method for use when applied by another nation to cruise missiles of the United States; and

(2) Congress specifically authorizes such deployment or assembly in legislation enacted after such report is received by Congress.

(b) Nothing in this section affects the authority to carry out deployment of conventionally armed sea-launched cruise missiles.

AMENDMENT TO H.R. —

(Military Applications of Nuclear Energy Authorization for Fiscal Year 1985)

At the end of the bill add the following new section:

LIMITATION OF FUNDS FOR NUCLEAR WARHEAD FOR TACTICAL LAND ATTACK MISSILE

SEC. . Funds appropriated pursuant to authorizations of appropriations in this Act may not be obligated or expended for production of the W80-0 nuclear warhead for the tactical land attack missile-nuclear (TLAM-N) or to modify any other warhead to make it suitable for that missile until—

(1) the President submits to Congress a report describing a method—

(A) by which it is possible to determine whether a cruise missile designed to be launched from a naval vessel is conventionally armed or nuclear armed and by which it is possible to verify a limitation on the number of cruise missiles armed with nuclear warheads and deployed on naval vessels; and

(B) which the Joint Chiefs of Staff and the Director of Central Intelligence have certified in writing is a high-confidence method as applied by the United States to cruise missiles of another nation and is an acceptable method for use when applied by another nation to cruise missiles of the United States; and

(2) Congress specifically authorizes such obligation or expenditure in legislation enacted after such report is received by Congress.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of the bill add the following new section:

REPORT ON THEATER NUCLEAR WEAPONS AND FORCE STRUCTURE

SEC. . Not later than January 19, 1985, the President shall submit to Congress a report setting forth reasons why the United States should or should not initiate a long-term program for the renovation the North Atlantic Treaty Organization (NATO) nuclear deterrent in a manner designed to reduce pressures for early first use of tactical nuclear weapons and to substantially reduce the theater nuclear arsenal to types and numbers of weapons whose characteristics make for a more stable and credible force. The report (in addition to any other matter covered) should specifically address the following issues:

(1) Whether NATO should not eliminate its reliance on short-range battlefield nuclear weapons (such as the atomic demolition bomb and 155-millimeter and 8-inch nuclear artillery rounds), the exposure of which to early loss from enemy action promotes pressures for early use.

(2) Whether NATO should not refurbish its nuclear deterrent by designing and deploying specific dedicated nuclear launchers of a range which permits the coverage of all potential targets from locations in the rear of the European NATO territory in the territory of the Warsaw Pact short of the territory of the Soviet Union, thereby reducing pressure from enemy action for early first use of nuclear weapons.

(3) Whether NATO should not, as a consequence of a change in policy described in paragraph (2), eliminate its inventory of dual-capable nuclear/conventional weapons in order to allow early use of artillery, aircraft, and surface-to-surface missiles for conventional missions rather than causing them to be withheld for possible nuclear use.

(4) Whether NATO should not place control and operation of tactical nuclear weapons in a single specialized command established for that purpose so that all other NATO force elements could be free to concentrate on pursuing conventional military missions with maximum efficiency.

AMENDMENT TO H.R. —

(Military Applications of Nuclear Energy Authorization for Fiscal Year 1985)

At the end of the bill add the following new section:

PROHIBITION OF TESTING CERTAIN NEW TACTICAL NUCLEAR WARHEADS

SEC. . (a) None of the funds appropriated pursuant to authorizations of appropriations in this Act may be used—

(1) for the testing and production of the W81 warhead for the air defense missile for the Navy known as the Standard Missile-2; or

(2) for research and development for warheads for the anti-submarine weapons for the Navy known as the anti-submarine warfare standoff weapon, the anti-submarine warfare vertical launch anti-submarine rocket, the anti-submarine warfare nuclear depth bomb, and the advanced air intercept missile warhead.

(b) Not later than January 1, 1985, the President shall submit a report to Congress presenting a justification (in light of recent technological developments in conventional weapons) for the development of, and continued reliance by the United States on, nuclear warheads for tactical battlefield use. The report shall discuss the rationale for the United States Navy having a nuclear capability for air defense and submarine defense and shall discuss conventional alternatives to the warheads referred to in subsection (a).

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of the bill add the following new section:

REPORT ON WITHDRAWAL OF TACTICAL NUCLEAR WARHEADS FROM EUROPE

SEC. . The President shall submit a report to Congress not later than 30 days after the final decision is made (based upon the recommendations of the Supreme Allied Commander, Europe) regarding the net reduction to be made by the United States in the number of tactical nuclear warheads in the territory of North Atlantic Treaty Organization European member nations pursuant to the decision of the Nuclear Planning Group of the North Atlantic Treaty Organization of October 17, 1983. The report shall—

(1) specify the types of warheads to be withdrawn in accordance with that decision, the number of each such warhead to be withdrawn, the schedule for the withdrawal, and the rationale for the selection of the particular warheads to be withdrawn; and

(2) any changes in force structure to be made resulting from the changes in the tactical nuclear warheads positioned in Europe.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of the bill add the following new section:

REPORT ON STRATEGIC NUCLEAR SUBMARINE FORCE

SEC. . Not later than January 19, 1985, the President shall submit to Congress a report on the survivability of the United States strategic nuclear ballistic missile submarine force. The report shall address whether there are grounds for adjusting, in short- or long-range terms, strategic force plans of the United States based on any vulnerability or potential vulnerability of such force and the survivability of command, control, and communications systems with respect to submarines in such force. The report shall also examine the feasibility and desirability of enhancing the survivability of such force through arms-control measures that would affect anti-submarine warfare, including the nature of the patrols and the rules of engagement of attack submarines and the nature of the patrols and rules of engagement of ballistic missile submarines.

AMENDMENT TO H.R. 5167

(Department of Defense Authorization Act, 1985)

At the end of the bill add the following new section:

REPORT ON UNITED STATES COUNTERFORCE CAPABILITY

SEC. . (a) Not later than January 19, 1985, the President shall submit to Congress a report discussing the required strategic counterforce capability of the United States consistent with existing United States policy as expressed by the President in his letter of May 11, 1983, to Representative Albert Gore, Junior, (printed in the CONGRESSIONAL RECORD of ——, 1983, at page H——) in which the President—

(1) explained his understanding of the report of the President's Commission on Strategic Forces ("the Scowcroft Commission") dated April 11, 1983; and

(2) agreed with the recommendation in that report that the United States not develop a first-strike capability against the Soviet Union.

(b) The report under subsection (a) shall be developed taking into consideration current and proposed United States intercontinental ballistic missiles having an accuracy of the order of the MX missile and shall discuss the number of each such missile (including specifically the MX missile, the D5 Trident missile, and the small single-warhead missile) intended to be procured for United States strategic force modernization and the rationale for the overall counterforce capability that would be attained as a cumulative result of those procurements. The President shall include in the report a specific definition of what United States counterforce capability would constitute a so-called "first-strike capability" against the Soviet Union.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, April 12, 1984, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

APRIL 13

9:30 a.m.
Finance
Oversight of the Internal Revenue Service Subcommittee
To hold oversight hearings to examine the impact of the Federal income tax system on productivity and economic growth.
SD-215

APRIL 24

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Armed Services
Sea Power and Force Projection Subcommittee
To hold open and closed hearings to discuss strategic cooperation between the United States and Israel.
SR-232A

9:30 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold hearings on proposed legislation authorizing funds for fiscal years 1985 and 1986 for programs of the Hazardous Materials Transportation Act, Natural Gas Pipeline Safety Act, and the Hazardous Liquid Pipeline Safety Act.
SR-253

10:00 am.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for intelligence programs of the Department of Defense.
S-407, Capitol

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Coast Guard.
SD-138

Environment and Public Works
Transportation Subcommittee
Business meeting, to mark up S. 2527, authorizing funds for the Federal aid highway program of the Department of Transportation.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title XX (adolescent family life demonstration projects).
SD-430

2:30 p.m.
Labor and Human Resources
Labor Subcommittee
To hold oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

APRIL 25

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

Labor and Human Resources
To hold hearings on the nominations of Fred W. Alvarez, of New Mexico, to be a member of the Equal Employment Opportunity Commission, and Thomas F. Smegal, Jr., of California, Basile Joseph Uddo, of Louisiana, Hortencia Benavides, of Texas, and Lorain Miller, of Michigan, each to be a member of the Board of Directors of the Legal Services Corporation.
SD-430

9:30 a.m.
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on S. 1816, to require the labeling of textile fiber and wool products as to country of manufacture.
SR-253

Governmental Affairs
Governmental Efficiency and the District of Columbia Subcommittee
To resume hearings on S. 1858, making a technical correction to the legislative veto provisions of the Self-Government and Governmental Reorganization Act of 1973 (Home Rule Act).
SR-385

10:00 a.m.
Agriculture, Nutrition, and Forestry
To resume oversight hearings on the Federal food stamp program, and the Child Nutrition Act (Public Law 89-642).
SR-232A

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

Governmental Affairs
To hold hearings in compliance with section 3401(g) of title 39, United States Code, which requires the Postal Service to submit to Congress a comprehensive statement on the status of the Postal Service.
SD-628

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to investigate alleged involvement of organized crime and mismanagement of funds in the hotel and restaurant workers' union (HEREIU).
SD-342

Judiciary
Juvenile Justice Subcommittee
To hold oversight hearings on child sexual abuse.
SD-226

11:00 a.m.
Judiciary
Separation of Powers Subcommittee
To hold hearings on S. 1405, proposed Federal Neutrality Act of 1983.
SD-562

APRIL 26

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the national ocean policy study on proposed legislation authorizing funds for programs of the Marine Mammal Protection Act.
SR-253

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for National Guard and Reserve units of the Department of Defense.
SD-192

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Smithsonian Institution.
SD-138

Environment and Public Works
To hold hearings to review the proposed refinancing of the Kennedy Center bonded indebtedness to the Department of the Treasury.
SD-406

Foreign Relations
To hold hearings on the following treaties: Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Ex.Q, 96-2), Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances, Gifts and Certain Other Transfers (Treaty Doc. 98-6), Protocol, together with an exchange of letters, Amending the Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (Treaty Doc. 98-12), Convention with Canada with Respect to Taxes on Income and Capital, with a related exchange of notes (Ex.T, 96-2), Protocol Amending the 1980 Convention with Canada with Respect to Taxes on Income and Capital (Treaty Doc. 98-7), and Convention with Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Estates, Inheritances and Gifts (Treaty Doc. 98-11).
SD-419

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title XX (adolescent family life demonstration projects).
SD-430

2:00 p.m.
Energy and Natural Resources
Energy Regulation Subcommittee
To hold oversight hearings on the status of North American natural gas reserves and resources.
SD-366

APRIL 27

9:30 a.m.
Finance
Health Subcommittee
To hold hearings to examine how to ensure quality health care to low-income persons.
SD-215

APRIL 30

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

10:00 a.m.
Energy and Natural Resources
To hold oversight hearings on the implementation of the Acid Precipitation Act of 1980 (set forth in Subtitle A of Title VII of the Energy Security Act (Public Law 96-294)).
SD-366

Judiciary
To resume hearings on S. 462, to clarify certain provisions of the Hobbs Act relating to Federal jurisdiction over labor extortion matters.
SD-226

2:00 p.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Supreme Court, and the Arms Control and Disarmament Agency.
S-146, Capitol

MAY 1

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the joint weapons program of the Department of Defense.
SD-192

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Housing and Urban Development.
SD-124

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-138

Environment and Public Works
To hold hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

Judiciary
To continue hearings on S. 462, to clarify certain provisions of the Hobbs Act relating to Federal jurisdiction over labor extortion matters.
SD-226

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for programs of the U.S. Forest Service, Department of Agriculture.
SD-138

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the National Oceanic and Atmospheric Administration, Marine Mammal Commission, and the Small Business Administration.
S-146, Capitol

MAY 2

9:30 a.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Justice, and the Legal Services Corporation.
S-146, Capitol

10:00 a.m.
Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the De-

partment of Transportation and certain related agencies.
SD-138

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

Veterans' Affairs
To hold hearings to review veterans' compensation programs.
SR-418

MAY 3

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Defense.
SD-192

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for U.S. territories.
SD-138

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-124

Environment and Public Works
To hold hearings on proposed legislation authorizing funds for fiscal year 1985 for the Public Buildings Service, General Services Administration.
SD-406

Labor and Human Resources
To hold hearings on S. 2117, to establish the national vaccine-injury compensation program as an elective alternative remedy to judicial action for vaccine related injuries.
SD-562

Labor and Human Resources
Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the Head Start program.
SD-430

MAY 4

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold oversight hearings on the implementation of the impact aid program of the Department of Education.
SD-430

MAY 7

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimated for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

MAY 8

9:30 a.m.
Commerce, Science, and Transportation
Business meeting, to consider pending calendar business.
SR-253

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
Business meeting, to consider proposed legislation authorizing funds for programs of the Public Health Service Act, including title X (family planning), and title XX (Adolescent Family Life Act).
SD-430

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Office of Surface Mining, Department of the Interior, and the U.S Holocaust Memorial Council.
SD-138

MAY 9

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
Business meeting, to mark up a committee resolution to authorize certain construction projects of the Veterans Administration contained in the Administration's budget for fiscal year 1985.
SR-418

MAY 10

9:30 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on the impact of drugs on crime.
SD-430

Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-134

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Geological Survey, Department of the Interior.
SD-138

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

MAY 15

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold hearings on Senate Joint Resolution 138, to establish a National Commission on Teacher Education.
SD-430

MAY 16

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

MAY 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-430

10:00 a.m.
Appropriations
*Defense Subcommittee
To hold open and closed hearings on proposed budget estimates for fiscal year 1985 for space programs of the Department of Defense.
SD-192

MAY 21

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

MAY 22

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on alleged corruption by officials of the Boilermaker's Union.
SD-430

MAY 23

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

11:00 a.m.
Judiciary
Separation of Powers Subcommittee
To resume hearings on S. 1406, proposed Federal Neutrality Act of 1983.
SD-226

MAY 24

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold hearings on title IX of the Higher Education Act relating to educational equity.
SD-430

JUNE 5

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

JUNE 6

10:00 a.m.
Veterans' Affairs
To hold oversight hearings on the activities on the Inspector General and Medical Inspector of the Veterans' Administration.
SR-418

JUNE 13

10:00 a.m.
Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
To hold oversight hearings to review the sharing agreement between the Veterans' Administration and the Department of Defense, and to discuss the Veterans' Administration's supply and procurement policy.
SR-418

JUNE 19

9:30 a.m.
Labor and Human Resources
To hold oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.
SD-430

JUNE 20

9:30 a.m.
Labor and Human Resources
To continue oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.
SD-430

10:00 a.m.
Veterans' Affairs
Business meeting, to mark up proposed legislation relating to veterans' compensation.
SD-418

SEPTEMBER 18

11:00 a.m.
Veterans' Affairs
To hold hearings to review the legislative priorities of the American Legion.
SR-325

CANCELLATIONS

APRIL 12

10:00 a.m.
Environment and Public Works
Regional and Community Development Subcommittee
To hold oversight hearings on certain activities of the Tennessee Valley Authority, focusing on the cost of TVA power purchased by the Department of Energy.
SD-406

MAY 1

10:00 a.m.
Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

SENATE—*Thursday, April 12, 1984*

(Legislative day of Monday, March 26, 1984)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. Our prayer today will be offered by the Reverend Don H. Polston, senior pastor, Sunnyside Temple, Waterloo, Iowa, sponsored by Senator CHARLES GRASSLEY.

PRAYER

The Reverend Don H. Polston, senior pastor, Sunnyside Temple, Wesleyan, Waterloo, Iowa, offered the following prayer:

O Lord, our Lord, how excellent is Thy name in all the Earth. We are instructed in Thy word that, "He who dwelleth in the secret place of the most High shall abide under the shadow of the Almighty."

Therefore, we say confidently, as David the King declared, "God is my refuge. He is my fortress. In Him will I trust."

Because of the abiding faith, we believe You always deliver us from the snare of the enemy, as well as covering us with Your feathers while under Your wings we trust. Many shall fall at our side, but because of Your presence, it shall not come near us. You have given the angels charge over us, to keep and to lift us up in their hands, lest we dash our foot against a stone.

We affirm You are with us in trouble. Also, You deliver and honor us with Your salvation.

Give us a long life. Make known to us personally Thy great salvation, through Jesus Christ, our Lord. Amen. (Based on Psalm 91.)

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

REVEREND POLSTON CONGRATULATED ON INSPIRING PRAYER

Mr. BAKER. Mr. President, I wish to congratulate our distinguished guest Chaplain this morning. Reverend Polston has delivered an inspiring prayer. He follows in the line and the lineage and tradition of great Chaplains and guest Chaplains who have appeared before the Senate. We are happy to have him. I also express our gratitude to Senator GRASSLEY for sponsoring Reverend Polston today.

Reverend Polston will no doubt be aware of the fact that the Senate is populated by disappointed candidates for President. And I am one of them. I remember most keenly my first visit to Waterloo, Iowa, which was in January. I also recall that that is the coldest I have ever been in my entire life. One of these days, perhaps, I would like to return under less inclement circumstances.

But, once again, we welcome Reverend Polston into our midst today.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, because of pressing matters and unusual circumstances, it is not possible for the minority leader to be present at this moment. Therefore, I ask unanimous consent that his time under the standing order may be reserved for his use at any time during the course of this day.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE SCHEDULE

Mr. BAKER. Mr. President, six Senators yesterday requested special orders to speak this morning: Senators KASTEN, PROXMIRE, DANFORTH, COHEN, LEAHY, and BUMPERS. Since we were in late last evening and very late the night before, and since we were coming in relatively early this morning, I asked those Senators to forbear to insist on those special orders so we could get started on the bill as early as possible. I wish to express my apologies, first, for the inconvenience I have caused those six Senators, but my appreciation for their willingness to defer, and to say, Mr. President, that the leadership will make an effort to provide the time during the course of the day, during a lull, if there is a lull, in the consideration of this bill for them to claim special order time which we will arrange for.

Mr. President, after the two leaders have been recognized under the standing order, there will be a period for the transaction of routine morning business until 10:30 a.m., at which time the Senate will resume consideration of the pending business, which is H.R. 2163. At that time, the D'Amato amendment, which is No. 2956, will be the pending question.

Mr. President, I hope we can finish this portion of the bill, meaning the Finance Committee portion of the bill, at a decent hour this afternoon and, if not then, this evening, for, Mr. President, the leadership on this side feels that it is important that we finish the Finance Committee portion of this bill before we go out for the Easter break. If we can finish this afternoon, I will be grateful. If we finish tonight, I will be pleased. And if we have to go over to tomorrow, I will be disappointed. But we will come back tomorrow, if necessary, Mr. President, in order to accomplish that purpose.

Mr. President, Senators should be reminded that the adjournment resolution is at a slight variance with the announced and published recess schedule. In this case, it is on the side of right and justice, in that we extended the time for the recess by 1 day.

Mr. President, the Senate will reconvene, I would remind Senators, on Tuesday, the 24th of April, rather than Monday, the 23rd. That makes the Senate schedule then conform to that of the House of Representatives and gives Members the Monday after Easter Sunday in which to arrange their affairs to travel back to Washington.

Mr. President, I see the distinguished Senator from Wisconsin is here. If I have any time remaining under the standing order on my side, I will be prepared to yield to the Senator.

Mr. PROXMIRE. Mr. President, I thank the majority leader. I understand the minority leader is willing for me to use 5 minutes of his time, which will be ample. I thank my good friend, the majority leader.

The PRESIDING OFFICER (Mr. KASTEN). The Senator from Wisconsin is recognized.

HOW TO STOP A THINKABLE NUCLEAR STRIKE

Mr. PROXMIRE. Mr. President, how could the Soviet Union win control of all of Europe? Could they take advantage of the pinpoint accuracy of their latest nuclear missiles to destroy NATO's military power with a sudden preemptive strike? In doing this, could they spare the cities of Europe? Could they keep the number of persons killed and wounded very low? Could they sweep past a disarmed Western Europe to the English Channel, and, indeed, onto and over England?

On Tuesday, March 22, the Wall Street Journal carried an article writ-

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ten by a retired French general, Pierre Gallois, and an American expert on international affairs, John Train, which spells out precisely how the Soviet could accomplish this feat. Why would not the fear of almost certain and massive nuclear retaliation by the United States prevent such a Soviet coup? The authors theorize that since the Soviet attack would spare the general population of Western Europe and the cities of Western Europe, the United States would not respond with a doomsday final catastrophic attack on Russian cities. The authors speculate that the Soviets might reason as follows:

The United States would accept Soviet domination of Western Europe rather than initiate an act of almost certain mutual suicide by an escalating nuclear exchange. And what do the authors suggest we should do about this situation? That is not hard to guess. They argue we are now losing the nuclear missile accuracy race to the Soviet Union. So we should step up the pinpoint precision of our missiles.

Gallois and Train see the deployment of Pershing and cruise missiles in Europe as the right initial step. But to Gallois and Train the final answer can only come from winning the accuracy in nuclear arms race. In addition to accuracy, they contend the new nuclear weapons must be low yield; that is, able to destroy military targets with airbursts creating minimum fallout, and, therefore, as little nonmilitary damage as possible. They also plead for an adequate—in fact, substantial—buildup in the supply of the new, accurate nuclear missiles. And, finally, they want the missiles mobile so they cannot be destroyed by Soviet surprise attacks.

In all fairness, Mr. President, let us consider the merits as well as the weaknesses of this newest wrinkle for keeping our deterrent up-to-date. In the view of this Senator, almost any proposal for stepping up the arms race takes us eventually down the road to disaster. Gallois and Train give nothing but the back of their hand to arms control. They contend that the Soviets break arms control agreements, even if we can verify the agreement. In the last several weeks, Mr. President, in speech after speech here in the Senate, I have documented the fact that this simply is not true. Of course, there are ambiguities in these agreements.

But in cases such as the AMB Treaty, the Test Ban Treaty and SALT I where we have spelled out the basis for verification, we have no definitive proof that the Soviets have violated the treaties. We have also learned how to prevent violation. We have learned we should make the verification procedures as specific and definitive as possible. We should provide for unfettered satellite monitoring, for onsite followups with international inspection to explore any suspicious activities. We should insist on monitoring stations inside the borders of both superpowers. In the case of negotiations for a comprehensive ban on all nuclear testing, including underground testing, the Soviets have agreed in principle to the placement of as many as 10 black boxes within the Soviet Union and regular onsite inspection.

We have not really given vigorous arms control a chance and we should. In my judgment, Mr. President, arms control must be the ultimate reliance of this country for the prevention of nuclear war. But Gallois and Train do propose a course worth investigating until we can negotiate an agreement that will stop nuclear arms testing, production and deployment. It might, indeed, tend to stabilize the military situation in Europe to enhance our nuclear accuracy, and reduce the radioactive fallout. The megatonnage of our missiles would seem to lead to a better balance between the two sides in Europe, and a more credible deterrent.

It is ridiculous to assume that Soviets would launch an attack on Europe with nuclear weapons of such great precision that they could destroy NATO's ability to resist without recognizing the immense risk that they would take. Once the nuclear exchange begins, there is no turning back before we incinerate the entire civilized world. But ridiculous risks have been taken in the past, and they might be taken again. Such a terrible gamble would be less likely to be undertaken if NATO could retaliate with survivable nuclear weapons of equal precision. On this score, Gallois and Train have a point.

The best, indeed the only, truly sensible answer to the scenario of a Soviet attack on Western Europe with precise nuclear weapons is a mutual, comprehensive nuclear arms control treaty that is as fully verifiable as we can make it.

Mr. President, I ask unanimous consent that the article to which I have referred from the March 22, 1984, Wall Street Journal be printed at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

When a Nuclear Strike is Thinkable

(By Pierre Gallois and John Train)

Paris.—Thanks to the amazing increase in missile accuracy of recent years and the corresponding reduction in warhead yields, the real nature of deterrence today is drastically different from the public perception. The Jonathan Schell scenario of massive exchanges against cities may be obsolete: Neither side would dare.

A future war in Europe instead could start with a crippling Soviet nuclear strike against North Atlantic Treaty Organization conventional military objectives so precisely targeted that there would be little civilian damage, either directly or through subsequent fallout. In the past 20 years, the accuracy of Russian missiles has increased by a factor of 10, and American missiles, which were much more accurate to begin with, by a factor of five.

In 1964, a Soviet SS-8, because of its low accuracy, might have needed a five-megaton warhead to knock out a two-acre ammunition depot protected by a concrete revetment. Today, the improved Soviet SS-20s could do the same job with a warhead in the low kilotons, a thousandth of the previous power; and in the near future even more accurate versions, with still lower-yield warheads, could be deployed.

18TH-CENTURY WARFARE?

Both sides are rapidly shrinking their missiles' explosive force in order to be able to attack military targets without causing extensive collateral damage that would invite reprisals against cities. Specifically, the megatonnage of the U.S. missile arsenal has shrunk by about half since 1970 and by about three-quarters since the late 1950s. It has become so dangerous—and indeed useless—to attack cities in the World War II style, that war once again may become professionalized, the way it was in the 18th century: uniformed forces vs. uniformed forces, with the noncombatants on the sidelines.

The Soviets are way ahead of NATO in deploying the high-accuracy low-yield and medium-yield missiles that actually could be used in an attack. We shrank from "thinking about the unthinkable" in the 1950s and 1960s, and indeed belittled Herman Kahn as a "Dr. Strangelove" when he dared to consider it. Instead, by our simplistic policy of "staying ahead" through Mutual Assured Destruction, via endless reciprocal escalation, we let the world drift into its current plight.

Most people still think about nuclear strategy on the basis of what was true between 1945 and 1975. But the Russians realized in due course that they couldn't use their huge SS-4s and SS-5s against NATO without showering fallout over the Soviet bloc, since the jet stream blows from West to East, in the same direction as the Earth's rotation. Fallout is created by a ground-level burst that digs a crater: The debris, thrown into the air, lands downwind. So as soon as they could, the Soviets scrapped these weapons and switched to more accurate missiles with much lower explosive force. The new SS-21s, 22s and 23s have a 100-meter "circular error probable," which implies only one-kiloton or two-kiloton air bursts for a soft target, with negligible fallout. Radiation from an air burst extends no farther than the heat and blast. They, in turn, are no more extensive than is needed for the military mission: as little as 500 yards out from the target.

The U.S. is working to catch up: The first American Atlas missiles, with a five-mile circular error probable, carried a 10-megaton warhead, while the MX, with a 100-meter CEP, will use perhaps a 20th of that for a hardened silo, or several one-kiloton warheads for soft-surface targets. Indeed, the Trident II missile may be used with a cluster of conventional warheads.

The Soviets can disable NATO using low-yield air bursts only. Every NATO military target is on the surface: all the airfields, radar antennas and ammunition dumps. The oil pipelines can be cut where they run through open fields. Cities near these targets could be left virtually unscathed.

Soviet military practice is quite different from Soviet propaganda, which pushes the idea that no atomic weapons can ever be used because they would escalate immmediately to city-for-city exchanges. The hope is to discourage the deployment of counters to their new, accurate missiles.

What about a defense based on the buildup of our conventional forces? NATO commander Bernard Rogers wants to increase NATO's conventional strength, but does not, as one sometimes hears, believe that NATO can be defended only with conventional weapons. He does have considerable confidence in the effectiveness of the "strike deep" strategy, using conventional "smart" munitions (the "assault breaker" technology) to destroy an invader's rear echelons once the fight has started.

But this assumes that the Soviets are obliging enough to conduct a World War II-style campaign. In fact, however, any war in Europe would start with a surprise attack on the 400 or so NATO military targets—again, by low-yield air bursts that would produce little injury to civilians. Very few Americans would be killed if the American zone in Europe were avoided. Yet NATO in Europe would be crippled, regardless of the number of conventional divisions it had in place, since it does not have an invulnerable theater-based ability to inflict a corresponding riposte against Soviet conventional forces.

The Pershing II and cruise missiles will partly close this gap, but not for a number of years. Submarine-launched missiles, while they have survivability, are, for now, less accurate. Yet this forward-looking weaponry remains the West's best hope for dealing with the new European reality.

The Soviets will not start a war in Europe with either the conventional tank attack we have prepared for or by launching a strategic attack with high-yield missiles against civilian populations, which would be mutual suicide. Even if it weren't, the Soviets would want to take over a Europe that still works, not a Europe in ruins: Since the Soviet economy is a mess, to control and exploit Western Europe's economy remains attractive. As to a conventional attack, it is far less effective and far more risky than a pinpointed, disabling blow against military targets. One dosen't gain total surprise with a tank assault, with its necessary air and artillery preparation, and in a conventional war the loyalty of the Soviet vassals in Eastern Europe would be uncertain.

All of this describes how a general war in Europe probably would start, if it were to happen, which is possible, not probable. But the description is not academic, because without a clear understanding of Soviet capabilities, the West will remain susceptible to fear propaganda about mass annihilation. That line, in turn, serves the Soviets in their more predictable approach to overcoming Europe and the West: weakening the will to resist, like Hitler's use of *Schrecklichkeit*—the war of nerves.

The Soviets will probably avoid applying pressure all at once, which might drive the West together. Instead, like lions stalking zebras, they will continue to pull down each isolated victim in turn. Not whole regions, just specific countries. Not Africa, Angola. Not the Americas, Nicaragua. Not Asia, Afghanistan. They may soon be in a position to grab Baluchistan: Can anybody do more than protest? Or suppose they intervene in eastern Turkey. Would the Norwegians, the Dutch or the Danes send troops to Turkey to fight the Red Army? Hardly. It would be the same if they claim some real estate in the top of Norway, to protect the Kola Peninsula. Would the Greeks send troops to fight in the Arctic? Blackmailed by Soviet military superiority in the European theater, the NATO parliaments would doubtless call for "dialogue" or "a diplomatic solution." And the strategic balance would continue to shift, as it has with Soviet airfields in Afghanistan, which significantly undermine our position in both the Middle East and Southwest Asia.

One should not pin too much faith on arms-control discussions, however optimistic one would like to be. The Soviets do not sign an agreement that doesn't give them an advantage. Even if it can be verified, they will break it, and we will have no method of enforcement. SALT I gave them 62 missile submarines to 41 for America. In fact, the U.S. has only 35, but the Soviets have gone right on to 70 or so—more, if you count some older ones. The huge phased-array radar they've built at Krasnoyarsk is forbidden because it's for an ABM defense. We complain, but there's nothing we can do about it.

IMPROVING SECURITY

So how, then, can NATO improve its security?

To deter a pinpointed nuclear attack on its key European war-making targets, NATO must possess weapons that the Soviets know could survive attack and be used with precision against their military targets in turn. That requires a missile force with four characteristics: First, it must be highly accurate. Second, low-yield warheads must be available to destroy military targets with air bursts creating minimum fallout. Third, the missile supply must be adequate. And finally, it must be fully mobile, so that it can't be destroyed by the Soviet surprise attack with which a future war would start. The U.S. is on the right track toward meeting these objectives with its European missile-deployment program.

Such a defense would improve stability in the region by cutting the rewards of a sudden attack, would reduce our dependence on huge, inaccurate weapons and would diminish Europe's vulnerability to blackmail while its periphery is undermined.

THE KURDISH SITUATION AND THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, recent media accounts of Kurdish involvement in the Iranian-Iraqi war brings again to my attention the plight of the Kurdish people, who have for decades been oppressed by the governments which rule them. This situation illustrates the acute need for the Genocide Convention.

Some 10 million Kurds inhabit the mountainous region where Iraq meets Iran and Turkey. Although Kurdistan is divided by these national boundaries, its inhabitants constitute a separate nationality. They speak a unique Indo-European language, practice particular cultural traditions, and claim ethnic distinction from the peoples which surround them.

Yet the Kurds have been, and continue to be, the target of systematic efforts—most recently, in particular, by Iraq—to uproot, disperse, and extinguish their society. Kurdish villages have been destroyed. Kurdish families have been separated. Kurdish patriots and resistance fighters have been imprisoned or executed. Kurdish refugees have been forcibly resettled and detained under subsistence-level living conditions. These acts are clearly designed to literally dissolve the Kurds as a cultural group.

It is not clear that the Kurdish people are victims of genocide according to the Genocide Convention's precise definition. It seems undeniable, however, that many Kurds have been victims of gross violations of human rights, and that these violations are being systematically carried out as a deliberate government policy. If reports by the media are accurate, these acts certainly border on genocide.

Historical illustrations of the need for a treaty banning genocide are less compelling precisely because they are now history. We may find it too easy to shrug them off as mistakes of the past. I hope my Senate colleagues will remember that acts of a genocidal character are still occurring in the present day. The imperative for a genocide ban remains current. U.S. ratification of the International Genocide Convention would strengthen the message that the international community will no longer tolerate these offenses against humanity. I urge my fellow Senators to lend their support to ratification without delay.

THE VEIL OF SECRECY AT THE SYNTHETIC FUELS CORPORATION

Mr. PROXMIRE. Mr. President, the Synthetic Fuels Corporation (SFC) is too concerned with the preservation of secrecy and too little concerned with the protection of the interests of the Nation's taxpayers.

The SFC is not the war room of either the Pentagon or the Strategic Air Command. Its excessive preoccupation with secrecy diminishes the SFC's credibility in the eyes of the Congress and the American public. Moreover, it raises the question of what the SFC has to hide and from whom?

The SFC's use of shredders, electronic sweeps, technical security surveys, card access, and "vault" areas indicates an expensive obsession with secrecy.

Until recently, SFC security procedures included the liberal use of "confidential" stamps. Ironically, the practice was ended when SFC officials discovered that no employee had legal authority to classify documents.

The SFC has gone to such great lengths to insure secrecy that it has hired a consultant to meet with SFC lawyers and advise them on the application of the Trade Secrets Act to congressional requests for information.

Mr. President, recently it was revealed that certain documents prepared by project developers in connection with applications for SFC loan and price guarantees were made available for SFC examination only in safe houses to avoid congressional subpena and public scrutiny.

As if this veil of secrecy by the SFC was not justification enough for stopping this free-spending behemoth, the SFC is plagued by mismanagement, ineffective leadership, and internal instability.

Since May 1983, the upper echelons of the SFC have lost through resignation its President, three members of the Board of Directors, the Executive Vice President, two Vice Presidents for Planning and Policy, the Vice President for Finance, the General Counsel and the Vice President for External Relations.

Tens of millions of dollars have been wasted in excessively high salaries and administrative costs. Seven officials earn more than $80,000. Six are paid more than $70,000 a year. Current SFC President, Victor Thompson, earns $135,000 a year, making him the highest paid official in the Federal Government after President Reagan—at least for now.

Why am I so skeptical about Mr. Thompson's future at the SFC? Mr. Thompson, the newly named president of the SFC, is under investigation by the Security and Exchange Commission for mismanagement and disception while heading an Oklahoma bank. Thompson is also the defendant in a class-action suit brought by stockholders and investors of the bank who contend that they were deceived by Thompson.

Thompson failed to mention this critical information to the SFC Board of Directors when they considered him for president. Such omissions further erode the credibility of the SFC and its management.

Mr. President, the Synthetic Fuels Corporation and its goals have not been well-served by such self-serving actions on the part of its highest leadership.

As a result of the continued notoriety of SFC management practices and the immature, uneconomic nature of synthetic fuels technologies, it is imperative that Congress closely scrutinize the SFC.

The record of the SFC since its inception has not been one laced with accomplishment. Since the enactment of the Energy Security Act in 1980, billions of dollars of taxpayer money has been risked in an attempt to fund an energy technology of dubious economic merit.

Fifteen Senators and I have sponsored S. 2358, legislation which would prohibit the further commitment of $14.7 billion dollars that the SFC has at its disposal until Congress has had the opportunity to review and approve a comprehensive strategy document submitted to it by the Corporation.

Unless Congress acts, the SFC will soon be committing billions of Federal dollars to subsidize projects that are technically and economically unsound. Congress cannot abdicate its responsibility for the oversight of an enormously costly program that lacks a comprehensive strategy for the expenditure of billions of taxpayers' dollars.

Mr. President, I yield the floor.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for transaction of routine morning business for not to extend beyond 10:30 a.m. with statements therein limited to 2 minutes each.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Assistant Secretary of the Senate proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PROXMIRE). Without objection, it is so ordered.

SENATOR PROXMIRE PRESIDING

Mr. BAKER. Mr. President, in the spirit of comity I would observe that the senior Senator from Wisconsin, my colleague, is in the chair. As a matter of courtesy, he volunteered, for which I am grateful, as I am sure the junior Senator from Wisconsin is.

We want to reassure all of the functionaries of history that a coup has not occurred. [Laughter.]

Mr. President, I ask unanimous consent that the junior Senator from Wisconsin—who is one of those who did not get a special order for this morning—be allowed to have a time limitation extended to 5 minutes.

The PRESIDING OFFICER. The Chair assures the majority leader that he will engineer a coup at every opportunity. [Laughter.]

The junior Senator from Wisconsin is recognized.

U.N. VOTING PRACTICES—THE DOUBLE STANDARD

Mr. KASTEN. Mr. President, this will be the eighth speech in which I am sharing with my colleagues and the American people the voting practices of the United Nations. In this series of statements I am attempting to elaborate and to dramatize the cold, hard, yet startling facts contained in the first annual study of the voting patterns in the United Nations.

Today I want to focus attention on an especially stark example of the notorious U.N. double standard in action—indeed, on a double example of this all too typical exercise in U.N. hypocrisy.

From our perspective, the example, I have chosen is a study in contrast. Consider, on the one hand, the approach of the U.N. General Assembly to a flagrant, massively documented case of unprovoked aggression—namely, the Soviet invasion, occupation, and attempted subjugation of Afghanistan, from 1979 to the present, with no end in sight.

Contrast this with the approach of the same 38th U.N. General Assembly to a surgically precise, limited-purpose intervention; namely, the rescue operation undertaken by the United States in Grenada in October 1983. This rescue operation was at the request of that country's sole legitimate executive authority, was in concert with five of Grenada's Caribbean neighbors, and had the principal purpose of restoring that country's democratic process at the earliest possible date.

Beyond that fundamental contrast—in every literal sense a study in polar opposites—it is instructive to note that no fewer than 39 U.N. member states could not so much as find it in their souls to be gravely concerned about the Soviets in Afghanistan, whereas they deeply deplored the U.S. action in Grenada. And let me emphasize that almost one-third of these countries are recipients of some form of beneficial treatment by the United States.

Now, some may say that I have stacked the deck in setting up this contrast. Have I, in fact, been too severe in my characterization of Soviet atrocities in Afghanistan, too lenient regarding the U.S. intervention in Grenada? I think not. I invite any who may be dubious to consult the record. And I challenge any reading of that record, in Afghanistan, in Grenada, to reach conclusions other than those I have stated.

I challenge the doubters, moreover, to contrast and compare the expressions of popular will in Afghanistan and in Grenada: In the latter case, more than 90 percent of the people literally gave thanks to God for the U.S. intervention, for their rescue from a bloodbath that was tearing apart the ruling elite.

In the case of Afghanistan, nearly 3 million Afghans have voted with their feet to seek refuge in Pakistan. And tens of thousands have taken arms in an incredibly courageous resistance to more than 110,000 Soviet troops, supported by jets and armor, and even by the terrible weapons of chemical and biological warfare.

No, Mr. President, only history and reality have stacked the deck. The only appropriate analogy to Afghanistan and Grenada is the 180 degree contrast between guns in the hands of gangsters and guns in the hands of the legitimate forces of law and order.

In the United Nations, however, such all important contrasts, such critical distinctions are simply swept under the rug. Each year since 1980, the U.N. General Assembly has adopted by huge majorities excessively bland resolutions on Afghanistan, naming no names, calling only "for the immediate withdrawal of the foreign troops from Afghanistan." That is all: "the foreign troops" which, for all the world knows, might have come down from Mars.

In the preambular or stage-setting portion of the resolution, there is an expression of grave concern at the "continuing foreign armed intervention in Afghanistan"—nothing more. This represents the ultimate degree of minimalism to which multilateral diplomacy can descend. It puts the burden of guilt on no one. It can scarcely offend anyone. And its impact, like the language of the resolution itself, is minimal.

The Soviet aggressors are still in Afghanistan. Indeed, their numbers grow. The documented atrocities mount up: Villages are leveled; crops are burned; women and children are murdered, often with booby traps in the shape of toys. No end to the agony of Afghanistan is presently in sight.

In November 1983, a few weeks after the launching of the United States-Caribbean States operation to rescue Grenada from literal chaos an emergency resolution was introduced in the United Nations General Assembly by democratic Yemen—an avowed Soviet satellite—seconded by Libya, Syria, and Cuba, among other terrorist nations. In its initial draft, the resolution condemned the U.S. intervention in Grenada outright by name.

Then, to fatten the majority, the cosponsors softened the language, deleted direct references to the United States, and ended up with this first operative paragraph:

> Deeply deplores the armed intervention in Grenada, which constitutes a flagrant violation of international law and of the independence, sovereignty and territorial integrity of that state.

Concerning violations of international law, the resolution was, of course, wholly silent on the self-defense provisions of the United Nations Charter itself, and of the compact of the Caribbean States which requested the intervention.

The closing words of the paragraph are especially ironic: If independence, sovereignty, and territorial integrity were, in fact, at risk, it is curious that the Governor General of Grenada did not seem to know it—he specifically and urgently called for the intervention and warmly welcomed the forces of the United States and five Caribbean neighbors.

And as soon as the rescue operation was accomplished, it is important to note, the foreign troops promptly pulled out, leaving only policy and training cadres.

It was to this resolution, Mr. President, that the infamous gag rule was applied. After its introduction and one seconding speech, all further debate was cut off. The United States was not even permitted to state its case, nor was Grenada, or Jamaica, or any of the other Caribbean democracies. In this atmosphere of U.N. officially sanctioned suppression of free and open speech, the resolution was, of course, shouted through—by a vote of 108 to 9—only El Salvador and Israel joining the United States and its Caribbean allies in opposition—with 27 abstentions and 13 countries not participating.

As I have noted already, Mr. President, 39 U.N. members—about one-third of them the eager beneficiaries of U.S. foreign assistance or other preferential treatment refused to support even a bland wrist slap with regard to the atrocious Soviet devastation of a free and independent Afghanistan. Yet these same 39 countries voted "yea" to deeply deplore the flagrant violation of Grenada's sovereignty and territorial integrity.

Double standard is too mild for this perverse behavior. Calculated hypocrisy would be closer to the mark. And that is the kind of grave, possibly fatal wound which the U.N.'s Third World-Soviet bloc voting majority habitually inflicts on itself.

Finally let us look more closely at that list of 39—a list, shockingly, that includes such presumed friends of the United States and of democratic values as Cyprus and Finland, India, and the Seychelles, Uganda, and North Yemen. I ask unanimous consent that a table showing those countries which voted to condemn United States-OECS action in Grenada, but not Soviet action in Afghanistan and are expected to receive U.S. foreign assistance in fiscal year 1985 be printed in the record at the conclusion of my remarks. The table also shows the proposed U.S. bilateral foreign assistance for each country for fiscal year 1985, the current year levels of assistance, and the historic levels of assistance from 1946 through the fiscal year 1985 proposal.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

COUNTRIES WHICH VOTED TO CONDEMN U.S.-OECS ACTION IN GRENADA, BUT NOT SOVIET ACTION IN AFGHANISTAN

[In millions of dollars]

	Fiscal year—		1946–85
	1985	1984	
Country:			
Algeria	(¹)		203.3
Angola	0.2	2.0	18.4
Benin	3.0	3.0	65.8
Bhutan	.6	.9	4.0
Cape Verde	5.8	6.4	67.0
Congo	1.1	3.0	21.3
Cyprus	3.0	15.0	211.3
Ethiopia	3.7	6.4	688.1
Finland	.1	.1	57.4
Grenada	.3	15.2	15.5
Guinea-Bissau	2.9	2.8	34.6
India	212.3	224.1	11,411.4
Madagascar	10.3	9.3	71.0
Mali	14.1	12.7	219.1
Mozambique	(¹)	6.2	82.3
Sao Tome	.2	.7	3.5
Seychelles	2.4	2.5	14.9
Uganda	10.1	9.1	97.0
Upper Volta	19.0	16.9	234.3
Yemen Arab Republic	47.8	37.1	305.7

¹ Less than $50,000.

PRODUCT LIABILITY ACT

Mr. KASTEN. Mr. President, on March 27, the Committee on Commerce, Science, and Transportation approved the Product Liability Act—S. 44 by a strong bipartisan vote of 11 to 5. I would expect that the committee's report will be filed shortly after our return from the Easter recess. In the meantime, I have asked my staff to prepare a brief summary of the bill. I ask unanimous consent that this summary and an article from the Wall Street Journal be printed in the RECORD at the end of my remarks.

The article from the April 4, 1984 editoral page was authored by Roger Leroy Miller, a distinguished professor of economics at the University of Miami. Mr. Miller has been involved in the product liability research project of the Law and Economics Center of the University of Miami. In his excellent article, Mr. Miller points out that "the current product liability system benefits litigators more than litigants," and that S. 44 "represents the best available method of restoring some balance and order to product liability law" by establishing "a clearer standard in product liability cases," thus eliminating "much of the random element present in court decisions."

The Product Liability Act had attracted the cosponsorship of one-fourth of the Senate. Supporters range across the broad political spectrum of this body. I urge my colleagues to give this matter their attention and concern over the Easter recess, so that it can be brought to the Senate floor for an early resolution.

TITLE

This provisions of the bill provides that the legislation may be cited as the Product Liability Act.

DEFINITIONS

Several terms used in the legislation are defined in the definitions section. Most importantly, first, a "manufacturer" includes not only a person engaged in a business to produce, make, or construct a product, but also a product seller which either holds itself out as a manufacturer or acts as a manufacturer with respect to a given product; second, a "product seller" is any person, leasing, installing, or packaging or product or otherwise placing it in commerce, but this term excludes sellers of real property, professionals, and certain financial entities; and third, "reasonably anticipated conduct" is the conduct expected, ordinary and familiar of the class of persons likely to use or be exposed to the product.

PREEMPTION OF OTHER LAWS

State law regarding recovery for loss or damage caused by a product is superseded to the extent the act provides a rule of law on an issue, without regard to State law theories of strict liability in tort, negligence, breach of warranty, failure to warn or instruct, or misrepresentation, which previously governed such an action. Civil actions for harm to a product itself or for commercial loss are not product liability actions. Purely economic harms have traditionally been a matter of commercial law, not tort law. The act does not expand the jurisdiction of the Federal courts, nor does it preempt other Federal laws (except FECA) and State environmental laws.

RESPONSIBILITY OF MANUFACTURERS

In any product liability action, a manufacturer is liable if the claimant establishes by a preponderance of the evidence that: first, the product is unreasonably dangerous in construction, in design, because of a failure to provide adequate warnings or instructions, or because the product did not conform to an express warranty, and second, the unreasonably dangerous aspect of the product was a proximate cause of the harm complained of by the claimant.

PRODUCT DESIGN AND CONSTRUCTION

A product is unreasonably dangerous in construction or manufacture if it deviated from the manufacturer's design specifications, formula, or performance standards or from otherwise identical units manufactured to the same manufacturing specification or formula. A manufacturer is, then, strictly liable for mismanufactured products if the deviation in the product caused the claimant's harm.

A product is unreasonably dangerous in design or formulation if: first, the manufacturer knew or, through the exercise of reasonable prudence, should have known about the danger which caused the claimant's harm, and second, a reasonably prudent person would not have made the product or used the design that the manufacturer used. A product is not unreasonably dangerous in design if: first, a means to eliminate the danger was not within practical technological feasibility and the benefits and usefulness of the product to the public outweighed the likelihood and probable seriousness of the harm; second, the harm was caused by an unavoidably dangerous aspect of a product—for example, the risks of rabies vaccine injections are unavoidable because they cannot be eliminated without impairing the vaccine's benefits; or third, the harm was caused by an unsafe aspect of a product that was inherent in the product—for example, the sharp edge of a knife.

PRODUCT WARNINGS OR INSTRUCTIONS

A product is unreasonably dangerous because of a failure to provide adequate warnings or instructions if first, the manufacturer knew or, through the exercise of reasonable prudence, should have known of the existence of the danger which caused the claimant's harm; second, the manufacturer failed to provide warnings that a reasonably prudent person would have provided; and third, the warnings or instructions would have prevented harm to a product user in the course of reasonably anticipated conduct. In addition, the manufacturer may be responsible for failure to warn if, after the product was made, the manufacturer discovered or should have discovered the danger which caused the claimant's harm and failed to provide postmanufacture warnings to the claimant as a reasonably prudent person would have done.

Warning or instructions must be given to a product user unless they were provided to certain classes of persons who could be expected to pass the warning on to the users. A manufacturer is not liable for failure to warn about obvious dangers, consequences of misuse, alteration, or modification.

PRODUCT FAILURE TO CONFORM TO EXPRESS WARRANTY

A manufacturer is strictly liable for breach of express product warranties where the breach of the warranty caused the claimant's harm.

RESPONSIBILITY OF PRODUCT SELLERS

A product seller is liable if, by a preponderance of the evidence, the seller's own lack of reasonable care in handling the product or the seller's own breach of an express product warranty was a proximate cause of claimant's harm. In such situations, the seller is responsible only for harms it causes through its own fault. Where, however, the manufacturer is not subject to service of process or is determined to be judgment-proof, the seller may be responsible for harms attributable to the manufacturer. This provision will reduce litigation costs by taking the seller out of suits in which he is not responsible. At the same time, it permits recovery by the claimant if the responsible manufacturer cannot be served.

DETERMINATION OF RESPONSIBILITY IN A PRODUCT LIABILITY ACTION

The claimant's own conduct, contributory negligence, or assumption of risk does not bar recovery, but reduces compensatory damages awarded to the claimant by an amount proportionate to the claimant's responsibility. Manufacturers and product sellers are responsible for their own conduct. This comports with the purpose of the act which is to place incentives for risk prevention on those best able to implement that goal.

In apportioning responsibility among those who caused the harm, evidence that a misuse or alteration of a product caused the claimant's harm is relevant. Product misuse or alteration by another will not reduce the manufacturer's or seller's responsibility if it was reasonably anticipated conduct.

This legislation does not alter rules of joint and several liability or rules of contribution among joint tortfeasors, except that contribution shall be based on each joint tortfeasor's percentage of responsibility for the harm.

EFFECT OF WORKERS' COMPENSATION BENEFITS

Under current workers' compensation statutes, the employer pays workers' compensation benefits in every workplace injury case. The act does not affect workers' compensation statutes, but provides that the workers' compensation system and the tort system are kept separate. Thus, it provides that, in accord with the principle of workers' compensation, the employer is immune from tort liability and shall not transfer responsibility for workers' compensation benefits. Damages in a product liability action would be reduced by the amount paid to the claimant under any State or Federal workers' compensation law. This reduction does not affect the amount the claimant receives today, but takes the place of the employer's subrogation lien, unless the manufacturer or product seller had expressly agreed to indemnify an employer.

TIME LIMITATION ON LIABILITY

If a product is a capital good, no claim alleging unsafe design or failure to warn in a product liability action may be brought for harm caused by the product more than 25 years after delivery to the first buyer or lessee not engaged in the business of selling or leasing the product. Capital good is defined as a product used in trade or business or held for the production of income.

These limitations on liability are not applicable if: first, the manufacturer or product seller intentionally misrepresented or fraudulently concealed information about the product; second, the claimant's harm was caused by the cumulative effect of prolonged exposure to the product; or third, the harm did not manifest itself until after the time limitation. Thus, claims for certain harms, such as harms from drugs, which do not manifest themselves until many years after product use, would not be barred by this section.

PUNITIVE DAMAGES

Punitive damages may be assessed if the claimant proves liability for compensatory damages and who establishes by clear and convincing evidence that the harm suffered was the result of the reckless disregard of the manufacturer or product seller for the safety of product users.

Reckless disregard means conduct manifesting a conscious, flagrant, indifference to the safety of persons who might be harmed by a product and constituting an extreme departure from accepted practice.

Following a determination by the trier of fact that punitive damages should be assessed, the judge would determine the amount of damages. The damages would be distributed to the claimant in an amount, if any, the judge determines appropriate and to a public purpose. There shall be only one punitive damage assessment for a single allegation of reckless disregard.

Taken as a whole, this provision recognizes that punitive damages in a product liability case are analogous to a criminal sentence and that the whole procedure for assessing them should be analogous as well. Thus, the provision requires a higher burden of proof, separates the role of the judge and the jury, and prevents repeated, multiple punishment for the same wrong.

SUBSEQUENT REMEDIAL MEASURES

Evidence of corrective measures taken by a manufacturer or product seller after a harm has occurred would not be admissible in court to prove liability. This preserves the incentive for manufacturers and product sellers to improve their products.

STATUTE OF LIMITATIONS

A 2-year statute of limitations is provided for all product liability actions. The 2-year time period does not begin to run until the claimant discovers or should have discovered both his harm and its cause. This "discovery rule" is more favorable to claimants than the "time of injury rule" followed by some States.

REVIEWABILITY

This provision states Congress intent that the U.S. Supreme Court shall not review issues relating solely to the sufficiency of evidence.

SEPARABILITY CLAUSE

A determination that a provision of the act is invalid or that the application of it to any person or circumstance is invalid will not affect the remainder of the act.

PRODUCT LIABILITY REVIEW PANEL

Under this provision, the Judicial Conference is to appoint a three-member panel of legal experts to conduct a continuous study of the tort system and to suggest changes to the Congress, including ways to compensate persons who are injured by defective products but who are unable to prove negligence or to identify the manufacturer.

EFFECTIVE DATE

This act will apply to all actions commenced on or after the effective date, including any action in which harm or the conduct which caused the harm occurred before the effective date.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Apr. 4, 1984]

Drawing Limits on Liability

(By Roger LeRoy Miller)

Federal product-liability legislation last week cleared the Senate Commerce Committee, its first significant congressional hurdle. The Reagan administration and a wide range of industry interests have endorsed it. Trial lawyers and certain public-interest consumer groups are, on the other hand, opposed. Given the realities of the judicial system in this country, the bill by Sen. Robert Kasten (R. Wis.) represents the best available method of restoring some balance and order to product-liability law.

In the past 20 years, a strict-liability standard for product-defect cases has evolved rapidly. In its most general form, the strict-liability rule states simply that the manufacturer of a product is subject to liability for harm caused to the user if the product as sold was unreasonably dangerous because of its defective condition. In other words, under the strict-liability standard, there is no legal defense for placing a product on the market that is dangerous to the consumer because of a known or knowable defect. Manufacturers can adjust, and have adjusted, quite well to such a standard; after all, they have little economic incentive to place defective products on the market. Although the costs of guarding against every defect would be exorbitant, minimizing their number makes sense: Those who produce harmful goods suffer in the long run.

Today, however, we face a crisis in this area of commerce because even the relatively tough standard of strict liability is no longer being applied. Rather, the courts have taken it upon themselves to fashion new public policy, extending liability in ways that were unexpected by producers and in ways that even reasonable consumers would likely find undersirable, since it is they who ultimately pick up much of the tab in the higher prices charged for products they purchase.

ABSOLUTE LIABILITY

Courts in several states are establishing a standard that is much stronger than that of strict liability, one that is now being called absolute liability. The most important case in this regard was handed down by the Supreme Court of New Jersey in 1982. That case involved Manville Corp., which that year filed for bankruptcy-law protection because of claims by tens of thousands of workers exposed to asbestos. (Product-liability has been extended to cover those who produce as well as those who purchase an item.)

The court ruled that a manufacturer could be strictly liable for failure to warn of a product hazard, even if the hazard was scientifically unknowable at the time of the manufacture and sale of the product. No longer can a company use as its defense the assurance that it did its best according to the state of the art in its industry at the time of manufacture. Under the rule of absolute liability, that defense is irrelevant. The producer is always liable for damages later caused by a product, even if the producer had no way of knowing—and no matter how much the producer was willing to spend at the time—that the product could cause a problem later on.

The rule of absolute liability arises frequently in cases involving chemicals and drugs. In such cases, the manufacturer will have placed a product on the market (often with government approval) that, at the time, was believed to be safe. Years later, even decades later in some cases, a side-effect problem comes to light. Under the doctrine of absolute liability, the manufacturer is held liable, thereby injecting a huge amount of uncertainty into the business process, an uncertainty that can result in the bankruptcy-law filings of producers as large as Manville.

Consider a 1983 New Jersey Supreme Court case. The jury was instructed to decide if constructing an above-ground swimming pool out of vinyl was a design defect. In this particular case, the plaintiff dived into his 3½-foot-deep pool, despite a small "Do Not Dive" warning sign. His hands slipped on the vinyl, allowing his head to strike the bottom of the pool. The court noted that, even if an alternative safe design were not available, the jury still could find the producer liable. The case awaits retrial.

Several other court decisions have strained the limits of credibility of product-liability law:

International Harvester Co. was held liable in Pennsylvania for the death of an operator of a skid loader it built. The farmer who bought the machinery ordered the maker to remove the standard protection cage because he feared the loader would not pass through low barn doors with the cage in place. The operator was crushed by a boom arm in an accident that wouldn't have been possible if he had been constrained by the protective cage. The jury held that the product was defective.

The Supreme Court of Appeals of West Virginia upheld a $500,000 award against a manufacturer of radial tires for damages suffered in an accident by the driver of the car. The car in question had two radial tires in place. The driver had purchased the car used, and the previous owner had put two radials and two non-radials on the automobile. Even in its advertising, the radial tire maker had indicated that one should not mix radial and non-radial tires. The court held that the tire maker should have stamped this warning on the side of the tires so that used-car buyers would be aware of the problem.

The Fifth U.S. Court of Appeals held that a jury could find that a single-control shower faucet is unreasonably dangerous because if one turns it all the way to one side, it will allow only hot water to spray, which could burn the occupant of the shower.

Furthering the difficulties of defendant-manufacturers is a decision by a California court of appeals holding that the producer has the burden of proving that the benefits of the design of its product outweigh its risks. In one case, a plaintiff's motorcycle collided with a pickup truck. The motorcyclist's leg was caught in the space between the bumper and the fender of the pickup, and was severed. As frequently happens, the plaintiff looked for the "deep pocket" to sue—not the driver of the truck but its manufacturer. Given that the injuries occurred, the court reasoned that the burden is automatically placed on the defendant to justify the construction of the pickup.

Laws on liability and available defense vary widely among the states, creating significant burdens on interstate commerce. Manufacturers of products sold nationwide cannot determine the standards of conduct to which they will be held. Governors in Kansas and Connecticut have vetoed state product-liability legislation, noting that individual state efforts make little difference in resolving the problem. Officials in each state have a political incentive to keep it easier to prove liability, since most products consumed by its residents are produced elsewhere.

The proposed federal standard would attempt to restrain the excesses of judges and juries that have destroyed the common-law ideal of a normative standard of conduct regulating the behavior of producers and consumers. Rather than allowing the courts to decide that an alternate design was possible and would have mitigated a particular injury in a particular case, a reasonable-prudence standard is needed. Under Sen. Kasten's bill, a product woud be held to be unreasonably dangerous if "the manufacturer knew, or, through the exercise of reasonable prudence, should have known about the danger which allegedly caused the claimant's harm" and if "a reasonably prudent person in the same or similar circumstances would not have manufactured the product or used the design or formulation that the manufacturer used." The proposed law also would require the courts to consider whether "the benefits and usefulness of the product to the public outweighed the likelihood and probable seriousness of the harm."

THE CARDOZO STANDARD

According to the opponents of this legislation, the above represents a Neanderthal standard. But the truth is far from that, for such a standard is very similar to the one devised by "enlightened" jurists such as Benjamin Cardozo (while a New York appellate judge): It was called strict liability.

One sometimes wonders if the negative reaction by trial lawyers to a Cardozo-like standard has anything to do with a concern about the possibility of less gainful employment—since the most outlandish product-liability cases would be precluded. The fact is, the current product-liability system benefits litigators more than litigants, as was made clear in a Rand Corp. study released last year. During the decade of the 1970s, $1 billion was expended on asbestos-exposure litigation alone. In the average case, the plaintiff received $35,000, while $60,000 was spent by the plaintiffs and defendants litigating the matter.

The proposed federal legislation will not necessarily affect this seemingly perverse ratio, but it will serve to establish a clearer standard in product-liability cases and thus to eliminate much of the random element present in court decisions.

Mr. KASTEN. Mr. President, I once more thank my friend and colleague from Wisconsin.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Assistant Secretary of the Senate proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KASTEN). Without objection, it is so ordered.

VICTIM COMPENSATION

Mr. MITCHELL. Mr. President, yesterday the Senate Committee on Environment and Public Works held its first hearing of 1984 on the reauthorization of the Superfund law.

The hearing focused on the issue of compensation for victims of toxic chemicals. This is not a new issue. The Congress has been struggling for over 5 years to devise a method to provide some sort of compensation to persons injured by exposure to chemicals in the environment. We have not yet been successful.

This morning, six people told the members of the Environment Committee how our failure to act has affected each of them.

Each of the witnesses has lived in Woburn or Lowell, Mass., near a hazardous waste site or a contaminated water supply.

Anne Anderson told us about her son, Jimmie, who died of leukemia in 1981 after 7 years of treatment.

Janet Brand told us about her daughter, who suffers from musculoskeletal disorders and her other children who suffer from chronic upper respiratory infections.

Patricia Kane told us about her son, Kevin, who contracted childhood leukemia at the age of 2 and how after 7 years of chemotherapy his illness went into remission.

Rita Pinard told us about her children's chronic respiratory and ear infections, which disappeared when her family moved away from the Silresim hazardous waste site.

Donna Robbins told us about her son who died of acute lymphocytic leukemia after a 5-year illness, and about her second son who now needs psychiatric counseling to deal with his fear of getting leukemia.

Richard Toomey told us about the death of his son, Patrick, of leukemia after a 2-year illness.

These witnesses spoke in a straightforward yet eloquent way of their problems. They told us about the high medical expenses they face, and the additional difficulty of even paying monthly expenses such as heat and electricity as a result of the cost of their children's illnesses. They related the difficulty of commuting to and from the Massachusetts General Hospital in Boston with sick children and the associated expenses. They spoke of their futile efforts to get information, cleanup action, or compensation from public officials.

They spoke of the lawsuit they filed 2 years ago, which has not yet come to trial.

The witnesses asked us what we were going to do. Are we going to go on with business as usual, put their testimony in the back of our minds, and let another year go by without action on victim compensation legislation? I hope and pray that the answer is "No."

I remind every Member of this body that the Superfund law we enacted in 1980 permits recovery from the fund for damage to Federal and State natural resources, but it makes no provision for recovery of even medical expenses from the fund for damage to people.

I said at the time we passed the Superfund law that as to this issue, the bill rested on a misguided set of priorities which placed damage to property above damage to people. Almost 4 years have passed since then, and the victim compensation provisions, which were dropped, are even more necessary today than they were in 1980.

The guiding principle of the authors of the Superfund law was that those responsible for harm caused by chemical contamination should pay the costs of that harm. That principle was abandoned in 1980 with respect to personal injury. As to such damages, the status quo obtains. Society at large continues to pay for the human health damage caused by hazardous substances.

This represents an unacceptable set of priorities by any standard of logic, commonsense, and basic decency. In my view, the question before us is not whether we should provide victim compensation but rather how we should accomplish it. I fail to understand how anyone could disagree with this very basic notion.

I regret very much that all Senators could not hear the testimony I heard yesterday, about tragedy in American families, and about the utter failure of government at all levels. Then perhaps those who in 1980 opposed victim compensation because it cost too much, or because it was alleged that the insurance industry would be crippled by claims, or because it was alleged that the judicial system would be overloaded with spurious suits, would change their focus to the real issue: the crying need for victim compensation.

I know that differences of opinion on this issue persist and that, notwithstanding the pleas of ordinary people for help, we face an uphill battle.

The opposition is formidable. It is led by the President. An official of his Office of Management and Budget, Michael Horowitz, stated last month that with respect to victim compensation, "the battle must be fought now, at the front end, over matters of principle," and that "we must have the political courage to say 'no' to victims' compensation."

I hope that every Member will in fact evaluate the issue of victim compensation as a matter of principle and with a measure of political courage to say "no" to the interests that threatened to kill the comprehensive Superfund bill in 1980. By these standards, the passage of victim compensation legislation could be assured.

I urge all Senators to think about the need for action now, so that next year we can look at the victims of toxic chemicals who come before us and tell them we listened, learned, and acted to help them.

A TRIBUTE TO JUDGE ROY MAYHALL

Mr. HEFLIN. Mr. President, it is with a great deal of sadness that I note the death of Judge Roy Mayhall of Jasper, Ala. Judge Mayhall was one Alabama's most outstanding citizens, as well as one of its leading jurists. Judge Mayhall was also a concerned civic leader, as well as being a dedicated public servant.

Judge Mayhall was a native of Haleyville, Ala., and it was to that hometown that he returned after completing the study of law at the University of Alabama in 1923. While practicing law in Haleyville, located in the predominantly Republican county of Winston, Mayhall became the first Democrat elected to represent that county in the Alabama House of Representatives since the Civil War.

In 1943, Roy Mayhall was appointed to serve as a State Circuit judge in Walker County, where the city of Jasper is located. For the next 22 years, until 1965, Judge Mayhall continued to serve Alabama's judicial system as a supernumerary judge. He served in that capacity for 8 years in Mobile, 5 years in Huntsville, and 1 year in Gadsden.

In addition to his many other activities, Judge Mayhall was a member of the Alabama Democratic Executive Committee for 36 years, and was a delegate to the 1960 Democratic National Convention.

From both my years as a trial attorney and my service on the Alabama Supreme Court, I can testify from first-hand experience that Judge Roy Mayhall was a dedicated and distinguished legal scholar, a true credit to his chosen profession.

Mr. President, I wish to extend my most sincere sympathy to Judge Mayhall's lovely wife, Mrs. Louise Mayhall; his children, Dr. Travis Mayhall, Reba Brown, and Doris Roberts; and his brother, Carlton Mayhall.

Judge Mayhall will be sorely missed. Alabama has lost a great citizen. I have lost a close friend.

Thank you, Mr. President.

CHARLESTON NAVAL SHIPYARD RECEIVES 1983 PRODUCTIVITY

Mr. HOLLINGS. Mr. President, the Charleston, S.C. Naval Shipyard has been selected by the Chief of Naval Material (CNM) to receive the CNM Productivity Excellence Award for fiscal year 1983. This award establishes Charleston as the leading naval shipyard in the United States.

This only confirms what has been evident for a long period of time. When it comes to excellence—and a standard of performance that well exceeds their competition—the workers at Charleston stand alone. The award is a fitting tribute to the skills, reliability, and loyalty of every employee in the yard, from nuclear engineer to pipefitter to laborer. I believe that they all richly deserve this award. In my view, the Charleston team has consistently outperformed any shipyard—be it public or private—in the world.

I call to your attention the many areas of competition where the Charleston workers excelled: Ship overhaul durations, total savings or cost avoidances resulting from productivity improvements, customer satisfaction on the quality of work accomplished, overhauls completed within cost, quality of worklife, quality circles, employee suggestion program, worker motivation seminars, relationships with community, local, and State organizations, and a record contribution of $417,000 to the Combined Federal Campaign.

During fiscal year 1983, Charleston completed all 14 availabilities on time or early, returning over 155 operating days to the fleet. This fantastic record, along with the development of a corporate management plan, and winning the National Safety Council Award for job safety were the most outstanding accomplishments cited in the CNM Award.

The people of Charleston are justifiably proud of all their accomplishments. They are equally proud that they can serve the Navy and their country so well. Excellence is a tradition at Charleston. I am very proud for every worker in the navy yard for the recognition of a job well done. I anticipate that this may become an annual event.

Mr. President, I ask unanimous consent that the Charleston Shipyard's press release on the award be inserted in the Record.

There being no objection, the press release was ordered to be printed in the Record, as follows:

[News release, Jan. 30, 1984]

CHARLESTON NAVAL SHIPYARD—PRESS RELEASE

Charleston Naval Shipyard, one of South Carolina's largest employers, has been selected to receive the Chief of Naval Material (CNM) Productivity Excellence Award for Fiscal Year 1983. This award establishes Charleston as the leading Naval shipyard in the United States.

In a message to Captain R. G. Camacho, Shipyard Commander, Admiral S. A. White, Chief of Naval Material, stated: "It is my pleasure to personally congratulate you and your command for having been selected as the winner of the 1983 Productivity Excellence Award within your competitive category. The extraordinary efforts invested in improvements to both productivity and quality of work life are reflected in the superior level of performance of your command. The results have been evident in the outstanding, creative, quality-oriented results you have achieved this year. I applaud your accomplishments. Please pass my thanks to all hands. Well done."

Charleston Naval Shipyard competed in the areas of ship overhaul scheduled durations, total savings or cost avoidance resulting from productivity improvements, customer satisfaction on the quality of work accomplished, overhauls completed within cost, quality of work life, Quality Circles, Employee Suggestion Program, worker motivation seminars, relationships with community, local and state organizations, and record contributions to the Combined Federal Campaign. During the last Fiscal Year, Charleston completed all fourteen availabilities on time or early, returning over 155 operating days to the fleet. Cited as outstanding accomplishments were the early ship completions, the development of a Corporate Management Plan, and winning the National Safety Council award for job safety.

Because employee involvement and dedication are recognized by NAVMAT as essential to productivity improvement, the award contains provisions for the special recognition of selected employees who will be recognized as CNM Productivity "Fellows". The fellowship awards are presented to individuals who made a substantial contribution to productivity excellence within the organization. The employees selected will be recognized at an award ceremony and they will be presented a special lapel pin by Admiral White. Additionally, every shipyard employee will be awarded a wallet-sized card citing their contribution.

Commenting on the award, Captain R. G. Camacho stated: "This is the premier award and means that we have been recognized as the number one shipyard by two higher echelons of command. I always believed that our people were the best, and NAVSEA and NAVMAT have confirmed that belief. Our people have worked hard; their efforts have paid off; and now they are being recognized. I am indeed proud to serve as Commander of Charleston Naval Shipyard."

The award, which consists of an engraved plaque and a flag for public display, will be presented next month in Charleston by the Chief of Naval Material, Admiral S. A. White.

THE RETIREMENT OF MILFORD FORRESTER OF GREENVILLE, S.C.

Mr. THURMOND. Mr. President, after 30 years of dedicated public service with the U.S. Postal Service in Greenville, S.C., Mr. Milford Forrester last month began his well-deserved retirement. Considered by many in the Piedmont region of my State as an all-around good will ambassador, Mr. Forrester's outstanding contributions to his community have been far-reaching. He is a patriot whose love for his country and commitment to his fellow man are qualities worthy of emulation.

Mr. President, I know that my colleagues in the Senate join me in congratulating Milford Forrester upon his retirement, and I am pleased to join his friends and family in wishing him many years of good health and happiness. I ask unanimous consent that an editorial from the Greenville Piedmont newspaper be included in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Greenville (S.C.) Piedmont, Mar. 6, 1984]

MILFORD FORRESTER'S SURPRISE

Milford Forrester, the Postal Service's all-around ambassador of good will in this region for many years, took a great many friends by surprise with his announcement not long ago that he was retiring after more than 30 years. But they recovered from the shock in due course and came up with a dinner and roast a few nights ago.

It was a well-attended, festive event, too, fully in keeping with the unfailing good humor and hearty personality of the fellow being honored and roasted at the same time. And, as usual, he was more than equal to the occasion.

Milford Forrester, of course, needs no introduction to many people, those who have come in contact with him and his official duties with the Postal Service, and his monumental volunteer work with the American Legion. He's equally well known among stamp collectors, business and industrial people, fellow Legionnaires throughout the state and nation and a host of veterans he has helped over the years.

Certainly he has earned the right to retire from day-to-day work responsibilities. But official retirement only frees him to give more time to fishing, to the Legion and to worthwhile civic programs. It's good to know that he has no plans to retire from active participation in Greenville and regional affairs.

His many friends wish him and his devoted family many years of happiness.

STOP THE MINING IN NICARAGUA

Mr. KENNEDY. Mr. President, it now seems clear that overwhelming bipartisan majorities of the Senate and House of Representatives are prepared to vote to halt the administration's involvement in mining the harbors of Nicaragua—and perhaps to halt the President's secret war entirely.

The critical question now is whether President Reagan intends to defy or comply with the will of Congress: Will he order the mining stopped for good? Or will he insist, as he cavalierly maintained Tuesday night after the Senate vote, that he can live with our actions since the congressional votes are nonbinding?

It is clear that the administration's policy is in disarray on Central America. But there is no mistaking the intent of the Senate and the House to end the mining. The President now has an urgent obligation to Congress and the country to state his own intentions with equal clarity.

I believe that President Reagan also has an obligation to convince the country that he is truly in charge of our Central American policy. He owes it to the Nation to tell us what he knew about the mining and when he knew it. Did the President himself authorize the mining, or did he delegate to the CIA the power to engage the United States in acts of war?

President Reagan has a solid bipartisan majority in Congress for peace, not war, in Central America. I hope that the President will decide to use the historic votes this week as a mandate to abandon the bankrupt secret war against Nicaragua and to pursue a new peace initiative for the region.

STAFF REPORT ON CENTRAL AMERICA

Mr. ZORINSKY. Mr. President, I would like to call the attention of my colleagues to a report by a staff member of the Committee on Foreign Relations on his visit to Central America this past December. His overall analysis is very informative, especially his comments on the U.S. military presence in Honduras which is rapidly developing into a military permanence.

I ask unanimous consent that the full text of this report, "The U.S. Military in Policy Toward Central America: An Expanding Role [Report of a Staff Trip to El Salvador, Honduras, Nicaragua, and Costa Rica, December 8-17, 1983]," by Barry Sklar, of the staff of the Foreign Relations Committee be inserted into the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[Report of a staff trip to El Salvador, Honduras, Nicaragua, and Costa Rica, December 8-17, 1983]

THE U.S. MILITARY IN POLICY TOWARD CENTRAL AMERICA: AN EXPANDING ROLE

(By Barry Sklar)

[Letter of Transmittal]

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., March 1983.

Hon. CLAIBORNE PELL,
Ranking Member, Senate Committee on Foreign Relations.

Hon. EDWARD ZORINSKY,
Ranking Member, Subcommittee on Western Hemisphere Affairs, U.S. Senate, Washington, D.C.

DEAR SENATORS PELL AND ZORINSKY: This report is a result of my participation in a study mission to Central America undertaken by Senator John Chafee, a Member of the Select Committee on Intelligence, and Senator Jeff Bingaman, a Member of the Committee on Armed Services. In an attempt to assess the nature of the situation in Central America, the delegation met with the highest ranking civilian and military officials of the countries visited, as well as political, business, labor and peasant leaders and the respective U.S. Ambassadors and military officials.

In El Salvador, meetings were held with President Magana, the military high command and church officials. Discussions focused on the military situation, political prospects, and human rights. In Honduras, the delegation met with General Gustavo Alvarez, head of the Armed Forces, as well as political and business leaders. Also visited in Honduras were many of the sites of major U.S. military activity. Problems with Nicaragua, perceptions of internal subversion, and the economic situation were the central themes struck. In Nicaragua, the group met with Daniel Ortega, head of the governing junta, as well as other Sandinista leaders and members of the opposition business and political groups. The stop in Nicaragua centered on Nicaraguan perceptions of threat, the nature of the government and plans for elections, the problems of the opposition, and Nicaragua's views on the prospects for a peaceful settlement in Central America. During the brief stop in Costa Rica, a meeting was held with President Monge. The visit in Costa Rica helped put the entire trip into perspective.

Visits to the sites of U.S. military operations in Honduras and briefings by Colonel Arnold Schlossberg, head of the Joint Training Force at the Palmerola Air Base at Comayagua, and by General Fred Woerner, Deputy Commander, U.S. Southern Command in Panama, and Commander of the U.S. Army Security Assistance Agency, provided insights into the U.S. military's perspectives on Central Americal

At the beginning of the trip, Senator Bingaman met with Mexican Foreign Minister Sepulveda and the entire delegation met with Ruben Zamora and Salvador Samayoa of the Salvadoran opposition Democratic Revolutionary Front and the Farabundo Marti National Liberation Front (FDR/FMLN).

Significant developments have occurred in the three months since my last trip to Central America in August 1983, recounted in the report submitted to the Committee, "Central America: Treading Dangerous Waters." This report, reflecting my assessments, concentrates on those major changes and developments which were noted during this visit.

Transmitted herewith is the report of my trip.

SUMMARY

The United States military is becoming increasingly important as a factor in U.S. policy toward Central America. The military presence and role in Honduras is rapidly developing into a permanent establishment with serious implications for a widening U.S. military role in the region, as well as for the range of pressures being brought to bear on the Sandinista government in Nicaragua. In El Salvador, the U.S. military, despite concerns over the performance of the Salvadoran armed forces and the deteriorating military situation, want to put additional emphasis on training in the belief that military success can be achieved. Continued emphasis on improving the human rights situation, with a focus on eliminating the death squads is considered a key to continued U.S. support of the Salvadoran government. The mixed signals sent by the presidential veto of certification, however, cast doubt on the Salvadoran military's willingness to take human rights admonitions seriously. Pressures from the United States, along with those from other nations, are in part responsible for Nicaragua's recent political openings. The Nicaraguan government's willingness to come to terms with the United States and its neighbors through the Contadora process is motivated by fears that a war in Central America will be the result of escalating tensions and military activity. Plans for military engineer battalions to become involved in road building and airfield improvement in Costa Rica, although sidetracked at this juncture, underscore the extent of the growing U.S. military involvement in Central America.

U.S. MILITARY PRESENCE AND PERMANENCE IN HONDURAS

Extensive U.S. military activity in Honduras, ostensibly related to the joint military exercises, is giving evident signs of the establishment of a permanent U.S. military presence. At the time of this visit, the Ahuas Tara II joint maneuvers with Honduras were proceeding along with related military construction projects. Last year, unrelated to the exercises, the United States military, with funds approved by the Congress, modernized the airfield at the Palmerola Air Base at Comayagua, now serving as the headquarters of the Joint Training Force. The funds for the extension of the field at La Ceiba were approved but have not been disbursed pending submission of a regional construction plan to the Appropriations Committees of the House and Senate. These fields have the capacity to land C-130s and are being utilized for the maneuvers. Since then, and directly related to the Ahuas Tara joint maneuvers, the United States has constructed or modernized, airfields and other facilities at Comayagua, at Trujillo (near the Regional Military Training Center at Puerto Castilla), Aguacate, San Lorenzo, and Puerto Lempira. U.S. radar facilities have been built at Cerro La Mole, south of Tegucigalpa and at Tiger Island, in the Gulf of Fonseca. U.S. military officials stated that only the congressionally approved projects at Comayagua and La Ceiba are permanent. The other fields are publicly considered to be temporary facilities, "dirt improved," directly related to the exercises. It was learned, however, that the fields and other facilities were constructed of material, which while not considered permanent, would last long beyond the duration of the exercises. Inferences given by the various military briefers that the Puerto Castilla facility, now only housing the Regional Military Training Center, might be expanded to encompass a naval base were given more credence by later information provided by Department of Defense officials. Many Honduran political figures already refer to Puerto Castilla as "The Base" because of the training of Salvadoran troops and the modernization of the airfield at nearby Trujillo. (See the report of my August visit: "Central America: Treading Dangerous Waters." Hereafter cited as "previous report.")

This extensive military activity, officially related to the joint military maneuvers, would seem to support the belief that the U.S military presence in Honduras is becoming a U.S. military permanence. Permanence was also indicated when the delegation was told that although the Ahuas Tara II exercises would end on February 8, Ahuas Tara III would begin in mid-June. In the brief interim between Ahuas Tara II and III, a military presence of between 700 and 800 troops would be maintained by an engineer battalion, special forces troops involved in training Honduran soldiers, and a military intelligence battalion. The military hospital at Comayagua will also remain in operation. Strong indications that exercises would continue in Honduras for some time to come have been confirmed by various military officials. (Another major training exercise, Grenadero I, involving troops from Guatemala, El Salvador, and possibly Panama will be conducted in the coming months. Further military construction is planned in connection with the additional military maneuvers.)

While the U.S. military presence in Honduras is stated by officials in terms of the joint U.S.-Honduran military maneuvers, the military permanence being established and its rationale are only indirectly addressed. Both the presence and the permanence, however, have a direct relationship to the overall policy toward Nicaragua. The maneuvers have been credited by U.S. officials with making a significant contribution to Nicaragua's willingness to deal with its Central American neighbors within the Contadora peace process as well as with the more rapid movement toward elections and the opening of the political system.

Additional pressure is provided through "contra" forces fighting the Sandinista government in Nicaragua. The U.S. military activity at the airfields at Aguacate, and San Lorenzo is taking place in locations reported to be staging areas for the contras. Various U.S. military officers, queried about contact with contras or information regarding Honduran military contact with them, denied any direct knowledge of such activity. (The U.S. army helicopter forced down by Nicaraguan fire on January 11, resulting in the death of the pilot, was on a mission flying from San Lorenzo to Aguacate. Differing with U.S. accounts which stated that the helicopter probably flew off course, the Nicaraguan government charged that the helicopter was in Nicaraguan territory flying in support of contra operations in the border area near the town of Jalapa.) Other aspects of the military maneuvers directly related to the Honduras-Nicaragua situation include the tank trap constructed in the Choluteca Gap area of Honduras bordering Nicaragua, northeast of the Gulf of Fonseca. The U.S. radar facility on Tiger Island, in the Gulf of Fonseca within sight of Nicaragua and El Salvador, is manned by U.S. military personnel and does not seem to be related to the Ahuas Tara II exercises.

Aside from the obvious role that Nicaragua plays in U.S. military policy in Honduras, is the prospect that the military is seriously looking for a new host country for the activities now being performed at the U.S. Southern Command in Panama. Concern was expressed about loss of extensive facilities when the U.S. military must pull out of Panama by the year 2000, in accordance with the Panama Canal Treaties. Honduras would seem to loom large in the minds of those planning for a new Panama.

The U.S. military presence in Honduras has had an effect on the nation's political life, especially civil-military relations (see previous report). The presence, moreover, is having a direct effect on the Honduran national attitude toward Nicaragua. Given the perception of threat from Nicaragua, civilian political leaders associated with the government and various businessmen see the enlarged U.S. military activity as providing a protective shield as well as a deterrent to Nicaragua. The U.S. invasion of Grenada is interpreted by many Hondurans as reassurance that the United States would come to their assistance in the event of armed conflict with Nicaragua. The U.S. presence is seen as providing equilibrium and psychological support to Honduras, as well as having economic benefit. This also has resulted in reinforcing Honduras' hardline attitude toward dealing with Nicaragua which, at the time of this visit, translated into Honduras' refusal to seriously acknowledge recent Nicaraguan diplomatic openings within the Contadora peace process. The Hondurans see themselves in step with United States policy toward Nicaragua and thus an improvement in relations with Nicaragua will not take place until the United States improves its relationship with the government in Managua. The Honduran will to talk to the Nicaraguans hinges on U.S. policy in the region.

THE SITUATION IN EL SALVADOR

The serious military situation in El Salvador was addressed by officials who put forth a rationale for increased military assistance from the United States. In October and November, there was a decline in military operations in San Vicente and officials expressed frustrations over the performance of the Salvadoran armed forces, called training a top priority. While speaking positively about the success of the Regional Military Training Center (RMTC) at Puerto Castilla in Honduras, the U.S. military believes more should be done. A National Training Center is being established at La Union on the Gulf of Fonseca, which officials believe will help. It was strongly suggested that the number of U.S. military advisers should go beyond the present 55 limit for the purpose of training the Salvadoran trainers for this center. Although there has been steady progress in the Salvadoran military performance in the past two years, there is need for additional training emphasis, according to the U.S. military. Recent poor performance of the Salvadoran army has demonstrated little benefit from U.S. training. The guerrillas have gained substantial amounts of equipment and ammunition from fleeing Salvadoran soldiers. Both U.S. military officials and FDR/FMLN leaders, with whom the delegation spoke in Mexico, agreed that the guerrillas are a vastly improved fighting force and the gap in performance between them and the Salvadoran armed forces is getting wider.

As evidence of the deteriorating situation, a visit by the delegation to San Vicente to see the National Plan, which had been heralded as a successful operation to win the "hearts and minds" of the people (see previous report), was deemed unsafe by land transportation, and therefore a helicopter was provided. In August, members of a delegation was able to visit San Lorenzo by vehicle from San Salvador to see the National Plan in operation, although it was imperative that the return to San Salvador be made before nightfall.

The FDR/FMLN leaders in Mexico City expressed deep concern about the real prospects of direct military intervention by the United States in response to the deteriorating situation faced by the government's forces. They specifically cited U.S. activity around the Salvadoran naval facility at La Union on the Gulf of Fonseca as an area with the potential for direct confrontation because the guerrilla forces are active in the region. The point was made that they have an interest in ending the fighting through a negotiated political settlement because a military victory for them would likely result in hostility toward the United States and their neighbors in Central America, such as is occuring in Nicaragua today.

Despite the negative turn of events, U.S. military officials believe that the war is winnable but that at least $370 million has to be appropriated over the next two years. (In early February, the Administration announced its request for $376 million over the next two years.) The U.S. military remains behind the efforts to reform the Salvadoran military as officials underline the fact that in order for the war to be won, the Salvadoran government must continue land reform, produce fair elections, and address the human rights situation. If the Salvadoran military is not behind these efforts, it will lose the support of the people, according to the U.S. officials. FDR/FMLN leaders believe that a key to ending the war is reform and change in the military high command, and they believe that if substantive reforms would take place, there would be a related decrease in fighting on the part of the guerrilla forces.

An upsurge in human rights violations, especially death squad activity, fueled discussions with Salvadoran political, military and business leaders, including President Magana, as well as U.S. Embassy officials. Some delegation members expressed concern about the mixed signals the Salvadorans were receiving by the presidential veto of the certification legislation passed by both Houses of Congress and the new emphasis on the part of Ambassador Pickering and Vice President Bush to exert pressure against death squad activity. It was expressed that the military might have received the message that the United States has taken off the wraps and has undone the linkage of human rights performance to military assistance, with the result that now the United States would provide military assistance no matter how bad the human rights situation. Ambassador Pickering, however, was confident that progress would be made in this area. President Magana assured that his government would continue efforts to improve the human rights situation and the business sector believed that the death squads could be overcome. President Magana spoke enthusiastically about the upcoming March elections and various party leaders were enthusiastic about their prospects. The FDR/FMLN leaders in Mexico City made a strong appeal for a political settlement in which they can freely participate and within which free elections would be held. They expressed their belief that given present conditions, under which they cannot freely and securely participate, elections are meaningless.

THE SITUATION IN NICARAGUA

Pressures from the United States, especially resulting from the military activities in Honduras and the contra operations, still have Nicaragua under considerable political and economic strain. The Nicaraguan government maintains that its desire is to open the political and economic system but that the external pressures make this task difficult. The recent openings, the relaxation of restrictions on the press, and public discussion on the future of the political system involving opposition parties, reveal a positive response to the pressures being exerted on Nicaragua. These pressures come not only from the military and political side exerted by the United States but also by Mexico, countries in Europe, and the Socialist International. The nature of the new political system and the elections of 1985 (since scheduled to be held in November 1984) were the subject of intense discussion and activity in this period. The Sandinista leadership was grappling with the issues of representation of the opposition parties in the government, the nature of the executive power, and the role of the Sandinista party in the government. Major problems seen by the opposition are just how much power the Sandinistas are actually willing to relinquish and if the Army and the Party will be separated. These are among difficult decisions to be made in the next months, but the Sandinista leadership is confident that the deliberations will lead to free elections and a democratic government.

Daniel Ortega, and other Sandinista officials, emphasized Nicaragua's recent initiatives in the Contadora peace process, plans for elections and the establishment of the new political system. The Nicaraguans pointed out that the four draft treaties submitted by them in October, within the Contadora context, were thus far the only ones on the table for discussion and that they were awaiting response from their Central American neighbors. The Nicaraguans believe that they have demonstrated a willingness to address U.S. security concerns regarding armaments, foreign military advisers, military bases, and weapons traffic in the spirit of making the 21 points of Contadora, accepted by all the Central American countries, a reality. Ortega believed that verification and other issues of vital interest to the United States could be worked out under the auspices of the Contadora countries or the United Nations. He contemplated that treaty arrangements could be worked out between Nicaragua and the Central American nations which would oblige each nation to see that there is no arms traffic and that their territory is not used for military training. The Nicaraguan proposals were seen not as perfect and unalterable principles but rather as a document which would precipitate response and further discussion leading to a peaceful settlement of the Central American situation. (In January, in a meeting in Panama, the Central American and Contadora foreign ministers agreed to principles for the implementation of the 21 points.)

THE VIEW FROM COSTA RICA

President Monge of Costa Rica was not overly optimistic about the Contadora process but believed that the process should be permitted to play out. He put much hope in upcoming meetings of Contadora where there would be discussion of the Nicaraguan proposals and where the 21 points would be placed into a working mechanism. Monge expressed the fear that if Contadora does not work, those advocating a military solution in Central America will gain the momentum.

President Monge had been in discussion with U.S. diplomatic and military officials regarding proposals to have U.S. military engineers involved in civic action projects, in conjunction with the Costa Rican civil guard and rural guard, in the northern border region with Nicaragua. The plans called for road construction, the improvement of a dirt runway, well drilling, and medical activities which would be undertaken by National Guard troops rather than by the U.S. Army and Marines as is the case in Honduras. President Monge was disturbed by reports that a Honduran-type operation was being planned for Costa Rica and he believed that the plans should reflect the original civic action focus. This issue of U.S. military projects has raised political problems in Costa Rica because of its serious domestic and international implications. There is deep concern that the military projects would serve to draw Costa Rica into the turmoil in Central America. As a result of the national debt in Costa Rica, the project has since been dropped.

THE ALABAMA COUNCIL FOR COMPUTER EDUCATION

Mr. HEFLIN. Mr. President, I rise today to recognize the great contributions being made by the Alabama Council for Computer Education in their efforts to encourage the use of computers throughout the State of Alabama and help prepare our students for the technical world. I have recently been made an honorary member of this excellent organization.

Founded in June 1982, the Alabama Council for Computer Education boasts a membership of almost 900 volunteers representing all areas of formal education. Computer enthusiasts from grade school, high school, and college meet in a unique scientific atmosphere to exchange ideas, techniques, materials and procedures. They publish a newsletter, maintain a computer "hotline" and offer an exchange service for software and hardware, all to further computer study.

Such interaction and exchange in academia has historically established the most conducive environment for the greatest advances in man's knowledge. Undoubtedly, organizations such as this one will be instrumental in ensuring that our children are adequately educated in the field of computer science.

I deeply admire the goals and motives of these men and women and sincerely hope that organizations like the Alabama Council for Computer Education may be established nationwide. It is my pledge to encourage its goals and in this way will ensure that America remains the world leader in science and technology.

Thank you, Mr. President.

ADDRESS BY DR. SALVADOR JORGE BLANCO

Mr. PERCY. Mr. President, yesterday it was my honor, as chairman of the Foreign Relations Committee, to host the visiting President of the Dominican Republic, Dr. Salvador Jorge Blanco. Dr. Jorge Blanco was elected President in 1982 in elections that were a dramatic reaffirmation of the continuing viability of democratic political processes in the Dominican Republic. In his inauguration speech President Jorge Blanco called on the people of his country to back him as he sought to undertake a number of difficult but badly needed reforms. The President described to us the measures his government has to deal with the fiscal deficit; with management problems in the state-run corporations; and with corruption and inefficiency in the bureaucracy. He observed that the discipline being imposed by his government's austerity measures has brought about a way of life the severity of which has never before been experienced in the Dominican Republic. For these reasons, President Jorge Blanco came this week to the United States to seek our assistance in an emergency economic plan. "We are asking you in the United States to make a great investment in for peace for the Dominican Republic," he said.

Mr. President, our Ambassador in the Dominican Republic, Robert Anderson, recently delivered a speech describing the Dominican Republic's economic record and prospects for the future. I would like to share Ambassador Anderson's remarks with my colleagues, for it is crucial that we in this country remain attentive to the continuing problems of the Caribbean Basin countries and to their very significant efforts to stimulate the engine of economic growth and development again, and to the many pitfalls along the way to realizing our mutual goals of prosperity, stability and peace. Mr. President, without objection, I would like Ambassador Anderson's remarks to be placed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

The Dominican Republic: An Imperative for Caribbean Stability

(By Ambassador Robert Anderson)

Having traveled throughout most of your country where I have had the good fortune to meet with governors, mayors, farmers, workers, businessmen, the employed and the unemployed, I am persuaded that there is a bright future for longterm economic growth. The land, the climate, the natural resources, a sensitive and proud people able and willing to work, and above all, a conscious effort to promote a system of open, democratic government, augur well for the future.

In 1983, certainly the major problem facing the Dominican Republic was the serious lack of foreign exchange. We all know that this unfortunate situation arose principally because of the major increase in oil prices in 1979 and of the ensuing world recession which brought prices for the traditional Dominican exports to their lowest levels in many years. To lessen dependence on the export of these primary products, over whose prices the Dominican Republic had no control, a very basic decision by President Salvador Jorge Blanco at the outset of his administration was to diversify the economy by encouraging foreign and domestic investment in four priority areas—tourism, agro-business for export, free zones and mining. Of particular importance was the recognition that the policy of import substitution, while valid in its day as a means to development, can no longer provide the economic expansion necessary for a rapidly growing nation.

At the end of 1983, foreign exchange remained a serious problem, but less than it would have been but for a series of courageous and imaginative steps taken by your country, and to a certain extent by ours. As I hope you will agree, the bricks and mortar are there with which to build.

Commitments were made and decisions were taken this past year which should bear fruit in 1984. The austerity measures, the initial agreement with the International Monetary Fund a year ago, the successful renegotiation of the nation's commercial debt, the amendment of Foreign Investment Law 861, the beginning of positive regulatory changes in each of the four priority sectors for foreign investment, the increased stature of CEDOPEX as the key export policy and promotion organization, the inauguration of a Presidential Foreign Investment Commission with thirteen of its fifteen members chosen from the private sector, the planned creation of a one-stop center for potential foreign investors, the recent provision of significant financial and other incentives to the exporters of non-traditional products, and the active cooperation and participation of the private and public sectors in investment and trade promotion seminars and other gatherings both here and abroad, all are helpful initiatives. Some, however, still need to be fully implemented, if they are to achieve the desired goals.

Finally, efforts to establish and improve economic and commercial links with your neighbors in the Caribbean are beginning to show results. In this connection, I was pleased to learn that Dominican entrepreneurs are now shipping fruits, vegetables, construction materials and other items to the Turks and Caicos Islands. You may remember a year ago I wondered why some imaginative Dominicans did not choose to enter this market of $15-20 million located only 125 miles from Puerto Plata.

Quite aside from the governmental actions necessary to provide a framework for economic development, whether in your country or in mine, we consider the active participation of the private sector critical to a successful future. I cannot help but note that the private sector flourishes when unfettered by excessive control and regulation, as we continue to discover in the United States under the administration of President Reagan. In reviewing what has transpired during the past year, the role of the Dominican private sector has been dynamic, involved and positive.

At this point, it might be useful to examine how the United States, as a very close friend of the Dominican Republic, tried during 1983 to help the Dominican economic recovery. To the $41 million loan in the fall of 1982 as part of the Caribbean Basin Initiative in direct balance of payment support, $8 million for the same purpose was made available in October of last year. Additional developmental assistance for 1983, came to over $50 million $10 million more than the previous year. While impressive and increasing, this assistance, along with substantial Commodity Credit Corporation guarantees, represents only part of the story. By far the most dramatic event of 1983 in our economic relations was the passage of the Caribbean Basin Initiative (CBI) by our Congress and its enactment into law last August 5 by President Reagan.

You have heard this before, but allow me to reiterate: The Caribbean Basin Recovery Act gives the Dominican Republic and 26 other beneficiary countries (20 have thus far been designated) unrestricted duty-free entry into the world's largest market for most of their products from January 1 of this year until 1996. This is a revolutionary step forward for my country. Never before in its history has the United States offered free one-way trade to any regional group of nations. This is an act of far-sighted statesmanship undertaken in the firm conviction that private investors and traders can lead developing economies to growth and stability.

It is precisely with this in mind that we have a new thrust in our economic assistance program which complements the actions planned and taken by the Dominican government. Our current emphasis is to promote exports and strengthen the private sector, and we are designing projects to achieve these ends. They include:

A project to increase agro-industrial production for domestic and export markets.

A $12 million program to help finance the expansion of non-traditional exports.

A proposed grant for a study by the United States Geological Survey to evaluate the nation-wide potential for Dominican mineral exports.

Grants to assist the efforts of the President's Foreign Investment Commission and CEDOPEX.

Financial support to trading companies for technical assistance, to the Agri-Business Council in New York to identify non-traditional farm products with the highest potential for export, and to the Chicago Association of Commerce and Industry for an export promotion program.

Two million pesos in counterpart funds to construct additional factory buildings in the Puerto Plata Free Zone. This represents the first stage of a much larger program. (Let me mention parenthetically that this is only one of the incentives which need to be considered to attract potential investors. With the CBI now in place, investors are now weighing cost and other factors here and in other competing countries in the region and will then decide where to locate.)

These projects are but a few examples of the efforts of my government to translate the CBI into an effective instrument of economic development in the Dominican Republic.

And now let us turn to the year at hand. Contrary to many who see virtually nothing but black clouds on the horizon and are persuaded that the Dominican Republic is making little progress in diversifying its economy, I remain optimistic about your country's future. If one examines the hard facts, one arrives at the inescapable conclusion that the growth in 1983 will be surpassed in 1984. Here are some facts:

(1) In the Azua area, three enterprises will be exporting $20-25 million of melons and winter vegetables to the United States in 1984. One company has invested $4 million in the most modern equipment and when the land is cleared within the next month will be employing over 800 people. It is exciting to realize that this land is at long last being put into production for the first time.

(2) In the Constanza area several projects are underway to take advantage of a virtually unlimited U.S. market for cut flowers. With the duty now at zero under the CBI, potential earnings are estimated as high as $20-30 million a year.

(3) A leading world trade corporation is contracting through a Dominican trading company for the manufacture of men's clothing. This could amount to $4.6 million a year.

(4) A 250 room Holiday Inn opened its doors just a month ago at Playa Dorada, Puerto Plata, the result of a RD$12.5 million Dominican investment. Arrangements are being completed for the establishment of a major hotel in the North by a prominent American hotel chain. In addition, a senior executive of Hilton Hotels International recently visited your country and was so impressed that, from my conversations with him, I am confident he will soon return.

(5) A leading computer manufacturing company is in an advanced stage of negotiations to begin operations under the twin plant concept. Initial employment would be 300 persons.

(6) A supplier of precision parts for large U.S. aircraft manufacturers will be located in Santo Domingo or Puerto Plata, with estimated sales at $3 million per year.

(7) A project in the Southwest is expected to export shrimp valued at $15-20 million a year. This is owned and financed by private Dominican interests using the best available American technology.

These few examples, and there are others we could cite, will, I hope, convince all of us that the country is on the move, and that there are Dominicans, Americans and others who are investing now and willing to take risks because of their confidence in the country's long-term economic future. This is not to say that the millennium will arrive in 1984. But these increases in investment, productivity, employment and exports will generate more and more foreign exchange so vital for the sustained growth of the country. With real growth in the United States now projected at five to six percent for 1984 and our recovery now in full swing, your ability to attract investment and increase exports should be that much more enhanced.

In these remarks, I have concentrated, much as you do in your daily endeavors, upon the crucial role the economy plays in the life of your nation. There is, however, one additional point which merits our attention. What happens in the Dominican Republic is important not only to Dominicans.

You are the largest democratic nation in the Caribbean. Where you are, what you stand for and where you are heading are of great interest to my country and others in this strategic region, a region where an island nation with a population less than that of San Pedro de Macoris caused headlines around the world three months ago. It is an undeniable fact that the Dominican Republic is destined to be one of the leaders in this part of the world. The realization of your full potential is important not just for you; it is An Imperative for Caribbean Stability.

Thank you.

ORDER OF BUSINESS

(Later the following occurred.)

Mr. COHEN. Mr. President, earlier today I submitted request for a special order to address an issue on the special footwear industry. I agreed to defer the consideration of this special order until an appropriate time during the course of the day. There seems to be no appropriate time during the course of the day that anyone can identify.

I have spoken with the chairman of the Finance Committee and he has indicated that I might proceed, with his consent, for a few moments to outline the nature of my concerns and then have that included as part of the Record designated special order.

So I ask unanimous consent that I be allowed to proceed on that basis.

The PRESIDING OFFICER. Without objection, it is so ordered.

DECLINE OF THE FOOTWEAR INDUSTRY

Mr. COHEN. Mr. President, along with a number of my colleagues, I have witnessed the decline of the footwear industry in recent years with increasing alarm. Last fall, we formed the Senate Footwear Caucus, of which I am privileged to serve as chairman. It is our hope that a more unified, visible effort within Congress to help the industry present its case will make a positive impression on our Government's trade officials. We now have 34 Senators serving on the caucus and we hope to attract more. These are Senators of both political parties and from all parts of the country who have united in a common cause, and who are working to secure the help that the industry needs and deserves. I ask unanimous consent that a list of current members of the Senate Footwear Caucus be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

CURRENT MEMBERS: SENATE FOOTWEAR CAUCUS

William S. Cohen, Chairman.
Howard H. Baker, Jr. (R-TN).
Dale L. Bumpers (D-AR).
Alan Cranston (D-CA).
Alfonse D'Amato (R-NY).
John C. Danforth (R-MO).
Alan J. Dixon (D-IL).
Christopher Dodd (D-CT).
Thomas F. Eagleton (D-MO).
John P. East (R-NC).
Wendell H. Ford (D-KY).
John Heinz (R-PA).
Jessie Helms (R-NC).
Ernest F. Hollings (D-SC).
Walter D. Huddleston (D-KY).
Gordon J. Humphrey (R-NH).
Daniel K. Inouye (D-HI).
Robert Kasten (R-WI).
Edward M. Kennedy (D-MA).
Carl Levin (D-MI).
Mack Mattingly (R-GA).
George J. Mitchell (D-ME).
Sam Nunn (D-GA).
Claiborne Pell (D-RI).
William Proxmire (D-WI).
David Pryor (D-AR).
Jennings Randolph (D-WV).
Warren B. Rudman (R-NH).
Jim Sasser (D-TN).
Arlen K. Specter (R-PA).
Paul Trible (R-VA).
Paul E. Tsongas (D-MA).
John W. Warner (R-VA).

Mr. COHEN. Mr. President, as I review the serious problems which the footwear industry faces, I am reminded of a grave marker found in a cemetery in rural England. The grave marker was inscribed with one simple sentence: "I told you I was sick."

That message is quite relevant today. Those of us speaking in behalf of the footwear industry are saying, "Mr. President, we are telling you that this industry is sick and needs help." At this point, Mr. President, I ask unanimous consent that a lengthy list of U.S. shoe factories which have closed in just the past 2 years be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

U.S. FOOTWEAR FACTORIES NOW CLOSED

1982

Acme Boot, Gallatin, TN.
Acme Boot, Tullahoma, TN.
Blue Bell, Byrdstown, TN.
Blue Bell, Nashville, TN.
Brookfield Athletic Co., Portland, ME.
Brown Shoe, Brookfield, MO.
Delta Shoe Corp., Somersworth, NH.
Dr. Scholl Shoe, Falmouth, KY.
Frontier Footwear, Tucson, AZ.
Genesco, Centerville, TN.
Hampshire Mfg. Corp., Nashua, NH.
Herley Shoe, Giller-Evans Div., Haverhill, MA.
Inland Shoe, Parma, MO.
International Shoe, Hopkinsville, KY.
Jimco Shoe Corp., Miami, FL.
Johansen Brothers, Harrisburg, AR.
John A. Frye, Marlborough, MA.
John Cotton Shoe, Los Angeles, CA.
Juliet Footwear, Elmwood Park, N.J.
Justin Companies, El Paso, TX.
Kinney Shoe Corp., Sutton, WV.
M. T. Shaw, Coldwater, MI.
Mark Mfg., Forrestburg, TX.
Melville Footwear, Athol, MA.
Paul's Sandals, Carson, CA.
PSI, Inc., Pikeville, TN.
R. G. Barry, Columbus, OH.
Robin Footwear, Mount Union, PA.
Rockingham Shoe Co., Newmarket, NH.
Seven Star Shoe Co., New York, NY.
Timberland Co., Lewiston, ME.
U.S. Industries, Flowery Branch, GA.
Uniroyal, Inc., Thompson, GA.

1983

Kinney Shoe, Romney, WV.
Kinney Shoe, Huntington, WV.
Melville Shoe, Robersonville, NC.

Melville Shoe, Aulander, NC.
Hing Shoe, Los Angeles, CA.
Grace of Calif., Los Angeles, CA.
Kletarian Shoe, Los Angeles, CA.
San Moc, Los Angeles, CA.
Sidney of Calif., San Diego, CA.
R. G. Barry, Conway, AR.
Brown Shoe, Leachville, AR.
Jaclyn Footwear Co., New York, NY.
Travel Pal Co., New York, NY.
Lafayette Footwear Co., New York, NY.
Inland Shoe, Dexter, MO.
Inland Shoe, Advance, MO.
H. H. Brown, Worcester, MA.
Rubin Brothers, Waycross, GA.
Hyde Athletic, Macungie, PA.
Blair Footwear, Altoona, PA.
Frye Boot, Lawrenceburg, TN.
Georgia Boot, Gainsboro, TN.
G. H. Bass, North Jay, ME.
Northeast Shoe Co., Pittsfield, ME.
Oomphies, Inc., Lowell, MA.
Nike, Exeter, NH.
Scalise Stitching, New York, NY.

1984

JO-GAL Shoe Co., Lawrence, MA.
Brown Shoe, Pittsfield, IL.
Tobin-Hamilton Co., Inc., Birchtree, MO.
Hubler Shoe Co., Auburn, PA.
Kimel Shoe Co., Los Angeles, CA.
Kalaidjian., Los Angeles, CA.
Certified Creations, New York, NY.
Hanover Shoe Co., White Sulphur Springs, NY.
Robert Shoe Co., Somersworth, NH.
Kinney & Waldman, Los Angeles, CA.
G. H. Bass, Rumford, ME.
Stagedoor, Salem, MA.
Tred-2, DeQueen, AR.
International Shoe Co., Salem, MO.
Charisma, Los Angeles, CA.
Brookfield Athletic, E. Brookfield, MA.

Mr. COHEN. Even a brief review of the facts at hand will demonstrate why the situation is so desperate. To get a clearer picture of the astonishing inroads which imported shoes have made into the U.S. market, it is instructive to draw comparisons with other U.S. industries which have been hard hit by imports.

We are all familiar with the woes of the automobile and steel industries. Imported steel makes up 24 percent of the U.S. market. Imported cars make up 27 percent of the U.S. market. No one disputes the damaging nature of these figures, and the Federal Government, through a number of actions to assist these industries, has clearly acknowledged that the problems of these industries are worthy of attention.

Imported shoes now account for 70 percent of the U.S. market; 70 percent. If 25 or 30 percent is a crisis, than I submit that 70 percent is a disaster. Yet, those in the Federal Government who should be listening to the pleas of the footwear industry have turned a deaf ear to the problem.

Although the footwear industry's problems with imports are well known, it is important to point out that there are serious problems on the export side as well—problems that are not being adequately addressed.

For several years, we have been asking the Japanese "Where's the beef?" In fact, the question has been raised in countless Senate debates over the past 2 years.

After long negotiations, Ambassador Brock has succeeded in gaining additional sales for U.S. beef and citrus producers. While I commend the Ambassador's efforts and believe this is a step in the right direction, I think that we should also be asking, "Where are the shoes?" Like the woman in the television commercial, our domestic shoe manufacturers, who have long attempted to get the Government's attention, must be wondering if in fact "anyone is actually back there."

Japan's trade barriers are a prime example of the inequities that our domestic manufacturers face in the international marketplace. Japan currently maintains global quotas on leather shoes and, in fact, imports only 1 million pairs of shoes per year. In comparison, the United States in 1982 imported over 215 million pairs. If one assumes that the Japanese market is one-half our own, then the difference is staggering. In effect, the United States is importing over 200 times more leather footwear than Japan. Canada, with only one-fifth the population of Japan, imports nearly 30 times as many shoes.

In addition, the Japanese licensing and quota allocation system place additional restrictions on U.S. footwear export potential—restrictions that have no bearing on market demand. These restrictions, in my view, are inconsistent with Japan's GATT obligations. Efforts to remedy this unfair practice should be aggressively pursued through the section 301 process. The domestic industry filed such a case nearly 2 years ago against these trade barriers and the case continues with no action in sight.

I would like to briefly cite an example of how these barriers harm our export sales and burden small U.S. companies. A small slipper manufacturer in Maine, Acorn Products—which supplies the slippers worn in space by the astronauts—recently received order inquiries from a major Japanese retail organization indicating the need for several thousand pairs of slippers. The company quickly learned that the quota was full and that it would be impossible to ship the slippers into Japan. While both Secretary Baldrige and Ambassador Brock interceded, several months elapsed before a quota was actually given. By that time, of course, the order was lost since the retailer no longer needed the product.

Japan is not alone among our trading partners in erecting barriers to U.S. footwear. The same Maine slipper company is currently engaged in a similar situation with Canada which, incidentally, also maintains a global quota system. The company was notified by Canadian Customs that slipper shipments could not enter since the quota is full for the current year. Once imports have reached 32.5-million pairs, the Canadian Government in effect closes the gates, notwithstanding market demand.

Australia and New Zealand also maintain firm global quotas on imported footwear, as well as France and the United Kingdom, which maintain quotas on footwear imports from Eastern Europe as well as Taiwan and South Korea—the two largest exporters of footwear in the world. Since these developed countries restrict imports, shipments from nations such as Taiwan and South Korea find their way into the U.S. market—the only open market available.

I would also like to discuss some of the barriers U.S. exporters face in attempting to market footwear to those countries which are our greatest suppliers. Taiwan, the No. 1 exporter of shoes to the United States, maintains a prohibitive tariff of 50 percent. South Korea, the second largest supplier, imposes tariffs ranging from 50-60 percent. Both tariffs effectively preclude the sale of U.S.-produced shoes in those countries. I might add that together, these two countries export more shoes to the United States than all of our domestic concerns manufacture. These countries, along with Japan and Canada, not surprisingly enjoy large merchandise trade surpluses with the United States.

Brazil, now the third largest supplier to the United States, offers another example of the unfairness in footwear trade. Brazilian exports to the United States increased by 60 percent last year. Should U.S. manufacturers try to sell in Brazil, they are first faced with a minimum tariff of 170 percent. Even if that obstacle would be overcome, it would be impossible to make a sale since a total embargo on U.S. footwear has existed for several years. There is no equity in this situation and I share the frustration and anger of our domestic manufacturers and workers. While I sympathize with the debt and economic problems troubling the Brazilian Government, I resent the exporting of United States, and specifically Maine jobs, to Brazil and the one-sided trading situation which now exists.

The final case, and probably my favorite, is Panama. This country is a potential market for U.S. shoes, although not of the same magnitude of those countries already mentioned. Unfortunately, for our domestic manufacturers, Panama currently maintains a global quota of 12 pairs per year.

Clearly, Mr. President, while the United States has opened its markets to footwear manufactured in scores of countries our own companies have been effectively barred from competing in those same countries by both tariff and nontariff barriers. While some of the barriers, though not equitable, are in fact legal under GATT rules, others are not. At the same time that our most competitive manufacturers have been prohibited from competing offshore, they have been forced to share markets and compete head on in their own domestic market. This is grossly unfair. Since the administration terminated the Orderly Marketing Agreements with Korea and Taiwan in 1981, imports have gained another 20 percent of our domestic market. During this same period, the industry has lost 25,000 jobs, with many more following each week.

Mr. President, there is no such thing as fair or free trade in footwear. Our companies are operating and competing at an unfair disadvantage. If our Government does not take action, we will witness the eventual extinction of this basic important U.S. industry.

The industry is competitive, it is innovative, and it is the leader in technology. Given a fair chance, it can outperform any other shoe industry in the world. Unfortunately, the playing field is not level and we are competing at a distinct disadvantage.

I would urge my colleagues, as well as the administration, to acknowledge these inequities and give the industry the support it deserves.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. COHEN. Yes.

Mr. HEINZ. Mr. President, I just want to commend the Senator from Maine for a very eloquent statement. He could not be more right when he points out the fact that, while there are many industries that have been far less hurt by the precentage penetration that he has just named for the shoe industry at 70 percent, it is remarkable how much we care about—and I do, I think we all do—important industries that have been hit by 15 or 20 or 30 percent import penetration. But to have over two-thirds of our shoe industry literally cut off without any redress just because it is a smaller industry, just because it gets a little less attention, maybe because it pays its workers a little less money in an attempt to be competitive than many other industries, strikes me as a double standard.

There are many other industries such as apparel, garments, and textiles that benefit from the multifiber arrangement. Why we should ignore the plight of this one industry is a question I think every Member of this body might do well to ponder. I thank the Senator from Maine for yielding.

FOOTWEAR IMPORTS

Mr. MITCHELL. Mr. President, the record of footwear imports and their impact on the shoe industry in this country is virtually a case study in the difference between enforcing our trade laws and refusing to do so.

In 1977, after more than a decade of inexorably rising imports that saw imported footwear taking well over 40 percent of the market, the prior administration agreed with the third recommendation of the International Trade Commission, and instituted an orderly marketing agreement to provide relief to the industry. That orderly marketing agreement was by no means comprehensive or watertight, a fact which became very clear in short order.

The nations not covered by the orderly marketing agreement—in practice, almost every shoe producing nation in the world except Taiwan and Korea—simply moved in to take up that portion of the market left open by restraints on those two nations. Seventy shoe-producing nations export to the United States. An orderly marketing agreement which affects 2 of them has no impact on the other 68 except to give them an opportunity to expand their sales.

And that is, of course, exactly what happened. From 1977, when the agreement went into effect, to 1979, just 2 years later, Italy's shoe exports to the United States rose 106 percent. Hong Kong exported 233 percent more; and the Philippines expanded their production and exports from a level of 400,000 pairs in 1976 to 13.2 million pairs in 1979.

It was only when the Government began to actively enforce the trade laws that the shoe industry felt any of the promised relief.

The purpose of trade laws is not, as this administration apparently believes, to interpose the dread hand of Government into a prosperous and free trading climate. Orderly marketing agreements, for instance, do exactly what they say: They bring order into the trading relations between two nations.

A mutually beneficial trading relationship demands more than the simple production and sale of goods by one nation to another. It also demands predictability as to quantity and price. No nation can accommodate a trading pattern that swings wildly in volume from year to year, or one in which precipitous price rises or drops are frequent. That is the reason why the Soviet Union, for instance, wants and gets long-term grain agreements from us.

Orderly marketing agreements not only bring order to the trading relationships, they also provide a breathing space during which domestic producers can modernize, improve their methods, raise productivity and regain their ability to compete.

And when the terms of such agreements are enforced, we have proof that they have precisely that effect. In 1979, after a further 13,000 shoe industry jobs had been lost, the administration began an active effort to enforce the intent of the orderly marketing agreement. The nations whose exports had surged were advised that the United States would enforce its trade laws, against them if need be. Import penetration of the American market fell from 51 percent to 49 percent in 1980.

By 1981, a year later, the domestic industry was beginning to see positive results from the properly enforced trade agreements. Imports had leveled off; the precipitous decline in U.S. production was halted.

The International Trade Commission recognized that because the agreements had not been properly enforced in the first 2 years of existence, the industry needed an additional 2 years to obtain a total of 4 actual years of relief to complete modernization and to improve productivity.

What the ITC recommended was straightforward. First, it recommended 2 further years of trade under the orderly marketing agreements with Taiwan and Korea. And second, it recommended that the administration improve the enforcement effort against the nations whose footwear imports had surged so dramatically after 1977.

President Reagan rejected both recommendations. He refused to extend the orderly marketing agreements. And his administration has done nothing to prevent countries from targeting the U.S. market and producing for it far in excess of what our domestic manufacturers can absorb.

One fact demonstrates the outcome. When this President took office in 1981, imported shoes accounted for just half of all footwear sold in the United States. Today, they account for over two-thirds of the domestic market.

No other major industry in the Nation is suffering that level of import penetration. No other major industry is being asked to absorb that level of import competition without any action by our Government to defend our producers and their workers.

This administration's record with respect to our domestic shoe producers goes beyond an unwillingness to do for that industry what it does for auto producers. Last year, the administration refused to handle the petition of our domestic industry to force other nations to open their borders to shoe imports. Not only is the administration unwilling to extend minimal protection to domestic producers here. It is even unwilling to live up to its own free trade rhetoric and use its influence to create a truly open world market for shoes.

In a speech last Wednesday, President Reagan said that those who think we should use trade laws to enforce fair trade "believe we should run up the flag in defense of our markets, embrace protectionism, and insulate outselves from world competition."

If President Reagan does not know the difference between protecting our markets against unfair trade and "embracing protectionism," he should examine the footwear industry.

Our market is more accessible and more open than any other in the world. There is absolutely nothing "insulated" about it. If President Reagan does not know that, he should try to sell footwear to Taiwan.

American workers and American businesses do not fear fair competition because they need not fear fair competition. They can and do compete. What American workers fear, with justice, is that their efforts will be sacrificed to a rigid adherence to a simplistic idea of free trade.

Free trade will benefit our Nation and our workers if it is fair trade. Free trade in a world where unfree trade is the norm is nothing more or less than self-inflicted injury in the service of wornout rhetoric.

We cannot outproduce and outperform and outsell all other nations in the world as long as they subsidize their industries, give bonuses to their exporters, and close their borders to our products.

If the fate of the footwear industry is in any way representative of the wave of the future, then workers throughout American should sit up and take notice. A brief economic upturn in one industry or another will not insure the jobs of our people when the basic philosophy of our Government is to abandon all rational trade laws and pay verbal homage, instead, to an ideal of free trade that exists only in the minds of its adherents.

It is hard to understand why our Government cannot and will not use our Nation's market power, which is the greatest in the world, to actively pursue an opening up of the markets of other nations, which remain so determinedly closed to American imports and other imports.

It is difficult to understand why American workers are forced to outperform other workers, but Government is not required to outmaneuver other governments.

American industries, including the footwear industry, must modernize, improve productivity and regain a competitive edge. There is every sign that our footwear industry is more than willing to accept the challenge of doing so.

But it is also time to ask our Government to improve its efforts as well. Other nations devote time, energy and diplomatic skills of the highest order to the difficult process of negotiating market access for their products and maintaining their own markets in an orderly trading relationship with others. Surely such a feat cannot be beyond the ability of our Government.

What is lacking is not the ability to develop and implement fair trade policies. What is lacking is the will.

Our Nation's enormous trade imbalance cannot be redressed by continually relying on the capacity of American agriculture or on the pulling power of high interest rates to attract foreign dollars. We must also begin to place some commonsense reliance on the kinds of laws and structures which preserve and enhance fair trade between nations without making one nation the dumping ground for another's products, and without making one nation the engine by which all others seek to improve and expand their domestic industries.

Trade has benefits and costs for both partners. In the case of the footwear industry in this country, the benefits are being swiftly overtaken by the costs. And those costs are not costs that we should endure.

Since 1981, when President Reagan terminated the orderly marketing agreements which gave our industry breathing space, imports have risen by more than 50 percent; 27,000 jobs in manufacturing and in suppliers' businesses have been lost. Almost 50 factories have closed down, often in rural communities where they were the major source of employment.

These costs are not so slight that they can be ignored in the larger scheme of things. Because, unless the President reverses his position, they are simply a forerunner of future costs.

There are 133,000 jobs directly in the footwear manufacturing industry. Another 90,000 jobs are in the supplier industries. The President himself has often pointed out that the costs of creating several hundred thousand jobs are enormous. Yet, by his policy, he is clearly willing to see the Nation lose that many jobs. It is hard to understand why a program that seeks to create 200,000 jobs is too expensive to be contemplated, but a trade policy that threatens to eradicate a similar number of jobs is not.

The President's arithmetic does not add up. If it costs too much to create 200,000 jobs, then it manifestly costs too much to knowingly lose that many jobs.

The costs to government and to the society are the same whether people are unable to work because no jobs are available or because they are thrown out of the jobs they had. The net result is identical. And it is exacerbated when entire factories go under, because the resulting concentration of jobless workers in a single community is almost impossible to absorb.

I strongly urge the International Trade Commission to review the industry's current petition for relief. And I believe that all American workers who want to see a future of work would urge the President to accept, this time, a recommendation to protect American jobs by enforcing the law.

CONSTERNATION OVER DOMESTIC SHOE SITUATION

Mr. HUMPHREY. Mr. President, this morning I rise to express my deepest consternation over the situation facing domestic footwear manufacturers. As a member of the Senate Footwear Caucus, I have grown increasingly aware of the composite effects of imports on our manufacturers. When measured against the trade policies of certain other countries producing large quantities of footwear, it is obvious our present footwear trade policy is indeed generous, perhaps even overly liberal. Despite my keenest enthusiasm for free trade, I cannot ignore the plight faced by all too many of my constituents. The problem warrants a reasoned and practical response based on the simple concept of fairness.

Recently, the G. H. Bass Co. announced a reduction of production at its Berlin, N.H. factory. This action, which follows eight other closings in less than 4 years in my State, puts 185 of my constituents out of their jobs. Berlin can ill afford this, as it has the highest rate of unemployment of any community in Coos County.

At the present time, the International Trade Commission is evaluating a petition filed on behalf of the domestic footwear industry under section 201 of the Fair Trade Act of 1974. I support the purpose of this petition, and encourage its expeditious review. I know that many of my colleagues share this sentiment, since shoemakers across our country have taken an active role in apprising Congress of their situation.

Today, my friend and colleague from Maine, Senator COHEN, has spoken on the specific problems facing the domestic shoe industry in exporting products to foreign countries. An examination of the factors influencing the decline in domestic manufacturing of shoes shows that the disparate trade policies to which he has referred stand alone at the top. Data indicate Americans are purchasing more shoes today than 1 year ago, a testament to the overall economic recovery; yet the market share of domestic producers deteriorates.

Mr. President, the question arises: Can we ignore fairness in our efforts to promote free trade? In light of the statistics we have heard this morning, and in light of the 185 recently dislocated employees in Berlin, N.H., I believe we must now strive for fairer trade. My consternation is well founded, and I would submit that a significant number of my colleagues are in agreement. American shoe manufacturers do not have the benefit of free or fair trade.

MICHAEL MOORE—THE SWEET MEMORY NEVER FADES

● Mr. BYRD. Mr. President, an old aphorism says, "Time heals all wounds." In many instances of trivial hurts and losses, that can be true, and time is often a merciful physician.

But when we lose somebody close and dear to us, the void left by that loved one's passing can ache for a lifetime, and the sweet memory never fades.

Such is the experience of my wife Erma and myself and the others in our family in commemorating the death of my grandson, Michael Moore, who so suddenly was taken from us 2 years ago today. And though we and Michale's closest friends have gained a growing appreciation for Michael's character, his strength, and his talents, with the passing months, we still miss the joy that he brought almost daily to our lives.

But on this painful anniversary, we find consolation in two thoughts: the ever-lingering gifts that Michale contributed to each of us while he was part of our lives; and the sue knowledge that Michale continues in the embrace of an all-loving God. Those realizations are balm for our spirits and salve to our souls as we remember a life that meant so much to so many for so short a time.

> Death, be not proud, though some have called thee
> Mighty and dreadful, for thou art not so;
> For those whom thou think'st thou dost overthrow
> Die not, poor Death; nor yet canst thou kill me.
> From Rest and Sleep, which but thy picture be,
> Much pleasure, then from thee much more must flow;
> And soonest our best men with thee do go—
> Rest of their bones and souls' delivery!
> Thou'rt slave to fate, chance, kings, and desperate men.
> And dost with poison, war, and sickness dwell;
> And poppy or charms can make us sleep as well
> And better than thy stroke. Why swell'st thou then?
> One short sleep past, we wake eternally.
> And Death shall be no more: Death, thou shalt die!
>
> *John Donne (1573-1631)*

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Time for morning business has expired.

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending business (H.R. 2163) which the clerk will state. The pending business is amendment No. 2956 of the Senator from New York.

The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes.

The Senate resumed consideration of the bill.

Mr. DOLE. Mr. President, before we resume debate—I think it will be a few minutes before the principals are here—I want to indicate to Members in their offices and their staffs, wherever they may be, that we shall have three lists prepared within the next 30 to 40 minutes containing all known amendments. One list will be those that are under negotiations with Treasury, the Joint Committee, the majority and the minority managers of the bill; the second will be those that are strongly opposed by Treasury; and, third, those where there has been agreement. So we have three different categories. I hope that those lists will be available so that the Members may know.

I just suggest where the amendments are opposed, obviously, that does not mean the amendment cannot be brought up, but it means we shall have to have a vote on it if a vote is going to be demanded. Those that are near agreement, we can have an agreement on if we have a little break. On those still under negotiations, Senator LONG has been kind enough to let us use S-202 and Assistant Secretary Chapoton and others will be there to discuss those specific amendments with Members. There are a substantial number of Members who may want to discuss their pending proposals.

It is my hope to finish tonight, but if not, we have all day tomorrow. We can finish either today or tomorrow. I hope we will not go too late this evening, but that will be dependent on the progress we make. I hope those who will want votes will be willing to give us some sort of time agreement so we can schedule to see whether or not we can complete action today.

In my view, Mr. President, we are making some progress. Obviously, we have different rules on the Senate side. The House can dispose of a tax bill in 3 or 4 hours, where we sometimes take 3 or 4 weeks, because everybody here can offer amendments and almost everyone does.

As I left last night, all the lobbyists have moved from the House side to the Senate side. They know this is the last chance, so I assume there will be other possibilities today for amendments as different groups around the country descend on the Senate side of the Capitol.

Mr. President, I hope we can complete action tonight. If not, we hope to complete action tomorrow night. I understand from the majority leader that if not, we shall complete action the day after tomorrow.

Mr. MELCHER. Mr. President, will the chairman yield?

Mr. DOLE. I am happy to yield.

Mr. MELCHER. Mr. President, I presented an amendment to the chairman and the staff last night dealing with the plight of construction workers who have to live away from home in order to work at the construction site. I must say that the equitable situation provision I would like to apply in an amendment is to treat construction workers just as we treat anyone else—ourselves, our business people, or any other group who are away from home overnight—to be allowed to deduct those expenses just as the rest of us. Unfortunately, the amendment was not drafted as well as it should have been, it was inaccurately drafted, and the experts on the Joint Committee on Taxation are assisting us in drafting it properly. Whenever that is completed and there is an opportune time to tell the chairman, I shall be very happy to raise the matter.

Mr. DOLE. Mr. President, I am not certain whether that is on one of the three lists. Obviously, if we are going to finish the bill, Members are going to have to cooperate. We cannot take every dog and cat that some staff member dreams up between now and midnight.

Mr. STEVENS. Will the Senator yield?

I hope the Senator from Montana would allow me to see that amendment before it is presented.

Mr. MELCHER. If the chairman will yield, I assure the assistant majority leader that we will bring it promptly to his attention.

Mr. DOLE. I yield the floor.

AMENDMENT NO. 2956

(Purpose: To exclude tax-exempt interest in determining amount of social security benefits to be taxed)

(The text of the amendment, proposed by Mr. D'AMATO and other Senators is printed in yesterday's RECORD.

(The names of Mr. HELMS and Mr. EAST were added as cosponsors.)

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. Mr. President, the amendment that is before the Senate today is a social security amendment. What it does is change the carefully constructed agreement that was arrived at in this Chamber and in the House a little over a year ago. It is an issue we debated on the floor of this Chamber in late March of 1983. The distinguished senior Senator from Louisiana presented extremely forceful, able, and vigorous arguments. We went through it carefully. We had a rollcall vote, and the amendment was defeated 52 to 44. Now we are starting all over again. It is the exact same amendment. There is no difference. The proponents are going over the same plowed ground once again.

In my judgment, Mr. President, the amendment would produce extremely unfair results. It reopens the social security debate. It costs the social security fund $141 million over the next 3 years, and there is no suggestion of replacing that revenue. I have not heard a single suggestion from the proponents who have spoken to date on this amendment that in some way the revenue is going to be replaced. It is a straight cut of income for the social security fund of $141 million in the next 3 years. The amendment is opposed by the Treasury Department. I have a letter directed to the chairman of the Finance Committee dated April 11 signed by the Assistant Secretary of the Treasury for Tax Policy, Mr. Chapoton.

Now, Mr. President, in accordance with the arrangement that was worked out and passed by the Congress, it was agreed that up to one-half of a person's social security benefits be subject to tax, but only for those with incomes over a certain amount—$25,000 for a single person, $32,000 for a married couple. For the sake of the discussion, let us use $25,000 as the cutoff point. Starting with $25,000, half of the social security that every citizen in the United States receives becomes taxable. This was part of the Commission's report. This is not something that was dreamed up on the floor of the Senate. This is not something that came out of thin air in the House. It is not something the administration did. It is something that came as a result of the Social Security Commission very, very carefully considering how to save the social security trust fund so that there will be money to pay the current beneficiaries and future beneficiaries well into the 21st century.

As everyone will recall, as a result of that Commission report, we increased the taxes on the workers, we deferred the cost-of-living adjustment for retirees for 6 months, and starting in the 21st century we increased the date at which one could retire from age 65 to 66, to 67. We also provided that one-half of a beneficiary's social security would be taxable starting with, as I said before, the figure of roughly $25,000 of income.

Now, what this amendment seeks to do is to treat the taxability of the social security differently, to treat it differently based on not the amount of income a social security recipient receives, but based on the source of that income.

Mr. President, this amendment, will result in an unfair application of the Commission's decision to tax social security benefits. The proponents are the ones seeking to change an equitable law. The law as it exists now and as this body and the House previously agreed is a fair law. The proponents of this amendment are seeking to change it.

Let us take two citizens, two retirees. One has $20,000 of retirement income from a pension. That same person has $4,000 of rental income. That same person has $8,000 of social security. So the person's total income is $32,000. In order to determine whether half of this person's social security benefits we add his taxable income of $20,000 from pension, $4,000 of rents, $24,000, and $4,000 of social security, for a total of $28,000. Since this is over $25,000, a portion, but no more than half, of his social security benefits will be taxable. That is what we decided in the 1983 social security amendments.

Now, let us take another citizen with $100,000 of tax exempt income and $8,000 of social security. Under the existing law, half of that social security, namely $4,000, would become taxable because we count the $100,000 as to the threshold amount of $25,000 base, which then triggers the taxability of the social security.

What amendment 2956 does is to change the rules so we would have the following situation. The person who has worked all his life and has the $20,000 of retirement income and the $4,000 from rents will have to pay tax on a portion of his social security benefits.

But under the proposal that is being debated today, the person with $100,000 tax exempt income would not count this income in the threshold amount test, so instead of that person with $100,000 of income and $8,000 of social security paying some tax on his social security benefits he pays no tax on his social security benefits. If that is not unfairness, I do not know what is.

Now, you are going to hear a lot of discussion this morning suggesting that what we are doing is taxing tax-exempt income. Well, Mr. President, that has not been so and it is not so.

To give you an illustration, I would like to tell you what E. F. Hutton says on this matter. When E. F. Hutton talks, everyone listens. What does E. F. Hutton say when they are peddling tax exempt municipal bonds?

This is a firm that is headquartered in New York, the same State as the proponent of this amendment.

They discuss it in their little pamphlet, "A Guide to Tax-Exempt Municipal Bonds, E. F. Hutton." What does E. F. Hutton say? They have in this brochure a notice to social security recipients, and they discuss all this. Then they have a footnote, but it is not a footnote in the traditional form, where the print shrinks and you are unable to read it unless you have a magnifying glass. This is a rather large footnote in bold face type. What does E. F. Hutton, who knows all about municipal bonds and tax-exempt bonds, say? They say: "Please Note: While tax-exempt income is reportable for social security purposes, it remains nontaxable."

So nobody seriously is suggesting that tax-exempt income is suddenly taxable. It does not become taxable under the existing social security law, and there is no suggestion that it should.

Mr. President, we had a whole series of letters and missives and statements put in the record about who is a proponent of the amendment being submitted. Oddly enough, there are a lot of proponents for escaping taxation. That is nothing new. No one can testify to that better than the senior member in point of service on the Finance Committee, the distinguished Senator from Louisiana.

If you want to get mail, just propose something that cuts taxes, and you will get a lot of mail, and you will get very little mail on the other side saying, "Please raise taxes," or "Please preserve a tax." I would like to weigh the mail on the subject.

If the distinguished Senator from New York has a single letter against his proposal, I would be surprised. Who is going to stand up in favor of taxation? So he has a letter in support of his position from the American Association of Retired Persons. Who is surprised at that? I think the surprise would be if he had not received a letter. What does the letter say? It supports his amendment and says how nice it is, and encourages us to pass it.

However, in the final paragraph, and indeed in the final sentence, we really get to the heart of the position of the AARP. What they really would like is for social security benefits not be taxed at all. That is their position. Who is going to say that they should not take this position? Who can be surprised if somebody comes in and says, "Please don't tax me"? So I read the sentence:

> While we would prefer to see an entire repeal of taxation of benefits, S. 1113 is an appropriate step that can be taken at virtually no cost to the social security trust funds.

Well, I do not know what they say about $141 million. I suppose in this day of billions, that is not much. But I am still fresh enough from my little State that I think $141 million is a considerable sum of money.

We have been working for some time on this tax bill, and those who have presented amendments costing revenue have been responsible and attempted to make up for that lost revenue. That is what the Senator from Missouri did yesterday when he presented an amendment on section 911. Yes, there was some lost revenue, and he stepped forward with an amendment to recover that loss of revenue. But there is no suggestion here that we recover the lost revenue in this case.

Mr. President, in the final analysis, what we are talking about is not what the AARP wants, not who has received a letter from whom, not what the editorials say in this paper or that paper. What we are talking about, simply, is a matter of equity and fairness. That is what we are talking about.

How can anyone suggest that a person with $100,000 of tax-free income and $8,000 of social security should get no tax on his social security while the fellow who has a modest pension from the UAW or from Ford, and some rents coming in, gets hit by the tax? If someone wants to go home to his or her State and say that is fair, I should like to see them do it.

Mr. D'AMATO. Mr. President, will the Senator yield?

Mr. DANFORTH. Mr. President, will the Senator yield for a question?

Mr. CHAFEE. I yield to the Senator from Missouri.

Mr. DANFORTH. Mr. President, I have the privilege of sitting on the Senate Finance Committee with the Senator from Rhode Island, and I have a clear recollection, as I am sure he does, of the difficulty we had in putting together a package of changes to try to solve the horrible problem that the social security system was facing. The social security system, as I recall, was going broke; and in order to save it, we had to put together a whole range of proposals to try to fix it.

As I recall, none of those proposals was popular, not one of them. But one of those proposals was this idea of taxing benefits if the income of a single recipient was over $25,000 a year and the income of a married recipient was over $40,000 a year.

Is my recollection correct, or has something gone haywire in my own mind since we dealt with that in the Finance Committee? Was this a difficult undertaking, an undertaking which called for a lot of political courage and a lot of balancing, an undertaking which had a lot of component parts, each of which was very controversial?

Mr. CHAFEE. The Senator is correct in the latter part of his statement. This was a component part of a very difficult measure. To assemble the social security compromise, there was give and take. There was a very substantial tax increase on the workers. There was a postponement of benefits for the recipients, in that there was a delay of a year in their cost-of-living adjustment. For those who were future retirees, as the Senator remembers, everybody swallowed hard, but voted for it. There was an increase in the retirement age, starting in the year 2020, up to 66, and then to 67. Taxation of benefits was also one of the integral parts.

Mr. DANFORTH. Now, through this amendment, are we taking one of those parts out of the total program? Is this going to be the beginning of the kind of cascade of all the parts of the program?

Mr. CHAFEE. This is a beginning of a chipping away: Let this fellow out from under; next, let the other fellow out from under; and pretty soon, why should anybody be taxed on their social security?

Mr. DANFORTH. It is my understanding that this would be for 3 years, $150 million, between now and 1988; $230 million would come right out of the social security trust fund. This is money that otherwise would be in the social security trust fund, used to pay for this very important program, and we would be taking it right out of the trust fund. Is that correct?

Mr. CHAFEE. The Senator is absolutely correct.

As he knows from the long hearings we had in the Finance Committee, while we are very hopeful and indeed confident, given some kind of decent times, that the social security fund will be all right going into the next century, there are no guarantees. Nobody would swear on a stack of Bibles that everything is taken care of in the fund. There is a set of assumptions, and many of us thought those assumptions were a little optimistic. We have to have certain decent times; we have to have certain unemployment rates, not high unemployment; and there has to be some stability in the interest rates. All these factors must be taken into consideration, and if you do not tamper with this too much, things will be all right.

Mr. DANFORTH. Am I not also correct in my belief that what is at issue here is not a tax on municipal bond income; rather the issue is a tax on social security income? But what we did in the social security reform package is tax social security income for individuals who made $25,000 if they were single, $32,000 if they were not single, and even then it was just half a tax of the overage.

Mr. CHAFEE. That is exactly right.

Mr. DANFORTH. So we are not taxing municipal bond income and when we put he package together we were not asking how a person derived his income. We were asking what is the income level, what is the wherewithal of the individual so as to determine what sort of tax, if any, to place on the social security benefits.

Mr. CHAFEE. That is exactly right. What we did was to say that as to those people in lower incomes we were not going to tax them on half of their social security. Someone whose only income is $8,000 a year from social security will not be taxed. But we are saying that if you move up you cross a certain income threshold, which I have stated is roughly $25,000, then you start phasing in and up to half of one's social security becomes taxable.

Mr. DANFORTH. In effect, what it was was a means testing of social security benefits. Was that not the effect? And that was the nature, as I recall it, of the discussion in the Finance Committee.

Mr. CHAFEE. The Senator is absolutely right.

Mr. DANFORTH. For the purpose of, for example, food stamps or AFDC benefits or SSI benefits, these are programs designed to help the poorest of the poor, food stamps, AFDC, supplemental security income. Let us suppose that an individual came into a welfare office and said, "Well, I want to apply for AFDC," and they said, "What kind of income do you have?" And the individual said, "Well, I have $50,000 in dividend income. That is all." What would be the response to that kind of statement? Would they say, "Well, fine, dividend income does not count and we want you to get your welfare benefits"? Is that the response that that individual would get?

Mr. CHAFEE. I think the Senator has wisely pointed out that the person would be laughed out of the office.

Mr. DANFORTH. What if the person came in and said, "Look, I want my food stamps. I am having a hard time paying my food bill." And they said, "Well, what kind of income do you have? Do you have any dividend income?" And the individual says, "No, I do not have any dividend income."

"What do you have?"

And the person says, "Well, I have $50,000 a year in municipal bond income which is tax free. How do I get my food stamps?"

Mr. CHAFEE. Again the Senator has made the point so well. He would be laughed right out of the office.

Mr. DANFORTH. If we are going to means test social security benefits for people with $25,000 income or over, why do we treat that kind of means testing different from means testing of foodstamps and AFDC benefits and SSI benefits?

Mr. CHAFEE. The Senator has put his finger right on it, and let me just take the illustration of the Senator from Missouri a step further.

Let us say for the purpose of the argument that $10,000 is the cutoff, or let us take $6,000 as the cutoff for AFDC. A person goes in and says, "I have $7,000 of dividend income. Do I qualify?" And the answer would be "No." The answer would be exactly the same if he was just over the mark with tax-exempt income.

But the argument that I know we are going to be presented with here is that for some reason tax-exempt income should be treated differently because the person has made a sacrifice through investing his funds into tax-exempt income. Thus he has accepted a lower return and in this great effort of sacrifice to improve the infrastructure of various cities and towns throughout the Nation by buying these municipal bonds, that person receiving a lower yield, for some reason should not have that tax-free income counted as the basis for the taxation of social security.

It is the most convoluted argument I have heard.

Mr. DANFORTH. May I ask the Senator from Rhode Island if the amendment of the Senator from New York does not in fact confer an extra double benefit, a totally unforeseen benefit on people who have municipal bonds? The existing state of the law is that if you get municipal bond income that income is tax free. No one is questioning that. That is tax free income. If the Senator from New York were to prevail not only is that income tax free but in effect people who have all of their assets in municipal bond income would be able in addition to shelter their social security income. Is that not correct?

Mr. CHAFEE. Yes. He has moved the social security income in these instances into tax free income.

Mr. DANFORTH. It is a tax shelter that he would develop for social security income for high-income people.

You could have a person with $100,000 in municipal bond income and if it were in municipal bond income it would shelter the tax on social security, is that correct?

Mr. CHAFEE. The Senator is absolutely correct.

Mr. President, I know that the distinguished Senator from Florida has a statement on this subject, and I am glad to yield to her.

(Mr. DURENBERGER assumed the chair.)

Mrs. HAWKINS. I thank the distinguished Senator.

Mr. President, I am enjoying this dialog, but I am conducting a hearing at this very moment in the Agriculture Committee.

I recessed to come down here and support Senator D'AMATO's amendment to exclude tax-exempt interest from the threshold calculation for determining taxation of social security benefits.

I want everyone in this Chamber to know that every member of the Finance Committee got an exemption for his State when the tax bill came out of the Finance Committee. I want some consideration of the retired people in Florida. We have the highest population of people over 65, and I want you to look at the profile of those people over 65.

They are mostly women. The feminization of poverty is real. And I want to tell you that when widows who are on a meager income came to Florida they bought a little house on an insignificant street. They paid cash for it because they did not have mortgages back then. They saved, they scrimped. They tell me how they rented an apartment for 20 years to educate their children. And they then buy a little house in Florida where the weather is nice and they do not have to pay high heating costs, but they are now getting a $400 electricity bill. They did not plan on this on a fixed income.

Their property taxes have been increased in Florida, tripled in the last 4 years, because they have 100-percent evaluation of property and annually readjusted according to the sale of the last sale on their street.

Suppose you have a nice little house in Coral Gables that you paid $12,500 for years ago. Now if you are 72 years old, and the house at the end of the street is sold for $1 million. That makes your assessment go out of sight.

I get letters from women and senior citizens saying: "Here is my income. Will you please tell me how I can make ends meet?"

These are the majority of the senior citizens in Florida. I am tired of hearing people talk on this floor about the rich elderly people. We have very few rich elderly people. People over 65 today were not on welfare programs. They did not have food stamps back when they were growing up. Every housewife had sugar bowl money and you know what they did with the sugar bowl money. They bought bonds because the only thing they believed in after the Great Depression was the Government. Now we really fooled them by having them believe in the Government. So they saved and scrimped and put penny after penny in bonds.

No one now would advise a housewife to buy a tax-exempt bond who is not going to live to 2010.

But these people did it. And the very nature of it was tax exempt.

Now, they are over 65 years of age, everything is going out of sight—electricity, property taxes, water bills, $55 for water. I had a lady write and tell me she listened to the radio because she is afraid if she turns on the television her light bill will go up and she is on a very fixed income. The only way she can make it is from tax exempt money that her husband left her in municipal bonds. There are a lot of people today who have a lot of faith in the financial ability of cities. You have to sit down and talk to them a while.

I want to tell you that in Florida these folks are your mother, your father—I have seldom talked to anybody in the Senate subway or in Washington who did not tell me they had a relative who was over 65 living in my State. And we welcome them, because they are industrious: they are a great contribution to our society.

But I want to tell you to switch signals on them right after we have had the highest interest rates, highest food prices, highest electricity prices, all of these things, to switch signals on people over 65 is really cruel.

Mr. METZENBAUM. Will the Senator from Florida yield for a question?

Mrs. HAWKINS. Yes.

Mr. METZENBAUM. I was listening on the squawk box and I heard the Senator make a statement that I am very curious about. I heard her say that every member of the Finance Committee got an exemption from this provision for his or her State. Is that a fact?

Mrs. HAWKINS. I have heard that in the subway. I would not want to say that is a fact.

Mr. METZENBAUM. I thank the Senator.

Mrs. HAWKINS. Some had a racetrack or something else. But I have a lot of senior citizens. I am more interested in social security than I am in racetracks.

Mr. METZENBAUM. I thought the Senator was talking about exemptions for senior citizens.

Mrs. HAWKINS. No; I mean on some favored projects. I depend upon you to find out what they are. That is your role in the Senate. [Laughter.]

Most of our people in Florida over 65 never owned a car. They came from a city. And I am telling you it is kind of scary when they have to buy a little car and drive around, because we do not have mass transit. We do not have all the things that the big cities have. And if they do not have a car, they have to catch a cab, and cabs are not $3 like they are in Washington, D.C. It costs $12 to go to the grocery store in the little town of Orlando. We are not used to having all these people, but they must get around.

Just their sheer terror of their being held hostage in their homes because of the high-crime rate gives me the heart here to give them a bonus for living past 65 and not having any trouble.

I get letters saying, "The only trouble with my finances is I lived too long. I lived too long, and I worked too hard."

Here we are, a prestigious group of people, saying that we want to change signals on their savings. The one thing they had trust in was a tax-exempt municipal bond. But are we to tell them not to trust the Government. I think that is a ridiculous thing to say to a group of patriotic, absolutely dynamic citizenry in this United States. Most of the men served in two world wars, some three. And here we are trying to make their very little money a burden. It is not a lot of money.

You can take a poll in Orlando or Miami and ask people as they go down the street: "Do you own municipal bonds? Are you over 65?" It would come out to 10 to 1 "No." They cannot afford it.

I want to tell you that it is disgusting that we are involved in this discussion about this as something that helps the rich. It is a ridiculous argument, the equity argument, that the wealthy will buy tax-exempt bonds to avoid taxation of social security benefits if the D'Amato amendment passes. It is ridiculous to expect the wealthy, sophisticated people, to avoid taxation of social security benefits by investment strategies. Their money is managed by someone else. The commissions involved in selling investments and stocks and buying municipal bonds would be prohibitive. The money that you save in taxation of social security benefits would be lost in the commission.

A lot of things that are said on this floor are not accurate. We ought to stop doing it because a lot of people read this RECORD, whether you believe it or not.

I would like you to know that, indeed, in my State, we receive something like 8,000 letters a day. I would like you to come and read them. If you want to conduct a poll, come to the mailroom in my office. We received almost 1 million letters last year. And there are people's parents, mothers, fathers; by and large women, because they live longer than their husbands.

In my estimation, what you are doing here is not that much. It is just a little bitty blurp on the total budget and the total finance package.

I dare say that some Senators who are arguing about this little bit of money for senior citizens who are on social security to be included will be the same Senators that come to the Agriculture Committee and tell us to forgive the REA debt, roll it over, postpone it, do whatever you can because the farmers are hurting. But the average farm income is well above Florida's retirees.

I serve on the Agriculture Committee. I hear about the poor farmer. "Poor farmers, they are losing their farms. They are losing this. They are losing that. Interest rates are too high." I am concerned about a $7.9 billion forgiveness of farm debt.

This has a very large impact on the total scheme of things. But let me tell you that perception is about 99 percent of actuality, and perception is that in 1981 we cut out minimum social security benefits, and the Congress came back and restored them. We decided to tax withholding upfront on retirees meager interest. I got 390,000 letters, not petitions. These were specific letters saying "I have a little savings account, and I will pay taxes on it. I am not a cheater. I am tired of hearing you say I cheat. You catch the cheaters, I will pay the interest at the end of the year."

What do they now say in 1984 polls? They say, "We can't trust the Senate, the Congress, because they took away the minimum benefits and restored them. They tried to withhold my interest, and then they put it back in. And now they are after the little bit of meager money that we have from buying tax-exempt bonds"—"now you are going to take that."

I just want to invite you all to come down to Florida for the recess, I will get you an engagement in every senior citizen condominium in Florida. We have enough in each community for all of us. You go and face those widows that are trying to make it because they bought their little condo and their condominium fees go up and up and up, and they say: "The thing they are trying to get now is this little bit I have in this municipal bond."

If I were trying to plan for retirement—and I do not ever plan to retire—but if I were to plan for retirement, I would not buy anything that you guys can get your hands on. I would buy something tangible, property, like everybody else; get it out of your sight. I would not tell you I had it. That is exactly what we are doing to the senior citizens of this country. Now, if you want to make it prospective, that is all right. You ought to warn them before you do it.

Now, I want to tell you that you can all come to Florida. Everybody on both sides of the aisle comes to Florida and raises money for their campaigns. Great campaigns. Floridians like to contribute and they like to support Government.

But they also bought a few municipal bonds that were tax exempt and they do not like us even talking about including that in their social security tax. We might have a lot of high financiers here, but I would like to tell you there was a time when the senior citizens were buying dog food with their food stamps. It is embarrassing. It makes you cry to go down to Miami Beach and watch it. It was not just a TV show. I went down there to see it.

They have a lot of problems now making ends meet. With dignity, most of our seniors will not take food stamps. I write them back and say, "You are eligible for a lot of programs the Government has. You do not need to be in this fix." They do not have municipal bonds. They say, "We don't want the Government to do anything for us. We just want them to protect us. Just protect us. That is all we want."

We cannot force people over 65 to take food stamps because everybody else gets them. They line up for them. They come right off the boat and stand in line in Miami to get food stamps. We have a hard time getting enough printed to feed the people that are not legal in this country. But we have a generation of people who have worked hard. They fought in the war. They saved their money. We told them we were going to reward thrift and industry.

We did remodel the social security program. We needed it. But I do not believe that half a dozen Senators knew we were going to include income from tax-exempt bonds in calculating taxes.

Most senior citizens like to pay taxes. I tell you. They are thrilled. They like to help the Government.

I get letters with checks saying "I would like to apply this to the deficit. I had $7 left. Here is $5 for you. Can you see that President Reagan puts it on the deficit?"

That is the kind of people we are talking about. When you and I are 65—whenever that will be—maybe that is a different subject. We will talk about it in the future. But I think it is sending the wrong message to senior citizens of America—in Florida, in New York, in Rhode Island, in Minnesota, in any State you talk about—to change signals on them as they approach retirement age.

I would like each of you to keep in mind that the majority of people on social security are widows. They live alone. They need a lot of help. They pay a lot of city taxes for police because they are most preyed upon by criminals. It is very dangerous to be a woman, and to live to be elderly in this country. That is a shame. They dare not come out of their house. So they are picked up secretly, taken to the grocery store, and secretly brought back. They are preyed upon in this society. I tell my colleagues that.

I think the indirect tax is also questionable constitutionally. It places a Federal burden on the revenue-raising powers of the States.

I am going back to the REA hearing. We are going to try to make something sensible out of the program, and a lot of changes need to be made.

The statistics on the senior citizens in Florida are very interesting. Someone should look at those when you talk about changing signals in midstream.

I urge all of you to remember the perception that is going to come from this entire action. No one knew it was going to happen until this year. As they are going down to pay their taxes, the wonderful, law-abiding citizens are finding out that Congress did it to them again. Rather than going home on recess, you ought to do it now, and go home with your head held high saying "We did make a mistake." What is wrong with saying you made a mistake? It was a complicated program.

I would like to know who has read these two green books. We are voting every hour or so on something in fine print in these two volumes. It is obvious that we do not know what is in these books. We come down and say what is the vote on? What does it do? Yes or no? We do not have time half of the time.

That social security revision was fantastic. But it really hurt women.

I had five provisions that left the Senate that helped woman, and the House knocked them out. We came back, and accepted them in the conference.

Again, here is another reason that perception is 99 percent of reality, and the perception is that you are out to get the little, meager bit of minimum money from these widows who have to try to eke out their last days. I urge all of my colleagues to support the D'Amato amendment.

I yield the floor.

The **PRESIDING OFFICER.** The Senator from Louisiana.

Mr. **LONG.** Mr. President, the significance of this amendment in my judgment does not relate to the $50 million revenue effect. It does not relate to the social security financing bill. The significance of this amendment, in my judgment, has to do with one simple fact. The Federal Government should not tax the State governments, and the State governments should not tax the Federal Government. As Chief Justice Marshall said in the ancient case of McCullough against Maryland, the power to tax is the power to destroy.

It was the States that created the Federal Government. Certainly the 13 States which existed at the time this Federal Government was created had no intention of creating a monster that would destroy them. There is no doubt about this, Mr. President: the taxing power of the Federal Government could utterly crush and destroy State government. The Federal Government could even tax away their ability to borrow money. It was on that basis that the Supreme Court held that the Federal Government could not tax the interest on State or municipal bonds.

Mr. President, the great Justice Marshall was not the only one who understood that the power to tax is the power to destroy. The Congress of the United States understands that. Under the Constitution the States are protected from taxation by the Federal Government, and under the Constitution the Federal Government is protected from being taxed by the States. The Congress wanted to be sure that States would not tax the Federal Government.

Here is an act that I would like to read to my colleagues and fellow Members of the Senate:

> Text of Federal law exempting Federal bonds from State and local taxation (31 U.S.C. 3124(a)):
>
> "Stocks and obligations of the United States Government are exempt from taxation by a State or a political subdivision of a State. The exemption applies to each form of taxation that would require the obligation, the interest on the obligation, or both, to be considered in computing a tax, except—
>
> "(1) a nondiscriminatory franchise tax or another nonproperty tax instead of a franchise tax, imposed on a corporation; and
>
> "(2) an estate or inheritance tax."

The Congress undertook to exercise the power to enact the supreme law of the land, that the Federal Government would not have its obligations taxed by State governments.

Someone in Texas made the unfortunate mistake of affronting the sovereignty of the Federal Government by trying to tax bank shares in recent years. One Texas bank reacted by invoking the supremacy of Federal law, and proceeded to take that State to court, saying that they could not tax the bank shares. Texas asked why they could not? The bank answered, because the bank held some Federal bonds. By taxing the bank shares, Texas was indirectly taxing those Federal bonds and the interest thereon. The Supreme Court, bless their heart, proceeded to uphold that argument by the bank, and said that under the statute I just read into the RECORD, a State could not tax the shares of a bank unless they exempted whatever value might be involved in the holding of the Federal bonds in that bank.

Mr. President, if we really want to tax a State government, would we not be doing justice and fairness if the Federal Government, which was created by the States, at least permitted itself to be taxed to the same extent that the Federal sovereign would seek to tax the lesser sovereign, the State government? If the pending amendment fails, Mr. President, I will offer an amendment to provide States and local governments the reciprocal right to tax the Federal Government, because it is totally unfair and unjust for the Federal Government, a creature of the States and created by them, to insist on its right to tax other levels of government completely out of existence.

That, Mr. President, is my concern more than any other concern, although there are other reasons to be concerned about this matter.

Mr. President, I heard the Senator from Rhode Island spell out how great sacrifices were made by statesmen to bring together a social security compromise, of which this provision we seek to repeal is a part.

Mr. President, we hear that the statesmanship of that measure cannot be described. It defies words of mere morals on this floor. Those men tell us that they did everything they always promised their constituents they would never do. They broke every faith they ever committed themselves to. Everything they said they would never do, they did, in order to achieve that great compromise and save the social security system.

Mr. President, it seems that all they had to do to solve the financing problem was the one thing I hoped they would never do. That was to reach over into the Teasury and pick up a bunch of printing press dollars. They took $58 billion of printing press money in the first 4 years—when you get past the obfuscation of all the language in the bill we passed, you find $58 billion in general revenues from 1983 through 1986—extracted from the general funds of the Treasury and added to the public debt, in order to put it in the social security fund.

It seems that this is all they really needed to do. All the rest of the bill was by comparison just window dressing, which is why I voted against the bill.

I did not want to vote to finance social security with printing press money. I said I would never do that, and I did not do that. I said I was not going to vote to tax social security benefits, so I did not vote for the bill.

The $58 billion of printing press money, all that will be taken between 1983 and 1986 to make social security well financed, works out to be a little over 1,000 times as much as the pending amendment would cost on an annual basis.

Mr. President, if we are talking about the money involved, the Senator from Louisiana just a couple of nights ago supported an amendment by the Senator from Rhode Island (Mr. CHAFEE). I was proud to support it. It was a good amendment. It concerned indexing. That would pick up $51 billion over the next 3 years, and that would be 1,000 times as much as the pending amendment would cost on an annual basis, or on the average over the next 3 years, 333 times as much as this particular amendment would cost us on a 1-year basis.

I am perfectly content to raise whatever revenues may be necessary to finance this amendment.

Mr. President, the principle here is so much more important than the dollars that I think we ought to confine ourselves to the principle to the exclusion of the dollars involved, because the principle is overwhelming.

Mr. President, we are told that this amendment is opposed by the Treasury, and so it is. When I was a student in law school—and that is going back a pretty good while, Mr. President, going back to about 1940, or about 43 years ago—we had a law professor who had worked here in the Government for the Treasury. He told us that the Treasury lost the case when they tried to tax the State and municipal governments. But he was determined that some day they were going to get back into court and try it again because he thought the Supreme Court, on a proper presentation, with the proper facts, could be persuaded to permit the Federal Government to tax the interest on State and municipal bonds.

That was 40 years ago. They had these schemers down there in the Treasury even then trying to find a way to tax the State governments. So there is nothing new about the Treasury position on this. That has been their position for 40 years.

The Senator suggested that it was an outrage for someone like the Senator from New York to renew the fight because we lost one round last year—compared to the effort of the Federal Government for over 40 years to tax State and local government—because we lost one round it would be an effrontery to renew the fight, to take up the cudgel again, to renew the issue. I do not agree.

Mr. President, I have here a letter from the National Conference of State Legislatures. They have sent copies to various other organizations that ought to be concerned, and in due course I think we will be hearing from them, too. I refer for example to the National Governors Association. I should imagine that when the Governors get around to focusing on this issue, every Governor will tell you that he resents this lopsided outrage where we arrogate onto ourselves the power to tax their level of government and deny them the right to tax our level.

The National Conference of State Legislatures, the National Association of State Treasurers—they are well aware of this issue, and I am sure we will hear from them as time goes by. If the National League of Cities is not aware of the issue they ought to be aware of it. The National Conference of Mayors, the Municipal Finance Officers Association, the National Association of Counties should be as well. Mr. President, those associations should be concerned.

Mr. President, I am now advised that those groups have signed the letter I referred to. So your Governors agree with what I am saying here, your State legislatures agree with what I am saying here, your mayors agree with what I am saying here, the county officers agree with what I am saying here, and the State treasurers agree with what I am saying.

This issue will not go away. These people are concerned and they are now alerted.

They say in their letter that, "The Municipal Finance Officers have estimated that the provision will increase State and local borrowing costs $300 million to $600 million a year."

This means that in order for the Federal Government to pick up $50 million for the social security fund, it is imposing anywhere from $300 to $600 million of additional burden on State and local governments.

Mr. President, I am like every other Senator. To be a Senator, you must be a citizen of a State. Here is an act of the Congress which is supposed by raise $50 million for the Federal Government on the one hand, but it is costing in all the States as much as $600 million on the other. So for every dollar I am being benefited by on the one hand, I am being penalized perhaps $5 to $10 on the other hand.

Some people serving here may forget the fact that when the Federal Government tries to enrich itself by taxing the States and the States try to enrich themselves by taxing the Federal Government, as far as the average citizen is concerned, he is a loser. He is going to pay the same amount in any event, but he has to pay the cost of administration and all the rest of it, too. In this case, he has to pay the cost of higher interest rates on those bonds, occasioned by the uncertainty involved in the Federal Government embarking on this effort to tax State and local governments.

In view of the fact that Treasury Assistant Secretary Chapoton's name has been raised, let us recognize what has been involved here. The Treasury does not want to tax State and local interest for social security purposes. I am talking about the Treasury employees who were here before you ever arrived on the scene, before I arrived on the scene. They do not want to tax the interest on these bonds just for the purpose of social security. They want to go further and tax it just as though it were ordinary income.

There are people over there in the Treasury who have been there for many, many years who feel there will never really be what they believe to be a completely uniform tax system unless all income is taxed on exactly the same basis. That being the case, you must tax the interest on State and municipal bonds, and you must get rid of the special treatment of capital gains. You must get rid of practically everything in the tax code that gives somebody any kind of a tax break based on a careful consideration of their problems, be it the investment tax credit, the rapid tax writeoff for depreciation, or whatever. That type of provision conflicts with the ultimate purpose of these Treasury people who feel that the tax law ought to work a certain way, that every dollar ought to be taxed exactly the same no matter how you earned it, no matter how much sacrifice went into it, no matter what your expenses, whatever. That is a fantastic design I have never understood. It conflicts with their scheme that anything would escape taxation. It outrages them that we would not be taxing income on State and municipal bond interest just like all other kinds of income.

My good friend from Rhode Island talked about someone with $100,000 of interest from tax-exempt bonds, and that it just was not right for that person not to pay taxes like people who had investment income from other sources.

Mr. President, there may be people who are offended by the fact that people on social security can have investment income and receive their full social security check, just as some people might be offended that State and municipal bond interest is not taxed the same way Federal bond interest is taxed. Those people might get offended about it, they might get upset about it, but the fact is that when you tax State and municipal bond interest, in the last analysis, you are not taxing the person who holds that bond. You are taxing the Government issuing that bond, because a tax-exempt bond pays a lower rate of interest. In effect, the investor receives about 30 percent less income for a given amount of money invested in a State or municipal bond than he would receive if he invested it in a taxable bond. The lower rate of interest is because of the tax exemption.

Former Treasury Secretary Bill Simon was testifying before our committee one day on that very issue, and when asked about it, he said that in effect the interest has already been taxed. Thirty percent has been taken out before the investor ever got his interest payment, because he is getting less interest since it is not being taxed. It was taxed in advance, you might say, for the benefit of State and local governments; that is why the investor receives lesser return on a bond issued by a State or municipal government than he does on a taxable bond.

Mr. President, this is an issue that will continue if it is not resolved now. It does not take more than about a one-quarter percent difference in interest rates to cost the State and local governments $300 million a year, and a difference of one-half of 1 percent would cost the State and local governments $600 million a year. The uncertainty created by the effort to tax interest on those securities, and the small amount of taxes that have been placed on them under the provision we seek to strike, will make those State and municipal bonds bear a higher interest rate. This is a higher burden on State and municipal government that would be the case otherwise. This burden should not be placed on those governments lightly, or without careful consideration so that we know what we are doing.

I submit, Mr. President, that those who would tax State and municipal bond interest for social security purposes today will be back on a future occasion. They will be seeking to put the minimum tax on the interest from these same bonds—as they have tried before, by the way. In due course, they will be seeking to put the ordinary income tax on this same income from State and municipal bond interest.

It is an issue of principle and it is an issue that is fundamental to this Government: do we regard the States as being equal sovereigns? Most Senators in their conscience really do not, I fear. Do we regard them as having any sovereignty at all? Would we like to strip them of what little they have left?

The answer to that last question would be "No," as far as the Senator from Louisiana is concerned. I think the answer is "No" as far as most Senators are concerned.

Most of us are political animals. When we talk to our State legislators, to our county officials, when we talk to our mayors or to our city aldermen, if they will continue to raise this issue they will be effective. They will continue to raise the point that it will cost them a lot more to build a school building because the people up in Washington insist on taxing their municipal bond interest; it will cost them more to build a highway because we insisted on putting a higher tax on the money they had to borrow to build it; and it will cost them more to finance the courthouse because we insisted on putting a tax on the interest for the money they had to borrow to build it; it will cost them a lot more for that drainage project because the folks in Washington insisted on a higher tax on the interest for the money they had to borrow to build it; or it will cost them more to put in that sanitary sewage system because the jokers up in Washington insisted on taxing the interest on money borrowed through municipal bonds—in due course, Mr. President, Senators would get the message that that policy is not good politics. At that point, Mr. President, I think they would support what we are doing under the pending amendment.

I am optimistic that we will pick up some support today. But if we do not win, in due course, I have no doubt that this effort to preserve the basic fundamentals of America—that is the dual sovereignty of State and municipal governments with the Federal Government—will eventually be respected and eventually we shall win this fight.

Mr. CHAFEE. Mr. President, I yield 2 minutes or such time as he desires to the senior Senator from Kansas.

Mr. DOLE. Mr. President, this social security tax issue we are debating today is not new; it was debated in the Finance Committee, debated on the Senate floor in March of 1983, discussed in the conference with the House on the social security bill, and of course, hearings were held on the bill of the Senator from New York. Just to set the record straight on the issues raised by the Senator from New York, let me review the bidding.

Mr. President, I know this is a very controversial matter. There have been a number of arguments advanced. I am always pleased to hear from the National Governors Association. That is a great group. They come back here and decry the size of the Federal deficit, the size of all those programs, then come back and say, "Don't do that, don't do this, give us money for that." It is about the most ineffective organization I know as far as trying to reduce the Federal deficit. They knock on your door one day saying we ought to reduce the deficit; the next day they have their hand out needing money for programs. They may have a good point in this case, but I know that is not always the case.

There has been an argument raised that it is as if we had a tax on tax-exempt income—and obviously, that is the point Senator D'AMATO has made.

The first argument raised was that we have a tax on tax-exempt income. That point was debated and it is now clear that the legal and financial experts on Wall Street disagree with Senator D'AMATO. The preliminary offering statements and sales material we have collected from brokers and investment houses state that municipal bonds are still tax-exempt, without any qualification in regard to this provision. Indeed, E. F. Hutton, a major underwriter of tax-exempt securities, specifically advises its customers that this provision is not a tax on tax-exempt income.

The second point was that there might be an indirect burden on holders of tax-exempt bonds imposed by this provision, even if it was not a tax. That point was refuted, as we demonstrated that the Social Security Amendments of 1983 actually created a new incentive to invest in tax-exempts, not a disincentive. The Public Securities Association, finally agreed with our analysis showing that the new law actually increases the desirability of investing in tax-exempts for elderly Americans.

The third point, was that, even if this was not a tax, and even if it did not create any indirect financial disincentive for investing in tax exempts, somehow this was a precedent that would send shivers through the investment community. I joined with Senator CHAFEE, Senator DANFORTH, Senator KENNEDY, Senator RUDMAN, Senator HEINZ and Senator METZENBAUM in a letter to several of the groups representing cities, counties and States, assuring them that in our view this was not a precedent for any tax or minimum tax on tax-exempt interest.

Moreover, Mr. President, if Wall Street has any concerns in this regard, they are surely not advising their customers and the general public. As far as E. F. Hutton is concerned, this is not a tax on tax-exempt interest. And when E. F. Hutton talks to its customers, we should listen, because we can find out what Wall Street really thinks about this provision.

It is clear to me, Mr. President, that the supporters of this amendment have made a series of technical arguments all of which have been refuted. As each point is refuted, however, the supporters slip and slide to another argument, until all that is left, in my view, is the fundamental opposition of some to the basic recommendation of the National Commission on Social Security Reform that half of benefits should be taxed for middle- and upper-income beneficiaries. The fact that the D'Amato amendment is only one step toward dismantling the social security compromise, is made crystal clear in the letter distributed by the American Association of Retired Persons. They say quite clearly "While we would prefer to see an entire repeal of taxation of benefits, S. 1113 is an appropriate step that can be taken." Of course, there will be a cost of approximately $200 million over the next 5 years, and a much more substantial cost if the AARP succeeds in its goal of repealing the tax on benefits and dismantling the 1983 social security package.

In addition, Mr. President, the very same point was made by Dr. Paul Craig Roberts, at the hearing on the bill. Dr. Roberts' testimony was not directed to tax-exempt issues but to the basic decision to tax benefits, which he disagrees with. Senator CHAFEE asked Dr. Roberts what the D'Amato amendment had to do with Dr. Robert's opposition to the tax on benefits generally. Dr. Roberts explained quite simply that the tax on benefits was a bad tax in his view, and that the D'Amato bill would provide taxpayers with an opportunity to avoid this bad tax. I have, of course, no disagreement with Dr. Roberts that the D'Amato bill will make the tax on benefits essentially a voluntary tax. This is why those of us concerned with fairness oppose the D'Amato bill, and why substantial revenue losses to the trust fund will result from the bill.

I do not believe that most Members want to dismantle the social security compromise in the way some supporters of the D'Amato bill would. It is clear that for the AARP, this is only one step toward their goal of repealing the tax on benefits entirely. If the Members want to take steps in the direction advocated by Dr. Roberts and the AARP, I cannot quarrel with that, except to say that I believe we should not begin to dismantle the 1983 compromise.

Mr. President, I hope that this amendment will not be adopted. I think Senator CHAFEE who spent a great deal of time on the amendment, and Senator DANFORTH, who likewise has spent a great deal of time, will be members of the committee of conference—at least one of them would be. If it should be adopted, I think it will be a matter of some discussion there.

I hope that after this vote, I can announce amendments where we find Treasury in agreement, amendments where they do not agree, and amendments where they are still being negotiated. I think that will be helpful to Members who have amendments to this bill.

● Mr. LEVIN. Mr. President, I will vote against tabling the D'Amato amendment relating to the taxation of a portion of social security amendments. Under the current law, a portion of those benefits are taxed if a retired individual's income is over $25,000 or a married couple's income is over $32,000. In determining income, interest from tax-exempt bonds would be included, although the actual tax would be imposed on a portion of the social security benefits. This provision of the law is almost identical to a recommendation of the President's Commission on Social Security Reform.

The D'Amato amendment would exclude tax-exempt bond income from the calculation of income. The Senator from Rhode Island made a strong case that the D'Amato amendment could lead to some situations in which people with a great amount of tax-exempt bond income would pay less on taxes on their social security benefits then someone with a lower income which was not derived from tax-exempt bonds. This possibility troubles me greatly. However, I am also concerned about those individuals who may have purchased tax-exempt bonds 10 years ago, for example, never thinking that they would be in any way figured into the computation of how much they owed in taxes. They could view the current law as a breach of faith. Therefore, I will vote against tabling the D'Amato amendment. However, if an amendment were offered which would make the current law apply only to tax-exempt bonds purchased since the social security reform package was adopted in 1983, then I could support that amendment.●

Mr. GRASSLEY. Mr. President, throughout the course of the past year I have heard from numerous elderly individuals expressing their concern with the inclusion of tax-exempt interest in the income threshold calculation for taxation of social security benefits. Those beneficiaries feel strongly that Congress once again changed the rules in the middle of the game, and that they are being penalized for making some very prudent investments as a part of their retirement planning.

As a member of the Finance Committee, I sat through extensive hearings and deliberative markup on the social security reform package. Due to the political sensitivity of the issue, we went to great lengths to try to fashion a balanced and fair package, and one that would provide for the long-term solvency of the social security system. Many of us on the Finance Committee, recognizing the need to act rapidly to guarantee that solvency, felt it was important to avoid making substantive changes in the committee recommendations which might have the effect of unraveling the delicately balanced package.

After listening to this latest debate on the D'Amato amendment and talking with Iowa's senior citizens, I am convinced that Congress made a mistake in including the interest on tax-exempt bonds when calculating the adjusted gross income of social security recipients. I do not view the adoption of the D'Amato amendment as leading to any additional modifications in the basic reform package.

It is our duty to carefully scrutinize the effect of our legislative actions, and make corrections when we have erred. In fact, this Deficit Reduction Act we are now considering includes one other important change in the Social Security Act Amendments of 1983, namely the removal of the direct FICA tax on churches.

We should not be singling out the elderly for additional tax liability as a result of their investment in tax-exempt instruments when no other class of investors would be subject to any form of taxation on those same investments. The reasons for supporting this amendment are many, and I will not take up any more of the Senate's time in reiterating those arguments so eloquently expressed by my collegues speaking in support of this change.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. Mr. President, this argument that has been presented by the senior Senator from Louisiana, of course, is not a new one. It was discussed with considerable diligence and considerable time on the floor of the Senate a year ago and on other occasions.

Only the interest on municipal bonds is totally tax exempt. This does not mean the bond is tax exempt. For example, tax-exempt municipal bonds are subject to the Federal capital gains tax. Tax-exempt municipal bonds, when they are included in the estate as part of the Federal estate tax return, are subject to the Federal estate tax. Tax-exempt municipal bonds are subject to the Federal gift tax. So what we are doing is not any great departure. We are not taxing the interest on the bonds. That has clearly been pointed out many, many times. The interest is only being considered to arrive at the threshold.

Mr. LONG. Will the Senator yield for a question?

Mr. CHAFEE. Yes.

Mr. LONG. Would the Senator from Rhode Island be willing to join in supporting a measure to permit the States to tax the interest on the Federal bonds?

Mr. CHAFEE. No. There is no suggestion that this is taking place.

Mr. LONG. I submit to the Senator that the case which I described that occurred in Texas was every bit as indirect in the taxation of Federal bonds as this social security law is in the taxation of the State and local bond interest. The tax was on the bank shares. The fact that the bank held the bonds caused the Supreme Court to strike down the tax. The bank shares could not be taxed because what the State was taxing was underlying asset, the Federal bond.

Mr. DANFORTH. Will the Senator yield?

Mr. President, I wonder if the Senator would not agree that what is involved is not a tax on municipal bonds at all? The question is a means test as to under what circumstances, if any, we are going to be taxing social security benefits for people with incomes over $25,000 a year.

To use bond income for the purpose of means testing is consistent with what we do now for food stamps and AFDC benefits and it is also consistent with what States do with respect to income that people receive from Federal bonds. In response to questions raised at a hearing, the director of budget studies of the New York State Senate finance committee was advised that means tests used for various New York State programs do not disregard holding of U.S. Treasury obligations and the income therefrom.

So I submit that what the law now provides is precisely what the States are doing with respect to income from Federal obligations.

Mr. LONG. Mr. President, what the Senator is talking about in his examples is not a tax. What we are talking about in our amendment is a tax. It is a tax levied on social security income and in determining how much of that income is going to be taxed, taking into account how much interest income you have on State and municipal bonds.

Now, that is completely analogous to the situation where the Court said that the State government cannot tax bank shares because those bank shares have a value that in part is represented by the assets in the bank which would include Federal bonds and the interest on those Federal bonds. So it is completely parallel. This is a tax we are talking about, not a welfare payment. We are talking about a tax.

Mr. DANFORTH. Mr. President, I see no constitutional principle and I see no public purpose principle in stating that the tax-exempt status of municipal bonds now is more than the tax-exempt status for those bonds, it is also a means of sheltering other income. I do not think there is any principle that provides that the fact that you hold municipal bonds creates a shelter for other sorts of income as well.

Mr. LONG. Well, Mr. President, Senator Mike Mansfield once made the point on this floor that not being a lawyer himself, he was not in too good a position to judge legal arguments. But he said that he noticed in lawsuits there was at least one lawyer on each side, and since only one side would win the lawsuit, he concluded that lawyers are wrong 50 percent of the time. So obviously from reading the record, we can decide which side won.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. Mr. President, the question is raised in a letter from the National Conference of State Legislatures and Municipal Authorities that this has added to the cost of financing local debt.

Well, I do not know about that. You can argue that all day long. But I do have a pamphlet from Deloitte, Haskins & Sells which, of course, is one of the major accounting firms in the Nation. This pamphlet from December 16 of last year gave considerable time and discussion to the impact of taxation of social security benefits given various sources of income. Deloitte, Haskins & Sells, besides wishing us all a merry Christmas, also said:

> It is still very worthwhile to generate nontaxable income if at all possible even though this income will be included in computing the taxable portion of your social security benefits.

Mr. President, they are not pedaling bonds. They are advisers. They are accounting advisers.

Mr. DANFORTH. Let me ask the Senator from Rhode Island, if he will yield, after what we did with respect to including this in the computation of the social security tax, I should think it would be even more desirable to buy municipal bonds than it was before for the reason that the computation is based on present tax, not posttax income. And the economic value of, say, $25,000 of dividend income may be actually $20,000 or less posttax.

Therefore, we have created under the social security reform legislation yet another incentive to buy municipal bonds.

What Senator LONG and Senator D'AMATO want to create is a third and extremely generous incentive by allowing us to shelter all social security income as well.

Mr. CHAFEE. I think the point the Senator from Missouri makes is a valid one.

Mr. President, I think we have just about finished this discussion, but let me say this in conclusion.

In the Finance Committee, we have labored arduously to make certain that everyone pays his or her fair share in taxes. We are outraged when it is disclosed somewhere that a person with substantial income pays no taxes at all, through deductions or credits or whatever it might be. So we have tried efforts such as the minimum tax, in order to foreclose those who pay no taxes.

What we have done here, and what the current social security language does, it merely to provide for equity. You can set aside all the other arguments. What the proposed amendment does is create an inequitable situation. Under this amendment we will have people with the same amount of income treated differently. One will pay a tax on his social security and the other will not. I do not think anyone will quarrel with the fact that this plainly is not fair.

Mr. D'AMATO. Mr. President, will the Senator yield?

Mr. CHAFEE. In a moment. I think everybody has had a chance to participate in the discussion.

Mr. D'AMATO. I have not said a word this morning, and I put in my remarks, and I listened to a lot.

The PRESIDING OFFICER. The Senator from Rhode Island has the floor.

Mr. CHAFEE. Mr. President, I ask for the yeas and nays on a tabling motion.

The PRESIDING OFFICER (Mr. EVANS). Is there objection to ordering the yeas and nays on a motion to table which is yet to be made?

Mr. LONG. Mr. President, a point of order. The yeas and nays cannot be ordered until the motion is before the Senate.

Mr. CHAFEE. Mr. President, I do have the floor, and I am prepared to move. I do not want to be unfair to anyone.

Mr. D'AMATO. Mr. President, will the Senator from Rhode Island——

Mr. CHAFEE. I do have the floor, I believe. If the Senator wants to ask me a question, I will be glad to answer.

Mr. D'AMATO. I should like to make a statement in regard to my colleague's remarks and to associate myself with those remarks.

The PRESIDING OFFICER. The Senator from Rhode Island has the right to yield for the purpose of a question.

Mr. D'AMATO. Mr. President, will the Senator yield me 1 minute?

Mr. CHAFEE. I want to get on with a vote on this.

Mr. BAKER. Mr. President, will the Senator yield to me for a moment?

Mr. CHAFEE. I yield, with the right to reclaim the floor.

Mr. BAKER. Mr. President, I ask unanimous consent that the distinguished Senator from Rhode Island may yield to the distinguished Senator from New York for not more than 2 minutes, for the purpose he stated, without the Senator from Rhode Island losing his right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from New York.

Mr. D'AMATO. Mr. President, I should like to associate myself with the remarks of my distinguished colleague, Senator LONG.

I think we all understand the issues here. We have debated them in the past. I do believe that the provision my amendment seeks to repeal, as well intended as it may have been when adopted, simply places an undue burden upon people who were promised untaxed income.

I feel that Congress should not retroactively tax municipal bond income. My amendment would remove a burden from middle class senior citizens and our cities and States.

I yield back to the Senator from Rhode Island (Mr. CHAFEE).

Mr. CHAFEE. Mr. President, I move to table the amendment of the Senator from New York, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from New York. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from Idaho (Mr. McCLURE) and the Senator from Idaho (Mr. SYMMS) are absent to attend the funeral of a former Senator.

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI) and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 32, nays 63, as follows:

[Rollcall Vote No. 66 Leg.]

YEAS—32

Baker
Bradley
Chafee
Chiles
Cohen
Danforth
Dole
Durenberger
Eagleton
Evans
Garn
Glenn
Gorton
Hatfield
Heinz
Humphrey
Kassebaum
Lautenberg
Lugar
Mathias
Metzenbaum
Mitchell
Nickles
Nunn
Packwood
Quayle
Roth
Rudman
Simpson
Stafford
Tower
Wallop

NAYS—63

Abdnor
Andrews
Armstrong
Baucus
Bentsen
Biden
Bingaman
Boren
Boschwitz
Bumpers
Burdick
Byrd
Cochran
Cranston
D'Amato
Denton
Dixon
Dodd
Domenici
East
Exon
Ford
Grassley
Hatch
Hawkins
Hecht
Heflin
Helms
Hollings
Huddleston
Inouye
Jepsen
Johnston
Kasten
Kennedy
Laxalt
Leahy
Levin
Long
Matsunaga
Mattingly
Melcher
Moynihan
Murkowski
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Specter
Stennis
Stevens
Thurmond
Trible
Tsongas
Warner
Weicker
Wilson
Zorinsky

NOT VOTING—5

DeConcini
Goldwater
Hart
McClure
Symms

So the motion to lay on the table Mr. D'Amato's amendment (No. 2956) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to table was rejected.

Mr. D'AMATO. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate will be in order.

The Senator from Kansas is recognized.

Mr. DOLE. Is the question on the amendment?

The PRESIDING OFFICER. The question is on the amendment.

The yeas and nays have been ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the yeas and nays be vitiated.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Mr. President, reserving the right to object, there may be someone in the Chamber who would like to be recorded differently on the merits than on the motion to table. If so, I would like to accommodate him. Otherwise, Mr. President, I will regard the vote on the motion to table as a vote on the merit.

The PRESIDING OFFICER. Is there objection? Hearing none, the question is on agreeing to the amendment.

The amendment (No. 2956) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I understand the pending amendment is by the distinguished Senator from Alaska. Is that correct?

The PRESIDING OFFICER. That is correct.

AMENDMENT NO. 2957

Mr. STEVENS. Mr. President, this is the amendment which I discussed last evening. It affects approximately 1,100 Alaskans. It is a technical change required by the Supreme Court of Alaska. The amendment has been accepted, as I understand it, by the managers of the bill.

I move the adoption of the amendment.

The amendment (No. 2957) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. MURKOWSKI. Mr. President, this amendment is necessary because of a recent Alaska supreme court decision. Presently, there exists a Federal exemption (42 U.S.C. 1382 A(B)2) which requires the Social Security Administration, when calculating the amount of social security income benefits for which an individual or couple is eligible, to disregard the $250 per month income provided by the Alaska longevity bonus program. This exemption has been in the code for over 10 years.

A recent Alaska Supreme Court decision mandates that a change be made in the present program. The Social Security Administration advises that this Federal exemption will be in jeopardy when any change in the present program is made. Therefore, this amendment is necessary to continue the exemption for recipients of the revised bonus program.

Mr. President, this is an important program to the older citizens of Alaska. I thank my colleagues for joining in support of its passage.●

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Kansas.

The Senator from Kansas is recognized.

AMENDMENTS

Mr. DOLE. Mr. President, with reference to that amendment, I know there are a number of individuals who are interested in the IDB area that we are discussing. Hopefully we can work out some agreement.

We have put together three pages of amendments. It looks like Saturday at the earliest that we will finish this bill. But we have them in three different categories where we think we can reach agreement on very quickly.

I will run through the amendments so that the Members will be on notice.

We have an amendment from Senator DECONCINI which we think we can agree upon; Senator BOSCHWITZ has a 2-year transition rules for container leasing; Senator ABDNOR has one but we understand that now may be in a different category; Senator SPECTER has I think at least two or three amendments. At least two of those we believe can accommodate his interests; Senator BENTSEN has an amendment which we think we have agreed upon and I will add two technical amendments that have nothing to do with anything that I have an interest in.

Then there are about 15 amendments that are under negotiation.

As I said earlier, if Members are on this list, they may see the secretary in Senator LONG's private office in room 202 if you want to discuss the amendment.

Senator KENNEDY has an amendment to add consortia of educational institutions;

The Weicker/Dodd/Boren/Tsongas amendment on deferred rent transition rule;

The Dole/Exon/Durenberger amendment on increase gasohol fuel exemption;

The Bradley amendment on tax on leaded gasoline;

The Humphrey amendment on FUTA summer camp exemption;

The Quayle amendment on medicare;

The Heinz amendment on health insurance for unemployed—private sector provisions;

The Grassley amendment on farm depreciation and soil conservation;

The Domenici amendment on photovoltaic cells;

The Boschwitz amendment on tax-exempt status of firefighter association;

Then, on the other hand, Treasury has said no to the following amendments. We will have to bring them up if the Members insist and have a rollcall:

The Dodd amendment to deny targeted jobs credit for strikebreakers;

The Pryor amendment on insurance exception;

The Ford amendment. We are not certain what that is. So I should not say that that will be opposed;

The Kennedy amendment to strike medicare savings;

The Boschwitz/Dixon amendment on real estate depreciation modifications;

The D'Amato amendment on pension contributions for policemen and firefighters.

The Cochran amendment on guaranteed investment contracts;

The Bradley amendment on earned income tax credit indexing;

The Cranston amendment on exempt low-income housing projects from the deferred interest rules;

The Wilson amendment on transitional rule for factoring;

The Wilson amendment on transitional relief for movies denied ACRS;

The Wilson amendment on Oakland Convention Center which permits 15 years depreciation in absence of binding contract.

Wilson/Cranston amendment on modifying sound recording provisions;

Kennedy amendment on faculty housing fringe benefits;

The Bentsen amendment on consumer loan program—IDB exception;

The Melcher amendment on commuting expenses for construction workers;

And the Boren amendment on vocational education on equipment;

And technical amendments.

That adds up to 38 amendments. I have heard from others that somehow their amendments were not presented. I assume we will have 60 to 70 amendments. We will be here tomorrow for certain.

Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

AMENDMENT NO. 2960

(Purpose: Making technical modifications)

Mr. DOLE. Mr. President, I send a number of technical amendments to the desk and ask for their immediate consideration.

The **PRESIDING OFFICER**. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. Dole) proposes an amendment numbered 2960.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 63, lines 4 through 6, strike out ", in the case of debt instruments which are capital assets in the hands of the taxpayer".

On page 63, line 8, strike out "such debt instruments" and insert in lieu thereof "any debt instrument".

On page 63, line 13, strike out "such".

On page 64, line 10, strike out "such debt instrument which is a".

On page 68, strike out lines 7 through 9, and insert in lieu thereof the following:

"(C) Short-term obligations.—Any debt instrument which has a fixed maturity date not exceeding 1 year from the date of issue."

On page 68, line 19, strike out "to the extent that" and insert in lieu thereof "if".

On page 70, line 3, strike out "accrual period" and insert in lieu thereof "accrual period and properly adjusted for the length of the accrual period".

On page 70, beginning with line 19, strike out all through page 71, line 24, and insert in lieu thereof the following:

"(5) Accrual period.—Except as otherwise provided in regulations prescribed by the Secretary, the term 'accrual period' means a 6-month period (or shorter period from the date of original issue of the debt instrument) which ends on a day in the calendar year corresponding to the maturity date of the debt instrument or the date 6 months before such maturity date.

"(6) Reduction where subsequent holder pays acquisition premium.—

"(A) Reduction.—For purposes of this subsection, in the case of any purchase after its original issue of a debt instrument to which this subsection applies, the daily portion for any day shall be reduced by an amount equal to the amount which would be the daily portion for such day (without regard to this paragraph) multiplied by the fraction determined under subparagraph (B).

"(B) Determination of fraction.—For purposes of subparagraph (A), the fraction determined under this subparagraph is a fraction—

"(i) the numerator of which is the excess (if any) of—

"(I) the cost of such debt instrument incurred by the purchaser, over

"(II) the issue price of such debt instrument increased by the sum of the daily portions for such debt instrument for all days on or before the date of purchase (computed without regard to this paragraph), and

"(ii) the denominator of which is the sum of the daily portions for such debt instrument for all days after the date of such debt instrument for all days after the date of such purchase and ending on the stated maturity date (computed without regard to this paragraph).

On page 75, lines 2 through 4, strike out "or under section 1014(a) (relating to property acquired from a decedent)".

On page 76, strike out lines 14 and 15, and insert in lieu thereof:

"(A) publicly offered, and".

On page 78, beginning with line 20, strike out all through page 80, line 7.

On page 88, strike out lines 7 through 13, and insert in lieu thereof the following:

"(A) Publicly offered debt instruments.—In the case of any debt instrument which is publicly offered, the term 'date of original issue' means the date on which the issue was first issued to the public.

On page 89, between lines 5 and 6, insert the following:

"(4) Special rule for determination of issue price in case of exchange of debt instruments in reorganizations.—

"(A) In general.—If—

"(i) any debt instrument is issued pursuant to a plan of reorganization (within the meaning of section 368(a)(1)) for another debt instrument (hereinafter in this paragraph referred to as the 'old debt instrument'), and

"(ii) the amount which (but for this paragraph) would be the issue price of the debt instrument so issued is less than the adjusted price of the old debt instrument,

then the issue price of the debt instrument so issued shall be treated as equal to the adjusted issue price of the old debt instrument.

"(B) Definitions.—For purposes of this paragraph—

"(i) Debt instrument.—The term 'debt instrument' includes an investment unit.

"(ii) Adjusted issue price.—

"(I) In general.—The adjusted issue price of the old debt instrument is its issue price, increased by the portion of any original issue discount previously includible in the gross income of any holder (without regard to subsection (a)(6) or (b)(4) of section 1272 (or the corresponding provisions of prior law)).

"(II) Special rule for applying section 163(e).—For purposes of section 163(e), the adjusted issue price of the old debt instrument in its issue price, increased by any original issue discount previously allowed as a deduction."

On page 89, line 25, and page 90, line 1, strike out "and registered with a Securities and Exchange Commission".

On page 90, strike out lines 14 and 15, and insert in lieu thereof: "publicly offered debt instrument having original issue discount".

On page 101, between lines 8 and 9, insert the following:

"(iv) Installment obligations.—Any installment obligation to which section 453B applies.

On page 112, between lines 23 and 24, insert the following:

"(6) Purchase.—The term 'purchase' has the meaning given such term by section 1272(d)(1).

On page 120, line 10, after the end period insert: "The amount of the penalty imposed under the preceding sentence with respect to any issue of debt instruments shall not exceed $50,000 for such issue.

On page 121, beginning with line 23, strike out all through the matter preceding line 1 on page 122, and insert in lieu thereof the following:

"(3) Cross references.—

"(A) For provision relating to deduction of original issue discount on tax-exempt obligation, see section 1288.

"(B) For special rule relating to original issue discount on obligation incurred to acquire personal use property, see section 1275(c)(2).".

On page 124, between lines 7 and 8, insert the following:

(13) Subparagraph (A) of section 871(a)(1) (relating to income other than capital gains) is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

(14) Paragraph (1) of section 881(a) (relating to imposition of tax) is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

On page 133, between lines 8 and 9, insert the following:

(l) Other miscellaneous changes.—

(1) Accrual period.—In the case of any obligation issued after July 1, 1982, and before January 1, 1985, the accrual period, for purposes of section 1272(a) of the Internal Revenue Code of 1954 (as amended by

section 25(a)), shall be a 1-year period (or shorter period to maturity) beginning on the day in the calendar year which corresponds to the date of original issue of the obligation.

(2) CHANGE IN REDUCTION FOR SUBSEQUENT ACQUISITION.—Section 1272(a)(6) of such Code (as so amended) shall not apply to any purchase on or before the date of the enactment of this Act, and the rules of section 1232A(a)(6) of such Code (as in effect on the day before the date of the enactment of this Act) shall continue to apply to such acquisition.

On page 133, line 9, strike out "(i)" and insert in lieu thereof "(j)".

On page 138, between lines 19 and 20, insert the following:

(c) SPECIAL RULES FOR COMPUTING AMOUNT OF DIVIDEND DEDUCTION AND GROSS INCOME.—

(1) AMOUNT OF DIVIDENDS RECEIVED DEDUCTION.—Section 854(b)(1) (relating to deduction under section 243) is amended by striking out all that follows subparagraph (B) and inserting in lieu thereof the following new flush matter: "then, in computing the deduction under section 243, there shall be taken into account only that portion of the dividend which the regulated investment company designates in writing within 45 days after the close of the taxable year of such company, except that the aggregate amount so designated with respect to dividends received by such company during such taxable year shall not exceed the aggregate dividends received (determined after application of paragraph (4)) for such taxable year.".

(2) GROSS INCOME.—Subparagraph (A) of section 854(b)(4) (defining gross income) is amended by inserting "held by the regulated investment company for more than 6 months" after "securities".

On page 136, line 20, strike out "(c)" and insert in lieu thereof "(d)".

On page 158, line 7, strike out the end quotation marks.

On page 158, between lines 7 and 8, insert the following:

"(5) DEDUCTION ALLOWABLE TO EXTENT OF ORDINARY INCOME FROM AMOUNTS PAID BY LENDING BROKER FOR USE OF COLLATERAL.—

"(A) IN GENERAL.—Paragraph (1) shall apply only to the extent that the payments or distributions with respect to any short sale exceed the amount which—

"(i) is treated as ordinary income by the taxpayer, and

"(ii) is received by the taxpayer from the person providing the stock used in the short sale as compensation for the use of any collateral with respect to such stock.

"(B) EXCEPTION NOT TO APPLY TO EXTRAORDINARY DIVIDENDS.—Subparagraph (A) shall not apply if one or more payments or distributions is in respect of an extraordinary dividend.".

On page 158, beginning with line 23, strike out all through page 159, line 5, and insert in lieu thereof the following:

(c) APPLICATION OF SECTION 265(2) TO SHORT SALES.—Section 265 (relating to denial of deduction for interest relating to tax-exempt income) is amended by adding at the end thereof the following new paragraph:

"(5) SPECIAL RULES FOR APPLICATION OF PARAGRAPH (2) IN THE CASE OF SHORT SALES.—For purposes of paragraph (2)—

"(A) IN GENERAL.—The term 'interest' includes any amount paid or incurred in connection with personal property used in a short sale, including any amount paid by the person providing the stock used in the short sale as compensation for use of collateral with respect to such stock,

"(B) EXCEPTION.—Subparagraph (A) shall not apply to any amount which—

"(i) the taxpayer is required to pay to a person providing personal property, used in the short sale, and

"(ii) the taxpayer receives an equivalent amount from another person to whom the taxpayer provided the personal property in connection with the short sale.

"(C) SEPARATE APPLICATION.—Paragraph (2) shall be applied separately with respect to interest described in subparagraph (A) (and any collateral for the use of the personal property described in such subparagraph).".

On page 245, lines 16 and 17, strike out "October 31" and insert in lieu thereof "December 31".

On page 259, after line 22, insert the following:

(c) EFFECTIVE DATE OF REGULATIONS WITH RESPECT TO MIXED STRADDLES.—The regulations described in subsection (b) with respect to mixed straddles shall not apply to any position established before January 1, 1984.

On page 362, line 22, strike out "336,".

On page 367, between lines 18 and 19, insert the following:

(c) TREATMENT OF LIQUIDATIONS UNDER SECTION 336.—Section 367 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) TREATMENT OF LIQUIDATIONS UNDER SECTION 336.—In the case of any distribution described in section 336 by a domestic corporation which is made to a person who is not a United States person, except as otherwise provided in regulations, gain shall be recognized by the domestic corporation under principles similar to the principles of this section.".

On page 367, line 19, strike out "(c)" and insert in lieu thereof "(d)".

On page 369, line 11, strike out "(d)" and insert in lieu thereof "(e)".

On page 370, line 20, strike out "(f)" and insert in lieu thereof "(g)".

The PRESIDING OFFICER. If the Senator will withhold, without objection the pending amendment is temporarily set aside.

Mr. DOLE. I thank the Chair.

Mr. President, these are technical and other amendments to the securities-related provisions of the bill. These amendments are intended to make both the rules of present law and the substantive amendment of those rules approved by the Finance Committee operate more efficiently. Explanations of the proposed amendments follow.

EXPLANATION OF TECHNICAL AMENDMENTS RELATING TO BONDS AND OTHER EVIDENCES OF INDEBTEDNESS

Present law treats the retirement of a bond that is a capital asset as a sale or exchange. As amended, this treatment would apply whether or not the bond is a capital asset.

Under present law, except as regulations otherwise provide, the accrual period for compounding and determining the amount of original issue discount allocable to a period is the annual period ending on each anniversary of the issue date of the bond. The amendment would define the accrual period as each 6-month period determined by reference to the maturity date of the bond and the date 6 months before such maturity date or the shorter period from the date of issue. This more closely corresponds to the practices for calculating yield prevailing in the financial community.

Under present law, when a purchaser buys a bond for a price exceeding the issue price increased by original issue discount accrued to the purchase date, such excess is allowed as an offset to the remaining original issue discount on a straight-line basis over the remaining term of the bond. The amendment replaces this treatment of purchase premium by instead reducing the original issue discount otherwise accruable by a percentage equal to the portion that the purchase premium is of the remaining unaccrued original issue discount as of the date of purchase.

"Purchase" is defined, in applying the original issue discount rules under present law, to exclude bonds with a transferred basis or with a basis determined under section 1014(a), applicable to property acquired from a decedent. The amendment deletes the reference to section 1014(a) so that an acquisition from a decedent will be treated as a purchase in applying the original issue discount rules, including the rules applicable to stripped bonds and stripped coupons.

The present law rules provide that the issue price of bonds registered with the Securities and Exchange Commission is the initial price to the public at which a substantial amount of the debt instruments were issued. "Issue price" is a component of the definition of original issue discount. The amendment would extend this rule to all publicly traded issues, whether or not registered with the SEC.

Debt instruments issued in exchange for other debt instruments in a reorganization are subject to the original issue discount rules under present law only if either the new or the old instruments are publicly traded. In order to prevent the artificial creation of original issue discount through such exchanges, the rules provide that the issue price of the new bonds will be treated as not less than the issue price of the old bonds. The proposed extension of the original issue discount rules to private bonds issued for property that is not publicly traded would result in the application of such rules to exchanges of newly issued bonds for outstanding bonds in recapitalizations and other reorganizations of closely held corporations. The amendments would extend the issue price rule applicable to publicly traded issues to such private transactions.

For publicly offered debt issues, the bill authorizes regulations to require the furnishing of the amount of original issue discount, the issue date and other appropriate information at such time and in such manner as the regulations provide, and imposes a penalty of 1 percent of the issue price for failure to comply without reasonable cause. The amendment provides that the maximum penalty with respect to any one issue of debt instruments will not exceed $50,000.

EXPLANATION OF AMENDMENT RELATING TO THE EFFECTIVE DATE OF THE PROVISION EXTENDING THE STRADDLE RULES TO STOCK OPTIONS AND CERTAIN STOCK

Under present law, exchange-traded stock options and stock are not subject to the loss deferral and other tax straddle rules. The bill repeals the exemption for stock options and for stock that is part of a straddle that includes an offsetting stock option effective for positions established after October 31, 1983. For options dealers, the bill also requires that stock options held at yearend be taxed as if they were disposed of at fair market value; that is, marked to market, effective with respect to positions entered into after the date of enactment or, at the election of the taxpayer, all positions held on the date of enactment or all positions held during the taxable year that included the date of enactment. The amendment would move the effective date of the repeal of the exemption for stock options and certain stock to January 1, 1984.

The reason a delay in the effective date is necessary is that, for options dealers who elect to apply the mark-to-market rule to all positions held during 1984, the loss-deferral rule would only apply for the last 2 months of 1983. This would result in three different tax regimes over a period of approximately 6 months. The burden imposed on both options dealers and the Internal Revenue Service by this bifurcation of effective dates is both unnecessary and unfair.

Unfairness results because of the disparate treatment of options dealers depending on the timing of their taxable years. An options dealer whose taxable year included October 31, 1983, because, for example, the dealer uses a fiscal year ending on June 30, 1984, could elect to apply the mark-to-market rule for the entire taxable year. However, an options dealer using a calendar year would be subject to the loss-deferral rule for the portion of the taxable year that includes the last 2 months of 1983.

In addition, because 1983 tax returns are due to be filed by April 16, 1984, for individuals—corporate returns were due on March 15, 1984—the retroactive application of the bill would require the revision of returns on audit by the Internal Revenue Service, impose undue burdens on both options dealers and Treasury, and could lead to the uneven retroactive application of the new rules.

The purpose of the bill is to require the inclusion in income of unrealized gains from prior years and to insure that options dealers pay a fair rate of tax in future years. Under the mark-to-market rule, the cumulative unrealized gains of options dealers will be captured in 1984 and options dealers will be required to pay a fair rate of tax in subsequent years.

EXPLANATION OF AMENDMENT RELATING TO THE EFFECTIVE DATE OF REGULATIONS ON MIXED STRADDLES

The bill requires Treasury to promulgate regulations dealing with mixed straddles. The amendment provides that the regulations to be issued will be effective for positions entered into on or after January 1, 1984. Otherwise, these regulations would require the reopening of tax years as far back as 1981.

EXPLANATION OF AMENDMENT TO THE PROVISION THAT DENIES DEDUCTIONS FOR CERTAIN EXPENSES INCURRED IN CONNECTION WITH SHORT SALES

If a distribution becomes payable on stock with respect to which the taxpayer has made a short sale, the taxpayer is generally required to pay an amount equal to the value of the distribution to the lender of the stock sold short. Under present law, this payment in lieu of a distribution is deductible as an ordinary deduction, even if the stock declines in value by an amount equivalent to the value of the dividend distribution resulting in an offsetting capital gain when the short sale is closed. This transaction can, therefore, be used to convert ordinary income—that is eliminated by the allowance of an ordinary deduction for the short-sale expense—to capital gains. The committee bill denies the deduction for payments made in lieu of distributions on stock used in a short sale unless certain holding period requirements are met with respect to the stock. This result is appropriate to the extent that the allowance of an ordinary deduction would be matched by a capital gain. However, in some cases the result under the bill is unfair to the extent that ordinary income is received by the short seller. Except with respect to extraordinary dividends, the amendment would permit the deduction of "in lieu of payments" to the extent of ordinary income that is directly traceable to the short sale proceeds. Thus, if a short seller receives income from a broker to compensate him for having to keep the short sale proceeds on deposit with the broker, the short seller would only have to capitalize the excess of the short sale expenses over the income received.

When a taxpayer borrows stock in connection with a short sale of stock, the taxpayer may deposit collateral with the lending broker and often receives a rebate fee—taxable as ordinary income—with respect to the short sale proceeds that are deposited with the lending broker. This rebate fee compensates the taxpayer who sells short for the lending broker's use of the short sale proceeds during the period before the short sale is closed and the stock is returned. The amendment is intended to permit the deduction of in lieu of payments to the extent of the rebate fee that is received with respect to short sale proceeds.

The bill also requires that payments made in lieu of dividend distributions be treated as interest for purposes of the rule that disallows interest deductions with respect to indebtedness incurred to acquire or carry tax-exempt bonds. The amendment clarifies that this rule does not apply to a broker who acts as a conduit in a short sale transaction that is executed in a customer's account. The amendment also provides that a rebate fee paid by a lending broker is subject to the rule that disallows interest on indebtedness incurred to purchase or carry tax-exempt bonds.

The amendment also makes clear that, in determining whether an "in lieu of" payment is attributable to funds used to carry tax-exempt obligations, short sale expenses, as well as any property used to collaterialize the borrowing of stock used in the short sale, are to be treated separately from indebtedness that cannot be directly traced to the purchase of tax-exempt bonds. Under the amendment, taxpayers would be required to directly trace the use of short sale proceeds. Thus, for example, the bill would not apply to short sale expenses incurred in a transaction in which no funds are made available to the taxpayer that could potentially be invested in tax-exempt securities.

EXPLANATION OF AMENDMENTS RELATING TO CERTAIN DISTRIBUTIONS FROM REGULATED INVESTMENT COMPANIES

Present law provides that all distributions received from a regulated investment company, or "RIC," are treated as dividends if at least 75 percent of the RIC's gross income consists of dividends from domestic corporations. The bill raises the 75-percent test to 95 percent. The amendment provides that short-term capital gains are to be included in a RIC's gross income for purposes of determining whether the 95-percent test is met. The amendment clarifies present law in this regard.

Under the bill, a corporation holding dividend-paying stock through a RIC is treated less favorably than it would be treated if the stock were held directly in cases where the RIC has expenses that reduce the amount of divident income eligible to be passed through to the corporation. This defect also exists under present law. The amendment corrects this defect by permitting a RIC to designate its distributions as a dividend to the extent such distributions are considered made from dividend income of the RIC.

EXPLANATION OF THE TECHNICAL AMENDMENT TO APPLY SECTION 367 TO LIQUIDATING DISTRIBUTIONS

Under present law, a transfer of appreciated assets outside U.S. tax jurisdiction, in a transaction that would otherwise be tax free, is subject to tax if the transfer is made to avoid Federal income tax. The bill generally requires that a tax be imposed in this case, unless the transfer is made for use in an active trade or business abroad. However, under the bill, it would still be possible for the foreign owners of a domestic corporation to remove appreciated property from U.S. tax jurisdiction by way of a liquidation. The amendment cures this defect by providing that, except as otherwise provided in regulations, gain is recognized to a domestic cooperations with respect to liquidating distributions of property to non-U.S. persons.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment (No. 2960) was agreed to.

Mr. DOLE. Mr. President, I urge my colleagues who have amendments to come to the floor. It appears that nobody is anxious to leave this place this weekend, and that is all right with me. I did not plan to go anywhere anyway until Sunday. If, in fact, there are amendments that we can call up, we should proceed. Senator Boschwitz has an amendment the Treasury signed off. I know Senator Specter is still working on a couple of amendments. Senator Bentsen has one that we could handle now. Senator DeConcini's amendment will be offered by Senator Long.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Hecht). Without objection, it is so ordered.

AMENDMENT NO. 2961

(Purpose: To establish the authorization for the maternal and child health block grant program at $478,000,000)

Mr. BENTSEN. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. Bentsen), for himself, Mr. Bumpers, Mr. Dole, Mr. Cranston, Mr. Durenberger, Mr. Percy, Mr. Bradley, Mr. Dodd, Mr. Melcher, Mr. Sarbanes, Mr. Chafee, Mr. Baucus, Mr. Eagleton, Mr. Leahy, Mr. Matsunaga, and Mr. Abdnor proposes an amendment numbered 2961.

Mr. BENTSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1236, line 24, and page 1237, lines 1 and 2, strike out "$452,000,000 for fiscal year 1984, $453,000,000 for fiscal year 1985, and $455,000,000 for fiscal year 1986 and each fiscal year thereafter" and insert in lieu thereof "$478,000,000 for fiscal year 1984 and each fiscal year thereafter".

Mr. BENTSEN. Mr. President, this is an amendment I have discussed with the chairman of the committee and the ranking minority member.

I am introducing this amendment on behalf of myself, Mr. Bumpers, Mr. Dole, Mr. Cranston, Mr. Durenberger, Mr. Percy, Mr. Bradley, Mr. Dodd, Mr. Melcher, Mr. Sarbanes, Mr. Chafee, Mr. Baucus, Mr. Eagleton, Mr. Leahy, Mr. Matsunaga, and Mr. Abdnor.

Mr. President, the purpose of this amendment could not be clearer or more important. It increases authorized funding for the maternal and child health block grant to the 1983 appropriated level of $478 million for fiscal years 1984–86 and each year thereafter. Quite frankly, Mr. President, I would like to see those levels even higher—perhaps at the $500 million level proposed by my good friend and colleague from Arkansas in S. 2013. But in the spirit of fiscal restraint and recognizing the need to reduce the deficit, I am offering this $478 million figure as a responsible compromise that level funds MCH by splitting the difference between the Finance Committee approved mark of $452 million and the $500 million figure in S. 2013.

Now, Mr. President, with America facing a $200 billion deficit, some might ask why we should increase the authorization for maternal and child health programs, even if that increase amounts to only an additional $25 million per year.

That is a legitimate question and I am prepared to answer it. Federal support for the health care of mothers and young children has been an ongoing commitment for more than 40 years. Most of the care provided is preventive or rehabilitative and it translates into some of the most cost-effective expenditures made by the Federal Government. Mr. President, whether you consider cost-benefit ratios or the important human needs that are met by these programs, I would suggest that even the coldest heart in the Office of Management and Budget would have problems finding a good reason to oppose my amendment.

Maternal and child health programs date back to 1935 when title 5 of the Social Security Act was adopted. In 1981, seven programs including prenatal care, crippled children's services, lead-based paint poisoning prevention, hemophilia diagnosis and treatment, and genetic screening were combined into a maternal and child health block grant. This group of services suffered some of the most severe budget cuts approved with passage of the Omnibus Reconciliation Act when 18 percent of their funding was slashed and authorizations were reduced 30 percent. Those cuts, Mr. President, came at the expense of many of our Nation's children who were most in need of care and least able to defend themselves.

Last year, Congress repaired some of the damage by adding temporary funds—a little over $100 million—to the MCH block grant. I would suggest that these services are too important to millions of people to depend on sporadic infusions of additional funds. MCH deserves more than a series of temporary reprieves. The programs, and those who administer them deserve the assurance that needed dollars will be made available on a predictable and continuing basis.

That is the purpose of my amendment: To assure that adequate funds are available to enable the States to provide prenatal, delivery, and neonatal care to those who need but cannot afford it. To help finance well-baby and well-child clinics, screening and counseling for genetic disorders, dental services, immunization programs, and treatment and rehabilitation for handicapped children.

As far as I am concerned, Mr. President, it is simply unacceptable for the richest and most powerful nation in the world to take the position that we cannot afford to make these services available to those in need. That is especially true when we consider that MCH is one of the most cost effective programs for which the Federal Government provides support.

Recent testimony before the Joint Economic Committee included example after example of beneficial and cost saving results obtained with the early intervention of MCH programs. For instance:

Programs targetted to low and moderate income women in medically underserved areas have shown a 60-percent reduction in prenatal mortality;

Where medicaid recipients participate in MCH prenatal programs, the number of low birth weight babies is reduced dramatically. Since low birth weight is responsible for 50 percent of all infant deaths, that statistic is significant. For every dollar spent in the medicaid related programs, between $4.20 and $5.80 is saved;

Immunization of young children is accomplished in most States with MCH funded public health nurses;

Children enrolled in New York City MCH programs in 1980 had a 30-percent lower rate of hospitalization than their non-MCH peers.

The total cost of MCH services for a child during the course of an entire year is about the same as the cost of a single day of hospitalization;

For victims of hemophilia, MCH treatment programs had the following effects: The average number of hospitalization days per year was reduced from nearly 10 to less than 2; unemployment decreased from 36 percent to 13 percent; third party insurance coverage increased from 74 percent to 93 percent; and total health care costs were reduced by 62 percent, from an average of $15,800 in 1975 to $5,932 in 1981.

In considering the need for these programs we must also realize that—despite the recovery—America is still suffering from the longest deepest recession since World War II. There are still nearly 9 million people out of work in this country; many of whom have been unemployed for a very long period of time. Recent CBO estimates show that over the last 2 years more than 10 million have lost their health insurance benefits—a loss that can be devastating to a family with a chronically ill child. There has probably not been a time in recent history when the need for MCH services has been as obvious or more compelling.

It may be suggested that increasing the MCH authorization level will simply add to the deficit. To that I would reply that failure to adopt my amendment would actually mean a cut in services to mothers and children of $74 million in budget authority and $62 million in outlays over the next 3 years. As to the difference between these figures, CBO projections which are based on recent congressional endorsement of these program funds, assume the members will not support a reduction in outlays to meet the lower budget authority figure when appropriations are actually made. Finally, I would like to point out that if this amendment is adopted, MCH will be authorized at $478 million—which is a full 15 percent below the authorized levels in 1978–81. We have already made economies in this and other health programs such as medicaid—and people in need are suffering as a result. Let us not exacerbate the problem by permitting MCH to be cut.

Mr. President, we have a responsibility to reduce the deficit and hold back on Government spending. That much is clear. But the Senate also has an obligation to make those cuts responsibly, carefully, effectively, and compassionately. The amendment I am offering has exceptionally strong support and extends to more than 30 organizations including the March of Dimes, Junior League, National Governor's Association, U.S. Conference of Mayors, National Association of Counties, the American Academy of Pediatrics, the Association for Retarded Citizens, the National Organization for Women, the U.S. Catholic Conference, Planned Parenthood, the National Association of Children's Hospitals and others. It merits the support of the Senate and I hope my colleagues will join in the effort to see it enacted into law.

I also state that we will have an offset that will be proposed by way of an amendment to this amendment.

Mr. LONG. Mr. President, the chairman, Mr. DOLE, is not here at the moment, but he favors the amendment, provided there is offset in order to cover the cost for the Treasury. I have such an amendment prepared.

Will the Senator from Texas be willing to modify his amendment to include a modification to the food stamp program in the income verification area, in order to cover the cost of this amendment?

Mr. BENTSEN. I will be pleased to do that.

Mr. DOLE. Mr. President, this amendment simply includes the food stamp program in one of the Grace Commission recommendations adopted by the Finance Committee. The committee amendment on verifying income and eligibility for means-tested benefit programs requires the IRS to make available, and the Secretary of Health and Human Services to use, tax return data on unearned income. This data will be used in the SSI, AFDC, and medicaid programs to help verify eligibility for those benefits. CBO estimates savings of $630 million over the next 3 years in these programs from reducing erroneous overpayments and payments to ineligible individuals.

The food stamp program was included in the original Grace proposal that was endorsed by the General Accounting Office. That we did not include the food stamp program in our provision is simply because the Finance Committee does not have jurisdiction. This amendment would require the IRS data to be used for eligibility verifications in the food stamp program, thereby establishing the complete income verification proposal, as supported by GAO, in this bill.

CBO estimates the additional savings from including food stamps at $90 million for using the unearned income data, and $10 million for including the food stamp program in the income verification systems that States are required to establish under this legislation.

Mr. Chairman, this amendment has the support of the distinguished chairman of the Agriculture Committee. And as chairman of the Nutrition Subcommittee, the Senator from Kansas also strongly recommends adoption of this amendment. Its purpose is solely to cut down on fraud and abuse in means-tested benefit programs, and to target benefits better. The CBO estimate of savings is not a result of cutting benefits, but of reducing overpayments and payments to ineligibles.

Mr. LONG. Mr. President, I send the modification to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The modified amendment is as follows:

On page 1236, line 24, and page 1237, lines 1 and 2, strike out "$452,000,000 for fiscal year 1984, $453,000,000 for fiscal year 1985, and $455,000,000 for fiscal year 1986 and each fiscal year therefter" and insert in lieu thereof "$478,000,000 for fiscal year 1984 and each fiscal year thereafter".

On page 1313, line 10, after "Human Services" insert "and the Secretary of Agriculture".

On page 1313, line 4, after "Labor" insert ", or, in the case of the food stamp program, by the Secretary of Agriculture".

On page 1313, line 19, after "Human Services" insert "(in consultation with the Secretary of Agriculture)".

On page 1315, line 4, after "Labor," insert "or, in the case of the food stamp program, the Secretary of Agriculture,".

On page 1315, line 22, strike out "and".

On page 1315, between lines 20 and 21, insert the following:

"(4) the food stamp program under the Food Stamp Act of 1977; and

On page 1315, line 21, strike out "(4)" and insert "(5)".

On page 1318, between line 19 and 20, insert the following:

(i) Section 11(e)(19) of the Food Stamp Act of 1977 is amended to read as follows:

"(19) that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1136 of the Social Security Act and that any additional information available from agencies administering State unemployment compensation laws under the provisions of section 303(d) of the Social Security Act shall be requested and utilized by the State agency (described in section 3(n)(1) of this Act) to the extent permitted under the provisions of section 303(d) of the Social Security Act;".

On page 1318, line 20, strike out "(i)" and insert "(j)".

On page 1319, line 3, strike out "(j)" and insert "(k)".

On page 1321, strike out line 13 and insert "(l)(1) The amendments made by subsections (j) and (k)".

On page 1321, line 16, strike out "(h)" and insert "(i)".

On page 1321, line 23, after "Labor" insert ", or, in the case of the food stamp program, the Secretary of Agriculture".

Mr. DOLE. Mr. President, after nearly a 10-year period in which an increasing number of women began prenatal care early in their pregnancy, we are seeing this progress reversed. Since 1980, there has been an upward climb in the percentage of women receiving little or no care.

In recent years there has been a decline in the percentage of preschool children who are adequately immunized against childhood disease. As a result, for the first time in many years, cities are experiencing outbreaks of contagious diseases among preschool children.

The importance of the maternal and child health block grant to these problems is clear. While MCH block grant funds comprise less than 9 percent of the total 1983 health budget of most States, on average, they represent at least 30 percent of total expenditures for maternal and child health services.

The cost effectiveness of the program—and its particular emphasis on immunizations—has been well demonstrated. A recent study showed that every dollar spent on preventive care for children resulted in $8 in savings in long-term care costs.

Even at its current appropriation level (which is $399 million), the maternal and child health block grant can reach only a fraction of those in need. Holding the authorization level below fiscal year 1984 appropriation levels could mean that, just as additional services are beginning to reach families in need, States will once again be forced to curtail vital care.

Mr. BRADLEY. Mr. President, I rise as a cosponsor of the amendment offered by the Senator from Texas (Mr. Bentsen) to increase the funding for maternal and child health block grants to $478 million.

The current authorization of $373 million is a 33 percent reduction over the total 1981 authorization for the programs consolidated under the block grant. Recognizing the inadequacy of this level of funding, Congress appropriated an additional $105 million for the program for 1983. Mr. President, the amendment under consideration would increase the authorization only up to the 1983 appropriations level.

The $452 million provided in the amendment offered by the Senator from Kansas (Mr. Dole), and the Senator from Louisiana (Mr. Long), is not sufficient to cover the tremendous health needs of mothers and children in this Nation. And the sustained high levels of unemployment we have witnessed only exacerbate the problem. For millions of women, unemployment also brought the loss of health insurance. Maternal and child health programs have become their only source of medical care. But because of cutbacks in Federal support, maternal and child health services have shrunk in virtually every State just at the time when demand for services has increased drastically.

In my own State of New Jersey, Mr. President, visiting nurse programs were reduced by 85 percent as a result of the 1981 cuts. Funding for the prevention of lead-based paint poisoning was cut and 6,000 patients were affected by cuts in community health centers.

It is well known that the lack of prenatal care is strongly correlated with infant mortality rates. New Jersey, like most other States, will not meet the Surgeon General's goals of 90 percent of the population receiving prenatal care by 1990. In our State, the infant mortality rate is over 9 deaths per 1,000 live births for white infants, and over 20 deaths per 1,000 live births for black infants. Nor surprisingly, about 17 percent of the white mothers and over 35 percent of the black mothers in New Jersey do not receive prenatal care in the first trimester.

New Jersey is certainly not the only State to have suffered from cutbacks in the funding of maternal and child health care programs. Fourty-four States or 93 percent of those reporting reductions in their title V programs, reduced prenatal and delivery services for pregnant women, and primary and preventive services for women of childbearing age, infants, and children; 27 States—57 percent—reduced their crippled children's services; 37 States or 82 percent of those reporting title V reductions, reduced or eliminated services offered by the title V programs of projects. Children and youth projects were the most frequently affected.

Prenatal and delivery services for pregnant women and primary and preventive services for infants and children are bearing the brunt of title V maternal and child health block grant cutbacks in many States.

This is ironic, Mr. President, because the Senate has demonstrated its concern about health care cost containment, and there is good evidence that, in the long run, good prenatal health care and preventive health services to infants and children are cost-effective. These services have been shown to result in savings by reducing the need for long-term institutional care for the severely retarded, by reducing deafness, and many other costly abnormalities that result from poor health care during this critical period in a child's development. Studies have shown that children receiving good preventive health services have as much as 30 percent fewer abnormalities than children not receiving such services.

Maternal and child health programs should be adequately funded. Mothers must not be denied basic health care services that are critical for the healthy development of their children.

Mr. President, I urge my colleagues in the Senate to join me in supporting this amendment.

Mr. SARBANES. Mr. President, I am very pleased to join the Senator from Texas as a cosponsor of this amendment to bring the maternal and child health block grant authorization level up to the current funding level of $478 million for fiscal years 1984 through 1986. Maternal and child health block grant funds go to our State health departments to support a network of clinics which provide approximately 12 million mothers and children with a wide range of services, including basic prenatal care, checkups and immunizations, and other specific care for high-risk newborns and children suffering from disabling conditions. This program also incorporates several previously categorical health programs, including hemophilia treatment, lead paint poisoning prevention, genetic screening, and sudden infant death syndrome.

The supplemental fiscal 1983 appropriations under the Jobs Act gave States critically needed funds to expand the activities of their public health clinics and provide inpatient hospital care for maternity services to destitute expectant mothers as unemployment rates soared. We must not cut this vital program below the 1983 appropriations level now when 8.8 million Americans are still looking for work and millions of families with pregnant women, infants, and children remain poor and uninsured. Cutting the authorization level below the fiscal year 1983 level would mean that, just as the additional services are beginning to reach families in need, States will once again be forced to curtail vital emergency and preventive health care.

As one who vigorously opposed the deep funding cuts for this important program in 1981, I would prefer to see higher funding for the maternal and child health block grant, which is extremely cost-effective in providing health services to our Nation's mothers and children; but I urge that, as a minimum, my colleagues support this reauthorization amendment as a first step in preventing further cuts in this important program.

Mr. BUMPERS. Mr. President, I rise in support of the amendment offered by my distinguished colleague from Texas, Senator Bentsen, to raise the level of funding authorized for the maternal and child health block grant. The increase in authorization from $373 to $478 is necessary to insure a constant level of funding from 1983. While it was my hope that the authorization level would be raised to the level proposed in the bill I introduced last fall, I am pleased to see so many of my colleagues join me in supporting this modest but critical increase.

The maternal and child health (MCH) block grant provides funds to the States for services to reduce infant mortality and to improve and promote the health of mothers, infants, and children. It also provides funds for medically necessary services to handicapped children. Ten percent of the funds is set aside for projects such as genetic screening and counseling, hemophilia programs, and pediatric pulmonary centers. Federal programs rarely have such a clearly stated mandate. It is more unusual that they actually achieve the goals mandated by Federal legislation, and that they do so cost effectively. Finally, few Federal programs can claim success equal to that of the MCH block grant programs. Certainly, they have not been without their problems. Yet with these programs in place, we have seen a 40-percent drop in infant mortality rates since 1965; large scale immunization programs funded in part by MCH moneys have virtually eliminated smallpox and have led to dramatic declines in the incidence of diphtheria, measles, whooping cough, polio, rubella, and tetanus. Other indicators of the MCH block grant programs' impact are the sheer numbers of children who received vision and hearing tests and dental checkups, and the number of handicapped children who receive rehabilitative services. These are children who would not have otherwise received those services. The block grant funds support a network of clinics which provide approximately 12 million mothers and children with health services.

Preventive and primary health care services are cost-effective because they reduce the need for more costly health services in the future. For example, Alabama officials estimate that for every dollar spent on preventive maternal and child health care the State will save between $5 and $10 on long-term institutional care for the severely retarded. A GAO study found that the costs of screening infants and the treatment of seven common disorders were less than one-eighth the costs of caring for an impaired child over a lifetime. However, we sometimes have difficulty grasping the concept behind long-term cost-effective programs like MCH. The bottom line is that the costs are incurred now, and the savings are realized later.

The need for immediate measures to reduce the budget deficit may explain in part the troubled history of MCH programs in recent years. Despite the unquestioned value and importance of the MCH block grant, the program has been cut 33 percent in authorization levels since 1981. Tragically, these cutbacks have occurred during a period of increased demand for services. The recent recession has meant not only the loss of jobs, but also the loss of health insurance coverage. For increasing numbers of children, the programs funded by the MCH block grant are their only source for needed health services.

Last year, the MCH block grant received an additional $105 million through the so-called jobs bill. Now, it is being argued in some quarters that there is no longer any need to maintain funding at a constant level. We hear that the economy is in the midst of a recovery, and that as a consequence, the demand for maternal and child health services should have decreased. But this argument is specious. The jobs bill money appropriated last year enabled States to restore cutbacks in services brought about by budget cuts of previous years. But the funds were insufficient to expand or increase services to meet the increased demand for services. Indeed, a 1980 GAO study indicated that even before the cutbacks were made insufficient funds precluded many States from offering services to all mothers and children who needed them. States have targeted the jobs bill funds for projects in areas of high need and high unemployment. In Arkansas, the jobs bill money was used to provide prenatal care in a 13-county area where previously pregnant women had no place to go. The recovery of the economy will do nothing to replace this service. In fact, there are still 22 counties in Arkansas where prenatal services are not available.

We have heard that block grants result in a more efficient administration of each State's health services and allow for the more effective delivery of services. But the projected savings do not begin to offset the severe cuts in funding. In Arkansas the cuts in MCH funds came on top of State cuts which resulted in 130 employees losing their jobs.

We have heard that MCH is a State and local issue, that Federal initiatives are inappropriate, inefficient, and ineffective. But we know that MCH programs have had a long and distinguished Federal history, beginning in 1935 with title V under the Social Security Act. Furthermore, at a time when the States are struggling to cope with medicaid cutbacks in eligibility, benefits, and payment levels, they are financially unable to incur greater responsibility for MCH programs. In Arkansas, one out of every four children lives in poverty, yet 60 percent of those children are ineligible for medicaid. In Arkansas, State agencies absorbed $400,000 of the $700,000 the State lost due to the cuts in MCH. They cannot offset any futher cuts.

Mr. President, in closing let me say that this is one of the best Federal programs we have. It is an investment in the future. We cannot have a strong and healthy America unless we are willing to make the commitment necessary to assure the health of our children. In my judgment, they deserve no less than our best efforts in providing preventive health care. We as a nation have a moral obligation to insure to the maximum extent possible that each child gets a healthy start in life. I will continue to fight for adequate funding for the program. It is unconscionable that at a time when so much can be done to secure the health of our children, that we do so little. I urge my colleagues to join us in support of this amendment.

Mr. CHAFEE. Mr. President, I am a cosponsor of the amendment my colleague from Texas has proposed. This amendment would increase the authorization for the maternal and child health block grant to $478 million over 3 years.

I support this amendment because I believe in this program. It is not a program which experiments with the taxpayers' money or which gives lavish handouts to undeserving recipients. This a program which directly benefits mothers and children and which indirectly benefits all of us.

It indirectly benefits all of us because it is enormously cost effective. Simply put, its emphasis on preventive health saves dollars. It directly benefits mothers and children by providing desperately needed services to them.

Under the maternal and child health care program, approximately 1 million children receive checkups, immunizations, and other basic health services for hemophilia, genetic disorders, lead-based paint poisoning, and other disabling conditions. Under the program, an estimated 1 million mothers receive prenatal and perinatal services. These services go primarily to poor families who are not eligible for medicaid and who would likely be without any care were it not for this program. Maternal and child health care programs assist in identifying pregnant mothers who are at high risk and have a direct impact on the number of children born with handicaps and on the development of preventable diseases.

Studies have shown direct correlations between infant mortality rates and levels of care provided for mothers. And, MCH directly affects those levels of care. The infant mortality rate in this country is an outrage—and an embarrassment. One out of seventy-two babies born in America dies. One out of seventy-two. In the District of Columbia, that figure is 1 out of 33 among nonwhites. We can directly influence those rates, save the lives of American babies, and lessen the misery of thousands of families by putting our support behind this program.

What are the consequences of not adequately funding maternal and child health, Mr. President?

In my own State of Rhode Island—which, I believe, operates one of the best programs in the Nation—the effects of lower funding would be devastating. And Rhode Island's case is representative of the Nation's. In Rhode Island alone, several thousand fewer women would receive pre- and perinatal care. Thousands of children would not receive well care or home health care or be able to participate in a lead-poisoning program. Do we want to go back to the days when hundreds of thousands of children suffered brain damage because they ingested lead-based paint and were not adequately screened or treated? I do not believe that we do, especially when such horrid effects can be prevented.

If the costs in human terms are not convincing enough evidence that maternal and child health warrants our help, then the dollars and cents figure will make the point.

In 1977, GAO reported that the cost of genetic screening at birth, along with early treatment of seven common disorders, was less than one-eighth the cost of caring for an impaired child over a lifetime.

In Texas, a recent study showed that each $1 spent on preventive care for children resulted in an $8 savings in long-term costs. Basic vaccinations—which as many as 40 percent of your American children still do not receive—are enormously cost effective. The Center for Disease Control has estimated that the $180 million we spent on the measles vaccination program between 1966 and 1974 saved $1.3 billion in medical and long-term care costs. This says nothing of the reduction in instances of deafness, retardation, and other crippling effects that has occurred.

Maternal and child health dollars are not only dollars well spent; but they are dollars which we cannot afford not to spend. I urge my colleagues to support this amendment.

INCOME AND ELIGIBILITY VERIFICATION SYSTEM

● **Mr. HELMS.** Mr. President, part of this amendment would add the food stamp program to the list of federally funded needs-based programs for which the income and eligibility verification system established by section 991 would be used.

The reforms in the provision incorporated into the Finance Committee bill, including this addition of the food stamp program, are based on recommendations made by the General Accounting Office in an important report, "Legislative and Administrative Changes to Improve Verification Of Welfare Recipients' Income and Assets Could Save Hundreds of Millions," January 14, 1982. These proposals have been further endorsed by the Grace Commission Task Force on Low Income Standards and Benefits.

Both the General Accounting Office and the Grace Commission focused on the five largest Federal needs-based programs. These programs, and the associated Federal costs, are: Medicaid, $20 billion annually; food stamps, $12 billion; aid to families with dependent children, $8.2 billion; supplemental security income, $8.1 billion; and section 8 housing benefits, $5.8 billion. The provision, as amended, includes all of these programs except for housing and adds unemployment compensation.

Because these welfare programs are "needs based"—that is, based on each family's income level—accurate information on income is essential to correct eligibility determination and the subsequent determination of benefit amounts.

The GAO noted that "unreported or underreported wages is one of the principal causes of overpayments in needs-based programs." Indeed, in many cases, it is the primary cause. Certainly in the food stamp program, audits by the Inspector General of the Department of Agriculture, and other audits, have indicated consistently that unreported and underreported wages comprise the primary cause of overpayments in the food stamp program.

Much of the emphasis in the last several years has been to reduce the amount of overpayments through improved use of available wage data. However, as the GAO and Grace Commission noted, more can and should be done to improve this verification.

Generally, welfare applicants and recipients are the principal source of income and asset information used in making eligibility determinations and the subsequent determinations of proper benefit amounts. Erroneous payments—overpayments—are made when applicants and recipients either do not report their income, resulting in "unreported income," or report it incorrectly, resulting in "underreported income." Unless welfare agencies use some means to verify the information submitted by applicants or recipients, undetected overissuances of Federal dollars will take place. The General Accounting Office estimated that overissuances cost hundreds of millions of dollars in these Federal welfare programs.

QUARTERLY WAGE REPORTING

One of the most accurate means to corroborate reported income currently used in some of these programs is information on wages maintained by State employment agencies. In approximately 40 States, so-called wage reporting States, employers submit information on a quarterly basis on each employee's earnings during the preceding quarter. Such information is maintained in automated form by the State's employment security agency.

In recent years, Congress has acted to require the use of this wage information to verify income in the AFDC program, effective in December 1979, and in the food stamp program, since January 1983, in those States in which quarterly wage data is maintained.

However, there are limitations to the usefulness of the data. As noted above, 10 States, called wage request States, do not maintain quarterly wage data, but collect only gross payroll information from employers. One of the recommendations of both the GAO and the Grace Commission was to require the collection of quarterly wage data in the States that do not now collect it so that it can be used for verification in Federal needs-based programs.

Additionally, both GAO and the Grace Commission recommended that the use of this information be expanded, beyond AFDC and food stamps, to the other large Federal welfare programs where it is not used extensively, SSI, or not used at all, medicaid and section 8 housing.

I compliment the chairman of the Finance Committee and other Senators for including in this legislation provisions that significantly implement these recommendations by requiring the collection of wage information and the use of such data in the determination of eligibility and benefit determinations for the four largest Federal needs-based programs.

The use of this wage information, even when expanded, is limited by the fact that certain types of employment are not covered by the wage reporting. For instance, Federal employees, the military, and the self-employed are not covered by this information.

Under the current system, automated wage information maintained by the Social Security Administration serves as a backup to quarterly wage information. Indeed, in those States that do not maintain quarterly wage information, use of Social Security Administration information is required in the AFDC program. In the food stamp program, unless either quarterly wage information or some other comparable wage information satisfactory to the Secretary of Agriculture is used, States must use Social Security Administration information.

UNEARNED INCOME INFORMATION

In addition to income, a person's assets are also a crucial factor for eligibility in certain Federal welfare programs. For instance, the SSI program limits assets to $1,500 for single participants and $2,250 for two or more in the same household. The food stamp program provides a $1,500 assets ceiling, except that in the case of households of two or more which contain an elderly or disabled person, the ceiling is $3,000. In the AFDC program, each State sets the assets ceiling, which may not exceed $1,000 per household.

As with income, asset information supplied by an applicant or recipient is the primary source for identifying assets of the household. The difficulty with both income and assets is that welfare agencies can confirm information that is provided with little difficulty. A call to an employer to substantiate employment and salary can be achieved. It is however quite difficult to find information which is omitted—either deliberately or inadvertently—by applicants or recipients.

Some officials have indicated that, without automation, detecting such information is like looking for the proverbial needle in the haystack.

One possible means of identifying assets, as noted by the GAO and the Grace Commission, is records on taxpayer unearned income as maintained by the Internal Revenue Service. IRS requires that data on taxpayer unearned income be reported through third-party information returns so that the IRS can verify the accuracy of taxpayers' Federal tax returns. Third-party returns are required to be submitted for pensions and annuities, interest income, dividends, lump-sum distributions from profit-sharing and retirement plans, bearer certificates of deposit, and individual retirement accounts. This information is maintained by the IRS in information return processing files, some of which are automated.

The GAO has noted that third-party unearned income information returns would not only verify the unearned income being reported, but also indicate ownership and value of assets which may be producing income.

The significance of unreported assets by welfare recipients was demonstrated in Massachusetts which in the last few years has undertaken verification of welfare recipients' assets in a slightly different manner. Rather than using third-party information submitted for tax purposes, State law requires banks to participate in matching their depositors and savers with the State's welfare rolls.

In the Massachusetts "bank match," a computer check of welfare recipients' bank account uncovered 613 cases in which the welfare recipient apparently had cash assets in excess of the assets ceilings. Over 200 of these involved accounts with more than $5,000, including several with $10,000, $20,000, and $30,000, and one with $89,000.

Rather than requiring matches with individual banks, or other financial institutions, or individual inquiries to such institutions by welfare caseworkers, this legislation adopts the recommendation of both the GAO and the Grace Commission, to require matching of certain Federal welfare rolls with unearned income data maintained by the Internal Revenue Service. As noted by the GAO, this method should improve administration of verification procedures. Of course, this does not preclude direct contact with these financial institutions.

It should be noted that with regard to each of these matching requirements, existing protections would still apply to anyone using the information obtained for purposes other than insuring proper eligibility and benefit determinations. The Social Security Act and IRS Code already contain provisions making illegal any nonspecified use of wage information or unearned income information submited for tax purposes. This legislation merely permits the use of such data exclusively for purposes of eligibility and benefit determinations in specified Federal needs-based programs.

To underscore these protections, an additional provision has been added to notify—in a sense, warn—recipients that information supplied will be verified. Additionally, the legislation, as amended, provides that the information be verified independently, with a source other than the IRS. The recipient will thus have several protections. He will be contacted to verify, or validate, the information supplied through the IRS, for instance, to be certain that the correct social security number has been used, that the income or assets were available during the time the person was receiving Federal benefits, and so forth he will be given notice of any termination or reduction in benefits, and he will have an opportunity to refute the information. These should take care of the concerns voiced by some about adequate protections.

Current practice in the AFDC program, for instance, typically requires that an individual receive prior notice before his benefits are reduced or terminated. If he disputes the information on which such a reduction or termination is based, then the agency must take further steps to verify the information such as make direct contact with the financial institution. This legislation incorporates in the statute this same procedure for all the specified programs.

While reasonable safeguards can be taken, we certainly do not want to impose impossible barriers to verifying information. Indeed, the fundamental point of the provision is to provide new, expanded authority for the use of IRS and other income information in these various programs.

As one local official told me recently, it seems like a fair reciprocal agreement for those willing to receive Federal benefits to be forthright and cooperative in providing financial information to substantiate their eligibility.

SOCIAL SECURITY NUMBERS

Because much of the matching envisioned by the GAO and Grace Commission reports involves automation, it is imperative that social security numbers be used in all welfare case files. Indeed, social security numbers are already required for all recipients in AFDC, food stamps, and SSI. However, section 8 housing and the non-AFDC portion of medicaid, called medically needy, have no such requirement.

Both the GAO and the Grace Commission recommended that all applicants and recipients of Federal needs-based programs should obtain valid social security numbers, and the Finance Committee bill adopts that recommendation with regard to these programs, except section 8 housing assistance.

The General Accounting Office and the Congressional Budget Office undertook a review earlier this year of the major recommendations within the Grace Commission report. One of the recommendations reviewed was that of the Task Force on Low Income Standards and Benefits which recommended these improved verification procedures. The Congressional Budget Office estimated that the implementation of these concepts would result in $1.594 billion in savings over the next 5 years. The joint GAO-CBO study assessed the impact of these recommendations as increasing "the targeting of benefits on intended beneficiaries by enabling a more accurate assessment of beneficiaries' incomes and resources." The report also noted that costs to State and local governments would be reduced as a result of these improved verification measures.

I trust that the Secretaries of Labor, Treasury, Health and Human Services, and Agriculture will consult with the Comptroller General and the Human Resources Division of the General Accounting Office which researched the original 1982 report that served as the basis for this provision. GAO should be able to provide invaluable assistance in working out the mechanics of implementation and helping to insure efficient administration and adequate protections. Perhaps some of those members of the Grace Commission who worked on this provision might also be contacted.

Both the General Accounting Office and, more recently, the Grace Commission have done a real service to American taxpayers in calling attention to the need for improved management of these Federal welfare programs through better verification of information supplied by applicants and recipients.

On March 21, I was pleased to chair a hearing on the oversight of the food stamp program in my capacity as chairman of the Committee on Agriculture, Nutrition, and Forestry, at which this recommendation and its applicability to the food stamp program were discussed.

Perhaps the greatest attraction of these recommendations is that their implementation will not result in even as much as one dime of loss to legitimately needy recipients of Federal assistance. The savings in tax dollars will come from the detection and elimination from participation of those who have underreported their true financial circumstances.

My only regret is that we could not follow the remainder of the GAO's recommendation to provide this authority for other Federal needs-based programs as well. In my view, this is a valid principle which has even wider application for other Federal programs. I commend the members of the Finance Committee for this excellent provision, and am pleased to have the food stamp program included in it.

TAX REFUND OFFSET: FOOD STAMP APPLICABILITY

Mr. President, I also want to commend the members of the Finance Committee for the inclusion in this legislation of section 993, which provides authority for the Internal Revenue Service to "offset" tax refunds in order to collect debts owed to Federal agencies.

A series of General Accounting Office reports beginning in October 1978 have highlighted the necessity of improving the Government's debt collection procedures. The first report, "The Government Needs To Do A Better Job of Collecting Amounts Owed by the Public," October 20, 1978, indicated that improvements were needed in recording, billing, and collecting accounts receivable. The next report, "The Government Can Be More Productive In Collecting Its Debts By Following Commercial Practices," February 23, 1979, revealed that debt collection in the Federal Government is a slow and expensive process with significant potential for improvement.

The provision contained in section 993 is based on the recommendations made by the General Accounting Office in its report, "The Government Can Collect Many Delinquent Debts By Keeping Federal Tax Refunds As Offsets," March 9, 1979. The concept has been further endorsed by the Grace Commission Task Force on Financial Asset Management.

As the GAO noted,

> Collection of many of the receivables currently written off by the Government as uncollectable could be accomplished by transferring the uncollectable receivable balances to the IRS for matching against subsequent tax refunds. In cases where an individual or firm owes the Government money, the applicable tax refund would be reduced by this amount.

The GAO report noted that food stamp overissuances were one source of some of the debts which could be recovered through a tax refund offset, or intercept, system.

Such a system usually works in the following manner: The agency to whom a debt is owed, after unsuccessful collection attempts, refers the debt to the Internal Revenue Service. If the individual is owed an income tax refund, the amount of the debt is first subtracted from the refund and paid to the appropriate agency before the remainder of the refund, if any, is sent to the individual.

In the Omnibus Budget Reconciliation Act of 1981, the Congress enacted a mandatory intercept system from Federal tax returns to recover delinquent child support payments from individuals owing such payments. States generally have been very supportive of this initiative and noted the effectiveness in increasing collection of delinquent child support payments.

States have been quite active in establishing systems to intercept State income tax refunds for debts owed to the State. Many States which have a State income tax have enacted such a system to intercept, or offset, State tax refunds primarily to collect delinquent child support payments.

Additionally, several States have implemented such an intercept from State income tax refunds for food stamp overissuances as well. In 1982, three States—Oregon, Utah, and Montana—reported to the committee that they had made such collection from 1981 tax returns. California indicated that its intercept system would be expanded to collect food stamp overissuances beginning with the tax year 1982. Several other States indicated that they were considering an expansion or establishment of an intercept system for food stamp overissuances from State income tax refunds.

An analysis by the General Accounting Office of the Oregon tax intercept system concluded that Oregon's program had been highly successful, "Oregon's Offset Program for Collecting Delinquent Debts Has Been Highly Effective," July 17, 1980. In the same reports, GAO reiterated its recommendation that the Federal Government use the tax refund offset mechanism.

Currently, the collection of overpayments, one form of debt, is a serious problem in various Federal programs. For instance, in the food stamp program, the General Accounting Office found that during fiscal years 1980 and 1981, only 1 cent of every overissued dollar was collected, "Need For Greater Efforts To Recover Costs of Food Stamps Obtained Through Errors or Fraud," February 4, 1983.

I have been encouraged by the increased activity in some States in attempting collection, or recovery, of overissued food stamp benefits which constitute the greatest source of debt within the national food stamp program. Overpayments of welfare benefits is one of the largest areas of debt for which income tax offsets work. For instance, in Oregon, it was the second only to child support payments as the area providing the greatest amount of recoveries. I am hopeful that States will continue to increase their efforts in this regard. Collection through State income tax offset systems is limited when individuals move across State lines. Additionally, some States do not have a State income tax and therefore cannot achieve collection through that means.

In 1982, the Committee on Agriculture, Nutrition, and Forestry included in our budget reconciliation recommendations a provision to permit States to establish an intercept system to recover from Federal income tax refunds overissuances caused by fraud or international misrepresentation. A number of States had indicated support for that provision, including Iowa, Utah, California, New Mexico, North Carolina, Hawaii, Ohio, Georgia, South Carolina, Missouri, Texas, Maryland, New Hampshire, Colorado, New Jersey, Oregon, Oklahoma, Mississippi, Arkansas, and Indiana.

Under the provision recommended by our committee, efforts first would have had to be made to recover the overissuances through other means. The determination of the overissuance would have to be at least 3 months old, and the amount of the food stamp overissuance would have to be at least $100, or $100 in combination with other amounts owed under similar provisions of Federal law such as child support.

Due to a parliamentary situation which arose during the Senate's consideration of the Omnibus Reconciliation Act of 1982, I agreed to delete this provision and two other provisions from the Agriculture Committee's section of the reconciliation legislation.

The 1983 GAO report concerning recoveries of food stamp overissuances recommended that the Congress expand efforts to collect nonfraud overissuances, including those caused by the administering agency, as well as to require States to increase their efforts to collect overissuances from households no longer participating in the food stamp program.

The Food Stamp Act provides that States which pursue the collection of overissued food stamp benefits may keep a portion of the recoveries—50 percent in the case of fraud and intentional misrepresentation and 25 percent in nonfraud cases, except that States may not keep any portion of recoveries which were initially caused by the administering agency. These provisions were added to encourage greater State efforts to collect food stamp overissuances.

The budget savings provided by the Congressional Budget Office for this provision assume that the debts to be recovered include overpayments in the food stamp program. The most recent figures from the Department of Agriculture indicate about $168 million in delinquent debt from overpayments in the food stamp program alone. Collection of these delinquent overpayments, using the assumptions of the Grace Commission and Congressional Budget Office, would result in additional collections of approximately $22 million.

The Secretary of the Treasury is to establish guidelines for using the offset procedures with all Federal agencies, including the Department of Agriculture, including the format in which the information must be transmitted.

The Secretary of the Treasury is also to outline in regulations what types of prior collection attempts must have been made as well as other specifications about conditions of the debt collection procedures.

The Secretary of Agriculture may need to work with the Secretary of the Treasury to develop regulations governing the specific mechanism for establishing the offset system's applicability to the food stamp program. This may include establishing a system to cover the Treasury's cost for applying the offset procedures.

The Secretary of Agriculture will need to develop criteria for defining the types of delinquent overpayments for which the tax refund offset system will be used in the food stamp program and to set up procedures for State agencies to follow in forwarding such cases to the Secretary for collection procedures. As with the recovery of other food stamp overissuances, States would be permitted to receive a portion of recoveries collected through the offset of Federal tax returns.

Again, I commend the members of the Finance Committee for this wise provision, and trust that its use will improve the record of collections in many Federal programs, including the food stamp program.●

Mr. DURENBERGER. Mr. President, the commitment of the Federal Government to the health of mothers and children has a long history. Since the passage of title V of the Social Security Act which provided grants to States for maternal and child health programs, a large number of small, narrowly-focused categorical programs, in this area also have been implemented. In 1981, the Congress consolidated eight such programs for mothers and children into the maternal and child health block grant.

Our intent at the time was clear—we believed that the consolidation of related categorical programs would lead to the development within the States of a more comprehensive, better coordinated approach for providing health care to mothers and children. We wanted to assure that mothers and children—in particular those living in poverty with limited availability of health services—would have access to quality care at reasonable cost.

We all know the effects that poor health care can have on fetal development and the growth of children. Babies born to mothers who receive late or no prenatal care are three to four times more likely to be low birth weight and three times more likely to die in the first year of life. Children whose families, because of economic hardship, may not receive good health care during their developmental years, are two or three times more likely to suffer from serious childhood illnesses, 75 percent more likely to be admitted to a hospital in a year, and three to four times more likely to be inappropriately immunized during the preschool period.

In the bill currently on the floor, we are trying to insure that poor pregnant women seek appropriate prenatal care by mandating that States provide medicaid coverage beginning with the medical determination of pregnancy to every woman who would be eligible for AFDC if the child were born. But medicaid may not be able to respond sufficiently to the needs of poor women and children. The maternal and child health block grant is more suitably targeted to meet the needs of this group.

We have seen over the years that the allocation of State medicaid dollars has inexorably been shaped by the demands of long term care services rather than preventive services. The largest single category of services provided through medicaid dollars in most States is long term institutional care for the elderly. While the aged make up approximately 15 percent of medicaid beneficiaries, they consume approximately 36 percent of medicaid resources. In contrast, AFDC children make up about 42 percent of medicaid eligibles and consume about 13 percent of its expenditures.

Among all categories of medicaid recipients, the AFDC child represents the lowest per capita expenditure. Given the broad range of beneficiaries who must be served under medicaid, and their competing demands, it is not surprising to find that preventive health services for mothers and children have received a low priority. Increased funding under the maternal and child health block grant can supplement medicaid and guarantee that this vulnerable population, for whom a small dollar intervention will lead to a substantial long term payoff, is adequately served.

Two program areas in the block grant, crippled children and maternal and child health, account for about 92 percent of expenditures. While crippled children services continue to be a high priority within the States, there is some evidence that expenditures for maternal and child health services are declining. California, Iowa, Colorado and New York, for example, have all reduced funding for maternal and child health services. It is important that these declines be reversed.

The Congress has realized the importance of the maternal and child health block grant, if not in its authorization levels, certainly in its appropriation levels. Present law authorizes $373 million for the maternal and child health block grant, but the Congress appropriated an additional $105 million for the program in fiscal year 1983, and an additional $26 million in fiscal year 1984. What we are supporting here is an increase in the authorization levels of a program that the Congress, through its appropriations process, has indicated that it obviously values.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the name of Senator DOLE be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment, as modified.

The amendment (No. 2961), as modified, was agreed to.

Mr. BENTSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2962

(Purpose: To revise the prospective payment classification procedures with respect to certain rural hospitals)

Mr. QUAYLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana (Mr. QUAYLE) proposes an amendment numbered 2962.

Mr. QUAYLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

After section 918 insert the following new section:

CLASSIFICATION OF CERTAIN RURAL HOSPITALS

SEC. 919. (a) Section 1886(d)(5)(C)(i) of the Social Security Act is amended by adding at the end thereof the following: "A hospital which is classified as a rural hospital may appeal to the Secretary to be classified as a rural referral center under this clause on the basis of criteria (established by the Secretary) which shall allow the hospital to demonstrate that it should be so reclassified by reason of certain of its operating characteristics being similar to those of an urban hospital located in the same region. Such characteristics shall include wages, scope of services, service area, and the mix of medical specialities. The Secretary shall publish the criteria by notice of proposed rulemaking prior to June 1, 1984, for implementation by October 1, 1984. An appeal allowed under this clause must be submitted to the Secretary (in such form and manner as the Secretary may prescribe) within the first quarter of the hospital's cost reporting period, and the Secretary must make a final determination with respect to such appeal within 60 days after the appeal has been submitted. Any payment adjustments necessitated by a reclassification based upon the appeal shall be retroactive to the beginning of such cost reporting period.".

(b) Section 1886(d)(2)(D) of such Act is amended by adding at the end thereof the following: "A hospital located in a Standard

Metropolitan Statistical Area shall be deemed to be located in the region in which the majority of the hospitals in the same Standard Metropolitan Statistical Area are located, or, at the option of the Secretary, the region in which the majority of the inpatient discharges (with respect to which payments are made under this title) from hospitals in the same Standard Metropolitan Statistical Area are made.".

(c) Section 1886(d) of such Act is amended by adding at the end thereof the following new paragraph:

"(8) In the case of any hospital which is located in an area which is, at any time after October 1, 1983, reclassified from an urban to a rural area, payments to such hospital for the first two cost reporting periods for which such reclassification is effective shall be made as follows:

"(A) For the first such cost reporting period, payment shall be equal to the amount payable to such hospital for such accounting period on the basis of the rural classification, plus an amount equal to ⅔ of the amount (if any) by which—

"(i) the amount which would have been payable to such hospital for such accounting period on the basis of an urban classification, exceeds

"(ii) the amount payable to such hospital for such accounting period on the basis of the rural classification.

"(B) For the second such cost reporting period, payment shall be equal to the amount payable to such hospital for such accounting period on the basis of the rural classification, plus an amount equal to ⅓ of the amount (if any) by which—

"(i) the amount which would have been payable to such hospital for such accounting period on the basis of an urban classification, exceeds

"(ii) the amount payable to such hospital for such accounting period on the basis of the rural classification.

(d) The amendments made by this section shall be effective with respect to cost reporting periods beginning on or after October 1, 1983.

(e) The Secretary shall conduct a study of the advisability of making adjustments in the nonlabor component of those DRG's (utilized for purposes of section 1886(d) of the Social Security Act) which have high fixed nonlabor costs. The Secretary shall report the results of the study, including any recommendations for legislative changes, to the Congress within 6 months after the date of the enactment of this Act.

(f) The Secretary of Health and Human Services shall conduct a study of further refinements which may be appropriate in the inpatient hospital prospective payment provisions of title XVIII of the Social Security Act, in order to address the problems of differences in payment amounts to specific hospitals. The study shall include (but shall not be limited to) the degree of variation in inpatient hospital costs per discharge within each diagnosis-related group. The Secretary shall also present alternative methods of computing the amount of such payments. The study shall include a discussion of the relative merits of a method of payment under which a percentage of the payment amount (for discharges classified within a diagnosis-related group) could be determined on a regional basis. The Secretary shall report the results of the study, and any recommended changes in the prospective payment system, to the Congress prior to September 1, 1984.

Mr. QUAYLE. Mr. President, I ask unanimous consent that the names of the following Senators be added as cosponsors of this amendment: Mr. Dole, Mr. Durenberger, Mr. Cranston, Mr. Percy, Mr. Levin, Mr. Lugar, Mr. D'Amato, Mr. Riegle, Mr. Specter, and Mr. Dixon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. QUAYLE. Mr. President, this amendment addresses problems which have surfaced with the new prospective payment system for Medicare. The prospective payment system for Medicare represents a positive reform. It is new being phased in and anecdotal evidence from across the country indicates it is already having a significant effect on improving the cost-effective management of hospital services.

There is no doubt that when we first adopted the prospective payment system, we knew there would be certain problems that would arise with its administration and it is clear at this juncture that it requires some finetuning. That is the purpose for this amendment.

This amendment effects four areas in particular that are in need of attention. I know that not only in my home State but in other States as well, the designation of hospitals as rural- and urban-based or whether they are located in or outside of a metroplitan statistical area (MSA) is troublesome.

This amendment provides some flexibility in the designation of large, comprehensive rural hospitals outside of MSA's as rural.

Also, with respect to hospitals formerly in metropolitan statistical areas where counties are now considered rural, it gives them a transition period from an urban rate for prospective payments to a rural one.

The amendment also provides relief to hospitals serving primarily one State but located across a State line in a State which falls in another region. In these cases the regions may have different payment levels. Hospitals just across a State line may now be receiving different payments for the same cases. This is obviously inequitable.

Also incorporated in this amendment is a study which will explore the reasons behind payment differences between regions of the country under the new prospective payment scheme.

As a matter of fact, when we first started working with the issue of payment differences, we found little known about the variations in hospital costs around the Nation. Therefore, this amendment requires the Secretary of Health and Human Services to report back on this issue to Congress by September 1 of this year, the study will give the Congress certainly more data on how the transition to the new system effecting various practices of the county and their hospitals.

In summary, Mr. President, I first of all wish, of course, to thank the distinguished chairman of the Finance Committee who encouraged me all along to work with him to develop workable solutions to refine the prospective payment system. I think what we have come to over the course of several months is a fair approach.

Also I wish to express my appreciation to the chairman of the Health Subcommittee, Senator Durenberger, who has also been integrally involved in developing agreement on this amendment. I must say that I started out in a different direction on these issues and if we had not had input from both the chairman of the full committee and the chairman of that subcommittee we would not be in this position here today.

In the final analysis the prespective payment system is a constructive program which will contribute to real cost savings for medicare. This amendment preserves the integrity of the program. It does not delay the full implementation of the DRG's which is going to go totally active after a 3-year transition. But, what it does do is give some new flexibility to the Health Care Financing Administration to come to grips with the problem of the rural designation for large rural hospitals and, furthermore, it does allow other needed adjustments. Finally, the amendment perhaps can be most constructive by facilitating the collection of data and the development of a study on differences in payments for medicine across the Nation.

I know that this is of interest to a number of Senators. One of the cosponsors, the Senator from Illinois (Mr. Dixon), who is one of the cochairman of the Northeast-Midwest coalition, is vitally interested in trying to get some more information on the effects of the new system on Illinois' hospitals and the entire Midwest region.

I think what we have come up with in this amendment will meet his requirements and get this data and alternatives for paying back yet this year.

So again, Mr. President, I thank the chairman for his leadership and interest in fostering this agreed-upon amendment and Senator Durenberger and other cosponsors.

Mr. President, I ask unanimous consent at this time to add Senator Baucus as an original cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, under the transition rules adopted by Congress, all hospitals were allowed 3 years before their payments would be based entirely on the prospective payment rates. During those 3 years, one-half of the total prospective payments made to hospitals is based on a hospital's specific costs. For about 66 percent of all hospitals, the transition extends beyond October 1, 1986, because the accounting years for those hospitals begin from 3 to 9 months after the start of the Federal fiscal year.

Besides the extensive transition period, the Congress has provided a number of mechanisms to accommodate the concerns being used to justify this amendment. These include: A special payment mix for sole community providers which allows their payments to reflect 75 percent of their own hospital-specific costs; exceptions and adjustments for hospitals that serve a disproportionate number of low income or medicare beneficiaries, regional and national referral centers, large acute care hospitals in rural areas, hospitals involved extensively in cancer treatment or research, and hospitals that experience a special problem because they are located in a particular census region; an adjustment for area differences in hospital age levels, and additional payments for outliers in terms of length of stay or high costs.

We have been working with Senator Quayle and the Department to use the exception and adjustment authority granted by the Congress to resolve a number of issues of concern to Senator Quayle and others. It was clear, however, that a number of changes were necessary.

This amendment makes sure we continue with implementation of the prospective payment system, while recognizing the need for the correction of specific problems as we go along.

The amendment has no cost and maintains budget neutrality. In addition to specific changes in adjustment authority granted the Secretary in the case of rural referral centers, it requires additional study of: alternative methods of computing national or regional rates and the cost of prosthetic devices in relation to the nonlabor portion of the DRG rates.

I believe the amendment adequately addresses the concerns of all parties. There are a number of rural hospitals who do serve as referral centers resulting in their costs being very similar to those of an institution in an urban area. It was never our intention to treat these hospitals unfairly, or to ignore their special characteristics.

The Administrator of HCFA has been meeting with representatives of the hospital industry, including hospital administrators from Kansas, to address these many concerns. This amendment simply underscores our desire to have these issues resolved.

Mr. President, this is a matter of concern to my State. HCFA has been meeting with representatives of the hospital industry, and we believe this to be a very helpful amendment.

I thank particularly Senator Quayle who first came to me a month or 6 weeks ago, and also other Senators, including the Senator from Illinois (Mr. Dixon) who raised the same concern.

We believe this will offer adequate relief, and I am willing to accept the amendment.

I have checked with Senator Long. He has no objection to the amendment.

After the Senator from Illinois makes his statement, we will be prepared to accept the amendment.

Mr. DIXON. Mr. President, I rise in support of the amendment offered by my friend from Indiana, Senator Quayle, and especially thank him for his leadership on the requirement for a study to resolve problems posed for some categories of hospitals by the shift from a hospital-specific reimbursement rate to a national average under the prospective payment system for Medicare expenses. As my good friend knows, this new system has some wrinkles in it, arbitrarily creating groups of winner and loser hospitals, to the detriment of my State of Illinois and 18 other States, including my friend's State of Indiana.

I understand that the Department of Health and Human Services, in close consultation with the Congressional Budget Office, will lay out options for Congress, allowing us time to make fine tuning adjustments to the system prior to the start of the new fiscal year.

Does my colleague believe that it would be appropriate for the Department, in its study, to give consideration to reasonable variations in hospitals' economic environment, scope of service, and service area characteristics? These are important factors that affect Illinois as well as many other States in the Midwest and Northeast.

Mr. QUAYLE. Mr. President, if the Senator will yield, I wish to say that those characteristics that he has identified are certainly areas that the study should direct itself to. The study should include these areas but need not be limited to them. In other words, the variables that he mentioned should be examined, but there may be others worthy of review. I think what we are really looking for is to begin a rather comprehensive compilation of the data so we will know how this system really effects our States and our hospitals and what alternatives are available to help make this impact equitable across the Nation.

I think the Senator is current in identifying these criteria as key to the study, and I encourage the Senator to work with myself and others as the study unfolds. It is also important that as participation in the study by the Congressional Budget Office as well as the Department of Health and Human Services be assured.

Mr. DIXON. Mr. President, with those understandings, I am delighted to support the amendment, and I wish to thank my warm friend for all the time and effort he put into this and particularly as well the distinguished chairman of the Finance Committee who also was so considerate in the interests of colleagues from the respective States.

Mr. DOLE. Mr. President, I thank both of my colleagues.

Mr. President, I ask unanimous consent that Senator Grassley may be made a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEVIN. Mr. President, I thank my friend from Indiana and am thankful for the leadership and cooperation of Senator Dole.

This amendment makes critical changes for hospitals in my State and may lead to some additional changes which will give greater flexibility and fairness in the application of new rules. And I know through the efforts of both these Senators they have made this possible. A number of Senators worked very closely with them on it, and again I just wish to express the thanks both personally and from the people of the State of Michigan.

Mr. President, the amendment provides that hospitals located in counties redesignated as rural since enactment of the prospective payment system would be allowed a 2-year transition to the rural rates. In the first year, these hospitals would be paid the rural rate plus two-thirds of the difference between their rural and the urban rate. In year 2, they would be paid the rural rate plus one-third the difference between the rural rate and the urban rate they would have received had the county not been redesignated.

This amendment also modifies current adjustment for referral centers. The Secretary is required to establish criteria to allow hospitals to appeal their status as a rural nonreferral center. Additionally all hospitals are deemed to be in that region in which most of the admissions and/or hospitals in the area are located.

Finally, the amendment requires the Secretary of HHS to prepare a study examining the degree of variation within DRG's, to evaluate how effective an indicator of costs they are, and to suggest alternative methods of computing reimbursement payments to hospitals. The study is to be completed by September 1, 1984, in consultation with CBO, allowing the Congress time to implement finetuning adjustments to the prospective payment system based on HCFA and CBO recommendations prior to the start of the new fiscal year on October 1, 1984. Again, I thank my colleagues who have worked so diligently on this issue.

Mr. DOLE. Mr. President, I thank my colleague from Michigan and also thank all the staffs involved. They have done a lot of work while we have been doing other things.

We are prepared to accept the amendment. The question is on the amendment.

Mr. ABDNOR. Mr. President, I ask unanimous consent that my name be added to the list of Senators sponsoring the amendment (amendment No. 2962) offered earlier today by the distinguished Senator from Indiana, Senator QUAYLE, concerning the urban-rural wage differential utilized under medicare's new prospective payment system. This has been an issue of great concern in my State, as in so many others. I commend my colleague, Mr. QUAYLE, for offering the amendment, and I wish to thank the distinguished chairman of the Finance Committee for his attention to this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. ANDREWS. Mr. President, I am pleased by the actions taken by both the full Senate and the Senate Finance Committee in establishing criteria for regional rural referral centers. Through the adoption of this amendment, the Senate has demonstrated to the administration that there is a sense of urgency in adjusting the perspective payment reimbursement rate for rural hospitals.

During the last several months, Senator BURDICK and I have been working with the Secretary of Health and Human Services and the Director of the Health Care Financing Administration in trying to find a solution to the economic problems that Trinity and St. Joseph Hospitals in Minot, N. Dak. have experienced due to the medicare prospective payment system. Rural hospitals must continue to serve the needs of rural Americans without being unfairly penalized. It is my hope that through the efforts of the Congress and the administration, we will be able to solve these current inequities.●

Mr. DURENBERGER. Mr. President, one of the major reasons for a phase-in of the new medicare prospective payment system for hospitals is to give us time to identify problems and resolve them. One problem that has emerged involves the different payment rates associated with geographical location. Payment differentials exist among the nine census regions and between hospitals classified as either urban or rural. In some cases these differentials are inequitable.

The problem arises in part because DRG's are not a perfect predictor of resource use. Within some DRG's there is wide variation in case complexity and associated case cost. We found that as a general rule large urban hospitals had a more complex mix of patients. Consequently, the urban or rural location of a hospital was used as an approximation for these differences in case mix. As it turns out, some rural hospitals have a case mix very comparable to those in urban hospitals.

The best solution is to develop a severity index that better predicts case complexity. That way, the urban/rural difference could be eliminated entirely. Unfortunately, a good severity index will be several years in the making.

In the meantime, Congress must correct legitimate urban/rural inequities. This amendment is designed to do just that. We have proposed addresssing these problems by:

Modifying the adjustment for referral centers.

Providing a transition for hospitals in counties redesignated from "urban" to "rural."

Providing a standard payment rate for hospitals in communities bisected by census regions.

Providing a study to examine alternative blending formulas—for example coefficient of variation.

Providing a study to examine the need for adjustments to those DRG's with high fixed nonlabor costs—for example pacemakers, artificial hips.

The last study refers to a problem that has emerged concerning the payment rates for certain DRG's like pacemaker implantation, total knee replacement, total hip replacement, and intraocular lens implantation. All of these DRG's have high fixed nonlabor costs; in other words, the cost of the prosthetic device means that nonlabor costs will always be high, even in the simplest of cases.

Unfortunately, the relative weighting between labor and nonlabor costs can result in a nonlabor payment that is insufficient to cover even the cost of the prosthesis for these DRG's. The problem is particularly acute for hospitals classified as rural. For example, a hospital in Minneapolis, Minn., is entitled to a nonlabor payment of $1,735 for implanting a pacemaker—which in many cases costs the hospital $4,300. A rural hospital in Alexandria, Minn., will get a nonlabor payment of $1,125 for doing the same procedure.

We have included language to require the Secretary of HHS to examine this issue and report back to the Congress within 6 months of the advisability of making adjustments in the nonlabor component of DRG's like these.

I share Senator QUAYLE's concern about these issues and look forward to working with him over the coming months to make the prospective payment system function more smoothly.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment (No. 2962) was agreed to.

Mr. QUAYLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I understand the distinguished Senator from Kentucky (Mr. FORD) is not prepared to begin one of two amendments. Is that correct?

Mr. FORD. The Senator is correct.

Mr. President, may I inquire of the chairman of the Finance Committee, the manager of the bill. I am not going to take too long. I will express my feeling on this and it will be a short period of time. I prefer not to have a time limit on it.

But I would take a time limit on the second amendment that I have of, say, 30 minutes equally divided and be glad to offer that at this time if it would assist the chairman.

Mr. DOLE. The second amendment on the distribution on wine?

Mr. FORD. Yes.

Mr. DOLE. Mr. President, I make that unanimous-consent request on the second Ford amendment that there be a time limit of 30 minutes, 15 minutes on a side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FORD. I thank the distinguished chairman. I am trying to cooperate. I think he understands that.

Mr. DOLE. I appreciate that.

AMENDMENT NO. 2963

(Purpose: To delete the provisions relative to enterprise zones and the increase in the excise tax on distilled spirits)

Mr. FORD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Kentucky (Mr. FORD) proposes an amendment numbered 2963.

Beginning on page 708, line 21, strike all through page 771, line 13.

Beginning on page 966, line 19, strike all through page 969, line 7.

Mr. FORD. Mr. President, I thank the clerk for reading the entire amendment. It is short and that is the reason I allowed it to be read.

Mr. President, this amendment strikes title 4 of the bill dealing with enterprise zones and section 822 of the bill dealing with increased excise taxes on distilled spirits.

The amendment I am offering is essentially revenue neutral. The enterprise zones provisions reduce the Federal revenues over a 3-year period by a total of $1.293 billion, while the distilled spirits excise tax provision of the bill increases revenues by $1.36 billion, for a difference of approximately $65 or $67 million over the 3-year period.

Mr. President, the tax policy debate since 1981 has centered on the disparities in the 1981 tax bill, and the need to make our tax system more progressive. The 1982 tax bill approved by the Senate Finance Committee was a step in the right direction, but it contained certain provisions that raised excise taxes, impacting to a much greater extent on middle- and low-income individuals.

During the debate in 1983, and now in 1984 on this tax bill, the Finance Committee has been considering many provisions to raise revenue, generally in a way that could be termed progressive. The chairman of the committee, Senator DOLE, and the ranking minority member of the committee, Senator LONG, are to be commended for their efforts. I have a lot of respect for the very difficult task they have accomplished in bringing this bill to the floor.

This bill picks up most of its revenues by closing loopholes and extracting additional revenue from those persons who gained most in the 1981 tax bill. However, in the last few days of consideration in the Finance Committee, a number of provisions were added at the request of the administration and individual committee members, so-called pet project bills that resulted in a loss of revenue. And at the last minute, in order to fund those revenue losses, the committee reluctantly agreed, I think, to some regressive, counterproductive measures as, for example, the 20-percent increase in the excise tax on distilled spirits.

I want to give the Senate a chance today to turn back the clock to just before the Finance Committee completed its consideration of the tax bill; before it put on the distilled spirits provision. I want to finance this by taking out the enterprise zone provisions.

DISTILLED SPIRITS

Currently the excise tax on distilled spirits is $10.50 per proof gallon. The finance bill would raise that by $2 a gallon, making it $12.50 a proof gallon.

This increased excise tax will be placed on an industry already in a very serious economic downturn. Consumption has fallen off. In the last couple of years eight plants have been closed, laying off around 1,500 workers.

In my State alone, two plants closed in 1983, sending 700 more workers to the unemployment lines. The industry is clearly on the ropes and now Congress wants to throw the knockout punch and send thousands of more workers to the unemployment lines by this excessive tax.

This is absolutely not necessary. There are countless other ways to raise revenue without impacting so unfairly on a single industry and without directly causing more unemployment.

I am against excise taxes of any sort. It is a regressive, unfair way to raise revenue. But if we really looked at the merits of the taxes on alcohol, more could easily be put on beer and wine without causing massive unemployment.

The reason is that the beer and wine industries are healthy, sales continue to go up and the current Federal excise tax burden is almost nonexistent on those two industries.

Today, under current law, Federal, State, and local taxes—and I want to report this—today, under current law, Federal, State, and local taxes represent 43 percent of the retail price of a bottle of spirits, Federal excise tax alone accounts for 25 percent of the retail cost. In comparison, the beer and wine industries enjoy a very small excise tax on their products. Federal excise taxes account for 6 percent of the retail price of beer and only—and I want to emphasize this—and only 1.5 percent of the retail price of table wine. The Federal Government taxes the alcohol in distilled spirits at a rate 3⅓ times higher than beer and 15 times higher than table wine. Yet, the committee bill wants to further increase the disparity in tax burdens. Equity cries out for a change.

Mr. President, this tax increase on distilled spirits will very definitely cost several thousands of jobs nationwide. It makes no sense from a position of taxpayer equity across income scales, and it makes no sense from a position of equity between the beer, wine and distilled spirits industries. It must also be pointed out that there are other provisions in this tax bill that impose increased burdens on the distilled spirits industry by decreasing the amount of time they have to pay the excise tax after the spirits leave bond from 30 days to 14 days, and by a provision that institutes electronic fund transfers on those payments. I also oppose those provisions which in effect amount to an increase in excise taxes and extract millions of dollars from the industry at a time that it can ill afford it. But my amendment does not touch those provisions.

In return for removing the excise tax amendment from the bill, several hundred, if not thousands, of jobs will be saved.

Mr. President, in return for removing the distilled spirits excise tax provisions from the bill and saving several thousand jobs across the United States, my amendment also removes the enterprise zone provisions from the bill.

By doing this, the amendment is basically revenue neutral. Enterprise zones have been much debated in recent years and I am sure that Members are very familiar with the provisions. Essentially what the Finance Committee tax bill does is provide for the designation over the next 3 years of up to 75 enterprise zones to be designated by the Department of Housing and Urban Development.

Enterprise zones will be eligible for Federal tax and regulatory relief that amount to a gift of billions—I repeat billions—of dollars over the next few years to certain—and I underscore certain—fortunate companies who will be lucky enough to operate in those zones.

I say a gift because clearly the creation of an enterprise zone will not result in any increased investment or any new jobs. Think about that. Billions of dollars that will not create any new jobs.

All it would do is relocate the jobs to certain limited areas of the country who will be designated by the Secretary of Housing and Urban Development.

The committee bill gives away $98 million in 1985; $420 million in 1986; $775 million in 1987; and then it really gets expensive. The enterprise zones will cost $1.1 billion—a conservative estimate—in 1988 and 1989, and in my opinion all for nothing.

The 3-year revenue loss of the enterprise zone provision is estimated in the bill to be $1.293 billion. But that figure is extremely speculative, more speculative than most estimates that normally appear in a tax bill. The cost is likely to be much, much higher. In fact, in a highly unusual move, the Joint Tax Committee would not produce its own figures on the revenue effect of the enterprise zone provisions.

The reason is that the budget effects could change depending on the number, size, and characteristics of enterprise zones that are actually designated by the Secretary of Housing and Urban Development. In fact, Mr. President, the whole provision is highly unusual. It allows the Secretary of HUD to define exactly what will be an enterprise zone. If this passes, we do not know what an enterprise zone will be. It allows the Secretary of HUD to make the decision about what an enterprise zone will be. The Secretary may designate one area that is 100 yards wide through a community, or he could designate the whole city as an enterprise zone. It is wide open. I would suggest it is subjected to a large amount of politically induced discretion. The benefits will be parceled out based on who needs what from a political standpoint.

Although the revenue figures are high, those figures do not estimate that there will be a net increase in economic activity across the country. Instead, all we are doing is redirecting investment to certain areas.

In the bill, the following Federal tax incentives would be available. An additional 3- or 5-percent investment tax for investments in personal property; a 10-percent credit for investment in new structures in the zone; a 10-percent credit to employers for increases in payroll to qualified zone employees; and a credit for hiring disadvantaged workers for zone employment. In addition, there will be a 5-percent credit for wages received, and an exclusion from tax on capital gains attributed to zone property. Despite other restrictions in the bill, the enterprise zone provisions will allow the full ACRS deductions for facilities in the zones financed by industrial development bonds.

It will provide for the continued availability of the small issue exemption for industrial development bonds in zones even after the 1986 expiration of small issue IDB's.

Add it up, Mr. President. this is an incredible combination of tax subsidies. Corporations will be lining up to take advantage of this gravy train. They are not going to hire any more people, but they are going to get tremendous tax breaks. At a time when Federal budget deficits are so serious, and threaten higher interest rates for everybody, we are going to designate certain selected areas of the country for companies to come in and get outrageous tax breaks.

It makes no sense, Mr. President. It goes against the whole thrust of our efforts to reduce the deficits. It particularly makes no sense to pay for enterprise zones by taking the distilled spirits industry out of existence at a cost of thousands of jobs.

Aside from the revenue cost, and the fact that absolutely no increased economic activity will be created nationwide, there are very real problems with this piece of legislation in that it penalizes businesses who do not get to operate in the enterprise zone.

Certain businesses who are allowed to come in will get the tax breaks. What about the existing businesses who are already there? They are going to face a competitive disadvantage because the businessman next door, selling the same widgets or providing the same service is a recent entry into the zone, and, therefore, qualifies for the tax credits, the deductions, and all the exemptions. What about the businesses located just outside the zone or across the street? They have to operate under tax laws that apply to everyone else. But a business that happens to be in the enterprise zone is going to be able to get all kinds of tax subsidies that will enable it to have a competitive advantage over the business outside the zone.

This provision in the bill is not probusiness. It is proselected business for those who are lucky enough to be able to get inside the zone.

The business community understands this. The National Federation of Independent Businessmen representing thousands of small businesses across this country is opposed to the enterprise zones. They maintain that enterprise zones simply will not work. No new businesses will be created. The tax incentives will miss the mark.

Selected chosen businesses will reap extraordinary rewards at the expense of other businesses. Labor agrees with business in this case, that the enterprise zone concept is misdirected, ill advised, and will become a costly boondoggle.

The AFL-CIO and American Federation of State and Municipal Employees oppose enterprise zones because they realize no new jobs will be created, no urban problems will be solved, and not one more inner city youth will be employed.

The massive tax breaks will not trickle down to the impoverished residents of the few selected zones in this Nation.

We do not need an enterprise zone provision.

Mr. President, I hope this amendment has the support of the Senator from Louisiana, the ranking minority member, Senator LONG. I hope the Senator from Kansas can support the amendment. He may have certain commitments to the administration, and I understand that, but I know he does not want to unfairly single out the distillery worker and I know he does not want to burden the Tax Code with these new, worthless tax subsidies.

Mr. President, I urge all my colleagues to support this amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Kentucky. I know of his strong opposition to the distilled spirits tax. I will say very honestly, if I lived in Kentucky, I would have the same view. But to trade that for enterprise zones causes me some concern. And I have some of the same reservations, I might add, as the Senator from Kentucky on enterprise zones. I think we will have to watch this program very carefully. As he indicates, the cost does escalate.

It would seem to me that this was one of the add-ons. There were other add-ons, spousal IRS's and other things that we added to the bill. There are also certain loopholes we did not close. Had we done all those things we probably would not have needed the $1 billion in distilled spirits tax.

In any event, I must rise in opposition to the amendment. I know there will be a follow-up amendment if this one is defeated.

Mr. President, the time is ripe for action on the President's proposal to establish enterprise zones with incentives for public-private cooperation in redeveloping depressed areas. The Finance Committee has held three sets of hearings on this proposal, and this is also the third time the committee has reported it out. Last year the Senate passed the enterprise zone package on H.R. 2973, although the House would not agree to it. But last November the Ways and Means committee held their first hearing on enterprise zones, which could clear the way for final action.

It is important that we demonstrate a commitment to dealing with our Nation's economically distressed areas, as recovery proceeds but leaves some areas behind. It is appropriate to do this with a program that, while admittedly experimental in nature, is designed to take advantage of the latent resources that exist in every community in the Nation, however severe their economic problems.

This is a limited program, 25 zones per year at most for 3 years, intended to give us experience with reducing tax and regulatory burdens on a discrete basis to improve prospects for development. This is a proposal based on partnership: The Federal incentives will only work if they are viewed as additional tools made available to communities that demonstrate the initiative to tackle their problems head on.

This is not an airtight proposal, and there is no guarantee that we will not see some shifting of economic activity rather than generation of new development. But it is a sensible package, worth giving a try—perfecting changes can be made in the light of experience, and HUD is required to submit quadrennial reports on the success of the legislation in meeting the goals of stimulating new development in distressed areas.

In every way this is a sensibly balanced package. It involves Federal, State, local, and private initiative. It covers both urban areas and rural areas (which are assured one-third of the zone designations). It includes tax breaks for workers (the employee credit), for employers (credits for increasing zone payroll) and for investment (extra investment credits and capital gains relief).

The proposal has been criticized as just another tax break for big business, but that is a bad rap. The largest revenue loss in the enterprise zone package comes from the 5-percent credit for people working in the zone: A tax break aimed directly at the people we are most concerned about, not at their employers or outside investors.

There are 43 Senators and 223 House Members cosponsoring this legislation; 20 States have enacted enterprise zone bills, and Pennsylvania is operating a program without special legislation; 13 States have already designated zones, so the idea is under way. Federal legislation will give it a big boost.

I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. FORD. Mr. President, I think the distinguished Senator from Kansas makes a very excellent point as it relates to enterprise zones. He is nervous about them. He has the same concerns I do. In the fourth year, it will cost the budget of this country more than is being made up from the distilled spirits tax. So if the leadership is as concerned as I am, it may be that we ought to take a step back and not impose this costly program on the American people.

Let me give one example, as I understand it. If I am in an enterprise zone—and I hope the chairman will tell me if my statement is correct—if I am in an area that is later designated as an enterprise zone and I have a dry cleaning operation with 10 employees, I get nothing. But if another dry cleaning establishment moves into the zone it can then secure all of the breaks, all of the tax subsidies, by moving into the zone. The business who has been there all along, will not be able to acquire any additional help, except if I increase my employees. Is that correct?

Mr. DOLE. That is correct in a sense. In fact, it is one of the questions this Senator raised. If you are outside the zone, you are out of luck. If you are inside the zone, you are on the gravy train. We have been assured that they will try to select these zones in such a way, with the help of the community, that they will not create those problems. I believe there may, in fact, be some problems. If you get the Federal Government involved in anything, you have problems. It seems to me that this was primarily designed to help so-called distress areas, to try to stimulate activity in some of these places where we have very high unemployment, particularly black young teenagers and other hardcore unemployed.

Whether or not it will work, it is a social experiment and we are using the Tax Code to finance it. I would only say to my colleague from Kentucky that many of us who support enterprise zones also share the concerns expressed by him earlier. There will be rather careful oversight of this program as far as this Senator is concerned. I would say this measure enjoys bipartisan support. It happens to be in the President's recommendations, but beyond the President's recommendations it has support, I believe, on both sides of the aisle, at least as something that might be helpful.

Mr. FORD. For how long does all of this last? When does it stop? Does it go on in perpetuity?

Mr. DOLE. It is 20 years for each zone with a 4-year phaseout. That is not quite eternity but it is close.

Mr. FORD. That is 25 years. So if this goes into effect and they take advantage of it they get all of this for approximately 25 years.

Mr. DOLE. That is correct.

Mr. FORD. This is a long-term tax erosion of the general fund of this country, and I do not believe it will stay on this bill in conference. At least, that is my information. There will be a tough fight to take it out in conference. If it is going to go out in conference, I would hate to see, after fine work, that they will lose. But this is taxing industry. Over 700 distilleries last year were lost. That is a serious thing to me.

I am ready to yield back the remainder of my time, Mr. President.

Mr. DOLE. I thank the Senator. I will only say this: We have passed this before in the Senate, once on a voice vote. I do not know if we have had a rollcall on this issue. It has been rejected in conference. We believe this time we are in a stronger position. Last time we went to conference, the Ways and Means Committee promised hearings. They have had hearings on this proposal and we understand there is more interest in the enterprise zones than there was.

We want to make sure this works in rural as well as urban areas. One of the amendments we adopted in committee was by Senator MATSUNAGA, to make sure that it works in areas where we have very small groups of people. The same for Indian reservations.

I am not going to stand here and say it is a perfect program or give it a rating on a scale of 1 to 10. But there is a lot of interest in it. There is a lot of hope attached to it. I have been to Cleveland and Chicago and other areas concerning this. There are a lot of people out there grasping for some way to improve certain areas of their cities. They are all very hopeful, obviously, that they would be designated an enterprise zone.

We will only have 75.

Mr. FORD. The bill says 25 per year. The Secretary selects the locations and if they are placed in the right spot, that would be the reason we would get so much enthusiasm for it.

Mr. DOLE. I have been to Cleveland and looked at theirs, or the one they would like to work on, and also in Dayton, Ohio.

We have made it clear in the bill, itself, that no one could play politics with enterprise zones if they are adopted this year. We have specific language in the amendment that none of these would be designated until next year. So it cannot be handed out by anybody campaigning this year, saying, "Here is an enterprise zone," and then leave town. We wanted to make sure that this would not be an election year gimmick.

I am prepared to yield back the remainder of my time.

I think this would be a bad trade. The liquor tax has not been increased since 1951. I did not offer the amendment, I will say to my friend. I do not know why we would want to trade enterprise zones for liquor taxes. I have not figured that out yet, but if enough people have, the Senator will succeed.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky. The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), the Senator from Alaska (Mr. STEVENS), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from Idaho (Mr. MCCLURE) and the Senator from Idaho (Mr. SYMMS) are absent to attend the funeral of a former Senator.

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Ohio (Mr. GLENN), and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER (Mr. ARMSTRONG). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 15, nays 76, as follows:

[Rollcall Vote No. 67 Leg.]

YEAS—15

Baucus
Bingaman
Cranston
Dodd
Durenberger
Ford
Hollings
Huddleston
Johnston
Kennedy
Long
Melcher
Randolph
Sasser
Stennis

NAYS—76

Abdnor
Andrews
Armstrong
Baker
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cohen
D'Amato
Danforth
Denton
Dixon
Dole
Domenici
Eagleton
East
Evans
Exon
Garn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Humphrey
Inouye
Jepsen
Kassebaum
Kasten
Lautenberg
Laxalt
Leahy
Levin
Lugar
Matsunaga
Mattingly
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Riegle
Roth
Rudman
Sarbanes
Simpson
Specter
Stafford
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Wilson
Zorinsky

NOT VOTING—9

DeConcini
Glenn
Goldwater
Hart
Mathias
McClure
Stevens
Symms
Weicker

So the amendment (No. 2963) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the Dole amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that that amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, the Senator from Kentucky and I have worked out a 30-minute time agreement on the second amendment, and I understand that he is ready to proceed.

Mr. FORD. That is right.

The PRESIDING OFFICER. The Sentor from Kentucky.

AMENDMENT NO. 2964

(Purpose: To raise the revenue generated by the proposed tax on distilled spirits by raising the tax on distilled spirits and wines)

Mr. FORD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kentucky (Mr. FORD) proposes an amendment numbered 2964.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment follows:

Beginning on page 966, line 19, strike all through page 969, line 7, and insert in lieu thereof the following new section:

SEC. 822. INCREASE IN ALCOHOL EXCISE TAXES.

(a) DISTILLED SPIRITS.—Paragraphs (1) and (3) of section 5001(a) (relating to rate of tax) are each amended by striking out "$10.60" and inserting in lieu thereof "$11.50".

(b) WINES.—Subsection (b) of section 5041 (relating to rates of tax) is amended—

(1) by striking out "17 cents" in paragraph (1) and inserting in lieu thereof "37 cents",

(2) by striking out "67 cents" in paragraph (2) and inserting in lieu thereof "$1.47",

(3) by striking out "$2.25" in paragraph (3) and inserting in lieu thereof "$4.95",

(4) by striking out "$3.40" in paragraph (4) and inserting in lieu thereof "$7.48", and

(5) by striking out "$2.40" in paragraph (5) and inserting in lieu thereof "$5.28".

(c) FLOOR STOCKS.—

(1) IMPOSITION OF TAX ON DISTILLED SPIRITS.—On articles manufactured in or imported into the United States which are taxable under section 5001(a), removed before January 1, 1985, and held on such date for sale for any person there shall be imposed the following taxes:

(A) DISTILLED SPIRITS.—On distilled spirits, $1.00 per proof gallon.

(B) IMPORTED PERFUMES.—On imported perfumes described in section 5001(a)(3) of the Internal Revenue Code of 1954, $1.00 per wine gallon.

(2) IMPOSITION OF TAX ON WINES.—On wines produced in or imported into the United States which are taxable under section 5041(a), removed before January 1, 1985, and held on such date for sale by any person there shall be imposed the following taxes:

(A) On still wines containing not more than 14 percent of alcohol by volume, 20 cents per wine gallon;

(B) On still wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume, 80 cents per wine gallon;

(C) On still wines containing more than 21 percent and not exceeding 24 percent of alcohol by volume, $2.70 per wine gallon;

(D) On champagne and other sparkling wines, $4.08 per wine gallon; and

(E) On artificially carbonated wines, $2.88 per wine gallon.

(3) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding distilled spirits, an article, or wine on January 1, 1985, to which any tax imposed by paragraph (1) or (2) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The taxes imposed by paragraphs (1) and (2) shall be treated as taxes imposed under sections 5001(a) and 5041(a), respectively, and—

(i) shall be paid in such manner as the Secretary shall by regulations prescribe, and

(ii) shall be paid on such date (not later than July 1, 1985) as the Secretary shall by regulations prescribe.

(4) EXCEPTION FOR ON-PREMISES RETAIL ESTABLISHMENTS.—To the extent provided in regulations prescribed by the Secretary, the taxes imposed by paragraphs (1) and (2) shall not apply to distilled spirits, articles, and wine held on January 1, 1985, on the premises of a retail establishment where alcoholic beverages are sold for consumption on the premises only.

(5) DEFINITIONS.—For purposes of this subsection—

(A) DISTILLED SPIRITS.—The term "distilled spirits" has the meaning given to such term by section 5002(a)(8) of the Internal Revenue Code of 1954.

(B) PROOF GALLON.—The term "proof gallon" has the meaning given to such term by section 5002(a)(11) of such Code.

(C) ARTICLE.—The term "article" has the meaning given to such term by section 5002(a)(14) of such Code.

(D) WINE GALLON.—The term "wine gallon" has the meaning given to such term by section 5041(c) of such Code.

(E) PERSON.—The term "person" includes any State or political subdivision thereof, or any agency or instrumentality of a State or political subdivision thereof.

(F) SECRETARY.—The term "Secretary" means the Secretary of the Treasury or his delegate.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on January 1, 1985.

The PRESIDING OFFICER. The Senate will be in order.

Mr. FORD. I thank the Chair.

Mr. President, considering all those who came up to me during the previous vote and said, "We can't vote with you on this one, but we'll vote with you on the next one," I believe there may be enough votes to adopt this amendment. So 15 minutes may be more than I need to take, but I have 15 minutes.

Mr. President, this amendment would raise the same amount of money as the Finance Committee bill, $1.34 billion, from beverage alcohol; but instead of placing the entire burden on liquor, this amendment requires liquor and wine to pay an equal share—$670 million from wine and $670 million from liquor.

What this means is that the liquor tax would go up by $1 per proof gallon instead of $2 as provided in the bill. The total tax on distilled spirit would increase from its present tax of $10.50 a proof gallon to $11.50 a proof gallon.

I want Senators to listen to this: The tax on table wine will go up 20 cents per gallon, from 17 cents a gallon to 37 cents a gallon. For the liquor industry, it is $11.50 a proof gallon. This means that the tax on wine will go up from 3.4 cents a bottle, under present law, to 7.4 cents a bottle. This is a 4-cent increase for each bottle of table wine—just a 4-cent increase for a bottle of wine.

This amendment, I believe, is fair. Why should liquor bear the entire burden of deficit reduction, especially at a time when spirits are economically declining and wine consumption has been steadily increasing?

Let us look at the facts. Over the last decade, liquor consumption was up only 6 percent, yet wine consumption grew at a 55-percent rate. Right now, spirits are the most heavily taxed commodity in America—the most heavily taxed commodity in America. Right now, the tax on spirits is 15 times the tax on wine. Liquor is taxed at $10.50 per proof gallon, while wine is taxed at only 17 cents a gallon.

I realize that this is hard to believe, but under current law, the tax on spirits is 15 times as high as the tax on wine. The Finance Committee bill will make the spirits tax 18 times as high as the tax on wine. All my amendment would do would be to provide some equalization by making the spirits tax eight times higher than it is on wine.

Those who are not familiar with the beverage alcohol industry might say that the taxes should be different, to reflect the difference in alcohol content. But, if the tax on beverage alcohol wine and liquor were based solely on alcohol content, the people who work in the distilled spirits industry would not be so troubled. If the alcohol in liquor were taxed at the same rate as alcohol in wine, the present liquor tax would be only 77 cents, not $10.50, per proof gallon.

This amendment does not lower the liquor tax. It does not create full fairness in taxing alcohol as alcohol. In fact, my amendment adds $1 to the liquor tax. But it does bring about some fairness, by requiring that the $1.34 billion that is raised from alcohol be divided equally among wine and liquor.

The most important thing to remember is that the additional cost of wine would be miniscule, 4 cents a bottle; less than 1 cent per glass of wine.

Mr. President, the distilled spirits industry is suffering through bad economic times. Several distillery plants have closed in the last few years, eight in the last 24 months. Hundreds have been laid off in my State alone.

But the impact goes beyond the distillery worker, to the farmer who supplies the grain, the worker in the glass factory, the cooper, the wholesaler, the distributor, and the truck driver.

It is safe to say that thousands of jobs will be lost as a result of the Finance Committee bill.

Perhaps we can save a few hundred jobs by sharing the increase with another more heavily beverage alcohol industry that currently has a very low, Federal excise tax burden.

In my opinion, Mr. President, all excise taxes are bad. It is a regressive way to raise taxes. It impacts disproportionately on low- and middle-income taxpayers and on the affected industry.

I wish there were no excise tax increases in this bill, but if there must be let us at least spread them a little more fairly among wine and spirits.

Mr. President, I reserve the remainder of my time.

The **PRESIDING OFFICER**. Who yields time?

Mr. **WILSON**. Mr. President, I yield to the distinguished Senator from California such time as he so desires.

The **PRESIDING OFFICER**. The Senator from California is recognized.

Mr. **CRANSTON**. Mr. President, I thank my friend from California.

Mr. President, I wish to speak against the proposal of the distinguished Senator. I am sympathetic with the purpose. He wants to reduce the excise tax on distilled spirits, and that was the purpose of the earlier amendment, and I voted for that amendment.

I am opposed, however, to his proposals to reduce the distilled spirits excise tax by shifting the burden onto nondistilled beverages such as wine.

Beer and wine, while these contain a percentage of alcohol by volume, are traditionally food beverages. They are sold in grocery stores along with other foods and beverages. In addition, there is a trend in the modern business of reducing the alcoholic content of beer and wine to meet new popular demand. An increase in the excise tax on these products would be counterproductive to this trend. An increase in the excise tax would also be counterproductive to efforts to switch people to wine rather than to hard liquor.

I oppose excise taxes on products generally consumed by the public because these taxes generally are regressive, falling on ordinary consumers, and in the case of alcoholic beverages, excise taxes imposed by the Federal Government erode the revenue base of State and local governments.

These taxes appear modest. But the fact is that the proposal of the Senator would increase the excise taxes on wines and champagnes by amounts up to 120 percent or greater. That is an unfair, exorbitant, and discriminatory tax increase, and I want to stress that it is aimed primarily at an agricultural product, a principal commodity of my State and of the States of many other Senators.

All of the wine excise taxes are calculated on the basis of a wine gallon. This term refers solely to the liquid volume.

Distilled spirits, on the other hand, are taxed on the basis of a proof gallon. The tax is calculated on the 100-proof gallon and is reduced or increased depending upon the actual proof alcoholic content of the distilled spirits in the bottle as sold for consumption. This difference in the very nature of the distilled spirits excise tax from those taxes imposed upon beer and wine directly reflects the difference in the nature of the products and the way in which the Federal, State and local governments, under the 21st amendment, regulated alcoholic beverages.

I do not think we should breach this distinction. And I believe the proposal of the Senator would do exactly that.

Wine and liquor are not identical. Wine should be taxed as it presently is.

I urge that the amendment be rejected.

Mr. **WILSON**. Mr. President, I yield myself such time as I shall require.

Mr. President, I join with my distinguished colleague from California in opposing this amendment.

This proposal, apparently arising out of a sense of pain, is itself one that would inflict great damage, and it is unfair to the point of being unconscionable.

I would have to say to my good friend from Kentucky none of us, I am sure, have anything against the industry that he seeks to protect. Some of us perhaps even have used that product for medicinal purposes from time to time ourselves, though I doubt even a thorough search of Scripture will reveal a little admonition to use a little bit of bourbon for thy stomach.

In all seriousness, Mr. President, what I am going to say here I think needs to be clearly understood. The issue is simple. Bourbon has been distilled in the State of Kentucky for many years. The State is justly proud of that.

There are any number of States in which a new and growing wine industry yields the potential for high employment, for growing employment, and that is why so many States are just entering into the production of wine.

Unhappily, at the very time they are doing so that new and potentially promising industry is itself beleaguered with a number of impediments to its growth in terms of trying to find export markets for the growing American wine industry. We find that our European trading partners are seeking to exclude American wines from competition.

A preliminary study by the U.S. Department of Agriculture has revealed already that an array of subsidies and other exclusionary practices are preventing fair competition.

Now, Mr. President, this amendment proposed by our colleague from Kentucky would seek to impose upon that same industry the most unfair of burdens. As has been pointed out, this would impose more than a doubling of the present taxation upon wine, more than a doubling, at least 120 percent in order to achieve a shift of one-half of this tax increase from distilled spirits.

Mr. **D'AMATO**. Mr. President, will the Senator yield?

Mr. **FORD**. Mr. President, would the Senator yield for a question?

Mr. **WILSON**. Mr. President, I yield to the Senator from New York.

Mr. **D'AMATO**. Mr. President, I am wondering if the Senator would comment on the condition of the wine industry in the State of California? Does he find they are making record profits or are they in financial straits?

Mr. **WILSON**. Unhappily, the growers of wine grapes in California are suffering a reduction in their market. The sales have been at best flat in the recent year, and the prospect is for a decline because of the flood of foreign imports, many of them subsidized. That was the allusion that I made earlier. The result is that literally thousands of people are threatened with a loss of employment in the State of California alone, which is, of course, but one of the 28 or so States in the United States which has a wine industry, the Senator's own State of New York being one of the most prominent.

Mr. **D'AMATO**. I am wondering if I might make an observation concerning the condition of wine growers in the State of New York. In my home State we once had a flourishing wine industry that was providing increasing numbers of jobs and tax revenues. Now in an economic expansion, the wine industry in New York has been forced to cut their vines so they can reduce losses. The reason for this, Mr. President, is unfair foreign competition. When U.S. wine growers attempt to export wines, they find high taxes placed on their products while imports come into the United States at below cost. How can the wine growers compete? In New York this industry is in deep, deep distress, and I would be so fearful that a doubling of the tax on wine would certainly mean the total death of this industry.

Mr. FORD. Mr. President, will the Senator from New York yield?

Mr. D'AMATO. I will yield to him such time as he requires.

Mr. WILSON. I will be happy to answer the Senator's question on his time.

Mr. FORD. I will be glad to ask the question on my time.

What is the present tax on a proof gallon of wine?

Mr. D'AMATO. The Senator from California has supplied those figures to the Senate.

Mr. FORD. How does the Senator know it is doubled then?

Mr. D'AMATO. Because my colleague from California has the same problem in his State as I do in my home State.

Mr. WILSON. I will be happy to answer the Senator's question.

Mr. FORD. I will let the Senator from California answer the question then.

Mr. D'AMATO. Let the Senator from California answer the question.

Mr. WILSON. It is not a proof gallon because wine is not measured that way.

Mr. FORD. A wine gallon.

Mr. WILSON. It is in the Senator's own statement we are going to increase under the Senator's amendment proposed from 17 cents to 37 cents.

Mr. FORD. Seventeen cents a wine gallon?

Mr. WILSON. To 37 cents.

Mr. FORD. Today?

Mr. WILSON. Yes.

Mr. FORD. To 37 cents?

Mr. WILSON. That is more than doubled.

Mr. FORD. But if you raise a tax from 1 cent to 2 cents, it is a 100-percent increase. It is doubled. But the tax has been so small that when you double it, it does not amount to much of a burden. This amendment adds 20 cents, and make the total 37 cents a wine gallon.

Mr. WILSON. I can only say the statement stands. If I am correct and Senator D'AMATO is correct, it is more than a doubling of tax on wine.

Mr. President, how much remains?

The PRESIDING OFFICER. The Senator from California has 6 minutes and 1 second remaining.

Mr. WILSON. Mr. President, I would like to save a few minutes, but I will yield at this point to the Senator from Washington.

Mr. GORTON. Mr. President, the Senator from Washington simply wishes to commend the Senator from California and his senior colleague from California and the Senator from New York, as well, on the presentation of the equities and the fairness of this proposal, which is totally persuasive, and to associate himself with the remarks of the Senator from California.

Mr. WILSON. I thank the Senator from Washington. His State is perhaps an excellent example of a State that has a good and growing wine industry, and one that is threatened by this pernicious proposal.

Mr. President, I yield 2 minutes to the senior Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. MOYNIHAN. Mr. President, in rising to oppose this proposal, let me say that in the Finance Committee we consider the equities of this matter in great detail. We came to one particular judgment, which was that the wine industry of this Nation is under a particular assault from foreign imports which arises exclusively from the overvaluation of the dollar at the present time. The Council of Economic Advisers and the economic report of the President suggests that the dollar is now overvalued by 32 percent with respect to a basket of OECD currencies. That is a price differential which most commodities like wine cannot sustain in their markets.

It happens that our home in New York is in upstate, only 40 or 50 miles from the winegrowing region in the Finger Lakes. We basically live in that region.

In the last 3 years, we have seen the local markets, and we have seen New York State wine almost disappear from the counters and French wine replace it. Why? Because it is cheaper. Why is it cheaper? Because of currency ratios which are the product of the failed policies of this administration.

If we do not do something about those ratios, I do not know whether the wine producers will survive anyway, but if we double the tax on them, they will surely disappear. This is a question of the survival of our wines. If I may say to the Senator from California, our wineries are a half century older even than yours. This has been a culture that goes back 150 years and is on the verge of disappearing if we tax it to death.

Mr. WILSON. I thank the Senator from New York. As a matter of fact, he raises a very interesting point. His State is indeed one of the pioneers in viticulture in this Nation.

Perhaps more interesting is the fact that recently on this floor the Senator from New Mexico mentioned that his State has a brand new wine industry, one that he thinks has great promise. I see the Senator from Maryland is on the floor. It is not simply New York, California, and Washington whose wine economies are at stake. Maryland, Virginia, Arkansas, New Mexico, some 28 States in this Nation are producing wine. They are producing good wine, Mr. President, but they are threatened by this amendment with a totally unconscionable burden.

We feel some sympathy for the fact that those employed in the distilleries of Kentucky are faced with a change in taste on the part of the American consuming public. That is not the fault of the wine industry. It is not justification for imposing this burden upon an industry which, historically, has been treated differently and taxed differently, and rightly so.

This is not a time to change. My colleague from Kentucky complains that there have not been adequate hearings to determine what the impact will be of this tax upon his industry and the State of Kentucky.

Mr. FORD. Mr. President, I call the Senator's attention to the fact I have never complained about any hearings. I never said any word about hearings.

Mr. WILSON. I said about the lack of hearings.

Mr. FORD. I did not say anything about the lack of hearings.

Mr. WILSON. Well, I will complain about the lack of hearings.

Mr. FORD. I wanted the record to show that, Mr. President.

Mr. WILSON. Let it show, as well, that I complain about a lack of hearings upon the Senator's proposal. If we had those hearings, what they would reveal, Mr. President, is a total lack of equity in the proposal because it would produce a devastating effect, particularly in those States where the wine-producing industry is just gaining a foothold in the marketplace.

Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 1 minute and 14 seconds remaining.

Mr. WILSON. I reserve the balance of my time.

The PRESIDING OFFICER. Who yields time?

Mr. MATHIAS. Will the Senator from Kentucky yield for a question?

Mr. FORD. Mr. President, I am delighted to yield for a question from the distinguished Senator from Maryland.

Mr. MATHIAS. I want to be sure I understand the amendment of the Senator from Kentucky. It does not, as I understand it, measure the tax on the liquid volume of either spirit beverages or wine, but rather on the alcohol volume, on the so-called proof volume. Is that correct?

Mr. FORD. The Senator is correct.

Mr. MATHIAS. So that a tax increase on a bottle of whiskey might be substantial, but on a bottle of wine, with a much lower alcohol content, the actual number of cents increase in tax would be relatively small?

Mr. FORD. The Senator is correct. It is 30 cents a liquid gallon that this amendment would increase wine. That would be approximately a 4-cent increase per bottle of table wine, and that would be a 1-cent or less increase for a glass of wine.

Mr. MATHIAS. So that the measurement is on alcohol, the alcohol content?

Mr. FORD. Yes; the tax based on that.

Mr. MATHIAS. Will the Senator yield me just 30 seconds?

Mr. FORD. I am glad to yield to the Senator.

Mr. MATHIAS. I was struck by the argument of the Senator from New York (Mr. MOYNIHAN) that we are witnessing an incursion of French wines because of exchange rates. And I agree with him. He is absolutely right. You have only to look around the grocery stores or any supermarket. But I would suggest the answer to that is to do something about the deficit.

Mr. FORD. Mr. President, I would like to just make a couple of points. In 1951, when the wine industry was growing, there was almost no tax at all. In fact, it is a token tax and the tax that comes into the Federal Government today from the wine industry is nothing compared what comes in from distilled spirits.

Now, let me just make two remarks, one to the Senators from New York and the other to the Senators from California. The company that accounts for 57 percent of New York State wine production is in favor of my amendment. It is the same company that is the second largest producer in the State of California.

Now, that indicates something to me; that those that are in the business——

Mr. WILSON. Will the Senator yield for a question?

Mr. FORD. Not now.

It indicates something to me; that those that are in the business, that are in the wine industry in both those States, see that this is a fair amendment.

So back in 1951, practically no tax was placed on wine. Now I propose to increase the average bottle price by 4 cents, and you rant and rave about a doubling. It is true—but when you double almost nothing, you are not hurting an industry.

I say to my distinguished colleague that we are in the vineyard business in my State. We now have licensed wineries. We are bottling red and white wine. I do not hear any objection from my constituents. I called them, and they said this would not hurt them at all. They are starting. They are beginning in the industry, and hopefully some day they can become successful wineries. I reserve the balance of my time.

Mr. CRANSTON. Will the Senator yield?

Mr. WILSON. Mr. President, I yield to the Senator from California 30 seconds.

Mr. CRANSTON. I point out that we are talking about some very substantial increases. For example, in the cost of champagne made outside of California, made in part in Arkansas, Ohio, and New York, the increase in taxation would total $7.48. The increase on carbonated wine would bring that tax up to $4.95. The increase of effervescent wine would be to $5.28. Those are substantial increases.

Mr. FORD. I know the distinguished Senator wants to be correct, Mr. President, but that is not the increase.

The **PRESIDING OFFICER.** Who yields time?

Mr. WILSON. Mr. President, will the Senator from Kentucky be amenable to answering a question identifying who it is that is the owner of that 57-percent production in the State of New York?

I am interested in learning the identity of that company that owns 57-percent of the wine production in New York.

Mr. FORD. The company is Seagrams which has 57-percent of the wine production in New York. They are the second largest wine producer in California, producing Paul Masson wine.

● **Mr. WEICKER.** Mr. President, I believe that one of the least discussed, but perhaps most inequitable provisions of the tax amendment we are discussing today, is the 20-percent increase on excise taxes imposed in distilled spirits.

My primary objection to this provision, however, is not the tax increase Americans may pay on the alcoholic beverages they consume. In this time of huge Federal deficits, any revenue source, be it alcoholic beverages, cigarettes, or tax-sheltered investments is fair-game for possible inclusion in an amendment such as this. Nevertheless, the least that we should expect is an element of fairness in the taxation of different products within one industry. The excise tax provision in this amendment lacks such fairness

My objection to the excise tax provision, therefore, is that it fails to remedy, and in fact exacerbates, the current inequity in the tax code relative to the taxation of distilled spirits versus the excise taxes on beer and wine. For example, distilled spirits are currently the most heavily taxed consumer product in the United States, with 43 cents of every dollar consumed going to pay for a variety of Federal, State, and local taxes. The Federal excise taxes levied on distilled spirits are over 3⅓ times the taxes on beer and 15 times the taxes on wine. If the Senate Finance Committee amendment is passed, however, the taxes levied on distilled spirits will increase to over 4⅓ times the tax on beer and close to 17 times the tax on wine.

Mr. President, my preference would be to place the entire increase in excise taxes on beer and wine in order to restore at least some equity to the taxation of alcoholic beverages. Unfortunately, we do not have the votes to accomplish this objective.

Therefore, I will support any effort to relieve the Federal tax burden imposed on the distilled spirits industry. Specifically, I enthusiastically support the Ford amendment and urge my colleagues to join me in opposing any further distortion in the taxation of alcoholic beverages.●

Mr. FORD. Mr. President, how much time do I have left?

The **PRESIDING OFFICER.** The Senator from Kentucky has 2 minutes 56 seconds remaining. The time of the Senator from California has expired.

Mr. FORD. I am not sure that I will take my total 3 minutes. I can understand the position of the distinguished Senators from New York and California, I hope they understand mine. I think there is a bit of fairness in my amendment. That fairness is that a struggling industry cannot make up a large amount of the deficit. I do not think it is the intent of this Senate to deprive people of their livelihoods. This industry is very helpful to the farming community, it is very helpful to the glass industry, to salemen and to distributors. We had three plants close in my State last year at a loss of hundreds and hundreds of jobs. I do not believe there will be one person associated with the wine industry that will lose their job if this amendment is passed.

I encourage my colleagues to help us on this and to exercise their inner feeling of fairness. This amendment is the right thing to do.

Mr. President, unless someone else wants some time—I see the distinguished chairman from Kansas—I am ready to yield back my time.

Mr. CHAFEE. Would the Senator from Kentucky yield for a question?

Mr. FORD. Yes; I would be glad to.

Mr. CHAFEE. I was listening to the debate. The question was about the effect of the tax on American wines. American wines have been suffering in competition with the imported wines but, clearly, any Federal tax increase placed on American wines obviously applies to imported wines as well.

Mr. FORD. The Senator is correct. And the tax would narrow the disparity in the retail price.

Mr. CHAFEE. Thank you.

The **PRESIDING OFFICER.** The time of the Senator from Kentucky has expired.

Mr. WILSON. I move to table and ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER**. The question is on agreeing to the motion of the Senator from California to lay on the table the amendment of the Senator from Kentucky. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. **STEVENS**. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from Idaho (Mr. MCCLURE) and the Senator from Idaho (Mr. SYMMS) are absent to attend the funeral of the former Senator.

I further announce that, if present and voting, the Senator from Connecticut (Mr. WEICKER) would vote "nay."

Mr. **CRANSTON**. I announce that the Senator from Arizona (Mr. DECONCINI) and the Senator from Colorado (Mr. HART) are necessarily absent.

The **PRESIDING OFFICER** (Mr. ABDNOR). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 62, nays 32, as follows:

[Rollcall Vote No. 68 Leg.]

YEAS—62

Abdnor
Armstrong
Baker
Bingaman
Boren
Bradley
Bumpers
Burdick
Byrd
Cochran
Cohen
Cranston
D'Amato
Denton
Dixon
Dole
Domenici
Durenberger
Eagleton
East
Evans
Garn
Glenn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heinz
Helms
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Leahy
Levin
Mattingly
Metzenbaum
Moynihan
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Proxmire
Pryor
Randolph
Roth
Rudman
Simpson
Specter
Stafford
Thurmond
Tower
Trible
Tsongas
Wallop
Wilson
Zorinsky

NAYS—32

Andrews
Baucus
Bentsen
Biden
Boschwitz
Chafee
Chiles
Danforth
Dodd
Exon
Ford
Heflin
Hollings
Huddleston
Humphrey
Inouye
Kennedy
Lautenberg
Long
Lugar
Mathias
Matsunaga
Melcher
Mitchell
Pell
Quayle
Riegle
Sarbanes
Sasser
Stennis
Stevens
Warner

NOT VOTING—6

DeConcini
Goldwater
Hart
McClure
Symms
Weicker

So the motion to lay on the table was agreed to.

MR. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. **MOYNIHAN**. I move to lay that on the table.

The motion to lay on the table was agreed to.

Mr. **DOLE** and Mr. **HEINZ** addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Pennsylvania.

Mr. **DOLE**. Mr. President, we have one amendment we can accept very quickly.

Mr. **HEINZ**. I shall be pleased to withhold.

Mr. **HUDDLESTON**. I thank the distinguished Senator.

AMENDMENT NO. 2965

(Purpose: Transition rule for noninsurance business)

Mr. **HUDDLESTON**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. **DOLE**. Let me ask unanimous consent that the Dole amendment be temporarily laid aside, Mr. President.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Kentucky (Mr. HUDDLESTON) proposes an amendment numbered 2965.

Mr. **HUDDLESTON**. I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 682, between lines 6 and 7, insert the following new subsection:

(k) CERTAIN ACTIVITIES TREATED AS NONINSURANCE BUSINESS.—For purposes of section 806(c)(3) of the Internal Revenue Code of 1954, the ownership by a life insurance company through a partnership of which the life insurance company is a partner of the stock of another corporation acquired on January 14, 1981, by debt financing shall be considered a noninsurance business and shall not be considered of a type traditionally carried on by life insurance companies.

Mr. **DOLE**. Mr. President, the life insurance amendments recommended by the Finance Committee contain a special deduction for life insurance companies measured as a percentage of their income from life insurance activities. The provisions distinguish between life insurance and nonlife insurance for purposes of this deduction. The amendment of the Senator from Kentucky solves a transition problem for a company that in 1981 took the unusual step of acquiring another life insurance company using borrowed funds rather than investing their policyholder's funds. Under this amendment, deductions arising from the purchase of another company using debt will not be treated as related to the distinct life insurance activities of the purchasing company.

This amendment would cost $4 million a year.

Mr. **HUDDLESTON**. Mr. President, this is a very narrowly drawn amendment to deal with a specific situation that occurred during a transition period in 1981 relating to the interpretation of insurance and noninsurance business. I have cleared it on both sides of the aisle. It is acceptable. I ask for its adoption.

Mr. **MOYNIHAN**. Mr. President, I am sorry to delay the proceedings, but the ranking member is not here. I have not been able to cleared it with him. Of course, I will take the Senator's word for it, and the distinguished chairman says it is clear, in which event I shall not object. I just wanted to be sure he is in favor of this.

Mr. **DOLE**. Mr. President, I was about to say it has been cleared. We are prepared to accept the amendment. Senator LONG is aware of the amendment.

The **PRESIDING OFFICER**. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 2965) was agreed to.

AMENDMENT NO. 2966

(Purpose: To require group health plans to provide open enrollment periods for workers whose spouses become unemployed and to provide continued coverage for workers who become unemployed)

Mr. **HEINZ**. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. Is there objection to laying aside the amendment of the Senator from Kansas?

Mr. **HEINZ**. Mr. President, I ask unanimous consent that the amendment of the Senator from Kansas be temporarily laid aside.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The clerk will state the amendment of the Senator from Pennsylvania.

The legislative clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ), for himself and Mr. SPECTER, proposes an amendment numbered 2966.

Mr. **HEINZ**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

After title IX add the following new title:

TITLE X—GROUP HEALTH PLAN PROVISIONS RELATING TO COVERAGE OF UNEMPLOYED WORKERS

OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIRED FOR EMPLOYEES

SEC. 1001. (a) Chapter 41 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER B—HEALTH PLANS OF LARGE EMPLOYERS WHICH DO NOT MEET OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIREMENTS

"Sec. 4912. Tax on health plans of large employers which do not meet open enrollment and continued coverage requirements.

"SEC. 4912. TAX ON HEALTH PLANS OF LARGE EMPLOYERS WHICH DO NOT MEET OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIREMENTS.

"(a) Tax Imposed.—In the case of a large employer, there is hereby imposed for each taxable year a tax equal to—

"(1) $500, multiplied by

"(2) the aggregate number of failures to meet the requirements of subsection (b) or (c) during such taxable year under any group health plans offered by such employer.

"(b) Open Enrollment Period.—

"(1) In general.—A group health plan meets the requirements of this subsection only if it provides a qualified open enrollment period for each married employee—

"(A) who is (or at a previous time was) eligible to enroll or is enrolled under the plan, and

"(B) whose spouse loses eligibility for coverage under a group health plan due to the involuntary layoff or involuntary separation (other than for cause or mandatory retirement) from the spouse's employment.

"(2) Terms and conditions same as for enrollments for new employees.—

"(A) In general.—The terms and conditions of an enrollment during a qualified open enrollment period shall be the same as the terms and conditions which would be offered by the group health plan to the married employee described in paragraph (1) if such employee began employment for the employer on the first day of such period.

"(B) Employees already covered may not increase level of benefits.—In the case of an employee who is covered under a group health plan before the qualified enrollment period, subparagraph (A) shall not require a group health plan to allow such individual to elect a higher level of benefits than that provided by such coverage.

"(C) Commencement of coverage.—Any enrollment during a qualified open enrollment period need not take effect before the date on which the loss of coverage described in paragraph (1)(B) takes effect.

"(c) Continued Coverage.—

"(1) In general.—A group health plan meets the requirements of this subsection only if it provides for continued coverage for each qualified employee who is involuntarily laid off or involuntarily separated (other than for cause or mandatory retirement) from employment.

"(2) Qualified employee.—An employee is a qualified employee for purposes of this subsection if he was enrolled in the group health plan at the time he was laid off or separated (as described in paragraph (1)), and had been an employee of the employer (referred to in subsection (a)) for a period of not less than six full calendar months immediately prior to such layoff or separation.

"(3) Duration of continued coverage.—Continued coverage for purposes of this subsection shall be for a period of not less than the period beginning with the day on which the employee is laid off or separated and ending with the last day of—

"(A) the third calendar month beginning after the date of such layoff or separation.

"(4) Level of benefits.—Continued coverage for purposes of this subsection shall consist of the same benefit level as was provided to the employee under the group health plan immediately prior to his layoff or separation, or such lesser level of benefits as may be established by the commissioner or superintendent of insurance of the State having jurisdiction over the group health plan.

"(5) Premium cost sharing.—Continued coverage for purposes of this subsection shall be on the same employer and employee premium cost sharing arrangement as was in effect under the group health plan immediately prior to the employee's layoff or separation.

"(d) Definitions; Nontaxable Entities.—For purposes of this section—

"(1) Qualified open enrollment period.—The term 'qualified open enrollment period' means the 30-day period beginning on the day on which an appropriate State agency notifies the spouse of a married employee described in subsection (b)(1) that such spouse has become eligible for receipt of unemployment compensation under any Federal or State law by reason of the separation or layoff described in subsection (b)(1)(B).

"(2) Large employer.—The term 'large employer' means an employer who, on each of some 20 days during the calendar year or the preceding calendar year, each day being in a different calendar week, employed for some portion of the day—

"(A) 25 or more individuals for purposes of the open enrollment requirements in subsection (b), and

"(B) 100 or more individuals for purposes of the continued coverage requirements in subsection (c).

"(3) Employer.—The term 'employer' does not include the Government of the United States, the government of the District of Columbia or any territory or possession of the United States, a State or any political subdivision thereof, or any agency or instrumentality (including the United States Postal Service and Postal Rate Commission) of any of the foregoing, except that such term includes nonappropriated fund instrumentalities of the Government of the United States.

"(4) Group health plan.—The term 'group health plan' has the meaning given such term by section 162(i)(2).

"(5) Nontaxable entities.—In the case of a large employer who is not subject to tax under this title, the calendar year shall be treated as such employer's taxable year.

"(d) Cross References.—

"(1) For provisions denying deduction for tax imposed by this section, see section 275(a)(6).

"(2) For provisions making deficiency procedures applicable to tax imposed by this section, see section 6211 et seq.".

(b)(1) Chapter 41 of such Code is amended by striking out the chapter heading and inserting in lieu thereof the following:

"CHAPTER 41—PUBLIC CHARITIES; CERTAIN HEALTH PLANS OF LARGE EMPLOYERS

"Subchapter A. Public Charities.
"Subchapter B. Health plans of large employers which do not meet open enrollment requirements and continued coverage.

"Subchapter A—Public Charities".

(2) The table of chapters for subtitle D of such Code is amended by striking out the item relating to chapter 41 and inserting in lieu thereof the following:

"Chapter 41. Public charities; certain health plans of large employers.".

(3) Subparagraph (B) of section 6104(c)(1) of such Code is amended by striking out "or chapter 41 or 42" and inserting in lieu thereof ", subchapter A of chapter 41, or chapter 42".

(c)(1) Except as provided in paragraph (2), the amendments made by this section shall apply—

(A) in the case of the open enrollment requirements under section 4912 (b) of the Internal Revenue Code of 1954, to enrollment periods for employees whose spouses are involuntarily laid off or separated more than 60 days after the date of the enactment of this Act, in taxable years ending after such date; and

(B) in the case of the continued coverage requirements under section 4912 (c) of the Internal Revenue Code of 1954, to employees who are involuntarily laid off or separated on or after January 1, 1985, in taxable years ending on or after such date.

(2) In the case of a group health plan which was subject to a collective-bargaining agreement in effect on the date of the enactment of this Act, the date on which such agreement expires (determined without regard to any extensions agreed to after the date of enactment of this Act) shall, if later, be substituted for the date provided by paragraph (1).

STUDY OF PRIVATE SECTOR HEALTH CARE COVERAGE FOR UNEMPLOYED WORKERS

Sec. 1002. The Secretary of Health and Human Services is directed to conduct a study of changes which might be made in employer-provided health care coverage which would provide adequate continuing health care coverage and conversion privileges for employees who are involuntarily terminated from employment. Such study shall include estimates of the costs which would be incurred by employers in providing continuing health care coverage of various durations, and at various contribution levels by the former employee (including a zero contribution level). The Secretary shall report the results of the study to Congress not later than June 1, 1985, and shall include any recommendations for legislation which would provide for such continuing coverage.

Mr. HEINZ. Mr. President, yesterday we were debating health insurance for the unemployed.

I cited a number of statistics. I will not repeat them to my colleagues at this time. One of the statistics that I did not point out was that of the millions of people who are laid off right now and who are laid off each year, some 40 percent do get their jobs back or a job within 3 months.

The purpose of the legislation that I have sent to the desk would insure that the employers of those employees allow one of two options: One, there would be an open enrollment period for the families of employees to enroll under the health insurance plan of a spouse or a member of the family who was still employed. That open enrollment period would be for a limited period of time, 30 days, but it would be a buy-in to any existing health insurance that would be available to that family under the family coverage provisions of such a plan.

The second option, which would be exercisable if the first was not available, is that employers of a specified size—in the case of my amendment, 100 or more employees—would be required to provide a continuation of health insurance coverage to a qualified employee for 3 months provided that employee had been an employee of the firm for 6 months.

Mr. President, it is worth noting that the National Association of Manufacturers last spring, on April 21, endorsed this concept as part of the larger health insurance for the unemployed bill that Senator DURENBERGER and Senator DOLE supported at that time. In his testimony on behalf of the National Association of Manufacturers, Donald T. Bliss said:

> Health insurance for the unemployed should seek to continue the traditional of medical care provided to other portions of the population by offering alternative health care options. Appropriate coverage will assist the individual during this critical period of transition and furnish the support needed to continue the job search.
>
> A PRIVATE SECTOR APPROACH
>
> With these considerations in mind, the NAM recommends the following approach to meeting the health insurance needs of unemployed workers should legislative options be entertained.
>
> Extension of Benefits. The starting point for this private sector approach is the exisitng job-based group health plan. At present, many companies offer former workers extended benefits ranging from one month to two years depending on length of service and the particular industry involved. Therefore continued coverage for a period such as 90 days could be mandated and tied to the employer's deductibility for health benefits now provided under the IRS code. Coverage given under this approach would maintain the former employee's coverage and thus would be comparable to that which is provided for other workers. The expense would be borne by the same arrangements that existed before lay-off, i.e., totally employer paid, or combined employer/employee financed.

Mr. President, I submit that this is a worthwhile and, to the Government, a cost-free approach. It is not entirely cost free to the employers, and in order to insure that it does not financially create problems for small employers we would not force employers of under 100 employees to be so covered.

It is an amendment that a lot of people have worked very hard on to develop. I cannot claim full authorship of the amendment. Senator DURENBERGER, the chairman of the Senate Finance Committee's Health Subcommittee, was very involved in developing this amendment together with Senator QUAYLE and Senator HATCH on the Human Resources Committee. It was a part of the comprehensive health insurance for the unemployed that I offered previously on this bill. I happen to think that it does make a good deal of sense for us to do what many companies now do. I see the chairman of the Health Committee, the Senator from Minnesota (Mr. DURENBERGER), on his feet and perhaps he would like to address himself to this issue.

Mr. DURENBERGER. I thank the Senator for raising the issue. However, I do not know that I should encourage him in pursuing the amendment further. He is correct in stating that there are various sponsors of the private sector provisions of this health care reform. Particularly supportive are the workers who are separated from work by termination of employment when the same concept of coverage applies to their spouses and to other family members. My personal position right now is that while the issue has a great deal of merit, it is the kind of issue we ought to take up in the larger context. The Senator addressed a broader concept of reform in the amendment he introduced yesterday. In his original amendment Senator HEINZ proposed what to do about the wide variety of people who have an employment connection and how to make sure that we treat the various sized employers in the various kinds of industry—heavy industry, light industry, small business, large business—fairly as we move in this direction of health care reform. So, again, I compliment him for suggesting that we move in this direction.

Mr. HEINZ. Mr. President, I appreciate what the Senator from Minnesota is saying. I gather he wants to approach this problem a good deal more comprehensively than even the two-pronged approach for health insurance for the unemployed that we discussed day before yesterday.

Mr. DURENBERGER. The Senator is certainly correct in that conclusion.

Mr. HEINZ. Mr. President, does the Senator from Kansas have any plans to consider this legislation in another context?

Mr. DOLE. Mr. President, when the Finance Committee considered a program of health benefits for the unemployed, there was interest in placing a continued coverage requirement on private employers. The main reason we failed to act was uncertainty over the cost of such a requirement. Although the Congressional Budget Office and the insurance industry indicated that in the aggregate the additional cost of extended coverage to private employers could be small, there was some uncertainty as to what such a provision might cost small employers. For United States Steel or other large employers that provide extended coverage as a result of collective bargaining the cost would almost certainly be nil. However, for small employers we were not sure that would be the case.

Small business employs 47.8 percent of the private nonfarm work force, contributes 42 percent of sales, and generates approximately 38 percent of our Nation's gross national product.

Between 1980 and 1982, small businesses generated all of the 984,000 net new jobs in the United States. Small business produced 2,650,000 new jobs, more than offsetting the 1,664,000 lost by larger businesses.

Small business also is leading the way in job creation during the recovery. In six major industries for which small and large business-dominated sectors can be identified, small business-dominated industries registered a net employment gain of 2.6 percent from September 1982 to September 1983. Large business-dominated subsectors showed an employment gain of only 1.2 percent.

The recovery is underway and people are going back to work. Clearly, this is not the time to impose any additional burden on very small employers.

This does not mean that we should not consider how both large and small employers in the private sector might be approached in finding a solution to a problem caused by a recession in the future. One way might be to work through private insurance and self-insurers to provide for a continuation of benefits and open enrollment opportunities. This is a matter which we intend to pursue.

Mr. President, I support what the Senator from Pennsylvania now proposes to do. I know it is going to be controversial. So after saying that, I hope he would not press the amendment on this particular legislation. It seems to me there would be other opportunities this year to offer the amendment, which I support. I have a feeling that it will take another full-scale debate, and I hope we would not do it today or tomorrow. I do support the legislation. I think there have been changes made in it and once a lot of people understand the changes the Senator from Pennsylvania has made, instead of opposition we will find support.

Mr. HEINZ. Mr. President, I am most appreciative and grateful to the Senator from Kansas for saying what he did. This is legislation that he supports. It is legislation that a number of us who carefully studied the issue do support. I think we should at the appropriate time move ahead. I am also a realist, and I know that if we move ahead on this, even were we to survive a motion to table—and I do not know whether we would or not—there would be considerable debate on this issue. There have been some lobbyists running around who, frankly, I think have not given the matter much thought. They are afraid that they are going to lose their jobs if this comes up and is voted on. They have gone to some Members and asked them to talk until hell freezes over. It is not my idea to detain the Senate quite that long.

So, Mr. President, I hope our colleagues and in particular the people who stimulate our colleagues to action will take a careful look at what we are proposing. This is not a fly-by-night proposal. It comes endorsed by a good many members of the Senate Finance Committee and the Human Resources Committee, both on the Republican and on the Democratic side of the aisle. It is our intention, as the chairman of the Finance Committee has said, to return this legislation hopefully to the floor to take it up on another occasion.

We hope that by that time, any misunderstanding or misapprehension about this legislation will have been dispelled.

So, Mr. President, I withdraw the amendment.

Mr. DOLE. I thank the Senator.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. DOLE. Mr. President, I ask unanimous consent that the Dole amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2967

(Purpose: To delete the repeal of the energy conservation credit)

Mr. COHEN. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

> The Senator from Maine (Mr. COHEN) proposes an amendment numbered 2967.

Mr. COHEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 1089, lines 15 and 16, strike out "the date of the enactment of the Deficit Reduction Tax Act of 1984" and insert in lieu thereof "December 31, 1985".

Mr. COHEN. Mr. President, I am offering this amendment on behalf of myself and Senators BUMPERS, CHAFEE, TSONGAS, PELL, SASSER, RUDMAN, D'AMATO, GLENN, and MITCHELL.

The purpose of the amendment is to preserve for 1½ more years an important incentive for investments in energy conservation, the so-called residential energy conservation tax credit. Under the Finance Committee's amendment, the credit, which has provided very valuable assistance to taxpayers in insulating their homes, is going to be repealed immediately.

Mr. President, I have some personal interest in this matter. While it is much more than sentiment, there is some sentiment attached to it. The first bill I offered on the floor of the House of Representatives, back in 1973, when I was a freshman Member of that body was a bill to establish an energy conservation tax credit. I recall that in sending that measure to the floor and pleading on its behalf at that time, it was ridiculed by Members—by even some of my own party, I might add.

Following my presentation to the House, the ranking Republican member of the Rules Committee, from Nebraska, said it was the most ludicrous amendment he had heard of in his 25 years in Congress. That comment no doubt stunned me at that time, since my proposal was designed in the wake of the threatened cutoff of energy supplies from the Mideast. My proposal was an effort to establish a conservation ethic in this country on the need to conserve oil.

That measure was introduced in 1973. It took 5 long years before Congress decided that, indeed, it is far better to conserve energy in this country than to continue to import it in great amounts from OPEC countries.

In 1978 we finally passed a measure which gave a tax inducement for individuals to start conserving energy instead of consuming it. Now, under the Finance Committee's proposition, we are going to eliminate the final year of that tax credit. My purpose in offering this amendment is to call attention to what we are doing by eliminating tax credit. My amendment would allow this credit to continue until its expiration date under present law of December 31, 1985.

The 15-percent energy conservation tax credit was passed by the Congress in 1978 to encourage homeowners and tenants to install insulation, clock thermostats, storm windows, caulking, weatherstripping, and other conservation measures in their homes and apartments. In the past 5 years, the credit has been widely used by taxpayers all over the country, and has proved successful in encouraging energy conservation. According to Department of Treasury statistics, the conservation tax credits have been used by over 22 million households. These taxpayers have expended over $14 billion in energy conservation measures, much of which might not have been undertaken without the credit.

In recent years, the United States has made steady progress in addressing our energy problems. Imports of crude oil and petroleum have fallen from a high of 8.8 million barrels per day in 1977 to 4.6 million barrels per day at present. This progress has come about largely because the American people have accepted the reality of the energy problem and have taken steps to reduce their individual consumption. Each step forward we take on the conservation and alternative fuels production fronts will make it that more difficult for OPEC to arbitrarily manipulate the prices and supply of oil to our disadvantage.

Mr. President, while we have made substantial progress in energy conservation, we have not yet done enough. To some, the long gas lines of the 1970's may seem like ancient history, but to many persons, especially in my State of Maine and the rest of the Northeast, these memories are all too clear. Homeowners continue to be slaves to high energy costs, especially for home heating fuels. As recently as last month, Secretary of Energy Don Hodel recognized our continued reliance on foreign oil. Secretary Hodel stated:

> The single most critical energy issue confronting this nation is our continued dependence upon oil. If I were a businessman making a decision regarding my future energy supply, I would not be willing to gamble on low cost oil.

In making this statement, Secretary Hodel indicated the need to consider conservation as an important resource, and the need to increase our emphasis on energy efficiency.

Despite the Secretary of Energy's statement in support of energy conservation, the Federal Government's recent record in this area has been disappointing and frustrating. It continues to be an uphill battle to fund energy conservation programs, such as weatherization and low-income energy assistance.

In fact, several weeks ago I was struck by the curious irony of the administration's attempt to tack its Central America assistance package onto the energy assistance program. The irony could not have been more supreme: the administration has tried to eliminate this program since they came into office. Yet, in trying to put together the Central America package, the administration tried to attach it onto the energy assistance program.

Time and time again, I have had to stand on this floor to urge my colleagues and the administration to recognize the need to encourage and fund energy conservation. In 1981, for example, the administration argued that Federal conservation assistance should be drastically reduced because individuals, businesses, and institutions are undertaking major conservation efforts on their own as a result of rising energy costs and Federal tax credits. Now we are faced with a proposal before us in the Finance Committee amendment to repeal the tax credit that gives individuals, especially middle-income taxpayers, one of the few incentives left to conserve energy.

Earlier this week I heard a great deal of debate on the benefits of indexation to middle-income taxpayers. We were preoccupied, and rightly so, with how indexing benefits those taxpayers in the middle-income categories. I want to point out to my colleagues that this is precisely the category of taxpayers that my amendment is designed to protect, at least for 1 more year.

The conservation tax credit should not be viewed as a regional issue alone. It is true that this credit has significantly helped the Northeast, whose people are especially vulnerable to fluctuations in energy costs. The

Energy Information Administration recently concluded, for example, that the average household in the Northeast spent $1,426 for all energy uses between 1981 and 1982 compared to $721 spent by Western households. Despite this special use by the Northeast, however, taxpayers all over the United States have benefited from the tax credit. In my own State of Maine, over 133,739 households have used the credit since 1978. In these years, Maine homeowners and renters invested over $75 million in conservation efforts. As a result of these efforts, Maine's consumption of home heating oil has declined 12 percent, higher than the national average. The effects of the tax credit on energy conservation in other States are equally impressive.

While some may argue that an unregulated energy market is preferable to Government incentives for energy conservation, I submit that a free market in which all sources of energy supply can compete equally does not exist today. There is a substantial imbalance in the amount of Federal expenditures for energy supply investments versus those for energy conservation. In 1981, for example, the Federal Government spent 12 times as much promoting energy supply production than it did in promoting energy conservation investments.

I have heard time and time again, from even this administration, that the cheapest barrel of oil is the one you do not have to produce. A recent Department of Energy draft report, dated February 24, 1984, concludes that the existing credit, if extended through 1990, would save 100 million barrels of oil equivalent at a cost of $10 per barrel to the Treasury. I submit to my colleagues that this is a very good investment.

The energy conservation credits have enjoyed bipartisan support. Back in October 1981, 63 Senators cosponsored a resolution placing the Senate on record in support of these tax credits for investments and conservation. The arguments for retaining the credit, such as encouraging energy efficiency, enhancing our national security, and improving the environment, have not diminished since 1981.

Mr. President, I ask unanimous consent that the the names of the Senators cosponsoring the 1981 Senate resolution dealing with conservation credits be placed in the RECORD at this point.

There being no objection, the names were ordered to be printed in the RECORD, as follows:

SENATORS COSPONSORING SENATE RESOLUTION 232, OCTOBER 27, 1981

Senators Chafee, Matsunaga, Pell, Rudman, Mitchell, Stafford, Dodd, Durenberger, Baucus, Leahy, Goldwater, Tsongas, Packwood, Cranston, DeConcini, Burdick, Levin, Riegle, Kennedy, Hatfield, Exon, Cohen, Zorinsky, D'Amato, Hart, Huddleston, Quayle, Andrews, Percy, Specter, Bradley, Heinz, Hayakawa, Armstrong, Boschwitz, Randolph, and Heflin.

Senators Humphrey, Bumpers, Pryor, Sarbanes, Ford, Gorton, Williams, Chiles, Melcher, Jackson, Cannon, Inouye, Metzenbaum, Hollings, Schmitt, Sasser, Wallop, Dixon, Stevens, Moynihan, Eagleton, Proxmire, Murkowski, Weicker, Hawkins, Kasten, and Abdnor.

Mr. COHEN. Mr. President, I believe that repealing this energy tax credit almost one and a half years early sends a very bad signal to the American public. The appearance of the tax credit on every tax return is an important reminder to every taxpayer that the Federal Government encourages energy conservation. To reverse that commitment at this time would be a serious mistake. This amendment does not perpetuate the tax credit indefinitely. Rather, it retains the credit until its present expiration date. Next season, we can debate whether or not we should extend the credit beyond its original 7-year life.

This amendment is supported by a number of energy and environmental groups, including the Environmental Defense Fund, the Sierra Club, the Environmental Policy Institute, the National Audubon Society, the Natural Resources Defense Council, the Environmental Action Foundation, the Solar Lobby, and the Federation of American Scientists. It is also supported by the National Governors Association and the Northeast-Midwest Coalition.

Mr. President, again I submit that I am not objective about this matter because it is something that I have labored long to establish in our law. I think, however, that it would be a very bad mistake to eliminate conservation incentives at time when there is a war going on in the Middle East and when we are reminded daily about Iraq and Iran, and what kind of threat these events pose to the interruption of the supply lines of oil.

I hope that my colleagues will support this amendment.

Mr. PACKWOOD. Mr. President, will the Senator from Maine be willing to enter a time agreement of, say, 20 minutes more, 10 minutes on a side?

Mr. COHEN. Yes.

Mr. PACKWOOD. Mr. President, I ask unanimous consent for no more than an additional 20 minutes on this amendment to be divided equally between the Senator from Maine and myself. I will be speaking in opposition to it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

Mr. METZENBAUM. Mr. President, reserving the right to object, and I have no objection, but I do not see any manager of the bill on this side of the aisle.

Mr. PACKWOOD. I talked with the manager of the bill, and I know where he is, and I cleared this with him.

Mr. METZENBAUM. If the Senator cleared it, and I am rising to protect his position, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, it is with some reluctance that I speak against this as I was an original cosponsor of this amendment in 1978 in the Senate, and with all credit to Senator Cohen, who was the original sponsor of this amendment in the House of Representatives, at some stage you reexamine amendments and you decide whether or not there is justification in keeping them, whether or not you can afford it at a time of immense deficits, and I know everything has to be balanced against everything else.

These particular credits were considered in tandem with solar, wind, geothermal credits, and we tried to compare whether or not all of the credits, whether they were the conservation credits or whether they were solar, wind, and geothermal credits, whether they worked to achieve the purpose because there is only one purpose for the credits, and that is to encourage people to do things that they would not otherwise do but for the credit.

With solar energy and especially with solar energy for hot water heat, it was very clear because it was expensive enough that people would not install solar energy panels without the credit or, to put it the other way around, the credit was a tremendous inducement.

When we tried to find evidence as to whether or not the 15 percent energy tax credit for the following—insulation, weather-stripping, caulking, automatic setbacks, thermostats, and storm windows and doors—was the tipping point that with energy prices going up people still would not invest in those conservation devices without the credit, we could find no evidence that that was the reason that they made the investment.

So we tried to save about $400 million, and that is what this would cost if we continue it through 1985, because the tax credit does not end in 1985. You take it off your income tax the following year. So any investments that are made through 1985, you can deduct in ensuing years, about $400 million.

And we looked again, and we said because of $400 million, are we inducing people to invest in things they would not otherwise invest in but for the credit, and I am not saying the answer was no. All I am saying is there was no evidence that that is why they did it, as apposed to very clear evidence, very clear evidence, in the area of solar especially, in the area of wind and geothermal only to a lesser degree, because much less is done in that area than is done in solar, the credits worked.

So it is for that reason that I now stand in opposition to these credits, having been an original sponsor, having supported them, liking to think that I would be willing in almost any area of conservation and environment, to use credits for legitimate purposes. It is simply that in this area we could find no evidence that the credits indeed induced the action that we hoped would be undertaken; or, in conclusion, to put it the other way around, energy prices had risen high enough that people were going to undertake this action with or without the credits, and in that case there is no use in the Federal Government losing about $400 million to encourage people to do things that they are going to do in any event.

Mr. SASSER. Mr. President, I support the amendment to reinstate the residential energy conservation tax credit. The commitment to energy conservation is an ongoing national concern. Substantial investments have been made. Critical energy conservation benefits remain to be realized.

Energy tax credits were established in 1978 in response to fluctuating world energy conditions and in order to encourage Americans to make major energy conservation efforts.

Mr. President, the 1978 OPEC oil crisis is behind us. Yet, our domestic energy policy remains in a fragile state. Rising natural gas prices, failed nuclear power plants, and the ongoing war between Iraq and Iran all place serious demands on this Nation's energy security. We should continue to encourages energy conservation by our current system of tax credits.

Today, the Senate is being asked to repeal these important conservation tax credits. Yet these tax credits, scheduled to expire on January 1, 1986, provide critical benefits to Tennessee and the Nation.

For many years now, the Tennessee Valley Authority has been in the forefront of the energy conservation effort. Through its home insulation program, TVA and its distributors have made a substantial difference in energy prices in Tennessee. With the help of TVA, the poor, the elderly, and those on fixed incomes have been able to weather some of the burdens of increased energy prices.

In 1978, 102,828 Tennessee residences claimed the residential tax credit. The total tax savings attributed to this credit was $7.7 million. From 1978 to 1982, 380,897 Tennesseans utilized the residential tax credit with a savings of some $36.7 million. In 1982, Tennessee ranked 11th in the Nation in claims of residential tax credits.

In short, Mr. President, we still need a residential energy conservation tax credit. Energy conservation should continue to be a national goal. I urge my colleagues to reinstate the energy conservation tax credit.

Mr. GLENN. Mr. President, I rise in support of the amendment offered by Senator COHEN which would maintain the present 15-percent residential energy conservation tax credit through 1985, as mandated by current law.

The 15-percent tax credit is available to homeowners and renters for certain purchases that increase the energy efficiency of their residences. The credit applies to the first $2,000 of qualifying expenditures on each principal residence over the entire period the credit is in effect. Therefore, there is a maximum cumulative credit of $300 for energy-saving expenditures made before January 1, 1986, provided the residence was substantially completed before April 20, 1977.

Between 1978-82, the residents of Ohio included this tax credit on 1,178,922 returns for an actual credit of $11,041,000 during this period. These figures are not insignificant—it means that about one in every ten Ohioans have availed themselves of the opportunity to undertake basic, but very substantial, energy-savings improvements in their residences.

What this amendment does is simply to insure that individuals can qualify for this tax credit through 1985, as provided by Public Law 96-223, Crude Oil Windfall Profit Tax of 1980. While, over the past few years, this Nation has adopted measures which significantly have improved our energy security, we must realize that we are still vulnerable to any sudden disruption of our energy supplies. Moreover, as economic activity increases, the demand for energy also rises. The Energy Information Administration has predicted that oil imports will jump by 26 percent this year. Given these facts, coupled with the downturn in oil exploration and production activities experienced in recent years, I feel that elimination of this valuable incentive for energy conservation will send the wrong message at the wrong time. This is ever more important when one considers the precarious state of affairs in the Middle East.

Mr. President, a vote for this amendment is a vote to reaffirm our commitment to improve energy efficiency and reduce our dependence on nonrenewable energy sources. The availability of the residential energy conservation tax credit stimulates investment in cost-effective energy conservation measures. Furthermore, it generates additional Treasury revenues by providing increased demand for conservation techniques, thereby encouraging new businesses and jobs in this industry. The Nation and consumers also benefit from energy savings and reduced fuel bills. Finally, it should be noted that conservation is our most productive energy alternative readily available in large amounts. Not only does the continuation of this tax credit to its normal expiration in 1985 mean that residential conservation measures will be encouraged and/or expanded, it is cost-effective. A draft study done by the Department of Energy found that this 15-percent tax credit saves energy at the cost of $10 per barrel, far below the current selling price of oil.

With these factors in mind, I feel it imperative that the Senate adopt the amendment offered by Senator COHEN to maintain the current 15-percent residential energy conservation tax credit through 1985.

Mr. COHEN. Mr. President, I yield 2 minutes to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I commend the Senator from Maine who has been a long-time leader in this effort and who has been the person chiefly responsible for the enactment of these energy credits.

Just a couple words, if I might, on who they go to. These energy credits go under the figures we received from the Treasury Department; 73 percent of them go to those people who are earning under $40,000, and I think that is important.

Furthermore, the bulk of the money goes for storm doors and windows and insulation, and as everyone here knows there has been a drastic cutback in the energy assistance program; that is, programs from the Federal Government that went out to the States to help the States send out money to those in low-income areas with low incomes to insulate their homes, to provide the storm doors, windows, and so forth, and so to a considerable degree the energy conservation credits have helped take up the slack that has come about because of the decline in the energy assistance program.

So I feel strongly that this is a good program. As the Senator from Maine has pointed out, it has made considerable savings in low-income assistance, in the consumption of fuel oil, and finally I wish to say that what these credits do is to help people do something they could not otherwise afford, and these would not be done but for the credits, and that, it seems to me, is the key purpose.

It is not a question of they might do it over a long period of time. No; they would not. Absent the credits they would not do it.

So I think the Senator from Maine has a good amendment, and I commend him for it.

Mr. COHEN. Mr. President, let me just offer a couple of comments, and I think we can conclude the debate.

I do not know how the Finance Committee concludes that there is no causal connection or nexus between people who have invested in energy conservation devices and the existence of tax credits. Did the Finance Committee or the Treasury Department contact the 133,000 people in the State of Maine and ask them, "Did you buy this equipment based upon the existence of a tax credit or not?" I doubt it. I doubt that they sent out a questionnaire to the 22 million people in this country who have taken advantage of the energy tax credit. Yet we come to the bland and the categorical conclusion that we can find no evidence that people made the investment based upon the existence of the credit.

I wonder, for example, whether we can conclude that people go out and buy a home simply because they are going to get the mortgage interest deducted. I doubt that very much. I think the deduction helps those people continue to own a home in this country, but I doubt that one can conclude that this is or is not the only reason for doing so.

The fact of the matter is that we use our Tax Code to establish certain economic or social goals. One of the most important social goals that we can establish in this country is energy conservation. It is not good enough to argue to me that, "Well, people will do it for solar power but they will not do it to insulate their homes and purchase thermostats and refurbish their furnaces against the cold northeast wind."

Frankly, we have a little bit of Sun Belt politics going on here. The Finance Committee amendment sends the message that it is OK for the Sun Belt States to keep the credit for solar power, but not for the Northeast and Midwest—those who have to endure long, cold winters and who do not have the kind of prosperity that exists out in the West—to keep the credit.

Let me just repeat and summarize the reasons we ought to retain the credit. First, the outright repeal of this credit sends the signal to the public that this Congress is no longer committed to encouraging energy conservation. Second, the tax credit increases public awareness of a need for energy conservation. Third, the credit helps overcome, particularly for middle- and low-income families; the initial inertia on the part of the homeowner to install energy conservation measures. Fourth, the credit requires minimal market intervention. Fifth, the credit can result in enhanced national security by reducing our dependence on foreign oil. Finally, and the conservation credit will lead ultimately to environmental improvement by reducing our overall energy consumption. For these reasons, Mr. President, I urge the adoption of the amendment.

I yield back the balance of my time.

Mr. PACKWOOD. If nobody else wishes any time, I am prepared to yield back the balance of our time.

The PRESIDING OFFICER. All time is yielded back.

Mr. PACKWOOD. Mr. President, I move to lay the amendment on the table.

Mr. COHEN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon (Mr. PACKWOOD) to table the amendment of the Senator from Maine (Mr. COHEN). The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from Idaho (Mr. MCCLURE) and the Senator from Idaho (Mr. SYMMS) are absent to attend the funeral of a former Senator.

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Colorado (Mr. HART), and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

The PRESIDING OFFICER (Mr. SPECTER). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 38, nays 55, as follows:

[Rollcall Vote No. 69 Leg.]

YEAS—38

Abdnor
Armstrong
Baker
Bentsen
Boren
Chiles
Cochran
Danforth
Denton
Dole
Durenberger
East
Exon
Garn
Gorton
Hatch
Hecht
Heflin
Helms
Inouye
Kassebaum
Laxalt
Long
Lugar
Murkowski
Nickles
Nunn
Packwood
Quayle
Roth
Simpson
Stennis
Stevens
Thurmond
Tower
Trible
Wallop
Zorinsky

NAYS—55

Andrews
Baucus
Biden
Bingaman
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Cohen
Cranston
D'Amato
Dixon
Dodd
Domenici
Eagleton
Evans
Ford
Glenn
Grassley
Hatfield
Hawkins
Heinz
Hollings
Humphrey
Jepsen
Johnston
Kasten
Kennedy
Lautenberg
Leahy
Levin
Mathias
Matsunaga
Mattingly
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Riegle
Rudman
Sarbanes
Sasser
Specter
Stafford
Tsongas
Warner
Wilson

NOT VOTING—7

DeConcini
Goldwater
Hart
Huddleston
McClure
Symms
Weicker

So the motion to lay on the table amendment No. 2967 was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. COHEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I ask that Senator GLENN be added as a cosponsor to the amendment that we just voted upon.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Cohen amendment has not yet been disposed of.

Mr. DOLE. We have completed action on the Cohen amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maine.

The amendment (No. 2967) was agreed to.

Mr. BUMPERS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Minnesota.

AMENDMENT NO. 2968

Mr. BOSCHWITZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. BOSCHWITZ), for himself and Mr. DURENBERGER, proposed an amendment numbered 2968.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, add the following:

SECTION 1. CERTAIN LOCAL ORGANIZATIONS OF POLICE AND FIREFIGHTERS MADE EXEMPT FROM TAXATION.

Subsection (c) of section 501 of the Internal Revenue Code of 1954 (listing organizations exempt from tax on corporations, certain trusts, etc.) is amended by adding at the end thereof the following new paragraph:

"(25) A police and firefighters organization—

"(A) of a purely local character,

"(B) no part of the net earnings of which inures (other than through payment of life, sick, accident, retirement, or other benefits) to the benefit of any private shareholder or individual,

"(C) the income of which consists solely of amounts received from State and local governments, amounts received from assessments on the police and firefighter salaries of members, amounts received from members dues and contributions, amounts received from fundraising activities, and income in respect of investments and any other income which inures solely to the benefit of the membership or the association,

"(D) in which (1) the funding, financing and eligibility requirements are governed by an act of the State legislature, and (2) the benefits or services provided to members are benefits or service that in other communities are provided by municipal or state governments and supported by tax funds, and

"(E) which satisfies the requirements of section 401(a) as though it were a governmental plan defined in section 414(d)."

SEC. 2. EFFECTIVE DATE.

The amendment made by section 1 of this Act shall apply to taxable years beginning August 23, 1981.

Mr. BOSCHWITZ. Mr. President, this is an amendment which has been cleared on both sides of the aisle and with all parties.

This amendment would codify a private letter ruling that allows tax-exempt status for local police and fire associations that provide pension and other benefits to members that would otherwise be provided by a State or local government. The amendment specifically requires that such organization must meet discrimination, distribution, maximum benefits, and other requirements of ERISA that apply to government plans.

Mr. President, this amendment would provide a permanent tax exemption for the income received by certain local police and firefighter's pension funds. There is no additional cost to this legislation, since the affected organizations are already exempt under a 1981 IRS letter. It would merely give them a permanent place in the Tax Code, thus easing their fears of a future change in their status, and allow them to more effectively plan and budget for the future.

In 1975, an IRS revenue ruling—No. 75-199—dealt with an organization that was formed to provide sick benefits for its members and pay death benefits to the beneficiaries of members. In that organization membership was restricted to individuals of good moral character and health who belonged to a particular ethnic group and resided in a stated geographical area.

The ruling held that since the benefit from the organization was for its members and there was only minor and incidental benefit to the community as a whole, the organization does not qualify for exemption from Federal income tax under section 501(c)(4) of the code. That code section provides a tax exemption for the income of "civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations or employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality and the net earnings of which are devoted exclusively to charitable, educational or recreation purposes."

Then in 1981 the IRS reopened the issue through revenue ruling 81-58 which addressed the question of whether or not a nonprofit police officer association providing retirement and death benefits qualified under the above-mentioned section of the Tax Code as a social welfare organization.

The association in question was formed to promote the professional development of its members, to educate the public to recognize and appreciate the value of the services of the members, and to provide a lump-sum payment to each member upon retirement or a lump-sum payment to beneficiaries upon the member's death. The membership benefit program constituted the primary activity of the organization. Its primary sources of income were contributions by the general public and fundraising events.

The ruling held that although there was incidential benefit to the community, primary benefits were limited to members. Therefore, it was not operated for the promotion of social welfare and did not qualify for the 501(c)(4) exemption.

However, the IRS on December 14, 1981, essentially reversed both of the above rulings for some police and fire pension organizations with a special letter relating to the Mankato Fire Department Relief Association. That letter determined that ruling 81-58 did not apply to the Mankato organization for the following reason:

The services they provide the payment of pensions to retired members, are services that in other communities are provided by municipal or State governments and supported by tax funds. The government recognizes its activities as its responsibility and thus in the public interest. Because of the significant State involvement, they provide a service that the government recognizes as lessening its burden. Therefore they serve the common good and general welfare of the people within the meaning of section 501(c)(4) of the Code.

Mr. President, in Minnesota alone there are 626 pension funds that would be affected by this amendment; of that number, 29 are local police relief associations; 22 are local salaried firefighter's relief associations; and 575 are volunteer firefighter's relief associations. Over 24,000 people have retirement coverage provided by these associations.

All 626 local relief associations are nonprofit corporations. Most of their financial support which is derived from sources other than investment income comes from tax revenue contributed by either the State of Minnesota or the local municipalities in which the relief associations are located.

There are several reasons why these organizations feel that their situation differs from the organizations described in revenue ruling 81-58:

First. The association described in 81-58 is a general fraternal organization of individuals without any precise legal form and not required or specifically authorized by law; whereas Minnesota local relief associations are nonprofit corporations organized under the general nonprofit corporate laws of the State, are established for a specific purpose, and are either required or specifically authorized to be established by one or more legislative enactments. For members of a Minnesota local relief association, membership in the local relief association is mandated by law or corporate bylaw and is not a matter of personal choice.

Second. The association described in the revenue ruling only provides retirement benefit coverage which supplements the regular retirement benefit coverage provided to the police officers by another retirement fund established or maintained by the employing political subdivision, whereas Minnesota local relief associations provide the regular retirement benefit coverage for police officers, salaried firefighters or volunteer firefighters and are established or maintained by the city in which they are located.

Third. The association described in the revenue ruling is only funded from private, nongovernmental sources, like personal contributions or fundraisers, whereas Minnesota local relief associations are primarily funded from State and municipal tax revenue, with the level of both State and municipal contributions mandated by law.

In addition to the above arguments in favor of the exemption, these organizations are similar in legal structure, organization, and function to other tax-exempt public pension funds, notably teacher retirement associations.

This amendment resolves the uncertainty caused by the two conflicting rulings. It provides a permanent tax exemption for local police and firefighters funds under certain conditions. Those are:

First. The police and fire pension funds are local, that is, freestanding legal entities and not parts of a governmental unit. In most States, the funds are part of a city or State government and receive their exemption as a result of that legal status.

Second. The net earnings of the funds are used for payment of life, sickness, accident, retirement, and other benefits.

Third. The funds obtain their money only from State and local governments, assessments on the police and fire salaries of members, members' dues and contributions, fundraising activities, and investment and other income that incurs solely for the benefit of the organization.

Fourth. The funding, financing and eligibility requirements are governed by a State law; and

Fifth. The plan operates as a government plan.

This last item is very important—in effect, these local funds must operate in the same manner as a State fund. This requirement does not mean that the local fund will have to file additional, duplicative ERISA reports with the IRS. It simply means that a local plan will be subject to the same requirements as if it were a State fund.

I believe this is an extremely important amendment and I urge its adoption.

Mr. DOLE. Mr. President, I understand this amendment has been cleared on both sides of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2968) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BOSCHWITZ. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2969

Mr. BOSCHWITZ. Mr. President, I send another amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Minnesota (Mr. BOSCHWITZ) proposes an amendment numbered 2969.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 56, after line 16, insert the following:
>
> (D) USE AFTER 1983.—Qualified container equipment placed in service before January 1, 1984, which is used before such date by a foreign person or entity shall not, for purposes of section 47 of the Internal Revenue Code of 1954, be treated as ceasing to be section 38 property by reason of the use of such equipment before January 1, 1986, by a foreign person or entity. For purposes of this subparagraph, the term "qualified container equipment" means any container, container chassis, or container trailer of a United States person with a present class life of not more than 6 years.

Mr. BOSCHWITZ. Mr. President, this amendment is a rather technical amendment that allows the investment tax credit to be utilized on container equipment used by leasing companies even though they may be transferred elsewhere or used elsewhere.

It would delay the recapture of the investment tax credit for 2 years beyond the effective date of the bill. As a result, profits before January 1, 1984, will not be subject to the investment tax credit.

Mr. METZENBAUM. Mr. President, will the Senator yield? Has the Senator completed his presentation?

Mr. BOSCHWITZ. I have completed my statement.

Mr. METZENBAUM. Mr. President, this is an amendment having to do with the question of recapturing investment tax credit. It pertains to containers that are manufactured overseas. They provide a tax shelter. They float around the country. The proposal as explained by my friend from Minnesota, is that there would be a period of 2 years in which to recapture that investment tax credit. Frankly, I think very little of the amendment. I do not think it is the right thing to occur.

I am certain that there is no reason at all to give a couple of years in order to figure out when it would be best as pertains to tax returns and the lessors who are involved in these leasing transactions. If the Senator from Minnesota would limit it to a 1-year period, it would be more digestible. It would not be very palatable or any more palatable, but at least, it might help someone in connection with the problem he is addressing. I would think that that would be a much more reasonable approach.

Mr. BOSCHWITZ. Mr. President, despite my best effort to convince my colleague from Ohio of the merits of these amendments that yield a positive tax flow into the United States because of the lease payments, nevertheless, I shall change the amendment so that it would only be for one year. I send the modified amendment to the desk and ask that it be considered.

The PRESIDING OFFICER. The Senator has the right to modify his amendment. The amendment is so modified.

The amendment (No. 2969), as modified, is as follows:

> On Page 56, after line 16, insert the following:
>
> (D) USE AFTER 1983.—Qualified container equipment placed in service before January 1, 1984, which is used before such date by a foreign person or entity shall not, for purposes of section 47 of the Internal Revenue Code of 1954, be treated as ceasing to be section 38 property by reason of the use of such equipment before January 1, 1985, by a foreign person or entity. For purposes of this subparagraph, the term "qualified container equipment" means any container, container chassis, or container trailer of a United States person with a present class life of not more than 6 years.

Mr. BOSCHWITZ. I move the adoption of the amendment.

Mr. METZENBAUM. Mr. President, I thank the Senator from Minnesota for his cooperation. Although I say I have less than enthusiastic support for the amendment, I understand his reason for pushing it as he does. So I have no objection.

Mr. DOLE. Mr. President, we are prepared to accept the amendment on this side and I understand the other side will accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2969), as modified, was agreed to.

Mr. INOUYE. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2970

(Purpose: To amend title XVIII of the Social Security Act to provide that services furnished by a clinical psychologist shall be reimbursable under medicare when furnished by a health maintenance organization under a risk-sharing contract to a member of that organization)

Mr. INOUYE. Mr. President, I ask that my amendment be called up and immediately considered.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Hawaii (Mr. INOUYE) for himself and Mr. MATSUNAGA, proposes an amendment numbered 2970.
>
> After section 965, add the following new section:
>
> SERVICES OF A CLINICAL PSYCHOLOGIST PROVIDED TO MEMBERS OF AN HMO
>
> SEC. 966. (a) Section 1861(s)(2)(H) of the Social Security Act is amended by inserting "(i)" after "(H)" and by adding at the end thereof the following new clause:
>
> "(ii) services furnished pursuant to a risk-sharing contract under section 1876(g) to a member of an eligible organization by a clinical psychologist (as defined in subsection (ee)), and such services and supplies furnished as an incident to his services to such a member as would otherwise be covered under this part if furnished by a physician or as an incident to a physician's service;".
>
> (b) Section 1861 of such Act is amended by adding at the end thereof the following new subsection:
>
> "CLINICAL PSYCHOLOGIST
>
> "(ee) The term 'clinical psychologist' means an individual who (1) is licensed or certified at the independent practice level of psychology by the State in which he so practices, (2) possesses a doctorate degree in psychology from a regionally accredited educational institution, or in the case of an individual who was licensed or certified prior to January 1, 1978, possesses a master's degree in psychology and is listed in a national register of mental health service providers in psychology which the Secretary deems appropriate, and (3) possesses two years of supervised experience in health

service, at least one year of which is postdegree.".

(c) The amendments made by subsections (a) and (b) shall be effective with respect to services furnished on or after the date of the enactment of this Act.

Mr. INOUYE. Mr. President, the amendment which I offer today on behalf of myself and Senator MATSUNAGA, is a very simple one. It does not in any way cost additional funds; in fact, it is my sincere expectation that the effective use of psychologists will save substantial Federal dollars over the next several years. My proposal would amend the medicare statute to allow clinical psychologists to function autonomously within health maintenance organizations; not all HMO's, but only those that have agreed to enter into a "risk sharing" agreement with the Government. Under the current medicare statute both nurse practitioners and physician assistants possess such authority. My proposal merely allows the HMO which desires to receive medicare payments to continue to use the professional expertise of psychologists in the manner that it pleases. I would only add that nothing in the HMO statute precludes such autonomous functioning. In fact, 400 psychologists are presently employed by HMO's across our Nation.

For nearly a decade now, I have been attempting to insure that doctoral level psychologists will be autonomously recognized under the various provisions of the medicare law. In August 1978, the Senate Finance Committee held formal hearings on this possibility. The testimony presented clearly demonstrated that the profession of psychology is a rapidly maturing one. Psychologists possess 4 years of college education, plus an additional 5½ years of graduate training—including a clinical internship. Psychology is licensed and certified in all 50 States plus the District of Columbia. There is growing evidence that their clinical skills are highly cost effective. My proposal would enhance their use with the medicare population.

Mr. President, this matter has been cleared on both sides of the aisle. I find there are no objections to it.

Mr. DOLE. Mr. President, the Senator has accurately described the amendment. Since there is no objection on this side to the amendment, we are prepared to accept it. I understand Senator LONG has no objection to the amendment.

Mr. LONG. That is correct, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2970) was agreed to.

Mr. INOUYE. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2971

(Purpose: To exempt certain traditional State programs from the provisions regarding consumer loan bonds)

Mr. BENTSEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Texas (Mr. BENTSEN) proposes an amendment numbered 2971.

On page 891 of the matter proposed to be inserted, between lines 8 and 9, insert the following:

(5) Exception for certain established programs.—the amendments made by this section shall not apply to any obligation substantially all of the proceeds of which are used to carry out a program established under State law which has been in effect in substantially the same form during the 30-year period ending on the date of enactment of this Act, but only if such proceeds are used to make loans or to fund similar obligations—

(A) in the same manner in which,

(B) in the same (or lesser) amount per participant, and

(C) for the same purposes for which,

such program was operated on March 15, 1984. This subparagraph shall not apply to obligations issued in or after March 15, 1987.

Mr. BENTSEN. Mr. President, this amendment has been cleared on both sides of the aisle. The tax bill has a limitation in it for the further issuance of tax-free bonds for consumer loans. That is a worthy provision, but it should not interfere with long existing programs, so what I have proposed in the amendment is an exception for programs of States that have been in existence for in excess of 30 years. One of those, in particular, that I think of is the Texas veterans' bonds program in which a veteran can get a $20,000 loan to buy land and continue to operate it. It will protect other established programs in other States that would be comparable to this. I have also put in a 3-year sunset provision on that.

Mr. DOLE. Mr. President, the Senator has accurately described the amendment. We are prepared to accept it. It has been cleared all around. In addition, it has the Treasury's approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2971) was agreed to.

AMENDMENT NO. 2972

(Purpose: To provide that no "Superfund" tax shall be levied on barium sulfide having only a transitory existence during a manufacturing process, and for other purposes)

Mr. DOLE. Mr. President, I send an amendment to the desk that has been cleared. It is Senator MATTINGLY's amendment and I send it on behalf of Senator MATTINGLY. It has been cleared with the distinguished Senator from Louisiana and the Senator from Ohio. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) on behalf of Mr. MATTINGLY and Mr. NUNN, proposes an amendment numbered 2972.

On page 972, line 10, following the period at the end of the sentence, add the following new paragraph:

"(7) OTHER SUBSTANCE WITH TRANSITORY EXISTENCE.—

(A) IN GENERAL.—No tax shall be imposed under this subchapter on barium sulfide or on any solution or mixture containing any of such chemical, which has a transitory presence during any process of refining or extracting any barium substance or compound from barite ore which is not subject to tax under section 4661(a).

(B) REMOVAL OF SUBSTANCE.—The removal by any person for use, sale, disposal, or storage of barium sulfide from any process of producing a substance which is not subject to section 4661(a) shall be treated as the use of such chemical by such person, and shall be subject to tax under section 4661(a)."

● **Mr. MATTINGLY.** Mr. President, the amendment which I have introduced is a very simple, technical modification to the Hazardous Substances Act of 1980. It is similar in nature to two other provisions which have been incorporated in the Finance Committee package regarding substances occurring in the processes of refining gasoline and refining certain metals. Very simply, my amendment would confirm the expressed intent of Congress when the 1980 legislation was adopted. That intent was that the hazardous substance tax should not be levied upon those substances which have only a transitory existence during the course of refining or extracting some other, nonlisted product.

My amendment would exempt on such substance which occurs in the production of basic barium chemical products. During that process, barium sulfide—a taxable substance—briefly occurs within the system while producing two nontaxable substances, barium carbonate and barium chloride. It was not the intent of Congress to levy the tax on these "in process" substances which are not removed from the processing system for storage, sale, transportation, or disposal. This amendment would clarify that intent.

There is only one domestic producer of basic barium chemical products, and it is on very uncertain financial ground at present due to large volume production by the People's Republic of China. Mr. President, I urge my colleagues to support this effort and adopt my amendment.●

Mr. METZENBAUM. Mr. President, will the Senator explain what this amendment is about? Is this the Mattingly amendment about some sort of refining substance?

Mr. DOLE. Yes, Mr. President.

Mr. METZENBAUM. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2972) was agreed to.

Mr. DOLE. I move to reconsider the vote.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ADJOURNMENT OF THE SENATE AND HOUSE OF REPRESENTATIVES UNTIL APRIL 24, 1984

Mr. BAKER. Mr. President, earlier, we passed a resolution providing for the adjournment of the Senate and House of Representatives until April 24 and provided that that occur on Wednesday, Thursday, or Friday in the case of the Senate and on Thursday or Friday, in the case of the House of Representatives. In a moment, I shall send a resolution to the desk the practical effect of which will be to provide for the House and for the Senate to adjourn on Thursday, Friday, or Saturday.

This is not meant to be a threat, Mr. President; it is simply that the leadership does not feel we can be up against a hard, ironclad requirement that we go out on Friday night if we do not finish the tax portion of this measure.

Mr. BYRD. Mr. President, it does not hurt to have a little threat once in a while.

Mr. BAKER. Mr. President, the minority leader has been known to engage in these activities from time to time. I can remember the wave of shock that went around the Chamber.

Mr. President, I send a concurrent resolution to the desk and ask that it be considered.

The PRESIDING OFFICER. Is there objection? Without objection, the clerk will state the resolution.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 104) relating to the adjournment of the Senate and House of Representatives until April 24, 1984.

Resolved by the Senate (the House of Representatives concurring), That when the Senate adjourns on Thursday, April 12, 1984, or on Friday, April 13, 1984, or on Saturday, April 14, 1984, and when the House of Representatives adjourns on Thursday, April 12, 1984, or on Friday, April 13, 1984, or on Saturday, April 14, 1984, they stand adjourned pursuant to the provisions of Senate Concurrent Resolution 103.

The PRESIDING OFFICER. Without objection, Senate Concurrent Resolution No. 104 is agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was adopted.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRIBUTE TO SENATOR FRANK CHURCH

Mr. METZENBAUM. Mr. President, I interrupt the deliberations for just a moment to indicate the fact that this is the date of the funeral of a beloved colleague of all of ours. I know many of us wanted to attend those funeral services but were unable to do so because of our responsibilities on the floor. I speak for myself as well as many others when I express my deep sorrow at the untimely passing of one of the finest men it has been my privilege to know, Frank Church.

Senator Frank Church, who fell victim to cancer on April 7 at the early age of 59, was for 24 years a strong, forceful voice in this body for our country's best and highest principles.

Frank Church of Idaho represented a State of magnificent natural beauty—and he spared no effort to conserve for future generations the beauty of Idaho and of America as a whole.

Frank Church saw another kind of beauty in the people of this country. And because of that, he fought to advance the civil rights of Americans, to protect our civil liberties, and to insure that needy Americans and senior citizens could live their lives in dignity.

Frank Church was an old-fashioned American patriot—the kind who so loved the country that he could not be silent in the face of disastrous national policies.

In 1966, at a time when it was unpopular to do so, Frank Church spoke out against our involvement in Vietnam, he was right.

As the first chairman of the Select Committee on Intelligence, Frank worked effectively to curb illegal activities, on the part of the CIA, the FBI, and other intelligence agencies. For that service, the American people—and the intelligence agencies themselves—owe to Frank Church a permanent debt of gratitude.

Mr. President, the passing of Frank Church is mourned not only here, but in many countries around the world.

As chairman of the Committee on Foreign Relations, Frank Church stood for a sound, responsible, principled role for this country in the world arena.

He knew, for example, that the Panama Canal treaties were highly unpopular in his home State. Yet Frank Church, probably at the cost of his Senate seat, steered those vital treaties to passage.

He spoke out time and again in favor of finding ways to reduce the danger of nuclear confrontation between our country and the Soviet Union.

Nowhere, Mr. President, will the loss of Frank Church be felt more deeply than in Israel. To the people of Israel, Frank Church was an American hero—a staunch, faithful friend who never wavered in his commitment to the security and survival of a democratic ally.

Frank Church will be remembered for many things—his eloquence, his political courage, the depth of his commitment to principle. But I also believe, Mr. President, that the day will come when we will look upon Frank Church as a kind of prophet of a new foreign policy for this Nation.

On March 11, Frank Church published in the Washington Post an article whose contents differ profoundly from what passes today for wisdom in the area of foreign policy. I commend that article to the attention of my colleagues and ask that it be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. METZENBAUM. Mr. President, the main point Frank made in this very important piece is that we have failed for nearly 40 years to understand and to respond constructively to revolutionary change in the Third World. "Nationalism," he wrote, "not capitalism or communism, is the dominant political force in the modern world."

By failing to understand that elementary fact, Frank Church argued, we have time and again put ourselves in the position of supporting corrupt and reactionary governments. "As a result, those who ought to be our allies—those who are ready to fight for justice for the impoverished majority—find themselves as revolutionaries, opposed not only to the ruling forces in their own societies, but the United States."

As usual, Frank was right. And I suggest to my colleagues that there is no better way to honor his memory than to do everything in our power to prevent our country from making the same tragic mistake in Central America that we made in Vietnam.

Frank Church was a great Senator—and he was also a great human being. I am proud to have known him and prouder still to have been able to call him a friend.

Mr. President, I extend on behalf of myself and of the Metzenbaum family my deepest condolences to Bethine Church, a wonderful lady, and to the children and grandchildren of this brave and decent man.

EXHIBIT 1

WE MUST LEARN TO LIVE WITH REVOLUTIONS

IF THE U.S. CAN BEFRIEND CHINA, IT CAN ACCEPT NICARAGUA

(By Frank Church)

America's inability to come to terms with revolutionary change in the Third World has been a leitmotif of U.S. diplomacy for nearly 40 years. This failure has created our biggest international problems in the postwar era.

But the root of our problem is not, as many Americans persist in believing, the relentless spread of communism. Rather, it is our own difficulty in understanding that Third World revolutions are primarily nationalist, not communist. Nationalism, not capitalism or communism, is the dominant political force in the modern world.

You might think that revolutionary nationalism and the desire for self-determination would be relatively easy for Americans—the first successful revolutionaries to win their independence—to understand. But instead we have been dumbfounded when other peoples have tried to pursue the goals of our own revolution two centuries ago.

Yes, the United States generally has supported political independence movements, as in India or later in Africa, against the traditional colonial powers of Europe. Those situations were easy for us—we've never been colonialists. But where a nationalist uprising was combined with a Marxist element of some kind or with violent revolutionary behavior, Americans have come unhinged.

This happened most dramatically in the biggest tragedy of American diplomacy since World War II, Vietnam. But it has happened repeatedly in other countries as well, most recently in Nicaragua and El Salvador.

Given the size and the seriousness of our failures to deal successfully with nationalistic revolutions, you might think we'd be busy trying to figure out why we've done so badly, and how we could do better in the future. But on the contrary, we simply stick to discredited patterns of behavior, repeating the old errors as though they had never happened before.

The latest example is the report of the Kissinger Commission on Latin America, which painted events in Central America in ominously stark colors. The commission said that in principle America can accept revolutionary situations, but in Nicaragua and El Salvador we cannot. Why? Because of Soviet and Cuban involvement.

But the sad fact is that the Soviets will always try to take advantage of revolutionary situations, as will the Cubans, particularly in this hemisphere. To solve our problem we have to learn to adapt to revolutions even when communists are involved in them, or we will continue to repeat the errors of the last four decades.

Revolutionary regimes are not easy to live with—particularly for a country as conservative as the United States has become. As Hannah Arendt—no Marxist herself—noted in her classic work, "On Revolution," the United States has made a series of desperate attempts to block revolutions in other countries, "with the result that American power and prestige were used and misused to support obsolete and corrupt political regimes that long since had become objects of hatred and contempt among their own citizens."

Why does America, the first nation born of revolution in the modern age, find it so difficult to come to terms with revolutionary change in the late 20th century?

One answer involves the nature of our own revolution. It was essentially a revolt against political stupidity and insensitivity. With sparsely populated, easily accessible and abundant lands, the restless and dissatisfied in early America had an outlet for their discontent. The young United States never had to deal with the limitless misery of an impoverished majority.

In the first half of this century, when the country faced sharpened class conflict as a result of the excesses of an unbridled capitalism, we were blessed with patrician leaders, Theodore and Franklin Roosevelt, who had the foresight to introduce needed reforms. An intelligent, conservative property-owning class had the sense to accept them.

But our experience is alien to other countries which do not share our natural wealth. In poor countries a desperate majority often lives on the margin of subsistence. A selfish property-owning minority and, often, an indifferent middle class intransigently protect their privileges. Dissidence is considered subversive. It isn't surprising that those who seek change resort to insurrection.

They take their lead not from the American, but from the French revolutionary tradition where, in Arendt's phrase, the "passion of compassion" led the Robespierres of the time to terrible excesses in the name of justice for the impoverished masses.

The spectacle of violent, sometimes anarchic revolutionary activity combined with an obsessive fear that revolutions will inevitably fall prey to communism has led us to oppose radical change all over the Third World, even where it is abundantly clear that the existing order offers no real hope of improving the lives of the great majority. As a result, those who ought to be our allies—those who are ready to fight for justice for the impoverished majority—find themselves, as revolutionaries, opposed not only to the ruling forces in their own societies, but the United States.

I am not arguing that revolutions are romantic or pleasant. History is full of examples, from France to Iran, of revolutions born in brutality and often accompanied by extended bloodbaths of vengeance and reprisal, and which ultimately produce just another form of authoritarianism to replace the old. But the fact that we may not like the revolutionary process or its results is, alas, not going to prevent revolutions. On the other hand, the fact that revolutions are going to happen need not mean disaster for the United States. Our past failures do suggest a way we can adapt to revolutions without fighting them or sacrificing vital national interests.

Consider the case of Vietnam. Our overriding concern with "monolithic" communism led us grossly to misread the revolution in that country. Ignoring centuries of enmity between the Vietnamese and Chinese, our leaders interpreted a possible victory for Ho Chi Minh's forces as a victory for international communism. The war against the French and then the war among the Vietnamese in our eyes became a proxy war by China and the Soviet Union even after those two powers had split, destroying the myth of "monolithic" communism. Indochina, in the new American demonology, was seen as the first in a series of falling dominoes.

Vietnam did fall to the communists, but only two dominoes followed—Laos and Cambodia, both of which we had roped into the war. Thailand, Malaysia and Indonesia continue to exist on their own terms. The People's Republic China, for whom Hanoi was supposed to be a proxy, is now engaged in armed skirmishes against Vietnam.

Meanwhile, the United States, having been compelled to abandon the delusion of containing the giant of Asia behind a flimsy network of pygmy governments stretched thinly around her vast frontiers, has at last shown the good sense to make friends with China. American influence, far from collapsing, has drawn strength from this sensible new policy, and has been rising ever since. As for communism taking over, it is already a waning force. The thriving economies are capitalist: Japan, South Korea, Taiwan, Hong Kong, Singapore. You don't hear Asians describing communism as the wave of the future.

If any lessons were learned from our ordeal in Southeast Asia, they have yet to show up in the Western Hemisphere, where our objective is not simply to contain, but to eradicate communism, regardless of the circumstances in each case. In pursuit of this goal, we took heed of one restraint. The legacy of resentment against us still harbored by our Latin neighbors, stemming from the days of "gunboat diplomacy," made it advisable, wherever feasible, to substitute "cloak and dagger" methods—covert instead of overt means.

Hence the American-sponsored coup to oust a democratically elected government Guatemala in 1954. The ousted president, Jacobo Arbenz, was by American standards, a New Deal liberal. But our cold warriors of that era decided he was a red threat. As U.S. Ambassador John Peurifoy, arriving in Guatemala on his special mission, put it: "If Arbenz is not a communist, he'll do until the real thing comes along."

In Cuba, the United States spared no effort to get rid of Fidel Castro. We financed and armed an exile expeditionary force in an attempted repeat of the Guatemalan coup, only to see it routed at the Bay of Pigs. Then the CIA tried repeatedly to assassinate Castro, even enlisting the Mafia in the endeavor; and the United States imposed against Cuba the most severe trade embargo inflicted on any country since the end of World War II.

Even where the left gained power in fair and open elections, the United States has been unwilling to accept the results. Hence the Nixon administration's secret intervention in Chile aimed first at preventing the election of and then at ousting President Salvador Allende.

Despite these and other efforts by the United States, another Marxist regime did arise in the hemisphere: Nicaragua. And, true to form, the United States has again financed, armed and promoted an exile army whose objective is its overthrow.

After spending billions of dollars, and emptying the CIA's bag of dirty tricks, what do we have to show for our efforts? Obviously, the hemisphere has not been swept clean of communism. Cuba and Nicaragua have avowedly Marxist regimes; in El Salvador, an insurrection gains momentum against an American-trained and -equipped army, despite an American-sponsored agrarian reform program and our hopes for the election of a reformist president and legislature. The result defies our grand design: the army fights indifferently; the agrarian reform is stymied, and the Salvadoran middle class and traditional landed interests remain determined to elect extreme rightists to the important legislative and executive positions.

By our unrelenting hostility to Castro, we have invested him with heroic dimensions far greater than would be warranted by Cuba's intrinsic importance in the world. We are in the process of performing a similar service for the commandantes of Nicaragua and, at the same time, discrediting the legitimate domestic opponents of their political excesses. We have left Cuba no alternative to increased reliance upon Russia, and we now seem determined to duplicate the same blunder with Nicaragua.

So by any standard, American policy has failed to achieve its objective: to inoculate the hemisphere against Marxist regimes. But are we fated to cling to the disproven policy of opposing each new revolution because of Marxist involvement, even though the insurgents fight to overthrow an intolerable social and economic order?

By making the outcome of this internal struggle a national security issue for the United States, as the Kissinger Commission does, we virtually guarantee an American military intervention wherever the tide turns in favor of the insurgents. If this happened in El Salvador, it would be difficult to imagine that the present administration would stop before it had gone "to the source," Nicaragua or even Cuba. In the process, of course, we would fulfill Che Guevara's prophecy of two, three, many Vietnams in Latin America.

We should stop exaggerating the threat of Marxist revolution in Third World countries. We know now that there are many variants of Marxist governments and that we can live comfortably with some of them. The domino theory is no more valid in Central America than it was in Southeast Asia. And it is an insult to our neighbor, Mexico, for it assumes that Mexico is too weak and unsophisticated to look out for its own interests.

We repeatedly ignore the explicit signals from Marxists in Central America that they will respect our concerns. For example, we worry that the commandantes in Nicaragua will invite the Soviets or the Cubans to establish bases in their countries. Yet, the Sandinista government in Nicaragua has explicitly committed itself not to offer such bases to the Russians or Cubans. Instead, they have offered to enter into a treaty with the United States and other regional countries not to do so. And the political arm of the insurgents in El Salvador has also committed itself to no foreign bases on its soil.

Why not take them up on these commitments? The United States, with the help of other regional powers who share our interests, including Venezuela, Mexico, Columbia and Panama, has the means to ensure that the revolutionaries keep their word. If Nicaragua violated its treaty obligation to those states, the United States would have legal grounds and regional sanction for taking action.

If the threat of communist bases is real, then a negotiated agreement precluding them would surely be perceived as a "victory" for the United States and a "defeat" for the Russians. And with a Nicaraguan treaty agreement with the United States and the countries of the region, the Salvadoran insurgents, should they prevail, would surely follow suit.

Although the Nicaraguan revolution has followed classic lines, in comparative terms it has been relatively moderate. There has been no widespread terror, and the regime has shown itself sensitive to international pressure. If we cannot come to terms with the Nicaraguan revolution, then we probably are fated to oppose all revolutions in the hemisphere.

The problem is illustrated in human terms by a vignette of the Kissinger Commission in Nicaragua. According to press accounts, the members of the commission were angered by the confrontational tone of the meetings with the Nicaraguans and their obvious reliance on Soviet and Cuban intelligence.

Imagine the setting: The commission arrives in Nicaragua one week after the *contras*, supported by the United States, blow up a major oil facility. On the one side, a largely conservative commission led by Henry Kissinger, Robert Strauss, William Clements and Lane Kirkland, men in their late 50s or 60s, expecting to be acclaimed for their willingness to listen to the upstart revolutionaries. On the other side, peacock-proud Nicaraguan *commandantes* in their 30s or early 40s, men and women, who had spent years fighting in the mountains, who had seen their friends and comrades die at their side in opposition to the U.S.-supported Somoza dictatorship, and naturally resentful of U.S. support of the counterrevolution. To them, a commission led by Kissinger, architect of the campaign to destabilize Allende, had to be seen as a facade for the American plan to bring them down. Is it a wonder there was no meeting of minds?

Whoever gains power in Central America must govern. And governing means solving mundane problems: the balance between imports and exports, mobilization of capital, access to technology and know-how. The United States, the Western European countries and the nearby regional powers, Colombia, Mexico and Venezuela, are the primary markets and sources of petroleum, capital and technology. The Social democratic movements in Western Europe are important sources of political sustenance for revolutionary movements in Central America.

If we had the wit to work with our friends and allies rather than against them, the potential abuses and exuberance of revolution in Central America can be contained within boundaries acceptable to this country. There is no reason to transform a revolution in any of the countries of Central America, regardless from where it draws its initial external support, into a security crisis for us.

The objective of U.S. policy should be to create the conditions in which the logic of geographic proximity, access to American capital and technology and cultural opportunity can begin to exert their inexorable long-term pull. Russia is distant, despotic and economically primitive. It cannot compete with the West in terms of the tools of modernization and the concept of freedom.

But if we insist on painting the Cubas and Nicaraguas of this world—and there will be others—into a corner, we save the Russians from their own disabilities. If, on the other hand, we were to abandon our failed policy and adopt the alternative I suggest, pessimism might soon give way to optimism. After a while, democracy may begin to take root again. The wicked little oligarchies, no longer assured American protection against the grievances of their own people, may even be forced to make the essential concessions. The United States and Cuba might be trading again, joined in several regional pacts to advance the interests of both. And Marxist governments, far from overtaking the hemisphere, will be lagging behind as successful free enterprise countries set the standard.

We will marvel at the progress in our own neighborhood, measured from the day we stopped trying to repress the irrepressible and exchanged our unreasonable fear of communism for a rekindled faith in freedom.

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

The Senate continued to consider the bill.

AMENDMENT NO. 2973

Mr. DOLE. Mr. President, I send an amendment to the desk in behalf of Senator Kennedy and ask for its immediate consideration. This is another one that has been cleared on both sides, cleared all the way around, and has been worked out with the Treasury. I ask unanimous consent that we temporarily lay aside the Dole amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. Dole) on behalf of Mr. Kennedy, proposes an amendment numbered 2973.

On page 1177, delete the "or" on line 2;

On page 1177, add "or" after "foundation" on line 11; and

On page 1177 after line 11, add the following:

(c) a wholly owned instrumentality of a state substantially all of whose activities are directly for the benefit of educational organizations described in Section 170(b)(1)(A)(ii) that are institutions of higher education; in which substantially all use of the donated equipment is by students of such institutions; and the donated equipment is not used, other than in an insubstantial part, for the performance of contract research for or for the benefit of persons other than those (i) described in section 501(a)(1) or 501(c)(3), and (ii) which are exempt from tax under section 501(a).

Mr. DOLE. Mr. President, this amendment would add a consortia of educational institutions to the list of organizations, such as universities, that are recipients qualified to receive donated research equipment that is eligible for a specific augmented deduction. This amendment has been cleared by Treasury and on both sides.

I wish to emphasize that this amendment only relates to the status of the consortia as a qualified recipient. It does not address whether the donated equipment meets the other strict requirements of the bill in order to qualify for the augmented deduction.

The PRESIDING OFFICER. Is there further debate?

If not, the question is on agreeing to the amendment of the Senator from Kansas.

The amendment (No. 2973) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. I thank the distinguished Senator from Montana for waiting.

Amendment No. 2974

(Purpose: To limit the depreciation and investment credit allowable for luxury automobiles over $15,000)

Mr. DOLE. Mr. President, we are now, as I understand it, ready for Senator Baucus to offer a luxury car amendment. Did we agree on 15 minutes on a side?

Mr. BAUCUS. Yes.

Mr. DOLE. Mr. President, I make that unanimous-consent request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAUCUS. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Montana (Mr. Baucus), for himself, Mr. Moyniham, Mr. Chafee, and Mr. Exon proposes an amendment numbered 2974.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 541 of the matter proposed to be inserted, between lines 17 and 18, insert the following:

SEC. 169. LIMITATION ON AMOUNT OF DEPRECIATION AND INVESTMENT TAX CREDIT ALLOWABLE FOR LUXURY AUTOMOBILES.

(a) General Rule.—Subsection (d) of section 168 (relating to unadjusted basis; adjustments) is amended by adding at the end thereof the following new paragraph:

"(3) Limitation in case of luxury automobiles.—

"(A) In general.—In the case of a passenger automobile, the aggregate basis of such automobile taken into account by all persons holding interests in the automobile—

"(i) for purposes of determining the amount of the deduction allowable under this section (and any other deduction allowable for depreciation or amortization),

"(ii) for purposes of determining the amount of the credit allowable under section 38, and

"(iii) for purposes of section 179, shall not exceed $15,000 increased by the automobile price inflation adjustment (if any) for the calendar year in which the automobile is placed in service.

"(B) Passenger automobile.—For purposes of this paragraph—

"(i) In general.—Except as provided in clause (ii), the term 'passenger automobile' means any 4-wheeled vehicle—

"(I) which is manufactured primarily for use on public streets, roads, and highways, and

"(II) which is rated at 6,000 pounds gross vehicle weigh or less.

"(ii) Exception for certain vehicles.—the term 'passenger automobile' shall not include—

"(I) any ambulance, hearse, or combination ambulance-hearse used by the taxpayer directly in a trade or business,

"(II) any vehicle used by the taxpayer directly in the trade or business of transporting persons or property for compensation or hire, and

"(III) under regulations, any truck or van.

"(C) Automobile price inflation adjustment.—For purposes of this paragraph—

"(i) In general.—The automobile price inflation adjustment for any calendar year is the percentage (if any) by which—

"(I) the CPI automobile component for November of the preceding calendar year, exceeds

"(II) the CPI automobile component for November of 1983.

In the case of calendar year 1984, the automobile price inflation adjustment shall be zero.

"(ii) CPI automobile component.—The term 'CPI automobile component' means the automobile component of the Consumer Price Index for All Urban Consumers published by the Department of Labor.

"(D) Coordination with section 1031.—In the case of an exchange described in section 1031 where the property received in the exchange is a passenger automobile, the excess of the fair market value of such property over the limitation of subparagraph (A) shall be treated as an amount received in cash for purposes of section 1031.

"(E) Treatment of leases.—

"(i) Exception for lessors.—This paragraph shall not apply to any passenger automobile leased or held for leasing by any person regularly engaged in the business of leasing passenger automobiles.

"(ii) Treatment of lessees.—For purposes of determining the amount allowable as a deduction under this chapter for rentals or other payments under a lease of a passenger automobile, only the allowable portion of such payments shall be taken into account.

"(iii) Allowable portion.—The term 'allowable portion' means, with respect to any lease of an automobile, the fraction—

"(I) the numerator of which is the limitation of subparagraph (A) in effect for the calendar year in which the automobile is placed in service under the lease, and

"(II) the denominator of which is the fair market value of such automobile when so placed in service.".

(b) Effective Date.—The amendment made by this section shall apply to property placed in service after March 15, 1984, in taxable years ending after such date.

Mr. BAUCUS. Mr. President, this is a very simple amendment, which restores some equity and justice to our Tax Code and also raises about $137 million in revenue over 3 years. The Rolls Royce Co. will not like this amendment, but I think the average American taxpayer will.

Simply put, this amendment limits tax breaks for luxury cars. The amendment says that if someone wants to buy a luxury automobile and use if for business purposes—a Rolls Royce, Cadillac, Mercedes Benz, whatever—that person's tax basis, for purposes of computing investment tax credits and accelerated depreciation allowances, is limited to $15,000.

Mr. MOYNIHAN. Will the Senator from Montana yield for a comment from a cosponsor?

Mr. BAUCUS. Yes; I am glad to yield.

Mr. MOYNIHAN. I believe the Senator is saying when a firm, company, a corporation purchases as well as an individual?

Mr. BAUCUS. The Senator is correct.

It applies to any person or corporation who uses a car for business purposes, if the car costs more than $15,000.

Mr. MOYNIHAN. For business purposes.

Mr. BAUCUS. Mr. President, I might add at this point that I am joined in sponsorship of this amendment by the Senator from New York (Mr. Moynihan), the Senator from Rhode Island (Mr. Chafee), and the Senator from Nebraska (Mr. Exon).

Again, this amendment says that for any corporation or individual that wants to buy a luxury automobile and use it for business purposes, the amount of investment tax credit and accelerated depreciation available to them will be limited to the first $15,000 value of the car. That is, if the car costs $100,000, they would have to pay for the remaining $85,000 worth of the car entirely themselves, without any additional tax benefits.

As it stands now, when people buy very expensive business cars, they are entitled to the full 6-percent investment tax credit, and they are entitled to fully utilize accelerated depreciation over 3 years. So if somebody buys a $40,000 Mercedes and uses it to drive his clients around town, he gets that full 6 percent and the 3-year ACRS deduction. These tax benefits can be worth thousands and thousands of dollars. As we all know, the ITC and ACRS tax benefits are designed to offset and to some extent subsidize, legitimate business expenses.

The problem, Mr. President, is that these benefits also are being taken aggressive advantage of by companies that sell these cars as tax breaks, plain and simple.

Mr. President, what do I mean by that? Let me explain just what I mean, by reading a few newspaper ads. One, from the Washington Post, invites people to "Save thousands of dollars on company executive cars—just in time for your 1983 taxes."

Another, a BMW ad, says that the BMW is "The car that shelters you from boredom as well as from taxes." I repeat, "The car that shelters you from boredom as well as taxes."

And a third, an Audi ad, says that the Audi is "The ultimate gift tax credit."

Mr. President, let me also read a telegram sent by an auto dealership to various tax advisers around the country. Here is what it says, in part:

> It is no secret that your clients rely heavily on your educated guidance—

Remember, Mr. President, this is a telegram sent from an auto dealer to tax advisers.

> and that they are in a very select income range that enables them to portray any image they desire which usually is carried over to the car they drive. Most likely, many of your clients already drive the best and are enjoying the prestige and tax credits. What about your clients? We at British Motors, Ferrari West, are offering a unique opportunity for you to expand your careful guidance and service to your clients. We offer the image they desire plus a solid investment with the tax credits they need.
>
> Using a new Rolls Royce as an example, the purchase price is $109,000 plus tax and license. The cumulative tax benefits for the first 3 years of a $109,000 Rolls Royce is as follows: the first year, $22,000; the second year cumulative tax benefit, $44,000; and the third year, $66,000 cumulative tax benefits.

Mr. President, I have nothing against luxury cars. I am not saying they should not be purchased. I am not saying that a person who wants to use these cars for business purposes should not be able to. He is entitled to buy and drive any car he wants.

What I am saying is that the ordinary, average taxpayer should not be subsidizing roughly half the value of a luxury car, even one used entirely for business purposes. If someone wants to buy a Rolls Royce and use it for business purposes, that person should be able to do so, but should pay for it. Average American taxpayers, should not be paying for half the value of that car.

Mr. President, as I said, this is a very simple amendment. It is a fair amendment. It raises $137 million over 3 years. I think it is an amendment that makes a lot of sense.

A few final points. First, this amendment supplements a provision adopted by the Finance Committee just a couple weeks ago, which established a 90-percent business use test. That is, the amendment covers the taxpayers who use luxury cars 90 percent for business and, therefore, would otherwise receive the full ACRS and investment tax credit.

Second, this amendment does not apply to any trucks, vans, and other utility vehicles. We are targeting the amendment to luxury passenger cars.

Third, the amendment does not apply to limousines, hearses, or other vehicles operated for hire.

Fourth, the $15,000 limit is indexed annually for inflation, so the $15,000 figure will go up.

Mr. President, I think you are going to hear some specious arguments made as to why we should not enact this amendment. It is clear to me that we should enact it, and I call upon the rest of my colleagues in the Senate to enact it.

I might add, Mr. President, that I offered this amendment in committee and it failed on a vote of 8 to 8. I hope the action in the full Senate today will reverse that tie vote and restore a little bit of equity and fairness to the code.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I should like to add just two points to the very clear exposition of a very simple question that my friend from Montana has made.

If Senators wonder why we come to the floor with this matter, the simple answer is that the generous depreciation allowances of the Economic Recovery Tax Act of 1981 led to this anomalous situation.

The simple arithmetic is that the $109,000 luxury car example that the Senator from Montana used, because of the tax depreciation over 3 years and the investment tax credit, may be purchased for $55,000, after the tax savings have been added back in. But it is a fact that the car is still worth $100,000 or more, even after 3 years, and so there is an automatic unavoidable gain to the firm and loss to the Treasury that is altogether an artifact of a depreciation schedule that is much too rapid.

These cars are advertised to last 20 or 30 years. Many of them properly, because they are so well built, make the claim that they are worth more 10 years old than when purchased.

The Tax Code allows the fiction that they are used up and discarded after 3 years. It makes no sense.

Second, Mr. President, this question has been properly raised: Is there a violation of the GATT agreement in this matter? We have a report prepared by Ms. Jeanne M. Jagelski of the American Law Division of the Congressional Research Service that states that this amendment is legal under the GATT, inasmuch as the articles of GATT do not apply to income tax laws. We have made it available to any Member of the Senate who might wish to see it.

Mr. President, we withhold the remainder of our time. I see that the Senator from Rhode Island is on the floor. Would he wish 2 minutes of the remaining 5?

Mr. CHAFEE. Yes; if the manager of the bill can give me 2 minutes.

Mr. DOLE. I yield 2 minutes to the Senator.

Mr. CHAFEE. Mr. President, what we are attempting to do in this proposed legislation is to try to get at a problem which has bedeviled the Treasury Department to a considerable degree—namely, that a business is permitted to take what are known as ordinary and necessary business expenses. But trying to police this is extremely difficult. That is why the Senator from Montana has wisely set a limit, a monetary limit, on what can be deducted with respect to an automobile.

Some might say: "You are doing it with automobiles. How come you left out airplanes, office furniture, yachts, or whatever it might be?" Perhaps we should get to those things, and well we might, but let us start somewhere. A little step for little feet, I might say.

Mr. President, the objective of this tax bill is not only to raise some money but also to provide equity in the tax law to the greatest extent possible. So we have taken this step in the tax bill.

We have eliminated the "golden parachutes" by which many executives are floating gently to Earth with $1 million or $2 million cushions to protect themselves against mergers which often they have entered into or attempted to enter into.

Mr. President, I commend the Senator from Montana for this amendment, and I hope our colleagues will support it.

Mr. DOLE. Mr. President, I voted both ways on this in committee, so I am flexible. [Laughter.]

I voted three ways. I voted for it, I voted against it, and I withdrew.

Then we tried to work out what I thought was a better amendment. I think Senator BAUCUS may be correct—maybe his amendment complements what we did when we tightened up the 90-percent rule, which raises about $1.6 billion or $1.7 billion.

This amendment raises how much?

Mr. MOYNIHAN. $116 million.

Mr. BAUCUS. Approximately $137 million.

Mr. DOLE. I would be prepared to accept the amendment. I am not trying to avoid a rollcall vote. It is already in the House bill. If we accept it, there is no question about it being law.

Whatever the disposition of the author is, it seems to me that there is strong support for this amendment, and I hope we might be able to dispose of it in that way.

Mr. BAUCUS. Mr. President, I think we can dispose of it as the Senator says.

The figure in the House bill is $21,000. The figure in this amendment is $15,000. I expect that the conference will end up with something in between $15,000 and $21,000. If our conferees will come out that way, as far as this Senator is concerned there is no need for a rollcall vote.

I would very much like to see this provision included in the final bill; and with the Senator's assurance that it will be retained, it would be fine with me to have a voice vote.

Mr. DOLE. Mr. President, I think the Senator from New Jersey would like a couple of minutes to speak.

Mr. BRADLEY. Mr. President, I will not object to this amendment, but I think it is important to make the record quite clear as to why this amendment is superfluous.

This amendment is superfluous because already in the bill, as a result of an amendment I offered in committee, is, in my view, one of the tightest tax reform provisions related to business expenses that Congress has ever passed. In the bill now is a requirement that 90 percent of the use of any automobile that is claimed for a business purpose actually be for a business purpose. This does not apply only to automobiles. The provision also says that if you claim an airplane, if you claim a yacht, if you claim a computer, if you claim anything for a business purpose, you have to show that 90 percent of its use is for a business purpose. That is in the bill now. So the amendment that the Senator has proposed is totally unnecessary.

Mr. BUMPERS. Mr. President, will the Senator yield for a question?

Mr. BRADLEY. I yield.

Mr. BUMPERS. The Senator just said that this is the law now. Is that the law in this bill?

Mr. BRADLEY. This is in the bill now. I proposed the amendment in committee because I wanted to end what I believe to be the real abuse, namely, people claiming business deductions for things that they put to personal as well as business use. The provision, which was adopted by a large majority of the Finance Committee, applies to automobiles, to yachts, to computers, to any business deduction. The taxpayer has to prove that his use of a particular item was 90 percent for business use. Also, for the first time, it is required that taxpayers keep a log of their business use of a deductible item and that before an accountant signs a taxpayer's return, the taxpayer has to show that his use was 90 percent for a business purpose. And the log must substantiate this claim. So my first point is that this amendment is superfluous from the standpoint of curbing the personal/business abuse.

The second point is that if you really are going to deal with this issue, you have to recognize that the problem is not how much a business person spends for X, Y, or Z. It is, rather, the depreciation law we passed in 1981 that allows automobiles to be depreciated over a 3-year period and gives them an investment tax credit to boot. That is the problem, the underlying problem, namely, that our present capital cost recovery system is way too generous.

I really do not think we want the IRS telling business people how much to spend on automobiles, on office furniture, on salaries, and rent, on computers, on a variety of other things, but that is indeed what we are doing in this amendment. We are telling them that they cannot have a business deduction if they spend more than a certain amount on a particular item; they cannot have a depreciation deduction.

The next logical step to the Senator's amendment is to say that a businessman cannot deduct a computer if it costs more than the average computer; or to say that he cannot deduct depreciation on a ranch if it costs more than *x* amount of dollars; or that he cannot deduct salaries or rent that exceed an amount specified by the IRS.

Mr. President, for all these reasons, I find this amendment totally unnecessary. It is an amendment that I think is being offered to make a simple point—to try to claim tax reform when it is not tax reform. The tax reform is already in the bill.

In my view, that is what should hold in conference, not some superfluous amendment that is a high visibility amendment that does not curb what most people regard as the real abuse, that is claiming a business deduction for a personal use.

So, Mr. President, I will not force a rollcall vote on this amendment. My position is well known in the committee, but I think that this is a very faulty approach and one that is also superfluous. It does not address the underlying problem of excessive depreciation allowances and it sends us down the road of substituting the Government's view of how much a person can spend on a whole variety of items. This is the wrong way to go, and it is certainly wrong to call this tax reform.

Mr. BUMPERS. I have just one question of the floor manager, if I may, and that is the Senator from New Jersey makes a valid point about the 90-percent rule that is in the bill now.

As I understand, the House of Representatives has a $21,000 rule. Is it the floor manager's feelings that the Senate would recede to the House position? Otherwise, the 90-percent rule still would not take care of the $109,000 automobile case that the Senator from Montana mentions.

Mr. BRADLEY. I would say it certainly would take care of the $109,000 automobile, unless that person could show that 90 percent of the use of that car was for business. And he would have to have a log to prove that. In addition, the bill before us states that if a taxpayer brings the car home 14 nights a year, then it is not 90 percent for a business purpose and he is denied ACRS and the investment tax credit.

Mr. BAUCUS. Mr. President, will the Senator yield?

Mr. BUMPERS. Yes. I do not have any time. I was asking a question.

Mr. DOLE. I yield 3 minutes of time.

Mr. BUMPERS. I yield to the Senator.

Mr. BAUCUS. I thank the Senator.

Let me try to explain the law as I understand it. Under current law if someone wants to buy a car, he obviously can use that car for either personal or business purposes, or both. If he uses it for business purposes, he can take deductions based on the percentage he uses the car for business rather than personal use.

In H.R. 4170, the House of Representatives has enacted a provision that establishes a rebuttable presumption that a car is used no more than 50 percent for business.

The Senate Finance Committee, in turn, has established the 90-percent business use test. In other words, you have to use the car 90 percent of the time for business purposes in order to be entitled to the ITC and ACRS benefits.

The amendment that I have offered, and which apparently will be accepted, is similar to another provision which the House of Representatives has enacted. The House of Representatives has also enacted a luxury car cap, but at $21,000 rather than $15,000. The two different approaches are really complementary. This is because the amendment I am offering, the luxury car amendment, says that even if you use a car for 90 or 100 percent business use, you are fully entitled to tax benefits on the first $15,000 worth of the car.

Mr. BUMPERS. Investment tax credit.

Mr. BAUCUS. But if you buy a car worth more than that, then you pay for all of it; you cannot take ITC or ACRS benefits above $15,000.

So they are two separate provisions which I think are complementary.

Mr. BUMPERS. I thank the Senator.

Mr. BRADLEY. Mr. President, if I could say one more word, I think by adopting this, you are setting up a conference situation where we will be tempted to give away the toughest tax reform provision that this Congress has adopted in recent years. If you go to conference and you have a 90-percent provision and you have a cap on the automobile depreciation allowance and the House of Representatives has a similar cap, I would lay a wager to the Senator from Montana, a friendly one, that that bill will not come back with the 90-percent rule.

I will ask him to think seriously about that because, if indeed we lose the 90-percent rule, we will have lost a significant tax reform achievement. So we will see. As I said in the committee it is not my intent to allow any one group to profit from the Tax Code. It is simply to be fair and to be comprehensive. When you address the underlying problem of depreciation or when you address the necessity to have 90-percent business expenses justified in logs prior to the deduction, you are doing just that. You are not being either fair or comprehensive with this amendment.

I hope we will not lose the 90-percent rule in the conference and I ask the chairman of the committee if I could, would he make sure that we fight for the 90-percent provision in the conference?

Mr. DOLE. Mr. President, the Senator from New Jersey made a very good point. This is about $2 billion. It really is tough. I think it is overdue.

So I do not want to trade a rabbit for an elephant here. The goal is to make them complementary, and not give up one provision for another.

I do not think the intent of the Senator from Montana is to give up what I consider to be more reform.

This is a highly visible amendment and causes a lot of trade problems. The Secretary of State, the U.S. Trade Ambassador, the German Ambassador and others indicate this causes GATT problems and a lot of other things.

So I hope that we just retain the amendment that had, I think, almost unanimous support in the committee.

Mr. BAKER. Mr. President, will the Senator yield to me briefly.

Mr. DOLE. I am happy to yield.

Mr. BAKER. Mr. President, I do not intend to prolong this debate. But I would not like this record to close on this subject without expressing great reservations about what we may do with this amendment.

I agree that there are abuses in the use of the tax credit in the purchase of luxury cars used by doctors and lawyers and others. I really wonder where this is taking us. There is already a rule and that rule is that you can deduct ordinary and reasonable business expenses, and I suppose that there is some sort of subjective judgment to be made by that, although it probably is not done very frequently in the case of automobiles.

What we are doing here is setting a rigid level on the amount of money that may be credited or deducted against your income tax in one particular category. And I worry about what comes next. I do not worry just about yachts or airplanes. I suppose they could stand on their own feet. But I worry about things like hotel rooms or about meals or airline travel or office furniture or copiers. Who is to say that you should buy a $6,000 copier instead of a $20,000 copier?

If we go down this road far enough, I am afraid, Mr. President we are opening a Pandora's box that will not be easy to close.

Mr. President, I simply wanted to add that to the record. I confess in advance that I have mixed emotions on this subject and I sympathize with the chairman of the committee who indicates he voted three ways on it. I would like to do that if I could. But I guess we are going to vote here in a minute and I think we are making a mistake because I think we are going down a road that has no end. We are opening a box that may be a Pandora's box indeed.

But I will not press the issue. I simply want to record that position as my position.

Mr. MATHIAS. Mr. President, will the Senator yield?

Mr. DOLE. I yield to the Senator from Maryland.

Mr. MATHIAS. Mr. President, I just wish to associate myself with the remarks just made by the majority leader.

It seems to me this is primarily a question of enforcement. It is a question of having people who can look at the tax records and the expenditures records and see whether or not a given item falls within the law, and I regret that we are encumbering the statutes with these enforcement standards which should be a matter of execution and not necessarily embodied in the IRS.

Mr. BAUCUS. Mr. President, I also will not prolong the discussion.

I think the Senator from Maryland made a point about enforcement. I might say to the Senator that enforcement difficulties with this amendment, if any, are few compared to the enforcement difficulties with the 90-percent rule. The 90-percent rule is going to require the IRS to closely examine whether someone actually uses a car 90 percent for business. It is going to be very, very difficult to enforce.

That is not the amendment we are talking about today. The amendment we are talking about today draws a clear, easily enforceable line. In fact, it should improve enforcement.

I understand the points made by the majority leader. I think his comments are very thoughtful, and I share some of his concerns.

But we must face facts. The deficit is increasing by $22 million an hour. To reduce it, we are raising taxes and slashing spending. At a time like this, we simply cannot afford to continue to heavily subsidize some businessman's luxury car.

I understand the majority leader's concern that this concept could be carried too far. But we are only considering a very narrow issue today. We are confronted with a clear abuse and can easily end the abuse and eliminate overly generous subsidiaries.

Let me also say something about GATT. As Senator MOYNIHAN said, IRS has concluded that this amendment does not violate GATT. What is more, I personally think any GATT argument is specious. This amendment is designed to solve a tax problem, not a trade problem.

The **PRESIDING OFFICER** (Mr. DANFORTH). The time has expired.

Mr. DOLE. Mr. President, does the Senator from Kansas have any additional time?

The **PRESIDING OFFICER.** The Senator from Kansas has 1 minute and 14 seconds remaining.

Mr. DOLE. Mr. President, I am perfectly willing to do it either way, if there is any desire for a rollcall vote.

But I sort of sense, as I have gone around, that there is rather strong support for the amendment; maybe for the wrong reasons, but there is support for the amendment.

I think the majority leader certainly underscored what we consider to be some of the serious problems. I raised the question in the committee about airplanes and office furnishings, carpeting; maybe farmers will have to decide what size tractor to buy. So we are probably going to be back addressing this next year, in any event.

But I certainly did not want to lose what I consider to be a most effective approach, and that is the 90 percent. But I understand the desire of the Senator from Montana. The average car price in 1983 is about $11,000.

But I did want to ask one question. I think the Senator from Montana indicated we had exempted farm vehicles and trucks.

Mr. BAUCUS. The Senator is correct. The amendment is aimed at luxury passenger cars. We recognize that certain 4-wheeled vehicles weighing less than 6,000 gross vehicle pounds may be expensive not because they are extravagant, but because of the particular needs of certain businesses. That is why the bill exempts ambulances and hearses. That also is why the Treasury Secretary is directed to issue regulations exempting any truck or van. When issuing these regulations, the Secretary should exempt farm vehicles, light trucks, vans, and other vehicles that are not strictly passenger cars.

Mr. DOLE. I yield back the remainder of my time.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Montana (Mr. BAUCUS).

The amendment (No. 2974) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the pending Dole amendment be set aside so that the Senator from Ohio may offer an amendment on behalf of himself and Senator Kennedy.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2975

(Purpose: To modify the alternative minimum corporate tax)

Mr. METZENBAUM. Mr. President, I send an amendment to the desk on behalf of myself and Senator Kennedy and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Ohio (Mr. Metzenbaum), for himself and Mr. Kennedy, proposes an amendment numbered 2975.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 182, between lines 9 and 10, insert the following new section:

ALTERNATIVE MINIMUM TAX ON CORPORATIONS

Sec. 52. (a) Section 56 (relating to additional corporate minimum tax) is amended to read as follows:

"SEC. 56. ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

"(a) Tax Imposed.—

"(1) In general.—A tax is hereby imposed on each corporation in an amount equal to 15 percent of its corporate minitax taxable income.

"(2) Tax imposed only if greater than regutax liability.—A tax shall be imposed by this section on the corporate minitax taxable income of a corporation for any taxable year only if the amount of such tax is greater than the amount of the adjusted regutax for such year.

"(3) Tax to be in lieu of regutax.—For purposes of this title, a tax imposed by this section shall be in lieu of the regutax.

"(b) Corporate Minitax Taxable Income.—For purposes of this title, the term 'corporate minitax taxable income' means the gross income for the taxable year—

"(1) reduced by the sum of—

"(A) $50,000, plus

"(B) the deductions allowed for the taxable year (other than the deduction allowable under section 172), plus

"(C) the minitax net operating loss deduction provided by subsection (d), and

"(2) increased by an amount equal to the corporate minitax preference items.

"(c) Corporate Minitax Preference Items.—For purposes of this section, the corporate minitax preferences items are:

"(1) Certain section 57 preference items.—The sum of the amounts determined under the following provisions of section 57(a):

"(A) Paragraph (8) (relating to excess depletion).

"(B) Paragraph (2) (relating to accelerated depreciation on real property).

"(C) Paragraph (4) (relating to amortization of certified pollution control facilities).

"(D) Paragraph (11) (relating to intangible drilling cost), but computed on a straight-line basis over a period of 120 months.

"(E) Paragraph (12) (relating to accelerated cost recovery deduction).

"(2) Mining exploration and development cost.—With respect to each mine or other natural deposit (other than an oil or gas well) of the taxpayer, an amount equal to the excess of—

"(A) the deductions for development and mining exploration expenditures described in sections 616 and 617 allowable under this chapter for the taxable year, over

"(B) the amount which would have been allowed if such expenditures had been capitalized and amortized ratably over a 120-month period beginning with the month in which the first such expenditures were made.

"(3) Certain amounts relating to tax-exempt obligations.—

"(A) Interest on tax exempt obligations purchased after December 31, 1984.—In the case of any obligation—

"(i) purchased after December 31, 1984, and

"(ii) the interest on which is exempt from tax,

the amount of interest which is exempt from tax for the taxable year.

"(B) Interest on debt to carry tax-exempt obligations purchased before January 1, 1985.—The amount of interest on indebtedness incurred or continued to purchase or carry obligations the interest on which is exempt from taxes for the taxable year, to the extent that a deduction is allowable with respect to such interest for such taxable year by reason of the second sentence of section 265(2).

"(C) Allocation rule.—For purposes of subparagraph (B), the amount of deductions for debt to carry tax-exempt securities is the taxpayer's total interest deductions for the taxable year, multiplied by a fraction equal to—

"(i) an amount equal to the taxpayer's total investment in tax-exempt obligations, divided by

"(ii) an amount equal to the tax basis of the taxpayer's total assets.

"(4) Deferred DISC of FSC income.—The taxpayer's pro rata share of any DISC's or FSC's increase in accumulated DISC or FSC income for the taxable year.

"(5) Certain shipping income.—With respect to any construction reserve fund or capital construction fund established by the taxpayer under sections 511 and 607 of the Merchant Marine Act (46 U.S.C. 1161, 1177), the net increase for such taxable year in the income and capital gain accounts under such funds.

"(6) Amortization of motor carrier operation authorities.—The amount allowed as a deduction for the taxable year under section 266 of the Economic Recovery Tax Act of 1981 (relating to deduction for motor carrier operating authorities).

"(7) Excess original issue discount interest.—With respect to original issue discount bonds or other evidence of indebtedness issued by the taxpayer before April 13, 1984, the amount by which the deductions for interest taken in the taxable year for each bond exceeds an amount equal to—

"(A) the yield that would have been paid on the bond or other evidence of indebtedness if the amount of original issue discount under the obligation were paid as interest over the period of the obligation, employing compound interest computations (with compounding at annual intervals), multiplied by

"(B) the adjusted basis of the bond or other evidence of indebtedness as of the close of the prior bond year (or in the case of the first bond-year, on the date of issue.)

"(8) Deductions for certain costs incurred with respect to long-term contracts.—With respect to certain indirect costs in connection with long-term contracts entered into by a taxpayer before April 13, 1984, the amount by which the deduction allowed in the taxable year for such indirect costs exceeds the deduction that would have been allowable for the taxable year if such costs had been capitalized and deducted under the progress payment method of accounting for long-term contracts.

"(d) Minitax Net Operating Loss Deduction.—For purposes of this section—

"(1) In general.—The term 'minitax net operating loss deduction' means the net operating loss deduction under section 172(a) for the taxable year for purposes of the regutax, except that in determining the amount of such deduction—

"(A) section 172(b)(2) shall be applied by substituting 'corporate minitax taxable income' for 'taxable income' each place it appears, and

"(B) the net operating loss (within the meaning of section 172(c)) for any loss year shall be adjusted as provided in paragraph (2).

"(2) Adjustments to net operating loss computation.—

"(A) Post-1984 loss years.—In the case of a loss year beginning after December 31, 1984, the net operating loss for such year under section 172(c) shall be reduced by the amount of corporate minitax preference items arising in such year.

"(B) Pre-1985 years.—In the case of loss years beginning before January 1, 1985, the amount of the net operating loss which may be carried over to taxable years beginning after December 31, 1984, for purposes of paragraph (1) shall be equal to the excess of—

"(i) the amount which may be carried from the loss year to the first taxable year of the taxpayer beginning after December 31, 1984, reduced by

"(ii) the amount of corporate minitax preference items arising in such loss year to the extent such amount exceeds $10,000.

"(e) Election To Make Adjustments for Regutax Purposes.—

"(1) In general.—The taxpayer may elect for any taxable year to have any adjustment required by subsection (b)(2) with respect to any corporate minitax preference item arising in such year apply also to such item for regutax purposes. The treatment of any item with respect to which an election has been made under the preceding sentence shall (for all later years and for purposes of both the regutax and the minitax) be consistant with its treatment for the year in which it arises.

"(2) Time for making election.—Any election under paragraph (1) with respect to any item shall be made not later than the due date (with extensions) for filing the return under this chapter for the taxable year in which such item arose.

"(3) Revocation only with consent.—Any election under paragraph (1) may be made only in the manner provided by regulations, and may be revoked only with the consent of the Secretary.

"(f) Special Rules Relating to Credits.—For purposes of this section—

"(1) Credits not allowable.—Except as provided by paragraph (2), no credit shall be allowable against the tax imposed by subsection (a).

"(2) Foreign tax credit allowed against alternative minimum tax.—

"(A) Determination of foreign tax credit.—The total amount of the foreign tax credit which can be taken against the tax imposed by subsection (a) shall be determined under subpart A of part III of subchapter N (section 901 and following).

"(B) Increase in amount of foreign taxes taken into account.—For purposes of the determination provided by subparagraph (A), the amount of the taxes paid or accrued to foreign countries or possessions of the United States during the taxable year shall be increased by an amount equal to the lesser of—

"(i) the foreign tax credit allowable under section 33(a) in computing the regular tax for the taxable year, or

"(ii) the tax imposed by subsection (a).

"(C) Section 904(a) limitation.—For purposes of the determination provided by subparagraph (A), the limitation of section 904(a) shall be an amount equal to the same proportion of the sum of the tax imposed by subsection (a) against which such credit is taken and the regular tax as—

"(i) the taxpayer's corporate minitax taxable income from sources without the United States (but not in excess of the taxpayer's entire corporate minitax taxable income), bears to

"(ii) his entire corporate minitax taxable income.

For such purpose, the amount of the limitation of section 904(a) shall not exceed the tax imposed by subsection (a).

"(D) Definition of corporate minitax taxable income from sources without the United States.—For purposes of subparagraph (C), the term 'corporate minitax taxable income from sources without the United States' means adjusted gross income from sources without the United States, adjusted as provided in paragraphs (1) and (2) of subsection (b) (taking into account in such adjustment only items described in such paragraphs which are properly attributable to items of gross income from sources without the United States).

"(E) Special rule for applying section 904(c).—In determining the amount of foreign taxes paid or accrued during the taxable year which may be deemed to be paid or accrued in a preceding or succeeding taxable year under section 904(c)—

"(i) the limitation of section 904(a) shall be increased by the amount of the limitation determined under subparagraph (C), and

"(ii) any increase under subparagraph (B) shall be taken into account.

"(3) Carryover and carrybacks of credits.—For purposes of computing the amount of any carryover or carryback of any credit allowable under subpart A of part IV, the taxpayer shall be treated as having been allowed a credit against the regutax for any taxable year for which a tax is imposed by subsection (a) equal to the amount of such credit which would have been allowed against the regutax for such taxable year if such regutax had been equal to the excess of—

"(A) the regutax, over

"(B) the tax imposed by subsection (a).

"(g) Definitions and Special Rules.—

"(1) Regutax.—The term 'regutax' means the taxes imposed by this chapter for the taxable year (computed without regard to this section and without regard to the taxes imposed by sections 531 and 541).

"(2) Adjusted regutax.—The term 'adjusted regutax' means, for any taxable year—

"(A) the regutax, reduced by

"(B) the sum of the credits allowable under subpart A of part IV (other than sections 31, 39, and 43).

"(3) Taxable year in which item arises.—In the case of any amount which is taken into account for regutax purposes in more than 1 taxable year, such amount shall be treated as an item arising in the first such taxable year.".

"(4) Application with section 291.—Under regulations prescribed by the Secretary rules similar to rules of section 57(b) shall apply to items described in paragraphs (2) and (3) of subsection (c).".

(b) Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury or his delegate shall submit to the Congress such technical and conforming amendments as may be necessary to carry out the provisions of this section.

(c) The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

Mr. METZENBAUM. Mr. President, this amendment should not provide any difficulty for any Member of this body to vote for it, particularly those on the opposite side of the aisle, because this is the Ronald Reagan amendment offered by the administration in January 1982 as part of the administration's budget proposals.

Treasury at that time explained that:

> Few corporations are affected by the existing minimum tax. In 1981, income tax was owed by 43 percent of corporations. Minimum taxes were paid by 0.3 percent, or 5,500 corporations. Minimum tax collections in 1981 were estimated at $500 million.

Now, this amendment simply is an opportunity for the Members of this body to cast their vote in favor of the proposition that all those corporations in this country that are making money ought to pay a fair share of the tax burden. This is the equity amendment; this is the fairness amendment. Nobody proposes that the tax be at a high level.

The Treasury estimates that the Reagan minimum tax, which is that which is at the desk at the moment, would apply to 90,000 corporations and, in Treasury's words, "would require that profitable corporations currently paying little or no tax would pay at least some tax on their profits."

Now I believe that President Reagan was getting good advice when he proposed his minimum corporate tax, because the 15-percent tax that is provided for herein would only be a tax on those profits in excess of $50,000.

Actually, the facts speak for themselves. Corporate share of revenue fell from 25 percent in the 1960's to 15 percent in the 1970's, and to 6.6 percent in 1983.

In industry after industry, the pattern is clear. A lot of corporations in this country are paying no taxes whatsoever. As a matter of fact, the chemical industry paid not a positive tax, but they paid nothing. They got a refund at the rate of 17.5 percent of their profits.

In other words, for every $100 they made, they got a $17.70 refund. They received $211 million in refunds or writeoffs to reduce future tax bills.

And the aerospace industry paid at a negative rate of 0.6 percent. What kind of absurdity is that when corporations that are making high profits, good profits, are failing to pay or contribute their share to the tax burden of the people of this country?

Ladies and gentlemen, I do not blame business for using tax loopholes. The blame belongs to Congress and the administration for giving away too much.

In fact, in December 1981, 16 distinguished Members of this body from the other side of the aisle wrote to President Reagan to express their concern about the decline in corporate tax revenues. Those 16 Senators said we are gravely concerned, that by 1985 as many as half of all corporations may be paying no corporate taxes at all.

I point out to those 16 Senators that this is your opportunity to do something about it. James Abdnor, Mark Andrews, Jeremiah Denton, Slade Gorton, Paula Hawkins, Bob Kasten, Frank Murkowski, Dan Quayle, Arlen Specter, Alfonse D'Amato, John East, Charles Grassley, Mack Mattingly, Don Nickles, Warren Rudman, Steven Symms—they are the ones who signed the letter to the President that indicated they were concered that by 1985 half of the corporations of this country would be paying no taxes at all.

It is not 1985. It is 1984. The fact is that in 1984, 90,000 corporations will pay no taxes, if we do not adopt this amendment.

It is a fact that there is a corporate minimum tax. But the truth is that that corporate minimum tax does very little as far as solving the problems of paying corporate minimum taxes. As a matter of fact, the Finance Committee is aware of this problem, and the Finance Committee tax package cuts corporate preferences back a wee bit—an additional $2.3 billion through fiscal year 1969 which is a drop in the bucket. This minimum tax would raise $19.1 billion over a 5-year period. It would raise $9.7 billion over a 3-year period.

How will this minimum tax affect corporations? According to the Reagan administration—and all my facts come from the administration—it will raise corporate taxes paid by petroleum companies, banks, and utilities. The mining and real estate industries will pay about what they pay today. The manufacturing companies—I think this is the important point—will actually pay less than they would pay under current law. Please note: It is those manufacturing companies that are the job producers in this country. The amendment is drafted in such a manner that it eliminates the present minimum tax, and substitutes instead the 15 percent over $50,000 tax as provided for in this amendment.

Mr. President, I ask unanimous consent that a table prepared by the administration showing the distribution effect of the President's minimum tax amendment be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

DISTRIBUTION OF NEW CORPORATE MINIMUM TAX BY INDUSTRIAL SECTOR

	Percent of current corporate tax liability	Percent of proposed corporate tax liability
Petroleum	5.1	6.5
Oil and gas extraction	1.6	1.8
Petroleum refining	3.5	4.7
Mining	.4	.4
Manufacturing	49.2	47.8
Banking	1.9	2.9
Utilities	2.0	2.3
Real estate	1.5	1.5
All others	39.9	38.7
Total	100.0	100.0

Source: Department of the Treasury (Feb. 26, 1982).

Mr. METZENBAUM. On this amendment I am not going to speak at length, because I think that the issue is a clear one. If you believe corporations should pay taxes on their profits, then you should support this amendment. If you believe that certain companies should be excused from contributing to the cost of Government, then you should oppose this amendment.

If you believe that the President was right to propose legislation to insure that profitable corporations pay their fair share, you will vote for this amendment. But, if you believe that companies should not have to pay any taxes whatsoever, then you should vote against this amendment.

There is nothing in this amendment that provides for any corporate tax increase on those corporations paying taxes unless the amount of those taxes would be less than the minimums provided for in this amendment.

This amendment is an opportunity to show two things to the people of this country: First, that we are willing to do something serious about the deficits; second, that we are committed to acting in a spirit of fairness asking all Americans to bear a fair share.

I urge my colleagues to support the President. It is his amendment, and it is part of what he called a "blueprint for growth and prosperity." This would help us move forward on cutting back the deficit to the extent of $9.7 billion over the next 3 years.

I yield to the distinguished Senator from Massachusetts.

The **PRESIDING OFFICER.** The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I join with the Senator from Ohio (Mr. METZENBAUM) in submitting this amendment. I am very hopeful that it will be accepted by the Senate this afternoon for the reasons that have been stated by the Senator from Ohio.

In reducing the argument to its essence, Mr. President, we are recommending this amendment primarily, because of fairness.

Although the statutory tax rate for corporations is 48 percent in the Internal Revenue Code, there are vast disparities in the rate that is actually paid because of all the tax loopholes available to corporations. Some corporations today are paying taxes at a 46-percent rate, some are paying a zero rate, and some actually have a negative tax rate.

We are talking about fairness among corporations across this country. With a minimum tax we cannot expect that all the inequities will be adjusted, but we do know that we will reduce the amount of inequity that now exists in the Internal Revenue Code. We have selected a rate of 15 percent for the minimum tax, recognizing that the average corporation pays a 16 percent rate on its economic income. So we have set our rate a percentage point below what the average corporation is paying in taxes. So this is an issue of fairness with regard to corporations.

Further, as the Senator from Ohio has pointed out, this amendment is a significant revenue raiser—some $10 billion over a 3-year period; close to $20 billion over a 5-year period. We have heard a great deal during the course of this debate about the size of the budget deficits, and what the Senate must do in order to make a meaningful reduction in those deficits. Many of us are concerned that the Finance Committee proposal does not go far enough in that direction. This amendment will help to turn the pending bill into a more significant deficit reduction measure.

Mr. President, the percent of Federal revenues which is paid by corporations has dramatically declined over the last two decades. In 1960, some 23 percent of all the revenues that were raised through the Internal Revenue Code were paid by the corporate income tax. Last year the figure was only 6.2 percent. It is unfair to individual taxpayers to permit corporations to pay less than their fair share, yet that is the inevitable result of the drastic erosion of a corporate income tax. Working men and women and middle-income families are making up the difference, and they deserve a better deal under our tax laws.

Mr. President, I ask unanimous consent that a table illustrating the erosion of the corporate income tax may be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FEDERAL REVENUES BY SOURCE AS A PERCENT OF TOTAL REVENUES

Year	Individual income taxes	Corporation income taxes	Social insurance taxes and contributions	Excise taxes	Estate and gift taxes	All other receipts	Total receipts
1960	44.0	23.2	15.9	12.6	1.7	2.5	100
1961	43.8	22.2	17.4	12.6	2.0	2.0	100
1962	45.7	20.6	17.1	12.6	2.0	2.0	100
1963	44.7	20.3	18.6	12.4	2.0	2.1	100
1964	43.2	20.9	19.5	12.2	2.1	2.1	100
1965	41.8	21.8	19.1	12.5	2.3	2.6	100
1966	42.4	23.0	19.5	10.0	2.3	2.8	100
1967	41.3	22.8	22.0	9.2	2.0	2.7	100
1968	44.9	18.7	22.2	9.2	2.0	3.0	100
1969	46.7	19.6	20.9	8.1	1.9	2.8	100
1970	46.9	17.0	23.0	8.1	1.9	3.0	100
1971	46.1	14.3	25.3	8.9	2.0	3.4	100
1972	45.7	15.5	25.4	7.5	2.6	3.3	100
1973	44.7	15.7	27.3	7.0	2.1	3.1	100
1974	45.2	14.7	28.5	6.4	1.9	3.3	100
1975	43.9	14.6	30.3	5.9	1.7	3.7	100
1976	44.2	13.9	30.5	5.7	1.7	4.1	100
TQ	47.8	10.4	31.0	5.5	1.8	3.5	100
1977	44.3	15.4	29.9	4.9	2.1	3.3	100
1978	45.3	15.0	30.3	4.6	1.3	3.5	100
1979	47.0	14.2	30.0	4.0	1.2	3.6	100
1980	47.2	12.5	30.5	4.7	1.2	3.9	100
1981	47.7	10.2	30.5	6.8	1.1	3.6	100
1982	48.2	8.0	32.6	5.9	1.3	4.0	100
1983	48.1	6.2	34.8	5.9	1.0	4.0	100
1984	44.3	9.4	35.8	5.7	.9	4.0	100

FEDERAL REVENUES BY SOURCE AS A PERCENT OF TOTAL REVENUES—Continued

Year	Individual income taxes	Corporation income taxes	Social insurance taxes and contributions	Excise taxes	Estate and gift taxes	All other receipts	Total receipts
1985	44.8	8.8	36.7	5.1	.8	3.8	100
1986	45.5	8.9	37.2	4.1	.6	3.6	100
1987	45.9	9.4	37.0	3.7	.5	3.5	100
1988	46.3	9.0	37.5	3.4	.5	3.3	100
1989	47.1	8.4	37.6	3.3	.5	3.2	100

Source: CBO, Reducing the Deficit, pp. 185–186 (Feb. 8, 1984).

Mr. KENNEDY. The string of $200 to $300 billion deficits into the future is a formula for an economic dunkirk, we are fast approaching bankruptcy and our economic future is in serious jeopardy. Persistent high deficits are destructive of our prospects for sustained noninflationary growth, new job creation, and a favorable U.S. trade balance. In addition, the mounting interest payments needed to support huge deficits—an extra $80 billion a year by fiscal year 1989—are a waste of our Nation's resources. The extra debt servicing more than offsets the recent round of hard cuts in social security and social spending programs.

These huge deficits are not, as the President asserts, the product of years of Government overspending. Rather, they result from a combination of a bloated defense budget, soaring interest payments, and an eroded tax base. It is these problems Congress must address as we seek to solve the problem of high structural deficits. Some suggest that it does not matter where the budget cuts are made as long as we meet the aggregate deficit reduction targets. Such counsel is both economically unsound and grossly irresponsible. Any spending cuts should be fair; they should avoid imposing further burdens on the poor.

In the same spirit, any measures to raise taxes should restore balance and equity to the Tax Code. For example, the Federal tax burden has shifted steadily away from corporations to individuals. Whereas corporate taxes accounted for more than 21 percent of Federal revenues during the 1960's; the corporate tax share dropped to around 6 percent by 1983. While this trend partly reflects the effects of three recessions during the last decade, much of the erosion was caused by proliferating tax expenditures providing special tax treatment to businesses and individuals.

Tax expenditures have increased 260 percent since 1974, three times as fast as Federal spending. Corporations garner a disproportionate share of these tax breaks. Corporations receive 20 percent of the tax benefits, while they will account for between 9 to 10 percent of Federal revenues once the economy fully recovers. These business tax writeoffs are currently worth more than the total dollars business pays in taxes. For example, corporations will receive $76 billon in tax breaks in 1984 compared to the $67 billion tax bill they will owe the Federal Government.

As a result, some corporations with handsome profits pay very low taxes, or no taxes at all.

For a number of prosperous industries—tax rates were actually less than zero. The most extreme example is the chemical industry where the net Government subsidy is nearly 18 percent. It is obvious that many other corporations benefit from writeoffs since the average effective tax rate for all corporations included in the study is only 16.1 percent, well below the statutory rate of 46 percent. The current tax rules also distort the allocation of capital resources by creating wide variations in effective tax rates among industries and capital assets; 1982 tax rates on U.S. income varied between −17.7 to 39 percent in the 30 industries under study. In short, these results highlight both large revenue losses to the Treasury and the economic inefficiencies inherent in the current tax structure.

The Finance Committee bill before us is a modest first step in the direction of closing some business tax loopholes. I hope we will pass most of it, and move, in the near future to complete the job by passing a fair simple tax along the lines suggested by the Senator from New Jersey. In the short run, however, I am concerned that many profitable corporations will continue to be taxed at low or negative rates. I am equally distressed by the fundamental imbalance in our tax system between corporations that pay little or no taxes on their profits while low- and middle-income families and small business that are over-burdened by heavy payroll taxes.

To restore some of the lost equity in the Federal tax system and insure that big corporations pay at least a nominal tax on their incomes, the Senator from Ohio and I have offered an amendment to establish a 15-percent alternative minimum corporate tax. The 15-percent alternative minimum tax would be charged against a taxable income base that disallows most deductions and credits thus restoring substantial horizontal equity and improving economic efficiency. Corporations would pay either their regular income tax or the alternative minimum tax, whichever is greater. This amendment would repeal the present inadequate 15-percent add-on minimum tax which is computed on certain tax preferences and paid in excess of the regular income tax.

The substance of this amendment is patterned after a 1982 proposal by the President. In general, the expanded income base would be a corporation's regular taxable income, increased by an expanded list of tax preferences used during the year. Among the most important of these preferences under our alternative minimum tax amendment are: Deductions for intangible drilling costs and mining exploration and development in excess of those allowed under straight line and deductions for debt to carry tax-exempt securities. Foreign taxes paid would continue to be allowed as credits. Corporations would pay the larger of an amount equal to 15 percent of the alternative minimum taxable income in excess of $50,000, or the regular tax, whichever is greater.

I strongly urge a "yes" vote on this amendment. This alternative minimum tax will not blunt the economic value of various tax incentives enacted by Congress. The alternative minimum tax will apply only to those firms which take advantage of a host of tax preferences in order to shed virtually all tax liabilities. Firms which benefit from fewer tax breaks and those with losses in the current year will not be subject to the tax.

Also, the minimum tax is set at a relatively low 15-percent rate; therefore, it will not dampen legitimate capital formation incentives. In fact, an alternative minimum tax will improve economic efficiency because it makes the Tax Code more neutral with respect to different industries. Finally, the corporate alternative minimum tax also raises much needed revenues over 3 years—approximately $10.5 billion over 3 years.

Reducing the deficit is a crucial responsibility and an effort that must be shared by all segments of our society. Corporations must pay their fair share. The amendment that the Senator from Ohio and I have proposed will insure that happens, and I hope that it will be adopted by the Senate.

Mr. DOLE. Mr. President, I have listened carefully to the statements. I am not in a position to accept the amendment. As they indicate, this was the President's proposal in 1980. But at that time, the committee decided to follow a different route.

We considered the administration's minimum tax proposals. The Finance Committee concluded that it might have too large an impact on the capital intensive distressed industries such as steel, mining, railroads, and others. So in the 1980 bill, instead, we provided an across-the-board 15-percent cutback in eight corporate tax preferences for the banks, oil companies, and other industries. We thought that would be a fairer, economically sounder way to deal with the corporate tax preferences.

This bill increases that 15 percent to 20 percent, and, therefore, addresses the problem addressed by the amendment. The Finance Committee provision will increase revenues by over $1 billion through 1987.

I understand the concerns addressed by this amendment, but I believe the committee has already taken action.

To be very candid about it, it may be there is going to be an effort later on tonight by the real estate industry to roll the committee on another amendment where we increase from 15 to 20 years the ACRS depreciable life which I thought was a pretty good amendment. It upset some realtors. They have been digging into the bushes, scaring people, saying what it is going to do in real estate. The only reason for this exercise that I know of is to help the real estate industry to reduce the deficit.

If the committee provision is rolled back in that process, we may be back working with the Senator from Massachusetts and the Senator from Ohio to figure out a minimum tax which would not let the real estate industry escape totally. They are pretty good at that. They have been at it for a long time.

They had a great plan to reduce the deficit, to take it away from social security and cut back on the tax index. That was the real estate plan. "Don't touch us. Take it away from the social security recipients and take it away from the taxpayers."

There are more ripoffs in the real estate area of the Tax Code than anyplace in the code. I may offer an amendment later to exempt real estate from tax. If we do that, we will pick up about $7 billion a year. That is one of the alternatives we are considering.

It is a very small segment of the industry, I might say. Most responsible real estate people say whether it is 15 or 20 years does not make much difference. Senator BENTSEN will tell you that there are buildings in Houston, Tex., that are being built that are not being used. They are being built for tax shelter purposes.

I know the real estate people have been around. They have been wringing their hands like the world would come to an end if it was 20 years instead of 18 years.

While we cannot support the amendment, I will say to the Senators, we may be doing business with the Senators later this evening.

Mr. KENNEDY. Will the Senator yield?

Mr. DOLE. Yes.

Mr. KENNEDY. Is it true that if we reduce the deficit we will actually be helping the real estate industry?

Mr. DOLE. That was my plan. They were going to take it away from the social security recipients and the workers but not anybody in the real estate industry.

Mr. LONG. Will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. LONG. The Senator is saying that when the committee looked at the President's recommendations on this tax, it chose instead to reduce the tax preferences available to corporations.

Mr. DOLE. Right.

Mr. LONG. The minimum taxes that we have written in years gone by have, in effect, been taxes on tax preferences. Is that not true?

Mr. DOLE. That is correct.

Mr. LONG. If you want to make a taxpayer pay more money, you can do one of two things, looking at tax preferences. You can either put a tax on the tax preference, which we tend to describe as a minimum tax, or you can simply reduce the tax preference. In either event you have raised the taxes on that taxpayer.

I am not saying the two were a tradeoff one for the other, but the point is that as far as that class of taxpayers was concerned, those who were making substantial money and who we thought were paying not enough income tax, they did not escape without income tax in those bills.

Mr. DOLE. That is correct.

Mr. CHILES. Will the Senator yield?

Mr. DOLE. Yes.

Mr. CHILES. That may be true theoretically, but when the biggest corporations in this country do not pay any tax, how in the world can we say we have equity and fairness? When they can use the tax preferences throughout, the leases and the other things, some of the major corporations in this country do not pay any tax. How do I explain that to a middle-size corporation who is paying his 46 percent, paying it dutifully all the time, and then they find out that the big ones earning millions of dollars are not paying a nickel?

Mr. DOLE. There may be some not paying a nickel but I would say with the biggest corporations in the biggest difficulty right now, particularly railroads, steel, mining, whatever, we have been trying to make certain we have beefed up the tax codes.

Mr. CHILES. They will not be bothered by the minimum tax if they are in financial difficulty.

Mr. METZENBAUM. How can they be bothered by this tax if they do not make money?

Mr. DOLE. You can make money in a corporation and still be in distress, still not have much going for you.

It may be a problem, but there are also stockholders in those corporations, millions of them in America, who are paying taxes. There are a lot of people, senior citizens and others, who invest in these corporations. They hope they make a profit. They do not want to pay taxes at the corporate level or against the stockholder level, but that is another question. There is no doubt about it that in the past 10, 15, 20 years the corporate level of taxes has been going down.

It seems to me for the reasons stated that we cannot support this amendment.

Is there a desire for a record vote?

Mr. METZENBAUM. Unless the Senator would just accept it.

Mr. DOLE. If I accept it, I would not be in this position.

Mr. METZENBAUM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I think we are safe, but in case we are not I will move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Ohio (Mr. METZENBAUM). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Minnesota (Mr. DURENBERGER), and the Senator from Arizona (Mr. GOLDWATER), are necessarily absent.

I further announce that the Senator from Idaho (Mr. MCCLURE) and the Senator from Idaho (Mr. SYMMS) are absent to attend the funeral of a former Senator.

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Colorado (Mr. HART), and the Senator from Kentucky (Mr. HUDDLESTON), are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 62, nays 30, as follows:

[Rollcall Vote No. 70 Leg.]

YEAS—62

Abnor
Armstrong
Baucus
Bentsen
Boren
Boschwitz

Bumpers
Byrd
Chafee
Cochran
D'Amato
Danforth
Denton
Dixon
Dole
East
Evans
Ford
Garn
Glenn
Gorton
Grassley
Hatch
Hawkins
Hecht
Heflin
Heinz
Helms
Humphrey
Jepsen
Johnston
Kasten
Laxalt
Long
Lugar
Mathias
Matsunaga
Mattingly
Moynihan
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Pryor
Quayle
Randolph
Roth
Rudman
Sasser
Simpson
Specter
Stennis
Stevens
Thurmond
Tower
Trible
Wallop
Warner
Wilson
Zorinsky

NAYS—30

Andrews
Biden
Bingaman
Bradley
Burdick
Chiles
Cohen
Cranston
Dodd
Domenici
Eagleton
Exon
Hatfield
Hollings
Inouye
Kassebaum
Kennedy
Lautenberg
Leahy
Levin
Melcher
Metzenbaum
Mitchell
Pell
Proxmire
Riegle
Sarbanes
Stafford
Tsongas
Weicker

NOT VOTING—8

Baker
DeConcini
Durenberger
Goldwater
Hart
Huddleston
McClure
Symms

So the motion to lay on the table amendment No. 2975 was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I might say for the benefit of Members who may be wondering about the program that I do not know what it is. [Laughter.]

However, I will meet with the majority leader in about 30 minutes.

We are making great progress on the amendments. I would hope that some would feel the urge to drop their amendments. If not, we are still making good progress.

What we would like to do now is have a colloquy to take care of one amendment.

Senator BRADLEY agreed not to take very much time on his amendment.

We are getting down to the point where I think we may be able to decide whether we want to stay late tonight or come back tomorrow morning.

I will meet with the majority leader and hopefully by 6:30 p.m. we can make an announcement.

The PRESIDING OFFICER (Mr. KASTEN). The Senator from Michigan is recognized.

Mr. LEVIN. Mr. President, Senator COHEN and I were prepared to offer an amendment today to reform the social security disability program. As the distinguished chairman is well aware, the Senator from Maine and I, along with many of our colleagues, have been working for 2 years to achieve passage of comprehensive legislation to make the social security disability reviews fairer to our disabled workers. Our proposal now has 44 cosponsors, including several members of the Senate Finance Committee such as Senators HEINZ, MOYNIHAN, DURENBERGER, MATSUNAGA, BRADLEY, CHAFEE, and PRYOR. I ask unanimous consent to have printed in the RECORD the full list of our cosponsors.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

COSPONSORS OF THE LEVIN-COHEN DISABILITY AMENDMENT

Senators Heinz, Inouye, Matsunaga, Rudman, Riegle, Kennedy, Sarbanes, Weicker, Sasser, Andrews, Moynihan, Tsongas, Trible, Eagleton, Burdick, Bingaman, Hawkins, Stafford, Metzenbaum, Lautenberg, Durenberger, Boschwitz, Glenn, Cranston, Byrd, Dixon, Randolph, Pell, Leahy, Melcher, Cochran, Huddleston, Bumpers, Heflin, Hart, Dodd, Pryor, Warner, D'Amato, Bradley, Chafee, and Kassebaum.

Mr. LEVIN. Mr. President, in addition, the House recently overwhelmingly approved disability legislation modeled on our bill.

I understand that the chairman of the Finance Committee is agreeable to establishing a firm schedule to expedite consideration of the Levin-Cohen disability package. Is that correct?

Mr. DOLE. The Senator is correct. The Finance Committee will mark up and report to the full Senate S. 476, the disability legislation authored by the Senators from Michigan and Maine, no later than May 7.

Mr. COHEN. Mr. President, will the Senator yield for a question?

Mr. DOLE. I am happy to yield to the Senator from Maine.

Mr. COHEN. I am pleased to learn that the Finance Committee will take prompt action to report S. 476. However, can the Senator provide additional assurances that there would be no objections to proceeding with its consideration on the Senate floor, once the bill is reported by the committee.

Has the chairman been able to reach an agreement with the distinguished majority leader and with the ranking minority member of the Finance Committee to insure that S. 476 would be considered by the full Senate during May?

Mr. DOLE. Mr. President, if the Senator will yield, I have spoken to the majority leader, and he anticipates no problems with scheduling the Finance Committee reported bill for floor action during the month of May.

Mr. COHEN. I thank the Senator.

Also, Mr. President, if we agree to this schedule for moving along S. 476, I wish to make sure that no social security disability recipients are hurt because of the delay in considering the legislation. As we all know, the law permitting beneficiaries to continue receiving benefits pending appeal has expired, and the Social Security Administration is now processing terminations. Is the Senator from Kansas aware of any action that the administration will take in order to protect these individuals until legislation is enacted?

Mr. DOLE. On yesterday, the Senator from Kansas and the Senator from Louisiana (Mr. LONG) met with the Secretary of HHS, Secretary Heckler, and she informed us at that time that she will impose a short-term, nationwide moratorium on reviews to insure that no one falls through the cracks while Congress is considering disability legislation.

Mr. COHEN. I thank the Senator.

Mr. LEVIN. Mr. President, if the Senator will yield, is it the chairman's understanding that this moratorium will be lifted once the legislation is signed into law and implemented by the Social Security Administration.

Mr. DOLE. Yes; let me assure both Senators and others who have an interest that the moratorium is by no means a substitute for legislative action.

The Administration supports legislation and is imposing this short-term moratorium simply to protect beneficiaries who would be affected by the expiration of the law allowing continuation of benefits pending appeal.

Mr. LEVIN. I thank my friend, the Senator from Kansas, for those assurances, and I am wondering if the Senator from Louisiana has had an opportunity to consider these remarks and can give us some assurances as to his intent as well.

Mr. LONG. Mr. President, I thoroughly approve of what has been said here in the Chamber. I have no intention of impeding the flow of this legislation through the committee, and I do not anticipate other than orderly legislative procedure with regard to this bill.

It is impossible for me to anticipate what the committee will recommend, but I would hope that I can support the bill as reported by the committee.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HEINZ. Mr. President, I thank the Senator for yielding.

I just want to say that the Senator from Louisiana and I have had an opportunity to discuss this measure many times. He knows that as chairman of the Special Committee on Aging I have a special interest in these disability reviews. They do affect so many people who are just about to retire or are 55, 60, and so forth.

We had several meetings on the review process. As I understand his statement, he does share and I hope he will correct me if I am wrong, because I do not want to put any words in his mouth, but as I understand it, he does share the notion that he believes that it is now that we have the moratorium essential for the Senate to act and move forward with legislation as soon as possible.

Is that a fair statement?

Mr. LONG. Yes; I believe, Mr. President, the Senate should act on this matter, and I hope very much we will have the Senate's decision as to what it thinks should be done about this legislation.

Mr. HEINZ. Mr. President, if the Senator will yield further, would he not agree that to the extent that a moratorium and a restatement of benefits for everyone in the pipeline, which I understand is what is taking place or is about to take place, that that obviously precludes anyone who should not be on the rolls from being removed from the rolls and that it would be consistent with his notion of reform which is do not have people on rolls who should not be on the rolls, for us to resolve and end the moratorium by passing good legislation. Will the Senator agree?

Mr. LONG. I think that is a fair statement, Mr. President.

Mr. HEINZ. I thank my friend from Louisiana for yielding.

Mr. MOYNIHAN. Mr. President, perhaps no State has fought the inequities in the social security disability system more vigorously than has the State of New York. As a member of the Finance Committee and as ranking minority member of its Social Security Subcommittee, I intend to do everything in my power to advance this legislation through the committee.

Mr. LEVIN. Mr. President, if my friend will yield, if I understood it correctly, and I had a little trouble hearing, did I understand him to say that he does not have intention of holding up either committee or floor action on the legislation?

Mr. LONG. No; I did not. Of course, no one can anticipate what the committee will recommend. I would hope that whatever the recommendation of the committee would be, the Senate would proceed to act on it and each Senator would offer his amendments. What I would ask is that we have orderly legislative procedure, that the matter be handled in that way, and that is what is being proposed here as I understand it.

Mr. LEVIN. The assurances given by our friends from Kansas and Louisiana are such that we feel that we can now withdraw this amendment and not offer it today in the expectation and the understanding that this will be reported promptly out of the committee as indicated and there would not be any filibuster on the floor.

Mr. LONG. Mr. President, permit me to say that I have no intention of filibustering this bill. I do intend to offer amendments if I think they are necessary and in order. I am not in position to discuss the merits of the bill being referred at this point, but I will be glad to consider it in the committee and make my suggestions, and I hope other Senators will do likewise.

Mr. LEVIN. I thank my friend.

Mr. CHAFEE. As a cosponsor of the Cohen-Levin amendment, I want to commend the Chairman of the Finance Committee, Mr. Dole, and the sponsors of the amendment for arriving at a compromise. I look forward to immediate action and toward resolving the problem which resulted from the 1980 social security disability amendments.

Since 1980, a host of disabled workers have been deprived of their much-needed benefits. They have suffered undue hardships as their cases have been reviewed by the Social Security Administration, and they have been terminated from the program only to be reinstated at a later time.

I am confident that the debate here today will result in relief for the many disabled workers who depend upon the Social Security Disability Insurance program for their livelihood.

Mr. BRADLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT No. 2978

(Purpose: To impose an additional tax on gasoline with lead additives)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the Dole amendment is set aside and the clerk will report the amendment.

The bill clerk read as follows:

The Senator from New Jersey (Mr. Bradley), for himself and Mr. Durenberger, proposes an amendment numbered 2978.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 827, between lines 17 and 18, insert the following new section:

SEC. 615. ADDITIONAL TAX ON GASOLINE WITH LEAD ADDITIVES.

(a) In General.—Section 4081 (relating to imposition of tax on gasoline) is amended by adding at the end thereof the following new subsection:

"(d) Gasoline With Lead Additives.—In addition to the tax imposed by subsection (a) there is hereby imposed on gasoline with lead additives sold by the producer or importer thereof, or by any producer of gasoline with lead additives, a tax of 10 cents for each gram of lead added to a gallon in excess of .10 of a gram, and a proportionate tax at the like rate on all fractional parts of a gram.".

(b) No Termination Date.—Subsection (b) of section 4081 is amended by striking out "this section" and inserting in lieu thereof "subsection (a)".

(c) Transfer of Tax Into Superfund.—

(1) In general.—Subparagraph (A) of section 221(b)(1) of the Hazardous Substance Response Revenue Act of 1980 (42 U.S.C. 9631(b)(1)) (relating to transfers to response trust fund) is amended by inserting "4081(c)," before "4611".

(2) Conforming amendment.—Section 303 of such Act (42 U.S.C. 9653) (relating to expiration, sunset provision) is amended—

(A) By striking out "section 4611 and under 4661" and inserting in lieu thereof "section 4081 (c), 4611, and 4661", and

(B) by striking out "section 4611 and 4661" and inserting in lieu thereof "sections 4081 (c), 4611, and 4661".

(d) Effective Date.—

(1) The amendments made by subsections (a) and (b) shall apply to sales after June 30, 1986.

(2) The amendments made by subsection (c) shall take effect on the date of the enactment of this Act.

Mr. BRADLEY. Mr. President, I ask unanimous consent that Senator Durenberger be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, this amendment would impose a tax on lead in gasoline and dedicate the revenues of this tax to the Superfund. The tax would be 10 cents on every gram of lead above one-tenth of a gram per gallon. While not raising large revenues, a tax on lead in gasoline will help accelerate the removal of one of the most damaging threats to public health, especially the health of our children.

Lead is poison, Mr. President. Studies have shown that high levels of lead in the blood reduce the ability of the central nervous system to function. Lead in children's blood may actually retard their learning ability. There appears to be a disturbing relationship between high lead levels in blood and lower IQ scores, especially verbal IQ. Children with high blood levels are seven times more likely to repeat a grade in school. Mr. President, this is a gruesome, frightening poison that ought to be eliminated.

Lead in gasoline appears to be the principal source of lead in the environment. EPA now limits the quantity of lead in gasoline by regulation, but 1.1 gram of lead are still allowed in a gallon of leaded gasoline. But even that level is too high, and it is not required to make cars function properly. Gasoline refiners use lead to raise the octane of their product, lead being the cheapest but certainly not the only source of additional octane.

Since most cars manufactured for use in this country since 1975 have been equipped with pollution controlling catalytic converters, the use of leaded gasoline is declining. We had hoped that in the 1990's the use of lead would have dropped to very low levels.

However, something is happening in the gasoline market today to cause us concern. Lead use may not be phasing out as we had hoped. The problem is that leaded gasoline is cheaper than unleaded gasoline. Those cut rate prices give people an economic incentive to use leaded gasoline.

Mr. President, this is the nub of the problem. People have a financial incentive to use leaded gasoline even though we know that leaded gasoline puts lead into the blood of our Nation's children. Some cars can take either leaded or unleaded gasoline. It is safe to assume that most owners of these cars choose the cheaper leaded gasoline. Most cars manufactured since 1975, however, are designed to use unleaded only. But because leaded gasoline is cheaper, an increasing portion of the owners of these unleaded only cars use leaded fuel.

This has two harmful effects. First, it puts more lead into the air, harming our children's health. Second, it destroys the catalytic converter, and increases air pollution. Nearly 20 percent of the Nation's catalytic converters have been either destroyed or disconnected. This means increased emissions of hydrocarbons, carbon monoxide and nitrogen oxides. This air pollution exacerbates asthma, causes headaches, and severely hits the elderly and the infirm. If this situation goes unchecked according to EPA's estimates, the incidence of this misfueling will increase from 17 percent today to 42 percent in 1990. Instead of a rapid phaseout of leaded gasoline, we are seeing continued use in demand for leaded gasoline because leaded gasoline is cheaper.

Mr. President, how can we solve this problem? There are two options. EPA and others are considering a ban on leaded gasoline. I am proposing a tax on leaded gasoline.

Let me tell you why I believe a tax is preferable to a regulatory ban. First, some users of gasoline require some lead in their gasoline for proper operation of their motors. Cars built before 1971 and some medium trucks will still require small amounts of lead for proper operation. A total lead band can accommodate those who use leaded gasoline because there is no alternative.

A tax on lead above a tenth of a gram, however, would allow for the continued use of leaded gasoline at the lowest level required for use by these older cars and trucks.

At the minimum lead levels, no tax would be paid. Above a tenth of a gram of lead per gallon, people would have to pay for the environmental and health damage caused by lead pollution. The point is a tax is more flexible than a regulatory ban and accomplishes the same thing.

Second, a tax on lead in gasoline is an economic disincentive that is specifically designed to counteract the economic incentive that is the nub of the problem. The economic incentive that is causing the problem is that leaded gasoline costs less than unleaded. A tax on lead reverses the situation. Leaded gasoline will be more expensive. The economic incentive to misfuel will be eliminated.

Third, a tax is self-enforcing. A regulatory ban by contrast would be difficult and cumbersome to enforce. Where the problem is an economic incentive to pollute, the best way to decrease pollution is to remove the economic incentive.

Mr. President, we are considering a deficit reduction package. But my primary goal here in offering this amendment is not to raise revenues, although there will be sizable revenues going to the superfund, but I care equally about the impact it will have on the health of our children. I hope we will reduce the amount of lead in gasoline so as to improve the air quality in our country.

To the extent that lead is still used, the tax will raise some money. My hope is that faced with the higher costs of lead, refiners will reduce the amount of lead in gasoline down to one-tenth gram per gallon. If that happens, Mr. President, then the number of children poisoned by lead will fall dramatically. EPA estimates that 43,000 fewer children will be poisoned by lead. These children will avoid the damaging effects of lead in their blood. In addition, the incentive to misfuel will be eliminated, catalytic converters will not be dismantled, air quality will improve, and people's health will improve.

In summary, Mr. President, lead poisons children. Cost incentives led the public to destroy catalytic converters, thus causing more air pollution. Most demand for leaded gasoline exists because leaded gasoline is cheaper than unleaded. We can either tax the lead in gasoline or we can attempt to regulate it out. The tax is simpler, more effective, and at least is as fair as the ban.

Mr. President, we have to act to protect the health of our Nation's children. This amendment has a double environmental approach: First, tax lead, reduce the use of lead, and save children's lives; Second, take the money from that tax, dedicate it to the Superfund, and it can be used to clean up the toxic waste dumps in this country.

Mr. President, no one should assume that the $1.6 billion in the Superfund will do the job. It would not. This will add, over a period of 3 years, and additional $1.5 billion to the Superfund.

Let us get on about the business of cleaning up toxic wastes in this country.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. HEINZ. Mr. President, this is an intriguing amendment. The Senator from New Jersey has made some very appealing arguments. But, as I recollect, we had no hearings in the Finance Committee either on the tax, or on the level of the tax, or any of the other elements associated with what would happen if we imposed this tax. I am reluctant to have the Congress go on record at this point. It is up to each Member to choose to endorse this proposal.

I have some other concerns about the Senator's proposal. But the major concern I have is that—if, as the Senator says lead is as dangerous as he says it is—we should simply act to set the levels of lead through the EPA, or through proper environmental legislation at what they think it ought to be, even if that level is zero.

If lead is bad, let us ban it. Let us end it. What the Senator is in effect proposing is an idea that I have tried to develop from time to time. It is akin to an effluent charge, and economically an effluent charge makes a lot of sense. In theory, with an effluent charge, you set a tax on the effluent at a level sufficient to offset the economic harm done by the pollution. With respect to certain kinds of pollution, those that do not affect directly human health, I think that is a theory with much to recommend. But here we are talking about something, if the Senator is correct, that directly involves human health, the health of children as well as adults. It is very precious health to us all.

Conceptually, what this becomes to me is a 10-cent-a-gallon license to continue poisoning people. That, to me, does not make a lot of sense.

So I rise in opposition to the amendment. I would only add as really a minor footnote to me that the Senator's amendment raises some questions with respect to the highway trust fund, which is normally the recipient of fuel taxes, that this sets a precedent to divert those taxes that normally do go into the highway trust fund to some other purpose.

I do understand that this is a tax on lead and it will be levied, I presume, before it gets to the pump. Maybe that is not too great a concern.

I wonder a little bit—and that is because it is a new idea—about dedicating all this money to the Superfund program, which conceptually we want to have financed by the charges on the chemical feedstocks that are the chemicals from which the hazardous wastes are generated. I worry a little bit, not insurmountably in some sense, I suppose, that we are going to have an open-ended dedication of the equivalent of 10 cent a gallon, a lot of money, into the Superfund for a very long time indeed, I guess, and that could end up being a subsidy to polluters if we do not handle it correctly. Anything that people pay for that goes in there, which comes from general tax revenues, is, in a sense, a subsidy to polluters we have not caught, who we have not gotten to pay the cost of cleanup, which we have not levied on the feedstocks.

I hope my colleagues will resist the temptation to support this amendment.

Mr. President, does anybody wish to be heard further on the Bradley amendment?

Several Senators. Vote. Vote.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, the Senator from Pennsylvania offered certain objections regarding the pending amendment. One was that no hearings had been held. No hearings had been held, Mr. President. Well, I have in my hand a rather thick volume that has just been produced by the EPA called Cost and Benefit of Reducing Lead in Gasoline.

The report comes out very forcefully to say that the benefits of producing lead in gasoline far, far exceed the cost.

But no hearings have been held, Mr. President, no hearings.

Does anyone dispute the threat the lead poses for the lives of our children? It is one of the major pollutants in our environment. It is a leading cause of retardation after birth in children. It is a serious threat to many lives.

But we have had no hearings, Mr. President, no hearings.

Mr. President, does anyone doubt that there are thousands of toxic waste dumps across this country? They are documented by EPA. They are in the States of Pennsylvania, New Jersey, Louisiana, Delaware, Kansas—they are all across this land, Mr. President.

Does anyone doubt that they need to be cleaned up, Mr. President?

Everyone is for cleaning up toxic wastes, but very few people are for raising the revenue to do that, Mr. President.

The Superfund bill, which we pushed through in 1980 in the lame-duck session, generates $1.6 billion for toxic waste cleanup. Mr. President, EPA says it will cost a minimum of $8 billion to clean up toxic wastes in this country, a minimum of $8 billion.

We have on the books now $1.6 billion to clean up toxic wastes. We also have a substance that EPA has concluded not only is threatening to the health of our children, but, in this report, in gasoline, it is a definite benefit to get rid of it and that benefit far exceeds the costs.

What we have an opportunity to do with this amendment, Mr. President, is raise about another $1 billion to $1.5 billion for the Superfund—raise an additional $1 billion to $1.5 billion that would still be short of the $8 billion that EPA says is necessary to clean up toxic wastes in this country.

Mr. President, what would happen if this tax went into effect? What would happen is the message would go out that refiners should do a little additional refining and get the content of lead down.

This amendment does not touch one-tenth gram per gallon of gasoline. That is what you need for the extra octane, Mr. President. We preserve that. We send a message to tell refiners to get busy making that kind of gasoline.

What is the other message it would send, Mr. President? It would be that all those farms across America that are producing ethanol now and that would be increasingly producing ethanol could look to a major market to boost the marketing of that ethanol to take the place of gasoline.

So, Mr. President, this is an amendment that addresses a very serious national health problem. It is an amendment that addresses it in a way that harnesses the forces of the market to work for public health.

It is an amendment that says to the farmers of America there is now going to be a sizable market for your ethanol.

It is an amendment that says that we recognize that when we return to our States—and it happens to all of us, Mr. President—and we talk to the families who live next to the toxic waste dumps and we see the children who have been born next to those toxic waste dumps and are, therefore, deformed, that we are sensitive to them and we care about them and that we are going to get those toxic waste dumps cleaned up. And it says to all the children who are affected adversely by the pollution of the air, the prime cause of which is lead in gasoline, that we recognize that and we are going to respond to that, and we are going to do it in a way that harnesses the forces of this market.

Mr. President, this amendment is, in some senses, so self-evidently valuable to the health of this country that I do not really know why someone would oppose it.

I understand the Senator said initially, no hearings. Well, we certainly had hearings on the threat that lead is to the public health of our children. We certainly had many, many hearings on the threat of toxic waste.

Mr. HEINZ. Will the Senator yield?

Mr. BRADLEY. I shall yield in a minute, Mr. President.

The question is, are we going to get the revenues to clean up toxic waste dumps? Are we going to reduce the quantity of lead in our gasoline?

Mr. President, if the answer to all that is no, we do not care; if the answer is no, that we will not even put a little tax on lead in gasoline so we can reduce that threat to the public health at the same time we raise money to put into a cleanup for toxic waste, that is your answer—no, we do not care.

I do not think the U.S. Senate is in that position. I think the U.S. Senate wants to do something about that and this is the opportunity, Mr. President.

Mr. HEINZ. Mr. President, let me make a comment, and I shall be through in just a second. I just want to note for the record something, I am sure my friend from New Jersey knows, since he is a member of the Finance Committee and we had a long enough markup session for most amendments to be considered. This is not one, in spite of all the hearings he just mentioned, all the books that he has produced, that he chose to bring up over weeks and weeks in the markup session.

Mr. BRADLEY. Will the Senator yield on that point?

Mr. HEINZ. I am happy to yield.

Mr. BRADLEY. There is an answer to that.

Mr. HEINZ. Fine.

Mr. BRADLEY. Mr. President, the answer is that this EPA cost-benefit analysis on gasoline did not come out until last week. What we have now is evidence of what we have all known, that the benefit of eliminating lead in gasoline far exceeds the cost.

What would you have in a hearing? You would have the EPA come in and tell us that.

Mr. HEINZ. Mr. President, let me say I do not think the Senator can have it both ways. He cannot say on the one hand the book just came out last week and, on the other hand, that we should have known all about it. One way or the other, but not both.

Let me just say that I think the Senator from Louisiana wants to address this, too. We are talking about a 10 cent a gallon tax, Mr. President, that is going to be borne by certain kinds of people. Most reasonably well-to-do people have traded their old leaded gasoline cars for new cars that require unleaded gasoline in recent years. My guess is that this 10 cents a gallon is going to be paid by the very people that Senator Bradley, I think, wants to help—namely, poor people, farmers with old trucks, people who really are stuck with some rather old cars because they cannot afford to buy new cars.

I hope the Senator realizes that his amendment—and I think it is well-intentioned and I salute him for trying to do something about this problem that he has known a lot about for a long time—but we are not simply going to raise taxes on poor people. I think we have done enough of that as it is from time to time.

This is what we call a regressive tax, Mr. President. We do not want any more regressive taxes.

Indeed, frankly, the Senator from New Jersey always has taken the floor—he has on many occasions—to offer amendments about regressive taxation. He has said that is one of his problems with some of the taxes we have passed. This is a regressive tax. I hope we shall treat it as such and defeat it.

Mr. President, I yield the floor.

Mr. LONG. Mr. President, it is my experience that when a Senator offers an amendment on the floor, he is usually an expert on his amendment. He is the best expert here, because he has been thinking about the matter day in and day out; but other people have not. He has had a chance to prepare his case, while the other side has not, especially when the other side did not know the amendment was coming. Other people have not had a chance to study the other side of the argument. So many times, we see a floor amendment on which there has been no hearing. There have been no hearings on this matter, and the sponsors of the amendment are far better prepared to debate it than those who find themselves compelled to resist it.

Let us talk about the other side of the argument for just a moment. What would happen if we were to do what the Senator from New Jersey recommends? Here we have low-income people across America with older cars, and farmers who are driving old pickups. They are still on the highway. True, most vehicles are now using unleaded gas, but we have a great number of older vehicles still out there on the highways, driven by farmers in rural areas in particular, but low-income people cannot afford to buy new automobiles. It would be more efficient to operate the new automobiles. They would use less gas, and have less maintenance cost. But on the other hand, the old automobiles are about all the low-income families can afford, particularly when they are not going to drive many miles. So this is a fairly heavy tax increase on low-income people who drive old automobiles and old pickup trucks, and use transportation of that sort.

Now, Mr. President, if that kind of tax increase is necessary, then we ought to pass it. But that remains to be seen, Mr. President. I predict with confidence that when we hold a hearing, there are going to be two sides to that argument. If you do not think there are two sides now, wait until we have a hearing. Then you will be able to hear from the people who make leaded gas, who operate small refineries across the country. They will bring in their experts. EPA is a fine organization, but it is not always right. It has been known to exaggerate.

The fact is that the amount of lead in the atmosphere is drastically down from what it once was. It is coming down because we have fewer automobiles that use leaded gasoline. That is happening anyhow. That is the trend. It has been going on for a long time, and today most of the automobiles do not use leaded gas.

Before we get into this matter, we ought to hold a hearing and explore what is obvious on the face of it: That those who talk about the damage done by lead poisoning, in most instances, are not able to show whether that is coming from lead in the atmosphere or lead in paint or lead from other sources. And no one knows what level of lead exposure does precisely what amount of damage to human beings. No one knows, for example, how much good we are getting from the cleanup in the atmosphere, and that cleanup has been very substantial, or if this is what is causing most of the lead pollution.

We do not have the evidence to show us just how much good we have already achieved by taking the lead out of gasoline.

Mr. President, when one looks at the impact on low-income people by making them pay an extra 10 cents a gallon for gasoline, it justifies taking enough time to know whether this action is right. It justifies taking enough time to hear the evidence both sides would present at a hearing. It justifies better consideration than trying to make a decision without this evidence.

The Senator, I believe, did not present this amendment in the committee. Is that correct?

I see the Senator nod.

Mr. President, certainly those of us who are on the committee would expect it to consider measures of this sort, to explore the evidence, to take the evidence from the expert witnesses who are available on both sides of the argument. That, in my judgment, should be available to the Senate before we are asked to impose a 10-cent-a-gallon tax on low-income people driving old automobiles.

Mr. DOLE. Mr. President, I hope we can dispose of this amendment. We are taking an hour and some minutes on an amendment which never had hearings. We have been on this bill to midnight, 10 o'clock, tonight it is going to be 1 or 2 in the morning. We ought to be on some amendments we at least have had some hearings on or discussed.

I may be for the amendment; I think it makes a lot of sense, but let us not try to educate 100 of us tonight. I do not think we ought to be voting. I think the amendment ought to be withdrawn. We ought to have some hearings on it. We should not prejudice the amendment by tabling it, but that is the only choice we have.

Mr. LONG. Will the Senator yield?

Mr. DOLE. I yield.

Mr. LONG. I may want to vote for the amendment myself after we have had a chance to hear both sides of the argument, but I ask a somewhat rhetorical question which seems to state the obvious. Is it not better to look before you shoot? Before you vote to put a very heavy tax on somebody—and perhaps put some people out of business—is it not better to first know what you are doing? I am sure that the argument the Senator makes can be supported by a lot of expert witnesses. I also predict with confidence that there will be expert witnesses for the other side who also have good credentials.

Mr. DOLE. I think the Senator is right. I would like to move on. I think we have a chance—I say a chance—to finish this evening if we do not get bogged down in other amendments.

I hope the Senator from New Jersey will let us dispose of the amendment. I think that is the best way, very honestly. Advice is only what it is worth when you get it for free. I support the amendment. I think the Senator has made a serious point. I hope to get a copy of the EPA study. I am willing to do what we need to do in the committee to start taking a look at it.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. I say to the distinguished chairman of the Finance Committee and to the ranking member, both of whom are Senators I respect and admire, I think they have made a number of interesting points. I just basically disagree with some of them. I do think this is an amendment that we want to push to a vote and I intend to, but I will not take very long.

I will simply address the point the Senator from Louisiana made about low income. Mr. President, there are 150 million vehicles in this country. There are 3 million of those vehicles that have to use leaded gasoline. There are 17 million vehicles that are now misfueled.

So, Mr. President, we are talking about a rather small number of vehicles that cannot switch to unleaded gasoline.

The second point, Mr. President. Indeed, it would be a 10-cent tax on lead in gasoline. It does not tax the first 10th of a gram, which is what you need for octane for a lot of those farm vehicles. It would tax above. Refiners would begin to reduce the lead in gasoline.

Mr. President, if your State is the same as mine, it has those low-income people who are the most threatened by toxic waste, who find their homes up against dump sites, who cannot get their children out of the atmosphere where leaded gasoline pours substances into the air.

I think this is a close call and on balance I would say it is more important to clean up the toxic waste dumps in this country and put the money out there to do it. It is more important to take the lead out of the air than it is to worry about 3 million vehicles that cannot switch to unleaded gasoline.

Mr. President, that is the issue. I am prepared to vote. As I see it, it is a choice between whether we want to do something about this threat to our public health or whether we want to wait longer and longer and abdicate our responsibility to protect that public health and safety.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second. There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, since we have had no hearings on this and since some of us are not certain where we will come out when we do, and I want to vote on the merits, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STENNIS. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from North Carolina (Mr. EAST), the Senator from Arizona (Mr. GOLDWATER), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Connecticut (Mr. WEICKER), are necessarily absent.

I further announce that the Senator from Idaho (Mr. MCCLURE), and the Senator from Idaho (Mr. SYMMS) are absent to attend the funeral of a former Senator.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Arizona (Mr. DECONCINI), the Senator from Colorado (Mr. HART), and the Senator from Kentucky (Mr. HUDDLESTON), are necessarily absent.

The PRESIDING OFFICER (Mr. GRASSLEY). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 61, nays 28, as follows:

[Rollcall Vote No. 71 Leg.]

YEAS—61

Abdnor
Andrews
Armstrong
Baker
Baucus
Boren
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cohen
D'Amato
Denton
Dole
Domenici
Eagleton
Exon
Ford
Garn
Glenn
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Inouye
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Levin
Long
Mattingly
Melcher
Metzenbaum
Mitchell
Murkowski
Nickles
Nunn
Pressler
Pryor
Quayle
Randolph
Sasser
Simpson
Stennis
Stevens
Thurmond
Tower
Trible
Wallop
Warner
Wilson
Zorinsky

NAYS—28

Biden
Bingaman
Boschwitz
Bradley
Cranston
Danforth
Dixon
Dodd
Evans
Gorton
Kennedy
Lautenberg
Leahy
Lugar
Mathias
Matsunaga
Moynihan
Packwood
Pell
Percy
Proxmire
Riegle
Roth
Rudman
Sarbanes
Specter
Stafford
Tsongas

NOT VOTING—11

Bentsen
DeConcini
Durenberger
East
Goldwater
Hart
Huddleston
Humphrey
McClure
Symms
Weicker

So the motion to lay on the table Mr. BRADLEY's amendment (No. 2978) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. HEINZ. Mr. President, I note the leader's presence, and I yield to him.

Mr. BAKER. I thank the Senator.

Mr. President, I have discussed this matter with the minority leader and with the author of the pending amendment, as well as the manager on this side and the distinguished ranking member on the Finance Committee.

I regret to interrupt, but it is necessary, in the judgment of the leadership, that we pass an extention of the bankruptcy bill before the House goes out, so that they have an opportunity to consider it.

Let me say that the House has indicated through its leadership that they are agreeable to the form of the bill that I am now submitting.

CONTINUING THE TRANSITION PROVISIONS OF THE BANKRUPTCY ACT UNTIL MAY 26, 1984

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate temporarily lay aside the pending business and turn to the consideration of a bill in respect to the Bankruptcy Act, which I now send to the desk.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 2570) to continue the transition provisions of the Bankruptcy Act until May 26, 1984, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

Without objection, the bill will be considered to have been read the second time at length, and the Senate will proceed to its immediate consideration.

The Senate proceeded to consider the bill.

Mr. THURMOND. Mr. President, this legislation would once again briefly extend the transition period established under the Bankruptcy Reform Act of 1978. As my colleagues will recall, we earlier passed a bill, S. 2507, which extended the transition period for 1 month until April 30 of this year. This legislation would extend the transition period from April 30 to May 25, 1984.

Mr. President, let me say at the outset that I deeply regret having to again extend the transition period of the 1978 act. Passage of permanent legislation resolving the constitutional difficulties in our bankruptcy system would, of course, be far preferable. A major issue, however, has arisen in the areas of bankruptcy law and labor law since the Senate passed its bill, S. 1013, on April 27, 1983. That issue, as my colleagues are well aware, is the rejection of collective bargaining agreements in chapter 11 bankruptcy reorganizations.

Since the February 22 decision of the Supreme Court in NLRB against Bildisco and Bildisco, this issue has received quite a bit of media attention and has consumed a lot of time here in the Senate. It has been and continues to be a very complex and controversial issue not readily susceptible to compromise. The House of Representatives did, of course, include a labor provision in its bill, H.R. 5174, passed on March 21, 1984, shortly before the end of the transition period.

That provision was passed by the House, however, without any hearings on or careful study of this difficult issue and without even a separate floor vote on this controversial matter. Responsible Members of the House were thus forced to approve a totally unacceptable labor provision as the price for passage of a critically needed bankruptcy bill.

Responding to requests for a hearing on this matter, the Committee on the Judiciary and the Committee on Labor and Human Resources yesterday held a joint hearing on rejection of labor contracts in reorganization proceedings. Representatives of organized labor and of the business community testified. I would have to honestly say that, at this point in time, both sides are far apart in their views on this subject. Organized labor would have us overturn every aspect of the Bildisco decision, including the 9 to 0 portion of that opinion addressing the standard for rejection of collective-bargaining agreements.

The business community, on the other hand, is fully satisfied with the Supreme Court's decision and wishes to preserve the status quo. I am encouraged, however, by the commitment made by all participants in the hearing to meet with each other and with interested Senators to try to work out an appropriate compromise. That process will, of course, be very difficult and time consuming.

Too little time remains, in my opinion, before the Easter recess to work out such a compromise. I am also informed by the majority leader that, when we return from the recess, the 1 week that remains before the end of the transition period must be devoted to other pressing legislative matters, primarily pertaining to the budget. I am, therefore, reluctantly supporting a second and hopefully final extension of the transition period. My desire is for a compromise to be reached on the labor issue. If that can be accomplished, I believe that the Senate can quickly act on a bankruptcy bill before May 25. If an agreement cannot be reached, we must try to move forward to passage of a bankruptcy bill, with or without a labor provision.

Mr. **BAKER**. Mr. President, as I said earlier, this bill has been cleared on both sides. The minority leader has indicated there is no objection on his side. It has been cleared on this side. The House, through its leadership, indicated they will pass this bill without modification. Therefore, I move its passage.

The **PRESIDING OFFICER**. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2570) was ordered to be engrossed for a third reading, read the third time, and passed as follows:

S. 2570

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 402 of the Act entitled "An Act to establish a uniform Law on the Subject of Bankruptcies" (Public Law 95-598) is amended in subsections (b) and (e) by striking out "May 1, 1984" each place it appears and inserting in lieu thereof "May 26, 1984".

(b) Section 404 of such Act is amended in subsections (a) and (b) by striking out "April 30, 1984" each place it appears and inserting in lieu thereof "May 25, 1984".

(c) Section 406 of such Act is amended by striking out "April 30, 1984" each place it appears and inserting in lieu thereof "May 25, 1984".

(d) Section 409 of such Act is amended by—

(1) striking out "May 1, 1984" each place it appears and inserting in lieu thereof "May 26, 1984"; and

(2) striking out "April 30, 1984" each place it appears and inserting in lieu thereof "May 25, 1984".

Sec. 2. The term of office of any bankruptcy judge who was serving on April 30, 1984, and of any bankruptcy judge who is serving on the date of the enactment of this Act is extended to and shall expire on May 25, 1984.

Sec. 3. (a) Section 8339(n) of title 5, United States Code, is amended by striking out "April 1, 1984" and inserting in lieu thereof "May 26, 1984".

(b) Section 8331(22) of title 5, United States Code, is amended by striking out "April 30, 1984" and inserting in lieu thereof "May 25, 1984".

Mr. **BAKER**. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. **BYRD**. Mr. President, I move to lay motion on the table.

The motion to lay on the table was agreed to.

SENATE SCHEDULE

Mr. **BAKER**. Mr. President, I would like to make an announcement with respect to the Senate schedule tonight. It is by no means certain that we can finish this portion of the bill tonight, but I continue to hope that we can. I proposed to the minority leader and to the chairman and ranking member of the Finance Committee, that perhaps the four of us could gather together and take inventory on the amendments that remain and then make some better judgments of where we are and how long it might take to finish the Finance Committee portion of this bill.

Mr. President, assuming that that meeting takes place, we will be perhaps in a better position to make a subsequent announcement within an hour or so. In any event, Mr. President, it is the intention of the leadership on this side at this moment to try to finish this bill tonight. If we have not finished the bill by 10 o'clock this evening, the leadership on this side will attempt to have a further announcement to make about our plans.

Senators should be reminded that there is now a concurrent resolution passed by the two Houses that authorizes the adjournment of the Senate either tonight, tomorrow night, or Saturday.

Mr. President, I do not wish to stay beyond tonight. I do not want to be in tomorrow. But I feel it is essential that we do that if we have not finished the Finance Committee portion of this bill, and Saturday as well.

So, Mr. President, I urge Senators to consider we will be in at least until 10 o'clock tonight, and perhaps much later. There is still a chance that we can finish this portion of the bill.

Mr. President, I hope to have a further announcement to make later.

(Conclusion of earlier proceeding.)

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

The Senate continued with the consideration of the bill.

The **PRESIDING OFFICER**. The Senator from South Dakota is recognized.

Mr. **ABDNOR**. Mr. President, I yield to the Senator from Iowa.

The **PRESIDING OFFICER**. The Senator from South Dakota is recognized.

Mr. **ABDNOR**. Mr. President, I yield to the Senator from Oregon.

Mr. **PACKWOOD**. Mr. President, I ask unanimous consent to temporarily set aside the Dole amendment.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

AMENDMENT NO. 2981

(Purpose: To limit the deduction for losses on farming and to use part of the increase in revenues from such limitation for farm programs)

Mr. **ABDNOR**. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER**. The clerk will report.

The legislative clerk read as follows:

The Senator from South Dakota (Mr. Abdnor) proposes an amendment numbered 2981.

Mr. **ABDNOR**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 541 of the matter proposed to be inserted, between lines 17 and 18, insert the following:

SEC. 189. LIMITATION ON DEDUCTION FOR LOSSES ON FARMING.

(a) In General.—Part IX of subchapter B of chapter 1 (relating to items not deductible) is amended by adding after section 280E the following new section:

"SEC. 280F. LIMITATION ON DEDUCTIONS ATTRIBUTABLE TO FARMING.

"(a) General Rule.—In the case of a taxpayer engaged in the trade or business of farming, the deductions attributable to such trade or business which, but for this section, would be allowable under this chapter for the taxable year shall not exceed the sum of—

"(1) the gross income of such taxpayer derived from the trade or business of farming for such taxable year, plus

"(2) $21,000.

"(b) Married Individuals Filing Separate Returns.—

"(1) In general.—In the case of any married individual—

"(A) who files a separate return for the taxable year, and

"(B) the spouse of whom has any income or deductions attributable to the trade or business of farming for such year,

subsection (a)(2) shall be applied to such individual for such year by substitiitng '$10,500' for '$21,000'.

"(2) Determination of marital status.—For purposes of this subsection, marital status shall be determined under section 143.

"(d) Carryover of Farm Operating Losses.—The amount not allowed as a deduction by reason of subsection (a) for any taxable year shall be treated as a deduction attributable to the trade or business of farming in the following taxable year.

"(d) Special Rules.—For purposes of this section—

"(1) Income and deductions.—The determination of whether any item of income is derived from the trade or business of farming and whether any deduction is attributable to the trade or business of farming shall be made under regulations prescribed by the Secretary.

"(2) Several trades or businesses of farming.—In the case of a taxpayer engaged in more than one trade or business of farming, all such trades or businesses of the taxpayer shall be treated as one trade or business.

"(3) Partnerships, trusts, and S corporations.—A trade or business of farming carried on by a partnership, trust, or S corporation shall be treated as carried on by the partners of such partnership, the beneficiaries of such trust, and the shareholders of such corporation in proportion to their interest in such partnership, trust, or corporation (as the case may be)."

(b) Establishment of the Limited Resource Farmers and Ranchers Loan Trust Fund.—Subchapter A of chapter 98 (relating to trust funds) is amended by adding at the end thereof the following new section:

"SEC. 9504. LIMITED RESOURCE FARMERS AND RANCHERS LOAN TRUST FUND.

"(a) Creation of Trust Fund.—There is established within the Treasury of the United States a trust fund to be known as the 'Limited Resource Farmers and Ranchers Loan Trust Fund' which shall consist of such amounts as may be appropriated or credited to such Trust Fund under this section or section 9602 (b).

"(b) Transfer of Increased Resources.—There are hereby appropriated to the Limited Resource Farmers and Ranchers Loan Trust Fund for each fiscal year amounts equivalent to 50 percent of the amount which the Secretary of the Treasury estimates is equal to the revenues received into the Treasury of the United States during such fiscal year by reason of the amendments made by section 189 (a) of the Deficit Reduction Tax Act of 1984.

"(c) Expenditures From Trust Fund.—Funds in the Limited Resources Farmers and Ranchers Loan Trust Fund shall be available, as provided by appropriation Acts, for the purpose of making and insuring farm ownership loans, and operating loans, to low-income, limited resource borrowers under subtitles A and B, respectively, of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921, et seq.).".

(c) Conforming Amendments.—

(1) The table of sections for part IX of subchapter B of chapter 1 is amended by adding after the item relating to section 280E the following new item:

"Sec. 280F. Limitation on deductions attributable to farming."

(2) The table of sections for subchapter A of chapter 98 is amended by adding at the end thereof the following new item:

"Sec. 9504. Limited Resource Farmers and Ranchers Loan Fund.".

(d) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. ABDNOR. Mr. President, the purpose of my amendment is to turn a current tax abuse of farming into a benefit for family farmers and at the same time further reduce the Federal deficit. My amendment would limit to $21,000 the amount of off-farm income which could be sheltered by farm losses. Twenty-one thousand is approximately the average national household income level.

In a recent study of 1976 farm income tax returns, the Internal Revenue Service identified 12,000 returns which reported farm losses in excess of $50,000. These same returns showed an average off-farm income of over $122,000. After deducting an average of over $104,000 in farm losses, these 12,000 so-called farmers paid taxes on an average adjusted gross income of but $16,362.

The IRS found another 24,000 tax returns which recorded farm losses in the range of $25,000 to $50,000. These so-called farmers had an average off-farm income of almost $52,000 and after deducting average farm losses of $34,000, paid taxes on an average adjusted gross income of only $17,366.

My amendment calls upon the Department of the Treasury to measure the present tax revenue impact of limiting to the average national level of household income the amount of off-farm income which could be sheltered by farm losses.

Whatever the amount of additional revenue may be, my amendment calls for one-half of that amount to be applied toward reducing the deficit with the remaining one-half allocated to a trust fund for the specified purpose of providing farm ownership and operating loan assistance to limited resource farming.

The Committee has estimated a revenue gain of approximately $2.6 billion for fiscal year 1985-87 from my amendment. If that figure is correct, $1.3 billion would be deposited into the limited resource farmers and ranchers loan trust fund and would be available for the purpose of reducing interest rates on loans to needy farmers, and there are few farmers these days who are not in need of lower interest rates.

As my colleagues, are aware, the limited resource loan program was established to provide reasonably priced credit to beginning and low-income farmers and ranchers. During this period of economic difficulties in agriculture, in which hundreds of family farmers are being foreclosed upon, I believe that it is entirely appropriate to earmark one-half of the savings collected from this loophole closing measure to limited resource borrowers. I also think it is entirely appropriate to assist limited resource, beginning farmers and ranchers, who are being denied the opportunity to engage in farming or ranching operation due to the high cost of credit and since these limited resource borrowers must compete for farmland against the individuals who earn tremendous off-farm incomes and who, until now, were able to write off excessive farm losses.

My amendment also would reduce the speculative competition for land and other farm inputs thereby lowering their price for all bonafide farmers and ranchers. Also, my amendment would reduce farm output and thereby raise commodity prices by discouraging the unprofitable production of farm goods for the purpose of sheltering substantial off-farm income.

And, as I mentioned earlier, Mr. President, my amendment would reduce the deficit since one-half of the savings would be earmarked for this purpose. This is a perplexing problem with which Congress is struggling and toward which the bill before us is addressed.

There is no reason why our tax code should subsidize land speculators and high stakes investors looking for a tax shelter when those speculators and investors compete with the family farmer.

As the law currently reads, individuals with large off-farm incomes are able to invest in farmland or other agricultural practices for the sole purpose of sheltering their off-farm income. As I mentioned earlier, the Joint Tax Committee has estimated that the U.S. Treasury would collect an additional $2.6 billion over the next 3 years if my amendment were enacted; $2.6 billion is around 5 percent of the entire deficit reduction package with which we are dealing today. Half of that amount, or $1.3 billion would go a long way in making 6, 7, and 8 percent interest money available to low income, beginning, limited resource farm borrowers.

It is outrageous that our current tax laws allow individuals with huge off-farm incomes to compete for farmland against our family farmers and ranchers. These individuals drive up the price of land, making it difficult or impossible for bonafide family farmers and ranchers to purchase that land to expand their operations or begin farming.

In addition, the current tax law encourages production on marginal lands since investors are able to incur greater farming losses on these lands, thus aggravating our surplus production problems and adding to our festering soil conservation problems.

There are some who might claim that my amendment would be detrimental to some individuals. Let me point out, however, that my amendment still would allow the individual who has both a nonagricultural business as well a farm to deduct $21,000 in farm losses from his off-farm income; $21,000 is the national median household income. That is more than what one-half of the people in the United States earn per year. My amendment does not hurt Americans with average incomes, but rather catches those individuals who have reaped a bonanza harvest from our tax laws and have done so at the expense of U.S. taxpayers, and perhaps even more importantly, the family farmer and rancher.

Mr. President, I am amazed by the interest my proposed amendment has created. I am pleased to see such interest. Clearly, it is apparent that there are some toes that would be stepped on.

There are those who have come to me and said they would like to see hearings held on my proposal.

Although I do hate to see a delay in the implementation of my proposal, I have visited with our distinguished chairman of the Finance Committee who has agreed to hold hearings before his committee.

With that assurance, Mr. President, I am going to ask that my amendment be withdrawn.

THE PRESIDING OFFICER. The Senator has a right to withdraw his amendment.

Without objection, the amendment is now withdrawn.

The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the amendment by the Senator from Kansas will be set aside and the Senate will proceed to consider an amendment by the Senator from North Carolina.

AMENDMENT NO. 2982

(Purpose: To provide for the safeguarding of taxpayer rights, and for other purposes)

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an amendment numbered 2982.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title VIII, insert the following new subtitle:

Subtitle —Taxpayer's rights

SEC. —. SHORT TITLE.

This subtitle may be cited as the "Taxpayers' Bill of Rights Act".

SEC. —. COURT ORDER REQUIRED FOR LEVY.

(a) GENERAL RULE.—Section 6331 (relating to levy and distraint) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) COURT ORDER REQUIRED.—

"(1) IN GENERAL.—Levy may be made under subsection (a) only after the Secretary is authorized by court order to make such levy.

"(2) AUTHORITY TO ISSUE ORDER.—On request of the Secretary, the court order required under paragraph (1) may be issued by any Federal judge or any judge of a State court of record within the district wherein the property (or right to property) to be levied is located.

"(3) STANDARDS FOR ISSUING ORDER.—A judge may issue an order under this subsection only if—

"(A) the taxpayer was afforded a reasonable opportunity to be heard with respect to the issuance of the order,

"(B) the Secretary demonstrates that—

"(i) there are no facts in dispute which, if resolved in the taxpayer's favor, would result in the redetermination of any deficiency, and

"(ii) all efforts provided by law which may be taken prior to levy and distraint (including offers to compromise and time payments) have been taken, and

"(C) the judge determines that such levy will not result in any unusual, unnecessary, or irreparable loss to the taxpayer.

"(4) STATE.—For purposes of this section, the term 'State' includes any possession of the United States.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any levy issued on or after the date of the enactment of this Act.

SEC. —. AWARDING OF COURT COSTS AND CERTAIN FEES.

(a) AWARDS FOR FEES INCURRED IN ADMINISTRATIVE ACTIONS TO BE ALLOWED.—

(1) IN GENERAL.—Subsection (a) of section 7430 (relating to awarding of court costs and certain fees) is amended—

(A) by inserting "(including any administrative proceeding)" after "civil proceeding", and

(B) by inserting "or before any agency of the United States" after "(Tax Court)" in paragraph (2).

(2) CONFORMING AMENDMENT.—

(A) Paragraph (2) of section 7430(b) (relating to requirement that administrative remedies be exhausted) is amended by inserting "in any civil proceeding brought in a court of the United States" after "subsection (a)".

(B) Section 504 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) The provisions of this section shall not apply to any costs, fees, and other expenses in connection with any action or proceeding to which section 7430 of the Internal Revenue Code of 1954 applies.".

(b) REPEAL OF DOLLAR LIMITATION.—Subsection of (b) section 7430 (relating to limitation), as amended by subsection (a), is amended by striking out paragraph (1) and redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3).

(c) EFFECTIVE DATE.—This amendments made by this section shall apply to civil actions or proceedings commenced on or after the date of enactment of this Act.

SEC. . ASSISTANT SECRETARY FOR TAXPAYER ASSISTANCE.

(a) ASSISTANT SECRETARY for TAXPAYER ASSISTANCE.—

(1) IN GENERAL.—There is established within the Department of the Treasury an office to be known as the Taxpayer Assistance Protection Board to be under the supervision and direction of an Assistant Secretary for Taxpayer Assistance. The Assistant Secretary shall be responsible for—

(A) providing to taxpayers—

(i) assistance in obtaining easily understandable tax information and information on audits, corrections, and appeals procedures;

(ii) assistance in answering questions on tax liability and preparing and filing returns; and

(iii) assistance in locating documents or payments filed with or submitted to the Internal Revenue Service by taxpayers;

(B) providing personnel in local offices of the Internal Revenue Service to receive and evaluate complaints of improper, abusive, or inefficient service by Internal Revenue Service personnel and, with due regard for the rights of both the taxpayer and the Internal Revenue Service personnel and under regulations prescribed by the Secretary, to recommend the taking of action by the Internal Revenue Service to correct such service;

(C) surveying taxpayers to obtain their evaluation of the quality of the service provided by the Internal Revenue Service;

(D) compiling data on the number of type of taxpayer complaints in each internal revenue district and evaluating the actions taken to resolve such complaints; and

(E) carrying out such other functions which relate to assisting taxpayers as the Secretary may prescribe.

The Assistant Secretary shall submit an annual report to the Committe on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation on the activities of the Taxpayer Assisance Protection Board.

(2) SALARY.—Section 5315 of title 5, United States Code, is amended by striking out "(5)" in the item relating to Assistant Secretaries of the Treasury and inserting in lieu thereof "(6)".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to the 4-year period beginning on the date of the enactment of this Act. Within 90 days after such date, the Secretary shall transmit to Congress guidelines for the operation of the Taxpayer Assistance Protection Board.

SEC. . NOTICE TO THIRD-PARTY RECORDKEEPERS.

(a) IN GENERAL.—Paragraph (5) of section 7609(a) (relating to nature of summons) is amended by adding at the end thereof the following new sentence: "The summons shall also notify the third-party recordkeepers of the rights of persons entitled to notice under paragraph (1) to intervene and stay compliance under subsection (b).".

(b) Effective Date.—The amendment made by subsection (a) shall apply to summonses issued after the 30th day following the date of the enactment of this Act.

SEC. —. WRITTEN ADVICE OF INTERNAL REVENUE SERVICE.

(a) In General.—Section 6404 (relating to abatements) is amended by adding at the end thereof the following new subsection.

"(e) Abatement of Deficiency and Any Penalty or Interest Attributable to Written Advice by the Internal Revenue Service.—

"(1) Abatement of Deficiency.—The Secretary shall abate the full amount of any deficiency attributable to erroneous advice furnished to the taxpayer in writing by an officer or employee of the Internal Revenue Service, acting in his official capacity, in response to a specific request of the taxpayer unless the deficiency resulted from a failure by the taxpayer to provide adequate or accurate information.

"(2) Abatement of penalty or interest.—Any penalty or interest imposed on a deficiency to which paragraph (1) applies shall be abated.".

(b) Oral Advice.—Each officer or employer of the Internal Revenue Service shall, at the time any oral advice is given to any person, inform such person that the Internal Revenue Service is not bound by such advice.

(c) Effective Date.—The amendment made by this section applies to returns filed for taxable years beginning after the date of enactment of this Act.

SEC. —. PROCEDURES INVOLVING TAXPAYER INTERVIEWS.

(a) In General.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 7518. PROCEDURES INVOLVING TAXPAYER INTERVIEWS.

"(a) In General.—Upon request of any taxpayer, any officer or employee of the Internal Revenue Service in connection with any interview with such taxpayer in connection with the assessment of a deficiency shall—

"(1) conduct such interview in the principal residence or place of business of the taxpayer, and at a reasonable time convenient to the taxpayer, and

"(2) allow the taxpayer to make a recording of such interview.

An officer or employee of the Internal Revenue Service may record any such interview if he informs the taxpayer of such recording prior to the interview and provides the taxpayer with a transcript of such recording upon the request of the taxpayer and reimbursement for the cost of reproduction of such transcript.

"(b) Safeguards.—An officer or employee of the Internal Revenue Service shall prior to any interview described in subsection (a) warn the taxpayer that—

"(1) he has a right to remain silent;

"(2) any statement he makes may be used against him; and

"(3) he has the right to the presence of an attorney.

The taxpayer may waive the rights described in the preceding sentence if such waiver is made voluntarily, knowingly, and intelligently. If, however, he indicates in any manner and at any time during the interview that he wishes to consult with an attorney or that the interview be discontinued there can be no questioning regardless of whether he may have answered some questions.".

(b) Conforming Amendment.—The table of sections for such chapter is amended by adding at the end thereof the following new item:

"Sec. 7518. Procedures involving taxpayer interviews.".

(c) Effective Date.—The amendments made by this section shall apply to interviews conducted on or after the date of the enactment of this Act.

SEC. —. PROPERTY EXEMPT FROM LEVY.

(a) In General.—Section 6334(a) (relating to property exempt from levy) is amended by adding at the end thereof the following new paragraph:

"(10) Income producing property.—Any property of such individual from which income is derived to the extent that such income is taken into account under paragraph (9) as part of the applicable exempt amount of such individual.".

(b) Effective Date.—The amendment made by this section shall apply with respect to levies made after the 90th day after the date of the enactment of this Act.

SEC. —. GENERAL ACCOUNTING OFFICE OVERSIGHT OF THE ADMINISTRATION OF THE INTERNAL REVENUE LAWS.

(a) Audits and Investigations.—The Comptroller General shall establish a program to provide for a continuing audit and investigation of the efficiency, uniformity, and equity of the administration of the internal revenue laws of the United States.

(b) Annual Reports.—The Comptroller General shall annually prepare and transmit to the Congress a report on the program established under subsection (a), together with such recommendations for legislation as the Comptroller General may consider necessary or appropriate. Such report shall include a statement by the Comptroller General on—

(1) the type and extent of assistance which the Internal Revenue Service (hereinafter in this section referred to as the "Service") provides to taxpayers in the preparation of returns, and the accuracy and consistency of any advice which the Service provides in connection with such assistance;

(2) the adequacy of the procedures by which the Service responds to taxpayer complaints, and the number and nature of such complaints;

(3) the equity of the procedures by which the Service conducts audits, collections, and taxpayer appeals, the means by which the taxpayer is advised of such procedures, and the adequacy and consistency of such advice;

(4) the uniformity of the Service's administration of the internal revenue laws, including the uniformity of the standards and legal interpretations it employs;

(5) the number and specific circumstances of disclosures, if any, of returns or of information derived from such returns which the Comptroller General determines to be in violation of law;

(6) the investigation and prosecution by the Service and the Department of Justice of alleged civil and criminal violations of the internal revenue laws;

(7) the implementation by the Service of section 552 of title 5, United States Code (relating to freedom of information); and

(8) any other matter which the Comptroller General determines to be necessary or appropriate.

(c) Other Investigations.—The Comptroller General shall conduct any special audit or investigation of the administration of the internal revenue laws requested by any committee of the Congress or any Member of Congress. The Comptroller General may conduct any other audit or investigation of the administration of the internal revenue laws which he considers appropriate.

(d) Disclosure of Information to the Comptroller General.—The Comptroller General, for purposes of conducting any audit or examination under subsection (a) or (c), shall have access to any Federal agency's books, documents, papers, and records on the administration, operations, and effects of the internal revenue laws and to inspect returns. Requests for such inspection of returns must be made in writing and must specify the identity of each taxpayer whose return is to be inspected.

Mr. HELMS. Mr. President, this amendment will put an end to one of the most blatant civil rights abuses of all times, the harassment of the American taxpayers by agents of the Internal Revenue Service.

Americans from all walks of life are being intimidated, harassed and otherwise subjected to the strong arm tactics of the IRS. I have received literally hundreds of complaints from citizens who have found themselves at the mercy of what may well be the most powerful agency of the Federal Government.

I cannot tell how many hundreds of letters and telephone calls I have received over the past 2 years from citizens who have complained about finding themselves at the mercy of what may well be the most powerful agency of the Federal Government. Here we are, just a few days before the tax deadline, and the Senator from North Carolina feels constrained to speak up for the taxpayers who are being harassed and intimidated.

Unfortunately, the number of tax evaders is growing steadily. The IRS estimates the tax gap—the total annual revenue lost through evasion—has tripled in the past decade to nearly $100 billion. While I certainly do not condone tax evasion, I genuinely believe much of it can be attributed to taxpayer harassment and a complicated maze of tax laws. That is where our responsibility comes in, Mr. President.

Consider that current law permits the IRS to lien, levy, summon, and otherwise seize a person's money, property, and other assets, all without recognizing the basic individual rights to due process of law guaranteed by the U.S. Constitution.

If this kind of thing happened in any other area of Government, the hue and cry in Congress would be deafening. But we have a situation, Mr. President, where nobody speaks out for the taxpayer regarding the harassment and intimidation; and I think it is time that we give some attention to it.

Mr. President, this amendment is identical to the bill I introduced last February entitled the "Taxpayers' Bill of Rights Act." I feel it is a positive step toward protecting the constitutional rights of every taxpaying citizen. By spelling out these rights one by one, this amendment will restore some degree of sanity to a Federal agency that has become a rogue elephant that is totally out of control in terms of fair play and equity.

If any Senator doubts it, I invite him to come to my office and examine the files of people who have been driven into bankruptcy trying to defend themselves and then found innocent—in which case, the IRS says, "Sorry about that."

This amendment, Mr. President, will help give the honest Americans more confidence in our tax system and lay the foundation for a set of tax laws that are simpler and more evenhanded than the current one.

Mr. President, I will not take the Senate's time to share details of all the cases of abuse and harassment I am aware of. However, there are a couple of instances that hit pretty close to home.

Bill Currie, a former North Carolinian and a longtime friend of mine, has been working to establish a school of broadcasting in Pittsburgh. After auditing Bill's books for 3 consecutive years, the IRS determined that it owed him $2,500. Wonderful, he told me, except for the fact that his legal fees amounted to some $20,000, to defend himself, an amount Bill conceded is quite reasonable for the vast number of hours his tax attorney spent on the case.

Mr. President, what is the consequence of these 3 years of harassment of Mr. Currie? I mention this just as an example. Mr. Currie now faces the probable loss of his home over a tax audit which proved nothing except Bill Currie's honesty in filing his tax returns in the first place.

Then, Mr. President, there is a man named Benny Gooden, the owner of a lumber company in Elizabethtown, N.C. Mr. Gooden recently sent me affidavits documenting the conduct of IRS agents who came on his premises carrying pistols and making threats against him and his father.

This amendment, which I shall call the Taxpayers' Bill of Rights, will restrain this type of conduct. Without compromising the Internal Revenue Service's interest in efficient tax collection, it will promote a fairer administration of the Tax Code. Let me summarize my amendment.

First, it will insure the taxpayer's right to due process of law by requiring a Federal court from the taxpayer's district before the IRS can levy on property or assets.

Second, my proposal would exempt from levy certain income property not currently exempt by law, so as to guarantee the taxpayer a reasonable ability to maintain an adequate livelihood while he settles the matter with the IRS.

Third, the amendment would require the IRS to discount in full any tax deficiencies caused by erroneous written advice furnished to the taxpayer by the IRS, including any penalties and/or interest imposed by the deficiency. In addition, it would require the IRS to provide the taxpayer a written statement that it is not responsible for any oral advice, should it be given.

We stipulate that, I would say, Mr. President, because most taxpayers are not sophisticated enough to beware of advice given them by the IRS. They assume that the IRS agents know what they are talking about when, so often, they do not. And when the IRS makes an error that causes difficulty for the taxpayer, then the IRS says, "Sorry about that; we are not responsible." Well, Mr. President, we had better make them responsible because the clock is ticking not only on public confidence in IRS but public confidence in the Government itself. If there ever was a time to bring up the subject of the power to tax is the power to destroy, it is now.

Fourth, this amendment would extend an established principle of civil law to cases involving a taxpayer and the IRS by providing for payment of attorneys' fees to taxpayers who prevail in court. That is to say, if a taxpayer wins and the IRS loses, the IRS ought to have to pay the taxpayer's legal expenses. This is extremely important because a taxpayer who believes he is right otherwise may just give up the fight rather than incur the legal cost of fighting the matter.

I go back to the case of Bill Currie, Mr. President. He would have been a lot better off if he had gone ahead and knuckled under to the IRS, but he knew the IRS was wrong, so he hired an attorney and now the attorneys' fees, which Mr. Currie agrees were reasonable under the circumstances of time and effort required, are just about to cause Mr. Currie to lose his home. So therefore, as in the case of Mr. Currie, the taxpayer, if he had equity, would choose to fight to preserve his good name, which he is entitled to do, but, as in Mr. Currie's case, ultimately lose his home and other belongings because of enormous litigation fees caused by the lawyers and the bureaucrats of the Internal Revenue Service. The taxpayers' bill of rights would simply put taxpayers on an equal footing with the Internal Revenue Service. And I want some Senator to tell me what is wrong with that.

All right, Mr. President, No. 5. My amendment would permit a taxpayer, if he wishes to have an IRS interview at his home or office and at a reasonable time of his choosing. I wonder how many Senators know that today the IRS has the authority to call up a taxpayer and demand an interview at any time and place of the IRS' choosing without regard to the convenience of the taxpayer. Who is in the driver's seat, Mr. President? What happened to the theory that those who work for the Federal Government are the servants of the people? We have allowed the IRS to turn it around. There they stand with the whip of unbridled authority, and it is an understatement to say that the IRS is guilty of gross intimidation and coercion causing enormous frustration among honest taxpayers across this country.

Sixth, this amendment would establish within the Department of the Treasury an office called the Taxpayer Assistance Protection Board which would not only provide basic assistance with tax-related questions but also serve as a complaint office, an ombudsman for taxpayers.

Seventh, the amendment would direct the General Accounting Office to conduct annual audits of the Internal Revenue Service. Turnabout is fair play. Let us look at what they are doing. They are so good about looking at everybody else. Heretofore the Internal Revenue Service has denied the GAO authority to audit its procedures. How about that for priorities?

Now, Mr. President, the passage of this amendment will signal to millions of Americans that Congress is willing to impose reasonable curbs on the outrageous conduct of the Internal Revenue Service. I certainly hope Senators will join in supporting this amendment because I think it is long overdue.

Mr. President, I yield the floor.

Mr. DOLE. Mr. President, I regret that I was not here when the distinguished Senator from North Carolina discussed his proposal. It is one that I am familiar with and one that we hope to be able to assist the distinguished Senator with in our committee. Whenever the Senator indicates an interest in a hearing or however he would like to proceed, we would be very happy to accommodate the Senator.

Mr. HELMS. Mr. President, let me say to the distinguished chairman, who is my dear friend—he is always accommodating—the matter of IRS harassment and intimidation to taxpayers has grown to such proportion that I think we either ought to act on this sort of thing or certainly specify a fairly early time at which all of this can be explored.

Now, I know this is a complicated amendment and I do not want to burden the Senator with all the responsibilities he has in connection with this legislation, but if he can assure me—and I know he would be willing to do this—that we will schedule hearings and bring in the people who have been harassed and intimidated and examine the situation carefully, that would be suitable to me.

Mr. DOLE. I was just conferring with the chairman of the subcommittee who indicated his willingness to cooperate. Starting in 1981, many of the tax reforms we now have are the result of Senator GRASSLEY's subcommittee action. The subcommittee chairman can speak for himself. I think he would be willing to accommodate the request of the distinguished Senator from North Carolina.

Mr. GRASSLEY. I thank the Senator from Kansas for mentioning what is a fact, my willingness to pursue this. In fact, just within the last 2 or 3 weeks we instituted some hearings that did cover parts of the Senator's legislation and we can go with greater length and greater degree into those we already have plus some aspects of the Senator's amendment that we did not cover. I would be very happy to do that because it does follow a course of action that we instituted, as the chairman did say, in 1981. We did get some taxpayer bill of rights legislation passed with the tax bill of 1981 and another one with the tax bill of 1982. The job is not done. It never will be done. I think the Senator from North Carolina deserves to be complimented for bringing this issue up and we will pursue it in detail.

Mr. HELMS. Mr. President, I thank the Senator from Iowa. The Senator from Kansas has the floor, if he will yield to me to make a comment, which I will direct to both distinguished Senators.

Mr. DOLE. I will be happy to yield.

Mr. HELMS. My willingness to defer consideration of this amendment does not indicate that any of the three of us or any other Senator is willing to sweep this under the rug; that we are serious about pursuing it. The Senator has given assurance, as he always does, that we can have full-scale hearings on this thing with witnesses competent to testify as to their own experiences, and with that, Mr. President, I would be willing to withdraw the amendment. I thank both Senators for their accommodation. I withdraw the amendment.

The PRESIDING OFFICER (Mr. MATTINGLY). The amendment is withdrawn.

Mr. GRASSLEY. Will the Senator from Kansas yield to me for a statement?

Mr. DOLE. Yes.

Mr. GRASSLEY. I thank the Senator from Kansas for yielding.

Mr. President, with respect to the statement just made by the Senator from North Carolina in regard to his amendment, which was later withdrawn, and his concern about the IRS working with the taxpayers or not working with the taxpayer, we have had a similar problem with IRS relationships with churches. There is a part of this legislation called the Church Audit Procedures Act that many of us on the Senate side, along with Representative MICKEY EDWARDS on the House side, worked out.

We feel that we have a compromise, even to the point where the IRS was not too unhappy with the final product.

Inasmuch as the Senator from North Carolina is concerned about the individual taxpayers' relationship with the IRS, we hope that this, in relationship to churches, takes care of the problem that we think has also been evident by hearings we held before our subcommittee.

Mr. President, the enactment of the Church Audit Procedures Act is a significant step in clarifying permissible audit procedures for churches. While the Internal Revenue Service audits a relatively small number of churches each year, the potential entanglement of church and state is an issue of great constitutional significance. Since our founders fled Europe to freely exercise their religious beliefs, freedom of religion has been a cherished tenet of our democratic system enshrined in the Bill or Rights.

This legislation is designed to give churches a special audit procedure to require the IRS to take greater care in the examination of churches than is required under current law. The Church Audit Procedures Act, which was adopted by the Finance Committee after careful consultation with the Internal Revenue Service and church leaders, is drafted to be certain churches are protected from unfounded examinations without jeopardizing the efforts of the Service to stop the use of mail-order ministries to avoid tax. After hours of deliberation, we feel we have achieved a legislative solution which incorporates these important goals.

In brief, this provision requires an Internal Revenue Service Regional Commissioner to begin an investigation of a church only if he or she reasonably believes, on the basis of facts and circumstances recorded in writing, that the organization is not tax-exempt or is engaged in taxable activities. Before church records may be examined by the IRS, churches must receive expanded notice including the right to have a conference with the IRS before their records are inspected. At this conference, issues of controversy are to be explored to be certain misunderstandings do not lead to a time-consuming and costly audit.

The bill limits the inspection of church records to those necessary to determine the tax liability of a church. Extensive notices are required throughout the church audit procedure to guarantee churches understand their rights during the investigation and audit process. Furthermore, this bill limits the length of a church audit to 2 years and limits a church's prior year tax liability to 3 years prior to the time a return would have been filed if the church were a taxable entity.

There appears to be some uncertainty in the committee report regarding the application of the church audit procedures to investigations of an individual's tax liability. For example, an individual who has made contributions to a church, in which the issue of the church's tax-exempt status arises. I would simply like to clarify that the church audit procedures under the bill will become effective at any point at which the tax-exempt status of a church, as opposed to the tax liability of any individual, becomes the principal issue in the investigation. Thus, the IRS will be prohibited from investigating or revoking a church's tax-exempt status without following the church audit procedures, regardless of whether the investigation started out as an investigation of an individual or as an investigation of the church itself. In addition, the IRS will in all cases be prohibited from examining church records unless it follows the proper church audit procedures.

The authors of this bill do not intend it to benefit unscrupulous individuals who hide behind the religious form to avoid the payment of Federal income tax. The Senate sponsors and the House sponsors led by Congressman MICKEY EDWARDS intend these provisions to clearly set forth acceptable procedures for the audit of a religious organization. It should assist both the church under examination and the Internal Revenue Service in a tax audit and resolve clearly defined issues quickly in consonance with our Constitution.

Mr. TRIBLE. Mr. President, under the Finance Committee's amendment, a "disqualified use" occurs if property is financed—in whole or in part—by an obligation under section 103 of the code and that property is used by an entity—or a related entity—that "participated" in the financing. I understand that participation is determined on a facts and circumstances basis. Nevertheless, I understand that the drafters of the committee amendment intended that a tax-exempt entity—or a related entity—not be treated as having participated in the financing if that entity—or related entity—issues the tax-exempt obligations but at the time that entity issues the obligations, it is not reasonable to expect that the entity—or the related entity—will be a user of all or a portion of the property. Is that correct?

Mr. DOLE. Yes; that is correct.

Mr. DOMENICI. Mr. President, I note that that section 22(a) of the Finance Committee's proposal, which adds new section 168(k)(3) of the code, provides special rules for contracts or arrangements involving solid waste disposal, energy, and clean water facilities. Of particular concern is the language specifying that the special rules be applicable as to wastewater treatment facilities. I am concerned that the language contained in the committee report accompanying the Deficit Reduction Act of 1984 does not specifically describe the wastewater treatment service contracts. In fact, some references which were contained in the committee report language which accompanied S. 2062, the original vehicle for this provision has been deleted.

Because of the critical importance of encouraging the privatization of wastewater treatment facilities, where there is a backlog of over $120 billion in financing requirements, I would appreciate it if the distinguished chairman would tell me whether I am correct that a wastewater treatment service contract meeting the requirements of new section 168(k)(3) of the code would qualify for certain tax benefits in the same manner as service contracts relating to solid waste or energy recovery?

Mr. DOLE. The Senator's understanding is correct.

Mr. THURMOND. Mr. President, I wish to engage in a colloquy with the distinguished chairman of the Finance Committee, Senator DOLE, for the purpose of clarifying legislative intent with respect to the tax-exempt entity leasing provisions in the deficit reduction package.

First, it is my understanding that section 22 of the Finance Committee amendment will apply only to property that is tax-exempt use property, and that for property to be treated as tax-exempt use property more than 50 percent of the property, or 35 percent of the property in the case of a single tax-exempt user, must be subject to a disqualifying use on the date the property is placed in service. Consider, for example, a hypothetical office building under construction in which a tax-exempt entity agrees to a binding obligation to enter into a long-term 30-year lease for 80 percent of the space in the building. Generally, the property would be tax-exempt use property. However, if before the building is actually placed in service, the tax-exempt entity assigns a sufficient portion of its interest to a taxable entity so that the portion of the building leased by the tax-exempt user falls below 35 percent as of the date the property is placed in service, then no portion of the building would be treated as tax-exempt use property under section 22, inasmuch as, on the date the property was placed in service, the amount of tax-exempt use would be within the safe harbor limits set by the statute. Is that correct?

Mr. DOLE. That is correct.

Mr. THURMOND. Furthermore, it is my understanding that if the use by the single tax-exempt entity in the previous example had decreased to, say, 50 percent at the time the building was placed in service, then only 50 percent of the property would be treated as tax-exempt use property, and the remaining 50 percent of the property could be depreciated under the usual ACRS rules.

Let me take this example two steps further. First, suppose that at the time the property is placed in service, 80 percent of the property is used by the tax-exempt entity, so that 80 percent of the property would be subject to the special limits imposed by section 22. Now, if in the fourth year of the lease, the amount of property used by the tax-exempt entity were to decrease to 50 percent of the property, then at that time and for that tax year, only 50 percent of the property would be subject to the special limitations on tax-exempt use property. The remaining 50 percent would be subject to the usual ASRS rules. Second, if at a future date, say, during the 5th year, the disqualifying use for the tax-exempt entity were to fall below the 35 percent level, then no part of the property would be subject to the limitation imposed on tax-exempt use property by section 22. Is this correct, Senator DOLE?

Mr. DOLE. That is correct; subject, of course, to regulations enacted pursuant to code section 168(f)(13).

Mr. THURMOND. I wish to thank the distinguished chairman of the Finance Committee for his assistance in clarifying the intent of this section of the bill.

Mr. DOLE. Mr. President, we have a list of about nine amendments that we think can now be taken care of. There is an amendment by Senator DECONCINI. There are two amendments by Senator SPECTER, one of which we are still working on with the distinguished minority leader, Mr. BYRD, and Senator SPECTER. Senator WILSON and Senator CRANSTON have an amendment with regard to sound recording. Senator WILSON has an amendment on apportioning property taxes of condominiums. Senators WEICKER, DODD, BOREN, and TSONGAS have a deferred rent transition rule that has been cleared by both sides, except by the assistant commissioner, Senator METZENBAUM. So we need to await his return before we can do business.

Mr. GRASSLEY. Mr. President, I am grateful to my colleague on the Finance Committee for including the spousal IRA provision within this revenue package. Senator BENTSEN and I have been trying to enact this legislation for many years. Senator BENTSEN was the original Senate sponsor of this legislation, I first introduced this legislation as a member of the House of Representatives in the 96th Congress. I have been able to work closely with him. We have an expanded IRA provision in this legislation. The administration also supports it.

We have labored long on this legislation because we think it is important that the contributions of homemakers be entitled to the same recognition for pension purposes as the contributions of workingwomen. As a representative of a farm State, I know firsthand how critical women are to a successful operation. All of us with the good fortune to be married to farm women are grateful we do not have to pay our spouses overtime for their long hours of work. If they worked only a 40-hour week, our farm economy would be in much worse shape than it is currently. Although many workingwomen are uncompensated, they are still projected to outlive their husbands and will still be depending upon the social security system for their retirement security.

The Senate-passed bill permits a nonworking spouse to establish an IRA for their own benefit if the working spouse earns enough income to cover both contributions to their respective IRA's.

This provision will encourage better retirement planning for much of our population, as well as acknowledge the contribution of homemakers to the success of the family unit. For revenue reasons, the spousal IRA provision has been phased in over a number of years. In 1985 and 1986, the eligible joint contribution to a spousal IRA will be $2,750; in 1987 and 1988 the eligible contribution will be $3,250; in 1988 and 1989 the eligible contribution will be $3,750; and for taxable years beginning in 1991 and thereafter the eligible contribution will be the full $2,000 per taxpayer.

This IRA provision also corrects a problem which has been a concern of mine since the enactment of the Economic Recovery Tax Act of 1981. I inserted a provision in that bill to permit a divorced spouse to use their alimony payment for an IRA contribution. While the IRA treats alimony as ordinary income for income tax purposes, it would not permit a divorced spouse to deposit any of that sum in an IRA since it was not earned compensation. While I was partially successful in my efforts to gain parity for divorced spouses, their contribution limits were not equivalent to other workers. This bill permits them to contribute $2,000 annually of alimony income into an IRA.

This change is important in our efforts to effectively address the retirement crisis which is a pressing concern to each of us serving Congress. One portion of this problem was addressed in the social security package enacted this session. As a larger portion of the population joins the ranks of the aging, new retirement solutions will be needed. In my view, it is imperative that we enact incentives for individuals to plan for their own retirement. All Americans need to develop personal retirement plans to prevent exclusive reliance upon social security benefits. This need will become more pressing as life expectancies increase and concerns about retirement security mount as the children of the baby boom age. These trends compelled the members of the Finance Committee to include this legislation within our amendment.

The committee realized that compensated and uncompensated spouses have the same need to plan for their retirement. This provision is significant for many working, uncompensated women in my State and I urge the conferees to retain it in the statement of managers.

I think this legislation evidences that finally we are beginning to recognize the economic contribution of homemakers to the economy of this country and to put them on a par with working spouses who actually get paid for the work they do, unlike most homemakers who do not.

Mr. DOLE. Mr. President, I note that the Senator from Iowa (Mr. GRASSLEY) has an amendment. If that amendment can be cleared, that is one on which we can act. The same applies to an amendment by Senator DOMENICI.

I spoke to Senator HUMPHREY earlier about clearing his amendment. Senator BOREN has an amendment. Senator DECONCINI has a Greyhound transitional amendment. Senator TSONGAS has a stock option amendment. Senator SYMMS has the geothermal modification.

Mr. GRASSLEY. Mr. President, we are still going through the process of clearing our amendment with certain Members on the other side of the aisle who have not finished their study of it at this point.

Mr. DOLE. Mr. President, I hope Senators will come to the floor with amendments. Everybody wants to finish tonight, but nobody wants to show up with amendments. It is pretty hard to do both.

Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand the distinguished Senator from North Carolina would like to make a statement and maybe offer an amendment and have some discussion on it.

I yield to the Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the distinguished chairman.

AMENDMENT NO. 2983

(Purpose: To increase the personal exemptions to $2,000)

Mr. HELMS. Mr. President, I have an amendment which I send to the desk and ask that it be stated.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from North Carolina (Mr. HELMS) proposes and amendment numbered 2983.
>
> On page 541, between lines 17 and 18, insert the following new section:
>
> **SEC. 189. INCREASE IN PERSONAL EXEMPTIONS TO $2,000.**
>
> (a) IN GENERAL.—Subsection (f) of section 151 (relating to allowance of deductions for personal exemptions) is amended by striking out "$1,000" each place it appears and inserting in lieu thereof "$2,000".
>
> (b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1984.

Mr. HELMS. Mr. President, the amendment fairly well speaks for itself. But let me say it is no secret that in recent years the American family has been on the losing end of substantial increases in Federal taxation. Rather than staying at home to support the family needs, more and more family income has been going to Washington, D.C., where it is often inefficiently spent or simply wasted. As a result, American families are marginally worse off today, in terms of Federal taxes, than they have been in the past. The situation is growing worse.

Although there are many reasons for this development, the most obvious and direct is the failure of Congress to raise the tax exemption available to parents for their dependent children at a rate commensurate with the rate of inflation and growth in income. For example, in 1948 the personal exemption, which is available for dependent children, was $600 while the median family income was $3,187. In 1981, the exemption was $1,000 while median family income was more than $22,000.

Let us look at it another way. In tax year 1983, the personal exemption of $1,000 for each family member was worth only $242 in constant 1948 dollars adjusted for inflation; that is, if we were using money with the value of 1948 dollars, our $1,000 exemption in 1983 would actually be worth only $242.

Mr. President, the point is this: It is clear from these figures that the American family is being shortchanged by the failure of Congress to adjust the amount of the personal exemption to keep pace with inflation, and income growth.

Mr. President, in order to give my colleagues and the public a more complete picture on what has happened with respect to the personal tax exemption amounts and the effects of inflation, I will ask unanimous consent in a moment that two tables prepared by the Library of Congress be printed in the RECORD. The first table shows how the exemption amounts have changed over the years, and the second shows how the available exemption amounts have been affected by inflation since 1948. Mr. President, I ask unanimous consent that these two tables be printed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—FEDERAL INCOME TAX EXEMPTION AMOUNTS 1913–82

Income tax year	Single person	Married couple	Each dependent
1913–16	$3,000	$4,000	
1917–20	1,000	2,000	$200
1921–23	1,000	2,500	400
1924	1,000	2,500	400
1925–31	1,500	3,500	400
1932–39	1,000	2,500	400
1940	800	2,000	400
1941	750	1,500	400
1942–43	500	1,200	350
1944–45	500	1,000	500
1946–47	500	1,000	500
1948–69	600	1,200	600
1970	625	1,250	625
1971	675	1,350	675
1972–78	750	1,500	750
1979–82	1,000	2,000	1,000

TABLE 2.—FEDERAL INCOME TAX EXEMPTIONS IN CONSTANT 1948 DOLLAR [1] (1948–82)

Income tax year	Single person	Married couple	Each dependent
1948	$600	$1,200	$600
1949	606	1,212	606
1950	600	1,200	600
1951	556	1,112	556
1952	544	1,088	544
1953	540	1,080	540
1954	537	1,075	537
1955	539	1,079	539
1956	531	1,063	531
1957	513	1,026	513
1958	500	999	500
1959	496	991	496
1960	488	975	488
1961	483	966	483
1962	477	955	477
1963	472	944	472
1964	466	931	466
1965	458	916	458
1966	445	890	445
1967	433	865	433
1968	415	830	415
1969	394	788	394
1970	387	775	387
1971	401	802	401
1972	432	432	432
1973	406	406	406
1974	366	366	366
1975	335	335	335
1976	317	317	317
1977	298	298	298
1978	278	278	278
1979	332	663	332
1980	292	584	292
1981	265	529	265
1982	249	499	249
1983	242	484	242

[1] Nominal dollar amounts were deflated by the Consumer Price Index.

Mr. HELMS. Mr. President, what in fact has happened here is that Congress—with little or no debate and with few or no rollcall votes—has significantly shifted more and more of the Federal tax burden to American families. And ironically, while Congress has been doing this, it has been creating additional Federal programs to help economically strapped families. In addition, there is even talk now of establishing a child care tax credit to give parents a tax credit for putting their children in day care facilities. What an anomoly is being built?

Mr. President, whatever the merits of these programs and tax credits, it is clear that there would be much less need for them if the tax exemption for children had kept pace with inflation and income growth. In short, the financial position of the average American family would be much better today if the current value of the exemption equaled the value it had in 1948.

However, Mr. President, in order to do that, we would have to raise the exemption to about $5,600 for tax year 1984, according to economist Eugene Steuerle. While there is nothing this Senator would like more than to achieve that level for the children's exemption, this Senator can count votes and therefore he is not optimistic about the chances for Senate approval of such a large increase.

Therefore, Mr. President, what I have done in the amendment that I now offer is to offer a more modest increase. My amendment would double the tax exemption from $1,000 to $2,000. While this is not the ideal amount, it is a start and no more than a start toward restoring the American family to a more solid financial position. Moreover, under the provisions of the President's tax cut package, enacted in 1981, this new $2,000 amount would be indexed for inflation starting with the 1985 tax year. So at least from 1985 on the tax exemption would keep pace with inflation, starting at a level $1,000 more than today's level.

Even proposing this relatively modest increase, I am still not confident that my amendment will pass. I am sure that some Senators will argue that it will be too costly in terms of increasing the projected deficits. But, Mr. President, it need not be, if we in Congress will cut Federal spending the way it should be cut. Furthermore, if we raise the exemption amount and give the American family modest tax relief, the need for Federal social programs for families will inevitably be reduced.

Thus, Mr. President, I urge my colleagues to support this amendment and restore a degree of financial security to American families.

Mr. DOLE. Mr. President, I am again aware of this amendment, and I discussed it earlier with the Senator from North Carolina. I hope he will not press the amendment.

I do not have an estimate of the cost but obviously the cost would be substantial. It is another area that we are certainly willing to look into.

I think he has made an excellent point in his discussion and we probably are a little behind the curve as far as personal exemptions are concerned.

Again, I assure the distinguished Senator from North Carolina that we will be happy to take a look at this. One thing we plan to do in our committee, if we ever pass this bill, is to spend a lot of time this next several months looking at flat tax, value added tax, matters mentioned earlier by the IRS and amendments like the one just suggested by the distinguished senior Senator from North Carolina.

So it is not going to be swept under some rug. There will be hearings on it, I assume this year.

Mr. HELMS. Mr. President, if the Senator will yield, the Senator from North Carolina is aware, of course, of the budget implications, but I stress that the purpose of the amendment goes further than that.

What I am addressing is fairness and equity to the American family.

A little later on in this whole process, I am going to offer an amendment which will provide more than enough funds to cover the revenue loss. But at the same time, there is nothing we can do about this tax year, but I do want a signal sent to the American people that we are looking at it and looking at it seriously in terms of doing something for them.

I think we can have an effect on the pellmell rush toward the creation of new programs which would be unnecessary if we would just provide a little more fairness and equity for the American family.

I will say to the Senator that if he can give me the assurance that there will be some hearings on this and serious consideration of it I will be willing to withdraw the amendment because I know the problems he has with the legislation he is trying to move through the Senate, and I commend him on the great job he has done.

But here again I wish to emphasize as courteously as I can that this is one issue that I do not intend to see swept under the rug and I know that the distinguished chairman does not want it to be swept under the rug but if he can assure me that there will be hearings on this and a study of it I will be willing to withdraw the amendment.

Mr. DOLE. In fact, I think maybe we can even start to ask the Treasury to give us some information, a study right now in preparing for the hearings. So if the amendment is withdrawn, if the Senator would write me suggesting a study, I would be happy to initiate that in the next few days.

Mr. HELMS. I will do that, and I express my appreciation to my friend from Kansas for his accommodation.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment (No. 2983) is withdrawn.

Mr. DOLE. Mr. President, I think we can now take up a colloquy with my distinguished colleague from Hawaii, then we could take care of the technical amendment.

Mr. MATSUNAGA. Mr. President, I thank the chairman of the Finance Committee for his kind attention. There is a printing error, really, which needs to be corrected. Perhaps we can take care of it right now by my offering the amendment, which is very simple, or would the chairman prefer to take care of it in the omnibus technical corrections?

Mr. DOLE. Mr. President, I think as long as we have it before us, we may as well dispose of it. I ask unanimous consent that the Dole amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2984

(Purpose: Technical corrections to section 855(a)(5))

Mr. MATSUNAGA. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Hawaii (Mr. MATSUNAGA) proposes an amendment numbered 2984.

Page 1087, line 5, strike out "June 30" and insert in lieu thereof "December 31".

Page 1087, line 7, strike out "1988" and insert in lieu thereof "1989".

Mr. MATSUNAGA. Mr. President, it can be readily seen that there was a printing error in the bill and what the committee intended will be actually put into print by the amendment.

I want to make clear that the 2-year construction period requirement in section 855(a)(5) applies to the construction of the project and not to particular pieces of property which are only parts of the entire project. I would like to ask the distinguished chairman if my understanding about the construction period for the project is correct. For example, a wind energy project will entail site preparation, the construction of foundations for numerous wind turbines and the construction and erection of those wind turbines which make up the project. Wind turbines will be erected at different stages in the project. But the project requires the erection and operation of each wind turbine. The project is not completed until that time. The erection of each wind turbine is an integral part of the construction of the entire project.

Therefore, the construction period begins when physical work on the site commences and ends when the last machine of the project has been erected and the last unit is available to be placed into service. Another example with respect to a geothermal project would be the preparation of the site, the drilling of geothermal production and injection wells and the construction of the facility which converts the geothermal fluid into usable energy. Construction of the project includes all these steps. Again, the construction period begins when physical work on the project commences and ends when the project is available to be placed into service. Is my understanding correct?

Mr. DOLE. The Senator is correct. The 2-year normal construction period requirement for the new affirmative commitment rule applies not to each separate property within the project; rather, the requirement applies to the construction of the entire project. The period begins on the date when physical construction work begins on the project and ends on the date the last unit is available to be placed in service.

Mr. President, our staff called this to our attention about the same time it was called to our attention by Senator MATSUNAGA. It needs to be done, so we support the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Hawaii (Mr. MATSUNAGA).

The amendment (No. 2984) was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the Dole amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2985

(Purpose: Transition rules for effective date of deferred rental payments)

Mr. DOLE. Mr. President, I think I will offer now the amendment for Senators WEICKER, DODD, BOREN, and TSONGAS. We are going to have to get this thing moving here if we are going to complete action. We cannot wait forever.

If it is satisfactory with the Senator from Massachusetts (Mr. TSONGAS), I am going to send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself, Mr. WEICKER, Mr. DODD, Mr. BOREN, and Mr. TSONGAS, proposes an amendment numbered 2985.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment reads as follows:

On page 240, strike out lines 11 through 13, and insert in lieu thereof the following:

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to agreements entered into after March 15, 1984.

(2) EXCEPTIONS.—The amendments made by this section shall not apply—

(A) to any agreement entered into pursuant to a written agreement which was binding on March 15, 1984, and at all times thereafter,

(B) subject to the provisions of paragraph (3), to any agreement to lease property if—

(i) there was in effect a firm plan, evidenced by a board of directors' resolution, memorandum of agreement, or letter of intent on March 15, 1984, to enter into such an agreement, and

(ii) construction of the property was commenced (but such property was not placed in service on or before March 15, 1984, and

(C) to any agreement to lease property if—

(i) the lessee of such property adopted a firm plan to lease the property, evidenced by a resolution of the board of directors or a duly authorized committee of such board of directors of such lessee on February 10, 1984,

(ii) the sum of the present values of the rents payable by the lessee under the agreement equals at least $81,000,000, using a 12.6 percent annual discount rate, and

(iii) during—

(I) the first 5 years of the lease, at least 9 percent of the rents payable under the agreement are paid, and

(II) the second 5 years of the lease, 16.25 percent of the rents payable under the agreement are paid.

Paragraph (3)(B)(ii)(II) shall apply for purposes of clause (iii) of subparagraph (C).

(3) SCHEDULE OF DEEMED RENTAL PAYMENTS.—

(A) IN GENERAL.—In any case to which paragraph (2)(P) applies, for purposes of the Internal Revenue Code of 1954, the lessor shall be treated as having received or accrued (and the lessee shall be treated as having paid or incurred) rents equal to the greater of—

(i) the amount of rents actually paid under the agreement during the taxable year, or

(ii) the amount of rents determined in accordance with the schedule under subparagraph (B) for such taxable year.

(B) SCHEDULE.—

(i) IN GENERAL.—The schedule under this subparagraph is as follows:

Portion of lease term	*Cumulative percentage of total rent deemed paid*
First one-fifth	10
Second one-fifth	25
Third one-fifth	45
Fourth one-fifth	70
Last one-fifth	100

(ii) OPERATING RULES.—For purposes of this schedule—

(I) the rent allocable to each taxable year within any portion of a lease term described in such schedule shall be a level prorata amount properly allocable to such taxable year, and

(II) any agreement relating to property which is to be placed in service in two or more stages shall be treated as two or more separate agreements.

(C) PARAGRAPH NOT TO APPLY.—This paragraph shall not apply to any agreement if the sum of the present values of all payments under the agreement is greater than the sum of the present values of all the payments deemed to be paid or received under the schedule under subparagraph (4). For purposes of computing any present value under this subparagraph, the annual discount rate shall be equal to 12 percent, componded semiannually.

Mr. DOLE. Mr. President, let me first thank all of the Senators who have been involved in this. I know they have been very frustrated about trying to figure out whether anything was going to happen. It was a matter that was called to my attention a couple of weeks ago by a Member of Congress from the district in Connecticut, NANCY JOHNSON.

Mr. President, I am offering for myself and Senators WEICKER, DODD, BOREN, and TSONGAS an amendment to provide a transition rule for the provisions affecting certain deferral rent leases. I would also like to note as I indicated, the interest of Congresswoman NANCY JOHNSON who first brought to my attention the need for a transition rule in this area.

PRESENT LAW

The provision adopted by the Finance Committee is a very important loophole closer. In order to underline the importance of the provision, it may be helpful to explain the kind of transaction which has been structured under present law.

A cash basis lessor and accrual basis lessee can enter into a lease where rental payments are deferred for a number of years or are very small in the early years of the lease and increase greatly in later years. The accrual basis lessee takes a deduction for the rent in the years the rent is deferred because all the tests for accrual of the rent are met. The cash basis lessor does not have matching rental income because a cash basis taxpayer does not report income until payment is actually received. However, the lessor will pay ACRS deductions on the property, thereby reducing other income. That is the shelter that we wanted to take care of and I think we have done that.

In doing so, whenever you start closing loopholes, you find some exceptional cases, and this is one of those exceptional cases. In fact, it touches about three different areas. That is why we have different Senators involved.

PROPOSED CHANGE

The tax changes approved by the Finance Committee include a provision to prohibit mismatching of income and deduction in deferred rental leases. First, both the lessor and lessee are placed on the accrual method so that the otherwise cash basis lessor will have to accrue rental income to the extent the lessee accrues a deduction for rent paid. Second, since the rent is not paid in the early years of the lease, the rent that would have been paid if the rental payments had been level each year of the lease is treated as a loan from the lessor to the lessee and interest income is imputed to the lessor annually.

The House bill does not contain a provision to force a cash basis lessor to take deferred rent into income. However, it does treat the deferred rent as a loan and imputes interest income to the lessor. This provision, while an improvement over present law, certainly does not preclude major tax benefits from deferred rental agreements.

NEED FOR TRANSITIONAL RELIEF

The finance committee provisions are effective for agreements entered into after March 15, 1984. This date was the date the committee adopted the provision. However, the effective date fails to take into account the fact that a small number of transactions have begun and substantial sums of money have been expended in reliance on the existing tax law. Quite obviously, the tax benefits claimed for a sale-leaseback with deferred rents under present law can result in a significant reduction in financing costs.

I want to yield to one of the principal sponsors of the amendment, Senator TSONGAS. He may have other comments or further explanation.

Mr. TSONGAS. Mr. President, I wish to thank the chairman for the courtesy extended to us.

Mr. President, In recent years, a number of companies, particularly companies in high technology areas, have entered into sale-leaseback transactions pursuant to which they transfer facilities to partnerships composed of investors and then lease them back for an extended period. A common feature in these types of transactions has been a stepped rental schedule, with the rents payable in the early years of the lease term, during the period in which the investors are making their payments in to the partnership, being significantly lower than the rents payable in the later years. In addition to the tax advantages to the partnership, these transactions result in significant nontax-related benefits to the seller. In particular, the company for financial accounting purposes generally is entitled to treat the lease obligation in a more favorable manner than it would have to treat the corresponding debt obligation if it owned the property. Also, the reduced rental obligation in the early years of the lease can result in a significant cash-flow advantage to company, which can be significant in terms of making a startup facility economically viable.

Section 74 of the Deficit Reduction Act of 1984 would require both the lessee and the lessor to treat the rental and the interest income that is attributable to the deferred portion of the rental payments in this type of transaction as if they were on the accrual method of accounting, irrespective of their actual method of accounting. Thus, a lessor that uses the cash method of accounting would realize a substantial amount of taxable income during the period in which a portion of the rental is deferred for which no cash would be received. This result will make these types of transactions significantly less attractive to investors than under current law and thus will adversely affect the terms offered to a company that contemplates selling a facility and leasing it back from a partnership.

Some companies undertook the construction of substantial new facilities prior to March 16, 1984, with the specific expectation that they would enter into a sale-leaseback transaction in accordance with current law that would result in a particular economic return to the economy. The application of the changes resulting from enactment of section 74 would significantly affect the economic return to be received by these companies and in at least some instances would preclude the sale-leaseback transaction from taking place at all. The proposed amendment creates a limited transitional rule.

Mr. DOLE. Mr. President, let me just suggest what this amendment does, and then there will be other Members on the floor, and the Commissioner is on his way, Commissioner METZENBAUM will be here any minute, and we can get on with the evening's work.

Thus, this amendment will provide that where there was a binding written agreement to lease on March 15 the new rules would not apply. Similarly, if there was a firm plan, evidenced by an appropriate document, to enter into an agreement to lease and construction had commenced, the agreement would not be subject to the new rules, but only if the transaction met one of two tests to assure that the transaction does not provide an overly generous tax benefit. The first test requires that the rental payments be treated as though the rents were not deferred or "stepped" any more than is provided in a prescribed schedule. The second test would exempt the agreement from the prescribed schedule of rental payments if the aggregate lease payments under the lease meet a minimum present value.

Finally, there is an exception if a lease meets a combination test of a requested present value of rental payments and a required percentage of the total rental payments that are made during the first 10 years of the lease. For the purpose of applying this present value test a discount rate of 12.6 percent should be assumed.

In conclusion, Mr. President, I would reemphasize that this transitional rule is equitable from both the point of view of taxpayers who have acted in reliance on the present law and from the point of view of the Government since transactions which will benefit from this rule meet a minimum standard which is designed to limit the potential tax benefits for the most aggressive transactions.

So, I would say, as a general rule, when you start changing law, even though it may be closing loopholes, there is always somebody with certain circumstances, exceptional circumstances. And I think, having relied on the law at the time they started or commenced construction, or whatever, they are entitled to some relief. That is the basis of this amendment. We believe it is fair. Treasury has agreed to the amendment. We have cut it back considerably. I know of no objection on this side.

We will withhold approval until Senator METZENBAUM arrives.

Mr. President, I suggest the absence of a quorum.

Mr. PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that we set aside both the Dole amendment, and the pending amendment, the Weicker/Dodd/Tsongas/Boren amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2986

(Purpose: Amendment to Section 173(a)(1) of the bill concerning sound recordings)

Mr. DOLE. Mr. President, I would suggest that we take up an amendment by the Senators from California, Senator WILSON and Senator CRANSTON.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. WILSON. Mr. President, I thank the distinguished manager.

I send to the desk the amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from California (Mr. WILSON), for himself and Mr. CRANSTON, proposes an amendment numbered 2986.

Mr. WILSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 478, line 24, strike out "The term" and insert in lieu thereof, "Except as provided in subparagraph (C), the term".

Page 479, after line 7, insert the following new subparagraph:

"(C) CERTAIN CONTINGENT AMOUNTS TAKEN INTO ACCOUNT.—Subparagraph (B) shall not apply to contingent amounts incurred in the taxable year in which the sound recording is placed in service or in the first succeeding taxable year. Such amounts shall be treated as 3-year recovery property and qualified investment placed in service in the year in which they are incurred as costs to the taxpayer.".

Page 477, beginning at line 2, strike out the words "which, if it were section 38 property, would be new section 38 property," and insert in lieu thereof ", the original use of which commences with the taxpayer,".

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. WILSON. Mr. President, the purpose of this amendment is simply to afford the recording industry the opportunity to cure I think what was an omission, and allow them to have the same election in terms of their accounting and depreciation that was intended. Let me give a little background. As part of the proposed Deficit Reduction Act of 1984, the Senate Finance Committee made two important determinations with respect to the tax treatment of sound recordings. First, the committee determined that the tax treatment of sound recordings should conform to the general standard that accelerated cost recovery systems and investment tax credit should provide tax benefits to the taxpayer on a present value basis and no more than what the value of the tax benefits would have been had the property been expensed in the year it was placed in service. The citation is on page 469 of the Senate Finance Committee Print No. 98-169.

Mr. President, section 173 of the bill before us would add a new subsection, subsection 48R, which is intended to implement the committee's determinations. The provision will allow a taxpayer an election, in effect, either to take a 6-percent credit and 3-year accelerated cost recovery, or alternatively to take no credit and to depreciate on the basis of an income forecast system of depreciation. However, as the bill is drafted, section 173 would exclude contingent costs, which is to say residuals and royalties from that election, thus denying the opportunity to elect a 6-percent credit and a 3-year system of accelerated cost recovery for those contingent costs.

Mr. President, there is no policy reason not to allow the election for contingent costs. The fact is that in the recording industry in particular, as is so often the case, the discovery of a new talent sometimes occurs only after there has been some initial case of acceptance after a trial effort has been made. The next step by the recording artists firm is to issue a considerably greater release, in which case the new cost obviously should be subject to the same treatment and election.

What we are seeking is simple equity. We are seeking to allow the same treatment of contingent costs as for the initial costs introducing a sound recording. As the distinguished manager has indicated, the Treasury has signed off on this. It is of interest not only to my colleague, Senator Cranston, but also of interest to our colleagues in New York, I believe in Tennessee, and in those other seats of the recording industry.

Mr. President, thank you.

The PRESIDING OFFICER. The Senator from California.

Mr. CRANSTON. Mr. President, the amendment being offered by my good friend and colleague from California, and myself, is intended to remove what I believe to have been an unintended discrimination against record companies which do not pay recording stars huge upfront costs, thereby obtaining significant investment tax credit and write-off benefits.

The amendment has been carefully prepared to assure that no company obtains an unfair or excessive recovery than otherwise allowed by the Finance Committee and Treasury to the record industry at large.

The issue is whether to allow recovery through 3-year depreciation or the 6 percent investment tax credit for contingent royalties and expenses incurred in the production of a sound recording. The amendment permits this and subjects the allowable amount to a 2-year cap; that is, only contingent royalties paid in the year of production and the succeeding tax years are allowed. Royalties paid out in subsequent years are disallowed.

Thus, if our amendment is not adopted, smaller companies will be at a disadvantage, vis-a-vis larger companies, and recording artists who have not yet attained fame and recognition will have a disadvantage as against those who are now famous and who have no difficulty with new recordings.

These performers receive contingency royalties.

Although this sounds complex I am informed by experts that it essentially is an accounting transaction, is fair, and is consistent with section 173 as presently drafted.

My good friend from Ohio (Mr. METZENBAUM) and I have had a discussion of this proposal. He disagrees with the policy of this amendment and I respect his disagreement. I would not ask him to back away from what he obviously feels in a principled way. He will explain the basis for his opposition and I encourage Senators to listen to his views as I hope they will listen to mine and those of my colleague, PETE WILSON.

It is our position that the Finance Committee and Treasury attempted to solve a dispute involving the investment tax credit and depreciable property with respect to master sound recordings. The outlines of the settlement provided for a 3-year depreciation and a 6-percent investment tax credit at the discretion of the taxpayer. In determining the base for the credit and ACRS, the committee allowed the taxpayer to use the income forecast method, which as I understand permits the taxpayer to count upfront fees and participation paid to performers. This works for very large record companies housing a stable of well-known performers who merit and can command upfront payments.

But it works sharply against record companies who specialize in developing new talent and recording unrecognized, as yet, artists. The economic future of a record is determined rather swiftly. The cap period allowed in the amendment for recognition of contingent royalties covers this period.

As I have said earlier, the provision will not permit continued depreciation of contingent royalties paid after 2 years of the record's life.

In effect, the amendment permits the taxpayer to capitalize these expenses rather than expensing them in the year incurred. This result actually will produce a most revenue gain, according to the Treasury.

But more to the point this amendment will even the playing field for the record industry, permit the smaller firms to compete effectively against the giants. It will enable the development of new artists and new styles of music to move forward.

There are many, many musicians in my State of California who work day and night for the opportunity for recognition. This amendment will keep the door open for them. Closing it will deprive many musicians, artists, and composers of a chance to obtain meaningful financial reward for their lifetime of devotion to music and the performing arts.

For all these reasons, I urge adoption of the amendment.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, the amendment would permit taxpayers to take a 6-percent investment credit on certain contingent amounts paid with respect to sound recordings, like royalties to songwriters, so long as they depreciate those amounts under the 3-year ACRS rules. That has been pointed out. I am in favor of the amendment.

We understand Treasury has no problem with the amendment. It will not cost any revenues, in fact, it will pick some up.

It will also protect taxpayers in the industry from the adverse effect on reported earnings the rule in the bill would have. The bill permits no investment credits for such contingent amounts, but generally permits them to be deducted currently.

Mr. **METZENBAUM**. Mr. President, this amendment provides for an investment credit in connection with royalties, a rather unusual procedure to say the least, and it provides not alone for investment credit for the royalties, but it permits contingent liabilities, those that have not actually been paid, to be made a part of that investment credit.

There is another thing: It makes it possible for those who benefit from it to get 103 percent back for every 100 percent they invest.

I do not know of any good reason for this amendment to be adopted.

The argument is made that it will pick up some money. This Senator does not agree with that. He does not believe it will pick up any money. As a matter of fact, I think it is pretty hard to make the argument that if you have an amendment that makes it possible for people to invest $1,000 and get back $1,030, that is illogical. Why?

They want the right to get this ivestment credit against contingent liabilities as well.

I just have great difficulty with it and really believe that it should not be coming up. There have been no hearings in connection with it.

A committee dealt with this subject in their hearings, but nobody proposed this amendment at the time the hearings were held. Then we find that at the 11th hour, at 10 minutes to 9, as the bill is winding down, the recording industry is coming with this amendment, which I consider to be out of the blue.

Mr. President, I would like to suggest to the manager, if I could have the manager's attention, to the Senator from California and the Senator from Kansas, that the amendment be temporarily set aside to see whether or not it is possible to work out something.

Otherwise, the Senator from Ohio will oppose the amendment but does not wish to delay the deliberations of the Senate in doing so.

Mr. **DOLE**. Mr. President, we are prepared to vote on the amendment now.

Mr. **METZENBAUM**. The Senator from Ohio feels that if the Senator from Kansas wants to go for a vote, this Senator would want to discuss the amendment at some length. I do not believe my colleagues understand the importance of the amendment. I have prepared a lengthy statement which I am prepared to go into. The Senator from Ohio understood the managers of the bill were anxious to proceed.

Mr. **DOLE**. We are waiting for clearance from the Senator from Ohio on another amendment.

Mr. **METZENBAUM**. I do not want the IDB's.

Mr. **DOLE**. And the Dodd amendment, the Dodd-Tsongas-Weicker-Boren amendment. Then there is still another amendment.

Mr. **METZENBAUM**. I have been attempting to be cooperative with the managers of the bill during this entire proceeding. The Senator from Ohio was previously informed by the managers of the bill as to proceeding.

Mr. **DOLE**. There are a number of Members who would like to finish this matter tonight.

Mr. **METZENBAUM**. I am trying to help in that regard.

Mr. **DOLE**. Why do we not temporarily set this amendment aside? I am advised there is nothing wrong with this amendment. I am not an expert on all these things. You are not required to be an expert to be in the Senate or to be chairman of the Finance Committee. I take a lot of my counsel from the Joint Tax Committee, a bipartisan group of outstanding tax lawyers, men and women, and they tell me there is nothing wrong with this amendment.

They have told me a lot of things wrong with other amendments, but they do not see any real problem with this.

Mr. **METZENBAUM**. I will be very happy to discuss it with them, but from the standpoint of expediting the proceedings perhaps we can set this aside temporarily.

Mr. **DOLE**. Let us set it aside and let me suggest briefly the absence of a quorum. We will see if we can find an amendment which has been cleared to bring up.

Mr. **METZENBAUM**. I thank the manager of the bill.

Mr. **DOLE**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

AMENDMENT NO. 2985

Mr. **METZENBAUM**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. Gorton). Without objection, it is so ordered.

Mr. **METZENBAUM**. Mr. President, I advise the manager that the Tsongas-Dodd amendment, I am told, involves probably some economic impact of $40 to $100 million. I am also told that there seems to be some equity in that they were caught unbeknownst to themselves by some time elements. The Senator from Ohio has no objection to the amendment.

Mr. **DOLE**. Mr. President, let me say to the Senator from Ohio, as I indicated earlier, there is no doubt about it, they were operating in one of these loopholes; even if that was the case, that is the law. They were operating with certain expenditures, certain plans. So they were caught in a trap. It does not give them all they want, but it does give them something.

Mr. **DODD**. Mr. President, will the Senator yield?

Mr. **METZENBAUM**. Yes; I am happy to yield.

Mr. **DODD**. Let me thank my friend from Ohio, and particularly the manager of the bill.

Mr. **DOLE**. Mr. President, I ask unanimous consent that we return to that amendment, the Dodd-Tsongas amendment.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **DODD**. Mr. President, I just want to say to my colleague and the manager of the bill, I appreciate their consideration of this amendment. As the Senator from Kansas has pointed out, they were in fact taking advantage of that situation. I have my own views on that, but it is the law of the land. They got caught in the transition period and, as has been said, a number of things have been met and complied with. I am particularly grateful that we can move this thing forward. I thank the manager of the bill and the Senator from Ohio for his concern about this matter.

Mr. **DOLE**. I thank the distinguished Senator from Connecticut. I assume maybe Senator Boren and Senator Weicker may want to put statements in the Record. At any rate, we can act on the amendment.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment.

The amendment (No. 2985) was agreed to.

Mr. **DOLE**. I move to reconsider the vote.

Mr. **DODD**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. **DOLE**. Mr. President, we are making progress, I think. We have tried to put together a list of amendments that we can take care of if we can get them cleared all the way around; another list to which Treasury has expressed opposition; and another list where they are still negotiating. Let me suggest that we know there will be some votes on the real estate amendment. That is the Boschwitz-Dixon amendment.

In addition to that, where there is Treasury opposition, we have an amendment by Senator D'Amato on pension contributions for policemen and firefighters; an amendment by Senator Cochran on guaranteed investment credit; an amendment by Senator Bradley on earned income tax indexing; Senator Cranston to exempt low-income housing projects;

Senator WILSON, transitional rules for factoring; Senator WILSON on transition relief for movies; Senator WILSON on Oakland Convention Center; Senator BAUCUS to modify medicare savings; Senator KENNEDY on faculty housing fringe benefits; Senators DIXON and STEVENS on ESOP voting rights pass transfer.

On those amendments, if we are going to have any chance of completing action tonight, we are going to have to move rather quickly.

In addition to those amendments, there are still nine amendments that are still in the negotiating stage and may or may not be agreed to. Those are by myself, Senators EXON and DURENBERGER in reference to gasohol; an amendment by Senator HUMPHREY on FUTA summer camp exemptions; Senator GRASSLEY, farm depreciation; Senator DOMENICI on photovoltaic cells; Senator MELCHER on construction workers; Senator BOREN, vocational education equipment; Senator DECONCINI, Greyhound transitional; Senator TSONGAS, stock option modification, and Senator SYMMS, geothermal modification.

I say that sounds like a rather large group, but many of these can be disposed of quickly if everybody is willing to cooperate. We do not want to deny anybody the right to have their amendment debated, but let us try to move and dispose of them. I am optimistic. If we can make any progress in the next hour, we might be able to persuade the leaders to let us continue for a while.

I have a couple of amendments here that we can agree to.

Mr. DIXON. Mr. President, will the distinguished chairman of the Finance Committee yield to this Senator?

Mr. DOLE. I am happy to yield to the Senator.

Mr. DIXON. I appreciate very much the comments of my colleague. I would like to advise him that my associate on this amendment on the real estate and housing industry (Mr. BOSCHWITZ) is on his way to the floor now. He will be here momentarily. We are ready. Whenever we can accommodate the chairman, we are ready to go to the mat on this.

Mr. DOLE. We appreciate that, Mr. President, I say to my colleague from Illinois. We prefer not to take that right now, because if we lose that, we are short about a billion dollars and will have to tax somebody else. So I would rather not get into that at this point.

Obviously, it is going to come up.

Mr. DIXON. Mr. President, does the chairman of the committee, my dear friend, the Senator from Kansas, know that we made a very reasonable offer that will involve substantially less than a billion dollars—about $300 million, about a third of what could be gained by the maintenance of the cigarette tax at its present level. I wonder if my distinguished friend, the chairman of the committee, who is as concerned as I am about emphysema, cancer, heart attack and all the other illnesses in the Nation, believe we ought to do this tremendous damage to the housing industry while we exclude that question?

I wonder if he saw the television report tonight about his President's visit to Dallas where the housing industry, when he went there to tell them how good things are in the country, suggested to him that things are not good at all and interest rates are going up and it is tough to sell houses and the industry is in a very difficult situation.

I wonder, in view of all that, whether my colleague would not want to reconsider a very reasonable offer that has been made by us in this area.

Mr. DOLE. Obviously, there are a number of taxes we could raise: The tobacco tax, another tax on distilled spirits would be enough to take care of it. But we just doubled the cigarette tax about a year ago.

Mr. DIXON. Does my colleague and friend think if we drop the price of the tax, the price in the cigarette machines will drop?

Mr. DOLE. Does my friend think they will stop building houses in 15 or 20 years.

Mr. DIXON. I want to inform my friend that they will build a lot less in an industry that is still in depression. I want to suggest that in my State, which is the second last of the 50 States after Idaho, the industry is in horrible shape. To pick on the housing industry at a time like this, I think, is not the correct procedure. We are willing to be very accommodating and we have made an offer that I think my distinguished friend ought to look at again because we think it is very reasonable.

Mr. DOLE. Mr. President, we are still examining the offer, but again, I must say that as I understand it, the most interest-sensitive group in this country is the realtors. The people who have been pushing us to do some deficit reduction are realtors, except they want to do it in social security and tax indexing and not touch any of their little deals. It just seems to me that if we are going to have deficit reduction, everybody has to make a contribution, even the big realtors of this country.

A lot of these are just tax shelters, a lot of churning going on, a lot of people making a lot of profit. I would guess the average homebuilder has never heard about 15 or 20 years and this would not make one bit of difference to them. What they want is for interest rates to come down.

I know where this comes from, Mr. President; I know the precise office this storm has been created by. There will be another day. And there will be another night, too, it looks like.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, are there any other Members who have amendments that we can dispose of that are on the yes list?

Mr. DIXON. My friend and I, may I say, Mr. President, to the chairman of the Finance Committee, the Senator from Minnesota, who are on the no list, are on the floor. I do not want to press my case, but at any time I can accommodate my distinguished and warm friend, the chairman of the Finance Committee, if the offer we made, which we consider a decent one, is not at all acceptable and if the passage of time will not soften the heart of my warm friend, then we would be delighted to proceed at any time.

Mr. DOLE. I appreciate that, and we are looking at all possibilities.

Certainly we are seriously looking at that proposal. We have asked the joint committee to go back and cost it out again, and they will be back to us I think within 20 to 30 minutes. But in the meantime, we could do a lot of business if we could just agree we were not going to call up some of these amendments or if Senators would come to the floor and call them up.

I understand how everybody said they want to leave tonight, but nobody is willing to call up their amendments. We have a list of 12 amendments, and there are probably 8 or 9 of them which could be called up and disposed of rather quickly. And then we will have the real estate amendment. We are going to save that for last because if we are rolled on that, we need to raise some additional money. So either way, we will get around to the real estate people.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, what is the pending amendment?

The PRESIDING OFFICER. Amendment No. 2986.

Mr. DOLE. What is that?

The PRESIDING OFFICER. The Wilson amendment.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, I still have some reservations about the Cranston-Wilson amendment. The Joint Tax Committee indicates they do not believe it will have any impact. IRS has signed off. The chairman of the committee is prepared to accept the amendment. I would not stand in the way of its passage.

Mr. DOLE. I thank the distinguished Senator from Ohio. I guess the question is on the amendment.

The PRESIDING OFFICER. Is there further debate on the Wilson amendment? If not, the question is on agreeing to the amendment of the Senator from California (Mr. WILSON).

The amendment (No. 2986) was agreed to.

Mr. CRANSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WILSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRANSTON. Mr. President, I thank the Senator from Ohio for his very understanding and fair approach to this problem.

Mr. WILSON. Mr. President, I will take 30 seconds to echo that. I thank the Senator from Ohio. He listened, and we are grateful for his cooperation. I hope the advice that he has given proves correct. We think it will.

AMENDMENT NO. 2944

The PRESIDING OFFICER. The question recurs on amendment No. 2944.

Mr. DOLE. Is that the so-called Dole amendment?

The PRESIDING OFFICER. That is the so-called Dole amendment.

Mr. DOLE. Mr. President, I understand there are negotiations going on at this very moment between Senator STENNIS and Senator METZENBAUM on this particular issue. It is an IDB issue. It is a very important issue to many Members. I think Senator METZENBAUM has properly raised a question. Yesterday we were picking up $400 million. Today we are losing all of it, and that added to the $400 million we lost earlier today, plus $400 million or $500 million we may lose later is over $1 billion. That is quite a little money. So that is under discussion. If it can be resolved, that is going to take care of one of the big remaining items. We have agreed to accommodate the concerns of the distinguished Senator from Mississippi and the Senator from New York and I think others who have an interest in IDB's, but in doing that we do lose considerable revenue. In the spirit of whatever, we are willing to do that.

We are just about to work over this little yes list. I wonder if the distinguished Senator from California has had a chance to discuss the apportioning property taxes on cooperatives with the Senator from Louisiana (Mr. LONG) and the Senator from Ohio (Mr. METZENBAUM)?

Mr. METZENBAUM. I wonder if the Senator from Kansas would permit me to say a word on the IDB question?

Mr. DOLE. Yes; I think I correctly stated the Senator's concern.

Mr. METZENBAUM. Yes; I am very much concerned that we are making some progress and closing down some of the abuses with respect to IDB's, and the Finance Committee, I believe, made a step in the right direction. The concerns of the Senator from Mississippi are being accommodated to extend the expiration date from 2 years to 6 years.

Then all of a sudden and at the same time we were going to pick up several hundred million dollars, that matter was halted. The Senator from New York had some concerns about it, and we are now in the process of losing $200 million or $300 million instead of picking up $200 million or $300 million. That would mean to me that you have now taken the $48 billion and changed it by something approaching $500 million. I think that there are too many abuses in the industrial revenue bond field to just permit that to go through in this manner. I do not wish to make a major controversy out of one that did not exist, but the Senator from Ohio did not make the issue. The Senator from Ohio had signed off on the Finance Committee amendment that had been worked out with the Senator from Mississippi and commended the Senator from Mississippi for doing so.

Now, the fact that there is a problem with respect to the Senator from New York on the issue does not cause this Senator to believe that we ought to just put this bill to bed and give away $500 million because one or more Senators are concerned about it. I am perfectly willing to continue the discussion and try to work it out, but absent that I think we do have somewhat of a stalemate on more than a matter of passing concern.

Mr. STENNIS. Mr. President, will the Senator yield to me?

Mr. METZENBAUM. Certainly.

Mr. STENNIS. Mr. President, if we are going to take this matter, that is one thing. If we are going to talk about it a little while and go on to something else, that is another thing. I would object to that. I ask the Senator from Kansas now, is this considered the beginning of the debate on the proposal or are we going to take it up in an orderly way and debate both sides?

Mr. DOLE. No; we will take it up in an orderly way. I thought the Senators might be able to resolve it back there.

Mr. STENNIS. Well, I am glad to go over it, and we are planning to talk it over some. I do not think this thing can be solved with one bill or in 1 year; I have gotten that deep into it. I want to make that point to all Senators. It is a major part of my considerations. But I have tried. I have done everything I can. I think what we have improves the situation some. The manager of the bill and the Senator from Louisiana approved that, and I think that itself is a powerful piece of evidence. So I would like to talk to the Senator from Ohio now and the Senate proceed, but I did want to make that brief statement.

Mr. DOLE. I thank the Senator from Mississippi.

Mr. WILSON. Mr. President, to respond to the inquiry from my friend the distinguished manager, we are prepared to go on with the amendment. I have given a copy of it to the Senator from Ohio, and I do not believe he has had an opportunity to read it.

Mr. DOLE. Let us go ahead and offer it.

AMENDMENT NO. 2988

Mr. WILSON. Mr. President, I have an amendment that I send to the desk, and I ask for its immediate consideration.

Mr. DOLE. Mr. President, I ask unanimous consent that the other amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from California (Mr. WILSON), for himself and Mr. CRANSTON, proposes an amendment numbered 2988.

Mr. WILSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the amendment insert the following:

"SEC. . PROPERTY TAXES OF COOPERATIVE HOUSING CORPORATIONS.

"(a) IN GENERAL.—Paragraph (3) of section 216(b) of the Internal Revenue Code of 1954 (relating to tenant-stockholder's proportionate share) is amended to read as follows:

"(3) TENANT-STOCKHOLDER'S PROPORTIONATE SHARE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'tenant-Stockholder's proportionate share' means that proportion which the stock of the cooperative housing corporation owned by the tenant-stockholder bears to the total outstanding stock of the corporation (including any stock held by the corporation).

"(B) CERTAIN TAXES.—The term 'tenant-stockholder's proportionate share' means, with respect to any tax which is required by the State (or any political subdivision thereof) that imposes such tax to be allocated upon the basis of separate appraisals for some or all of the units in a house or apartment building, the amount of such tax allocated pursuant to the law of such State (or political subdivision) to that unit of the house or apartment building which the stockholder is entitled to occupy as a dwelling.

"(b) EFFECTIVE DATE.—The amendment made by this Section shall apply to taxable years beginning after December 31, 1983.".

Mr. WILSON. Mr. President, I offer this amendment on behalf of my colleague from California and myself and the constituents we represent who find themselves in the unfortunate position of having to pay property taxes in excess of the deduction to which they are entitled under Federal law to claim against the Federal taxes they pay. This was not an intended result.

What has happened, Mr. President, is that those who are the owners of cooperative apartments find that they are required under California law to make payment in accordance with excess valuation.

Some will recall that, some years ago, California passed proposition 13, which froze assessments until resale of a unit occurred. Applying that to cooperative apartments, what has happened is that upon resale of a cooperative unit, an assessed valuation increase has occurred, resulting in a higher tax to the owner of that co-op apartment. But, rather than receiving the deduction appropriate to the amount of his increased property tax payments, under Federal law the entire deduction for each unit has come back to the building cumulatively and has been apportioned in accordance with the shares held by the co-op owners, rather than by the actual amount of the tax paid.

This amendment to section 216 of the Internal Revenue Code would bring about a reform. It would simply grant a deduction in the amount of the property tax paid, rather than providing a windfall to those whose assessed valuations have not been changed, at the expense of those who have received an increase in their assessed valuation.

Mr. METZENBAUM. Mr. President, will the Senator yield for a question?

Mr. WILSON. I yield.

Mr. METZENBAUM. Does the Senator from California have any problem about making his amendment effective as of the date of passage, as are all other amendments in this bill, instead of it being retroactive?

Mr. WILSON. I have to say to the Senator from Ohio that I do not think we achieve full equity in that respect, because equity would be that those who pay the higher amount are entitled to the full deduction of the amount they have paid. But I am satisfied that if we get a prospective result, it would be a reform worth achieving. I think we should make that conform to the actual property tax year.

Mr. METZENBAUM. What is the tax year?

Mr. WILSON. It would be in March. The property tax lien attaches as of that date. So I would like to make it retroactive at least through the lien date of this year.

Mr. METZENBAUM. The Senator would want to make it effective what date?

Mr. WILSON. I would like to make it effective so that those who are paying property taxes in the current year would be able to take advantage of the change in the law.

Mr. METZENBAUM. Is this one of several more amendments the Senator from California has coming, or is this his last amendment?

Mr. WILSON. No; this is not the last amendment.

Mr. DOLE. This is the last one on which we can agree.

Mr. WILSON. Let me point out one thing I have omitted. This is absolutely revenue neutral, and the Treasury agrees to that.

So what we are doing, I say to my friend from Ohio, it is simply bringing about equity by adjusting the deduction to the actual amount paid. If we leave the law as it is, we continue to permit windfalls to those who, through no virtue of their own, have not received a higher assessed valuation.

Mr. METZENBAUM. Mr. President, if the manager is prepared to accept the amendment, I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2988) was agreed to.

Mr. WILSON. I thank the distinguished manager of the bill.

Mr. CRANSTON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WILSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I say to the distinguished junior Senator from California that he has three items on the amendment list. We have attempted to accommodate him nearly every other way. Treasury is flatly opposed to those three amendments, and I hope we can agree not to bring them up or to bring them up under a time agreement, so that they can be disposed of quickly. Otherwise, we will be here a long time tomorrow.

Mr. WILSON. Mr. President, the distinguished manager has been most accommodating and I appreciate it. But I think the statement is not quite accurate, in that we are in negotiation, and I think there is a change in attitude with respect to some. I should like to counsel with the manager and advise him of those changes.

Mr. DOLE. Will the Senator be able to give me some reading by about 10 minutes to 10? I have to consult with the majority leader as to whether we are going to finish tonight or come back tomorrow.

Mr. WILSON. I would be happy to do so.

Mr. DOLE. We cannot offer every amendment tonight, or there would be another tax bill.

Mr. CRANSTON. Mr. President, will the Senator yield me 1 minute?

Mr. DOLE. I yield.

Mr. CRANSTON. Mr. President, I thank my colleague from California for his leadership on the cooperative amendment which was just adopted. He made the case strongly and clearly and eloquently, and I have no more to say about it in view of his success.

Mr. WILSON. I thank my colleague. He is most generous and has been most helpful. If his name is not on this amendment, that is an error, because he is a cosponsor. If his name is not on the amendment as a cosponsor, I ask unanimous consent that his name be added.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand the Senator from New Jersey is going to offer a $200 million revenue loser now.

AMENDMENT NO. 2989

(Purpose: To provide cost-of-living adjustments in the earned income credit)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. DOLE. Mr. President, I wonder if the Senator will agree to 10 minutes on a side as a time agreement.

Mr. BRADLEY. Mr. President, I am prepared to do a little bit longer than that.

Mr. DOLE. Fifteen minutes?

Mr. BRADLEY. Let us do 25 minutes on each side.

Mr. DOLE. It is 9:30 p.m. now. The last amendment the Senator called up took 1½ hours. This should not be that hard to explain.

Mr. BRADLEY. It certainly will not. I will take 15 minutes on each side.

Mr. DOLE. Fifteen minutes on each side, and I so ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an amendment numbered 2989.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1127, between lines 18 and 19, insert the following:

(c) COST-OF-LIVING ADJUSTMENTS.—

(1) IN GENERAL.—Section 32 is amended by adding at the end thereof the following new subsection:

"(h) COST-OF-LIVING ADJUSTMENTS.—The dollar amounts in effect under subsections (a), (b)(1), (b)(2), (f)(2)(A), and (f)(2)(B) with respect to taxable years beginning in any calendar year after December 31, 1985, shall be increased by the cost-of-living adjustment (within the meaning of section 1(f)(3)) for such calendar year.".

(2) CONFORMING AMENDMENT.—Section 3507(c) is amended by adding at the end thereof the following new paragraph:

"(h) COST-OF-LIVING ADJUSTMENTS.—The dollar amounts in effect under paragraph (2) with respect to taxable years beginning in any calendar year after December 31, 1985, shall be increased by the cost-of-living adjustment (within the meaning of section 1(f)(3)) for such calendar year.".

On page 1127, line 19, strike out "(c)" and insert "(d)".

On page 1127, line 23, strike out "(d)" and insert "(e)".

Mr. BRADLEY. Mr. President, I am offering an amendment that deals with the earned income credit.

Why is the earned income credit important? It is one of the very few tax provisions that directly helps the working poor.

The earned income credit has been in the tax law since 1975. The father of that credit is the distinguished Senator from Louisiana who recognized that it was important to provide some tax relief to the working poor of this country, the low-income families who might otherwise need large welfare payments.

The earned income credit has not been adjusted since 1978. I proposed an amendment in the Finance Committee to increase that credit, and the committee agreed with that proposal. Thus, the bill before us provides a refundable tax credit equal to 10.5 percent of the first $5,000 earned income as opposed to 10 percent under the existing law. Under the Finance Committee bill the maximum allowable credit will be $525. This amount will be phased down as income rises above $6,000, and it will not be available for individuals with incomes over $11,000.

As I proposed in the committee, my amendment would also have indexed the credit to bring it in line with the way we treat the personal exemption and the zero bracket amount. Unfortunately, in the Finance Committee it was not agreed to index the earned income tax credit.

Under my amendment that is now before the Senate, the credit would be indexed beginning in 1986. The revenue effect of this change would be about $200 million.

Mr. President, I wish to put this amendment in perspective. What we are talking about here is how to alleviate the adverse effect on poor people of the Federal tax and spending changes that have been made in the last several years. A recent CBO study documents those effects. The bottom line is that these changes have produced significant benefits for the wealthy and significant losses for those having difficulty making ends meet.

According to the CBO, households with annual incomes below $10,000 will have lost on average $440 a year by 1985. These are the households that would benefit most from the earned income credit.

During that same period, households with incomes over $80,000 will have gained an average of $8,930 per year.

Mr. President, this is clearly an unfair situation. The unfairness of those statistics is quite simply shocking, and it will be compounded unless we adopt this amendment.

The reason is, Mr. President, that inflation has pushed the income tax threshold well above the poverty level. In other words, people who are officially declared as poor will have to pay Federal income taxes.

Since 1975, inflation has pushed more and more people into the higher tax brackets, and that has also pushed the threshold higher.

In 1959, the threshold at which income taxes would begin was 10.5 percent below the poverty level. With no changes in law, if this amendment is not adopted, the threshold at which people will begin to pay taxes will be by 1986 21 percent below the poverty level.

Mr. President, this result is simply unconscionable. I cannot believe that it is Congress intent to so sharply increase the tax burden on families with income below the poverty line.

Mr. President, many of those families are headed by women. We talk a lot about the feminization of poverty, a lot of talk, a lot of hand wringing. Well, this is a good, solid, effective way of doing something about it. It is particularly appropriate that we enact legislation to alleviate the burden on working women at the bottom of the income scale since we are giving substantial benefits to homemakers at the middle- and upper-income levels of the scale through the spousal IRA.

So, Mr. President, this amendment is quite simple. Do we want to try to provide some benefit in this tax bill for people who make under $11,000 in income? If we do, we will support this amendment.

I reserve the remainder of my time.

Mr. DOLE. Mr. President, this is another example where a member of the committee already has $400 million in an amendment, and this was defeated in the committee.

We are getting into the time where everyone wants to spend more money. This is a $200 million item.

We agreed with the amendment the Senator offered in the committee that cost $400 million, but some are never satisified. So we are back again on the floor trying to spend $200 million while we are making speeches about cutting the deficit.

That is how simple it is, and we are going to have more of these amendments. I can already see them steaming up.

They vote one way in the committee and another way on the floor.

I think this is going to be the test. If we cannot table an amendment like this where we have already gone two-thirds of the way with the Senator from New Jersey, then we cannot table any of the other amendments, and we may as well prepare to stay all night and come back tomorrow morning, and that may not be important in the scheme of things.

But I think there is a desire to complete and finish this legislation.

I do not know of any one Senator who has a corner on compassion and sensitivity in this Chamber, and what we profess we do on a daily basis is to reduce the deficit. What we really do is vote for more spending and talk about reducing the deficit.

This $200 million is not very much, but there is going to be another half-billion dollar amendment coming along, and I can explain later on how we took care of that in the committee.

It would seem to me that this is the test. If Members are serious about deficit reduction, we cannot start taking every $200 million amendment. I do not care how touching the comments may be.

Either we are going to reduce the deficit and cut some spending or we are going to continue to kid the American people.

Every special interest group in America wants the deficit reduced if it does not cost them anything. In this case, we have increased the benefits by $400 million. We are right back here again with $200 million more.

It just seems to me if we are serious about deficit reduction, I would say to my colleagues on both sides of the aisle, let us demonstrate it. If we are not, then the lid is off. Just take all of the amendments and go to conference with about $20 billion in revenue and zero on the spending side. But the RECORD should indicate who is adding the spending amendments and what they are saying in one place and what they are doing on the floor.

Mr. BRADLEY. Mr. President, I ask unanimous consent that a table showing the relationships between income tax threshold and poverty level for a family of four between 1959 and 1986 be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—RELATIONSHIP BETWEEN INCOME TAX THRESHOLD AND POVERTY LEVEL FOR A FAMILY OF FOUR, 1959–86

Year	Income tax threshold	Poverty level	Percentage gap between tax threshold and poverty level
1959	$2,667	$2,973	−10.3
1960	2,667	3,022	−11.7
1965	3,000	3,223	−6.9
1966	3,000	3,317	−9.6
1968	3,000	3,553	−15.6
1969	3,000	3,743	−19.9
1970	3,600	3,968	−9.3
1971	3,750	4,137	−9.4
1972	4,300	4,275	+0.6
1973	4,300	4,540	−5.3
1974	4,300	5,038	−14.6
1975	6,692	5,500	+21.7
1976	6,892	5,815	+18.5
1977	7,533	6,191	+22.0
1978	7,533	6,662	+13.1
1979	8,626	7,412	+16.4
1980	8,626	8,414	+2.5
1981	8,634	9,287	−7.0
1982	8,727	9,862	−11.5
1983	8,783	[1] 10,166	[1] −13.6
1984	8,783	[1] 10,613	[1] −17.2
1985	8,936	[1] 11,101	[1] −19.5
1986	9,102	[1] 11,601	[1] −21.5

[1] Estimated.

Note.—Tax thresholds assume full use of the earned income tax credit.

II. PROVISIONS OF LAW AFFECTING INCOME TAX THRESHOLD

The provisions of the tax law that have affected the Federal income tax threshold in recent years are displayed in Table 2. These are the personal exemption and standard deduction (now the zero bracket amount), both of which have been in the law for many years, and the earned income tax credit (enacted in 1975). In addition, a general tax credit was in effect between 1975 and 1978 and had a significant impact on the tax entry point in those years.

Mr. BRADLEY. Mr. President, last night we had a very lengthy debate about indexing. We had a very long debate about indexing. It was a debate in fact that could have reduced the deficit by $50 billion, Mr. President. But at that time, we were not worried about reducing the deficit an additional $50 billion because we wanted to preserve the principle of indexing. Indeed, the chairman of the committee supported that. He wanted to preserve the position that we needed indexation in the Tax Code. And I voted with the chairman on that.

But I am saying on this issue, let us protect the poorest of the poor in this country. Let us index the earned income tax credit, just as we indexed the rates for those people in the middle- and upper-income levels. It is a simple amendment, Mr. President. And if $200 million is going to break the budget when last night——

Mr. DOLE. Will the Senator yield? Do you have any way to offset? Do you have some spending reduction you want to make, to be consistent?

Mr. BRADLEY. I offered one this afternoon that would have been $1.5 billion.

Mr. DOLE. That was a tax.

Mr. BRADLEY. I offered one yesterday that would have been $170 million. It would have been almost an exact offset. So I have offered ways to pay for this.

I simply say that I think it is a very clear amendment. Are we going to index here on income tax credit, is it going to be $200 million, or are we going to say, "Oh, we are going to index the rate for the middle and upper income"?

I do not dispute that we should have done that. I am simply saying let us recognize what the effect of this is going to be for the feminization of poverty, let us recognize what this means for working families headed by women, and let us recognize that if we do not index this that by 1986 people are going to hit that threshold 20 percent below the poverty line.

Mr. President, that is the issue. I am prepared to vote if the distinguished Senator from Kansas is.

Mr. DOLE. Mr. President, let me just say again, all these things are great. Everybody wants to spend more money. That is all this is. And it is even worse because we took care of two-thirds of what we thought was the problem, persuaded by the distinguished Senator from New Jersey, and we thought that took care of it. But every day that goes on, people come up with more ideas, staff thinks of great things we ought to do for everybody, and somebody pays the bill.

Now, either we want to shut this off and control some spending around here and not take care of every special interest group—you know, they are going to be around next year. They are out there. They have got a lobby full out here looking for little tax goodies. They never give up. They are shifting paper back and forth. Everybody has an idea of how to spend a little money in the last stages of this bill.

I would say as sincerely as I can, if we cannot table an amendment that cost $200 million, after we have already given $400 million in the same area, then I doubt that we should try to table any other amendment, because they are going to probably meet the same fate.

We are turning down transition rules for some Members that are revenue neutral that cost nothing.

The Senator from New Jersey, the way he would pay for it, he would increase your taxes. I do not think the American people will swallow that much more. They do not want their taxes increased; 79 percent of the Americans say they are paying enough taxes right now.

So I am going to move to table the amendment and ask for the yeas and nays. I would hope that we can dispose of this. This would set a pattern and might discourage subsequent amendments that would spend additional money. Again, the bottom line is if there is some offset on the spending side or some offset that makes some sense, if it is a revenue package, a revenue amendment, you are going to offset it with different revenue, OK. If it is spending, and you are going to offset it with some spending cut, OK. But just to come in at the last minute with $200 million here, $500 million here, couple million here, that is a billion dollars. Maybe a billion dollars is not very much with this deficit. I would hope we could come to grips with what the problem is. I move to table the amendment and ask for the yeas and nays.

Mr. BRADLEY. Will the chairman yield?

Mr. DOLE. Yes.

Mr. BRADLEY. Let me say that I certainly sympathize with the Senator's plight here tonight trying to resist all of the tempting amendments that come to the floor. And I also recognize the Senator's leadership on the whole issue of tax reform. And I recognize how difficult it is going to be in the hours ahead to resist all the other pressures. And I would stand with him on that.

But I just do not see people with income levels of $6,000 to $11,000 as special interests. They have not been accosting me in the hallways.

So I would simply say to the chairman that I hope in this case he could recognize that this is a different kind of amendment affecting a different segment of the population than the amendments that he so ably and strongly resists.

Mr. DOLE. I would say to my colleague, this is just the beginning. We will have an amendment from the Senator from Montana in a few minutes that will add another $500 million to spending, after he voted to cut spending in the committee. That is great. You have got one vote in the committee where you are for cutting spending and another on the floor for increasing spending. You can look at either record.

But it just seems to me we are either going to have to do it or not do it. We may as well make a determination now. If the Senate does not want to reduce spending, that is the Senate's prerogative. But if we are concerned about deficit reduction, as we say every day in every way, then that is something else.

Again, I would remind my colleagues who may be present, it is not that we do not address this problem in the committee. We did address the problem in the committee as you will find on page 67, paragraph 10, under "Changes in Earned Income Credit." I will put that in the RECORD.

We made some liberalization changes. It costs $400 million. And I thought the Senator from New Jersey was satisfied.

Mr. BAKER. Mr. President, will the Senator yield to me just for a moment?

Mr. DOLE. Yes.

Mr. BAKER. Mr. President, I sense in a moment we are about to have a tabling motion and, thus, a vote. Before that occurs, may I remind Senators that earlier this evening, I indicated that the leadership would try to have a further announcement to make at 10 o'clock, or after the vote that might occur in that vicinity, on how long we will proceed and what our prospects are, and the outlook for tomorrow and perhaps Saturday.

So those who may be listening in their offices or elsewhere, let me remind them that, after this vote, there may be a unanimous consent request propounded. We may attempt to make an inventory of the remaining amendments and assess the time that it will take to deal with them.

So I urge Senators to remain on the floor after this vote for that purpose.

I thank the Senator for yielding.

Mr. DOLE. Mr. President, I yield back the balance of my time.

Mr. BRADLEY. Mr. President, I yield back the balance of my time.

Mr. DOLE. Mr. President, I move to table the amendment and ask for yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas (Mr. DOLE) to table the amendment of the Senator from New Jersey (Mr. BRADLEY). The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that the Senator from Utah (Mr. MCCLURE) and the Senator from Utah (Mr. SYMMS) are absent to attend the funeral of a former Member.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Arizona (Mr. DECONCINI), the Senator from Colorado (Mr. HART), and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

Mr. LONG (when his name was called). Mr. President, on this vote, I have a pair with the distinguished Senator from Arizona (Mr. GOLDWATER). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withhold my vote.

The PRESIDING OFFICER (Mr. JEPSEN). Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 64, nays 25, as follows:

[Rollcall Vote No. 72 Leg.]

YEAS—64

Abdnor
Andrews
Armstrong
Baker
Baucus
Boren
Boschwitz
Chafee
Chiles
Cochran
D'Amato
Danforth
Dixon
Dodd
Dole
Domenici
Eagleton
East
Evans
Exon
Garn
Glenn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Jepsen
Johnston
Kassebaum
Laxalt
Lugar
Mathias
Mattingly
Murkowski
Nickles
Packwood
Pell
Percy
Pressler
Proxmire
Quayle
Randolph
Roth
Rudman
Simpson
Specter
Stafford
Stennis
Stevens
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Wilson
Zorinsky

NAYS—25

Biden
Bingaman
Bradley
Bumpers
Burdick
Byrd
Cohen
Cranston
Ford
Inouye
Kasten
Kennedy
Lautenberg
Leahy
Levin
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pryor
Riegle
Sarbanes
Sasser

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Long, against.

NOT VOTING—10

Bentsen
DeConcini
Denton
Durenberger
Goldwater
Hart
Huddleston
McClure
Symms
Weicker

So the motion to lay on the table was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote.

Mr. MITCHELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, may we have order now, please?

The PRESIDING OFFICER. The Senate will please be in order. Anyone not in their seat, standing and having conversations, the Sergeant at Arms will ask them to move to the cloakroom.

The majority leader.

REMAINING AMENDMENTS

Mr. BAKER. Mr. President, I announced earlier that after this vote and at approximately 10, we would try to see where we are and where we are going. I have asked the two managers in coordination with the minority leader to canvass the remaining amendments and identify them, and try to find out how much time it will take so we can try to see how we are going to proceed.

Let me remind Senators it is not the ordinary situation where we can go into next week. We have an adjournment resolution passed that has to be concurred in, that has been concurred in by the House. The most we can do before Easter is to be in today, tomorrow, and Saturday.

I have a list here that has been supplied to me by the manager on this side. It has a total of 28 amendments. What I would like to do is read those amendments and see if there are others that must be added to the list—I devoutly hope there shall not—and try first, if we may, to see if we can get a unanimous-consent agreement that no other amendments except these amendments will be in order. I have asked Senators to be on the floor, and I thank all Members for responding. Almost everyone is here so we ought to be able to proceed in an orderly way. Let me read the amendments now. The minority leader has a copy, I believe, that is identical to this one or substantially so.

First, a DeConcini amendment on duty-free entry of telescopes; a Specter amendment to modify sale-leaseback of residence provision; a Specter-Byrd amendment on coal intercompany sales. The Dole technical amendments which would come routinely at the end of the bill; two Hatfield amendments which are not identified as to subject matter at this point and were added to the list just a moment ago, I say to the minority leader. A Boschwitz-Dixon amendment dealing with real estate depreciation modification; a D'Amato amendment on pension contributions for police and firefighters; a Cochran guaranteed investment contract amendment; a Cranston amendment to exempt low-income housing projects from deferred interest rules; three Wilson amendments; one on transitional rule for factoring; one on transitional relief for movies denied ACRS; and one on Oakland Convention Center—permit 15 years depreciation in absence of binding contract; a Baucus modify medicare savings amendment; a Kennedy faculty housing fringe benefits amendment; a Dixon-Stevens on ESOP voting rights pass transfer.

Then the following 13 amendments: Dole-Exon-Durenberger increase gasohol fuel exemption; Humphrey FUTA summer camp exemption; Grassley farm depreciation and soil conservation; Domenici photovoltaic; Melcher on commuting expenses of construction workers; Boren on vocational guidance equipment; DeConcini on Greyhound transitional; Tsongas on stock option modification; and Symms on geothermal.

Then four amendments added to the list by the chairman of the committee (Mr. DOLE), one dealing with minimum tax, one a revenue measure, one dealing with minimum tax II, and the final one, real estate exemption.

Mr. President, that is the list I presently have, and it is with great timidity that I ask if there are others that must be added.

May I yield first to the minority leader.

Mr. BYRD. Mr. President, in addition to those amendments which have been enumerated by Mr. Baker, there are the following on my list: Two amendments by Mr. Levin, one on taxability of returnable bottles and one on increasing deduction on two-earner couples and keeps the maximum estate tax at 6 percent; one by Mr. Pryor, disabled veterans; one by Mr. Sasser I am unable to identify; one by Mr. Heflin. I cannot identify that.

I understand there are two by Mr. Hatfield on the side of the distinguished majority leader.

Mr. BAKER. I have those.

Mr. BYRD. Mr. President, Senator Bradley, I believe, has one on subsidiary dividends.

Mr. BAKER. Mr. President, the President pro tempore has one.

Mr. THURMOND. I have one I think will be agreed to.

Mr. BAKER. And Senator Heinz?

Mr. HEINZ. I have one on medicare.

Mr. STENNIS. Mr. President, what is the pending question now?

Mr. BAKER. Mr. President, could the Chair please state the pending question?

The PRESIDING OFFICER. The pending question is the amendment of the Senator from Kansas (Mr. Dole) dealing with industrial development bonds.

Mr. BAKER. I thank the Chair.

Mr. President, I have a Grassley amendment to add, and a Pressler amendment, two more Specter amendments.

Mr. WARNER. It is my intention to bring up an amendment on depreciating costs of nuclear powerplants.

Mr. BAKER. Mr. President, is that the list?

Mr. BYRD. There is one by Mr. Kennedy dealing with medicare.

Mr. KENNEDY. Mr. President, certainly two on medicare, possibly a third.

Mr. BAKER. Shall I put down two or three?

Mr. KENNEDY. Why not put three and hope we do not need the third one?

Mr. BAKER. Senator Baucus.

Mr. BAUCUS. I have an amendment dealing with transition rules. I think it is being cleared by both sides.

Mr. BAKER. All right. And Senator Bumpers.

Mr. BUMPERS. Mr. President, I want to reserve the right to offer an amendment scaling back the cuts in medicare from 3 percent to 1½ percent. I am not promising that I will offer it, but I want to reserve the right.

Mr. BAKER. Senator Randolph.

Mr. RANDOLPH. I have no amendments, but could I ask a question?

Mr. BAKER. Yes. It will be a relief.

Mr. RANDOLPH. We have now, as I listened very carefully to the Senator and the leader on our side of the aisle, almost 50 amendments. Is there any understanding with Senator Dole and Senator Long, may I say, of how many of these amendments would be accepted?

Mr. BAKER. Mr. President, may I answer my friend from West Virginia in this manner. I would like to yield in just a moment to the distinguished managers so that they can explore the possibility of time limitations or time evaluations on each one of these amendments and then we can go on. But what I would like to do first is to see if we can get a unanimous-consent agreement that no other amendments will be in order except these amendments.

Mr. SARBANES. Will the majority leader yield on that point?

Mr. BAKER. Yes; I am happy to.

Mr. SARBANES. I think there are some of us who have an interest in some of the amendments that are on the majority leader's list. A decision to offer an amendment or not depends on the fate of some of the amendments that are on the majority leader's list. If that works out all right, then there is no need to be added to the list. If not, then any Member would have a problem in that regard.

Mr. BAKER. Mr. President, I do not know any way to accommodate that except perhaps to provide for an amendment for the Senator from Maryland. But it is in the nature of things that if you do get an agreement of this sort, it does have a limiting factor. But we are rapidly losing the advantage of that limitation. There are 46 amendments now on that list. But I acknowledge the Senator from Maryland clearly has a point, and I am going to add an amendment for him. But may I say that with 46 amendments to be offered, it gets to be almost a futile effort at this point. But I will be happy to add one if the Senator wishes me to.

Mr. SARBANES. If the Senator is going to go to a unanimous consent request that would block me out from addressing an issue that I think is going to be addressed adequately on an amendment that is already on the list.

Mr. BAKER. Could I add one then for the Senator from Maryland?

Mr. SARBANES. Yes.

Mr. BAKER. And could the Senator identify the subject matter, please?

Mr. SARBANES. The problem with UDAG.

Mr. BAKER. And I have to add, I understand, two amendments for Senator Tower. That makes 49 now.

Mr. METZENBAUM. Will the majority leader yield?

Mr. BAKER. Yes.

Mr. METZENBAUM. I have good news for the majority leader. I have no amendments. My inquiry, however, is if the majority leader intends to ask for a unanimous-consent that these will be the only amendments that will be in order or is he intending to provide time limits as well? I ask the question because many of the amendments are totally unknown to us. Until we know what the amendments are, it is pretty hard to agree to a time limit.

Mr. BAKER. Mr. President, what I plan to do, may I say to the distinguished Senator from Ohio, is try to do it in two bites. First, a simple unanimous-consent agreement that these are the only amendments in order. If that is granted, my next proposal would be that we get this down on paper so the staff on all sides could take a look at it and see what they mean and then ask the managers of the bill to see if they can get unanimous-consent agreements to limit times.

Mr. METZENBAUM. I thank the majority leader.

Mr. CRANSTON. Will the majority leader yield?

Mr. BAKER. Yes; I yield to the Senator from California.

Mr. CRANSTON. I am trying to work out an agreement on an alternative to the amendment that I have on the list. I assume that alternative would be in order; it would not be a second amendment, it would be a substitute for the one.

Mr. BAKER. On the same subject matter?

Mr. CRANSTON. Yes.

Mr. BAKER. I am sure it would qualify. I am anticipating that the description would be general enough so that if it dealt with the same subject matter, the Senator would be perfectly within his right to offer a modified amendment.

Mr. CRANSTON. I thank the Senator.

Mr. BAKER. I yield to the Senator from Arkansas.

Mr. PRYOR. It may be possible that I need to reserve on one additional amendment, which is a technical amendment on mortgage revenue bonds effective dates. I think that it will be accepted, but I would like to reserve that right to offer that amendment should the opportunity arise.

Mr. BAKER. The Senator has the rare privilege of being the 50th amendment.

The Senator from Alabama.

Mr. HEFLIN. Mr. President, I might have one. I do not know. It may have been worked out at this time. It is being worked on by another Senator who is not here and his staff is not here.

Mr. BAKER. Mr. President, I wonder if we have that down. I have the Senator from Alabama at the insistence of the minority leader for an amendment already.

Mr. HEFLIN. That is what I am talking about.

Mr. BYRD. Will the majority leader yield?

Mr. BAKER. I yield.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. The Senator from North Carolina has an amendment on PIK. Mr. MURKOWSKI, one.

Mr. DANFORTH. Mr. President, I had not intended to offer any amendment. However, if this becomes such a marvelous train that nobody can afford to miss it. I do have a tariff bill which has been on the calendar now and then and it would be my intention to add it if everybody else is adding amendments.

Mr. BAKER. Mr. President, as the Senator from Missouri knows, we are up against a weekend. We are up against an adjournment for a recess period. We are up against what I call the "adios" factor. And what I mean by that is that tomorrow afternoon about 3 o'clock, regardless of what I do, about half of this room is going to tell me "adios and goodbye." That is what I call the "adios" factor. But if the Senator wants to put a tariff amendment on here, I will certainly put it on the list.

Mr. DANFORTH. I am willing to enter into a very short time agreement.

Mr. LONG. Mr. President, reserving the right to object, if the Senator is going to offer the bill I have in mind, we might as well make plans to be here until Sunday.

Mr. BAKER. Mr. President, let me say this. I do not know whether it is still worthwhile. We have 51 amendments. But I think it probably is.

Mr. President, I ask unanimous consent that this list of 51 amendments be the only amendments in order to this amendment to the bill.

Mr. MOYNIHAN. Mr. President.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Reserving the right to object——

Mr. MOYNIHAN. Reserving the right to object, I will not object. May I ask as a matter of interim concern to the Finance Committee, it may eventuate that I would wish to offer an amendment on the minimum tax and two IDB projects.

Mr. BAKER. Three Moynihan amendments, one on minimum tax and two on what?

Mr. MOYNIHAN. On industrial development bonds. And may I ask the leader to look at the chairman of the Finance Committee to agree.

Mr. BAKER. Mr. President, we can add them to the list without his agreement. That makes 54.

Mr. President, I ask unanimous consent——

Mr. DOMENICI. Mr. President, will the Senator add DOMENICI?

Mr. BAKER. DOMENICI makes 55. Anybody else?

Mr. PACKWOOD. Mr. President.

Mr. BAKER. The Senator from Oregon.

Mr. PACKWOOD. If we agree to the list, the Senator is not asking for time constraints or anything else? All he is asking is this is the outside perimeter of what can be offered?

Mr. BAKER. Yes. And it is not very far outside.

All right, Mr. President.

Mr. BYRD. Reserving the right to object, Mr. President, may I take this opportunity to say that what the majority leader was seeking I think has been made clear. I assume that everyone understands it better than I do. But I want to make sure that there is no one who does not understand.

What we are talking about are amendments to the pending amendment, amendments to the pending Finance Committee amendment. We are not talking about amendments to the bill or amendments to two or three other measures that are going to be brought in, an appropriations cap and reconciliation. We are talking about amendments to the pending Finance Committee amendment.

May I say that I have objection, but I would like to add another amendment—not that I have one, but I want to protect any Senator who may not be on the floor at this point. I would like to have another one written down for me which I will not offer unless a Senator on my side says he has an amendment and he was not here. And it would be understood that that would be used in that way.

Mr. BAKER. Mr. President, I will include one for myself on that basis, too.

Mr. President, there is one other matter that I know has been of concern to I believe the Republican and Democratic National Committees and I think the minority leader is aware of that. Do the chairman and the ranking member intend to offer an amendment dealing with that?

Mr. DOLE. I would be willing to offer that amendment.

Mr. BAKER. Mr. President, I add to that another amendment, which will make 57, to be offered by me, which will deal with funding security requirements for the national conventions.

Mr. LONG. Mr. President, the Senator from Louisiana has no intention of offering amendments on trade; but since we are told that we may have a trade amendment offered, I may have four trade amendments to offer on the bill.

Mr. LEAHY. Mr. President, I say to the majority leader that the way the number is going up, he may want to revise his agreement and see if he can get unanimous consent to vote en bloc on the amendments within the next hour. We will be here way beyond the Saturday adjournment date.

Mr. BAKER. Mr. President, what I am tempted to do is what the distinguished Senator from Louisiana used to do and what the Senator from Kansas sometimes does, and that is, we may lose some of these on the way to conference—and I may lose some of them on the way to trying to finish this thing.

Right now, I will diligently compile a list which I believe totals 62, as they have been described, and the Official Reporter will help us in making this list. This includes the four amendments of the Senator from Louisiana.

I now ask unanimous consent that these 62 amendments be the only amendments, with the exception of the pending amendment, which will be in order to the pending question.

Mr. LONG. Mr. President, reserving the right to object, I am willing to agree to this, provided that we finish sometime Saturday. If we do not finish Saturday, I am not willing to limit myself on amendments, if we have to come back here on this after the recess anyway.

Mr. BAKER. Mr. President, I do not know how to do that.

Mr. PERCY. Change it to Friday. [Laughter.]

Mr. LONG. If we finish before midnight Saturday, all right, that is how we stand. But if we do not finish by midnight Saturday, there is no point in agreeing to this, because we will come back, and there will not be the pressure to finish.

Mr. BAKER. Mr. President, I hope the Senator will reconsider that, because it seems to me that if we have an escape valve which says that if we do not finish by Saturday midnight, other amendments will be in order, we have really defeated the purpose of trying to limit it, and we give an opportunity to every Senator to escape it simply by talking.

I hope the Senator will not insist upon that. I promise him that I will do my dead level best to see that this works out, and I believe it will work out. I promise the Senator that I will help in any way I can the two managers, to see that the purpose he seeks is not defeated—that is, to finish this amendment before we go out. I hope the Senator will not insist on that condition. I believe it will defeat the real meaning of the request.

Mr. LONG. What concerns me is our getting off into other fields that have nothing to do with the matter now before us. The Senator from Louisiana did not plan to offer four trade amendments; but if we are going to get into trade, then the Senator feels he has to protect his rights. I will be glad to trade the Senator my four for his one, right now.

Mr. **BAKER**. I ask the Senator from Missouri if he will consider withdrawing his amendment.

Mr. **DANFORTH**. I was planning to ask for no more than 2 minutes, equally divided, on an amendment which is very well understood and I think supported by the Senator from Louisiana.

Mr. **LONG**. Mr. President, I am willing to act on the Senator's amendment. But I think it should come before the Senate in its own right. It should not be a 2-minute proposition on this bill. I am willing to hold off on my trade amendments, if the Senator is willing to do the same.

Mr. **DANFORTH**. Reluctantly, Mr. President, I will go along.

Mr. **LONG**. I thank the Senator.

I withdraw my four amendments. [Laughter].

Mr. **BAKER**. I thank both Senators.

Mr. President, if that is such a good deal, I wonder if anybody has any—if they need to pair off.

Mr. **SARBANES**. Mr. President, will the majority leader yield?

Mr. **BAKER**. I yield.

Mr. **SARBANES**. I guess I should address this to the chairman of the committee. As I understand it, the Senator is driving to vote on the Finance Committee reported legislation but not the spending cuts as they dealt with medicare. Is that correct?

Mr. **DOLE**. No. In fact, they are all in one amendment. In the whole Finance Committee action, it is $48 billion on the revenue side and, counting debt service, about $24 billion on the spending side—all one amendment. We have already had some amendments on the spending side.

Mr. **BAKER**. Mr. President, I reput the request. I have lost count, but I believe there are 57 amendments, the only amendments in order to the Finance Committee amendment, with the exception of the pending amendment, which is the Dole-Stennis amendment.

Mr. **BYRD**. Mr. President, reserving the right to object, there will be no second-degree amendments?

Mr. **BAKER**. I believe none would be in order. I inquire of the Chair if that is correct?

The **PRESIDING OFFICER**. All the listed amendments are second-degree amendments.

Mr. **BAKER**. And no other amendments would be in order, under this order. Is that correct?

The **PRESIDING OFFICER**. No other amendment would be in order.

Mr. **BYRD**. I thank the Chair for the Chair's enlightenment.

I have no objection, on the condition that no amendment—some of the amendments have not been identified—on the condition that no amendment to add the reconciliation resolution and that no amendment dealing with appropriations cap may be included in this list.

Mr. **BAKER**. I add that to the request, Mr. President.

The **PRESIDING OFFICER**. Is there objection?

Mr. **LONG**. Mr. President, reserving the right to object—and I will not object—I hope everybody understands that before we give a time limitation on these amendments, we want to see what these amendments are. I do not anticipate that I would not agree to vote on any of them, but I want to see what they are and to see them reduced to writing.

The **PRESIDING OFFICER**. Is there objection? The Chair hears none, and it is so ordered.

Mr. **BAKER**. Mr. President, I thank all Senators. I do not know how much progress we have made, but we have made some.

It appears to me that it is highly unlikely that we can do 57 amendments now, no matter how simple they are. I urge the two managers to take up and deal with as many amendments as possible between now and 11 o'clock and to designate staff to consult with the leadership staff on both sides and with the Official Reporters, to try to compile a list of these amendments, with a brief description of what they are about; and in those cases where they are adequately described, to ask staff to consult with those who offer them, so that at 11 o'clock we can deal with time limitations.

Mr. **DOLE**. I am encouraged by this. I am not certain why. If there are some in the gallery, they can be tossed over, and we will take care of them. I am sure there are some hanging around in the lobby. I am willing to bet there will not be 15 of these amendments offered, and I would like to go to 11 o'clock. I hope the majority leader will not foreclose that.

Mr. **BAKER**. I do not close that out. I am setting 11 o'clock as the checkpoint, while we see how many amendments there are and how much progress we can make on establishing time limitations.

Mr. **PACKWOOD**. Mr. President, I say to the Senator that I will not object to the DeConcini amendment on the Greyhound matter.

Mr. **BAKER**. Mr. President, I hope the two managers will proceed, and I will consult with the minority leader.

Several Senators addressed the Chair.

The **PRESIDING OFFICER**. The Senator from Montana.

Mr. **DOLE** addressed the Chair.

Mr. **MELCHER**. Mr. President, was I recognized?

The **PRESIDING OFFICER**. The Chair had recognized the Senator from Montana.

Mr. **MELCHER**. Mr. President, I yield to the Senator from Kansas without losing my right to the floor.

Mr. **DOLE**. The Senator may have the floor if he wishes to take it.

Mr. **MELCHER**. Mr. President, I send an amendment to the desk.

Mr. **DOLE**. Has the other pending amendment been set aside?

The **PRESIDING OFFICER**. The Senate will be in order.

Mr. **MELCHER** addressed the Chair.

The **PRESIDING OFFICER**. The Senate will be in order.

There is a pending amendment offered by the Senator from Kansas.

Mr. **MELCHER**. Mr. President, I ask unanimous consent that the pending amendment be set aside.

Mr. **DOLE**. I object.

The **PRESIDING OFFICER**. Objection is heard.

The Senator from Kansas.

Mr. **MELCHER**. Do I have the floor?

Mr. **DOLE**. The Senator from Kansas has the floor, I think.

The **PRESIDING OFFICER**. The Senator from Kansas.

Mr. **DOLE**. What I want to suggest now to Members—we are still trying to negotiate that amendment, and I do not know why the Senator wants to crowd us with the amendment. If he wishes to bring it up, we will be happy to bring it up. But we have a number of amendments I think of Members on both sides that we might be willing to accept. I think some of them have been cleared all the way around and we would like to dispose of those before we get into some of these where we are going to have long debate and perhaps rollcalls.

Mr. President, I think the distinguished Senator from New Mexico has an amendment.

Mr. **RANDOLPH**. Mr. President, a point of order. No one can hear what the Senators are saying.

The **PRESIDING OFFICER**. The Senate will be in order.

The Chair will please ask that if there are conferences to be held among Senators and staff, they do so with all deference to conducting business on the floor to all those who participate and hear, and to do so someplace other than the floor.

The Senator from Kansas.

Mr. **STAFFORD**. Mr. President, shall take a moment to discuss, for the benefit of the Senate, some provisions in the Dole/Long amendment to H.R. 2163, to amend the Federal Boat Safety Act of 1971, and for other purposes. The authorization and operation of the sport fish restoration program is properly within the jurisdiction of the Committee on Environment and Public Works, which I chair, but has been included in title VIII of the amendment by the Finance Committee with our concurrence.

Part I, of subtitle C, of title VIII of the Dole/Long amendment revises the boat safety and sport fish restoration programs. Subpart B of part I amends, and subpart C expands the present Federal Aid in Sport Fish Restoration

Act, commonly known as the Dingell-Johnson Act. The act provides State fish and wildlife agencies with a source of funding to carry out research, management, and development activities which improve and conserve sport fish populations. This sport fish restoration program is administered by the Department of the Interior, and the authorization of expenditures for the program is within the sole jurisdiction of the Committee on Environment and Public Works.

The funds generated for the program are derived from an excise tax on the sale of certain sport fishing tackle items. These tax provisions are of course within the sole jurisdiction of the Committee on Finance and the list of items subject to the tax is expanded in subpart C of the amendment before us.

I ask my colleague from Kansas, the distinguished Chairman of the Finance Committee to confirm this explanation.

Mr. DOLE. I am happy to discuss this matter with the senior Senator from Vermont. The amendments to the sport fish restoration program were referred to the Finance Committee as part of H.R. 2163, the Federal Boat Safety Act amendments, which also included the tax items. That referral did not affect the Environment and Public Works Committee jurisdiction over authorization of expenditures for the sport fish restoration program. Neither does the inclusion of these items in the present amendment.

The jurisdictional issue has been discussed with the Parliamentarian by the staff and he concurs that Finance Committee jurisdiction over the tax provisions and Environment and Public Works Committee jurisdiction over the spending authorization in the Sport Fish Restoration Act are not altered by the Senate's action on this amendment. Adoption of this amendment does not affect future referrals of legislation in these areas.

Mr. STAFFORD. I concur with the Senator's comments.

Mr. DOLE. Mr. President, again I think the Senator is correct. I am not certain the Senator from Montana or anyone else heard what I was trying to explain.

We are still negotiating hopefully the amendment of the Senator from Montana, Senator Melcher's amendment.

We have, I understand, maybe two or three others we have worked on we hope we can maybe accept at this time to make Senator Baker's effort a little bit easier. Those we can accept I think we should take.

Senator DeConcini's amendment has been agreed to sometime ago. Senator Domenici has an amendment. I am not certain whether Senator Thurmond has worked out an amendment that he wanted to present.

But if we can proceed with these amendments, we can make a little progress and report at 11 p.m. that we are making progress.

I still hope we can finish this bill tonight. Maybe others do not want to finish it. If they do not, they can start talking.

So I hope the Senator from Montana will let us proceed to take care of these that we can dispose of.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. DOMENICI. I am pleased to yield.

Mr. BYRD. Has the Senator from Montana received recognition?

Mr. MELCHER. At one point I asked the majority leader to yield to me. I had the floor. But I am not aware of any negotiations that have been going on because we have not been able to talk to any one for the last 2½ hours. But if there are, I am delighted to hear it on my amendment.

All I am going to do is yield the floor now and ask for recognition later on an amendment that I do not think there are any negotiations going on. That is my amendment.

The PRESIDING OFFICER. Is there objection to setting aside the amendment of the Senator from Kansas? Without objection, it is so ordered.

Amendment No. 2990

Mr. DOMENICI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from New Mexico (Mr. Domenici) proposes an amendment numbered 2990.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

After section 855, insert the following new section:

SEC. . CREDIT FOR PHOTOVOLTAIC PROPERTY.

(a) In general—The table contained in clause (i) of section 46(a)(2)(C) (relating to energy percentage in general) is amended by adding after subclause VII, the following new subclause:

"VIII. Photovoltaic Property

Property described in Section 48(1)18 25 percent Jan. 1, 1985, Dec. 31, 1986, 20 percent Jan. 1, 1987, Dec. 31, 1988.

(b) Qualification of photovoltaic property as section 38 property—Section 48(1) (relating to definitions and special rules for computing the investment credit) is amended by inserting after paragraph (18) the following new paragraph:

(19) Photovoltaic Property.

(A) In general.—The term "photovoltaic property" means—

(i) equipment which is an integral part of a solar energy system which converts sunlight directly into electricity.

(ii) structures for housing or supporting such equipment necessitated solely by reason of the installation of equipment described in subclause (i).

(B) Exclusion from qualification as solar property—Photovoltaic property shall not qualify as solar or wind energy property pursuant to section 48(1)(4).

(C) Photovoltaic property at risk limitation.—Section 46(c) is amended by inserting after paragraph (F) of paragraph (8) the following new subparagraph:

(G) Special Rule for Photovoltaic Property

(i) In general—In the case of photovoltaic property which—

(I) is placed in service during the taxable year by a taxpayer described in section 465(a)(1), and

(II) is used in connection with an activity with respect to which any loss is subject to limitation under section,

465, the basis of such property for purposes of paragraph (1) of this section shall not exceed the amount for which the taxpayer is at risk with respect to such property as of the close of such taxable year.

(ii) Amount at risk—The term "at risk" has the same meaning given such term by section 465(b) (without regard to paragraph (5) thereof).

(iii) Property to which this subparagraph applies—The term "photovoltaic property" means property described in section 48(1)(18).

(d) Technical amendment—Clause (iii) of section 48(l)(2)(A) (relating to property to which the special rule for energy property applies) is amended by adding at the end thereof the following new clause:

(xi) Photovoltaic property

(e) Exclusion of public utility property—Paragraph 48(l)(17) is amended by striking the words "and organization property" and inserting in line thereof "organization property and photovoltaic property".

(f) Effective date—The amendments made by this section shall apply to photovoltaic property placed in service by the taxpayer on or after January 1, 1985.

Mr. DOMENICI. Mr. President, this is a compromise on the photovoltaic credit. It has been worked out with the manager, the minority manager, and any others who had an interest in the matter.

I have nothing further to say.

I ask that the Senate adopt the amendment.

The PRESIDING OFFICER. Is there any further discussion?

Mr. DOLE. Mr. President, the Senator has accurately described the amendment. We are prepared to accept the amendment.

The question is on the amendment.

Mr. DOMENICI. I thank the Senator from Kansas.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (No. 2990) was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the pending amendment is set aside.

AMENDMENT NO. 2991

(Purpose: To provide for the duty-free entry of articles required for the installation and operation of a telescope in Arizona)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of Senator DeConcini and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Kansas (Mr. Dole) for Mr. DeConcini proposes an amendment numbered 2991.

At the appropriate place, add the following new section:

"Sec. (a) The Secretary of the Treasury is authorized and directed to admit free of duty any article provided by the Max Planck Institute for Radioastronomy of the Federal Republic of Germany to the joint astronomical project being undertaken by the Steward Observatory of the University of Arizona and the Max Planck Institute for the construction, installation, and operation of a sub-mm telescope in the State of Arizona, provided that such article satisfies each of the following conditions:

(1) Such article qualifies as "instruments and apparatus" under Headnote 6(a) of Schedule 8, Part 4, TSUS, 19 U.S.C. Section 1202 (1970); 80 Stat. 897.

(2) No instruments or apparatus of equivalent scientific value for the purposes for which such article is intended to be used is being manufactured in the United States. For purposes of this condition, scientific testing equipment provided by the Max Planck Institute and necessary for aligning, calibrating, or otherwise testing an instrument or apparatus shall be considered to be part of such instrument or apparatus.

(b) The University of Arizona and/or the Max Planck Institute shall submit to the U.S. Customs Service and to the International Trade Administration descriptions of the articles sought to be admitted free of duty containing sufficient detail to allow the U.S. Customs Service to determine whether subsection (a)(1) is satisfied and the International Trade Administration to determine whether subsection (a)(2) is satisfied. The descriptions may be submitted in a single or in several submissions to each agency, as the University of Arizona and the Max Planck Institute shall deem appropriate during the course of the project. The U.S. Customs Service and the International Trade Administration are directed to make their respective determinations within ninety (90) days of the date that they have received a sufficient submission with respect to an article or articles.

(c) The Secretary of the Treasury is authorised and directed to readmit free of duty any article admitted free of duty under subsection (a) and subsequently returned to the Federal Republic of Germany for repair, replacement, or modification.

(d) The Secretary of the Treasury is authorised and directed to admit free of duty any repair components for articles admitted free of duty under subsection (a).

(e) If any article admitted free of duty under subsections (a) is used for any purpose other than the joint project within five years after being entered, duty on the article shall be assessed in accordance with the procedures established in Headnote 1 of Schedule 8, Part 4, TSUS, 19 U.S.C. Section 1202 (1970); 80 Stat. 897.

(f) The provisions of subsection (a) shall apply with respect to articles entered for consumption after the day which is 15 days after the date of enactment of this act and before November 1, 1993.

Mr. DOLE. Mr. President, this amendment has been cleared on both sides. The distinguished Senator from Louisiana will agree to that.

Mr. METZENBAUM. Is this the duty-free entry amendment?

Mr. DOLE. Yes.

Mr. President, I ask unanimous consent to have printed in the Record a letter, dated March 30, 1984, from the General Counsel of the Department of Commerce, relating to this matter.

There being no objection, the letter was ordered to be printed in the Record, as follows:

General Counsel of the
U.S. Department of Commerce,
Washington, D.C., March 30, 1984.

Hon. Robert Dole,
Chairman, Committee on Finance, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This letter is in response to your request for the views of this Department on S. 1986, a bill

"To provide for the duty-free entry of articles required for the installation and operation of a telescope in Arizona."

S. 1986 would admit free of duty any article which the Vice President for Research of the University of Arizona certified as being required for the "construction, installation or operation of a submillimeter telescope" that is being developed as a joint project by Steward Observatory of the University of Arizona and the Max Planck Institute of Radioastronomy of the Federal Republic of Germany. The duty waiver would remain in effect until November 1, 1993.

The Department of Commerce opposes the bill as presently worded but would have no objection provided the bill were amended to incorporate the following:

The scope of the duty-free exemptions in S. 1986 should be limited to "instruments and apparatus" which are embraced in the Tariff Schedules of the United States at headnote 6, Part 4, Schedule 8, and which are specified in the existing memorandum of understanding between the parties. Thus excluded would be materials and supplies, construction equipment, or ordinary maintenance equipment.

The bill should be revised to provide an effective date 15 days after date of enactment. This would permit the U.S. Customs Service time to notify its field offices and the public of the details of the new law.

Enactment of the Educational, Scientific, and Cultural Materials Importation Act of 1966 (ESCMIA) was intended to render unnecessary Congressional consideration of separate relief bills for non-profit institutions seeking to import free of duty scientific equipment not available in the United States. ESCMIA established procedures and criteria by which administrative determinations could be made with respect to such equipment.

The Department is opposed in principle to legislation which would serve to by-pass the procedures and criteria of the ESCMIA. We believe those procedures provide a fair and equitable method for granting duty waivers, and that enactment of special legislation would encourage similar measures as a convenient device to avoid them. In this case, however, we understand that certain components for the project will have to be transported back and forth between the Institute and the University for calibration or design modifications and that existing law would require a separate application on each occasion. We also understand that the equipment would likely qualify for a waiver under ESCMIA should a waiver be sought under its provisions.

Accordingly, we have no objection to S. 1986 as amended above.

We have been advised by the Office of Management and Budget that there is no objection from the standpoint of the Administration's program to the submission of this report to the Congress.

Sincerely,

Irving P. Margulies,
General Counsel.

Mr. LONG. Mr. President, this amendment provides for the duty-free entry into the United States of certain articles required for the installation and operation of a telescope in Arizona that is the subject of a joint astronomical project undertaken by the Steward Observatory at the University of Arizona and the Max Planck Institute in West Germany. I offer the amendment on behalf of Senator DeConcini, who is unavoidably absent.

These two institutions are working to construct a 10-meter-diameter telescope to study certain radio signals from outer space. To collect these signals, the telescope must be more precise than instruments produced in the past, and it must be located at a very high and dry site, because water vapor in the Earth's atmosphere absorbs most of the incoming signals.

Under current law, articles imported for scientific or educational purposes can, under most circumstances, enter the United States duty-free because the United States has implemented in its law what is known as the Florence Agreement permitting the duty-free trade in such articles.

However, in this case, the various components of the telescope are to be imported over a long period of time, and several components of the project will have to be reexported and reimported to provide for adjustments. This practice will require expensive and repeated applications before the Department of Commerce. Senator DeConcini is hoping to avoid this expenditure for this worthy scientific project.

While the amendment has not received a hearing in the Finance Committee, this bill, in the form of an amendment, was added without objection to a previous miscellaneous tariff bill that the Senate eventually did not act on. A similar bill has been introduced by Congressman UDALL in the House. I ask unanimous consent that a letter from the Department of Commerce, stating that it does not oppose the amendment in its current form—which has been changed from the form in which it was originally introduced—be inserted in the RECORD at this point.

I ask for its acceptance.

The PRESIDING OFFICER. If there be no further discussion, the question is on agreeing to the amendment of the Senator from Kansas.

The amendment (No. 2991) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the Senator's pending amendment is set aside.

AMENDMENT NO. 2992

(Purpose: Exempt the Greenville Coliseum in Greenville, S.C. from the tax-exempt entity leasing provisions of the bill)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of the Senator from South Carolina (Mr. THURMOND) and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE), for Mr. THURMOND, proposes an amendment numbered 2992.

At the appropriate place in the table in section 22(g)(8) of Amendment No. 2992 insert the following:

Greenville Coliseum.	Greenville, South Carolina.	Substantial sums expended and official government actions.	Before May 23, 1983.

Mr. DOLE. Mr. President, this amendment simply adds the Greenville Coliseum project, Greenville, S.C., to the list of the projects exempt from the tax-exempt entity leasing provisions, section 22, of the Finance Committee bill.

This is another amendment that has been cleared all the way around. We have done this probably for 40 or 50 or 60 Senators. It is not unprecedented.

We have no objection to the amendment. We are prepared to accept the amendment. The question is on the amendment.

Mr. THURMOND. Mr. President, as the distinguished chairman of the Finance Committee stated, this amendment would add the Greenville Coliseum project in Greenville, S.C., to the list of projects exempted from the tax-exempt entity leasing provisions in the Finance Committee amendment.

Substantial work has been done to date in designing and developing a new multiuse, 20,000 seat coliseum with regional identification, to be located in Greenville, S.C. In fact, the project already has a 14-year history. The total construction cost of this facility is projected to be $25 million, including an urban development action grant of $6 million, local government industrial revenue bonds of $16 million, $1.5 million in city funds, and private sector funds of some $2.5 million provided through a sale-leaseback transaction. On May 19, 1983, the County Auditorium Board was presented with a proposal for financing the coliseum in part through a leasing transaction.

Before May 23, 1983—the cutoff date in the bill, the tax-exempt entity overseeing the financing and construction of this coliseum had already expended sums well in excess of $1.5 million, which included architectural-engineering fees expended for detailed plans of construction, consulting firm fees expended for the purpose of lining up the other financing needs of the project, fees paid for the land on which the coliseum is to be located, and fees used to option other land that is to be used in the financing proposals. It is expected that the final contract to begin construction will be signed in the very near future.

Mr. President, this is a worthwhile project that will serve the recreational needs of citizens in the Southeastern region and substantially contribute to the economy of the area. I hope the distinguished managers of the bill will accept the amendment.

The PRESIDING OFFICER. If there be no further discussion on the amendment, the question is on agreeing to the amendment of the Senator from Kansas.

The amendment (No. 2992) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, we are also working on an amendment of the Senator from Massachusetts (Mr. TSONGAS) that we are prepared to go forward with.

Mr. President, while they are discussing that amendment, let me take up another matter.

The PRESIDING OFFICER. Without objection, the Senator's previous amendment is set aside.

AMENDMENT NO. 2993

(Purpose: Clerical amendment with respect to the Payment-in-Kind program)

Mr. DOLE. Mr. President, I send an amendment to the desk for myself, the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from North Carolina (Mr. HELMS).

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself, Mr. HUDDLESTON, and Mr. HELMS, proposes Amendment No. 2993.

Mr. DOLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1108, beginning with line 17, strike out all through page 1110, line 20, and insert in lieu thereof the following:

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to commodities received for the 1984 crop year (as defined in section 5(a)(2) of the Payment-in-Kind Tax Treatment Act of 1983 as amended by subsection (a)).

Mr. DOLE. Mr. President, this is a PIK amendment which is necessary, according to the U.S. Department of Agriculture. It is not an amendment of any Senator.

Let me read briefly from the letter from the Department.

It is a technical change to the amendment that we already have in the bill, I am advised by counsel.

Mr. METZENBAUM. Does it have any cost impact?

Mr. DOLE. There is no cost impact.

Since the Department has announced a payment limitation will apply to the 1984 wheat PIK program, the requirement to sue the Department is unnecessary.

Apparently this corrects a technical change in what we adopted.

The problem with the provision we adopted requires the GAO to sue the Department of Agriculture to determine the $50,000 payment limitation applicability to the payment in kind program.

Mr. President, I will ask unanimous consent to have printed in the RECORD a copy of the letter from Secretary Block which indicates the purpose for the technical amendment.

Mr. DOLE. Mr. President, there is no revenue involved and this is the original amendment. I know of no objection.

Mr. METZENBAUM. Mr. President, will the Senator from Kansas yield for a question?

Mr. DOLE. I yield.

Mr. METZENBAUM. I know nothing at all about this amendment, but I heard the Senator from Kansas say that it relates to the question of the $50,000 PIK limitation.

We are aware of the fact that there have been a number of reports in the media that in a number of instances, the payment has been to large agricultural corporations amounting to seven-figure amounts.

Are we doing something here by legislation——

Mr. DOLE. The 1984 program is limited to $50,000.

Mr. METZENBAUM. I understand that. But then we are aware of the fact that in the media there have been a number of cases where it has been reported that the payment has been up in the millions. My question is: Are we doing anything about this amendment to affect that which appears to be a justifiable issue, because the Senator seemed to have mentioned something about the fact that there was a court issue and this would eliminate the need for a court issue. I am just trying to get clarification.

Mr. DOLE. Let me read from the Secretary's letter:

> No producers will receive commodities under the 1984 program that are outside the limitation—

In other words, the $50,000 limitation—

> and, therefore, no producer will receive commodities the tax treatment of which could be affected by any declaratory judgment obtained by the Comptroller General.

All we are trying to do, as this letter states:

> Section 864 also requires the Comptroller General to sue the Secretary of Agriculture to obtain a declaratory judgment as to whether the payment limitation imposed by section 1101(1) of the Agriculture and Food Act of 1981 applies to commodities received under a payment in kind program. The Payment in Kind Tax Treatment Act would apply to commodities received under the 1984 payment in kind program only to the extent that the receipt of the commodities was legal under the declaratory judgment.

They state, "This requirement that the Comptroller General sue the Secretary of Agriculture would serve no useful purpose." Because we are not going to go outside the limits, you do not need the authority. That is the only reason for the change.

Mr. METZENBAUM. All you are doing is eliminating the authority?

Mr. DOLE. Just eliminating the authority to GAO to sue the Secretary.

Mr. METZENBAUM. The gentleman in front of me just said that is not what he understands the amendment to be doing.

Mr. DOLE. We are talking about the technical change.

I see, the mandate, but not the authority. I guess it requires——

Mr. METZENBAUM. As I understood what the Senator is saying, under the bill, litigation is mandated and now the Senator is saying this eliminates the mandatory aspect. Is that correct?

Mr. DOLE. What they say in the final paragraph is:

> I urge that the provision of section 864 requiring litigation between the Comptroller General and the Secretary of Agriculture over the applicability of the payment limitation to payment in kind programs be deleted.

Mr. METZENBAUM. But the manager of the bill would certainly be——

Mr. BYRD. Mr. President, may we have a little bit of order in the Senate? There is too many staff talking. I would like to see order secured and maintained.

If I have any staff people doing the talking, I urge them to go into the back room; and I am looking at them.

Mr. METZENBAUM. As I understand it, the manager is representing that it will not detract from their right to maintain their action, it just eliminates the mandatory aspect?

Mr. DOLE. That is correct. It in no way affects the payment limitation.

Mr. METZENBAUM. I thank the Senator.

Mr. DOLE. Mr. President, I ask unanimous consent to have printed in the Record a cover letter to Senator Helms, chairman of the Agriculture Committee, along with a letter to me, as chairman of the Finance Committee, from the Secretary of Agriculture, dated April 12, 1984.

There being no objection, the letters were ordered to be printed in the Record as follows:

Department of Agriculture,
Office of the Secretary,
Washington, D.C., April 12, 1984.

Hon. Jesse A. Helms,
Chairman, Committee on Agriculture, Nutrition, and Forestry, Washington, D.C.

Dear Jesse: Enclosed is a copy of a letter which I have sent to Senator Dole, Chairman of the Senate Finance Committee, explaining my concerns regarding pending legislation on the tax treatment of commodities received under the 1984 wheat payment in kind program. I wanted you to be aware of my concerns regarding this legislation because it involves a matter which is of importance to America's agricultural producers.

Sincerely,

John R. Block,
Secretary.

Department of Agriculture,
Office of the Secretary,
Washington, D.C., April 12, 1984.

Hon. Robert J. Dole,
Chairman, Committee on Finance, Washington, D.C.

Dear Mr. Chairman: I am writing to urge that you modify section 864 of the amendment to H.R. 2163 which you and Senator Long proposed on April 5.

The purpose of section 864 is to extend the Payment in Kind Tax Treatment Act of 1983 to the 1984 wheat payment in kind program. As you are aware, the Adminstration supports that extension.

Unfortunately, section 864 also requires the Comptroller General to sue the Secretary of Agriculture to obtain a declaratory judgment as to whether the payment limitation imposed by section 1101(1) of the Agriculture and Food Act of 1981 applies to commodities received under a payment in kind program. The Payment in Kind Tax Treatment Act would apply to commodities received under the 1984 payment in kind program only to the extent that the receipt of the commodities was legal under the declaratory judgment. The judgment would have no effect on the taxation of commodities received under the 1983 payment in kind program.

This requirement that the Comptroller General sue the Secretary of Agriculture would serve no useful purpose. In January, the Department advised the General Accounting Office that commodities received under the 1984 wheat payment in kind program would be subject to the payment limitation. No producers will receive commodities under the 1984 program that are outside the limitation and, therefore, no producers will receive commodities the tax treatment of which could be affected by any declaratory judgment obtained by the Comptroller General.

For this reason, I urge that the provisions of section 864 requiring litigation between the Comptroller General and the Secretary of Agriculture over the applicability of the payment limitation to payment in kind programs be deleted.

Sincerely,

John R. Block,
Secretary.

Mr. DOLE. The question is on the amendment.

The **PRESIDING OFFICER.** Is there further debate or discussion? If not, the question is on agreeing to the amendment of the Senator from Kansas (Mr. Dole).

The amendment (No. 2993) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I understand that a number of these amendments that are in the negotiation stage may soon be ready for action; that means either approval or bringing them up.

But let me again indicate that the Senator from Iowa, Senator Grassley, had an amendment. Have we been able to clear that amendment? That is one that picks up $5 million in revenue. We can use that.

I think Senator Boren has a technical amendment on vocational educational schools. Has that been approved?

I understand the DeConcini transitional amendment would be objected to by Senator Packwood.

We are working on Senator Tsongas' modification of stock options.

What about Senator Symms' technical amendment on geothermal? Has that been cleared?

Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand that Senator Grassley is prepared to proceed with an amendment on soil conservation, to be followed by Senator Boren. We will try to rotate.

The **PRESIDING OFFICER.** The Senator from Iowa is recognized.

AMENDMENT NO. 2994

(Purpose: To extend the period for depreciation of certain agricultural structures and to provide a 20-percent investment tax credit for certain soil and water conservation expenses)

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER.** Without objection, the previous amendment of the Senator from Kansas is set aside.

The clerk will report the amendment of the Senator from Iowa.

The legislative clerk read as follows:

The Senator from Iowa (Mr. Grassley) proposes an amendment numbered 2994.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

SEC. . INVESTMENT TAX CREDIT FOR CERTAIN SOIL OR WATER CONSERVATION EXPENDITURES.

(a) Amount of Credit.—

(1) Limitation.—Paragraph (3) of section 46(a) of such Code (relating to limitation based on amount of tax) is amended to read as follows:

"(3) Limitations.—

"(A) Limitation based on amount of tax.—Notwithstanding paragraph (1), the credit allowed by section 38 for the taxable year shall not exceed—

"(i) so much of the liability for tax for the taxable year as does not exceed $25,000, plus

"(ii) 85 percent of so much of the liability for tax for the taxable year as exceeds $25,000.

"(B) Limitation on amount of credit attributable to soil or water conservation property and district conservation property.—The amount of the credit allowable under section 38 that is attributable to the application of the regular percentage to—

"(i) soil or water conservation property of the taxpayer, and

"(ii) district conservation property which the taxpayer is treated by section 48(i)(1) as having acquired,

for any taxable year shall not exceed 25 percent of the amount of gross income of the taxpayer for the taxable year which is derived from farming (within the meaning of section 175).".

(2) Special rules for applying section 46.—

(A) Order of application.—Subparagraph (A) of section 46(a)(7) (relating to special rules for energy property) is amended to read as follows:

"(A) In general.—This subsection and subsection (b) shall be applied separately—

"(i) first with respect to so much of the credit allowed by section 38 as is attributable to the application of the rehabilitation percentage (as defined in paragraph (2)(F)) or to the application of the regular percentage (as defined in paragraph (2)(B) of this subsection) to property other than—

"(I) soil or water conservation property of the taxpayer, or

"(II) district conservation property which the taxpayer is treated by section 48(i)(1) as having acquired,

"(ii) second with respect to so much of the credit allowed by section 38 as is attributable to the application of the energy percentage (as defined in paragraph (2)(C) of this subsection) to energy property, and

"(iii) then with respect to so much of the credit allowable by section 38 as is attributable to the application of the regular percentage to—

"(I) soil or water conservation property of the taxpayer, or

"(II) district conservation property which the taxpayer is treated by section 48 (i)(1) as having acquired.

"(B) Liability for tax; carrybacks and carryovers.—Paragraph (7) of section 46(a) of such Code is amended by adding at the end thereof the following new subparagraph:

"(C) Special rules in the case of soil or water conservation property.—In applying this subsection and subsection (b) with respect to so much of the credit allowed by section 38 as is described in subparagraph (A)(iii)—

"(i) the liability for tax shall be the amount determined under paragraph (4) reduced by so much of the credit allowed by section 38 as is described in clause (i) or (ii) of subparagraph (A), and

"(ii) for purposes of subsection (b), the amount of the limitation imposed by paragraph (3) of this subsection is the lesser of—

"(I) the amount of the limitation imposed by paragraph (3)(A) of this subsection, or

"(II) the amount of the limitation imposed by paragraph (3)(B) of this subsection.".

(b) Section 38 Property.—Paragraph (1) of section 48(a) of such Code (defining section 38 property) is amended—

(1) by striking out the period at the end of subparagraph (G) and inserting ", or"; and

(2) by inserting after subparagraph (G) the following new subparagraph:

"(H) soil or water conservation property.",

(3) by inserting "or (H)" after "subparagraph (F) in the last sentence", and

(4) by striking out "such property" in the last sentence and inserting in lieu thereof "property described in subparagraph (F)".

(c) Definition of Soil or Water Conservation Property and District Conservation Property.—Section 48 (relating to definitions and special rules) is amended by inserting after subsection (g) the following new subsections:

"(h) Soil or Water Conservation Property.—For purposes of this subpart—

"(1) In general.—the term 'soil or water conservation property' means that portion of the basis of qualified land which is attributable to conservation improvements made by the taxpayer.

"(2) Basis financed by government grants excluded.—The term 'soil or water conservation property' does not include that portion of the basis of property which was financed by any grant of the Federal Government or any State or local government to the extent such grant was not included in the gross income of the taxpayer.

"(3) Qualified land.—The term 'qualified land' means land which—

"(A) is located within the United States,

"(B) is owned entirely by a United States citizen,

"(C) is used by the taxpayer in carrying on the business of farming, and

"(D) is not highly erodible land.

"(4) Conservation improvements.—

"(A) In general.—The term 'conservation improvement' means any improvement described in subparagraph (B) to qualified land which the Soil Conservation Service certifies to the Secretary as being—

"(i) consistent with state-of-the-art conservation practices, and

"(ii) a major contribution to the conservation of soil or water on such qualified land.

"(B) Eligible improvements.—The improvements to land described in this subparagraph are—

"(i) conservation tillage systems,

"(ii) contour farming,

"(iii) critical area, pasture and hayland planting,

"(iv) diversion, floodwater retarding and multiple-purpose dams,

"(v) fencing for the protection or establishment of conservation cover,

"(vi) field windbreaks,

"(vii) filter strips,

"(viii) grade stabilization structures,

"(ix) grassed waterways or outlays,

"(x) pipelines for livestock water to maintain or improve conservation cover,

"(xi) livestock, wildlife, or sediment control ponds,

"(xii) range seeding sediment basins,

"(xiii) spring development,

"(xiv) stripcropping,

"(xv) terracing,

"(xvi) tree planting for erosion control or conservation cover,

"(xvii) waste management systems to prevent agricultural pollution, or

"(xviii) any other improvements to land specified under regulations prescribed by the Secretary (after consultation with the Soil Conservation Service).

"(5) Highly erodible land.—The term 'highly erodible land' means land classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VIe, VII, or VIII land under the land capability classification systems in effect on the date of enactment of the Deficit Reduction Tax Act of 1984. The land capability class for a field shall be the class that the Secretary of Agriculture determines to be the predominant class under regulations issued by the Secretary of Agriculture.

"(6) Useful life of conservation improvements.—Soil or water conservation property described in paragraph (1)(B) shall be treated as having a useful life of 7 years.

"(i) District Assessments Paid by Taxpayer With Respect to Soil or Water Conservation Property or any Depreciable Property.—For purposes of this subpart—

"(1) In general.—Any taxpayer carrying on the business of farming who pays or incurs an assessment which was made by a soil or water conservation or drainage district in order to defray expenses incurred by such district with respect to district conservation property shall be treated as having acquired a portion of such property for the amount of such assessment.

"(2) District conservation property.—

"(A) In general.—The term 'district conservation property' means—

"(i) any property—

"(I) for which depreciation (or amortization in lieu of depreciation) is allowable, and

"(II) which is used by a soil or water conservation or drainage district in carrying on its business of conserving soil or water or providing drainage, or

"(ii) any conservation improvement (within the meaning of subsection (h)(4)).

"(B) Irrigation property excluded.—The term 'district conservation property' shall not include any property—

"(i) which is used in connection with the irrigation of land, and

"(ii) for which depreciation (or amortization in lieu of depreciation) is allowable.

"(3) Recapture.—Any portion of district conservation property which a taxpayer is treated by paragraph (1) as having acquired shall cease to be section 38 property if—

"(A) such district conservation property is disposed of by the soil or water conservation or drainage district, or

"(B) ceases to be used by such district in carrying on its business of conserving soil or water or providing drainage.

"(4) Definitions.—For purposes of this subsection, the terms 'farming' and 'soil or water conservation or drainage district' have the respective meaning given to such terms under section 175.

"(j) Coordination of Credit With Sections 175, 180, and 182.—

"(1) Denial of deductions.—No deduction shall be allowed under section 175, 180, or 182 with respect to any expense or assessment which is taken into account under section 46(a)(2) in determining the amount of any credit allowed under section 38.

"(2) Adjustment of limitations.—The amount of the limitations provided under sections 175(b) and 182(b) for the taxable year shall each be reduced by the aggregate amount of expenses and assessments which would have been allowable as a deduction under such section for such taxable year if such expenses and assessments had not been taken into account under section 46(a)(2) for such taxable year in determining the amount of the credit allowed under section 38.".

(d) Recapture in Case of Cessation of Farming Business.—Subsection (a) of section 47 of such Code (relating to certain dispositions of section 38 property) is amended by adding at the end thereof the following new paragraph:

"(9) Soil or water conservation property and district conservation property.—

"(A) In general.—Any soil or water conservation property of the taxpayer, or any portion of district conservation property which a taxpayer is treated by section 48(i)(1) as having acquired, shall cease to be section 38 property with respect to such taxpayer if the taxpayer, prior to the date that is 5 years after the date on which such property was placed in service, ceases to carry on the business of farming on the affected land of the taxpayer.

"(B) Affected land.—For purposes of this paragraph, the term 'affected land' means—

"(i) in the case of a conservation improvement, the land on which such improvement was made, or

"(ii) in the case of district conservation property, the land against which the assessment described in section 48(h)(1) was made.".

(e) Election of Special Expensing Provisions.—

(1) Reduction for soil and water conservation expenses.—Section 175 of such Code (relating to soil and water conservation expenditures) is amended by striking out subsection (e) and redesignating subsection (f) as subsection (e).

(2) Deduction for fertilizers and conditioning of land.—Subsection (c) of section 180 of such Code (relating to election) is amended by striking out the last sentence thereof.

(3) Deduction for clearing land.—Subsection (e) of section 182 of such Code (relating to election) is amended by striking out the last sentence thereof.

(f) Conforming Amendments.—

(1) Subsection (a) of section 46 of such Code (relating to amount of credit) is amended—

(A) by striking out "subparagraphs (A) and (B) of paragraph (3)" in paragraph (5) and inserting in lieu thereof "clauses (i) and (ii) of paragraph (3)(A)",

(B) by striking out "paragraph (3)" in paragraph (6) and inserting in lieu thereof "clauses (i) and (ii) of paragraph (3)(A)", and

(C) by striking out "paragraph (3)(B)" in paragraph (7)(B)(i) and inserting in lieu thereof "paragraph (3)(A)(ii)".

(2) Paragraph (1) of section 46(e) of such Code (relating to limitations with respect to certain persons) is amended by striking out "subparagraphs (A) and (B) of subsection (a)(3)" and inserting in lieu thereof "clauses (i) and (ii) of subsection (a)(3)(A)".

(3) Paragraph (1) of section 46(h) of such Code (relating to special rules for cooperatives) is amended by striking out "limitation" and inserting in lieu thereof "limitations".

(g) Effective Date.—The amendments made by this section shall apply to periods beginning after December 31, 1984, under rules similar to the rules provided under section 48(m) of the Internal Revenue Code of 1954.

SEC. . EXTENSION OF PERIOD OF DEPRECIATION FOR CERTAIN AGRICULTURAL STRUCTURES.

(a) In General.—Subparagraph (A) of section 168(b)(2) (relating to 15-year real property), as amended by section 171(b) of this Act, is further amended by striking out "200 percent declining balance method" and inserting in lieu thereof "150 percent declining balance method (200 percent declining balance method in the case of low-income housing (within the meaning of subsection (c)(2)(D))).

(b) 15-Year Real Property.—Subparagraph (D) of section 168(c)(2) (relating to 15-year real property), as amended by section 171(c) of this Act, is amended to read as follows:

"(D) 15-year real property.—The term '15-year real property' means—

"(i) any single purpose agricultural or horticultural structure (within the meaning of section 48(p)), or

"(ii) section 1250 class property which—

"(I) does not have a present class life of 12.5 years or less, and

"(II) is low-income housing.

For purposes of the preceding sentence, the term 'low-income housing' means property described in clause (i), (ii), (iii), or (iv) of section 1250(a)(1)(B).".

(c) Conforming Amendment.—Subparagraph (B) of section 168(c)(2) (relating to 5-year property) is amended by inserting "15-year real property," after "10-year real property,".

(d) Effective Date.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to property placed in service by the taxpayer after the date of enactment of this Act.

(2) Exception.—The amendments made by this section shall not apply to property placed in service by the taxpayer if—

(A) the taxpayer entered into a binding contract to purchase or construct such property before the date of enactment of this Act, or

(B) construction of such property was commenced by or for the taxpayer before the date of enactment of this Act.

Mr. GRASSLEY. Mr. President, this amendment does two things; One, it stretches out from 5-year depreciation to 15-year depreciation, the depreciation for special purpose agriculture buildings. That brings in $84 million. And we establish for the first time a tax credit for approved soil conservation work, a 10-percent tax credit, which, in the same period of time, would cost $79 million.

This is relatively revenue neutral. It would be a bonus to the Treasury of $5 million.

The amendment has been approved on the Republican and the Democratic side, and with Senator Metzenbaum.

Under those circumstances, Mr. President, I hope there will be no further discussion.

Mr. DOLE. Mr. President, I have been discussing this with the Senator from Iowa for a number of days. It actually picks up some $5 million in revenue, as I understand it.

Mr. GRASSLEY. Yes.

Mr. DOLE. It corrects one problem and I think helps in another area, as I understand it.

Mr. GRASSLEY. Yes.

Mr. DOLE. Mr. President, we are prepared to accept the amendment. As I understand, it has been cleared.

Mr. GRASSLEY. Mr. President, that is correct.

The PRESIDING OFFICER. Is there further discussion?

If not, the question is on agreeing to the amendment of the Senator from Iowa.

The amendment (No. 2994) was agreed to.

Mr. GRASSLEY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2995

Mr. DOLE. Mr. President, I understand that Senator Boren has a technical amendment which we can dispose of.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. BOREN. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the previous amendment of the Senator from Kansas will be set aside.

The clerk will report.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. Boren) proposes an amendment numbered 2995.

Mr. BOREN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 932 of the matter proposed to be inserted, strike out lines 17 through 22 and insert in lieu thereof the following:

"(i) such contribution is to—

"(I) a public community college or public technical institute (within the meaning of section 742(b) of the Higher Education Act of 1965 (20 U.S.C. 1132e-1)), or

"(II) an area vocational education school (within the meaning of section 195(2) (C) and (D) of the Vocational Education Act of 1963 (20 U.S.C. section 2461(2 (C) and (D)), which is not a secondary school under state law, and such contribution is made through the governing body of the donee for use in programs enrolling principally nonsecondary students in courses in engineering, mathematics, or the physical or biological sciences, and the programs are designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge."

On page 934 of the matter proposed to be inserted, insert after line 23 the following:

"(D) Non-Secondary Student.—For purposes of this provision, a non-secondary student means an individual who is not enrolled in—

"(i) a high school or secondary school,

"(ii) a course of study leading to a high school diploma or its equivalent, or

"(iii) a course of study in lieu of a high school or secondary education.".

On page 933 of such matter, line 3, insert "nonsecondary" after "postsecondary".

Mr. BOREN. Mr. President, this amendment clarifies the type of vocational schools that would qualify for the special deduction for certain equipment donations to vocational schools. The schools added by this amendment were excluded from the original amendment because they were defined under a different section of the United States Code.

This amendment has been cleared by the majority and minority, and approved by Treasury.

I point out, Mr. President, that we are dealing with donations of equipment for postsecondary school students. In some States we have comprehensive institutions which allow for attendance of some secondary students at vocational technical schools as well as postsecondary.

Some of those States in particular are Washington, Oklahoma, Ohio, Florida, Georgia, Louisiana, Minnesota, North Dakota, Idaho, Kansas, and others.

This simply corrects that inequity to make sure that all of the area schools are treated in the same fashion.

The PRESIDING OFFICER. Is there further discussion?

The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I understand that we should add about seven or eight words, if that is satisfactory with the distinguished Senator from Oklahoma.

Mr. BOREN. Yes. That is correct.

Mr. President, I ask unanimous consent to modify the amendment to include the language.

Mr. DOLE. Mr. President, I send the modification to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modified amendment (2995), as amended, is as follows:

On page 932 of the matter proposed to be inserted, strike out lines 17 through 22 and insert in lieu thereof the following:

"(i) such contribution is to—

"(I) a public community college or public technical institute (within the meaning of section 742(b) of the Higher Education Act of 1965 (20 U.S.C. 1132e-1)) and is made through the governing body of the donee, or

"(II) an area vocational education school (within the meaning of section 195(2)(C) and (D) of the Vocational Education Act of 1963 (20 U.S.C. section 2461(2)(C) and (D)), which is not a secondary school under state law, and such contribution is made through the governing body of the donee for use in programs enrolling principally nonsecondary students in courses in engineering, mathematics, or the physical or biological sciences, and the programs are designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge."

On page 934 of the matter proposed to be inserted, insert after line 23 the following:

"(D) Non-secondary student.—For purposes of this provision, a non-secondary student means an individual who is not enrolled in—

"(i) a high school or secondary school,

"(ii) a course of study leading to a high school diploma or its equivalent, or

"(iii) a course of study in lieu of a high school or secondary education.".

On page 933 of such matter, line 3, insert "nonsecondary" after "postsecondary".

Mr. DOLE. Mr. President, with that modification, we agree to the amendment.

We thank the Senator from Oklahoma for his patience. This also has some impact, I believe, in Texas and maybe other States.

Mr. BOREN. Mr. President, approximately 20 States would be impacted unless we were able to pass this amendment.

Mr. DOLE. Mr. President, the question is on the amendment.

The PRESIDING OFFICER. Is there further discussion on the amendment?

The question is on agreeing to the amendment of the Senator from Oklahoma (Mr. Boren).

The amendment (No. 2995), as modified, was agreed to.

Mr. BOREN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I understand that the Senator from Pennsylvania, Senator Specter, is in the process of clearing an amendment.

I also understand that the distinguished minority leader, the Senator from Pennsylvania and others may have reached some agreement.

Mr. BYRD. Mr. President, I have contacted several of my colleagues. I have found no objection on this side. Senators with whom I have talked are agreeable to the amendment which Mr. Dole indicated that he would accept.

Mr. DOLE. Mr. President, we are still in the drafting process.

Mr. BYRD. Mr. President, the amendment will be offered by Mr. Specter, and several other Senators on both sides of the aisle.

Mr. DOLE. Mr. President, I understand if the minority leader will yield, that that amendment has not yet been drafted. But we will show it to the minority leader, and others, as soon as it is prepared.

Mr. President, the majority leader wanted to make an 11 o'clock check. We can advise the majority leader that we have disposed of a number of amendments. We still have not heard anything from the Senators saying that they do not want to offer my amendment. I know some, obviously, will be offered by a number in my view which are for other reasons.

Senator Cochran and Senator D'Amato have amendments; Senator Wilson has three amendments; Senator Baucus, Senator Kennedy, and Senator Dixon have amendments, ones with which the Treasury disagrees.

If those Members insist on bringing the amendments up, we are still trying to work some of those out. We will have to bring them up and vote.

But I would hope that on the theory that this will not be the last tax bill that the Senate ever considers—and some of these problems probably will be around next year, or even later this year—we would not include this as the only possibility to save the world. There will be other opportunities, other problems, and other lobbyists. We will do the best we can.

Mr. BOSCHWITZ. Would the Senator yield? How many amendments have you disposed of since 10:35?

Mr. DOLE. About seven, I think.

Mr. BOSCHWITZ. Mr. President, at this rate we should be finished by 11.

Mr. DOLE. Mr. President, it is 5 after 11 now.

Does the Senator have an amendment that we can take up quickly?

Mr. BOSCHWITZ. I have an amendment. I am ready to go.

Mr. DOLE. Mr. President, we are saving that one. It is one of the better ones. [Laughter.]

Senator Humphrey, I believe, has decided not to call up the FUTA amendment, if there is objection.

Do I hear an objection?

Mr. METZENBAUM. I object.

Mr. DOLE. There is an objection.

We now have disposed of eight.

As I understand the Greyhound transitional amendment, it is virtually precluded from consideration because Senator PACKWOOD indicated, as I understand it, that he would not want any time agreement. We will double-check. Do I understand that correctly?

Let us check with Senator PACKWOOD. If, in fact, that is the case, I do not see any reason to bring the amendment up. If we have someone who is not going to give a time limit, we are not going to finish tonight.

I have asked the drafters to try to narrow, or somehow limit the Tsongas amendment.

Mr. President, has Senator SPECTER had any success?

Mr. SPECTER. No. But I am still working.

Mr. DOLE. Mr. President, I have good news. I understand that the IDB amendment is about ready to be resolved. All the principals in that endeavor have gotten together.

Mr. D'AMATO. Mr. President, we are currently putting the final touches on the IDB compromise, which will be acceptable to all concerned parties.

Mr. DOLE. Mr. President, I briefly suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TSONGAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 2996

Mr. TSONGAS. Mr. President, I have an amendment at the desk. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. TSONGAS) proposes an amendment numbered 2996.

Mr. TSONGAS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of Title VIII of the amendment insert the following as a new section of the bill:

For purposes of section 83 of the Internal Revenue Code of 1984 (relating to the taxation of property transferred in connection with the performance of services) the following rule shall apply:

(4) TRANSFERS OF PROPERTY FOR VALUE.—With respect to a transfer of property for value after June 30, 1976 and before date of enactment, the election permitted by subsection (b) may be made, notwithstanding paragraph (2) of subsection (b), with the income tax return for the first tax year ending after the date of enactment, if

(A) the amount paid for such property was not less than its fair market value at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse), and

(B) the election is consented to by the person transferring such property.

The election shall contain that information required by the Secretary for elections permitted by subsection (b). The period for assessing any tax attributable to a transfer of property which is the subject of an election made pursuant to this paragraph shall not expire before the date which is 3 years after the date such election was made.

Mr. TSONGAS. Mr. President, I ask unanimous consent that an article that appeared in Inc. magazine entitled "Going After the Gains on Restricted Stock" appear in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. TSONGAS. Mr. President, the purpose of this amendment is to prevent an unintended tax result where restricted stock was sold by a start-up company to its founders for full fair-market value. Under the Alves case, it appears that section 83 of the Internal Revenue Code might make such a sale a taxable event to the employee, entitling the company to a tax deduction, unless the employee filed an election to include zero in his taxable income within 30 days after his stock purchase. (See Alves, 79 T.C. 864 (1982)). This is a questionable tax policy result, and its main impact will fall on founders of successful new high technology and other enterprises, who had no warning that such a tax trap could be involved in a routine corporate formation. The proposed amendment to section 83 does not involve any significant revenue loss or gain: what the employee is taxed on the employer can deduct. Section 83 is and should remain essentially revenue neutral.

Let me illustrate the purpose of the amendment. It is typical for a group of founders to get together to form an enterprise in corporate form; each provides some initial capital; and each takes back stock proportionate to the amount of capital that he puts in. Almost invariably, these founders want to insure each other's continued participation—of one kind or another—in the enterprise. So they all voluntarily accept mutual restrictions on the transferability of their interests. In many if not most instances, these mutual restrictions will satisfy the "substantially nonvested" standard of the regulations under section 83. This means that, if the founders are deemed to receive their stock "in connection with the performance of services," they will be taxable at ordinary income rates on any appreciation in the stock when these restrictions lapse. It is difficult, if not impossible, to understand how the founders' stock could be considered to have been received as compensation for services in such a case, but Alves holds that it can.

At the moment of the founders' initial contributions and the imposition of restrictions, the founders collectively own the whole enterprise. It has no other assets than the capital they invest in exchange for their interests. It has essentially no existence apart from them. It may be that at around the same period of time the enterprise will also raise outside capital, often at a higher price per share than that paid by the founders for their interests. But at the startup moment, when the founders agree to make their own initial contributions, typically this outside capital is not yet in the enterprise, and the company is nothing more than assets contributed by the founders and entirely owned, pro rata, by the founders.

Again, this is the typical startup situation. In no ordinary sense does the event of the founding of such an enterprise involve a transfer of stock to the founders at below fair market value—and in no ordinary sense does it represent a compensatory event to them.

Before the Tax Court's decision in Alves, most laymen involved in such situations—and most nonspecialist lawyers and accountants, which is the group that very often handles start-ups—never realized that such a routine sale of stock might become taxable at ordinary income rates to the corporate founders. Moreover, since the legislative history of section 83 makes clear that the problem addressed by the section is that of bargain transfers, even many sophisticated practitioners believed before Alves that the section did not apply to the typical business startup. Now Alves has said that these people were wrong, and that the only way to be sure the founders have no taxable event is for them to file an election to include zero in their gross incomes upon receipt of their stock. This is a curious state of the world when elections are required to be taxes on zero.

Every knowledgeable person in the field with whom I have discussed this, believe, that, in startup situations over the years throughout the country, many, many founders have failed to file timely elections showing zero gross income. Under the rule of the Tax Court's decision in Alves, if there enterprises have since prospered, all those founders may have potentially devastating tax liabilities. The value of their stock may have risen substantially by the time of lapse of the restrictions they agreed to impose on that stock at the startup. The Alves case says that, on that lapse date, they have income tax liability at ordinary rates on the entire paper gain on their stock. This liability would arise under section 83 upon lapse of the restriction even though the founder had not sold any of his stock at that time, had no intention of selling any of that stock, and in all likelihood would therefore not have the cash to pay the tax.

Obviously this can make the success of the company a personal tax disaster for the founders. The founders would be penalized for the success they brought about. In the absence of the proposed amendment, a very substantial number of ventures, without having in any way behaved unreasonably, may find themselves enmeshed in the severe tax problems of their founders.

In short, whatever the merits of the Alves rule on a prospective basis—as it happens, I do not think it is a sensible rule, or a reasonable reading of section 83—its retroactive application can only serve to discourage entrepreneurship in the United States, and possibly to do grave damage to particular enterprises now in existence. Such effects hardly serve our broad national goals and sense of fairness.

It is the intention of the amendment to section 83(c) to provide a cure procedure for those who have failed in the past to make elections in the typical startup situation as described above. It provides a new, one-time opportunity for taxpayers to make an election to include zero in gross income with respect to property acquired before the date of enactment in such transactions. The amendment will have no effect on the future application of section 83.

EXHIBIT 1

GOING AFTER THE GAINS ON RESTRICTED STOCK

Byline: By Jan L. Ozer; Jan L. Ozer is a certified public accountant in the Atlanta office of Deloitte Haskins & Sells, a national accounting firm.

Highlight: A warning to owner-employees of newly formed companies: The increased value of stock may be taxed as ordinary income, not as a capital gain.

Body: You have been talking it over for months. Finally, all the pieces fall into place, and XYZ Corp. is formed to market your new high-tech product. The perfect team of technical, financial, and marketing personnel has been assembled. All the original officers and employees have helped capitalize the venture through arm's-length purchases of stock in XYZ Corp. To retain these key people through the initial growth period, however, the stock is restricted. It cannot be transferred for three years, and if one of these employees is discharged for cause or leaves XYZ voluntarily, the corporation can repurchase the stock by returning the initial contribution.

The product is truly innovative, sales skyrocket, and in two years you are approached by a giant computer company with a buyout offer you just can't refuse. The board unanimously elects to lift the stock restriction, the stock is sold, and you are all millionaires. April 15 arrives, and you file your individual tax return, claiming long-term capital gains on the sale of stock. No one likes to pay Uncle Sam but you figure the 20 percent maximum long-term capital gains rate is a small price to pay for your sudden wealth, and it is clearly preferable to the 50 percent maximum tax on ordinary income.

Then the bubble bursts. You are contacted by the Internal Revenue Service, which asserts that Section 83 of the Internal Revenue Code applies to your gain from the sale of the XYZ stock. In short, the gain is treated as compensation and taxed as ordinary income at the 50 percent rate, rather than as capital gain at the 20 percent rate. You frantically meet with your accountant and lawyer, but they only shake their heads and advise you to get ready to make out a check to the IRS.

This was the case in Lawrence J. Alves, 79 T.C. No. 55, a November 18, 1982, Tax Court decision that substantiated long-standing fears among tax professionals that all employee stock acquisitions may be subject to the provisions of Section 83. In Alves, the taxpayer was approached by a group that was forming a corporation. As part of his employment agreement, he purchased stock in the corporation at fair market value. Two-thirds of the stock was nontransferable for a term of years and subject to resale to the corporation at the original purchase price if employment was terminated before the end of the term. Had Alves taken account of Section 83 when purchasing this stock, his unsuccessful Tax Court case could have been avoided.

Section 83 regulates the taxation of property transfers in connection with the performance of services. It is generally applied where property (e.g., employer stock) is transferred to an employee at less than fair market value. The reduced price, or bargain element, is taxed as compensation to the employee and provides a like deduction for the employer.

When employer stock is transferred to an employee, the employer will often place restrictions on the disposition of the stock in an attempt to ensure continued commitment by the employee. Common restrictions include forfeiture of the stock if employment is terminated and limitations on transfer of the stock. When the stock is significantly restricted or, in the language of the statute, "subject to a substantial risk of forfeiture," income isn't recognized by the employee until the restrictions lapse or the stock is transferable free of such risks. When the restrictions lapse, income is measured by how much the fair market value of the stock at that time exceeds the amount the employee paid for the stock. The income is characterized as compensation and taxed accordingly.

Section 83 also provides a choice of including the bargain element of the transfer of restricted property into income in the earlier year of transfer, rather than the later year in which the restrictions lapse. In this case the taxpayer will report the amount the fair market value of the property exceeds the amount paid for the stock as compensation in the year of transfer. The fair market value is calculated without consideration of the restrictions that will lapse in the future.

The choice, commonly known as the 83(b) election, is beneficial if the value of the stock increases between the time of purchase and the time the restrictions lapse. By making the election, the amount of compensation recognized with respect to that property is limited to that reported in the first year. Subsequent increases in value are taxed as capital gains; if the property is held longer than one year, the maximum 20 percent long-term capital gains rate applies.

The typical situation for using Section 83 occurs when a corporation transfers its stock to an executive at less than fair market value, subject to resale to the corporation at the original purchase price if employment is terminated within a certain number of years (or subject to some other restriction). At the outset, the executive has a choice. If he is confident of future appreciation in stock value, an 83(b) election would minimize the compensation element and maximize that portion taxed as long-term capital gain. On the other hand, if he is uncertain about the stock's future performance, the executive can forgo the election and delay taxation until the restrictions lapse. In either case, the executive should be aware of the application of Section 83, because the transfer falls clearly within the express language of that section. That is, property is "transferred in connection with performance of services," and some bargain element is involved.

Not so apparent, however, is the use of Section 83 regarding stock transfers at fair market value in relation to a corporate formation—i.e., where there is no bargain element. This was the issue in Alves, where the court had to decide whether such a transfer was "in connection with the performance of services" and therefore within the scope of Section 83. The court reviewed provisions of the stock transfer agreement and the minutes of the board meeting authorizing the transfer and concluded that the stock sale was "in connection with" the taxpayer's employment. The court also noted that the unfavorable restrictions on the sale of the stock were designed primarily to ensure the taxpayer's continued employment, and showed further that the transfer was in connection with the performance of services. The broad language of the court may create the presumption that all sales of restricted stock are "in connection with" services and therefore subject to the provisions of Section 83 even if the sales price paid by the employee equals the fair market value of the stock.

Five judges, in two dissenting opinions, disagreed with the majority, concluding that purchases at fair value weren't within the purview of Section 83. Because of this, the ultimate resolution of the controversy, if appealed, is unclear. What is clear is that the entire case could have been avoided if Section 83 had been considered by the employee in the year of transfer and an 83(b) election made. Had Alves replied on 83(b), he would have achieved at least two primary advantages. There would have been no tax in the year of transfer, since the purchase was at fair market value, and taxation would have been deferred until sale of the stock and then, at the capital gains rate.

Since the election wasn't made, the gain on sale of stock before the restrictions lapsed was taxed as compensation, and Alves was taxed in the year the restrictions lapsed on the amount of fair market value exceeding the amount received in exchange for the stock. This also was taxed as compensation.

The Alves decision is fair warning that Section 83 will be applied to transfers of certain restricted stock to employees in a corporate formation. Also, broad language in the decision raises the distinct possibility that Section 83 may apply to any purchase of such restricted stock, even if fair market value is paid. The 83(b) election, however, is an effective mechanism for locking in the desired tax consequences of a stock purchase. Its relatively liberal use has been counseled by the tax profession for years. After Alves, it should be considered by all parties involved in forming a corporation.

I believe this has been approved on both sides of the aisle.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I think the RECORD should indicate that Treasury does not share the enthusiasm of the Senator for this amendment. But I indicated to Treasury that we would accept the amendment, and if they could give us good reasons between now and conference why we should not go forward with it that was another matter. That may not be until May or June sometime.

Mr. President, I am prepared to accept the amendment. I understand it has been cleared by the Senator from Louisiana. The question is on the amendment.

Mr. PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2996) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TSONGAS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, there is another technical amendment we are trying to clear. I am not sure I know what it does. It is on geothermal modification.

Senator PACKWOOD's office just called and said he would not give a time agreement on the Greyhound amendment so we can eliminate that amendment.

We now have the COLA amendment ready at this time, I understand. Maybe the minority leader can clear that with the Senator from Ohio.

Mr. President, let me suggest to Senators SYMMS, MELCHER, EXON, DURENBERGER, and DOLE that I should get a report from Treasury on those amendments. In fact, I have to get approval from DOT on my amendment, which may be difficult.

Are there any Members who at this point feel they might, as an act of charity, suggest that we can take some of these amendments up next week or next month or next year? I know some want to bring them up yet tonight.

Mr. President, I think we have to be very candid about this. This may be a lot of fun, but I can bet anybody here bottom dollar that 99 percent of these amendments will not survive the conference.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. DOLE. The House passed this bill in about 3 hours. One thing they do not like is the Senate adding 200 or 300 amendments to the bill. We shall do whatever Senators wish to do, but I hope they will not press every single amendment they can think of on this package.

Mr. MELCHER. Will the chairman yield, Mr. President?

Mr. DOLE. I am happy to yield.

Mr. MELCHER. I want to make the observation that the last time we brought up the construction workers amendment so they would be treated like other taxpayers, we ended up with the same length of negotiation—about 4 or 5 hours of negotiation with the Treasury, in which we could not come to any conclusion, even though they could not give a revenue loss. Except they did not want the amendment. But we ended up with a study.

Well, we have had the study. That was over 2 years ago. So I think we have come to the time of fruition to really consider the issue.

Mr. DOLE. If the Senator will yield, I think one problem is the amendment costs about $900 million. I know the Senator cannot offset it with another amendment. It is one thing to say I have a little amendment of $100 million, $200 million, $300 million. It is also another thing to say I have a way to pay for it. The blank check days are over. The people are tired of us spending all their money.

Mr. MELCHER. If the Senator will yield, the amendment would have even more merit if the construction workers were abused to the extent of $900 million a year or $900 million in 3 years. They are not abused quite that much, I am happy to say on behalf of the construction workers. But there is a revenue cost.

It will be $10 million for this year and $60 million for another year and another $70 million for the year after that. That is understandable, because they are being treated as a different breed of taxpayers. They are being taxed on something everybody else is getting deducted.

I think the time has come on this tax bill to address the issue on a vote.

I thank the chairman for yielding.

Mr. DOLE. Mr. President, we have not given up on it yet. If the Senator from Montana can tell me where I could find this $10 million and the $60 million and the $70 million, we would be very close to agreement.

Mr. MELCHER. I could, Mr. President. There are spots in the bill where there are tax advantages given. There is one that is now in the present code, a minimum of 30 percent on the withholding of interest on foreign persons. That is a possibility.

Mr. DOLE. I think the Senator from Kansas should correct the record. It was not $900 million, it was $200 million. Chalk it up to exaggeration.

Mr. MELCHER. That is over 3 years.

Mr. PERCY. Mr. President, I ask the manager of the bill to clarify the intent of section 188, captioned "Application of Related Party Rule to Section 265(2)."

Current law disallows a deduction for interest incurred or continued to purchase or carry tax-exempt obligations. According to the report of the Finance Committee, section 188 of the bill is designed to prohibit taxpayers from avoiding the disallowance rule by incurring debt to finance the purchase of or carrying of tax-exempt obligations by their spouses or, in the case of corporations, by an affiliated corporation. Judging from the revenue estimate this appears to be only a minor change in existing law.

Many affiliated corporate groups include banks and insurance companies as well as other commercial corporations. The bank or insurance company may have substantial investments in tax-exempt obligations, and the other corporations may incur indebtedness in the ordinary course of their business operations. Am I correct in assuming that section 188 of the bill will have no effect on these operations?

Mr. DOLE. The Senator is correct. This provision is designed to deal with limited tax avoidance devices. Its revenue impact is estimated to be less than $5 million annually. The provision is not intended to operate to disallow an interest paid deduction merely because one corporation borrows interest in the ordinary course of business and an affiliated insurance company or bank holds tax-exempt obligations.

If Senator COCHRAN indicated he would not call up his amendment on guaranteed investment contract, which I understand Senator PRESSLER is opposed to, and Senator D'AMATO could do the same thing and Senator WILSON could help us out on his three amendments he has listed, if Senator KENNEDY would on faculty housing, we could go to the majority leader and tell him we are down to a handful of amendments and we could finish this bill by 2 or 3 o'clock.

Mr. President, let me briefly suggest that what we are waiting for is the printed copy of the IDB amendment we agreed upon. As soon as they bring that forward, that will be a major amendment disposed of. I am sure the Senator from Mississippi would like to dispose of that as soon as possible.

Mr. STENNIS. That is correct, Mr. President.

Mr. DOLE. Mr. President, let me suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand the Senator from California will not eliminate his amendments. We would be prepared to take those up now.

I hope my colleagues understand that those we cannot take we do not want, and we want to table them as quickly as we can. Maybe if we do that a few times, we can move forward. Otherwise, we are going to be here all night. So I hope that somebody will notify Senator Wilson that we are not prepared to take up his amendment. The same with Senator D'Amato's pension contributions for policemen and firefighters. These are ones Treasury strongly objects to. In fact, every one on this list: Senator Cochran, Senator Wilson, Senator Baucus, and Senator Cranston. I know Senator Cranston is willing to move ahead. I would like to have him wait. We are still trying to figure it out.

AMENDMENT NO. 2997

(Purpose: To provide a 1-year extension in the effective date of section 131(e) for certain trusts created before June 30, 1953)

Mr. BAUCUS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Kansas.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Montana (Mr. Baucus) proposes an amendment numbered 2997.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 395 of the matter proposed to be inserted, after line 20, add the following:

(3) 1-Year Extension for Certain Trusts Created Before June 30, 1953.—

(a) In general.—The amendment made by subsection (b) shall apply to taxable years of a foreign corporation beginning after December 31, 1984, with respect to stock of such corporation which is held (directly or indirectly, within the meaning of section 554 of the Internal Revenue Code of 1954) by a trust created before June 30, 1953, if—

(i) none of the beneficiaries of such trust was a citizen or resident of the United States at the time of its creation or within 5 years thereafter, and

(ii) such trust does not, after July 1, 1983, acquire (directly or indirectly) stock of any foreign personal holding company other than a company described in subparagraph (b).

(b) Description of company.—A company is described in this subparagraph if—

(i) substantially all of the assets of such company are stock or assets previously held by such trust, or

(ii) such company ceases to be a foreign personal holding company before January 1, 1985.

Mr. BAUCUS. Mr. President, this is a technical transition amendment which has been cleared by both sides and by Treasury. It is also in the House bill. It essentially delays the effective date for the foreign personal holding company rule. It is an amendment which, as I say, has been cleared all around, and I ask for its acceptance.

Mr. DOLE. Mr. President, the Senator has accurately characterized and described the amendment. It has been cleared. As I understand, there is no revenue impact at all.

Mr. BAUCUS. That is my understanding. There is no revenue impact.

Mr. DOLE. That is my understanding. We are prepared to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

The amendment (No. 2997) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2998

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, we have another amendment. It makes a technical correction in the special rule for geothermal equipment which is in the committee bill. It is consistent with the revenue estimate. It has no revenue impact. I am offering it on behalf of Senator Symms, who cannot be here today. It has been cleared all the way around. I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Kansas is temporarily laid aside. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. Dole), for Mr. Symms, proposes an amendment numbered 2998.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The amendment is as follows:

On page 1084, strike lines 7 through 19 and insert in lieu thereof:

"(B) Allocation rule.—Paragraph (3) of section 48(1) relating to energy property is amended by adding at the end thereof the following new subparagraph:

"(D) Special rule for geothermal equipment.—For purposes of subparagraph (A)(viii), with respect to any equipment in which the percentage of the geothermal energy to be used by such equipment—

"(i) is at least 50 percent, such equipment shall be treated as section 38 property only to the extent of the portion of the qualified investment equal to such percentage.

"(ii) is at least 50 percent, and the remainder of the energy to be used by such equipment is supplied from the combustion of an alternate substance, such equipment shall not be treated as section 38 property, and

"(iii) is less than 50 percent, such equipment shall not be treated as section 38 property.".

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, I rise not to indicate my opposition to this amendment but to indicate that we are at that hour of the evening when we start to give back the money that we raised over the past several days, or that was ostensibly raised or about to be raised. This not a major giveback. It is about $4 million. I am not going to object to it because of its size. But there are some other amendments that are floating around that will involve substantially more than that. We already passed some that involve from $40 million to $100 million and some others that are nibbling away at the very objective of that which this Senate is trying to do this evening. I will not object to this amendment but, as I say, ones in larger dimension coming up, I will strongly object to and discuss them at length.

Mr. DOLE. Mr. President, as I understand it, there is no objection. I thank the Senator from Ohio. I agree with his concerns.

I think we are getting to the point where we have to be very careful, or we will end up on another amendment to raise another billion dollars. This is not one of those amendments.

The PRESIDING OFFICER. Is there further discussion of the amendment?

If not, the question is on agreeing to the amendment.

The amendment (No. 2998) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Is it appropriate for the manager of the bill to call up amendments if we cannot get response from Members?

The PRESIDING OFFICER. If the amendments can be identified, any Senator can call up any amendments authorized by the agreement.

Mr. DOLE. Obviously, the Senator from Kansas does not wish to do that, but I think we are getting close. Nobody believes me, but I feel final passage coming on sometime. [Laughter.]

It seems to me that if we all cooperate here and not try to get every amendment on this bill, we can finish this rather quickly.

Senator PRESSLER would like to confer with the assistant commissioner.

Mr. METZENBAUM. It will be my pleasure.

AMENDMENT NO. 2999

(Purpose: To provide review by the Treasury Department of certain decisions affecting tax-exempt bonds)

Mr. PRESSLER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the previous amendment is laid aside.

The amendment will be stated.

The bill clerk read as follows:

The Senator from South Dakota (Mr. PRESSLER), for himself, Mr. PRYOR, and Mr. WARNER, proposes an amendment numbered 2999.

Mr. PRESSLER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Insert at the appropriate place the following provision:

SEC. . (a) The Secretary of Education and the Secretary of the Treasury shall within 30 days of the date of enactment of this provision, establish procedures under which persons, agencies, or issuers, affected by any decision of the Secretary of Education or his delegate under section 7 of the Student Loan Consolidation and Technical Amendments Act of 1983 may request and obtain a hearing and a review of such decision by the Secretary of the Treasury or his delegate followed by a written report to the Secretary of Education and to such person with respect to such review to be filed no later than 60 days of the request for review (unless the person requesting such review consents to an extension of time), (b) Nothing in this section shall affect the exemption from income taxation of interest on any student loan bond or any issuer of such bonds.

Mr. PRESSLER. Mr. President, this amendment involves the student loan consolidation and technical amendments. I have worked it out with the majority and the minority, the Senator from Ohio, the Treasury Department, and many others.

Public Law 98-79, the Student Loan Consolidation and Technical Amendments Act of 1983, added a new requirement to the plan for doing business which all State issuers of tax-exempt bonds must submit to the Secretary of Education in order to receive special allowance on guaranteed student loans. This requirement was an assurance that the authority will not issue obligations for amounts in excess of the reasonable needs for student loan credit within the area served by the authority, after taking into account existing sources of student loan credit in that area.

The purpose of the amendment was laudable. Issuers should not float tax-exempt bonds for amounts greater than they need to support guaranteed student loans.

However, the Department of Education, in developing regulations to implement this amendment, has proposed 15,000 words to interpret 38 words. A large portion of these proposed regulations duplicate, and even conflict, with regulations issued by the Treasury Department pursuant to the Internal Revenue Code.

My amendment would not repeal the legislation now on the books. It would, however, require the Treasury Department and Education Department to establish procedures under which an issuer affected by an adverse decision of the Education Department could obtain a prompt hearing and review of the decision by the Treasury Department. This is appropriate, in my view, because so many of the technical concerns in this area matters where the Treasury Department has special expertise and experience.

I am concerned that the Department of Education's actions may keep States from issuing necessary student loan bonds. If this happens, many lenders will be unable to make new guaranteed student loans to students this fall. I do not want to be responsible for any eligible South Dakota students having to go without their much needed students loans.

Again, I stress that my amendment does not affect the Department of Education's authority to monitor the issuance of tax-exempt bonds in order to assure that excessive amounts are not issued.

I urge my colleagues to support this amendment.

Mr. DOLE. Mr. President, I am prepared to accept the amendment of the senior Senator from South Dakota, Senator PRESSLER. This is a good amendment which addresses a problem that needed to be resolved—namely, providing some review by the Treasury Department of the technical aspects of certain decisions that are uniquely within the expertise of the Treasury Department.

I commend Senator PRESSLER for this amendment. He has worked long and hard to insure an adequate flow of financial resources to lending institutions for the purpose of providing affordable loans to college students. He has been in the forefront on this subject over the past 2 years. I agree with the statements Senator PRESSLER has made that educational loans are one of the best investments this Nation can make for the future prosperity of our economy and the the advancement of science and technology. Also, without a substantial flow of affordable loan money to college students, we would risk denying our Nation the well-trained leadership it will need in decades to come. Senator PRESSLER understand these issues well, and, again, I commend him for his leadership in this important educational area.

In addition, Mr. President, I wish to state, as a matter of record, that pursuant to Senator PRESSLER's request, I intend to ask the Assistant Secretary of Tax Policy to file with the Education Department comments on the proposed regulations under the 1983 education amendments, in order that the views and expertise of the Treasury Department can be considered by the Education Department before the regulations become final.

The PRESIDING OFFICER. Is there further discussion of the amendment?

If not, the question is on agreeing to the amendment.

The amendment (No. 2999) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, as I understand it, the Senator from New York is prepared to call up an amendment which will have to be disposed of, because the Treasury is opposed to it. If we start down that track, we will have to take all amendments.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 3000

(Purpose: To amend the Internal Revenue Code of 1954 to lower the limitation on defined benefit plans established for policemen and firemen)

Mr. D'AMATO. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the previous amendment will be laid aside.

The amendment will be stated.

The bill clerk read as follows:

The Senator from New York (Mr. D'AMATO) proposes an amendment numbered 3000.

Mr. D'AMATO. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following:

SEC. . LIMITATION ON BENEFITS UNDER POLICE AND FIREMEN'S PENSION PLANS.

(a) In General.—Paragraph (2) of section 415(b) of the Internal Revenue Code of 1954 (relating to annual benefit) is amended by adding at the end thereof the following new subparagraphs:

"(F) Special limitation for qualified police or firemen's pension plans.—In applying subparagraph (C) with respect to a participant in a qualified police or firemen's plan, '55' shall be substituted for '62' each place it appears.

"(G) Qualified police or firemen's plan defined.—For purposes of this paragraph, the term 'qualified police or firemen's plan' means a defined benefit plan—

"(i) which is maintained by a State, or political subdivision thereof, for the benefit of all full-time employees of any police department or fire department that is organized and operated by such State or political subdivision to provide police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State or political subdivision,

"(ii) under which benefits are determined solely by reference to the length of service of the employee in—

"(I) such a police or fire department, or

"(II) the armed forces of the United States, and

"(III) which requires, as a condition of participation of any employee in the plan, that the sum of—

"(I) the number of years such employee was employed on a full-time basis by such State or political subdivision in such a police or fire department, plus

"(II) the number of years such employee served in the armed forces of the United States (to the extent such years are taken into account under the plan),

equals or exceeds 20 years.

(b) Effective Date.—The amendment made by this section shall take effect as if it had been included in section 235 of the Tax Equity and Fiscal Responsibility Act of 1982.

Mr. D'AMATO. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. D'AMATO. Mr. President, this amendment deals with New York's loyal firemen and police. It deals with preserving their pension benefits while having a minimal impact on the U.S. Treasury.

As a matter of fact, this amendment was accepted in 1982 during Senate consideration of the Gas Tax Act, but was dropped in conference.

I offer this amendment because it would remove a burden almost exclusively borne by New York State Police officers and firefighters. Their difficulty results from an inequity in section 235(E) of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). As a result of this provision, the New York State Police Officers' and Firemen's Pension Plan is in jeopardy. My amendment was accepted by the Senate in identical form as part of the gas tax but unfortunately was dropped in conference.

Section 235(E) of TEFRA mandated that pension payments under qualified defined benefit plans be limited to $75,000 for individuals 55 years of age, and actuarily reduced for those people who retire before age 55. For instance, the individual who retires at age 40 is limited under TEFRA to a pension withdrawal of no more than $26,741 per year. Procedural safeguards are included in this section for those who retire due to disability and for those whose benefits are the result of collective bargaining.

TEFRA limited pension withdrawals to restrict the wealthy from using qualified defined benefit pension plans as a tax avoidance scheme, and that is just and fair. With Federal deficits approaching $200 billion, the tax writing committees of Congress were correct in limiting pension withdrawals. However, the 32,000 New York State police officers and firemen were inadvertantly hurt by these pension restrictions. Pension benefits for firefighters and police officers have been set without collective bargaining since 1974. Twenty-three thousand members of this plan are eligible to retire at half pay after 20 years of service. An estimate by the New York deputy comptroller revealed that over 1,100 active members of the plan are eligible to receive benefits in excess of limits established in TEFRA.

Mr. President, this is not an esoteric fact. If one of these 1,100 participants in the State's pension plan receives excess benfits, the plan would be guilty of breaking the 1982 tax law, this has serious implications because the entire New York State Pension Plan could then be disqualified by the Internal Revenue Service. Consequently, the whole pension plan would become fully taxable. New York State's police officers and firefighters would no longer be able to count on a steady retirement income.

It is impossible to limit the pension benefits available to these individuals and conform with TEFRA without violating the State's constitution. The only avenue available to rectify this serious problem is the amendment I am offering today. This legislation would provide our Nation's police officers and firefighters with a slightly higher early retirement benefit than allowed under TEFRA. This would be done by applying the normal age 62 retirement benefit limitation to police officers and firefighters at age 55. Actuarial reduction for early retirement would still be required. Thus the maximum allowable benefits at age 40 following 20 years of service would become $32,089.

This amendment is critical to the well-being of my State's police officers and firefighters. These men and women daily risk their lives for the good for others. They deserve the comfort of knowing that their retirement income will be preserved. Disqualification of their pension plan would be a real tragedy.

This legislation has no revenue impact for the Treasury, but its acceptance would mean everything to New York State's firemen and police officers. As I mentioned earlier, the Senate accepted this amendment in the gas tax. I urge my colleagues on both sides of the aisle to again support this legislation.

I am talking about firefighters and police officers. The Treasury is saying, "If we create a precedent there, and there may be precedent for other exemptions from the TEFRA pension limits," then I feel we have to judge each case on its merits. New York's police officers and firefighters deserve an exemption.

The fact is that I think we would be doing a great disservice to the firefighters and the police officers if we were to allow the current problem to persist.

There are those who can say, "Can you imagine someone, a firefighter, after 20 years retiring at $32,000?" I do not think that is an inordinate amount today. The fact of the matter is that this kind of service is demanding. The fact of the matter is that we certainly should not disqualify these pension programs because of a slight deviation from the TEFRA provisions. I am not going to say any more other than that I think we will do a disservice to hard working public servants if my amendment is not adopted.

So, Mr. President, I have nothing further to say on this matter and am prepared to take it to a vote.

Mr. DOLE. Mr. President, let me first of all say to the distinguished Senator from New York that the Senator from Kansas is not unsympathetic to what the Senator proposes to do, but I also have some obligation to at least listen to Treasury from time to time, particularly when it is about 10 minutes to midnight.

It seems to me that when they clearly indicated it is not because there is no cost, let me indicate why Treasury does not like this amendment.

I would hope the Senator might let us not press it to a vote but let us try to figure out some way to take care of it not on this bill.

Mr. D'AMATO. I would be delighted, but again I will not press for a vote on this if the distinguished chairman is saying that he will loan his prestige and his efforts to see that we can convince Treasury to deal with this issue in a fair manner. They complain that my amendment creates a dangerous precedent. But what about the people?

But if the chairman would loan his good efforts to this cause, then I certainly do not want to have a vote.

On that representation I withdraw my amendment.

Mr. DOLE. Let me pledge that to the Senator, and again I do not suggest that the Treasury concerns are not without some foundation. The amendment would allow policemen and firemen to retire at age 40 with very little reduction in private pension benefits. At the same time we are discouraging these individuals to retire early. The social security retirement age remains at age 65 and will start increasing at the turn of the century.

I think that is a basic question. I mean they retire at 40 and go out and get another job.

Mr. D'AMATO. I agree with the distinguished chairman.

So I think that TEFRA was constructive but that certain exceptions must be made. My amendment addresses just one of those circumstances. I supported the limitation on pensions to $75,000 in TEFRA. But some compassion is necessary.

Mr. DOLE. I am willing to pledge to the Senator that we will try to address it in the committee where we can. I think the Senator has had hearings on it, I understand, or has he had hearings?

Mr. D'AMATO. We have not had hearings.

Mr. DOLE. Maybe that will be the first thing we should do and try to make the case and have Treasury up there.

Mr. D'AMATO. We will have to question them. So if we can have a hearing, then I move to withdraw the amendment.

Mr. DOLE. I appreciate that very much.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. DOLE. I thank the distinguished Senator from New York.

I think we are about ready to proceed.

Mr. BAKER. Mr. President, will the Senator yield to me a moment?

Mr. DOLE. I yield to the majority leader.

Mr. BAKER. Mr. President, earlier we got a unanimous-consent agreement that only certain amendments would be in order and there are 54 of them, and we have now completed the list from the official transcript and by consulting with Members who indicate they have some amendments in order to compile a 1-line or a few word description. That is complete now and I have supplied a copy to the two managers and one is available to the minority leader.

Mr. President, I ask unanimous consent to have printed in the RECORD that document which requires this description in further description the unanimous-consent agreement previously entered into.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

Mr. METZENBAUM. Mr. President, reserving the right to object, and I apologize to the majority leader, would he be good enough to explain again?

Mr. BAKER. Yes.

Mr. President, I am printing in the RECORD a 1-line description of each of the 54 amendments that were embodied in the unanimous-consent agreement limiting amendments.

Mr. METZENBAUM. I apologize to the Senator. I have no objection.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

AMENDMENTS TO TAX AMENDMENT

1. Boschwitz/Dixon—Real estate depreciation modifications.

3. Cochran—Guaranteed investment contract.

4. Cranston—Exempt low-income housing projects from the deferred interest rules.

5. Wilson—Transitional rule for factoring.

6. Wilson—Transitional relief for movies denied ACRS.

7. Wilson—Oakland Convention Center—15 year depreciation.

8. Baucus—Modify Medicare Savings.

9. Kennedy—Faculty housing fringe benefits.

10. Dixon-Stevens—ESOP voting rights transfer.

12. Bumpers—Medicare.

13. Sarbanes—U.D.A.G.

14. Tower—Gulf Coast Waste Disposal.

15. Tower—Military housing interest deferral.

16. Pryor—Mortgage revenue bonds.

17. Murkowski—Tax exempt revenue bonds for hydro projects.

18. Moynihan—IDB.

19. Moynihan—Minimum tax.

20. Moynihan—IDB.

21. Dole—Minimum tax.

22. Dole—Revenue.

23. Dole—Minimum tax.

24. Dole—Real estate.

25. Levin—Taxable returns.

26. Levin—2 earned couples.

27. Sasser—Alternate evaluation date/estate taxes.

28. Heflin—Capitalization of construction period—interest taxes.

29. Bradley—Subsidiary dividends.

30. Heinz—Medicare.

31. Grassley—continuing "care".

33. Specter—Tax credit for contributions to job training organizations.

34. Specter—colloquy "only".

35. Kennedy—Medicare.

36. Kennedy—Medicare.

37. Dole-Exon-Durenberger—increases gasohol fuel exemption.

38. Humphrey—FUTA summer camp exemptions.

39. Melcher—Commuting expenses of construction workers.

43. Specter—Modify sale—lease back of residential provision.

44. Specter/Byrd—1 year on coal intercompany sales.

45. Dole—General technicals (at end).

46. Hatfield—Truck tax study.

47. Domenici—Exempt Sandia Corporation from AT&T portability.

48. Byrd—"open".

49. Baker—"open".

50. Warner—Depreciating costs of nuclear power plants.

51. Pryor—Disabled vets.

52. Dole/Stennis/Long—IDB (pending).

53. Kennedy—Medicare.

54. Baker—Convention security.

Mr. BAKER. Mr. President, could I inquire now of the two managers as to whether or not they are prepared to find out about the time limitations on these several amendments?

Mr. DOLE. The Senator from Kansas will be prepared to shop for time agreements on these amendments.

I would say to the majority leader I think there are some of these we could do fairly quickly.

Mr. BAKER. It is up to the manager if he thinks he can use the time to dispose of a few amendments, go ahead and do that. Why do we not do this, Mr. President? Why do we not leave the two managers free to proceed with other amendments they may be able to deal with in short order and request the staff on both sides to begin a preliminary shopping about to see what sort of time agreements we can get?

Mr. DOLE. As I understand the Senator from Pennsylvania is ready to proceed with an amendment that has been cleared all the way around and another amendment that is similar to the amendment we took last year and cannot take this year. He may agree to withhold that amendment and offer it at a later time.

Let us take up the one we have agreed upon.

The PRESIDING OFFICER. Without objection, the previous amendment will be set aside.

The Senator from Pennsylvania is recognized.

AMENDMENT NO. 3001

(Purpose: To modify the permissible purchaser-lessors in sale-leasebacks of principal residences)

Mr. SPECTER. I thank the distinguished floor manager, and I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. SPECTER) proposes an amendment numbered 3001.

Mr. SPECTER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1123 of the matter proposed to be inserted, insert "or" after "agency;" on line 2, delete lines 3, 4, 5, and 6, and change "(iii)" to "(ii)" on line 7.

Mr. SPECTER. Mr. President, the Finance Committee bill takes a significant step forward for elderly home equity conversion by establishing a safe harbor for these transactions. At the same time, there are certain restrictions provided so that these transactions do not become a haven for tax avoidance. I am concerned about the long depreciation life of 40 years in the bill. I am also concerned about some of the other restrictions.

The amendment I am offering will eliminate one of these restrictions. The bill does not apply to sale-lease-backs in which the purchaser-lessor is a tax shelter. This amendment will delete the provision in the definition of "tax shelter" which includes a partnership or other enterprise if more than 35 percent of the losses are allocable to limited partners or limited entrepreneurs, generally, investors who do not actively participate in the management of the enterprise.

There would be retention of the two other provisions in this definition preventing the use of this transaction for tax avoidance or by a partnership or other enterprise in which interests have been offered for sale in an offering required to be registered with a Federal or State agency. I also wish to note that the bill's provisions do not affect transactions between related parties, which will continue to face the uncertainty inherit in existing law.

Mr. President, during the next year I will closely monitor these elderly home equity conversions. I intend to write the Secretary of the Treasury to request that a study be done as to the adequacy of the 40-year depreciation requirement and other restrictions contained in the bill, so that appropriate modifications can be made to this legislation.

I urge the adoption of this amendment.

The PRESIDING OFFICER. Is there any further discussion on the amendment?

Mr. DOLE. Mr. President, let me suggest that this amendment has been cleared all the way around and I understand that we are prepared to accept the amendment.

Mr. HEINZ. Mr. President, I ask unanimous consent that I be listed as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEINZ. Mr. President, I simply rise to commend the Senator from Pennsylvania for the amendment and am pleased to work closely with him and other Senators and urge its adoption.

The PRESIDING OFFICER. If there be no further discussion on the amendment, the question is on agreeing to the amendment of the Senator from Pennsylvania.

The amendment (No. 3001) was agreed to.

Mr. SPECTER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEINZ. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. SPECTER. Mr. President, will the Senator from Kansas yield?

Mr. DOLE. I am happy to yield.

Mr. SPECTER. Mr. President, I had reserved the opportunity to offer an amendment to provide tax credit for contributions to certain job-training organizations.

The substance of the bill I introduced in this Congress as S. 481, and in the last Congress as S. 1166, and I had been negotiating with the distinguished manager of the bill for acceptance. This had been accepted on prior legislation.

In light of the objection of the Treasury Department and the lateness of the hour, I will not offer the amendment.

I appreciate the assurances which the distinguished manager has offered, and that he will seek a vehicle where this amendment might be included and be accepted as it was on an earlier bill.

With that understanding, I will not offer this amendment.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Pennsylvania. As I indicated to the distinguished Senator from New York earlier, I did accept both amendments. They were strongly opposed by Treasury. They were dropped in conference. I think before we go through that process again, in fairness to both Senators, we should make certain we can make a pretty good case. So I appreciate the Senator withdrawing that amendment.

(Mr. QUAYLE assumed the chair.)

Mr. DOLE. Mr. President, I understand the distinguished Senator from California, Senator WILSON, is conferring with Treasury. They object to the three amendments he has mentioned. I hope that if he cannot work it out, that he would be willing to let us eliminate those three amendments.

The Senator from Mississippi, Senator COCHRAN, has an amendment. Was the Senator able to work anything out with Treasury?

Mr. COCHRAN. We are still continuing to try to work something out. I am hopeful we can get an agreed-upon amendment to be called up. But we have not reached an agreement as yet.

Mr. DOLE. Mr. President, I also say to the Senator from Montana, Senator MELCHER, I have asked my staff to go to Treasury to see if there is any chance. If not, he will just have to bring it up.

We also have advised Treasury of Senator PRYOR's interest in an amendment.

Mr. PRYOR. I understand Treasury is looking at the disabled veterans amendment. I am not sure what they are going to do. If they do not accept it, I will probably have to ask for a rollcall vote.

Mr. DOLE. I think we can dispose of three or four other amendments rather quickly. I really think we are about done.

[The following proceedings occurred after midnight:]

AMENDMENT NO. 3002

Mr. HATFIELD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the Dole amendment is set aside.

The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposed an amendment numbered 3002.

Mr. HATFIELD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Add new Section — at the end thereof:

EVALUATION OF WEIGHT-DISTANCE TAXES

(a) The Congress acknowledges that the United States Department of Transportation has determined in its study in response to the mandate of Section 513(g) of the Surface Transportation Assistance Act of 1982, that a preferable long term solution to the major equity concerns with the current tax structure for motor carriers would be a comprehensive change, specifically a weight-distance tax. Congress further acknowledges that the United States Department of Transportation 513(g) study has determined that a weight-distance tax "is the only tax instrument that address precisely the trucking industry's major criticism of the heavy vehicle use tax—that is, its insensitivity to mileage variation."

(b) The Secretary of Transportation shall enter into appropriate arrangements with the Transportation Research Board of the National Academy of Sciences to evaluate the feasibility and the ability of weight-distance truck taxes to provide the greatest degree of equity among highway users, to ease the cost of compliance for such taxes and to improve the efficiency by which these taxes might be administered. Such a study shall also include an evaluation of evasion potential for weight-distance taxes and an assessment of the benefits to interstate commerce of replacing all federal truck taxes except the fuel tax with a weight-distance tax.

(c) The Secretary of Transportation shall request the National Academy of Sciences to submit a report, including the identification of a mechanism to implement such a tax, to the Secretary and the Congress not later than 18 months after the date of enactment of this section. The Secretary shall furnish to the Academy, at its request, any information which the Academy deems necessary for the purpose of conducting such study.

Mr. HATFIELD. Mr. President, we are debating an important committee amendment on the appropriate taxation of heavy trucks. This is in relation to the road deterioration that can be attributed from their use and the best method for recovering some of that cost.

The Senate Finance Committee has made a valiant effort to address the concerns of truckowners and operators over the tax treatment passed in the Surface Transportation Act amendments last year. Truckers complained that the flat $1,600 tax on truckownership was not user-based and in no way reflected actual cost recovery for road deterioration. The Finance Committee recognized this problem and developed a proposal that meets this test and is relatively revenue neutral. It reflects a realization of equity from both the truckers' point of view and that of the needs of America's highways.

However, there are other ways to meet the same tests of equity. One that has been used so effectively by the Oregon Department of Transportation is the weight/distance tax. The basis for this tax is quite simple. The heavier the truck and the farther it travels, the more it pays. It reflects a better mechanism for recovering the true cost of road deterioration from use. Trucks that cause the problem are charged more than those who do not. The Finance Committee acknowledged this concept through the good offices of my colleague from Oregon, Senator Packwood. Log truckers use the federally funded interstates and primary highway system very little. Traditionally, they use dirt logging roads, country highways, and secondary roads. They come down the mountain full and "dead-head" back to the loading site. The Finance Committee chose to develop special provisions for this group of truckers which reflects true-use patterns. Weight/distance appears, at first glance, to be of even greater benefit to this group and others like it.

Before my colleagues jump to comment on a possible weight/distance tax, I want to make it very clear, I am not offering an amendment which would impose such a tax. That action would be premature. What I suggest in my amendment is that for future consideration we should study this concept and develop a better understanding of the implications of such a tax on a nationwide basis.

My amendment would direct the U.S. Department of Transportation to enter into an agreement with the Transportation Research Board of the National Academy of Sciences to study the efficacy of the weight/distance approach and report back to the Secretary of Transportation and the Congress as to its findings. This is a study, nothing more.

Studies by other groups could be suspect. If AASHTO or ATA paid for such a study, we would be wary of the results because of the potential for obvious self-interest. However, none of us can quarrel with the nonpartisan, unbiased nature of the National Academy.

After this debate, we are not likely to address the heavy-use tax again for quite some time. We will have time to study the results of the TRB study, receive input from affected groups, and more carefully craft an equitable tax the next time we come to this issue.

I would hope that my friends on the Finance Committee would see fit to accept my amendment. It has been endorsed by a majority of the States, some 36 in all, and has a good deal of support outside of the industry.

Mr. President, this matter has been cleared with the Department of Transportation. It has been cleared with the managers of the bill.

Mr. DOLE. Mr. President, as I understand it, this is a study. I think it will be helpful and we have no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon (Mr. Hatfield).

The amendment (No. 3002) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, does the Senator from Oregon have a second amendment?

Mr. HATFIELD. First, Mr. President, I wish to thank the manager for accepting my first amendment. I will not offer my second amendment.

Mr. DOLE. That is helpful.

Mr. HATFIELD. So the Senator can scratch that from his list.

Mr. DOLE. Unfortunately, it is not on here to scratch.

Mr. HATCH. I think I was listed as having two amendments on my behalf.

Mr. DOLE. Mr. President, I wonder if Senator Heflin is prepared to call up his amendment.

Senator Bradley is in the process of clearing an amendment.

Senator Grassley, I am advised his continuing care amendment is strenuously opposed. So if he wishes a vote on that, he better bring it up. There will be other tax bills if we cannot accept the amendment.

I think we might as well serve notice on those we cannot accept.

Mr. President, I am advised that we can now eliminate from the list the Stevens-Dixon amendment. They have decided not to offer that amendment. I congratulate them for their wisdom.

Is the Senator from Massachusetts, Senator Kennedy, prepared to bring up his amendment? I may bring it up for him. Would someone notify the Senator from Massachusetts that some of us would like to complete action on the bill?

Mr. DIXON. Mr. President, may I say to my distinguished friend, the chairman of the Finance Committee, that my understanding with the chairman of the Finance Committee, our ranking member, and the distinguished majority leader is that this matter of the Dixon-Stevens amendment can be reconsidered again in May on the disability bill.

Mr. DOLE. That is correct.

Mr. DIXON. I thank the Senator very much for his consideration. I will not offer the ESOP amendment at this time, then, in order to provide an additional opportunity to address the concern, raised by the Treasury Department.

Mr. DOLE. Mr. President, I must say there are going to be other vehicles. I hope that we could encourage this. If this gets contagious, we could wind this up very quickly. This is not going to be the last bill we pass. You may wish it was the last bill we pass, but it will not be. So I am looking for volunteers.

My view is, I might say to my colleagues, if we can eliminate the amendments on these three sheets, I am certain that 99 percent of the ones given to the majority leader will not be called up. And we are down to a very small number.

As I understand it, Senator Stennis would like to bring up the IDB amendment.

Mr. STENNIS. Yes.

AMENDMENT NO. 2944, AS MODIFIED

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I understand the pending amendment is the Stennis amendment. It has been called the Dole amendment. We have worked it out. I want to designate it the Stennis amendment.

This is very important to the Senator from Mississippi. He has been spending a lot of time on this amendment, and it should be the Stennis amendment.

I ask unanimous consent that my name be removed, and that Senator Stennis be named the principal sponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Mississippi is recognized.

Mr. DOLE. Mr. President, is there an amendment pending at the desk?

The PRESIDING OFFICER. The Stennis amendment is pending.

Mr. DOLE. Mr. President, I ask unanimous consent that I be permitted to modify the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, follows:

On page 869 of the matter proposed to be inserted, strike out lines 4 through 12 and insert in lieu thereof the following: "industrial development bonds (including any obligation that is part of an issue described in subparagraph (E))—

"(i) which is not to be redeemed from the proceeds of such issue,

"(ii) the interest on which is exempt from tax under subsection (a),

"(iii) which are allocated to such beneficiary under subparagraph (C), and

"(iv) which are outstanding at the time of such later issue.

On page 870 of such matter, strike out line 16 and insert in lieu thereof the following:

"(E) Exception for UDAG projects and manufacturing facilities.—

"(i) In general.—Subparagraph (A) shall not apply to—

"(I) any issue substantially all of the proceeds of which are to be used to provide any manufacturing facility, or

"(II) any issue described in paragraph (6)(i).

"(ii) Manufacturing facility.—For purposes of this subparagraph, the term 'manufacturing facility' means any facility which is used in the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property).

"(iii) Certain storage facilities treated as manufacturing facility.—For purposes of this subparagraph, the term 'manufacturing facility' includes any facility used for the storage and distribution of property manufactured, processed, or produced by any person if—

"(I) such facility is owned and operated by such person.

"(II) substantially all of the property stored at, and distributed from, such facility is manufactured, processed, or produced by such person, and

"(III) no portion of such facility is used for the sale or distribution of such stored property directly to the ultimate consumer.

"(F) Treatment of related persons.—

On page 880 of such matter, between lines 5 and 6, insert the following:

(e) Termination Date For Small Issues Not to Apply to Manufacturing Facilities.—Subparagraph (N) of section 100(b)(6) (relating to termination date) is amended to read as follows:

"(N) Termination of paragraph.—This paragraph shall not apply to any obligation issued after December 31, 1990 (including any obligation issued to refund an obligation issued on or before such date).

On page 899 of such matter, strike out line 21, and insert in lieu thereof the following:

SEC. 721. RESTRICTION ON ISSUANCE OF INDUSTRIAL REVENUE BONDS FOR OFFICE, PROFESSIONAL, AND FINANCIAL FACILITIES.

(a) In General.—Subsection (b) of section 103 (relating to industrial development bonds) is amended by adding at the end thereof the following new paragraph:

"(15) No exceptions for obligations issued for offices or certain facilities.—

"(A) In general.—Paragraphs (4), (5), (6), and (7) shall not apply to any issues (other than an issue described in paragraph (h)(6)(I)) if more than 20 percent of the proceeds are to be used for any one of the following types of facilities—

"(i) office equipment,

"(ii) medical or health facilities (other than hospitals),

"(iii) facilities used by doctors, lawyers, accountants, or similar professions, or

"(iv) parking facilities.

"(B) Health club facilities.—No proceeds of any obligation described in section 103(b) (4), (5), (6) or (7) may be used for any health club facility.".

(b) Effective Date.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to obligations issued after April 13, 1984.

(2) Construction or binding agreement.—The amendments made by this section shall not apply to obligations issued with respect to facilities—

(A) the original use of which commences with the taxpayer and the construction of which began before April 14, 1984, or

(B) with respect to which a binding contract to incur significant expenditures (within the meaning of section 722(g) of this Act) was entered into before April 14, 1984.

SEC. 722. EFFECTIVE DATES.

On page 906 of such matter, line 3, strike out "and 720" and insert in lieu thereof "720, and 721".

On page 906 of the matter proposed to be inserted, between lines 3 and 4, insert the following:

SEC. 723. SENSE OF THE SENATE REGARDING PER CAPITA LIMITATION.

It is the sense of the Senate that no per capita limitation be imposed on the face amount of industrial development bonds (within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954) which are treated as described in section 103(a) of such Code.

On page 904 of such matter, at the end of the table preceding line 1, insert the following:

On page 904 of such matter, in the table before line 1, insert the following items:

Miles Laboratory, Eckart, Indiana, Inducement resolution passed, September 19, 1983; $15 million.

Keystone Race Track, Bensalem, Bucks County, Pennsylvania; Contract to purchase, February 16, 1984; $30 million.

Allegheny Ludlum Steel Co. Purchase of Guterl, Lockport, New York; Inducement resolutions passed, October 13, 1983, January 5, 1984, March 8, 1984; $10 million.

Steel:

Crouse Group Inc. Solid Waste Processing Plant, Pidgeon Pt., Delaware; IDB application approved, July 21, 1983; $40 million.

Waterloo Greyhound Racing Track, Waterloo, Iowa; Approved by City Council, April 9, 1984; $8 million.

Rockdale, Texas, Air, Water and Solid Waste Control Project, Rockdale, Texas; Inducement resolution passed, July 12, 1982, July 29, 1983, August 8, 1983; $11 million.

Point Comfort, Texas, Solid Waste and Water Pollution Control Project, Point Comfort, Texas; Inducement resolution passed, November 9, 1983; $7.7 million.

Marina Market Place, Buffalo, New York; UDAG grant approved, April 6, 1984; $18 million.

Phoenix Square, One Project, Phoenix, Arizona; Inducement resolution passed, July 10, 1982; $5.5 million.

Roosevelt Race Track, Hempstead, New York; Inducement resolution passed before, April 1, 1984; $57 million.

On page 904 of such matter, before line 1, strike out "$5 million" in the item relating to World Forum Project and insert in lieu thereof "$30 million".

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will come to order.

The Senator from Mississippi.

Mr. STENNIS. Mr. President, this matter was well debated last night and explained. There was some objection to some features. That has been worked on during the day. As I understand it, the gentlemen that I dealt with have agreed to it in its present form.

We have made certain changes in it which are formal changes necessary to make it valid. We can send in a clean amendment. That will serve the purpose.

Those who have spoken to me about it all agree on it as written now, and join in. I understand they are supporting the amendment in its present form. I know of no one else that has any objection to it in its present form.

Mr. DOLE. Mr. President, I want to thank the Senator from New York, Senator D'Amato; the Senator from Ohio, Senator Metzenbaum; the Senator from Maryland, Senator Sarbanes; the Senator from Indiana, Senator Quayle; the distinguished Senator from Minnesota, Senator Durenberger.

Mr. STENNIS. Mr. President, I also thank those gentlemen for their interest and assistance in getting this bill in acceptable form. In view of all of that, I do not think it is necessary to take the time of a rollcall.

Mr. DOLE. Mr. President, the amendment has been worked out. The Senator from Minnesota, Senator Durenberger, and the Senator from Pennsylvania, Senator Specter, were also prominent in these discussions. They have been going on all day.

I want to also thank the staff of the various Senators for their patience.

I want to yield in a moment briefly to the Senator from New York who has played a principal role in this effort.

Mr. D'AMATO. Mr. President, let me first thank the chairman. Also, let me thank the distinguished Senator from Mississippi who has been very prodigious in his work and vigilant with respect to these provisions, and also I want to thank Senator Metzenbaum for his help and cooperation. I also want to thank our chairman and ranking minority member of the Finance Committee.

First, I feel that this amendment will limit any abuses that exist in the IDB program and raise significant revenues for the Treasury. I also feel that the amendment will preserve the integrity of the program.

Second, one of the major features of this amendment is a sense of the Senate resolution that there should not be any State-by-State per capita limit on the issuance of IDB's. The House has passed a $150 per capita State-by-State volume cap on the issuance of IDB's. The Treasury Department has estimated that, in 1983, 16 States exceeded the volume cap. In those States, local officials will be forced to choose between equally worthy IDB financing activities. This would include pollution control, student loans, and economic development.

Third, in addition, another 7 States would be within $20 per capita of the House IDB volume cap. In these States just inflation would ultimately push IDB volume over the House per capita volume cap.

Fourth, this amendment would express the sense of the Senate that there should be no per capita volume cap on IDB's. I feel that this is in the best interest of our local officials, which is why the following groups are opposed to a per capita volume cap:

The National Governors Association; the National Association of Counties; Conference of Mayors; the National League of Cities; and Municipal Finance Officers Association.

Fifth, in addition, this amendment would exempt from the $40 million per company cap on small issue IDB's manufacturing facilities and UDAG projects. Clearly, these activities are worthwhile both in terms of jobs creation and economic development. The UDAG exemption will have a positive impact in distressed areas. And, of course, the exemption for manufacturing facilities provides an incentive for that financing activity that has the greatest impact on jobs.

Sixth, the amendment also extends the sunset date for all small issue IDB issuances from December 31, 1986 to December 31, 1990. The new restrictions on IDB's in the tax bill will raise significant revenues for the Treasury and eliminate all abuses in the IDB program. Given that, it is only appropriate then to extend the sunset date for the small issue program. I share the concerns of the finance committee with regards to reducing the deficit and eliminating IDB abuses. I hope this amendment has accomplished both of these ends. The extension of the sunset date insures that worthy IDB financings will take place for the foreseeable future.

Mr. President, also involved in this compromise package is a limitation on the use of IDB proceeds for certain activities. In particular, no more than 20 percent of the proceeds of an IDB issuance can be used to finance the following activities:

First, the construction of facilities for doctors, lawyers, accountants, or similar professions; or

Second, the construction of parking lots, or

Third, office equipment, or

Fourth, the construction of medical or health facilities, but not to include hospitals.

Projects requiring UDAG financing are exempted. Mr. President, it is my understanding that these restrictions are not designed to impact IDB financing for financial services. In particular, I am referring to banks, brokers, and insurance company structures.

Furthermore, the 20 percent limitation is designed to apply individually to the restricted activities I just outlined. In other words, the 20 percent limitation would apply to a parking facility, but not to include a parking facility and office equipment. That is a project which uses 11 percent for parking and another 11 percent for office equipment would not fall under this restriction. This amendment would also prohibit IDB financing of health club facilities.

I feel that restriction will remedy a legitimate abuse.

Mr. President, I would like to thank the chairman and ranking member of the Finance Committee, the senior Senator from Mississippi, and the Senator from Ohio, Mr. METZENBAUM. I believe that we have a good package that protects the integrity of the program while raising significant revenues.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, very briefly, there were some difficulties in the amendment. Although we were moving and talking up the IDB's, we subsequently started moving in the opposite direction. Not more than 20 percent of the proceeds of any IDB can be used to build a building for attorneys, accountants, doctors, or other health facilities. No portion of the funds may be used for health clubs, nor may more than 20 percent be used to build a parking facility.

The exception would have to do with a UDAG area where it was an actual UDAG project. And then the restrictions as provided herein would not be applicable.

I think that in some small way we have moved to cut back on the abuses that have been troubling throughout the country in using IDB's for a host of different areas. Maybe sometime we will get to the point where we go back to the original objective; that is, to use them when they can help in areas where they can help the respective employment problems, and not just as a means of avoiding paying a lesser amount of money for interest by getting the Federal Government to subsidize.

I congratulate the Senator from Mississippi, the Senator from New York, the Senator from Kansas, and all of the others who have been involved in drafting this legislation.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I should have done this initially. I thank the distinguished junior Senator from Mississippi, Senator COCHRAN, who has been working with his senior colleague. He has a statement, I understand, in the RECORD.

Mr. COCHRAN. That is correct. I thank the Chair.

Mr. DOLE. We appreciate his cosponsorship in this effort.

Mr. President, Senator SARBANES is reviewing the language, as certainly he should do.

Mr. President, would anyone else like to be heard?

Mr. TSONGAS. Mr. President, I am deeply concerned about the effect of provisions in the pending tax bill on the industrial development bond program. We enacted significant reforms in the IDB program with the Tax Equity Reform Act of 1982 which have effectively eliminated the widely publicized abuses. Time should be allowed to evaluate those reforms. Furthermore, I do not think we should cripple such an important economic development program at a time when our State and local governments face severe financial limitations of their own. This is especially true in light of cuts in Federal grant programs in the area of economic development.

Mr. President, in my home State of Massachusetts, IDB's have proved essential for financing new business investment. Over a 5-year period, the Massachusetts Industrial Finance Agency has provided $2.4 billion in tax-exempt financing to 1,423 different projects, creating 57,207 jobs. This program has been the best run industrial finance authority in the Nation with an unblemished record of sound investments. Of that total, over $347 million has been invested in 61 communities across Massachusetts in targeted downtown revitalization districts. Two out of every three companies assisted have fewer than 100 employees.

Without the assistance of this program, Massachusetts would have been a victim of the disinvestment besetting many urban States. With it, our industrial base is returning, rooted in high technology, and our city and town centers are rebounding as the focus for community, culture, and commerce.

Mr. President, there are provisions in this tax bill which extend the depreciation recovery period for IDB projects from 15 to 22 years. This would seriously undermine the incentive of an IDB for companies paying full corporate income taxes, penalizing those IDB projects that are marginal and most in need of their benefits. I hope, Mr. President, that if agreement is reached with regard to non-IDB depreciation for structures, a similar agreement will be reached with regard to IDB projects so that they remain an attractive incentive for small business financing.

A second area of concern that I have relates to the provisions contained in section 717 of the Finance Committee bill which pose a clear threat to the accessibility and efficiency for IDB financing for smaller businesses. These so-called arbitrage provisions will raise the cost of using the program, needlessly increase its complexity for the small business person, and seriously undermine the ability of agencies like the Mass Industrial Finance Agency to remain self-sufficient.

The following reasons amplify my concerns with the provisions:

First, it would increase the cost of construction—and hence the total amount of a bond issue—to borrowers, because section 717 limits investment in nonpurpose obligations used with respect to any reserve fund; that is, the construction fund. The investment yield would be restricted to a tax-exempt rate on a sum no greater than 150 percent of current year's debt service, forcing a substantial amount of excess earnings to be rebated to the U.S. Treasury instead of being rolled back into the project.

Second, fees charged by a public issuer of industrial development bonds will be treated as part of the aggregate amount earned on all nonpurpose obligations, again requiring substantial sums to be rebated to the U.S. Treasury. The resulting economic loss will impair the operation of self-supporting public issuers like the MIFA.

Third, the definition of "yield" in the proposal creates major uncertainties about how various costs associated with issuing bonds will be treated for arbitrage determination purposes.

Fourth, the proposal imposes a complicated set of new monitoring and management burdens upon both issuer and trustee for the life of the bonds, thereby raising here again the costs to a small business seeking affordable and understandable financing.

I hope that none of these unnecessary restrictions are contained in the bill as it returns from conference. A rebate to Treasury is nothing less than a tax—pure and simple—on legitimate arbitrage earnings to a project which defeats the purpose of tax-exempt financing.

Finally, Mr. President, I am disturbed by the $150 per capita State cap which is included in the House bill. I know that this is a feeling that is shared by many of my colleagues in the Senate and every Governor in the Nation. To say that such a provision would mean devastation and chaos to all tax-exempt financing is an understatement. Massachusetts has solid waste and pollution control facilities ready for bond closings that would alone exceed the total State cap. This is to say nothing of the legitimate needs of small businesses and student loans. Problems with the administration of this proposal—which have never been addressed in hearings in either the House or the Senate—are so drastic that they would likely erode the IDB program altogether. If necessary, a State volume cap should be restricted to small business issues only.

Mr. President, the IDB program is too important to be jeopardized by these ill-conceived provisions.

Mr. THURMOND. Mr. President, I am pleased to join with my distinguished colleagues in sponsoring an amendment which makes clear the Senate's opposition to per capita, or population, limitations on tax-exempt industrial development bonds [IDB's].

This particular financing mechanism has been invaluable in bringing about economic and industrial growth in my home State of South Carolina, just as in other States. I am sure that each Senator in this Chamber has witnessed the highly favorable effects which the availability of these bonds has produced. Industrial and commercial expansion, financed in whole or in part through IDB's, has brought employment opportunities, increased housing demand, greater consumption and productivity of consumer goods, resurgent pride and overall improvements in the quality of life. The tax-exempt IDB has been a catalyst, as well, in broadening the tax-base.

By virtue of South Carolina's smaller population, relative to some other States, however, the IDB-encouraged economic growth could be slowed to a standstill if an unreasonable per capita limitation were imposed.

Mr. President, I recognize that unlimited use of tax-exempt IDB's may have an adverse revenue impact, and that certain abuses of these bonds simply exaggerate the problem. I do not oppose provisions in this legislation, or the House counterpart bill, aimed at eliminating certain abuses of IDB's. For the most part, these abuses have not occurred in South Carolina because of State legislation which restricts the usage of IDB's to specified public purposes. However, I believe that a population cap would unduly hamper growth and economic recovery in South Carolina and other less populated States. For this reason, I would oppose any efforts to control IDB's by way of a per capita limitation.

I commend this amendment to my colleagues, and urge that they support it.

Mr. DOLE. Mr. President, I am pleased to support the amendment of my colleague, the distinguished senior Senator from Mississippi on IDB's. This amendment reflects compromise on the part of many Members of this body, but I believe the product is consistent with the goal originally sought by the committee amendment—that of providing tax-exempt financing for those projects that promote development of States and localities while limiting unnecessary use of tax-exempt bonds.

The amendment permits tax-exempt financing for manufacturing and UDAG-benefited facilities without regard to the $40 million per beneficiary limitation contained in the committee amendment. Additionally, the present sunset of the small-issue exception is extended for 4 years, through 1990. Third, health clubs and certain office equipment, parking facilities, medical facilities, other than hospitals, and professional office facilities will no longer be eligible for IDB financing.

Finally, the amendment expresses the sense of the Senate that no volume limitation be imposed on the face amount of IDB's that a State or local government can issue.

I believe this compromise is a good one, and I urge its adoption.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. HEFLIN. Mr. President, I am pleased that this has been worked out. I congratulate Senator STENNIS, Senator D'AMATO, and Senator DOLE, and others who have worked on this. The industrial development bonds have meant a great deal to my State. It has meant so much to us in so many different ways that it is almost immeasurable as to the impact that has occurred through the use of these bonds.

I congratulate the gentlemen for their excellent work in working out this agreement.

Mr. STENNIS. I thank the Senator.

Mr. President, one other thought: I found out what a difficult matter this has been for the Senate Finance Committee. It is a wonderful program. But it is full of troubles from top to bottom; that is, the legislation. They have improved it in the last few years considerably. I commend them for it. But no one can find all of these things, and adjust them in one bill or in one short period of time.

That is why I wanted more years added here before the final gavel fell. I think it improved the situation. It means a great deal to my State, and the fact that it has spread through all 50 States speaks for itself as to its value and fine purposes. Those who have been working on it, particularly the committee staff members and the staffs of individual Senators—and also from the joint committee—have certainly rendered fine service.

I particularly express my appreciation to David Hardee, Bill Wilkins, Don Susswein, Rod D'Arment, Mike Stern, and Ben Hartley. They have done an excellent job in helping us work through this matter.

I also want to acknowledge the fine help of my administrative assistant, W. E. Cresswell, and Guy Land, my valuable staff member.

Mr. President, that is all I have.

Mr. DOLE. Mr. President, let me thank the staff, because we often forget to do that. They have really been working on this thing. I am sure there are Senators I have forgotten to mention.

Mr. President, this is an important problem. I think there will be some problems which will surface. We hope to continue to work on the problems. It will be a good program that will serve the public primarily rather than a private purpose program.

I believe we are prepared to vote.

Mr. SARBANES. Mr. President, I want to thank the chairman of the committee for his cooperation in this matter. I particularly want to commend the Senator from Mississippi for his effective leadership, and thank all Members for their responsiveness to the UDAG problem. Those grants are very important to urban revitalization. I am very gratified by the responses to the particular problems associated with this. I strongly support the amendment.

Mr. STENNIS. I thank the Senator.

Mr. President, I also want to thank the Senator from Louisiana (Mr. LONG), whom I have consulted many times in this regard, and I certainly thank the Senator from Kansas, the chairman of the committee.

Mr. DOLE. Mr. President, I wonder if the Senator would be willing to remove his UDAG amendment from the list.

Mr. SARBANES. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Mississippi.

The amendment (No. 2944), as modified, was agreed to.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the amendment, as modified, was agreed to.

Mr. SARBANES. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, there has been an objection noted to Senator HUMPHREY's amendment. He indicated if there was objection, he would not call it up. That is amendment No. 38 on the list. We can take that off the list.

No. 18 is Senator MOYNIHAN's amendment.

Senator HEFLIN was just here. He has an amendment on this list. I do not think it would be agreed to, but perhaps he would like to bring it up.

Also, Senator LEVIN has two amendments.

Mr. President, we will be ready to do the real estate amendment, which has been the big problem, in about 5 minutes.

Mr. COCHRAN. Mr. President, I had indicated earlier that I had an amendment to offer. We have been discussing it for the last few days, trying to work out an agreement with Treasury and the committee.

Mr. President, I want to thank all the staff members who have been so cooperative and helpful in our efforts to work out agreement on this amendment. I think it is No. 3 on the list I saw a few minutes ago.

Apparently, there is a dispute on the impact this amendment would have on the Treasury. Some estimate it would cost $100 million. When I offered the amendment, it was suggested to me that the maximum possible impact would be about $7 million to the Treasury. We cannot seem to agree on the figures.

If the chairman can indicate there is an opportunity to discuss this problem in conference, that discussion will take place, to try to determine if there has been an injustice created here with respect to about three mutual insurance companies, it would be helpful. I am told that there has been, that this is a serious problem that is going to be encountered by just two or three companies because of some investments that they made, banking on the fact that the rate that would be assessed against the insurance companies would be as they are anticipated. But that anticipation has been inaccurate. We think that adjustment is necessary.

If we could have assurance from the chairman that this could be discussed further, and, if an opportunity exists, to make some changes in conference, that that discussion would take place, if that assurance could be given, I would be prepared to withdraw this amendment.

Mr. DOLE. Mr. President, I thank the Senator from Mississippi. I discussed this amendment myself with Secretary Chapoton twice today. As was indicated, they could not come together on the figures. I would be willing to continue to press it with Treasury to see if we can reach some agreement.

There was an indication that there will be another revenue bill out here in the next 30 to 60 days. Maybe we can work it out.

Mr. COCHRAN. Mr. President, I thank the chairman very sincerely, and I agree to have the amendment removed from the list.

Mr. DOLE. Mr. President, I thank the Senator, and I will advise that that amendment can be removed.

What about numbers 5, 6, and 7? Senator WILSON has those amendments.

Senator BAUCUS has an amendment on medicare savings, if he is prepared to take it up.

AMENDMENT NO. 3003

Mr. SASSER. Mr. President, I send an amendment to the desk on behalf of myself and Mr. BAKER and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. SASSER), for himself and Mr. BAKER, proposes an amendment numbered 3003.

Mr. SASSER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 917 of the matter proposed to be inserted, between lines 16 and 17 insert the following new section:

SEC. : ALTERNATE VALUATION DATE ELECTION.—

(a) IN GENERAL.—Section 2032(a) of the Internal Revenue Code of 1954 (relating to election of alternate valuation) is amended by adding the following:

"An election shall not be permitted pursuant to this section unless the tax shown on the first estate tax return filed is in excess of the amount of the estate tax credit provided by section 2010. Moreover, no election shall be permitted under this section unless the executor—

"(1) determines in good faith that the value of the gross estate as of the alternate valuation date (not including the value of any assets included in the gross estate for which a charitable deduction is allowed under sections 2055 or 2106(a)(2), or a marital deduction is allowed under section 2056) was less than the value of the gross estate (not including the value of any assets included in the gross estate for which a charitable deduction is allowed under section 2055 or 2106(a)(2), or a marital deduction is allowed under section 2056) as of the date of death, and

"(2) files a statement with the election which affirmatively states that the executor has so determined.".

(b) Section 2032(a) of the Internal Revenue Code of 1954 (relating to time of election of alternate valuation) is amended to read as follows:

TIME OF ELECTION.—The election provided by this section shall be exercised by the executor on his return not later than the time such return is filed, except that no election shall be made under this section if the return is filed after the time prescribed by law (including extensions) for filing of the return, and

"(1) such return is filed more than 1 year after the time prescribed for filing (including extensions) of the return, or

"(2) one of the principal purposes of the late filing was in order to make the election.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsections (a) and (b) of this Act shall apply to estates of decedents dying after the date of enactment of this Act.

(2) TRANSITIONAL RULE.—

(A) IN GENERAL.—In the case of an estate—

(i) of a decedent dying before the date of the enactment of this Act, and

(ii) with respect to which a return of the tax imposed by section 2001 was filed after the due date for filing (including extensions), the executor of such estate may make the election under section 2032 of the Internal Revenue Code of 1954 (and such election shall be treated as timely filed) if, had the decedent died after the date of enactment of this Act an election could have been made pursuant to the provisions of sections 2032 (a) and (c) of the Internal Revenue Code of 1954, and the executor files an irrevocable election (in such manner as the Secretary of the Treasury or his delegate prescribes) within 1 year after such date of enactment.

(B) Claims for credit or refund.—If credit or refund of the amount of any overpayment of estate tax or overpayment of income tax for any taxable year attributable to an election under this paragraph—

(i) is not prevented on the date of the enactment of this Act by the operation of any law or rule of law, but

(ii) is so prevented (other than by operation of chapter 74 of the Internal Revenue Code of 1954, relating to close agreements and compromises) at any time before the expiration of the 2-year period beginning on such date,

credit or refund of such overpayment may be allowed or made if claim therefor is filed before the expiration of such 2-year period.

(C) Period for assessing deficiencies.—The statutory period for the assessment of any deficiency in estate tax or in income tax against any person for any taxable year which is attributable to an election under this paragraph shall not expire before the last day of the 2-year period beginning on the date of the enactment of this Act.

Mr. SASSER. Mr. President, on behalf of myself and my distinguished colleague from Tennessee, I offer an amendment to the pending bill. For the benefit of other Senators not familiar with this matter, let me briefly explain the reason why this amendment is necessary.

Senator Baker and I introduced S. 1210 to reform the rules applicable to elections of the alternate valuation date for estate tax purposes. Subsequently, the bill was cosponsored by Senators Lugar and Riegle. Hearings before the Estate and Gift Tax Subcommittee on the Finance Committee were held on June 17, 1983. The Joint Committee on Taxation has estimated that enactment of this bill will result in $10 million of tax savings annually. The tax savings from this bill do not result from depriving any taxpayer from use of the alternate valuation date election where such an election is proper. We have, however, restricted the use of the election in certain cases where the election could be abused.

Current law allows an estate to value its assets as of a date 6 months after the date of death but only if the estate tax return is timely filed. Senator Baker and I first became aware of the deficiencies in current law as the result of circumstances of one of our Tennessee constituents. The alternate valuation date election had been denied because the estate tax return was filed late. The reason for the late filing was that the executor responsible for preparing and filing the estate tax return had open-heart surgery 1 month before the tax return was due.

The result of the current law rule for my constituent, Mr. President, is that if the alternate valuation date election is lost nearly the entire estate will be consumed by estate taxes imposed on a nonexistent value of assets. The circumstances of my constituent are not unique. Other taxpayers have been caught in this trap and been subject to the same inequitable and harsh result. I know other Senators have been contacted by their consituents supporting this change in the law.

Our legislation, which was drafted in response to the Treasury Department's suggestions regarding potential abuse of the alternate valuation date election, would preclude an election in circumstances where the estate has gone up in value. Our legislation would also permit an election to be made on a late filed estate tax return if certain conditions are met. The allowance of an election on a late filed estate tax return is in accordance with the rule applicable to other similar elections and removes an unintended and inappropriate result now possible under current law. The Treasury Department has indicated in its testimony that the allowance of elections on late filed returns is proper and desirable as a matter of tax policy.

Our amendment including both the more restrictive election requirement and the permission to elect on a late filed return is generally prospective only. A transitional rule in the case of late filed returns extends the new rule to estates of decedents dying before the date of enactment if the estate is still open under the statute of limitations.

The Treasury Department has expressed reservations regarding the effective date of the legislation, preferring a date which applies the late filed election rule only to decedents dying after the date of enactment. The effect of the Treasury position would be to deny the benefits of the new rule in circumstances such as those of my constituent and others similarly situated.

Such a position is not necessary as a matter of administration nor desirable as a matter of policy. The rule of current law is wrong and inequitable. Current law must be changed. The correct rule should apply to all taxpayers if possible. There is no good reason to insist, as the Treasury Department has, that the wrong rule penalize as many taxpayers as possible. The Treasury Department has, in the past, recognized the necessity of correcting these kinds of problems, where practical, without denying the benefit of the changes to taxpayers who otherwise would be penalized. Such an approach is clearly necessary here.

This legislation is good tax policy and it saves $10 million annually in Federal taxes.

The Senate Finance Committee in the preceding Congress unanimously approved the transitional rule for estates of decedents dying before the date of enactment. The chairman of the committee, Senator Dole, understands the purpose of this legislation and has indicated that he is willing to include this amendment in the bill which will be presented for conference with the House of Representatives.

I want to thank Senators Lugar and Riegle again for their interest and support of this legislation.

Mr. President, as I said, this amendment will reform rules applicable to the election of the alternate valuation date for estate tax purposes. This legislation was the subject of hearings before the Finance Committee in July of last year.

Mr. President, the Joint Committee on Taxation estimates that this legislation will actually raise $10 million in tax savings per year. So this raises money instead of adding to the revenue hemorrhage.

Mr. President, this amendment has been cleared with the distinguished manager of the bill and with the distinguished ranking member of the Finance Committee. It is equally important that it has been cleared with my distinguished colleague, Senator Metzenbaum of Ohio.

ALTERNATE VALUATION DATE FOR ESTATE TAX PURPOSES: TIME FOR MAKING ELECTION

Mr. DOLE. Mr. President, the amendment by the Senator from Tennessee, offered for himself and Senator Baker, is fairly straightforward and, I believe, noncontroversial. A comparable provision is included in the House-passed tax bill, H.R. 4170. As I understand it the amendment is not objectionable to anyone.

Mr. President, this change simply affects the proper time for electing the alternate valuation date for estate tax purposes. The alternate valuation date election allows an executor to choose a date other than the date of death in order to get a more favorable valuation for purposes of determining estate tax due.

Under this amendment, the election can be made on a late filed return within a year after the appropriate time for filing and if the lateness is not just for the purpose of the election. The executor would have to determine in good faith that the value as of the alternate valuation date was less than the value on date of death. This would discourage making the election in order to get a basis step-up.

This change would be effective on date of enactment, with an appropriate transition rule.

Mr. SASSER. The distinguished manager of the bill has indicated that this amendment is acceptable, is that correct?

Mr. DOLE. Yes, Mr. President, I have discussed this amendment and there is no objection.

Mr. SASSER. I thank the distinguished manager.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3003) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BOSCHWITZ. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I think we cannot reach agreement on the amendment of the Senator from California, so if he is prepared to bring that up on low-income housing, we do not have any other choice but to bring it up.

I have just indicated we cannot seem to reach an agreement. We are prepared to take up the amendment.

Mr. CRANSTON. Mr. President, I would like to take it up.

Mr. DOLE. I hope we can get a short-time agreement.

AMENDMENT NO. 3004

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. Cranston) for himself Mr. Riegle, Mr. Sasser, Mr. Dodd, and Mrs. Hawkins, proposes an amendment numbered 3004.

Mr. CRANSTON. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, Page 133, after line 14 add

(j) Special Rule in the Case of Low-Income Housing.—

(1) In general.—Section 1274 of the Internal Revenue Code of 1954 (relating to treatment of bonds and other debt instruments as added by this subtitle) shall not apply to any qualified indebtedness of the taxpayer.

(2) Qualified indebtedness defined.—For purpose of this subsection, the term "qualified indebtedness" means any indebtedness of the taxpayer owed to the transferor (or a related person) which is incurred in connection with the transfer to such taxpayer of low income housing or, in the aggregate, 90% or more of the capital interest, or the profits interest, of a partnership owning low-income housing where the indebtedness and interest thereon meet the requirements contained in paragraph (3) and the transfer of the low-income housing or such partnership interest meets the following requirements:

(A) The United States Department of Housing and Urban Development, the United States Farmers Home Administration, or a State or local housing authority has approved the transfer pursuant to laws, regulations or procedures governing the transfer of physical assets.

(B) Within 24 months after such transfer, (i) the new owner of the low income housing has made all improvements and met all financial requirements called for by the United States Department of Housing and Urban Development, the United States Farmers Home Administration, or the State or local agency as a condition of such approval, and (ii) the low income housing meets the housing quality standards prescribed by the Department of Housing and Urban Development for existing housing under section 8 of the United States Housing Act of 1937.

(C) The low-income housing or such partnership interests have been owned by the transferor for at least twelve months, or were acquired by the taxpayer pursuant to a purchase, assignment or other transfer from the United States Department of Housing and Urban Development, the United States Farmers Home Administration or any State or local housing authority.

(3) Other requirements.—Interest on qualified indebtedness shall not be deductible to the extent that—if

(A) Such interest exceeds two percentage points above the annual rate established under section 6621 (interest on underpayments of tax) at the time of the transfer;

(B) Such interest accrues for a period of longer than fifteen years and six months;

(C) The interest on which is not exempt from Federal income tax; and

(D) The indebtedness is not wraparound indebtedness.

(4) Recapture of interest deduction.—If, at the end of the period described in paragraphs (2)(B), all or any portion of the accrued interest on the qualified indebtedness is not paid by the taxpayer, then gain shall be recognized to the taxpayer to the extent of the lesser of—

(A) the amount of all prior interest deductions taken on such qualified indebtedness, or

(B) the amount of such accrued interest which is not paid by the taxpayer.

Such gain shall be treated as ordinary income.

(5) Definition of low-income housing.—For purposes of this subsection, low-income housing means property described in clause (i), (ii), (iii), or (iv) of section 1250(a)(1)(B) and which is to a qualified housing project (as defined in section 1039(b)(i)

(6) Period of applicability.—The provisions of this subsection shall apply only to qualified indebtedness which is—(i) incurred on or before December 31, 1985, or (ii) incurred pursuant to a contract which was binding on December 31, 1985, and at all times thereafter, and the transfer occurs before July 1, 198-.

Mr. CRANSTON. Mr. President, this amendment is designed to preserve, at least until we can devise a new program, the only program today providing rehabilitation of low- and moderate-cost housing in our country. The amendment exempts for 1 year only, low- and moderate-income housing programs from the deferred interest original issue discount rules. It is 1 year only, so that it plainly is not an everlasting extension of the program but gives us time to consider whether this program should be extended, revised, or some program substituted for it. If we just kill it now, we are going to kill off rehab housing, the most successful program providing low-cost housing in the country at the present time.

This amendment embodies compromise language worked out today with the committee staff and Treasury staff so that the Housing Subcommittee of the Senate Banking Committee and the Finance Committee can have time—1 year—to review this matter in a comprehensive way. I am not suggesting that the Treasury supports the compromise, but the compromise does meet many of the Treasury's objections.

The bulk of the estimated 6,700 low- and moderate-income projects which were initially HUD-insured or HUD-held under section 221(d)(3) or section 236 of the National Housing Act are facing problems of magnitude.

They are aging. The average age is now 10 to 13 years. Some are older.

As they age, they require numerous physical maintenance and improvement expenditures necessitating large sums of cash which the present owners cannot provide.

These projects constitute approximately 600,000 housing units providing shelter for more than 2,500,000 low-to-moderate income persons. Their upkeep and preservation through private capital investment is saving the Government billions of dollars yearly.

If the present law is not retained or if we are not given time to develop an alternative to it, many of the 6 to 8 million tenants of existing low-income housing units across the country will be deprived of safe and humane living conditions.

Listen to this comparison of costs for various ways to deal with low- and moderate-cost housing needs in our country. It cost $11,000 originally to build the units now needing rehabilitation. It would cost $40,000 per unit to build such housing now. It would cost and it is costing only $2,197 on the average to bring these units up to standard under the present program.

My amendment contains an extensive section on abuses and language to make sure that this program is targeted during this 1-year exemption to those multifamily housing projects that are most in need of rehabilitation.

I want to say to the chairman of the committee that I know that the committee harbors no ill will for low-income housing, but I was very troubled when I learned that housing for low-and moderate-income people would be adversely affected by the provisions in this bill as presently written and that the Banking, Housing, and Urban Affairs Committee, where I serve, would have no time to hold hearings, no time to consider what to do about this proposal or what alternatives might be developed.

So that the Senate could fully understand the budgetary impact, Senator Riegle and I, on April 4, sent a letter to HUD asking it to describe how this proposed change in the law would reduce private investment needed to maintain the habitability of existing HUD-assisted low-income rental housing. We also requested the Department to estimate how this change in law would be expected to affect FHA insurance fund obligations.

We have been told that HUD has such a letter written but cannot release it because OMB will not permit it to be released. I wonder what OMB is afraid that Congress will learn from the suppressed HUD letter. I have a general idea what we might learn from it; namely, one, that 5,000 to 6,000 additional units of low-income housing a year may go into default without this program; two, the cost of these defaults will far exceed the projected savings of $200 million over 3 years, fiscal 1985-87, anticipated for the new provisions in the committee bill; three, that this is the only program that HUD has available to attract cash to bring these multifamily projects up to habitability through repairs.

Mr. President, I must say that I am distressed that HUD has been muzzled and prevented from making its views known to us. I can only conclude that the administration's top leadership does not care about low-and moderate-income housing or has not thought this matter through. From the ongoing HUD internal study, HUD has reviewed the repair needs of subsidized housing units that came into the HUD insurance portfolio between 1962 and 1972. Out of a 300,000-unit sampling, 237,000 units need $700 million in repairs with an average per-unit cost, as I indicated earlier, of $2,197. The study did not cover the cost of repair needs for 236 projects, so obviously, $700 million is just the tip of the iceberg in potential cost to the Government for repair needs on a large universe of Government-assisted housing.

The only program that presently addresses this problem is the transfer of physical assets program that the committee bill would put out of business.

Since this program was put into place, HUD foreclosures on projects have declined 50 percent at a very substantial saving to the Federal Government. HUD's own figures for fisal 1985 estimate that this program would save $96 million FHA insurance fund, keeping many projects from foreclosure, and as much as $435 million in fiscal 1987. The gain will more than overwhelm the lessor tax loss estimated at $200 million to be gained from closing down this program.

As a matter of fact, this program may be a revenue producer. Refinancing of HUD properties saves the Government money by saving the properties from foreclosure.

I am concerned about potential abuses in this program, and I have tried to address them in my amendment. As I said, we have covered many of these Treasury Department's concerns in the revised version of this amendment. There is a wide body of HUD rules under the transfer of physical assets program where HUD regulates and restricts this refinancing process.

Further, the tax benefits received by the investors have enhanced the Federal goal of preserving and maintaining the existing stock of low and moderate income housing at a time when Federal deficits are forcing the Federal Government to reduce drastically the expenditures for such housing by encouraging this private investment.

Now, Mr. President, I say to the chairman of the committee, if it is his position that he does not want this to continue to be done through the tax laws, I fully understand. What I am opposed to is the adoption of this provision before the committee of jurisdiction over housing has had time to figure out a better way to achieve the purpose of the program, if there is a better way.

That is all I am asking in this proposed amendment, a 1-year extension to give us time to find a remedy, if a remedy is needed.

This program is the way our Nation's low-income housing stock is being maintained. The process should not be abolished without more careful consideration of the consequences.

The Finance Committee provisions may be excellent tax policy, but as far as low-income housing policy goes, if this process goes into effect, those who support it, I assert and I predict, will be responsible for spreading the South Bronx across the United States. In major city after major city, we will see the sorry events of the South Bronx repeated as these homes presently occupied by middle- and low-income people go into collapse and become the shambles that we see in the South Bronx today. We need not have that spreading across our country, but I fear we will if we do not find some way to keep this program going or have time to substitute a new program for it. You simply cannot force landlords to make uneconomic improvements on their buildings when the rents cannot be raised because of Federal laws to pay for those repairs. A 1-year extension here is certainly not going to break our bank.

To the contrary, it will save us some money and save us some very unhappy consequences. So a reasonable extension certainly seems appropriate.

Mr. DOLE. Mr. President, I know the Senator from California feels strongly about this amendment. We have been trying to figure out something. But let me say that just because this has low income in the title does not mean that this is not one of the biggest tax shelters in the world.

Here is an actual deal that was put together; 41 percent went for fees and expenses, 41 percent of a $3.4 million deal. That is typical. This is an actual case. We can give you the name and address if you want it. You might want to invest.

But this is low-income housing. About 40 percent of all these dollars and all the tax revenue losses go to consultants' fees and expenses. That is why there is so much pressure on this amendment. All these people making this 41 percent, they are not low-income people. They are worrying about the big fees. And I have had some big lawyers call me on it. I have not had any poor people call me on it.

But I suggest we ought to tighten up the program. We can do all those things that Senator **Cranston** suggests by not giving the extension. If we give the extension, we will never address the problem. But if we do not give the extension, then we can make some real reforms.

If we are going to have a housing program, we ought to do it through the front door so we know just what we are spending. We should not use the Tax Code.

Based on information received by staff and others and hearings in the Ways and Means Committee, this is a typical deal. Now, if we want to vote for a year extension for one of these programs that really ought to be adjusted, we can all tell the horror stories about mortgage foreclosures and all these things, and they are all coming not from the poor people but from the high-powered people in the cities and others who do not want this bonanza to end. If we had something like that, we would not want it to end either. Everybody wants to cut the deficit, everyone is worried about all these problems, but primarily they are worried about keeping what they have. I suggest to the Senator from California, he can press the amendment if he wishes. I hope he would not do that. We would like to try to work out the reforms. We are a lot more apt to get the reforms if we do not give the extension because next year it will be around again and they will want another extension.

The joint committee has examined a recent low-income housing resyndication prospectus and found that 58 percent of the cash infusion will be used to pay various consulting and marketing fees and organizational expenses of the partnership and to provide a profit to the general partners. It is 2.2 times more expensive to resyndicate this project than to have HUD foreclose on it; $3.6 million in Treasury losses versus $1.4 million in HUD savings. I assume HUD did write a letter. They do not care how much it costs the Internal Revenue Service or the taxpayers. They are willing to write letters to probably any department.

The Congressional Budget Office has concluded—this is the CBO, a nonpartisan budget office—in the real estate tax shelter subsidies and direct subsidies alternatives, 1977, only 40 to 60 percent of the tax benefits in low-income housing tax shelters directly benefit the property and that direct spending alternatives would be more efficient.

They also indicated that tax benefits for low-income housing are not subject to the appropriation authorization process, and they suggested the Banking Committee try to work that out.

We already have a lot of preferences because it is low income. The Tax Code is filled with benefits because we put the words "low income" on them. We have a 200-percent declining balance depreciation versus 175 percent for other structures. We have a 5-year depreciation for rehab expenditures. We have recapture of accelerated depreciation on more favorable conditions than for other structures when property is sold. We have extensive construction periods in taxes rather than 10-year amortization required for other structures.

Now, these tax preferences are over and above all the others, so we really lather it up for all the people who want to invest, and they go out and say, "Well, I am helping some poor family with low income housing."

So I suggest that we not give this extension. We made some changes in the committee at the request of the distinguished Senator from Pennsylvania (Mr. HEINZ) and others. We believe that we are not going to do any violence. And I would hope that if in fact there is a request for the yeas and nays we could defeat the amendment.

Mr. RIEGLE. Mr. President, this is an awful late hour of the night to have to address this matter, but that is the nature of the situation in which we find ourselves.

I rise to join the distinguished Senator from California in offering this amendment.

Our amendment would delay for only 1 year the effective date of a provision that threatens to damage much of this Nation's housing for low- and moderate-income people. I want to stress that our amendment only concerns low-income housing—and only housing where the Federal Government or a State agency stands to lose in case of a default.

This amendment includes a number of provisions designed to prevent abuses that have been identified by the Finance Committee. After discussions with representatives from the Treasury Department and the housing industry we have revised our amendment to include even further protections.

Our amendment could save the taxpayers $78 million in fiscal 1985. It would enable the Banking and Finance Committees to hold hearings on equity refinancing and arrive at prudent ways to improve the financing of low- and moderate-income housing.

Mr. President, our amendment is necessary because the House bill and the Senate Finance Committee amendment, as it now stands, contain the same troublesome language. If our amendment is not adopted, there will be no opportunity in conference to correct the problem.

I note that our amendment is supported by a broad coalition of organizations:

The National Housing Partnership;

The Coalition for Low and Moderate Income Housing;

The National Housing Rehabilitation Association;

The National Low Income Housing Coalition;

The National Leased Housing Association;

The Council for Rural Housing and Development;

The Council of State Housing Agencies, and

The National Urban League.

Mr. President, the Finance Committee amendment proposes to change the tax treatment of interest on loans offered with an original issue discount (OID). In general, present law requires both borrowers and lenders to allocate interest similarly over the life of the loan. An exception is provided, however, in certain cases, including loans made as part of a transfer of physical assets that are not publicly traded. Under that exception, a borrower may deduct interest on an accrual basis while the lender does not have to report interest income until it is received in cash, perhaps several years later.

The committee amendment would remove the exception, beginning in 1985, for transactions involving non-traded property, such as multifamily rental housing.

Mr. President, I support reforms of the Tax Code that limit abuse and reduce the Federal deficit. I do not object to the committee's amendment as it applies to most property sales. However, the committee's proposal creates a serious problem if it is suddenly applied to sales of housing for low- and moderate-income people.

I want to point out that low- and moderate-income housing accounts for only a small portion—less than 10 percent—of the revenue increases that the committee projects will result from its proposed change in the OID rules.

In addition, according to conservative estimates, the committee amendment would force HUD to incur costs that more than offset the hoped-for revenue gains. That is, the committee amendment as now written would help increase the deficit, not reduce it.

This loss to the Federal Government would occur because of financial characteristics peculiar to housing for low- and moderate-income people. Programs to assist such housing usually limit cash payments to owners, so investors are attracted primarily by tax benefits. When owners of low-income housing exhaust those tax benefits, typically after several years, they have little incentive to invest more money in a project for repairs or renovations. An analysis by HUD indicates that even sound projects will require a $182 million of repairs over the next 3 years.

Under current law, virtually the only way to bring new investment into such a project is to transfer ownership to a new group of investors. The Finance Committee amendment would largely prevent that refinancing. As a result, many low income housing units will be left to deteriorate and more projects will sink into default. Federal and State governments now hold or have insured over $25 billion of these mortgages. The potential loss could be enormous.

Deterioration of these apartments, Mr. President, would cause needless harm to current tenants. It would cause a great loss of decent, affordable housing, and squander a huge national investment.

In addition, projects that go into default, hit the FHA insurance fund and State housing agencies with heavy financial losses.

Mr. President, a careful analysis that is considered to be reasonable by experts at Treasury and HUD indicates that adoption of our amendment to exempt low-income housing from the committee's OID proposal would reduce the deficit by an estimated $78 million in fiscal year 1985. In fact, it would also produce savings on into the out years, although we only are proposing here a 1-year extension.

Mr. President, over the years, Congress has tried to provide decent housing for low- and moderate-income people through a complex, interrelated set of subsidies, tax incentives and regulatory measures. Undoubtedly, that system can be improved. But we should not make a major change in one part of the system without considering how it affects the whole.

In this case, the Finance Committee's effort to bring coherence to tax policy would have a devastating effect on housing policy—an effect that I do not believe Congress intends. It is one of the reasons why we should not be doing it at 10 minutes to 1 in the morning, the day before an adjournment. Our amendment would give Congress time both to balance the concerns of tax policy and housing policy and to find a way to more prudently reduce the deficit.

I feel strongly that short-term considerations must not be permitted either to jeopardize the Nation's enormous investment in decent, low-income housing or to increase long-term costs to the taxpayers. That is why this amendment is important, and it is financially sound.

Again, I regret that we have to bring it up at this hour of the night. It should not be in this bill in this form. I hope the Senate will support the amendment of the Senator from California and myself, and I hope the chairman of the committee and others will reconsider and accept the amendment.

Mr. CRANSTON. Mr. President, I do not propose to prolong this debate.

I simply reiterate that while there will be some tax savings if this amendment is not adopted, there will be greater cost to the Government. So we will not be helping in regard to the deficit, and we will be doing in a program that provides low-cost and moderate-cost housing through rehabilitation in a very effective way for millions of Americans.

If we stop the program and those structures cannot be rehabilitated, we are going to see some South Bronx type developments in many other cities in our country.

There are, of course, examples of abuses of programs, and perhaps the example that the Senator from Kansas ran through shows an abuse of this program. But that is only an extreme example of abuses. I believe that, for the most part, this program has worked well. The Department of Housing and Urban Development, under the present powers under this program, has the authority to determine how the program shall be handled, what money shall be invested, and how that money shall be spent. Some changes have been made to deal with some of the abuses. More changes can be made if necessary.

Mr. DOLE. Mr. President, I hope the Members who are here will listen, because this is an important amendment. I am going to move to table this amendment, and I think we can do that, and we are on our way to finish this bill. I do not want to influence anybody but if I do, it is all right.

I want to read a statement from a Mr. Talle, who has been a low-income housing syndicator for 12 years. In the past 4 years, he has syndicated 70 low-income housing projects.

Mr. Talle states:

> The tragedy of accrued interest is that it fosters and encourages (low-income housing project) transactions which have no underlying future economic viability, and which we believe will ultimately lead to the loss of any economic interest in low- and moderate-income housing projects.

Mr. Talle says that allowing investors in low-income housing projects to currently deduct accrued, but unpaid interest, has totally destroyed the economic viability of low-income housing projects. They are now simply tax shelters where the investors only look for tax deductions. The low-income housing project will not be placed in service.

Mr. Talle goes on to say that if the accrued interest problem were solved, resyndication would still be very viable, but it would reestablish the natural tension between buyer and seller.

In other words, investors in low-income housing projects will want a return on their investment in the form of rents. They will no longer only want large tax deductions, regardless of whether the project has any chance of economically succeeding.

That is what I suggest we need to do. It is nothing but a tax shelter. If you want to vote for a big tax shelter at 1 o'clock in the morning, that is all right with me. But I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. MATTINGLY). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. I withhold that.

Mr. RIEGLE. Mr. President, I do not know who Mr. Talle is. I know he did not appear at the hearings. That is one of the problems.

I do not mean disrespect to the Senator from Kansas, but we could produce a letter from anybody on any subject, on any point. But that is exactly the point, and we should not be making decisions such as this, as disruptive as this, without having the hearings.

Let us have Mr. Talle come in, and let us have the others come in, and let us take it up in an orderly fashion. Why are we taking it up at this hour of the night, when there is great disagreement about what its impact will be?

I think it is easy for people who are well housed, as a matter of current circumstance, to make assumptions about those who are not.

We have struggled a long time to try to find a vehicle whereby people in this country could have some kind of decent housing, and we have made some progress—not nearly enough, but we do not want to slip back.

In the absence of hearings and in the absence of this matter having been taken up by the committee of jurisdiction, to float a letter at this hour, by one person or another, shows that this is exactly the wrong way to proceed.

I hope that the Senate will not table this amendment and this will be something that we can act on tonight.

Mr. DOLE. Mr. President, I do not want to keep the Senate because I have made the motion to table, but we are the committee of jurisdiction. This is a tax matter. If HUD wants to appropriate money that is all right with us. I may vote for it.

This is just what happens when there is a typical transaction.

Low-income housing partnerships can obtain tax benefits far in excess of those intended by Congress by resyndicating (churning) low-income properties.

The typical transaction involves an existing partnership which has held the property for 10 years or more and has exhausted most of the tax benefits in the property.

The new limited partnership agrees to buy the property from the old partnership for a small amount of cash and a very large nonrecourse purchase note. The purchase note will exceed the fair market value of the property in any use other than as a tax shelter.

The use of nonrecourse deferred interest note enables taxpayers to artificially inflate their depreciation.

If we want to call that low-income housing, it is a big tax shelter and made a lot of people rich, and they were not living in low-income housing. They were living up in Wall Street or around Washington, D.C., and are not worried about those in low-income housing.

Mr. METZENBAUM. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The motion to table is not debatable.

Mr. DOLE. Mr. President, I ask unanimous consent that I may yield to the Senator from Ohio.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, the Senator from Ohio wishes to be informed. Either the Senator from California or the Senator from Michigan indicated that with this amendment there would be $76 million more income. The Senator from Ohio is concerned about losing income by reason of this amendment. If there is more income resulting from it, that is a factor to be taken into consideration.

Can the manager of the bill enlighten us as to what he understands?

Mr. DOLE. Mr. President, I am advised by the Joint Tax Committee that in the window it is about neutral but beyond the 3 years it starts piling up.

The point is it is a big tax shelter that should be closed, and I hope we can do it.

I am ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas to lay on the table.

Mr. CRANSTON. Mr. President, I believe there are savings in my amendment to the Federal Government. We lose some tax revenue but we save expenditures. In rehabilitating these projects we save expenditures that would be involved in foreclosure.

Mr. RIEGLE. Mr. President, the figures for fiscal year 1985 are $77 million.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas to lay on the table the amendment of the Senator from California.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. BAKER. I announce that the Senator from Alabama (Mr. Denton), the Senator from Minnesota (Mr. Durenberger), the Senator from Arizona (Mr. Goldwater), the Senator from Idaho (Mr. McClure), the Senator from South Dakota (Mr. Pressler), the Senator from Vermont (Mr. Stafford), the Senator from Alaska (Mr. Stevens), the Senator from Idaho (Mr. Symms), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I further announce that if present and voting, the Senator from Alabama (Mr. Denton) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Arizona (Mr. DeConcini), the Senator from Missouri (Mr. Eagleton), the Senator from Colorado (Mr. Hart), the Senator from South Carolina (Mr. Hollings), the Senator from Kentucky (Mr. Huddleston), the Senator from Louisiana (Mr. Johnston), and the Senator from New York (Mr. Moynihan) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 66, nays 17, as follows:

[Rollcall Vote No. 73 Leg.]

YEAS—66

Abdnor
Andrews
Armstrong
Baker
Baucus
Biden
Bingaman
Boren
Boschwitz
Bradley
Bumpers
Chafee
Chiles
Cochran
Cohen
D'Amato
Danforth
Dixon
Dole
Domenici
East
Evans
Exon
Glenn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Humphrey
Inouye
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mathias
Matsunaga
Mattingly
Metzenbaum
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Proxmire
Pryor
Quayle
Roth
Rudman
Simpson
Specter
Stennis
Thurmond
Trible
Tsongas
Wallop
Warner
Wilson
Zorinsky

NAYS—17

Burdick
Byrd
Cranston
Dodd
Ford
Garn
Kennedy
Lautenberg
Leahy
Levin
Melcher
Mitchell
Randolph
Riegle
Sarbanes
Sasser
Tower

NOT VOTING—17

Bentsen
DeConcini
Denton
Durenberger
Eagleton
Goldwater
Hart
Hollings
Huddleston
Johnston
McClure
Moynihan
Pressler
Stafford
Stevens
Symms
Weicker

So the motion to lay on the table was agreed to.

Mr. LAUTENBERG. Mr. President, earlier this evening, I made a mistake in casting my vote on the motion to table the Cranston amendment No. 3004. I have checked with the leadership on both sides of the aisle, and since it will not change the outcome of the vote, I ask unanimous consent that I be permitted to change my vote from "aye" to "nay" on vote No. 73.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(The foregoing tally has been changed to reflect the above order.)

AMENDMENT NO. 3005

(Purpose: Local furnishing of electricity or gas)

Mr. DOLE. Mr. President, if I could have the attention of the Members for just a minute, I understand there are two amendments that have been cleared that we can take up at this time. There is one on each side. Then we will go down the list of those who cannot clear.

We also, I think, have worked out an agreement on the real estate problem. That is a drafting process.

Let us turn to Senator Murkowski, and then to Senator Bradley.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. Mr. President, I send my perfecting amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. Murkowski), for himself and Mr. Stevens, proposes an amendment numbered 3005.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 899 after line 2, insert the following:

Sec. 722. Local Furnishing of Electricity or Gas.—For the purpose of section 103(b)(4)(E), facilities for the local furnishing of electric energy also shall include a facility that is part of a system providing service to the general populace—

(i) if the facility was initially authorized by the Federal government in 1962;

(ii) if the facility receives financing of at least 25 percent by an exempt person;

(iii) if the electric energy generated by the facility is purchased by an electric cooperative qualified as a rural electric borrower under 7 U.S.C. section 901 et seq.; and

(iv) if the facility is located in a noncontiguous State.

Mr. MURKOWSKI. Mr. President, this particular amendment concerns a hydro project in Alaska.

This has been cleared by the chairman of the Finance Committee, the minority leader, and also Senator Metzenbaum.

The project initially was authorized by the Federal Government and the Corps of Engineers to allow the Alaska Power Authority to build the project. The project costs $450 million; $200 million will be contributed by the State of Alaska, and we are asking that $250 million be financed by nontaxable bonds.

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. Mr. President, my understanding is that this amendment has been cleared, and we are happy to accept the amendment.

Mr. METZENBAUM. Mr. President, would the Senator from Alaska yield for a question?

Mr. MURKOWSKI. I yield.

Mr. METZENBAUM. Can the Senator tell us what the revenue impact would be?

Mr. MURKOWSKI. $12 million over 4 years.

Mr. METZENBAUM. I thank the Senator from Alaska.

Mr. MURKOWSKI. I thank my colleague from Ohio.

I ask the question.

Mr. DOLE. Mr. President, the question is on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment (No. 3005) was agreed to.

Mr. MURKOWSKI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3006

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. Bradley) proposes an amendment numbered 3006.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 549, after line 16, add the following subparagraph:

"(E) EXCEPTION TO 100 PERCENT DIVIDEND LIMITATION.—

"(i) QUALIFYING DIVIDENDS.—Notwithstanding the last sentence of subparagraph (C), the term '100 percent dividend' includes a dividend distributed by—

"(I) a life insurance company, if such company and all other life insurance companies which are members of the same controlled group compute the company's share of dividends (other than 100-percent dividends) received and of tax-emempt interest as if such company and all such other companies were one life insurance company;

"(II) an insurance company other than a life insurance company or a reinsurance company, to the extent that the surplus of such company is not greater than 30 percent of the value of its assets and that the value of the tax-advantaged investments of such company is not greater than 60 percent of the value of its assets; and

"(III) a reinsurance company, only if, and to the extent authorized by, regulations prescribed by the Secretary.

"(ii) OVERALL LIMITATION.—Subdivisions (II) and (III) of subdivision (i) shall not apply to the extent that the value of the investments of the life insurance company that receives the dividend in companies or corporations described in such subdivisions exceeds the statutory surplus of such life insurance company.

"(iii) SPECIAL LIMITATIONS.—For purposes of subdivision (II) of subdivision (i),—

"(I) the assets of a company shall be reduced by an amount equal to the reserves ceded to such company under reinsurance agreements entered into after December 31, 1983;

"(II) in determining the surplus to assets percentage, the assets of a company shall be reduced by an amount equal to the reserves attributable to risks reinsured by another company; and

"(III) the assets of a company shall not include assets attributable to life insurance reserves held by such company.

"(iv) REGULATIONS.—Subdivision (i) shall not apply to a dividend to the extent provided in regulations prescribed by the Secretary which are necessary or appropriate to prevent the avoidance of Federal income taxes.

"(v) DEFINITIONS.—For purposes of this subparagraph—

"(I) a 'reinsurance company' is an insurance company whose reserves relating to reinsurance agreements exceed 80 percent of the total reserves of such company; and

"(II) the term 'tax-advantaged investments' means obligations to which section 103(a) applies and stock in a corporation that is not a member of the same affiliated group as the owner of such stock."

"(vi) STATEMENT GAIN FROM OPERATIONS ADJUSTMENT.—The statement gain or loss from operations (defined in sec. 809(g)(1)) shall not include dividends in excess of post-1983 earnings and profits paid from any company that qualifies for an exception under this subparagraph.

"(vii) TERMINATION.—This subparagraph shall not apply to taxable years beginning after December 31, 1986."

Mr. BRADLEY. Mr. President, I have an amendment to correct a technical flaw in the life insurance provisions of the deficit reduction package.

The general rule of the tax law is that a dividend paid by a subsidiary to its parent is not subject to tax. The intent of the bill is that this general rule apply to dividends paid by subsidiaries of life insurance companies. However, in an effort to deal with potential abuses, the drafters of the provision have failed to achieve this objective.

For example, if a life insurance company owns a casualty insurance company, and the casualty company pays a dividend, the life insurance company would have to pay a tax of 20 to 30 percent on the dividend. On the other hand, no tax would be due on a dividend if the casualty company owned the life company or if the casualty company were owned by any other type of company.

My amendment would correct this inequity and subject all companies to the same tax rules.

The amendment was discussed in the Senate Finance Committee and the consensus was that it should be adopted if antiabuse safeguards could be fashioned which would prevent a loss of revenues. We have provided specific safeguards for life insurance and direct writing casualty subsidiaries that respond to every concern that has been raised. In addition, there is a 3-year sunset on this provision.

In short, every conceivable safeguard has been added to assure that the basic life company tax rules will not be circumvented by the amendment. Additionally, since the amendment carries out the original intent of the basic subsidiary dividend rules and contains safeguards against abuse, it will not involve the loss of revenues.

In conclusion, Mr. President, I urge adoption of this corrective amendment.

The **PRESIDING OFFICER.** The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, do I understand that the Senator from New Jersey sent the typed version to the desk?

Mr. BRADLEY. That is correct.

Mr. DOLE. Mr. President, on that basis I find no objection to the amendment.

I would indicate that I think the Senator accurately described the amendment. I would say there is some question as to whether or not the regulations can be drawn that will prevent—I do not see abuse—something that is not intended in the program.

This will give Treasury an opportunity between now and the time that we have the conference to see if they can work out the necessary rules.

Mr. GRASSLEY. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. GRASSLEY. Mr. President, I support the amendment offered by the Senator from New Jersey.

We should all agree that companies in the same business should be taxed under the same rules.

One of the life insurance companies in my State owns a small casualty insurance company that issues automobile and homeowner policies. This company would be subject to an extra tax burden of 20 to 30 percent on its distributed earnings if the amendment is not adopted. With this kind of tax penalty, it cannot compete on an equal basis with an Allstate or a State Farm that do the same kind of business.

The tax rules applicable to casualty companies, and other types of financial intermediaries, may need to be reexamined and changed. However, if changes are to be made, they should apply to all companies and not only to some.

The amendment offered by the Senator from New Jersey is a good amendment, and I strongly urge its adoption.

Mr. METZENBAUM addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I have two questions.

What is the revenue impact of this amendment? The second question is, What impact will this have on an insurance company which owns the brokerage house and various other businesses throughout the country? Will it change the taxes with respect to that situation?

Mr. BRADLEY. The answer is negligible. It is zero revenue and no impact on such companies.

Mr. CHAFEE. Mr. President, I would like to ask the chairman a question.

It seems to me, as I recall the amendment we discussed in the Finance Committee, this is going to take very careful regulation to be drawn. As the chairman knows, this is a matter that was of concern to the stock companies.

As I understood the colloquy with the Senator from New Jersey, the attempt is still going to be continued to have these regulations so drawn. Am I correct in that?

Mr. DOLE. That is correct. If we cannot do it, it would be my recommendation in conference that it be dropped.

Mr. CHAFEE. I think this is going to be difficult, and we certainly will be following it.

Mr. **GRASSLEY**. Mr. President, I might say that the amendment has been redrawn from the original so that it is tighter. It ought to take care of some of the objections which have previously been made.

Mr. **DOLE**. The Senator is correct. The staff has been working on this with other people. We have tightened up the amendment. But Senator CHAFEE is also correct, that we are not trying to upset the balance between the stocks and the mutuals. I believe we can protect that problem.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment.

The amendment (No. 3006) was agreed to.

Mr. **DOLE**. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. **BRADLEY**. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **DOLE**. Mr. President, I will next have a colloquy with the Senator from Alabama.

Mr. **HEFLIN**. Mr. President, I have an amendment dealing with section 72 of the bill, but I am going to withhold this amendment dealing with residential real property held for sale in the course of business, pursuant to an understanding with the distinguished manager of the bill.

I am pleased that the floor manager recognizes the potential discriminatory effect of the provision on the construction period interest and taxes on residential construction held for sale in the ordinary course of business, and I hope will work to eliminate this discriminatory treatment in the conference with the Ways and Means Committee.

Mr. **DOLE**. Mr. President, I thank the distinguished Senator from Alabama.

Mr. President, as the Senator pointed out, I recognize that requiring the capitalization of construction period interest and taxes in the case of housing held for sale in the ordinary course of business but not requiring capitalization in the case of equipment can be as discriminating against housing. I will make every effort to make any adjustments which may be necessary in this area in the conference.

Mr. **HEFLIN**. I thank the chairman.

Mr. **DOLE**. I thank my colleague.

THE MEDICARE AMENDMENTS

Mr. **BAKER**. Mr. President, I have just conducted a conversation with the distinguished Senator from Massachusetts and with the distinguished Senator from Montana about the medicare amendments. I also discussed the matter with the Senator from Arkansas.

I wonder if I could inquire of the Senator from Massachusetts first if it might be possible for us to arrive at arrangements to consider these amendments on another part of this bill, and whether or not it might be possible to remove those amendments from the list of amendments that are to be considered to this measure.

Mr. **KENNEDY**. I welcome the opportunity to cooperate with the leadership in the consideration of these matters, but I want to get assurance from the leader and the floor manager that these amendments would be in order, either as an amendment to the Dole amendment or in terms of the reconciliation.

I know the leader is well familiar with the procedural challenges what we are faced with now, and also the various rules and regulations that deal with the reconciliation and the time limitations.

I just would want to get assurance that we would have an opportunity to be able to present these with some time limitation. I do not think they would take a great deal of time, but I would want to make sure that any time limitation or debate limitation prior to the adoption of the reconciliation would let us be able to consider these amendments.

Mr. **BAKER**. Mr. President, I thank the Senator for his inquiry.

May I say I know of no reason why the Senator cannot offer his medicare amendments as an amendment to the reconciliation amendment to the boat bill, if he chooses to do so. I believe the Chair would state that until the reconciliation amendment is adopted, two things would obtain: first, reconciliation restrictions would not apply to debate, including the germaneness requirement; and, second, the reconciliation bill would be subject to amendment in one further degree.

The second-degree amendment, the medicare amendment, for example, would also not be subject to restrictions in reconciliation until the underlying first-degree amendment had been adopted.

From that view, I think the Senator has a clear and unobstructed opportunity to offer his amendment to the reconciliation measure that we anticipate will be offered to the underlying boat bill without any restrictions as to germaneness or limitations of time, or anything else pertaining to the reconciliation bill.

I might also say that the Senator would have available, I suppose, a first-degree amendment to the underlying boat bill itself if it were done before the reconciliation amendment were adopted.

So I think there is an opportunity for the Senator to do what he wants.

I am not trying to short-circuit his opportunities, but it is my impression that he would be free to do these things.

Mr. **BYRD**. Mr. President, will the Senator yield?

Mr. **KENNEDY**. I yield.

Mr. **BYRD**. Mr. President, the distinguished majority leader has just given assurance the best he can, that Mr. KENNEDY would be able to offer his amendment if it were germane. But in so speaking, the distinguished majority leader has, on more than one occasion, referred to the underlying boat bill.

The underlying boat bill is going to be wiped out by the committee substitute. It will not do the Senator any good to offer his amendment to the underlying boat bill unless the committee substitute is turned down, which it will not be.

I would hope that we could get assurance that the distinguished Senator from Massachusetts would be allowed to offer his amendment even though the amendment which is about to be voted on, at some point tonight, will have been adopted, and the amendment to which the Senator wants to offer his medicare amendment will have been adopted.

He will be attempting to amend something that has already been amended.

I hope that we can give the Senator assurance that he will be able to offer his amendment notwithstanding the fact that it will be offered to language that has already been amended, because the boat bill will not be worth a hill of beans to the Senator.

Mr. **BAKER**. Mr. President, if the Senator will yield for just a moment, I guess I added that gratuitously, that it could be offered to the boat bill. I guess as far as I am concerned, he is free to offer it as well to any substitute that may be offered. There is no doubt in my mind that he can offer it as a second-degree amendment to a reconciliation amendment that is offered to this bill. That reconciliation provision most assuredly, in my view, will survive and will carry the amendment of the Senator from Massachusetts with it.

Mr. **BYRD**. I know that the distinguished majority leader feels that there will be no point along this road where there will develop a situation in which the Senator will not be able to offer an amendment. There is not going to be such a problem down the road. But there are going to be reconciliation bills. It will not have the time restrictions and the germaneness restrictions that reconciliation measures normally embody because it will be offered as an amendment. If at some point, the majority leader seeks to get cloture, I do not know whether it is germane or not, but I am just concerned because there is many a slip twixt the cup and the lip, and I see some possible problems with the Senator's being able to get his amendment up.

I just wanted him to be assured that he will get unanimous consent to offer that amendment in any situation which otherwise his hands might be tied on.

Mr. BAKER. Mr. President, I have often said I have learned what little I know about Senate procedure from the Senator from West Virginia. That is almost altogether true, but I must confess I do not see the complications that he speaks of. Let me repeat what I am saying to make sure we are all singing off the same sheet of music.

What I represented to the Senator from Massachusetts was that if he chose not to offer his medicare amendments to this section of the bill—that is, the Finance Committee section of the bill—he would be free to offer it to the reconciliation section of this bill provided he did so before reconciliation was adopted.

Mr. President, I still believe that to be the case, and if I may, I inquire of the Chair if that is indeed the situation.

Mr. BYRD. Mr. President, I may have an inquiry of the Chair also. I just want the Senator who is giving up his right tonight to offer that amendment, I want to be absolutely sure that his problem down the road will not be that he will not be able to offer that amendment. I do not feel that assurance.

Mr. BAKER. Mr. President, let me ask the minority leader what sort of unanimous-consent request he would like me to put in order to guarantee that.

Mr. KENNEDY. If the Senator will yield, and the leader, let me express my appreciation to the minority leader. As all of us in this body understand, he is the master of the rules. It is not said with any sense of deprecation to the assurance of the majority leader that we would have an opportunity to vote on these, as I indicated, two amendments, probably and possibly a third amendment, that those amendments would not be prejudiced by the acceptance of any medicare provisions that would be accepted here this evening and that they would be in order. Or if there were some other measure that is going to be used to bring up reconciliation, that they would be in order. If the leader would give me those kinds of assurances here this evening, I am willing to work with the majority leader to be sure that we are going to have some opportunity to vote on the merits of this issue.

Mr. BAKER. Mr. President, there is another element that has just been injected into this as far as I am concerned. The Parliamentarian has just advised me, as has staff, that the Kennedy amendments purport to strike language that is embodied in the Finance Committee portion of this bill. That would be precluded absent unanimous consent.

Mr. BYRD. Which will have been adopted.

Mr. BAKER. That is correct. Had I known this, I would have suggested that we propound a unanimous-consent request that would preserve the right of the Senator from Massachusetts to offer that amendment to the reconciliation section notwithstanding that the Finance Committee portion of the bill has been adopted. I was not aware that the amendment was an amendment to strike a portion of this bill.

Therefore, Mr. President, if that will solve the problem, I am perfectly happy now to make a unanimous-consent request to that effect.

Mr. BYRD. Mr. President, there is no Senator in this body who has as much constant, every day, every week, every hour contact with the distinguished majority leader as I do. What he says is his bond. I have no doubt that he will do everything in his power to carry out any assurance. But it is not within his power to assure the Senator that unanimous consent will be given. He will do it, but he does not know that I will do it or he does not know that Senator ZORINSKY will or some other Senator. That is why I wish to protect the Senator. Once the language of that amendment is adopted tonight, the Senator might have a problem down the road. If the reconciliation bill hangs around here very long, I think the majority leader will try to get cloture.

Mr. BAKER. I might do that.

Mr. BYRD. And if he ever gets cloture on it and it is adopted, and Senator KENNEDY has not had his amendment up by that time, he may find himself with 1 hour to debate this important amendment.

The majority leader's unanimous-consent request is the elixir that cures all problems.

Mr. BAKER. Mr. President, I am just trying to be a good neighbor.

Let me put a unanimous-consent request and get home and see if this will cover the situation.

Before I put it, I understand that I may have the same situation with the Baucus amendment and the Bumpers amendment. But now, dealing just with the Kennedy amendment, I ask unanimous consent that, notwithstanding that the Kennedy amendment deals with a matter that will have been dealt with in the Finance Committee amendment, it will be in order for the Senator from Massachusetts to offer his medicare amendments to a reconciliation amendment to be offered to this bill.

I further ask unanimous consent, Mr. President, that the invoking of cloture will not preclude the opportunity of the Senator from Massachusetts to so offer.

Mr. BYRD. Mr. President, would the distinguished majority leader add this? That once the reconciliation amendment is agreed to and the reconciliation strictures regarding germaneness and time obtain, if the distinguished Senator has not had an opportunity to offer his amendment by then, the unanimous consent will be given now that he be given the opportunity to offer it.

All he wants is to offer it and get a vote on it. I just want to be sure that he does not sleep on his rights.

Mr. BAKER. Mr. President, I think I stepped in a hornet's nest. I think the best thing we can do at the moment is to make sure that I fully understand now all of the consequences of this situation. I had better not sleep on my rights, either, so let me withdraw the request for the moment, with my apologies for the use of a few minutes of the Senate's time at this late hour. I shall try to put something together and submit it to the distinguished minority leader and to the Senators who are offering these amendments along the line we have discussed.

At this time, Mr. President, I withdraw my request.

Mr. DOLE. Mr. President, I understand the Senator from California has worked out an amendment.

Am I correct? I understand I am not correct.

Mr. WILSON. Mr. President, let me respond to the distinguished manager. The Treasury has signed off, the majority has, the minority has. I understand that the Senator from Ohio still may have some question.

I am ready to proceed.

Mr. DOLE. That is on what; one of the three amendments?

Mr. WILSON. That is correct.

Mr. DOLE. The other two Treasury does not agree to?

Mr. WILSON. Yes.

Mr. DOLE. If I might suggest, maybe there is no way the Senator can work it out with the Senator from Ohio. There is one, as I understand—I will have the Senator discuss it with the Senator from Ohio.

Mr. METZENBAUM. Mr. President, if I may respond to the managers of the bill, a couple of hours ago I indicated that we are starting to move in that area where we are taking away that which we had previously. This amendment goes all the way beyond anything that is reasonable at all. Treasury is not for it. There is no reason for them to be for it.

Mr. WILSON. Point of order, Mr. President.

First of all, the amendment has not been submitted. I am perfectly willing to submit it. I am ready to proceed, if that is the will of the manager. But I think it would be preferable to proceed in the regular fashion and then, if there is to be debate on the bill, that is fine.

Mr. DOLE. There are a couple of amendments that we can dispose of. As I understand it, the Senator from Illinois (Mr. Dixon) and the Senator from Minnesota (Mr. Boschwitz) are prepared to proceed. Why not proceed with that amendment?

AMENDMENT NO. 3007

Mr. BOSCHWITZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. Boschwitz), for himself, Mr. Dixon, Mr. Percy, Mr. Heflin, Mr. Warner, Mr. Mattingly, Mr. Riegle, Mrs. Hawkins, Mr. Kasten, Mr. Exon, Mr. Melcher, Mr. Grassley, Mr. Rudman, Mr. Wilson, Mr. Boren, Mr. Abdnor, Mr. Specter, Mr. D'Amato, Mr. Simpson, Mr. Andrews, Mr. Roth, Mr. Cochran, and Mr. Nickles, proposes an amendment numbered 3007.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 468, beginning with line 13, strike out all through page 475, line 19, and insert in lieu thereof the following:

Subtitle L—Depreciation

SEC. 171. RECOVERY PERIOD FOR MOST REAL PROPERTY EXTENDED TO 18 YEARS.

(a) In General.—Subsection (b) of section 168 (relating to amount of deduction) is amended by adding at the end thereof the following new paragraph:

"(4) 18-Year real property.—

"(A) In general.—In the case of 18-year real property, the applicable percentage shall be determined in accordance with tables prescribed by the Secretary. In prescribing such tables, the Secretary shall—

"(i) assign a 18-year recovery period (19 years for property placed in service by the taxpayer before January 1, 1986, and after December 31, 1984, and 20 years for property placed in service by the taxpayer before January 1, 1985, and after March 15, 1984) to the property, and

"(ii) assign percentages generally determined in accordance with use of the 175 percent declining balance method, switching to the method described in section 167(b)(1) at a time to maximize the deduction allowable under subsection (a).

In the case of 18-year real property, the applicable percentage in the taxable year in which the property is placed in service shall be determined on the basis of the number of months in such year during which the property was in service.

"(B) Special rule for year of disposition.—In the case of a disposition of 10-year real property, the deduction allowable under subsection (a) for the taxable year in which the disposition occurs shall reflect only the months during such year the property was in service.".

(b) Low Income Housing.—Subparagraph (A) of section 168(b)(2) (relating to 15-year real property) is amended—

(1) by striking out "175 percent declining balanced method (200 percent declining balance method in the case of low income housing)" and inserting in lieu thereof "200 percent declining balance method", and

(2) by striking out the last sentence thereof.

(c) Definitions.—Paragraph (2) of section 108(c) (relating to recovery property) is amended—

(1) by redesignating subparagraph (F) as subparagraph (G),

(2) by inserting the following new subparagraph after subparagraph (E):

"(F) 18-year real property.—The term '18-year real property' means section 1250 class property which—

(i) does not have a present class life of 12.5 years or less, and

"(ii) is not 15-year real property,", and

(3) by striking out subparagraph (D) and inserting in lieu thereof the following:

"(D) 15-year real property.—The term '15-year real property' means section 1250 class property which—

"(i) does not have a present class life of 12.5 years or less, and

"(ii) is low-income housing.

For purposes of the preceding sentence, the term 'low-income housing' means property described in clause (i), (ii), (iii), or (iv) of section 1250(a)(1)(B).".

(d) Transitional Rule for Components.—Subparagraph (B) of section 168(f)(1) is amended to read as follows:

"(B) Transitional rules.—

"(i) Buildings placed in service before 1981.—In the case of any building placed in service by the taxpayer before January 1, 1981, for purposes of applying subparagraph (A) to components of such buildings placed in service after December 31, 1980, and before March 16, 1984, the deduction allowable under subsection (a) with respect to such components shall be computed in the same manner as the deduction allowable with respect to the first such component placed in service after December 31, 1980. For purposes of the preceding sentence, the method of computing the deduction allowable with respect to such first component shall be determined as if it were a separate building.

"(ii) Buildings placed in service before March 16, 1981.—In the case of any building placed in service by the taxpayer before March 16, 1984, for purposes of applying subparagraph (A) to components of such buildings placed in service after March 15, 1984, the deduction allowable under subsection (a) with respect to such components shall be computed in the same manner as the deduction allowable with respect to the first such component placed in service after March 15, 1984. For purposes of the preceding sentence the method of computing the deduction allowable with respect to such first component shall be determined as if it were a separate building.".

(c) Conforming Amendments.—

(1) Subsections (b)(3)(B)(iii), (f)(2)(B), (f)(2)(C)(ii)(II), (f)(2)(E), and (f)(5) of section 108 are each amended by inserting "or 18-year real property" after "15-year real property" each place it appears.

(2) Clause (ii) of section 168(b)(3)(B) is amended by inserting "or 18-year real property," after "15-year real property".

(3) Subparagraph (B) of section 168(d)(2) is amended by inserting ", or 18-year real property," after "15-year property".

(4) Clause (i) of section 168(f)(2)(C) (relating to recovery period for property used outside United States) is amended by inserting the following item after the item relating to 15-year real property in the table:

"10-year real property........ 35 or 45 years.".

(5) Sections 57(a)(12)(A), 312(k)(3)(A), and 1245(a)(5) are each amended by inserting "or 10-year real property" after "15-year real property" each place it appears in the text and headings.

(6) Subparagraph (B) of section 57(a)(12) (relating to items of tax preference) is amended to read as follows:

"(B) 15-year real property; 18-year real property.—With respect to each recovery property which is 15-year real property or 18-year real property, the amount (if any) by which the deduction allowed under section 168(a) for the taxable year exceeds the deduction which would have been allowable for the taxable year had the property been depreciated using the straight-line method (without regard to salvage value) over a recovery period of—

"(i) 15 years in the case of 15-year real property, and

"(ii) 18 years (19 years for property placed in service by the taxpayers before January 1, 1986, and after December 31, 1984, and 20 years for property placed in service by the taxpayers before January 1, 1985, and after March 15, 1984) in the case of 18-year real property.".

(7) Subparagraph (E) of section 57(a)(12) is amended by inserting " '18-year real property'," after " '15-year real property',".

(8) Paragraph (2) of section 48(g) (relating to qualified rehabilitation expenditure) is amended—

(A) by striking out "property" each place it appears in subparagraph (A)(i) and inserting in lieu thereof "real property",

(B) by inserting "or 18" after "15" in subparagraph (A)(i), and

(C) by striking out "15 years" in subparagraph (B)(v) and inserting in lieu thereof "18 years (15 years in the case of 15-year real property)".

(9) Subparagraph (A) of section 168(b)(3) (relating to election of different recovery percentage) is amended—

(A) by striking out "under paragraphs (1) and (2)" and inserting in lieu thereof "under paragraph (1), (2), or (4)", and

(B) by inserting after the item in the table relating to 15-year real property the following new item:

18-year real property.......	18 (19 in the case of property placed in service by the taxpayer before January 1, 1986, and after December 31, 1984, and 20 in the case of property placed in service by the taxpayer before January 1, 1985, and after March 15, 1984), 35, or 45 years.

(f) Basis Adjustment for Certified Historic Structures.—Section 48(q)(3) (relating to special rule for basis adjustment for qualified rehabilitated buildings) is amended by striking out "other than a certified historic structure."

(g) Reduction in Rehabilitation Percentage.—Section 48(a)(2)(F)(i) (defining rehabilitation percentage) is amended by striking out all items in the table under the heading "The rehabilitation percentage is:" and inserting in lieu thereof "10, 15, 25".

(h) Effective Date.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with request to property placed in service by the taxpayer after March 15, 1984.

(2) Exception.—The amendments made by this section shall not apply to property

placed in service by the taxpayer before January 1, 1987, if—

(A) the taxpayer or a qualified person entered into a binding contract to purchase or construct such property before March 16, 1984, or

(B) construction of such property was commenced by or for the taxpayer or a qualified person before March 16, 1984.

For purposes of this paragraph, the term "qualified person" means any person who transfers his rights in such a contract or such property to the taxpayer, but only if such property is not placed in service by such person before such rights are transferred to the taxpayer.

(2) On page 476, line 2 and line 8, strike the word "real", this amendment shall be effective with respect to dispositions after April 13, 1984 except for dispositions pursuant to contracts binding on April 12, 1984.

Mr. BOSCHWITZ. Mr. President, I present this amendment on behalf of myself and Senator DIXON and also Senators PERCY, HEFLIN, WARNER, MATTINGLY, RIEGLE, HAWKINS, KASTEN, EXON, MELCHER, GRASSLEY, RUDMAN, WILSON, BOREN, ABDNOR, SPECTER, D'AMATO, SIMPSON, ANDREWS, ROTH, COCHRAN, and NICKLES.

Mr. President, this amendment would change the period for depreciating real property that is now in the bill at 20 years to a declining period that phases out as follows: 20 years in 1984 starting on March 15, 19 years starting in 1985, and 18 years thereafter.

I might say that this amendment is revenue neutral. It has been worked out and gained the approval of all parties on all sides, and therefore is acceptable to all parties.

The amendment will lower the period of depreciation on real estate, as I indicated, and becomes revenue neutral because we changed some investment tax credit rules with respect to repair on existing real property.

Real estate that is 30 years or older now has a 15-percent investment tax credit. It would be reduced to 10. Real estate that is 40 years or older now has a 20 percent investment tax credit, which would be reduced to 15. Real estate of historical significance has a 25 percent investment tax credit. That would remain, but half of that investment tax credit now can also be depreciated. That privilege would be taken away.

It has also made revenue neutral by virtue of the fact that on depreciable personal property—in other words, personal property used in business that is not inventoried but that is sold—the accelerated depreciation would be recaptured as ordinary income if it exceeds straight line depreciation, and it is sold on an installment basis.

The bill contains a provision which would increase the number of years over which a structure—a house, an apartment building, an office building, a shopping center, or factory—can be depreciated. The committee bill would increase the depreciation period from 15 to 20 years, a 33-percent increase in the depreciation life.

In 1980, the Senate and House began to realize the tremendous problem our country faced with regard to the shortage of capital investment in comparison to the rates of capital growth necessary to provide jobs and a higher standard of living.

The solution to the problem, as we saw it then, was to create incentives in the tax system which would encourage capital formation and investment in plant, equipment, and machinery. The so-called 10-5-3 legislation which was discussed at that time, which provided for three tiers of depreciation lives for various forms of capital, was hailed as a significant step toward providing the investment needed to get us out of a period of economic stagnation and into a period of sustained growth.

Mr. President, when we began the debate in 1980, we knew that time was not on the side of those who would have wanted to wait; indeed, we were then heading into a depression, and we have seen the incredible hardship which came about because this country was not prepared to head off the collapse of economic activity, the tremendous loss of jobs, the ravages of inflation, and the attendant demoralization of our country, both economically and psychologically.

But, Mr. President, in 1981, we did something right. In that year we enacted the most far-reaching tax legislation ever enacted to provide real incentives for savings, investment, jobs, housing, and growth. The Economic Recovery Tax Act, which is not yet 3 years old, included as one of its cornerstones the incentives of the accelerated cost recovery system, the offspring of the 10-5-3 proposal we talked about in 1980.

It was not, Mr. President, as greatly stimulative as proponents of the earlier concept may have wanted, but it accomplished its stated purposes: To encourage investment, to reward capital formation, and to simplify the complex tax regulations which previously had governed the depreciation of capital assets.

Particularly with regard to the 15-year cost recovery period for real property, ERTA, and ACRS, provided an incentive for investors to provide rental residential units, to provide adequate workplaces which were safe and healthful, to provide factories and shopping centers for the development of industry and commerce, and to do all these things in a straightforward manner that was dependable.

I stress the word "dependable," Mr. President, because we all made speeches back then about the critical need to write a tax law that would remain in place for a sufficient period of time—indeed, from that time forward—so that investment decisions could be made with certainty. We were writing a law that would not try to fool our constituents into believing one thing today even though tomorrow would bring a new set of political decisions that would undermine their earlier investment.

Capital investment decisions must be made, Mr. President, with some degree of certainty that they will not be unraveled in a year or two. Unfortunately, Mr. President, that is what I fear the committee would have us do with the provision to increase from 15 to 20 years the cost recovery period for real estate—housing, office buildings, warehouses, factories.

I would note the most pressing concerns I have with the committee provision:

It is inappropriate, because it would change now a part of the law that has only had a year to begin taking effect. Let us be honest, Mr. President, the real estate industry did not begin to emerge from a recession until 12 months ago; investment in housing and office and shopping space had no chance to begin until interest rates came down from their historically high rates.

It is too much, because it places an increase in tax burden on real estate depreciation of 33 percent, decreasing by that amount the incentive to invest in structures either through new construction or through rehabilitation of existing structures.

It is discriminatory, because the committee would increase only the cost recovery period for structures, leaving untouched the recovery periods for other property.

The impact of this decision by the committee would be to reduce the potential for investment in structures by some $8 billion in the next year alone, and by $15 to $25 billion when this provision would become fully effective.

We will lose an estimated 400,000 jobs in this country in 1985 and millions more, potentially, over the decade.

Rents will go up, Mr. President, because the committee provision will result in thousands fewer rental housing units than we will have under present law, and as that shortage worsens, the market will drive up rents to compensate for the loss of tax benefits. In the part of the country where I come from, we can expect to have a lower standard of living and inadequate housing for our people because investment in housing will pass us by—it will simply not be worth the risk to put your money into housing when comparable investment—in T-bills, long-term corporate bonds, or other forms of investment—provide a similar or better yield.

Mr. President, corporate bonds and T-bills do not build housing. They may help us finance mergers and acquisitions, or help us finance the national debt, which is all too large, but the committee provision on depreciation wastes the opportunity to bring about a level of sustained growth in places for people to live, to shop and to work which we can count on under present law.

For all these reasons, and many more besides, I believe we must suggest a way to reduce the negative consequences of the committee bill, and we believe that the amendment offered here will accomplish that purpose.

We do not intend in doing so to harm the integrity of the committee bill's overall revenue levels, and as I will explain, we are providing for changes in the investment tax credit which will help offset the revenue loss brought about by our amendment's change in the depreciation period called for in the committee bill.

Mr. President, the amendment which the Senator from Illinois and I have put together, represents an effort to devise a compromise which is acceptable to all of the major groups' representative of the real estate and retail industries, while at the same time, preserves the overall integrity of the deficit reduction effort.

Our amendment would phase down the 20 year depreciation schedule for all real estate, residential and commercial, in lieu of the permanent 20 year useful life contained in the Finance Committee provision. The depreciation schedule will be 20 years in 1984; 19 years in 1985, and 18 years each year after that. There would be no change in the rate of acceleration which is 175 percent in the Finance Committee package and current law.

This schedule represents a reasonable compromise between the 15-year schedule in current law and the 20 year provision in the Finance Committee package, so that, ultimately an 18 year period will replace the committee's provision. At 18 years, we limit the damaging effects which an extension of the recovery period would have on the Nation's supply of rental housing and families who can least afford rent increases which would result from this investment disincentive for rental real estate.

Second, we would propose to increase the current half basis adjustment to a full basis adjustment when the investment tax credit for historic structures is claimed in conjunction with depreciation of the historic structure itself.

The change in basis adjustment is justified in our view, in order to reduce the generous benefits for those who buy and rehabilitate an historic structure. With a half-basis adjustment, a developer is required to reduce, by an amount equal to half the investment tax credit claimed, the depreciable basis of the property. That basis then is depreciated over the present 15 year period allowed in current law. Under our amendment, the depreciation period of course will become 18 years, an improvement for cost recovery of these structures from the committee provision of 20 years.

The change in basis adjustment would require the entire amount of the tax credit to be subtracted from the depreciable basis of the historic structure before calculation of depreciation. A full basis adjustment eliminates the recovery of the cost of a building under both the investment tax credit and depreciation, thus reducing the generous benefits.

Third, our amendment proposes a reduction of 5 percent for each of the rehabilitation tax credits provided under current law for nonhistoric, commercial structures.

Presently, rehabilitation of a structure at least 30 years old generates a tax credit of 15 percent, and a tax credit of 20 percent is allowed for rehabilitation of structures at least 40 years old. These credits compare to 10 percent tax credits allowed for purchase of equipment and personal property, and may have the effect, Mr. President, of encouraging churning of these rehabilitated property.

Although the Treasury Department has been unable to come up with any proof that these properties are being churned, there is nevertheless the concern that overly generous tax credits may induce a developer to buy a building, rehab it, and then sell it immediately after taking the tax benefits. To the extent that this may result in uneconomic, or tax-stimulated, decisions, I think it should be eliminated, and I share the concern of Treasury and the Finance Committee that this potential exists and needs correcting.

We would propose, then, to reduce the 15 percent credit to 10 percent, and the 20 percent credit to 15 percent—still useful as an incentive to rehabilitate the older structures in our country, but not overly generous.

Mr. President, our amendment has the following benefits, in my view:

The negative impact on investment in housing and real estate is notably reduced, leading, we hope, to continued improvement in the places Americans live, shop, and work.

The burden of tax increase, though still heavy on the real estate industry, is shared more equitably.

Potential abuse areas—overly generous benefits addressed, and in closing these loopholes we instill confidence in our Tax Code.

Finally, Mr. President, we do something that is not done often enough in this body: We moderate the temptation to react too precipitously in dealing with issues; we listen to those affected—in this case the industry—in putting together a solution; and we maintain our resolve to eliminate the burdensome Federal deficits which cause high interest rates and an imbalance of foreign trade.

Mr. President, I ask my colleagues to support my amendment, and to join with the Senator from Illinois and me to enact a meaningful improvement in the committee bill.

Mr. DIXON. Mr. President, I am pleased to join my distinguished colleague from Minnesota (Mr. BOSCHWITZ) and the other distinguished cosponsors in offering this amendment which will vastly improve the real estate provisions contained in the tax legislation now before us. My colleague from Minnesota has correctly described the amendment that we are now offering, which is the result of intense negotiations which have been going on for the last 2 days. I express my profound appreciation to the distinguished chairman of the Finance Committee, the ranking member on our side, the distinguished Senator from Louisiana, my colleague and friend from Ohio (Mr. METZENBAUM) who has also been consulted in connection with this. I appreciate the accommodation of all those who have been involved in the negotiations.

I understand the pressure the Finance Committee was under to produce revenue to reduce the deficit. The fact that it takes a bill of over 1,330 pages to raise an average of $16 billion per year, or $48 billion over 3 years, is ample testimony to the difficulty of that search. Nonetheless, I am concerned that the committee has adopted a provision which would have drastic, negative effects on housing, jobs, and investment decisions all across our country.

This provision alters the accelerated cost recovery system for real property by increasing the depreciation recovery period from 15 years to 20 years, and will, therefore, significantly disrupt economic decisionmaking in the United States. The investment playing field is already tilted against investment in structures, and this 20-year proposal will make that situation much worse, particularly since the committee chose not to change the depreciation rules for any other form of investment.

I would also like to point out that this change for structures is being proposed at a time when the housing and construction industries are trying to recover from the worst recession since the 1930's. I am sure I do not need to remind the Senate how recent and how terrible that recession was. Let me merely say, by way of example, that the recession could much more aptly be termed a depression in my own State of Illinois. The housing market literally collapsed and unemployment in the building trades exceeded 25 percent.

Now, housing and the construction industry have been coming back in recent months. We are currently in a period of recovery, and that recovery is reflected in increased housing starts and building construction. However, the recovery, at least in my view, is in real danger. Interest rates have increased a full 1 percent in recent weeks, for example, and housing, which is very sensitive to interest rates, will inevitably be hurt.

Further, the recovery has been rather uneven. In fact, many residents of Illinois and other hard-hit Midwestern States have not seen any recovery at all. Unemployment in Illinois did not fall last month, it rose by 1 percent to 10.5 percent.

I raise these issues to indicate that, although the climate for housing and building construction is brightening, it is extremely fragile and it will not take much to cause some real economic pain for those just now recovering their economic health.

If the tax bill's provision calling for a 20-year depreciation recovery period is enacted, there will be an almost immediate, negative impact on employment. I have seen studies which show that over 400,000 jobs nationwide would quickly be lost due to the slowdown in investment that the committee provision would cause. In my State of Illinois alone, the job loss is projected to be over 15,000.

Looking at housing in particular, the National Association of Home Builders estimates that over the next decade, 6 million new rental units will be needed to meet the demand created by new household formation and replacement requirements. Despite the notion in some quarters that there is an oversupply of rental housing, the fact is, as that figure indicates, that rental housing is in short supply. Conventional apartment production, however, has averaged only between 110,000 units and 130,000 units annually for the past 3 years. This is far short of the rate required to build the 6 million units needed in the next 10 years. The production shortfall in the 1980's, therefore, will be immense, and the greatest hardship will fall on moderate- and low-income households, who already pay a disproportionate share of their income for housing expenses.

Mr. President, increasing the recovery period to 20 years will only accelerate that situation. A December 1982, study by the Department of Housing and Urban Development indicates that tenants are the primary beneficiaries of rental housing incentives. While owners receive the initial benefits of the tax provisions, the enhanced return on investment will ultimately bring more investors into the rental investment market, resulting in lower rents. The reverse is also clearly true. If we make investment in housing less attractive, as the committee provision does, less housing will be constructed and rents will clearly rise.

The kind of broad-based attack on real estate and housing investment in the committee bill will not only hurt the industry and low- and moderate-income Americans, it will hurt our entire national economy. A 20-year recovery period will reduce commercial and residential investment by $8 billion per year, and reduce the gross national product by $16 billion per year. This is at a time when the real estate and housing industries are a major component of the economic recovery. About 30 percent of the GNP growth in the current economic upturn is attributable to housing.

And, if the economic case is not enough, consider the tax equity issue. Congress enacted the 15-year writeoff period now in law in 1981, little more than 2 years ago. The housing and real estate industries have relied on that action, and have reacted accordingly. Does it make good sense—is it equitable—to come back so soon and change that decision so significantly? This change will cost renters money, and it will cost building owners money. Buildings will be worth less than they otherwise would be because of this additional investment disincentive, and this effect will be magnified because other categories of investment are not similarly affected.

Mr. President, I do not think that is right. I do not think that is reasonable. And I do not think that is fair. That is why Senator BOSCHWITZ and I are offering this amendment.

The amendment is not an attempt to return to current law. It attempts to meet the committee more than half way by allowing a phase-in to an 18-year depreciation period—providing for a 20-year writeoff in 1984, 19 years in 1985, and 18 years in 1986 and thereafter.

Further, the amendment offsets the revenue loss caused by reducing the 20-year depreciation period in the committee bill to 18 years. Importantly, most of the revenue is replaced from other real estate tax increases which do not seriously reduce jobs, rental housing availability, or housing and building investment in the United States.

For example, the amendment slightly reduces the rehabilitation tax credits for nonhistoric structures and requires that the basis for depreciation on historic structures be reduced by the full amount of the investment tax credit, rather than half that amount, as at present.

To conclude, I believe this is an important amendment, Mr. President, important both to those who build housing and other real estate, and important to those that have to buy or rent housing. It is a fair amendment and is a reasonable compromise for purposes of Senate action. It does not go as far as I would like, but it will make a better conference solution much more likely. It is supported by the National Association of Home Builders, the National Association of Realtors, the National Retail Merchants Association, the American Retail Association, and the major retailing companies and associations comprising the retail tax committee. I urge its prompt enactment by the Senate.

Mr. CHAFEE. Mr. President, I must say this amendment comes with some regret. At least I see it that way. This is an amendment that we adopted in the Finance Committee in which we pushed up the time for depreciation from 15 to 20 years. The real estate people made out very, very well—there is no question about that—in this legislation that we adopted in 1981. The depreciation period is dropped from 40 years, in some instances 30 years, down to 15 and now we just eased them up to 20 with considerable added revenue. Now, they are going to make up the revenue, as I understand the explanation, by making some changes in the historic rehabilitation credit. They also reduced the credit on the rehabilitation of older buildings.

Now, I do also understand that this is acceptable to the historic preservation people; that there does not seem to be too much objection to this. Is there any information the chairman has on that? It seems to me that one of the great things we have done for our inner cities is to encourage the rehabilitation of these buildings by virtue of the tax credits that we have given and now they are the ones that are going to pay for this.

Mr. BOSCHWITZ. If the Senator from Rhode Island will yield, the tax credit with respect to historic buildings is not being changed. We are now allowing depreciation on half of the tax credit after it has been given, and there is still a 25-percent tax credit on historic buildings.

Mr. CHAFEE. The Senator changes the full basis adjustment. I know that. Also, do I correctly understand that the Senator is reducing the credit on older buildings to 10 percent and 15 percent instead of 15 percent and 20 percent?

Mr. BOSCHWITZ. That is correct.

Mr. CHAFEE. That is the reduction.

Mr. BOSCHWITZ. However, we are allowing more rapid depreciation of those buildings.

Mr. CHAFEE. Is it the statement that this is revenue neutral when you do all this?

Mr. BOSCHWITZ. That is correct.

Mr. CHAFEE. And the Senator is going to phase in this 20 to 19 to 18?

Mr. BOSCHWITZ. That is correct.

Mr. CHAFEE. Mr. President, as I understand it, the historic preservationists are not upset over this. If there were some revenue there, we could have picked up that in addition.

If there is anybody who has made out well in this Congress in the last 2 years, it has been the real estate lobby. Now we are giving them a little something more, and I have trouble with that.

Mr. METZENBAUM. Mr. President, will the Senator from Rhode Island yield?

Mr. CHAFEE. I yield.

Mr. METZENBAUM. Is it not a fact that what we have here is another instance in which the group that is best represented around here, the syndicators and those who lead in the real estate projects, have come in and seen what the Finance Committee did by raising the number of years from 15 years to 20 years; and in order to get back part of that which was taken away, they have impacted upon the historic depreciation that really has been used effectively to rehabilitate many of our older structures in downtown areas of the cities throughout the country; and those who have done those projects in many instances were not spoken for at these meetings that have taken place in the last 24 hours?

So we find that they found a place to pick up money, but not necessarily the right kind of money, and may be doing damage to the rehabilitation of older cities while at the same time protecting the real estate syndicators. I share the concern of the Senator from Rhode Island about this. I think it may be a compromise, but not a compromise that serves the Nation's interests very well.

Mr. CHAFEE. Mr. President, in the Finance Committee, we had long discussions on this matter, and the objective of the exercise was to prevent what we call churning. That is the constant turning over of the tax shelters and syndications and everything like that. So when we moved it upward, when we extended the depreciations period from 15 to 20 years, the real estate lobby objected. Of course they did. They object to everything. If they had their way, we would have it down to 10 years. I am amazed they did not have the gall to propose it.

Instead, when we were discussing backing down from the 20 years, there was discussion of some recapture provisions. What happens to those in this settlement?

I ask the chairman what happened to the recapture that we were going to get through if they backed down.

Mr. DOLE. Let me explain the best way I know.

You do what you have the votes to do, and the real estate lobby is very effective in every office in the Senate. They have been camping on our doorstep. They have been in the gallery, they have been in the lobbies, they have been in the elevators, and they had more votes than we had.

So you have to make some accommodation. I do not think we injured the real estate industry in going from 15 to 20 years, but they thought so, and they have enough muscle to change it.

We can vote on the 20 years, but I doubt that we have over 40 votes. Out of the first whip check on our side, we have 12 defectors and three leaning. That is muscle, political action.

They want the deficit reduced, but they do not want to contribute. They want it taken out of social security and want to take it away from the working people.

Mr. CHAFEE. Take it away from the older cities, too.

Mr. DOLE. They are great on deficit reduction, putting out big ads; cut social security benefits and tax benefits, but do not take away any shelters. They have the votes, and we have to deal with reality around here.

I do not want to lose $3 billion. I do not think we have harmed anybody in this package. I think it is a pretty good package.

Mr. LONG. Mr. President, I had hoped that a compromise would be worked out that I could support, but this compromise is a great, big hodgepodge.

It seems to me that the Senate should stand on principle at least once in a while. [Laughter.]

We had all these different proposals: Have one rate on depreciation for a building if it is going to be used for housing, another rate of depreciation if it is going to be used for another purpose, another rate of depreciation if it is going to be used for some other purpose. So we considered proposing that building, depending on what you are going to use it for, could be depreciated at three different rates.

The committee worked on that and concluded that we are proposing a 20-year writeoff in all cases. The building may last for 80 years, but we will let them write it off in 20.

But that is not enough. We thought it is enough to satisfy most of those involved until the realtors come to town.

The realtor is the person who will sell the house, not necessarily the guy who lives in it, or the guy who owns it. They come to town, not satisfied, and I am not saying they ever were satisfied. They would have preferred that nothing be done, but they had a proposal of their own.

They have been to Senator's offices, and they have been to my office. I said I would consider it and talk to Senator DOLE and others.

They wanted to cut the 20 to 18, and now here is a proposed compromise: 20 years depreciation the first year, 19 the second year, 18 the third year. The third year, they get everything they want. All one would have to do is to hold the property for 3 years and they get the depreciation they want from that time, which would be an encouragement to do something that might not be wise—that is, to postpone something you might logically do, because after that you get 18 years depreciation.

Mr. President, in order to do this, we would strike at a good provision in the law that has to do with rehabilitation. We were not getting anywhere with rehabilitating property until we put this language in the bill. Now that will have to go by the board or be seriously compromised in order to accommodate something that does not make much sense.

Keep in mind that after the third year, here is a big revenue loss from that time on, compared to what the committee thought was right.

What did the committee think was right? Whether it was going to be used for commercial purposes or a warehouse or a house, the building would last longer than 20 years—it was the same building—and so it should be depreciated over a 20-year period.

They may very well have the votes. I would like to see if they do. So I will ask for the yeas and nays, and I will vote against it. If Senators want to be consistent and stand on principle, they should vote against the whole thing.

Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER** (Mr. NICKLES). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CHAFEE. Mr. President, let me say another thing, in backing up what the Senator from Louisiana said.

The way this thing is being paid for is through depriving the inner cities of the tax credits that have been used for the rehabilitation of older buildings. That tax credit has been one of the great incentives for the rehabilitation of the older buildings in the core cities all over the country. That is being reduced.

As the Senator said, we were not getting anywhere with trying to preserve those buildings and have them adopt a new life through hundreds of millions of dollars being invested in them before we went to these tax credits. But that is being whittled away under the proposal here tonight. So I join the Senator from Louisiana, and I hope we can prevail in this vote.

Mr. BOSCHWITZ. Mr. President, I reviewed some of the statements made at the time the Economic Recovery Act was passed less than 3 years ago in this Chamber. I heard about the jobs that were going to be created when the depreciation period came down, the economic activity that was going to be generated.

It is made to appear that we are giving the real estate industry something this evening. This bill would add 5 years, and we are suggesting it should add only 3 years in the depreciation period. We are not making the sacrifice here. The inner cities are not making the sacrifice. Rather, it is the real estate industry.

They are agreeing to an 18-year depreciation period as opposed to 15 as exists in the present law.

The fact that we have had a more rapid depreciation means jobs. It means that we are going to get more buildings. It means that we are going to get more apartment houses. It means that perhaps, even in the inner city, more will be built because there would be more rapid depreciation.

So I do not agree with the Senator from Rhode Island that we are depriving the inner city. I do not agree that we are giving special advantage.

The bill takes away 5 years of depreciation, and we are saying that it should only take away an additional 3 years of depreciation.

The bill says that there should be a 20-year life for these buildings. We say 18. Under existing law, it is 15.

It was part of the Economic Recovery Tax Act, and indeed there has been economic recovery over the years in some degree because of the incentives of the Economic Recovery Tax Act.

I yield to my friend from Illinois who speaks very feelingly about jobs and about the condition of construction in the State of Illinois, because one who would say that construction is at some type of a peak at the present time is not aware of the situation that exists outside of this hallowed hall. That is just not the case.

A more rapid depreciation is in the interest of this Nation now, just as it was in 1981.

Mr. DIXON. Mr. President, may I support the comments made by my colleague from Minnesota?

The fact is that in this tax bill that we are about to pass tonight, 14 percent of the revenue is generated from the housing industry.

There may be some in this body who would suggest that the housing industry is in sound shape in their State. That would certainly not be true of the State of Illinois.

I take into account the concerns raised by some here regarding the rehabilitation questions. With 18-year depreciation, however, historic structure renovation is as well off as it was in the committee provision, even considering the change in basis adjustment.

Further, the rehabilitation questions were discussed before the compromise was agreed to between the distinguished chairman of the Finance Committee, Treasury and everyone else involved.

Now we were entirely willing to debate this entire issue on the basis of a straight 18-year accommodation. We are now in a position where we are taking 20, 19, and 18.

The whole matter is to be conferenced. Nothing at all has been done on the House side with respect to this.

I would suggest to those here who are going to decide this issue in a moment that the housing industry has taken the 14-percent hit already, if we accept the accommodation made with the chairman of the Finance Committee and Treasury.

I think that is a very substantial blow to an industry that still has acute problems at a time when the prime is again rising and there are difficulties, serious difficulties, in the housing industry in this country.

So I would say that the agreement is a fair one for purposes of Senate action, and we will make a very serious mistake if we reject this compromise.

Mr. PERCY. Mr. President, I am pleased to be a cosponsor of an amendment introduced by Senators BOSCHWITZ and DIXON to the Finance Committee's tax reform bill, the Deficit Reduction Act of 1984, regarding real property depreciation.

Prior to the Economic Recovery Tax Act (ERTA) of 1981, real property could be depreciated on a component-by-component basis over a depreciation period based on the estimated economic life of each component. ERTA established the accelerated cost recovery system (ACRS) with a depreciation period of 15 years for most domestic real property. Before ERTA reduced the minimum depreciation period for most real property and components to 15 years, the average depreciation period for real property was over 30 years.

As my colleagues are aware, the Deficit Reduction Act proposes to increase the depreciation period from 15 to 20 years. There are many reasons why the recovery period for structures from 15 to 20 years should not be changed. The 15-year recovery period has been a stimulus to investment in rental residential real estate. In addition, the real estate industry estimates a loss of $15 to $25 billion in investment in structures as capital is channeled into other forms of investment. Rather than sustaining the economic recovery, increasing the depreciation period will cause an estimated loss of 400,000 jobs and a loss of $8 billion in capital formation in 1985 alone.

Mr. President, because of the adverse impact a 20-year depreciation period would have on employment, housing, and economic investment, I am cosponsoring this amendment which has widespread support in the real estate industry. This amendment will, after a short phase-in period, result in a depreciation period of 18 years for all structures, require that those taxpayers who use the 25-percent tax credit for rehabilitating historical structures reduce the depreciable basis of the structure by an amount equal to the claimed tax credit, and reduce the tax credits claimed for rehabilitation expenses incurred with respect to older structures.

This three-part amendment spreads the burden of taxation in the real estate industry and eliminates potential abuses under current law. By increasing depreciation only to 18 years for structures, this amendment, more so than the committee bill, helps produce more rental housing at reasonable rents and jobs through construction. This amendment also eliminates potential abuses by reducing the benefits that now cause problems for the Department of the Treasury by use of the investment tax credit on older structures, and by removing the incentive for selling, rehabilitating, and then reselling commercial properties.

I strongly believe that the 20-year depreciation period proposed by the committee will have an adverse effect on the economic recovery. This amendment, with its limit on the increase in depreciation to 18 years, and because it has a revenue offset, meets the aggregate revenue requirements of the committee's tax bill. I urge my colleagues to support this amendment to equitably spread the burden of taxation and insure our commitment to sustaining the economic recovery.

Mr. DOLE. Mr. President, I shall just take 1 minute.

This agreement we made is the best I could do. I see at this stage nothing would be perfect.

I have my problems with parts of it, but I had more of a problem of losing $13 billion or $1.6 billion.

I think we can work this out in conference. Congress is going to meet next year. The realtors will still be around next year if we get the deficit down with their help.

So I suggest we vote. The yeas and nays have been ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

On this question, the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. MCCLURE), the Senator from Oregon (Mr. PACKWOOD), the Senator from South Dakota (Mr. PRESSLER), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), the Senator from Idaho (Mr. SYMMS), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting the Senator from Alabama (Mr. DENTON) would vote "yea."

Mr. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from California (Mr. Cranston), the Senator from Arizona (Mr. DeConcini), the Senator from Missouri (Mr. Eagleton), the Senator from Colorado (Mr. Hart), the Senator from South Carolina (Mr. Hollings), the Senator from Kentucky (Mr. Huddleston), the Senator from Louisiana (Mr. Johnston) and the Senator from Mississippi (Mr. Stennis) are necessarily absent.

The PRESIDING OFFICER (Mr. Kasten). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 62, nays 19, as follows:

[Rollcall Vote No. 74 Leg.]

YEAS—62

Abdnor
Andrews
Armstrong
Baker
Baucus
Biden
Bingaman
Boren
Boschwitz
Bumpers
Burdick
Byrd
Chiles
Cochran
D'Amato
Dixon
Dodd
Dole
Domenici
East
Exon
Ford
Garn
Glenn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Helms
Inouye
Jepsen
Kasten
Laxalt
Levin
Lugar
Matsunaga
Mattingly
Melcher
Murkowski
Nickles
Nunn
Percy
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sasser
Simpson
Specter
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Wilson
Zorinsky

NAYS—19

Bradley
Chafee
Cohen
Danforth
Evans
Heinz
Humphrey
Kassebaum
Kennedy
Lautenberg
Leahy
Long
Mathias
Metzenbaum
Mitchell
Moynihan
Pell
Proxmire
Sarbanes

NOT VOTING—19

Bentsen
Cranston
DeConcini
Denton
Durenberger
Eagleton
Goldwater
Hart
Hollings
Huddleston
Johnston
McClure
Packwood
Pressler
Stafford
Stennis
Stevens
Symms
Weicker

So Mr. Boschwitz' amendment (No. 3007) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BOSCHWITZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, first, real property depreciation is generally to be increased to 20 years, phasing down to 18 years for property placed in service by the taxpayer after 1985.

Second, rehabilitation tax credits are to be reduced by 5 percent except for certified historic structures.

Third, basis will be reduced by the full rehabilitation credit allowed with respect to certified historic structures rather than by one-half of the credit as under present law.

And fourth, depreciation recapture would be recognized currently on an installment sale of personal property, as well as real property. The rule regarding personal property would generally be applicable to sales after today.

I support the amendment for several reasons. One, I am advised that it is essentially revenue neutral. Second, I strongly support having the depreciation recapture rules override the installment sale rules. In such a situation, the taxpayer should have to recapture currently earlier tax benefits taken. I think extending this rule from real property, as it stands under the bill, to personal property as well is a large step forward. Third, I believe the present incentives for rehabilitations of structures are too generous.

Mr. President, I commend the distinguished Senator from Minnesota (Mr. Boschwitz) and the Senator from Illinois (Mr. Dixon) and others who worked on this amendment. It worked out fairly well.

I yield to the Senator from Texas.

AMENDMENT NO. 3008

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Mr. President, I send my amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Texas (Mr. Tower) for himself proposes an amendment numbered 3008.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert:

That section 1034(h) of the Internal Revenue Code of 1954 (26 U.S.C. 1034(h) is amended to read as follows:

"(h) Members of Armed Forces.—

"(1) In general. The running of any period of time specified in subsection (a) or (c) (other than the 2 years referred to in subsection (c)(4)) shall be suspended during any time that the taxpayer (or his spouse if the old residence and the new residence are each used by the taxpayer and his spouse as their principal residence) serves on extended active duty with the Armed Forces of the United States after the date of the sale of the old residence, except that any such period of time as so suspended shall not extend beyond the date 4 years after the date of the sale of the old residence.

"(2) Members stationed outside the United States or required to reside in Government quarters. In the case of any taxpayer who, during any period of time the running of which is suspended by paragraph (1)—

"(A) is stationed outside of the United States, or

"(B) after returning from a tour of duty outside of the United States and pursuant to a determination by the Secretary of the Department of Defense that adequate off-base housing is not available at a remote base site, is required to reside in on-base Government quarters

any such period of time as so suspended shall not expire before the later of the date provided for in paragraph (1) or the date 1 year after the date on which the taxpayer is no longer stationed outside of the United States or is no longer required to reside in such on-base quarters, described in subparagraph B as the case may be in either case (which period of time, as so suspended, shall not exceed 8 years).

"(3) Extended active duty defined.—For purposes of this subsection, the term 'extended active duty' means any period of active duty pursuant to a call or order to such duty for a period of 90 days or for an indefinite period.".

SEC. 2. EFFECTIVE DATE.

The amendments made by this Act shall apply to sales of old residences (within the meaning of section 1034 of the Internal Revenue Code of 1954) after date of enactment.

Mr. TOWER. Mr. President, this amendment has a narrow, but vitally important purpose. It amends the rules of Internal Revenue Code section 1034(h) that govern the rollover of capital gain on the sale of a personal residence for members of the Armed Forces who are stationed overseas or who are required to reside in Government quarters.

This amendment recognizes these unique circumstances faced by members of the Armed Forces by providing that, in the case of a member of the Armed Forces who is stationed outside the United States or who is required to reside in Government quarters, the normal nonrecognition period will not expire until the end of 4 years after the sale of the old principal residence or 1 year after the member is no longer stationed outside the United States or no longer required to reside in Government quarters, whichever is later, but not to exceed 8 years.

In my view, this change in the tax law is needed to properly coordinate our defense personnel policies with our tax policy for homeowners. The amendment has been cleared on both sides.

In my view, this change in the tax law is needed to properly coordinate our defense personnel policies with our tax polices for homeowners.

It is my understanding the amendment has been cleared by the Treasury Department and has been cleared on both sides of the aisle by the majority and the minority managers of the bill.

Mr. DOLE. Mr. President, the Senator from Texas accurately described the amendment and the fact that it had been cleared on both sides. We are pleased to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3008) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. TOWER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I understand that we can dispose of one of the amendments of the Senator from Michigan. I hope he will not press the other one, the bottle return bill.

Mr. LEVIN. Mr. President, the IRS presently taxes the deposits on beverage containers as income, even though distributors are obligated to refund the deposits upon the return of the beverage containers, usually within a few weeks.

I, along with Senator GRASSLEY, have introduced a bill to correct this inequity.

I understand from my friend, the chairman of the Finance Committee, that he would be willing to hold a hearing into this matter after the recess. On that basis, I, along with Senator GRASSLEY, would be willing to withhold our amendment at this time.

Mr. DOLE. Mr. President, the Senator is correct. Senator GRASSLEY is a member of the Senate Finance Committee and can give assurances of that hearing, and would probably preside, if necessary. We are prepared to do that. I do not know much about the bill. We certainly would have the hearing.

Mr. GRASSLEY. Mr. President, I appreciate what the Senator has said. I am a cosponsor of this amemdment. I think the course of action laid out by the chairman is the right course, and I am willing to cooperate with the chairman.

Mr. DOLE. Mr. President, as I understand, the Senator from Michigan has another amendment.

Mr. LEVIN. We are still trying to determine one figure on which there is some dispute. If there are other matters that could come before the Senate, I would suggest that course.

Mr. DOLE. I would hope while the Senator is figuring out the figures, the Senator might be able to offer the amendment on the disability bill which comes up in May. This bill will not get through conference until June, so there will be an earlier train than this one.

Mr. President, the majority leader has an amendment.

AMENDMENT NO. 3009

Mr. BAKER. Mr. President, I have an amendment which is on the list of amendments and qualified to be offered. I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER) proposes an amendment numbered 3009.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place add the following:

SEC. 817. INCREASED PAYMENTS FOR PRESIDENTIAL NOMINATING CONVENTIONS.

(a) IN GENERAL.—Paragraph (1) of section 9008(b) (relating to major parties) is amended by striking out "3,000,000" and inserting in lieu thereof "$4,000,000".

(b) TECHNICAL AMENDMENTS.—Paragraph (5) of section 9008(b) (relating to adjustment of entitlements) is amended—

(1) by striking out "section 320(b) and section 320(d)" and inserting in lieu thereof "section 315(b) and section 315(d)"; and

(2) by striking out "section 320(c)" and inserting in lieu thereof "section 315(c)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1984.

Mr. BAKER. Mr. President, I believe this amendment has been cleared on both sides. Indeed, it is offered at the request of the national committees of both parties.

Mr. President, the amendment deals with provisions for security arrangements at the two national conventions. The money will come from the fund held by the Treasury accruing from the $1 checkoff available to taxpayers on their income tax return. There is no new money involved, Mr. President. It is a budget authority to disburse funds from those revenues to defray the expenses of security at the two national conventions.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Tennessee.

The amendment (No. 3009) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, has the distinguished Senator from Arkansas been able to clear his amendment?

Mr. PRYOR. Mr. President, I would say to the distinguished chariman that I have just cleared the amendment, and Senator METZENBAUM also likes this amendment. I believe he is going to be a supporter of this amendment. I would like to offer it at this time.

Mr. METZENBAUM. I am not quite a cosponsor.

AMENDMENT NO. 3010

(Purpose: To amend the Internal Revenue Code of 1954 with respect to the unrelated business taxable income of private corporations established under Federal Law)

Mr. PRYOR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. PRYOR) proposes an amendment numbered 3010.

Mr. PRYOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the amendment add the following new section:

"SECTION—:

(a) section 513 of the Internal Revenue Code of 1954 (relating to unrelated trade or business) is amended by adding at the end thereof the following new subsection:

(h) EXCHANGES AND RENTALS OF NAMES FROM DONOR LISTS OR MEMBERSHIP LISTS.—

(1) GENERAL RULE.—In the case of an organization that is a private corporation established under federal law, the term "trade or business" does not include any trade or business of such organization which consists of exchanging with or renting to an organization described in Section 501 contributions to which are deductible under Section 170, the names and addresses of donors to, or members of, either organization.

(2) DEFINITION.—For purposes of this subsection, the term 'private corporation established under Federal law' means an organization which is subject to sections 2 and 3 of the Act of August 30, 1964 (36 U.S.C. 1102, 1103)."

(b) The amendment made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

Mr. PRYOR. Mr. President, this amendment provides an exception from the unrelated business income tax provisions for the rental or exchange of mailing lists between a congressionally chartered organization and nonprofit organizations. It is similar to S. 825, a bill originally introduced by the Senator from Texas (Mr. BENTSEN) and I certainly commend him for his efforts.

Mr. President, charitable and nonprofit organizations in this country often rent and exchange mailing lists. This rental and exchange is not for the purpose of raising money. It is to help them keep an up-to-date mailing list of their contributors. Therefore, Mr. President, it is related to the activities of the nonprofit organization. As such, Mr. President, this should not be subject to the unrelated business income tax provisions. However, the Internal Revenue Service has taken the opposite position.

My amendment will provide that if the mailing list is either exchanged or rented between a congressionally chartered organization and a nonprofit organization, the provisions of the UBTI will not apply. It is a tighter amendment than the bill I have previously referred to. First, it strikes any reference to the sale of the list. Only rental or exchanges are covered. Second, and more importantly, the exception from the UBTI will only apply when the transaction is between a congressionally chartered organization and a nonprofit organization. This insures that there will not be a transaction where a charity is exempt from the UBTI, and then a taxable entity gets a deduction for the rental payment. By making it apply to such a narrow category of entities, no abuse will occur.

This revision in the Tax Code is essential to the continued operation of nonprofit organizations such as the Disabled American Veterans (DAV). Chartered by Congress in 1932, the DAV membership consists of veterans who incurred service-related wounds, injuries, or disease as a result of wartime military service. Over 700,000 veterans have joined the Disabled American Veterans, which provides many benefits and services to its membership and the veteran community at large. For example, the DAV represents veterans, their dependents and survivors before the Veterans' Administration in determining compensation, pension, hospitalization, and other benefits that they are entitled to. These helpful services are paid for with contributions and funds raised by the DAV. The DAV service program is run at a cost of $18 million.

Against the relatively minor revenue loss involved, I ask the Senate to consider the services rendered and benefits offered to vast categories of deserving and needy people by charitable organizations. Some groups—and the DAV is a prime example—actually save the Government and the American taxpayer millions of dollars of expenditures through the performance of programs which supplement and/or take the place of similar Federal efforts.

For example the 263 DAV claims representatives perform the same services as do contact representatives and benefits counselors employed by the Veterans' Administration. The VA has said that should they be required to enlarge their staff by the same number of NSO's and supportive clerical personnel, an additional annual expenditure of $7.7 million would be required in the VA budget.

Also, during calendar year 1982 the DAV provided:

First, almost one-half million manhours of voluntary service and $0.4 million in monetary contributions to VA hospitals through the VAVS program.

Second, over $470,000 in college scholarship assistance to the children of needy disabled veterans.

Third, over $750,000 in direct monetary assistance to veterans in financially precarious situations.

Fourth, over $80,000 in direct monetary assistance to veterans who fell victim to "natural disasters."

Mr. President, this is a good amendment. It is directly related to the functions of the organization. The UBTI should not apply, and it will help many organizations—like the Disabled American Veterans, and others—to maintain their mailing lists. This will insure their continued viability, and I hope the Senate will approve this change.

I ask unanimous consent that a letter from the Disabled American Veterans in support of this amendment be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DISABLED AMERICAN VETERANS,
Washington, D.C., April 11, 1984.

Hon. DAVID PRYOR,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PRYOR: The Disabled American Veterans strongly supports you in your effort to secure a revision of the Internal Revenue Code to exempt from taxation certain income that is now received by Congressionally chartered veteran service and patriotic organizations through the exchange and rental of names and addresses from their contributor lists.

As you are most aware, the Internal Revenue Service (IRS) presently regards the renting and exchanging of names from the donor lists of nonprofit, charitable organizations as an Unrelated Business Taxable Income (UBTI) activity and, therefore, subject to taxation. IRS holds this view, notwithstanding the present UBTI statute which states, in part, that an activity of a nonprofit group shall not be considered UBTI if it is substantially related to the fundamental purpose and programs which constitute the basis of (the group's) tax exemption itself.

Donor list maintenance activity—the renting and exchanging of contributor names—is most essential to nonprofit organizations whose programs are funded through the generous support of the American public. In the DAV's case, if the sizable number of names lost each year from our donor list through normal attrition could not be replaced, then, quite obviously, revenues would drop dramatically and our organization's charitable endeavors would be placed in serious jeopardy.

The DAV does not believe that Congress intended the limited number of Congressionally chartered organizations listed in Title 36, USC to be taxed on an activity that is so very much related to their ability to fund and operate their programs and services. We also believe the activities of Congressionally chartered groups such as the DAV, which often supplement and/or take the place of similar federal benefits and services, should, whenever possible, be encouraged by our government.

Needless to say, the virtually insignificant revenue impact of your proposal pales in comparison to the dollar value of services performed by Congressionally chartered organizations.

In closing, Senator Pryor, let me again state that the 856,000 members of the Disabled American Veterans strongly supports you on this most important issue. We would hope—and urge—that your colleagues in the Senate give you this same measure of support.

Sincerely,

DENNIS A. JOYNER,
National Commander.

Mr. President, this amendment has been cleared on both sides of the aisle.

Mr. President, I ask unanimous consent that the distinguished Senator from West Virginia (Mr. RANDOLPH) be added as an original cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. I thank the Chair.

Mr. DOLE. Mr. President, I have no questions on this amendment. I have no objection to the amendment.

Does the Senator plan to pursue his amendment numbered 16, the mortgage revenue bonds?

Mr. PRYOR. I do have another amendment. It is being worked out at the present time. It concerns the effective date of mortgage revenue bonds. I hope this can be worked out with a colloquy.

Mr. DOLE. I hope it can be.

The PRESIDING OFFICER. Is there further debate on the amendment of the Senator from Arkansas? If not, the question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (No. 3010) was agreed to.

Mr. PRYOR. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kansas.

AMENDMENT NO. 3011

(Purpose: To increase the gasohol exemption an additional .75 of 1 cent and for other purposes)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of myself and Senators EXON, BOREN, DOMENICI, DURENBERGER, GRASSLEY, and JEPSEN.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself, Mr. EXON, Mr. BOREN, Mr. DOMENICI, Mr. DURENBERGER, Mr. GRASSLEY, and Mr. JEPSEN, proposes an amendment numbered 3011.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 820, line 3, strike out "Sec. 603." and insert in lieu thereof "Sec. 602.".

On page 821, line 17, strike out "10,000 pounds" and insert in lieu thereof "8,000 pounds".

On page 822, between lines 5 and 6, insert the following new subsection:

"(c) Special Rule for Certain Buses.—Subsection (b) of section 6427 (relating to fuels not used for taxable purposes) is amended—

"(1) by striking out 'paragraph (2)' in paragraph (1) and inserting in lieu thereof 'paragraphs (2) and (3)', and

"(2) by adding at the end thereof the following new paragraph:

"(3) Special rule for certain buses.—In the case of any automobile bus operated by or for any person other than a unit of State or local government, paragraph (1) shall apply only with respect to the rate at which the tax was imposed by subsection (a) of section 4041 prior to July 1, 1984.

On page 822, line 6, strike out "(c)" and insert in lieu thereof "(d)".

On page 824, line 6, strike out "(d)" and insert in lieu thereof "(e)".

On page 826, line 10, strike out "9 cents" and insert in lieu thereof "8.25 cents".

On page 826, line 12, strike out "3 cents" and insert in lieu thereof "2.25 cents".

On page 826, line 19, strike out "3 cents" and insert in lieu thereof "2.25 cents".

On page 826, line 21, strike out "6 cents" and insert in lieu thereof "6.75 cents".

On page 826, line 26, strike out "60 cents" and insert in lieu thereof "67.5 cents".

On page 827, line 2, strike out "45 cents" and insert in lieu thereof "50.6 cents".

On page 827, line 6, strike out "6 cents" and insert in lieu thereof "6.75 cents".

On page 827, line 10, strike out "60 cents" and insert in lieu thereof "67.5 cents".

On page 827, between lines 15 and 16, insert the following new subsections:

"(g) Floor Stocks Refunds.—

"(1) In general.—Where, before July 1, 1984, any increased-exemption article has been sold by the manufacturer, producer, or importer and on such day is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the excess tax paid by such manufacturer, producer, or importer on his sale of the article if—

"(A) claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before December 1, 1984, based on a request submitted to the manufacturer, producer, or importer before September 1, 1984, by the dealer who held the article in respect of which the credit or refund is claimed, and

"(B) on or before December 1, 1984, reimbursement has been made to the dealer by the manufacturer, producer, or importer in an amount equal to the excess tax paid on the article or written consent has been obtained from the dealer to allowance of the credit or refund.

(2) Elimination of eligibility for credit or refund.—No manufacturer, producer, or importer shall be entitled to credit or refund under paragraph (1) unless he has in his possession such evidence of the inventories with respect to which the credit or refund is claimed as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection.

(3) Other laws applicable.—All provisions of law, including penalties, applicable with respect to the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with paragraphs (1) and (2) of this subsection, apply in respect of the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayments of the tax.

(4) Special rules.—For purposes of this subsection—

(A) The term "dealer" includes a wholesaler, jobber, distributor or retailer.

(B) An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made) and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(C) The term "increased-exemption article" means any gallon of article on which a tax of 4 cents was imposed by section 4081 as in effect on June 30, 1984, and on which a tax of 1.75 cents was imposed by section 4081 as in effect on July 1, 1984.

(D) Except as otherwise expressly provided herein, any reference in this subsection to a section or other provision shall be treated as a reference to a section or other provision of the Internal Revenue Code of 1954.

(h) Transfer of Floor Stocks Refunds From Highway Trust Fund.—The Secretary of the Treasury shall pay from time to time from the Highway Trust Fund into the general fund of the Treasury amounts equivalent to the floor stocks made under this section.

On page 827, line 16, strike out "(g)" and insert in lieu thereof "(i)".

On page 831, line 8, strike out "Sec. 622." and insert in lieu thereof "Sec. 621.".

Mr. DOLE. Very quickly, Mr. President, what this amendment does to make it revenue neutral is to add three-quarters of 1 cent to the gasohol exemption.

In the Senate Finance Committee, the distiguished Senator from Minnesota wanted to increase it. I guess he wanted 9 cents. He finally voted on 8 cents. The Senator from Kansas and others opposed that amendment on the theory that it would cause to take money from the Department of Transportation, from the trust fund.

Mr. President, we have now been able to reconcile that. We are not getting 3 cents. We are getting three-quarters of 1 cent. So we go to conference and the present law is 5 cents, there is 1 cent in the committee bill, and this will make it 6¾ cents. I assume there will be some negotiation in conference.

Mr. President, this is a very important amendment to a number of Senators. I would hope it might be agreed to.

Mr. President, I ask unanimous consent to add Senator Percy as a cosponsor, and also Senator Danforth.

The PRESIDING OFFICER. Without objection, it is so ordered.

ETHANOL: A VALUABLE INSURANCE POLICY

Mr. PERCY. Mr. President, I rise in support of the amendment by my colleague from Kansas (Mr. Dole) to increase the Federal highway tax exemption for gasoline-ethanol blends to 6¾ cents per gallon.

As a cosponsor of S. 1931, which Senator Durenberger introduced earlier this session, which is reflected in this amendment, I applaud this initiative in attempting to secure additional Federal support for this important industry.

In 1977, together with the distinguished chairman of the Finance Committee, I introduced the original 4-cent-per-gallon exemption of what we then called gasohol and what we call today ethanol-enhanced gasoline blends. I did this after being approached by Mr. Al Mavis of Rochester, Ill., one of the agricultural leaders urging support for this industry.

Since then the industry has grown to the point, where almost 4 percent of all the gasoline sold in the United States contains 10 percent ethanol.

In 1982, it was my pleasure to see front page photographs of President Reagan signing into law the Surplus Agricultural Commodities Disposal Act of 1982 (Public Law 97-358) which I introduced earlier that year. The bill gives the Commodity Credit Corporation the authority to convert surplus corn stocks into fuel grade ethanol.

Illinois has emerged as the ethanol producing capital of the United States. According to the Illinois Department of Agriculture, 5,000 new jobs directly and indirectly related to this industry have been created in the last 5 years, despite the recent recession.

This industry has been a valuable tool to the Nation's corn growers.

In 1982, the fuel ethanol industry consumed just under 100 million bushels of corn raising the market price by an average of 5 cents per bushel. In 1983, of course, we had a PIK program for corn, but given the cost of the program it may not be repeated in the future. Although Secretary Block is to be congratulated for developing PIK, we need new domestic markets for corn.

We should also examine the national security implications of an ethanol program. No one is promising that fuel ethanol will replace gasoline. However, it can be a valuable fuel extender—particularly in rural areas that would be subject to a shortfall of fuel in the event of another oil disruption crisis. Further, both United States and Brazilian manufacturers are ready to introduce farm tractors which can run on ethanol instead of diesel fuel.

I might add that some people believe that we will be discriminating against Brazil if we adopt this legislation. Nothing can be further from the truth. The exemption that I introduced in 1977 was never intended to benefit foreign alcohol producers. Its sole justification is to stimulate the creation of a domestic industry prior to its planned phaseout in 1992. At that time, the ethanol market will have grown so large in the United

States with this increased exemption, that Brazil will be in a prime position to compete with our producers.

I admire the ambitious program by the Brazilians to convert their gasoline passenger fleet to cars that run on 100 percent ethanol made from sugar cane. I have driven an ethanol car made in Brazil and it rides very well. However, if we allowed them to qualify for this domestic exemption, those opposed to any Federal assistance to the ethanol industry would be handed a very persuasive argument for the early termination of any Federal highway tax exemption. We cannot allow this to happen.

A draft General Accounting Office (GAO) study that I ordered with Senator DURENBERGER and Senator EXON has concluded that the cost savings from agricultural support programs would more than offset any revenue loss.

In addition, the draft study found that by 1990, a billion gallon ethanol program could result in a net gain in farm income of $3.59 billion.

Mr. President, I again urge adoption of this amendment.

Mr. DANFORTH. Mr. President, it is my understanding that this amendment also increases the tariff.

Mr. DOLE. That is correct, by 7.5 cents.

Mr. DANFORTH. Mr. President, I would like to point out that the administration opposes this amendment, as I understand it, because it does increase the tariff and that would result in compensation by Brazil against the United States.

On November 9, 1983, Ambassador Brock wrote to Chairman DOLE in part as follows:

> As a matter of general policy, USTR opposes bills which would increase duties on items bound in the General Agreement on Tariffs and Trade (GATT). Under the international trading rules of the GATT, a country which increases the duty on a bound item is obliged to pay compensation to affected trading partners or face retaliation. Compensation is usually paid in the form of lower tariffs on other items furnished by the supplying countries. As a general rule, we attempt to avoid trading increased protection for one U.S. industry or sector in return for reduced tariff protection for other industries or sectors.
>
> We have recently concluded negotiations with the Government of Brazil regarding compensation for the earlier tariff increases on ethyl alcohol. The Brazilians agreed to suspend their claim for compensation under Article XXVIII of the GATT in return for the reduction of the U.S. tariff on canned corned beef as provided for in section 122 of H.R. 3398. Enactment of additional tariffs on ethyl alcohol would jeopardize this agreement and force us to reopen the compensation discussions.
>
> There are procedures under current law to provide relief from imports if they are being traded unfairly, if they threaten a domestic industry with injury, or if the national security requires the protection of domestic capacity. A tariff increase such as that proposed in S. 1931 circumvents these procedures and makes it more difficult for the United States to convince our trading partners not to take similar protectionist actions.

Mr. President, I shall say no more. I shall not ask for a rollcall vote, but I shall vote against this amendment.

The PRESIDING OFFICER. Is there further discussion? If not, the question is on agreeing to the amendment.

The amendment (No. 3011) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Is the Senator from Michigan ready now?

Mr. LEVIN. I am.

AMENDMENT NO. 3013

(Purpose: To increase the deduction for two-earner couples, and to keep the maximum tax rate on estates at 60 percent)

Mr. LEVIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Michigan (Mr. LEVIN), for himself and Mr. RIEGLE, proposes an amendment numbered 3013.

On page 1196, line 18, add the following new section:

SEC. . DEDUCTION FOR TWO-EARNER COUPLES.—

(a) DEDUCTION.—At the end of (a)(2) of section 221 of the Internal Revenue Code (relating to a deduction for two earner couples), add the following new sentence: "In the case of taxable years beginning after December 31, 1984, 10.5 percent shall be substituted for 10 percent."

SEC. . ESTATE AND GIFT TAXES RATES.—MAXIMUM RATE.—

(a) GENERAL RULE.—Paragraph (1) of section 2001(c) of the Internal Revenue Code (relating to rate schedule) is amended by striking out the last item in the table and inserting in lieu thereof:

"Over $2,500,000 but not over $3,000,000.	$1,025,800, plus 53 percent of the excess over $2,500,000.
Over $3,000,000 but not over $3,500,000.	$1,290,800, plus 59 percent of the excess over $3,000,000.
Over $3,500,000.................	$1,575,800, plus 60 percent of the excess over $3,500,000.".

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 200(c) (relating to phase-in of 50 percent maximum rate) is amended—

(1) by striking out "50 percent" in the heading and inserting in lieu thereof "60 percent",

(2) by striking out "1985" in subparagraph (A) and inserting in lieu thereof "1983", and

(3) by striking out subparagraphs (C) and (D).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying after, and gifts made after, December 31, 1983.

Mr. LEVIN. Mr. President, this amendment will provide a tax cut for approximately 14 million married couples by reducing the marriage penalty tax. We have gone part way in reducing this tax a few years ago by providing a deduction of 10 percent of the income of the lesser earning spouse, with a maximum of $3,000. I think as we all know in this Chamber, there are still millions and millions of married couples who are penalized by being married. I think we all conceded that when we provided this deduction a few years ago, we had only gone part way and that we had a much longer way to go. So, we are still faced with the fact that there are about 15 million married couples who are penalized. We must decide whether or not we should try to do something about that penalty.

This amendment will provide them a very modest tax cut. It would also reduce the deficit by $220 million over 4 years.

Mr. President, I see already a quizzical look on at least some of my colleagues' faces: How is it possible you can give a tax cut to about 15 million couples who are penalized because they are married and at the same time give us a deficit reduction of over $200 million? The way we pay for this is simply by keeping the present maximum estate tax rate for the wealthiest one-tenth of 1 percent of the estates.

We ought to think about it, because that is about 1,500 estates a year that pay the maximum rate of 60 percent, which is the present rate. Unless we change the law, that rate will go down to 50 percent. If we just keep the present rate in the law at 60 percent for one-tenth of our estates, the wealthiest estates we have, the ones that are $2.5 million or more, we can provide some, I think what most people would admit is equitable tax relief to about 15 million married couples. Again, I emphasize at the same time, we can reduce our deficit by about $220 million over the 4 years 1984 to 1987.

So, if we are looking to lower taxes for middle-income people and reduce the deficit and to modify what has been excessive tax relief for our wealthiest families, at least compared to our middle-income and lower-income families, this is the amendment which we should adopt.

I want to make one point very clear. That is that no estate which is not subject to tax now or to tax under the phased-in schedule for estate exemptions that we set up in 1981 will be affected by this amendment. So nobody, no estate which thought they were free from estate taxes will find themselves covered by this amendment. No estate valued under $2.5 million will be affected. We simply will keep the 60 percent maximum tax rate for estates over $2.5 million.

Again, Mr. President, that is less than one-tenth of 1 percent of the estates of this country. One thousand five hundred of the wealthiest estates will pay a little more; 15 million married couples will pay a little less.

In actual terms, Mr. President, the maximum deduction to offset the marriage penalty would increase under this amendment from $3,000 where it presently is to $3,150. That is the maximum increase in the deduction which would be allotted to married couples. This would result, under this amendment, from increasing the deduction which we presently allow from 10 percent to 10.5 percent of the first $30,000 of income of the lesser earning spouse.

In doing so, this amendment follows the pattern already set by the committee in its increase in the formula for the earned income credit from 10 to 10.5 percent. In other words, we are taking what the committee has done and simply following that pattern but giving slightly more relief to married couples who are now penalized and less relief to the wealthiest of our estates.

Mr. President, I ask unanimous consent that a table prepared by the Joint Committee on Taxation as an explanation of the 1981 Tax Act be printed in the RECORD. This sets out the marriage penalty for two-earner incomes in 1984.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE IV-6.—MARRIAGE TAX PENALTY FOR TWO-EARNER COUPLES UNDER PRIOR LAW AND THE ACT FOR 1984

Income of husband	Income of wife				
	$10,000	$20,000	$30,000	$50,000	$100,000
$10,000:					
Prior law	$103	$185	$157	-$134	-$241
Act	-121	-84	-146	-512	-2,360
$20,000:					
Prior law	185	822	1,350	1,701	1,671
Act	-84	90	388	557	-837
$30,000:					
Prior law	157	1,350	2,166	2,901	2,918
Act	-146	388	606	1,110	185
$50,000:					
Prior law	-134	1,701	2,901	3,760	3,777
Act	-512	557	1,110	2,290	2,007
$100,000:					
Prior law	-241	1,671	2,918	3,777	3,794
Act	-2,360	-837	185	2,007	3,390

Notes.—The marriage bonus or penalty is the difference between the tax liability of a married couple and the sum of the tax liabilities of the two spouses had each been taxed as a single person. Marriage bonuses are negative in the table; marriage penalties are positive. It is assumed that all income is earned, that taxpayers have no dependents, and that deductible expenses are 23 percent of adjusted gross income and are allocated between spouses in proportion to income.

Computations under the Act assume the rate schedules and two-earner couple deduction in effect in 1984.

EXPLANATION OF PROVISION

General rules

With certain exceptions, two-earner married couples who file joint returns are allowed a new deduction from gross income in arriving at adjusted gross income (new sec. 221). Taxpayers may claim this deduction even if they do not itemize personal deductions.

The deduction will equal ten percent (five percent for taxable years beginning in 1982) of the lesser of the qualified earned income of the spouse with the lower qualified earned income or $30,000. Thus, the maximum deduction will be $1,500 for taxable years beginning in 1982 and $3,000 for subsequent taxable years. If the qualified earned income of each spouse for the taxable year is the same, the Congress intended that the deduction may be computed using the qualified earned income of either one of the spouses.

Mr. LEVIN. Mr. President, this chart was prepared at the end of 1981, but it still gives us an idea of the magnitude and distribution of the marriage penalty. According to this chart, the marriage penalty for a two earner couple, each of whom makes $30,000, would be $606. This amendment would not eliminate that penalty—although that is a goal we should strive for—but it will reduce it somewhat. Increasing tax equity, like reducing the deficit, is often achieved by a multiciplicity of small steps.

We took some steps before; this adds a small step to what we have done.

Mr. DOLE. Mr. President, this is what happens at 3 o'clock in the morning. We have not even seen the amendment. It has been drafted and we heard about it at 6 o'clock. What we are trying to do now is come in here at 3 o'clock in the morning and rewrite the marriage penalty. We have that under study right now in the Finance Committee and the Treasury. We find although the marriage penalty is helpful to a great many couples, a good many other couples get bonuses, not penalties but bonuses, in 1981. They are better off after taxes by being married. That is all right.

It does nothing to better target the marriage penalty relief. The marriage penalty relief is designed to help working couples.

Again, I hope we will not push this amendment. We are in the process right now—the Joint Committee, the Treasury, the Finance Committee—trying to look into the marriage penalty. In fact, we almost offered an amendment ourselves to reform the so-called marriage penalty relief.

Mr. MOYNIHAN. Will the Senator yield?

Mr. DOLE. I am happy to yield.

Mr. MOYNIHAN. I believe I was the author of the present legislation.

Mr. DOLE. That is right, Mr. President.

Mr. MOYNIHAN. We considered it a step forward. We did not adopt changes in the committee without hearings because it is more complicated than we at first understood. We are going to have hearings and I would ask the author of this amendment, as the author of the present arrangement, if he would not have patience with the committee, the committee is trying to learn a complicated subject and produce, in the spirit the Senator from Michigan proposes, a further advance which in fact will be an advance and not involve the unanticipated consequences to which the Senator from Kansas, the distinguished chairman, has referred.

I feel that the committee will continue to be responsible and has not concluded with the matter at all.

Mr. DOLE. In fact, I do not have it, but there was a rather exhaustive article in the New York Times pointing out some of the anomalies, discrepancies in the marriage tax penalty. That tipped us off that we should go to work. But in addition, there is not any correlation between the estate tax and the marriage penalty.

We finally said, after 20-some years, that we are going to get a little estate tax relief, and now everybody wants to freeze something so they figure we are going to freeze the rich people. Generally the wives live longer than the husbands. They are the ones who have the estate tax problem, not the husband. He is gone somewhere else, depending on what he has been doing. And so why should we have the estate tax financing relief from the marriage penalty?

We will be glad to work on this, but if the Senator wants a vote I will be glad to try to table it. I think this should be an indication it is time to stop. I hope everybody agrees.

Mr. LEVIN. I would like to comment on one thing that my friend said, and that is the fact that this came—we have been working on this a long time.

Mr. DOLE. We do not have a copy of it yet.

Mr. LEVIN. We would be happy to get the Senator a copy. We have many copies available. We tried to get information from the joint tax committee so we could determine how many people still are in fact disadvantaged by the marriage tax penalty.

All I can tell the Senator is that the CRS tells us 15 million couples are still disadvantaged. We have not been able to confirm that with the joint tax committee. That was the figure I was hoping to get before we introduced this amendment tonight and that was the reason we waited to do it until the very end. But this amendment has been available. It is no secret. Why is it paid for out of the estate tax? Because we want to be at least revenue neutral.

If we do not pay for it somehow, we are open to the very legitimate attack that we are going to add to the deficit. We decided not to do it. We have to look for an equitable place to pay for this equity, and the equitable place is those very wealthy estates which have already been given significant relief. Again, we are talking about 1,500 estates a year larger than $2.5 million that are paying a 60-percent rate. They have been reduced from 70 percent, and we are saying simply keep it there to give 15 million couples relief.

Now, the answer of the chairman of the Finance Committee is, "Well, but there are some people who may actually have done a little better than we thought when we voted for this a few years ago."

The position that we are in, unless we are on the Finance Committee, is when do we get to offer these amendments to provide tax reform? Is there another vehicle coming along so that the chairman of the Finance Committee can give us some assurance we will be able to offer this amendment? I was happy, by the way, to offer this after the recess on the reconciliation.

Mr. DOLE. We are going to try to finish all the tax issues today.

Mr. LEVIN. I understand that, and I accept that. But the question is when does this opportunity come along for those of us who are not members of the Finance Committee?

Mr. DOLE. I do not say this in jest, but there is a disability bill which we have already agreed to bring up in May. I do not think we will be finished in conference by the time that comes up. That train is going to be way ahead of this one, and it is a possibility.

There is also the tariff bill that the distinguished Senator from Missouri (Mr. DANFORTH) is very anxious about. So there are all kinds of opportunities.

Mr. LEVIN. May I ask my friend one question, in all seriousness? When does the Senator expect that the Finance Committee will review the marriage penalty tax?

Mr. DOLE. I am advised probably this summer. I was told by my staff that that might be a way to pick up some revenue, to go in and reform the marriage penalty. I thought about that for about 10 seconds and decided maybe somebody else would want to do that because it has a lot of appeal and whatever you do in there it might be misunderstood. So we have decided not to do it on this bill, but I have asked the committee to see if there is some legitimate thing we can do and then redistribute the so-called bonus to the people who ought to benefit, as I am certain was the intention.

I do not quarrel with the intention of the Senator. I know his motivation is to help married couples. But you find, when you have one spouse with a high income and another with a low income, there is in effect a bonus and that happens a lot. There are a lot of married couples where one spouse has a fairly high income and one a substantially lower income. But I would say we would take a look this summer.

Mr. LEVIN. The Senator is then saying that the report of the Finance Committee will come after whatever vehicles he predicts will be available? In other words, it would be too late for us to try to get some relief to 15 million people this year?

Mr. DOLE. I assume we will have other vehicles. I do not want to make a commitment that there is going to be a vehicle where it can be offered. I would just as soon vote on it now, if that is the desire of the Senate. I think we need to study this problem, and I do not want to freeze the estate tax changes.

Why, the American Farm Bureau president would jump out of his bed tonight if he thought we were talking about freezing the estate tax. That is the biggest issue the American Farm Bureau ever had. I do not want to disappoint the farmers in my State, or any other State. So I am prepared to vote.

Mr. LEVIN. I think we should vote, but let me answer the Farm Bureau question. There is not one farmer who is going to lose any sleep over this.

Mr. DOLE. He is probably already asleep. [Laughter.]

Mr. LEVIN. I do not think anything we do here is going to wake him up. I doubt that we are going to be waking up any farmers tonight either, but one-tenth of 1 percent of the estates would be affected, estates over $2.5 million. We are not talking about the average American farmer. That has nothing to do with it. That is really a red herring.

Mr. DOLE. $2.5 million, that is a pickup and a couple of cows.

Mr. LEVIN. How many cows was that?

Mr. DOLE. A pickup and a couple of cows.

Mr. NICKLES. Will the Senator yield for a question?

Mr. LEVIN. I will be happy to yield.

Mr. NICKLES. Will the Senator tell us what the current estate tax rate is for a $2.5 million estate?

Mr. LEVIN. The maximum right now I believe is 53.5 percent.

Mr. NICKLES. Fifty-three and a half percent, so the amendment of the Senator would increase that to 60 percent?

Mr. LEVIN. No. Let me restate it. The rate is scheduled to go from—and this is a little bit complicated—60 percent to 50 percent for the estate in the highest category. As I stated, that is a $2.5 million estate. At the moment it is $3.5 million going down to $2.5 million, so I did not want to fudge it at all and I took the $2.5 million. But the rate is presently at 60. It is going down to 50 unless we adopt this amendment. So if we keep it at 60 percent for that highest level estate, we are going to pick up more than enough money to give some relief to 15 million married couples.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, I will not take long, but there are a lot of people, a lot of businesses, a lot of farmers, and particularly a lot of small businesses. People say, "Oh, $2.5 million is not that small a business," but really there are millions of small businesses where you have had individuals who have grown up, started a business, built it up with nothing, and they have maybe assets of $2.5 million, they pass away and the Federal Government right now comes in and says, "We want 50-some percent of that business." In other words, they lose it or they have to sell a substantial portion of it just to give the Federal Government half of it, which the Federal Government is not entitled to in the first place.

A lot of people in this room say they are for small business, but this Federal inheritance tax is one of the most anti-small business pieces of legislation we could ever pass, and certainly increasing it will be anti-American agriculture an certainly anti-free enterprise, anti the idea of being able to pass on your farm, your business, whatever you have been able to build, and allow your children to inherit it without the Federal Government coming in and taking 50 or 60 percent of it. So I hope that we would defeat the amendment of the Senator from Michigan.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. I am prepared to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. MCCLURE), the Senator from Oregon (Mr. PACKWOOD), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), the Senator from Idaho (Mr. SYMMS), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON) would vote "yea."

Mr. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Oklahoma (Mr. BOREN), the Senator from California (Mr. CRANSTON), the Senator from Arizona (Mr. DECONCINI), the Senator from Missouri (Mr. EAGLETON), the Senator from Colorado (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 62, nays 19, as follows:

[Rollcall Vote No. 75 Leg.]

YEAS—62

Abdnor
Andrews
Armstrong
Baker
Baucus
Biden
Bingaman
Boschwitz
Chafee
Chiles
Cochran
Cohen
D'Amato
Danforth
Dole
Domenici
East
Evans
Exon
Garn
Glenn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Leahy
Long
Lugar
Matsunaga
Mattingly
Melcher
Moynihan
Murkowski
Nickles
Nunn
Pressler
Proxmire
Pryor
Quayle
Roth
Rudman
Sasser
Simpson
Specter
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Wilson
Zorinsky

NAYS—19

Bradley
Bumpers
Burdick
Byrd
Dixon
Dodd
Ford
Inouye
Kennedy
Lautenberg
Levin
Mathias
Metzenbaum
Mitchell
Pell
Percy
Randolph
Riegle
Sarbanes

NOT VOTING—19

Bentsen
Boren
Cranston
DeConcini
Denton
Durenberger
Eagleton
Goldwater
Hart
Hollings
Huddleston
Johnston
McClure
Packwood
Stafford
Stennis
Stevens
Symms
Weicker

So the motion to lay on the table Mr. LEVIN's amendment (No. 3013) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. JEPSEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3014

(Purpose: To exclude Sandia Corporation)

Mr. DOMENICI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) for himself and Mr. BINGAMAN proposes amendment numbered 3014.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 356, line 23, after the words "and any affiliate" insert the following "(excluding Sandia Corporation of Albuquerque, New Mexico)",

Mr. DOMENICI. Mr. President, Sandia Corp. is an affiliate of AT&T. It was known as Sandia Corp. before the divestiture and is still known as Sandia Corp. It has always functioned completely separately from the other AT&T affiliates.

This provision allows the other affiliates to transfer their pension benefits to the new entities.

Sandia Corp. wants to maintain its continued independence and therefore should be excluded from this provision.

Mr. President, this amendment exempts Sandia Corp., a nonprofit nuclear engineering corporation, from the AT&T affiliate portability section in that they should not have been a part. They have never been part of the communications business but were part of the AT&T as an affiliate starting some 35 years ago when they became a research arm of the U.S. Government.

This has been checked with Senator DOLE, Senator LONG, and others, and there is no opposition as I understand it.

Mr. DOLE. Mr. President, I understand the employees of Sandia Corp. do not want pension portability. AT&T agreed to exclude these employees.

Also, it is my understanding it was a mistake to include this corporation in the pension portability provision.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (No. 3014) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3015

(Purpose: Transition rule for Section 173 concerning films)

Mr. WILSON. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. (Mrs. KASSEBAUM). The amendment will be stated.

The bill clerk read as follows:

The Senator from California (Mr. WILSON) proposes an amendment numbered 3015.

Mr. WILSON. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Page 482, beginning at line 3, strike out "which the" and all that follows through the end of line 6, and insert in lieu thereof the following: "placed in service prior to December 31, 1984 and for which at least 20 percent of the costs of production have been expended prior to March 16, 1984, and for which ACRS was claimed."

Mr. WILSON. Madam President, without any public notice to impacted taxpayers and no discussion of the provision in the committee, the Finance Committee has retroactively repealed ACRS for motion pictures. No adequate transitional rule is provided.

The committee report states "that some taxpayers have taken the position that although movies and video tapes depreciated over the income forecast method are not recovery property for depreciation purposes, they nevertheless are eligible for the general investment credit and are not subject to section 48(k) [special ITC rules for movies]." We agree in the context of a taxpayer on income forecast. The reasoning has nothing to do with a taxpayer using ACRS over 5 years and the ITC. The committee action summarily repeals the Ninth Circuit Disney case with totally inadequate transitional relief.

The thrust of the committee's original proposal was to force taxpayers off income forecast which could be better than expensing. The committee's decision repealing ACRS for movies does exactly the opposite, by forcing taxpayers to use income forecast.

Nothing generally available to taxpayers, including the committee press release announcing its decisions, gave any indication that movies would lose the right to claim ACRS. The result became known only when the statutory language became available.

Taxpayers have undertaken expenditures during 1984 and made distribution business plans under the belief ACRS would be available to them.

The committee's action shortcuts the necessary, but difficult, administrative process of delineating the relationship between ACRS and the ITC for movies. There is no legislative history on this point.

Consequently, transitional relief is necessary. An appropriate rule, which would preserve the committee's substantive action denying ACRS, but only for future years, would be to make the committee action inapplicable to qualified films placed in service during 1984. Additionally, the committee's action should be made inapplicable to qualified films placed in service during 1984 where 20 percent of production costs were incurred prior to March 16, 1984, and for which ACRS was claimed.

Either of the above two transitional rules provide appropriate relief to taxpayers relying on prior law.

Madam President, this amendment has been cleared with the majority, the minority, and the Treasury.

It is simply to allow filmmakers a transitional rule so that those who have claimed the accelerated cost recovery system method of depreciation and who additionally have in this year, the year of the lease of film prior to March 16 of this year, already expended 20 percent of production cost in reliance upon the expectation of being able to claim that system, will be allowed to do so.

Mr. DOLE. Madam President, we have cleared the amendment and there is no objection to the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from California.

The amendment (No. 3015) was agreed to.

Mr. DOLE. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3016

(Purpose: To make further technical corrections)

Mr. DOLE. Madam President, I send a series of technical amendments to the desk, which have been cleared all the way around, and ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an amendment numbered 3016.

Mr. DOLE. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.,

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 51, in the item relating to City Hall/Public Auditorium, strike out "Study begun, $375,000 spent" and insert in lieu thereof "Feasibility study completed".

On page 53, in the item relating to Clemson University Institute of Government and Public Affairs, strike out "Clemson University Institute of Government and Public Affairs" and insert in lieu thereof "Center for Excellence in Government and Public Service at Clemson University".

On page 54, in the matter preceding line 1, strike out "Southern" in the item relating to "Martin Luther King Civic Center and Center Street and Southern Gate Parking Garages" and insert in lieu thereof "Sather".

On page 164, line 13, strike out "Disc and".

On page 164, beginning with line 16, strike out all through page 165, line 4, and insert in lieu thereof the following:

"(4) Certain deferred FSC income.—If a corporation is a shareholder of a FSC, in the case of taxable years beginning after December 31, 1984, section 923(a) shall be applied with respect to such corporation by substituting—

"(A) '32 percent' for '34 percent' in paragraph (2), and

"(B) '16/23' for '17/23' in paragraph (3).".

On page 165, between lines 8 and 9, insert the following:

(d) Deferred Disc Income.—Section 995(b)(1)(F)(i) (relating to deemed distributions) is amended by striking out "one-half" and inserting in lieu thereof "one-seventeenth".

On page 165, line 9, strike out "(d)" and insert in lieu thereof "(e)".

The last sentence of section 1504(f)(6) of the Internal Revenue Code of 1954, as added by section 52(a) of the amendment on page 182, is amended by striking out "March 10, 1984" and inserting in lieu thereof "April 11, 1984".

On page 353, line 16, strike out "(B)" and insert in lieu thereof "(b)".

On page 359, line 13, strike out "954(d)(3)" and insert in lieu thereof "267(b)".

On page 360, line 1, insert "of" after "or".

On page 361, line 10, strike out "954 (d)(3)" and insert in lieu thereof "267 (b)".

On page 363, line 18, strike out "Paragraph" and insert in lieu thereof "Subparagraph (A)".

On page 368, line 4, strike out "336,".

On page 368, line 4, insert ", or to a foreign person in an exchange described in section 336," after "361".

On page 390, line 7, strike out "128 (c)(2)" and insert in lieu thereof "128 (b)(2)".

On page 400, in the matter between lines 15 and 16, strike out "on" and insert in lieu thereof "of".

On page 415, line 9, strike out "(h)" and insert in lieu thereof "(i)".

On page 415, line 9, strike out "(i)" and insert in lieu thereof "(j)".

On page 415, line 11, strike out "(h)" and insert in lieu thereof "(i)".

On page 415, line 16, insert "or (1)(C)" after "(1)(A)".

On page 417, line 9, strike out the first parenthesis after "(f)".

On page 534, line 14, strike out "1983" and insert in lieu thereof "1984".

On page 555, in lieu of the matter inserted between lines 15 and 16, insert instead the following:

"(C) TREATMENT OF NONINSURANCE GAINS AND LOSSES.—For purposes of this part and section 1503(c), in computing LICTI of any life insurance company, any noninsurance gain or loss shall be treated as if it were a gain or loss of a noninsurance member that joined in the filing of a consolidated return with that life insurance company.".

On page 590, line 14, after "reserves" insert "of a subsidiary of a mutual life insurance company".

On page 590, line 16, after "issued" strike "by a mutual life insurance company".

On page 606, line 6, before "gross" insert "life insurance".

On page 624, strike lines 23 and 24.

On page 646, between lines 3 and 4, insert "(a) Recomputation of Reserves.—".

On page 646, line 4, strike out "(a)" and insert in lieu thereof "(1)".

On page 646, between lines 9 and 10, insert the following:

"(2) PREMIUMS EARNED.—For the first taxable year beginning after December 31, 1983, in determining 'premiums earned on insurance contracts during the taxable year' as provided in section 832(b)(4) of the Internal Revenue Code of 1954, life insurance reserves which are included in unearned premiums on outstanding business at the end of the preceding taxable year shall be determined as provided in section 807 of the Internal Revenue Code of 1954, as amended by this subtitle, as though section 807 was applicable to such reserves in such preceding taxable year.".

On page 651, line 1, strike out "an indemnity reinsurance" and insert in lieu thereof "a conventional coinsurance".

On page 651, line 2, after "1981," insert "and before January 1, 1984,".

On page 652, between lines 7 and 8, insert the following flush language:

"For purposes of this paragraph, the term 'reinsurer' refers to the taxpayer that held reserves with respect to the recaptured contracts as of the end of the taxable year preceding the first taxable year beginning after December 31, 1983, and the term 'reinsured' refers to the taxpayer to which such reserves are ultimately transferred upon termination.".

On page 660, line 23, before "subchapter L" and insert "section 816 of".

On page 666, strike the table between lines 9 and 10 and insert the following corrected table:

"In the case of an insured with an attained age as of the beginning of the contract year of:		The applicable percentage shall decrease by a ratable portion for such full year:	
More than:	But not more than:	From:	To:
0	40	250	250
40	45	250	215
45	50	215	185
50	55	185	150
55	60	150	130
60	65	130	120
65	70	120	115
70	75	115	105
75	90	105	105
90	95	105	100."

On page 676, line 25, strike out "1984" and insert in lieu thereof "1985".

On page 774, line 12, strike out the period and insert a comma.

On page 778, line 5, insert "or DISC" after "FSC".

On page 778, line 7, after "FSC" insert "performing such services".

On page 781, lines 12 and 13, strike out "incurred by the FSC".

On page 795, strike out lines 21 through 23, and insert in lieu thereof "income tax treaty between the United States and any foreign country.".

On page 806, line 16, strike out "1983" and insert in lieu thereof "1984".

On page 809, beginning with line 10, strike out all through page 810 line 7.

On page 810, line 8, strike out "(d)" and insert in lieu thereof "(c)".

On page 816, line 7, strike out "January" and insert in lieu thereof "January 1".

On page 877, line 17, strike out "Certain Restrictions Apply To".

On page 878, between lines 6 and 7, insert the following:

(2) Virgin Islands and American Samoa.—

On page 915, line 16, strike out "the boundaries" and insert in lieu thereof "and adjacent to the boundaries".

On page 1087, line 5, strike out "June 30, 1989" and insert in lieu thereof "December 31, 1989".

On page 1087, line 7, strike out "January 1, 1988" and insert in lieu thereof "January 1, 1989".

On page 1138, line 5, strike out "within" and insert in lieu thereof "not later than".

On page 1322, line 7, insert "(other than an agency subject to section 9 of the Act of May 18, 1933 (48 Stat. 63, chapter 32; 16 U.S.C. 831h))" after "agency".

On page 1327, line 2, insert "(other than an agency subject to section 9 of the Act of May 18, 1933 (48 Stat. 63, chapter 32; 16 U.S.C. 831h))" after "United States".

On page 1329, line 17, insert "(other than an agency subject to section 9 of the Act of May 18, 1933 (48 Stat. 63, chapter 32; 16 U.S.C. 831h))" after "United States".

Paragraph (2) of subsection (a) of section 966, relating to payment for costs of hospital-based mobile intensive care units, as added by the amendment (No. 2958) proposed by Mr. Bradley (for himself and Mr. Lautenberg), is amended to read as follows:

(2) Paragraph (1) shall not apply if the State in which the project or system is located notifies the Secretary, within 30 days after the date of the enactment of this section, that the State does not want paragraph (1) to apply to that project or system.

Subsection (b) of section 966, relating to payment for costs of hospital-based mobile intensive care units, as added by the amendment (No. 2958) proposed by Mr. BRADLEY (for himself and Mr. LAUTENBERG), is amended to read as follows:

(b) The project or system referred to in subsection (a) is the statewide demonstration project established in the State of New Jersey under section 402 of the Social Security Amendments of 1967, as amended by section 222(b) of the Social Security Amendments of 1972 (Public Law 92-603), which project or system provides for payments to hospitals in the State on a prospective basis and related to a classification of patients by diagnosis-related groups.

On page 1108, beginning with line 17, strike out all through page 1110, line 20, and insert in lieu thereof the following:

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to commodities received for the 1984 crop year (as defined in section 5(a)(2) of the Payment-in-Kind Tax Treatment Act of 1983 as amended by subsection (a)).

[Dollars in millions]

Project and location	Qualifying action	Date of qualifying action	Amount of allowable obligations
ConAgra projects:			
Bedford, Va	Inducement resolution passed	11/30/83	$1.5
Kansas City, Mo.	Inducement resolution passed	11/28/83	6.7
Garland, Tex	Inducement resolution passed	10/26/83	7.5
Portland, Oreg	Inducement resolution passed	12/13/83	3.5
San Antonio, Tex	Inducement resolution passed	11/14/83	2.5
Mason City, Iowa	Inducement resolution passed	10/17/83	1.0
Nampa, Idaho	Inducement resolution passed	11/18/83	1.6
Eau Claire, Wis	Inducement resolution passed	11/23/83	2.2
Dixon, Calif	Inducement resolution passed	11/08/83	1.3
Springfield, Ky	Inducement resolution passed	10/28/83	1.5
Arlington, Tex	Inducement resolution passed	11/22/83	1.4
Charlotte, N.C	Inducement resolution passed	10/30/83	1.2
Turlock, Calif	Inducement resolution passed	12/13/83	3.1

On page 237, between lines 3 and 4, insert the following:

"(C) Application of subparagraph (B) in the case of qualified step periods.—

"(i) IN GENERAL.—In the case of any qualified step period, subparagraph (B) shall be applied—

"(I) by substituting 'qualified step period' for 'lease period' each place it appears, and

"(II) by cumulating and compounding the rates under clause (i) or (ii) of subparagraph (B) for the number of years in the qualified step period.

"(ii) QUALIFIED STEP PERIOD.—For purposes of clause (i), the term 'qualified step period' means, with respect to any deferred rental payment agreement—

"(I) the period beginning on the first day to which such agreement applies and ending more than 1 year but not later than 5 years from such date and each succeeding period of the same length, but only if

"(II) the rental payments required under such agreement for all lease periods within any period described in subclause (I) are equal.

On page 237, line 4, strike out "(C)" and insert in lieu thereof "(D)".

On page 237, line 12, strike out "(D)" and insert in lieu thereof "(E)".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas (Mr. DOLE).

The amendment (No. 3016) was agreed to.

Mr. DOLE. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3017

(Purpose: To amend amendment 2902 Section 71 to provide a 25 percent maximum tax on interest earned in a Nuclear Decommissioning Trust Fund)

Mr. WARNER. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Virginia (Mr. WARNER) proposes an amendment numbered 3017.

Strike out the words "at a rate equal to the maximum rate in effect under section 11(b) beginning on line 24, page 210," and insert in lieu thereof: "Not to exceed 25 percent (in lieu of any other tax imposed by this subtitle)."

Mr. WARNER. Madam President, the purpose of this amendment is to provide relief to those ratepayers receiving services from public utilities which operate one or more nuclear facilities.

The license under which all of our nuclear plants currently operate has an expiration date. Generally speaking, it is at the end of a 30-year period, at which time it is the responsibility of the utility to decommission its plant. And the cost for such decommissioning is extraordinary. Utilities all over the country are aware from the time their licensing procedure begins of the need for funding the decommissioning and destruction of these nuclear plants.

Consequently, the utilities are establishing sinking funds to pay for this decommissioning. The ratepayers, as a part of their monthly charges, are contributing to that fund.

The distinguished Senator from Maine, during the deliberations on this bill in the Finance Committee, was successful in obtaining partial relief for the ratepayers. Namely, the Senator obtained a deduction on the taxes paid on the money dedicated by the utility to the sinking fund, and the ratepayer received some relief.

The purpose of my amendment is to carry this procedure one step further so that once the funds go into the sinking fund, the tax on the income of that fund will be capped at a figure no higher than 25 percent, thereby providing some additional relief to the ratepayer.

At the present time, the earnings in that fund are taxed up to 46 percent.

Recognizing the difficulties in the nuclear power industry I think that this is a reasonable and equitable amendment.

Mr. METZENBAUM. Madam President, could the Senator from Virginia advise what the cost of this amendment will be?

Mr. WARNER. Yes. I am told that the estimate is roughly $50 million over the next 3 years.

Mr. METZENBAUM. Does the Senator from Virginia not feel some sense of responsibility and concern that at 3:30 in the morning an amendment is being offered that has not been heard by the committee, which is going to impact on the revenues of this Nation to the extent of $50 million to provide some special privileges for a few utilities, without any hearings at all, without any persuasive arguments made and certainly no particular advantage to the ratepayers? They do not gain anything at all whether the rate is 46 percent or 25 percent. I just have difficulty in understanding why this body is called upon at this hour of the night to act upon an amendment of this kind and why it did not go through the normal hearing process and what the sense of urgency is that would necessitate it being dealt with tonight rather than the hearings in the coming weeks.

Mr. WARNER. Madam President, in response to the inquiry of the Senator from Ohio, at the time the committee considered the proposals by the distinguished Senator from Maine, there was consideration given to this proposal. So it is not a new concept.

I hasten to bring to the Senator's attention that the National Association of Regulatory Utility Commissions, the American Public Power Association, and the Consumer Federation of America favor this amendment. So it is a concept that has been around for some time.

I regret the hour of the night. I patiently waited thoughout the day. I have distributed the amendment to the managers of the bill, and they are familiar with it, as are other staffs.

Mr. METZENBAUM. Well, apparently it was one of the amendments considered by the Finance Committee and turned down. Is that correct?

Mr. WARNER. I am not aware that the committee considered this precise amendment. But the committee did discuss several means by which the rate base could be reduced in an effort to provide relief to ratepayers.

Mr. DOLE. We did take up an amendment of the distinguished Senator from Maine, Senator MITCHELL, but we did not go quite this far. It would be my hope that the Senator from Virginia would give us some time to work on this. It may be a good idea.

I am not certain whether we were asked to go this far.

Mr. WARNER. Madam President, I would be willing to set this aside for a moment if the Senator would like to reflect on it further.

Mr. GLENN. Will the Senator yield for a question?

Mr. WARNER. Yes.

Mr. GLENN. On the cost, the Senator said it would not be attributable to the income of the company, and that was limited to 25 percent of the income from the fund that was built up.

Mr. WARNER. The moneys go into a fund in the nature of a sinking fund. Those moneys going in the fund are subject to the tax as the income generated by the investments of the fund.

Mr. GLENN. Would the rest of it just be a profit to the company?

Mr. WARNER. The balance stays in the fund and remains there.

Mr. GLENN. In other words, everything gained from the fund would go back into the fund?

Mr. WARNER. Yes.

Mr. GLENN. That is the first question. The second question I have is that I have been involved in safety in nuclear matters ever since I have been in the Senate. Has the NRC looked at this and made any estimates on what would be required in money and what the procedures will be? And are procedures lined up yet? Because it has been my impression that we are just in the very roughest of planning stages for decommissioning these plants and there has not been any real procedures set up yet.

I grant you that whatever procedure is set up undoubtedly will be expensive and needs funds to start building up. But has NRC really outlined any procedures yet for this?

Mr. WARNER. The NRC has addressed this. As you know, no plant has been decommissioned. But it is my understanding that the public utility commissions are gravely concerned at the balloon cost at the end of the 30 years and now require the companies to provide for these sinking funds. This amendment is a means to help establish that sinking fund. It is really an inducement to avoid the consumers, at the very end of the life cycle, bearing a disproportionate amount of costs of whatever benefits may have flowed from this nuclear facility over its life of 30 years.

Mr. GLENN. My third question is why this cannot be done by the States. Why do we require Federal legislation to accomplish this?

Mr. WARNER. I am sorry. I was not able to hear the Senator's inquiry.

Mr. GLENN. I said, Do we need Federal legislation? Since the rates are set by State utility commissions, normally they would be the ones who would pass on this. Why do we need something of a Federal nature to set the utility rates?

Mr. WARNER. The purpose of this amendment is to relieve partially the tax burden of the sinking fund itself, and that in turn will help hold down utility rates paid by consumers. They will have to pay less toward the fund because of this tax benefit.

Mr. SARBANES. Would the Senator yield for a question?

Mr. WARNER. Yes.

Mr. SARBANES. The consumer of the nuclear power will pay less. Is that correct?

Mr. WARNER. As I understand it, some utilities have one, two, three plants, and then a number of coal-fired or gas-fired plants. The extent to which consumers benefit varies from nuclear power.

Mr. SARBANES. But the taxpayer generally will pay more because they will be contributing toward the cost?

Mr. WARNER. That is correct. Those consumers that receive their power from utilities that have one or more plants are now being required to pay as part of their monthly charges a percentage toward this sinking fund.

Mr. SARBANES. So you are shifting the cost from the consumer to these plants onto the taxpaying public generally?

Mr. WARNER. That perspective is arguable. Yes, in the sense that the tax rate drops from 46 to 25 on the interest paid by the fund itself the customers do not pay as high a rate of tax. That is fed back through the system. And the individual consumers do not have to contribute quite as much into the sinking fund because the fund begins to generate and grow at a faster rate.

Mr. SARBANES. What is the equity in shifting the cost from the consumer of that power to the public generally?

Mr. WARNER. The thought that these people are trapped into their various utility systems is not by choice. Some systems have nuclear power, some do not. You recognize as well as I the difficulty that nuclear power has encountered.

Mr. GLENN. Will the Senator yield further?

Mr. WARNER. Yes.

Mr. GLENN. Are there any estimates about how much this will cost? That is the reason I was asking how far the Nuclear Regulatory Commission had advanced with their plans because it seems that setting up in some cases may be 10, 12, 15 years ahead of when the fund is actually needed by some of these plants, it would be a very imprecise procedure to say the least.

Ordinary a plant, if they have a fuel charge that is different, or if it is a coal-fired plant, and the cost of that coal goes up, it is reflected in the rates at that time and properly allocated at that time for the years they are going to amortize that money. Is there any plan at all on how much this would cost, and are we building up a fund that may be far inadequate or it may be far too much, either way? How do we know whether this is the right amount to be building up?

Mr. WARNER. The Senator's question is well put. I have seen the spread sheet showing the projected costs of certain plants. They are not in my possession tonight. I was under the impression that this amendment would be taken up tomorrow. The individual who has those sheets is tucked away sound asleep. I regret that I cannot provide the specifics.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Madam President, it seems to me we are going to have a dispute here. I hope the Senator from Virginia would not have me work on it this morning, but work on it in the next few days and see if we can figure out some solution. I think the amendment of the Senator from Maine took care of all the New England plants, and I can understand the concern expressed by the Senator from Virginia. I do believe it will be in deep trouble. I hope we may have some time to work on it.

Mr. WARNER. I am perfectly willing to accommodate the managers of the bill, if that is a representation by the manager. It is my hope that perhaps this amendment can be accommodated in the conference. Do I have that assurance?

Mr. DOLE. I have been visiting with staff on this. I think there is a possibility of that. Maybe this brief exchange may be beneficial there. We will certainly do what we can in conference, but if we cannot accomplish it there, we will try to work it out some other way.

Mr. WARNER. I thank the manager. With that representation, Madam President, I withdraw the amendment.

Mr. DOLE. I do not see the distinguished Senator from Montana on the floor. I have been advised by Treasury that they cannot accept the amendment.

I learned from staff that we have not had hearings on this amendment for 4 years. It ought to be updated. We ought to have a hearing every 4 years.

I understand the Senator from California, Senator WILSON, has agreed to withdraw his two remaining amendments. The only other amendments I know of is the one Senator HEINZ is attempting to clear, and the one that Senator BYRD has.

Will Senator MELCHER be agreeable to have immediate hearings on his proposal? I am advised by the joint committee that there have been no hearings on this proposal for 4 years. I cannot get Treasury to accept it. But if the Senator would let me do that, we might be able to persuade them to support some portion of it.

Mr. MELCHER. Will the chairman yield?

Mr. DOLE. I will be happy to yield.

Mr. MELCHER. As I said last night, when we had the matter before the Senate 2 years ago, after talking to Treasury all that day, the day before that, and the day before that, the outcome of it was that we agreed we would have a study conducted by the Treasury. I assume they have had their study, and they duly reported back to the Finance Committee; and, that the Finance Committee staff and the Joint Taxation Committee staff have looked at the study.

This matter of construction workers being treated as a different group of citizens seems to go on interminably. No matter how many times we talk about hearings, studies, or consulting with the Treasury Department, the end result is the same. They are taxed differently. All of us, all business people, and everybody else that has a legitimate expense, a business expense and is away from home overnight, write it all down in little notebooks and deduct it when tax time comes, but construction workers cannot do this. They are treated differently. During the first year on a job, they must adhere to a number of rules devised by IRS that defy the understanding of any normal taxpayer, and then maybe they qualify. But if they go into the second year, they do not qualify for anything.

I think it would be only equitable that after all of these years, hearings, studies, and consultations with the Treasury Department, that we have a discussion of an amendment that goes part way in helping them. This does not go as far as we talked about yesterday and the day before that. We do not give out a carte blanche that might cost $900 or $867 million, but we only go part way in this amendment.

Over the next 4 years they get to keep more of their money, $10 million this year, $60 million next year, $70 million the next. After all, it is their money. They work. They work like we do. A lot of those construction workers are on night shift. Even if they stay overnight and have an away from home expense that all the rest of us get to deduct—and every other taxpayer gets to deduct—they cannot. They cannot deduct it because their regulations are drawn so that they are treated as a different class of citizens.

I think it would be wise to correct that. I recognize that Treasury never gives up anything they can help from giving up, but equity ought to apply every now and then.

Mr. DOLE. Madam President, I am ready to have the Senator offer the amendment.

Mr. MELCHER. I am ready. I have been ready all night.

Madam President, what is the pending business?

The PRESIDING OFFICER. The first-degree amendment is open to a second-degree amendment.

Mr. MELCHER. Do I have to set the pending amendment aside?

Mr. DOLE. No, that has been taken care of.

AMENDMENT NO. 3018

(Purpose: To define the circumstances under which construction workers may deduct travel and transportation expenses in computing their taxable income for purposes of federal income taxes)

Mr. MELCHER. Madam President, I have an amendment at the desk which I offer for myself, Mr. DeConcini, Mr. Baucus, Mr. Packwood, and Mr. Burdick. I ask for its immediate consideration.

The PRESIDING OFFICER. The bill clerk read as follows:

The Senator from Montana (Mr. Melcher) for himself, Mr. DeConcini, Mr. Baucus, Mr. Packwood, Mr. Burdick, and Mr. Randolph proposes an amendment numbered 3018.

Mr. MELCHER. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill add the following new sections:

Section . Amendment of Internal Revenue Code of 1954.

(a) Travel and Transportation Expenses of Construction Workers.—Section 162 of the Internal Revenue Code of 1954 (relating to deductions for ordinary and necessary business expenses) is amended by inserting therein the following new subsection:

"(h) Special Rule for Construction Workers.—

"(1) Definition of temporary job site.—For purposes of applying subsections (a)(1) and (a)(2) to travel and transportation expenses incurred by construction workers, a job site shall be deemed to be temporary between the 1st and 2nd year that the worker is employed at that job site; provided that the job site is located more than 40 miles from a construction worker's principal place of residence, and that the construction worker remains in the vacinity of the job site overnight; provided further, a job site shall be determined to temporary or not temporary with respect to period following the first 2 years of employment based on an examination of all the facts and circumstances, subject to the rules set forth in subparagraphs (2), (3), and (4).

"(2) Effect of first 2 years on subsequent determination.—In determining whether or not a job is temporary under subparagraph (1)(B), the worker's employment at the job during the period specified in subparagraph (1)(A) shall not be taken into account.

"(3) Indefinite employment.—No deduction shall be disallowed—by reason of section 262 or any other provision of law, solely because a construction worker's employment at a job site is of indefinite duration.

"(4) Prohibition on application of 1 year rule.—In making the determination specified in subparagraph (1)(B), no length of time shall be deemed, either automatically or presumptively, to make the job other than temporary. The '1-year' rule set forth is Revenue Ruling 59-371, or in any similar ruling, or regulation is expressly disapproved as a grounds for disallowing deductions.

"(5) Definition.—For purposes of this subsection, the term 'construction worker' means any individual employed, whether as a skilled, semiskilled, or unskilled laborer, in the building or construction industry, but does not include clerical or management employees.".

(b) Technical Amendment.—Subsection 162(h) of the Internal Revenue Code of 1954 is amended by striking out "(h)" and inserting therefor "(j)".

Sec. . Effective Date.

This section shall apply to all judicial or administrative determinations that are made subsequent to enactment of this legislation.

Mr. MELCHER. Madam President, this amendment will only go part way in making the adjustment that is necessary for construction workers in deducting their legitimate business expense when their job site is away from home. We specify that, in addition to the peculiar set of regulations that the IRS has set up for those workers during the first year, that in the second year when they are away from home overnight they would also be allowed, under usual circumstances, to have deducted their usual lodging and travel expenses.

I do not believe there is any reason we should have taxpayers who are construction workers considered any differently than anybody else. All business people, when they are away from home overnight, have legitimate expenses deductible. They go on business trips and they deduct that expense. I would like to see that applied to the construction worker.

This amendment clarifies the law, the deductibility of travel and transportation expenses for them working away from home.

During the first year on a temporary job, which the IRS does not discriminate particularly, although it has a particular set of regulations they must meet, and at the end of 1 year, the IRS makes the presumption that the worker does work at the same particular job site and should not be eligible for travel and expense deduction. That is called the 1-year rule and singles out construction workers differently from all others and cheats them of legitimate deductions.

That 1-year rule is patently unfair. Every time it is challenged in court when the taxpayer has the money and persistence to follow through, the taxpayer wins on the argument and the IRS loses the case. But it is a pretty lengthy procedure for the ordinary construction worker to do that. Quite a few cannot do it, and do not do it.

In the amendment we make a partial correction by going part way. By saying that second year they are away from home overnight those are legitimate expenses and they can be deducted—that is the sum and substance of our amendment.

It is fair. We do set a mileage distance which is compatible with what IRS said it should be, which is 40 miles or more. But we make it clear that in the second year they have to be actually away overnight.

We say in the amendment that tax deductions should be the same general rule as for business people.

Madam President, I think the amendment is equitable. I believe it is time that we treat these construction workers in the same way we do other people. I hope the Senate can agree to the amendment.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Madam President, I am going to move to table the amendment. Again, this is a $200 million item. We have had hearings on this for 4 years. I know it is very nice to start saying we will do more for this group or that group. But we can do a lot more for them if we finish this bill and go home before somebody else thinks of something else.

Madam President, we have to remember they are all getting this tax cut and getting a lot of other benefits in the past year. They will get indexing next year, which will be a great help.

Madam President, it is safe to announce at this point we are down to one amendment, so far as I know. There is one more amendment that will be offered. If we can dispose of this amendment, it would speed things up.

Madam President, I move to lay the amendment on the table.

Mr. BOSCHWITZ. Madam President, does the Senator want a voice vote? Would the Senator be willing to have a voice vote at this late hour?

Mr. MELCHER. I think this is a good point to get a record vote.

Mr. DOLE. I do, too.

Mr. MELCHER. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas to lay on the table the amendment of the Senator from Montana. The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. I announce that the the Senator from Alabama (Mr. DENTON), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. MCCLURE), the Senator from Oregon (Mr. PACKWOOD), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), the Senator from Idaho (Mr. SYMMS), and the Senator from Connecticut (Mr. WEICKER), are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON) would vote "yea."

Mr. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Oklahoma (Mr. BOREN), the Senator from California (Mr. CRANSTON), the Senator from Arizona (Mr. DECONCINI), the Senator from Missouri (Mr. EAGLETON), the Senator from Colorado (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Mississippi (Mr. STENNIS), are necessarily absent.

The PRESIDING OFFICER (Mr. BOSCHWITZ). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 50, nays 31, as follows:

[Rollcall Vote No. 76 Leg.]

YEAS—50

Abdnor
Armstrong
Baker
Biden
Boschwitz
Bradley
Bumpers
Chafee
Chiles
Cochran
Cohen
Danforth
Dole
East
Evans
Garn
Glenn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heinz
Helms
Humphrey
Kassebaum
Laxalt
Leahy
Long
Lugar
Mathias
Mattingly
Murkowski
Nickles
Percy
Pressler
Proxmire
Quayle
Roth
Rudman
Simpson
Specter
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Wilson

NAYS—31

Andrews
Baucus
Bingaman
Burdick
Byrd
D'Amato
Dixon
Dodd
Domenici
Exon
Ford
Heflin
Inouye
Jepsen
Kasten
Kennedy
Lautenberg
Levin
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Zorinsky

NOT VOTING—19

Bentsen
Boren
Cranston
DeConcini
Denton
Durenberger
Eagleton
Goldwater
Hart
Hollings
Huddleston
Johnston
McClure
Packwood
Stafford
Stennis
Stevens
Symms
Weicker

So the motion to lay on the table amendment No. 3018 was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JEPSEN. Mr. President, on behalf of Senator PERCY and Senator DIXON and myself, I would like to direct a question to the distinguished manager of the bill. I understand that the bill contains a provision that would permit certain export trade corporations forgiveness of tax on accumulated income, but it is unclear under what circumstances a corporation that formerly was an ETC but which no longer is could qualify for this treatment. Will the Senator from Kansas review this issue in order that it can be resolved in conference? I am particularly concerned about the availability of this treatment for an ETC that has become inactive before consideration of this legislation.

Mr. DOLE. The Senator has presented a serious question which I will commit to review fully prior to conference. I would certainly not allow this issue to be resolved in conference without full consideration of the concern of the Senator from Iowa.

Mr. JEPSEN. I thank the Senator from Kansas.

Mr. DOLE. I thank the Senator from Iowa.

AMENDMENT NO 3019

(Purpose: To amend title XVIII of the Social Security Act to allow medicare coverage for posthospital home health services provided on a daily basis)

Mr. HEINZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. HEINZ), for himself, Mr. HATCH, Mr. KENNEDY, and Mr. PERCY, proposes an amendment numbered 3019.

Mr. HEINZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

After section 965 add the following new section:

HOME HEALTH SERVICES PROVIDED ON A DAILY BASIS

SEC. 966. (a) Section 1861(m) of the Social Security Act is amended by adding at the end the following new sentence: "For purposes of paragraphs (1) and (4), nursing care and home health aide services may be provided under such paragraphs on a daily basis (with one or more visits per day) to an individual after his discharge from a hospital, for a period of up to 45 days immediately following such discharge with monthly physician certification of the need for services on such a basis, and after such 45-day period based on a physician certification of exceptional circumstances requiring such services on a daily basis.".

(b) The amendment made by subsection (a) shall apply with respect to services furnished on or after the date of the enactment of this Act.

(c) The amendment made by subsection (a) shall not be construed as restricting any provision of title XVIII of the Social Security Act as in effect prior to the date of the enactment of this Act with respect to the payment under such title for home health services provided on a daily basis to individuals who have not been discharged from a hospital within the preceding 45 days.

(d) The Secretary of Health and Human Services shall conduct a study, and report to Congress not later than January 1, 1985, on the effectiveness of home health care in preventing hospital and skilled nursing facility admissions or readmissions, and shall make recommendations to Congress concerning—

(1) changes in title XVIII of the Social Security Act which may be necessary to allow appropriate use of the home health benefit; and

(2) changes in such title which may be necessary to prevent fraud and abuse of the home health benefit.

Mr. HEINZ. Mr. President, I offer this amendment on behalf of myself, Senator HATCH, Senator KENNEDY, Senator PERCY, and I suspect others.

Mr. President, this amendment is a compromise of my bill, S. 2338, dealing with home health care which I worked out with the manager of the bill (Mr. DOLE).

The amendment would provide up to 45 days of daily nursing care and home health aid services to medicare beneficiaries following discharge from the hospital.

This is emergency legislation to respond to a new situation created by medicare's new DRG system that creates incentives to shorten hospital stays, placing sicker people into the community who need a higher degree of skilled care.

The amendment does not, in any way, further restrict the home health benefit to medicare beneficiaries who have not been discharged from a hospital or who are discharged from a skilled nursing facility. These beneficiaries will continue to have access to medicare's home health benefit, in accordance with current law.

This amendment requires the Secretary of the Department of Health and Human Services to study and report to Congress on the effectiveness of the home health benefit in preventing hospital and skilled nursing facility admissions and readmissions. The Secretary will make recommendations to Congress concerning (1) appropriate use of the home health benefit; (2) changes necessary to prevent fraud and abuse.

The cost will certainly be less than $10 million per year.

Mr. DOLE. Mr. President, for some years we have been struggling with the home health care benefit under the medicare program. How to define it, how to encourage its use, how to finance it, and finally how to control it.

There are very few in this body who fail to support the increased use of home care services in the hopes of decreasing the use of institutional care, and reducing medicare expenditures. In fact, in 1985 medicare will spend $2.2 billion for home care, an increase of 15.8 percent.

Many believe the changes in hospital reimbursement are beginning to have a tremendous impact on the mix of services and cases seen by home health agencies, warranting a reexamination of this entire benefit.

However, as anxious as we are to improve the benefit, we must be cautious. The amendment before us does not really resolve the longstanding issue related to the definition of intermittent care.

Nevertheless, this Senator believes the concerns raised by the Senator from Pennsylvania warrants our consideration. Clearly, providers find the current guidelines too restrictive while the Department argues that the guidelines are reasonable and meant to prevent provider abuse.

The fix provided by the legislation would permit services to be provided on a daily basis for up to 45 days after a patient is discharged from a hospital.

The effect of this amendment must be watched closely, because of the complexity of the issue, and the potential cost to the medicare program at a time when its long-term financial stability is in question. The amendment requires a study of the effectiveness of home health care in reducing institutional care. When the results are received we should certainly reevaluate the intermittent care provision and the goals of the home health care program.

Mr. HATCH. Mr. President, I am pleased to join Senator HEINZ in support of this important amendment clarifying the current medicare definition of intermittent care.

As my colleagues know, I have long been a supporter of home health care as both humane and cost-effective. That is why I originally cosponsored S. 2338, the Home Care Protection Act, from which Senator HEINZ has developed this amendment.

The reimbursement of home care is uniquely different from other reimbursable health services under medicare. The intermediary manual simply defines intermittent care as home health services 2 to 3 times a week of 1 to 3 hours a day.

The current loose definitions leave the task of determining what is allowable care to the discretion of the insurance companies who act as intermediaries for HCFA. This has resulted in an erratic situation where widely divergent standards exist from region to region.

My office has been flooded with letters relating experiences of patients, who due to these stringent interpretations, have been denied desperately needed health services or have had them disallowed for weeks, sometimes months at a time. I ask you, is that any way to care for our elderly who so badly need these services? As more and more patients are discharged earlier because of the new DRG system, we all know that more acute stages of illness will become more prevalent among those requiring home care services.

By assuring proper coverage for these individuals, this bill helps prevent a potentially disastrous side effect from DRG's. The so-called rebound effect which sends patients from early hospital discharge to a home setting, then back to the hospital because of complications due to the absence of effective daily care to help facilitate their recovery in a home setting.

As strongly as I feel about the importance of this amendment, I must emphasize the need to find a solution to the more critical problem: Overall review of the medicare home health benefit. I have worked diligently on this goal for the past 3 years. I have chaired four full Labor and Human Resources Committee hearings on the issues surrounding home care. I am dedicated to seeing the problems that plague this health care alternative solved to make it a more responsive, cost-effective industry. Those who render home care are equally dedicated to this end.

I pledge my support to Senator DOLE and others in working for solutions to these problems and will work with him on legislation and through the Senate hearing process for responsible resolutions. I thank the Senator from Pennsylvania for allowing me to make these remarks and for offering this amendment.

Mr. PERCY. Mr. President, I am pleased to join Senator HEINZ in offering this amendment to clarify the term "intermittent care" for purposes of medicare home health care benefits.

Of all the concerns and problems voiced to me by senior citizens, the most common is a wish to remain active and independent in their communities. I am absolutely committed to helping maintain the elderly, the infirm, and the terminally ill in their own homes for as long as possible through the intervention of timely health, social, and supportive services. Home care reinforces and supplements the care provided by family members and friends, and encourages maximum independence of both thought and functioning.

I have been contacted by many home health agencies in my State pointing out the problems that have developed because of various restrictive interpretations of the term "intermittent." Unfortunately, the definition of "intermittent care" was never spelled out in the original statute providing for such care. It is nothing less than tragic that those persons who are most in need of skilled home health care are unduly being denied those benefits due to ambiguous guidelines.

Our amendment will solve this problem by insuring that the home health benefit will be available to beneficiaries also have been discharged from hospitals for up to 45 days when a physician certifies home care as necessary. In addition, it will allow services to continue after that time upon the physician's recommendation. We must not have beneficiaries who are well enough to be discharged from the hospital but too sick to receive the health services they need to recuperate at home.

Mr. President, I would like to point out that I have spent a great deal of time in the last few weeks studying this issue in detail. On Friday, I will be chairing a field hearing of the Special Committee on Aging focusing on noninstitutional long-term care, and the definition of "intermittent care" will be one of the major topics of discussion. I urge the Senate to pass this amendment to reassure medicare beneficiaries across the country that we in Congress are doing all that we can to see that essential home care services are provided.

Mr. DOLE. Mr. President, we have been negotiating this throughout the day, and we finally agreed to an amendment. The cost is negligible. It has been cleared all the way around. I am pleased to accept the amendment on the conditions above stated.

Mr. BRADLEY. Mr. President, will the Senator yield for a question?

Mr. HEINZ. Yes.

Mr. BRADLEY. Does this involve a demonstration project?

Mr. HEINZ. It does not.

Mr. DOLE. No.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania.

The amendment (No. 3019) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I believe the Senator from California wanted to make a comment on his amendments.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. WILSON. I thank the Chair. Mr. President, I have two other amendments. However, the hour is late. The problem with respect to the one relating to the city of Oakland has been adequately resolved, so I will withdraw that amendment. The other amendment relating to factoring remains a problem, but I am assured by the distinguished majority leader that later in this session there will be other revenue measures to which an amendment may be attached.

I say to the distinguished chairman of the Finance Committee, because the hour is late and because we have been unable to gain from Treasury a revenue estimate at this time, I would be grateful if I could place before the chairman and the members of the Finance Committee at that later date additional data bearing on this problem and what needs to be done.

Mr. DOLE. Mr. President, in answer to the Senator from California, we have been trying to work this out throughout the day. We just could not get it done. The estimates are not available. I think we would like to finish this bill this evening, so I have agreed with the Senator from California that we will take a look at the numbers and see if we can work out something but offer it on another vehicle if there is an opportunity.

Mr. MOYNIHAN. We will be happy to agree to that.

Mr. WILSON. I thank the Senator from Kansas not only for his accommodation but for his superb management of this extremely unwieldy piece of legislation, and I look forward to working with him.

Mr. DOLE. I thank the Senator from California.

Mr. GRASSLEY. Mr. President, I was going to offer the last amendment of the evening, but I am not going to do that now. But I do want to take the opportunity to tell my colleagues the problem I wanted the amendment to solve. There is some hope that it can be worked out in conference, and I want to discuss that with the chairman. First, I want to remind Senators that each has comprehensive retirement villages for senior citizens in their State. Many times these comprehensive retirement villages, that are retirement homes, infirmaries and nursing homes, are financed by interest-free loans that individuals give before residing there. The interest-free loans are part of the arrangement, and when the resident passes on the interest-free loan goes back to the estate.

In our zeal to close tax shelters—and I agree with that goal in many instances—we are affecting in the interest-free loan provision and the time value of money provision and maybe the original issue discount provision the ability of these homes to be financed in the future. One problem is whether or not we will be able to continue to finance retirement facilities this way, but more importantly to us as individuals, we are going to have to face the possibility that as we meet these constituents from time to time that we are going to have 90-year-old widows who are confronted with this legislation for the first time. They will have imputed interested on this transaction; and that imputed interest then in turn being taxed.

Now, that has never been done and that is going to be done under the provisions of this legislation. You have to ask yourself whether or not the social value of these institutions is not so great, that we as managers of the Federal Treasury should not forego what little income tax we will get from these senior citizens and put future buildings of these retirement homes into jeopardy. Our actions will also affect the social security payments of these senior citizens in jeopardy, as well as people that are going to have imputed income tax liability without the ability to pay.

Now, we will have to answer them. There is no doubt about it; if we do nothing, these people will be affected and these institutions are being affected, and there are many institutions that are financed this way.

I had an amendment that was going to take care of this, just a straight-out exemption. I was going to have a compromise that would have exempted $10,000 of interest and 5 years termination on that. We could not make those agreements. So it is my understanding, though, that there is a possibility this can be worked out in conference to some degree. The chairman of the committee, I want to say to everyone here, has been very helpful to me. In so many requests, in so many parts of this bill he has been able to work out so many things in the past that I have faith this can be worked out as well.

Mr. DOLE. Mr. President, I say to the Senator from Iowa that there is a possibility that we might be able to take care of this in conference. We will try to take care of it in conference.

I believe the Senator has stated a very real problem, and I am certain that as more Members hear about the problem, there will be a great demand to do what the Senator suggests tonight.

As I said earlier, this is one the Treasury opposes, and there comes a time when we have to say, "That's it."

I will be working with the Senator in conference and prior to the conference, and maybe we can work out something.

Mr. GRASSLEY. I am satisfied with that, and with that I will end the discussion and yield the floor.

Mr. MOYNIHAN. Mr. President, under the agreement reached earlier by the majority leader, I was going to offer an amendment on the minimum tax.

In 1982, the Finance Committee made a major revision of the minimum tax to require persons with large economic incomes to pay at least a minimum tax equal to 20 percent of their real income above $40,000. We have since learned that such is the capacity of lawyers and accountants in these matters, that a considerable number of persons are not even paying tax at that minimum 20 percent rate.

I have a bill that would have addressed itself to that question. At first, I offered it as an amendment in the Finance Committee, it was accepted in the Finance Committee, and then word of its acceptance got around, and in the end it lost by a vote of 10 to 9.

We went, instead, to the real estate provisions, which have been modified tonight. This raises a question as to whether we need not still amend the minimum tax to deal with the problems of those still evading it. I will not offer the amendment, but I hope I might hear from the distinguished chairman, as he did when we first raised the question, that this remains to be addressed by the committee.

Mr. DOLE. Mr. President, I say to the Senator from New York that there is no doubt in my mind that had we offered that tax proposal tonight, not the $10 billion but a lesser amount, it would have carried.

I think there is a great deal of concern. As the Senator indicated, he did offer an amendment which was approved by a wide margin in the committee. That was withdrawn. We thought we had worked out some arrangement on real estate, and the arrangement finally worked out was revenue neutral; so the Senator did not offer the minimum tax. He is absolutely right.

Mr. MOYNIHAN. I thank the Senator.

AMENDMENT NO. 3020

Mr. DOLE. Mr. President, I send an amendment to the desk. It is a technical amendment that I understand has been cleared by both sides. It clarifies the sunset of the 1980 mortgage subsidy bond and has stricter allocation rules.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an amendment numbered 3020.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment is dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 866 of the matter proposed to be inserted, beginning with line 8, strike out all through page 868, line 5, and insert in lieu thereof the following:

"(1) IN GENERAL.—Notwithstanding any other provision of this section (other than subsections (n) and (r)), any obligation—

"(A) which is part of an issue all or a major portion of the proceeds of which are used to finance new mortgages in single-family residences that are owner occupied,

"(B) which were issued by issuing authorities in such State after June 15, 1984, and before January 1, 1985, and

"(C) to which the amendments made by section 1102 do not apply by reason of any provision of this section other than subsection (b),

shall, for purposes of applying the Internal Revenue Code of 1954, be treated as an obligation which is not described in section 103(a) of such Code if the aggregate face amount of such issue exceeds the portion of the State ceiling that is allocated by the State to such issue prior to the date of issuance of such issue.

"(2) APPLICATION OF SECTION 103A(g).—For purposes of applying section 103A(g) of such Code, the State ceiling for calendar year 1984 shall be reduced by the aggregate amount allocated by the State to any issues described in paragraph (1).

"(3) STATE CEILING.—For purposes of this subsection, the term 'State ceiling' has the meaning given to such term by section 103A(g)(4) of the Internal Revenue Code of 1954.

"(r) EXCEPTIONS TO SUBSECTION (q).—Subsection (q) shall not apply with respect to—

"(1) any obligation—

"(A) the proceeds of which are used to finance the River Place Project located in Minneapolis, Minnesota, and

"(B) the aggregate face amount of which does not exceed $55,000,000, or

"(2) any obligation—

"(A) the proceeds of which are used to finance the Waseca, Minnesota project, and

"(B) the aggregate face amount of which does not exceed $7,800,000.".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3020) was agreed to.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, according to my list, we are down to one amendment. That is the amendment by the distinguished Senator from Pennsylvania and the distinguished minority leader. We have some technical amendments which have been cleared, but this is one that has not been cleared. As I understand it, the Senator from Pennsylvania is prepared to offer the amendment.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, before the Senator proceeds, the Senator is correct, I believe, that we do have only that amendment to deal with. But there are others that are still technically on the list, dealing with medicare. I have now worked out a unanimous-consent agreement that appears to satisfy all the parties involved. It provides, in effect, that Senators KENNEDY, BUMPERS, and BAUCUS may offer their medicare amendments to another part of this bill and not preclude and jeopardize their rights to do so by reason of the fact that the matter dealt with in their amendments may be dealt with in this section of the bill. The unanimous-consent request, I understand, has been cleared with the minority leader, and I will state it.

Mr. President, I ask unanimous consent that at any time after consideration of H.R. 2163 is resumed on Tuesday, April 24, the Senator from Massachusetts (Mr. KENNEDY) be allowed to offer an amendment on medicare and that the amendment not be subject to any point of order.

Mr. President, that, if granted, will take care of the Kennedy amendments—I put it in the plural—both dealing with medicare.

I put the request at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, do I correctly understand that the Baucus amendment also deals with medicare?

Mr. BAUCUS. The Senator is correct.

Mr. BAKER. Mr. President, I make the same request with respect to the amendment of the Senator from Montana (Mr. BAUCUS).

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. Mr. President, the Senator from Arkansas (Mr. BUMPERS) is not on the floor, but I am informed that his amendment deals with medicaid.

Mr. BAUCUS. With medicaid.

Mr. BAKER. Mr. President, I make the same request with respect to the amendment of the Senator from Arkansas, with the exception of the word medicaid.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, may I confirm from the Senators involved that they wish to have those amendments removed from the list of qualified amendments at this time?

Mr. KENNEDY. That is entirely satisfactory.

Mr. BAUCUS. That is satisfactory.

Mr. BAKER. I thank the managers, and I thank the Senators involved.

AMENDMENT NO. 3023

(Purpose: To maintain the reduction of the coal and iron ore corporate preference item at 15 percent)

Mr. SPECTER. Mr. President, on behalf of myself and Senators BYRD, RANDOLPH, HEINZ, HEFLIN, FORD, WALLOP, GLENN, WARNER, SASSER, HUDDLESTON, MELCHER, DIXON, and SYMMS, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. SPECTER), for himself and others, proposes an amendment numbered 3023.

Mr. SPECTER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 164 of the matter proposed to be inserted, on line 9, strike out "Section 291" and insert in lieu thereof "Each subsection (other than subsection (a)(2)) of section 291".

On page 165 of such matter, strike out lines 5 through 8 and insert in lieu thereof the following:

(c) Minimum Tax.—

(1) In general.—Paragraph (1) of section 57(b) is amended to read as follows:

"(1) In general.—

"(A) Pollution control facilities; bad debt reserves.—In the case of any item of tax preference of a corporation described in paragraph (4) or (7) of subsection (a), only 59⅙ percent of the amount of such item of tax preference (determined without regard to this subsection) shall be taken into account as an item of tax preference.

"(B) Iron ore and coal.—In the case of any item of tax preference of a corporation described in paragraph (8) of subsection (a) (but only to the extent such item is allocable to a deduction for depletion for iron ore and coal (including lignite)),

only 71.6 percent of the amount of such item of tax preference (determined without regard to this subsection) shall be taken into account as an item of tax preference.".

(2) Certain capital gains.—Paragraph (2) of section 57(b) (relating to capital gains) is amended by striking out "71.6 percent" and inserting in lieu thereof "59⅙ percent".

On page 532 of the matter proposed to be inserted, beginning with line 3, strike all through line 5 and insert in lieu thereof the following:

(b) Effective Date.—The amendment made by subsection (a) shall apply to dispositions after September 30, 1985.

Mr. SPECTER. Mr. President, this amendment has been cleared with the committee, with the distinguished manager, with the other side of the aisle, with the Treasury Department, and it may be that Senator Metzenbaum may disagree with the thrust of the amendment. Depending upon Senator Metzenbaum's position, it may not be necessary to provide extended discussion or extended argument.

What this amendment does is to delay until September 30, 1985, a provision of the bill which denies capital gains throughout if the disposition of the coal is made to a related party; and, further, the bill provides for a 20-percent reduction in the percentage depletion allowance for coal and iron ore, which is a raise from the prior 15 percent, and this amendment would reduce that reduction back to the 15-percent figure.

The reason for this amendment is that coal and iron ore have been treated differently from other hard metals. TEFRA contained a 15-percent reduction in the percentage depletion allowance for coal and iron ore but did not contain a similar reduction for other hard metals.

There was a 1-year extension as to coal and iron ore, but for the past 2 years, coal and iron ore have paid that 15-percent reduction. The current law calls for 20 percent, and this amendment would reduce the figure to 15 percent. At the time the percentage depletion allowance was reduced to 15 percent, it was done on the basis of the capital gains treatment, and now that has been eliminated as well.

Considering the scope of unemployment in the coal industry, being some 20 percent, and considering the disparity in treatment with other similarly situated products—other hard minerals or timber—the $80 million cost over a 3-year period is a very modest expenditure, indeed.

Those from the coal States met for an extensive conference this evening and considered a wide range of alternatives, and it is my view that the proposal which we have settled for here with the agreement, as I say, of the majority, the minority, and Treasury is very modest indeed, considering all of the circumstances.

I yield the floor.

Mr. GLENN. Mr. President, I rise in support of the amendment proposed by the distinguished Senator from Pennsylvania.

I have a couple extra factors to mention, and that is that these royalties have been received since 1951, received under the disposition of coal qualified for capital gains treatment.

The legislation was enacted specifically back in 1951 for the purpose of encouraging coal production at the very time the industry was depressed.

What happened over the ensuing period of some 30 years is that coal sales contracts have been written with the benefits of capital gains tax treatment for royalties as a very integral part under consideration of the contract negotiation.

So with the industry in a depressed condition and unemployment in the coal fields running at more than 27 percent, a declining work force, a change in tax treatment right now makes coal mining even less profitable and could have very disastrous results.

Just since 1982, there are 600 fewer coal mines in operation. We have many other mines operating at a loss or a marginal profit.

So, to change anything right now in what would mean increased contract costs could have devastating effect on the industry.

I believe some figures I heard earlier in our conference that the distinguished Senator from Pennsylvania mentioned, I think there are some 35,000 or 40,000 people unemployed in the industry now. I believe just in our area in southeast Ohio, we have some 6,000 to 6,500 miners unemployed just in that area alone.

So the unemployment in the coal mining industry right now is nearly three times the national average.

Given a less advantage right now by this change as proposed in the bill and changing the economic relationship between the cost of producing coal and its fair market value could have a direct effect on those who can ill afford any more economic bad news.

So I urge my colleagues to support the amendment of the Senator from Pennsylvania. I think it is well justified. The cost of $80 million over a 3-year period is minimal, as I see it, compared to the devastation that could occur in the industry.

We have to start changing a lot of these contract provisions.

I yield the floor.

Mr. RANDOLPH. Mr. President, there are 12 Senators, those who are essentially or in rather substantial degree sponsoring this amendment, and these Senators come from the States that are the heart of the coal production in this country.

I emphasize that this amendment simply extends the capital gains treatment for what are known as coal royalties between related parties and returns the depletion to just exactly what was its original figure of 15 percent.

The coal industry is in a tragic condition. Coal needs an amendment of this type, and I hope that the managers of the bill, if necessary a rollcall, will sustain the position of Senator Specter and the others who are joined in this amendment.

For years, the coal industry was made up of a large number of small companies. Starting in the 1950's, the coalfields were mechanized. Capital requirements became considerable. Since 1951, as mentioned in a recent letter to the chairman of the Finance Committee, section 631(c) of the Internal Revenue Code has provided that royalties received on the disposition of coal qualify for capital gains treatment. This legislation was enacted for the purpose of encouraging coal production at a time when the industry was going through structural and technological changes. Over the ensuing period of 30 years, coal sales contracts have been written with the benefits of capital gains tax treatment for royalties as integral parts of the contract negotiations.

Today, unemployment in the coalfields is running at more than 27 percent, about 12,000 miners in my State alone. Total repeal of this tax treatment, making coal mining less profitable, could have disastrous results.

In 1960, 20 out of 25 largest coal producers consisted of companies devoted only to the mining of coal. By 1980, only two were primarily coal producers. The other major operators for the most part are now captive operations of steel, electric utilities, and oil companies. The dwindling number of small- and medium-sized operators who are unable to move capital from one energy account to another are operating at a loss or at marginal profits.

Mr. President, having said this, there are still few industries that can respond more quickly to increases in energy demand than the coal industry. The machinery is there and the people are available. Questions about the industries' reliability are usually due to situations outside the control of the coal operator, such as a shortage of railroad cars or an unexpected legislative adjustment.

The 1969 Coal Mine Health and Safety Act required coal operators to commit more capital to serious safety problems. The Surface Mining Control and Reclamation Act of 1977 raised problems, yet many of these are on their way to solution. While the aims of both these laws are necessary and commendable, it is important to remember that costs were added and either absorbed by operators forced to raise greater amounts of capital or passed on as fuel adjustment charge in our electric bills.

Mr. President, with major environmental decisions still to come before the Senate which could severely effect all coal operators, the capital gains treatment of coal royalties proposed by the Finance Committee bill before us is ill-advised. It serves as a disincentive for the production of coal which we cannot afford if we intend to use coal as our primary domestic source of energy.

Mr. SPECTER. Mr. President, I ask unanimous consent that Senator JEPSEN, Senator DURENBERGER, and Senator PERCY be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, this is another one of the amendments that is not particularly good. It is one we have been trying to negotiate all day long.

I just say I can count and I think the cost of this is that we lose about $75 to $90 million over a 3-year period.

I prefer not to do that, but I also suggest that I am willing to do that for a number of reasons, one being I wish to pass this amendment and then have a vote on the total amendment, and I can say to everyone here I think out of all the amendments and all the debate we have lost less than $400 to $500 million in revenue, with all the amendments that we have been tossing around here.

So we believe we have done a fair job. There are things that will happen in conference that will take care of some of the revenue loss. So I am prepared to accept the amendment.

Mr. METZENBAUM. Mr. President, I will speak very briefly.

Mines in my State and practically all over the country are in trouble. But mines that are in trouble do not get out of trouble by giving them tax exemptions or special tax privileges. If they are making money, it just means they will make a little less money. If they are not making any money, you give them all the tax advantages they want and that is not going to solve their problems.

That is not the reason I rise to object to this amendment. I rise to object to this amendment for the very reasons that the manager of the bill was just alluding to. What the Finance Committee did was they tried to close some tax preferences, and this is a tax preference that goes back to 1951. If we stop to think about it, it is a little absurd on its face to think that you should treat royalties as capital gains. I do not know many other things that are treated as capital gains when it is just like receiving rent and you treat it as a capital gains because section 631(c) so provided, but it was there.

So the Finance Committee, trying to eliminate some preferences and pick up $48 billion, zoomed in on this one as well as a number of others and said we are going to do something about it and cut back on part of the advantage, not all of it.

What do we see here? What we see is an effort or a total flip-flop, and if I am not mistaken this is the first total flip-flop that occurred on the floor of the Senate with respect to the position taken by the Finance Committee. In other words, where they took a position and started to close some loopholes, started to cut back on the preference, then we come out here on the floor and just totally undo that which was done.

I honestly believe that every Member in this body should be put on record with respect to this issue and my guess is it will pass overwhelmingly but that will not make it right.

The hour is 4:30 a.m., or something like that, and I do not intend to ask for a rollcall by reason of the late hour.

I would not prevail even if I did. I am a realist enough to know that.

The manager of the bill just indicated that himself.

But be that as it may, I think this action is wrong and I think it is a step background, if we were to achieve the objectives of trying to do what the Finance Committee did, and my own argument with the Finance Committee is they have not done enough.

The PRESIDING OFFICER (Mr. D'AMATO). The Senator from Kansas.

Mr. DOLE. Mr. President, I shall take 1 minute.

I just calculated. We have kept 99 percent of the revenue we came out of the committee with. I have to believe that is pretty good.

There are a lot of Members who do not agree with what we did, and we have been able to prevail time after time because we had a majority.

We have given up 1 percent out of 100 percent, and all we do in this amendment is delay the effective date. We did not repeal anything. We just delayed the effective date.

So I just suggest I hope that 99 percent is a pretty good average, and I am prepared to vote.

SEVERAL SENATORS. Vote!

Mr. BUMPERS. Mr. President, will the distinguished floor manager confirm one thing that the Senator said? Does this amendment actually treat royalties as capital gains?

Mr. DOLE. It does not change present law.

Mr. BUMPERS. I am sorry.

Mr. DOLE. It does not change present law.

Mr. BUMPERS. Present law does not treat royalties as capital gains, does it?

Mr. DOLE. Yes; it does.

Mr. BUMPERS. My accountant is not aware of that.

Mr. DOLE. What we did was close the loophole. If he did not know it now it will be too late.

Mr. BUMPERS. I thank the Senator.

Mr. DOLE. It is just so they can get used to the noose.

Mr. BUMPERS. So if you had a $5,000 royalty and you were in the 50-percent tax bracket you would only pay $1,000 or 20 percent rather than $2,500, and the Senator is telling me the law has always been that way.

Mr. DOLE. That is correct.

Mr. BUMPERS. In addition to the depletion allowance?

Mr. DOLE. I think it has been that way since 1942. That is why we have it around.

Mr. BUMPERS. In addition to the depletion allowance they get a capital gains rate on royalties?

Mr. DOLE. They are supposed to get one or the other, but there is a loophole and some get both.

Mr. BYRD. Mr. President, this amendment is intended to insure that coal operators, and in particular small, independent coal operators, are treated fairly.

Section 184 of the Dole amendment changes the tax treatment of royalty payments made by coal companies to other companies that own coal reserves. Currently, a company that receives such royalty payments treats the payments as capital gains. Under the Dole amendment, such payments would be treated as ordinary income.

The coal industry is in a severely depressed condition. The average unemployment rate for the industry nationwide in 1983 was 27.5 percent, according to the Bureau of Labor Statistics. In West Virginia, the number of employed miners has dropped from nearly 60,000 in 1979 to 45,000 last year. There has been a slight improvement in the coal market in 1984, but employment has not rebounded.

In the metallurgical coalfields of southern West Virginia, whole counties have astronomical unemployment of more than 30 percent. The city of

Gary, W. Va., has experienced unemployment as high as 90 percent of its work force.

Recent changes in the tax laws have penalized the coal industry instead of helping it out of its slump.

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) cut back on the depletion allowance for coal and iron ore. The change was effective 1 year after the enactment of TEFRA. I am a cosponsor of legislation to restore the depletion allowance to its pre-1983 level. That bill has been introduced by Senator SPECTER, but the Finance Committee has not acted on the bill.

In short, coal operators have been hurt by the reduction of the depletion allowance and now another tax increase is proposed. One of the agruments that was made during consideration of TEFRA in 1982 as to why the depletion allowance could be cut back was that capital gains treatment of royalty payments would continue. That is now threatened with extinction.

As a practical matter, the treatment of coal royalty payments as ordinary income will contribute to the contraction of the coal industry, starting with independent operators. The independents work on a thin margin of profit under the best of circumstances. The recent depression in the industry has caused many of the most efficient independent operators in West Virginia to suffer substantial losses. An increase in the tax burden of coal operators will do damage to the economy of West Virginia and other industrial States.

This amendment deals with two separate tax increases being proposed to apply to the coal industry. The amendment helps insure that coal is treated in a manner similar to other commodities.

I understand that the managers on both sides are willing to accept this amendment. I want to thank the chairman, Senator DOLE, and the ranking member of the Finance Commiittee, Senator LONG, for their kind consideration and cooperation in connection with this amendment. I also thank the distinguished Senator from Alabama (Mr. HEFLIN) for his efforts to aid the coal-related economy in his State and other coal States.

I also thank the distinguished Senator from Pennsylvania (Mr. SPECTER) for his leadership on this issue, and members of the Coal Caucus for their fine efforts.

Mr. GLENN. Mr. President, just a short statement in response to Senator METZENBAUM's statement about the unprofitable mines. They do not pay taxes anyway, so it is no benefit to them. The profit of the mines reflects back to what they charge for the coal. They have to make a profit. And so if we cut out some of that profit, it does feedback and it means they have to charge more for their coal. So it does affect the contracts. Those have been built in the contracts ever since 1951. I think that is a very important point.

Mr. HEFLIN. Mr. President, coal has been one of the greatest exports of this country. I think it can come back. It has probably the highest unemployment of any industry, with 27 percent or more unemployment today. I think now is the time to encourage this industry rather than try to harm it.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania (Mr. SPECTER).

The amendment (No. 3023) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 3024

Mr. DOLE. Mr. President, I send three technical amendments to the desk, which have been cleared all around, and ask for their immediate consideration. I also ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an amendment numbered 3024.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 888 of the matter proposed to be inserted, strike out lines 18 through 24 and insert in lieu thereof the following: "are reasonably expected to be used directly or indirectly to make or finance student loans under a program of general application, to which the Higher Education Act of 1965 applies if—

"(A) limitations are imposed under the program on—

"(i) the maximum amount of loans outstanding to any student, and

"(ii) the maximum rate of interest payable on any loan,

"(B) the loans are directly or indirectly guaranteed by the Federal Government,

"(C) the financing of loans under the program is not limited to the proceeds of obligations the interest on which is exempt from taxation under this title, and

"(D) special allowance payments under section 438 of the Higher Education Act of 1965—

"(i) are authorized to be paid with respect to loans made under the program, or

"(ii) would be authorized to be made with respect to loans under the program if such loans were not financed with the proceeds of obligations the interest on which is exempt from taxation under this title".

On page 889 of such matter, beginning on line 1, strike out "Special Allowance Payment Requirement" and insert in lieu thereof "Certain Requirements".

On page 889 of such matter, beginning on line 16, strike out "special allowance payment requirement" and insert in lieu thereof "certain requirements".

On page 891 of such matter, in the matter inserted between lines 8 and 9, strike out "may not exceed the refunded obligations" in subparagraph (A) and insert in lieu thereof "may not exceed 101 percent of the aggregate face amount of the refunded obligations".

On page 893 of such matter, beginning on line 23, strike out all though page 869, line 24.

On page 897 of such matter, line 1, strike out "(c)" and insert in lieu thereof "(b)".

On page 897 of such matter, line 12, strike out "(d)" and insert in lieu thereof "(c)".

On page 897 of such matter, line 19, strike out "(e)" and insert in lieu thereof "(d)".

On page 847 of the matter proposed to be inserted, line 14, strike out "the mortgage" and insert in lieu thereof "except as otherwise provided in regulations, the mortgage".

On page 904 of such matter, before line 1, strike out "$26 million" in the item relating to the Downtown Redevelopment Project located in Manhattan, Kansas, and insert in lieu thereof "$34 million".

Mr. METZENBAUM. Mr. President, will the Senator from Kansas, before the amendments are agreed to, be good enough to respond to a question?

Mr. DOLE. Yes.

Mr. METZENBAUM. There are floating around here four additional projects to be listed. Are they included in here?

Mr. DOLE. No.

Mr. METZENBAUM. They are not part of the technical amendments?

Mr. DOLE. They tried, but they are not included.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas (Mr. DOLE).

The amendment (No. 3024) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(By request of Mr. DOLE, the following statement was ordered was reduced to be printed in the RECORD:)

● Mr. SYMMS. Mr. President, my absence from the Senate today is due to my presence in Idaho to attend the funeral of Idaho's former U.S. Senator, Senator Frank Church.

I regret that I cannot be with you to debate the deficit reduction package on the floor, but I would like to personally commend Senator DOLE, the chairman of the Senate Finance Committee, for his outstanding and unwavering efforts in putting together an administration-supported package to reduce the Federal deficit.

The leadership and guidance shown by Senator DOLE in steering this complex package through the committee and final consideration on the floor is greatly appreciated.●

Mr. HATCH. Mr. President, section 25 of the proposed legislation is a fine attempt to generate revenue for the Government and reduce the deficit. In fact, section 1272 of the code "current inclusion in income of original issue discount" provision will do the exact opposite.

The proposed change in law would actually hinder the Government's ability to raise capital at auction of U.S. Government securities—Treasury bills and Treasury notes.

The Government at auction now each week raises $12.4 billion by selling short-term Treasury bills to the broker-dealership community. In addition each month $8 billion of 1-year Treasury bills are raised again by the broker-dealer community and each quarter an additional $13 billion of Treasury notes are issued by the Government to the broker-dealer community. The total amount of capital generated by auction of U.S. Government paper to the broker-dealer community is in excess of $900 billion a year.

If the proposed legislation is passed by industry estimates 50 to 75 percent of this amount will not be raised at auction by the Government, a loss of $500 to $700 billion of desperately needed funds to pay off its obligations. This will increase the deficit.

The proposed legislation would force the broker dealer to accrue income before actually being earned. The high degree of risk and low-income potential in carrying these huge Government position would now lose its only possible benefit to counter its inherit negatives. That benefit is not recognizing income until it is earned. If in fact that is no longer the case then the broker dealer will now turn to safer ways of accruing income at higher rates of return that have very little if any market risk. For example CD's, money market funds, and so forth.

The Government's only action will be to try and make the ownership of Treasury bills more attractive. This normally means that the Treasury bills will have to have a much higher interest rate tagged on. This in turn will generate higher interest rates all through the economy and cause a terrible chain of problems in our economy.

● Mr. TSONGAS. Mr. President, I have a question concerning the effective date rules proposed by the Finance Committee for the new tax definition of "Life insurance contract," which would appear as section 7702 of the Internal Revenue Code. The House bill, H.R. 4170, contains a similar definition. It has come to my attention that the Finance Committee's effective date rules would retroactively disqualify as "life insurance" one type of contract, with an increasing face amount, which actually meets the definition in the House bill and which has been issued since January, 1984, in reliance on that definition. I understand, however, that the committee's rules were not intended to burden any contract that would meet the requirements of the House version, but rather were designed to liberalize the transition rules in the House bill. I wish to ask the distinguished chairman of the committee whether this is the case, and, if so, whether any action is contemplated to ameliorate the problem caused for the type of contract to which I refer.

Mr. DOLE. I am glad the Senator has brought this to our attention.

I expect we will be able to work out in conference a transition rule consistent with the intent of the Finance Committee to provide a generous transition rule for nonabusive policies. I will certainly ask the staff to review the contracts about which you are concerned before we complete action in the conference.●

● Mr. JOHNSTON. Mr. President, the committee report explaining section 171 of the bill relating to changing depreciation from 15 to 20 years contains a transitional rule. It states "construction will be considered to have commenced when land preparations and improvements, such as clearing, grading, excavation (including any significant required archaeological excavation), or filling, are undertaken." Would a $300,000 expenditure be a significant expenditure for this purpose?

Mr. DOLE. That is a reasonable example of a significant expenditure.●

(By request of Mr. FORD, the following statement was ordered to be printed in the RECORD:)

● Mr. DECONCINI. Mr. President, the tax revision package before the Senate is lengthy and ponderous. Certainly I have not had the opportunity to read every word of these 1,334 pages, and I doubt that many of my colleagues have had such an opportunity. Therefore, I have had to trust that there is nothing in this bill that will effect mortgage-backed builder bonds, an area of special concern to me.

In February of this year, I introduced Senate Concurrent Resolution 91, which expresses the sense of the Senate that there should be no changes in the present tax status of mortgage-backed builder bonds. Senators HOLLINGS, RIEGLE, ARMSTRONG, DODD, CRANSTON, DIXON, HEFLIN, WILSON, and MELCHER joined me in this resolution.

Briefly, builder bonds are bonds sold to the public as a means of raising construction capital and financing the purchase of homes by consumers. The collateral used to back these bonds comes from home mortgages held by the issuer. Under present provisions of the Tax Code, the funds raised through builder bonds are not considered taxable; however, the funds generated from the home mortgages serving as collateral are considered taxable income. This tax treatment also serves the purpose of allowing the builder to obtain the maximum level of usable investment capital through the long recognized installment sales method of reporting income.

Builder bonds allow the builder to pay taxes only on income received from payment of mortgages and not on moneys borrowed through the sale of bonds.

Because of my strong concern about this issue, I recently asked Secretary Regan about Treasury's plans regarding mortgage-backed builder bonds. The following is a raw transcript of the discussion between Secretary Regan and myself on March 15 before the Appropriations Treasury Postal Service Subcommittee:

> Mr. DECONCINI. There is some concern that Treasury, either through regulatory change or through the legislative process, might seek to change the installment sales method of reporting income for mortgage-backed builder bonds. I am hoping that you can tell us today with great glee and happiness that the Treasury is not planning any such action to alter the present tax treatment of mortgage-backed builder bonds.
>
> Secretary REGAN. Mr. DeConcini, what we are doing at this particular moment is rethinking the whole TIMS proposals. This would have been part of the TIMS proposals.
>
> The builders have told us that we are going to upset too much if we go through with the TIMS proposal, and not allowing Fannie Mae and Freddie Mac to get into that area of the business. They are there now.
>
> Now, we wanted to privatize this. It seemed to us like a good idea.
>
> Having heard what these other people are saying, we have had a meeting of the Cabinet Council on Economic Affairs, which I chair. We have decided to re-look at this whole subject, so at the moment it is all on hold, including the builder bonds.
>
> Senator DECONCINI. And including the tax treatment of the builder bonds.
>
> Secretary REGAN. That is correct.
>
> Senator DECONCINI. Mr. Secretary, may I ask you to be so kind as to advise this committee if your decision is leaning toward the direction of changing the builder-bond tax consequences?
>
> Secretary REGAN. I will give you that assurance.

Knowing as I do that much of this tax bill was written by the Treasury Department and that it has the explicit support of Treasury I trust that there is nothing in this bill which will adversely affect the status of mortgage-backed builder bonds.●

Mr. PERCY. Section 267 of the bill provides that losses upon sales between related corporations are to be deferred until the product is sold to an unrelated party. It is my understanding that this provision will, in effect, extend the deferred intercompany transactions rules of the consolidated return regulations to situations other than those in which a consolidated return election is in effect. In determining the manner in which deferred losses are taken into account, it is the intent of this provision to utilize the concepts and principles which have been developed with respect to the deferred intercompany transportation provisions contained in Treasury Regulation section 1.1502-13.

Mr. DOLE. The Senator is correct.

LIFE INSURANCE

● Mr. PRYOR. Mr. President, as the chairman of the Finance Committee is aware, I have been concerned about the so-called OATS provision in the life insurance bill. This provision, which is a transition rule, provides that certain companies that went through taxable acquisitions in 1980-83 can recompute their tentative life insurance company taxable income (LICTI) for purposes of the small company deduction, and also, for purposes of the 20-percent taxable income adjustment.

My concern relates to the fact that this transition rule only applies to companies domiciled in the States of Alabama, Oklahoma, and Texas. There are companies located in other States, including Arkansas, Kentucky, and others, that are similarly situated. It seems to me that this provision should be made applicable to companies in the same situation, regardless of the State in which they may be domiciled. I raised this problem in the Finance Committee when we considered this bill.

My question to the chairman of the committee is whether or not he will insist that this provision be made generic in conference with the other body?

Mr. DOLE. I appreciate the question of the Senator from Arkansas. I am aware of his concern, and I am also aware of the fact that there are other companies similarly situated, in States other than those listed in the Senate version of the bill. It is my intention to insist that a generic provision be included in the conference report.●

CONDOMINIUM COST REDUCTION PROVISIONS

● Mr. TOWER. Mr. President, I would like to call this body's attention to the condominium cost reduction provisions, found at section 801 of H.R. 4170, provisions which find no counterpart in the bill before us. Mr. President, Senator DURENBERGER and I introduced companion legislation to this provision on November 3, 1983, S. 2046. And, I commend my colleague from the seventh district of Texas, Mr. ARCHER, for all of his leadership in the House of Representatives on this important issue. While, today, I do not intend to offer an amendment to include such provisions in the bill before us, I would like to speak to their merits and urge that the conferees from this body accept them in conference.

In my view, there are several reasons why the condominium cost reduction provisions deserve our support. Under present law if the owner of an apartment building desires to convert that building to the condominium form of ownership, any profits earned on the sale of the individual units is taxed as ordinary income, notwithstanding that the property might be held as an investment for a substantial period of time. On the other hand, if the owner sells the building to a middleman, who performs the process of conversion and sells the units, the owner's gain is taxed as capital gain and the middleman pays the ordinary income.

It is for this reason that the overwhelming number of condominium conversions which have been accomplished to date are done with the involvement of middlemen, known in the trade as convertors.

Essentially, what the proposed change in the law would do is tax the long-time owner's gain on the fair market value of the building at the time of conversion at capital gain rates, and tax any additional gain from the sale of the units as ordinary income. Thus, the tax consequences of a conversion by an an owner would mirror those of a conversion using a convertor, but the convertor's involvement would be avoided, with all the burdens that entails.

Ordinarily, convertors must borrow the funds necessary to purchase the building to be converted. Saddled with this substantial debt burden, convertors have a great incentive to convert and sell the individual units as rapidly as possible. The consequence is that the tenants are put to a quick choice between buying or moving out. In addition, the interest which the convertors pay on the funds borrowed to buy the building must be recovered, and obviously that finds its way into the price of the unit. It is estimated that the involvement of a convertor increases the cost of a condominium conversion by anywhere from 15 to 30 percent.

The benefits to tenants to be expected from changing the law to eliminate the need for convertor involvement are more than theoretical. Experience has shown that conversions accomplished through the use of convertors create far more difficulties for tenants than do conversions accomplished by the original owners of the apartment buildings.

A word is in order here about the effect of conversions on the rental market. A 1980 Department of Housing and Urban Development study reveals that while condominium conversions obviously reduce the supply of rental stock, there is an almost 1-to-1 effect in reducing the demand for rental stock. Many first time condominium buyers were previously renters or older couples moving from larger houses after the kids have grown up. In fact, in many parts of the country, given the current cost of housing, condominium purchase is one of the best ways for young homeowners and older empty-nesters to afford ownership housing with all the financial and psychological benefits which that brings.

In conclusion, I believe that this is a measure which the Senate conferees should accept as it has been proposed by the House of Representatives in H.R. 4170.●

Mr. DURENBERGER. I would like to join my distinguished colleague from Texas, Senator TOWER, in recommending that our conferees accept the provisions of the condominium cost reduction provisions of H.R. 4170. I endorse the reasons advanced for that recommendation.

I would like to speak briefly to the matter of the revenue impact of that proposal. In the 1984 report of the Ways and Means Committee (H. Rep. 98-432, 2d sess., part II) a modest revenue decline is indicated should the condominium cost reduction provisions be made law. However, the Ways and Means Committee report of 1983 (H. Rep. 98-432, 1st sess.) indicated a modest revenue gain for the same measure. The difference lies in the fact that the 1983 condominium cost reduction provisions included provisions meant to limit the use of collapsible corporations in the condominium conversion process. The 1984 version puts the collapsible corporation provisions into a separate section of the bill, from which a revenue gain is predicted. Thus, the net effect of these two changes in the law provisions will, insofar as condominium conversion transactions are concerned, be at least revenue neutral, or perhaps positive on the revenue side.

Mr. WILSON. I wish to join my distinguished colleagues from Texas and Minnesota in recommending that our conferees accept the condominium cost reduction provisions as proposed in the bill reported by the other body. As this discussion has indicated, condominium conversions are not without controversy. But a careful analysis of the situation reveals that the problems associated with condominium conversions are most, perhaps even all of them the result of the involvement of middleman condominium convertors, and involvement virtually compelled by the current structure of the tax law.

It is of note that there has been no visible opposition to the condominium cost reduction provisions. Indeed, I am informed that the supporters of the bill went to the effort of contacting tenants groups and others who might have an interest in the matter and discovered that none of them saw any reason to oppose the proposal.

I am informed also that there have been some private representations from convertors, questioning the proposal by raising concerns as to whether apartment owners are competent to effect condominium conversions. The answer to that question, however, is given in testimony by a convertor who appeared before the other body in support of the bill. That answer simply is that if an apartment owner wishes to convert a building and finds the task too complex or onerous he will hire a convertor on a fee basis. Thus, the function of the convertor will be performed where necessary by those with professional competence, but the pressures caused by the convertor's involvement in the financing, and the increased costs associated with the interest rates attached to that financing, will not be present as they are under current law.

● Mr. DOLE. Mr. President, I thank my distinguished colleagues for their expression of strong interest in the condominium cost reduction provisions of H.R. 4170. The Senate conferees will give careful consideration of these provisions in conference.●

AMENDMENT EXCLUDING TAX-EXEMPT BOND INTEREST FROM THE INCOME THRESHOLD IN DETERMINING TAXATION OF SOCIAL SECURITY BENEFITS

● Mr. EVANS. Mr. President, I rise to join my colleagues in opposition to this amendment, which is designed to repeal the inclusion of tax-exempt interest from the income threshold used in determining the taxation of social security benefits. This is a very difficult issue—for that matter, it is difficult for every Member of Congress to broach the issue of adjusting the benefits an individual receives under social security.

Americans who have worked throughout their lives and have contributed to social security should be guaranteed a substantial and a sufficient benefit from this trust. Congress was faced, 1 year ago, with the prospect of a bankrupt trust fund—a true question as to whether this guarantee would be maintained.

Many modifications to the social security system were initiated under the social security amendments of 1983 in a bipartisan effort to maintain the stability of the trust fund. Instead of proposals to means-test social security or target benefits to only low-income Americans, Congress moved to tax a portion of benefits for those individuals receiving relatively high income. If we are to tax these benefits, all income should be included in the determination of whether this tax should be imposed.

Many individuals suggest that tax-exempt interest income is being taxed under current law. However, this is incorrect. Interest income from tax-exempt bonds is not taxed, but used to calculate total income to determine whether one-half of social security benefits paid to high income persons is taxed.

Congress made the right decision in the 1983 social security compromises and we should not move to change it now.●

Mr. BOREN. Mr. President, it is my understanding that the transition rule to section 171 of the Dole/Long amendment, the "Recovery Period for Most Real Property Extended to 20 Years" applies if either the taxpayer or a qualified person enters into a binding contract to purchase or construct the property before April 16, 1984 or construction of such property was commenced by or for the taxpayer or a qualified person before April 16, 1984 and is placed in service before 1987.

The definition of qualified person provides that the transition rule applies to a transferee of the person who commenced construction of the building or who entered into a binding contract, provided that transfer occurs prior to the time the building is placed in service.

It is my understanding that the transition rule would apply to cases that involved a series of transfers prior to the time the building is placed in service. For example, the rule would apply where one person had commenced construction prior to March 16, 1984 and that person transferred the property to a second person, who in turn transferred the property to a third person, all prior to the time it was placed in service by anyone. In such a case the last owner who first placed the property in service would qualify for the transition rule. Is that also the Senator's understanding?

Mr. DOLE. Yes; that is my understanding.

Mr. MITCHELL. I would like to direct a question to the Senator from New Jersey. My question concerns the impact of his amendment of yesterday regarding the Synthetic Fuels Corporation on the Northern peat energy project in Milford, Maine. The Northern Peat Co. recently received a letter of intent from the Synthetic Fuels Corporation on price supports and loan guarantees for the project. Construction will begin in July 1985, and commercial production is expected in July 1988. It is my understanding that this project would not be affected by this amendment. Is this correct?

Mr. COHEN. I want to join my colleague from Maine in expressing concern about the Northern peat energy project. The planning for this project was based on the availability of the energy tax credits and financial assistance from the Synthetic Fuels Corporation. I hope that it is not the intent of the amendment to affect this project.

Mr. BRADLEY. My amendment is prospective only and it is certainly not my intention to adversely affect any qualified project.

AMENDMENT NO. 2962 RELATING TO RURAL HOSPITALS

Mr. BURDICK. Mr. President, I was very pleased to see that the Senate has taken action today on the amendment developed by the Finance Committee dealing with rural referral centers. This amendment mandates that the Secretary shall develop criteria by June 1 defining rural referral center hospitals that are similar to hospitals in more urbanized areas.

I understand HCFA is already working on this general problem, and I think this amendment makes it crystal clear that the Senate wants action taken and taken in a timely manner. While broad classifications are necessary to make the prospective payment system work there must be enough flexibility in the system to allow recognition of unique exceptions to the general rule. Certainly, those rural hospitals that serve a broad region of their State and serve as a referral center for people within a several hundred mile radius deserve special consideration that is not available under the current regulations. Without it, however, many could be forced to close, drastically lowering access to medical care for large segments of rural America.

We have two such hospitals in North Dakota, located in Minot, a city of 35,000 people. While a population of 35,000 may not sound big to those of you in more populated areas, it is the fourth largest city in our State, and the hospitals there serve a population of over 150,000 in an area encompassing over 20,000 square miles. These hospitals are rural only in that they are located in a smaller community. Otherwise, their characteristics are those of urban rather than rural hospitals.

I would hope that HCFA will be sure to look at hospitals in the more sparsely populated areas of the country like Minot as the regulations mandated by this amendment are developed. Senator ANDREWS and I have been working with HCFA and Dr. Davis on the Minot problem for some time. It has been a pleasure to work with them, and I look forward to continuing our work to develop regulations that will fit the realities of rural America.

VETERANS' MORTGAGE SUBSIDY BONDS

Mr. CRANSTON. Mr. President, on April 11, during the Senate's consideration of H.R. 2163, I was delighted to join with the distinguished Senator from Alaska who serves with me on the Veterans' Affairs Committee (Mr. MURKOWSKI) as the principal cosponsor of amendment No. 2949. This amendment, which was unanimously approved by the Senate, expresses the sense of this body that no termination date be imposed on the issuance of qualified veterans' mortgage bonds and that no qualified veterans' mortgage bonds be subject to State mortgage subsidy volume caps.

Veterans' mortgage bonds are an important means of assisting veterans in obtaining housing at reasonable interest rates. They have been effectively used by a number of States and could well be used effectively in any State that desired to establish a program to benefit its veteran citizens.

Veterans' mortgage bonds totalling approximately $2.9 billion were issued by several States in the years 1980 through 1982. At the present time, four States—California, Alaska, Oregon, and Wisconsin—are using veterans' mortgage bonds to finance low-interest veterans' housing program. Two other States—Pennsylvania and Texas—are working to establish similar veterans' home loan programs.

In California, the Cal-Vet program has been in place since 1921 and has assisted more than 360,000 veterans in acquiring housing. The great support for the Cal-Vet program has been demonstrated time and again by the overwhelming approval of veterans' bond issues for over 60 years; for example, $400 million in such bonds have been issued in the past 4 years, and, in the past 2 years, 88 percent of the Cal-Vet loans have been made to veterans of the Vietnam-era. The program has enjoyed an excellent reputation, and 100 percent of the bond proceeds have been used for purposes of making low-cost farm and home loans to California veterans.

Mr. President, the provisions of the committee amendment to H.R. 2163 do not propose any changes in veterans' mortgage bonds. However, section 711 of H.R. 4170, as now approved by the House, contains two provisions that would have a very damaging effect on these bonds. First, it would generally require that each States ceiling for qualified mortgage bonds be reduced by the aggregate amount of qualified mortgage bonds issued in the State during the preceding calendar year. Second, it would subject veterans' mortgage bonds to a December 31, 1988, sunset provision.

Our amendment, Mr. President, which was also cosponsored by Senators Kasten, Hatfield, Wilson, and Stevens, states that it is the sense of the Senate that these changes not be made. We believe that the enactment of any such restrictions would seriously impair existing State veterans' housing programs, as well as discourage other States from establishing such programs as a means of assisting their veteran-citizens. Certainly, State efforts such as these are appropriate and should be fostered—not impeded or hampered—by the Congress.

I am delighted that the entire Senate has now gone on record as sharing that sentiment and that this position is clearly stated in the measure. I am also grateful for the assurances of the distinguished Finance Committee Chairman (Mr. Dole) that he and the distinguished ranking Democrat on that committee (Mr. Long) will do their best in conference to sustain the Senate's position. At this time, Mr. President, I want to assure them that I am prepared to assist them in that task in any and all appropriate ways.

CREDIT CARD SURCHARGES

Mr. GARN. Mr. President, every office on both sides of the aisle, and in both bodies, has been inundated with postcards and letters opposing attempts to saddle credit card holders with surcharge penalties. This postcard campaign was generated by a letter from American Express to its cardholders, and it has created a lot of confusion.

In their letter, AMEX resorted to inflammatory rhetoric supported by inaccurate and misleading statements. For example:

AMEX says Congress could be dangerously close to restricting your right to use your own charge or credit cards where and when you please. This is blatant nonsense. Congress is doing no such thing.

AMEX says the Senate action on S. 2336 will saddle credit card holders with surcharge penalties.

First of all, we already have so-called surcharge penalties. We call it a cash discount. All over America gasoline stations are charging a higher price for customers who use a credit card. This is a surcharge for credit as much as a discount for cash.

Second, nothing in the Senate bill requires merchants to do anything. It is completely voluntary. Some merchants could choose to charge more for credit or less for cash, as some gas stations already do.

AMEX says the Federal law prohibiting surcharge protects consumers and American Express in the market.

It does not protect consumers. They have to pay for the costs of accepting credit card in the form of higher prices for everyone. When that happens, cash purchasers subsidize credit purchasers.

The law certainly protects card companies. But why should it? Card companies do not need the Federal Government imposing unnecessary regulations on the thousands of highly competitive retailers all over the Nation.

Mr. President, I ask that both the American Express letter, and my response, be placed in the Record.

The material follows:

American Express Plaza,
New York, N.Y., March 26, 1984.

Dear Cardmember: By the time this letter reaches your home, Congress could be dangerously close to restricting your right to use your own charge or credit cards where and when you please.

Even as I write, a bill is moving rapidly through Congress that would permit merchants to penalize you for your card purchases. It would allow businesses to impose a surcharge of up to 5 percent on each and every item you buy.

Until now, this type of blatant discrimination was strictly prohibited. But unless you act today, your credit convenience may be a thing of the past. Here is why.

On February 28, Congress let expire a law that barred businesses from charging customers extra for purchases made with credit cards. That law had been on the books for nearly eight years—and according to our research it may have saved the average cardmember well over a thousand dollars.

In years past, the law has been routinely re-enacted by members of Congress. They knew then, as they know now, that it prevented merchants from taking unfair advantage of customers who chose to use credit cards.

That is why I was so surprised—as I know you, too, must be—when Congress let the law lapse, though the surcharge ban clearly benefitted so many Americans. And frankly, I am outraged to think that now a handful of politicians are on the verge of pushing through a bill to inflict costly and confusing surcharge penalties on you and other cardholders.

That is why I am writing to you today. I am concerned that you might not even be aware that Congress is seriously considering a bill that could give some merchants an unfair windfall—at your expense. I feel that if you were, you would want to act, and urge your friends to act, as well.

In doing so, please be assured that we at American Express strongly oppose any surcharge of any type on card purchases. We are backing legislation—introduced by Representative Frank Annunzio (D-IL) and Senators Alfonse D'Amato (R-NY) and Alan Dixon (D-IL)—that would permanently ban this kind of abuse.

I know you may wonder: Why is American Express so opposed to surcharge penalties?

The answer is simple. For more than a quarter of a century, we have worked hard to make sure your card offers you a convenient, reliable—and trusted—way to make purchases. That benefits you and American Express alike.

Your early acceptance of charge cards has shown that you appreciate this convenience. Your growing use of the card has demonstrated that our mutual trust has not gone unrewarded.

But now, a few members of Congress—backed by some powerful special interests are seeking to change the rules that have protected us both in the marketplace. And unless you act now, I fear they may be successful.

Before I go any further, I must tell you what these politicians are telling their colleagues. I don't like to repeat it, but I believe you need to know.

They are saying you deserve to be penalized because your credit and charge cards are so terribly costly for merchants to process. They say that you—whom they like to call the "privileged few"—drive up costs to cash paying customers.

I want to assure you that nothing could be further from the truth.

First of all, the law already allows merchants to offer unlimited discounts to customers who choose to pay with cash.

Cash discounts can benefit customers—and we have long been for them. They give you the option of either paying the regular price and having the convenience of using your credit card, or paying cash and receiving a discount.

We think you and all consumers should have this freedom of choice. It is a choice with no penalty and numerous benefits.

The surcharge, on the other hand, would penalize both cash and credit customers. If you chose to pay cash, you would pay full price. If you wanted—or needed—to use your credit card, you would be charged a penalty over and above the regular price.

I am particularly troubled by those pushing the surcharge who claim that if merchants no longer had to bear the cost of processing credit card sales, they would gladly lower their prices across the board. (When was the last time you saw that happen?)

This "claim"—and that's all it is—is based on the unproven premise that credit card transactions cost merchants more than accepting cash or personal checks.

The fact is that there are many costs associated with cash and checks that do not exist with credit cards. A merchant who has large amounts of cash on hand needs increased security. And checks—which can require considerably more transaction time than credit cards—bring with them a certain percentage of bad check losses.

That is why few merchants take advantage of the existing opportunity to offer discounts for cash. There generally isn't enough difference in the cost to the merchant to justify having two prices for the same item.

Yet, backers of the surcharge now want to create a confusing system that would make comparative shopping all but impossible. You would need a calculator to determine which merchant—one offering discounts or one imposing surcharges—would give you the better deal.

Before I close, I must talk to you about what I see as the most unacceptable irony of all. I am referring to the charges made by surcharge proponents against "a handful" of cardholders.

The truth is that credit cards are no longer something for the privileged few. More than 7 out of 10 Americans now have credit or charge cards. These cards help you avoid the risk of carrying large amounts of cash and provide an accurate record of your purchases.

With more than 600 million credit cards in circulation, cards are found today at every level of the economy.

In many cases, cards provide lower and middle-income families a way to meet their needs between paydays. They provide all of us a means to purchase school clothes, pay medical bills, and obtain other necessities when household budgets cannot conveniently provide the cash.

But now, all of this is threatened. If the D'Amato/Annunzio bill is not passed into law, the convenient credit card structure, which has meant so much to so many could be thrown into needless chaos—and all because a few members of Congress have undermined traditional consumer protections that we both have fought to build into our society.

That's why I am making this unprecedented personal request to you to take just a moment to let your members of Congress know that you regard a surcharge penalty on credit cards as totally unacceptable.

Here is how you can help.

Just complete the enclosed return cards and mail them to your senators and representative. Personally fill in your members' names and add your own signature so they'll know of your sincere concern. I assure you, they'll be impressed by your commitment.

Finally, please use the Reply Memorandum to let me know that you have joined the battle. I don't mind taking the lead, but I need to know that you're behind me. I value your support.

That is it. By joining together, we can stop the surcharge penalty dead in its tracks. And we can assure that this time it stays permanently banned.

I look forward to hearing from you.

Sincerely,

James F. Calvano,
President.

P.S. I have just been told by aides in Washington that the surcharge penalty proponents are rushing to pass their bill before you have time to act. So please send in your cards today so we can remove this costly threat once and for all.

Committee on Banking,
Housing, and Urban Affairs,
Washington, D.C., April 10, 1984.

Mr. James F. Calvano,
President, Payment Systems Division, American Express Co., American Express Plaza, New York, N.Y.

Dear Mr. Calvano: I am writing to strongly protest the letter writing campaign waged by American Express urging your cardholders to oppose "surcharge penalties". While legitimate arguments could have been made, unfortunately you resorted to inflammatory rhetoric supported by inaccurate and misleading statements calculated to incite, rather than inform, your cardholders.

Because of the glaring absence of facts in your letter to cardholders, I will recount a few which are important to understanding this debate. As you know, American Express and credit card companies charge retailers up to 5 percent for accepting a charge card. If you hand your local merchant, gas station owner, or restaurant a $10 bill that merchant gets $10. If you hand them a charge card they get $9.50 when they turn in the charge slip. This 50 cents charge, known as the merchant discount fee, goes to the charge company.

Merchants have to recover the 50 cents cost, the merchant discount fee. If they can't pass this cost directly on the card user, they must raise prices to cover the card costs. That merchants raise prices to cover charge card costs is not a "mere claim", but a common sense economic principle that has been documented by study after study. In fact, the Federal Reserve Board estimates that the prices of goods are increased by as much as $6 billion a year to reflect the additional costs of merchant discount fee imposed by card companies. When everyone pays the same price, inflated by merchant discount fees, cash customers are forced to subsidize those who pay by card. This gives everyone the impression that credit is "free"; unfortunately, there's no such thing as a free lunch, or free use of your card.

In February, the Senate passed legislation which permits merchants to charge a "difference in price" for cash and credit customers. The Senate action removed the distinction in current law which permits cash discounts but prohibits credit surcharges, because the distinction makes no sense. To argue that a cash discount differs from a surcharge for credit is like arguing that the glass is half full but not half empty. The Senate action merely confirms what is already happening in the marketplace. Every American is familiar with gasoline stations which offer a lower "discount" price for payment by cash, and a higher "credit" price for payment by charge card. You can call this a "cash discount", or a "credit card surcharge", or as the Senate bill does—a "difference in price" reflecting the higher cost of accepting a credit card.

American Express has greeted this Senate action with a Chicken Little response. In a misleading and inaccurate letter, American Express cardholders are told that Congress is "close to restricting cardholder's rights to use their own charge or credit cards where and when they please". This statement is blatant nonsense. I am not aware of any legislation designed to accomplish such a goal. Secondly, the letter urges opposition to Congressional "attempts to saddle credit cardholders with penalties". There is nothing in the Senate bill which would require merchants to charge for credit card use.

Like parking privileges, some merchants may choose to charge for credit card acceptance, as some gasoline stations already do. In all likelihood, many would not impose a higher price for charge cards for competitive reasons and/or fear of antagonizing customers. This is the free market at work. I find no compelling reason to justify federal government restrictions on merchants just to protect the billions of dollars in merchant discount fees earned by credit card companies. Third, it is almost amusing to read the charge that "a few members of Congress—backed by some powerful special interests" are seeking to change the rules.

By an overwhelming vote of 66-22—not exactly a "handful of politicians"—the Senate soundly rejected an amendment endorsed by American Express to permanently ban surcharges. The "powerful special interests", namely the credit card companies and banks, lost on that vote. The bill passed by the Senate enjoyed broad, diverse support ranging from free market advocates opposing the surcharge ban as a permanent price control, to the Consumer Federation of America, which argued that the ban forces retailers to bury the true cost of credit in higher prices for consumers.

American Express has otherwise consistently argued against the heavy hand of federal government regulation and championed the benefits of free and unrestrained competition. I am extremely disappointed that, on this issue, you are leading the charge in lobbying Congress for protective legislation, armed with deceptive information which distorts the issues. I agree with one point made in the American Express letter, which notes that the Senate action changes the rules "which have so far protected us in the marketplace". You do not need federal regulation protecting you in the marketplace. If you truly believe in free markets, practice what you preach and stop asking Congress to impose unnecessary regulations on the thousands of highly competitive retailers all over the nation.

Sincerely

Jake Garn,
Chairman.

Mr. GARN. A few other individuals and organizations have commented on the American Express letter, and the surcharge debate.

For example, the National Retail Merchants Association say they cannot leave the Amex letter unanswered, because it gives a distorted one-sided picture of surcharges.

In their letter they carefully document the inflammatory buzz words used to appeal to the emotions of cardholders and obscure the real issues.

Alfred Kahn has something to say about this debate. He is now a professor at Cornell University and was President Carter's choice to head the Council on Wage and Price Stability.

He says that a bill prohibiting surcharges is "thoroughly indefensible" and "respresent an unconscionable effort to protect the credit card business." He debunks the argument that if companies were permitted to impose charges, they would just pocket the revenues, calling this an economically illiterate view. He gets to the crux of the issue by pointing out the "simple economic fact that necessary costs of doing business generally get passed on in prices."

A few Utahans have contacted me. They disagree with American Express.

One constituent sent me a copy of his response to Amex, saying "I totally disagree with the reasoning pointed out in your letter in opposition to legislation that would prevent merchants from charging more for credit card use and for cash. I believe that it is just such government intervention and protectionism that has stifled our economy and interfered with free enterprise.

Another constituent of Granger, Utah, wants me to let the surcharge ban die. He thinks there is no justification in any way for those who pay cash to be required to subsidize those who want to use this credit card convenience.

A third constituent, in Salt Lake City, simply stated that his company favors passing credit card costs along to the credit card user upon whom the cost are originated.

The administration opposes a ban on surcharges because a ban constitutes an unwarranted Government interference in private business decisions and because there is no functional difference between a credit card surcharge and a cash discount.

Mr. President, I ask that the letter from the National Retail Merchants Association, the statement of Alred Kahn which will appear on tomorrow's Nightly Business Report, a letter from the Comptroller of the Currency, and the letters from a few of my constituents from Utah be placed in the RECORD.

Mr. President, I also want to point out that the House of Representatives has passed a compromise piece of legislation on this issue—H.R. 5026. This bill would not permanently ban surcharges. It would temporarily extend the ban for 14 months, and in the interim commission the FTC and the GAO to examine ways that credit card companies could directly recover their costs from card holders, without getting the retailer in the middle of it. At this time, it is my opinion that H.R. 5026 represents a reasonable compromise on this issue. I certainly do not believe the Congress should be stampeded into acting unwisely and imposing a permanent ban on surcharges.

The letters follow:

NATIONAL RETAIL
MERCHANTS ASSOCIATION,
New York, N.Y., April 9, 1984.

Hon. HOWARD H. BAKER, Jr.,
U.S. Senate, Hart Senate Office Building, Washington, D.C.

DEAR SENATOR BAKER: The National Retail Merchants Association [1] is concerned that in recent weeks inaccurate information has been distributed to the American public regarding credit card surcharges. Congressional consideration of this subject (S. 2336 and H.R. 5026) is continuing and we want to set the record straight.

In a letter dated March 26, 1984, American Express (Amex) asked its cardmembers to mail pre-addressed return cards to each member of Congress. These cards carry a pre-printed message urging enactment of a permanent ban upon credit card surcharges.

NRMA cannot leave the Amex letter unanswered. It is more than a misleading appeal to emotions. It gives a distorted, one-sided picture of surcharges. It tells its cardmembers that acceptance of charge cards by merchants does not add costs to cash paying customers. Amex advocates discounts for cash as a benefit and at the same time decries the imposition of a surcharge, describing it as a penalty to "both cash and credit customers." This is based upon Amex' conclusion that if the ban were removed merchants would charge the "full price" to cash customers and would impose "a penalty over and above the regular price" on credit customers.

This assertion flies in the face of logic and basic principles of economics. As the Federal Reserve Board established in its Study submitted to Congress in July, 1983 (Credit Cards in the U.S. Economy: Their Impact on Costs, Prices, and Retail Sales), credit card transactions are more costly for merchants than are cash transactions. In the case of third-party cards, this cost is attributable to the fee the merchant pays to the card issuer ("compared with cash, third-party credit card transactions averaged $2\frac{1}{4}$ percentage points higher in cost and nearly 20 percent of respondents indicated that the cost of cards exceeded cash by four percentage points." FRB Study, p. 57).

The Amex letter is replete with "buzz words" that are calculated to appeal to emotions and obscure the real issues:

". . . restricting your right to use your own charge cards . . . ." A charge paid by a cardmember for a service is not a restriction on a person's right—if it were, Amex would be the primary source of such "restriction," since Amex itself imposes a variety of charges of charges for such use.

". . . merchants . . . penalize you for your card purchases." When Amex imposes its Annual Fee of $35, its late charge of 2.5 percent per month, its $10 returned check fee, and finance charges on its Sign and Travel Account, these are never referred to as "penalties," but rather they are the means to obtain the "benefits" of the Amex charge card.

". . . this type of blatant discrimination was strictly prohibited." Merchants are forced to increase prices because of the cost of accepting credit cards. If merchants choose to offer dicounts to cash customers, Amex states that such discounts "can benefit customers—and we have long been for them." But, Amex calls it "blatant discrimination" when merchants accomplish the same thing by reducing the cash price and the cost of credit is allocated where it belongs—to credit card users.

". . . could give merchants an unfair windfall—at your [cardmember] expense." The merchant who accepts third party cards must pay the card issuer a fee for each credit card transaction. This cannot be considered a "windfall" to the merchant since he is merely recouping that cost.

"[the ban on surcharges] . . . may have saved the average cardmember well over a thousand dollars." In addition to being grossly inflated—we presume that this figure was derived by computing 5 percent of each cardmember's total card use over an eight year period—it fails to take into account the billions of dollars that could have been saved by all American consumers—including Amex cardmembers—had merchants been permitted to reduce cash prices by the amount of the discount fee Amex and other third-party card issuers impose on merchants.

We could go on to quote other passages from the four-page Amex letter that describes surcharges as "abuse," "penalties," "taking unfair advantage of customers," "backed by some powerful special interests," and so on, but it would serve no further purpose.

Amex does more than ignore the massive amount of data which for years has documented the fact that merchants are forced to recoup credit card costs in the price of their goods and services. The Amex letter is a conscious effort to convince its cardmembers, and ultimately the Congress, that the opposite is true. Amex calls the fact that cash purchasers subsidize credit costs an "unproven premise" and even resorts to a somewhat ironic appeal to protect lower and middle-income families, who, it is claimed, need their credit cards to purchase school clothes and pay medical bills.

Amex ends its letter by characterizing S. 2336, which was passed by unanimous consent of the Senate, as an act of "a few members of Congress [who] have undermined traditional consumer protections that we both have fought to build into our society." To the contrary, passage of S. 2336 represents sound and well-reasoned pro-consumer policy.

We trust that you will not allow the Amex campaign to affect the strength of your resolve or the exercise of your sound judgment. Removal of the ban on surcharges (S. 2336) is strongly supported by the Federal Reserve Board, the Federal Trade Commission and the Consumer Federation of America. It gets government out of pricing decisions and gives American merchants the option to pass the cost of accepting credit cards on to credit card users, or not, as the merchant chooses and as the fiercely competitive marketplace dictates. The private commercial interests of Amex do not justify federal intervention. We urge you to remove the ban on surcharges and allow private economic decisions to be made in the marketplace.

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[1] NRMA is the nation's largest trade association for the general merchandise retail industry. NRMA's members operate more than 40,000 department, chain and specialty stores across the country. Their annual sales exceed $150 billion and they employ more than 3 million workers.

Respectfully submitted,

JAMES R. WILLIAMS,
President.

LEGISLATIVE PROTECTIONISM FOR THE CREDIT CARD INDUSTRY

(By Alfred E. Kahn)

On April 3, the House of Representatives passed and sent on to the Senate a bill that would renew a recently expired Congressional prohibition of merchants imposing surcharges on customers who pay with credit cards. The prohibition is thoroughly indefensible—redeemed only by the probability that it is also futile.

This bill represents an unconscionable effort to protect the credit card business—American Express has just written all its cardholders urging them not to leave home without writing their Congressmen in its support—at the expense of the people who pay with cash.

Its sponsors—prominent among them New York's Senator Alfonse d'Amato—would of course deny this. If permitted to impose these charges, they contend, the companies would simply pocket the additonal revenues, as well as their cost savings as customers responded by paying more often in cash. So prohibiting the surcharges, they say, would impose no burden on cash customers.

According to this economically illiterate view, profits are not just the bottom line, they are bottomless. So, conversely, if companies are denied the ability to impose surcharges, they will simply have to swallow the additional costs imposed on them when they have to collect their bills from credit card companies.

This reasoning ignores the simple economic fact that necessary costs of doing business generally get passed on in prices. This means that if a merchant is forbidden to charge different prices to people who pay with cash and with credit cards, all customers will end up bearing the added costs of credit card collections. If instead he is free to distinguish, it will pay him to impose those collection costs instead on the people specifically responsible for them.

But, to turn to my saving qualification, the whole controversy is probably a tempest in a teapot. The prohibition will probably be futile, for the simple reason that the bill leaves undisturbed the right of merchants to give customers discounts for paying in cash. Given the fact that the market will in any event allow business to recover their necessary costs, plus whatever profit the state of competition (or its lack) permits, there is no difference between discounts and surcharges.

When you go to one of those gas stations that offers a discount if you pump the gas yourself, how do you know that they haven't increased their basic charge correspondingly—so that the discount is a phony, and they're really just surcharging the people who want full service and pocketing the higher profits?

You can't know from those facts alone: the discount to some customers can't on its face be distinguished from surcharges to others.

What happened historically, however, was that some service stations began to offer lower prices than their competitors at self-service or cash-only pumps, reflecting the lower costs of those operations; and so many consumers responded—in effect voted with their wheels—that the other stations were forced to offer similar options.

That's how competition works. It charges people lower prices for product or service options that cost less to provide, and higher prices for more costly variants; and wherever feasible it offers a choice among them, at prices reflecting their respective costs.

Whether sellers distinguish cash and credit card customers by discounts to the former or surcharges to the latter is a matter of semantics only. So even if the credit card companies think they'll benefit from this bill, they're probably wrong.

In any event, the Senate should turn down this blatant piece of special interest legislation.[1]

COMPTROLLER OF THE CURRENCY,
ADMINISTRATOR OF NATIONAL BANKS,
Washington, D.C., February 22, 1984.

Hon. JAKE GARN,
Chairman, Banking, Housing, and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Office on H.R. 4278. The bill would temporarily extend the existing ban on credit card surcharges until July 31, 1984. The prohibition on sellers imposing surcharges on customers who elect to use a credit card rather than cash was originally introduced in 1976. The ban has been twice extended and, absent this bill, will expire on February 27, 1984.

When the extension issue last arose in 1981, we suggested that cash discounts and credit card surcharges be afforded similar treatment under the law. Essentially, a discount and a surcharge are equivalent concepts in the way they affect product prices. Since merchants are currently permitted to offer unlimited cash discounts, we question the need for a ban on surcharges.

Because a differential in price between cash and credit customers is considered a cost of credit and would normally be viewed as a finance charge, it is necessary to address the issues of truth in lending requirements and state disclosure and usury laws. While unlimited differentials may provide the most market flexibility, a 5% cap on the amount of the price differential that is excluded from disclosure requirements and usury laws, as suggested by the Federal Reserve Board, is recommended.

Additionally, extending the ban interferes with the freedom of the marketplace. Merchants should not be restricted from imposing a surcharge or granting a cash discount so long as the pricing information is properly disclosed to the customer. Removing the prohibition would provide sellers the most flexibility in marketing their products and generally enhance competition. We recommend that the existing ban on credit card surcharges by merchants be permitted to expire.

Sincerely,

C. T. CONOVER,
Comptroller of the Currency.

ST. GEORGE, UTAH,
April 3, 1984.

JOHNATHAN S. LINEN,
American Express Travel Related, American Express Plaza, New York, N.Y.

DEAR SIR: We are in receipt of your letter dated March 28, 1984, concerning the Credit Card and Surcharge legislation and would like to take this opportunity to respond.

I totally disagree with the reasoning pointed out in your letter in opposition to legislation that would prevent merchants from charging more for credit card use than for cash. I believe that it is just such government intervention and protectionism that has stifled our economy and interfered with Free Enterprise.

I intend to continue to use "Plastic" money whether or not it costs slightly more. I feel it a convenience to use someone else's money at no cost for up to thirty days and would oppose regulations that would eliminate that decision by those extending that service.

Sincerely,

——— ———.

GRANGER, UTAH,
February 4, 1984.

Senator JAKE GARN,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR GARN: In this morning's Tribune there was a piece about the credit card costs. If nothing is done this will die this month—February.

LET IT DIE

There is no justification in any way for those who pay cash to be required to subsidize those who want to use this convenience. Fraudulent use of credit cards are costing honest people who pay cash millions of dollars in added costs. Counterfeiting these cards is every bit as bad as making phony dollars. It amounts to the same thing. Then there are those who over charge and the issuing company will not pay the cost. The cost of this collection is added to the price of goods. If people want to use these damned things those who use them should bear the total added cost of this use.

LET IT DIE

Very sincerely,

——— ———.

HONDA,
Salt Lake City, Utah, April 4, 1984.

Senator JAKE GARN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GARN: My company is in favor of passing credit card costs along to the credit card user upon whom the costs are originated.

Please oppose the D'Amato/Annunzio bills—or any other measures to ban such practices.

——— ———.

Mr. GORTON. Mr. President, on February 28, 1984, the Senate overwhelmingly rejected an amendment to impose a ban on credit card "surcharges" by a 66-22 vote. It has come to our attention that the same amendment will again be offered.

The proponents of the amendment now argue that the Senate action was based on a flawed Federal Reserve study which failed to compare merchants' costs for accepting means of payment, other than credit cards, such as cash or checks.

This is an incredible assertion for anyone actually familiar with the Federal Reserve Board study, in which an entire chapter is devoted to this issue. The Board examined earlier studies on the costs of cash and credit, and conducted its own comprehensive survey of retail businesses on the costs of accepting cash, checks and credit card. The Board directed merchants to consider all aspects of costs for accepting credit cards, cash and checks, including:

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[1] The writer is Robert Julius Thorne, Professor of Political Economy at Cornell University and Special Consultant to National Economic Research Associates. The above is an expanded version of one of his biweekly *Nightly Business Report* commentaries, scheduled for broadcast on April 13.

First, point of sale and accounting costs (equipment and personnel costs for writing sales slips, making change, obtaining verification and approval for checks and credit cards, reconciling daily receipts, recordkeeping and other point-of-sale costs);

Second, loss and security costs (loss or theft of cash, bad or returned checks, credit card fraud, bonding and insurance fees, safekeeping and other security costs including losses suffered by retailers from theft or fraud as well as direct expenses to prevent or provide compensation against such occurrences);

Third, deposit and financial costs bank service charges for deposits, costs to take deposits to a bank, and costs associated with the delayed receipt of funds; and

Fourth, fees for check verification and credit card processing.

The Board concluded:

> The weight of the evidence from the survey and other studies is that the total net costs to retailers associated with credit cards—including point-of-sale, security-related, and financial costs—are in fact higher than for other types of transactions, typically by about 2 to 3 percent of the transaction amount . . .

That study concluded that cash customers subsidize credit purchasers. The extent of the subsidization, according to the Federal Reserve Board and the Federal Trade Commission, could be as much as $6 billion a year reflected in increased prices for products.

Mr. President, I would also like to bring to the attention of this body the judgment of the Federal Trade Commission on the question of banning surcharges.

Under a Democratic Administration in 1981, the FTC said:

> We believe that there is no economic rationale justifying the current substantive prohibition and that it should be deleted, or at least allowed to expire.

In a letter to the Chairman of the Banking Committee on March 6, 1984, the FTC states:

> We believe the prohibition against credit should not be extended. Discounts for cash are currently permissible and surcharges for credit card use should also be allowed.
>
> They point out that the increase in costs resulting from credit card usage amounts to approximately $6.25 billion annually.
>
> They note that the ban against surcharges has the particularly reverse consequence of forcing lower income purchasers made to subsidize the purchases made by the higher income groups.

Because the most recent pronouncement from the FTC came after committee and floor action on this issue, I would like to place their response in the Record at this time.

The response follows:

Federal Trade Commission,
Washington, D.C., March 6, 1984.

Hon. Jake Garn,
Chairman, Committee on Banking, Housing, and Urban Affairs, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your letter requesting the Federal Trade Commission's comments on H.R. 4278, which would extend the prohibition against the imposition of credit card surcharges until July 31, 1984. The prohibition, contained in Section 167(a)(2) of the Truth in Lending Act, 15 U.S.C. Section 1666f(a)(2), expired on February 27, 1984.

We believe the prohibition against surcharges for credit should not be extended. Discounts for cash are currently permissible and surcharges for credit card use should also be allowed.

Under a surcharge ban, merchants are confronted with an anomaly: they may raise the cash price of a good or service and then offer a discount, but they may not simply impose a surcharge on the price for credit card users. Thus, although credit card surcharges are practically and economically equivalent to cash discounts, they are not treated as such legally.

The law's disparate treatment of discounts and surcharges has caused confusion among consumers, creditors and merchants. To alleviate this confusion, the Commission staff has spent considerable resources to educate consumers and businesses about the surcharge prohibition and explain the circumstances under which cash discounts may be offered. In addition to direct contacts with merchants, the staff has prepared and disseminated educational materials for both industry and consumers. Despite these efforts, public confusion persists. The reason for this continued uncertainty is that in a two-tier pricing system, whether the higher price is called a "surcharge" or the lower price is called a "discount" makes no difference to merchants or purchasers. In both cases, the price to credit customers is higher than that to cash customers.

Allowing surcharges would promote consistency and clarity in this area. It would also permit merchants greater flexibility in creating a two-tier pricing system for credit and cash transactions. It would encourage merchants to allocate the full costs of honoring credit cards to consumers who pay by credit card. Thus, cash customers would no longer be required to absorb merchants' costs of honoring credit cards or to subsidize credit card users. As a result, consumers would have a wider choice than under the current single pricing system. Additionally, if credit prices included all of the merchants' credit card costs, efficiency would be increased because consumers would refrain from credit card use where its cost exceeds its value.

The costs incurred by merchants in credit card transactions are not insignificant. The Federal Reserve Board's 1983 study found that when a merchant accepts a third-party credit card, the merchant pays a "discount" of between 1-5 percent. The average merchant discount appears to be approximately 3 percent. While merchants incur costs associated with credit card transactions in addition to the discount and also incur costs when purchases are made using cash or checks, the 3 percent figure appears to be a reasonable approximation of the costs resulting from honoring credit cards.

Applying the 3 percent figure to the $208.1 billion in consumer purchases made with credit cards in 1982, the increase in costs resulting from credit card usage amounts to approximately $6.25 billion annually. This is about 1 percent of total consumer expenditures, excluding purchases of automobiles and food where credit cards are not commonly used. Merchants must, of course, recover this 1 percent increase in their costs in the prices of the goods they sell. Thus, if merchants charge the same price to cash customers and credit customers, cash customers pay more than they would if separate prices were charged cash customers and credit customers. Additionally, credit customers may be subsidized by about 2 percent of the value of the goods they purchase. Moreover, to the extent that credit card holders have relatively higher income levels than non-credit card holders, the ban against surcharges has the particularly perverse consequence of forcing lower income purchasers to subsidize the purchases made by the higher income groups.

In conclusion, we believe the ban against surcharges is contrary to the public interest. For that reason, the Commission opposes the enactment of H.R. 4278, which could extend the surcharge ban. We recommend that the Congress act to ensure equivalent treatment of cash discounts and surcharges.

By direction of the Commission.

Emily H. Rock,
Secretary.

Mr. DODD. Mr. President, the Senate soon will be facing again the complicated question of how to unbundle retail transactions so that credit card users pay their fair share of the costs. Recently, the private interests with the greatest stake in this issue have been lobbying the Congress to ban so-called credit card surcharges, a position they represent as proconsumer. Unfortunately, these private interests have chosen to use inflammatory language that grossly misrepresents the purpose of S. 2336, the legislation that the Senate passed on February 28, 1984. Therefore, I am pleased to join with my colleagues, Senators Garn, Gorton, and Proxmire, to try to shed some light on this debate.

Obviously, credit card transactions have many associated costs. In their simplest form, these costs are assessed on card users in the form of annual membership fees and interest charges, if consumers fail to pay off the balance on their accounts within 30 days. But these costs account for only about one-third of credit card revenues. The other two-thirds come from the so-called merchant discount fee, a fee that merchants pay the credit card companies each time they accept a card. Unlike membership fees and interest charges, the costs of the merchant discount are borne by all consumers—credit card users and cash users alike. This happens because most merchants offer their goods for the same price to credit card and cash customers alike.

Unfortunately, result of a single price system is that cash customers subsidize credit card customers to the tune of about $4 billion a year. What makes the situation even worse is that cash customers tend to be less well to do than credit card customers. One need look no further than the fact that American Express will not even consider giving you a credit card unless you earn $18,000 a year to understand the situtation.

Ten years ago, in 1974, the Congress accepted the basic premise that credit was more expensive and authorized merchants to charge different prices to credit and cash users. Unfortunately, the Congress authorized only "cash discounts" and not "credit card surcharges," in the belief that such an approach would reduce costs for all consumers. But there is no such thing as a free lunch and it appears that the only way merchants have been able to offer cash discounts is to first raise the one-tier price and call it the credit price, and then offer a discount from that higher price for cash. In reality, the credit card customer is, in fact, paying a surcharge under the present cash-discount-only system.

In an effort to encourage more two-tier pricing, S. 2336 has eliminated the meaningless distinction between discounts and surcharges and authorized merchants to charge different prices for cash and credit, so long as the difference does not exceed 5 percent.

Unfortunately, the House of Representatives has taken a different approach and called for a 14-month extension of the ban, coupled with two more studies. While I disagree with their approach, it is important to note that the House reaffirmed the basic premise that credit costs more than cash by continuing—with great approval—the cash discount system. We can—and probably will—debate with the House the issue of whether there is a difference between discounts and surcharges, but we are in agreement on the basic principle that credit costs more and merchants should be permitted to pass those greater costs along.

Now the principal opponents of S. 2336 are arguing that credit cards are no more costly—or even less costly—to process than cash. If this statement were accurate, then logically one should ban cash discounts as well as credit surcharges. However, the credit card companies tell us that they support discounts. They do, but they did not always. In fact, American Express contracts used to prohibit merchants from offering discounts for cash, until they were sued by Consumers Union in the early 1970's. They now support cash discounts because they have no choice. On the other hand, they oppose so-called surcharges because it would make the cost of credit more obvious and because it might result in some competition among card issuers to lower their merchant discount fees if merchants started surcharging different amounts for different cards, based upon which cards were most expensive for them.

So I think we are long past the time of debating whether credit is more expensive than cash. The questions we are faced with now are, first, what is the best way to encourage merchants to pass along those costs to credit users, and second, whether the Federal Government has any responsibility for telling merchants how to price the various elements of their costs. This latter point is a key one for both the Consumer Federation of America and the National Retail Merchants Association, two organizations that support S. 2336. In a recent letter to the Congress, CFA addressed this issue in the following fashion:

> The credit card surcharge issue can be reduced to one simple question: Should the Congress interfere with the free market and prohibit merchants from charging credit card customers for the full cost of accepting credit cards? For a ban on surcharges is a clear impediment to the daily process by which retailers translate their costs of doing business into the price of goods.

For once, NRMA is in agreement with CFA. Their recent letter to the Congress put it this way:

> S. 2336 gets government out of pricing decisions and gives American merchants the option to pass the cost of accepting credit cards on to credit card users, or not, as the merchant chooses and as the fiercely competitive marketplace dictates. The private commercial interests of Amex do not justify federal intervention. We urge you to remove the ban on surcharges and allow private economic decisions to be made in the marketplace.

Mr. President, I am including these two excellent letters in the RECORD for benefit of my colleagues. I hope my comments and theirs will help shift the focus on this issue from smoke to substance.

The letters follow:

CONSUMER FEDERATION OF AMERICA,
Washington, D.C., April 11, 1984.

DEAR SENATOR: Later this week you may be asked to cast another vote on the credit card surcharge issue. On behalf of its 200 organizations and their 35 million members, Consumer Federation of America urges you to vote against either temporary or permanent limtations on credit card surcharges.

As you may recall, on February 28 the full Senate voted 66-22 to reject a permanent ban on credit card surcharges. That was a vote for common sense and the free market.

The credit card surcharge issue can be reduced to one simple question: Should the Congress interfere with the free market and prohibit merchants from charging credit card customers for the full cost of accepting credit cards? For a ban on surcharges is a clear impediment to the daily process by which retailers translate their costs of doing business into the prices of goods. But a surcharge ban would not eliminate the extra costs associated with credit cards. Instead, a ban forces merchants to charge all customers—both cash and credit—for the billions of dollars in fees they pay to credit card companies.

What results is a clear-cut subsidy from cash customers to credit card users. The exact magnitude of this subsidy is unknown, but it can be denominated in billions of dollars each year. And while its impact is felt by all cash customers, the harshest burden falls on those least able to afford additional costs: low-income consumers. The credit card companies acknowledge that fully 30% of American families do not own credit cards. Yet those same families pay higher prices over and over again for the 70% that do possess credit cards. Even that 70% figure masks a more complex relationship between credit card use and income. In a December 1983 review of empirical research, the Cornell University Department of Consumer Economics found seven studies demonstrating that credit card possession and use is skewed toward higher-income consumers.

Credit card companies respond that the mechanism to keep the poor from paying more is the cash discount. But the legality of the cash discount is not a persuasive reason to prohibit credit surcharges. There is no economic distinction between the two; the attempt to craft an artificial legal distinction can only be a source of mischief and confusion for consumers and merchants alike. It's not surprising that the recent Federal Reserve Board study found that less than 10% of merchants offer cash discounts—no retailer wants to be slapped with a lawsuit for illegal surcharges for what it thought were perfectly legal discounts. That is exactly the kind of bizarre result that a ban on surcharges invites.

Credit card companies also plead, in the name of consumer protection, that a surcharge ban would keep price gouging out of the marketplace. That argument deserves little credence. No market in this country is more competitive than the retail market. Any merchant attempting to take advantage of credit card surcharges would quickly lose business to competitors able to offer both cash and credit customers a better deal.

Finally, the credit card companies' insistence that surcharges would penalize card users makes a fatal assumption. Those arguments consistently imply that two rigid classes of customers comprise the marketplace, one labeled "credit," the other "cash." CFA believes that assumption misses the whole point about credit card pricing. Most credit card users have no idea that retail prices contain a hidden credit card tax. If those costs were brought out into the open and charged to those who cause them, many "credit card customers" might be delighted to switch to cash in order to take advantage of lower prices. It's not clear who would lose under such a scenario, except perhaps the credit card companies who have benefited for the last 10 years from Congress' willingness to help them hide the true costs of credit.

CFA believes that the overwhelming Senate vote in February is a clear signal that Congress is no longer interested in protecting credit card companies at the expense of competition and full disclosure of the costs of credit. We urge you to reaffirm the strong vote in February by opposing a return to either temporary or permanent bans on credit card surcharges.

Sincerely,

DAVID I. GREENBERG,
Legislative Director.

NATIONAL RETAIL
MERCHANTS ASSOCIATION,
New York, N.Y., April 9, 1984.
Honorable HOWARD H. BAKER, Jr.,
U.S. Senate, Hart Senate Office Building, Washington, D.C.

DEAR SENATOR BAKER: The National Retail Merchants Association [1] is concerned that in recent weeks inaccurate information has been distributed to the American public regarding credit card surcharges. Congressional consideration of this subject (S. 2336 and H.R. 5026) is continuing and we want to set the record straight.

In a letter dated March 26, 1984, American Express (Amex) asked its cardmembers to mail pre-addressed return cards to each member of Congress. These cards carry a pre-printed message urging enactment of a permanent ban upon credit card surcharges.

NRMA cannot leave the Amex letter unanswered. It is more than a misleading appeal to emotions. It gives a distorted, one-sided picture of surcharges. It tells its cardmembers that acceptance of charge cards by merchants does not add costs to cash paying customers. Amex advocates discounts for cash as a benefit and at the same time decries the imposition of a surcharge, describing it as a penalty to "both cash and credit customers." This is based upon Amex' conclusion that if the ban were removed merchants would charge the "full price" to cash customers and would impose "a penalty over and above the regular price" on credit customers.

This assertion flies in the face of logic and basic principles of economics. As the Federal Reserve Board established in its Study submitted to Congress in July, 1983 ("Credit Cards in the U.S. Economy: Their Impact on Costs, Prices, and Retail Sales"), credit card transactions are more costly for merchants than are cash transactions. In the case of third-party cards, this cost is attributable to the fee the merchant pays to the card issuer ("compared with cash, third-party credit card transactions averaged 2¼ percentage points higher in cost and nearly 20% of respondents indicated that the cost of cards exceeded cash by four percentage points." FRB Study, p. 57).

The Amex letter is replete with "buzz words" that are calculated to appeal to emotions and obscure the real issues:

". . . restricting your right to use your own charge cards. . . ." A charge paid by a cardmember for a service is not a restriction on a person's rights—if it were, Amex would be the primary source of such "restriction," since Amex itself imposes a variety of charges for such use.

". . . merchants . . . penalize you for your card purchases." When Amex imposes its Annual Fee of $35, its late charge of .5% per month, its $10 returned check fee, and finance charges on its Sign & Travel Account, these are never referred to as "penalties," but rather they are the means to obtain the "benefits" of the Amex charge card.

". . . this type of blatant discrimination was strictly prohibited." Merchants are forced to increase prices because of the cost of accepting credit cards. If merchants choose to offer discounts to cash customers, Amex states that such discounts "can benefit customers—and we have long been for them." But, Amex calls it "blatant discrimination" when merchants accomplish the same thing by reducing the cash price and the cost of credit is allocated where it belongs—to credit card users.

". . . could give merchants an unfair windfall—at your [cardmember] expense." The merchant who accepts third party cards must pay the card issuer a fee for each credit card transaction. This cannot be considered a "windfall" to the merchant since he is merely recouping that cost.

"[the ban on surcharges] . . . may have saved the average cardmember well over a thousand dollars." In addition to being grossly inflated—we presume that this figure was derived by computing 5% of each cardmember's total card use over an eight year period—it fails to take into account the billions of dollars that could have been saved by all American consumers—including Amex cardmembers—had merchants been permitted to reduce cash prices by the amount of the discount fee Amex and other third-party cash issuers impose on merchants.

We could go on to quote other passages from the four-page Amex letter that describes surcharges as "abuse," "penalties," "taking unfair advantage of customers," "backed by some powerful special interests," and so on, but it would serve no further purpose.

Amex does more than ignore the massive amount of data which for years has documented the fact that merchants are forced to recoup credit card costs in the price of their goods and services. The Amex letter is a conscious effort to convince its cardmembers, and ultimately the Congress, that the opposite is true. Amex calls the fact that cash purchasers subsidize credit costs an "unproven premise" and even resorts to a somewhat ironic appeal to protect lower and middle-income families, who, it is claimed, need their credit cards to purchase school clothes and pay medical bills.

Amex ends its letter by characterizing S. 2336, which was passed by unanimous consent of the Senate, as an act of "a few members of congress [who] have undermined traditional consumer protections that we both have fought to build into our society." To the contrary, passage of S. 2336 represents sound and well-reasoned pro-consumer policy.

We trust that you will not allow the Amex campaign to affect the strength of your resolve or the exercise of your sound judgment. Removal of the ban on surcharges (S. 2336) is strongly supported by the Federal Reserve Board, the Federal Trade Commission and the Consumer Federation of America. It gets government out of pricing decisions and gives American merchants the option to pass the cost of accepting credit cards on to credit card users, or not, as the merchant chooses and as the fiercely competitive marketplace dictates. The private commercial interest of Amex do not justify federal intervention. We urge you to remove the ban on surcharges and allow private economic decisions to be made in the marketplace.

Respectfully submitted,
JAMES R. WILLIAMS
President.

CERTAIN OREGON ENERGY BONDS

● Mr. PACKWOOD. I have a point of clarification I would like to raise with the manager of the bill relating to tax-exempt bonds issued by Oregon's small scale energy loan program.

I would like to clarify that section 716 of the committee amendment has no effect on bonds issued under section 243 of the Windfall Profit Tax Act of 1980. Is that the manager's understanding?

Mr. DOLE. Yes; that is my understanding. Section 716 of the committee amendment has no application to bonds issued under section 243 of the Windfall Profit Tax Act.

Mr. PACKWOOD. I thank the distinguished chairman of the Finance Committee.●

I.R.C. SECTION 79 AMENDMENTS

● Mr. ARMSTRONG. Mr. President, I have a question concerning the effective date provisions of the amendments to section 79 relating to group term life insurance. The amendments do not apply to insurance coverage for certain individuals who are age 55 under an existing insurance plan or a comparable successor to the plan.

It is my understanding that an existing plan that is modified after 1983 will be considered a comparable successor plan if the modifications merely result in the reduction or elimination of insurance for some employees in order to make the existing plan nondiscriminatory or to meet provisions under the Internal Revenue Code.

Mr. DOLE. I agree with the interpretation of the effective date rules expressed by the distinguished Senator from Colorado.●

● Mr. BOSCHWITZ. Mr. President, I would like to ask the Senator from Kansas to assist me in understanding one passage in the committee's explanation of its provision regarding allocations with respect to property contributed to a partnership. On page 215, the report suggests that in the case of small operating partnerships the regulations may provide for some flexibility in the administration of the mandatory allocation provisions if no tax avoidance potential is present. Could the chairman of the committee tell me whether this flexibility is necessarily limited to small partnerships?

Mr. DOLE. I thank the Senator from Minnesota for his question. The committee did not intend to limit the discretion of the Secretary in drafting appropriate regulations under this provision to the case of small operating partnerships. I would say to the Senator, however, that whether the Secretary provides for regulations of the sort discussed in the report for other than small operating partnerships will be entirely within the Secretary's discretion.●

FRINGE BENEFITS

● Mr. BOSCHWITZ. Mr. President, I wish to reiterate my opposition to the taxing of fringe benefits.

The Internal Revenue Service and Congress have wrestled for years with the idea of taxing fringe benefits. In 1981 the IRS proposed regulations to allow it to classify fringe benefits as taxable income. However, Congress, with my active support, enacted a moratorium on the issuance of regulations through December 31, 1983.

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[1] NRMA is the nation's largest trade association for the general merchandise retail industry. NRMA's members operate more than 40,000 department, chain and specialty stores across the country. Their annual sales exceed $150 billion and they employ more than 3 million workers.

Because of my strong opposition to taxing fringe benefits, I introduced legislation soon after the moratorium was enacted that would have insured that workers would not be taxed on fringe benefits. Unfortunately, the bill did not pass, showing the difficulty facing those who want to protect the fringe benefits enjoyed by countless workers. I was pleased that the moratorium was enacted to give Congress sufficient time to deal with the issue.

When the moratorium appeared likely to expire at the end of 1983 because Congress had not acted, I requested and received from Secretary of the Treasury Regan assurance that no regulations would be issued before January 1, 1985. This decision is commendable, but Congress must act because decisions on tax policy rest properly with Congress, not the IRS.

Some fringe benefits, such as health benefits and some educational assistance, are specifically excluded by statute from gross income and wages on which Federal taxes are paid. The issue we must deal with is the tax status of nonstatutory benefits, such as airline tickets, parking privileges, and so forth.

Earlier in this Congress, I cosponsored a bill to make the moratorium on IRS regulations permanent. Moreover, I agree in principle with another bill in the current Congress that protects in statutory language many existing business practices of providing fringe benefits for employees.

The bill we are considering will extend the moratorium until December 31, 1985. I support the moratorium extension, but I would rather make it permanent. Moratoriums expire and the problem keeps coming back.

I continue to believe that we should not tax any part of an employee's benefit package. Once it is started it will lead to other taxes.●

ENTERPRISE ZONES

● Mr. BOSCHWITZ. Mr. President, the Senate now has before it legislation that has been debated extensively over the past several years. This legislation, which will allow for the establishment of enterprise zones for employment and economic development, deserves to be enacted now.

The concept of enterprise zones is simple. The benefits of enterprise zones—economic growth and development in economically disadvantaged areas, additional employment, increased tax revenue as a result of economic prosperity—greatly outweigh any costs.

Helping those in need, namely the unemployed in areas that have little economic growth, is far too important for partisan wrangling.

The enterprise zone concept has gathered impressive bipartisan support over the past several years and has the support of many State and local governments.

I first introduced the enterprise zone concept to the Senate, roughly 4 years ago. Since then, the legislation has been refined with the help of business groups, local governments, and urban groups.

Enterprise zone legislation has been examined and debated in committee and on the Senate floor. It is time to act.

As the economic recovery continues, we need enterprise zones more than ever. The need for enterprise zones is increasingly obvious in areas of structural unemployment, where jobs have been lost to changing industries more than to the recession. Minnesota's Iron Range is one such area in which the jobless have been hurt by structural unemployment; enterprise zones can provide a boost for an area such as the Iron Range.

Supporters of enterprise zones view the problem of unemployment like this: The areas that need jobs the most lack sufficient opportunities. Enterprise zones would stimulate job creation through a Federal/local package of tax breaks and other incentives for businesses that locate in a zone.

The Federal Government cannot solve all the problems faced by businesses that want to locate in enterprise zones. These problems include crime, infrastructure, and local taxes, and loom as considerable barriers to new businesses when combined with the usual problems of tax burdens, start-up capital, and technical expertise.

Enterprise zones can help meet these problems by combining incentives provided by the Federal Government with those of local governments. The qualifications needed for an area to be designated an enterprise zone are not simple. In addition to high unemployment, poverty, or out-migration, an area needs a package assembled by local government to provide tax and other incentives.

Moreover, the award of an enterprise zone will be granted on a competitive basis to test local commitment. That could include any number of things, such as improved infrastructure support, reduction of local taxes, relaxation of local regulations, managerial assistance and technical help.

These local contributions are then matched by Federal tax breaks, such as the elimination of capital gains taxes for business investment in the area, significant reductions in income taxes, and tax credits for wages paid to previously unemployed workers. This local/Federal package addresses the problems that all small businesses face as well as the particular problems of a business located in a depressed area.

Enterprise zone legislation should be aimed primarily at small business because it creates the vast majority of new jobs. In the past 10 years nearly 20 percent of new private-sector employment has come from businesses with 20 or fewer employees. Eighty percent of new jobs have been created by businesses with less than 100 employees.

My faith in business goes much deeper than statistics. My experience as a businessman has shown me that small businesses offer an increased opportunity for rapid advancement when compared with larger corporations. People at the lower end of the wage scale are not so easily lost in the shuffle; the small businessman is far more involved with the lives of his employees. A worker's qualities, problems, family, and ambitions do not easily escape the boss' notice. Getting in on the ground floor of a small business is a very effective method of advancement, but most important, it stands in stark contrast from welfare.

But, to get in on the ground floor, a small business must have a foundation. This legislation provides small businesses with many advantages which will enable them to build a solid foundation. Some of these advantages are: tax credit for zone employers; investment tax credit for zone property; elimination of capital gains taxation; industrial development bonds; and tax simplification and regulatory flexibility. These and other incentives contained in the legislation, will give small businesses good reasons to locate in an enterprise zone.

Our Nation long ago accepted the responsibility of taking care of those who cannot take care of themselves. We have spent a lot of money doing just that. Unfortunately, we have not been as wise as we have been generous in meeting this responsibility. Today, our social welfare obligations cost the Government nearly half of the Federal budget. One economist estimates that if we would just give to the poor all the money we spend on programs for them, we would raise all Americans above the poverty level.

Clearly we need a new approach in assisting our poor and jobless. The current antipoverty programs do provide crucial services but they do not, on their own, appear to achieve any lasting good. They are for the most part stopgap policies that address the symptoms but not the causes of poverty. They have failed to provide any meaningful opportunity for advancement.

In fact, the present system has trapped many of our poor in a self-perpetuating cycle of poverty. Instead of offering the poor a chance to pull themselves and their families out of poverty, the present programs unwittingly trap recipients in a self-perpetuating quagmire of poverty from which even the most enterprising have trouble emerging.

The answer is not spending more Government money. The answer is jobs—jobs in the private sector. Although that remedy is easily prescribed, the method toward that cure is not. One means is through enterprise zones.

I do not contend that enacting the enterprise zone legislation alone will solve our structural unemployment problems. But it can, and should, be a part of the solution.

Mr. President, I believe it is important to take note of the fact that State and local governments have already exhibited remarkable enthusiasm for the enterprise zone idea. Eighteen States have already enacted enterprise zone legislation, 7 so far this year, and 14 additional States currently have legislation pending. State and local governments have already displayed considerable creativity in their free-standing enterprise zone efforts.

The Enterprise Zone Employment and Development Act encourages these efforts. It not only provides an important and necessary complement to such State and local activities, but acts as a synergistic ingredient in that mix of activities essential to making enterprise zones successful. This is an excellent opportunity to demonstrate both intergovernmental and public/private partnerships in action. This is a fresh, promising approach to dealing with problems of structural unemployment and revitalizing distressed areas in our Nation's cities and rural towns.

I am very pleased that the Senate is considering this enterprise zone legislation, and I urge my colleagues to support it as part of the Finance Committee amendment. We have had quick action on this legislation this session, and now that it is in our grasp, let us make sure we do not lose our momentum.

We in the Senate have shown how important we feel this piece of legislation is—41 Members of this body have sponsored it. Let this be a message to Members of the House. We have started the ball rolling, let us hope it does not get held up.

I urge the conferees to be strong advocates for enterprise zones in the conference with the House, so it can be sent to the President and signed into law.●

● Mr. GRASSLEY. Mr. President, as evidenced by the efforts of Iowa's Senators, soil conservation is a crucial issue to my State of Iowa, as well as the entire Nation. The rate of soil erosion and the effect of soil loss on the future productive capability of our land are serious issues for everyone in agriculture. Some analysts have questioned whether the lack of Federal and State attention to this growing problem will jeopardize our Nation's efforts to meet future food needs, both domestically and worldwide. The increasing depletion of our soil is alarming because it shows a disregard for an important natural resource and indicates poor management of our Nation's farmland.

In 1982, the Council for Agricultural Science and Technology (CAST) concluded that soil erosion was most severe in 12 North Central States. In the Corn Belt, soil losses of 10 tons per acre were common on 10 percent of row cropped land; on some parcels, the soil loss exceeded 40 tons per acre annually. Unfortunately, soil loss is not limited to these 12 States. In the southeastern States, erosion rates of more than 11 tons per acre occurred on 32 percent of the land used for row crops. The highest soil erosion rates in the Nation are on the 26,000 square miles of the upper Mississippi Valley which includes the States of Tennessee, Kentucky, Mississippi, Louisiana, and Arkansas. Similar statistics show severe soil loss in the Mountain States and on the Columbia Plateau in the Pacific Northwest.

Farmers, dramatic increases in crop yields have masked the damaging effects of soil and water erosion. In the CAST report, one scientist noted that studies with corn have shown a yield reduction of 1 to 9 bushels per acre for each inch of topsoil loss. These losses are offset by use of fertilizer and improving pest control. Nevertheless, we cannot afford to gamble that the technology of the future will save us from our current inattention to this problem.

Economically, farmers have fallen upon very hard times. Many feel it is necessary to get the maximum production possible out of their soil merely to stay in business. Consequently, soil conservation efforts are suffering. In this climate, it is particularly appropriate that we provide greater incentives to farmers to assist them in preserving their soil.

My bill permits farmers to claim a 10-percent credit for installing certain approved soil and water conservation practices. The list was recommended by the Soil Conservation Service. To enable the credit to remain compatible with state-of-the-art advances, we have included regulatory authority to insert new technologies.

To address the criticisms of past soil conservation tax credit bills, we have narrowly defined eligible technologies and required the Soil Conservation Service to certify these improvements. Many of my urban colleagues have remarked that my previous effort would have permitted a taxpayer to receive a tax credit for a swimming pool as a pond or planting trees in the front yard as a windbreak.

In an attempt to limit this tax credit to farmers who are acutally earning their living farming rather than create a subsidy for sodbusters, we have inserted certain restrictions. First, the total amount of soil conservation tax benefits cannot exceed 25 percent of an individual's gross income from farming; therefore, passive investors who do not earn their living farming would not be eligible for the credit. Also the bill requires certification by SCS to be sure the recipient of the credit has employed a proper soil conservation technology.

These limits are important because the credit is very generous. It provides a 10-percent credit for these improvements and straight line depreciation. In my opinion and the opinion of the six other Finance Committee Senators who have cosponsored the bill, soil conservation efforts merit a 10-percent credit. The problem is so serious we need a major incentive to encourage farmers to preserve their land now and for generations to come.●

PREMATURE ACCRUAL PROVISION (SEC. 71 OF THE BILL AND SEC. 461 OF IRC)

● Mr. ROTH. I would like to confirm my understanding about the operation of one aspect of section 71 of the bill, the premature accrual provision. The bill, as you know, provides generally that an accrual basis taxpayer may not deduct a liability any earlier than the time economic performance occurs. A series of specific principles are set forth in the bill for determining when economic performance takes place in a variety of situations. Since the amendment cannot enumerate all situations, however, it delegates to the Treasury the authority to determine by regulation when economic performance will occur in the case of liabilities not specified. In delegating this authority, the explanation of the provision stated that it expects these regulations to provide that economic performance might be considered to occur earlier than indicated by the principles specified in the bill where existing regulations or rulings permit earlier accruals and the taxpayer accounts for such items consistently from year to year.

One ruling of the Internal Revenue Service which should continue to be effective under the delegation to the Treasury is Rev. Rul. 63-182, 1963-2 C.B. 194. Rev. Rul. 63-182 governs the tax treatment of supplier refunds received by natural gas utilities.

Regulated natural gas utilities sometimes receive refunds from their suppliers for amounts they have been overcharged. These refunds are made to the utilities pursuant to regulatory commission orders. Since the rates charged to a utility's customers for gas previously sold and delivered were based upon the amounts now refunded, the utility is required by its regulatory commission to pass the refund through to its customers. The timing of the refund to the customers is controlled by procedures established, not by the utility, but by its regulatory commission. The commission generally requires the passthrough to be made by a cash payment or by a reduction in the price of gas sold over the next few months. In case of a price reduction, FERC, for example, typically requires the utility to begin passing through the refund to its customers within 2 to 9 months after its receipt. Completion of the passthrough usually occurs within 8 to 15 months after receipt.

Revenue Ruling 63-182 holds that the utility receiving the refund must include it in income for the year in which the order directing the refund becomes final, because all events have occurred which fix the utility's right to receive the refund from its supplier. Correspondingly, the ruling holds that the utility may deduct the offsetting liability to its customers in the same taxable year. The deduction is allowed because the order is final and, therefore, all events have occurred which fix unconditionally the utility's obligation to make the refund to its customers.

The premature accrual provision would, as I have indicated, make accrual of a liability dependent on "economic performance." The provision may be construed as preventing a utility from deducting for the taxable year an amount which it must passthrough to its customers within a few months. It may do this notwithstanding that the utility must include that amount in income in the taxable year and the timing of the passthrough is controlled by the regulatory commission rather than by the utility. I believe that in the passthrough situation that I have described, this is clearly not the result intended by the bill because serious and unjustified distortion of taxable income would occur from year to year.

Continuing Revenue Ruling 63-182 in effect under the bill's delegation to the Treasury would prevent this inequitable result and would maintain the long standing and consistent tax treatment of supplier refunds. Thus, I wish to confirm that Revenue Ruling 63-182 is one of the rulings that was intended to be preserved through the delegation to the Treasury.

Mr. DOLE. It is my understanding that Revenue Ruling 63-182 is one of the rulings intended to be preserved by the Treasury in its regulations interpreting the bill, in cases in which the cash payment or reduction in price occur within a short period of time.●

AMENDMENT NO. 2996—INCENTIVE STOCK OPTIONS

Mr. DOLE. Mr. President, I want to emphasize a few points with respect to Senator TSONGAS' amendment regarding section 83(b) election for certain incentive stock options.

Senator TSONGAS' amendment would allow certain taxpayers not to be bound by a recent Tax Court case, *Alves* v. *Commissioner*, 79 T.C. 684. This case has been interpreted to require employees who purchase stock from a company at fair market value to file a section 83(b) election within 30 days after stock purchase. Otherwise, the employee would be required to recognize the stock's appreciation as ordinary income when any restrictions on the stock lapse.

There may be some sympathy for the argument that taxpayers did not realize this requirement in the past and therefore were caught by this rule. Senator TSONGAS' amendment is limited to relief for these persons. I do want to emphasize two facts, however. First, I do not believe as a general policy we should provide relief for taxpayers who guessed wrong. We do not want taxpayers to rely on the ability to run to the legislature when they lose an IRS audit and any appeal in the courts.

Second, I want to respectfully disagree with the Senator from Massachusetts' conclusion that the outcome of the Alves case is questionable. The service may need to know at the time the employee purchases the stock that the employee assumes that the purchase price is at fair market value. The service at that time would be on notice of the taxpayer's claim and could investigate it.

Mr. GRASSLEY. Mr. President, I would like to comment on the prepaid expense provisions contained within section 71 of the Finance Committee amendment. During Finance Committee consideration of the deficit reduction package, the Department of Treasury recommended the elimination of deduction of any prepaid expenses before economic performance occurred. Many members of the committee rejected this broad approach to stop the mismatch of income and expense. Valid business reasons exist for prepayment. In agriculture, smart farmers and ranchers buy fertilizer, seed, and feed in the fall when the price is lower which will be used the following spring. This accepted business practice helps farmers reduce their costs at a time when it is very difficult to earn a profit farming.

Treasury acknowledged the valid business purpose of prepaying expenses in agriculture, but expressed concern that wealthy investors seeking to reduce their tax liability at yearend were investing in cattle tax shelters which used prepaid expenses to obtain an $8 deduction for each $1 invested. After checking with the cattlemen in my State, they verified that the presence of the tax shelter investors was causing problems in the industry. Traditional cattlemen without shelter cattle were having great difficulty competing against cattlemen whose customers were not motivated by profit. Cattle feeders with tax shelter investors have a ready source of capital, while traditional cattlemen are forced to borrow money at the bank and pay an interest rate of 14 percent. Many cattlemen who have to make a profit are having difficulty competing with tax shelter operators who have lower capital costs and no profit motive.

To address this problem without harming legitimate prepayers in agriculture, we crafted a rule to limit prepaid expenses to 50 percent of an individual's farming expenses during the taxable year. Farming expenses include the operating expenses of the farm, which include trade or business expenses claimed under section 162, interest and taxes paid, depreciation and other expenses listed on schedule F.

If an individual's prepaid expenses exceed 50 percent of an individual's gross income from farming, the full deduction may be claimed if the excessive prepayment is due to:

First, extraordinary circumstances, including Government crop diversion programs, fire, flood, storm, or other casualty on account of disease or drought, or

Second, if over the preceding 3 years an individual prepaid less than 50 percent of business expenses attributable to farming.

These two exceptions apply to people whose principal occupation is farming or whose principal residence is on a farm or who are related to farmers meeting these criteria. These exceptions are designed to grant relief to bonafide farmers and ranchers whose operations have increased or decreased in size because of adverse climatic or economic conditions, or by their participation in programs similar to payment-in-kind (PIK).

These rules do not subject an individual to categorization as a farm syndicate unless an individual meets the farm syndicate tests. The two tests are independent. Furthermore, if an individual fails the prepayment test 1 year, this result should not affect his or her ability to qualify in a later year (except for the impact on the 3-year exception). Qualification for prepayment of expenses should be determined annually.

This rule is an important provision to agriculture. It enjoys the support of farm organizations nationally and in my home State of Iowa. It eliminates some tax motivated operations which are unfairly competing with honest ranchers who need to be profitable to survive.

GRASSLEY SOIL CONSERVATION TAX CREDIT AMENDMENT

Mr. DOLE. Mr. President, I support the amendment of the distinguished Senator from Iowa. The issue of soil and water conservation tax credits has been the subject of a hearing in the

Finance Committee, and modifications have been made to the amendment as a result of testimony received at that hearing.

Erosion of our farmland is a critical problem facing us as suppliers of much of the world's food. However, the benefit of additional conservation practices that would occur as a result of a tax credit must be weighed against both the cost to the Federal Government and the increased attractiveness of agricultural activities as a tax-sheltered activity. I believe the amendment before us balances all of these factors by limiting eligibility for the credit to individuals engaged in the business of farming, limiting the credit to no more than 25 percent of the taxpayer's farming income, and providing that no deductions will be allowed under the special soil and water conservation expensing provisions of present law with respect to expenditures for which a credit is claimed.

I further note that my colleague has included in the amendment a provision to offset the revenue loss from the new soil and water conservation tax credit. This offsetting provision reverses a provision of present law that the Senator from Iowa originally supported in 1981.

HOSPICE SUBCONTRACTING

● Mr. BRADLEY. I would like to engage in a discussion with the Senator from Kansas (Mr. DOLE) in order to request a minor modification in the explanatory report language concerning the provision on hospice subcontracting. This provision, in section 957 of S. 2062, would permit the Secretary of Health and Human Services to waive the nursing care core services requirements for hospices that are located in rural areas. The provision would also require a study of the core service requirement. I would like the study to examine the issue of subcontracting in both rural and medically underserved urban areas.

This is an important study, because we must insure the quality of hospice care without being unnecessarily restrictive, and this study can help us achieve that delicate balance. The study should not focus exclusively on rural hospices. I have been informed that in New Jersey and in other States there exist urban programs in medically underserved urban areas that are providing quality care, despite their need to subcontract nursing services. As is true in many rural areas, some urban areas suffer from a lack of nurses and it would be extremely difficult for these programs to recruit full-time qualified nurses.

It is therefore important that we study this issue of subcontracting nursing services in both rural and medically underserved urban areas. We need to maintain quality, but we also need to carefully examine restrictions that could result in the loss of quality hospice services.

I therefore would like to insert in the RECORD a statement indicating that the study on subcontracting should specifically examine the issue of subcontracting in both rural and medically underserved urban areas.

Does the chairman of the Committee on Finance agree to include this statement in the RECORD?

Mr. DOLE. The Senator from Kansas agrees that the study should examine the issue of subcontracting for core services in both rural and medically underserved urban areas.

Mr. BRADLEY. I thank the chairman of the Finance Committee for his cooperation in including this statement in the report.●

● Mr. PERCY. Section 267 of the bill provides that losses upon sales between related corporations are to be deferred until the product is sold to an unrelated party. It is my understanding that this provision will, in effect, extend the deferred intercompany transactions rules of the consolidated return regulations to situations other than those in which a consolidated return election is in effect. In determining the manner in which deferred losses are taken into account, it is the intent of this provision to utilize the concepts and principles which have been developed with respect to the deferred intercompany transaction provisions contained in Treasury Regulation section 1.1502-13.

Mr. DOLE. The Senator is correct.●

FOREIGN OWNED U.S. CORPORATIONS

Mr. BAKER. Mr. President, as the distinguished chairman of the Finance Committee is well aware, several substantial U.S. business corporations are partially or wholly owned by foreign corporations, which in turn are owned or controlled by foreign governments. These domestic corporations usually are managed by U.S. citizens, but their ultimate ownership resides in foreign governments which are our good friends and, in certain notable cases, our close allies. I am advised that these foreign owned U.S. corporations are subject to U.S. tax just like any other business corporation incorporated in the United States. I have a question regarding whether the tax-exempt leasing provisions of this proposed Deficit Reduction Act of 1984 would affect the tax treatment of property leased by such foreign government-owned domestic corporations. It is my understanding that the provisions of this act reducing the accelerated depreciation deductions and eliminating investment tax credits for property utilized by governments and other tax exempt entities, including foreign governments and instrumentalities of foreign governments, would not apply to property used by a corporation incorporated in the United States which is ultimately owned or controlled by a foreign government so long as such U.S. corporation is fully subject to U.S. income tax. In short, if a foreign-owned corporation incorporated under the laws of Tennessee or Kansas or another State is not exempt from Federal taxation and that corporation's income is subject to U.S. taxes, then the entitlement of property leased or used by such corporation to accelerated depreciation deductions and investment tax credits would not be affected by this act, even though such corporation's ultimate beneficial owner is a foreign government. I would appreciate confimation of this interpretation by the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, the distinguished majority leader is correct.

Mr. BAKER. I thank the Senator from Kansas.

● Mr. BRADLEY. I would like to engage in a discussion with the Senator from Kansas in order to clarify a discrepancy between statutory language in one section of our bill and the explanatory report language. This provision originally appeared as section 958 of S. 2062, and is incorporated as item No. 51 of title IX of the deficit reduction package we are considering today. It concerns reimbursement rates for public psychiatric hospitals.

When we wrote this section, it was our intent to provide for a 3-year transition period for these hospitals to move from a full acute-care rate for certain patients awaiting placement in a nursing home to a skilled nursing facility rate. The statutory language correctly implements this intent: It mandates no reduction in reimbursement for the year ending June 30, 1985, one-third of the reduction which would have taken place without this new language for the year ending June 30, 1986, and two-thirds of the reduction which would have taken place without this new language for the year ending June 30, 1987.

The report language, however, incorrectly summarizes the intent of the statutory language. The report is correct for the first 2 years, but then States that in the year ending June 30, 1987, the remaining two-thirds of the reduction would be implemented. This implies that the full reduction would take effect in that year, rather than two-thirds of the reduction, as is the intent of the statutory language. This would make this provision a 2-year, rather than a 3-year, transition period, contrary to our intent. Does the chairman of the Committee on Finance agree that the statutory language is correct, and the report language was an inaccurate representation of this provision?

Mr. DOLE. The Senator is correct. The intent was to provide a 3-year transition period. In the third year, the year ending June 30, 1987, the amount of the reduction will be two-thirds of the reduction which would have been made without this new language. Only in the year beginning July 1, 1987, and ending June 30, 1988, will the full reduction take effect.

Mr. BRADLEY. I thank the Senator for this clarification, and for his cooperation in including this provision in the committee bill.●

ACRS

Mr. HEINZ. Mr. President, the increase in the ACRS depreciation period for structures is effective generally for property placed in service after March 15, 1984. A transitional rule, however, permits the current 15-year ACRS period to apply to property under construction on March 15, 1984, or under a purchase contract on that date. I assume that this transitional rule also applies to property that was actually acquired by the taxpayer before March 15, 1984, but not placed in service until after that date because the property was undergoing renovation. Is that correct?

Mr. DOLE. That is correct.

CONSTRUCTION PERIOD INTEREST AND TAXES (SECTION 72 OF FINANCE COMMITTEE AMENDMENT)

Mr. HEFLIN. Mr. President, a possible effect of section 72 is to require the capitalization interest and taxes as attributable to residential real property under construction held for sale by corporating in the ordinary cause of business. This type of property is taxed as ordinary income and is inventory of the corporation at the end of its taxable year. The construction period for which interest and taxes would be capitalized begins on the date construction commences and ends when the property "is ready to be held for sale."

A typical example of the property in question is a subdivision of tract houses which are in various stages of completion at the end of the corporation's taxable year.

A requirement that interest and taxes be capitalized unfairly discriminates against this type of construction. Other types of construction may deduct interest and taxes as period costs which do not add to the value of the property. They are a cost of doing business. For example, the typical building cycle for home construction is 100 days. This can be compared with shipbuilding which has a 2-year cycle.

The Finance Committee amendment should be clarified to clearly indicate that it does not require the capitalization of construction period interest and taxes in the narrow situation of residential property held for sale in the ordinary course of business.

● Mr. BIDEN. Mr. President, I am the cosponsor of a 1-year budget freeze to put the brakes on our runaway deficits. In keeping with that freeze, we should also postpone indexing of the Tax Code. I voted to do that yesterday, but my position did not prevail.

Under present law, the basic elements of the tax structure will be indexed beginning in 1985. Today, Senator BRADLEY has proposed that the earned income credit be indexed also. This credit serves to encourage low-income wage earners to continue to work and support themselves. If other basic provisions of the Tax Code are to be indexed, then I believe that this most worthy credit should be indexed also. For that reason, I will vote to support the amendment of the Senator from New Jersey.●

POSITION ON VOTE NO. 67

Mr. STEVENS. Mr. President, I was necessarily absent from rollcall vote No. 67. Had it been possible for me to be present, I would have voted in the negative.

● Mr. WEICKER. Mr. President, I rise in support of final passage of the Finance Committee amendment to S. 2163. At this point in our Nation's history, we must make every effort to reduce the deficit and after all, that is the primary objective of this amendment. I do, however have two major concerns about the amendment as adopted and would like to share them with my colleagues prior to the conference on this bill.

EXCISE TAXES—U.S. TERRITORIAL POLICY

First, as chairman of the Energy Committee's Subcommittee with jurisdiction over U.S. territorial affairs, I am concerned about the impact of sections 996 and 997 of this amendment on revenues to the Governments of the Virgin Islands and Puerto Rico from the collection of excise taxes on distilled spirits manufactured there and sold in the United States. This amendment would, among other things, eliminate any possibility of a cover over of excise taxes collected on cane neutral spirits originally distilled in these insular areas. I believe that the companion bill passed by the House sets reasonable standards for cane neutral spirits production in these territories rather than providing a direct prohibition of the cover over of such revenues. These standards contained in the House-passed tax bill are designed to protect both the Federal Treasury and the legitimate commercial interests of mainland grain neutral spirits producers.

The Finance Committee's amendment would also increase the excise tax on liquor, including Puerto Rican and Virgin Islands rum. However, contrary to nearly 70 years of precedent, this amendment would deny the cover over of that increase to the Governments of the Virgin Islands and Puerto Rico. Since the distilled spirits tax is levied at the point of manufacture and not the point of sale, I believe that such a provision is nothing short of taxation without representation. Again, the bill passed yesterday by the House would permit the entire excise tax increase to be paid over to the government of the jurisdiction in which the alcohol was distilled. I might add that this is the situation under current law.

Mr. President, I recognize the urgency of bringing this legislation to the Senate floor quickly. But, in the course of that process, I fear that the Finance Committee has been unable to afford certain issues of U.S. territorial policy the careful scrutiny which would ordinarily have been the case. I would have preferred to have held a hearing on these excise tax rebate issues, but time did not permit it. Nor will I seek to take up the Senate's time and attention with the important, but esoteric arguments which persuade me that enactment of sections 996 and 997 would not only disrupt our progress in fostering the local economies of U.S. possessions in the Caribbean, but would also send a message to our Caribbean neighbors directly contradictory to the one we sent them last year by enacting the administration's Caribbean Basin Initiative legislation.

Mr. President, we should not ask, nor can we permit, our American citizens in the Caribbean to bear a disproportionate burden of the revenue effects of this amendment. Accordingly, I commend to the Senate's conferees on this measure the language of the House bill regarding cover overs, particularly as respects the treatment of cane neutral spirits and the increase in the liquor excise tax. I believe that the House treatment of those issues is far superior to that in the Finance Committee amendment before us in terms of equity and in terms of the proper balance between revenue needs and policy considerations.

PENSION PORTABILITY

Mr. President, second, I am concerned with section 116 of the deficit reduction amendment. For the information of my colleagues, this is the so-called pension portability section of the amendment. This section has the effect of restoring pension portability to telecommunication workers who worked for the Bell System prior to the AT&T divestiture. However, Mr. President, it is unclear as to whether this section restores the portability of the majority of the telephone workers from my State. Southern New England Telephone Co., was minority-owned by AT&T and therefore not a party to the lawsuit that precipitated the divestiture. The workers of that company were affected, however, in that their pensions, which were previously portable within the Bell System, are no longer portable.

At the current time, both the Senate Commerce, Science, and Transportation Committee and the House Energy and Commerce Committee are working on pension portability provisions.

As I understand it, those who have crafted this legislation intend to cover as an affiliate, Southern New England Telephone Co., workers under such provisions. Mr. President, section 116(c)(3) of the Finance Committee amendment may be construed to include Southern New England Telephone Co. It is my firm hope that the pensions of the Connecticut telecommunication workers will again be portable.●

FUNDING OF NATIONAL NOMINATING CONVENTIONS

Mr. DOLE. Mr. President, I would like to support the amendment which would increase the maximum amount which the national committee of a political party may receive from amounts designated by taxpayers on their tax returns to be paid over to the Presidential election campaign fund.

BACKGROUND

As my colleagues are aware, an individual who has an income tax liability of at least $1 can designate $1 of that liability to be paid to the Presidential election campaign fund. Married individuals who file joint returns may designate $2 to be paid to this campaign fund.

Since 1975, a separate account has been maintained for the national committee of each major and minor party funded by the amount designated by taxpayers for the Presidential election campaign fund.

These funds held in this separate account may be used only to defray expenses incurred with respect to a Presidential nominating convention. The maximum amount of payment from the fund which the national committee of a major party can receive for a nominating convention is $3 million. This limit was last raised in 1980. Before then, the maximum payment was $2 million. The amendment we are offering would raise the maximum payment to $4 million.

WHY WE SHOULD RAISE THE LIMIT

Since 1980, two major trends indicate a need to increase the maximum payments. First, international events have shown that a substantial increase in security is warranted. It is said, but a fact, that terrorism has increased in recent years. Our political process requires exposing our political and national leaders to risks of harm. We certainly do not want to make the process any less public, but we must then assure personal safety to the best we can.

In the past, we have relied heavily on law enforcement officers from the city hosting a convention. The increasing costs of this protection should not have to be borne by these cities. Our conventions are national conventions; it is appropriate to use funds designated by our taxpayers.

The second major trend is the increasing role of the electronic news media at Presidential nominating conventions. Changes in technology have allowed many more local television and radio stations to cover the conventions. Similarly, satellite and cable networks have become important additions to the major television and radio networks. Providing facilities for the expanded personnel and equipment require additional planning, facilities, construction—and increased expenditures.

Finally, it should be noted that, while municipalities may provide convention facilities for a Presidential nominating convention at no cost under the law, private owners of comparable facilities must receive their standard rent. Since convention centers in many cities are privately owned, these cities are effectively precluded from hosting a Presidential nominating convention because the national committee cannot afford the rent or cannot justify the expenditure, given the limited payments from the Presidential election campaign fund.

This Senator believes the increase in the maximum payment for expenses of a Presidential nominating convention is justified. It provides a bipartisan benefit which will, in fact, inure to the benefit of all our citizens. I urge that the amendment be adopted.

Mr. GLENN. Mr. President, I want to express my reluctant support for the Deficit Reduction Act of 1984. I support this bill reluctantly because it does not go nearly far enough to reduce the tremendous deficits facing us. These massive deficits—created principally by the Reagan administration tax cuts—are driving up interest rates, depressing investment and distorting the value of the dollar. This weakens our competitiveness in world markets, prevents us from creating new jobs today and robs us of future economic opportunities.

Unfortunately, President Reagan has abdicated leadership on this issue. He is unwilling to acknowledge these facts or to look beyond the upcoming election to the danger that lies ahead. He has offered no realistic plan to cut spending and has threatened to veto any meaningful plan to raise taxes. The President's failure to act and his insistent threats have cut short congressional efforts to restore fiscal responsibility and forced us to attack the deficit in piece-meal fashion.

Let there be no mistake on this issue. Congress, not the President, has taken the leadership in this election year to reduce the deficit, quiet fears about rising interest rates and restore confidence in Government. I am not satisfied that we have gone far enough but I am comforted by the fact that we have taken the first step. And although modest, that first step—embodied in this bill—is an important one because it closes a number of tax shelters that have eroded our tax base and undermined confidence in the fairness and efficiency of our tax system.

I do not agree with every provision in this bill but I support it in recognition of this fundamental truth: Although the economy appears to be getting better, the deficit threat is getting worse, and we must face up to it before it turns today's economic recovery into tomorrow's economic decline.

● Mr. LEVIN. Mr. President, as is true with many bills that comes before us in the Senate, this legislation includes provisions with which I agree and some with which I disagree. This is all the more true with a bill that runs over 1,300 pages, as does this one.

However, we must keep our eyes on the main focus of what we are doing—trying to reduce the deficit, on balance, this legislation is an appropriate vehicle for achieving this goal.

We must keep in mind that if we do not start taking steps like this one—or like cutting spending as we did last week in passing the reconciliation bill—then we will never reduce the deficit. Talking about deficit reduction is not enough. We must take action.

If we do not act to reduce the deficit, then interest rates will rise and so will unemployment. My State of Michigan still has 11.3-percent unemployment. I do not want unemployment to start rising again, that is why we must act to reduce the deficit and this bill is one step in that direction.●

● Mr. SPECTER. Mr. President, I would like to raise with the Senator from Kansas an issue with respect to the potential for preferential treatment by the Federal Government of requests for funds, grants or awards for programs, organizations and local governments involved in an area designated as an enterprise zone. It seems to me that these areas which, by definition, must be highly distressed, deserve special consideration if their enterprise zone efforts are to succeed. Does the distinguished chairman of the Finance Committee agree?

Mr. DOLE. I do agree that as a practical matter the special consideration the Senator from Pennsylvania has in mind will be accorded by Federal agencies as part of their commitment to the success of the enterprise zone program. Clearly, the President wants the enterprise zone experiment to succeed and this will be well known throughout the executive branch.

As a result, I am confident that requests for Federal assistance emanating from programs, organizations and local governments involved in designated enterprise zones will be given sympathetic, expeditious treatment by the various Federal agencies. In other words, I am confident enterprise zone-related activities will get special consideration from Federal decisionmakers as part of the overall administration commitment to the success of the enterprise zone program.●

VOTE ON AMENDMENT NO. 2902, AS AMENDED

Mr. DOLE. Mr. President, I ask for the yeas and nays on the amendment itself.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, after this rollcall vote, I am happy to say the next action will be to move to adjourn until April 24.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2902, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), the Senator from Idaho (Mr. MCCLURE), the Senator from Oregon (Mr. PACKWOOD), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), the Senator from Idaho (Mr. SYMMS), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON) would vote "yea."

Mr. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Oklahoma (Mr. BOREN), the Senator from California (Mr. CRANSTON), the Senator from Arizona (Mr. DECONCINI), the Senator from Missouri (Mr. EAGLETON), the Senator from Colorado (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Mississippi (Mr. STENNIS), are necessarily absent.

The result was announced—yeas 76, nays 5, as follows:

[Rollcall Vote No. 77 Leg.]

YEAS—76

Abdnor
Andrews
Armstrong
Baker
Baucus
Bingaman
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cohen
D'Amato
Danforth
Dixon
Dodd
Dole
Domenici
East
Evans
Exon
Ford
Glenn
Gorton
Grassley
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Inouye
Jepsen
Kassebaum
Kasten
Kennedy
Lautenberg
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
Melcher
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sarbanes
Sasser
Simpson
Specter
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Wilson
Zorinsky

NAYS—5

Biden
Garn
Hatch
Humphrey
Metzenbaum

NOT VOTING—19

Bentsen
Boren
Cranston
DeConcini
Denton
Durenberger
Eagleton
Goldwater
Hart
Hollings
Huddleston
Johnston
McClure
Packwood
Stafford
Stennis
Stevens
Symms
Weicker

So Mr. DOLE's amendment (No. 2902, as amended) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, I want to take a moment, even though it is very early, to thank the staff, and to thank the staff on the floor. Without the staff of the joint committee, Treasury, and our own staff on both sides, we could not accomplish very much. This is a very complicated piece of legislation. I think it is still fairly well intact. We are now prepared to move on to the next phase.

We still have maybe three votes left in this package on other amendments. But I think we are in good shape.

I want to thank the majority leader for his patience in permitting us to stay this long, and, also the minority leader for his assistance and willingness to help us in critical times to bring this together.

Last, but certainly not least, I would like to thank my colleague from Louisiana, who has given me steadfast support over the years, and particularly in the last few days.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I would be remiss if I did not take this opportunity to at least thank the distinguished chairman of the Finance Committee, and the distinguished ranking member for their service to the Senate.

We have handled a bill that may be the biggest revenue bill in terms of size and volume that we have ever handled.

We handled it as an amendment to another bill, and that is remarkable. We spent about 40 hours on it; 39½ hours as of 4:42 when the rollcall began.

I do not have a good count on how many amendments were disposed of one way or the other. But by my preliminary count, it appears to go well over 100. That is a remarkable record.

I want to confess also that at 10 o'clock tonight when I said we were going to make an announcement on what we were going to do, I never dreamed we would finish this evening, or this morning.

I cannot recall how many times Senator DOLE told me that they just had about an hour more to go—at least five or six times.

But I want to congratulate him for his perservance because it was clearly the right thing to do. We are finished with this phase of this undertaking. There is much, much more to be done.

I would also wish to congratulate, Mr. President, the distinguished staff on both sides of the aisle. We depend upon staff in the Finance Committee and in the Appropriations Committee perhaps more than anyplace else, and to a very remarkable degree. They are without exception a very remarkable staff on both sides of the aisle.

I thank the minority leader for his cooperation and support on vital matters. I will not prolong these festivities any longer.

Mr. LONG. Mr. President, I want to congratulate the chairman of the committee (Mr. DOLE) for the truly fantastic job he did in managing this very difficult and complex piece of legislation. I am confident that it will substantially reduce the deficit. He has a very substantial amount of tax reform in it. The Senate has passed it in the shortest time anyone hoped to pass it, according everyone an opportunity to be heard.

He worked all of us very hard, but we were glad to do it because we wanted to conclude our business and hoped to be at places more joyous to all of us during the Easter recess.

I do not think in the 36 years I have been here I have seen a committee chairman more efficient, in better humor, and with more consideration to other Members of the Senate manage a major piece of legislation. It was a truly outstanding performance. I believe all of us feel that having stayed in session as long as the Senate did, and worked as hard as it did, that the Senate was in a better humor on departure at 5 o'clock this morning than I have seen it on any similar occasion.

I think that is a credit to the distinguished manager of the bill (Mr. DOLE). It is also a credit to the majority leader for the fine job he did, and to the minority leader for the fine job he did.

It shows that when people work together as a team they can pass a very important piece of legislation.

Mr. BYRD. Mr. President, I appreciate the remarks of the majority leader and the remarks of the two managers of this legislation.

I think that any words of praise that I might offer concerning the work of the two managers, the skill that they demonstrated, would fall short. But, nevertheless, I think they are entitled to whatever words I might speak at this moment.

They are two very unique men. I would say, without any equivocation, no Senators in this body are more able or intelligent than these two men.

BOB DOLE is a man who can poke fun at himself. He rides some pretty rough waves when he calls up a Finance Committee bill. He knows what is in it and Mr. LONG knows what is in it. I feel that it will be all right as I see them exercise great leadership in dealing with such a bill as this.

Mr. LONG is one of the most experienced and likable Members of this body. I would say that about both of them, that they are very likable.

Mr. DOLE has a way of using his wit. It can be piercing. It can be crushing. It can be funny.

He demonstrates great efficiency. I personally admire him a great deal.

I want to say again to my leader on this side that he has really something to be very proud of. He offered the ESOP legislation. I think it is an idea that has come to its time. I personally thank him on behalf of all West Virginians for the assistance he has given us. We will always be in his debt.

Many of us stay here for years and years and do not have any law that has our name on it, but RUSSELL LONG is to be admired for his excellent work, great brilliance, and his friendship.

I thank the majority leader.

The majority leader is to be commended also, Mr. President. It takes a steady hand at the helm and he has demonstrated that he has that. Also, he can make some tough decisions and be very firm about them, yet exercising a great, great deal of patience. He is courageous and extremely capable. I admire him and consider him a very close friend.

I thank the majority leader for demonstrating once again his patience.

Mr. BAKER. Mr. President, I am grateful in the extreme for the kind remarks of the minority leader. I return them in kind.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, to extend not past the hour 5:15 a.m., in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

VOTING PRACTICES IN THE UNITED NATIONS—KAL 007

Mr. KASTEN. Mr. President, for the past week and a half I have analyzed the voting behavior of presumed friends and allies of the United States in the 38th U.N. General Assembly. The information I am using to illustrate U.N. voting patterns are drawn from the first annual report from the Department of State and the U.S. Mission to the United Nations.

This historic report is entitled, "Foreign Assistance Appropriations, 1985—Part 3" and can be obtained through the Senate Appropriation Committee.

As I have indicated before, for the very first time, the President, the Congress, and all Americans have a useful tool to help in the monitoring of some of our international relationships.

Today in my ninth and last report to my colleagues, I intend to depart from the pattern of my previous statements on General Assembly votes and focus instead on a dramatic scenario that was played out on the stage of the U.N. Security Council from the 2nd through the 12th of September 1983. This is the forum, so often demeaned by vicious vilification of the State of Israel, and of United States as well, that is supposed to deal with threats to international peace and security. For once, the matter before the Security Council was worthy of that important mandate.

The incident under consideration in the Security Council early last September was quite simply one of the most wanton, atrocious acts of international gangsterism ever perpetrated by a world power. Indeed, as the indisputable evidence mounted, not even the gangsters—the Soviet imperialists—continued to deny the essential facts. Yet, the council came within a knife's edge of taking no action at all—because of the virtually inexplicable irresponsibility of two Council Members, Guyana and Zimbabwe, which habitually lead the chorus of complaint in the United Nations regarding the superpowers' threat to the small, the weak, and the defenseless.

Apparently, Mr. President, it all depends on which superpower is wielding the loaded gun. Let me set the stage. On the night of August 31, 1983, over the Soviet territorial waters of the Sea of Okhotsk near Sakhalin Island, two SU-15 jet interceptors of the Soviet Air Force tracked the flight of a Korean 747, KAL 007. For a period of more than 2½ hours the Soviets tracked KAL 007, and then almost casually destroyed that passenger airliner with two heat-seeking missiles when it was scarcely 60 seconds away from international airspace over the Sea of Japan.

In this "conscious, deliberate act of murder"—to quote the carefully chosen words of the U.S. Representative in the Security Council on September 2—in this act of barbarism, 269 innocent lives were lost, including 47 Americans, one of them our respected colleague, Congressman Larry McDonald of Georgia. The nationals of eight other countries also were aboard that plane, whose only misdeed—other than a faulty flight path—was to violate the "sacred boundaries of the Soviet Union." And that, Mr. President, is a direct quote from Tass.

For fully 4 days, until the 6th of September, the Soviet Representatives in the Security Council denied that any plane had been shot down at all: KAL 007 simply "disappeared from the radar screen."

On the 6th, the bare facts finally were acknowledged, but by this time the Soviets had their script prepared: the airliner, on a regularly scheduled flight, with its strobe lights flashing, as the Soviet interceptor pilots themselves repeatedly noted, according to their intercepted communications with Soviet ground control, was as you might have guessed on a CIA-directed "spy mission"; and to safeguard those "sacred boundaries," of course, it had to be shot down.

No matter that none of the warning signals meticulously defined in international codes and conventions were given; the airliner strayed; and, in defiance of every norm of civilized conduct, that was KAL 007's death warrant.

To compound the crime, at no time in the ensuing days and weeks did the Soviets offer to cooperate in the search for bodies, debris, or the flight recorder—which alone might have explained the airliner's erratic flight path. Not only did the Soviets not cooperate: they obstructed the search.

Over a span of 11 days, the Security Council held six sessions, more than 20 hours in all. Almost 60 statements were delivered, and, atypically for any U.N. body, the vast majority were harsh in their condemnation of the Soviet Union—for the act and for their stonewalling. The atmosphere in the Council Chamber was electric, and never more so than on September 6 when U.S. Ambassador Jeane Kirkpatrick played before a packed house a tape of the actual voices of the pilots of the SU-15's culminating in these chilling words: "Missile warheads locked on * * * I have executed the launch * * * The target is destroyed."

That "target" was KAL 007, a Boeing 747, tracked for more than 2 hours, one of the most readily identifiable aircraft in world service, on a steady, if faulty, heading.

For their part, the Soviet Representatives in the Security Council feigned innocence. They appeared almost bored by the proceeding—but fooled hardly anyone.

Thirty-eight member states, some of them several times, denounced the Soviet action and the stonewalling; these statements varied only in the degree of their outrage, and they came from every regional bloc within the United Nations, except Eastern Europe, of course. Even the People's Republic of China, not known in the United Nations for its outspokenness on anything, initially expressed shock at this deplorable Soviet act.

Only four speakers even attempted to defend the Soviet Union. Poland, Bulgaria, and East Germany dismissed the entire affair as evidence of "provocative" U.S. "aggression" against "peace-loving peoples." These three were joined by Libya, whose statement focused principally on "aggressive Zionism" and on Israel's attack in 1973 on a Libyan airliner, which happened to be overflying an active war zone on a heading aimed straight for Tel Aviv.

While the speechmaking was going on, a resolution was being drafted by Western countries in cooperation with Japan, Australia, and the Republic of Korea—a resolution, Mr. President, so statesmanlike as to border on blandness. It simply restated the facts, explicitly condemned no one, and deplored unacceptable violations of international law and the Conventions of Civil Aviation.

Because any resolution of the Security Council must win nine affirmative votes even to force a veto—an abstention is thus as good as a "no" vote and the prevailing assumption was that the Soviets would, of course, cast a veto if need be. The drafters' strategy was to bring everyone aboard and provide no excuses for standing aside when the resolution came to the vote. A vain hope as it turned out.

There are 15 members on the Security Council. The Soviets, Poland, and Nicaragua were obviously beyond the pale: 3 down, 12 to go. China could be counted on, shock notwithstanding, to cast its usual bold abstention. The United States, the United Kingdom, France, and the Netherlands would, of course, support the resolution, joined by three nonalined whose loyalty to the West, and to the United States, could almost always be banked on; namely, Pakistan, Togo, and Zaire.

That left four—Japan, Malta, Guyana, Zimbabwe—and it would take the votes of at least two, in order to reach the threshold of nine and force a Soviet veto. Jordan, according to reliable reports, would line up with the West. And so, even with regard to so blatant an act of international terrorism as the KAL shootdown, the outcome was in the hands of those three: Malta, Guyana, and Zimbabwe. The key question: Could any one of them be relied on to support even an implicit condemnation of the Soviet Union?

In the end, it was Malta that voted its conscience and quite literally saved the day. Not Guyana, our near neighbor in this hemisphere and a petitioner for IMF loans on easy terms. Not Zimbabwe, so often reputed to be the great hope for reason and moderation among the African front line states—not Zimbabwe, whose President, Robert Mugabe, on that very 12th of September was President Reagan's guest in the White House, doubtless seeking the assurance of continued, generous U.S. assistance, even for his avowedly Marxist, one-party dictatorship.

Guyana tried gamely to rationalize its abstention: The resolution was not "impartial"; the 14-day requirement for the Secretary General to report back to the Council was not adequate for a "thorough investigation"—which, given the Soviets' total refusal to cooperate, was a vast understatement.

Zimbabwe's Security Council representative tried even harder—and was even less convincing in his explanation of the vote: "We are not satisfied," he said, "that all the facts and circumstances about the matter have been made known and fully explained." He then went on to offer the most convoluted, almost mystical defense of an abstention possibly ever offered in the Council. His exact words were: "Moreover, we have yet to be convinced that other factors which are not relevant to the incident have not been brought to bear upon the international community's consideration of this matter."

So much for conscience. So much for rejection of Soviet imperialism. So much for basic orientation to the West, or to the United States. On this issue which went right to the core of the defense of civilized norms against the onslaught of state-inspired terrorism, Zimbabwe took its stand—on the side of terrorism.

I will close the book on this sorry chapter in world-scale irresponsibility simply by reminding the Members of this body that, in the current year, Zimbabwe is to receive $40 million in U.S. foreign assistance; that in the year ahead it is marked for an additional $30,200,000; and that, in the 5 years of its independence, Zimbabwe has received a total of $196 million of U.S. taxpayer dollars.

There is no need to draw any conclusions. The record speaks for itself, Mr. President, this is the last of my nine speeches on this, the first annual report on the voting practices of the United Nations. But this certainly will not conclude my scrutiny of the actions of the member nations of the United Nations who receive U.S. foreign assistance.

JAPANESE BEEF

Mr. BAUCUS. Mr. President, last Saturday, Japan and the United States reached a new agreement on U.S. sales of high quality beef to Japan. Under this agreement, Japan will virtually double its annual purchases of high quality beef. While this is a significant inprovement over the last agreement, the new level still is not what many American cattlemen had hoped for.

Nevertheless, the new agreement represents a breakthrough in United States-Japanese trade negotiations. Over the years, Japan and the United States have negotiated sales agreements for numerous products and often the United States has deferred to the Japanese position. But American trade officials sent a new message to the Japanese during the beef talks: The United States will not back down.

Congress, and particularly the Senate, played a key role in helping U.S. trade officials remain tough at the negotiating table. I would like to summarize these efforts, which began 9 months ago with a letter to Japanese Prime Minister Yasuhiro Nakasone. I believe such a review could be useful both for historical purposes and to serve as a blueprint for Congress to follow during future trade negotiations with Japan, the European Community and others.

CONGRESS BEEF WITH JAPAN

In July 1983, I wrote a letter to Prime Minister Nakasone, calling on the Government of Japan to remove its import barriers to U.S. beef. Fifty-one Senators joined me in signing the letter. The message of the letter was simple, but strong: Japan is free to sell thousands of computers, automobiles, and other products in the United States. It is only fair that American farmers and ranchers enjoy equal access to the Japanese market.

Japanese Ambassador Yoshio Okawara responed to our letter. He pointed out Japan already imports about 60 percent of total U.S. beef exports. In summary, he said, Japan faces extreme difficuties in liberalizing its beef trade restrictions. I ask unanimous consent that the text of Mr. Okawara's letter be inserted in the RECORD.

In September, I introduced a resolution in the Senate demanding that Japan dismantle its trade barriers. The resolution further stated that if negotiations did not "result in satisfactory progress toward the dismantling of all nontariff barriers to imports of beef * * * the U.S. Trade Representative should seek appropriate relief under United States and international trade law." This resolution passed the Senate 92 to 6 at the end of October.

In November, I sent a letter to President Reagan calling for a strong administration position for increased Japanese beef imports in view of the overwhelming Senate vote on the resolution. In response, I was assured by Ambassador Brock that the United States would stand firm. I ask unanimous consent that the text of Ambassador Brock's letter be inserted in the RECORD.

In December, I decided to take the U.S. plea for increased beef sales to the Japanese people. I sent an open letter to the three leading newspapers in Japan—Mainichi, Asahi Shimbun, and Yomiuri—that urged the Japanese people to be strong supporters of free and reciprocal trade.

I reminded the Japanese that government import restrictions severely limit the supply of American beef and more than double its price. I emphasized that the Japanese Government could significantly improve its relations with the United States if it removed its barriers to imported beef.

I received several responses to my letter from both Japanese and Americans living in Japan. I ask unanimous consent that the text of one of these letters be inserted in the RECORD.

To further emphasize U.S. concern over the outcome of the beef talks, I held a press conference for Japanese and American media shortly after the Japanese elections in December.

I announced that I was urging the administration to reject Japanese arguments that the recent elections would make it more difficult to resolve contentious trade issues. I also announced my intention to vote for domestic content legislation if Japan did not agree to a significant increase in its beef imports.

I am philosophically opposed to domestic content legislation because it tends to be restrictive and counterproductive. But I saw this legislation as a powerful tool for the United States to use to retaliate against Japan's unfair beef import restrictions. As one American businessman in Japan wrote in a letter to me: "The Japanese understand only one thing when it comes to international negotiations—power. They will not take us seriously until we take concrete measures for force reciprocity." Passage of the domestic content legislation would deal a heavy blow to Japan, a blow they would rather not endure.

In January, I introduced a second Senate resolution calling on Japan to dismantle its beef trade barriers.

In February, I hosted a beef lunch for the Japanese Ambassador and other Japanese officials and business leaders in Washington. Numerous cattle industry groups contributed to the event, including the Montana Beef Industry Council, who donated the beef; the Montana Women Involved in Farm Economics, who made wheat salad; the Montana Cowbelles, who provided cookbooks; the Montana Cattlemen's Association; the Montana Stockgrowers' Association; the American Simmental Association; the National Cattlemen's Association; the American Meat Institute; and the National Meat Association.

The lunch gave the Japanese a chance to talk informally with Montana cattlemen and other cattle industry representatives about the need for a new beef agreement. In the spirit of friendship and good will, the Americans at the lunch emphasized that they were ready to fight for a significant increase in U.S. beef sales to Japan.

In mid-February, I asked the Senate to set aside an hour to address United States-Japanese beef trade. Several of my colleagues joined me in making statements on the Senate floor urging the Japanese to increase their imports of U.S. beef.

Montana cattlemen and other cattle industry representatives also played a key role throughout the Japanese beef campaign:

They contributed generously to help make the beef luncheon a success.

They organized a letter-writing campaign to Prime Minister Nakasone, urging him to increase Japan's beef purchases. I was proud to present more than 50 of those letters to Hiroya Sano, leader of the Japanese negotiating team, a day before the United States and Japan met for the final round of beef talks.

And finally, they provided me with invaluable advice and support every step of the way. I want to take this opportunity to thank them for their hard work and resolve.

THE TRADE NEGOTIATIONS

Despite all our efforts, the United States-Japanese beef trade agreement that had been in effect since 1979, expired on March 31 without any sign of progress. The United States was calling for an annual increase of 10,000 tons of high quality beef. Japan was refusing to offer more than 5,600 tons, barely meeting us halfway.

Just 2 days after the expiration of the agreement, Senator JOHN DANFORTH held a hearing on the tenuous state of United States-Japanese beef trade at my request in the Senate International Trade Subcommittee.

In light of the failure to reach a new agreement, Senator DANFORTH, Senator LLOYD BENTSEN and I called on the administration to retaliate against Japan through the GATT, the international body that governs trade.

Donald Nelson, an assistant U.S. Trade Representative, testified at the hearing that the administration was considering ways to retaliate in GATT. He also agreed that without a trade agreement, Japan would be in violation of GATT trading laws if it continued to impose beef import quotas.

I also urged the administration to pursue other retaliatory measures, such as denying investment tax credits for products made in Japan.

THE NEW AGREEMENT

Our resolve paid off this past weekend. Under the new 4-year agreement, Japan has agreed to increase its purchases by 6,900 tons. The agreement that expired March 31 had allowed a yearly increase of 3,300 metric tons, which brought exports to 30,800 tons in the last year of the agreement. Under the new agreement, the total imports by the last year will be 58,400 tons.

That increase will mean an additional $300 million worth in new sales for American cattlemen. But the overall trade volume still will not amount to all that much. Under the previous agreement, Japanese beef purchases amounted to one good 10-ounce American steak, per year, for each Japanese consumer. The new agreement will not even increase that quota to two steaks per consumer.

Even though the total increase is disappointing, it represents an important step forward. Japan's intransigence in the beef talks had become a visible example of their failure to view United States-Japan trade as a two-way street. I am encouraged that Japan finally showed a willingness to compromise. Accordingly, as a sign of my commitment to constructive future trade relations between Japan and the United States, I intend to vote against the domestic content legislation.

I am also encouraged that the U.S. trade negotiators adopted a tough negotiating stance. The beef talks should serve as a model for future negotiations. And indeed there are several trade issues that need to be resolved.

In 1983, trade between the United States and Japan amounted to $63 billion. Japan exported $41.2 billion worth of products to the United States. The United States, on the other hand, exported only $21.9 billion worth. That left the United States with a trade deficit of $19.3 billion with Japan.

A major cause of this whopping trade deficit is Japan's tariff and nontariff barriers that block our exports at every turn. American beef is just one example of the many products that Japan restricts.

Over the next year, I intend to press hard to reduce Japan's tariff and nontariff barriers against U.S. timber products. The stakes are much higher in terms of dollars, but I am confident the United States can succeed if Congress and our trade negotiators remain firm in their call for fair trade.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EMBASSY OF JAPAN,
Washington, D.C., August 9, 1983.

Hon. MAX BAUCUS,
Senate Hart Office Building,
Washington, D.C.

DEAR SENATOR BAUCUS: I am writing this letter, on behalf of Prime Minister Nakasone, regarding the beef import issue you raised in your letter of July 14, 1983 to the Prime Minister.

We take full note of the fact that you and many of your colleagues in the Senate are deeply concerned with this issue.

As you are well aware, Japan and the United States, through coordinated efforts at such international fora as the Summit meetings, the Tokyo Round of Multilateral Trade Negotiations and the GATT Ministerial Meetings, have been the main engine for maintaining and strengthening the free trade system. Moreover, cognizant of its significant international responsibilities, Japan has unilaterally adopted, as you are aware, a series of market-opening measures including those for agricultural products without asking for reciprocal concessions.

Agricultural trade has, in contrast with trade in other goods, been subject to protective border measures not only in Japan, but also in the EC and the United States, owing to various domestic and other circumstances. With respect to beef and related products, for example, the United States has been exercising vigilance that imports will be made in an orderly manner so as not to exceed the trigger level established by the law, and this leads us to assume that the United States has domestic concerns similar to ours. In any event, reality of the agricultural sector in any country is such that social and political factors have to be weighted in policy considerations.

Nevertheless, Japan has made tremendous efforts amid numerous difficulties toward liberalization of trade in agricultural products and has reduced import restriction items to a level below one-third of the level of 20 years ago. The remaining items under import control are those which we encounter extreme difficulties in liberalizing their trade. Beef is indeed a prime case. The history of Japanese beef industry is relatively short and we are undoubtedly at a less developed stage compared to the United States or the EC; in fact, we are exerting the most strenuous efforts toward increasing productivity in the limited land area available. Despite this vulnerable domestic situation, Japan has been increasing the import quotas of beef over the years and the quota level reached 135,000 metric tons (approximately 30 percent of total domestic demand) in FY 1982. In pararall with this development, the import of high quality beef, in which your country has significant trade interest, has grown at a rate substantially higher than that of total beef imports due to efforts to enhance demand and sales in the Japanese market, and reached nearly 30,000 metric tons in FY 1982. Thus, Japanese imports now account for about 60 percent of the total U.S. beef exports.

Prime Minister Nakasone proposed at the meeting with President Reagan in January that solutions to the beef import issue be sought through quiet consultations by experts of both sides. In pursuit of this proposal the meeting of experts started in April this year. Through taking such quiet but steady steps, we are determined to seek a solution to this issue which is acceptable to both sides at the earliest opportunity possible. In this connection, I sincerely hope we can count on your understanding on, and assistance in, mutual efforts by both countries toward a practical solution of this problem.

Sincerely yours,

YOSHIO OKAWARA,
Ambassador of Japan.

THE U.S. TRADE REPRESENTATIVE,
Washington, D.C., November 21, 1983.

Hon. MAX BAUCUS,
U.S. Senate, Washington, D.C.

DEAR MAX: This is in response to your letter of November 2 to the President regarding Japanese import restrictions on U.S. beef.

We sympathize with the concerns of the U.S. cattle industry and realize full well that the issue is causing a negative effect both in undermining the principles of free trade and in reducing income of the cattle industry. Unfortunately, the Japanese are opposed to liberalization and offer only insignificant expansions in the present quotas, while the United States aims toward complete elimination of their import barriers. Despite these setbacks, we are going all out in our efforts to open up their market for our beef exports. Several weeks ago I discussed this with Minister of Agriculture Kaneko in Tokyo, and the President raised it with Prime Minister Nakasone in his recent visit to Japan.

I feel confident that with the kind of support indicated by the Senate Resolution, the issue will move toward a satisfactory resolution over the next few months.

Very truly yours,

WILLIAM E. BROCK.

3-9 SHIRAKAWADAI 7 CHOME H503,
SUMAKU T654 KOBESHI,
Japan, January 9, 1984.

Senator MAX BAUCUS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BAUCUS: I read with interest your open letter to the Editor of the Mainichi Shinbun. It was printed in the December 29th edition of the paper, and concerned the issue of free trade. I would like to take this opportunity, if I may, to address some of the concerns you expressed.

I should explain that I write to you now as a resident of Japan, but an American citizen. My husband is Japanese, and employed in the import-export field. Moreover, he and his family are all of the samurai class and highly educated, many of them have lived abroad in both the United States and Europe.

I want the American public to understand exactly what is happening here in Japan, because, due to the increasing trade imbalance, it very much affects their own lives.

Japan is, before anything else, a fiercely competitive trading nation. Whatever the motivation for that fierce competitiveness, it is a reality, and it is essential to keep that in mind while choosing to assess the trade imbalance problem. Japan is also very protective of her own society in general and her industries and agriculture in particular. I am, in fact, enclosing other articles which appeared in the Mainichi during the past few days. Each day brings a new onslaught of much of the same. The overall picture painted for the citizens of Japan is that of a nation superior to its trading partner, the U.S., in all ways. The news from the west that filters in here is of a nation and an economy on its last legs, desparately needing the help of Japan in order to survive.

But, of course, this is not true, as most Japanese leaders are aware. However, the image is a satisfying one, and one which they actively reinforce. With an air of arrogance and smugness, they do not believe that the American Congress will ever really have the guts to impose trade restrictions. The situation reminds me of two little boys who want to see a baseball game, that is hidden from view by a tall fence. At last they seem to agree that they will each see half of the game standing on the shoulders of the other. However, it seems the first boy, once on top, has elected to stay there at the expense of the other. He sees no reason to compromise, he is on top. And he strongly believes that the other boy, who is generous by nature, will not simply pull out from under him.

But that little boy, just like the Japanese, is taking an unfair advantage of the situation and the shoulders upon which his advantage rests. That is the truth of the situation that they will cloak in many smiles and bows and offers of studies (which will take years to conduct).

That the American people, and especially the U.S. Congress fail to realize this is nothing short of an incredible naivete. Tokyo does not act, Senator, it reacts. It will not improve the trade deficit, which is a surplus to them, and one they are proud of. They will not heed American arguments about fair play, they do not play by the same set of rules. Please understand this for what it is, in light of all the statistics and information you can get your hands on.

The Japanese people here are behind their government. What you seem to be referring to as the recent democratic elections, underscore very little more than a rejection of Nakasone. Not Tanaka, whom many believe was simply prey to a C.I.A. inspired set-up. Tanaka himself was re-elected to the parliament with the largest majority of the election. For years the propaganda has seeped through this culture, Americans don't want to export to Japan. I have heard that from so many people, in so many walks of life and I still find it incredible that it isn't actually in some public school textbook. We want American products they will say, but Americans just don't want to accommodate our market. And, Senator, they believe it. They believe that American beef is not high quality, the poorest peddler in the street will tell you that much. It may be cheap, they say, but, ours is ten times more delicious. Well, as a matter of fact, I have tasted both, and they are about the same in flavor and texture, with the notable exception of Kobe beef, which is tremendously more expensive than the other beef here. But that is all irrelevant, and that is because it is what the vast majority of Japanese believe. And they most definitely act on what they believe.

Which leads me to the "democratic traditions that our countries share." Could you be a little more specific, sir? This is a country with a history of 2000 years of feudalism and class distinctions. In light of that, 40 years or so of democracy is hardly very much. The whole society is interwoven with debt and obligation to fellow Japanese on a vertical hierarchy. Women earn 25¢ to the $1 that men earn, they are forced to retire 10 to 20 years before men, and marriages are still 95% of the arranged type. Men cannot dispute the decisions or words of their employers, nor request the full payment of employee benefits. This is their culture, I offer no value judgment, because it works for them. I must admit I vastly prefer my own country. But I am not anti-Japanese. I am a realist, unlike most of the scholars who come here to study, to work, or to publish, and who are so enamored with Japan that their view is always colored to that end.

What I am suggesting is that you protect the U.S. economy. Restrict imports, make the quotas based on the selling rate of U.S. products in Japan (let the Japanese government figure out some nice creative way to re-educate their populace in line with reality). Insist that Japan observe the 50 year copyright law, instead of a 15 year patent law that they maintain here which they wish to extend to computer programs to gain inroads into the software field, not by hardwork and talent, but by infringing on the rights and energies of I.B.M. and others. Recognize the strength of the American position once it clearly indicates it will use its big stick. Talking softly has been going on for far too long, to no avail. Japan, as a trading partner, needs the United States far more than America needs Japanese products, all of which, to some extent compete with American products.

In conclusion, I wonder if you know just how proud the average American would be to see the U.S. stop acting like the paper tiger she is believed to be here.

Try to remember you are dealing primarily with a competitor, and the ally part comes way below that.

Oh, yes, before I forget, do you think you could say something to the Senators from my home state of Illinois? Suggest that they start getting the Japanese to pay for their own defense of their country.

Thank you for your time and attention to this letter.

Sincerely,

BONNIE KURAOKA.

H.R. 4206—TAX EXEMPTION FOR MEMBERS OF ARMED FORCES WHO DIE FROM HOSTILE ACTION OVERSEAS

Mr. PERCY. Mr. President, I applaud the passage last week of H.R. 4206, a bill to amend the Internal Revenue Code of 1954 to exempt from Federal income taxes members of the Armed Forces who die as a result of hostile actions overseas. I was a cosponsor of S. 2083, a bill paralleling H.R. 4206 which Senator ARMSTRONG introduced last November. We are indebted to Senator ARMSTRONG and the distinguished chairman of the Finance Committee, Senator DOLE, for bringing this important legislation before the Senate in such an expeditious manner.

By approving H.R. 4206, the Senate has cleared the way for the enactment of the bill prior to the April 15 deadline for filing Federal income tax returns. In this modest but important way, the Senate has helped to ease the burdens and hardship faced by families of those U.S. servicemen who gave their lives in action in Lebanon.

Mr. President, I deeply regret that it was necessary for the Congress to have to pass this legislation. Had the executive branch unilaterally exercised authority under existing law to exempt these military casualties from Federal income taxes, this legislation would not have had to have been introduced and the grieving families would not have had to endure months of uncertainty about their Federal income tax obligations. All that was necessary was for the President to issue an Executive order designating Lebanon as an area in which U.S. Armed Forces are or have been engaged in combat.

That U.S. Armed Forces were engaged in combat in Lebanon is incontrovertible. On October 12, 1983, President Reagan signed House Joint Resolution 159, the multinational force in Lebanon resolution, and in so doing accepted the determination that U.S. forces participating in the multinational peacekeeping force had been engaged in hostilities since August 25, 1983. On October 27, the President described the tragic death of U.S. servicemen killed in the bombing of the battalion landing team headquarters in the following terms: "They gave their lives in defense of their national security every bit as much as any man who ever died fighting in a war."

I would also note that the Purple Heart was appropriately awarded to servicemen killed or wounded in Lebanon. This decoration is restricted to combat or hostile fire situations. Finally, I would point out that in its report on the terrorist bombing in Beirut, the Long Commission declared:

> The Commission believes that the most important message it can bring to the Secretary of Defense is that the 23 October 1983 attack * * * was tantamount to an act of war using the medium of terrorism.

With these considerations in mind, I wrote on three separate occasions in November and December to urge the Defense Department to acknowledge formally that U.S. servicemen killed in Lebanon had indeed been killed in action in battle-related situations. As incredible as it may seem, the Defense Department had originally classified the initial casualties from the October 23 bombing as "nonbattle accidental deaths."

It is truly to Secretary Weinberger's credit that he agreed on January 10 to redesignate all U.S. military personnel killed in action in Lebanon as "battle casualties." By this action, the Secretary has helped to restore meaning and purpose to these servicemen's courageous sacrifice. Unfortunately, the administration has to date not seen fit to follow through on this decision by invoking those provisions of existing law which would extend certain tax benefits and other entitlements to the families of these personnel.

At my request, the Congressional Research Service (CRS) surveyed all benefits that apply uniquely in cases involving combat-related deaths. In its report, CRS identified two benefits in addition to the Federal income tax exemption addressed in H.R. 4206: The appointment to the military academies of dependents and the waiving of certain estate taxes. According to CRS, the executive branch has the authority under current law in all three cases to extend these benefits. To quote from the CRS report:

> * * * it would seem that there exist sufficient latitude in the existing legal framework to extend most, if not all, benefits in the circumstances that prompts your (my) interest in this matter * * *.

Mr. President, I regret that in its consultations with the Finance Committee on this bill, the Treasury Department apparently opposed including the estate tax waiver. I was informed by committee staff that Treasury took this position since a waiving of estate taxes was not extended to U.S. military personnel killed in the *Pueblo* incident. I do not agree with this position. The servicemen killed in Lebanon are entitled to the same benefits as any U.S. servicemen who has ever been killed in combat. Either these were combat deaths or they were not. Since the Secretary of Defense has determined that these deaths were indeed "battle casualties" and since the President has signed a joint resolution declaring that these personnel were engaged in hostilities pursuant to the War Powers Act, I can see no reason why the families of these servicemen should be denied the estate tax exemption.

Mr. President, if time were not of the essence, I would have introduced an amendment to this bill to provide for the waiving of the estate tax. I would also have drafted language making it clear that the sons and daughters of these casualties are eligible to compete for slots at the military academies reserved for the dependents of servicemen killed in action. I did not want to delay this bill, though, and I did not propose such amendments.

Nevertheless, I do hope that the administration will act on its own under existing law to grant these benefits. Should they decide not to do so, I would urge the chairman of the Finance Committee to consider original legislation to accomplish this result.

Mr. President, I ask unanimous consent to include in the RECORD a copy of a March 2 letter to Secretary Weinberger on this subject and a copy of the aforementioned CRS report.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., March 2, 1984.

Hon. CASPAR W. WEINBERGER,
Secretary of Defense,
Washington, D.C.

DEAR CAP: I am writing to express my deep appreciation for your letter of January 10, informing me that the Defense Department has agreed to redesignate all U.S. military personnel killed in action in Lebanon as "battle casualties." From personal contact with the surviving family members of some of these brave and dedicated servicemen, I know how much your decision has helped to ease their suffering and sense of loss. By your action, you have helped restore meaning and purpose to these servicemen's courageous sacrifice.

As you know, though, the issue of classifying these casualties involves more than the dignity afforded their deaths. It also bears directly on a range of financial benefits and other entitlements. Last month, a bill (H.R. 4206) passed the House to amend the Internal Revenue Code of 1954 to exempt from Federal income taxes members of the Armed Forces who die as a result of hostile actions overseas. I support this legislation and hope it will receive expedited passage in the Senate.

Nevertheless, it appears to me that even without this legislation, the President already has statutory authority to extend these income tax benefits by issuing an Executive Order designating Lebanon as an area in which U.S. Armed Forces are or have been engaged in combat.

At my request, the Congressional Research Service (CRS) surveyed all benefits that apply uniquely in cases involving combat-related deaths. In its report (enclosed), CRS identified two benefits in addition to that pertaining to Federal income taxes: the appointment to the military academies of dependents and the waiving of certain estate taxes. According to CRS, the Executive Branch has authority in all three cases under existing law to extend these benefits. To quote from the CRS report, ". . . it would seem that there exist sufficient latitude in the existing legal framework to extend most, if not all, benefits in the circumstances that prompts your (my) interest in this matter. . ."

I would, therefore, inquire whether the President has exercised his authority under the United States Code to extend these benefits, and any others which may be applicable, to the surviving family members and/or estates of those servicemen who were battle casualties in Lebanon? If not, I would urge that he do so immediately.

I appreciate your past cooperation in this matter and look forward to your response.

Sincerely,

CHARLES H. PERCY,
Chairman.

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, D.C., March 1, 1984.

To: Senate Foreign Relations Committee, Attention: Mr. Robert Bell.

From: American Law Division.

Subject: Benefits Available to Survivors of Certain U.S. Service Personnel.

Reference is made to your inquiry requesting information on the above matter. Specifically, you wish to know what laws authorizing benefits for military personnel or their survivors limit eligibility to persons whose deaths have occurred in a declared war, a combat zone, hostilities, and the like.

Benefits available to service personnel of their survivors on the aforementioned or similar grounds appear to comprise a small subset of the universe of such benefits. Generally, most such benefit provisions are to be found in the United States Code at Titles 10, Armed Forces, 26, Internal Revenue Code, and 38, Veterans' Benefits. We have focused our attention on these titles of the Code and have compiled those benefit provisions which have some immediate bearing or relationship to the incident that occasions your interest in this matter—the deaths of the two hundred plus marines by terrorist attack in Lebanon. As you suggested, we have omitted from consideration laws relating to awards and medals and the like that have possible relevance to the matter at hand in favor of provisions authorizing benefits for surviving spouses and dependents of military personnel who die while serving on active duty.

As you will observe in the annexed materials, a considerable number of benefit provisions are tied to death of a serviceman or servicewoman while on active duty (e.g., death gratuity), in line of duty (e.g., posthumous commissions and warrants), or during active service in line of duty (e.g., VA compensation). For the most part, death in these circumstances must be in line of duty during active military service irrespective of whether that service is during wartime or peacetime.

As indicated, the number of benefit laws which stipulate death in action or in combat are relatively fewer. These and similar provisions appear mainly in provisions of the Internal Revenue Code that confer tax benefits (e.g., abatement of taxes due if death occurred while serving in a combat zone, the exclusion from gross income of pay for any month served in a combat zone or in a hospital because of injury suffered in a combat zone, exclusion from gross income of disability income for injury resulting from terroristic attack overseas, abatement of additional estate tax in the case of military personnel killed in action in a combat zone, etc.)

The other significant area where eligibility is predicated on death in a hostile context relates to certain appointments to the various military academies. For example, of the authorized cadet strength, 65 persons may be selected "from the children of members of the armed forces who were killed in action or died of, or have a service-connected disability rated at not less than 100 per centum. * * *"

Briefly, the last mentioned two categories of benefits seem to be the areas where death arising from conflict are clearly indicated as a requirement for eligibility. It should be noted that even in these cases the law does not make clear that "combat zone" or "killed in action" refers or is limited to combat or action in the circumstances of a declared war," "hostilities pursuant to the War Powers Resolution," or any other kind of authorized hostilities. Presumably death in any of these contexts would establish eligibility for benefits. (Time does not permit us to examine the laws' legislative, judicial, or administrative history.) However, the statutory language per se does not rule out death resulting out of a "combat zone" or "action" in other circumstances.

Also, it should be noted that the administering agency is frequently given discretion to provide or not certain benefits (e.g., "[t]he Secretary may provide for recovery, care, and disposition of remains * * *"). In short, with respect to various categories of benefits the agency, be it DOD or VA, have options to extend benefits under existing law.

It is true that many of the laws had their genesis in declared war circumstances. However, none have come to our attention that by their language are unequivocally tied to that condition. The courts have recognized that Congress need not declare war in the all-out sense; it may authorize a lower level of hostilities. *Bas* v. *Tingy*, 4 Dall (4 U.S.) 37 (1800). The War Powers Resolution, 50 U.S.C. 1541 et seq., presupposes as much. Moreover, "a state of war may in fact exist without a formal declaration." J. Jackson, concurring in *Youngstown Co.* v. *Sawyer*, 343 U.S. 579,642 (1952).

As the statutes are neither conclusive or preclusive and given that action or combat zone can arise in a variety of circumstances, it would seem that there exist sufficient latitude in the existing legal framework to extend most, if not all, benefits in the circumstances that prompts your interest in this matter—or so it seems to us based strictly on a reading of the laws themselves.

RAYMOND J. CELADA,
Senior Specialist in
American Public Law.

TITLE 26—INTERNAL REVENUE CODE

Estate Taxes—additional tax does not apply to serviceman killed in action in combat zone or who dies as a result of combat injury. 26 U.S.C. § 2201.

Gross Income—compensation for Active Service for any month in combat zone or hospitalized because of combat excluded. 26 U.S.C. § 112.

—— Disability income for injury resulting from terroristic attack overseas not included in gross income. 26 U.S.C. § 104.

Taxes due abate if death occurs in combat zone. 26 U.S.C. § 692.

Withholding—wages do not include pay for Active Service performed in combat. 26 U.S.C. § 3401(a)(1).

United States Military Academy—cadet appointments—65 from children of servicemen killed in action or died of service—connected disability (100 percent)—10 U.S.C. § 4342.

United States Naval Academy (same) 10 U.S.C. § 6954.

United States Air Force Academy (same) 10 U.S.C. § 9342.

A WELCOME COMEBACK FOR WEIRTON STEEL

Mr. BYRD. Mr. President, I have very good news to report to my colleagues today. As we work on reducing the Federal budget deficit, I am most pleased to state that the Nation's largest employee-owned company—Weirton Steel in Weirton, W. Va.—has announced a profit for the first quarter of 1984.

I cannot think of a better method to reduce the deficit than by creating the conditions that put people to work in productive jobs in a vital industry.

Weirton Steel became the property of its employees on January 11, 1984. Every worker at the company knows that he has a stake in the economic future of Weirton Steel. When the plant was threatened with closure by the former owner, a spirit of determination and self-reliance burned bright in the people of the Weirton area. The slogan "We Can Do It," that refers to the creation of America's largest employee stock ownership plan—ESOP—has been seen throughout the area. The announcement that Weirton Steel has made a quarterly profit is pleasant confirmation of the fact that they can do it. I hope that this trend continues for a very long time. The last quarterly profit for Weirton Steel occurred in the third quarter of 1981. It has been a tough road, but the people of Weirton and the employees of Weirton Steel have turned it around.

I have previously acknowledged and commended the leadership and inspiration provided by the distinguished ranking member of the Finance Committee on the subject of ESOP's. Everybody knows who that distinguished ranking member is—Senator RUSSELL LONG. He is widely regarded as the primary advocate of the ESOP system. During Weirton Steel's dark days, when the company was struggling to form the ESOP to take over the plant, Senator LONG's advice and encouragement were invaluable. I am pleased that he is present to hear of the progress of America's largest employee-owned company.

He took of his time and came to Weirton and spoke to the employees of Weirton Steel. We will always be grateful to Senator RUSSELL LONG and we are grateful also not only for his authorship of this ESOP program, but we are personally appreciative—and I know my senior colleague feels as I do, and he will speak for himself—of the fact that RUSSELL LONG gave us assistance by way of a fine member of his staff, Jeff Gates, who worked with the people of Weirton, went to Weirton and helped them to carve out the approach.

I know that I speak for my colleagues as I offer my warmest congratulations to the people of Weirton and to Weirton Steel for their accomplishments.

Mr. RANDOLPH. Will my able colleague yield or would you want me to ask for time?

Mr. BYRD. I yield the floor, may I say to the Senator.

Mr. RANDOLPH. Mr. President, May I be recognized?

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. RANDOLPH. The comment of the minority leader, my colleague from West Virginia, Senator BYRD, is most appropriate. We are not looking at you now, Senator LONG, in mere pleasantry. We are looking at you as a constructive colleague who was very very helpful in connection with the problems at the Weirton Steel Co., in Weirton, W. Va.

Your expertise was unique and practical. The Congress followed your lead in this creative method.

As Senator BYRD has indicated, the profit picture in Weirton has improved. When you were such a valuable leader in this joint effort through ESOP, there were 7,300 employees working at Weirton Steel on January 6. On April 7, the number of workers there, as Senator BYRD and I know, was 7,899. There are approximately 600 additional employees that have returned to work, representing at least 400 families that have benefited.

I am told, but it is not authoritative, that the company is expecting many more hundreds to be employed if there is the turn-around in the steel industry itself. We believe that that is in part taking place in the steel industry as a whole. There are some 1,200 workers on possible recall.

I reinforce what Senator BYRD has said, that the people of Weirton, with the Senators from West Virginia, are very grateful. Senator LONG, we say thanks again for the people of Weirton and that steel company through your creativity with the use of the formula called ESOP.

Mr. LONG. Will the Senator yield?

Mr. RANDOLPH. I yield to my friend.

Mr. LONG. Mr. President, I want to thank my two very dear friends, the two Senators from West Virginia, the Democratic leader and the senior Senator from the State, for the kind words that they have said about my efforts to help move forward employee stock ownership.

Mr. President, I think it is good news to all the U.S. Senate that the Weirton effort is succeeding. This is the biggest employee-owned operation in the United States. It was a matter of taking over a dying company and, in considerable measure, this was possible because of laws passed by Congress to help make it possible for workers to save their own jobs by buying out a company which otherwise would go out of business. And, making a supreme effort to help the company to succeed, the workers are saving these very important jobs for the United States.

This proves that there is a viable alternative to a company just going out of business, be it a steel company or another kind, if the employees are willing to make the sacrifice and make a dedicated effort like the employees at Weirton are doing.

Many industries today appear to be in bad shape and many companies appear to be condemned not to make it. In Weirton, W. Va., however, the Weirton workers are making it.

I am delighted to hear it, because I had confidence they could do it, just as the two Senators did and the Governor of the State, Jay Rockefeller. But it is a credit to the Senate of the United States, because the Senate has advanced this concept.

And, in this very bill here, we have seven provisions which will help employees in the future to do just exactly the type of thing that the Weirton employees have done.

May I say that this is also a good example of cooperation from management, because National Steel, rather than just closing down that plant and walking off and leaving it, were willing to make a good deal for the employees and stick around and give their advice as to how the company could be organized by the employees to make a success of it.

I thank the Senator for yielding.

JACKSON HOLE, WYOMING ELK HUNT

Mr. WALLOP. Mr. President, on March 25, the CBS program "60 Minutes" aired a report on the elk reduction hunts in Grant Teton National Park and the Jackson Hole Elk Refuge. What was broadcast was not a fair and balanced piece showing both sides of the issue. Rather, "60 Minutes" with no sign of objectivity produced a segment that amounted to a reckless disregard for the truth. Those involved with the segment chose to completely overlook the expertise of professional game managers who are dedicated to protecting the Grand Teton National Park and the elk population. Instead they presented a biased, inaccurate, distorted and slapdash version of an extremely complex issue. It was readily apparent to most everyone familiar with the elk reduction program that CBS had settled on their certain point of view before they ever set foot in Jackson Hole. They then went out to concoct a feature to support that view. In short, what they came up with typifies the worst of contemporary journalism. Look at some of the facts flagrantly omitted by "60 Minutes."

First of all, "60 Minutes" greatly oversimplified and misrepresented the controversy by implying that elk are lured to a hunt area with food for the purpose of being slaughtered. This is simply not true. The elk reduction program is part of a cooperative long-range State/Federal plan to insure a healthy elk population and restore historical migrations that existed prior to the creation of Grand Teton National Park. The elk move from five more or less distinct summer ranges to three much smaller wintering ranges. The limited winter range determines the supportable elk population and the hunts are the only management tool to keep the herds from exceeding the range's ability to support them. If the elk were not harvested, the population would soon increase to the point where the entire park herd would be threatened with starvation, weak reproduction and disease. The Jackson Hole ecosystem would be seriously damaged. The elk simply cannot survive without the elk refuge feeding program. This is not a case of luring but providing for the pure physical survival of a healthy herd.

Second, and most importantly, "60 Minutes" completely overlooked the fact that this harvest is required by Federal law. Grand Teton National Park is the only park where hunting—and strictly controlled hunting at that—is permitted. In 1950, legislation was enacted creating Grand Teton National Park. Management and preservation of the elk had been controversial for years. Therefore, a provision was included in the law, Public Law 81-787, specifically directing the State of Wyoming and the Interior Department to provide for the controlled reduction of the animals "by hunters licensed by the State of Wyoming and deputized as rangers by the Secretary of the Interior, when it is found necessary for the purpose of proper management and protection of the elk." Moreover, the law mandates that the Wyoming Game and Fish Commission and the National Park Service meet annually to review and analyze management practices. During these annual meetings, the two agencies must agree on whether a hunt is necessary based on range and population data, how long the season will be, and how many licenses will be granted. I would point out that in 1982, 2,177 hunters were licensed to hunt in the three NPS hunt areas and 875 elk were harvested. This is a good but certainly not spectacular 40 percent success rate. Long prior to CBS' slanderous work, the Game and Fish Commission had recommended scaling back the hunt for management purposes in the coming year. The hunts are overseen by game wardens to insure they are carried out properly. The elk reduction program is not some sort of capriciously imposed wholesale slaughter, but rather a carefully controlled management plan conducted by State and Federal agencies operating from a consistent set of objectives and policies mandated by Federal law.

Third, there is no denying the elk reduction hunts are controversial. They have been criticized by those who condemn them as unsportsmanlike and others (mostly outfitters) who would stand to gain economically if the hunts were stopped. But this program is not intended to provide the challenge of the hunt. It has always been nothing more than a means for controlling the elk population. The program has been an effective management tool, and until a better method can be found, the hunts should continue.

Finally, I would just like to add that "60 Minutes" is watched by millions of people every Sunday night. It is consistently one of the most watched programs on TV. Unfortunately, it is all too often one of the worst. CBS unconscionably parades shoddy reporting as professional, responsible investigative journalism. The large, loyal, and intelligent "60 Minutes" audience deserves better than the hatchet job aired on March 25.

Mr. President, I ask unanimous consent that several Wyoming newspaper articles on this subject be reprinted at the conclusion of my remarks.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Casper Star Tribune, Mar. 27, 1984]

Wyoming Wildlife Officials Say "60 Minutes" Inaccurate

(By Greg Bean)

Casper.—Several angry wildlife management officials in Wyoming said Monday that a story televised on CBS's "60 Minutes" was an example of biased and inaccurate reporting.

The segment, which aired Sunday, dealt with controversial elk reduction hunts in Grand Teton National Park and the National Elk Refuge in Jackson.

"It was a journalistic cheap shot," said Doug Crowe, planning coordinator for the Wyoming Game and Fish Department. "They took everything out of context and discounted anything the professional game manager said in favor of cockamamie testimony from people they picked up on the street."

The "60 Minutes" story, producted by Greg Cooke and narrated by Harry Reasoner, concerned the annual elk reduction hunts in Grand Teton and the National Elk Refuge, and included statements from some local outfitters that the hunts are unsportsmanlike slaughters of elk that had been lured to the winter range by food.

"The whole thing was approached like professional game managers in Wyoming don't exist, and they neglected to take into account that we have a tight management scheme up there, which is designed to maintain some equity among the elk which use the refuge," Crowe said.

"They didn't want to know that the hunts are being conducted from a biological or management standpoint, they only picked people to talk to who could present a biased point of view," he said.

At one point in the "60 Minutes" segment, a local pilot stated that only about 25,000 elk are left in Wyoming, and the pilot questioned the need for herd reductions in Teton National Park and the National Elk Refuge. Crowe said the figures used by the pilot are "ludicrous."

"How could he possible have a perspective of the elk populations statewide, when he only flies in a 100 mile radius of Jackson?" Crowe asked, "We have dozens of professional biologists who continually undate elk populations in Wyoming, and there are about 65,000 to 70,000 elk statewide."

"If we feed these elk more (on the refuge) and don't harvest them, pretty soon we run the risk of creating a situation like they did in Yellowstone in the 1960s (when elk were killed by helicopter gunmen to reduce the population and keep the remaining animals form starving.) It seems more logical to do it this way then to just go up and annihilate a big pile of them like they did up there."

Jack Stark, superintendent of Grand Teton National Park, echoed Crowe's criticism of the "60 Minutes" story.

"We thought it was pretty bad," Stark said, noting that reporters for the program did not contact him during research for the segment.

"The important thing that "60 Minutes" failed to mention is the fact that we told them that these hunts have their basis in law, and that when the park boundaries were established in 1950, Congress said that the state (G&F) and the Park Service should devise a conservation program that shall include controlled reduction of elk by hunters deputized by the Secretary of the Interior," Stark said.

"I wish that they would have talked to me so that I could have pointed that out to them because they made it seem like the hunts are solely a management decision," Stark said. "I also think that if they are going to do a program about Wyoming, they ought to do enough research so they can pronounce Grand Teton National Park correctly."

John Wilbrecht, manager of the National Elk Refuge in Jackson, said "60 Minutes" did a "poor job" because it oversimplified a complex problem and took statements made by local game management officials out of context.

"The statement they made that elk are lured by feed so they can be picked off was incredible," Wilbrecht said, explaining that elk migrate to the area because it is their traditional winter range, and that the feed programs are only to keep them alive when they arrive.

Wilbrecht said "60 Minutes" also erred in not pointing out that the outfitters interviewed for the program have an economic interest in seeing the hunts stopped. If fewer hunters harvest animals in accessible areas, fewer will hire outfitters to take them into the state's wilderness areas, he said.

"And even at that, they didn't talk to any of the outfitters who support our program, only those who disagree," Wilbrecht said.

Wilbrecht said he was interviewed for over two hours by "60 Minutes" reporters, and that he told them that hunters are no longer allowed to hunt from a vehicle in either Teton National Park or on the National Elk Refuge. However, he said they disregarded that statement and reported that hunting from vehicles is allowed.

"What they talked about is ancient history," he said. "If I had it to do over again I would try to get some assurance from these people that they'll report what we say."

Greg Cooke, who produced the "60 Minutes" story, was unavailable for comment Monday.

[From the Jackson Hole Guide, Mar. 29, 1984]

The Shoe Doesn't Fit

The media is always being attacked for misrepresenting one event or another, so it is both interesting and disturbing to this medium when Jackson Hole is unfairly taken to task by national journalists.

CBS News' *60 Minutes* presentation last Sunday that inferred flaws in the National Elk Refuge "elk reduction program" was just such a case of rearranging facts to conveniently fit into a 15-minute time frame. While we totally disagree with the present reduction program, we also disagree with the shallow allegations Harry Reasoner gave to his national audience.

From Reasoner's consistent mispronounciation of Grand Teton (to him it is Teet'-en) to the weak conclusion that the hunt's hidden purpose is to prop up the local economy, the segment failed to shed any new light on a legitimate controversy that does indeed demand resolution. Instead, *60 Minutes* choreographed footage of hunters on a firing line downing "helpless" elk, film which was then supported by the opinions of outfitters who have a vested, biased interest in changing the rules of the game.

Reasoner's allegation that the hidden rationale for the program is merely to keep local shops from going broke was supported by only one interview, with Betty Parks, owner of the Gros Ventre Slide Inn at Kelly.

But Parks complains she was taken out of context on this subject and others. Her consternation is such that she does not want to talk on the record about the incident. One wonders how many shopkeepers Reasoner and his crew had to seek out before they found answers to suit them.

It is this sculpting of fact to fit the production design that most concerns us. And it's not a pleasant feeling to know that our profession does hurt people or an area without much regard.—RB

THE ADMINISTRATION'S ATTEMPT TO UNDERMINE THE INTERNATIONAL COURT OF JUSTICE

Mr. KENNEDY. Mr. President, earlier this week, I introduced Senate Joint Resolution 271, which expresses the sense of the Congress that the United States shall immediately withdraw the modification submitted on April 6, 1984, to the jurisdiction of the International Court of Justice over the United States with respect to disputes with any Central American state or arising out of or related to events in Central America.

I believe it is imperative that we adopt this resolution. The President's precipitous attempt to withdraw the United States from the jurisdiction of the International Court of Justice is a grave affront to our national commitment to the rule of law. It is also a clear violation of our obligations under the Declaration of Acceptance issued by President Truman on August 14, 1946, and overwhelmingly approved by a 60 to 2 vote of the Senate.

Never before in our history have we sought to evade the established jurisdiction of the World Court. On the contrary, the United States has relied on the Court to preserve and reinforce the norms and obligations of international law when they have been violated. Our own appeal to the Court after the taking of the hostages by Iran is a poignant reminder of the central place of the International Court of Justice in the international order.

Our obligation under the Declaration of Acceptance is clear and unmistakable. Pursuant to the declaration—

> The United States of American recognizes as compulsory ipso facto and without special agreement, in relation to any other State accepting the same obligation, the jurisdiction of the International Court of Justice in all legal disputes hereafter arising concerning * * * any question of international law * * *.

The declaration goes on to state:

> This declaration shall remain in force for a period of 5 years and thereafter until the expiration of 6 months after notice may be given to terminate this declaration.

The 6-month notification requirement is an integral and important component of the U.S. acceptance of ICJ jurisdiction. The committee report could not be more clear on the purpose of this provision. The provision for 6-months' notice of termination after the 5-year period has the effect of a renunciation of any intention to withdraw our obligation in the face of a threatened legal proceeding. Despite this clear direction, the administration's attempt to modify the ICJ's jurisdiction is in anticipation of the imminent filing of suit by the Nicaraguan Government. The administration's disingenuous attempt to avoid our obligation under the declaration of acceptable renders null and void the whole purpose of accepting compulsory jurisdiction of the Court.

The President's action makes a mockery of the whole process of advise and consent by the Senate. The President apparently feels free to make modifications to a Senate resolution of advise and consent which explicitly requires the provision of 6-month notification before terminating the U.S. commitment to compulsory jurisdiction. If allowed to stand, the Senate would in effect be handing the President a blank check to revise treaties at will, making the advise and consent power a nullity.

The Senate made clear that the 6-month notification provision was mandatory and not at the discretion of the President, when it adopted an amendment offered by Senator Donnell. The amendment modified the notification clause which, as reported by the committee, provided that the declaration "should remain in effect for a period of 5 years and thereafter until the expiration of six members after notice may be given to terminate the declaration and substituted the word "shall" for "should." Senator Donnell observed:

> The reason I offer the amendment is this: the declaration is one which, if the Senate advises and consents, will be deposited by the President of the United States. The proviso that such declaration should not apply to disputes of one kind and another, and should remain in force for a period of 5 years, and so forth, might be interpreted as being merely advisory. The language should be made clearly mandatory.
>
> I fully appreciate the fact . . . that there is no legal obligation upon the President to consummate a treaty after it has once been approved by the Senate. But as I see the situation it is quite different from the question of whether we have the right to consent in a particular form of language. In other words, as I see it, we are both advising and consenting. I think we may limit our consent by providing that certain requirements must be inserted and that we will not give our consent other than under those conditions. . . .
>
> I do believe that the Senate has a right, in giving its consent, to attach mandatory conditions hereto.

It is clear that the executive branch has consistently recognized the need for congressional action to adopt or modify the Declaration of Acceptance. President Truman submitted his proposal to Congress and awaited its consent before depositing the declaration with the United Nations. Subsequent Presidents have strongly urged the modification of the declaration to repeal the so-called Connally amendment—which makes the United States the sole interpreter of what constitutes a matter of domestic jurisdiction not subject to the ICJ. For example, President Eisenhower, in his state of the Union message on January 7, 1960, urged repeal of the Connally amendment. Yet at no time has a President attempted to reverse that restriction unilaterally, thus making clear the consistent view that modification of the Declaration of Acceptance requires the advice and consent of the Senate. Although the executive branch may have the authority to implement the 6-month notification provision unilaterally, it has no authority simply to ignore it. The President's action in this case, which unilaterally repeals the 6-month notice requirement, is beyond the President's authority, and should be rejected.

The examples cited by the administration to support its case if anything, proves the weakness of the administration's position. In one case cited by the administration concerning the United Kingdom, the opposing litigant, Saudi Arabia, had not even agreed to the compulsory jurisdiction of the Court. In the other two cases, the matters concerned issues which arguably fell within the domestic jurisdiction of the country in question. It is noteworthy that in our own Declaration of Acceptance, we explicitly reserved the right to judge for ourselves what constitutes matters of domestic jurisdiction. It should also be noted that the latest of three examples cited occurred in 1956—or nearly 30 years ago.

The issue before us is not whether the United States is justified in its support of the current war in Nicaragua. Rather, my resolution asks the Senate to go on record in support of our national commitment to the rule of law. In depositing the Declaration of Acceptance with the United Nations in 1946, the acting U.S. representative, Herschel Johnson, observed "my action today in depositing this resolution, accepting on behalf of the United States the compulsory jurisdiction of the International Court of Justice, is further testimony to the determination of my government to do all in its power to assure that the United Nations will fulfill the role assigned to it, which is nothing less than the preservation of world peace."

Just yesterday, the executive council of the American Society of International Law overwhelmingly adopted the following resolution:

> Although the American Society of International Law ordinarily does not take positions on matters of policy, the society has previously departed from this practice to support the acceptance by the United States of the ICJ's jurisdiction. It now reaffirms that international adjudication and the application of international law constitute appropriate practices for resolving justifiable international disputes. The society therefore deplores the recent action of the United States Government in attempting to withdraw from the jurisdiction of the ICJ disputes with any Central American state.

America's commitment to the rule of law is a beacon to freedom-loving people throughout the world. We should not allow the narrow pursuit of perceived self-interest to undermine the very values on which our Nation rests. I intend to pursue this issue when the Senate returns from recess and I urge my colleagues to support this resolution.

CONGRESS ACCORDING TO BAKER

Mr. STEVENS. Mr. President, a couple of weeks ago in the New York Times magazine section, I came across an article entitled "Congress According To Baker," written by the Senate majority leader. Reading it, confirmed my opinion that when the Senate adjourns sine die for this Congress, we will lose one of the most effective and pragmatic majority leaders in the history of our country. Although Senator BAKER has negotiated with world leaders and fashioned major legislative works affecting millions of people, never has he lost sight of the importance of his family or the importance of the individual citizen. HOWARD BAKER knows in his heart that there are not only 535 people with a voice in how America should be shaped: There are over 250 million Americans who should and must have a voice in shaping the destiny of our country.

Those of us with children and grandchildren appreciate the regularity with which Majority Leader BAKER has attempted to run the Senate. This again is an extension of his belief that Senators should run the Senate and not allow the Senate to run the Senators.

The conviction that the Senate should return to the concept of a "citizen legislation" is one that should be heeded. Senator BAKER has held close the morals, ideals, and dreams of his native Tennessee. So influenced by the importance of being in touch with the needs and sentiments of those who elected him, Majority Leader BAKER made public his feelings about a "citizen legislature" and the importance of permitting TV in the Senate to allow Americans an opportunity to observe how decisions are reached by their elected Representatives.

The majority leader has been sterling in his service to the State of Tennessee, to the United States, to the concepts of the Senate. He has made the Senate a better place through his dedication and belief in openness and fairness.

HOWARD and I have been in the leadership since 1977. It is the third longest tenure of a party leader and assistant leader in history. I have a special perspective from which to view his leaving the Senate. The seeds of his wisdom have been planted. I believe they will grow. Majority Leader BAKER is right: Congress should be reflective and responsive to the electorate and not an assemblage of elected bureaucrats.

I hope all Members of the Senate will take the opportunity to read this article and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONGRESS ACCORDING TO BAKER

(By Howard H. Baker, Jr.)

When I first entered the United States Senate in 1967, I was invariably described as my father's son, as my father-in-law and as a "wealthy young lawyer." Seventeen years later, my familial and political associations with Howard Baker Sr. and Senator Everett McKinley Dirksen remain sources of great pride for me. But I am a "wealthy young lawyer" today only when compared with the truly impecunious, the truly ancient and those who have never been called to the bar. What I have been for most of the last 17 years is a full-time Federal employee with no business but Government and no real home but Washington.

Almost from the beginning of my Senate service, I have been waging a one-man crusade to restore the Congress to its original and intended character as a "citizen legislature" and not an assemblage of elected bureaucrats. To this end, I propose a greatly reduced Congressional session, so Congress can stay in closer touch with the people we represent. Lowering our salary accordingly, we should allow outside income. More important, Congress needs to begin to work more closely, less antagonistically, with the President. And so that we might examine the impact of our legislation on Americans, we should limit its life.

Not so long ago, members of Congress were real people with real jobs in real communities throughout the country. They were truly representative of the people who elected them because they played an integral and active part in the civic and economic and social affairs of their constituencies. They went to Washington temporarily and they came home.

I recall quite clearly when my father first went to Congress in the early 1950's. He went to Washington on the train, an overnight trip from Tennessee. He went in January and had no plans to come home before Easter, when Congress would adjourn. He never thought about moving his family permanently to Washington or giving up his home in Tennessee. He never thought about giving up his profession or his business and civic enterprises and personal enterprises and personal interests. He was a Tennessean, temporarily in Washington to speak for his neighbors.

For all practical purposes, today's members of Congress consider Washington home, and we're tourists in our own constituencies. We're committed year round to the legislative undertaking. We pass statute after statute forbidding us to do anything but legislate 12 months a year. We're expected to be free of any conflict of interest by abdicating all interests but political power.

As virtual captives of the capital, we think up more and more Government programs—whether we need them or not—because that's all we have to do. We pass thousand-page legislative bills that read more like bureaucratic jargon than public law. We stopped seeing the forest for the trees a long time ago. Now we label the leaves.

As $850 billion Federal budget is only one result of this exclusive concentration on Government. It costs nearly a billion dollars a year just to run the Congress itself, with a staff almost four times as large as it was in my father's day. Members of Congress now make $72,200 a year as Federal employees—several times what most of our constitutents make—and still we complain about the high cost of living in Washington and commuting to the state on hurried weekends or overnight excursions.

But the problem is not just a matter of Government expense, or Congressional pay, or nostalgia for a simpler time. Rather, it's a question of function and faithful representation. Congress cannot really be representative, cannot really know or accurately respond to the concerns of the American people while we are strangers in our own country, sequestered from our fellow citizens by public law and the Potomac River.

We in Congress are trustees of the ultimate sovereignty in this country—the full expression of the desires and demands of the American people. But in our self-imposed isolation, we grow more and more susceptible to the loudest voice or the largest mailing on any given issue. We surrender the power of independent judgment when we have no personal experience or insight to guide us—when we lose contact with the real world and the practical consequences of our political actions.

Our role is to represent the people on major policy decisions, to translate the public will into public law on matters of national and international importance. It is not to manage the Federal establishment to the last detail. We have an executive branch—a President, a Vice President, 13 Cabinet departments and dozens of regulatory agencies—to do that, and we have all the supervisory powers over them we need.

The Constitution defines the roles of the legislative, executive and judicial branches; the powers of the Federal Government, and the essential rights of American citizens in fewer pages than most of the bills—and many of the amendments—we write on the least significant issues, many of which might better be resolved in state legislatures, city councils or even local school boards. But Congress gets into everything because we think it's our job.

For nearly three centuries, for example, public education was virtually the exclusive province of local governments. The Federal Government got into the education business in a big way only after World War II, with the G.I. Bill of Rights, but that involvement was largely at the college level, with few regulatory strings attached. A Department of Health, Education and Welfare was added to the Cabinet in 1953, but the direct Federal role in education was still quite limited.

Four years later, with the launch of the Soviet satellite Sputnik, Washington was exhorted to "do something," and it responded with the National Defense Education Act of 1958. Federal aid to education expanded throughout the 1960's and 1970's, and with it regulations on everything from bilingual curriculum to girls' basketball.

Despite this huge Federal involvement, the quality of education has been decreasing. The major reforms now underway in public education are being led by people like Gov. Lamar Alexander of Tennessee, not by Federal officials in Washington.

Because Congress habitually yields to the temptation to do something, we get into everything, but we stand increasingly in peril of accomplishing nothing. Twice in two years, the Federal Government has run out of money, because the Congress has failed to approve funds in time to meet the payrolls of executive departments and agencies. The simplest piece of legislation is now regularly festooned with amendments, both relevant and irrelevant, by professional legislators.

I think we can do better, not by doing more but by doing less. Let me suggest a few reforms:

Congress should be in session for only six or so months of the year—with four months at the beginning of the year devoted to the authorization process (enacting laws authorizing Government action on matters of national importance) and two months in the fall devoted to the appropriation process (deciding how much the Government should spend on those actions).

The other half of the year should be spent not in Washington but in the rest of the country—seeing firsthand the practical effect of Federal laws on private lives and enterprise, staying in personal touch with the people we're elected to represent, experiencing real life in America not as distant observers but as involved participants.

The counter argument is that a part-time Congress would cede too much power to a full-time President or be insufficiently versed in complex issues. This argument misses the point of what Congress is supposed to be—the nation's board of directors, with the President as chief executive officer. We couldn't compete with the information that flows to him if we stayed in Washington 13 months a year.

The Supreme Court sits in formal session only six months of the year, but every President, and every Congress since Marbury v. Madison, which in 1803 determined the importance of the Court, have understood the co-equal power this "part-time" tribunal wields. As long as the Congress keeps the power of the purse, it will be first among equals in the Federal Government whether it meets three days a year or 365. It is worth recalling that when Congress was a part-time legislature, the Federal government consistently ran budget surpluses rather than deficits. Whether cause or coincidence, it is a fact.

For working only half the year in Government service, members of Congress ought to get about half the salary we currently pay ourselves—$36,100 a year should be plenty.

Congress should repeal all laws forbidding or limiting income earned by its members from sources other than the Federal treasury. The appropriateness of outside income, fully disclosed and regularly reported, is a political question, not an ethical or a moral one.

If the electorate perceives that a representative is serving special interests to the detrimental of the public interest, they can throw the rascal out. Congress itself has exercised its right to discipline or expel members for such conduct.

I believe that while some sacrifice of financial gain may be in the nature of public service, an explicit penalty or prohibition against earned income—as opposed to inherited or otherwise "unearned" income—flies in the face of basic fairness and subverts the work ethic we prize so highly in this country. The surveyors and planters and printers and merchants who founded this country didn't give up their private professions for public service, and they didn't do a bad job.

Congress as an institution should go to the people a great deal more often. No law states that every Congressional hearing must be in Washington. Now and then, a few hearings are scheduled in other parts of the country. But not enough.

In the House of Representatives, the number of oversight hearings actually dropped from about 7,000 in the 96th Congress to about 5,500 in the 97th, with a similar though less pronounced decline in the Senate. Midway through the 98[illegible] Congress, it appears this trend is continu[illegible]

We in Congress are a bit like the French police officer in the movie "Casablanca." Whenever a new subject for investigation arises, we round up and interrogate the same small universe of witnesses year in and year out. Although eminently qualified, they are no more than 2,000 out of 235 million Americans, and it's time we called on someone else. The hard information may be about the same, but a few new perspectives would be tremendously valuable.

The potential benefits of taking the Congressional show on the road are great. A good firsthand understanding of what dioxin or a shut-down steel mill can do to a community is simply impossible without a visit to the site. Holding more oversight hearings outside of Washington could also increase their "grass-roots" character and encourage greater and broader citizen participation in the legislative process.

The Congress as a whole need not be in session for such hearings to be conducted. Much of this investigative work could be done during the six months that citizen-legislators are away from Washington. Representative democracy is a two-way street, and the mountain has been going to Mohammed long enough.

While I'm at it, let me reform a few other things:

Congress and the President should remember that Pennsylvania Avenue is a two-way street. The antagonism that has grown up between the legislative and executive branches is among the least healthy aspects of Government in our time. The constitutional system of checks and balances need not involve the kind of acrimony, rivalry and contradictory agendas that have come to characterize legislative-executive relations.

Most recent Presidents have come to Capitol Hill once or twice a year, usually to deliver a State of the Union address. These rare appearances have been reduced to a formality, with the Presidents using the Congress as official scenery and the Congress responding with a cacophony of criticism to nearly everything they have to say.

Both the executive and the legislative branches have a responsibility for governing the country; and they ought to work together a good deal better than they do. Thus, a President ought to consult yearly with Congress on formulating a national agenda for action.

Such cooperation is not impossible, and it need not be the inevitable casualty of partisan political warfare. I say this not as a callow political science major but as a scarred and grizzled veteran of the political wars. The biggest problem Republicans and Democrats have today is that too many Americans wish a pox on both their houses. Politicians are too prone to forget that Americans can see through sham. A little less sham and a little more substantive progress and there would be plenty of political credit and success to pass around in both parties.

In recent months, the Congress passed a bipartisan Social Security reform package and a jobs bill as well as a War Powers resolution on Lebanon, the strongest bipartisan statement on American foreign policy in the last 30 years. While the bipartisanship has faded a bit in this election year, these examples showed a strong President and a strong Congress working well together. This kind of consultation, and the broad political support it wins for important initiatives, cannot be overemphasized and should not be underemployed.

Congress should incorporate "sunset" provisions in more of its basis legislation so that effect of the law expires within five years unless it is reauthorized.

President Reagan is absolutely right when he says a Government program is the closest thing to eternal life we will see in this world.

The question is not whether we keep a tea-tasting commission, for example, but rather whether we keep a Department of Education or a CETA job-training program or highway-user tax long after its mission has been accomplished, or worse, hopelessly bungled. The burden of proof is now on the Congress to justify abolishing programs, rather than on the programs to justify themselves. Sunset laws would shift the burden where it belongs.

The sunset approach would allow Congress to examine how the bureaucracy has interpreted the law in its rules and regulations; to see whether or not the law is having its intended effect, and to determine whether it should be renewed, revised or removed. Such an approach would free Congress from writing specific rules and regulations into the law. We would be responsible only for setting Federal policy, and the civil service would be held strictly responsible for its faithful implementation. All of this can be done, and done better, if members of Congress spend less time in Washington and more time closer to home.

There are many more part-time than full-time public servants in this country. They do their public duty, work in private enterprise, campaign gently every day in the coffee shop or at the hardware store and go home to their families, friends and varied interests. They perform all these roles with extraordinary skill and grace and success.

Anyone in politics, from precinct captain to President, is always campaigning one way or another. That's what government by the consent of the governed means, what real democracy is about. A member of Congress doesn't have to be in Washington every day to be a conscientious and skillful legislator, and he or she can't be in Washington every day and remain truly representative of the people "back home."

As I prepare to leave the Senate at the end of my term next year, I'm under no illusion that my call for a "citizen legislature" will be heeded any time soon. But after nearly two decades in Washington, I have no doubt that it should be.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Sanders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States announced that he had approved and signed the following bills and joint resolution:

On April 6, 1984:

S. 1356. An act entitled the "Harry Porter Control Tower."

On April 9, 1984:

S.J. Res. 203. Joint resolution designating the week beginning April 8, 1984, as "National Mental Health Counselors Week."

On April 10, 1984:

S. 2392. An act to authorize the President to appoint Donald D. Engen to the Office of Administrator of the Federal Aviation Administration.

MESSAGES FROM THE HOUSE

ENROLLED JOINT RESOLUTION SIGNED

At 11:49 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 407. Joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week."

The enrolled joint resolution was subsequently signed by the President pro tempore (Mr. THURMOND).

At 11:09 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the amendment of the House to the bill (H.R. 1186) to clear certain impediments to the licensing of the yacht *Dad's Pad* for employment in the coastwise trade.

The message also announced that the House has passed the following joint resolution, with amendments, in which it requests the concurrence of the Senate:

S.J. Res. 210. Joint resolution to designate the period commencing January 1, 1984, and ending December 31, 1984, as the "Year of Excellence in Education."

The message further announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 104. Concurrent resolution relating to the adjournment of the Senate and House of Representatives until April 24, 1984.

The message also announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 487. Joint resolution to designate June 6, 1984, as "D-day National Remembrance."

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker has signed the following enrolled bill and joint resolutions:

H.R. 596. An act to transfer responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which that bond was given;

S.J. Res. 173. Joint resolution commending the Historic American Buildings Survey, a program of the National Park Service, Department of the Interior, the Library of Congress, and the American Institute of Architects; and

H.J. Res. 436. Joint resolution designating May 1984 as "Older Americans Month."

The enrolled bill and joint resolutions were subsequently signed by the President pro tempore (Mr. THURMOND).

MEASURE REFERRED

The following joint resolution was read the first and second times by unanimous consent, and referred as indicated:

H.J. Res. 487. Joint resolution to designate June 6, 1984, as "D-day National Remembrance"; to the Committee on the Judiciary.

ENROLLED BILL SIGNED

The PRESIDENT pro tempore (Mr. THURMOND) announced that on today, April 12, 1984, he signed the following enrolled bill, which had previously been signed by the Speaker of the House of Representatives:

S. 1852. An act to extend the expiration date of the Defense Production Act of 1950.

ENROLLED BILL PRESENTED

The Secretary reported that on today, April 12, 1984, he had presented to the President of the United States the following enrolled bill:

S. 1852. An act to extend the expiration date of the Defense Production Act of 1950.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3042. A communication from the Under Secretary of Agriculture for International Affairs and Commodity programs transmitting, pursuant to law, the third quarterly commodity and country allocation for fiscal year 1984; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3043. A communication from the Director of the Office of Management and Budget transmitting, pursuant to law, the cumulative report on rescissions and deferrals for April 1, 1984; jointly, pursuant to the order of January 30, 1975, to the Committee on Appropriations and the Committee on the Budget.

EC-3044. A communication from the Acting General Counsel of the U.S. General Accounting Office transmitting, pursuant to law, a report on the status of budget authority proposed for rescission but for which no rescission bill was passed by Congress; jointly, pursuant to the order of January 30, 1975, to the Committee on Appropriations and the Committee on the Budget.

EC-3045. A communication from the Executive Associate Director of the Office of Management and Budget transmitting, pursuant to law, a listing of appropriations for fiscal year 1984 requiring supplemental appropriations to cover deficiencies; to the Committee on Appropriations.

EC-3046. A communication from the Assistant Secretary of State for Legislative and International Affairs transmitting, pursuant to law, a report on certain properties to be transferred to the Republic of Panama under the Panama Canal Treaty; to the Committee on Armed Services.

EC-3047. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "The 1978 Navy Shipbuilding Claims Settlement at Litton/Ingalls Shipbuilding, A Final Report"; to the Committee on Armed Services.

EC-3048. A communication from the chairman of the Federal Deposit Insurance Corporation transmitting, pursuant to law, the annual report of FDIC's Office of Consumer programs; to the Committee on Banking, Housing, and Urban Affairs.

EC-3049. A communication from the Secretary of the Treasury and the Director of the Office of Management and Budget transmitting, pursuant to law, the annual report on fiscal and budgetary information and controls; to the Committee on the Budget.

EC-3050. A communication from the Secretary of Transportation transmitting a draft of proposed legislation to provide more severe criminal penalties for violating motor vehicle odometer requirements; to the Committee on Commerce, Science, and Transportation.

EC-3051. A communication from the Assistant Secretary of the Interior for Land and Minerals Management transmitting, pursuant to law, a report on royalty management and collection activities for 1983; to the Committee on Energy and Natural Resources.

EC-3052. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Cost Benefit Analysis Can Be Useful in Assessing Environmental Regulations, Despite Limitations"; to the Committee on Environment and Public Works.

EC-3053. A communication from the Director of the Office of Management and Budget transmitting, pursuant to law, a report on a soil conservation plan for the Indian Creek-Van Buren Watershed, Iowa, recommending against funding; to the Committee on Environment and Public Works.

EC-3054. A communication from the Secretary of State transmitting, pursuant to law, a report on payments by the Commodity Credit Corporation to U.S. creditors of the Polish People's Republic; to the Committee on Foreign Relations.

EC-3055. A communication from the Assistant Secretary of State for Legislative and Intergovernmental Affairs transmitting a draft of proposed legislation to enable the United States to join the International Office of the Vine and Wine; to the Committee on Foreign Relations.

EC-3056. A communication from the Administrator of the Health Care Financing Administration (HHS), transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3057. A communication from the Comptroller General of the United States transmitting a draft of proposed legislation to provide added upper level positions for the General Accounting Office; to the Committee on Governmental Affairs.

EC-3058. A communication from the Secretary of Labor transmitting a draft of proposed legislation to change the schedule and method of computation of cost of living increases under the Federal Employees' Compensation Act; to the Committee on Governmental Affairs.

EC-3059. A communication from the Director of the Office of Personnel Management transmitting, pursuant to law, an interim report showing changes in matters required to be reported in the biennial report on the Senior Executive Service; to the Committee on Governmental Affairs.

EC-3060. A communication from the Deputy Assistant Secretary of Defense transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-3061. A communication from the Secretary of the Foundation of the Federal Bar Association transmitting, pursuant to law, the audit report of the Foundation for the fiscal year ending September 30, 1983; to the Committee on the Judiciary.

EC-3062. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, a report on the study of State delivery of voluntary family planning program services; to the Committee on Labor and Human Resources.

EC-3063. A communication from the Secretary of Labor transmitting a draft of proposed legislation to extend title V of the Older Americans Act; to the Committee on Labor and Human Resources.

EC-3064. A communication from the chairman of the Federal Election Commission transmitting, pursuant to law, a report on the development of voluntary engineering and procedural performance standards for voting systems; to the Committee on Rules and Administration.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources, with amendments:

S. 2281: A bill to revise and extend provisions of the Public Health Service Act relating to the National Health Service Corps (Rept. No. 98-392).

By Mr. HATCH, from the Committee on Labor and Human Resources, with amendments:

S. 2301: A bill to revise and extend programs for the provision of health services and preventive health services, to establish a program for the provision of home and community based services, and for other purposes (Rept. No. 98-393).

By Mr. BAKER (for Mr. McClure), from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 1029: A bill to amend Public Law 96-162 (Rept. No. 98-394).

By Mr. BAKER (for Mr. McClure), from the Committee on Energy and Natural Resources, without amendment:

S. Res. 370: An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1027; referred to the Committee on the Budget.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 198: A joint resolution designating April 27, 1984, as "National Nursing Home Residents Day."

S.J. Res. 227: A joint resolution designating the week beginning November 11, 1984, as "National Women Veterans Recognition Week."

S.J. Res. 244: A joint resolution designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week."

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry, with an amendment in the nature of a substitute and an amendment to the title:

S. 2085. A bill to amend section 3a of the Cotton Statistics and Estimates Act to provide continuing authority to the Secretary of Agriculture for recovering costs associated with cotton classing services to producers (Rept. No. 98-395).

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry, with an amendment in the nature of a substitute and an amendment to the preamble:

S. Res. 287. Resolution establishing a task force on agricultural credit (with additional views) (Rept. No. 98-396).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 1135. A bill to consent to the Goose Lake Basin Compact between the States of California and Oregon (Rept. No. 98-397).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary: Terrence W. Boyle, of North Carolina, to be U.S. district judge for the Eastern District of North Carolina;

William D. Browning, of Arizona, to be U.S. district judge for the District of Arizona;

Edward Leavy, of Oregon, to be U.S. district judge for the District of Arizona;

Joseph J. Longobardi, of Delaware, to be U.S. district judge for the District of Delaware;

Daniel Paul Lopez, of California, to be a Commissioner of the U.S. Parole Commission for a term of 6 years; and

Mario F. Aguero, of New York, to be Commissioner of the Copyright Royalty Tribunal for the unexpired term of 7 years from September 27, 1977.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DENTON (for himself, Mr. Hatch, Mr. Domenici, Mr. Thurmond, Mr. Hecht, and Mr. East):

S. 2565. A bill to extend programs under the Head Start Act, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. METZENBAUM:

S. 2566. A bill to set certain fire and safety requirements and standards for commercial passenger aircraft; to the Committee on Commerce, Science, and Transportation.

By Mr. BOREN:

S. 2567. A bill to improve the preservation and management of Presidential records, and for other purposes; to the Committee on Governmental Affairs.

By Mr. KENNEDY (for himself, Mr. Packwood, Mr. Pell, Mr. Dole, Mr. Cranston, Mr. Stafford, Mr. Leahy, Mr. Weicker, Mr. Moynihan, Mr. Stevens, Mr. Baker, Mr. Baucus, Mr. Biden, Mr. Bingaman, Mr. Boschwitz, Mr. Bumpers, Mr. Bradley, Mr. Burdick, Mr. Byrd, Mr. Chafee, Mr. Chiles, Mr. Cohen, Mr. Danforth, Mr. DeConcini, Mr. Dixon, Mr. Dodd, Mr. Durenberger, Mr. Eagleton, Mr. Evans, Mr. Ford, Mr. Glenn, Mr. Gorton, Mr. Hart, Mr. Heinz, Mr. Hollings, Mr. Huddleston, Mr. Inouye, Mr. Johnston, Mrs. Kassebaum, Mr. Lautenberg, Mr. Levin, Mr. Mathias, Mr. Matsunaga, Mr. Melcher, Mr. Metzenbaum, Mr. Mitchell, Mr. Percy, Mr. Proxmire, Mr. Randolph, Mr. Riegle, Mr. Rudman, Mr. Sarbanes, Mr. Specter, Mr. Tsongas, Mr. Bentsen, Mr. Quayle, Mr. Sasser, Mr. Domenici, and Mr. Exon):

S. 2568. A bill to clarify the application of title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and title VI of the Civil Rights Act of 1964; to the Committee on Labor and Human Resources.

By Mr. MOYNIHAN (for himself and Mr. Heinz):

S. 2569. A bill to amend title XVI of the Social Security Act to make necessary improvements in the SSI program with the objective of assuring that such program will more realistically and more equitably reflect the needs and circumstances of applicants and recipients thereunder; to the Committee on Finance.

By Mr. BAKER (for himself, Mr. Thurmond and Mr. Heflin):

S. 2570. A bill to continue the transition provisions of the Bankruptcy Act until May 26, 1984, and for other purposes; considered and passed.

By Mr. LEVIN (for himself, Mr. Bingaman and Mr. Jepsen):

S. 2571. A bill to amend title 10, United States Code, to improve the procedures for procurement of technical data and spare parts by the Department of Defense, and for other purposes; to the Committee on Armed Services.

By Mr. LEVIN (for himself and Mr. Jepsen):

S. 2572. A bill to amend title 10, United States Code, to provide for more cost effective and efficient purchases of spare parts by the Department of Defense, and for other purposes; to the Committee on Armed Services.

By Mr. WEICKER (for himself and Mr. Stafford):

S. 2573. A bill to revise and extend programs for persons with developmental disabilities; to the Committee on Labor and Human Resources.

By Mr. HATCH (for himself and Mr. Inouye):

S. 2574. A bill entitled the "Nurse Education Amendments of 1984"; to the Committee on Labor and Human Resources.

By Mr. JEPSEN:

S. 2575. A bill to require the Federal Energy Regulatory Commission to encourage negotiated contract carriage of natural gas and to give the Commission authority to require certain interstate transportation; to the Committee on Energy and Natural Resoures.

By Mr. BINGAMAN:

S. 2576. A bill to establish a commission to study and make recommendations concerning the international trade and export policies and practices of the United States; to the Committee on Governmental Affairs.

By Mr. HUMPHREY (for himself and Mr. Rudman):

S. 2577. A bill to expand the boundary of the White Mountain National Forest in the State of New Hampshire, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DENTON (for himself and Mr. Hatch):

S. 2578. A bill to extend the authorization for the low income home energy assistance program for three years, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. D'AMATO (for himself, Mrs. Hawkins, Mr. Specter, Mr. Proxmire, Mr. Heinz, Mr. Abdnor, Mr. Tower, Mr. Riegle, Mr. Wilson, Mr. Trible, and Mr. Jepsen):

S. 2579. A bill to amend subchapter II of chapter 53 of title 31, United States Code, relating to currency reports; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. ARMSTRONG:

S. 2580. A bill to amend the Wild and Scenic Rivers Act to designate certain segments of the Cache la Poudre River in Colorado as a component of the national wild and scenic river system, to designate a segment of that river for potential addition to the system, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. ROTH:

S. 2581. A bill to modify a project of the U.S. Army Corps of Engineers to increase beach erosion control; to the Committee on Environment and Public Works.

By Mr. HEFLIN:

S.J. Res. 273. A joint resolution to designate the week of May 13, 1984, through May 19, 1984, as "Smokey Bear Week"; to the Committee on the Judiciary.

By Mr. INOUYE (for himself and Mr. Hollings):

S.J. Res. 274. A joint resolution to authorise and request the President to designate May 6, 1984, as "National Nurse Recognition Day"; to the Committee on the Judiciary.

By Mr. DIXON (for himself, Mr. Dodd, Mr. Percy, Mr. Glenn, Mrs. Hawkins, Mr. Burdick, Mr. Nickles, Mr. Durenberger, and Mr. Weicker):

S.J. Res. 275. A joint resolution to designate the month of October 1984 as "National Spina Bifida Month"; to the Committee on the Judiciary.

By Mr. GLENN:

S.J. Res. 276. Joint resolution to designate the week beginning June 3, 1984, as "Management Week in America"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. INOUYE:

S. Res. 369. A resolution to authorize and direct the Secretary of the Senate to design and make available to Members an official Senate flag; to Committee on Rules and Administration.

By Mr. BAKER (for Mr. McClure) from the Committee on Energy and Natural Resources:

S. Res. 370. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1027; to the Committee on the Budget.

By Mr. BAKER:

S. Con. Res. 104. A concurrent resolution relating to the adjournment of the Senate and House of Representatives until April 24, 1984; considered and agreed to.

By Mr. BUMPERS (for himself, Mr. Leahy, Mr. Chafee, Mr. Heinz, Mr. Glenn, Mr. Inouye and Mr. Biden):

S. Con. Res. 105. A concurrent resolution expressing support for the United States to pursue vigorously any outstanding arms control compliance concerns through appropriate confidential channels, and at the same time to continue to carry out its obligations and commitments under, and otherwise continue to abide by, the provisions of existing strategic arms agreements; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DENTON (for himself, Mr. Hatch, Mr. Domenici, Mr. Thurmond, Mr. Hecht, and Mr. East):

S. 2565. A bill to extend programs under the Head Start Act, and for other purposes; to the Committee on Labor and Human Resources.

EXTENSION OF PROGRAMS UNDER HEAD START

Mr. DENTON. Mr. President, today, I am pleased to join Senators Hatch, Domenici, Thurmond, East, and Hecht to introduce legislation proposed by the administration to extend the Head Start Act for an additional 3 years. As Senators are aware, Head Start is a successful, comprehensive child development program that seeks to bring about a greater degree of social and educational competence in children from low-income families. Approximately 438,000 low-income children are currently enrolled in Head Start, an increase of 53,000 over 3 years ago.

Head Start's successes have brought the programs broad, bipartisan support. The bill that I introduce today continues the program with no legislative changes. It proposes the authorization ceilings recommended by the President: $1,075,059,000 for fiscal year 1985, $1,104,036,000 for fiscal year 1936, and $1,128,313,000 for fiscal year 1987.

Senators may be aware that the administration's budget figures recommend that, to eliminate duplicative funding authorities for Head Start nutrition services, nutrition assistance funding be provided through the basic Head Start program grants. That proposal does not require legislative change in the Head Start Act, but it would require an amendment to the National School Lunch Act of 1966, which is under the jurisdiction of the Committee on Agriculture. If legislation to that effect is not adopted, the authorization ceilings in the Head Start bill would apply to the Head Start program alone. Funds for the nutrition component of the program would continue to be appropriated through the Department of Agriculture.

Head Start grantees provide services in four general areas—education, health, and nutrition, social services and parental involvement—to help low-income children and their families move toward self-sufficiency and break the cycle of poverty. Although much attention has been focused on the educational benefits and Head Start, the other aspects of the program are important as well. I am especially pleased that Head Start makes such an effort to involve the families of the children in every program activity. That provides an opportunity for the benefits of Head Start to continue in the home as the child grows older.

Head Start services are provided by over 1,200 grantees to more than 2,000 communities across the country. The program employs about 81,000 persons, 30 percent of whom are parents of current or former Head Start children.

Additionally, there are almost 550,000 volunteers, and 12 percent of the enrollees are handicapped children.

Head Start has made a significant contribution to our Nation's goal of improving opportunities for low-income and minority children. President Reagan has a strong commitment to Head Start, as I do. I was proud to introduce the reauthorization bill for Head Start in 1981, and I hope that we can proceed promptly to reauthorize it again in 1984. I urge my colleagues to support the bill.

The Subcommittee on Family and Human Services, which I chair, will hold a hearing on Head Start on May 3. I look forward to receiving testimony on the performance of the program from the administration and from representatives of the Head Start community.

I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2565

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 639 of the Head Start Act (42 U.S.C. 9834) is amended by striking out all that follows "of this subchapter" and inserting instead "$1,075,059,000 for fiscal year 1985, $1,104,036,000 for fiscal year 1986, and $1,128,313,000 for fiscal year 1987."

By Mr. METZENBAUM:

S. 2566. A bill to set certain fire and safety requirements and standards for commercial passenger aircraft; to the Committee on Commerce, Science, and Transportation.

AIRLINE CABIN SAFETY ACT OF 1984

● Mr. METZENBAUM. Mr. President, since the early days of commercial airline travel, American passengers, airline captains, and flight attendants have been calling for improvements in the safety features of airplanes. Many airline disasters have occurred, yet calls for improved cabin safety still go unanswered. Today, I am introducing the Airline Cabin Safety Act of 1984 which will set deadlines by which the Federal Aviation Administration must take final action to reduce the dangers of cabin fires and inadequate seat restraints on commercial airplanes.

There are numerous reasons why this bill is so urgently needed; to underscore them I cite a few astonishing facts:

In 1947, after 52 persons were killed when a DC-6 crashed in Bryce Canyon, Utah, American airline captains demanded complete fireproofing of airline cabin interiors. It is 1984—37 years later—and the FAA has yet to issue a final rule requiring such fireproofing.

In 1961, after the crash of a DC-8 in Denver, the FAA promised to deal with the dangers associated with the toxic combustion of seats and other materials in the interior of airplanes. Today, 23 years later, the FAA has still failed to address this problem.

In 1962, the low-speed ditching of an aircraft in the Atlantic Ocean resulted in the death of 28 passengers. Some of these deaths were attributed to the failure of the seat tie-down mechanisms. Yet, despite an immediate call for increased crashworthiness standards for aircraft seats following that accident, the FAA is still doing research.

Mr. President, we have waited long enough for the FAA to address these issues. We must take action now to avoid future disasters which result from the unsafe conditions on board airplanes.

In late 1983, then FAA Administrator Lynn Helms proposed a schedule of dates by which the FAA would issue notices of proposed rulemaking in certain areas dealing with airline cabin safety. My bill would take this timetable, as set by the FAA, and then give the Agency 1 additional year to promulgate the final rules. My hope is that by setting this schedule, we will force the Agency to end its practice of shifting goals and delaying deadlines.

The Airline Cabin Safety Act will require the FAA to issue final rules by 1985 setting standards and requirements for:

Improved fire containment of aircraft cargo compartments;

Floor proximity emergency lighting;

Fire blocking layers for seats and other materials; and

Smoke detectors and fire extinguishers in lavatories and galleys; By 1986, this bill will require the FAA to issue final rules setting standards for:

The amounts and chemical quality of smoke and gas emitted by burning cabin interior materials; and

Stronger dynamically tested and energy absorbent seats.

In taking the timetable proposed by the FAA in 1983, we will not be asking the Agency to do anything it has not already promised. We will simply be insuring a certain date for urgently needed airline reform.●

By Mr. BOREN:

S. 2567. A bill to improve the preservation and management of Presidential records, and for other purposes; to the Committee on Governmental Affairs.

PRESIDENTIAL RECORDS

● Mr. BOREN. Mr. President, there are many reasons for the long and continuing growth in Federal spending. Some of them are spectacular like entitlement programs, certain social services and, of course, certain programs in our Defense Department.

But many contributors to spending growth are quite small—programs requiring appropriations that are miniscule in comparison to an MX missile, for example. Viewed alone, they cause no alarm and are often overlooked in the search for spending reductions that will have a real impact on the multibillion-dollar deficits that face us today.

But, Mr. President, taken in total, these small programs and the almost invisible, in budgetary terms, increases they receive each year contribute just as surely to our spending totals as does the largest entitlement program or the biggest weapons system.

I am today introducing a bill to cut costs in one of these areas: Public support for Presidential libraries. The taxpayers of this country are now supporting a system for operating libraries of former Presidents that cost $12.9 million last year, and that will cost an estimated $14.8 million this year and an additional $15.5 million in 1985.

I recognize the value of historic and scholastic terms that these libraries hold, Mr. President, and I believe that we have a legitimate part to play in their existence. However, the cost is simply too high.

The bill I introduce today is the same as H.R. 3138 in the House, sponsored by my good friend and colleague Congressman Glenn English of Oklahoma's Sixth Congressional District.

The bill provides for a separate endowment to be established in the National Archives trust fund, for the maintenance of land, buildings and equipment, to which all gifts and bequests for such purposes shall be credited. The income from such endowments will then be used to cover the costs of maintenance and utilities.

The bill also prohibits the administrator of the National Archives trust fund from accepting any land, building, or equipment for the purpose of creating a Presidential library unless he has determined that there are available funds in sufficient amount to cover in full the anticipated costs of maintenance. It states, too, that no appropriated funds shall be available to maintain such land, buildings, or equipment.

The practical effect of the bill is to allow taxpayers' funds to be used for salaries and other functions, but not for maintaining the buildings, land, or equipment of future Presidential libraries.

If this bill were in effect today, the present cost of this system would be cut by half.

It is not a large step in our cost-cutting war, Mr. President. We have a long way to go to bring Federal spending under control. But as the ancient Chinese proverb says, "A journey of a thousand miles begins with one small step."●

By Mr. KENNEDY (for himself, Mr. Packwood, Mr. Pell, Mr. Dole, Mr. Cranston, Mr. Stafford, Mr. Leahy, Mr. Weicker, Mr. Moynihan, Mr. Stevens, Mr. Baker, Mr. Baucus, Mr. Bentsen, Mr. Biden, Mr. Bingaman, Mr. Boschwitz, Mr. Bumpers, Mr. Bradley, Mr. Burdick, Mr. Byrd, Mr. Chafee, Mr. Chiles, Mr. Cohen, Mr. Danforth, Mr. DeConcini, Mr. Domenici, Mr. Dixon, Mr. Dodd, Mr. Durenberger, Mr. Eagleton, Mr. Exon, Mr. Evans, Mr. Ford, Mr. Glenn, Mr. Gorton, Mr. Hart, Mr. Heinz, Mr. Hollings, Mr. Huddleston, Mr. Inouye, Mr. Johnston, Mrs. Kassebaum, Mr. Lautenberg, Mr. Levin, Mr. Mathias, Mr. Matsunaga, Mr. Melcher, Mr. Metzenbaum, Mr. Mitchell, Mr. Percy, Mr. Proxmire, Mr. Quayle, Mr. Randolph, Mr. Riegle, Mr. Rudman, Mr. Sarbanes, Mr. Sasser, Mr. Specter, and Mr. Tsongas):

S. 2568. A bill to clarify the application of title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and title IV of the Civil Rights Act of 1964; to the Committee on Labor and Human Resources.

CIVIL RIGHTS ACT OF 1984

Mr. KENNEDY. Mr. President, today, Senator Packwood and I, together with 54 of our Senate colleagues, are introducing legislation to reverse the Supreme Court's recent decision in Grove City College against Bell and restore the effectiveness and vitality of the four major civil rights statutes that prohibit discrimination in federally assisted programs.

If the Grove City decision is allowed to stand, there will no longer be an all inclusive prohibition against sex, race, handicap, or age discrimination in schools, hospitals, State, and local governments, or any other entity that conducts a federally assisted activity. Millions of women, minorities, and the handicapped will be denied the basic protection of the law. And taxpayers will be forced to support educational institutions which deny their children equal education opportunity.

In Grove City, the Supreme Court drastically—and in my view mistakenly—narrowed the prohibition against sex discrimination in federally assisted education programs by holding that title IX of the 1972 Education Act only applies to programs which directly receive Federal money. Since the only money Grove City received was student financial assistance, only the Student Aid Office is now subject to title IX. The rest of the college is free to discriminate on the basis of sex.

Grove City has also created such a procedural muddle that even the most vigorous enforcement efforts will prove futile in the future. And since the education provisions interpreted in Grove City are expressly based on title VI of the 1964 civil rights and are similar to Federal laws prohibiting discrimination based on disability and age, enforcement programs in those areas are equally vulnerable.

We simply cannot permit these gaps in the protections afforded by our civil rights laws to remain unfilled.

These four statutes have been among the most proven and effective tools for eliminating discriminatory practices in our society.

Twenty years ago it was common practice for Federal aid to be used to support racially segregated schools and medical facilities. Women were systematically excluded from professional schools. And scant attention was paid to the special needs of the disabled and senior citizens. Today, because of these statutes and vigorous Federal efforts to enforce them, substantial progress has been made. Segregation has been eliminated in most public facilities in our country. The number of women attending colleges and professional schools has grown dramatically, disabled children are being enrolled in regular education classes in increasing numbers, and senior citizens are being better served by Federal programs.

Much more needs to be done but additional progress will not be possible unless we reverse Grove City.

That is why Senator PACKWOOD and I in the Senate, and Congressmen EDWARDS and SIMON in the House, have worked so hard to put together a strong bipartisan coalition to restore commonsense to the law. The Kennedy-Packwood bill is designed to restore the original force and coverage of these four civil rights laws so they become effective tools in the battle against discrimination once again. The bill makes three limited changes in all four laws and preserves the existing symmetry among them. First we eliminate references to "program or activity," the phrase which Grove City so narrowly interpreted. Without this change, Federal agencies will be forced to engage in costly painstaking efforts to establish their right to investigate charges of discrimination. Instead of effective regulation, we face the clear prospect of endless legal battles without clear resolution.

Second, a definition of the term "recipient" is added to the four statutes. This definition, modeled on that currently contained in the regulations issued under these laws, restates the original congressional intention that the coverage provisions should be broadly construed so that effective protection against discrimination can be insured.

Third, the enforcement section of each of the laws is clarified to insure that agencies may terminate all the Federal financial assistance that supports discrimination and at the same time reaffirms the legal safeguards available to those facing the prospect of fund cutoff.

When President Kennedy transmitted the first of these statutes to the Congress in 1961, he said:

> Simple justice requires that public funds to which all taxpayers of all races contributed not be spent in any fashion which encourages, entrenches, subsidizes, or results in racial discrimination.

That basic principle—that the Federal Government should not subsidize those who violate its laws or allow public tax dollars to underwrite discrimination—is as valid today as it was in 1961. Congress must act in this session to clarify these laws and reaffirm our commitment to root out discrimination lock, stock, and barrel in all Federal assistance programs.

Time is short. But I am confident that with hard work we will succeed. The Supreme Court let us down—and it is now up to Congress to defend the fundamental principle of equal justice under law. We must keep faith and revitalize these statutes which protect basic rights of millions of Americans.

Mr. President, I request unanimous consent that a copy of the bill, list of organizations supporting the bill, and a joint explanation of the bill by Senator PACKWOOD and myself be inserted in the RECORD at the conclusion of our remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JOINT EXPLANATION BY SENATOR KENNEDY AND SENATOR PACKWOOD OF CIVIL RIGHTS ACT OF 1984

The Civil Rights Act of 1984 is intended to restore four major civil rights statutes—Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the 1973 Rehabilitation Act as amended in 1978, and the Age Discrimination Act (ADA) of 1975—to the broad scope of coverage that was originally intended by Congress and that has marked their administration prior to the Supreme Court's decision in *Grove City College* v. *Bell*. The narrow purpose of the bill is to eliminate the inappropriately restrictive interpretation imposed by the *Grove City* decision and reaffirm the legal safeguards available under these civil rights statutes.

THE STATUTES AFFECTED BY THE BILL

Title IX of the Education Amendments of 1972, found at 20 U.S.C. § 1681 et seq., is the only federal law prohibiting sex discrimination against both students and employees in all aspects of federally assisted education. It bars discriminatory policies in academic and extracurricular activities, counseling, physical education, athletics, employment of faculty, staff, and students, and any other activity carried on or benefit provided by educational institutions and entities. The law covers education at all levels—preschool, elementary and secondary school, colleges and universities, graduate and professional programs, vocational training courses, state and local boards of education, and education programs outside of the usual educational settings, such as those conducted in and by museums, hospitals, juvenile justice facilities, and prisons.

Before Title IX was passed, it was both legal and common for women to be shut out of professional schools, be excluded from vocational education opportunities, be denied equal access to athletic competition, and encounter other glaring disadvantages and inequities in the educational arena. Since 1972, Title IX has been the catalyst for dramatic gains in achieving equal opportunity for female students and employees in schools and colleges across the nation.

Title VI of the Civil Rights Act of 1964, found at 42 USC § 2000d et seq., prohibits discrimination on the basis of race, color, or national origin in any program or activity receiving federal financial assistance. Title VI was enacted to end the practice of subsidizing racial discrimination with public funds, which are drawn from taxpayers of all races. Prior to passage of Title VI, many federal assistance programs still allowed segregated services and facilities. Many federal agencies had taken no part in the fight against race discrimination. Discrimination was in fact pervasive in federally assisted programs.

In the early 1960's, tens of millions of dollars in federal money went for the construction and operation of totally segregated schools. Between 1946 and 1962, the federal government granted $36.8 million to 89 racially segregated medical facilities. Higher education, agricultural assistance and other programs openly discriminated against Blacks while retaining full eligibility for federal dollars. Title VI prohibited all of these practices, and the law proved to be a strong and effective tool in combating race, color, and national origin discrimination.

Section 504 of the 1973 Rehabilitation act as amended in 1978, 29 USC. § 794 et seq., bars discrimination on the basis of disability in all federally assisted and federally conducted programs or activities. Section 504 affirms the right of the disabled to be free from discrimination in employment, education, health, social services, housing, and any other context where federal funding is present. Section 504 presents a fundamental challenge to the traditional notions of disability. Section 504's antidiscrimination language recognizes that much of the discrimination facing disabled people is not the inevitable consequence of differing physical and mental traits, but rather of the false perceptions and prejudices others hold about those traits.

Congress recognized that only a broad ban on discrimination would realize the ultimate goal—the integration of disabled people into all aspects of American life. The law not only mandates equal access by the removal of physical, communication and environmental barriers, but prohibits the continuation of discriminatory policies and practices that are based on stereotyped and prejudicial perceptions about the needs, abilities and potential of disabled adults and children.

The Age Discrimination Act of 1975, 42 USC § 6101 *et seq.*, bars age discrimination in federally-assisted programs and activities. In recent years we have become increasingly sensitive to the need to eliminate discrimination arising from unfair stereotypes based on a person's age. The Age Discrimination Act of 1975 was a major response by Congress to this need. The Act is designed to end age discrimination in federally-funded health care, vocational rehabiliation, adult education, professional school admissions, and other areas.

All of these laws were designed to be broad in coverage, to assure no discrimination by covered entities receiving federal funds. The laws allow individuals and the Justice Department to protect these rights in court. Alternatively, they allow federal agencies to terminate the specific funds being used to support the discrimination. In contrast to the broad coverage provision, fund termination has traditionally been "pinpointed," to assure only those funds used to support the discrimination are terminated.

THE EFFECTS OF THE GROVE CITY DECISION

On February 28, 1984 the Supreme Court decided the case of *Grove City College* v. *Bell*. The Court held that a college which receives federal funding in the form of student financial aid provided to its students, but receives no other federal money, is required to comply with Title IX only in its student financial aid program. Under this holding, despite the receipt of federal funds, the rest of the institution is free to discriminate on the basis of sex without violating Title IX. Building on the incorrect equation of the limited scope of the fund termination pinpoint provision with the coverage provision announced by the Supreme Court in *North Haven Board of Education* v. *Bell*, the Court in Grove City then gave an extremely narrow meaning to the coverage provision itself. In short, after the Grove City College case there is no longer any federal law which comprehensively prohibits sex discrimination in federally assisted education.

For example, at Grove City College, or a similar school which only receives federal funds through the student aid program:

An English professor could refuse to hire female graduate students as teaching assistants, or offer after-class tutoring only to men.

Women participating in intercollegiate athletics could systematically receive less practice time than the men, lower per diem allowances while at away games, fewer coaching resources, and poorer quality equipment.

The Supreme Court decision not only cuts off access to Title IX protection in many instances. It may also impose an enormous administrative burden to determine circumstances in which Title IX would still apply. Institutions can now be expected to demand that before federal agencies or individuals could even begin to prove their actual charges of sex discrimination, they would have to engage in a costly, painstaking effort to prove a connection between the federal funding at an institution and the particular department or aspect of the school in which discrimination was encountered. Grove City's interpretation of Title IX has reduced the scope of the law to a confusing muddle and paved the way for endless litigation.

GROVE CITY REQUIRES AMENDMENT OF ALL FOUR CIVIL RIGHTS STATUTES

The implications for Title VI, Section 504 and the Age Discrimination Act are equally threatening since Title IX, Section 504, the Age Discrimination Act were all modeled on Title VI. All four statutes contain parallel "program or activity" language that is likely to be interpreted in a similarly narrow fashion absent a clarifying statute like the one we are introducing today. Shortly after the Grove City decision was announced, William Bradford Reynolds, Assistant Attorney General for Civil Rights at the Department of Justice, stated his belief that this decision would apply to other civil rights statutes. Therefore, after the decision, the protection from discrimination provided by the government to the elderly, minorities and the disabled in all kinds of federally assisted activities is likely to be as spotty and inadequate as that offered to women and girls in education.

WHAT THE BILL DOES

This bill makes three limited changes designed to restore Title IX , Title VI, Section 504, and the ADA to their intended force and coverage. Congress always intended that these crosscutting antidiscrimination statutes, and the various other federal funding statutes which contain additional prohibitions on discrimination in the particular federally assisted programs or activities created by each law, be interpreted to have broad coverage. The changes in all four laws are consistent, to preserve the existing parallels among them.

First, the general prohibition language in each statute is modified to delete "program or activity" and substitute the term "recipient." The effect of this change is to prohibit an entire institution or entity from discriminating if any of its parts receives federal funds. With respect to Title IX, the limitation to education is retained.

Second, a definition of the term "recipient" is added to the four statutes. This definition is modeled on the definition currently contained in the regulations issued under these laws. These statutes have consistently been interpreted to exempt from coverage as "recipients" the landlord whose tenant pays the rent with federal public assistance funds, the clothing store that is paid for a shirt with money from a Social Security check, and others similarly situated. This bill makes no change in this regard.

Third, the enforcement section of each of the laws is modified to delete "program or activity" language. In connection with agency rule-making power, the term "program or activity" is deleted and the term "recipient" is substituted. With respect to agency use of fund termination as a remedy, "program or activity" language is again deleted, and language is added to permit agencies to terminate (or refuse to grant) only that financial assistance supporting the discrimination which has been found.

HOW THE TERM "RECIPIENT" WILL OPERATE IN PLACE OF "PROGRAM OR ACTIVITY"

The Supreme Court's interpretation of "program or activity" in Grove City requires that this language be excised from these statutes and other language be substituted to give effect to the Congressional intent when these statutes were passed, that those who receive federal financial assistance may not discriminate.

The definition of "recipient" confers broad and comprehensive coverage for each of the statutes, as Congress originally intended when these laws were passed. Consistent with past agency practice, when an entity receives federal aid for one of its parts or subdivisions, the entity—and not the specific subunit of the entity—is the recipient. Thus, in place of "program-specific" coverage as defined by the Supreme Court, the statutes will apply to all component parts of the recipient.

The way in which Title IX's educational limitation will apply to education that takes place outside of traditional educational settings is no different under this bill than under preexisting law. With respect to the educational services and related benefits offered by a non-educational institution, such as a museum or hospital not affiliated with a university, or a juvenile or adult prison facility, Title IX will cover those services and related benefits, not the entire institution.

Example: A state prison receives federal funding to develop a better inmate classification system, and no other federal assistance. Its education activities and related benefits, such as classes and training programs, are covered by Title IX. The entire prison—including its educational programs—would be covered by Title VI, Section 504, and the ADA, because it is a recipient of federal funding and these statutes are not limited to education.

HOW THE ENFORCEMENT SYSTEM WILL OPERATE

This bill does not change the enforcement structure and remedial tools available before Grove City raised questions about the statutes. The bill eliminates the "program or activity" language defined so narrowly in Grove City, in order that the availability of necessary remedies be consistent with prior law.

Under the bill, the government funding agency may still refer cases of discrimination to the Justice Department, which can sue in the federal courts to stop the discrimination. Fund termination is also preserved as a possible remedy. The bill retains all of the procedural safeguards that the four laws provide before federal funds may be terminated—the government's initial duty to attempt resolution of the violation through conciliation, notice to the recipient of any adverse finding, opportunity for a hearing, thirty days notice to the Congressional committees with responsibility for the laws under which the funds were provided, and the right to judicial review of any decision to terminate funding.

The bill also retains the requirement that a nexus be established between the discrimination found and any federal funding that is to be terminated or suspended by the administrative agency enforcing the law. This requirement of a nexus, which could be direct or indirect, applies to fund termination only. It does not affect the scope of an agency's investigative powers or its power to seek other remedies.

Though fund termination has rarely or never occurred in the history of each of these civil rights statutes, it is an important recourse to have available for the head of the agency, to be applied according to standards of reasonableness and good sense.

THIS BILL CLARIFIES AND REAFFIRMS THE ORIGINAL GOALS OF THE CIVIL RIGHTS STATUTES

The bill will clarify Congress' intent when these statutes were passed, and our intent now, that each of these laws should be accorded broad and comprehensive coverage. Moreover, the courts have been correct in using the infection theory to ensure that meaningful enforcement of these statutes could be achieved. This theory makes certain that federally funded activities, infected by discrimination in related activities that have not been supported by federal funds, are subject to the prohibition of discrimination as well as the enforcement mechanisms. The confusion and restrictions imposed by the Grove City decision must not be allowed to undo the progress already made under these statutes or to threaten future gains in the fight against discrimination. This bill will permit the four laws to accomplish what they have always been intended to accomplish.

The legislative history and subsequent interpretation of each of the four statutes clearly establishes that broad coverage was central to their purpose. In introducing Title IX, Senator Bayh said: . . . I believe a strong and comprehensive measure is needed to provide women with solid legal protection from the persistent, pernicious discrimination which is serving to perpetuate second-class citizenship for American women.

The regulations issued under Title IX mirror this broad purpose. Until the Justice Department formally reversed its opinion in the Grove City case last year, federal agencies under both Republican and Democratic administrations consistently applied a broad interpretation to the statute—including the view that federally-funded student financial aid was general assistance bringing an entire college under the coverage of Title IX.

Similarly, Title VI had the sweeping purpose expressed by President Kennedy when, in transmitting his proposed civil rights legislation to Congress, he said: "Simple justice requires that public funds, to which all taxpayers of all races contribute, not be spent in any fashion which encourages, entrenches, subsidizes or results in racial discrimination." Regulations and agency enforcement set a pattern of comprehensive application.

In passing Section 504, the intent of Congress was to establish a broad government policy that recipients of federal financial assistance shall not discriminate on the basis of handicap. As stated in the Senate Report accompanying the 1974 amendments to the 1973 Act: "Section 504 was enacted to prevent discrimination against all handicapped individuals, . . . in relation to federal assistance in employment, housing, transportation, education, health services, or any other federally-aided program."

The intent that Section 504 confer broad coverage was embodied in the regulations issued to implement the statute, and was adopted in enforcement efforts by federal agencies until the present Administration took office. From the outset the Department of Health, Education and Welfare, the initial agency designated by the President to be responsible for coordinating enforcement of Section 504, interpreted Section 504 to provide the broadest protections for disabled adults and children. In 1978 Congress amended the Rehabilitation Act and adopted the rights and remedies in Title VI (29 U.S.C. Section 794a). Since the passage of the Rehabilitation Act in 1973, Congress had become increasingly aware of the extent of discrimination facing disabled people. After hearings and review, Congress in 1978 explicitly provided broader protections for disabled people and affirmed the Section 504 regulations adopted by the Department of Health, Education and Welfare.

The ADA has a legislative history showing ambitious goals. After the United States Civil Rights Commission conducted a statutory study of age discrimination among recipients of federal funds in ten areas, the Commission's findings led to amendments strengthening the Age Discrimination Act in 1978. The Commission concluded that "discrimination on the basis of age" is widespread and that persons aged 65 and over were "consistently adversely affected" by it. Congress rose to this challenge and sought to eliminate such discrimination.

This bill is intended to preserve the elements of pre-Grove City judicial precedents which underscored the comprehensive nature of each of the four statutes, including but not limited to the specific portions of case law which confirmed the private rights of action and coverage of employment.

SUMMARY

The effectiveness of four critical civil rights statutes has been thrown into doubt by the recent Supreme Court decision in *Grove City College* v. *Bell*. It is urgently necessary that we reaffirm the broad and comprehensive coverage that has always been provided by these statutes. If it was not sufficiently clear before, let us make it clear now that discrimination has no place among recipients of federal funds.

Organizations Supporting the Civil Rights Act of 1984

WOMEN AND EDUCATION ORGANIZATIONS

National Coalition for Women and Girls in Education.
National Education Association (NEA).
League of Women Voters.
Wider Opportunities for Women.
Project on Equal Education Rights of NOW LDEF.
Women's Equity Action League.
Association for Women in Science.
U.S. Student Association.
National Student Educational Fund.
National Council of Jewish Women.
National Association for Girls and Women in Sports.
American Association of University Women.
Women's Legal Defense Fund.
Federation of Organizations for Professional Women.
National Commission on Working Women.
COPUS (Student Group—Private Independent Colleges).
Council of Chief State School Officers.
Project on the Status and Education of Women of the Association of American Colleges.

YOUTH AND DISABILITY ORGANIZATIONS

Disability Rights Education and Defense Fund.
American Coalition of Citizens with Disabilities.
The Association for Children with Learning Disabilities.
The American Speech, Language, Hearing Association.
The Council for Exceptional Children.
The Epilepsy Foundation of America.
The National Assoc. of Private Schools for Exceptional Children.
The National Council on Rehabilitation Education.
The National Rehabilitation Association.
The Conference of Educational Administrators Serving the Deaf.
The Convention of American Instructors of the Deaf.
The National Society for Children and Adults with Autism.
The Parents Campaign/Closer Look.
United Cerebral Palsy Associations, Inc.
The National Council of Independent Living Programs.
The American Council of the Blind.
The National Mental Health Association.
The Disability Rights Center.
The Association for Retarded Citizens.
The Child Welfare League of America.
The National Easter Seal Society.
Children's Defense Fund.

SENIORS

National Council of Senior Citizens.

CIVIL RIGHTS ORGANIZATIONS

Leadership Conference on Civil Rights, a coalition of 165 national organizations, has endorsed this legislation:

Included are:
NAACP.
AFL-CIO.
National Council of LaRaza.
National Women's Law Center.
ACLU.
National Catholic Conference for Interracial Justice.
National Organization for Women.
National Congress of American Indians.
National Women's Political Caucus.
Mexican-American Legal Defense and Education Fund.
Japanese American Citizens League.
Union of American Hebrew Congregations.
National Urban League.
United Auto Workers.
National Council of Churches.
American Veterans Committee.
Business and Professional Women.
NAACP Legal Defense Fund.
National Student Association.
Organization of Chinese Americans.
National Council of Negro Women.
United Steel Workers.
Americans for Democratic Action.
Center for National Policy Review.
A. Phillip Randolph Institute.

S. 2568

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Civil Rights Act of 1984".

SEC. 2. (a) The matter preceding clause (1) of section 901(a) of the Education Amendments of 1972 (hereafter in this section referred to as the "Act") is amended—

(1) by striking out "in" the second time it appears;

(2) by striking out "the benefits of" and inserting in lieu thereof "benefits"; and

(3) by striking out "under any education program or activity receiving" and inserting in lieu thereof "by any education recipient of".

(b) Section 901(c) of the Act is amended by inserting "(1)" after the subsection designation and by adding at the end thereof the following new paragraph:

"(2) For the purpose of this title, the term 'recipient' means—

"(A) any State or political subdivision thereof, or any instrumentality of a State or political subdivision thereof, or any public or private agency, institution, or organization, or other entity (including any subunit of any such State, subdivision, instrumentality, agency, institution, organization, or entity), and

"(B) any successor, assignee, or transferee of any such State, subdivision, instrumentality, agency, institution, organization, or entity or of any such subunit,

to which Federal financial assistance is extended (directly or through another entity or a person), or which receives support from the extension of Federal financial assistance to any of its subunits.".

(c)(1) The first sentence of section 902 of the Act is amended—

(A) by striking out "to any education program or activity" and inserting in lieu thereof "for education"; and

(B) by striking out "such program or activity" and inserting in lieu thereof "recipients".

(2) The third sentence of section 902 of the Act is amended—

(A) by striking out "under such program or activity";

(B) by striking out "to whom" each time it appears in clause (1) and inserting in lieu thereof "to which" each such time;

(C) by striking out "program, or part thereof, in which" and inserting in lieu thereof "assistance which supports"; and

(D) by striking out "has been so found" and inserting in lieu thereof "so found".

(3) Section 903 is amended by striking out "1002" and inserting in lieu thereof "902".

Sec. 3. (a) Section 504 of the Rehabilitation Act of 1973 (hereafter in this section referred to as the "Act") is amended—

(1) by striking out "his" and inserting in lieu thereof "such individual's";

(2) by striking out "in" the third time it appears;

(3) by striking out "the benefits of" and inserting in lieu thereof "benefits";

(4) by striking out "under any program or activity receiving" and inserting in lieu thereof "by any recipient of"; and

(5) by striking out "under any program or activity conducted".

(b) Section 504 of the Act is further amended by inserting "(a)" after the section designation and by adding at the end thereof the following new subsection:

"(b) For the purpose of this section, the term 'recipient' means—

"(1) any State or political subdivision thereof, or any instrumentality of a State or political subdivision thereof, or any public or private agency, institution, or organization, or other entity (including any subunit of any such State, subdivision, instrumentality, agency, institution, organization, or entity), and

"(2) any successor, assignee, or transferee of any such State, subdivision, instrumentality, agency, institution, organization, or entity or of any such subunit,

to which Federal financial assistance is extended (directly or through another entity or a person), or which receives support from the extension of Federal financial assistance to any of its subunits.".

(c) Section 505(a)(2) of the Act is amended by inserting ", as amended," after "1964".

Sec. 4. (a) Section 302 of the Age Discrimination Act of 1975 (hereafter in this section referred to as the "Act") is amended—

(1) by striking out "in programs or activities receiving" and inserting in lieu thereof "by recipients of"; and

(2) by striking out "programs or activities receiving funds under the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1221 et seq.)" and inserting in lieu thereof "recipients of funds under chapter 67 of title 31, United States Code".

(b) Section 303 of the Act is amended—

(1) by striking out "in" the second time it appears;

(2) by striking out "the benefits of" and inserting in lieu thereof "benefits";

(3) by striking out "under, any program or activity receiving" and inserting in lieu thereof "by any recipient of".

(c)(1) Section 304(a)(4) of the Act is amended by striking out "to any program or activity".

(2) Section 304(b)(1) of the Act is amended—

(A) by striking out ", in the program or activity involved";

(B) by striking out "operation" in clause (A) and inserting in lieu thereof "operations of the recipient"; and

(C) by striking out "of such program or activity" in clause (A) and inserting in lieu thereof "in furtherance of which the Federal financial assistance is used".

(3) Section 304(c)(1) of the Act is amended by striking out "any program or activity receiving".

(d)(1) Section 305(a)(1) of the Act is amended by striking out "under the program or activity involved".

(2)(A) The second sentence of section 305(b) of the Act is amended by striking out "the particular program or activity, or part of such program or activity, with respect to which such finding has been made" and inserting in lieu thereof "assistance which supports the noncompliance so found".

(B) The third sentence of such section is amended to read as follows: "No such termination or refusal shall be based in whole or in part on any finding with respect to any noncompliance which is not supported by such assistance.".

(3) Section 305(e)(1) of the Act is amended by striking out "Act by any program or activity receiving Federal financial assistance" and inserting in lieu thereof "title".

(e) Section 309 of the Act is amended by—

(1) by striking out "and" at the end of clause (2);

(2) by striking out the period at the end of clause (3) and inserting in lieu thereof a semicolon and the word "and"; and

(3) by adding at the end thereof the following new clause:

"(4) the term 'recipient' means—

"(A) any State or political subdivision thereof, or any instrumentality of a State or political subdivision thereof, or any public or private agency, institution, or organization, or other entity (including any subunit of any such State, subdivision, instrumentality, agency, institution, organization, or entity), and

"(B) any successor, assignee, or transferee of any such State, subdivision, instrumentality, agency, institution, organization, or entity or of any such subunit,

to which Federal financial assistance is extended (directly or through another entity or a person), or which receives support from the extension of Federal financial assistance to any of its subunits.".

Sec. 5. (a) Section 601 of the Civil Rights Act of 1964 (hereafter in this section referred to as the "Act") is amended—

(1) by striking out "in" the second time it appears;

(2) by striking out "the benefits of" and inserting in lieu thereof "benefits"; and

(3) by striking out "under any program or activity receiving" and inserting in lieu thereof "by any recipient of".

(b)(1) The first sentence of section 602 of the Act is amended by striking out "program or activity" each time it appears and inserting in lieu thereof "recipient" each such time.

(2) The third sentence of section 602 of the Act is amended—

(A) by striking out "under such program or activity" in clause (1);

(B) by striking out "to whom" each time it appears in clause (1) and inserting in lieu thereof "to which" each such time;

(C) by striking out "program, or part thereof, in which" in clause (1) and inserting in lieu thereof "assistance which supports"; and

(D) by striking out "has been so found" in clause (1) and inserting in lieu thereof "so found".

(c) Title VI of the Act is amended by adding at the end thereof the following new section:

"Sec. 606. For the purpose of this title, the term 'recipient' means—

"(1) any State or political subdivision thereof, or any instrumentality of a State or political subdivision thereof, or any public or private agency, institution, or organization, or other entity (including any subunit of any such State, subdivision, instrumentality, agency, institution, organization, or entity), and

"(2) any successor, assignee, or transferee of any such State, subdivision, instrumentality, agency, institution, organization, or entity or of any such subunit,

to which Federal financial assistance is extended (directly or through another entity or a person), or which receives support from the extension of Federal financial assistance to any of its subunits.".

Mr. PACKWOOD. Mr. President, 1964, 1972, 1973, 1975: landmark dates in establishing civil rights for all Americans regardless of race, color, national origin, sex, handicap, or age. On 1 day: two decades' progress severely restricted by the U.S. Supreme Court decision in Grove City against Bell. The job in 1984: to clarify and reaffirm the law so that no one can say, ever again, that one individual or one group has an unfair advantage over another.

I rise today with Mr. Kennedy to introduce legislation to restore four major civil rights statutes: Title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the 1973 Rehabilitation Act, as amended in 1978, and the Age Discrimination Act (ADA) of 1975. These statutes together insure that discrimination is prohibited by the recipients of Federal financial assistance.

The Civil Rights Act of 1964 is the seminal guarantor of civil rights in this country. Its sweeping scope effectively prohibits discrimination in employment, public accommodations, education, and federally assisted programs. All subsequent civil rights statutes built on these guarantees, correcting any omissions to this grand design.

The cornerstone of the 1964 act is title VI, prohibiting discrimination on the grounds of race, color, or national origin in "any program or activity receiving Federal financial assistance." Calling for its enactment, President Kennedy was eloquent: "Simple justice requires that public funds, to which all taxpayers of all races contribute, not be spent in any fashion which encourages, entrenches, subsidizes or results in racial discrimination. * * *." Enforcement efforts have resulted in ending discrimination in education, State and local governments, and a variety of institutions that receive Federal funding.

Title VI has become the model both in language and remedial approach for the civil rights statutes that followed. In 1972, rectifying a major omission in title VI, Congress enacted title IX of the 1972 Education Amendments. Because title VI's coverage excludes "sex" as a forbidden classification, title IX is essential to outlaw discrimination on the grounds of sex "under any education program or activity receiving Federal financial assistance." Title IX has been credited with securing educational rights for women that had not heretofore existed. It was certainly Congress intent that title IX be accorded the same broad interpretation that had been given title VI—thus, the tracking of the very language used to secure those sweeping protections.

So, too, section 504 of the Rehabilitation Act of 1973 followed the same model. In that legislation, Congress included the handicapped under the antidiscrimination rubric. Referring to title VI, our ultimate exemplar, we again used the "program or activity" language.

Finally, in 1975, we went to the well another time, patterning the Age Discrimination Act on the title VI standard. That statute prohibits discrimination on the grounds of age by "any program or activity receiving Federal financial assistance." In every case, our intent has been expansion of the protections of the original Civil Rights Act; this purpose is not served by anything but the broadest interpretation of the laws.

Unfortunately, 6 weeks ago, the Supreme Court in Grove City versus Bell opted for a severely limited interpretation of title IX of the 1972 Education Amendments. Deciding a question not necessary to resolution of the case, the Court held that only the "program or activity receiving Federal financial assistance," rather than an entire recipient institution, is subject to title IX strictures. In this case, only the financial aid program of Grove City College—and no other part of the institution—is prohibited from discrimination on the basis of sex. In an instant, the broad scope we intended was abrogated.

The decision is particularly troubling on its terms since discrimination in education is subtle but pernicious, affecting its victims for the entirety of their lives. The absurdity of the result is apparent: It is of little use to bar discrimination in the financial aid program of an institution if a woman cannot gain admittance to, or participate in, the institution because of its other discriminatory policies and practices. It is equally of little use to bar discrimination in employment if a woman cannot attain the necessary education to obtain that employment. Our purpose in enacting title IX was to insure that Federal resources could not be used to support discriminatory practices against women and that those practices would cease to exist—a precise parallel to President Kennedy's purpose in urging the passage of title VI.

But even more horrifying than Grove City's title IX interpretation is the decision's staggering legacy. Not only has the Supreme Court substantially undercut the efficacy of title IX, but the decision's precedential value with respect to title VI, section 504, and the Age Discrimination Act cannot be overstated. If title IX is program-specific in effect, the other statutes, worded identically, are likely to suffer a similar analysis. Indeed, the Department of Justice has already indicated it will move forward on that basis in its so-called enforcement endeavors.

In 1984: 20 years after the passage of the Civil Rights Act of 1964, it is time to recommit ourselves to its purposes. Fortunately, the Supreme Court's opinion is easily corrected. I am introducing, with Mr. KENNEDY and many other Members of Congress, the Civil Rights Act of 1984 to clarify our original intentions regarding all four statutes: That any receipt of Federal financial assistance will trigger institutionwide coverage. Lest any critic question our remedial approach, however, the bill will also clarify that only the particular assistance supporting noncompliance will be subject to termination. It is a simple bill with global ramifications.

Exciting testimony to the last 20 years of civil rights enforcement activities is the unified coalition that supports this legislation. Advocacy organizations representing minorities, women, the disabled and the elderly have joined forces behind the Civil Rights Act of 1984, agreeing to oppose any amendment to the language proposed, or to any efforts that would assist only one of the affected groups. This must be evidence that the efforts of the past 20 years are reaping rewards. The broad-based support justifies the broad interpretation we intended for these laws. I thank this coalition for their effort and call on all Members of Congress, and the administration too, to unite behind this act, enact it speedily, and make 1984 the year the death knell is sounded to rigidity and prejudice.

This is a bipartisan bill. We have cosponsors: Republicans and Democrats. That should be indication enough that Senators on both sides of the aisle affirm the need for basic civil rights guarantees.

The drafting of this legislation has involved many people who have put in long hours perfecting the language and gaining the support of so many of my colleagues. I wish to extend my sincere appreciation to the hard-working staff members from the offices of Senators LEAHY, CRANSTON, DOLE and DURENBERGER. And, of course, Senator KENNEDY's staff and that of various Representatives were integral to this effort.

The duration of my floor statement—that I make jointly with Mr. KENNEDY—details with specificity the ramifications of this bill.

● Mr. PELL. Mr. President, the Omnibus Civil Rights Act we introduce today will reaffirm the basic principle that discrimination should not be permitted in any activity that accepts funding assistance from the Federal Government. That is a principle that the Congress has firmly supported in the past, and one which has strong and broad support among the American people.

The prohibition of discrimination, however, must now be stated more clearly and emphatically because it has been brought into question by the recent Supreme Court decision in Grove City versus Bell regarding the scope of title IX of the Higher Education Amendments of 1972.

I had the pleasure and privilege of playing a role in the enactment of title IX, the statute prohibiting sex discrimination in educational programs receiving Federal assistance.

I was the floor manager of the Higher Education Amendments of 1972, the legislation which encompassed title IX. I believed then and I believe now that the Federal Government must not be a party to aiding and financing any educational program or school that denies equal treatment on the basis of sex.

In the 12 years since enactment of title IX we have seen major progress by women in breaking through barriers that denied them equal access to educational opportunities. This, in turn has permitted women to claim their rightful place in work and careers from which they were once largely excluded. This progress has been made without any major disruption of higher education, contrary to the fears of some who opposed the enactment of title IX.

In the light of our experience with title IX, it is unfortunate that the Supreme Court chose to give this legislation a narrower scope than that which has been given to it over the years by the Congress, the Nixon administration, the Ford administration, and the Carter administration.

The Court, however, has made its decision and it is now up to us in Congress to make it emphatically clear that Federal funds in higher education will not be used in support of discriminatory practices.

As we introduce this legislation, I want to take special note of the leadership, and the work of my colleagues in the Congress on this issue. We all owe a debt of thanks to our former colleague, Senator Birch Bayh who took the initiative in presenting title IX in the Senate. Senator CRANSTON is one who has provided essential leadership in protecting the civil rights of the handicapped. He was a pioneer in this area with his support of section 504 and we are fortunate that we will have his continued leadership as we work for enactment of this legislation.

I would also commend the leadership of Senator KENNEDY and Senator PACKWOOD, who have been steadfast in maintaining and expanding our national commitment to protection of the rights of women, minorities, the handicapped, and the aging, as well as the contributions of my colleagues from Rhode Island, Representative CLAUDINE SCHNEIDER, the principal sponsor of a resolution adopted last year by the House of Representatives supporting title IX.

I am proud to join with them today in introducing this bill and to work with them toward enactment of the legislation.●

● Mr. DOLE. Mr. President, I am pleased to join in the introduction of legislation to negate the severe restrictions placed on the scope of title IX by the Supreme Court in the recent Grove City case, and to insure that a similar fate does not befall key civil rights laws prohibiting race, handicap, and age discrimination.

Grove City, of course, held that title IX's prohibition against sex discrimination in educational programs or activities receiving Federal funds applied only to the specific program directly affected by the Federal funds. Thus, the case has opened the door to the possibility that schools or other agencies or institutions could reap the benefits of Federal aid for some programs, but discriminate with impunity in others. Title VI of the 1964 Civil Rights Act, section 504 of the Rehabilitation Act, and the Age Discrimination Act are also imperiled because they use the same program or activity language so narrowly construed in Grove City.

THE LEGISLATION

The omnibus legislation we are introducing would eliminate this danger by simply clarifying that each of the four laws apply to recipients of Federal funds, instead of to programs or activities. Further, a definition of recipient is added which is modeled after the definition currently contained in the regulations implementing these laws.

To avoid any possibility of confusion, the bill would also delete the narrowly construed program or activity language from those sections of each law which authorize Federal agencies to terminate funds, though the requirement that an agency may terminate only those funds which directly or indirectly support the discriminatory conduct is maintained. The termination of funds is, of course, an extraordinary remedy, to be used by an agency only when all attempts at voluntary compliance have failed. Moreover, it has been actually used in only a handful of cases throughout the history of these laws. Nonetheless, it may be a necessary, last ditch enforcement tool in those few situations where a Federal fund recipient may demonstrate recalcitrance in the face of good faith agency efforts to negotiate voluntary compliance. Under the bill, of course, the agency would still have the option of choosing the alternative remedy of referring cases of discrimination to the Justice Department which can sue in Federal district court for injunctive and other appropriate relief.

I believe it should be emphasized that the sole purpose of this legislation is to restore title IX to the broad coverage which marked its enforcement prior to Grove City, and to keep the other three civil rights laws intact. It is not the intent of the sponsors to break new ground. The legislation is not intended to alter the current definitions of recipient or Federal financial assistance, nor is it intended to alter substantive protections afforded by these laws. Thus, for instance, tax exemptions and deductions would continue to be excluded from the definition of Federal financial assistance. Similarly, ultimate beneficiaries such as food stamp recipients or student receiving Federal loans would continue to be excluded from the definition of recipients.

CONGRESS RESPONSIBILITY

Mr. President, I was one of the first to express my disagreement with the Department of Justice when it decided to argue for a program specific approach in Grove City and I was one of the first to express my disappointment when the Supreme Court handed down its decision. But I also believe the ultimate responsibility for what has happened falls on the shoulders of Congress by its failure, once again, to make its intent clear and unambiguous in the statutory language. As Justice Department officials have emphasized, they did not base their arguments on what they believed to be good policy, but rather on what they believed the statute said on its face. It is now incumbent upon the Congress to do what it should have done 20 years ago when it passed the prototype for these laws, title VI. The protections afforded by these civil rights provisions are too precious to millions of minorities, women, and disabled and aged persons for Congress to delay any longer in removing the ambiguity and making explicit its true intent.

RAMIFICATIONS OF GROVE CITY

There are any number of potential adverse ramifications if Grove City stands uncorrected—the Federal funding of racially discriminatory schools, cutbacks in female students' athletic and career education opportunities, or a return to the prior practice of some professional schools to deny older Americans admission because of their age. As one of the principal supporters of section 504 when it was enacted in 1973, I am particularly concerned about the impact of Grove City on the rights of disabled Americans.

For instance, section 504 has required educational institutions to make their programs accessible to the mobility impaired either through structural changes, or through nonstructural means such as the reassignment of classes to accessible buildings. But at institutions receiving their Federal funds in the form of student aid, as was the case in Grove City, these requirements may become virtually meaningless. What difference does it make to a disabled student if the student financial aid office is in compliance with section 504, if none of the school's academic programs are accessible?

Employment discrimination is another area which troubles me greatly. In the recent Conrail case, disabled Americans achieved a significant victory when the Supreme Court held that section 504 encompasses employment discrimination. But here again, how important will this victory be to further the employment opportunites of disabled Americans if section 504, itself, applies not to an entire agency or institution receiving Federal moneys, but only those specific programs operated by a recipient which directly benefit from the Federal aid? The issue is all the more important to the disabled because more comprehensive Federal laws, prohibiting employment discrimination, encompass race and sex discrimination, but not discrimination on the basis of handicap.

CONCLUSION

Mr. President, there has been a considerable amount of debate over what the term discrimination means, and whether busing and quotas should be permissible means of remedying it. I believe, however, that whatever discrimination means, there is strong consensus in this country that Federal prohibitions against it should be comprehensive and broad. Grove City has pierced a gaping hole in Federal civil rights protections, and it is my hope that the Congress will act swiftly to close it.●

RESTORING CIVIL RIGHTS PROTECTIONS AFTER GROVE CITY

Mr. CRANSTON. Mr. President, I am proud to join with the Senators from Massachusetts (Mr. Kennedy), Oregon (Mr. Packwood), Rhode Island (Mr. Pell), Vermont (Mr. Stafford), and Kansas (Mr. Dole) as the principal sponsors of this legislation which is being introduced today, in the wake of the decision of the U.S. Supreme Court on February 28, 1984, in the case of Grove City College versus Bell. The purpose of this measure is to clarify the coverage and application of the four major Federal nondiscrimination statutes—title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975. These laws form the basic framework for Federal statutory efforts to eliminate discrimination on the basis of race, color, national origin, sex, disability, or age. Immediately following the Court's decision, the Senator from Oregon introduced legislation, S. 2363, which I have cosponsored, to deal with the impact of the Grove City decision on title IX. On March 8, 1984, as one of the original Senate authors of section 504 of the Rehabilitation Act of 1973, I introduced a similar bill, S. 2399, with respect to section 504, which is often called the "magna carta" for handicapped individuals.

The legislation we are introducing today combines our efforts into a single measure dealing with all four major civil rights statutes.

I am delighted that we 6 are joined by 53 other Members of the Senate, representing a majority of Senators with strong support from both sides of the aisle. I am especially pleased to note that we are joined by the distinguished majority leader (Mr. Baker) and the distinguished minority leader (Mr. Byrd). A companion bipartisan measure is being introduced today in the House of Representatives by my good friend and colleague from California, Representative Don Edwards, whose outstanding leadership and commitment to the cause of civil rights is well known. He is joined by Representatives Fish and Simon as well as Representatives Dixon, Garcia, Miller, Schneider, and Schroeder. This legislation represents a truly nonpartisan effort to reiterate and reinforce our shared commitment toward securing broad opportunities for all persons to participate in society without being subjected to unjust discrimination.

BACKGROUND

Mr. President, the four statutes involved in this legislation symbolize a commitment from the Federal Government that Federal funds will not be used to further, to support, or to subsidize in any way the continuation of invidious discrimination in our Nation. These statutes also symbolize the commitment of the Federal Government to help lead the way toward achieving a truly just society, where every individual has the chance to succeed and prosper free from the oppression of segregation and unjust discrimination, and where the laws and institutions of Government are dedicated to promoting full opportunities for all persons, regardless of race, color, national origin, sex, disability, or age.

Mr. President, the enormous progress which has been made in the past 20 years since the passage in 1964 of the first of these four bulwarks in the struggle for civil rights—title VI—is threatened by the decision of the U.S. Supreme Court a month and a half ago in the Grove City case. In a moment, I will discuss in detail the Court's holding in this case and the factual situation under which it arose. Certainly, there is debate over the precise impact the Court's holding might have on other fact situations under title IX and on the enforcement of comparable statutes. Some argue that the impact has been overstated. Others foresee a wholesale destruction of civil rights enforcement authority. In the last analysis, the final word on the net legal effect of the decision may be known only after judicial interpretations and applications of the case over time.

However, whatever the precise boundaries of the Court's decision, two things are clear. First, this administration has already sent forth unmistakable signals that it will use the Grove City case as an excuse for dismantling even further the Federal mechanisms for enforcement of civil rights. Second, Congress has the ability—and a duty—to rectify the potential damage created by the Grove City decision by enacting this legislation to clarify congressional intent regarding these laws. Failing to act will invite years of litigation and relitigation, especially if we continue to be oppressed with a recalcitrant administration seeking to withdraw from the civil rights arena.

It would be unconscionable for Congress to allow a vacuum to be created by its failure to respond forcefully and clearly to the Grove City holding and to the ambiguities which the Court's opinion have created.

THE SUPREME COURT DECISIONS

Mr. President, on February 28, the Supreme Court actually handed down two decisions dealing with the application of Federal laws requiring entities which receive Federal financial assistance to refrain from discriminatory practices. The first decision, the Grove City case, which has attracted the most attention, dealt with the obligations of educational institutions to refrain from discriminating on the basis of sex under title IX of the Education Amendments of 1972. The second decision, Consolidated Rail Corp. against Darrone—known as the Conrail case—involved the application of section 504 relating to discrimination against handicapped individuals. In the latter case, although the Court did not actually reach the issue, it clearly indicated that the interpretation of the scope of title IX coverage in the Grove City case would be applicable to coverage under section 504 as well.

Mr. President, because of the significance of these cases to fulfilling congressional intent, I and certain of my colleagues in the Congress submitted amicus briefs in both the Grove City and Conrail cases, in which we urged that the statutes involved be given the broad interpretation that Congress intended and that the Federal agencies enforcing them had applied. Joining on the brief in the Grove City case in August were Senators Dole and Packwood; also with me on the brief in the Conrail case were Senators Dole, Hatch, Kennedy, Pell, Stafford, and Weicker. a number of Members of the House of Representatives were on each brief.

THE GROVE CITY COLLEGE CASE

The Grove City case involved a private institution that received no direct Federal financial assistance. However, approximately 5 percent of its students received Federal basic educational opportunity grants—Pell grants—and another 15 percent received guaranteed student loans—GSL. On the basis of this student assistance, the Department of Education in 1976 began efforts to obtain from the college an assurance of compliance with title IX. When the college refused to sign the required form on the grounds that it received no Federal financial assistance, the Department instituted administrative proceedings to terminate the grants and loans going to the students attending the college.

After the Department's position prevailed in the administrative process, the college and four of its students commenced suit to stop the terminations. The case thus arose on the issue of the Department's authority to terminate the student assistance because of the refusal of the college to sign an assurance of compliance with title IX.

On March 10, 1980, a Federal district court handed down a decision, 500 F. Supp. 253 (W.D. Pa. 1980), which on the one hand held that the college was "receiving Federal financial assistance" as a result of its students participating in the Pell grant and GSL programs and was therefore subject to the sex nondiscrimination requirements of title IX. On the other hand, however, the court held that the Department did not have the authority to terminate the assistance going to the students attending the college as a means of enforcing title IX. The district court relied upon several grounds in reaching its conclusion regarding the authority to terminate. One finding, which was not appealed, held that the GSL's were contracts of insurance or guaranty which could not be terminated under section 902 of title IX.

The district court decision was appealed, and on August 12, 1982, the U.S. Court of Appeals for the Third Circuit handed down a decision affirming the district court ruling in part and reversing it in part. That decision appears at 687 F.2d 684. Like the district court, the third circuit held that the receipt of grants under the Pell grant program by some of the college's students was sufficient to bring the college within the purview of title IX. But, unlike the district court, the appeals court held that the Department of Education could terminate the Pell grants to the students attending the college solely because the college refused to execute the assurance of compliance form.

A central part of the third circuit's decision was its holding that the indirect student assistance rendered the entire college subject to title IX. The college sought and obtained review in the Supreme Court.

Before the Supreme Court, the Reagan administration partially altered the position that the Federal Government had previously taken in the case. Although continuing to contend that the receipt of student assistance brought the institution within the purview of title IX, the Reagan administration now took a very narrow view of the program-specificity requirement as to fund termination and argued that the student assistance did not subject the entire college, but only the college's financial aid program, to coverage under title IX.

On February 28, the Supreme Court issued its decision which essentially adopted the Reagan administration's narrow reading of title IX that the law was applicable, but barred sex discrimination only in the school's financial aid office.

Mr. President, I would like to note that although the legislative efforts which have begun in response to the Grove City case are focused upon the negative aspect of that decision, there were some positive aspects of the decision—principally that the Court did firmly uphold the concept that where Federal educational grants are provided to a college's students, the college will be considered to be a recipient of Federal financial assistance.

THE CONRAIL CASE

Similarly, the decision of the Court in the Conrail case mixed the good with the bad. The Conrail case involved the very significant question of whether under section 504 the prohibition against discrimination in employment was limited to cases in which the purpose of the Federal assistance is to provide employment. In Conrail, a locomotive engineer alleged that, after he lost his left hand and forearm as a result of an accident, the railroad refused to employ him despite having no justification for finding him unfit to work. Conrail receives various forms of Federal financial assistance, including, as the Court noted, the purchase from time to time of certain Conrail securities at prices above fair market value and the provision of termination allowances to workers who lose their jobs as the result of reorganization.

The district court granted Conrail's motion for a summary judgment on the grounds that section 505(a)(2) of the Rehabilitation Act—which was added by a 1978 amendment that I authored—in making available with respect to section 504 violations "the remedies, procedures, and rights set forth in title VI of the Civil Rights Act of 1964," also made applicable to section 504 the provisions of section 604 of the Civil Rights Act, which, in the employment area, limit the applicability of title VI to those cases "where a primary objective of the Federal financial assistance is to provide employment."

The Court of Appeals for the Third Circuit reversed and remanded the case to the district court.

The Supreme Court affirmed the action of the court of appeals. Consistent with congressional intent and the purposes underlying section 504 and the provisions of section 505(a) making title VI remedies available, the Court held, as I and my colleagues had urged in the amicus brief, that the section 504 prohibition against discrimination in employment is not limited to cases in which the primary objective of the Federal assistance is to provide employment. The Court thus rejected the Fourth Circuit's Trageser decision, which the district court had followed. The court also confirmed that handicapped individuals may enforce their rights under section 504 in private actions for injunctions and monetary damages, as appropriate in individual cases.

I applaud these results. They hold the promise of helping handicapped individuals vindicate the important rights to freedom from unjust discrimination that Congress has intended them to enjoy.

Unfortunately, however, the positive aspects of the Conrail decision, like the Grove City case, are offset by a negative aspect of the Conrail opinion. Although the procedural posture of the Conrail case did not require the Court to determine whether the plaintiff had sought and was denied employment in a "program * * * receiving Federal financial assistance," the Court clearly indicated that the very narrow program-specific limitation on the scope of coverage enunciated in the Grove City case would be applicable to section 504 as well. What result it being applicable would produce, however, was left an open question.

POTENTIAL IMPACT OF GROVE CITY

Mr. President, as I indicated earlier, obviously the decisions issued on February 28 do not spell out all the possible implications of the Grove City decision's exceedingly narrow construction of student aid as Federal financial assistance for civil rights purposes. What they clearly have done, however, is create confusion, provide an incentive for this administration to continue its efforts to emasculate civil rights enforcement activities, and pave the way for endless litigation.

Although the February 28 decisions touch directly only on title IX and section 504, they clearly cast a dark and ominous shadow over the scope of the other two major civil rights statutes—title VI and the Age Discrimination Act. Both these statutes contain language almost identical to that utilized in title IX and section 504. In the past, they have been applied and enforced in a similar manner. The individual responsible for the Reagan administration's policies with respect to enforcement of civil rights laws—William Bradford Reynolds, Assistant Attorney General for Civil Rights—has indicated his view that the same policies applicable to title IX should be applied to enforcement of other nondiscrimination laws.

Spurred on by its anti-civil-rights, flip-flop victory in Grove City, the Reagan administration has begun to move swiftly to implement its overly broad interpretation of the Supreme Court's decisions. The Department of Education has notified the University of Maryland that it no longer has jurisdiction to pursue a pending sex discrimination case. In that case, the Department had already found that the university was in violation of title IX for discriminating against women in athletics in five areas. After the Grove City decision, the Department's initial position was that since the only Federal money it had found to be involved in the Maryland athletic program was in the form of loans to the athletes and since the Department found the financial aid disbursement "to be in compliance with title IX," it was dropping its compliance action.

It takes little imagination to foresee what other actions this administration will be taking to bring a halt to its civil rights enforcement activities—already lax. For example, if the only Federal assistance received by a university is student financial aid, it could be argued that it may exclude black students, disabled students, and those over 30 years old from its extracurricular activities or certain of its classes—because the Grove City decision holds that only the student financial aid office is covered by the antidiscrimination laws.

In this context alone, Mr. President, the Grove City decision constitutes a tremendous setback for our efforts to assure that all persons receive equal opportunities in education, irrespective of race, color, national origin, sex, disability, or age.

PROGRESS UNDER THE FEDERAL CIVIL RIGHTS LAWS: TITLE VI

Mr. President, since the passage of title VI of the Civil Rights Act of 1964, we have seen enormous strides in eliminating unjust discrimination from our society. Just 20 years ago, many federally assisted programs still allowed segregated services and facilities. Many Federal agencies had played little or no part in the struggle against race discrimination. Prior to that time, Federal dollars went into the construction and operation of totally segregated schools. Federal funds were also distributed to a host of other programs which openly practiced discrimination against black Americans. Title VI has served as a strong and effective tool in bringing an end to these invidious practices.

TITLE IX

Title VI provided the model for passage of title IX of the Education Amendments of 1972 which forbids discrimination in education on the basis of sex. Like title VI, title IX has led to a tremendous change in the way educational institutions have dealt with students.

It is fair to say that before title IX was enacted, discrimination against women was widespread at virtually every level in education. Women were excluded from admission to publicly supported institutions, barred from certain courses of study, and denied equal access to financial aid and the full range of educational opportunities. Negative stereotypes prevailed to limit the potential career choices of many female students. Educational counselors routinely steered female students away from male-dominated fields, irrespective of the aptitudes, abilities, or desires of those students.

In the past decade, steady progress has been made in the struggle to overcome the barriers and prejudices that have served to deny women equal access to educational opportunities. Women have made gains in virtually every area, and our society has been greatly enriched by the contributions they have made as they have entered new fields in increasing numbers.

As a member of the Subcommittee on Education of the Labor and Public Welfare Committee in 1972 and a Senate conferee on the Education Amendments of 1972 in which title IX was enacted, I have had a long-standing and firm commitment to this law which has led to such significant changes in educational opportunities for women. I am proud to have helped bring about its enactment, and I am determined not to stand by and see its strength eroded away by an administration with no commitment to its goals.

SECTION 504

Similarly, section 504 of the Rehabilitation Act of 1973 has opened the doors previously used to shut out disabled Americans. Section 504 was enacted to insure that recipients of Federal assistance deal fairly and reasonably with disabled individuals who are seeking to participate more fully in our society and in the activities of our commercial, professional, recreational, social, and governmental institutions.

In 1972, as a member of the Labor and Public Welfare Committee and its Subcommittee on the Handicapped, I was honored when Senator Jennings Randolph, the chairman of the subcommittee, asked me, then a very junior Senator, to serve as chairman of the subcommittee for purposes of reviewing and revising the Vocational Rehabilitation Act. In the course of that year, I chaired 5 days of hearings, filling 2,611 pages of hearing records, covering an enormous range of problems facing disabled persons and their opportunities for rehabilitation, work, and participation in society. The legislative product, the Rehabilitation Act of 1972, was pocket vetoed by President Nixon on October 27, 1972. It had contained the forerunner of section 504, crafted with me by my great friend from Vermont (Mr. Stafford), our indefatigable colleague from New York (Mr. Javits), and of course, the Senator from West Virginia (Mr. Randolph).

In early 1973, after additional hearings in January and February of that year, we introduced, and passed rapidly through both Houses, very similar legislation, which President Nixon again vetoed—on March 27, 1973.

The legislation ultimately agreed upon—the Rehabilitation Act of 1973, Public Law 93-112—was enacted on September 26, 1973, with section 504 intact along with numerous other civil rights provisions in title V of that act—affecting employment of handicapped individuals by Federal contractors and subcontractors and by the Federal Government itself as well as architectural and transportation barriers.

It soon became clear that section 504 needed more than the 46 words it originally contained, and Senator Randolph asked me to complete the work I had begun in 1972. I chaired the subcommittee through an additional hearing and markup and, after a conference that I chaired, Congress passed the Rehabilitation Act Amendments of 1974—Public Law 93-516—which among other achivements, enacted, in section 7 of the act, the definition of "handicapped individual" which has provided the foundation for application and enforcement of section 504.

Also, as I noted earlier, in 1978 the Congress enacted in Public Law 95-602 further changes I proposed with the Senator from Vermont (Mr. Stafford) to enhance the ability of handicapped individuals to obtain compliance with section 504 and other civil rights provisions in title V of the Rehabilitation Act. These amendments authorized the award of attorneys' fees to handicapped persons who prevail in suits to enforce the provisions of title V and made the Civil Rights Act title VI remedies, procedures, and rights available with respect to section 504 violations.

In enacting title V of the Rehabilitation Act and the 1974 and 1978 strengthening amendments, Congress recognized that much of the discrimination facing disabled individuals is not the inevitable result of their handicapping conditions, but rather, of the false perceptions and prejudices that others hold about individuals who have those conditions. Congress also saw that a wide-scale prohibition against discrimination was needed in moving toward the ultimate goal—the integration of handicapped persons into all aspects of America. Title V not only addresses the need to eliminate tangible barriers but also prohibits the continuation of discriminatory policies and practices that are based on stereotypical and prejudicial perceptions about the abilities, potential, and needs of handicapped adults and children.

As a result of the enactment of section 504 and the 1974 and 1978 amendments, the attitudinal and physical barriers which have served so unfairly to deprive disabled persons of the rights and opportunities that should be each American's due have begun to come down. Again, over the past decade since passage of this fundamental civil rights law, substantial progress has been made, and in the process we have begun to see more clearly that disabled Americans have great abilities, energies, talents, aspirations, and sensitivities.

AGE DISCRIMINATION ACT

Finally, as a member of the Aging Subcommittee and the conference committee on the legislation, I was privileged to play a major role in the drafting of the most recent of these statutes, the Age Discrimination Act of 1975. This statute reflects the growing awareness in our Nation of another form of invidious discrimination—age discrimination. The negative stereotypes and biases which have served to deny older Americans the opportunity to participate and contribute to the continuing growth of our society must, like other forms of discrimination, also be put behind us if we are ever to achieve the freedom and opportunity for every individual which our country symbolizes. The Age Discrimination Act represents our national commitment to put an end to unreasonable age discrimination as well.

Mr. President, these four basic civil rights statutes are integral parts of our national commitment to the concepts and realities of equal justice and opportunity. We must act to assure that this national antidiscrimination policy and our progress in applying it is not undercut and diminished by the Supreme Court's erroneous decisions and opinions—in the Grove City and Conrail cases as well as the North Haven case, which I will be discussing shortly—and the Reagan administration's sweeping interpretations of them.

LEGISLATIVE APPROACH

Mr. President, the adverse aspects of the Court's holding in the Grove City case turned principally upon the Court's narrow application of the term "program or activity" in title IX. Title IX now provides in section 901 for a ban on sex-based discrimination "under any education program or activity receiving Federal financial assistance." The Court construed those words in a very limited sense—and in my view a way totally contrary both to commonsense and congressional intent.

Despite the fact that Federal student-aid funds were received by the college without limitation as to their use and were thus available for—and in the cases of most colleges are undoubtedly used for—the general support of the college and of a wide range of its programs, the Court considered the college's financial aid office as the only "program or activity receiving Federal financial assistance." This result came as a great surprise to me and, I am sure, to a great many others who have been involved in this field and expected that the college itself, not a small unit of it, would have been considered to be the "program or activity" assisted and, therefore, covered by section 901.

I should note, however, that the Grove City surprise had been foreshadowed by certain statements made in the May 1982 opinion of the Court in the case of North Haven Board of Education versus Bell. In that case, after holding, very appropriately, that the title IX prohibition against sex discrimination in employment in federally-assisted education programs was not limited to cases in which the assistance was for the purpose of providing employment, the Court went out of its way to express its view—totally gratuitously in terms of the issues before it for decision—that the scope of the anti-discrimination prohibition in section 901 of title IX was no broader than the scope of the provision in section 902 permitting the administrative cut-off of funds.

In doing so, the Court ignored the plain and clear words of the sections themselves. The scope of the prohibition in section 901 is worded as a ban on discrimination "under any education program or activity receiving Federal financial assistance"; the provision in section 902 regarding a funding cut-off requires that it "be limited in its effect to the particular program, or part thereof, in which [a violation] * * * has been * * * found". Despite the obvious, pertinent wording differences and the fact that the issue was not in dispute in the case before it, the Court in North Haven stated—contrary to administrative practice and a number of lower court opinions—that section 901 does not prohibit discrimination in any factual situation in which a funding termination could not be imposed.

To add to the confusion as to why the Court would have made statements in its North Haven opinion suggesting a narrow scope for section 901, the Court relied heavily on a 1969 Fifth Circuit Court of Appeals case, the Finch case, that involved the almost identical funding cut-off provision—referred to as the "pinpointing" language—in title VI. In the Finch case, the court of appeals had stressed the legislative history of "pinpointing" as a carefully devised provision that would generally restrict funding cutoffs to the programs in which discrimination actually occurred and thus would not adversely affect persons who are the beneficiaries of other federally-funded programs of a recipient in which there is no unlawful discrimination. The net effect of a rule of law in accordance with the high Court's North Haven viewpoint would be to restrict private rights of actions and suits brought by the United States to enjoin unlawful discrimination to the confines of the "pinpointing" language. I do not believe such a rule can be justified as carrying out congressional intent.

Regardless of the obvious shortcomings of the Court in the North Haven case gratuitously offering its view that the degree of program specificity in section 902 limits section 901 as well, the fact remains that the Court did state that view very emphatically. Accordingly, it can be expected that the lower courts will give this view decisive weight—not just with respect to title IX, but with respect to the similar wording used for title VI, section 504, and the Age Discrimination Act.

Thus, restoration of the vitality of these four civil rights laws is being accomplished against the backdrop of the Grove City, Conrail, and North Haven opinions—more specifically, the narrow view expressed by the Court in Grove City and North Haven of the term "program or activity," which is used in the provisions of all four laws prohibiting discrimination—and in view of the potential for overly narrow interpretations of the anti-discrimination bans in wide ranges of fact situations either by the Court or by an administration with interests inimical to the vigorous enforcement of the rights of women, minorities, disabled individuals, and older persons, as well as the possibility that the words "program" and "activity" as they are used in other parts of the laws involved may likewise be overly narrowly construed. Accordingly, the principal focus of the legislation is upon eliminating the pertinent references to "program" and "activity."

DESCRIPTION OF THE BILL

Basically, the bill makes three changes in each of the four statutes. These changes are designed to clarify the force and coverage of each statute. The changes in all four laws are consistent in order to preserve the existing parallels between them.

First, the general prohibition language in each statute is modified to delete "program or activity" and generally to substitute the term "recipient." Thus, each of the four laws would prohibit discrimination "by a recipient of"—rather than "under a program or activity receiving"—"Federal financial assistance." In title IX, the limitation to education is retained; that is, the prohibition would run against an "education recipient" in place of an "education program or activity."

I would also note that the manner in which the proposed title IX education limitation would apply to education provided outside of traditional education context is no different from the manner in which that limitation in current law applies to such education. Thus, with respect to the educational services and related benefits offered by a non-educational institution receiving any Federal assistance, such as a community health center or a prison, title IX would continue to cover only those services and benefits, not the entire institution.

Second, a definition of the term "recipient" is added to the four statutes.

This definition is drawn from the definitions currently contained in the regulations issued under these laws, with certain additional specificity provided—in order to embody what we understand to have been the scope of the law and administrative practice prior to North Haven and Grove City—as to the circumstances under which the term means an entire agency, institution, or other entity, or only one or more subunits thereof. Where the Federal financial assistance is provided to an entity itself, either directly from a Federal agency or through a third party, the whole entity and all of its component parts would be covered by the anti-discrimination ban and suit could be brought against the entity to enjoin discrimination in any of its components and to recover damages for injuries suffered by reason of discrimination in any component. Where Federal financial assistance is extended to a subunit of an entity, the question whether the entity itself and all of the other subunits of the entity would be covered would turn on the question of whether the entity "receives support" from the provision of the assistance to the subunit—for example, by receiving a portion of the assistance to help defray overhead costs. If the entity receives such support, it and all of its subunits are subject to the anti-discrimination ban, just as they would be if the entity itself received assistance directly from a Federal agency or through a third party.

This approach comports with the view that there should be broad prohibitions against invidious discrimination on the part of organizations, institutions, agencies, and entities that receive Federal funding directly or indirectly, and would settle the matter of the general scope of coverage of these laws now so beclouded by the Grove City and North Haven cases.

It should be noted that neither the incorporation of a definition of "recipient" in the four laws nor any of the wording changes made in the regulatory definitions of that term in arriving at a uniform statutory definition is intended to change the consistent interpretation of these laws as excluding from coverage as "recipients" individuals and businesses which may ultimately receive federally provided dollars—such as a clothing store from whom a retiree purchases a suit with a social security check or a landlord whose tenant pays the rent with funds from supplemental security income payments, and others similarly situated—as well as the individual beneficiaries—the social security and SSI recipients themselves—of such programs.

Third, the enforcement section of each of the laws would be modified to delete the terms "program or activity" or the word "program". In the provisions giving Federal departments and agencies authorities to prescribe regulations to carry out the antidiscrimination objectives of the law, the term "program or activity" is deleted. In the fund-termination provisions, the references to a "particular program, or part thereof"—which in the Age Discrimination Act alone includes a reference also to "activity"—are deleted and, in their stead, language would be inserted to limit fund terminations to the Federal financial assistance that is determined to "support" the discrimination that is found to be occurring.

This modification of the so-called "pinpointing" language serves two important purposes. First, it is designed both to insure that the threat of fund termination remains a credible administrative tool and is not susceptible to so narrow an interpretation as to lose its force; and, second, it remains faithful to the original purposes of "pinpointing", as I understand them; namely, to prevent Federal funds from being used to support unlawful discrimination without causing harm to the individuals who are benefiting from assistance that is not being used to support any acts of discrimination.

Under these new provisions, the definition of "recipient" is intended to insure broad and comprehensive coverage under each of the statutes. Thus, when an entity receives Federal aid for itself or one of its parts or subdivisions, the entity itself—and not just the specific part of the entity directly assisted—would be a recipient. Thus, in place of the "program-specific" coverage improperly imposed by the Supreme Court, coverage of all components of the recipient would be restored.

This broad construction of the entity covered by the nondiscrimination laws would apply to such areas as executing assurances of compliance, investigation of charges, and private rights of action and judicial actions by the United States to obtain injunctive or declaratory relief to bring about compliance.

With respect to the power to terminate funds or refuse to grant funds, the statutory scheme would be different. It would retain the basic concept of "pinpointing"; that is, limiting the termination of funds to those funds which have a specific nexus to the discrimination that is found.

I would note that, in our proposal, both the definition of recipient and the pinpointing provision use similar terms with respect to receiving "support" and assistance which "supports". In the former case, an entire organization, institution, or other entity meets the definition of "recipient" if Federal assistance directly to a subunit results in the parent entity also receiving some appreciable "support." In the case of pinpointing, only assistance that "supports" noncompliance may be cutoff. In both situations, the concept of "support" is intended to refer to a not immaterial support having monetary value which could include, for example, services.

Mr. President, I want to emphasize that, in the case of each of the three categories of changes that our bill would make in the four laws, our intention has been to restore the law to the general shape it was originally intended to have and until recently did have under administrative practice supported by judicial interpretation. I would also note that all of the existing procedural safeguards that the four laws provide for before Federal funds may be terminated are retained without change—the government's initial duty to attempt resolution of the violation through conciliation, notice to the recipient of any adverse finding, opportunity for hearing, 30 days' advance notice to the congressional committees with responsibility for the laws under which the funds were provided, and the right to judicial review of any decision to terminate funding.

Mr. President, let me reiterate that it is our intent, in introducing this legislation, to seek to reverse by congressional action those aspects of the recent decisions of the Supreme Court in the Grove City and Conrail cases, as well as to some extent the opinion of the Court in the North Haven case, that too narrowly construed the scope of title IX and section 504 and clearly forecast a similar narrow scope in construing the other two civil rights statutes.

CONCLUSION

Mr. President, it is urgent that Congress act swiftly to reaffirm longstanding policy that recipients of Federal funding refrain from engaging in invidious and unjust discrimination. We have come too far along the long, arduous path toward a fair and just society to allow progress in the area of civil rights to be undermined. I urge all of my colleagues to give this bill their careful consideration and, ultimately, their support.

● Mr. DURENBERGER. Mr. President, I am pleased to cosponsor the legislation which Senator PACKWOOD is introducing today. This legislation will clarify the importance of civil rights in America and signal our intent to fully enforce our civil rights laws.

The American dream is a promise of opportunity. In fact, the principle of equality of opportunity constitutes a major cornerstone of American democracy. It is a promise that each of us, limited only by our own abilities can strive to achieve any goal we seek. It is the possibility of achieving any goal we seek. It is the possibility of achieving heights, once thought unobtainable, that sets our country apart from almost all other nations. Although we are still striving to achieve equality of opportunity, today any individual in our society, regardless of race, sex, national origin, age or physical limitation, can believe in the likelihood of fulfilling his or her own dreams.

Historically, however, the principle of equal opportunity has not always translated into reality. Prior to the 19th century, equality of opportunity did not exist for many Americans—women, racial minorities, the handicapped, and the elderly were consistently denied opportunities to fully participate in American society. Following the Civil War there was a flurry of activity designed to afford constitutional protection to minority citizens. Although this reconstruction activity increased the possibility of equality for all Americans, little additional progress was achieved until passage of the 19th amendment, affording women the right to vote.

Despite these constitutional accomplishments, many Americans remained unable to secure equal opportunity as a result of discriminatory practices, inadequate education and training, or physical limitations. These prohibitions persisted for many years until the Supreme Court issued its now famous ruling in *Brown* v. *Board of Education*, 347 U.S. 483, (1954). That case not only overturned the practice of segregated education, but clearly articulated the preeminence of education in securing equal opportunity.

The impact of Brown was extraordinary and the decade which followed produced passage of monumental civil rights legislation. Creation of the Civil Rights Commission, passage of the Civil Rights Act of 1964, the Voting Rights Act of 1965, and the Fair Housing Act all opened the gateway of opportunity to America's minority citizens.

THE CIVIL RIGHTS ACT OF 1964

Undoubtedly the most monumental piece of civil rights legislation ever enacted was the Civil Rights Act of 1964. This comprehensive legislation was the product of years of struggle, by millions of Americans, to achieve equality. As Hubert Humphrey so eloquently stated in a speech to the NAACP in 1966:

> We marched (and I underscored the word "we") and fought to end the lynching. We marched and fought against separate and unequal education, and segregated lunch counters and for a seat in the front of the bus rather than the back of the bus. There have been defeats. But, my fellow Americans, there have been many more victories.

Title VI of the Civil Rights Act of 1964 established fundamental civil rights protection by prohibiting race and national origin discrimination in any program or activity receiving Federal financial assistance. This title was enacted to ensure that the Federal Government would in no way provide financial assistance for any type of discrimination on the basis of race or national origin. As a result of broad interpretation of this law, the civil rights of Americans of all racial and ethnic backgrounds have been protected. This, in turn, has translated into greater equality of opportunity for these individuals.

As public awareness of the need for equality of opportunity increased, attention turned to the economic inequities which faced American women, the handicapped and the elderly. Critical legislation was enacted during the 1970's which was designed to promote equality for each of these segments of the American population—title IX of the education amendments of 1972, prohibiting discrimination on the basis of sex; section 504 of the 1973 Rehabilitation Act, prohibiting discrimination on the basis of disability; and the Age Discrimination Act of 1975, prohibiting discrimination on the basis of age.

TITLE IX

The importance of education in promoting equality cannot be understated and was appropriately articulated by President Eisenhower during his tenure as President of Columbia University:

> By promoting literacy and understanding, our schools have made it impossible for a specially privileged leisure class to prey on those who work. By opening the sciences and professions to all our people, our colleges and universities have destroyed the curse of inherited caste and made our society the most fluid yet attained by man.

During the 1970's equality of education in American schools became a major concern as women began to seek economic equity and recognition as productive members of America's work force. It became clear that the great disparity in men and women's earning capacity and the existence of sex bias in education was preventing girls and women from achieving equal opportunity in our society. This need was accentuated by the growing number of female headed households and women living in poverty.

Congress responded to this situation by enacting legislation, title IX of the education amendments of 1972, which was designed to combat these inequities. Title IX prohibited sex discrimination in schools receiving Federal financial assistance and was modeled after title VI of the Civil Rights Act of 1964. It reads as follows:

> No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance.

The regulations implementing title IX required nearly 3 years for extensive comment and directed equal opportunity for men and women in the following areas: athletics; admissions; access to, treatment in curricular and extracurricular programs and activities sponsored by education agencies and institutions; treatment for student benefits, services, and conduct; and access to employment and benefit of employment.

Title IX does not require educational institutions to provide any particular programs, facilities, or services, but simply requires nondiscriminatory treatment for men and women.

The history of title IX is generally a telling success story:

> A recent letter from the Women in Sports Foundation stated that: "Title IX legislation has been the single most important factor in providing opportunities for girls and women in athletics."
>
> A 1981 National Advisory Council on Women's Educational Programs study revealed that the share of all professional degrees had quadrupled since 1972; women earned half of all master's degrees awarded in 1980; and in almost one-third of all doctoral degrees.
>
> The same study indicated that the enrollment of women in vocational courses had doubled.

Like title VI, during its first 9 years, title IX has been broadly interpreted to insure that the Federal Government did not provide financial support for the practice of sex discrimination in educational institutions. This broad interpretation has largely been responsible for the successful accomplishments of title IX.

SECTION 504

At about the same time Congress articulated its policy against discrimination on the basis of sex, it similarly recognized the need to promote equality of opportunity for America's 35 million handicapped citizens. These citizens represented tremendous resources and talent which had not been allowed to develop because of their physical limitations. In fact, they were frequently isolated from full participation in our society—

> How many millions of talents today lie unused or woefully underused, because: There was no money. There was no encouragement. There was no hope, back at the crossroads of life.—Hubert Humphrey, May 17, 1966.

Awareness of the need to provide equality of opportunity for these Americans prompted enactment of the Rehabilitation Act of 1973. Section 504 of that act, modeled after title VI and title IX, states:

> No otherwise qualified handicapped individual in the United States * * * shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subject to, discrimination under any program or activity receiving Federal financial assistance or under any program or activity conducted by any executive agency or by the United States Postal Service.

Section 504 has been instrumental in opening the doors of opportunity to handicapped individuals in program accessibility; preschool, elementary, secondary, and adult education; health, welfare, and employment.

Like titles VI and IX, section 504 has been broadly construed to insure that the previously untapped resources of America's handicapped citizens would be allowed to flourish.

AGE DISCRIMINATION ACT OF 1975

Finally, another segment of the American population, brimming with promise, that was being denied an equal chance to fully participate in our society was our elderly population. This discrimination was recognized as early as 1955 by President Eisenhower:

> Many workers in this country are denied rewarding employment because they happen to be over 45 years of age. This arbitrary bar . . . causes a waste of valuable skills and talents and must be eliminated.

Heightened awareness of the abilities of our senior citizens began to grow during the 1960's and 1970's, in part because of the changing demographics of our society. America's senior citizens began living longer and frequently were desirous of remaining in the work force for a longer period of time. These older Americans offered a wealth of experience and skills that were sorely needed in the workplace. Although not every senior wanted to work in his or her later years, nor was necessarily qualified, Congress acknowledged the fact that age alone should not be a limiting factor in access to the workplace.

The Age Discrimination Act of 1975 prohibits discrimination based upon age in any program or activity which received Federal financial assistance. In accordance with the established policies of titles VI and IX and section 504, this legislation has also been broadly interpreted to insure that age discrimination will not occur in federally funded programs, activities, or institutions.

The net effect of each of these legislative initiatives has been to widen the horizon of hope for all Americans—stringent enforcement of these laws has enriched the lives of millions of members of our society and offered hope to millions more.

Despite the success these programs have attained, the road to full equality is not complete—economic inequity continues to persist. As a result, rigorous enforcement and application of these laws remains a necessity.

For that reason, I was extremely disappointed by the administration's recent abandonment of the precedent of stringent enforcement and broad interpretation of title IX. Its move to limit application of title IX to specific educational programs receiving Federal funds, rather than entire institutions, defies the clearly established intent of Congress and seriously impedes effective enforcement of the law. The administration, in a series of decisions culminated by Grove City College against Bell, eroded a longstanding policy of vigorous enforcement.

In Grove City College against Bell, the Department of Education dropped its defense of the Department's authority to enforce title IX through the receipt of guaranteed student loans. In effect, the administration altered its position to adopt the argument that title IX is limited in scope to specific programs receiving Federal funding.

The Supreme Court, after hearing the Grove City arguments—absent the Department of Education's support for broad enforcement authority—ruled that the prohibition against discrimination was limited only to individual activities or programs. As a result, an educational institution may be free to discriminate on the basis of sex in any program that does not receive direct Federal funding.

Clearly, if we are to protect the gains we have made toward eradicating discrimination, Congress interpretation of not only title IX, but also title VI, section 504, and the Age Discrimination Act of 1975—which all utilize language similar or identical to title IX. Indeed, the Justice Department Office of Civil Rights has already indicated its intent to restrict interpretation of title VI, section 504, and the Age Discrimination Act. This cannot be permitted to occur.

The legislative and regulatory histories of these statutes clearly reveal congressional intent that entire institutions, as well as specific programs and activities, should be encompassed by these laws. A practical application of the laws can also only lead to that conclusion. For example, it is ludicrous to presume that an institution that receives Federal funding solely for its physics department would simply have to make those facilities accessible to the handicapped—while leaving the remainder of the institution inaccessible. We must clarify the purpose of each of these laws to guarantee meaningful enforcement.

The legislation which Senator PACKWOOD is introducing today, and I am pleased to cosponsor, would remedy the Grove City situation and insure that efforts to further erode enforcement of these laws are not successful. This bill would delete the reference to program or activity and substitute the term recipient. The effect of this change is that an entire institution or entity would be prohibited from discriminating when any of its parts receive Federal funds. The legislation would also define recipient in a fashion that is consistent with the definition currently in place in the regulations under these laws.

Enactment of this legislation will secure President Kennedy's vision of title VI:

> Simple justice requires that public funds, to which all taxpayers contribute, not be spent in any fashion which encourages, entrenches, subsidizes or results in racial discrimination.

Mr. President, we have made massive gains in securing equal opportunity for all, but we have a long way to go. A recent Minnesota study indicated that Minnesota women who have attended graduate school earn, on the average, less than male high school dropouts. Women with college degrees earn less than men with an eighth grade education. This state of affairs can only change by promoting economic and educational equity for women.

This situation is not unique to women—minority, handicapped, and elderly citizens also continue to confront economic and educational inequities. Our civil rights laws can help to remove these barriers.

Title VI, title IX, section 504, and the Age Discrimination Act, all have been designed to promote equality of opportunity for every American. Passage of the legislation which is being introduced today will signify a reaffirmation of our belief that each American should be afforded an opportunity to realize the American dream.

Mr. President, I ask unanimous consent that the text of an editorial which recently appeared in the Minneapolis Star and Tribune dealing with title IX and the text of a New York Times editorial, "Closing the Bias Gap," be included in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

RESTORING THE FORCE OF TITLE IX

In the case of Grove City College v. Bell, the U.S. Supreme Court was asked to answer a single question: Must a school comply with a federal law against sex discriminaton if the only federal funds it receives are tuition loans made directly to students? Last month, the high court said yes. But then it went on to reduce drastically the strength of the law. Congress should respond by passing legislation to restore the laws' force.

Title IX of the Education Amendments of 1972 prohibits schools that receive federal financial assistance from discriminating against women and girls. In 1976, Grove City College, a small private school in Pennsylvania, refused to promise that it would comply. The college refused not because it wanted to discriminate, but because it believed the government had no right to require such a pledge. Grove City receives no direct federal funds, but receives indirect help in the form of federal tuition loans to students. Grove City argued it should not have to comply with Title IX.

A unanimous court rejected that argument, correctly ruling that the receipt of even indirect federal aid obligated the college to obey the law. But then the court took on an issue it could have left alone: As the Reagan administration had urged, the court ruled 6-3 that Title IX's antidiscrimination provisions reach no further than the specific program or activity receiving federal aid. Schools that receive only indirect tuition aid, the court said, must refrain from discrimination only in their financial-aid programs. But such schools are now free to discriminate in admissions, course offerings, athletic programs, hiring, housing—any program not receiving direct federal help.

That unduly narrow interpretation of Title IX ignores legislative history and the practical demands of civil-rights enforcement. It could eventually undermine the rights of all victims of discrimination. The point of Title IX is to end sex discrimination in schools. The enforcement tool Congress wrote into the law—the threat of an institution-wide federal fund cutoff—is also a linchpin of laws barring discrimination against racial minorities and disabled persons. If applied to those laws, the court's logic would open the door to widespread discrimination.

Resolution adopted in both the House and Senate last summer urged a broad interpretation of Title IX. Since the high court overlooked that message, Congress has work to do. Legislation sponsored by Minnesota Sen. Dave Durenberger and Rhode Island Rep. Claudine Schneider would restore Title IX's broad scope by prohibiting any school that receives federal aid from discriminating in any of its programs. Their bill should be passed.

Closing the Bias Gap

President Reagan complains that he's "frustrated by the perception that has been created about my supposed lack of interest in the welfare of women." One way to alter that perception and address the "gender gap" would be to lead the current efforts in Congress to close some loopholes in civil rights law left by a recent Supreme Court decision.

The problem arose when the Court accepted the Administration's legal view and ruled that a college may discriminate against women in one department, say athletics, while enjoying Federal subsidies, like scholarship aid, to other departments. Legislators of both parties want to make clear that Congress intended no such narrow reading.

Even the President's appointees to the Civil Rights Commission have asked Congress to act—and to apply the broader doctrine to all civil rights enforcement, not just sex discrimination in higher education. Unless Congress acts, the high court's narrow reading might also be applied to similar laws concerning discrimination against racial minorities, older Americans and the handicapped.

When chided for inviting the narrow construction, Attorney General William French Smith complained last summer that "the Department of Justice cannot argue in favor of an interpretation that we may like as a matter of policy if it is inconsistent with the words and intent of the statute."

Now the court arguments are over and the time for legislative leadership is at hand. Yet the Justice Department seems content to monitor developments. Concerning women's rights, it rests on the laurels of its systematic search through the statute books for laws that discriminate. President Reagan hailed that search again yesterday. But there's no need to look so far. The most obvious invitation to discrimination has now been created at the Administration's behest.●

● **Mr. LEAHY.** Mr. President, the task that brings us here today has brought us together many times before. That task is simple justice.

All of us are among the millions of Americans who were dismayed by the Supreme Court's Grove City College decision last February, which greatly narrowed the prohibition against sex discrimination in education and foreshadowed similar restrictions on longstanding Federal protections against discrimination based on race, age, and handicapped status.

The occasion of our gathering—the need for this corrective legislation—is yet more proof of a fact that I think we all acknowledge in our hearts, that every generation must be the zealous guardian of the gifts of the past. Among the most important of those gifts are the laws that give meaning to our rights and remedies for their violation. These laws have gone very far to enrich the quality of our society, for minorities and for the communities in which they live and work.

No one wants to return to the old days. That is a fact based on simple justice.

Some have looked at the enforcement record in civil rights over the last 3 years, have looked at some recent court cases—such as Grove City College, and have concluded that Americans no longer are as willing to root out discrimination as a generation ago. Any Member of Congress who reads his or her mail knows how untrue that is.

I learned about the Grove City case from the newspapers, and was eager to do something about it. But the real impetus to become actively involved in the process of producing a bill came from home; 15 Vermont State Senators wrote me about their feelings of injustice stemming from the case and asked me to help. They represent the political spectrum, and I was moved by their unanimity. Simple justice is truly everybody's special interest.

Soon after I began to work on this issue it became clear that Americans still support the discrimination laws on the books prior to the Grove City decision, and all of us working on a bill agreed that our goal was to restore the law to its earlier substance.

Prior to the recent decision, it was assumed that Federal financial assistance to an educational institution triggered institution-wide coverage under the Education Amendments of 1972.

It is important to stop and clarify what institution-wide coverage meant. It meant that when a college received Federal financial assistance, it was barred from discriminating in any of its programs or activities, even ones that did not receive any Federal support.

A college that was covered was simply a college that could not discriminate on the basis of sex.

But not every program or activity in a covered college faced the termination of Federal funds under the pre-Grove City law if the college was guilty of sex discrimination. The law was drafted carefully to cut off funds only to those programs or activities that actually discriminated.

The coverage section of the law, therefore, was broader in its scope than the provision of the law dealing with remedies available to the Federal Government where discrimination was found. The broader coverage langauge allowed investigations to begin whenever a college receiving Federal financial assistance was accused of discriminating. The investigators were not required to limit their initial investigation to programs or activities receiving Federal aid. Also, an individual who was victimized by sex discrimination could seek to enjoin a college receiving Federal financial assistance from continuing that discrimination, even though it might be taking place in a program or activity that did not receive Federal money.

In 1972, some Members of Congress felt that the remedies section of the law—the section providing for fund termination—should be as broad as the coverage section.

Others argued that where the Government's clout is involved, the strong threat of fund termination should be limited to programs that discriminate—and should not apply to the entire educational institution.

This was a compromise that most Americans over the years have regarded as fair and effective.

I think that is an important point to mention, because laws that mandate fairness must themselves be fair.

But the Grove City case ended that compromise and thereby injured that sense of fairness. The Supreme Court found that grants of Federal assistance to students were in effect grants to the college. So far, so good. But because the underlying law barred discrimination under any education program or activity, the Court limited the coverage of the law to whichever program or activity it could say received the Federal money. In what I think was a break with both logic and past history, the Court found that Federal aid to the students represented aid only to the college's financial aid program, and not to the college itself.

Recall that we are talking about the basic coverage of title IX, not the section dealing with the more limited Federal remedies. So what the Court was saying in Grove City College is that only those programs within a college that actually receive Federal dollars are barred from sex discrimination, that is, are covered.

This decision deeply affects the architecture of the bill that Congress fashioned in 1972 and significantly diminishes the quality of the protection it offered.

When an educational institution receives money from the taxpayers of the United States, it is very easy to say why it may not discriminate anywhere within its operations: simple justice.

The very same principle applies to racial discrimination under title VI, which stopped Federal subsidies to segregated programs or activities.

The very same principle applies to discrimination against the disabled under section 504, which ended a long era in our history when a person's so-called disabilities were more important than the person's potential.

And the same principle applies to discrimination against older Americans under the Age Discrimination Act of 1975 which announced that Federal dollars will not be used to support health, education, rehabilitation, and other services that judged a person's age and which declared that the only things too old to serve this country are its sterotypes.

There is every good reason to adopt legislation to change the result of the Grove City case, and since the language of title IX is so similar to the language of these three other historic antidiscrimination statutes, it also makes sense to settle the same problem for them at the same time.

The bill we are introducing today will restore all four statutes to their former meaning and impact. And in doing so, we resist the temptation to use a misguided court decision to expand the coverage of the law or the remedies for its violation.

This means that there still will be cases where Federal aid to a State cannot be terminated because none of that aid is funneled into those agencies of the State that happen to discriminate. That may strike some as a cumbersome and difficult principle, subject to tedious proof as to who is doing the discriminating and where Federal dollars are flowing.

But I disagree. Many countries with a pluralistic population suffer from endemic prejudice and discrimination. I know of no country that has made as much progress as we have made in using the law to end that discrimination, and more than that, to redirect the public conscience to ever higher standards of fairness and compassion. Our laws have changed how we behave—they have also changed how we feel about each other.

This progress does not come about in an instant, and there was no one piece of magic legislation that brought about all of the needed change. We have worked to set right the wrongs of the past without creating new wrongs in their places. Often that has meant carefully drafted statutes and painstakingly careful regulations that penalize discrimination but distinguish those who are not guilty of commiting it.

Responding to Grove City was not an easy task for the Congress for the very same reasons. Because the laws were fair when they were first adopted, they were complex. Each of them was interpreted by the courts, and not all court decisions adopted the same view of the law.

It would be easier to agree on language that cured the Grove City problem by saying simply, "Any college that discriminates anywhere loses all Federal money everywhere." We then could apply the same idea to the other titles.

But I am glad that we took the time to discuss the original congressional intent in each of these historic laws, and what subsequent history added to our shared understanding of how these laws should be applied in practice. This task was tedious, but well worth the effort. I think that our bill comes as close as is humanly possible to restoring what was the common understanding of the law prior to Grove City.

I thank my distinguished colleagues, Senators KENNEDY, PACKWOOD, and CRANSTON, for asking me to join in this effort. I came to this body in 1974, when only the age discrimination legislation remained to be adopted. To me as a new Senator, these men were the giants in the fight for simple justice, and I learned much from each of them.

If I have contributed some of the words in this bill that accurately reflect the prior law, it is to repay some small part of the debt I owe to them. I have never seen a project that was more of a shared effort than this one, and without the constant willingness of both Senators and staff to hope for simplicity, but live with complexity, we might not have prevailed.

We now have the job of passing this bill, and I believe once its provisions are explained, it will enjoy very wide support.

The Grove City case deeply disappointed all of us, but to correct its errors can be a time for important recollection and renewed understanding.

By a time for recollection, I mean a time to remember when second-class citizenship because of race, sex, disability, or age outraged too few of us.

By a time for renewed understanding, I mean a time to say to each other that we can have a just society that each generation struggles to confirm, and most importantly, that the success of that struggle is our national destiny.●

● Mr. MOYNIHAN. Mr. President, I rise today to join my colleagues in introducing the Omnibus Civil Rights Act of 1984.

Twenty years ago, President Johnson signed the Civil Rights Act of 1964, protecting the basic rights of minorities in America. Now, two decades later, we find we must clarify once again the enforcement requirements of the 1964 statute, as well as for statutes growing from it to protect women, the disabled, and the elderly from discrimination. In the process, we will reaffirm our commitment to break down further pernicious discrimination in our society, to renew our commitment to the ideals of the Civil Rights Act of 1964. This is legislation with the same purposes President Johnson spoke of 20 years ago, when signing the Civil Rights Act of 1964:

> Its purpose is not to punish. Its purpose is not to divide, but to end division—divisions which have all lasted too long. Its purpose is national, not regional.
>
> Its purpose is to promote a more abiding commitment to freedom, a more constant pursuit of justice, and a deeper respect for human dignity.

A year earlier, at the commencement address at Howard University, President Johnson described the alliance which helped produce the 1964 legislation:

> * * * it is a tribute to America that, once aroused, the courts and the Congress, the President and most of the people, have been the allies of progress.

Mr. President, it is with much regret that I note today that our allies have diminished in number, or at least agreement on the meaning of equal protection has disappeared.

The Supreme Court's recent interpretation of title IX of the Education Amendments of 1972, in the case of Grove City College against Bell, is the case in point. The Court adopted the position of the President and his Attorney General, that prohibitions against discrimination under title IX extend only to a specific program discriminating on the basis of sex, and not to the entire educational institution. Does this not demonstrate how truly fragile our legal responses to social ills, though crafted with the best of intentions, can be? The Court's ruling has immediate implications for women throughout our educational institutions—those in athletic programs, those striving for tenure, those seeking protection from sexual harrassment.

The Court's ruling has more subtle, but no less important, implications for minority Americans protected by title VI of the Civil Rights Act of 1964, for disabled Americans protected by section 504 of the Rehabilitation Act of 1973, and for senior citizens protected by the Age Discrimination Act of 1975. The provisions of title IX were modeled after title VI of the Civil Rights Act, and form the basis for the similar protections of section 504 of the Rehabilitation Act and the Age Discrimination Act. Under these statutes, the Federal Government, may cut Federal funds, or apply injunctive relief, when any institution or recipient discriminates on the basis of race, national origin, disability, or age.

The handwriting is on the wall: These statutes, the cornerstones of civil rights protections in this country, are in danger of being weakened in a similar manner as title IX. Under such an interpretation, if one program administered by a grant recipient practiced discrimination, Federal funds for that program alone could be withheld, but not for other programs administered by the recipient. According to the Washington Post of March 1, 1984, the Assistant Attorney General for Civil Rights, William Bradford Reynolds, in response to questions after the Grove City ruling, as much as embraced this interpretation of antidiscriminating statutes protecting minority and handicapped Americans.

Mr. President, I was not a member of the U.S. Senate when the Education Amendments of 1972, the Rehabilitation Amendments of 1973, and the Age Discrimination Act of 1975 were enacted. I was, however, a member of the Cabinet of the President of the United States, and I submit to you that it was the intent of the framers of this legislation to compel the most complete compliance.

I would again direct my colleagues' attention to President Johnson's message to the Howard University class of 1965:

> Freedom is the right to share, share fully and equally in American society, to vote, to hold a job, to enter a public place, to go to school. It is the right to be treated in every part of our national life as a person equal in dignity and promise to others. But freedom is not enough . . . it is not enough just to open the gates of opportunity. All our citizens must have the ability to walk through those gates and this is the next and more profound stage of the battle for civil rights.
>
> We seek not just freedom but opportunity. We seek not just legal equity but human ability. Not just equality as a right and as a theory but equality as a fact and equality as a result.

Was it naive in 1964 to believe we had established equality as a right as well as a theory? We did believe we had committed ourselves to equality as a fact. It is painfully clear, today, some 20 years later, that much more remains to be done.

Congress can set the record straight. The Civil Rights Act of 1984 would reaffirm this Nation's commitment to vigorous protection of the civil rights of American women, minorities, elderly, and disabled citizens. It would make clear, in each statute, that no institution or entity receiving Federal funds may practice discrimination.

Government cannot hope to redefine discrimination out of existence. But neither should the Government's role in combating discrimination be so redefined and diminished. I call upon my colleagues to join once again as allies in progress, and approve the Omnibus Civil Rights Act of 1984. We can restore our Government's commitment, and in this way protect the ideals of the Civil Rights Act of 1964: "This Civil Rights Act is a challenge to all of us to go to work in our communities and our States, in our homes, and in our hearts, to eliminate the last vestiges of injustice in our beloved country." It is not too late in 1984.●

● Mr. BOSCHWITZ. Mr. President, I am very pleased to join my colleagues Senators PACKWOOD and KENNEDY in introducing legislation that will clarify Congress emphatic opposition to discrimination, on the basis of sex, race, age, or handicap. Congress must act as a watchdog to insure that the Federal Government is in no way involved with or funding programs that practice discrimination.

This legislation is being introduced in response to the Supreme Court's recent decision in the Grove City College case. Title IX of the Higher Education Act prohibits any school that receives Federal funding from discriminating on the basis of sex. It also provides that a school can lose its Federal funding if it does discriminate. The Supreme Court decided that if a school receives Federal funds it is prohibited from discriminating on the basis of sex, only in the program that receives Federal funds. Title IX of the Higher Education Act was modeled after title VI of the 1964 Civil Rights Act which prohibits discrimination on the basis of race or national origin in any program or activity receiving Federal financial assistance. Section 504 of the Rehabilitation Act, the Age Discrimination Act, and title IX of the Higher Education Act all contain similar provisions.

If title IX merely prohibits sex discrimination in a specific program that directly receives Federal funds most of the leverage the Federal Government had in prohibiting discrimination is lost. Discrimination is a national problem requiring a national solution, that was recognized by our colleagues who enacted the 1964 Civil Rights Act, and is worthy of our support today. It is the responsibility of those of us who are currently Members of Congress to carry forward the banner that this country is the land of equality. As one of the few Members of Congress who was a refugee to this country, I am proud to say that my family came to this country because it was the land of equality and opportunity for all people regardless of race, religion, or sex. I feel a special obligation to vigilantly guard those values, and I have done so and will continue to do so.

It is imperative that we move quickly on this legislation so as not to leave institutions in a state of uncertainty. We must make clear to these institutions, and to the American public, that discrimination will not be tolerated or endorsed by this Congress or the Federal Government.●

● Mr. CHAFEE. Mr. President, I am pleased to join with Senators PACKWOOD and KENNEDY today in introducing the Civil Rights Act of 1984.

No other endeavor has consumed so much of our Nation's energies during the past 100 years as the drive for civil rights. It is a debate which has accentuated both the strengths and weaknesses of our national character. Each civil rights victory has been hard fought, and the quest for equality has enriched our society. Strenuous efforts must be made to protect the gains which have been made.

This legislation permits Congress to reaffirm the national commitment to promoting equality of opportunity.

Recently, the Supreme Court, in the Grove City College against Bell decision, adopted a narrow interpretation of title IX of the Education Amendments of 1972. The purpose of title IX is to insure that schools and universities receiving Federal assistance provide equal educational opportunities for both men and women. In enacting title IX, Congress clearly intended to guarantee equal access by both sexes to the programs and activities of federally supported institutions.

Title IX has helped to insure that no educational endeavor and no area of professional development in our society is limited on the basis of sex. Although the wording of title IX bars discrimination in any educational "program or activity" receiving Federal financial assistance, Congress has consistently emphasized that the law should be interpreted to bar discrimination throughout an institution which receives any form of Federal support.

In its recent ruling, the Court held that the prohibition against sex discrimination is limited to the specific program or activity receiving Federal aid, and not to the entire institution. This narrow interpretation does not reflect the intention of Congress and compels action to make clear that institution wide coverage by title IX is triggered by the receipt of Federal financial assistance in any form.

This clarification should be made without delay. In the wake of the Grove City decision, the civil rights office of the Department of Education dropped a finding of sex discrimination against the University of Maryland, which had been charged with failing to provide equal treatment for female athletes in scholarships, facilities, and support services. The narrow interpretation of title IX could result in a serious setback for women in a variety of educational pursuits.

The legislation we are introducing today will clarify the broad scope of coverage of title IX by prohibiting sex-based discrimination by any education "recipient" of Federal financial assistance. This makes it clear that institution wide coverage of title IX is triggered by the receipt of Federal assistance in any form, whether through student aid, direct Federal support to the institution, or Federal support for a particular program.

The Grove City decision has raised disturbing questions about the scope of coverage of three other laws intended to prohibit discrimination. Efforts to prevent discrimination based upon race, national origin, disability and age could also be jeopardized by the Court's narrow reading of the title IX statute. It is imperative for Congress to restate its intention to provide institution wide protection against discrimination in these areas.

Title VI of the Civil Rights Act of 1964 prohibits discrimination based upon race, color or national origin "under any program or activity receiving Federal financial assistance." Title VI has been the cornerstone of the Federal Government's commitment to eradicate racial discrimination in our society. There should be no question that an institution receiving Federal aid in any form is prohibited from practicing discrimination. By clarifying title VI to prohibit discrimination by "recipient" of Federal aid, we can reaffirm the goal expressed by President Kennedy when he first urged its enactment—

> Simple Justice requires that public funds, to which all taxpayers of all races contribute, not be spent in any fashion which encourages, entrenches, subsidizes or results in racial discrimination. . . .

Section 504 of the Rehabilitation Act of 1973 holds that handicapped individuals must not, solely by reason of handicap, be subjected to discrimination by institutions receiving Federal financial assistance. Section 504 has helped to assure equal access to jobs and services for handicapped persons and has provided wider opportunities for handicapped individuals throughout our society. Section 504 has helped to eliminate the barriers which once prevented handicapped persons from participating fully in the life of our Nation. We must work to assure that there are no barriers to enforcement of its antidiscrimination provision.

The Age Discrimination Act of 1975 prohibits discrimination by age in the delivery of services by federally supported institutions. This law insures that no person shall, on account of age, be excluded from participation in or denied the services of any institution receiving Federal assistance. Both section 504 and the Age Discrimination Act, like title VI and title IX, prohibit discrimination by "any program or activity" which is federally supported. The legisaltion we are introducing today would substitute the word "recipient" in place of this phrase, thus guaranteeing institution wide coverage.

This legislation also carefully adjusts the enforcement sections of these laws, to insure that Federal aid can be withheld from recipients found to be guilty of practicing discrimination.

An institution which receives even a single dollar of Federal financial assistance should not be permitted to practice any form of discrimination. In order for our Nation to make continued progress in assuring the equal rights for all our citizens, Congress must act promptly to clarify the broad scope of coverage intended for these statutes.

Complete equality of opportunity is not yet a reality for all our citizens. But these four statutes have helped our Nation make significant strides in eliminating discrimination in a variety of important areas. They opened doors to groups in our society whose aspirations and opportunities had previously been limited. Now is not the time to turn back.

I hope my colleagues will join in working for the enactment of this vital legislation.●

Mr. PERCY. Mr. President, I am pleased to join Senator PACKWOOD in introducing legislation to restore four major civil rights statutes—title VI of the Civil Rights Act of 1964, title IX of the Education Amendments of 1972, section 504 of the 1973 Rehabilitation Act as amended in 1978, and the Age Discrimination Act (ADA) of 1975—to the broad scope of coverage that was originally intended by Congress and that has marked their administration prior to the Supreme Court's decision in Grove City College against Bell.

On February 28, the Supreme Court issued a ruling that dramatically narrowed title IX of the 1972 Education Amendment's prohibition against sex discrimination in educational institutes receiving Federal funding. In the Grove City College against Bell decision, the Supreme Court held that title IX does not apply to all programs at an institution receiving Federal funds, but only to that particular program receiving aid. In Grove City's case, the grants to students represented aid to the college's financial aid program, and only that program was subject to title IX regulations. This recent ruling allows many schools throughout the country, whose only form of Federal Government financial assistance is student financial aid, to discriminate in extracurricular activities, courses, and other student programs.

As my colleagues are aware, Congress modeled title IX after title VI of the Civil Rights Act, which prohibits race and national origin discrimination from programs and activities receiving Federal financial assistance. In addition, both the Age Discrimination Act and section 504 of the 1973 Rehabilitation Act, prohibiting discrimination on the basis of disability, contain the same "program or activity" language. Therefore, the Grove City decision, by narrowly defining "program or activity," contains serious implications for not only title IX, but for title VI, the Age Discrimination Act, and section 504 of the Rehabilitation Act, as well.

Mr. President, I believe the legislation we introduce today clarifies the intent of Congress with respect to all four statutes. We need to broaden the scope of protection against discrimination of any kind and to enforce the law in accordance with its original purpose. The legislation seeks to accomplish this by simply deleting reference to "program or activity" and substituting the word "recipient" to mean an entire institution or entity. The language change will insure that when a school discriminates, the Federal Government will have the authority to terminate Federal funds received by the school.

As author of the Women's Equal Education Opportunity Act of 1975, I believe there is a compelling need for a strong Federal policy to insure the momentum begun by title IX continues through the next decade and beyond. With this in mind, I cosponsored Senate Resolution 149 last May, which is designed to keep the title IX regulations of the 1974 Education Amendments in tact. I believe these regulations play a vital role in the education process.

The changes in equal opportunities in education have been positive and widespread. But we still have a long way to go to guarantee advancements and improvements in the years ahead. Title IX, title VI, section 504 of the Rehabilitation Act and the Age Discrimination Act must be broadly interpreted to prohibit discrimination to an institution receiving Federal funds. I urge my colleagues to support this bill to insure our commitment to equal education opportunities for all people.

● Mr. BENTSEN. Mr. President, I am pleased to join my colleagues in the cosponsorship of legislation which proposes to restore antidiscrimination protection for women, minorities, the aged, and the handicap, which was unconscionably narrowed by the U.S. Supreme Court's decision in Grove City College against Bell.

The U.S. Supreme Court held in Grove City College, that title IX of the United States Code, would only apply to the facility receiving Federal funding and not to the entire institution. In this particular case, the Court said that only the financial aid office would be prohibited from discriminating; the result would mean that other departments, like the admissions office, would be free to discriminate. This clearly was not the intent of Congress, and it most certainly does not reflect my history of support for equal access for all Americans, in particular for those groups who have suffered at the hands of discrimination.

This piece of corrective legislation will place back on track statutory protections derailed by the Supreme Court in Grove City College. The intent of this legislation is to reinstate full application of not only title IX, of the 1972 Educational Amendments, but also to simultaneously repair damage to title VI, of the Civil Rights Act, covering race and ethnic origin; section 504 of the Rehabilitation Act of 1973, covering the handicap; and the Age Discrimination Act of 1975.

In my own home State of Texas, the Grove City position of the Reagan administration adopted by the Supreme Court would radically impact and reverse great strides made by Mexican-Americans and blacks. Women, who have advanced dramatically under title IX in achieving equal opportunities in schools and universities across the Nation, would return to a search for progress. And finally, the aged and handicapped, who have emerged as more active members of society through the awareness and the elimination of barriers, both cultural and physical, would face a return to a lifestyle of imposed limitations.

It is critical that any lingering doubt as to the effectiveness of these four civil rights statutes be removed through the passage of this legislation. If it was not clear before, then let us make it perfectly clear now, that it is the intent of Congress to prohibit discrimination throughout every institutional hall, which is either the direct or indirect beneficiary of Federal funds.●

Mr. STEVENS. Mr. President, I am proud to be a cosponsor of the Civil Rights Act of 1984, although I am chagrined that this legislation is actually necessary. But, in the wake of the Supreme Court's decision on the application of title IX at Grove City College, it is clear that a more precise rendering of congressional intent to protect individuals through statutes such as title IX is necessary.

Since the Civil Rights Act of 1984 was developed in response to a case brought by the Government concerning title IX, and as I have a very particular interest in the title IX provisions of the bill, I will dwell for a moment on the significance of title IX, and what I believe was a serious misinterpretation on the part of the Supreme Court.

As we all know, title IX protects women from being denied access to any educational opportunity or related activity on account of sex. Personally, I support a broadening of this protection beyond just educational opportunity, that is, the ERA, but that is an issue we will have to discuss another day. Title IX has been instrumental in the development and promotion of women athletes and women's sports, as it is in school where 99 percent of our athletes are launched. Donna DeVerona, founder of the Women's Sport Foundation, is living testimony to the situation that faced women athletes prior to the enactment of title IX: An Olympic gold medalist two times over, she retired from swimming after the 1964 Olympics, because there were no college athletic scholarships for women. In 1972, colleges and universities spent only 2 percent of their athletic budget on women. Women's sports, and women athletes, did not rank in the world of college athletics and beyond. Similarly, young girls in junior high and high school were, for the most part, relegated to a limited number of sports activities, while money and time was lavished on boys' football, hockey, baseball, basketball, and other competitive and team sports. In 1972, only 7 percent of high school athletes were girls. Not only did the boys have more choice, but the resources expended on their teams, their out-of-town games, and the public attention they attracted, provided a learning and growing experience unavailable to the girls. Today, thanks to the efforts of women athletes like Donna DeVerona and Billy Jean King, statutes like title IX and the Amateur Sports Act have put women's sports, and women athletes, on the map. There are now over 10,000 collegiate athletic scholarships for women. Expenditures on women's sports have increased dramatically, as have the numbers of female high school athletes. A whole new arena of achievement for women in our society is now open, and to turn back the clock—which is what the Grove City College decision does—is an intolerable thought. And if the clock can be turned back under title IX, why not under title VI, or the Rehabilitation Act, or the Age Discrimination Act? That is why we are here today, sponsoring this bill, to insure that the steps we have taken in the last 20 years toward insuring that the constitutional principle of "equality under the law" is upheld in every instance, and for every individual or group of individuals in our Nation. By diluting the breadth of title IX's application in an educational institution receiving Federal funds, the Grove City College decision has set a dangerous precedent; one that could be expanded to encompass the relation of Federal funds and the protection of the rights of other identifiable groups of individuals, such as the handicapped, the aged, or those of a color different than the white majority. If we are committed to equality, and to providing equal opportunity, and if we enact laws to codify these principles, we must stand by our purpose in making these laws. Today, with the Civil Rights Act of 1984, we have the opportunity to reaffirm our commitment to fairness, and I urge all of my colleagues to take advantage of this moment.

● Mr. MITCHELL. Mr. President, the Omnibus Civil Rights Act of 1984 would broaden the Supreme Court's limited reading of civil rights language in the recent Grove City College case. I strongly support this legislation.

In general, I do not think we should rush to change every ruling of the Supreme Court with which we do not fully agree. As a former Federal judge, I am sensitive to the special obligation of our Nation's leaders to defer to the Supreme Court as the ultimate arbiter of law. I have not often sought to overturn Supreme Court rulings until a practical outcome demonstrates a need to do so.

But in this instance, the potential mischief that a broad application of the Grove City ruling could cause is so damaging that I believe a change in law is warranted.

The Court made two findings in this case. First, it unanimously agreed that receipt of indirect Federal aid—in the form of assistance to students—does constitute Federal aid to an institution, in this case, Grove City College, where 160 students receive Federal grants to pay their tuition fees.

The second part of the judgment went beyond that finding, to a question not directly raised. By a 6–2 majority, the Court ruled that only those programs or activities of the college directly benefiting from Federal aid need comply with nondiscrimination laws, meaning, in this instance, the college financial aid office.

The Court's review of Congress' intent did not produce sufficient evidence to persuade the majority that the nondiscrimination law was meant to reach beyond the specific words "programs or activities" in the statute. That interpretation of congressional intent is disputed in Justice Brennan's eloquent dissent and by others, but it serves no purpose now to argue the law with the Supreme Court.

Since the Court has found that the statutory language narrowly limits the reach of nondiscrimination requirements, the remedy is to broaden the statute.

We must do so, not only to restore the effectiveness of title IX of the Education Act Amendments as a bar to sex discrimination, but also to protect the reach of other civil rights laws.

The title IX language of the education law precisely echoes the language in title VI of the Civil Rights Act of 1964, which prohibits discrimination in any "program or activity" financed with Federal funds. If a narrow reading of title IX is mandated by this wording, then a similarly restricted reading of the Civil Rights Act itself might be sustained.

Identical language in the Age Discrimination Act and section 504 of the Rehabilitation Act, which prohibits discrimination on the basis of handicapping conditions, places both these laws under a similar cloud.

Our Constitution guarantees every American certain inalienable rights. The civil rights laws give individuals the mechanism to enforce those rights. No law is self-enforcing, and civil rights laws are no exception. If they are not enforced, they are meaningless.

That understanding has guided virtually every administration and congressional majority for the last 20 years. Republican and Democratic Presidents alike have enforced the laws banning discrimination by race, religion, ethnic background, and sex. Until recently, Federal leadership in enforcing civil rights was well on the way to becoming a bipartisan political tradition. But the durability of that tradition is today in doubt.

This administration's civil rights record has been amply documented by those who have been in the forefront of this struggle for decades.

It is a record of nonenforcement of the civil rights of the institutionalized; a record of clearing election procedures which are later invalidated by the courts; a record of opposing voluntary school desegregation plans and approving plans whose outcome maintains segregation; a record of standing as often with the defenders of the status quo as with the challengers.

The administration's effort to politicize and thereby undermine the Civil Rights Commission last year was only the most recent example of the approach which has permeated civil rights enforcement in all areas under the leadership of this President.

The President has often indignantly asserted that he is free of personal bigotry. But the President misses the point. Nobody is accusing him of personal bigotry. His personal preferences are not a matter of public concern. But his policies and the enforcement of the laws are a matter of legitimate public concern. And his administration has displayed a cavalier disregard for civil rights issues which has substantiated the deep mistrust many Americans have come to feel about his concern for equal justice.

The President seems to believe that a disavowal of personal racism should restore that trust. But when his personal disclaimers are discredited, not only in policy decisions, but in the words of his closest advisers, public skepticism is reinforced, not allayed.

On Tuesday morning, the Washington Post quoted a White House aide as saying, "To show blacks that they should support us is too big a fight, and we aren't going to win it, so why bother?" That is not racism. But it indicates a dismal return to the crassest kind of political calculations.

The President's long-time, high-ranking political adviser, Lynn Nofziger, was reported to say, "Like it or not, when you have a heavy black movement in this country, you're going to have an effect and reaction on whites in the South and ethnics in the North." Mr. Nofziger believes that reaction will benefit the President election efforts. That is not racism. But it confirms the impression.

If the President wants to regain the trust of Americans on this score, he must do more than amiably explain that he is not personally a bigot. As the elected leader of this Nation, his responsibility goes beyond the minimal duty to enforce the laws. He is also responsible for establishing in his administration the character of public discourse that properly and accurately reflects the views of the Nation's elected leader.

The impression this administration too often creates, instead, reflects a cast of mind that has been thoroughly repudiated by the great majority of Americans. And that does damage to our national community well beyond the scope of a failure to argue a particular case or the narrow application of a specific law.

The 30-year-old American experience of enunciating, enforcing, and preserving the civil rights of every citizen is unique. The rights guaranteed by our Constitution have not been allowed to become meaningless in the face of social indifference or resistance.

For two decades, the Congress has actively and continuously sought to write laws which give strength to constitutional guarantees. Until this administration, our National Government recognized that if constitutional rights are to be preserved, then it is up to the National Government to set the example by vigorous enforcement of those laws.

In the 1950's and 1960's, the civil rights struggle engaged the emotions and support of the great majority of Americans because we were no longer satisfied with the status quo.

In addition to material comfort, we demanded the moral comfort of knowing that our Nation's practices lived up to our Nation's ideals. And we enacted, after much bitterness and violence, the Civil Rights Act and the Voting Rights Act, landmark laws which enforce the American ideal.

The effort to give life to the great ideals of our Constitution has always been a struggle against entrenched habit, accepted convention, and comfortably established inequities. In any century, those most satisfied with the status quo are those best served by the status quo.

Those most comfortable today like to portray existing conditions as time-honored traditions, inextricably woven into the very fabric of our society.

A century ago, President Lincoln was rejecting a tradition when he said that no nation can endure half slave and half free. Today's struggle is against the tradition that all are equal but some are more equal than others.

When we acted to provide equal access to opportunities for learning and work to the disabled, we rejected the traditon that those with physical or mental impairments must be content with a lesser share of life. We have tried to provide them an avenue to participate in the mainstream of society.

When we saw our burgeoning older population, we rejected the tradition that says age disqualifies people from remaining in the mainstream.

And as we adjust to the changing demands placed on women, we must recognize that the mainstream itself may need to be modified to accommodate all our citizens.

The practical application of remedies to achieve civil rights goals is never easy. It is not simple to choose between conflicting claims for equity. It is not easy to distinguish between temporary and permanent change in our society, and between what changes demand temporary or permanent adjustments. Sometimes entrenched habit and convenience make us question whether a change in law is required. Sometimes we are tempted to ignore the fact that our society is not static, but changing.

Those hesitations and pauses by our society in moving toward the fulfillment of its ideals are not a mark of cynicism; nor are they, as this administration apparently believes, a sign that Americans have had enough civil rights. There is a world of difference between the process of finding our way to goals and abandoning those goals.

There are many areas where reasonable people can and do honestly disagree over the practical outcome of reconciling ideals of equity with the limitations of human nature.

But I do not believe any serious question remains as to whether we want our daughters to have the same educational opportunities as our sons, or whether we want to return to a doctrine of "separate but equal," or whether we want to limit anyone's participation in the political, economic, and social life of our Nation.

In the course of the past three decades, the majority of Americans concluded that a society in which equality of rights is reserved to white Americans or male Americans or physically capable Americans or young Americans is not the American ideal. We have turned our backs on that kind of society, because we know that justice must take precedence over comfort.

The majority of Americans today recognize that we cannot wait passively for a just society to evolve over time. We recognize that to achieve justice, we must pursue justice. We have taken the harder road, and accepted the challenge of creating, to the best of our human capacity, a society whose members will be truly equal before the law.

It is to reemphasize this American tradition for an administration which has ignored it that I join in cosponsoring the Omnibus Civil Rights Act of 1984.●

● Mr. LAUTENBERG. Mr. President, in Grove City College against Bell, the Supreme Court ruled in late February that title IX of the Education Act of 1972, which bans sex discrimination in our Nation's educational institutions, should be interpreted narrowly to cover only those specific programs within a college or university which receive Federal aid. Before this disturbing ruling was made, the executive branch and the lower courts had consistently applied title IX requirements to all programs within institutions which received Federal aid—not just to federally assisted programs within each school or college.

I am concerned that the Supreme Court's ruling will significantly erode the fight to end sex discrimination in educational institutions. I also fear that this narrow interpretation of the law might be applied to title VI of the Civil Rights Act, and other Federal laws which employ similar language barring discrimination in federally funded programs. Because of this concern I am pleased to cosponsor the Omnibus Civil Rights Act of 1984, which will clarify the original intent of the Congress in passing these antidiscrimination statutes.

Mr. President, the Omnibus Civil Rights Act of 1984, will sharpen the language in several civil rights programs which are similar to title IX: Title VI of the Civil Rights Act, which prohibits discrimination based on race or national origin; section 504 of the 1973 Rehabilitation Act, which prohibits discrimination on the basis of disability; and the Age Discrimination Act of 1975. Under this proposed legislation, discrimination on the basis of sex, race, national origin, disability or age, would be prohibited in entire institutions when any of its programs, departments, or activities receive Federal funds.

As a society, we must employ the strongest tools possible to enforce our Nation's civil rights laws. The Omnibus Civil Rights Act will allow the Federal Government to effectively combat discrimination on the basis of sex, race, national origin, disability or age in federally aided programs.●

● Mr. RIEGLE. Mr. President, today marks an important date in the enforcement of this Nation's civil rights laws. It marks the introduction of a major piece of legislation in both Houses of Congress to reaffirm Congress intent to prohibit discrimination on the basis of race, sex, handicap, or age in institutions that receive Federal financial assistance. I enthusiastically support and cosponsor this legislation offered by Senators KENNEDY and PACKWOOD. A large number of my colleagues join me in cosponsoring this measure, which is of the utmost importance. I hope that both bodies of Congress will act quickly to insure that this legislation becomes law during the 98th Congress.

While I enthusiastically support these efforts, I regret that Congress must pass these antidiscrimination protections that many of us believed already existed. Today's legislation is necessary in light of the recent Supreme Court decision in Grove City College against Bell. That decision narrowed the application of the antisex discrimination provisions of title IX of the Education Amendments of 1972 to the specific program or activity receiving Federal assistance. Since in many cases the only Federal assistance that schools receive is through the student financial aid program, the antisex discrimination provisions now apply only to that financial aid program. As a result of the decision, therefore, a school is free to discriminate in academic courses, extracurricular activities, and other programs provided that no discrimination occurs in the financial aid program. These discriminatory practices are exactly the ones that Congress sought to prevent with the enactment of the amendments to title IX.

The Grove City decision may encourage other forms of discrimination. In reaching its conclusion in Grove City, the Supreme Court interpreted certain "program or activity" language contained in title IX. This same language appears in title VI of the 1964 Civil Rights Act, section 504 of the 1973 Rehabilitation Act, and the Age Discrimination Act of 1975. These laws prohibit discrimination on the basis of race, handicap, and age, respectively, in institutions receiving Federal funds. The congressional intent and national policy to prohibit race, handicap, and age discrimination throughout institutions receiving Federal financial assistance thus appear to have vanished with the Grove City decision. Indeed, William Bradford Reynolds, Chief of the Justice Department's Civil Rights Division, has stated that the Justice Department applies the Grove City interpretation to other civil rights laws.

Clearly, this serious erosion of civil rights protections must be reversed. The legislation I am cosponsoring today will do just that. It essentially substitutes the term "recipient" for the "program or activity" language that currently appears in these laws. The new language will guarantee that the various antidiscrimination provisions will apply throughout the institutions, and not just to the specific program that receives Federal financial assistance. That was the intent of Congress when those various laws were enacted, and this legislation reaffirms that intent.

The Grove City decision came at the urging and with the blessing of the Reagan administration. It represents only one of the many assaults on the civil rights of our citizens perpetrated by this administration. This year marks the 20th anniversary of the historic Civil Rights Act. Let us also mark 1984 as the year that we in Congress send a message to the Reagan administration that this unfair assault on civil rights must cease. Today's legislation is an appropriate message.

Speedy enactment of this legislation is essential. The Grove City decision will affect the many discrimination cases pending today in our courts. Moreover, it will cause and has caused confusion and damage to our Federal antidiscrimination enforcement scheme. This legislation simply reaffirms the national policy to prohibit discrimination on the basis of race, sex, handicap, or age. Today's legislation will insure that we do not retreat from our commitment to guarantee equal opportunity for all of our citizens. Consequently, I strongly urge my colleagues to support this measure.●

● Mr. BINGAMAN. Mr. President, I am happy to join over half the Members of the Senate as a cosponsor of the Civil Rights Act of 1984. The bipartisan coalition initiated by Senators PACKWOOD and KENNEDY demonstrates Congress continuing commitment that where there is Federal assistance to schools, hospitals, State and local governments, or other federally assisted entities that discrimination based on sex, race, handicap, or age will not be tolerated.

After the Supreme Court's recent decision in Grove City against Bell, the strength and effectiveness of major civil rights statutes was called into serious question. The Supreme Court ruled that title IX of the Education Amendments of 1972, which prohibits discrimination base on sex, applies only to the particular program or activity receiving Federal financial assistance, not to the institution as a whole. The implications of this ruling are far reaching because of similar language against abridgment of civil rights found in the Age Discrimination Act, title VI of the 1964 Civil Rights Act, and section 504 of the 1973 Rehabilitation Act. We in the Senate have no choice but to set the record straight that the intent of Congress has and will continue to be that the broadest interpretation be given to statutory construction of our Federal civil rights laws.

The evolution of civil rights law in the United States has been a slow and arduous process and we have by no means reached a point where we can be complacent. The Grove City decision best illustrates that point. Therefore, Congress must unequivocally state its intent and reaffirmation that Federal enforcement of civil rights continue. If Grove City were allowed to stand, the tremendous strides to date would be jeopardized. Thus, in order to clarify and reinstate the original scope and force of these four civil rights laws the act replaces the phrase "program or activity" with the term "recipient." The term recipient is defined by current regulations promulgated pursuant to the four laws. Furthermore, the enforcement mechanism is strengthened so that when a recipient discriminates, the Federal Government has legal authority to terminate Federal financial assistance to that recipient.

The act provides a solid basis for a full partnership between the States and Federal Government to abolish discrimination in our country. My State of New Mexico has been a leader in the attainment of sex equity. New Mexico took very seriously the legislative mandate of the State equal rights amendment and made comprehensive statutory changes to comport with the State ERA. This was achieved without costly and protracted litigation. Yet the progress made by New Mexico is set backward as a result of Grove City because of an imbalance between the Federal and State roles in civil rights enforcement. Certainly without this legislation we are introducing today the Federal role is greatly diminished and the States' ability to police and enforce civil rights violations becomes even more critical. We should make enforcement a joint effort and the act does accomplish this.

I urge my colleagues to support this measure so that equal opportunity and treatment under the law will continue to the fullest extent possible.●

● Mr. MATHIAS. Mr. President, on February 28, the U.S. Supreme Court rendered a decision that struck a telling blow against our national policy of eliminating unfair discrimination. In the case of Grove City College against Bell, a 6-3 majority of the Court held that the prohibition against sex discrimination in higher education, contained in title IX of the Education Amendments of 1972, applies only to programs which directly receive Federal funding, rather than to all programs at colleges which enjoy Federal support. I am pleased to cosponsor legislation to overcome the decision in the Grove City case, and to clarify congressional support for a broad and comprehensive civil rights enforcement program.

The Supreme Court's holding in the Grove City case has repercussions far beyond the area of higher education. The Congress modeled the antidiscrimination provisions of title IX on the language of title VI of the 1964 Civil Rights Act, which outlawed discrimination based on race, color or national origin in any federally assisted program. The same statute set the pattern for laws forbidding discrimination based on handicap or on age, which the Congress passed in 1973 and 1975 respectively. The Supreme Court in Grove City concluded from the legislative history that the Congress intended title IX's safeguards to be program specific, rather than institution-wide. Because these other civil rights laws are, so similar to title IX, the Court's narrow interpretation also threatens vigorous enforcement of the bans on race, age and handicap discrimination by recipients of Federal funds, and places in jeopardy much of the progress we have made in bringing minority citizens, women, older Americans and handicapped people into the mainstream of American life.

The Supreme Court was mistaken when it concluded that the Congress did not intend to prohibit sex discrimination throughout every college and university that receives Federal funds. The best way to correct that mistake, and to prevent its recurrence in the context of race, age or handicap discrimination, is to enact swiftly the bill that I cosponsor today. S. 2568 would amend all four of the statutes that I have mentioned, to make clear that the duty to avoid discrimination applies comprehensively to the institutional recipient of taxpayers' money, and not narrowly to the specific program or activity which benefits from the funds. I am pleased to join with Senators PACKWOOD and KENNEDY, and with more than 54 of our colleagues, to clarify beyond dispute the Federal Government's authority and responsibility to insure that public funds are not perverted to support invidious private discrimination.●

● Mr. GLENN. Mr. President, I join my colleagues in cosponsoring legislation which clarifies the application of certain civil rights laws, including title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and title VI of the Civil Rights Act of 1964.

This legislation was made necessary by the Supreme Court decision in Grove City College against Bell, which narrowly interpreted the application of title IX's prohibition against sex discrimination in any educational program or activity receiving Federal financial assistance.

Title IX was passed over a decade ago to remedy the widespread discrimination against women and girls that permeated our Nation's educational system. Fortunately, the law has brought about significant changes—girls are no longer legally locked out of traditionally male vocational programs and women have vastly improved access to athletic opportunities.

Mr. President, I believe that the Grove City College Supreme Court decision represents a major retreat in the battle against discrimination. The Court ruled that only the particular activity or program which receives Federal funds at the institution is legally bound to treat individuals equitably. Other programs, departments or activities are apparently now free to discriminate. If a college's only Federal assistance is in the form of student aid, for example, that college is no longer obligated to treat women equally in course offerings, extracurricular activities, and other student programs. Equally important is the fact that while the Grove City College case applied specifically to sex discrimination under title IX, it sets a precedent for the interpretation of similar language in the Civil Rights Act of 1964, the Rehabilitation Act of 1973, and the Age Discrimination Age of 1975.

This legislation will restore these laws to their original intent; namely, to deny all Federal funds to any institution which discriminates on the basis of sex, race, national origin, disability, or age.

Mr. President, we must not delay enactment of this legislation. Civil rights and women's organization have fought long and hard for effective enforcement of antidiscrimination laws by the Federal Government. Until Congress acts, existing discrimination will go unchecked, court cases will be lost due to narrow interpretation of the laws, and new discriminatory policies will be encouraged and adopted.

Mr. President, this is not time to sound the trumpet of retreat. This is the time to continue the march toward equal opportunity. Let us pass this legislation—and let us boldly move toward the day when our Nation finally holds this truth to be self-evident: that not just all men but all people are created equal.●

By Mr. MOYNIHAN (for himself and Mr. HEINZ):

S. 2569. A bill to amend title XVI of the Social Security Act to make necessary improvements in the SSI program with the objective of assuring that such program will more realistically and more equitably reflect the needs and circumstances of applicants and recipients thereunder; to the Committee on Finance.

SUPPLEMENTAL SECURITY INCOME EQUITABLE IMPROVEMENT AND REFORM AMENDMENTS OF 1984

● Mr. MOYNIHAN. Mr. President, I rise today to introduce, along with my colleague, Mr. HEINZ, the Supplemental Security Income Equitable Improvement and Reform Amendments of 1984.

This legislation represents the first comprehensive reform of the supplemental security income program (SSI) since its creation 10 years ago. This is a proposal of modest proportions, to promote greater administrative efficiency and resolve various inequities which have emerged over the last decade. Its purpose is not to increase benefits for the nearly 4 million blind, elderly, and disabled Americans receiving SSI, nor to expand the services of this program to others. Some of the provisions of this legislation will save money. Taken together, the SSI equitable improvement and reform amendments represent a thorough and sensible package designed to enhance the effectiveness of SSI. The legislation we introduce today is identical to H.R. 5341, introduced by Congressmen Pete Stark, Harold Ford, and others on April 3, 1984.

When President Nixon signed H.R. 1 creating SSI, on October 30, 1972, he declared that SSI "will end many old inequities and will provide a new uniform system of well-earned benefits for older Americans, the blind, and the disabled. It reaffirms and reinforces America's traditional efforts to assist those of our citizens who, through no fault of their own, are unable to help themselves."

I was a member of President Nixon's Cabinet during the formulation and consideration of SSI. It was landmark legislation: The first assistance program based on uniform national eligibility standards and payment levels. Ten years of program operation, however, have highlighted some aspects that require fine tuning, so SSI can better serve needy, blind, aged, and disabled Americans. Simply stated, this bill does not dramatically increase beneficiaries or benefits, but it does something equally important—it improves the treatment of current beneficiaries by reducing the harassment and indignities to which they are now subjected.

Current SSI procedures, for example, discourage normal gift giving between families and friends. If an SSI recipient is taken out for lunch, by her son, she must report the cost of that meal to the Social Security Administration, and its value is deducted from her monthly SSI check. Similarly, if a granddaughter pays for her grandfather's train ticket on Thanksgiving, its cost is considered part of the grandfather's income under current SSI procedures, and must be deducted from his SSI check. In neither case, or thousands like it, could the SSI recipient use the item in question to meet his or her normal living expenses.

This legislation would exclude these gifts from an SSI recipient's calculation, and permit normal gift giving between families and friends.

Consider existing procedures regarding reparation payments to Holocaust survivors. A survivor of the Nazi horrors who accepts reparation payments must include these payments as income, for purposes of determining his or her eligibility for SSI assistance. It never was the intent of the authors of this legislation to require such a standard of eligibility. It ought not remain. This legislation would permit Holocaust survivors to exclude reparation payments from their income calculations, to determine eligibility for SSI. We can do no less.

The current assets limitation, which essentially determines an American's eligibility for SSI, is dismally low. In the past decade, the Consumer Price Index has increased by 119 percent; yet the assets limitation for SSI eligibility has remained unchanged; at $1,500 for individuals and $2,250 for couples. These unrealistically low assets limitations exclude many individuals who, in all other respects, would qualify for SSI. This legislation provides a modest increase in the SSI assets limits, to $2,000 for individuals and to $3,000 for couples. We must enable the program to reach all those it was intended to help, and end the perpetuation of unduly restrictive eligibility criteria.

Current overpayment and underpayment procedures also are a nightmare for SSI recipients, regardless of who is at fault. Today, if an SSI recipient finally is compensated for many months of underpayment, he or she has only 4 months to spend the retroactive payment before it is considered an asset, for the purposes of determining future SSI eligibility. These compensatory payment checks can be quite large, if underpayment has been protracted and, therefore, cannot be spent responsibly in 4 months. This bill would correct this policy by extending the period of time before underpayment compensation would be considered an asset to 1 year.

This legislation would also modify SSI guidelines regarding overpayments. Under current procedures, if the Social Security Administration discovers that it has been overpaying an SSI recipient, for example, by $15 a month for 6 months, it can recoup the entire $90 from the SSI recipient's next monthly benefit check. The average SSI benefit check is less than $300 a month—and these recoupment procedures for overpayments are an entirely unreasonable and cruel tactic, one we should prohibit. This bill would limit monthly deductions for overpayments by no more than the greater of $10 or 10 percent of the benefit check. This bill also would limit recoupment of overpayments to the actual amount overpaid, so no individual will lose his or her entire benefit check when it exceeds the assets limit by only a small amount. This legislation also provides SSI recipients a related protection: when a recipient has been both overpaid and underpaid, no adjustment can be made for the underpayment until the individual has an opportunity to seek a waiver of the overpayment.

Such procedures and circumstances, and many others, obscure the true intent of the SSI program and undermine its integrity. The SSI Equitable Improvement and Reform Amendments of 1984 to seek to remedy many of the current inequities, inequities in direct conflict with the program's charter.

Four million needy senior citizens, and blind and disabled children and adults depend on the assistance provided by SSI. They suffer from the various inequities and administrative inflexibility of the current program. They cannot mobilize powerful lobbies to represent their views and champion their cause. Many are not even able to communicate their situations to their elected officials. We must take up their cause.

The seven titles which comprise the SSI Equitable Improvement and Reform Amendments of 1984 will bring some small improvements into the lives of the nearly 4 million SSI recipients in this country. At the very least, this legislation can alleviate some of the hardships they currently experience.

The SSI Equitable Improvement and Reform Amendments of 1984 has been endorsed by: Save Our Security Coalition (SOS), American Association of Homes for the Aging, American Association of Retired Persons (AARP), National Association of Retired Federal Employees, National Association of State Units on Aging, National Caucus and Center on Black Aged, Inc., National Council of Senior Citizens, National Pacific/Asian Resource Center on Aging, Older Women's League, Villers Advocacy Associates, and Western Gerontological Society.

I call upon my colleagues to give this legislation the support it deserves, and to join this effort for prompt passage of the SSI Equitable Improvement and Reform Amendments of 1984.

I request unanimous consent that a summary of this legislation, and the full text of this legislation, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 2569

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "SSI Equitable Improvement and Reform Amendments of 1984".

TITLE I—TREATMENT OF INCOME

Sec. 101. Exclusion of certain real and personal property from income.
Sec. 102. Permanent extension of provisions for disregarding emergency and other in-kind assistance.

Sec. 103. Exclusion of interest and dividends from income.
Sec. 104. Exclusion of certain temporary income in retrospective budgeting.
Sec. 105. Exclusion of reparations received by Holocaust survivors.
TITLE II—TREATMENT OF RESOURCES
Sec. 201. Determination of overpayment amounts when recipient's countable assets exceed limits.
Sec. 202. Modification of penalties where assets are transferred at less than fair market value.
Sec. 203. Exclusion of underpayments from resources.
Sec. 204. Increase in dollar limitations under assets test.
Sec. 205. Computation of vehicle value in assets test.
TITLE III—DETERMINATION OF BENEFIT AMOUNTS
Sec. 301. Changes in one-third reduction formula.
Sec. 302. Continuation of full benefits through second month of institutionalization.
Sec. 303. Increases in benefit standard for institutionalized recipients.
TITLE IV—PROVISIONS RELATING TO ELIGIBILITY
Sec. 401. Eligibility of disabled children living abroad.
Sec. 402. Eligibility for retroactive benefits of deceased recipients.
Sec. 403. Modification of certain filing requirements.
Sec. 404. Eligibility of couples living apart.
TITLE V—OVERPAYMENTS, UNDERPAYMENTS, AND BENEFIT REDUCTIONS
Sec. 501. Limitation of recoupment rate in case of overpayments.
Sec. 502. Extension of interim assistance program.
Sec. 503. Repeal of penalty against recipient where group living facility fails to meet applicable standards.
Sec. 504. Increased payments for presumptively eligible individuals.
Sec. 505. Concurrent overpayments and underpayments.
Sec. 506. Notice to recipients regarding overpayments.
TITLE VI—EXTENSION OF SSI PROGRAM
Sec. 601. Extension of program to Guam and the Virgin Islands.
Sec. 602. Study of extension of program to Puerto Rico.
TITLE VII—OTHER PROVISIONS
Sec. 701. Survey on program participation.
Sec. 702. Extension of outreach efforts.
Sec. 703. Assistance to applicants and recipients.
Sec. 704. Requirement of increased clarity and readability for written materials to be used by SSI applicants or recipients.

Sec. 705. General effective date.

TITLE I—TREATMENT OF INCOME

EXCLUSION OF CERTAIN REAL AND PERSONAL PROPERTY FROM INCOME

SEC. 101. (a) Section 1612(b) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (12);

(2) by striking out the period at the end of paragraph (13) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(14) unearned income received in the form of real or personal property (A) to the extent it meets the criteria for exclusion from the resources of such individual or spouse under section 1613(a), (B) which is of a type not normally converted into cash or otherwise used for the production of income, which is not so converted or used, and which cannot be used by the individual (or such spouse) for food or clothing, or (C) which is received as a gift or heirloom possessing emotional or sentimental value (to the individual or such spouse), and which is not converted into cash or otherwise used for the producition of income.".

PERMANENT EXTENSION OF PROVISIONS FOR DISREGARDING EMERGENCY AND OTHER IN-KIND ASSISTANCE

SEC. 102. (a) Section 545 of the Surface Transportation Assistance Act of 1982 is amended—

(1) by striking out "and prior to July 1, 1985" in subsection (c); and

(2) by striking out ", including" and all that follows in subsection (d) and inserting in lieu thereof a period.

(b) Section 404(c) of the Social Security Amendments of 1983 is amended by striking out "and end before October 1, 1984".

EXCLUSION OF INTEREST AND DIVIDENDS FROM INCOME

SEC. 103. (a) Section 1612(a)(2)(F) of the Social Security Act is amended by striking out ", dividends, interest, and royalties" and inserting in lieu thereof "and royalties (and any interest not excluded from income under subsection (b)(12))".

(b) Section 1612(b)(12) of such Act is amended—

(1) by striking out "interest income" and inserting in lieu thereof "dividend and interest income, including interest income"; and

(2) by striking out "within the 9-month period" and all that follows and inserting in lieu thereof ", but not including any interest income derived from an asset which is wholly or partly excluded or omitted from the resources of the individual (or spouse) under this title to the extent that the amount of such income exceeds the amount that would have been so derived if the asset involved (or the portion thereof so excluded or omitted) had a principal value of $3,000 in the case of an individual or $3,750 in the case of an individual and spouse; and".

EXCLUSION OF CERTAIN TEMPORARY INCOME IN RETROSPECTIVE BUDGETING

SEC. 104. Section 1611(c)(2) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (B)) the following new sentence:

"Any income which is received by an individual in the month in which such individual's application for benefits under this title becomes effective or in any month immediately following a month of such individual's ineligibility for such benefits, and which constitutes income of a kind or in an amount which such individual does not continue to receive in subsequent months, shall be taken into account in determining the amount of the benefit of such individual (and his eligible spouse if any) only for that month and shall not be taken into account in determining the amount of the benefit for any subsequent month.".

EXCLUSION OF REPARATIONS RECEIVED BY HOLOCAUST SURVIVORS

SEC. 105. Section 1612(b) of the Social Security Act (as amended by section 101 of this Act) is further amended—

(1) by striking out "and" after the semicolon at the end of paragraph (13);

(2) by striking out the period at the end of paragraph (14) and inserting in lieu thereof "; and "; and

(3) by adding after paragraph (14) the following new paragraph:

"(15) amounts received from West Germany or any other foreign country as reparations under the Federal Law on the Compensation of Victims of the National Socialist Persecution (Federal Compensation Law), as enacted by the Government of West Germany on June 29, 1956, or received from East Germany as reparations under laws having the same general purposes or objectives.".

TITLE II—TREATMENT OF RESOURCES

DETERMINATION OF OVERPAYMENT AMOUNTS WHEN RECIPIENT'S COUNTABLE ASSETS EXCEED LIMITS

SEC. 201. Section 1631(b) of the Social Security Act is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) To the extent that an overpayment with respect to an individual (or an individul and his or her spouse) for any month is attributable solely to the ownership or possession by such individual (and spouse if any) in such month of resources having a value in excess of the applicable dollar figure specified in paragraph (1)(B) or (2)(B) of section 1611(a), the amount of such overpayment (notwithstanding any other provision of this subsection) shall be the lesser of (A) the total amount of the benefits under this title which were received by such individual (and spouse if any) for such month or for which such individual (and spouse if any) would have been eligible for such month but for such resources or (B) the amount by which the total value of the resources of such individual in such month exceeded that dollar figure. The application of this paragraph to an overpayment with respect to an individual (or an individual and his or her spouse) for any month shall not affect the application of paragraph (1)(B) or (2)(B) of section 1611(a) to such individual (and spouse if any) for any subsequent month unless this paragraph also applies to an overpayment with respect to such individual (and spouse if any) for such subsequent month.".

MODIFICATION OF PENALTIES WHERE ASSETS ARE TRANSFERRED AT LESS THAN FAIR MARKET VALUE

SEC. 202. (a) Section 1613(c)(1) of the Social Security Act is amended by inserting immediately after "the exclusions under subsection (a)" the following: ", and subject to the provisions of paragraphs (3), (4), and (5) of this subsection".

(b) Section 1613(c) of such Act is further amended by adding at the end thereof the following new paragraphs:

"(4) any resource (or interest therein) which was given away or sold at less than its fair market value, and which as a consequence must be included in the resources of an individual (and his eligible spouse if any) under paragraph (1), shall be included in such resources only for a period (to be specified by the Secretary) which bears a reasonable relationship to the uncompensated value of such resource (or interest) as determined under paragraph (3) and which to the maximum extent feasible is the same as the period during which the individual or spouse is or would be ineligible by reason of section 1917(c) for medical assistance under the applicable State plan approved under title XIX.

"(5) The Secretary in accordance with regulations may in any case waive the requirement of paragraph (1), or reduce the period for which the resource involved is to be included in the individual's resources as otherwise specified under paragraph (4), upon a finding that—

"(A) the individual (or eligible spouse if any) is in a hospital, nursing home, or other medical institution and cannot reasonably be expected to be discharged from such institution and return home,

"(B) title to the resource involved was transferred to the individual's spouse or to the individual's child who is under age 21 or is blind or disabled as defined in section 1614(a),

"(C) the individual (or spouse) intended to dispose of the resource either at fair market value or for other valuable consideration, or

"(D) the inclusion of the resource in the individual's or spouse's resources would work an undue hardship;

and in any event, where the State (under whose medical assistance plan the individual (or spouse) is covered) elects to waive the requirements of section 1917(c) or to reduce the period during which such individual (or spouse) is or would be ineligible for medical assistance by reason of such section 1917(c), the Secretary (with respect to such individual or spouse) shall waive the requirement of paragraph (1) or similarly reduce the period otherwise specified under paragraph (4).".

EXCLUSION OF UNDERPAYMENTS FROM RESOURCES

SEC. 203. Section 1613(a) of the Social Security Act is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (5);

(2) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (6) the following new paragraph:

"(7) any amount received from the United States (in the form of a retroactive check) which is attributable to underpayments of benefits due for one or more prior months, under this title or title II, to such individual (or spouse) or to any other person whose income is deemed to be included in such individual's (or spouse's) income for purposes of this title; but the application of this paragraph in the case of any such individual (and eligible spouse if any), with respect to any amount so received from the United States, shall be limited to a period of 12 months from the date on which such amount is received, and the retroactive check shall be accompanied by a written notice of this limitation.".

INCREASE IN DOLLAR LIMITATIONS UNDER ASSETS TEST

SEC. 204. (a) Section 1611(a)(1)(B) of the Social Security Act is amended by striking out "$2,250" and "$1,500" and inserting in lieu thereof "$3,000" and "$2,000", respectively.

(b) Section 1611(a)(2)(B) of such Act is amended by striking out "$2,250" and inserting in lieu thereof "$3,000".

COMPUTATION OF VEHICLE VALUE IN ASSETS TEST

SEC. 205. Section 1613(a)(2) of the Social Security Act is amended—

(1) by striking out "(A) household goods, personal effects, and an automobile, to the extent" and inserting in lieu thereof the following:

"(A) an automobile;

"(B) household goods and personal effects, to the extent"; and

(2) by striking out "(B) the value" and inserting in lieu thereof "(C) the value".

TITLE III—DETERMINATION OF BENEFIT AMOUNTS

CHANGES IN [illegible]-THIRD REDUCTION FORMULA

SEC. 301. Section 1612(a) of the Social Security Act [illegible] amended by adding at the end thereof (after and below paragraph (2)(F)) the following new sentence: "For purposes of paragraph (2)(A)(i), an individual (and his eligible spouse, if any) shall not be considered to be 'living in another person's household and receiving support and maintenance in kind from such person' if such individual (and such spouse, if any) live in a household with one or more other persons and such individual's (or such individual's and spouse's) pro rata share of the expenses of maintaining such household does not exceed the benefit (including any supplementary payments) payable to an individual (or an individual and eligible spouse, as may be appropriate) with no other income who is living in another person's household and receiving support and maintenance from such person.".

CONTINUATION OF FULL BENEFITS THROUGH SECOND MONTH OF INSTITUTIONALIZATION

SEC. 302. (a) Section 1611(e)(1)(A) of the Social Security Act is amended by striking out "subparagraphs (B), (C), and (D)" and inserting in lieu thereof "subparagraphs (B), (C), (D), and (E)".

(b) Section 1611(e)(1) of such Act is further amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), and by striking out so much of subparagraph (B) as precedes clause (i) and inserting in lieu thereof the following:

"(B) In any case where an eligible individual or eligible spouse is in a hospital, extended care facility, nursing home, or intermediate care facility, such individual's benefit for the period ending with the second consecutive month throughout which he or she is in such hospital, home, or facility shall be determined as though he or she were continuing to reside outside the institution under the same conditions as before he or she entered the institution.

"(C) In any case where an eligible individual or eligible spouse is throughout any month in a hospital, extended care facility, nursing home, or intermediate care facility receiving payments (with respect to such individual or spouse) under a State plan approved under title XIX, and such month is the third consecutive month throughout which, or a month in a continuous period beginning with such third consecutive month throughout which, such individual is in a hospital, extended care facility, nursing home, or intermediate care facility (whether or not receiving payments with respect to such individual for each month in such period), the benefit under this title for such individual for such month shall be payable—".

INCREASES IN BENEFIT STANDARD FOR INSTITUTIONALIZED RECIPIENTS

SEC. 303. (a) Section 1611(e)(1)(C) of the Social Security Act (as amended by section 302 of this Act) is further amended—

(1) by striking out "$300 per year" in clauses (i) and (ii)(II) and inserting in lieu thereof "$420 per year (or, if greater, the amount determined under section 1617, with the amount of the resulting payment under this paragraph for any month (if not a multiple of $1) being rounded to the next higher multiple of $1)"; and

(2) by striking out "$600 per year" in clause (iii) and inserting in lieu thereof "$840 per year (or, if greater, the amount determined under section 1617, with the amount of the resulting payment under this paragraph for any month (if not a multiple of $1) being rounded to the next higher multiple of $1)".

Section 1617(a)(1) of such Act is amended by striking out "and (b)(2)" and inserting in lieu thereof "(b)(2), and (e)(1)".

TITLE IV—PROVISIONS RELATING TO ELIGIBILITY

ELIGIBILITY OF DISABLED CHILDREN LIVING ABROAD

SEC. 401. Section 1611(f) of the Social Security Act is amended—

(1) by striking out "(f) Notwithstanding any other provision of this title," and inserting in lieu thereof "(f)(1) Notwithstanding any other provision of this title (but subject to paragraph (2) of this subsection),"; and

(2) by adding at the end thereof the following new paragraph;

"(2) Paragraph (1) shall not apply with respect to any minor child who is disabled (as determined under section 1614(a), in the manner provided in section 221(g)) and who is outside the United States with his or her parent or parents, so long as such parent (or either of such parents) retains his or her legal residence in a State.".

ELIGIBILITY FOR RETROACTIVE BENEFITS OF DECEASED RECIPIENTS

SEC. 402. Section 1631(b)(1) of the Social Security Act is amended—

(1) by inserting "(A)" after "(1)"; and

(2) by striking out "by recovery from" in the first sentence and all that follows down through "The Secretary" and inserting in lieu thereof the following:

"by recovery from such individual or his eligible spouse (or from the estate of either) or by payment to such individual or his eligible spouse, or, if such individual is deceased, by payment—

"(i) to the eligible spouse, if any, or

"(ii) if there is no person who meets the requirements of clause (i) or the person who meets such requirements dies before the payment is completed, to any surviving husband or wife (as determined under section 1614(d)) with whom the individual was living at the time of his death or immediately prior to institutionalization by reason of his last illness, or

"(iii) if there is no person who meets the requirements of clause (i) or (ii) or each person who meets such requirements dies before the payment is completed, and such individual was a disabled child whose income and resources (at the time of his death) were deemed to include any income and resources of a parent or parents under section 1614(f)(2), to such parent or parents, or

"(iv) if there is no person who meets the requirements of clause (i), (ii), or (iii) or each person who meets such requirements dies before the payment is completed, and such individual (at the time of his death) was living in another person's household and was subject to section 1612(a)(2)(A)(i), to such other person, or

"(v) if there is no person who meets the requirements of clause (i), (ii), (iii), or (iv) or each person who meets such requirements dies before the payment is completed, to members of such individual's family or other persons to the extent and in the proportions that (as determined under regulations of the Secretary) they furnished such individual with support or maintenance during the period for which the payment is being made.

"(B) The Secretary".

NOTIFICATION OF CERTAIN FILING REQUIREMENTS

SEC. 403. Section 1611(e)(2) of the Social Security Act is amended—

(1) by inserting "(A)" before "No person"; and

(2) by adding at the end thereof the following new subparagraph:

"(B) Subparagraph (A) shall not require any person under the age of 65 who is applying for or receiving benefits under this title, in order to be an eligible individual or eligible spouse for purposes of this title, to apply for and (if eligible) obtain any benefits which may be payable to such person under title II of this Act or under the Railroad Retirement Act of 1974, if the receipt of the latter benefits would render such person ineligible for benefits under this title and consequently for assistance under title XIX. The Secretary shall inform each person to whom the preceding sentence applies of his or her potential eligibility for benefits under title II of this Act or under the Railroad Retirement Act of 1974, of the potential risk of loss of his or her eligibility for assistance under title XIX, and of his or her right (in view of that risk) to elect not to apply for such benefits.".

ELIGIBILITY OF COUPLES LIVING APART

SEC. 404. (a) Section 1614(b) of the Social Security Act is amended by striking out "for more than six months." in the first sentence and inserting in lieu thereof "for more than one month, and, for purposes of determining the amount of benefits payable for a month during which they are living apart, the living arrangement of such individual and spouse in the month preceding such month shall be considered to be the living arrangement of both such individual and spouse. A husband and wife who are living in the same hospital, extended care facility, nursing home, or intermediate care facility shall be considered to be living apart. Notwithstanding the two preceding sentences, a husband and wife shall be considered to be living together (and to be an eligible individual and eligible spouse) during any period of not more than two consecutive months throughout which one or both of them is in a hospital, extended care facility, nursing home, or intermediate care facility if throughout such period they would be an eligible individual and eligible spouse (as defined in the preceding provisions of this subsection) if they are living together and if, in the month immediately preceding such period, they were living together as an eligible individual and eligible spouse (as so defined).".

(b) The last sentence of section 1614(b) of such Act is amended by striking out "the preceding sentence" and inserting in lieu thereof "the preceding provisions of this subsection".

TITLE V—OVERPAYMENTS, UNDERPAYMENTS, AND BENEFIT REDUCTIONS

LIMITATION OF RECOUPMENT RATE IN CASE OF OVERPAYMENTS

SEC. 501. Section 1631(b)(1) of the Social Security Act is amended—

(1) by inserting "(A)" after "The Secretary" in the second sentence; and

(2) by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ", and (B) shall in any event make the adjustment or recovery (in the case of payment of more than the correct amount of benefits) only through adjustments in future payments which do not reduce the amount of any such payment by more than 10 percent or $10 (whichever is larger), where no fraud on the part of the individual or spouse was involved in connection with the overpayment, so long as such individual or spouse is receiving payments under this title. The availability (in the case of an individual who has been paid more than the correct amount of benefits) of procedures for adjustment or recovery at a limited rate under clause (B) of the preceding sentence shall not, in and of itself, prevent or restrict the provision (in such case) of more substantial relief under clause (A) of such sentence.".

EXTENSION OF INTERIM ASSISTANCE PROGRAM

SEC. 502. (a) Section 1631(g)(2) of the Social Security Act is amended by striking out "at the time the Secretary makes the first payment of benefits" and inserting in lieu thereof "at the time the Secretary makes the first payment of benefits (with respect to the period described in clause (A) of paragraph (3)) or at any time after the termination or suspension of the individual's benefits (with respect to a period described in clause (B) of such paragraph).".

(b) Section 1631(g)(3) of such Act is amended—

(1) by inserting "(A)" after "basic needs"; and

(2) by inserting before the period at the end thereof the following: ", or (B) during any period following the termination of the individual's benefits, if and to extent that (i) the individual is subsequently found on reconsideration or appeal to have been eligible for such benefits and (ii) a retroactive payment of benefits for months in that period is due the individual".

REPEAL OF PENALTY AGAINST RECIPIENT WHERE GROUP LIVING FACILITY FAILS TO MEET APPLICABLE STANDARDS

SEC. 503. Section 1616(e) of the Social Security Act is amended by striking out paragraph (4).

INCREASED PAYMENTS FOR PRESUMPTIVELY ELIGIBLE INDIVIDUALS

SEC. 504. Section 1631(a)(4)(A) of the Social Security Act is amended by striking out "a cash advance against such benefits in an amount not exceeding $100" and inserting in lieu thereof "cash advances of such monthly benefits for which he is presumptively eligible, including any federally-administered State supplementary payments, for each of the first three months of such presumptive eligibility".

CONCURRENT OVERPAYMENTS AND UNDERPAYMENTS

SEC. 505. Section 1631(b) of the Social Security Act (as amended by section 201 of this Act) is further amended—

(1) by redesignating paragraph (4) as paragraph (5); and

(2) by inserting after paragraph (3) the following new paragraph:

"(4) If at any time both an overpayment and an underpayment exist in the case of an individual without a final adjustment or recovery having yet been made with respect to either of them, no such adjustment shall be made with respect to the underpayment until the individual has had a reasonable opportunity to seek a waiver of the overpayment under the second sentence of paragraph (1); and the existence of the underpayment shall not preclude the granting of such a waiver of the overpayment or otherwise affect the disposition thereof.".

NOTICE TO RECIPIENTS REGARDING OVERPAYMENTS

SEC. 506. (a) Section 1631(b) of the Social Security Act (as amended by sections 201 and 505 of this Act) is further amended—

(1) by redesignating paragraph (5) as paragraph (6); and

(2) by inserting after paragraph (4) the following new paragraph:

"(5) No action shall be taken by the Secretary to provide for the adjustment or recovery of any overpayment made with respect to an individual (whether such action is the initial action of the Secretary with respect to the overpayment or is subsequently taken) until the Secretary has sent to such individual a notice, in clear and understandable language, setting forth—

"(A) the exact amount of the overpayment, and the manner in which that amount was calculated (using actual dollar figures);

"(B) the period or periods with respect to which the overpayment occurred;

"(C) the reason why the overpayment occurred;

"(D) a statement of the manner in which, and the rate at which, the overpayment is proposed to be adjusted or recovered;

"(E) a statement of the individual's right to seek a waiver of the overpayment (or relief from the proposed manner or rate of adjustment or recovery) under the second sentence of paragraph (1) and to seek reconsideration of the Secretary's determination that an overpayment exists (or that the overpayment is to be adjusted or recovered in the proposed manner or at the proposed rate); and

"(F) an assurance that if the individual seeks such a waiver or reconsideration, no adjustment in or recovery from such individual's benefits will be undertaken or carried out until a decision is made on the waiver or reconsideration sought.".

(b) Section 1631(b)(3) of such Act (as added by section 505 of this Act) is amended by striking out "until the individual has had" and inserting in lieu thereof "until the individual has received the Secretary's notice with respect to the overpayment under paragraph (4) and has had".

TITLE VI—EXTENSION OF SSI PROGRAM

EXTENSION OF PROGRAM TO GUAM AND THE VIRGIN ISLANDS

SEC. 601. (a) Section 1614(e) of the Social Security Act is amended by striking out "and the District of Columbia" and inserting in lieu thereof ", the District of Columbia, the Virgin Islands, and Guam".

(b) Section 1101(1) of such Act is amended—

(1) by inserting "XVI," after "XI," in the first sentence; and

(2) by striking out ", the Virgin Islands, and Guam" each place it appears in the fifth sentence.

(c) Section 303(b) of the Social Security Amendments of 1972 is amended by striking out ", Guam, and the Virgin Islands.

STUDY OF EXTENSION OF PROGRAM TO PUERTO RICO

SEC. 602. (a) The Secretary of Health and Human Services shall conduct a full and complete study of the feasibility of extending the program of supplemental security income benefits to Puerto Rico, and shall submit to the Congress, on or before October 1, 1985, a report setting forth the results of such study together with such recommendations as the Secretary may deem appropriate in the light of such results.

(b) The study under subsection (a) shall specifically include consideration of—

(1) the potential cost of extending the existing SSI program to Puerto Rico;

(2) the size of the population that would be eligible for SSI benefits if the existing program were so extended;

(3) the extent to which such potential cost and population size might be reduced if the SSI benefit standard to be applied to individuals in Puerto Rico were different from the SSI benefit standard which applies to individuals in other States, and the various kinds of different standards that might be so applied;

(4) the desirability or feasibility of gradually phasing in the SSI program in Puerto Rico;

(5) the extent to which the implementation of the SSI program in Puerto Rico would produce offsetting savings in the food stamp program or in other Federal programs; and

(6) any other factors which might bear upon the feasibility of extending the SSI program to Puerto Rico.

TITLE VII—OTHER AMENDMENTS

SURVEY ON PROGRAM PARTICIPATION

SEC. 701. (a) The Secretary of Health and Human Services shall conduct a statistically reliable survey of current and potential recipients of SSI benefits, with the objective of determining the extent to which the program is being used by individuals who are or may be eligible for benefits thereunder and the extent to which current data (on the number of such individuals and their reasons for filing or not filing applications for such benefits) are accurate, and shall submit to the Congress, on or before April 1, 1986, a full and complete report of the results of such survey together with such recommendations as may be deemed appropriate in the light of such results.

(b) In the conduct of the survey the Secretary shall issue such questionnaires, hold such interviews, and take such other appropriate actions, in a manner calculated to reach the largest possible number of potentially eligible individuals, as will best assure the achievement of its objective.

(c) The survey shall specifically include an effort to determine the number of eligible individuals (adults and children) who do not participate in the program because of their lack of knowledge, their excess resources, the marginal nature of the benefits to which they would be entitled, or other factors including their perceptions about the program, and shall be designed to produce results which will permit better cost estimates for future legislative proposals and a more accurate evaluation of the impact of the SSI program on the low-income population.

EXTENSION OF OUTREACH EFFORTS

SEC. 702. (a)(1) The Secretary of Health and Human Services shall establish and conduct an ongoing program designed to provide information about SSI benefits (and State supplementary benefits) to individuals who are not currently receiving such benefits.

(2) In conducting the program under this section, the Secretary (without being limited to the following) shall (A) provide notice of the availability of SSI benefits to all elderly and disabled individuals who are recipients of benefits under title II of the Social Security Act or under other benefit programs (including State programs), and who may be eligible for SSI benefits, (i) at the time when any such individual attains age 65 and at least every two years thereafter, (ii) at the time when any such individual (before attaining age 65) applies for or is awarded disability insurance benefits, and (iii) at the time when any such individual is notified of his or her eligibility for supplementary medical insurance benefits, and (B) encourage all such recipients to contact their local Social Security district offices for further information.

(b) To the maximum extent possible in the conduct of the program under this section, the Secretary shall regularly consult and cooperate with other Federal, State, and private agencies which have knowledge of potential SSI recipients, and shall enter into appropriate arrangements under which such agencies will send notices of the type described in subsection (a) to individuals receiving benefits or services under programs administered by them. The Secretary shall address separately and specifically the best mechanisms available for outreach to potentially eligible disabled children.

(c) The Secretary shall from time to time (not less often than annually) submit to the Congress a full and complete report on the program under this section, together with such recommendations as may be deemed appropriate.

ASSISTANCE TO APPLICANTS AND RECIPIENTS

SEC. 703. Section 1631(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) The Secretary shall assist applicants and recipients in executing and filing applications for benefits under this title and in furnishing any other data, material, and information which may be required in the administration of this title, with particular attention to cases where such applicants and recipients because of their physical or mental condition are incapable without undue difficulty of executing or filing such applications or furnishing such data, material, or information, and shall take such steps as may be necessary or appropriate to assure that all applicants and recipients are made fully aware of the availability of such assistance.".

REQUIREMENT OF INCREASED CLARITY AND READABILITY FOR WRITTEN MATERIALS TO BE USED BY SSI APPLICANTS OR RECIPIENTS

SEC. 704. Section 1631(e) of the Social Security Act (as amended by section 703 of this Act) is further amended by adding at the end thereof the following new paragraph:

"(4)(A) The Secretary shall take steps to assure (i) that all forms, notices, pamphlets, and other documents which are issued or distributed by the Secretary for use by applicants for or recipients of SSI benefits are written and arranged in a manner that is clear, readable, readily understandable, and suited to the needs and purposes of the particular documents involved, and (ii) that each such form, notice, pamphlet, or other document will fully and fairly provide the applicant or recipient with the information necessary to enable him or her to assess his or her rights and to know what if any action is required.

"(B) In carrying out subparagraph (A), the Secretary shall—

"(i) review all of the forms, notices, pamphlets, and other documents in use on the date of the enactment of this paragraph, and complete whatever revisions or modifications may be necessary in order to achieve the objectives of such subparagraph, no later than 12 months after such date; and

"(ii) review any form, notice, pamphlet, or other document (intended for use by applicants for or recipients of SSI benefits) which may be proposed for issuance or distribution on or after the date of the enactment of this paragraph, prior to its actual issuance or distribution, in order to assure that it is written and arranged in the manner required by subparagraph (A).

"(C) Except to the extent that it is affirmatively determined by the Secretary not to be feasible, the Secretary shall contract with recognized experts to conduct the reviews required by this paragraph and to make any revisions in the documents involved which may be required to achieve the objectives of subparagraph (A).".

GENERAL EFFECTIVE DATE

SEC. 705. Except as otherwise specifically provided, this Act and the amendments made by this Act shall become effective October 1, 1984.

SUMMARY OF SSI EQUITABLE IMPROVEMENT AND REFORM AMENDMENTS OF 1984

TITLE I—TREATMENT OF INCOME

Section 101. Excludes certain gifts from income, e.g., property received which in the following month would be excluded as a resource or a gift which is not converted into cash.

Section 102. Makes permanent provisions which exclude from income certain emergency and other in-kind assistance provided on the basis of need by non-profit organizations and makes permanent the exclusion of home energy assistance provided by private organizations on the basis of need.

Section 103. Interest and dividend income on countable resources that are within the resource limits would not be counted as income.

Section 104. Requires that temporary one-time income received in the initial month of eligibility for SSI is not counted more than once under the retrospective budgeting process.

Section 105. Excludes from income reparations received from the West German government by holocaust survivors.

TITLE II—TREATMENT OF RESOURCES

Section 201. Establishes certain limits on the amount of overpayments incurred when it is found that an SSI recipient's resources had in a previous month exceeded the allowable limit by an amount less than the individual's SSI payment.

Section 202. Provides that in the SSI program, as in the Medicaid program, that when resources are transferred at less than fair market value to qualify for benefits, that the length of delay in eligibility for benefits would be in proportion to the uncompensated value of such resource instead of current SSI law's penalty of no less than a two year delay in eligibility.

Section 203. Excludes from being counted as a resource for 12 months for SSI eligibility purposes the value of retroactive SSI or social security checks.

Section 204. Increases the SSI countable resources limit from $1500 to $2000 for an individual and from $2250 to $3000 for a couple.

Section 205. Provides for exempting from the SSI resources limit the applicant's or recipient's automobile instead of current law which provides for the Secretary to periodically adjust the allowable limit on the amount of the value of a car which is exempt from the resources limit. (Current law also exempts the applicant's or recipients home in contrast to the original SSI law under which the Secretary had authority to set a value limit on the home.)

TITLE III—DETERMINATION OF BENEFIT AMOUNTS

Section 301. Modifies the assumptions to be used in determining whether or not an SSI applicant is receiving in-kind assistance when living with others in such a way as to protect SSI applicants from an automatic ⅓ reduction in their initial SSI benefit if at the time of application they are living with a relatively low income household.

Section 302. Instead of residents of Medicaid facilities having their SSI benefits reduced to $25 a month (as adjusted by Section 303) effective the first full month in such a facility, they would not have their SSI benefit standard reduced until the second full month in such a facility.

Section 303. The current $25 a month SSI benefit standard for residents of Medicaid facilities would be increased to $35 and would be annually increased by the same cost of living percentage as other SSI benefit standards.

TITLE IV—PROVISIONS RELATING TO ELIGIBILITY

Section 401. Protects disabled children against ineligibility for SSI disabled children benefits solely because their parents have been transferred out of the country and have lived out of the country more than 30 days.

Section 402. Expand eligibility for retroactive benefits of deceased recipients to the spouse the parent of a disabled child those with whom they were living and the ⅓ reduction for in-kind assistance was applied or if none of the above, other persons who can demonstrate that they furnished the recipient with support during the period covered by the retroactive check. Present law provides that only an eligible spouse may receive the retroactive payment that was due a deceased SSI recipient.

Section 403. Provides that for SSI applicants or recipients under age 65 a person will not be required to file for Social Security or Railroad Retirement benefits, if receipt of such benefits would disadvantage the individual, e.g. loss of eligibility for SSI and subsequently health services under Medicaid.

Section 404. Provides for the reduction from six months to one month the time that an SSI individual and their eligible spouse must be living apart before they will be treated as individuals for determining eligibility for and amount of SSI benefits.

TITLE V—OVERPAYMENTS, UNDERPAYMENTS AND BENEFIT REDUCTIONS

Section 501. This provision limits the rate of recoupment of SSI overpayments. SSA would not be allowed to recoup from SSI recipients who have been overpaid, an amount which would result in decreasing their SSI payment by more than the greater of $10 or 10 percent per month, in those cases not involving fraud.

Section 502. Expansion of the interim assistance program to include payment of the appropriate amount of retroactive SSI funds to the State, when the State has provided financial assistance to SSI recipients, who have appealed a termination of benefits, subsequently won the appeal, and have qualified for retroactive SSI benefits.

Section 503. Repeal of provision which reduces the SSI recipient's benefits if the group living facility in which they reside does not meet State standards.

Section 504. Emergency advance payments which can be paid directly by a district Social Security office to those in need of immediate subsistence income would be increased from up to $100 a month to 3 months of SSI benefits.

Section 505. Treatment of concurrent overpayments and underpayments. Provides that when an individual's benefits they had received under SSI involves both underpayments and overpayments, that no adjustment in SSI benefits is to be made by SSA to recover the underpayment until the individual has had the opportunity to exhaust their appeal on the overpayment.

Section 506. Improving the notice recipients receive regarding overpayments. When an individual has been overpaid the Secretary is to send the person a notice which contains, in simple language, the following information: the precise amount of the overpayment; the months in which the overpayment occurred; the reason the overpayment occurred; a complete statement of the individual's right to seek reconsideration of the finding that overpayment occurred; the right to seek waiver of repayment; and notice that if waiver or reconsideration is sought, payment of full benefits will continue until a decision is made.

TITLE VI—EXTENSION OF SSI PROGRAM

Section 601. Provides for the extension of the SSI program to Guam and the Virgin Islands effective October 1, 1985.

Section 602. Requires HHS to conduct a study of the feasibility and cost of the extension of SSI to residents of Puerto Rico.

TITLE VII—MISCELLANEOUS PROVISIONS

Section 701. Provides for HHS to conduct a statistically reliable survey of current and potential recipients of SSI benefits with the objective of determining the number of eligible individuals (adults and children) who do not participate in the program because of lack of knowledge, excess resources, the marginal nature of the amount benefits they would receive or other factors including perceptions about the program. A report would be submitted to the Congress by April 1, 1986.

Section 702. Requires HHS to establish and conduct an outgoing SSI outreach effort.

Section 703. Requires that SSA give special attention to assistant SSI applicants and recipients who are physically or mentally incapable or severely limited in their ability to apply for benefits or to provide information on a regular basis to SSA while they are recipients.

Section 704. Requires that HHS take certain action to increase the clarity and readability of written materials to be used by SSI applicants or recipients.●

● Mr. HEINZ. Mr. President, I am pleased to join my colleague from New York as a cosponsor of legislation to simplify administration of the supplemental security income (SSI) program while improving the quality and adequacy of the program to recipents. SSI is a means-tested income assistance program that provides monthly benefits to approximately 4 million aged, blind, and disabled Americans.

This year marks the 10th anniversary of the implementation of SSI, and therefore I fell that it is now timely to consider legislation designed to remedy a set of specific deficiencies in the program that have hindered its fair and efficient administration since it inception in 1974.

This bill is not expensive: Preliminary CBO estimates suggest this bill will cost less than $500 million for the fiscal years 1985 through 1987. The legislation does not substantially revise the basic structure of the program, but rather contains what are essentially modest, technical changes. As chairman of the Special Committee on Aging, I am currently investigating the broader policy issues associated with SSI in an oversight project to evaluate the first 10 years off the program, and it may be that more significant reforms will be appropriate in the future. However, this bill is limited to a set of very specific changes.

For example, one problem that has persistently plagued the program is the penalty that exists for exceeding the resources limit. Currently, SSI recipients are allowed to own $1,500—$2,250 for couples—in assets without losing a dollar of benefits. However, if a recipient inadvertently accumulates resources that exceed the limit by even a small amount, that person is deemed ineligible for SSI benefits in every month in which there is an excess. This ineligibility often leads to substantial overpayments, due to the fact the error is detected after the full benefits have been disbursed to the recipient. In essence, if a SSI recipient exceeds the resources limit by $10, that individual's total benefit is eliminated, rather than reduced by $10. This bill limits the amount of overpayment to the dollar amount by which assets exceed the limit, if the excess is less than the recipient's monthly payment.

The legislation provides for a modest increase in the resources limits. Despite a 119-percent increase in the Consumer Price Index, the resource limits have not been increased since 1974, and this represents a substantial deterioration of the adequacy of SSI. This legislation increases the resources limits from $1,500 for individuals to $2,000 and from $2,250 for couples to $3,000.

Another critical provision in this bill is the limitation on the rate at which SSA can recover overpayments from SSI recipients. In the past 3 years, the Social Security Administration has pursued a policy of withholding the entire monthly benefit from an SSI recipient for as many months as is necessary to recover an overpayment. The recipient is allowed to request that SSA reconsider its decision, waive the overpayment, or accept a lower rate of repayment. However, many SSI recipients are too intimidated to challenge SSA, and many are forced to survive on the barest necessities until SSA restores their benefits. I received testimony last November before a hearing of the Special Committee on Aging about a confused and mentally impaired SSI recipient whose benefit had been suspended for 2 months to recover an overpayment which the man had already repaid. This man was subsisting on little more than coffee when his nephew discovered his predicament and intervened on his behalf to request that SSA restore his benefits.

What is particularly outrageous about the 100 percent withholding of SSI checks is that these recipients are poor by definition, and even with full benefits are often sustaining only the barest subsistence. This bill would limit SSA to recovering no more than $10 a month or 10 percent of the benefit amount, whichever is greater.

I also think it is important to require SSA to improve the clarity, simplicity, and completeness of overpayment notices sent to SSI recipients. In the past, SSA has sent notices to recipients that have failed to include such basic information as the reason for the alleged overpayment, the time period during which the overpayment arose, and the rights the recipient has to request a reconsideration of the existence of the overpayment, and to have the overpayment waived. In a matter as vital as the potential suspension of benefit, SSA should be required to insure that notices are clear and simple, and that they contain thorough information as to the nature and cause of the overpayment, and opportunities for administrative appeal.

This bill also includes a set of significant provisions that would reduce disincentives to family and community involvement in providing for the needs of SSI recipients. Specifically, one provision would exclude the value of gifts or inheritances from income in the month received if in the following month they would be excluded as an asset. Currently, a piece of furniture received as a gift is exempt as a resource in the following month as a household good, but is considered as income in the month received. This practice inhibits normal gift giving among friends and family, and penalizes recipients for receiving presents which they would not normally convert to cash.

The bill makes permanent the exclusion from countable income of need-based home energy assistance supplied by energy providers, and the income exclusion of in-kind support donated by private, nonprofit organizations. Both these provisions encourage private efforts to directly assist SSI recipients and increase community participation in reducing poverty. SSI's interrelationship with ancillary public and private assistance programs has proven an enduring problem, and these provisons build into the structure of the program positive, sensible improvements.

Another specific problem this bill addresses is that of couples who separate but who, for the purposes of calculating benefits, continue to be treated as a couple for the first 6 months they are living apart. This treatment creates a serious hardship if one member of the couple, with no income or resources, is forced to live on one half of an SSI check, particularly if the benefit is low due to the assets or income of the other member. This bill reduces the waiting period before benefits are recalculated on an individual basis from 6 months to 1 month after separation.

The legislation also requires that SSA work to lower barriers of access to claimants and recipients who suffer from a mental or physical handicap. SSI is a very complex program, requiring a great deal of effort and patience on the part of applicants and current recipients. I think it is critical that SSA become more responsive to the special problems and needs of the SSI population, and that it improve the quality of its service to this group.

One general area of concern I have with regard to SSI is the rate at which those eligible for benefits participate in the program. Current estimates suggest that less than two-thirds of those eligible for SSI receive benefits. In this matter, I think it is important that the Department of Health and Human Services conduct a thorough analysis of participation and nonparticipation in SSI. Recent efforts to complete this kind of a study within the Department have been shelved, and I think it may be necessary for Congress to explicitly require that this research be done.

It is clear that one reason potential recipients fail to participate in the program is simply because they do not know of its existence. Awareness of this program is far from widespread among the elderly poor, and I think efforts to reach this population, and to advise them of the existence and availability of SSI benefits, are essential. I believe that the provisions in this bill will insure that outreach will become a high priority for SSA.

Overall, the modest and incremental changes stipulated in the legislation we are introducing today are intended to smooth a number of the rough edges in this program that have hampered its effective service to the needy aged, blind, and disabled.

Mr. President, this legislation is an inexpensive way to make life much less difficult for the 3.9 million Americans who depend upon the SSI program for their basic support. I commend it to my colleagues for further consideration.●

By Mr. LEVIN (for himself, Mr. BINGAMAN, and Mr. JEPSEN):

S. 2571. A bill to amend title 10, United States Code, to improve the procedures for procurement of technical data and spare parts by then Department of Defense, and for other purposes; to the Committee on Armed Services.

By Mr. LEVIN (for himself and Mr. JEPSEN):

S. 2572. A bill to amend title 10, United States Code, to provide for more cost effective and efficient purchase of spare parts by the Department of Defense, and for other purposes; to the Committee on Armed Services.

PROCUREMENT PRACTICES OF THE DEPARTMENT OF DEFENSE

● Mr. LEVIN. Mr. President, over the past year there has been tremendous concern regarding the exorbitant prices paid for some parts purchased by the Department of Defense. From my positions on the Armed Services Committee, the Government Affairs Committee, and the Committee on Small Business, I have spent a great deal of time in an effort to understand the root causes of spare parts overpricing.

Indepth study of the procurement process is not a glamorous undertaking. However, the convoluted process now used to procure items for the Government simply must be given serious attention if Congress is to constructively reform Government procurement. By most accounts the spare parts bill for the DOD will top $18 billion this year. If we are to continue asking the American public to foot this enormous bill we must commit to reviewing the process to insure that these awesome amounts are spent sensibly and sanely.

It has become apparent to me that there is no one cause of parts overpricing—there are several causes. These range from poor buying practices and management inattention, to a lack of the tools necessary to carry out the monumental responsibility of effective stewardship of taxpayers' dollars while purchasing millions of parts annually.

Mr. President, during the last few months, I have assembled a package of 20 initiatives that address many of the problems we have all heard and read about. This package has been developed as a result of digging into specific cases. For instance, last summer the Washington Post ran a front page story about the purchase of plastic stool caps for the AWACS aircraft. In this case an enterprising crew chief, Staff Sgt. Charles R. Kessler, Jr., bothered to ask questions and became angry when his command received a bill for $1,118.26 for the two plastic stool caps he had requisitioned. These caps were ordered by a stock number and the purchaser never knew he was only buying a plastic cap. He did know, however, that this item was coded "proprietary" to the original manufacturer of the aircraft. Believing he had no choice about competing the procurement of this item, the buyer ordered three of these caps from the prime contractor.

Several flaws in the procurement process which caused this particular overpricing are addressed by these initiatives. First, they would require that contract clauses prohibit proprietary designations—for all but the most unique parts—for more than 5 years. A second initiative in this package requires contractors to make a statement of intent as to the number and scope of proprietary privileges to be claimed prior to receiving a contract award.

Third, a disarmingly simple safeguard would be to require that the military buyer see a picture of the item he was ordering. One of my initiatives requires that the buyer be supplied with at least a line drawing of the item prior to purchase.

Lastly with respect to the plastic stool caps, these initiatives include language requiring "Economic Order Quantity Alerts" from contractors whenever it would be economical to purchase more than is currently being solicited. This alert would then allow the buyer to make a more informed decision about the quantity since few would argue that a special purchase of three plastic caps from a major prime contractor is an economically sensible purchase.

Mr. President, not all of the intitiatives in my package require legislative changes, Some require oversight by the Congress. This oversight includes a review of the procurement workload, the personnel required to handle the workload, and the computer capability in our procurement shops. However some of these initiatives do require changes in law, and for that reason I am introducing today a bill, S. 2571, incorporating these legislative changes. Following my statement is an outline and discussion paper on all of the changes I am recommending study to the Armed Services Committee. I ask consent that this material be inserted in the RECORD.

Mr. President, the second bill I am introducing is the text of a bill authored by Congressman BILL NICHOLS and recently approved by the House Armed Services Committee. (S. 2572) It is my hope that in the very near future the Armed Services Committee's ad hoc Task Force on Procurement will hold hearings on this subject. At that time I would like the task force to study my proposals and those of the House Armed Services Committee in hopes of reaching a consensus on the best way to deal with these pressing procurement problems. In many areas, these two bills deal with many of the same subjects. In the case of the length of proprietary designations for parts the House bill recommends a maximum of 7 years, while I have included the 5-year period. The Secretary of the Air Force has supported a 5-year approach. I think both approaches have merit and look forward to an open discussion of these and other issues within the Procurement Task Force.

Mr. President, I ask unanimous consent that the text of the bills and an outline of the proposals be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2571

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Defense Spare Parts Procurement Improvement Act of 1984".

TECHNICAL DATA: PURCHASE AND WARRANTY

SEC. 2. (a) Chapter 141 of title 10, United States Code, is amended by inserting after section 2386 the following new section:

"§ 2386a. Technical data rights

"(a) For the purposes of this section—

"(1) 'agency' means an agency referred to in section 2303(a) of this title;

"(2) 'technical data', when used with respect to property (other than real property) procured by an agency, means recorded information (regardless of the form or method of the recording, including computer software) of a scientific or technical nature (including engineering data) relating to the property and used throughout the life cycle of the property for the purposes of performing management, engineering, maintenance, modification, test, and other functions relating to the property and to procure spares or additional spares of such property; and

"(3) 'unlimited rights' means, with respect to technical data required to be made available or delivered to the United States under a contract, legal authority of the United States to use, duplicate, or disclose the technical data for any purpose and the legal authority to have or permit others to do so.

"(b)(1) Except as provided in paragraph (2), when an agency enters into a contract to procure property (other than real property) and it is possible that the agency will need to procure additional quantities of such property in the future, the agency shall purchase unlimited rights to the technical date related to the property. A contract providing for the purchase of technical data shall include clauses setting out the requirements of subsections (c), (d), (e), and (f).

"(2) An agency is not required to purchase unlimited rights to technical data under paragraph (1) if the head of the agency, or his designee, determines that the purchase of the technical data is not economically advantageous to the United States because of the price of the technical data or the nature of the property to which the technical data relates or because it is unlikely that the agency will need to procure additional quantities of such property in the future. The individual making the determination shall make written findings including the specific facts and circumstances relied on by the individual to support the determination.

"(c) Technical data purchased under subsection (b)(1) shall—

"(1) be made available to the purchasing agency within a reasonable time period, upon request of the agency, on or after the date on which the first item of property to which the technical data relates is delivered to the agency; and

"(2) be delivered to the purchasing agency not later than two years after the date on which the first item of property to which the technical data relates is delivered to the agency, or not later than any earlier date provided by the contract for the purchase of the technical data.

"(d) Whenever an engineering design change is made under a contract to procure property after the technical data relating to the property has been made available or delivered to an agency pursuant to a contract to purchase the technical data, the contractor shall revise the technical data to reflect the change and shall, within a reasonable time determined by the head of the agency or his designee, make available or deliver the revised technical data to the agency.

"(e) A contractor making available or delivering technical data to an agency shall—

"(1) certify that the technical data is (at the time the technical data is made available or delivered) complete, accurate, and adequate for the purpose for which the technical data is procurred; and

"(2) agree to promptly correct any such technical data that is incomplete, inadequate, or deficient or promptly furnish to the agency updated technical data that is complete, accurate, and adequate.

For the purposes of clause (2) of the first sentence, the head of the agency or his designee shall determine whether technical data is complete, accurate, and adequate.

"(f) A contractor shall not be entitled to receive progress payments under a contract during any period that the contractor does not meet the requirements of subsection (d), (e) (1), or (e) (2).".

(b) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2386 the following new item:

"2386a. Technical data rights.".

COMPETITION BREAKOUT ACTIONS: PROPRIETARY INTERESTS

(SEC. 3. (a)(1) Chapter 141 of title 10 United States Code, if further amended by inserting after section 2386a (as added by section 2) the following new section:

"§ 2386b. Proprietary interest or contractor

"(a) Each production contract entered into by an agency referred to in section 2303(a) of this title shall include a clause providing that the contractor, after the last day of a specified period beginning on the date of contract award, shall not have a proprietary interest in technical data (as defined in section 2386a(a)(2) of this title) or other data developed by the contractor in connection with such item. For the purposes of the first sentence, the specified period shall be five years unless the head of the agency, for good cause, agrees to a longer period.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2386a (as added by section 2) the following new item:

"2386b. Proprietary interest of contractor.".

(b)(1) The advocate for competition designed pursuant to section 2306a of title 10, United States Code (as added by section 6 of this Act), for an agency referred to in section 2303(a) of such title shall, not later than four years after the date of enactment of this act, review each designation of proprietary interest applicable in the case of property purchased by the agency and determine whether the designation is appropriate.

(2) In the case of a designation of proprietary interest determined by the advocate for competition of an agency to be inappropriate under paragraph (1), the head of the agency shall take such action as is appropriate to remove the designation for the purposes of procurements carried out by the agency.

(3) In the case of a designation of proprietary interest determined by the advocate for competition of an agency to be appropriate under paragraph (1), the head of the agency shall—

(A) analyze the property to which the designation relates to determine the engineering and design specifications of the property; and

(B) take such action as is appropriate to remove the designation not later than the last day of the seventeen-year period beginning on the date of the award of the contract under which the property was purchased.

(c)(1) Chapter 137 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2317. Special requirements for solicitations; proprietary interests

"(a) Each solicitation for bids or proposals for a contract to supply property (other than real property) to an agency shall include a clause requesting each contractor responding to the solicitation to state the extent of the proprietary interest the contractor expects to apply with respect to any part or component of the property to be procured and the period for which any designation of proprietary interest with respect to the part or component will be in effect.

"(b) The statements received under subsection (a) shall be considered for the purpose of determining the bid or proposal that is most advantageous to the United States.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2317. Special requirements for solicitations; proprietary interests.".

ADDITIONAL COMPETITION BREAKOUT ACTIONS

SEC. 4. (a) Not later than 90 days after the date of enactment of this Act, the Secretary of Defense shall prescribe by regulation the manner in which the Department of Defense negotiates prices for supplies procured from a contractor which does not produce the supplies and does not add significant value to the total value of the supplies. The regulation shall include provisions reasonably limiting the amount of overhead costs which such a contractor may allocate to any item of supplies.

(b) Section 2384 of title 10, United States Code, is amended to read as follows:

"§ 2384. Supplies; marking with name of contractor

"Each contractor furnishing supplies to an agency referred to in section 2303(a) of this title shall, in the manner directed by the head of the agency, either—

"(1) mark—

"(A) on each item supplied the name of the contractor furnishing the item and the contractor's stock number for the item; and

"(B) on each item (or part of the item) not originally manufactured or produced by the contractor the name of the original manufacturer or producer of the item or part and that manufacturer or producer's stock number for the item or part; or

"(2) include in all technical data (as defined in section 2386a(a)(1) of this title) relating to such item and delivered to the agency the name of the vendor or original manufacturer of the item or part to which the technical data relates and that manufacturer or producer's stock number for that item or part.

Supplies to which this section applies may not be received unless the requirements of this section are satisfied.".

COST AND PRICING DATA

SEC. 5. Section 2306(f)(1) of title 10, United States Code, is amended by striking out "$500,000" each place it appears and inserting in lieu thereof "$100,000" in each such place.

ADVOCATE FOR COMPETITION

SEC. 6. (a) Chapter 137 of title 10, United States Code (as amended by section 3), is further amended by inserting after section 2306 the following new section:

"§ 2306a. Advocate for competition

"(a) Each head of an agency shall—

"(1) designate for such agency one officer or employee of the agency to serve as the advocate for competition for the agency;

"(2) relieve such officer or employee of all duties and responsibilities that are inconsistent with the duties and responsibilities of the advocate for competition; and

"(3) provide such officer or employee with such staff or assistance as may be necessary to carry out the duties and responsibilities of the advocate for competition.

"(b)(1) The advocate for competition of an agency shall promote competition in the procurement of property and services by the agency.

"(2) The advocate for competition of an agency shall—

"(A) review the purchasing and contracting activities of the agency;

"(B) identify and report to the head of the agency—

"(i) opportunities to achieve competition on the basis of price and other significant factors in the purchases and contracts of the agency;

"(ii) solicitations and proposed solicitations which include unnecessarily detailed specifications or unnecessarily restrictive statements of need which may reduce competition in the procurement activities of the agency; and

"(iii) any other condition or action which has the effect of unnecessarily restricting competition in the procurement actions of the agency; and

"(C) prepare and transmit to the head of the agency an annual report describing his activities under this section.".

(b) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2306 the following new item:

"2306a. Advocate for competition.".

ECONOMIC ORDER QUANTITIES

SEC. 7. (a) Chapter 141 of title 10, United States Code, is amended by inserting after section 2384 the following new section:

"§ 2384a. Supplies: economic order quantities

"(a)(1) An agency referred to in section 2303(a) of this title shall procure supplies in such quantity as (A) will result in the total cost of unit cost most advantageous to the United States, and (B) does not exceed the quantity reasonably expected to be required by the agency during a fiscal year or longer period for which an appropriation is available for the purpose of procuring such supplies.

"(2) The Secretary of Defense shall take paragraph (1) into account in approving rates of obligation of appropriations under section 2204 of this title.".

"(b) Each solicitation for a supply contract shall include a clause requesting each contractor responding to the solicitation to state an opinion on whether the quantity of the supplies proposed to be procured is economically advantageous to the United States and, if applicable, to recommend two quantities which would be more economically advantageous to the United States. Each such recommendation shall include a quotation of the total price and the unit price for supplies procured in each recommended quantity.".

(b) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2384 the following new item:

"2384a. Supplies: economic order quantities.".

EFFECTIVE DATE

SEC. 8. (a) Except as provided in subsection (b), the amendments made by this Act shall take effect at the end of the 180-day period beginning on the date of the enactment of this Act and shall apply with respect to contracts for which bids or proposals are solicited after the end of such period.

(b) The amendments made by section 6 shall take effect at the end of the 90-day period beginning on the date of the enactment of this Act.

S. 2572

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION. 1. This Act may be cited as the "Defense Spare Parts Procurement Reform Act".

CONGRESSIONAL FINDINGS AND POLICY DIRECTION

SEC. 2. The Congress finds that recent disclosures of excessive payments by the Department of Defense for replenishment parts have undermined confidence by the public and Congress in the defense procurement system. The Secretary of Defense should make every effort to reform procurement practices relating to replenishment parts. Such efforts should, among other matters, be directed to elimination of excessive pricing of replenishment spare parts and the recovery of unjustified payments. Specifically, the Secretary should—

(1) direct that officials in the Department of Defense refuse to enter into contracts unless the proposed prices are fair and reasonable;

(2) continue and accelerate ongoing efforts to improve defense contract procedures in order to encourage effective competition and assure fair and reasonable prices;

(3) direct that replenishment parts be acquired in economic order quantities and on a multiyear basis whenever feasible and practicable and cost effective;

(4) direct that standard or commercial parts be used whenever such use is technically acceptable and cost effective; and

(5) vigorously continue reexamination of policies relating to acquisition, pricing, and management of replenishment parts and of technical data related to such parts.

PERSONNEL EVALUATIONS TO INCLUDE EMPHASIS ON COMPETITION AND COST SAVINGS

SEC. 3. (a) Chapter 137 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2317. Encouragement of competition and cost savings

"The Secretary of Defense shall establish procedures to ensure that personnel appraisal systems of the Department of Defense give appropriate recognition to efforts to increase competition and achieve cost savings in areas relating to contracts covered by this chapter."

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2317. Encouragement of competition and cost savings.".

IDENTIFICATION OF SOURCES OF SUPPLIES

SEC. 4. (a) Section 2384 of title 10, United States Code, is amended to read as follows:

"§ 2384. Supplies: identification of supplier and sources

"(a) The Secretary of Defense shall require that the contractor under a contract with the Department of Defense for the furnishing of supplies to the United States shall mark or otherwise identify supplies furnished under the contract with the name of the contractor and the national stock number for the supplies furnished or, if there is no such number for an item, the contractor's stock number for the item.

"(b) The Secretary of Defense shall prescribe regulations requiring that, whenever practicable, each contract for supplies (or an item that is a replaceable component of such supplies) require that the contractor identify—

"(1) the name of the actual manufacturer or producer of the item or of all sources of supply of the contractor for that item;

"(2) the national stock number of the component or part or, if there is no such number, the stock number of the actual manufacturer or producer or of each source; and

"(3) the source of any technical data delivered under the contract.

"(c) Identification of supplies, components, and technical data under this section shall be made in the manner prescribed by the Secretary of Defense.".

(b) The item relating to such section in the table of sections at the beginning of chapter 141 of such title is amended to read as follows:

"2384. Supplies: identification of supplier and sources.".

PROHIBITION OF LIMITING DIRECT SALES BY SUBCONTRACTORS TO THE UNITED STATES

SEC. 5. (a) Chapter 141 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2402. Prohibition of contractors limiting subcontractor sales directly to the United States

"(a) Except as provided in subsection (b), each contract for the purchase of supplies or services made by the Department of Defense shall provide that the contractor will not—

"(1) enter into any agreement with a subcontractor under the contract that has the effect of unreasonably restricting sales by the subcontractor directly to the United States of any item or process (including computer software) like those made, or services like those furnished, by the subcontractor under the contract (or any follow-on production contract); or

"(2) otherwise act to restrict unreasonably the ability of a subcontractor to make sales to the United States described in clause (1).

"(b) This section does not prohibit a contractor from asserting rights it otherwise has under law.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2402. Prohibition of contractors limiting subcontractor sales directly to the United States.".

DEFINITIONS

SEC. 6. Section 2302 of title 10, United States Code, is amended by adding at the end thereof the following new paragraphs:

"(4) 'Technical data' means recorded information (regardless of the form or method of the recording) of a scientific or technical nature. It does not include computer software.

"(5) 'Unlimited rights' means, with respect to technical data required to be delivered to the United States under a contract, legal authority of the United States to use, duplicate, and disclose the technical data for any purpose and the legal authority to have or permit others to do so.

"(6) 'Developed at private expense' means, with respect to an item (or technical data relating to an item) delivered to the United States under a contract, developed without direct payment by the United States under a provision of the contract which requires the performance of the development effort.".

PLANNING FOR PROCUREMENT OF SUPPLIES

SEC. 7. Section 2304 of title 10, United States Code, is amended by adding at the end thereof the following new subsections:

"(j) The Secretary of Defense shall ensure that before a contract for the delivery of supplies to the Department of Defense is entered into—

"(1) When the appropriate officials of the Department are making an assessment of the most advantageous procedure for acquisition of the supplies (considering quality, price, delivery, and other factors), there is a review of the availability and cost of each item of supply—

"(A) through the supply system of the Department of Defense; and

"(B) under standard Government supply contracts, if the item is in a category of supplies defined under regulations of the Secretary of Defense as being potentially available under a standard Government supply contract; and

"(2) there is a review of both the procurement history of the item and a description of the item; including, when necessary for an adequate description of the item, a picture, drawing, diagram, or other graphic representation of the item.

"(k)(1) The Secretary of Defense shall prescribe regulations requiring that, whenever practicable, an offeror submitting a proposal for a contract shall furnish information in the propsal identifying—

"(A) with respect to all items that will be delivered to the United States under the contract (other than items to which paragraph (2) applies), those items for which technical data will not be provided to the United States; and

"(B) with respect to technical data that will be delivered to the United States under the contract, any of such technical data that will not be provided with unlimited rights.

"(2) With respect to items that will be delivered to the United States under a contract described in paragraph (1) with respect to which it would be impracticable to ascertain, at the time the contract is entered into, the technical data relating to such items that will not be provided to the United States with unlimited rights, the contract shall require that the contractor shall provide identifying information similar to that required to be furnished under subsection (a) at a time to be specified in the contract.

"(3) The Secretary of Defense shall ensure that information furnished under paragraph (1) is considered in selecting the contractor for the contract.".

RIGHTS IN TECHNICAL DATA AND COMPUTER SOFTWARE

SEC. 8. (a)(1) Chapter 141 of title 10, United States Code, is amended by inserting after section 2386 the following new section:

"§ 2386a. Rights in technical data and computer software

"(a) A contract for supplies entered into by the Department of Defense which provides for delivery of technical data or computer software to the United States shall provide that the United States shall have unlimited rights in—

"(1) technical data and computer software resulting directly from performance of experimental, developmental, or research work which was specified as an element of performance in a Government contract or subcontract;

"(2) computer software required to be originated or developed under a Government contract or generated as a necessary part of performing a contract;

"(3) computer data bases prepared under a Government contract consisting of information supplied by the Government, information in which the Government has unlimited rights, or information which is in the public domain;

"(4) technical data necessary to enable manufacture of end-items, components, and modifications, or to enable the performance of processes, when the end-items, components, modifications or processes have been, or are being, developed under a Government contract or subcontract in which experimental, developmental, or research work is or was specified as an element of contract performance, except technical data pertaining to items, components, processes, or computer software developed at private expense;

"(5) technical data and computer software prepared or required to be delivered under a Government contract or subcontract and constituting corrections or changes to Government-furnished data or computer software;

"(6) technical data pertaining to end-items, components, or processes prepared or required to be delivered under a Government contract or subcontract for the purpose of identifying sources, size, configuration, mating and attachment characteristics, functional characteristics, and performance requirements;

"(7) manuals or instructional materials prepared or required to be delivered under the contract or any subcontract of the contract for installation, operation, maintenance, or training purposes;

"(8) technical data or computer software which is in the public domain or which has been or is normally released or disclosed by the contractor or subcontractor without restriction on further disclosure; and

"(9) technical data or computer software for which unlimited rights in such data or software are otherwise provided for under the contract.

"(b)(1) Each contract for the acquisition of supplies which includes a requirement for the contractor to furnish technical data or computer software to the United States shall provide—

"(A) that the contractor agrees to have a data management system approved by the Department of Defense in operation before the United States accepts delivery of any data required to be delivered to the United States under the contract; and

"(B) that the United States may ignore, correct, or cancel any restriction on the release of technical data or computer software that is not authorized by the contract if the contractor fails to substantiate, within 60 days after receiving a written request from the United States for such substantiation, the propriety of the restriction.

"(2) Each contract described in paragraph (1) shall provide that if—

"(A) the contractor asserts that the United States is not entitled to unlimited rights in technical data relating to an item, component, or process; and

"(B) the assertion is not sustained and it is determined that the assertion was not substantially justified,

the contractor shall be required to pay to the United States the costs to the United States of contesting the assertion.

"(3) Rights of the United States under paragraphs (1)(B) and (2) may not be asserted after the end of the three year period beginning on the date of final payment by the United States under the contract, unless the contract provides for a different period of time.

"(4) Notwithstanding the inspection and acceptance by the United States of technical data furnished under a contract and notwithstanding any provision of the contract concerning the conclusiveness of such inspection and acceptance, the contractor shall warrant in the contract that all technical data delivered under the contract will at the time of delivery to the United States conform with the specifications and all other requirements of the contract or the contractor will correct the technical data to so conform. The period of such a warranty shall be as provided for in the contract.

"(c) The Secretary of Defense shall prescribe by regulation standards for determining whether a contract entered into by the Department of Defense shall provide that, after a time to be specified in the contract, the United States shall have the right to use (or have used) for any purpose of the United States all technical data (including technical data of subcontractors at any tier) required to be delivered to the United States under the contract. The time specified in a contract with respect to such a right of the United States in any such data may not exceed seven years from the date the data was required to be delivered to the United States or the date an item to which such data relates was required to be delivered to the United States, whichever is earlier.

"(d) Nothing in this section shall be construed as affecting rights of the United States or of any contractor of subcontractor with respect to patents, copyrights, or any other law establishing particular rights in technical data.

"(e) In this section, 'technical data', 'unlimited rights', and 'developed at private expense' have the meaning given those terms in section 2302 of this title.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2386 the following new item:

"2386a. Rights in technical data and computer software."

(b)(1) Not later than one year after the date of the enactment of this Act, the Secretary of Defense shall develop a plan for a system for the acquisition and management of technical data appropriate for the acquisition of replenishment parts under the jurisdiction of that department. The plan shall address the possibility of a uniform system that would allow exchange of information among the military departments and the Defense Logistics Agency. The plan shall also address the possibility of a centralized system to identify the repository location of technical data relating to any item and the types of data on file in that repository.

(2) The Secretary of Defense shall ensure that the plan developed under paragraph (1) is implemented not later than five years after the date of the enactment of this Act.

COMPETITION ADVOCATES

SEC. 9. (a) Chapter 137 of title 10, United States Code, is amended by inserting after section 2306 the following new section.

"§ 2306a. Competition advocates

"(a) The head of each agency shall designate a person within that agency to be the competition advocate for the agency and shall designate a competition advocate for each procuring activity of the agency. The competition advocates shall promote the use of competitive methods of procurement.

"(b) The head of each agency shall prescribe by regulation the functions of competition advocates. Such regulations shall provide that each competition advocate shall—

"(1) advocate changes to policies and procedures to encourage maximum consideration of opportunities for competition during the acquisition process (including the supply process); and

"(2) challenge practices and procedures that inhibit competition, including unnecessarily restrictive statements of agency needs, unnecessarily detailed or restrictive specifications, use of procurement method codes, and other actions that could result in an inappropriate noncompetitive procurement.

"(c) The head of each agency shall ensure that—

"(1) there is a program within the agency to actively maintain and reassess programs to increase competitive procurement of replenishment parts;

"(2) there is a system within the agency for review of noncompetitive acquisitions; and

"(3) each competition advocate within the agency has access to personnel within the agency who can advise the competition advocate in specialized areas relating to competition, including persons who are specialists in engineering, technical operations, contract administration, financial management, supply management, and utilization of small and disadvantaged business concerns.

"(d) This section does not apply to the Coast Guard or the National Aeronautics and Space Administration.".

(b) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2306 the following new item:

"2306a. Competition advocates.".

ANNUAL REPORT

SEC. 10. Chapter 137 of title 10, United States Code, is amended by adding after section 2317 (as added by section 3) the following new section:

"§ 2318. Annual report on competition for supplies

"(a) The Secretary of Defense shall submit to Congress, not later than December 15 of each year, a report on the management by that department of the acquisition of replenishment parts during the preceding fiscal year.

"(b) Each report under this section shall include—

"(1) a report on the activities of the competition advocates of the Department of Defense during the preceding fiscal year; and

"(2) the rate of competition for contracts for supplies entered into by the Department during the preceding fiscal year, shown (A) by the number of contracts awarded competitively as a percentage of the total number of contracts awarded, and (B) by the dollar value of contracts awarded competitively as a percentage of the total dollar value of contracts awarded.

"(c) All information in reports under this section shall be shown for the Department as a whole and for each of the military departments and the Defense Logistics Agency."

(b) The table of sections at the beginning of such chapter is amended by adding after the item relating to section 2317 (as added by section 3) the following new item:

"2318. Annual report on competition for supplies.".

PUBLICATION OF PROPOSED REGULATIONS

SEC. 11. Section 2303 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) Regulations prescribed under this chapter by the Secretary of Defense or the Secretary of a military department may not take effect until 30 days after such regulations have been published in the Federal Register for public comment.".

EFFECTIVE DATE

SEC. 12. (a) Except as provided in subsection (b), this Act and the amendments made by this Act shall take effect at the end of the 180-day period beginning on the date of the enactment of this Act and shall apply with respect to contracts for which bids or proposals are solicited after the end of such period.

(b)(1) Sections 2 and 8(d) and the amendments made by sections 3, 10, and 11 shall take effect on the date of the enactment of this Act.

(2) The amendments made by section 9 shall take effect at the end of the 90-day period beginning on the date of the enactment of this Act.

LEVIN PROCUREMENT PROPOSALS (OUTLINE)

I. TECHNICAL DATA

A. Require purchase.

B. Specify delivery time.

C. Warranty the technical data.

D. Require all design changes to be reflected in the data by contractor.

E. Develop and fully-fund computer capability for storage and retrieval of data—report language.

II. BREAKOUT EFFORTS

A. Five-year contractual time limit on proprietary rights.

B. Require statement on extent of contractor's proprietary restrictions with proposal on major system.

C. Require regulations on cost pyramiding to block full allocation of overhead and profit "pass-through" items

D. Require vendor name on drawings.

E. Allow separate purchases of support equipment—report language.

III. PRICING OF PARTS

A. Lower threshold for submission of cost and pricing data.

B. Require new profit regulations.

C. Require line item prices for provisioning spares purchases.

D. Develop computer capability for price histories—report language.

IV. PROCEDURES

A. Place Competition Advocate in law.

B. Require process for releasing funds to allow economic purchases.

C. Require Economic Order Quantities (EDQ) Alerts in contractors proposal.

D. Require picture of items purchased in buyer's file—report language.

E. Provide sufficient number of procurement personnel—report language.

F. Employee Motivation improvements—report language.

I. Technical data

Synopsis

A. Require purchase.

B. Specify delivery time.

C. Warranty the technical data.

D. Require contractor to reflect design changes in the data.

E. Develop and fully fund computer capability for storage/retrieval of data.

Discussion

A. When purchased items are not commercially available off-the-shelf, or known by a generic trade name, there is little or no chance of competitively procuring those items unless the government can supply detailed measurements and engineering drawings. Purchasing and storing this information, often referred to as technical data, has not been a high priority in the past. The lack of necessary technical data is cited time and again as possibly the single biggest barrier to competitive procurement.

One Air Force study concluded that 23.6% of the spare parts dollars had to be spent on a sole-source basis because of missing or incomplete data that if present would have allowed competitive procurement.

Solution: A statutory requirement for the purchase of the rights to technical data in all cases where it might be necessary at some later date to use this data for reprocurement. A decision not to procure such data must be accompanied by the finding that given the nature of the item, the price of the data, or the likelihood of reprocurement; any such purchase would be economically unwise.

B. Data purchased is often delivered late in the production run of a system. Thus even though the data has been purchased buyers are forced to return to prime contractors for replenishment spares 4 and 5 years into the production life of a system—and these purchases are made on a sole-source basis. Some argue that technical data should be delivered with the delivery of the first item in the production run. The government's acceptance of the first such item is signified by the completion of an acceptance form, the DD-250. Technical engineers at Warner Robins Air Force Base supported delivery of technical data at the time the government signs the DD-250. Personnel at the Army's Tank and Automotive Command argue that there are numerous design changes after submission of first production items, but one should require contractors to make available any technical data needed to make a replenishment purchase after receipt of the first production item.

Solution: (a) Require that technical data be available upon request at any time after delivery of the first item of production. (b) Negotiate as part of original contract that delivery of data occur as soon as possible after delivery of first item, but in no case later than 24 months after the government's acceptance of first production item.

C. Sometimes even if purchased and delivered, the technical data is incomplete, illegible, or deficient in some way as to make it inadequate for breakout efforts. This situation is especially intolerable since prime contractors insist that if the government wants this data then the government will be forced to pay the price of generating the data. Having paid the price, the user is entitled to get data that works.

Solution: Since accurate data is the only hope for effective breakout and competition, the government should (a) require that contractors warrant the data for completeness and accuracy; and (b) block any remaining progress payments on contracts where technical data is not complete and accurate.

D. Even if the government purchases technical data, has it delivered at the time of the government's acceptance of the first production item, and finds that it is accurate and complete at the time of delivery, the government may still find that design changes made to system have rendered obsolete significant portions of the data. For example, in the F-15 program, from January 1973 through December 1976, there were 40,000 design changes made to a system composed of a total of 324,000 items. This magnitude of changes can transform data that was originally flawless into data that is completely unreliable.

Solution: In cases where the government has determined that the procurement of technical data is in the government's best interest, it is imperative that contractors be required to reflect Engineering Design Changes in the technical data within a resonable time after making such Engineering Design Change.

E. Technology has reached the point where it is no longer sensible or practical to store technical engineering data on reams of paper, or even aperture cards. The Army and Air Force have been pursuing systems known as the Digital Storage and Retrieval of Engineering Data System (DSREDS) and the Engineering Data Computed-Assisted Retrieval System (EDCARS), respectively. These systems will allow complex and bulky technical data to be lasar-etched into storage disks, much like phonograph records. These records can be retrieved, reviewed, printed, and returned to file entirely by computer. It is imperative that each of the services move forward in this area in a unified way. As structured now the Army and Air Force systems being developed are identical, differing only in name. The Navy and DLA must move forward in this area and Congress should mandate the joint procurement of this system.

Solution: Fully-fund and support the Army and Air Force efforts to develop this on-line capability within the next four years. Require participation by the Navy and the Defense Logistics Agency in these efforts.

II. Breakout efforts

Synopsis

A. 5-year time limit on Proprietary Rights.

B. Require statement on the extent of contractor's proprietary restrictions with proposal on major systems.

C. Require Regulations on Cost Pyramiding: full allocation of overhead/profit on "Pass/thru" items.

D. Require vendor name on drawings—report language.

E. Allow separate purchases of support equipment—report language.

Discussion

A. Once parts are coded proprietary to a specific company, be that company the prime contractor or a vendor, the designation can last forever. The ABC television news program, "20/20," reported last spring on a number of parts still bought sole-source for the B-52 Bomber because they were coded proprietary to the original seller of the plane. This bomber has been part of our fleet since the early 1950's, thus the contractor has enjoyed sole-source direcprocurements for 30 years. This is a strange result since even a patent has a limited life of 17 years.

The Secretary of the Air Force issued guidance to Air Force procurement personnel on September 16, 1983 attempting to limit proprietary designations to a 5 year time period. However these efforts must occur during contract negotiations, and before the services have incurred a contractual obligation to purchase a system.

Solution: (1) Require that no proprietary designation be allowed to last more than 5 years on any contract signed after the date of enactment. (2) Allow waiver of this rule for certain items when the head of the procuring activity makes a finding that a designation in excess of five years is fully justified. (3) Require a review of all existing proprietary designations by the Competition Advocate (Statutorily established in Section IV) within 4 years after enactment of this bill. During these reviews even if the Competition Advocate agrees with the proprietary designation there should still be a determination as to whether the government should attempt to "reverse engineer" the item. Reverse engineering is not blocked by the proprietary designation, and in many of the Competition Advocate offices personnel now are doing an exemplary job at reverse engineering items as a last resort effort at breakout. (4) The Competition Advocate should implement a procedure to remove all existing proprietary designations at a point no later than the seventeenth year after introduction of the item. This is in recognition of the fact that even the protection of the formal process of patenting items expires after 17 years.

B. Even though we negotiate on outside limit on the time items are allowed to remain proprietary, we cannot ignore the number of items coded proprietary for any length of time. Because the designation of items as proprietary for any length of time has the effect of greatly increasing replenishment spares costs the government should attempt to make contractor willingness to limit the number of data rights a factor in awarding contracts. Secretary Weinberger supported this concept in his August 19, 1983 memorandum on spare parts.

Solution: Require a clause in all major solicitations requesting contractor's proposal to include a representation as to the extent and length of proprietary designations on individual parts and components of the system. Then allow this to become one factor to be considered when making the contract award.

C. There is a real problem with cost pyramiding in defense contracts. Many times although little or no value is added to a part or item, there is still an allocation of overhead, general and administrative charges and profit to these "pass-through" parts. When these subassemblies are provided by third or fourth-tier vendors, there can be layers upon layers of mark-up. Eventually this problem would be eased by improved breakout.

Solution: In the interim, Congress should mandate a regulation blocking all but minimal allocation of overhead, general and administrative charges and profit when there has been little or no value added by the prime contractors to assist our spare parts breakout efforts.

D. In many cases the services simply do not know whether a part was supplied by the prime or one of the prime's vendors. When one can determine that there was a vendor and who that vendor was, one can often breakout the part to the original manufacturer. Even if one must do this on a sole-source basis, there has still been avoidance of the large allocation of overhead by prime contractors.

Solution: Mandate in report language that the technical drawings include the name of the actual manufacturer on the drawing.

E. We do not appear to be buying support equipment intelligently. This equipment, bought to maintain our major systems, is usually purchased with a modification to the original contract. There is also a pervasive attitude that the first purchase of all support equipment must come from the prime. Generally this attitude arises from the belief that the prime is the only entity qualified to truly know the service needs of the product they have designed. Although there are occasions where this is true, purchases of hammers, ladders, screwdrivers, etc. should not necessarily be made from a major contractor.

Solution: Discuss in report language the proven lack of wisdom and inflexibility in the purchase of support equipment. Include recommendations to provide for: (1) separate purchase of these items when appropriate rather then through contract modifications to the contract on a major weapons system; and, (2) requests for proposals on major weapons systems to require prime contractors and subcontractors to include a list of a maintenance and tooling items that will be required by the user. This list should include the generic names and measurements for these tools.

III. Pricing of parts

Synopsis

A. Lower Threshold for Cost and Pricing Data.

B. Require New Profit Regulations—Report Language.

C. Line Item Prices for Provisioning Packages—Report Language.

D. Computer Capability for Price Histories—Report Language.

Discussion

A. After careful study and hearings in the Governmental Affairs Committee last year it became apparent that the requirement for certification of Cost and Pricing Data should not have been raised to $500,000. An amendment was added to the Competition in Contracting Bill (S. 338) in the Governmental Affairs Committee to lower the threshold to $100,000, and was supported during the Armed Services Committee's deliberation on this bill. The DOD repeatedly argued that the actions were unnecessary because anytime a buyer wanted to get this data then he could. However, when we have discussed this issue with buyers, they have told us how much easier their job is with this data, and that regardless of their efforts, major contractors simply will not comply with their requests for data if the price is under the $500,000 threshold. When airplanes are sitting on the runway, the buyer has no recourse against this type of stonewalling. The lack of a statutory requirement for contractor compliance coupled with the time factor, means that the buyers negotiate without the information—often against their better judgment.

Solution. Lower the threshold to $100,000 for mandatory submission of certified Cost and Pricing Data, and make the statute explicit on the buyer's right to require this data at any time on any size contract.

B. DOD profit policy, as governed by the weighted guidelines in DAR 3-808.2, develops profit levels based on costs incurred by the contractor. Therefore, contractors are rewarded when their proposals reflect complex manufacturing techniques with high costs. Our profit guidelines must be designed to reward behavior other than incurring large costs. Other initiatives more sensibly rewarded might be productivity, prior performance, willingness to comply with our needs for breakout of parts and support equipment as well as to develop second sources for the entire system.

Solution. Report language requiring a rewrite of the DOD profit guidelines to deemphasize incurred costs, recognizing however, that cost cannot be ignored in these determinations.

C. During the past year there have been several examples of provisioning parts bought in a group with a bottom line price. In these cases very little attention went to the assignment of reasonable prices on a part by part basis. If the government truly believed that it was possible to get a reasonable bottom line price without knowing what the components would cost, it would still run the risk of having the Provisioning Order prices being divided by the number of parts delivered (or some other process bearing no relationship to value) in order to determine a part by part cost. These meaningless prices then become part of the Procurement History and may become the yardstick by which future procurements are judged for reasonableness.

Solution: In order to avoid situations like the General Dynamics Allen Wrench Case, where the government accepted a bottom line price and then expressed dismay over the prices allocated to items as they were delivered, contracting offices should require that the provisioning contract, or contract modification, assign line item prices to items before the proposal is accepted. Only then, can the buyer decide whether every item is reasonably priced, as well as the entire contract, or modification.

D. The government must make sure that it has the capability to know what it has paid for an item in the past. The services are lacking in their computer capability to keep track of and monitor procurement history. GAO testimony before the Senate Armed Services Committee in November 1983 documented the costly effects of not having this capability.

Solution: Congress must further investigate the services' need for Automatic Data Processing capability for tracking procurement histories. If money has been denied through the internal budget process within the Executive Branch, Congress should consider adding money or taking it from other accounts to fund development of a modern capability as quickly as possible.

IV. Procedures

Synopsis

A. Place Competition Advocate in law.

B. Require process for releasing funds to allow economic purchases.

C. Require Economic Order Quantities (EOQ's) Alerts in Contractors proposals.

D. Picture of items in buyer's file.

E. Provide sufficient number of procurement personnel.

F. Employee movitation—report language.

Discussion

A. Although regulations have long required contracting Officers to maximize competition for each contract award, GAO has found that contracting officers often acquiesce to the sole-source procurement requests of headquarters, technical personnel, and end-users. Lacking in this process has been an official with clear responsibility and accountability for competition in government contracting.

Establishment of an Office of Competition Advocate was proposed by Secretary Wienberger in his 10 Point Program for Spare Parts Procurement Reform. A statutory scheme for this office is included in S. 338, the competition in Contracting Act which has passed the Senate Committees on Governmental Affairs and Armed Services, as well as the full Senate.

Solution: Establish in statute the Office of the Competition Advocate.

B. Chief Executive Officers of several major prime contractors told the Senate Armed Services Committee in October of 1983 that one of the government's biggest problems is not purchasing items in Economic Order Quantities. Often one can easily review Procurement History records and determine a level of parts purchasing that has been consistent over the life of a weapons system. In cases such as these, a strong argument exists for allowing multiyear authorization for spares purchases. However, the biggest barrier to sensible buying comes not from the way Congress allocates money, but the way the Executive Branch controls its expenditure. At the Navy's Aviation Supply Office in Philadelphia, buyers described the process of buying spares four times per year because funds are released on a quarterly basis. Not only is the per item cost of parts higher as a result of such a process, but administration costs are four times greater than necessary.

Solution: Require the Executive Branch to allow expenditures to be allocated in such a way as to prevent recurring purchases within a single year.

C. Even if the services have the authority to make recurring procurements economically, a savings will not be achieved if the buyers do not have the information in their folders to determine what an economic order rate would be.

Solution: The government should request contractors to answer solicitations with a statement that the procurement as solicited is either a wise economic order quantity, or recommend at least 2 quantities that would be more sensible. In those cases where the contractor did make such a recommendation, the government should also request a total and unit price quote for those quantities in order for the buyer to more readily determine whether another solicitation should be prepared.

D. Lack of item knowledge by buyers has been the root cause of a number of the horror stories of the past year. When the Washington Post described the saga of a plastic stool cap for the AWACS plane built by Boeing, it turned out that the buyer ordered the part as National Stock Number 5340-01-040-4512. The final price for this 26¢ cap turned out to be $1,118; however, the buyer never knew what he was buying. Item managers at logistics centers almost always have a photo or line drawing of the items they manage. However, purchase requests reviewed by buyers in the Air Force, Navy, Army, and Defense Logistics Agency have no picture and either very little descriptive information, or else descriptive information written by and for engineers that is all but indecipherable to lay persons.

Solution: On-line computer capability with picture functions is the ultimate solution to this problem of lack of buyer knowledge, yet this solution is at least three years from fruition even if new ADP capability is fully funded and a top priority. In the meanwhile, we should require that purchase orders received by the buyers from the item managers be accompanied by a photo or line drawing of the item they are buying.

E. The services have stated that more people are needed in the Procurement shops. Their point is well taken that competitive procurement is much more labor intensive than unpriced orders placed to the prime system supplier. As part of the Armed Services Committee review of the FY 1985 Budget the Committee must examine the procurement workload and the personnel assigned. The Committee should then review the numbers of procurement personnel requested and decide if they are sufficient.

Solution: If personnel are needed the Committee should be prepared to add them and mandate their placement to be sure the numbers make their way down to the ranks where they are needed.

F. There is too much focus on timeliness and not enough focus on savings achieved when employees are reviewed. it is obvious that the system has been set up to achieve speed over all other costs.

Solution: Report language is needed regarding the way in which procurement shops are run and the way employees view their duties. It is important that the Department of Defense be prepared to fulfill its readiness function at all times, but it is also important that the stewardship of tax dollars be a consideration in every procurement. Employee review systems based solely on number of items moved and ignoring efforts at reducing costs do not reflect the importance of this stewardship.●

Mr. BINGAMAN. Mr. President I am pleased to cosponsor the bill introduced by my distinguished colleague, Senator LEVIN, which addresses the serious problems associated with the procurement of spare parts by the Department of Defense.

Spare parts procurement problems have come to the attention of the public through many stories in the media over the last few months. A number of days of hearings have been held by both the Armed Services Committee and the Governmental Affairs Committee, which I serve on, on this important subject. There is no doubt that serious abuses and breakdowns in procedures have occurred, resulting in the loss of millions of taxpayer dollars. Many of the items purchased for hundreds and thousands of dollars are as common as allen wrenches, nuts and bolts and similar items easily purchased in any hardware store for pennies. The legislation proposed by Senator LEVIN attempts to deal in a logical, rational way with this problem.

However, the bill is certainly not the last word in developing efficient solutions, but serves as a effective first step in devising a solution. Further hearings should be held by both the Armed Services Committee and the Governmental Affairs Committee. I am also pleased to be on the Armed Services Committee task force on procurement created by Senator TOWER. I look forward to examining this legislation and other solutions on the spare part problem and other procurement problems which plague the Department of Defense.

I am particularly interested in and supportive of one provision of the bill which would call for the development of computer capability to monitor and check on spare parts procurement. The Government must make sure that it has the capability to know what it has paid for an item in the past. The services are now lacking in their computer capability to keep track of and monitor procurement history. In recent testimony before the Armed Services Committee, Mr. Warren G. Reed of the General Accounting Office stated that:

> The Defense Logistics Agency is the only organization (within the Defense Department) that uses the computer to report spare parts' price increases.

Mr. Reed attributed this lack of capability to logically and technically outdated computer software programs at the Department of Defense's procurement centers. As a result of this finding, Senator LEVIN and I wrote to the Secretary of Defense asking that the development of needed computer capability be given a high level of attention. I believe the bill being introduced today addresses this important issue.

The bill also addresses several other significant areas which need immediate attention and correction. Other areas of importance include the establishment of competition advocates, the Government use of technical data for which it pays, and time limitations on proprietary rights imposed by contractors which prevent competition. These and other recommendations deserve the immediate attention of the Congress. I look forward to swift action and I strongly support the effort and leadership of the Senator from Michigan to get this needed action on the correction of the procurement problems which now exist in the Department of Defense.

By Mr. WEICKER (for himself and Mr. STAFFORD):

S. 2573. A bill to revise and extend programs for persons with developmental disabilities; to the Committee on Labor and Human Resources.

DEVELOPMENTAL DISABILITIES ACT OF 1984

● Mr. WEICKER. Mr. President, I rise today to introduce on behalf of myself and Senator STAFFORD the Developmental Disabilities Assistance and Bill of Rights Act Amendments of 1984. This bill seeks to reauthorize the Developmental Disabilities Act for 3 years and to strengthen the Federal mandate for our Nation's 3.9 million developmentally disabled citizens.

During its 14 years of existence, the Developmental Disabilities Act has fostered critical Federal advocacy on behalf of citizens with life-long disabling conditions and provided crucial seed money for service programs that help them achieve their full potential. Although its budget is small when compared to other Federal discretionary activities, its dollars have a multiplier effect, stimulating funding from States, nonprofit private agencies, and educational organizations.

The legislation I introduce today seeks to strengthen the mission of this act by emphasizing programs that promote the independence, productivity, and community integration of our Nation's most severely disabled citizens. For too long have these handicapped citizens been relegated to back wards of institutions—and to second-class citizenship as well. For too long have they been the last served and the first to lose services.

It was only 9 years ago that this body passed the Education for All Handicapped Children Act. This landmark legislation established the rights of handicapped students to receive the educational services they need to develop to their maximum potential. It set the stage for the emergence of handicapped Americans into the mainstream of our society. But this task is far from accomplished. The road has been paved and the traveling has begun, but there are many more miles to go.

The bill I introduce today sets priorities for State councils to generate services in two areas of adult life, living arrangements and supported employment opportunities. Many handicapped Americans have benefited from 10 years of educational services tailored to meet individual needs. But once they leave the school systems, the frequently find themselves all dressed up with no place to go. The lack of community living settings and appropriate job situations for developmentally disabled people has compounded their handicaps and impeded their efforts to live independently as productive individuals. It is not enough to be mainstreamed in a school setting if there is no mainstreaming in adult life. This legislation seeks to focus the attention of State planning councils on this fact, and to align their priorities in light of it.

Neither is it enough to expand and strengthen a mandate without adequate financial support. During the last several years, the Developmental Disabilities Act has weathered attempted block grants and funding cuts to retain its categorical status. The minimum allotment for States has held steady for 6 years while inflation has climbed at rates as high as 12 percent per year. The allocation for State grants has stagnated since 1980. It is time to move ahead with these programs and to increase the funding that, in the long run, will make its own contribution to reducing the Federal deficit. Developmentally disabled people want to and will make their contribution to society and to the U.S. Treasury if they are given half a chance. The reauthorization bill I introduce today would increase the State minimum allotment from $250,000 to $300,000 and the State grant authorization level from $45.4 million for 1984 to $54.5 million for 1985.

Another major program of the Developmental Disabilities Act, the protection and advocacy system, also would be stengthened by this reauthorization bill. States have operated these systems on shoestring budgets—many with minimum allotments of $50,000—for the past 6 years; $50 thousand for a State to protect and advocate the rights of its thousands of developmentally disabled citizens is little more than lipservice to the law.

So, in addition to expanding the authority of the protection and advocacy systems, this reauthorization bill would double the minimum allotment to $100,000 and increase the authorization level from $8.4 to $15 million. Although these numbers represent roughly a 100-percent increase in both cases, they are in fact a small investment when compared with the returns they will yield.

This bill would strengthen the university affiliated facilities program and the special project grants program to promote the goals of independence, integration, and productivity. Interdisciplinary training, exemplary demonstration projects, and the dissemination of research findings must further these ends or they are not doing the job Congress intends them to do. This legislation seeks to increase authorization levels for these programs from $7.8 million to $9.4 million, and from $2.6 million to $3.2 million, respectively.

Also called for in this legislation is a special study of intermediate care facilities for the mentally retarded. Many of my colleagues are conscious of the controversies surrounding these institutions which center on conditions in them and the propriety of placing individuals there. This bill would convene a task force of representatives from the Department of Health and Human Services, the Office of Special Education and Rehabilitative Services, and the National Council on the Handicapped to recommend ways in which title XIX medicaid dollars could be better expended to increase the independence of developmentally disabled persons.

Mr. President, there are numerous other provisions in this reauthorization bill which would refine and update the programs authorized by the Developmental Disabilities Assistance Act. I urge my colleagues to give this legislation careful consideration and to join me in reaffirming the Federal commitment to all developmentally disabled Americans.

I ask unanimous consent that this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2573

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Developmental Disabilities Act of 1984".

SEC. 2. Title I of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 is amended to read as follows:

"TITLE I—PROGRAMS FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

"PART A—GENERAL PROVISIONS

"SHORT TITLE

"SEC. 100. This title may be cited as the 'Developmental Disabilities Assistance and Bill of Rights Act'.

"FINDINGS AND PURPOSES

"SEC. 101. (a) The Congress finds that—

"(1) there are more than two million persons with developmental disabilities in the United States;

"(2) individuals with disabilities occurring during their developmental period are more vulnerable and less able to reach an independent level of existence than other handicapped individuals who generally have had a normal developmental period on which to draw during the rehabilitation process;

"(3) persons with developmental disabilities often require specialized lifelong services to be provided by many agencies in a coordinated manner in order to meet the persons' needs;

"(4) general service agencies and agencies providing specialized services to disabled persons tend to overlook or exclude persons with developmental disabilities in their planning and delivery of services; and

"(5) it is in the national interest to strengthen specific programs, especially programs that reduce or eliminate the need for institutional care, to meet the needs of persons with developmental disabilities.

"(b)(1) It is the overall purpose of this title to assist States to assure that persons with developmental disabilities receive the care, treatment, and other services necessary to enable them to achieve their maximum potential through increased independence, productivity, and integration into the community, and to establish a system which coordinates, monitors, plans, and evaluates services which ensures the protection of the legal and human rights of persons with developmental disabilities.

"(2) The specific purposes of this title are—

"(A) to assist in the provisions of comprehensive services to persons with developmental disabilities, with priority to those persons whose needs are not otherwise met under the Rehabilitation Act of 1973 or other health, education, or welfare programs;

"(B) to assist States in appropriate planning activities;

"(C) to make grants to States and public and private, nonprofit agencies to establish model programs, to demonstrate innovative habilitation techniques, and to train professional and paraprofessional personnel with respect to providing services to persons with developmental disabilities;

"(D) to make grants to university affiliated facilities to assist them in administering and operating demonstration facilities for the provision of services to persons with developmental disabilities, and interdisciplinary training programs for personnel needed to provide specialized services for these persons; and

"(E) to make grants to support a system in each State to protect the legal and human rights of all persons with developmental disabilities.

"DEFINITIONS

"SEC. 102. For purposes of this title:

"(1) The term 'State' includes Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the District of Columbia.

"(2) The term 'facility for persons with developmental disabilities' means a facility, or a specified portion of a facility, designed primarily for the delivery of one or more services to persons with one or more developmental disabilities.

"(3) The terms 'nonprofit facility for persons with developmental disabilities' and 'nonprofit private institution of higher learning' mean, respectively, a facility for persons with developmental disabilities and an institution of higher learning which are owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual; and the term 'nonprofit private agency or organization' means an agency or organization which is such a corporation or association or which is owned and operated by one or more of such corporations or associations.

"(4) The term 'construction' includes construction of new buildings, acquisition, expansion, remodeling, and alteration of existing buildings, and initial equipment of any such buildings (including medical, transportation, and recreation facilities); including architect's fees, but excluding the cost of offsite improvements and the cost of the acquisition of land.

"(5) The term 'cost of construction' means the amount found by the Secretary to be necessary for the construction of a project.

"(6) The term 'title', when used with reference to a site for a project, means a fee simple, or such other estate or interest (including a leasehold on which the rental does not exceed 4 per centum of the value of the land) as the Secretary finds sufficient to assure for a period of not less than fifty years undisturbed use and possession for the purposes of construction and operation of the project.

“(7) The term ‘developmental disability’ means a severe, chronic disability of a person which—

“(A) is attributable to a mental or physical impairment or combination of mental and physical impairments;

“(B) is manifested before the person attains age twenty-two;

“(C) is likely to continue indefinitely;

“(D) results in substantial functional limitations in three or more of the following areas of major life activity: (i) self-care, (ii) receptive and expressive language, (iii) learning, (iv) mobility, (v) self-direction, (vi) capacity for independent living, and (vii) economic self-sufficiency; and

“(E) reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong or extended duration and are individually planned and coordinated.

“(8) The term ‘independence’ means the extent to which persons with developmental disabilities exert control and choice over their own lives without reliance on other persons for supervision and assistance to perform daily activities.

“(9) The term ‘productivity’ means—

“(A) engagement in income-producing work by a person with developmental disabilities which is measured through improvements in income level, employment status, or job advancement, or

“(B) engagement by a person with developmental disabilities in nonpaid work which contributes to a household or community.

“(10) The term ‘integration’ means—

“(A) the use, by persons with developmental disabilities, of the same community resources that are used by other citizens together with regular contact with other citizens who have no apparent disabilities, and

“(B) the residence by persons with developmental disabilities, in proximity to community resources together with regular contact with citizens who have no apparent disabilities.

“(11)(A) The term ‘services for persons with developmental disabilities’ means—

“(i) priority services (as defined in subparagraph (C)); and

“(ii) any other specialized services or special adaptations of generic services for persons with developmental disabilities, including diagnosis, evaluation, treatment, personal care, day care, domiciliary care, special living arrangements, training, education, sheltered employment, recreation and socialization, counseling of the person with such disability and the family of such person, protective and other social and sociolegal services, information and referral services, follow-along services, case management services, child development services, nonvocational social-developmental services, transportation services necessary to assure delivery of services to persons with developmental disabilities, and services to promote and coordinate activities to prevent developmental disabilities.

“(B) The term ‘service activities’ includes, with respect to an area of priority services described in subparagraph (C) or an area of services described in subparagraph (A)(ii)—

“(i) the provision of services in the area;

“(ii) model service programs in the area;

“(iii) activities to increase the capacity of agencies to provide services in the area;

“(iv) the coordination of the provision of services in the area with the provision of other services;

“(v) outreach to individuals for the provision of services in the area;

“(vi) the training of personnel, including parents of persons with developmental disabilities, professionals, and volunteers, to provide services in the area; and

“(vii) similar activities designed to expand the use and availability of services in the area.

“(C) The term ‘priority services’ means alternative community living arrangement services (as defined in subparagraph (D)) and employment related services (as defined in subparagraph (E)).

“(D) The term ‘alternative community living arrangement services’ means such services as will assist persons with developmental disabilities in developing or maintaining suitable residential arrangements in the community, and includes in-house services (such as personal aides and attendants and other domestic assistance and supportive services), family support services, foster care services, group living services, respite care, recreation and socialization services, and staff training, placement, and maintenance services.

“(E) The term ‘employment related services’ means such services as will increase the independence, productivity, or integration of a person with developmental disabilities in work settings, and includes such services as employment preparation and vocational training leading to supported employment, incentive programs for employers who hire persons with developmental disabilities, services to assist transition from special education to employment, and services to assist transition from sheltered work settings to supported employment settings or competitive employment.

“(F) The term ‘supported employment’ means paid employment which—

“(i) is for persons with developmental disabilities for whom competitive employment at or above the minimum wage is unlikely and who, because of their disabilities, need intensive ongoing support to perform in a work setting;

“(ii) is conducted in a variety of settings, particularly work sites in which persons without disabilities are employed; and

“(iii) is supported by any activity needed to sustain paid work by persons with disabilities, including supervision, training, and assistance with transportation.

“(12) The term ‘satellite center’ means a public or private nonprofit entity which—

“(A) is affiliated with one or more university affiliated facilities; and

“(B) functions as a community or regional extension of such university affiliated facility or facilities in the delivery of services to persons with developmental disabilities, and their families, who reside in geographical areas where adequate services are not otherwise available;

“(13) The term ‘university affiliated facility’ means a public or nonprofit facility which is associated with, or is an integral part of, a college or university and which provides for at least the following activities:

“(A) Interdisciplinary training for personnel concerned with developmental disabilities which is conducted at the facility and through outreach activities.

“(B) Demonstration of—

“(i) exemplary services relating to persons with developmental disabilities in settings which are integrated in the community; and

“(ii) technical assistance to generic and specialized agencies to provide services to increase the independence, productivity, and integration into the community of persons with developmental disabilities, such as the development and improvement of quality assurance mechanisms.

“(C)(i) Dissemination of findings relating to the provision of services under subparagraph (B) of this paragraph, and (ii) providing researchers and government agencies sponsoring service-related research with information on the needs for further service-related research which would provide data and information that will assist in increasing the independence, productivity, and integration into the community of persons with developmental disabilities.

“(14) The term ‘Secretary’ means the Secretary of Health and Human Services.

“(15) The term ‘State Planning Council’ means a State Planning Council established under section 124.

“FEDERAL SHARE

“Sec. 103. (a) The Federal share of all projects in a State supported by an allotment to the State under part B shall be 75 percent of the aggregate necessary costs of all such projects, as determined by the Secretary, except that in the case of projects located in urban or rural poverty areas, the Federal share of all such projects shall be 90 percent of the aggregate necessary costs of such projects, as determined by the Secretary.

“(b) The Federal share of any project to be provided through grants under part D shall be 75 percent of the necessary cost of such project as determined by the Secretary, except that if the project is located in an urban or rural poverty area, the Federal share may not exceed 90 percent of the project's necessary costs as so determined.

“(c) The non-Federal share of the cost of any project assisted by a grant or allotment under this title may be provided in kind.

“(d) For the purpose of determining the Federal share with respect to any project, expenditures on that project by a political subdivision of a State or by a nonprofit private entity shall, subject to such limitations and conditions as the Secretary may by regulation prescribe, be deemed to be expenditures by such State in the case of a project under part B or by a university affiliated facility or a satellite center, as the case may be, in the case of a project assisted under part D.

“RECORDS AND AUDIT

“Sec. 104. (a) Each recipient of assistance under this title shall keep such records as the Secretary shall prescribe, including (1) records which fully disclose (A) the amount and disposition by such recipient of the proceeds of such assistance, (B) the total cost of the project or undertaking in connection with which such assistance is given or used, and (C) the amount of that portion of the cost of the project or undertaking supplied by other sources, and (2) such other records as will facilitate an effective audit.

“(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients of assistance under this title that are pertinent to such assistance.

“RECOVERY

“Sec. 105. If any facility with respect to which funds have been paid under part B or D shall, at any time within twenty years after the completion of construction—

"(1) be sold or transferred to any person, agency, or organization which is not a public or nonprofit private entity, or

"(2) cease to be a public or other nonprofit facility for persons with developmental disabilities,

the United States shall be entitled to recover from either the transferor or the transferee (or, in the case of a facility which has ceased to be a public or other nonprofit facility for persons with developmental disabilities, from the owners thereof) an amount bearing the same ratio to the then value (as determined by the agreement of the parties or by action brought in the district court of the United States for the district in which the facility is situated) of so much of such facility as constituted an approved project or projects, as the amount of the Federal participation bore to the cost of the construction of such project or projects. Such right of recovery shall not constitute a lien upon such facility prior to judgment. The Secretary, in accordance with regulations prescribed by the Secretary, may, upon finding good cause therefor, release the applicant or other owner from the obligation to continue such facility as a public or other nonprofit facility for persons with developmental disabilities.

"STATE CONTROL OF OPERATIONS

"SEC. 106. Except as otherwise specifically provided, nothing in this title shall be construed as conferring on any Federal officer or employee the right to exercise any supervision or control over the administration, personnel, maintenance, or operation of any facility for persons with developmental disabilities with respect to which any funds have been or may be expended under this title.

"REPORTS

"SEC. 107. (a) By January 1 of each year, the State Planning Council of each State shall prepare and transmit to the Secretary a report concerning activities carried out during the preceding fiscal year with funds paid to the State under part B for such fiscal year. Each such report shall be in a form prescribed by the Secretary by regulation and shall contain—

"(1) a description of such activities and the accomplishments resulting from such activities;

"(2) a comparison of such accomplishments with the goals, objectives, and proposed activities specified by the State in the State plan submitted under section 122 for such fiscal year;

"(3) an accounting of the manner in which funds paid to a State under part B for a fiscal year were expended, including a specification of—

"(A) the total amount of Federal funds paid to the State under such part for such fiscal year;

"(B) the total amount of the non-Federal share for projects under such part for such fiscal year;

"(C) the total amount of Federal funds and the total amount of non-Federal funds obligated to carry out such part during such fiscal year;

"(D) the total amount of Federal funds and the total amount of non-Federal funds expended to carry out such part during such fiscal year; and

"(E) the total amount of Federal funds provided under such part which were not obligated or expended during such fiscal year;

"(4) a specification of the amount and proportion of Federal funds paid to the State under part B for such fiscal year which were allocated to—

"(A) State agencies;

"(B) local governments and local government agencies;

"(C) nonprofit private agencies; and

"(D) academic institutions; and

"(5) a description of the extent to which the individuals who actually attended meetings of the State Planning Council during such fiscal year reflect the requirements for membership on such Council specified in section 124(a).

"(b) By January 1, of each year, each protection and advocacy system established in a State pursuant to part C shall prepare and transmit a report to the Secretary which describes the activities and accomplishments of the system during the preceding fiscal year.

"(c)(1) By April 1 of each year the Secretary shall prepare and transmit to the President, the Congress, and the National Council on the Handicapped a report which describes—

"(A) the activities and accomplishments of programs supported under parts B, C, D, and E of this title; and

"(B) the progress made in States in improving the independence, productivity, and integration into the community of persons with developmental disabilities and any activities or services needed to improve such independence, productivity, and integration.

"(2) In preparing the report required by this subsection, the Secretary shall use and include information submitted to the Secretary in the reports required under subsections (a) and (b) of this section and section 141(b)(3).

"(d) Within 90 days after receiving from the States the assessments required under section 122(b)(6)(A), the Secretary shall prepare and transmit to the Congress, the Secretary of Education and the National Council on the Handicapped a report which summarizes and analyzes the results of such assessments.

"RESPONSIBILITIES OF THE SECRETARY

"SEC. 108. (a) The Secretary, not later than 180 days after the date of enactment of any Act amending the provisions of this title, shall promulgate such regulations as may be required for the implementation of such amendments.

"(b) In order to coordinate Federal activities conducted for persons with developmental disabilities, the Secretary of Health and Human Services shall consult with the Secretary of Education prior to approving State plans under part B or awarding grants under part D or E.

"EMPLOYMENT OF HANDICAPPED INDIVIDUALS

"SEC. 109. As a condition of providing assistance under this title, the Secretary shall require that each recipient of such assistance take affirmative action to employ and advance in employment qualified handicapped individuals on the same terms and conditions required with respect to the employment of such individuals by the provisions of the Rehabilitation Act of 1973 which govern employment (1) by State rehabilitation agencies and rehabilitation facilities, and (2) under Federal contracts and subcontracts.

"RIGHTS OF THE DEVELOPMENTALLY DISABLED

"SEC. 110. Congress makes the following findings respecting the rights of persons with developmental disabilities:

"(1) Persons with developmental disabilities have a right to appropriate treatment, services, and habilitation for such disabilities.

"(2) The treatment, services, and habilitation for a person with developmental disabilities should be designed to maximize the developmental potential of the person and should be provided in the setting that is least restrictive of the person's personal liberty.

"(3) The Federal Government and the States both have an obligation to assure that public funds are not provided to any institutional or other residential program for persons with developmental disabilities that—

"(A) does not provide treatment, services, and habilitation which is appropriate to the needs of such persons; or

"(B) does not meet the following minimum standards:

"(i) Provision of a nourishing, well-balanced daily diet to the persons with developmental disabilities being served by the program.

"(ii) Provision to such persons of appropriate and sufficient medical and dental services.

"(iii) Prohibition of the use of physical restraint on such persons unless absolutely necessary and prohibition of the use of such restraint as a punishment or as a substitute for a habilitation program.

"(iv) Prohibition on the excessive use of chemical restraints on such persons and the use of such restraints as punishment or as a substitute for a habilitation program or in quantities that interfere with services, treatment, or habilitation for such persons.

"(v) Permission for close relatives of such persons to visit them at reasonable hours without prior notice.

"(vi) Compliance with adequate fire and safety standards as may be promulgated by the Secretary.

"(4) All programs for persons with developmental disabilities should meet standards which are designed to assure the most favorable possible outcome for those served, and—

"(A) in the case of residential programs serving persons in need of comprehensive health-related, habilitative, or rehabilitative services, which are at least equivalent to those standards applicable to intermediate care facilities for the mentally retarded promulgated in regulations of the Secretary on January 17, 1974 (39 Fed. Reg. pt. II), as appropriate when taking into account the size of the institutions and the service delivery arrangements of the facilities of the programs;

"(B) in the case of other residential programs for persons with developmental disabilities, which assure that care is appropriate to the needs of the persons being served by such programs, assure that the persons admitted to facilities of such programs are persons whose needs can be met through services provided by such facilities, and assure that the facilities under such programs provide for the humane care of the residents of the facilities, are sanitary, and protect their rights; and

"(C) in the case of nonresidential programs, which assure the care provided by such programs is appropriate to the persons served by the programs.

The rights of persons with developmental disabilities described in findings made in this section are in addition to any constitutional or other rights otherwise afforded to all persons.

"Part B—Federal Assistance for Planning and Service Activities for Persons With Developmental Disabilities

"PURPOSE

"Sec. 121. The purpose of this part is to provide payments to States for the conduct of programs which will increase and support the independence, productivity, and integration into the community of persons with developmental disabilities.

"STATE PLANS

"Sec. 122. (a) Any State desiring to take advantage of this part must have a State plan submitted to and approved by the Secretary under this section. Notwithstanding any other provision of law or Executive order, a State may not consolidate the State plan required by this section with any other State plan required for the receipt of Federal assistance or substitute for the State plan required by this section any other plan prepared pursuant to State law or procedures unless the State Planning Council and the State agency or agencies designated pursuant to subsection (b)(1)(B) consent in writing to such consolidation or substitution.

"(b) In order to be approved by the Secretary under this section, a State plan for the provision of services for persons with developmental disabilities must meet the following requirements:

"(1)(A) The plan must provide for the establishment of a State Planning Council, in accordance with section 124, for the assignment to the Council of personnel in such numbers and with such qualifications as the Secretary determines to be adequate to enable the Council to carry out its duties under that section, and for the identification of the personnel so assigned.

"(B) The plan must designate the State agency or agencies which shall administer or supervise the administration of the State plan and, if there is more than one such agency, the portion of such plan which each will administer (or the portion the administration of which each will supervise). The plan may not designate any State agency under the preceding sentence if such agency operates and maintains any residential facility for persons with developmental disabilities which has a capacity for more than 15 residents.

"(C) The plan must provide that each State agency designated under subparagraph (B) will make such reports, in such form and containing such information, as the Secretary or the State Planning Council may from time to time reasonably require, and will keep such records and afford such access thereto as the Secretary or the State Planning Council finds necessary to verify such reports.

"(D) The plan must provide for such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for funds paid to the State under this part.

"(2) The plan must—

"(A) set out the specific objectives to be achieved under the plan and a listing of the programs and resources to be used to meet such objectives;

"(B) set forth the non-Federal share that will be required in carrying out each such objective and program;

"(C) describe (and provide for the review annually and revision of the description not less often than once every three years) (i) the extent and scope of services being provided, or to be provided, to persons with developmental disabilities under such other State plans for federally assisted State programs as the State conducts relating to education for the handicapped, vocational rehabilitation, public assistance, medical assistance, social services, maternal and child health, crippled children's services, and comprehensive health and mental health, and under such other plans as the Secretary may specify, and (ii) how funds allotted to the State in accordance with section 125 will be used to complement and augment rather than duplicate or replace services for persons with developmental disabilities who are eligible for Federal assistance under such other State programs;

"(D) for each fiscal year, assess and describe the extent and scope of the priority services (as defined in section 102(11)(C)) being or to be provided under the plan in the fiscal year; and

"(E) establish a method for the periodic evaluation of the plan's effectiveness in meeting the objectives described in subparagraph (A).

"(3) The plan must contain or be supported by assurances satisfactory to the Secretary that—

"(A) the funds paid to the State under section 125 will be used to make a significant contribution toward strengthening services for persons with developmental disabilities through agencies in the various political subdivisions of the State;

"(B) part of such funds will be made available by the State to public or nonprofit private entities;

"(C) not more than 25 percent of such funds will be allocated to a designated agency for the provision of services by such agency;

"(D) such funds paid to the State under section 125 will be used to supplement and to increase the level of funds that would otherwise be made available for the purposes for which Federal funds are provided and not to supplant such non-Federal funds; and

"(E) there will be reasonable State financial participation in the cost of carrying out the State plan.

(4)(A) The plan must—

"(i) provide for the examination not less often than once every three years of the provision, and the need for the provision, in the State of the two areas of priority services (as defined in section 102(11)(C));

"(ii) provide for the development, not later than the second year in which funds are provided under the plan after the date of the enactment of the Developmental Disabilities Act of 1984, and the timely review and revision of a comprehensive statewide plan to plan, financially support, coordinate, and otherwise better address, on a statewide and comprehensive basis, unmet needs in the State for the provision of at least one of the areas of priority services (as defined in section 102(11)(C)), such area or areas to be specified in the plan, and (at the option of the State) for the provision of an additional area of services for persons with developmental disabilities from the areas of services described in section 109(11)(A)(ii) for such area also to be specified in the plan; and

"(iii) be developed after consideration of the data collected by the State education agency under section 618(b)(3) of the Education of the Handicapped Act.

"(B)(i) The plan must provide that not less than 50 percent of the amount available to the State under section 125 will be expended for service activities in the priority areas of services (as defined in section 102(11)(C)).

"(ii) The plan must provide that the remainder of the amount available to the State from allotments under section 125 (after making the expenditures required by clause (i) of this paragraph) shall be used for service activities for persons with developmental disabilities, and the planning, coordination, and administration of the provision of such services.

"(C) The plan must provide that special financial and technical assistance shall be given to agencies or entities providing services for persons with developmental disabilities who are residents of geographical areas designated as urban or rural poverty areas.

"(5)(A)(i) The plan must provide that services furnished, and the facilities in which they are furnished, under the plan for persons with developmental disabilities will be in accordance with standards prescribed by the Secretary in regulations.

"(ii) The plan must provide satisfactory assurances that buildings used in connection with the delivery of services assisted under the plan will meet standards adopted pursuant to the Act of August 12, 1968 (known as the Architectural Barriers Act of 1968).

"(B) The plan must provide that services are provided in an individualized manner consistent with the requirements of section 123 (relating to habilitation plans).

"(C) The plan must contain or be supported by assurances satisfactory to the Secretary that the human rights of all persons with developmental disabilities (especially those persons without familial protection) who are receiving treatment, services, or habilitation under programs assisted under this part will be protected consistent with section 110 (relating to rights of the developmentally disabled).

"(D) The plan must provide assurances that the State has undertaken affirmative steps to assure the participation in programs under this title of individuals generally representative of the population of the State, with particular attention to the participation of members of minority groups.

"(E) The plan must provide assurances that the State will provide the State Planning Council with a copy of each annual survey report and plan of corrections for cited deficiencies prepared pursuant to section 1902(a)(31)(B) of the Social Security Act with respect to any intermediate care facility for the mentally retarded in such State within 30 days after the completion of each such report or plan.

"(6) The plan must provide—

"(A) for an assessment to be submitted to the Secretary twenty-four months after the date of enactment of the Developmental Disabilities Act of 1984 and every three years thereafter, of—

"(i) the need for professionals and paraprofessionals in the field of developmental disabilities in the State and for the training of such professionals and paraprofessionals; and

"(ii) plans to support the training of such professionals and paraprofessionals to maintain the availability of services to persons with developmental disabilities in the State;

"(B) that the State will pay the cost of conducting such assessment from the amount described in paragraph (4)(B)(ii); and

"(C) that the State will, in arranging the conduct of such assessment, give preference to a university affiliated facility if such a facility is located in such State.

"(7)(A) The plan must provide for the maximum utilization of all available community resources including volunteers serving under the Domestic Volunteer Service Act of 1973 (Public Law 93-113) and other appropriate voluntary organizations, except that such volunteer services shall supplement, and shall not be in lieu of, services of paid employees.

"(B) The plan must provide for fair and equitable arrangements (as determined by the Secretary after consultation with the Secretary of Labor) to protect the interests of employees affected by actions under the plan to provide alternative community living arrangement services (as defined in section 102(11)(D)), including arrangements designed to preserve employee rights and benefits and to provide training and retraining of such employees where necessary and arrangements under which maximum efforts will be made to guarantee the employment of such employees.

"(8) The plan also must contain such additional information and assurances as the Secretary may find necessary to carry out the provisions and purposes of this part.

"(c) The Secretary shall approve any State plan and any modification thereof which complies with the provisions of subsection (b). The Secretary shall not finally disapprove a State plan except after reasonable notice and opportunity for a hearing to the State.

"(d)(1) At the request of any State, a portion of any allotment or allotments of such State under this part for any fiscal year shall be available to pay one-half (or such smaller share as the State may request) of the expenditures found necessary by the Secretary for the proper and efficient administration of the State plan approved under this section; except that not more than 5 per centum of the total of the allotments of such State for any fiscal year, or $50,000, whichever is less, shall be available for the total expenditures for such purpose by all of the State agencies designated under subsection (b)(1)(B) for the administration or supervision of the administration of the State plan. Payments under this paragraph may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine.

"(2) Any amount paid under paragraph (1) to any State for any fiscal year shall be paid on condition that there shall be expended from the State sources for such year for administration of the State plan approved under this section not less than the total amount expended for such purposes from such sources during the previous fiscal year.

"HABILITATION PLANS

"Sec. 123. (a) The Secretary shall require as a condition to a State's receiving an allotment under this part that the State provide the Secretary satisfactory assurances that each program (including programs of any agency, facility, or project) which receives funds from the State's allotment under this part (1) has in effect for each developmentally disabled person who receives services from or under the program a habilitation plan meeting the requirements of subsection (b), and (2) provides for an annual review, in accordance with subsection (c), of each such plan.

"(b) A habilitation plan for a person with developmental disabilities shall meet the following requirements:

"(1) The plan shall be in writing.

"(2) The plan shall be developed jointly by (A) a representative or representatives of the program primarily responsible for delivering or coordinating the delivery of services to the person for whom the plan is established, (B) such person, and (C) where appropriate, such person's parents or guardian or other representative.

"(3) The plan shall contain a statement of the long-term habilitation goals for the person and the intermediate habilitation objectives relating to the attainments of such goals. Such goals should include the increase or support of independence, productivity, and integration into the community for the person. Such objectives shall be stated specifically and in sequence and shall be expressed in behavioral or other terms that provide measurable indices of progress. The plan shall (A) describe how the objectives will be achieved and the barriers that might interfere with the achievement of them, (B) state an objective criteria and an evaluation procedure and schedule for determining whether such objectives and goals are being achieved, and (C) provide for a program coordinator who will be responsible for the implementation of the plan.

"(4) The plan shall contain a statement (in readily understandable form) of specific habilitation services to be provided, shall identify each agency which will deliver such services, shall describe the personnel (and their qualifications) necessary for the provision of such services, and shall specify the date of the initiation of each service to be provided and the anticipated duration of each such service.

"(5) The plan shall specify the role and objectives of all parties to the implementation of the plan.

"(c) Each habilitation plan shall be reviewed at least annually by the agency primarily responsible for the delivery of services to the person for whom the plan was established or responsible for the coordination of the delivery of services to such person. In the course of the review, such person and the person's parents or guardian or other representative shall be given an opportunity to review such plan and to participate in its revision.

"STATE PLANNING COUNCILS

"Sec. 124. (a)(1) Each State which receives assistance under this part shall establish a State Planning Council which will serve as an advocate for persons with developmental disabilities. The members of the State Planning Council of a State shall be appointed by the Governor of the State from among the residents of that State. The Governor of each State shall make appropriate provisions for the rotation of membership on the Council of that State. Each State Planning Council shall at all times include in its membership representatives of the principal State agencies (including the State agency that administers funds provided under the Rehabilitation Act of 1973, the State agency that administers funds provided under the Education of the Handicapped Act, and the State agency that administers funds provided under title XIX of the Social Security Act for persons with developmental disabilities), higher education training facilities, any university affiliated facility or satellite center in the State, the State protection and advocacy system established under section 141, local agencies, and nongovernmental agencies and private nonprofit groups concerned with services to persons with developmental disabilities in that State.

"(2) At least one-half of the membership of each such Council shall consist of persons who—

"(A) are persons with developmental disabilities or parents or guardians of such persons, or

"(B) are immediate relatives or guardians of persons with mentally impairing developmental disabilities,

who are not employees of a State agency which receives funds or provides services under this part, who are not managing employees (as defined in section 1126(b) of the Social Security Act) of any other entity which receives funds or provides services under this part, and who are not persons with an ownership or control interest (within the meaning of section 1124(a)(3) of the Social Security Act) with respect to such an entity.

"(3) Of the members of the Council described in paragraph (2)—

"(A) at least one-third shall be persons with developmental disabilities, and

"(B)(i) at least one-third shall be individuals described in subparagraph (B) of paragraph (2), and (ii) at least one of such individuals shall be an immediate relative or guardian of an institutionalized person with a developmental disability.

"(b) Each State Planning Council shall—

"(1) develop jointly with the State agency or agencies designated under section 122(b)(1)(B) the State plan required by this part, including the specification of areas of services under section 122(b)(4)(A)(ii);

"(2) monitor, review, and evaluate, not less often than annually, the implementation of such State plan;

"(3) to the maximum extent feasible, review and comment on all State plans in the State which relate to programs affecting persons with developmental disabilities; and

"(4) submit to the Secretary, through the Governor, such periodic reports on its activities as the Secretary may reasonably request, and keep such records and afford such access thereto as the Secretary finds necessary to verify such reports.

"STATE ALLOTMENTS

"Sec. 125. (a)(1) For each fiscal year, the Secretary shall, in accordance with regulations and this paragraph, allot the sums appropriated for such year under section 130 among the States on the basis of—

"(A) the population,

"(B) the extent of need for services for persons with developmental disabilities, and

"(C) the financial need,

of the respective States. Sums allotted to the States under this section shall be used in accordance with approved State plans under section 122 for the provision under such plans of services for persons with developmental disabilities.

"(2) The Secretary may not revise the basis on which allotments are made under clauses (A), (B), and (C) of paragraph (1) more than once every three years. In any case in which the Secretary determines that changes in the factors described in such clauses warrant such a revision, the Secretary shall, at least six months prior to the date on which the Secretary requires the submission of State plans under section 122 for the next succeeding fiscal year, provide each State with a written notice specifying the basis on which allotments will be made under such paragraph.

"(3)(A) The allotment of a State under paragraph (1) for any fiscal year may not be less than the allotment of such State for fiscal year 1984 under part B of this title (as such part was in effect on September 30, 1984).

"(B) In any case in which amounts appropriated under section 130 for a fiscal year exceed $45,000,000, the allotment under paragraph (1) for any fiscal year—

"(i) to each of American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands may not be less than $120,000; and

"(ii) to each of the several States, Puerto Rico, or the District of Columbia, may not be less than $300,000.

"(4) In determining, for purposes of paragraph (1)(B), the extent of need in any State for services for persons with developmental disabilities, the Secretary shall take into account the scope and extent of the services described, pursuant to section 122(b)(2)(B), in the State plan of the State.

"(b) Whenever the State plan approved in accordance with section 122 provides for participation of more than one State agency in administering or supervising the administration of designated portions of the State plan, the State may apportion its allotment among such agencies in a manner which, to the satisfaction of the Secretary, is reasonably related to the responsibilities assigned to such agencies in carrying out the purposes of the State plan. Funds so apportioned to State agencies may be combined with other State or Federal funds authorized to be spent for other purposes, provided the purposes of the State plan will receive proportionate benefit from the combination.

"(c) Whenever the State plan approved in accordance with section 122 provides for cooperative or joint effort between States or between or among agencies, public or private, in more than one State, portions of funds allotted to one or more such cooperating States may be combined in accordance with the agreements between the agencies involved.

"(d) The amount of an allotment to a State for a fiscal year which the Secretary determines will not be required by the State during the period for which it is available for the purpose for which allotted shall be available for reallotment by the Secretary from time to time, on such date or dates as the Secretary may fix (but not earlier than thirty days after the Secretary has published notice of his intention to make such reallotment in the Federal Register), to other States with respect to which such a determination has not been made, in proportion to the original allotments of such States for such fiscal year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use during such period; and the total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount so reallotted to a State for a fiscal year shall be deemed to be a part of its allotment under subsection (a) for such fiscal year.

"PAYMENTS TO THE STATES FOR PLANNING, ADMINISTRATION AND SERVICES

"SEC. 126. From each State's allotments for a fiscal year under section 125, the State shall be paid the Federal share of the expenditures, other than expenditures for construction, incurred during such year under its State plan approved, under this part. Such payments shall be made from time to time in advance on the basis of estimates by the Secretary of the sums the State will expend under the State plan, except that such adjustments as may be necessary shall be made on account of previously made underpayments or overpayments under this section.

"WITHHOLDING OF PAYMENTS FOR PLANNING, ADMINISTRATION AND SERVICES

"SEC. 127. Whenever the Secretary, after reasonable notice and opportunity for hearing to the State Planning Council and the appropriate State agency designated pursuant to section 122(b)(1) finds that—

"(1) there is a failure to comply substantially with any of the provisions required by section 122 to be included in the State plan; or

"(2) there is a failure to comply substantially with any regulations of the Secretary which are applicable to this part,

the Secretary shall notify such State Council and agency or agencies that further payments will not be made to the State under section 125 (or, in the discretion of the Secretary, that further payments will not be made to the State under section 125 for activities in which there is such failure), until the Secretary is satisfied that there will no longer be such failure. Until the Secretary is so satisfied, the Secretary shall make no further payment to the State under section 125, or shall limit further payment under section 125 to such State to activities in which there is no such failure.

"NONDUPLICATION

"SEC. 128. In determining the amount of any State's Federal share of the expenditures incurred by it under a State plan approved under section 122, there shall be disregarded (1) any portion of such expenditures which are financed by Federal funds provided under any provision of law other than section 125, and (2) the amount of any non-Federal funds required to be expended as a condition of receipt of such Federal funds.

"APPLICATIONS AND CONDITIONS FOR APPROVAL

"SEC. 129. If any State is dissatisfied with the Secretary's action under section 122(c) or section 127, such State may appeal to the United States court of appeals for the circuit in which such State is located, by filing a petition with such court within sixty days after such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary, or any officer designated by the Secretary for that purpose. The Secretary thereupon shall file in the court the record of the proceedings on which the Secretary based the action, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record, the Secretary may modify or set aside the order of the Secretary. The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of the fact and may modify the previous action of the Secretary, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence. The judgment of the court affirming or setting aside, in whole or in part, any action of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code. The commencement of proceedings under this section shall not, unless so specifically ordered by the court, operate as a stay of the Secretary's action.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 130. For allotments under section 125, there are authorized to be appropriated $54,500,000 for fiscal year 1985, $58,300,000 for fiscal year 1986, and $62,400,000 for fiscal year 1987.

"PART C—PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS

"SYSTEM REQUIRED

"SEC. 141. (a) In order for a State to receive an allotment under part B—

"(1) the State must have in effect a system to protect and advocate the rights of persons with developmental disabilities;

"(2) such system must—

"(A) have the authority to pursue legal, administrative, and other appropriate remedies to insure the protection of the rights of such persons who are receiving treatment, services, or habilitation within the State and to provide information on and referral to programs and services addressing the needs of persons with developmental disabilities;

"(B) not be administered by the State Planning Council;

"(C) be independent of any agency which provides treatment, services, or habilitation to persons with developmental disabilities; and

"(D) except as provided in subsection (c), be able to obtain access to the records of a person with developmental disabilities who receives services under this title and who resides in a facility for persons with developmental disabilities if—

"(i) a complaint has been received by the system from or on behalf of such person; and

"(ii) such person does not have a legal guardian or the State or the designee of the State is the legal guardian of such person;

"(3) the State must provide assurances to the Secretary that funds allotted to the State under this section will be used to supplement and increase the level of funds that would otherwise be made available for the purposes for which Federal funds are provided and not to supplant such non-Federal funds;

"(4) the State must provide assurances to the Secretary that such system will be provided with a copy of each annual survey report and plan of corrections for cited deficiencies made pursuant to section 1902(a)(31)(B) of the Social Security Act with respect to any intermediate care facility for the mentally retarded in the State within 30 days after the completion of each such report or plan; and

"(5) the State must submit to the Secretary, within 90 days after the end of each fiscal year, a report in a form prescribed by the Secretary which describes such system and describes the expenditures made by the State from allotments under subsection (d).

"(b) A State may not redesignate the agency of the State which administers the system required by subsection (a) unless the State determines that good cause exists to warrant such redesignation. In any case in which a State determines that such good cause exists, the State shall, prior to such redesignation, give public notice of its intent to make such redesignation and give persons with developmental disabilities or their representatives an opportunity to comment on such proposed redesignation.

"(c) Prior to October 1, 1986, the provisions of paragraph (2)(D) of subsection (a) shall not apply to any State in which the laws of the State prohibit the system required under such subsection from obtaining access to the records of a person with developmental disabilities under the conditions described in such paragraph.

"(d)(1) To assist States in meeting the requirements of subsection (a), the Secretary shall allot to the States the amounts appropriated under section 142. Allotments and reallotments of such sums shall be made on the same basis as the allotments and reallotments are made under the first sentence of subsections (a)(1) and (d) of section 125, except that—

"(A) the allotment of any State under this subsection for any fiscal year shall not be less than the allotment of such State for fiscal year 1984 under section 113(b) (as such section was in effect on September 30, 1984); and

"(B) in any case in which the amounts appropriated under section 142 for a fiscal year exceed $9,500,000—

"(i) the allotment of each of American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands shall not be less than $60,000; and

"(ii) the allotment to each of the several States, Puerto Rico, and the District of Columbia shall not be less than $100,000.

"(2) A State may use not more than 5 percent of any allotment under this subsection for the costs of monitoring the administration of the system required under subsection (a).

"(3) Notwithstanding paragraph (1), if the aggregate of the amounts of the allotments for grants to be made in accordance with such paragraph for any fiscal year exceeds the total of the amounts appropriated for such allotments under section 142, the amount of a State's allotment for such fiscal year shall bear the same ratio to the amount otherwise determined under such subparagraph as the total of the amounts appropriated for that year under paragraph (2) bears to the aggregate amount required to make an allotment to each of the States in accordance with subparagraph (A).

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 142. For allotments under section 141, there are authorized to be appropriated $15,000,000 for fiscal year 1985, $16,100,000 for fiscal year 1986, and $17,200,000 for fiscal year 1987. The provisions of section 1913 of title 18, United States Code, shall be applicable to all moneys authorized under the provisions of this section.

"PART D—UNIVERSITY AFFILIATED FACILITIES

"PURPOSE

"Sec. 151. The purpose of this part is to provide for grants to university affiliated facilities to assist in the provision of interdisciplinary training, the conduct of service demonstration programs, and the dissemination of information which will increase and support the independence, productivity, and integration into the community of persons with developmental disabilities.

"GRANT AUTHORITY

"Sec. 152. (a) From appropriations under section 154, the Secretary shall make grants to university affiliated facilities to assist in the administration and operation of the activities described in section 102(13).

"(b) The Secretary may make one or more grants to a university affiliated facility receiving a grant under subsection (a) to support one or more of the following activities:

"(1) Conducting a feasibility study of the ways in which it, singly or jointly with other university affiliated facilities which have received a grant under subsection (a), can assist in establishing and operating one or more satellite centers which would be located in areas not served by a university affiliated facility. Such a study shall be carried out in consultation with the State Planning Council for the State in which the facility is located and in which the satellite center would be established.

"(2) Provision of service-related training to parents of persons with developmental disabilities, professionals, volunteers, or other personnel to enable such parents, professionals, volunteers, or personnel to provide services to increase or maintain the independence, productivity, and integration into the community of persons with developmental disabilities.

"(3) Conducting an applied research program designed to produce more efficient and effective methods (A) for the delivery of services to persons with developmental disabilities, and (B) for the training of professionals, paraprofessionals, and parents who provide these services.

The amount of a grant under paragraph (1) may not exceed $25,000.

"(c) The Secretary may make grants to pay part of the costs of establishing satellite centers and may make grants to satellite centers to pay part of their administration and operation costs. The Secretary may approve an application for a grant under this subsection only if the feasibility of establishing or operating the satellite center for which the grant is applied for has been established by a study assisted under this section. A satellite center which receives a grant under this section may engage in the activities described in subparagraph (A), (B), or (C) of section 102(13).

"(d) In any case in which amounts appropriated under section 154 for a fiscal year exceed $7,500,000, the Secretary shall expend the amount of such excess to carry out the activities described in the following clauses in the following order of priority:

"(1) The Secretary shall make grants under subsection (c) to establish satellite centers which have not previously received a grant under this section or section 121(c) (as such section was in effect prior to October 1, 1984) and shall make grants under subsection (a) to university affiliated facilities which have not previously received a grant under this section or section 121(a) (as such section was in effect prior to October 1, 1984).

"(2) The Secretary shall make grants under subsection (a) to satellite centers which—

"(A) have received a grant under this section or section 121(c) (as such section was in effect prior to October 1, 1984); and

"(B) have demonstrated the capacity to become university affiliated facilities,

in order to enable such centers to become such facilities.

"(3) The Secretary shall make grants to university affiliated facilities under subsection (a) and satellite centers under subsection (c) to enable such facilities or centers to carry out a specific activity described in subparagraph (A), (B), or (C) of section 102(13).

"APPLICATIONS

"Sec. 153. (a) Not later than six months after the date of the enactment of the Developmental Disabilities Act of 1984, the Secretary shall establish by regulation standards for university affiliated facilities. These standards for facilities shall reflect the special needs of persons with developmental disabilities who are of various ages, and shall include performance standards relating to each of the activities described in section 102(13).

"(b) No grants may be made under section 152 unless an application therefor is submitted to, and approved by, the Secretary. Such an application shall be submitted in such form and manner, and contain such information, as the Secretary may require. Such an application shall be approved by the Secretary only if the application contains or is supported by reasonable assurances that—

"(1) the making of the grant will (A) not result in any decrease in the use of State, local, and other non-Federal funds for services for persons with developmental disabilities and for training of persons to provide such services, which funds would (except for such grant) be made available to the applicant, and (B) be used to supplement and, to the extent practicable, increase the level of such funds;

"(2)(A) the applicant's facility is in full compliance with the standards established under subsection (a), or

"(B)(i) the applicant is making substantial progress toward bringing the facility into compliance with such standards, and (ii) the facility will, not later than three years after the date of approval of the initial application or the date standards are promulgated under subsection (a), whichever is later, fully comply with such standards; and

"(3) the human rights of all persons with developmental disabilities (especially those persons without familial protection) who are receiving treatment, services, or habilitation under programs assisted under this part will be protected consistent with section 110 (relating to rights of the developmentally disabled).

"(c) The Secretary shall establish such a process for the review of applications for grants under section 152 as will ensure, to the maximum extent feasible, that each Federal agency that provides funds for the direct support of the applicant's facility reviews the application.

"(d) The amount of any grant under section 152(a) to a university affiliated facility shall not be less than $150,000 for any fiscal year, and the amount of any grant under section 152(c) to a satellite center shall not be less than $75,000 for any fiscal year.

"AUTHORIZATIONS OF APPROPRIATIONS

"Sec. 154. For the purpose of making grants under section 152, there are authorized to be appropriated $9,400,000 for fiscal year 1985, $10,100,000 for fiscal year 1986, and $10,800,000 for fiscal year 1987.

"PART E—SPECIAL PROJECT GRANTS

"PURPOSE

"Sec. 161. The purpose of this part is to provide for grants for demonstration projects to increase and support the independence, productivity, and integration into the community of persons with developmental disabilities.

"GRANT AUTHORITY

"Sec. 162. (a) The Secretary may make grants to public or nonprofit private entities for—

"(1) demonstration projects—

"(A) which are conducted in more than one State,

"(B) which involve the participation of two or more Federal departments or agencies, or

"(C) which are otherwise of national significance,

and which hold promise of expanding or otherwise improving services to persons with developmental disabilities (especially those who are disadvantaged or multihandicapped); and

"(2) demonstration projects (including research, training, and evaluation in connection with such projects) which hold promise of expanding or otherwise improving protection and advocacy services relating to the State protection and advocacy system described in section 141.

Projects for the evaluation and assessment of the quality of services provided persons with developmental disabilities which meet the requirements of subparagraphs (A), (B), and (C) of paragraph (1) may be included as projects for which grants are authorized under such paragraph.

"(b) No grant may be made under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information as the Secretary shall by regulation prescribe. The Secretary may not approve such an application unless each State in which the applicant's project will be conducted has a State plan approved under section 122, and unless the application provides assurances that the human rights of all persons with developmental disabilities (especially those persons without familial protection) who are receiving treatment, services, or habilitation under projects assisted under this part will be protected consistent with section 110 (relating to the rights of the developmentally disabled). The Secretary shall provide to the State Planning Council (established under section 124) for each State in which an applicant's project will be conducted an opportunity to review the application for such project and to submit its comments on the application.

"(c) Payments under grants under subsection (a) may be made in advance or by way of reimbursement and at such intervals and on such conditions, as the Secretary finds necessary. The amount of any grant under subsection (a) shall be determined by the Secretary.

"(d) The Secretary shall not consolidate the authority to make grants under this section with any other authority to make grants which the Secretary has under any other law.

"STUDY ON INTERMEDIATE CARE FACILITIES FOR THE MENTALLY RETARDED

"Sec. 163. (a) Within six months after the date of enactment of the Developmental Disabilities Act of 1984, the Secretary shall prepare and transmit to the Congress a report containing—

"(1) recommendations for improving services for mentally retarded persons and persons with developmental disabilities provided under an approved State plan under title XIX of the Social Security Act so that the manner in which such services are provided will increase the independence, productivity, and integration into the community of mentally retarded persons and persons with developmental disabilities;

"(2) recommendations for services provided for mentally retarded persons and persons with developmental disabilities under waivers granted under section 1915(c) of the Social Security Act so that the manner in which such services are provided can be improved and expanded to increase the independence, productivity, and integration into the community of mentally retarded persons and persons with developmental disabilities; and

"(3) comments by each of the officials specified in clauses (2) through (5) of subsection (b) on the recommendations included in the report pursuant to paragraph (1), including comments concerning the effect of such recommendations, if implemented, on programs carried out by such officials.

"(b) To assist the Secretary in preparing the report required by subsection (a), there is established a task force composed of:

"(1) the Secretary (or the designee of the Secretary);

"(2) the Administrator of the Health Care Financing Administration of the Department of Health and Human Services (or the designee of the Administrator);

"(3) the Commissioner of the Administration for Developmental Disabilities of the Department of Health and Human Services (or the designee of the Commissioner);

"(4) the Chairman of the National Council on the Handicapped (or the designee of the Chairman); and

"(5) the Assistant Secretary of Education for Special Education and Rehabilitative Services (or the designee of the Assistant Secretary).

"(c) To conduct the study required by this section, the Secretary may expend not more than $75,000 from the amounts appropriated under section 164 for fiscal year 1985.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 164. To carry out this part, there are authorized to be appropriated $3,200,000 for fiscal year 1985, $3,700,000 for fiscal year 1986, and $4,000,000 for fiscal year 1987.".

EFFECTIVE DATE

Sec. 3. The amendment made by section 2 shall take effect on October 1, 1984, except that section 163 of the Developmental Disabilities Assistance and Bill of Rights Act (as added by the amendment made by section 2 of this Act) shall take effect on the date of enactment of this Act.●

● Mr. STAFFORD. Mr. President, I am pleased to join my colleague, Senator WEICKER, in support of the Developmental Disabilities Assistance and Bill of Rights Amendments of 1984 that he is offering here today. Since this legislation was first passed in 1963, we have made great strides as a nation toward protecting the civil rights of all handicapped Americans. This act established a mechanism to plan and coordinate services for developmentally disabled people and to advocate for and protect their rights.

During the hearings held to prepare for this reauthorization, we heard from State representatives from around the country about the valuable projects initiated under the Developmental Disabilities Act and about the challenges that still face us in providing for the lifelong needs of handicapped Americans.

In my own State of Vermont, where one in eight residents have been identified as having to cope with a disability, the two most pressing needs are accessible, community-based living alternatives for developmentally disabled people and supported work opportunities. Increased availability of these services would allow developmentally disabled citizens a greater sense of independence and community acceptance. Amendments contained in this reauthorization encourage State councils to focus on these needs by targeting them as priority service areas.

Mr. President, I support the goals and objectives contained in this legislation, and commend my colleague, Senator WEICKER, for his unfailing support for initiatives that truly integrate handicapped people into the mainstream of American life.

I do, however, have reservations about one provision contained in this reauthorization that would prohibit the States from administering the Developmental Disabilities Council within the same State agency that administers institutions for mentally retarded persons. I feel that this change would be detrimental to the coordination efforts of council and agency personnel, who have worked well together in the past. It is a change I cannot support, however, I feel confident that it is an issue we can resolve to everyone's satisfaction.

Mr. President, despite these reservations, I believe by offering this legislation, we are making an excellent effort toward providing programing and services to developmentally disabled individuals that will enable them to maximize their potential for independence and productivity.●

By Mr. HATCH (for himself and Mr. INOUYE):

S. 2574. A bill entitled the "Nurse Education Amendments of 1984"; to the Committee on Labor and Human Resources.

NURSE EDUCATION AMENDMENTS OF 1984

Mr. HATCH. Mr. President, I am today introducing the Nurse Education Amendments of 1984. This legislation represents a new focus, recognizing that technology and increasing medical knowledge has created a vast need for nurses with specialized training in administration, research, primary care, geriatrics, pediatrics, home and community-based nursing, and many other areas of our health care system.

This new focus originates in the Nurse Training Act Amendments of 1979's mandate for a study on the future of nursing and nurse education. The Institute of Medicine conducted the study and completed their work in January 1982. The result was a 300-page document listing some 21 recommendations to Congress regarding nursing practice and nursing education.

The report recommends that there be no Federal support to increase the overall supply of nurses, but certain Federal, State, and private actions should be undertaken to alleviate particular shortages and needs. It is this philosophy which forms the general focus of the reauthorization.

To accomplish this goal, I am recommending that the Division of Nursing, now housed within the Bureau of Health Professions, be elevated to a Bureau of Nursing with three new divisions: the Division of Nurse Educational Support, the Center for Nursing Studies and Research, and the Division of Advanced Nurse Education.

The most important effort resulting from this change will be the creation of the new Center for Nursing Studies Research. Through the efforts of the Division of Nursing, many resources have been tapped to support nurses interested in careers in research. Many of today's nurse researchers are a result of these educational efforts and have obtained the skills and gained access to the resources they need to continue in this field. It is my hope that through the creation of this center, many more nurses will become interested in and seek research career opportunities.

It is the intent of this legislation that the Center for Nursing Studies and Research become the coordinating entity through which information regarding nursing research throughout the Federal Government can be disseminated to nursing researchers in public and private settings, universities and academic centers as well. It is also intended that the center will be responsible for the administration and awards of research funds under this act and sections 472 and 301 of the Public Health Service Act.

A new demonstration authority is included in these amendments as well. It will enable development of cost-effective institutional and nursing service organizational frameworks, along with demonstrations regarding educational and practice methods. These demonstrations are designed to enhance nursing efficiency in a variety of health care settings. This increased efficiency would save health dollars and encourage nurses to choose careers that would improve the provision of care to our Nation's elderly and needy patients in both home and community-based settings.

To help students obtain these goals, changes in the nursing student loan programs would be made. These changes make the loan program more efficient, while encouraging the schools to continue to develop proper loan and collecting procedures.

I would note that nursing schools nationwide have worked diligently to reduce their high loan delinquency rates. Because of their dedication to solving this problem, I will continue to encourage the Department of Health and Human Services to develop a definition of due diligence regarding loan recovery that is fair and consistent with other public and private loan collection procedures.

In developing this legislation, I am grateful to the Tri-Council of Nursing, the American Nurses Association, the American Association of Colleges of Nursing, and the National League of Nurses, as well as the Division of Nursing in the Department of HHS and other interested groups for their comments.

I encourage my colleagues to support this bill and join me in my effort to continue to expand these important programs. I ask unanimous consent that a summary of the bill, along with the text of the Nurse Education Amendments of 1984 be placed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2574

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nurse Education Amendments of 1984".

REFERENCE

SEC. 2. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

SPECIAL PROJECTS

SEC. 3. (a) Section 820(a) is amended—

(1) by inserting "such as projects" after "special projects" in a matter preceding paragraph (1);

(2) by striking out "or" after the semicolon in paragraph (4);

(3) by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon; and

(4) by inserting after paragraph (5) the following:

"(6) demonstrate institutional and nursing service organizational arrangements that support more cost effective health care delivery systems; or

"(7) demonstrate effective means of facilitating the transition of students in schools of nursing to nursing practice.".

(c) Section 820 (d) is amended—

(1) by striking out the first sentence and inserting in lieu thereof: "(1) For payments under grants and contracts under paragraphs (1) through (5) of subsection (a), there are authorized to be appropriated $7,000,000 for the fiscal year ending September 30, 1985, $7,300,000 for the fiscal year ending September 30, 1986, and $7,700,000 for the fiscal year ending September 30, 1987";

(2) by striking out "this subsection" in the second sentence and inserting in lieu thereof "this paragraph";

(3) by striking out "1981," in such sentence and inserting in lieu thereof "1984"; and

(4) by adding at the end thereof the following new paragraph:

"(2) For payments under grants and contracts under paragraphs (6) and (7) of subsection (a), there are authorized to be appropriated $2,000,000 for the fiscal year ending September 30, 1985, $2,100,000 for the fiscal year ending September 30, 1986, and $2,200,000 for the fiscal year ending September 30, 1987.".

ADVANCED NURSE EDUCATION

SEC. 4. Section 821 is amended to read as follows:

"ADVANCED NURSE EDUCATION

"SEC. 821. (a) The Secretary may make grants to and enter into contracts with public and private nonprofit collegiate schools of nursing to meet the costs to—

"(1) plan, develop, and operate,

"(2) expand,

"(3) maintain,

programs which lead to masters' and doctoral degrees and which prepare professional nurses to serve as nurse educators, administrators, consultants, researchers or to serve in clinical nurse specialties determined by the Secretary.

"(b) For payments under grants and contracts under this section, there are authorized to be appropriated $11,000,000 for the fiscal year ending September 30, 1985, $11,500,000 for the fiscal year ending September 30, 1986, and $12,000,000 for the fiscal year ending September 30, 1987.".

NURSE PRACTITIONER PROGRAMS

SEC. 5. (a)(1) Paragraph (1) of section 822(a) is amended to read as follows:

"(1)(A) The Secretary may make grants to and enter into contracts with public and private nonprofit schools of nursing to—

"(i) plan, develop, and operate,

"(ii) expand, or

"(iii) maintain,

programs for the education of nurse practitioners.

"(B) The Secretary may make grants to and enter into contracts with public and private nonprofit schools of nursing and appropriate public and private nonprofit entities to—

"(i) plan, develop, and operate,

"(ii) expand, or

"(iii) maintain,

accredited certificate programs for nurse midwives.".

(2) Paragraph (2) of such section is amended—

(A) by striking out subparagraph (A) and inserting in lieu thereof the following:

"(2)(A) For purposes of this section, the term 'programs for the education of nurse practitioners' means educational programs for registered nurses which—

"(i) meet guidelines prescribed by the Secretary in accordance with subparagraph (B);

"(ii) have as their objective the education of nurses (including pediatric nurses, geriatric nurses, and nurse midwives) who will, upon completion of their studies in such programs, be qualified to effectively provide primary health care, including primary health care in homes and in ambulatory care facilities, long-term care facilities, and other health care institutions; and

"(iii) lead to a master's degree or a doctoral degree, except that compliance with the provisions of this clause is not required for programs to educate nurse midwives."; and

(B) by striking out "training" in subparagraph (B) and inserting in lieu thereof "education".

(b) Section 822 is further amended by striking out subsections (b) and (d) and by redesignating subsections (c) and (e) as subsections (b) and (c), respectively.

(c) Section 822(b) (as redesignated by subsection (b) of this section) is amended by striking out "training" and inserting in lieu thereof "education".

(d) Section 822(c) (as redesignated by subsection (b) of this section) is amended to read as follows:

"(c) For payments under grants and contracts under this section, there are authorized to be appropriated $9,000,000 for the fiscal year ending September 30, 1985, $9,400,000 for the fiscal year ending September 30, 1986, and $9,900,000 for the fiscal year ending September 30, 1987.".

(e)(1) Notwithstanding the amendments made by subsections (a), (b), and (c) of this section, the Secretary of Health and Human Services may make one grant or enter into one contract with a school, hospital, or entity which, in fiscal year 1984, received a grant or contract under section 822 of the Public Health Service Act (as such section was in effect on September 30, 1984) in order to enable such school, hospital, or entity to maintain programs for the training of nurse practitioners which are in existence on September 30, 1984, or traineeship programs to train nurse practitioners which are in existence on such date. The provisions of such section (as such section was in effect on September 30, 1984) shall apply to grants made and contracts entered into under the preceding sentence.

(2) The Secretary of Health and Human Services may use funds appropriated under subsection (c) of section 822 of the Public Health Service Act (as amended and redesignated by subsections (b) and (d) of this section) for grants and contracts under paragraph (1) of this subsection.

TRAINEESHIPS FOR ADVANCED EDUCATION OF PROFESSIONAL NURSES

SEC. 6. (a) Paragraph (1) of section 830(a) is amended to read as follows:

"(1)(A) The Secretary may make grants to public and private nonprofit schools of nursing to cover the cost of traineeships for nurses in masters' degree and doctoral degree programs in order to educate such nurses to—

"(i) serve in and prepare for practice as nurse practitioners,

"(ii) serve in and prepare for practice as nurse administrators, educators, and nurse researchers, or

"(iii) serve in and prepare for practice in other professional nursing specialties determined by the Secretary to require advanced education.

"(B) The Secretary may make grants to public and private nonprofit schools of nursing to cover the cost of traineeships to educate nurses to serve in and prepare for practice as nurse midwives.".

(b) Section 830(b) is amended to read as follows:

"(b) There are authorized to be appropriated for purposes of this section $9,000,000 for the fiscal year ending September 30, 1985, $9,400,000 for the fiscal year ending September 30, 1986, and $9,900,000 for the fiscal year ending September 30, 1987.".

(c) Section 830 is further amended by striking out "TRAINING" in the section heading and inserting in lieu thereof "EDUCATION".

NURSE ANESTHETISTS

SEC. 7. (a) Section 831 (a)(1) is amended by striking out "Commissioner" and inserting in lieu thereof "Secretary".

(b) Section 831 is further amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) The Secretary may make grants to public or private nonprofit institutions to cover the cost of projects to improve existing programs for the education of nurse anesthetists which are accredited by an entity or entities designated by the Secretary of Education, including grants to such institutions for the purpose of providing financial assistance and support to certified registered nurse anesthetists who are faculty members of accredited programs to enable such nurse anesthetists to obtain advanced education relevant to their teaching functions.".

(c) Section 831(c) (as redesignated by subsection (b) of this section) is amended to read as follows:

"(c) For the purpose of making grants under this section, there are authorized to be appropriated $400,000 for the fiscal year ending September 30, 1985, $420,000 for the fiscal year ending September 30, 1986, and $440,000 for the fiscal year ending September 30, 1987.".

STUDENT LOANS

SEC. 8. (a) The last sentence of section 836 (a) is amended by striking out "and to persons who enter as first-year students after enactment of this title".

(b) Section 837 is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following: "There are authorized to be appropriated for allotments under section 838 to schools of nursing for Federal capital contributions to their student loan funds established under section 835, $4,000,000 for the fiscal year ending September 30, 1985, $4,200,000 for the fiscal year ending September 30, 1986, and $4,400,000 for the fiscal year ending September 30, 1987.";

(2) by striking out "1985," in the second sentence and inserting in lieu thereof "1988,";

(3) by striking out "1984," in such sentence and inserting in lieu thereof "1987,"; and

(4) by striking out the last two sentences.

(c) Section 838 is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a)(1) The Secretary shall from time to time set dates by which schools of nursing must file applications for Federal capital contributions.

"(2) If the total of the amounts requested for any fiscal year in such applications exceeds the total amount appropriated under section 837 for that fiscal year, the allotment from such total amount to the loan fund of each school of nursing shall be reduced to whichever of the following is the smaller: (A) the amount requested in its application or (B) an amount which bears the same ratio to the total amount appropriated as the number of students estimated by the Secretary to be enrolled on a full-time basis in such school during such fiscal year bears to the estimated total number of students enrolled in all such schools on a full-time basis during such year. Amounts remaining after allotment under the preceding sentence shall be reallotted in accordance with clause (B) of such sentence among schools whose applications requested more than the amounts so allotted to their loan funds, but with such adjustments as may be necessary to prevent the total allotted to any such school's loan fund under this paragraph and paragraph (3) from exceeding the total so requested by it.

"(3) Funds which, pursuant to section 839 (c) or pursuant to a loan agreement under section 835, are returned to the Secretary in any fiscal year, shall be available for allotment in such fiscal year and in the fiscal year succeeding the fiscal year. Funds described in the preceding sentence shall be allotted among schools of nursing in such manner as the Secretary determines will best carry out the provisions of this subpart, except that in making such allotments, the Secretary shall give priority to schools of nursing which established student loan funds under this subpart after September 30, 1975.

"(b) Allotments to a loan fund of a school shall be paid to it from time to time in such installments as the Secretary determines will not result in unnecessary accumulations in the loan fund at such school.".

(d) Section 839 is amended—

(1) by striking out "1987," each place it appears in subsections (a) and (b) and inserting in lieu thereof "1990,"; and

(2) by adding at the end thereof the following new subsection:

"(c)(1) Within 30 days after the termination of any agreement with a school under section 835 or the termination in any other manner of a school's participation in the loan program under this subpart, such school shall pay to the Secretary from the balance of the loan fund of such school established under section 835, an amount which bears the same ratio to the balance in such fund on the date of such termination as the total amount of the Federal capital contributions to such fund by the Secretary pursuant to section 835(b)(2)(A) bears to the total amount in such fund on such date derived from such Federal capital contributions and from funds deposited in the fund pursuant to section 835(b)(2)(B). The remainder of such balance shall be paid to the school.

"(2) A school to which paragraph (1) applies shall pay to the Secretary after the date on which payment is made under such paragraph and not less than quarterly, the same proportionate share of amounts received by the school after the date of termination referred to in paragraph (1) in payment of principal or interest on loans made from the loan fund as was determined for the Secretary under such paragraph.".

(e) Section 6103(m) of the Internal Revenues Code of 1954 is amended—

(1) by inserting "administered by the Department of Education" before the period in the paragraph heading of paragraph (4); and

(2) by adding at the end thereof the following new paragraph:

"(5) Individuals who have defaulted on student loans administered by the Department of Health and Human Services—

"(A) IN GENERAL.—Upon written request by the Secretary of Health and Human Services, the Secretary may disclose the mailing address of any taxpayer who has defaulted on a loan made under subpart II of part C of title VII of the Public Health Service Act or under subpart II of part C of title VIII of such Act, for use only by officers, employees, or agents of the Department of Health and Human Services for the purposes of locating such taxpayer for purposes of collecting such loan.

"(B) DISCLOSURE TO SCHOOLS.—Any mailing address disclosed under subparagraph (A) may be disclosed by the Secretary of Health and Human Services to any school with which the Secretary of Health and Human Services has an agreement under subpart II of part C of title VII of the Public Health Service Act or subpart II of part C of title VIII of such act, for use only by officers, employees, or agents of such school whose duties relate to the collection of student loans for purposes of locating individuals who have defaulted on student loans made under such subparts for the purposes of collecting such loans.".

REPEALS

SEC. 9. (a) Sections 801, 802, 803, 805, 810, 811, and 815 are repealed.

(b) Part A of title VIII is amended by striking out the headings for subparts I, II, III, and IV.

(c) Section 804 is redesignated as section 858, and is amended—

(1) by striking out "this subpart" in the matter preceding clause (1) and inserting in lieu thereof "subpart I of part A (as such subpart was in effect prior to September 30, 1984)";

(2) by inserting "under subpart I of part A (as such subpart was in effect prior to September 30, 1984) after "Federal participation" in the matter following clause (3); and

(3) by adding "FOR CONSTRUCTION ASSISTANCE" at the end of the section heading.

(d) Section 851(b) is amended by striking out ", and in the review of applications for construction projects under subpart I of part A, of applications under section 805, and of applications under subpart III of part A".

(e) Section 853(1) is amended by striking out "the Canal Zone,".

(f) Section 853(6) is amended to read as follows:

"(6) The term 'accredited' when applied to any program of nurse education means a program accredited by a recognized body or bodies, or by a State agency, approved for such purpose by the Secretary of Education and when applied to a hospital, school, college, or university (or a unit thereof) means a hospital, school, college, or university (or a unit thereof) which is accredited by a recognized body or bodies, or by a State agency, approved for such purpose by the Secretary of Education, except that a school of nursing seeking an agreement under subpart II of part C for the establishment of a student loan fund, which is not, at the time of the application under such subpart, eligible for accreditation by such a recognized body or bodies of State agency, shall be deemed accredited for purposes of such subpart if the Secretary of Education finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of students who are in their first year of instruction at such school during the fiscal year in which the agreement with such school is made under such subpart; except that the provisions of this clause shall not apply for purposes of section 838. For the purpose of this paragraph, the Secretary of Education shall publish a list of recognized accrediting bodies, and of State agencies, which he determines to the Secretary of Education reliable authority as to the quality of education offered.".

BUREAU OF NURSING

SEC. 10. (a) Parts B and C of title VIII are redesignated as parts C and D, respectively.

(b) Title VIII is amended by inserting before section 820 the following:

"PART B—SPECIAL PROJECTS".

(c) Part A of title VIII is amended to read as follows:

"PART A—BUREAU OF NURSING

"ESTABLISHMENT

"SEC. 801. (a) There is established in the Health Resources and Services Administration the Bureau of Nursing. The Bureau shall be composed of—

"(1) the Division for Advanced Nurse Education established by section 802,

"(2) the Division for Nurse Education Support established by section 803; and

"(3) the Center for Nursing Studies and Research established by section 804.

"(b) The Bureau shall be headed by a Director, who shall be appointed by the Secretary. The Secretary shall carry out this title through the Director.

"(c) The Secretary shall carry out the provisions of section 951 of the Nurse Training Act of 1975 through the Director.

"DIVISION FOR ADVANCED NURSE EDUCATION

"SEC. 802. There is established in the Bureau the Division for Advanced Nurse Education. The Secretary shall carry out part B through the Director and the Division.

"DIVISION FOR NURSE EDUCATIONAL SUPPORT

"SEC. 803. There is established in the Bureau the Division of Nurse Educational Support. The Secretary shall carry out part C through the Director and the Division.

"CENTER FOR NURSING STUDIES AND RESEARCH

"SEC. 804. (a) There is established in the Bureau the Center for Nursing Studies and Research. The Secretary, through the Center, shall conduct and support programs of basic and clinical research, training, and information dissemination relating to—

"(1) the promotion of health;

"(2) the prevention of illness;

"(3) the responses of patients and their families to acute and chronic illnesses, disabilities, and the aging process; and

"(4) nursing education, nursing services, and professional nursing resources.

Programs conducted under this subsection shall be in addition to the programs described in paragraphs (1) and (2) of subsection (b).

"(b) The Secretary shall carry out through the Center—

"(1) programs of research, training, and information dissemination relating to nursing conducted and supported by the Secretary under section 301; and

"(2) the program of National Research Service Awards relating to nursing under section 472.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 805. (a) To carry out section 804(a), there are authorized to be appropriated $10,000,000 for the fiscal year ending September 30, 1985, $10,500,000 for the fiscal year ending September 30, 1986, and $11,000,000 for the fiscal year ending September 30, 1987. Amounts appropriated under this subsection shall be in addition to amounts appropriated under sections 301 and 472.

"(b) For the establishment and initial operation of the Bureau, there are authorized to be appropriated $2,000,000 for the fiscal year ending September 30, 1985.".

(d) Section 853 is amended by adding at the end thereof the following new paragraphs:

"(11) The term 'Bureau' means the Bureau of Nursing established under section 801.

"(12) The term 'Director' means the Director of the Bureau.".

(e)(1) The Division of Nursing of the Health Resources and Services Administration of the Department of Health and Human Services is terminated.

(2) Section 472 is amended—

(A) by striking out "Division of Nursing of the Health Resources Administration," in subsection (a)(1)(A)(i) and inserting in lieu thereof "Bureau of Nursing of the Health Resources and Services Administration,"; and

(B) by striking out "Division" in such subsection and inserting in lieu thereof "Bureau".

EFFECTIVE DATE

SEC. 11. This Act and the amendments and repeals made by this Act shall take effect on October 1, 1984.

SUMMARY OF THE NURSE EDUCATION AMENDMENTS OF 1984

Nursing Special Projects (Sec. 820)—Reauthorizes the nursing special projects program providing grants and contracts for: (1) increasing nursing education opportunities for individuals from disadvantaged backgrounds; (2) providing continuing education for nurses; (3) providing appropriate retraining opportunities for nurses; (4) helping to increase the supply or improve the distribution by geographic area or by specialty group of adequately trained nursing personnel; and (5) providing training and education to upgrade the skills of licensed vocational or practical nurses, nursing assistants, and other paraprofessional nursing personnel. For these projects, authorizes $7 million for FY 1985, $7.3 million for FY 1986, and $7.7 million for FY 1987. Adds two new purposes for which grants and contracts may be awarded under the special projects authority: (1) demonstrating institutional and nursing service organizational arrangements that support more cost effective health care delivery systems; and (2) demonstrating effective means of facilitating the transition of students in schools of nursing to nursing practice. For these projects, authorizes $2 million for FY 1985, $2.1 million for FY 1986, and $2.2 million for FY 1987.

Advanced Nurse Education (Sec. 821)—Revises the advanced nurse training program to authorize grants to and contracts with public and private nonprofit collegiate schools of nursing to meet the costs to: (1) plan, develop, and operate; (2) expand; or (3) maintain programs leading to master and doctoral degrees and which prepare professional nurses to serve as nurse educators, administrators, consultants, researchers, or to serve in clinical nurse specialties determined by the Secretary. Authorizes $11 million for FY 1985, $11.5 million for FY 1986, and $12 million for FY 1987.

Nurse Practitioner Programs (Sec. 822)—Revises the authority for nurse practitioner programs to authorize grants and contracts for schools of nursing to: (1) plan, develop, and operate; (2) expand; or (3) maintain programs for the education of nurse practitioners. Also authorizes grants and contracts for schools of nursing and appropriate public and private entities for accredited certificate programs for nurse midwives. Amends the definition of programs for the education of nurse practitioners to add that, except for programs for nurse midwives, these programs must lead to a masters or doctoral degree.

Repeals authority of nurse practitioner traineeship programs and authority for grants and contracts to be used for costs of preparation of faculty members to conform to prescribed guidelines.

Authorizes $9 million for FY 1985, $9.4 million for FY 1986, and $9.9 million for FY 1987.

Authorizes the Secretary to use funds appropriated under this section as amended to make a one-year grant to or contract with a school, hospital, or entity which received a grant or contract under the previous authority during FY 1984 for nurse practitioner training programs or traineeships programs to maintain any such programs which are in existence at the end of FY 1984.

Traineeships for Advanced Education of Professional Nurses (Sec. 830)—Revises the authority for traineeships for advanced training of professional nurses to authorize the Secretary to make grants to public and private nonprofit schools of nursing to cover the cost of traineeships for nurses in masters and doctoral degree programs to educate such nurses to serve in and prepare for practice as: (1) nurse practitioners and nurse midwives; (2) nurse administrators, educators, and nurse researchers; and (3) other professional nursing specialties determined by the Secretary to require advanced training. Authorizes $9 million for FY 1985, $9.4 million for FY 1986, and $9.9 million for FY 1987.

Nurse Anesthetists (Sec. 831)—Revises the authority for traineeships for training of nurse anesthetists to add new authority for grants to public or private nonprofit institutions to cover the cost of projects to improve existing programs for the education of nurse anesthetists, including grants to such institutions for the purpose of providing financial assistance and support to certified registered nurse anesthetists who are faculty members of accredited programs to enable such persons to obtain advanced education relevant to their teaching functions. Authorizes for the revised authority $400,000 for FY 1985, $420,000 for FY 1986, and $440,000 for FY 1987.

Nursing Student Loans (Secs. 835-841)—Extends the nursing student loan program and authorizes for new capital contributions to schools' revolving loan funds $4 million for FY 1985, $4.2 million for FY 1986, and $4.2 million for FY 1987. Requires the Secretary to give priority to schools of nursing which established revolving loan funds after September 30, 1975, in allotting amounts returned to the Secretary from terminated loan funds and excess amounts collected by schools. Authorizes the Secretary of Treasury to disclose to the Secretary of the Department of Health and Human Services (DHHS) the address of those persons who have defaulted on nursing student loans and allows the Secretary of DHHS to disclose this information to nursing schools to assist them in the collection of defaulted loans. Repeals the provision which requires that not less than $1 million of nursing student loan appropriations for any fiscal year be reserved for loans to students who have not been a student or employed on a full-time basis for the past seven years. Also eliminates the preference for nursing student loans which currently must be given to first-year students.

Bureau of Nursing—Establishes in the Health Resources and Services Administration a new Bureau of Nursing, to be headed by a Director appointed by the Secretary and composed of: (1) the Division for Advanced Education; (2) the Division for Nurse Educational Support; and (3) the Center for Nursing Research. The Center for Nursing Research will administer programs of basic and clinical research, training, and information dissemination relating to: (1) the promotion of health; (2) the prevention of illness; (3) the responses of patients and their families to acute and chronic illnesses, disabilities, and the aging process; and (4) nursing education, nursing services, and professional nursing resources. In addition, the Center will administer: (1) programs of research, training, and information dissemination relating to nursing conducted and supported by the Secretary under section 301 of the PHS Act; and (2) the program of National Research Service Awards relating to nursing under section 472 of the PHS Act.

Authorizes $10 million for FY 1985, $10.5 million for FY 1986, and $11 million for FY 1987 for research conducted and supported by the Center for Nursing Research. These amounts would be in addition to those appropriated under sections 301 and 472.

Authorizes $2 million for FY 1985 for the establishment and initial operation of the Bureau of Nursing.

Terminates the Division of Nursing of the Health Resources Administration.

By Mr. JEPSEN:

S. 2575. A bill to require the Federal Regulatory Commission to encourage negotiated contract carriage of natural gas and to give the Commission authority to require certain interstate transportation; to the Committee on Energy and Natural Resources.

CONTRACT CARRIAGE OF NATURAL GAS

Mr. JEPSEN. Mr. President, today I am introducing legislation which would encourage negotiated contract carriage and give the Federal Energy Regulatory Commission the necessary authority to require that carriage of natural gas. This legislation has been developed with the National Association of Regulatory Utility Commissioners. Their guidance on this issue is deeply appreciated.

I have held many discussions with many diverse groups on the subject of contract carriage. Needless to say, there are many variations of thought and opinion as to how best this function should be carried out. I appreciate the frankness and openness which these groups have displayed as we sat together to talk about the problems of natural gas pricing. I assure them that I am willing to continue those discussions in order to further understand their viewpoints.

Mr. President, I ask unanimous consent that the text of the legislation be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2575

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subtitle B of title III of the Natural Gas Policy Act of 1978 (15 U.S.C. 3371 et seq.) is amended by adding at the end thereof the following:

"Sec. 316. Commission Approval of Transportation of Natural Gas by Interstate Pipelines

"(a) Encouragement of Pipeline Transportation.—The Commission shall, under conditions specified in this section, by orders and rules, encourage, expedite, and facilitate the transportation of natural gas by an interstate pipeline on behalf of any person.

"(b) Just and Reasonable Rates.—The rates and charges of any interstate pipeline with respect to any transportation authorized under subsection (a) shall be just and reasonable (within the meaning of the Natural Gas Act).

"(c) Encouragement of Negotiated Carriage.—The Commission's regulations implementing this section shall encourage negotiated carriage and provide incentive rates and any other necessary incentives for such transportation to assure carriage for all classes of customers.

"(d) Required Carriage.—The Commission may, after opportunity for hearing, require an interstate pipeline to transport gas on behalf of any person whenever the Commission finds that such pipeline's refusal to transport gas is discriminatory or the Commission deems that such transportation is required for the public convenience and necessity. Nothing in this section shall be construed to affect in any way an interstate pipeline company's first obligation to continue to render service under existing contracts and commitments to local distribution companies.

"(e) Expedited Proceedings.—In proceedings under this section, whether involving either negotiated contract carriage under subsection (c) or required carriage under subsection (d), the Commission shall, where appropriate, use expedited procedures after appropriate notice to all interested parties.

(f) Monitor and Report to Congress.—

"(1) Monitoring transportation of natural gas.—The Commission shall monitor and gather data concerning the transportation of natural gas by interstate pipelines including—

"(A) volume and cost of natural gas transported;

"(B) reliability of service of the pipelines transporting natural gas;

"(C) protection of the capacity required by existing customers of the pipeline; and

"(D) the impact of transportation on other users or customers of the pipelines.

"(2) Report.—Based upon such data and information and in consultation with appropriate State regulatory authorities and other persons, the Commission shall prepare and submit to the Congress within 24 months after the date of enactment of this section, a report on the merits of such transportation including any recommended modifications of authority to order transportation by interstate pipelines or under standards differing from those in subsection (d).".

Sec. 2. The table of contents for subtitle B of title III of the Natural Gas policy Act of 1978 is amended by adding at the end thereof the following:

"Sec. 316. Commission approval of transportation of natural gas by interstate pipelines.".

By Mr. BINGAMAN:

S. 2576. A bill to establish a commission to study and make recommendations concerning the international trade and export policies and practices of the United States; to the Committee on Governmental Affairs.

INTERNATIONAL TRADE AND EXPORT POLICY COMMISSION ACT OF 1984

● Mr. BINGAMAN. Mr. President, today I am introducing a bill to establish a bipartisan national commission to study and make recommendations concerning the international trade and export policies and practices of the United States. Such a commission is badly needed in order to study the various pieces of our trade puzzle and to make recommendations for solutions to each of these problems. Such a commission would help to establish a coherent international trade policy.

In recent months, much has been written and spoken about the international trade problems which this country now faces and which it is expected to face in the years ahead. There is serious concern about our Nation's continuing ability to successfully compete internationally, and the simple facts illustrate the problem well.

In 1973, trade accounted for 6 percent of the U.S. gross national product. Today, according to some estimates, trade accounts for twelve percent of our gross national product. According to a Commerce Department study, in 1980, 6.2 million U.S. workers owed their jobs to U.S. exports. By 1982, the number dropped to 4.8 million, mainly because of the drop in export volume. We export over 20 percent of our industrial productions and 40 percent of our crops each year. However, despite the magnitude of our exports, they are dwarfed by foreign imports. In 1982, the U.S. imported $44 billion more than we exported. In sum, the future economic well-being of our Nation is inexorably linked to the ability of American business to compete successfully in the emerging international marketplace. In recent years, we have not done so well.

We have experienced, steadily souring trade deficits which have set new records virtually every month. These rising deficits have a direct effect on the U.S. economy. From 1891 through 1970, the United States had an unbroken string of trade surpluses. Since 1970, we have had deficits in every year except 2. In 1983 our balance of trade has been in deficit for the eighth year in a row reaching a record $60.6 billion. Unfortunately in keeping with the trend an even larger trade deficit is expected in 1984. C. Fred Bergsten, Director of the Institute for International Economics, in his April 5, 1984 testimony before the House Ways and Means Committee predicted that, in 1984, the merchandise trade deficit will hit $120 billion and the current account deficit could approach $100 billion. The trade deficit during January-February has already soared to an annual rate of $105 billion, and continues to rise at a dramatic pace. Mr. Bergsten further predicts that the trade deficit may well reach $150 billion in 1985.

These sustained record trade deficits have resulted in a serious threat to our economy. These trade deficits have resulted in the loss of millions of U.S. jobs and, if left unchecked, will contribute to continuing troubles for many U.S. industries and cities. More than 1.5 million jobs are estimated to have been lost due to rising trade deficits. From 1980 to 1982, 40 percent of the increase in U.S. unemployment can be traced to the decline in U.S. exports. If these trends are permitted to continue as many as 3 million Americans will be unemployed by late 1985. Much congressional attention has been focused on these issues, but little has been accomplished. I look forward to meaningful action in the very important area of reducing our record trade deficit.

There are many perceived reasons for our trade failures, and even the degree of our failure is widely debated. Some cite looming budget deficits and imported oil prices. Still others have called for trade reorganization as a logical first step. Whatever is ultimately done, I would suggest that action is long overdue.

One further problem which exists, in my opinion, is the lack of a coherent and effective international economic policy. There now exists a serious failure on the part of the Federal Government to work in cooperation with American private enterprise to formulate a coherent and effective international economic policy that promotes trading opportunities for U.S. businesses. The Senate Governmental Affairs Committee has held several days of hearings on these issues and has approved legislation to create a new Department of Trade to facilitate the formulation and implementation of cohesive and effective trade policies within the Federal Government. It is hoped by supporters of such proposals that the creation of a new Department of Trade will provide an organizational environment in which effective trade policy can be carried out. I support this legislation as a good first step, but much more needs to be done to address our trade problems and coordinate our trade policy.

I believe there has also been a failure on the part of large segments of American business to seize trade opportunities. This issue is not directly addressed by trade reorganization. Only 12 percent of the Nation's 252,000 manufacturers market their products overseas. Available information, however, indicates that many more small U.S. manufacturers could begin to export if they had the right assistance to overcome impediments to doing so. It was recently estimated that 11,000 small, export-capable firms could be induced to try to export if properly approached and assisted, and that the value of exports by such firms could amount to more than $4 billion a year.

I believe we also need to increase our familiarity with foreign needs and cultures in order to compete successfully. As a people, we are not nearly as familiar with other nations of the world as they are with us. Our people trying to do business overseas are hampered by a lack of language facility, a lack of understanding of the economic systems and business practices in other countries, a lack of familiarity with local cultures and customs, ignorance about appropriate marketing techniques and local financing arrangements, lack of understanding about the local economic conditions and trading posture of other countries, and on and on. Because this expertise is not as well developed in our private sector, the Government may also be lacking a skilled cadre of individuals who can give advice or carry out trade policy. The need for such skills, experience, ties, and understanding in the Government and the private sector is paramount.

Mr. President, for these reasons, I am introducing legislation which calls for the creation of a bipartisan national commission to study and make recommendations concerning the international trade and export policies and practices of the United States. The 1-year study is to result in recommendations for changes in laws and regulations which are intended to facilitate the administration of the trade and export functions of the Federal Government, enhance export growth, provide for removal of trade barriers, provide for common understanding of international trade by businesses, develop expertise on foreign business practices and trade issues, and for other purposes. The commission is to be composed of six Members of the Senate, six Members of the House and six Members appointed by the President.

The issues to be studied and reported on include: existing impediments to exporting in American industries (legal, financial and otherwise); the needs of American industry for information and opportunities to enhance exporting; methods for improving export incentives for U.S. businesses; the need for a closer integration of trade and international monetary policy; the need to coordinate American trade policies and practices with promotion of industrial revitalization; the need for high quality data to identify markets, new products, and industries; the need for directing Federal resources to provide sustained economic growth and employment; the need for cooperation among the principal sectors of the economy; the impact of State and local governments in exporting; the organizational structures of other industrial nations; the organizational structure of Federal agencies; and the need to promote institutional and noninstitutional educational activities that will contribute to the ability of U.S. businesses to succeed in marketing U.S. goods and services abroad. Each of these major issues represent a key area of our overall U.S. trade policy and deserve immediate consideration.

The purpose of the commission is to achieve a better national focus of the various trade problems that affect the United

States at this time. A major national study would also provide the opportunity to develop an agenda of recommendations which would help the President and the Congress begin to solve our trade problems.

I urge my colleagues to join me in support of calling for adoption of this commission. Given the seriousness of our trade problems and current trends, which show lost jobs, rising deficits, and lost opportunities, we must focus our collective national attention on making trade a national priority. America, once the premier industrial power of the world, is losing its competitive edge. We must stop blindly traveling an uncharted course. Instead, we must begin to fill the gaps in our knowledge and determine the best path for expanding our exports and recouping our position in the world marketplace.

Let us begin this process by addressing the single most important problem in the trade area—the lack of any coherent and coordinated trade policy. This commission would help to formulate such a policy by bringing all the individual trade and export issues into focus and advancing recommendations for solutions.●

By Mr. HUMPHREY (for himself and Mr. Rudman):

S. 2577. A bill to expand the boundary of the White Mountain National Forest in the State of New Hampshire; to the Committee on Agriculture, Nutrition, and Forestry.

WHITE MOUNTAIN NATIONAL FOREST

● Mr. HUMPHREY. Mr. President, today I am pleased to be joined by Senator Rudman in introducing legislation to extend the boundary of the White Mountain National Forest (WMNF) in the towns of Stark, Northumberland, and Lancaster, N.H.

The boundary extension, which was approved at all three towns' respective town meetings last month, is needed to facilitate the anticipated purchase of the two Pilot Range tracts by the U.S. Forest Service for addition to the WMNF.

The Pilot Range is the major mountain range in the northern region of the forest, however major sections of the range, including the entire western flank, presently lie outside the forest. The Pilot Range purchase would complete protection of this ridgeline.

Well within a day's drive for 75 million people, the White Mountain National Forest provides 4 million visitor days annually. As pressures mount on the forest, it is important that new acreage is added to provide for increased recreational opportunities and dispersion of public use. For instance, there is tremendous potential for a ridgeline trail from the northern end of the Pilot Range to Mount Cabot, a major peak to the south. Such a trail would create opportunities for loop trails connecting with other remote trails in the area. At present there are very few trails in this northern section of the forest, particularly trails that provide access to the kind of spectacular peaks and ridgelines found in the Pilot Range.

Further, the purchase would provide greatly increased opportunities for hunting, fishing, cross-country skiing, and snowmobiling. The slopes, cliffs, large areas of mature forest, and views across the Connecticut River Valley to the mountains of Vermont all contribute to the high recreational value of this land.

Additionally, the purchase would afford protection of an important watershed area that feeds both public and private water supplies at the foot of the range. The cliffs of the tract also have a high potential as a nesting site for the endangered peregrine falcon. The Forest Service participates in a peregrine release program and plans to monitor these cliffs for peregrine activity.

For these reasons, the purchase of the Pilot Range tracts by the Forest Service enjoys wide support throughout the north country region. It is our hope that the legislation we are introducing today will be acted upon quickly so that the purchase of the Pilot Range tracts can be expedited.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2577

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to develop and preserve recreational opportunities, maintain long-term public access, and provide the watershed protection and controlled timber harvesting associated with National Forest System ownership, the Secretary of Agriculture is authorized to purchase certain lands contiguous to the White Mountain National Forest, New Hampshire, comprising approximately 4,000 acres, as generally depicted on the map entitled "Pilot Range Tracts", dated 1984. The maps and legal description of the boundary of such lands shall be on file and available for public inspection in the office of the Chief of the Forest Service, Department of Agriculture, and appropriate field offices of the agency.

Sec. 2. All lands purchased pursuant to the first section of this Act are hereby added to the White Mountain National Forest, and shall be administered in accordance with the laws, rules, and regulations applicable with respect to lands in the National Forest System.

Sec. 3. For the purpose of section 7 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601-9), the boundary of the White Mountain National Forest, as modified by the first section of this Act, shall be treated as if it were the boundary of that forest as of January 1, 1965.

Sec. 4. There are hereby authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.●

By Mr. DENTON (for himself and Mr. Hatch):

S. 2578. A bill to extend the authorization for the low-income home energy assistance program for three years, and for other purposes; to the Committee on Labor and Human Resources.

LOW-INCOME HOME ENERGY ASSISTANCE REAUTHORIZATION ACT

● Mr. DENTON. Mr. President, I am pleased to join the chairman of the Senate Committee on Labor and Human Resources, Senator Hatch, in introducing a bill to extend the Low-Income Home Energy Assistance Act for 3 additional years at the current authorization levels.

As Senators are aware, the fiscal year 1984 authorization ceiling for the low-income home energy assistance program is $1.875 billion, and the President has proposed the same figure in his budget request for fiscal year 1985. The bill Senator Hatch and I introduce today authorizes $1.875 billion for each of the next 3 fiscal years. There are no other legislative changes proposed in the bill.

In 1981, the Congress created the low-income home energy assistance block grant as part of the Omnibus Budget Reconciliation Act. This legislation authorized the Secretary of Health and Human Services to make grants to States for energy assistance, and the States in turn distributed the money to needy citizens based on a plan developed by each State. Under the act, States were given increased flexibility, within board Federal guidelines, to establish eligibility criteria and to develop distribution plans that were best suited to meet the needs of their low-income citizens. Several recent studies indicate that States have indeed utilized this flexibility.

The law permits three basic types of energy-related assistance; direct payments to help households pay energy bills for cooling and heating, low-cost weatherization, and energy-related emergency assistance. All States are currently administering a low-income energy assistance program, and the Department of Health and Human Services estimates that, in fiscal year 1983, 6.9 million households received assistance with heating costs through regular heating assistance or crisis assistance. HHS also estimates that 500,000 households received assistance to weatherize their homes, and that another 500,000 households received cooling assistance in fiscal year 1983.

It is obvious that this program is important to millions of elderly and poor Americans in both cold-weather States and in States like Alabama that have warmer climates. I am pleased that the program has operated smoothly in the last two fiscal years, with the Department of Health and Human Services making timely payments to the

States in response to their requests for funds. Senator Hatch and I stand ready to work closely with other Senators to reauthorize the LIHEA Act, and I hope that, with prompt reauthorization, we can avoid any interruption in program operations. I urge Senators to support this important legislation.

The Subcommittee on Family and Human Services, which I chair, will hold a hearing on the low-income home energy assistance block grant on May 4. I look forward to hearing the administration's views on the operation of the program, and to hearing from others involved in the implementation of the Low-Income Energy Assistance Act.

I ask unanimous consent that the text of the bill be printed in the Record at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2578

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Low Income Home Energy Assistance Reauthorization Act".

Sec. 2. Section 2602(b) of the Low-Income Home Energy Assistance Act of 1981 is amended to read as follows:

"(b) There is authorized to be appropriated to carry out the provisions of this title $1,875,000,000 for each of the fiscal years 1985, 1986, and 1987.".●

By Mr. D'AMATO (for himself, Mrs. Hawkins, Mr. Specter, Mr. Proxmire, Mr. Heinz, Mr. Abdnor, Mr. Tower, Mr. Riegle, Mr. Wilson, Mr. Trible, and Mr. Jepsen):

S. 2579. A bill to amend subchapter II of chapter 53 of title 31, United States Code, relating to currency reports; to the Committee on Banking, Housing, and Urban Affairs.

CURRENCY REPORTS

● Mr. D'AMATO. Mr. President, I rise today to introduce the Drug Money Seizure Act. I am happy to announce that Senators Hawkins, Specter, Proxmire, Heinz, Abdnor, Tower, Riegle, and Jepsen join me as cosponsors of this legislation.

The target of the Drug Money Seizure Act is drug kingpins. Its purpose is to enable our law enforcement agencies to convict drug czars for violations of our tax law and for violations of more recent legislation—the bank secrecy law, also known as the Currency and Foreign Transaction Reporting Act.

Drug dealers in the United States conceal $40 billion a year in countries like Panama, the Bahamas, and the Cayman Islands, where banking laws prevent scrutiny. These "narco dollars" are laundered routinely and safely through these offshore havens. These offshore bank accounts are the glue holding the major criminal operations together. My bill has three very simple provisions to combat this phenomenon.

First, it provides for a central subpoena power in the Treasury Department to facilitate enforcement of the bank secrecy law. It will enable the Treasury Department to review systematically all cash, check, wire, and other transfers to offshore banks that are so frequently used to launder and conceal drug money. This, in turn, will make it much easier to track down drug traffickers.

Second, it strengthens the Currency and Foreign Transaction Reporting Act, which now provides for a ridiculously low civil penalty of only $1,000 against financial institutions and their employees for willfully violating the law's reporting requirements. In order to promote compliance with the reporting requirements, the penalty is being raised to the full amount of the transaction involved.

Third, it eliminates the law that provides no penalty at all for individuals who willfully violate the law requiring reports on their transfers of money to foreign banks. The Drug Money Seizure Act provides for a penalty up to the full amount of the foreign transaction involved in the violation, so that anyone willfully violating the reporting requirements risk losing all the money involved.

The Treasury Department's initiative to trace drug money, announced last week, is the perfect illustration of why my bill needs to become law. Current law has tied the Treasury Department's hands so effectively that it must go to the banks and say: We want a record of all of your transactions with country X or bank X for a specific period of time. Treasury must then pore over all these thousands of transactions in search of suspicious wire transfers and other transactions.

This is incredibly time-consuming and an unconscionable drain on scarce law enforcement resources. My bill permits the Department to go to a bank and ask for information on specific accounts. It would free the Treasury Department from current limitations, which force it to search for the needle in the haystack when it tries to trace drug money.

Mr. President, I urge my colleagues to support this important legislative initiative against the laundering of billions of dollars in drug profits. Mr. President, I ask unanimous consent that the following technical analysis and a copy of the bill I am introducing be printed in the Record at the end of my statement.

There being no objection, the material was ordered to be printed in the Record, as follows:

ANALYSIS

The growing use of cash transactions in illegal activities, including tax evasion and the illegal sale and distribution of narcotics, makes enforcement of civil and criminal statutes more and more difficult. The Bank Secrecy Act provides many tools to combat illegal activities, but should include the following provisions, which do not broaden the coverage and substance of the act, but strengthen its enforcement: addition of administrative summons authority, increase in certain civil penalties and addition of another, and explicitly including American Samoa in the definition of United States. An analysis of the current provisions and the changes proposed in title 31 of the United States Codes follow:

Section 5318 provides for the delegation by the Secretary of the Treasury to various agencies of responsibility for compliance and requires financial institutions to maintain procedures for ensuring compliance. It does not now provide for a central administrative summons authority to quickly and efficiently determine compliance with the statute. This authority is necessary to give the Secretary an additional effective tool in strengthening the enforcement of the reporting provisions which in turn control illegal activities.

Section 5321(a) provides that a civil penalty of not more than $1,000 can be imposed against domestic financial institutions and partners, directors, officers or employees of those financial institutions for willfully violating a provision of this subchapter or a regulation prescribed under such a provision. Experience has shown that a civil penalty of up to $1,000 is an insufficient deterrent against certain violations. Therefore, in order to promote compliance with the reporting requirements, the amount of the civil penalty is being raised to an amount up to the amount of the transaction involved for violations relating to the transaction reporting requirements of domestic financial institutions.

Section 5314 requires the filing of reports and keeping of records relating to certain foreign financial transactions and foreign accounts. It is necessary to provide for a civil penalty where the provisions of section 5314, or any regulations prescribed under section 5314, are willfully violated. The amount of the civil penalty will be an amount up to the amount of the foreign transaction or foreign account involved in the violation.

Section 5312 contains the definitions for the statute. The definition of the United States in (a)(5) leaves the status of American Samoa and the Trust Territories unclear. This definition should explicitly over all territories as the original legislation intended, and avoid the creation of further "bank secrecy heavens".

S. 2579

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. Section 5318 of title 31, United States Code, is amended—

(1) by inserting "(a)" after "Sec. 5318.";

(2) by inserting ", except as provided in subsection (c)" before the semicolon at the end of paragraph (1);

(3) by striking out "and" at the end of paragraph (2);

(4) by redesignating paragraph (3) as paragraph (4);

(5) by inserting after paragraph (2) the following:

"(3)(A) examine any books, papers, records, or other data of domestic financial institutions pursuant to the recordkeeping and reporting requirements under this subchapter;

"(B) summon an officer or employee of a financial institution, or any person having possession, custody, or care of the reports or records required under the subchapter, to appear before the Secretary of the Treasury or his delegate at a time and place named in the summons and to produce such books, papers, records, or other data, and to give testimony, under oath, as may be relevant material to such inquiry; and

"(C) take such testimony of the officer, employee, or person having possession of the relevant reports or records, under oath, as may be relevant or material to such inquiry; and"; and

(6) by adding at the end thereof the following:

"(b) The purposes for which the Secretary of the Treasury may take any action described in paragraph (3) of subsection (a) include the purpose of investigating any offense connected with the administration or enforcement of this subchapter, section 21 of the Federal Deposit Insurance Act, section 411 of the National Housing Act, or chapter 2 of Public Law 91-508.

"(c)(1) The Secretary of the Treasury may not delegate the powers conferred by subsection (a)(3) to an appropriate supervising agency.

"(2) A summons may be issued under subsection (a)(3)(B) only by, or with the approval of, the Secretary of the Treasury or a supervisory level delegate of the Secretary of the Treasury.".

Sec. 2. Section 5321(a) of title 31, United States Code, is amended—

(1) by striking out the first sentence of paragraph (1) and inserting in lieu the following: "A domestic financial institution, and a partner, director, officer, or employee of a domestic financial institution, willfully violating this subchapter or a regulation prescribed under this subchapter (except section 5315 of this title or a regulation prescribed under section 5315) or causing such a violation is liable to the United States Government for a civil penalty of not more than—

"(A) the amount of the transaction where the violation involves a transaction reporting requirement, or

"(B) $1,000 for any other violation."; and

(2) by adding at the end thereof the following:

"(4) A person willfully violating the provisions of section 5314 of this title or of a regulation prescribed under section 5314 is liable to the United States Government for a civil penalty of not more than the amount of the foreign transaction or foreign account involved in the violation.".

Sec. 3. Section 5312(a)(5) of title 31, United States Code, is amended to read as follows:

"(5) 'United States' means the States of the United States, the District of Columbia, and, when the Secretary prescribes by regulation, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Marianas, American Samoa, the Trust Territory, any other territory or possession of the United States, or a military diplomatic establishment.".●

By Mr. ARMSTRONG:

S. 2580. A bill to amend the Wild and Scenic Rivers Act to designate certain segments of the Cache la Poudre River in Colorado as a component of the national wild and scenic river system, to designate a segment of that river for potential addition to the system, and for other purposes; to the Committee on Energy and Natural Resources.

CACHE LA POUDRE RIVER

● Mr. ARMSTRONG. Mr. President, I am introducing today a bill which would amend the Wild and Scenic Rivers Act of 1968, to include portions of the Cache la Poudre River in north-central Colorado as part of the national wild and scenic river system.

The Cache la Poudre is a marvelously unique, free-flowing river, representing the largest remaining stretch of undeveloped river in the United States on the east side of the Rockies. Beginning at the Continental Divide in Rocky Mountain National Park, the river flows east through Roosevelt Natioal Forest and the Colorado cities of LaPorte, Fort Collins, and Greeley before joining the South Platte River.

Because of its uniqueness, in 1977 the Forest Service began studying the river for wild and scenic designation under Public Law 93-621. The draft environmental impact statement and proposed recommendations, covering 83 miles of the upper reaches of the river, were issued for public comment in early 1980. Over 1,300 comments were received. The final EIS has since been completed and the recommendation is still under consideration by the administration.

In response to local concern and interest about a wild and scenic designation to the Cache, my colleague in the House, Congressman Hank Brown, formed a 12-member citizens' advisory panel, headed by Larimer County Commissioner Courtlyn Hotchkiss, to develop a compromise proposal supportable by all interested parties. After 5 months of intensive study, the advisory panel forged that consensus, and on March 20, 1984, Congressman Brown introduced this compromise proposal as H.R. 5185.

That bill would designate 30 miles of the river as "wild," with 18 miles of the upper reaches of the river named in honor of the late Senator from Colorado, Peter H. Dominick. An additional 40 miles would be designated "recreational," with 13 miles left undesignated. The legislation makes it clear that nothing in the act would alter water rights on the river or preclude water storage projects on the nondesignated portions of the stream at the Rockwell Dam, Grey Mountain, New Seaman Reservoir, and Indian Meadows sites. Private property rights are protected by the bill and acquisitions of rights-of-way and scenic easements will occur only where necessary and only from willing sellers. Further, the bill directs the Secretary of Agriculture to study the river and adjacent 100-year flood plain from the city of Fort Collins boundary to the Larimer-Weld County line for possible inclusion in the wild and scenic river system.

I commend Congressman Brown for his outstanding leadership on this issue and am very pleased to introduce in the Senate the companion bill to H.R. 5185.●

By Mr. ROTH:

S. 2581. A bill to modify a project of the U.S. Army Corps of Engineers to increase beach erosion control; to the Committee on Environment and Public Works.

BEACH EROSION CONTROL

● Mr. ROTH. Mr. President, I am today introducing a bill to modify the Delaware coast beach protection project of the Army Corps of Engineers.

Actually, the bill I am introducing today will produce significant savings for the taxpayers. It accomplishes this in two ways:

First, it eliminates hurricane protection as a purpose of the already authorized project, thus lessening the overall cost of the projects; this portion of the project is no longer supported by the State.

Second, this bill authorizes construction of a sand bypass facility at Indian River Inlet.

Under the current project, beach replenishment work will cost the State and Federal Government some $1,000,000 every 2 to 3 years. Under the revised project, as I propose, the State and Federal Government will cost share about $200,000 yearly to operate the sand bypass facility, which will move sand automatically from the south side of the inlet to the north side, from where wave action will carry the sand northward to continually replenish the beaches.

Mr. President, this bill also modifies the existing project to direct the corps to construct erosion protection facilities at Indian River Inlet, protecting a road, sewage treatment plant, and other public facilities.

This is a sound and reasonable bill. I urge that it be approved by the Senate.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2581

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the project for hurricane-flood protection and beach erosion control along the Delaware coast from Cape Henlopen to Fenwich Island at the Delaware-Maryland State Line, authorized by section 203 of the Flood

Control Act of 1968 (Public Law 90-483), is hereby modified by deleting hurricane-flood protection and authorizing the construction of sand bypass facilities and stone revetment erosion control measures at Indian River Inlet, Delaware, as described in the reevaluation report of the Philadelphia District Engineer, dated January 1984, at a Federal cost for such additional facilities of $4,000,000 (October 1983), *Provided, however*, That project costs shall be allocated under the terms of section 111 of Public Law 90-483, if that is determined by the Secretary of the Army, acting through the Chief of Engineers, to be appropriate.●

By Mr. HEFLIN:

S.J. Res. 273. Joint resolution to designate the week of May 13, 1984, through May 19, 1984, as "Smokey Bear Week"; to the Committee on the Judiciary.

SMOKEY BEAR WEEK

Mr. HEFLIN. Mr. President, in an election year such as this, much attention is given to public polls and national surveys. Today, I would like to call attention to a personality that had a recognition factor of 98 percent in a recent national poll. While many individuals who have devoted their lives to public service would be envious of such name recognition, this honor is reserved for Smokey Bear, the beloved animal character with the message that has saved millions of acres from destruction.

In 1942, following a Japanese submarine shelling of the southern California coast, forestry officials were concerned about future attacks that could set off damaging forest fires. Few firefighters or heavy equipment were available because of the war, and protection of the forest became a matter of national importance. The USDA Forest Service organized the Cooperative Forest Fire Prevention campaign to encourage the general public to participate in forest fire prevention.

The Wartime Advertising Council, a newly formed public service agency made up of business and advertising people who were willing to donate their time and talent for the war effort, agreed to assist the Forest Service in a nationwide forest fire prevention campaign. The National Association of State Foresters pledged their supprt.

During 1942 and 1943, wartime slogans were used on forest fire prevention posters. In 1944, Walt Disney's Bambi was used on a poster and it was a great success.

After that, the Forest Service and the Wartime Advertising Council Decided to choose an animal to represent forest fire prevention. In a Forest Service letter dated August 9, 1944, Richard Hammett described the animal—a bear—that was to have a "nose short (Panda type), color black or brown; expression appealing, knowledgeable, quizzical; perhaps wearing a campaign (or Boy Scout) hat that typified the outdoors and the woods." The bear was named "Smokey" after "Smokey Joe" Martin, who was the assistant chief of the New York City Fire Department from 1919 to 1930.

They asked Albert Staehle, an artist who painted cocker spaniels for national magazine covers at that time, to paint the first bear. The poster art showing Smokey pouring water on a campfire was printed in 1944 and distributed in early 1945.

Smokey made his public service debut on posters and bus and trolley cards in 1945. Magazine and newspaper forest fire prevention advertisements followed soon after. Hundreds of radio stations donated valuable broadcasting time for Smokey's message. The result of all this effort was a marked decrease in forest fires in the United States.

When the war was over, the Wartime Advertising Council was renamed the Advertising Council and they continued to sponsor public service campaigns, including Smokey Bear's message.

In 1946, artist Rudy Wendelin left the Navy and returned to work for the Forest Service where he worked closely with the volunteer advertising agency on Smokey Bear posters. After his retirement in 1973, Rudy continued to paint Smokey Bear pictures and act as a Smokey Bear program consultant. Harry Rossoll, another Forest Service artist, created four Smokey Bear cartoons a month for many years.

There has always been a great interest in the Smokey Bear program, and by 1952, it was apparent that something was needed to protect the image of Smokey Bear, so in May 1952, Congress passed the Smokey Bear Act. The Act prohibited the use of Smokey Bear without the permission of the Forest Service; permitted the Forest Service to license the use of Smokey Bear and collect royalties; and allowed the Forest Service to keep the royalties and put them into a fund to be used only for forest fire prevention. The Smokey Bear program currently has licenses with over 50 different businesses and organizations.

The first Smokey Bear stuffed toy in 1952 came with a postcard that could be completed and sent to the Forest Service for the sender to become a "Junior Forest Ranger." Children readily responded, and by 1955, there were 500,000 Junior Forest Rangers. The educational unit for forest fire prevention was taken to elementary schoolrooms across the country by State foresters and Forest Service Rangers. Children were encouraged to write to Smokey for their very own Junior Forest Ranger kit, and by 1965, Smokey Bear was given his own Zip Code—20252—to handle the volume of mail being received. Requests for Junior Forest Ranger kits from children are still received by Smokey today, and over 6 million children have been Junior Forest Rangers.

In 1950, someone was careless with a match, cigarette, or campfire in the Lincoln National Forest in New Mexico. One second of carelessness started a terrible forest fire and hundreds of firefighters battled the flames. When a strong wind suddenly swept the fire toward the firefighters, 24 of them nearly lost their lives. They ran to a rock slide and lay face down with their faces covered with wet handkerchiefs. The fire raged all around and the smoke choked them.

Finally, the fire passed and the smoke cleared. The only living thing those 24 brave firefighters saw was a badly burned cub clinging to a blackened tree. They took the little bear to a ranger station where many people tended to the burns. The cub was called "Smokey" after the original poster Smokey Bear.

After the burns healed, the little bear was sent to live at the National Zoo in Washington, D.C., were he became the living symbol of Smokey and forest fire prevention. There is still a living symbol of Smokey Bear at the National Zoo and over 3 million people visit him each year.

Before Smokey appeared on the scene in 1942, fire devastated more than 10 million acres of the Nation's forests and grasslands. By 1981, the toll was down to 3 million acres. This is an estimated 40-year savings of over $20 billion for the American taxpayer.

It is Smokey Bear's 40th birthday this year. Is it any wonder a yearlong celebration has been planned following such a distinguished career? The U.S. Postal Service is issuing a Smokey Bear commemorative stamp and many other national, regional, and local activities have been planned.

The best wish we can give Smokey is to remember his slogan penned back in 1947, "Remember, Only YOU Can Prevent Forest Fires."

Mr. President, I would like to introduce a joint resolution designating May 14 through May 20, 1984, as Smokey Bear Week in commemoration of Smokey's 40th birthday.

By Mr. INOUYE (for himself and Mr. HOLLINGS):

S.J. Res. 274. Joint resolution to authorize and request the President to designate May 6, 1984, as "National Nurse Recognization Day"; to the Committee on the Judiciary.

NATIONAL NURSE RECOGNITION DAY

● Mr. INOUYE. Mr. President, today it gives me a great deal of pleasure to introduce a Senate joint resolution to honor our Nation's professional nurses. These dedicated and compassionate individuals have contributed far more to our Nation's welfare than we have ever given them credit for.

Their services touch the lives of every one of us.

Mr. President, I ask unanimous consent that the text of the joint resolution be printed in the Record.

There being no objection, the joint resolution was ordered to be printed in the Record, as follows:

S.J. Res. 274

Whereas, nurses constitute the largest single health care group in the country;

Whereas, nurses are the ones who are always there—providing care in our Nation's hospitals 24 hours a day, seven days a week—and in community clinics, schools, nursing homes, industry, physician's offices, and patient's homes;

Whereas, nurses play a crucial role in health education and disease and injury prevention;

Whereas, nurses support of patients and families is essential to rehabilitation and restoration of health;

Whereas, nurses requires a high level of scientific knowledge, specialized skill, empathy and compassion; and

Whereas, nurses provide cost-effective, quality and underutilized services: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating May 6, 1984, as "National Nurse Recognition Day", and calling upon the people of the United States to observe the day with appropriate programs, ceremonies, and activities.●

By Mr. DIXON (for himself, Mr. Dodd, Mr. Percy, Mr. Glenn, Mrs. Hawkins, Mr. Burdick, Mr. Nickles, Mr. Durenberger, and Mr. Weicker):

S.J. Res. 275. Joint resolution to designate the month of October 1984 as "National Spina Bifida Month"; to the Committee on the Judiciary.

NATIONAL SPINA BIFIDA MONTH

Mr. DIXON. Mr. President, today I am introducing a joint resolution calling for the declaration of the month of October 1984 as the "National Spina Bifida Month." I am joined by Senators Dodd, Percy, Glenn, Hawkins, Burdick, Nickles, Durenberger, and Weicker.

As you know, spina bifida is a birth defect of the spinal column. It is the most common crippler of newborns, resulting when one or more bones in the back (vertebrae) fail to close completely during prenatal development.

While its cause is not known, spina bifida appears to be the result of multiple environmental and genetic factors. Studies have shown a high occurrence of spina bifida in urban areas and more births during certain months of the year.

Spina bifida occurs in 1 of every 1,000 births, making it seven times more common than muscular dystrophy and five times more common than multiple sclerosis. In fact, spina bifida occurs more frequently than muscular dystrophy, multiple sclerosis, polio, and cystic fibrosis combined.

Spina bifida results in varying degrees of paralysis, loss of sensation in the lower limbs, and in bowel and bladder complications. The condition is often accompanied by hydrocephalus, a condition involving improper circulation and accumulation of fluid in the brain.

Although most of the March of Dimes and Easter Seal poster children have spina bifida, many people have not heard of the defect. Even now, only a few cities in the United States have proper care centers and specialized professionals that can provide the most effective, aggressive treatment for children and adults with spina bifida.

Thirty years ago, 80 percent of the children born with spina bifida died, 80 to 90 percent survive today due to revolutionary surgical techniques and mechanical aids developed within the last two decades.

It is my hope that the activities of National Spina Bifida Month will generate the much needed public awareness of this crippling birth defect. It is also my hope that the activities will generate public awareness of the much improved treatment available to infants born with spina bifida.

Mr. President, I ask unanimous consent that the joint resolution be printed in the Record and I urge the prompt approval of this resolution.

There being no objection, the joint resolution was ordered to be printed in the Record, as follows:

S.J. Res. 275

Whereas spina bifida is a birth defect in the spinal column which occurs in one of every one thousand births in the United States;

Whereas spina bifida is the most common crippler of newborns, resulting when one or more bones in the back (vertebrae) fail to close completely during prenatal development;

Whereas while the cause of spina bifida is not known, it appears to be the result of multiple environmental and genetic factors;

Whereas although most of the March of Dimes and Easter Seal poster children have spina bifida, many people have not heard of the defect;

Whereas only a few cities in the United States have proper care centers and specialized professionals that can provide the most effective, aggressive treatment for children and adults with spina bifida;

Whereas an increase in the national awareness of the problem of spina bifida may stimulate the interest and concern of the American people, which may lead, in turn, to increased research and eventually to the discovery of a cure for spina bifida: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the month of October 1984 is designated "National Spina Bifida Month", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe that month with appropriate ceremonies and activities.

By Mr. GLENN:

S.J. Res. 276. Joint resolution to designate the week beginning June 3, 1984, as "Management Week in America"; to the Committee on the Judiciary.

MANAGEMENT WEEK IN AMERICA

● Mr. GLENN. Mr. President, I am pleased today to introduce a resolution designating June 3-9 as Management Week in America. It is only fitting that we set-aside 1 week annually to recognize the achievements of people who for 52 weeks each year immeasurably enhance the quality of life in this country by providing jobs, paying taxes, stimulating the creation of innovative products, supporting charities and building communities.

Effective management is distinguished by one overriding characteristic: the ability to motivate others to achieve to their highest potential, an essential ingredient in the American success story. Effective managers readily recognize that progress depends on instilling a sense of shared responsibility. They take pride in their own work and well they should, because effective management is inextricably linked to the future of our country. While they value efficiency, able managers never lose sight of the human dimension involved in any project. In effect, good managers are those who understand and care about people. We find them everywhere in this great country—from the mom and pop grocery to the giant multinational corporation.

Private enterprise recognizes the contributions made by effective managers as indicated by this list of organizations cosponsoring Management Week: Administrative Management Society, American Academy of Management, American Chamber of Commerce Executives, American Management Associations, American Society of Association Executives, American Society of Personnel Administration, American Society for Training & Development, Chamber of Commerce of the United States, Institute of Certified Personnel Managers, International Management Council, National Association of Female Executives, National Association of Manufacturers, National Federation of Independent Business and National Management Association.

By designating a week to honor America's 15 million management men and women, we hope to encourage them to increase their competence. We hope to inspire young Americans to consider management as a career. We hope to accelerate private initiative in the business and industrial community. It is time to promote management because management has promoted this country.●

ADDITIONAL COSPONSORS

S. 508

At the request of Mr. LAXALT, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 508, a bill to exempt entities receiving financial assistance from the Rural Electrification Administration from fees under the Federal Land Policy and Management Act of 1976.

S. 815

At the request of Mr. HATFIELD, the name of the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 815, a bill to provide that it shall be unlawful to discriminate against any meetings of students in public secondary schools and to provide the district courts with jurisdiction.

S. 875

At the request of Mr. MATHIAS, the name of the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 875, a bill to amend title 18 of the United States Code to strengthen the laws against the counterfeiting of trademarks, and for other purposes.

S. 1113

At the request of Mr. D'AMATO, the names of the Senator from New York (Mr. MOYNIHAN), and the Senator from California (Mr. WILSON) were added as cosponsors of S. 1113, a bill to amend the Internal Revenue Code of 1954 to provide that tax-exempt interest shall not be taken into account in determining the amount of social security benefits to be taxed.

S. 1492

At the request of Mr. DIXON, the name of the Senator from Indiana (Mr. QUAYLE) was added as a cosponsor of S. 1492, a bill to provide Federal disaster assistance to producers of peaches and apples.

S. 1535

At the request of Mr. MATHIAS, the name of the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 1535, a bill to amend title 35 of the United States Code to increase the effectiveness of the patent laws, and for other purposes.

S. 2014

At the request of Mr. SPECTER, the name of the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 2014, a bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide for assistance in locating missing children.

S. 2131

At the request of Mr. DECONCINI, the names of the Senator from Minnesota (Mr. DURENBERGER) and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of S. 2131, a bill to provide for the temporary suspension of deportation for certain aliens who are nationals of El Salvador, and to provide for Presidential and congressional review of conditions in El Salvador and other countries.

At the request of Mr. SPECTER, his name was added as a cosponsor of S. 2131, supra.

S. 2220

At the request of Mr. METZENBAUM, the names of the Senator from New Mexico (Mr. BINGAMAN) and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of S. 2220, a bill to amend title 38, United States Code, to provide for the treatment of Alzheimer's disease by the Veterans' Administration.

S. 2221

At the request of Mr. METZENBAUM, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 2221, a bill to amend the Older Americans Act of 1965 to require the special consideration be given to providing assistance to older individuals who suffer from Alzheimer's disease and other neurological diseases, and for other purposes.

S. 2222

At the request of Mr. METZENBAUM, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor S. 2222, a bill to provide a deduction from gross income for individual taxpayers who maintain a household which includes a dependent of the taxpayer who suffers from Alzheimer's disease.

S. 2258

At the request of Mr. MOYNIHAN, the names of the Senator from Tennessee (Mr. BAKER) and the Senator from Texas (Mr. BENTSEN) were added as cosponsors of S. 2258, a bill to grant a Federal charter to the 369th Veterans' Association.

S. 2266

At the request of Mr. CRANSTON, the names of the Senator from New Hampshire (Mr. HUMPHREY) and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 2266, a bill to grant a Federal charter to the Vietnam Veterans of America, Inc.

S. 2368

At the request of Mr. METZENBAUM, the name of the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 2368, a bill to amend the Federal Food, Drug, and Cosmetic Act to require that the label or labeling of a food state the specific common or usual name of each fat or oil contained in such food and the amount of sodium and potassium contained in such food.

S. 2374

At the request of Mr. STAFFORD, the name of the Senator from Colorado (Mr. HART) was added as a cosponsor of S. 2374, a bill to extend the authorization for 5 years for the low-income home energy assistance program, for the community services block grant, and for the Head Start program, and for other purposes.

S. 2375

At the request of Mr. WEICKER, the names of the Senator from North Dakota (Mr. ANDREWS), and the Senator from Iowa (Mr. JEPSEN) were added as cosponsors of S. 2375, a bill to amend the Small Business Act to improve the operation of the secondary market for loans guaranteed by the Small Business Administration.

S. 2436

At the request of Mr. GOLDWATER, the names of the Senator from Indiana (Mr. QUAYLE), and the Senator from Georgia (Mr. NUNN) were added as a cosponsors of S. 2436, a bill to authorize appropriations of funds for activities of the Corporation for Public Broadcasting, and for other purposes.

S. 2456

At the request of Mr. BRADLEY, the name of the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 2456, a bill to establish a Commission to study the 1932-33 famine caused by the Soviet Government in Ukraine.

S. 2548

At the request of Mr. LEVIN, the name of the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of S. 2548, a bill to authorize the Secretary of Housing and Urban Development, through the Federal Housing Administration, to assist homeowners in taking corrective measures with respect to urea formaldehyde foam insulation in their homes.

SENATE JOINT RESOLUTION 227

At the request of Mr. CRANSTON, the name of the Senator from Pennsylvania (Mr. SPECTER) was added as a cosponsor of Senate Joint Resolution 227, a joint resolution designating the week beginning November 11, 1984, as "National Women Veterans Recognition Week."

SENATE JOINT RESOLUTION 235

At the request of Mr. PELL, the names of the Senator from South Dakota (Mr. ABDNOR), and the Senator from Rhode Island (Mr. CHAFEE) were added as cosponsors of Senate Joint Resolution 235, a joint resolution to authorize the Law Enforcement Officers Memorial Fund, Inc., to establish a National Law Enforcement Heroes Memorial.

SENATE JOINT RESOLUTION 239

At the request of Mr. CHILES, the name of the Senator from Georgia (Mr. MATTINGLY) was added as a cosponsor of Senate Joint Resolution 239, a joint resolution designating the week of October 21 through October 27, 1984, as "Lupus Awareness Week."

SENATE JOINT RESOLUTION 244

At the request of Mr. DOLE, the name of the Senator from Alabama (Mr. DENTON) was added as a cosponsor of Senate Joint Resolution 244, a joint resolution designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week."

SENATE JOINT RESOLUTION 246

At the request of Mr. Exon, the name of the Senator from Michigan (Mr. Levin) was added as a cosponsor of Senate Joint Resolution 246, a joint resolution strongly urging the President to secure a full accounting of Americans captured or missing in action in Southeast Asia, and for other purposes.

SENATE JOINT RESOLUTION 251

At the request of Mr. Armstrong, the name of the Senator from South Dakota (Mr. Abdnor) was added as a cosponsor of Senate Joint Resolution 251, a joint resolution providing for the convening, whenever the legislatures of two additional States pass a resolution to hold such a convention, of a constitutional convention for the purpose of proposing an amendment relating to the balancing of the Federal budget.

SENATE JOINT RESOLUTION 254

At the request of Mr. Lugar, the names of the Senator from Maryland (Mr. Mathias), the Senator from Massachusetts (Mr. Tsongas), the Senator from Virginia (Mr. Warner), and the Senator from Delaware (Mr. Biden) were added as cosponsors of Senate Joint Resolution 254, a joint resolution to designate the month of October 1984 as "National Down's Syndrome Month."

SENATE JOINT RESOLUTION 258

At the request of Mr. Chiles, the names of the Senator from Arizona (Mr. DeConcini) and the Senator from South Dakota (Mr. Abdnor) were added as cosponsors of Senate Joint Resolution 258, a joint resolution to designate the week of June 24 through June 30, 1984 as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 266

At the request of Mr. Randolph, the name of the Senator from Minnesota (Mr. Durenberger) was added as a cosponsor of Senate Joint Resolution 266, a joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week."

SENATE JOINT RESOLUTION 271

At the request of Mr. Kennedy, the names of the Senator from Vermont (Mr. Leahy), and the Senator from Maryland (Mr. Mathias) were added as cosponsors of Senate Joint Resolution 271, a joint resolution calling on the President to withdraw the modification of the jurisdiction of the International Court of Justice.

SENATE RESOLUTION 283

At the request of Mr. Cohen, the names of the Senator from Alaska (Mr. Murkowski), and the Senator from Vermont (Mr. Stafford) were added as cosponsors of Senate Resolution 283, a resolution relating to chemical weapons.

SENATE RESOLUTION 367

At the request of Mr. Moynihan, the name of the Senator from Virginia (Mr. Warner) was added as a cosponsor of Senate Resolution 367, a resolution to express the sense of the Senate in support of "Solidarity Sunday."

AMENDMENT NO. 2791

At the request of Mr. Levin, the name of the Senator from Tennessee (Mr. Sasser) was added as a cosponsor of amendment No. 2791 intended to be proposed to S. 1080, a bill to amend the Administrative Procedure Act to require Federal agencies to analyze the effects of rules to improve their effectiveness and to decrease their compliance costs, to provide for a periodic review of regulations, and for other purposes.

AMENDMENT NO. 2942

At the request of Mr. Trible, the name of the Senator from Nebraska (Mr. Exon) was added as a cosponsor of amendment No. 2942 proposed to H.R. 2163, a bill to amend the Federal Boat Safety Act of 1971, and for other purposes.

The following cosponsors were added during the session of the Senate April 12-13, 1984, after midnight:

S. 875

At the request of Mr. Mathias, the name of the Senator from Nevada (Mr. Hecht) was added as a cosponsor of S. 875, a bill to amend title 18 of the United States Code to strengthen the laws against the counterfeiting of trademarks, and for other purposes.

S. 1161

At the request of Mr. Durenberger, the name of the Senator from Louisiana (Mr. Johnston) was added as a cosponsor of S. 1161, a bill to amend the Internal Revenue Code of 1954 to make it clear that certain motor vehicle operating leases are leases.

S. 2418

At the request of Mr. Mathias, the name of the Senator from California (Mr. Cranston) was added as a cosponor of S. 2418, a bill to authorize and direct the Librarian of Congress, subject to the supervision and authority of a Federal civilian of military agency, to proceed with the construction of the Library of Congress Mass Book Deacidification Facility, and for other purposes.

S. 2430

At the request of Mr. Stevens, the names of the Senator from Mississippi (Mr. Cochran), the Senator from Minnesota (Mr. Durenberger), the Senator from Hawaii (Mr. Inouye), the Senator from New York (Mr. Moynihan), the Senator from Arizona (Mr. DeConcini), the Senator from Maryland (Mr. Sarbanes), and the Senator from North Dakota (Mr. Burdick) were added as cosponsors of S. 2430, a bill a provide for a family violence prevention and services program.

S. 2520

At the request of Mr. Pressler, the names of the Senator from Virginia (Mr. Warner) and the Senator from Tennessee (Mr. Sasser) were added as cosponsors of S. 2520, a bill to provide authorization of appropriations for the U.S. Travel and Tourism Administration, and for other purposes.

S. 2524

At the request of Mr. Domenici, the name of the Senator from New Mexico (Mr. Bingaman) was added as a cosponsor of S. 2524, a bill entitled the "Copper and Extractive Industries Fair Competition Act of 1984."

SENATE JOINT RESOLUTION 129

At the request of Mr. Pressler, the name of the Senator from Vermont (Mr. Stafford) was added as a cosponsor of Senate Joint Resolution 129, a joint resolution calling upon the President to seek a mutual and verifiable ban on weapons in space and on weapons designed to attack objects in space.

SENATE JOINT RESOLUTION 257

At the request of Mr. Stevens, the name of the Senator from New Jersey (Mr. Bradley) was added as a cosponsor of Senate Joint Resolution 257, a joint resolution to designate the period July 1, 1984, through July 1, 1985, as the "Year of the Ocean."

SENATE CONCURRENT RESOLUTION 86

At the request of Mr. Heinz, the name of the Senator from Minnesota (Mr. Durenberger) was added as a cosponsor of Senate Concurrent Resolution 86, a concurrent resolution expressing the sense of the Congress regarding the persecution of members of the Baha'i religion in Iran by the Government of Iran.

SENATE CONCURRENT RESOLUTION 101

At the request of Mr. D'Amato, the name of the Senator from Minnesota (Mr. Boschwitz), was added as a cosponsor of Senate Concurrent Resolution 101, a concurrent resolution to commemorate the Ukrainian famine of 1933.

AMENDMENT NO. 2929

At the request of Mr. Mathias, his name was added as a cosponsor of amendment No. 2929 intended to be proposed to H.R. 2163, a bill to amend the Federal Boat Safety Act of 1971, and for other purposes.

SENATE CONCURRENT RESOLUTION 105—RELATING TO ARMS CONTROL

Mr. BUMPERS (for himself, Mr. Leahy, Mr. Chafee, Mr. Heinz, Mr. Glenn, Mr. Inouye, and Mr. Biden) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. Con. Res. 105

Whereas, it is a vital security objective of the United States to limit the Soviet nuclear threat against the United States and its allies; and

Whereas, the President has declared that "as for existing strategic arms agreements, we will refrain from actions which undercut them so long as the Soviet Union show equal restraint"; and

Whereas, the United States has legitimate concerns about certain Soviet actions and behavior relevant to limitations and other provisions of existing strategic arms agreements; and

Whereas, the President has declared that "the United States will continue to press compliance issues with the Soviet Union through diplomatic channels, and to insist upon explanations, clarifications, and corrective actions"; and

Whereas, the President has also declared that "the United States is continuing to carry out its obligations under relevant agreements"; and

Whereas, it would be detrimental to the security interests of the United States and its allies, and to international peace and stability for the last remaining limitations on strategic offensive nuclear weapons to break down or lapse before replacement by a new strategic arms control agreement between the United States and the Soviet Union; and

Whereas, the continuation of existing restraints on strategic nuclear arms would provide an atmosphere more conducive to achieving an agreement significantly reducing the levels of nuclear arms; and

Whereas, the Soviet Union has not agreed to a date for resumption of the nuclear arms talks in Geneva, and it is incumbent on the Soviet Union to return to the negotiating table; and

Whereas, a termination of existing restraints on strategic offensive nuclear weapons could make the resumption of negotiations more difficult; and

Whereas, both sides have to date abided by important numerical and other limits contained in existing strategic arms agreements, including dismantling operational missile-firing submarines and remaining within the ceilings on multiple-warhead missile launchers and other related limits; and

Whereas, it is in the interest of the United States and its allies for the Soviet Union to continue to dismantle older missile-firing submarines as new ones are deployed, and to continue to remain at or below a level of 820 launchers of MIRVed ICBMs, 1200 launchers of MIRVed ICBMs and SLBMs, and 1320 launchers of MIRVed ICBMs and SLBMs, and ALCM-equipped heavy bombers, and other related limits in existing strategic offensive arms agreements: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the United States should vigorously pursue with the Soviet Union the resolution of concerns over compliance with existing strategic and other arms control agreements through the Standing Consultative Commission and, where appropriate, other confidential diplomatic channels; and be it further

Resolved, That it is the sense of the Congress that the United States should continue to carry out its obligations and commitments under, and otherwise to observe the provisions of, existing strategic arms agreements so long as the Soviet Union continues to observe those provisions, or until a new strategic arms agreement is concluded; and be it further

Resolved, That it is the sense of the Congress that the President should carefully consider the impact of any changes to his current policy regarding existing strategic arms agreements on the long-term security interests of the United States and its allies, and should consult with the Congress before making any changes in current policy.

Sec. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President.

Mr. BUMPERS. Mr. President, today I am pleased to submit, along with my esteemed colleagues, Mr. Leahy, Mr. Chafee, Mr. Heinz, Mr. Glenn, Mr. Inouye, and Mr. Biden, a resolution that seeks to put the Senate on record on the most important issue we face: limiting nuclear weapons, and reducing the threat of nuclear war.

As we all know, both the START and INF talks in Geneva are suspended. While it is clear that the Soviets should return to these talks, it is also clear that a new START agreement, which we would all like to see, will not be signed and ratified any time soon. Fortunately, this does not mean that there are no restraints on Soviet forces.

Ever since he first took office, the President's policy has been to avoid undercutting existing strategic arms agreements as long as the Soviets show similar restraint. This may not be much, but it is the only restraint we have. And this policy serves important U.S. security interests.

This policy, through the restraints of the SALT I agreement on offensive nuclear weapons, has forced the Soviet to dismantle literally hundreds of nuclear missiles which they otherwise could have have kept pointed at us. The Soviets did this dismantling during the Nixon administration, the Ford administration, the Carter administration, and they are doing it during the Reagan administration as well. President Reagan's no-undercut policy toward existing strategic arms agreements has forced the Soviets to dismantle several Yankee-class submarines, each armed with 16 nuclear-tipped SS-N-6 SLBM's. Our satellites see the dismantling; it has taken place. And the Soviet threat is not as great as it otherwise would have been because of the no-undercut policy.

Incidentally, the Yankee-class submarines the Soviets are forced to dismantle are newer than most of the submarines in our strategic forces. This Soviet dismantling continues today, and will continue into the future, only if we retain the no-undercut policy.

The no-undercut policy also prevents the Soviets from increasing their deployments of MIRV'd ICBM's. Under existing strategic arms agreements, they are permitted no more than 820 launchers of MIRV'd ICBM's. Today they have 818, and they have had this level for several years. Without the no-undercut policy, they would be free to deploy hundreds more MIRV'd ICBM's, with thousands more warheads.

Details on the Soviets behavior, and our own, are contained in a factsheet that Mr. Leahy and I sent to each of our colleagues last week. I ask unanimous consent that a copy of the factsheet be placed in the Record.

Why do we introduce this resolution now? When the seventh Trident submarine goes out on sea trials later next year, it will push us for the first time over the SALT II subceiling of 1,200 launchers of MIRV'd strategic missiles—ICBM's plus SLBM's—unless we take offsetting measures—specifically, unless we dismantle either 14 MIRV'd Minuteman III missiles or one Poseidon submarine with 16 MIRV'd missiles. It is quite possible that this seventh Trident sub will go out to sea trials in fiscal year 1985, and that is the year whose budget we are considering right now.

The stakes are very important. If we exceed this 1,200 limit, we are inviting the Soviets to do the same. And then the arms race will really take off.

We must keep in mind that the Soviets are right up against the 820 limit on MIRV'd ICBM's. If we change our no-undercut policy, the Soviets will no longer dismantle older submarines with nuclear missiles as new ones are produced. And they could smash through the 820 limit on MIRV'd ICBM's with ease.

With active ICBM production lines, they could deploy extra SS-19 or SS-17 ICBM's, each with six or four warheads, respectively. They could deploy these in existing SS-11 or SS-13 silos, suitably modified, just as they have done with their existing MIRV'd SS-19's and SS-17's. This would add almost 3,000 warheads to the Soviet arsenal. This is not in our security interest.

The Soviets could also deploy far more SS-24 ICBM's, their new MIRV'd ICBM currently being tested, which has 10 warheads. Under the no-undercut policy, they will have to replace existing MIRV'd missiles when they deploy the SS-24 in the near future. Without any restraints, the Soviets could deploy the SS-24 in place of their single-warhead SS-11' or SS-13's, instead of in their SS-17 and SS-19 silos. They could keep all their SS-17 and SS-19 missiles and deploy an extra 5,000 warheads, if there is no restraint. This is not in our security interest.

Existing policy and resulting restraints limit the Soviets to deploying no more than 10 warheads on their large SS-18 ICBM. Without any restraints, the Soviets could add as many as 20 additional warheads to the SS-

18, and they have 308 such missiles. Thus they could add over 6,000 nuclear warheads in the absence of restraints on such behavior. This would not be in our security interest.

Clearly every American who is concerned about the Soviet nuclear threat, and that is everyone, wants to prevent the Soviets from being allowed to do these dangerous deployments. The no-undercut policy does this. In contrast, abandoning this policy would open the floodgates for anything the Soviets would want to do. The examples I have cited are simply a sampling of what would be possible.

Whatever our differences about past arms control agreements, it is clear that the no-undercut policy should be continued for the simple reason that it is in our security interest to do so. We have concerns about Soviet arms control compliance, and we should pursue these concerns. Our resolution calls upon the President to do this, in much the same language that he himself has used.

It is important to emphasize that the Soviets are currently observing the numerical limits on MIRV'd systems in strategic arms agreements that have been signed, as well as the submarine limits as well. We should continue to force them to do this. If we ignore those limits ourselves, we invite the Soviets to do the same. We should avoid taking this dangerous step.

We invite bipartisan support to secure the no-undercut policy and preserve at least a degree of restraint in the nuclear arms race.

There being no objection, the fact sheet was ordered to be printed in the RECORD, as follows:

FACT SHEET—CONTINUING THE CURRENT NO-UNDERCUT POLICY

I. REAGAN ADMINISTRATION POLICY HAS BEEN, IN EFFECT, TO OBSERVE EXISTING STRATEGIC ARMS AGREEMENTS

"As for existing strategic arms agreements, we will refrain from actions which undercut them so long as the Soviet Union shows equal restraint."—President Reagan, May 31, 1982.

"The United States is continuing to carry out its own obligations and commitments under relevant agreements."—President Reagan, January 23, 1984.

"We intend to comply by those provisions [of SALT], providing the Soviet Union does likewise."—Secretary of State Alexander Haig, May 11, 1982.

"We undertake to live by provisions of SALT II in a general way and expect the Soviets to do likewise."—Secretary of State George Shultz, March 28, 1984.

II. U.S. POLICY TOWARD EXISTING STRATEGIC ARMS AGREEMENTS HAS MAINTAINED IMPORTANT RESTRAINTS ON NUCLEAR FORCES

SALT I Treaty

Under the terms of the SALT I Interim Accord on Strategic Offensive Weapons, the Soviet Union has dismantled several hundred operational nuclear weapons which otherwise would have remained in the Soviet arsenal, including: 190 SS-7 ICBM's, 19 SS-8 ICBM's, and 160 SS-N-6 SLBM's on 10 Yankee I SSBN's, and other SLBM's on older submarines.

The Soviet submarine dismantling began in the 1970's and has continued during the Reagan Administration. As the Soviet Union continues to introduce Typhoon class submarines, they will be forced to dismantle older submarines and the missile launchers they carry. It is important to keep in mind that the submarines which SALT I forces the Soviets to dismantle are newer than all the missile-firing submarines the U.S. has except for our four newest Trident subs.

As long as the policy of mutual observance of existing agreements continues, Soviet submarine dismantling to remain within SALT I limits must continue. In the absence of the restraint policy, no such dismantling would occur. The Soviet nuclear threat to the United States and our allies could be much greater if the current policy is abandoned.

The SALT I Interim Accord has had almost no impact on U.S. forces. The four Trident submarines (each with 24 missiles) launched so far have required us to dismantle six older Polaris submarines, each capable of carrying 16 missiles. However, all 10 of our Polaris submarines have already been withdrawn from our strategic forces and none have been armed with missiles for several years. Deployment of the fifth and sixth Tridents will require the U.S. to reduce additional launchers. The Administration will meet this reduction through deactivation of old Titan II ICBM launchers. However, this deactivation has already been decided on safety and other grounds.

SALT II Treaty

Although SALT II was not ratified, both the U.S. and the Soviet Union have not exceeded any of the treaty ceilings on multiple warhead missiles. The Soviets were above the overall ceiling of 2,400 on missile launchers and bombers when the treaty was signed. They are not obligated to reduce to this level.

The MIRV subceilings of SALT II have appreciably constrained Soviet force deployments since 1979. Specifically, the Soviets have built up to, but have not exceeded, the SALT II limit of 820 MIRV'd ICBM launchers, as shown in Table 1. The Soviets also remain below the MIRV'd missile and MIRV'd missile/ALCM bomber limits.

TABLE 1.—SALT II MIRV LIMITS AND U.S./SOVIET DEPLOYMENTS: APRIL 1984

Category	Salt II limit	Soviet deployments	U.S. deployments
Launchers of MIRV'd missiles	820	818	
Launchers of MIRV'd ICBM's and SLBM's	1,200	1,082	
Launchers of MIRV'd ICBM's and SLBM's and ALCM-equipped bombers	1,320	1,082	

TABLE 2.—U.S./SOVIET MIRV BALANCE: 1984

U.S.S.R.	Amount	United States	Amount
ICBM's:			
SS-18 (10 RV's)	308	Minuteman III (3 RV's)	550
SS-19 (6 RV's)	360		
SS-17 (4 RV's)	150		
Total	818		550
SLBM's:			
SS-N-18 (3-7 RV's) on 14 Delta III subs.	224	Poseidon (10 RV's) on 19 Poseidon subs.	304
SS-N-20 (MIRV'd) on 2 Typhoon subs.	40	Trident I (8 RV's) on 12 Poseidon subs.	192
		Trident I (8 RV's) on 4 Trident subs.	96
Total	264		592
ALCM-equipped bombers:	None	B-52G with ALCM	74
Totals:			
MIRV'd ICBM's	818		550
MIRV'd ICBM's and SLBM's.	1,082		1,142
MIRV'd ICBM's and SLBM's and ALCM-equipped bombers.	1,082		1,216

III. THE U.S. WILL SOON EXCEED THE 1,200 CEILING ON LAUNCHERS OF MIRV'D MISSILES UNLESS OFFSETTING ACTIONS ARE TAKEN

As Table 2 shows, the U.S. currently has 1,142 deployed MIRV'd missiles, 96 of which are on our first four Trident submarines. Each additional Trident submarine deployed moves us closer to the 1,200 limit. When the seventh Trident submarine goes out to sea trials in August-October 1985, it will put us over the 1,200 limit, as shown below in Table 3:

TABLE 3.—U.S. MIRV'd MISSILE LEVEL, 1984-89

Approximate sea trials date	MIRV'd missile level	Comment
April 1984	1,142	Counts 4 Trident subs.
May 1984	1,166	U.S.S. Jackson (5th Trident sub) goes out on sea trials.
January 1985	1,190	U.S.S. Alabama (9th Trident sub) goes out on sea trials.
September 1985	1,214	U.S.S. Alaska (7th Trident sub) goes out on sea trials.
May 1986	1,238	U.S.S. Nevada (8th Trident sub) goes out on sea trials.
July 1988	1,262	SSBN 734 (9th Trident sub) goes out on sea trials.
March 1989	1,286	SSBN 735 (10th Trident sub) goes out on sea trials.

Note.—MX is scheduled for deployment in Minuteman III silos. Thus, MX development will not increase our MIRV'd ICBM launcher level.

The 820 limit on launchers of MIRV'd ICBM's constrains the Soviets in several ways. For one, it keeps the Soviets from converting more of their single warhead SS-11 silos to 6 warhead SS-19 or 4 warhead SS-17 silos (all existing SS-19 and SS-17 silos are modified SS-11 silos). In addition, when the Soviets deploy their 10-RV SS-X-24 ICBM, currently being flight-tested, the 820 limit will again constrain them. This limit will force the Soviets to take out existing MIRV'd missiles, such as the SS-17 or SS-19, instead of single warhead missiles such as the SS-11.

U.S. SECURITY INTERESTS WOULD BE ENDANGERED BY CHANGING OUR POLICY OF OBSERVING EXISTING STRATEGIC ARMS AGREEMENTS

If the U.S. chooses to ignore the 1,200 limit, we would add relatively little to our strategic force capabilities. The seventh Trident submarine would put us only 14 missiles over the 1,200 limit. Additional Trident submarines are being built at a rate of less than one per year, so that from Trident production alone we would be less than 100 over the limit for the remainder of the 1980's.

Presently, the U.S. has deployed 74 ALCM-equipped B-52's. The program of equipping B-52's with ALCM will not begin to reach the 1,320 ceiling (1,200 MIRV'd missile launchers plus 120 ALCM-carrying heavy bombers) until mid-to-late 1986. The United States will not complete the planned

195 ALCM-equipped heavy bomber program until about 1990.

Under current plans, the U.S. deployment of MX will not affect our levels of deployed MIRV'd ICBM's. MX will be deployed in existing Minuteman III silos, which is permitted. We could deploy additional Minuteman III missiles, each with three warheads, in silos currently containing single-warhead Minuteman II missiles, but we would only gain a net of two warheads per additional missile. Deployment of the remaining spare Minuteman III's would deprive U.S. of missiles for essential operational testing purposes. With only about 120 Minuteman III's currently in storage and 100 freed up by the deployment of MX, and keeping at least 70 for testing, we would be able to add at most only 150 Minuteman III, or 300 warheads (450 less than 150 dismantled Minuteman II) by the full operational capability of MX in 1990.

V. THE SOVIETS, ON THE OTHER HAND, COULD FAR EXCEED THE MIRV'D MISSILE CEILINGS BY 1990 IF THEY CHOOSE TO

If the Soviets saw the U.S. ignoring the 1200 limit on numbers of MIRV'd missiles, it is unlikely that they would feel constrained by the other numerical limits of SALT II. Given the fact that they are right next to the 820 limit on MIRV'd ICBM's (with 818), they could far exceed this limit in a no-holds-barred arms race environment in several ways.

SS-24 Deployment.—If the Soviets chose to, they could deploy their new 10 warheads ICBM in modified single-RV SS-11 or SS-13 silos instead of MIRV'd SS-17 or SS-19 silos, as the 820 limit would require. The Soviets could add over 5,000 more accurate warheads in this manner than currently permitted: (520 SS-11 silos + 60 SS-13 silos) × (10 SS-24 RV's − 1) SS-11, −13 RV's = 5,200 extra warheads.

Add warheads to the SS-18.—The gaint SS-18 ICBM currently is credited with carrying 10 large warheads, the maximum number permitted under SALT II. Without constraints, the Soviets could change the SS-18 payload to 20, 30, or more warheads. This could add over 6,000 more highly accurate warheads to their arsenal: 308 SS-18's × (30 − 10) = 6,160 extra warheads.

Build more silos.—Both the SALT I Interim Accord and SALT II ban the construction of new fixed launchers, i.e., silos. But in an unconstrained environment, the Soviets could construct new hardened silos and deploy additional MIRV'd ICBMs. The possibilities here are endless, but even assuming the Soviets build silos no faster than they did in the late 1960's (about 300 per year) they could have launch capability for thousands of additional warheads by 1990.

Mr. LEAHY. Mr. President, I am pleased to join with my distinguished colleagues, Senator BUMPERS and Senator CHAFEE, and others in introducing a sense of the Congress resolution aimed at putting this body on record for the first time in several years in support of maintaining the arms control regime. For too long, the Senate has left the formulation of arms control policy entirely to the President. This resolution will provide us an opportunity to share the responsibility for observing existing strategic offensive arms agreements.

Our resolution is intended to accomplish three major policy objectives:

First, to firmly support the President's declared determination to pursue in confidental channels a satisfactory resolution of outstanding American concerns about Soviet compliance behavior with respect to several arms control agreements.

Second, to endorse the President's stated policy, recently reiterated in his message to Congress transmitting a classified report on Soviet arms control compliance behavior, of continuing to observe U.S. obligations and commitments under existing arms control agreements, a policy the President has described as one of "not undercutting" existing agreements so long as the Soviets also show restraint.

Third, to urge the President not to make any changes in this policy without first consulting the Congress, in other words, giving the Congress a voice in decisions relating to such a fundamental national issue as what the United States should do regarding the few remaining restraints on strategic offensive armaments.

Mr. President, we have carefully drafted this resolution to be nonpolemical and bipartisan. We have based it upon the President's own public statements about continuing to observe existing strategic arms agreements while at the same time vigorously seeking to resolve U.S. compliance concerns in confidential channels. As recently as March 28, Secretary of State George Shultz stated before a subcommittee of the Appropriation Committee that the administration is observing and will continue to observe the SALT agreements. Therefore, we hope the administration will agree that this resolution strengthens the President's no undercut policy and will help preserve important limits on Soviet strategic offensive forces, especially on the numbers of launchers of multiple warhead intercontinential ballistic missiles.

We will be seeking broad bipartisan support for this resolution in the coming weeks. Many worthwhile arms control measures have been and will be introduced in the Senate this year. Most should be passed. Probably few will be. Many will never even come to a vote. The Senate must not let this year end without a demonstration of its commitment to arms control as an integral component of the national security.

I believe the resolution we are introducing today is strategically and politically significant. It is not merely symbolic. Therefore, we will press to have a vote on it. Unless it or something quite similar to it is adopted, the Senate will once again have avoided its special responsibility to participate in shaping this Nation's arms control policy. It has been many years since the Senate has spoken affirmatively on arms control. If memory serves, the Senate has not voted for a nuclear arms control agreement since the SALT I interim agreement and the Anti-Ballistic Missile Treaty over 10 years ago.

Little is left now of the great hopes for stopping and reversing the nuclear arms race when the SALT negotiations began in 1969. What we have is informal observance as a matter of executive branch policy of the SALT I interim agreement, which expired on October 3, 1977 and the unratified SALT II Treaty of 1979. Aside from the ABM Treaty, itself jeopardized by the administration's interest in ballistic missile defense, there is now no legally binding agreement limiting strategic nuclear weapons.

Mr. President, the ceilings and other restraints of SALT I and II, modest as they may be, are all that stand between us and an all-out race in offensive nuclear missiles and bombers. Such a race cannot increase our security and strategic stability, but it will drain away funds which should go to improving our conventional forces. Maintaining the limited but valuable restraints in the existing strategic nuclear agreements is vital. With this resolution, the Senate can declare its belief that continuing to observe the current strategic arms limitation regime is important to the national security and for the chances of negotiating a new treaty.

My colleagues and I are placing in the RECORD a factsheet, together with the text of the strategic nuclear arms limitation resolution. I urge all Members of the Senate to read them carefully. The factsheet in particular shows that continuing the President's restraint policy is not just a gesture or a positive signal to Moscow. This country has a security interest in maintaining SALT I and II numerical and other limits on Soviet strategic offensive forces. Without these restraints, not only would the prospects for a serious dialog with the Soviets about a new treaty be damaged, but the Soviets would be free to expand their multiple warhead delivery systems, especially their force of MIRV'd ICBM's.

Those in the Senate who care little about arms control but who worry about the Soviet nuclear buildup would do well to think about what a premature end to the interim restraint policy could mean. As the factsheet shows, the Soviet Union can increase its MIRV'd ICBM force more rapidly than the United States, at least in the short term. The limits of SALT I and II and will keep bounds on that capability until a new treaty can be concluded.

Mr. President, the Senate has remained silent on American arms control policy for far too long. I realize this is a very political year and most people think the Senate can do little of policy consequence because of it.

Perhaps this is right, though I hope not. Arms control ought to transcend partisan politics.

In this one thing, stating to the President that the Senate wants to hold onto the few remaining restraints on the nuclear arms race, I think we should be able to act. I urge my colleagues to join us as cosponsors, and to work with us in getting this resolution adopted.

Mr. HEINZ. Mr. President, the resolution submitted today by my distinguished colleagues Senators LEAHY, BUMPERS, CHAFEE, GLENN, INOUYE, and myself represents a reaffirmation of what we know to be the policy of the United States with regard to existing arms control agreements.

Simply stated, our resolution expresses the sense of the Congress that the United States should continue to carry out its obligations and commitments under existing strategic arms agreements, so long as the Soviet Union does the same.

Our resolution has nothing to do with the ratification of the SALT II Treaty. It takes no side in the debate about how to end the arms race. It endorses neither the nuclear freeze or the mutual guaranteed build-down. It merely attempts to maintain some semblance of discipline on a superpower arms competition which threatens to get out of control.

Mr. President, it has become clear to this Senator, that in the absence of progress toward the conclusion of a new strategic arms ageement with the Soviet Union, it is in our national interest to continue to abide by the ceilings established by the SALT II Treaty. Those ceilings, 820 on launches of MIRV'd ICBM's, 1,200 on launchers of MIRV'd missiles (ICBM's plus SLBM's) and 1,320 on launchers of MIRV'd missiles plus heavy bombers equipped to carry cruise missiles have been observed by both the Soviet Union and the United States. The ceilings force both nations to continue to retire systems in their existing arsenals as newer systems come on line. Most importantly they preclude either nation from gaining a significant strategic advantage.

It is no secret that our arms control negotiations with the Soviet Union at the strategic arms reduction tables offer little prospect for an agreement in the near term. Despite the fact that the President has incorporated the mutual guaranteed build-down into our negotiating position and has allowed our negotiators to table a realistic and negotiable proposal, the Soviets have chosen to walk away from the table. We do not condone such irresponsible Soviet behavior. The burden to return rests with the Soviets. At the same time, we must refrain from actions which will drive them farther away from the table. In the current deteriorated environment in which Soviet-American relations function, it is imperative that at the very least we maintain the discipline that existing arms control agreements provide. Should we allow this discipline to lapse in the current strategic and military environment, there is no doubt in my mind that the resumption and conclusion of negotiations will be far more difficult.

Mr. President, though our resolution advocated adherence to existing agreements, it recognizes that we cannot ignore the Soviet Union's failure to comply with those agreements. The resolution explicitly states that:

> The United States should vigorously pursue with the Soviet Union the resolution of concern over compliance with existing strategic and other arms control agreements through the standing consultative commission and, where appropriate, other confidential diplomatic channels.

Let me emphsize, that it is not our intention to jeopardize the security of this Nation by allowing the Soviets to circumvent existing agreements.

As both superpowers embark on unprecedented strategic arms modernization programs, the viability of many provisions of existing arms control treaties will be placed in jeopardy in a matter of years. To indicate anything less than out total commitment to adhere to these provisions, so long as the Soviets do the same would undermine our ability to reverse the arms race.

Mr. President, the resolution we introduce today merely asks that this Nation proceed with caution. It is the very least we can do to preserve peace.

● Mr. CHAFEE. Mr. President, I am joining with my colleagues in introducing a resolution relating to one of the most critical issues we face today. The issue is arms control, specifically the existing regime of treaties and agreements which attempts to regulate and restrain the competition in strategic nuclear arms between the United States and the Soviet Union.

Over the past few years, that regime has not been strengthened. No new agreements have been reached since the signing of the SALT II treaty in 1979 and, unfortunately, that treaty was not ratified by the United States. Still, the treaty has had a restraining influence on the arms race, as neither side has exceeded important limitations on nuclear warheads. In the absence of ratification, the United States has pursued a policy of adhering to the terms of existing agreements—provided, of course, that the Soviet Union is likewise observant.

This policy of not undercutting existing agreements has served U.S. interests well. The reciprocal restraint has had the effect of preserving the limitations on offensive forces embodied in existing strategic arms control agreements, particularly the limits on launchers on multiple warhead (MIRV'd) missiles, thereby constraining Soviet force developments. The result is that, notwithstanding the fact that the treaty is not ratified, strategic nuclear forces have essentially remained within the limits envisioned.

The resolution we are introducing today, which I hope will received broad support in the Senate, seeks to place the Congress on record in support of this policy of not undercutting existing arms control agreements. I believe it is appropriate for Congress to record its support of this policy, and that it is appropriate to do it now, in the context of our deliberations on the budget for fiscal year 1985 and prior to events in 1985 which will require decisions on this issue.

The United States and the Soviet Union have engaged in negotiations concerning both strategic and intermediate nuclear forces. Currently, these talks are in suspension. We do not know how long this suspension of talks will last, since it is the Soviet Union which has left the bargaining table and refuses to return. The absence of ongoing nuclear arms control talks has the effect of creating an atmosphere of uncertainly surrounding both our own defense programs and the prospects for achieving successful agreements which would limit the arms race.

In this atmosphere of uncertainty, I believe it becomes especially important to reemphasize that the United State intends to exercise continued restraint in observing the limits of existing arms control agreements so long as the Soviets continue to do so. This policy of mutual restraint serves as a useful backdrop to negotiations for a new agreement and will continue to serve our national interests until it can be replaced by a new agreement

Mr. President, critics of the arms control process and the agreements it has produced are often heard on the floor of the Senate. Some criticize existing agreements for failing to produce substantial reductions in armaments; others contend the agreements are not perfectly equitable on one count or another. I do not intend to argue these points today, nor do I believe that they are central to the issues this resolution addresses. This resolution simply states that on the key question of offensive force limits, particularly limits on launchers of MIRV'd strategic missiles and especially on MIRV'd ICBM's, it continues to be in the United States interest to observe existing provisions of the relevant agreements.

This resolution also recognizes that the United States has serious concerns about the Soviet Union's compliance with certain provisions of existing arms control agreements. These matters should receive rigorous examination through diplomatic mechanisms, such as the Standing Consultative Commission, designed to handle these issues. In supporting the resolution, I am not implying that concerns about compliance should be ignored—quite the contrary, they should be pursued vigorously through confidential diplomatic channels and in ongoing discussions with the Soviets.

In my view, the best hope for insuring peace in the world and for providing a sound basis for the national security of the United States and its allies lies in successfully negotiating arms control agreements. I believe that the ones negotiated in the past continue to serve our interests in important ways, and therefore, that we should continue the no-undercut policy as we have for the past 4 years. Second, I believe that by doing that we create an atmosphere somewhat more conducive to the successful conclusion of new agreements. We all hope new agreements will produce reductions, greater stability, and will be based on resolution of some of the outstanding compliance concerns. The way to get there, in my view, is to attempt to keep intact that which is good about the present arms control regime, while we continue the search for a worthy successor.●

SENATE RESOLUTION 369—RELATING TO AN OFFICIAL SENATE FLAG

Mr. INOUYE submitted the following resolution; which was referred to the Committee on Rules and Administration:

S. RES. 369

Resolved, That the Secretary of the Senate is authorized and directed to design an official Senate flag utilizing the seal of the Senate as the principal symbol on such flag. Expenses incident to the designing and procurement of such flag shall be paid from the contingent fund of the Senate upon vouchers signed by the Secretary of the Senate.

SEC. 2. The Senate flag shall be available for purchase and use by Senators, or former Senators, only subject to the following conditions—

(1) purchase of the flag shall be limited to two flags per Senator, or former Senator, subject to replacement for loss, destruction or wear and tear; and

(2) the flag shall not be utilized or displayed for commercial purposes.

Senators who leave the Senate may retain their flags subject to the preceding restrictions.

● Mr. INOUYE. Mr. President, virtually every major element of our Federal Government, including the President, Vice President, and each executive agency and department, has been authorized by statute or regulation to design, distribute, and appropriately display a flag symbolizing its identity and responsibilities. The U.S. Senate, however, has never authorized such a flag for itself. In order to address this oversight, and to make available to each of us a formal symbol of the duties of this deliberative body and the honor done us by our respective States, I have introduced a Senate resolution authorizing and directing the Secretary of the Senate to design an official Senate flag utilizing the seal of the Senate as the principal insignia on such flag. The measure limits the flag's sale to Senators and former Senators and prohibits exhibition for commercial purposes.

I urge my colleagues to support this measure.●

SENATE RESOLUTION 370—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. BAKER (for Mr. McCLURE), from the Committee on Energy and Natural Resources, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 370

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1027, a bill to amend Public Law 96-162. S. 1027, as reported, authorizes the enactment of new budget authority which would first become available in fiscal year 1984.

The waiver of section 402(a) of such Act is necessary to permit Congressional consideration of S. 1027. Such bill was not reported on or before May 23, 1983, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

AMENDMENTS SUBMITTED

FEDERAL BOAT SAFETY ACT AMENDMENTS

COHEN (AND OTHERS) AMENDMENT NO. 2959

(Ordered to lie on the table.)

Mr. COHEN (for himself, Mr. BUMPERS, Mr. CHAFEE, Mr. TSONGAS, Mr. RUDMAN, Mr. PELL, and Mr. SASSER) submitted an amendment intended to be proposed by them to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes; as follows:

On page 1089, lines 15 and 16, strike out "the date of the enactment of the Deficit Reduction Tax Act of 1984" and insert in lieu thereof "December 31, 1985".

DOLE AMENDMENT NO. 2960

Mr. DOLE proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 63, lines 4 through 6, strike out ", in the case of debt instruments which are capital assets in the hands of the taxpayer".

On page 63, line 8, strike out "such debt instruments" and insert in lieu thereof "any debt instrument".

On page 63, line 13, strike out "such".

On page 64, line 10, strike out "such debt instrument which is a".

On page 68, strike out lines 7 through 9, and insert in lieu thereof the following:

"(C) SHORT-TERM OBLIGATIONS.—Any debt instrument which has a fixed maturity date not exceeding 1 year from the date of issue.

On page 68, line 19, strike out "to the extent that" and insert in lieu thereof "if".

On page 70, line 3, strike out "accrual period" and insert in lieu thereof "accrual period and properly adjusted for the length of the accrual period".

On page 70, beginning with line 19, strike out all through page 71, line 24, and insert in lieu thereof the following:

"(5) ACCRUAL PERIOD.—Except as otherwise provided in regulations prescribed by the Secretary, the term 'accrual period' means a 6-month period (or shorter period from the date of original issue of the debt instrument) which ends on a day in the calendar year corresponding to the maturity date of the debt instrument or the date 6 months before such maturity date.

"(6) REDUCTION WHERE SUBSEQUENT HOLDER PAYS ACQUISITION PREMIUM.—

"(A) REDUCTION.—For purposes of this subsection, in the case of any purchase after its original issue of a debt instrument to which this subsection applies, the daily portion for any day shall be reduced by an amount equal to the amount which would be the daily portion for such day (without regard to this paragraph) multiplied by the fraction determined under subparagraph (B).

"(B) DETERMINATION OF FRACTION.—For purposes of subparagraph (A), the fraction determined under this subparagraph is a fraction—

"(i) the numerator of which is the excess (if any) of—

"(I) the cost of such debt instrument incurred by the purchaser, over

"(II) the issue price of such debt instrument increased by the sum of the daily portions for such debt instrument for all days on or before the date of purchase (computed without regard to this paragraph), and

"(ii) the denominator of which is the sum of the daily portions for such debt instrument for all days after the date of such purchase and ending on the stated maturity date (computed without regard to this paragraph).

On page 75, lines 2 through 4, strike out "or under section 1014 (a) (relating to property acquired from a decedent)".

On page 76, strike out lines 14 and 15, and insert in lieu thereof:

"(A) publicly offered, and".

On page 76, beginning with line 20, strike out all through page 80, line 7.

On page 88, strike out lines 7 through 13, and insert in lieu thereof the following:

"(A) PUBLICLY OFFERED DEBT INSTRUMENTS.—In the case of any debt instrument which is publicly offered, the term 'date of original issue' means the date on which the issue was first issued to the public.

On page 89, between lines 5 and 6, insert the following:

"(4) SPECIAL RULE FOR DETERMINATION OF ISSUE PRICE IN CASE OF EXCHANGE OF DEBT INSTRUMENTS IN REORGANIZATIONS.—

"(A) IN GENERAL.—If—

"(i) any debt instrument is issued pursuant to a plan of reorganization (within the meaning of section 368(a)(1)) for another debt instrument (hereinafter in this paragraph referred to as the 'old debt instrument'), and

"(ii) the amount which (but for this paragraph) would be the issue price of the debt instrument so issued is less than the adjusted price of the old debt instrument,

then the issue price of the debt instrument so issued shall be treated as equal to the adjusted issue price of the old debt instrument.

"(B) Definitions.—For purposes of this paragraph—

"(i) Debt instrument.—The term 'debt instrument' includes an investment unit.

"(ii) Adjusted issue price.—

"(I) In general.—The adjusted issue price of the old debt instrument is its issue price, increased by the portion of any original issue discount previously includible in the gross income of any holder (without regard to subsection (a)(6) or (b)(4) of section 1272 (or the corresponding provisions of prior law)).

"(II) Special rule for applying section 163(e).—For purposes of section 163(e), the adjusted issue price of the old debt instrument in its issue price, increased by any original issue discount previously allowed as a deduction.

On page 89, line 25, and page 90, line 1, strike out "and registered with a Securities and Exchange Commission".

On page 90, strike out lines 14 and 15, and insert in lieu thereof: "publicly offered debt instrument having original issue discount".

On page 101, between lines 8 and 9, insert the following:

"(iv) Installment obligations.—Any installment obligation to which section 453B applies.

On page 112, between lines 23 and 24, insert the following:

"(6) Purchase.—The term 'purchase' has the meaning given such term by section 1272(d)(1).

On page 120, line 10, after the end period insert: "The amount of the penalty imposed under the preceding sentence with respect to any issue of debt instruments shall not exceed $50,000 for such issue.

On page 121, beginning with line 23, strike out all through the matter preceding line 1 on page 122, and insert in lieu thereof the following:

"(3) Cross references.—

"(A) For provision relating to deduction of original issue discount on tax-exempt obligation, see section 1288.

"(B) For special rule relating to original issue discount on obligation incurred to acquire personal use property, see section 1275(c)(2).".

On page 124, between lines 7 and 8, insert the following:

(13) Subparagraph (A) of section 871(a)(1) (relating to income other than capital gains) is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

(14) Paragraph (1) of section 881(a) (relating to imposition of tax) is amended by striking out "section 1232(b)" and inserting in lieu thereof "section 1273".

On page 133, between lines 8 and 9, insert the following:

(i) Other Miscelleneous Changes.—

(1) Accrual period.—In the case of any obligation issued after July 1, 1982, and before January 1, 1985, the accrual period, for purposes of section 1272(a) of the Internal Revenue Code of 1954 (as amended by section 24(a)), shall be a 1-year period (or shorter period to maturity) beginning on the day in the calendar year which corresponds to the date of original issue of the obligation.

(2) Change in reduction for subsequent acquisition.—Section 1272(a)(6) of such Code (as so amended) shall not apply to any purchase on or before the date of the enactment of this Act, and the rules of section 1232A(a)(6) of such Code (as in effect on the day before the date of the enactment of this Act) shall continue to apply to such acquisition.

On page 133, line 9, strike out "(i)" and insert in lieu thereof "(j)".

On page 138, between lines 19 and 20, insert the following:

(c) Special Rules for Computing Amount of Dividend Deduction and Gross Income.—

(1) Amount of dividends received deduction.—Section 854(b)(1) (relating to deduction under section 243) is amended by striking out all that follows subparagraph (B) and inserting in lieu thereof the following new flush matter:

"then, in computing the deduction under section 243, there shall be taken into account only that portion of the dividend which the regulated investment company designates in writing within 45 days after the close of the taxable year of such company, except that the aggregate amount so designated with respect to dividends received by such company during such taxable year shall not exceed the aggregate dividends received (determined after application of paragraph (4)) for such taxable year.".

(2) Gross income.—Subparagraph (a) of section 854(b)(4) (defining gross income) is amended by inserting "held by the regulated investment company for more than 6 months" after "securities".

On page 136, line 20, strike out "(c)" and insert in lieu thereof "(d)".

On page 158, line 7, strike out the end quotation marks.

On page 158, between lines 7 and 8, insert the following:

"(5) Deduction allowable to extent of ordinary income from amounts paid by lending broker for use of collateral.—

"(A) In general.—Paragraph (1) shall apply only to the extent that the payments or distributions with respect to any short sale exceed the amount which—

"(i) is treated as ordinary income by the taxpayer, and

"(ii) is received by the taxpayer from the person providing the stock used in the short sale as compensation for the use of any collateral with respect to such stock.

"(B) Exception not to apply to extraordinary dividends.—Subparagraph (A) shall not apply if one or more payments or distributions is in respect of an extraordinary dividend.".

On page 158, beginning with line 23, strike out all through page 159, line 5, and insert in lieu thereof the following:

(C) Application of Section 265(2) to Short Sales.—Section 265 (relating to denial of deduction for interest relating to tax-exempt income) is amended by adding at the end thereof the following new paragraph:

"(5) Special rules for application of paragraph (2) in the case of short sales.—For purposes of paragraph (2)—

"(A) In general.—The term 'interest' includes any amount paid or incurred in connection with personal property used in a short sale, including any amount paid by the person providing the stock used in the short sale as compensation for use of collateral with respect to such stock.

"(B) Exception.—Subparagraph (A) shall not apply to any amount which—

"(i) the taxpayer is required to pay to a person providing personal property used in the short sale, and

"(ii) the taxpayer receives an equivalent amount from another person to whom the taxpayer provided the personal property in connection with the short sale.

"(C) Separate application.—Paragraph (2) shall be applied separately with respect to interest described in subparagraph (A) (and any collateral for the use of the personal property described in such subparagraph).".

On page 245, lines 16 and 17, strike out "October 31" and insert in lieu thereof "December 31".

On page 259, after line 22, insert the following:

(c) Effective Date of Regulations With Respect to Mixed Straddles.—The regulations described in subsection (b) with respect to mixed straddles shall not apply to any position established before January 1, 1984.

On page 362, line 22, strike out "336,".

On page 367, between lines 18 and 19, insert the following:

(c) Treatment of Liquidations Under Section 336.—Section 367 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) Treatment of Liquidations Under Section 336.—In the case of any distribution described in section 336 by a domestic corporation which is made to a person who is not a United States person, except as otherwise provided in regulations, gain shall be recognized by the domestic corporation under principles similar to the principles of this section.".

On page 367, line 19, strike out "(c)" and insert in lieu thereof "(d)".

On page 369, line 11, strike out "(d)" and insert in lieu thereof "(e)".

On page 370, line 20, strike out "(f)" and insert in lieu thereof "(g)".

BENTSEN (AND DOLE) AMENDMENT NO. 2961

Mr. BENTSEN (for himself and Mr. Dole) proposed an amendment (which was subsequently modified) to amendment No. 2902 proposed by Mr. Dole and (Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1236, line 24, and page 1237, lines 1 and 2, strike out "$452,000,000 for fiscal year 1984, $453,000,000 for fiscal year 1985, and $455,000,000 for fiscal year 1986 and each fiscal year thereafter" and insert in lieu thereof "$478,000,000 for fiscal year 1984 and each fiscal year thereafter".

On page 1313, line 10, after "Human Services" insert "and the Secretary of Agriculture".

On page 1313, line 4, after "Labor" insert ", or, in the case of the food stamp program, by the Secretary of Agriculture".

On page 1313, line 19, after "Human Services" insert "(in consultation with the Secretary of Agriculture)".

On page 1315, line 4, after "Labor," insert "or, in the case of the food stamp program, the Secretary of Agriculture,".

On page 1315, line 22, strike out "and".

On page 1315, between lines 20 and 21, insert the following:

"(4) the food stamp program under the Food Stamp Act of 1977; and

On page 1315, line 21, strike out "(4)" and insert "(5)".

On page 1318, between lines 19 and 20, insert the following:

(i) Section 11(e)(19) of the Food Stamp Act of 1977 is amended to read as follows:

"(19) that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system; which meets the requirements of section 1136 of the Social Security Act and that any additional information available from agencies administering State unemployment compensation laws under the provisions of section 303(d) of the Social Security Act shall be requested and utilized by the State agency (described in section 3(n)(1) of this Act) to the extent permitted under the provisions of section 303(d) of the Social Security Act;".

On page 1318, line 20, strike out "(1)" and insert "(j)".

On page 1319, line 3, strike out "(j)" and insert "(k)".

On page 1321, strike out line 13 and insert "(l)(1) The amendments made by subsections (j) and (k)".

On page 1321, line 23, after "Labor" insert ", or, in the case of the food stamp program, the Secretary of Agriculture".

QUAYLE (AND OTHERS) AMENDMENT NO. 2962

Mr. QUAYLE (for himself, Mr. Dole, Mr. Specter, Mr. Cranston, Mr. Abdnor, Mr. Durenberger, Mr. Percy, Mr. Levin, Mr. Lugar, Mr. D'Amato, Mr. Riegle, Mr. Dixon, Mr. Baucus, and Mr. Grassley) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

After section 918 insert the following new section:

CLASSIFICATION OF CERTAIN RURAL HOSPITALS

Sec. 919. (a) Section 1886(d)(5)(C)(i) of the Social Security Act is amended by adding at the end thereof the following: "A hospital which is classified as a rural hospital may appeal to the Secretary to be classified as a rural referral center under this clause on the basis of criteria (established by the Secretary) which shall allow the hospital to demonstrate that it should be so reclassified by reason of certain of its operating characteristics being similar to those of an urban hospital located in the same region. Such characteristics shall include wages, scope of services, service area, and the mix of medical specialties. The Secretary shall publish the criteria by notice of proposed rulemaking prior to June 1, 1984, for implementation by October 1, 1984. An appeal allowed under this clause must be submitted to the Secretary (in such form and manner as the Secretary may prescribe) within the first quarter of the hospital's cost reporting period, and the Secretary must make a final determination with respect to such appeal within 60 days after the appeal has been submitted. Any payment adjustments necessitated by a reclassification based upon the appeal shall be retroactive to the beginning of such cost reporting period.".

(b) Section 1886(d)(2)(D) of such Act is amended by adding at the end thereof the following: "A hospital located in a Standard Metropolitan Statistical Area shall be deemed to be located in the region in which the majority of the hospitals in the same Standard Metropolitan Statistical Area are located, or, at the option of the Secretary, the region in which the majority of the inpatient discharges (with respect to which payments are made under this title) from hospitals in the same Standard Metropolitan Statistical Area are made.".

(c) Section 1886(d) of such Act is amended by adding at the end thereof the following new paragraph:

"(8) In the case of any hospital which is located in an area which is, at any time after October 1, 1983, reclassified from an urban to a rural area, payments to such hospital for the first two cost reporting periods for which such reclassification is effective shall be made as follows:

"(A) For the first such cost reporting period, payment shall be equal to the amount payable to such hospital for such accounting period on the basis of the rural classification, plus an amount equal to ⅔ of the amount (if any) by which—

"(i) the amount which would have been payable to such hospital for such accounting period on the basis of an urban classification, exceeds

"(ii) the amount payable to such hospital for such accounting period on the basis of the rural classification.

"(B) For the second such cost reporting period, payment shall be equal to the amount payable to such hospital for such accounting period on the basis of the rural classification, plus an amount equal to ⅓ of the amount (if any) by which—

"(i) the amount which would have been payable to such hospital for such accounting period on the basis of an urban classification, exceeds

"(ii) the amount payable to such hospital for such accounting period on the basis of the rural classification.

(d) The amendments made by this section shall be effective with respect to cost reporting periods beginning on or after October 1, 1983.

(e) The Secretary shall conduct a study of the advisability of making adjustments in the nonlabor component of those DRG's (utilized for purposes of section 1886(d) of the Social Security Act) which have high fixed nonlabor costs. The Secretary shall report the results of the study, including any recommendations for legislative changes, to the Congress within 6 months after the date of the enactment of this Act.

(f) The Secretary of Health and Human Services shall conduct a study of further refinements which may be appropriate in the inpatient hospital prospective payment provisions of title XVIII of the Social Security Act, in order to address the problems of differences in payment amounts to specific hospitals. The study shall include (but shall not be limited to) the degree of variation in inpatient hospital costs per discharge within each diagnosis-related group. The Secretary shall also present alternative methods of computing the amount of such payments. The study shall include a discussion of the relative merits of a method of payment under which a percentage of the payment amount (for discharges classified within a diagnosis-related group) could be determined on a regional basis. The Secretary shall report the results of the study, and any recommended changes in the prospective payment system, to the Congress prior to September 1, 1984.

FORD AMENDMENT NO. 2963 AND NO. 2964

Mr. FORD proposed two amendments to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

Amendment No. 2963

Beginning on page 708, line 21, strike all through page 771, line 13.

Beginning on page 996, line 19, strike all through page 969, line 7.

Amendment No. 2964

Beginning on page 966, line 19, strike all through page 969, line 7, and insert in lieu thereof the following new section:

SEC. 822. INCREASE IN ALCOHOL EXCISE TAXES.

(a) Distilled Spirits.—Paragraphs (1) and (3) of section 5001(a) (relating to rate of tax) are each amended by striking out "$10.50" and inserting in lieu thereof "$11.50".

(b) Wines.—Subsection (b) of section 5041 (relating to rates of tax) is amended—

(1) by striking out "17 cents" in paragraph (1) and inserting in lieu thereof "37 cents",

(2) by striking out "67 cents" in paragraph (2) and inserting in lieu thereof "$1.47",

(3) by striking out "$2.25" in paragraph (3) and inserting in lieu thereof "$4.95",

(4) by striking out "$3.40" in paragraph (4) and inserting in lieu thereof "$7.48", and

(5) by striking out "$2.40" in paragraph (5) and inserting in lieu thereof "$5.28".

(c) Floor Stocks.—

(1) Imposition of tax on distilled spirits.—On articles manufactured in or imported into the United States which are taxable under section 5001(a), removed before January 1, 1985, and held on such date for sale by any person there shall be imposed the following taxes:

(A) Distilled spirits.—On distilled spirits, $1.00 per proof gallon.

(B) Imported perfumes.—On imported perfumes described in section 5001(a)(3) of the Internal Revenue Code of 1954, $1.00 per wine gallon.

(2) Imposition of tax on wines.—On wines produced in or imported into the United States which are taxable under section 5041(a), removed before January 1, 1985, and held on such date for sale by any person there shall be imposed the following taxes:

(A) On still wines containing not more than 14 percent of alcohol by volume, 20 cents per wine gallon;

(B) On still wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume, 80 cents per wine gallon;

(C) On still wines containing more than 21 percent and not exceeding 24 percent of alcohol by volume, $2.70 per wine gallon;

(D) On champagne and other sparkling wines, $4.08 per wine gallon; and

(E) On artificially carbonated wines, $2.88 per wine gallon.

(3) Liability for tax and method of payment.—

(A) Liability for tax.—A person holding distilled spirits, an article, or wine on January 1, 1985, to which any tax imposed by paragraph (1) or (2) applies shall be liable for such tax.

(B) Method of payment.—The taxes imposed by paragraphs (1) or (2) shall be treated as taxes imposed under sections 5001(a) and 5041(a), respectively, and—

(i) shall be paid in such manner as the Secretary shall by regulations prescribe, and

(ii) shall be paid on such date (not later than July 1, 1985) as the Secretary shall by regulations prescribe.

(4) EXCEPTION FOR ON-PREMISES RETAIL ESTABLISHMENTS.—To the extent provided in regulations prescribed by the Secretary, the taxes imposed by paragraphs (1) and (2) shall not apply to distilled spirits, articles, and wine held on January 1, 1985 on the premises of a retail establishment where alcoholic beverages are sold for consumption on the premises only.

(5) DEFINITIONS.—For purposes of this subsection—

(A) DISTILLED SPIRITS.—The term "distilled spirits" has the meaning given to such term by section 5002(a)(8) of the Internal Revenue Code of 1954.

(B) PROOF GALLON.—The term "proof gallon" has the meaning given to such term by section 5002(a)(11) of such Code.

(C) ARTICLE.—The term "article" has the meaning given to such term by section 5002(a)(14) of such Code.

(D) WINE GALLON.—The term "wine gallon" has the meaning given to such term by section 5041(c) of such Code.

(E) PERSON.—The term "person" includes any State or political subdivision thereof, or any agency or instrumentality of a State or political subdivision thereof.

(F) SECRETARY.—The term "Secretary" means the Secretary of the Treasury or his delegate.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on January 1, 1985.

HUDDLESTON AMENDMENT NO. 2965

Mr. HUDDLESTON proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 662, between lines 6 and 7, insert the following new subsection:

(k) CERTAIN ACTIVITIES TREATED AS NONINSURANCE BUSINESSES.—For purposes of section 806(c)(3) of the Internal Revenue Code of 1954, the ownership by a life insurance company through a partnership of which the life insurance company is a partner of the stock of another corporation acquired on January 14, 1981, by debt financing shall be considered a noninsurance business and shall not be considered of a type traditionally carried on by life insurance companies.

HEINZ (AND SPECTER) AMENDMENT NO. 2966

Mr. HEINZ (for himself and Mr. SPECTER) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

After title IX add the following new title:

TITLE X—GROUP HEALTH PLAN PROVISIONS RELATING TO COVERAGE OF UNEMPLOYED WORKERS

OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIRED FOR EMPLOYEES

SEC. 1001. (a) Chapter 41 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subchapter:

SUBCHAPTER B—HEALTH PLANS OF LARGE EMPLOYERS WHICH DO NOT MEET OPEN ENROLLMENT AND CONTINUED COVERAGE REQUIREMENTS

"(a) TAX IMPOSED.—In the case of a large employer, there is hereby imposed for each taxable year a tax equal to—

"(1) $500, multiplied by

"(2) the aggregate number of failures to meet the requirements of subsection (b) or (c) during such taxable year

under any group health plans offered by such employer.

"(b) OPEN ENROLLMENT PERIOD.—

"(1) IN GENERAL.—A group health plan meets the requirements of this subsection only if it provides a qualified open enrollment period for each married employee—

"(A) who is (or at a previous time was) eligible to enroll or is enrolled under the plan, and

"(B) whose spouse loses eligibility for coverage under a group health plan due to the involuntary layoff or involuntary separation (other than for cause or mandatory retirement) from the spouse's employment.

"(2) TERMS AND CONDITIONS SAME AS FOR ENROLLMENTS FOR NEW EMPLOYEES.—

"(A) IN GENERAL.—The terms and conditions of an enrollment during a qualified open enrollment period shall be the same as the terms and conditions which would be offered by the group health plan to the married employee described in paragraph (1) if such employee began employment for the employer on the first day of such period.

"(B) EMPLOYEES ALREADY COVERED MAY NOT INCREASE LEVEL OF BENEFITS.—In the case of an employee who is covered under a group health plan before the qualified enrollment period, subparagraph (A) shall not require a group health plan to allow such individual to elect a higher level of benefits than that provided by such coverage.

"(C) COMMENCEMENT OF COVERAGE.—Any enrollment during a qualified open enrollment period need not take effect before the date on which the loss of coverage described in paragraph (1)(B) takes effect.

"(c) CONTINUED COVERAGE.—

"(1) IN GENERAL.—A group health plan meets the requirements of this subsection only if it provides for continued coverage for each qualified employee who is involuntarily laid off or involuntarily separated (other than for cause or mandatory retirement) from employment.

"(2) QUALIFIED EMPLOYEE.—An employee is a qualified employee for purposes of this subsection if he was enrolled in the group health plan at the time he was laid off or separated (as described in paragraph (1)), and had been an employee of the employer (referred to in subsection (a)) for a period of not less than six full calendar months immediately prior to such layoff or separation.

"(3) DURATION OF CONTINUED COVERAGE.—Continued coverage for purposes of this subsection shall be for a period not less than the period beginning with the day on which the employee is laid off or separated and ending with the last day of

"(A) the third calendar month beginning after the date of such layoff or separation.

"(4) LEVEL OF BENEFITS.—Continued coverage for purposes of this subsection shall consist of the same benefit level as was provided to the employee under the group health plan immediately prior to his layoff or separation, or such lesser level of benefits as may be established by the commissioner or superintendent of insurance of the State having jurisdiction over the group health plan.

"(5) PREMIUM COST SHARING.—Continued coverage for purpose of this subsection shall be on the same employer and employee premium cost sharing arrangement as was in effect under the group health plan immediately prior to the employee's layoff or separation.

"(d) DEFINITIONS; NONTAXABLE ENTITIES.—For purposes of this section—

"(1) QUALIFIED OPEN ENROLLMENT PERIOD.—The term 'qualified open enrollment period' means the 30-day period beginning on the day on which an appropriate State agency notifies the spouse of a married employee described in subsection (b)(1) that such spouse has become eligible for receipt of unemployment compensation under any Federal of State law by reason of the separation or layoff described in subsection (b)(1)(B).

"(2) LARGE EMPLOYER.—The term 'large employer' means an employer who, on each of some 20 days during the calendar year or the preceding calendar year, each day being in a different calendar week, employed for some portion of the day—

"(A) 25 or more individuals for purposes of the open enrollment requirements in subsection (b), and

"B) 100 or more individuals for purposes of the continued coverage requirements in subsection (c).

"(3) EMPLOYER.—The term 'employer' does not include the Government of the United States, the government of the District of Columbia or any territory or possession of the United States, a State or any political subdivision thereof, or any agency or instrumentality (including the United States Postal Service and Postal Rate Commission) of any of the foregoing, except that such term includes nonappropriated fund instrumentalities of the Government of the United States.

"(4) GROUP HEALTH PLAN.—The term 'group health plan' has the meaning given such term by section 162(i)(2).

"(5) NONTAXABLE ENTITIES.—In the case of a large employer who is not subject to tax under this title, the calendar year shall be treated as such employer's taxable year.

"(d) CROSS REFERENCES.—

"(1) For provision denying deduction for tax imposed by this section, see section 275(a)(6).

"(2) For provisions making deficiency procedures applicable to tax imposed by this section, see section 6211 et seq.".

(b)(1) Chapter 41 of such Code is amended by striking out the chapter heading and inserting in lieu thereof the following:

"CHAPTER 41—PUBLIC CHARITIES; CERTAIN HEALTH PLANS OF LARGE EMPLOYERS

"Subchapter A. Public charities.
"Subchapter B. Health plans of large employers which do not meet open enrollment requirements and continued coverage.

"Subchapter A—Public Charities".

(2) The table of chapters for subtitle D of such Code is amended by striking out the item relating to chapter 41 and inserting in lieu thereof the following:

"Chapter 41. Public charities; certain health plans for large employers.".

(3) Subparagraph (B) of section 6104(c)(1) of such Code is amended by striking out "or chapter 41 or 42" and inserting in lieu thereof ", subchapter A of chapter 41, or chapter 42".

(c)(1) Except as provided in paragraph (2), the amendments made by this section shall apply—

(A) in the case of the open enrollment requirements under section 4912 (b) of the Internal Revenue Code of 1954, to enrollment periods for employees whose spouses are involuntarily laid off or separated more than 60 days after the date of the enactment of this Act, in taxable years ending after such date; and

(B) in the case of the continued coverage requirements under section 4912 (c) of the Internal Revenue Code of 1954, to employees who are involuntarily laid off or separated on or after January 1, 1985, in taxable years ending on or after such date.

(2) In the case of a group health plan which was subject to a collective-bargaining agreement in effect on the date of the enactment of this Act, the date on which such agreement expires (determined without regard to any extensions agreed to after the date of enactment of this Act) shall, if later, be substituted for the date provided by paragraph (1).

STUDY OF PRIVATE SECTOR HEALTH CARE COVERAGE FOR UNEMPLOYED WORKERS

SEC. 1002. The Secretary of Health and Human Services is directed to conduct a study of changes which might be made in employer-provided health care coverage which would provide adequate continuing health care coverage and conversion privileges for employees who are involuntarily terminated from employment. Such study shall include estimates of the costs which would be incurred by employers in providing continuing health care coverage of various durations, and at various contribution levels by the former employee (including a zero contribution level). The Secretary shall report the results of the study to Congress not later than June 1, 1985, and shall include any recommendations for legislation which would provide for such continuing coverage.

COHEN (AND OTHERS) AMENDMENT NO. 2967

Mr. COHEN (for himself, Mr. BUMPERS, Mr. CHAFEE, Mr. TSONGAS, Mr. RUDMAN, Mr. PELL, Mr. SASSER, Mr. BENTSEN, Mr. D'AMATO, Mr. MITCHELL, and Mr. GLENN) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 1089, lines 15 and 16, strike out "the date of the enactment of the Deficit Reduction Tax Act of 1984" and insert in lieu thereof "December 31, 1985".

BOSCHWITZ (AND DURENBERGER) AMENDMENT NO. 2968

Mr. BOSCHWITZ (for himself and Mr. DURENBERGER) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

At the appropriate place, add the following:

SECTION 1. CERTAIN LOCAL ORGANIZATIONS OF POLICE AND FIREFIGHTERS MADE EXEMPT FROM TAXATION.

Subsection (c) of section 501 of the Internal Revenue Code of 1954 (listing organizations exempt from tax on corporations, certain trusts, etc.) is amended by adding at the end thereof the following new paragraph:

"(25) A police and firefighters organization—

"(A) of a purely local character,

"(B) no part of the net earnings of which inures (other than through payment of life, sick, accident, retirement, or other benefits) to the benefit of any private shareholder or individual,

"(C) the income of which consists solely of amounts received from State and local governments, amounts received from assessments on the police and firefighter salaries of members, amounts received from members dues and contributions, amounts received from fundraising activities, and income in respect of investments and any other income which insures solely to the benefit of the membership or the association,

(D) in which (1) the funding, financing and eligibility requirements are governed by an act of the State legislature, and (2) the benefits or services provided to members are benefits or service that in other communities are provided by municipal or state governments and supported by tax funds; and

(E) which satisfies the requirements of section 401(a) as though it were a governmental plan defined in section 414(d).

SEC. 2 EFFECTIVE DATE.

The amendment made by section 1 of this Act shall apply to taxable years beginning August 23, 1981.

BOSCHWITZ AMENDMENT NO. 2969

Mr. BOSCHWITZ proposed an amendment (which was subsequently modified) to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 56, after line 16, insert the following:

(D) USE AFTER 1983.—Qualified container equipment placed in service before January 1, 1984, which is used before such date by a foreign person or entity shall not, for purposes of section 47 of the Internal Revenue Code of 1954, be treated as ceasing to be section 38 property by reason of the use of such equipment before January 1, 1985, by a foreign person or entity. For purposes of this subparagraph, the term "qualified container equipment" means any container, container chasis, or container trailer of a United States person with a present class life of not more than 6 years.

INOUYE (AND MATSUNAGA) AMENDMENT NO. 2970

Mr. INOUYE (for himself and Mr. MATSUNAGA) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

After section 965, add the following new section:

SERVICES OF A CLINICAL PSYCHOLOGIST PROVIDED TO MEMBERS OF AN HMO

SEC. 966. (a) Section 1861(s)(2)(H) of the Social Security Act is amended by inserting "(i)" after "(H)" and by adding at the end thereof the following new clause:

"(ii) services furnished pursuant to a risk-sharing contract under section 1876 (g) to a member of an eligible organization by a clinical psychologist (as defined in subsection (ee)), and such services and supplies furnished as an incident to his services to such a member as would otherwise be covered under this part if furnished by a physician or as an incident to a physicians;".

(b) Section 1861 of such Act is amended by adding at the end thereof the following new subsection:

"CLINICAL PSYCHOLOGIST

"(ee) The term 'clinical psychologist' means an individual who (1) is licensed or certified at the independent practice level of psychology by the State in which he so practices, (2) possesses a doctorate degree in psychology from a regionally accredited educational institution, or in the case of an individual who was licensed or certified prior to January 1, 1978, possesses a master's degree in psychology and is listed in a national register of mental health service providers in psychology which the Secretary deems appropriate, and (3) possesses two years of supervised experience in health service, at least one year of which is postdegree.".

(c) The amendments made by subsections (a) and (b) shall be effective with respect to services furnished on or after the date of the enactment of this Act.

BENTSEN AMENDMENT NO. 2971

Mr. BENTSEN proposed an amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H R. 2163, supra; as follows:

On page 891 of the matter proposed to be inserted, between lines 8 and 9, insert the following:

(5) EXCEPTION FOR CERTAIN ESTABLISHED PROGRAMS.—The amendments made by this section shall not apply to any obligation substantially all of the proceeds of which are used to carry out a program established under State law which has been in effect in substantially the same form during the 30-year period ending on the date of enactment of this Act, but only if such proceeds are used to make loans or to fund similar obligations—

(A) in the same manner in which,

(B) in the same (or lesser) amount per participant, and

(C) for the same purposes for which, such program was operated on March 15, 1984. This subparagraph shall not apply to obligations issued on or after March 15, 1987.

MATTINGLY (AND NUNN) AMENDMENT NO. 2972

Mr. DOLE (for Mr. MATTINGLY, for himself and Mr. NUNN) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 972, line 10, following the period at the end of the sentence, add the following new paragraph:

"(7) OTHER SUBSTANCE WITH TRANSITORY EXISTENCE.—

"(A) IN GENERAL.—No tax shall be imposed under this subchapter on barium sulfide or on any solution or mixture containing any of such chemical, which has a transitory presence during any process of refining or extracting any barium substance or compound from barite ore which is not subject to tax under section 4661(a).

"(B) REMOVAL OF SUBSTANCE.—The removal by any person for use, sale, disposal, or storage of barium sulfide from any process of producing a substance which is not subject to section 4661(a) shall be treated as the use of such chemical by such person, and shall be subject to tax under section 4661(a)."

KENNEDY AMENDMENT NO. 2973

Mr. Dole (for Mr. Kennedy) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1177, delete the "or" on line 2;

On page 1177, add "or" after "foundation" on line 11; and

On page 1177 after line 11, add the following:

(c) a wholly owned instrumentality of a state substantially all of whose activities are directly for the benefit of educational organizations described in Section 170(b)(1)(A)(ii) that are institutions of higher education; in which substantially all use of the donated equipment is by students of such institutions; and the donated equipment is not used, other than in an insubstantial part, for the performance of contract research for or for the benefit of persons other than those (i) described in section 501(a)(1) or 501(c)(3), and (ii) which are exempt from tax under section 501(a).

BAUCUS (AND OTHERS) AMENDMENT NO. 2974

Mr. Baucus (for himself, Mr. Moynihan, Mr. Chafee, and Mr. Exon) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supa; as follows:

On page 541 of the matter proposed to be inserted, between lines 17 and 18, insert the following:

SEC. 189. LIMITATION ON AMOUNT OF DEPRECIATION AND INVESTMENT TAX CREDIT ALLOWABLE FOR LUXURY AUTOMOBILES.

(a) General Rule.—Subsection (d) of section 168 (relating to unadjusted basis; adjustments) is amended by adding at the end thereof the following new paragraph:

"(3) Limitation in case of luxury automobiles.—

"(A) In general.—In the case of a passenger automobile, the aggregate basis of such automobile taken into account by all persons holding interests in the automobile—

"(i) for purposes of determining the amount of the deduction allowable under this section (and any other deduction allowable for depreciation or amortization),

"(ii) for purposes of determining the amount of the credit allowable under section 38, and

"(iii) for purposes of section 179,

shall not exceed $15,000 increased by the automobile price inflation adjustment (if any) for the calendar year in which the automobile is placed in service.

"(B) Passenger automobile.—For purpose of this paragraph—

"(i) In general.—Except as provided in clause (ii), the term 'passenger automobile' means any 4-wheeled vehicle—

"(I) which is manufactured primarily for use on public streets, roads, and highways, and

"(II) which is rated at 6,000 pounds gross vehicle weight or less.

"(ii) Exception for certain vehicles.—The term 'passenger automobile' shall not include—

"(I) any ambulance, hearse, or combination ambulance-hearse used by the taxpayer directly in a trade or business,

"(II) any vehicle used by the taxpayer directly in the trade or business of transporting persons or property for compensation or hire, and

"(III) under regulations, any truck or van.

"(C) Automobile price inflation adjustment.—For purposes of this paragraph—

"(i) In general.—The automobile price inflation adjustment for any calendar year is the percentage (if any) by which—

"(I) the CPI automibile component for November of the preceding calendar year, exceeds

"(II) the CPI automobile component for November of 1983.

In the case of calendar year 1984, the automobile price inflation adjustment shall be zero.

"(ii) CPI automobile component.—The term 'CPI automobile component' means the automobile component of the Consumer Price Index for All Urban Consumers published by the Department of Labor.

"(D) Coordination with section 1031.—In the case of an exchange described in section 1031 where the property received in the exchange is a passenger automobile, the excess of the fair market value of such property over the limitation of subparagraph (A) shall be treated as an amount received in cash for purposes of section 1031.

"(E) Treatment of leases.—

"(i) Exception for lessors.—This paragraph shall not apply to any passenger automobile leased or held for leasing by any person regularly engaged in the business of leasing passenger automobiles.

"(ii) Treatment of lessees.—For purposes of determining the amount allowable as a deduction under this chapter for rentals or other payments under a lease of a passenger automobile, only the allowable portion of such payments shall be taken into account.

"(iii) Allowable portion.—The term 'allowable portion' means, with respect to any lease of an automobile, the fraction—

"(I) the numerator of which is the limitation of subparagraph (A) in effect for the calender year in which the automobile is places in service under the lease, and

"(II) the denominator of which is the fair market value of such automobile when so placed in service.".

(b) Effective Date.—The amenoment made by this section shall apply to property placed in service after March 15, 1984, in taxable years ending after such date.

METZENBAUM (AND KENNEDY) AMENDMENT NO. 2975

Mr. METZENBAUM (for himself, Mr. Kennedy and Mr. Durenberger) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 182, between lines 9 and 10, insert the following new section:

ALTERNATIVE MINIMUM TAX ON CORPORATIONS

Sec. 52. (a) Section 56 (relating to additional corporate minimum tax) is amended to read as follows.

"SEC. 56. ALTERNATIVE MINIMUM TAX ON CORPORATIONS.

"(a) Tax Imposed.—

"(1) In general.—A tax is hereby imposed on each corporation in an amount equal to 15 percent of its corporate minitax taxable income.

"(2) Tax imposed only if greater than regutax liability.—A tax shall be imposed by this section on the corporate minitax taxable income of a corporation for any taxable year only of the amount of such tax is greater than the amount of the adjusted regutax for such year.

"(3) Tax to be in lieu of regutax.—For purposes of this title, a tax imposed by this section shall be in lieu of the regutax.

"(b) Corporate Minitax Taxable Income.—For purposes of this title, the term 'corporate minitax taxable income' means the gross income for the taxable year—

"(1) reduced by the sum of—

"(A) $50,000, plus

"(B) the deductions allowed for the taxable year (other than the deduction allowable under section 172), plus

"(C) the minitax net operating loss deduction provided by subsection (d), and

"(2) increased by an amount equal to the corporate minitax preference items.

"(c) Corporate Minitax Preference Items.—For purposes of this section, the corporate minitax preferences items are:

"(1) Certain section 57 preference items.—The sum of the amounts determined under the following provisions of section 57(a):

"(A) Paragraph (8) (relating to excess depletion).

"(B) Paragraph (2) (relating to accelerated depreciation on real property).

"(C) Paragraph (4) (relating to amortization of certified pollution control facilities).

"(D) Paragraph (11) (relating to intangible drilling cost), but computed on a straight-line basis over a period of 120 months.

"(E) Paragraph (12) (relating to accelerated cost recovery deduction).

"(2) Mining exploration and development costs.—With respect to each mine or other natural deposit (other than an oil or gas well) of the taxpayer, an amount equal to the excess of—

"(A) the deductions for development and mining exploration expenditures described in sections 616 and 617 allowable under this chapter for the taxable year, over

"(B) the amount which would have been allowed if such expenditures had been capitalized and amortized ratably over a 120-month period beginning with the month in which the first such expenditures were made.

"(3) Certain amounts relating to tax-exempt obligations.—

"(A) Interest on tax exempt obligations purchased after December 31, 1984.—In the case of any obligation—

"(i) purchased after December 31, 1984, and

"(ii) the interest on which is exempt from tax,

the amount of interest which is exempt from tax for the taxable year.

"(B) Interest on debt to carry tax-exempt obligations purchased before January 1, 1985.—The amount of interest on indebtedness incurred or continued to purchase or carry obligations the interest on which is exempt from taxes for the taxable year, to the extent that a deduction is allowable with respect to such interest for such taxable year by reason of the second sentence of section 265(2).

"(C) Allocation rule.—For purposes of subparagraph (B), the amount of deductions for debt to carry tax-exempt securities is the taxpayer's total interest deductions for the taxable year, multiplied by a fraction equal to—

"(i) an amount equal to the taxpayer's total investment in tax-exempt obligations, divided by

"(ii) an amount equal to the tax basis of the taxpayer's total assets.

"(4) Deferred DISC or FSC income.—The taxpayer's pro rata share of any DISC's or FSC's increase in accumulated DISC or FSC income for the taxable year.

"(5) Certain shipping income.—With respect to any construction reserve fund or capital construction fund established by the taxpayer under sections 511 and 607 of the Merchant Marine Act (46 U.S.C. 1161, 1177), the net increase for such taxable year in the income and capital gain accounts under such funds.

"(6) Amortization of motor carrier operating authorities.—The amount allowed as a deduction for the taxable year under section 266 of the Economic Recovery Tax Act of 1981 (relating to deduction for motor carrier operating authorities).

"(7) Excess original issue discount interest.—With respect to original issue discount bonds or other evidence of indebtedness issued by the taxpayer before April 13, 1984, the amount by which the deductions for interest taken in the taxable year for each bond exceeds an amount equal to—

"(A) the yield that would have been paid on the bond or other evidence of indebtedness if the amount of original issue discount under the obligation were paid as interest over the period of the obligation, employing compound interest computations (with compounding at annual intervals), multiplied by

"(B) the adjusted basis of the bond or other evidence of indebtedness as of the close of the prior bond-year (or in the case of the first bond-year, on the date of issue).

"(8) Deductions for certain costs incurred with respect to long-term contracts.—With respect to certain indirect costs in connection with long-term contracts entered into by a taxpayer before April 13, 1984, the amount by which the deduction allowed in the taxable year for such indirect costs exceeds the deduction that would have been allowable for the taxable year if such costs had been capitalized and deducted under the progress payment method of accounting for long-term contracts.

"(d) Minitax Net Operating Loss Deduction.—For purposes of this section—

"(1) In general.—The term 'minitax net operating loss deduction' means the net operating loss deduction under section 172 (a) for the taxable year for purposes of the regutax, except that in determining the amount of such deduction—

"(A) section 172 (b)(2) shall be applied by substituting 'corporate minitax taxable income' for 'taxable income' each place it appears, and

"(B) the net operating loss (within the meaning of section 172 (c)) for any loss year shall be adjusted as provided in paragraph (2).

"(2) Adjustments to net operating loss computation.—

"(A) Post-1984 loss years.—In the case of a loss year beginning after December 31, 1984, the net operating loss for such year under section 172 (c) shall be reduced by the amount of corporate minitax preference items arising in such year.

"(B) Pre-1985 years.—In the case of loss years beginning before January 1, 1985, the amount of the net operating loss which may be carried over to taxable years beginning after December 31, 1984, for purposes of paragraph (1) shall be equal to the excess of—

"(i) the amount which may be carried from the loss year to the first taxable year of the taxpayer beginning after December 31, 1984, reduced by

"(ii) the amount of corporate minitax preference items arising in such loss year to the extent such amount exceeds $10,000.

"(e) Election To Make Adjustments for Regutax Purposes.—

"(1) In general.—The taxpayer may elect for any taxable year to have any adjustment required by subsection (b)(2) with respect to any corporate minitax preference item arising in such year apply also to such item for regutax purposes. The treatment of any item with respect to which an election has been made under the preceding sentence shall (for all later years and for purposes of both the regutax and the minitax) be consistent with its treatment for the year in which it arises.

"(2) Time for making election.—Any election under paragraph (1) with respect to any item shall be made not later than the due date (with extensions) for filing the return under this chapter for the taxable year in which such item arose.

"(3) Revocation only with consent.—Any election under paragraph (1) may be made only in the manner provided by regulations, and may be revoked only with the consent of the Secretary.

"(f) Special Rules Relating to Credits.—For purposes of this section—

"(1) Credits not allowable.—Except as provided by paragraph (2), no credit shall be allowable against the tax imposed by subsection (a).

"(2) Foreign tax credit allowed against alternative minimum tax.—

"'(A) Determination of foreign tax credit.—The total amount of the foreign tax credit which can be taken against the tax imposed by subsection (a) shall be determined under subpart A of part III of subchapter N (section 901 and following).

"'(B) Increase in amount of foreign taxes taken into account.—For purposes of the determination provided by subparagraph (A), the amount of the taxes paid or accrued to foreign countries or possessions of the United States during the taxable year shall be increased by an amount equal to the lesser of—

"'(i) the foreign tax credit allowable under section 33(a) in computing the regular tax for the taxable year, or

"'(ii) the tax imposed by subsection (a).

"'(C) Section 904 (a) limitation.—For purposes of the determinition provided by subparagraph (A), the limitation of section 904 (a) shall be an amount equal to the same proportion of the sum of the tax imposed by subsection (a) against which such credit is taken and the regular tax as—

"'(i) the taxpayer's corporate minitax taxable income from sources without the United States (but not in excess of the taxpayer's entire corporate minitax taxable income), bears to

"'(ii) his entire corporate minitax taxable income.

For such purpose, the amount of the limitation of section 904(a) shall not exceed the tax imposed by subsection (a).

"'(D) Definition of corporate minitax taxable income from sources without the United States.—For purposes of subparagraph (C), the term 'corporate minitax taxable income from sources without the United States' means adjusted gross income from sources without the United States, adjusted as provided in paragraphs (1) and (2) of subsection (b) (taking into account in such adjustment only items described in such paragraphs which are properly attributable to items of gross income from sources without the United States).

"(E) Special rule for applying section 904 (C).—In determining the amount of foreign taxes paid or accrued during the taxable year which may be deemed to be paid or accrued in a preceding or succeeding taxable year under section 904(c)—

"(i) the limitation of section 904(a) shall be increased by the amount of the limitation determined under subparagraph (C), and

"(ii) any increase under subparagraph (B) shall be taken into account.

"(3) Carryover and carrybacks of credits.—For purposes of computing the amount of any carryover or carryback of any credit allowable under subpart A of part IV, the taxpayer shall be treated as having been allowed a credit against the regutax for any taxable year for which a tax is imposed by subsection (a) equal to the amount of such credit which would have been allowed against the regutax for such taxable year if such regutax had been equal to the excess of—

"(A) the regutax, over

"(B) the tax imposed by subsection (a).

"(g) Definitions and Special Rules.—

"(1) Regutax.—The term 'regutax' means the taxes imposed by this chapter for the taxable year (computed without regard to this section and without regard to the taxes imposed by sections 531 and 541).

"(2) Adjusted regutax.—The term 'adjusted regutax' means for any taxable year—

"(A) the regutax, reduced by

"(B) the sum of the credits allowable under subpart A of part IV (other than sections 31, 39, and 43).

"(3) Taxable year in which item arises.—In the case of any amount which is taken into account for regutax purposes in more than 1 taxable year, such amount shall be treated as an item arising in the first such taxable year.".

"(4) Application with section 291.—Under regulations prescribed by the Secretary rules similar to rules of section 57(b) shall apply to items described in paragraphs (2) and (3) of subsection (c).".

(b) Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury or his delegate shall submit to the Congress such technical and conforming amendments as may be necessary to carry out the provisions of this section.

(c) The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1984.

KENNEDY AMENDMENTS NOS. 2976 AND 2977

(Ordered to lie on the table.)

Mr. KENNEDY submitted two amendments intended to be proposed by him to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

Strike out section 902.

Amendment No. 2977

Beginning on page 1203, line 16, strike out through page 1205, line 2, and insert the following:

PHYSICIAN FEE FREEZE

SEC. 904. (a) Section 1842(b) of the Social Security Act is amended by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4)(A) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished to inpatients of a hospital, the Secretary shall not set any level higher than the same level as was set for the 12-month period ending June 30, 1984, in the case of the freeze period defined in subparagraph (C).

"(B) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished to inpatients of a hospital for periods beginning after the freeze period, the Secretary shall treat the levels as set under subparagraph (A) as having fully provided for economic changes which would have been taken into account but for the limitations contained in subparagraph (A).

"(C) For purposes of this paragraph, the 'freeze period' is the period beginning on July 1, 1984, and ending at such time as the Secretary determines that the savings to the Federal Government attributable to the application of subparagraph (A) has reached $5.4 billion.

"(D) The Secretary and the Comptroller General shall monitor, and report to Congress, any significant changes in patterns of physician practices, such as changes in volume or type of services, which may be viewed as attempts to circumvent the fee freeze. If the Secretary and the Comptroller determine, after the first 12 months of the freeze period, that there has been an increase of 2 percent or more in per capita phsyician charges to beneficiaries under this title for physicians' services provided on an inpatient basis (taking into account age changes in the population of beneficiaries during such 12 months), the Secretary shall require, as a condition of participation for a hospital under section 1866, that the hospital provide, in its agreement filed with the Secretary under section 1866 (a) (1), that any physician who—

"(i) is on the medical staff of the hospital (courtesy or otherwise), and

"(ii) furnishes services to inpatients in the hospital,

must enter into an agreement described in subparagraph (F) in a manner established by the Secretary.

"(E) A physician's agreement referred to in subparagraph (D) is an agreement by the physician not to impose any charge or receive payment for any services which are furnished to any inpatient in the hospital for which payment may be made under this part except on the basis of an assignment described in paragraph (3) (B) (ii) or under the procedure described in section 1870 (f) (1)."; and

BRADLEY (AND DURENBERGER) AMENDMENT NO. 2978

Mr. BRADLEY (For himself and Mr. DURENBERGER) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 827, between lines 17 and 18, insert the following new section:

SEC. 615. ADDITIONAL TAX ON GASOLINE WITH LEAD ADDITIVES

(a) IN GENERAL.—Section 4081 (relating to imposition of tax on gasoline) is amended by adding at the end thereof the following new subsection:

"(d) GASOLINE WITH LEAD ADDITIVES.—In addition to the tax imposed by subsection (a) there is hereby imposed on gasoline with lead additives sold by the producer or importer thereof, or by any producer or gasoline with lead additives, a tax of 10 cents for each gram of lead added to a gallon in excess of .10 of a gram, and a proportionate tax at the like rate on all fractional parts of a gram.".

(b) NO TERMINATION DATE.—Subsection (b) of section 4081 is amended by striking out "this section" and inserting in lieu thereof "subsection (a)".

(c) TRANSFER OF TAX INTO SUPERFUND.—

(1) IN GENERAL.—Subparagraph (A) of section 221 (b)(1) of the Hazardous Substance Response Revenue Act of 1980 (42 U.S.C. 9631 (b)(1)) (relating to transfers to response trust fund) is amended by inserting "4081 (c)," before "4611".

(2) CONFORMING AMENDMENT.—Section 303 of such Act (42 U.S.C. 9653) (relating to expiration, sunset provision) is amended—

(A) by striking out "section 4611 and under 4661" and inserting in lieu thereof "sections 4081(c), 4611, and 4661", and

(B) by striking out "sections 4611 and 4661" and inserting in lieu thereof "sections 4081(c), 4611, and 4661".

(d) EFFECTIVE DATE.—

(1) The amendments made by subsections (a) and (b) shall apply to sales after June 30, 1986.

(2) The amendments made by subsection (c) shall take effect on the date of the enactment of this Act.

ACCESS TO PUBLIC FACILITIES FOR THE PURPOSES OF VOLUNTARY PRAYER

HATFIELD (AND DENTON) AMENDMENTS NOS. 2979 AND 2980

(Ordered to lie on the table.)

Mr. DENTON (for Mr. HATFIELD, for himself and Mr. DENTON) submitted two amendments intended to be proposed by them to the bill (S. 1059) to provide that it shall be unlawful to deny equal access to students in public schools and public colleges who wish to meet voluntarily for religious purposes and to provide district courts with jurisdiction over violations of this act; as follows:

AMENDMENT NOS. 2979 AND 2980

(Purpose: To provide a Hatfield-Denton compromise that it shall be unlawful to deny equal access to students in public secondary schools who wish to meet voluntarily for religious purposes and to provide district courts with jurisdiction over violations of this Act)

On page 4, starting at line 4, strike all through page 8, line 17, and insert in lieu thereof the following: That this Act may be cited as the "Equal Access Act".

SEC. 2. (a) It shall be unlawful for any state or local educational agency that receives Federal financial assistance that by policy or practice generally allows groups of secondary school students to meet during non-instructional time to deny equal access and opportunity to, or discriminate against, any student meeting on the basis of the religious content of the speech at such meeting if—

(1) the activity is voluntary and student initiated;

(2) there is no sponsorship of the activity by the school, the government or its agents, or employees;

(3) the activity is not in and of itself unlawful; and,

(4) the activity does not materially and substantially interfere with the orderly conduct of educational activities within the school.

(b) Nothing in this Act shall be construed to permit the United States or any State or political subdivision thereof to (1) influence the form or content of any prayer or other religious activity, (2) require any person to participate in prayer or other religious activity; or, (3) expend public funds beyond the incidental cost of allowing student-initiated activities on institution or school premises.

INDIVIDUAL ACTION

SEC. 3. Any individual aggrieved by a violation of this Act may bring a civil action in the appropriate district court of the United States for such equitable or declaratory relief as may be appropriate, or both.

ACTION BY ATTORNEY GENERAL

SEC. 4 (a)(1) Whenever the Attorney General receives a complaint in writing which is signed by either a parent or group of parents to the effect that the minor child or children of such parent or group, as members of a class of persons similarly situated, are being deprived by a school board of rights guaranteed under this Act, and the Attorney General—

(A) believes the complaint is meritorious;

(B) certifies that the signer or signers of such complaint are unable, in his judgment, to initiate and maintain appropriate legal proceedings for relief;

(C) certifies that the institution of an action will materially further the orderly achievement of the purposes of this Act;

(D) gives notice of such complaint to the appropriate school board; and

(E) certifies that he is satisfied that such board has had a reasonable time to adjust the conditions alleged in the complaint.

The Attorney General may institute for or in the name of the United States a civil action in an appropriate district court of the United States against such parties, and for such relief as may be appropriate.

(2) The Attorney General may implead as defendants such additional parties as are or become necessary to the grant of effective relief hereunder.

(b) The Attorney General may deem a person or persons unable to initiate and maintain appropriate legal proceedings within the meaning of subsection (a) when such person or persons are unable, either directly or through other interested persons or organizations, to bear the expense of the litigation or to obtain effective legal representation; or whenever he is satisfied that the institution of such litigation would jeopardize the personal safety, employment, or economic standing of such person or persons, their families, or their property.

DISTRICT COURT JURISDICTION

SEC. 5. (a) The district court in which an action is brought shall have and shall exercise jurisdiction of proceedings instituted pursuant to this Act.

(b) The district courts of the United States shall have jurisdiction of actions brought under this Act without regard to the amount in controversy.

(c) Each district court of the United States shall provide such equitable relief, including injunctive relief, as may be appropriate to carry out the provisions of this Act.

(d) It shall be the duty of the chief judge of the district, or in his absence, the acting chief judge, in which the case is pending, immediately to designate a judge in such district to hear and determine the case. In the event that no judge in the district is available to hear and determine the case, the chief judge of the district, or in his absence, the acting chief judge, shall certify this fact to the chief judge of the circuit, or in his absence, the acting chief judge, of the circuit, who shall then designate a district or circuit judge of the circuit to hear and determine the case.

(e) In any action commended pursuant to the Act, the court, in its discretion, may award to the prevailing party a reasonable attorney's fee as part of the costs.

DEFINITIONS

SEC. 6. As used in this Act—

(1) the term "State educational agency" has the same meaning given that term by section 1001(k) of the Elementary and Secondary Education Act of 1965;

(2) the term "local education agency" has the same meaning given that term by section 1001(f) of the Elementary and Secondary Education Act of 1965;

(3) the term "secondary school" means a public school which provides secondary education as determined by State law.

(4) the term "sponsorship" includes the act of a teacher or administrator or other such employee who leads, or participates in the meeting. The assignment of a teacher, administrator or other such employee for the custodial purpose of assuring the orderly conduct of religious student meetings does not constitute sponsorship of the meeting.

(5) the term "meeting" means any extracurricular activity allowed by the school. The term "meeting" does not include officially sponsored school athletic teams that participate in interscholastic competition.

(6) the term "non-instructional" means that the student is not receiving curricular instruction from a teacher.

SEVERABILITY

SEC. 7. If any provision of this Act or the application thereof to any person or circumstances is judicially determined to be invalid, the provisions of the remainder of the Act and the application to other persons or circumstances shall not be affected thereby.

SEC. 8. The provisions of this Act shall supersede all other provisions of Federal law that are inconsistent with the provisions of this Act.

SEC. 9. Nothing in this Act shall be construed to limit the Constitutional rights of any public school students. Strike out the material after line 17, on page 8, and insert in in lieu thereof:

Amend the title so as to read: "An Act to provide that it shall be unlawful to deny equal access to students in public secondary schools who wish to meet voluntarily for religious purposes and to provide district courts with jurisdiction over violations of this Act."

FEDERAL BOAT SAFETY ACT AMENDMENTS

ABDNOR AMENDMENT NO. 2981

Mr. ABDNOR proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 541 of the matter proposed to be inserted, between lines 17 and 18, insert the following:

SEC. 189. LIMITATION ON DEDUCTION FOR LOSSES ON FARMING.

(a) IN GENERAL.—Part IX of subchapter B of chapter 1 (relating to items not deductible) is amended by adding after section 280E the following new section:

"SEC. 280F. LIMITATION ON DEDUCTIONS ATTRIBUTABLE TO FARMING.

"(a) GENERAL RULE.—In the case of a taxpayer engaged in the trade or business of farming, the deductions attributable to such trade or business which, but for this section, would be allowable under this chapter for the taxable year shall not exceed the sum of—

"(1) the gross income of such taxpayer derived from the trade or business of farming for such taxable year, plus

"(2) $21,000.

"(b) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—

"(1) IN GENERAL.—In the case of any married individual—

"(A) who files a separate return for the taxable year, and

"(B) the spouse of whom has any income or deductions attributable to the trade or business of farming for such year,

subsection (a)(2) shall be applied to such individual for such year by substituting $10,500' for '$21,000'

"(2) DETERMINATION OF MARITAL STATUS.—For purposes of this subsection, marital status shall be determined under section 143.

"(c) CARRYOVER OF FARM OPERATING LOSSES.—The amount not allowed as a deduction by reason of subsection (a) for any taxable year shall be treated as deduction attributable to the trade or business of farming in the following taxable year.

"(d) SPECIAL RULES.—For purposes of this section—

"(1) INCOME AND DEDUCTIONS.—The determination of whether any item of income is derived from the trade or business of farming and whether any deduction is attributable to the trade or business of farming shall be made under regulations prescribed by the Secretary.

"(2) SEVERAL TRADES OR BUSINESSES OF FARMING.—In the case of a taxpayer engaged in more than one trade or business of farming, all such trades or businesses of the taxpayer shall be treated as one trade or business.

"(3) PARTNERSHIPS, TRUSTS, AND S CORPORATIONS.—A trade or business of farming carried on by a partnership, trust, or S corporations shall be treated as carried on by the partners of such partnership, the beneficiaries of such trust, and the shareholders of such corporation in proportion to their interest in such partnership, trust, or corporation (as the case may be)."

(b) ESTABLISHMENT OF THE LIMITED RESOURCE FARMERS AND RANCHERS LOAN TRUST FUND.—Subchapter A of chapter 98 (relating to trust funds) is amended by adding at the end thereof the following new section:

"SEC. 9504. LIMITED RESOURCE FARMERS AND RANCHERS LOAN TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established within the Treasury of the United States a trust fund to be known as the 'Limited Resource Farmers and Ranchers Loan Trust Fund' which shall consist of such amounts as may be appropriated or credited to such Trust Fund under this section or section 9602(b).

"(b) TRANSFER OF INCREASED RESOURCES.—There are hereby appropriated to the Limited Resource Farmers and Ranchers Loan Trust Fund for each fiscal year amounts equivalent to 50 percent of the amount which the Secretary of the Treasury estimates is equal to the revenues received into the Treasury of the United States during such fiscal year by reason of the amendments made by section 189(a) of the Deficit Reduction Tax Act of 1984.

"(c) EXPENDITURES FROM TRUST FUND.—Funds in the Limited Resources Farmers and Ranchers Loan Trust Fund shall be available, as provided by appropriation Acts, for the purpose of making and insuring farm ownership loans, and operating loans, to low-income, limited resource borrowers under subtitles A and B, respectively, of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921, et seq.).".

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part IX of subchapter B of chapter 1 is amended by adding after the item relating to section 280E the following new item:

"Sec. 280F. Limitation on deductions attributable to farming."

(2) The table of sections for subchapter A of chapter 98 is amended by adding at the end thereof the following new item:

"Sec. 9504. Limited Resource Farmers and Ranchers Loan Fund.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

HELMS AMENDMENTS NOS. 2982 AND 2983

Mr. HELMS proposed two amendments to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

AMENDMENT NO. 2982

At the end of title VIII, insert the following new subtitle:

SUBTITLE —TAXPAYER'S RIGHTS

SEC. . SHORT TITLE.

This subtitle may be cited as the "Taxpayers' Bill of Rights Act".

SEC. . COURT ORDER REQUIRED FOR LEVY.

(a) GENERAL RULE.—Section 6331 (relating to levy and distraint) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) COURT ORDER REQUIRED.—

"(1) IN GENERAL.—Levy may be made under subsection (a) only after the Secretary is authorized by court order to make such levy.

"(2) AUTHORITY TO ISSUE ORDER.—On request of the Secretary, the court order required under paragraph (1) may be issued by any Federal judge or any judge of a State court of record within the district wherein the property (or right to property) to be levied is located.

"(3) STANDARDS FOR ISSUING ORDER.—A judge may issue an order under this subsection only if—

"(A) the taxpayer was afforded a reasonable opportunity to be heard with respect to the issuance of the order,

"(B) the Secretary demonstrates that—

"(i) There are no facts in dispute which, if resolved in the taxpayer's favor, would result in the redetermination of any deficiency, and

"(ii) all efforts provided by law which may be taken prior to levy and distraint (including offers to compromise and time payments) have been taken, and

"(C) the judge determines that such levy will not result in any unusual, unnecessary, or irreparable loss to the taxpayer.

"(4) State.—For purposes of this section, the term 'State' includes any possession of the United States.".

(b) Effective Date.—The amendments made by this section shall apply to any levy issued on or after the date of the enactment of this Act.

SEC. . AWARDING OF COURT COSTS AND CERTAIN FEES.

(a) Awards For Fees Incurred in Administrative Actions to be Allowed.—

(1) In general.—Subsection (a) of section 7430 (relating to awarding of court costs and certain fees) is amended—

(A) by inserting "(including any administrative proceeding)" after "civil proceeding", and

(B) by inserting "or before any agency of the United States" after "Tax Court)" in paragraph (2).

(2) Conforming amendment.—

(A) Paragraph (2) of section 7430(b) (relating to requirement that administrative remedies be exhausted) is amended by inserting "in any civil proceeding brought in a court of the United States" after "section (a)".

(B) Section 504 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) The provisions of this section shall not apply to any costs, fees, and other expenses in connection with any action or proceeding to which section 7430 of the Internal Revenue Code of 1954 applies.".

(b) Repeal of Dollar Limitation.—Subsection (b) of section 7430 (relating to limitation), as amended by subsection (a), is amended by striking out paragraph (1) and redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3).

(c) Effective Date.—The amendments made by this section shall apply to civil actions or proceedings commenced on or after the date of enactment of this Act.

SEC. . ASSISTANT SECRETARY FOR TAXPAYER ASSISTANCE.

(a) Assistant Secretary for Taxpayer Assistance.—

(1) In general.—There is established within the Department of the Treasury an office to be known as the Taxpayer Assistance Protection Board to be under the supervision and direction of an Assistant Secretary for Taxpayer Assistance. The Assistant Secretary shall be responsible for—

(A) providing to taxpayers—

(i) assistance in obtaining easily understandable tax information and information on audits, corrections, and appeals procedures;

(ii) assistance in answering questions on tax liability and preparing and filing returns; and

(iii) assistance in locating documents or payments filed with or submitted to the Internal Revenue Service by taxpayers;

(B) providing personnel in local offices of the Internal Revenue Service to receive and evaluate complaints or improper, abusive, or inefficient service by Internal Revenue Service personnel and, with due regard for the rights of both the taxpayer and the Internal Revenue Service personnel and under regulations prescribed by the Secretary, to recommend the taking of action by the Internal Revenue Service to correct such service;

(C) surveying taxpayers to obtain their evaluation of the quality of the service provided by the Internal Revenue Service;

(D) compiling data on the number and type of taxpayer complaints in each internal revenue district and evaluating the actions taken to resolve such complaints; and

(E) carrying out such other functions which relate to assisting taxpayers as the Secretary may prescribe.

The Assistant Secretary shall submit an annual report to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, and the Joint Committee on Taxation on the activities of the Taxpayer Assistance Protection Board.

(2) Salary.—Section 5315 of title 5, United States Code, is amended by striking out "(5)" in the item relating to Assistant Secretaries of the Treasury and inserting in lieu thereof "(6)".

(b) Effective date.—The amendments made by this section shall apply with respect to the 4-year period beginning on the date of the enactment of this Act. Within 90 days after such date, the Secretary shall transmit to Congress guidelines for the operation of the Taxpayer Assistance Protection Board.

SEC. . NOTICE TO THIRD-PARTY RECORDKEEPERS.

(a) In General.—Paragraph (5) of section 7609(a) (relating to nature of summons) is amended by adding at the end thereof the following new sentence: "The summons shall also notify the third-party recordkeepers of the rights of persons entitled to notice under paragraph (1) to intervene and stay compliance under subsection (b).".

(b) Effective Date.—The amendment made by subsection (a) shall apply to summonses issued after the 30th day following the date of the enactment of this Act.

SEC. . WRITTEN ADVICE OF INTERNAL REVENUE SERVICE.

(a) In General.—Section 6404 (relating to abatements) is amended by adding at the end thereof the following new subsection:

"(e) Abatement of Deficiency and Any Penalty or Interest Attributable to Written Advice by the Internal Revenue Service.—

"(1) Abatement of deficiency.—The Secretary shall abate the full amount of any deficiency attributable to erroneous advice furnished to the taxpayer in writing by an officer or employee of the Internal Revenue Service, acting in his official capacity, in response to a specific request of the taxpayer unless the deficiency resulted from a failure by the taxpayer to provide adequate or accurate information.

"(2) Abatement of penalty or interest.—Any penalty or interest imposed on a deficiency to which paragraph (1) applies shall be abated.".

(b) Oral Advice.—Each officer or employee of the Internal Revenue Service shall, at the time any oral advice is given to any person, inform such person that the Internal Revenue Service is not bound by such advice.

(c) Effective Date.—The amendment made by this section applies to returns filed for taxable years beginning after the date of enactment of this Act.

SEC. . PROCEDURES INVOLVING TAXPAYER INTERVIEWS.

(a) In General.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 7518. PROCEDURES INVOLVING TAXPAYER INTERVIEWS.

"(a) In General.—Upon request of any taxpayer, any officer or employee of the Internal Revenue Service in connection with any interview with such taxpayer in connection with the assessment of a deficiency shall—

"(1) conduct such interview in the principal residence or place of business of the taxpayer, and at a reasonable time convenient to the taxpayer, and

"(2) allow the taxpayer to make a recording of such interview.

An officer or employee of the Internal Revenue Service may record any such interview if he informs the taxpayer of such recording prior to the interview and provides the taxpayer with a transcript of such recording upon the request of the taxpayer and reimbursement for the cost of reproduction of such transcript.

"(b) Safeguards.—An officer or employee of the Internal Revenue Service shall prior to any interview described in subsection (a) warn the taxpayer that—

"(1) he has a right to remain silent;

"(2) any statement he makes may be used against him; and

"(3) he has the right to the presence of an attorney.

The taxpayer may waive the rights described in the preceding sentence if such waiver is made voluntarily, knowingly, and intelligently. If, however, he indicates in any manner and at any time during the interview that he wishes to consult with an attorney or that the interview be discontinued there can be no questioning regardless of whether he may have answered some questions.".

(b) Conforming Amendment.—The table of sections for such chapter is amended by adding at the end thereof the following new item:

"Sec. 7518. Procedures involving taxpayer interviews.

(c) Effective Date.—The amendments made by this section shall apply to interviews conducted on or after the date of the enactment of this Act.

SEC. . PROPERTY EXEMPT FROM LEVY.

(a) In General.—Section 6334(a) (relating to property exempt from levy) is amended by adding at the end thereof the following new paragraph:

"(10) Income producing property.—Any property of such individual from which income is derived to the extent that such income is taken into account under paragraph (9) as part of the applicable exempt amount of such individual.".

(b) Effective Date.—The amendment made by this section shall apply with respect to levies made after the 90th day after the date of the enactment of this Act.

SEC. . GENERAL ACCOUNTING OFFICE OVERSIGHT OF THE ADMINISTRATION OF THE INTERNAL REVENUE LAWS.

(a) Audits and Investigations.—The Comptroller General shall establish a program to provide for a continuing audit and investigation of the efficiency, uniformity, and equity of the administration of the internal revenue laws of the United States.

(b) Annual Reports.—The Comptroller General shall annually prepare and transmit to the Congress a report on the program established under subsection (a), together with such recommendations for legislation as the Comptroller General may consider necessary or appropriate. Such report shall include a statement by the Comptroller General on—

(1) the type and extent of assistance which the Internal Revenue Service (hereinafter in this section referred to as the "Service") provides to taxpayers in the preparation of returns, and the accuracy and consistency of any advice which the Service provides in connection with such assistance;

(2) the adequacy of the procedures by which the Service responds to taxpayer complaints, and the number and nature of such complaints;

(3) the equity of the procedures by which the Service conducts audits, collections, and taxpayer appeals, the means by which the taxpayer is advised of such procedures, and the adequacy and consistency of such advice;

(4) the uniformity of the Service's administration of the internal revenue laws, including the uniformity of the standards and legal interpretations it employs;

(5) the number and specific circumstances of disclosures, if any, of returns or of information derived from such returns which the Comptroller General determines to be violation of law;

(6) the investigation and prosecution by the Service and the Department of Justice of alleged civil and criminal violations of the internal revenue laws;

(7) the implemenation by the Service of section 552 of title 5, United States Code (relating to freedom of information); and

(8) any other matter which the Comptroler General determines to be necessary or appropriate.

(c) Other Investigations.—The Comptroller General shall conduct any special audit or investigation of the administration of the internal revenue laws requested by any committee of the Congress or any Member of Congress. The Comptroller General may conduct any other audit or investigation of the administration of the internal revenue laws which he considers appropriate.

(d) Disclosure of Information to the Comptroller General.—The Comptroller General, for purposes of conducting any audit or examination under subsection (a) or (c), shall have access to any Federal agency's books, documents, papers, and records on the administration, operations, and effects of the internal revenue laws and to inspect returns. Requests for such inspection of returns must be made in writing and must specify the identity of each taxpayer whose return is to be inspected.

Amendment No. 2983

On page 541, between lines 17 and 18, insert the following new section:

SEC. 189. INCREASE IN PERSONAL EXEMPTIONS TO $2,000.

(a) In General.—Subection (f) of section 151 (relating to allowance of deductions for personal exemptions) is amended by striking out "$1,000" each place it appears and inserting in lieu thereof "$2,000".

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after December 31, 1984.

MATSUNAGA AMENDMENT NO. 2984

Mr. MATSUNAGA proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

Page 1087, line 5, strike out "June 30" and insert in lieu thereof "December 31".

Page 1087, line 7, strike out "1988" and insert in lieu thereof "1989".

DOLE (AND OTHERS) AMENDMENT NO. 2985

Mr. DOLE (for himself, Mr. Weicker, Mr. Dodd, Mr. Boren, and Mr. Tsongas) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 240, strike out lines 11 through 13, and insert in lieu thereof the following:

(c) Effective Date.—

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to agreements entered into after March 15, 1984.

(2) Exceptions.—The amendments made by this section shall not apply—

(A) to any agreement entered into pursuant to a written agreement which was binding on March 15, 1984, and at all times thereafter,

(B) subject to the provisions of paragraph (3), to any agreement to lease property if—

(i) there was in effect a firm plan, evidenced by a board of directors' resolution, memorandum of agreement, or letter of intent on March 15, 1984, to enter into such an agreement, and

(ii) construction of the property was commenced (but such property was not placed in service) on or before March 15, 1984, and

(C) to any agreement to lease property if—

(i) the lessee of such property adopted a firm plan to lease the property, evidenced by a resolution of the board of directors or a duly authorized committee of such board of directors of such lessee on February 10, 1984,

(ii) the sum of the present values of the rents payable by the lessee under the agreement equals at least $81,000,000, using a 12.6 percent annual discount rate, and

(iii) during—

(I) the first 5 years of the lease, at least 9 percent of the rents payable under the agreement are paid, and

(II) the second 5 years of the lease, 16.25 percent of the rents payable under the agreement are paid.

Paragraph (3)(B)(ii)(II) shall apply for purposes of clause (iii) of subparagraph (C).

(3) Schedule of deemed rental payments.—

(A) In general.—In any case to which paragraph (2)(B) applies, for purposes of the Internal Revenue Code of 1954, the lessor shall be treated as having received or accrued (and the lessee shall be treated as having paid or incurred) rents equal to the greater of—

(i) the amount of rents actually paid under the agreement during the taxable year, or

(ii) the amount of rents determined in accordance with the schedule under subparagraph (B) for such taxable year.

(B) Schedule.—

(i) In general.—The schedule under this subparagraph is as follows:

Portion of Lease Term	Cumulative percentage of total rent deemed paid:
1st 1/5	10
2nd 1/5	25
3rd 1/5	45
4th 1/5	70
Last 1/5	100

(ii) Operating rules.—For purposes of this schedule—

(I) the rent allocable to each taxable year within any portion of a lease term described in such schedule shall be a level prorata amount properly allocable to such taxable year, and

(II) any agreement relating to property which is to be placed in service in two or more stages shall be treated as two or more separate agreements.

(C) Paragraph not to apply.—This paragraph shall not apply to any agreement if the sum of the present values of all payments under the agreement be greater than the sum of the present values of all the payments deemed to be paid or received under the schedule under subparagraph (—). For purposes of computing any present value under this subparagraph, the annual discount rate shall be equal to 12 percent, compounded semiannually.

WILSON (AND CRANSTON) AMENDMENT NO. 2986

Mr. WILSON (for himself and Mr. Cranston) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

Page 478, line 24, strike out "The term" and insert in lieu thereof, "Except as provided in subparagraph (C), the term".

Page 479, after line 7, insert the following new subparagraph:

"(C) Certain contingent amounts taken into account.—Subparagraph B) shall not apply to contingent amounts incurred in the taxable year in which the sound recording is placed in service or in the first succeeding taxable year. Such amounts shall be treated as 3-year recovery property and qualified investment placed in service in the year in which they are incurred as costs to the taxpayer.".

Page 477, beginning at line 2, strike out the words "which, if it were section 38 property, would be new section 38 property," and insert in lieu thereof", the original use of which commences with the taxpayer,".

SOLID WASTE DISPOSAL ACT AMENDMENTS

HUMPHREY (AND CRANSTON) AMENDMENT NO. 2987

(Ordered to lie on the table.)

Mr. HUMPHREY (for himself and Mr. Cranston) submitted an amendment intended to be proposed by them to the bill (S. 757) to amend the Solid Waste Disposal Act to authorize funds for fiscal years 1983, 1984, 1985, 1986, and 1987, and for other purposes; as follows:

At the end thereof, add the following new section:

USE OF FUND FOR HEALTH SURVEYS, REGISTRY OF EXPOSED INDIVIDUALS, AND DIAGNOSTIC SERVICES

SEC. . (a) Section 111(c)(4) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 is amended—

(1) by inserting "in accordance with subsection (m)," after "(4)"; and

(2) by striking "epidemiologic studies" and inserting in lieu thereof "epidemiologic and laboratory studies and health surveys".

(b) Section 111 of such act is amended by adding at the end thereof the following new subsection:

"(m)(1) For each fiscal year beginning in fiscal year 1985, an amount equal to not less than 5 per centum of the total amount expended from the Fund for such fiscal year (or not less than $50,000,000, in the case that such 5 per centum would exceed $50,000,000) shall be used for the purpose of carrying out activities described in subsection (c)(4), including any such activities related to hazardous waste stored, treated, or disposed of at a facility having a permit under section 3005 of the Solid Waste Disposal Act.

"(2) Such activities shall be carried out by the Agency for Toxic Substances and Disease Registry established by section 104(i), either directly, or through grants to the State (or political subdivisions thereof) in the case of States (or political subdivisions) which the Administrator of such agency determines are capable of carrying out such activities. Such activities shall include conducting health surveys, including those required under section 3005(j) of the Solid Waste Disposal Act.

"(3) In determining sites at which to conduct health surveys under this subsection, the Administrator of the Agency for Toxic Substances and Disease Registry shall give priority to those facilities or sites at which there is documented evidence of release of hazardous constituents, at which the potential risk to human health appears highest, and for which in the judgment of the Administrator of such agency existing health survey data is inadequate to assess the potential risk to human health as provided in paragraph (5).

"(4) Any State or political subdivision carrying out a survey shall report the results of the survey to the Administrator of such agency, and shall include recommendations with respect to further activities which need to be carried out under this subsection or section 104. The Administrator of such agency shall include the same recommendations in a report on the results of any survey carried out directly by the agency, and shall issue periodic reports which include the results of all the surveys carried out under this paragraph. Such surveys or other activities shall be reported after appropriate peer review.

"(5) For the purposes of this subsection and subsection (c)(4), the term 'health surveys' shall include preliminary assessments of the potential risk to human health posed by individual sites and facilities subject to this subsection, based on such factors as the nature and extent of contamination, the existence or potential for pathways of human exposure (including ground or surface water contamination, air emissions, and food chain contamination), the size and potential susceptibility of the community within the likely pathways of exposure, the comparison of expected human exposure levels to the short-term and long-term health effects associated with identified contaminants and any available recommended exposure or tolerance limits for such contaminants, and the comparison of existing morbidity and mortality data on diseases that may be associated with the observed levels of exposure. The assessment shall include an evaluation of the risks to the potentially affected population from all sources of such contaminants, including known point or nonpoint sources other than the site or facility in question. A purpose of such preliminary assessments shall be to help determine whether full-scale health or epidemiological studies and medical evaluations of exposed populations shall be undertaken.

"(6) In any case in which a health survey performed under this subsection (including one required by section 3005(j) of the Solid Waste Disposal Act) discloses the exposure of a population to the release of a hazardous substance, the costs of such health survey may be recovered as a cost of response under section 107 of this Act from persons responsible for such release of such hazardous substance or, in the case of multiple releases contributing to such exposure, for all such releases.".

(c) Section 3005 of the Solid Waste Disposal Act is amended by adding the following new subsection:

"(j) EXPOSURE INFORMATION AND HEALTH SURVEYS.—(1) Beginning on the date nine months after the enactment of the Solid Waste Disposal Act Amendments of 1984, each completed application for a permit under subsection (c) for a landfill or surface impoundment shall contain information reasonably ascertainable by the owner or operator on—

"(A) the types of reasonably foreseeable events related to the facility which could result in the unanticipated release of hazardous constituents, including events associated with transportation to or from the facility;

"(B) the potential pathways of human exposure to hazardous constituents resulting from anticipated and unanticipated releases associated with the facility; and

"(C) the potential extent and nature of the human exposure resulting from such releases.

The owner or operator of a landfill or surface impoundment for which a completed application for a permit under subsection (c) has been submitted prior to such date shall submit the information required by this paragraph to the Administrator (or the State, in the case of a State with an authorized program) no later than the date nine months after such date of enactment.

"(2) The Adminstrator (or the State, in the case of a State with an authorized program) shall make the information required by paragraph (1), together with other relevant information, available to the Agency for Toxic Substances and Disease Registry established by section 104(i) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980. Whenever in the judgment of the Adminstrator of such Agency, the Administrator, or the State (in the case of a State with an authorized program), a landfill or a surface impoundment poses a substantial potential risk to human health, due to the existence of releases of hazardous constituents, the magnitude of a reasonably expected release or of the exposed population, or the nature of a reasonably expected release, the Administrator of the Agency for Toxic Substances and Disease Registry shall conduct a health survey in connection with such facility in accordance with section 111(m) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and take other appropriate action with respect to such risks as authorized by section 104(b) and (i) of such Act.

"(3) Any member of the public may submit evidence of releases of or exposure to hazardous constituents from such a facility, or as to the risks or health effects associated with such releases or exposure, to the Administrator of the Agency for Toxic Substances and Disease Registry, the Administrator, or the State (in the case of a State with an authorized program).".

FEDERAL BOAT SAFETY ACT AMENDMENTS

WILSON (AND CRANSTON) AMENDMENT NO. 2988

Mr. WILSON (for himself and Mr. CRANSTON) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

At the appropriate place in the amendment insert the following:

"SEC. . PROPERTY TAXES OF COOPERATIVE HOUSING CORPORATIONS.

"(a) IN GENERAL.—Paragraph (3) of section 216(b) of the Internal Revenue Code of 1954 (relating to tenant-stockholder's proportionate share) is amended to read as follows:

"(3) TENANT-STOCKHOLDER'S PROPORTIONATE SHARE.—

'(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'tenant-stockholder's proportionate share' means that proportion which the stock of the cooperative housing corporation owned by the tenant-stockholder bears to the total outstanding stock of the corporation (including any stock held by the corporation).

'(B) CERTAIN TAXES.—The term 'tenant-stockholder's proportionate share' means, with respect to any tax which is required by the State (or any political subdivision thereof) that imposes such tax to be allocated upon the basis of separate appraisals for some or all of the units in a house or apartment building, the amount of such tax allocated pursuant to the law of such State (or political subdivision) to that unit of the house or apartment building which the stockholder is entitled to occupy as a dwelling.'

"(b) EFFECTIVE DATE.—The amendment made by this Section shall apply to taxable years beginning after December 31, 1983.".

BRADLEY (AND OTHERS) AMENDMENT NO. 2989

Mr. BRADLEY proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

On page 1127, between lines 18 and 19, insert the following:

(c) COST-OF-LIVING ADJUSTMENTS.—

(1) IN GENERAL.—Section 32 is amended by adding at the end thereof the following new subsection:

"(h) COST-OF-LIVING ADJUSTMENTS.—The dollar amounts in effect under subsections (a), (b) (1), (b) (2), (f) (2) (A), and (f) (2) (B) with respect to taxable years beginning in any calendar year after December 31, 1985, shall be increased by the cost-of-living adjustment (within the meaning of section 1 (f) (3)) for such calendar year.".

(2) Conforming amendment.—Section 3507 (c) is amended by adding at the end thereof the following new paragraph:

"(3) Cost-of-living adjustments.—The dollar amounts in effect under paragraph (2) with respect to taxable years beginning in any calendar year after December 31, 1985, shall be increased by the cost-of-living adjustment (within the meaning of section 1 (f) (3)) for such calendar year.".

On page 1127, line 19, strike out "(c)" and insert "(d)".

On page 1127, line 23, strike out "(d)" and insert "(e)".

DOMENICI (AND OTHERS) AMENDMENT NO. 2990

Mr. DOMENICI (for himself, Mr. Percy, Mr. Randolph, Mr. Matsunaga, Mr. Bingaman, and Mr. Tsongas) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

After section 855, insert the following new section:

SEC. . CREDIT FOR PHOTOVOLTAIC PROPERTY.

(a) In General.—The table contained in clause (i) of section 46(a)(2)(C) (relating to energy percentage in general) is amended by adding after subclause VII, the following new subclause:

"VIII. Photovoltaic property.—Property described in

Section 48(1)18	25 percent	Jan 1, 1985	Dec 31, 1986
	20 percent	Jan 1, 1987	Dec 31, 1988"

(b) Qualification of Photovaltaic Property as Section 38 Property.—Section 48(1) (relating to definitions and special rules for computing the investment credit) is amended by inserting after paragarph (18) the following new paragraph:

"(19) Photovoltaic Property.

(A) In general.—The term 'photovaltaic property' means "(i) equipment which is an integral part of a solar energy system which converts sunlight directly into electricity, and

(ii) structures for housing or supporting such equipment necessitated solely by reason of the installation of equipment described in subclause (i).

(B) Exclusion from qualification as solar property.—Photovoltaic property shall not qualify as solar or wind energy property pursuant to section 48(1)(4)."

(c) Photovoltaic Property at Risk Limitation.—Section 46(c) is amended by inserting after paragraph (F) of paragraph (8) the following new subparagraph:

"(G) Special rule for photovoltaic property.—

"(i) In general.—In the case of photovoltaic property which—

"(I) is placed in service during the taxable year by a taxpayer described in section 465(a)(1), and

"(II) is used in connection with an activity with respect to which any loss is subject to limitation under section 465.

the basis of such property for purposes of paragraph (1) of this section shall not exceed the amount for which the taxpayer is at risk with respect to such property as of the close of such taxable year.

"(ii) Amount at risk.—The term "at risk" has the same meaning given such term by section 465(b) (without regard to paragraph (5) thereof).

"(iii) Property to which this subparagraph applies.—The term "photovoltaic property' means property described in section 48(1)(18).".

(d) Technical Amendment.—Clause (iii) of section 48(1)(2)(A) (relating to property to which the special rule for energy property applies) is amended by adding at the end thereof the following new clause:

"(xi) photovoltaic property."

(e) Exclusion of Public Utility Property.—Paragraph 48(1)(M) is amended by striking the words "and 'cogeneration property' " and inserting in lieu thereof " 'cogeneration property and photovoltaic property' ".

(f) Effective Date.—The amendments made by this section shall apply to photovoltaic property placed in service by the taxpayer on or after January 1, 1985.

DeCONCINI AMENDMENT NO. 2991

Mr. DOLE (for Mr. DeConcini) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

At the appropriate place, add the following new section:

"Sec. .(a) The Secretary of the Treasury is authorized and directed to admit free of duty any article provided by the Max Planck Institute for Radioastronomy of the Federal Republic of Germany to the joint astronomical project being undertaken by the Steward Observatory of the University of Arizona and the Max Planck Insitute for the construction, installation, and operation of a sub-mm telescope in the State of Arizona, provided that such article satisfies each of the following conditions:

(1) Such articles qualifies as" instruments and apparatus" under Headnote 6(a) of Schedule 8, Part 4, TSUS, 19 U.S.C. Section 1202 (1970); Stat. 897.

(2) No instruments or apparatus of equivalent scientific value for the purposes for which such article is intended to be used is being manufactured in the United States. For purposes of this condition, scientific testing equipment provided by the Max Planck Institute and necessary for aligning, calibrating, or otherwise testing an instrument or apparatus shall be considered to be part of such instrument or apparatus.

(b) The University of Arizona and/or the Max Planck Institute shall submit to the U.S. Customs Service and to the International Trade Administration descriptions of the articles sought to be admitted free of duty containing sufficient detail to allow the U.S. Customs Service to determine whether subsection (a)(1) is satisfied and the International Trade Administration to determine whether subsection (a)(2) is satisfied. The descriptions may be submitted in a single or in several submissions to each agency, as the University of Arizona and the Max Planck Institute shall deem appropriate during the course of the project. The U.S. Customs Service and the International Trade Administration are directed to make their respective determinations within ninety (90) days of the date that they have received a sufficient submission with respect to an article or articles.

(c) The Secretary of the Treasury is authorized and directed to readmit free of duty any article admitted free of duty under subsection (a) and subsequently returned to the Federal Republic of Germany for repair, replacement, or modification.

(d) The Secretary of the Treasury is authorized and directed to admit free of duty any repair components for articles admitted free of duty under subsection (a).

(e) If any article admitted free of duty under subsections (a) is used for any purpose other than the joint project within five years after being entered, duty on the article shall be assessed in accordance with the procedures established in Headnote 1 of Schedule 8, Part 4, TSUS, 19 U.S.C. section 1202 (1970); 80 Stat. 897.

(f) The provisions of subsection (a) shall apply with respect to articles entered for consumption after the day which is 15 days after the date of enactment of this act and before November 1, 1993.

THURMOND AMENDMENT NO. 2992

Mr. DOLE (for Mr. Thurmond) proposed an amendment to amendment No. 2902 to the bill H.R. 2163, supra; as follows:

At the appropriate place in the table in section 22(g)(8) of amendment No. 2902 insert the following:

Greenville Coliseum, Greenville, South Carolina; Substantial sums expended and official government actions, before May 23, 1983.

DOLE (AND OTHERS) AMENDMENT NO. 2993

Mr. DOLE (for himself, Mr. Huddleston, and Mr. Helms) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1108, beginning with line 17, strike out all through page 1110, line 20, and insert in lieu thereof the following:

(b) Effective Date.—The amendments made by this section shall apply with respect to commodities received for the 1984 crop year (as defined in section 5(a)(2) of the Payment-in-Kind Tax Treatment Act of 1983 as amended by subsection (a)).

GRASSLEY AMENDMENT NO. 2994

Mr. GRASSLEY proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1196 of such matter, between lines 17 and 18, insert the following:

SEC. . INVESTMENT TAX CREDIT FOR CERTAIN SOIL OR WATER CONSERVATION EXPENDITURES.

(a) Amount of credit.—

(1) Limitation.—Paragraph (3) of section 46(a) of such Code (relating to limitation based on amount of tax) is amended to read as follows:

"(3) Limitations.—

"(A) Limitation based on amount of tax.—Notwithstanding paragraph (1), the credit allowed by section 38 for the taxable year shall not exceed—

"(i) so much of the liability for tax for the taxable year as does not exceed $25,000, plus

"(ii) 85 percent of so much of the liability for tax for the taxable year as exceeds $25,000.

"(B) Limitation on amount of credit attributable to soil or water conservation property and district conservation prop-

ERTY.—The amount of the credit allowable under section 38 that is attributable to the application of the regular percentage to—

"(i) soil or water conservation property of the taxpayer, and

"(ii) district conservation property which the taxpayer is treated by section 48(i)(1) as having acquired,

for any taxable year shall not exceed 25 percent of the amount of gross income of the taxpayer for the taxable year which is derived from farming (within the meaning of section 175).".

(2) SPECIAL RULES FOR APPLYING SECTION 46.—

(A) ORDER OF APPLICATION.—Subparagraph (A) of section 46(a)(7) (relating to special rules for energy property) is amended to read as follows:

"(A) IN GENERAL.—This subsection and subsection (o) shall be applied separately—

"(i) first with respect to so much of the credit allowed by section 38 as is attributable to the application of the rehabilitation percentage (as defined in paragraph (2)(F)) or to the application of the regular percentage (as defined in paragraph (2)(B) of this subsection) to property other than—

"(I) soil or water conservation property of the taxpayer, or

"(II) district conservation property which the taxpayer is treated by section 48(i)(1) as having acquired,

"(ii) second with respect to so much of the credit allowed by section 38 as is attributable to the application of the energy percentage (as defined in paragraph (2)(C) of this subsection) to energy property, and

"(iii) then with respect to so much of the credit allowable by section 38 as is attributable to the application of the regular percentage to—

"(I) soil or water conservation property of the taxpayer, or

"(II) district conservation property which the taxpayer is treated by section 48(i)(1) as having acquired.

"(B) LIABILITY FOR TAX; CARRYBACKS AND CARRYOVERS.—Paragraph (7) of section 46(a) of such Code is amended by adding at the end thereof the following new subparagraph:

"(C) SPECIAL RULES IN THE CASE OF SOIL OR WATER CONSERVATION PROPERTY.—In applying this subsection and subsection (b) with respect to so much of the credit allowed by section 38 as is described in subparagraph (A)(iii)—

"(i) the liability for tax shall be the amount determined under paragraph (4) reduced by so much of the credit allowed by section 38 as is described in clause (i) or (ii) of subparagraph (A), and

"(ii) for purposes of subsection (b), the amount of the limitation imposed by paragraph (3) of this subsection is the lesser of—

"(I) the amount of the limitation imposed by paragraph (3)(A) of this subsection, or

"(II) the amount of the limitation imposed by paragraph (3)(B) of this subsection.".

(b) SECTION 38 PROPERTY.—Paragraph (1) of section 48(a) of such Code (defining section 38 property) is amended—

(1) by striking out the period at the end of subparagraph (G) and inserting ", or"; and

(2) by inserting after subparagraph (G) the following new subparagraph:

"(H) soil or water conservation property.",

(3) by inserting "or (H)" after "subparagraph (F) in the last sentence", and

(4) by striking out "such property" in the last sentence and inserting in lieu thereof "property described in subparagraph (F)".

(c) DEFINITION OF SOIL AND WATER CONSERVATION PROPERTY AND DISTRICT CONSERVATION PROPERTY.—Section 48 (relating to definitions and special rules) is amended by inserting after subsection (g) the following new subsections:

"(h) SOIL OR WATER CONSERVATION PROPERTY.—For purposes of this subpart—

"(1) IN GENERAL.—The term 'soil or water conservation property' means that portion of the basis of qualified land which is attributable to conservation improvements made by the taxpayer.

"(2) BASIS FINANCED BY GOVERNMENT GRANTS EXCLUDED.—The term 'soil or water conservation property' does not include that portion of the basis of property which was financed by any grant of the Federal Government or any State or local government to the extent such grant was not included in the gross income of the taxpayer.

"(3) QUALIFIED LAND.—The term 'qualified land' means land which—

"(A) is located within the United States,

"(B) is owned entirely by a United States citizen,

"(C) is used by the taxpayer in carrying on the business of farming, and

"(D) is not highly erodible land.

"(4) CONSERVATION IMPROVEMENTS.—

"(A) IN GENERAL.—The term 'conservation improvement' means any improvement described in subparagraph (B) to qualified land which the Soil Conservation Service certifies to the Secretary as being—

"(i) consistent with state-of-the-art conservation practices, and

"(ii) a major contribution to the conservation of soil or water on such qualified land.

"(B) ELIGIBLE IMPROVEMENTS.—The improvements to land described in this subparagraph are—

"(i) conservation tillage systems,

"(ii) contour farming,

"(iii) critical area, pasture and hayland planting,

"(iv) diversion, floodwater retarding and multiple-purpose dams,

"(v) fencing for the protection or establishment of conservation cover,

"(vi) field windbreaks,

"(vii) filter strips,

"(viii) grade stablization structures,

"(ix) grassed waterways or outlets,

"(x) piplelines for livestock water to maintain or improve conservation cover,

"(xi) livestock, wildlife, or sediment control ponds,

"(xii) range seeding sediment basins,

"(xiii) spring development,

"(xiv) stripcropping,

"(xv) terracing,

"(xvi) tree planting for erosion control or conservation cover,

"(xvii) waste management systems to prevent agricultural pollution, or

"(xviii) any other improvements to land specified under regulations prescribed by the Secretary (after consultation with the Soil Conservation Service).

"(5) HIGHLY ERODIBLE LAND.—The term 'highly erodible land' means land classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VIe, VII, or VIII land under the land capability classification systems in effect on the date of enactment of the Deficit Reduction Tax Act of 1984. The land capability class for a field shall be the class that the Secretary of Agriculture determines to be the predominant class under regulations issued by the Secretary of Agriculture.

"(6) USEFUL LIFE OF CONSERVATION IMPROVEMENTS.—Soil or water conservation property described in paragraph (1)(B) shall be treated as having a useful life of 7 years.

"(i) DISTRICT ASSESSMENTS PAID BY TAXPAYER WITH RESPECT TO SOIL OR WATER CONSERVATION PROPERTY OR ANY DEPRECIABLE PROPERTY.—For purposes of this subpart—

"(1) IN GENERAL.—Any taxpayer carrying on the business of farming who pays or incurs an assessment which was made by a soil or water conservation or drainage district in order to defray expenses incurred by such district with respect to district conservation property shall be treated as having acquired a portion of such property for the amount of such assessment.

"(2) DISTRICT CONSERVATION PROPERTY.—

"(A) IN GENERAL.—The term 'district conservation property' means—

"(i) any property—

"(I) for which depreciation (or amortization in lieu of depreciation) is allowable, and

"(II) which is used by a soil or water conservation or drainage district in carrying on its business of conserving soil or water or providing drainage, or

"(ii) any conservation improvement (within the meaning of subsection (h)(4)).

"(B) IRRIGATION PROPERTY EXCLUDED.—The term 'district conservation property' shall not include any property—

"(i) which is used in connection with the irrigation of land, and

"(ii) for which depreciation (or amortization in lieu of depreciation) is allowable.

"(3) RECAPTURE.—Any portion of district conservation property which a taxpayer is treated by paragraph (1) as having acquired shall cease to be section 38 property if—

"(A) such district conservation property is disposed of by the soil or water conservation or drainage district, or

"(B) ceases to be used by such district in carrying on its business of conserving soil or water or providing drainage.

"(4) DEFINITIONS.—For purposes of this subsection, the terms 'farming' and 'soil or water conservation or drainage district' have the respective meaning given to such terms under section 175.

"(j) COORDINATION OF CREDIT WITH SECTIONS 175, 180, AND 182.—

"(1) DENIAL OF DEDUCTIONS.—No deduction shall be allowed under section 175, 180, or 182 with respect to any expense or assessment which is taken into account under section 46(a)(2) in determining the amount of any credit allowed under section 38.

"(2) ADJUSTMENT OF LIMITATIONS.—The amount of the limitations provided under sections 175(b) and 182(b) for the taxable year shall each be reduced by the aggregate amount of expenses and assessments which would have been allowable as a deduction under such section for such taxable year if such expenses and assessments had not been taken into account under section 46(a)(2) for such taxable year in determining the amount of the credit allowed under section 38.".

(d) RECAPTURE IN CASE OF CESSATION OF FARMING BUSINESS.—Subsection (a) of section 47 of such Code (relating to certain dispositions of section 38 property) is amended by adding at the end thereof the following new paragraph.

"(9) SOIL OR WATER CONSERVATION PROPERTY AND DISTRICT CONSERVATION PROPERTY.—

"(A) IN GENERAL.—Any soil or water conservation property of the taxpayer, or any portion of district conservation property which a taxpayer is treated by section 48(i)(1) as having acquired, shall cease to be section 38 property with respect to such taxpayer if the taxpayer, prior to the date that is 5 years after the date on which such property was placed in service, ceases to carry on the business of farming on the affected land of the taxpayer.

"(B) Affected land.—For purposes of this paragraph, the term 'affected land' means—

"(i) in the case of a conservation improvement, the land on which such improvement was made, or

"(ii) in the case of district conservation property, the land against which the assessment described in section 48(h)(1) was made.".

(e) Election of Special Expensing Provisions.—

(1) Deduction for soil and water conservation expenses.—Section 175 of Code (relating to soil and water conservation expenditures) is amended by striking out subsection (e) and redesignating subsection (f) as subsection (e).

(2) Deduction for fertilizers and conditioning of land.—Subsection (c) of section 180 of such Code (relating to election) is amended by striking out the last sentence thereof.

(3) Deduction for clearing land.—Subsection (e) of section 182 of such Code (relating to election) is amended by striking out the last sentence thereof.

(f) Conforming Amendments.—

(1) Subsection (a) of section 46 of such Code (relating to amount of credit) is amended—

(A) by striking out "subparagraphs (A) and (B) of paragraph (3)" in paragraph (5) and inserting in lieu thereof "clauses (i) and (ii) of paragraph (3)(A)".

(B) by striking out "paragraph (3)" in paragraph (6) and inserting in lieu thereof "clauses (i) and (ii) of paragraph (3)(A)", and

(C) by striking out "paragraph (3)(B)" in paragraph (7)(B)(i) and inserting in lieu thereof "paragraph (3)(A)(ii)".

(2) Paragraph (1) of section 46(e) of such Code (relating to limitations with respect to certain persons) is amended by striking out "subparagraphs (A) and (B) of subsection (a)(3)" and inserting in lieu thereof "clauses (i) and (ii) of subsection (a)(3)(A)".

(3) Paragraph (1) of section 46(h) of such Code (relating to special rules for cooperatives) is amended by striking out "limitation" and inserting in lieu thereof "limitations".

(g) Effective Date.—The amendments made by this section shall apply to periods beginning after December 31, 1984, under rules similar to the rules provided under section 48(m) of the Internal Revenue Code of 1954.

SEC. . EXTENSION OF PERIOD OF DEPRECIATION FOR CERTAIN AGRICULTURAL STRUCTURES.

(a) In General.—Subparagraph (A) of section 168(b)(2) (relating to 15-year real property), as amended by section 171(b) of this Act, is further amended by striking out "200 percent declining balance method" and inserting in lieu thereof "150 percent declining balance method (200 percent declining balance method in the case of low-income housing (within the meaning of subsection (c)(2)(D))).

(b) 15-Year Real Property.—Subparagraph (D) of section 168(c)(2) (relating to 15-year real property), as amended by section 171(c) of this Act, is amended to read as follows:

"(D) 15-year real property.—The term '15-year real property' means—

"(i) any single purpose agricultural or horticultural structure (within the meaning of section 48(p)), or

"(ii) section 1250 class property which—

"(I) does not have present class life of 12.5 years or less, and

"(II) is low-income housing.

For purposes of the preceding sentence, the term 'low-income housing' means property described in clause (i), (ii), (iii), or (iv) of section 1250(a)(1)(B).".

(c) Conforming Amendment.—Subparagraph (B) of section 168(c)(2) (relating to 5-year property) is amended by inserting "15-year real property," after "10-year real property,".

(d) Effective Date.—

(1) In General.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to property placed in service by the taxpayer after the date of enactment of this Act.

(2) Exception.—The amendments made by this section shall not apply to property placed in service by the taxpayer if—

(A) the taxpayer entered into a binding contract to purchase or construct such property before the date of enactment of this Act, or

(B) construction of such property was commenced by or for the taxpayer before the date of enactment of this Act.

BOREN AMENDMENT NO. 2995

Mr. BOREN proposed an amendment (which was subsequently modified) to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 932 of the matter proposed to be inserted, strike out lines 17 through 22 and insert in lieu thereof the following:

"(i) such contribution is to—

"(I) a public community college or public technical institute (within the meaning of section 742(b) of the Higher Education Act of 1965 (20 U.S.C. 1132e-1)) and is made through the governing body of the donee, or

"(II) an area vocational education school (within the meaning of section 195(2) (C) and (D) of the Vocational Education Act of 1963 (20 U.S.C. section 2461(2) (C) and (D)), which is not a secondary school under state law, and such contribution is made through the governing body of the donee for use in programs enrolling principally nonsecondary students in courses in engineering, mathematics, or the physical or biological sciences and the programs are designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge."

On page 934 of the matter proposed to be inserted, insert after line 23 the following:

"(D) Non-secondary student.—For purposes of this provision, a non-secondary student means an individual who is not enrolled in—

"(i) a high school or secondary school,

"(ii) a course of study leading to a high school diploma or its equivalent, or

"(iii) a course of study in lieu of a high school or secondary education.".

On page 933 of such matter, line 3, insert "nonsecondary" after "postsecondary".

TSONGAS AMENDMENT NO. 2996

Mr. TSONGAS proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

At the end of Title VIII of the amendment insert the following as a new section of the bill:

For purposes of section 83 of the Internal Revenue Code of 1984 (relating to the location of property transferred in connection with the performance of services the following role shall apply:

(4) Transfers of Property for Value.—With respect to a transfer of property for value after June 30, 1976 and before the date of enactment, the election permitted by subsection (b) may be made, notwithstanding paragraph (2) of subsection (b), with the income tax return for the first tax year ending after the date of enactment, if

(A) the amount paid for such property was not less than its fair market value at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse), and

(B) the election is consented to by the person transferring such property.

The election shall contain that information required by the Secretary for elections permitted by subsection (b). The period for assessing any tax attributable to a transfer of property which is the subject of an election made pursuant to this paragraph shall not expire before the date which is 3 years after the date such election was made.

BAUCUS AMENDMENT NO. 2997

Mr. BAUCUS proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 395 of the matter proposed to be inserted, after line 20, add the following:

(3) 1-Year Extension for Certain Trusts Created Before June 30, 1953.—

(a) In general.—The amendment made by subsection (b) shall apply to taxable years of a foreign corporation beginning after December 31, 1984, with respect to stock of such corporation which is held (directly or indirectly, within the meaning of section 554 of the Internal Revenue Code of 1954) by a trust created before June 30, 1953, if—

(i) none of the beneficiaries of such trust was a citizen or resident of the United States at the time of its creation or within 5 years thereafter, and

(ii) such trust does not, after July 1, 1983, acquire (directly or indirectly) stock of any foreign personal holding company other than a company described in subparagraph (b).

(b) Description of company.—A company is described in this subparagraph if—

(i) substantially all of the assests of such company are stock or assets previously held by such trust, or

(ii) such company ceases to be a foreign personal holding company before January 1, 1985.

SYMMS AMENDMENT NO. 2998

Mr. DOLE (for Mr. Symms) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1084, strike lines 7 through 19 and insert in lieu thereof:

(B) Allocation Rule.—Paragraph (3) of section 48(l) (relating to energy property) is amended by adding at the end thereof the following new subparagraph:

"(D) Special Rule For Geothermal Equipment.—For purposes of subparagraph (A)(viii), with respect to any equipment in which the percentage of the geothermal energy to be used by such equipment—

"(i) is at least 50 percent, such equipment shall be treated as section 38 property only to the extent of the portion of the qualified investment equal to such percentage,

"(ii) is at least 50 percent, and the remainder of the energy to be used by such equipment is supplied from the combustion of an alternate substance, such equipment shall be treated as section 38 property, and

"(iii) is less than 50 percent, such equipment shall not be treated as section 38 property.".

PRESSLER (AND OTHERS) AMENDMENT NO. 2999

Mr. PRESSLER (for himself, Mr. Pryor, and Mr. Warner) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

Insert at the appropriate place the following provision:

Sec. . (a) The Secretary of Education and the Secretary of the Treasury shall within 30 days of the date of enactment of this provision, establish procedures under which persons, agencies, or issuers, affected by any decision of the Secretary of Education or his delegate under Section 7 of the Student Loan Consolidation and Technical Amendments Act of 1983 may request and obtain a hearing and a review of such decision by the Secretary of the Treasury or his delegate followed by a written report to the Secretary of Education and to such person with respect to such review to be filed no later than 60 days of the request for review (unless the person requesting such review consents to an extension of time), (b) Nothing in this section shall affect the exemption from income taxation of interest on any student loan bond or any issuer of such bonds.

D'AMATO AMENDMENT NO. 3000

Mr. D'AMATO proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

At the end of the bill, add the following:

SEC. . LIMITATION ON BENEFITS UNDER POLICE AND FIREMEN'S PENSION PLANS.

(a) In General.—Paragraph (2) of section 415(b) of the Internal Revenue Code of 1954 (relating to annual benefit) is amended by adding at the end thereof the following new subparagraphs:

"(F) Special limitation for qualified police or firemen's pension plans.—In applying subparagraph (C) with respect to a participant in a qualified police or firemen's plan, '55' shall be substituted for '62' each place it appears.

"(G) Qualified police or firemen's plan defined.—For purposes of this paragraph, the term 'qualified police or firemen's plan' means a defined benefit plan—

"(i) which is maintained by a State, or political subdivision thereof, for the benefit of all full-time employees of any police department or fire department that is organized and operated by such State or political subdivision to provide police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State or political subdivision,

"(ii) under which benefits are determined solely by reference to the length of service of the employee in—

"(I) such a police or fire department, or

"(II) the armed forces of the United States, and

"(iii) which requires, as a condition of participation of any employee in the plan, that the sum of—

"(I) the number of years such employee was employed on a full-time basis by such State or political subdivision in such a police or fire department, plus

"(II) the number of years such employee served in the armed forces of the United States (to the extent such years are taken into account under the plan),

equals or exceeds 20 years.

(b) Effective Date.—The amendment made by this section shall take effect as if it had been included in section 235 of the Tax Equity and Fiscal Responsibility Act of 1982.

SPECTER (AND HEINZ) AMENDMENT NO. 3001

Mr. SPECTER (for himself and Mr. Heinz) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1123 of the matter proposed to be inserted, insert "or" after "agency," on line 2, delete lines 3, 4, 5, and 6, and change "(iii)" to "(ii)" on line 7.

HATFIELD AMENDMENT NO. 3002

Mr. HATFIELD proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

(a) The Congress acknowledges that the United States Department of Transportation has determined in its study in response to the mandate of section 513(g) of the Surface Transportation Assistance Act of 1982, that a preferable long term solution to the major equity concerns with the current tax structure for motor carriers would be a comprehensive change, specifically a weight-distance tax. Congress further acknowledges that the United States Department of Transportation 513(g) study has determined that a weight-distance tax "is the only tax instrument that addresses precisely the trucking industry's major criticism of the heavy vehicle use tax—that is, its insensitivity to mileage variation."

(b) The Secretary of Transportation shall enter into appropriate arrangements with the Transportation Research Board of the National Academy of Sciences to evaluate the feasibility and the ability of weight-distance truck taxes to provide the greatest degree of equity among highway users, to ease the cost of compliance for such taxes and to improve the efficiency by which these taxes might be administered. Such a study shall also include an evaluation of evasion potential for weight-distance taxes and an assessment of the benefits to interstate commerce of replacing all federal truck taxes except the fuel tax with a weight-distance tax.

(c) The Secretary of Transportation shall request the National Academy of Sciences to submit a report, including the identification of a mechanism to implement such a tax, to the Secretary and the Congress not later than 18 months after the date of enactment of this Section. The Secretary shall furnish to the Academy at its request, any information which the Academy deems necessary for the purpose of conducting such study.

SASSER (AND BAKER) AMENDMENT NO. 3003

Mr. SASSER (for himself and Mr. Baker) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 917 of the matter proposed to be inserted, between lines 16 and 17 insert the following new section:

Sec. . Alternate Valuation Date Election.—

(a) In general.—Section 2032(a) of the Internal Revenue Code of 1954 (relating to election of alternate valuation) is amended by adding the following:

"An election shall not be permitted pursuant to this section unless the tax shown on the first estate tax return filed is in excess of the amount of the estate tax credit provided by section 2010. Moreover, no election shall be permitted under this section unless the executor—

"(1) determines in good faith that the value of the gross estate as of the alternate valuation date (not including the value of any assets included in the gross estate for which a charitable deduction is allowed under sections 2055 or 2106(a)(2), or a marital deduction is allowed under section 2056) was less than the value of the gross estate (not including the value of any assets included in the gross estate for which a charitable deduction is allowed under section 2055 or 2106(a)(2), or a marital deduction is allowed under section 2056) as of the date of death, and

"(2) files a statement with the election which affirmatively states that the executor has so determined.".

(b) Section 2032(c) of the Internal Revenue Code of 1954 (relating to time of election of alternate valuation) is amended to read as follows:

Time of Election.—The election provided by this section shall be exercised by the executor on his return not later than the time such return is filed, except that no election shall be made under this section if the return is filed after the time prescribed by law (including extensions) for filing of the return, and

"(1) such return is filed more than 1 year after the time prescribed for filing (including extensions) of the return, or

"(2) one of the principal purposes of the late filing was in order to make the election.".

(c) Effective Date.—

(1) In general.—The amendment made by subsections (a) and (b) of this Act shall apply to estates of decedents dying after the date of enactment of this Act.

(2) Transitional rule.—

(A) In general.—In the case of an estate—

(i) of a decedent dying before the date of the enactment of this Act, and

(ii) with respect to which a return of the tax imposed by section 2001 was filed after the due date for filing (including extensions), the executor of such estate may make the election under section 2032 of the Internal Revenue Code of 1954 (and such election shall be treated as timely filed) if, had the decedent died after the date of enactment of this Act an election could have been made pursuant to the provisions of sections 2032 (a) and (c) of the Internal Revenue Code of 1954, and the executor files an irrevocable election (in such manner as the Secretary of the Treasury or his delegate prescribes) within 1 year after such date of enactment.

(B) Claims for credit or refund.—If credit or refund of the amount of any overpayment of estate tax or overpayment of income tax for any taxable year attributable to an election under this paragraph—

(i) is not prevented on the date of the enactment of this Act by the operation of any law or rule of law, but

(ii) is so prevented (other than by operation of chapter 74 of the Internal Revenue Code of 1954, relating to close agreements and compromises) at any time before the expiration of the 2-year period beginning on such date,

credit or refund of such overpayment may be allowed or made if claim therefor is filed before the expiration of such 2-year period.

(C) Period for assessing deficiencies.—The statutory period for the assessment of any deficiency in estate tax or in income tax against any person for any taxable year which is attributable to an election under this paragraph shall not expire before the last day of the 2-year period beginning on the date of the enactment of this Act.

CRANSTON (AND OTHERS) AMENDMENT NO. 3004

Mr. CRANSTON (for himself, Mr. Riegle, Mr. Sasser, Mr. Dodd, and Mrs. Hawkins) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

At the appropriate place, page 133, after line 14

(j) Special Rule in the Case of Low-Income Housing.—

(1) In general.—Section 1274 of the Internal Revenue Code of 1954 (relating to treatment of bonds and other debt instruments as added by this subtitle) shall not apply to any qualified indebtedness of the taxpayer.

(2) Qualified indebtedness defined.—For purpose of this subsection, the term "qualified indebtedness" means any indebtedness of the taxpayer owed to the transferor (or a related person) which is incurred in connection with the transfer to such taxpayer of low-income housing or, in the aggregate, 90 percent or more of the capital interest, or the profits interest, of a partnership owning low-income housing where the indebtedness and interest thereon meet the requirements contained in paragraph (3) and the transfer of the low-income housing or such partnership interests meets the following requirements:

(A) The United States Department of Housing and Urban Development, the United States Farmers Home Administration, or a State or local housing authority has approved the transfer pursuant to laws, regulations or procedures governing the transfer of physical assets.

(B) Within 24 months after such transfer, (i) the new owner of the low income housing has made all improvements and met all financial requirements called for by the United States Department of Housing and Urban Development, the United States Farmers Home Administration, or the State or local agency as a condition of such approval, and (ii) the low income housing meets the housing quality standards prescribed by the Department of Housing and Urban Development for existing housing under section 8 of the United States Housing Act of 1937.

(C) The low-income housing or such partnership interests have been owned by the transferor for at least twelve months, or were acquired by the taxpayer pursuant to a purchase, assignment or other transfer from the United States Department of Housing and Urban Development, the United States Farmers Home Administration or any State or local housing authority.

(3) Other requirements.—Interest on qualified indebtedness shall not be deductible to the extent that—if

(A) Such interest exceeds two percentage points above the annual rate established under section 6621 (interest on underpayments of tax) at the time of the transfer;

(B) Such interest accrues for a period of longer than fifteen years and six months;

(C) The interest on which is not exempt from Federal income tax; and

(D) The indebtedness is not wraparound indebtedness.

(4) Recapture of interest deduction.—If, at the end of the period described in paragraphs (2)(B), all or any portion of the accrued interest on the qualified indebtedness is not paid by the taxpayer, then gain shall be recognized to the taxpayer to the extent of the lesser of—

(A) the amount of all prior interest deductions taken on such qualified indebtedness, or

(B) the amount of such accrued interest which is not paid by the taxpayer.

Such gain shall be treated as ordinary income.

(5) Definition of low-income housing.—For purposes of this subsection, low-income housing means property described in clause (i), (ii), (iii) or (iv) of section 1250(a)(1)(B) and which is to a qualified housing project (as defined in section 1039(b)(i).

(6) Period of applicability.—The provisions of this subsection shall apply only to qualified indebtedness which is—(i) incurred on or before December 31, 1985, or (ii) incurred pursuant to a contract which was binding on December 31, 1985, and at all times thereafter, and the transfer occurs before July 1, —.

MURKOWSKI (AND STEVENS) AMENDMENT NO. 3005

Mr. MURKOWSKI (for himself and Mr. Stevens) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 899, after line 20, insert the following:

SEC. 722. LOCAL FURNISHING OF ELECTRICITY OR GAS.

For the purpose of Section 103(b)(4)(E), facilities for the local furnishing of electric energy also shall include a facility that is part of a system providing service to the general populace

(i) if the facility was initially authorized by the Federal government in 1962;

(ii) if the facility receives financing of at least 25 percent by an exempt person;

(iii) if the electric energy generated by the facility is purchased by an electric cooperative qualified as a rural electric borrower under 7 U.S.C. section 901 et. seq. and if;

(iv) the facility is located in a non-contiguous State.

BRADLEY (AND OTHERS) AMENDMENT NO. 3006

Mr. BRADLEY (for himself, Mr. Grassley, and Mr. Randolph) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

AMENDMENT—SUBSIDIARY DIVIDENDS

On page 549, after line 16, add the following subparagraph:

"(E) Exception to 100 Percent Dividend Limitation.—

"(i) Qualifying dividends.—Notwithstanding the last sentence of subparagraph (C), the term '100 percent dividend' includes a dividend distributed by—

"(I) a life insurance company, if such company and all other life insurance companies which are members of the same controlled group compute the company's share of dividends (other than 100-percent dividends) received and of tax-exempt interest as if such company and all such other companies were one life insurance company;

"(II) an insurance company other than a life insurance company or a reinsurance company, to the extent that the surplus of such company is not greater than 30 percent of the value of its assets and that the value of the tax-advantaged investments of such company is not greater than 60 percent of the value of its assets; and

"(III) a reinsurance company, only if, and to the extent authorized by, regulations prescribed by the Secretary.

"(ii) Overall limitation.—Subdivisions (II) and (III) of subdivision (i) shall not apply to the extent that the value of the investments of the life insurance company that receives the dividend in companies or corporations described in such subdivisions exceeds the statutory surplus of such life insurance company.

"(iii) Special limitations.—For purposes of subdivision (II) of subdivision (i),—

"(I) the assets of a company shall be reduced by an amount equal to the reserves ceded to such company under reinsurance agreements entered into after December 31, 1963;

"(II) in determining the surplus to assets percentage, the assets of a company shall be reduced by an amount equal to the reserves attributable to risks reinsured by another company; and

"(III) the assets of a company shall not include assets attributable to life insurance reserves held by such company.

"(iv) Regulations.—Subdivision (i) shall not apply to a dividend to the extent provided in regulations prescribed by the Secretary which are necessary or appropriate to prevent the avoidance of Federal income taxes.

"(v) Definitions.—For purposes of this subparagraph—

"(I) a 'reinsurance company' is an insurance company whose reserves relating to reinsurance agreements exceed 80 percent of the total reserves of such company, and

"(II) the term 'tax-advantaged investments' means obligations to which section 103(a) applies and stock in a corporation that is not a member of the same affiliated group as the owner of such stock."

"(vi) Statement gain from operations adjustment.—The statement gain or loss from operations (defined in section 809 (g)(1)) shall not include dividends in excess of post-1983 earnings and profits paid from any company that qualifies for an exception under this subparagraph.

"(vii) Termination.—This subparagraph shall not apply to taxable years beginning after December 31, 1986."

BOSCHWITZ (AND OTHERS) AMENDMENT NO. 3007

Mr. BOSCHWITZ (for himself, Mr. Dixon, Mr. Percy, Mr. Heflin, Mr. Warner, Mr. Mattingly, Mrs. Hawkins, Mr. Kasten, Mr. Exon, Mr. Riegle, Mr. Melcher, Mr. Grassley, Mr. Rudman, Mr. Wilson, Mr. Boren, Mr. Abdnor, Mr. Specter, Mr. D'Amato, Mr. Simpson, Mr. Andrews, Mr. Roth, Mr. Cochran, and Mr. Nickles) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

(1) On page 468, beginning with line 13, strike out all through page 475, line 19, and insert in lieu thereof the following:

Subtitle I—Depreciation

SEC. 171. RECOVERY PERIOD FOR MOST REAL PROPERTY EXTENDED TO 18 YEARS.

(a) In General.—Subsection (b) of section 168 (relating to amount of deduction) is amended by adding at the end thereof the following new paragraph:

"(4) 18-year real property.—

"(A) In general.—In the case of 18-year real property, the applicable percentage shall be determined in accordance with tables prescribed by the Secretary. In prescribing such tables, the Secretary shall—

"(i) assign a 18-year recovery period 19 years for property placed in service by the taxpayer before January 1, 1986 and after December 31, 1984, and 20 years for property placed in service by the taxpayers before January 1, 1985, and after March 15, 1984 to the property, and

"(ii) assign percentages generally determined in accordance with use of the 175 percent declining balance method, switching to the method described in section 167(b)(1) at a time to maximize the deduction allowable under subsection (a).

In the case of 18-year real property, the applicable percentage in the taxable year in which the property is placed in service shall be determined on the basis of the number of months in such year during which the property was in service.

"(B) Special Rule for year of disposition.—In the case of a disposition of 18-year real property, the deduction allowable under subsection (a) for the taxable year in which the disposition occurs shall reflect only the months during such year the property was in service.".

(b) Low Income Housing.—Subparagraph (A) of section 168 (b)(2) (relating to 15-year real property) is amended—

(1) by striking out "175 percent declining balance method (200 percent declining balance method in the case of low income housing)" and inserting in lieu thereof "200 percent declining balance method", and

(2) by striking out the last sentence thereof.

(c) Definitions.—Paragraph (2) of section 108(c) (relating to recovery property) is amended—

(1) by redesignating subparagraph (F) as subparagraph (G),

(2) by inserting the following new subparagraph after subparagraph (E):

"(F) 18-year real property.—The term '18-year real property' means section 1250 class property which—

"(i) does not have a present class life of 12.5 years or less, and

"(ii) is not 15-year real property,", and

(3) by striking out subparagraph (D) and inserting in lieu thereof the following:

"(D) 15-year real property.—The term '15-year property' means section 1250 class property which—

"(i) does not have a present class life of 12.5 years or less, and

"(ii) is low-income housing.

For purposes of the preceding sentence, the term 'low-income housing' means property described in clause (i), (ii), (iii), or (iv) of section 1250(a)(1)(B).".

(d) Transitional Rule for Components.—Subparagraph (B) of section 168(f)(1) is amended to read as follows:

"(B) Transitional rules.—

"(i) Buildings placed in service before 1981.—In the case of any building placed in service by the taxpayer before January 1, 1981, for purposes of applying subparagraph (A) to components of such buildings placed in service after December 31, 1980, and before March 16, 1984, the deduction allowable under subsection (a) with respect to such components shall be computed in the same manner as the deduction allowable with respect to the first such component placed in service after December 31, 1980. For purposes of the preceding sentence, the method of computing the deduction allowable with respect to such first component shall be determined as if it were a separate building.

"(ii) Buildings placed in service before March 16, 1984.—In the case of any building placed in service by the taxpayer before March 16, 1984, for purposes of applying subparagraph (A) to components of such buildings placed in service after March 15, 1984, the deduction allowable under subsection (a) with respect to such components shall be computed in the same manner as the deduction allowable with respect to the first such component placed in service after March 15, 1984. For purposes of the preceding sentence the method of computing the deduction allowable with respect to such first component shall be determined as if it were a separate building.".

(e) Conforming Amendments.—

(1) Subsections (b)(3)(B)(iii), (f)(2)(B), (f)(2)(C)(ii)(II), (f)(2)(E), and (f)(5) of section 168 are each amended by inserting "or 18-year real property" after "15-year real property" each place it appears.

(2) Clause (ii) of section 168(b)(3)(B) is amended by inserting "or 18-year real property," after "15-year real property".

(3) Subparagraph (B) of section 168(d)(2) is amended by inserting ", or 18-year real property," after "15-year real property".

(4) Clause (i) of section 168(i)(2)(C) (relating to recovery period for property used outside United States) is amended by inserting the following item after the item relating to 15-year real property in the table:

"18-year real property..... 35 or 45 years.".

(5) Sections 57(a)(12)(A), 312(k)(8)(A), and 1245(a)(5) are each amended by inserting "or 18-year real property" after "15-year real property" each place it appears in the text and headings.

(6) Subparagraph (B) of section 57(a)(12) (relating to items of tax preference) is amended to read as follows:

"(B) 15-year real property; 18-year real property.—With respect to each recovery property which is 15-year real property or 18-year real property, the amount (if any) by which the deduction allowed under section 168(a) for the taxable year exceeds the deduction which would have been allowable for the taxable year had the property been depreciated using the straight-line method (without regard to salvage value) over a recovery period of—

"(i) 15 years in the case of 15-year real property, and

"(ii) 18 years (19 years for property placed in service by the taxpayer before January 1, 1986, and after December 31, 1984, and 20 years for property placed in service by the taxpayer before January 1, 1985, and after March 15, 1984) in the case of 18-year real property.".

(7) Subparagraph (E) of section 57(a)(12) is amended by inserting "'18-year real property'," after "'15-year real property',".

(8) Paragraph (2) of section 48(g) (relating to qualified rehabilitation expenditure) is amended—

(A) by striking out "property" each place it appears in subparagraph (A)(i) and inserting in lieu thereof "real property".

(B) by inserting "or 18" after "15" in subparagraph (A)(i), and

(C) by striking out "15 years" in subparagraph (B)(v) and inserting in lieu thereof "18 years (15 years in the case of 15-year real property)".

(D) Subparagraph (A) of section 168(b)(3) (relating to election of different recovery percentage) is amended—

(A) by striking out "under paragraphs (1) and (2)" and inserting in lieu thereof "under paragraph (1), (2), or (4)", and

(B) by inserting after the item in the table relating to 15-year real property the following new item:

18-year real property.......	18 (19 in the case of property placed in service by the taxpayer before January 1, 1986, and after December 31, 1984, and 20 in the case of property placed in service by the taxpayer before January 1, 1985, and after March 15, 1984), 35, or 45 years.

(f) Basis Adjustment for Certified Historic Structures.—Section 48(q)(3) (relating to special rule for basis adjustment for qualified rehabilitated buildings) is amended by striking out "other than a certified historic structure."

(g) Reduction in Rehabilitation Percentage.—Section 48(a)(2)(F)(i) (defining rehabilitation percentage) is amended by striking out all items in the table under the heading "The rehabilitation percentage is:" and inserting in lieu thereof:

"10
15
25".

(h) Effective date.

(1) In general.—Except as otherwise provided in this subsection, the amendments made by this section shall apply with respect to property placed in service by the taxpayer after March 15, 1984.

(2) Exception.—The amendments made by this section shall not apply to property placed in service by the taxpayer before January 1, 1987, if—

(A) the taxpayer or a qualified person entered into a binding contract to purchase or construct such property before March 16, 1984, or

(B) construction of such property was commenced by or for the taxpayer or a qualified person before March 16, 1984.

For purposes of this paragraph, the term "qualified person" means any person who transfers his rights in such a contract or such property to the taxpayer, but only if such property is not placed in service by such person before such rights are transferred to the taxpayer.

(2) On page 476, line 2 and line 8, strike the word "real". This amendment shall be effective with respect to disposition after April 12, 1984 except for dispositions pursuant to contracts binding on April 12, 1984

TOWER AMENDMENT NO. 3008

Mr. TOWER proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

At the appropriate place insert:

That section 1034(h) of the Internal Revenue Code of 1954 (26 U.S.C. 1034(h) is amended to read as follows:

"(h) Members of Armed Forces.—

"(1) In general.—The running of any period of time specified in subsection (a) or (c) (other than the 2 years referred to in subsection (c)(4)) shall be suspended during any time that the taxpayer (or his spouse if the old residence and the new residence are each used by the taxpayer and his spouse as their principal residence) serves on extended active duty with the Armed Forces of the United States after the date of the sale of the old residence, except that any such period of time as so suspended shall not extend beyond the date 4 years after the date of the sale of the old residence.

"(2) Members stationed outside the United States or required to reside in government quarters.—In the case of any taxpayer who, during any period of time the running of which is suspended by paragraph (1)—

"(A) is stationed outside of the United States, or

"(B) after returning from a term of duty outside of the United States and pursuant to a determination by the Secretary of the Department of Defense that adequate off-base housing is not available at a remote base-site is required to reside in on-base Government quarters

any such period of time as so suspended shall not expire before the later of the date provided for in paragraph (1) or the date 1 year after the date on which the taxpayer is no longer stationed outside of the United States or is no longer required to reside in such on-base quarters, described in subparagraph B as the case may be in either case (which period of time as so suspended shall not exceed 8 years).

"(3) Extended active duty defined.—For purposes of this subsection, the term 'extended active duty' means any period of active duty pursuant to a call or order to such duty for a period of 90 days or for an indefinite period.".

SEC. 2. EFFECTIVE DATE.

The amendments made by this Act shall apply to sales of old residences (within the meaning of section 1034 of the Internal Revenue Code of 1954) after date of enactment.

BAKER AMENDMENT NO. 3009

Mr. BAKER proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

At the appropriate place add the following:

SEC. 817. INCREASED PAYMENTS FOR PRESIDENTIAL NOMINATING CONVENTIONS.

(a) In General.—Paragraph (1) of section 9008(b) (relating to major parties) is amended by striking out "$3,000,000" and inserting in lieu thereof "$4,000,000".

(b) Technical Amendments.—Paragraph (5) of section 9008(b) (relating to adjustment of entitlements) is amended—

(1) by striking out "section 320(b) and section 320(d)" and inserting in lieu thereof "section 315(b) and section 315(d)"; and

(2) by striking out "section 320(c)" and inserting in lieu thereof "section 315(c)".

(c) Effective Date.—The amendments made by this section shall take effect on January 1, 1984.

PRYOR (AND OTHERS) AMENDMENT NO. 3010

Mr. PRYOR (for himself, Mr. Randolph, and Mr. Domenici) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

At the appropriate place in the amendment add the following new section:

"Section :

(a) Section 513 of the Internal Revenue Code of 1954 (relating to unrelated trade or business) is amended by adding at the end thereof the following new subsection:

(h) Exchanges and Rentals of Names From Donor Lists for Membership Lists.—

(1) General rule.—In the case of an organization that is a private corporation established under federal law, the term "trade or business" does not include any trade or business of such organization which consists of exchanging with or renting to an organization described in Section 501 contributions to which are deductible under Section 170, the names and addresses of donors to, or members of, either organization.

(2) Definition.—For purposes of this subsection, the term 'private corporation established under Federal law' means an organization which is subject to sections 2 and 3 of the Act of August 30, 1964 (36 U.S.C. 1102, 1103)."

(b) The amendment made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

DOLE (AND OTHERS) AMENDMENT NO. 3011

Mr. DOLE (for himself, Mr. Durenberger, Mr. Exon, Mr. Boren, Mr. Domenici, Mr. Percy, Mr. Abdnor, Mr. Danforth, Mr. Grassley, and Mr. Jepsen) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 820, line 3, strike out "Sec. 603." and insert in lieu thereof "Sec. 602.".

On page 821, line 17, strike out "10,000 pounds" and insert in lieu thereof "8,000 pounds".

On page 822, between lines 5 and 6, insert the following new subsection:

(c) Special Rule for Certain Buses.—Subsection (b) of section 6427 (relating to fuels not used for taxable purposes) is amended—

(1) by striking out "paragraph (2)" in paragraph (1) and inserting in lieu thereof "paragraphs (2) and (3)", and

(2) by adding at the end thereof the following new paragraph:

"(3) Special rule for certain buses.—In the case of any automobile bus operated by or for any person other than a unit of State or local government, paragraph (1) shall apply only with respect to the rate at which the tax was imposed by subsection (a) of section 4041 prior to July 1, 1984.

On page 822, line 6, strike out "(c)" and insert in lieu thereof "(d)".

On page 824, line 8, strike out "(d)" and insert in lieu thereof "(e)".

On page 826, line 10, strike out "9 cents" and insert in lieu thereof "8.25 cents".

On page 826, line 12, strike out "3 cents" and insert in lieu thereof "2.25 cents".

On page 826, line 19, strike out "3 cents" and insert in lieu thereof "2.25 cents".

On page 826, line 21, strike out "6 cents" and insert in lieu thereof "6.75 cents".

On page 826, line 26, strike out "60 cents" and insert in lieu thereof "67.5 cents".

On page 827, line 2, strike out "45 cents" and insert in lieu thereof "50.6 cents".

On page 827, line 6, strike out "6 cents" and insert in lieu thereof "6.75 cents".

On page 827, line 10, strike out "60 cents" and insert in lieu thereof "67.5 cents".

On page 827, between lines 15 and 16, insert the following new subsections:

(g) Floor Stocks Refunds.—

(1) In general.—Where, before July 1, 1984, any increased-exemption article has been sold by the manufacturer, producer, or importer and on such day is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the excess tax paid by such manufacturer, producer, or importer on his sale of the article if—

(A) claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before December 1, 1984, based on a request submitted to the manufacturer, producer, or importer before September 1, 1984, by the dealer who held the article in respect of which the credit or refund is claimed, and

(B) on or before December 1, 1984, reimbursement has been made to the dealer by the manufacturer, producer, or importer in an amount equal to the excess tax paid on the article or written consent has been obtained from the dealer to allowance of the credit or refund.

(2) Elimination of eligibility for credit or refund.—No manufacturer, producer, or importer shall be entitled to credit or refund under paragraph (1) unless he has in his possession such evidence of the inventories with respect to which the credit or refund is claimed as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection.

(3) Other laws applicable.—All provisions of law, including penalties, applicable with respect to the tax imposed by section 4081 shall, insofar as applicable and not inconsistent with paragraphs (1) and (2) of this subsection, apply in respect of the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayments of the tax.

(4) SPECIAL RULES.—For purposes of this subsection—

(A) the term "dealer" includes a wholesaler, jobber, distributor or retailer.

(B) An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made) and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(C) The term "increased-exemption article" means any gallon of article on which a tax of 4 cents was imposed by section 4081 as in effect on June 30, 1984, and on which a tax of 1.75 cents was imposed by section 4081 as in effect on July 1, 1984.

(D) Except as otherwise expressly provided herein, any reference in this subsection to a section or other provision shall be treated as a reference to as section or other provision of the Internal Revenue Code of 1954.

(h) TRANSFER OF FLOOR STOCKS REFUNDS FROM HIGHWAY TRUST FUND.—The Secretary of the Treasury shall pay from time to time from the Highway Trust Fund into the general fund of the Treasury amount equivalent to the floor stocks made under this section.

On page 827, line 16, strike out "(g)" and insert in lieu thereof "(i)".

On page 831, line 8, strike out "SEC. 622." and insert in lieu thereof "SEC. 621.".

OPERATION OF GENERALIZED SYSTEM OF PREFERENCES

DANFORTH (AND MATHIAS) AMENDMENT NO. 3012

(Ordered to be referred to the Committee on Finance.)

Mr. DANFORTH (for himself and Mr. MATHIAS) submitted an amendment intended to be proposed by him to the bill (S. 1718) to amend the Trade Act of 1974 to renew the authority for the operation of the Generalized System of Preferences, and for other purposes; as follows:

Page 6, lines 10-14, strike out paragraph (B) and substitute therefore the following:

" '(B) In making any determination under subparagraph (A), the President shall give great weight to:

'(i) the extent to which the beneficiary developing country has assured the United States that such country will provide equitable and reasonable access to its markets; and

'(ii) the extent to which such country provides under its law adequate and effective means for foreign nationals to secure, exercise and enforce exclusive rights in intellectual property, including patent, trademark and copyright rights.".

Page 8, after line 12, add the following:

"SEC. 5. AMENDMENTS RELATING TO THE PROVISION OF ADEQUATE AND EFFECTIVE PROTECTION FOR INTELLECTUAL PROPERTY

"(a) Subsection (b) of section 502 of the Trade Act of 1974 (19 U.S.C. 2462) is amended

(1) by striking out 'and' at the end of subsection (b)(6);

(2) by striking out the period at the end of subsection (b)(7) and inserting in lieu thereof '; and ';

(3) by adding at the end of subsection (b)(7) the following:

'(8) if such country fails to provide under its law adequate and effective means for foreign nationals to secure, exercise and enforce exclusive rights in intellectural property, including patent, trademark and copyright rights, unless the President determines that such country is taking appropriate steps to provide such means. This paragraph shall not apply to a country for which the President determines that the lack of protection of rights in intellectual property will have no material, adverse effect on any United States citizen or corporation, partnership or association.'; and

(4) by amending the last paragraph of subsection (b) by striking out 'Paragraphs (4), (5), (6) and (7)' and inserting in lieu thereof 'Paragraphs (4), (5), (6), (7) and (8)'.

"(b) Subsection (c) of section 502 of the Trade Act of 1974 (19 U.S.C. 2462) is amended

(1) by striking out 'and' at the end of subsection 502(c)(3);

(2) by striking out the period at the end of subsection (c)(4) and inserting in lieu thereof '; and '; and

(3) by adding at the end of subsection (c)(4) the following:

'(5) the extent to which such country is providing under its law adequate and effective means for foreign nationals to secure, exercise and enforce exclusive rights in intellectual property, including patent, trademark and copyright rights.'.

"SEC. 6. AMENDMENTS RELATING TO NEW REPORTING REQUIREMENTS.

"Subsection (b) of section 504 of the Trade Act of 1974 (19 U.S.C. 2464) is amended by adding the following: 'Within two and one half years of the date of enactment of the Generalized System of Preferences Renewal Act of 1983, the President shall submit to Congress a report on his determinations with respect to the compliance of eligible countries with such factors in section 502(b) that were first prescribed in the Generalized System of Preferences Renewal Act of 1983. With respect to any country that the President has determined is taking steps to satisfy the requirements of section 502(b)(8), the President shall, not later than four years from the date of enactment of the Generalized System of Preferences Renewal Act of 1983, report to Congress on the extent to which such steps have been taken.'."

● Mr. DANFORTH. Mr. President, today I am pleased to be able to submit an amendment to the GSP Renewal Act of 1983 which will condition GSP benefits on adequate protection of intellectual property rights by developing country beneficiaries.

The magnitude of the problem of international piracy and counterfeiting of American intellectual property rights cannot be understated. At issue is a matter of thievery—the theft of ideas, of investments, of export opportunities, and more.

A recent study by the International Trade Commission estimated that in 1982 trademark counterfeiting alone cost our economy between $6 and $8 billion in sales and 131,000 jobs. Many of us are aware of counterfeiting problems involving consumer products such as jeans, watches, sporting goods, toys, and the like. Less evident, however, has been the increased counterfeiting of advanced technology items such as computers, and sophisticated chemicals. More alarming, still, are accounts of bogus aircraft parts, drugs and auto parts that raise serious health and safety questions.

For producers of all original products, of course, the imitations cause lost sales, loss of consumer confidence, and disincentives to investment in the research and development necessary to produce competitive products. As chairman of the Senate Subcommittee on International Trade, I am particularly concerned about the implications of commercial counterfeiting for American competitiveness, exports, and export-related jobs.

The problem of protecting American intellectual property rights abroad has already reached intolerable proportions and is getting worse. Many developing nations provide no protection whatsoever for our intellectual property rights—thereby encouraging the wholesale theft of products ranging from computers to agricultural chemicals. Even in countries where some legal rights are provided, the protection is so limited or the laws are so poorly enforced as to be effectively nonexistent.

These problems were first brought to the attention of the Trade Subcommittee in 1982 during hearings on the trade reciprocity bill. As a result, that legislation—now awaiting action on the Senate floor—provides for the use of our unfair trade practice laws to obtain relief from violations of intellectual property rights. Specifically, the International Trade and Investment Act (title III of H.R. 3398) would, for the first time, make such violations explicitly actionable under section 301 of the Trade Act of 1974 which allows for trade retaliation against foreign barriers to U.S. exports.

The property rights provision of the reciprocity bill is an important first step. Already a number of our trading partners are sitting up to take notice for the first time and there is some evidence that improvements are in the works. But many of these countries have a long way to go.

Therefore, today I am introducing an amendment to S. 1718, legislation that would reauthorize the generalized system of preferences program. My amendment will, for the first time, condition the receipt of GSP benefits on adequate and effective protection of American intellectual property rights.

That many of the countries with the worst records for piracy and counterfeiting are among the principal beneficiaries of the GSP program is no coincidence—but this is a major problem that requires strong medicine. No country that benefits from duty-free access to the U.S. market for many of its exports should be allowed to overlook the theft of the products and profits of American ingenuity, research and marketing.

The United States cannot, and will not, tolerate the wholesale piracy and counterfeiting of American merchandise.

Mr. President, I ask unanimous consent that a detailed explanation of the amendments, be printed in the Record.

There being no objection, the explanation was ordered to be printed in the Record, as follows:

EXPLANATION OF INTELLECTUAL PROPERTY AMENDMENTS TO S. 1718

1. Section 502(b) of the Trade Act of 1974, 19 U.S.C. § 2462(b), is amended by adding a new paragraph (8) as follows:

(8) if such country fails to provide under its law adequate and effective means for foreign nationals to secure, exercise and enforce exclusive rights in intellectual property, including patent, trademark and copyright rights, unless the President determines that such country is taking appropriate steps to provide such means. This paragraph shall not apply to a country for which the President determines that the lack of protection of rights in intellectual property will have no material, adverse effect on any United States citizen or corporation, partnership or association (New language in italics)

EXPLANATION

This paragraph provides that the President must deny GSP beneficiary status to a country whose system of laws fails to provide adequate and effective protection of the rights of United States nationals intellectual property, including, but not limited to, patent, trademark and copyright rights and such related rights as trade dress. Under current law—paragraph b(4)—a country cannot be designated where it has "expropriated . . . property" of a U.S. national without providing for compensation. Since this criteria could be interpreted to be directed only at takings of tangible property, paragraph (b)(8) would extend this principle both to takings and protection of intangible property. The amendment would also parallel paragraph (b)(4) in permitting the President, in effect, to waive the requirement if he determines that such country was actively taking steps to provide the requisite protection of intellectual property rights. The language of the first clause of the amendment is the same as that which now appears in the Caribbean Basin Economic Recovery Act.

To determine whether a nation provides "adequate and effective means," the President should consider the extent of statutory protection for intellectual property (including the scope and duration of such protection), the remedy or remedies available to aggrieved parties, the willingness and ability of the government to enforce intellectual property rights on behalf of foreign nationals, the ability of foreign nationals effectively to enforce their intellectual property rights on their own behalf, and whether the country's system of law imposes formalities or similar requirements that, in practice, are an obstacle to meaningful protection. The term "foreign nationals" is intended to refer to U.S. nationals and nationals of other countries with whom U.S. nationals have a contractual or similar relationship with respect to the sale or licensing of intellectual property, e.g., a non-U.S. licensee of the rights owned by a U.S. national.

It is recognized that the new paragraph (8) does not provide a single, objective test for determining whether the law of a foreign country provides adequate and effective protection for intellectual property, because this is not a standard susceptible to such a simplistic test. It is anticipated, however, that the President will consult with appropriate parties, including the U.S. Copyright Office and the Patent & Trademark Office, to fashion a set of criteria to be applied consistently and objectively.

In recognition of the fact that some developing countries are so small in population or so underdeveloped that they make little use of intellectual property as producers or consumers, this paragraph does not apply to countries where there is no material adverse effect on U.S. citizens from the failure of that country to recognize intellectual property rights. As such countries develop over time, however, the interests of U.S. citizens may become material, and this criterion would then become applicable.

2. The last paragraph of Section 502(b) is amended to provide:

Paragraphs (4), (5), (6), (7) *and (8)* shall not prevent the designation of any country as a beneficiary developing country under this section if the President determines that such designation will be in the national economic interest of the United States and reports such determination to the Congress with his reasons therefor. (New language in italics)

EXPLANATION

Consistent with the treatment of paragraphs (4)-(7) of the existing law, this paragraph allows the President to waive the provisions of proposed paragraph (8) if the national economic interests of the United States so require.

3. Section 502(c) of the Trade Act of 1974, 19 U.S.C. § 2462(c), is amended to include a new paragraph (5) as follows:

(5) the extent to which such country is providing under its law adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive rights in intellectual property, including patent, trademark and copyright rights. (New language in italics)

EXPLANATION

Under the mandatory criteria in Section 502(b)(8), the President would be required to deny beneficiary status to any country whose system of law did not meet the basic criteria for protection under that section. In Section 502(c), however, the President would be able, in the exercise of his discretion, to hold any country to a higher standard of protection generally and to condition GSP benefits for individual articles upon levels or types of protection which are greater than those required for designation under the mandatory criteria. Thus, a country whose practices with respect to the protection of intellectual property are particularly injurious to U.S. nationals would be required to increase protection even beyond that required in the mandatory provision. Also, in making the various determinations required in Section 504 of the Act, as amended by this bill, the President would expect, for example, a higher level of protection or enforcement of intellectual property rights where the country wished to obtain a reduction in the level of, or waiver of, the competitive need requirements under the new Sections 504(c)(2) and (3), or to obtain redesignation under the new Section 504(c)(4). Exercise of the President's discretionary authority in this manner would be particularly appropriate where the protection afforded by any country is only just sufficient to meet the mandatory criteria, and the country seeks the additional benefits provided for in Section 504.

4. Subsection (b) of Section 504 of the Trade Act of 1974 (19 U.S.C. §2464(b)) is amended to read as follows:

(b) The President shall, after complying with the requirements of section 502(a) (2), withdraw or suspend the designation of any country as a beneficiary developing country if, after such designation, he determines that as the result of changed circumstances such country would be barred from designation as a beneficiary developing country under section 502(b). Such country shall cease to be a beneficiary developing country on the day on which the President issues an Executive Order revoking his designation of such country under section 502. *Within two and one half years of the date of enactment of the Generalized System of Preferences Renewal Act of 1983, the President shall submit to Congress a report on his determinations with respect to the compliance of eligible counties with such factors in section 502(b) that were first prescribed in the Generalized System of Preferences Renewal Act of 1983. With respect to any country that the President has determined is taking steps to satisfy the requirements of section 502(b) (8), the President shall, not later than four years from the date of enactment of the Generalized System of Preferences Renewal Act of 1983, report to Congress on the extent to which such steps have been taken.* (New language in italics)

EXPLANATION

This amendment would require the President to undertake a full review of the compliance of designated beneficiary developing countries with the requirements of the new mandatory criterion in Section 502(b). This review would be conducted during the two and one half year period following the enactment date of the GSP Renewal Act and would require the President to determine whether those countries subject to the new criterion were in compliance. With respect to some of these countries, it is anticipated that the President's determination would be based upon the active steps being taken by that country to bring its laws and practices into line with the "adequate and effective" protection standard specified in section 502(b)(8). Thus, for those countries which satisfied the new criterion only by virtue of the steps they were providing to protect intellectual property, the President would be required, eighteen months after the initial report to Congress, to report again on whether the country had in fact taken the steps upon which the earlier Presidential determination was based.

If the President determined, however, that a particular country was not providing adequate and effective protection of intellectual property or was not taking active steps to provide such protection, he would be expected to withdraw or suspend such designation. For these purposes, in view of the addition of a new criterion to section 502(b), non-compliance is to be deemed a "changed circumstance" as specified in the first sentence of section 504(b).

5. Section 504(c)(3)(B) of the Trade Act of 1974, 19 U.S.C. § 2464(c)(3)(B) (as proposed in S. 1718) is amended to read as follows:

(B) In making any determination under subparagraph (A), the President shall give great weight to:

(i) the extent to which the beneficiary developing country has assure the United States that such country will provide equitable and reasonable access to its markets; and

(iii) the extent to which such country provides under its law adequate and effective means for foreign nationals to secure, exercise and enforce exclusive rights in intellectual property, including patent, trademark and copyright rights. (New language in italics)

EXPLANATION

This paragraph reflects the clear intent of the Congress that the extent to which the developing country affords protection for the intellectual property rights of foreign nationals shall be a key factor in the President's decision to waive the application of the Act's "competitive need" provisions.●

FEDERAL BOAT SAFETY ACT AMENDMENTS

LEVIN (AND RIEGLE) AMENDMENT NO. 3013

Mr. LEVIN (for himself and Mr. Riegle) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 1196, line 18, add the following new section:

"SEC. . DEDUCTION FOR TWO-EARNER COUPLES.

(a) Deduction.—At the end of (a)(2) of section 221 of the Internal Revenue Code (relating to a deduction for two earner couples), add the following new sentence: 'In the case of taxable years beginning after December 31, 1984, 10.5 percent shall be substituted for 10 percent.'

SEC.—. ESTATE AND GIFT TAXES RATES—MAXIMUM RATE.

(a) General Rule.—Paragraph (1) of section 2001(c) of the Internal Revenue Code (relating to rate schedule) is amended by striking out the last item in the table and inserting in lieu thereof:

"Over $2,500,000 but not over $3,000,000.	$1,025,000, plus 53 percent of the excess over $2,500,000.
Over $3,000,000 but not over $3,500,000.	$1,290,000, plus 59 percent of the excess over $3,000,000.
Over $3,500,000................	$1,575,000, plus 60 percent of the excess over $3,500,000.".

(b) Conforming Amendment.—Paragraph (2) of section 2001 (c) (relating to phase-in of 50 percent maximum rate) is amended—

(1) by striking out "50 percent" in the heading and inserting in lieu thereof "60 percent",

(2) by striking out "1985" in subparagraph (a) and inserting in lieu thereof "1983", and

(3) by striking out subparagraphs (C) and (D).

(c) Effective Date.—The amendments made by this section shall apply to the estates of decedents dying after, and gifts made after, December 31, 1983.

DOMENICI (AND BINGAMAN) AMENDMENT NO. 3014

Mr. DOMENICI (for himself and Mr. Bingaman) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

Page 356, line 23 after the words "and any affiliate" insert the following "(excluding Sandia Corporation of Albuquerque, New Mexico)"

WILSON AMENDMENT NO. 3015

Mr. WILSON proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

Page 482, beginning at line 3, strike out "which the" and all that follows through the end of line 6, and insert in lieu thereof the following: "placed in services prior to December 31, 1984 and for which at least 20 percent of the costs of production have been expanded prior to March 16, 1984 and for which ACRS was claimed.

DOLE AMENDMENT NO. 3016

Mr. DOLE proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 51, in the item relating to City Hall/Public Auditorium, strike out "Study begun, $375,000 spent" and insert in lieu thereof "Feasibility study completed".

On page 53, in the item relating to Clemson University Institute of Government and Public Affairs, strike out "Clemson University Institute of Government and Public Affairs" and insert in lieu thereof "Center for Excellence in Government and Public Service at Clemson University".

On page 54, in the matter preceding line 1, strike out "Southern" in the item relating to "Martin Luther King Civic Center and Center Street and Southern Gate Parking Garages" and insert in lieu thereof "Sather".

On page 164, line 13, strike out "Disc and".

On page 164, beginning with line 16, strike out all through page 165, line 4, and insert in lieu thereof the following:

"(4) Certain deferred FSC income.—If a corporation is a shareholder of a FSC, in the case of taxable years beginning after December 31, 1984, section 923(a) shall be applied with respect to such corporation by substituting—

"(A) '32 percent' for '34 percent' in paragraph (2), and

"(B) '16/23' for '17/23' in paragraph (3).".

On page 165, between lines 8 and 9, insert the following:

(d) Deferred Disc Income.—Section 995(b)(1)(F)(i) (relating to deemed distributions) is amended by striking out "one-half" and inserting in lieu thereof "one-seventeenth".

On page 165, line 9, strike out "(d)" and insert in lieu thereof "(e)".

The last sentence of section 1504(f)(6) of the Internal Revenue Code of 1954, as added by section 52(a) of the amendment on page 182, is amended by striking out "March 10, 1984" and inserting in lieu thereof "April 11, 1984".

On page 353, line 16, strike out "(B)" and insert in lieu thereof "(b)".

On page 359, line 13, strike out "954(d)(3)" and insert in lieu thereof "267(b)".

On page 360, line 1, insert "of" after "or".

On page 361, line 10, strike out "954(d)(3)" and insert in lieu thereof "267(b)".

On page 363, line 18, strike out "Paragraph" and insert in lieu thereof "Subparagraph (A)".

On page 368, line 4, strike out "336,".

On page 363, line 4, insert ", or to a foreign person in an exchange described in section 336," after "361".

On page 390, line 7, strike out "128(c)(2)" and insert in lieu thereof "128(b)(2)".

On page 400, in the matter between lines 15 and 16, strike out "on" and insert in lieu thereof "of".

On page 415, line 9, strike out "(h)" and insert in lieu thereof "(i)".

On page 415, line 9, strike out "(i)" and insert in lieu thereof "(j)".

On page 415, line 11, strike out "(h)" and insert in lieu thereof "(i)".

On page 415, line 16, insert "or (1)(C)" after "(1)(A)".

On page 417, line 9, strike out the first parenthesis after "(f)".

On page 534, line 14, strike out "1983" and insert in lieu thereof "1984".

On page 555, in lieu of the matter inserted between lines 15 and 16, insert instead the following.

"(C) Treatment of noninsurance gains and losses.—For purposes of this part and section 1503(c), in computing LICTI of any life insurance company, any noninsurance gain or loss shall be treated as if it were a gain or loss of a noninsurance member that joined in the filing of a consolidated return with that life insurance company.".

On page 590, line 14, after "reserves" insert "of a subsidiary of a mutual life insurance company".

On page 590, line 16, after "issued" strike "by a mutual insurance company".

On page 606, line 6, before "gross" insert "life insurance".

On page 624, strike lines 23 and 24.

On page 646, between lines 3 and 4, insert "(a) Recomputation of Reserves.—".

On page 646, line 4, strike out "(a)" and insert in lieu thereof "(1)".

On page 646, between lines 9 and 10, insert the following:

"(2) Premiums earned.—For the first taxable year beginning after December 31, 1983, in determining 'premiums earned on insurance contracts during the taxable year' as provided in section 832(b)(4) of the Internal Revenue Code of 1954, life insurance reserves which are included in unearned premiums on outstanding business at the end of the preceding taxable year shall be determined as provided in section 807 of the Internal Revenue Code of 1954, as amended by this subtitle, as though section 807 was applicable to such reserves in such preceding taxable year.".

On page 651, line 1, strike out "an indemnity reinsurance" and insert in lieu thereof "a conventional coinsurance".

On page 651, line 2, after "1981," insert "and before January 1, 1984,".

On page 652, between lines 7 and 8, insert the following flush language: "For purposes of this paragraph, the term 'reinsurer' refers to the taxpayer that held reserves with respect to the recaptured contracts as of the end of the taxable year preceding the first taxable year beginning after December 31, 1983, and the term 'reinsured' refers to the taxpayer to which such reserves are ultimately transferred upon termination.".

On page 660, line 23, before "subchapter L" and insert "section 816 of".

On page 666, strike the table between lines 9 and 10 and insert the following corrected table:

"In the case of an insured with an attained age as of the beginning of the contract year of:		The applicable percentage shall decrease by a ratable portion for each full year:	
More than:	But not more than	From	To:
0	40	250	250
40	45	250	215
45	50	215	185
50	55	185	150
55	60	150	130
60	65	130	120
65	70	120	115
70	75	115	105
75	90	105	105
90	95	105	100.

On page 676, line 25, strike out "1984" and insert in lieu thereof "1985".

On page 774, line 12, strike out the period and insert a comma.

On page 778, line 5, insert "or DISC" after "FSC".

On page 778, line 7, after "FSC" insert "performing such services".

On page 781, lines 12 and 13, strike out "incurred by the FSC".

On page 795, strike out lines 21 through 23, and insert in lieu thereof: "income tax treaty between the United States and any foreign country.".

On page 806, line 16, strike out "1983" and insert in lieu thereof "1984".

On page 809, beginning with line 10, strike out all through page 810 line 7.

On page 810, line 8, strike out "(d)" and insert in lieu thereof "(c)".

On page 816, line 7, strike out "January" and insert in lieu thereof "January 1".

On page 877, line 17, strike out "Certain Restrictions Apply To".

On page 878, between lines 6 and 7, insert the following:

(2) VIRGIN ISLANDS AND AMERICAN SAMOA.—

On page 915, line 16, strike out "the boundaries" and insert in lieu thereof "and adjacent to the boundaries".

On page 1087, line 5, strike out "June 30, 1989" and insert in lieu thereof "December 31, 1989".

On page 1087, line 7, strike out "January 1, 1986" and insert in lieu thereof "January 1, 1989".

On page 1138, line 5, strike out "within" and insert in lieu thereof "not later than".

On page 1322, line 7, insert "(other than an agency subject to section 9 of the Act of May 18, 1933 (48 Stat. 63, chapter 32; 16 U.S.C. 831h))" after "agency".

On page 1327, line 2, insert "(other than an agency subject to section 9 of the Act of May 18, 1933 (48 Stat. 63, chapter 32; 16 U.S.C. 831h))" after "United States".

On page 1329, line 17, insert "(other than an agency subject to section 9 of the Act of May 18, 1933 (48 Stat. 63, chapter 32; 16 U.S.C. 831h))" after "United States".

Paragraph (2) of subsection (a) of section 966, relating to payment for costs of hospital-based mobile intensive care units, as added by the amendment (No. 2958) proposed by Mr. Bradley (for himself and Mr. Lautenberg), is amended to read as follows:

(2) Paragraph (1) shall not apply if the State in which the project or system is located notifies the Secretary, within 30 days after the date of the enactment of this section, that the State does not want paragraph (1) to apply to that project or system.

Subsection (b) of section 966, relating to payment for costs of hospital-based mobile intensive care units, as added by the amendment (No. 2958) proposed by Mr. Bradley (for himself and Mr. Lautenberg), is amended to read as follows:

(b) The project or system referred to in subsection (a) is the statewide demonstration project established in the State of New Jersey under section 402 of the Social Security Amendments of 1967, as amended by section 222(b) of the Social Security Amendments of 1972 (Public Law 92-603), which project or system provides for payments to hospitals in the State on a prospective basis and related to a classification of patients by diagnosis-related groups.

On page 1108, beginning with line 17, strike out all through page 1110, line 20, and insert in lieu thereof0the following:

(b) Effective Date.—The amendments made by this section shall apply with respect to commodities received for the 1984 crop year (as defined in section 5(a)(2) of the Payment-in-Kind Tax Treatment Act of 1983 as amended by subsection (a)).

On page 904, strike the reference to the Conagra project and insert in lieu thereof the following:

Project and location	Qualifying action	Date of qualifying action	Amount of allowable obligations (Millions)
ConAgra Projects:			
Bedford, VA	Inducement Resolution Passed.	Nov. 30, 1983	$1.5
Kansas City, MO	Inducement Resolution Passed.	Nov. 28, 1983	6.7
Garland, TX	Inducement Resolution Passed.	Oct. 26, 1983	7.5
Portland, OR	Inducement Resolution Passed.	Dec. 13, 1983	3.5
San Antonio, TX	Inducement Resolution Passed.	Nov. 14, 1983	2.5
Mason City, IA	Inducement Resolution Passed.	Oct. 17, 1983	1.0
Nampa, ID	Inducement Resolution Passed.	Nov. 18, 1983	1.6
Eau Claire, WI	Inducement Resolution Passed.	Nov. 23, 1983	2.2
Dixon, CA	Inducement Resolution Passed.	Nov. 8, 1983	1.3
Springfield, KY	Inducement Resolution Passed.	Oct. 28, 1983	1.5
Arlington, TX	Inducement Resolution Passed.	Nov. 22, 1983	1.4
Charlotte, NC	Inducement Resolution Passed.	Oct. 30, 1983	1.2
Turlock, CA	Inducement Resolution Passed.	Dec. 13, 1983	3.1

On page 237, between lines 3 and 4, insert the following:

"(C) Application of subparagraph (B) in the case of qualified step periods.—

"(i) IN GENERAL.—In the case of any qualified step period, subparagraph (B) shall be applied—

"(I) by substituting 'qualified step period' for 'lease period' each place it appears, and

"(II) by cumulating and compounding the rates under clause (i) or (ii) of subparagraph (B) for the number of years in the qualified step period.

"(ii) QUALIFIED STEP PERIOD.—For purposes of clause (i), the term 'qualified step period' means, with respect to any deferred rental payment agreement—

"(I) the period beginning on the first day to which such agreement applies and ending more than 1 year but not later than 5 years from such date and each succeding period of the same length, but only if

"(II) the rental payments required under such agreement for all lease periods within any period described in subclause (I) are equal.

On page 237, line 4, strike out "(C)" and insert in lieu thereof "(D)".

On page 237, line 12, strike out "(D)" and insert in lieu thereof "(E)".

WARNER AMENDMENT NO. 3017

Mr. WARNER proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

Strike out the words "at a rate equal to the maximum rate in effect under section 11(b) beginning on line 24, page 210," and insert in lieu thereof: "Not to exceed 25 percent (in lieu of any other tax imposed by this subtitle)."

MELCHER (AND OTHERS) AMENDMENT NO. 3018

Mr. MELCHER (for himself, Mr. DECONCINI, Mr. BAUCUS, Mr. PACKWOOD, Mr. BURDICK, and Mr. RANDOLPH) proposed an amendment to amendment No. 2902 proposed by Mr. DOLE (and Mr. LONG) to the bill H.R. 2163, supra; as follows:

At the appropriate place in the bill add the following new sections:

SECTION . AMENDMENT OF INTERNAL REVENUE CODE OF 1954.

(a) TRAVEL AND TRANSPORTATION EXPENSES OF CONSTRUCTION WORKERS.—Section 162 of the Internal Revenue Code of 1954 (relating to deductions for ordinary and necessary business expenses) is amended by inserting therein the following new subsection:

"(h) SPECIAL RULE FOR CONSTRUCTION WORKERS.—

"(1) DEFINITION OF TEMPORARY JOB SITE.—For purposes of applying subsections (a)(1) and (a)(2) to travel and transportation expenses incurred by construction workers, a job site shall be deemed to be temporary between the 1st and 2nd year that the worker is employed at that job site; provided that the job site is located more than 40 miles from a construction worker's principal place of residence, and that the construction worker remains in the vacinity of the job site overnight; provided further, a job site shall be determined to temporary or not temporary with respect to period following the first 2 years of employment based on an examination of all the facts and circumstances, subject to the rules set forth in subparagraphs (2), (3), and (4).

"(2) EFFECT OF FIRST 2 YEARS OF SUBSEQUENT DETERMINATION.—In determining whether or not a job is temporary under subparagraph (1)(B), the worker's employment at the job during the period specified in subparagraph (1)(A) shall not be taken into account.

"(3) INDEFINITE EMPLOYMENT.—No deduction shall be disallowed, by reason of section 262 or any other provision of law, solely because a construction worker's employment at a job site is of indefinite duration.

"(4) PROHIBITION ON APPLICATION OF 1 YEAR RULE.—In making the determination specified in subparagraph (1)(B), no length of time shall be deemed, either automatically or presumptively, to make the job other than temporary. The '1-year' rule set forth is Revenue Ruling 59-371, or in any similar ruling or regulation, is expressly disapproved as a grounds for disallowing deductions.

"(5) Definition.—For purposes of this subsection, the term 'construction worker' means any individual employed, whether as a skilled, semiskilled, or unskilled laborer, in the building or construction industry, but does not include clerical or management employees.".

(b) Technical Amendment.—Subsection 162(h) of the Internal Revenue Code of 1954 is amemded by striking out "(h)" and inserting thereof "(j)".

SEC. . EFFECTIVE DATE.

This section shall apply to all judicial or administrative determinations that are made subsequent to enactment of this legislation.

HEINZ (AND OTHERS) AMENDMENT NO. 3019

Mr. HEINZ (for himself, Mr. Hatch, Mr. Kennedy, and Mr. Percy) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

After section 965 add the following new section:

HOME HEALTH SERVICES PROVIDED ON A DAILY BASIS

Sec. 966. (a) Section 1861 (m) of the Social Security Act is amended by adding at the end the following new sentence: "For purposes of paragraphs (1) and (4), nursing care and home health aide services may be provided under such paragraphs on a daily basis (with one or more visits per day) to an individual after his discharge from a hospital, for a period of up to 45 days immediately following such discharge with monthly physician certification of the need for services on such a basis, and after such 45-day period based on a physician certification of exceptional circumstances requiring such services on a daily basis.".

(b) The amendment made by subsection (a) shall apply with respect to services furnished on or after the date of the enactment of this Act.

(c) The amendment made by subsection (a) shall not be construed as restricting any provision of title XVIII of the Social Security Act as in effect prior to the date of the enactment of this Act with respect to the payment under such title for home health services provided on a daily basis to individuals who have not been discharged from a hospital or within the preceding 45 days.

(d) The Secretary of Health and Human Services shall conduct a study, and report to Congress not later than January 1, 1985, on the effectiveness of home health care in preventing hospital and skilled nursing facility admissions or readmissions, and shall make recommendations to Congress concerning—

(1) changes in title XVIII of the Social Security Act which may be necessary to allow appropriate use of the home health benefit; and

(2) changes in such title which may be necessary to prevent fraud and abuse of the home health benefit.

DOLE AMENDMENT NO. 3020

Mr. DOLE proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 866 of the matter proposed to be inserted, beginning with line 8, strike out all through page 868, line 5, and insert in lieu thereof the following:

"(1) In general.—Notwithstanding any other provision of this section (other than subsection (n) and (r)), any obligation—

"(A) which is part of an issue all or a major portion of the proceeds of which are used to finance new mortgages in single-family residences that are owner occupied,

"(B) which were issued by issuing authorities in such State after June 15, 1984, and before January 1, 1985, and

"(C) to which the amendments made by section 1102 do not apply by reason of any provision of this section other than subsection (b),

shall, for purposes of applying the Internal Revenue Code of 1954, be treated as an obligation which is not described in section 103(a) of such Code if the aggregate face amount of such issue exceeds the portion of the State ceiling that is allocated by the State to such issue prior to the date of issuance of such issue.

"(2) Application of section 103A(g).—For purposes of applying section 103A(g) of such Code, the State ceiling for calendar year 1984 shall be reduced by the aggregate amount allocated by the State to any issues described in paragraph (1).

"(3) State ceiling.—For purposes of this subsection, the term 'State ceiling' has the meaning given to such term by section 103A(g)(4) of the Internal Revenue Code of 1954.

"(r) Exceptions to Subsection (q).—Subsection (q) shall not apply with respect to—

"(1) any obligation—

"(A) the proceeds of which are used to finance the River Place Project located in Minneapolis, Minnesota, and

"(B) the aggregate face amount of which does not exceed $55,000,000 or

"(2) any obligation—

"(A) the proceeds of which are used to finance the Waseca, Minnesota, project, and

"(B) the aggregate face amount of which does not exceed $7,800,000.".

KENNEDY AMENDMENTS NOS. 3021 AND 3022

(Ordered to lie on the table.)

Mr. KENNEDY submitted two amendments intended to be proposed by him to the bill H.R. 2163, supra; as follows:

Amendment No. 3021

Strike out section 901.

Strike out section 916.

Amendment No. 3022

Strike out section 902.

SPECTER (AND OTHERS) AMENDMENT NO. 3023

Mr. SPECTER (for himself, Mr. Byrd, Mr. Randolph, Mr. Heinz, Mr. Heflin, Mr. Ford, Mr. Wallop, Mr. Glenn, Mr. Sasser, Mr. Huddleston, Mr. Melcher, Mr. Dixon, Mr. Durenberger, Mr. Jepsen, Mr. Percy, Mr. Warner, and Mr. Symms) proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 164 of the matter proposed to be inserted, on line 9, strike out "Section 291" and insert in lieu thereof "Each subsection (other than subsection (a)(2)) of section 291".

On page 165 of such matter, strike out lines 5 through 8 and insert in lieu thereof the following:

(c) Minimum Tax.—

(1) In general.—Paragraph (1) of section 57(b) is amended to read as follows:

"(1) In general.—

"(A) Pollution control facilities; bad debt reserves.—In the case of any item of tax preference of a corporation described in paragraph (4) or (7) of subsection (a), only 59⅚ percent of the amount of such item of tax preference (determined without regard to this subsection) shall be taken into account as an item of tax preference.

"(B) Iron ore and coal.—In the case of any item of tax preference of a corporation described in paragraph (8) of subsection (a) (but only to the extent such item is allowable to a deduction for depletion for iron ore and coal (including lignite)),

only 71.6 percent of the amount of such item of tax preference (determined without regard to this subsection) shall be taken into account as an item of tax preference.".

(2) Certain capital gains.—Paragraph (2) of section 57(h) (relating to capital gains) is amended by striking out "71.6 percent" and inserting in lieu thereof "59⅚ percent".

On page 532 of the matter proposed to be inserted, beginning with line 3, strike all through line 5 and insert in lieu thereof the following:

(b) Effective Date.—The amendment made by subsection (a) shall apply to dispositions after September 30, 1985.

DOLE AMENDMENT NO. 3024

Mr. DOLE proposed an amendment to amendment No. 2902 proposed by Mr. Dole (and Mr. Long) to the bill H.R. 2163, supra; as follows:

On page 888 of the matter proposed to be inserted, strike out lines 18 through 24 and insert in lieu thereof the following: "are reasonably expected to be used directly or indirectly to make or finance student loans under a program of general application to which the Higher Education Act of 1965 applies if—

"(A) limitations are imposed under the program on—

"(i) the maximum amount of loans outstanding to any student, and

"(ii) the maximum rate of interest payable on any loan,

"(B) the loans are directly or indirectly guaranteed by the Federal Government,

"(C) the financing of loans under the program is not limited to the proceeds of obligations the interest on which is exempt from taxation under this title, and

"(D) special allowance payments under section 438 of the Higher Education Act of 1965—

"(i) are authorized to be paid with respect to loans made under the program, or

"(ii) would be authorized to be made with respect to loans under the program if such loans were not financed with the proceeds of obligations the interest on which is exempt from taxation under this title.

On page 889 of such matter, beginning on line 1, strike out "Special Allowance Payment Requirement" and insert in lieu thereof "Certain Requirements".

On page 889 of such matter, beginning on line 16, strike out "special allowance payment requirement" and insert in lieu thereof "certain requirements".

On page 891 of such matter, in the matter inserted between lines 8 and 9, strike out "may not exceed the refunded obligations" in subparagraph (A) and insert in lieu thereof "may not exceed 101 percent of the aggregate face amount of the refunded obligations".

On page 893 of such matter, beginning on line 23, strike out all through page 896, line 24.

On page 897 of such matter, line 1, strike out "(C)" and insert in lieu thereof "(b)".

On page 897 of such matter, line 12, strike out "(d)" and insert in lieu thereof "(c)".

On page 897 of such matter, line 19, strike out "(e)" and insert in lieu thereof "(d)".

On page 847 of the matter proposed to be inserted, line 14, strike out "the mortgage" and insert in lieu thereof "except as otherwise provided in regulations, the mortgage".

On page 904 of such matter, before line 1, strike out "$26 million" in the item relating to the Downtown Redevelopment Project located in Manhattan, Kansas, and insert in lieu thereof "$34 million".

ATMOSPHERIC, CLIMATIC, AND OCEAN POLLUTION ACT

PACKWOOD AMENDMENT NO. 3025

Mr. BAKER (for Mr. PACKWOOD) proposed an amendment to the bill (S. 1097) to consolidate and authorize certain atmospheric and satellite programs and functions of the National Oceanic and Atmospheric Administration under the Department of Commerce; as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "National Oceanic and Atmospheric Administration's Atmospheric and Oceanic Research and Services Act of 1984".

TITLE I—DECLARATION OF FINDINGS AND PURPOSES

SEC. 101. The Congress of the United States finds that:

(1) The oceans and atmosphere surrounding and within the jurisdiction of the United States play a vital role in the Nation's welfare, economy, and security.

(2) The National Oceanic and Atmospheric Administration is the lead agency for oceanic and atmospheric matters in the Nation. It was created on October 3, 1970, by Reorganization Plan Numbered 4 of 1970 to bring together many of the Nation's civil programs related to the oceans and atmosphere. The National Oceanic and Atmospheric Administration's broad goals include the development and operation of national programs to—

(A) manage and conserve selected marine resources for the economic and social good of the Nation;

(B) monitor and predict weather and environmental conditions for the protection of life and property;

(C) archive, analyze, and disseminate data on oceanographic, climatic, geophysical, and solar-terrestrial phenomena;

(D) provide basic maps, charts, surveys, and specialized data for safe navigation; and

(E) provide research to advance oceanic and atmospheric science and technology for the better management of the environment and the rational use of our national resources.

SEC. 102. The purposes of the Congress in this Act are—

(1) to ensure that the National Oceanic and Atmospheric Administration, the lead agency for civil oceanic and atmospheric activities and programs, operates under a clear statutory charter; and

(2) to simplify, streamline, and consolidate the authorization of appropriations for the National Oceanic and Atmospheric Administration, within the Department of Commerce, such that the National Oceanic and Atmospheric Administration's programs can be viewed in a coherent fashion.

TITLE II—GENERAL PROGRAM AUTHORIZATIONS

SEC. 201. (a) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its atmospheric and hydrological research and services functions and duties under law, $366,000,000 for fiscal year 1984, and $383,000,000 for fiscal year 1985. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to atmospheric and hydrological research and services specified by the Act entitled "An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Service to the Department of Agriculture", approved October 1, 1890, as amended (15 U.S.C. 311), the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947, as amended (33 U.S.C. 883a), the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301), and any other law involving such duties. Such duties include, but are not limited to: meteorological, hydrological, and oceanographic public warnings and forecasting; and research for developing improved prediction capabilities for atmospheric and hydrological processes.

(b) The atmospheric and hydrological research and services functions and duties authorized by subsection (a) of this section shall be considered separate and distinct from such functions and duties performed pursuant to moneys authorized under sections 406 and 601 of this Act. The total authorization for all such functions and duties shall be the aggregate sum of the amounts provided in subsection (a) of this section and sections 406 and 601, for such functions and duties.

(c) Of the funds authorized by subsection (a) of this section, such amount as may be necessary is authorized for the planning and preliminary design for a remote weather radar station in the southeastern quadrant of the United States.

SEC. 202. (a) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its satellite and environmental data and information services duties under law, $252,000,000 for fiscal year 1984, and $326,000,000 for fiscal year 1985. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to satellite and environmental data and information services specified by the Act entitled "An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Service to the Department of Agriculture", approved October 1, 1890, as amended (15 U.S.C. 311), title II of the National Aeronautics and Space Administration Authorization Act, 1983, approved October 15, 1982 (96 Stat. 1597), and any other law involving such duties. Such duties include, but are not limited to: satellite maintenance and operations and satellite data analysis; spacecraft procurement, launch, and associated ground station system changes involving polar-orbiting and geosynchronous meteorological satellites and land and ocean remote-sensing satellites; and environmental data and information products and services in the atmospheric, marine, solid earth, and solar-terrestrial sciences.

(b) The Administrator of the National Oceanic and Atmospheric Administration (hereafter referred to in this section as the "Administrator") shall make the NOAA-D satellite launch vehicle available for the Navy Remote Ocean Sensing System as soon as practicable on the condition that the Secretary of the Navy provide the Administrator with access to the civil data produced by the system, and provided that the Administrator determines that such availability is required to ensure the timeliness or cost-effectiveness of such System. The Administrator shall take such actions, including sponsorship of applied research, as may be necessary to assure the availability and usefulness of such data to the maritime community.

SEC. 203. (a) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its oceanic research and services duties and its mapping, charting, and geodesy duties under law, $104,000,000 for fiscal year 1984, $109,000,000 for fiscal year 1985, and $115,000,000 for fiscal year 1986. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to ocean research and services programs and to mapping, charting, and geodesy programs specified by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947, as amended (33 U.S.C. 883a), and any other law involving such duties. Such duties include, but are not limited to: undersea marine resources, air-sea interaction, and ocean and Great Lakes environmental research; ocean dumping research; coordination of interagency research on marine pollution and provision of tide and current data for the safe and efficient use of the oceans and Great Lakes by government, commerce, and the private sector; and aeronautical and nautical mapping and charting activities and geodetic data collection and analysis.

(b) The functions and duties involving ocean research and services programs, and mapping, charting, and geodesy programs authorized by subsection (a) of this section shall be considered separate and distinct from such functions and duties performed pursuant to moneys authorized under sections 504 and 509 of this Act. The total authorization for all such functions and duties shall be the aggregate sum of the amounts provided in subsection (a) of this section and sections 504 and 509 for such functions and duties.

SEC. 204. There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its executive direction and administration, its marine services, and its aircraft services duties under law, $113,000,000 for fiscal year 1984, $121,400,000 for fiscal year 1985, and $124,000,000 for fiscal year 1986. Moneys appropriated pursuant to this authorization shall be used to fund those duties specified by the Act entitled "An Act to clarify the status and benefits of commissioned officers of the National Oceanic and Atmospheric Administration, and for other purposes", approved December 31, 1970, as amended (33 U.S.C. 857-1), by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947, as amended (33 U.S.C. 883a), by the Act entitled "An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Service to the Department of Agriculture", approved October 1, 1890, as amended (15 U.S.C. 311-329), and any other law involving such duties. Such duties include, but are not limited to: management, administrative support, retired pay of National Oceanic and Atmospheric Administration commissioned officers, and policy development; ship operations, maintenance, and support; and aircraft operations, maintenance, and support.

Sec. 205. (a) Funds may be transferred between categories authorized in section 201, 202, 203, or 204, except that no funds may be transferred between any two categories if the amount transferred would exceed 10 per centum of the amount authorized for either category, unless a period of thirty days has passed after the Administrator of the National Oceanic and Atmospheric Administration or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate a written report containing a full and complete statement concerning the nature of the transfer involved and the reason therefor.

(b) On and after the date of the enactment of this Act, no contract may be awarded pursuant to any proposal to contract out any function or activity which, immediately prior to such date of enactment, was performed by National Oceanic and Atmospheric Administration employees, unless—

(1) the Administrator of the National Oceanic and Atmospheric Administration or his designee has presented, in writing, to the Speaker of the House of Representatives and the President of the Senate, to the Committee on Science and Technology and the Committee on Merchant Marine and Fisheries of the House of Representatives, and to the Committee on Commerce, Science, and Transportation of the Senate, a full and complete statement (including relevant supporting studies) concerning the proposed contacting and the reason therefor; and

(2) a period of thirty days on which either the House of Representatives or the Senate is in season has expired after the date of presentation of such statement.

TITLE III—REPORTING REQUIREMENTS

Sec. 301. The Administrator of the National Oceanic and Atmospheric Administration shall keep the appropriate committees of the House of Representatives and the Senate fully and currently informed about all aspects of the atmospheric and oceanic research and services activities for such Administration.

Sec. 302. (a) The Administrator of the National Oceanic and Atmospheric Administration shall submit to the Congress and the President, on the date of submission of the fiscal year 1986 budget request, a report on the importance of meteorological satellites to weather forecasting. Such report shall include—

(1) a quantitative analysis of the impacts of weather satellites on weather forecasting;

(2) a quantitative comparison of weather forecasts generated when two, one, or no polar-orbiting satellites are operating;

(3) the importance of National Oceanic and Atmospheric Administration weather satellite data to weather forecasting in other nations;

(4) a statistical analysis of expected lifetimes for National Oceanic and Atmospheric Administration weather satellites;

(5) an analysis of replacement time for a National Oceanic and Atmospheric Administration weather satellite in the event of a launch or operational failure or of consecutive launch or operational failures;

(6) a ten-year projection of the costs associated with a one- and a two-polar satellite system; and

(7) an assessment of efforts to promote greater international cost-sharing in civil meteorological satellite programs.

(b) Of the funds authorized pursuant to section 202 of this Act, $4,000,000 is authorized in fiscal year 1984 to plan for the continuation of a civil land remote sensing satellite system in order to assure the preservation of data continuity for such system, if no alternative is implemented which will assure the preservation of such data continuity.

Sec. 303. (a)(1) The Secretary of Commerce, through the National Oceanic and Atmospheric Administration, shall enter into an agreement with the National Research Council of the Academies of Science and Engineering to conduct a study of the National Weather Service and related activities. Such study shall include but not be limited to—

(A) an analysis of the operations of the National Weather Service and associated activities of other agencies and the private sector, including supporting research and technological development;

(B) a review and assessment of analyses, findings, and recommendations for weather services contained in reports on the subject issued by public and private organizations during the past five years;

(C) independent analysis by the National Research Council as may be required for the purposes of the study;

(D) recommendations on how the National Weather Service and associated activities of other agencies might be organized and conducted to provide effective weather services to meet national needs in light of the availability of new technology, new scientific understanding, the international character of weather services, and the roles of the public (Federal, State, and local) and private sectors; and

(E) to the extent possible, information on priorities and costs of recommended changes and improvements in weather services.

(2) The Administrator shall report to the Congress within six months after the date of the enactment of this Act regarding the status of the Agency's negotiations to implement the study required under this section.

(b) A report including major findings and recommendations resulting from the study required under this section shall be submitted to the Congress not later than two years after the date of enactment of this Act. The Secretary shall make such data and information available to the National Research Council as may be required for the study.

(c) Of the funds authorized pursuant to section 201 of this Act, there is authorized for the conduct of this study $500,000 for each of the fiscal years 1984 and 1985.

TITLE IV—NATIONAL CLIMATE PROGRAM

Sec. 401. This title may be cited as the "National Climate Program Amendments Act of 1984".

Sec. 402. Section 4 of the National Climate Program Act (15 U.S.C. 2904) is amended—

(1) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively, and

(2) by inserting before paragraph (2), as so redesignated, the following new paragraph:

"(1) The term 'Board' means the Climate Program Policy Board.".

Sec. 403. (a) Subsection (c) of section 5 of the National Climate Program Act (15 U.S.C. 2904 (c)) is amended—

(1) by inserting "(1)" before "The Secretary",

(2) by designating the third sentence as paragraph (4), and

(3) by striking out the second sentence and inserting in lieu thereof the following new paragraphs:

"(2) The Office shall—

"(A) serve as the lead entity responsible for administering the program,

"(B) be headed by a Director who shall represent the Climate Program Policy Board and shall be the spokesman for the program,

"(C) serve as the staff for the Board and its supporting committees and working groups,

"(D) review each agency budget request transmitted under subsection (g)(1) and submit an analysis of the requests to the Board for its review,

"(E) be responsible for coordinating interagency participation in international climate-related activities, and

"(F) work with the National Academy of Sciences and other private, academic, State, and local groups in preparing and implementing the climate plan (described in subsection (d)(9)) and the program.

The analysis described in subparagraph (D) shall include an analysis of how each agency's budget request relates to the priorities and goals of the program established pursuant to this Act.

"(3) The Secretary may provide, through the Office, financial assistance, in the form of contracts or grant or cooperative agreements, for climate-related activities which are needed to meet the goals and priorities of the program set forth in the climate plan pursuant to subsection (d)(9), if such goals and priorities are not being adequately addressed by any Federal department, agency, or instrumentality.".

(b) Subsection (d) of such section is amended—

(1) by striking out the semicolon at the end of paragraph (7) and inserting in lieu thereof a period and the following: "Such mechanisms may provide, among others, for the following State and regional services and functions: (A) studies relating to and analyses of climatic effects on agricultural production, water resources, energy needs, and other critical sectors of the economy, (B) atmospheric data collection and monitoring on a statewide and regional basis, (C) advice to regional, State, and local government agencies regarding climate-related issues, (D) information to users within the State regarding climate and climatic effects, and (E) information to the Secretary regarding the needs of persons within the

States for climate-related services, information, and data. The Secretary may make annual grants to any State or group of States, such grants to be made available to public or private educational institutions, to State agencies, and to other persons or institutions qualified to conduct climate-related studies or provide climate-related services;",

(2) by striking out "biennially" in paragraph (9) and inserting in lieu thereof "at a frequency (not more often than biennially or less often than quadrennially) determined by the Board", and

(3) by striking out "the intergovernmental program under section 6" in paragraph (9) and inserting in lieu thereof "the intergovernmental program described in paragraph (7)".

(c) Subsection (e) of such section is amended to read as follows:

"(e) CLIMATE PROGRAM POLICY BOARD.—(1) The Secretary shall establish and maintain an interagency Climate Program Policy Board, consisting of representatives of the Federal agencies specified in subsection (b)(2) and any other agency which the Secretary believes should participate in the program.

"(2) The Board shall—

"(A) be responsible for coordinated planning and progress review for the program,

"(B) review all agency and department budget requests related to climate transmitted under subsection (g)(1) and submit a report to the Office of Management and Budget concerning such budget requests,

"(C) establish and maintain such interagency groups as the Board determines to be necessary to carry out its activities, and

"(D) consult with and seek the advice of users and producers of climate data, information, and services to guide the Board's efforts, keeping the Director and the Congress advised of such contacts.

"(3) The Board biennially shall select a Chair from among its members. A Board member who is a representative of an agency may not serve as Chair of the Board for a term if an individual who represented that same agency on the Board served as the Board's Chair for the previous term.".

(d) Subsection (f)(2) of such section is amended by inserting "with the Office" after "shall cooperate".

(e) The first sentence of subsection (g)(1) of such section is amended by inserting before the period at the end the following: "and shall transmit a copy of such request to the National Climate Program Office".

SEC. 404. Section 6 of the National Climate Program Act (15 U.S.C. 2905) is repealed.

SEC. 405. Section 7 of the National Climate Program Act (15 U.S.C. 2906) is amended by striking out "January 30" before paragraph (a) and inserting in lieu thereof "March 31".

SEC. 406. There are authorized to be appropriated for purposes of carrying out the provisions of the amendments made by this title $2,000,000 for fiscal year 1984, $2,100,000 for fiscal year 1985, and $2,200,000 for fiscal year 1986. Of these funds at least 25 per centum shall be made available during each fiscal year for intergovernmental climate-related activities (described in section 5(d) (7) of the National Climate Program Act) and at least 20 per centum shall be made available during each fiscal year for experimental climate forecast centers (described in section 5 (d)(8) of the National Climate Program Act).

TITLE V—SELECTED OCEAN AND COASTAL AUTHORIZATIONS

SEC. 501. Section 201 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1441) is amended by striking out all that follows "connecting waters" and inserting in lieu thereof a period.

SEC. 502. Section 202 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1442) is amended—

(1) by inserting "(1)" before "The Secretary" in subsection (a);

(2) by striking out "in consultation" in the first sentence of subsection (a) and inserting in lieu thereof "in close consultation";

(3) by adding at the end of subsection (a) the following new paragraph:'

"(2) The Secretary shall ensure that the program under this section complements, when appropriate, the activities undertaken by other Federal agencies pursuant to title I and section 203. Such program shall include but not be limited to—

"(A) the development and assessment of scientific techniques to define and quantity the degradation of the marine environment;

"(B) the assessment of the capacity of the marine environment to receive materials without degradation;

"(C) continuing monitoring programs to assess the health of the marine environment, including but not limited to the monitoring of bottom oxygen concentrations, contaminant levels in biota, sediments, and the water column, diseases in fish and shellfish, and changes in types of abundance of indicator species;

"(D) the development of methodologies, techniques, and equipment for disposal of waste materials to minimize degradation of the marine environment."; and

(4) by striking out subsection (c) and redesignating subsection (d) and (e) as subsections (c) and (d), respectively.

SEC. 503. Section 203 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1443) is amended by adding at the end thereof the following new subsections:

"(c) The Administrator, in cooperation with the Secretary, the Secretary of Commerce, and other officials of appropriate Federal, State, and local agencies, shall assess the feasibility in coastal areas of regional management plans for the disposal of waste materials. Such plans should integrate where appropriate Federal, State, regional, and local waste disposal activities into a comprehensive regional disposal strategy. These plans should address, among other things—

"(1) the sources, quantities, and types of materials that require and will require disposal;

"(2) the environmental, economic, social, and human health factors (and the methods used to assess these factors) associated with disposal alternatives;

"(3) the improvements in production processes, methods of disposal, and recycling to reduce the adverse effects associated with such disposal alternatives;

"(4) the applicable laws and regulations governing waste disposal; and

"(5) improvements in permitting processes to reduce administrative burdens.

"(d) The Administrator, in cooperation with the Secretary of Commerce, shall submit to the Congress and the President, not later than one year after the date of enactment of this provision, a report on sewage sludge disposal in the New York region. The report shall consider the factors listed in subsection (c) as they relate to landfilling, incineration, ocean dumping, or any other feasible disposal or reuse/recycling option; shall include an assessment of the cost of these alternatives; and shall recommend such regulatory or legislative changes as may be necessary to reduce the adverse impacts associated with sewage sludge disposal.".

SEC. 504. Section 204 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1444) is redesignated as section 205; and such section as so redesignated is amended by striking out "and" immediately following "fiscal year 1981" and by striking out "1982." and inserting in lieu thereof the following: "1982, not to exceed $12,000,000 for fiscal year 1984, not to exceed $12,600,000 for fiscal year 1985, and not to exceed $13,300,000 for fiscal year 1986. In addition, $1,000,000 is authorized to be appropriated for the Environmental Protection Agency in each of the fiscal year 1984, 1985, and 1986 to carry out the studies authorized by section 203 of this Act.".

SEC. 505. Section 205 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1445) is transferred to a point immediately following section 203 of such Act and redesignated as section 204; and such section as so transferred and redesignated is amended to read as follows:

"SEC. 204. (a) In March of each year, the Secretary of Commerce shall report to the Congress on his activities under this title during the previous fiscal year. The report shall include—

"(1) the Secretary's findings made under section 201, including an evaluation of the short-term ecological effects and the social and economic factors involved with the dumping;

"(2) the results of activities undertaken pursuant to section 202;

"(3) with the concurrence of the Administrator and after consulting with officials of other appropriate Federal agencies, an identification of the short- and long-term research requirements associated with activities under title I, and a description of how Federal research under titles I and II will meet those requirements; and

"(4) activities of the Department of Commerce under section 5 of the Act of March 10, 1934 (48 Stat. 401; 16 U.S.C. 665).

"(b) In March of each year, the Administrator shall report to the Congress on his activities during the previous fiscal year under section 203 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1443).".

SEC. 506. (a) Section 2 (a) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701) is amended by adding at the end thereof the following new paragraphs:

"(6) Numerous Federal agencies have initiated and supported research projects to study, enhance, manage, preserve, protect, or restore the resources of the Great Lakes.

"(7) Various research projects relating to the Great Lakes, including those conducted at the college and university level and those conducted at the State and local governmental level, can be more effectively coordinated in order to obtain maximum benefits.".

(b) Section 2 (b) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701) is amended by striking out "and" at the end of paragraph (2), by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) to provide for the effective coordination of research conducted to support the preservation and protection of the environmental quality of the Great Lakes, and to encourage the use of such research in determinations that affect the environmental quality of the Great Lakes; and".

Sec. 507. Section 4(b)(2)(A) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1703) is amended by inserting after "general research on marine ecosystems" the following: ", including the Great Lakes".

Sec. 508. Section 8 of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1707) is amended by adding "(a)" after "Sec. 8," and by adding at the end thereof the following new subsection:

"(b) The Administrator shall insure that the findings and information regarding ocean pollution research activities associated with the Great Lakes identified pursuant to section 4(b) be disseminated in a timely manner and in useful forms to relevant departments of the Federal Government, State governments, and other persons with an interest in such information.".

Sec. 509. Section 10 of the National Ocean Pollution Planning Act of 1978, as amended (33 U.S.C. 1709), is amended by striking out "and" after "1981," and by striking out "1982." and inserting in lieu thereof "1982, not to exceed $3,000,000 for fiscal year 1984, not to exceed $3,200,000 for fiscal year 1985, and not to exceed $3,400,000 for fiscal year 1986."

TITLE VI—MISCELLANEOUS

Sec. 601. Section 6 of the Act of December 18, 1971, entitled "An Act to provide for the reporting of weather modification activities to the Federal Government" (15 U.S.C. 330e) is amended—

(1) by striking out "and"; and

(2) by inserting immediately after "1981," the following: "$100,000 for the fiscal year ending September 30, 1984, $100,000 for the fiscal year ending September 30, 1985, and $100,000 for the fiscal year ending September 30, 1986.".

Sec. 602. There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its duties indicated under this Act, such additional sums as may be necessary for increases in salary, pay, and other employee benefits authorized by law.

Sec. 603. (a) The Secretary of Commerce, at least sixty days before making a determination as to the necessity for the closing or consolidation of any Weather Service Office or Weather Service Forecast Office, shall provide adequate public notice of his intention to make such a determination in order to ensure that all persons served by such Offices will have an adequate opportunity to present their views.

(b)(1) The Secretary, in deciding whether or not to carry out such a closing or consolidation, shall take fully into account any views expressed by persons served by the affected Office or Offices during the sixty-day period described in subsection (a), and shall specifically consider—

(A) the effect of such closing of consolidation on the community served by such Office or Offices;

(B) the effect of such closing or consolidation on employees of the National Weather Service employed at such Office or Offices;

(C) the economic savings to the Federal Government resulting from such closing or consolidation; and

(D) such other factors as the National Weather Service determines are necessary.

(2) In making a decision under paragraph (1) the Secretary may hold such hearings as he deems necessary.

(3) The Secretary shall compile a written record including or reflecting all views presented and information received or developed in the course of his consideration of the matters involved in making such a decision, whether or not hearings are held with respect thereto as authorized by paragraph (2). The Secretary shall retain all written materials received or developed in the course of such consideration, for possible use in any review under subsection (e).

(c) Any decision of the Secretary to carry out such a closing or consolidation shall be in writing and shall set forth the findings of the Secretary with respect to the matters set forth in subparagraphs (A) through (D) of subsection (b)(1) along with a statement of the reasons for such findings and of the basis on which the decision was made. The Secretary's decision shall be made available to persons served by the affected Office or Offices.

(d) The Secretary shall take no action to carry out such a closing or consolidation until sixty days after his written decision is made available to persons served by the affected Office or Offices as required by the last sentence of subsection (c).

(e) In addition to any other review which may be available by law, a decision of the Secretary to carry out such a closing or consolidation may be reviewed in accordance with chapter 7 of title 5, United States Code, in an action brought by any State served by the affected Office or Offices. For purposes of this subsection, the term "State" includes the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

(f) For purposes of this section, any action taken by the Secretary resulting in the reduction of the staffing of a Weather Service Office or Weather Service Forecast Office of fifty per centum or more, or consolidating a Weather Service Office or a Weather Service Forecast Office with one or more other such Office or Offices, shall be held and considered to be a closing or consolidation within the meaning of such terms as used in this section.

Sec. 604. After fiscal year 1984, no funds shall be appropriated for any function, duty or responsibility provided for by this Act except pursuant to the authorization contained in this Act.

Amend the title so as to read: "An Act to consolidate and authorize certain atmospheric and oceanic research and services programs and functions of the National Oceanic and Atmospheric Administration under the Department of Commerce.".

NOTICES OF HEARINGS

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. DOMENICI. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Subcommittee on Energy Research and Development to consider the President's proposed budget for fiscal year 1985 for the Department of Energy's conservation and renewable energy programs. The hearing will be held on Tuesday, April 24, beginning at 9:30 a.m. in room SD-366.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Subcommittee on Energy Research and Development, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510.

For further information regarding this hearing, you may wish to contact Mr. Paul Gilman of the subcommittee staff at 224-4431.

SUBCOMMITTEE ON ENERGY CONSERVATION AND SUPPLY

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Subcommittee on Energy Conservation and Supply to receive testimony on the revised Constitution of American Samoa. This oversight hearing will be held on Tuesday, May 8, beginning at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Subcommittee on Energy Conservation and Supply, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510.

For further information regarding this hearing you may wish to contact Mr. Jim Beirne or Ms. Becky Barbour of the subcommittee staff at 224-2564.

Mr. ROTH. Mr. President, the Senate Committee on Governmental Affairs will hold a hearing on the annual report of the Postmaster General on Wednesday, April 25, at 10 a.m. in SD-628 of the Dirksen Senate Office Building. For further information, please contact Wayne Schley at 224-2254.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON ENERGY REGULATION

Mr. QUAYLE. Mr. President, I ask unanimous consent that the Subcommittee on Energy Regulation, of the Committee on Energy and Natural Resources, be authorized to meet during the session of the Senate on Thursday, April 12, to hold a hearing on S. 1069, a bill to amend the Federal Power Act to limit the recovery by public utilities of certain costs of construction work in progress through rate increases; S. 817, a bill to amend section 205 of the Federal Power Act (16 U.S.C. 824D) relating to inclusion of construction work in progress in the wholesale rate base of public utilities; and H.R. 555, a bill to amend the Federal Power Act to limit the recovery by public utilities of certain costs of construction work in progress through rate increases.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

Mr. QUAYLE. Mr. President, I ask unanimous consent that the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, of the Committee on Agriculture, Nutrition, and Forestry, be authorized to meet during the session of the Senate on Thursday, April 12, at 2 p.m., to hold a hearing on S. 2546, a bill to extend through September 30, 1988, the period during which amendments to the United States Grain Standards Act contained in section 155 of the Omnibus Budget Reconciliation Act of 1981 remain effective, and for other purposes.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. QUAYLE. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, April 12, at 10 a.m., to hold a hearing on S. 1910, International Organizations Public Procedures Act of 1983.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. QUAYLE. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, April 12, at 2 p.m., to consider the following nominations: Thomas G. Anderson, to be Ambassador to Barbados and other Caribbean Nations; and Harry Bergold, to be Ambassador to Nicaragua.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

Mr. QUAYLE. Mr. President, I ask unanimous consent that the Subcommittee on Agricultural Credit and Rural Electrification, of the Committee on Agriculture, Nutrition, and Forestry, be authorized to meet during the session of the Senate on Thursday, April 12, at 9:30 a.m., to hold a hearing on legislation to amend the Rural Electrification Act of 1936 (S. 1300 and H.R. 3050).

The **PRESIDING OFFICER.** Without objection, it is so ordered.

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. QUAYLE. Mr. President, I ask unanimous consent that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Thursday, April 12, to hold a hearing on transfer of U.S. high technology to the Soviet Union and Soviet bloc nations.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

SUBCOMMITTEE ON STRATEGIC AND THEATER NUCLEAR FORCES

Mr. QUAYLE. Mr. President, I ask unanimous consent that the Subcommittee on Strategic and Theater Nuclear Forces, of the Committee on Armed Services, be authorized to meet during the session of the Senate on Thursday, April 12, at 10 a.m., to receive testimony on the antisatellite program, in review of S. 2414, the fiscal year 1985 Department of Defense authorization bill.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

ADDITIONAL STATEMENTS

UTAH—A GREAT PLACE TO LIVE

● **Mr. GARN.** Mr. President, those of us who hail from Utah are occasionally asked about some report of high rates of child abuse or illegitimacy in our State. Reports like that apparently attract attention because of Utah's well-known reputation for being family oriented. Since statistics purporting to show a higher-than-average incidence of such problems are always surprising to those of us who live there, I am happy to note that someone has finally set the record straight.

Lincoln Oliphant, who is a former member of my staff and now a staff member on the Senate Republican Policy Committee, recently did some research in response to similar questions. His article reporting his finding appeared in the April 4, 1984, edition of Salt Lake City's Deseret News.

The figures show that Utah is a good place to be born and educated and is a nice, safe place to live. Like Mr. Oliphant, "I hail from Utah, and after looking into Utah's social profile, I am especially proud that I do."

Mr. President, I recommend this information to my colleagues, and ask that the article be printed in the RECORD.

The article follows:

[From the Deseret News, Apr. 4, 1984]

UTAH HIGH IN ILLEGITIMATE BIRTHS, ABUSE? LOOK AGAIN

By Lincoln C. Oliphant

Since I hail from Utah, a friend from Virginia asked me to explain the reports that had come to her about Utah's high rates of child abuse and "illegitimate" births. My friend thought these reports reflected poorly on the state's dominant church. "By their fruits shall ye know them," she implied.

I said I would look into it.

Since I hail from Utah, a Maryland kindergarten teacher asked me to explain an article in this month's NEA Today, the newspaper of the National Education Association. Readers learn that Utahns have lots of children and that they cram their little ones into school rooms that average 27.4 pupils per teacher.

This puts Utah 4.3 pupils per teacher ahead of the runner-up, California, which has a public school population about 12 times larger than Utah's. Readers also learn that among the states Utah ranks 45th (at $1,842) in spending per pupil, per year.

My Maryland friend thought these facts reflected poorly on family-oriented Utahns who should know better than to skimp on their schools.

I said I would look into it.

The "Statistical Abstract of the United States, 1982-83; Digest of Education Statistics, 1982" and "The Condition of Education, 1982 Edition Monthly Vital Statistics Report" (Dec. 29, 1983); and "Highlights of Official Child Neglect and Abuse Reporting," Annual Report, 1981, by the American Humane Association are excellent sources for looking into things. Not even the Wasatch Range can hide Utahns from the datagatherers and number-crunchers at the Bureau of the Census, the National Center for Education Statistics, and the National Center for Health Statistics.

From these sources, an outline of Utah's social profile can be drawn:

In 1980, there were 1,461,000 Utah residents. Utah's population is, by far, the nation's youngest with a median age of 24.2 years; 37 percent of Utah's population is under age 17. About 27 percent of the nation's population is in this age bracket. (76.5 percent of the Utah population, but 11.4 percent of the national population, is age 65 and over.)

Utahns are not wealthy. In 1981, Utah ranked 47th in per capita personal income. However, Utah's median *family* income placed it 23rd among, the states. the jump from 47th place to 23rd can be explained in part by the large size of Utah families. Some 7.7 percent of Utah families were below the poverty level in 1979. Fourteen states had lower rates. However, only 3.4 percent of Utah's population received public aid (in 1981). Only seven states did better.

The statistics show that Utah is a good place to be born. I was born in Utah and have no complaints. In 1979, Utah had more than 30 births for every 1,000 Utahns. This is a rate that is almost twice the national average. (Only four other states had rates that were even in the 20-births-per-thousand range.)

Utah babies survive their first year at slightly better than the national rate and they are much more likely to be born to married women than are babies in any other state. One of every 15 Utah babies is born to an unmarried woman; nationally, one of every five has an unmarried mother.

Utah is also an excellent place in which to be conceived. The state has either the lowest or second lowest ratio of abortions to births. (The answer depends on whose numbers you believe). when the number of abortions is compared to the number of women in the state, rather than to the number of births, Utah ranks fifth.

Utahns marry at a rate above the national average, and divorce at a rate slightly above the national average. They die at rates far below the national average (because they are so young). Utahns do not die of heart disease, cancer, stroke, liver disease, diabetes, or pneumonia at anywhere near the national rate.

They are as prone to accidental death as any American. they are 30 percent more prone to what are called "conditions originating in the perinatal period." (This is explained by the fact that the average Utah woman bears about twice as many children as the average American woman.)

Deaths by suicide are slightly more common in Utah than in the rest of the country. (One possible explanation for this is Utah's medical examiner law that uncovers suicides that may go undetected in other states.)

Utah has less crime than many states. The murder and robbery rates are about one-third of the national rate. The rates for rape, aggravated assault, burglary, and motor vehicle theft are all significantly below the national rate. The rate for larceny is significantly above the national rate.

But my friend wanted to know if Utah is safe for children, or are they frequently abused? To the extent that the states can be compared, Utah is very safe for children. (The states use widely varying reporting methods and the definitions of maltreatment are necessarily imprecise. For example, nearly a quarter of neglected or abused children are described as suffering "emotional maltreatment" or "other maltreatment.")

For each 1,000 residents in 1981, Utah had 4.0 reports of abuse or neglect of individual children. The only Mountain West state to which Utah can be readily compared is Montana, which had a rate of 6.7 individual reports per 1,000 population. My friend should know that her own Virginia's rate is 7.4 reports per 1,000 population.

My friend from Maryland should know that during the decade of the '70s, Utah's public school population grew at the nation's third fastest rate. Utah's growth of 13.2 percent was in sharp contrast to the national decline of 10.7 percent. Still, Utah manages to be first in the percent of adults who have attended college and fifth in the percent of adults who have graduated from college. Utah is tied with Colorado in having the most educated populace, with an average of 12.8 school years completed. Only two states have lower illiteracy rates than Utah.

Utahns are not schoolhouse Scrooges. Utahns spend 10.4 percent of their per capita personal income on education in 1979-80. Only Alaskans did more. (The national average was 6.8 percent.) Every Utahn spent nearly $735 on education, and this gross dollar amount was exceeded in only two states. Utah, the state that ranks 47th in per capita income, ranks second in per capita education spending. Alaska, which is first in per capita spending on education, is also first in per capita personal income with a 1981 level nearly $6,000, or 75 percent, above Utah's level.

I hail from Utah, and after looking into Utah's social profile, I'm especially proud that I do.●

BISHOP C. A. ASHWORTH

● **Mr. METZENBAUM.** Mr. President, on March 31, the Ohio North Jurisdiction of the Churches of God in Christ held a testimonial dinner to honor Bishop Chester A. Ashworth. Bishop Ashworth has given 47 years of outstanding service to his church as a pastor and bishop in Akron, Ohio and as bishop of Alabama.

I extend my warmest congratulations to Bishop Ashworth and ask that biographies of him and of his devoted wife, which were published by the Wooster Avenue Temple of the Church of God in Christ, be printed at this point in the Record.

The biographies follow:

About Our Pastor

Bishop C. A. Ashworth was born September 7, 1897, in Merryville, Louisiana. Little is known of his boyhood, but we know that he attended rural schools and from there to Lake Charles Methodist, where he was graduated. From there, on to Houston, Texas, where he attended high school. There he got as far as the tenth grade, and quit. Four years after he quit, he resumed his education and went on to teach school. During the time when he was receiving his education, something kept worrying him about turning to God, but as any other young person, he felt that there was still a little more pleasure in life for him. But in June of 1918, his mind was completely changed, because he had allowed God to come into his life. His mind was now set on heavenly things. He was married on July 19, 1922.

When he became a preacher, he was not aware of the sufferings and hardships that a preacher had to go through with, and he later rejected his calling, being reminded of Jonah 1, 2, and 3, when God told Jonah to go to Neviveh and he rejected. But, after much affliction Jonah returned. Elder Ashworth realized that it's not good to reject God. He was also reminded of Ephesian 4:1, which states; "we are to walk worthy of the vocation in which we are called." So Elder Ashworth, being another Jonah, returned to his ministry, and in the year of 1923, in Shreveport, Louisiana, he made an open confession of his calling. During this time he was working as a pullman porter on the railroad. After his confession he gave up his job although his wife and friends felt that he was making a big mistake, but he was determined to go through with his calling into the ministry.

In 1924, he felt that there was more work for him to do other than preaching at his home church, so he along with his comrade Elder Ellis Wheat went to Conniac, Texas, and with the help of God labored there; from there he went to Mansfield, Louisiana. Arriving there, and being a stranger, Elder Ashworth had only $7.50, he paid their room rent, which was $3.50, this left him only $4.00, with this money he bought lumber and made benches to go under the brush harbor where they were worshiping the Lord. After buying the lumber he had only a few cents left, and he was hungry but he didn't have enough money to buy a decent meal, so he bought some saltine crackers and peppermint candy, no doubt he bought that combination because they would make him drink a lot of water to keep him full.

The Lord gave him favor with the people and the first person to give him a meal was an old widow woman, 70 years old, thinking of First King 17: 8, and 9, when Elijah was fed by a widow. After two weeks of labor there the people were begging him to stay longer, but he returned home and went back to his job, where he worked for five weeks, no doubt trying again to get out of his ministry, he did not succeed. After five weeks he went back to his ministry. On September 24, 1924, he went back to Texas where the people gladly received him, there he labored again under a brush harbor. On Thanksgiving day the Lord blessed him with ten members and many well wishers and he also raised $100.00 and with this money he built a small church, by March of 1925, his membership had grown to 24 or more and he made his first report to the State Convocation. Through much persecution he purchased nine tenths of an acre of land for the price of $400.00 and built a church 60 feet long and 24 feet wide.

In April of 1925, he went to Spring Lake, Louisiana, a rural village, he labored there about ten days and established a church. In June of 1925, he went to his first Convocation in Haynesville, Louisiana and was ordained at the meeting. In March of 1926 he became a member of the State Board of Elders. During this time districts were formed and he was appointed Secretary over the Western District under Supt. Clavon Ealy. He worked with him until the districts were reorganized and he was appointed Secretary over the Northeast District, under Elder S. D. Daniel. After working two years in the district he was appointed Superintendant of the Northeast District, by Overseer James Felton, April of 1929. In December of 1929, he was appointed pastor of the Luney Street Church of God in Christ. Under Elder Ashworth's leadership the church grew to be one of the largest of the faith.

In 1937, Elder Ashworth left all that he had accomplished and came to the state of Ohio, by the request of his very good friend, the late Bishop R. F. Williams. He joined the State and was appointed pastor of the Church of God in Christ, 793 Rhodes Avenue, Akron, Ohio.

In February of 1939, he was appointed Supt. of the Akron District by the Late Bishop R. F. Williams. Under his leadership the Akron District became the leading district in the state. He served in this capacity until 1948. Also in 1939, Elder Ashworth was appointed National Statistician by Senior Bishop C. H. Mason. In September, 1944, under his leadership, the members on Rhodes Avenue were blessed to purchase the Wooster Avenue Temple property. Here the Lord added to the church many souls. In 1952 he was appointed State overseer of the State of Alabama by Bishop Mason. In 1954, he was appointed Bishop, the highest honor that can be attained in this church. Since that time he has served as a shepherd well. One of his favorite scriptures is: Isiah 58:1: "Cry aloud, spare not, lift up thy voice like a trumpet, and shew my people their transgressions, and the house of Jacob their sins.

ABOUT OUR PASTOR'S WIFE

Mother Ashworth was born in Nalchitoches, Louisiana to the parents of Mr. and Mrs. George E. and Mamie Brown. Her parents moved to Shreveport, Louisiana, a city of one hundred twenty five thousand, where she spent her childhood.

Being from a Methodist background, her mother taught her to love Sunday School. And, today, she is still a whiz of a Sunday School scholar. Her childhood teachings of the Holy Bible continues to make her a Bible scholar today.

In later years she attended Pentecostal, Church of God In Christ under the Pastoriage of Elder H. W. Clemmons. There she had a personal experience with the Lord and was saved, after being convinced that Holiness was right. The people in that church were so loving and kind to her and her mother. Elder G. G. Powell, Sunday School Superintendent, was a great Bible man from A to Z to the extent that Mother Ashworth says, "she hasn't found his match." Again she states; "I know God and Education is still the answer to part of man's needs." And, finally she states; "I feel like I am a full fledged member at Wooster Avenue Temple, Church of God in Christ.

Mother Ashworth known and referred to as "MURR" by all of Wooster Avenue Temple Members is loved by all.●

NATIONAL LIBRARY WEEK

● Mr. D'AMATO. Mr. President, I rise today in recognition of National Library Week, April 8-14, 1984. This week has been designated to recognize one of this Nation's most vital resources—our storehouses of man's collective knowledge.

Our libraries perform an excellent job of orderly arranging our books and other informational materials covering the whole range of our knowledge. Some libraries cover all subjects, while others may be limited in scope and clientele. Our libraries stand readily available to respond to the needs of our citizens.

Libraries provide access to knowledge and enrich our lives. They are an important part of the process of learning about the world around us. The designation of April 8-14, 1984, as National Library Week is another step in the promotion and support of all types of libraries. The public should be made more aware of the many services available at libraries. Therefore, Mr. President, it is appropriate that the Congress recognize April 8-14, 1984, as National Library Week.●

BUDGET STATUS REPORT

● Mr. DOMENICI. Mr. President, I hereby submit to the Senate a status report on the budget for fiscal year 1984 pursuant to section 311 of the Congressional Budget Act.

Since my last report, the Congress has cleared for the President's signature Senate Concurrent Resolution 102, deleting title IV of H.R. 4169, the Omnibus Budget Reconciliation Act of 1983.

The report follows:

REPORT TO THE PRESIDENT OF THE U.S. SENATE FROM THE COMMITTEE ON THE BUDGET STATUS OF THE FISCAL YEAR 1984 CONGRESSIONAL BUDGET ADOPTED IN HOUSE CONCURRENT RESOLUTION 91

REFLECTING COMPLETED ACTION AS OF APRIL 6, 1984

[In millions of dollars]

	Budget authority	Outlays	Revenues
Second budget resolution level	922,125	852,125	679,600
Current level	922,181	854,256	665,283
Amount remaining	0	0	0

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate and which exceeds $0 million for fiscal year 1984, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in H. Con. Res. 91 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate and which would result in outlays exceeding $0 million for fiscal year 1984, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in H. Con. Res. 91 to be exceeded.

REVENUES

Any measure that would result in revenue loss exceeding $0 million for fiscal year 1984, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in H. Con. Res. 91.●

ARMENIAN TERRORIST ATTACKS ON TURKISH DIPLOMATS

● Mr. DENTON. Mr. President, tragically, attacks by the Armenian terrorist groups continue. Their bloody bombing at Orly Airport in 1983 was followed by a suicide attack at the Turkish Embassy in Lisbon in late summer. In winter they struck again, this time unsuccessfully at the Turkish Embassy in Beirut.

On March 28 this year in Tehran, Iran, they attacked Turkish diplomats at their homes. One diplomat was critically wounded and is still in a coma after brain surgery. Another was also wounded, but escaped serious injury.

This is not the first statement I have made about the international cancer of Armenian terrorism. Although less exposed, and less studied, than their confreres in the Red Brigades of the PLO and other terrorist groups, the Armenian terrorist organizations are no less deadly. That was affirmed more than 2 years ago by Deputy Secretary of Defense Fred W. Ikle in Senate testimony. Their entry into revolutionary Iran is an ominous sign that should be followed closely because the Armenian terrorists are violently anti-American and enthusiastically pro-Soviet.

We can only hope that Iran's fear of the Soviet Union will lead them to prosecute Armenian terrorists and curtail their activities in Tehran. It is encouraging that seven Armenians in Tehran were caught just before a planned attack on Turkish diplomats. One Armenian terrorist died by his own bomb while trying to place it to the car of a Turkish diplomat.

Violence against diplomats transcends political alliances. It touches the entire civilized world. We hope that all countries will work to combat the new terrorism whose victims are altogether innocent diplomatic personnel living in foreign countries. No country is immune. American diplomats have been victims of senseless and savage violence.

Our hearts go out to the people of the Republic of Turkey, which has lost 30 diplomats to Armenian terrorists in 10 years. The toll is even higher if we count the victims, including many innocent bystanders, of the attack on the Ankara Airport. All died because of senseless violence that a small number of Armenian terrorists call vengeance for losses suffered by their ancestors 70 years ago.●

INSPECTOR GENERAL DATA MAKES CASE FOR AUDIT REFORM

● Mr. SASSER. Mr. President, there is mounting evidence of the need to reform and strengthen the way in which the Department of Defense (DOD) audits its procurement practices and investigates possible instances of fraud, waste, and abuse in the huge DOD procurement budget. Data released by the DOD's Deputy Inspector General, as well as other information, underscore this need. All of this evidence further strengthens the case for Congress to take action on this need in this year, during this session.

Ready to serve as the legislative vehicle for addressing this need is my bill, S. 2381, the Defense Contract Audit Agency Abolition Act. Briefly, S. 2381 would dismantle the DCAA and transfer all of its duties and responsibilities to the DOD's Office of Inspector General.

Testimony and evidence adduced by the Senate Governmental Affairs during its ongoing series of oversight hearings into DOD management and spending policies has demonstrated that the DCAA is institutionally incapable of doing the auditing job it was designed to do when the agency was set up by a DOD directive in June 1965. Because it has no statutory basis, it has not undergone the intense scrutiny it should have undergone had it been established by the Congress, nor does it possess the automony an aggressive auditing agency should have. It cannot; it reports to the DOD Comptroller.

Aside from its institutional failings, the DCAA has demonstrated in many cases that it discourages auditors from doing their job aggressively. Again, the hearings of the Governmental Affairs Committee have brought forth evidence to this effect.

Mr. President, most recently, Mr. Derek J. Vander Schaaf, the Deputy Inspector General for the DOD, touched upon the issue when he spoke at the 1984 Worldwide Air Force Pricing Conference at Oklahoma City. He touched upon it in three ways: First, he described the problem of the excessive costs paid by the DOD for spare parts, an outstanding discussion of this aspect of DOD spending practices; second, he referred to the institutional problem that DCAA has in pursuing aggressive audits and investigations, in some cases, the DCAA does not have contractual rights to accounting data, nor does it have subpoena power; and third, he alluded to marked increase in in fraud cases investigated and pursued by the DOD's Office of Inspector

General—an office only a year old in its present composition.

Mr. President, I insert the text of Mr. Vander Schaaf's remarks, as well as information regarding the DOD Inspector General's impressive record in the battle against waste and fraud be entered in the RECORD at the conclusion of my statement.

As the Congress continues to seek ways of squeezing every last cent of savings out of the Federal budget, we must always be conscious of the opportunities to do so with through our oversight duties. A statutorily authorized auditing arm in the Department of Defense, as called for in S. 2381, is yet another tool we can and should use in realizing new economies and savings in Federal spending.

The material follows:

REMARKS BY MR. DEREK J. VANDER SCHAAF

This morning I want to confine the major portion of my remarks to spare parts pricing and the major ongoing DoD-wide audit of spare parts pricing. It time permits, I will briefly touch on what the Inspector General is doing on defective pricing matters and the system to followup on contract audits.

At risk of boring many of you in the audience, I want to start off by stating some facts that you in all probability already know. This needs to be done because the spare parts problem we face is not a simple single problem of paying more than we should. In fact, overpricing is the result of a number of other shortcomings in: Requirements determination; inventory management; automated data support; cataloging; use of technical data; poor use of nomenclature; failure to standardize: proprietary designations; uneconomical quantities purchased; personal attitudes; and most importantly lack of cost incentives.

The sheer size of the DoD spare parts operation can be viewed as a problem in itself. The Department supply system manages about 4.3 million items, which over 3.5 million can be reasonably classified as spare parts. In comparison, the largest and best supermarkets in the country stock a mere 25,000 items. We are adding from 5,000 to 7,000 items to this inventory each month. When we try and further divide the requirement up into (1) peacetime operating stocks, (2) war reserve stocks, and (3) other war reserve categories we further unnecessarily complicate the problem.

Poor use of nomenclature and failure of buyers to familiarize themselves with items purchased lead to horror stories.

As a matter of fact we are finding that certain key words in the description often can be a tip-off that an item is overpriced. When the nomenclature includes the words safety or alignment, as in:

"Parachute clip safety" or "alignment tool" hold on to your billfold.

We have been successful in encouraging contractors to use standard (already stocked) items instead of designing a new item or making a minor modification to an existing item, which results in a new Federal Stock Number and further complicates the process.

Because of the sheer size of the system, it has been clericalized to an extent that many purchasers do not receive appropriate scrutiny. Buyers and item managers are rated on the number of procurement actions handled, or obligations made, not on what they paid for parts purchased. These pressures work directly against increased competition.

The use of should cost analysis and the development of alternative sources consume time and effort in a system which rewards speedy procurement and is short of trained personnel to make the analysis.

Cost or price is not viewed as an important factor on individual items, it only plays a role in determining the quantity and range of items to be procured.

Cost and pricing data are not normally requested for many smaller (under $500,000) negotiated contracts.

Reviews of contractor estimating and accounting systems by DCAA and ACO's are not made for the specific purpose of determining the ability of the system to appropriately allocate costs to individual spare procurements. I will have more to say about this later.

The desire for speed in procurement resulted in excessive use of price redeterminable basic ordering agreements and unpriced orders. The use of these procurement techniques provides little incentive for the contractor to hold down costs or make timely deliveries. As you know this contract form is being eliminated, but there is still a lot of equipment to be delivered under earlier price redeterminable BOA's.

All together too many parts have been pyramided or passed from an original producer through jobbers and distributors to a prime manufacturer, with each level adding on overhead and profit.

Costs for engineering technical support startup, etc., are appropriately included in the initial provisioning price. Then all too often this initial provisioning price becomes a baseline for follow on procurement in which all of the engineering and other overhead costs should not be repeated.

The DoD pays for technical data which it often does not receive or when received are incomplete. Even when technical data are available they often are not used to develop competitive sources of supply.

Until recently, technical data that include proprietary designations are seldom challenged.

WHAT WE ARE DOING TO CORRECT THE PROBLEM

After all this bad news there is some good news. Each of the Military Departments and the Defense Logistics Agency have major efforts under way to correct many of the problems summarized above. These efforts include:

Screening all purchases for breakout to second or competitive sources. There is an addition of 7,000 people in the fiscal year 1985 budget for this purpose.

A competition advocate has been established at each major buying command and buying activity.

Performing front end work to ensure that the prime contractor seeks more than one supplier for various parts of the weapon system and that the prime contractor agrees to provide necessary data to support competitive follow on purchases of spares. The Air Force fighter engine contract is the best example of this. I congratulate the Air Force on breaking through this long/standing problem with the engine manufacturers. The Air Force has always been the leader in innovative contracting. It did not always turn out the way you expected—a la C-5A. But innovations all the same. Other improvements include:

More "should cost" and value analyses.

The Services are ordering more spares concurrent with production of the end item.

Plans are being developed to execute the spare parts purchases annually and execute early in the year. Thus, reducing the number of orders/contracts placed.

The Secretary of Defense issued policy guidance on the spares procurement process in July and issued more detailed program guidance last August. These policy objectives included rewards, discipline, refusing to pay unfair prices, refunds and continuing to audit for pricing abuses. The second memorandum established specific program objectives which the Military Departments are implementing under the supervision and guidance of the USDR&E.

REMAINING ISSUES

This does not mean the battle is over. Further work is required to:

1. Establish the size and extent of the overpricing problem: efforts to accomplish this will be discussed in a moment.

2. Verify that the corrective actions taken during the past year are in fact effective. This along with ensuring that these actions do not adversely affect military readiness is something that we have to start reviewing in detail in 1985.

3. Finally we must find ways to reduce excessive vulnerability to overpricing on small quantity, low value items. In other words, stop the horror stories. We will never stop all the horror stories but we can do much better.

One of the first things the Reagan Administration did after taking over the Pentagon three years ago was to launch a campaign against fraud, waste and abuse and make some sweeping reforms in management and procurement. There is quite a revolution taking place in the defense marketplace. The Department's internal auditors are playing an important role in that revolution.

PAST AUDITS RELATING TO THE SPARE PARTS BUYING PROCESS

For example: 140 audits have been completed, 87 were in process and 25 additional audits planned by DoD's internal audit organizations. This listing clearly establishes that the Department took the initiative in identifying the various spare part problems. The requirements area and inventory management have received a lot of audit coverage. However, it also indicates that not much audit attention has been given to the matters of pricing, technical data and disposal activities. We may be vulnerable in those areas and you should be paying particular attention to them.

We are going well beyond audits in getting to the bottom of the spare parts pricing issue. The Department of Defense/Department of Justice Fraud Unit has already obtained indictments and guilty pleas in cases where criminal mischarging was involved. We had 657 white collar crime convictions last year. We have received refunds from suppliers who have overcharged the Department. The numbers of suspensions and debarments have increased dramatically during the past three years. We have also directed that the Defense Contract Audit Agency (DCAA) conduct more defective pricing audits and new auditors are being hired for that purpose.

Some specific examples include:

The Commercial Fasteners Corporation recently plead "nolo contendere" to 23 counts of making false statements in connection with bids for contracts to sell hardware items.

Several large DoD semiconductor manufacturers may have supplied defective or faulty microchips now part of many electronic devices used by the military; from walkie-talkies and jeeps to battleships and fighter aircraft. Last week, the National Semiconductor Company pleaded guilty in a 40 count indictment of falsifying records relating to the testing of electronic spare parts. While I am not personally satisfied with the settlement based upon what I currently know about it, the guilty plea does send a message. We expect further convictions in the near future.

Officers and owners of Standard Air Parts, Inc., were indicted and convicted on charges related to bribery/kickback schemes to defraud the Government in the supplying of spare parts.

We are investigating a DoD contractor for overpricing spare parts for tanks, nuclear submarines, aircraft and helicopters. We are checking out a spare part that is being provided to DoD at a cost of $820.00 when an affiliated company could provide it for $2.40. Three other items have been identified which were procured by DoD at unit prices of $12.50, $9.50 and $24.75, while the contractor acquired them for $.21, $.64, and $.07, respectively.

The General Dynamics Corporation charged the Air Force $1,900 for a part while paying only $31 for the part. Investigation substantiated the overpricing, and resulting action led to a change in the standard part price.

An investigation was initiated from a tip that a $148.04 commercially procured washer could be fabricated from readily available materials at a significantly reduced price. Inquiry determined the feasibility of the idea and action was taken to produce a quantity of the items in-house. They have now been introduced into the supply system at a price of $10.93.

The President of the Brothers Machine Company pled guilty to a charge of making false statements. The contractor had forged the signature of a Government quality assurance representative on inspection forms in order to receive payment for defective spare parts.

You in the audience are probably all familiar with the Davey Compressor case or the B.H. Aircraft case where the wheels of justice continue to grind. The list goes on and on.

The important point is that many firms are now getting the picture that the risks involved in overcharging or cheating DoD have increased substantially.

DoD-wide spare parts audit

Now that I have told you what you already know, I'll address what the Department's internal auditing arms are doing to verify what you already know.

I am speaking about the largest single audit ever undertaken by the Department of Defense. We refer to this audit as the DoD-wide Audit of Spare Parts Procurement. The audit was personally requested by Secretary Weinberger last August—and when I mean personally, I mean personally. We did not in any way urge him to conduct this audit. He felt it was necessary as a result of the "fallout" from some earlier audits of the spare parts process.

The objective of this audit is to quantify the extent to which unreasonable prices are being paid for spare parts and to determine if the "fixes" that have already been put into place or are being implemented address all of the pricing problems identified in the audit. We will not make unnecessary recommendations.

For this audit the Military Department internal auditors and the auditors randomly selected 2,300 spare parts for which we spent approximately $253 million. While the parts to be audited were randomly selected, the 202 contractors covered by the audit have not been randomly selected. The contractors reviewed represent the largest dollar suppliers of spare parts at the buying activities audited.

This situation was turned around in DLA where the contractors were randomly selected from among those doing the most business with DLA. The parts were not randomly selected, but were the ones accounting for the largest purchased amounts from the contractors. Aircraft engine part suppliers were excluded because of our previous work in this area.

One aspect of this audit we wanted to avoid was making the same mistakes that occurred in the aircraft engine spares audit. As you will recall in that audit we tried to work on the basis that the previous price was acceptable or fair and monitored increases in price from the previous price. That approach to an audit is full of pitfalls as we found out. In fact, I'm convinced that one of our problems in buying spare parts is an excessive reliance on the previous price paid in making the determination that the new price is fair and reasonable. The aircraft spare parts audit certainly had a lot of examples which indicate that this is a bad assumption. The aircraft engine spares audit also pointed out the huge number of errors and incomplete data contained on the procurement history tapes.

Now getting back to the current audit. We have provided the Secretary of Defense with an interim status report on our progress through mid-December. The individual Service auditors and IG auditors have each issued separate interim reports on their portions of this DoD-wide audit.

We have not attempted to draw any conclusions or final recommendations with respect to our findings to date. I can only pass on to you some of the preliminary data. As of mid-December, we had made determinations on about 650 of the 2,300 parts in the random sample and classified about 430 parts as reasonably priced and about 220 parts as unreasonably priced. Thus, slightly more than one third of the parts reviewed at that time were believed to be unreasonably priced.

There are some aspects that this audit has already revealed that bother me. One is the large number of items that had to be referred to the Defense Contract Audit Agency, in order to assist in making a determination if the price was fair and reasonable. About 1,500 of the 2,300 items sampled (nearly two thirds) had to be referred to Contract Audit because the procurement files did not have data readily available to determine the reasonableness of the price paid. Yet each and every buyer certifies that the price is fair and reasonable under the circumstances. We realize that additional time and personnel are needed to prepare and analyze data if managers are going to be able to say, without equivocation, that the price paid is fair and reasonable. Costs of accomplishing this would of course reduce any savings resulting from making price a more prominent consideration in our purchasing procedures. But this situation in turn illustrates my earlier comments about clericalization of the process and incentivizing people to move paper rather than get the best price.

The auditors are classifying a price as unreasonable if they conclude after consideration of a number of factors that DoD should have paid a lower price. Some of the factors considered are the procurement histories, quantities procured, sources of supply, frequency of buys, engineering appraisals, the intrinsic value of the item and physical characteristics of the item. We also looked at the contractors' cost and his catalog prices if he sold the item to buyers other than the Government.

To date, we have placed the items found to be unreasonably priced in one of seven categories. These categories are:

1. Lower prices available from another source;
2. Price paid exceeded intrinsic value;
3. Pricing methodology overstated the item's value;
4. Uneconomical quantities purchased;
5. Prices paid exceeded catalog prices;
6. Pricing errors and related deficiencies; and
7. Higher price paid to fulfill an urgent requirement.

Lower prices from another source

Now I want to say a few words about each of the categories without attempting to draw any conclusions. Essentially the first item, lower prices available from other sources, ties to long-standing breakout issues. Higher prices were paid because we did not solicit known sources or the buyer was not informed by technical staff that other sources existed. This occurred when available documentation, such as drawings and prior procurement histories, were not used to identify the other sources. Also in this category are purchases from prime contractors when the prime was not the actual manufacturer and did not add any value to the part. The kinds of problems covered in this category are well known and as far as I can tell are being addressed in all the Military Department's programs to improve the spare parts buying process.

Price exceeded intrinsic value

In the second category, price paid exceeded intrinsic value, an engineering team reviewed drawings and physically observed the item. The engineers based their judgment on familiarity with similar items, estimate of labor hours to produce, labor rates, material cost, overhead, profit and special tooling in order to develop an estimated price of the item. The contributing cause of items identified as overpriced through this methodology was generally that buyers were not familiar with the items they bought and adequate engineering reviews were not performed.

Pricing methodology overstates value

The third category, pricing methodology overstated item value, relates to the well known problems of using equal allocation of costs methodology. Individual items are not separately priced or negotiated as a single procurement action and the contractor quotes a price for all of the items. In our preliminary review about 19 spare parts actually were overpriced on an individual item basis. In most cases the auditors were able to determine that a fair and reasonable price was paid when the order was reviewed in its totality. However, I do not mean to infer by this that there are no problems with this pricing methodology. This pricing technique often resulted in high price initial spare prices becoming the basis for price estimates on future purchases. This action also established a price for our own stock fund operation. When the next purchase is made and only a comparison of price to the past purchase is used as a basis for determining price reasonableness, we are liable to get stung and badly. Also, transferring this price to the stock fund can result in selecting a substitute item which appears to be less expensive but may in fact be more expensive.

Buying in uneconomical quantities

The fourth category covers uneconomical quantities. The auditors found a significantly large number of items where the procuring activities did not take advantage of price breaks offered by vendors for larger buys of needed items. They also found that uneconomical purchases of initial spares were made because emphasis had been placed on ordering minimum quantities, although the items design was stable, and larger purchases could be justified. The auditors also identified a number of items where more than one Federal Stock Number was assigned for the same part or a preferred substitute part was available. Combining these requirements would have obviously reduced costs.

Price exceeds catalog price

A small number of items were purchased when the price paid exceeded the vendor's catalog price. We often found that the DoD buyer did not have the vendor's catalog in hand and thus, was unable to check the price against an existing catalog price. Our auditors have issued a separate report on one particular vendor who has charged the Government considerably more than he charged commercial airlines for a number of spare parts.

Pricing errors and deficiencies

Under the heading of pricing errors and deficiencies, we have identified two particularly significant problems. This is the problem of negotiating an initial spares award based on subcontractor quotes provided by a prime. Procuring officials did not request technical or field pricing reviews of the subcontractor's proposal primarily because it was believed that such field pricing support cannot be obtained in a timely manner. Subsequent to negotiations with the Government, the prime contractor was able to obtain lower prices from the subcontractor and did not pass the savings along to the Government. When this happens we can get stung badly. We have also issued a report on this situation as it applies to certain major weapon system awards that has received a lot of recent press coverage.

Another group of items in this category were overpriced because significant price escalation took place within a short period of time, but these escalations were not challenged and there was no explanation available for the much higher price paid.

Urgent requirement

The last and final of the seven categories includes paying a higher price to fulfill an urgent requirement. Only a few items in our preliminary status report fall into this category. We accepted the higher prices paid on some items when a record was available to document that the requirement was urgent. Unfortunately, in two cases there was a substantial increase in price because of failure to seek competition on the basis that it would take too long to fill the urgent requirement. The requirement was known 18 months in advance, but not acted upon in a timely manner.

Let me finish up by saying the preliminary data suggests, note I did not say conclude, that there are many instances of overpricing and that the percentage of overpricing on individual items may be high—that's the bad news. However, the good news is that the total dollar amount of overpricing tended to be small either because the overpricing occurred on low dollar value items or because small quantities of the items were procured. Of the 220 items preliminarily classified as unreasonably priced just a few items accounted for over half of the dollar value. The few larger dollar value items involved situations where we paid higher prices either because the procurement was improperly treated as urgent or because we bought from small business under the "set aside" program and paid an unreasonably high price.

Unfortunately, the numbers of items with high percentage increases is rather significant even though the dollar amounts are not, as indicated on this chart. We are well aware that we do not want to "chase a nickel in savings with a dollar in cost" and will be mindful of that when we write our final report.

DCAA's role

Now before I finish, I want to say a few words about DCAA's role in this audit. In general, DCAA provided excellent support. They furnished us with actual costs, when available, or reviewed the accuracy of the original pricing. Since most contractors do not maintain actual costs by individual part, DCAA often had to review the adequacy of an estimate, make an estimate themselves, or apply recommended loadings to purchased parts cost on pass-through items. This was often difficult to do because some of the contractors estimating systems had not been previously reviewed or were not designed to effectively track costs to small purchases.

Based on what I know to date, let me advise those of you who are in the spare parts procurement business to always obtain and use preaward surveys of accounting systems for new suppliers and to update periodically. We found contractors that had never been audited because of only accepting orders under the threshold value that required field pricing review. This was most noticeable at 30 contractors who initially denied access to DCAA on procurements where DCAA did not have contractual right to their accounting records. The IG's statutory rights to data exceed the contractual rights. Thus, through the threatened use of our subpoena powers, we convinced all 30 of those contractors to provide necessary cost data or catalog pricing sales data to DCAA to assist in our DoD-wide audit. As we further refine our data, it will be interesting to note the extent of overpricing by these 30 contractors.

DEFECTIVE PRICING

So far, I have concentrated my remarks on the pricing of spare parts; however, I am just as concerned about the pricing of major weapon systems. Our contract audit followup reports for the period ended September 30, 1983, indicate that 206 defective pricing reports were over six months old. The reports included recommendations for downward price adjustments totaling $248 million. The rate of sustention for 101 defective pricing reports closed during the period was 18 percent. I consider that unacceptable. By comparison, the overall sustention rate for contract audit reports was 53 percent.

As many of you know, I believe that the Department can do better on resolving defective pricing audits. I presented some of my views on this subject to the Senate Committee on Governmental Affairs and the Senate Armed Services Committee last year and I am scheduled to discuss this subject and its relationship to the old Renegotiation Board process before the House Banking, Finance and Urban Affairs Committee next week. I also directed my staff to look for ways to get more bang for the buck from defective pricing reviews.

Our contract audit followup efforts on the defective pricing situation are beginning to have an impact. We have conducted a series of reviews at one major Air Force buying command and pointed out deficiencies in the procedures used to settle defective pricing cases. In response, the Air Force has initiated or reinforced the following policies:

1. The contracting officer does not have the authority to waive the Government's right to future defective pricing claims in order to settle a current claim with the contractor.

2. Price adjustments made as a result of defective pricing must be made on the instant contract. The adjustments cannot be deferred to other contracts or fiscal years.

3. The applicable DAR provisions, DAR 3-807.9 and 3-801.5, will be followed to ensure that the procurement contracting officer is aware of all DCAA audits of subcontractor proposals for the prime contractor. If the procurement contracting officer is not made aware of the assist audit when the prime contract price is negotiated, the Air Force will pursue recovery of any overpricing under the defective pricing clause.

Another recent Air Force contract audit followup review addressed the proposed settlement of seven defective pricing cases at one contractor location totaliing some $30 million. In response to our observations, the Deputy Assistant Secretary of the Air Force (Acquisition Management) concurred that available legal and audit resources were not effectively used in the proposed settlement. A detailed legal review was subsequently conducted, and negotiations were scheduled to reopen as soon as conflicting views are resolved between the auditor, legal advisor and negotiation team. The pricing office is revising its procedures to strengthen the requirements for documentation and legal reviews. The placement of the Designated Independent Senior Acquisition Official was also changed to provide more independence. Other changes are under review.

The Air Force is making a very positive response to some of my office's efforts. Senior management in the Air Force, from the Secretary on down, recognize a need for some changes. I sincerely appreciate your cooperation. I thank you for giving me an opportunity to talk about these pricing issues.

SUSPENSIONS AND DEBARMENTS (BACKUP)

[Results from all sources, not just investigative activities]

	Calendar year—			
	1980	1981	1982	1983
Army	12	72	72	73
Navy	19	6	30	53
Air Force	7	20	22	47
DLA	34	49	55	150
Total	72	147	179	323

Examples of Defense Fraud Cases Prosecuted as a Result of Department of Defense/Department of Justice Joint Efforts Against Major Corporations

Sperry Corporation.—As a result of a contract audit report, it was discovered that the

Sperry Corporation (Sperry), St. Paul, Minnesota, was mischarging labor hours on two Air Force contracts involving the MX Missile Program and the Airborne Launch Control System. The investigation resulted in a Sperry plea to a three count criminal information and a fine of $30,000. As a part of a plea agreement, Sperry agreed to pay $817,000 in civil fines and penalties and agreed to institute numerous adminstrative changes in their accounting and time recording systems.

Davey Compressor.—In Cincinnati, Ohio, an alert contracting officer noted alterations when comparing pricing data submitted by the Davey Compressor Company (Davey) for progress payments and data used in supporting spare parts pricing proposals. Following an investigation which revealed that Davey's vice-president altered invoices and quotations from suppliers and fabricated documents to inflate the costs of materials, Davey was indicted on 25 criminal fraud counts listing an approximate loss to DoD of $11.7 million. Davey pleaded guilty and was fined $250,000. As a part of a plea agreement, Davey paid $2.75 million in civil fines and penalties and agreed to numerous adminstrative constraints levied by DoD. Davey's vice-president was also convicted of criminal fraud and was sentenced to two years in jail.

RDL, Inc.—In Pennsylvania, a Federal grand jury returned a nine count indictment against RDL, Inc., its president and its secretary/treasurer charging conspiracy to defraud DoD, making false statements, and obstructing agency proceedings. The indictments involved five separate DoD contracts for electronic equipment used in tanks and aircraft. The estimated loss was approximately $1.3 million. Both corporate officers pleased guilty to obstructing an agency proceeding and making false statements. They both received suspended jail sentences, were placed on three years probation and were fined $20,000. Civil claims for approximately $1 million are currently pending against RDL, Inc.

National Semiconductor.—On March 6, 1984, a Federal grand jury returned a 40 count indictment against the National Semiconductor Corporation (National) on charges of mail fraud and false statements. The indictment charges that National issued false certifications that the required testing of certain microchips purchased by Government agencies had been performed. A plea agreement stipulates that National will pay $247,000 in criminal fines and reimburse the Government $105,000 for the cost of prosecution and investigation. The civil settlement provides for the payment by National of $1.4 million in damages and civil penalties to the Government.

FURTHER EXAMPLES OF FRAUD

False Statements.—Raycomm Industries, Inc., a communications equipment manufacturer, and two of its corporate officers, were convicted of filing false statements as a result of irregular labor classification and charging practices. Raycomm repaid $750,000 and was fined $10,000. The corporate officers each received 3 years probation and were together fined over $10,000.

Medical Fraud.—Dr. Peter V. Alexander was convicted of filing over $80,000 in false CHAMPUS, Blue Cross/Blue Shield and Medicaid claims for medical services he had never provided. He was fined $1,000 and was sentenced to 2½ years in jail.

Defective Merchandise.—American Cotton Yarns was convicted of providing $685,000 worth of defective parachute cord to DoD. The firm was fined $250,000 and the firm's president received a 2 year jail sentence and 5 years of probation.

False Claims.—Universal Decking Systems, Incorporated, which installed decking and did external preservation work on several Navy ships, and its corporate president were convicted of presenting numerous false claims causing a loss to the Navy in excess of $1 million. The corporation was fined $190,000, its president sentenced to 10 years in jail, and fined $110,000. A $3 million suit to recoup losses to the Navy is currently pending. The contractor and its president have been barred from further Government contracting.

Defective Material.—Michigan Hardware Corporation, its president and vice president were convicted of fraud for providing defective B-52 aircraft parts worth over $300,000. The corporate president and vice president were sentenced to 3 years and 2 years, respectively, in prison, without any suspension of sentence. The corporation was fined $10,000.

CONVICTIONS AND INDICTMENTS, MILITARY DEPARTMENTS/DEFENSE LOGISTICS AGENCY

ARMY

Allied Management Corporation and Jets Venture Capital Corporation were indicted for bribing a contracting officer and for fraud in contract performance involving primarily base and services. The company obtained at least $15 million in excess profits from the Army.

A civil engineer for Boeing Services International Incorporated was convicted of soliciting a $10,000 bribe to provide information on a $396,000 Army subcontract for building maintenance. He was given a 5 year suspended sentence, 5 years probation, and a $1,000 fine.

Two Army noncommissioned officers (NCOs), co-owners of B&V Distributors, were convicted of stealing over $103,000 in medical equipment and supplies from Army units at Fort Hood, relabeling the material, and reselling it to the Army. The NCO's were each sentenced to 2 years in prison and fined $10,000.

NAVY

The president of GEMCO Construction Company, which was removing asbestos for the Navy, was convicted of conspiracy for paying a $20,000 bribe to a competitor firm to withdraw a bid on a Navy contract. The corporate president was given 3 years probation and required to forfeit the $20,000 bribe money.

A senior Navy officer who was providing consulting services to Navy contractors, was convicted of conflict of interest for directing the award of an $85,000 contract to a firm with whom the officer had agreed to split the contract fee. He was sentenced to 6 years imprisonment, 5½ years of which was suspended; 2 years supervised probation; and fined $6,000.

The president of Wilco Electric Incorporated, which performed electrical repair contracts for the Navy, was convicted of paying in excess of $89,000 in bribes to a Navy employee. The president was fined $40,000. The Navy employee was convicted of accepting bribes, sentenced to 5 years in prison, 4½ of which was suspended, 3 years probation; and a $5,000 fine.

AIR FORCE

An individual who stole 15 aircraft engines worth $130,000 from an Air Force museum was caught, convicted, and sentenced to 5 years in jail.

DEFENSE LOGISTICS AGENCY

ADEC, Inc., an audio equipment supplier, was convicted of making false claims and failing to ship audio material for which it billed the Government. ADEC was fined $106,000 and debarred.

Charles E. Nelson was convicted of tendering $64,000 of worthless checks for scrap metal purchases from DoD. Nelson was required to repay the $64,000 and given 5 years probation.

Samuel Foster, A DoD buyer at Defense Electronics Supply Center, was convicted of conflict of interest in purchases he recommended. Foster awarded contracts to ABC Electronics, a firm principally owned by his wife and sister-in-law. He was given a 6 month jail sentence and required to do 1,750 hours of community service.

The President and Vice President of Norfolk Packing were convicted of bid rigging, fined $150,000 and sentenced to 30 days in jail in connection with their sale of produce to commissaries in the Norfolk area. Two other firms involved in the scheme were convicted and officers of those firms were fined a total of $30,000. One received 30 days in jail and another 2 years probation.●

ARMOR PIERCING BULLET BILL—S. 555

● Mr. BIDEN. Mr. President, earlier this month the Subcommittee on Criminal Law, on which I serve as ranking minority member, held hearings on the law enforcement officers protection bill (S. 555). This legislation, which I am proud to cosponsor, was introduced by Senator DANIEL PATRICK MOYNIHAN, and a companion bill (H.R. 953) was introduced in the House by Representative MARIO BIAGGI. The bill would outlaw the manufacture and sale of armor-piercing, "cop-killer" handgun bullets, which are capable of penetrating the bulletproof vests worn by half of our Nation's 528,000 law enforcement officers. I submit for the RECORD the testimony in support of S. 555 presented by Senator MOYNIHAN, Representative BIAGGI, and Handgun Control Inc., and the testimony of the National Rifle Association so my colleagues can carefully review the position of those opposing this bill. Hopefully, all parties interested in this legislation will work with me in drafting a compromise so we can move forward in protecting the lives of our law enforcement officers.

The material follows:

TESTIMONY OF DANIEL PATRICK MOYNIHAN ON S. 555, THE LAW ENFORCEMENT OFFICERS PROTECTION ACT

Mr. Chairman, I come before you today on behalf of the Nation's 528,000 law enforcement officers. We have but a single purpose: To ask, will the United States Congress enact legislation to protect them from armor-piercing handgun ammunition, capable of penetrating the standard bullet-proof vest now worn routinely by more than 250,000 of these officers? Or will Congress fail to act, for fear of offending the special interest groups that as a matter of orthodoxy will oppose any government restriction on any bullet?

The job of a law enforcement officer is to risk his life, every day, maintaining the peace and ferreting out criminal activities. Our job is to govern. If we do not address the serious danger posed to law enforcement officers by armor-piercing ammunition, commonly referred to as cop-killer bullets, and do not do so promptly, we should and shall be held accountable by the men and women who perform so valiantly at our behest.

Two years ago, I joined with my distinguished colleague in the House and fellow New Yorker, Mario Biaggi—himself a former police officer wounded 10 times during his 23 year career—and on behalf of the New York City Police Department, in introducting a bill to ban the manufacture, import, sale, and use of cop-killer bullets. The need to limit the availability of such ammunition was urgent then, and remains so today. The development of bulletproof vests in the mid-1970's provided law enforcement officers with greater protection than ever before. These vests, made of layers of woven Kevlar, a synthetic fiber produced by the DuPont Company, have so far been credited with saving the lives of more than 400 officers. The FBI's most recent statistics document that the number of law enforcement officers killed in the line of duty by handguns declined 43 percent from 1974 (when such vests were first made available to police departments) to 1983. These vests, however, are rendered virtually useless by cop-killer bullets.

These small caliber, pointed bullets, usually made of brass or steel, differ from regular ammunition in two chief respects: their rapid speed of travel, and their capacity to retain their shape on impact. Perhaps the best known version of this ammunition is the KTW bullet, manufactured by the North American Ordinance Corporation in Pontiac, Michigan. In a test conducted by the California State Police, this bullet, with an apple green Teflon coating to enhance its penetrating ability, was found capable of piercing four standard bulletproof vests (72 layers of Kevlar) and five Los Angeles County phone books placed behind the vests. The awesome power of the KTW bullet is not significantly greater than other types of armor-piercing ammunition. In fact, a 1982 FBI study identified eight different bullets—five domestically produced and three imported—that can easily pierce the standard vests worn by law enforcement officers (18 layers of Kevlar).

I submit that these bullets have absolutely no commercial value. Armor-piercing bullets were first designed for use by law enforcement officers themselves, shooting at cars and barricades, but since then they have been strictly prohibited by most police departments. In fact, there is not one single police department in the country known to sanction officially the use of this ammunition. With good reason: Armor-piercing handgun ammunition is too unpredictable for police use. It often richochets off the objects toward which it is fired, significantly increasing the chance of bodily injury to other law enforcement officers and innocent bystanders. Some types of armor-piercing ammunition are so volatile that they damage irreparably the barrel of any handgun from which they are fired. As Captain John Sibley of the Rochester (Minnesota) Police Force observed:

> There can't be any other reason for such bullets in a handgun except to shoot police officers.

Every major law enforcement organization in the United States shares this sentiment. The National Fraternal Order of Police, the International Association of Chiefs of Police, the International Union of Police Associations, the International Brotherhood of Police Officers, the National Association of Police Organizations, and the Federal Law Enforcement Officers Association, in addition to hundreds of State and local police groups and the National Association of Counties, strongly support a ban on cop-killer bullets and have urged Congress to act on this legislation. While some individual law enforcement officers may advocate the use of armor-piercing handgun ammunition, they do not speak for the overwhelming number of police who are outraged about the lack of restrictions on cop-killer bullets.

Armor-piercing handgun ammunition is of no use to hunters and sportsmen. Standard ammunition can be used to achieve the same objectives, and in a safer and more certain fashion. Animals shot with armor-piercing projectiles die slow deaths, usually from loss of blood, because the bullets typically pass through the body cavity without fragmenting on impact. Indeed, for this reason, many States explicitly forbid the use of such bullets for shooting game.

The legislation Congressman Biaggi and I proposed in the 97th Congress, and introduced in this Congress as S. 555 and H.R. 953, would direct the Department of the Treasury to determine which bullets, when fired from a handgun with a barrel 5 inches or less in length, are capable of penetrating the equivalent of 18 layers of Kevlar, the standard composition of most police vests. The Department then would publish its findings in the Federal Register, and 60 days after publication those bullets so identified would be banned from further manufacture, import, sale, and use—except when authorized by the Secretary of the Treasury for public safety or national security purposes. The Secretary of Treasury could allow domestic manufacturers to continue testing armor-piercing bullets, and authorize the sale of such bullets to local law enforcement agencies or foreign governments.

A licensed importer, manufacturer, or dealer who violated this act would be subject to a fine of not more than $10,000, imprisonment for not more than 10 years, and the revocation of his Federal license. In addition, a person using or carrying an illegal bullet during the commission of a Federal felony would be subject to a mandatory sentence of not less than 1 year nor more than 10 years for a first offense, and not less than 2 years nor more than 25 years for a second or subsequent offense.

The stipulation in the testing procedures, to focus on bullets for handguns with a barrel length of five inches or less, was not arbitrary. In 1981, Joseph Albright of Cox Newspapers studied data on some 14,268 handguns confiscated from criminals. His study, widely acknowledged as the most comprehensive of its kind, revealed:

> Two out of every three handguns used in murders, rapes, robberies, and muggings were * * * handguns with barrels protruding no more than three inches beyond the cylinder.

Mr. Albright also found that the 15 handguns predominantly used by criminals all had barrel lengths of four inches or less.

The vest thickness prescribed in the testing procedures of my legislation also was carefully chosen. The vast majority of police vests worn today consists of 18 layers of kevlar. This is the same vest thickness used in the FBI's 1982 demonstration project, a study which showed these vests capable of stopping any conventional handgun bullets (including the .44 magnum, the most powerful standard handgun ammunition), but unable to defeat eight types of specifically-designed armor-piercing ammunition.

Let me make clear what this bill does not do. Our legislation would not limit the availability of rifle ammunition with armor-piercing capability. We recognize that soft body armor is not intended to stop high-powered rifle cartridges. Time and again, Congressman Biaggi and I have stressed that only bullets capable of penetrating body armor and designed to be fired from a handgun would be banned; rifle ammunition would not be covered. To further clarify this intent in our legislation, both Congressman Biaggi and I would favor an amendment explicitly to exclude rifle ammunition.

In addition, our bill would not limit the availability of conventional handgun ammunition to law-abiding citizens for self-defense and sporting purposes. The legislation has been drafted so as to apply only to the narrow class of bullets capable of penetrating bullet-resistant armor when fired from a handgun. Gun owners who already have armor-piercing handgun ammunition in their possession would not be subject to criminal sanctions. Our sole objective is to keep those handgun bullets specially designed to pierce soft body armor out of the hands of criminals. Nothing more is intended; nothing less will suffice.

In the spring of 1982, the House Subcommittee on Crime conducted hearings on our legislation. At that time, the Administration raised some legitimate questions about the scope of our proposal. Officials from the Department of Justice and the Department of the Treasury, while agreeing with the thrust of our legislation, expressed concern about the adequacy of our definition of armor-piercing ammunition.

Since that time, the Department of Justice has tried to develop a legislative response to the threat of cop-killer bullets, one that incorporates these concerns. Funds were allocated at the beginning of 1983 for a joint project by the National Institute of Justice and National Bureau of Standards to formulate a legislative definition of armor-piercing ammunition. An initial draft version of the study's findings was forwarded to the Department in August 1983. Following further revisions, a final draft proposal was sent to the Office of Management and Budget for review. In a letter to Congressman Biaggi of January 31, 1984, Robert A. McConnell, Assistant Attorney General, stated:

> * * * I remain optimistic that we have now resolved the definitional problems which have plagued this legislation in the past and that we will have a proposal for submission to the Congress in the near future * * *.

What, then, happened to this proposal? Quite simply, nothing. Someone, somewhere, in the Administration decided that the Department of Justice's proposal was unacceptable. As a result, the Department of Justice has not released any findings, although some details of its proposed legislation were made available to me and Congressman Biaggi. The main difference between the Justice Department's proposal and our legislation seems to be the device used to test the penetration capacity of armor-piercing bullets. The Justice Department proposal substitute a metal plate for the 18 layer Kevlar vest included in our testing procedures.

The response of the Department of the Treasury since the House hearing has been deeply disappointing. Treasury officials have done nothing to assist the Justice Department in its efforts to produce a legislative definition of armor-piercing handgun ammunition. Instead, Robert E. Powis, Deputy Assistant Treasury Secretary for Enforcement, Permitted the National Rifle Assocation to circulate a letter, from Mr. Powis, dated April 7, 1983, to members of the Senate. In this letter, Mr. Powis wrote the NRA:

> There has been little significant progress in the development of a regulatory definition for armor-piercing ammunition that would not also include a wide range of ammunition commonly used for sporting purposes.

This letter, an almost exact reiteration of Mr. Powis's testimony before the House Subcommittee in 1982, was sent the same day that Robert A. McConnell, Assistant Attorney General, wrote to Mr. Donald E. Fraher, Legislative Director of Handgun Control, Inc. to inform him that:

> In an effort to develop a precise legislative definition of armor-piercing bullets, the Department of Justice has funded a research project now being carried out by the National Institute of Justice and the National Bureau of Standards. It is hoped that this research effort will produce a workable definition of armor-piercing ammunition. Once the results are in, we expect to offer legislation banning armor-piercing handgun ammunition.

Was Mr. Powis unaware of the Justice Department's work on a legislative solution, or simply uninterested in its results?

Mr. Powis also asserted in his letter to the NRA that the Department of the Treasury was controlling the distribution of specially designed armor-piercing ammunition, through voluntary compliance agreements. How, I must ask, could the Department of Treasury limit the availability of armor-piercing handgun ammunition, if it considered it impossible to differentiate such bullets from standard ammunition? I might add that the NRA also sent a second letter to members of the House, dated June 10, 1983 in which it averred, Federally licensed firearms dealers no longer stock armor-piercing bullets for purchase by police officers as they once did. There are no importers that the Treasury Department does not have a voluntary compliance agreement with limiting the sale directly to police departments.

I, for one, have doubts about the existence of any such "voluntary compliance agreements" with domestic manufacturers, Federally licensed firearms dealers, and importers. Last week I wrote Mr. Powis, requesting documentation of all these voluntary compliance agreements before today's hearing. I have not received a response. Several police witnesses will appear before the Subcommittee this morning to respond to the Treasury Department's assurances about controls allegedly placed on the distribution of cop-killer bullets. In particular, Detective Richard Janelli, of the Nassau County Police Department, will testify to the availability of armor-piercing hand-gun ammunition in gun shops throughout his Department's jurisdiction. Permit me to mention that last September the Nassau County Police arrested a suspected bank robber in his residence. During a search pursuant to the arrest, police discovered both domestically manufactured and imported armor-piercing handgun ammunition.

Some opponents of our legislation, primarily the NRA, contend there is no need to restrict the availability of armor-piercing handgun ammunition. This type of bullet, it is argued, poses no danger to law enforcement officers. Could the NRA be unaware that a Canadian police officer and a Florida Highway Patrolman were shot and killed with KTW ammunition in Broward County, Florida in 1976? Had not the NRA spoken with law enforcement officers who are well aware of stocks of armor-piercing handgun ammunition available in local gunshops?

Writing in the August 15, 1983 edition of The Firing Line, the official publicaton of the California Rifle and Pistol Association, Inc., Warren Cassidy, Executive Director of the NRA stated,

> Clearly, ammunition designed to cut through armor is not used by hunters or competitive shooters. The ammunition is for specialized law enforcement and military uses only. The NRA understands this.

The NRA, then, does recognize the distinction between specially designed armor-piercing bullets and standard ammunition. Nevertheless, the NRA seems unable to go one step beyond, and recognize that a legislative definition can encompass one type of bullet without including the other. Instead Mr. Cassidy charges in his article that the legislation sponsored by myself and Congressman Biaggi.

> Would ban virtually all types of sporting ammunition.

Yet Mr. Cassidy and other NRA representatives cannot document what types of standard handgun ammunition would be outlawed by our bill. When pressed for specifics, they argue that our legislation would ban 90 percent of all rifle ammunition, a type of ammunition not addressed by our legislation. Even if the NRA were able to identify standard handgun bullets that would be outlawed under S. 555, I would contend, as did former Associate Attorney General Rudolph W. Gialiani, in his letter to Congressman Biaggi on February 1, 1983, that

> * * * any further delay is a tragic mistake. If legislation bans some bullets which are not stictly armor-piercing—if it is in some sense overinclusive—that is a small price to pay when the safety of law enforcement officers and others hangs in the balance.

Let there be no mistake. Any effort to ban armor-piercing handgun ammunition will be opposed by the NRA on narrow ideological reasons, no matter how carefully we define the ban. The NRA would have us wait to enact such a ban until dozens, perhaps hundreds, of law enforcement officers wearing vests are shot dead by those wholly unnecessary bullets. In the meantime, domestic manufacturers and importers and Federally licensed firearm dealers would continue to pedal cop-killer bullets, at the potential expense of every law enforcement officer wearing a vest. My question is, "why must we wait until then?"

I would like to mention and commend the efforts of Handgun Control, Inc., an organization that has assisted local officials here in Washington, D.C. as well as elsewhere in providing soft body armor to police officers who previously had no access to these vests. Handgun Control has joined with law enforcement organizations in vigorously supporting legislation to ban cop-killer bullets, and in so doing has performed an important public service.

While the Congress has yet to act upon this legislation I am encouraged by the response our bill has elicited from State legislatures. Since we first offered our legislation nine States (Kansas, Oklahoma, Alabama, Rhode Island, Illinois, California, Florida, Texas, and Indiana) and the District of Columbia have outlawed cop-killer bullets. Six more States (Minnesota, Louisiana, Montana, New Jersey, Maine and Virginia) have increased existing penalties for criminal possession or use of such bullets, and many others currently have legislation pending. The Administration also included, in the crime package approved by the Senate last month, criminal sanctions for the use of armor-piercing ammunition. In addition, Winchester-Western one of the Nation's largest ammunition manufacturers, has stopped producing armor-piercing bullets, and the DuPont Company has stopped selling Teflon to manufacturers of the KTW bullet, after determining the ammunition was being distributed to the general public.

Unfortunately, these efforts cannot provide law enforcement officers the protection they so deserve. We must do everything possible at the Federal level to prevent the criminal use of armor-piercing handgun ammunition. Certainly, as Mr. Edward Murphy, Legislative Counsel to the International Brotherhood of Police Officers, pointed out in his testimony before the House Subcommittee on Crime, there is ample precedent for Federal Legislation to ban this type of lethal ammunition:

> The Congress has adopted a policy of restricting the availability and use of certain types of firearms and weapons in order to assist police officers in fighting crime. Congress has outlawed the sale of the short-barreled rifle, the sawed-off shotgun, machine guns, and classes of weapons known as "destructive devices." Congress has provided a stiff deterrent to the sale or possession of such weapons as the means of controlling their availability. This method, while not completely effective, has at least provided officers with an instrument to combat their availability and use.

Police officers are pleading for this additional protection. How long can we ignore these pleas?

As sentiment against cop-killer bullets continues to build across the country, it is incumbent on the U.S. Congress to address the issue.

Statement Submitted to the Senate Judiciary Committee Subcommittee on Criminal Law

(By Donald E. Fraher)

Handgun Control, Inc., is a national citizens organization of over 821,000 Americans concerned about handgun violence. We are working for the passage of a federal law to keep handguns out of the wrong hands. HCI strongly supports the Law Enforcement Officers Protection Bill (S. 555) and applauds the tireless efforts of Senator Daniel Patrick Moynihan and Congressman Mario Biaggi to achieve passage of this vital legislation.

The proliferation of cop-killer bullets is of great concern to our supporters, many of whom serve in the law enforcement community. Handguns account for over 75 percent of police deaths in the line of duty. For that reason, nearly half of the nation's police wear bulletproof vests for protection. It is our firm belief that the production of handgun bullets designed specifically to defeat those vests should be stopped immediately.

When the Law Enforcement Officers Protection Bill was first introduced, Handgun Control, Inc., supported it and assumed it would pass the Congress virtually unopposed. Before long, however, we realized the bill faced a fierce challenge by the National Rifle Association. It was then that we joined the law enforcement campaign to urge the bill's passage. The basis for our involvement is perhaps best expressed in a letter from a woman in Alexandria, Virginia, who wrote:

"DEAR CONGRESSMEN: As the mother of a local police officer, I urge you to ban the cop-killer bullet. I'm tired of the NRA having control of everthing connected with guns in this country. Aside from police officers one of you gentlemen or the President may well be the next target of one of these bullets!"

Her sentiments are echoed by thousands of others—police officers and their friends and families as well as concerned Americans with no other personal stake in this issue but the safety of our law enforcement community and public officials. Most compelling of all are the letters we've received from police themselves—members of the rank and file who risk their lives every day in the line of duty. One such officer wrote:

"The public needs to be aware of this situation that we police officers are in. It's not bad enough that they (meaning the bad guys) have vehicles that will leave us in the dust, and better equipment than the smaller Dept. can offer the officer, but to give them something of this quality that is capable of penetrating a vest that a police officer has gone to all the trouble to put on and then put up with all the hassle of wearing it. It just doesn't seem fair."

Thousands of these rank and file law enforcement officers have signed our petitions endorsing S. 555. Not only individuals, but the largest law enforcement organizations in the country as well have demanded a ban on cop-killer bullets. At last count, 36 police groups had officially endorsed S. 555, including the Fraternal Order of Police, the International Brotherhood of Police Officers, the International Association of Chiefs of Police, and state and local police organizations from Las Vegas, Nevada to Reading, Pennsylvania.

In addition, we submit for the record a compilation of 136 editorials from all across America calling for passage of the Moynihan-Biaggi bill. More newspapers endorse the bill each week.

The reasons for this public outcry are sound. It may be true that bulletproof vests were never intended to protect the wearer from every firearm attack. But they were designed to defend police from the most common and deadly attack—by handguns. FBI crime statistics show that street criminals simply do not kill police with long guns, fists, bottles, bricks, knives, or any other conceivable weapon nearly as often as with handguns. The same is true for our elected officials—the chief threat to our President and other prominent public figures is the concealable handgun. The purpose of bulletproof vests is to protect against handgun fire, and since 1975 they've been doing a good job. According to the Department of Justice, approximately 400 police lives have been saved by the vests, and in the first years the vests were used (1974-1981), police deaths declined 31 percent.

That's why cop-killer bullets are such a terrible threat. When fired from an ordinary handgun, these bullets negate any benefit of wearing a bulletproof vest.

Perhaps defense of these bullets would be feasible if they had any legitimate use. Opponents of the cop-killer bullet ban are hard-presed to find any such purpose. Law enforcement has refused to use them, despite any contention by their manufacturers that they are designed for police. Aside from the fact that police rarely require a handgun bullet capable of penetrating walls, cement blocks and steel, the bullets are simply too dangerous to use. If they hit their target, they are quite likely to keep on going and injure innocent bystanders or even people beyond walls. They also ricochet far more than ordinary bullets and, again, increase the risk of hitting the wrong target.

Responding to the widespread opposition to continued sale of cop-killer bullets, at least 10 state legislatures and the City Council of the District of Columbia have outlawed them. Kansas, Oklahoma, Alabama, Rhode Island, Illinois, Hawaii and California paved the way in 1982. In 1983, Florida, Indiana and Texas joined them. These states represent every geographical area of the United States, and the margins by which their legislatures enacted cop-killer bullet bans were universally overwhelming.

The problem is that state laws end at state lines. Even those states that have acted on this threat are subject to proliferation of the bullets from their neighbors. We need a uniform national law to stop the cop-killer bullet. Even President Reagan acknowledged that fact when he addressed the National Rifle Association's national convention last year.

Despite its broad-based support, the Law Enforcement Officers Protection Bill has still to be enacted three years after its original introduction. The Reagan administration must accept partial responsibility for this failure. The Department of Justice promised to provide Congress with a test for identifying cop-killer bullets by the end of last summer, but has continually delayed. However, the National Rifle Association and the peddlers of cop-killer bullets, whose sole concern is profit, are far more culpable. They have sought to deceive the Congress about the true impact of this legislation.

The most misleading argument against S. 555 claims that cop-killer bullets cannot be defined and any legislation to ban them would inevitably outlaw a host of commonly used sporting ammunition. Yet the very proponents of that argument simultaneously assert that the manufacturers of cop-killer bullets have been instructed by the Treasury Department to sell them to police only, and therefore they pose no threat. There is something wrong with this logic. First, if the bullets can't be defined adequately, how did the Treasury Department manage to make an agreement with their manufacturers to restrict their sale? Second, if opponents of S. 555 believe that such an agreement was a positive step, why do they balk at making that agreement the law, with effective enforcement and mandatory sentencing for violators to back it up? As William Summers of the International Association of Chiefs of Police put it:

"Claims that this ammunition is designed for police use only are merely a ludicrous ploy to gain market acceptability, since no enforcement of the regulation is possible."

This point is illustrated by the experience of Arthur Kassell, Chairman of the California Narcotics Authority. During an interview in 1982 on the NBC Magazine television program, he explained how he had purchased KTW bullets, labeled "For Police Use Only."

"One of the stores that was mentioned, we contacted them and just said we'd like to get some KTW bullets. . . And they said fine. And I gave them my address and they sent them to me C.O.D."

Mr. Kassell was never asked if he was a police officer or if the bullets were for police use. It isn't difficult to imagine this scenerio repeated hundreds, perhaps even thousands, of times throughout the country, whether the bullets are intended for police use only or not. As long as no law governs their sale, cop-killer bullets will be available to criminals and assassins.

A second argument, repeated often by the NRA, is that cop-killer bullets simply are not used to kill police and therefore no threat has been demonstrated. This reasoning fails to acknowledge that information on police shootings is not always complete with details of the type of ammunition used. The FBI did not even note until 1980 whether or not a slain officer wore a bulletproof vest. Furthermore, police only began wearing bulletproof vests in the mid-seventies, and so it was not until after that time that criminals had any reason to even contemplate means of defeating soft body armor.

There are in fact at least two documented cases of cop-killer bullets being used against police. The bullets caused the death of one victim and the disability of another. How many police need to die before the NRA is convinced that the threat is real? Twenty? One hundred? Waiting for tragedy to provide evidence of the danger is irresponsible when legislation to help prevent such tragedy awaits passage.

In the face of Congressional inaction and NRA pressure, an alternative to banning cop-killer bullets has been offered in the House and incorporated in the Criminal Code Bill (S. 1762), which passed the Senate last month. This alternative is mandatory sentencing for using cop-killer bullets in the commission of a crime. Proponents of the measure say it overcomes any confusion over defining the bullets. The sentence only would be imposed on criminals who carry bullets that could penetrate a bulletproof vest if fired from the handgun used in the particular crime in question.

Many well-meaning legislators agree that this idea may be the answer: it evades the question of definition while focusing on criminals. Yet successful execution of this idea would have to be next to impossible. Its implication would be that every time a criminal were caught with a handgun, the law would require local police to test the bullets contained in the weapon to determine whether or not they were in fact armor-piercing when fired from that particular gun. Given the number of armed criminals arrested every day, one has to wonder where police would find the facilities, time and interest to perform ballistics tests routinely in an effort to enforce this law.

Aside from any testing problems associated with mandatory sentencing alone as a means of stopping cop-killer bullets, the fact remains the mandatory sentencing proposals do not address the central issue: saving police lives. S. 555 would impose mandatory sentences for using cop-killer bullets in crime while taking the crucial step of stopping their manufacture and sale. It is of the slightest consolidation to the spouses, families, friends and colleagues of a slain police officer to know that his killer is behind bars—if, that is, the killer is one of the few that is caught, convicted, and sentenced. Those who have recognized the cop-killer bullet threat and therefore endorsed the mandatory sentencing proposal have simply stopped short of a real answer. If the Moynihan-Biaggi bill saves even one life, it will have done a far better job than mandatory sentencing alone ever can.

There is only one objective for which we should all be working: protecting our police. The nation's largest police organizations, newspapers from across America, thousands of rank and file police who have signed our petitions, and 10 State legislatures are asking the Congress to stop cop-killer bullets. 17 Senators and 182 Congressmen have responded by cosponsoring the Moynihan-Biaggi bill. Handgun Control, Inc., urges this Committee to take action as well and favorably report the bill. Remember that until these bullets are outlawed, no police officer, nor even our President himself, can feel protected by his bulletproof vest. In the words of an officer in Iowa City, Iowa:

"The odds for the officer out on the street aren't always good to begin with, and as for myself, knowing these bullets are available to the average man on the street won't make me feel any better when I put on my vest every night before work."

Surely our police deserve whatever protection the law can afford. Each and every day these men and women risk their lives for our safety and security. The very least we can do in return is to pass the Law Enforcement Officers Protection Bill. Thank you.

TESTIMONY ON ARMOR-PIERCING "COP KILLER" BULLETS PRESENTED BEFORE THE SENATE SUBCOMMITTEE ON CRIMINAL LAW

(By U.S. Representative Mario Biaggi of New York)

Mr. Chairman, it was nearly 4 years ago that I first authorized legislation to address the problem of armor-piercing "cop killer" bullets. I did so at the request of the law enforcement community. They came to me because I served 23 years as a New York City police officer, because I was wounded 10 times in the line of duty, because I fully recognize the need for better police protection. With good reason, they were deeply concerned that the public was being allowed easy access to a special type of handgun ammunition that could penetrate their soft body armor.

It is unthinkable to me that such a critical problem can be talked about by so many and acted on by so few. I appreciate your interest, Mr. Chairman and am hopeful that today's hearing will allow us to overcome the obstacles that have stalled this vital police protection measure for so very long.

Significantly, armor-piercing "cop killer" bullets are not used for legitimate purposes. In fact, the Bureau of Alcohol, Tobacco and Firearms informed me in a report dated July 22, 1983, that "most State game laws * * * preclude the legitimate use of armor-piercing bullets." However, these bullets have been used by criminals to shoot and kill police officers. The most alarming fact, though, is the nonexistence of any federal law limiting the manufacture, sale or importation of these awesome projectiles.

Currently, more than half of our nation's 528,000 law enforcement officers wear bullet resistant body armor on a daily basis. The U.S. Justice Department reports that more than 400 police lives have been saved by these vests. In fact, during the 10 years (1974-1983) that bulletproof vests have been used, handgun-related police deaths have declined by 43 percent (93 in 1974 to 53 in 1983).

Our newspapers tell the story. For instance, on December 1, 1982, Washington Post readers were told in graphic detail just how effective bulletproof vests can be:

"William Johnson struggled for the .357 magnum revolver held only inches from his chest. He watched the gun as it fired seconds later. He saw his shirt tear as the bullet struck. He felt its crushing force. And because the 62-year-old Alexandria deputy shefiff was wearing a bulletproof vest, he was alive yesterday to help convict the man accused of trying to kill him."

Soft body armor, first started being used by law enforcement officers around 1974. The vests became popular with police officers because they are comfortable—weighing only about three pounds—and they can stop the conventional handgun ammunition used by most criminals. The most common bulletproof vest used by police costs about $150 and includes 18 layers of Kevlar—a bullet resistant fiber produced by Du Pont. Although not designed to stop rifle ammunition, the 18-layer Kevlar vest will stop most handgun bullets, including the powerful .44 magnum. As a result, more and more police are looking to soft body armor for protection. Just last year, in fact, I joined in the effort to raise $624,000 to furnish more than 3,000 District of Columbia police officers with a bulletproof vest.

Yet, despite its ability to stop conventional handgun ammunition, soft body armor is totally useless against a small class of handgun bullets specially made for maximum penetration. For example, the Teflon-coated KTW bullet, which is generally regarded as the most powerful of these armor-piercing bullets, can penetrate the equivalent of four bulletproof vests (72 layers of Kevlar) in a single shot.

Significantly different from other handgun ammunition, the armor-piercing handgun bullets are made of extremely hard metals—usually steel or brass-which allow the bullets to retain their shape on impact. In addition, they travel at exceptionally high speeds. The more conventional handgun bullets are slower and they flatten out on impact due to their hollow point and/or soft metal composition, most notably lead. Contrary to a popular misperception, the apply green Teflon coating, which is unique to the KTW bullet, is not the key ingredient to armor-piercing ammunition. In fact, it is responsible for no more than about 10 to 20 percent added penetration.

My initial research identified eight different manufacturers, both foreign and domestic, that made a handgun cartridge capable of penetrating the most popular police vest. The current availability of armor-piercing handgun ammunition is difficult to assess in precise terms. However, we do know they have been easily obtained by civilians through local gun shops, and we know that criminals have used them to shoot and kill police officers.

For example, on February 20, 1976, Florida Highway Patrolman Phillip A. Black and a visiting Canadian police officer, Donald R. Irwin, were shot and killed by KTW armor-piercing ammunition in Broward County, Florida. Their murderers were arrested shortly after the shooting armed with several boxes of the KTW bullets. Interestingly, the manufacturers of KTW bullets claim their ammunition is made and sold "For Police Use Only," and is not available to the public.

More recently, on the night of September 13, 1983, David Schwartz was arrested by Nassau County (NY) police on bank robbery charges. During a search of his home, police found a stockpile of weapons and ammunition, including 32 armor-piercing handgun cartridges.

A report prepared by the U.S. Bureau of Alcohol, Tobacco, and Firearms states that "approximately 30 million rounds" of a Czechoslovakian 9mm handgun bullet, that will easily penetrate the vests worn by police, were imported during the 1970's for commercial sale. Recent reports from law enforcement officials in my home state of New York indicate that "cop killer" bullets are still being sold in large quantities at local gun shops.

Beyond these facts, however, it is virtually impossible for anyone to determine the precise availability and use of these so-called "cop killer" bullets because national crime statistics do not show whether a bullet used in a crime is armor-piercing or otherwise. Commonsense, however, tells us that as the number of police officers wearing bullet resistant vests continues to grow, criminals have more reason to seek and use armor-piercing handgun ammunition.

These alarming facts have led individual police departments and major police organizations across the country to endorse a ban on armor-piercing "cop killer" bullets. These police organizations incude the International Brotherhood of Police Officers, the National Association of Police Associations.

Public support has been equally overwhelming, as demonstrated by the fact that over 140 editorial boards from every region of the nation have called for a federal ban on armor-piercing handgun ammunition. Further, H.R. 953 has 184 House cosponsors and S. 555 has 17 Senate cosponsors.

Further, 10 states, as well as a number of localities, have enacted laws banning armor-piercing handgun bullets. They include, Alabama, California, Florida, Illinois, Indiana, Kansas, Maine, Oklahoma, Rhode Island and Texas.

Even the manufacturers agree that these awesome projectiles should not be available to the public. In fact, as stated previously, the manufacturers of the notorious KTW armor-piercing bullet have labeled their product for "Police Use Only."

Raising serious questions about their fierce opposition to a ban on "cop killer" bullets, the Executive Director of the NRA's Institute for Legislative Action, Warren Cassidy, has written that "clearly, ammunition designed to cut through armor is not used by hunters or competitive shooters. The ammunition is for specialized law enforcement and military uses only. The NRA understands this." (The Firing Line, August 15, 1983). One must wonder, then, why the NRA does not understand the need for a ban on armor-piercing handgun ammunition, except for police or military use.

"How ironic," I thought, after learning that the armor-piercing "cop killer" bullets the police community feared were made originally to help police. Adding to the irony was the fact that the law enforcement community—for whom the bullets were intended—considered the armor-piercing handgun ammunition too dangerous even for police use. In fact, the International Association of Chiefs of Police, Inc., commented in a letter to me in January 1982 that "we can find no legitimate use for (armor-piercing) ammunition, either in or out of law enforcement. The manufacturer's position that it is 'for police use only' is ludicrous."

The IACP's claim is further substantiated by Remington Arms and Winchester, two of our nation's largest ammunition manufacturers. Remington began making a special metal penetrating load for police use in 1938. However, it was discontinued in 1965. According to Du Pont, Remington's parent company, "These loads were originally intended for use by police officers for penetrating metal, particularly fleeing cars. They were discontinued long before the advent of modern soft body armor. There does not appear to be sufficient demand for such loads for law enforcement purposes to justify their current production."

Winchester began making a metal-piercing handgun cartridge in 1937. However, according to their parent company, Olin Corporation, "The revelation that some pistol cartridges have the ability to penetrate body armor caused Winchester to review their product line. Although the .357 magnum and .38 special metal-piercing cartridges were added to our product line in 1937 as a result of police requests, due to low current interest by police departments * * * on February 22, (1982) the President of Winchester, H. E. Blaine, issued the directive that the metal-piercing cartridges no longer be manufactured."

With these facts in mind, it was certainly no surprise, then, to learn that both the Treasury and Justice Departments shared my concern about this problem. As far back as September 1979, the Treasury Department informed me that "we share your concern and that of all law enforcement agencies with the availability of (the KTW) and other ammunition capable of going through the body armor used by officers. We sincerely regret that law officers have lost their lives through misuse of this ammunition." In February of 1982, the Treasury Department reiterated their concern in a letter to me stating that "the Department shares your concern that armor-piercing bullets pose a danger to law enforcement officers."

In testimony nearly 2 years ago before the House Subcommittee on Crime, then-Associate Attorney General Rudolph W. Giuliani was even more specific in stating Justice Department concerns. He stated, "We see no legitimate reason for private use or possession of handgun bullets, such as the KTW, that are designed to penetrate armor."

Acting with what appeared to be consensus support from the police community, the Administration, and even the manufacturers of armor-piercing handgun ammunition, I first authorized a bill in February 1982 to ban these so-called "cop killer" bullets, except when needed for police or military use (my earlier bill had merely called for a study). An identical bill, H.R. 953, was reintroducted this Congress, and a companion bill, S. 555, has also been introduced in the Senate by my distinguished colleague from New York, Pat Moynihan.

Contrary to what some critics might want to believe, H.R. 953/S. 555 is not some deviously contrived gun control measure aimed at infringing on the legitimate use of firearms or ammunition—a right which I fully support. Instead, it uses an approach based largely on commonsense to outlaw a very small class of handgun bullets that benefit only one element of our society—the criminal element.

Specifically, this legislation would direct our federal firearms regulatory agency, the Department of Treasury, to determine which handgun cartridges can penetrate the equivalent of an 18-layer Kevlar vest (the most popular police vest) when fired out of a gun barrel five inches or less in length.

Once identified as armor-piercing, those handgun cartridges would be banned from future manufacture, importation, or sale, except when needed for police or military use. The bill would also provide mandatory penalties for any person convicted of using armor-piercing handgun bullets in a crime.

The penalties, imposed by this measure are consistent with current firearms violation laws. Under the provisions of this Act, any person who makes, imports, or sells one of these restricted bullets would be subject to a fine of not more than $10,000, imprisonment for not more than 10 years, and revocation of thier Federal license.

A person using or carrying a restricted bullet during the commission of a felony would be subject to a mandatory, minimum prison sentence of not less than 1 year nor more than 10 years for the first offense, and not less than 2 years nor more than 25 years for the second or subsequent offense. This mandatory sentence would be in addition to any penalty imposed for the original crime.

Let me emphasize that this bill is not in any way intended to penalize those persons who possess this type of ammunition for legitimate purposes, such as gun collectors. My sole intent is to keep these bullets away from criminals. While the future manufacture, importation, or sale would be banned, this Act would not be retroactive in scope.

The problem has been clearly defined and a reasonable solution has been proposed by myself and Senator MOYNIHAN. Yet, the Congress has failed to enact a federal ban against armor-piercing "cop killer" bullets. Why? There are two major reasons: first, the National Rifle Association strongly opposes a ban on armor-piercing handgun ammunition; second, the Reagan Administration, while seemingly not opposed to the idea, has offered very little meaningful support for such a ban.

The gun lobby's opposition to a ban on armor-piercing handgun ammunition is nothing but a knee-jerk reaction based more on paranoia than on any semblance of reason. Consider, for example, an article written by Evan Marshall for the Gun Owners of America, which stated, "The National Rifle Association has wisely recognized that the "Killer Bullet" controversy represents a gun control issue. If the anti-gun people can begin to restrict ammunition, they can get gun control through the back door.

Normally, I would not waste my time to respond to such a ludicrous and reckless statement. Yet, because this paranoic mentality has placed the lives of our police officers in grave jeopardy, I cannot allow such warped reasoning to go unchallenged. Let me first reemphasize that the bullets my bill seeks to ban are not used for legitimate purposes. Secondly, I want to once again state my support of the right to bear firearms for legitimate purposes. Simply stated, the issue my bill seeks to address is police protection, not gun control.

As a veteran police officer, I deeply resent the NRA's attempts to use their close ties to the law enforcement community to excuse their irresponsible and short-sighted position on this vital police protection issue. Simply put, the NRA has revealed that their long stated commitment to police safety can be compromised, even when the rights of legitimate gun users are not threatened.

A brief review of the facts shows that when I first authored legislation to ban armor-piercing handgun ammunition, the NRA made blanket statements of opposition, like "there is no such thing as a good or bad bullet." They were sharply criticized by the police community for such an outrageous position, but rather than changing their stance they merely restructured their words. There are technical problems with the legislation, they said.

I remain convinced that my legislation is sound, although I have long indicated my willingness to make any technical changes that the NRA or anyone else can prove are necessary. The NRA has chosen to ignore this challenge and, instead, continues to attack my effort by making totally inaccurate and misleading statements. For instance, they recently attempted to stir the emotions of their membership by saying that my bill "would ban 90 percent of high powered rifle cartridges." In fact, my bill would only ban armor-piercing bullets made originally for "handgun" use. There is no mention anywhere in the bill about banning rifle ammunition, and there is certainly no such intent.

In a letter to law enforcement officials, the NRA makes the incredible statement they my legislation "will cause the people to think something is being done to help our police officers, when, in fact, nothing is being done to protect them or to control those who attack them." The merits of my bill as a police protection measure are obvious—handgun bullets that can penetrate the soft body armor worn by police would be far more difficult for criminals to obtain.

The NRA apparently does not understand how that might help save police lives. Instead, they argue that "the only workable approach is to impose, with vigor and with justice, mandatory penalties for the use or the possession of 'armor-piercing' ammunition in the commission of violent crime. Strong words. I support tougher penalties, too, and have included such a provision in my bill. However, is the NRA so naive that it believes a criminal intent on committing a violent act would think twice if given the chance to arm himself with high-powered "cop killer" bullets?

Once again, I challenge the NRA to stop waging their war of words from the sidelines, and do their battle for police protection in the trenches, with those of us who are truly committed to saving police lives.

For nearly 2 years, the Justice and Treasury Departments have offered assurances that they share my deep concern about the serious threat armor-piercing ammunition poses to our law enforcement community. They have given assurance that they would work with me in developing an appropriate legislative remedy. Yet, they refuse to endorse my bill to ban armor-piercing handgun bullets, and they have failed to develop alternative legislation of their own. Simply put, this Administration, which has long prided itself on a strong law and order stance, has used bureaucratic double talk to effectively stonewall the most important police protection initiative in recent years—a ban on "cop killer" bullets.

It appears that at least part of the reason for these mixed signals we are getting from the Administration stems from a bureaucratic squabble between the Departments of Justice and Treasury. While both departments have pledged their willingness to work toward a legislative ban against armor-piercing handgun bullets, only the Justice Department appears to have followed through on that pledge, and their constructive efforts have met continued resistance from Treasury officials.

Consider, for example, that when testifying on March 30, 1982, before the House Subcommittee on Crime, Deputy Assistant Treasury Secretary Robert E. Powis, stated, "We are continuing to explore with the Justice Department other legislative alternatives. We will, of course, report to the committee, if and when we are better able to deal with this issue by means of legislation." Since that statement, as best as I have been able to determine, the Treasury Department has not conducted any further studies or attempted in any other way to develop legislation aimed at restricting the availability of armor-piercing handgun ammunition.

The Justice Department, while far from expeditious in their handling of this serious problem, has at least lived up to the spirit of their pledge of May 12, 1982, "to develop a workable definition of (armor-piercing) bullets." In fact, in a letter to me dated January 31, 1984, Assistant Attorney General Robert McConnell stated, "The Department of Justice has just recently forwarded a draft armor-piercing bullet package to the Office of Management and Budget for review within the Administration. I must caution * * * that this proposal is still subject to review (particularly by the Departments of Treasury and Commerce which have substantial expertise concerning firearms and body armor). Therefore, it may yet be found technically deficient in some respect. Nevertheless I remain optimistic that we have now resolved the definitional problems which have plagued this legislation in the past and that we will have a proposal for submission to the Congress in the near future."

The fact that this proposal has not been formally proposed to Congress prior to today's hearing leads me to reach a very distressing conclusion—the Treasury Department has blocked the Justice proposal, which was developed after months of careful study and deliberation. If that conclusion is accurate, the Congress in all likelihood will be left to act on the "cop killer" bullet issue without an official Administration endorsement. I hope I am proven wrong on this assessment.

Although the Justice Department proposal was not made available for my review, I have been informed by Justice officials that its general thrust is very similar to the Biaggi/Moynihan legislation. For example, it supposedly contains a ban on armor-piercing handgun ammunition based on a standard of penetration, and it would provide enhanced mandatory penalties for criminals who use such ammunition in a crime. The major differences are that the Justice proposal would require testing to be conducted by the industry, rather than by the Treasury Department, and the standard of penetration would consist of a certain number of aluminum plates, rather than the 18 layers of Kevlar. For the record, I would have no problem with either change. In fact, I find the Justice approach rather appealing, and am hopeful the Congress will have an opportunity to give it the prompt and careful consideration it deserves.

While state laws and voluntary restrictions are encouraging, they are far from satisfactory. Only 10 states have restricted the availability of these high powered projectiles and the laws that do exist vary from one state to the next. Voluntary efforts are unenforceable and have already proven unsuccessful in keeping KTW bullets out of the hands of "cop killers." The president of one U.S. company that manufactures armor-piercing handgun ammunition has been quoted as saying, "It's not up to me to regulate who gets the bullets." An importer of the "cop killer" bullets has attempted to shift the blame to the vest manufacturers, saying, "(the armor-piercing bullets') penetration speaks less of bullet design than of the inherent limitations of the vest."

It should be noted that Du Pont, the maker of Kevlar, has informed me that "at present * * * there are no strong leads on a new fiber which will make a vest capable of defeating the KTW or other armor-piercing handgun bullets at a weight low enough for routine wear." Suffice it to say that without a federal ban on armor-piercing handgun ammunition, there will be nothing to stop the money hungry businessman from making an easy dollar at the risk of police lives.

Whether it is the Biaggi/Moynihan legislation, the Justice Department proposal, or some other alternative is really quite insignificant. The simple fact is, no matter what the legislative vehicle, we cannot afford to wait any longer to impose a federal ban on armor-piercing "cop killer" bullets.

Simply put, cop killers don't wait for others to act, so why should we? We should be trying to prevent police deaths instead of responding to them.

Testimony of J. Warren Cassidy, Executive Director, National Rifle Association, Institute for Legislative Action

Mr. Chairman and Members of the Judiciary Subcommittee on Criminal Law:

I appreciate the opportunity to testify on behalf of the 2.8 million members of the NRA in opposition to S. 555 as introduced by Senator Moynihan.

Initially, I would like to point out that there is no demonstrated need for this legislation. Since the NRA testified on this identical legislative proposal two years ago in the House of Representatives, there has been no rash of criminal misuse of armor piercing handgun ammunition. In fact, it is our belief and fear, a fear shared by all police, that the high-profile media campaign, orchestrated by the proponents of this legislation and gun control groups, is far more likely to endanger police lives than armor piercing handgun ammunition.

In fact, S. 555 and its identical companion legislation in the U.S. House of Representatives, H.R. 953, are nothing other than one more attempt to separate law abiding gun owners and the nation's sportsmen from their firearms and ammunition. To quote the Justice Department testimony of March 1982,

"The simple fact is that some bullets with a legitimate use will defeat soft body armor. Moreover, in certain handgun calibers, the effect of a ban on armor-piercing bullets would effectively deprive firearms owners of the use of their weapons by rendering illegal all presently available commercially manufactured ammunition."

The National Rifle Association does not believe that legislation which attempts to control criminal behavior through the control of firearms and/or ammunition will ever be effective. Rather, we believe that stiff mandatory penalties for misuse of firearms and/or ammunition are the only effective deterrents to criminal behavior. It is already against the law to shoot police officers; it is against the law for convicted criminals to possess firearms; yet another law will have no effect, particularly since this law is designed to solve a nonexistent problem. In that regard, the U.S. Senate recently passed, by a vote of 91 to 1, a Comprehensive Crime Control bill which included just such a mandatory minimum sentence for the criminal misuse of AP handgun ammunition. The NRA commends this action.

Mr. Chairman, the specific problems with S. 555 and H.R. 953 are many. The definitional section which attempts to create a class of "restricted handgun ammunition" is severely flawed. If passed, the result would be the banning of many conventional handgun and rifle cartridges. The U.S. Treasury Department, which would have to administer S. 555, has previously testified that, and I quote,

"The bill . . . would . . . be likely to include other ammunition readily available in commercial channels which are not designed or intended to penetrate soft body armor. Many handguns currently produced fire rifle-type ammunition. It is likely that much sporting rifle ammunition when fired from a five-inch barrel, would penetrate soft armor. Many sporting rifle cartridges would end up being restricted by this bill."

Further, Mr. Chairman, S. 555 would be unenforceable, as the physical identification of "restricted ammunition," as opposed to similar unrestricted ammunition is virtually impossible. There is no simple penetration indexing test which will define armor piercing ammunition, or any law which would preclude ordinary "non-restricted" handgun ammunition from being fired from handguns with barrels over five inches in length.

Additionally, the cartridge handloaders and small ammunition manufacturers, of which there are thousands, are placed in a particularly difficult position by S. 555. Every time an individual handloads a cartridge to be used in a handgun, he must determine, under penalty of a federal felony, whether the cartridge is a "restricted handgun bullet." That determination can, under S. 555, only be made by the Secretary of the Treasury with very sophisticated testing equipment.

In short, Mr. Chairman, S. 555 and H.R. 953 are riddled with technical inaccuracies, unenforceable provisions and is legislation drafted in response to a non-problem.

Mr. Chairman, three further points bear consideration.

First, despite the claims of this bill's proponents and gun control groups, AP handgun ammunition is not available on the civilian market. The manufacturers and importers of ammunition only sell their AP handgun ammunition to police departments and do not sell to intervening FFL dealers. In other words, you cannot simply walk in to your local gun shop and purchase AP handgun ammunition, as many would have you believe.

Secondly, it should be noted that many law enforcement organizations have concerns regarding S. 555 and similar bullet ban legislation. To quote the Chairman of the Firearms and Explosive Committee of the International Association of Chiefs of Police in a letter to the President of IACP, and I quote,

"Partial information, faulty logic and emotionalism were found to exist in public discussions, in statements within the law enforcement community, and in congressional deliberations. We urge you as President of the IACP to suspend any official Association activities and withhold all public statements regarding 'Cop Killer bullets' until a rational and informed study of the problem has been conducted. This committee believes that this is necessary to avoid potentially damaging legislative overreactions."

Third and finally, Mr. Chairman, thirty-seven states allow hunting with handguns. The various State Fish and Game Departments specify certain calibers and/or energy levels below which you are not allowed to hunt with a handgun.

Nevada, as an example, requires either .357 magnum, .41 or .44 magnum handguns, with barrel lengths over four inches.

Mr. Chairman, S. 555 would outlaw many of the cartridges mandated for big game handgun hunting by State Fish and Game Departments, not only in Nevada, but across the country.

Mr. Chairman and members of the Subcommittee on Crime, the answers to the issues this hearing raises are not to be found in ill-conceived and poorly defined legislative proposals such as S. 555, but rather in swift and sure mandatory sentences imposed against those who would attempt or commit such abominable acts.

I commend to the attention of all concerned, the minimum mandatory provisions recently passed by the Senate as the most responsible solution to this issue.

Thank you for providing me this opportunity to testify on behalf of the National Rifle Association in opposition to S. 555.●

EL SALVADOR

● Mr. **SPECTER**. Mr. President, I am cosponsoring S. 2131 because I believe it is an appropriate humanitarian response to the human tragedy created by civil war in El Salvador. The bill would temporarily halt the deportation of Salvadorans while we study the fates of Salvadorans returned to El Salvador and the conditions of Salvadorans displaced throughout the hemisphere. The bill also calls for congressional hearings regarding the opportunities for safe resettlement within El Salvador or neighboring countries of the displaced nationals. Estimates of the number of displaced Salvadorans here in the United States range from 300,000 to 500,000.

The temporary suspension of deportations by granting a status known as extended voluntary departure to nationals from another country is not unprecedented. This status has been used in the past to allow citizens of countries that are experiencing civil strife to remain here temporarily and to obtain permission to work until hostilities ceased so that it is safe to return. This status is presently enjoyed by Ethiopians, Poles, Lebanese, Ugandans, and Afghanis. What is unprecedented is the need for congressional action to force application of this humanitarian policy through legislative mandate.

In late 1983, the Congress passed a nonbinding resolution as part of the State Department authorization bill which states that Salvadorans should not be deported to El Salvador until conditions in that country permit them to safely reside there. Sadly, the conditions that necessitated that resolution last year have not improved. Yet, the deportations continue.

During fiscal year 1983, according to unofficial INS statistics, 3,175 Salvadorans were sent back from the United States to El Salvador under formal orders of deportation, and another 1,627 were sent back pursuant to enforced voluntary departure. This comes out to about 100 Salvadorans a week.

The Legal Aid Office of the Archdiosese of San Salvador reports 2,527 political murders of civilians in the first 6 months of 1983. I am concerned that some of those deported may be among those victims.

We cannot continue in good conscience to send Salvadorans back to this situation.

Over the last several weeks, the Senate was involved in a vigorous debate over U.S. policies in Central America as we approached a vote on the administration's request for a supplemental appropriation to provide, in part, continued military assistance to El Salvador.

An important issue in this debate was the problem of human rights violations in El Salvador, and I attempted to attach conditions to the funds aimed at addressing this problem in a meaningful way. I believe this debate was an appropriate and essential aspect of Congress crucial role in U.S. foreign policy decisionmaking. But it would be tragic if the debate over the appropriate way to respond to human rights violations in El Salvador deafened us to the calls for humanitarian treatment of Salvadorans seeking temporary refuge here in our own country.

In our struggle to find effective, lasting solutions to the problems in El Salvador, we should not forget the very real present impact of those problems on individual Salvadorans. I applaud this legislation as a sensible, thoughtful approach reaffirming the commitment to provide safe refuge for displaced persons that is so fundamental to the principles that define this Nation and without which our calls for respect for human rights throughout the world ring hollow.

Therefore, Mr. President, I ask unanimous consent that I be added as a cosponsor to S. 2131. I also insert the attached editorial from the Philadelphia Inquirer in the RECORD immediately following my remarks.

The editorial follows:

[From the Philadelphia Inquirer, Mar. 11, 1984]

TICKETS TO A SALVADORAN HELL

It is a disgrace and a compounding outrage, the back-turning treatment that refugees fleeing El Salvador's civil strife are getting from the United States. By the thousands they cross the border each month, sucking lemons to quench their thirst in the back of dark trucks, their brothers hacked to death, their families afraid to keep them any longer if their politics have somehow offended the leftist rebels or the rightist death squads.

And though maybe 500,000 have illegally made it to the United States, busing tables and harvesting crops to stay alive, unlucky ones are being deported at the rate of 1,000 a month.

Some, yes, come primarily for jobs. But most have been propelled by the unrelenting conflict that since 1980 has left 30,000 civilians dead, victims of the crossfire raking their country.

U.S. immigration law has a section tailor-made for refugees such as these Salvadorans. It is called "extended voluntary departure." It does not grant citizenship or permanent political asylum. It simply allows aliens facing dangerous conditions in their homelands to remain temporarily on U.S. soil and to work legally until things cool off.

It is a status that is currently extended to Ethiopians and to Poles and to Lebanese and Ugandans and Afghans. But not to Salvadorans. It would only encourage a mass exodus, the Reagan administration insists. Besides—and incredibly—the State Department says it's not all that dangerous in El Salvador and, even if it was, refugees are welcome in nearby countries such as impoverished Honduras.

Year after year church leaders and civil liberties groups and members of Congress have presented evidence to the contrary. There is, of course, danger, they have shown. And Honduras, Guatemala and Mexico are not truly "safe havens." Yet the administration has stuck to its guns, stuck to its transparent double standard.

Now Rep. Joe Moakley (D., Mass.) is calling the administration's bluff. He has introduced a bill that requires the President to prove it is safe to send refugees back to El Salvador. While that proof—a study on the adequacy of food, medical care and civil protection—is being collected, it would temporarily suspend the deportations.

It is a humble hand to those whose only crime has been to live in a land at war. That it should be approved there is no question. That it had to be introduced in the first place is a national scandal and a crying shame.●

A TRIBUTE TO THE 75TH ANNIVERSARY OF THE DARTMOUTH OUTING CLUB

● Mr. **HUMPHREY**. Mr. President, I would like to pay tribute today to the Dartmouth Outing Club, the oldest collegiate outing club in the country. This year, the Dartmouth Outing Club, better known simply as the DOC, is celebrating its 75th anniversary. Founded in 1909 by Fred Harris, a member of the Dartmouth class of 1911, the DOC boasts a proud history and outstanding record of voluntarism and public service.

From its earliest days, the DOC fostered an understanding and love of the out of doors, and inspired significant contributions to our Nation's heritage. Begun as a ski and snowshoe club, the DOC has built a solid core of outdoor sport enthusiasts who have contributed in many ways to the rich diversity of our Nation.

It is little wonder that some of our country's earliest Olympic skiers received their training through the DOC. Club members have competed in practically every winter Olympics; in Sarajevo, Yugoslavia earlier this year, eight DOC members competed for the United States in such events as alpine and cross-country skiing, ski jumping, and biathlon. From the ranks of the DOC also came many members of the original 10th Mountain Division—an army on skis—that fought so valiantly during World War II. The DOC skiing tradition is in many respects symbolized by the annual Dartmouth Winter Carnival, the original intercollegiate ski competition, known to many as the Mardi Gras of the North.

But there is far more to the DOC than just winter sports. The DOC has been a pioneer in building and protecting the Appalachian Trail—a congressionally designated footpath stretching from Maine to Georgia. From its inception, the Appalachian Trail has taken advantage of the DOC trail network. With the passage of the National Scenic Trails Act of 1968, funds were made available to purchase a permanently protected corridor for the Appalachian Trail, and the DOC was to gain the job of relocating nearly all of the 70 miles of the Appalachian Trail that it manages. The work goes forward, carried out entirely by undergraduate volunteers, and the DOC has proven to be an outstanding cooperator in this effort with the National Park Service and the U.S. Forest Service.

In 1947 and subsequent years, when forest fires have burned out of control in neighboring Vermont towns and throughout New Hampshire, DOC members have mobilized and led fellow students and townspeople to fight the blazes. In 1959, and again in 1968, the DOC quickly mounted search and rescue efforts following two airplane crashes. More recently still, when some DOC members learned that local citizens in the Upper Valley of New Hampshire were going cold for lack of firewood, they formed a wood crew to solicit contributions of wood and organize students to cut, split, and deliver the wood to needy families.

Mr. President, I believe this spirit of voluntarism and commitment to public service deserves recognition, commendation, and emulation. Indeed, over the years, the members of the DOC have contributed immeasurably to our society. Most of these contributors have remained anonymous; others, such as Sherman Adams and Nelson Rockefeller, have helped to bring fame and recognition to the DOC. For example, while Sherman Adams was perhaps best known here in Washington as assistant to President Eisenhower, he was noted as an undergraduate at Dartmouth for having hiked 83 miles from Littleton to Hanover, N.H., in 24 hours, thus giving birth to the Dartmouth tradition of mileage contests.

In this, the Dartmouth Outing Club's diamond anniversary year, it is appropriate that we should take note of this organization's activities, history, and membership. Perhaps the DOC's most substantial annual undertaking is the freshman trips program in which over 90 percent of each entering class participates. Getting about 900 freshmen out into the woods for 3 days of hiking, biking, fishing, or boating before the start of classes requires tremendous organization, but the DOC is equal to the task. Many other colleges have tried to imitate the freshman trips program, but none could ever match what the DOC puts on. The DOC is also known for its woodsmen's competitions, and for the many and varied expeditions that its members have taken. From Peru to Labrador, the Himalayas to the Alps, the DOC has been there. The DOC has also been active in environmental protection efforts including recycling, mapping wetland areas in local communities, and assisting in salmon restoration efforts in the Connecticut and White Rivers. It has conduced national symposiums on such issues as snowmobiles, endangered species, and acid rain.

Of course, little of this would have been possible if it had not been for the devotion and dedication over the years of the full-time managers of the DOC. While the names of such people as J. Wilcox Brown, John Rand, Ross McKenney, and Earl Jette may sound obscure, to the DOC they are legendary.

With 75 years of history behind it, the Dartmouth Outing Club has much to celebrate and commemorate, and it will be marking this year with numerous special events. The anniversary calendar is replete with expeditions, reenactments of historic events such as Sherman Adams' famous 24 hour trek, banquets, dinners, and special weekends. Perhaps the most spectacular tribute will come on October 6, when DOC members will climb to the summits of all the 4,000 foot mountains in New Hampshire. When night falls, they will light torches at the summits to mark three-quarters of a century of achievement and adventure.

Whether or not the night is clear, the lights will be seen from afar, for the spirit of adventure and voluntarism embodied in the Dartmouth Outing Club should serve as a shining example for others. And so, Mr. President, I take this time to pay tribute to the Dartmouth Outing Club in its 75th year, and to wish it all the best for 75 more years of outings and meritorious public service.●

ASBESTOS-RELATED DISEASE

● Mr. QUAYLE. Mr. President, the number of persons who currently suffer or can conservatively be predicted to suffer disease, disability or death caused by past exposure to asbestos are a significant public health concern. Conservative estimates of future illnesses arising from exposure to asbestos in the next 30 years exceeds 135,000. Estimates of the number of asbestos-related deaths in the next 30 years range from 74,000 to 265,000. Although asbestos use has dropped drastically in recent years, because of the latent onset of asbestos illnesses, no significant reduction in asbestos-related illnesses is expected before the turn of the century.

Asbestos-related diseases and their accompanying product liability lawsuits are causing a major crisis for the tort litigation system. Nearly 20,000 asbestos-related lawsuits involving over 24,000 claimants are currently pending.

The tort system has created a crisis for plaintiffs, who must wait an average of 2 years and 8 months for a final decision. It has created a crisis for both plaintiffs and defendants because transaction costs are so high that for every $1 of compensation the plaintiff receives in hand, the defendant pays out between $2.50 and $3.

It seems to me that there must be a more rational way to deal with this public health and product liability issue. I am encouraged by the American Bar Association recommendation that there be Federal legislation to replace traditional product liability law in areas "* * * such as asbestosis, where, (1) there is a long latency period and, (2) the solvency of a significant number of manufacturers is involved and, (3) where the number of claims is an excessive burden on the court system." [1]

BASIC PRINCIPLES OF THE PROPOSAL

This proposal is based on four fundamental principles, each one of which will be difficult to translate into specific legislative language. I am offering this proposal at this time to determine whether a consensus can be built around these principles and, if such a consensus appears to be a possibility, to solicit help in translating these principles into legislative proposals. These four principles are:

First, victims of asbestos-related disease should be compensated on the basis of objective medical criteria without consideration of the fault of the producer or other tort defendant.

Second, equal compensation should be provided to those with equal disabilities, in lieu of the widely divergent awards in tort litigation.

Third, there should be a non-adversarial decisionmaking process in order to minimize transaction costs.

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[1] Statements of Ernest Y. Sevier, chairman, Section of Tort and Insurance Practice, American Bar Association, from hearings before the Subcommittee on the Consumer of the Committee on Commerce, Science, and Transportation, U.S. Senate, 98th Congress, 1st session, on S. 44, the Product Liability Act, Apr. 6 and 27, 1983, serial No. 98-33, S. Hrg. 98-302.

Fourth, the costs of the compensation should be distributed on an objective basis, with the Federal Government having no greater or lesser liability than others involved in the production and use of asbestos.

The basic rationale for substituting a no-fault compensation system for traditional tort litigation was stated by President Taft in 1912 proposing a no-fault mechanism for compensating railroad employees:

> One of the great objections to the old common-law method of settling questions of this character was the lack of uniformity in the recoveries made by injured employees, and by the representatives of those who suffered death. Frequently meritorious cases that appealed strongly to every sense of human justice were shut out by arbitrary rules limiting the liability of the employer. On the other hand, often by perjured evidence and the undue emotional generosity of the jury, recoveries were given far in excess of the real injury, and sometimes on facts that hardly justified recovery at all. Now, under this system the tendency will be to create as nearly a uniform system as can be devised; there will be recoveries in every case, and they will be limited by the terms of the law so as to be reasonable.
>
> The great injustice of the present system, by which recoveries of verdicts of any size do not result in actual benefit to the injured person because of the heavy expense of the litigation and the fees charged by the counsel for the plaintiff, will disappear under this new law * * * The cases will be disposed of most expeditiously * * * and the money will be distributed for the support of the injured person * * *
>
> The administration of justice today is clogged in every court by the great number of suits for damages for personal injury. The settlement of such cases by this system will serve to reduce the burden of our courts. . . [3]

My proposal is no more than an attempt to apply to the current problem of asbestos-related disease principles which were developed in the context of injuries to railroad employees almost a century ago.

SPECIFIC ISSUES NEEDING RESOLUTION

First. Abolish product liability for asbestos-related disease and substitute a "no-fault" system. The key issue is whether a no-fault system should be mandatory for plaintiffs, defendants, or both or whether the parties should have an election to remain under the product liability system. A purely voluntary system removes all questions of constitutionality and fairness and the need for an enforcement mechanism to ensure defendant's contributions to the fund. However, voluntary participation may create serious problems of adverse selection.

Choice on behalf of defendants—producers—is easier to administer because their identities are known and election can be required within a certain time. The identity of disease victims, on the other hand, is not known and the time for making election would have to be specified in terms of when the victim develops symptoms, manifestation of a disability or would have reason to know that he has a potential claim. This delayed election would appear to remove one of the main benefits of the systems—the ability to make reasonably accurate estimates of costs.

It would be my intention to make the system mandatory both as to plaintiffs and defendants unless compelling reasons dictate a different conclusion.

Second. Definition of compensability. Disability or death resulting from asbestos-related disease will be determined on the basis of objective medical criteria. This proposal is based on the assumption that science can, with a sufficient degree of certainty, diagnose and identify asbestos-related diseases. Comments on this assumption are critical.

Compensation would be limited to asbestos-related diseases such as: Mesothelioma; asbestosis; lung cancer attributable to asbestos exposure; other disabling asbestos-related illnesses but only when it has been determined by medical science that the disease was caused by exposure to asbestos.

Determinations of compensability will be made only on the basis of: First, objective medical criteria and second, proof of exposure to asbestos. The procedures for determining these medical criteria will need to be developed or they could be incorporated in the bill.

Third. Amount of Compensation. It is not the intent of this proposal to be "proplaintiff" or "prodefendant" but rather to reallocate the benefits and costs of this prpgram in a more rational manner than is done under the tort system. Total compensation under the proposal should approximate net awards to plaintiffs.

It has been suggested that somewhere between $30,000 and $80,000 for total disability, with proportionate reductions for partial disability would carry out this policy.

Awards made by this program shall be paid over and above benefits provided by workers compensation programs.

Comments are particularly solicited on appropriate amounts of benefits for plaintiffs.

Fourth. A nonadversarial decision-making process to reduce transaction costs. Payments to victims should be paid through a privately administered program with no involvement by State or Federal agencies. The model would be that of private disability, health insurance or pension plans, which pay out billions of dollars annually with no direct Government involvement and only miniscule amounts of litigation. Procedural protections through a mechanism such as an arbitration system subject to limited judicial review will need to be provided.

Many questions will arise as to the exact composition of this administering entity; clearly, it must have professional competence in the area of diagnosis and it must not only be, but also have the appearance of, fairness. That requires participation by the companies that pay the costs as well as appropriate representation of the concerns of the victims. The process must insure that professional competence is the key factor in making determinations. That is the only way to avoid the plethora of litigation and insure that the costs of the program result in benefits to victims rather than transaction costs.

Fifth. Assignment of Costs. This system is a substitute for the product liability system and should accordingly be financed by product liability defendants. The method of distributing costs among such defendants should be objective and based on reasonably available and noncontroversial data. The Federal Government should contribute in the same proportion as any other importer or producer.

The contributions of insurers of producers, importers or other product liability defendants also need to be determined as they will also be relieved from their liabilities under product liability claims.

The method of enforcing the contribution requirements will also need to be determined; particularly if participation in the no-fault system is nonelective.

CONCLUSION

I have attempted to sketch an outline of a proposal to substitute a no-fault compensation system for the present product liability system for compensating the victims of asbestos-related disease. It seems to me that the deficiencies of the current system are clear: vast disparities of treatment of victims with similar conditions, excessive volume of litigation, unconscionably high transaction costs compared to compensation and such uncertainties for defendants that rational planning is made impossible. While deficiencies of the present system are clear, the merits of particular reforms require close scrutiny. I recognize that other proposals have been offered which would deal with the issue through changes in worker's compensation law on the analogy of the black lung program. I am reluctant to embrace such an approach because I believe that worker's compensation should be left to the States and because, as the history of the black lung program all too clearly shows, it imposes unwarranted costs on the Federal Government. I believe that a simplified scheme which avoids any new government bureaucracy is a better alternative. I welcome comparisons, criticisms, and suggestions. Asbestos-related disease is too large a problem for us to ignore; my hope is that this proposal will lead to constructive debate leading to an equitable solution.

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[3] Message of the President of the United States, President William Howard Taft, transmitting the Report of the Employers' Liability and Workmen's Compensation Commission, pursuant to Joint Resolution No. 41, together with the hearings held before the Commission, vol. I, Feb. 31, 1912, 62d Congress, 2d session, Document No. 338.

Comments should be addressed to Bob Guttman or Diann Howland of the Subcommittee on Employment and Productivity, Dirksen 428, Washington, D.C. 20510, 224-6306.●

CONTRACT SANCTITY

● Mr. DODD. Mr. President, during consideration of the Export Administration Act amendments, the distinguished Senator from Colorado (Mr. ARMSTRONG) and I offered an amendment to permit the abrogation of contracts in force for foreign policy reasons in cases where the nations targeted by such controls were deemed responsible for acts of aggression, terrorism, human rights violations or nuclear proliferation. In our view, this amendment simply stated that we as a nation held to certain principles which were more important than the preservation of business contracts and the making of profits. During the debate on our amendment, the floor manager of the bill, the senior Senator from Pennsylvania (Mr. HEINZ) stated that several major organizations, long in the forefront of the struggle for human rights, did not support this amendment and that this amendment should be defeated.

Mr. President, unfortunately, our amendment was indeed tabled. However, I am concerned that many of those Senators who voted to table this amendment were unaware that, in fact, major organizations interested in human rights, particularly in more compassionate treatment by the Soviet Union of its Jewish citizens, did support, and still do support, the Dodd-Armstrong amendment. Furthermore, these same organizations supported this amendment when it was considered and approved in the House of Representatives on October 19, 1983. I have received a number of letters and mailgrams from some of these organizations which clearly state their support for this amendment, first offered by Congressman HOWARD BERMAN. Hopefully, when the Export Administration Act conferees consider this issue, they will come to see the wisdom of the Berman language, which is in the House bill, and move to adopt this language as part of the conference report.

Mr. President, I ask that mailgrams and letters from the Union of Council of Soviet Jews, the Student Struggle for Soviet Jewry, the Center for Russian Jewry, the Southern California Council for Soviet Jews, and the Colorado Committee of Concern for Soviet Jewry, which express support for the House language on contract sanctity, be printed in the RECORD.

The material follows:

MAILGRAM

As an Export Administration Act conferee, please recognize that the U.S. must be able to exercise some economic leverage on human rights violations and retain important non-military options for Presidential conduct of foreign policy.

Kindly support the House language affecting controls on existing contracts as it relates to foreign policy export controls.

LYNN SINGER,
UCSJ President.
GLENN RICHTER,
Student Struggle for Soviet Jewry, National Coordinator.
JOCOB BIRNBAUM,
Center for Russian Jewry, National Director.

SOUTHERN CALIFORNIA
COUNCIL FOR SOVIET JEWS,
Los Angeles, Calif., March 7, 1984.

Congressman BERMAN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BERMAN: In these days of diminishing US foreign policy leverages, it is imperative we maintain presidential authority to impose trade sanctions against nations which promote war and terrorism, and which violate their citizens human rights. Representing the Southern California Council for Soviet Jews, I am in full support of the amendments you have introduced to the House version of the Export Administration Act providing the president authority to impose trade sanctions affecting not only future trade contracts, but, also current trade contracts.

As argued by Yuri Orlov, Anatoly Scharansky, and Nobel Peace Prize laureate Andrei Sakharov, the threat posed to the world by nuclear weapons require that not only we in the West speak out against nuclear weapons, but, also that we do everything we can to insure citizens of the Soviet Union can also speak out against nuclear weapons. In 1979, the Soviet Union made significant concessions to human rights in response to the limited sanctions imposed by President Carter to protest the treason conviction of Anatoly Scharansky. Our ability to promote human rights and progressing to a safer world is furthered by our ability to impose trade sanctions.

Sincerely,

JOSEPH RIBAKOFF.

COLORADO COMMITTEE OF
CONCERN FOR SOVIET JEWRY,
Denver, Colo., March 13, 1984.

Congressman HOWARD BERMAN,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN BERMAN: The Colorado Committee of Concern for Soviet Jewry strongly supports the Berman amendment to the Senate version of the Export Administration Act.

We believe the issue of human rights is linked with trade between the United States and the Soviet Union.

Sincerely,

LILLIAN HOFFMAN.
RHODA FRIEDMAN.●

BO PILGRIM'S CHICKEN CHILI RECIPE

● Mr. TOWER. Mr. President, the many benefits to mind and body of good chili are beyond dispute. My own State of Texas has led the way in the development and perfection of that manna from Heaven, that culinary triumph, chili made with beef—and no beans.

Now, I am proud to advise my colleagues that Texas has created for the world yet another chili innovation, made with chicken.

My good friend, Bo Pilgrim, a national leader in the poultry industry who has developed an innovative method for processing whole boneless chicken, has agreed to share his recipe for chicken chili. I do not suggest that chicken chili will, or even could, replace traditional beef chili; but I do urge my colleagues to try this pleasing dish. It will provide culinary variety for those who enjoy good chili, and a delicious alternative to those who do not have the fortitude to appreciate multialarm Texas chili.

Mr. President, I ask that Bo Pilgrim's chicken chili recipe be printed in the RECORD.

The recipe follows:

BO PILGRIM'S CHICKEN CHILI—NO BONES ABOUT IT

1 medium onion, chopped (1½ cups).
2 cloves garlic chopped.
¼ cup cooking oil.
2 lbs. Pilgrim Pride Whole Boneless Chicken (coarse ground in kitchen meat processor).
1 8 oz. can tomato sauce.
3 cups water.
4 tablespoons chili powder.
2 tablespoons flour.
2 teaspoons salt.
2 tablespoons ground cumin.
1 teaspoon granulated sugar.
½ teaspoon cayenne pepper.

In kettle, saute onion and garlic in oil until limp. Add ground Pilgrim Boneless Chicken and braise. Add water and tomato sauce. Add remaining dry ingredients. Mix well, cover and simmer 4 hours (if time permits). Makes 8 servings of ¾ cups each.●

U.S. PARTICIPATION IN UNITED NATIONS

● Mr. NICKLES. Mr. President, when Congress considered the Department of State authorization last year, bipartisan concern about the U.S. participation in the United Nations was clearly demonstrated.

I commend the Senator from Wisconsin who initiated the action which produced the first "Report to Congress on Voting Practices in the United Nations." This revealing study, to be published each year, calls world attention to the disparate practices of those nations receiving our foreign aid. And Senator KASTEN has pointed out the contradictions between our generosity to many nations, and their consistent lack of support for U.S. objectives, as indicated by their votes in the United Nations.

The issue of chemical warfare is one example which comes to mind: the Soviet bloc voted against the 1982 resolution to demonstrate continued U.N. support for the 1925 Geneva protocol banning chemical and bacteriological weapons, yet their aggressive stance earned them no backlash, despite obvious world concern with this issue. Why has no one stepped forward demanding explanations from the Soviet bloc, Syria, and Libya, and the Congo for not condemning this abhorrent warfare? Even some of our neighbors in Central and South America abstained—obviously so as not to agitate the Soviet bloc, for surely they had a position on this issue. There is no justification for this action.

The Soviet Union has illegally occupied Afghanistan since 1979, yet the United Nations has yet to point a finger at the Soviets. On the other hand, the body overwhelmingly condemned the United States and the Organization of Eastern Caribbean States for the rescue operation in Grenada. These continuing injustices demand close scrutiny by Congress.

Mr. President, a review of the United Nations is underway at the Department of State and is scheduled for completion June 30, 1984. Section 116 of Public Law 98-164, which I authored, calls for an examination of the extent and levels of U.S. financial contributions, whether the United Nations contributes to fulfilling U.S. policies and objectives, and what benefits the United States derive from participating in the United Nations. I believe this review, properly conducted, will add to the clarification of the problems relating to our participation in the United Nations.

I urge my colleagues to play a larger role in the oversight of the United Nations, to right the wrongs, and to reaffirm the principles of the U.N. charter which clearly state that the first and foremost role of the United Nations is to maintain international peace and security. Again, I thank the Senator from Wisconsin for his leadership in this issue.●

MINORITY PARTICIPATION IN U.S. PROCUREMENT CONTRACTS

● Mr. GLENN. Mr. President, I strongly believe that we should facilitate the entry and participation of blacks and minorities into the mainstream of American economic life. One way to help accomplish this goal is to foster minority business participation in Government procurement contracts. Accordingly, I cosponsored the Federal minority set-aside law, 95-507. Because of this legislation and other similar efforts, minorities have been able to increase their share of the U.S. procurement dollar. I want to continue my efforts to insure that minorities receive a fair share of Federal as well as State and local procurement dollars, and I hope that my colleagues will work with me toward this end.

Unfortunately, under the current administration, the minority share of U.S contracts is shrinking. Perhaps even more disturbing is the administration's attempts to undercut local set-aside programs. An article appearing in today's Wall Street Journal discusses these problems. I ask that the article entitled "Minority Firms Get Smaller Share of U.S. Contracts Under Reagan" be printed in the Record.

The article follows:

Minority Firms Get Smaller Share of U.S. Contracts Under Reagan

(By Cathy Trost)

Washington.—Minority businesses are getting a smaller share of federal contract money under the Reagan administration.

For 15 years, the government has channeled some federal contracts to minority-owned businesses. Now, for the first time, the percentage of contract money going to minority businesses has declined for two consecutive years.

In addition, the administration is moving against local programs that earmark some government contracts for minority firms. The Justice Department last month intervened in a federal appeals court case against a Dade County, Fla., program that sets aside a portion of construction contracts for black-owned firms. If the challenge succeeds, similar programs in Atlanta, Detroit, Chicago and dozens of other cities and states—where as much as 35 percent of construction contracts are awarded to minority businesses—could be in jeopardy.

Democratic Rep. Parren Mitchell of Maryland, chairman of the House Small Business Committee, calls the declining minority-business share of federal contracts an example of "this administration's attempt to turn the clock back on minority economic development." And civil rights groups say that the threat to minority-owned companies at the local level is potentially more severe.

PRESIDENTIAL ORDER

Reagan administration officials strongly defend their policies. They note that the president ordered federal agencies two years ago to increase minority-business contracts by 10 percent, and they say that goal has been exceeded. In his annual report last month on the state of small business, President Reagan said: "Federal programs to provide government prime and subcontract awards have continued to reinforce minority-owned firms."

Nevertheless, the percentage of federal contracts awarded to minority firms has dropped. In fiscal 1981, which largely reflects the budget prepared by the Carter administration, minority businesses received 3.4 percent of all federal contract money; that figure dropped to 3.2 percent in fiscal 1982 and 3.1 percent in 1983.

"When you're talking billions of dollars, a drop of 0.1 percent is big," says Thomas Trimboli, legislative counsel to the House Small Business Committee. The total value of federal prime contracts increased to $156 billion in fiscal 1983 from $120.7 billion in fiscal 1981.

Mr. Trimboli says the lower minority share of contracts is part of a larger pattern in which the U.S. is giving more work to larger companies. "The share to small business has been slipping," he says. "But the share to big business has been going through the roof." Large corporations account for only 1 percent of all U.S. companies, but they are getting 84 percent of the prime-contract money, according to the House committee.

The idea behind the federal and state minority programs is that minorities have had difficulty raising enough capital to start their own businesses; on top of that, their new, struggling businesses are often forced into competition with older, bigger companies. Government can help the minority businesses to mature by funneling contracts to them.

One America Inc., a management consultant company owned by Elaine Jenkins, a black woman, flourished during the 1970s largely because the program forced federal agencies to search for competent minority contractors.

One America won a variety of contracts from federal agencies, including the Justice and Transportation Departments and the Agency for International Development. The company taught health care to the government of Sudan, helped fight childhood disease in Africa and provided counseling for women prisoners in Ohio and Tennessee. It also helped develop minority and small-business programs for the government. One America became so successful that it was named one of the nation's top 100 black businesses by Black Enterprise magazine. Mrs. Jenkins, a former schoolteacher who has a prison school named after her, moved actively into Republican politics.

But during the past few years, under a Republican president whom she steadfastly supports, Mrs. Jenkins has been getting less and less government business. One America is not on the verge of financial collapse, but Mrs. Jenkins worries about the future of her company—and other minority firms like it—which "would not have survived" without the government's minority business programs.

Mrs. Jenkins and others are especially concerned about the declining percentage of minority contracts awarded by the Defense Department. "I don't think they even see us in the Defense Department," says Mrs. Jenkins, and that's crucial because the Pentagon accounts for 78 percent of all federal purchases. Defense contracts have surged since Mr. Reagan took office, climbing to $121 billion in fiscal 1983 from $87.2 billion in fiscal 1981. But the minority share of Defense prime-contract money declined to 2 percent from 2.1 percent over the same period.

A Pentagon spokesman says smaller companies are getting a smaller share of Defense Department money because proportionately more money is being spent on big ticket hardware such as aircraft carriers. "Those go to major industries, as would be expected," the spokesman says.

While the federal programs cover everything from building to teaching to engineering contracts, local programs are largely limited to construction projects. But even so, the local programs have been multiplying so fast in recent years that they have become the chief target of the Associated General Contractors of America, a trade group representing 22,000 mostly non-minority construction firms.

"We receive complaints on almost a daily basis from contractors across the country asking, 'What the heck is happening to the system in America when I can't get jobs because I'm not the appropriate racial or ethnic background?'" says John Sroka, an executive director of the contractors' group. "Right now, the most onerous programs are coming at the state and local level."

The trade group went to court to challenge the program in Dade County, which includes Miami, in a case that could go to the U.S. Supreme Court. The Justice Department says it intervened in the suit against the program because only the federal government has the constitutional authority to reserve contracts for racial groups, and only then if each business is a proven victim of discrimination.

SUPREME COURT RULING

The Supreme Court in 1980 upheld the right of Congress to set aside a percentage of federal public works contracts for minority firms, but did not address the rights of local government.

New York City's program is also currently facing a court challenge after 17 construction trade associations filed suit against what they called the city's attempt to require "unconstitutional quotas." A state court agreed. The city continues to run the program pending a state Court of Appeals hearing.

But dozens of other minority set-aside programs are thriving. In Hartford, Conn., minority contractors must get 10 percent of total money spent and 15 percent of the workers hired in each trade on city construction project. Despite initial opposition from developers and unions, minority workers represented 25 percent of total employment in the fiscal year ended last June.

Richmond, Calif., sets minority goals at 20 percent of the total money spent and 35 percent of the workers hired on any city-sponsored construction project. Including a 10-year, $200-million marina development project that is under way, minorities are getting 23.6 percent of total construction dollars and 41.8 percent of total employment, says H. Adrian Isabelle, the city's human relations officer.

Such local and state programs "have only just begun to deal with discrimination against minorities," Mr. Isabelle says. "The thing that concerns me is that the federal government was for a long time in the lead in seeing that civil rights were being protected. Now it appears that's being reversed."●

ORDER FOR CERTAIN ACTIONS DURING ADJOURNMENT

Mr. BAKER. Mr. President, I ask unanimous consent that during the adjournment of the Senate over until 11 a.m. Tuesday, April 24, 1984, messages from the President of the United States and the House of Representatives may be received by the Secretary of the Senate and appropriately referred, and that the Vice President, President pro tempore, and Acting President pro tempore may be authorized to sign duly enrolled bills and joint resolutions.

I further ask unanimous consent that during the adjournment of the Senate, committees may be authorized to file reports on Wednesday, April 13, between the hours of 10 a.m. and 3 p.m.

Finally, I ask unanimous consent that when the Senate reconvenes, the reading of the Journal be dispensed with, no resolutions come over under the rule, the call of the calendar be dispensed with, and following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business not to exceed 12 noon, with Senators permitted to speak therein for not more than 5 minutes each; provided further that the morning hour be deemed to have expired.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BYRD. Mr. President, as I do from time to time, I want to demonstrate my trust and faith in the majority leader. As I said earlier today, his word is his bond.

On the Executive Calendar, this side of the aisle is ready to proceed with all the nominations on the Executive Calendar, with the exception of Calendar Order No. 514.

I am going to leave the Chamber. Here is my stuff. Go right ahead.

Mr. BAKER. Mr. President, I thank the distinguished minority leader. I promise him I shall attend to those duties diligently.

Mr. President, I wish the distinguished minority leader a happy holiday.

Mr. BYRD. I thank the Senator. I wish the same to the distinguished majority leader.

Mr. BAKER. Mr. President, all the matters I am about to bring to the Senate's attention have been cleared with the minority leader as he indicated.

PERISHABLE AGRICULTURAL COMMODITIES ACT AMENDMENTS

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 585, H.R. 3867.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate proceeded to consider the bill to amend the Perishable Agricultural Commodities Act, 1930, by impressing a trust on the commodities and sales proceeds of perishable agricultural commodities for the benefit of the unpaid seller, and for other purposes.

● **Mr. HUDDLESTON.** Mr. President, I am pleased to support the passage of H.R. 3867, legislation to amend the Perishable Agricultural Commodities Act, 1930, to impress trusts on perishable agricultural commodities, and proceeds from the sale of such commodities, for the benefit of unpaid sellers. The legislation is designed to strengthen the fair trading provisions of the Perishable Agricultural Commodities Act.

On November 4, 1984, I joined several other Senators in introducing S. 2052, a companion bill to H.R. 3867. On November 7, the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices held hearings on S. 2052. S. 2052 is the same as H.R. 3867, except for technical differences.

The bill is needed because of the increased incidence of cases in which payments to sellers of perishable commodities have been unreasonably delayed or payment has not been made at all. The U.S. Department of Agriculture estimates that, during fiscal year 1983, sellers of fresh fruits and vegetables lost about $65 million because of unpaid bills.

These losses occur because of the nature of the industry. The fruit and vegetable trade involves shipping products long distances and trading must be done quickly. This means that thorough credit checks and other safeguards that are normal business practices for other industries are simply not practicable for sellers of perishable agricultural products.

Under current law, sellers who are not paid for their commodities are treated as unsecured creditors. This treatment gives sellers little real protection against nonpayment.

Under H.R. 3867, sellers will be given new safeguards against non-payment. The bill will require buyers of commodities to hold inventories of the commodity purchased, or any proceeds the buyer realizes by reselling the commodities, in trust for the benefit of the seller until payment is made.

To preserve his trust rights, the seller would have to give notice of his claim to the Secretary of Agriculture within designated time periods. The Secretary of Agriculture would be given authority to take steps—including revocation of dealer licenses—against persons who violate their trust duties. Similar trust provisions are already included in laws dealing with the livestock trade.

I note that, at the hearing on S. 2052 held on November 7, Vern Highley, the Administrator of the Agricultural Marketing Service of the Department of Agriculture, testified that the Department strongly recommended that the legislation be enacted.

Mr. President, the bill will lead to more equitable treatment under the law for sellers of perishable agricultural commodities. It will reduce a burden on commerce in such commodities and lead to improved trading that will benefit producers and assure consumers of the integrity of fresh produce markets.

I urge my colleagues to join me in supporting the passage of H.R. 3867.●

The bill was ordered to a third reading, read the third time, and passed.

Mr. **BAKER**. I move to reconsider the vote by which the bill was passed.

I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ATMOSPHERIC, CLIMATIC, AND OCEAN POLLUTION ACT

Mr. **BAKER**. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1097.

The **PRESIDING OFFICER** laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1097) entitled "An Act to consolidate and authorize certain atmospheric and satellite programs and functions of the National Oceanic and Atmospheric Administration under the Department of Commerce", do pass with the following amendments:

Strike out all after the enacting clause and insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Atmospheric, Climatic, and Ocean Pollution Act of 1983".

TITLE I—DECLARATION OF FINDINGS AND PURPOSES

SEC. 101. The Congress of the United States finds that:

(1) The oceans and atmosphere surrounding and within the jurisdiction of the United States play a vital role in the Nation's welfare, economy, and security.

(2) The National Oceanic and Atmospheric Administration is the lead agency for oceanic and atmospheric matters in the Nation. It was created on October 3, 1970, by Reorganization Plan Numbered 4 of 1970 to bring together many of the Nation's civil programs related to the oceans and atmosphere. The National Oceanic and Atmospheric Administration's broad goals include the development and operation of national programs to—

(A) manage and conserve selected marine resources for the economic and social good of the Nation;

(B) monitor and predict weather and environmental conditions for the protection of life and property;

(C) archive, analyze, and disseminate data on oceanographic, climatic, geophysical, and solar-terrestrial phenomena;

(D) provide basic maps, charts, surveys, and specialized data for safe navigation; and

(E) provide research to advance oceanic and atmospheric science and technology for the better management of the environment and the rational use of our natural resources.

SEC. 102. The purposes of the Congress in this Act are—

(1) to ensure that the National Oceanic and Atmospheric Administration, the lead agency for civil oceanic and atmospheric activities and programs, operates under a clear statutory charter; and

(2) to simplify, streamline, and consolidate the authorization of appropriations for the National Oceanic and Atmospheric Administration, within the Department of Commerce, such that the National Oceanic and Atmospheric Administration's programs can be viewed in a coherent fashion.

TITLE II—GENERAL PROGRAM AUTHORIZATIONS AND REPORTING REQUIREMENTS

SEC. 201. (a) There are authorized to be appropriated to the National Oceanic and Atmospheric Administration of the Department of Commerce for atmospheric, climatic, and ocean research programs:

(1) $35,879,000 in fiscal year 1984 and $37,673,000 in fiscal year 1985 for Ocean Research.

(2) $360,956,000 in fiscal year 1984 and $379,004,000 in fiscal year 1985 for Atmospheric Programs.

(3) $252,023,000 in fiscal year 1984 and $264,624,000 in fiscal year 1985 for Satellite and Environmental Data and Information Services.

(4) $2,000,000 in fiscal year 1984 and $2,100,000 in fiscal year 1985 for the National Climate Program Office.

(b) Funds may be transferred between categories listed in subsection (a), except that no funds may be transferred between any two categories if the amount transferred would exceed 10 per centum of the amount authorized for either category, unless—

(1) a period of thirty legislative days has passed after the Administrator of the National Oceanic and Atmospheric Administration or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate a written report containing a full and complete statement concerning the nature of the transfer involved and the reason therefor; or

(2) each committee of the House of Representatives and the Senate having jurisdiction over the subject matter involved, before the expiration of such period, has transmitted to the Administrator written notice to the effect that each committee has no objection to the proposed action.

(c) None of the funds authorized under this Act or under the Act of August 6, 1947 (33 U.S.C. 883a–883i) shall be used to develop or issue a request for proposals to contract out any function or activity which is presently performed by Federal employees, unless a period of forty-five days in which either the House or the Senate is in session has passed after the Administrator of the National Oceanic and Atmospheric Administration or his designee has presented, in writing, to the Speaker of the House of Representatives and the President of the Senate, to the Committee on Science and Technology and the Committee on Merchant Marine and Fisheries of the House of Representatives, and to the Committee on Commerce, Science, and Transportation of the Senate, a full and complete statement (including relevant supporting studies) concerning the proposed contracting and the reason therefor.

SEC. 202. (a) The Administrator of the National Oceanic and Atmospheric Administration shall keep the appropriate committees of the House of Representatives and the Senate fully and currently informed about all aspects of the atmospheric, climatic, and ocean research activities for such Administration.

(b) Each year, at the time of the submission of the President's annual budget request, the Administrator shall make available to the appropriate committees of Congress sufficient copies of a report fully describing the funds requested and the atmospheric, climatic, and ocean pollution activities to be carried out with these funds.

SEC. 203. (a) The Administrator of the National Oceanic and Atmospheric Administration shall submit to the Congress and the President, on the date of submission of the fiscal year 1985 budget request, a report on the importance of meteorological satellites to weather forecasting. Such report shall include—

(1) a quantitative analysis of the impacts of weather satellites on weather forecasting;

(2) a quantitative comparison of weather forecasts generated when two, one, or no polar-orbiting satellites are operating;

(3) the importance of National Oceanic and Atmospheric Administration weather satellite data to weather forecasting in other nations;

(4) a statistical analysis of expected lifetimes for National Oceanic and Atmospheric Administration weather satellites; and

(5) an analysis of replacement time for a National Oceanic and Atmospheric Administration weather satellite in the event of a launch or operational failure or of consecutive launch or operational failures.

(b) Notwithstanding title II of the National Aeronautics and Space Administration Act, 1983, the Secretary of Commerce shall not transfer the ownership or management of any civil land, meteorological, or ocean remote sensing space satellite systems and associated ground system equipment unless, in addition to any other requirement or law—

(1) the Secretary of Commerce or his designee has presented, in writing, to the Speaker of the House of Representatives and the President of the Senate, and to the Committee on Science and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate, a comprehensive statement of recommended policies, procedures, conditions, and limitations to which any transfer should be subject; and

(2) the Congress thereafter enacts a law which contains such policies, procedures, conditions, or limitations (or a combination thereof) as it deems appropriate for any such transfer.

(c) Of the funds authorized pursuant to section 201(a)(3) of this Act, $4,000,000 shall be made available to plan for the continuation of a civil land remote sensing satellite system in order to assure the preservation of data continuity for such system, if no alternative is implemented which will assure the preservation of such data continuity.

SEC. 204. (a)(1) The Secretary of Commerce, through the National Oceanic and Atmospheric Administration, shall enter into an agreement with the National Research Council of the Academies of Science and Engineering to conduct a study of the National Weather Service and related activities. Such study shall include but not be limited to—

(A) an analysis of the operations of the National Weather Service and associated activities of other agencies and the private sector, including supporting research and technological development;

(B) a review and assessment of analyses, findings, and recommendations for weather services contained in reports on the subject issued by public and private organizations during the past five years;

(C) independent analysis by the National Research Council as may be required for the purposes of the study;

(D) recommendations on how the National Weather Service and associated activities of other agencies might be organized and conducted to provide effective weather services to meet national needs in light of the availability of new technology, new scientif-

ic understanding, the international character of weather services, and the roles of the public (Federal, State, and local) and private sectors; and

(E) to the extent possible, information on priorities and costs of recommended changes and improvements in weather services.

(2) The Administrator shall report to the Congress within six months after the date of the enactment of this Act regarding the status of the Agency's negotiations to implement the study required under this section.

(b) A report including the major findings and recommendations resulting from the study required under this section shall be submitted to the Congress not later than two years after the date of enactment of this Act. The Secretary shall make such data and information available to the National Research Council as may be required for the study.

(c) Of the funds authorized pursuant to section 201(a)(2) of this Act, there is authorized for the conduct of this study $500,000 for each of the fiscal years 1984 and 1985.

(d) Of the funds authorized pursuant to section 201(a)(2) of this Act, such amount as may be necessary shall be made available for the planning and preliminary design for a remote weather radar station in the southeastern quadrant of the United States.

SEC. 205. (a)(1) The Congress finds and declares that—

(A) sulfur dioxide and nitrogen oxide emissions transform chemically in the atmosphere to produce acid precipitation and dry deposition of acid;

(B) acid deposition in the form of both precipitation and dry deposition is causing an estimated $5,000,000,000 worth of damage and economic loss to the Nation's economy;

(C) it has been estimated that the total cost to the United States for damages to crops and fisheries caused by acid deposition from now to the end of the century may amount to $15,000,000,000 to $25,000,000,000;

(D) in addition to the New England region, it is estimated by the Environmental Protection Agency that portions of the South, Southeast, and mountain areas of the West are highly sensitive to acid deposition, and many of these areas are presently receiving rainfall considered very acidic relative to normal rain;

(E) it has been estimated by the Office of Technology Assessment that twenty-seven States in the Eastern United States alone contain areas sensitive to acid rain, encompassing two hundred and forty-five thousand square miles, seventeen thousand lakes, and one hundred and seventeen thousand miles of streams, and 55 per centum of these lakes and 42 per centum of these stream miles are estimated to be either at risk from, or already altered by, acid deposition;

(F) according to scientific reports from the National Oceanic and Atmospheric Administration (hereinafter in this section referred to as "NOAA") in the Department of Commerce, traces of manmade acid rain have been confirmed ranging from Alaska to Bermuda;

(G) the position of the United States Government in not taking immediate action to reduce sulphuric emissions which the National Academy of Sciences has said contributes to acid deposition has led to deepening conflicts with one of the Nation's closest allies, Canada; and

(H) serious concern is being expressed that acid deposition, which already causes serious economic damage in some regions of the Nation, is also a potentially serious hazard to human health.

(2) The Congress declares that the purposes of this section are to—

(A) disseminate information to the public throughout the United States concerning the changes occurring in the acid content of precipitation and the acid content found in dry deposition by including, in the routine weather information provided by the National Weather Service of NOAA, reports on the acid content found in both precipitation and dry deposition; and

(B) provide for the collection of the data necessary to provide the reports required under subparagraph (A) in those geographic areas where such data are not presently available.

(b)(1) The National Weather Service of NOAA shall issue periodic reports describing the acid content in both precipitation and dry deposition throughout the United States.

(2) Such reports shall be issued by Weather Service Forecast Offices and Weather Service Offices in the National Weather Service, or through such other facilities or means as the Assistant Administrator of the National Weather Service shall direct, for those areas of the United States where such information is presently available, within ninety days of the enactment of this Act.

(3) Such reports shall be issued on a daily basis as a part of the local weather information made available by the National Weather Service for the purpose of informing the public of local weather conditions.

(4) Such reports shall be issued throughout the United States no later than the end of calendar year 1987, with a priority being given to those geographic areas where sensitivity to damage from acid deposition is estimated to be highest, and credible scientific evidence indicates that acid deposition is presently causing damage, or has been increasing and is approaching a level where damage may occur.

(5) The Administrator of NOAA is authorized to reimburse other public or private entities, including, but not limited to, Federal agencies; State and local governments; universities, colleges, and research institutions; and private corporations and individuals, for the cost of collecting the data necessary for the preparation of the reports, and transferring such data to the National Weather Service, in those geographic areas where the National Weather Service or other division of NOAA does not presently collect such data: Provided, That where other Federal agencies presently collect such data in the course of carrying out their statutory missions, the Administrator of NOAA is authorized to reimburse such Federal agencies only for any costs incurred in transferring such data to the National Weather Service.

(c)(1) The Administrator of NOAA shall report to the Congress, on an annual basis, on the implementation of this section, no later than ninety days after the close of the previous calendar year, beginning in 1985.

(2) The report to the Congress shall include a complete description of the acid content found in both precipitation and dry deposition in those geographic areas for which the appropriate data and information is available.

(3) For those geographic areas where either incomplete or no data or information has been available during the previous calendar year, the report to the Congress shall include a description of the steps being taken to provide the reports under subsection (b).

(d) The Administrator of NOAA shall promulgate, pursuant to section 553 of title 5, United States Code, after notice and opportunity for participation by relevant Federal agencies, State agencies, local governments, regional organizations, and other interested parties, both public and private, such rules and regulations as may be necessary to carry out the provisions of this section.

(e) Such amounts as may be necessary to carry out this section shall be available from the sums authorized to be appropriated for any fiscal year to NOAA for atmospheric programs.

TITLE III—NATIONAL CLIMATE PROGRAM

SEC. 301. This title may be cited as the "National Climate Program Amendments of 1983".

SEC. 302. Section 4 of the National Climate Program Act (15 U.S.C. 2904) is amended—

(1) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively, and

(2) by inserting before paragraph (2), as so redesignated, the following new paragraph:

"(1) The term 'Board' means the Climate Program Policy Board.".

SEC. 303. (a) Subsection (c) of section 5 of the National Climate Program Act (15 U.S.C. 2904(c)) is amended—

(1) by inserting "(1)" before "The Secretary",

(2) by designating the third sentence as paragraph (4), and

(3) by striking out the second sentence and inserting in lieu thereof the following new paragraphs:

"(2) The Office shall—

"(A) serve as the lead entity responsible for administering the program,

"(B) be headed by a Director who shall represent the Climate Program Policy Board and shall be the spokesman for the program,

"(C) serve as the staff for the Board and its supporting committees and working groups,

"(D) review each agency budget request transmitted under subsection (g)(1) and submit an analysis of the requests to the Board for its review,

"(E) be responsible for coordinating interagency participation in international climate-related activities, and

"(F) work with the National Academy of Sciences and other private, academic, State, and local groups in preparing and implementing the climate plan (described in subsection (d)(9)) and the program.

The analysis described in subparagraph (D) shall include an analysis of how each agency's budget request relates to the priorities and goals of the program established pursuant to this Act.

"(3) The Secretary may provide, through the Office, financial assistance, in the form of contracts or grants or cooperative agreements, for climate-related activities which are needed to meet the goals and priorities of the program set forth in the climate plan pursuant to subsection (d)(9), if such goals and priorities are not being adequately addressed by any Federal department, agency, or instrumentality.".

(b) Subsection (d) of such section is amended—

(1) by striking out the semicolon at the end of paragraph (7) and inserting in lieu thereof a period and the following: "Such mechanisms may provide, among others, for the following State and regional services and functions: (A) studies relating to and analyses of climatic effects on agricultural

production, water resources, energy needs, and other critical sectors of the economy, (B) atmospheric data collection and monitoring on a statewide and regional basis, (C) advice to regional, State, and local government agencies regarding climate-related issues, (D) information to users within the State regarding climate and climatic effects, and (E) information to the Secretary regarding the needs of persons within the States for climate-related services, information, and data. The Secretary may make annual grants to any State or group of States, such grants to be made available to public or private educational institutions, to State agencies, and to other persons or institutions qualified to conduct climate-related studies or provide climate-related services;",

(2) by striking out "biennially" in paragraph (9) and inserting in lieu thereof "at a frequency (not more often than biennially or less often than quadrennially) determined by the Board", and

(3) by striking out "the intergovernmental program under section 6" in paragraph (9) and inserting in lieu thereof "the intergovernmental program described in paragraph (7)".

(c) Subsection (e) of such section is amended to read as follows:

"(e) CLIMATE PROGRAM POLICY BOARD.—(1) The Secretary shall establish and maintain an interagency Climate Program Policy Board, consisting of representatives of the Federal agencies specified in subsection (b)(2) and any other agency which the Secretary believes should participate in the program.

"(2) The Board shall—

"(A) be responsible for coordinated planning and progress review for the program,

"(B) review all agency and department budget requests related to climate transmitted under subsection (g)(1) and submit a report to the Office of Management and Budget concerning such budget requests,

"(C) establish and maintain such interagency groups as the Board determines to be necessary to carry out its activities, and

"(D) consult with and seek the advice of users and producers of climate data, information, and services to guide the Board's efforts, keeping the Director and the Congress advised of such contacts.

"(3) The Board biennially shall select a Chair from among its members. A Board member who is a representative of an agency may not serve as Chair of the Board for a term if an individual who represented that same agency on the Board served as the Board's Chair for the previous term.".

(d) Subsection (f)(2) of such section is amended by inserting "with the Office" after "shall cooperate".

(e) The first sentence of subsection (g)(1) of such section is amended by inserting before the period at the end the following: "and shall transmit a copy of such request to the National Climate Program Office".

SEC. 304. Section 6 of the National Climate Program Act (15 U.S.C. 2905) is repealed.

SEC. 305. Section 7 of the National Climate Program Act (15 U.S.C. 2906) is amended by striking out "January 30" before paragraph (a) and inserting in lieu thereof "March 31".

SEC. 306. Of the funds authorized for the National Climate Program Office for each of fiscal years 1984 and 1985 pursuant to section 201(a)(4) of this Act, at least 25 per centum shall be made available during each fiscal year for intergovernmental climate-related activities (described in section 5(d)(7) of the National Climate Program Act) and at least 20 per centum shall be made available during each fiscal year for experimental climate forecast centers (described in section 5(d)(8) of the National Climate Program Act).

TITLE IV—SELECTED OCEAN AND COASTAL AUTHORIZATIONS

SEC. 401. Section 201 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1441) is amended by striking out all that follows "connecting waters" and inserting in lieu thereof a period.

SEC. 402. Section 202 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1442) is amended—

(1) by inserting "(1)" before "The Secretary" in subsection (a);

(2) by striking out "in consultation" in the first sentence of subsection (a) and inserting in lieu thereof "in close consultation";

(3) by adding at the end of subsection (a) the following new paragraph:

"(2) The Secretary shall ensure that the program under this section complements, when appropriate, the activities undertaken pursuant to title I. Such program shall include but not be limited to—

"(A) the development and assessment of scientific techniques to define and quantify the degradation of the marine environment;

"(B) the assessment of the ability of the marine environment to assimilate materials without degradation;

"(C) continuing monitoring programs to assess the health of the marine environment, including but not limited to the monitoring of bottom oxygen concentrations, contaminant levels in biota, sediments, and the water column, diseases in fish and shellfish, and changes in types and abundance of indicator species;

"(D) the development of methodologies, techniques, and equipment for disposal of waste materials to minimize degradation of the marine environment."; and

(4) by striking out subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

SEC. 403. Section 203 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1443) is amended by adding at the end thereof the following new subsections:

"(c) The Administrator, in cooperation with the Secretary, the Secretary of Commerce, and other officials of appropriate Federal, State, and local agencies, shall assess the feasibility of regional management plans for the disposal of waste materials. Such plans should integrate where appropriate Federal, State, regional, and local waste disposal activities into a comprehensive regional disposal strategy. These plans should address, among other things—

"(1) the sources, quantities, and types of materials that require and will require disposal;

"(2) the environmental, economic, social, and human health factors associated with disposal alternatives;

"(3) the improvements in production processes, methods of disposal, and recycling to reduce the adverse effects associated with such disposal alternatives;

"(4) the applicable laws governing waste disposal; and

"(5) improvements in permitting processes to reduce administrative burdens.

"(d) The Administrator, in cooperation with the Administrator of the National Oceanic and Atmospheric Administration, shall submit to the Congress and the President, not later than one year after the date of enactment of this provision, a report on sewage sludge disposal in the New York region. The report shall consider the factors listed in subsection (c) as they relate to landfilling, incineration, ocean dumping, or any other feasible disposal or reuse/recycling option; shall include an assessment of the cost of these alternatives; and shall recommend such regulatory or legislative changes as may be necessary to reduce the adverse impacts associated with sewage sludge disposal.".

SEC. 404. Section 204 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1444) is redesignated as section 205; and such section as so redesignated is amended by adding at the end thereof the following: "Of the funds authorized pursuant to section 201(a)(1) of the Atmospheric, Climatic, and Ocean Research Act of 1983, $12,000,000 is authorized to be appropriated for fiscal year 1984 and $12,000,000 is authorized to be appropriated for fiscal year 1985 to carry out the provisions of this title. Of these funds, at least $500,000 shall be made available in each of such fiscal years to carry out the studies authorized by section 203 of this Act.".

SEC. 405. Section 205 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1445) is transferred to a point immediately following section 203 of such Act and redesignated as section 204; and such section as so transferred and redesignated is amended to read as follows:

"SEC. 204. (a) In March of each year, the Secretary of Commerce shall report to the Congress on his activities under this title during the previous fiscal year. The report shall include—

"(1) the Secretary's findings made under section 201, including an evaluation of the short-term ecological effects and the social and economic factors involved with the dumping;

"(2) the results of activities undertaken pursuant to section 202;

"(3) with the concurrence of the Administrator and after consulting with officials of other appropriate Federal agencies, an identification of the short- and long-term research requirements associated with activities under title I, and a description of how Federal research under titles I and II will meet those requirements; and

"(4) activities of the Department of Commerce under section 5 of the Act of March 10, 1934 (48 Stat. 401; 16 U.S.C. 665).

"(b) In March of each year, the Administrator shall report to the Congress on his activities during the previous fiscal year under section 203 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1443).".

SEC. 406. (a) Section 2(a) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701) is amended by adding at the end thereof the following new paragraphs:

"(6) Numerous Federal agencies have initiated and supported research projects to study, enhance, manage, preserve, protect, or restore the resources of the Great Lakes.

"(7) Various research projects relating to the Great Lakes, including those conducted at the college and university level and those conducted at the State and local governmental level, can be more effectively coordinated in order to obtain maximum benefits.".

(b) Section 2(b) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701) is amended by striking out "and" at the end of paragraph (2), by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) to provide for the effective coordination of research conducted to support the preservation and protection of the environmental quality of the Great Lakes, and to encourage the use of such research in determinations that affect the environmental quality of the Great Lakes; and".

Sec. 407. Section 4(b)(2)(A) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1703) is amended by inserting after "general research on marine ecosystems" the following: ", including the Great Lakes".

Sec. 408. Section 8 of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1707) is amended by adding "(a)" after "Sec. 8." and by adding at the end thereof the following new subsection:

"(b) The Administrator shall insure that the findings and information regarding ocean pollution research activities associated with the Great Lakes identified pursuant to section 4(b) be disseminated in a timely manner and in useful forms to relevant departments of the Federal Government, State governments, and other persons with an interest in such information.".

Sec. 409. Section 10 of the National Ocean Pollution Planning Act of 1978 is amended by adding at the end thereof the following: "Of the funds authorized pursuant to section 201(a) of the Atmospheric, Climatic, and Ocean Research Act of 1983, $3,000,000 is authorized to be appropriated for each of the fiscal years 1984 and 1985 to carry out the provisions of this Act.".

TITLE V—MISCELLANEOUS

Sec. 501. Of the funds authorized pursuant to section 201(a)(2) of this Act, $100,000 is authorized to be appropriated in each of the fiscal years 1984 and 1985 to carry out the provisions of the Act entitled "An Act to provide for the reporting of weather modification activities to the Federal Government", as amended (15 U.S.C. 330).

Sec. 502. (a) The Secretary of Commerce, at least sixty days before making a determination as to the necessity for the closing or consolidation of any Weather Service Office or Weather Service Forecast Office, shall provide adequate public notice of his intention to make such a determination in order to ensure that all persons served by such Offices will have an adequate opportunity to present their views.

(b)(1) The Secretary, in deciding whether or not to close or consolidate a Weather Service Office, shall take fully into account any views expressed by persons served by such Office during the sixty-day period described in subsection (a), and shall specifically consider—

(A) the effect of such closing or consolidation on the community served by such Weather Service Office;

(B) the effect of such closing or consolidation on employees of the National Weather Service employed at such Office;

(C) the economic savings to the National Weather Service resulting from such closing or consolidation; and

(D) such other factors as the National Weather Service determines are necessary.

(2) In making a decision under paragraph (1) the Secretary may hold such hearings as he deems necessary.

(3) The Secretary shall compile a written record including or reflecting all views presented and information received or developed in the course of his consideration of the matters involved in making such a decision, whether or not hearings are held with respect thereto as authorized by paragraph (2). The Secretary shall retain all written materials received or developed in the course of such consideration, for possible use in any review under subsection (e).

(c) Any decision of the Secretary to close or consolidate a Weather Service Office shall be in writing and shall set forth the findings of the Secretary with respect to the matters set forth in subparagraphs (A) through (D) of subsection (b)(1) along with a statement of the reasons for such findings and of the basis on which the decision was made. The Secretary's decision shall be made available to persons served by such Weather Service Office.

(d) The Secretary shall take no action to close or consolidate a Weather Service Office until sixty days after his written decision is made available to persons served by such Office as required by the last sentence of subsection (c).

(e) In addition to any other review which may be available by law, a decision of the Secretary to close or consoldiate any Weather Service Office may be reviewed in accordance with chapter 7 of title 5, United States Code, in an action brought by any State served by such Office. For purposes of this subsection, the term "State" includes the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Island, and the Northern Mariana Islands.

(f) Any determination or decision made by the Administrator of the National Oceanic and Atmospheric Administration with respect to the closing or consolidation of a Weather Service Office shall be considered for purposes of this section to have been made by the Secretary.

Amend the title so as to read: "An Act to authorize appropriations for atmospheric, climatic, and ocean pollution activities of the National Oceanic and Atmospheric Adminsitration for the fiscal years 1984 and 1985, and for other purposes.".

AMENDMENT NO. 3025

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendments with the further Senate amendment in the nature of a substitute on behalf of the distinguished Senator from Oregon (Mr. Packwood) which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. Baker) on behalf of Mr. Packwood, proposes an amendment numbered 3025:

Strike out all after the enacting clause and insert in lieu thereof the following:

SHORT TITLE

Section 1. This Act may be cited as the "National Oceanic and Atmospheric Administration's Atmospheric and Oceanic Research and Services Act of 1984".

TITLE I—DECLARATION OF FINDINGS AND PURPOSES

Sec. 101. The Congress of the United States finds that:

(1) The oceans and atmosphere surrounding and within the jurisdiction of the United States play a vital role in the Nation's welfare, economy, and security.

(2) The National Oceanic and Atmospheric Administration is the lead agency for oceanic and atmospheric matters in the Nation. It was created on October 3, 1970, by Reorganization Plan Numbered 4 of 1970 to bring together many of the Nation's civil programs related to the oceans and atmosphere. The National Oceanic and Atmospheric Administration's broad goals include the development and operation of national programs to—

(A) manage and conserve selected marine resources for the economic and social good of the Nation;

(B) monitor and predict weather and environmental conditions for the protection of life and property;

(C) archive, analyze, and disseminate data on oceanographic, climatic, geophysical, and solar-terrestrial phenomena;

(D) provide basic maps, charts, surveys, and specialized data for safe navigation; and

(E) provide research to advance oceanic and atmospheric science and technology for the better management of the environment and the rational use of our natural resources.

Sec. 102. The purposes of the Congress in this Act are—

(1) to ensure that the National Oceanic and Atmospheric Adminstration, the lead agency for civil oceanic and atmospheric activities and programs, operates under a clear statutory charter; and

(2) to simplify, streamline, and consolidate the authorization of appropriations for the National Oceanic and Atmospheric Administration, within the Department of Commerce, such that the National Oceanic and Atmospheric Administration's programs can be viewed in a coherent fashion.

TITLE II—GENERAL PROGRAM AUTHORIZATIONS

Sec. 201. (a) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its atmospheric and hydrological research and services functions and duties under law, $366,000,000 for fiscal year 1984, and $383,000,000 for fiscal year 1985. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to atmospheric and hydrological research and services specified by the Act entitled "An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Service to the Department of Agriculture", approved October 1, 1890, as amended (15 U.S.C. 311), the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947, as amended (33 U.S.C. 883a), the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301), and any other law involving such duties. Such duties include, but are not limited to: meteorological, hydrological, and oceanographic public warnings and forecasting; and research for developing improved prediction capabilities for atmospheric and hydrological processes.

(b) The atmospheric and hydrological research and services functions and duties authorized by subsection (a) of this section shall be considered separate and distinct from such functions and duties performed pursuant to moneys authorized under sections 406 and 601 of this Act. The total authorization for all such functions and duties shall be the aggregate sum of the amounts provided in subsection (a) of this section and sections 406 and 601, for such functions and duties.

(c) Of the funds authorized by subsection (a) of this section, such amount as may be necessary is authorized for the planning and preliminary design for a remote weather radar station in the southeastern quadrant of the United States.

SEC. 202. (a) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its satellite and environmental data and information services duties under law, $252,000,000 for fiscal year 1984, and $326,000,000 for fiscal year 1985. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to satellite and environmental data and information services specified by the Act entitled "An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Service to the Department of Agriculture", approved October 1, 1890, as amended (15 U.S.C. 311), title II of the National Aeronautics and Space Administration Authorization Act, 1983, approved October 15, 1982 (96 Stat. 1597), and any other law involving such duties. Such duties include, but are not limited to: satellite maintenance and operations and satellite data analysis; spacecraft procurement, launch, and associated ground station system changes involving polar-orbiting and geosynchronous meteorological satellites and land and ocean remote-sensing satellites; and environmenatal data and information products and services in the atmospheric, marine, solid earth, and solar-terrestrail sciences.

(b) The Administrator of the National Oceanic and Atmospheric Administration (hereafter referred to in this section as the "Administrator") shall make the NOAA-D satellite launch vehicle available for the Navy Remote Ocean Sensing System as soon as practicable on the condition that the Secretary of the Navy provide the Administrator with access to the civil data produced by the system, and provided that the Administrator determines that such availability is required to ensure the timeliness or cost-effectiveness of such System. The Administrator shall take such actions, including sponsorship of applied research, as may be necessary to assure the availability and usefulness of such data to the maritime community.

SEC. 203. (a) There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its oceanic research and services duties and its mapping, charting, and geodesy duties under law, $104,000,000 for fiscal year 1984, $109,000,000 for fiscal year 1985, and $115,000,000 for fiscal year 1986. Moneys appropriated pursuant to this authorization shall be used to fund those duties relating to ocean research and services programs and to mapping, charting, and geodesy programs specified by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947, as amended (33 U.S.C. 883a), and any other law involving such duties. Such duties include, but are not limited to: undersea marine resources, air-sea interaction, and ocean and Great Lakes environmental research; ocean dumping research; coordination of interagency research on marine pollution and provision of tide and current data for the safe and efficient use of the oceans and Great Lakes by government, commerce, and the private sector; and aeronautical and nautical mapping and charting activities and geodetic data collection and analysis.

(b) The functions and duties involving ocean research and services programs, and mapping, charting, and geodesy programs authorized by subsection (a) of this section shall be considered separate and distinct from such functions and duties performed pursuant to moneys authorized under sections 504 and 509 of this Act. The total authorization for all such functions and duties shall be the aggregate sum of the amounts provided in subsection (a) of this section and sections 504 and 509 for such functions and duties.

SEC. 204. There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its executive direction and administration, its marine services, and its aircraft services duties under law, $113,000,000 for fiscal year 1984, $121,400,000 fiscal year 1985, and $124,000,000 for fiscal year 1986. Moneys appropriated pursuant to this authorization shall be used to fund those duties specified by the act entitled "An Act to clarify the status and benefits of commissioned officers of the National Oceanic and Atmospheric Administration, and for other purposes", approved December 31, 1970, as amended (33 U.S.C. 857-1), by the Act entitled "An Act to define the functions and duties of the Coast and Geodetic Survey, and for other purposes", approved August 6, 1947, as amended (33 U.S.C. 883a), by the Act entitled "An Act to increase the efficiency and reduce the expenses of the Signal Corps of the Army, and to transfer the Weather Service to the Department of Agriculture", approved October 1, 1890, as amended (15 U.S.C. 311-329), and any other law involving such duties. Such duties include, but are not limited to: management, administrative support, retired pay of National Oceanic and Atmospheric Administration commissioned officers, and policy development; ship operations, maintenance, and support; and aircraft operations, maintenance, and support.

SEC. 205. (a) Funds may be transferred between categories authorized in section 201, 202, 203, or 204, except that no funds may be transferred between any two categories if the amount transferred would exceed 10 per centum of the amount authorized for either category, unless a period of thirty days has passed after the Administrator of the National Oceanic and Atmospheric Administration or his designee has transmitted to the Speaker of the House of Representatives and to the President of the Senate a written report containing a full and complete statement concerning the nature of the transfer invovled and the reason therefor.

(b) On and after the date of the enactment of this Act, no contract may be awarded pursuant to any proposal to contract out any function or activity which, immediately prior to such date of enactment, was performed by National Oceanic and Atmospheric Administration employees, unless—

(1) the Administrator of the National Oceanic and Atmospheric Administration or his designee has presented, in writing, to the Speaker of the House of Representatives and the President of the Senate, to the Committee on Science and Technology and the Committee on Merchant Marine and Fisheries of the House of Representatives, and to the Committee on Commerce, Science, and Transportation of the Senate, a full and complete statement (including relevant supporting studies) concerning the proposed contracting and the reason therefor; and

(2) a period of thirty days on which either the House of Representatives or the Senate is in session has expired after the date of presentation of such statement.

TITLE III—REPORTING REQUIREMENTS

SEC. 301. The Administrator of the National Oceanic and Atmospheric Administration shall keep the appropriate committees of the House of Representatives and the Senate fully and currently informed about all aspects of the atmospheric and oceanic research and services activities for such Administration.

SEC. 302. The Administrator of the National Oceanic and Atmospheric Administration shall submit to the Congress and the President, on the date of submission of the fiscal year 1986 budget request, a report on the importance of meteorological satellites to weather forecasting. Such report shall include—

(1) a quantitative analysis of the impacts of weather satellites on weather forecasting;

(2) a quantitative comparison of weather forecasts generated when two, one, or no polar-orbiting satellites are operating;

(3) the importance of National Oceanic and Atmospheric Administration weather satellite data to weather forecasting in other nations;

(4) a statistical analysis of expected lifetimes for National Oceanic and Atmospheric Administration weather satellites;

(5) an analysis of replacement time for a National Oceanic and Atmospheric Administration weather satellite in the event of a launch or operational failure or of consecutive launch or operational failure or of consecutive launch or operational failures;

(6) a ten-year projection of the costs associated with a one- and a two-polar satellite system; and

(7) an assessment of efforts to promote greater international cost-sharing in civil meteorological satellite programs.

(b) Of the funds authorized pursuant to section 202 of this Act, $4,000,000 is authorized in fiscal year 1984 to plan for the continuation of a civil land remote sensing satellite system in order to assure the preservation of data continuity for such system, if no alternative is implemented which will assure the preservation of such data continuity.

SEC. 303. (a)(1) The Secretary of Commerce, through the National Oceanic and Atmospheric Administration, shall enter into an agreement with the National Research Council of the Academies of Science and Engineering to conduct a study of the National Weather Service and related activities. Such study shall include but not be limited to—

(A) an analysis of the operations of the National Weather Service and associated activities of other agencies and the private sector, including supporting research and technological development;

(B) a review and assessment of analyses, findings, and recommendations for weather services contained in reports on the subject issued by public and private organizations during the past five years;

(C) independent analysis by the National Research Council as may be required for the purposes of the study;

(D) recommendations on how the National Weather Service and associated activities of other agencies might be organized and conducted to provide effective weather services to meet national needs in light of the availability of new technology, new scientific understanding, the international character of weather services, and the roles of the public (Federal, State, and local) and private sectors, and

(E) to the extent possible, information on priorities and costs of recommended changes and improvements in weather services.

(2) The Administrator shall report to the Congress within six months after the date of the enactment of this Act regarding the status of the Agency's negotiations to implement the study required under this section.

(b) A report including major findings and recommendations resulting from new study required under this section shall be submitted to the Congress not later than two years after the date of enactment of this Act. The Secretary shall make such data and information available to the National Research Council as may be required for the study.

(c) Of the funds authorized pursuant to section 201 of this Act, there is authorized for the conduct of this study $500,000 for each of the fiscal years 1984 and 1985.

TITLE IV—NATIONAL CLIMATE PROGRAM

Sec. 401. This title may be cited as the "National Climate Program Amendments Act of 1984".

Sec. 402. Section 4 of the National Climate Program Act (15 U.S.C. 2904) is amended—

(1) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively, and

(2) by inserting before paragraph (2), as so redesignated, the following new paragraph:

"(1) The term 'Board' means the Climate Program Policy Board.".

Sec. 403. (a) Subsection (c) of section 5 of the National Climate Program Act (15 U.S.C. 2904(c)) is amended—

(1) by inserting "(1)" before "The Secretary",

(2) by designating the third sentence as paragraph (4), and

(3) by striking out the second sentence and inserting in lieu thereof the following new paragraphs:

"(2) The Office shall—

"(A) serve as the lead entity responsible for administering the program,

"(B) be headed by a Director who shall represent the Climate Program Policy Board and shall be the spokesman for the program,

"(C) serve as the staff for the Board and its supporting committees and working groups,

"(D) review each agency budget request transmitted under subsection (g)(1) and submit an analysis of the requests to the Board for its review,

"(E) be responsible for coordinating interagency participation in international climate-related activities, and

"(F) work with the National Academy of Sciences and other private, academic, State, and local groups in preparing and implementing the climate plan (described in subsection (d)(9)) and the program.

The analysis described in subparagraph (D) shall include an analysis of how each agency's budget request relates to the priorities and goals of the program established pursuant to this Act.

"(3) The Secretary may provide, through the Office, financial assistance, in the form of contracts or grants or cooperative agreements, for climate-related activities which are needed to meet the goals and priorities of the program set forth in the climate plan pursuant to subsection (d)(9), if such goals and priorities are not being adequately addressed by any Federal department, agency, or instrumentality.".

(b) Subsection (d) of such section is amended—

(1) by striking out the semicolon at the end of paragraph (7) and inserting in lieu thereof a period and the following: "Such mechanisms may provide, among others, for the following State and regional services and functions: (A) studies relating to and analyses of climatic effects on agricultural production, water resources, energy needs, and other critical sectors of the economy, (B) atmospheric data collection and monitoring on a statewide and regional basis, (C) advice to regional, State, and local government agencies regarding climate-related issues, (D) information to users within the State regarding climate and climatic effects, and (E) information to the Secretary regarding the needs of persons within the States for climate-related services, information, and data. The Secretary may make annual grants to any State or group of States, such grants to be made available to public or private educational institutions, to State agencies, and to other persons or institutions qualified to conduct climate-related studies or provide climate-related services;",

(2) by striking out "biennially" in paragraph (9) and inserting in lieu thereof "at a frequency (not more often than biennially or less often than quadrennially) determined by the Board", and

(3) by striking out "the intergovernmental program under section 6" in paragraph (9) and inserting in lieu thereof "the intergovernmental program described in paragraph (7)".

(c) Subsection (e) of such section is amended to read as follows:

"(e) Climate Program Policy Board.—(1) The Secretary shall establish and maintain an interagency Climate Program Policy Board, consisting of representatives of the Federal agencies specified in subsection (b)(2) and any other agency which the Secretary believes should participate in the program.

"(2) The Board shall—

"(A) be responsible for coordinated planning and progress review for the program,

"(B) review all agency and department budget requests related to climate transmitted under subsection (g)(1) and submit a report to the Office of Management and Budget concerning such budget requests,

"(C) establish and maintain such interagency groups as the Board determines to be necessary to carry out its activities, and

"(D) consult with and seek the advice of users and producers of climate data, information, and services to guide the Board's efforts, keeping the Director and the Congress advised of such contacts.

"(3) The Board biennially shall select a chair from among its members. A board member who is a representative of an agency may not serve as Chair of the Board for a term if an individual who represented that same agency on the Board served as the Board's Chair for the previous term.".

(d) Subsection (f)(2) of such section is amended by inserting "with the Office" after "shall cooperate".

(e) The first sentence of subsection (g)(1) of such section is amended by inserting before the period at the end the following: "and shall transmit a copy of such request to the National Climate Program Office".

Sec. 404. Section 6 of the National Climate Program Act (15 U.S.C. 2905) is repealed.

Sec. 405. Section 7 of the National Climate Program Act (15 U.S.C. 2906) is amended by striking out "January 30" before paragraph (a) and inserting in lieu thereof "March 31".

Sec. 406. There are authorized to be appropriated for purposes of carrying out the provisions of the amendments made by this title $2,000,000 for fiscal year 1984, $2,100,000 for fiscal year 1985, and $2,200,000 for fiscal year 1986. Of these funds, at least 25 per centum shall be made available during each fiscal year for intergovernmental climate-related activities (described in section 5 (d)(7) of the National Climate Program Act) and at least 20 per centum shall be made available during each fiscal year for experimental climate forecast centers (described in section 5 (d)(8) of the National Climate Program Act).

TITLE V—SELECTED OCEAN AND COASTAL AUTHORIZATIONS

Sec. 501. Section 201 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1441) is amended by striking out all that follows "connecting waters" and inserting in lieu thereof a period.

Sec. 502. Section 202 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1442) is amended—

(1) by inserting "(1)" before "The Secretary" in subsection (a);

(2) by striking out "in consultation" in the first sentence of subsection (a) and inserting in lieu thereof "in close consultation";

(3) by adding at the end of subsection (a) the following new paragraph:

"(2) The Secretary shall ensure that the program under this section complements, when appropriate, the activities undertaken by other Federal agencies pursuant to title I and section 203. Such program shall include but not be limited to—

"(A) the development and assessment of scientific techniques to define and quantify the degradation of the marine environment;

"(B) the assessment of the capacity of the marine environment to receive materials without degradation;

"(C) continuing monitoring programs to assess the health of the marine environment, including but not limited to the monitoring of bottom oxygen concentrations, contaminant levels in biota, sediments, and the water column, diseases in fish and shellfish, and changes in types and abundance of indicator species;

"(D) the development of methodologies, techniques, and equipment for disposal of waste materials to minimize degradation of the marine environment."; and

(4) by striking out subsection (c) and redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

Sec. 503. Section 203 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1443) is amended by adding at the end thereof the following new subsections:

"(C) The Administrator, in cooperation with the Secretary, the Secretary of Commerce, and other officials of appropriate Federal, State, and local agencies, shall assess the feasibility in coastal areas of regional management plans for the disposal of waste materials. Such plans should integrate where appropriate Federal, State, regional, and local waste disposal activities into a comprehensive regional disposal strategy. These plans should address, among other things—

"(1) the sources, quantities, and types of materials that require and will require disposal;

"(2) the environmental, economic, social, and human health factors (and the methods used to assess these factors) associated with disposal alternatives;

"(3) the improvements in production processes, methods of disposal, and recycling to reduce the adverse effects associated with such disposal alternatives;

"(4) the applicable laws and regulations governing waste disposal; and

"(5) improvements in permitting processes to reduce administrative burdens.

"(d) The Administrator, in cooperation with the Secretary of Commerce, shall submit to the Congress and the President, not later than one year after the date of enactment of this provision, a report on sewage sludge disposal in the New York region. The report shall consider the factors listed in subsection (c) as they relate to landfilling, incineration, ocean dumping, or any other feasible disposal or reuse/recycling option; shall include an assessment of the cost of these alternatives; and shall recommend such regulatory or legislative changes as may be necessary to reduce the adverse impacts associated with sewage sludge disposal.".

Sec. 504. Section 204 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1444) is redesignated as section 205; and such section as so redesignated is amended by striking out "and" immediately following "fiscal year 1981" and by striking out "1982." and inserting in lieu thereof the following: "1982, not to exceed $12,000,000 for fiscal year 1984, not to exceed $12,600,000 for fiscal year 1985, and not to exceed $13,300,000 for fiscal year 1986. In addition, $1,000,000 is authorized to be appropriated for the Environmental Protection Agency in each of the fiscal years 1984, 1985, and 1986 to carry out the studies authorized by section 203 of this Act.".

Sec. 505. Section 205 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1445) is transferred to a point immediately following section 203 of such Act and redesignated as section 204; and such section as so transferred and redesignated is amended to read as follows:

"Sec. 204. (a) In March of each year, the Secretary of Commerce shall report to the Congress on his activities under this title during the previous fiscal year. The report shall include—

"(1) the Secretary's findings made under section 201, including an evaluation of the short-term ecological effects and the social and economic factors involved with the dumping;

"(2) the results of activities undertaken pursuant to section 202;

"(3) with the concurrence of the Administrator and after consulting with officials of other appropriate Federal agencies, an identification of the short- and long-term research requirements associated with activities under title I, and a description of how Federal research under titles I and II will meet those requirements; and

"(4) activities of the Department of Commerce under section 5 of the Act of March 10, 1934 (48 Stat. 401; 16 U.S.C. 665).

"(b) In March of each year, the Administrator shall report to the Congress on his activities during the previous fiscal year under section 203 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1443).".

Sec. 506. (a) Section 2(a) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701) is amended by adding at the end thereof the following new paragraphs:

"(6) Numerous Federal agencies have initiated and supported research projects to study, enhance, manage, preserve, protect, or restore the resources of the Great Lakes.

"(7) Various research projects relating to the Great Lakes, including those conducted at the college and university level and those conducted at the State and local governmental level, can be more effectively coordinated in order to obtain maximum benefits.".

(b) Section 2(b) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1701) is amended by striking out "and" at the end of paragraph (2), by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) to provide for the effective coordination of research conducted to support the preservation and protection of the environmental quality of the Great Lakes, and to encourage the use of such research in determinations that affect the environmental quality of the Great Lakes; and".

Sec. 507. Section 4(b)(2)(A) of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1703) is amended by inserting after "general research on marine ecosystems" the following: ", including the Great Lakes".

Sec. 508. Section 8 of the National Ocean Pollution Planning Act of 1978 (33 U.S.C. 1707) is amended by adding "(a)" after "Sec. 8." and by adding at the end thereof the following new subsection:

"(b) The Administrator shall insure that the findings and information regarding ocean pollution research activities associated with the Great Lakes identified pursuant to section 4(b) be disseminated in a timely manner and in useful forms to relevant departments of the Federal Government, State governments, and other persons with an interest in such information.".

Sec. 509. Section 10 of the National Ocean Pollution Planning Act of 1978, as amended (33 U.S.C. 1709), is amended by striking out "and" after "1981," and by striking out "1982." and inserting in lieu thereof "1982, not to exceed $3,000,000 for fiscal year 1984, not to exceed $3,200,000 for fiscal year 1985, and not to exceed $3,400,000 for fiscal year 1986.".

TITLE VI—MISCELLANEOUS

Sec. 601. Section 6 of the Act of December 18, 1971, entitled "An Act to provide for the reporting of weather modification activities to the Federal Government" (15 U.S.C. 300e) is amended—

(1) by striking out "and"; and

(2) by inserting immediately after "1981," the following: "$100,000 for the fiscal year ending September 30, 1984, $100,000 for the fiscal year ending September 30, 1985, and $100,000 for the fiscal year ending September 30, 1986.".

Sec. 602. There are authorized to be appropriated to the Department of Commerce to enable the National Oceanic and Atmospheric Administration to carry out its duties indicated under this Act, such additional sums as may be necessary for increases in salary, pay, and other employee benefits authorized by law.

Sec. 603. (a) The Secretary of Commerce, at least sixty days before making a determination as to the necessity for the closing or consolidation of any Weather Service Office or Weather Service Forecast Office, shall provide adequate public notice of his intention to make such a determination in order to ensure that all persons served by such Offices will have an adequate opportunity to present their views.

(b)(1) The Secretary, in deciding whether or not to carry out such a closing or consolidation, shall take fully into account any views expressed by persons served by the affected Office or Offices during the sixty-day period described in subsection (a), and shall specifically consider—

(A) the effect of such closing or consolidation on the community served by such Office or Offices;

(B) the effect of such closing or consolidation on employees of the National Weather Service employed at such Office or Offices;

(C) the economic savings to the Federal Government resulting from such closing or consolidation; and

(D) such other factors as the National Weather Service determines are necessary.

(2) In making a decision under paragraph (1) the Secretary may hold such hearings as he deems necessary.

(3) The Secretary shall compile a written record including or reflecting all views presented and information received or developed in the course of his consideration of the matters involved in making such a decision, whether or not hearings are held with respect thereto as authorized by paragraph (2). The Secretary shall retain all written materials received or developed in the course of such consideration, for possible use in any review under subsection (e).

(c) Any decision of the Secretary to carry out such a closing or consolidation shall be in writing and shall set forth the findings of the Secretary with respect to the matters set forth in subparagraphs (A) through (D) of subsection (b)(1) along with a statement of the reasons for such findings and of the basis on which the decision was made. The Secretary's decision shall be made available to persons served by the affected Office or Offices.

(d) The Secretary shall take no action to carry out such a closing or consolidation until sixty days after his written decision is made available to persons served by the affected Office or Offices as required by the last sentence of subsection (c).

(e) In addition to any other review which may be available by law, a decision of the Secretary to carry out such a closing or consolidation may be reviewed in accordance with chapter 7 of title 5, United States Code, in an action brought by any State served by the affected Office or Offices. For purposes of this subsection, the term "State" includes the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

(f) For purposes of this section, any action taken by the Secretary resulting in the reduction of the staffing of a Weather Service Office or Weather Service Forecast Office of fifty per centum or more, or consolidating a Weather Service Office or a Weather Service Forecast Office with one or more other such Office or Offices, shall be held and considered to be a closing or consolidation within the meaning of such terms as used in this section.

Sec. 604. After fiscal year 1984, no funds shall be appropriated for any function, duty, or responsibility provided for by this Act except pursuant to the authorization contained in this Act.

● **Mr. PACKWOOD. Mr. President, NOAA was created by Executive order in 1970 with the primary responsibility for most of the Federal Government's civilian research, service, and regulatory programs affecting the Nation's** oceans and atmosphere. The work of NOAA is critical for efficient weather forecasting and the sound and productive management of the Nation's ocean and coastal resources.

This bill is one of a series which together provide a comprehensive authorization for NOAA. I will highlight some of the provisions and authorizations contained in this bill.

NOAA's atmospheric and hydrological research programs are designed to increase our understanding of atmospheric and hydrologic processes and conditions and to improve the accuracy of short-term and long-term predictions of environmental changes. These programs include air quality research, climate study, and meteorological research. To enable NOAA to carry out such duties, $366,000,000 is authorized for fiscal year 1984 and $383,000,000 for fiscal year 1985.

In addition, this bill provides for a study of the national weather service to analyze its operations and make recommendations on how it might better use new technological and scientific advances to meet the Nation's weather forecasting needs.

This bill also requires that the Secretary of Commerce give adequate public notice and compile written evidence prior to the closure of weather service offices. This provision reflects the belief of the Committee on Commerce, Science, and Transportation that the decision to close weather service facilities requires careful consideration and public participation.

Included in this bill are authorizations for NOAA's satellite and environmental data and information services; $252,000,000 is authorized to be appropriated for fiscal year 1984 and $326,000,000 for fiscal year 1985 for these activities. These important programs provide for the maintenance of reliable environmental and storm warning systems to protect life and property, the monitoring of the Earth's surface and space environmental conditions and the development of new applications and products for use by a wide range of Federal and State agencies and private industries.

The increase over last year's authorization for these programs is again being made because the Committee on Commerce, Science, and Transportation supports a two-polar orbiting satellite system. The Congress has clearly identified the importance of having a two-polar weather satellite system for the monitoring of severe weather in the Pacific and to provide advance warning on weather fronts as they approach the U.S. continent. These increases are actually better characterized as base funding because we are simply proposing the same system endorsed by the Congress last year.

This bill also requires that NOAA submit a report on the importance of satellites to weather forecasting and an assessment of the costs incurred.

Another valuable NOAA function that is authorized in this bill is the production of accurate aeronautical and nautical charts and bathymetric/topographic maps for coastal and offshore regions. These services provide for the safety and efficiency of commercial, private, and military aviation, marine transportation, fishing, offshore and seafloor development. They also aid in environmental and earthquake research and emergency planning. For these critical mapping, charting, and geodesy duties, as well as other ocean research and ocean service functions, $104,000,000 is authorized for fiscal year 1984, $109,000,000 for fiscal year 1985, and $115,000,000 for fiscal year 1986.

Because of the importance of many of NOAA's services and the great reliance users have on those services, this bill provides for a review period of 30 days in which either House of Congress is in session before any service that is now conducted by NOAA can be contracted out to the private sector. The Committee on Commerce, Science, and Transportation supports the policy that goods and services of a nongovernmental nature should be provided by outside contractors when it is cost effective to do so. However, we have noted that NOAA is moving rapidly toward contracting out a number of functions that may properly be regarded as inherently governmental. It is the committee's concern that important national goals of public safety, environmental protection, and improved scientific and technical capabilities not be compromised.

The bill also provides funding for ocean dumping research, as called for in title II of the Marine Protection, Research, and Sanctuaries Act of 1972. For this act, as well as the National Ocean Pollution Planning Act of 1978, we are providing a combined total of $15,000,000 for fiscal year 1984, $15,800,000 for fiscal year 1985, and $16,700,000 for fiscal year 1986. These programs are charged with carrying out and coordinating the Nation's ocean pollution research, development, and monitoring efforts. These studies of the effects of ocean pollution are necessary if we are to improve our ability to protect and develop our ocean and coastal resources. I am pleased to include the reauthorization for these programs in this bill.

In conclusion, the bill which the Senate is considering today provides authorization and reporting requirements for a number of important atmospheric and satellite programs of NOAA, and I ask my colleagues for their support.●

● Mr. HOLLINGS. Mr. President, I urge the Senate's approval of S. 1097, which authorizes the bulk of the National Oceanic and Atmospheric Administration budget. The oceanic and atmospheric research and services covered by this bill are of the most fundamental nature and form a part of our Nation's human and environmental infrastructure. Unfortunately, the authorization levels provided are barely sufficient to maintain the agency's standards of professional excellence endorsed in Senate Resolution 118, which passed the Senate unanimously last September. In light of the tragic death and destruction the other day in the wake of tornadoes in my home State of South Carolina and in North Carolina, not to mention the vast flooding all around our country of late, I believe the Nation would have much to gain from increases in funding for NOAA.

In any event Congress can at least be proud of its part in deflecting the administration's persistent onslaught on this agency's scientific integrity. This bill, as well as appropriation bills in the last several years, constitutes an effort to forestall further deterioration in these essential activities. Passage of S. 1097 today will be a major step toward achievement of our Commerce Committee goal of a comprehensive authorization package for NOAA. And I hope we will soon see the bill on the President's desk for signature.

One of the most important aspects of this legislation is a provision permitting Congress to review any plans to contract out functions and activities now performed by in-house personnel. Political appointees at NOAA seem bound and determined to contract out large chunks of the agency under OMB Circular A-76. At the moment the administration's decisionmaking process is well along with respect to the marine operations and mapping, charting, and geodesy activities of NOAA's national ocean service. It is my understanding that significant elements of the national weather service will also be targets for contracting in the near future.

I am troubled by the fact that nearly all the A-76 evaluations at NOAA are being carried out by a private consultant with no expertise in the highly technical activities under review. We are not dealing with a simple question of internal management of an organization. Rather, we are faced with the possibility that legitimate and valuable public services will be irrevocably altered without the conscientious oversight by the Congress. The possible contracting out of marine operations, aeronautical charting, and nautical charting has serious safety implications for the many people who use our airways and waterways for business, travel, recreation, or military readiness. And there are few Americans who would welcome degradation of the weather services that help to guide our daily pursuits and warn us of the impending violence of tornadoes, flash floods, hurricanes, and other severe natural phenomena that threaten our loved ones, ourselves, and our property.

Mr. President, coastal surveying and weather forecasting go back to the founding of our republic. Aeronautical charting and geodetic work have been a natural and useful outgrowth of such early and important governmental activity. The functions under review for contracting have traditionally been performed by in-house employees and the public has been served well. From the 19th century on, Members of the House and Senate have played an ongoing role in placing their stamps of approval on this work. The provision contained in S. 1097 constitutes a modest protection of the Congress' interest in insuring that the executive branch does not dismantle programs of longstanding value.●

The PRESIDING OFFICER. Without objection, the motion of the majority leader is agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the Senate concurred in the amendment.

I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BILL HELD AT DESK—H.R. 1314

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate receives from the House of Representatives, H.R. 1314, to extend the Reorganization Act of 1977, that it be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

YEAR OF EXCELLENCE IN EDUCATION

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 210.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 210) entitled "Joint resolution to designate the period commencing January 1, 1984, and ending December 31, 1984, as the 'Year of Excellence in Education'", do pass with the following amendments:

Page 2, lines 3 and 4, strike out "January 1, 1984, and ending December 31, 1984,", and insert "April 1, 1984, and ending March 31, 1985.".

Amend the title so as to read: "Joint resolution to designate the period commencing April 1, 1984, and ending March 31, 1985, as the 'Year of Excellence in Education'.".

Mr. BAKER. Mr. President, I move to concur in the House amendments.

The motion was agreed to.

Mr. BAKER. I move to concur in the House title.

The motion was agreed to.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, unless I have missed something, I ask unanimous consent that the Senate go into executive session for the purpose of considering the following nominations: Calendar Order 544, 545, 546, 547, 548, 549, 550, together with those nominations placed on the Secretary's desk with the exception of the nominations beginning with Philip Birnbaum and ending with Ronald Allen Witherell, which are not to be included.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

The nominations confirmed en bloc are as follows:

IN THE ARMY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. Jack V. Mackmull, 294-22-6931, age 56, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. James J. Lindsay, 391-26-8187, U.S. Army.

The following-named officer to be placed on the Retired Reserve list in the grade indicated under the provisions of title 10, United States Code, sections 1370 and 1374:

To be lieutenant general

Lt. Gen. LaVern E. Weber, 445-16-9508, age 60, U.S. Army.

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. John N. Brandenburg, 446-22-3061, age 54, U.S. Army.

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be general

Gen. Richard E. Cavazos, 452-34-5055, age 55, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Gen. Robert W. Sennewald, 492-22-4165, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. William J. Livsey, 256-44-8751, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Theodore G. Jenes, Jr., 533-24-4241, U.S. Army.

IN THE NAVY

The following named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Huntington Hardisty, 242-32-5034/1310, U.S. Navy.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE, ARMY, FOREIGN SERVICE, MARINE CORPS, NAVY

Air Force nominations beginning Maj. Raymond E. Belz, and ending Maj. Vincent J. Poppiti, which nominations were received by the Senate and appeared in the Congressional Record of March 30, 1984.

Air Force nominations beginning Candace C. Abbott, and ending Garry P. Zurawka, which nominations were received by the Senate and appeared in the Congressional Record of March 30, 1984.

Air Force nominations beginning Larry N. Adair, and ending Conrad L. Young, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Air Force nominations beginning Jeffrey J. Abbott, and ending Gregory C. Zolninger, which nominations were received by the Senate on April 6, 1984, and appeared in the Congressional Record of April 9, 1984.

Army nominations beginning Klaus B. Jade, and ending Jeffrey W. Record, which nominations were received by the Senate and appeared in the Congressional Record of March 30, 1984.

Army nominations beginning Joseph T. Abbott, and ending Michael A. Zembrzuski, which nominations were received by the Senate and appeared in the Congressional Record of March 30, 1984.

Army nominations beginning Robert A. Doughty, and ending Michael D. Hanley, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Army nominations beginning Conrad W. Loftus, and ending Ronald C. Snyder, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Army nominations beginning Frank N. Alexander, and ending Paul S. York, Jr., which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Marine Corps nominations beginning Paul R. Aadnesen, and ending Frank J. Zanin, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Navy nominations of Lt. Comdr. Robert L. Gibson, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of March 30, 1984.

Navy nominations beginning Medhat G. Ashamalla, and ending Minnie Shirley Yates, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of April 4, 1984.

Navy nominations beginning Mark J. Bland, and ending Diane K. Zanders, which nominations were received by the Senate on April 6, 1984, and appeared in the CONGRESSIONAL RECORD of April 9, 1984.

Navy nominations beginning Mark A. Belcher, and ending Miles A. Libbey, which nominations were received by the Senate on April 6, 1984, and appeared in the CONGRESSIONAL RECORD of April 9, 1984.

Navy nominations beginning Dean Esmond Butler, and ending Douglas Edgar Miller, which nominations were received by the Senate on April 6, 1984, and appeared in the CONGRESSIONAL RECORD of April 9, 1984.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS ON TUESDAY, APRIL 24, 1984

Mr. BAKER. Mr. President, when the Senate reconvenes, it will do so on April 24, at 11 a.m.

Mr. President, I ask unanimous consent that on April 24, after the recognition of the two leaders under the standing order, three Senators be recognized on special orders of not to exceed 15 minutes as follows: Senators PROXMIRE, LEVIN, and BAKER.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Now, Mr. President, when the Senate reconvenes on April 24 it will do so at 11 a.m. After the recognition of the two leaders under the standing order, three Senators will be recognized on special orders of not to exceed 15 minutes.

After the execution of the special orders, there will be a brief period for the transaction of routine morning business not past 12 noon.

It is anticipated that the Senate will be asked to stand in recess from 12 noon until 2 p.m. as we usually do on Tuesdays to accommodate the requirements of caucuses of Senators on both sides of the aisle.

At 2 p.m., the Senate will resume consideration of H.R. 2163, the Boat Safety Act.

ADJOURNMENT UNTIL TUESDAY, APRIL 24, 1984, AT 11 A.M.

Mr. BAKER. Mr. President, I now move, in accordance with the provisions of Senate Concurrent Resolution 103, as modified by Senate Concurrent Resolution 104, that the Senate adjourned until 11 a.m. on Tuesday, April 24, 1984.

The motion was agreed to; and at 5:15 a.m., the Senate adjourned until Tuesday, April 24, 1984, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate April 12, 1984:

DEPARTMENT OF DEFENSE

Robert S. Cooper, of Virginia, to be an Assistant Secretary of Defense (new position—Public Law 98-49, of September 24, 1983).

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with grade and date of rank to be determined by the Secretary of the Air Force provided that in no case shall the following officers be appointed in a grade higher than that indicated.

LINE OF THE AIR FORCE

To be major

Broyhill, Ted K., 555-70-5419
Zona, Donald S., 311-62-4892

The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties indicated with grade and date of rank to be determined by the Secretary of the Air Force provided that in no case shall the following officers be appointed in a grade higher than that indicated.

NURSE CORPS

To be lieutenant colonel

Anderson, Dorothy A., 153-30-1212
Reichenbach, Georgianna, 166-32-1941
Taylor, Carol A., 538-34-0370

The following officers for appointment in the Regular Air Force under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties indicated with grade and date of rank to be determined by the Secretary of the Air Force provided that in no case shall any of the following officers be appointed in a grade higher than that indicated.

MEDICAL CORPS

To be colonel

Kippel, Eugene J., 074-34-7222

To be lieutenant colonel

Charlesworth, Ernest N., 452-68-9273
Kotchmar, George S., Jr., 206-34-9810
Stoller, Richard H., 495-48-7422

To be major

Young, William W. C., 576-60-3260

To be captain

Gorton, Bryon J., 048-48-2212
Stewart, James B., Jr., 448-46-5765

DENTAL CORPS

To be lieutenant colonel

Bennett, Marvin R., 570-82-6984
Ebright, Craig S., 508-54-3989
Nelson, Curtis O., 314-48-9234
Perkin, Robert F., 445-48-4489

To be major

Arocho-Perez, Juan E., 583-34-8307
Chamberlain, Lyle B., 529-60-6679
Crigger, Laurence P., 236-80-7845
Finnessy, John J., 161-40-2565
Moore, Stephen P., 283-42-8080

To be captain

Antinopoulos, Peter C., 176-46-8999
Cunningham, Cary J., 523-66-0681
Gillman, Thomas A., 466-80-7345
Mathers, David G., 175-44-9640
Patch, Gene R., 502-66-7073
Simmons, Ellen M., 137-48-2681

The following officers for promotion in the Air Force Reserve, under the provisions of section 8376, title 10, United States Code (non-EAD), with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties indicated.

MEDICAL CORPS

To be lieutenant colonel

Howatt, James W., 558-70-7254
Smith, Frank L., 554-64-7793

The following individual for appointment as Reserve of the Air Force (ANGUS), in the grade indicated, under the provisions of sections 593, 8351, and 8392, title 10, United States Code.

LINE OF THE AIR FORCE

To be colonel

Dwyer, Robert J., 072-30-4720

The following individuals for appointment as Reserve of the Air Force (ANGUS), in the grade indicated, under the provisions of sections 593, and 8351, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform duties as indicated.

MEDICAL CORPS

To be lieutenant colonel

Kleopfer, Ronald G., 317-28-8416
Martin, Boston, F., 267-32-2802

The following persons for appointment as Reserve of the Air Force, in the grade indicated, under the provisions of sections 593, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties as indicated.

MEDICAL CORPS

To be lieutenant colonel

Belknap, Donald E., 539-16-1441
Bennett, Fenton J., 264-48-6906
Decker, Raymond M., 517-44-0087
Edwards, Charles D., 387-28-0801
Evans, Thomas O., 533-28-9987
Fisk, David E., 302-38-0955
Gibney, Matthew J., III, 135-34-4672
Grose, Paul S., 006-58-7579
Holt, Richard L., 313-44-2172
Howard, Cleve W., 512-36-2295
Hudson, Hal C., 167-36-9255
Kane, William M., Jr., 045-20-7479
Natale, Richard, 093-22-2617
Sipperley, Jack O., 265-66-8622
Staten, James R., 426-94-4607
Villanueva, Cesar L., 509-56-3392
Watson, Davis R., 252-32-5409

DENTAL CORPS

To be lieutenant colonel

Abrahamsen, Thomas C., 356-36-0671

In the Air Force

The following midshipmen, U.S. Naval Academy, for appointment as second lieutenants in the Regular Air Force, under the provisions of sections 541 and 531, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force.

Amerine, Jeffery L., 446-66-0173
Andrews, Tae Wan, 549-27-5465
Jacobson, Matthew C., 567-11-0769
Shepherd, Stephen J., 511-52-7706
Storey, Kurt D., 522-02-7000

CONFIRMATIONS

Executive nominations confirmed by the Senate, April 13, 1984:

In the Army

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. Jack V. Mackmull, 294-22-6931, age 56, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. James J. Lindsay, 391-26-8187, U.S. Army.

The following-named officer to be placed on the Retired Reserve list in the grade indicated under the provisions of title 10, United States Code, sections 1370 and 1374:

To be lieutenant general

Lt. Gen. LaVern E. Weber, 445-16-9508, age 60, U.S. Army.

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. John N. Brandenburg, 446-22-3061, age 54, U.S. Army.

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 1370:

To be general

Gen. Richard E. Cavazos, 452-34-5055, age 55, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Gen. Robert W. Sennewald, 492-22-4165, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. William J. Livsey, 256-44-8751, U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Theodore G. Jenes, Jr., 533-24-4241, U.S. Army.

In the Navy

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Huntington Hardisty, 242-32-5034/1310, U.S. Navy.

In the Air Force

Air Force nominations beginning Maj. Raymond E. Belz, and ending Maj. Vincent J. Poppiti, which nominations were received by the Senate and appeared in the Congressional Record of March 30, 1984.

Air Force nominations beginning Candace C. Abbott, and ending Garry P. Zurawka, which nominations were received by the Senate and appeared in the Congressional Record of March 30, 1984.

Air Force nominations beginning Larry N. Adair, and ending Conrad L. Young, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Air Force nominations beginning Jeffrey J. Abbott, and ending Gregory C. Zolninger, which nominations were received by the Senate on April 6, 1984, and appeared in the Congressional Record of April 9, 1984.

In the Army

Army nominations beginning Klaus B. Jade, and ending Jeffery W. Record, which nominations were received by the Senate and appeared in the Congressional Record of March 30, 1984.

Army nominations beginning Joseph T. Abbott, and ending Michael A. Zembrzuski, which nominations were received by the Senate and appeared in the Congressional Record of March 30, 1984.

Army nominations beginning Robert A. Doughty, and ending Michael D. Hanley, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Army nominations beginning Conrad W. Loftus, and ending Ronald C. Snyder, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Army nominations beginning Frank. N. Alexander, and ending Paul S. York, Jr, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

In the Marine Corps

Marine Corps nominations beginning Paul R. Aadnesen, and ending Frank J. Zanin, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

In the Navy

Navy nominations of Lt. Comdr. Robert L. Gibson, which was received by the Senate and appeared in the Congressional Record of March 30, 1984.

Navy nominations beginning Medhat G. Ashamalla, and ending Minnie Shirley Yates, which nominations were received by the Senate and appeared in the Congressional Record of April 4, 1984.

Navy nominations beginning Mark J. Bland, and ending Diane K. Zanders, which nominations were received by the Senate on April 6, 1984, and appeared in the Congressional Record of April 9, 1984.

Navy nominations beginning Mark A. Belcher, and ending Miles A. Libbey, which nominations were received by the Senate on April 6, 1984, and appeared in the Congressional Record of April 9, 1984.

Navy nominations beginning Dean Esmond Butler, and ending Douglas Edgar Miller, which nominations were received by the Senate on April 6, 1984, and appeared in the Congressional Record of April 9, 1984.

HOUSE OF REPRESENTATIVES—*Thursday, April 12, 1984*

The House met at 11 a.m.

Rev. Helen D. Russell, pastor, Baltimore Street Church of God, Baltimore, Md., offered the following prayer:

Our dear Heavenly Father:

We thank Thee for all of Thy manifold blessings unto us.

We thank Thee for how You have kept us from hurt, harm, and danger—seen and unseen.

You have been good to us and we praise You.

Our sincere prayer today is that You would continue to bless our President, our beloved Speaker, each leader, and Congressman as they endeavor to lead this Nation as You would have it to be led.

Give them wisdom, knowledge, and understanding as to how to undertake such a task.

We pray that You would bless this Nation. Keep us, and whatever You do for us we shall forever praise Thee.

For it is in Your name we pray and thank Thee. Amen.

THE JOURNAL

The **SPEAKER**. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H.R. 596. An act to transfer responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which the bond was given;

H.R. 5298. An act to provide for a White House Conference on Small Business;

H.J. Res. 407. Joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week"; and

H.J. Res. 466. Joint resolution designating May 1984 as "Older Americans Month."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1129) entitled "An act to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the joint resolution (S.J. Res. 173) entitled "Joint resolution commending the Historic American Buildings Survey, a program of the National Park Service, Department of the Interior."

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 1186) entitled "An act to clear certain impediments to the licensing of the yacht *Dad's Pad* for employment in the coastwise trade," with an amendment.

The message also announced that the Senate agrees to the amendment of the House to the text of the bill (S. 597) entitled "An act to convey certain lands to Show Low, Ariz.," with the following amendment.

The message also announced that the Senate disagrees to the amendment of the House to the title of the above-entitled bill.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 1488. An act for the relief of Patty Jean Tipton and her husband, Ronald Tipton;

S. 2460. An act to designate a Federal building in Augusta, Maine, as the "Edmund S. Muskie Federal Building";

S. 2461. An act to designate a Federal building in Bangor, Maine, as the "Margaret Chase Smith Federal Building"; and

S.J. Res. 248. Joint resolution designating August 21, 1984, as "Hawaii Statehood Silver Jubilee Day."

REV. HELEN D. RUSSELL

(Mr. MITCHELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MITCHELL. Mr. Speaker, Rev. Helen D. Russell is currently pastor of the Baltimore Street Church of God in Baltimore, Md., and has served in this capacity for the past 10½ years.

She was born in Chapel Hill, N.C., and attended A&T State University at Greensboro, N.C. She is a graduate of Baltimore School of the Bible, Knox's Business Institute, National Institute for Nursing, In-Service Training Institute, and Home Courses from Anderson, Ind., School of Theology.

Among her achievements are several awards and citations from Mayor William Donald Schaefer and Baltimore's Best Programme, of which she is a member of the steering committee. She has appeared in Who's Who in Religion, received Afro-American awards, and has recently returned from a speaking tour on the west coast.

Her evangelistic outreach encompasses a vibrant prison ministry, a therapist volunteer for the prevention of child abuse, and has a weekly radio broadcast.

Being ordained in May 1975 by the Chesapeake-Delaware-Potomac District Credentials Committee, Helen also serves on the board of directors of the National Association of the Church of God, and the Missionary Education Board of the Women of the Church of God with headquarters at Anderson, Ind.

Her ultimate goal in life, and she has already reached that goal I believe, is to let her life be lived for others.

Reverend Russell now also has the distinction of being the first black woman to offer the prayer in the House of Representatives.

Many of you have just met Reverend Russell, but you know her husband very well, George Russell, who serves us so faithfully in this House. This is one of the reasons why I think we keep him under control, because his wife is a pastor and manages to keep him under control.

We thank you very much, Reverend Russell, for being with us today, and we are blessed by your presence.

CONFERENCE REPORT ON S. 1129, DOMESTIC VOLUNTEER SERVICE ACT AMENDMENTS OF 1984

Mr. PERKINS submitted the following conference report and statement on the Senate bill (S. 1129) to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 98-679)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1129) to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Domestic Volunteer Service Act Amendments of 1984".

VOLUNTEERS IN SERVICE TO AMERICA; STATEMENT OF PURPOSE

SEC. 2. Section 101 of the Domestic Volunteer Service Act of 1973 (hereafter in this Act referred to as the "Act") is amended—

(1) in the second sentence—

(A) by inserting "and alleviate" after "eliminate";

(B) by striking out "human, social, and environmental" after "poverty-related";

(C) by inserting ", all geographical areas," after "all walks of life"; and

(D) by inserting "low-income individuals," before "elderly"; and

(2) by adding at the end thereof the following new sentence: "In addition the objective of this part is to generate the commitment of private sector resources and to encourage volunteer service at the local level to carry out the purposes set forth in this section.".

RECRUITMENT

SEC. 3. Section 102 of the Act is amended by inserting "(a)" after the section designation and by adding at the end thereof the following new subsections:

"(b) If any applicant under this part who is recruited locally becomes unavailable for service prior to the commencement of service, the recipient of the project grant or contract may replace such applicant with another qualified applicant approved by the Director.

"(c) The Director shall ensure that not less than 20 per centum of all volunteers under this part are fifty-five years of age or older.".

ASSIGNMENT OF VOLUNTEERS

SEC. 4. (a) Section 103(a) of the Act is amended—

(1) in the matter preceding clause (1)—

(A) by inserting "in the local communities in which the volunteers were recruited" after "States"; and

(B) by inserting ", including work" after "programs"; and

(2) by striking out in paragraph (2) ", under the supervision of nonprofit institutions or facilities; and" and inserting in lieu thereof a semicolon;

(3) by striking out in clause (3) "the Economic Opportunity Act of 1964, as amended (42 U.S.C. chapter 34)" and inserting in lieu thereof "the Community Service Block Grant Act, titles VIII and X of the Economic Opportunity Act of 1964, the Headstart Act, or the Community Economic Development Act of 1981,"; and

(4) by redesignating clause (3) as clause (5) and by inserting immediately after clause (2) the following new clauses:

"(3) in addressing the problems of the homeless, the jobless, the hungry, illiterate or functionally illiterate youth and other individuals, and low-income youths;

"(4) in addressing the special needs connected with alcohol and drug abuse prevention, education, and related activities, consistent with the purpose of this part; and".

(b) Section 103(b) of the Act is amended by striking out all that follows the first sentence and inserting in lieu thereof "The Director shall make efforts to assign volunteers to serve in their home communities or in nearby communities and shall make national efforts to attract other volunteers to serve in the VISTA program.".

(c)(1) Section 103 of the Act is further amended—

(A) by redesignating subsections (c) and (d) as subsections (e) and (f), respectively; and

(B) by inserting after subsection (b) the following new subsections:

"(c) The Director shall provide each low-income community volunteer with an individual plan for job advancement or for transition to a situation leading to gainful employment. Whenever feasible, such efforts shall be coordinated with an appropriate private industry council under the Job Training Partnership Act.

"(d) The Director may provide or arrange for educational and vocational counseling of volunteers and recent former volunteers under this part to (1) encourage them to use, in the national interest, the skills and experience which they have derived from their training and service, particularly working in combating poverty as members of the helping professions, and (2) promote the development of appropriate opportunities for the use of such skills and experience, and the placement therein of such volunteers.".

(2) Section 402 of the Act is amended by—

(A) striking out all of clause (13); and

(B) redesignating clauses (14) and (15) as clauses (13) and (14), respectively.

(d) The first sentence of section 103(f) (as redesignated by subsection (c) of this section) is amended by striking out "duties or work in a program or project in any State unless such program or project" and inserting in lieu thereof "work in a program or project in any community unless the application for such program or project contains evidence of local support and".

TERMS AND PERIODS OF SERVICE

SEC. 5. Section 104(a) is amended—

(1) by striking out "human, social, and environmental" in the first sentence; and

(2) by striking out "this" the first place it appears in the second sentence and inserting in lieu thereof "the requirement for full-time commitment".

SUPPORT SERVICES

SEC. 6. Section 105(b) of the Act is amended by inserting "pre-service training and where appropriate inservice training," after "supervision,".

PARTICIPATION OF BENEFICIARIES

SEC. 7. Section 106 of the Act is amended by striking out "take all necessary steps to establish, in regulations he shall prescribe" and insert in lieu thereof "establish in regulations".

REPEAL OF LIMITATIONS

SEC. 8. Section 108 of the Act is amended—

(1) by striking out in the first sentence of subsection (a) "1977" and inserting in lieu thereof "1984";

(2) by striking out all of the second sentence of subsection (a); and

(3) in subsection (b)(2) by striking out "human, social, or environmental".

SERVICE LEARNING PROGRAMS; STATEMENT OF PURPOSE

SEC. 9. Section 111 of the Act is amended—

(1) by inserting immediately before the first sentence of such section the following new sentence: "The purpose of this part is to assist students, through service-learning programs, to undertake volunteer service in such a way as to enhance the educational value of the service experience, through participation in activities that strengthen and supplement efforts to eliminate and alleviate poverty and poverty-related problems."; and

(2) by striking out "encourage other students" in the third sentence and all that follows through the end of such subsection and inserting in lieu thereof "provide technical assistance and training to encourage other students and faculty to engage in volunteer service on a part-time, self-supporting basis, to meet the needs of the poor in the surrounding community through expansion of service-learning programs and otherwise.".

SPECIAL SERVICE LEARNING PROGRAMS

SEC. 10. Section 114(a) of the Act is amended to read as follows:

"SEC. 114. (a) The Director is authorized to make grants and contracts for technical assistance, training, and projects which encourage and enable students in secondary, secondary vocational, and postsecondary schools to participate in service-learning programs on an in-school or out-of-school basis in assignments of a character and on such terms and conditions as are described in subsections (a) and (e) of section 103. Any project assisted under this part shall meet the anti-poverty criteria of section 111 and contain an educational and service component.".

SPECIAL VOLUNTEER PROGRAMS; STATEMENT OF PURPOSE

SEC. 11. Section 121 of the Act is amended—

(1) by striking out "human, social, and environmental"; and

(2) by adding at the end thereof the following new sentence: "It is the further purpose of this part to provide technical and financial assistance to encourage voluntary organizations and volunteer efforts at the national, State, and local level.".

AUTHORITY TO ESTABLISH AND OPERATE PROGRAMS

SEC. 12. Section 122 of the Act is amended by inserting at the end thereof the following new subsection (d):

"(d)(1) In carrying out programs authorized by this part, the Director shall establish criteria to make grants and enter into contracts, in each fiscal year, on the basis of merit and the equitable geographic distribution of programs.

"(2) No grant or contract exceeding $50,000 shall be made under this part unless the grantee or contractor has been selected by a competitive process which includes public announcement of the availability of funds for such grant or contract, general criteria for the selection of recipients or contractors, and a description of the application process and application review process.

"(3) Multiple grants or contracts to the same grantee or contractor within any one year to support activities having the same general purpose shall be deemed to be a single grant for the purpose of this subsection, but multiple grants or contracts to the same grantee or contractor to support clearly distinct activities shall be considered separate grants or contracts.".

TECHNICAL AND FINANCIAL ASSISTANCE

SEC. 13. Section 123 of the Act is amended by striking out "or (2)" and inserting in lieu thereof "(2) technical assistance and training programs, including the creation or expansion of private capabilities where possible and the development of voluntary organizations, with particular emphasis on low-income, minority, and community-based groups, or (3)".

GENERAL AMENDMENTS REGARDING PROGRAMS

SEC. 14. (a) Section 201(a) of the Act (42 U.S.C. 5001(a)) is amended by striking out "he" each place it appears and inserting in lieu thereof "and Director".

(b) Section 201(b) of the Act (42 U.S.C. 5001(b)) is amended by striking out "30 per centum" and all that follows through "years", and inserting in lieu thereof "and 30 centum in any subsequent such years".

(c) Section 211 of the Act (42 U.S.C. 5011) is amended—

(1) in subsection (a) by striking out "he" each place it appears and inserting in lieu thereof "the Director";

(2) in subsection (b)(2) by adding at the end thereof "If the particular foster grandparent subject to the determination under this paragraph becomes unavailable to serve after such determination is made, the agency or organization may select another foster grandparent.";

(3) in subsection (d)—

(A) by striking out "he" each place it appears and inserting in lieu thereof "Director"; and

(B) by striking out "$2" each place it appears and inserting in lieu thereof "$2.20"; and

(4) by amending subsection (e) to read as follows:

"(e) For purposes of this part, the terms 'low-income person' and 'person of low income' mean—

"(1) any person whose income is not more than 125 per centum of the poverty line defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) and adjusted by the Director in the manner described in such section; and

"(2) any person whose income is not more than 100 per centum of such poverty line, as so adjusted and determined by the Director after taking into consideration existing poverty guidelines as appropriate to local situations.

Persons described in paragraph (2) shall be given special consideration for participation in projects under this part.".

SENIOR COMPANION PROJECTS TO ASSIST HOMEBOUND ELDERLY

Sec. 15. Section 213 of the Act is amended by adding at the end thereof the following new subsection:

"(c)(1) The Director is authorized to make grants or contracts for senior companion projects to assist homebound elderly to remain in their own homes and to enable institutionalized elderly to return to home care settings.

"(2)(A) The Director is authorized to recruit, subject to subparagraph (B), senior companion volunteer trainers who on the basis of experience (such as, doctors, nurses, home economists, social workers) will be used to train senior companion volunteers to participate in and monitor initial and continuing needs assessments and appropriate in-home services for senior companion volunteer recipients. The needs assessments and in-home services shall be coordinated with and supplement existing community based home health and long-term care systems. The Director may also use senior companion volunteer leaders, who on the basis of experience as volunteers, special skills, and demonstrated leadership abilities may spend time in the program (in addition to their regular assignment) to assist newer senior companion volunteers in performing their assignments and in coordinating activities of such volunteers.

"(B) Senior companion volunteer trainers recruited under subparagraph (A) of this paragraph shall not be paid stipends.

"(3) The Director shall conduct an evaluation of the impact of the projects assisted under this subsection based upon a sample survey of projects so assisted. In the third year of such study, the Director shall prepare and submit a report to the Congress. Such evaluation study shall include information on—

"(A) the extent to which costs of providing long-term care are reduced by using senior companion volunteers who receive stipends in the provision of long-term care services;

"(B) the effectiveness of the provision of long-term care with the use of volunteers;

"(C) the extent to which health care needs and health related costs of the senior companion volunteers themselves are affected because of their involvement in the project;

"(D) the extent of coordination with other Federal and State efforts aimed at enabling older individuals to receive care in their own homes; and

"(E) the effectiveness of using senior companion volunteer leaders and of involving senior companion volunteers based on the training of the volunteer leaders and volunteers.".

OLDER AMERICAN VOLUNTEER PROGRAMS: LOCALLY GENERATED CONTRIBUTIONS

Sec. 16. (a) Part C of title II of the Act is amended by adding at the end thereof the following new section:

"USE OF LOCALLY GENERATED CONTRIBUTIONS IN OLDER AMERICAN VOLUNTEER PROGRAMS

"Sec. 224. Whenever locally generated contributions made to volunteer programs for older Americans under this title are in excess of the amount required by the Director, the Director may not restrict the manner in which such contributions are expended if expenditures from locally generated contributions are not inconsistent with the provisions of this Act.".

(b) The table of contents of part C of title II of the Act is amended by inserting after item "Sec. 223." the following new item:

"Sec. 224. Use of locally generated contributions in older American volunteer programs.".

ESTABLISHMENT OF AGENCIES

Sec. 17. Section 401 of the Act is amended—

(1) by inserting before the period at the end of the first sentence the following: "in order to provide a focal point for volunteerism at the national, State, and local level"; and

(2) by striking out all of such section after the fourth sentence and inserting in lieu thereof the following: "There shall also be in such agency one Associate Director who shall be appointed by the President with the advice and consent of the Senate, and shall be compensated at the rate provided for level 5 of the Executive Schedule under section 5316 of title 5, United States Code. Such Associate Director shall be designated 'Associate Director for Domestic and Anti-Poverty Operations' and shall carry out operational responsibility for all programs authorized under this Act. There shall also be in such agency two Assistant Directors, each of whom shall be appointed by the Director, and who shall report directly to the Associate Director for Domestic and Anti-Poverty Operations. One such Assistant Director shall be primarily responsible for VISTA and other antipoverty programs under title I of this Act, and one such Assistant Director shall be primarily responsible for the Older American Volunteer Programs under title II of this Act.".

AUTHORITY OF THE DIRECTOR

Sec. 18. (a) Section 402(1) of the Act is amended by inserting immediately before the semicolon at the end thereof the following: "except that the number of schedule C employees, individuals employed on a temporary basis at GS-8 or higher, experts, and consultants shall at no time exceed 8.5 per centum of the total number of individuals employed by the ACTION Agency".

(b) The amendment made by subsection (a) shall take effect one year after the date of the enactment of this Act.

SPECIAL LIMITATIONS

Sec. 19. Section 404(f) of the Act is amended—

(1) by striking out "and except as provided in the second sentence of this subsection" in the first sentence; and

(2) by striking out the second sentence.

REPEAL OF THE NATIONAL VOLUNTEER SERVICE ADVISORY COUNCIL

Sec. 20. (a) Effective January 1, 1986, section 405 of the Act is repealed.

(b) Effective January 1, 1986, the item relating to section 504 in the table of contents is repealed.

REPORTS

Sec. 21. Section 407 of the Act is amended by inserting at the end thereof the following new sentence:

"Such report shall reflect the findings and actions taken as a result of any evaluation conducted pursuant to section 416.".

CHANGES IN NOTICE AND HEARING PROCEDURES

Sec. 22. Section 412 of the Act is amended—

(1) by inserting "(a)" after "412.";

(2) by striking out in paragraph (1) ", nor shall an" and all that follows to the end of such paragraph and inserting in lieu thereof a semicolon;

(3) by redesignating paragraph (2) as paragraph (4);

(4) by inserting after paragraph (1) the following new paragraphs:

"(2) an application for refunding under this Act may not be denied unless the recipient has been given (A) notice at least 75 days before the denial of such application of the possibility of such denial and the grounds for any such denial, and (B) opportunity to show cause why such action should not be taken;

"(3) in any case where an application for refunding is denied for failure to comply with the terms and conditions of the grant or contract award, the recipient shall be afforded an opportunity for an informal hearing before an impartial hearing officer, who has been agreed to by the recipient and the Agency; and"; and

(5) inserting at the end thereof the following new subsection:

"(b) In order to assure equal access to all recipients, such hearings or other meetings as may be necessary to fulfill the requirements of this section shall be held at locations convenient to the recipient agency.".

EVALUATION

Sec. 23. Section 416(a) of the Act is amended—

(1) by striking out "periodically" and inserting in lieu thereof "biennially"; and

(2) in the second sentence by striking out "or project evaluated." and inserting in lieu thereof "or any project of such program being evaluated. Such evaluation shall also measure and evaluate compliance with the equitable distribution requirement of section 414 of this Act.".

ELIGIBILITY FOR OTHER PROJECTS

Sec. 24. Section 418 of the Act is amended by inserting "workers' compensation," after "public assistance,".

LEGAL EXPENSES

Sec. 25. Section 419 of the Act is amended by striking out "or section 8(b)(1) of the Small Business Act, as amended (15 U.S.C. 637(b)(1))".

REQUIREMENTS FOR PRESCRIBING REGULATIONS

Sec. 26. Section 420 of the Act is amended—

(1) by striking out in subsection (c)(1) "Except as provided in paragraph (2)(B) of this subsection, no" and inserting in lieu thereof "No";

(2) in subsection (c)(2)(A) by striking out "(A)" after "(2)";

(3) by striking out paragraph (B) of subsection (c)(2); and

(4) in subsection (d)—

(A) by striking out in the second sentence "Except as is provided in the following sentence, no" and inserting in lieu thereof "No"; and

(B) by striking out the third sentence.

NATIONAL VOLUNTEER ANTIPOVERTY PROGRAMS AUTHORIZATION

Sec. 27. (a) Section 501 of the Act is amended to read as follows:

"NATIONAL VOLUNTEER ANTIPOVERTY PROGRAMS AUTHORIZATION

"Sec. 501. (a) There is authorized to be appropriated to carry out part A of title I of this Act $17,000,000 for fiscal year 1984, $20,000,000 for fiscal year 1985, and $25,000,000 for fiscal year 1986.

"(b) There is authorized to be appropriated to carry out part B of title I of this Act $1,800,000 for the fiscal year 1984 and for each of the fiscal years 1985 and 1986.

"(c) There is authorized to be appropriated to carry out part C of title I of this Act $1,984,000 for the fiscal year 1984 and for each of the fiscal years 1985 and 1986.

"(d)(1) Of the amounts appropriated under this section for parts A, B, and C of title I, there shall first be available for part A of title I an amount not less than the amount necessary to provide-

"(A) 2,000 years of volunteer service in fiscal year 1984;

"(B) 2,200 years of volunteer service in fiscal year 1985; and

"(C) 2,400 years of volunteer service in fiscal year 1986.

"(2) For purposes of paragraph (1), the term 'volunteer service' shall include training and other support required under this Act for purposes of part A of title I.

"(3) The requirement of paragraph (1)(A) shall not apply unless there is appropriated for title I for fiscal year 1984 an amount in addition to amounts available under Public Law 98-151.

"(e) No part of the funds authorized under subsection (a) may be used to provide volunteers or assistance to any program or project authorized under parts B or C of title I, or under title II, unless the program or project meets the antipoverty critieria of part A of title I.".

(b) The item related to section 501 in the table of contents of the Act is amended by inserting "authorization" after "programs".

AMENDMENTS AUTHORIZING APPROPRIATIONS

Sec. 28. (a) Section 502(a) of the Act (42 U.S.C. 5082(a)) is amended—

(1) by striking out "$28,691,000 for fiscal year 1982 and"; and

(2) by inserting "$29,700,000 for fiscal year 1984, $30,400,000 for fiscal year 1985, and $31,100,000 for fiscal year 1986" after "1983,".

(b) Section 502(b) of the Act (42 U.S.C. 5082(b)) is amended—

(1) by striking out "$49,670,000 for fiscal year 1982 and"; and

(2) by inserting "$54,300,000 for fiscal year 1984, $56,700,000 for fiscal year 1985, and $58,700,000 for fiscal year 1986" after "1983,".

(c) Section 502(c) of the Act (42 U.S.C. 5082(c)) is amended—

(1) by striking out "$16,610,000 for fiscal year 19[illegible] and"; and

(2) by inserting "$27,800,000 for fiscal year 1984, $28,200,000 for fiscal year 1985, and $28,600,000 for fiscal year 1986" after "1983,".

ADMINISTRATION AND COORDINATION

Sec. 29. Section 504 of the Act is ameded to read as follows:

"ADMINISTRATION AND COORDINATION

"Sec. 504. There is authorized to be appropriated for the administration of this Act, as authorized in title IV of this Act, $25,800,000 for fiscal year 1984, $27,000,000 for fiscal year 1985, and $28,000,000 for fiscal year 1986.".

TECHNICAL AMENDMENTS

Sec. 30. (a) Section 417(c)(1) of the Act is amended by striking out "and the Peace Corps Act (22 U.S.C. 2501 et seq.)".

(b)(1) Section 112 of the Act is amended by striking out "103(d)" and inserting in lieu thereof "103(f)".

(2) Section 122(c)(2)(B) of the Act is amended by striking out "103(d)" and inserting in lieu thereof "103(f)".

AMENDMENTS TO OTHER LAWS

Sec. 31. (a) Section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) is amended—

(1) by striking out "established by the Director of the Office of Management and Budget" and inserting in lieu thereof "defined by the Office of Management and Budget based on Bureau of the Census data"; and

(2) by inserting "For All Urban Consumers" after "Consumer Price Index".

(b) Section 683(c)(1) of the Community Services Block Grant Act (42 U.S.C. 9912(c)(1)) is amended by striking out "section 624" and inserting in lieu thereof "section 624 or 625".

And the House agree to the same.

Amend the title so as to read: "An Act to extend and improve the Domestic Volunteer Service Act of 1973, and for other purposes.".

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

Carl D. Perkins,
Joseph M. Gaydos,
Mario Biaggi,
Ike Andrews,
Paul Simon,
George Miller,
Austin J. Murphy,
Baltasar Corrada,
Pat Williams,
Bill Goodling,
Tom Coleman,
Thomas E. Petri,
Managers on the Part of the House.

Orrin Hatch,
Jeremiah Denton,
Don Nickles,
Christopher J. Dodd,
Edward M. Kennedy,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1129) to revise and extend the Domestic Volunteer Services Act of 1973, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the text of the Senate bill and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The provisions of the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

STATEMENT OF PURPOSE FOR VISTA

The Senate bill amends Section 101 of the Act to provide that the purpose of VISTA is to "alleviate" poverty, not "eliminate" poverty as a current law, and removes "social" and "environmental" from the description of needs to which VISTA volunteers are committed. The Senate bill inserts "low income individuals" among persons encouraged to be volunteers, and adds as a further purpose of this part the encouragement of the commitment of private sector resources and additional volunteer service at the local level.

The House amendment expands Section 101 of the Act to insert "all geographical areas" and "low income" into the description of persons encouraged to be volunteers, and adds as an objective of this part the generation of private sector resources and encouragement of part-time volunteer service at the local level.

The House recedes with an amendment which would keep the purpose to "eliminate" poverty as in current law, but adds the purpose to "alleviate" poverty; which would include the words "low income individuals" but also add "all geographical areas" to the description of persons encouraged to be volunteers; which would drop the words "social" and "environmental" from the description of needs, but also drop the word "human" from the description in current law; and which would provide that, "In addition, the objective of this part is to generate the commitment of private sector resources and to encourage volunteer service at the local level to carry out the purposes set forth in this section.".

It is not the intention of the conferees that the removal of the words "human, social and environmental" restrict the wide range of problems that VISTA volunteers are to address as part of their effort to strengthen and supplement efforts to eliminate and alleviate poverty and poverty-related problems in the United States.

AUTHORITY TO REPLACE VISTA RECRUITS

The Senate bill adds a new sentence to Section 102 of the Act to allow VISTA grant and contract recipients to replace locally-recruited volunteers who become unavailable for service.

The House amendment does not contain a comparable provision.

The House recedes with an amendment which provides that if any VISTA applicant who is recruited locally becomes unavailable for service prior to the commencement of service, the recipient of the project grant or contract may replace the applicant with another qualified applicant approved by ACTION/VISTA.

VISTA VOLUNTEER OPPORTUNITIES FOR PERSONS 55 YEARS OF AGE AND OLDER

The House amendment provides that not less than 20 percent of all VISTA volunteers shall be 55 years of age or older.

The Senate bill contains no such amendment.

The Senate recedes.

The Conferees recognize that it may be difficult for the Director to ascertain whether or not the 20 percent target is being satisfied by ACTION at all times. The Conferees, however, expect the Director to make good-faith and continuing efforts to see that this new requirement is met.

ASSIGNMENT OF VISTA VOLUNTEERS

The Senate bill amends Section 103 of the existing law to provide that the Director may assign volunteers "in the local communities in which the volunteers are recruited". The Senate bill also deletes references to the Economic Opportunity Act of 1964 and substitutes the Community Service Block Grant Act, the Headstart Act, and the Community Economic Development Act of 1981 in referring to projects and programs where volunteers may be assigned.

The House amendment does not contain comparable provisions.

The House recedes with an amendment adding to the Senate list of statutes Titles VIII and X of the Economic Opportunity Act of 1964.

The amendment to statutory references is not intended by the Conferees to be a substantive change, but is simply intended to conform statutory language to existing law.

The House amendment inserts "including work" after "programs" in Section 103(a) of the existing law when referring to assigning volunteers in appropriate projects and programs, and eliminates the reference to nonprofit institutions and facilities from the description of those with severe handicaps who may be served.

The Senate bill does not contain a comparable provision.

The Senate recedes.

EXPANDED LIST OF VOLUNTEER ASSIGNMENTS

The Senate bill amends Section 103(a) of the existing law to expand the list of volunteer assignment areas to include problems of the homeless, the jobless, the hungry, low-income youth, and special needs connected to alcohol and drug abuse, education and related activities.

The House amendment to Section 103(a) of the existing law expands the illiterate or functionally illiterate youth and other persons, and homebound and institutionalized elderly.

The House recedes with an amendment changing the Senate reference to "illiterate adults" to "illiterate or functionally illiterate youth and other persons".

The addition to the list of appropriate VISTA projects and programs under this Section are not intended by the Conferees to restrict VISTA volunteer activities to these areas or to those already included in this Section of the Act. Further, the additions are not intended to eliminate from eligibility projects and programs which otherwise meet the purposes and criteria contained in Section 101 of the Act.

The Conferees intend that all VISTA projects involved in alcohol and drug abuse activities meet the anti-poverty mandate and requirements of Part A of the Act. The Conferees expect that the beneficiaries of all such projects will be low income persons. Further, the Conferees expect VISTA volunteers assigned to these projects to serve as coordinators and mobilizers of community resources and volunteers in low income communities to address problems associated with alcohol and drug abuse.

ASSIGNMENT OF LOW-INCOME COMMUNITY VISTA'S AND NATIONALLY RECRUITED SPECIALIST VOLUNTEERS

The Senate bill amends Section 103(b) of the current law to provide that the Director shall assign low-income volunteers in their home communities or nearby communities and, when necessary, shall assign nationally recruited specialist volunteers wherever such volunteers are needed.

The House amendment does not contain a comparable provision.

The House recedes with an amendment providing that the Director shall make efforts to assign volunteers to serve in their home communities or in nearby communities and shall make national efforts to attract other volunteers to serve in the VISTA program.

The Conferees recognize that the placement of volunteers in their own communities or in nearby communities often results in particularly effective VISTA projects. The Conferees expect the Director to encourage such placements. The Conferees also recognize that community identified needs which cannot be met in the local area, as well as the individual desires of VISTA volunteers in regard to placement in various geographic areas of the nation, should be taken into consideration in the assignment of volunteers to VISTA projects.

INDIVIDUAL PLANS FOR JOB ADVANCEMENT

The Senate bill amends Section 103(b) of the current law to provide that the Director "may", rather than "shall", as in current law, provide to each community volunteer an individual plan for job advancement not later than 30 days after the assignment of the volunteer; provides that the Director "may provide" rather than "shall ensure" that such plan is updated 120 days prior to the completion of the volunteer's service; and provides that the Director "may" rather than "shall", upon the request of the volunteer, provide an updated individual plan. The Senate bill provides that, to the extent feasible, the Director shall coordinate the activities connected with such plan with an appropriate private industry council established under the Job Training Partnership Act.

The House amendment strikes all of current law and substitutes in Section 103(b) that the Director shall provide each low-income volunteer an individual plan for job advancement. As in the Senate bill, whenever feasible, the Director must coordinate such activities with an appropriate private industry council.

The Senate recedes.

It is the Conferees intention that the Director shall insure that each low-income volunteer has an individual career plan developed by the local sponsor in conjunction with the ACTION state and national office. This plan should include career goals and career information, counseling, and other career/job planning activities. It is strongly urged that each local sponsor develop a career plan for all volunteers in the approved project. The local sponsor is expected to develop a working relationship to utilize the resources of the local private industry council of the Job Training Partnership Act wherever possible. Other local resources, such as the employment service, should be utilized as well.

EDUCATIONAL AND VOCATIONAL COUNSELING FOR VISTA VOLUNTEERS

The House amendment moves from section 402 of the Act to section 103 of the Act the authority of the Director to arrange for educational and vocational counseling for volunteers and recent former volunteers, and changes the authority to a requirement of the Director.

The Senate bill does not contain a comparable provision.

The House recedes with an amendment which moves the Director's authority to provide such counseling from section 402 of the Act to section 103.

EVIDENCE OF LOCAL SUPPORT FOR VISTA PROJECT APPLICATIONS

Both the Senate bill and the House amendment, with a technical difference, add to Section 103 of the Act the requirement that applications for projects and programs to contain evidence of local support.

The House recedes.

TERMS AND PERIODS OF SERVICE

The Senate bill amends Section 104(a) to remove the words "social" and "environmental" from the list of needs to which volunteers are committed, and clarifies that it is full-time volunteers who must live among and at the economic level of the people served.

The House amendment does not contain a comparable provision.

The House recedes with an amendment which removes the word "human" from the description of needs to be met.

PRESERVICE AND INSERVICE TRAINING FOR VISTA VOLUNTEERS

The House amendment inserts preservice and inservice training into the list of support services the Director shall provide to VISTA volunteers under Section 105(b) of the Act.

The Senate bill does not contain a comparable provision.

The Senate recedes with an amendment adding preservice training and, where appropriate, inservice training, to the list of services the Director shall provide.

The Conferees believe that pre-service and in-service training is a shared responsibility of ACTION and the sponsoring organization, but that ACTION should take the lead and primary responsibility for providing VISTA volunteers and supervisors with adequate pre-service and in-service training. Pre-service and in-service training, cornerstones to effective VISTA projects, are often beyond the capabilities of sponsoring organizations to fund and administer. However, the Conferees recognize that in some cases sponsoring organizations might be better prepared and suited to provide such training. In such cases, where ACTION is assured that the sponsoring organization is both capable and willing to provide this training, ACTION should provide the organization with the necessary resources and guidance.

The Conferees believe that pre-service and in-service training can be provided at minimal cost and provide essential long-term gains to volunteers, program beneficiaries and the low-income communities served by VISTAs. The Conferees expect that wherever possible, existing available project or community resources will be fully utilized.

Pre-service and in-service training for VISTA volunteers and supervisors should focus, at a minimum, on the mobilization of private sector resources, the recruitment and effective use of community volunteers, and management and special skill training to ensure the accomplishment of the project's stated goals and objectives in a timely manner. Such training should be provided to volunteers and supervisors prior to the beginning of service and at appropriated intervals throughout the project year in order to maximize the achievement of these goals.

PARTICIPATION OF PROGRAM BENEFICIARIES

The House amendment adds to Section 106 of the current law the requirement that the Director "establish" rather than "take all necessary steps to establish" as in current law, a mechanism for the meaningful participation of program beneficiaries in the planning, developing and implementing of programs.

The Senate bill does not contain a comparable provision.

The Senate recedes with an amendment changing the word "he" to "the Director".

The Conferees agree to accept the House amendment requiring the Director to establish a continuing mechanism for the meaningful participation of program beneficiaries served by volunteers under this Title of the Act. As provided in current law, the Conferees expect that this provision will apply to all programs under this title.

Such meaningful participation should include the involvement of program beneficiaries, especially the low-income, in the initial planning, proposal development, implementation, ongoing operation and assessment of the project. Where appropriate, such participation should include the establishment of a project advisory board made up of beneficiaries of the low-income community to be served by the project. The board should be responsible for providing guidance and advice to the project on a regular ongoing basis. Such device should be seriously considered by ACTION and the sponsoring organizations.

The Conferees believe that this is essential in order to ensure that programs and projects are responsive and relevant to the low-income citizens and communities that they are intended to serve. Further, the Conferees believe that the meaningful participation of program beneficiaries will enhance the project's effectiveness and increase the chances of the project's continuation by the community and program beneficiaries once assistance under this Title is concluded.

REPEAL OF LIMITATIONS

Both the Senate bill and the House amendment, with a technical difference, repeal grant limitations in Section 108 of the current Act. The Senate bill removes reference to "social" and "environmental" problems.

The House recedes with an amendment dropping the word "human" from the description of problems.

STATEMENT OF PURPOSE FOR SERVICE LEARNING

The Senate bill amends the statement of purpose for Part B of the Act by eliminating the description of purpose for the University Year for ACTION program, by changing "eliminate" to "alleviate" poverty and by removing "social" and "environmental" from the description of problems to be addressed through part-time, short-term service.

The House amendment adds a new sentence describing the purpose as assisting students, through service learning, to provide volunteer service to low income communities in a way which enhances the educational value of the service experience. The House amendment strikes part of the description of purpose and inserts the further purpose of providing technical assistance and training to encourage students and faculty to engage in part-time volunteer service to meet the needs of the poor in the surrounding community.

The Senate recedes with an amendment changing the first sentence of the House amendment to provide that the purpose of this part is to assist students, through service-learning programs, to undertake volunteer service in such a way as to enhance the educational value of the service experience, through participation in activities that strengthen and supplement efforts to eliminate and alleviate poverty and poverty-related problems.

UNIVERSITY YEAR FOR ACTION

The Senate bill repeals authority for the University Year for ACTION program.

The House amendment does not contain a comparable provision.

The Senate recedes.

The Conferees recognize that the University Year for ACTION has had a mixed track record. While some UYA projects have been highly successful, others have failed to integrate the students' service experience with the student's learning experience. The Conferees believe that a thorough review of existing evaluations of UYA should be conducted. Any future UYA projects should be required to integrate the students' educational experience and educational course work with the student's service experience. ACTION should take steps to ensure that the service experience is in no way detrimental to the educational experience and that the educational experience in turn complements the students' service experience.

SERVICE LEARNING ASSIGNMENTS

The Senate bill removes the requirements that service learning assignments conform with assignments for placement of VISTA volunteers.

The House amendment amends the heading of section 114 and section 114 of the Act to clarify that grants and contracts under this section are for the purpose of technical assistance and training.

The House recedes with an amendment that provides that the Director is authorized to make grants and contracts for technical assistance, training, and projects which encourage and enable students in secondary, secondary vocational, and post-secondary schools to participate in service-learning programs on an in-school or out-of-schools basis in assignments of a character and on such terms and conditions as are described in subsections (a) and (e) of section 103 of the Act. It is the intent of the Conferees that any project funded under this part must meet the anti-poverty mandate in Sec. 111 and contain an educational and service component.

Based on GAO testimony before the House Subcommittee on Select Education the Conferees are concerned that projects funded under this Part have not always been in compliance with the service learning and anti-poverty requirements mandated under Part B of the Act. The Conferees fully expect that the beneficiaries of all project grants awarded under this Part be low-income and that each project grant integrate the students' service experience with the students' learning experience.

The Conferees intend that each project application under this Part will identify the educational component, such as academic credit, career development counseling, seminars or workshops, that will accrue to the volunteers; the poverty-related problems the project will address; and the relationship between the services the volunteers will render and the poverty problems being addressed by the project.

The Conferees expect that the students' volunteer service experience and the students' classroom learning will be complementary and mutually reinforcing.

STATEMENT OF PURPOSE FOR SPECIAL VOLUNTEER PROGRAMS

The Senate bill changes Section 121 of the Act, the statement of purpose for special volunteer programs, by eliminating "social" and "environmental" from the list of needs which are the targets of special volunteer programs. It also adds as a purpose, providing technical and financial assistance to encourage volunteer organizations and volunteer efforts at the Federal, State and local level.

The House amendment removes from the statement of purpose for special volunteer programs that part designed to encourage volunteers in other agencies and institutions and places in it a new Part D.

The House recedes with an amendment changing the word "Federal" in the Senate bill to "National", and eliminating the word "human" from the list of needs.

REQUIREMENTS FOR GRANTS AND CONTRACTS

The Senate bill amends Section 122 of the existing law to provide that the Director shall establish criteria for awarding grants and contracts on the basis of merit and equitable geographic distribution of programs.

The House amendment adds a new provision requiring that grant or contract recipients of special volunteer programs shall be selected through a competitive process that includes public announcements of grants or contracts, general criteria for the selection of new recipients, and a description of the application and review process.

The House recedes with an amendment adding at the end of Section 122 of the existing law the following subsection: (d)(1) No grant or contract exceeding $50,000 shall be made under this Part unless the grantee or contractor has been selected by a competitive process which includes public announcement of the availability of funds for such grant or contract, general criteria for the selection of recipients or contractors, and a description of the application process and application review process.

(2) Multiple grants or contracts to the same grantee or contractor within any one year to support activities having the same general purpose shall be deemed to be a single grant for the purpose of this subsection, but multiple grants or contracts to the same grantee or contractor to support clearly distinct activities shall be deemed separate grants or contracts.

The House recedes with an amendment dropping the word "human" from the description of the problems.

ADDITIONAL AUTHORITY FOR GRANTS AND CONTRACTS

The House amendment includes career development, employment, and educational opportunities for unemployed and underemployed veterans in the Director's authority for making grants and contracts.

The Senate bill does not contain a comparable provision.

The House recedes.

TECHNICAL AND FINANCIAL ASSISTANCE FOR IMPROVING VOLUNTEER PROGRAMS

The House amendment adds a new Part D, Technical and Financial Assistance for Improving Volunteer Programs, by moving from Part C of the Act the authority for technical and financial assistance grants and by expanding the description of grants authorized under this Part.

The Senate bill does not contain a comparable provision.

The House recedes with an amendment which adds to the description of purposes of technical and financial assistance under Part C, Section 123 of the Act, "technical assistance and training programs, including the creation or expansion of private capabilities where possible; and, the development of voluntary organizations, with particular emphasis on low-income, minority, and community-based groups.

CLARIFICATION OF THE ROLE OF THE DIRECTOR

The House amendment makes technical changes in Sections 201 and 202 of the current law clarifying the role of the Director and to change references to the Director. The Senate bill contains no such provision.

The Senate recedes.

LOCAL FINANCIAL SHARE REQUIRED FOR RSPV PROJECTS

The House amendment amends Section 201 of the current law to provide a fixed ceiling on the amount of local contributions which may be required for RSVP projects, specifying that the local contribution requirement may not exceed 30 percent of project costs for the third and succeeding years of project operations. The Senate bill contains no such provision.

The Senate recedes.

The conferees recognize that the current practice of the ACTION agency is to require a 30% local contribution for projects even though the current law allowed up to 50% contribution. The conferees agree a larger local contribution should be encouraged whenever possible; however, there is a concern that smaller rural programs could not generate additional local funds if a higher percentage match were required.

REPLACEMENT OF FGP VOLUNTEERS

The House amendment amends Section 211(b)(2) of the Act to remove the requirement that a "particular" Foster Grandparent be involved in order to continue services to a mentally retarded person more than 21 years of age. The Senate bill addresses this same problem by adding a new sentence at the end of Section 211(b)(2) of the Act.

The House recedes.

The Conferees agree that Foster Grandparents should be replaced when they become unavailable for service while serving a mentally-handicapped person above the age of 21 years when it is determined to be in the best interest of the individual served by the Foster Grandparent and the Foster Grandparent. The Conferees also agree that replacement can occur in more than one instance.

STIPEND FOR FOSTER GRANDPARENT AND SENIOR COMPANION VOLUNTEERS

The House amendment amends Section 211(d) of the Act to raise the stipend for Foster Grandparents and Senior Companion Volunteers from $2.00 to $2.20 provided sufficient appropriations are available. The Senate bill contains no such provision.

The Senate recedes.

DEFINITION OF LOW-INCOME PERSONS

The House amendment amends Section 211(e) of the Act to conform the existing definition of "low-income persons" to changes made in the Reconciliation Act of 1981. The House amendment defines "low-income person" and "person of low-income" as any person whose income is not more than 125% of the poverty line defined in the Community Services Block Grant Act. It states that each person whose income is not more than 100% of that level shall be given special consideration for participation. The Senate bill contains no such provision.

The Senate recedes.

DEFINITION OF COMMUNITY ACTION AGENCY

The House amendment conforms the existing definition of "Community Action Agency" to changes made in the Reconciliation Act of 1981 under the Community Services Block Grant Act. The Senate bill contains no such provision.

The House recedes.

NEW AUTHORITIES FOR THE SENIOR COMPANION PROGRAM

Both the Senate bill and the House amendment amend Section 213 of the Act to provide new authorities for the Senior Companion Program to address the needs of the homebound and deinstitutionalization of the elderly by recruiting unpaid, volunteer trainers to train Senior Companions to assess the needs of older persons and to provide home care services. The Senate bill and the House amendments vary:

(1) In the Senate bill the Director is "encouraged" to recruit volunteer trainers. In the House bill, the Director is mandated to encourage recipient agencies to recruit volunteer trainers.

(2) The Senate bill requires that needs assessments and in-home services shall be coordinated with and supplement existing systems. The House bill contains no such provision.

(3) The House amendment requires the Director to encourage recipient agencies/organizations to make greater use of experienced Senior Companions to coordinate the activities of other Senior Companions. The Senate bill contains no such provision.

(4) The Senate bill specifically designates a new category of volunteer to be known as volunteer leaders. The Senate bill authorizes the Director to use volunteer leaders to assist newer Senior Companion volunteers in performing their assignments and to coordinate their activities.

Both the Senate bill and the House amendment require that an evaluation be conducted and the results submitted to the Congress. The evaluation requirements differ slightly in format.

The House recedes with the following changes:

(1) to substitute the word "authorized" for "encouraged" in Sec. (13)(2)(a) of the Senate bill;

(2) to substitute "participate in the monitor" for "provide" in Sec. 13(2)(a) of the Senate bill;

(3) to add "Senior Companion" before the word "volunteers" to Sec. 13(3)(a) of the Senate bill;

(4) to add "health care needs and" before "health related costs" to Sec. 13(3)(c) of the Senate bill.

REQUIRED NON-FEDERAL FUNDING SHARE

Both the Senate bill and the House amendment limit the Director's authority over matching funds in excess of the required amount. Section 14 of the Senate bill adds a new Section 224 to the Act to provide that whenever non-Federal contributions made to volunteer programs are in excess of the amount required by the Director, the Director may not restrict the manner in which such contributions are expended.

The House recedes with the following amendments:

(1) to substitute "locally generated" for "non-Federal" each time it appears in Sec. 224 of the Senate bill;

(2) to substitute "are" for "is" in Sec. 224 of the Senate bill;

(3) to substitute "not inconsistent" for "consistent" in Sec. 224 of the Senate bill.

The term locally generated contributions should be broadly interpreted to include contributions allocated through state, local, and private entities.

ACTION AS A FOCAL POINT FOR VOLUNTEERISM

The Senate bill amends section 401 of the Act to state that ACTION is to provide a focal point for volunteerism at the Federal, State and local level.

The House amendment does not contain a comparable provision.

The House recedes with an amendment changing the word "Federal" to "National".

APPOINTMENT AUTHORITY

Both the Senate bill and the House amendment, with technical differences, amend Sec. 401 of the Act by striking the authority for the appointment of two Presidential appointees as Associate Directors, two Presidential appointees as Assistant Directors and the description of the functions of two Deputy Associate Directors. Both the Senate bill and the House amendment provide for a Presidentially appointed Associate Director for Domestic and Anti-Poverty Operations, responsible for all programs authorized under the Act, and provide for three Assistant Directors, appointed by the Director. One such Assistant Director shall be primarily responsible for anti-poverty programs under title I of the Act, and one such Assistant Director shall be primarily responsible for the Older American Volunteer Programs under title II of the Act. Under the Senate bill, one such Assistant Director shall be primarily responsible for liaison with private voluntary organizations under Part C of the Act. In the House amendment, one such Assistant Director shall be primarily responsible for programs under Part D of the Act. In the event of a vacancy in the position of the Director, or in the absence or inability of the Director to act, the order of officials who shall act as Director shall be, the Deputy Director, the Associate Director responsible for Older American Volunteer Programs, the Assistant Director responsible for VISTA, and the Assistant Director responsible for liaison with private voluntary organizations.

The House recedes with an amendment striking reference to a vacancy in the position of Director.

LIMITATION ON NON-CAREER HIRING AUTHORITIES

The House amendment amends section 402 of the Act to require that the number of schedule B and C employees, individuals employed on a temporary basis at GS-8 and higher, experts, and consultants shall at no time exceed 8.5 percent of the total number of individuals employed by the ACTION agency.

The Senate bill does not contain a comparable provision.

Senate recedes with an amendment exempting Schedule B employees from the 8.5 percent cap and providing an effective date one year from the date of enactment.

REFERENCE TO THE PEACE CORPS

The Senate bill amends Section 404(f) of the Act regarding the Director's authority to delegate responsibility for programs under the Act by deleting reference to the Peace Corps.

The House amendment does not contain a comparable provision.

The House recedes.

NATIONAL VOLUNTEER SERVICE ADVISORY COUNCIL

Both the Senate bill and the House amendment, with a technical difference, repeal the authorization included in Section 405 of the existing law for the National Volunteer Service Advisory Council, effective January 1, 1986.

The House recedes.

ANNUAL REPORT REQUIREMENTS

The House amendment requires that the annual report to Congress required by Section 407 of the Act reflect the findings and the actions taken as a result of any evaluation conducted pursuant to evaluation requirements under Section 416 of the Act.

The Senate bill does not contain a comparable provision.

The Senate recedes.

The Conferees expect that the evaluations and reports produced under this Section will be designed to aid the Congress, the agency, and grantees to improve the cost effectiveness of individual programs and the ability of such programs to address the problem of poverty in low-income communities. Information shall be produced and included in the report by individual program or agency functions.

NOTICE AND HEARING PROCEDURES

The House amendment to Section 412 of the Act provides that (1) an application for refunding may not be denied unless the recipient has been given notice at least 90 days before the denial of such application of the possibility of such denial and the grounds for any such denial, and (2) in any case where an application for refunding is denied for failure to comply with the terms and conditions of the grant or contract award, the recipient shall be afforded an opportunity for an informal hearing before an impartial hearing officer who has been agreed to by the recipient and the agency. The amendment also provides that in order to assure equal access to all recipients, such hearings or other meetings as may be necessary to fulfill the requirements of this section shall be held at locations convenient to the recipient agency.

The Senate bill does not contain a comparable provision.

The Senate recedes with an amendment changing the period of notice from 90 days to 75 days.

The changes in Section 412 of the current law are not intended by the Conferees to guarantee renewal of funding to grantees and contractors, but are intended to clarify and strengthen procedural rights for grant and contract recipients. The Conferees feel in cases where there is a charge of failure to comply with terms of the grant or contract that reasonable notice and a hearing before an impartial hearing officer should be afforded to the recipients. It is the Conferees understanding that the authority of the hearing officer shall be to conduct the hearing and to make recommendations, but the final decision on refunding will remain with the ACTION agency.

The Conferees do not intend to interfere with the right of the agency to exercise administrative discretion in deciding which grantees or contractors to refund on grounds of generally applicable policy, or where funding reductions become necessary for reasons beyond the agency's control, or where the recipient has ineffectively managed agency resources or substantially failed to comply with a contract or grant agreement with the agency. In these types of cases, the agency would be required to provide the recipient with the reasons for the decision and afford it an opportunity to show cause at an informal meeting as to why the action should not be taken.

The location selection for the hearings and meetings should take into consideration convenience to the recipient and the agency, as well as the cost of travel and other related costs required for the hearing. The Conferees intend the provision in Section 412 to improve the services to clients of the ACTION programs, not to defer considerable amounts of funding to a hearing process.

EVALUATION REQUIREMENTS

The House amendment to Section 416(a) of the existing law requires biennial, rather than periodic, as in current law, evaluation of programs. Such evaluation is required to measure and evaluate compliance with the equitable distribution requirement for rural and urban areas in section 414 of the Act.

The Senate bill does not contain a comparable provision.

The Senate recedes.

REFERENCE TO THE PEACE CORPS

The Senate bill strikes a reference to the Peace Corps in Section 417 of the Act.

The House amendment does not contain a comparable provision.

The House recedes.

ELIGIBILITY FOR OTHER BENEFITS

With a technical difference, both the Senate bill and the House amendment change section 418 of the Act to specify that stipends or reimbursement for expenses paid to participants under the Older American Volunteer Programs may not be treated as wages or compensation for purposes of workers compensation.

The House recedes.

REFERENCE TO THE SMALL BUSINESS ACT

The House amendment strikes a no longer applicable reference to the Small Business Act in Section 419 of the Act.

The Senate bill does not contain a comparable provision.

The Senate recedes.

REQUIREMENTS FOR PRESCRIBING REGULATIONS

With technical differences, both the Senate bill and the House amendment remove the Director's ability to waive the requirements in Section 420 of current law for 30 days public notice in the Federal Register of all regulations prior to their effective date and the Director's ability to waive the requirement for 45 days notice to Congress before the implementation of final regulations.

The Senate recedes.

TECHNICAL AND CONFORMING AMENDMENTS

The House amendment makes technical and conforming amendments in the table of contents and other areas.

The House recedes with agreement that appropriate technical changes may be necessary.

EFFECTIVE DATE FOR TITLE I

The Senate bill is effective upon enactment.

The House amendment sets an effective date for provisions in title I of October 1, 1983.

The House recedes.

AUTHORIZATION OF APPROPRIATIONS FOR TITLE I PROGRAMS

The Senate bill and the House amendment authorize the following amounts for programs under Title I of the Act:

[In fiscal years and millions of dollars]

	1984	1985	1986	
Title I part A VISTA:				
Senate	15.0	17.0	19.0	
House	[2] 25.0		[3] 28.0	[4] 30.0
Title I part B service learning program:				
Senate	1.8	1.8	1.8	
House	([1])	([1])	([1])	
Title I part C special volunteer programs:				
Senate	1.984	1.984	1.984	
House	([1])	([1])	([1])	

[1] The House authorizes such sums as necessary for all of Title I.

[2] Of the amounts appropriated under this Title, not less than $25 million shall first be available for carrying out Part A, VISTA.

[3] Of the amount appropriated under this Title, not less than $28 million shall first be available for carrying out Part A, VISTA.

[4] Of the amount appropriated under this Title, not less than $30 million shall first be available for carrying out Part A, VISTA.

The House recedes with an amendment to provide that the authorization for Title I, Part A (VISTA) is $17 million for fiscal year 1984, $20 million for fiscal year 1985 and $25 million for fiscal year 1986; to provide that the authorization for Part B of Title I is $1.8 million in each of the fiscal years 1984, 1985, and 1986; and to provide the authorization for Part C of Title I is $1.984 million in each of the fiscal years 1984, 1985, and 1986. Of the total funds appropriated for Title I, there must first be made available funds adequate to produce a minimum of 2,000, 2,200, and 2,400 full-time VISTA volunteer service years in fiscal year 1984, 1985, and 1986 respectively for Part A, including support services currently required by the Act, as well as those such as pre-service and in-service training and job advancement/career development required by these amendments. In fiscal year 1984, the 2,000 volunteer service year level is contingent upon receipt of funds in excess of $15.6 million appropriated for Title I under the Continuing Resolution enacted in November 1983.

The Conferees intend that VISTA volunteers shall be recruited, trained and placed evenly throughout each fiscal year, to the maximum extent practicable. The minimum number of volunteer service years required to be maintained under Title I, Part A, is based on the Conferees' expectation that the ACTION Agency will continue to support VISTA volunteers at no less than the current level of approximately $7,200 per service year. It is the Conferees' intention that the Appropriations Committees fund the mandated service years obligation for Title I, Part A. After the mandated service years are met, the Conferees intend that Part B and C of Title I should be fully funded. Any remaining appropriated funds under Title I should be used for additional service years under Title I of Part A.

USE OF VISTA FUNDS FOR OTHER ACTION PROGRAMS

The House amendment provides that no part of the funds authorized for programs under part A of title I (VISTA) may be used to provide volunteers or assistance to any program or project authorized under parts B (Service Learning), C (Special Volunteer Programs) and D (Technical and Financial Assistance) of Title I or under Title II (Older American Volunteer Programs) unless the program or project meets the anti-poverty criteria of part A of Title I.

The Senate bill does not contain a comparable provision.

The Senate recedes with an amendment deleting reference to part D in the House amendment.

The Conferees agree that this amendment is not intended to preclude the assignment of VISTA volunteers of VISTA assistance to other ACTION programs or projects, but to ensure that limited VISTA resources and volunteers will be used in the manner intended by Congress and mandated by the law.

AUTHORIZATION OF APPROPRIATIONS FOR TITLE II PROGRAMS

The Senate bill and House amendment authorize the following appropriations for programs under Title II of the Act:

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
RSVP:			
Senate	27.445	27.445	27.445
House	31.872	33.306	34.638
Foster grandparents:			
Senate	48.4	48.4	48.4
House	58.797	61.443	63.901
Senior companion:[1]			
Senate	24.106	24.106	24.106
House	31.422	32.296	33.108

[1] $12 million is set aside for the new senior companion program.

The Conferees agree to the following funding levels:

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
RSVP	29.7	30.4	31.1
Foster grandparents	54.3	56.7	58.7
Senior companions	27.8	28.2	28.6

AUTHORIZATION OF APPROPRIATIONS FOR TITLE IV

The Senate bill authorizes an appropriation for administration and coordination of $29.438 million for each of the fiscal years 1984, 1985 and 1986. The House amendment authorizes the appropriation of "such sums as may be necessary" for fiscal years 1984, 1985, and 1986.

The House recedes with an amendment to reduce the level of authorization for Title IV to $25.8 million for FY 84, $27 million for FY 85, and $28 million for FY 86.

DEFINITION OF POVERTY LINE

Section 203 of the House amendment amends the Community Services Block Grant Act by requiring that the Director of the Office of Management and Budget (OMB) use Bureau of Census Data in defining "poverty line". It further amends the Community Services Block Grant by specifying that the Consumer Price Index adjustments to the "poverty line" will be based on the index "For all Urban Consumers". The Senate bill contains no such provisions.

The Senate recedes.

TECHNICAL AMENDMENT

The House amendment makes a technical amendment updating a legislative reference in the Community Service Block Grant Act.

The Senate recedes.

AMENDMENT TO THE JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT OF 1974

The House amendment amends the Juvenile Justice and Delinquency Prevention Act of 1974, to eliminate one of two Deputy Administrator positions in order to reduce bureaucracy and prevent future circumvention of the Vacancies Act of 1986, as amended, and to make other changes.

The House recedes.

The conferees agree that the House amendment should be more fully considered during the reauthorization of the Juvenile Justice Act. It is the conferees intent that, should a vacancy occur in the office of the Administrator before such time as the Act is reauthorized, the Vacancies Act of 1968, as amended, shall be the prevailing legislation with regard to filling such vacancy.

EFFECTIVE DATE FOR TITLE II AMENDMENTS

The Senate bill provides that amendments to Title II of current law would be effective upon enactment. The House amendment provides that all amendments to Title II would be effective upon the date of enactment except for the amendments made by subsection (c)(3)(B) and subsection (e), which would take effect on October 1, 1983.

The House recedes.

Carl D. Perkins,
Joseph M. Gaydos,
Mario Biaggi,
Ike Andrews,
Paul Simon,
George Miller,
Austin J. Murphy,
Baltasar Corrada,
Pat Williams,
Bill Goodling,
Tom Coleman,
Thomas E. Petri,
Managers on the Part of the House.
Orrin Hatch,
Jeremiah Denton,
Don Nickles,
Christopher J. Dodd,
Edward M. Kennedy,
Managers on the Part of the Senate.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2073

Mr. BEDELL. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of H.R. 2073.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

NO TO PRESIDENT REAGAN'S NICARAGUAN MINES

(Mr. LEVINE of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVINE of California. Mr. Speaker, the President says that he wants a bipartisan foreign policy. Today we can move toward one, one that will advance agreement at home and peace abroad.

We can do that by joining the other body in condemning the reckless and illegal mining of Nicaraguan waters.

Mr. Speaker, by mining Nicaraguan territorial waters and then withdrawing the United States from the jurisdiction of the World Court for 2 years with respect to disputes with Central American nations, the Reagan administration has broken both domestic and international law and then moved to hold its actions above the law. The Reagan administration has united even our closest friends in the world in condemning America's actions.

We should immediately offer to remove these mines from Nicaraguan waters. Our reckless policies in Nicaragua undertaken in the name of anti-communism only undermine respect, both for the United States and for democratic institutions.

Mr. Speaker, let us show President Reagan how bipartisan we can be in our rejection of his policy by approving the resolution that will be offered later today.

NATIONAL DAY OF REMEMBRANCE OF MAN'S INHUMANITY TO MAN

(Mr. COELHO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COELHO. Mr. Speaker, as you know, yesterday on the House floor, House Joint Resolution 247, a resolution which would designate April 24, 1984, as "National Day of Remembrance of Man's Inhumanity to Man" was offered under the unanimous-consent rule. This resolution would have designated April 24 as a day of rememberance for all of the victims of the genocide, particularly the 1.5 million people of Armenian ancestry who were victims of the genocide perpetrated in Turkey between 1915 and 1923. With 228 cosponsors, we were confident of its passage.

One lone voice opposed this measure. But I wanted to let it be known that there was a stronger voice which opposed this resolution—the State Department. Yesterday, Mr. Lewis Murray of the European Affairs Desk at the State Department phoned my office to express the State Department's dissatisfaction with the resolution. He not only expressed the State Department's dissatisfaction, but he went as far as to say that the resolution was irresponsible and that it would have a negative impact if passed. He alleged that, if passed this resolution would: First, encourage terrorism; and second, "muck up relations with the Turkish Government." But perhaps his greatest effort in his argument to dissuade me from having the resolution brought to the floor was adding that the Armenian genocide has never been documented. I am sorry, but it is that very reason (the State Department's denial of the Armenian genocide) that prompted me to introduce this resolution. Furthermore, it is ironic that an almost identical resolution was passed in 1975 under another Republican administration.

Interestingly enough, it was the State Department which published almost 2 years ago a note in its bulletin which unnecessarily created an ambiguity with regard to our national policy of recognition of the Armenian genocide. It was our intent with this resolution to call upon this administration with the hope that it would clearly, forcefully, and unequivocally reaffirm what every President since Woodrow Wilson has so acknowledged in harshly condemning—not tacitly condoning—the Turkish massacre of the Armenian people. We gave the administration ample opportunity. However, the administration did not take advantage of the opportunity to change its position. Once again, they have blown it.

□ 1110

LOOPHOLE OF THE WEEK

(Ms. KAPTUR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. KAPTUR. Mr. Speaker, the loophole of this week is merger mania subsidized by Government tax breaks that make corporate mergers attractive. When a corporation borrows money to acquire another company, it can deduct the interest expense from its Federal tax return. Thus taxpayers end up subsidizing over 40 cents of every dollar in merger interest costs.

Merger fire is spreading across the Nation. Big oil companies, for example, are literally devouring each other. Already this year, three oil companies have bid a total of $29.1 billion to purchase competitors. These bids are nearly double the amount the entire domestic oil industry spent exploring for new oil and gas in 1982.

Average taxpayers are hurt coming and going. First, they subsidize mergers through the Tax Code. Then, when mergers result in larger and fewer companies, taxpayers pay higher prices for monopoly products. They also pay because credit is used up in mergers, instead of being used to expand productive new job investment.

Congressman BYRON DORGAN has introduced a bill (H.R. 3137), which would deny any tax deduction for interest incurred on loans in connection with large corporate takeovers. This legislation deserves speedy passage. Let us close this tax loophole and douse merger mania.

THE NEW IRELAND FORUM

(Mr. DONNELLY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DONNELLY. Mr. Speaker, the agony and violence that grip Northern Ireland today have roots in hostilities that are generations old. They will not be settled quickly and they definitely will not be settled by violence.

Any eventual solution to the complex political, sectarian, and economic problems of Northern Ireland will require, above all, the good will of all parties involved.

The New Ireland Forum is a bold and creative attempt by many Irish leaders to reach a realistic formula for peace.

The distinguished majority whip, Mr. FOLEY, and I have introduced a sense of the Congress resolution commending the participants in the New Ireland Forum and urging that all parties consider the forum's recommendations for political reform seriously and without prejudice.

Thirty-seven Members of this House have agreed to cosponsor this resolution. I urge that all who share our determination to help the search for peace, justice, and reconciliation in Northern Ireland join us as cosponsors of House Concurrent Resolution 276.

CANCEL THE MX

(Mr. SMITH of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Florida. Mr. Speaker, as we look for savings in the defense budget, we must not overlook the MX missile.

I am not convinced that the United States should spend $20 billion on the MX which supposedly is designed to survive an attack but will be placed in the very existing and vulnerable Minuteman silos that are now targeted by the Soviet Union. Even the Scowcroft Commission could not justify MX as a more survivable missile than the existing Minuteman. Rather, it supported MX on the grounds of military power and symbolism.

The United States does not need the MX to maintain an adequate nuclear deterrence. We are already strong in ICBM's and stronger than the U.S.S.R. in submarine-launched and air-launched missiles. We are building the B-1B bomber and have Stealth in the wings. We are funding Midgetman, a less vulnerable less destabilizing but very effective weapon. Building a sophisticated missile like MX will neither maintain the nuclear balance nor keep the peace. It only will threaten our survival and soak up valuable dollars that we do not have.

THE MX MISSILE

(Mrs. KENNELLY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. KENNELLY. Mr. Speaker, I rise to voice my continued opposition to the MX missile, and to urge my colleagues to vote against continued funding for this weapon.

Last year the President won approval of the MX from Congress by promising to do all he could to negotiate an arms control agreement with the Soviets. Yet today we are farther away from that goal than at any time in recent history. Relations between the superpowers are at an all time low. The President won the MX by promising to bargain it away. But he has not done so.

In an era of $200 billion deficits, the MX is not something that this country can afford. With a House Budget Resolution which approved only a 3.5 percent rate of real growth in defense spending this year, and a budget request calling for 13 percent real growth, we all know the budget must be cut. The MX is the place to start. The $30 billion for the MX would be better spent on reducing the deficit, and improving our conventional defense. Let us take back the MX we gave the President last year. It never worked as a weapon. And it is not working as a bargaining chip.

ACTIONS SPEAK LOUDER THAN WORDS

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, during this national election year, Mr. Reagan is adopting a "blame Congress" strategy. The President obviously needs a scapegoat for the failures of his own economic and foreign policies.

Today, at the Speaker's news conference, the Speaker recited actions by the Congress that have been taken to patch up the President's failures; adopting the old adage that actions speak louder than words.

I submit a copy of the Speaker's statement, which speaks for itself to the American people:

STATEMENT OF SPEAKER THOMAS P. O'NEILL, JR., APRIL 12, 1984

Three years ago, the House approved the Reagan budget and the Reagan tax bill. Together, these two measures put our government policy on a collision course with economic reality and with basic American principles of fairness. They triggered the worst recession since the 1930s, pushed up real interest rates, and continued to create deficits which were unthinkable before the era of Ronald Reagan.

This session, we have worked to correct the worst excesses of the Reagan policy. We passed a pay-as-you-go budget that strengthens the safety net while reducing the Reagan deficit by $182 billion. We passed a fair revenue bill.

We took these steps in a constructive manner. Instead of merely ridiculing the excesses and inequities of Reagan policies, we moved to correct them. As a result we gained strong support from the other side of the aisle—21 Republicans voted for the budget; 95 voted with us yesterday.

When he went too far in 1981, Ronald Reagan liked to brag about having bipartisan support. Fortunately for the Congress and the country, 1984 is proving to be a year of bipartisan support for correcting Reagan policies.

AID STARVING PEOPLE IN AFRICA—NOT MORE ARMS FOR EL SALVADOR

(Mr. WOLPE asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. WOLPE. Mr. Speaker, the other body, in its wisdom, added 36 nongermane amendments to an emergency supplemental appropriation for Africa and famine relief. That measure is now going to conference and, as chairman of the African Subcommittee, I want to speak to one of the nongermane amendments.

This is the amendment providing $62 million in military aid to El Salvador. I absolutely oppose any conference report that makes the price of aiding starving people in Africa to be more money for the Reagan administration's failed military policy in Central America.

We are working in the Committee on Foreign Affairs to change that policy. The amount of money is not the only issue at stake in the question of El Salvador, it is the policy. Voting military aid to El Salvador at this time will completely preempt our attempts in the Committee on Foreign Affairs to support a settlement, not a widening, of the civil war in El Salvador.

Mr. Speaker, this measure is an emergency measure for Africa; there is no military emergency in El Salvador that justifies bypassing the regular processes for approval of foreign aid.

In the last 2 years, we have given El Salvador's Army 12,367 rifles and 599 heavy guns. We have given them $25.6 million in ammunition for those weapons in the same period, $1,979 of ammunition per weapon. Surely that should hold them until regular processes can address U.S. policy as well as U.S. funding in El Salvador.

Should the conference report return with any military aid for El Salvador, I hope that we, in this Chamber, will have an opportunity to make clear the inappropriateness of that effort and the necessity of utilizing the normal legislative procedures.

BILATERAL TRADE SUMMIT AND SELECT COMMITTEE ON UNITED STATES-MEXICO RELATIONS

(Mr. COLEMAN of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLEMAN of Texas. Mr. Speaker, today I am introducing House Concurrent Resolution 291 and H.R. 486, calling for a bilateral trade summit and select committee on United States-Mexico relations. Relations between the two countries are at a critical juncture. The crisis in Central America, the fall of the oil markets, the peso devaluation, increased immigration, and an ever-growing number of protectionist laws have, in a short time, changed the nature of the economic and political relationship between us. Talks are needed to update the Congress and the administration on current problems in United States-Mexico relations so that it will be possible to legislate in a manner sensitive to the concerns of both countries. Reducing tensions and developing a mutually supportive commercial and political relationship should be the goal of U.S. policy with Mexico.

The need is immediate, given the size of Mexico's debt, our own trade deficit, and the strength of our currency. Mexican products covered under the Generalized System of Preferences will graduate next year and will no longer receive the benefit of reduced tariffs. At the same time, because of our strong currency, our trade deficit has increased significantly and we need help strengthening our own export potential. Because of the seriousness of the economic problems affecting both countries, it is important that we address them on a bilateral basis as soon as possible.

Although many of the problems between the two countries are trade-related, it is important to discuss other issues as well. Mexico is a leader in Latin American politics and we should try to aline our foreign policies. Transboundary pollution is becoming a concern in the Southwestern States and needs to be addressed as well. Immigration, both from Mexico and Central America, is increasing and needs to be better understood. Considering these simultaneously pressing issues, the need for a summit is self-evident.

WHAT A DIFFERENCE 2½ MONTHS MAKE

(Mr. DOWNEY of New York asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DOWNEY of New York. On January 29, when President Reagan announced his reelection, he said that America was standing strong, that our military might was back. Two and a half months later, Caspar Weinberger informs us that we are not standing quite as tall; apparently we are now stooped over, that the Soviets are bent on world domination.

What could have changed in 2½ months to allow the Soviets to recapture this lead? The only thing that has changed, my colleagues, is the fact that the defense budget is coming closer and closer to enactment by this body and we need to frighten the American people a little more so that the President can get his outrageous figures for defense.

We do not need to spend as much to be strong; we are a powerful military country becoming more powerful all the time. The reverse is true in the Soviet Union. I ask my colleagues to carefully examine this new piece of propaganda from the Pentagon carefully.

□ 1120

THE POLITICAL OLYMPICS

(Mr. PATTERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PATTERSON. Mr. Speaker, every Member of this body is well aware that this is an election year. In such a year, the President blames the Congress, the Congress blames the President. The Republicans call the Democrats liberals, big spenders and high taxers. The Democrats call the Republicans heartless, deficit spenders and warmongers. Then all of us wonder why politicians are held in low esteem.

Since this is also an Olympic year and my home district is in southern California where the Olympics will be held, I have often found myself yearning to be an Olympic champion. The games can make even cynics believe in miracles—at least for a little while. Then it hit me and I knew that a great idea was born.

My colleagues, we can do the country a great favor, raise the esteem in which we are held, and lead our Nation to peace, prosperity and progress once again in one simple act. We can establish a political olympics and show the American public just how talented we really are in our various specialties.

The world's first political olympics should be held prior to the November elections so that American voters would have the results before casting their ballots.

While not exhaustive, I would like to propose the following political olympic events: preconvention trials, carpetbagging, synchronized mud-slinging, 110 meter high fence straddling, 400 meter low fence straddling, hop, skip, and issue sidestep, vaulting to prominence, 100 meter dash for delegates, 3,000 meter voter chase, throwing the shaft, 5 kilometer backpedaling, 15 kilometer high road walk, 5 kilometer low road walk, bandwagon jumping, PAC backing, the big dive.

The most proficient political olympians would then go on to the convention finals. Convention sports would include: marathon speechmaking, verbal gymnastics, convention floor fighting, ticket balancing, arm twisting, and issue waffling.

So, with your concurrence, we can go a long way to reestablish voter confidence in our leaders' abilities. I do hope my colleagues in the House will join me in supporting this noble cause.

STATE DEPARTMENT'S INHUMANITY TO MAN

(Mr. LEHMAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEHMAN of California. Mr. Speaker, yesterday, House Journal Resolution 247, "National Day of Remembrance of Man's Inhumanity to Man" was scheduled for consideration. The measure marks April 24, 1984, as a day of remembrance for all the victims of genocide, especially the 1.5 million Armenians who died at the hands of the Turks between 1915 and 1923.

This was a noncontroversial piece of commemorative legislation until the State Department decided to oppose it. I would like to know how the State Department of the United States, the greatest democracy in the world, can oppose a day honoring the victims of all genocides. The truth of the matter is that despite the recognition by every U.S. President and the abundance of documentation of this tragedy, the State Department no longer acknowledges the Armenian genocide.

The State Department claims that they are opposing the bill because they fear an outbreak of terrorism if this legislation passes. I find this a hard line to swallow from the same people that have no qualms about mining Nicaraguan ports.

This has nothing to do with terrorism. The State Department is allowing foreign policy negotiations with Turkey to interfere with the seemingly simple matter of recognizing victims of genocide all over the world. The Armenian genocide is a historical fact. So are the Jewish and Southeast Asian genocides.

Questioned by an aide about his policy of Jewish genocide, Hitler said: "Who after all now remembers the annihilation of the Armenians?" Apparently the State Department does not.

LEGISLATION TO DESIGNATE WILDLIFE REFUGES IN CONNECTICUT

(Mr. MORRISON of Connecticut asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORRISON of Connecticut. Mr. Speaker, today I am joining with my colleague from Connecticut (Mr. McKINNEY) in filing legislation which would designate five areas in Connecticut as Federal wildlife refuges. The areas include Milford Point in my own Third Congressional District.

Milford Point is a 10-acre barrier beach which separates Nell's Island marshes from Long Island Sound. This area is especially significant as a breeding habitat for several threatened species of aquatic birds.

The point serves as one of the few remaining nesting sites in Connecticut for the Piping Plover, a candidate for the Federal threatened species list. The Piping Plover has been on a long-term decline throughout its range due primarily to destruction of habitat resulting from coastal development.

Milford Point also supports the largest population of the Least Tern, 215 nesting pairs in 1982. This bird is listed as endangered in New Jersey and California, and is considered to be on a long-term decline throughout its North American range.

In addition, research shows that Milford Point is one of the five primary feeding areas for the Chimon Island herons. The area protects the Nell's Island marsh system, which is a popular area for duck hunting and fishing, and an excellent duck breeding habitat. The Wheeler Wildlife Refuge is located within Nell's marsh system.

This land is endangered by development, and may not be preserved if the Federal Government does not acquire the tract.

Milford is a very environmentally conscious community. I know that there is a longstanding concern among Milford residents that Milford Point may be spoiled by development. This bill will stabilize the area once and for all, and maintain its beautiful, wild state.

I hope this legislation will receive prompt and favorable action from this House so that this environmentally important land will be preserved.

CONGRESS IS SHOWING SOME BACKBONE

(Mr. MARKEY asked and was given permission to address the House for 1 minute.)

Mr. MARKEY. Mr. Speaker, it is time to show President Reagan that Congress has some backbone.

Time and again, Congress has given President Reagan the benefit of the doubt on Central America.

And President Reagan has marched us deeper and deeper into a quagmire.

He sent U.S. advisers to El Salvador.

He started a not-so-secret war against Nicaragua.

He sent thousands of U.S. troops to Honduras, and is turning it into a virtual U.S. military base.

Now he has crossed the line. He has sent the CIA to mine Nicaraguan ports.

Mining ports is an act of war.

Ronald Reagan seems to think he can recruit a personal army, and use it to fight a personal war without consent of Congress.

This episode is alarming. It is only the latest step in a policy that relies almost entirely on violence rather than reason.

Now, finally, Congress is starting to stand up for its convictions. But a nonbinding resolution is not enough.

We in Congress should have stopped the covert war against Nicaragua long ago.

And we should stop the Reagan administration's military approach in Central America before we go off the brink.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO HAVE UNTIL MIDNIGHT FRIDAY, APRIL 13, 1984, TO FILE REPORT ON TITLE XII OF H.R. 3678, WATER RESOURCES CONSERVATION, DEVELOPMENT, AND INFRASTRUCTURE IMPROVEMENT AND REHABILITATION ACT OF 1983

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that the House Committee on Agriculture may have until midnight Friday, April 13, 1984, to file a report on title XII of H.R. 3678, the Water Resources Conservation, Development, and Infrastructure Improvement and Rehabilitation Act of 1983.

The SPEAKER pro tempore (Mr. WRIGHT). Is there objection to the request of the gentleman from Texas?

Mr. LOTT. Reserving the right to object, Mr. Speaker, I would like to just ask a couple of questions of the gentleman from Texas.

Has this been discussed with the minority on the committee or cleared with the minority on the committee? Could the gentleman tell us a little bit more about what is involved here?

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I thank the gentleman for yielding.

This is just a filing of a report. The committee has approved the legislation. In case we might not be in session tomorrow, it is an attempt to get time until tomorrow evening.

Mr. LOTT. If the gentleman will forgive me, I could not hear all he was saying. What is this issue?

Mr. DE LA GARZA. The Water Resources Conservation, Development and Infrastructure Improvement and Rehabilitation Act. It is conservation legislation, H.R. 3678, that was approved almost unanimously by the committee.

Mr. LOTT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas (Mr. DE LA GARZA)?

Mr. McEWEN. Mr. Speaker, reserving the right to object, if the gentleman could enlighten us. This is the bill that was approved by the Water Resources Subcommittee and Public Works prior to consideration or is that not the case? Is this a separate piece of legislation?

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I thank the gentleman for yielding.

No, this is the one that we have sequential referral. The report had to be filed by today, the 12th.

Mr. McEWEN. Considering the length of time between the passage of the bill and its ultimate filing, can the gentleman give us what length of time has transpired here? Does the gentleman know?

Mr. DE LA GARZA. We concluded the work on the bill—I am not sure, Tuesday, I think. It is just that it is a voluminous report and they needed more time.

Mr. McEWEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

TAX REFORM LONG OVERDUE

(Mr. MYERS aked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MYERS. Mr. Speaker, I join our colleagues in welcoming our guest clergy today who just delivered the very beautiful prayer, the Reverend Helen Russell, who just also happens to be the wife of our good friend, staff member George Russell. We certainly welcome our guest chaplain. She did a beautiful job.

Mr. Speaker, yesterday this House passed the so-called Tax Reform Act of 1984. If one examines the content of that bill I think we will find very little tax reform. But in my judgment tax reform for the American taxpayer is certainly long overdue.

□ 1130

Today I am reintroducing a bill which I have introduced in previous Congresses which calls for a commission to make an indepth study of the Tax Code of our Federal Government and to make, after that study, certain recommendations back to the Congress to do a number of things, to certainly simplify the filing procedure, for today 47 percent of those who file their returns must have professional help, to make it easier to do this, and to certainly simplify and to make more equity in our tax system. This is long overdue. We obviously do not have the capacity nor courage within our body to make those recommendations. I think it needs an outside commission to make this study. I am certainly not one to very often vote for or even recommend a commission, but this is one instance where a commission only can do the job that is needed.

MEMBERS INVITED TO COSPONSOR H.R. 4740, TO ESTABLISH A COMMISSION ON MISSING CHILDREN

(Mr. McEWEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McEWEN. Mr. Speaker, each week we learn of another missing child. The details of each case are different, but the incidence of fear and pain and grief for the children and their families is always tragic. The horror of the unknown can only be fully appreciated by those who directly experience it. Parents are overwhelmed by the disappearance of their child as the wait begins. Sometimes parents wait years, only to learn what they had feared most. It is not a problem that is confined to any particular city or region or State; it is of national proportions and can affect anyone at any moment.

Although the personal costs are enormous and the problem of missing children is widespread, we have not yet established a system to address this national tragedy. Yes, there are well-organized groups of people who care enough to make a difference, but too often one must directly experience the pain of a missing child before becoming involved. Parents whose children are missing reach out to us for help, but the resources are inadequate and the prospects for the successful return of their child dim each day.

Government must do for the people what they cannot do for themselves. The parents of missing children need our help desperately and we must work to see that our resources on the national, State, and local levels are enhanced. I invite my colleagues to cosponsor H.R. 4740, the establishment of the Commission on Missing Children, as we begin to address this national problem.

SCHOOL PRAYER, LINE-ITEM VETO, AND BALANCED-BUDGET CONSTITUTIONAL AMENDMENTS

(Mr. SILJANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SILJANDER. Mr. Speaker, once again one of us in Congress is standing in the well asking a unanimous-consent request calling for consideration of a constitutional amendment for voluntary school prayer, line-item veto, and balanced budget.

I have been informed that in order for this rule to be made appropriate, it must have the clearance of both the minority and majority leaderships. The minority leadership has OK'd this request. I now yield to the majority for the unanimous consent requests.

Once again there has not been a unanimous request granted by the majority leadership. I am sorry for the redundancy of this offer, but once again we see who is standing in the line of progress of school prayer, a line-item veto, and a balanced budget amendment.

DEFICIT REDUCTION

(Mr. PACKARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PACKARD. Mr. Speaker, yesterday we took a difficult but necessary step toward making a downpayment of the Federal defict. I voted for passage of H.R. 4170 because it raises revenue by closing loopholes rather than increasing the tax burden on my constituents by raising tax rates.

I want to emphasize to my colleagues that H.R. 4170 is only one segment of a three-part approach to deficit reduction. All three components—domestic spending cuts, defense savings, and loophole closings—must move forward in the legislative process if we are to succeed in our deficit reduction downpayment.

I urge my colleagues to continue the genuine bipartisan efforts which led to yesterday's vote. We must take the remaining steps toward the balanced reduction of the deficit and not allow our efforts to degenerate into a mere smokescreen for raising taxes. If the Congress is unwilling to continue its work to reduce the deficit, it is imperative that the President use his veto power to insure that the remainder of our downpayment is achieved this year. That should not be necessary if we can continue to work together.

MINING OF PORTS IN NICARAGUA

(Mr. LOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LOTT. Mr. Speaker, now that the Senate has had a vote on the mining of the ports in Nicaragua, the House wants to rush to judgment and get in on the act.

But before we get to this vote, there is something that is really troubling me, and that is the fact that the House Intelligence Committee was fully briefed on this last month. I also suspect that the Senate Intelligence Committee had knowledge of this mining of the ports. And yet neither took any action on this matter.

If the situation is so bad, what I want to know is what did the House Intelligence Committee know, and when did they know it, and why did they not do something to stop it?

OPERATION QUICKLOOK

(Mr. HILLIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILLIS. Mr. Speaker, last weekend, I had the pleasure of traveling with the Reverend Dr. James David Ford to West Germany as a participant in the U.S. Army's "Operation Quicklook." The purpose of the trip is to get a firsthand view of our military readiness in West Germany so as to better assess our strengths and weaknesses in this vital area of the world.

The itinerary is very intense and I highly recommend it to any Member of Congress as a very valuable educational experience.

Incidentally, the flight is on a regular scheduled transport in case the people back home or your November opponent asks. It is no junket, I can assure you.

The last time I visited Germany was in 1979 and I am pleased to say that both our readiness and our morale appears to be better. The M-1 tank is proving to be an effective weapon; we have better qualified and trained personnel manning our defenses; and relations between the German people and our troops are improved.

The general state of readiness, I believe, is high and presents an effective deterrent to Soviet goals in Western Europe.

There are a couple of areas, however, that we need to address. There is strong consensus among our commanding officers in Germany that we need to improve our defenses against binary weapons.

The bulky clothing our forces would have to wear if the Soviets used binary weapons cuts a soldier's fighting effectiveness by 50 percent. Clearly, that is unacceptable.

We also need to reexamine our air defense network, which, I believe, is in need of improvement.

It is my hope the Congress, in debating the big-ticket items such as the B-1 bomber and MX missile, will not lose sight of the big picture, which must include a credible conventional defense in Western Europe.

□ 1140

IS THIS THE EXAMPLE TO FOLLOW?

(Mr. CARPER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARPER. Mr. Speaker, just 2 days ago, our eyes were treated to the spectacle of the President of the United States signing into law a bill designating May 1 as Law Day U.S.A. And yet at the same time, word was slowly coming to our attention that in violation of international law, operatives from the CIA has been engaging forces to lay mines inside a sovereign nation's territorial waters. What then are we to conclude about this administration's commitment to law? That it is our prerogative to pick and choose when and where we wish to observe it, that a nation such as ours founded on the rule of law is in fact, above the law itself? Or are we to conclude what in fact was the case, that a few men, sitting in splendid isolation from the democratic institutions of this great Nation, felt that somehow they had the right to make such judgments, irrespective of the will of their own people and the dictates of international law?

The dangers of this misguided policy go beyond the mining of Nicaragua's harbors and the damage done to friend and foe alike; they threaten to undermine our Nation's effort to seek justice, peace and, yes, law in Central America. By this policy are we not inviting many there to look at the United States now and wonder: Is this the example that they would have us follow?

H.R. 5394, THE OMNIBUS BUDGET RECONCILIATION ACT

(Mr. NICHOLS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NICHOLS. Mr. Speaker, the provision of this reconciliation bill, H.R. 5394, to extend the offset in pay increase for our retired military personnel who have subsequently become employed by the Federal Government is, in my judgment, an affront to all members of our armed services, both active and retired. To take from current earnings an amount equal to any increase in earned retired pay, from military retirees only, is discriminatory to the utmost degree.

When this was first implemented on August 18, 1982, supposedly for only 3 years, I strongly objected and my views have not changed. Many of these individuals have one or more children of college age, and everyone here is aware of the high cost of education. Members here know the importance we place on education for gainful employment, and we know that more and more, future jobs will require more education. Do we want to place an additional hardship on our military retirees who are attempting to educate their children?

While most Members will agree that, from an economic standpoint, Federal spending should be reduced, this should not be done in piece-meal fashion, that singles out any one segment of our society. Obviously, the House is not ready to take this on, as was evidenced last week when only 59 Members voted to reduce all cost-of-living allowances by 2 percent.

Members of our armed services sacrifice by family separation over their careers, they are moved to new duty stations every few years, and their benefits, to include retirement benefits that have been promised, by law, before they signed up, are considered as due compensation for their service. To vote for this bill is a breach of contract, in my view, so in good conscious, I cannot support this language contained herein.

CLEARING CERTAIN IMPEDIMENTS TO LICENSING OF THE YACHT "DAD'S PAD" FOR EMPLOYMENT IN THE COASTWISE TRADE

Mr. D'AMOURS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1186) to clear certain impediments to the licensing of the yacht *Dad's Pad* for employment in the coastwise trade, with a Senate amendment to the House amendment thereto, and concur in the Senate amendment to the House amendment.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendment to the House amendment, as follows:

Page 1, line 12, of the House engrossed amendment, strike out "Zobra" and insert "Zorba".

Mr. D'AMOURS. Mr. Speaker, S. 1186 was approved by the House on the Private Calendar on February 7. The bill extends the coastwise trading privileges of two vessels, *Dad's Pad* and *Zorba*. These vessels cannot be used in domestic commerce because section 27 of the Merchant Marine Act of 1920 prohibits the granting of coastwise trading privileges to vessels that at any time had a foreign owner. The fact that these vessels were at one time owned by aliens was unknown to the present owners at the time of purchase. Given this fact, both the House and the Senate have already agreed to waive the provisions of section 27. Unfortunately, a typographical error appeared in the documents filed with the House Clerk when the bill was on the Private Calendar in February. The ship *Zorba* was misspelled Z-o-b-r-a instead of the correct Z-o-r-b-a. The Senate amendment simply corrected this spelling error. No other changes were made in the bill since it was last considered by the House.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

A motion to reconsider was laid on the table.

PROVIDING FOR THE CONSIDERATION OF H.R. 5394, OMNIBUS BUDGET RECONCILIATION ACT OF 1984

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 483 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 483

Resolved, That at any time after the adoption of this resolution, the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5394) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed the House of Representatives, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed six hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget, the bill shall be considered as having been read for amendment under the five-minute rule. No amendment to the bill shall be in order except the following: (1) an amendment to insert a new section in title III consisting of the text of section 1006 as recommended by the Committee on Ways and Means now printed in italic on page 993, line 19 through page 996, line 10 of H. Rept. 98-432, part 2, on H.R. 4170, and to insert a corresponding reference in the table of contents to title III of H.R. 5394, said amendment shall not be subject to amendment or to a demand for a division of the question in the House or in Committee of the Whole, and said amendment shall be debatable for not to exceed one hour, to be equally divided and controlled by the proponent of the amendment and a Member opposed thereto, and (2) an amendment printed in the Congressional Record of April 10, 1984, by, and if offered by, Representative Pepper of Florida which shall not be subject to amendment but shall be debatable for not to exceed thirty minutes, to be equally divided and controlled by Mr. Pepper and a Member opposed thereto. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The **SPEAKER** pro tempore. The gentleman from South Carolina (Mr. Derrick) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Ohio (Mr. Latta), for purposes of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 483 is a modified closed rule providing for the consideration of H.R. 5394, the Omnibus Reconciliation Act of 1984. The rule waives all points of order against consideration of the bill and provides for 6 hours of general debate, with the time to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget. Chairman Jones of the Budget Committee has indicated he will yield portions of his time to committees which desire to discuss legislation in the bill which falls within their jurisdiction. The rule also provides that the bill shall, if considered, be considered as read.

The rule makes in order only two amendments, which themselves shall not be amendable:

First, an amendment to insert a new section in title III of the bill, consisting of the text of section 1006 of H.R. 4170 as reported by the Committee on Ways and Means and printed in italic in House Report 98-432, part 2, and to insert a corresponding reference to the table of contents of title III. This amendment is not subject to a division of the question in the House or in the Committee of the Whole, but it shall be debatable for 1 hour with the time equally divided between the proponent of the amendment and a Member opposed thereto.

This amendment contains the freeze on physician fees for medicare inpatient services and the mandatory assignment for physicians which were originally reported by the Committee on Ways and Means as an amendment to H.R. 4170, the Tax Reform Act of 1983. The amendment was not offered when the tax bill was considered since all the medicare provisions were removed from the bill and included instead in the reconciliation bill.

Since the amendment is not subject to a demand for the division of the question, either both the fee freeze and mandatory assignment will be added to the bill or neither will be.

Second, an amendment printed in the Congressional Record of April 10, 1984, by, and if offered by, Representative Pepper of Florida. This amendment shall be debatable for 30 minutes, with the time equally divided and controlled by Representative Pepper and a Member opposed to the amendment.

This amendment provides that physicians' claims for medicare reimbursement should be paid no more than 30 days after the approval of a claim.

Finally, the rule provides for one motion to recommit.

Mr. Speaker, there is nothing complicated or unusual about this rule, but it is part of an extraordinary process intended to deal with an extraordinary economic situation in this Nation.

This process began with the passage in the House last week of House Concurrent Resolution 280, the first concurrent resolution on the budget for fiscal year 1985. Consistent with the practice of the past 4 years, that resolution contained reconciliation directives to eight House committees to report legislation which would reduce Federal outlays over the next 3 years by $12.35 billion.

Under normal circumstances no further House action would occur until the Senate acted on a budget resolution and the House and Senate agreed on the final form of a resolution. At that point any reconciliation instructions in the resolution would become binding, and House committees would submit recommendations for achieving savings to the House Budget Committee. The Budget Committee would then package the recommendations—without substantive change—and report a reconciliation bill to the House for consideration.

This year, however, circumstances are not normal. The public debt stands at $1,492 billion and is increasing by $765 million each day. If we were to take no action to reduce spending or increase revenues we would have a deficit of more than $300 billion by fiscal year 1989. We are in the middle of an election year, with the resulting distractions, political posturing, and long recesses to facilitate national party conventions and campaigning. Every day that passes makes it less likely that we will take any meaningful action to reduce the deficits this year.

In this situation we cannot wait for the regular process to run its course. It is imperative that we act now. Because of the need for prompt action the Budget Committee began last week to work with reconciled committees to put together a bill which satisfied the reconciliation directives contained in House Concurrent Resolution 280. These committees responded by providing the Budget Committee with legislative provisions to achieve the directed savings. Some of these provisions had been included in legislation previously reported by the various committees; some had been in earlier stages of committee consideration.

When the provisions from the reconciled committees had been assembled, Chairman Jones of the Budget Committee introduced the reconciliation package as H.R. 5394.

Because of the need for prompt action to reduce the deficit, the Rules Committee used its authority to make H.R. 5394 in order for consideration by the House, despite the fact that it has not been considered and reported by any committee. I should point out that the Rules Committee did not take this action lightly. The committee is reluctant to take any action to shortcut the normal legislative process, but in these extraordinary economic circumstances we believe it is our responsibility to facilitate timely consideration of this measure to reduce the deficit.

Last week we adopted a budget resolution which called for deficit reductions of more than $182 billion over the next 3 years. Some skeptics accused us of making empty promises and attacked the whole budget process as a sham. Yesterday we fulfilled the first of the promises contained in House Resolution 280 by passing H.R. 4170 and raising revenues by nearly $50 billion. Today we have the opportunity to fulfill a second promise by passing this reconciliation bill and reducing entitlement spending. It is vitally important that we demonstrate our determination to live up to our promise to cut the deficits and enact legislation to carry out the budget plan we agreed to last week.

□ 1150

The SPEAKER pro tempore (Mr. Donnelly). The gentleman from South Carolina (Mr. Derrick) has consumed 7 minutes.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. Michel).

Mr. MICHEL. I thank the gentleman for yielding this time to me.

Mr. Speaker, later in the debate on the reconciliation bill I hope to make some remarks pointing out what a hoax that bill is.

What spending cuts it contains are mostly phony.

What it really does is increase spending and place back on the Federal dole those old and dear friends of the Democratic majority, waste, fraud, and abuse.

However, I want to talk about another hoax being played out here today, and it is this rule.

The rule is what most rules are around here.

It is a muzzle on the minority.

We are given no opportunity under this rule to present an opposing view, to offer alternative solutions, or to give the American people something else to consider, and my colleagues on the Committee on Rules, the gentleman from Ohio, Mr. Latta, and others will specifically point out what alternatives will be open and available to the House if we vote down the previous question and get a substitute rule.

This rule is not much of an example of representative government. Few procedures in this House are.

This House is no longer a deliberative body. It is no longer a legislative body. It is a partisan political body.

We have a House in which it takes months and sometimes years to get the time on this floor to consider legislation needed to fight crime or improve immigration laws, but when someone in the majority feels the itch to partisanly attack the President, the time is made available in a matter of hours, and even moments.

We will spend practically this entire day playing politics—with rules, with foreign policy, with deficits, and with budgets.

Count the number of times today if you will, that partisan attacks are launched on the floor. Count the number of Members who devote their time to electioneering rather than legislating.

But it is not just the partisan sniping that gets to me. It is even more fundamental than that.

It touches the heart of the democratic process and minority rights in this body.

If this were a truly deliberative body, the minority Members who are the duly elected Representatives of about 80 million people in this country, would be given the opportunity to represent those people.

It is our right, but it is denied, in this rule and in most rules. It is denied in subcommittees all across this side of the Capitol. It is denied in full committees and on this floor.

Mr. Speaker, every other democracy in the world that I know of, does not trample on the rights of the minority like this House does.

The rules and procedures of this House work on our democratic institution like corrosive acid on a delicate metal.

I do not expect that corrosion to be checked here today.

I only bring it up again because it has to be made a part of this record, for the sake of those who will follow us in positions of leadership and as protectors of our democratic process.

They will face a great challenge in restoring the fundamentals of democratic rule or at least preserving them from further dissolution.

The challenge is not to this House, because it seems to fall on deaf ears. It must fall on the shoulders of those who will come later when the challenge will be even greater.

I would urge my colleagues today, notwithstanding the remarks I have made, to defy the tradition that has been going on for this session, vote down the previous question, give the minority, give those, yes, even on the majority side who would feel inclined to support the minority in this case, an opportunity to offer a substitute rule, and that will be adequately explained by those Members on our side who will follow.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 3 minutes to the distinguished chairman of the Committee on Rules, the gentleman from Florida (Mr. Pepper).

Mr. PEPPER. I thank the gentleman for yielding this time to me.

Mr. Speaker, with all respect to my distinguished friend, the minority leader, this rule is not politics. This rule is an honest effort on the part of our committee to lay before the House the means by which we may discover the way we can save medicare for the people of this country.

Within 4 years, medicare will not have the money to pay its bills. Heretofore, the Congress has tried various means of reducing or holding down medicare costs. We have imposed certain limitations upon hospitals. We have increased cost sharing on beneficiaries. Now we have thought we might just as well ask the doctors if they will also make some sacrifices.

But we have offered a package. First, we say to the doctors, "We want you to try for a year the experiment of accepting assignment on medicare claims. Let your fee for medicare patients be determined by the fee the Government of the United States approves." I do not know why the Government of the United States should not be fair to the doctors of this country. That is all we are asking them to do: Accept the fee the Government says is a fair fee for their services. That is the first thing. Do that for a year of experimentation.

Second, we are saying that we hope to work it out so that there will be a freeze on doctors' fees, so that those which are not covered by this only applies to inpatients in hospitals; not outpatients. But we ask them to accept a freeze on their fees for all their medicare patients for 1 year.

And then we offer one more encouragement. It is in the form of an amendment I propose to offer if this rule and the mandatory assignment provision are approved by the House. This amendment would provide that the doctors shall be paid their fee approved by the Government within 30 days after that fee is approved. In other words, we are directing. We say "shall"; the medicare carrier shall pay these doctors their approved fee within 30 days after that fee is approved by the Government of the United States or its representatives.

So we have offered a package that we believe is fair, fair to the doctors and, we hope, fair to the people, to try to make this system of medicare survive and minimize the problems that it is going to have to confront in the years ahead.

So this is a fair proposal of experimentation as to how we can save medicare in fairness to all the people involved.

☐ 1200

Mr. LATTA. Mr. Speaker, I yield myself 6 minutes.

Mr. Speaker, our minority leader has pointed out that this is a gag rule. It is a closed modified rule, and let me say that the only way it is modified is that it spells out the amendments that will be permitted to be offered.

I listened with great interest to our chairman of the Rules Committee, and I know about his commitment to medicare and our elderly, but he mentioned that under the Rostenkowski amendment there would be a freeze on the cost of services for the inpatients and for the outpatient services under medicare. Only if we amend the rule and adopt our rule, I say to the gentleman from Florida (Mr. PEPPER) would we permit a freeze on the fees charged to outpatients. We, the Republicans, would give greater service and greater savings to those people on medicare. Let us not forget that.

Let me also say that we are going to ask that the previous question be turned down, that it be rejected, so that we can offer three amendments to this rule.

Mr. PEPPER. Mr. Speaker, will my friend, the gentleman from Ohio, yield?

Mr. LATTA. I am happy to yield to my chairman of the Rules Committee.

Mr. PEPPER. Mr. Speaker, I may be in error but my understanding is that the amendment proposes that we ask the doctors to take assignment of their fees fixed by the Government in respect to inpatient hospitals care. So that does not affect outpatient care, but in respect to the freeze, we are asking the doctors to freeze all fees for inpatient and outpatient care.

Mr. LATTA. No; that is not correct, Mr. Speaker. The gentleman is mistaken there.

Mr. MOORE. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I am happy to yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Speaker, I serve as a member of the Ways and Means Committee and the Subcommittee on Health, and I say to the distinguished chairman of the Rules Committee that that is not what the Ways and Means Committee amendment provides. It provides a freeze only in patient fees. The amendment we hope to put in order today, by defeating the previous question on this rule, puts a freeze, as the gentleman from Ohio says, on inpatient and outpatient fees. It saves a great deal more money and it also saves the medicare beneficiary from paying a much higher copayment on part B which is going to happen if the Ways and Means Committee amendment passes.

Mr. LATTA. Mr. Speaker, I think it is shameful that our committee chairman was misled on this very important matter. But let me continue, Mr. Speaker.

The first option that will be made in order if we vote down the previous question is one that was advocated by the chairman of the Budget Committee himself before the Rules Committee. The Rules Committee in its wisdom or, I should say, with its votes, denied the chairman of the Budget Committee from whence this bill came, an opportunity to present an amendment that he wanted. I think that this is probably unprecedented here in the House when we deny the chairman of a committee an opportunity to present an amendment that he wanted to present to his own legislation.

The problem with the rule reported by the Rules Committee is that it makes in order only two amendments. The first of these amendments is an amendment that would freeze physicians' fees and force physicians to accept medicare reimbursement as full payment or lose admitting privileges at medicare participating hospitals. In other words, the mandatory assignment of physicians is intended in that amendment.

The second amendment is an amendment providing for expedited reimbursement of physicians which will be offered by the chairman of the Rules Committee.

Mr. Speaker, the problem with the first amendment is that it forces the House to either accept both the physician pay freeze and the mandatory assignment provisions or reject them both. You cannot have one without the other. Many of us believe the fee freeze is a reasonable approach and commend the American Medical Association and various physician groups for offering voluntarily to freeze their fees. However, the mandatory assignment part of the amendment is not workable. If physicians refuse to accept mandatory assignment and hospitals are unable or unwilling to comply with the new requirements, medicare beneficiaries will be the losers.

The Jones proposal—and the gentleman testified to this—would substitute for the physician pay freeze and mandatory assignment package a substitute, and the substitute today will be offered by the gentleman from Louisiana (Mr. MOORE). That amendment was printed in the RECORD of April 11. It would require that a 12-month freeze be imposed on all physician reimbursements under medicare for both inpatient and outpatient services.

The freeze would become effective July 1, 1984, and would extend through June 30, 1985.

As a matter of fact, the savings proposed under the amendment made in order by the Rules Committee would only be $900 million. By going the route that we propose, we would save $2.4 billion. We would have a real savings.

Mr. Speaker, the second amendment which would be made in order if the House defeats the previous question is an amendment offered in the Rules Committee by the gentleman from California (Mr. DANNEMEYER). The amendment prohibits funding for abortion under the child health assurance program except where the life of the mother is in danger.

The third option the House should have a chance to consider would in effect nullify the spending parts of this reconciliation bill and thus achieve an additional $1.5 billion in savings. This amendment would be offered by the gentlewoman from Illinois (Mrs. MARTIN) and the gentleman from Ohio (Mr. REGULA).

The SPEAKER pro tempore. The time of the gentleman from Ohio (Mr. LATTA) has expired.

Mr. PEPPER. Mr. Speaker, will the gentleman yield?

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. DERRICK. Mr. Speaker, I yield 30 seconds to the gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. Mr. Speaker, I want to say to the gentleman from Ohio (Mr. LATTA) that he is correct and I was in error. The freeze applies only in respect to physician inpatient care in the hospitals, and the mandatory assignment provision also applies to inpatient hospital care not to outpatient care. I am sorry that I was in error in my first statement.

Mr. DERRICK. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, I rise in strong opposition to the rule on H.R. 5394 and urge its defeat.

The amendment to H.R. 5394, which would freeze medicare fees for physicians for their services to hospital inpatients, would mandate that physicians accept medicare assignment for services to hospital inpatients—the mandatory assignment—and would provide that all hospitals, as a condition of participation in the medicare program, must require that all physicians practicing at the hospital accept assignments for inpatient services, is not an appropriate amendment.

I feel strongly that medicare costs must be brought under control, and that freezing physician fees for parts A and B of medicare is a step in the right direction. I would like to have the opportunity to vote for such a freeze which would help us meet our needed reconciliation goals.

Under the current rule, however, our only choice to vote for a fee freeze is as part of a package including mandatory assignment. I am unalterably opposed to the mandatory assignment provisions at this time. These provisions, which were rejected by the Ways and Means Committee on October 19, have not been subject to congressional hearings and review. We have no idea what kind of impact they could have on the medicare program.

Certainly such a major program change could substantially affect the care for elderly patients in many of our districts particularly rural districts. Until we can be more informed about these effects we should not approve the mandatory assignment provisions.

Mr. Speaker, for an opportunity to vote for substantial savings in medicare via a physician freeze without risking the uncertain dangers of mandatory assignment, I ask the Members to defeat the current rule on H.R. 5394 so that more meaningful spending reductions can be considered.

Mr. LATTA. Mr. Speaker, I yield for 5 minutes to the gentleman from Mississippi (Mr. Lott).

Mr. LOTT. Mr. Speaker, here we go again. In just 1 short week the budget process has gone from sham to shambles, thanks in part to these Democrat leadership-dictated rules. This, I say to my friends, is one more nail in the coffin of the budget process.

Now we are going to have spending increases in the reconciliation bill, a bill that is supposed to restrain spending and cut back on spending. Yet, in this bill we are going to have well over a $1 billion—I think it is about $1.4 billion—increase in new spending.

□ 1210

It troubles me, because I hate to see the process go down the chute. If I did not know better, I would think this rule was drafted by the University of Houston basketball team, because this procedure is slamma-jamma, in-your-face, powerball at its most brutal. We will be lucky if the budget process backboard is even left standing after the leadership gets through slam-dunking this package through the House. But I remind you, Houston lost in the end, partly because of good defensive ball and I think that is what the case is here in trying to defeat the previous question so that we can have a fair chance to really consider key amendments.

Now, what about amendments? Oh, yes, two amendments are made in order. It is most generous, if you are chairman of the Ways an Means Committee you get one and if you are chairman of the Rules Committee you get one.

If you are chairman of the Budget Committee, you get slam-dunked, or if you are one of the 432 other Members that would like to make their case, "You don't get nothin'."

Now, what amendments are not made in order? Are they really important? Are they really worth defeating the previous question? I maintain they are very important. This rule does not allow a vote to separate the issues of a freeze on physicians' fees and the issue of mandatory assignment. That was the request by the chairman of the Budget Committee. It was requested by the gentleman from Texas who just spoke preceding me.

The rule does not allow a vote on the Dannemeyer amendment, which would say that no funds in the CHAP program, the new program created here, could be spent for abortions.

It does not allow a vote on the Martin-Regula amendment, which provides there shall be no spending increases in the reconciliation bill. And the vote even in the Rules Committee was only 5 to 5 to defeat my amendment that would have made the Martin-Regula amendment in order.

To me, this is really, really the crux of this whole process. Are we going to now totally destroy reconciliation and allow these spending increases, as requested by the gentleman from California (Mr. Waxman)? I do not think we should, or at least we should have a chance to vote on it.

Now, why defeat the previous question? Very simple. If we just defeat the rule, we go back to the Rules Committee. How many of you believe that we are going to get a rule that would make in order these three issues that I have raised? Maybe one, maybe two, but not three. You can count on it. If you want to vote on these three crucial issues, you have got to defeat the previous question and then we will offer a rule that will be fair. It will give a shot to these three key issues.

So remember, my friends and colleagues, on this vote if you do not vote to defeat the previous question, you are voting not to allow a vote on separating the issue of mandatory assignment, you are voting not to allow a vote on abortions, and you are voting not to allow a vote on whether or not we should have spending increases in a reconciliation bill.

I urge my colleagues in just fundamental fairness to defeat the previous question.

We are not asking that we be awarded a goal. We would just like a shot at the basket. We are simply being dribbled around the court on this one.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 4 minutes to the distinguished chairman of the Budget Committee, the gentleman from Oklahoma (Mr. Jones).

Mr. JONES of Oklahoma. Mr. Speaker, as chairman of the Budget Committee, I rise in strong support of the reconciliation savings contained in the bill which this rule makes in order. The House has taken seriously the need to take strong, effective action on deficit reduction. Last week we passed a budget resolution that required chopping the deficits by $182 billion over 3 years. This week we are acting on that budget, backing it up with binding votes on specific legislation. Just yesterday we passed the tax bill raising the revenues needed on the pay-as-you-go approach for increases in military spending and high priority safety net programs. Today we are to consider legislation to reduce the entitlement programs. Now, some will argue that these cuts are not enough, but this bill, combined with actions already taken or expected to be taken by the House, will produce over $12 billion in net savings in entitlement programs during the next 3 years.

In the spirit of deficit reduction and as chairman of the Budget Committee, reluctantly I urge support of this rule. My concern is that defeat of this rule will delay, if not kill, our chances of getting significant spending cuts on entitlement programs. However, as many of you know, I appeared before the Rules Committee as an individual in my capacity as a Member of this House and a member of the Ways and Means Committee, requesting a different rule. Regrettably, the Rules Committee did not make in order my amendment on medicare physicians' pay freeze. The Jones-Moore amendment would have actually yielded more deficit savings and would not have included the mandatory assignment provision. The amendment included safeguards for low-income elderly through strict monitoring by the GAO and the Department of Health and Human Services of any cost shifting.

I believe that in conference the Senate will strongly oppose the mandatory assignment provision presented to us in the Rostenkowski amendment and that a compromise proposal similar to the one I offered in the Rules Committee is likely to be adopted in conference.

In a short while, we will see if the House is able to support the mandatory assignment provision. There is full agreement in this House on the need for a physician's pay freeze, but mandatory assignment creates potentially difficult problems for States in the South and the West, States such as Oklahoma and Louisiana. For these reasons, I cannot support it. I believe that in our region of the country and in the doctor-short rural areas across the Nation, the potential result will be withdrawal from medicare participation of many doctors. Nationwide, doctors may shift practice patterns and charges to areas beyond the reach of this freeze. The doctors will not be harmed, but their needy patients will be.

Because of these problems, which I will detail later during debate on the amendment, I do not think the amendment should be approved. Although that would mean the House will be a little shy of its required savings, this issue can be addressed in conference and will be. These savings would not have been endangered had the Rules Committee granted a wiser, more flexible rule. I had hoped that we could go to the Senate with the full strength of our reconciliation savings; but nevertheless, I believe we can gain in conference the full savings agreed to in the House-passed budget resolution.

Despite my distaste for this rule, I urge its adoption and final passage of this reconciliation package, without the mandatory assignment provisions.

The Nation's economy is in jeopardy and we must take every possible step to reduce the deficits. The savings contained in this bill are more important than the quality of this rule.

Mr. COELHO. Mr. Speaker, will the gentleman yield?

Mr. JONES of Oklahoma. I am happy to yield.

Mr. COELHO. Mr. Speaker, I just want to support the statement of the gentleman. I urge my colleagues to support the rule. I intend also to oppose the amendment, because I think it goes too far at this time; but I would urge my colleagues to support the rule.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentlewoman from Illinois (Mrs. MARTIN).

Mrs. MARTIN of Illinois. Mr. Speaker, I strongly oppose this rule because it does not allow the House to decide whether spending increases should be included in a reconciliation bill, which purportedly claims to cut spending.

I must tell you that as a newer Member, voting on previous questions is not something that usually riles the membership. In fact, most of us know full well how it is even difficult to explain what that vote means. But I ask the other side of the aisle, that any of you who have claimed you want to cut deficits, I do not care if it was all by defense, all by taxes, or all by anything to oppose this rule. This rule and its amendment are a farce.

First of all, in 1985 this reconciliation package increases spending by $1.5 billion. Those increases are just in there. We do not get a chance to vote on them. You cannot go home and make speeches about cutting the deficit and support this.

We have the right as a House to vote on specific legislation and if it is good legislation, I believe the wisdom of the House will pass it, that is how we should get new spending programs.

No matter how able Members are and in fact how clever to get programs into this particular bill, it is the wrong way to go. We deserve the right to debate and to discuss.

We have to oppose this rule. For any Democrat, whether he or she is from my State or another, who claims that this package is part of a deficit reduction is wrong. This vote will make the difference if you really wish to cut deficits.

□ 1220

From the gentleman from Ohio and me, comes a very simple amendment that I think you should support, an amendment we are not allowed to offer under this rule. The amendment merely says that Members of the House have to vote on spending increases and they may not be included in a reconciliation package.

That amendment comes from the majority of committee looking at ways to improve the budget process. In that sense it is not partisan.

But what is partisan is any Democrat who supports this rule and then ever goes home and claims he or she cares about deficit reduction will be hypocritical.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 4 minutes to the chairman of the Task Force on Reconciliation of the Budget Committee, the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Speaker, I am kind of amused by those who voted against the budget resolution coming to the floor to oppose the enforcement of that budget resolution. I think that is very logical in terms of their position.

It is not logical for those that supported the budget resolution and for those that voted for the revenue package yesterday.

If you really are serious about enforcing that budget resolution then the vote now comes on reconciliation.

Let me respond to some of the points that have been made here that I think have distorted this debate.

First of all, since 1980 every reconciliation bill that we have ever dealt with has been a modified closed rule. It seems a little specious to come here and argue about need to open up this rule when we are dealing with eight committees, a myriad of jurisdictions, and the potential for chaos. We will be back in the same box we were in, in 1981, if indeed we want to open up this rule and subject eight committee jurisdictions to amendments of all kinds.

So we have always had a modified closed rule. That has been consistent with reconciliation.

Second, there is the argument that, this bill includes additional spending. Every reconciliation bill we have adopted included additional spending proposals.

We have passed in reconciliation over the past 4 years almost $172 billion in savings. In 1981 the reconciliation bill designed by the Republicans and adopted by the Congress included $1.9 billion in new spending.

So let us not come to the floor and argue that somehow no new spending has ever been included. The reality is that the biggest amount of spending that is included in reconciliation belongs to the agricultural bill that has been passed by the Congress and signed by the President. That is the $779 million that was part of the agricultural bill that has been adopted by this House.

Now, if you voted for that bill, and it has been passed and it has been signed, it seems to me the spending is there whether we like it or not.

The other point is that we are dealing with $8 billion in real savings, that combined with the $4 billion that has already been acted on which will produce $12 billion in real savings over the next 3 years. It complements the action we took on the budget resolution. It complements the action that we took on the revenue bill yesterday.

The last point let me address is that dealing with doctors' fees. We do have an amendment here that will allow Members to cast their vote on how they feel about doctors' freezes plus the mandatory assignment. You will have that opportunity. It is included in the rule. So this is by no means a closed rule on that aspect.

So for all of those reasons, and particularly the fact that we have here the opportunity to enact $8 billion in real savings. Let me also point out that CBO tells us that over 5 years we are talking about $20 billion in savings—that is not my opinion. It is not the Budget Committee's opinion. It is the Congressional Budget Office's estimate, $20 billion in savings over 5 years.

Now, if you want to vote against that, go ahead and do it. But if you support their savings, then vote in support of the rule.

Mr. LATTA. Mr. Speaker, I yield 4 minutes to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. I thank the gentleman for yielding and want to point out additional reasons why the previous question needs to be defeated.

There are some real misconceptions about this rule. One of the first misconceptions was already discussed a moment ago when the distinguished chairman of the Rules Committee admitted that he had been in error in exactly which physician fees were frozen in the Ways and Means Committee amendment. It only freezes part of them, part A, the in-hospital fees. The amendment we want to offer if the previous question is defeated, will freeze parts A and B, the physician fees in and out of the hospital.

The amount of savings is $925 million under the Ways and Means Committee. It is $2.4 billion under the amendment I am going to offer. That is an additional savings of $1.5 billion more than the amendment the House is going to have to vote on later on today.

But another consideration that the Members do not realize, is the fact that if you were allowed to vote for the amendment that I want to offer this afternoon, you do not have to have those savings coupled with mandatory assignment. Mandatory assignment does not save a dollar. It is merely an enforcement mechanism some people have thought up without 1 day's hearings in the Ways and Means Committee. It was defeated in the Ways and Means Committee by an 18-to-15 vote.

It tells every physician around the country you must accept only what the Government pays on a medicare patient even if the medicare patient can and wishes to pay more. He must take only that or the doctor can get no money from medicare. And many doctors will say fine, they will not; 30 percent of the doctors in this country are in that situation now, they never take assignment.

Or you can tell the poor medicare beneficiary, and that is what concerns me, that their doctor either will not treat them anymore or they will have to go to that doctor and pay his entire bill. They will receive zero back from medicare, nothing back from medicare because their physician will not take mandatory assignment.

Mandatory assignment is a very ill-conceived bad idea that will not save money. If anything, it might cause us to erode away and lose some of the savings from the physician fee freeze. The Urban Institute did a study proving that very fact.

In other words, you may not even get the $925 million of the Ways and Means Committee amendment. You may get far less than that, and we are offering you much more with no fear of a loss.

If you freeze only part A many physicians are going to game the system. They are simply going to cause additional services to be rendered in outpatient category of medicare, part B, that is not frozen under the Ways and Means Committee. That means the poor medicare beneficiary will pay more as a copayment, more money out of their pocket. It means the Treasury, which is paying 75 percent of those bills, will have a greater deficit. And all you have done is increased the cost of medicare to the Government and beneficiary.

It does not have to be that way, I say to my colleagues. You have been trapped by an unwarranted rule that I think nobody realized how it was going to work. All you have to do is vote down the previous question. Then you can vote for a physician freeze that will freeze more than what you are locked into now, and you do not have to face this issue of mandatory assignment that is so ill conceived and so unproven.

Let me add that you should understand that only 18 percent of the physicians in the country now accept mandatory assignment, only 18 percent; 30 percent never do.

If we monkey around with this to where we cause additional physicians to say, "I have had it with your paperwork, I have had it with your orders, I have had it with your amounts of money you pay us, therefore I am opting out," which 30 percent already do, just a little bit of change and you have 50 percent of the doctors in the country refusing to treat their patients under medicare.

Then where will your constituents be?

Vote down the previous question.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the gentleman from Massachusetts (Mr. SHANNON).

Mr. SHANNON. I want to thank the gentleman from South Carolina. I was sitting here listening to the debate and I heard somebody get up on the floor and say that this was an issue that had not been looked at by our committee or by the Health Subcommittee, and nothing could be further from the truth.

A few months ago we held hearings in Boston, and I remember vividly one of the witnesses at those hearings, a man from Haverhill, Mass., who came before our subcommittee. He said, "Congressmen, I am on medicare." He said, "In the last 2½ years I have had five operations and after the last one when medicare had paid all it was going to pay, I was left with a physician fee of $500. And if they tell me I need another operation, I am not going to have it."

That is in Massachusetts, and that is the situation that exists all across this country.

What we are seeking to do in this reconciliation effort, this effort to reduce the budget deficit, is just offer a little bit of protection to people like that, offer them a little protection when we say we are going to freeze physicians' fees so that doctors will not be able to turn around and make them take it out of their own pocket.

□ 1230

That is going to drive people away from having health care. People are not going to go to the doctor when they are sick because they are not sure they are going to be able to pay those bills.

We heard a lot of nice talk about this process, let us really get down to it, be honest with the American people: You are either for doctors in this vote or you are for the older people of America. What we are trying to do is to protect the older people of America. Let us get right down to it. We have heard a lot about process; a lot about deficit reduction in the last few weeks.

When we go through this process of reducing the deficit, let us do it in a way that is humane; let us give people a little bit of protection; let us not take it out of the hides of the most vulnerable people in the country, that is what this vote is all about. That is what this issue is all about.

Vote down the rule, vote against the previous question, and you are voting with the AMA instead of the older people of America.

Let us be honest with our constituents about what we are doing if we vote that way.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, this is not the worst rule that has ever been presented to the House, but it is a pretty bad one.

We are considering a rather important piece of legislation that most Members think is almost the crux of the work of the entire session. Yet the Rules Committee has seen fit to deny Members of this House an opportunity to vote on what they think are the most important questions of this year's most important bill.

As usual, this rule from the Rules Committee denies us a chance to vote on these issues. The attitude of the Rules Committee appears to be that voting is dangerous, that allowing this House to express its will is somehow undemocratic.

Now, it is understandable that the majority would like to limit our choices and restrict our ability to express the wishes of our constituents. But on a matter of this magnitude, this kind of rule is inexcusable.

We have three questions that ought to be debated and ought to be voted on; the Moore-Jones amendment, which would save additional money and would preserve doctors' services for people who might otherwise be denied them.

We have the Martin-Regula amendment, which would prohibit the absolutely outrageous and scandalous practice of using a reconciliation bill which was designed to slow down and control spending, to actually accelerate spending.

Finally, the Dannemeyer amendment relating to abortion is another issue that Members of this House think is important. And in my judgment they ought to have the opportunity to vote for it.

I do not see why this House is afraid to vote. I am not afraid to be recorded on those questions.

The only way we are going to get the opportunity to vote—it seems like a terrible thing to have to make this speech in the greatest democracy in the world—is to vote down the previous question. That will defeat the arrogance of the majority and the Rules Committee. If you do not defeat the previous question, you may as well defeat the rule.

If the reconciliation is lost, do not feel badly about it. It does not save any money. In the first year it actually accelerates spending. If you take the current fiscal year as well, you will increase spending under this reconciliation by about a billion dollars.

If you believe in democracy, vote against the previous question.

If you believe in arrogance and tyranny of the majority, vote for the previous question.

I hope the House will exercise good judgment.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the gentleman from Connecticut (Mr. RATCHFORD).

Mr. RATCHFORD. Mr. Speaker, and Members, I rise today to support the rule. The importance of reconciliation cannot be minimized. We have had an excellent week as far as fiscal responsibility. We passed a good budget last week, geared to reducing the deficit to the tune of $182 billion. We passed the tax bill yesterday. Both are real action; but both are signals. If we are looking for more than a signal today, as far as spending is concerned, the opportunity to convert that signal into reality is the vote on reconciliation today. We need favorable action today to complete this excellent week, a budget, a tax bill, and reconciliation.

One of the means of achieving this saving is the medicare amendment. It does two things. It calls for a doctor's freeze under part A, but in addition to that, it calls for mandatory assignment.

Now frankly, you need both. You need both; one for the taxpayers of this country, but the second for the older Americans in this country.

If we simply adopt a freeze without imposing mandatory assignment on the inpatient portion of part A of medicare, we are simply going to shift the costs from the taxpayer to the older Americans. That is what we are going to do.

We have an opportunity today to do both, both help the taxpayer and the older Americans. If you think it is not a problem, I was commissioner on aging in the State of Connecticut for 2 years. I will tell you in Connecticut, we think we are a progressive State; in the years 1977, 1978 only 30 percent of the doctors were accepting assignment. That meant in 70 percent of the cases the patient was being billed above and beyond medicare.

That is the reality of it. Today we can do something about it. Not as far as the doctor in his office, but the doctor in the hospital. So today we have the unique opportunity of helping both the taxpayer and the older American; do so by voting "yes" on the rule.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Speaker, Members of the House, the gentleman from Minnesota (Mr. FRENZEL) eloquently pointed out what a fraud and a sham this rule is.

Today we are spending and firing real fiscal bullets. Last week during the budget debate we had many eloquent speeches about how much was going to be saved. As a matter of fact, the budget resolution proposed to save $1.8 billion in fiscal year 1985. Today, the reconciliation bill which is designed to implement the budget resolution will in fact spend an additional $750 million in real money in 1985 instead of saving the illusory $1.8 billion provided in the budget resolution. That is a net difference of $25 billion.

The task force appointed by the Rules Committee to reform the budget process recognized the sham of this kind of action. One of the recommendations in the report is that new legislative spending proposals should not be made part of the reconciliation bill.

And yet here we are today with a rule that would include language in the reconciliation bill that will increase spending, that will start new programs that have serious, long-term fiscal implications in terms of spendout in the years ahead that have not been debated in this body. This action would certainly wreck any opportunity that we have to achieve much in the way of savings.

The Martin-Regula amendment that we propose, and is not made in order under this rule, would simply say, "Do not put spending proposals in here today that represent new law. Our amendment would defer these without prejudice for debate in this House so that we can recognize what the long-term spending implications of these new proposals would be.

Instead, they are added onto the package before this body. The intent is to start new programs that will cost a lot of money while avoiding debate on the issues by having a closed rule. Reconciliation is intended to reduce spending to conform with the budget resolution—not increase it, as provided in this rule.

I urge defeat of the rule.

CALL OF THE HOUSE

Mr. DERRICK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 83]

Ackerman
Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Aspin
AuCoin
Badham
Barnard
Bartlett
Bateman
Bates
Bedell
Beilenson
Bennett
Bereuter
Berman
Bethune
Bevill
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Bonior
Bonker
Borski
Boucher
Boxer
Breaux
Britt
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bryant
Burton (CA)
Burton (IN)
Byron
Campbell
Carney
Carper
Carr
Chandler
Chappell
Chappie
Cheney
Clarke
Clinger
Coats
Coelho
Coleman (MO)
Coleman (TX)
Collins
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne
Crane, Daniel
Crane, Philip
Crockett
Daniel
Dannemeyer
Darden
Daschle
Daub
Davis
de la Garza
Dellums
Derrick
DeWine
Dicks
Dixon
Donnelly
Dorgan
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Erlenborn
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Franklin
Frenzel
Fuqua
Garcia
Gaydos
Gejdenson
Gekas
Gephardt
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Gray
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hansen (UT)
Harkin
Hartnett
Hatcher
Hawkins
Hayes
Hertel
Hightower
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Jacobs
Jeffords
Jones (OK)
Jones (TN)
Kaptur
Kasich
Kastenmeier
Kemp
Kennelly
Kildee
Kindness
Kleczka
Kogovsek
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach
Leath
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin
Levine
Levitas
Lewis (CA)
Lewis (FL)
Lipinski
Livingston
Lloyd
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Markey
Marlenee
Marriott
Martin (NC)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKernan
McKinney
McNulty
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell
Moakley
Molinari
Mollohan
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Mrazek
Murtha
Myers

Natcher
Neal
Nelson
Nichols
Nielson
Nowak
O'Brien
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Patman
Patterson
Pease
Penny
Pepper
Perkins
Petri
Pickle
Porter
Price
Pritchard
Quillen
Rahall
Rangel
Ratchford
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal
Russo
Sabo
Sawyer
Schaefer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shannon
Shaw
Shelby
Shumway
Sikorski
Siljander
Sisisky
Skeen
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
St Germain
Staggers
Stangeland
Stenholm
Stokes
Stratton
Studds
Stump
Sundquist
Synar
Tallon
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Valentine
Vander Jagt
Vandergriff
Vento
Volkmer
Vucanovich
Walgren
Walker
Watkins
Waxman
Weber
Weiss
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

☐ 1250

The SPEAKER pro tempore. On this rollcall, 388 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

PROVIDING FOR CONSIDERATION OF H.R. 5394, OMNIBUS BUDGET RECONCILIATION ACT OF 1984

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. DANNEMEYER).

☐ 1300

Mr. DANNEMEYER. I thank the gentleman for yielding me this time.

Mr. Speaker, that we should be considering the rule to govern the budget reconciliation bill today strikes me as being ironic indeed. And a bit unfortunate. Not that I am opposed to cutting deficits; anything but. In fact, I have been urging that we cut spending, cut the deficit and balance the budget for years now, as have a number of other Members, and nothing happened. The majority party in this institution was not interested. By any reasonable measure of performance, all it seemed to want to do was continue in the old tradition of "tax, spend and elect." But now, all of a sudden, the majority party wants to cut the deficit—not spending mind you, but the deficit—and it has rushed this bill to the House floor so that it can be considered before the upcoming recess. And I do mean rushed. In the past, reconciliation has usually been brought up after the second budget resolution has been adopted; this year it is being brought up even before work on the first budget resolution has been completed—and before the authorizing committees have had to formally meet and make recommendations as to what it should contain.

Why, one should ask, would the majority party want to reverse field and consider this bill so quickly and in such an unorthodox manner. Normally, the reconciliation process is associated with cutting spending, but this bill only cuts about one-third as much spending as the bill we passed yesterday raises taxes. Not only that, but this reconciliation measure contains a number of provisions that will specifically increase spending in future years. An excellent example can be found in sections 351-353 of this bill which expand the child health assurance program (CHAP) concept. By giving States which do not provide medicaid benefits to poor women who are pregnant for the first time an incentive to provide such benefits and by giving States that do cover them a bonus to continue that practice, we are going to add at least $950 million to Federal spending over the next 3 years. And that is not all. Sections 351-353 say absolutely nothing about the possibility of medicaid benefits for first time pregnant women being used to terminate her pregnancy by means of an abortion. So not only are we going to authorize the expenditure of additional funds within a measure ostensibly designed to do just the opposite but we are going to do so in a way that might lead to their being spent in a way that the Congress has repeatedly opposed.

To refresh the memories of Members on this subject, I might point out that, by passing the Hyde amendment to various appropriations bills, Congress has made it clear that it does not favor Federal funding of abortions except in cases where the life of the mother is in danger. Also, when a larger CHAP bill came to the House floor for a vote back in December 1979, an amendment was offered stating that no funds authorized under the bill should be used for abortions except when the life of the mother was endangered. The vote in favor of that amendment was 235-155, a healthy margin, and as an aside I might note that the House also went on record as favoring States having a similar right to limit abortion funding.

To add to the difficulties posed by this bill, the rule that is being proposed to govern its consideration would not allow us to offer amendments designed to deal with either the added spending or the lack of antiabortion language with respect to the CHAP section of the bill. The only way, at this point, that such amendments could be considered is if this body defeats the previous question on the rule thus allowing a substitute rule, permitting such amendments, to be offered. In the name of fiscal and moral responsibility, I urge Members to vote against the previous question so that the House will have the chance to consider a substitute rule and to vote on amendments limiting spending and abortion funding. If adopted, they would go at least part of the way to insuring that the budget reconciliation process retains some semblance of meaning.

Mr. LATTA. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. I thank the gentleman for yielding time to me.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. THOMAS).

Mr. THOMAS of California. I thank the distinguish gentleman from Ohio for yielding me this time.

Mr. Speaker, here we go again. Today, we witness again the depths to which the Rules Committee has slipped. Yesterday, believe it or not, under the rule which the Rules Committee granted the chairman of the Ways and Means Committee could not make in order an amendment that the leadership on the Democratic side wanted because the Chair of the Committee of the Whole, a member of the Rules Committee, would have ruled that amendment beyond the scope of the rule that the Rules Committee granted.

Today, we saw the chairman of the Rules Committee speaking from his heart about what he wanted done on medicare and found out when he was required to correct his statement, that what he wanted, speaking from his heart, was not provided by the rule. That what he wanted could only be provided by the Moore amendment not made in order under this rule.

We saw the chairman of the Budget Committee come down here and all but say, "Vote against the previous question; vote against rule; I do not like the proposal," but he could not say that. As of yesterday, I think he could have. Today, he takes the well and does not say it. He says he does not like the proposal offered but do not vote against the rule.

When you politicize every decision of the Rules Committee, it is a disservice to this House. It is a disservice to this Nation. It is an embarrassment to the Members.

Mr. DERRICK. Mr. Speaker, I would just like for the House to know that we really are a group of good guys on the Rules Committee.

Mr. LATTA. Mr. Speaker, let me say to my friend from South Carolina: We are good guys, but we do not think alike.

Mr. Speaker, let me say in the 1 minute that I have remaining that, if you want to save more money on reconciliation, you can do it by voting down the previous question. The Conable/Moore amendment that was supported as of yesterday by the Budget Committee chairman, himself, will give us more money in savings than the amendment that will be offered if this rule is agreed to.

Second, we have got to have a vote down on the previous question in order to get to the abortion amendment that the gentleman from California mentioned. On the Regula-Martin amendment, which says in so many words: You do not come up with new spending in a reconciliation bill.

You have got to vote down the previous question in order to do that. If you want mandatory assignment of doctors, and I do not think many doctors in this country want that, you will support the rule as it is proposed; otherwise, vote down the previous question and we will take that out and save you some money.

Mr. DERRICK. Mr. Speaker, I yield 5 minutes, for the purposes of debate only, to the distinguished majority leader, the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I ask all Members who are serious about carrying out the budget resolution, which we voted last week, to vote for the previous question and for the rule.

This is the third in a series of three building blocks by which this House will reduce the budget deficits projected under President Reagan's budget by $182 billion in the next 3 years.

We have acted decisively to pass the budget resolution; we have acted faithfully, only yesterday, to pass the tax bill which carries out that portion of the resolution. This is the third of three steps. This bill will carry out the domestic spending reductions encompassed in the budget resolution.

This bill today will save $8 billion; it will reduce the deficit by $8 billion. In conjuction with actions otherwise already taken by the House, it will reduce domestic expenditures and thus the 3-year deficit positions by a total of $12 billion. If you are serious about that, vote for the previous question; vote for the rule; vote for the reconciliation bill.

Now, some red herrings have been drawn across the path. I want to clear up any distraction or confusion they may have created. Let us understand clearly, if for some reason you oppose the proposition of mandatory assignments of doctors, you will have an opportunity, under this rule, to vote against it. That is an amendment which will be voted upon separately. You will have an opportunity to vote against it if that is your wish. Do not be deceived: The rule does not prohibit your voting against that amendment if that is the way you feel about it.

The second thing is this: Please do not be deceived that a vote for this rule is in way or by any stretch of the imagination a proabortion vote. That is the second red herring. It is a false issue. Abortion is not involved. Every Member of this House knows that the gentleman from Illinois (Mr. HYDE), successfully adopted an amendment that is applicable to all appropriations carried out under the Department of Health and Human Services. It already is the law. We have here a ruling from the general counsel of that Department to that effect. It establishes the clear precedent that appropriations made under this bill would be subject to the Hyde amendment.

□ 1310

The Hyde amendment has been approved in the courts. It has been upheld. It is the law of the land. We do not need to superimpose it upon itself. We do not need the Dannemeyer amendment. Why should we want to vote again on something the House already has established, something that already is the law of the land?

It is cruel and absolutely misleading to say that a vote for this rule is a vote for abortion. In fact, the reverse actually is true. In a very important sense it can be said that a vote for the CHAP program is a vote prolife. The CHAP program is a prolife program. Its purpose is to help young and poor mothers. Its object is to permit mothers who want to save their children, who want to have their children. Its result is to give them proper nutrition so that those children may be healthy. It is a prolife vote. It absolutely is not a proabortion vote.

Further and finally, do not be deceived by the thought that those on the minority side can craft a rule that will be more attractive or more to your liking. Remember, if you will, the last time this House voted down a previous question on a rule which would bring to us a reconciliation bill. It was 1981. Once burned, twice shy.

You remember what happened. They brought us a rule which made in order a bill that was probably never seen by anybody in the House before it was offered here. It was called Gramm-Latta. Mr. GRAMM did not know what was in it. Mr. LATTA did not know what was in it. None of us knew what was in it when a majority voted down the previous question on a logical rule and later blindly adopted Gramm-Latta.

You do not know what would be in the rule that would be offered by the gentleman from California. Do not be deceived again. You know what is in this rule. It gives you the opportunity, if you want to, to vote against mandatory physician assignment. We do not need another vote on abortion, for goodness sakes.

This a prolife program. The CHAP program helps young and needy mothers give birth to healthy children, and I cannot think of a more wholesome thing than that.

The SPEAKER pro tempore. All time has expired.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LATTA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 241, nays 173, not voting 19, as follows:

[Roll No. 84]

YEAS—241

Ackerman
Addabbo
Akaka
Albosta
Alexander
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Aspin
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Bevill
Boggs
Boland
Bonior
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Britt
Brooks
Brown (CA)
Bryant
Burton (CA)
Byron
Carper
Carr
Chappell
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conyers
Cooper
Coyne
Crockett
D'Amours
Darden
Daschle
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Downey
Durbin
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
English
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Glickman
Gonzalez
Gore
Gray
Guarini
Hall (IN)
Hall (OH)
Hall, Ralph
Hall, Sam
Harkin
Hatcher
Hawkins
Hayes
Hefner
Hertel
Hightower
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hutto
Jacobs
Jenkins
Jones (OK)
Jones (TN)
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kogovsek
Kolter
Kostmayer
LaFalce
Leath
Lehman (CA)
Lehman (FL)
Leland
Levin
Levine
Levitas
Lipinski
Lloyd
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
MacKay
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCurdy
McHugh
McNulty
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell
Moakley
Mollohan
Montgomery
Moody

Morrison (CT)
Mrazek
Murphy
Murtha
Neal
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Ottinger
Owens
Panetta
Patterson
Pease
Penny
Pepper
Perkins
Pickle
Price
Rahall
Rangel
Ratchford
Ray
Reid
Richardson
Rodino
Roe
Roemer
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Scheuer
Schroeder
Schumer
Seiberling
Shannon
Sharp
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Solarz
Spratt
St Germain
Staggers
Stark
Stenholm
Stokes
Stratton
Studds
Synar
Tallon
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Valentine
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Williams (MT)
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)

NAYS—173

Anderson
Archer
Badham
Bartlett
Bateman
Bereuter
Bethune
Biaggi
Bilirakis
Bliley
Boehlert
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Campbell
Carney
Chandler
Chappie
Cheney
Clinger
Coats
Coleman (MO)
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
Davis
DeWine
Dowdy
Dreier
Duncan
Edwards (AL)
Edwards (OK)
Emerson
Erlenborn
Evans (IA)
Fiedler
Fields
Fish
Franklin
Frenzel
Gekas
Gilman
Gingrich
Goodling
Gradison
Gramm
Green
Gregg
Gunderson
Hamilton
Hammerschmidt
Hansen (UT)
Hartnett
Hiler
Hillis
Holt
Hopkins
Horton
Hunter
Hyde
Jeffords
Johnson
Kasich
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach
Lent
Lewis (CA)
Lewis (FL)
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
McCain
McCandless
McCloskey
McCollum
McDade
McEwen
McGrath
McKernan
McKinney
Michel
Miller (OH)
Molinari
Moore
Moorhead
Morrison (WA)
Myers
Natcher
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Patman
Petri
Porter
Pritchard
Pursell
Quillen
Regula
Ridge
Rinaldo
Ritter
Roberts
Robinson
Rogers
Roth
Roukema
Sawyer
Schaefer
Schneider
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solomon
Spence
Stangeland
Stump
Sundquist
Tauke
Taylor
Thomas (CA)
Vander Jagt
Vandergriff
Vucanovich
Walker
Weber
Whitehurst
Whittaker
Whitten
Williams (OH)
Winn
Wolf
Wortley
Wylie
Young (AK)
Young (FL)
Zschau

NOT VOTING—19

Boner
Craig
Dickinson
Frost
Hance
Hansen (ID)
Harrison
Heftel
Ireland
Jones (NC)
Kazen
Lantos
Paul
Rudd
Savage
Simon
Swift
Tauzin
Wilson

□ 1330

The Clerk announced the following pairs:

On this vote:

Mr. Boner of Tennessee for, with Mr. Rudd against.

Mr. Hance for, with Mr. Craig against.

Mr. Simon for, with Mr. Dickinson against.

Mr. Lantos for, with Mr. Paul against.

Mr. McCLOSKEY changed his vote from "yea" to "nay."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FRENZEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 217, nays 196, not voting 20, as follows:

[Roll No. 85]

YEAS—217

Ackerman
Addabbo
Akaka
Albosta
Alexander
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Aspin
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Bevill
Biaggi
Boland
Bonior
Bonker
Borski
Bosco
Boucher
Boxer
Britt
Brooks
Brown (CA)
Bryant
Burton (CA)
Carper
Carr
Chappell
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conyers
Cooper
Coyne
Crockett
D'Amours
Darden
Daschle
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Downey
Durbin
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (CA)
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Glickman
Gonzalez
Gore
Gray
Guarini
Hall (IN)
Hall (OH)
Harkin
Hatcher
Hawkins
Hayes
Hertel
Howard
Hoyer
Ireland
Jacobs
Jones (OK)
Jones (TN)
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kogovsek
Kolter
Kostmayer
LaFalce
Lehman (CA)
Lehman (FL)
Leland
Levin
Levine
Levitas
Lipinski
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
MacKay
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCurdy
McHugh
McNulty
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Neal
Nelson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Ottinger
Owens
Panetta
Patterson
Pease
Penny
Pepper
Perkins
Price
Rahall
Rangel
Ratchford
Reid
Richardson
Rodino
Roe
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Scheuer
Schroeder
Schumer
Seiberling
Shannon
Sharp
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Solarz
Spratt
St Germain
Staggers
Stark
Stokes
Stratton
Studds
Synar
Tallon
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Valentine
Vento
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Williams (MT)
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)

NAYS—196

Anderson
Archer
AuCoin
Badham
Barnard
Bartlett
Bateman
Bereuter
Bethune
Bilirakis
Bliley
Boehlert
Boggs
Breaux
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Byron
Campbell
Carney
Chandler
Chappie
Cheney
Clinger
Coats
Coleman (MO)
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
Davis
DeWine
Dowdy
Dreier
Duncan
Dyson
Edwards (AL)
Edwards (OK)
Emerson
English
Erlenborn
Evans (IA)
Fiedler
Fields
Fish
Franklin
Frenzel
Gekas
Gilman
Gingrich
Goodling
Gradison
Gramm
Green
Gregg
Gunderson
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hansen (UT)
Hartnett
Hightower
Hiler
Hillis
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Jeffords
Jenkins
Johnson
Kasich
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach
Leath
Lent
Lewis (CA)
Lewis (FL)
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
McCain
McCandless
McCloskey
McCollum
McDade
McEwen
McGrath
McKernan
McKinney
Michel
Miller (OH)
Molinari
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Natcher
Nichols
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Patman
Petri
Pickle
Porter
Pritchard
Pursell
Quillen
Ray
Regula
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roemer
Rogers
Roth
Roukema
Sawyer
Schaefer
Schneider
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solomon
Spence
Stangeland
Stenholm
Stump
Sundquist
Tauke
Taylor
Thomas (CA)
Vandergriff
Volkmer
Vucanovich
Walker
Weber
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wolf
Wortley
Wylie
Young (AK)
Young (FL)
Zschau

NOT VOTING—20

Boner
Craig
Dickinson
Frost
Hance
Hansen (ID)
Harrison
Hefner
Heftel
Jones (NC)
Kazen
Lantos
Paul
Rudd
Savage
Simon
Swift
Tauzin
Vander Jagt
Wilson

□ 1340

The Clerk announced the following pairs:

On this vote:

Mr. Boner of Tennessee for, with Mr. Hance against.

Mr. Simon for, with Mr. Tauzin against.

Mr. Lantos for, with Mr. Vander Jagt against.

Mr. WALGREN changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO HAVE UNTIL MIDNIGHT FRIDAY, APRIL 20, TO FILE A REPORT ON H.R. 5064, DEFENSE SPARE PARTS PRODUCTION REFORM ACT

Mr. **NICHOLS**. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have until midnight Friday, April 20, 1984, to file a report on H.R. 5064, the Defense Spare Parts Procurement Reform Act.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. **WORTLEY**. Mr. Speaker, reserving the right to object, I would ask the gentleman: Has this been cleared with the minority?

Mr. **NICHOLS**. Mr. Speaker, will the gentleman yield?

Mr. **WORTLEY**. I yield to the gentleman from Alabama.

Mr. **NICHOLS**. Mr. Speaker, this has been cleared with the minority.

Mr. **WORTLEY**. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

OMNIBUS BUDGET RECONCILIATION ACT OF 1984

The **SPEAKER** pro tempore. Pursuant to the House Resolution 483, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 5394.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5394) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed the House of Representatives, with Mr. Stokes in the chair.

The Clerk read the title of the bill.

The **CHAIRMAN**. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Oklahoma (Mr. Jones) will be recognized for 3 hours and the gentleman from Ohio (Mr. Latta) will be recognized for 3 hours.

The Chair recognizes the gentleman from Oklahoma (Mr. Jones).

Mr. **JONES** of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this reconciliation bill contains instructions to eight House committees to reduce spending a total of $12,350,000,000 over the 1985 to 1987 fiscal year timeframe, and to the Committee on Ways and Means to increase revenues, which was done yesterday by the tax bill.

Title I deals with agricultural programs. As a matter of fact, the Congress has already acted on that part, and the Wheat Improvement Act of 1983 which is before the President for his signature actually cut the deficit by $2.95 billion over the next 3 years.

Title II of this reconciliation deals with the civil service and military retirement programs for a total savings of $981 million.

□ 1350

It extends through fiscal year 1987 the half COLA provision for both military and civilian retirees under age 62.

Title III deals with health programs and here it deals with medicare reductions reported both from the Committee on Energy and Commerce and the Committee on Ways and Means and unless this title III, it calls for some increased spending for the child health assurance program. The CHAP program is paid for, however, under the pay-as-you-go concept, and with the taxes that were voted in this House yesterday.

Part of the medicare savings are not contained in the base bill, H.R. 5394, and will be contained in the Rostenkowski amendment, which would freeze physician pay and coupled with mandatory assignment.

There will be additional debate on that amendment at the end of the general debate and at that time I will address that amendment more directly. But I will urge at this time that that amendment be defeated and that we pick up the savings in the conference on this bill.

Title IV deals with small business programs. Again, our savings have been achieved because this House upheld what the budget resolution called for by extending the savings in the small business disaster loan program, which are contained in H.R. 4169, through fiscal year 1987 for a total savings of $212 million over the next 3 years.

Title V deals with veterans' benefits. The effective date for award of pension for a non-service-connected disability changed from the time the disability appeared to the time the claim has been submitted to the Veterans' Administration; that is one portion of title V. Another deals with the loan origination fee for VA home loans.

It increased from one-half a percentage point to 1 percent. Then a third part of title V deals with action to reduce the costs under the VA home loan program.

The total savings out of the Veterans' Affairs Committee in this title is $800 million. Title VI deals with savings in the AFDC and the SSI and similar programs and with reductions in spending in other nonhealth programs within the jurisdiciton of the Committee on Ways and Means.

Among the things that the Committee on Ways and Means recommended was to accelerate the collection and deposit of payments to executive agency, improvement in the administration of the social security earnings test, and improvements in SSI, AFDC, and other related programs for a total savings of $1,759,000,000.

So the savings before us in the basic bill before us is $6.929 billion. As I mentioned, there will be a separate amendment on the physician freeze with the mandatory assignment.

I might also point out that the reconciliation items that are moving separately, the COLA delay, which is moving on a separate track brings about savings of $2.655 billion; the additional SBA disaster loan program savings of another $366 million, the child support enforcement amendments, the reduction in payments to territories, the pending changes in the pension benefit guaranty bill will total $1.3 billion in additional savings.

So the total reconciliation savings will meet the targets we outlined in the budget resolution last week of over $12 billion.

So I urge that this basic bill be approved. I think there is a great deal of controversy on this question of mandatory assignment but even if that amendment is voted as I will suggest it should be, we are going to pick up the savings in the physician freeze when we go to conference. So I would urge my colleagues to support the basic reconciliation bill.

Mr. Chairman, I reserve the balance of my time.

Mr. **LATTA**. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, last fall I stood before you on a day like this when we were considering a reconciliation bill, and expressed my dismay at what was being offered as reconciled spending cuts—peanuts, I said. Today the peanuts are even smaller.

In view of what we are being asked to consider today, I must say that Democrats are consistent in producing budget bills which do not really curb spending except on matters necessary for the defense of our country.

Their original reconciliation bill last fall proposed $8.5 billion in reconciled spending cuts from projected 3-year outlays of $2,800 billion. That was the smallest reconciliation bill in the history of the budgetary process. I was aghast.

We meet today to take up another Democratic reconciliation bill which this time offers a mere $7.01 billion in reconciled spending cuts, even smaller than last year's. In the face of even higher projected deficits, I might add. This does not do much.

Mr. Chairman, $7.01 billion is only 1 percent of a total anticipated 3-year deficit of $712 billion. I say that $7.01 billion is a puny, paltry, piddling sum, a pittance entirely inadequate when one considers the enormity of the problem. It is a fiscal embarrassment to the House to take up this Democratic attempt to hoodwink the American people one more time.

Let me save you some work: $7.01 billion in mandated spending cuts is less than three-tenths of 1 percent of an anticipated $3,100 billion in total Federal spending over the period 1985-87. And this meager $7.01 billion in reconciled spending cuts represents less than four-tenths of 1 percent of projected nondefense spending in the same 3-year period.

On the other hand, both the House Republican leadership's budget resolution, which the Democrat-controlled House in its collective wisdom turned down last Thursday in favor of its own unbalanced plan, and the Senate Republican deficit reduction plan, offer considerably more in reconciled spending cuts. In fact, more than twice what the Jones reconciliation bill contains today.

The House Republican leadership resolution offered $19.95 billion in reconciled spending reductions, and the Senate GOP bill proposes at least $19 billion. The Senate advises us it is committed to $24 billion, in reconciled spending reductions.

What did I say was in this bill? $7.01 billion.

What happened to the Democrats' much-ballyhooed $182 billion deficit-reducing package? Well, we got the taxes—you can be sure the Democratic leadership will give them to the American people. They are cutting defense, but what happened to the cuts in domestic spending? As we predicted, they are not much in evidence in this bill.

All of us are aware reconciliation is the only positive, failsafe means of controlling deficit spending. Yet, in this reconciliation legislation, Democrats could come up with only $7.01 billion in verifiable deficit spending cuts from estimated total outlays of $3,100 billion. And when you subtract from that the agriculture bill, already enacted into law, this bill by itself only saves $4 billion over 3 years.

□ 1400

Just to mention one glaring shortcoming of the Democratic reconciliation bill before us, it actually adds about $320 million in additional domestic spending in fiscal year 1984, and $748 million in fiscal year 1985. Credit markets are looking for evidence of meaningful deficit reductions now—they are not likely to settle for promises of savings down the road in 1986 and 1987. Those outyear savings could be reversed next year.

Certainly, I am aware that bills have been filed containing some, but not all, the spending cuts set forth in the report to House Concurrent Resolution 282. But because they were filed directly, bypassing the customary channel through the Budget Committee, technically they are not reconciliation bills.

The 6-month delay in cost-of-living adjustments for military and civilian retirees—providing a savings of $2.65 billion over 3 years—is part of H.R. 4169, as passed by the Senate last week and submitted to the President. So, while part of the budget resolution, it will not be included in the bill before us.

Last week's Democrat budget resolution contained the Small Business Administration's disaster loan savings, which is also in H.R. 4169. For that reason, the 2-year savings of $400 million is not included in this bill, although fiscal year 1987 savings of $200 million (not in H.R. 4169) are.

Another budget resolution savings, the $500 million, 3-year Pension Benefit Guarantee Corporation reforms, apparently will not be included in this reconciliation bill. This is because the Education and Labor Committee has not reported out the bill; it has only been reported by subcommittee.

A question could be raised relative to the estimated savings in the report on House Concurrent Resolution 282 for target price reductions for Agriculture. The latest CBO estimate of these savings in H.R. 4072 is $2.95 billion, more than the $2.55 billion estimate in the report on House Concurrent Resolution 282. But the reconciliation bill assumes savings in 1986 and 1987, years that go beyond the life of H.R. 4072. And, for fiscal 1985, the bill would add $1 billion to the deficit. Moreover, H.R. 4072 has already been signed into law and has no place in this bill.

Farm price support savings

[Outlays—dollars in billions]

1985	+0.98
1986	−0.83
1987	−3.10
Total	−2.95

The bottom line? The modest $12.35 billion in spending cuts the Democrats promised in the budget resolution are not achieved. They fall short in the reconciliation bill by $5.34 billion;

As I look at this legislation we are being asked to act on today, I am once again reminded of the basic inequity, the lack of any semblance of balance, in this deficit reduction package. It violates a widely accepted premise that deficit reduction should strive for at least a rough balance between defense cuts, domestic spending cuts, and revenue increases. This bill and the tax bill to be enacted on the floor do not make a pretense of that.

Our plan, turned down by the Democrat-controlled House, adhered to such a formula. Of the three main components, defense cuts accounted for 20 percent, domestic cuts 24 percent, and revenue increases accounted for the remaining 23 percent.

The Republican plan discarded by this House in favor of the Jones budget resolution would have maintained the essential priorities of the Reagan administration which—need I remind you—received its mandate from the people in 1980. These priorities are restoration and maintenance of an adequate defense, creation of a less burdensome and more effective tax system, and, very importantly, reduction in the overall growth of runaway domestic spending and resultant deficits. Our budget would have done all this and more. This reconciliation bill does not begin to address the problem. Not at all.

Then we come to the add-ons—the additional spending contained in this reconciliation package:

The Ways and Means Committee first took approximately $600 million in Grace Commission savings adopted by the Senate Finance Committee. To this, Ways and Means made further savings of $72 million, achieved by clarifying the definition of earned income. But then they added $373 million in AFDC and SSI spending. This caused further indirect spending in medicaid of $267 million. As a result of this, Ways and Means is able to claim credit for an additional $100 million savings in the food stamp program. This brings down the total savings from $600 million to $110 million.

Uses the national food stamp program's gross income limit of 130 percent of poverty to establish AFDC eligibility. Currently, AFDC limits gross income to 150 percent of the State standard of need. In most instances, the State need limit is lower than the overall Federal poverty line. Determining need on the basis of the Federal poverty standard would make more individuals eligible for AFDC. The 150-percent limit was adopted during the 1981 reconciliation, and the obvious intent here is to undo those reforms. This would add $90 million directly and indirectly to spending.

The Ways and Means Committee excludes certain property, such as burial plots and funeral arrangements, from countable AFDC assets. Because SSI and food stamps exclude these items, the committee felt justified in omitting them from AFDC. This would add $75 million directly and indirectly to the budget.

Although food stamps and SSI are primarily federally financed, the AFDC program is run by the States and partially financed by them. Putting AFDC on national standards as this bill would do runs counter to the history of AFDC.

Under the 1981 reforms, States are required to use a monthly reporting system and retrospective budgeting to determine AFDC benefits. Individuals report monthly on their previous month's income on forms, and this then determines benefits. The Ways and Means Committee bill would make this optional because States have complained that the system is burdensome. Some recipients who do not fill out the forms have been cut from the program. This would increase spending directly by $60 million.

The Ways and Means Committee also postpones the fiscal sanctions imposed on States whose error rates exceed certain targets. States argue that they cannot control costs in areas with big cities. Yet several States with large population centers have met their error rate targets, and, in fact, no fiscal sanctions have ever been levied. States also submit that they will have to cut benefits, but aggregate State surpluses of $60 billion in 1985 do not indicate they would necessarily have to do so. The proposals represent another attempt to delay any reforms of the States' bad habits.

The Ways and Means Committee also turns back the clock to the pre-1981 days by permanently establishing a $30 income disregard and a $75 work expense deduction for all workers. Permanent disregards encourage welfare dependency, and turns the system into a costly wage-supplement program. The 1981 changes limiting the $30 disregard to 4 months successfully reduced cost and did not, according to a recent GAO study, reduce work effort. This would add $190 million to the budget.

Worst of all, the Ways and Means Committee proposes a $10-per-month transition check for 9 months (with a State option for 6 additional months) for recipients who lose eligibility because they are earning sufficient income at a job. The object of this proposal is not to provide recipients with more cash, but to allow them to remain on medicaid, which is automatically conferred when an individual receives any AFDC cash payments. Indeed, the cost of the cash payment is only an additional $15 million over 3 years. However, the resulting cost in medicaid of this policy is eight times higher, or $120 million over the same period.

In total, the committee delivers an election year gift to the States by liberalizing AFDC by almost $300 million, and excusing them of past or future blunders in AFDC management.

The Committee on Energy and Commerce expands the already uncontrollable medicaid program with its addition of the child health assurance program (CHAP), the first new entitlement since 1982. It would extend coverage to certain groups of pregnant women and children with 100 percent Federal matching payment. This would remove all incentives for States to hold down spending growth in this crucial health entitlement. Like many entitlements, CHAP costs are low in the first 3 years, $500 million in fiscal year 1985-87, but explode by an additional $1.5 billion in fiscal year 1988-89.

In addition, the committee would increase medicaid spending by increasing the payments to Puerto Rico and the territories, adding $105 million in spending in the next 3 years. It would also eliminate any copayments for prescription drugs reimbursed under medicaid and, therefore, incentives for doctors not to overprescribe drugs. The change will cost the taxpayer $76 million. If this is the way the Democratic Party holds down health costs, as they state in their caucus document "Renewing America's Promises," then Henry Kaufman's prediction of 15 percent prime interest rates for 1985 may not be far off.

In short, the reconciliation bill before us, with its insignificant, trivial, reconciled spending cuts of only $7.01 billion is symptomatic of the whole sad, sorry spectacle of Democrats' efforts at budgeting in the past 2 years.

For the path we should be taking, I direct my colleagues' attention back to the watershed year of 1981, which our majority leader seems to delight in coming down to the well and reminding us of. I am glad that he does that because in those 2 watershed years, we really cut spending and took some of the burden off of the American people. Last year and this year, we are not doing that.

With the passage of Gramm-Latta I and II, Congress earned the gratitude of taxpayers, because Congress pledged itself to a series of phased-in savings. But last year's budgetary process was used—or, more correctly, misused or abused—to reverse the solid gains of Gramm-Latta and to unleash new spending in the guise of a "reserve fund."

The "reserve fund" was the Democrats' gimmick in elastic budgeting last year, meant to conceal the true amount of spending. It created an $8 billion fund for programs not yet authorized.

This year, the Democrats' gimmick in elastic budgeting is to make a miserly $7.01 billion in reconciled savings appear to be their vaunted $133 billion spending cuts in their $182 billion deficit reduction package.

Is this responsible leadership? Where is the Democrat leadership on these budget deficits? This lackluster, weak-kneed reconciliation package now engaging the attention of the House does not qualify as a serious effort to tackle the deficit, despite all the bombastic rhetoric by Democrat leaders about getting serious about the deficit.

This pitiful, puny package represents not an earnest approach to the deficit, but an abdication of the responsibility of the majority leadership to the American people. It has failed, once more, to assume its responsibility to provide fiscal direction.

The President can do little about deficits because he does not appropriate the money. This House, this body, our body, is responsible for making those appropriations. Congress controls the pursestrings, and in this House, we know who is in control. They must assume the blame and the shame for this sorry reconciliation package. And they will.

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

Let me just respond with a few minutes to the gentleman's comments. I know that he is carrying on a rehash of some of the partisan debate that occurred last week on the budget resolution, but I know my good friend from Ohio would not want to deliberately mislead this body.

What we have before us today is another important step in the continuous process of trying to enforce the budget resolution that this House adopted last week—with a bipartisan vote, I might add.

That budget resolution had three main enforcement parts. One part was a revenue bill, which this House passed yesterday. A second part was a limitation on the discretionary spending programs, and that limitation has been given to the Appropriations Committee. And next month and in the month of June, the appropriations bills will be coming to the floor of the House and we intend to enforce those spending limitations.

□ 1410

The third part is before us today, which is the reconciliation of entitlement programs to reduce the spending growth of these programs.

The gentleman from Ohio last week said we are not cutting entitlement programs enough, and various substitutes were brought before the House to cut entitlement programs more, but they did not pass. The one that did pass by a wide margin was the committee's resolution, and today we are carrying out the enforcement of that resolution with this bill before us.

No matter how you slice it, whether you think it is too big or too little, the fact is clear. If this House acts responsibly and votes for this reconciliation today, this act, coupled with the other things we have already done and are doing, will cut the entitlement spending growth by over $12 billion over the next 3 years.

So all of the smoke and side issues may be fun to talk about, but we ought to keep our eye on the target. And the target is: We told the American people last week we would reduce the deficits by this method of entitlement reductions, discretionary spending reductions and revenue actions, and we are keeping that promise today.

Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. DE LA GARZA), the distinguished chairman of the Committee on Agriculture.

Mr. DE LA GARZA. I thank the gentleman for yielding me this time.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Chairman, let me commend the gentleman in the well and his committee for the fine job that he did in reducing the expenditures in Agriculture. As a matter of fact, the gentleman did a better job than was even projected by the Budget Committee itself. And the gentleman got his bill enacted into law, signed by the President, and it should not be in this bill, and we should not be trying to take credit for it.

Mr. DE LA GARZA. I appreciate the gentleman's statement and his commendation, but I am going to take credit for it because it came with blood, sweat, and tears, and I am happy that the distinguished Budget Committee has included it in this legislation. I am not going to involve myself in the other parts of the legislation. I will leave that to the leadership on the Budget Committee; but I do want to briefly discuss our involvement, the Committee on Agriculture.

The day before yesterday, President Reagan signed the legislation, and he said: "The first installment of the deficit downpayment." And he was in a very happy, positive, and cheerful mood.

I want the people of the United States to know that our Agriculture Committee, my distinguished ranking minority member, the gentleman from Illinois (Mr. MADIGAN), and the other members of the committee, worked diligently and arduously, as difficult as it is to work with the Senate, and to come up with something that is acceptable to both sides and eventually to the White House. But what I want to say is, at this time, when the American farmer probably is suffering the worst that he had since the Great Depression, when we have a tremendous number of bankruptcies, through no fault of their own but, rather, high interest rates, inflation, and all the high value of the dollar problems abroad, but all of the things that impact on the farmer notwithstanding, the Agriculture Committee, with the approval, consent and acquiescence of the American agricultural sector cut—the figures vary—around $3 billion.

The President acknowledged that and he said that it was the first step. I am proud that we have taken that first step when in hurts. You do not know the true value of a friend until he gives when it hurts him. It is very easy to be grandiose, it is very easy to have largess when you have got it abounding all around you. I commend the Budget Committee, and I appreciate it, on behalf of American agriculture and our committee, that they would consolidate this, our effort, into their bill. I do not say that it is a pitiful, puny package, because a first step is a first step.

I want to set in proper perspective what it means by telling you a story. When I was 17 years old, I joined the Navy. They told me if I joined, I would see the world. No way. I went to San Diego, Calif., and Great Lakes, Ill. I harassed every officer I could get to that I wanted to go on board a ship, I wanted to go to sea. I never went to sea. When I got out of the Navy, some of the older people asked me, "What was your ship, son?" And I would have to say, "Great Lakes, Ill." That was my ship. But when I came to Congress, we had a liaison from the several services, and once I asked if I could go on a ship. They took me to Virginia, and we went on this carrier and we saw how it operated. Eventually I worked my way to a submarine, one of the nuclear-powered submarines, and we went and we dove and we went under the water, and we had a wonderful day experiencing, to me, a lifetime impression of being in a nuclear-powered submarine under the Atlantic Ocean. Well, after I had been briefed and everything, and I had asked every question, there was one question left to ask: How long can this submarine stay underwater without surfacing? The commander told me, "That is a military secret." So I did not want to involve myself with military secrets. But he said, "Take a guess." So I am thinking 8 years, 4 years. I said, "Four years." And he smiled and he said, "No. You are chairman of the Agriculture Committee, aren't you?" I said, "Yes." He said, "Take another guess." "I give up," I told him. He looked me straight in the eye, and he told me, "This submarine can stay underwater as long as I have food for my crew."

So who runs the defense of this country? The farmers of America run the defense of this country. That shuttle out there that is in space, unmanned, it can stay there for 1 million years. How long can it stay out there manned? As long as they have food. So without the farmer, nothing functions. And that is the sector that is hurting the most, with bankruptcies, with the high cost of implements, with low prices for their crops, with bad weather, with everything that is negative. But yet I can stand here before you today and say, "This is the group that is saving you $3 billion as a downpayment on the deficit." That is what the President said, and I repeat that.

So any detracting or any trying to make this Democrat or Republican or right or left, I think, is not proper. I think that we should put it in its proper perspective, that the farmers of America, not Democrats, not Republicans—Americans—are willing to sacrifice so that we may start the downtrend on that deficit.

Mr. MADIGAN. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to my distinguished colleague, the gentleman from Illinois.

Mr. MADIGAN. I thank my distinguished chairman for yielding. I asked him to yield so I could clarify the remarks of the gentleman from Ohio made earlier when the gentleman from Texas first took the well. It was the intention of the gentleman from Ohio to make it clear that only the Agriculture Committee could claim credit for these budget savings and that he and the other members of the Budget Committee could claim no credit for this. He was giving the credit entirely to the gentleman from Texas. I wanted to clarify that and to associate myself with the remarks of the gentleman from Ohio who has paid such appropriate tribute to the gentleman in the well.

Mr. DE LA GARZA. I thank the gentleman for the clarification. I do not think I misunderstood. Yes; on behalf of our committee I accept the commendation.

The CHAIRMAN. The time of the gentleman from Texas (Mr. DE LA GARZA) has expired.

Mr. FRENZEL. Mr. Chairman, I yield 1 additional minute to the gentleman from Texas.

Mr. DE LA GARZA. I appreciate the gentleman's yielding.

Yes; we accept the commendation. What I said was that I am so proud of the American agricultural sector and what we did, and if the Budget Committee also wants to commend us and take credit with us, I would be willing to share it. We have done such a good thing for America. I hate for it to get involved in right or left or Democrat or Republican or this farmer or that farmer. I think we did a good thing, and we ought to be happy and proud that we did it as Americans.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, I would just point out, as the gentleman from Illinois must know, that the authorizing committees of the House are the ones who have to carry out the reconciliation cuts. The Budget Committee does not have authority. What we do is package together what the other committees do and try to keep pressure on the other committees to make these savings.

I will point out that the distinguished gentleman from Texas, as chairman of the Agriculture Committee, does not need prodding and pressuring to meet these fiscal restraints, and I applaud him for that.

☐ 1420

Mr. FRENZEL. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, reconciliation is the most important part of the Budget Act of 1974. In fact, it is the only part of the act that can have any useful effect on fiscal discipline.

In general, the Budget Act has, over its lifetime, acted more as an open spigot than as a stopper for spending. Its one redeeming aspect has been the reconciliation process. Unfortunately, reconciliation is a powerful force that has never been used vigorously. It is a splendid tool, but in the profligate hands of Congress it has been used neither often, nor wisely, nor well enough.

The committee majority and its chairman tell us this bill meets the requirements of our budget resolution. So what? The budget resolution was deficient and so is this reconciliation bill. Worse, however, in the eyes of many observers, and even some participants like myself, this bill is deficient all by itself. It does not meet the requirements of the budget resolution.

Our budget mandates over $12 billion in savings. Without title I already signed and obviously out of place in this bill, H.R. 5394 will save less than $4 billion. It actually raises spending over $1 billion in fiscal year 1984 and 1985.

Usually, at the end of the day, after much bellyaching and low moans of pain, I vote for reconciliation bills even if they are not very good. There has never been a good reconciliation bill. All of them have fallen short of the needed savings. This time, however, I shall vote "no." This reconciliation is worse than a wasted chance. It is a short-term spending increase. It must be defeated.

The minuscule 3-year reductions do not go far enough. The disproportionate reliance in military cuts—and I do support those military cuts—creates the false impression that domestic spending is not too high. Americans know better. All of our spending is too high.

From its base of wasted chances, this reconciliation gets even worse. Its ultimate, and inexcusable, flaw is that it actually mandates more spending. It is outrageous and even scandalous that a bill designed to impose fiscal discipline should be used as an engine to increase spending. Apparently the urge to cater to certain preferred interests was irresistible.

That is not to say that many of the increases are not worthy ones. But, worthiness aside, this supposed to be a bill to control spending, not to increase it. Our committee, and our House majority, has again proved that discipline is a dirty word in this House. No matter what kind of bill we pass, we always manage to tuck in a little something extra for our friends.

This outrage could have been controlled by the Martin-Regula amendment, but the Rules Committee thought that allowing a vote was dangerous and undemocratic.

This bill fails to meet that $12.35 billion savings amount.

First, in order to meet the savings total required, we must add the bill as reported, an amendment, and a series of completely unrelated bills entitled "reconciliation items moving separately." Even if we accept that irresponsible practice, savings total only $12.159 billion. From the beginning, Mr. Chairman, this accounting fails to meet the requirement by $191 million.

Another egregious violation of the reconciliation process is the inclusion of the "separate" reconciliation legislation. Including unrelated legislation in reconciliation seriously undermines our ability to make real, necessary savings. This practice puts off the necessity of making savings until later. It is a neat trick that allows us to pledge our seriousness about reconciliation without having to make any difficult votes.

This distortion of the process is in stark contrast to last week's pious proclamations about deficits and fiscal responsibility. Those who are really serious about responsible budgeting will vote "no" on this bill.

Mr. Chairman, if we exclude the "separate" legislation, the most savings this bill can give us is $7.839 billion. We will miss the reconciliation requirement by $4.511 billion.

There is yet one other defect in the use of including "separate" items. Of the $4.32 billion in total savings from the other bills, $2.655 billion comes from COLA savings from last year's reconciliation bill, H.R. 4169. It is completely unacceptable to include "separate" items in this reconciliation total, but it is laughable to count savings twice.

Apart from the separate legislation included in the reconciliation total, the savings of this bill presumes the passage of an amendment modifying reimbursement of physicians under medicare. That adds an extra $910 million. Without the amendment, which I oppose because of the mandatory assignment provisions, the bill includes only $6.929 billion in savings.

With all the extras excluded this bill misses the reconciliation requirement by $5.421 billion. We will implement only 56 percent of the required savings.

I am embarrassed to have to point out that the chicanery in this bill does not end there. Title I savings consists completely of savings from legislation already passed by Congress and signed by the President 2 days ago. It calls for $2.951 billion in savings from H.R. 4072, the Wheat Improvement Act. Savings from legislation already passed does not belong in a reconciliation bill. There is plenty of support for the theory that it will produce no savings. Title I of this bill should at least be considered a "reconciliation item moving separately," and totaled with those dubious savings.

Without title I, which does not belong in this bill, we will save a grand total of $3.978 billion. We will miss the mark by $8.372 billion.

Earlier, I talked of extra spending. Along with the feeble cuts this bill makes, it sweetens the pot by $1.5 billion in spending add ons. Additional spending has no place in a reconciliation bill. If some new spending is absolutely necessary, it should be considered a part of regular appropriations process. It should not, in the dead of night, be slipped into a bill whose sole purpose must be to make necessary savings in accordance with the budget. Standing alone, those new spending add ons could not pass.

This bill is a discredit to this House. It has been trumpeted as a budget austerity measure. It most certainly is not.

It is an abdication of our responsibility which will have two terrible effects. First it endangers the achievement of the downpayment which, in turn, imperils the passage and/or signing of the tax bill.

Those who are interested in cutting spending and deficits will have no interest in this bill.

Mr. JONES of Oklahoma. Mr. Chairman, just once again, so we will not leave unchallenged any misinterpretation of why we are here today, the budget resolution we passed last week, called for entitlement spending cuts of over $12 billion. We will have achieved that, particularly after we have passed this reconciliation bill today. A revenue bill, which we passed yesterday, and the discretionary appropriations reductions which are now before the Appropriations Committee.

This committee intends to carry out that budget resolution and so far the House has lived up to what it said it would do in the budget resolution.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I yield to the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentleman for yielding.

I must say that the committee was not terribly prompt in delivering information on what is really in this reconciliation, but I have a sheet in front of me that indicates that over a period of 3 years this bill is going to save $7 billion. Is that somewhere near right?

Mr. JONES of Oklahoma. What we have before us today is about an $8 billion deficit reduction over 3 years, and when you couple that with what this House has already done, or what is pending, the only remaining item pending is the PBGC program out of the Education and Labor Committee. When you add that to what the House has already done, plus what is in this bill, your total savings are $12 billion, roughly.

Mr. FRENZEL. Would the gentleman agree that the agriculture saving, which has already been passed, and yet for some reason been miraculously reinserted in this bill, amounts to about $3 billion, and so, of the $7 billion in this bill, we are talking about $4 billion of new savings, more or less?

□ 1430

Mr. JONES of Oklahoma. The agriculture savings is $2.9 billion. That was assumed in the budget resolution last week. It was assumed in the entitlement savings of the total $12 billion.

What I am saying, and what I will repeat again, is that everything that was contained in the budget resolution last week in entitlement savings, including the agriculture savings, will total $12-plus billion in deficit reduction over 3 years. Part of it is included in the bill we have before us today. Part of it is included in the legislation that we have already acted upon, and $500 million of that is not included in any because it is still in the Committee on Education and Labor. That is the PBCG program.

Mr. FRENZEL. Mr. Chairman, if the gentleman will yield further, are my figures correct that indicate that this reconciliation bill will add $320 million of spending in fiscal year 1984 and about $750 million in spending in fiscal year 1985?

Mr. JONES of Oklahoma. There are some spending increases that are brought about by the same agricultural bill that the gentleman and his colleagues on the other side of the aisle were just praising. The first year there is a spending increase in the agricultural program. In the following 2 years there is a significant deficit reduction, and that comes from the bill that the gentleman and his colleagues on the other side have been praising.

In addition to that, there is the child health assistance program and the child nutrition, which were include in the budget resolution last week and have always been assumed in this reconciliation bill that we have before us.

Mr. FRENZEL. If the gentleman will yield further, I thank him for the information, but if you are going to take credit for $3 billion of agriculture savings, you better take credit for the extra expenditures that it creates in the first year. My judgment is that it would have been better off left out of the whole bill.

Mr. JONES of Oklahoma. No, the gentleman is correct, and we do that. The $2.9 billion in savings is a net figure. That includes the increased cost the first year and the additional savings in the second and third years.

What we have before us today is exactly what was assumed in the budget resolution that was passed last week. I know the gentleman did not vote for that, and many Members on his side of the aisle did not; 28 Republicans did, 29 Democrats voted against it. The fact is, the House spoke by a vote of 250 to 168 that they approved of that budget resolution and all we are doing here is carrying out what we said we would do last week. We are going to be carrying it out through the summer when we have the appropriations bills up.

Keeping these spending limitations, however much the gentleman may or may not agree with them, adhering to them, is not going to be easy, but the fact is, we intend to try to enforce it.

Mr. FRENZEL. If the gentleman will yield further, I yield to no person in my admiration for the chairman and his good work on this committee. I wish and hope that we will do better, but I do not retract one iota from the statement that I made before.

Mr. JONES of Oklahoma. I thank the gentleman.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I need to yield to the distinguished chairman of the Committee on Veterans' Affairs, but I will yield briefly to the gentleman from Louisiana.

Mr. ROEMER. I will take just a moment, and I thank the gentleman for yielding.

Is it not true that if we did nothing, that is, turned this bill down, we would increase, under current law, Federal spending? One can make, I think, an honest statement that we should have done more, but under the circumstances we at the very least ought to do this, and I thank the chairman for his efforts.

Mr. JONES of Oklahoma. I think the gentleman makes a very good observation. I know the gentleman voted to do more, and on a couple of those substitutes I voted to reduce the deficit more.

But what we are trying to do is to carry out what we said we would do. However much that leaves to be desired to do more, we have got to do what we said we would do.

Mr. FRENZEL. Mr. Chairman, if the gentleman will yield, are we going to proceed with the Veterans' Affairs portion now? We are ready for that portion.

Mr. JONES of Oklahoma. We will proceed with the Committee on Veterans' Affairs now, and following that we have Chairman MITCHELL of the Select Committee on Small Business, Subcommittee Chairman WAXMAN from the Committee on Energy and Commerce, and Chairman ROSTENKOWSKI, who have sought recognition.

Mr. Chairman, I yield 5 minutes to the distinguished chairman of the Committee on Veterans' Affairs, the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. I thank the gentleman for yielding this time to me.

Mr. Chairman, I would also like to commend the gentleman from Oklahoma and also to the gentleman from California for the hard work they have done on getting a budget resolution. It would seem to me, if we supported the budget resolution, we certainly would have to take a good, hard look and try to support the Reconciliation Act. If we do not move ahead with reconciliation, then just having a budget is really not making any savings and not bringing down deficit spending.

I would prefer not to make any cuts in our veterans' programs and to penalize the widows and children of veterans, but we think we have found some ways to make savings that would not hurt our veterans' programs that much, and those key programs are the pension program and the loan guaranty program.

Mr. Chairman, the first concurrent budget resolution for 1985 adopted last week by the House directs the Committee on Veterans' Affairs to report legislation that would reduce budget authority by $150 million and outlays by $400 million in fiscal year 1985; by $50 million in budget authority and $250 million in outlays in fiscal year 1986; and by $250 million in budget authority and $250 million in outlays in fiscal year 1987. The Budget Committee proposed that these savings be accomplished by changing current law governing the Veterans' Administration pension and loan guaranty programs. These proposed changes are contained in title 5 of the reported bill.

Under current law non-service-connected pension is payable from the date of the veterans' disability or, in the case of the widow, the month of death of the veteran, if the claim is filed within 1 year from such dates. Under title 5 of the reported bill the effective date would be changed to the date of claim for disability cases. The time limit for retroactivity for filing a widow's death claim would be reduced from 12 months to 60 days.

Additional savings would be accomplished with several proposed changes in the VA's home loan program.

First, certain veterans must now pay a loan fee of one-half of 1 percent in order to obtain a VA home loan. Under title 5 the fee would be increased an additional one-half percent. Under the bill, all receipts from the collection of the loan fee would be deposited directly into the loan guaranty revolving fund. This 1-percent loan fee would be required on all new loans through fiscal year 1987.

Second, the 1-percent user fee would also be required on all vendee sales—sales that are made to veterans and nonveterans on properties that VA has acquired due to the default of the initial purchaser.

Three, under title 5, several administrative reforms would be made to the VA loan guaranty program. Currently, the VA acquires approximately 95 percent of all foreclosed properties. Under section 503 of title 5, the VA would be required to analyze defaulted loans on a case-by-case basis and would acquire only those properties where it would be less costly than it would be to pay the loan guarantees. It is estimated that a case-by-case review would reduce the number of properties acquired from approximately 95 percent to about 75 or 80 percent.

The proposed increased user fee and the administrative reforms are initiatives suggested to the House by the Congressional Budget Office.

If title 5 of the reported bill should become law, it is estimated that the reduced budget authority and outlays over the next 3 fiscal years would approach the totals contained in the instructions to the Committee on Veterans' Affairs and thus put the committee in full compliance with those instructions.

Mr. Chairman, we do support what the Committee on the Budget has done on the veterans' programs in this Reconciliation Act of 1984.

Mr. FRENZEL. Mr. Chairman, I yield 10 minutes to the distinguished ranking member on the Committee on Veterans' Affairs, the gentleman from Arkansas (Mr. HAMMERSCHMIDT).

Mr. HAMMERSCHMIDT. I thank the gentleman for yielding this time to me.

Mr. Chairman, I will not take much time, but I will repeat some of the points made by my distinguished chairman, the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. Chairman, the House Veterans' Affairs Committee has been directed by the House—in the first concurrent budget resolution—to report legislation that would reduce budget authority for the Veterans' Administration by $450 million over a period of 3 years. The resolution also calls for a reduction over that same 3 years of $900 million in budget outlays. These savings are reflected in title 5 of the proposed Reconciliation Act now under consideration.

Mr. Chairman, the General Accounting Office made a study concerning the effective date of certain pension awards for veterans for non-service-connected disabilities. It concluded that such awards were usually retroactive when the evidence did not support such action. Both GAO and the Budget Committee suggested amending the law to correct the situation. This bill does just that.

Under current law, a widow's non-service-connected pension is retroactive to the first day of the month of the veteran's death if she files her claim within 1 year of the death. Part of the savings reflected in this bill is based on changing the law to provide that the effective date of these awards will be the date of claim unless it is filed within 60 days of the veteran's death.

In the GI home loan program there is today a one-half of 1-percent origination fee on each loan. The money goes to the Treasury of the United States. It has been proposed to increase this fee to a full 1 percent, with the proceeds going directly into the VA loan guaranty revolving fund, to be used to pay lenders claims when losses result from foreclosures. A similar origination fee of 1 percent would also be collected by VA on the sale of foreclosed properties. This provision has a 1987 sunset clause. It is anticipated that the deposits into the revolving fund will materially reduce future supplemental appropriations of the kind currently being required to make the fund whole.

Mr. Chairman, a final provision in this bill with respect to the Veterans' Administration is also concerned with the GI home loan program. The House Veterans' Affairs Committee has been persuaded that VA should acquire foreclosed properties on a more selective basis. They should do this only when it is in the best interest of the Government and when such action would not be harmful to the program. Accordingly, we have proposed accepting a suggestion of the Congressional Budget Office in this regard, realizing that substantial cost-savings can result.

Mr. Chairman, adoption of title 5 of this bill places the House Veterans' Affairs Committee in full compliance with instructions from the House and is our contribution to the fiscal restraints and requirements that are necessary in today's world.

Thank you, Mr. Chairman.

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Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the distinguished chairman of the Committee on Small Business, the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL. Mr. Chairman, I thank the distinguished chairman of the Budget Committee for yielding time to me.

I am not happy about this reconciliation. We have made cuts far above what I desired in my own committee. We have reduced spending in terms of budget authority and outlays, and I am not of a mind to say that this is the time when we should be reducing vital small business programs. Nevertheless that is a fait accompli.

I asked for this time because I am a little disturbed about the final year under reconciliation. Under section 2(g) of House Concurrent Resolution 280, my committee is required to report changes in the law within the jurisdiction of the committee of $200 million in outlays for each of the fiscal years 1985 through 1987. Section 2(a) directs us and the seven other committees to act by May 1.

The resolution was only adopted last Thursday, April 5, and yet already the Budget Committee is demanding immediate action. In fact, they wanted our legislation within a day or two after passage. If this is what was to be required, then why was the resolution not amended to give us 24 hours or 48 hours to comply with the savings instruction?

In addition, I want to point out that this is not the first time the Small Business Committee, which I have the honor to chair, has been required to develop savings legislation. Last year we were required to act by House Concurrent Resolution 91, but we were given about a month to do it, and I want to note that we did so in a timely fashion.

So it has not been just an objection to taking action, but I want to speak to the need to have adequate time, and that is what causes me to take to the floor. Twenty-four hours or 48 hours is simply not enough time to learn how the Congressional Budget Office would score alternative legislation in order to meet the savings requirements. That is not enough time to develop a proposal, to assemble the committee, and to report a bill. After all, I believe it is still a prerogative to determine what substantive change should be reported in order to meet the savings mandated.

So, Mr. Chairman, I submit that to require the Small Business Committee or any of the other affected committees to take the necessary action when Congress was not even here is in my opinion simply outrageous. We are now in a situation where the Budget Committee has had legislation written for us, and I think it is an absolute abuse of the legislative process.

Nevertheless, Mr. Chairman, all of this has been accomplished, and I may well vote for this process. But I want to be on record as saying it is simply not fair to give a standing committee of the House 24 hours or 48 hours to comply with a mandate when the law indicates that we have until May the first.

The CHAIRMAN. The time of the gentleman from Maryland (Mr. MITCHELL) has expired.

Mr. JONES of Oklahoma. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me say to the distinguished chairman of the Committee on Small Business that we do appreciate very much his cooperation and his understanding.

We tried to work with the leadership to implement this budget as quickly as possible because I believe we are in some unusual economic conditions with these huge deficits that have to be dealt with. I know it did create some strain on many of the committees. The chairman of the Committee on Small Business and his staff were cooperative, and I understand the gentleman's position. We hope that conditions will improve in the future and this sort of unusual arrangement will not have to be necessary. But in this particular case it was an unusual circumstance. We are trying to move as much of the implementation as we can through the House as quickly as possible to give some confidence to the financial markets.

Mr. MITCHELL. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to the gentleman from Maryland.

Mr. MITCHELL. Mr. Chairman, I am very glad to hear that the gentleman hopes it will not happen again. I have no objection to the process, and I believe the gentleman understands that. I do have objections when a time certain is fixed under the law and we are required to act almost in violation of that time certain fixed under law. That is unfair to the members of the committee and indeed to the chairman.

Mr. JONES of Oklahoma. Mr. Chairman, I thank the gentleman from Maryland (Mr. MITCHELL) for his comments.

Mr. FRENZEL. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, our representative from the Small Business Committee was not able to be present due to the fact that we did not know exactly when this discussion was to occur. I know that our representatives in general are supportive of their chairmen, and they will be revising and extending their remarks later on.

I would hope that those Members within earshot would understand that we are moving ahead very rapidly in this debate and that those who wish to participate will have to find their way to the floor soon.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the distinguished chairman of the Task Force on Reconciliation, the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, first of all, I want to thank the chairman of the Budget Committee, the gentleman from Oklahoma (Mr. JONES), for his cooperation in the effort to put together this reconciliation bill, and I want to thank as well the staff of the Budget Committee and also the chairmen and the staffs of the various committees involved.

I have been responsive for reconciliation now since 1980, and, as I indicated previously, reconciliation has produced a total savings of $172 billion over those 4 years. If we add the revenue bills that have been adopted as well, we have almost $300 billion in deficit reductions that have been enacted by the Congress over the last 5 years through this process.

This year's action is without question unprecedented. Normally, we go through a conference on the budget resolution, instructions are provided to the committees, and then there is action taken by the committees and reports made to the Budget Committee. This year it was decided that because of the concern about taking immediate action on the deficit, the plan would be that once the resolution was accepted and adopted we would move quickly with a revenue bill and then at the same time move with a savings bill so that the resolution would be quickly followed by enforcement action on the House floor.

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Now, to accomplish this it required that there be meetings with all of the chairmen of the eight committees that were instructed here. I met with each chairman responsible for savings actions, plus their staffs, before the resolution was in fact adopted on the House floor. We had to prepare for putting together a reconciliation bill within less than a 5-day period. There were two committees that took direct action on their own. The other committees, while they did not directly affirm the action here, were very cooperative in the legislative drafting that was done with regard to the sections that were incorporated on reconciliation; so my thanks goes to all those individuals for their help and cooperation in assembling this reconciliation bill that is now before the House. It had to be done quickly. It had to be done with a great deal of cooperation and my thanks go out to all those who worked on this effort.

Now, the bottom line is as always that there are no simple answers in trying to deal with the huge deficits that we face. I know that Members would like to have that as the case. I know that Members go back and give great speeches to their Rotary Clubs about how simple action can be taken on the problems of the deficit, but the reality is that there are tough choices here and there will always be tough choices. There will be day to day battles involved here. It will not always be everything we want, but the battle here is to try to take these steps one at a time, a revenue bill, a savings bill, and hopefully action on appropriations bills to hold them in line.

This is one of those pieces, the reconciliation bill. Before us the reconciliation bill contains savings, assuming that the amendment on the doctors' freeze is adopted of about $7.8 billion over 3 years.

We also give credit to the committees and to the House for action already taken with regard to savings proposals. The Committee on Post Office and Civil Service proposed the 6-month delay in COLA that was passed by the House last year and then passed by the other body recently and signed by the President. We commend the action that was taken by the Agriculture Committee for the savings achieved is that area. They are all part of the savings effort and when you combine all those efforts we are looking at $12 billion over 3 years.

It is important to understand that there are two key tools on enforcement of a budget resolution. The primary tool is reconciliation. The other tool deals with the appropriation bills and to try to hold the appropriation bills to their section 302 allocations.

In the last 2 days we have basically implemented the reconciliation element through the passage of the revenue bill, plus the reconciliation bill that is now before the House. The major effort that will then follow is to hold the appropriation bills to the limits that have been provided to that committee under the budget resolution.

Obviously, there are those who are concerned that this is not enough, and I understand that. Everyone knows that it is not enough, but the reality is that it does represent $12 billion in savings over 3 years and $20 billion in savings over 5 years. No one who cares about deficits can walk away from that. You can make excuses, you can use all kinds of reasons why you ought not to support this kind of bill, but the reality is that the bottom line is that there are savings included in here that are real and should be enacted into law.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 3 additional minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. There are also, Mr. Chairman, arguments about the additional spending that is included in reconciliation. Again let me make the point, every reconciliation bill that we have worked on over the last 4 years has included additional spending as part of that bill. Indeed, as I said, the bill enacted in 1981 included some $1.9 billion in additional spending at that time.

There are those who give great credit to the Agriculture Committee for the savings they achieved and they deserve credit. That bill was enacted here and most of the Members on both sides voted for that. I think there were only 11 votes against that agriculture bill; but the bottom line is that that agriculture bill involves close to $1 billion in spending the first year. But in turn for that expenditure the first year, we are picking up almost $2.6 billion over 3 years.

So I think that those that argue against reconciliation should have, in all honesty, have voted against the agriculture bill, if you are against any kind of increases in spending. The reality is that we are saying that in exchange for some spending increases, we are going to pick up a significantly larger amount of savings over the long term. That is the tradeoff and it is a worthwhile tradeoff for the savings achieved.

The bottom line, as I said, is that we do have savings that are included here. They are real. They should be enacted into law.

So I urge the support of the Members for this reconciliation bill. The time has come frankly to put our votes where our mouths are. This is a meaningful step toward achieving savings. We can talk about savings and deficits all we want, but in the end we have to have the courage to make the very tough choices that need to be made. That is the test for our constituents, for the budget and for our economy.

RECONCILIATON IN THE BUDGET RESOLUTION

Last week, by a vote of 250 to 168, the Congress adopted a budget resolution for fiscal year 1985 that included a 3-year deficit reduction package at $182 billion. Assumed in this package were spending reductions in entitlement programs of $12.35 billion between fiscal years 1985 and 1987. As has been the practice in Congress over the past 5 years, these entitlement reductions were assigned to committees through reconciliation instructions in the budget resolution. Eight committees—Ways and Means, Energy and Commerce, Post Office and Civil Service, Armed Services, Veterans, Small Business, Agriculture, and Education and Labor—were asked to respond by May 1, 1984, with legislation achieving the $12.35 billion target set by the House in the budget resolution.

With the hope of passing a reconciliation bill before the Easter recess, the Budget Committee contacted the chairman and staff of committees involved in reconciliation well before passage of the budget resolution. Meetings with committees were held to coordinate the reconciliation effort, and as a result the Budget Committee was in a position to introduce this reconciliation bill, H.R. 5394, on Monday of this week, just 4 days after adoption of the fiscal year 1985 budget resolution.

CONTENT OF H.R. 5394

The following is a brief summary, by title, of H.R. 5394. Also shown are the spending reductions over 3 years in each area.

TITLE I—AGRICULTURAL PROGRAMS, –$2.951 BILLION

Reference to H.R. 4072, Wheat Improvement Act of 1983, which cut farm price support costs.

The bill is awaiting the President's signature.

TITLE II—CIVIL SERVICE AND MILITARY RETIREMENT PROGRAMS, –$.981 BILLION

Extension through 1987 of half COLA in current law for military and civilian retirees under 62 years of age.

TITLE III—HEALTH PROGRAMS, –$.226 BILLION

Medicare reductions (from H.R. 4136, reported by Energy and Commerce Committee, and H.R. 4170, reported by Ways and Means Committee).

Increased spending for CHAP program (From H.R. 4136).

TITLE IV—SMALL BUSINESS PROGRAMS, –$.212 BILLION

Extends the savings in the small business disaster loan program contained in H.R. 4169, the Omnibus Reconciliation Act of 1983, through fiscal year 1987.

TITLE V—VETERAN'S BENEFITS, –$.800 BILLION

Effective date for award of pension for non-service connected disability changed from the time disability appeared to time claim submitted to VA.

Loan origination fee for VA Home Loans—increased from half a percentage point to one percent.

Action to reduce costs under the VA Home-Loan program.

TITLE VI—MISCELLANEOUS PROGRAMS, –$1.759 BILLION

Reductions in spending in non-health programs within the jurisdiction of the Ways and Means Committee.

Accelerated collected and deposit of payments to executive agencies.

Improvements in Administration of Social Security Earnings test.

Improvements in SSI, AFDC, and related programs. Total for H.R. 5394, $6.929 billion.

AMENDMENT ON PHYSICIAN FREEZE

An amendment to include a Medicare physician fee freeze (with mandatory assignment) has been made in order by the Rules Committee. Approval by the House will increase the reconciliation spending cut total for H.R. 5394 by $.910 billion over three years. Total for amendment, –$.910 billion.

RECONCILIATION ITEMS MOVING SEPARATELY

Members should also be aware that not all reconciliation spending reductions agreed to in our FY 1985 budget resolution will be considered this Thursday as part of the debate on H.R. 5394.

The budget resolution assumed $2.650 billion in reductions through a COLA delay or six months for federal retirement programs. The House passed this delay as part of last year's reconciliation bill, H.R. 4169, which the Senate passed just last week. Total for COLA delay, –$2.650 billion.

Also included in H.R. 4169 are changes in the SBA disaster loan programs for FY 85 and FY 86. These changes would reduce spending by $366 billion over the two years. Total for SBA savings, $.366 billion.

Other items not part of H.R. 5394 but assumed in reconciliation are the Child Support Enforcement Amendments, cuts in payments to territories (contained in the tax bill, H.R. 4170), and passage of a Pension Benefit Guaranty bill. Enactment of these measures would increase the three year spending reductions carried out in reconciliation by over one billion dollars. Total for other savings, $1.299 billion.

The three-year spending reduction total for all reconciliation legislation—H.R. 5394, the physicians fee freeze, and reconciliation items moving along a separate track—is over $12 billion. Total for reconciliation, $12.124 billion.

SUMMARY

Earlier in the year the President challenged the Congress to make a 3-year $100 billion downpayment on the deficit. Last week the House responded to this challenge by passing a budget resolution reducing the deficit by $182 billion over 3 years. The reality is that a budget resolution contains no legislation, no appropriation bills, no entitlement reductions and no tax increases. The nature of the budget process is that each part of the budget—entitlements, appropriations, and tax increases—must be addressed through votes on legislation after the budget resolution is passed. The commitments we make in the budget resolution are put to the test the rest of the year.

Yesterday we passed a major test and a major hurdle by adopting the tax bill. The result—deficit reductions of almost $50 billion over 3 years. Today we face another challenge—fulfilling the goals for spending reductions in the entitlement area we set for ourselves in the budget resolution last week. Make no mistake about it, failure to pass this bill will mean failure to reach the goal of $182 billion in deficit reductions we agreed to last week. More importantly, we will have shown that we cannot back up our votes on the budget resolution with votes on spending cuts assumed in that resolution. There is no doubt that this would send a very discouraging signal to the financial markets, which are hoping that lower Federal deficits will help take the pressure off interest rates, and to the American people, who see lower Federal deficits as necessary to continued economic recovery.

There has been a great deal of concern registered during the past few weeks about the need to take strong action on Federal deficits. This is the chance to take positive action on a real savings measure.

I strongly urge that Members of the House support this reconciliation bill.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the distinguished ranking member of the Committee on Ways and Means, the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Chairman, I might say to the gentleman from California that I was one of that intrepid group who voted against the agriculture bill. We had better get serious about spending, because it is spending that establishes the burdens of Government. It is spending that has us in trouble.

With that in mind, I find it very difficult to muster much enthusiasm for the reconciliation bill presented for our consideration this year. It is all very well to say that reconciliation always involves increases in spending, but it should not. That was not the purpose of it. That we have abused it in the past is no reason for us to continue to abuse it now when we are so desperately in need of cutting back on the overall spending.

While the fine art of budget estimating generally results in some intriguing Trompe L'Oeil, this year the artistry of the budget savings projections has reached new heights.

After having just raised an additional $49.2 billion in fiscal years 1984 to 1987 revenues yesterday, we are supposed to come back today to balance the package with substantial cuts in the spending side of the budget. This, unfortunately, is proving to be more illusion than reality. We may try to fool the public with this exercise, but let us not fool ourselves into believing that we have complied with the spirit of the deficit reduction mandate.

Last week when we agreed to the budget resolution, we were told that it would entail some pretty stiff requirements—a modified freeze on the growth in spending, a pay-as-you-go concept, and it required $12 billion in entitlement program savings.

This week when we look at the reconciliation bill, it is doubtful whether any of these goals have been achieved. The modified freeze has turned to slush, the pay-as-you-go concept looks today more like the old familiar tax-and-spend routine, and the $12 billion in entitlement savings has evaporated to only $4.15 billion in net savings from the bill before us today.

The portion of the reconciliation bill reported by my own Committee on Ways and Means warps the spirit of the reconciliation effort still further. Instead of merely making the tough cuts we knew were required, we resorted to a legislative sleight of hand. First, we required the executive branch to make some savings which it was already trying to achieve anyway, but since we told them to do it, we are now taking credit for those savings.

Second, we probably overvalued the extent of those savings.

Third, we then used those inflated savings projections to pay for expansions of entitlement programs which will raise the base of those programs and therefore have substantial continuing outyear impact. While a few of these program expansions would provide assistance directly to needy individuals, the largest budget items involved provide fiscal relief to State governments—governments which currently can hardly be described as needy.

I do not think our committee's portion of this reconciliation bill matches the spirit of a good faith attempt to curb Federal outlays. It is the only choice our committee has laid before us. I think it is a rather poor contributions to the effort at reconciliation and I continue to be discouraged when we call this bill reconciliation, as it was intended in the Budget Reform Act.

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Mr. JONES of Oklahoma. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Puerto Rico (Mr. CORRADA).

Mr. CORRADA. Mr. Chairman, I rise in support of H.R. 5394 the Omnibus Reconciliation Act of 1985.

This bill, which is one of a series of bills proposed to implement the fiscal year 1985 budget resolution passed by the House last week, is of particular importance to the American citizens living in Puerto Rico. It is so because it contains a provision which would increase the Federal share to the medicaid programs in Puerto Rico and other U.S. territories by $35 million.

In general, the government of Puerto Rico has an obligation to provide similar health services than those required by the Federal Government of medicaid programs in other States. This is not an easy task in a place like Puerto Rico where 64 percent of the population is medically indigent and the Federal Government contributes only one fourth the cost of administering this program in the island.

In 1983, the cost of administering the medicaid program in Puerto Rico was $186 million. The government of Puerto Rico paid $141 million of these costs or three times as much as the Federal contribution which is actually capped at $45 million.

Recognizing the need to increase the Federal medicaid program ceiling for Puerto Rico, the House has included a provision in this bill which raises the Federal contribution to the medicaid program in Puerto Rico from $45 million to $77 million.

One of my highest priorities here in Congress is to obtain any increase in the Federal contribution to the medicaid program in Puerto Rico.

Thanks to the help and support provided by friends and colleagues like Congressmen WAXMAN, JONES, PANETTA, MADIGAN, as well as many others, today we are a very important step closer to its actual achievement.

I urge all my colleagues to support H.R. 5394 and to vote for it. The 3.2 million American citizens living in Puerto Rico will be grateful for your favorable action on this bill.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 15 minutes to the distinguished chairman of the Subcommittee on Health and the Environment of the Committee on Energy and Commerce, the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I rise in strong support of H.R. 5394.

This bill will produce savings of $7.8 billion in Federal outlays over the next 3 years. While it will not solve the problem of the Reagan deficits, it takes us in the right direction.

I want to talk specifically about title III, which contains a number of important reforms in the medicare and medicaid programs.

The Energy and Commerce Committee has worked hard to identify program changes in medicare and medicaid that would save Federal dollars without reducing services or increasing costs for beneficiaries. We have developed some responsible, effective proposals.

One provision will reform the way medicare pays for diagnostic laboratory services performed for outpatients. It will end the overcharging that the Inspector General says now occurs when independent laboratories bill directly for their services. And it protects the beneficiaries from any cost shifting by requiring the laboratories to accept assignment on these claims, and by waiving deductible and coinsurance requirements.

Title III also contains a provision that will curb some of the abuses that have been reported in the implantation and monitoring of cardiac pacemakers. The Secretary of HHS will be required to issue guidelines for the frequency with which physicians can bill medicare for telephonic monitoring of certain types of cardiac pacemakers. The Secretary will also be required to study the reasonableness of the fees for implantation of these devices. This will allow the medicare program to avoid wasting funds on unnecessary services.

Overall, these medicare provisions will result in 3-year savings of close to $1 billion.

Title III also includes some modest program expansions that are intended to improve coverage for certain vulnerable groups.

The bill would authorize payment under medicare for hepatitis B vaccine, when it is administered in a hospital or renal dialysis facility. Medicare beneficiaries who are undergoing renal dialysis are particularly susceptible to hepatitis B, a dangerous, sometimes lethal virus. Use of the vaccine will eliminate the need to monitor these patients through costly and frequent blood tests using special isolation procedures.

Title III also contains a provision known as CHAP which would improve medicaid coverage for the poorest pregnant women and young children. CHAP creates a strong financial incentive for States to provide medicaid benefits to first-time pregnant women, pregnant women in two-parent unemployed families, and young children in poor two-parent families. Those States that already cover all of these groups would have their current Federal medicaid penalties reduced.

By improving access to prenatal and early infant care among the poorest of the poor, CHAP will help to—

Reduce infant mortality;

Reduce the number of children born with low birth weights who require expensive, highly sophisticated care just to survive;

Reduce the number of children who develop mental retardation and other preventable disabilities that require costly institutionalization and lifelong care.

These are tangible improvements in the quality of life of our most vulnerable population. I am convinced that the short-term outlays CHAP requires will more than repay themselves in costly institutionalization avoided.

I want to stress that even with CHAP and other program expansions, title III will save the Federal Government money.

Without the Ways and Means physician fee freeze amendment, title III will save $225 million over the next 3 years. With the Ways and Means amendment, title III will save more than $1.1 billion over the next 3 years.

It was difficult to put this health package together. I do not see how it will be possible for us to find more savings without penalizing the beneficiaries. If this bill does not pass, even the savings our committee has already developed may be jeopardized.

I urge your support of the bill.

At the request of my colleagues from New Jersey who serve on the Commerce Committee, Mr. FLORIO and Mr. RINALDO, I would like to clarify a discrepancy between statutory language in one section of our bill and the explanatory report language. The particular item is section 216 of H.R. 4136, concerning reimbursement rates for public psychiatric hospitals, which has been incorporated as section 366 of the bill before us.

When we wrote this section, it was our intent to provide for a 3-year transition period for these hospitals to move from a full acute-care rate for certain patients awaiting placement in a nursing home to a skilled nursing facility rate. The statutory language correctly implements this intent.

The report language, however, incorrectly states that in the year ending June 30, 1987, the "remaining two-thirds of the reduction" would be implemented. This implies that the full reduction would take effect in that year, rather than two-thirds of the reduction, as stated in the statutory language. Clearly, the statutory language is correct and reflects the committee intent.

Mr. Chairman, at this time it is my honor to yield 6 minutes to the distinguished member of our subcommittee from the State of Oregon (Mr. WYDEN), who has developed many of the provisions for savings that are in this bill.

The CHAIRMAN. Without objection, the gentleman from Oregon (Mr. WYDEN) is recognized for 6 minutes.

There was no objection.

Mr. WYDEN. Mr. Chairman, today, the House through this reconciliation bill and the amendments we will consider in kicking off the debate that will run through next year about how to control costs in medicare. All the Members know the choices are extremely tough. No program in American Government is experiencing faster rising costs than medicare. Medicare, which once was funded largely through $3 premiums paid by senior citizens, is now a new sort of Pac-Man—it is literally gobbling up all the dollars in sight.

One way to begin turning around the financial difficulties facing medicare is to eliminate some of the gross inefficiencies in the medicare system of reimbursement. The reconciliation package we are considering today does just that by including three pieces of legislation—H.R. 1106, the Fair Labs Payment Act, H.R. 3590, a bill to change reimbursement for pacemakers, and H.R. 4000, a bill to change reimbursement for footcare—that I have introduced in this Congress and have pursued for some time as a member of the Health and Environment Subcommittee of the House Energy and Commerce Committee.

Through changes in reimbursement for clinical lab services, footcare services, and pacemaker implantation, the Congress can produce significant savings for the medicare program and begin the long process of reforming the medicare reimbursement system, while at the same time avoid cutting needed benefits to seniors. Through these changes the Congress can save more than $1 billion by 1987 and more than $2 billion by 1989 without jeopardizing quality health care services on which the elderly depend.

CLINICAL LAB REIMBURSEMENT

The first of these, the fair labs provision, would save the Federal Government $995 million by 1987, simply by prohibiting independent laboratories from charging medicare and its beneficiaries more than they charge doctors and other customers. Last year, the Energy and Commerce Committee found that independent labs were charging medicare $2.75 more per blood test than the labs were charging other payors. The bill before us changes this by stipulating that independent labs would be paid no more for services provided under medicare than they are for other services. By adopting this provision in the budget bill, between now and 1989 the Federal Government would save almost $2 billion in medicare spending.

At present, independent labs have two separate billing systems, low-cost billing for doctors and medicaid, and high-cost billing for the same services when billed to medicare.

The bill before us would end this discriminatory and abusive medicare billing practice.

The fair lab provision would establish a national fee schedule for all diagnostic lab services billed under medicare, part B, require independent labs to accept assignment, require labs to bill medicare directly and allow only one nominal payment for drawing patient specimens per patient visit.

Although physician assignment would be voluntary under this bill, the financial rewards would be more immediate for the physician who does accept assignment. Medicare would pay 100 percent of the bill and copayments and deductibles would be waived.

Because of data and other technical limitations, it is not possible to go to a national fee schedule right away. So my bill calls for a 3-year phase in, with an interim regional fee schedule.

The initial payment level for the fee schedule would be set at 60 percent of the prevailing charges. Once the national fee schedule is in place, it would be updated to reflect economic and technological changes.

Mr. Chairman, the Health Care Financing Administration has known for some time of the problems that exist in the laboratory billing process. In fact, the Inspector General of Health and Human Services recommended some time ago that these discriminatory billing practices be prohibited.

I think it is time we did just that.

FOOTCARE PROVISION

The Congressional Budget Office estimated that medicare could save $38 million by 1987 if medicare regulations concerning reimbursement for footcare services were more strictly enforced.

A small minority of providers are taking advantage of medicare by billing for treatment of mycotic infections when in fact they are simply clipping toenails. Medicare regulations allow payment for the treatment of mycotic infections, but they do not provide reimbursement for routine foot care.

An internal HCFA study showed that as much as $30 million could be saved every year if treatment of mycotic infections were restricted to once every 60 days, which is considered a medically reasonable limit.

The bill before us would do just that.

Payment under medicare, part B, for debridement of mycotic toenails would be limited to once every 60 days, more frequently if documented as a medical necessity.

The Health Care Financing Administration has been aware of false billing for footcare services since 1979, but it has done nothing to prevent these practices.

Providers themselves have recommended and supported this change in reimbursement policy for several years, and HCFA's only response has been to study the problem.

With medicare facing well-documented financial problems, I think we should stop the studies and clamp down on false billing practices without delay.

PACEMAKER PROVISION

Medicare is overpaying for surgical implantation of pacemakers, overpaying for pacemaker monitoring, and paying for the mistakes of pacemaker manufacturers.

Since the bill calls for a review of current standards and the establishment of a registry, rather than actually setting new standards for reimbursement, CBO has done no cost estimate of this provision. However, cost savings most surely would result. In fact, the medicare system could save millions of dollars every year if these three wasteful practices alone were eliminated.

The technology involved in pacemaker implantation has come a long way since medicare first began paying for the procedure. Implantation of early pacemakers required opening the chest cavity, exposing the heart, and manually implanting the pacemaker.

Today, the chest is not opened and the entire operation lasts about 45 minutes.

Yet medicare payment rates have not changed to reflect the advances in technology that have made this a relatively routine operation.

The average charge for implantation of a pacemaker in 1984 is about $1,400, increasing to $1,800 by 1988 and 80 percent of these charges are paid by medicare.

The bill before us would require the Secretary of Health and Human Services to review the current levels of physician reimbursement for pacemaker implantation, considering the difficulty of the procedure, the time it takes and any technological advances that have made it simpler and then recommend reductions in the reimbursement rate, if appropriate.

After completing the review, the Secretary should consider the appropriateness of a 20-percent reduction in physicians' reimbursements for pacemaker surgery.

Reducing surgical reimbursement for implantation by 20 percent would save the medicare program an estimated $7 million a year.

Medicare is also overpaying for monitoring the pacemakers after implantation.

Eighty-five to Ninety percent of all pacemakers are monitored transtelephonically. This procedure lasts 10 minutes, is conducted over the phone and costs an average of $41 per session, 80 percent of which is covered by medicare.

In keeping with medicare's typical pay-now, ask-questions-later approach to reimbursement policies, medicare has no limit on how often pacemaker monitoring sessions can take place. As a result, monitoring has taken place more frequently than is medically necessary.

Reducing the frequency of transtelephonic monitoring from an average of nine to six sessions per year would result in a $27 million savings in 1984 alone.

The bill before us would require the Secretary to revise the current medicare reimbursement guidelines for pacemaker monitoring. If the guidelines are not revised by that date, payments would be limited as indicated in the bill.

As mandated in the bill, monitoring would be limited to no more than weekly during the first month of implantation, once every 2 months during the greatest part of the device's lifetime, and monthly at the end of the pacemaker's life.

The bill applies only to single-chamber pacemakers powered by lithium and would not override special medical factors that justify more frequent monitoring.

Finally, medicare is also paying millions of dollars every year for the mistakes of pacemaker manufacturers.

Although most pacemakers carry lifetime warranties, these warranties are seldom invoked and medicare pays for replacement of faulty pacemakers. These costs should be paid by the manufacturer responsible for production of the faulty product.

The simple fact is that some pacemaker manufacturers are using the regulatory process to fleece the medicare program and the taxpayer out of millions of dollars each year.

Recent hearings by the Energy and Commerce Oversight Subcommittee showed that medicare paid almost $96 million to one pacemaker company alone in payment for faulty pacemakers produced by that company.

And to make matters worse, these companies do not even have to do anything to get medicare to pay for these costs. They do not have to file any forms, bill medicare for any costs or petition for any exemptions. They just have to sit quietly back and let medicare pick up the bill.

This loophole in the law should be closed without delay.

And my bill would do just that.

The bill before us would establish a national pacemaker registry within the Food and Drug Administration for all pacemakers for which reimbursement is provided by medicare. The registry would include all relevant information about the device and its implantation, including warranty information.

When medicare is billed for replacement of a pacemaker, then, warranty information would be readily available and the manufacturer responsible for the faulty pacemaker could be held financially responsible for replacement of the device.

CONCLUSION

Mr. Chairman, it is time to stop rewarding inefficiency through the medicare reimbursement process. Last October, we changed the reimbursement process for hospitals and it is time to move forward to other areas.

Through changes in medicare reimbursement for clinical labs, footcare services, and pacemaker implantation, the Congress can take another positive step toward reining in the costs of medicare. Each of these provisions will produce savings to the Government without in any way reducing needed services to the elderly. If we pass this bill, we will have a lot more to do to get medicare back on track, but at least we will have made a good start.

Mr. WAXMAN. Mr. Chairman, I thank the gentleman from Oregon and want to commend him for his statement and the work he has accomplished in proposing the measures that were adopted by our subcommittee, and presumably will be adopted by this House. Hopefully they will lead to real savings in the medicare program, but not at the expense of the beneficiaries.

I yield back the balance of my time.

Mr. FRENZEL. Mr. Chairman, I yield 15 minutes to the distinguished ranking member of the Subcommittee on Health and the Environment of the Committee on Energy and Commerce, the gentleman from Illinois (Mr. MADIGAN).

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Mr. MADIGAN. I thank the gentleman for yielding.

If I might at the outset, Mr. Chairman, I would like to have the attention of the gentleman from Oregon (Mr. WYDEN) who just spoke and I would like to ask him if he would repeat for me the years over which these savings are achieved.

Did I understand him to say that these years are 1984 through 1989. Did I understand correctly?

Mr. WYDEN. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman.

Mr. WYDEN. Mr. Chairman, I said that between now and 1987 we would save just under a billion dollars with these three provisions and between now and 1989 according to the CBO estimates, we would save just over $2 billion.

Mr. MADIGAN. I want to thank the gentleman for clarifying that.

Mr. Chairman, I would like to point out that in addition to those savings just referred to by the gentleman from Oregon, there are also provisions in title III that call for the expenditure of new sums of money not previously authorized by the Congress. In fact, if we calculate the total impact of title III over the period of time from 1984 through 1989, we find that by the estimate of the Congressional Budget Office we do not save any money at all; we in fact spend $629 million more than otherwise would be spent if we did not pass this bill.

Now, the reason for this is that the $1.9 billion in anticipated savings are there, but there are some $2.625 billion in new spending in the medicaid program funded under new authority in title III.

What is interesting about this is not only the fact that we authorize the expenditure of these new sums of money by providing benefits not previously provided. But we do it in perhaps the most inequitable way that we have ever done anything.

Under existing law, if States offer services to the four categories of newly eligible persons contemplated in the changes in title III, they are presently reimbursed by the Federal Government for 50 to 70 percent of their expenditures.

Under the new changes in title III that are authorized in this instrument that we are considering today, those States which have not seen fit in the past to provide the services in these four categories, are going to receive 100-percent Federal reimbursement.

In the first category there are 43 States that presently provide this particular service under medicaid and 7 that do not. The 43 States that provide these services are being reimbursed by the Federal Government at rates between 50 and 77 percent of their expenditures. The seven States that have seen fit to not provide this service to medicaid recipients, are now going to be reimbursed at the rate of 100 percent of their expenditures.

In the second category there are 26 States that provide these services now and are reimbursed 50 to 70 percent; the 24 that do not are going to be reimbursed 100 percent in the future as they are required to do this.

In the third category, 28 States provide these services now; 22 do not. We are going to reward the 22 that do not. In the fourth category, 32 States now provide these services to medicaid beneficiaries, 18 States do not. The 18 States that do not are going to get almost twice the rate of reimbursement as the 32 States that have been conscientious and sensitive in providing these services. We are not saving any money here at all.

We are reducing activities for one type of beneficiary, but increasing substantially activities for other types of beneficiaries. In fact, we are authorizing the expenditure of $629 million in new money in a bill that is reported to be saving money.

That has to be something of a joke for those of you who are having it explained to you for the first time.

Let me also make just one other point.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman.

Mr. WAXMAN. I thank the gentleman for yielding.

Mr. Chairman, the gentleman points out the fact there is an inequity in Federal dollars going to the States, because many States have already taken the initiative to cover women who are expecting their first child and who are not on medicaid because they have not had the child yet.

As soon as they have the child, these women will be on AFDC; aid to dependent children; and then be eligible for medicaid. Some States have not covered them for the prenatal care.

Some States refuse to give care under medicaid for babies when the father is at home.

What we are doing under the CHAP proposal, in a sense, is to reward those States that have not sought to take care of their own poor women and children. And that galls me. But the only ones who would be hurt, if we did not do this, would be the pregnant women and the children who would continue to be denied those services.

I respect the gentleman's outrage at how we are rewarding States that have been laggard in taking care of their own people. But why punish the poor people who are being neglected by their States, if we care, on a national basis, about health care for the poor?

I want to share with the gentleman his frustration.

Mr. MADIGAN. I appreciate the gentleman's contribution. He and I both know there could have been other ways of doing this. We could have said to a State not providing these services, "If you are going to receive any medicaid support from the Federal Government, you are going to have to provide the services that are already being provided in the other 43 States."

We could have simply said, "We are going to require you to act as responsibly as everybody else has and in turn, the Federal Government would act responsibly and reimburse you in the same manner that we are reimbursing the other States."

But we have not seen fit to do that. What we have seen fit to do instead is to say, "For those who have been laggards, for those of you who have been lackadaisical in your concern about the health of young pregnant women in your States, we are going to give you this pot of money that we have not given to those States who did adequately and properly discharge these responsibilities."

Mr. WAXMAN. Would the gentleman yield?

Mr. MADIGAN. If the gentleman would let me continue, I would be happy to yield to him.

I do want to also make the point about my distinguished colleague from Oregon (Mr. WYDEN). I want to personally give him credit for all of the savings that are in this bill because those savings are, in the main, achieved by taking away services from elderly people who presently receive them.

I want to make the point that no member of the minority of the Committee on Energy and Commerce voted for the savings that have been achieved single-handedly by the gentleman from Oregon by reducing health care benefits to the senior citizens of this country.

And I would be happy to yield to the gentleman from California.

Mr. WYDEN. Would the gentleman yield to the gentleman from Oregon?

Mr. MADIGAN. I promised earlier I would yield to the gentleman from California.

Mr. WAXMAN. I thank the gentleman from Illinois for yielding to me.

I will respond to a couple of points that he has mentioned.

Mr. Chairman, first, the savings we have been able to achieve, unlike the savings that the Reagan administration has proposed to us, are savings that are not going to be at the expense of the elderly. These savings will not deny them care and will not mean they will have to come up with more money.

You know what we had proposed to us was to ask the beneficiaries to pay more out of pocket for their coinsurance, to pay more money for their hospitalization, and to pay more money for their physician fees.

The Federal Government would save a little bit in the short term, but the beneficiary would pay more.

Second, as to another way we could have accomplished covering pregnant women for the first time pregnancy and children—by forcing these States to act—the proposal the gentleman outlined which would be to deny medicaid funds for the State completely. That is a pretty heavy hammer, and I would think would be effective in some States.

But if we ever use that mechanism to deny medicaid funds completely to a State, who are we punishing? We are punishing all the medicaid beneficiaries.

It was difficult to figure out how to extend these medicaid benefits. I am waiting for the time that the Reagan administration proposes what they have suggested they were going to propose, which is a federalization of medicaid. Only then will we get a truly equitable national program.

Until then, we have the States deciding which beneficiaries will get services and which services to provide, with a great deal of flexibility. Unfortunately, this allows States not to provide services to a lot of poor women for their first time pregnancies, and to some of their infants.

Mr. MADIGAN. If the gentleman will allow me to reclaim my time. He had his time. I do want to share time with him, but I do want to have some of it for myself.

I do want to remind the gentleman what we are talking about today. Getting away from the expansion of medicaid benefits which is unfairly and inequitably done, and getting away from the fact that we are really not saving any money, we are spending $629 million in new money, by concentrating on what we are taking away in the Wyden proposal. There is some disagreement between the gentleman from California (Mr. WAXMAN) and myself as to exactly what it was that we did.

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My recollection was that we put restrictions on the number of times that a senior citizen could have their pacemaker monitored, by taking benefits away from them that they presently have. We put restrictions on the number of times that they could go to a foot doctor, restrictions that presently do not exist, thus denying to them benefits that they presently have.

I recognize that the gentleman from Oregon wants to speak further. I acknowledge that he has spoken before and I have been given only 15 minutes. I promised my colleague on the committee, the gentleman from California (Mr. DANNEMEYER) that I would yield time to him. But if there is any time remaining and the gentleman from Oregon wants to defend himself against having taken these benefits away from senior citizens, I would be happy to yield further to him.

Mr. Chairman, I yield now to the gentleman from California (Mr. DANNEMEYER).

Mr. Chairman, the gentleman from California (Mr. DANNEMEYER) says that he is so interested in the defense of the gentleman from Oregon (Mr. WYDEN) that he would prefer not to speak at this time, but would prefer to have the gentleman from Oregon (Mr. WYDEN) explain to the Members how he saved all this money.

Mr. WYDEN. I am so glad to have captivated everybody on the other side and I appreciate the gentleman's yielding.

No. 1, every senior citizens group in this country supported the three provisions that I offered. The American Association of Retired Persons, the National Council of Senior Citizens, the Gray Panthers, all those senior citizens groups certainly would not be for those provisions if this was cutting their benefits.

Mr. MADIGAN. If the gentleman would allow me to reclaim my time, my mother and my aunt and none of my senior relatives belong to any of those organizations. They are people who are denied these benefits.

Now, if the gentleman wants to talk about something other than organizations supporting and opposing things I would yield to him further.

Mr. WYDEN. I appreciate the gentleman's yielding further because the heart of it as the gentleman knows, all we are doing is squeezing inefficiency out of the system. The gentleman knows, for example, that more than 90 percent of the savings in the three provisions deal with clinical labs.

We found on the Commerce Committee that every blood test in America, when it was billed to medicare, the Federal Government paid $2.75 more for those blood tests than would private purchasers.

All we are doing is saying that medicare is going to pay the same amount as a private purchaser would.

Mr. MADIGAN. I am going to reclaim my time because as the gentleman knows, that is a fallacious argument. Medicare pays a whole lot less than other payers for other kinds of services. We have argued before about where the provider of the service, whether that is a hospital or a lab or whoever, is supposed to make up for the things for which they are underreimbursed.

Let me, just in conclusion, if I may, Mr. Chairman, say, as I have said, before and I will say again in summary, that we are not saving any money here. What we have done in this provision is we have taken away from elderly people some services that they presently have. We have expanded the medicare program in some states to provide services not previously provided.

In the process of doing this, we do not save money, we spend $629 million in new money. And we do this in a very inequitable way, by saying in some States we will continue to reimburse for 55 percent of expenditures while in other States, where States have not been as attentive to the needs of the people, we are going to reward States for inattentiveness and we are going to provide reimbursement at the rate of 100 percent of expenditures.

I do not think that that is the kind of thing that responsible Members of this body want to be associated with.

I thank the gentleman from Minnesota for yielding.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. MADIGAN. I am happy to yield to the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentleman for yielding.

The gentleman is telling us that we have made improvements and new and extra spending in the medicaid program as we have in SSI and AFDC and we have tried to balance those with cuts for the elderly in medicare.

Mr. MADIGAN. That is right. We did not even manage to balance it.

If the gentleman would allow me to continue, we not only took these things away from senior citizens and gave them to these other people, but we failed to even come out at a dollar-for-dollar exchange rate. We are spending $629 million more.

Mr. FRENZEL. If the gentleman would yield further, for some reason this CHAP program that was praised to the skys here has not been to the floor of this House. Has this been passed by the Congress? Is there any way that this could be passed other than jimmied into a reconciliation bill?

Mr. MADIGAN. Well, I understood that it was the intention of the leadership on both sides of the aisle to try to avoid this year the kind of activity that we had in 1981 when we wound up with all the legislative language in the reconciliation bill, notwithstanding the efforts of the leadership to avoid legislative language from creeping into budget reconciliation.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. MADIGAN) has expired.

Mr. FRENZEL. Mr. Chairman, I yield 1 additional minute to the gentleman from Illinois.

Mr. MADIGAN. In title 3 what we have is a bunch of new programs and new spending authorized by new legislation.

Mr. FRENZEL. They have never been authorized in the normal manner. They have never been approved by this House.

Mr. MADIGAN. That is absolutely correct.

Mr. FRENZEL. If the gentleman will yield further, it seems like an unseemly and shabby performance.

Mr. MADIGAN. Yes; strong letter follows.

Mr. JONES of Oklahoma. Mr. Chairman, I yield an additional 5 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I want to clarify the legislative history of the CHAP program for those who may feel that they are not getting a full representation. The House of Representatives voted a much larger CHAP program a few years ago. The bill was never conferenced with the Senate. The Budget Act, that was adopted by the House last year, and the budget resolution adopted by the House this year, provided for spending money for the CHAP program. The implementing language for that program was adopted by the health and Environment Subcommittee, and it was adopted by the Energy and Commerce Committee by a pretty sizable margin.

So we have appropriately before us a proposal that has been considered under the regular procedures. It would extend health care benefits to women who would be denied prenatal care because they are not covered by medicaid until the baby is born. It would provide health care for children who not only have not been fortunate enough to avoid being born poor, but who also were born into a family where the father is still at home, and therefore, under the rules of some States, they can not be eligible for medical care.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I yield to the gentleman from New York.

Mr. GREEN. I thank the gentleman for yielding.

I am troubled though by the issue that has been raised as to the reimbursement formula, because it seems to have the effect of forever penalizing those States which have been relatively forthcoming and concerned about the health of their families in the past and to give superior reimbursement to those States which have not. That seems to me a rather perverse way to encourage States in the future to be forthcoming under our programs.

Mr. WAXMAN. If I could respond to the gentleman, that is a problem we tried to address. We said to those States who were not providing that little piece of the medicaid program which would be an expansion for them, the Federal Government would pay more so that poor women and children could get the care they need. But for those States that already have broad coverage of mothers and children, we provide a one-time bonus. That bonus is provided by giving back some of the Federal funds the State would lose because of the 4½-percent cutback in Federal funds we enacted in a reconciliation bill a few years ago. By restoring Federal funds a State would otherwise lose, we reward States who have been more generous in their coverage.

We tried to be as fair as possible. We tried to make the best use of the limited funds available. But ultimately the ones who would be hurt would be the ones who would be denied services if we did not provide the funds to those States who have not covered mothers and children.

Overall in this bill, we have come up with savings, real savings, these provisions bring about efficiency in the medicare program. I think we ought to be proud of those savings and not condemning them. After all, that is where we want to save money, by making the program more cost effective, by not paying more for a lab test because the Government is paying for it under medicare than the lab would get from a private payer who is not having the Government pick up the tab.

These are efficiencies that we need. The problem with medicare, unlike what the gentleman from Illinois implied, is not that the reimbursement level for any health provider is less than they get in the private sector. Maybe the medicare payment is less for some physicians. But the physicians, as we will hear more about in a little while, are able to ask the patients to make up the difference. So they are more than fully compensated for their full fee. But the more general problem is that medicare, unfortunately because it is the Government, becomes the target for a lot of people to come in and to provide health care services and then think it is a pot of money where they can charge more because medicare is paying for it.

Those are the areas where we need efficiencies. The gentleman from Oregon (Mr. WYDEN) gave us some very constructive proposals which were adopted by our committee and the Ways and Means Committee in order to save dollars at the Federal level without hurting the beneficiaries. And I would submit the beneficiaries are not hurt when they do not have to come in all the time for a review of their pacemaker when it is medically unnecessary and when the review is being done too frequently so that a provider can get more medicare dollars.

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I submit it is more efficient if we are not paying for toenails to be cut and then getting a bill as if there were some necessary medical service performed other than that, and when we have monitoring for what we would hope professionals on their own would avoid doing when it is unnecessary. I think we can be proud of the efficiencies brought to the medicare system, the dollars that are actually saved, because of these changes. And we can be proud of the modest expansion of the medicaid program, because it will bring to the people who are the most vulnerable additional services.

Mr. FRENZEL. Mr. Chairman, I yield 1 minute to the distinguished gentleman from New York (Mr. GREEN).

Mr. GREEN. I thank my colleague for yielding, and I sought this minute simply to reply to the gentleman from California, because I think everyone ought to understand that the bonus to which he referred is a 1-year bonus, and then it disappears. But the discrimination against those States that have been forthcoming in providing medical care to intact families, that discrimination is permanent—forever. And we are therefore writing into this legislation something that is terribly discriminatory against those States that have been providing this service. It seems to me that is a poor way to induce States in the future to be forthcoming under programs in which they have some options as to the level of services to provide. So, in the long run, that can be very dangerous in terms of providing for the poor, the sick, the weak, and the elderly.

Mr. FRENZEL. Mr. Chairman, I yield 7 minutes to the distinguished gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Chairman, when we were debating the previous question earlier today, the distinguished majority leader, the gentleman from Texas (Mr. WRIGHT), took the well of the House and said, "We do not have to worry about the prolife issue on this question because existing conditions on appropriation bills limiting the use of Federal funds for abortions will in effect cover the issue; therefore, we need not concern ourselves with that issue in considering the previous question."

Time did not permit this Member from California to respond, and I want to take a few moments to respond to that claim now so that we understand, as Members of the House, that this was and still is a prolife issue.

Lawyers for proabortion causes will argue that if we adopt this legislation in the form that it is before the House today, that since the House did not attach any language to this authorization measure relating to the issue of the use of Federal funds to finance abortions, therefore, since it is the largest act of the Congress with respect to the issue, the Congress must have intended that there be no such restrictions on the use of Federal funds, and the existing provision in the way of a limitation on an appropriation bill would therefore not be binding.

I am not willing to concede that argument to the lawyers for the proabortion cause, but make no mistake about it, that argument will be asserted in a courtroom sooner or later if this legislation sees the light of day.

Mr. WAXMAN. Will the gentleman yield to me?

Mr. DANNEMEYER. I want to make a second point, and then I will recognize my colleague.

Mr. WAXMAN. Because maybe we ought to make legislative intent very clear.

Mr. DANNEMEYER. I have one other point, and then I will recognize my colleague.

A second reason with respect to this observation by our colleague from Texas (Mr. WRIGHT), is that we on the prolife cause in this House have for—well, I am in my 6th year, and we are still looking for an opportunity to vote on an authorization measure to vote up or down so that we establish policy that Federal funds are not to be used to finance abortions in America. We are still looking in vain, because the legislation that will achieve that objective is buried in one or more committees of this House. The majority liberal Democrats, who control this House, do not want this legislation to see the light of day so that the Members of this House can have a voting record with respect to whether or not we support it.

You do not get a chance around here very often to speak on an authorization measure, which this is, on this philosophical moral issue of our time, and I would submit to the Members that we should have that opportunity to vote on the moral issue that is involved, and I hope, and I say it again, that maybe the leadership of the Democrats who control this House will permit this issue to come to the floor for a vote.

Now I am happy to recognize my colleague, the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. I thank the gentleman for yielding.

I am concerned about the gentleman's claim that there may be a legal challenge to the Hyde language in the appropriations bill, on the grounds that the CHAP section, which is a very modest expansion of medicaid, would wipe out the Hyde language. I think we ought to use this opportunity to clarify the legislative intent on this point. We have had opinions from lawyers that as long as the Hyde restrictions are in the appropriations act, they will apply to CHAP and the other medicaid provisions we are adopting today. I would want to have that on the record, because we are not intending to deal with abortion at all.

What we are trying to do is what I consider very prolife; that is, to let a woman who is poor and pregnant get prenatal care so that she can have her child, and, hopefully, that child will be born well.

Mr. DANNEMEYER. I thank my colleague for making that observation. And I hope this portion of the record will give some light to these arguments that I am sure will be made by some lawyers for a proabortion cause sooner or later.

On a second point, on the matter of funding that we have had some discussion about, the reconciliation process is supposed to respond to the budget resolution and implement budget savings. And here it is being used—hijacked, if you want to use that term—as a means of establishing yet a new horizon on the liberal welfare state in America.

Now, I am a member of the Post Office and Civil Service Committee, and I am also a member of the Energy and Commerce Committee. The Energy and Commerce Committee was told by the budget resolution last week to come and find savings of a billion dollars, and the Post Office and Civil Service Committee was directed to find savings of $550 million. I can share with my colleagues that neither of these committees has met.

Now, where did the resolution come from with respect to this recommendation? I have not the vaguest idea. I am a member of the committee. The committee was not called into session. I suppose in some little cubicle around this place, is some dark hallway, some Members got together and decided, "Well, this is an opportunity of using a legislative vehicle for placing the CHAP program into the legislative hopper without that program having to stand scrutiny on its own merits on the floor of the House." That is what this thing is all about. That is why we have a perverted reconciliation process, assertedly to find savings yet resulting in more spending.

I suggest, as pointed out earlier by my colleague, the gentleman from Illinois (Mr. MADIGAN), my distinguished leader on the Health and Environment Subcommittee, that the seven States that do not offer these services could do so any time that they want to. The gentleman from New York (Mr. GREEN) pointed out that the States that have responded to this responsibility are going to be penalized hereafter. We are going to give a carrot to these seven States that do not have the program in the form of 100 percent Federal financing. Why? Why are we doing this at a time when we have this deficit of some $180 billion, more or less, in the general fund? We are doing it because the spenders in this House, those who listen to special interest groups, are in control.

The people, the taxpayers, are being ignored, and I think the responsible thing is to reject this reconciliation bill.

Mr. FRENZEL. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Virginia (Mr. PARRIS).

Mr. PARRIS. Mr. Chairman, in "Peter Pan," if you followed the "second star to the right and straight until morning," you wound up in Never Never Land. After what we have done here over the last 24 hours, most Americans are going to believe that those directions will take you directly to the U.S. Capitol. They will be right.

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Yesterday, to the accompaniment of a tremendous amount of self-congratulation, this House passed a tax increase bill designed to help reduce the deficit. I voted against it because I was convinced the majority party would be unable to resist spending the money, rather than applying it to the deficit. I never expected such quick confirmation of my fears.

Yesterday, we passed a tax bill that will raise $2 billion this year in additional revenue; today, 24 hours later, we are going to spend it. This budget reconciliation bill, as the distinguished minority leader has already pointed out, authorizes and will have the real effect of spending an additional $1.4 billion this year.

The next pending item before this House, still scheduled to be dealt with this afternoon, is the Child Nutrition Act, which will add $570 million more to this year's spending. The votes have been counted; the arms have been twisted; the work has been done in the cloakroom; the bills will pass, and if we pass both these bills, we are spending today all but $31 million of the $2 billion we raised yesterday.

Today we spend three-fourths of what the tax increase raised 24 hours ago. I presume that my Democrat friends will fasten on their wings like Peter Pan and fly home during the Easter recess to try to explain to their constituents just why they voted to raise $2 billion to help reduce the deficit one day, and then voted to spend all but a very small portion of it the very next day.

We are living in a never-never land, in our own dream world around here, if we really believe that the American taxpayers are going to buy what is being done to them. What has happened to all of those promises we have made to reduce our staggering deficit? What has happened to all those promises to be fiscally responsible with the tax dollars we spent so freely? Why is it that we continue to ignore the advice of experts that say we are bankrupting this Nation?

I, for one, do not like living in a never-never land, and if I have to be in a dream world, Mr. Chairman, I would much prefer Disneyland because it at least shows a profit.

As Chairman of the House Task Force on Economic Policy, I submit that we must reduce spending; we must reduce the deficit. What we have done here over these last 24 hours will do neither. The deficit will not be reduced and the economic recovery will be jeopardized unless this Congress wakes up and soon.

Mr. JONES of Oklahoma. Mr. Chairman, for purposes of discussing the portions of reconciliation assigned to the Ways and Means Committee, I yield 30 minutes to the gentleman from Illinois (Mr. Rostenkowski).

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. ROSTENKOWSKI. I yield to the gentleman from Minnesota.

Mr. FRENZEL. I thank the gentleman for yielding.

Mr. Chairman, at the conclusion of the remarks by the gentleman from Illinois (Mr. Rostenkowski), I yield 30 minutes to the gentleman from New York (Mr. Conable).

Mr. ROSTENKOWSKI. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today to speak in support of H.R. 5394, and in particular to support the provisions of the bill approved by the Committee on Ways and Means, contained in titles III and VI. Title III contains several medicare amendments; title VI contains several provisions which would improve Treasury and Social Security cash management practices, improve income verification and other measures in the SSI and AFDC programs, and make certain noncontroversial changes in the trade adjustment assistance program. Together, these provisions exceed the target set for the committee by the first budget resolution.

Some have criticized this reconciliation bill because it contains several provisions which increase outlays. Let me emphasize that the bill contains additional outlay reductions which offset the spending provisions relating to programs within the jurisdiction of the Committee on Ways and Means. Even with the additional spending, the Committee on Ways and Means has exceeded the outlay reconciliation instruction by $150 million over the 3-year period from 1985 to 1987.

During each of the past 5 years, the Committee on Ways and Means has been given a reconciliation instruction and each year the committee has fulfilled its obligations.

In calendar year 1980, the committee was instructed to reduce outlays by $2 billion for fiscal year 1981. Both the committee recommendations and the final conference agreement met this amount.

In 1981, the committee was instructed to reduce outlays by $9.2 billion for fiscal year 1982 and $31 billion over the 3-year period from 1982 to 1984. The committee reported bill achieved the goal for 1982. The bill was rewritten on the House floor by the Gramm-Latta forces and as a result, the final conference agreement did not achieve the 3-year total for outlay reductions.

In 1982, the committee was instructed to reduce outlays by $3.755 billion in fiscal year 1983 and by $13.75 billion over the 3-year period from fiscal year 1983 to fiscal year 1985. The committee reported recommendations which effectively reduced outlays and the value of benefits to recipients by $14.7 billion over the 3-year period from 1983 to 1985. The final conference agreement achieved savings of over $16 billion over the 3-year period.

In 1983, the committee was instructed to reduce medicare outlays by $400 million for fiscal year 1984 and by $1.7 billion over the 3-year period from 1984 to 1986. H.R. 4170, reported in late 1983, acheived 3-year savings of $1.975 billion in medicare over the 3-year period from 1984 to 1986.

This year is no exception. For 1984, the committee was again instructed by the House to reduce outlays by $1 billion for fiscal year 1985 and by $4.15 billion for the 3-year period from 1985 to 1987. The bills reported by the committee including the additional spending achieve a total savings of $4.296 billion over the 3-year period. Let me now briefly describe the measures the Committee on Ways and Means has approved for inclusion in this bill.

TITLE III: MEDICARE

The medicare spending reductions approved by the Committee on Ways and Means as part of H.R. 4170 are contained in title III of the bill. The savings are achieved by setting a fee schedule for clinical laboratory services, coverage of hepatitis B vaccine, limitations on frequency of coverage for certain foot-care services, and a physician fee freeze. The committee was successful in its effort to achieve these spending reductions through provisions that do not increase out-of-pocket costs to medicare beneficiaries.

Physician fee screen freeze and medicare assignment. A committee amendment imposes a temporary freeze on physician fees for hospital inpatients and requires doctors to use the medicare assignment procedure for inpatient bills. In recognition that this provision is controversial, it was adopted as a committee amendment that will be separately debated and voted on. I will not discuss it in detail at this point, but I do want to say that it represents a responsible effort to meet the medicare budget savings targets in a way—as the budget conferees urged—that avoids imposing an additional cost burden on medicare beneficiaries. Only if this provision is agreed to will the full budget savings be achieved.

TITLE VI: CASH MANAGEMENT AND OTHER IMPROVEMENTS

Title VI of the bill contains several provisions that in total achieve the remainder of the committee's savings target. First, this title allows the Treasury Department to impose sound modern cash management and fund deposit policies on all Federal agencies. Treasury will be able, as a result of this provision, to require Federal agencies to use modern deposit techniques such as electronic fund transfer, in collecting nontax receipts owed the Government. Agencies would also be required to deposit funds they have collected with the Treasury Department generally within 3 days, and would allow Treasury to impose penalties on agencies that do not comply with its directives. This provision will reduce Federal outlays by $1.6 billion for fiscal years 1985 through 1987, and more in future years, due mainly to lower borrowing requirements as funds are credited more quickly, and to lower interagency transfer funding.

This bill would also improve the enforcement of the social security earnings test by requiring SSA to initiate procedures that would avoid benefit overpayments resulting from beneficiaries' failure to correctly estimate earnings. Under the bill, SSA would be authorized to request earnings information several months earlier than under present law and to promptly adjust benefit payments because of excess earnings before any overpayments are made. Savings are estimated at $52 million.

This title also amends the Internal Revenue Code and the Social Security Act to make several changes in the AFDC and SSI programs, as follows:

First, improve the method of verifying the amount of assets owned by applicants and recipients of supplemental security income, SSI, and aid to families with dependent children, AFDC;

Second, promote compatibility among human service programs by conforming program definitions, budgeting procedures and eligibility requirements;

Third, encourage cost-effective management in the AFDC program;

Fourth, target and define work incentives in the AFDC program; and

Fifth, make technical improvements in the AFDC program that promote administrative efficiency.

Mr. Chairman, I will let Mr. Ford, chairman of the Subcommittee on Public Assistance and Unemployment Compensation, explain these provisions in more detail. I want to point out that the net budget impact of these amendments is to reduce Federal outlays by a total of $107 million over the next 3 years.

The bill also contains three amendments to the trade adjustment assistance programs for workers and firms under the Trade Act of 1974. These provisions were included among other program amendments in H.R. 3391, which passed the House on September 15. In lieu of that bill, the House accepted a Senate amendment to H.R. 3813 on September 30, which merely reauthorized trade adjustment assistance for 2 years. The three amendments selected from H.R. 3391 for inclusion in this bill remove inequities in coverage and benefits and otherwise make worthwhile improvements in the operation of the trade adjustment assistance program. At the same time, they are noncontroversial and have a budgetary impact of less than $500,000.

Mr. Chairman, by approving the measures contained in H.R. 5394 the Committee on Ways and Means has fully met its obligation under the budget resolution. I urge my colleagues to complete the work begun so well yesterday with the passage of the Tax Reform Act of 1984, and vote in favor of this budget reconciliation bill. If the people of this country are to be convinced that this Congress is serious about reducing the deficit, we must pass this bill.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Ohio (Mr. GRADISON).

The CHAIRMAN. Without objection, the gentleman from Ohio (Mr. GRADISON) is recognized for 5 minutes.

There was no objection.

Mr. GRADISON. I thank the gentleman for yielding this time to me.

Mr. Chairman, I would like to take a few minutes to speak about the mandatory assignment issue which was touched upon very briefly by the distinguished chairman of the Committee on Ways and Means, the gentleman from Illinois (Mr. ROSTENKOWSKI).

Mandatory assignment, in my judgment, is the wrong fight at the wrong time over how to contain the costs of physician services under medicare. That this issue deserves our attention is not in question. To arrive at a political accommodation and put medicare on the books, Congress found it necessary to assure providers that their traditional methods of reimbursement would not be changed. Hospitals continued to be paid on the basis of their costs and physicians on fee-for-service. In time this system broke down since it helped full runaway inflation of medicare costs.

Recently the reimbursement system for hospitals has been changed, and over a 3-year period prospectively-determined rates are being phased in under a DRG system. Already this change is showing signs of stimulating more cost-conscious behavior by hospitals. That a change in physician reimbursement is needed is not at issue. The questions are how and when. It would be a tragic error to put in place the proposed mandatory assignment. Such a plan would be limited to care in hospitals, and could easily lead to higher billings by physicians for nonhospital care. And the plan before us deals with the price of a unit of care, not the number of units. An increased number of physician hospital visits to medicare patients could easily eat up the projected savings.

Recognizing the need for change Congress has already mandated that data be collected by the Department of Health and Human Services which by 1985 should permit the Congress to modify physician reimbursement under medicare. There are far more appealing alternatives likely to be considered than the one before us today—alternatives like the extension of the DRG concept to physician reimbursement or the use of systems which would put physicians at risk under capitation approaches which would move away from fee-in-service medicine.

Today is the wrong time to act on this issue, since putting in place a mandatory assignment system now could discourage action in the near future on much more promising—and probably more cost-effective—changes which could be made as early as next year. Indeed the Committee on Ways and Means—in the only record vote it took on mandatory assignment—rejected by a vote of 18 to 15 the proposal the House is now being asked to approve.

I urge my colleagues to join me in defeating the mandatory assignment proposal later when it comes up in the course of our discussion of this reconciliation package.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee (Mr. FORD).

The CHAIRMAN. Without objection, the gentleman from Tennessee (Mr. FORD) is recognized for 10 minutes.

There was no objection.

Mr. FORD of Tennessee. I thank the gentleman for yielding this time to me.

Mr. Chairman, the public assistance provisions of title VI of the bill reduce Federal spending over the next 3 fiscal years by $107 million while at the same time making modest improvements in supplemental security income (SSI) and aid to families with dependent children (AFDC), two of this country's basic safety net programs.

In its March 15 report to the Budget Committee, the Committee on Ways and Means noted its intention to make improvements in the public assistance programs within its jurisdiction. The committee also noted that the costs of such improvements would have to be offset by outlay reductions or tax increases so as not to increase the deficit. In other words, the costs of these public assistance improvements were to be budget neutral. The committee has more than met the goal of fiscal responsibility while addressing the needs of our Nation's poor.

The need for such improvements became apparent during hearings conducted last year by the Subcommittee on Oversight and the Subcommittee on Public Assistance and Unemployment Compensation which examined the reasons for the steady increase in the poverty rate. The subcommittees learned that the purchasing power of public assistance benefits had decreased at the same time that the tax burden for poor working families increased. The most important factor in the growth of poverty was Government policy.

Most recently, an independent study conducted by the General Accounting Office on the effect of the 1981 AFDC cuts showed that nearly 500,000 families lost AFDC benefits. This means that nearly 1 million children are poorer today; many are without health coverage. GAO's careful analysis of the impact of the AFDC cuts in five sites across the country documents the need for AFDC improvements. The average income loss for working single parent families who lost AFDC eligibility was between $115 and $229 per month in the localities studied. Although the vast majority of these parents kept working despite this significant income drop, few were able to increase their earnings or work hours to make up for this loss of income.

Lack of health coverage was also common. In Dallas, 59.2 percent of those families who lost AFDC did not have health benefits. In Memphis, 45 percent; in Boston, 27.5 percent; in Syracuse, 17.1 percent; and in Milwaukee, 13.9 percent had no health coverage at all. Only a few former AFDC recipients had private health insurance; the bulk of these lived in States which pay more generous AFDC benefits.

The study also found that in four of the cities these families were more likely to have faced emergency situations after these cuts. Many have had to forego medical treatment or were refused care because they could not pay. They have had to borrow money from friends and relatives in order to meet expenses. They have run out of food before the end of the month and have had to depend on charity to eat.

The committee felt strongly that steps should be taken to correct some of these problems. Of special concern was the lack of health benefits for these families and the fact that many of them are living well below the poverty level but are ineligible for AFDC benefits. The committee was equally aware, however, of the need to reduce the deficit. In addition to carefully selecting only the most critical AFDC and SSI improvements, the committee has adopted savings provisions that will make it easier to identify ineligible recipients of AFDC and SSI. The net result of these amendments is a reduction in outlays of $107 million over fiscal years 1985 through 1987.

There are 13 major provisions in this section of title VI. The legislation would:

First, improve the method of verifying the amount of assets owned by applicants and recipients of AFDC and SSI by allowing the Internal Revenue Service to share tax information on the unearned income of these individuals. This will help program managers to identify those who are ineligible for aid because their assets exceed allowable limits, thus reducing Federal costs.

Second, gradually increase the SSI resource limit over the next 5 years from $1,500 for an individual to $2,000 and from $2,250 for a couple to $3,000. This limit has not been changed since the program was created 10 years ago.

Third, establish more flexible guidelines for the recovery of overpayments and the treatment of retroactive benefits.

Fourth, apply the food stamp program's gross income limit of 130 percent of poverty in the AFDC program.

Fifth, assure working families of continued health coverage by modest increases in the amount of income disregarded when determining AFDC eligibility and by providing a $10 monthly AFDC check for 9 months after a family loses AFDC because of the expiration of the earnings disregard.

Sixth, making monthly reporting and retrospective budgeting in the AFDC program optional to the States.

Seventh, postpone for 1 year payment by the State of fiscal sanctions for error rates in the AFDC program.

Eithth, disregard the earned income tax credit (EITC) when determining AFDC eligibility and benefits.

Ninth, exclude burial plots, funeral agreements and certain property from countable resources for purposes of AFDC eligibility.

Tenth, permit one stop human service delivery demonstration projects.

Eleventh, reimburse AFDC recipients for all necessary expenses incurred while participating in an AFDC workfare program.

Twelfth, encourage States to develop cost effective employment initiatives by allowing them to establish grant diversion programs.

Thirteenth, permanently extend the disregard of emergency in-kind assistance provided by charitable organization in the AFDC and SSI programs.

The AFDC and SSI sections of title VI also contain a number of technical amendments to improve administrative efficiency in the AFDC program.

As I indicated earlier, Mr. Chairman, this section of the budget reconciliation bill reduces outlays over the next 3 fiscal years by $107 million. It has been developed in a careful and responsible manner, with an eye toward fiscal restraint and the need to make some repairs in the safety net for the poor.

☐ 1600

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas (Mr. ROBERTS).

The CHAIRMAN. Without objection, the gentleman from Kansas (Mr. Roberts) is recognized for 5 minutes.

Mr. ROBERTS. Mr. Chairman, I thank the gentleman for yielding this time to me.

I am not a Member of the committee and I am certainly no expert on mandatory assignment, but I am becoming an expert on some concerns of my rural hospitals. I would like to express these at this time, more especially as to how I think this amendment will affect our rural health care delivery system.

I do not think there is any Member in this Chamber today who is more concerned about the rising cost of health care and its impact on the elderly than I am, every Member is concerned. I do not think that is the issue. There is not a week that goes by that Members do not get a letter from some elderly person expressing concern and frustration with medicare and health care costs and also where we are headed. But I believe that the approach we are considering today could well represent the dropping of another shoe on the rural elderly and health care, and that shoe simply is not going to fit—and that shoe is called "mandatory assignment."

I am not talking about the temporary freezing of physician fees. That is not what I am arguing about. Already the American Medical Association, has called upon its members to voluntarily freeze their fees across the board. But despite that, what we are hearing about today goes far beyond a simple freezing of doctor fees. What I am referring to is the call for mandatory assignment under medicare.

Now, on the surface this approach looks very simple and very appealing. We would merely cap the amount doctors charge all patients on medicare and not allow them to ask one dime more. But what is wrong with this simple approach is that no one here knows how many physicians would continue to treat our medicare patients.

According to some recent surveys, forcing doctors to accept assignment for all medicare claims could lend to as many as 60 percent of all doctors dropping out of the medicare program and simply not seeing the patients, and what we would be doing is establishing a two-tiered system of health care in this country—one tier for all those with private health insurance and a separate tier for our senior citizens.

This has special impact in my area. In my big first district with 58 counties, access to health care is the real problem, not doctors and not what they are charging. Goodness knows, we wish we had more doctors. Our communities are struggling to retain their physicians and keep their hospital doors open. This proposal puts another obstacle on retaining access to health care in our rural areas.

I have 69 hospitals in my district. More than half of these facilities have fewer than 50 beds. Under this proposal we are forcing those already overburdened, small rural hospitals to enforce the mandatory assignment portion of this bill. It is the hospitals in these communities that would have to wear the law and order hat and be sheriff, and in my district these hospitals are already working overtime just to keep their heads above water. The last thing they need is another mandated role to play from Health and Human Services.

Now, I would like to give an example of what is going to happen out in a rural area. Lets take a small community in my district and say we have two doctors; one is about to retire, and then we have a younger doctor; 60 to 70 percent of the people they treat are on medicare. These costs are unique in rural areas. We do not even know what they are going to be. We have 427 diagnostic categories decreed by Health and Human Services. They have not even come up with the urban or the rural yardstick as to what they are going to cost. That comes later, in the month of July.

So here comes the order from Health and Human Services to the local hospital, the local hospital board, and to that beleaguered hospital administrator. We put a sheriff's badge on him. He goes to that young doctor, and we know the older doctor is about to retire, and he says, "Guess what? We've got a whole bunch of more paperwork. You are going to have to accept these costs or pass them on or we can't keep the hospital open."

At that particular time the older doctor says, "I've had it, I give up, I'm retiring" and the young doctor goes to Denver, and we do not have a hospital. The projections are—we could lose at least 10 hospitals.

I ask the gentleman from Massachusetts (Mr. SHANNON), I ask the gentleman from Connecticut (Mr. RATCHFORD), I ask the gentleman from Oregon (Mr. WYDEN), and I ask all those Members on this side of the aisle who are proposing this kind of thing, "Who is going to serve the elderly in my county?" Doubtlessly, I do not think they are going to get in a pickup truck and come from Massachusetts with a stethoscope out to western Kansas and provide my elderly with health care.

Finally, Mr. Chairman, I would like my colleagues who are supporting this amendment to explain to me and the other Members in this Chamber what safeguards we have to keep costs from simply being shifted onto other health care consumers. Who will pay the bill? The nonmedicare patients. And then all those health care costs will rise and we will see another push for cost containment.

Mr. Chairman, let us not cheat our elderly out of access to health care. I urge my colleagues to oppose this amendment.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. STARK).

The CHAIRMAN. Without objection, the gentleman from California (Mr. STARK) is recognized for 2 minutes.

Mr. STARK. Mr. Chairman, poor people and their children in the AFDC program and needy aged, blind, and disabled individuals receiving SSI have been the unfortunate victims of the Reagan administration.

Since 1981 over $1 billion has been taken away from men, women, and their children under AFDC. SSI Federal expenditures for the poorest of the poor, for fiscal year 1983 were $82 million less than they would otherwise have been if benefit reductions had not been enacted in 1981 and 1982.

We in Ways and Means believe we must reduce not the dollar amounts in these programs but the meanness factor which Chairman FORD and I introduced, would return some equity and humanity to AFDC and SSI. They are incremental steps in making these programs fairer for recipients, more responsive to the truly needy, and simpler and cheaper to administer. These are goals which all of my colleagues should support.

Mr CAMPBELL. Mr. Chairman, I yield myself 6 minutes.

The CHAIRMAN. Without objection, the gentleman from South Carolina (Mr. CAMPBELL) is recognized for 6 minutes.

Mr. CAMPBELL. Mr. Chairman, we have two provisions that we are going to be discussing and that the gentleman from Tennessee (Mr. FORD) discussed earlier. One of the concerns of all of us was to try to find a transition mechanism for people who are going to go to work off of the AFDC rolls.

We were concerned that they were not eligible for medicaid benefits, and we sought a method to make them eligible so that when they went to work they would not lose their benefits. I concur in that. We agree on both sides of the aisle that that should be done because it is a crack that people were falling through; it was a place where they were getting lost.

☐ 1610

We needed to build that bridge, that transition; but what has happened is that we have not just built the bridge for that purpose, we have gone far beyond that and once again are throwing a great deal of money at a problem that is not necessary in order to cure the problem.

Now, the legislation that we have basically allows the States to give $10 a month payments up to 9 months, with a 6-month option. That will make all the people eligible for the medicaid benefits in the transition. But, that was not enough, they went a little bit farther. They decided that they would establish a $30 permanent disregard and $75 deduction for part-time workers.

Now, actually I think we should look at what the history of all this is. Permanent work disregards would allow persons to remain on welfare indefinitely, although welfare is supposed to be a temporary program of self-support when no other means of support is available. We are not speaking of medicaid. We agree with that. That is taken care of.

A permanent disregard would turn AFDC into a costly wage supplement program. That is a major departure from anything that we have undertaken.

When Congress enacted the permanent disregards in 1967, it intended to establish an incentive for AFDC recipients to find employment and to leave the welfare rolls. However, this did not occur. The percentage of working recipients did not increase. Instead, the number of cases closed due to earnings decreased between 1967 and 1980, from 33 percent to 8 percent.

The 1981 changes which limited the disregards to 4 months, regardless of criticism, have proven somewhat successful in that regard. Based on the results of an independent study conducted by the Research Triangle Institute and confirmed by the GAO study commissioned by the Committee on Ways and Means, we know some things. We know, No. 1, that there has been no reduction in work effort due to the 1981 changes since these changes went into effect.

We do know that there was a problem with medicaid. We agree we ought to solve that.

The same percentage of nonworking recipients started work as before. That is an interesting thing.

The study concludes that the 1981 amendments did not have the effect of discouraging recipients not employed before the amendments went into effect from accepting employment, and that is what the goal was, to get people to go to work.

Now, the changes we have will really not affect, as I said, medicaid eligibility. We do not need these. However, we are throwing $120 million more or so at a problem that is not needed to solve the problem. Obviously this is just one more excess.

In spite of this excess, I think there is another thing that is more important to all of us here. This legislation does something for the first time that we all should be concerned with. It establishes a national poverty standards. Every member should know that each State in the Nation should know that they have the right today and they do set their standards by a State standard of need formula. This legislation uses a different formula. It sets a national standard.

Now, why is that so important and why should we worry about it? Well, the nature of the AFDC program is such that it is a jointly administered program, with States operating the program under Federal guidelines. The program is also jointly financed by the States. You are taking away the States rights in this legislation to have any say so as to what level that they choose for their standard in their particular state.

Now, unlike food stamps, which some have been using as an example, States participate with cash in this program. They do not do that in food stamps.

Also, we have always permitted States to determine their own eligibility limits as well as their payment levels. This flexibility is necessary because of State program expenditures. It impacts their budget. It impacts their right to choose.

In addition, allowing the States the flexibility to use the "standard of need" as the basis of eligibility for AFDC provides States the opportunity to decide at what level a person in that State becomes eligible. This recognizes something that this legislation does not. It recognizes that there are variances in living costs and needs of individuals throughout the country. It recognizes the fact that there are variances in cost of living throughout America and different States. You are wiping that out in this legislation and you should know it.

Imposition of a national standard of welfare would preclude a State's participation in deciding eligibility that is appropriately given State expenditures and reverses long-standing policy that States should have flexibility in setting need and payment levels.

Mr. Chairman, in this legislation, we are spending money that is not needed to solve a problem when it can be solved otherwise and we are taking away the rights of the States completely in determination, and for the first time we are creating a national welfare system that requires the States to participate. We are taking away control of the States over their own budgets and every one of you should know it if you vote for this legislation.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 3 minutes to the gentlewoman from Connecticut (Mrs. KENNELLY).

The CHAIRMAN. Without objection, the gentlewoman from Connecticut (Mrs. KENNELLY) is recognized for 3 minutes.

There was no objection.

Mrs. KENNELLY. Mr. Chairman, first, I feel I must take exception to some of the remarks of the previous speaker, especially concerning the 130-percent-of-poverty standard that the gentleman has said will nationalize AFDC payments. The 130-percent-of-poverty standard is an initial screening for eligibility. We are not telling the States what to pay. We are not guaranteeing assistance. If your income is higher than $10,600 for a family of three, you are still not eligible for this minimal AFDC assistance and vitally important health coverage.

Mr. Chairman, if we read the appropriate section of the budget we will see that we do not assume any new spending to make minor changes in the public assistance programs within our jurisidiction unless we also make offsetting spending reductions. We made a pledge to be budget neutral and we have been so in this bill, with room to spare.

Again, in this bill, we repeal the restriction on AFDC that prohibits benefits from going to anyone whose income exceeds 150 percent of the State standard of need and replace it with the 130-percent-of-poverty restriction.

And, again, it is important that we do not confuse this restriction on eligibility with talk about requirements for payment. The restriction that is being changed here has nothing to do with what a State will pay. It is solely an initial test of eligibility.

I share the concern of the gentleman from South Carolina (Mr. CAMPBELL) and others who want to see public assistance programs made easier to administer by State officials. I think by changing the restriction on gross income limits and making the new restriction consistent with the food stamp program limitation, we are taking a step toward that desirable goal.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. PICKLE).

The CHAIRMAN. Without objection, the gentleman from Texas (Mr. PICKLE) is recognized for 1 minute.

There was no objection.

Mr. PICKLE. Mr. Chairman, I rise in support of this reconciliation bill.

The savings that have come from the Ways and Means Committee bill are real and they are substantial. The Subcommittee on Social Security alone had recommended savings of over $52 million over a 3-year period, simply by requiring early notification on the earnings limit so that early on in the year we will know what that amount is, and thus can save a considerable amount of money. Those are real dollars being saved.

The entire committee has approved the savings in various sections that have jurisdiction on the Ways and Means Committee and this measure should be passed.

There is one disagreement on the mandatory assignment and the freeze, issue, but the Rules Committee has allowed for a separate vote on that issue, and that is the same promise that was provided in the earlier tax bill.

Overall this reconciliation bill should be passed and I certainly favor it.

Mr. CONABLE. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, in this somewhat unstructured debate, I have already discussed in an earlier period my concerns and my disappointment about the Ways and Means section of the Reconciliation Act.

At this point I would like to discuss the medicare committee amendment relating to mandatory assignment, because I feel that this is one of the serious mistakes we are making in the bill. I would like people to consider it most earnestly before they vote.

This amendment was discussed at great length in the Committee on Ways and Means. At the end of that discussion, we voted by a vote of 18 to 15 not to accept mandatory assignment, feeling it would do more damage than it would do good. Obviously, it is here in this bill for other reasons today, but it is not coming from the Ways and Means Committee. I strongly recommend its defeat when the committee amendment comes up.

This amendment would freeze physicians' fees to hospital inpatients under part B of medicare and force physicians to accept assignment on their bills. Medicare allowance fees thus would have to be accepted as payment in full, except for required cost-sharing amounts.

□ 1620

Physicians would be required to bill medicare carriers for their services. They no longer could deal directly in this respect with their medicare hospital patients whether their medicare hospital patients could well afford to pay the normal and reasonable fee for a physician in that area or not. In fact, then we are forcing assignments for all medicare patients regardless of their ability to pay a more normal fee for physicians after this freeze has been in effect for a while.

The amendment represents a radical change in medicare policy. At the very least it would insert doubt and uncertainties into an already problem-riddled program.

Under this amendment all hospitals which participate in medicare would be required to have their physicians who admit patients to agree in writing to accept assignment. Hospitals which fail to do so would lose their own eligibility to receive medicare payments. Physicians who do not sign such an agreement would lose their admitting privileges.

Now, this is blatant coercion. It is an inequitable and discriminatory form of selective service as it applies to some doctors, not all.

In the short run it is very likely to cause serious disruptions in beneficiaries' services. In the long run it will weaken efforts to engage in serious public debate leading to the major medicare reforms which will be forced to be undertaken to prevent the hospital insurance trust fund from going bankrupt.

Mr. Chairman, charges against the medicare fund are growing at a rate of at least $7 billion a year. This particular amendment would raise somewhere around $900 million or something under $1 billion. So obviously it is not adequate to save the medicare system. It is a piecemeal approach which I fear would reduce our ability to appear evenhanded when the time comes for the more major reforms that we all know are going to be necessary when this crisis-activated institution finally reaches the moment of crisis and the medicare fund has reached the botton of the barrel.

I trust we will have then the capacity to do the things that are necessary in an evenhanded way.

Mr. Chairman, it is unfortunate we cannot vote separately on a so-called freeze and mandatory assignment provision. I do not think some of us are bothered by a temporary hold on fees. It is the coercive aspect of mandatory assignment that we find repugnant.

This, then, is a pure political vote, one designed to embarrass those of us who are concerned about the police state element of the amendment.

I should add that since this matter come before the Ways and Means Committee the American Medical Association has called for a voluntary 1-year freeze on all physician fees, all physician fees I stress, both for in hospital and out of hospital services. Accordingly, there will be ample time and justification to act in this area should the voluntary approach fail.

The 3-year savings of something in excess of $900 million which are attributed to this amendment would be the same if only the freeze were involved, and the amount represents a small fraction of the sum we will need to keep medicare solvent through the rest of this century. We will have to deal with hundreds of billions instead of hundreds of millions a few years ahead.

I would like to say, Mr. Chairman, that it seems to me this amendment will set hospitals against doctors and set doctors against their medicare patients. It is most unfortunate because it will result in a reduction in the services to the elderly, inevitably, and I deeply regret that we are going this coercive course.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Louisiana.

Mr. MOORE. Our distinguished ranking Republican member of the Ways and Means Committee has brought out a point on which I think there is need for elaboration. I would ask the gentleman whether he agrees with me or not that it is certainly the feeling of the Ways and Means Committee that the issue of payment of physicians under medicare has to be addressed. We intend to address it.

The only reason why we have not addressed it up to this point under a DRG system such as we did last year for the hospitals and their reimbursement under medicare is because HHS and HCFA told us they simply did not have the data. They are preparing the data now, preparing a report now, and it is coming to this Congress in 1985.

That data will be coming from HCFA to the Ways and Means Committee and to the Congress next year, and then we can act intelligently on what to do and how to handle the payment of physicians under medicare.

This whole freeze concept is just a 1-year temporary thing until we can get into how you should really restructure this thing, which we will be doing next year.

But I would ask the gentleman: There is a report prepared in October 1983 by the staff of the Committee on Finance, the staff of the Committee on Ways and Means and the staff of the Committee on Energy and Commerce, the three committees having jurisdiction over medicare, that addresses two concerns that are really the concerns the gentleman has touched on and concerns that have appeared over and over in this debate today; that is, No. 1, when you freeze just "in" patient care as the committee amendment will do, are you not setting yourself up for shifts in spending then to "out" patient and overutilization of that; and, second, are you not risking physicians not taking medicare patients?

Mr. CONABLE. Obviously so. I think that is the real risk, and I think the gentleman emphasizes something that is implicit in this whole debate.

Mr. MOORE. I would point out on page 93 of this official report done by the staffs of these committees the following language:

> If the requirement were restricted to in patient services, increases in charges for out patient services appear likely.

That is the cost shift we are talking about and our own staffs say that it is going to happen.

Then it goes on and says: "In either instance, hospital availability to medicare patients could be placed in jeopardy if a substantial number of medicare staff, particularly in physician shortage areas, refused to sign the agreement," talking about mandatory assignment.

So our own staffs admit you are going to have cost shifting and you are going to have medical doctors refuse to treat medicare patients which surely does not help medicare beneficiary.

Mr. CONABLE. I thank the gentleman for his contribution.

If I may say, Mr. Chairman, I think this is a very serious mistake.

Mr. Chairman, I yield such time as she may consume to the gentlewoman from New Jersey (Mrs. Roukema).

The CHAIRMAN. Without objection, the gentlewoman from New Jersey (Mrs. Roukema) is recognized.

There was no objection.

Mrs. ROUKEMA. Mr. Chairman, we are facing looming budget deficits and an impending bankruptcy of the medicare trust fund. Medicare out-of-pocket expenditures are increasing every year for beneficiaries. Specifically, in 1981, copayments were increased as were deductibles. Meanwhile, doctors fees are increasing at twice the rate of inflation. In my own State of New Jersey, medicare patients share a cost burden in excess of 80 percent reimbursement. A balance of costs must be sought from both patients and providers. It is apparent that sacrifices must be made to achieve this balance.

The Rostenkowski proposal before us today has its problems. While I support the concept of a freeze on physician fees, I believe the other body has resolved the issue far more judiciously by putting into effect a 2-year physician freeze on both part A and part B. Further, at the end of the first year, the proposal would implement a participating physician program; for example, if a physician agrees to accept assignment for that year, the freeze would not apply. In addition, physicians are required to accept medicare payment as payment in full and does not allow the physician to pass excess costs on to the beneficiary.

Therefore, I urge the House to recede to the Senate when this bill is considered in conference. There is no doubt that we need to make the existing program workable and acceptable, protect beneficiaries, and contain inflationary tendencies.

Mr. CONABLE. Mr. Chairman, I now yield 2 minutes to the gentleman from Florida (Mr. Mack).

The CHAIRMAN. Without objection, the gentleman from Florida (Mr. Mack) is recognized for 2 minutes.

There was no objection.

Mr. MACK. Mr. Chairman, I rise in support of an amendment that was not allowed to come to the House floor by the Democratic majority of the House Rules Committee. This amendment, were it allowed to be considered by the full House, would have allowed the House to pass legislation putting a freeze on physicians' fees without requiring the additional provision of mandatory assignment.

Let me say flatly that I fully support a physicians' fee freeze with voluntary assignments and a GAO monitoring of those assignments. If this type of freeze could have been considered, it would have saved $2.4 billion—instead of the $900 million in the Rostenkowski amendment.

I do not feel that making a major change in medicare policy by establishing mandatory assignment is in the best interests of the beneficiary nor is it wise public policy. Research indicates that when faced with the choice of mandatory assignment, physicians will respond by either opting out of the system, thus not treating medicare patients, or by unnecessarily increasing the number of services provided and thereby increasing the overall costs charged to the medicare program. Both of these responses would be harmful to the medicare beneficiary, the medical trust fund, and the General Treasury.

If a physician refuses to take assignment, medicare will not reimburse either the physician or the beneficiary for the services. As a result, many beneficiaries may have to find a new doctor or will have to pay for all of their care and will not be reimbursed under medicare.

For these reasons, I am opposed to the Rostenkowski freeze with mandatory assignment, and am in favor of the physician freeze as sound and intelligent policy.

The CHAIRMAN. The Chair wishes to announce that the gentleman from Illinois (Mr. Rostenkowski) has 9 minutes remaining and the gentleman from New York (Mr. Conable) has 6 minutes remaining.

Mr. CONABLE. Mr. Chairman, if that be so, I yield my remaining 6 minutes to the distinguished minority leader, the gentleman from Illinois (Mr. Michel).

The CHAIRMAN. Without objection, the gentleman from Illinois (Mr. Michel) is recognized for 6 minutes.

There was no objection.

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Mr. MICHEL. Mr. Chairman and Members of the Committee, I thought the purpose of a reconciliation bill is supposed to reduce spending. However, this bill increases spending by $300 million in 1984 and $500 million in 1985.

The bill contains a total of nearly $1.3 billion in program spending increases over the 3-year period it covers.

We are supposed to be holding the line on entitlement programs, but this bill adds a new one costing almost a billion dollars in the short term, and a good deal more in future years.

We are supposed to be cracking down on waste, fraud, and abuse, but this bill opens that creaky old door back up again to higher error rates in the AFDC and medicaid programs.

I was the original author of the new error rate standards, and I would like to discuss them a minute before you proceed to unravel them.

The Michel amendment adopted in 1979, required that the States reduced their error rates for these programs to 4 percent by September 30, 1982, in three incremental stages. Penalties were to be imposed for failure to meet these standards.

We took that action back in 1979, because waste was running from between $500 million to $1 billion a year in each of these programs.

Progress is being made.

The average national error rate in the AFDC program for fiscal year 1981, the latest available, was 7.7 percent, the lowest on record. Secretary Heckler indicates that the standards we imposed have been an important factor in this error rate reduction.

Despite the progress, some 28 States failed to meet their error rate standards in the AFDC program in fiscal year 1981, and 12 in the medicaid program. These States are subject to penalties of $73 million in the AFDC program and $13 million in the medicaid program.

None of these penalties has been collected as yet because all the States have submitted requests for waivers. These waivers will be considered on a case-by-case basis. Perhaps some will be approved if they can make their case.

But suspension of these penalties, as this bill provides, will send a clear signal that we do not mean what we say.

According to HHS, over $500 million of Federal AFDC funds and $400 million of medicaid funds are still being wasted per year by the States through mismanagement.

Suspension of the penalties cannot help but lessen the States' resolve to better manage these programs.

I must also take issue with a provision in this bill which eliminates the requirement that monthly retrospective accounting systems be utilized by the States in administering their federally funded welfare programs.

Several studies have shown that application of these systems will lead to reduced waste in the programs, which is why Congress mandated their use.

HHS actually has a fairly lenient waiver process in which States can avoid using such systems if they can make a good case for not doing so. But this bill would allow all States to get out from under this requirement, the undeserving as well as the deserving.

So, chalk up another few more points for waste, fraud, and abuse.

Another provision in the bill will, for the first time, federalize the income eligibility limit for the AFDC program. This has always been a State decision, and now we are nationalizing it.

Clearly what this represents is a first step toward the establishment of a Federal guaranteed annual income for all welfare recipients.

This approach was decisively rejected by the American people when George McGovern proposed it back in 1972 and I have seen no indication that the people are ready to go for it now.

A reconciliation bill that increases spending and opens the door to increased waste, fraud, and abuse has very few, if any, redeeming qualities.

This bill is a hoax.

For that reason, I have real problems with it.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to my distinguished friend.

Mr. PANETTA. I thank the gentleman for yielding.

Mr. Chairman, I have received a document that has "Statement of Administration Policy" at the top and it states the following: with regard to the Omnibus Reconciliation Act of 1984, H.R. 5394:

> The administration supports adoption of the Omnibus Reconciliation Act as it is yet another installment in the administration's effort to reduce the deficit.

Is the gentleman familiar with this?

Mr. MICHEL. No. I have not seen what the gentleman is reading there, no. But going back over this piece of legislation, I recalled the fights that we had when this member served on the former HEW subcommittee, and tried to really put some restraint on the States, particularly to lower those error rates. Recognizing that we did make some progress then, and even knowing some of these requirements were going to appeal and some legitimately, I just do not like the idea of summarily saying, "We really did not mean what we say, go along your merry way."

Mr. PANETTA. I understand. I wanted to make the point that the administration does support the adoption of the reconciliation bill that is on the floor and there have been some indications here in opposition to that position, but it seems to me the administration is correct; this is an implementation of the efforts to try to reduce the deficit.

Mr. MICHEL. It is hard for me to understand when we loosen the language up sufficiently to give a State an opportunity to easily opt out, then it is not as strong as what we originally had in mind.

I thank the gentleman for his contribution, however.

The **CHAIRMAN.** The time of the gentleman from Illinois (Mr. MICHEL) has expired.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Ohio (Ms. OAKAR).

The **CHAIRMAN.** Without objection, the gentlewoman from Ohio (Ms. OAKAR) is recognized.

There was no objection.

Ms. OAKAR. Mr. Chairman, I am rising to emphasize my concern with those provisions of the Omnibus Budget Reconciliation Act of 1984 that continue to erode Federal pay and civil service retirement benefits.

Over the past several years, civil service annuitants have suffered a string of benefit reductions. In my opinion, it is grossly unfair to penalize our senior citizens by continuing to cut back on their annuities. I believe that the cost-of-living adjustments should reflect the full Consumer Price Index and should not be reduced for any group of annuitants.

Currently, the average Federal annuity is less than $12,000 a year and the average survivor annuity is approximately half that amount. Some of the poorest people in this country are women who have inadequate annuity incomes to sustain themselves. Every dollar taken away from their annuity benefit is a dollar less for them to meet the necessities of life.

Rather than continuing the process of reducing pension benefits, I believe we need to strengthen and stabilize the current retirement program. It is my hope that through the hearings that my subcommittee and the House Post Office and Civil Service Committee are currently conducting, many of the myths concerning the overly generous benefit structure under the civil service retirement system will be put to rest and that the annual round of benefit reductions will no longer take place.

I am also very concerned by the growing gap in pay between employees of the Federal Government and those in private industry. Our Government is now losing many talented and dedicated employees to the private sector because of the inadequate pay structure. A report that my subcommittee requested of the General Accounting Office indicated that the National Cancer Institute was forced to turn away patients with cancer and to leave 2 million dollars' worth of highly technical machinery idle because it was unable to recruit therapeutic radiologic technicians, who were earning as much as 23 percent more in private industry.

In my opinion, the absolute minimum pay raise that the Federal workers should receive in October is 5.5 percent. While this will not fully compensate them, it will certainly be positively received and, hopefully, will encourage some very fine and experienced workers to remain with the Federal Government.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield the balance of my time to the gentleman from Indiana (Mr. Jacobs).

The CHAIRMAN. Without objection, the gentleman from Indiana (Mr. Jacobs) is recognized for 9 minutes.

There was no objection.

Mr. JACOBS. Before I yield to the gentleman from Maryland (Mr. Hoyer), let me, since no one else has done so in the debate, state this administration's position on the one amendment allowed in the rule on this reconciliation legislation.

"The administration supports adoption of the Omnibus Reconciliation Act as it is yet another installment in the administration's efforts to reduce the deficit. While the administration has reservations about the inflexibility of the physician assignment provisions of the Ways and Means Committee amendment, the administration nevertheless supports adoption of the 1-year physician freeze which will save nearly $1 billion," make that $833 million, "over the next 3 years."

So I think we ought to underline in the record that while the administration says it has reservations about mandatory assignment, it does not say that it opposes mandatory assignment.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. JACOBS. I yield to the gentleman from Louisiana (Mr. Moore).

Mr. MOORE. I thank my distinguished chairman of the Health Subcommittee for yielding.

Mr. Chairman, I would say his reading of the document is accurate. I think the interpretation should be different: All OMB wants, the administration wants, is a saving of money. We are offering them, through a motion to recommit, the Moore-Jones amendment today of $2.4 billion in savings which is more than the $925 million of the committee amendment.

So I think they will be far happier with the defeat of the committee amendment and the adoption of the motion to recommit which will give them greater savings.

Mr. JACOBS. I will tell you, I think we have to give credit to this administration. They are criticized a lot of times about not wanting a safety net.

But cannot you just see, they are not against the mandatory assignment, they just have reservations about the mandatory assignment; which means to me that there is some shadow of a safety net somewhere in the backs of the minds of the administration.

They cannot bring themselves to oppose mandatory assignment because everybody knows that mandatory assignment means that the retirees will not get socked with this freeze and everybody knows that without mandatory assignment the retirees will be the ones who are frozen out, not the doctors.

Mr. MOORE. Will the gentleman yield?

Mr. JACOBS. I yield to the gentleman from Louisiana.

Mr. MOORE. I thank the Chairman for yielding further.

I would simply say that is the kind of problem you get into when you start reading their letters on the House floor. You notice we do not do that.

Mr. JACOBS. It is not a letter to me. It is a general statement by the administration, to the American citizens, and I am glad I am one of them.

I yield to the gentleman from Maryland.

Mr. HOYER. I thank the distinguished chairman of the Subcommittee on Health of the Committee on Ways and Means.

I would like to enter into a colloquy with the gentleman.

Mr. JACOBS. That would be a delight.

Mr. HOYER. I have an interest in the chairman's view regarding regulations the Department of Health and Human Services has drafted regarding State hospital rate setting programs which could greatly harm the States of New York, New Jersey, Massachusetts, and Maryland.

Section 1886(c) of the Social Security Act, adopted by the Congress in 1983, provides for HHS to approve waivers if States provide assurances that their programs will be effective over a 3-year period. The draft regulations currently prepared by the Health Care Financing Administration to implement section 1886 appear to provide that States must meet the standard each and every year.

Would the gentleman agree that a single-year standard clearly contradicts the law and the intention of the Congress in adopting section 1886 in 1983?

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Mr. JACOBS. Yes. It is clearly the intention of the Congress that the waivers be for a 3 year period. While there is some language indicating that the administration has a responsibility to monitor the States to whom waivers have been given, it certainly does not and should not be interpreted, there is nothing in the legislative history to indicate, that the Congress would condone annual tests.

Mr. HOYER. Then it would be the Chair's position that it is a 3-year test?

Mr. JACOBS. That is correct.

Mr. HOYER. Furthermore, is the chairman also aware that section 1886 authorized the Secretary to take previous payment reductions achieved by alternative State hospital reimbursement programs into account when determining the program's compliance with the medicare payments test?

Mr. JACOBS. Yes. The committee recognizes that it is easier to reduce the escalation of costs in the States in which medicare paid on a retrospective-incurred cost basis than in States in which the level and rate of increase in medicare payments has already been subject to prospective limitations.

I will simply say to the gentleman that the purpose of the committee, and I believe the purpose of that part of Congress that studied the committee report when voting for it, was to let 50 flowers bloom, to paraphrase Chairman Mao—the only difference was, we really meant it. And that 50 heads were better than 1. There ought not just be one plan for the United States of America, but each individual State should experiment and see if it could not build a better mousetrap for this system.

So the answer is yes, the gentleman is correct.

Mr. HOYER. I thank the Chair for his incisive answer.

Mr. ROWLAND. Mr. Chairman, will the gentleman yield?

Mr. JACOBS. I yield to the gentleman from Georgia.

Mr. ROWLAND. I thank the gentleman for yielding.

Can the gentleman advise me whether or not failure to sign an agreement for admission to the hospital and medicare payments would preclude a physician from admitting any other hospital patients?

Mr. JACOBS. The gentleman is talking about under the pending amendment?

Mr. ROWLAND. Under the mandatory assignment provision.

Mr. JACOBS. I will say to the gentleman that it works this way: If the Ways and Means Committee amendment becomes law, in order for a given hospital to be certified to accept medicaid payments, it would have to require any physician who practices in that hospital to accept assignment.

However, if the physician accepts the assignment and therefore continues to practice in that hospital, that physician is not required to accept medicaid patients. There is no involuntary servitude in that sense.

The hospital has no responsibility for enforcing the agreement of the physician to accept the medicare assignment, that reverts to current law, which applies to those physicians who now accept assignment. And that is a matter of certain penalties and so on.

Mr. ROWLAND. Well, then, am I to assume from what the gentleman just said that if a physician does not sign the agreement, a mandatory accepting of the fee under medicare, then he would not be precluded from admitting patients who are not under medicare?

Mr. JACOBS. No; that is not correct. He or she would not be able to practice medicine in that hospital.

In other words, mandatory assignments means mandatory assignment. It is exactly the way it has been for 19 years on the hospitals. They have had mandatory assignment. They could not charge more than the medicare program provided.

During all this time, part B or the physician's part of medicare has permitted the physician to have his patient accept the medicare payment and then charge whatever he has in his mind or whatever she has in her mind.

Mr. ROWLAND. Just to be sure that I am clear, if the physician does not sign an agreement he cannot admit any patients to the hospital.

Mr. JACOBS. That is correct.

Mr. ROWLAND. I thank the gentleman.

Mr. JACOBS. Mr. Chairman, I insert at this point in the record a summary of the medicare provisions of H.R. 5394, the Budget Reconciliation Act of 1984, as those provisions were reported from the Committee on Ways and Means. Also described are several provisions passed by the Energy and Commerce Committee with respect to medicare which were included in title III of the bill prior to floor action. The summary follows:

1. Payment and Coverage—Related Changes

A. PAYMENT FOR OUTPATIENT DIAGNOSTIC LABORATORY TESTS

A fee schedule would be established for all clinical laboratory services provided to medicare beneficiaries except for hospital inpatients. The schedule may initially be established on a carrier or regional basis. A national fee schedule would be required to be established within three years.

The initial fee schedule would be set at a level no higher than 60 percent of prevailing charges and would be updated annually by the same percentage increase as the Consumer Price Index. The clinical laboratory would be required to bill the program directly and would be required to accept medicare assignment. For these services the laboratory would be reimbursed 100 percent of the fee schedule amount (or, if lower, the billed charge), with the deductible and coinsurance waived.

Where the physician directly provides, or supervises the provision of clinical laboratory services, and where he agrees to accept medicare assignment, the physician would be reimbursed at 100 percent of the fee schedule amount (or, if lower, the billed charge) with deductible and coinsurance waived. Physicians not accepting assignment would continue to be reimbursed at 80 percent of the fee schedule amount or (if lower, 80 percent of the billed charge) with the usual deductible and coinsurance applying.

B. COVERAGE OF HEPATITIS B VACCINE

Medicare would cover hepatitis B vaccine furnished to medicare patients in hospitals and renal dialysis facilities. The part B deductible and coinsurance would be waived.

E. PAYMENT FOR COSTS OF HOSPITAL-BASED MOBILE INTENSIVE CARE UNITS

The Secretary would be required to issue guidelines on the indications for, and frequency of, transtelephonic monitoring of pacemakers. If guidelines are not established by October 1, 1984, the proposal would establish a frequency schedule for certain types of pacemakers, with exceptions for medically documented cases.

The Secretary would be required to study reimbursement rates for physicians' services with respect to pacemakers, taking into consideration changes in surgical procedures that have taken place over the years.

The Food and Drug Administration (FDA) is to establish a registry of all implanted pacemakers.

D. PAYMENT FOR DEBRIDEMENT OF MYCOTIC TOENAILS

Medicare would cover debridement of mycotic toenails no more frequently than every 60 days, unless medical necessity is documented.

E. PAYMENT FOR COSTS OF HOSPITAL-BASED MOBILE INTENSIVE CARE UNITS

Certain services of mobile intensive care units could be covered under medicare part A under specified circumstances in States with Statewide prospective payment systems.

2. Miscellaneous Administrative Changes

A. PRESIDENTIAL APPOINTMENT OF AND PAY LEVEL FOR THE ADMINISTRATOR OF THE HEALTH CARE FINANCING ADMINISTRATION

The bill would provide for the Presidential appointment of the Administrator of the Health Care Financing Administration with the advice and consent of the Senate. The position and pay of the Administrator would be increased to Level IV of the Executive Schedule.

B. PERMIT LIMITED REPRESENTATION ON PEER REVIEW ORGANIZATION (PRO'S)

One person who is a governing body member, officer or managing employee of a health care facility would be permitted to be a member of the governing board of a PRO with less than 15 members; in the case of a PRO with more than 15, two such members would be permitted.

C. ACCESS TO HOME HEALTH SERVICES

The bill would permit a physician, who has a financial interest in a home health agency that is sole community provider, to carry out the certification and plan-of-care functions for patients who receive services from the agency, and would delete from the list of disqualified physicians uncompensated officers or directors of incorporated home health agencies.

D. REPEAL OF SPECIAL TUBERCULOSIS TREATMENT REQUIREMENTS

The bill would repeal the special tuberculosis requirements under medicare and medicaid.

E. INDIRECT PAYMENT OF SUPPLEMENTARY MEDICAL INSURANCE BENEFITS

The bill would permit part B payments to be made to a health benefits plan where payment is accepted by the physician or other supplier as payment in full.

F. INCLUDING PODIATRISTS AND DENTISTS IN THE DEFINITION OF PHYSICIAN FOR CERTAIN PURPOSES

A podiatrist (acting within the scope of his practice) would be considered a physician for purposes of coverage of outpatient physical therapy, which requires that the patient be "under the care of a physician." A podiatrist or dentist (acting within the scope of his practice) would be considered a physician for purposes of coverage of outpatient ambulatory surgery in a surgeon's office.

G. ESTABLISHMENT BY PHYSICAL THERAPIST OF PLANS FOR PHYSICAL THERAPY

Either a physical therapist or a physician would be permitted to establish a plan of treatment for physical therapy services. The physician would still be required to review the plan periodically, as under existing law.

H. ACCESS TO RECORDS OF SUBCONTRACTORS

The bill would increase from $10,000 to $50,000 the minimum value of the agreement between a medicare provider and a subcontractor for purposes of requiring access to subcontractor records.

I. MEDICARE RECOVERY AGAINST CERTAIN THIRD PARTIES

The bill would establish the right of medicare to recover directly from certain third parties, such as workers compensation, auto and liability insurance.

J. USE OF ACCREDITING ORGANIZATIONS FOR CERTAIN ENTITIES FURNISHING SERVICES

The bill would authorize the Secretary to rely on certain accrediting organizations in determining whether rural health clinics, laboratories, clinics, rehabilitation agencies, including outpatient rehabilitation facilities, psychiatric hospitals and public health agencies meet medicare requirements (and clarify the Secretary's authority with respect to ambulatory surgical centers).

K. CONFIDENTIALLY OF ACCREDITATION SURVEYS

The bill would extend to surveys by the American Osteopathic Association and other national accreditation organizations the same disclosure protections given JCAH surveys.

L. THIRTY-DAY COVERAGE FOR SERVICES FURNISHED BY A HOME HEALTH AGENCY AFTER AGREEMENT HAS BEEN TERMINATED

The bill would change from the end of the calendar year to 30 days after termination of a home health agency agreement, the ending of coverage for services provided under a plan of care established prior to the termination date of the participation agreement.

M. TERMINATION OF AGREEMENTS WITH ENTITIES WHERE OWNERS AND CERTAIN INDIVIDUALS HAVE BEEN CONVICTED OF CERTAIN OFFENSES

The bill would authorize the Secretary to exclude from medicare participation any entity in which ownership or controlling interest is held by a person convicted of a program-related criminal offense, or in which an officer, director, agent or managing employee was convicted of such a criminal offense.

N. ELIMINATION OF THE HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

The bill repeals section 1867 of the Social Security Act, thus eliminating the Health Insurance Benefits Advisory Council.

O. OPEN ENROLLMENT FOR HEALTH MAINTENANCE ORGANIZATIONS AND COMPETITIVE MEDICAL PLANS

The Secretary would be directed to designate one 30-day period each year in which all of the medicare participating HMO's in a geographic area must have an open enrollment period.

P. DATE FOR REPORT ON PHYSICIAN'S PAYMENTS

The bill would specify the date on which the Secretary of Health and Human Services is required by present law to report to Congress recommendations on the advisability and feasibility of making payments for physicians' services furnished to hospital inpatients based on a DRG system and legislative recommendations thereon. The report would be due July 1, 1985.

Q. FLEXIBLE SANCTIONS FOR NONCOMPLIANCE WITH REQUIREMENTS FOR END-STAGE RENAL DIALYSIS FACILITIES

The bill would allow the Secretary to apply intermediate sanctions to ESRD facilities when noncompliance does not justify decertification of such facilities.

R. REMOVING COSTS OF NURSE ANESTHETISTS FROM DRG-BASED PAYMENTS

For a temporary period, hospitals employing certified registered nurse anesthetists (CRNAs) would be reimbursed on a reasonable cost basis, as determined by the Secretary, for services of CRNAs. The Secretary would be required to report with recommendations on payments to CRNAs under the prospective payment system.

S. DETERMINATION OF HOSPITAL AREA WAGE INDEX

The Secretary would be directed to establish criteria under which a hospital could demonstrate, for purposes of medicare prospective payment, that the area wage index inaccurately reflects the labor market conditions it actually faces; adjustments in payment could be made where the Secretary deems appropriate. The Secretary would also be directed to consult with the Department of Labor and BLS to develop an improved area wage index.

T. DEFINITION OF BONA FIDE EMERGENCY SERVICES

Existing law provides for reduced payment for physicians' services in hospital outpatient departments except for "bona fide emergency services." The bill would establish the following statutory definition of emergency services:

Services provided in hospital emergency rooms after the onset of a medical condition manifesting itself by symptoms of sufficient severity that the absence of immediate medical attention could reasonably be expected by a prudent layperson possessing an average knowledge of health and medicine to result in (a) placing the patient's health in jeopardy; (b) serious impairment to bodily functions; (c) serious dysfunction of any bodily organ or part; or (d) development or continuance of severe pain.

U. DELAY OF EFFECTIVE DATE FOR SINGLE-RATE FOR SKILLED NURSING FACILITIES

The single-rate for hospital-based freestanding skilled nursing facilities would be delayed from October 1, 1983, until April 1, 1984.

The following provisions passed by the Energy and Commerce Committee relating to medicare are also included in the bill:

TEACHING PHYSICIANS

The teaching physician reimbursement under current law would not be less than 75 percent of the prevailing charge. If all teaching physicians in a hospital agree to accept assignment on all services, the rate will be the standard medicare reasonable charge.

PHYSICIAN ASSIGNMENT LIST

Requires the Secretary to make available annually lists of physicians in an area who have agreed to accept assignment in every case. Also listed would be the percentage of cases in which each of the other physicians accepted assignment during the previous year.

CLINICAL LABORATORIES

The provision would conform medicaid rules to the rules on laboratory fees established under medicare.

PHYSICIAN PAYMENT STUDY

Study by HHS by June 30, 1985 on ways to eliminate the inequities in medicare payment for cognitive services and medical procedures.

TUBERCULOSIS HOSPITALS

Adds medicaid to the medicare provision which eliminated the special requirements for tuberculosis hospitals.

PSYCHIATRIC HOSPITAL ACCREDITATION

Deletes the requirement that psychiatric hospitals be accredited by the Joint Commission (JCAH).

HMO'S

Permits HMO benefit stabilization funds, and expands the types of providers medicare can pay directly for HMO services.

ESRD NETWORKS

Repeals end-stage renal disease networks.

In addition, Mr. Chairman, the House will today vote on the following amendment relating to physician payments under medicare:

PAYMENT FOR PHYSICIANS' SERVICES FURNISHED TO HOSPITAL INPATIENTS

Prevailing charges for physicians' services provided to hospital inpatients would be frozen at the June 30, 1984 level, effective July 1, 1984 through June 30, 1985. There would be no provision for a catch-up in subsequent years.

Physicians would be required to accept medicare assignment for all services provided to medicare hospital inpatients until six months after the Congress receives the Secretary's report on including physician payments under the diagnostic related group (DRG) prospective payment system, which under the bill would be due by July 1, 1985.

To participate in medicare, each hospital would be required to obtain from each doctor on its medical staff an agreement to accept assignment for any medicare inpatient services rendered in the hospital.

The CHAIRMAN. The Chair wishes to announce that the gentleman from Oklahoma (Mr. Jones) has 1 hour and 41 minutes remaining and the gentleman from Ohio (Mr. Latta) has 1 hour and 32 minutes remaining.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. Nelson), a distinguished member of the Budget Committee.

Mr. NELSON of Florida. Mr. Chairman, I speak in favor of the overall package that we are considering today. A number of us have highlighted specific items within this reconciliation package, an $11 billion deficit reduction package, that we do not particularly like.

But no one ever said that deficit reduction was going to be easy. In any package where balancing is done trying to come to agreement, it is going to be difficult.

Today the Democratic leadership and the Republican administration have joined in supporting this package as a first step of deficit reduction.

The bipartisan tax package that passed yesterday is part of this first step.

So, I think it is incumbent upon this body as each of us reflect our constituencies from all across this great land. Listen to what our people are saying. They are worried about this $200 billion deficit and understand that it will cause economic ruin unless we do something about it.

Therefore, the opportunity is here to continue in that first step.

Mr. LATTA. Mr. Chairman, I yield 3 minutes to the gentlewoman from Illinois (Mrs. Martin).

Mrs. MARTIN of Illinois. Mr. Chairman, the reconciliation bill is about as believable as an Orson Wells' diet plan. For years this side of the program has been accused of being clones of the President and now we hear that there is support for this act. And the opposite side of the aisle says, "Isn't that wonderful."

Well, as I have said before and if I must, I will again, the President is wrong. Those of us who are Republicans make up our own minds. I would hope occasionally some of my Democratic friends would.

How can we go back home after setting up the first new entitlement in a long time, an entitlement that multiplies in the next 5 years 13½ times and say we are trying to save. In a year that we talk about deficit reduction, how can we put something like that into a reconciliation package?

Second, how can we reward States that have treated citizens shabbily, and punish States that have tried to be responsible both economically and socially then somehow claim this is fair. How can we remove from programs some of the few barriers to stop some of the mismanagement that has ultimately hurt most those who need the money, the beneficiaries.

The reconciliation instructions in this bill, for instance, suggest that somehow there must be savings reached in 1984 that are nonexistent in the CBO estimates. The CBO estimates—they are not mine, they are not yours, they are CBO's—show that in 1985, under this deficit reduction package, you are spending more.

□ 1650

It shows in the outyears even more disastrous numbers. We all have some fun and games, and who knows what may eventually work out of this current sham? But in this particular case, the smoke and mirrors have gone to new heights. Pictures of Mount St. Helens resemble this reconciliation. And that much smoke is bad for the health of the American people.

Mr. JONES of Oklahoma. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (SAM B. HALL, JR.)

Mr. SAM B. HALL, JR. Mr. Chairman, the Ways and Means Committee medicare assignment amendment poses a dilemma for us that is difficult to resolve. It has a feature that I support, namely, the freeze on medicare payments for one year for doctors' services to hospital inpatients. However, the mandated physician assignment language is going to be counterproductive to our entire effort here today.

Aside from the fact that this part of the amendment is heavyhanded, and on the surface, seemingly vindictive, it will result in the very opposite of what it is intended to do. I can tell you this from experience. I served on a hospital board of a good-size hospital for over 15 years before my coming to this body. I know something about the relationship of the doctor and his or her elderly patients. Folks in their senior years have a fear of changing established patterns, especially as it relates to their health care. Once an elderly patient chooses a physician and builds a relationship based on mutual trust, a sudden disruption of this scheme of things can be very traumatic.

And make no mistake about it, the business of mandating physician assignment is going to totally discourage a doctor from taking on medicare patients. It limits his or her choice, but speaking strictly from the standpoint of the patient's mental well being, it eliminates the choice of doctors.

I realize that health care has entered the computer age, like everything else. But we cannot treat people like robots. The relationship of a patient to a physician is a very private matter that should be based on all the values that can be summoned from our Judean-Christian ethic. In short, it cannot be impersonal and cold. That is the kind of health care they have in the Soviet Union.

I will tell you something else. This amendment is going to hurt the poor elderly in our rural areas, where we have enough problems getting doctors in the first place. Assuming that doctors in a rural hospital are prohibited because of an unwillingness to conform to mandatory assignment, what is the alternative? I will tell you what it is: No doctors. And no doctors means no hospitals, with the result being curtailment of medical assistance for the elderly.

What is wrong with allowing doctors the right to decide on a case-by-case basis whether to accept or to refuse medicare assignment? What is the harm in that practice? I see none. By making this action mandatory on the part of the doctors, it will hurt the elderly much more than it will hurt the doctor.

Now, the freeze is fine. I agree to that. And we are getting cooperation from doctors on this particular matter. But mandatory assignment smacks of undue pressure and heavyhanded force. It will turn doctors away. And those who will suffer will be our elderly.

We heard a colloquy on the floor just a few moments ago between the distinguished gentleman of Georgia and the distinguished gentleman from Indiana, and this statement was made: That if this amendment passes, if a doctor does not accept medicare patients, he cannot have any staff privileges in a hospital. If he does not sign this agreement, whether it be a medicare patient or not, that doctor cannot have staff privileges in a hospital.

Now, is that right? I do not think so.

I urge the defeat of this particular proposition.

● Mr. FUQUA. Mr. Chairman, I rise in opposition to this amendment to require physicians to accept medicare patients. I believe the actual effect would be the opposite of that intended by its sponsors, especially in rural areas such as the Second Congressional District of Florida.

My district is predominantly a rural one and I believe this provision could adversely affect the ability of people to see the doctor of their choice. By mandating assignments, some doctors may pull out of medicare altogether and this is not in the public interest, particularly in areas where there is a shortage of doctors.

Further, such assignments may force small, rural hospitals to close, thereby additionally restricting the medical options available to the public.

I support the freeze on payments and believe it is in the public interest. It will certainly enable us to get a grasp on spiraling medicare costs.

I support the reconciliation process and hope we can pass such legislation today. We must get a handle on spending. This amendment, however, is ill-considered and I hope it will be rejected in the interest of insuring the best medical care for the American people.●

● Mr. WALGREN. Mr. President, in an earlier time, care of the elderly was viewed as the responsibility of children and families. But with economic progress has come economic costs: Families have been dispersed, making it harder to care for each other and thus forcing the creation of other caring systems, like medicare and medicaid.

There is, of course, no legal right to good health care. But we are a rich and resourceful society and we have a moral obligation to provide the elderly good health care. Medicare was set up in the 1960's to meet this obligation. It was a carefully constructed system of revenues supporting benefits, based on the age of our population and the cost of health care 20 years ago.

Those assumptions worked for some time, but now changes must be made to keep the medicare system sound. With increasing costs of health care and increasing numbers of elderly, revenues are not sufficient to cover benefits. Unless we move, in 1990 there will be a medicare deficit of $25 billion and 23 million Americans will face the uncertainty of depleted medicare funds.

It is important to remember medicare now covers less than 40 percent of the health care costs of people over 65. Beneficiaries, through copayments and deductibles, pay for over half their care out of their own pockets.

The critical problem of medicare is the lack of incentives to hold down costs. Medicare has paid whatever it was billed by hospitals and doctors. And when the purchaser is virtually insulated from the actual cost of services, as most are in medicare or in private insurance, it is impossible to make cost-conscious choices even if one wishes. And people do not "comparison shop" or "look for good deals" when choosing health care.

Recognizing the need for cost consciousness, last year Congress enacted the propsective reimbursement method of paying for hospital care under medicare, a system of paying a fixed amount, and no more, in advance. It is not clear how this will work. There is danger that patients may be discharged without full treatment, but it was an effort to put some kind of lid on medicare costs.

Additionally, in the 1981 Reagan reconciliation bill—a bill I opposed—major cost increases were imposed on beneficiaries, through increased deductibles and copayments. Since that time, President Reagan has continued to propose more cost increases for elderly beneficiaries.

The medicare bill before us today, H.R. 5394, makes several changes intended to bring cost efficiency to the system without adding to beneficiaries costs. One would limit practices by certain laboratories that have been charging medicare $2.75 more per blood test than other labs. Another would eliminate abuses by some podiatrist who is charging the medicare system for clipping toenails. Another attempts to bring pacemaker costs under control. The most controversial measure provides for a temporary "freeze" on physician fees under medicare.

Medicare payments for physicians' services for the aged have increased fivefold since 1974 and over 160 percent since 1979. The amendment would keep doctors fees for hospital inpatients at current levels for 1 year. In my view this is a modest step asking the medical profession to do its part in keeping the medicare system sound. With hospitals and patients already doing a part to hold costs down, it is only fair to ask the doctors to do their share. Doctors have benefited tremendously from the system; they would agree they have a responsibility—as trustees of the public's money—to join in the sacrifice.

In addition to shoring up medicare, there are other things, we must do to provide good health care for the growing aging population. Almost everyone today can expect to live into their seventies. In 1900, this country had 3 million people over age 65. Over the next 50 years, that figure will more than double, growing to 55 million. Older people have three times the health care expenditures that the rest of the population has because they require more services.

In hearings before our Health Subcommittee, we found that physicians spend less time per visit with elderly patients, even though the elderly are sicker and have more complicated social problems. Many doctors do not like to deal with declining, debilitated, or dying patients. One witness before our Health Subcommittee said that one study "shows significant and pervasive neglect of the elderly. We have many doctors who regard the ailments of age as chronic and eventually fatal, so they think treatment is largely a waste of time." This may be a basic prejudice in a society that glamorizes youth, beauty and vigor in its advertising and media. While one may have some respect for grandma, grandma really is not very exciting.

Last year we held a hearing entitled, "Young Physicians, Older Patients," and heard statement after statement that doctors are inadequately trained to deal with the care of the elderly. A 1977, AMA survey found that only 0.2 percent of doctors cited care of older people as one of their major specialities. We found that of 126 medical schools, 76 offer some course in geriatrics, and 35 offer a rotation in a facility for the aged. This leaves about 40 percent of medical schools with no specific course and two-thirds of the schools with no rotation giving students real experience with older peoples' health problems. In summary, medical students probably unconsciously do not seek training in care of the elderly, schools do not emphasize it, and we do not have an adequate number of trained professionals as a result.

The message here is that patching up medicare is only part of our job. We must also make sure that we have adequately trained health professionals who understand the health care needs of the elderly. As our subcommittee begins work on health manpower and related legislation, I hope that we can focus on these critical needs as well.

The late Hubert Humphrey said:

> The moral test of government is how government treats those in the dawn of life, children; those in the twilight of life, the elderly; and those in the shadows of life, the sick, the needy, and the handicapped.

Our society is finding it increasingly difficult to meet that test, particularly in providing affordable, accessible health care for the elderly.

Somehow we must.●

● Mr. **LEHMAN** of Florida. Mr. Chairman, as chairman of the Prevention Strategies Task Force of the Select Committee on Children, Youth, and Families, I am pleased to rise in strong support of the budget reconciliation bill's provision to extend and improve medicaid coverage for poor women and infants.

I and my colleagues on the Select Committee have learned firsthand from our work this past year around the country about how much human suffering we could prevent and money we could save if we provided more adequate preventive health care to women and children in poverty.

We learned that these poor and near poor women and their children face tremendous risks for an assortment of health problems. For example, many thousands of infants are born at serious risk every year because of lack of adequate prenatal care and nutrition, and poor living conditions. We consistently heard about how thousands of poor women receive prenatal care later or not at all because they cannot afford to pay for it themselves and are currently ineligible for medicaid assistance.

The problems for young and minority women and their children are especially grave. The infant mortality rate for black infants is twice as high as for white infants, and the gap is increasing. The low birth weight rate for black infants also stands twice as high as for white infants, and black mothers are less likely than white mothers to get early prenatal care. Among young mothers, it has been estimated that those under age 17 are at least 2 times more likely than mothers age 20 to 24 to get no prenatal care in the critical first three months of pregnancy, and to have no prenatal care until the last trimester.

Researchers, medical practitioners and consumers consistently told the committee that these problems can be minimized and, in many cases, are totally preventable. Adequate prenatal care can reduce infant mortality and the incidence of low birth weight, as well as help prevent many costly disabling conditions that might emerge immediately or only become apparent later on. It has been estimated that neonatal intensive care costs for low birth weight and sick babies range from $1,000 to $6,000 per day, compared with costs of only a few hundred dollars for prenatal care. And that may only be the beginning.

The legislation before us would provide financial incentives to states to extend medicaid coverage to some categories of these very seriously at-risk pregnant women and their babies. The proposal is a modest one that can help prevent costly and tragic outcomes for thousands of women and children in the country.

I strongly urge your support.●

● Mr. **GRAY**. Mr. Chairman, today, the House has before it the Omnibus Budget Reconciliation Act of 1984, which was reported by the House Budget Committee on Tuesday. Because the Pennsylvania primary was Tuesday, I was unable to participate in the committee's deliberations on this bill. There are, however, some components of the legislation on which I would now like to comment.

The provisions contained in this reconciliation legislation will, in conjunction with the tax reform legislation which this House passed yesterday, substantially meet the spending reduction targets established in the first concurrent resolution on the budget adoptee—overwhelmingly—last Thursday.

Title I of this bill extends the freeze on certain farm price supports contained in the recently adopted conference report on H.R. 4072.

Title II of this bill extends for fiscal years 1986 and 1987 the half-COLA cap for nondisabled Federal civilian and military retirees under age 62, contained in the Ominibus Reconciliation Act of 1984, H.R. 4169, which passed the Senate just last Friday.

Title III of the bill enacts those provisions of H.R 4325 which relate to child support enforcement.

Title IV of the legislation extends the savings assumed under the small business disaster loan program enacted in H.R. 4169 through fiscal year 1987.

Title V of the legislation enacts selected changes in the veterans' disability pension formulas and accounting systems which were recommended by the General Accounting Office.

Title VI of the bill incorporates the provisions of H.R. 5362, relating to supplemental security income and aid to families with dependent children asset verification; H.R. 5355, which relates to the accelerated collections and deposits of payments to executive agencies; and H.R. 5356, which mandates improved enforcement of the social security recipients earnings test.

In addition, there will be an amendment put before this House that mandates a freeze in the fees paid to physicians treating clients on medicare, while requiring that these physicians accept the medicare reimbursement rates as payment in full for service to in-hospital patients.

Mr. Chairman, I will not stand here before the House and say that I can recommend the enactment of these reductions with an easy mind. It is not easy for me to advocate that this body—again—ask Federal retirees, and AFDC recipients, and medicare beneficiaries, to once again accept the brunt of the sacrifices necessary to bring the deficit under control.

It is particularly not easy when I know, as we all know, that, still, the Defense Department grows—at the expense of our children, our retirees, and our indigent.

As a member of the House Budget Committee, however, I know that we must begin in earnest to restore this Nation to economic solvency and as unpleasant as it is, the vehicle before us is a step in that direction.●

● Mr. REID. Mr. Chairman, it was President John Kennedy who once said:

> A stronger nation and economy require more than a balanced budget. They require progress in those programs that spur our growth and fortify our strength.

The sentiment of this quote is particularly important as we look at the entire legislative package designed to trim the budget, better known as the Omnibus Budget Reconciliation Act of 1984.

As a strong advocate of responsible Federal spending, I have always supported the pay-as-you-go method to fiscal decisionmaking and implementation. This is the plan the House passed last week.

However, with any all-encompassing approach there are portions that create more sensitive reactions than others.

One such consideration is the provision for retired military and civil service employees. Under this Reconciliation Act, retirement provisions now in effect for these people would be extended beyond the 1985 deadline.

This bill provides that Federal civilian and military personnel who retire before age 62 would receive one-half the retirement cost-of-living adjustment in fiscal year 1986 and fiscal year 1987. The half-COLA retirement provisions in the bill are expected to save $981 million in fiscal year 1985 through fiscal year 1987.

As President Kennedy said, however, a balanced budget alone does not guarantee a stronger Nation and economy. He stressed the importance of progress in areas that spur growth and fortify our strength.

One of the strongest resources in "spurring this Nation's growth" is the Federal civilian labor force. Historically, one of the greatest incentives for recruitment and retention of Federal employees has been the retirement system. At a time when pay and other benefits are lagging far behind the private sector, this has been the one remaining employment incentive. However, once again, Federal workers are bearing the burden of budget cuts, whether they be increases in retirement age or changes in the formula for computing retirement.

With a plan to bring the cost of the Federal employees retirement system down to 22 percent of total payroll—which is an unprecedented cut in benefits—Federal workers say the longstanding promise by the Government—one to provide financial security to Federal workers upon retirement—has been breached.

In the same vein, I would like to reiterate President Kennedy's concerns about "fortifying our Nation's strength." What greater population in this country supplies manpower and resources to achieve those goals than the people who contribute their talents and energies to this Nation's defense and well-being?

That is why I question the trend that continues to cut away at military benefits to the point that we are risking a reduction in our manpower because the economics of participation can no longer provide the necessary compensation to our military.

My district in Nevada has at least 6,100 military retirees. Nine out of ten of those retirees are under 62 years old and will be directly affected by this retirement formula. For them, it seems, we are creating severe economic hardships.

At a time when we are all committed to reducing the spiraling deficit, it is important for us to realize that all of us will be making sacrifices in order to preserve our Nation. It is my hope that we can continue to seek out new ways for rebuilding fiscal responsibility while not victimizing the very people we are working to protect by these measures.●

● Mr. PEASE. Mr. Chairman, I rise in support of H.R. 5394, Omnibus Reconciliation Act of 1984, and would like to make a special note of the Grace Commission recommendation included in this bill by the Committee on Ways and Means.

The Grace Commission recommended recently that the Treasury be authorized to accelerate collection and deposit of Federal receipts by using the Treasury Federal Communications System (TFCS), automatic account withdrawals, and lockboxes.

The committee modified this proposal to give Treasury the authority to require each Federal agency to collect nontax receipts in the specific fashion Treasury desired, making greater use of electronic transfer of funds. Treasury is also allowed to set the date each agency must deposit its collections and to allow Treasury to assess a penalty against agencies that do not follow the specified procedures, in the amount of the interest on the payment that would have been collected on time through the required procedure.

Current law simply says deposits of receipts shall be made with the Treasury as expeditiously as possible but no later than 30 days after receipt. This proposal would result in cutting down the processing of payments by each agency that now delays the transfer of the actual money to the Treasury. The savings would amount to $1.6 billion over 3 years.

I am very pleased that my colleagues on the committee have seen fit to adopt this worthy recommendation.●

● Mr. WEISS. Mr. Chairman, the House of Representatives is once again underestimating the President. When will we recognize that Ronald Reagan has been a grand success in achieving his cruel and heartless objectives? When will we recognize that, not only have the poor been made poorer and the rich been made richer, but that all the progressive achievements of the last 50 years are slowly being eroded or eliminated? When will we be able to say, "enough is enough," and put an end to the tragic losses that are transforming our Nation?

The House of Representatives seems unable to recognize the severity of the damage which Ronald Reagan has already done. And now, we are considering a package of spending cuts in essential programs which have already been devastated in recent years.

Mr. Chairman, enough is enough. I realize that the reconciliation bill before us today includes many provisions that are worthy of strong support. Of special note is the child health assurance program, CHAP, which will help insure proper health care for pregnant women and young children previously ineligible for this kind of aid. There is also a Ways and Means amendment that will ask physicians to share in the burden of keeping the medicare program solvent, along with medicare recipients and hospitals. Yet, side by side with these highly worthwhile provisions stand further cuts aimed at Federal retirees, further cuts aimed at veterans, and further cuts aimed at the highly needy beneficiaries of the aid to families with dependent children, AFDC, program.

Now is not the time for further cuts. Now is not the time to slow down the policies of Ronald Reagan. Now is the time to change our course, to reassert the value of fairness, and devise a spending policy that benefits all Americans, including the poor and the middle class.

Among those asked to sacrifice in the interest of reducing the deficit are our Nation's poor children. The current bill will revise the formula for determining earnings under the aid to families with dependent children program. The effect of this change is that families will be deemed to have higher earnings, and therefore smaller AFDC benefits.

This change is being considered despite the continued assault the AFDC program has endured under the Reagan administration. Since Ronald Reagan took office, an estimated 735,000 families, including 1.45 million children, have lost benefits entirely or seen their benefits reduced. In 1981, a previous reconciliation bill took $1 billion away from this same program. And in 1982, the Tax Equity and Fiscal Responsibility Act cut AFDC expenditures by an additional $85 million. Each of these cuts was accompanied by lasting changes in the AFDC program that have thwarted [illegible] goals. And in the meantime, the number of children living in poverty has continued to grow. In the United States, 3,000 children fall into poverty every day.

Another group asked to sacrifice is Federal retirees. The bill before us today will cut in half the cost-of-living adjustment for Federal workers who retire before the age of 62. It will simply compound the impact of cuts which have already been made. In 1982, the average Federal pensioner lost $563 per year in benefits integral to his or her retirement plans. And in 1983, Congress exacted nearly $3 billion from the Federal retirement program through a variety of spending reductions. These cuts have had a significant impact on Federal retirees, many of who struggle to get by on very little. They have also raised fears among younger Federal employees that the Federal retirement system will cease to exist by the time they are ready to retire.

Our Nation's veterans have also been asked to help balance the budget. By changing the procedures for the payment of veterans' disability and death benefits, and the granting of VA home loans, the bill envisions savings of $800 million over 3 years. But like AFDC recipients and Federal retirees, veterans have already been asked to sacrifice in recent years.

The cuts envisioned in the present legislation seem minor when compared with those of past years, and they are accompanied by many positive changes. But to agree to continued cuts in programs of vital concern to Americans in need is to ignore the severity of the damage already done. We can no longer accept these kinds of trade-offs. Instead, we must begin to insist that our agenda consist in turning back the inhumane policies of the Reagan administration. Instead of devising further spending cuts in domestic programs, we must slash the overwhelmingly bloated military budget and move swiftly to reform our excessively complicated and inequitable Tax Code. Only by reversing the policies of Ronald Reagan can we hope to achieve a secure and prosperous future for our Nation.

Since the legislation before us today does not recognize the urgent need to turn back the policies of Ronald Reagan, I cannot in conscience support it.●

Mr. LATTA. Mr. Chairman, I yield back the balance of my time.

Mr. JONES of Oklahoma. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Pursuant to House Resolution 483, the bill is considered as having been read for amendment under the 5-minute rule.

The text of the bill, H.R. 5394, is as follows:

H.R. 5394

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Omnibus Budget Reconciliation Act of 1984".

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Title II. Civil Service and military retirement programs.
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Title IV. Savings in AFDC, SSI, and other programs.

TITLE I—AGRICULTURAL PROGRAMS

FARM PRICE SUPPORT PROGRAM REDUCTIONS

Sec. 101. For provisions of law which reduce spending for fiscal years 1985 through 1987 in agricultural programs, see conference report on H. R. 4072, the Wheat Improvement Act of 1983 (H. Report 98-646).

TITLE II—CIVIL SERVICE AND MILITARY RETIREMENT PROGRAMS

COST-OF-LIVING ADJUSTMENTS DURING FISCAL YEARS 1986 AND 1987

Sec. 201. (a) The cost-of-living increase under a Government retirement system in annuity or retired or retainer pay of any early retiree taking effect in each of fiscal years 1986 and 1987 shall be equal to one-half of the cost-of-living increase which would otherwise be effective under such system for that year.

(b) For purposes of this section, an individual shall be considered to be an early retiree if—

(1) the individual is under the age of 62 years as of the effective date of the cost-of-living increase involved;

(2) the annuity or retired or retainer pay of the individual is not computed in whole or in part based on any disability of the individual; and

(3) the annuity or retired or retainer pay of the individual is based upon the Government service of the individual.

(c) The amount of any survivor annuity which is based on the service of any early retiree subject to this section shall be computed as if this section had not been enacted.

(d) For purposes of this section, the term 'cost-of-living increase under a Government retirement system' means any increase under—

(1) section 8340(b) of title 5, United States Code;

(2) section 826 of the Foreign Service Act of 1980;

(3) the Central Intelligence Agency Act of 1964 for Certain Employees (50 U.S.C. 403 note);

(4) section 1401a(b) of title 10, United States Code; or

(5) the provisions of any other retirement system for Government officers or employees which the President determines, by Executive order, is based on adjustments under any of the provisions referred to in the preceding paragraphs.

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PART C—RECOVERY OF HILL-BURTON FUNDS

Sec. 371. Recovery of Hill-Burton funds.

PART A—MEDICARE RECONCILIATION AMENDMENTS

Subpart I—Payment- and Coverage-Related Changes

PAYMENT FOR OUTPATIENT DIAGNOSTIC LABORATORY TESTS

SEC. 301. (a) Subsection (a) of section 1833 of the Social Security Act (42 U.S.C. 1395l) is amended—

(1) by amending clause (D) of subsection (a)(1) to read as follows: "(D) with respect to diagnostic laboratory tests for which payment is made under this part, the amounts paid shall be equal to 80 percent (or 100 percent, in the case of such tests for which payment is made on the basis of an assignment described in section 1842(b)(3)(B)(ii) or under the procedure described in section 1870(f)(1)) of the lesser of (i) the amount determined under subsection (h), or (ii) the amount of the charges billed for the tests,";

(2) by inserting "or (D)" in paragraph (2)(B) after "subparagraph (C)";

(3) by striking out "and" at the end of paragraph (2)(B);

(4) by inserting "and" at the end of paragraph (2)(C); and

(5) by adding at the end of paragraph (2) the following new subparagraph:

"(D) with respect to diagnostic laboratory tests for which payment is made under this part, 100 percent of the lesser of (i) the amount determined under subsection (h), or (ii) the amount of the charges billed for the tests;".

(b) Subsection (b) of such section is amended—

(1) by striking out "and" at the end of clause (2) of subsection (b); and

(2) by inserting before the period at the end of the first sentence of subsection (b) the following: ", and (4) such deductible shall not apply with respect to diagnostic laboratory tests for which payment is made under this part on the basis of an assignment described in section 1842(b)(3)(B)(ii), under the procedure described in section 1870(f)(1), or to a provider of services with an agreement in effect under section 1866".

(c) Subsection (h) of such section is amended to read as follows:

"(h)(1) The Secretary shall establish in accordance with this subsection a national fee schedule for diagnostic laboratory tests for which payment is made under this part.

"(2) Except as provided in paragraph (4), the Secretary shall set the fee schedule at 60 percent of the prevailing charge level determined pursuant to the third and fourth sentences of section 1842(b)(3) for similar diagnostic laboratory tests for the twelve-month period beginning July 1, 1984, adjusted annually to reflect changes in the Consumer Price Index for All Urban Consumers (U.S. city average) and subject to such other adjustments as the Secretary determines are justified by technological changes.

"(3) In addition to the amounts provided under the fee schedule, the Secretary shall provide for and establish a nominal fee to cover the costs in collecting the sample on a diagnostic laboratory test that was performed and for which payment is made under this part, except that not more than one such fee may be provided under this paragraph with respect to samples collected in the same encounter.

"(4)(A) During the 3-year period beginning July 1, 1984, the Secretary may provide for the fee schedule under this subsection to be established on a regional or statewide basis if the Secretary determines that a national fee schedule is inappropriate at such time because of limitations in the data available to establish such a schedule.

"(B) In establishing a fee schedule under this subsection, the Secretary may provide for an adjustment to take into account, with respect to the portion of the expenses of diagnostic laboratory tests attributable to wages, the relative difference between a region's or local area's wage rates and the wage rate presumed in the data on which the schedule is based.

"(5) In the case of a bill or request for payment for a diagnostic laboratory test for which payment may otherwise be made under this part—

"(A) no payment may be made under this part to a physician with respect to such test unless the physician (or another physician with whom the physician shares his practice) personally performed or supervised the performance of the test, and

"(B) payment for such a test performed by a laboratory which is independent of a physician's office or a rural health clinic may only be made on the basis of an assignment described in section 1842(b)(3)(B)(ii), under the procedure described in section 1870(f)(1), or to a provider of services with an agreement in effect under section 1866.".

(d) Section 1842(h) of such Act (42 U.S.C. 1395u(h)) is repealed.

(e) The last sentence of section 1866(a)(2)(A) of such Act (42 U.S.C. 1395cc(a)(2)(A)) is amended by inserting "and with respect to diagnostic laboratory tests" after "section 1861(s)(10)".

(f)(1) Section 1902(a) of such Act (42 U.S.C. 1396a(a)) is amended—

(A) by inserting "and" at the end of paragraph (42);

(B) by striking out paragraph (43); and

(C) by redesignating paragraph (44) as paragraph (43).

(2) Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended—

(A) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or", and

(B) by adding after paragraph (6) the following new paragraph:

"(7) with respect to any amount expended for diagnostic laboratory tests performed by a physician, independent laboratory, or hospital (other than for an inpatient of the hospital), to the extent such amount exceeds the amount payable under section 1833(h) for such tests.".

(g) The Secretary of Health and Human Services (hereinafter in this title referred to as the "Secretary") shall simplify the procedures under section 1842 of the Social Security Act with respect to claims and payments for diagnostic laboratory tests under part B of title XVIII of such Act.

(h)(1) Except as provided in paragraph (2), the amendments and repeal made by this section shall apply to diagnostic laboratory tests furnished on or after July 1, 1984.

(2) The amendments made by subsection (f)(2) shall apply to payments for calendar quarters beginning on or after October 1, 1934.

COVERAGE OF ADMINISTRATION OF HEPATITIS B VACCINE

SEC. 302. (a) Section 1861(s)(10) of the Social Security Act (42 U.S.C. 1395x(s)(10)) is amended—

(1) by inserting "(A)" after "(10)",

(2) by striking out the period at the end and inserting in lieu thereof "; and", and

(3) by adding at the end the following new subparagraph:

"(B) hepatitis B vaccine and its administration, furnished in a hospital or a renal dialysis facility.".

(b) Section 1833 of such Act (42 U.S.C. 1395l) is amended by adding at the end the following new subsection:

"(k) With respect to services described in section 1861(s)(10)(B), the Secretary may provide, instead of the amount of payment otherwise provided under this part, for payment of such an amount or amounts as reasonably reflects the general cost of efficiently providing such services.".

(c) The amendments made by this section apply to services furnished on or after July 1, 1984.

PART B PAYMENT FOR SERVICES OF TEACHING PHYSICIANS

Sec. 303. (a) Section 1842(b)(6)(B) of the Social Security Act (42 U.S.C. 1395u(b)(6)(B)) is amended—

(1) by striking out "physician who has a substantial practice outside the teaching setting" in clause (i) and inserting in lieu thereof "physician who is not a teaching physician (as defined by the Secretary)";

(2) by striking out "outside practice" in clause (i) and inserting in lieu thereof "practice outside the teaching setting";

(3) by striking out "In the case of a physician who does not have a practice described in clause (i)" in clause (ii) and inserting in lieu thereof "Except as provided under clause (iii), in the case of a teaching physician";

(4) by striking out "greater" in clause (ii) and inserting in lieu thereof "greatest";

(5) by striking out "or" at the end of subclause (I) of clause (ii);

(6) by striking out the period at the end of subclause (II) of clause (ii) and inserting in lieu thereof ", or";

(7) by adding at the end of clause (ii) the following new subclause:

"(III) 75 percent of the prevailing charges paid for similar services in the same locality."; and

(8) by adding at the end thereof the following new clause:

"(iii) If all the teaching physicians in the hospital agree to have payment made for all physicians' services under this part furnished patients in the hospital on the basis of an assignment described in paragraph (3)(B)(ii) or under the procedure described in section 1870(f)(1), the carrier shall take into account the amounts otherwise payable under this part with respect to similar services in the same locality.".

(b) The amendments made by subsection (a) shall apply to services furnished on or after July 1, 1984.

INFORMATION ON PHYSICIAN ASSIGNMENT PRACTICES

Sec. 304. Section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by adding at the end the following new subsections:

"(i)(1) The Secretary shall compile annually a list of physicians serving individuals enrolled under this part indicating the share (by percentile intervals not to exceed quartiles) of claims which each physician has accepted on an assignment basis (described in subsection (b)(3)(B)(ii)) or has had payment made under the procedure described in section 1870(f)(1) in the preceding year.

"(2) The Secretary shall make available in each office of the Social Security Administration the information compiled under paragraph (1) for the local geographic area served by the office no more than six months after the end of each year and, upon request, by mail from each carrier. The Secretary shall, when such information becomes available, annually notify each individual enrolled under this part of the availability of such information.

"(j)(1) The Secretary shall publish annually a list of all physicians who have agreed in accordance with this subsection to accept payment under this part on the basis of an assignment (described in subsection (b)(3)(B)(ii)) or under the procedure described in section 1870(f)(1) for all services furnished under this part during the following twelve-month period to individuals enrolled under this part.

"(2) To permit the publishing of the list provided under paragraph (1), the Secretary shall annually, before the beginning of the twelve-month period, offer physicians a reasonable opportunity to sign an agreement that they will accept payment under this part on the basis of an assignment (described in subsection (b)(3)(B)(ii)) or under the procedure described in section 1870(f)(1) for all services furnished under this part during the following twelve-month period to individuals enrolled under this part.

"(3) The Secretary shall annually provide to each individual enrolled under this part and residing in a local geographic area notice of the availability of the list of all physicians in that area who have signed such an agreement for the following twelve-month period.".

STUDY OF MEDICARE PART B PAYMENTS

Sec. 305. (a)(1) The Secretary of Health and Human Services shall study and report to Congress, no later than June 30, 1985, on methods by which payment amounts and other program policies under part B of title XVIII of the Social Security Act may be modified—

(A) to eliminate inequities in the relative amounts paid to physicians by type of service, locality, and specialty, with particular attention to any inequities between cognitive services and medical procedures;

(B) to increase incentives for physicians and other suppliers under such part to accept assignment for medicare services; and

(C) to provide incentives for physicians and other providers not to provide increased or otherwise excessive amounts of hospital, physician, and other health care services.

(2) In carrying out the study under paragraph (1)(A), the Secretary shall take into account the relative time, complexity, investment in professional training, and overhead expenses necessary to the provision of various medical services and procedures.

(3) The report of the Secretary shall include a description of one or more national or regional fee schedules for payments under part B of title XVIII of the Social Security Act which are consistent with the findings of the study under this subsection.

(b) In order to carry out the study and facilitate Congressional review, the Secretary shall compile a centralized medicare part B charge data base, utilizing information gathered by the medicare carriers and used by them in making the 1984 reasonable charge updates. Such data shall include information, by procedure, on—

(1) utilization,

(2) assignment rates of physicians and suppliers,

(3) actual, customary, and prevailing charges, and

(4) the differences in charges by physician specialty and locality.

(c) The report of the Secretary shall include recommendations for legislative amendments necessary to implement the findings and recommendations of the study under this section.

(d) In preparing the report and recommendations, the Secretary shall consult, as appropriate, with national organizations of physicians and other interested associations and individuals.

PACEMAKER REIMBURSEMENT REVIEW AND REFORM

Sec. 306. (a)(1) The Secretary shall issue revisions to the current guidelines for the payment under part B of title XVIII of the Social Security Act for the transtelephonic monitoring of cardiac pacemakers. Such revised guidelines shall include provisions regarding the specifications for and frequency of transtelephonic monitoring procedures which will be found to be reasonable and necessary.

(2)(A) Except as provided in subparagraph (B), if the guidelines required by paragraph (1) have not been issued and put into effect by October 1, 1984, payment may not be made under part B of title XVIII of the Social Security Act for transtelephonic monitoring procedures (with respect to a single-chamber cardiac pacemaker powered by lithium batteries) conducted more frequently than—

(i) weekly during the first month after implantation,

(ii) once every two months during the period representing 80 percent of the estimated life of the implanted device, and

(iii) monthly thereafter.

(B) Subparagraph (A) shall only apply to the monitoring of single-chamber cardiac pacemaker devices powered by lithium batteries, and shall not apply in cases where the Secretary (or the Secretary's agent) determines that special medical factors (including possible evidence of pacemaker malfunction) justify more frequent transtelephonic monitoring procedures.

(b)(1) The Secretary shall review, and report to the Committees on Energy and Commerce and Ways and Means of the House of Representatives and the Committee on Finance of the Senate, regarding the appropriateness of the current rate of reimbursement under part B of title XVIII of the Social Security Act for physicians' services associated with implantation or replacement of pacemaker devices and pacemaker leads. Such review shall take into account the amounts recognized as reasonable with respect to such procedures and the time and difficulty of such procedures at the current time in comparison with such amounts and the time and difficulty of such procedures at the time the rates for such procedures were first established under such part. In making such review and report, the Secretary shall take into consideration the reduction of such recognized rates by 20 percent.

(2) The Secretary shall complete the review described in this subsection not later than October 1, 1984.

(c) Section 1866 of the Social Security Act (42 U.S.C. 1395cc) is amended by adding at the end thereof the following new subsection:

"(g)(1) The Secretary shall, through the Commissioner of the Food and Drug Administration, provide for a registry of all cardiac pacemaker devices and pacemaker leads for which payment was made under this title. Such registry shall include the manufacturer, model, serial number, and manufacturer's price of each such device or lead, the name of the recipient of such device or lead, the date and location of the implantation or removal of the device or lead, the name of the physician involved in implanting or removing such device or lead, the name of the hospital or other provider billing for such procedure, any express or implied warranties associated with such device or lead under contract or State law, and such other information as the Secretary deems to be appropriate. Such registry shall be for the purposes of assisting the Secretary in determining when payments may properly be made under this title, determining when inspection by the Food and Drug Administration may be necessary under paragraph (2), and carrying out studies with respect to the use of such devices and leads. In carrying out any such study, the Secretary may not reveal any specific information which identifies any pacemaker device or lead recipient by name (or which would otherwise identify a specific recipient). Any person or organization may provide information to the registry with respect to cardiac pacemaker devices and leads other than those for which payment is made under this title.

"(2) In any case where the Secretary has reason to believe, based upon information in the pacemaker registry or otherwise available to him, that replacement of a cardiac pacemaker device or lead for which payment is or may be requested under this title is related to the malfunction of a device or lead, the Secretary may require that personnel of the Food and Drug Administration test such device, or be present at the testing of such device by the manufacturer, to determine whether such device was functioning properly.".

PAYMENT FOR DEBRIDEMENT OF MYCOTIC TOENAILS

Sec. 307. The Secretary shall provide, pursuant to section 1862(a) of the Social Security Act, that payment will not be made under part B of title XVIII of such Act for a physician's debridement of mycotic toenails to the extent such debridement is performed for a patient more frequently than once every 60 days, unless the medical necessity for more frequent treatment is documented by the billing physician.

PAYMENT FOR COSTS OF HOSPITAL-BASED MOBILE INTENSIVE CARE UNITS

Sec. 308. (a)(1) In the case of a project or system described in subsection (b), the Secretary shall provide, except as provided in paragraph (2), that the amount of payments to hospitals covered under the project or system (on and after January 1, 1983) shall include payments for their operation of hospital-based mobile intensive care units (as defined by State statute) if the State provides satisfactory assurances that the total amount of payments to such hospitals under titles XVIII and XIX of the Social Security Act under the demonstration project or system (including any such additional amount of payment) would not exceed the total amount of payments which would have been paid under such titles if the demonstration project or system were not in effect.

(2) Paragraph (1) shall not apply if the State in which the project or system is located notifies the Secretary—

(A) within 30 days of the date of the enactment of this section, in the case of a demonstration project described in subsection (b)(1), or

(B) within a reasonable period (established by the Secretary), in the case of a system described in subsection (b)(2),

that the State does not want paragraph (1) to apply to that project or system.

(b) A project or system referred to in subsection (a) is—

(1) a state-wide demonstration project under section 222(a) of the Social Security Amendments of 1972 (Public Law 92-603), or

(2) a state-wide hospital reimbursement control system approved under section 1886(c) of the Social Security Act,

which project or system provides for payments to hospitals in a State determined on a prospective basis and related to a classification of patients by diagnosis-related groups.

(c) Payment for services described in this section shall be considered to be payments for services under part A of title XVIII of the Social Security Act.

Subpart II—Miscellaneous Administrative Changes

PRESIDENTIAL APPOINTMENT OF AND PAY LEVEL FOR THE ADMINISTRATOR OF THE HEALTH CARE FINANCING ADMINISTRATION

Sec. 321. (a) Title XI of the Social Security Act is amended by inserting after section 1116 the following new section:

"APPOINTMENT OF THE ADMINISTRATOR OF THE HEALTH CARE FINANCING ADMINISTRATION

"Sec. 1117. The Administrator of the Health Care Financing Administration shall be appointed by the President by and with the advice and consent of the Senate.".

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"Administrator of the Health Care Financing Administration."

(c) The amendments made by this section shall apply to appointments made after the date of the enactment of this Act.

PERMITTING LIMITED PROVIDER REPRESENTATION ON PEER REVIEW ORGANIZATIONS

Sec. 322. Section 1153(b)(3) of the Social Security Act (42 U.S.C. 1320c-2(b)(3)) is amended—

(1) by striking out "(3) The Secretary" and inserting in lieu thereof "(3)(A) Except as provided in subparagraph (B), the Secretary", and

(2) by adding at the end the following new subparagraph:

"(B) In the case of a utilization and quality control peer review organization with a governing board composed of—

"(i) not more than 15 members, the Secretary may enter into a contract under this part with the organization if not more than one of the members of its governing board is a member of a governing board, officer, or managing employee of a health care facility, or

"(ii) more than 15 members, the Secretary may enter into a contract under this part with the organization if not more than two of the members of its governing board are members of a governing board, officer, or managing employee of a health care facility.".

ACCESS TO HOME HEALTH SERVICES

Sec. 323. (a) Sections 1814(a) and 1835(a) of the Social Security Act (42 U.S.C. 1395f(a), 1395n(a)) are each amended by adding at the end the following new sentence: "For purposes of the preceding sentence, service by a physician as an uncompensated officer or director of a home health agency shall not constitute having a significant ownership interest in, or a significant financial or contractual relationship with, such agency.".

(b) The third sentence of section 1814(a) of the Social Security Act (42 U.S.C. 1395f(a)) and the fourth sentence of section 1835(a) of such Act (42 U.S.C. 1395n(a)) are each amended by inserting before the period at the end the following: ", except that such prohibition shall not apply with respect to a home health agency which is a sole community home health agency (as determined by the Secretary)".

(c)(1) The amendments made by subsection (a) shall apply to certifications and plans of care made or established on or after the date of the enactment of this Act.

(2) The Secretary shall provide, not later than 90 days after the date of the enactment of this Act, for such revision of regulations as may be required to reflect the amendments made by subsection (b).

REPEAL OF SPECIAL TUBERCULOSIS TREATMENT REQUIREMENTS AND REQUIREMENT OF ACCREDITATION FOR PSYCHIATRIC HOSPITALS

Sec. 324. (a) Section 1814(a) of the Social Security Act (42 U.S.C. 1395f(a)) is amended—

(1) by striking out subparagraph (B) of paragraph (2),

(2) by striking out "and inpatient tuberculosis hospital services" in paragraph (3),

(3) by striking out paragraph (5), and

(4) by striking out "(B)," in the sentence that follows paragraph (3).

(b) Section 1861 of such Act (42 U.S.C. 1395x) is amended—

(1) by striking out subsections (d) and (g),

(2)(A) by inserting "and" at the end of paragraph (3) of subsection (f),

(B) by striking out "; and" at the end of subsection (f)(4) and inserting in lieu thereof a period,

(C) by striking out paragraph (5) of subsection (f), and

(D) by striking out "if the institution is accredited" and all that follows through "Secretary" in the second sentence of subsection (f);

(3) by striking out "or tuberculosis unless it is a tuberculosis hospital (as defined in subsection (g)) or" in the fifth sentence of subsection (e), and

(4) by striking out "or tuberculosis" in the first sentence of subsection (j) following paragraph (15).

(c) Section 1863 of such Act (42 U.S.C. 1395z) is amended by striking out "(g)(4),".

(d) Section 1866 of such Act (42 U.S.C. 1395cc) is amended—

(1) by striking out "tuberculosis hospital services and" in subsection (b)(3), and

(2) by striking out "inpatient tuberculosis hospital services and" in subsection (d).

(e) Section 1902(a)(23) of such Act (42 U.S.C. 1396a(a)(28)) is amended by striking out "and tuberculosis".

(f) Section 1903(g)(1) of such Act (42 U.S.C. 1396b(g)(1)) is amended by striking out "(including an institution for tuberculosis)" and "(including tuberculosis hospitals)".

(g) Section 1905(a) of such Act (42 U.S.C. 1396d(a)) is amended by striking out "tuberculosis or" each place it appears.

(h) Section 1905(h)(1) of such Act (42 U.S.C. 1396d(h)(1)) is amended—

(1) by striking out subparagraph (A), and

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

INDIRECT PAYMENT OF SUPPLEMENTARY MEDICAL INSURANCE BENEFITS

Sec. 325. (a) The first sentence of section 1842(b)(5) of the Social Security Act (42 U.S.C. 1395u(b)(5)) is amended—

(1) by inserting "(i)" after "(A)",

(2) by striking out "(B)" and inserting in lieu thereof "(ii)", and

(3) by inserting before the period the following: ", or (B) to an entity (i) which pro-

vides coverage of the services under a health benefits plan, but only to the extent that payment is not made under this part, (ii) which has paid the person who provided the service an amount (including the amount payable under this part) which that person has accepted as payment in full for the service, and (iii) to which the individual has agreed in writing that payment may be made under this part".

(b) The second sentence of such section is amended by striking out "or (B)".

INCLUDING PODIATRISTS IN DEFINITION OF 'PHYSICIAN' FOR OUTPATIENT PHYSICAL THERAPY SERVICES AND INCLUDING PODIATRISTS AND DENTISTS IN DEFINITION OF 'PHYSICIAN' FOR OUTPATIENT AMBULATORY SURGERY

Sec. 326. (a) Section 1861(p)(1) of the Social Security Act (42 U.S.C. 1395x(p)(1)) is amended by striking out "section 1861(r)(1)" and inserting in lieu thereof "paragraph (1) or (3) of section 1861(r)".

(b) Section 1832(a)(2)(F)(ii) of such Act (42 U.S.C. 1395k(a)(2)(F)(ii)) is amended by striking out "section 1861(r)(1)" and inserting in lieu thereof "paragraph (1), (2), or (3) of section 1861(r)".

(c) Section 1861(r)(3) of such Act (42 U.S.C. 1395x(r)(3)) is amended—

(1) by striking out "and (m)" the first place it appears and inserting in lieu thereof ", (m), and (p)(1)", and

(2) by inserting ", 1832(a)(2)(F)(ii)," after "1814(a)" the first place it appears.

(d) The amendments made by this section apply to services furnished on or after the date of the enactment of this Act.

ESTABLISHMENT BY PHYSICAL THERAPISTS OF PLANS FOR PHYSICAL THERAPY

Sec. 327. (a) Section 1861(p)(2) of the Social Security Act (42 U.S.C. 1395x(p)(2)) is amended by striking out ", and is periodically reviewed, by a physician (as so defined)" and inserting in lieu thereof "by a physician (as so defined) or by a qualified physical therapist and is periodically reviewed by a physician (as so defined)".

(b) Section 1835(a)(2)(C)(ii) of such Act (42 U.S.C. 1395n(a)(2)(C)(ii)) is amended by striking out ", and is periodically reviewed, by a physician" and inserting in lieu thereof "by a physician or by the qualified physical therapist provided such services and is periodically reviewed by a physician".

(c) The amendments made by this section apply to plans of care established on or after the date of the enactment of this Act.

ACCESS TO RECORDS OF SUBCONTRACTORS

Sec. 328. (a) Section 1861(v)(1)(I) of the Social Security Act (42 U.S.C. 1395x(v)(1)(I)) is amended by striking out "$10,000" and inserting in lieu thereof "$50,000".

(b) The amendment made by subsection (a) applies to contracts with subcontractors entered into on or after the date of the enactment of this Act.

MEDICARE RECOVERY AGAINST CERTAIN THIRD PARTIES

Sec. 329. (a) Section 1862(b)(1) of the Social Security Act (42 U.S.C. 1395y(b)(1)) is amended—

(1) in the first sentence, by inserting "promptly" after "to be made",

(2) in the second sentence, by inserting "or may be" after "has been", and

(3) by inserting after the second sentence the following new sentence: "The United States may recover the amount of any such payment under this title by bringing an action against the entity responsible for payment under such a law, policy, plan, or insurance (if the entity would be required to make payment if an appropriate claim were pursued, but only to the extent that the entity has not already made payment), by bringing an action against the entity to which payment has been so made (if the entity is other than the individual entitled to benefits under this title), or by joining or intervening in any action related to the events that gave rise to the need for the item or service, and shall be subrogated (to the extent of the payment under this title) to any right of the individual or any other entity to payment under such a law, policy, plan, or insurance.".

(b) Section 1862(b)(2)(B) of such Act (42 U.S.C. 1395y(b)(2)(B)) is amended—

(1) in the first sentence, by inserting "or may be" after "has been", and

(2) by inserting after the first sentence the following new sentence: "The United States may recover the amount of any such payment under this title by bringing an action against the entity responsible for payment under such a plan (if the entity would be required to make payment if an appropriate claim were pursued, but only to the extent that the entity has not already made payment), by bringing an action against the entity to which payment has been so made (if the entity is other than the individual entitled to benefits under this title), or by joining or intervening in any action related to the events that gave rise to the need for the item or service, and shall be subrogated (to the extent of the payment under this title) to any right of the individual or any other entity to payment under such a plan.".

(c) Section 1862(b)(3)(A)(ii) of such Act (42 U.S.C. 1395y(b)(3)(A)(ii)) is amended—

(1) in the first sentence, by inserting "or may be" after "has been", and

(2) by inserting after the first sentence the following new sentence: "The United States may recover the amount of any such payment under this title by bringing an action against the entity responsible for payment under such a plan (if the entity would be required to make payment if an appropriate claim were pursued, but only to the extent that the entity has not already made payment), by bringing an action against the entity to which payment has been so made (if the entity is other than the individual entitled to benefits under this title), or by joining or intervening in any action related to the events that gave rise to the need for the item or service, and shall be subrogated (to the extent of the payment under this title) to any right of the individual or any other entity to payment under such a plan.".

USE OF ACCREDITING ORGANIZATIONS FOR CERTAIN ENTITIES FURNISHING SERVICES

Sec. 330. The third sentence of section 1865(a) of the Social Security Act (42 U.S.C. 1395bb(a)) is amended—

(1) by striking out "section 1861(e), (j), (o), or (dd)" and inserting in lieu thereof "section 1832(a)(2)(F)(i), 1861(e), 1861(f), 1861(j), 1861(o), or 1861(p)(4)(A) or (B), paragraphs (11) and (12) of section 1861(s), or section 1861(aa)(2), 1861(cc)(2), or 1861(dd)(2)", and

(2) by striking out "institution or agency" each place it appears and inserting in lieu thereof "entity".

CONFIDENTIALITY OF ACCREDITATION SURVEYS

Sec. 331. Section 1865(a) of the Social Security Act (42 U.S.C. 1395bb(a)) is amended—

(1) by striking out "(on a confidential basis)" in paragraph (2), and

(2) by adding at the end the following new sentence:

"The Secretary may not disclose any accreditation survey made and released to him by the Joint Commission on Accreditation of Hospitals, the American Osteopathic Association, or any other national accreditation body, of an entity accredited by such body.".

THIRTY-DAY COVERAGE FOR SERVICES FURNISHED BY A HOME HEALTH AGENCY WHOSE AGREEMENT HAS BEEN TERMINATED

Sec. 332. (a) Section 1866(b)(4)(B) of the Social Security Act (42 U.S.C. 1395cc(b)(4)(B)) is amended by striking out "the calendar year in which" and inserting in lieu thereof "30 days after".

(b) The amendment made by subsection (a) applies with respect to terminations whose effective date falls after 60 days after the date of the enactment of this Act.

TERMINATION OF AGREEMENTS WITH INSTITUTIONS AND ENTITIES WHERE OWNERS OR CERTAIN OTHER INDIVIDUALS HAVE BEEN CONVICTED OF CERTAIN OFFENSES

Sec. 333. Section 1866(b)(2)(G) of the Social Security Act (42 U.S.C. 1395cc(b)(2)(G)) is amended by inserting before the period the following: ", or that any person who has a direct or indirect ownership or control interest of 5 percent of more in such provider, or who is an officer, director, agent, or managing employee (as defined in section 1126(b)) of such provider, is a person described in section 1126(a)(2)".

ELIMINATION OF HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

Sec. 334. (a) Section 1867 of the Social Security Act (42 U.S.C. 1395dd) is repealed.

(b)(1) The first sentence of section 1863 of such Act (42 U.S.C. 1395z) is amended by striking out "the Health Insurance Benefits Advisory Council established by section 1867, appropriate State agencies" and inserting in lieu thereof "appropriate State agencies".

(2) The first sentence of section 7(d)(4) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(d)(4)) is amended by striking out "1867,".

(3) Section 361 of the Social Security Amendments of 1977 (42 U.S.C. 907a) is amended by striking out subsection (i).

HEALTH MAINTENANCE ORGANIZATIONS AND COMPETITIVE MEDICAL PLANS

Sec. 335. (a) Subsection (c)(3)(A) of section 1876 of the Social Security Act (42 U.S.C. 1395mm) is amended—

(1) by inserting "(i)" after "(3)(A)",

(2) by inserting "and including the 30-day period specified under clause (ii)" after "30 days duration every year", and

(3) by adding at the end the following new clause:

"(ii) For each area served by more than one eligible organization under this section, the Secretary (after consultation with such organizations) shall establish a single 30-day period each year during which all eligible organizations serving the area must provide for open enrollment under this section. The Secretary shall determine annual per capita rates under subsection (a)(1)(A) in a manner that assures that individuals enrolling during such a 30-day period will not have premium charges increased or any additional benefits decreased during the 12-month enrollment period for which the individual is enrolling. An eligible organization may provide for such other open enrollment period or periods as it deems appropriate consistent with this section.".

(b) The first sentence of subsection (g)(2) of such section is amended by inserting before the period the following: "and except that an organization (with the approval of the Secretary) may provide that a part of the value of such additional benefits be withheld and reserved by the Secretary for subsequent annual contract periods to the extent required to stabilize and prevent undue fluctuations in the additional benefits offered in those subsequent periods by the organization in accordance with paragraph (3)".

(c)(1) Subsection (g)(4)(A) of such section is amended—

(A) by inserting "and other providers of services" after "hospitals",

(B) by inserting "or other appropriate basis for payment established under this title" after "section 1861(v))", and

(C) by striking out "inpatient hospital".

(2) Subsection (h)(2) of such section is amended—

(A) by striking out "skilled nursing facilities" in subparagraph (A) and inserting in lieu thereof "other providers of services",

(B) by striking out "or" after "1861(v))" in subparagraph (A) and in the second sentence and inserting in lieu thereof a comma in each instance,

(C) by inserting "or other appropriate basis for payment established under this title" after "section 1886" in subparagraph (A) and in the second sentence each place it appears, and

(D) by striking out "skilled nursing facility" in the second sentence and inserting in lieu thereof "or other provider of services".

(d) The Secretary of Health and Human Services may phase in, over a period of not longer than three years, the application of the amendments made by subsection (a) to all applicable areas in the United States if the Secretary determines that it is not administratively feasible to establish a single 30-day open enrollment period for all such applicable areas before the end of the period.

DEADLINE FOR REPORT ON INCLUDING PAYMENT FOR PHYSICIANS' SERVICES TO HOSPITAL INPATIENTS IN DRG PAYMENT AMOUNTS

Sec. 336. The second sentence of section 603(a)(2)(B) of the Social Security Amendments of 1983 (Public Law 98-21) is amended by striking out "include, in a report to Congress in 1985," and inserting in lieu thereof "submit to Congress, not later than July 1, 1985, a report to Congress which includes".

FLEXIBLE SANCTIONS FOR NONCOMPLIANCE WITH REQUIREMENTS FOR END-STAGE RENAL DISEASE FACILITIES

Sec. 337. Section 1881(c)(3) of the Social Security Act (42 U.S.C. 1395rr(c)(3)) is amended by adding at the end the following new sentence: "Where the Secretary also determines that the facility's or provider's failure to cooperate with the Secretary's plans and goals does not jeopardize patient health or safety or justify termination of certification, the Secretary may, instead of terminating or withholding certification and after reasonable notice to the provider or facility and to the public, impose such other sanctions as may be appropriate, which sanctions may include denial of reimbursement with respect to some or all patients admitted to the facility after the date of the notice and graduated reduction in reimbursement for all patients.".

REPEAL OF REQUIREMENT FOR END-STAGE RENAL DISEASE NETWORKS

Sec. 338. (a)(1) Paragraph (1) of section 1881(c) of the Social Security Act (42 U.S.C. 1395rr(c)) is amended to read as follows:

"(c)(1) For the purpose of assuring effective and efficient administration of the benefits provided under this section, the Secretary may establish a national end-stage renal disease medical information system.".

(2) Paragraphs (2), (4), and (5) of such section are repealed.

(3) Paragraph (3) of such section is amended—

(A) by striking out "the data contained in the network's annual report and such other" and inserting in lieu thereof "such",

(B) by striking out "network plans" and inserting in lieu thereof "the Secretary's plans", and

(C) by striking out "network's plans" and inserting in lieu thereof "those plans".

(4) Paragraph (6) of such section is amended—

(A) by striking out "and network" in the second sentence,

(B) by striking out "(6)" and inserting in lieu thereof "(2)", and

(C) by transferring and inserting it after paragraph (1) of such section.

(b) Section 1881(g) of such Act (42 U.S.C. 1395rr(g)) is amended—

(1) by striking out ", nationally and by renal disease network," in paragraph (1),

(2) by adding "and" at the end of paragraph (13),

(3) by striking out paragraph (14), and

(4) by redesignating paragraph (15) as paragraph (14).

(c) The amendments made by this section shall take effect on a date, established and published by the Secretary and not earlier than July 1, 1984, as of which date the Secretary has in operation an alternative means of performing the essential data collection activities performed on the date of the enactment of this Act by renal disease networks.

REMOVING COSTS OF NURSE ANESTHETISTS FROM DRG-BASED PAYMENTS

Sec. 339. (a) The second sentence of section 1886(a)(4) of the Social Security Act (42 U.S.C. 1395ww(a)(4)) is amended by inserting "and costs related to employment or contracts for the professional services of certified registered nurse anesthetists" after "capital-related costs".

(b) The second sentence of section 603(a)(2)(B) of the Social Security Amendments of 1983 (Public Law 98-21) is amended by inserting "and for services of certified registered nurse anesthetists" after "physicians' services".

(c) The amendment made by subsection (a) shall apply to payments for cost reporting periods beginning on or after October 1, 1984, and before October 1, 1986.

DETERMINATION OF HOSPITAL AREA WAGE INDEX

Sec. 340. (a) Section 1886(d)(3)(E) of the Social Security Act (42 U.S.C. 1395ww(d)(3)(E)) is amended by adding at the end the following new sentence: "The Secretary shall establish criteria under which, in the case of a hospital that demonstrates to the Secretary in a current fiscal year that the adjustment being made under the previous sentence (or under paragraph (2)(H)) for that hospital's discharges in that fiscal year does not accurately reflect the wage levels in the labor market serving the hospital, the Secretary, to the extent he deems appropriate, shall modify such adjustment for that hospital for discharges in the subsequent fiscal year to take into account a difference in payment amounts in that current fiscal year to the hospital that resulted from such inaccuracy.".

(b) The Secretary of Health and Human Services shall develop, in consultation with the Secretary of Labor and the Commissioner of the Bureau of Labor Statistics, methods of refining and improving the adequacy and equity of the area wages indices used under paragraphs (2)(H) and (3)(E) of section 1886(d) of the Social Security Act. The Secretary shall report to Congress on such developments not later than June 1, 1984.

DEFINITION OF BONA FIDE EMERGENCY SERVICES FOR PURPOSES OF LIMITATIONS ON PAYMENT FOR HOSPITAL OUTPATIENT SERVICES

Sec. 341. In the administration of section 1861(v)(1)(K) of the Social Security Act (42 U.S.C. 1395x(v)(1)(K)), the Secretary of Health and Human Services shall provide that 'bona fide emergency services' shall include services provided in a hospital emergency room after the onset of a medical condition manifesting itself by symptoms of sufficient severity that the absence of immediate medical attention could reasonably be expected, by a prudent layperson possessing an average knowledge of health and medicine, to result in—

(1) placing the patient's health in jeopardy,

(2) serious impairment to bodily functions,

(3) serious dysfunction of any bodily organ or part, or

(4) development or continance of severe pain.

DELAY OF EFFECTIVE DATE FOR SINGLE REIMBURSEMENT LIMIT FOR HOSPITAL-BASED SKILLED NURSING FACILITIES

Sec. 342. Effective September 30, 1983, section 102(b) of the Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248), as amended by section 605 of the Social Security Amendments of 1983 (Public Law 98-21), is amended by striking out "October 1, 1983" and inserting in lieu thereof "April 1, 1984".

PART B—MEDICAID RECONCILIATION AMENDMENTS

Subpart I—Maternal and Child Health Amendments

INCREASED FEDERAL MEDICAL ASSISTANCE PERCENTAGE FOR SERVICES PROVIDED TO CERTAIN PREGNANT WOMEN AND YOUNG CHILDREN

Sec. 351. (a)(1) Section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) is amended by adding at the end the following new sentence: "Notwithstanding the first sentence of this subsection, the Federal medical assistance percentage shall be 100 per centum with respect to amounts expended as medical assistance for services furnished with respect to a qualified pregnant woman or child (as defined in subsection (n)).".

(2)(A) Section 1903(s)(1)(A) of such Act (42 U.S.C. 1396b(s)(1)(A)) is amended by inserting "or furnished with respect to a qualified pregnant woman or child (as defined in section 1905(n))" after "Indian Health Service".

(B) Section 1903(s)(2) of such Act (42 U.S.C. 1396b(s)(2)) is amended—

(i) by striking out "and" at the end of subparagraph (B),

(ii) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", and", and

(iii) by adding at the end the following new subparagraph:

"(D) by one-half percentage point if the State provides (and provided as of June 30, 1983) for coverage under the plan, under clauses (i) and (ii)(I) of section 1902(a)(10)(A), of—

"(i) all children described in section 1905(a)(i) and in section 1902(a)(10)(A)(ii)(I);

"(ii) all pregnant women whom the State has the option of deeming to be recipients of aid to families with dependent children for purposes of this title by reason of section 406(g)(2); and

"(iii)(I) individuals receiving aid under a State plan under part A of title IV pursuant to section 407 by virtue of being deprived of parental support or care by reason of the unemployment of a parent who is the principal earner (as described in such section), or

"(II) all pregnant women who are members of a family which would be eligible to receive aid under a State plan under part A of title IV pursuant to section 407 if the plan required the payment of aid with respect to dependent children deprived of parental support or care by reason of the unemployment of a parent who is the principal earner (as described in such section).".

(3) Section 1903(t)(1)(A) of such Act (42 U.S.C. 1396b(t)(1)(A)) is amended by inserting "or furnished with respect to a qualified pregnant woman or child (as defined in section 1905(n))" after "Indian Health Service".

(b) Section 1905 of such Act (42 U.S.C. 1396d) is further amended by adding at the end the following new subsection:

"(n) The term 'qualified pregnant woman or child' means—

"(1) a child born on or after October 1, 1983, who is under 5 years of age and who is described in section 1902(a)(10)(A)(ii)(I) and covered under the State plan as an individual described in section 1902(a)(10)(A), or

"(2) a pregnant woman—

"(A) whom the State has the option of deeming to be a recipient of aid to families with dependent children for purposes of this title by reason of section 406(g)(2), or

"(B) who is a member of a family which would be eligible for aid under a State plan under part A of title IV pursuant to section 407 if the plan required the payment of aid with respect to dependent children deprived of parental support or care by reason of the unemployment of a parent who is the principal earner (as described in such section); and

who is not eligible for coverage under the plan, as the plan was in effect on June 30, 1983, as an individual described in section 1902(a)(10)(A).".

(c)(1) Except as provided in paragraph (2), the amendments made by the preceding subsections of this section shall take effect on October 1, 1984, and apply to payments made to providers under State plans on and after that date.

(2) The amendment made by subsection (a)(2)(B) shall apply to payments to States for quarters beginning on or after October 1, 1983.

(3) Notwithstanding any provision of title XIX of the Social Security Act, a State plan approved under such title which did not make all children described in section 1902(a)(10)(A)(ii)(I) of such Act eligible for coverage under the plan as of June 30, 1983, may limit the eligibility of coverage of such children to those who are qualified children described in section 1905(n)(1) of such title.

(d) Effective for payments made to providers under State plans on or after October 1, 1987, paragraph (2) of section 1905(n) of the Social Security Act (added by subsection (b) of this section) is amended to read as follows:

"(2) a pregnant woman who is described in section 1902(a)(10)(A)(ii)(I) and covered under the State plan as an individual described in section 1902(a)(10)(A); and".

PERMITTING ELIMINATION OF "DEEMING" OF INCOME AND RESOURCES WITH RESPECT TO CERTAIN MINOR PREGNANT WOMEN

Sec. 352. (a) Section 1902(a)(17) of the Social Security Act (42 U.S.C. 1396a(a)(17)) is amended by striking out "and" at the end of clause (C) and by inserting at the end of clause (D) the following: ", and (E) at the option of the State, do not take into account the financial responsibility of any individual for an applicant or recipient who is a pregnant woman under age 21 and who does not have legal custody over other children, unless the applicant or recipient is the individual's spouse, except that a State may limit the application of this clause (E) to applicants and recipients who live in such an individual's household, in a custodial institution for pregnant women, or in either such a household or such an institution".

(b) The amendments made by subsection (a) apply to payments under title XIX of the Social Security Act for calendar quarters beginning on or after October 1, 1984.

CLARIFICATION OF MEDICAID ENTITLEMENT FOR CERTAIN NEWBORNS

Sec. 353. (a) Section 1902(e) of the Social Security Act (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

"(4) A child born to a woman eligible for and receiving medical assistance under a State plan on the date of the child's birth shall be deemed to have applied for medical assistance and to have been found eligible for such assistance under such plan on the date of such birth and to remain eligible for such assistance for a period of one year so long as the child is a member of the woman's household and the woman remains eligible for such assistance.".

(b) The amendment made by subsection (a) shall apply to children born on or after October 1, 1984.

Subpart II—Miscellaneous Medicaid Changes

MEDICALLY NEEDY INCOME LEVELS

Sec. 361. (a) Section 1903(f)(3) of the Social Security Act (42 U.S.C. 1396b(f)(3)) is amended—

(1) by inserting "(A)" after "(3)", and

(2) by adding at the end the following new subparagraph:

"(B) For purposes of paragraph (1)(B), in the case of a family consisting only of two individuals both of whom are adults and at least one of whom is aged, blind, or disabled, the 'highest amount which would ordinarily be paid to a family of the same size' under the State's plan approved under part A of title IV of this Act shall, at the State's option, be the amount determined by the State agency to be the amount of the aid which would ordinarily be payable under such plan to a family which consists of one adult and two children and which is without any income or resources. In the case of a State which has an applicable income limitation under this subsection which is equal to the maximum applicable income limitation permitted consistent with paragraph (1)(B) for families other than those described in the previous sentence, section 1902(a)(10)(C)(i)(III) shall not prevent the State from establishing under the previous sentence an applicable income limitation for families described in that sentence which is greater than the income limitation applicable to other families.".

(b) The amendment made by subsection (a)(2) shall apply to payments to States under section 1903 of the Social Security Act for calendar quarters beginning on or after October 1, 1984.

RECERTIFICATION OF NEED FOR STAYS IN SKILLED NURSING AND INTERMEDIATE CARE FACILITIES

Sec. 362. (a) Section 1903(g) of the Social Security Act (42 U.S.C. 1396b(g)) is amended—

(1) by striking out ", skilled nursing facility or intermediate care facility on 60 days" in the matter in paragraph (1) before subparagraph (A) and by inserting in lieu thereof "or intermediate care facility on 60 days, in a skilled nursing facility on 30 days";

(2) by striking out ", skilled nursing facility services, or intermediate care facility services furnished beyond 60 days" in the matter in paragraph (1) before subparagraph (A) and inserting in lieu thereof "or intermediate care facility furnished beyond 60 days or skilled nursing facility services furnished beyond 30 days";

(3) by inserting "or, in the case of services that are skilled nursing facility or intermediate care facility services other than in an institution for the mentally retarded, at least as frequently as provided under paragraph (7)," in paragraph (1)(A) after "every 60 days (";

(4) by adding at the end of paragraph (4) the following new subparagraph:

"(C) The Secretary shall find a showing of a State, with respect to a calendar quarter under paragraph (1), to be satisfactory under such paragraph with respect to the requirements of subparagraphs (A) and (B) of such paragraph as applicable to a type of facility or institutional services, if the fraction referred to in paragraph (5)(B) with respect to that quarter for that type of services is equal to or less than 3 one-hundredths.";

(5) by striking out "(5) In" in paragraph (5) and inserting in lieu thereof "(5)(A)(i) Except as provided in subparagraph (B), in";

(6) by adding at the end of paragraph (5) the following:

"(ii) As used in clause (i), the term 'showing' does not include a State's showing made with respect to the requirements of subparagraphs (A) and (B) of paragraph (1).

"(B) In the case of a State's unsatisfactory and invalid showing made with respect to the requirements of subparagraphs (A) and (B) of paragraph (1) with respect to a type of facility or institutional services in a calendar quarter, the per centum amount of the reduction of the State's Federal medical assistance percentage for that type of services under paragraph (1), in addition to the amount of any per centum reduction under subparagraph (A), is equal to 5 per centum multiplied by a fraction—

"(A) the denominator of which is equal to the total number of patients, receiving that type of services in that quarter under the State plan, whose records were included in sample onsite surveys conducted with respect to such requirements for that quarter under paragraph (2), and

"(B) the numerator of which is equal to the number of such patients receiving such type of services in that quarter whose records were found under such surveys not to comply with such requirements."; and

(7) by adding at the end the following new paragraph:

"(7)(A) With respect to inpatients of—

"(i) skilled nursing facilities, the frequency of recertifications referred to in paragraph (1)(A) is—

"(I) on or before 30, 60, and 90 days after the date of admittance to the facility, and

"(II) each 60 days thereafter; and

"(ii) intermediate care facilities, the frequency of recertifications referred to in paragraph (1)(A) is—

"(I) on or before 60 and 180 days after the date of admittance to the facility,

"(II) on or before 12, 18, and 24 months after the date of admittance to the facility, and

"(III) annually thereafter.

"(B) For purposes of this subsection, a recertification shall be considered to have been done on a timely basis if it was performed not later than 10 days after the date the recertification was otherwise required and the State can demonstrate that there was good cause for the physician's failure to meet the recertification deadline.".

(b) Such section is further amended by adding at the end the following new paragraph:

"(8) It is the duty and responsibility of the Secretary to assure that standards which govern the provision of care in skilled nursing facilities and intermediate care facilities under plans approved under this title, and the enforcement of such standards, are adequate to protect the health and safety of residents and to promote the effective and efficient use of public moneys.".

(c) The amendments made by subsection (a) shall apply to calendar quarters beginning on or after July 1, 1984, except that the amendments made by paragraphs (1), (2), and (3) of subsection (a) and section 1903(g)(7)(A) of the Social Security Act (added by the amendment made by paragraph (7) of subsection (a)) shall not apply to individuals admitted to skilled nursing facilities before July 1, 1984.

WAIVER OF CERTAIN MEMBERSHIP REQUIREMENTS FOR CERTAIN HEALTH MAINTENANCE ORGANIZATIONS

Sec. 363. Section 1903(m)(2) of the Social Security Act (42 U.S.C. 1396b(m)(2)) is amended by adding at the end the following new subparagraph:

"(E) In the case of a health maintenance organization that—

"(i) is a nonprofit organization with at least 25,000 members,

"(ii) is and has been a qualified health maintenance organization (as defined in section 1310(d) of the Public Health Service Act) for a period of at least four years,

"(iii) provides basic health services through members of the staff of the organization,

"(iv) is located in an area designated as medically underserved under section 1302(7) of the Public Health Service Act, and

"(v) previously received a waiver of the requirement described in subparagraph (A)(ii) under section 1115,

the Secretary may modify or waive the requirement described in subparagraph (A)(ii) but only if the Secretary determines that special circumstances warrant such modification or waiver and that the organization has taken and is taking reasonable efforts to enroll individuals who are not entitled to benefits under the State plan approved under this title or under title XVIII.".

PROHIBITING MEDICAID COPAYMENTS FOR PRESCRIBED DRUGS

Sec. 364. (a) Sections 1916(a)(2)(D) and 1916(b)(2)(D) of the Social Security Act (42 U.S.C. 1396o(a)(2)(D), 1396o(b)(2)(D)) are each amended by striking out "or" before "services" and by inserting after "is enrolled" the following: ", or prescribed drugs".

(b)(1) The amendments made by subsection (a) apply (except as provided under paragraph (2)) to payments under title XIX of the Social Security Act for calendar quarters beginning on or after October 1, 1984.

(2) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by subsection (a), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before April 1, 1985.

MAXIMUM AMOUNT OF MEDICAID PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA

Sec. 365. Effective beginning with fiscal year 1984, paragraphs (1) through (5) of section 1108(c) of the Social Security Act (42 U.S.C. 1308(c)) are amended to read as follows:

"(1) Puerto Rico shall not exceed $77,100,000,

"(2) the Virgin Islands shall not exceed $2,600,000,

"(3) Guam shall not exceed $2,400,000,

"(4) the Northern Mariana Islands shall not exceed $600,000, and

"(5) American Samoa shall not exceed $1,300,000.".

PAYMENT FOR PSYCHIATRIC HOSPITAL SERVICES

Sec. 366. The provisions of section 1902(a)(13) of the Social Security Act (42 U.S.C. 1396a(a)(13)), in so far as they require a reduction of the amount of payment otherwise to be made to a public psychiatric hospital due to the level of care received in such hospital, shall not apply to payments to hospitals before July 1, 1985, and such a reduction made for payments during the 12-month period ending June 30, 1986, and during the 12-month period ending June 30, 1987, shall be one-third and two-thirds, respectively, of the amount of the reduction which would have been made without regard to this section.

MISCELLANEOUS TECHNICAL AMENDMENTS

Sec. 367. (a)(1) Section 503(a) of the Social Security Act is amended by striking out "section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213)" and inserting in lieu thereof "section 6503(a) of title 31, United States Code".

(2) Section 506(d)(3) of such Act is amended by striking out "section 202 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4212)" and inserting in lieu thereof "section 6503(b) of title 31, United States Code".

(b)(1) Section 1902(a)(9) of such Act is amended by indenting subparagraph (C) two additional ems so as to align its left margin with the left margin of subparagraph (B).

(2) Section 1902(a)(10) of such Act is amended by indenting subparagraph (A) (and each of its clauses and subclauses) two additional ems so as to align its left margin (before clause (i)) with the left margin of subparagraph (B).

(3) Section 1902(a)(13)(A) of such Act is amended by striking out "(A)" and all that follows through "hospital" the first place it appears and inserting in lieu thereof "(A) for payment (except where the State agency is subject to an order under section 1914) of the hospital".

(4) Section 1902(a)(20)(B) of such Act is amended by striking out "periodical" and inserting in lieu thereof "periodic".

(5) Section 1902(a)(20)(C) of such Act is amended by striking out ", section 603(a)(1)(A)(i) and (ii),".

(6) Section 1902(a)(26)(B)(ii) of such Act is amended by striking out "homes" and inserting in lieu thereof "facilities".

(7) Section 1902(a)(33)(A) of such Act is amended by striking out "penultimate sentence" and inserting in lieu thereof "second sentence".

(8) Section 1902(a)(42)(B) of such Act is amended by striking out "part" and inserting in lieu thereof "title".

(9) Section 1902(a) of such Act is amended by striking out "For purposes of paragraphs (9)(A)" and all that follows through "do not include" in the last sentence of the third to last paragraph and inserting in lieu thereof "The provisions of paragraphs (9)(A), (26), (31), and (33) and of section 1903(i)(4) shall not apply to".

(10) Section 1902(f) of such Act is amended by striking out "clause (10)(A)" and "clause (10)(C)" and inserting in lieu thereof "paragraph (10)(A)" and "paragraph (10)(C)", respectively, each place each appears.

(11) Section 1903(g)(4)(B) of such Act is amended—

(A) by striking out "paragraph (26)" and inserting in lieu thereof "paragraphs (26)", and

(B) by striking out "deligence" and inserting in lieu thereof "diligence".

(12) Section 1903(m)(2)(B)(i) of such Act is amended—

(A) by striking out "(II)" before "for the period",

(B) by striking out "of such section" in subclause (II) and inserting in lieu thereof "of section 1905(a)", and

(C) by striking out "peroid" and inserting in lieu thereof "period".

(13) Section 1903(m)(2) of such Act is amended by aligning subparagraph (C) flush with the left margin.

(14) Section 1905(a)(17) of such Act is amended by striking out "he" and inserting in lieu thereof "the nurse-midwife" each place it appears.

(15) The last sentence of section 1905(a) of such Act is amended by striking out "clauses (vi)" and inserting in lieu thereof "clause (vi)".

(16) The second sentence of section 1905(b) of such Act is amended by striking out everything that follows "the provisions of" and inserting in lieu thereof "section 1101(a)(8)(B).".

(17) Section 1905(d)(1) of such Act is amended by striking out "which meet" and inserting in lieu thereof "the institution meets".

(18) Section 1905(m) of such Act is amended by striking out "he" and inserting in lieu thereof "the nurse".

(19) Section 1915(c)(1) of such Act is amended by striking out "under this part" and inserting in lieu thereof "under this title".

PART C—RECOVERY OF HILL-BURTON FUNDS

RECOVERY OF HILL-BURTON FUNDS

SEC. 371. (a) Section 609 of the Public Health Service Act (42 U.S.C. 291i) is amended to read as follows:

"RECOVERY

"SEC. 609. (a) If any facility with respect to which funds have been paid under section 606 shall, at any time within twenty years after the completion of construction or modernization—

"(1) be sold or transferred to any entity (A) which is not qualified to file an application under section 605, or (B) which is not approved as a transferee by the State agency designated pursuant to section 604, or its successor, or

"(2) cease to be a public health center or a public or other nonprofit hospital, outpatient facility, facility for long-term care, or rehabilitation facility,

the United States shall be entitled to recover, whether from the transferor or the transferee (or, in the case of a facility which has ceased to be public or nonprofit, from the owners thereof) an amount determined under subsection (c).

"(b) The transferor of a facility which is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which is changed as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change not later than the expiration of 10 days from the date on which such sale, transfer, or change occurs.

"(c)(1) Except as provided in paragraph (2), the amount the United States shall be entitled to recover under subsection (a) is an amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district for which the facility involved is situated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the construction or modernization of such project or projects.

"(2)(A) After the expiration of—

"(i) 180 days after the date of the sale, transfer, or change of use for which a notice is required by subsection (b) in the case of a facility which is sold or transferred or the use of which changes after the date of the enactment of this subsection, or

"(ii) July 1, 1984, in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection,

the amount which the United States is entitled to recover under paragraph (1) with respect to a facility shall be the amount prescribed by paragraph (1) plus interest, during the period described in subparagraph (B), at a rate (determined by the Secretary) based on the average of the bond equivalent of the weekly 90-day Treasury bill auction rate.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection, July 1, 1984,

"(ii) in the case of a facility with respect to which notice is provided in accordance with subsection (b), upon the expiration of 180 days after the receipt of such notice, or

"(iii) in the case of a facility with respect to which such notice is not provided as prescribed by subsection (b), on the date of the sale, transfer, or change of use for which such notice was to be provided,

and ending on the date the amount the United States is entitled to under paragraph (1) is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility in any State if the Secretary determines, in accordance with regulations, that there is good cause for waiving such rights with respect to such facility.

"(e) The right of recovery of the United States under subsection (a) shall constitute a lien on any facility with respect to which funds have been paid under section 606.".

(b) Section 1622 of such Act (42 U.S.C. 300s-1a) is amended to read as follows:

"RECOVERY

"SEC. 1622. (a) If any facility with respect to which funds have been paid under this title shall, at any time within twenty years after the completion of construction or modernization—

"(1) be sold or transferred to any entity (A) which is not qualified to file an application under section 1621 or 1642 or (B) which is not approved as a transferee by the State Agency of the State in which such facility is located, or its successor, or

"(2) cease to be a public health center or a public or other nonprofit hospital, outpatient facility, facility for long-term care, or rehabilitation facility,

the United States shall be entitled to recover, whether from the transferor or the transferee (or, in the case of a facility which has ceased to be public or nonprofit, from the owners thereof) an amount determined under subsection (c).

"(b) The transferor of a facility which is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which is changed as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change not later than the expiration of 10 days from the date on which such sale, transfer, or change occurs.

"(c)(1) Except as provided in paragraph (2), the amount the United States shall be entitled to recover under subsection (a) is an amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district for which the facility involved is situated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the construction or modernization of such project or projects.

"(2)(A) After the expiration of—

"(i) 180 days after the date of the sale, transfer, or change of use for which a notice is required by subsection (b) in the case of a facility which is sold or transferred or the use of which changes after the date of the enactment of this subsection, or

"(ii) July 1, 1984, in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection,

the amount which the United States is entitled to recover under paragraph (1) with respect to a facility shall be the amount prescribed by paragraph (1) plus interest, during the period described in subparagraph (B), at a rate (determined by the Secretary) based on the average of the bond equivalent of the weekly 90-day Treasury bill auction rate.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection, July 1, 1984,

"(ii) in the case of a facility with respect to which notice is provided in accordance with subsection (b), upon the expiration of 180 days after the receipt of such notice, or

"(iii) in the case of a facility with respect to which such notice is not provided as prescribed by subsection (b), on the date of the sale, transfer, or change of use for which such notice was to be provided,

and ending on the date the amount the United States is entitled to under paragraph (1) is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility in any State if the Secretary determines, in accordance with regulations, that there is good cause for waiving such rights with respect to such facility.

"(e) The right of recovery of the United States under subsection (a) shall constitute a lien on any facility with respect to which funds have been paid under this title.".

(c) Not later than the expiration of the one-hundred and eighty-day period beginning on the date of the enactment of this section, the Secretary shall have in effect regulations and personnel to place in effect the amendments made by this section.

TITLE IV—SMALL BUSINESS PROGRAMS

SBA DISASTER LOANS

SEC. 401. Section 18(a) of the Small Business Act is amended by striking out "October 1, 1986" and by inserting in lieu thereof "October 1, 1987".

TITLE V—VETERANS' PROGRAMS

EFFECTIVE DATE FOR AWARD OF PENSION FOR NON-SERVICE-CONNECTED DISABILITY

SEC. 501. (a)(1) Subsection (b) of section 3010 of title 38, United States Code, is amended by striking out paragraph (3).

(2) Subsection (d) of such section is amended to read as follows:

"(d)(1) The effective date of an award of death compensation or dependency and indemnity compensation for which application is received within one year from the date of death shall be the first day of the month in which the death occurred.

"(2) The effective date of an award of death pension for which application is received within 60 days from the date of death shall be the first day of the month in which the death occurred.".

(b) The amendments made by subsection (a) shall take effect with respect to applications for benefits under chapter 15 of title 38, United States Code, that are first received after September 30, 1984.

INCREASE IN FEE FOR HOME LOANS GUARANTEED BY THE VETERANS' ADMINISTRATION

SEC. 502. (a) Section 1829 of title 38, United States Code, is amended—

(1) in subsection (a)—

(A) by inserting "and from each person obtaining a loan from the Veterans' Administration known as a 'vendee loan' to finance the sale of real property owned by the Veterans' Administration," after "under this chapter,";

(B) by striking out "one-half of"; and

(C) by striking out "to the veteran" after "in the loan";

(2) by striking out subsection (c); and

(3) by redesignating subsection (d) as subsection (c) and striking out "September 30,

1985" in such subsection and inserting in lieu thereof "September 30, 1987".

(b) Section 1824(c) of such title is amended by striking out "and (2)" and inserting in lieu thereof "(2) amounts received by the Administrator as fees collected under section 1829 of this title, and (3)".

(c)(1) The amendments made by subsection (a)(1) shall apply with respect to loans closed after the end of the 30-day period beginning on the date of the enactment of this Act.

(2) The amendments made by subsections (a)(2) and (b) shall apply with respect to loans closed on or after the date of the enactment of this Act.

(3) The amendment made by subsection (a)(3) shall take effect on the date of the enactment of this Act.

ACTIONS TO REDUCE COSTS UNDER HOME-LOAN PROGRAM

SEC. 503. (a) Section 1816 of title 38, United States Code, is amended—

(1) by striking out "shall" the second place it appears in the first sentence of subsection (a) and inserting in lieu thereof "may, subject to subsection (c) of this section,"; and

(2) by adding at the end the following:

"(c)(1) In accordance with regulations prescribed by the Administrator, the Administrator shall be notified by the holder of any loan guaranteed under this chapter made for any of the purposes described in section 1810 of this title which is in default (hereinafter in this section referred to as a 'defaulted loan') of a proposed judicial, statutory, or other public sale under power of sale contained in a loan instrument or of any other proposed disposition of the real property to liquidate any security for the loan (hereinafter in this section referred to as a 'liquidation sale').

"(2) After the Administrator receives a notice described in paragraph (1) of this subsection, the Administrator shall determine the net value of the property securing the loan and the amount of the total indebtedness under the loan.

"(3) The Administrator shall prescribe regulations for the making of determinations and for other purposes under this subsection. Such regulations shall require that the net value of property be determined as the difference between—

"(A) the fair market value of the property; and

"(B) the total of the amounts which the Administrator estimates the Administrator would pay (if the property were conveyed to the Administrator) during the time that the Administrator holds the property for property taxes, assessments, other liens, property maintenance, property improvement, administration, resale, and other costs resulting from the acquisition and disposition of the property.

"(d)(1) If the Administrator determines that the net value of the property securing a defaulted loan exceeds the amount of the total indebtedness under the loan less the amount guaranteed under this chapter, the liability of the United States under the guaranty shall be limited to the difference between the amount of the total indebtedness under the loan and the net value of the property. In such a case, if the holder of the defaulted loan is the successful bidder for the property securing the loan at the liquidation sale of the property in an amount no greater than the net value of the property or the total indebtedness under the loan, whichever is less, the holder shall have the option to convey the property to the United States in return for payment by the Administrator to the holder of the amount equal to the lesser of such net value or total indebtedness.

"(2) If the holder of the defaulted loan is not the successful bidder at the liquidation sale, or is the successful bidder but in an amount greater than the lesser of the total indebtedness under the loan or the net value of the property, the Administrator may not accept conveyance of the property but shall pay any loan guaranty payable under this chapter. The liability of the United States under the loan guaranty in such a case is the difference (if any) between (A) the amount of the total indebtedness under the loan, and (B) the amount realized at the sale or the net value of the property, whichever is greater.

"(e) If the Administrator determines that the net value of the property securing a defaulted loan is less than or equal to the amount of the total indebtedness under the loan less the amount guaranteed under this chapter, the Administrator may not accept conveyance of the property from the holder of the loan. The liability of the United States under the loan guaranty in such a case is the difference between (A) the amount of the total indebtedness under the loan, and (B) the amount realized by the holder incident to the termination of the loan. However, such liability may not exceed the amount originally guaranteed under the loan.

"(f) The Administrator shall reduce to the maximum extent practicable the number of loans (known as 'vendee loans') made by the Veterans' Administration to purchasers of real property acquired by the Veterans' Administration as the result of the default of a guaranteed loan. No more than 75 percent of the number of sales of such real property made during any fiscal year may be made with financing provided by the Veterans' Administration through such vendee loans, except that the Administrator may in any fiscal year increase such limitation to 80 percent if the Administrator determines that such action is necessary in order to protect the interests of the United States.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1984.

TITLE VI—SAVINGS IN AFDC, SSI, AND OTHER PROGRAMS

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Subtitle A—Accelerated Collection and Deposit of Payments to Executive Agencies

COLLECTION OF PAYMENTS

SEC. 601. (a) Subchapter II of chapter 37 of title 31, United States Code, is amended by adding at the end thereof the following new section:

"§ 3720. Collection of payments

"(a) Each head of an executive agency shall, under such regulations as the Secretary of the Treasury shall prescribe, provide for the timely deposit of money by officials and agents of such agency in accordance with section 3302, and for the collection and timely deposit of sums owed to such agency by the use of such procedures as withdrawals and deposits by electronic transfer of funds, automatic withdrawals from accounts at financial institutions, and a system under which financial institutions receive and deposit, on behalf of the executive agency, payments transmitted to post office lockboxes. The Secretary is authorized to collect from any agency not complying with the requirements imposed pursuant to the preceding sentence a charge in an amount the Secretary determines to be the cost to the general fund caused by such noncompliance.

"(b) The head of an executive agency shall pay to the Secretary of the Treasury charges imposed pursuant to subsection (a). Payments shall be made out of amounts appropriated or otherwise made available to carry out the program to which the collections relate. The amounts of the charges paid under this subsection shall be deposited in the Cash Management Improvements Fund established by subsection (c).

"(c) There is established in the Treasury of the United States a revolving fund to be known as the 'Cash Management Improvements Fund'. Sums in the fund shall be available without fiscal year limitation for the payment of expenses incurred in developing the methods of collection and deposit described in subsection (a) of this section and the expenses incurred in carrying out collections and deposits using such methods, including the costs of personal services and the costs of the lease or purchase of equipment and operating facilities.".

(b) The analysis of subchapter II of chapter 37 of title 31, United States Code, is amended by adding at the end thereof the following new item:

"3720. Collection of payments.".

(c) The Secretary of the Treasury shall prescribe regulations, including regulations under section 3720 of title 31, United States Code, designed to achieve by October 1, 1986, full implementation of the purposes of this section.

DEPOSITS

Sec. 602. (a) Subsection (c) of section 3302 of title 31, United States Code, is amended—

(1) by inserting "(1)" after the subsection designation;

(2) by striking out ", but not later than the 30th day after the custodian receives the money,";

(3) by inserting after the first sentence the following new sentence: "Except as provided in paragraph (2), money required to be deposited pursuant to this subsection shall be deposited not later than the third day after the custodian receives the money."; and

(4) by adding at the end thereof the following new paragraph:

"(2) The Secretary of the Treasury may by regulation prescribe that a person having custody or possession of money required by this subsection to be deposited shall deposit such money during a period of time that is greater or lesser than the period of time specified by the second sentence of paragraph (1).".

(b) The amendments made by this section shall become effective January 1, 1985.

Subtitle B—Improvements in Administration of Social Security Earnings Test

PROCEDURES TO PREVENT OVERPAYMENTS DUE TO FAILURE TO REPORT EARNINGS

Sec. 611. (a) Section 203(h) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary shall develop and implement procedures in accordance with this subsection to avoid paying more than the correct amount of benefits to any individual under this title as a result of such individual's failure to file a correct report or estimate of earnings or wages. Such procedures may include identifying categories of individuals who are likely to be paid more than the correct amount of benefits and requesting that they estimate their earnings or wages more frequently than other persons subject to deductions under this section on account of earnings or wages.".

(b) The amendment made by subsection (a) shall be effective upon the date of the enactment of this Act.

Subtitle C—Improvements in SSI, AFDC, and Related Programs

Part 1—Disclosure of Certain Tax Return Information to Federal, State, or Local Agencies Administering Certain Programs Under the Social Security Act; Verification and Use of Information

DISCLOSURE OF INFORMATION

Sec. 621. (a) General Rule.—Subsection (1) of section 6103 of the Internal Revenue Code of 1954 (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end thereof the following new paragraph:.

"(9) Disclosure of return information with respect to unearned income to Federal, State, and local agencies administering certain programs.—

"(A) In general.—The Secretary may, upon written request, disclose return information with respect to unearned income (including the nature and source thereof) from computerized files of the Internal Revenue Service to any officer or employee of any Federal, State, or local agency administering a program described in subparagraph (C). For purposes of the preceding sentence, the term 'unearned income' means any income other than income of a kind described in paragraph (7)(A).

"(B) Restriction on disclosure.—Information may be disclosed under subparagraph (A) only for purposes of, and to the extent necessary in, determining an individual's eligibility for benefits, or the correct amount of an individual's benefits, under a program described in subparagraph (C).

"(C) Programs to which paragraph applies.—The programs described in this subparagraph are programs which provide any of the following benefits:

"(i) aid to families with dependent children provided under a State plan approved under part A of title IV of the Social Security Act;

"(ii) medical assistance provided under a State plan approved under title XIX of the Social Security Act;

"(iii) supplemental security income benefits provided under title XVI of the Social Security Act;

"(iv) any benefits provided under a State plan approved under title I, X, XIV, or XVI of the Social Security Act (as those titles apply to Puerto Rico, Guam, and the Virgin Islands); and

"(v) assistance provided under the Food Stamp Act of 1977."

(b) Technical Amendments.—

(1) Section 6103(a)(2) of such Code is amended by striking out "or of any local child support enforcement agency" and inserting in lieu thereof ", any local child support enforcement agency, or any local agency administering a program described in subsection (1)(9)(C)".

(2) Subsection (1) of section 6103 of such Code is amended by redesignating the paragraph (7) relating to disclosure of certain return information by Social Security Administration to State and local child support enforcement agencies as paragraph (8).

(3) Subparagraph (A) of section 6103(p)(3) of such Code (relating to records of inspection and disclosure) is amended by striking out "(5), or (7)" and inserting in lieu thereof "(5), (7), (8), or (9)".

(4) The material preceding subparagraph (A) of paragraph (4) of section 6103(p) of such Code is amended by striking out "or (7)" and inserting in lieu thereof "(7), (8), or (9)".

(5) Clause (i) of section 6103(p)(4)(F) of such Code is amended by striking out "(l)(6) or (7)" and inserting in lieu thereof "(l)(6), (7), (8), or (9)".

(6) Paragraph (2) of section 7213(a) of such Code (relating to unauthorized disclosure of information) is amended by striking out "or (8)" and inserting in lieu thereof "(8), or (9)".

(c) Effective Date.—The amendments made by this section shall take effect on October 1, 1984.

VERIFICATION AND USE OF INFORMATION

Sec. 622. Part A of title XI of the Social Security Act is amended by inserting immediately after section 1129 the following new section:

"VERIFICATION AND USE OF TAX INFORMATION RELATING TO CERTAIN UNEARNED INCOME

"Sec. 1130. (a) In order to protect applicants for and recipients of aid under part A of title IV or benefits under title XVI (or under the State plan programs in titles I, X, XIV, and XVI) from the improper usage of information obtained from the Secretary of the Treasury under section 6103(l)(9) of the Internal Revenue Code of 1954 (relating to disclosure of return information to Federal, State and local agencies administering certain programs), no State, Federal, or local agency receiving such information shall take any action based thereon to reduce, suspend, terminate, or deny aid or benefits to the individual involved until such agency has taken steps to independently verify the information. The verification of any information under the preceding sentence must include (1) verification of the exact amount of the asset or income involved, (2) an evaluation of whether such individual actually has access to such asset or income for his or her own use, and (3) a determination regarding the period or periods when the individual actually had such asset or income.

"(b) Each State agency charged with the administration of a State plan approved under part A of title IV, each State agency charged with the administration of a State plan approved under title I, X, XIV, or XVI, and the Secretary with respect to the supplemental security income program under title XVI of this Act, shall request and use any information obtained from the Secretary of the Treasury under section 6103(l)(9) of the Internal Revenue Code of 1954 for purposes of income and eligibility verification in accordance with subsection (a); and the use of such information shall be targeted to those uses which are most likely to be productive in identifying and preventing ineligibility and incorrect payments.".

Part 2—Improvements in SSI Program

INCREASE IN DOLLAR LIMITATIONS UNDER ASSETS TEST

Sec. 631. (a) Section 1611(a)(1)(B) of the Social Security Act is amended—

(1) by striking out "$2,250" and inserting in lieu thereof "the applicable amount determined under paragraph (3)(A)"; and

(2) by striking out "$1,500" and inserting in lieu thereof "the applicable amount determined under paragraph (3)(B)".

(b) Section 1611(a)(2)(B) of such Act is amended by striking out "$2,250" and inserting in lieu thereof "the applicable amount determined under paragraph (3)(A)".

(c) Section 1611(a) of such Act is further amended by adding at the end thereof the following new paragraph:

"(3)(A) The dollar amount referred to in clause (i) of paragraph (1)(B), and in paragraph (2)(B), shall be $2,250 prior to January 1, 1985, and shall be increased to $2,400 on January 1, 1985, to $2,550 on January 1, 1986, to $2,700 on January 1, 1987, to $2,850 on January 1, 1988, and to $3,000 on January 1, 1989.

"(B) The dollar amount referred to in clause (ii) of paragraph (1)(B), shall be $1,500 prior to January 1, 1985, and shall be increased to $1,600 on January 1, 1985, to $1,700 on January 1, 1986, to $1,800 on January 1, 1987, to $1,900 on January 1, 1988, and to $2,000 on January 1, 1989.".

(d) Section 1621(b)(2)(B) of such Act is amended—

(1) by striking out "$1,500" and inserting in lieu thereof "the applicable amount determined under section 1611(a)(3)(B)"; and

(2) by striking out "$2,250" and inserting in lieu thereof "the applicable amount determined under section 1611(a)(3)(A)".

LIMITATION OF RECOUPMENT RATE IN CASE OF OVERPAYMENTS

Sec. 632. Section 1631(b)(1) of the Social Security Act is amended—

(1) by inserting "(A)" after "The Secretary" in the second sentence; and

(2) by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ", and (B) shall in any event make the adjustment or recovery (in the case of payment of more than the correct amount of benefits), if the individual involved is receiving benefit payments under this title, only through adjustments in future benefit payments, or recovery from the individual or his eligible spouse or both, in amounts which in the aggregate do not exceed (for any month) the lesser of (i) the amount of his or their benefit under this title for that month or (ii) an amount equal to 10 percent of his or their income for that month (including such benefit but excluding any other income excluded pursuant to section 1612(b)), unless fraud was involved on the part of the individual or spouse in connection with the overpayment. The availability (in the case of an individual who has been paid more than the correct amount of benefits) of procedures for adjustment or recovery at a limited rate under clause (B) of the preceding sentence shall not, in and of itself, prevent or restrict the provision (in such case) of more substantial relief under clause (A) of such sentence.".

DETERMINATION OF OVERPAYMENT AMOUNTS WHEN RECIPIENT'S COUNTABLE ASSETS EXCEED LIMITS

Sec. 633. Section 1631(b) of the Social Security Act is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) To the extent that an overpayment with respect to an individual (or an individual and his or her spouse) for any period of one or more consecutive months is attributable solely to the ownership or possession by such individual (and spouse if any) of resources having a value in excess of the applicable dollar figure specified in paragraph (1)(B) or (2)(B) of section 1611(a), the aggregate amount of such overpayment for all months in such period (notwithstanding any other provision of this subsection) shall be the lesser of (A) the total amount of the benefits under this title which were received by such individual (and spouse if any) for all months in such period, or (B) the greatest amount by which the total value of the resources of such individual exceeded such applicable dollar figure at any time during such period. The application of this paragraph to an overpayment with respect to an individual (or an individual and his or her spouse) for any period shall not affect the application of paragraph (1)(B) or (2)(B) of section 1611(a) to such individual (and spouse if any) for any subsequent period unless this paragraph also applies to an overpayment with respect to such individual (and spouse if any) for such subsequent period.".

EXCLUSION OF UNDERPAYMENTS FROM RESOURCES

Sec. 634. Section 1613(a) of the Social Security Act is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (5);

(2) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (6) the following new paragraph:

"(7) any amount received from the United States (in the form of a retroactive check) which is attributable to underpayments of benefits due for one or more prior months, under this title or title II, to such individual (or spouse) or to any other person whose income is deemed to be included in such individual's (or spouse's) income for purposes of this title; but the application of this paragraph in the case of any such individual (and eligible spouse if any), with respect to any amount so received from the United States, shall be limited to a period of 12 months from the date on which such amount is received, and the retroactive check shall be accompanied by a written notice of this limitation.".

Part 3—Improvement in AFDC Program

GROSS INCOME LIMITATION

Sec. 641. Section 402(a)(18) of the Social Security Act is amended by striking out "150 percent of the State's standard of need" and inserting in lieu thereof "130 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act)".

WORK EXPENSE DEDUCTION

Sec. 642. Section 402(a)(8)(A)(ii) of the Social Security Act is amended by striking out all that follows "the first $75 of the total of such earned income for such month" and inserting in lieu thereof a semicolon.

CONTINUATION OF $30 DISREGARD FROM EARNED INCOME

Sec. 643. (a) Section 402(a)(8)(A)(iv) of the Social Security Act is amended by inserting "(I)" after "equal to", and by inserting "(II)" after "plus".

(b) Section 402(a)(8)(B)(ii)(II) of such Act is amended—

(1) by striking out "shall not apply the provisions of subparagraph (A)(iv)" and inserting in lieu thereof "shall apply the provisions of subparagraph (A)(iv) as though they did not include clause (II)"; and

(2) by striking out "and shall not apply such provisions" and inserting in lieu thereof "and shall apply such provisions (as though they did not include such clause (II))".

WORK TRANSITION ALLOWANCES FOR CERTAIN FAMILIES WHO LOSE AFDC BENEFITS BECAUSE OF EARNED INCOME

Sec. 644. (a) Section 403(a) of the Social Security Act is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (35);

(2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (36) the following new paragraph:

"(37) provide that, in any case where a family has ceased to receive aid under the plan because (by reason of paragraph (8)(B)(ii)(II)) the provisions of paragraph (8)(A)(iv) no longer apply, such family will be paid a monthly work transition allowance, in the amount of $10 per month, for a period of 9 months after the last month for which the family recieved such aid; and the State may at its option continue the payment of such allowances (in such amount) for an additional period of up to 6 months in the case of a family that would be eligible during such additional period to receive aid under the plan (without regards to this paragraph) if such paragraph (8)(A)(iv) applied.".

(b) Section 406 of such Act is amended by adding at the end thereof the following new subsection:

"(h) Except to the extent otherwise specifically provided, work transition allowances paid by a State under section 402(a)(37) shall be considered payments of aid to families with dependent children under the State plan for all of the purposes of this Act.".

(c)(1) The amendments made by this section shall apply with respect to payments for months beginning on or after October 1, 1984.

(2) Such amendments shall apply with respect to families which ceased to receive aid under the applicable State plan (for the reason stated in section 402(a)(37) of the Social Security Act as added by subsection (a) of this section) before October 1, 1984, as well as with respect to families which cease to receive such aid (for that reason) on or after that date; but any family which ceased to receive such aid before that date (in order to be eligible to receive the monthly work transition allowances provided for in such section 402(a)(37)) must be a family that would be eligible for aid under the State plan (without regard to the amendments made by this section) if section 402(a)(8)(A)(iv) of such Act applied and must make its application for such work transition allowances no later than October 1, 1985 (and in the case of any such family the term "last month for which the family received such aid" as used in such section

402(a)(37) means the month before the month in which the family makes such application).

GROSS AMOUNT OF EARNED INCOME

Sec. 645. (a) Section 402(a)(8)(A) of the Social Security Act is amended by striking out "the State agency" (in the matter preceding clause (i)) and inserting in lieu thereof "the State agency shall, for purposes of this section, consider an individual's earned income to be the gross amount of his earnings, prior to the taking of payroll or other deductions of any sort, and".

(b) The amendment made by subsection (a) shall become effective upon its enactment.

ADDITIONAL EXCLUSIONS FROM LIMITATION ON FAMILY RESOURCES

Sec. 646. Section 402(a)(7)(B) of the Social Security Act is amended by inserting "(i)" after "for purposes of this subparagraph", and by inserting before the semicolon at the end thereof the following: ", or (ii) under regulations prescribed by the Secretary, burial plots (one for each such child, relative, and other individual), funeral agreements, and real property which the family is making a good-faith effort to sell at a reasonable price and which has not been sold".

DIRECT REIMBURSEMENT OF AFDC RECIPIENTS FOR TRANSPORTATION AND DAY CARE COSTS ATTRIBUTABLE TO PARTICIPATION IN COMMUNITY WORK EXPERIENCE PROGRAMS

Sec. 647. Section 409(a)(1)(F) of the Social Security Act is amended—

(1) by inserting "(i) except as provided in clause (ii)" after "that"; and

(2) by inserting before the period at the end thereof the following: ", and (ii) to the extent that the State is unable to provide for the costs involved through the furnishing of services directly to the individuals participating in the program, participants who are recipients of aid under the State's plan approved under section 402 will instead be reimbursed for transportation costs directly related to their participation in the program (in amounts equal to the cost of transportation by the most appropriate means as determined by the State agency), and for day care expenses directly attributable to such participation (in amounts no greater than the comparable maximum day care deduction allowed under section 402(a)(8)(A)(iii) for recipients of aid under the plan generally); and amounts paid as reimbursement to participants under clause (i) or (ii) shall be considered, for purposes of section 403(a), to be expenditures made for the proper and efficient administration of the State's plan approved under section 402".

MONTHLY REPORTING AND RETROSPECTIVE BUDGETING MADE OPTIONAL WITH EACH STATE; FEDERAL MATCHING OF STATE SUPPLEMENTARY PAYMENTS

Sec. 648. (a) Section 402(a)(13) of the Social Security Act is amended—

(1) by inserting "at the option of the State," before "provide that";

(2) by striking out ", at the option of the State but only where the Secretary determines it to be appropriate," in subparagraph (A); and

(3) by striking out "at the option of the State but only where the Secretary determines it to be appropriate," in subparagraph (B).

(b) Section 402(a)(14) of such Act is amended—

(1) by striking out "(A) provide that" and inserting in lieu thereof "at the option of the State, provide (A) that";

(2) by striking out "with the prior approval of the Secretary"; and

(3) by striking out "upon the State's showing to the satisfaction of the Secretary that" and inserting in lieu thereof "upon a determination that".

(c) The last sentence of section 403(a) of such Act is amended—

(1) by striking out "No payment" and all that follows down through "if such amount" and inserting in lieu thereof "Amounts paid to supplement or otherwise increase the amount of aid to families with dependent children found payable in accordance with section 402(a)(13) shall be considered amounts expended as aid to families with dependent children under the State plan for purposes of payments under this subsection, even though the amount involved"; and

(2) by striking out ", but any such amount" and inserting in lieu thereof "; and any such amount".

(d) Section 402(a) of such Act is amended by adding at the end thereof (after and below paragraph (37), as added by section 644(a) of this Act) the following new sentence: "The Secretary may waive any of the requirements imposed under or in connection with paragraphs (13) and (14) of this subsection to the extent necessary to make such requirements compatible with the corresponding reporting and budgeting requirements imposed by the Food Stamp Act of 1977.".

(e) Notwithstanding any other provision of law, the Secretary of Health and Human Services may not require a State, on or after the date of the enactment of this Act, to make any payments which would otherwise be due as a result of such State's failure to comply with paragraph (13) or (14) of section 402(a) of the Social Security Act during periods prior to such date.

EXCLUSION OF EARNED INCOME TAX CREDIT FROM COUNTABLE INCOME

Sec. 649. Section 402(d) of the Social Security Act is amended to read as follows:

"(d) No amount received by an individual as an earned income tax credit under section 43 of the Internal Revenue Code of 1954, or as an earned income advance amount under section 3507(a) of such Code, shall be included in such individual's income for purposes of this part.".

FEDERALLY ASSISTED PILOT PROJECTS TO DEMONSTRATE ONE-STOP SERVICE DELIVERY SYSTEMS

Sec. 650. Part A of title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"PILOT PROJECTS TO DEMONSTRATE THE USE OF INTEGRATED SERVICE DELIVERY SYSTEMS FOR HUMAN SERVICES PROGRAMS

"Sec. 1136. (a) In order to develop and demonstrate ways of improving the delivery of services to individuals and families who need them under the various human services programs, by eliminating programmatic fragmentation and thereby assuring that an applicant for services under any one such program will be informed of and have access to all of the services which may be available to him or his family under the other human services programs being carried out in the community involved, any State having an approved plan under part A of title IV may, subject to the provisions of this section, establish and conduct one or more pilot projects to demonstrate the use of integrated service delivery systems for human services programs in that State or in one or more political subdivisions thereof.

"(b) The integration of service delivery systems for human services programs in any State or locality under a pilot project established under this section shall involve or include—

"(1) the development of a common set of terms for use in all of the human services programs involved;

"(2) the development for each applicant of a single comprehensive family profile which is suitable for use under all of the human services programs involved;

"(3) the establishment and maintenance of a single resources directory by which the citizens of the community involved may be informed of and gain access to the services which are available under all such programs;

"(4) the development of a unified budget and budgeting process, and a unified accounting system, with standardized audit procedures;

"(5) the implementation of unified planning, needs assessment, and evaluation;

"(6) the consolidation of agency locations and related transportation services;

"(7) the standardization of procedures for purchasing services from nongovernmental sources;

"(8) the creation of communications linkages among agencies to permit the serving of individual and family needs across program and agency lines;

"(9) the development, to the maximum extent possible, of uniform application and eligibility determination procedures; and

"(10) any other methods, arrangements, and procedures which the Secretary determines are necessary or desirable for, and consistent with, the establishment and operation of an integrated service delivery system.

"(c)(1) Any State which desires to establish and conduct a pilot project under this section, after having published a description of the proposed project and invited comments thereon from interested persons in the community or communities which would be affected, shall submit an application to the Secretary (in such form and containing such information as the Secretary may require) within 6 months after the date of the enactment of this section. The proposed project may be statewide in operation or may be limited to one or more political subdivisions of the State; and the application shall in any event include or be accompanied by satisfactory assurances that the project as proposed would be permitted under applicable State and local law.

"(2) The Secretary shall consider all applications and accompanying comments and materials which are submitted under paragraph (1), and, no later than 9 months after the date of the enactment of this section, shall approve no fewer than 3 nor more than 5 of the proposed projects (including one such project to be operated on a statewide basis). In considering and approving such applications the Secretary shall take into account the size and characteristics of the population that would be served by each proposed project, the desirability of wide geographic distribution among the projects, the number and nature of the human services programs which are in active operation in the various communities involved, and such other factors as may tend to indicate whether or not a particular proposed project would provide a useful and effective demonstration of the value of an integrated service delivery system. Each project approved under this paragraph shall be deemed for purposes of this section to begin on the first day of the month following the month in which the application with respect to such project is approved.

"(3) The Secretary shall approve any application for a project under this section only after determining that the conduct of such project will not lower or restrict the levels of aid, assistance, benefits, or services, or the income or resource standards, deductions, or exclusions, under any of the human services programs involved, and will not delay the provision of aid, assistance, benefits, or services under any of such programs.

"(d)(1) Any State whose application is approved under subsection (c) may submit to the Secretary a request for the waiver of any requirement which would otherwise apply with respect to the proposed project under any of the laws governing the human services programs to be included in the project; and—

"(A) if the law involved is within the jurisdiction of the Secretary and authority to grant the waiver involved is otherwise available to the Secretary under this title, title IV, or any other provision of law, the Secretary shall approve such request upon a determination that the waiver is necessary for the project to provide a useful and effective demonstration of the value of an integrated service delivery system; and

"(B) if the law involved is within the jurisdiction of a Federal agency other than the Department of Health and Human Services and authority to grant the waiver involved is available to the head of such other agency under that law or any other provision of law, the Secretary shall transmit such request (on behalf of the requesting State) to the head of such other agency, who shall approve such request upon a determination that the waiver is necessary for the project to provide a useful and effective demonstration of the value of an integrated service delivery system and who shall certify such approval to the Secretary.

"(2) If under the law governing any of the human services programs included within a project there are provisions establishing safeguards which limit or restrict the use or disclosure of information (concerning applicants for or recipients of benefits or services) which has been obtained or developed by the agency involved in the conduct of that program, and a waiver of such provisions is granted under paragraph (1) in order to make such information available for purposes of the project—

"(A) the State shall provide each applicant for and recipient of aid, assistance, benefits, or services under the proposed integrated service delivery system with a clear and readily comprehensible notice that such information may be disclosed to and used by project personnel, or exchanged with the other agencies having responsibility for human services programs included within the project;

"(B) the State shall take such steps as may be necessary to ensure that the information disclosed will be used only for purposes of, and by persons directly connected with, such project; and

"(C) the State's application with respect to the project under subsection (c) shall contain or be accompanied by satisfactory assurances that the preceding requirements of this paragraph will be fully complied with.

"(e) The Secretary shall from time to time pay to each State which has an approved pilot project under this section, in such manner and according to such schedule as may be agreed upon by the Secretary and such State, amounts equal in the aggregate to—

"(1) 90 percent of the costs incurred by such State and its political subdivisions in carrying out such project during the first 18 months after the date on which the project begins,

"(2) 80 percent of any such costs incurred during the 12-month period beginning with the nineteenth month after such date, and

"(3) 70 percent of any such costs incurred during the 12-month period beginning with the thirty-first month after such date.

"(f)(1) For purposes of this section, the term 'human services program' includes the program of aid to families with dependent children under part A of title IV, the supplemental security income benefits program under title XVI, the Federal food stamp program, and any other Federal or federally assisted program (other than a program under the Rehabilitation Act of 1973) which provides aid, assistance, or benefits based wholly or partly on need or on income-related qualifications to specified classes or types of individuals or families or which is designed to help in crisis or emergency situations by meeting the basic human needs of individuals or families whose own resources are insufficient for that purpose.

"(2) In carrying out this section the Secretary shall regularly consult with the Secretary of Labor, the Secretary of Agriculture, the Secretary of Housing and Urban Development, and the head of any other Federal agency having jurisdiction over or responsibility for one or more human services programs, in order to ensure that the administrative efforts of the various agencies involved are coordinated with respect to all of the pilot projects being carried out under this section.

"(g) The Secretary shall require each State which is carrying out a pilot project under this section to submit periodic reports on the progress of such project, giving particular attention to the cost-effectiveness of the integrated service delivery system involved and the extent to which such system is improving the delivery of services. No pilot project under this section shall be conducted for a period of longer than 42 months. The first such report shall be submitted no later than 3 months after the date on which the project begins.

"(h) The Secretary shall from time to time submit to the Congress a report on the progress and current status of each of the approved pilot projects under this section. Each such report shall reflect the periodic reports theretofore submitted to the Secretary by the States involved under subsection (g), and shall contain such additional comments, findings, and recommendations with respect to the operation of the program under this section as the Secretary may determine to be appropriate.

"(i) As soon as possible after the completion of the pilot projects carried out under this section, the Comptroller General, through the personnel and facilities of the General Accounting Office, shall conduct a full and complete study to determine the extent to which such projects, and the program under this section in general, have contributed to the achievement of the purpose of this section. In conducting such study, the Comptroller General shall give particular attention to the relative cost-effectiveness of the various integrated service delivery systems included among the projects and the extent to which the projects have demonstrated the possibility, through the use of such systems, of improving the delivery of services, increasing management efficiency, and decreasing the number of employees needed to carry out the various human services programs involved. The Comptroller General shall submit to the Congress a full and complete report on the results of such study, together with the Comptroller General's findings and recommendations with respect thereto.

"(j) There are authorized to be appropriated, for the four-fiscal-year period beginning with the fiscal year 1985, such sums, not to exceed $8,000,000 in the aggregate, as may be necessary to carry out this section.".

DEMONSTRATION PROJECTS TO TEST THE USE, UNDER THE AFDC PROGRAM, OF THE RULES, PROCEDURES, AND SPECIFICATIONS IN USE UNDER THE MEDICAID AND FOOD STAMP PROGRAMS

SEC. 651. (a)(1) The Congress finds that the AFDC, medicaid, and food stamp programs are most often administered at the State and local level by a single agency and frequently serve the same body of needy recipients; but there are significant differences in the program requirements and specifications which are in effect under the three programs and these differences cause unnecessary complications for both the State or local workers and the recipients, too often resulting in excessive administrative costs and high error rates.

(2) It is therefore the purpose of this section to develop ways of improving the delivery of services to needy individuals and families under the three programs involved by eliminating at least some of these differences through a limited demonstration program designed to demonstrate the use in the AFDC program of rules, procedures, and specifications which are the same as those in effect under either or both of the other two programs, with the specific objective of testing (A) whether such programs can thereby be more efficiently administered, (B) whether such programs can be made easier for the recipients and the general public to understand, and (C) whether agency and client errors can be reduced in such programs as a result of greater program compatibility.

(b)(1) Under regulations which shall be prescribed and published by the Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") within 120 days after the date of the enactment of this Act, any State which is currently participating in the AFDC program under part A of title IV of the Social Security Act, the medicaid program under title XIX of such Act, and the food stamp program under the Food Stamp Act of 1977, and which desires to establish and conduct a demonstration project under this section, may submit an application therefor to the Secretary. Any such application shall be submitted in accordance with the procedures established by such regulations, and within 45 days after such regulations become effective.

(2) The Secretary shall consider all applications submitted under paragraph (1) and, within 90 days after the regulations described in such paragraph become effective, shall approve not more than 5 of them, taking into account the size and characteristics of the population that would be served by each proposed project, the desirability of wide geographic distribution among the approved projects, and such other factors as may tend to indicate whether or not a particular proposed project would provide a

useful and effective test of the value of utilizing (under the program of aid to families with dependent children) the rules, procedures, and specifications under either or both of the other two programs involved.

(3) The Secretary shall approve any application for a demonstration project under this section only after determining that the conduct of such project will not lower or restrict the level of aid, assistance, benefits, or services, or the applicable income or resource standards, deductions, or exclusions, under the AFDC program or either of the other two programs, and will not delay the provision of aid, assistance, benefits, or services under any of the three programs.

(4) The actual implementation and conduct of any demonstration project under this section shall commence no later than 9 months after the date of its approval. No such project shall be conducted for a period of longer than three years; except that any State conducting such a project may, with the approval of the Secretary, extend the project for an additional period of not more than two years in order to give the Congress an opportunity to determine whether changes in Federal law should be made to reflect the results of the project or to allow for an orderly transition from the operation of the project to the operation of the programs involved under the provisions of law that will be applicable after the termination of the project.

(c) Each State conducting a demonstration project under this section may adopt, for purposes of the AFDC program, any of the existing rules, procedures, and specifications currently in effect under either or both of the other two programs, with the objective of developing for the three programs—

(1) a common set of terms and definitions;

(2) uniform application and eligibility determination procedures;

(3) a unified budegting process;

(4) a single-family case file; and

(5) a common administrative structure that allows for unified planning and evaluation.

(d) Any State whose application is approved under subsection (b) may submit to the Secretary a request for the waiver of any requirement imposed by or pursuant to part A of title IV of the Social Security Act which would otherwise apply with respect to the project; and, if authority to grant the waiver involved is available to the Secretary under title IV or XI of the Social Security Act or under any other provision of law, the Secretary shall approve such request upon a determination that (under the regulations prescribed pursuant to subsection (b)(1)) such waiver is necessary in order for the project to achieve its purpose under this section.

(e) Expenses incurred by a State agency in carrying out a demonstration project under this section shall be considered, for purposes of section 403(a) of the Social Security Act, to be expenditures made (as appropriate) either as aid to families with dependent children under the State's plan approved under section 402 of such Act or for the proper and efficient administration of such plan.

(f) Each State carrying out a demonstration project under this section shall submit periodic reports thereon to the Secretary, and a final report at the conclusion of the project. Such reports shall contain such information, data, and projections as the Secretary may require; and upon receipt of the final report from each of the States carrying out such a project the Secretary shall submit to the Congress a comprehensive report on the results of the projects conducted under this section together with the Secretary's findings and recommendations with respect thereto.

EXEMPTION OF CERTAIN PREGNANT WOMEN FROM REGISTRATION FOR WORK OR TRAINING

SEC. 652. Section 402(a)(19)(A) of the Social Security Act is amended—

(1) by striking out "or" at the end of clause (vii);

(2) by adding "or" after the semicolon at the end of clause (viii); and

(3) by inserting immediately after clause (viii) the following new clause:

"(ix) a women who is pregnant if it has been medically verified that the child is expected to be born in the month in which such registration would otherwise be required or within the 3-month period immediately following such month;".

COMPUTATION OF MAXIMUM REQUIRED HOURS OF WORK UNDER COMMUNITY WORK EXPERIENCE PROGRAMS

SEC. 653. Section 409(a)(1)(E) of the Social Security Act is amended—

(1) by inserting "(i)" after "equals";

(2) by inserting "reduced by the amount of any monthly support payments collected on behalf of the family during that month, or (if adequate information with respect to child support collections on behalf of the family during the month is not available) during the most recent month in the preceding two-month period for which such information is available," after "this part,"; and

(3) by inserting "(ii)" after "divided by".

TREATMENT OF NONRECURRING LUMP SUM INCOME

SEC. 654. Section 402(a)(17) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (B)) the following:

"except that the State may at its option recalculate the period of ineligibility otherwise determined under subparagraph (A) in any case where (i) changes in family composition, income, resources, or other circumstances (before the end of such period as so determined) have increased the financial need of the family, and (ii) such recalculation would promote the purposes and objectives of this part;".

WAIVER OF OVERPAYMENT RECOUPMENT WHEN COST OF COLLECTION WOULD EXCEED AMOUNT DUE

SEC. 655. (a) Section 402(a)(22) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (C) the following:

"except that no recovery need be attempted or carried out under subparagraph (B) in any case where (as determined by the State agency in accordance with criteria for determining cost-effectiveness which shall be prescribed by the Secretary in regulations) the cost of recovery would equal or exceed the amount of the overpayment involved;".

(b) Section 402(a)(22)(A) of such Act is amended by inserting after "current recipient of such aid" the following: "(including a current recipient whose overpayment occurred during a prior period of eligibility)".

DETERMINATION OF OVERPAYMENT AMOUNTS WHEN RECIPIENT'S COUNTABLE ASSETS EXCEED LIMITS

SEC. 656. Section 406 of the Social Security Act is amended by adding at the end thereof (after the new subsection added by section 644(b) of this Act) the following new subsection:

"(i) To the extent that an overpayment with respect to a family for any period of one or more consecutive months is attributable solely to the ownership or possession by such family or any member thereof during such period of resources having a value in excess of the applicable dollar figure specified in section 402(a)(7)(B), the aggregate amount of such overpayment for all months in such period (notwithstanding any other provision of this subsection) shall be the lesser of (1) the total amount of the benefits under this title which were received by such family for all months in such period or (2) the greatest amount by which the total value of the resources of such family exceeded such applicable dollar figure at any time during such period. The application of this paragraph to an overpayment with respect to a family for any period shall not affect the application of section 402(a)(7)(A) to such family for any subsequent period unless this paragraph also applies to an overpayment with respect to such family for such subsequent period.".

STATE DISCRETION TO MAKE PROTECTIVE PAYMENTS

SEC. 657. (a) Section 402(a)(19)(F)(i) of the Social Security Act is amended by striking out "will be made" and inserting in lieu thereof "may be made".

(b) Section 402(a)(26)(B) of such Act is amended by striking out "will be provided" and inserting in lieu thereof "may be provided".

SUSPENSION OF SANCTIONS BASED ON ERROR RATES

SEC. 658. Notwithstanding any other provision of law, in any case where a State—

(1) is subject to financial penalties under section 403(i) of the Social Security Act by reason of its erroneous excess payments (as defined in that section) or under section 403(j) of such Act by reason of its dollar error rate of aid (as defined in that section), or

(2) is subject to financial penalties under any other provision of law by reason of errors in its payments of aid under part A of such title IV, no action shall be taken to enforce or collect such penalties (by reducing, adjusting, or withholding amounts otherwise due the State under part A of such title IV, by requiring payment from the State as reimbursement for overpayments theretofore made to the State under part A of such title IV, or otherwise) during the period beginning October 1, 1983 and ending September 30, 1985 (and if any such penalty has already been enforced or collected, on or after October 1, 1983, and before the date of the enactment of this Act, the Secretary of Health and Human Services shall pay or refund the amount of such penalty to the State immediately upon the enactment of this Act); but nothing in this section shall prevent, limit, or otherwise affect the enforcement or collection of the penalties involved, under the applicable provisions of law, after the close of such period.

ELIGIBILITY REQUIREMENTS FOR ALIENS

SEC. 659. Section 415(c)(1) of the Social Security Act is amended by striking out "Any individual" and all that follows down through "be required to provide" where it first appears and inserting in lieu thereof the following: "Any individual who is an alien and whose sponsor was a public or private agency shall be ineligible for aid under a State plan approved under this part during the period of three years after his or her entry into the United States, unless the State agency administering such plan determines that such sponsor either no longer exists or has become unable to meet such individual's needs; and such determination shall be made by the State agency based upon such criteria as it may specify in the State plan, and upon such documentary evidence as it may therein require. Any such individual, and any other individual who is an alien (as a condition of his or her eligibility for aid under a State plan approved under this part during the period of three years after his or her entry into the United States), shall be required to provide".

PROVISION BY STATE AGENCIES OF INFORMATION REGARDING FUGITIVE FELONS

SEC. 660. Section 402(a)(9) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: "; but such safeguards shall not prevent the State agency or the local agency responsible for the administration of the State plan in the locality (whether or not the State has enacted legislation allowing public access to Federal welfare records) from furnishing a State or local law enforcement officer, upon his request, with the name and current address of any recipient if the officer furnishes the agency with such recipient's social security account number and satisfactorily demonstrates that such recipient is a fugitive felon, that the location or apprehension of such felon is within the officer's official duties, and that the request is made in the proper exercise of those duties".

PAYMENT SCHEDULE FOR REIMBURSEMENT OF CERTAIN BACK CLAIMS DUE THE STATES

SEC. 661. The payment schedule contemplated by section 136 of Public Law 97-276 for reimbursement of expenditures described in that section is hereby established as follows:

(1) For expenditures identified in the decree entered by the United States District Court for the District of Columbia on July 21, 1983, in the case of State of Connecticut v. Heckler, No. 81-2237, and allowed by the Secretary of Health and Human Services prior to the date of the enactment of this Act, payment shall be made, by supplemental grant award or otherwise, within 30 days after the date of the enactment of this Act; and

(2) for any other expenditure described in such section 136 which was identified in such decree or in any other decree entered by a Federal court in a suit (with respect to such an expenditure) filed prior to September 30, 1982, payment shall be made, by supplemental grant award or otherwise, as soon as the expenditure or portion thereof involved is finally determined by the Secretary to be an allowable claim under the substantive provisions of the applicable title of the Social Security Act.

AFDC GRANT DIVERSION PROGRAM

SEC. 662. Part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"GRANT DIVERSION PROGRAM

"SEC. 416. (a) It is the purpose of this section to allow any State which has a plan approved under this part to institute a grant diversion program under which the State, to the extent the State determines it to be appropriate, may make employment (including on-the-job training) available as an alternative to aid otherwise provided under the State plan.

"(b)(1) Notwithstanding any other provision of this title, Federal funds may be paid to a State under section 403, subject to the provisions of this section, with respect to expenditures incurred in operating a grant diversion program under this section.

"(2) Nothing in this part or part C, or in any State plan approved under this part, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate, whether or not such terms, conditions, and cases are consistent with section 402(a)(19) or part C) a grant diversion program in accordance with this section; and participation by an individual in such a program shall be deemed to satisfy all of the requirements of section 402(a)(19) and part C which are otherwise applicable to such individual.

"(3) Notwithstanding section 402(a)(1), a State operating a grant diversion program under this section may operate such program in any or all political subdivisions of the State.

"(4) Notwithstanding section 402(a)(8) or any other provision of law, a State operating a grant diversion program under this section may apply subparagraph (A)(iv) of such section with respect to any individual participating in such program (whether or not subparagraph (B)(ii)(II) of such section would otherwise prevent the application of such subparagraph (A)(iv) during the period of such individual's participation in the program).

"(c)(1) In operating a grant diversion program under this section a State shall—

"(A) enter into contracts with public or private employers in the State under which such employers will provide employment (in the form of on-the-job training or otherwise) for eligible individuals over a period (in the case of any one such individual) of up to 9 months; and

"(B) pay to each such employer with respect to each individual so employed an amount equal to the lesser of (i) the maximum amount that could have been paid directly to such individual or the family of which he or she is a member as aid to families with dependent children under the State plan, at the time of his or her initial placement in a job under the program, if such individual or family had no income, or (ii) 50 percent of the wages paid to such individual for his or her employment under the program.

The determination of the particular employers and job positions to be included in the program shall be entirely within the discretion of the State.

"(2) For purposes of this section, an individual is an 'eligible individual' if he or she is eligible to receive aid under the State plan (without regard to this section) at the time of his or her initial placement in a job under the program.

"(d) Payments by a State to employers under the program shall be considered amounts expended as aid to families with dependent children under the State plan for purposes of section 403(a).

"(e)(1) Any employer participating in the program under this section shall afford employee status to all eligible individuals to whom such employer provides job positions under such program; but nothing in this section shall be construed as requiring the State or local agency administering the grant diversion program to provide employee status to any participant unless such State or local agency is the employer of such participant.

"(2) Wages paid under a grant diversion program under this section shall be considered to be earned income for purposes of any provision of law.

"(f) Any State which chooses to operate a grant diversion program under this section shall provide that any individual who participates in such program, and any child or relative of such individual (or other individual living in the same household as such individual) who would be eligible for aid under the State plan approved under this part, shall be considered to be receiving aid under the State plan approved under this part for purposes of eligibility for medical assistance under the State's plan approved under title XIX.".

PERMANENT EXTENSION OF PROVISIONS FOR DISREGARDING IN-KIND ASSISTANCE

SEC. 663. (a) Section 545 of the Surface Transportation Assistance Act of 1982 is amended—

(1) by striking out "and prior to July 1, 1985" in subsection (c); and

(2) by striking out ", including" and all that follows in subsection (d) and inserting in lieu thereof a period.

(b) Section 404(c) of the Social Security Amendments of 1983 is amended by striking out "and end before October 1, 1984".

GENERAL EFFECTIVE DATE

SEC. 664. Except as otherwise specifically provided in this subtitle, the provisions of this subtitle and the amendments made thereby shall take effect on October 1, 1984.

Subtitle D—Trade Adjustment Assistance

LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES

SEC. 671. The first sentence of section 233(a)(3) of the Trade Act of 1974 (19 U.S.C. 2293(a)(3)) is amended to read as follows: "Notwithstanding paragraph (1), in order to assist the adversely affected worker to complete training approved for him under section 236, and in accordance with regulations prescribed by the Secretary, payments may be made as trade readjustment allowances for up to 26 additional weeks in the 26-week period that—

"(A) follows the last week of entitlement to trade readjustment allowances otherwise payable under this chapter; or

"(B) begins with the first week of such training, if such training is approved after the last week described in subparagraph (A).".

JOB SEARCH AND RELOCATION ALLOWANCES

SEC. 672. (a) Section 237(a)(1) of the Trade Act of 1974 (19 U.S.C. 2297(a)(1)) is amended by striking out "$600" and inserting in lieu thereof "$800".

(b) Section 238(d)(2) of the Trade Act of 1974 (19 U.S.C. 2298(d)(2)) is amended by striking out "$600" and inserting in lieu thereof "$800".

ASSISTANCE TO INDUSTRY

SEC. 673. Section 265 of the Trade Act of 1974 (19 U.S.C. 2355) is amended—

(1) by amending subsection (a)—

(A) by inserting "or workers" immediately after "substantial number of firms", and

(B) by inserting "223 or" immediately before "251"; and

(2) by striking out "$2,000,000" in subsection (b) and inserting in lieu thereof "$10,000,000".

The CHAIRMAN. No amendments are in order except: First, an amendment to insert a new section in title III consisting of the text of section 1006 as recommended by the Committee on Ways and Means now printed in italic on page 993, line 19 through page 996, line 10 of House Report 98-432, part 2, and to insert a corresponding reference in the table of contents to title III of the bill, which shall not be subject to amendment but shall be debatable for not to exceed 1 hour, to be equally divided and controlled by the proponent of the amendment and a Member opposed thereto; and second, an amendment printed in the CONGRESSIONAL RECORD of April 10, 1984, by, and if offered by, Representative PEPPER which shall not be subject to amendment but shall be debatable for not to exceed 30 minutes, to be equally divided and controlled by Mr. PEPPER and a Member opposed thereto.

AMENDMENT OFFERED BY MR. JACOBS

Mr. JACOBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JACOBS: On page 21, after line 18, add the following new section:

PAYMENT FOR PHYSICIANS' SERVICES FURNISHED TO HOSPITAL INPATIENTS

SEC. 309 (a) Subsection (b) of section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4)(A) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished to inpatients of a hospital, the Secretary shall not set any level higher than the same level as was set for the period ending June 30, 1984, in the case of the twelve-month period ending June 30, 1985.

"(B) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services furnished to inpatients of a hospital for periods beginning after June 30, 1985, the Secretary shall treat the levels as set under subparagraph (A) as having fully provided for economic changes which would have been taken into account but for the limitations contained in subparagraph (A).".

(b)(1) Section 1866(a)(1) of such Act (42 U.S.C. 1395cc(a)(1)) is amended by striking out "Any provider" and inserting in lieu thereof "Subject to paragraph (4), any provider".

(2) Section 1866(a) of such Act is further amended by inserting at the end the following new paragraph:

"(4)(A) A hospital shall be qualified to participate under this title and shall be eligible for payments under this title only if it provides (in the agreement filed with the Secretary under paragraph (1)) that any physician who—

"(i) is on the medical staff of the hospital (courtesy or otherwise) and

"(ii) furnishes services to inpatients in the hospital,

must enter into an agreement described in subparagraph (B) in a manner established by the Secretary.

"(B) A physician's agreement referred to in subparagraph (A) is an agreement by the physician not to impose any charge or receive payment for any services which are furnished to any inpatient in the hospital for which payment may be made under part B except on the basis of an assignment in section 1842(b)(3)(B)(ii) or under the procedure described in section 1870(f)(1).".

(3) Section 1866(b)(2) of such Act is amended by inserting before the period at the end thereof the following: ", or (H) that such provider (in the case of a hospital) is not complying with the provisions of the agreement specified in subsection (a)(4)".

(c)(1) The amendments made by subsection (a) shall be effective with respect to items and services furnished on or after July 1, 1984.

(2) The amendments made by subsection (b) shall only apply to physicians' services furnished during the period beginning on July 1, 1984, and ending six months after the date the Congress receives the report of the Secretary of Health and Human Services under section 603(a)(2)(B) of the Social Security Amendments of 1983 (relating to a report on including payment for physicians' services to hospital inpatients in the DRG-based payment amount to hospitals).

(3) The Secretary of Health and Human Services shall provide for notice to individuals enrolled (or enrolling) under the supplementary medical insurance program under part B of title XVIII of the Social Security Act of the amendments made by subsection (b).

On page 4 in the table of contents for title III, add the following after Sec. 308:

"Sec. 309. Payment for physicians' services furnished to hospital inpatients."

Mr. JACOBS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The CHAIRMAN. Pursuant to House Resolution 483, the gentleman from Indiana (Mr. JACOBS) will be recognized for 30 minutes, and a Member opposed will be recognized for 30 minutes.

The Chair recognizes the gentleman from Indiana (Mr. JACOBS).

Mr. JACOBS. Mr. Chairman, when the President sent his spending requests up this year he asked for a physicians' freeze for 1 year under the medicare program, which is designed to save about $833 million. This amendment carries out that administration request, and it adds an element which answers the question one way or the other about who is going to be frozen, whether it is going to be the provider or whether that provider under law is free to pass on the cost of that freeze to the beneficiary.

Now, we in the Subcommittee on Health in the Ways and Means Committee took the position that if there is to be a freeze, there has to be mandatory assignment. And if there is not to be mandatory assignment, there should not be a freeze, or else you are having an increased cost to the medicare beneficiary.

Now, somebody might say, "Well, we need the $833 million savings, and even if it can be passed on to the retired people, the people on social security in the country, still, savings in the budget is more important than niceties of that kind, and the physicians ought not be inconvenienced in the way that the hospitals have been inconvenienced for the whole 19 years of the medicare program."

As far as what the priorities of this Government, including this Congress, might be, that is every individual Member and the President's opinion. Everybody seems to have an opinion on that. We have a philosopher back home named Abe Martin who says there is always plenty of money for everything but the necessities.

So the administration apparently has not chosen to finance the medicare program quite so greatly as perhaps tax-paid terrorism in international harbors. That is a matter of choice to be made by the Congress and by the administration. But if you freeze the physicians' fees, our committee asks you to prevent the physicians from passing that cost along to the patients.

☐ 1700

I will have more to say later on, but at this time I yield 3 minutes to the gentleman from Illinois (Mr. ROSTENKOWSKI), the chairman of the Committee on Ways and Means.

Mr. ROSTENKOWSKI. I thank the gentleman for yielding me this time.

Mr. Chairman, we draw closer and closer to the day when medicare reservoirs run dry. The HI portion of the payroll tax is not nearly enough to meet expenses. We have too remedies—both painful. The first is to continue to shift a larger burden to the elderly. The second is to limit cost increases by hospitals, doctors, and other providers.

Reagan budgets have steadily asked the elderly to pay more. Congress responded to those demands in 1981. In 1983 we fixed limits on hospital charges. All we are asking today is that doctors accept their fair share, some of the burden.

For the consummate spending reducers it was all right to hit the beneficiaries. It was all right to squeeze the hospitals. But somehow it is not all right to restrict doctors' fees. That is fairness?

The AMA agrees with us that doctors are charging medicare patients too much. They have asked their member doctors to freeze their fees. We think that is a great idea. All mandatory assignment would do is to guarantee it for those who treat medicare patients in hospitals. We and the AMA want the same thing. The difference is that they want to give us their word—and we want it in writing.

The doctors are willing to accept the freeze proposed by the committee amendment. That would cost them about 4 percent of their fixed medicare payment. That is hardly a sacrifice compared with their overall medicare income.

What they will not accept is any restriction on what they can charge the elderly above the set medicare payment. They cry "foul" when we ask them to limit their fees to the reasonable charge for hospital care. That would be a real sacrifice toward the cause of reducing the Nation's medical bill.

Let those doctors and their lobbyists who oppose this amendment beware that to sidestep this minor restriction only builds the pressure for much harsher restrictions on doctors' charges as the day of reckoning on medicare draws closer.

I ask my colleagues once again to ask themselves who is better able to shoulder the growing weight of medicare—the elderly, or the doctors?

Mr. MOORE. Mr. Chairman, I yield 6 minutes to the chairman of the Budget Committee, the gentleman from Oklahoma (Mr. Jones).

Mr. JONES of Oklahoma. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in opposition to this amendment. What this amendment does is to tie a 1-year freeze in physician reimbursement for treatment of patients in a hospital, and also requires that a doctor agree to mandatory assignment before he can treat any medicare patient or any other patient in that hospital. I think this is a heavy-handed approach to a problem, and I do not believe it is necessary. In many areas of the country, it could have a reverse effect from what was intended, and actually harm the elderly patient.

This amendment has two parts to it: One, it is designed to save money and or reduce the deficit; and two, it establishes an enforcement procedure—mandatory assignment. For both of those reasons, this amendment ought to be defeated.

First of all, with regard to the savings. As I pointed out, the savings occur only on services given to patients in a hospital setting. Therefore, the 3-year savings of this amendment would be $833 million. The amendment that the gentleman from Louisiana (Mr. Moore) and I had asked to make in order, but which the Rules Committee denied the House the opportunity to vote on, would put a freeze for 1 year on physician's reimbursement for both outpatient and inpatient care for a 3-year savings of $2.4 billion.

From the standpoint of savings and deficit reduction, this amendment clearly is not as good as that which Mr. Moore and I wanted to offer. Furthermore, there is no guarantee that the $833 million in savings would occur, because the limitation is only on inpatient hospital care, and there is no lid on the increased cost for treating patients in an outpatient setting.

The second reason this amendment should be defeated deals with the issue of mandatory assignment. For the Members of the House who are not aware of the evolution of this amendment in the Ways and Means Committee, let me offer this background information.

Last fall, in conjunction with the physician freeze recommendation, the mandatory assignment concept was promoted as a way to prevent physicians from passing on their additional costs to medicare beneficiaries. Then there was concern that, while additional costs could not be passed along, some physicians would stop treating their medicare patients.

A new twist was added to the proposal in an attempt to protect the beneficiaries access to health care. That new twist requires the hospitals to obtain a written agreement to accept mandatory assignment from all physicians with staffing privileges at their facility. Without the signatures from all physicians, the hospital is not eligible for any medicare funds.

This puts a great deal of pressure on the hospitals. To retain their medicare funding, hospitals must obtain signatures from the physicians who use their facility or else deny staffing privileges to these physicians. This specific enforcement procedure was included without a single hearing in the Ways and Means Committee on the effect that it might have. We do not know if this provision will help or hurt the elderly. We do not know whether it will protect the elderly from increased costs or whether it will assure access to quality medical services.

There was obvious skepticism in the Ways and Means Committee as this amendment when it was offered was defeated on a record vote of 18 to 15. This is the amendment that comes before the House today having already been defeated in the Ways and Means Committee.

What will mandatory assignment do to the beneficiary costs and the access to care? My major concern is that we do not know what the effect this amendment, however well intended, will have on beneficiaries. If this amendment results in even a small increase in the number of physicians who never take assignment, then some medicare beneficiaries will not be able to continue to receive care from their current physician unless they are willing to pay the entire cost with no payment from medicare.

I am particularly concerned over the potential damaging effect of this proposal in rural areas, especially in the States of the South and the West where there are fewer providers. If a patient's doctor decides not to participate, there may not be another doctor close by for the patient to turn to for services. Another possible side effect will be that there will be more outpatient services where the fees are not frozen and mandatory assignment does not apply. The patient does not have any protection in the outpatient setting against additional costs under this amendment.

These are some of the possible adverse effects of this amendment. Frankly, no one knows what will happen, and that is the very point. There was enough concern with this proposal that it was not accepted in the Ways and Means Committee when this amendment was offered, yet now we are asked to approve it.

I urge the defeat of this amendment. The other body has a physician freeze without mandatory assignment; the savings that we lose here today, I am certain can be picked up in conference. I would urge the defeat of the amendment and then the passage of the reconciliation bill.

□ 1710

The CHAIRMAN. The time of the gentleman from Oklahoma (Mr. Jones) has expired.

Mr. JACOBS. Mr. Chairman, I yield 2 additional minutes to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. I thank the gentleman for yielding this additional time to me.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Oklahoma. I would be happy to yield to the gentleman from Indiana.

Mr. JACOBS. I thank the gentleman for yielding.

Mr. Chairman, the gentleman has said that the amendment as it stands now failed by three votes in the Committee on Ways and Means. Is the gentleman prepared to say what his judgment was on the amendment at that time, how he voted in the Committee on Ways and Means?

Mr. JONES of Oklahoma. The point is, at that time there was no indication from the medical profession that they would not pass along these costs. Subsequent to that time, there has been an adoption of a resolution that there would be a freeze and a good-faith effort that these costs would not be passed on, especially to the low-income elderly.

Mr. JACOBS. If the gentleman will yield further, who adopted that resolution?

Mr. JONES of Oklahoma. The American Medical Association.

Mr. JACOBS. Which doctor signed that and said he or she would not?

Mr. JONES of Oklahoma. If the Jones-Moore amendment had been made in order, we would have monitored that to make sure that they kept their promise. It would have been reported to Congress on a monthly basis and we could have taken whatever measures were necessary if low-income elderly were treated unfairly.

This freeze for 1 year, I am confident, will not result in the low-income elderly being forced to pay a higher price.

Mr. JACOBS. And that is in consequence of a New Year's resolution?

Mr. JONES of Oklahoma. No; that is the consequence of being denied the opportunity of offering a better amendment by the Committee on Rules.

Mr. JACOBS. But the only reason the gentleman changed his position on this very same amendment was because of a New Year's resolution passed by the AMA, was it not? It is not binding on anybody, as far as I know.

Mr. JONES of Oklahoma. There is a significiant difference between the positions of last fall of the medical profession and the position of the medical profession this year.

Mr. JACOBS. I just asked the gentleman: Is that resolution binding on any member of the AMA?

Mr. JONES of Oklahoma. No, and we are going to monitor what the doctors do.

Mr. JACOBS. Did the members-at-large vote on this? Did they send out some ballots to all the doctors?

Mr. JONES of Oklahoma. We have to go back next year and make some major changes in our health care anyway, including medicare, and I do not believe the doctors are going to pass along these costs. If they do, they are going to receive the treatment that they deserve when we deal with this issue next year.

Mr. JACOBS. I would just point out to the gentleman that an awful lot of people say that the National Council of Churches does not necessarily speak for the churches sometimes, and that may be true in the AMA as well.

Mr. JONES of Oklahoma. It may very well may be, but I believe under this amendment you are going to run the risk of higher cost because outpatient care is not covered.

Mr. JACOBS. Mr. Chairman, I yield 4 minutes to the gentleman from Missouri (Mr. Gephardt).

Mr. GEPHARDT. I thank the gentleman for yielding this time to me.

Mr. Chairman, I rise in support of this amendment. I want to say that I am not one who believes that the doctors are the fault of our problems in health care. I do not see them as the villain in the piece. But I think there are some facts we have to pay attention to, and I hope the Members will listen because I think these are important facts to take into consideration.

I sat on this floor in 1979 and opposed the Carter cost-containment effort. I want to read to my colleagues what has happened to health care costs with regard to doctors and hospitals since I made that speech.

Part B has increased from $8.8 billion in 1977 to $21.1 billion in 1984, a 70-percent increase in the cost of that part of medicare.

Part A, the hospital part, increased almost as much, 67 percent, in that period of time.

Everybody in the room knows we have a crisis in health care costs, and that crisis presents itself in medicare in part A and part B.

Mr. MOORE. Mr. Chairman, will the gentlemen yield?

Mr. GEPHARDT. I cannot yield now. I have 4 minutes and I want to get my points across.

Mr. MOORE. Will the gentleman yield if he does not use all of his time?

Mr. GEPHARDT. I will try at the end.

The second thing I want to say is that as we look at what to do in a budget and what to do in medicare, it seems to me the doctors need to do their part as we ask beneficiaries and we ask hospitals to do theirs. Regarding congressional savings in budgets, 1981 to 1983, hospitals took it on the nose to the tune of $9.2 billion, beneficiaries to the tune of $2.6 billion, physicians to the tune of $1.4 billion. Doctors can do more as part of their effort in making up this difference.

A third point I would like my colleagues to pay attention to: Beneficiaries today pay as much out of pocket as they did before medicare started. It is $1,700 per person on the average out of pocket today. So if we do not do mandatory assignment, we are going to be asking those people to pay even more on top.

The amount spent by medicare on a beneficiary in 1 year for physician services increased from $255 in 1977 to $436 in 1981, a 42-percent increase.

Let us remember one last thing: In a year or two we are going to be here talking about medicare. We are going to be talking about cutting benefits and we are going to be talking about taxes. We are going to talk about restructuring the health care system. It seems to me that if we start this year, 1984, by laying a foundation for what we are going to do in 1985 and 1986, it is only fair to begin laying that foundation where it affects doctors as we have already affected beneficiaries and hospitals.

When we come back to raise taxes, we are going to have to raise them a lot. When we come back to cut benefits, we are going to have to cut them a lot. The deficit of medicare by 1995 is $300 billion. We are going to be talking about bringing doctors into the DRG's which we passed last year for hospitals. We are going to face this same mandatory assignment issue when we put doctors into DRG's because we are going to be freezing how much we are going to be paying them, so we might as well decide the issue today. If we are not for mandatory assignment today, what are we going to do when we put doctors into DRG's a year from now or 2 years from now?

I submit to my colleagues that we are not going to then want to say that doctors can charge above what the DRG is. We do not allow hospitals to do that. Are we going to allow doctors to do that? I do not think we are. Let us get it right the first time. Let us establish the precedent. Let us go ahead and do the freeze and do mandatory assignment.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. Gephardt) has expired.

Mr. JACOBS. Mr. Chairman, I yield 1 additional minute to the gentleman from Missouri.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. GEPHARDT. I yield to the gentleman from Louisiana.

Mr. MOORE. I thank the gentleman for yielding.

Mr. Chairman, I would just say that the gentleman's first comment was a very interesting statistic about how part B medicare costs have gone up, but I am sure the gentleman is aware, and I think we ought to be sure that all the Members of the House are aware that the committee amendment does not freeze all of part B fees, only the inpatient fees. The gentleman's statistics are not relevant, really, to the committee amendment, but are to the Jones-Moore motion to recommit that will be offered later on.

Mr. GEPHARDT. But as the gentleman well knows, I also talked about part A as having gone up 67 percent, almost the same as part B. There is an explosion, as the gentleman well knows, in health care costs that we have to address.

Mr. MOORE. I agree.

Mr. GEPHARDT. And it means addressing every part of the health care system.

Mr. MOORE. I agree, and that is why I think we really ought to freeze all physician fees, not just inpatient fees. That is what the substitute in the motion to recommit will do.

Mr. GEPHARDT. I understand the gentleman's argument. I would simply say to the gentleman that we have to do first things first. We are dealing here with part A. I think the gentleman also realizes that it is a lot simpler, when talking about DRG's, to talk about part A, and much harder with part B.

Mr. LATTA. Mr, Chairman, I yield 4 minutes to the gentleman from Georgia (Mr. Rowland).

Mr. ROWLAND. I thank the gentleman for yielding this time to me.

Mr. Chairman, may I say at the outset that I voted for the rule on this because I felt there is considerable importance in the spending cuts. It is quite true that the rising cost of medical care is a pressing and urgent problem that we do need to address.

We have sought solutions in the Congress of the United States in the past in a very inappropriate manner, and let me give my colleagues two examples of that.

In 1974, this Congress passed the National Health Planning and Resources Development Act, which was supposed to hold down the cost of medical care by holding down the expansion of facilities. In fact, that is not what happened. That program is now defunct. After spending several billion dollars, it did not carry out what it was intended to do.

There were no hearings held in this House on the National Health Planning and Resources Development Act. Last year, we passed, as an amendment to the Social Security Reform Act, a prospective reimbursement plan for hospitals. There were no hearings held on that particular piece of legislation.

□ 1720

We have not had any experience in this country about what that would do. New Jersey did pass this plan in 1978 and implemented it in 1980.

An article I just read as of December this past year indicates that their experience is that this has not held down the cost of medical care.

Now we have before us today another piece of legislation that is supposed to hold down the cost of medical care. There have been no hearings held on this. There has been no committee report. My information is that there have been no hearings held.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. ROWLAND. I yield to the gentleman from Indiana.

Mr. JACOBS. There has been no hearing in our subcommittee specifically on that subject, but it has dominated many of the hearings that we have held over the last 4 years.

Mr. ROWLAND. I would ask the gentleman, do we have a committee report on just what we may expect on this? Have there been any witnesses to come and testify?

Mr. JACOBS. We have had witnesses from the AMA to testify about mandatory assignment on many occasions during the past 4 years.

Mr. ROWLAND. About this particular piece of legislation?

Mr. JACOBS. This particular requirement of mandatory assignment; yes.

Mr. ROWLAND. I thank the gentleman for that information; nevertheless, I think that we are enacting again a piece of legislation that we do not have enough information on about what will take place in the future, but there is a distinction between what we are doing and the effects it will have on budget savings. In my opinion, this is not going to save anything. The savings that are supposed to come about will be a delay in the rate increases. If that is what we want to do, why do we not simply delay the rate increases?

Let us not kid ourselves about these reconciliation instructions and how they will be met for medicare. Physicians across the country have already implemented a voluntary freeze on their fees. Mandatory assignment will have no budgetary impact.

Actually, we do not really know what is going to happen. In my opinion, physicians are going to opt out of this program. They are not going to sign these agreements, especially in the rural areas. When they do not sign these agreements, and this was made perfectly clear by the distinguished gentleman who is the chairman of the Subcommittee on Health of the Committee on Ways and Means a few minutes ago that these physicians will lose all of their hospital privileges.

This will have an adverse effect on health care facilities because of the decreased patient load, especially in rural areas, threatening their very existence. Unlike the uncertainty of the proposal before us, those of us who have talked with the doctors in their district know they will opt out. And it will be because of this either/or approach.

I believe that mandatory assignment will limit access to health care of those citizens who need this access the most, our senior citizens, by decreasing the number of physicians available and the possible loss of convenient facilities in the more rural areas.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. ROWLAND. Yes; I will.

Mr. FRENZEL. I think the gentleman made a good point about no hearings. I am not sure the gentleman got the exact answer that he should have.

As I understand it, there were no hearings scheduled on this subject and on this legislative language. Some of the witnesses may have talked about this. There may have been questions about it, but I think the gentleman is dead right in his original allegation.

Mr. ROWLAND. Mr. Chairman, I thank the gentleman for saying that and that was the understanding that I had.

Mr. SAM B. HALL, JR. Mr. Chairman, will the gentleman yield?

Mr. ROWLAND. I yield to the gentleman from Texas.

Mr. SAM B. HALL, JR. Do I understand the gentleman to say, Mr. Chairman, that if a physician does not sign a hospital requirement or assignment, that that doctor loses all staff privileges at that hospital?

Mr. ROWLAND. I would say to the gentleman from Texas, in a colloquy that I had with the distinguished chairman of the Health Subcommittee a few moments ago, that is exactly what he said, that if a physician does not sign an agreement, that he will lose all of his hospital privileges and will not be able to bring any patients to the hospital.

Mr. SAM B. HALL, JR. Mr. Chairman, will the gentleman yield for another question?

Mr. ROWLAND. I will yield to the gentleman.

Mr. SAM B. HALL, JR. Does that mean that if he loses his staff privileges that that particular doctor could not go to the hospital and set the arm of a 7-year-old child if that person was sent to the hospital?

Mr. ROWLAND. That is my understanding.

Mr. JACOBS. Mr. Chairman, will the gentleman yield for a clarification?

Mr. ROWLAND. I will yield.

Mr. JACOBS. No; it does not necessarily mean that, I will say to the gentleman from Texas. It means that you must sign the agreement that if you take a medicare patient in the hospital, you must accept what the medicare trust fund pays you as full payment.

It does not require that you accept a medicare patient. Therefore, the answer to the gentleman's question is no, a physician still could take the 7-year-old child and after having signed the agreement for mandatory assignment, that could be done.

Mr. ROWLAND. With all due respect, I do not think the gentleman answered the question of the gentleman from Texas.

Mr. SAM B. HALL, JR. Mr. Chairman, if the gentleman will yield further, I would like to ask the gentleman from Indiana a question, if I may do that through the gentleman from Georgia.

Mr. ROWLAND. Yes; I yield.

Mr. SAM B. HALL, JR. I understand that if a doctor loses staff privileges at a hospital, he loses his staff privileges.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. ROWLAND) has expired.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. SAM B. HALL, JR.).

Mr. SAM B. HALL, JR. Mr. Chairman, I would like to ask the gentleman from Indiana this question. If a physician who has not signed a mandatory assignment requirement of a hospital, if he does not sign it, that doctor loses staff privileges at the hospital; is that not a correct statement?

Mr. JACOBS. Absolutely correct.

Mr. SAM B. HALL, JR. Now, that doctor loses all staff privileges at the hospital, does he not?

Mr. JACOBS. That is absolutely correct.

Mr. SAM B. HALL, JR. Whether it be a medicare patient or not, that he may have been the previous doctor for?

Mr. JACOBS. That is correct, but it is not the whole story.

Mr. SAM B. HALL, JR. Now, if a young child that is a patient of this doctor who has not signed the medicare assignment breaks an arm and is admitted to the emergency room of the hospital where he has not signed that form, will that doctor be allowed to go to that hospital and set the arm of the child?

Mr. JACOBS. It all depends.

Mr. SAM B. HALL, JR. On what?

Mr. JACOBS. Well, it is like having a date with Siamese twins and being asked if you had a good time and saying, "Well, yes and no."

It depends on whether the hospital continues its medicare relationship. The hospital itself could lose its medicare relationship and the doctor could practice there.

Mr. SAM B. HALL, JR. Well, I am not sure that the Siamese cat thing has anything to do with my question.

Mr. JACOBS. I did not say anything about a cat or a house. I said Siamese twins.

Mr. SAM B. HALL, JR. Twins. Well, twins or cats, whatever the case may be. But if that young child goes to that hospital with a broken arm and his or her doctor has no staff privileges at that hospital, then that doctor cannot treat and set the broken arm of that child, can he?

Mr. JACOBS. As I say, the answer is yes, but that is not the whole story. The whole story is that if a doctor does sign the assignment agreement, the doctor need not do anything because of the assignment agreement, need not take any medicare patient.

Mr. SAM B. HALL, JR. But if the doctor has not signed for medicare, then he or she is precluded from doing anything at that hospital, whether it is dealing with a medicare patient or a baby.

Mr. JACOBS. Wars are impossible unless both sides are right.

Mr. ROWLAND. Mr. Chairman, will the gentleman yield for 30 seconds to me, since he used some of my time?

Mr. SAM B. HALL, JR. I yield to the gentleman from Georgia.

The CHAIRMAN. The time of the gentleman from Texas (Mr. SAM B. HALL, JR.) has expired.

Mr. JACOBS. Mr. Chairman, I yield 30 seconds to the gentleman from Georgia (Mr. ROWLAND).

Mr. ROWLAND. I thank the gentleman. I appreciate that.

Could we say that a comparable situation would be that if we were to pass some legislation in this House requiring attorneys to sign an agreement to accept a certain fee and if they did not accept that, they would lose their courthouse privileges.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Chairman, I rise in support of this Budget Reconciliation Act, with one exception. I oppose the committee amendment linking the freeze on medicare reimbursement rates for physicians with mandatory assignment.

Mr. Chairman, the task before us today is to pass a bill that will produce the savings outlined in our budget resolution, but mandatory assignment does not produce a dollar of budget savings. The savings come from the freeze and the freeze alone.

I favor a freeze and the doctors will accept the freeze. They should be commended for accepting this freeze, but whether or not we should mandate assignment is a larger policy question that should be addressed as part of the overall solution to our medicare problem.

Now, it very well might be that we need to mandate assignment. Legitimate arguments can be made for mandating assignment, but there are two sides to every story, and one of my concerns is that in a rush to "stick it to the doctors" in the name of fairness, we may not be listening to the other side of the story. Let us slow down, send this part of the bill back to committee, hold hearings, and decide how mandatory assignment fits into the broader medicare problems confronting us.

The doctors are by no means perfect. We all know they have been making out pretty good in recent years while others have not done as well, and you may not like that, but we need to work with them in solving our medicare problem. We need their help and they need our help.

In short, I do not think this is the proper vehicle for deciding the mandatory assignment issue. The issue before us is budget savings, and I repeat, mandatory assignment by itself does not produce a dollar of budget savings.

Mr. JACOBS. Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts (Mr. SHANNON).

Mr. SHANNON. Mr. Chairman, I thank the gentleman from Indiana for yielding this time to me.

Mr. Chairman, I rise in support of this amendment.

The vote on this amendment is going to reveal a lot about the Members of this body.

We are going to find out whether those who supported the first concurrent budget resolution will now follow through and vote for the savings required by the budget.

We are going to find out whether this body, which can support cuts in social security benefits and in medicare protection for older Americans and which can support restrictions on medicare reimbursement to hospitals, can now ask the physicians to help out as well.

We are going to find out whether Congress is going to have the backbone to begin confronting the crisis in health care financing—and the projected bankruptcy of the medicare trust fund—in a responsible—in a way that spreads the burden fairly among providers and taxpayers, as well as beneficiaries.

Critics of this amendment have said that it would "radically" restructure medicare. Maybe it is radical to tell the physicians—whose earnings are among the highest in the United States—that they cannot change an 80-year-old widow beyond what medicare already pays. Sometimes fairness and doing the right thing is radical.

But if anyone here today thinks that voting for this amendment is tough, let me say that this change—which some would call radical—pales in comparison to the decisions Congress will have to make in the next few years. The decade-old crisis of health care inflation continues unabated. Health insurance premiums continue to skyrocket, bankrupting businesses and placing health care out of the reach of millions of Americans.

The greatest challenge before this Congress in the next few years will be controlling the growth of health care costs and preserving the medicare trust fund. The solution will require major, fundamental structural changes in the health care system. This amendment, which is being so strongly opposed by the physicians and the hospitals is only the first step down a long and difficult path. If we fail here today to adopt this amendment, we will be spending a grim signal to the taxpayers and the elderly on what they can expect over the next few years.

The physicians are fighting this provision tooth and nail. I suppose that many of these physicians, and apparently some here in Congress, are under the illusion that physicians and their salaries can somehow be exempted from the solution to the health care financing crisis.

It is time for all of us to stop deluding ourselves.

We now spend over $60 billion on physicians services each year. Moreover, physicians are responsible for the decisions that determine how some 70 percent of this Nation's annual health care budget is spent. The health care financing crisis in this country must be addressed. But it cannot and will not be addressed without involving physicians in the solution, and without extending to physicians the reforms this Congress has supported on a bipartisan basis for other health care providers.

Unfortunately, it is not as simple as limiting reimbursement to physicians. Unlike most other providers of health care, physicians are allowed to charge medicare beneficiaries additional amounts above the fee paid by medicare and any deductible or coinsurance. There is no reason to believe that physicians will not pass additional costs from a freeze or limit on their medicare reimbursement on to medicare beneficiaries.

The Congress is already moving in this direction. Last spring we approved legislation which placed medicare reimbursement to hospitals on a prospective basis. Starting this fall, hospitals know in advance what they will be paid for their services. Except for copayments, they cannot charge beneficiaries any additional amount.

The Secretary will soon report to Congress on ways of extending the DRG prospective reimbursement system to physicians for inpatient services. Before we can make any real progress on health care inflation, the physicians must be brought into prospective reimbursement. That means, among other things, taking cases on an assignment basis.

Critics say that imposing mandatory assignment on physicians for medicare inpatient services would be a "radical" change. How can something be radical when it already applies to three-fourths of payments under medicare.

Critics say that physicians might simply walk away from medicare. Do not forget that these physicians derive well over 20 percent of their income from treating medicare beneficiaries. I do not put much stock in the argument that doctors are going to walk away from such a huge chunk of their market.

Over the next years, as Congress tackles the health care financing crisis, including coming up with $300 billion by 1995 to keep medicare part A afloat, mandatory assignment will be the only way to prevent providers from passing the costs of the necessary reforms on to the beneficiaries. We cannot proceed without it.

And this week, as we vote to meet the savings requirements in the budget by temporarily freezing physicians fees, the only way to protect the beneficiary from additional costs is to require mandatory assignment.

The AMA can write in a letter that they hope their members will not pass the costs on. We should write it into the law.

□ 1730

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. MADIGAN).

Mr. MADIGAN. Mr. Chairman, at the outset, if I may have the attention of the gentleman from Louisiana, I would like to see if I could clarify the question the gentleman from Texas (Mr. SAM B. HALL, JR.) raised a moment ago.

In the case of the illustration cited by the gentleman from Texas (Mr. HALL) it is my understanding that under the provision contained in this bill relating to mandatory assignment, a hospital is required to certify that all of its doctors have agreed to accept mandatory assignment and that if they allow a doctor into the hospital to set an arm, as the gentleman suggested, who has not agreed to accept mandatory assignment, that the hospital itself would lose its eligibility for medicare reimbursement. Is that the gentleman's understanding?

Mr. MOORE. Will the gentleman yield?

Mr. MADIGAN. I yield to the gentleman from Louisiana.

Mr. MOORE. That is correct. Not only would the hospital no longer be eligible to receive medicare reimbursement, but the physician also would be denied, under these rules, any practice in that hospital for medicare patients or otherwise.

Mr. MADIGAN. I thank the gentleman very much for his answer.

Mr. Chairman, members of the Committee on Energy and Commerce are as interested in savings under medicare as are members of the Committee on Ways and Means, as I am sure are Members of the entire body. But the savings in this amendment are to be achieved in freezing the physician fee schedule. The savings are not in the mandatory assignment part of this amendment.

The amendment that would be offered instead by the gentleman from Louisiana (Mr. MOORE) and the gentleman from Oklahoma (Mr. JONES) would have freezed physician fees for in-patient and out-patient services under part B of medicare and would give us more in the way of savings without getting into this political issue of mandatory assignment.

The mandatory assignment part of this is strictly a political issue and should be described in those terms and should be viewed in those terms. If we want the savings under medicare, we ought to reject this amendment and vote for the Jones-Moore motion to recommit when we have that opportunity. Then we will get the savings without the possibility of health benefits being denied to any of our elderly constituents.

Mr. JACOBS. Mr. Chairman, I yield myself 1 minute and 30 seconds.

The gentleman from Georgia a few minutes ago asked whether the members of the Ways and Means Committee would favor denying practice privileges to lawyers under such an arrangement as this. My answer is that section 206 of the social security law right now does effectively that.

If a lawyer represents a client in a claim against the social security program for disability or whatever it might be and is successful, under the law the court sets within limits in the statute the fee that that lawyer can charge. If that lawyer charges any more than that fee of that client that lawyer can be sent to the penitentiary or fined, and I guess that would keep him out of the courthouse, at least for a while.

Mr. ROWLAND. Will the gentleman yield?

Mr. JACOBS. I yield to the gentleman from Georgia.

Mr. ROWLAND. Then the decision about how much is to be paid to the lawyer is done on the local level by the courts and not by the Congress; is that correct?

Mr. JACOBS. No; that is not correct. The statute definitely sets a limit on the amount that can be received and, to put it in the terms of a former President, I am glad you asked that question.

Mr. ROWLAND. I am, too. I thank the gentleman.

Mr. JACOBS. Let me point out, too, Mr. Chairman, that reference has been made to the New Year's resolutions of the American Medical Association, that physicians would not dare charge their patients to make up for this freeze. I will point out 56 percent of the physicians in the United States do not belong to the American Medical Association and I repeat that those who do might well decide that it is not mandatory.

Mr. Chairman, I now yield 2 minutes to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I know that this proposal, particularly the provisions regarding mandatory assignment and hospital conditions of participation, have generated considerable discussion and opposition. However, it is the fairest, most reasonable, and most logical proposal that could be put forward at this time to achieve further savings in the medicare program.

There is widespread agreement that we need to do more to constrain rising health costs. There is also widespread agreement that it is time for the physicians to contribute to that effort, by not automatically getting substantial annual increases in their fees. Even the AMA recognizes this, and has called on all physicians to voluntarily freeze their fees for 1 year.

Many of us also believe that medicare beneficiaries should not be placed at further risk of greater cost sharing. They have already borne a lion's share of the cost reductions enacted over the last 3 years.

It makes eminent sense to hold the line on physician fees for inpatient services—not only to save on payments to physicians, but also to encourage greater use of ambulatory care rather than more expensive in-hospital care. However, we must be careful in how we implement such a measure, in order to avoid a severe impact on beneficiaries.

Physicians now have a choice in how they get paid under medicare. They can "accept assignment," bill the program directly, and agree not to bill the beneficiary for more than the medicare program determines to be reasonable. If they do not accept assignment, they can bill the beneficiary any amount, leaving the beneficiary at risk for amounts not reimbursed under medicare.

At the present time, about 20 percent of physicians will take assignment for all of their medicare patients, about 30 percent never take assignment, and the remainder make that decision case by case. In total, physicians take assignment just over 50 percent of the time.

In 9 out of 10 cases in which the physician does not take assignment, the beneficiary is charged more than medicare will pay. This extra charge averages about $30 per claim.

If we adopted a freeze without mandatory assignment, all of these statistics could be expected to turn further against the beneficiaries. The assignment rate would drop, the percentage of cases in which the bill exceeded the medicare payment would increase, and the amount of the excess charge would increase. As a result, physicians would simply recoup from the beneficiaries somewhere between 30 percent and 40 percent of the medicare "savings".

It would be unreasonable and unfair to allow the physicians to shift the burden of medicare savings onto the beneficiares. I remind my colleagues that, taking into account the premiums which beneficiaries pay for medicare, that program is barely paying 40 percent of beneficiaries' expenses for physician care. Moreover, beneficiaries are spending the same percentage of their income for health care today as they were before the medicare program was implemented.

Some people have objected to the mandatory assignment provision on the grounds that physicians will opt out of the medicare program. If I thought there was a substantial risk of that happening, I, too, would oppose mandatory assignment. However, I think there is little risk of that, because our provision is limited to inpatient services. Although there might be a risk of physicians opting out of outpatient care and office visits, it seems highly unlikely that they will refuse to provide care to patients who need hospital services. I have enough confidence in the physician community to expect them to respond more appropriately than that.

It has also been suggested that mandatory assignment will cause physicians to increase their services. This is not true and the research studies bearing on this point have been misrepresented to you. The freeze itself, rather than mandatory assignment, may bring this result. Again, by limiting the freeze to inpatient care, the Ways and Means proposal minimizes this risk. However, if the proposal were extended beyond inpatient care to include outpatient care as well, this would greatly exacerbate the situation and give physicians who might be inclined to "game" the medicare program a much greater opportunity to do so.

Both the Energy and Commerce Committee and the Ways and Means Committee searched diligently for proposals that would constrain health care costs in a reasonable and equitable manner. If this proposal is rejected, there are no other sensible proposals waiting in the wings to be substituted. Thus, if we reject this proposal, we are foregoing any reasonable opportunity this year to achieve medicare cost reductions of this magnitude.

□ 1740

Mr. LATTA. Mr. Chairman, I yield 2½ minutes to the gentleman from Ohio (Mr. Pease).

Mr. PEASE. Mr. Chairman, I rise, I guess, to share my frustrations with my colleagues. As a member of the Committee on Ways and Means, I voted for mandatory assignment in committee. I felt uncomfortable doing it then and I still feel uncomfortable.

Really we are talking about three different things; talking about a freeze on physician fees; I have no problem with that. We are talking about mandatory assignment requiring physicians to choose either to accept or not to accept medicare payments, and to accept all medicare patients or none. I have no problem with that at all.

The third aspect of this amendment is one that I do have trouble with an that is the aspect that requires the hospitals to say to a doctor, "If you do not accept mandatory assignment, do not accept medicare patients, you cannot practice in this hospital." It seems to me that this is a very heavy handed approach to the problem that we face today in trying to keep medicare costs down.

It may be that we will come to the point, a year from now or 2 years from now, when circumstances allow us no choice but to be that coercive, than to say to doctors, "You cannot practice in a hospital unless you accept all medicare patients." But I hope that we perhaps are not at that point now. As has been pointed out, there are some alternatives which can save a comparable amount of money through physician freezes and mandatory assignment without this last coercive element which I find objectionable.

So for that reason, and despite the fact that I voted for the amendment in committee, I think I am going to be reluctant to do so now.

Mr. DURBIN. Mr. Chairman, will the gentleman yield for a question?

Mr. PEASE. I would be happy to yield.

Mr. DURBIN. The gentleman (Mr. Pease) stated that if a doctor does not accept medicare patients, he can not practice in the hospital. But it is my understanding that it is slightly different.

If a doctor signs the assignment agreement, there is no requirement that the doctor treat medicare patients or not, he can still practice in the hospital and treat patients in either category, but if he refuses to sign the agreement then he can treat patients of neither category.

I think it is slightly different than what the gentleman just stated.

Mr. PEASE. That could be. I think the previous colloquies on the floor would establish that. I am not sure I know what that subtle distinction is.

Mr. JACOBS. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. Lehman).

Mr. LEHMAN of California. Mr. Chairman, 10 percent of our gross national product is currently spent on health care. Health costs have been rising at almost three times the rate of inflation.

Medicare expenditures have gone from $6 billion in 1965 to a projected $73 billion in 1985. Obviously, this cannot continue without destroying the system.

Last year, the Congress and the President approved a bipartisan plan to rescue the social security system that asked for sacrifices from all parties. We told recipients to wait for their cost of living adjustments. We should follow that precedent today as we take a beginning step to preserve the medicare system.

When I talk to beneficiaries in my district, they tell me they cannot afford the increases in physician fees that are tacked on top of medicare. A freeze without mandatory assignment will balance the budget on the backs of the elderly.

It is interesting to note that these charges vary widely; it is interesting to note that few doctors already do not charge above the reimbursable rate. Those who suggest that mandatory assignment will mean that doctors will not participate are really suggesting that they will act in an irresponsible manner. Let us give them a little more credit.

Commonsense dictates that we reduce massive Federal deficits. This measure does that.

Mr. JACOBS. Mr. Chairman, I yield 1 minute to the gentleman from West Virginia (Mr. Wise).

Mr. WISE. Mr. Chairman, what the issue is is whether or not doctors, whether we hope doctors do not increase the fees to beneficiaries or whether we tell doctors they are not going to do it. Let us look at the scorecard when we are talking about mandatory benefit cuts.

From 1980 to 1983, the cost for a senior to enter the hospital went up from $180 to $360; doctors cuts, zero. From 1980 to 1983, the deductible for physicians services has gone up $50, to $75; doctor cuts, zero.

The premium which elderly pay every month has gone up from $9.50 to $14.60; doctors cuts, zero. Physician fees outpaced inflation by 100 percent.

Finally, the most mandatory freeze of all was when this body froze the COLA, cost-of-living adjustment, for all senior citizens last year. I suggest to you it is time we freeze the doctors' cost-of-living adjustment which initially is 4 percent as opposed to close to that amount for senior citizens.

If you are serious about protecting medicare beneficiaries, you have to vote for mandatory assignment.

Mr. LATTA. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. Frenzel).

Mr. FRENZEL. Mr. Chairman, there is no doubt that the medicare costs are rising. There is no doubt that the program is in trouble. There is no doubt that we are looking at several hundreds of billions of dollars of deficits after the turn of the next decade. All that is given.

But that is not the question here. What is at issue here is whether we are going to save $900 million or whether we are going to save almost $2.5 billion, and whether we are going to drive doctors out of the arms of their elderly patients.

If you vote for the committee amendment, you will do that, you will take patients away from their doctors and doctors away from their patients.

If you vote it down and vote for the motion to recommit, you will get more savings than you have in this amendment and you will keep the patients and doctors together.

I will vote against this amendment and for the motion to commit.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. Jenkins).

Mr. JENKINS. Mr. Chairman, I rise in opposition to this amendment which was defeated in the Committee on Ways and Means by a vote of 18 to 15. We are asked today to do something where we have not really had any serious consideration of the consequences in the rural areas, particularly.

That is what I want to direct my attention to for just a moment and hope you will listen. In many small counties where you have one and two doctors for a small hospital, we are really delegating the responsibility to that physician as to whether or not our constituents in that area are going to receive medical care.

We say that probably that doctor will agree to the mandatory assignment. But just by chance that he does not, then we are leaving totally the responsibility in the hands of that physician, his decision; as to whether or not those people will receive care. That is too great a responsibility to transmit to one or two people in a small county.

Now it is true, as my distinguished subcommittee chairman told my colleague from Georgia, that lawyers do have a limit on the amount that they can make under a social security case. But if they decide not to take that social security case, of course they are not denied the opportunity to practice law in a courtroom as a doctor is denied the opportunity to practice his profession in a hospital.

That is a shortsighted mistake that was turned down by the committee, ought to be rejected by this House overwhelmingly today, and if we want to get back to this, we ought to have some hearings back in the committee and let the committee act on it once again. This is a mistake and I ask you to turn down the amendment.

The CHAIRMAN. The Chair wishes to announce the time remaining on both sides.

The gentleman from Indiana (Mr. Jacobs) has 7 minutes remaining; the gentleman from Ohio (Mr. Latta) has 7½ minutes remaining.

□ 1750

Mr. LATTA. Mr. Chairman, I yield 1½ minutes to the gentleman from Texas (Mr. Stenholm).

Mr. STENHOLM. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Georgia, who just spoke, and observe and remember with the House today the quote that was attributed to the late Will Rogers, when he observed: "It ain't people's ignorance that bothers me so much, it's them knowing so much that ain't so is the problem."

Proponents today say the committee amendment will protect medicare beneficiaries against increased cost for physician services when beneficiaries are in the hospital, but if the physicians refuse to take mandatory assignment, those elderly beneficiaries will not even make it into the hospital.

Proponents say this amendment asks physicians to take their turn in bearing the burden of cost savings in the medicare program. But it is the freeze that asks the physicians to bear their share of cost savings.

Proponents say we are going to have an opportunity to deliver on our budget of last week by voting for this reconciliation package. But the only way we are going to get the real savings of $2.4 billion is to vote for the motion to recommit.

Mr. Chairman, I am disappointed that we have arrived at this point in the House in which the only vote that we have to cast is against the freeze in order to vote against mandatory assignment, which could, and would, be very devastating to rural areas, and those who contend otherwise I believe are mistaken today.

But that is the fact. Proponents who say that they are concerned about senior citizens, I only say I am too. No one knows the effect of this amendment on senior citizens because adequate hearings have not been held. That is why you should vote "no" today, for senior citizens.

Mr. JACOBS. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut (Mr. Morrison).

Mr. MORRISON of Connecticut. Mr. Chairman, I rise in support of this amendment which imposes a 1-year freeze on medicare payments to physicians for services to patients in the hospital, and requires physicians to accept medicare reimbursement as payment-in-full for services provided to hospital patients.

These provisions are necessary first steps in our treatment of the serious problems ailing medicare, and we must swallow both pills together.

It is widely agreed that a freeze on physician fees is warranted. The fee freeze will reduce medicare outlays by $910 million over the fiscal 1985 through fiscal 1987 period, and no one doubts that we must trim expenditures to insure the solvency of the medicare system.

What is being debated is mandatory physician assignment; that is, whether physicians should be prohibited from charging patients for amounts over and above those allowed by medicare for services in the hospital. I believe that physicians should be so prohibited.

Mandatory assignment is part of a fair and equitable policy for controlling costs without adding to the financial burdens on elderly patients. Medicare patients are already asked to pay much of the cost of medical services as a result of copayments, deductibles, and physician fees which exceed the amounts allowed by medicare.

The requirement that physicians accept assignments is an absolutely necessary companion to the freeze on physician fees. Without this requirement, physicians would be able to impose increased charges on patients in order to offset any reduction in reimbursement from medicare. This provision will help guarantee that this legislation actually reduces the rate of increase in medicare costs, rather than merely shifting these costs from the Government to elderly and disabled patients.

We are not asking a great sacrifice of doctors, and we are not asking anything of doctors that we have not already demanded of others in the health care system. Hospitals have been asked to tighten belts through limits of medicare cost increases and the new prospective payment system. And hospitals have never been permitted to bill patients for extra payment for any covered services under medicare. Laboratories will be asked to accept new limits on their fees under other provisions of this bill.

Most importantly, without the mandatory assignment provision of this bill, the financial burden of all patients, and especially the elderly poor, can be expected to increase. An increase becomes even more likely if a freeze is imposed on physician fees. It is our responsibility to prevent, when we can, the further erosion of the meager resources available to the elderly poor. Voting for mandatory physician assignment is one such opportunity.

Mr. LATTA. Mr. Chairman, I yield 6 minutes to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Chairman, it is becoming obvious that the focal point in this debate has become this amendment. This amendment for a physician fee freeze along with mandatory assignment.

We ought to consider some facts and go over them one last time before we vote and we ought to reject political rhetoric and just look at facts.

During this debate some have termed this as a choice between either you are for physicians or you are for elderly people, one of the two. That is not a factual argument. That is simply unfactual political rhetoric that ought to be rejected.

You do that kind of thing when you are losing the debate on the merits. You are trying to set up strawmen.

What the choice really is is what is best for the elderly, what is best for the preservation of the medicare system and what is the most effective way to reduce costs to the Treasury.

That choice is very clearly to vote down the committee amendment, to vote subsequently for the motion to recommit, to give you more savings without this very troublesome mandatory assignment issue that is so controversial.

Let me give my colleagues four reasons why that ought to be the choice.

First, mandatory assignment is not in the best interests of the elderly. Mandatory assignment is an untried idea. Never any hearings in the Ways and Means Committee on this idea. We have no idea how it is going to work, but we do know it can cause problems.

The realization of those problems caused the Ways and Means Committee to reject this in a full committee recorded vote by 18 to 15. We do not know how it will work, but we know it can cause problems.

Let me give the Members an idea of the problems. Thirty percent of the doctors of this country never take mandatory assignment now. Anything you do to increase that is driving the physicians away from the patients and vice versa.

A survey that was taken last year and appeared in Health Care Financing Review, a noted health care magazine, reported that two-thirds of the physicians in the country would opt out of the medicare system if they were given something like this or an all-or-nothing choice. Two-thirds, not 30 percent, two-thirds.

Now when two-thirds of the doctors tell their patients, the elderly, "I am not going to treat you any more," or "you have to pay all of my bill and get nothing back from medicare," what kind of choice is that?

Maybe we ought to think about them for a moment. Maybe we ought to have some hearings to explore this kind of choice before we pass it into law.

Second, the committee amendment freeze only does half the job. It only freezes the in-patient service fees. It does not freeze the out-patient physician fees. This is going to cause gaming of the system. It is going to cause physicians to be tempted to treat patients on the out care basis. It may also cause the actual cost to the elderly to go up, because the elderly pay 20 percent of the cost, as a copayment, for all of those out-patient physician fees. So the more of the out-patient used, the more the elderly are hurt by cost. You are not helping them.

Third, since the committee amendment only freezes the in-patient fees, it saves only $925 million. The Members have heard the chairman of the Budget Committee say he is not concerned if we defeat this amendment today. He thinks he can win in the conference and accept the Senate provisions on the fee freeze.

But, notwithstanding that, we are going to offer a motion to recommit that does have a physician fee freeze in it, not just of the in-patient, but the out-patient as well. So the savings go from $925 million to $2.4 billion, or $1.5 billion more than the committee amendment offers.

This is a far better choice for the Treasury and for our deficit problems.

Fourth and finally, the committee amendment is not going to protect the elderly. The last several speakers in favor of the amendment have been saying, this is the way to stop the medicare recipients from having to pay more money.

I would first say there is no evidence, there is no evidence that has been offered here except personal opinions that the physicians, in fact, will raise their fees over and above the freeze and will pass that on. We do not know that.

But we do know this. In the amendment we are going to offer in the motion to recommit we are calling for a study to be done by the GAO and by HHS to monitor very carefully this 1-year freeze and report back to the Congress what happens.

If physicians do pass on and do raise their fees, we will know it. We will have the facts, not just assumptions. We will know it next year when we sit down and look at a DRG system for part B physicians' fees. We will have that evidence before us.

There is one other interesting factor that has not been brought out in the debate. One of the best ways to keep physicians from doing that is to bring the market pressures upon them. This bill, not this amendment, this bill already provides for the publication of a list of physicians who accept assignment. Not those who accept it sometimes, but those who do so all the time. Every medicare beneficiary in the country will be armed with this list as soon as this reconciliation bill becomes law and will know which physicians in their community will treat them just for the assignment, will not charge them extra. That, coupled with the choice we leave the physician and the choice we leave the patient of whom they want to take care of them, where they want to be treated, will take care of the problem, we think, of any possibility of those fees being passed on.

So, let us conclude. The best choice really for the country, for the elderly, and certainly for the medicare system is not this ill-begotten, ill-conceived, untried, unheard dangerous amendment, but to vote it down and vote for the motion to recommit.

□ 1800

Mr. FIELDS. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Texas.

Mr. FIELDS. Mr. Chairman, I rise in strong opposition to the mandatory medicare assignment provision.

It is my firm belief that mandatory medicare assignment is a terrible idea which will unfairly penalize physicians throughout this country without any benefit whatsoever to the millions of Americans who depend on the medicare program.

Mr. Chairman, it is a well-known fact that only 18 percent of physicians in this country currently take voluntary assignment on all of their cases.

If this amendment is adopted and physicians are forced to accept mandatory assignment, then I believe thousands of physicians will simply opt out of the medicare program. If this occurs, then millions of Americans who depend on medicare for their very existence will find it increasingly difficult, if not impossible, to obtain required medical treatment.

As an alternative, Mr. Chairman, I believe it is tragic that this body is denied an opportunity to vote on the merits of the Jones/Moore substitute amendment. This amendment, which I strongly support, would freeze physicians' fees for medicare patients for 1-year and it would replace mandatory assignments with a voluntary system which would be closely monitored by the Department of Health and Human Services.

Unlike the Rostenkowski amendment, the Jones/Moore substitute would freeze physicians' fees for services provided both in and out of a hospital and it would, in fact, end up saving the medicare program $1.5 billion more than the Rostenkowski mandatory assignment amendment without doing unnecessary harm to our Nation's senior citizens.

Mr. Chairman, I strongly believe that this is the proper approach, and I would like at this time to commend the Texas Medical Association for their leadership in this issue. In the State of Texas, fees have already been frozen for medicare patients for some time, and I am proud of the Texas Medical Association's leadership in this matter.

Mr. Chairman, everyone in this body is deeply concerned about the rising costs of health care. It is clear that we must address the serious financial difficulties facing the medicare program and in a bipartisan fashion enact legislation to insure the financial health of this critical system.

Nevertheless, in our haste to enact this budget reconciliation bill, let us not end up doing more harm than good. In my judgment, this mandatory assignment provision is a very bad idea because it will unfairly harm physicians, senior citizens, and in the long run the medicare program itself.

This amendment, which has not been the subject of public hearings, was defeated last year on a 18-to-15 vote in the House Ways and Means Committee, and I urge that we follow the committee's lead in this matter by rejecting this misguided mandatory assignment amendment.

Mr. JACOBS. Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama (Mr. FLIPPO).

Mr. FLIPPO. Mr. Chairman, I rise in opposition to the mandatory assignment amendment. I am opposed to this amendment because of my concern for our elderly constituents, especially those in rural areas. We have always maintained that we should not create a duel system of health care in this country—one for the elderly medicare population and one for the rest of the Nation. We have also operated the medicare program to assure elderly patients that they would be able to go to the physician of their choice. In fact, Congress created medicare so that our elderly would be able to have these choices.

This amendment could break those commitments to freedom of choice and quality health care. Let me give you an example of what I see as the possible negative impact of the amendment. A medicare patient who has been going to her family physician for 20 years suddenly will not be able to because the Government has made the payment level so low that the doctor can no longer afford to care for her. Under this amendment, even if she could afford to pay the difference between his charge and medicare's payment the doctor could not bill for it. She would be forced to find another physician because her regular doctor can no longer afford to keep her as a patient. This physician has complete records on her case and more importantly has her faith and trust. Obviously, this woman does not want to seek another physician. Yet, if we adopt this amendment that may be the result that we will force on many of the elderly.

I think this could be a tremendous problem in rural areas with few physicians. There, the elderly have few choices they can make.

Mr. Chairman, I urge my colleagues to join me in voting "no" on the amendment.

Mr. JACOBS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, there are a couple of points that I think ought to be cleared up. One is the assertion that mandatory assignment is untried. That is only true in a limited sense. It is true of part B. It is not true of part A.

The hospitals have had mandatory assignments for 19 years. If anybody in this body wants to indulge the presumption that hospitals are somehow more noble than doctors, then assume that the doctors would act differently from the way the hospitals have acted. The hospitals have not withdrawn from the medicare program. The hospitals have accepted assignment. And why do you suppose that is true?

One reason that is true is that the doctors of this country under medicare, in effect, set their own fees.

Mr. Chairman, we had a Governor out in Indiana a number of years ago who, upon meeting the Chief Justice of the Supreme Court, said, "I just took an oath to uphold whatever you have in your head."

That, in essence, is the method of setting doctors' fees under the part B medicare system. Whatever the doctors had in their heads the year before comes down through the formula as the basis for the reimbursement the year after under the medicare program, the prevailing fees that are charged by doctors the year before.

I appeal to this body to make up your minds. Do you believe in a safety net when you come to making cuts in social programs or do you not believe in a safety net? Because this freeze, without the mandatory assignment, means there is no safety net at all.

Now, if you believe that you do not need a safety net, then you must believe that the doctors are not going to abandon their patients simply because they are required to settle for the very fees that they themselves charged a year before on which these reimbursements are based.

I think that we might form a rather better opinion of the doctors of this country and the Hippocratic oath that they took. Name me the doctor who is going to say because he or she cannot have a few extra dollars, take it out of the hide of this old person who is sick in the hospital, is going to tell that old person to root hog or die. Which doctor is going to do that? I do not believe that any doctor, any reputable doctor, is going to do a thing of that kind.

So if you vote against this amendment, if you vote this amendment down, you vote down both the freeze and the mandatory assignment. At the very least, you say that the U.S. Government will not take $900 million in the next 3 years out of the hides of the old people of this country and it will not take it out of the hides of the physicians, although I point out to you that the price of a Mercedes has actually gone down in the last year.

If on the motion to recommit, though, you come back and vote a freeze without the assignment, let the record show that you then vote to take it out of the hides of the elderly, if the theory of the other side is right that the doctors will not treat them under mandatory assignment. You cannot have it both ways.

Mr. Chairman, I yield 1 minute to the gentleman from Oregon (Mr. WYDEN).

Mr. WYDEN. I thank the gentleman for yielding.

Mr. Chairman, just very briefly, I think the real opposition around this issue revolves around the proposition that physicians are going to opt out of medicare if this amendment passes. I think all of the Members feel that if there were a substantial risk of that happening, we would oppose mandatory assignment. But I just do not see that being very likely, because the mandatory assignment provision is limited to inpatient services. Although there might be a significant risk of physicians opting out of outpatient care and office visits, it seems highly unlikely they will refuse to provide care to patients who need hospital services. And that is all this amendment does. Personally, I have got enough confidence in the physician community and expect them to respond more appropriately than all the dire consequences that are predicted here today if this amendment passes. Finally, I would just like to suggest to my colleagues who oppose this amendment that the arguments in opposition to this amendment are the same arguments that we heard on the floor of this House in the early 1960's when we were debating medicare. It was said then if we adopted a medicare program there would be no care in rural areas and that doctors would not care for senior citizens, that the elderly would just have to fend for themselves. That did not happen. And I do not think that if this amendment passes it will happen either.

Mr. SAM B. HALL, JR. Mr. Chairman, if the gentleman will yield, how can that doctor who has not signed that medicare assignment set that little girl's arm without taking her to the hospital?

Mr. WYDEN. I think we have already belabored that kind of issue. Again, I want to say that I just do not think, given the fact that this provision is limited to just inpatient services, that the doctor is going to walk away from that little girl.

● **Mr. CORCORAN.** Mr. Chairman, I would like to rise in opposition to the Ways and Means Committee amendment to freeze physican fees and require physicians to accept the medicare rate as payment in full for services provided to medicare beneficiaries. Few question the need for a physician fee freeze and the American Medical Association has already recommended that its members voluntarily participate in such a freeze. My concern lies with the latter part of the amendment which calls for doctors to take what medicare pays as full payment for services regardless of the patient's ability to pay—mandatory assignment.

Although this mandatory assignment provision represents a major policy change in the medicare program, no public hearings have been held on it. In fact, the provision was defeated during the Ways and Means Committee consideration. Our elderly constituents are certainly misled on this issue if they think that such a provision would keep down their health care costs. In fact, physicians may choose to opt out of the system which would limit a constituent's choice of care. If the constituent chooses to continue with the physician who had opted out, then the constituent would have to pay full costs with no medicare reimbursement. Let us support a voluntary fee freeze for physicians and defeat this amendment.●

● **Mr. ROYBAL.** Mr Chairman, today you are being asked to vote on an amendment that is vitally important to the elderly and to the Nation. The "freeze with assignment" amendment offered by the Ways and Means Committee reduces the budget deficit while protecting the elderly from a portion of rising health care costs.

As I have traveled around the country I have met many elderly people who are desperately afraid they will be unable to pay their doctor bills. Their fears are justified:

The elderly now are responsible for more than one-half of all doctors' charges—medicare pays less than half.

A major part of this problem stems from doctors who submit bills to the elderly that exceed what medicare considers reasonable. In 1983 alone, these excess charges were $2.5 billion.

To relieve this problem I believe we should mandate assignment for all physician services and I have introduced legislation to accomplish that. The Ways and Means Committee amendment does not go all the way but it is a big step toward achieving this goal.

The elderly are watching our vote today very closely. This amendment has the full support of all major senior citizens organizations. The AMA opposes it but many doctors and at least one national physician organization support it. And, mandatory assignment has been endorsed by the future doctors of America through their American Medical Students Association.

We are not asking much of doctors, but the benefits of this amendment for deficit reduction, for the future of medicare, and for the elderly are enormous.

I urge you, and the elderly of America urge you, to vote for the Ways and Means Committee amendment.●

The CHAIRMAN. The gentleman from Indiana (Mr. JACOBS) has 1 minute remaining.

Mr. JACOBS. Mr. Chairman, then I will let the administration close the debate on its statement that it issued today, April 12:

"The administration supports adoption of the Omnibus Reconciliation Act as yet another installment in the administration's efforts to reduce the deficit. While the administration has reservations about the inflexibility of the physician assignment provisions of the Ways and Means Committee amendment, the administration nevertheless supports adoption of the 1-year physician freeze which will save nearly $1 billion in the next 3 years.

Mr. Chairman, I say for the record that the average income of the physicians of our beloved country is $100,000. The average income of a social security recipient in our country is a tiny fraction of that.

Vote for the canes, not for the stethoscopes.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Indiana (Mr. JACOBS).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. WEAVER. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. Are there other amendment to the bill? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. STOKES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5394) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1985, as passed by the House of Representatives, pursuant to House Resolution 483, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MOORE

Mr. MOORE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MOORE. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MOORE moves to recommit the bill H.R. 5394 to the Committee on Ways and Means with instructions to report back the same forthwith with the following amendment: Strike all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Omnibus Budget Reconciliation Act of 1984".

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Title I. Agricultural programs.
Title II. Civil Service and military retirement programs.
Title III. Health programs.
Title IV. Small business programs.
Title V. Veterans' programs.
Title VI. Savings in AFDC, SSI, and other programs.
Title VII. Delayed implementation of spending increases.

TITLE I—AGRICULTURAL PROGRAMS

FARM PRICE SUPPORT PROGRAM REDUCTIONS

SEC. 101. For provisions of law which reduce spending for fiscal years 1985 through 1987 in agricultural programs, see conference report on H. R. 4072, the Wheat

Improvement Act of 1983 (H. Report 98-646).

TITLE II—CIVIL SERVICE AND MILITARY RETIREMENT PROGRAMS

COST-OF-LIVING ADJUSTMENTS DURING FISCAL YEARS 1986 AND 1987

SEC. 201. (a) The cost-of-living increase under a Government retirement system in annuity or retired or retainer pay of any early retiree taking effect in each of fiscal years 1986 and 1987 shall be equal to one-half of the cost-of-living increase which would otherwise be effective under such system for that year.

(b) For purposes of this section, an individual shall be considered to be an early retiree if—

(1) the individual is under the age of 62 years as of the effective date of the cost-of-living increase involved;

(2) the annuity or retired or retainer pay of the individual is not computed in whole or in part based on any disability of the individual; and

(3) the annuity or retired or retainer pay of the individual is based upon the Government service of the individual.

(c) The amount of any survivor annuity which is based on the service of any early retiree subject to this section shall be computed as if this section had not been enacted.

(d) For purposes of this section, the term 'cost-of-living increase under a Government retirement system' means any increase under—

(1) section 8340(b) of title 5, United States Code;

(2) section 826 of the Foreign Service Act of 1980;

(3) the Central Intelligence Agency Act of 1964 for Certain Employees (50 U.S.C. 403 note);

(4) section 1401a(b) of title 10, United States Code; or

(5) the provisions of any other retirement system for Government officers or employees which the President determines, by Executive order, is based on adjustments under any of the provisions referred to in the preceding paragraphs.

TITLE III—HEALTH PROGRAMS

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SEC. 300. This title may be cited as the "Medicare and Medicaid Budget Reconciliation Amendments of 1984".

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PART C—RECOVERY OF HILL-BURTON FUNDS

Sec. 371. Recovery of Hill-Burton funds.

PART A—MEDICARE RECONCILIATION AMENDMENTS

Subpart I—Payment- and Coverage-Related Changes

PAYMENT FOR OUTPATIENT DIAGNOSTIC LABORATORY TESTS

SEC. 301. (a) Subsection (a) of section 1833 of the Social Security Act (42 U.S.C. 1395l) is amended—

(1) by amending clause (D) of subsection (a)(1) to read as follows: "(D) with respect to diagnostic laboratory tests for which payment is made under this part, the amounts paid shall be equal to 80 percent (or 100 percent, in the case of such tests for which payment is made on the basis of an assignment described in section 1842(b)(3)(B)(ii) or under the procedure described in section 1870(f)(1)) of the lesser of (i) the amount determined under subsection (h), or (ii) the amount of the charges billed for the tests,";

(2) by inserting "or (D)" in paragraph (2)(B) after "subparagraph (C)";

(3) by striking out "and" at the end of paragraph (2)(B);

(4) by inserting "and" at the end of paragraph (2)(C); and

(5) by adding at the end of paragraph (2) the following new subparagraph:

"(D) with respect to diagnostic laboratory tests for which payment is made under this part, 100 percent of the lesser of (i) the amount determined under subsection (h), or (ii) the amount of the charges billed for the tests;".

(b) Subsection (b) of such section is amended—

(1) by striking out "and" at the end of clause (2) of subsection (b); and

(2) by inserting before the period at the end of the first sentence of subsection (b) the following: ", and (4) such deductible shall not apply with respect to diagnostic laboratory tests for which payment is made under this part on the basis of an assignment described in section 1842(b)(3)(B)(ii), under the procedure described in section 1870(f)(1), or to a provider of services with an agreement in effect under section 1866".

(c) Subsection (h) of such section is amended to read as follows:

"(h)(1) The Secretary shall establish in accordance with this subsection a national fee schedule for diagnostic laboratory tests for which payment is made under this part.

"(2) Except as provided in paragraph (4), the Secretary shall set the fee schedule at 60 percent of the prevailing charge level determined pursuant to the third and fourth sentences of section 1842(b)(3) for similar diagnostic laboratory tests for the twelve-month period beginning July 1, 1984, adjusted annually to reflect changes in the Consumer Price Index for All Urban Consumers (U.S. city average) and subject to such other adjustments as the Secretary determines are justified by technological changes.

"(3) In addition to the amounts provided under the fee schedule, the Secretary shall provide for and establish a nominal fee to cover the costs in collecting the sample on a diagnostic laboratory test that was performed and for which payment is made under this part, except that not more than one such fee may be provided under this paragraph with respect to samples collected in the same encounter.

"(4)(A) During the 3-year period beginning July 1, 1984, the Secretary may provide for the fee schedule under this subsection to be established on a regional or statewide basis if the Secretary determines that a national fee schedule is inappropriate at such time because of limitations in the data available to establish such a schedule.

"(B) In establishing a fee schedule under this subsection, the Secretary may provide for an adjustment to take into account, with respect to the portion of the expenses of diagnostic laboratory tests attributable to wages, the relative difference between a region's or local area's wage rates and the wage rate presumed in the data on which the schedule is based.

"(5) In the case of a bill or request for payment for a diagnostic laboratory test for which payment may otherwise be made under this part—

"(A) no payment may be made under this part to a physician with respect to such test unless the physician (or another physician with whom the physician shares his practice) personally performed or supervised the performance of the test, and

"(B) payment for such a test performed by a laboratory which is independent of a physician's office or a rural health clinic may only be made on the basis of an assignment described in section 1842(b)(3)(B)(ii), under the procedure described in section 1870(f)(1), or to a provider of services with an agreement in effect under section 1866.".

(d) Section 1842(h) of such Act (42 U.S.C. 1395u(h)) is repealed.

(e) The last sentence of section 1866(a)(2)(A) of such Act (42 U.S.C. 1395cc(a)(2)(A)) is amended by inserting "and with respect to diagnostic laboratory tests" after "section 1861(s)(10)".

(f)(1) Section 1902(a) of such Act (42 U.S.C. 1396a(a)) is amended—

(A) by inserting "and" at the end of paragraph (42);

(B) by striking out paragraph (43); and

(C) by redesignating paragraph (44) as paragraph (43).

(2) Section 1903(i) of such Act (42 U.S.C. 1396b(i)) is amended—

(A) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; or", and

(B) by adding after paragraph (6) the following new paragraph:

"(7) with respect to any amount expended for diagnostic laboratory tests performed by a physician, independent laboratory, or hospital (other than for an inpatient of the hospital), to the extent such amount exceeds the amount payable under section 1833(h) for such tests.".

(g) The Secretary of Health and Human Services (hereinafter in this title referred to as the "Secretary") shall simplify the procedures under section 1842 of the Social Security Act with respect to claims and payments for diagnostic laboratory tests under part B of title XVIII of such Act.

(h)(1) Except as provided in paragraph (2), the amendments and repeal made by this section shall apply to diagnostic laboratory tests furnished on or after July 1, 1984.

(2) The amendments made by subsection (f)(2) shall apply to payments for calendar quarters beginning on or after October 1, 1984.

COVERAGE OF ADMINISTRATION OF HEPATITIS B VACCINE

Sec. 302. (a) Section 1861(s)(10) of the Social Security Act (42 U.S.C. 1395x(s)(10)) is amended—

(1) by inserting "(A)" after "(10)",

(2) by striking out the period at the end and inserting in lieu thereof "; and", and

(3) by adding at the end the following new subparagraph:

"(B) hepatitis B vaccine and its administration, furnished in a hospital or a renal dialysis facility.".

(b) Section 1833 of such Act (42 U.S.C. 1395l) is amended by adding at the end the following new subsection:

"(k) With respect to services described in section 1861(s)(10)(B), the Secretary may provide, instead of the amount of payment otherwise provided under this part, for payment of such an amount or amounts as reasonably reflects the general cost of efficiently providing such services.".

(c) The amendments made by this section apply to services furnished on or after July 1, 1984.

PART B PAYMENT FOR SERVICES OF TEACHING PHYSICIANS

Sec. 303. (a) Section 1842(b)(6)(B) of the Social Security Act (42 U.S.C. 1395u(b)(6)(B)) is amended—

(1) by striking out "physician who has a substantial practice outside the teaching setting" in clause (i) and inserting in lieu thereof "physician who is not a teaching physician (as defined by the Secretary)";

(2) by striking out "outside practice" in clause (i) and inserting in lieu thereof "practice outside the teaching setting";

(3) by striking out "In the case of a physician who does not have a practice described in clause (i)" in clause (ii) and inserting in lieu thereof "Except as provided under clause (iii), in the case of a teaching physician";

(4) by striking out "greater" in clause (ii) and inserting in lieu thereof "greatest";

(5) by striking out "or" at the end of subclause (I) of clause (ii);

(6) by striking out the period at the end of subclause (II) of clause (ii) and inserting in lieu thereof ", or";

(7) by adding at the end of clause (ii) the following new subclause:

"(III) 75 percent of the prevailing charges paid for similar services in the same locality."; and

(8) by adding at the end thereof the following new clause:

"(iii) If all the teaching physicians in the hospital agree to have payment made for all physicians' services under this part furnished patients in the hospital on the basis of an assignment described in paragraph (3)(B)(ii) or under the procedure described in section 1870(f)(1), the carrier shall take into account the amounts otherwise payable under this part with respect to similar services in the same locality.".

(b) The amendments made by subsection (a) shall apply to services furnished on or after July 1, 1984.

INFORMATION ON PHYSICIAN ASSIGNMENT PRACTICES

Sec. 304. Section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by adding at the end the following new subsections:

"(i)(1) The Secretary shall compile annually a list of physicians serving individuals enrolled under this part indicating the share (by percentile intervals not to exceed quartiles) of claims which each physician has accepted on an assignment basis (described in subsection (b)(3)(B)(ii)) or has had payment made under the procedure described in section 1870(f)(1) in the preceding year.

"(2) The Secretary shall make available in each office of the Social Security Administration the information compiled under paragraph (1) for the local geographic area served by the office no more than six months after the end of each year and, upon request, by mail from each carrier. The Secretary shall, when such information becomes available, annually notify each individual enrolled under this part of the availability of such information.

"(j)(1) The Secretary shall publish annually a list of all physicians who have agreed in accordance with this subsection to accept payment under this part on the basis of an assignment (described in subsection (b)(3)(B)(ii)) or under the procedure described in section 1870(f)(1) for all services furnished under this part during the following twelve-month period to individuals enrolled under this part.

"(2) To permit the publishing of the list provided under paragraph (1), the Secretary shall annually, before the beginning of the twelve-month period, offer physicians a reasonable opportunity to sign an agreement that they will accept payment under this part on the basis of an assignment (described in subsection (b)(3)(B)(ii)) or under the procedure described in section 1870(f)(1) for all services furnished under this part during the following twelve-month period to individuals enrolled under this part.

"(3) The Secretary shall annually provide to each individual enrolled under this part and residing in a local geographic area notice of the availability of the list of all physicians in that area who have signed such an agreement for the following twelve-month period.".

STUDY OF MEDICARE PART B PAYMENTS

Sec. 305. (a)(1) The Secretary of Health and Human Services shall study and report to Congress, no later than June 30, 1985, on methods by which payment amounts and other program policies under part B of title XVIII of the Social Security Act may be modified—

(A) to eliminate inequities in the relative amounts paid to physicians by type of service, locality, and specialty, with particular attention to any inequities between cognitive services and medical procedures;

(B) to increase incentives for physicians and other suppliers under such part to accept assignment for medicare services; and

(C) to provide incentives for physicians and other providers not to provide increased or otherwise excessive amounts of hospital, physician, and other health care services.

(2) In carrying out the study under paragraph (1)(A), the Secretary shall take into account the relative time, complexity, investment in professional training, and overhead expenses necessary to the provision of various medical services and procedures.

(3) The report of the Secretary shall include a description of one or more national or regional fee schedules for payments under part B of title XVIII of the Social Security Act which are consistent with the findings of the study under this subsection.

(b) In order to carry out the study and facilitate Congressional review, the Secretary shall compile a centralized medicare part B charge data base, utilizing information gathered by the medicare carriers and used by them in making the 1984 reasonable charge updates. Such data shall include information, by procedure, on—

(1) utilization,

(2) assignment rates of physicians and suppliers,

(3) actual, customary, and prevailing charges, and

(4) the differences in charges by physician specialty and locality.

(c) The report of the Secretary shall include recommendations for legislative amendments necessary to implement the findings and recommendations of the study under this section.

(d) In preparing the report and recommendations, the Secretary shall consult, as appropriate, with national organizations of physicians and other interested associations and individuals.

PACEMAKER REIMBURSEMENT REVIEW AND REFORM

SEC. 306. (a)(1) The Secretary shall issue revisions to the current guidelines for the payment under part B of title XVIII of the Social Security Act for the transtelephonic monitoring of cardiac pacemakers. Such revised guidelines shall include provisions regarding the specifications for and frequency of transtelephonic monitoring procedures which will be found to be reasonable and necessary.

(2)(A) Except as provided in subparagraph (B), if the guidelines required by paragraph (1) have not been issued and put into effect by October 1, 1984, payment may not be made under part B of title XVIII of the Social Security Act for transtelephonic monitoring procedures (with respect to a single-chamber cardiac pacemaker powered by lithium batteries) conducted more frequently than—

(i) weekly during the first month after implantation,

(ii) once every two months during the period representing 80 percent of the estimated life of the implanted device, and

(iii) monthly thereafter.

(B) Subparagraph (A) shall only apply to the monitoring of single-chamber cardiac pacemaker devices powered by lithium batteries, and shall not apply in cases where the Secretary (or the Secretary's agent) determines that special medical factors (including possible evidence of pacemaker malfunction) justify more frequent transtelephonic monitoring procedures.

(b)(1) The Secretary shall review, and report to the Committees on Energy and Commerce and Ways and Means of the House of Representatives and the Committee on Finance of the Senate, regarding the appropriateness of the current rate of reimbursement under part B of title XVIII of the Social Security Act for physicians' services associated with implantation or replacement of pacemaker devices and pacemaker leads. Such review shall take into account the amounts recognized as reasonable with respect to such procedures and the time and difficulty of such procedures at the current time in comparison with such amounts and the time and difficulty of such procedures at the time the rates for such procedures were first established under such part. In making such review and report, the Secretary shall take into consideration the reduction of such recognized rates by 20 percent.

(2) The Secretary shall complete the review described in this subsection not later than October 1, 1984.

(c) Section 1866 of the Social Security Act (42 U.S.C. 1395cc) is amended by adding at the end thereof the following new subsection:

"(g)(1) The Secretary shall, through the Commissioner of the Food and Drug Administration, provide for a registry of all cardiac pacemaker devices and pacemaker leads for which payment was made under this title. Such registry shall include the manufacturer, model, serial number, and manufacturer's price of each such device or lead, the name of the recipient of such device or lead, the date and location of the implantation or removal of the device or lead, the name of the physician involved in implanting or removing such device or lead, the name of the hospital or other provider billing for such procedure, any express or implied warranties associated with such device or lead under contract or State law, and such other information as the Secretary deems to be appropriate. Such registry shall be for the purposes of assisting the Secretary in determining when payments may properly be made under this title, determining when inspection by the Food and Drug Administration may be necessary under paragraph (2), and carrying out studies with respect to the use of such devices and leads. In carrying out any such study, the Secretary may not reveal any specific information which identifies any pacemaker device or lead recipient by name (or which would otherwise identify a specific recipient). Any person or organization may provide information to the registry with respect to cardiac pacemaker devices and leads other than those for which payment is made under this title.

"(2) In any case where the Secretary has reason to believe, based upon information in the pacemaker registry or otherwise available to him, that replacement of a cardiac pacemaker device or lead for which payment is or may be requested under this title is related to the malfunction of a device or lead, the Secretary may require that personnel of the Food and Drug Administration test such device, or be present at the testing of such device by the manufacturer, to determine whether such device was functioning properly.".

PAYMENT FOR DEBRIDEMENT OF MYCOTIC TOENAILS

SEC. 307. The Secretary shall provide, pursuant to section 1862(a) of the Social Security Act, that payment will not be made under part B of title XVIII of such Act for a physician's debridement of mycotic toenails to the extent such debridement is performed for a patient more frequently than once every 60 days, unless the medical necessity for more frequent treatment is documented by the billing physician.

PAYMENT FOR COSTS OF HOSPITAL-BASED MOBILE INTENSIVE CARE UNITS

SEC. 308. (a)(1) In the case of a project or system described in subsection (b), the Secretary shall provide, except as provided in paragraph (2), that the amount of payments to hospitals covered under the project or system (on and after January 1, 1983) shall include payments for their operation of hospital-based mobile intensive care units (as defined by State statute) if the State provides satisfactory assurances that the total amount of payments to such hospitals under titles XVIII and XIX of the Social Security Act under the demonstration project or system (including any such additional amount of payment) would not exceed the total amount of payments which would have been paid under such titles if the demonstration project or system were not in effect.

(2) Paragraph (1) shall not apply if the State in which the project or system is located notifies the Secretary—

(A) within 30 days of the date of the enactment of this section, in the case of a demonstration project described in subsection (b)(1), or

(B) within a reasonable period (established by the Secretary), in the case of a system described in subsection (b)(2),

that the State does not want paragraph (1) to apply to that project or system.

(b) A project or system referred to in subsection (a) is—

(1) a state-wide demonstration project under section 222(a) of the Social Security Amendments of 1972 (Public Law 92-603), or

(2) a state-wide hospital reimbursement control system approved under section 1886(c) of the Social Security Act,

which project or system provides for payments to hospitals in a State determined on a prospective basis and related to a classification of patients by diagnosis-related groups.

(c) Payment for services described in this section shall be considered to be payments for services under part A of title XVIII of the Social Security Act.

PAYMENT FOR PHYSICIAN'S SERVICES

SEC. 309. (a)(1) Subsection (b) of section 1842 of the Social Security Act (42 U.S.C. 1395u) is amended by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4)(A) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services, the Secretary shall not set any level higher than the same level as was set for the period ending June 30, 1984, in the case of the twelve-month period ending June 30, 1985.

"(B) In determining the prevailing charge levels under the third and fourth sentences of paragraph (3) for physicians' services for periods beginning after June 30, 1985, the Secretary shall treat the levels as set under subparagraph (A) as having fully provided for economic changes which would have been taken into account but for the limitations contained in subparagraph (A).

"(C) In determining the reasonable charge under paragraph (3) for physicians' services for the 12-month period beginning July 1, 1984, the customary charges shall be deemed to be the same customary charges as were recognized under this section for the 12-month beginning July 1, 1983."

(2) The amendments made by paragraph (1) shall be effective with respect to items and services furnished on or after July 1, 1984.

(b)(1) The Administrator of the Health Care Financing Administration, in close consultation with the Comptroller General shall establish a system to monitor the impact of the amendments made by subsection (a)(1) and, in particular, shall monitor changes in—

(A) the medicare physician assignment rate (as defined in paragraph (4)(C)) for physicians' services furnished to medicare beneficiaries and for such services furnished to low-income medicare-beneficiaries.

(B) the average physician disallowance (as defined in paragraph (4)(D) for physicians' services furnished to medicare beneficiaries and for such services furnished to low-income medicare beneficiaries.

(C) the amount (or proportion) of charges for physicians' services furnished to low-income medicare beneficiaries which are borne directly by such beneficiaries, and

(D) patterns of physicians' practices in furnishing such services, such as a change in the volume or type of such services.

To the extent practicable, such monitoring shall be conducted through methods that permits analysis of such impacts of a regional, as well as a national, basis.

(2) The Administrator shall report to Congress not less often than quarterly on the results of such monitoring.

(3) If such monitoring reveals that—

(A)(i) there is a decrease of more than 2.0 percentage points in the medicare physician assignment rate from the rate in effect for services furnished before July 1984, for medicare beneficiaries or (ii) there has been any decrease in such rate for physicians' services furnished to low-income medicare beneficaries, or

(B) after July 1, 1984, (i) there is an increase of more than 2.0 percent in the average physician disallowance with respect to claims for physicians' services furnished to medicare beneficiaries, or (ii) there has been any increase in such average physician disallowance for such services furnished to low-income medicare beneficiaries.

the Administrator immediately shall notify the Committees on Ways and Means and Energy and Commerce of the House of Representatives and the Committee on Finance of the Senate of such fact and shall include with such notice such legislative and other recommendations as may be appropriate to assure that medicare beneficiaries, and particularly low-income medicare beneficiaries, are not charged any additional amounts as a result of any increases in charges for physicians' services occurring during the 12-month period beginning July 1, 1984.

(4) As used in this subsection:

(A) The term "medicare beneficiary" means an individual enrolled in the supplementary medical insurance program under part B of title XVIII of the Social Security Act.

(B) The term "low-income medicare beneficiary" means a medicare beneficiary who is a low-income individual (as defined by the Comptroller General for this purpose).

(C) The term "medicare physician assignment rate" means the proportion of claims for payment for physicians' services submitted under part B of title XVIII of the Social Security Act which are made on the basis of an assignment described in section 1842(b)(3)(B)(ii) of such Act or under the procedure described in section 1870(f)(1) of such Act.

(D) The term "average physician disallowance" means the average nationwide difference per claim, for requests for payment submitted for physicians' services for which payment may be made under part B of title XVIII of the Social Security Act, between the charges billed for such services and the amount recognized as reasonable with respect to such services under such part.

"APPOINTMENT OF THE ADMINISTRATOR OF THE HEALTH CARE FINANCING ADMINISTRATION

"Sec. 1117. The Administrator of the Health Care Financing Administration shall be appointed by the President by and with the advice and consent of the Senate.".

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"Administrator of the Health Care Financing Administration.".

(c) The amendments made by this section shall apply to appointments made after the date of the enactment of this Act.

PERMITTING LIMITED PROVIDER REPRESENTATION ON PEER REVIEW ORGANIZATIONS

Sec. 322. Section 1153(b)(3) of the Social Security Act (42 U.S.C. 1320c-2(b)(3)) is amended—

(1) by striking out "(3) The Secretary" and inserting in lieu thereof "(3)(A) Except as provided in subparagraph (B), the Secretary", and

(2) by adding at the end the following new subparagraph:

"(B) In the case of a utilization and quality control peer review organization with a governing board composed of—

"(i) not more than 15 members, the Secretary may enter into a contract under this part with the organization if not more than one of the members of its governing board is a member of a governing board, officer, or managing employee of a health care facility, or

"(ii) more than 15 members, the Secretary may enter into a contract under this part with the organization if not more than two of the members of its governing board are members of a governing board, officer, or managing employee of a health care facility.".

ACCESS TO HOME HEALTH SERVICES

Sec. 323. (a) Sections 1814(a) and 1835(a) of the Social Security Act (42 U.S.C. 1395f(a), 1395n(a)) are each amended by adding at the end the following new sentence: "For purposes of the preceding sentence, service by a physician as an uncompensated officer or director of a home health agency shall not constitute having a significant ownership interest in, or a significant financial or contractual relationship with, such agency.".

(b) The third sentence of section 1814(a) of the Social Security Act (42 U.S.C. 1395f(a)) and the fourth sentence of section 1835(a) of such Act (42 U.S.C. 1395n(a)) are each amended by inserting before the period at the end the following: ", except that such prohibition shall not apply with respect to a home health agency which is a sole community home health agency (as determined by the Secretary)".

(c)(1) The amendments made by subsection (a) shall apply to certifications and plans of care made or established on or after the date of the enactment of this Act.

(2) The Secretary shall provide, not later than 90 days after the date of the enactment of this Act, for such revision of regulations as may be required to reflect the amendments made by subsection (b).

REPEAL OF SPECIAL TUBERCULOSIS TREATMENT REQUIREMENTS AND REQUIREMENT OF ACCREDITATION FOR PSYCHIATRIC HOSPITALS

Sec. 324. (a) Section 1814(a) of the Social Security Act (42 U.S.C. 1395f(a)) is amended—

(1) by striking out subparagraph (B) of paragraph (2),

(2) by striking out "and inpatient tuberculosis hospital services" in paragraph (3),

(3) by striking out paragraph (5), and

(4) by striking out "(B)," in the sentence that follows paragraph (8).

(b) Section 1861 of such Act (42 U.S.C. 1395x) is amended—

(1) by striking out subsections (d) and (g),

(2)(A) by inserting "and" at the end of paragraph (3) of subsection (f),

(B) by striking out "; and" at the end of subsection (f)(4) and inserting in lieu thereof a period,

(C) by striking out paragraph (5) of subsection (f), and

(D) by striking out "if the institution is accredited" and all that follows through "Secretary" in the second sentence of subsection (f);

(3) by striking out "or tuberculosis unless it is a tuberculosis hospital (as defined in subsection (g)) or" in the fifth sentence of subsection (e), and

(4) by striking out "or tuberculosis" in the first sentence of subsection (j) following paragraph (15).

(c) Section 1863 of such Act (42 U.S.C. 1395z) is amended by striking out "(g)(4),".

(d) Section 1866 of such Act (42 U.S.C. 1395cc) is amended—

(1) by striking out "tuberculosis hospital services and" in subsection (b)(3), and

(2) by striking out "inpatient tuberculosis hospital services and" in subsection (d).

(e) Section 1902(a)(28) of such Act (42 U.S.C. 1396a(a)(28)) is amended by striking out "and tuberculosis".

(f) Section 1903(g)(1) of such Act (42 U.S.C. 1396b(g)(1)) is amended by striking out "(including an institution for tuberculosis)" and "(including tuberculosis hospitals)".

(g) Section 1905(a) of such Act (42 U.S.C. 1396d(a)) is amended by striking out "tuberculosis or" each place it appears.

(h) Section 1905(h)(1) of such Act (42 U.S.C. 1396d(h)(1)) is amended—

(1) by striking out subparagraph (A), and

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

INDIRECT PAYMENT OF SUPPLEMENTARY MEDICAL INSURANCE BENEFITS

Sec. 325. (a) The first sentence of section 1842(b)(5) of the Social Security Act (42 U.S.C. 1395u(b)(5)) is amended—

(1) by inserting "(i)" after "(A)",

(2) by striking out "(B)" and inserting in lieu thereof "(ii)", and

(3) by inserting before the period the following: ", or (B) to an entity (i) which provides coverage of the services under a health benefits plan, but only to the extent that payment is not made under this part, (ii) which has paid the person who provided the service an amount (including the amount payable under this part) which that person has accepted as payment in full for the service, and (iii) to which the individual has agreed in writing that payment may be made under this part".

(b) The second sentence of such section is amended by striking out "or (B)".

INCLUDING PODIATRISTS IN DEFINITION OF 'PHYSICIAN' FOR OUTPATIENT PHYSICAL THERAPY SERVICES AND INCLUDING PODIATRISTS AND DENTISTS IN DEFINITION OF 'PHYSICIAN' FOR OUTPATIENT AMBULATORY SURGERY

Sec. 326. (a) Section 1861(p)(1) of the Social Security Act (42 U.S.C. 1395x(p)(1)) is amended by striking out "section 1861(r)(1)" and inserting in lieu thereof "paragraph (1) or (3) of section 1861(r)".

(b) Section 1832(a)(2)(F)(ii) of such Act (42 U.S.C. 1395k(a)(2)(F)(ii)) is amended by striking out "section 1861(r)(1)" and inserting in lieu thereof "paragraph (1), (2), or (3) of section 1861(r)".

(c) Section 1861(r)(3) of such Act (42 U.S.C. 1395x(r)(3)) is amended—

(1) by striking out "and (m)" the first place it appears and inserting in lieu thereof ", (m), and (p)(1)", and

(2) by inserting ", 1832(a)(2)(F)(ii)," after "1814(a)" the first place it appears.

(d) The amendments made by this section apply to services furnished on or after the date of the enactment of this Act.

ESTABLISHMENT BY PHYSICAL THERAPISTS OF PLANS FOR PHYSICAL THERAPY

Sec. 327. (a) Section 1861(p)(2) of the Social Security Act (42 U.S.C. 1395x(p)(2)) is amended by striking out ", and is periodically reviewed, by a physician (as so defined)" and inserting in lieu thereof "by a physician (as so defined) or by a qualified physical therapist and is periodically reviewed by a physician (as so defined)".

(b) Section 1835(a)(2)(C)(ii) of such Act (42 U.S.C. 1395n(a)(2)(C)(ii)) is amended by striking out ", and is periodically reviewed, by a physician" and inserting in lieu thereof "by a physician or by the qualified physical therapist provided such services and is periodically reviewed by a physician".

(c) The amendments made by this section apply to plans of care established on or after the date of the enactment of this Act.

ACCESS TO RECORDS OF SUBCONTRACTORS

Sec. 328. (a) Section 1861(v)(1)(I) of the Social Security Act (42 U.S.C. 1395x(v)(1)(I)) is amended by striking out "$10,000" and inserting in lieu thereof "$50,000".

(b) The amendment made by subsection (a) applies to contracts with subcontractors entered into on or after the date of the enactment of this Act.

MEDICARE RECOVERY AGAINST CERTAIN THIRD PARTIES

Sec. 329. (a) Section 1862(b)(1) of the Social Security Act (42 U.S.C. 1395y(b)(1)) is amended—

(1) in the first sentence, by inserting "promptly" after "to be made",

(2) in the second sentence, by inserting "or may be" after "has been", and

(3) by inserting after the second sentence the following new sentence: "The United States may recover the amount of any such payment under this title by bringing an action against the entity responsible for payment under such a law, policy, plan, or insurance (if the entity would be required to make payment if an appropriate claim were pursued, but only to the extent that the entity has not already made payment), by bringing an action against the entity to which payment has been so made (if the entity is other than the individual entitled to benefits under this title), or by joining or intervening in any action related to the events that gave rise to the need for the item or service, and shall be subrogated (to the extent of the payment under this title) to any right of the individual or any other entity to payment under such a law, policy, plan, or insurance.".

(b) Section 1862(b)(2)(B) of such Act (42 U.S.C. 1395y(b)(2)(B)) is amended—

(1) in the first sentence, by inserting "or may be" after "has been", and

(2) by inserting after the first sentence the following new sentence: "The United States may recover the amount of any such payment under this title by bringing an action against the entity responsible for payment under such a plan (if the entity would be required to make payment if an appropriate claim were pursued, but only to the extent that the entity has not already made payment), by bringing an action against the entity to which payment has been so made (if the entity is other than the individual entitled to benefits under this title), or by joining or intervening in any action related to the events that gave rise to the need for the item or service, and shall be subrogated (to the extent of the payment under this title) to any right of the individual or any other entity to payment under such a plan.".

(c) Section 1862(b)(3)(A)(ii) of such Act (42 U.S.C. 1395y(b)(3)(A)(ii)) is amended—

(1) in the first sentence, by inserting "or may be" after "has been", and

(2) by inserting after the first sentence the following new sentence: "The United States may recover the amount of any such payment under this title by bringing an action against the entity responsible for payment under such a plan (if the entity would be required to make payment if an appropriate claim were pursued, but only to the extent that the entity has not already made payment), by bringing an action against the entity to which payment has been so made (if the entity is other than the individual entitled to benefits under this title), or by joining or intervening in any action related to the events that gave rise to the need for the item or service, and shall be subrogated (to the extent of the payment under this title) to any right of the individual or any other entity to payment under such a plan.".

USE OF ACCREDITING ORGANIZATIONS FOR CERTAIN ENTITIES FURNISHING SERVICES

Sec. 330. The third sentence of section 1865(a) of the Social Security Act (42 U.S.C. 1395bb(a)) is amended—

(1) by striking out "section 1861(e), (j), (o), or (dd)" and inserting in lieu thereof "section 1832(a)(2)(F)(i), 1861(e), 1861(f), 1861(j), 1861(o), or 1861(p)(4)(A) or (B), paragraphs (11) and (12) of section 1861(s), or section 1861(aa)(2), 1861(cc)(2), or 1861(dd)(2)", and

(2) by striking out "institution or agency" each place it appears and inserting in lieu thereof "entity".

CONFIDENTIALITY OF ACCREDITATION SURVEYS

Sec. 331. Section 1865(a) of the Social Security Act (42 U.S.C. 1395bb(a)) is amended—

(1) by striking out "(on a confidential basis)" in paragraph (2), and

(2) by adding at the end the following new sentence:

"The Secretary may not disclose any accreditation survey made and released to him by the Joint Commission on Accreditation of Hospitals, the American Osteopathic Association, or any other national accreditation body, of an entity accredited by such body.".

THIRTY-DAY COVERAGE FOR SERVICES FURNISHED BY A HOME HEALTH AGENCY WHOSE AGREEMENT HAS BEEN TERMINATED

Sec. 332. (a) Section 1866(b)(4)(B) of the Social Security Act (42 U.S.C. 1395cc(b)(4)(B)) is amended by striking out "the calendar year in which" and inserting in lieu thereof "30 days after".

(b) The amendment made by subsection (a) applies with respect to terminations whose effective date falls after 60 days after the date of the enactment of this Act.

TERMINATION OF AGREEMENTS WITH INSTITUTIONS AND ENTITIES WHERE OWNERS OR CERTAIN OTHER INDIVIDUALS HAVE BEEN CONVICTED OF CERTAIN OFFENSES

Sec. 333. Section 1866(b)(2)(G) of the Social Security Act (42 U.S.C. 1395cc(b)(2)(G)) is amended by inserting before the period the following: ", or that any person who has a direct or indirect ownership or control interest of 5 percent of more in such provider, or who is an officer, director, agent, or managing employee (as defined in section 1126(b)) of such provider, is a person described in section 1126(a)(2)".

ELIMINATION OF HEALTH INSURANCE BENEFITS ADVISORY COUNCIL

Sec. 334. (a) Section 1867 of the Social Security Act (42 U.S.C. 1395dd) is repealed.

(b)(1) The first sentence of section 1863 of such Act (42 U.S.C. 1395z) is amended by striking out "the Health Insurance Benefits Advisory Council established by section 1867, appropriate State agencies" and inserting in lieu thereof "appropriate State agencies".

(2) The first sentence of section 7(d)(4) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(d)(4)) is amended by striking out "1867,".

(3) Section 361 of the Social Security Amendments of 1977 (42 U.S.C. 907a) is amended by striking out subsection (i).

HEALTH MAINTENANCE ORGANIZATIONS AND COMPETITIVE MEDICAL PLANS

Sec. 335. (a) Subsection (c)(3)(A) of section 1876 of the Social Security Act (42 U.S.C. 1395mm) is amended—

(1) by inserting "(i)" after "(3)(A)",

(2) by inserting "and including the 30-day period specified under clause (ii)" after "30 days duration every year", and

(3) by adding at the end the following new clause:

"(ii) For each area served by more than one eligible organization under this section, the Secretary (after consultation with such organizations) shall establish a single 30-day period each year during which all eligible organizations serving the area must provide for open enrollment under this section. The Secretary shall determine annual per capita rates under subsection (a)(1)(A) in a manner that assures that individuals enrolling during such a 30-day period will not have premium charges increased or any additional benefits decreased during the 12-month enrollment period for which the individual is enrolling. An eligible organization may provide for such other open enrollment period or periods as it deems appropriate consistent with this section.".

(b) The first sentence of subsection (g)(2) of such section is amended by inserting before the period the following: "and except that an organization (with the approval of the Secretary) may provide that a part of the value of such additional benefits be withheld and reserved by the Secretary for subsequent annual contract periods to the extent required to stabilize and prevent undue fluctuations in the additional benefits offered in those subsequent periods by the organization in accordance with paragraph (3)".

(c)(1) Subsection (g)(4)(A) of such section is amended—

(A) by inserting "and other providers of services" after "hospitals",

(B) by inserting "or other appropriate basis for payment established under this title" after "section 1861(v))", and

(C) by striking out "inpatient hospital".

(2) Subsection (h)(2) of such section is amended—

(A) by striking out "skilled nursing facilities" in subparagraph (A) and inserting in lieu thereof "other providers of services",

(B) by striking out "or" after "1861(v))" in subparagraph (A) and in the second sentence and inserting in lieu thereof a comma in each instance,

(C) by inserting "or other appropriate basis for payment established under this title" after "section 1886" in subparagraph (A) and in the second sentence each place it appears, and

(D) by striking out "skilled nursing facility" in the second sentence and inserting in lieu thereof "or other provider of services".

(d) The Secretary of Health and Human Services may phase in, over a period of not longer than three years, the application of the amendments made by subsection (a) to all applicable areas in the United States if the Secretary determines that it is not adminstratively feasible to establish a single 30-day open enrollment period for all such applicable areas before the end of the period.

DEADLINE FOR REPORT ON INCLUDING PAYMENT FOR PHYSICIANS' SERVICES TO HOSPITAL INPATIENTS IN DRG PAYMENT AMOUNTS

Sec. 336. The second sentence of section 603(a)(2)(B) of the Social Security Amendments of 1983 (Public Law 98-21) is amended by striking out "include, in a report to Congress in 1985," and inserting in lieu thereof "submit to Congress, not later than July 1, 1985, a report to Congress which includes".

FLEXIBLE SANCTIONS FOR NONCOMPLIANCE WITH REQUIREMENTS FOR END-STAGE RENAL DISEASE FACILITIES

Sec. 337. Section 1881(c)(3) of the Social Security Act (42 U.S.C. 1395rr(c)(3)) is amended by adding at the end the following new sentence: "Where the Secretary also determines that the facility's or provider's failure to cooperate with the Secretary's plans and goals does not jeopardize patient health or safety or justify termination of certification, the Secretary may, instead of terminating or withholding certification and after reasonable notice to the provider or facility and to the public, impose such other sanctions as may be appropriate, which sanctions may include denial of reimbursement with respect to some or all patients admitted to the facility after the date of the notice and graduated reduction in reimbursement for all patients.".

REPEAL OF REQUIREMENT FOR END-STAGE RENAL DISEASE NETWORKS

Sec. 338. (a)(1) Paragraph (1) of section 1881(c) of the Social Security Act (42 U.S.C. 1395rr(c)) is amended to read as follows:

"(c)(1) For the purpose of assuring effective and efficient administration of the benefits provided under this section, the Secretary may establish a national end-stage renal disease medical information system.".

(2) Paragraphs (2), (4), and (5) of such section are repealed.

(3) Paragraph (3) of such section is amended—

(A) by striking out "the data contained in the network's annual report and such other" and inserting in lieu thereof "such",

(B) by striking out "network plans" and inserting in lieu thereof "the Secretary's plans", and

(C) by striking out "network's plans" and inserting in lieu thereof "those plans".

(4) Paragraph (6) of such section is amended—

(A) by striking out "and network" in the second sentence,

(B) by striking out "(6)" and inserting in lieu thereof "(2)", and

(C) by transferring and inserting it after paragraph (1) of such section.

(b) Section 1881(g) of such Act (42 U.S.C. 1395rr(g)) is amended—

(1) by striking out ", nationally and by renal disease network," in paragraph (1),

(2) by adding "and" at the end of paragraph (13),

(3) by striking out paragraph (14), and

(4) by redesignating paragraph (15) as paragraph (14).

(c) The amendments made by this section shall take effect on a date, established and published by the Secretary and not earlier than July 1, 1984, as of which date the Secretary has in operation an alternative means of performing the essential data collection activities performed on the date of the enactment of this Act by renal disease networks.

REMOVING COSTS OF NURSE ANESTHETISTS FROM DRG-BASED PAYMENTS

Sec. 339. (a) The second sentence of section 1886(a)(4) of the Social Security Act (42 U.S.C. 1395ww(a)(4)) is amended by inserting "and costs related to employment or contracts for the professional services of certified registered nurse anesthetists" after "capital-related costs".

(b) The second sentence of section 603(a)(2)(B) of the Social Security Amendments of 1983 (Public Law 98-21) is amended by inserting "and for services of certified registered nurse anesthetists" after "physicians' services".

(c) The amendment made by subsection (a) shall apply to payments for cost reporting periods beginning on or after October 1, 1984, and before October 1, 1986.

DETERMINATION OF HOSPITAL AREA WAGE INDEX

Sec. 340. (a) Section 1886(d)(3)(E) of the Social Security Act (42 U.S.C. 1395ww(d)(3)(E)) is amended by adding at the end the following new sentence: "The Secretary shall establish criteria under which, in the case of a hospital that demonstrates to the Secretary in a current fiscal year that the adjustment being made under the previous sentence (or under paragraph (2)(H)) for that hospital's discharges in that fiscal year does not accurately reflect the wage levels in the labor market serving the hospital, the Secretary, to the extent he deems appropriate, shall modify such adjustment for that hospital for discharges in the subsequent fiscal year to take into account a difference in payment amounts in that current fiscal year to the hospital that resulted from such inaccuracy.".

(b) The Secretary of Health and Human Services shall develop, in consultation with the Secretary of Labor and the Commissioner of the Bureau of Labor Statistics, methods of refining and improving the adequacy and equity of the area wages indices used under paragraphs (2)(H) and (3)(E) of section 1886(d) of the Social Security Act. The Secretary shall report to Congress on such developments not later than June 1, 1984.

DEFINITION OF BONA FIDE EMERGENCY SERVICES FOR PURPOSES OF LIMITATIONS ON PAYMENT FOR HOSPITAL OUTPATIENT SERVICES

Sec. 341. In the administration of section 1861(v)(1)(K) of the Social Security Act (42 U.S.C. 1395x(v)(1)(K)), the Secretary of Health and Human Services shall provide that 'bona fide emergency services' shall include services provided in a hospital emergency room after the onset of a medical condition manifesting itself by symptoms of sufficient severity that the absence of immediate medical attention could reasonably be expected, by a prudent layperson possessing an average knowledge of health and medicine, to result in—

(1) placing the patient's health in jeopardy,

(2) serious impairment to bodily functions,

(3) serious dysfunction of any bodily organ or part, or

(4) development or continance of severe pain.

DELAY OF EFFECTIVE DATE FOR SINGLE REIMBURSEMENT LIMIT FOR HOSPITAL-BASED SKILLED NURSING FACILITIES

Sec. 342. Effective September 30, 1983, section 102(b) of the Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248), as amended by section 605 of the Social Security Amendments of 1983 (Public Law 98-21), is amended by striking out "October 1, 1983" and inserting in lieu thereof "April 1, 1984".

PART B—MEDICAID RECONCILIATION AMENDMENTS

Subpart I—Maternal and Child Health Amendments

INCREASED FEDERAL MEDICAL ASSISTANCE PERCENTAGE FOR SERVICES PROVIDED TO CERTAIN PREGNANT WOMEN AND YOUNG CHILDREN

Sec. 351. (a)(1) Section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) is amended by adding at the end the following new sentence: "Notwithstanding the first sentence of this subsection, the Federal medical assistance percentage shall be 100 per centum with respect to amounts expended as medical assistance for services furnished with respect to a qualified pregnant woman or child (as defined in subsection (n)).".

(2)(A) Section 1903(s)(1)(A) of such Act (42 U.S.C. 1396b(s)(1)(A)) is amended by inserting "or furnished with respect to a qualified pregnant woman or child (as defined in section 1905(n))" after "Indian Health Service".

(B) Section 1903(s)(2) of such Act (42 U.S.C. 1396b(s)(2)) is amended—

(i) by striking out "and" at the end of subparagraph (B),

(ii) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", and", and

(iii) by adding at the end the following new subparagraph:

"(D) by one-half percentage point if the State provides (and provided as of June 30, 1983) for coverage under the plan, under clauses (i) and (ii)(I) of section 1902(a)(10)(A), of—

"(i) all children described in section 1905(a)(i) and in section 1902(a)(10)(A)(ii)(I);

"(ii) all pregnant women whom the State has the option of deeming to be recipients of aid to families with dependent children for purposes of this title by reason of section 406(g)(2); and

"(iii)(I) individuals receiving aid under a State plan under part A of title IV pursuant to section 407 by virtue of being deprived of parental support or care by reason of the unemployment of a parent who is the principal earner (as described in such section), or

"(II) all pregnant women who are members of a family which would be eligible to receive aid under a State plan under part A of title IV pursuant to section 407 if the plan required the payment of aid with respect to dependent children deprived of parental support or care by reason of the unemployment of a parent who is the principal earner (as described in such section).".

(3) Section 1903(t)(1)(A) of such Act (42 U.S.C. 1396b(t)(1)(A)) is amended by inserting "or furnished with respect to a qualified pregnant woman or child (as defined in section 1905(n))" after "Indian Health Service".

(b) Section 1905 of such Act (42 U.S.C. 1396d) is further amended by adding at the end the following new subsection:

"(n) The term 'qualified pregnant woman or child' means—

"(1) a child born on or after October 1, 1983, who is under 5 years of age and who is described in section 1902(a)(10)(A)(ii)(I) and covered under the State plan as an individual described in section 1902(a)(10)(A), or

"(2) a pregnant woman—

"(A) whom the State has the option of deeming to be a recipient of aid to families with dependent children for purposes of this title by reason of section 406(g)(2), or

"(B) who is a member of a family which would be eligible for aid under a State plan under part A of title IV pursuant to section 407 if the plan required the payment of aid with respect to dependent children deprived of parental support or care by reason of the unemployment of a parent who is the principal earner (as described in such section); and

who is not eligible for coverage under the plan, as the plan was in effect on June 30, 1983, as an individual described in section 1902(a)(10)(A).".

(c)(1) Except as provided in paragraph (2), the amendments made by the preceding subsections of this section shall take effect on October 1, 1984, and apply to payments made to providers under State plans on and after that date.

(2) The amendment made by subsection (a)(2)(B) shall apply to payments to States for quarters beginning on or after October 1, 1983.

(3) Notwithstanding any provision of title XIX of the Social Security Act, a State plan approved under such title which did not make all children described in section 1902(a)(10)(A)(ii)(I) of such Act eligible for coverage under the plan as of June 30, 1983, may limit the eligibility of coverage of such children to those who are qualified children described in section 1905(n)(1) of such title.

(d) Effective for payments made to providers under State plans on or after October 1, 1987, paragraph (2) of section 1905(n) of the Social Security Act (added by subsection (b) of this section) is amended to read as follows:

"(2) a pregnant woman who is described in section 1902(a)(10)(A)(ii)(I) and covered under the State plan as an individual described in section 1902(a)(10)(A); and".

PERMITTING ELIMINATION OF "DEEMING" OF INCOME AND RESOURCES WITH RESPECT TO CERTAIN MINOR PREGNANT WOMEN

Sec. 352. (a) Section 1902(a)(17) of the Social Security Act (42 U.S.C. 1396a(a)(17)) is amended by striking out "and" at the end of clause (C) and by inserting at the end of clause (D) the following: ", and (E) at the option of the State, do not take into account the financial responsibility of any individual for an applicant or recipient who is a pregnant woman under age 21 and who does not have legal custody over other children, unless the applicant or recipient is the individual's spouse, except that a State may limit the application of this clause (E) to applicants and recipients who live in such an individual's household, in a custodial institution for pregnant women, or in either such a household or such an institution".

(b) The amendments made by subsection (a) apply to payments under title XIX of the Social Security Act for calendar quarters beginning on or after October 1, 1984.

CLARIFICATION OF MEDICAID ENTITLEMENT FOR CERTAIN NEWBORNS

Sec. 353. (a) Section 1902(e) of the Social Security Act (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

"(4) A child born to a woman eligible for and receiving medical assistance under a State plan on the date of the child's birth shall be deemed to have applied for medical assistance and to have been found eligible for such assistance under such plan on the date of such birth and to remain eligible for such assistance for a period of one year so long as the child is a member of the woman's household and the woman remains eligible for such assistance.".

(b) The amendment made by subsection (a) shall apply to children born on or after October 1, 1984.

Subpart II—Miscellaneous Medicaid Changes

MEDICALLY NEEDY INCOME LEVELS

Sec. 361. (a) Section 1903(f)(3) of the Social Security Act (42 U.S.C. 1396b(f)(3)) is amended—

(1) by inserting "(A)" after "(3)", and

(2) by adding at the end the following new subparagraph:

"(B) For purposes of paragraph (1)(B), in the case of a family consisting only of two individuals both of whom are adults and at least one of whom is aged, blind, or disabled, the 'highest amount which would ordinarily be paid to a family of the same size' under the State's plan approved under part A of title IV of this Act shall, at the State's option, be the amount determined by the State agency to be the amount of the aid which would ordinarily be payable under such plan to a family which consists of one adult and two children and which is without any income or resources. In the case of a State which has an applicable income limitation under this subsection which is equal to the maximum applicable income limitation permitted consistent with paragraph (1)(B) for families other than those described in the previous sentence, section 1902(a)(10)(C)(i)(III) shall not prevent the State from establishing under the previous sentence an applicable income limitation for families described in that sentence which is greater than the income limitation applicable to other families.".

(b) The amendment made by subsection (a)(2) shall apply to payments to States under section 1903 of the Social Security Act for calendar quarters beginning on or after October 1, 1984.

RECERTIFICATION OF NEED FOR STAYS IN SKILLED NURSING AND INTERMEDIATE CARE FACILITIES

Sec. 362. (a) Section 1903(g) of the Social Security Act (42 U.S.C. 1396b(g)) is amended—

(1) by striking out ", skilled nursing facility or intermediate care facility on 60 days" in the matter in paragraph (1) before subparagraph (A) and by inserting in lieu thereof "or intermediate care facility on 60 days, in a skilled nursing facility on 30 days";

(2) by striking out ", skilled nursing facility services, or intermediate care facility services furnished beyond 60 days" in the matter in paragraph (1) before subparagraph (A) and inserting in lieu thereof "or intermediate care facility furnished beyond 60 days or skilled nursing facility services furnished beyond 30 days";

(3) by inserting "or, in the case of services that are skilled nursing facility or intermediate care facility services other than in an institution for the mentally retarded, at least as frequently as provided under paragraph (7)," in paragraph (1)(A) after "every 60 days (";

(4) by adding at the end of paragraph (4) the following new subparagraph:

"(C) The Secretary shall find a showing of a State, with respect to a calendar quarter under paragraph (1), to be satisfactory under such paragraph with respect to the requirements of subparagraphs (A) and (B) of such paragraph as applicable to a type of facility or institutional services, if the fraction referred to in paragraph (5)(B) with respect to that quarter for that type of services is equal to or less than 3 one-hundredths.";

(5) by striking out "(5) In" in paragraph (5) and inserting in lieu thereof "(5)(A)(i) Except as provided in subparagraph (B), in";

(6) by adding at the end of paragraph (5) the following:

"(ii) As used in clause (i), the term 'showing' does not include a State's showing made with respect to the requirements of subparagraphs (A) and (B) of paragraph (1).

"(B) In the case of a State's unsatisfactory and invalid showing made with respect to the requirements of subparagraphs (A) and (B) of paragraph (1) with respect to a type of facility or institutional services in a calendar quarter, the per centum amount of the reduction of the State's Federal medical assistance percentage for that type of services under paragraph (1), in addition to the amount of any per centum reduction under subparagraph (A), is equal to 5 per centum multiplied by a fraction—

"(A) the denominator of which is equal to the total number of patients, receiving that type of services in that quarter under the State plan, whose records were included in sample onsite surveys conducted with respect to such requirements for that quarter under paragraph (2), and

"(B) the numerator of which is equal to the number of such patients receiving such type of services in that quarter whose records were found under such surveys not to comply with such requirements."; and

(7) by adding at the end the following new paragraph:

"(7)(A) With respect to inpatients of—

"(i) skilled nursing facilities, the frequency of recertifications referred to in paragraph (1)(A) is—

"(I) on or before 30, 60, and 90 days after the date of admittance to the facility, and

"(II) each 60 days thereafter; and

"(ii) intermediate care facilities, the frequency of recertifications referred to in paragraph (1)(A) is—

"(I) on or before 60 and 180 days after the date of admittance to the facility,

"(II) on or before 12, 18, and 24 months after the date of admittance to the facility, and

"(III) annually thereafter.

"(B) For purposes of this subsection, a recertification shall be considered to have been done on a timely basis if it was performed not later than 10 days after the date the recertification was otherwise required and the State can demonstrate that there was good cause for the physician's failure to meet the recertification deadline.".

(b) Such section is further amended by adding at the end the following new paragraph:

"(8) It is the duty and responsibility of the Secretary to assure that standards which govern the provision of care in skilled nursing facilities and intermediate care facilities under plans approved under this title, and the enforcement of such standards, are adequate to protect the health and safety of residents and to promote the effective and efficient use of public moneys.".

(c) The amendments made by subsection (a) shall apply to calendar quarters beginning on or after July 1, 1984, except that the amendments made by paragraphs (1), (2), and (3) of subsection (a) and section 1903(g)(7)(A) of the Social Security Act (added by the amendment made by paragraph (7) of subsection (a)) shall not apply to individuals admitted to skilled nursing facilities before July 1, 1984.

WAIVER OF CERTAIN MEMBERSHIP REQUIREMENTS FOR CERTAIN HEALTH MAINTENANCE ORGANIZATIONS

Sec. 363. Section 1903(m)(2) of the Social Security Act (42 U.S.C. 1396b(m)(2)) is amended by adding at the end the following new subparagraph:

"(E) In the case of a health maintenance organization that—

"(i) is a nonprofit organization with at least 25,000 members,

"(ii) is and has been a qualified health maintenance organization (as defined in section 1310(d) of the Public Health Service Act) for a period of at least four years,

"(iii) provides basic health services through members of the staff of the organization,

"(iv) is located in an area designated as medically underserved under section 1302(7) of the Public Health Service Act, and

"(v) previously received a waiver of the requirement described in subparagraph (A)(ii) under section 1115,

the Secretary may modify or waive the requirement described in subparagraph (A)(ii) but only if the Secretary determines that special circumstances warrant such modification or waiver and that the organization has taken and is taking reasonable efforts to enroll individuals who are not entitled to benefits under the State plan approved under this title or under title XVIII.".

PROHIBITING MEDICAID COPAYMENTS FOR PRESCRIBED DRUGS

Sec. 364. (a) Sections 1916(a)(2)(D) and 1916(b)(2)(D) of the Social Security Act (42 U.S.C. 1396o(a)(2)(D), 1396o(b)(2)(D)) are each amended by striking out "or" before "services" and by inserting after "is enrolled" the following: ", or prescribed drugs".

(b)(1) The amendments made by subsection (a) apply (except as provided under paragraph (2)) to payments under title XIX of the Social Security Act for calendar quarters beginning on or after October 1, 1984.

(2) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation in order for the plan to meet the additional requirements imposed by the amendments made by subsection (a), the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before April 1, 1985.

MAXIMUM AMOUNT OF MEDICAID PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS, GUAM, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA

Sec. 365. Effective beginning with fiscal year 1984, paragraphs (1) through (5) of section 1108(c) of the Social Security Act (42 U.S.C. 1308(c)) are amended to read as follows:

"(1) Puerto Rico shall not exceed $77,100,000,

"(2) the Virgin Islands shall not exceed $2,600,000,

"(3) Guam shall not exceed $2,400,000,

"(4) the Northern Mariana Islands shall not exceed $600,000, and

"(5) American Samoa shall not exceed $1,300,000.".

PAYMENT FOR PSYCHIATRIC HOSPITAL SERVICES

Sec. 366. The provisions of section 1902(a)(13) of the Social Security Act (42 U.S.C. 1396a(a)(13)), in so far as they require a reduction of the amount of payment otherwise to be made to a public psychiatric hospital due to the level of care received in such hospital, shall not apply to payments to hospitals before July 1, 1985, and such a reduction made for payments during the 12-month period ending June 30, 1986, and during the 12-month period ending June 30, 1987, shall be one-third and two-thirds, respectively, of the amount of the reduction which would have been made without regard to this section.

MISCELLANEOUS TECHNICAL AMENDMENTS

Sec. 367. (a)(1) Section 503(a) of the Social Security Act is amended by striking out "section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213)" and inserting in lieu thereof "section 6503(a) of title 31, United States Code".

(2) Section 506(d)(3) of such Act is amended by striking out "section 202 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4212)" and inserting in lieu thereof "section 6503(b) of title 31, United States Code".

(b)(1) Section 1902(a)(9) of such Act is amended by indenting subparagraph (C) two additional ems so as to align its left margin with the left margin of subparagraph (B).

(2) Section 1902(a)(10) of such Act is amended by indenting subparagraph (A) (and each of its clauses and subclauses) two additional ems so as to align its left margin (before clause (i)) with the left margin of subparagraph (B).

(3) Section 1902(a)(13)(A) of such Act is amended by striking out "(A)" and all that follows through "hospital" the first place it appears and inserting in lieu thereof "(A) for payment (except where the State agency is subject to an order under section 1914) of the hospital".

(4) Section 1902(a)(20)(B) of such Act is amended by striking out "periodical" and inserting in lieu thereof "periodic".

(5) Section 1902(a)(20)(C) of such Act is amended by striking out ", section 603(a)(1)(A)(i) and (ii),".

(6) Section 1902(a)(26)(B)(ii) of such Act is amended by striking out "homes" and inserting in lieu thereof "facilities".

(7) Section 1902(a)(33)(A) of such Act is amended by striking out "penultimate sentence" and inserting in lieu thereof "second sentence".

(8) Section 1902(a)(42)(B) of such Act is amended by striking out "part" and inserting in lieu thereof "title".

(9) Section 1902(a) of such Act is amended by striking out "For purposes of paragraphs (9)(A)" and all that follows through "do not include" in the last sentence of the third to last paragraph and inserting in lieu thereof "The provisions of paragraphs (9)(A), (26), (31), and (33) and of section 1903(i)(4) shall not apply to".

(10) Section 1902(f) of such Act is amended by striking out "clause (10)(A)" and "clause (10)(C)" and inserting in lieu thereof "paragraph (10)(A)" and "paragraph (10)(C)", respectively, each place each appears.

(11) Section 1903(g)(4)(B) of such Act is amended—

(A) by striking out "paragraph (26)" and inserting in lieu thereof "paragraphs (26)", and

(B) by striking out "deligence" and inserting in lieu thereof "diligence".

(12) Section 1903(m)(2)(B)(i) of such Act is amended—

(A) by striking out "(II)" before "for the period",

(B) by striking out "of such section" in subclause (II) and inserting in lieu thereof "of section 1905(a)", and

(C) by striking out "peroid" and inserting in lieu thereof "period".

(13) Section 1903(m)(2) of such Act is amended by aligning subparagraph (C) flush with the left margin.

(14) Section 1905(a)(17) of such Act is amended by striking out "he" and inserting in lieu thereof "the nurse-midwife" each place it appears.

(15) The last sentence of section 1905(a) of such Act is amended by striking out "clauses (vi)" and inserting in lieu thereof "clause (vi)".

(16) The second sentence of section 1905(b) of such Act is amended by striking out everything that follows "the provisions of" and inserting in lieu thereof "section 1101(a)(8)(B).".

(17) Section 1905(d)(1) of such Act is amended by striking out "which meet" and inserting in lieu thereof "the institution meets".

(18) Section 1905(m) of such Act is amended by striking out "he" and inserting in lieu thereof "the nurse".

(19) Section 1915(c)(1) of such Act is amended by striking out "under this part" and inserting in lieu thereof "under this title".

Part C—Recovery of Hill-Burton Funds

RECOVERY OF HILL-BURTON FUNDS

Sec. 371. (a) Section 609 of the Public Health Service Act (42 U.S.C. 291i) is amended to read as follows:

"RECOVERY

"Sec. 609. (a) If any facility with respect to which funds have been paid under section 606 shall, at any time within twenty years after the completion of construction or modernization—

"(1) be sold or transferred to any entity (A) which is not qualified to file an application under section 605, or (B) which is not approved as a transferee by the State agency designated pursuant to section 604, or its successor, or

"(2) cease to be a public health center or a public or other nonprofit hospital, outpatient facility, facility for long-term care, or rehabilitation facility,

the United States shall be entitled to recover, whether from the transferor or the transferee (or, in the case of a facility which has ceased to be public or nonprofit, from the owners thereof) an amount determined under subsection (c).

"(b) The transferor of a facility which is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which is changed as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change not later than the expiration of 10 days from the date on which such sale, transfer, or change occurs.

"(c)(1) Except as provided in paragraph (2), the amount the United States shall be entitled to recover under subsection (a) is an amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district for which the facility involved is situated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the construction or modernization of such project or projects.

"(2)(A) After the expiration of—

"(i) 180 days after the date of the sale, transfer, or change of use for which a notice is required by subsection (b) in the case of a facility which is sold or transferred or the use of which changes after the date of the enactment of this subsection, or

"(ii) July 1, 1984, in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection,

the amount which the United States is entitled to recover under paragraph (1) with respect to a facility shall be the amount prescribed by paragraph (1) plus interest, during the period described in subparagraph (B), at a rate (determined by the Secretary) based on the average of the bond equivalent of the weekly 90-day Treasury bill auction rate.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection, July 1, 1984,

"(ii) in the case of a facility with respect to which notice is provided in accordance with subsection (b), upon the expiration of 180 days after the receipt of such notice, or

"(iii) in the case of a facility with respect to which such notice is not provided as prescribed by subsection (b), on the date of the sale, transfer, or change of use for which such notice was to be provided,

and ending on the date the amount the United States is entitled to under paragraph (1) is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility in any State if the Secretary determines, in accordance with regulations, that there is good cause for waiving such rights with respect to such facility.

"(e) The right of recovery of the United States under subsection (a) shall constitute a lien on any facility with respect to which funds have been paid under section 606.".

(b) Section 1622 of such Act (42 U.S.C. 300s-1a) is amended to read as follows:

"RECOVERY

"Sec. 1622. (a) If any facility with respect to which funds have been paid under this title shall, at any time within twenty years after the completion of construction or modernization—

"(1) be sold or transferred to any entity (A) which is not qualified to file an application under section 1621 or 1642 or (B) which is not approved as a transferee by the State Agency of the State in which such facility is located, or its successor, or

"(2) cease to be a public health center or a public or other nonprofit hospital, outpatient facility, facility for long-term care, or rehabilitation facility,

the United States shall be entitled to recover, whether from the transferor or the transferee (or, in the case of a facility which has ceased to be public or nonprofit, from the owners thereof) an amount determined under subsection (c).

"(b) The transferor of a facility which is sold or transferred as described in subsection (a)(1), or the owner of a facility the use of which is changed as described in subsection (a)(2), shall provide the Secretary written notice of such sale, transfer, or change not later than the expiration of 10 days from the date on which such sale, transfer, or change occurs.

"(c)(1) Except as provided in paragraph (2), the amount the United States shall be entitled to recover under subsection (a) is an amount bearing the same ratio to the then value (as determined by the agreement of the parties or in an action brought in the district court of the United States for the district for which the facility involved is situated) of so much of the facility as constituted an approved project or projects as the amount of the Federal participation bore to the cost of the construction or modernization of such project or projects.

"(2)(A) After the expiration of—

"(i) 180 days after the date of the sale, transfer, or change of use for which a notice is required by subsection (b) in the case of a facility which is sold or transferred or the use of which changes after the date of the enactment of this subsection, or

"(ii) July 1, 1984, in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection,

the amount which the United States is entitled to recover under paragraph (1) with respect to a facility shall be the amount prescribed by paragraph (1) plus interest, during the period described in subparagraph (B), at a rate (determined by the Secretary) based on the average of the bond equivalent of the weekly 90-day Treasury bill auction rate.

"(B) The period referred to in subparagraph (A) is the period beginning—

"(i) in the case of a facility which was sold or transferred or the use of which changed before the date of the enactment of this subsection, July 1, 1984,

"(ii) in the case of a facility with respect to which notice is provided in accordance with subsection (b), upon the expiration of 180 days after the receipt of such notice, or

"(iii) in the case of a facility with respect to which such notice is not provided as prescribed by subsection (b), on the date of the sale, transfer, or change of use for which such notice was to be provided,

and ending on the date the amount the United States is entitled to under paragraph (1) is collected.

"(d) The Secretary may waive the recovery rights of the United States under subsection (a)(2) with respect to a facility in any State if the Secretary determines, in accordance with regulations, that there is good cause for waiving such rights with respect to such facility.

"(e) The right of recovery of the United States under subsection (a) shall constitute a lien on any facility with respect to which funds have been paid under this title.".

(c) Not later than the expiration of the one-hundred and eighty-day period beginning on the date of the enactment of this section, the Secretary shall have in effect regulations and personnel to place in effect the amendments made by this section.

TITLE IV—SMALL BUSINESS PROGRAMS

SBA DISASTER LOANS

Sec. 401. Section 18(a) of the Small Business Act is amended by striking out "October 1, 1986" and by inserting in lieu thereof "October 1, 1987".

TITLE V—VETERANS' PROGRAMS

EFFECTIVE DATE FOR AWARD OF PENSION FOR NON-SERVICE-CONNECTED DISABILITY

Sec. 501. (a)(1) Subsection (b) of section 3010 of title 38, United States Code, is amended by striking out paragraph (3).

(2) Subsection (d) of such section is amended to read as follows:

"(d)(1) The effective date of an award of death compensation or dependency and indemnity compensation for which application is received within one year from the date of death shall be the first day of the month in which the death occurred.

"(2) The effective date of an award of death pension for which application is received within 60 days from the date of death shall be the first day of the month in which the death occurred.".

(b) The amendments made by subsection (a) shall take effect with respect to applications for benefits under chapter 15 of title 38, United States Code, that are first received after September 30, 1984.

INCREASE IN FEE FOR HOME LOANS GUARANTEED BY THE VETERANS' ADMINISTRATION

Sec. 502. (a) Section 1829 of title 38, United States Code, is amended—

(1) in subsection (a)—

(A) by inserting "and from each person obtaining a loan from the Veterans' Administration known as a 'vendee loan' to finance the sale of real property owned by the Veterans' Administration," after "under this chapter,";

(B) by striking out "one-half of"; and

(C) by striking out "to the veteran" after "in the loan";

(2) by striking out subsection (c); and

(3) by redesignating subsection (d) as subsection (c) and striking out "September 30, 1985" in such subsection and inserting in lieu thereof "September 30, 1987".

(b) Section 1824(c) of such title is amended by striking out "and (2)" and inserting in lieu thereof "(2) amounts received by the Administrator as fees collected under section 1829 of this title, and (3)".

(c)(1) The amendments made by subsection (a)(1) shall apply with respect to loans closed after the end of the 30-day period beginning on the date of the enactment of this Act.

(2) The amendments made by subsections (a)(2) and (b) shall apply with respect to loans closed on or after the date of the enactment of this Act.

(3) The amendment made by subsection (a)(3) shall take effect on the date of the enactment of this Act.

ACTIONS TO REDUCE COSTS UNDER HOME-LOAN PROGRAM

Sec. 503. (a) Section 1816 of title 38, United States Code, is amended—

(1) by striking out "shall" the second place it appears in the first sentence of subsection (a) and inserting in lieu thereof

"may, subject to subsection (c) of this section,"; and

(2) by adding at the end the following:

"(c)(1) In accordance with regulations prescribed by the Administrator, the Administrator shall be notified by the holder of any loan guaranteed under this chapter made for any of the purposes described in section 1810 of this title which is in default (hereinafter in this section referred to as a 'defaulted loan') of a proposed judicial, statutory, or other public sale under power of sale contained in a loan instrument or of any other proposed disposition of the real property to liquidate any security for the loan (hereinafter in this section referred to as a 'liquidation sale').

"(2) After the Administrator receives a notice described in paragraph (1) of this subsection, the Administrator shall determine the net value of the property securing the loan and the amount of the total indebtedness under the loan.

"(3) The Administrator shall prescribe regulations for the making of determinations and for other purposes under this subsection. Such regulations shall require that the net value of property be determined as the difference between—

"(A) the fair market value of the property; and

"(B) the total of the amounts which the Administrator estimates the Administrator would pay (if the property were conveyed to the Administrator) during the time that the Administrator holds the property for property taxes, assessments, other liens, property maintenance, property improvement, administration, resale, and other costs resulting from the acquisition and disposition of the property.

"(d)(1) If the Administrator determines that the net value of the property securing a defaulted loan exceeds the amount of the total indebtedness under the loan less the amount guaranteed under this chapter, the liability of the United States under the guaranty shall be limited to the difference between the amount of the total indebtedness under the loan and the net value of the property. In such a case, if the holder of the defaulted loan is the successful bidder for the property securing the loan at the liquidation sale of the property in an amount no greater than the net value of the property or the total indebtedness under the loan, whichever is less, the holder shall have the option to convey the property to the United States in return for payment by the Administrator to the holder of the amount equal to the lesser of such net value or total indebtedness.

"(2) If the holder of the defaulted loan is not the successful bidder at the liquidation sale, or is the successful bidder but in an amount greater than the lesser of the total indebtedness under the loan or the net value of the property, the Administrator may not accept conveyance of the property but shall pay any loan guaranty payable under this chapter. The liability of the United States under the loan guaranty in such a case is the difference (if any) between (A) the amount of the total indebtedness under the loan, and (B) the amount realized at the sale or the net value of the property, whichever is greater.

"(e) If the Administrator determines that the net value of the property securing a defaulted loan is less than or equal to the amount of the total indebtedness under the loan less the amount guaranteed under this chapter, the Administrator may not accept conveyance of the property from the holder of the loan. The liability of the United States under the loan guaranty in such a case is the difference between (A) the amount of the total indebtedness under the loan, and (B) the amount realized by the holder incident to the termination of the loan. However, such liability may not exceed the amount originally guaranteed under the loan.

"(f) The Administrator shall reduce to the maximum extent practicable the number of loans (known as 'vendee loans') made by the Veterans' Administration to purchasers of real property acquired by the Veterans' Administration as the result of the default of a guaranteed loan. No more than 75 percent of the number of sales of such real property made during any fiscal year may be made with financing provided by the Veterans' Administration through such vendee loans, except that the Administrator may in any fiscal year increase such limitation to 80 percent if the Administrator determines that such action is necessary in order to protect the interests of the United States.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1984.

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Subtitle A—Accelerated Collection and Deposit of Payments to Executive Agencies

COLLECTION OF PAYMENTS

SEC. 601. (a) Subchapter II of chapter 37 of title 31, United States Code, is amended by adding at the end thereof the following new section:

"§ 3720. Collection of payments

"(a) Each head of an executive agency shall, under such regulations as the Secretary of the Treasury shall prescribe, provide for the timely deposit of money by officials and agents of such agency in accordance with section 3302, and for the collection and timely deposit of sums owed to such agency by the use of such procedures as withdrawals and deposits by electronic transfer of funds, automatic withdrawals from accounts at financial institutions, and a system under which financial institutions receive and deposit, on behalf of the executive agency, payments transmitted to post office lockboxes. The Secretary is authorized to collect from any agency not complying with the requirements imposed pursuant to the preceding sentence a charge in an amount the Secretary determines to be the cost to the general fund caused by such noncompliance.

"(b) The head of an executive agency shall pay to the Secretary of the Treasury charges imposed pursuant to subsection (a). Payments shall be made out of amounts appropriated or otherwise made available to carry out the program to which the collections relate. The amounts of the charges paid under this subsection shall be deposited in the Cash Management Improvements Fund established by subsection (c).

"(c) There is established in the Treasury of the United States a revolving fund to be known as the 'Cash Management Improvements Fund'. Sums in the fund shall be available without fiscal year limitation for the payment of expenses incurred in developing the methods of collection and deposit described in subsection (a) of this section and the expenses incurred in carrying out collections and deposits using such methods, including the costs of personal services and the costs of the lease or purchase of equipment and operating facilities.".

(b) The analysis of subchapter II of chapter 37 of title 31, United States Code, is amended by adding at the end thereof the following new item:

"3720. Collection of payments.".

(c) The Secretary of the Treasury shall prescribe regulations, including regulations under section 3720 of title 31, United States Code, designed to achieve by October 1, 1986, full implementation of the purposes of this section.

DEPOSITS

SEC. 602. (a) Subsection (c) of section 3302 of title 31, United States Code, is amended—

(1) by inserting "(1)" after the subsection designation;

(2) by striking out ", but not later than the 30th day after the custodian receives the money,";

(3) by inserting after the first sentence the following new sentence: "Except as provided in paragraph (2), money required to be deposited pursuant to this subsection shall be deposited not later than the third day after the custodian receives the money."; and

(4) by adding at the end thereof the following new paragraph:

"(2) The Secretary of the Treasury may by regulation prescribe that a person having custody or possession of money required by this subsection to be deposited shall deposit such money during a period of time that is greater or lesser than the period of time specified by the second sentence of paragraph (1).".

(b) The amendments made by this section shall become effective January 1, 1985.

Subtitle B—Improvements in Administration of Social Security Earnings Test

PROCEDURES TO PREVENT OVERPAYMENTS DUE TO FAILURE TO REPORT EARNINGS

SEC. 611. (a) Section 203(h) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary shall develop and implement procedures in accordance with this subsection to avoid paying more than the correct amount of benefits to any individual under this title as a result of such individual's failure to file a correct report or estimate of earnings or wages. Such procedures may include identifying categories of individuals who are likely to be paid more than the correct amount of benefits and requesting that they estimate their earnings or wages more frequently than other persons subject to deductions under this section on account of earnings or wages.".

(b) The amendment made by subsection (a) shall be effective upon the date of the enactment of this Act.

Subtitle C—Improvements in SSI, AFDC, and Related Programs

PART 1—DISCLOSURE OF CERTAIN TAX RETURN INFORMATION TO FEDERAL, STATE, OR LOCAL AGENCIES ADMINISTERING CERTAIN PROGRAMS UNDER THE SOCIAL SECURITY ACT; VERIFICATION AND USE OF INFORMATION

DISCLOSURE OF INFORMATION

SEC. 621. (a) GENERAL RULE.—Subsection (1) of section 6103 of the Internal Revenue Code of 1954 (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end thereof the following new paragraph:

"(9) DISCLOSURE OF RETURN INFORMATION WITH RESPECT TO UNEARNED INCOME TO FEDERAL, STATE, AND LOCAL AGENCIES ADMINISTERING CERTAIN PROGRAMS.—

"(A) IN GENERAL.—The Secretary may, upon written request, disclose return information with respect to unearned income (including the nature and source thereof) from computerized files of the Internal Revenue Service to any officer or employee of any Federal, State, or local agency administering a program described in subparagraph (C). For purposes of the preceding sentence, the term 'unearned income' means any income other than income of a kind described in paragraph (7)(A).

"(B) RESTRICTION ON DISCLOSURE.—Information may be disclosed under subparagraph (A) only for purposes of, and to the extent necessary in, determining an individual's eligibility for benefits, or the correct amount of an individual's benefits, under a program described in subparagraph (C).

"(C) PROGRAMS TO WHICH PARAGRAPH APPLIES.—The programs described in this subparagraph are programs which provide any of the following benefits:

"(i) aid to families with dependent children provided under a State plan approved under part A of title IV of the Social Security Act;

"(ii) medical assistance provided under a State plan approved under title XIX of the Social Security Act;

"(iii) supplemental security income benefits provided under title XVI of the Social Security Act;

"(iv) any benefits provided under a State plan approved under title I, X, XIV, or XVI of the Social Security Act (as those titles apply to Puerto Rico, Guam, and the Virgin Islands); and

"(v) assistance provided under the Food Stamp Act of 1977."

(b) TECHNICAL AMENDMENTS.—

(1) Section 6103(a)(2) of such Code is amended by striking out "or of any local child support enforcement agency" and inserting in lieu thereof ", any local child support enforcement agency, or any local agency administering a program described in subsection (1)(9)(C)".

(2) Subsection (1) of section 6103 of such Code is amended by redesignating the paragraph (7) relating to disclosure of certain return information by Social Security Administration to State and local child support enforcement agencies as paragraph (8).

(3) Subparagraph (A) of section 6103(p)(3) of such Code (relating to records of inspection and disclosure) is amended by striking out "(5), or (7)" and inserting in lieu thereof "(5), (7), (8), or (9)".

(4) The material preceding subparagraph (A) of paragraph (4) of section 6103(p) of such Code is amended by striking out "or (7)" and inserting in lieu thereof "(7), (8), or (9)".

(5) Clause (i) of section 6103(p)(4)(F) of such Code is amended by striking out "(1)(6) or (7)" and inserting in lieu thereof "(1)(6), (7), (8), or (9)".

(6) Paragraph (2) of section 7213(a) of such Code (relating to unauthorized disclosure of information) is amended by striking out "or (8)" and inserting in lieu thereof "(8), or (9)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1984.

VERIFICATION AND USE OF INFORMATION

SEC. 622. Part A of title XI of the Social Security Act is amended by inserting immediately after section 1129 the following new section:

"VERIFICATION AND USE OF TAX INFORMATION RELATING TO CERTAIN UNEARNED INCOME

"SEC. 1130. (a) In order to protect applicants for and recipients of aid under part A of title IV or benefits under title XVI (or under the State plan programs in titles I, X, XIV, and XVI) from the improper usage of information obtained from the Secretary of the Treasury under section 6103(1)(9) of the Internal Revenue Code of 1954 (relating to disclosure of return information to Federal, State and local agencies administering certain programs), no State, Federal, or local agency receiving such information shall take any action based thereon to reduce, suspend, terminate, or deny aid or benefits to the individual involved until such agency has taken steps to independently verify the information. The verification of any information under the preceding sentence must include (1) verification of the exact amount of the asset or income involved, (2) an evaluation of whether such individual actually has access to such asset or income for his or her own use, and (3) a determination regarding the period or periods when the individual actually had such asset or income.

"(b) Each State agency charged with the administration of a State plan approved under part A of title IV, each State agency charged with the administration of a State plan approved under title I, X, XIV, or XVI, and the Secretary with respect to the supplemental security income program under title XVI of this Act, shall request and use any information obtained from the Secretary of the Treasury under section 6103(1)(9) of the Internal Revenue Code of 1954 for purposes of income and eligibility verification in accordance with subsection (a); and the use of such information shall be targeted to those uses which are most likely to be productive in identifying and preventing ineligibility and incorrect payments.".

PART 2—IMPROVEMENTS IN SSI PROGRAM

INCREASE IN DOLLAR LIMITATIONS UNDER ASSETS TEST

SEC. 631. (a) Section 1611(a)(1)(B) of the Social Security Act is amended—

(1) by striking out "$2,250" and inserting in lieu thereof "the applicable amount determined under paragraph (3)(A)"; and

(2) by striking out "$1,500" and inserting in lieu thereof "the applicable amount determined under paragraph (3)(B)".

(b) Section 1611(a)(2)(B) of such Act is amended by striking out "$2,250" and inserting in lieu thereof "the applicable amount determined under paragraph (3)(A)".

(c) Section 1611(a) of such Act is further amended by adding at the end thereof the following new paragraph:

"(3)(A) The dollar amount referred to in clause (i) of paragraph (1)(B), and in paragraph (2)(B), shall be $2,250 prior to January 1, 1985, and shall be increased to $2,400 on January 1, 1985, to $2,550 on January 1, 1986, to $2,700 on January 1, 1987, to $2,850 on January 1, 1988, and to $3,000 on January 1, 1989.

"(B) The dollar amount referred to in clause (ii) of paragraph (1)(B), shall be $1,500 prior to January 1, 1985, and shall be increased to $1,600 on January 1, 1985, to $1,700 on January 1, 1986, to $1,800 on January 1, 1987, to $1,900 on January 1, 1988, and to $2,000 on January 1, 1989.".

(d) Section 1621(b)(2)(B) of such Act is amended—

(1) by striking out "$1,500" and inserting in lieu thereof "the applicable amount determined under section 1611(a)(3)(B)"; and

(2) by striking out "$2,250" and inserting in lieu thereof "the applicable amount determined under section 1611(a)(3)(A)".

LIMITATION OF RECOUPMENT RATE IN CASE OF OVERPAYMENTS

Sec. 632. Section 1631(b)(1) of the Social Security Act is amended—

(1) by inserting "(A)" after "The Secretary" in the second sentence; and

(2) by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ", and (B) shall in any event make the adjustment or recovery (in the case of payment of more than the correct amount of benefits), if the individual involved is receiving benefit payments under this title, only through adjustments in future benefit payments, or recovery from the individual or his eligible spouse or both, in amounts which in the aggregate do not exceed (for any month) the lesser of (i) the amount of his or their benefit under this title for that month or (ii) an amount equal to 10 percent of his or their income for that month (including such benefit but excluding any other income excluded pursuant to section 1612(b)), unless fraud was involved on the part of the individual or spouse in connection with the overpayment. The availability (in the case of an individual who has been paid more than the correct amount of benefits) of procedures for adjustment or recovery at a limited rate under clause (B) of the preceding sentence shall not, in and of itself, prevent or restrict the provision (in such case) of more substantial relief under clause (A) of such sentence.".

DETERMINATION OF OVERPAYMENT AMOUNTS WHEN RECIPIENT'S COUNTABLE ASSETS EXCEED LIMITS

Sec. 633. Section 1631(b) of the Social Security Act is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) To the extent that an overpayment with respect to an individual (or an individual and his or her spouse) for any period of one or more consecutive months is attributable solely to the ownership or possession by such individual (and spouse if any) of resources having a value in excess of the applicable dollar figure specified in paragraph (1)(B) or (2)(B) of section 1611(a), the aggregate amount of such overpayment for all months in such period (notwithstanding any other provision of this subsection) shall be the lesser of (A) the total amount of the benefits under this title which were received by such individual (and spouse if any) for all months in such period, or (B) the greatest amount by which the total value of the resources of such individual exceeded such applicable dollar figure at any time during such period. The application of this paragraph to an overpayment with respect to an individual (or an individual and his or her spouse) for any period shall not affect the application of paragraph (1)(B) or (2)(B) of section 1611(a) to such individual (and spouse if any) for any subsequent period unless this paragraph also applies to an overpayment with respect to such individual (and spouse if any) for such subsequent period.".

EXCLUSION OF UNDERPAYMENTS FROM RESOURCES

Sec. 634. Section 1613(a) of the Social Security Act is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (5);

(2) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (6) the following new paragraph:

"(7) any amount received from the United States (in the form of a retroactive check) which is attributable to underpayments of benefits due for one or more prior months, under this title or title II, to such individual (or spouse) or to any other person whose income is deemed to be included in such individual's (or spouse's) income for purposes of this title; but the application of this paragraph in the case of any such individual (and eligible spouse if any), with respect to any amount so received from the United States, shall be limited to a period of 12 months from the date on which such amount is received, and the retroactive check shall be accompanied by a written notice of this limitation.".

Part 3—Improvement in AFDC Program

GROSS INCOME LIMITATION

Sec. 641. Section 402(a)(18) of the Social Security Act is amended by striking out "150 percent of the State's standard of need" and inserting in lieu thereof "130 percent of the poverty line (as defined in section 673(2) of the Community Services Block Grant Act)".

WORK EXPENSE DEDUCTION

Sec. 642. Section 402(a)(8)(A)(ii) of the Social Security Act is amended by striking out all that follows "the first $75 of the total of such earned income for such month" and inserting in lieu thereof a semicolon.

CONTINUATION OF $30 DISREGARD FROM EARNED INCOME

Sec. 643. (a) Section 402(a)(8)(A)(iv) of the Social Security Act is amended by inserting "(I)" after "equal to", and by inserting "(II)" after "plus".

(b) Section 402(a)(8)(B)(ii)(II) of such Act is amended—

(1) by striking out "shall not apply the provisions of subparagraph (A)(iv)" and inserting in lieu thereof "shall apply the provisions of subparagraph (A)(iv) as though they did not include clause (II)"; and

(2) by striking out "and shall not apply such provisions" and inserting in lieu thereof "and shall apply such provisions (as though they did not include such clause (II))".

WORK TRANSITION ALLOWANCES FOR CERTAIN FAMILIES WHO LOSE AFDC BENEFITS BECAUSE OF EARNED INCOME

Sec. 644. (a) Section 403(a) of the Social Security Act is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (35);

(2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (36) the following new paragraph:

"(37) provide that, in any case where a family has ceased to receive aid under the plan because (by reason of paragraph (8)(B)(ii)(II)) the provisions of paragraph (8)(A)(iv) no longer apply, such family will be paid a monthly work transition allowance, in the amount of $10 per month, for a period of 9 months after the last month for which the family recieved such aid; and the State may at its option continue the payment of such allowances (in such amount) for an additional period of up to 6 months in the case of a family that would be eligible during such additional period to receive aid under the plan (without regards to this paragraph) if such paragraph (8)(A)(iv) applied.".

(b) Section 406 of such Act is amended by adding at the end thereof the following new subsection:

"(h) Except to the extent otherwise specifically provided, work transition allowances paid by a State under section 402(a)(37) shall be considered payments of aid to families with dependent children under the State plan for all of the purposes of this Act.".

(c)(1) The amendments made by this section shall apply with respect to payments for months beginning on or after October 1, 1984.

(2) Such amendments shall apply with respect to families which ceased to receive aid under the applicable State plan (for the reason stated in section 402(a)(37) of the Social Security Act as added by subsection (a) of this section) before October 1, 1984, as well as with respect to families which cease to receive such aid (for that reason) on or after that date; but any family which ceased to receive such aid before that date (in order to be eligible to receive the monthly work transition allowances provided for in such section 402(a)(37)) must be a family that would be eligible for aid under the State plan (without regard to the amendments made by this section) if section 402(a)(8)(A)(iv) of such Act applied and must make its application for such work transition allowances no later than October 1, 1985 (and in the case of any such family the term "last month for which the family received such aid" as used in such section 402(a)(37) means the month before the month in which the family makes such application).

GROSS AMOUNT OF EARNED INCOME

Sec. 645. (a) Section 402(a)(8)(A) of the Social Security Act is amended by striking out "the State agency" (in the matter preceding clause (i)) and inserting in lieu thereof "the State agency shall, for purposes of this section, consider an individual's earned income to be the gross amount of his earnings, prior to the taking of payroll or other deductions of any sort, and".

(b) The amendment made by subsection (a) shall become effective upon its enactment.

ADDITIONAL EXCLUSIONS FROM LIMITATION ON FAMILY RESOURCES

Sec. 646. Section 402(a)(7)(B) of the Social Security Act is amended by inserting "(i)" after "for purposes of this subparagraph", and by inserting before the semicolon at the end thereof the following: ", or (ii) under regulations prescribed by the Secretary, burial plots (one for each such child, relative, and other individual), funeral agreements, and real property which the family is making a good-faith effort to sell at a reasonable price and which has not been sold".

DIRECT REIMBURSEMENT OF AFDC RECIPIENTS FOR TRANSPORTATION AND DAY CARE COSTS ATTRIBUTABLE TO PARTICIPATION IN COMMUNITY WORK EXPERIENCE PROGRAMS

SEC. 647. Section 409(a)(1)(F) of the Social Security Act is amended—

(1) by inserting "(i) except as provided in clause (ii)" after "that"; and

(2) by inserting before the period at the end thereof the following: ", and (ii) to the extent that the State is unable to provide for the costs involved through the furnishing of services directly to the individuals participating in the program, participants who are recipients of aid under the State's plan approved under section 402 will instead be reimbursed for transportation costs directly related to their participation in the program (in amounts equal to the cost of transportation by the most appropriate means as determined by the State agency), and for day care expenses directly attributable to such participation (in amounts no greater than the comparable maximum day care deduction allowed under section 402(a)(8)(A)(iii) for recipients of aid under the plan generally); and amounts paid as reimbursement to participants under clause (i) or (ii) shall be considered, for purposes of section 403(a), to be expenditures made for the proper and efficient administration of the State's plan approved under section 402".

MONTHLY REPORTING AND RETROSPECTIVE BUDGETING MADE OPTIONAL WITH EACH STATE; FEDERAL MATCHING OF STATE SUPPLEMENTARY PAYMENTS

SEC. 648. (a) Section 402(a)(13) of the Social Security Act is amended—

(1) by inserting "at the option of the State," before "provide that";

(2) by striking out ", at the option of the State but only where the Secretary determines it to be appropriate," in subparagraph (A); and

(3) by striking out "at the option of the State but only where the Secretary determines it to be appropriate," in subparagraph (B).

(b) Section 402(a)(14) of such Act is amended—

(1) by striking out "(A) provide that" and inserting in lieu thereof "at the option of the State, provide (A) that";

(2) by striking out "with the prior approval of the Secretary"; and

(3) by striking out "upon the State's showing to the satisfaction of the Secretary that" and inserting in lieu thereof "upon a determination that".

(c) The last sentence of section 403(a) of such Act is amended—

(1) by striking out "No payment" and all that follows down through "if such amount" and inserting in lieu thereof "Amounts paid to supplement or otherwise increase the amount of aid to families with dependent children found payable in accordance with section 402(a)(13) shall be considered amounts expended as aid to families with dependent children under the State plan for purposes of payments under this subsection, even though the amount involved"; and

(2) by striking out ", but any such amount" and inserting in lieu thereof "; and any such amount".

(d) Section 402(a) of such Act is amended by adding at the end thereof (after and below paragraph (37), as added by section 644(a) of this Act) the following new sentence: "The Secretary may waive any of the requirements imposed under or in connection with paragraphs (13) and (14) of this subsection to the extent necessary to make such requirements compatible with the corresponding reporting and budgeting requirements imposed by the Food Stamp Act of 1977.".

(e) Notwithstanding any other provision of law, the Secretary of Health and Human Services may not require a State, on or after the date of the enactment of this Act, to make any payments which would otherwise be due as a result of such State's failure to comply with paragraph (13) or (14) of section 402(a) of the Social Security Act during periods prior to such date.

EXCLUSION OF EARNED INCOME TAX CREDIT FROM COUNTABLE INCOME

SEC. 649. Section 402(d) of the Social Security Act is amended to read as follows:

"(d) No amount received by an individual as an earned income tax credit under section 43 of the Internal Revenue Code of 1954, or as an earned income advance amount under section 3507(a) of such Code, shall be included in such individual's income for purposes of this part.".

FEDERALLY ASSISTED PILOT PROJECTS TO DEMONSTRATE ONE-STOP SERVICE DELIVERY SYSTEMS

SEC. 650. Part A of title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"PILOT PROJECTS TO DEMONSTRATE THE USE OF INTEGRATED SERVICE DELIVERY SYSTEMS FOR HUMAN SERVICES PROGRAMS

"SEC. 1136. (a) In order to develop and demonstrate ways of improving the delivery of services to individuals and families who need them under the various human services programs, by eliminating programmatic fragmentation and thereby assuring that an applicant for services under any one such program will be informed of and have access to all of the services which may be available to him or his family under the other human services programs being carried out in the community involved, any State having an approved plan under part A of title IV may, subject to the provisions of this section, establish and conduct one or more pilot projects to demonstrate the use of integrated service delivery systems for human services programs in that State or in one or more political subdivisions thereof.

"(b) The integration of service delivery systems for human services programs in any State or locality under a pilot project established under this section shall involve or include—

"(1) the development of a common set of terms for use in all of the human services programs involved;

"(2) the development for each applicant of a single comprehensive family profile which is suitable for use under all of the human services programs involved;

"(3) the establishment and maintenance of a single resources directory by which the citizens of the community involved may be informed of and gain access to the services which are available under all such programs;

"(4) the development of a unified budget and budgeting process, and a unified accounting system, with standardized audit procedures;

"(5) the implementation of unified planning, needs assessment, and evaluation;

"(6) the consolidation of agency locations and related transportation services;

"(7) the standardization of procedures for purchasing services from nongovernmental sources;

"(8) the creation of communications linkages among agencies to permit the serving of individual and family needs across program and agency lines;

"(9) the development, to the maximum extent possible, of uniform application and eligibility determination procedures; and

"(10) any other methods, arrangements, and procedures which the Secretary determines are necessary or desirable for, and consistent with, the establishment and operation of an integrated service delivery system.

"(c)(1) Any State which desires to establish and conduct a pilot project under this section, after having published a description of the proposed project and invited comments thereon from interested persons in the community or communities which would be affected, shall submit an application to the Secretary (in such form and containing such information as the Secretary may require) within 6 months after the date of the enactment of this section. The proposed project may be statewide in operation or may be limited to one or more political subdivisions of the State; and the application shall in any event include or be accompanied by satisfactory assurances that the project as proposed would be permitted under applicable State and local law.

"(2) The Secretary shall consider all applications and accompanying comments and materials which are submitted under paragraph (1), and, no later than 9 months after the date of the enactment of this section, shall approve no fewer than 3 nor more than 5 of the proposed projects (including one such project to be operated on a statewide basis). In considering and approving such applications the Secretary shall take into account the size and characteristics of the population that would be served by each proposed project, the desirability of wide geographic distribution among the projects, the number and nature of the human services programs which are in active operation in the various communities involved, and such other factors as may tend to indicate whether or not a particular proposed project would provide a useful and effective demonstration of the value of an integrated service delivery system. Each project approved under this paragraph shall be deemed for purposes of this section to begin on the first day of the month following the month in which the application with respect to such project is approved.

"(3) The Secretary shall approve any application for a project under this section only after determining that the conduct of such project will not lower or restrict the levels of aid, assistance, benefits, or services, or the income or resource standards, deductions, or exclusions, under any of the human services programs involved, and will not delay the provision of aid, assistance, benefits, or services under any of such programs.

"(d)(1) Any State whose application is approved under subsection (c) may submit to the Secretary a request for the waiver of any requirement which would otherwise apply with respect to the proposed project under any of the laws governing the human services programs to be included in the project; and—

"(A) if the law involved is within the jurisdiction of the Secretary and authority to grant the waiver involved is otherwise available to the Secretary under this title, title IV, or any other provision of law, the Secretary shall approve such request upon a determination that the waiver is necessary for the project to provide a useful and effective demonstration of the value of an integrated service delivery system; and

"(B) if the law involved is within the jurisdiction of a Federal agency other than the Department of Health and Human Services and authority to grant the waiver involved is available to the head of such other agency under that law or any other provision of law, the Secretary shall transmit such request (on behalf of the requesting State) to the head of such other agency, who shall approve such request upon a determination that the waiver is necessary for the project to provide a useful and effective demonstration of the value of an integrated service delivery system and who shall certify such approval to the Secretary.

"(2) If under the law governing any of the human services programs included within a project there are provisions establishing safeguards which limit or restrict the use or disclosure of information (concerning applicants for or recipients of benefits or services) which has been obtained or developed by the agency involved in the conduct of that program, and a waiver of such provisions is granted under paragraph (1) in order to make such information available for purposes of the project—

"(A) the State shall provide each applicant for and recipient of aid, assistance, benefits, or services under the proposed integrated service delivery system with a clear and readily comprehensible notice that such information may be disclosed to and used by project personnel, or exchanged with the other agencies having responsibility for human services programs included within the project;

"(B) the State shall take such steps as may be necessary to ensure that the information disclosed will be used only for purposes of, and by persons directly connected with, such project; and

"(C) the State's application with respect to the project under subsection (c) shall contain or be accompanied by satisfactory assurances that the preceding requirements of this paragraph will be fully complied with.

"(e) The Secretary shall from time to time pay to each State which has an approved pilot project under this section, in such manner and according to such schedule as may be agreed upon by the Secretary and such State, amounts equal in the aggregate to—

"(1) 90 percent of the costs incurred by such State and its political subdivisions in carrying out such project during the first 18 months after the date on which the project begins,

"(2) 80 percent of any such costs incurred during the 12-month period beginning with the nineteenth month after such date, and

"(3) 70 percent of any such costs incurred during the 12-month period beginning with the thirty-first month after such date.

"(f)(1) For purposes of this section, the term 'human services program' includes the program of aid to families with dependent children under part A of title IV, the supplemental security income benefits program under title XVI, the Federal food stamp program, and any other Federal or federally assisted program (other than a program under the Rehabilitation Act of 1973) which provides aid, assistance, or benefits based wholly or partly on need or on income-related qualifications to specified classes or types of individuals or families or which is designed to help in crisis or emergency situations by meeting the basic human needs of individuals or families whose own resources are insufficient for that purpose.

"(2) In carrying out this section the Secretary shall regularly consult with the Secretary of Labor, the Secretary of Agriculture, the Secretary of Housing and Urban Development, and the head of any other Federal agency having jurisdiction over or responsibility for one or more human services programs, in order to ensure that the administrative efforts of the various agencies involved are coordinated with respect to all of the pilot projects being carried out under this section.

"(g) The Secretary shall require each State which is carrying out a pilot project under this section to submit periodic reports on the progress of such project, giving particular attention to the cost-effectiveness of the integrated service delivery system involved and the extent to which such system is improving the delivery of services. No pilot project under this section shall be conducted for a period of longer than 42 months. The first such report shall be submitted no later than 3 months after the date on which the project begins.

"(h) The Secretary shall from time to time submit to the Congress a report on the progress and current status of each of the approved pilot projects under this section. Each such report shall reflect the periodic reports theretofore submitted to the Secretary by the States involved under subsection (g), and shall contain such additional comments, findings, and recommendations with respect to the operation of the program under this section as the Secretary may determine to be appropriate.

"(i) As soon as possible after the completion of the pilot projects carried out under this section, the Comptroller General, through the personnel and facilities of the General Accounting Office, shall conduct a full and complete study to determine the extent to which such projects, and the program under this section in general, have contributed to the achievement of the purpose of this section. In conducting such study, the Comptroller General shall give particular attention to the relative cost-effectiveness of the various integrated service delivery systems included among the projects and the extent to which the projects have demonstrated the possibility, through the use of such systems, of improving the delivery of services, increasing management efficiency, and decreasing the number of employees needed to carry out the various human services programs involved. The Comptroller General shall submit to the Congress a full and complete report on the results of such study, together with the Comptroller General's findings and recommendations with respect thereto.

"(j) There are authorized to be appropriated, for the four-fiscal-year period beginning with the fiscal year 1985, such sums, not to exceed $8,000,000 in the aggregate, as may be necessary to carry out this section.".

DEMONSTRATION PROJECTS TO TEST THE USE, UNDER THE AFDC PROGRAM, OF THE RULES, PROCEDURES, AND SPECIFICATIONS IN USE UNDER THE MEDICAID AND FOOD STAMP PROGRAMS

SEC. 651. (a)(1) The Congress finds that the AFDC, medicaid, and food stamp programs are most often administered at the State and local level by a single agency and frequently serve the same body of needy recipients; but there are significant differences in the program requirements and specifications which are in effect under the three programs and these differences cause unnecessary complications for both the State or local workers and the recipients, too often resulting in excessive administrative costs and high error rates.

(2) It is therefore the purpose of this section to develop ways of improving the delivery of services to needy individuals and families under the three programs involved by eliminating at least some of these differences through a limited demonstration program designed to demonstrate the use in the AFDC program of rules, procedures, and specifications which are the same as those in effect under either or both of the other two programs, with the specific objective of testing (A) whether such programs can thereby be more efficiently administered, (B) whether such programs can be made easier for the recipients and the general public to understand, and (C) whether agency and client errors can be reduced in such programs as a result of greater program compatibility.

(b)(1) Under regulations which shall be prescribed and published by the Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") within 120 days after the date of the enactment of this Act, any State which is currently participating in the AFDC program under part A of title IV of the Social Security Act, the medicaid program under title XIX of such Act, and the food stamp program under the Food Stamp Act of 1977, and which desires to establish and conduct a demonstration project under this section, may submit an application therefor to the Secretary. Any such application shall be submitted in accordance with the procedures established by such regulations, and within 45 days after such regulations become effective.

(2) The Secretary shall consider all applications submitted under paragraph (1) and, within 90 days after the regulations described in such paragraph become effective, shall approve not more than 5 of them, taking into account the size and characteristics of the population that would be served by each proposed project, the desirability of wide geographic distribution among the approved projects, and such other factors as may tend to indicate whether or not a particular proposed project would provide a useful and effective test of the value of utilizing (under the program of aid to families with dependent children) the rules, procedures, and specifications under either or both of the other two programs involved.

(3) The Secretary shall approve any application for a demonstration project under this section only after determining that the conduct of such project will not lower or restrict the level of aid, assistance, benefits, or services, or the applicable income or resource standards, deductions, or exclusions, under the AFDC program or either of the other two programs, and will not delay the provision of aid, assistance, benefits, or services under any of the three programs.

(4) The actual implementation and conduct of any demonstration project under this section shall commence no later than 9 months after the date of its approval. No such project shall be conducted for a period of longer than three years; except that any State conducting such a project may, with the approval of the Secretary, extend the project for an additional period of not more

than two years in order to give the Congress an opportunity to determine whether changes in Federal law should be made to reflect the results of the project or to allow for an orderly transition from the operation of the project to the operation of the programs involved under the provisions of law that will be applicable after the termination of the project.

(c) Each State conducting a demonstration project under this section may adopt, for purposes of the AFDC program, any of the existing rules, procedures, and specifications currently in effect under either or both of the other two programs, with the objective of developing for the three programs—

(1) a common set of terms and definitions;

(2) uniform application and eligibility determination procedures;

(3) a unified budegting process;

(4) a single-family case file; and

(5) a common administrative structure that allows for unified planning and evaluation.

(d) Any State whose application is approved under subsection (b) may submit to the Secretary a request for the waiver of any requirement imposed by or pursuant to part A of title IV of the Social Security Act which would otherwise apply with respect to the project; and, if authority to grant the waiver involved is available to the Secretary under title IV or XI of the Social Security Act or under any other provision of law, the Secretary shall approve such request upon a determination that (under the regulations prescribed pursuant to subsection (b)(1)) such waiver is necessary in order for the project to achieve its purpose under this section.

(e) Expenses incurred by a State agency in carrying out a demonstration project under this section shall be considered, for purposes of section 403(a) of the Social Security Act, to be expenditures made (as appropriate) either as aid to families with dependent children under the State's plan approved under section 402 of such Act or for the proper and efficient administration of such plan.

(f) Each State carrying out a demonstration project under this section shall submit periodic reports thereon to the Secretary, and a final report at the conclusion of the project. Such reports shall contain such information, data, and projections as the Secretary may require; and upon receipt of the final report from each of the States carrying out such a project the Secretary shall submit to the Congress a comprehensive report on the results of the projects conducted under this section together with the Secretary's findings and recommendations with respect thereto.

EXEMPTION OF CERTAIN PREGNANT WOMEN FROM REGISTRATION FOR WORK OR TRAINING

Sec. 652. Section 402(a)(19)(A) of the Social Security Act is amended—

(1) by striking out "or" at the end of clause (vii);

(2) by adding "or" after the semicolon at the end of clause (viii); and

(3) by inserting immediately after clause (viii) the following new clause:

"(ix) a women who is pregnant if it has been medically verified that the child is expected to be born in the month in which such registration would otherwise be required or within the 3-month period immediately following such month;".

COMPUTATION OF MAXIMUM REQUIRED HOURS OF WORK UNDER COMMUNITY WORK EXPERIENCE PROGRAMS

Sec. 653. Section 409(a)(1)(E) of the Social Security Act is amended—

(1) by inserting "(i)" after "equals";

(2) by inserting "reduced by the amount of any monthly support payments collected on behalf of the family during that month, or (if adequate information with respect to child support collections on behalf of the family during the month is not available) during the most recent month in the preceding two-month period for which such information is available," after "this part,"; and

(3) by inserting "(ii)" after "divided by".

TREATMENT OF NONRECURRING LUMP SUM INCOME

Sec. 654. Section 402(a)(7) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (B)) the following:

"except that the State may at its option recalculate the period of ineligibility otherwise determined under subparagraph (A) in any case where (i) changes in family composition, income, resources, or other circumstances (before the end of such period as so determined) have increased the financial need of the family, and (ii) such recalculation would promote the purposes and objectives of this part;".

WAIVER OF OVERPAYMENT RECOUPMENT WHEN COST OF COLLECTION WOULD EXCEED AMOUNT DUE

Sec. 655. (a) Section 402(a)(22) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (C)) the following:

"except that no recovery need be attempted or carried out under subparagraph (B) in any case where (as determined by the State agency in accordance with criteria for determining cost-effectiveness which shall be prescribed by the Secretary in regulations) the cost of recovery would equal or exceed the amount of the overpayment involved;".

(b) Section 402(a)(22)(A) of such Act is amended by inserting after "current recipient of such aid" the following: "(including a current recipient whose overpayment occurred during a prior period of eligibility)".

DETERMINATION OF OVERPAYMENT AMOUNTS WHEN RECIPIENT'S COUNTABLE ASSETS EXCEED LIMITS

Sec. 656. Section 406 of the Social Security Act is amended by adding at the end thereof (after the new subsection added by section 644(b) of this Act) the following new subsection:

"(i) To the extent that an overpayment with respect to a family for any period of one or more consecutive months is attributable solely to the ownership or possession by such family or any member thereof during such period of resources having a value in excess of the applicable dollar figure specified in section 402(a)(7)(B), the aggregate amount of such overpayment for all months in such period (notwithstanding any other provision of this subsection) shall be the lesser of (1) the total amount of the benefits under this title which were received by such family for all months in such period or (2) the greatest amount by which the total value of the resources of such family exceeded such applicable dollar figure at any time during such period. The application of this paragraph to an overpayment with respect to a family for any period shall not affect the application of section 402(a)(7)(A) to such family for any subsequent period unless this paragraph also applies to an overpayment with respect to such family for such subsequent period.".

STATE DISCRETION TO MAKE PROTECTIVE PAYMENTS

Sec. 657. (a) Section 402(a)(19)(F)(i) of the Social Security Act is amended by striking out "will be made" and inserting in lieu thereof "may be made".

(b) Section 402(a)(26)(B) of such Act is amended by striking out "will be provided" and inserting in lieu thereof "may be provided".

SUSPENSION OF SANCTIONS BASED ON ERROR RATES

Sec. 658. Notwithstanding any other provision of law, in any case where a State—

(1) is subject to financial penalties under section 403(i) of the Social Security Act by reason of its erroneous excess payments (as defined in that section) or under section 403(j) of such Act by reason of its dollar error rate of aid (as defined in that section), or

(2) is subject to financial penalties under any other provision of law by reason of errors in its payments of aid under part A of such title IV, no action shall be taken to enforce or collect such penalties (by reducing, adjusting, or withholding amounts otherwise due the State under part A of such title IV, by requiring payment from the State as reimbursement for overpayments theretofore made to the State under part A of such title IV, or otherwise) during the period beginning October 1, 1983 and ending September 30, 1985 (and if any such penalty has already been enforced or collected, on or after October 1, 1983, and before the date of the enactment of this Act, the Secretary of Health and Human Services shall pay or refund the amount of such penalty to the State immediately upon the enactment of this Act); but nothing in this section shall prevent, limit, or otherwise affect the enforcement or collection of the penalties involved, under the applicable provisions of law, after the close of such period.

ELIGIBILITY REQUIREMENTS FOR ALIENS

Sec. 659. Section 415(c)(1) of the Social Security Act is amended by striking out "Any individual" and all that follows down through "be required to provide" where it first appears and inserting in lieu thereof the following: "Any individual who is an alien and whose sponsor was a public or private agency shall be ineligible for aid under a State plan approved under this part during the period of three years after his or her entry into the United States, unless the State agency administering such plan determines that such sponsor either no longer exists or has become unable to meet such individual's needs; and such determination shall be made by the State agency based upon such criteria as it may specify in the State plan, and upon such documentary evidence as it may therein require. Any such individual, and any other individual who is an alien (as a condition of his or her eligibility for aid under a State plan approved under this part during the period of three years after his or her entry into the United States), shall be required to provide".

PROVISION BY STATE AGENCIES OF INFORMATION REGARDING FUGITIVE FELONS

Sec. 660. Section 402(a)(9) of the Social Security Act is amended by inserting before the semicolon at the end thereof the following: "; but such safeguards shall not prevent the State agency or the local agency responsible for the administration of the State plan in the locality (whether or not the State has enacted legislation allowing public access to Federal welfare records) from furnishing a State or local law enforcement officer, upon his request, with the name and current address of any recipient if the officer furnishes the agency with such recipient's social security account number and satisfactorily demonstrates that such recipient is a fugitive felon, that the location or apprehension of such felon is within the officer's official duties, and that the request is made in the proper exercise of those duties".

PAYMENT SCHEDULE FOR REIMBURSEMENT OF CERTAIN BACK CLAIMS DUE THE STATES

Sec. 661. The payment schedule contemplated by section 136 of Public Law 97-276 for reimbursement of expenditures described in that section is hereby established as follows:

(1) For expenditures identified in the decree entered by the United States District Court for the District of Columbia on July 21, 1983, in the case of State of Connecticut v. Heckler, No. 81-2237, and allowed by the Secretary of Health and Human Services prior to the date of the enactment of this Act, payment shall be made, by supplemental grant award or otherwise, within 30 days after the date of the enactment of this Act; and

(2) for any other expenditure described in such section 136 which was identified in such decree or in any other decree entered by a Federal court in a suit (with respect to such an expenditure) filed prior to September 30, 1982, payment shall be made, by supplemental grant award or otherwise, as soon as the expenditure or portion thereof involved is finally determined by the Secretary to be an allowable claim under the substantive provisions of the applicable title of the Social Security Act.

AFDC GRANT DIVERSION PROGRAM

Sec. 662. Part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"GRANT DIVERSION PROGRAM

"Sec. 416. (a) It is the purpose of this section to allow any State which has a plan approved under this part to institute a grant diversion program under which the State, to the extent the State determines it to be appropriate, may make employment (including on-the-job training) available as an alternative to aid otherwise provided under the State plan.

"(b)(1) Notwithstanding any other provision of this title, Federal funds may be paid to a State under section 403, subject to the provisions of this section, with respect to expenditures incurred in operating a grant diversion program under this section.

"(2) Nothing in this part or part C, or in any State plan approved under this part, shall be construed to prevent a State from operating (on such terms and conditions and in such cases as the State may find to be necessary or appropriate, whether or not such terms, conditions, and cases are consistent with section 402(a)(19) or part C) a grant diversion program in accordance with this section; and participation by an individual in such a program shall be deemed to satisfy all of the requirements of section 402(a)(19) and part C which are otherwise applicable to such individual.

"(3) Notwithstanding section 402(a)(1), a State operating a grant diversion program under this section may operate such program in any or all political subdivisions of the State.

"(4) Notwithstanding section 402(a)(8) or any other provision of law, a State operating a grant diversion program under this section may apply subparagraph (A)(iv) of such section with respect to any individual participating in such program (whether or not subparagraph (B)(ii)(II) of such section would otherwise prevent the application of such subparagraph (A)(iv) during the period of such individual's participation in the program).

"(c)(1) In operating a grant diversion program under this section a State shall—

"(A) enter into contracts with public or private employers in the State under which such employers will provide employment (in the form of on-the-job training or otherwise) for eligible individuals over a period (in the case of any one such individual) of up to 9 months; and

"(B) pay to each such employer with respect to each individual so employed an amount equal to the lesser of (i) the maximum amount that could have been paid directly to such individual or the family of which he or she is a member as aid to families with dependent children under the State plan, at the time of his or her initial placement in a job under the program, if such individual or family had no income, or (ii) 50 percent of the wages paid to such individual for his or her employment under the program.

The determination of the particular employers and job positions to be included in the program shall be entirely within the discretion of the State.

"(2) For purposes of this section, an individual is an 'eligible individual' if he or she is eligible to receive aid under the State plan (without regard to this section) at the time of his or her initial placement in a job under the program.

"(d) Payments by a State to employers under the program shall be considered amounts expended as aid to families with dependent children under the State plan for purposes of section 403(a).

"(e)(1) Any employer participating in the program under this section shall afford employee status to all eligible individuals to whom such employer provides job positions under such program; but nothing in this section shall be construed as requiring the State or local agency administering the grant diversion program to provide employee status to any participant unless such State or local agency is the employer of such participant.

"(2) Wages paid under a grant diversion program under this section shall be considered to be earned income for purposes of any provision of law.

"(f) Any State which chooses to operate a grant diversion program under this section shall provide that any individual who participates in such program, and any child or relative of such individual (or other individual living in the same household as such individual) who would be eligible for aid under the State plan approved under this part, shall be considered to be receiving aid under the State plan approved under this part for purposes of eligibility for medical assistance under the State's plan approved under title XIX.".

PERMANENT EXTENSION OF PROVISIONS FOR DISREGARDING IN-KIND ASSISTANCE

Sec. 663. (a) Section 545 of the Surface Transportation Assistance Act of 1982 is amended—

(1) by striking out "and prior to July 1, 1985" in subsection (c); and

(2) by striking out ", including" and all that follows in subsection (d) and inserting in lieu thereof a period.

(b) Section 404(c) of the Social Security Amendments of 1983 is amended by striking out "and end before October 1, 1984".

GENERAL EFFECTIVE DATE

Sec. 664. Except as otherwise specifically provided in this subtitle, the provisions of this subtitle and the amendments made thereby shall take effect on October 1, 1984.

Subtitle D—Trade Adjustment Assistance

LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES

Sec. 671. The first sentence of section 233(a)(3) of the Trade Act of 1974 (19 U.S.C. 2293(a)(3)) is amended to read as follows: "Notwithstanding paragraph (1), in order to assist the adversely affected worker to complete training approved for him under section 236, and in accordance with regulations prescribed by the Secretary, payments may be made as trade readjustment allowances for up to 26 additional weeks in the 26-week period that—

"(A) follows the last week of entitlement to trade readjustment allowances otherwise payable under this chapter; or

"(B) begins with the first week of such training, if such training is approved after the last week described in subparagraph (A).".

JOB SEARCH AND RELOCATION ALLOWANCES

Sec. 672. (a) Section 237(a)(1) of the Trade Act of 1974 (19 U.S.C. 2297(a)(1)) is amended by striking out "$600" and inserting in lieu thereof "$800".

(b) Section 238(d)(2) of the Trade Act of 1974 (19 U.S.C. 2298(d)(2)) is amended by striking out "$600" and inserting in lieu thereof "$800".

ASSISTANCE TO INDUSTRY

Sec. 673. Section 265 of the Trade Act of 1974 (19 U.S.C. 2355) is amended—

(1) by amending subsection (a)—

(A) by inserting "or workers" immediately after "substantial number of firms", and

(B) by inserting "223 or" immediately before "251"; and

(2) by striking out "$2,000,000" in subsection (b) and inserting in lieu thereof "$10,000,000".

"TITLE VII—DELAYED IMPLEMENTATION OF SPENDING INCREASES

Sec. 701. Notwithstanding any other provision of this Act, nothing in this Act which requires or authorizes an increase in the level of Federal expenditures above any level which would have been in effect in the absence of this Act shall take effect until legislation other than this Act is enacted requiring or authorizing such increase to take effect.

☐ 1810

Mr. MOORE (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. PANETTA. Mr. Speaker, reserving the right to object, I do that in order to ask the gentleman if he could explain what exactly is in his motion to recommit.

The **SPEAKER.** The gentleman from Louisiana (Mr. Moore) will have 5 minutes in which to explain his motion.

Mr. **PANETTA.** Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER.** Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. **MOORE.** Mr. Speaker, in the debate that we just ended on the committee amendment that was defeated, I stated that we would be offering a motion to recommit that would pertain to the amendment that the gentleman from Oklahoma and I tried to have made in order on this bill, which calls for a physician fee freeze on inpatient and outpatient physician's fees, which would save $2.4 billion as compared to the committee amendment we just defeated that would have saved only $925 million.

Second, it also calls for a study to be done in close monitoring by HHS and GAO to be sure there is no cost shifting by the physicians to the elderly. There is also a second part. The second part is the Regula-Martin language of an attempted amendment that was also not made in order that strikes any spending increases without prejudice, which saves, I am told, $1.5 billion, for a total of $3.9 billion in savings by virtue of the physician fee freeze, and the Regula-Martin language. Other than that, the rest of the bill is just as it was brought to the House floor.

Mr. **GRAMM.** Mr. Speaker, will the gentleman yield?

Mr. **MOORE.** I yield to the gentleman from Texas.

Mr. **GRAMM.** I thank the gentleman for yielding.

Mr. Speaker, I think the gentleman's motion to recommit is extremely important because unlike any reconciliation bill in the past, this reconciliation bill before the House today actually raises spending in 1984 and 1985. This is not a spending reduction measure; this is a measure which actually raises spending by over $1 billion this year and next year and does not begin any savings until the outyears.

I thank the gentleman for his motion and I intend to support it.

Mr. **MOORE.** In addition to the gentleman's comment from Texas, I want to comment again that almost all of us favor a physician fee freeze. The way that can now get into the bill is by voting for this motion to recommit. That is the only way. Otherwise, you have to go to conference, and you have to hope our conferees can accept that from the Senate provision.

So, if the Members are for a physician fee freeze, vote for the motion to recommit.

Mr. **JONES** of Oklahoma. Mr. Speaker, I agree with the gentleman from Louisiana, and would like to have offered the Jones-Moore amendment with the physician freeze for both inpatient and outpatient care. But I rise in opposition to this motion to recommit because it also has another feature to it that would deny the child health assurance program.

For that reason, I will oppose the motion to recommit. I think those programs, the child health assurance program, which is coming up, and the modifications to the AFDC and SSI programs are programs that are deserved or worthy and should be enacted. As I understand the motion to recommit, they would not be allowed if this motion were to pass.

I do believe that the savings on the physician freeze can be accomplished in the conference. The other body has it in their package; it is certainly my intention to follow through and to have a physician freeze without the mandatory assignment. For that reason, I think the motion to recommit should be defeated, and we should go on to final passage and pass this reconciliation bill.

Mr. Speaker, I yield to the gentleman from Indiana (Mr. Jacobs).

Mr. **JACOBS.** I thank the gentleman for yielding to me.

Mr. Speaker, I join my colleague from Oklahoma in opposing the motion to recommit but on different grounds. If you want to go on record as jerking the safety net out from under the medicare beneficiaries, vote for this motion to recommit, because that is exactly what can happen under the law. Any doctor in this country can pass on the cost; pass on what he or she wants to charge in consequence of this freeze.

I ask the Members; do not have one without the other. If you do not want the assignment, do not take the freeze; if you do not have the freeze, you will not have the assignment. I urge the House to oppose this motion to recommit on behalf of the beneficiaries of medicare.

Mr. **JONES** of Oklahoma. I thank the gentleman. We obviously have a disagreement on this question of mandatory assignment, but I think that this issue can better be dealt with in conference. I think it can be cleaned up in conference, and we can have the savings and at the same time, the child health assistance program can be allowed to go forward.

The **SPEAKER.** Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The **SPEAKER.** The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. **MOORE.** Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER.** Evidently a quorum is not present.

Pursuant to the provisions of clause 5, rule XV, the Chair announces he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of passage. Members will record their votes by electronic device.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 172, nays 242, not voting 19, as follows:

[Roll No. 86]

YEAS—172

Archer
AuCoin
Badham
Bartlett
Bateman
Bennett
Bereuter
Bethune
Bilirakis
Billey
Boehlert
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Campbell
Carney
Chandler
Chappie
Cheney
Clinger
Coats
Coleman (MO)
Conable
Conte
Corcoran
Coughlin
Courter
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
Davis
DeWine
Dreier
Duncan
Dyson
Edwards (AL)
Edwards (OK)
Emerson
Erlenborn
Evans (IA)
Fiedler
Fields
Fish
Franklin
Frenzel
Gekas
Gilman
Gingrich
Goodling
Gradison
Gramm
Gregg
Gunderson
Hall, Ralph
Hall, Sam
Hammerschmidt
Hansen (UT)
Hartnett
Hightower
Hiler
Hillis
Holt
Hopkins
Horton
Hubbard
Hunter
Hutto
Hyde
Ireland
Jeffords
Johnson
Kasich
Kemp
Kindness
Kramer
Lagomarsino
Latta
Leach
Leath
Lent
Lewis (CA)
Lewis (FL)
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NC)
Martin (NY)
McCain
McCandless
McCollum
McDade
McEwen
McGrath
McKernan
McKinney
Michel
Miller (OH)
Molinari
Montgomery
Moore
Moorhead
Morrison (WA)
Murphy
Myers
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Petri
Porter
Pritchard
Pursell
Quillen
Regula
Ridge
Ritter
Roberts
Robinson
Rogers
Roth
Roukema
Sawyer
Schaefer
Schneider
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solomon
Spence
Stangeland
Stenholm
Stump
Sundquist
Tauke
Taylor
Thomas (CA)
Vucanovich
Walker
Weber
Whitehurst
Whittaker
Williams (OH)
Winn
Wolf
Wortley
Wylie
Young (AK)
Young (FL)
Zschau

NAYS—242

Ackerman
Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Aspin
Barnard
Barnes
Bates
Bedell
Beilenson
Berman

Bevill
Biaggi
Boggs
Boland
Bonior
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Britt
Brooks
Brown (CA)
Bryant
Burton (CA)
Byron
Carper
Carr
Chappell
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conyers
Cooper
Coyne
Crockett
D'Amours
Darden
Daschle
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Downey
Durbin
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (CA)
English
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Glickman
Gonzalez
Gore
Gray
Green
Guarini
Hall (IN)
Hall (OH)
Hamilton
Harkin
Hatcher
Hawkins
Hayes
Hefner
Hertel
Howard
Hoyer
Huckaby
Hughes
Jacobs
Jenkins
Jones (OK)
Jones (TN)
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kogovsek
Kolter
Kostmayer
LaFalce
Lehman (CA)
Lehman (FL)
Leland
Levin
Levine
Levitas
Lipinski
Lloyd
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
MacKay
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McNulty
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Mrazek
Murtha
Natcher
Neal
Nelson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Ottinger
Owens
Panetta
Patman
Patterson
Pease
Penny
Pepper
Perkins
Pickle
Price
Rahall
Rangel
Ratchford
Ray
Reid
Richardson
Rinaldo
Rodino
Roe
Roemer
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Savage
Scheuer
Schroeder
Schumer
Seiberling
Shannon
Sharp
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Solarz
Spratt
St Germain
Staggers
Stark
Stokes
Stratton
Studds
Swift
Synar
Tallon
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Valentine
Vandergriff
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whitten
Williams (MT)
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)

NOT VOTING—19

Boner
Craig
Dickinson
Frost
Hance
Hansen (ID)
Harrison
Heftel
Jones (NC)
Kasen
Lantos
Marriott
Nichols
Paul
Rudd
Simon
Tauzin
Vander Jagt
Wilson

□ 1830

The Clerk announced the following pairs:

On this vote:

Mr. Vander Jagt for, with Mr. Boner of Tennessee against.

Mr. Dickinson for, with Mr. Lantos against.

Mr. Rudd for, with Mr. Simon against.

Mr. Marriott for, with Mr. Hance against.

Mr. Craig for, with Mr. Tauzin against.

Messrs. LIPINSKI, WHITLEY, SWIFT, MOLLOHAN, ORTIZ, SKELTON, RAY, RINALDO, and Mrs. LLOYD changed their votes from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FRENZEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electonic device, and there were—yeas 261, nays 152, not voting 20, as follows:

[Roll No. 87]

YEAS—261

Ackerman
Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Aspin
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Bennett
Bereuter
Berman
Bevill
Biaggi
Boehlert
Boggs
Boland
Bonior
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Britt
Brooks
Brown (CA)
Bryant
Burton (CA)
Byron
Carper
Carr
Chappell
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coughlin
Coyne
Crockett
D'Amours
Darden
Daschle
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Downey
Duncan
Durbin
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (CA)
English
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Fuqua
Garcia
Gejdenson
Gephardt
Gibbons
Glickman
Goodling
Gore
Gray
Guarini
Hall (IN)
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Harkin
Hatcher
Hawkins
Hayes
Hefner
Hertel
Hightower
Horton
Howard
Hoyer
Huckaby
Hughes
Jacobs
Jeffords
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kogovsek
Kostmayer
LaFalce
Lehman (CA)
Lehman (FL)
Leland
Levin
Levine
Levitas
Lipinski
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
MacKay
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McHugh
McKernan
McKinney
McNulty
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell
Moakley
Mollohan
Montgomery
Moody
Morrison (CT)
Mrazek
Murtha
Neal
Nelson
Nielson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Patterson
Pease
Penny
Pepper
Pickle
Price
Pritchard
Quillen
Rahall
Rangel
Ratchford
Ray
Reid
Richardson
Ridge
Rinaldo
Rodino
Roe
Roemer
Rose
Rostenkowski
Roukema
Rowland
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sensenbrenner
Shannon
Sharp
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (NJ)
Snowe
Snyder
Solarz
Spratt
St Germain
Staggers
Stark
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tallon
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Valentine
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Wheat
Whitley
Whitten
Williams (MT)
Williams (OH)
Wirth
Wise
Wolpe
Wortley
Wright
Wyden
Yates
Yatron
Young (AK)
Young (MO)

NAYS—152

Applegate
Archer
Badham
Bartlett
Bateman
Bethune
Bilirakis
Bliley
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Campbell
Carney
Chandler
Chappie
Cheney
Clinger
Coats
Coleman (MO)
Conable
Corcoran
Courter
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
Davis
DeWine
Dreier
Dyson
Edwards (AL)
Edwards (OK)
Emerson
Erlenborn
Evans (IA)
Fiedler
Fields
Fish
Franklin
Frenzel
Gaydos
Gekas
Gilman
Gingrich
Gonzalez
Gradison
Gramm
Green
Gregg
Gunderson
Hammerschmidt
Hansen (UT)
Hartnett
Hiler
Hillis
Holt
Hopkins
Hubbard
Hunter
Hutto
Hyde
Ireland
Kasich
Kemp
Kindness
Kolter
Kramer
Lagomarsino
Latta
Leach
Leath
Lent
Lewis (CA)
Lewis (FL)
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NC)
Martin (NY)
McCain
McCandless
McCollum
McEwen
McGrath
Michel
Miller (OH)
Molinari
Moore
Moorhead
Morrison (WA)
Murphy
Myers
Natcher
O'Brien
Ottinger
Oxley
Packard
Parris
Patman
Perkins
Petri
Porter
Pursell
Regula
Ritter
Roberts
Robinson
Rogers
Roth
Sawyer
Schaefer
Schulze
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Smith (IA)
Smith (NE)
Smith, Denny
Smith, Robert
Solomon
Spence
Stangeland
Stump
Sundquist
Tauke
Taylor
Thomas (CA)
Vandergriff
Vucanovich
Walker
Weber
Weiss
Whitehurst
Whittaker
Winn
Wolf
Wylie
Young (FL)
Zschau

NOT VOTING—20

Boner
Craig
Dickinson
Frost
Hance
Hansen (ID)
Harrison
Heftel
Jones (NC)
Kasen
Lantos
Marriott
Nichols
Pashayan
Paul
Rudd
Simon
Tauzin
Vander Jagt
Wilson

□ 1840

The Clerk announced the following pairs:

On this vote:

Mr. Boner of Tennessee for, with Mr. Vander Jagt against.

Mr. Hance for, with Mr. Nichols against.

Mr. Simon for, with Mr. Rudd against.

Mr. Tauzin for, with Mr. Pashayan against.

Mr. Lantos for, with Mr. Dickinson against.

Mrs. LLOYD and Mr. ZSCHAU changed their votes from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include therein extraneous material, on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

The message announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 104. Concurrent resolution relating to the adjournment of the Senate and House of Representatives until April, 24, 1984.

MESSAGE FROM THE SENATE

The SPEAKER. The Chair lays before the House the following message from the Senate:

The Clerk read as follows:

S. Con. Res. 104

Resolved by the Senate (the House of Representatives concurring), That when the Senate adjourns on Thursday, April 12, 1984, or on Friday, April 13, 1984, or on Saturday, April 14, 1984, and when the House of Representatives adjourns on Thursday, April 12, 1984, or on Friday, April 13, 1984, or on Saturday, April 14, 1984, they stand adjourned pursuant to the provisions of Senate Concurrent Resolution 103.

The SPEAKER. Without objection, the Senate concurrent resolution is concurred in.

There was no objection.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF HOUSE CONGRESSIONAL RESOLUTION 290, EXPRESSING SENSE OF CONGRESS THAT NO APPROPRIATED FUNDS SHALL BE USED FOR THE PURPOSE OF MINING THE PORTS OR TERRITORIAL WATERS OF NICARAGUA

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 485 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 485

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House, without intervening motion, the concurrent resolution (H. Con. Res. 290) expressing the sense of the Congress that no appropriated funds shall be used for the purpose of mining the ports or territorial waters of Nicaragua, said concurrent resolution shall be debatable for not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, and the previous question shall be considered as ordered on the concurrent resolution to final adoption without intervening motion except one motion to recommit which shall be debatable for not to exceed ten minutes to be equally divided and controlled between the proponent of the motion and a Member opposed thereto.

The SPEAKER pro tempore. (Mr. HOYER). The gentleman from Michigan (Mr. BONIOR) is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may consume.

Mr. Speaker, I would like to commend the chairman of the Foreign Affairs and Intelligence Committees for their expeditious consideration of this resolution. At stake are the most profound issues, relating to our Nation's security, integrity, and the foundation of international order.

By mining the harbors of Nicaragua, this administration has engaged in a flagrant violation of international law, an act of war, of state sponsored terrorism. The Senate has already voted by an overwhelming majority to prohibit additional funding for the mining. The world is waiting for a sign from this body as well, that the people of the United States will not tolerate the contempt shown by this administration for our own principles, and for the rule of law.

In our eagerness to act on this resolution, we must not forget that the mining is not an isolated incident, it is part of a larger policy. It is the outgrowth of a campaign against Nicaragua, which was set in motion shortly after this administration took office, and which, from its very inception, violated our own statues as well as international law.

First, we allowed counterrevolutionaries, whose avowed purpose was to overthrow the Nicaraguan Government, to train in this country, in violation our own Neutrality Act, our criminal statutes governing support for terrorist activities, and the OAS Convention on Terrorism.

Then, the CIA began to fund, arm, and provide logistical support as these forces began their brutal and continuing invasions across the Honduran border into Nicaragua.

Now, the CIA has directed the mining of Nicaraguan harbors, violating our duty to protect the freedom of the seas, endangering the ships of neutral nations, and arousing world opinion in protest.

From the beginning, this policy has been patched together with distortions, half-truths and double-speak. It is a policy that has found the administration praising as "freedom fighters" the former members of Somoza's national guard who have promised a "bloodbath from the border to Managua" on their way back to power.

It is a policy that has justified terrorist attacks—the destruction of homes and crops, the murder and kidnapping of innocent civilians—as an effort to pressure the Nicaraguan Government toward democracy.

It is a policy that the administration, ultimately, has been forced to acknowledge cannot be defended before the International Court of Justice.

I am certain we will hear today a litany of grievances against Nicaragua, including the very serious charge that Nicaragua too has violated international law by its support of rebels in El Salvador.

The issue before us today, is not the character of Nicaragua, or what Nicaragua has done, but rather, our own character as a nation, and how we conduct ourselves in the community of nations.

If our concern is international law, as it must be, then the administration should plead its case in the appropriate international forum. Instead, by its unilateral pursuit of the crudest form of power politics, the administration has gone so far as to openly challenge the jurisdiction of the World Court, and in so doing has undercut the very foundation of international law itself.

We cannot brandish a foreign policy of secret wars, terrorist attacks, and disdain for the rights of other nations without threatening peace in the world.

He cannot engage in such acts and maintain our credibility when it comes to condemning these actions in others.

We cannot place ourselves above the law without endangering the future of this planet in a nuclear age.

We all know that this resolution is not binding, that it is a symbolic effort to halt an administration policy that has run amuck. It is important that we adhere to that symbol.

But equally important, we must continue to address the substance of the broader issue. I am proud that the House of Representatives voted twice last year to cut the funding for the CIA's secret war against Nicaragua. The revelations of the past weeks are proof of the wisdom of our previous action.

We must hold to our convictions and demand the end to this policy once and for all. The Senate voted last week to include $21 million in covert funds for the operation against Nicaragua. I suspect that many of those Senators would like to take that vote over today, and would vote differently as they have learned more about the nature of our policy.

The majority of the Members of this House need have no such regrets. We have the opportunity to renounce this illegal and indefensible policy by refusing to approve the additional money. We, in the House, can, and I believe will, stand as barrier to the administration's determination to involve the United States in a widening regional war in Central America.

Camus once said, "I should like to be able to love my country and still love justice." The great tragedy of the administration's policy in Central America is that it is driving a wedge between these values. Today, the House of Representatives has the responsibility to insure that we, and future generations of Americans, will not have to make that choice.

□ 1850

Mr. LOTT. Mr. Speaker, I will start by yielding 5 minutes to the distinguished minority leader, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, I want to say a few things about the responsibility of the Congress, the prerogatives of the Congress, and perhaps most important, the integrity of the Congress.

This resolution violates all of them, our responsibilities, our prerogatives, and our integrity.

Let us identify this resolution correctly. It is a partisan document and its purpose is to embarrass the President. Let me tell you: You are aiming at the President—but you are going to hit the people of El Salvador.

The speeches you are going to hear on the floor of this House will not be restricted to the finer points of international law, the OAS Treaty, our obligations and responsiblities in Central America, or the role of Congress.

The words you are about to hear are going to be political "mines" of their own.

This debate will not be about what role the Congress has or should play in such activities. There is no question, but that the Intelligence Committees on both sides of the Capitol were aware of what was going on, and I believe it was within their ability and sphere of influence to prevent it.

Some are saying they are angry at the administration for the way it has handled its communications with Congress about the mining.

But the fact is the House Intelligence Committee was informed about the mining and chose to do nothing about it.

Unfortunately, we have a group in the House—small but vocal—who gleefully savage President Reagan any chance they get. These are hopelessly partisan. They are professional Reagan-haters.

My remarks are directed not at the hard-core types—they are beyond logic and beyond argument.

I would rather speak to those who, in differing degrees, have supported President Reagan's Central American policies but have questions about this mining incident.

If this vote were going to serve only as a safety valve for anger at how the administration has handled this, I would say I am for it.

But if we allow this vote to become a first step in crippling aid to the Contras entirely we will be sacrificing our allies to the politics of spite.

I expect the politics of spite from the hard-core partisans. But I do not expect it from the responsible majority.

Nicaragua tells us it wants to go to the World Court about the mining.

Here we have a brutal gang that has funded, armed, directed, helped, and protected a fellow band of Communist thugs and terrorists for years, suddenly discovering the rule of law.

It is as if Jesse James sued the Union Pacific Railroad because a conductor talked back to him during a train robbery.

We all know this World Court ploy is simply propaganda.

The point here is not whether Nicaragua engages in propaganda against us. It is whether we in this House are going to tell the world we believe it is the mining that is the biggest problem in Central America today.

The mining is a reaction to the root cause of the violence. That cause is the Communist desire to make the conquest of Central America "an incident on the road to Mexico"—as, I believe, Charles DeGaulle once said.

Let us tell the whole truth—not just one part of it. Let us talk about the struggle for democracy in El Salvador.

Let us talk about how the avowed Communists in that country are trying to defeat democracy through economic, political, and guerrilla terrorism on a wide scale aided by the Soviet Union, Cuba, and Nicaragua.

Let us direct our anger not at our Government but at the Communists whose subversion, terror, destruction of the economy, and ideological warfare are the root of all this.

I hate to see this institution become a partisan sideshow in the arena of foreign policy.

We have got to base our decision on the facts not the fiction created in public forum, but the true facts to which the Members of this House are a party.

We ought not be so concerned with what message we send to our President, but what message we send to our allies and adversaries.

Everyone on this floor knows full well we can send a much stronger meaningful message to the administration via the Intelligence Committee than we can by taunting them with a nonbinding media event here on the floor.

We are playing fast and loose with the integrity of this institution.

I urge you to vote against the rule and reject the resolution it makes in order.

□ 1900

Mr. BONIOR of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY of New York. Mr. Speaker, the policy that this Government has waged against the Government of Nicaragua is illegal, it is immoral, and it will not work.

For years we have financed a rebellion where innocent people on both sides of the border have died, nameless peasants who will never be known to any of the Members here, whose sole crime was to live near the border of Honduras, have died because of the involvement of this Government's financing of a covert war.

Now the world is concerned not because they have died, but because international commerce is affected. Ships that carry cargo may not make it to their ports. So the world cries out in outrage, as well they should. But we have forgotten one of the essential points that the covert war is wrong, the mining of the harbors is wrong. We are bringing the Government of Nicaragua, whether we like it or not, to their knees economically. People whom we will never know, who have no stake in communism, who have no stake in capitalism, will die as a consequence of our policy.

This is not the sort of policy that a great government follows. This is not the policy of a democracy. This is a policy that must be changed, and changed now.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I hardly know whether to take this whole exercise seriously or to simply dismiss it as one of our little fits of passion and anger that could be more appropriately vented in 1-minute speeches or special orders.

That is not to say, Mr. Speaker, that I question the seriousness of the subject matter of the concurrent resolution or the sincerity of its authors. But, let us step back a moment and take a look at this process and what it says about the world's greatest deliberative body that is clamoring for a larger role in foreign policy.

House Concurrent Resolution 290 was introduced only yesterday, and, after a perfunctory hearing, was ordered reported from the Committee on Foreign Affairs. I would stress the fact that this has only been ordered reported. The committee has not actually filed a report on the resolution because the minority insisted on its right under House Rules to have 3 days in which to file additional views, and that right was summarily denied by the Foreign Affairs Committee. So, on what was characterized in the Rules Committee as an issue of major importance, we do not have the benefit of minority views—we do not even have the benefit of a committee report.

To justify this circumvention of these two fundamental prerequisites and protections of a deliberative legislative process provided for under our rules, the Foreign Affairs Committee has decided to take the tack that this is some kind of emergency that justifies such extraordinary action, even though the mining has been stopped and the resolution itself is of a nonbinding nature, with no force and effect outside the walls of this building.

And yet, we were called into emergency session in the Rules Committee last night at 6 o'clock with less than 1 hour's notice, to deal with this supposed emergency that has already occurred with a solution that has no binding effect.

And what kind of rule were we asked to give? First of all, the rule discharges the resolution from both the Foreign Affairs and Intelligence Committees because neither has officially reported it—that requires the filing of a report and placement on the House Calendar. Second, we were asked to grant a rule to consider this in the House rather than in the Committee of the Whole, meaning no amendments will be allowed. Oh, we will have a motion to recommit; but we had to fight in the Rules Committee to even get 10 minutes of debate on that.

The Rules Committee insisted on 2-hours of debate because this is supposedly such an important issue; and yet it refused this resolution the right to be exposed to the light of the amendment process, which we at least had on the nuclear freeze resolution.

This rule puts the proponents in the awkward position of saying on the one hand that this is an extremely important and urgent matter for the House to consider; and yet on the other hand saying that this does not deserve to be afforded three of the most basic elements of the legislative process: minority views, a committee report, or floor amendments.

And yet, the proponents of this resolution and procedure would have us believe that the Congress is somehow seriously discharging its responsibilities as a coequal partner in shaping this country's foreign policy by this short-circuited process.

Oh, I suppose the argument might be made that we do not have to observe all these little procedural niceties, and rights, and protections because this is only a "sense of the Congress resolution." But how much "sense" can we be credited with having if we throw due deliberation out the window in rushing to judgment on this issue? This procedure is lacking in any sense which Webster defines as "the soundness of judgment or reasoning * * * evidence of normal intelligence or understanding * * * something wise, sound or reasonable." The fact is that this whole procedure is senseless—it is nonsense being generated by the incensed.

Mr. Speaker, my objections are not based solely on the procedural outrages being perpetrated here today, though they alone should be sufficient to give us pause about considering this. If you look at House Concurrent Resolution 290 from a substantive and policy standpoint, you will notice that it is peculiarly one-sided. It only inveighs against a past policy of this Government while remaining silent on the transgressions of the Government of Nicaragua to undermine peace and stability in that region, particularly in El Salvador where free elections are taking place. Why, I would ask, does the Foreign Affairs Committee see fit to condemn the United States while turning its back on the flagrant violations of international law being committed by the Government of Nicaragua?

Mr. Speaker, I would suggest to my colleagues that if you want to make foreign policy, you had better devote more attention to striking a balanced position that takes more cognizance of just what is happening in Central America. We are not operating in some pristine vacuum down there. Let us get our heads out of the sand and recognize some of those hard realities of the kind of subversion that is taking place under the sponsorship of the Nicaraguan Government.

Mr. Speaker, let me say in conclusion that I am as strong a defender of the prerogatives of this Congress as any Member. I think we do have a legitimate foreign policy role under our Constitution. We do deserve proper consultation from the Executive on foreign policy matters if our bipartisan support for that policy is to be expected. We draft the laws and appropriate the money to carry out that foreign policy. But I think it ill behooves us to exercise our foreign policy responsibilities through lopsided, precipitous reactions that do not reflect greater deliberation and balance than this resolution does.

We must also recognize our limitations when it comes to foreign policy. That policy cannot be carried out by 535 quasi-Secretaries of State. Our Nation must ultimately speak to other nations through our Chief Executive who is the principal spokesman for this Government. Yes, we have a right to be consulted by the Executive and to make our contributions to foreign policy through legislation, appropriations, oversight, and sense of Congress resolutions. But we must insure that this is done through a deliberative process with all the rights, protections, safeguards, and procedures that have been a part of this institution since the founding of this Republic. And I would suggest that the resolution that this rule makes in order does not meet the high standards of deliberation and balance that have been set by our predecessors to insure that we continue to be a responsible and constructive participant in the foreign policy process. This resolution is deficient because it fails to address the big picture of our interests, and those of our allies, in Central America, and what certain nations are doing to undermine those interests.

Mr. Speaker, in simply reacting to a small piece of that larger picture, we are sending a dangerous signal at a precarious moment in that region's fragile existence. I would suggest that we are capable of making a more constructive and balanced contribution than this resolution makes if we only let our deliberative processes work as they were intended to.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 1½ minutes to the gentleman from Washington (Mr. Foley), the distinguished majority whip.

Mr. FOLEY. Mr. Speaker, no one in this House has a greater respect than I do for the distinguished leader on the Republican side, the gentleman from Illinois (Mr. Michel). He is a man of great integrity and judgment and of deep commitment to this House and to the country. I must however rise to object to the characterization he has made of this resolution: that it constitutes a partisan effort to embarrass the President of the United States.

This resolution was reported from the Committee on Foreign Affairs in exactly the form that was considered and approved by the other body. The other body is under the political leadership and control of the Republican Party and the overwhelming approval of the test of this resolution by that body clearly establishes the bipartisan support for the sense of this resolution and refutes the charge made by the distinguished Republican leader. Thus, to characterize its consideration in the House as a partisan effort designed to embarrass the President is simply wrong.

The question here is one of what U.S. policy should be with respect to a country with which we are not at war, with respect to allies and adversaries alike who have the right, under international law recognised by the United States, to freedom of navigation. If there is one principle upon which this country has steadfastly asserted for all of its history, it is freedom of the seas, the right of navigation, and commerce on the seas.

Our earliest wars were fought to preserve it. Germany provoked our entry into World War I by impeding it. The recent acts which this resolution opposes are its sharp contravention of this principle so central to our historic policy—a policy of every administration and of every party.

☐ 1910

Mr. LOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, I am amazed at the combination of Keystone Cops, slapstick, and circus clown act which the procedure provided for in the pending rule represents.

In the closing hours before the Easter recess, the Democratic leadership has delayed action on real, active legislation in order to move this nonbinding resolution with all deliberate speed to the floor for a last-minute, rhetorical vote. That concurrent resolution, dealing with the mining of Nicaraguan harbors and territorial waters, was hurriedly introduced yesterday and rushed through a hasty markup in the Committee on Foreign Affairs.

Proponents of the legislation have described it in grossly exaggerated words, in terms of the impact of the issues it concerns on the future of American society.

Yet, for all the alleged awesome importance of the fundamental issues involved, no report is being filed by the Foreign Affairs Committee. That is doubly surprising in view of the wealth of curbstone opinions among our Members on this issue.

The House Permanent Select Committee on Intelligence, to which this resolution was co-referred, was very nearly trampled in the stampede to the emergency Rules Committee meeting last night. The Intelligence Committee scarcely had time to conduct a telephone poll of its members to gain agreement to discharge the resolution, which I suspect most had not yet seen.

The comedy moved a step further when a member of the Rules Committee argued that the issue of mining Nicaraguan waters is dead, but it is nevertheless essential to debate and vote on a nonbinding resolution immediately.

If the issue is so important, the House could address it in the form of a real-world legislative vehicle, the conference report on the urgent supplemental appropriations, which includes funds for El Salvador and for covert action in Nicaragua.

I think it should be noted that while the Congress has been unable for weeks to complete action on that urgent supplemental, so that the emerging democracy in El Salvador can defend itself against subversion, the House can—when there is an opportunity to criticize the President—rush a bill to the floor in 1 day.

No doubt, the American public will recognize the monkeyshines inherent in these parliamentary maneuvers. In fact, when the American public views the parliamentary setting for rushing this resolution to the floor, ahead of so many truly pressing pieces of legislation, the image of the House and the name of the fabled realm of "Cloud Cuckoo Land" from the classic Greek comedy, "The Birds," may well leap to mind.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Speaker, 172 years ago President James Madison sent a message to this body citing certain British actions as acts of war against the United States. He requested a declaration of war in accordance with the Constitution of our Nation.

In his message I have found numerous passages which I feel are relevant to the Reagan administration's actions against Nicaragua.

I would like to refresh the memory of the Members of this body by reading several passages from that message, and commenting on the President's actions.

Madison noted a variety of British actions against our country and then stated:

> Against this crying enormity, which Great Britain would be so prompt to avenge if committed against herself, the United States have in vain exhausted remonstrances and expostulations, and that no proof might be wanting of their conciliatory dispositions, and no pretext left for a continuation of the practice, the British Government was formally assured of the readiness of the United States to enter into arrangements such as could not be rejected if the recovery of British subjects were the real and sole object.

This, my colleagues, sounds strikingly like the treatment Nicaragua has received at the hands of President Reagan. The President has consistently claimed that their "covert" operations are aimed at stopping the arms traffic between Nicaragua and the guerrillas in El Salvador, and not at overthrowing the Nicaraguan Government. The Nicaraguans in both September and October 1983 offered international accords prohibiting regional arms trafficking, the establishment of any foreign military bases in the region, and overt or covert aid aimed at the overthrow of other governments. The Reagan response: Diplomatic silence, military exercises, and increased covert operations against Nicaragua.

Here is how Madison described the actions of Britain against American commerce:

> They hover over and harass our entering and departing commerce. To the most insulting pretensions they have added the most lawless proceedings in our very harbors, and have wantonly spilt American blood within the sanctuary or our territorial jurisdiction.

I maintain this is precisely what President Reagan has done to Nicaragua, in our name, with American tax dollars. The administration has specifically stated their operation is meant to harass Nicaragua, and apparently considers the mining of Nicaraguan harbors to be "lawless proceedings," as they have announced they will ignore any ruling by the International Court of Justice. No one can say that our CIA's mines and Contras do not spill Nicaraguan blood within the territorial jurisdiction of Nicaragua.

Madison justly continued in his plea:

> In reviewing the conduct of Great Britain toward the United States our attention is necessarily drawn to the warfare just renewed by the savages on one of our extensive frontiers—a warfare which is known to spare neither age nor sex and to be distinguished by features peculiarly shocking to humanity.

Do the American supplied Contras of General Somoza's National Guard fit this description? Of course they do.

Madison stated:

> Our moderation and conciliation have had no other effect than to encourage perseverance and to enlarge pretensions. We behold our citizens still the daily victims of lawless violence, committed on the great and common highway of nations, even within the sight of the country which owes them protection.

Has the Reagan administration done less with their reckless mining of Nicaragua's harbors? Have Nicaraguan efforts to negotiate been met in some better, more reasonable fashion?

President Madison went on:

> We behold on the side of Great Britain a state of war against the United States, and on the side of the United States a state of peace toward Great Britain.

Has Nicaragua committed an act of war against us? No. Have they declared war on the United States? No.

But we have committed such an act against Nicaragua.

Where is President Reagan's request for a declaration of war against Nicaragua? At least Madison asked us for such a declaration in compliance with the Constitution.

But then, under the Madison administration, we were the wronged party. Today that is not the case.

Had the British acted to stop their attacks on the United States there would have been no War of 1812. It is time we in the American Congress avert war by stopping our illegal and undeclared attacks in Nicaragua.

Vote yes on today's resolution. And vote no on the President's request for more funds for the Contras, and more violence for Central America.

As Madison concluded in 1812:

> I am happy in the assurance that the decision will be worthy of the enlightened and patriotic councils of a virtuous, a free, and a powerful nation.

Mr. LOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. Hyde).

Mr. HYDE. Mr. Speaker, in response to the distinguished majority whip, if you do not think this is a political resolution, I have some retirement property in Florida that I would like to show you as soon as we adjourn today.

I have this hopelessly old-fashioned notion that as leader of the free world we have an obligation to resist handing Central America over to the Fascists of the left, the Communists.

And I suggest that you do not begin your analysis of this resolution with the mining, unless of course you find it politically profitable to be deaf, dumb, and blind. But begin with the written commitment of the Sandinista government made to the OAS July 12, 1979. We helped kick Somoza out—much too late, but we did. And the Sandinistas promised free elections, respect of human rights, pluralism, and democracy. And we then sent them millions of dollars. I was one of the naive, trusting people who voted for $75 million for those wonderful warm Sandinistas. And we continued to send them money from July 1979 to January 1981, when Mr. Carter cut off the aid, and it was resumed again by Ronald Reagan in January 1981 to April 1981.

And what was the Sandinista response? Relentless export of arms, relentless export of subversion and revolution.

I would remind you that a few days ago the senior Senator from New York stood on the floor of the other body and reminded his colleagues that as of the moment he was talking, half of the arms and 80 percent of the ammunition being used by the guerrillas to kill and to bomb and to maim and to destroy powerlines and schools and to burn buses in El Salvador was coming through Nicaragua.

Now, those are the atmospherics that you ought to look at when you consider this political resolution. The Sandinistas-supplied guerrillas in El Salvador have bombed factories, powerlines, and I would remind my friends, if they care to listen, that five members of the Salvador constituent assembly have been assassinated, five members. Were they assassinated by rightwing death squads? Well, I doubt it, because they were rightwing members of the assembly. So there are such things as leftwing death squads, but we never hear about them.

Do we hear about the disruption of electricity for half the country before the election? Have we heard, is it relevant, is it worth our attention that there are concentration camps full of Miskito Indians in the north part of Nicaragua? No. None of those are included in this little, narrow, nonpolitical resolution. The authors confine their simulated outrage to their own country's defense of freedom by mining the Sandinista ports.

Do you recall the Boland-Zablocki resolution that sought to overtly interdict the export of arms into El Salvador by building a fence around Nicaragua? Well, how did you propose to stop the export of ammunition and arms by sea? Were you going to drop bombs from aircraft or put the U.S.S. *Missouri* there? How was that going to be done under Boland-Zablocki? I wonder if mining the Sandinista harbors was in their plan?

□ 1920

To call an act of self-defense, "aggression," may give you an A-plus in liberation theology, but you deserve an F in commonsense.

Imagine two people down in the well of this Chamber tonight, one of them is a colonel in the Sandinista junta, and the other one is a woman who walked 8 miles in the sun with her baby on her arms to vote in El Salvador the other day. Read this resolution to them and see which one of them is laughing and which one is weeping.

The violation of the OAS commitment by the Sandinistas constituted a fraud; fraud in the inducement, because it induced us to rely on their pledges and support their new government. As far as I am concerned, they are not a legitimate government. If covert war is wrong, how then do you suggest we protect freedom? How do we protect it in El Salvador?

The gentleman from Michigan (Mr. Bonior) would have us stand as an alter boy, and as the machineguns start, our response should be to genuflect. Well, I do not think that is going to keep anybody alive, and I do not think the American people are going to support a course of inaction while the Soviet project their power even further in this hemisphere.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Miller).

Mr. MILLER of California. I thank the gentleman for yielding me this time.

Mr. Speaker, like the speaker who preceded me, I do not think we should begin the analysis of the situation with the mining either. We should go back to November 1981 when the President of the United States approved a $19 million project to build a 500-man force for paramilitary operations against the Cuban presence and the Cuban-Sandinista support infrastructure in Nicaragua.

When our Intelligence Committee was told, the small strike forces, 2-, 3-, 5-, 10-man teams, would go in for the purposes of disruption and interdiction of arms. Sixteen months later, that 500-man force had gone to 7,000. In July 1983, at the time we were voting to terminate those covert actions, the CIA announced its plans to increase the size of that force to 12,000, to 15,000, and now under discussion is the question of whether it should be 18,000.

The entire period we talked clinically about arms interdiction, and yet, the testimony of one of our Ambassadors was, "Not a single pistola had been gotten for that $19 million."

Arms interdiction gave away to economic targets; arms interdiction gave away to the bombing of the villages and the shooting of the peasants; the kidnaping of peasants and people walking along the roads. Arms interdiction gave away to the blowing up of the refinery and the oil storage depots. Arms interdiction now is finally giving away to an act of war against a country that we do not like their government. Against a country that was born in revolution, but did not meet our timetable for the establishment of elections. For a country that did not meet our desire as to the complexion of their government, that did not toe the standards of the Americans.

The country that would not go back to the days of the United States dictating to them as they had dictated to Somoza for almost 30 years. So what happens? A country that would not meet its timetable on elections, we mine their harbors; we blow up our allies' ships and injure their sailors. I suggest we ought to vote overwhelmingly for this resolution.

Mr. LOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. Coleman).

Mr. COLEMAN of Missouri. I thank the gentleman for yielding me this time.

Mr. Speaker, we have all of this righteous indignation about the mining of the harbor in Nicaragua, and I ask my colleagues, where is the indignation with the uncontrovertible fact that this same government has been supplying arms, ammunition, and control and advice to the guerrillas in El Salvador?

We heard about the rightwing death squads; nobody stands to support those. But I would like to point out to my colleagues some of the things that we do not always notice, and that there are many accounts of people who have been killed by the leftwing death squads in El Salvador.

The New York Times of April 25 this year reports that Rapael Hasbun was shot seven times as he entered his office, he was a former member of the Central Election Council in El Salvador. The Washington Post on March 16 of this year pointed out that a Colonel Rosa, a retired army colonel was shot and killed in front of his 4-year-old daughter who also was wounded by the leftwing terrorists that this country is supporting in El Salvador.

The Washington Post on March 11, 1984, pointed out that Mr. Ayala, who was a Constituent Assembly Deputy, was killed as he walked his daughter to school. This is what we are dealing with in Central America, and that is what these people are down in the well apologizing for tonight in the House. Unbelievable.

The Washington Post of February 29 of this year, says that an 8-year-old was killed.

The **SPEAKER** pro tempore. For what purpose does the gentleman from Wisconsin (Mr. Obey) rise?

Mr. **OBEY**. Mr. Speaker, I demand that the gentleman's words be taken down.

The **SPEAKER** pro tempore. The words will be reported.

Mr. **OBEY**. Let me simply say, Mr. Speaker, that I will withdraw my request——

Mr. **COLEMAN** of Missouri. Regular order.

Mr. **OBEY**. Fine. In that case, I will not withdraw my request.

The **SPEAKER** pro tempore (Mr. Hoyer). The Chair recognizes the gentleman from Wisconsin for the purpose, as the Chair understands it, of withdrawing his demand.

Mr. **OBEY**. Mr. Speaker, I will withdraw my request with the statement that the reason that I made the objection in the first place is because I heard no one——

Mr. **COLEMAN** of Missouri. Regular order.

Mr. **OBEY**. Then, Tom, I will not withdraw the request.

The **SPEAKER** pro tempore. The Clerk will report the words.

□ 1930

The **SPEAKER** pro tempore. For what purpose does the gentleman from Wisconsin (Mr. Obey) rise?

Mr. **OBEY**. Mr. Speaker, I will withdraw my request.

The **SPEAKER** pro tempore. The gentleman withdraws his request and the Chair recognizes, for the balance of the minute and a half still remaining to him, the gentleman from Missouri (Mr. Coleman).

Mr. **COLEMAN** of Missouri. Mr. Speaker, I was pointing out, documenting if you will, deaths done by the left. I detailed those deaths. I think it is important that we understand that there are people being killed in El Salvador by the Sandinistas in supplying arms and ammunition. I do not suppose anybody in this Chamber supports such things, and I never said that, and I think the record will speak for itself.

I want to point out also that the Washington Post on February 29 indicated that 10 civilians and 8 soldiers were killed by the leftwing, including an 8-year-old child and a 14-year-old child, again probably killed with arms and ammunition that came through Nicaragua.

So that is what we are concerned about, that this is not a balanced resolution. Now, if we are worried about mining harbors, why are we not worried about mining bridges in El Salvador, mining roads that are killing people in the buses? Why do we not say something about that in the resolution? Some people are suggesting that we are going to send a message, we are going to send a message to the President. Well, I will tell you that the message that will be sent by this resolution will go to Managua and the Sandinistas. That is who is going to receive this message. And that is to go ahead and kill, go ahead and send arms and ammunition, go ahead and create unrest in El Salvador, and the people in the United States will simply sit back and do nothing.

If you want to talk about symbolism, you have a big symbol here tonight, because even on the evening news as we speak they are suggesting that this resolution represents an entire repudiation of everything that we have done in Central America; that, in fact, we will not be able to support any Contras or any covert aid. That is the symbolism of this resolution.

I think we ought to know what we are voting on, and this House ultimately supported much of this before in other Intelligence Committee authorizations.

Mr. **BONIOR** of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. Obey).

Mr. **OBEY**. I thank the gentleman for yielding this time to me.

Mr. Speaker, the reason I lodged my objection was because I felt that regardless of the intent of the gentleman from Missouri, and I am sure he did not have that intent, but regardless of his intent, I thought his remarks would lead to the impression that people speaking for this resolution tonight were, in fact, apologizing for acts of assassination by the left and I wanted to make quite clear that that is certainly not the case.

The reason I am for this resolution and this rule is because if Cuba or the Soviet Union had launched a new propaganda campaign against the United States in Latin America, nothing they said could be more damaging to the United States than is the policy of helping to mine the harbor in Nicaragua.

That policy is stupid.

I have no illusions about the Sandinistas. I have no illusions about their long-term goals. But our policy makes it easy for the Cubans to paint us as the rogue in Central America and divert attention from the acts of the Cubans, from the acts of the Soviets, and from the acts of the Sandinistas in Central America.

It is ironic that, on the same week that the administration is proclaiming its fealty to Law Day domestically, we are declaring internationally that we will not consider ourselves under the jurisdiction of the World Court.

The issue is not whether we are going to fight for our national interest in Central America. The issue is whether we are going to fight for it "smart" or whether we are going to fight for it "stupid." When you participate in the mining of Nicaragua's harbors, you are fighting for it "stupid."

We desperately need a foreign policy in Central America and elsewhere which is broadly enough supported in this Congress on a nonpartisan basis that it can be sustained over a series of administrations. You cannot have that kind of a policy, you are not going to be able to do that, when you have a policy which you cannot sustain at home, which you cannot sustain with your allies or in the court of world opinion.

We are shooting ourselves in the foot. We are doing ourselves more damage than we are Nicaragua. That is why we favor this resolution.

The **SPEAKER** pro tempore. The Chair will advise the gentleman from Mississippi (Mr. Lott) that he has 11 minutes remaining and the gentleman from Michigan (Mr. Bonior) has 10½ minutes remaining.

Mr. **LOTT**. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. McCollum).

Mr. **McCOLLUM**. I thank the gentleman for yielding this time to me.

Mr. Speaker, a few minutes ago we heard one of the speakers argue that the mining of the harbor in Nicaragua was not only illegal but it was immoral. I will tell you what is immoral. Communism is immoral, and Communist countries that are the biggest violators of human rights in the world and in the history of mankind. That is what is immoral.

Also, what is immoral is what is happening in the Soviet buildup in Nicaragua today that is turning Nicaragua into the second Cuba in the Caribbean Basin. We are talking about the fact that we have a buildup that has been going on now for some time of arms going into that country, directed by the Soviet Union. In terms of weaponry, we had 34,000 metric tons on the average each year for the last 20 years going into Cuba, and now we have in the last year over 11,000 tons of arms from the Soviet Union going into Nicaragua, and 6,000 tons the year before.

We have Cuban troops. What is immoral? Well, Cuban troops going into Nicaragua. Over 3,000 of them are now down there in direct military roles, and another 11,000 men from Cuba are down there today who can perform a fighting role under the same cover and the same guise that they were doing in Grenada.

We should not kid ourselves about it. That is what is immoral.

What also is immoral is the fact that we have today the deaths that you have heard about and the violations of human rights in El Salvador at the hands of the Communist guerrillas, which are being supported directly by the efforts of the Nicaraguan people, the Government of Nicaragua that supported in this case the kind of disruptions of life and harmony inside the country of El Salvador, that has destroyed the very fabric of that country, and that threatens disrupting the lives of many of the neighboring countries around there.

What also is immoral is the fact that we are considering a resolution tonight that would undermine the only—the only—credible United States policy to try to stop this flow of arms into that country, to try to stop the efforts made by the Nicaraguan Communist government to undermine the democratic government of El Salvador and the other countries in that region.

□ 1940

It is immoral for us to pass this resolution. I call on the Members of this body to reject it and to reject the rule that goes along with it.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut (Mr. Ratchford).

Mr. RATCHFORD. Mr. Speaker, a terrible tragedy is in the making in Central America. I, for one, do not believe that Members of Congress should, as some suggest, confine themselves to writing private notes of protest to the President.

Our mining of Nicaraguan harbors is seen as an act of war and as such is certainly a matter for public debate in this body.

The CIA mining, our support for the Contra-rebels, our indifference to the concern of our allies whose very ships might be mined, our deliberate disavowal of international law, and the failure to consult with Members of Congress, make all this a mockery, Mr. Speaker.

Mr. President, I ask you, how much better to lead by example for peace, than through acts of war.

I urge my colleagues tonight to overwhelmingly approve this resolution, and to do so in bipartisan fashion.

Mr. LOTT. Mr. Speaker, I wish we had more time to yield, but since we are beginning to run out of time, I have but 2 minutes to yield to the gentleman from Arizona (Mr. McCain).

Mr. McCAIN. Mr. Speaker, as we are here debating a nonbinding resolution, the tragedy of it is that the issue has distracted us at a time of great peril for the people of El Salvador. Nothing is more urgent than renewing our commitment to the El Salvadoran people who need our aid if they are to remain free.

I want my colleagues to understand that in El Salvador, they are running out of bombs, they are running out of bullets, they are running our of uniforms, they are running out of the basic equipment they need to defend themselves. If El Salvador falls, one of two things is most likely to happen: A rightwing military takeover which will lead to a Guatemalan style of government which I do not think is desirable to anyone in this body. The other option that can take place with the fall of El Salvador is a Marxist-Leninist takeover. I do not believe that the majority of my colleagues in this body desire a Marxist-Leninist takeover in El Salvador.

I urge my colleagues as we return from a recess to think long and hard about this issue and return in the spirit of bipartisanship which must be the trademark of foreign policy in this country and help that small nation determine its own future by the use of the ballot and not the bullet.

We cannot stand by as a people, a country, and a democracy are lost in Central America.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. Garcia).

Mr. GARCIA. Mr. Speaker, I also would like to commend the gentleman who just finished speaking.

I think it is time we start to tone this debate down. None of us like what is going on. I think that we are wrong. I think that they are wrong, but let us not keep compounding this with the domino effect.

What has happened here is that when we placed those mines in the Nicaraguan harbor, we did an injustice to the people of Nicaragua. Those of us who saw the TV replays on major TV networks it was very clear there was neither food nor medical supplies within that country for the people of Nicaragua. Nobody here is defending the Sandinistas. We think that they are wrong. I think that Daniel Ortega is as wrong in many instances as President Ronald Reagan; but for Pete's sake, let us make absolutely certain, I want to make it clear, it is not for an American President to get into the same bed with a person like Ortega or with the Soviets or with Fidel Castro. For Pete's sake, we stand for a heck of a lot more.

There is a morality in this country. What has happened to it? It seems to me that my colleagues who are here today defending the position of this administration are wrong.

I ask you to follow the example of my colleague who spoke before me. The person spoke with a genuine concern of trying to put pieces together for the people of Central America to help themselves. We are not doing that. What we are doing is forcing our European allies to side with the Nicaraguan Government and that is exactly what they are doing.

Yesterday 14 members of European parliaments came to my office in defense of Nicaragua, people who are not necessarily their friends.

This is not me speaking. This is (the voice) Europe. These are friends of ours who are doing and saying these things. We do not need it.

The administration has been defending its policy in Nicaragua by condemning what the Nicaraguans have been doing in El Salvador. We are not here to debate the morality of the Nicaraguan Government or the Sandinista directorate. We are discussing the morality of the action taken by this Government.

Because we do not like the way that nation conducts itself does not mean that we are responsible for waging a war by proxy on the people and Government of Nicaragua. We stand not in judgment of them, but in judgment of ourselves—with this resolution.

The administration had no right to mine Nicaragua's harbors. The White House with this action has succeeded in alienating our allies, this body, and in buying moral capital—at home and abroad—for the Nicaraguan Government.

A recent article in a leading newspaper quotes the State Department as saying that a lawsuit before the court would, "divert attention from the real issues in the region and disrupt the regional peace process in Central America." What are the real issues in the region? Is mining the harbor going to aid regional peace?

If it is the intention of the administration to bring about change in Nicaragua, then it must begin to develop a realistic program to affect that change. We have to learn how to deal with change, even change that we may—in part—find unpleasant. This administration has consistently overreacted to the difficulties in Central America. It has resorted to the direct use of the military as in Grenada—or threats—as in the military maneuvers in Honduras. This administration has even resurrected the most infamous side of the CIA—in fact, it has brought that agency to new heights—or perhaps better put—new lows with its activities in Nicaragua.

I heard on the news today that there was more sabotage, the blowing up of trucks by the Contras. This is yet another indication that things have gotten out of hand with regard to the Contras and our support of them. We must learn to exercise some caution. We must learn to negotiate.

We have refused to listen to our allies, France and Great Britain, to name a few. They have told us of their disapproval of the mining of the harbors in Niacaragua.

We have refused to submit to the judgment of the World Court. The administration has used the excuse that many nations do not accept the jurisdiction of that body, including the Soviet Union and other Communist countries. Why is this administration putting us in the same league as the Soviet Union—the so-called evil empire? I thought we did things differently.

The administration is afraid of a propaganda spectacular if the matter is brought to the World Court. It has already created a propaganda spectacular with its actions.

Yesterday, Deputy Secretary of State Dam said that the mining of the harbors was an act of collective self-defense. Whose self-defense—the administration's and the Contras?

I do not like being put in the position of defending the Sandinista directorate. I think the jury is still out on them. But this administration with its policies has put me in that position. My only problem with the resolution before us is that it is nonbinding.

Mr. LOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Speaker, I truly believe we are making a terrible mistake by even considering this resolution—let alone passing it.

We are in a life and death struggle with international communism. If we do not stop the thousands of tons of war materials from getting into and going out of Nicaragua, we will lose Central America. We made one mistake by passing the Boland amendment which in effect gives the Communists sanctuary in Nicaragua. Now we are about to pass a sense of Congress resolution which will guarantee they can continue and even increase the thousands of tons of war materials coming into and going out of Nicaragua to aid the Communist guerrillas throughout the rest of Central America.

The argument will be made that mining these harbors in Nicaragua is a violation of international law. What about the shooting down of 007—the Korean airliner carrying innocent men, women, and children, and one of our colleagues Larry McDonald. What about the invasion of Afghanistan. Was that legal—what about the chemical warfare the Communists are waging on Afghanistan and Kampuchea. It is suicidal for the United States to allow the Communists to continue to grow in power in Central America and to allow them to increase their war machine with impunity. They now have about 105,000 men in their active army and militia, more than twice the total of all other Central American armies combined and they plan to build to a 250,000 man military. They have 36 new military bases—they have Communist North Koreans, Bulgarians, Russians and PLO terrorists down there.

In addition they have 8,000 Cuban advisers including at least 2,000 military advisers. In 1983 they received 15,000 tons of war materiel from Soviet bloc countries, an increase in 1 year of about 60 percent. Recently, they received Bulgarian amphibious tanks which are in addition to the Soviet T-54 and T-55 tanks they already had. Even more threatening are the four airfields which are being enlarged to handle Soviet MIG-23's. Located at the four corners of Nicaragua, they eventually will serve as bases for offensive Soviet weapons within easy reach of the Panama Canal, Mexico, and Southern United States. Soviet TU-95 reconnaissance planes from these bases could spy as far as the West Coast of the United States. Humberto Ortega, the Defense Minister of Nicaragua, said they are committed to revolution from Costa Rica to Guatemala—all of Central America.

We saw in Grenada what the Communists have in mind. In my opinion they were going to use that island to launch revolution into all of the Eastern Caribbean Islands and with that 2-mile airport runway they were going to send tons of war materiel into Central America.

President Reagan stopped that. Now you are about to hamstring him by passing this resolution which will allow thousands of tons of additional war materiel to enter Central America by the sea. War supplies that were stopped in Grenada—you will allow to get through by sea to Nicaragua.

Today, April 12, 1984, you are sowing the seeds of war in Central America. If you pass this resolution you create the real probability of American boys fighting and dying in Central America in the future—needlessly—needlessly.

What we are doing reminds me of Great Britain prior to their involvement in World War II. Very few would admit the realities then. They thought Hitler would go away—he did not. You think the Communists will stop or go away—they will not.

You are making a big mistake by passing this resolution.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Speaker, might I remind the distinguished minority leader in this House that the other body, under the leadership of its Republican leader, by a vote of 84 to 12 adopted this identical resolution. The Foreign Affairs Committee, with the dissent of only three members of the minority party, by a vote of 32 to 3 reported out this resolution.

The only people who are making this a partisan issue are those on the other side who insist on casting it in that fashion.

Mr. Speaker, in defense of his Central American policy, Ronald Reagan has perfected the art of Orwellian double think. Under the guise of supporting democracy and the rule of law in El Salvador he violates international law and our own Constitution by mining Nicaraguan ports.

To halt the military buildup of Nicaragua he funds an 18,000-man army to invade its territory.

To advance the Contadora peace proposals he engages in ever larger naval exercises off the coasts of Nicaragua and builds a permanent military presence in Houduras.

The Reagan policy in Central America is deceitful and illegal. The mining of Nicaraguan ports is an act of agresion, not "collective self-defense." It is designed to strangle the economy of Nicaragua, not the military supply line of Salvadoran rebels.

On March 20, a Soviet tanker loaded with oil ran into a mine lodged in the waters of Puerto Sandino. On March 28 a British-owned freighter, loaded with molasses, slammed into a mine off Corinto. On the 30th a Japanese merchant ship prepared to ship cotton bound for Japan struck a mine. None of the vessels were reported to be transporting weapons destined for El Salvador. All were carrying vital economic supplies.

Today the bulk of Nicaragua's cotton and coffee harvest remains on the docks of Corinto harbor. Foreign ships are unwilling to risk breaking the de facto economic blockade orchestrated by the U.S. Government. Two Nicaraguan fishing boats have been blown up, and two Nicaraguan fishermen killed.

No provision of international law permits such state-sponsored terrorism. No excuse can justify such outlaw behavior. And no substantial support exists from this Congress or from the American public for the continued mining of Nicaraguan ports.

Adopting the resolution before us today is the last that we can do. We must follow up today's action by terminating all covert military activities against Nicaragua. And then we must halt this administration's steady advance toward all-out undeclared war in Central America.

This resolution begins the process of recapturing both Congress and America's self-respect.

□ 1950

The **SPEAKER** pro tempore. The Chair would remind the Members of the House that it is not within the purview of the rules to state a vote of the other body. That has now been done twice and the Chair would caution the Members of the House not to do that.

The Chair recognizes the gentleman from Mississippi (Mr. Lott).

Mr. LOTT. Mr. Speaker, could I inquire about the remaining time we have on both sides?

The **SPEAKER** pro tempore. The gentleman from Mississippi (Mr. Lott) has 4 minutes remaining and the gentleman from Michigan (Mr. Bonior) has 5½ minutes remaining.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 1 minute to the gentleman from Georgia (Mr. Levitas).

Mr. LEVITAS. Mr. Speaker, the only thing that has been sunk so far by the CIA mines in Nicaragua's waters is Ronald Reagan's policy. I think it is clear that tonight we should join together in a bipartisan way to let not only the administration but the rest of the world know that we are a nation that observes the rule of law.

The direct CIA involvement in the mining of harbors was, to be kind, a grave mistake. It amounted to an act of undeclared war. It placed at risk the vessels and seamen of third party nations, many of them allies of this country. The United States has always stood for the rule of international law of free passage of the seas except in time of war and we are not involved in war in Nicarauga. Was it for that reason we deny jurisdiction to the International Court of Justice because the State Department knows that the rule of law we have always supported may have been violated?

This is why I support this resolution: To reassert the power of America.

That power is based in our principles and moral leadership and made us a world leader of free people long before we became the strongest military power as well. It has been the power of our principles, even more than the principle of our power, that has made America great.

We must not play into our adversaries' hands and game plan. We must not let our actions undercut our aims. We must not cause our friends to turn their backs on us because our actions are wrong.

This issue does not affect how I will vote on support for aid to the Contras or El Salvador, but it does indicate how I feel about this particular action.

The United States does have a special relationship to Latin America and its people. We cannot neglect that relationship and its responsibilities and obligations. Central America is at our front door. For our sake as well as the sake of the people of Central America we cannot stand by and let Communist imperialism overtake Central America and be exported from Russia, and Cuba, and Nicaragua. We must provide the means to let the fragile spirit of democracy have a chance to grow and we must recognize that economic, and political and social problems must ultimately be solved with our help. That is why I support necessary military assistance to let the democratic movements have a chance and that is why I support the President's Initiative in the region to address the other problems.

Our cause is just. Our cause is right. Our actions must be just as right.

We condemn State-sponsored terrorism.

We cannot be perceived as engaging in it ourselves.

One thing more. There are still some critical unanswered questions which I hope will be answered either tonight or in a secret session of the House. Those questions are these: When did our Intelligence Committee learn of this mining? What were you told? What did you do about it? We cannot simply blame the administration alone if there were ways that Congress or persons in the Congress could have done something earlier.

Tonight I will act in a bipartisan way, and I will not repeat the overwhelming bipartisan vote in the other body on this identical resolution, but tonight I will join in a bipartisan way voting with people who have names like Armstrong, Baker, D'Amato, Garn, Grassley, Laxalt, Percy, Simpson, Stevens, and Warner.

This should be a bipartisan vote in this House as well.

The **SPEAKER** pro tempore. The Chair would again remind the Members that it is not within the purview of the rules either to state a specific vote on an issue in the other body or to reference specific Members of the other body as to how they vote.

Mr. LOTT. Mr. Speaker, this will be the last speaker on our side, and I yield the balance of my time to the gentleman from New York (Mr. Kemp).

The **SPEAKER** pro tempore. The gentleman from New York (Mr. Kemp) is recognized for 4 minutes.

Mr. KEMP. I thank the gentleman for yielding and I appreciate the call for bipartisanship that we have heard here tonight from both sides of the aisle. I agree and I only hope Members will put aside their partisan rhetoric and reflect upon what must be done in Central America.

I was a senior counselor to the bipartisan Kissinger Commission that visited the Contadora countries as well as the other countries in Central America. Our commission called for economic, political, social, and security assistance to our friends and neighbors in Central America and assistance to those Contras putting pressure on the Sandinistas. And I can remember the day that we were in Managua listening to Comandante Ortega talk about his plans for controlling the future of Nicaragua and the Nicaraguan people, and talk about his plans for the future of Central America. It was eye opening to all of us and indeed, caused even the most liberal of our Members to recognize that threat posed by the Sandinista junta.

On that occasion it was not just Henry Kissinger and Jack Kemp, who were concerned, but distinguished Democrats like Lane Kirkland AFL-CIO; Henry Cisneros, the mayor of San Antonio, Robert Strauss, the former national chairman of the Democratic Party, a distinguished and honorable group of Democrats and Republicans, liberals and conservatives, men and women concerned about the future of Central America, the future of this hemisphere and all recognizing the vital security interests of the United States in Central America and the threat posed to emerging democracies by the Sandinista junta.

As we left Managua on the plane, sitting up in the front of that airplane I heard Henry Kissinger say to Lane Kirkland that he felt like he was leaving Nazi Germany in the late 1930's. Not everybody perhaps would agree, I recognize as parallels in history are seldom perfect. But I agree and too, felt like I was leaving a Fascist or a Nazi country.

Mr. Speaker, in 1936 a small defenseless country in Northern Africa, at that time its name was Abyssinia, was attacked by Mussolini and Fascist Italy. They went down by ships transmitting through the Suez Canal, they were heavily armed with fighter airplanes and gun ships, and the West stood silent. I ask you, my colleagues, those of you who stand up here and are saying that the mining of the harbor of Porto Sandino is an act of war and an act of aggression, and makes the United States of America an international outlaw, I ask you: Would it have been an act of aggression? Would it have been an act of war? Would it have been a crime against the peace-loving people of Abyssinia or Ethiopia for us and our allies to have closed the Suez Canal and stopped the Fascists from attacking the Ethiopian people who had nothing but spears with which to defend themselves?

Do not forget, Hitler was watching what happened in Abyssinia in 1936. Within a few weeks Hitler violated the Versailles Treaty and rearmed. Within months Hitler invaded the Rhineland and Austria, then on to the Sudetenland and Czechoslovakia, then the Danzig Corridor. What makes you sick is that the Congress meanwhile declared its neutrality. Would it have been an act of aggression to have stopped the Nazis and the Fascists in 1937? Would it be an act of aggression, as someone here has earlier suggested, against the people of Nicaragua for us to stop the aggression of the Sandinistas against their own people? Ridiculous! Of course not. Nor is it an act of aggression to stop the Sandinistas from exporting revolution to Central American countries.

To condemn your own country, to condemn the President for taking a step which should have been taken earlier I think is morally unsupportable. As far as I am concerned, as one Member of the House, and particularly as a member of the minority, I am glad to see my colleagues standing up, and defending their President and defending his policy and defending our U.S. effort to stop the infusion of arms by the Sandinistas into neighboring Central American countries.

Having toured all of the Central American countries, having toured the Contradora countries, I can tell you that they may not say it publicly, but privately every single leader, left, right, and center in Central America is deeply concerned about the Sandinista Government in Nicaragua abusing the human rights not only of their own people but attacking their neighbors and supporting guerrillas from Honduras to El Salvador to Costa Rica.

Costa Rica does not even have an army. It does not even have the ability to defend itself. Are we immoral for helping defend that tiny little democracy?

Now, I ask you: Does the Congress of the United States really want to pull the plug on our friends who are counting on us in Central America? Does Congress want to stand by and allow the Sandinistas with impunity to send arms and support to Communist guerrillas, not just in El Salvador but in Costa Rica, Honduras, Guatemala, Colombia? Do you think they are going to stop in El Salvador? Do we really want another Cuba in this hemisphere?

Our Central American policy has had a two-track thrust. First, we have supported the Contadora process of finding a peaceful solution to Central American violence. So far our diplomatic overtures have been rebuffed—scorned would be a better description. But second, the peace process needs a defense shield. Sandinista aggression against its democratic neighbors requires that we help those neighbors defend themselves by continuing to bring pressure to bear on the Sandinistas.

It is incredible that Nicaragua would without shame ask the World Court to issue a protective order to secure its right to oppress its people free from retribution. That totalitarian government, which knows no law and respects no right, would seek immunity from aggressive acts against its neighbors. The Sandinistas are outraged that ships carrying weapons and military supplies may be deterred from unloading their lethal cargo at Nicaraguan ports. What depths of hypocrisy are required for a regime to complain of small scale arms interdiction when the arms that continue to arrive are turned against peaceful neighboring states, and against the very people who are trying with limited numbers and ability to stop them?

It has been the explicit policy of the United States to oppose the intense military buildup in Nicaragua, because it is a threat to the peace and stability of Central America, and ultimately to the security of our own Nation. We know—our own Permanent Select Committee on Intelligence concluded—that Nicaragua is responsible for supplying arms and logistical support to the insurgents in El Salvador, who are fighting to destroy the democratically elected government of that country. And we know that Salvadoran guerrillas operate out of bases in Nicaragua, where they are trained and equipped for combat.

There will be no end to the violence that grips Central America until Nicaragua agrees to live in peace with its neighbors, and renounces its stated commitment to revolution without borders. We have entreated the Sandinistas to come to the bargaining table, to reaffirm and to honor their promises to the OAS, to no avail. Will we in the Congress now reward their intransigence by passing legislation to protect their weapons supply lines?

The focus of this resolution is entirely wrong, in my judgment.

I would like to remind you that only last September my friend from Maryland, Mr. BARNES, and well over 100 Members introduced a resolution supporting material assistance for the Afghan freedom fighters. Here is what Mr. BARNES and the other Members say: "It would be indefensible to provide the freedom fighters with only enough aid to fight and die but not enough to advance their cause of freedom." And the legislation resolves "to provide the people of Afghanistan, if they so request with material assistance, as the United States considers appropriate, to help them fight effectively for their freedom."

My friend from Maryland and many other Members here recognize our moral commitment to support freedom against Soviet domination in Asia. Do they recognize a lesser moral commitment here in our own hemisphere? Do they claim there is a moral difference between Soviet repression in Asia and Soviet-supported despotism here? I commend the gentleman from Maryland for sponsoring that resolution. I think he should extend his principle of helping the fight for human rights to this hemisphere.

The resolution before us of Mr. BARNES prohibits funds being used "for the purpose of planning, directing, executing, or supporting the mining of the ports or territorial waters of Nicaragua." What are we doing but playing "armchair general" with this resolution? What will we do next to tie our hands? Will we prohibit funds for blowing up bridges? For targeting Sandinista military installations?

Ladies and gentleman, let us be frank with each other. Let us be candid with the world. If the Members supporting this resolution want the United States to end a centuries-old commitment to keep the Western Hemisphere free of foreign-supported despotism and to encourage hemispheric democracy, let us just say so. Let us just say frankly that we do not care about helping foreigners fight tyrants. Let us just say we should pull back into fortress America and let Latin America go its own way—to pay the price later, in dearer coin.

I think we know this resolution is wrong. All the good will in the world, all the dedicated diplomatic overtures of Contadora, which we strongly support, will come to naught if the Sandinistas believe they have nothing to lose by defying overtures of peace.

If we learned anything from our recent unhappy experience in Lebanon, at least we should understand better the realities of dealing with a totalitarian regime. The Syrians in Lebanon were intransigent not because our diplomacy was insufficiently sincere, but because the military power arrayed against them was too fleeting to matter.

We are not faced with the need to commit U.S. troops to Nicaragua. And we will never face that need, if we do not shrink from employing the leverage we have today to bring the Sandinistas to sue for peace with the other states of the region, to respect the rights of their own citizenry, to negotiate openly to end the warfare against their neighbors and bring democracy to Nicaragua at last.

My colleagues, if you think you are condemning President Reagan by this resolution you are wrong. By taking this step today you are condemning the United States of America and our fight for democracy and freedom in Central America.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. I ask the Members to turn the clock back to 1978 and 1979 when all the debates were going on about supporting Samoza. And the same Members who are taking the floor tonight to argue against this resolution are the same Members in 1978 and early 1979 who rose time and time again to tell us how great Somoza was and to tell us how we had to keep arming and supporting General Somoza in Nicaragua. They continually voted to send more arms to Somoza.

Mr. HYDE. Will the gentleman yield?

Mr. HARKIN. No; of course not.

Mr. HYDE. A statement has been made, a misstatement.

The SPEAKER pro tempore. The gentleman is out of order.

Mr. HYDE. Mr. Speaker, I ask that the gentleman's words be taken down. That is regular order.

The SPEAKER pro tempore. The words of the gentleman will be taken down. What specific words?

Mr. HYDE. He said the same people that stood up here tonight were praising Somoza, and I was here in this House then and I have never said a syllable of praise for that man and I dare say the gentleman from New York (Mr. KEMP) has not either.

□ 2000

The SPEAKER pro tempore. The Clerk will report the words.

The Clerk read as follows:

> And the same Members that are taking the floor tonight to argue against this resolution are the same Members in 1978 and early in 1979 who rose time and again to tell us how great Somoza was and to tell us how we had to keep arming and supporting General Somoza in Nicaragua.

The SPEAKER. In the opinion of the Chair, the words do not apply to any specific Member in an unparliamentary manner and consequently there has been no infraction of the rules of the House by the gentleman from Iowa.

The gentleman from Iowa is recognized.

Mr. HARKIN. Back in 1978 and early in 1979 how they loved and supported Somoza; who used his national guard to rape, pillage, and torture his fellow countrymen for 30 years. Oh, how they loved and supported Somoza; that same Somoza who brought his friends from the United States down to his private island where he plied them with booze and his kept women.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. HARKIN. The same Somoza, the same Somoza——

Mr. HYDE. Will the gentleman yield?

The SPEAKER pro tempore. For what purpose does the gentleman rise?

Mr. WALKER. I was asking the gentleman to yield.

The SPEAKER pro tempore. The gentleman does not yield. The gentleman has the floor.

The gentleman from Iowa.

Mr. HARKIN. This was the same Somoza who said he loved America, but what he loved was our money and our military power to keep him in power.

Now these same Members have never accepted the popular uprising of all the people who throughout Nicaragua rose up and threw out the hated Somoza.

And now, and now these Members who supported Somoza, and who oppose this resolution, want to keep arming the murderous national guard in hopes of returning them to power in Nicaragua.

I heard for many years lies, distortions, and whitewashes, through many Congresses and through two administrations, about our involvement in South Vietnam.

I hear the same lies, distortions, and whitewashes today concerning our involvement in Central America.

And the result will, I am afraid, be the same: countless innocent deaths, billions of our taxpayers' dollars wasted, and a generation of Central Americans who will grow up to hate our country.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HARKIN. I hear the echoes today.

The SPEAKER pro tempore. The gentleman's time has expired.

The Chair recognizes the gentleman from Michigan (Mr. BONIOR).

Mr. BONIOR of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. SHANNON).

Mr. SHANNON. I thank the gentleman for yielding.

Mr. Speaker, like many of you, I had the opportunity a few months ago to visit Central America and I went to Nicaragua, visited a city called Esteli. And the priest who has the church in the city called together all the people to come out and meet me and the other members of the delegation.

And we listened to their stories about what has been happening in that community. And I have to admit that prior to that visit I did not fully comprehend what the Contras are doing, what we are doing to Nicaragua.

A man approached me with three little children. He was about 30 years old. He had two little girls, about 7 and 5, and a little boy. He listened very quietly for a few minutes.

Then he said to me, "Congressman, I am offended by what the United States is doing in Nicaragua. These are my children. My wife was a nurse. Thirteen days ago she went out in an ambulance with the doctor and they were ambushed by the Contras, and she was killed. And I want you to tell me how I explain that to these children. Tell them why they don't have a mother."

I did not know how to answer him and I do not think any Member of this body would know how to answer that man, because that is not what the United States is supposed to represent throughout the world; but that is what the United States represents to that man and to those children and to the people in that city, and that is a crime.

We do not have to feel threatened by every national disturbance that takes place in a country a fraction of our size. If we stand for anything in this country, it should be the rule of law. And when we support the Contras, when we mine the harbors, we are stepping outside of the rule of law.

We are better than that; we are not Iran, we are not ruled by the Ayatollah Khomeini. We are better than that; we are the United States of America, and we should stand for values around the world; we do not with this policy.

And we should join together and say we are not going to tolerate it.

We are a democratic government, we do not have to listen to what the President says and sit on our hands. We have the power in this body because we represent the people of the United States. And in passing this resolution, that is what we are saying, we are better than that.

Mr. BONIOR of Michigan. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LOTT. Mr. Speaker, I object to the vote on the ground a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 230, nays 153, not voting 50, as follows:

[Roll No. 88]

YEAS—230

Ackerman
Addabbo
Albosta
Alexander
Anderson
Andrews (NC)
Annunzio
Anthony
Applegate
Aspin
AuCoin
Barnes
Bates
Beilenson
Bennett
Berman
Boggs
Boland
Bonior
Bonker
Borski
Boxer
Breaux
Britt
Brooks
Brown (CA)
Bryant
Burton (CA)
Carper
Carr

Chappell
Clarke
Clay
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coyne
Crockett
D'Amours
Darden
de la Garza
Dellums
Derrick
Dicks
Dixon
Donnelly
Dorgan
Dowdy
Downey
Durbin
Dwyer
Dyson
Early
Eckart
Edgar
Edwards (CA)
English
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gore
Gradison
Gray
Green
Guarini
Hall (IN)
Hall (OH)
Hall, Sam
Hamilton
Harkin
Hatcher
Hawkins
Hayes
Hefner
Hertel

Hightower
Howard
Hoyer
Huckaby
Hughes
Jenkins
Jones (OK)
Jones (TN)
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kogovsek
Kolter
Kostmayer
LaFalce
Leach
Lehman (CA)
Lehman (FL)
Leland
Levin
Levine
Levitas
Lloyd
Long (LA)
Long (MD)
Lowry (WA)
Luken
MacKay
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Mrazek
Murtha
Natcher
Neal
Nelson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Ottinger
Owens
Panetta
Patman
Patterson
Pease
Penny

Pepper
Perkins
Pickle
Price
Pursell
Rahall
Rangel
Ratchford
Ray
Reid
Richardson
Rodino
Rose
Rostenkowski
Rowland
Roybal
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shannon
Sharp
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Solarz
Spratt
St Germain
Staggers
Stark
Stokes
Studds
Swift
Synar
Tallon
Thomas (GA)
Torricelli
Towns
Traxler
Udall
Vandergriff
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whitten
Williams (MT)
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)

NAYS—153

Archer
Badham
Bartlett
Bateman
Bereuter
Bethune
Bilirakis
Bliley
Boehlert
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Campbell
Carney
Chandler
Chappie
Cheney
Clinger
Coats
Coleman (MO)
Conable
Corcoran
Coughlin
Courter
Crane, Daniel

Crane, Philip
Daniel
Dannemeyer
Daub
Davis
DeWine
Dreier
Duncan
Edwards (AL)
Edwards (OK)
Emerson
Erlenborn
Evans (IA)
Fiedler
Fields
Fish
Franklin
Frenzel
Gekas
Gingrich
Goodling
Gramm
Gregg
Gunderson
Hall, Ralph
Hammerschmidt

Hansen (UT)
Hartnett
Hiler
Hillis
Holt
Hopkins
Hubbard
Hunter
Hutto
Hyde
Johnson
Kasich
Kemp
Kramer
Lagomarsino
Leath
Lent
Lewis (CA)
Lewis (FL)
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack

Madigan
Marlenee
Martin (IL)
Martin (NC)
Martin (NY)
McCain
McCandless
McCollum
McDade
McEwen
McGrath
McKernan
Michel
Miller (OH)
Molinari
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Nielson
O'Brien
Oxley
Packard
Parris

Pashayan
Petri
Porter
Pritchard
Regula
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roemer
Rogers
Roth
Roukema
Sawyer
Schaefer
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Smith (NE)
Smith (NJ)

Smith, Denny
Smith, Robert
Snowe
Snyder
Solomon
Spence
Stenholm
Stratton
Stump
Sundquist
Tauke
Taylor
Vucanovich
Walker
Weber
Whitehurst
Whittaker
Williams (OH)
Winn
Wolf
Wortley
Wylie
Young (AK)
Young (FL)
Zschau

NOT VOTING—50

Akaka
Andrews (TX)
Barnard
Bedell
Bevill
Biaggi
Boner
Bosco
Boucher
Byron
Craig
Daschle
Dickinson
Dingell
Dymally
Flippo
Frost

Hance
Hansen (ID)
Harrison
Heftel
Horton
Ireland
Jacobs
Jeffords
Jones (NC)
Kasen
Kindness
Lantos
Latta
Lipinski
Lundine
Marriott
McNulty

Murphy
Nichols
Paul
Quillen
Roe
Rudd
Russo
Shelby
Simon
Stangeland
Tauzin
Thomas (CA)
Torres
Valentine
Vander Jagt
Wilson

□ 2020

The Clerk announced the following pairs:

On this vote:

Mr. Russo for, with Mr. Kindness against.

Mr. Dymally for, with Mr. Quillen against.

Mr. Boner of Tennessee for, with Mr. Rudd against.

Mr. Biaggi for, with Mr. Vander Jagt against.

Mr. Tauzin for, with Mr. Thomas of California against.

Mr. Stangeland for, with Mr. Marriott against.

Mr. Paul for, with Mr. Craig against.

Mr. Jeffords for, with Mr. Dickinson against.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title in which the concurrence of the House is requested.

S. 2570. An act to continue the transition provisions of the Bankruptcy Act until May 26, 1984, and for other purposes.

EXPRESSING SENSE OF CONGRESS THAT NO APPROPRIATED FUNDS, SHALL BE USED FOR THE PURPOSE OF MINING THE PORTS OR TERRITORIAL WATERS OF NICARAGUA

Mr. BARNES. Mr. Speaker, pursuant to House Resolution 485, I call up the concurrent resolution (H. Con. Res. 290) expressing the sense of the Congress that no appropriated funds shall be used for the purpose of mining the ports or territoral waters of Nicaragua.

The SPEAKER pro tempore. (Mr. NATCHER). The Clerk will report the concurrent resolution.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 290

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that no funds heretofore or hereafter appropriated in any Act of Congress shall be obligated or expended for the purpose of planning, directing, executing, or supporting the mining of the ports or territorial waters of Nicaragua.

The SPEAKER pro tempore. Pursuant to House Resolution 485, the gentleman from Maryland (Mr. BARNES) will be recognized for 1 hour and the gentleman from Michigan (Mr. BROOMFIELD) will be recognized for 1 hour.

The Chair recognizes the gentleman from Maryland (Mr. BARNES).

Mr. BARNES. Mr. Speaker, I yield myself such time as I may consume, and I will not take much time, because other Members want to speak, and this resolution seems to be fairly noncontroversial.

The language of this resolution was adopted by the other body on Tuesday by a bipartisan vote of 84 to 12. The resolution was reported yesterday by the Foreign Affairs Committee by a bipartisan vote of 32 to 3. The resolution simply expresses the sense of Congress that there shall be no further U.S. involvement in the mining of Nicaraguan ports, and I hope that we will approve it by another strong bipartisan vote in this body today.

I hope and trust that we will, on a bipartisan basis, reject the administration's Orwellian doublespeak by which the mining is justified as an act of "collective self-defense." Who are we defending against what by exploding mines under a Dutch ship carrying a dredger; a Panamanian ship carrying food, medicine, and industrial supplies; a Liberian ship carrying molassas; a Panamanian ship carrying sugar; a Japanese ship carrying bicycles and spare parts for cars—not to mention two Nicaraguan shrimp boats? The Republican chairman of the Senate Intelligence Committee called it what it is: "an act violating international law; an act of war." Another Republican member of the Senate Intelligence

Committee was quoted in today's Washington Post as calling it, " an indiscriminate, general act of belligerency." I am pleased that our colleagues in both parties recognize the mining for what it is: An illegal attempt to blockade another country by threatening neutral and friendly shipping with damage or destruction.

I hope and trust that we will, on a bipartisan basis, recognize that the mining has to stop because it places us squarely in violation of Article 18 of the Charter of the Organization of American States, to which we are a signatory, and which reads as follows:

> No State or group of States has the right to intervene, directly or indirectly, for any reason whatsoever, in the internal or external affairs of any other State. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat against the personality of the State or against its political, economic, and cultural elements.

I hope and trust that we will, on a bipartisan basis, join with the U.N. Security Council in condemning this action. I would remind those of my colleagues who sometimes forget that the Security Council is not just a bunch of third-worlders and Communists, but includes many of our closest allies—and not one supported us.

I hope and trust that we will, on a bipartisan basis, reject the administration's absurd contention that this hostile act is somehow supportive of the Contadora process, and will agree with the Contadora countries themselves, which have expressed alarm over the mining.

I hope and trust that we will, on a bipartisan basis, agree with yesterday's New York Times that the mining of Nicaragua's port is "illegal, deceptive, and dumb," and will vote accordingly.

ILLEGAL, DECEPTIVE AND DUMB

What in Hugo Grotius's name is the Reagan Administration doing to America's reputation as a law-abiding society? Grotius was the Dutch jurist who in 1628 first codified the laws of war and peace. As befits a nation founded and governed by lawyers, the United States has repeatedly applied those laws to international behavior; indeed, it declared war on Germany in 1917 when Kaiser Wilhelm's U-boats torpedoed neutral shipping in violation of sea law.

In Nicaragua's ports, neutral shipping is now threatened by mines planted with America's connivance, perhaps even by United States agents leading the C.I.A.'s "Contra" rebels. When challenged by a protest about damage to a Soviet freighter, the Administration condoned the practice, contending that neutrals should have known the waters were dangerous. That is actually the same argument invoked by the German Kaiser.

And now that Nicaragua seeks to complain to the International Court of Justice, Washington disdains argument and rejects the court's jurisdiction.

Lawyers can surely argue endlessly about jurisdiction, and the Hague court, in any case, lacks enforcement powers. But the symbolism is appalling, the timing egregious, the benefit illusory. Those mines won't remove Nicaragua's leftist regime, but they have blown apart the White House effort to build sober Congressional support for the "Contra" campaign against Nicaragua.

For all the eloquent complaints of Democrats, the nay that counts most has now been cast by Arizona's Barry Goldwater, the ranking Republican on the Senate Intelligence Committee. On learning that the President had personally approved the mining in February—and that that fact had been withheld even in secret Senate briefings—Mr. Goldwater wrote these words to William Casey, the Director of Central Intelligence:

"Bill, this is no way to run a railroad and I find myself in a hell of a quandary. * * * The President has asked us to back his foreign policy. Bill, how can we back his foreign policy when we don't know what the hell he is doing? Lebanon, yes, we all knew that he sent troops over there. But mine the harbors in Nicaragua? This is an act violating international law. It is an act of war. For the life of me, I don't see how we are going to explain it."

Mr. Goldwater's exasperation speaks louder than a hundred definitions of the Administration's confused purposes in Central America. Is the President, having misled his supporters, also misleading the country? Is the mining only a "holding action" pending full-scale war after the November elections?

Let it be said again that international law is not a finished system of jurisprudence. Nor is it binding when so many nations so obviously violate it to attack American interests. Marxist rebellions in Central America do pose formidable difficulties for United States diplomacy. Cuba and Nicaragua have indeed meddled across frontiers in El Salvador. But let the Administration produce its evidence, proclaim its countermeasures and justify them by the norms of United States democracy and foreign policy.

A nation that aims to hold its neighbors accountable to those norms cannot emulate their trespasses or domestic styles of operation. Mr. Goldwater's "I don't like it one bit" performs a noble, even heroic service.

Mr. BROOMFIELD. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. HYDE).

Mr. HYDE. Mr. Speaker, it seems to me, when a clearly identifiable group of people very few in number are slandered, the person doing the slandering ought to at least name the people to whom he refers and cite chapter and verse, because I assert that none of us ever praised Somoza from the floor of this chamber. Absent that, an apology is in order.

I also might add that I do not expect the gentleman to respond.

Mr. BROOMFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia (Mr. ROBINSON), the ranking minority member on the Permanent Select Committee on Intelligence.

□ 2030

Mr. ROBINSON. I thank the gentleman for yielding me this time.

Mr. Speaker, House Concurrent Resolution 290 was introduced in the House just yesterday. The resolution was referred jointly to the Committee on Foreign Affairs and the Permanent Select Committee on Intelligence. To the best of my knowledge, the chairman of the Intelligence Committee was not aware the resolution had been referred to us until late yesterday afternoon. The Intelligence Committee was in executive session the entire morning marking up the fiscal year 1985 authorization bill. Had the leadership bothered to inform the committee in a timely fashion, the committee could have scheduled an appropriate meeting.

Instead, committee staff had to scramble around to let individual members of the committee know about the matter, to poll them on their views, and to let them prepare for a hastily assembled emergency meeting of the Rules Committee to report a proposed rule to govern consideration of the resolution. The explanation of which was used as a vehicle which can only be described as a tirade against the Reagan administration

Mr. Speaker, this is no way to run a railroad—or rather, it is not a fair way to railroad a resolution through this Chamber.

It is interesting to note, however, that the Democratic leadership of this House can, in fact, move a piece of legislation quickly when it views the legislation as being of great importance politically.

Americans must wonder why the Democratic leadership does not find aid to the Government and people of El Salvador to be a matter of great importance. It does not appear to matter to them that the democratically elected Government of El Salvador is going to be on the ropes as it runs out of the wherewithal to defend itself against terrorist action by Marxist rebels armed, supported, and guided by Nicaragua under Soviet and Cuban tutelage.

The House has pending before it, in the form of a request from the other body for a conference on an urgent supplemental appropriation, an opportunity to effectively address the issues of aid to El Salvador and support for the Nicaraguan resistance.

The Congress may wish to continue or to end aid to El Salvador; it may wish to support or not to support the Nicaraguan resistance. The Democratic leadership of the House, however, appears unwilling to let the House vote on these issues. If they want a vote that matters on these issues, then let the House vote on the urgent supplemental now. Instead of sitting on it and not going to conference,

I understand that last night at the emergency Rules Committee hearing Congressman LOTT asked Chairman BOLAND if the Rules Committee should go into executive session in order to allow the discussion of the mining of

Nicaraguan harbors. I understand that Chairman Boland responded to the effect that all the information needed to discuss the matter was in the newspapers. Evidently the chairman believed there was no need for a secret session of the House, in order to make an informed vote on the issues. All we need to know is what is in the newspapers. This House concurrent resolution is nonbinding and has no practical effect except to leave the appearance that this House has acted. The Democratic leadership is indulging in pure political demagoguery with this resolution. Supporters of it designed it to be without any binding effect because they want to be able to posture publicly without taking any responsibility for the consequences of their actions. They want to try to escape being blamed for turning their backs on the people of Central America who want to share the same freedoms we hold so dear, but they also seek to make political mileage from publicly upbraiding the President and his foreign policy.

The incredibly hasty procedure followed in rushing this resolution pell-mell to the House floor highlights the partisan political game the House Democratic Leadership is playing in this election year.

Much has been said in recent days about the importance of honorable behavior by the United States. There is no honor to be found in abandoning our friends and allies in Central America—especially when their battle protects our liberties. They are fighting now to isolate and contain within Nicaragua the Soviet-Cuban beachhead in Central America. If we lose our resolve now, if we show the world that we lack the stomach to help defend free nations, then we will surely end up fighting a battle for our own liberty much closer to home in future times.

In closing , I quote from John Stuart Mill who said a century ago:

> The doctrine of nonintervention, to be a legitimate principle of morality, must be accepted by all governments. The despots must consent to be bound to it as well as the free States. Unless they do, the profession of it by free countries comes but to this miserable issue—that the wrong side may help the wrong, but the right must not help the right.

Mr. Speaker, I urge the Members of this House to vote against the resolution.

Mr. BARNES. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. Addabbo).

Mr. ADDABBO. Mr. Speaker, the administration has gone too far in Nicaragua. Last week, Mr. Reagan reprimanded Congress for interfering in the foreign policies of this Nation once they have been set. This week, we find out that without the consent of Congress he has authorized an extensive, clandestine CIA-backed mining operation in the neutral ports of Nicaragua. On top of it all, the President has decided that the United States is above any opinion offered by the International Court of Justice, so he has opted to suspend our membership from the Court. We are not above the principles of justice.

Mr. Reagan, you have gone too far. You have admitted your guilt in this covert operation against Nicaragua, a government we maintain diplomatic relations with.

You have thrown in the towel on bipartisanship as well. But you have not pitted the Democrats against the Republicans, you have alienated the White House from the Congress. Responsible Democrats and Republicans in this House will not let you conduct our foreign policy with such a blatant disregard for America's allies whose ships have been damaged as a result of your mining operations.

While you claim that you are mining Nicaraguan ports to prevent arms from flowing to El Salvador, what you are really doing is destabilizing Nicaragua's economy by preventing the export of cotton and coffee crops that are their livelihood.

But the most serious blow you have thrown is to our Nation. U.S. credibility has been dealt the most wicked blow any man could offer when the President of the United States decides we are above the law. Mr. Reagan, we in this Congress will not allow you to drop our commitments to protect the high seas and neutral waters. You do not have the power to decide which waters should be free and open based on you inklings of the moment.

I refuse to threaten our allies security or our security in order to insure that the violent and corrupt government of El Salvador is protected from a band of Contras.

The cost you have budgeted for El Salvador is too high. It is not just the $62 million in additional aid, or the $21 million in covert aid, the price you are willing to pay is the honor of the American people. There is no price that one can put on this honor. It is our belief in the system of justice, in our democratic form of government, that separates us from other nations. But Mr. President, when you see yourself as above the Court of World Opinion then it becomes hard to distinguish the United States from all the others. No, Mr. President, the people of the United States will not stand for that now, or ever.

Mr. BARNES. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. Ford).

Mr. FORD of Michigan. I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in support of House Concurrent Resolution 290, a resolution opposing the use of funds for mining Nicaragua's ports. I take strong objection to administration policy in Central America, but this latest maneuver by the CIA in mining the harbors of Nicaragua is a total embarrassment to every American.

The Central Intelligence Agency's mining operation of Nicaraguan harbors marks a dramatic escalation of the administration's 3-year old covert war against the Nicaraguan Government. The mining of the harbors during the last 2 months is morally, politically and strategically wrong.

What we are talking about today is not whether the United States should be involved in Central America or whether we should put some pressure on Nicaragua to encourage moderation and democracy—what we are talking about is the President's covert war which is a violation of international law and principles that the United States normally upholds. In my book, it is a futile effort that will only further solidify the position of the Sandinistas with the Nicaraguan people.

The legality of the President's recent acts are highly questionable under international agreements which the United States has signed; specifically the U.N. Charter, the Inter-American Treaty of Reciprocal (Rio Pact) and the Treaty of the Organization of American States, which prohibit the use of force against a member state except in self-defense. The credibility of the United States has been questioned by members of the international community by the unprecedented decision of the President that the United States would not accept the jurisdiction of the International Court of Justice (World Court) in disputes affecting Central America for a period of 2 years. This action, undertaken only hours before Nicaragua filed a complaint with the World Court against the United States, is the first time the Court's jurisdiction has been abrogated by this country in the 38-year period since the United States recognized the Court's authority.

Mr. Speaker, I have consistently voted against covert aid to Nicaragua and I am now more concerned than ever that the reported CIA involvement in the mining of Nicaraguan ports is part of a much broader U.S. covert effort that is aimed at the overthrow of the Government of Nicaragua. These recent actions have put us in a ridiculous position and the House must adopt this resolution to rebuke the administration and to state that no further funds shall be used for mining operations against Nicaragua.

Mr. BARNES. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas (Mr. Glickman).

Mr. GLICKMAN. I thank the gentleman for yielding time to me.

Mr. Speaker, as the leader of the free world, we do have an obligation to avoid handing over Central America to the Communists. Ironically, however, the administration's actions undermine our legitimate economic and military interests in that region—and particularly El Salvador. In fact, the administration's involvement in the mining of the harbor of Nicaragua is doing more to strengthen the Sandinista's influence than any other act I can imagine.

You see, we Americans are perceived as strong and great because we do not do things like the Communists do. But it seems that now we are copying or emulating Communist techniques—for the ostensible purpose of fighting fire with fire—which is ridiculous, because we as Americans will never win, will never prevail in Central America or anywhere unless we act within the rule of law; unless we play by the rules of the game which are consistent with our national character and heritage.

I am not naive about Cuban and Soviet influence in the Western Hemisphere. It is a real threat. But neither do I believe that we can win friends and influence anyone in Central America, or anywhere else for that matter by closing our eyes to time honored democratic principles which have perpetuated our image as a bastion of freedom and democracy, and the envy of the world. Can anybody envy our current policy at this time? It is time to change that policy—right now—by stopping the cavalier mining of Nicaraguan harbors, by continuing to buttress the economic well being of our Central American allies, by beginning to build some very real bridges to our neighbors south of the border. Only in pursuing that kind of policy can we mount a demonstrable challenge to the Communists.

Mr. BARNES. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. FASCELL).

Mr. FASCELL. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of House Concurrent Resolution 290.

At the outset, I want to commend the gentleman from Maryland, the chairman of the Subcommittee on Western Hemisphere Affairs, Mr. BARNES, for his sponsorship of this timely expression of congressional sentiment regarding the mining of Nicaragua's ports and territorial waters.

Yesterday, the Committee on Foreign Affairs met for most of the day in open and closed session with the Honorable Kenneth Dam, Deputy Secretary of State, on the decision by the United States to limit its accession to the jurisdiction of the International Court of Justice for a 2-year period with respect to complaints against the mining and other U.S. activities in Central America.

As a result of the testimony, the overwhelming majority of the committee members, 32, were convinced that the mining of Nicaraguan ports and territorial waters is not in the best interests of the United States.

The mining is not supported by many of our friends and allies; it endangers innocent third country commercial shipping. Finally, it undermines longstanding U.S. support for the principles of international law and order and for the international organizations which are designed to promote these principles.

Mr. Speaker, I urge the adoption of the resolution.

□ 2040

Mr. BROOMFIELD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the decision to bring up this nonbinding resolution will allow this body to vent its hysteria and extract the maximum political mileage from this issue without having to come up with a realistic plan to protect America's fundamental interests in Central America. Let us hope that after the recess, the furor over Nicaragua will have died down. Maybe cooler heads will prevail. At that time, we can give serious consideration to the facts such as:

Nicaragua continues its massive military buildup, Soviet equipment and supplies continue to pour into that country. The number of Cuban advisers has recently increased. Their revolution without frontiers is still being exported to El Salvador and Honduras. The Sandinistas are the troublemakers of the region. Should their aggressive efforts succeed in the long run, the Congress may be faced with even more difficult decisions.

Central America is a vital region that matters to us. It sits astride vital sealanes and the strategic Panama Canal. A Communist takeover in Central America would be a disaster for our country. The struggling democracies in the region would fall one by one. Millions of refugees would flood into our country. Our southern flanks would be vulnerable. I think that we can all agree that our Nation has interests in that strategic region which is so close to our shores.

This entire issue has become politicized. This is round 1 of the battle. We all know that the mining has stopped and will not continue. The political symbolism of this resolution is obvious. It is designed to gain a political advantage during this election year. What do the opponents of the President's policies in Central America propose? Do they really believe that building a fence around El Salvador is the answer? Do they really understand what their constant attacks on our Government's policies in the region are doing to our efforts? Do they want those small countries to go down the tube? What does the majority believe our national interests are in that area? I have yet to see a comprehensive approach describing how they would solve the problems in that region. What do they think America's real interests are down there? What are they willing to accept for Central America? It is easy to criticize, but what would they do? Frankly, I do not think they know.

Let me read a brief excerpt from a recent editorial in the Wall Street Journal:

> Should the U.S. stand idly by as Central America is turned over to communist totalitarians? Is the Democratic Party really going to take the pro side of that proposition before the voters in November 1984. . . . From the utterances of its potential nominees and Congressional spokesmen, the Democrats are getting ready to go over the same cliff again.

I ask all of my colleagues to seriously weigh our choices on this issue and think what I have said. As Americans who love our country, we must somehow come together and decide what we as a nation are going to do in Central America.

As a body, we must think of the big picture in American foreign policy. We must think of our long-term goals and objectives in the region. We must define them, and work toward that direction. We must come together and support some national goal in that region. We must do more in our role as legislators than merely find fault and take things apart. Let us hope that after our return, we can work together in search of America's best interests in this hemisphere.

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. LAGOMARSINO) a member of the committee.

Mr. LAGOMARSINO. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise to express my strong concern about the wording of this resolution, more for what it does not say.

The resolution before us takes the actions of the anti-Sandinista rebels and U.S. support for them out of context of Soviet-Cuban-Nicaraguan subversion of its neighbors. It ignores the crime and only condemns the punishment.

The resolution has as its purpose the condemning of U.S. action against Nicaragua, although it does not specifically say so.

Why is there no resolution, or language in this resolution, condemning Nicaraguan attacks on its neighbors? Is Nicaraguan aggression acceptable? Is indirect aggression by Nicaragua, the Soviets and Cuba through subversion all right but U.S. response is not?

Why is there no resolution condemning the assassination of five elected members of the Salvadoran Assembly by leftist guerrillas armed by Nicaragua?

Since this resolution is merely a nonbinding sense of the Congress resolution, I suppose most people believe it is a cheap vote. A more accurate description would be: cheap shot. It allows an attack on the administration without those leading the attack having to take any responsiblity for their actions. And under this resolution lets them turn a blind eye to the actions of Soviet-Cuban-Nicaraguan aggression in the region.

In the motion to recommit, language will be proposed that directly links prohibiting further mining of Nicaraguan waters provided that Nicaragua ceases all use of its territory for subversion of its neighbors. A vote against the motion to recommit is a vote in favor of continued Nicaraguan subversion.

The report of the House Intelligence Committee last May clearly stated that Nicaragua and Cuba supply the Salvadoran insurgents with "arms, ammunition, financing, logistics, and command-and-control facilities." Yet, somehow, that fact always seems to get lost in the discussion of who is doing what to whom. The United States is not acting in a vacuum in Central America. It is reacting. It is reacting to a serious and dangerous threat to our vital security interests in this hemisphere.

It is both foolish and irresponsible to leave to the Soviets the initiative for determining what happens in this region. The Nicaraguans are using their territory to subvert its neighbors. We in this body should be working with the administration to stop that activity.

The issues raised by this resolution cannot be neatly packaged in one sentence saying Nicaraguan waters should not be mined. All that has gone before in the last 5 years has to be considered as well. The Sandinistas made a pledge to the OAS that it would, "establish full observance of human rights" and a "broadly representative democratic government," that there would be "the first free elections our country has known in this century." That pledge should be honored.

Also, instead of arguing who was informed and when, and with what information, we should be looking at what actually has occurred. The administration advised the Congress last September that its case for covert aid to the anti-Sandinista rebels was based on the principle that the rebels should continue to harass Managua as long as Managua is harassing U.S. friends in the region. Interdiction of arms is still part of the policy, and certainly trying to discourage the continued shipment of arms by the Soviets to Nicaragua is a useful component of that policy. The actions taken by the anti-Sandinista rebels fall completely within the guidelines of the case presented to the Intelligence Committees, not to mention the fact that the Intelligence Committees were also informed of the mining activities.

The description of the mines and their potential to cause damage show they are not designed to sink ships but rather to discourage the flow of Soviet arms into Nicaragua. The mines have not caused death and destruction, but death and destruction have been the result of Nicaragua support for the guerrillas in El Salvador. That is what we should be condemning. Guerrilla mines are going off in El Salvador and are injuring people and property.

Finally, those who criticize U.S. actions in withdrawing this issue from the jurisdiction of the World Court conveniently ignore the fact that the Soviets refuse to allow any issue to be the subject of the compulsory jurisdiction of the World Court. Italy, France, West Germany, and other states also refuse such jurisdiction, so the United States is not setting any precedents with its action here.

With all that has been said about this resolution, the transparent political nature of its intent should be kept clearly in mind. I imagine many people will go ahead and vote for the resolution since it is merely an expression of the sense of Congress and the administration has indicated the mining is no longer taking place. The principle of not permitting any further mining may be appropriate, but only in the context that what Nicaragua is doing and has done to subvert its neighbors and betray its own people is the reason for the mining in the first place.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. FOWLER).

Mr. FOWLER. I thank the gentleman for yielding this time to me.

Mr. Speaker, as one who is certainly not sympathetic to the aims of the Sandinista Government and who certainly shed no tears over the demise of the Somoza Government, I think it is important at the outset of this debate to debunk those accusations of either partisanship or one-shot, slingshot approaches on this important matter.

First of all, it is nonpartisan because the other body acted yesterday, the exact wording of this resolution, by an 84-12 vote to say to the administration, "We shall not continue to mine those harbors," a majority of both parties supporting that resolution.

Second, if you will recall, this House last year voted twice to say to the U.S. Government that it is not in our best interest to conduct a unilateral war in Nicaragua, and this House twice voted to end all funding—all funding—for this war that has been deemed counterproductive and not in the best interest of the United States of America.

We are hearing from a lot of experts on Nicaraguan policy and a lot of experts on El Salvadoran policy. I hope that we will hear tonight from some people who care about what is the best policy for the United States in achieving peace and stability in Central America.

When will we work with our allies? The West Germans have said, "Please stop the war." The French have said, "Please stop the war." The Contadora countries, Panama, Venezuela, Colombia, Mexico, have said we cannot achieve our purposes unless we stop the war.

This resolution is only a continuation of the decision that this House made last year, and it should be supported.

The SPEAKER pro tempore (Mr. NATCHER). The Chair would like to call to the attention of the Members in the House that under the rules, referring to a vote in the other body is not permissible.

Mr. BROOMFIELD. Mr. Speaker, I yield 4 minutes to the gentleman from Virginia (Mr. WHITEHURST).

Mr. SOLOMON. Mr. Speaker, will the gentleman yield?

Mr. WHITEHURST. I yield to the gentleman from New York.

Mr. SOLOMON. I thank the gentleman for yielding.

Mr. Speaker, I have just asked the gentleman to yield for the purpose that I am trying to locate Chairman BOLAND because I just waived my time to speak, because I had some questions to ask him. If the gentleman is in the Chamber or in the back of the Chamber, if he would please come out, I would like to be the next speaker and ask him some questions, if I could.

Mr. WHITEHURST. I thank the gentleman from Michigan (Mr. BROOMFIELD) for yielding this time to me.

Mr. Speaker, there are two words to describe this resolution—feckless and myopic. The question I raise is: Have the proponents learned none of the lessons of the 20th century? Permit me to recall for this Chamber tonight the words of Winston Churchill in the 1930's. "Listen," he told a hushed House of Commons. "I think I hear something. Don't you hear it? Yes, it's quite clear now. It is the tramp of boots crunching the gravel of parade grounds and splashing through rain-soaked fields. It is the sound of 2 million Germans and 1 million Italian soldiers."

I would paraphrase, if I could those words tonight. The sounds from Central America are the hushed commands of guerrilla captains in the forests along the Salvadoran border—the throb of engines of red-flag ships bearing an ever-increasing arsenal of weapons to Nicaragua—the drone of Cuban aircraft ferrying arms and advisers—tightening the hold of Marxism on its hemispheric beachhead.

Are we really as deaf to these sounds as Churchill's colleagues were to the menace of their day?

I cannot help but compare the blind haste to pass this mischiefmaking resolution with the procrastination in passing the military aid package so desperately needed to stave off disaster in El Salvador.

We have wrangled over the most modest sums needed to assure the barest necessities for Salvadoran forces to conduct military operations against Marxist guerrillas and insure the success of free elections in that country.

Even now the aid to them and anti-Sandinista forces is in jeopardy while debate spins on endlessly.

We continue to procrastinate without a thought about the consequences of what this delay will mean for the survival of democracy in El Salvador, but we rush pell mell to condemn an action undertaken against an enemy whose deceit and cynicism are matched only by his ruthless pursuit of subversion and conquest.

This resolution may not be binding on the President, but it is as clear a signal of encouragement to our enemies as this House can send.

It is hardly a question of whether or not it should be defeated. It should never even have been a subject of debate.

□ 2050

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Michigan (Mr. WOLPE).

Mr. WOLPE. Mr. Speaker, in a few moments we will be voting on this resolution and I do not think there is any doubt that this body will be responding, as the other body did, to repudiate the decision of the President to mine the harbors of Nicaragua.

The vote that occurred in the other body stunned the Nation 2 days ago, but that vote occurred on an overwhelming bipartisan basis. The public sentiment that has been expressed on this issue, manifested within the Congress, is very clear. The American people understand that the decisions that have been made by the President—both to mine Nicaraguan waters and to reject the world court's jurisdiction over any American actions in Central America—do violence to American principles and traditions, undermine American interests worldwide by alienating our closest friends and allies, and are directly counterproductive in terms of our goals within Central America. Moreover, there is a growing fear within the Congress and throughout the Nation that what we are really witnessing is a very dangerous escalation of America's military involvement in Central America, an inexorable march toward war in the region.

But the real question this evening is, how will the administration respond to this expression of congressional and national sentiment?

The administration can either use this crisis as an opportunity to undertake a fundamental reexamination of American goals, objectives, and purposes in Central America, or it can continue with its policies that threaten to deeply divide our country at a time when national unity could not be more important.

I hope the administration, rather than responding angrily and defensively and with an eye to scapegoating and blame throwing, will use this moment to begin the kind of fundamental reexamination of the administration's policies that in the final analysis will be the only way we will be able to achieve the kind of broad-based bipartisan consensus that we all seek.

The reexamination that I fervently hope the President will have the courage to undertake must focus not only on the immediate questions of policy—what we should or should not be doing in Central American—but also on the broader question of the increasing lack of credibility of the administration, both before Congress and the American people.

One reason Members of Congress have reacted so angrily to the President's recent decisions is because of the feeling that this administration simply has not leveled with the American people. Time and time again in recent months—both in Lebanon and in Central America—we have been told that one set of events was occurring, only to discover—after the fact—that the truth was indeed quite different.

We will all recall the extraordinary deception that occurred in the administration's handling of the Lebanon debacle. We now know that at the same time that the President was accusing Members of Congress who came calling for the withdrawal of the American marines of wanting "to surrender" the administration war in the process of implementing the President's earlier decision to withdraw those troops.

And the history of our involvement in Central America has been no different. I am sure that most Members will remember the Washington Post exposé of the fabrications contained within the first "White Paper" released by Secretary of State Haig almost 3 years ago, purporting to link the unrest and violence in Central America exclusively to Cuban and Soviet activities in the region. This was followed by the shock of the House and Senate Select Intelligence Committees who thought that they had authorized a small effort to assist roughly 500 Contras in the interdiction of arms flowing from Nicaragua to El Salvador, and then discovered that the CIA had undertaken a far more massive effort to arm and support a force in excess of 12,000. Then, Members of Congress had to uncover through on-site inspection what we are actually undertaking in Honduras, and found to their surprise that the United States is engaged in the development of a permanent military presence in that country. This was followed by the disclosure that, contrary to administration claims that our troops have no combat role in El Salvador, American aircraft are engaged in combat reconaissance missions in support of Salvadoran Air Force bombing missions. And now we have the most recent example of this administration's dissembling in its testimony and public accounts respecting the mining of Nicaragua harbors.

Mr. Speaker, this deception must end. The overwhelming bipartisan condemnation of the mining should send a clear message to the administration that its policies are fundamentally out of step with the will of both parties in Congress. I am hopeful that the administration will take advantage of this opportunity to reassess its policies in Central America. The need for a new approach was recognized too late in Lebanon. I am only hopeful that the President will act to avoid a similar failure in Central America.

Mr. BROOMFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from Florida (Mr. YOUNG), a member of the Permanent Select Committee on Intelligence.

Mr. YOUNG of Florida. Mr. Speaker, last evening when I learned about the introduction of this resolution and the fact that it had been referred to two committees of the House and although a member of one of those two committees I was just learning about the introduction of that resolution when it was actually before the Rules Committee, I thought to myself, this must really be something important but I could not think what matter might be so important that it required Intelligence Committee action and Rules Committee action and Foreign Affairs Committee action, all in the same afternoon.

You know what I thought it was? I thought it was a resolution condemning the Soviet-Cuban naval exercise that is taking place in the Caribbean, in the Gulf of Mexico. A naval exercise which actually brought Communist warships up through the Gulf of Mexico to within 75 miles—not of Florida, but within 75 miles of the coast of Louisiana. The reason I thought it might be a resolution like that was because I recall being in the House Chamber one night when United States naval forces, along with our allies in the Caribbean area, were severely criticized by some of our colleagues for performing that exercise in our own area and so I naturally thought they just wanted a chance now to get back at the Soviets for running their naval exercise in our area but that is not what this resolution is.

But that was not the case. When all the haste was behind us, all of a sudden I realized what the resolution was the same resolution that is before us tonight.

Many of the remarks our colleagues have made about the resolution have been critical of the administration and the President and his policies, and that is all right. In our system we have a right to criticize our President.

In fact, if we have a real criticism, we have an obligation to criticize the President; but let me tell you what we are neglecting this evening in this debate. We are not just debating the policies of the President of the United States, Mr. Speaker. We are debating the policies of the President of the United States and of the Congress of the United States.

Now, you just cannot run and hide now and try to cover up the fact that Congress was also involved in this decision.

Mr. Speaker, the people of our country have a right to know that mining of the Nicaraguan harbors falls within the guidelines for this operation, this formerly covert operation that was established by the House Committee on Intelligence and acquiesced in by the House of Representatives.

The Intelligence Committee established its intent in intense debate at that committee and the transcript of that debate was read to the House of Representatives in a secret session dealing with covert activities last year.

Mr. Speaker, I do not make these comments to be critical of any of my colleagues. I make these comments so, No. 1, the American people realize that Congress played a role in allowing the mining of the harbors. Whether you like it or not, we played a role. When we deal with issues of national defense, national security intelligence, we have an obligation, yes, to be part of that process; but what we have to finally recognize is that once you make a decision and set a course, it is not in the best interests of our country to zig zag, back and forth, changing the rules from day to day. You just cannot do that here, any more than we did in Lebanon.

You know, I heard criticism of the President's policy of sending marines to Lebanon. I opposed sending marines to Lebanon in the first place, but this House of Representatives led the charge to give him legislative authority to keep them there for 18 months. That gives us a large part of the responsibility for what happened or what did not happen in Lebanon.

Now, it might be good politics to come out against something at a particular time when it looks like it is a propitious time to do that; but my friends and my colleagues, the interests of our Nation have got to come before the interests of our politics.

Let me tell you what is going to happen. Over the years as a member of the Intelligence Committee, and it is a real privilege to serve on that committee, with the chairman, the gentleman from Massachusetts, (EDDIE BOLAND), who is an outstanding chairman, and the ranking member, the gentleman from Virginia, (KEN ROBINSON), and all the members who are really dedicated to preserving the United States of America as we know it today. Those of us who serve on that committee are well aware that last year alone the Soviet Union spent almost $4 billion in their active measures campaign, their active measures campaign which is a well-organized, well-definded effort to make the United States look bad in the eyes of the world, to undermine our credibility with our allies and to plant the seeds of suspicion and mistrust right here at home with our own constituents.

The SPEAKER pro tempore. The time of the gentleman from Florida has expired.

Mr. BROOMFIELD. Mr. Speaker, I yield 1 additional minute to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Speaker, what I am afraid is going to happen, and history convinces me this is going to happen in the weeks and the months and the years to come, some of the accusations that we have seen and heard over this business of mining the harbors of Nicaragua are going to become part of the Soviet active measures campaign. There is nothing we can do about it. What we say here is public. It belongs to the people and they are going to use it, make no mistake.

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And they are going to use it to plant the seeds of suspicion and mistrust and to do those other things that go along with their forgeries and their counterfeiting and the other things they do in their campaign to discredit the United States.

Unfortunately I am not given the time now to argue the merits of why it is we have got to stop the Soviet-Cuban-Nicaraguan expansion in the Caribbean area. Actually that point should already be so well established it should require no debate anyway.

Mr. Speaker, when dealing with sensitive matters important to the United States, it is important to not get committed until you know you are right. Then once a decision is made, a course set, a commitment made, do not make the serious mistake of changing the rules in the middle of the engagement.

So in that context, Mr. Speaker, let me say again that the people of America have a right to know that mining of the Nicaraguan harbors, right or wrong, falls within the guidelines for this operation that were established by the House Committee on Intelligence and acquiesced in by the House of Representatives of the United States.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Speaker, as I watched the television series this week depicting the life of George Washington, I was reminded of the principles upon which our great Nation was built, and of the strength of purpose that has led us through difficult times throughout our history.

I was also reminded of the grievances of the American Colonists against George III who supported terrorism against them causing death, disruption, and destruction in America.

This week the people and their representatives in Congress are outraged to learn that our President has personally ordered acts of war against Nicaragua, acts similar to those that our forefathers fought against to achieve their freedom more than 200 years ago. Ronald Reagan's actions have been appropriately characterized as illegal, deceptive, and stupid.

But equally important is the question that has not been asked, and that is: Mr. Reagan, what kind of people do you think Americans are? Do you believe, Mr. President, that we are a nation of outlaws, a nation of deceptive people unworthy of the great traditions we have inherited from our forefathers: The principle of the rule of law, respect for the territorial integrity of foreign nations, and the right of self-determination of people organized within a nation seeking to improve their way of life, to improve their standard of living.

Mr. President, I believe the answer to that question is that our people are worthy, but you, Mr. President, have committed an outrageous act against the dignity of a civilized nation that we represent.

OUR LEADERS MUST REDISCOVER THE PRINCIPLES OF THE AMERICAN REVOLUTION

Mr. Speaker, Members of Congress of both political parties and both Houses have been disillusioned by President Reagan's escalation of aggression in Central America.

It is now dismayingly clear that the President is interested neither in a bipartisan policy toward Central America, nor in a peaceful solution to the problems in El Salvador, Nicaragua, and elsewhere.

Mr. Reagan's most recent decision—to mine the harbors of Nicaragua—is a transgression against principles of national sovereignty and freedom of navigation for which Americans have risked their lives in the past to protect.

I share in the outrage of the American people and of Congress and of the world community over an action which Senator BARRY GOLDWATER, the conscience of true American conservatism, has described as a violation of international law and as an act of war.

Mr. Goldwater wrote to William Casey, the Director of Central Intelligence:

> Bill, this is no way to run a railroad and I find myself in a hell of a quandary. . . . The President has asked us to back his foreign policy when we don't know what the hell he is doing? Lebanon, yes, we all knew that he sent troops over there. But mine the harbors in Nicaragua? This is an act violating international law: It is an act of war. For the life of me, I don't see how we are going to explain it.

But, this most recent action by Mr. Reagan is merely the culmination of a whole series of reckless aggressions which threaten our position in the world and our influence with our sister nations and which undermine the principles of the American revolution itself.

By his contempt for congressional authority, Mr. Reagan has become a national scofflaw. By virtue of his official acts of terrorism and indifference to world opinion, he is becoming an international outlaw. Our duty today, in the name of the American people, is to inform Mr. Reagan in no uncertain terms that he is answerable on both counts.

Earlier, I quoted words from the Declaration of Independence which made it clear that Mr. Reagan is behaving toward our sister nations in the Americas in the same misguided way that King George III behaved toward the American colonies. And, I would call to Mr. Reagan's attention words spoken in 1775 in the British House of Lords by the Duke of Richmond, a conservative member who advised George III in the following terms:

> You may spread fire, sword, and desolation, but that will not be government . . . No people can ever be made to submit to a form of government they say they will not receive.

It is high time for Mr. Reagan to face the fact that the peoples of Central America will not receive governments dictated to them from North America. And no amount of fire, sword, and desolation can make them. Until we bring our actions in line with the reality of the American Revolution, which is the source of the desire for self-determination in Central America, there will be no government down there, only chaos and suffering and the opportunity for alien ideologies to wean our friends away from us.

Mr. Reagan is not an evil man, but rather one whose personal popularity is known to all of us. But his policies are dangerously outmoded and contrary both to constitutional government in this country and to peace in the world. His policies represent more than a mistake. They are a fundamental misreading of history.

The problems in Central America present America with a crisis—a crisis which now threatens to saddle this Nation with the second foreign policy debacle of recent months and with shame in the eyes of other nations as well.

Our task today is to remind the President and his designates and surrogates and his war-gaming advisers that he—and they—are not above the law. We must repudiate Mr. Reagan for a policy that is illegal, deceptive, and dumb.

Our task tomorrow will be to reshape our mistaken policies in conformity to the American way which should begin with a rediscovery of the principles of the Founding Fathers and to the actual shape of history that is taking form in the real world of today.

Mr. Reagan's essential error is to believe in the fixations of a different age—one characterized by the East-West conflict and the Cold War. He has too literally believed in the advice of Henry Kissinger, whom I quote:

> Nothing important can come from the South. The axis of history starts in Moscow, goes to Bonn, crosses over to Washington, and then goes to Tokyo. What happens in the South is of no importance.

Mr. Chairman, it is clear the events in our time are indeed historic in the South and that this history is of crucial importance to us in America—indeed, is of American origin. I refuse to concede with Mr. Kissinger that the axis of history starts in Moscow, among the tired old men and broken-down dogmas of the Kremlin.

I believe instead that the axis of democratic history, that our Government is pledged to uphold, began in Philadelphia in 1776 with our own Declaration of Independence, and it is this history which Mr. Reagan's unspeakable actions cannot be reconciled with.

The President's acts of war are repugnant to the principles of the American Revolution—violations of the territorial integrity of a sovereign nation and the right of self-determination. It must be condemned by the Congress. But, the destiny of America will continue to be uncertain. Our people will continue to search for direction until our leaders relearn the principles of democracy, of freedom, of human decency upon which our great Nation is built.

Mr. BROOMFIELD. Mr. Speaker, I yield 2½ minutes to the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Speaker, I rise in opposition to House Concurrent Resolution 290. While, in the Foreign Affairs Committee yesterday I voted for this bill in order to get it to the floor, I want to make clear my opposition to it.

The purpose of U.S. covert action in Nicaragua is to prevent the Nicaraguan subversion of neighboring states such as El Salvador, Honduras, and Costa Rica. Closing off the flow of arms from Nicaragua to El Salvador is key to achieving that goal. This flow of arms and Nicaraguan efforts to decide the political fate of its neighbors by violence are clear violations of international law. To reduce the flow of arms, it is necessary to limit their transport by sea—hence the mines—as well as by land.

I believe that ending Nicaraguan interference in the affairs of Honduras and El Salvador is an important goal. It is achievable and it is worth some risks. The risks to the United States in mining the port are significantly less than those we will face should we permit Nicaraguan subversion to continue. I believe it would be much more worthwhile today to debate those risks in a clear-headed and calm fashion than to make specious charges of illegality against the U.S. Government. Indeed, I have heard no compelling arguments that U.S. actions in the mining of the Nicaraguan port were illegal. Moreover, the administration followed all requirements in notifying Congress of its actions in Nicaragua.

I would urge my colleagues here today to turn their attention to the illegality and the danger of Nicaraguan actions against neighboring States friendly to the United States and to consider effective ways to deter Nicaraguan aggression against those States. I would remind them that Honduras and Costa Rica are Democracies and that El Salvador has a real chance for democracy—much greater than does Nicaragua under its current regime. I would urge my colleagues to look at these issues in a clear-headed and nonpolitical manner. We must look to the long-term protection of democracy in Central America.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Iowa (Mr. LEACH).

Mr. LEACH of Iowa. Mr. Speaker, I rise in support of the resolution of the gentleman from Maryland (Mr. BARNES), but I feel compelled to register frustration at the irresolution implied in its wording. As this House well understands, a sense of the Congress resolution is nonbinding on the Executive. It would be far better to strike the first nine words of the resolved clause and establish as the law of the land, rather than as merely an opinion of Congress, that no funds be appropriated to the Executive for violating the rule of law. The phrasing of the resolution brought before this House today leaves this Member with the sickening feeling that the opposition in Congress is concerned more with making a political than policy point, and that too many in Congress want to criticize, but not take responsibility for the foreign policy of the United

States. This "have your cake and eat it, too" approach to foreign policy does not reflect well on the dignity of this body.

Nevertheless, it is imperative for Congress to register its opposition to administration policies in Central America in whatever ways are appropriately made available, and in this context the Barnes resolution deserves support.

Of fundamental concern in the debate today are three basic issues: The merits of U.S. policy in Central America; the administration's approach to international law and conflict resolution in general; and the administration's decisionmaking process and its implications for constitutional government.

From a policy perspective, the administration is today in the ironic position of arguing that Nicaragua must respect the rights of its neighbors but that we ourselves are not bound to respect the rights of ours. In El Salvador, we stand foursquarely against forces which are armed and financed from abroad who would shoot their way into power. In Nicaragua, we stand foursquarely with such forces; we are the financiers of anarchy.

In embracing these tit for tat policies, we have lowered ourselves into the gutter with the violence prone revolutionaries we so loudly condemn and in the process have undercut the moral imprimatur upon which U.S. policy in El Salvador is based. Subversion to halt subversion, terrorism to stop terrorism is of dubious legal or moral validity. As profoundly, this state-sponsored terrorism appears not only to be counterproductive in the region, but of such a nature to spark a general breakdown in international order. The conduct of foreign affairs is always controversial, but seldom have both our ideals and our actions been so thoroughly problematic.

For decades there has been debate about whether the United States should play the role of policeman for the world, with some arguing that it is a chore for which we lack either a legal imprimatur or adequate resources to undertake. But a new dimension to this debate is implicit in the administration's recent assertions about Central America.

The decision of the administration to suspend, for 2 years, U.S. acceptance of the compulsory jurisdiction of the International Court of Justice with respect to disputes concerning Central America drives a stake into the heart of the rule of law. It symbolizes a ragged retreat from post-World War II U.S. commitments to international law and international organizations.

The decision to suspend the world court's jurisdiction followed closely on the heels of another U.S. decision last week to veto a UN Security Council resolution which condemned the mining of the Nicaraguan harbors. Even our closest ally, Great Britain, abstained rather than vote with us against that resolution. The wagons are apparently being drawn in a tighter and tighter circle around the White House. Neither the views of Congress nor a decent respect for the opinions of mankind seem to matter when failed policies are escalated.

The administration seems to be suggesting that not only will we play the role of policeman for the world, but rather than enforcing the law, the interventionist cops we are funding in Central America are themselves above the law.

The most fundamental issues of world politics today are, in the first instance, how we contain and constrain weapons of mass destruction, and in the second, how we can best advance the rule of law. To refuse to submit disputes to the World Court and abide by arbitration decisions of that body is to deny our heritage. Would not a more profound and persuasive American policy encompass going to the International Court of Justice and filing a cross complaint against Nicaragua and its activities in El Salvador. Dispute resolution based on court briefs holds more potential for peace than the escalation of terrorism for which we can no longer deny partial responsibility.

But at issue in our Nicaraguan policy is not just the niceties of international law. Our own constitutional processes demand that first and foremost the executive obey the law. Here, as my colleagues will recall, a year and a half ago this body adopted by an unambiguous margin of 411 to 0 the so-called Boland amendment, which specifically enjoined the Central Intelligence Agency and the Department of Defense from furnishing military assistance to groups "for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras." Seven months later, this House was confronted with a painful situation where the chairman of the House Select Committee on Intelligence openly confirmed that U.S.-supported covert action against Nicaragua strayed beyond the bounds of U.S. law. Anyone who accepted administration sophistry that assistance to groups attempting to overthrow a foreign government does not represent an effort on our part to overthrow that government can also accept the existence of the tooth fairy. Every Member of this body, whether or not supportive of the notion that covert action against Nicaragua may be efficacious, should have been morally incensed that the law of the land had been so cavalierly disregarded.

Now administration spokesmen come to us and suggest that they resent public discussion of an event—the mining of Nicaraguan ports—which the distinguished chairman of the Senate Intelligence Committee, Mr. GOLDWATER, describes as an act of war. They plead that we not pull the rug from under efforts to make the Nicaraguan Government uncomfortable. To accept this plea is to abdicate congressional responsibilities in the face of executive preemption, to turn a blind eye to the rule of law and our own constitutional process.

This body has an obligation today not simply to assess policy, but to review as well the decisionmaking process in which policy is formed. Senator GOLDWATER has expressed a certain pique at not having been fully notified of an action that has so far eventuated not only in casualties on a Soviet ship but damage on a vessel of our oldest ally, France.

Of greater consequence, it seems to me, is not prior notification of a committee, but prior authorization by Congress as a whole of acts of war. The Constitution does not distinguish between overt and covert wars. The President has no constitutional mandate to attack a foreign country without explicit authorization from Congress. Analogies to Vietnam are often facile, but as we look at the mining of Haiphong it is interesting to note that the decision was made in an open fashion with full public debate. In the Nicaraguan incident, Lloyds of London received earlier notification than Congress, and those in Congress who were consulted were obligated not only not to tell the public but not to talk with their own colleagues.

It is difficult not to conclude that our foreign policy is becoming increasingly elitist, if not authoritarian. A bipartisan foreign policy can only be established with bi-institutional sanction. On trial in this country at this time is not only a particular policy but the Constitution itself.

Mr. BROOMFIELD. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. SILJANDER).

Mr. SILJANDER. Mr. Speaker, there is a political fever that seems to have hit us in the House Chamber, even though this resolution has been termed noncontroversial. We are at a boiling point in ideology and philosophy and political approach. We have used this opportunity to manipulate and to posture.

What has caused this fever of sickness? What has caused and motivated us and the detractors to a near madness on this issue of mines in the harbor of Nicaragua?

What has stimulated the outcry of terrorism, acts of war, and abridging international law?

It has been the freedom fighters placing concussion mines in the harbor of Nicaragua, that is what has caused this entire controversy. And why? Because with their attempting to discourage further shipments of arms by the Soviets, the Cubans, and others, and in Nicaragua to help continue the exportation of revolution throughout Central America.

What type of mine invoked this hot-tempered activity on the floor? A type that are handmade. They are concussion-type mines. They are not made to sink ships or to kill or destroy human life, but they are made rather to be noisy, to be smoky, and to simply damage ships, in an effort to detract ships from coming into the harbors of Nicaragua.

Yet the same voices crying about harmless mines of this type voted for land mines, and M-16's, grenades, and rockets that, yes, have killed human beings.

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Using mines to interdict arms transported by land was justified in their mind. What is the difference of halting arms shipments on land or by waterway? The difference is obvious. It leaves a major void in the waterways to continue the shipments into Nicaragua.

And the real difference is perceived political vulnerability by the administration of this country.

Where are the voices of human disgust when the FMLN, the leftists in Salvador who are being supplied by the arms shipment through Nicaragua, blew up bridges and dams, poisoned waterways, threatened farmers with death if they dared produce food for those starving in that Third World country, destroyed powerplants, disrupting energy to hospitals and other crucial critical care facilities. And intimidated a population not to exercise their free right to vote.

More specifically and more directly, where are the hot fevers and outcries of the atrocities of human rights violations and the broken promises of an illegal Government of Nicaragua. They made promises in 1979 before the OAS. What have they responded with? Ask the Miskito Indians, and their 127 churches that have been burned to the ground by the Nicaraguan Government. They have been forced into work camps such as Cukra Hill, where there are 12,000 Miskito Indians working in sugar cane camps with one doctor visiting once per week, very little food and medical attention and the camp was built to accommodate 800.

It has also caused a refugee crisis of Miskito Indians fleeing tyranny and genocide, in Honduras. What of the promises of elections that have never been kept; the promise of free labor unions received no response; the North Bulgarians have come in to train the subversion of the labor unions. Freedom of speech is unheard of; and what of the promised freedom of religion. Why do you not ask the Jews that have fled Nicaragua about the freedom of religion? Ask the Pope who was insulted when he traveled through that country. And the sermons by ministers required to be reviewed first by the state. And ask the press of their freedoms; there is only one voice of the press, and that being by the Government.

Where is the cry to take the Sandinistas to the World Court for their atrocities, for their violations of human rights and promises made and broken? Why has there not been a fever from the membership in this instance? Why has there not been an upset fever? In Nicaragua today there are 9,000 Cubans, 2,000 Soviet bloc advisers, the PLO and the Libyans, all working and training an army of over 105,000 to grow to an estimated 250,000?

The present level of 105,000 is more than all the Central American countries combined. Obviously, their intentions are more than simply defensive. I hope the Members have placed the mining issues in perspective, of the overall picture of the revolutionary exportation of arms in the backyard of the United States. And many in this Congress have a two-track policy and a two-track mind.

When it suits their interests and their political goals, interdiction of arms is acceptable. But where there is a political forum to exploit the same are opposed to this interdiction.

Just what are the fever addicts demanding? Their real motivation beside political is to cut all funds to the Contras which would allow the Marxist Sandinistas to freely export arms and revolution thoughout the Americas.

The results would force the United States to commit troops to protect our own borders. Either we assist the freedom fighters now or fight the rebels ourselves later.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Oklahoma (Mr. McCurdy).

Mr. McCURDY. Mr. Speaker, in recent days the administration has complained that it has not been receiving bipartisan support for its foreign policy. I would submit that in order to achieve bipartisan support, you must have a policy that can be supported by the American people.

Second, Mr. Speaker, I think it is extremely unfortunate that our Government has decided to withdraw from jurisdiction of the International Court of Justice in regard to U.S. involvement in Central America because it is important that America stand as a nation of laws. We simply cannot have selective application of laws.

Finally, Mr. Speaker, I would submit that this reckless and counterproductive policy undermines American and congressional support for emergency aid to the people and the Government of El Salvador.

I urge passage of the resolution.

Mr. BADHAM. Mr. Speaker, will the gentleman yield?

Mr. McCURDY. I yield to the gentleman.

Mr. BADHAM. The gentleman is a member of the Armed Services Committee. Was the gentleman present this morning when the CIA briefed that committee?

Mr. McCURDY. If the gentleman will yield back, I am also a member of the Intelligence Committee and it has received briefings on this issue.

Mr. Speaker, I yield back the balance of my time.

Mr. BROOMFIELD. Mr. Speaker, I yield 4 minutes to the gentleman from Louisiana (Mr. Livingston).

Mr. LIVINGSTON. Mr. Speaker, House Concurrent Resolution 290 is ill conceived and is contrary to the national security interests of the United States.

I would love to see some of the overly abundant righteous indignation displayed by some in this House applied to just one of the many truly indefensible acts committed by the Sandinista Communists. If only we could harness this outpouring of offended sensibilities for the true victims of this sordid episode, the people of El Salvador and the rest of Central America who are trying to hold elections, implement democracy and escape the armed forces of the Cubans and the Sandinistas.

The Soviets and their surrogates are shipping arms to the Sandinistas who in turn export those arms to Communist terrorists in El Salvador. Those terrorists used the arms to assassinate five members of the Salvadoran constituent assembly, an off-duty American Naval officer picking up his girlfriend on a Salvadoran campus, Red Cross workers and captured government soldiers.

They also use these arms, more generally speaking, to wage a war that everyone around them is against. The Communist terrorists are a tiny minority of political criminals who have virtually no support from their fellow countrymen in El Salvador; that from Archbishop Rivera y Damas, who spoke when we were observing the elections last month.

This resolution is sheer madness and you can believe that the brutal, cynical Sandinistas, Pope hecklers that they are, are laughing their antisemitic heads off and celebrating what will be a glorious propaganda coup when we pass this resolution.

Without the introduction of one single U.S. soldier into combat against them, the Sandinistas had begun to feel the pressure from us and the rest of their neighbors against their revolution without frontiers. They had begun to feel the strength of justice.

With this resolution today we reverse our progress against totalitarian rule by the Sandinistas in Central America, and I only hope that not too many freedom-loving Central American people will die because of it.

Failure of the United States in Congress, particularly this House which is the consistent offender, to support others who would fight to protect themselves and us, all fellow Americans, is lunacy.

We are talking about Central America, not Central Europe, Central Africa or Central Asia, but Central America. In the eloquent testimony before the Appropriations Subcommittee on Foreign Operations, Adriana Guillen, a former Sandinista official and reporter for the newspaper La Presna in Nicaragua, reminded us that Nicaragua is the key to Central America.

She said, "As long as you focus all your attention on El Salvador you will not resolve what you want to resolve. What I am telling you is when we went to Managua, Nicaragua, on July 19, 1979, the first slogan that went through the radio, controlled by the Sandinistas immediately, was that if Nicaragua won El Salvador would win. That means that since that moment, all efforts were put on taking El Salvador by the guerrillas, which is a Marxist-Leninist-led guerrilla group."

We are moving in this House down a dangerous road to isolationism. How we can do that with respect to countries literally in our back yard is simply beyond me.

I sincerely hope that such conduct is beyond the American voters as well.

Let us defeat this resolution today and thereby maintain our focus on Nicaragua and the terrorist revolution she is waging in El Salvador and the rest of Central America.

□ 2120

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. Studds).

Mr. STUDDS. Mr. Speaker, I would like to echo the refrain mentioned a moment ago by the gentleman from Georgia (Mr. Fowler) when he said, he reminded us, in vain apparently, given the ensuing debate here, that we are not here to discuss the policies of El Salvador, the right or the left in El Salvador. We are not here to discuss the policies of Nicaragua, under the Samoza government or the Sandinista government. And we are most certainly not here to discuss the policies of Cuba or the Soviet Union.

We are here to debate that for which we in this Chamber have responsibility, the policies of the United States.

It has been suggested that somehow the resolution before us constitutes, I believe it was called, a partisan effort to embarrass the President of the United States. And I would suggest that it is just possible that the President has managed to embarrass the United States by losing sight of what distinguishes us from our adversaries around the world.

It was Lenin, not Jefferson, who suggested that the ends justify the means. It is this Nation, not the Soviet Union, that prides itself historically on being a nation of laws, not of men. If there is a consistent theme in the history of the United States from our first decade as a nation, it is a respect for the freedom of transit on the high seas.

The first time we went to war was over that question. In the 1790's, with the Barbary pirates. We went to war again in 1812 with the British over that question. And one of the factors that drew us into World War I was the Germans' contempt for freedom of the seas.

We are engaged, Mr. Speaker, in an act of war. We have been told in committee yesterday that we are "observing the international rules of mining."

Now I ask you, what has happened? If this Chamber is concerned about deficits, let me suggest that what has been squandered in the past few months by this policy is the moral capital of the United States. So what if the Soviet Union does not respect the International Court of Justice. We are not the Soviet Union. And that is the point before us. And that is precisely why this resolution should be adopted.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. Kostmayer).

Mr. KOSTMAYER. Mr. Speaker, the hour is late and many Members more senior and more eloquent than I hae spoken on this issue, but I feel compelled to rise briefly because of what I think is at stake in this Chamber tonight. And that Mr. Speaker really is what kind of a country we are.

This is not a Nicaraguan issue. This is not a Cuban issue. This is not a Russian issue. This is an American issue, and distinctly so. Nor is the issue military aid to El Salvador or even whether the Salvadorans should be permitted to interdict weapons coming into their country. Of course they should be.

The issue is only one single, solitary issue, and that is the rule of law. There are legitimate disputes between Nicaragua and her neighbors. There are legitimate disputes between Nicaragua and our own Government.

The issue is how will those disputes be resolved. The gentleman from New York (Mr. Kemp) earlier said that we condemn our country by supporting this resolution.

We do not condemn our country, nor do we applaud the Sandinistas. We recognize the rule of law. And it is the regard that we have in this country for the rule of law that has been our strength at home and around the world. That is as true tonight as it has been throughout the life of the Republic.

And what is at stake is not aid to El Salvador, not whether we like or dislike the Sandinistas. I do not like them. What is at stake is whether or not our country, the United States, will obey the rule of law, in good times as well as bad.

When we adopt this resolution we honor the rule of law and we honor our country.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New Jersey (Mr. Torricelli).

Mr. TORRICELLI. Mr. Speaker, I do not rise to speak of Nicaragua. I rise to speak instead of America.

Yesterday Members of the Congress asked about the mining of harbors in Nicaragua. We were told of a list of Soviet actions around the world, as if they could ever constitute an excuse for the actions of a free people.

Yesterday the Congress asked of the jurisdiction and of our policy with regard to the World Court, a bipartisan commitment that has spanned three decades. And we were told of the actions of the Soviet Union, told of the actions of Stalin, as if they could ever be a justification for the policies of a free people.

Mr. Speaker, the America of which I speak does not ever follow the example of the Soviet Union. It sets a standard for all the world.

Tonight our America stands alone, separated perhaps for the first time in my lifetime from the Governments of France, of Britain, of our NATO allies. It is time for the people of our country to ask themselves why at this time we stand alone. And it is time to send a message, a message that in this country law is supreme.

It is time as well, Mr. Speaker, to send a challenge to ourselves, a challenge to this President, a challenge to the President not to lose Central America. For every action that supports a dictator, for every action that would seem to condone a death squad, for every mining of a harbor, we do not present an obstacle to the Soviet Union, we present an invitation, and an invitation we dare not make.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Levine).

Mr. LEVINE of California. Mr. Speaker, earlier this evening we were urged by one of our colleagues to remember that it was in large part the responsibility of the Congress which has given the President both the authority that he has in Central America and the authority that he received in Lebanon.

But according to this President in recent days, it has been the very discussion of foreign policy issues in this Congress which have undermined his policies.

I think that it is important for us to understand, Mr. Speaker, that in light of President Reagan's irresponsible conduct in foreign policy, it is essential for this Congress to speak and to act.

In light of the inconsistent statements that we have heard from this President with regard to what he is doing in Nicaragua, I think we must ask whether we have a President who knows what he is doing in Lebanon or in Central America.

In Central America, Mr. Speaker, nobody in this Chamber, I do not think any responsible citizen in this country, wants to see Communist dictatorships. We all want democracies in Central America. We all want democracies in the region.

But perhaps one of the greatest tragedies of this President's policy in Central America is that in the name of a rigid anticommunism, this President has perhaps become Fidel Castro's best ally in Latin America. The mining of Nicaraguan waters perhaps makes this point most clearly. President Reagan's reckless and irresponsible policies have united even our closest allies in criticizing American actions.

□ 2130

I commend my distinguished colleague, the gentleman from Maryland, my distinguished colleague from Florida, the chairman of the Foreign Affairs Committee, and my distinguished colleague from Massachusetts, the chairman of the Intelligence Committee, in bringing this matter to the floor. It gives us an opportunity to send an important message to our President that we in the Congress want to return to the rule of law and to a policy which will gain the support of our Latin American neighbors.

Mr. Speaker, the vote we are about to cast on House Concurrent Resolution 290, which expresses the sense of the Congress that no appropriated funds shall be used to mine the ports or territorial waters of Nicaragua, is an important one. It is important because how this body votes will determine whether we choose blindly to accompany the Reagan administration down its path to war in Central America, or whether we choose to say enough is enough, you have gone too far, and we will allow you to go no further in pursuit of your dangerous and misguided policy.

I have been an opponent of the Reagan administration's Central America policy because it is basically flawed. Relying too heavily on military solutions, it has overlooked the root causes of the problems in the region. While I have found that policy both dangerous and frightening, never have I found it more so than over the last 10 days, during which a series of chilling revelations have been disclosed. They are: that U.S. personnel are being used on reconnaissance missions over El Salvador to assist the Salvadoran Army in combat with the guerrillas; that U.S. personnel are being used to mine the harbors and territorial waters off Nicaragua; and that the Secretary of State has placed this country above the law by withdrawing it from the jurisdiction of the World Court with respect to disputes with Central American nations.

Last week during debate in the other body on providing military assistance to the Contras in Nicaragua, it was repeatedly assured that the Contras were not engaged in efforts to overthrow the Government of Nicaragua. The other body was repeatedly told that the Contras were not conducting a war to destroy the economic infrastructure of that country. The President himself sent a letter to the other body assuring it that the United States did "not seek to destabilize or overthrow the Government of Nicaragua; nor to impose or compel any paticular form of government there."

If it is not the policy of this country to destroy the economy of Nicaragua or to overthrow its government, what is the Reagan administration hoping to accomplish by mining its ports? The administration has long professed that it is trying to halt arms shipments through Nicaragua to El Salvador. But we have yet to see evidence of these arms shipments, and the mines have been indiscriminately blowing up our allies' ships.

And what of the administration's decision to withdraw the United States from the jurisdiction of the World Court? Can this administration be so naive as to think that such activity would be condoned by this body, and be allowed to go on unnoticed and without comment? Has this administration really deluded itself into thinking that we are so lacking in political will and sense regarding anything having to do with Central America that we would allow this kind of activity to continue, even though it violates both U.S. and international law?

What has become of the peaceful pursuit of solutions to disputes? What has become of the art of diplomacy? What has become of our cherished belief in the adherence to the rule of law?

How can we, who have engaged in this act of terrorism, for that is what it is, condemn terrorism by others? Who are we to hold other countries to the very standards from which we have excused ourselves?

We must consider our reponsibility as a nation and as a member of the world community. This is not an issue of whether we approve or disapprove of the policies of Nicaragua. There is much to criticize about the policies of the Sandinista government, which has not brought promised elections to its people. Yet, we must reaffirm our commitment to a government that functions under the rule of law.

And let us look to the future for a moment. There have been two especially disturbing reports in the newspapers recently about possible future administration action regarding Central America.

On April 8 the New York Times ran a story, "U.S. Said to Draw Latin Troops Plan." The lead sentence said:

> Senior officials in the Reagan administration say that contingency plans are being drawn for the possible use of U.S. combat troops in Central America if the current strategy for defeating leftist forces in the region fails.

And on April 10 a Washington Post headline read, "CIA Views Minelaying Part of Covert 'Holding Action.'" The first line read:

> The CIA views its involvement in the laying of mines in ports off Nicaragua as part of a holding action until its covert war against that country's leftist Sandinista government can be stepped up if President Reagan wins reelection, according to senior administration officials.

The contents of these stories have been repudiated in an April 10 White House statement. But why should we believe that statement when there seems to be a pattern of deception on the part of the administration with respect to its intentions and policy in Central America, and in other areas of the world as well, for that matter.

If this is where President Reagan is leading this country now, I shudder to think of what we can expect if he is reelected. His policies are dangerous, frightening, and terribly misguided. Let us take a strong stand against them. It is our responsibility to do so. I urge my colleagues to vote for the resolution before us.

Mr. BARNES. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from California (Mr. FAZIO).

Mr. FAZIO. Mr. Speaker, I would like to thank the subcommittee chairman, the gentleman from Maryland (Mr. BARNES), for his leadership on this and so many other issues.

Mr. Speaker, the issue we address tonight goes beyond the mining of the harbors of Nicaragua. It speaks directly to a policy that favors military solutions over diplomatic efforts to reduce violence and oppression in Central America—whether perpetrated by the left or the right. And it speaks to a blindness in our national administration—a blindness that encompasses their inability to understand how our covert aid does nothing but buttress the growing paranoia and resultant authoritarianism of the Sandanista government.

We have dramatically legitimized the charge that Yankee imperialism is on the march and that that threat requires every Nicaraguan to put aside their dissent or criticism of the government and face the continuing traditional threat from the north.

Our only hope in Central America is to negotiate respect for common borders under the Contadora-led peace process. Our subversion is not only contrary to our basic traditions, it is counterproductive in our efforts to promote democracy in the region. It is terribly destructive of our place in world opinion, most importantly among our allies; most importantly, it is absolutely devastating to our own self-respect.

We should overwhelmingly pass this resolution and dedicate ourselves to promotion of—not the flaunting of international law.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida (Mr. Smith).

Mr. SMITH of Florida. Mr. Speaker, woeful indeed is the day that we will take a simple resolution that deals with a single, specific subject and turn it into a foreign policy debacle, not a debate.

The resolution merely calls for a cessation of mining the harbors of a country with which we are not at war. The resolution does not condemn or condone. The resolution does not provide comfort for Nicaraguans, nor does it provide in any way comfort for any of those who would espouse their cause.

I am very, very capable, as many in this Chamber are, of distinguishing one from the other.

Woeful is the day indeed that we should stoop to tie our morality and our actions to those of the Nicaraguans, whose basest instincts are to repress the people we would like to see have freedom and democracy. But mining is not the way to accomplish that.

The more you commit these types of acts, the more you give that base government the ability to continue to repress their own citizens and give them more aid and comfort by being able to castigate the United States for what they do.

We have the moral high ground, we have, in my estimation, the right to criticize; but not when we put mines in the harbors of countries with which we are not at war, even though we disagree, even though we do not like their policies, even though we believe that they are the basest form of persecutors of human rights, which they are.

I urge you to support this resolution.

Mr. BARNES. Mr. Speaker, may I inquire how much time we have remaining on this side?

The SPEAKER pro tempore. The gentleman from Maryland (Mr. Barnes) has 35 minutes remaining; the gentleman from Michigan (Mr. Broomfield) has 27½ minutes remaining.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Connecticut (Mr. Gejdenson).

Mr. GEJDENSON. Mr. Speaker, I rise in support of the resolution.

As we take a look at this debate we need to view ourselves as the world views us. It was President Reagan but several weeks ago who condemned the Iranian Government for its attempt to overthrow the Government of Iraq because of the grave differences that the Ayatollah Khomeini has with the government of Saddam Husayn.

President Reagan said it was wrong for the Iranian Government to try to impose its will as to what government the Iraqis should have.

Today we are presented with an administration which feels that it has the right to try to arm a rebel army to overthow the Government of Nicaragua.

What we face here is not simply a policy that is wrong; it is a policy that has been failing for some time. It is a policy that is working against America's best interest not simply in Nicaragua but throughout all of Latin America.

As we argue for the Contadora process and for peaceful negotiations this mining gives our words a hollow ring, as hollow a ring as this administration, which demands elections in Nicaragua but does not seem so concerned about them in Chile or in Guatemala.

What we see in the policymaking apparatus of the Reagan administration is a failure, a failure to be able to reassess whether a policy is working or not. It is similar in many ways to what we saw in Lebanon. "Whether the policy works or not, continue with it. If it is not working, simply increase it."

This is a policy that is working against the best interests of America. The American people would be outraged if another country had mined Boston Harbor or any other of our ports. It is a policy that humiliates us as Americans and a policy that is doomed to fail.

I urge support for the resolution.

Mr. BROOMFIELD. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. Solomon).

Mr. SOLOMON. I thank the gentleman for yielding.

Mr. Speaker, I wonder if the distinguished chairman of the Intelligence Committee would answer just a couple questions, and also my distinguished neighbor.

Mr. Chairman, I would just like to ask a couple of questions. I serve on the Foreign Affairs Committee, and I am somewhat knowledgeable but I am not completely knowledgeable of the chronology of events, and certainly those Members who serve on neither your subcommittee nor the House Foreign Affairs Committee do not have any of the information about these chronology of events, and I would just like to ask you: When did the staff of your subcommittee know of the mining, the first date? Do you recall that?

Mr. BOLAND. If the gentleman will yield, let me respond to the gentleman by saying that I will deal with those particular questions when I am given time by the distinguished gentleman from Maryland (Mr. Barnes).

I will deal specifically with it. I will spin off all of the rhetoric on this issue and just indicate precisely when the Intelligence Committee came within possession of the facts.

You know, I am familiar with the old smoking gun routine, "What did you know, when did you know it, what did you do about it?" So why do you not let me respond in good time, and I will do it, I think, to your satisfaction.

Mr. SOLOMON. I will be glad to respect the chairman, and I will do that.

Mr. Speaker, let me just say this: From the information that I have, it seems to me that we, Members of this Congress—I know myself and others—were aware of the mining efforts back in late January. Here we are, in the middle of April—going on toward the end of April—and the truth of the matter is that nobody said anything, nobody filed a complaint, and yet, like in Lebanon, all of you gentlemen voted, like I did, to put the marines in Lebanon and leave them there for 18 months.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. Let me just continue for one more thing.

And then we turn around and we cop out. I say "we." The Wall Street Journal says that we cop out and we pull the marines out, right or wrong.

Now, not too long ago we all voted—not all of you, but a majority of this House voted—for covert activity to do exactly what we are doing, to interdict arms going into El Salvador. We the Congress voted for that—$24 million. And we knew that we were going to interdict them by land and air and sea.

Well, as Henry Hyde said before: What are we going to do? Are we going to put the *Missouri* out there and blockade their harbors? No. But the truth of the matter is that you gentlemen knew that those three harbors were mined a long time ago. Nothing was ever said. And yet you knew it. Here we are, 6 weeks later, now making a political statement here. I think it is wrong.

I just got back my questionnaire from over 20,000 constituents, and I think this bears out what this is all about. I asked the question: "Is

Ronald Reagan doing a good job?" Seventy-one percent of the people said, "Yes."

And then I asked the next question: "Is Congress as a whole doing a good job?" And 70 percent of the people said, "No." And this is the reason why they said "no": Because we play politics with the national security of this country.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from Maryland (Ms. Mikulski).

Ms. MIKULSKI. Mr. Speaker, I was stunned this week to learn of the Central Intelligence Agency's mining of Nicaraguan harbors, and I was equally appalled to learn that President Reagan had approved the mining.

The covert mining of the harbors of any foreign country by the United States raises serious questions about possible violations of international law. We must practice what we preach with respect to the law. That is why I am voting today in support of the resolution forbidding the use of U.S. funds to "plan, direct, execute, or support the mining of the territorial waters of Nicaragua."

U.S. involvement in countries such as Nicaragua and El Salvador would better serve our interests by promoting democracy rather than mines and bullets. Public funds of our country should not be used to fund secret wars in other countries.

U.S. dollars should be spent dredging Baltimore's harbor, not mining Nicaraguan harbors. In my years in Congress I have consistently and aggressively opposed all covert military aid against Nicaragua and I will continue to oppose such aid.

The mining of the Nicaraguan harbors by the Reagan administration was a bellicose and belligerent act that threatened civilian navigation and the lives of sailors from any nation that trades with Nicaragua.

Mr. Speaker, the mining of the Nicaraguan harbors, combined with other recent covert military actions taken by the Reagan administration, make it impossible for us to speak out against world terrorism and aggression when we ourselves are endangering the waterways used by ships taking food and medical supplies to needy children.

□ 2140

Mr. BARNES. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee (Mr. Gore).

Mr. GORE. I thank the gentleman for yielding me this time.

Mr. Speaker, I simply wanted to respond to the last speaker on this side, the gentleman from New York, who suggested that members of the Intelligence Committee knew about this operation and did nothing about it; comparing it to the debacle in Lebanon. I would remind my colleagues that members of the Intelligence Committee have voted for 2 years to cut off the money to carry out the Contra operation inside Nicaragua of which this is a part, and as recently as this Wednesday, the money was cut out again. The full House has gone along with us, and the money was restored when the other body insisted upon it and came out of conference victorious, and I think that record should be clear.

Second, I hope my colleague is not suggesting that members of the Intelligence Committee should immediately go to the press with every item that is disclosed during the hearings and as a result of the questions that we ask of the adminstration. We try to deal with that information in a responsible way; we have come to the floor in a responsible, deliberate way, and tried to advise our colleagues that this whole thing is a mess and ought to be cut off, and it is now more clear than ever that it is indeed a misguided venture which should be stopped.

Mr. BROOMFIELD. Mr. Speaker, may I inquire as to the time remaining?

The SPEAKER pro tempore. The gentleman from Michigan (Mr. Broomfield) has 24½ minutes; the gentleman from Maryland (Mr. Barnes) has 31 minutes remaining.

The Chair recognizes the gentleman from Maryland (Mr. Barnes).

Mr. BARNES. Mr. Speaker, I yield 1 minute to the gentlewoman from New York (Ms. Ferraro).

Ms. FERRARO. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of the resolution to block the CIA from future mining of the harbors of Nicaragua.

The issue had been raised that this resolution is nonbinding, that is, it would not really shut off funding for the mining operations. I join in thinking that fact unfortunate. I wish this were a binding resolution. I wish that by passing this resolution, we could be assured that the United States of America would commit no further acts of war in Central America.

Unfortunately, that is not the case. The CIA's not-so-secret war in Nicaragua has expanded greatly, compounding the problems of that small country. There is no reliable indication, with or without this resolution, that the expansion and escalation will not continue.

I want to add my voice to those who have spoken before me tonight about this country's respect for the rule of law. Respect for the law is what this country is all about; it is what makes us different from, and better than, those who violate international law whenever it suits their purpose.

What kind of argument is it to say it is all right for the United States illegally to mine the ports of Nicaragua because the Soviets shot down KAL 7, or invaded Afghanistan, or anything else. Is that the standard by which we will measure our actions? Anything that is not quite as bad as what the Soviets are doing is good enough for us?

I do not think so. I think the United States is supposed to stand for more than that. The world is a dangerous enough place. A responsible, international-law-abiding United States is critical to hopes for peace and stability. If we are going to condemn the Soviets, and others, for transgressions against international law, we must conduct ourselves within the bounds set by that law. But not only is this policy, this covert war, unworthy of the United States. It is also stupid and, as the gentleman from Illinois has said, ineffectual. It will not work. The mining of the harbors of Nicaragua is not like the blockade of Cuba 20 years ago. Unlike that time of crisis, we do not even have the support of our own allies. It cannot be continued, and it cannot yield the objective claimed for it.

What worries me most about the mining of Nicaragua's ports is not that in itself it is illegal, an act of war, and doomed to fail. What worries me most, as the mother of a 20-year-old son, is that it will not mark the end of U.S. involvement in the war that rages throughout Central America. That, Mr. Speaker, is what scares me about this administration's policy.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. Pease).

Mr. PEASE. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of the pending resolution.

What disturbs me so greatly about the CIA-supported mining of Nicaraguan harbors is not the mining itself, not the damage to foreign merchant vessels, not the failure to adequately consult with congressional committees.

No, what so greatly disturbs me is this:

First, the mining is a violation of international law.

Second, that the Reagan administration could think it was being clever by unilaterally opting out of jurisdiction of the World Court—as if that cleverness could paper over an illegal act and public reaction to it.

Third, that the mining incident reveals a dangerous mind-set in the CIA, the Defense Department and the Reagan White House. All are apparently so obsessed with routing Marxism out of Nicaragua that they believe the ends justify the means. They apparently believe that any act, even an unlawful one, is justified if it serves the end of fighting Marxism.

Mr. Speaker, that is a highly worrisome mind set. No one knows where it will lead, what acts it will justify in the future.

The last time an American President exhibited that mind set—that noble ends could justify illegal means—the issue was a domestic one, but the episode, which we remember as Watergate, was disastrous for our Nation. How much more dangerous it will be for our Nation if that mind set is applied to the international arena.

Mr. Speaker, Americans thoroughly dislike Marxism. But Americans also believe in lawful behavior—for themselves and for our Nation. That higher standard of morality is what sets us apart from our Marxist adversaries.

Let us adapt this resolution to remind President Reagan that we are a nation of laws, not of men.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut (Mr. Morrison).

Mr. MORRISON of Connecticut. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of this resolution and I thank the leadership and the committee for bringing it promptly to the floor. It seems to me that the issue is simple: The issue is right and wrong. The United States is wrong in its activity of mining the harbors in Nicaragua, and, as with a great person who can admit when things are wrong, a great nation can admit when something is wrong and correct it.

It is just that strength which has made us a strong and great nation over all our history; and it is because this body has the willingness to face squarely this issue of right and wrong that we can be strong in the future.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. Levin).

Mr. LEVIN of Michigan. I thank the gentleman for yielding me this time.

Mr. Speaker, in the Kissinger Commission Report, it is said that the nations of Latin America have authentic, local, collective security interests. These should be expressed in new mechanisms for regional cooperation and consultation. Otherwise the temptations of unilateralism will become overwhelming.

How true. The temptation of unilateralism overwhelmed the Reagan administration when it decided to help mine the harbors of Nicaragua.

This resolution has been called by one of its opponents a cheap shot. How wrong.

It is a necessary statement that recklessness in the name of democracy is likely to become democracy's worst enemy.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. Markey).

Mr. MARKEY. I thank the gentleman for yielding me this time.

Mr. Speaker, the issue we are debating tonight is a simple one. Will Congress go on record in opposition to the mining of harbors of a foreign nation with which we are not at war.

This policy is not a moral policy, it is not an intelligent policy, and it is not a legal policy.

Simply put, it is a crime, and an act of war against a nation with which we are supposed to be at peace.

If the administration has evidence that the Nicaraguans are exporting revolution or supporting terrorism, they should come forward to the court of international law and make that case.

Instead, President Reagan has put us in the role of a criminal, fleeing the judgment of a legitimate court of law.

This is not a proud moment in the history of our Nation.

Do we have so little faith in the principles of America that we will abandon them at the first sign of unrest in our hemisphere?

Do we not see how ludicrous it is for Americans to bemoan Sandinista interference in foreign affairs while we are financing and directing a war against Nicaragua?

It is time for Congress to tell the President that he cannot recruit a private army to wage a private war without the consent of Congress or the American people.

Yes, Congress will pass this resolution tonight, and make a brilliant statement of the obvious: that it is wrong to attack a nation with which we are not at war.

That is the very least we can do in allegiance to our Nation's honor and our to nations principles.

I will introduce tonight a bill to end the U.S. military buildup in Central America, to stop all covert operations against Nicaragua, and to strictly condition U.S. military aid to El Salvador on democratic reform in that country.

I urge my colleagues to vote for this resolution, and in so doing, to vote to uphold the United States and the principles on which this great Nation was founded.

Mr. BROOMFIELD. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina (Mr. Hartnett)

Mr. HARTNETT. I thank the gentleman for yielding me this time.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. HARTNETT. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding to me.

Mr. Speaker, I ask the gentleman if when the gentleman from Massachusetts (Mr. Boland) gets his time and debates, does the gentleman expect that he will explain to this House, as the chief sponsor of the Boland-Zablocki bill providing overt interdiction of the export of arms from Nicaragua, how they planned to accomplish that at sea?

Mr. HARTNETT. I look forward to a full explanation from our chairman.

Mr. HYDE. I do too. I thank the gentleman.

Mr. HARTNETT. Mr. Speaker, I am somewhat disturbed tonight to have heard the accusations of international criminal lodged against this country and our President. When a small, brave band of people act to prevent the spread of terrorism and revolution from one nation to other nations, and they are allegedly assisted by a great nation, I think that is patriotism.

When I hear my fellow Americans, and I ask that rhetorically, refer to the President of the United States as a criminal, and talk about us seizing the moral high ground while Soviet, Marxist communists seize country after country after country, we hold steadfastly to the moral high ground.

Fight by the Marquis de Queensbury rules they say, while the rest gut us with brass knuckles and switchblades. Yes, I will tell you, it is a disgusting day in America when all we can do is beat our breast and say, "What horrible international criminals we Americans are." Why there are Members of this House who have not supported the President when he went into Lebanon, when he went into Grenada; they did not accuse the Soviet Union of being international criminals when they killed innocent people or the Ayatollah Khoemeni when he held American citizens for 400 days, or the Koreans when they captured our *Pueblo*. But we, the bravest, most benevolent, kindest, most generous country on the face of the Earth is accused by its own citizens of being international criminals.

We do not shoot ourselves in the foot when we allegedly support brave men and women by mining waters off of Nicaragua; we shoot ourselves and our country in the heart, my friends, when we bring up political garbage like this resolution which you have before you tonight, written with the pens of people who would rather see a change in the White House than a change in the governing body in the country of Nicaragua.

□ 2150

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. Mineta).

Mr. MINETA. I thank the gentleman for yielding this time to me.

Mr. Speaker, the resolution before us tonight is terribly important. And as we discuss it, let us make it clear that we are all in agreement that we want to prevent Communist expansionism. But now, we must ask ourselves how best to do that.

With the mining of Corinto and ongoing support for Contra activities, this administration is saying "Do it our way, or do it no way at all, because we will destabilize your government and underwrite a rebellion against you."

This administration has apparently adopted terrorist methods in its military approach, because those mines in Corinto Harbor do not discriminate between military and civilian targets. They do not discriminate between a Soviet tanker and a local fishing vessel—or even a stray water skier.

Mr. Speaker, these kinds of tactics are atypical for America. And that is as it should be, because these tactics are not only illegal—as the Treaty of the Organization of American States tells us—they are also self-defeating. With these tactics, we repel the people of Central America and push them into the arms of Cuba and the Soviet Union. Right now, administration policy is breeding anti-U.S. hatred and revolution—not curbing it.

If the President is determined to wage war, let him ask the Congress and the people for such a declaration.

Thus, I call upon my colleagues to help end a policy which is both blatantly illegal and badly self-defeating. I urge my colleagues to support this resolution and help reverse administration policy in Nicaragua.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. Ritter).

Mr. RITTER. I thank the gentleman for yielding this time to me.

Mr. Speaker, had we indulged in what we are indulging in tonight prior to the declaration of war against the Germans and the Japanese in 1941, we would not have had an OSS that actually worked to foreshorten the Second World War perhaps by as much as 5 years.

It has been mentioned that what we are talking about here tonight is not Soviets, it is not Cubans, it is not Nicaraguans, it is Americans. How in the world can we use those kinds of mental gymnastics to place ourselves in a vacuum, disregarding events. The fact is that in Nicaragua, we are witnessing the greatest military buildup, Soviet-Cuban sponsored, in the history of the south of the border region.

The fact is that the people who we support are working against this military buildup and wish to cease this military buildup. The people who we support are those very people who are willing to put their lives on the line for principles that the Sandinistas promised the OAS. And the people who are willing to put their lives on the line are the people who will keep American troops from one day being committed to an area which has become a Soviet-proxy dominated Isthmus of Central America, so close to our borders, our front yard.

The fact remains that the Contras are being supported by us so that we one day will not have to go into Central America with our own boys. That is what this debate is about tonight. That is what the mining of the harbor is meant to do. And believe me, had the Senate had the time to consider this issue, and had it not blown like a tornado through the last 48 years, they would have had the same heated debate as we have here tonight and their vote would have been quite different.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the distinguished gentleman from New York (Mr. Schumer).

Mr. SCHUMER. I thank the gentleman for yielding this time to me.

Mr. Speaker, I think the arguments tonight pretty well can be divided. The gentlemen on this side of the aisle are saying that the United States must have a policy that emulates its principles. The gentlemen on this side of the aisle say that we are being naive; that unless we deal with the Soviets and the Cubans in a way they are accustomed to dealing with the world, we will lose.

The argument splits into a high-road approach and a get-into-the-gutter-with-the-Soviets approach. My colleagues, we can never, never out-do the Soviets in the type of tactics they use. They are a closed society. They are a relatively amoral society. They are a society without a conscience.

Should we get into the gutter with them, they will out-do us. Gentlemen, there is no choice. We will only succeed by pursuing that high road. If we have the confidence in our society as a free society, then we can have the confidence that our high-road approach will succeed.

Mr. BROOMFIELD. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. Stratton).

Mr. STRATTON. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in strong and emphatic opposition to this resolution.

I think the majority of the committee has overlooked some fairly salient points. First of all, we seem to be spending a lot of time talking about poor, old Nicaragua, but the culprit is not Nicaragua, it is the Soviet Union. They are the ones who are behind the turmoil in Central America, and there is no question of who the ultimate target is. It is the United States of America.

Second, I think we are spending too much energy on whether what we are doing to protect American interests in the Caribbean should be done by covert or by overt means. When the fundamental interests of the United States are at stake, I do not think it makes a great deal of difference.

Let us not forget that when Adolph Hitler declared war on England and on Western Europe, a great Democratic President, Franklin Roosevelt, knew that the ultimate target was America and he did not hesitate to turn over 50 overage destroyers to England for a few sunny Caribbean beaches.

□ 2200

It was not legal, but is sure helped England and it helped to preserve the United States. FDR did not stop there, either. He even ordered the U.S. destroyer command in the North Atlantic to go to war with the Nazi submarine fleet. That was also illegal as hell, but it saved England and it saved America, too.

FDR knew very clearly who the enemy was and he did not hesitate to do what he could to stop them.

Third, let us put this mining operation into perspective. Nicaragua is steadily becoming another Soviet base and arms distribution center in the Caribbean, just like Grenada.

The mines in Nicaragua do not sink ships. They have not killed anybody, but they sure discourage ship owners from bringing Soviet guns, Soviet oil, and Soviet ammunition into Nicaragua and those are weapons that will not kill Salvadorans or fuel that will not carry Nicaraguan personnel carriers.

Let us not forget, after all, that it was not until President Nixon mined the harbor in Haiphong that Le Duc Tho finally agreed to resume the Paris peace talks and brought an end to the Vietnam war.

So let us vote down this unrealistic resolution and cast our vote for the interest of America.

Mr. BARNES. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from New York (Mr. Solarz).

Mr. SOLARZ. Mr. Speaker, the issue before us tonight is not whether we should or should not engage in covert military operations against Nicaragua. We have debated that issue in the past and we will undoubtedly be debating that issue again in the future.

The issue that confronts us tonight is whether it serves the interest of the United States to engage in this specific operation to mine the ports and harbors in Nicaragua.

I would suggest, particularly to those Members of the House who believe that we do have a legitimate interest in engaging in covert military operations against Nicaragua, that this particular operation from the perspective of our own national interest is both crazy and counterproductive. It has not staunched the flow of arms into Nicaragua and it has not in any way stemmed the flow of arms out of Nicaragua. What it has done is to unite our European allies, albeit against us, rather than for us. It has facilitated the emergence of a de facto military alliance between France, which has undertaken to offer to clear these ports and harbors of the mines we helped to plant there, and Nicaragua itself, and it has led all of the

Contadora countries, whose diplomacy we say we are supporting, to criticize the United States for undermining their diplomatic initative, which is designed to resolve the conflicts in Central America by peaceful, rather than by violent means.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. SOLARZ. I am happy to yield to my friend, the gentleman from New York.

Mr. KEMP. Mr. Speaker, the gentleman mentioned that the project, this covert activity, was crazy. Others have called it illegal. Others have called it maniacal.

I wonder if it was so, why was it not stopped by the gentleman's party at the intelligence level at which the gentleman from Massachusetts (Mr. Boland) operates? Why did he not stop it? Could he have stopped it or not?

Mr. SOLARZ. Mr. Speaker, I think the gentleman from Massachusetts is perfectly capable of answering that for himself, but I would simply point out to the gentleman that the Democrats on the Intelligence Committee and, indeed, the full House voted to terminate the covert operations against Nicaragua in their entirety; but insofar as this particular operation is concerned, it seems to me on the face of it very clear that the damage it did to the reputation of the United States and to our relationship with our allies far outweighed the additional problems it could potentially have created for the Government of Nicaragua. In that sense, it was entirely counterproductive.

There is a fundamental difference between supporting military operations directed against the Government of Nicaragua, if you happen to believe that is appropriate, which I do not, and supporting activities such as the mining of the ports in Nicaragua which are likely to wreak physical harm against the ships of friendly and allied nations. That is an action calculated to outrage our allies far more than it is to hamper or constrict the ability of Nicaragua to export arms to other countries in Central America, and in that sense I would submit it was completely counterproductive to our interests.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the gentleman from Oregon (Mr. AuCoin).

Mr. AuCOIN. Mr. Speaker, if the Sandinistas were to mine San Francisco Bay to harass the United States in the same way that Bill Casey wants to harass the Sandinistas, the White House would declare it an act of war and we would have the marines in Managua in 5 minutes.

Last Monday the President signed a Law Day Proclamation to celebrate the fact that we are a nation apart because we celebrate and respect the rule of law. It is ironic to me and to my constituents that 4 days later his administration informed the World Court that it will exempt itself from any finding of that body, obviously to sidestep any verdict that would say we have violated international law.

The President's Secretary of State, having presided over the deployment of the marines in Beirut, a disastrous adventure, has condemned state supported terrorism across the globe.

How credible is that moral position if we now sanction tonight terrorism funded by our Government against a nation with whom we are not at war?

Some here do not count the value of holding the moral position. They would have us adopt the tactics of lawless countries—thugs—who are our adversaries. The end justifies the means. But that leaves no distinction between us and our adversaries. We become like them. That is victory?

Those people are wrong. They are wrong about the war in Nicaragua. And they are wrong about America.

I ask my colleagues to pass this resolution and put this country on a high-moral plane.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Hunter).

Mr. HUNTER. Mr. Speaker, Mr. Descoto, the Foreign Minister of Nicaragua, was sent a few days ago to the Capitol of the United States with a specific mission and that mission was to change the subject. It was to change the subject from the abuses that the Nicaraguans have perpetrated on the Miskito Indians. It was to change the subject from their failure to hold elections, as they promised the OAS in 1979. It was to change the subject from the terrorism that they are exporting into El Salvador.

You know, a couple days ago I was asked to appear on the "McNeil-Lehrer Report" to comment on Mr. Descoto's statements that he was making with regard to the mining of the harbor. Mr. Kostmayer appeared also.

I was asked later to go to another studio to appear and I realized during the night that this gentleman was driving the news in the United States. He was not following it. He was not being asked to appear at these places. He was requesting these appearances and he was driving an issue, just like many lobby groups in this country drive issues. He was going to the media and the media was going to the U.S. Congress and the Congress was ultimately pushing a resolution on the Hill.

I think this resolution in a sense is Mr. Descoto's resolution. If he is back in Nicaragua tonight, his friends and his colleagues are telling him that he has been very successful in the United States because he has changed the national debate in America and he has done an excellent job of it.

I noticed in debating Mr. Descoto, that he steadfastly refused to discuss subjects other than his own. I asked him, for example, "Why didn't Nicaragua condemn the shooting down of the airliner by the Soviet Union? Why was it one of the few nations not to do this?"

He became very angry. Just like many of our colleagues on the other side have said, he said, "The subject tonight is the mining of the harbor."

And one caller on one of the shows said, "How about the abuses to the Miskito Indians?"

□ 2210

He said that is not the subject, although he did throw in an aside that actually the United States was abusing the Miskito Indians in some way.

But the point is this Nicaraguan has been very successful in diverting our attention from the real issues and we should not pass this resolution which in a real sense is Nicaraguan legislation.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Florida (Mr. Gibbons).

Mr. GIBBONS. Mr. Speaker, every now and then we ought to step back and look at ourselves and ask ourselves who we are and what we are doing. I think we ought to realize, one, that we are only 5 percent of the Earth's population. We are fortunate enough to have a great percentage of its wealth. We have built a lot of military strength.

But America leads and is a leader in the world because it has stuck to the high-moral ground, the high principle.

We made a mistake when we exempted ourselves from the jurisdiction of the World Court. Only a coward would do that. And America could never have allies and friends acting in a cowardly way.

We made a mistake when we acted covertly to try to mine those harbors in Nicaragua. America can never lead unless it sticks to the high principle and high ground.

We cannot win a dirty battle. No one can win that kind of battle with the kind of awesome might that we have now at the world's disposal.

We must win because we can get the minds and the hearts of more people on Earth and we can unite them in a common cause, to live as free people, as respectful people, obeying the law and following the tenets that we have been taught all of our lives to follow.

We must have allies. We must have true friends that will support us and stand by us. And we cannot act in disrespectful ways and have that kind of friendship.

We will not have our own self-respect, we will not have the respect of anyone else on this Earth.

Let us pick the high road. Let us pick the principled road. Let us act under law. Let us respect the law.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Iowa (Mr. Harkin).

Mr. HARKIN. Mr. Speaker, those opponents of this resolution seem to be saying in so many words: First, that might makes right; second, that the end justifies the means; and, third, the only way to beat the Soviet Union is become like them, only more powerful.

To my friends on the right I would simply say this: The strength of the United States is not really just measured in our arms alone, but it really is measured on our adherence to the Declaration of Independence, the Bill of Rights, and the Constitution.

We want to have the people of the world look to us for leadership.

If might and power were the sole determinants of how the poor and oppressed peoples of this Earth make their decision on who to look to for hope, then at least half of the boat people would be going to the Soviet Union, at least half of the people fleeing oppressed countries would be going to the Soviet Union. But, no, they come to us, not because of our arms and our power but because they look to us for hope, for freedom of opportunity, for simple justice. Our actions in Central America in general, and in Nicaragua in particular, make us more and more indistinguishable from our adversaries in supporting terrorism.

Let us offer more to our neighbors to the south than what the Soviet Union offers its neighbor to the south, Afghanistan.

Mr. BROOMFIELD. Mr. Speaker, I yield 1 minute to the gentleman from Montana (Mr. Marlenee).

Mr. MARLENEE. Mr. Speaker, if you listen to some of those supporting this resolution you can hear the high whine of partisan sabotage, an irresponsible partisan sabotage that will cost us dearly. And you can hear the demogogues.

I hear complete irresponsibility. I hear the same crowd that supported Fidel Castro and fought alongside of him in the cane fields. They are always, ready, ready to sell out the humanitarian efforts that we have poured into the Central American region, ready to allow the destabilization of the area, ready to allow partisan puppet Marxist dictatorships to be established in Central America.

Yes, the world knew we assisted in mining the territorial port waters. They had the message: Stop shipping weapons and missiles and troops into the region.

John F. Kennedy stopped the flow and it was all right. Now all of a sudden it is wrong, wrong to stop the destabilization.

Vote against this resolution and send a message that we will not tolerate the import of weapons and the export of terrorism from Nicaragua.

Mr. BARNES. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Missouri (Mr. Skelton).

Mr. SKELTON. Mr. Speaker, Central America is in my opinion the issue of the decade. I think it is time that we as Americans understand that this is next-door neighbor stuff. It is very important that we pay attention to Central America and what is going on there and what the problems are and the threats to our own national security.

But in doing this, Mr. Speaker, I think it is very important that we continue to have and continue to build upon the support of the American people. We can do nothing positive there in Central America without solid support of the people of this country.

Second, Mr. Speaker, we need a continued respect for what we do as a free land and as a free nation.

I have supported in the past a great deal of what we have done and what we are doing in that Central American region. For instance, I have voted against and thought it was wrong to have the resolution considering cutting off the aid earlier to the people that opposed the Sandinista regime.

Mr. Speaker, applying what is going on now to the test, the test of the importance of having the respect of the American people, and against the test of continuing to have the respect of the people of our world, of the free world, the mining of the harbor is wrong. It is somewhere between stupid and dumb because it violates both of those principles.

I certainly hate to have to stand here and say that we are on the wrong path. But in my opinion, Mr. Speaker, I see that the policy there seems to be a ship without a rudder.

Mr. BROOMFIELD. Mr. Speaker, I yield 4 minutes to the gentleman from Georgia (Mr. Gingrich).

Mr. GINGRICH. Mr. Speaker, as I listen to this debate I have to wonder if we in fact have gone mad.

The big picture is that $12 million in Soviet arms to Nicaragua have gone there in the last year, that three battalions of Soviet tanks to Nicaragua have gone there in the last year, that there are between 2,500 and 3,500 Soviet and Cuban advisers in Nicaragua, that last week the Leningrad aircraft carrier battle group for the first time practiced with the Cuban Navy off our shores.

In fact, the Wall Street Journal carried a very serious charge against this House, and I quote:

> The administration believed the House Permanent Select Committee on Intelligence, which is headed by Edward P. Boland of Massachusetts, one of the chief House critics of the administration's Central American policy—

And a few hours later the story was in the Washington Post.

If in fact there was a leak of secret information by this House, there should be an investigation of who leaked it and what staff member is responsible.

Just last week the Speaker, and I quote from the New York Times headline, "Rejects Charge Congress Undermined Policy."

I quote from the New York Times:

> The Speaker's direct criticism of Mr. Reagan was in response to the President's accusation at his news conference Wednesday night that congressional criticism had undermined administration policy in Lebanon and encouraged terrorists.
>
> Mr. O'Neill termed the President's charge "despicable."

Another leading Democrat said "He is trying to make Congress a scapegoat of his failed foreign policy."

☐ 2220

Alexander Hamilton warned us in the Federalist No. 22:

> . . . acting under the authority of those Legislatures. The faith, the reputation, the peace of the whole union, are thus continually at the mercy of the prejudices, the passions, and the interests of every member of which it is composed. Is it possible that foreign nations can either respect or confide in such a government? Is it possible that the People of America will longer consent to trust their honor, their happiness, their safety, on so precarious a foundation?

I want placed into the Record, the full text of a letter signed by 10 Members of this House, but I want to quote one particular part of the letter.

The letter was sent to Commandante Daniel Ortega, the dictator of Nicaragua. The people who wrote this letter know he is a dictator because it starts, "Dear Commandante."

This is the key paragraph, and I object to nothing else in this letter but I object deeply to this paragraph:

> As Members of the U.S. House of Representatives, we regret the fact that better relations do not exist between the United States and your country. We have been, and remain, opposed to U.S. support for military action directed against the people or government of Nicaragua.

That was not the casual letter of innocent people. That was a letter signed by the majority leader, the chairman of the Intelligence Committee, three subcommittee chairmen on International Relations, two Appropriations Foreign Operations Subcommittee members, two International Relations Committee members and the deputy whip; all of whom had access to certain knowledge that their government, the Government of the United States of America, is engaged in activities against the very dictatorship they wrote this letter to.

Now the purpose of the letter may be fine. The rest of the text I do not object to.

House of Representatives,
Office of the Majority Leader,
Washington, D.C., March 20, 1984.
Commandante Daniel Ortega,
Coordinador de la Junta de Gobierno, Case de Gobierno, Managua, Nicaragua.

Dear Commandante: We address this letter to you in a spirit of hopefulness and good will.

As Members of the U.S. House of Representatives, we regret the fact that better relations do not exist between the United States and your country. We have been, and remain, opposed to U.S. support for military action directed against the people or government of Nicaragua.

We want to commend you and the members of your government for taking steps to open up the political process in your country. The Nicaraguan people have not had the opportunity to participate in a genuinely free election for over fifty years. We support your decision to schedule elections this year, to reduce press censorship and to allow greater freedom of assembly for political parties. Finally, we recognize that you have taken these steps in the midst of ongoing military hostilities on the borders of Nicaragua.

We write with the hope that the initial steps you have taken will be followed by others designed to guarantee a fully open and democratic electoral process. We note that some who have become exiles from Nicaragua have expressed a willingness to return to participate in the elections, if assurances are provided that their security will be protected, and their political rights recognized. Among these exiles are some who have taken up arms against your government, and who have stated their willingness to lay down those arms to participate in a truly democratic process.

If this were to occur, the prospects for peace and stability throughout Central America would be dramatically enhanced. Those responsible for supporting violence against your government, and for obstructing serious negotiations for broad political participation in El Salvador would have far greater difficulty winning support for their policies than they do today.

We believe that you have it in your power to establish an example for Central America that can be of enormous historical importance. For this to occur, you have only to lend real force and meaning to concepts your leadership has already endorsed concerning the rules by which political parties may compete openly and equitably for political power.

A decision on your part to provide these reasonable assurances and conduct truly free and open elections would significantly improve the prospect of better relations between our two countries and significantly strengthen the hands of those in our country who desire better relations based upon true equality, self-determination and mutual good will.

We re-affirm to you our continuing respect and friendship for the Nicaraguan people, and pledge our willingness to discuss these or other matters of concern with you or officials of your government at any time.

Very sincerely yours,
Jim Wright, Michael D. Barnes, Bill Alexander, Matthew F. McHugh, Robert G. Torricelli, Edward P. Boland, Stephen J. Solarz, David R. Obey, Robert Garcia, and Lee H. Hamilton.

The distinguished gentleman from Texas will undoubtedly seek to explain it. But I ask him when he seeks to explain it, to answer this question: If you were the KGB Soviet adviser to the Nicaraguan dictator or you were the Cuban adviser to the Nicaraguan dictator, and you were sitting in Managua with the dictator you helped put in power and you advised—and you were giving aid and advice to, and you read a paragraph from 10 powerful U.S. Congressmen that said, and I quote again the key sentence:

> We have been, and remain, opposed to United States support for military action directed against the people or Government of Nicaragua.

The SPEAKER pro tempore. The time of the gentleman from Georgia (Mr. Gingrich) has expired.

Mr. BROOMFIELD. I yield 1 additional minute to the gentleman from Georgia (Mr. Gingrich).

Mr. GINGRICH. The gentleman from Texas—I am not going to yield, if your side wants to give me time, I will yield. The gentleman from Texas is eloquent, he will undoubtedly give us many great words, but I want to come back and I hope when you speak you will tell us if you were the Soviet KGB adviser if you were the Cuban adviser, how would you interpret that letter, how would you interpret that advice? And would you in any way suggest that the United States is tough and firm?

And when you read that sentence and you are the President of the United States does not it sort of explain why you blame this Congress?

Thank you.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Illinois (Mr. Hyde).

Mr. HYDE. Is the gentleman suggesting that the gentleman is setting up his own State Department?

Mr. GINGRICH. I think the gentleman should explain for himself what he is doing.

Mr. BARNES. Mr. Speaker, I yield 4 minutes to the very distinguished majority leader of the House of Representatives, the gentleman from Texas (Mr. Wright).

Mr. WRIGHT. Mr. Speaker, I had not intended to enter this debate. The gentleman from Georgia (Mr. Gingrich) has brought into the debate a letter which I trust he will submit in its entirety for the Record. If he does not, I ask unanimous consent that the entirety of the letter may appear in the Record at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The letter follows:

House of Representatives,
Office of the Majority Leader,
Washington, D.C. March 20, 1984.
Commandante Daniel Ortega,
Coordinador de la Junta de Gobierno, Case de Gobierno, Managua, Nicaragua.

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Very sincerely yours,
Jim Wright, Michael D. Barnes, Bill Alexander, Matthew F. McHugh, Robert G. Torricelli, Edward P. Boland, Stephen J. Solarz, David Obey, Robert Garcia, Lee H. Hamilton.

Mr. WRIGHT. The gentleman seems to take exception to one paragraph in the letter, signed by Mr. BOLAND, Mr. SOLARZ, Mr. OBEY, Mr. GARCIA, Mr. HAMILTON, Mr. ALEXANDER, Mr. MCHUGH, Mr. TORRICELLI, Mr. BARNES, and myself.

Now the letter was written to Daniel Ortega and it did say that, as Members of the U.S. House of Representatives, we "regret the fact that better relations do not exist between the United States and your country." We do. We do regret that fact.

And it does say that "We have been and remain opposed to United States support for military action directed against the people and Government of Nicaragua." We do. We are opposed to that, no question about it.

I think the gentleman knows and surely my friend, the ranking minority member of the committee (Mr. BROOMFIELD), knows that I am and remain very fervently in support of the Government of El Salvador which is attempting to maintain free institutions. Throughout much of today I have been involved in attempts to make certain that before we adjourn, assurances are given that the President may be sure of having at least $32 million of reprograming funds available for assistance to El Salvador. It has been important to me that the House and the Congress do not adjourn with that matter unresolved.

It is my object that during the period of time when we are home in the district work period, the Government of El Salvador may have whatever is needed of a humanitarian nature to protect its people and necessary military security and their freedom.

And so I do not think we have anything for which to apologize. What we are asking in this letter to the Nicaraguan governing authorities is asked on behalf of some of those who have left Nicaragua and actually have been making war against the Government in the south. They include a distinguished Nicaraguan patriot named Eden Pastora, and another named Alphonso Robelo. We have asked in this letter that they and others be permitted to participate freely and peacefully in fair and open elections, with a free press, and with full guarantees of their physical safety, so that they could come back in and run as parties in the election for the Presidency of Nicaragua.

The Nicaraguan Government has announced at last that it will have elections. We are trying to gain assurances that those elections be truly open, free, and fair. That is what we were asking in the letter, and I do not apologize for that. That is what I think most of us in Congress are for.

I will forever try, if I can, to stand ready to assist in opening the door to a reconciliation with any nation on Earth that has bad relations with us. Even when it does not work, we must be willing to try again. I think that is what is expected of us. I would rather be a peacemaker than a warmaker. I do not think we have to apologize for that.

Nor do I think that we ought to be making a partisan argument about this matter here today.

The House has voted both last year and the year before against this idea of covert aid by which the United States assumes the right and responsibility to engage secretly in conducting war against another country or trying to overthrow its government by force.

Throughout our history we have opposed, on principle, any interference with the free movement of peaceful navigation. We have consistently defended the freedom of the seas. We entered our first two wars, in the 1790's and in 1812, on that basis. As recently as 1956 we opposed the closing of the Suez Canal by the Egyptian Government. As recently as 1967, we opposed the closing of the Gulf of Aqaba by Colonel Nasser. It was that which began the Six Day War.

Even as recently as 2 or 3 weeks ago, the President spoke out against permitting anyone to close or interfere with navigation in the Gulf of Hormuz.

Now how on Earth can we be consistent if, having officially taken that position, our Government then becomes actively involved in interfering with international shipping in the ports of another country with which we are not at war just because we disagree with the Government, of that country?

That is what is involved in this resolution. I assure the gentleman that I shall continue to work with him and with anybody else to assure that the forces of freedom in Central America are supported in a positive and proper way, but not by secretly mining harbors of those countries whose policies do not please us.

Mr. BROOMFIELD. Mr. Speaker, I yield 1 minute to the gentleman from Georgia (Mr. GINGRICH).

Mr. GINGRICH. Let me say two things to my very distinguished friend, who is one of the brightest and most interesting members of this body.

First of all, when you talk about partisanship, let me quote from the New York Times: "An aid to the Speaker asked whether Mr. O'Neill's comments were a breach of civility, replied, 'We are not interested in country club politeness.'"

So if you wonder why sometimes we on this side have a feeling of partisanship, there are quotes available.

Second, I say back again to the gentleman as I said earlier, can you explain how you think a KGB Soviet adviser or a Cuban adviser to the Nicaraguan dictatorship would read this sentence: "We have been and remain opposed to U.S. support for military action directed against the people or Government of Nicaragua"? How do you think they advised the Nicaraguan dictatorship reading that sentence?

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. What short time I have, I would be delighted.

Mr. WRIGHT. I think the gentleman has raised a question that deserves answering.

I do not think it is up to me to suggest how somebody representing the Soviet Government would interpret one sentence, but I would presume he would have available to him the whole letter.

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I do not think the gentleman wants to suggest that any of us is giving aid and comfort to the enemies of the United States.

Mr. GINGRICH. Certainly not knowingly.

Mr. BARNES. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. Mr. Speaker, I think because of the surprising ferocity and resistance on the part of many to this nonbinding resolution, perhaps there will be some aid to the Members to know that we have asked for a more impartial body to investigate this, that is, a number of members on the Judiciary Committee have requested the Attorney General of the United States to appoint an independent counsel to investigate this matter.

We do so based on these facts. That pursuant to a request from President Reagan and other persons in his administration, the CIA presented a plan to covertly aid, fund, and participate in a military expedition and enterprise using Nicaraguan exiles for the purpose of overthrowing the Government of Nicaragua, a country with which the United States is officially at peace.

That plan was reviewed and approved by various members of the National Security Council including, but not limited to, Ronald Reagan, William Casey, Alexander Haig, Jr., Thomas Enders, Caspar Weinberger and Nestor Sanchez.

Based on this plan, these Government officials are reported to have provided financial, technical and other support to paramilitary groups trained in camps in the United States for the purpose of attacking Nicaragua. Groups and individuals from the U.S.-based paramilitary camps by arrangement or agreement, have been sent to participate in military raids against Nicaragua. As just one example, it has been reported that the Nicaraguan Democratic Union (UDN-FARN), a paramilitary organization of Nicaraguan exiles led by Edmundo Chamorro and Fernando Chamorro, has trained 2,000 Nicaraguan exiles in Florida camps, at least 800 of whom have returned to attack Nicaragua and that this group has, since 1981, received funds authorized by the U.S. officials named above. Reports indicate that, acting with the approval, advice, training and funds provided by the U.S. officials, and in concert with these officials, Nicaraguan exiles have attacked Nicaragua with the aim of overthrowing the Nicaraguan Government.

FEDERAL CRIMINAL VIOLATION

These widely reported activities appear to violate the Neutrality Act, 18 U.S.C. 960 which forbids the organizing or launching of paramilitary expeditions against a country with which the United States is at peace. That law provides:

> Whoever, within the United States knowingly begins or sets on foot or provides or prepares a means for or furnishes the money for, or takes part in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state, or of any colony, district, or people which whom the United States is at peace.

These activities also appear to have violated the Boland amendment, which prohibited covert aid to the paramilitary organizations for the purpose of overthrowing the Government of Nicaragua.

BACKGROUND

The above specific and credible information has been provided to the Attorney General both directly—by Congressman Ron Dellums and others—and indirectly—through press accounts and a report of the House Intelligence Committee. Nevertheless no preliminary investigation of the aforementioned high Government officials has occurred. This refusal to act formed the basis for a suit brought by Congressman Ron Dellums and others, Dellums against Smith in the U.S. District Court, Northern District of California.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Gramm).

Mr. GRAMM. Mr. Speaker, I am a little bit confused by this debate and I am sure the American people are. This House has on several occasions voted funding for covert aid to Nicaragua. The stated intention of that funding was to interdict arms.

Now it comes to light that part of that funding has produced a mining of the harbor with the objective of interdicting arms. And there is an outcry from the Congress as a result of this movement.

It is as if there is no protest against killing people in the jungle to keep them from getting arms to El Salvador, but there is a protest about mining a harbor to prevent the arms from getting there in the first place.

Now, I understand at least the logic or the logical consistency of the position of those who have opposed covert aid. They do not want to provide assistance to those who are fighting Communist insurgency in El Salvador or fighting for their freedom in Nicaragua. That is a position I do not agree with, but I can understand their being opposed to the mining of the harbor. But I do not understand a body which has supported covert aid being outraged about the mining.

It seems to me as if there are some people who were confused about what we were doing with this money there. We were not down there subsidizing the growing of roses. We are down there involved in a military action trying to prevent the government of a neighbor from being overthrown. We take action to do that and then all of a sudden there is a public outrage.

Unfortunately, I am afraid the American people are confused.

My point is simply this: This Congress approved appropriations that made that mining possible and legal.

Those who supported it supported that policy directly or indirectly and this outcry, it seems to me, is an outcry that is aimed at basically confusing the issue. Either we want to support those who are fighting for their freedom or we do not.

Ms. KAPTUR. Mr. Speaker, I rise in support of the sense of the Congress resolution (H. Con. Res. 290) opposing further funds for the purpose of planning or supporting the mining of the harbors in the territorial harbors of Nicaragua. Such action represents an act of war and can only lead to heightened hostilities and the further loss of life. The administration insists that it wants a region-wide diplomatic solution in Central America. Actions as serious as the mining of the harbor however will make diplomatic solutions impossible. The President recently appealed for a bipartisan foreign policy. Today in adopting this resolution we will adopt a bipartisan policy as we join with our Republican and Democratic Senate colleagues who overwhelmingly adopted a similar resolution to oppose the mining of Nicaragua's ports. The message from the Congress will be a united one: America will not be in the business of violating international law. Our action has distressed our allies and further alienated our Central American neighbors whose support we must have to achieve any peaceful solution in Central America.

I would like to insert for the record excerpts from the recent testimony of Rev. Bryan Hehir of the U.S. Catholic Conference before a subcommittee of the Senate Foreign Relations Committee. Father Hehir brilliantly lays out what the role of the United States should be in Central America. His message is important for us to ponder not only in the context of this debate on the Nicaraguan resolution, but also for the upcoming debate on supplemental appropriations bill and the further military aid to El Salvador.

I would also like to include a recent editorial from the New York Times commenting on the wrongness of mining Nicaragua's ports. The editorial rightly asks, "Is the mining only a 'holding action' pending full-scale war after the November elections?" The selections follow:

Testimony for the U.S. Catholic Conference on Foreign Aid—Central America by Rev. J. Bryan Hehir

I testify today on behalf of the U.S. Catholic Conference (USCC), the public policy agency of the Catholic Bishops of the United States. The USCC is appreciative of the opportunity to appear again before a committee of the U.S. Congress to present its position on U.S. policy in Central America with special reference to El Salvador.

The USCC has been a visible participant in the policy debate about Central America since the late 1970s. There are two complementary reasons which sustain the involvements of the Catholic Bishops in this complex question. First, precisely because the impact of U.S. policy is so significant to the life of nations and the lives of individuals in Central America, the bishops feel a specific pastoral responsibility to examine U.S. policy in light of human rights and issues of social justice. Second, the strong and specific bonds of faith, trust, friendship and communication which bind the Church in the United States to the Churches of Central America impel us to use our moral influence in the United States to shape U.S. policy in directions conducive to peace in Central America. Our bonds with the Central American Church are greatly enhanced by the presence of U.S. missionaries there; no fewer than eight of these priests, brothers and sisters have sealed our relationship with Central America with their own blood.

THE UNITED STATES AND CENTRAL AMERICA: THE PRESENT MOMENT

The present moment in Central America is both dangerous and delicate; it contains the potential of much greater suffering and destruction but it also holds out a slim possibility of rescuing the peace. The content of the present moment for U.S. policy is shaped by the character of the situation there and the nature of the policy debate going on here in these days.

The danger of the moment in Central America is the possibility of a regional war. Presently a series of specific conflicts fills the region (in El Salvador, on the Nicaraguan-Honduran border) but the danger of any of these conflicts spilling over borders to engulf the region is the great peril of the moment. Regional war would bring suffering and death, destruction and chaos of the entirely new dimension.

Paradoxically, intensifying danger has generated some possibility of a political breakthrough which could secure the peace. People recognize the peril of the moment and reconsider what they are willing to negotiate. Whether one examines the internal situation in El Salvador or the state of U.S.-Nicaraguan relations, there are fragile but significant signs which a creative diplomatic initiative might use to transform the character of the conflict in Central America.

No single actor in the Central America drama has a greater capacity to shape its future direction than the United States. At the present time the dynamics of U.S. policy is not sensitive to the diplomatic potential of the moment. Indeed it is not difficult to make the case that the content of U.S. policy has contributed to the danger of regional war. The persistent theme of USCC congressional testimony over the past five years has been to stress the diplomatic potential the U.S. has in the Central American region if we are willing to work with other key actors. But realizing our diplomatic potential means placing the political resolution of the Central American conflict ahead of military objectives—it requires a diplomatic strategy in which the political perspective controls military measures. U.S. policy presently does not manifest this order of values; there is not a convincing daily demonstration of a primacy of concern for diplomatic initiatives aimed at a political resolution in the region. Too often U.S. policy, in its daily measures, seems fixated on military pressures, coercive moves and the role of threat and intimidation. Such a policy has little potential to grasp the fragile possibilities for peace; it has great potential to reinforce the dangers of a regional war.

U.S. CHOICES IN CENTRAL AMERICA: THE FUTURE

The present moment in Central America and the policy debate in the United States converge to create a series of specific choices for U.S. policymakers. The deliberations and decisions of the U.S. Congress are a decisive element in making those choices. I will propose now USCC recommendations about specific policy choices.

El Salvador

In 1980 the USCC came before the U.S. Congress to oppose the sending of $5.4 million of "non-lethal" military assistance to the Government of El Salvador. Our position simply repeated the call of the late Archbishop Romero. In March of 1980 Archbishop Romero was assassinated for his vigorous defense of human rights; then in December four American women missionaries were brutally murdered because of their identification with the poor. Neither of these unspeakable crimes has been resolved, yet in 1984 the Congress is being asked to approve military assistance for Central America in the current and following fiscal years one hundred times greater than the 1980 request.

One year ago Archbishop James A. Hickey of Washington gave congressional testimony on Central America policy. He echoed the appeal of John Paul II and the Salvadoran Bishops in his recommendation for U.S. policy. Our policy, he said, should support three steps in El Salvador: dialogue, ceasefire and negotiations to end the war. The USCC reaffirms Archbishop Hickey's proposal today. We are sure the political road is the only viable solution in El Salvador, because the basic problem is political with moral dimensions. It is the need for fundamental reforms in El Salvador to address the questions of justice long-denied and human rights long-abused for the vast majority of the population.

Because we are convinced of the need for a decisive political option, we cannot commend, indeed we must oppose, the substantial increases in military assistance being proposed to the Congress for FY 1984 and FY 1985. Such increases will not signal a policy in support of dialogue and negotiations, they will too easily communicate a conviction that the fighting need simply grind on in El Salvador or worse, escalate into a greater conflagration. Obviously the fighting is the product of two sides and both must be willing to negotiate. But the U.S. role can be crucial in catalyzing negotiations. How we decide to move can influence the decisions of others.

The USCC stands in support of human rights conditions for any military aid to El Salvador. To provide aid without conditions is to offer a blank check to the Salvadoran military precisely at the time when civilian control is a key issue in El Salvador. But human rights conditions are not a sufficient exercise of the congressional role at this critical moment. The USCC urges the Congress to take specific measures to prevent further militarization of U.S. policy. The Congress should prudently support economic aid, should contain explicitly the military dimension of U.S. policy and should place all its weight on the side of redirecting the thrust of U.S. influence toward a rapid and thorough political resolution in El Salvador. U.S. policy should be vocally, visibly and single-mindedly directed toward bringing the fighting to an end and starting the political dialogue. Obviously much has happened since 1980 in El Salvador: human rights have been violated by the violent left and the murderous right; the fighting has escalated, fueled by outside support for all parties. Still it is necessary simply to specify how far down the military road U.S. policy has moved since 1980.

The USCC's purpose in 1980 was to argue against a U.S. military contribution to the conflict and to argue for a highly visible diplomatic engagement. We feared that even with the best of intentions, our military role would erode our political contribution. In 1984 we see our initial fears being fulfilled. The elements of U.S. policy are not being proportioned to enhance a diplomatic role. At this point in the conflict, some U.S. military assistance will undoubtedly be part of U.S. policy, but the question is how much, under what conditions and how the military and political dimensions of policy should be related. These are the choices before the Congress today.

Nicaragua

The second most urgent policy issue to be addressed after a negotiated settlement of the Salvadoran conflict, and intimately linked to it, is the question of U.S. relations with Nicaragua. No regional diplomatic solution is possible without a change in the tenor and themes of U.S.-Nicaraguan relations.

The USCC is well aware of the many limitations of the present government and has on more than one occasion expressed strong opposition to policies or actions of that government. While acknowledging undeniable social advances in Nicaragua, particularly benefitting the poorest, we remain deeply concerned about admitted violations of human rights and excessive limitations on media, political and trade union freedoms. The Nicaraguan government's relations with the country's ethnic minorities, while not to be compared with the Guatemalan situation, remains gravely troubling. Nicaragua's foreign policy goals in the region are a source of concern to many. And, as Catholics, we have been especially offended by a series of events that constitute a pattern of harassment directed at bishops and other members of the clergy. That official policy is directly responsible in each of these cases can remain an open question; that the government has not taken sufficient steps to prevent or rectify certain actions cannot.

Nevertheless, while the U.S. can properly address itself to the policies of Nicaragua in the region and legitimately engage in the process of evaluating internal human rights performance, the present approach to doing so is seriously misguided and fundamentally flawed.

Instead of ameliorating tensions and seeking to influence through effective diplomacy, present U.S. policy is moving in a contrary, and increasingly dangerous, direction.

The USCC has made three specific policy recommendations regarding Nicaragua which we repeat today:

We oppose all covert aid to forces seeking by violence to overthrow the present government. Such aid corupts our own standards of policy formulation and conduct and it provides convenient justification for further restrictions of freedoms within Nicaragua.

We favor resumption of significent bilateral economic assistance to Nicaragua conditioned, as in all such cases, to compliance with established human rights criteria.

And most importantly, we urge new efforts at political engagement, testing seriously the initiatives for negotiations offered by Nicaragua.

CONCLUSION

The last few years have witnessed a new kind of bold assertiveness in the conduct of U.S. foreign policy, especially in this hemisphere. Some would describe it as aggressive. truculent, even belligerent. It has obviously not been without its supporters among the American people, as we witnessed last fall with the invasion of Grenada.

But many aspects of the policy, especially with regard to Central America, continue to trouble, certainly to confuse large segments of our population. Our neighbors in the Americas, by all available accounts, appear to be even more concerned.

The United States has an essential role of leadership to play in the Americas but not an independently dominating one. We should demonstrate strength through forbearance and maturity in our relations with small countries whose policies we may well seek to influence. We should seek to influence through the politics of diplomacy rather than through intimidation, subversion or war. We should make real our essential partnership with the other American states, recognizing that they too have leadership roles to play in the hemisphere.

We believe that among the guiding principles that should inform future decisions regarding our policy in Central America are the following:

(1) The overriding need of the moment is to prevent expansion of the present conflicts and to achieve peace in the region through the diplomatic process of dialogue and negotiations.

(2) An active role for other American states, presently represented by the Group of Contadora, should be far more strongly encouraged and facilitated.

(3) The international dimensions of the crisis should not be ignored but neither should they be exaggerated.

(4) The human rights dimension of our policy should be brought constantly to the fore. Efforts to relate concern for human rights with the conduct of foreign policy reflect the finest principles of our society and are constantly to be encouraged.

(5) Conversely, military aid to the countries of Central America should compose an exceptional, not routine and certainly not dominant element in our relationship with them. While some limited military aid may be a dimension of U.S. policy there, the

amounts currently sought must be considered unacceptable.

ILLEGAL, DECEPTIVE, AND DUMB

What in Hugo Grotius's name is the Reagan Administration doing to America's reputation as a law-abiding society? Grotius was the Dutch jurist who in 1628 first codified the laws of war and peace. As befits a nation founded and governed by lawyers, the United States has repeatedly applied those laws to international behavior; indeed, it declared war on Germany in 1917 when Kaiser Wilhelm's U-boats torpedoed neutral shipping in violation of sea law.

In Nicaragua's ports, neutral shipping is now threatened by mines planted with America's connivance, perhaps even by United States agents leading the C.I.A.'s "contra" rebels. When challenged by a protest about damage to a Soviet freighter, the Administration condoned the practice, contending that neutrals should have known the waters were dangerous. That is actually the same argument invoked by the German Kaiser.

And now that Nicaragua seeks to complain to the International Court of Justice, Washington disdains argument and rejects the court's jurisdiction.

Lawyers can surely argue endlessly about jurisdiction, and the Hague court, in any case, lacks enforcement powers. But the symbolism is appalling, the timing egregious, the benefit illusory. Those mines won't remove Nicaragua's leftist regime, but they have blown apart the White House effort to build sober Congressional support for the "contra" campaign against Nicaragua.

For all the eloquent complaints of Democrats, the nay that counts most has now been cast by Arizona's Barry Goldwater, the ranking Republican on the Senate Intelligence Committee. On learning that the President had personally approved the mining in February—and that that fact had been withheld even in secret briefings—Mr. Goldwater wrote these words to William Casey, the Director of Central Intelligence:

"Bill, this is no way to run a railroad and I find myself in a hell of a quandary. . . . The President has asked us to back his foreign policy. Bill, how can we back his foreign policy when we don't know what the hell he is doing? Lebanon, yes, we all knew that he sent troops over there. But mine the harbors in Nicaragua? This is an act violating international law. It is an act of war. For the life of me, I don't see how we are going to explain it."

Mr. Goldwater's exasperation speaks louder than a hundred definitions of the Administration's confused purposes in Central America. Is the President, having misled his supporters, also misleading the country? Is the mining only a "holding action" pending full-scale war after the November elections?

Let it be said again that international law is not a finished system of jurisprudence. Nor is it binding when so many nations so obviously violate it to attack American interests. Marxist rebellions in Central America do pose formidable difficulties for United States diplomacy. Cuba and Nicaragua have indeed meddled across frontiers in El Salvador. But let the Administration produce its evidence, proclaim its countermeasures and justify them by the norms of the United States democracy and foreign policy.

A nation that aims to hold its neighbors accountable to those norms cannot emulate their trespasses or domestic styles of operation. Mr. Goldwater's "I don't like it one bit" performs a noble, even heroic, service.

● Mr. **DENNY SMITH.** Mr. Speaker, while I support the intent of this resolution, I must say that my support is one of reluctance. I am a firm believer in the importance of adhering to the idea of separation of powers. It is difficult for me as a Member of Congress to consider placing limitations, binding or symbolic, on the President's authority to conduct American foreign policy as he sees fit. He is the chief guardian of American security interests, a position that is difficult, if not impossible, to carry out in an effective manner when partisan political interests of the Congress are used to hinder his policymaking ability.

But I cannot support the administration's current policy whereby the CIA is chiefly or partly responsible for the mining of Nicaraguan ports.

The United States and its friends in Central America are faced with a growing, serious threat from the Soviet-sponsored terrorists operating from bases in Cuba and Nicaragua. I know of few Members of Congress on either side of the aisle who disagree with this assessment.

The ongoing controversy in this House obviously centers on the solution to the problem. Will American sponsorship of the mining of Nicaraguan ports really help put an end to the Soviet-sponsored terrorism that continues to plague Central America?

I do not believe so.

The United States faces a problem in Central America much like the problem it faced in Vietnam. I fought in Vietnam, but one need not be a veteran of that war to know that the United States lost a lot of young men and a great deal of pride before it finally came to understand the lesson of that war: Never place our military men into combat or put American credibility on the line without a clearly defined goal that the American people can understand and support. Any divergence from this path only invites greater disunity among the American people and deeper difficulty for our foreign policy.

We did not have a clearly defined goal nor the support of the American people during the Vietnam war. Do we have a clearly defined goal and the support of the American people to intervene militarily, via the CIA, or otherwise in Central America?

I submit that we do not. We, as a country, know what it is we do not want in Central America. We do not want to see a continued intrusion by Communist terrorists into the region. President Reagan has made this clear. Is our goal in Cental America to defeat the Sandinista forces militarily? If so, how is the placement of a relatively few amount of mines going to serve this purpose? Is our goal peace and stability in the region where democracy will be allowed to foster? If so, how will the placement of these mines truly serve to bring this peace about?

The Sandinistas, much like the Vietcong, are fighting a guerrilla war in Central America. It is absolutely imperative that our Nation understand this.

The Sandinistas in Central America are attempting to capitalize on hundreds of years of corruption, injustice, and incompetence in the government structures that have existed there as a basis to generate an atmosphere of mistrust and discord among the population. They are deliberately using the tactics of Marxist guerrilla strategy to sever the moral bonds that bind the people to the existing governments.

Such covert attempts by the CIA to mine the ports of Nicaragua simply play right into the hands of the Sandinista forces. The United States has now, like it or not, taken an action that may be in violation of international law. It is my belief that the Government of El Salvador should file a countersuit to the Government of Nicaragua's claims in the World Court on this matter. I fully realize that the Soviets, Cubans, and the Sandinista forces are no champions in the area of international law, but I am convinced that such covert actions will only serve to further alienate our citizens from the resolve that is necessary to root out this problem and provides more evidence for the Sandinista forces in swaying the uncommitted to their favor.

We must have an honest and open foreign policy if we are to expect the American people to support our efforts. If this administration truly believes that American intervention, through the use of military force, a blockade, or the mining of harbors will best serve the interests of the American people and the democracy vital to this region, then I suggest it bring its case before the Congress and the American people to solicit their support. Without that support, its foreign policy actions will be futile.●

● Mr. **FAUNTROY.** Mr. Speaker, I rise in support of House Concurrent Resolution 290, which would put the U.S. Congress on record as opposing the use of U.S. funds to mine Nicaraguan ports.

The administration's decision to mine Nicaraguan waters is tantamount to an act of war, and is isolating the United States from our allies and the world community. The lawless behavior of the Reagan administration in its treatment of Third World peoples in general, and in Nicaragua in particular, is representative of a Tarzan mentality which arrogates to itself the use of violent methods to restrain people of color with whom the administration disagrees. It is uncivilized and unworthy of our Nation, its people, our institutions, and our principles.

If the administration wishes a war with Nicaragua, let them come to the Congress for a declaration of war as is required by the Constitution.

Finally, Mr. Speaker, I am outraged that the administration has chosen to remove itself from the jurisdiction of the World Court with reference to our activities in Central America.

Our national interest requires us to support House Concurrent Resolution 290 and I urge my colleagues to do so.●

● Mr. LEHMAN of California. Mr. Speaker, each morning I wake up eager to read in the newspaper what further action this administration has taken in Central America. I certainly do not know beforehand. My constituents call me thinking that as one of this country's elected officials, I must know what is happening. Before I came to Washington, I also believed that Congresspeople were kept informed by the administration on matters pertaining to foreign affairs. How naive I was to believe that the law intent of Congress is obeyed by the administration.

This last month we have seen the administration go to great lengths to get its way in Central America. We watched them try to circumvent the appropriations process to send more money. We watched them blackmail supporters of a humanitarian emergency aid bill for Africa by tacking on military assistance to Nicaragua and El Salvador. We found out that Americans are now performing reconnaissance flights over both Nicaragua and El Salvador. Now we find out that the CIA is personally involved in mining the ports of Nicaragua. Enough.

Members of the House must send a message loud and clear to the White House that we will not sit idly by and allow this country to be dragged into a war in which we do not belong. I urge my colleagues to support House Concurrent Resolution 290.●

● Mr. CONYERS. Mr. Speaker, the mining of the territorial waters of Nicaragua is an excellent illustration of the Reagan administration's blatant hypocrisy at its best, quite apart from a wonderful illustration of its selective disregard of international law.

Particularly during the last 6 months, the administration has condemned state sponsored terrorism in the most strongest of terms. Yet this is precisely what the mining of the territorial waters of Nicaragua represents; state sponsored terrorism. I think that you would have a difficult time arguing otherwise. Does this engender respect for the United States throughout the world?

With respect to the legality of such arrogant policies, I think one of the most conservative Members of the Senate, Barry Goldwater, put it best when he said that the mining was "a violation of international law * * * an undeclared act of war," the power to do which I might add is entrusted in this body, not the President. Additionally, the President's failure to notify and consult with this body, is a grave and dangerous breach of trust, particularly in light of his extolling the virtues of bipartisan foreign policy. The fact that the President removed the United States from the jurisdiction of the international courts, presumes that the United States could never win this case on its merits.

The aggressive and very arrogant act also provoked strong and visible outrage even among our staunchest allies including Britain and France. The United Nations condemned the mining by a lopsided 13 to 1, with the 1 being the U.S. veto. I am therefore truly baffled when certain conservative Members of Congress then go on to say that our opposition to the mining of the harbor represents an isolationist policy. Indeed Mr. Speaker, arming the most egregious human rights offenders like the former Somoza National Guardsmen and mining waters of a country who, for the past 4 years, has made numerous overtures to our President to negotiate our differences, is the most effective way in which we can invite hostile governments' anti-American sentiment. This is the repeated lesson of history. Soviet presence is a symptom, not a source, of the problem.

Finally Mr. Speaker, Mr. Kemp's allusion to the Nicaraguan Government as a "fascist" government really challenges the professional confidence in him that I would like to have. In 4 years, the Sandinista government has improved the literacy, health care, the distribution of income, and virtually any other measure of their peoples' welfare, more than any other Latin American country has done in a century.

Mr. Speaker, we are on a dangerous course ignoring the navigational lessons which lurk in our history. I am embarrassed as an American over the mining of the waters. An overwhelming vote for passage of this resolution is the most minimal attempt we can make to restore the credibility of this body.●

● Mr. BOUCHER. Mr. Speaker, I rise in support of House Concurrent Resolution 290, a measure which makes clear our strong disapproval of the CIA's participation in the mining of Nicaragua's ports.

It is clear that the President's decision to involve the CIA in the mining of Nicaragua's ports is wrong—both politically and morally. Through this aggressive action, the President has diminished our opportunity to play a constructive role in promoting peace among the disputant parties in Central America. He has violated this Nation's long-held adherence to freedom of the sea for neutral vessels. He has abrogated our traditional respect for international organizations through his disregard for the World Court. And finally, he has used our intelligence community to threaten human life needlessly.

The failure of the President to consult the Congress before launching this operation is an added dimension to this matter which must not be overlooked by the House. The fact that most Members of Congress, including the distinguished chairman of the Senate Intelligence Committee, Senator Goldwater, learned of the mining of Nicaragua's ports through the news media diminishes the credibility of the administration's conduct of foreign policy. It is time for the President to recognize that the Congress is a legitimate partner in the formulation and execution of American foreign policy.●

● Mr. FRENZEL. Mr. Speaker, although I voted against the needlessly closed rule, I support House Concurrent Resolution 290, prohibiting mining of Nicaraguan territorial waters.

I feel that direct U.S. involvement, as seems to be the case in harbor mining, is not acceptable conduct in these circumstances. In my judgment, the revelation of CIA involvement in the mining will almost certainly foreclose any future direct U.S. involvement without the consent and notification of Congress. We have already had reports that the administration has pledged in secret session before our Foreign Affairs Committee that U.S. mining has ended.

My judgment is that U.S. involvement is fundamentally different than the U.S. support for Contras opposing the Sandinista government of Nicaragua. Nicaragua's active continuing support for Salvadoran rebels, and its inflammatory rhetoric about spreading revolution throughout the region, is unacceptable. U.S. support for Contras is a necessary and appropriate response to Nicaragua's policies. It is not different from Nicaraguan support for the same kind of covert activity against its neighbors.

Direct U.S. involvement is different. If Nicaraguan troops, rather than their surrogates, were to become actively involved in El Salvador, or Honduras, or Costa Rica, it would be a matter for grave concern. Recent direct U.S. involvement in the harbor minings, and direct Nicaraguan involvement in its neighbors' affairs, should be avoided.

I do not believe, though, that since mining was a mistake we should withdraw all support for Contras. We ought to be working with Nicaragua for peace and stability in the region, but until it is willing to cooperate, continued support for Contras, in my judgment, will be necessary. It should be suspended if Nicaragua will in turn end its support for violence and revolution.

In 1983, U.S. support for Contras evoked some conciliatory statements for Nicaragua. Even though the signals were mixed, I am concerned that the United States may not have pursued those opportunities as diligently as possible. I feel the United States and Nicaragua must work actively to find an acceptable means to end all extraterritorial aggression. Bilateral and multilateral talks, as well as talks through intermediaries such as the Contadora group, should be explored.

I shall vote yea on this resolution.●

● Mr. MATSUI. Mr. Speaker, the administration's policies in Central America have more than failed—they have exploded. The mining of the Nicaraguan waters is turning our allies against us; it is destroying our credibility; and it is throwing us into the brink of an international conflict. Our Central America policy has not curtailed the spread of communism; it has encouraged it. It has encouraged it by galvanizing a fervor anti-Americanism rarely seen in the history of our great country.

And for those of my colleagues who wish to discuss the arms flow from Nicaragua to El Salvador—remember that we have mined a port far from any point of an arms shipment—remember that we are endangering vessels which belong to our South American and European allies—and remember that we should hold ourselves to a standard higher than those of a country whose form of government we abhor.

Mr. Speaker, we must support this resolution; we must support it so we can tell the world that the Congress and the American people oppose this despicable and foolish act of war initiated by this administration.●

● Mr. YATES. Mr. Speaker, this afternoon the House Appropriations Subcommittee on Foreign Operations, of which I am a member, listened to Ambassador Sol Linowitz testify on our relations with Central America. Ambassador Linowitz is one of our Nation's most distinguished authorities on Latin America. He is so recognized throughout Latin America in that capacity by leaders in every Latin American country.

His analysis was realistic, timely, and constructive. He looked to settling the belligerency in El Salvador and Nicaragua through diplomatic negotiations, rather than military operations. He urged a closer recognition of the authoritative role that might be played in this controversy by the Contadora group of nations. "They know the situation," he said, "they are respected, they will be listened to."

Mr. Linowitz was opposed to the Reagan administration's concept of military aid of its determination to war in El Salvador by military actions. It will not be won, he said. It will be won by negotiations.

Mr. Linowitz was opposed to the Reagan administration decision to mine the waters of Nicaragua. It violates international law. It violates a principle for which this Nation has stood since it birth, the principle of freedom of the seas.

Mr. Speaker, it is unacceptable that this Nation shall engage in illegal military activities that shame us in the eyes of our allies. None support the Reagan initiative in taking action that borders on war.

Now we are informed that the Reagan administration has decided to stop its illicit mining of Nicaraguan waters, in effect acknowledging the error of its actions. It is well it should do so—but that should not stop us from passing this resolution.

I shall support and vote for this resolution. It is important that this branch of Government uphold the rule of law between nations. This resolution sustains that principle.●

● Mr. ACKERMAN. Mr. Speaker, I rise in strong support of House Concurrent Resolution 290, which I have joined in sponsoring. The recent disclosure of the Central Intelligence Agency's involvement in mining the Nicaraguan harbors demands a swift and explicit congressional response. This legislation is a vitally important first step in response to a bellicose administration policy dangerously out of control. By adopting this resolution today, we are screaming a message in the ear of an administration which seems oblivious to the increasing distrust by the people of the United States of the Reagan policy in Central America.

Although we have all been aware of the President's support for covert operations over the past several years, the unlawful and inflammatory actions of the CIA to gain an upper hand in the region have plunged the United States to new depths. Under this administration, we have compromised our standing as a nation that supports freedom, democracy, and human rights in Central America and around the world. Instead, we violated international law by mining Nicaragua's harbors; we have declared ourselves immune from the jurisdiction of the International Court of Justice on issues related to Central America; and we have continued to pour massive amounts of arms into the region to prop up regimes which often use these weapons to violate the rights of their own citizens. It appears that President Reagan is on a misguided mission to advance American policy at any moral or political cost, with little regard for the opinions of our allies in the Western Hemisphere and Europe.

The mining of Nicaragua's harbors points out yet another seamy aspect of this administration's Central American policy: Military solutions in the region receive the highest priority. Mr. Speaker, I think we must acknowledge here today the beginnings of a protracted and possibly large-scale American military involvement in Central America. It is obvious to any observer of this situation that diplomacy and negotiations are alien to this administration's policy. The Pentagon and the CIA are busily invovled in the contingency planning of a master strategy for a military solution to the conflict in Central America. The State Department, the institution officially charged with carrying out the diplomatic initiatives of this country has been relegated to a back seat on this issue. One does wonder if the State Department is involved with our Central America policy at all.

Mr. Speaker, if we are to prevent the United States from sliding into war, if it is not too late already, the Congress must take concrete steps to put some reins on the administration's policies in Central America. The time has come to end the destabilizing actions which are pushing our country and our soldiers into a prolonged military engagement. House Concurrent Resolution 290 puts the administration on notice that it had better begin to think about other strategies for resolving the serious problems in Central America. By adopting this resolution, the Congress will clearly state that it wants an end to this President's spiraling militarization of the Central America conflict, a policy which has not brought us one step closer to peace since Mr. Reagan took office.●

● Mr. FOGLIETTA. Mr. Speaker, U.S. participation in covert operations has long been a dark spot on our commitment to the self determination of foreign nations. With the sole exception of the unsuccessful action to rescue the hostages in Iran, no covert action undertaken by the United States has brought credit to this Nation. American covert support of the Shah in Iran restored him to power, but is directly traceable as the root of the fundamentalist regime now in power in Tehran. Covert support of the Somoza dictatorship contributed to its eventual overthrow. No one will argue that the Chilean people are better off today than they were before the CIA-backed overthrow of the Allende government.

Excesses by the CIA in the 1960's and 1970's led to strict restrictions being placed on the covert community by the Congress. It is clear that under this administration those restrictions are being circumvented at every turn. This is nowhere more apparent than in Nicaragua. The House has consistently fought the administration over its illegal and unjustifiable support of the Contra rebel movement operating out of Honduras—a movement created by the CIA, and by the Reagan administration. Yet despite legislative restrictions, American involvement continues to grow. The revelation that the President himself authorized the mining of the main ports of Nicaragua has simply escalated and made more dangerous what has always been a bad idea. Mr. Chairman, it is clear that the administration will not stop until it is forced to stop. The time has come to take strong action.

I rise in strong support of the resolution to prevent the expenditure of any funds to mine Nicaraguan ports. This is an essential step in terminating United States involvement in Nicaragua. A failure to pass this resolution will have the effect of condoning what one senior Senator from the President's own party has referred to as "an act of war."

We are not at war with Nicaragua—yet. If the administration is allowed to continue its headlong rush toward confrontation, we may not be able to make that claim in a few months.●

● Mr. GOODLING. Mr. Speaker, Congress wants to have its cake and eat it too, when the issue is Nicaragua. This sense of the Congress resolution is in truth meaningless—we should either cut off the funding for covert aid or keep quiet about it, but this resolution does neither.

Last year we discussed replacing funding for covert interdiction of arms to and from Nicaragua with overt funds, which as I pointed out at the time would mean we would have to shoot down a few planes and sink a few ships—which even the present covert mining has not done. We gave the administration the money for covert aid to the Contras to help interdict the arms supply to rebels in El Salvador and elsewhere, so we should not be so surprised and indignant when the administration uses that funding to interdict the arms. Some numbers of the intelligence committees were aware, protestations of ignorance notwithstanding. The Congress is not lilly-white in this matter, and should not pretend to be so.

What we have before us now is a purely political exercise in rhetoric which will accomplish nothing. We should either vote to cut off funding or continue it. We should not be voting on a nonbinding piece of paper that will help further the illusion of our innocence in this matter. For myself, I do not favor mining Nicaraguan waters; I am just uncertain as to which I favor less, the mining or this resolution.●

Mr. LUNDINE. Mr. Speaker, I would like to express my strong support for House Concurrent Resolution 290, a resolution to prohibit futher appropriations for mining the harbors in Nicaragua. I see absolutely no justification for this action and I am appalled that our President has authorized it. Our aggressive policies in Central America, better known as covert war, must be stopped before it is too late.

Not only are we further destabilizing our relations with the Soviet Union by supervising the mining of the Nicaraguan harbors, but we are alienating other friendly nations which use these ports for trade. Case in point: France had already agreed to help the Nicaraguan Government in their attempts to detonate some of the mines so that their ships will no longer be in danger when they enter the harbors. Must we isolate our allies as well as our adversaries in our attempt, Monroe Doctrine notwithstanding, to bully the Sandinistas out of power?

Mr. Speaker, I am outraged. With the recent passage in the Senate of House Joint Resolution 492 as amended to include $21 million for covert activities against the Government of Nicaragua, with the United States unprecedented withdrawal from World Court jurisdiction for a 2-year period as it relates to rulings in Central American disputes, and with the disclosure of the CIA's role in the mining of Nicaraguan ports, a new post-World War II low in American foreign policy has been reached.

It is absolutely essential to show our President that the resolution at hand has bipartisan support as our colleagues in the other body did 2 days ago. Americans are crying out for an end to this madness and I believe that we owe it to ourselves, to our constituents, and to future generations to return some sanity and foresight to our foreign policy goals.

● Mr. LANTOS. Mr. Speaker, we pride ourselves as a nation governed by the rule of law. In the last few days, however, we in the Congress learned that the administration has seriously violated law by mining the territorial waters of Nicaragua without properly and fully informing the Congress that it was carrying out such activities. This is a clear breach of the constitutional requirements regarding the congressional role in foreign policy decisions.

The administration is misleading the Congress and the American public, defying American and world opinion, refusing to give the Contadora initiative a proper opportunity to succeed, and ignoring the counsel of many of our closest allies.

Mr. Speaker, we have no alternative but to adopt the resolution before the House today expressing the sense of the Congress that no funds may be used to plan, direct, execute, or support the mining of the ports or territorial waters of Nicaragua.●

● Mr. BEDELL. Mr. Speaker, the Constitution empowers the President to conduct our Nation's foreign policies and to be the Commander in Chief of our Nation's Armed Forces and through our Nation's unique system of checks and balances the Congress retains the power to fund the President's programs and policies and to declare war. Only the Congress can declare war—not the President and certainly not overzealous operatives of the Central Intelligence Agency!

Mr. Speaker, I am not telling you, or any other Member of this institution, something that we already do not know. I just wonder if the President understands or appreciates the ramifications of his policies and actions against the internationally recognized Nicaraguan Government. The mining of harbors is an act of war. It is an act that our Nation has not engaged in since we mined Haiphong Harbor in North Vietnam in the early seventies and in my mind, it is time for the Congress to inform the President that his not so secret and undeclared war in Central America is over. The American people do not support it and we in the Congress must not fund it any longer.

Mr. Speaker, what are our long-term policy goals in Central America? Recognizing that the origins of revolution in Central America basically stem from socieconomic imbalances, I suppose that our policies are intended to promote greater opportunities for economic development in Central America such that the nations and societies within this region can live in domestic peace and, as a result, maintain respect for basic human rights and freedoms. In this way, democracies should be saved from becoming tyrannies of either the political left or right. If successful, these policies will then serve to isolate and deter Soviet-Cuban influence or adventurism within this vital region and thus, U.S. national security interests are served and world peace is maintained until the next global trouble spot erupts into violence.

Mr. Speaker, those are what I perceive should be our policy goals and objectives in Central America but perceptions and realities are oftentimes two distinctly different things and today, our President's policies toward Central America in general but more specifically toward Nicaragua are inching us closer and closer into a morass that like Vietnam will be all too costly in terms of human life to both our Nation and our neighbors. Why should we do this? Are the lessons of history so easily forgotten? Does the President have a sense of history that includes an understanding of our experiences in Vietnam and Iran? I wonder.

We are a Nation of laws and our repsect for the law has served us well. We are the leader of the free world and other nations and peoples have looked to us as an shining example of what a

Government should be to its people, its friends, and adversaries. Today, however, that image is at risk because of an aggressive foreign policy that holds the norms of both domestic and international law in blatant disregard.

This "brinkmanship" policy threatens U.S. leadership of the Atlantic Alliance, runs the very real risk of precipitating a regional war within Central America that could bring our Nation into direct confrontation with Nicaragua, Cuba, and perhaps even the Soviet Union. What can the President and his advisers possibly be thinking of when they suggest and approve of such tactics? Why does the President approve a policy that even our allies perceive of as a policy of terrorism? How can he do so without apology or shame? Are these policies that will serve to benefit long-term U.S. national security interests within Central America? I, for one, do not think so and believe that we must condemn this policy and forbid the President from continuing these mining operations. Further, I believe that we must induce his reconsideration of his decision not to recognize the jurisdiction of the World Court—an institution that we helped to create and have relied upon in the past.

Mr. Speaker, it is my extreme hope that we overwhelmingly pass this resolution today. However, because of its nonbinding nature, it is also my hope that we then move on as expeditiously as possible and pass more effective legislation such as those resolutions (H.J. Res. 539 and 540) that were introduced by our esteemed colleague from New York (Mr. DOWNEY) on Monday and that will be binding upon the President. Mr. Speaker, as lawmakers, we hold the ultimate responsibility for protecting the integrity of the Constitution, we have not declared war upon Nicaragua and regardless of what the President informs us are the merits of his undeclared war in Central America and upon Nicaragua, we must reign both the President and the CIA in before we find ourselves in an open and deadly conflict in Central America.●

● Mr. DONNELLY. Mr. Speaker, I rise in support of House Concurrent Resolution 290, prohibiting funds to mine ports in Nicaragua.

The active participation by an agency of the U.S. Government in the mining of Nicaragua's ports represents a dangerous and unacceptable escalation of our Nation's involvement in Central America's hostilities.

Deputy Secretary of State Kenneth Dam has claimed that the United States would be justified in assisting such mining as an act of collective self-defense.

We can well imagine what our reaction would be if this same twisted interpretation of international law were used against the United States. What if Nicaragua, or Cuba, or the Soviet Union helped mine U.S. ports as an "act of collective self-defense" because of our covert support of the Contras in Nicaragua?

The United States regularly speaks in support of peace and self-determination and against state-sponsored terrorism. But actions speak louder than words, and the actions of the Central Intelligence Agency and the Reagan administration in this case have irreparably harmed our Nation's credibility.

It is now the duty of the legislative branch of our Government to try to undo some of the damage the executive branch has done.●

● Mr. BIAGGI. Mr. Speaker, I rise in support of the pending concurrent resolution to express the sense of Congress that no funds shall be used for the purpose of mining the ports or territorial waters of Nicaragua. I take this action and position with a genuine sense of apprehension about the true motives of this administration in Central America. We have deviated from the precarious balance we need to succeed in Central America. We cannot allow ourselves to be dragged into a military quagmire which actions such as the mining would certainly do.

I was one of a majority of my colleagues who voted last year in favor of the so-called Boland amendment which barred the use of funds for covert actions in Nicaragua and provided $50 million to friendly Central American governments in their efforts to interdict Nicaraguan or Cuban arms shipments across their borders. I believed then as I do now that that was the way for our policy to go—namely maintain a presence in Nicaragua but not immerse ourselves militarily.

There is concern in this Nation about what our policy is in Nicaragua and Central America for that matter. The mining operation may go down in history as the collective straw which might have broken the populace's back in terms of acceptance of these policies. The administration defended the action as being in self-defense. They also said the operation has ended. The question is why did it happen? The question is why was neither the advise or consent of Congress sought? The mining operation was a grievous mistake one which puts the United States in a most unfortunate position in terms of being in violation of international law as well as being clearly in the position of displaying a warlike mentality which does us great harm in the world community.

I urge passage of this resolution and an end to this type of action in Nicaragua. Let the United States be in the position of adhering to the rule of law not operating in contempt of it.●

● Mr. WALGREN. Mr. Speaker, twice in the last year this House voted to cut off all CIA-backed covert aid designed to overthrow the present government in Nicaragua. Until last Monday, the Republican-controlled Senate diligently backed President Reagan on this issue, preventing any limits on the administration's deepening involvement in a secret war. Now with the revelation that the CIA has secretly been involved in mining the ports in Nicaragua, the administration has gone too far even for those who in the past have supported administration actions in that region.

It is essential that the Congress set the limits within which the foreign policy of the United States is conducted. In pursuit of this principle, I urge support for the measure already overwhelmingly passed by the Senate that expresses the disapproval by the Congress of the Reagan administration's recent actions in Nicaragua and the position of the Congress that no funds be used to mine harbors of a nation with which we are not at war.

A number of our closest allies, including Great Britain and Japan, continue to do business with Nicaragua and are having their vessels in Nicaraguan ports threatened by the mines that the President has used U.S. tax dollars to deploy. This is no way to get along in the world.

Perhaps just as importantly, the administration has subjected the United States to ridicule by President Reagan's decision not to accept World Court jurisdiction in disputes against the United States affecting Central America for the next 2 years. The question immediately springs to mind, "What is it about 2 years that we should know about?

Mr. Speaker, the American people do not want our country involved in a dirty little war where death is caused for nothing and where the loss of life has nothing to do with life in the United States.

In my view, it is critical that we unite behind this resolution and join the Senate in sending the clearest message to President Reagan that enough is enough. The CIA should get out of Nicaragua, I urge my colleagues to strongly support this measure.●

● Mr. PHILIP M. CRANE. Mr. Speaker, I rise in opposition to House Concurrent Resolution 290 because I believe that the mining of territorial waters or ports in Nicaragua should not be curtailed. I maintain that any operation or action that lessens the capacity of the Sandinistas to support the insurgents in El Salvador should be actively pursued.

There is irrefutable evidence that the Government of Nicaragua is the greatest single source of insurgency, subversion, and instability in Central America. Better than 80 percent of the arms and munitions sent by the Soviets and the Cubans to the Salvadoran terrorists pass through Nicaragua, and until such time as the Sandinistas are willing to bring an end to this activity, I think it is imperative that at the very least we make it difficult for them to do so. If that means mining the harbors, or even establishing a blockade like that used so courageously by President John F. Kennedy during the Cuban missile crisis, I firmly believe that we owe it to the future of freedom and democracy in the region to take these measures.

Mining the harbors in Nicaragua is meant to put the economic squeeze on the Sandinistas, not to sink ships. The mines that are being planted by the Contras are small, hand-made acoustic mines that are not even capable of sinking a ship; they are designed solely to discourage and harrass arriving vessels. But if the Nicaraguan economy is in jeopardy, it becomes much more difficult for them to export arms and munitions to El Salvador. We are, therefore, in a very real sense, defending democracy in El Salvador. This tactic—hitting economic rather than military targets—is the same one that worked with such remarkable success for the Sandinistas as they fought to overthrow Somoza. The rebels in El Salvador are using the same tactic there, too. By undermining the economy, an eventual overthrow is greatly facilitated.

But suddenly, when the Sandinistas find themselves in the role of victims rather than perpetrators, they cry foul and call us and the Contras violators of international law and ruthless terrorists. The whole thing seems extremely ironic to me. Just a few short years ago, they were the ones doing the disrupting, and in their case it was somehow justified. Now, however, the roles are reversed and the Sandinistas do not like it one bit.

I urge my colleagues to vote against House Concurrent Resolution 290. It sends a message to Managua that will most certainly be heard in Havana and Moscow, and I think it is a message that will only further weaken our already eroded foreign policy for Central America. We must do all in our power to defend freedom and democracy in that region.●

● Mr. FUQUA. Mr. Speaker, I rise in support for House Concurrent Resolution 290, secure in the knowledge that we have little choice but to take this action. As those in this body are aware, I have supported the efforts of a bipartisan foreign policy. While America is many voices, I have always believed that we must speak as one voice in our foreign policy.

I have supported efforts by the President to bring stability to Central America but, the fact is, Mr. Speaker, that the President has clearly authorized the mining of the harbors of another nation, a heinous act. The President's act is, by all accounts, an act of war, an act which we have a pressing duty to oppose.

Mr. Speaker, I have supported the President in his efforts to aid countries seeking democratic solutions to their problems. It is our moral obligation to do so. But, it is the same moral sense that obliges me to rise today and I urge the Members of this body to vote as I shall, in support of the resolution.●

● Mr. JEFFORDS. Mr. Speaker, I would like to express my outrage and frustration at the administration's involvement of the CIA in the mining of Nicaraguan harbors along with the Nicaraguan rebel forces.

I am shocked that the President would sanction such an action against any country without congressional approval, most particularly one with which we have diplomatic relations, but such behavior is traditionally considered an act of war. The most incredible aspect of this operation is the expectation that it could be maintained as a covert action, when the United States is the only nation capable of mining these harbors that would ever consider such an action. Even our allies have expressed their disapproval of these actions, and are considering offering their services to the Government of Nicaragua to remove the mines.

This is not responsible behavior, befitting of the world's greatest superpower. We cannot afford to act as if in a vacuum, swinging our military might in whatever direction might best fit our interests at any particular moment. It is imperative that this Nation's foreign policy take into account the world order which we supposedly support and the norms of behavior which we expect from other nations. Nicaragua is not such a grave threat to the United States that we can justify the waiving of international law and accepted conventions of behavior. There exist many other methods of applying pressure on the Sandinista government which do not involve sabotage of the country's ports.

I therefore urge my colleagues to support Mr. Barnes' resolution which deplores CIA involvement in the mining of Nicaraguan harbors and states that no government funds may be expended for that purpose. This body has twice expressed its disapproval of U.S. involvement in the covert operations of the Nicaraguan rebels, and it is time that we bring some force to this conviction. I hope that this resolution will be overwhelmingly approved.●

● Mr. BENNETT. Mr. Chairman, I ask that this resolution be approved because it is manifestly improper for the United States to mine the harbors of a nation with which we are not at war. The U.S. Constitution wisely provides that Congress alone can declare war. That makes it difficult to go to war and it should be difficult. If the President feels that we should go to war he can recommend that course but I have not heard that he wishes to do so.

It is neither illegal nor improper for the United States to assist a friendly nation with arms and finance but what is prohibited by this resolution is an act of war without a declaration of war, and that is contrary to the U.S. Constitution, as well as violation of our treaties and our statutory law. The United States should uphold international law, not violate it.●

Mr. BARNES. Mr. Speaker, I reserve the balance of my time.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. Michel), the distinguished minority leader.

Mr. MICHEL. Mr. Speaker, I would simply like to clear up one misconception that has somehow found its way into this debate.

There have been a number of references to votes in other places as evidence of bipartisan support of this resolution. Let me disabuse you of this idea.

The fact that Members of both parties voted for this language in some other place is not proof of bipartisanship. It is only proof that if you come up with something that has no meaning, creates no policy, changes no facts, alters no programs, and offers no direction, you can either vote for it or not vote for it. Who cares?

So what if some people voted for this resolution. I could make the case that they did so not because they thought the resolution had substance but precisely because they knew it had no substance.

In short, Mr. Speaker, we only have yet another example of this old truth: If you offer people something that neither changes reality or offers new directions, they treat it with amused contempt.

Here, in the House, we take these things more seriously. That is why I urge a vote against this resolution—not because it means anything, but because by voting against it we show our contempt for its lack of substance.

Mr. BROOMFIELD. Mr. Speaker, I yield such time as is left on this side to the gentleman from Illinois (Mr. Hyde) to give a summary on the motion to recommit and for whatever other purposes he may have.

Mr. DAUB. Mr. Speaker, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Nebraska.

Mr. DAUB. I thank the gentleman for yielding.

Mr. Speaker, I just want to call to the attention of the membership that I am going to leave at each desk a record vote, No. 445, passed by this House on September 6, 1979, in case Members who were here at the time would like to check their votes before they cast this vote.

Mr. Speaker, to enlighten my colleagues as we draw near to the conclusion of this debate, I call to your attention rollcall vote No. 445 by this House on September 6, 1979, about 3 months after the Sandinistas took power in Nicaragua. The amendment reads:

> Sec. 527. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance to Nicaragua without prior approval of Congress.

Further, I include the actual vote of that rollcall and leave a copy at each desk so that before this vote, each of you, and particularly Mr. HARKIN of Iowa, and Mr. WRIGHT of Texas, can review their votes. The amendment to preclude the spending of appropriated funds for Nicaragua by the President without prior approval of Congress failed 189 yes to 221 no. Mr. HARKIN, Mr. WRIGHT, and 219 others voted "No," to allow President Carter to spend money to support a Sandinista regime.

ROLL NO. 445

AYES—189

Abdnor, Ambro, Andrews, N. Dak., Applegate, Archer, Ashbrook, Atkinson, Badham, Bafalis, Bailey, Bauman, Beard, R.I., Bennett, Bereuter, Bethune, Bevill, Biaggi, Boner, Bouquard, Breaux, Brinkley, Broomfield, Brown, Ohio, Broyhill, Burgener, Byron, Campbell, Carney, Cheney, Clausen, Cleveland.

Clinger, Coleman, Collins, Tex., Corcoran, Cotter, Courter, Crane, Daniel, Crane, Philip, Daniel, Dan, Daniel, R. W., Dannemeyer, Davis, Mich., Davis, S.C., Deckard, Derwinski, Devine, Dickinson, Dornan, Duncan, Tenn., Early, Edwards, Okla., English, Evans, Del., Evans, Ind., Fish, Flippo, Fountain, Frost, Gaydos, Gilman, Gingrich, Glickman.

Goldwater, Gradison, Gramm, Grassley, Grisham, Gudger, Guyer, Hagedorn, Hall, Tex., Hammerschmidt, Hance, Harsha, Heckler, Hillis, Holland, Hopkins, Horton, Hubbard, Huckaby, Hutto, Ichord, Jacobs, Jeffries, Jenrette, Jones, N.C., Jones, Okla., Kelly, Kemp, Kindness, Kramer, Lagomarsino.

Latta, Leach, La., Leath, Tex., Lee, Lent, Levitas, Lewis, Livingston, Loeffler, Long, La., Lott, Lujan, Lungren, McClory, McDade, McDonald, Madigan, Marks, Marlenee, Marriott, Mavroules, Mica, Michel, Miller, Ohio, Minish, Mitchell, N.Y., Montgomery, Moore, Moorhead, Calif., Mottl, Murphy, N.Y.

Murphy, Pa., Murtha, Myers, Ind., Nelson, Nichols, O'Brien, Pashayan, Paul, Quayle, Quillen, Regula, Rhodes, Rinaldo, Ritter, Roberts, Robinson, Rose, Roth, Rudd, Runnels, Santini, Satterfield, Sawyer, Schulze, Sensenbrenner, Shelby, Shumway, Shuster, Slack, Smith, Nebr., Snyder, Solomon.

Spence, Staggers, Stangeland, Stenholm, Stockman, Stratton, Stump, Symms, Synar, Taylor, Thomas, Trible, Vander Jagt, Walker, Wampler, Watkins, White, Whitehurst, Whitley, Whittaker, Whitten, Williams, Ohio, Wilson, Bob, Wilson, Tex., Winn, Wolff, Wyatt, Wydler, Wylie, Yatron, Young, Fla., Zeferetti.

NOES—221

Addabbo, Akaka, Albosta, Alexander, Anderson, Calif., Anderson, Ill, Andrews, N.C., Annunzio, Anthony, Ashley, Aspin, AuCoin, Baldus, Barnard, Barnes, Bedell, Beilenson, Benjamin, Bingham, Blanchard, Boggs, Boland, Bolling, Bonior, Bonker, Bowen, Brademas, Brodhead, Brooks, Brown, Calif., Buchanan.

Burlison, Burton, John, Burton, Phillip, Butler, Carr, Cavanaugh, Chappell, Chisholm, Clay, Coelho, Collins, Ill., Conable, Conte, Corman, Coughlin, D'Amours, Danielson, Daschle, de la Garza, Dellums, Dicks, Diggs, Dingell, Dixon, Dodd, Donnelly, Dougherty, Downey, Drinan, Duncan, Oreg., Eckhardt, Edgar, Edwards, Ala., Edwards, Calif., Emery, Erdahl, Erlenborn.

Ertel, Evans, Ga., Fary, Fascell, Fazio, Fenwick, Ferraro, Findley, Fisher, Fithian, Florio, Foley, Ford, Mich., Ford, Tenn., Forsythe, Fowler, Frenzel, Garcia, Gephardt, Giaimo, Gibbons, Ginn, Gonzalez, Goodling, Gore, Gray.

Green, Guarini, Hall, Ohio, Hamilton, Hanley, Harkin, Harris, Hawkins, Hefner, Heftel, Hightower, Holtzman, Howard, Hughes, Hyde, Ireland, Jeffords, Jenkins, Johnson, Calif., Johnson, Colo., Jones, Tenn., Kastenmeier, Kazen, Kildee, Kogovsek.

Kostmayer, LaFalce, Leach, Iowa, Lederer, Lehman, Leland, Lloyd, Long, Md., Lowry, Luken, McCloskey, McCormack, McHugh, McKay, McKinney, Maguire, Markey, Martin, Mathis, Matsui, Mattox, Mazzoli, Mikulski, Mikva, Mineta, Mitchell, Md.

Moakley, Moffett, Mollohan, Moorhead, Pa., Murphy, Ill., Myers, Pa., Natcher, Neal, Nedzi, Nolan, Nowak, Oakar, Oberstar, Obey, Ottinger, Panetta, Patten, Pease, Perkins, Petri, Peyser, Pickle, Preyer, Price, Pritchard.

Pursell, Rahall, Railsback, Rangel, Ratchford, Reuss, Richmond, Rodino, Roe, Rosenthal, Rostenkowski, Royer, Russo, Sabo, Scheuer, Schroeder, Sebelius, Seiberling, Shannon, Sharp, Skelton, Snowe, Solarz, St Germain, Stack, Stanton.

Stark, Steed, Stewart, Stokes, Studds, Swift, Tauke, Thompson, Traxler, Udall, Ullman, Van Deerlin, Vanik, Vento, Volkmer, Walgren, Waxman, Weiss, Williams, Mont., Wirth, Wolpe, Wright, Yates, Young, Mo., Zablocki.

NOT VOTING—24

Beard, Tenn., Carter, Conyers, Derrick, Flood, Fuqua, Hansen, Hinson, Hollenbeck, Holt, Lundine, McEwen, Miller, Calif., Patterson, Pepper, Rousselot, Roybal, Simon, Smith, Iowa, Spellman, Treen, Weaver, Wilson, C. H., Young, Alaska.●

Mr. HYDE. Mr. Speaker, the Members will shortly have an opportunity to vote on a motion to recommit which will provide some balance and reciprocity to this otherwise unbalanced, unreciprocal resolution.

What it will say is simply that no funds hereafter appropriated in any act of Congress shall be obligated or expended for the purpose of directing, executing, supporting the mining of ports or territorial waters of Nicaragua if the Congress certifies that the Government of National Reconstruction of Nicaragua has ceased to use the use of its territory for the support, supply, training, or command of any nation, group, organization, movement, or individual engaged in activities aimed at the subversion of neighboring states.

The Members will have a chance to put a little balance in here.

Now I want to talk about the high moral ground, because that is what I have heard repeated by two gentlemen from Florida who said that you have got to keep the high moral ground.

I suggest when you defend freedom, you are always on the high moral ground. But, I also suggest, if you have not been mugged by reality, that you ought to be, that your adversary picks the time, the place, and the level of attack.

I am going to repeat that now. Your adversary picks the time, the place, and the level of attack. And you either respond now or you die. That is called Hyde's law. You learn it on the streets of Chicago. Come with me and I will show you. I will take you to some neighborhoods where you get in the gutter, if that is where they take you, or you will get in the alley, if that is where they take you, or you die. Now that is a rule of life and a rule of law.

You can call it the high moral ground or anything you want.

I can see General Custer saying to his troops, "Keep the high moral ground," as their scalps are being cut off.

□ 2240

I just do not know what world some of you people live in.

Covert activities, as though there is something obscene about that. Did you ever hear of the French underground? What about the Afghans? What is our response to the vicious violence that is being perpetrated on the Afghan people? Three million refugees. Turn our backs on them? Do you not think that we ought to kind of smuggle a hand grenade in there? Or do only the Soviets do that? Is that your response? Keep the high ground and no covert activity, somehow, and declare war? Nobody declares war anymore. That involves treason, censorship, trading with the enemy.

To my friend, Mr. SMITH, we did not declare war in Korea, but we did an awful lot of bombing and acts of war. We did not declare war in Vietnam. You know that. But we finally did mine, at long last, Haiphong. We should have mined it early on.

So I just simply say to my friends, you know, the real world is a little different from the one you evidently were raised in.

Now, as far as the letter to "Dear Commandante," dated March 20, Mr. GINGRICH has an objection to it. I have got another one. I do not mind the letter. I think it is a good idea, stroke fur, open windows, whatever you want to call it, kill them with kindness. But this one line is what I object to: "We support your decision to reduce press censorship."

For your information, last Thursday there was no La Prensa, none at all, because the Sandinistas censored 65 percent of it. Now, maybe that is not censorship to you, maybe 100 percent is what counts with you. But I just suggest that this is a triumph of hope over reality.

Listen carefully. We are going to talk some more about the motion to recommit. And forget politics and think of freedom.

Mr. BARNES. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. Boland), the distinguished chairman of the Permanent Select Committee on Intelligence.

Mr. BOLAND. Mr. Speaker, there was a reference made here to an editorial in the Wall Street Journal that appeared today. Let me read an excerpt from the response which I sent to the editor of the journal:

> It was with bemusement that I read your April 12 editorial, "Anatomy of a Cop Out," suggesting that news of the mining of Nicaraguan waters first appeared in the Washington Post "a few hours" after the Permanent Select Committee on Intelligence had been briefed by the Administration.
>
> The Committee was briefed on the mining on January 31, 1984. The first news report of the mining appeared on April 6. Further, the news did not break in the Washington Post but in the Wall Street Journal.

Let me tell you something about leaks. That also was a problem that has been raised by that side of the aisle.

The first public report about the configuration of a sea-going vessel lying offshore and speed boats going from the ship into Nicaraguan waters for purpose of attacks came on January 3, on Radio Managua. So no recent story about these details come as a surprise to the Nicaraguans or to their friends.

The first announcement—the first announcement—of the mining was made by the Contras—the Contras—not by the Intelligence Committee, not by the CIA, not from the briefings that we heard, but made by the Contras on January 8.

And the first announcement of ships being hit by mines was made by the Nicaraguans themselves. In both cases, the Nicaraguans knew about it before the American people did.

As to the specific CIA involvement, that was also disclosed by the Nicaraguans.

So much for leaks.

Now, Mr. Speaker, all of the rhetoric has been spun out of this argument. We are here for a simple purpose, as the distinguished gentleman from New York (Mr. Solarz)—and, incidentally, the distinguished gentleman from Missouri (Mr. Skelton), I think, put it—and in the right light. This is a simple resolution to stop the mining of the territorial waters of Nicaragua.

Can you imagine what would happen if our harbors were mined by any nation? Do you think we would sit idly by? Do you think the American people would sit idly by? Of course, they would not.

The Permanent Select Committee on Intelligence has twice recommended in this body that the war in Nicaragua be ended.

When I appeared before the Rules Committee yesterday, I ran into that smoking gun syndrome: "What did you know? When did you find out about it? What have you done about it?"

Well, simply, we found out about the mining on January 31, 1984. And on that day, the committee was briefed, indicating that a harbor was mined, Puerto Sandino, on the Pacific side of Nicaragua. When asked why the committee had not been informed in advance, the response that Puerto Sandino is not a harbor, it is an anchorage. Of course they are wrong.

And that information came to us after the harbor was mined. The remainder of the mining took place in February.

This committee has fulfilled its responsibility to this House. When the first finding was made and sent to this committee on December 1, 1981, it was the kind of a finding that required, demanded, that this committee have updates on that finding. And I think everbody in this House would agree that is what should have been done. And that is what was done. From that time right up until March 27 of this year we have asked for constant updates on this finding, because it is a very serious one.

I must say, when that program first came to the Intelligence Committee, I supported it. It was a limited program, not one that over the months and over the years has escalated into a war—a war—if you will. Acts of war by the United States against Nicaragua are wrong, absolutely wrong.

There has been some complaint about some other body not keeping pace with what was happening. That is their responsibility. I knew what my responsibility was, and the majority of the members of your committee knew what their responsibility was to the membership of this House. And I was going to be very sure that the way your committee handled this responsibility was one in which you could accept the integrity of its members and you would have confidence in that committee.

So we called them again before this committee on March 27, just a couple of weeks ago. And the indication then was that they had continued mining harbors and had mined them before that briefing, mining the Port of Corinto, which is the largest port in Nicaragua and a very important one. We were told that the mines had been laid and they had hit some seven ships betweeen the dates of March 7 and March 24. What kind of ships? A Japanese ship loading cotton, a Panamanian ship with molasses, a Russian ship with oil, other ships, fishing boats were all hit by mines, none fatally, but seriously enough to warn other ships coming into those waters that there was a real danger to those ships and also a danger to the people who were manning them.

Where did the equipment come from, where did the mines come from? Who got on the small boats and where did the small boats come from? The small boats came from a mother ship that was lying in international waters manned by people paid by the CIA.

Does that not disturb you? Do you not have some feeling about this? Do you not know that this is a clear violation?

And so they say, what did the chairman of the Intelligence Committee, of the House Permanent Select Committee, what did he do? What did he know? And why did he not do something about it?

We have a little bill resting over there on the Senate side—which did not come to our committee. It is a backdoor request to the Senate for an additional $21 million for the covert action in Nicaragua. We put a cap on that in the 1984 appropriation bill, a cap of $24 million. The administration could not spend another dime beyond the $24 million, and they are rapidly running out of it. They are going to run out of it sometime in the middle of May. Now they wanted to come in for additional funding because they had accelerated the war, accelerated it by the kinds of things we are explaining here and other things that had been done by those who are operating the boats in that area.

So the bill is over there. It was my judgment, as a conferee, to go to the conference, refuse to agree, and then bring it back, have a vote up or down and have a secret session and let this whole House know how this operation had accelerated and what they were doing and let the House then make its judgment. Events have overtaken us, however, and this resolution comes before the House before that supplemental appropriation. A secret session now seems unnecessary. Your Intelligence Committee, however, will continue its efforts to keep the House fully informed—and to bring about an end to all aspects of this war.

Mr. Speaker, this resolution deserves the support of the membership of this House because the American people want it. I urge its adoption.

☐ 2250

The SPEAKER pro tempore. All time has expired.

Pursuant to House Resolution 485, the previous question is ordered on the concurrent resolution to final adoption.

MOTION TO RECOMMIT OFFERED BY MR. HYDE

Mr. HYDE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the concurrent resolution?

Mr. HYDE. Mr. Speaker, I am opposed to the concurrent resolution.

(By unanimous consent, Mr. COUGHLIN was allowed to speak out of order.)

TRIBUTE TO THE LATE HONORABLE WALTER FLOWERS

Mr. COUGHLIN. Mr. Speaker, it is my unhappy duty to inform this Chamber of the untimely death of a former Member, Walter Flowers.

He was a man of patriotism, a man of courage, and a man that reminds us as we sit in this Chamber, that we all do our duty to these United States in a very important way that serves our own conscience, as he always served his own conscience.

Thank you, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. HYDE moves to recommit the concurrent resolution (H. Con. Res. 290) to the Committee on Foreign Affairs with instructions that the committee report the concurrent resolution back to the House forthwith with the following amendment:
>
> Strike all after the resolving clause and insert in lieu thereof the following:
>
> "That it is the sense of the Congress that no funds heretofore or hereafter appropriated in any Act of Congress shall be obligated or expended for the purpose of planning, directing, executing, or supporting the mining of ports or territorial waters of Nicaragua if the Congress certifies that the Government of National Reconstruction of Nicaragua has ceased the use of its territory for the support, supply, training or command of any nation, group, organization, movement or individual engaged in activities aimed at the subversion of neighboring states."

The SPEAKER pro tempore. Pursuant to House Resolution 485, the gentleman from Illinois (Mr. HYDE) is recognized for 5 minutes.

Mr. HYDE. Mr. Speaker and my colleagues, I just want to comment briefly on the remarks of the distinguished chairman of the Intelligence Committee in the House. He seemed to express great sympathy for seven ships with cargo to support the Marxist country of Nicaragua. I just suggest that they were not sunk; Lloyd's of London was notified, and all is well in the world. But $825 million of infrastructure has been destroyed in El Salvador by the guerrillas subsidized and supported by those wonderful, warm Sandinistas.

Now, my friends, this resolution is a distraction. It is a diversion from the real issue. It is much more interesting by what it does not say, than what it says. It is absolutely silent about the landmines that were used recently to blow up aircraft that were delivering ballots to the outlands of El Salvador so the people in the back country could vote.

The landmines that are put around powerlines, which, when the guerrillas bomb and destroy, the repair crews must go in and get their legs blown off as they repair them. I know because I have seen them.

It is absolutely silent, this resolution about the concentration camps for the Miskito Indians. About the armed forces of Nicaragua which now total 100,000, and the tanks. The same mindset that drafted this resolution also uttered the words months and months ago, since we are going back in history, anybody but the Shah of Iran.

Well, we got rid of the Shah, we sure did. Now, we have been told we are not here to discuss Cuba or El Salvador, the Soviet Union or Nicaragua, no we sure are not. Let us not confuse the issue with looking at the comprehensive picture. Let us just narrowly define the issue to the mining in a vacuum. That makes a lot of sense; as I say, deaf, dumb, and blind.

Now, if you find political profit in denigrating the President, no matter the cause, no matter the cost, then you vote for this piece of political posturing. After all, this is an election year and the only difference between Jimmy Carter's Vice President and George McGovern's former manager is the one wants to walk away from Central America, and the other wants to run away from Central America.

Now, what is at stake? What is at stake? I will tell you what is at stake: The survival of democracy in Central America. The future of the Caribbean. Half of our imports; half of our exports. Three-quarters of our petroleum passes through the Caribbean. You want to turn that into a Cuban lake? Go right ahead.

The future of the Panama Canal, the strategic crossroads of the world. A lot of people are at stake who do now want to live under communism and still believe that we have the will and the strength and the guts to turn back the revolution without frontiers, and our own self-respect is at stake too.

To those who delight in legalisms, and there are plenty around here, let me ask you and suggest that you consult article 51 of the U.N. Charter, which says, and I quote:

> Nothing in the present Charter shall impair the inherent right of individuals for collective self-defense.

Would you like to take your problems to the World Court with a Syrian judge, with a Soviet judge, with a Polish judge? Would you like to discuss our intelligence operation in Central America with the Soviet judge, with the Syrian judge, with a Polish judge? Would you like to bring Israel's problems to the World Court? Would you like to bring the West Bank or the Golan Heights? How come we only want to bring El Salvador to the World Court, nothing else? It makes an interesting speculation.

Now the Judiciary Committee, lawyers to the House, has written a most fascinating letter in which they are asking for a special prosecutor to look into whether or not a violation of the Neutrality Act has been perpetrated by this administration. I suggest that the Judiciary Committee retain Ramsey Clark or William Kunsler to pursue this thing. I also suggest that you look into our aid to Great Britain when they went into the Falklands, because we were not at war with Argentina.

I suggest that our aid to Turkey is suspect under that act because we are not at war with Cyprus. I suggest our aid to Israel is suspect because we are not at war with Iraq when they went in and bombed the nuclear facility.

You are opening up a great can of worms, and God help some poor Afghan rebel if he hears that we are going to invoke the Neutrality Act as we do not give any covert aid to anybody we are not at war with.

I thank you for a marvelous job.

The SPEAKER pro tempore. Pursuant to House Resolution 485, the gentleman from Maryland (Mr. BARNES) is recognized for 5 minutes.

Mr. BARNES. Mr. Speaker, I will not use the entire 5 minutes. I am obviously not as eloquent nor as humorous as my friend from Illinois (Mr. HYDE).

Let me just remind all Members of the House of a couple of facts: One is that this is as the issue is, as was pointed out the day before yesterday in a letter from the chairman of the Senate Intelligence Committee to the Director of the Central Intelligence Agency and I quote:

"An act violating international law," he said. "It is an act of war; for the life of me, I do not see how we are going to explain it."

□ 2300

I am sure what he meant by saying he did not know how we were going to explain it was that he did not know how we were going to explain it to our allies who had voted in the United Natains to condemn us. The vote was unanimous, as you know, in the Security Council last week to condemn the United States action in mining the harbors in Nicaragua.

I am sure he also meant that he did not know how we were going to explain it to our friends, the Contadoran nations, Mexico, Panama, Venezuela, Colombia, who are all engaged in an intensive initiative to try to bring peace to Central America, all of whom have attacked the United States for engaging in this activity.

I am sure he also meant that he did not know how we were going to explain it to our constituents, the people of the United States, who have a right to assume that our Nation will abide by the commitments we have made to our allies, abide by the commitments we have made to the international community, that we will, in fact, act in a manner that is consistent with international law and consistent with the principles that the United States has always stood for.

As was said so eloquently tonight in the debate, there is no international principle that the United States has fought for longer than the principle of freedom of the seas, freedom of commerce. The very first war the United States fought was against the Barbary pirates who were impeding freedom of the seas.

And as the Prime Minister of Great Britain said day before yesterday, the actions of the United States are illegal under international law and endanger innocent citizens, including citizens of Great Britain on the high seas. I might note that there are American citizens who serve on ships, merchant marine ships, that sail in those waters, and those who support this mining are placing the lives of American citizens in danger as well.

We are all familiar with the issue before us tonight. The issue is not whether or not we condone or support any activities of the Sandinistas or the Cubans or the Soviets, or indeed of any other nation in the world. The issue before the House is a very clear one. It is the same issue that was before the other body earlier this week. The issue is very clear. It is whether or not Members of this body want to go on record in opposition to the United States engaging in the mining of the harbors of another country, a country with which we have normal diplomatic relations, a country with which we are not at war.

It is a very simple issue, I submit, and I would urge strongly that all Members of the House on a bipartisan basis, as we did in the Committee on Foreign Affairs where the vote was overwhelmingly bipartisan, vote in support of this resolution. It is a clear-cut issue. We ought to support the resolution.

Mr. Speaker, I yield back the balance of my time.

The **SPEAKER** pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The **SPEAKER** pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. BROOMFIELD. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The **SPEAKER** pro tempore. Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the concurrent resolution. Members will record their votes by electronic device.

The vote was taken by electronic device, and there were—ayes 144, noes 249, not voting 40, as follows:

[Roll No. 89]

AYES—144

Archer
Badham
Bartlett
Bateman
Bereuter
Bethune
Bilirakis
Bliley
Broomfield
Broyhill
Burton (IN)
Byron
Campbell
Carney
Chandler
Cheney
Clinger
Coats
Coleman (MO)
Conable
Corcoran
Courter
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
Davis
DeWine
Dreier
Duncan
Edwards (AL)
Edwards (OK)
Emerson
Erlenborn
Fiedler
Fields
Franklin
Frenzel
Gekas
Gingrich
Goodling
Gramm
Gregg
Gunderson
Hall, Ralph
Hall, Sam
Hammerschmidt
Hansen (UT)
Hartnett
Hiler
Hillis
Holt
Hopkins
Hubbard
Hunter
Hutto
Hyde
Johnson
Kasich
Kemp
Kramer
Lagomarsino
Leath
Lent
Lewis (CA)
Lewis (FL)
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NC)
Martin (NY)
McCain
McCandless
McCollum
McDade
McEwen
McGrath
Michel
Miller (OH)
Molinari
Montgomery
Moore
Moorhead
Morrison (WA)
Myers
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Petri
Porter
Pritchard
Pursell
Ray
Regula
Ritter
Roberts
Robinson
Roemer
Rogers
Roth
Sawyer
Schaefer
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Smith (NE)
Smith, Denny
Smith, Robert
Snyder
Solomon
Spence
Stenholm
Stratton
Stump
Sundquist
Taylor
Thomas (CA)
Vucanovich
Walker
Weber
Whitehurst
Whittaker
Williams (OH)
Winn
Wolf
Wortley
Wylie
Young (AK)
Young (FL)

NOES—249

Ackerman
Addabbo
Albosta
Alexander
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Aspin
AuCoin
Barnes
Bates
Beilenson
Bennett
Berman
Bevill
Boehlert
Boggs
Boland
Bonior
Bonker
Borski
Bosco
Boxer
Breaux
Britt
Brooks
Brown (CA)
Brown (CO)
Bryant
Burton (CA)
Carper
Carr
Chappell
Clarke
Clay
Coelho
Coleman (TX)
Co[illegible]
Co[illegible]
Cony[illegible]
Cooper
Coughlin
Coyne
Crockett
D'Amours
Darden
Daschle
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Downey
Durbin
Dwyer
Dyson
Early
Eckart
Edgar
Edwards (CA)
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Gore
Gradison
Gray
Green
Guarini
Hall (IN)
Hall (OH)
Hamilton
Harkin
Hatcher
Hawkins
Hefner
Hertel
Hightower
Horton
Howard
Hoyer
Huckaby
Hughes
Jacobs
Jenkins
Jones (OK)
Jones (TN)
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kogovsek
Kolter
Kostmayer
LaFalce
Leach
Lehman (CA)
Lehman (FL)
Leland
Levin
Levine
Levitas
Lloyd
Long (LA)
Long (MD)
Lowry (WA)
Luken
MacKay
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McKernan
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Mrazek
Murtha
Natcher
Neal
Nelson
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Ottinger
Owens
Panetta
Patman
Patterson
Pease
Penny
Pepper
Perkins
Pickle
Rahall
Rangel
Ratchford
Reid
Richardson
Ridge
Rinaldo
Rodino
Roe
Rose
Rostenkowski
Roukema
Rowland
Roybal
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shannon
Sharp
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NJ)
Snowe
Solarz
Spratt
St Germain
Staggers
Stark
Stokes
Studds
Swift
Synar
Tallon
Tauke
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Valentine
Vandergriff
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whitten
Williams (MT)
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)
Zschau

NOT VOTING—40

Akaka
Barnard
Bedell
Biaggi
Boner
Boucher
Chappie
Craig
Dickinson
Dymally
Frost
Hance
Hansen (ID)
Harrison
Hayes
Heftel
Ireland
Jeffords
Jones (NC)
Kazen
Kindness
Lantos
Latta
Lipinski
Lundine
Marriott
McNulty
Murphy
Nichols
Paul
Price
Quillen
Rudd
Russo
Shelby
Simon
Stangeland
Tauzin
Vander Jagt
Wilson

☐ 2320

The Clerk announced the following pairs:

On this vote:

Mr. Vander Jagt for, with Mr. Russo against.

Mr. Rudd for, with Mr. Boner of Tennessee against.

Mr. Kindness for, with Mr. Nichols against.

Mr. Dickinson for, with Mr. Dymally against.

Mr. Craig for, with Mr. Jeffords against.

Mr. Quillen for, with Mr. Stangeland against.

Mr. McEWEN changed his vote from "no" to "aye."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BARNES. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 281, noes 111, not voting 41, as follows:

[Roll No. 90]

AYES—281

Ackerman
Addabbo
Albosta
Alexander
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Aspin
AuCoin
Barnes
Bates
Beilenson
Bennett
Bereuter
Berman
Bevill
Boehlert
Boggs
Boland
Bonior
Bonker
Borski
Bosco
Boxer
Breaux
Britt
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Bryant
Burton (CA)
Carper
Carr
Chandler
Chappell
Clarke
Clay
Clinger
Coelho
Coleman (TX)
Collins
Conte
Conyers
Cooper
Coughlin
Coyne
Crockett
D'Amours
Daschle
Daub
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Downey
Durbin
Dwyer
Early
Eckart
Edgar
Edwards (CA)
English
Erdreich
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Ferraro
Fiedler
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frenzel
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gore
Gradison
Gray
Green
Gregg
Guarini
Gunderson
Hall (IN)
Hall (OH)
Hamilton
Harkin
Hatcher
Hawkins
Hefner
Hertel
Hightower
Horton
Howard
Hoyer
Huckaby
Hughes
Jacobs
Jenkins
Johnson
Jones (OK)
Jones (TN)
Kaptur
Kastenmeier
Kennelly
Kildee
Kleczka
Kogovsek
Kolter
Kostmayer
Kramer
LaFalce
Lagomarsino
Leach
Lehman (CA)
Lehman (FL)
Leland
Lent
Levin
Levine
Levitas
Long (LA)
Long (MD)
Lowry (WA)
Luken
MacKay
Madigan
Markey
Martin (IL)
Martin (NC)
Martinez
Matsui
Mavroules
Mazzoli
McCandless
McCloskey
McCurdy
McDade
McGrath
McHugh
McKernan
McKinney
Mica
Mikulski
Miller (CA)
Miller (OH)
Mineta
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Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Morrison (WA)
Mrazek
Murtha
Natcher
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Ortiz
Ottinger
Owens
Panetta
Patman
Patterson
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Petri
Pickle
Pritchard
Pursell
Rahall
Rangel
Ratchford
Regula
Reid
Richardson
Ridge
Rinaldo
Rodino
Roe
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal
Sabo
Savage
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shannon
Sharp
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Spratt
St Germain
Staggers
Stark
Stokes
Studds
Swift
Synar
Tallon
Tauke
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Valentine
Vandergriff
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (AK)
Young (MO)
Zschau

NOES—111

Archer
Badham
Bartlett
Bateman
Bethune
Bilirakis
Billey
Burton (IN)
Byron
Campbell
Carney
Cheney
Coats
Coleman (MO)
Conable
Corcoran
Courter
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Darden
Davis
DeWine
Dreier
Duncan
Dyson
Edwards (AL)
Edwards (OK)
Emerson
Erlenborn
Fields
Fish
Franklin
Gekas
Gingrich
Gramm
Hall, Ralph
Hall, Sam
Hammerschmidt
Hansen (UT)
Hartnett
Hiler
Hillis
Holt
Hopkins
Hubbard
Hunter
Hutto
Hyde
Kasich
Kemp
Leath
Lewis (CA)
Lewis (FL)
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Marlenee
Martin (NY)
McCain
McCollum
McEwen
Michel
Molinari
Montgomery
Moore
Moorhead
Myers
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Porter
Ray
Ritter
Roberts
Robinson
Roemer
Rogers
Sawyer
Schaefer
Shaw
Shumway
Shuster
Siljander
Skeen
Snyder
Solomon
Spence
Stenholm
Stratton
Stump
Sundquist
Taylor
Vucanovich
Walker
Weber
Whitehurst
Winn
Wolf
Wortley
Wylie
Young (FL)

NOT VOTING—41

Akaka
Barnard
Bedell
Biaggi
Boner
Boucher
Chappie
Craig
Dickinson
Dymally
Frost
Hance
Hansen (ID)
Harrison
Hayes
Heftel
Ireland
Jeffords
Jones (NC)
Kazen
Kindness
Lantos
Latta
Lipinski
Lundine
Marriott
McNulty
Murphy
Nichols
Paul
Price
Quillen
Rudd
Russo
Shelby
Simon
Solarz
Stangeland
Tauzin
Vander Jagt
Wilson

The Clerk announced the following pairs:

On this vote:

Mr. Russo for, with Mr. Vander Jagt against.

Mr. Biaggi for, with Mr. Rudd against.

Mr. Nichols for, with Mr. Craig against.

Mr. Paul for, with Mr. Dickinson against.

Mr. Stangeland for, with Mr. Kindness against.

Mr. Jeffords for, with Mr. Quillen against.

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BARNES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution just adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

□ 2330

STATUS OF NEGOTIATIONS

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I want to announce the progress on an effort to arrive at some amicable bipartisan arrangement with respect to the matters at issue in the supplemental appropriation bill.

Chairmen HATFIELD and WHITTEN have conferred and have mutually concluded that it is technically impossible to resolve all of the differences in that bill and complete a conference this week, largely due to the numerous and diverse issues contained in the Senate bill.

An effort has been made throughout the day and I believe that it will be a fruitful one, to arrive at the arrangement whereby the legislative needs of the government in El Salvador and of the administration in providing assistance to that Government for emergency and humanitarian aid as well as for the needed ammunition and stores of supplies that are required on an emergency basis, may be satisfied during the period of our absence on the Easter home district work period.

The administration in discussions and negotiations which have included Chairman LONG and Under Secretary Schneider and others, has agreed that it is technically feasible and possible to submit a reprograming request for funds in the approximate amount of some $32 million for El Salvador, providing that various suggestions be agreed to.

And so we are in a situation where the administration wishes, and we believe that it will, it can submit a reprograming request so that the needed emergency funds for El Salvador can and will be provided through established committee procedures and then upon resuming the sessions of Congress, after the Easter period, other issues involved in the conference committee may be considered in the resumption of conference committee situations.

Now that is a bipartisan way to proceed. It satisfies the legislative requirements and I would urge the administration to utilize this method.

AUTHORIZING DELIVERY OF MACE OF THE HOUSE OF REPRESENTATIVES TO THE SMITHSONIAN INSTITUTION FOR REPAIRS

Mr. WRIGHT. Mr. Speaker, I send to the desk a resolution (H. Res. 487) authorizing and directing the Sergeant at Arms of the House of Representatives to deliver the mace of the House of Representatives to the Smithsonian Institution only for the purpose of having necessary repairs made to the mace, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the resolution.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

Mr. LOTT. Reserving the right to object, Mr. Speaker.

The **SPEAKER.** That is the mace at the right of the Speaker.

Mr. LOTT. And I will not object, but I observe, though, that a lot of Members are still on the floor and perhaps waiting to see what the rest of the schedule might be.

I would like to yield to the distinguished majority leader so that we might ascertain if and what is remaining to be considered or done tonight and to assure the Members that there is no session scheduled tomorrow.

Mr. WRIGHT. If the gentleman will yield, it is my understanding that the distinguished chairman of the Committee on the Judiciary will make a unanimous-consent request for the consideration of a conference report, the distinguished majority whip may have some additional requests to make.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman.

Mr. FOLEY. It would be my intention to ask for consideration of a resolution electing the gentleman from Texas (Mr. WRIGHT) as Speaker pro tempore.

Mr. LOTT. Do we want a recorded vote on that, or can the Members go home?

Mr. FOLEY. If the gentleman wishes a recorded vote.

Mr. LOTT. We can save him going home on that.

We will not be in session tomorrow, is that correct?

Mr. WRIGHT. If the gentleman will yield further, upon the conclusion of those items of business, it is expected that we would adjourn until Tuesday April 24 at noon and I will ask unanimous consent that this be the case upon the conclusion of this colloquy.

Let me just say to the gentleman that on the get-back week, beginning on Tuesday the 24th, we meet at noon and take up the Arctic Research and Policy Act, that is an open rule; 1 hour of debate. On Wednesday and the balance of the week, we meet at 3 o'clock on Wednesday and 11 o'clock on Thursday and, if we are in session, Friday.

We will take up the National Science Foundation authorization, the National Bureau of Standards authorization. We would hope to have no further business in order on that week.

Mr. LOTT. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the resolution, as follows:

H. Res. 487

Resolved, That the Sergeant at Arms of the House of Representatives is authorized and directed, on behalf of the House of Representatives, to deliver the mace of the House of Representatives, following the adjournment of the House, to the Smithsonian Institution only for the purpose of having necessary repairs made to the mace and under such circumstances as will assure that the mace is properly safeguarded: *Provided, however*, That the mace shall be returned to the House of Representatives before 12 o'clock meridian on the day before the House reconvenes or at any sooner time when so directed by the Speaker of the House of Representatives.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING THE SPEAKER TO ACCEPT RESIGNATIONS AND TO APPOINT COMMISSIONS, BOARDS, AND COMMITTEES, NOTWITHSTANDING ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that, notwithstanding any adjournment of the House until Tuesday, April 24, 1984, the Speaker be authorized to accept resignations and to appoint commissions, boards, and committees authorized by law or by the House.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, APRIL 25, 1984

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday, April 25, 1984, may be dispensed with.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

REQUEST FOR CONSIDERATION OF S. 2570, CONTINUING TRANSITION PROVISIONS OF BANKRUPTCY ACT

Mr. RODINO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2570) to continue the transition provisions of the Bankruptcy Act until May 26, 1984, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The **SPEAKER.** Is there objection to the request of the gentleman from New Jersey (Mr. RODINO)?

Mr. WALKER. Reserving the right to object, because I do have problems with bringing this resolution up under a unanimous-consent procedure.

This is a matter where we decided some couple of weeks ago to have 30 days of extension to consider the bankruptcy matter. When that came before us at that time I said that I did not think we ought to be proceeding on this kind of a pattern for weeks to come. We have the opportunity when we come back in the week after our recess period to bring this bill up under orderly procedures; to go to the Rules Committee, get a rule, bring it out here, have a vote on this.

This is a substantive matter. It seems to me clear that we have a fairly light schedule that week that we come back. There is no reason why we could not take this up under the orderly procedures during that week and so for that reason, I do object.

The **SPEAKER.** Will the gentleman withhold his objection?

Mr. RODINO. Will the gentleman yield?

Mr. WALKER. I further reserve the right to object, and I will yield to the gentleman.

Mr. RODINO. I would just want to make it clear to the House that this gentleman is acting purely as an accommodation to a request for an extension made by the majority leader of the other body. This extension, an extension on top of the extension that was granted some time ago. Recognizing the fact that we are going to be in recess over a period of time, it seems to me appropriate, to accommodate the request of the other body.

Both Houses will be in recess for the Easter district work period. The other body has not yet been able to agree to the House-passed bill or to amend it and go to conference. I must add that this bill may have sufficient issues and differences that there will need to be time for a conference between the Houses.

The other body has deemed it prudent to take this action tonight to extend the transition period until May 25. This simple extension is necessary since the Senate has not yet acted on H.R. 5174, the Bankruptcy Amendments Act of 1984, which the House passed on March 21, 1984, to deal with the constitutional problem in the bankruptcy court system created by the Supreme Court's decision in the Marathon case.

This action in the other body was taken at the request of the majority leader of the other body. As a matter of accommodation to the other body, I am making the request to take up S. 2570.

The SPEAKER. How much time did the gentleman, the majority leader of the other House ask for?

Mr. RODINO. An extension of 30 days. At the last session when we discussed this matter, the gentleman had objected then to an extension. We were about to leave the Chambers when a call was received by the Speaker from the majority leader of the other body requesting an extension. At that point, the gentleman did not object.

□ 2340

I understand from my conversation with the Speaker, that he acceded to the request of the majority leader when he called on the telephone and said, "Would you not consider this." It was then a 30-day extension and, the House agreed and the gentleman did not object. It was also at that time indicated to the speaker that the majority leader probably would be seeking another 15 days if necessary in view of the fact that there was going to be a recess.

I think if the gentleman from Pennsylvania would permit me to say that we would like to proceed with the deliberation of this matter in an orderly fashion. We are merely trying now to accommodate the request of the other body which has had and still has H.R. 5174 under consideration.

Mr. WALKER. Further reserving the right to object, I certainly understand what the gentleman is saying.

All this gentleman is saying is that if we brought the matter up under the regular procedures of the House with a rule and came out here, we would have a chance to discuss some of those issues, find out exactly where we stand. It would give some time for debate on the issue. There have been several issues that have been added to this whole matter as we have moved along.

It seems to me perfectly appropriate in a week when we come back, when we have a very light schedule anyhow, to think about doing this under the regular processes. I do not see why at 11:30 at night we have to rush this through by unanimous consent.

The SPEAKER. As the Chair understands it, the gentleman is not going to take up the legislation, but is merely asking for a 15-day postponement so the committees can get together.

Mr. RODINO. The gentleman is merely trying to accommodate the request of the majority leader for another extension so that the other body might continue their own deliberation before they conclude and send the matter over.

Mr. WALKER. The gentleman from Pennsylvania is aware that we are considering a piece of legislation, a piece of legislation which can, in fact, be brought up before the House

In order to grant the additional 30 days of extension, we have to have a bill.

Mr. RODINO. If the gentleman will continue to yield, we are not considering anything beyond a 30-day extension and nothing beyond that. The matter is now in the other body and they have asked for the 30 days so that they might be able to appropriately deal with it and send it back.

It is merely a 30-day extension.

Mr. WALKER. The gentleman from Pennsylvania is aware of that. And what we are doing is we are considering a piece of legislation that will extend the present situation for another 30 days.

The gentleman from Pennsylvania is saying that that piece of legislation, that matter, can be brought up on the floor through the regular processes on the week when we come back from recess.

I do not see any problem with proceeding as we should proceed.

The SPEAKER. May the Chair explain to the gentleman from Pennsylvania. There has been a request from the majority on the Senate side. In view of the fact that there is a time limit on this bill that they do not think that they can get to it in that length of time and they have asked for an extra 30 days. That is purely what the bill is about. It is not to take up the legislation, to discuss the legislation. It is merely because it has been read, a motion to be able to concur with the Senate, to give them extra time, and to keep the law in effect.

Is there objection to the request of the gentleman from New Jersey (Mr. RODINO)?

Mr. WALKER. Further reserving the right to object, Mr. Speaker, I certainly understand that. The Chair has explained the situation well. All the gentleman from Pennsylvania is saying is that it seems to me that that piece of legislation on that singular issue of a 30-day extension could be brought up under the orderly processes of the House on the week we come back.

Mr. Speaker, I do object.

The SPEAKER. Objection is heard.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4098

Mr. TRAXLER. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 4098.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERSONAL EXPLANATION

Mr. GILMAN. Mr. Speaker, I inadvertently missed a vote on April 5, 1984, during consideration of the MacKay substitute to House Concurrent Resolution 280, the first concurrent resolution on the budget. Had I recorded my vote on rollcall No. 72, I would have voted "no."

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3498

Mr. LAFALCE. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of the bill, H.R. 3498.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

ELECTION OF HON. JIM WRIGHT AS SPEAKER PRO TEMPORE DURING THE ABSENCE OF THE SPEAKER

Mr. FOLEY. Mr. Speaker, I send to the desk a privileged resolution (H. Res. 488) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 488

Resolved, That the Honorable Jim Wright, a Representative from the State of Texas, be, and he is hereby, elected Speaker pro tempore during the absence of the Speaker.

Resolved, That the President and the Senate be notified by the Clerk of the election of the Honorable Jim Wright as Speaker pro tempore during the absence of the Speaker.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SWEARING IN OF HON. JIM WRIGHT AS SPEAKER PRO TEMPORE DURING THE ABSENCE OF THE SPEAKER

The SPEAKER. The gentleman from Texas (Mr. WRIGHT) will take the chair.

Mr. WRIGHT assumed the chair and took the oath of office administered to him by the Speaker, the gentleman from Massachusetts (Mr. O'NEILL).

REMOVAL OF NAME OF MEMBER AS CONSPONSOR OF H.R. 3795

Mr. BEREUTER. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of the bill, H.R. 3795.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

THE FIRST GENOCIDE OF THE 20TH CENTURY

(Mr. DYMALLY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DYMALLY. Mr. Speaker, as the Ottoman Empire was breathing its last during the second decade of the 20th century, a horrible series of events took place in what today is Turkey. These events are known as the Armenian genocide. By a series of acts initiated by the Ottoman-Young Turk government and later the independence movement of Mustafa Kemal, the Armenian population of Anatolia was destined for destruction. Up to 1.5 million may have been killed between 1915 and 1923.

Today, we can learn about a society from what it is prepared to remember and commemorate, as well as what it is determined to forget. We remember the Armenian people and their tragedy in House Joint Resolution 247. This resolution would have designated April 24, 1984, as "National Day of Recognition of Man's Inhumanity to Man." We need to set aside April 24 because it marks the anniversary of the Armenian genocide. It should remind us that what is forgotten is likely to be repeated in the future.

The Armenians, the oldest Christian nation on Earth, lived among the Turks, Kurds, Greeks, and others in the Ottoman Empire, concentrated in what today is mainland Turkey but is geographically known as Anatolia. They worked as businesspeople, craftspeople, and teachers, but many were also peasant farmers. They lived as a dispersed people because, over the centuries, they had migrated from their Caucasian heartland, often controlled by Russia, Iran, and Turkey, to other parts of the Middle East. Even in eastern Anatolia, where they enjoyed their greatest concentration, their territory was shared with Kurds and Turks.

Like many other nationalities, the Armenians of the 19th century began to give more attention to their unique heritage and identity. A nationalist movement arose within the Ottoman state. The greatest push was for autonomy, but Armenians in the east hoped to form an independent Armenia with their compatriots in Russian-controlled territory. These Armenians hoped to win European support for their aims. In 1894-96, the massacre of thousands of Armenians fueled both the nationalist movement and Armenian emigration. Even then, most Armenians remained loyal to the Empire.

In 1908, Ottoman rule was curtailed by a revolt that put into power a group of men determined to forge a new Turkish nation. Both non-Turkish Muslims, for example the Arabs of the Empire, and Christians resisted Turkification. But the Armenian homeland was shared with Kurds and Turks who regarded it as their homeland, too.

When World War I broke out, the young Turk Government decided that the Armenian "danger" must be ended to avoid "fifth column" activity. Beginning in April 1915, Armenians all over Anatolia were rounded up on short notice and sent marching toward the desert wastes of Syria. Men were usually killed outright. Few individuals reached their intended place of exile as they were massacred en route; others were killed on arrival. Horrible atrocities took place. A few Armenians were saved by Turks who ignored the deportation orders or who took Armenians into their homes, but the bulk of the Empire's Armenians perished. Some fled to what became Soviet Armenia.

Today, historians argue about the number of Armenians actually killed. Others claim that no genocide took place at all. This is a devastating conclusion to the survivors whether they be Americans, Lebanese, Egyptians, French, or citizens of any other country. We in America have been enriched by the presence of Armenians who have contributed far beyond their small numbers to society, politics, arts, and culture. If we deny the Armenian genocide—a historical event that has been well documented—we echo the words of Adoph Hitler who said, "Who still talks nowadays, of the extermination of Armenians?"

The Ottoman Empire and its successor state—modern Turkey—never admitted that the genocide has taken place and today, this denial has precipitated Armenian terrorism. This should not be viewed as an isolated historical incident. Unless all occupied or oppressed peoples are given the self-determination to which they as people are entitled, we shall be faced with international terrorism. Indeed, our own country has already suffered from it. The Armenian genocide reminds us of the need to intervene when peoples are facing national extinction, whether at the hands of their own government or at the hands of an occupying power. None of us can escape the guilt if we fail to act now. I urge my colleagues, then, to join in cosponsoring House Joint Resolution 247 so that we can affirm our Nation's commitment to justice and human rights.

NATIONAL TRAINING INCENTIVES ACT

(Mrs. JOHNSON asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. JOHNSON. Mr. Speaker, last week during House consideration of the first budget resolution, we had an important debate on the economic goals of our Nation. We heard about sustaining the economic recovery, providing services for the needy, and the need to create and preserve jobs in an environment where change is inevitable.

To prepare the American work force to meet these challenges I have introduced the National Training Incentives Act, which will establish broad new incentives for training American workers.

My bill extends a 25-percent tax credit to firms for new skills training expenditures and permits the unemployed and those facing layoff to withdraw funds from their IRA's without interest penalty for education and retraining.

This legislation is demand-driven job training. It rewards on-the-job training which labor and management agree is most effective and assures that training will be available at the cutting edge of economic growth. This legislation guarantees that as our economy changes and new skills are demanded, firms will be able to respond with new training programs.

The National Training Incentives Act requires no new delivery mechanism, and it involves virtually no new administrative costs. It does recognize that the future belongs to those nations that can most successfully adapt to the many changes and the rapid pace of change of the world economy.

I am inserting in the RECORD a summary of the bill, and I ask the support of my colleagues in cosponsoring this initiative.

AN EXPLANATION OF THE NATIONAL TRAINING INCENTIVES ACT OF 1984

Fundamental weaknesses in the U.S. work force were revealed during the last recession. Incentives to train or retrain workers were virtually nonexistent. Many of those displaced from their old jobs were either ill-equipped to enter a new occupation or financially incapable of acquiring new skills. Moreover, employers and workers alike were poorly served by the Employment Service and by the nationwide system of unemployment benefits provided as income assistance. In many cases benefits ran out without facilitating a meaningful transition to gainful employment or to a new occupation.

The intent of this legislation is to provide incentives for worker training, both through employer and individual incentives, to examine the cost, feasibility, and expected benefits of a nationwide job bank system, and to assess the possibility of using nonprofit community-based organizations to assist low-skilled individuals in finding work.

Title I of the bill is designed to assist structurally unemployed workers by allowing them to use for retraining funds invested in Individual Retirement Accounts (IRAs) or annuities. The bill permits an unemployed individual or one who has received advance notice of layoff to withdraw without the existing 10% interest penalty up to $4,000 for the purpose of financing occupational training.

Any individual who is unemployed, has obtained job counseling within the last year, and meets certain basic requirements under the unemployment compensation law may make withdrawals from IRAs or annuities for training purposes. Those who have received a notice of layoff within six months may also make withdrawals. The individual must first obtain employment counseling from a local employment office before withdrawals can be made; the employment office then certifies in writing that an individual is eligible to make such withdrawals, using criteria established under existing unemployment compensation law.

The certificate of eligibility, along with an invoice or other evidence of enrollment from a qualified training institution, is then presented by the individual to the trustee (bank or other financial institution) of the IRA or annuity. The amount needed (up to $4,000) is then issued to the training institution in the form of a voucher and is not taxable. The voucher can be used to pay a variety of expenses associated with the training program, including books, tuition, fees, materials, and special tools or equipment.

Training programs that individuals may pursue under this legislation are in general any programs offered by a qualified institution (an institution of higher education, a postsecondary vocational institution, a proprietary institution of higher education, and those institutions meeting criteria established by the Secretary of Labor) which prepares participants for gainful employment. The statutory definitions of "training program" and "qualified institution" track those in existing law, and anti-discrimination provisions are applied to all qualified institutions and eligible training programs.

Title I also removes a disincentive against retraining by providing that any displaced worker otherwise eligible for unemployment compensation shall not be denied such payment due to participation in a training program.

Title II of the bill permits employers to deduct from their tax liability 25% of any skills training expenses in excess of the average skills training expenses incurred by the employer over the preceding five-year period. This provision is modeled after the existing 25% R&D tax credit, enacted in 1981 to encourage private research, and is designed to provide a tax incentive for new training programs sponsored, paid for, or conducted by employers.

The employer may apply the tax credit to expenditures for any state or federally registered apprenticeship program, any employer-run on-the-job or classroom training program, any cooperative education, or any other program designated by the Secretary of Labor. The training tax credit conforms to existing carryback and carryforward provisions found in the tax code which apply to the R&D credit.

Title III of the bill directs the Secretary of Labor to report to Congress within one year on the extent to which a nationwide job bank system can be expected to increase employment opportunities in each state, its cost, and its adaptability to existing unemployment services. The Secretary must also assess in the report the feasibility of using nonprofit, privately-operated job-referral services for the referral of individuals to jobs in low-wage industries where little or no skill is a prerequisite for employment rather than using state employment service offices. Title III also authorizes funds to cover administrative expenses incurred through the counseling and certification process; this amount ($37 million) is equivalent to 5% of the current administrative budget for the U.S. Employment Sevice.

Title IV amends the Job Training Partnership Act to instruct Private Industry Councils (PICs) to make available throughout service delivery areas information regarding training programs. Title IV also provides that, for the purposes of determining eligibility for Pell grants, any amount withdrawn from an IRA or annuity for training purposes as well as any amount received in the form of unemployment compensation shall not be included as family income.

□ 2350

FAVORITISM TOWARD THE ADOLPH COORS CO.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. OBEY) is recognized for 60 minutes.

Mr. OBEY. Mr. Speaker, an investigation by my office raises serious questions about the possibility that OSHA has exercised significant and repeated favoritism toward the Adolph Coors Co. in discharging its responsibilities to protect worker health and safety. The documents which we have received would appear to indicate the following:

Repeated ex parte contacts between OSHA leadership and the Coors family and officials of the Coors Co., documented by official documents from the Labor Department and sworn depositions and interrogatories from Labor Department officials.

They indicate that Coors facilities targeted for inspection because of their hazardous nature were removed from an OSHA inspection list or not scheduled for inspections on several occasions based on discussions and directives from the national office; that the OSHA regional administrator for the Denver regional office, a career civil servant, may have been forced from his job because of urgings from officials of the Coors Co.; that OSHA compliance officers entered and inspected Coors facilities on only four occasions between the time Assistant Secretary Auchter was sworn in and January 1 of this year, as compared with 20 entries in the equivalent 33-month period prior to his taking over the agency; that 3 of the 4 occasions in which compliance officers entered Coors facilities were forced by death or serious injury to Coors employees in accidents related to that company's failure to follow proper safety and health procedures; that OSHA failed to cite Coors for all of the violations found by the compliance officers and that numerous serious violations by the company appear to have contributed to the accident that caused permanent brain, nerve, and liver damage to one young woman employee and the death of two of her male coworkers in one instance resulted in a fine of only $810. In a second instance, failure by the company to provide proper guarding of a backhoe tractor and adequate training in the safe use of the backhoe resulted in an employee being crushed to death for which the company was fined $720.

That despite the serious nature of the violations that appear to have contributed to these fatalities, no follow-up inspections were conducted by OSHA to determine whether these hazards were abated.

The documents from which these points are drawn are either official Labor Department documents or sworn testimony from officials or former officials of the Department.

If this apparent pattern does in fact reflect a policy by the Labor Department of exempting certain employers from the full regulatory requirements of the Federal Government in the field of occupational health and safety, it would be grossly unfair to the employees of such companies, and it would also be unfair to other employers who are in competition with such companies. It would undermine the confidence of workers and less favored employers in our Government and in the ability of the country to reach and enforce a common consensus on the level of hazard that should be tolerated in our Nation's workplaces.

THE CHIMON ISLAND NATIONAL WILDLIFE REFUGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. McKINNEY) is recognized for 5 minutes.

● Mr. McKINNEY. Mr. Speaker, today I introduced legislation which would establish the Chimon Island National Wildlife Refuge to protect the beautiful shore birds of Long Island Sound. I was joined in this effort by the entire Connecticut House delegation. The refuge would total 159.5 acres and be comprised of five sites: Chimon Island, a 70-acre isle off Norwalk, Conn.; Sheffield Island, 30 acres and also off Norwalk; Faulkner's Island, a 4.5-acre isle off the coast of Guilford, Conn.; Ram Island, a 15-acre isle off the mouth of the Mystic River; and Milford Point, a 10-acre barrier beach in Milford, Conn.

To the bird colonies of the Northeast the importance of protecting this undeveloped coastal acreage is immeasurable. According to the U.S. Fish and Wildlife Service, Chimon Island supports one of the three largest wading bird colonies on the Northeast coast and is Connecticut's most important heron rookery. Evidence suggests that the nesting species of Chimon include great egret, snowy egret, black-crowned night heron, cattle egret, yellow-crowned night heron, little blue heron, green heron, and glossy ibis.

Sheffield Island, the second largest of the Norwalk Islands, offers excellent potential for nesting habitat and could provide vital overflow land for the expanding Chimon Island heron population. Faulkner's Island, presently owned by the U.S. Coast Guard, supports Connecticut's only significant population of the State-threatened roseate tern, as well as our State's only major population of the State-threatened common tern. Both species are not only threatened in Connecticut, but also in the whole of North America.

Milford Point is one of the few remaining nesting sites of the piping plover, a candidate for the Federal-threatened species list. Experts claim that the current U.S. population of the piping plover is between 1,500 and 2,000 breeding pairs. Connecticut is reported to have 17 such pairs; and Milford Point claims 5 of the 17. The 10-acre barrier beach is also home to the largest population of the State-threatened least tern. Ram Island, albeit geographically removed from the remainder of the sites to be included in this refuge, is nonetheless critical to the State's heron population. It is, in fact, the only heron rookery in Connecticut besides Chimon Island.

In 1971, an historic event took place at a large salt meadow in Westbrook, Conn.: The establishment of our State's first National Wildlife Refuge (NWR). Running along the Menunketesuck River and encompassing 183.4 acres, the Salt Meadow NWR proudly protects over 185 species of wildlife. This precedent cleared the way for future Connecticut endeavors into wildlife preservation; and I believe that establishment of the five-site Chimon Island NWR would be a great step in the furtherance of that goal, as well as an important investment in the type of world we bequeath to our children.

Mr. Speaker, by introducing this legislation I am not advocating blind opposition to all coastal development; I am, however, opposing blind development of irreplaceable coastal habitat.●

THE 100TH ANNIVERSARY, EAGLE LODGE LOCAL NO. 1, UNITED PAPERWORKERS INTERNATIONAL UNION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. CONTE) is recognized for 30 minutes.

● Mr. CONTE. Mr. Speaker, I will include for the RECORD remarks that I prepared to deliver at the 100th anniversary banquet honoring the Eagles Lodge Local No. 1, United Paperworkers International Union. Organized in 1884, the Eagles Lodge, located in Holyoke, Mass., in my district, is the oldest local in the international union. It received a charter from Samuel Gompers in 1902, 17 years after the local's founding.

For 100 years, this local has represented thousands of workers in their struggle for a decent wage and humane working conditions. I congratulate them on a job well done and wish them good luck in the next 100 years. I am sorry that I cannot be there to celebrate with them.

The remarks follow:

REMARKS OF HON. SILVIO O. CONTE

I appreciate the opportunity to speak with you on this historic occasion, and this anniversary is a truly historic event. One hundred years ago, a small group of machine tenders from Holyoke and the surrounding area organized the Eagle Lodge Local No. 1. It was the first paperworkers union in the United States. As a resident of Western Massachusetts and as the Congressman from the first district, I am proud of this important accomplishment.

1884 was not an easy time for the organization of unions. I bet that it was difficult, if not impossible, to get a Congressman or any public official to attend a union meeting. Unsympathetic government policies, employer/sponsored violence and a suspicion among the general public were some of the obstacles placed in the path of the labor movement. Despite these impediments, unions made great strides to improve the conditions of workers in those formative years, and the Eagle Lodge Local was there from the beginning.

Samuel Gompers, the primary organizer of the Paper Makers International, plainly stated "the glorious mission of the trade union" during a speech in 1898. He said the unions were formed "to protect the workers in the inalienable rights to a higher and better life, to protect them, not only as equals before the law, but also in their health, their homes, their firesides, their liberties as men, as workers, and as citizens and to secure to them the right to life and the opportunity to maintain that life." A few years after Mr. Gompers stated this mission, he organized a few locals into the "International Brotherhood of Paper Makers". As the first of these locals, Eagle Lodge Local No. 1 was granted a charter by Gompers in 1902, 17 years after its founding.

Throughout the labor movement's long and productive history, there are many proud accomplishments: the minimum wage, occupational health standards, collective bargaining agreements and pension benefits, to name a few. Today, however, we face equally important challenges. The protections gained over the past one hundred years must be maintained.

For example, the sanctity of union contracts—negotiated fairly and openly—must be preserved. The recent Supreme Court *Bildisco* decision seriously threatens collective bargaining agreements all over the country. I believe our bankruptcy laws should reflect the importance of union contracts as stipulated in the National Labor Relations Act. These contracts should not be breached without just cause and after a strict review by the bankruptcy court. For these reasons, I was the first Republican cosponsor of the Rodino bankruptcy bill, H.R. 4908. On March 21st, I supported this measure when it passed the House of Representatives.

Over the past 25 years—since I was first elected to Congress—I have consistently worked to insure a "fair deal" for American workers. Just last year, I led another battle in the "Buy American" war—a battle of interest to this local's membership. This time the product was not hand tools or machines but social security cards. If you can believe it, the official, counterfeit proof social cards were almost printed on paper produced in England. How could millions of Americans carry these cards stamped "Made in Great Britain"? The answer is "they won't"!

As Ranking Minority Member of the House Appropriations Committee, I offered an amendment to the regular appropriations bill prohibiting the Social Security Administration from procuring the new cards on paper produced outside the United States. We demand from our currency paper manufacturers that they provide security at their plants, abide by OSHA regulations and minimum wage laws—as they should. We could not, in turn, abandon American business and workers to allow our national identification cards be printed on foreign paper. I'm pleased to report that we won this battle, but the war continues.

The future for the American worker, especially the paperworker, holds many challenges. Acid rain, for example, is a serious and potentially devastating threat to the health of our forests. Sulfur dioxide and other pollutants belched out by utilities and industry into the atmosphere has greatly increased the acidity of rainfall. This "acid rain", in turn, slows the growth and affects the reproduction of many species of trees found in the eastern United States. A report was just released by the Worldwatch Institute pointing to this potential problem.

Although this study is not definitive, the Institute did report that "A 1982 survey of spruce throughout the Appalachians has led researchers to conclude that spruce are declining over a wide area in a variety of forests." The report also concluded that "Growth rates corresponded closely to the acidity measured in nearby streams, which in turn is a good index of the acidity in rain. With other factors such as drought, fire, insect pests, and ozone apparently not responsible, acid rain emerged as a likely cause."

The costs of damage caused by acid rain go beyond the environmental impact. In West Germany, for example, a 5 percent decline in annual timber production translated into an estimated $200 million annual loss over a ten year period. The scientific documentation for damage in the United States is less complete. Preliminary data, however, does exist. Speaking of the forest degradation at Camel's Hump, a University of Vermont botanist predicted that "if such losses (of forest lands) are representative of a general decline in forest productivity, the economic consequences for the lumber industry will be staggering."

To address this growing and potentially costly problem, I introduced—along with several of my New England colleagues—a comprehensive, national acid rain control program. H.R. 4404 mandates a 12 million ton reduction in sulfur dioxide emissions over a ten year period, as recommended by the National Academy of Sciences. The House Energy and Commerce Committee is scheduled to consider this legislation and other acid rain measures when the Congress reconvenes in late April.

Acid rain control, bankruptcy law reform, OSHA regulations and enforcement are challenging issues that the labor movement must face today and in the future. Considering the pioneering efforts of the Eagle Lodge local, this union is well prepared to meet these issues. I congratulate you on 100 years of fighting for the working man, and I urge you to keep up the good work. The trade union mission, as advocated by Samuel Gompers over 90 years ago, is worth the fight. Good luck in your next hundred years.●

EL SALVADOR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Louisiana (Mr. Livingston) is recognized for 60 minutes.

Mr. LIVINGSTON. Mr. Speaker, I sincerely doubt that I shall use the full 60 minutes allotted to me, but in view of the announcement of the gentleman from Texas that there has been a compromise worked out for emergency assistance to El Salvador which will at least guide that country through the duration of the Easter recess for the Congress, I thought it incumbent to follow through with a special order taken out by the gentleman from California (Mr. Lagomarsino) last night and make some additional comments about the situation in El Salvador, as well as the state of those elections, and the need for that assistance, as expeditiously as the House can act on the President's request when it returns from its deliberations throughout the district work period.

Mr. Speaker, in conjunction with this special order, I would offer first the AFL-CIO News press release dated March 27, 1984, which reads, in part, that they had

> found the main motivations among the many voters that we interviewed to be a belief in the democratic process; the hope that elections hold out for the future of El Salvador; and a commitment to the future of a democratic electoral system.

They added:

> We received numerous reports of voter intimidation by guerrillas in advance of the election. This included the confiscation of identification cards, the kidnaping of voters, power black-outs and the disruption of public transportation.

In furtherance of this special order, Mr. Speaker, I would point out and introduce into the Record the March 27, 1984, Washington Post editorial which says, in part:

> We admire what the Salvadorans have done, again, in conducting an election in the middle of a war.

They go on to say:

> The guerrillas refused to put down their guns. The Salvadoran Government should not be punished for this by having its armed forces kept on a short aid tether by the United States.

Further, Mr. Speaker, I would submit a letter sent to many Members of Congress by the former administrative assistant to one of the senior gentlemen in the Senate. The gentleman sending the letter is Mr. Jim Guirard, Jr., who elaborates with some degree and at some length about the progression of Communist governments which have taken over throughout the world since 1958, beginning with Cuba in 1958, pointing out that none had taken any countries since 1975 when South Vietnam fell.

It goes on to point out that since South Vietnam, Laos, Cambodia, Angola, Mozambique, Ethiopia, South Yemen, Afghanistan, Grenada, and Nicaragua has subsequently fallen into Communiust hands, until the year 1980, and subsequent to that point that no nations had fallen to Communist domination, but he illustrates the reasons why it is so important that we stand with our friends in Central America and particular in El Salvador to attempt to withstand the onslaught by the terrorists fomented by the Communist movement down there.

So with that, I will introduce those documents.

The documents are as follows:

March 27, 1984.

The following is the report of an AFL-CIO observation team which went to El Salvador at the request of unions in El Salvador affiliated with the International Confederation of Free Trade Unions (ICFTU) to judge the fairness of the March 25 elections:

1. We recognize a sincere and energetic desire on the part of Salvadorans to vote. We found the main motivations among the many voters that we interviewed to be a belief in the democratic process; the hope that elections hold out for the future of El Salvador; and a commitment to the future of a democratic electoral system.

2. We questioned the voters explicitly on whether or not they have been pressured at the polling place and on whether or not they fear any reprisals for not voting, and their answer to these questions was a clear no.

3. We observed that too many people were unable to vote. Many spent inordinate amounts of time looking for their proper polling place. Others, even after an extensive search, found no polling place to match their identification card numbers, or discovered that their names did not appear on the voter registration list. Some of these had identification cards that seem to be valid. This problem appeared to affect voters of all political parties. We could detect no political bias or likely bias among those who could not vote.

4. From observation alone we have drawn no clear conclusions about other abnormalities in the system that might have caused distorted results. While in our view it seemed to be designed to protect the interests of the voters, it is a new system.

Even though no such additional problems were apparent, we believe that further examination of the entire process is necessary before any decisive conclusions can be drawn. We suggest additional consultation with experts regarding the system's ultimate influence on the determination of a democratic voting result.

5. We could detect no overt political intimidation at the polling places themsevles, and voters we questioned about this confirmed this impression.

6. We received numerous reports of voter intimidation by guerrillas in advance of the election. This included the confiscation of identification cards, the kidnapping of voters, power black-outs and the disruption of public transportation.

7. We received no reports that the armed forces interfered with the electoral process. Voters explicitly questioned about this possibility said that no armed forces intimidation took place. We plan to consult further with other observers regarding this issue.

The AFL-CIO team was headed by Frank Drozak; president of the Seafarers International Union, and included Eugenia Kemble, American Federation of Teachers, Ann Pearlman Morton, and four officials from the American Institute of Free Labor Development (AIFLD), William C. Doherty, Jr., Jesse Friedman, Jack Herberle, and Roberto Cazares. Five other Americans with the AFL-CIO observers were Ambassador Angier Biddle Duke of The Land Council and The Citizens Committee for a Pro-Democratic Coalition in Central America; Leonard Sussman and Bruce McColm of Freedom House; Bayard Rustin of Social Democrats USA; Mary Temple of The Land Council and The Citizens Committee on El Salvador.

[From the Washington Post, Mar. 27, 1984]

Elections in El Salvador

We admire what the Salvadorans have done, again, in conducting an election in the middle of a war. In various places, guerrillas broke their leaders' pledges and sought to intimidate voters. Other voters had to contend with the administrative chaos introduced chiefly by an American penchant to computerize a voting process that went all right the last time without computers. Still, an estimated million or more citizens went to the polls.

It is painfully evident, however, that elections by themselves cannot ease El Salvador's travail. The reason is that El Salvador is not a country ruled by law. The elections gear is not firmly connected to the other power gears. The guerrilla left continues its two wars, the one against the armed forces and the other, crueler war against the economic structure—that is, directly against the people. It remains to be seen whether the feudal right, well connected in parts of the military, will respect the electoral process. Meanwhile, it continues to gun citizens down, and it is not great comfort to say it is doing less of this than before. It should stop, period.

Well before the first estimates became known yesterday, President Reagan hailed the elections as a "victory for freedom over tyranny." He was taking a chance in making that claim, as he had taken a chance in the first place in encouraging El Salvador to hold these elections now.

The potential benefits were two: to give El Salvador a popularly elected government and to give the administration a bright exhibit in its case before Congress for more Salvadoran aid. The risk was and is that elections in a country at war may further polarise the population and produce a winner near the center (José Napoleon Duarte) that the army will not accept, or a winner on the right (Roberto D'Aubuisson) that the U.S. Congress will not accept. Mr. Duarte won a plurality Sunday; the runoff comes in a month. It will be a tense month, and the runoff will not dissolve the tension.

The guerrillas refuse to put down their guns. The Salvadoran government should not be punished for this by having its armed forces kept on a short aid tether by the United States. Congress should vote the emergency aid. But El Salvador's first need remains to diminish the war. Therefore, the administration must make more room for the conciliatory forces faintly at work. These forces arise from the would-be Contadora mediators and from the Salvadoran tendency, expressed best by Mr. Duarte, to "open up a national dialogue to give a political place to all the sectors." No matter who wins the runoff, the United States must encourage that tendency.

WASHINGTON, D.C.,
April 10, 1984.

DEAR CONGRESSMAN: I write this letter as a fellow Democrat who was for fifteen years Administrative Assistant to three different Democratic committee chairmen—most recently to Sen. Russell Long, from 1974-81.

My first purpose is to suggest that whatever your feelings toward U.S. policy in Central America, they should not be based on the patently false premise that since there was no "domino" effect following Vietnam, we need not fear any such phenomenon in Central America, either.

As the list at right demonstrates, in the 16 years between Cuba and Vietnam, not one nation fell to Marxism-Leninism. But then, in the five short years beginning with the fall of South Vietnam, there was a virtual avalanche of ten new colonies for communism.

And this does not even count the eight additional countries which from 1975-80 were taken over by single-party "socialist" or "Marxist-leaning" dictatorships: Libya, Congo, Madagascar, Tanzania, Sao Tome/Principe, Seychelles, Guinea-Bissau and Cape Verde.

Congressman, call them what you will—"dominoes" or "tiddily winks"—the fact is that in 5 short years a startling total of 18 countries (all of them now single-party "socialist" regimes) were moved by violent means to the pro-Soviet side of the ledger in world politics. Denying this truth will neither change what happened nor remove the threat of a similar occurrence in Central America if El Salvador is lost.

My second purpose in writing is to attack still another false premise which befuddles minds of too many fellow Democrats—namely that Castroite terrorists in Central America somehow offer "social justice" and "people's democracy" to the region.

Since Cuba is the obvious model, let us examine that brutal tyranny where for over 25 long years there have been no multi-party elections, no independent unionism, no freedom of speech, no freedom of the press, no freedom of assembly, no freedom of information, no freedom of religion, no freedom of emigration, no rights of privacy, no rights of property, no rights of due process, no freedom of artistic expression, none of that long list of human and civil rights we Democrats say we love so well. Yet, this is the grisly fate to which so many of our party's more vocal leaders seem quite prepared to abandon Central America.

Worse yet, some of these people are even now stating publicly that they would prefer to see Grenada still under the jackboot of a one-party police state and still a colony of Cuba and the USSR. And these are Democrats?

Finally, as to Nicaragua, among all the charges and counter-charges which fill the news, please remember two over-riding consideration:

(1) The Sandinista dictatorship is not merely "leftist" but is clearly and admittedly communist. As Humberto Ortega said in July 1981: "We guide ourselves by the scientific doctrine of revolution, by Marxism Leninism . . . without Sandinism we cannot be Marxist-Leninists, and Sandinism without Marxism-Leninism cannot be revolutionary way . . . (so) we are making the effort to transform our society in a revolutionary way, not a reformist way."

(2) While a relentless barrage of communist propaganda paints the "Contras" and the other opposition groups as former supporters of Somoza, the fact is that virtually the entire political leadership of the New Revolution were also leaders of the 1978-79 revolution against Samoza. As the attached op-ed essay demonstrates, these were the truly democratic leaders of an earlier revolution which has been stolen from them by the communists—with whom they thought they could engage in "power sharing."

If the 1979 revolution merited our support, the New Revolution of 1983 deserves it even more: First, because the tyranny against which it is directed is even worse than Samoza's. Second, because the Sandinistas are far more dangerous to their neighbors, which Samoza never was. Third, because so many of the same good people are leading this New Revolution as led the previous (now defunct) one.

Congressman, though the process is painfully slow, history is gradually revealing to all but the invincibly ignorant who such people as Castro and the Sandinistas really are: nothing but left-wing NAZIs dressed in the trappings of "liberation movements" and "patriotic fronts." In light of this truth, we should not want our party to be remembered as having been apologists for such a criminal element.

In the days and weeks to come, I hope that you and other Democratic members of the House might speak out against those whose misguided pacifism, isolationism and partisanship threaten to doom millions of Central Americans to the dismal fate of Castroism—of Gestapo-leftism.

I trust that you will consider these heartfelt views in the friendly and constructive spirit in which they are intended. With best wishes, I am,

Sincerely yours,

JIM GUIRARD.

Chronology of colonies for communism: 1958-83

Colony:	Year
Cuba	1958
None	1959
None	1960
None	1961
None	1962
None	1963
None	1964
None	1965
None	1966
None	1967
None	1968
None	1969
None	1970
None	1971
None	1972
None	1973
None	1974
S. Vietnam, Laos, Cambodia	1975
Angola, Mozambique	1976
Ethiopia, S. Yemen	1977
Afghanistan	1978
Grenada	1979
Nicaragua	1980
None	1981
None	1982
None	1983
?????	1984

[From the Washington Times, Nov. 15, 1983]

THE NEW REVOLUTION IN NICARAGUA

(By Jim Guirard, Jr.)

Americans have long yearned to be on the "right side" of a truly popular revolution in Latin America—one in which the United States is not obligated, in the name of anti-communism, to prop up the repressive regime under attack. But now that there is just such a revolution in progress—the New Revolution in Nicaragua—the New York Times-Washington Post wing of the media is demanding that we oppose it and "finally accept" the old 1979 Sandinista Revolution instead.

The fatal flaw in this argument is that there is nothing left in the earlier revolution for an honest civil-libertarian to accept. It has developed into nothing more than a grisly dictatorship of the Gestapo-left—a fact which is becoming so obvious as to begin causing doubts among even the most pro-Sandinista of journalists.

Between the lines, all but the very most pseudo-liberal of them seem increasingly haunted by an honorable impulse to hold their noses when trying to explain why it is "acceptable" to hold hands with such vicious illiberals—such fascists—as the Ortega brothers, Tomas Borge and Fidel Castro. But they still do recommend the old revolution over the new one.

Could it be that many of these journalists (like the House of Representatives, which has twice voted to prohibit U.S. aid to the New Revolution) fail to recognize:

The Sandinistas' total repudiation of the democratic goals which constituted their former legitimacy?

The Sandinistas' total subservience to the Cubans and the Soviets?

The pluralist, civil-libertarian sentiments of most of the New Revolution's political leaders—most of whom were leaders of the 1979 revolution as well?

Many lawmakers and journalists continue to hope naively that the Sandinista junta is merely "leftist," which falsely implies that it is liberal. Such people would do well to listen instead to what the Sandinistas say about themselves, to themselves, when they think Americans are not listening. Consider, for example, the following excerpt from a July 21, 1981 speech to fellow Sandinistas by Humberto Ortega, minister of defense and brother of Daniel Ortega, chief of the junta:

"We are not going to give ourselves a false name. Our revolution has a profoundly anti-imperialist, profoundly revolutionary, profoundly class nature. We are anti-Yankee, against the bourgeoisie. . . . We guide ourselves by the scientific doctrine of revolution, by Marxism-Leninism . . . Without

Sandinism we cannot be Marxist-Leninists, and Sandinism without Marxism-Leninism cannot be revolutionary . . . [so] we are making the effort to transform our society in a revolutionary way, not a reformist way."

Translation: Make no mistake about it, comrades. We believe in doing things the way Lenin did. We are dyed-in-the-wool communists, and we are going to stay that way.

Jose Esteban Gonzales, longtime enemy of Somoza and now exiled director of the Nicaragua Permanent Commission on Human Rights, explains what this means to the now "liberated" people of Nicaragua:

"During the first few days of the revolution we refused to make comparisons (between the new government and Somoza) because there was a different situation. Now I say clearly the situation is much worse. During the Somoza regime the repression didn't affect the whole community but only those who were in conflict with the government. But now everybody in Nicaragua is affected—not just those who are directly political."

Congressmen and journalists who applauded Gonzales when he condemned Somoza now seem deaf, dumb, and blind to his testimony that the Sandinistas are much worse. They condemn him and the whole "Contra" group of revolutionaries as "thugs, thieves, and brigands"—the words of Rep. Tom Downey (D-N.Y.). They talk of Nicaragua's admittedly communist dictatorship in such powder-puff terms as "non-pluralistic socialism"—the words of *Washington Post* reporter on Central America, Karen De Young.

In effect, the House and the press are listening still to the hollow echo of a "revolution" which has lost the right to be known by that honorable name. And they turn a deaf ear to the cries for help from those who desire the democracy and pluralism which gave that earlier revolution its legitimacy—its soul. Such people as:

Alfonso Robelo, a leader of the first revolution and member of the original Sandinista junta;

Eden Pastora, military hero of the first revolution and ex-deputy defense minister;

Arturo Cruz, ex-member of the junta and ex-Sandinista ambassador to the U.S.;

Jose Francisco Cardenal, former vice president of the Sandinistas' Council of State;

Edgard Macias, anti-Somoza militant and head of the Popular Social Christiant Party;

Jose Esteban Gonzales, head of the Nicaraguan Permanent Commission on Human Rights;

Violeta Chamorro, ex-member of the original Sandinista junta;

Pedro Joaquin Chamorro, Jr., former Sandinista supporter—publisher (like his father before him) of *La Prensa;*

Humberto Belli, anti-Somoza editor of *La Prensa;*

Jaime Montealegre, ex-vice president of the Sandinista Council of State;

Agustin Alfaro, ex-Sandinista consul general in New Orleans;

Miguel Bolanos, ex-official of the Sandinista security police;

Adolfo Calero, head of Nicaraguan Conservative Party; jailed by Somoza; now head of the Contras;

Archbishop Obando y Bravo, head of the Nicaraguan Catholic Church and former Sandinista supporter;

Carlos Coronel, ex-Sandinista minister of fisheries;

Alvaro Taboada, ex-Sandinista ambassador to Equador;

Francisco Fiallos, ex-Sandinista ambassador to Geneva;

Heraldo Montealegre, ex-Sandinista alternate governor of the World Bank;

Steadman Fagoth, leader of the Miskito Indians and former antisomocista.

The list goes on and on. Indeed, it grows each day as the Contras and allied groups gain recruits. The point is that in the defection of such leaders the "human rights" legitimacy of the old revolution (now deceased) has been transferred in the New Revolution—the "Nuevolucion," we should christen it.

If the revolution of 1979 merited "liberal" and "progressive" support, then the Nuevolution of 1983 merits it all the more. First, because the tyranny against which it is directed is more oppressive to Nicaraguans than was the Somoza regime. Second, because the Sandinista dictatorship is far more dangerous to neighboring peoples than Somoza ever was. Third, because so many of the same good people (absent the perfidious communists, of course) are leading this New Revolution as led the old one.

I will add that because of that movement in El Salvador, Mr. Speaker, in the last 5 years there has been a campaign of terror, hundreds of buses have been destroyed, 55 of the 260 bridges have been destroyed in El Salvador.

□ 2400

Utility plants have been blown up; there have been at least eight electrical disruptions per day. At the hands of the Communist terrorists, the coffee exports have fallen some 40 percent. There has been a general economic decline as a result of other crops being burned and other acts of terrorism, resulting in a per capita decrease of income of some 33 percent since 1979, and an increase in the unemployment rate from 7 percent in 1979 to over 40 percent today.

There are many throughout this Nation who would ask: "Of what concern is that to us?" Mr. Speaker, I would point out that they tend to overlook that since I represent the city of New Orleans, it is easy for my people to understand that El Salvador is closer to my district, New Orleans, than is New York City or Los Angeles or areas in the northwestern reaches of United States.

Furthermore, some 50 percent of all our foreign commerce, exports and imports, travel through the sea lanes bordered by Central America. Through the Atlantic, the Caribbean and the Gulf of Mexico. Thirty percent of all our export markets are in Central America, and as a result of the terrorist acts undertaken by the Communists over the last many years, some 10 percent of all Salvadorans have already migrated to the United States along with a large percentage of Central Americans of all countries in that region. I guess the bottom line is, Mr. Speaker, that unless we do stand with our friends to the South, a potential wave of some 10 million people will come streaming over the borders, either by foot or by boat, into the reaches of the United States and cause economic chaos for the people that already live in our Nation.

Now, all of that can be easily overlooked or remarked as supposition, but we have seen what happened in Vietnam when the Vietnamese finally fell to the Communists, the streams of boat people; the people who took all their worldly possessions that they could carry on their backs, put their families in leaky boats and risked the high seas and dangers by way of terrorists and pirates in an effort to get away from the oppression caused by the guerrillas or by the Marxist Government of Vietnam.

The fact is that that very mentality, that same type of people currently controls Nicaragua and is threatening the rest of Central America. In Nicaragua, the leaders of the junta that governs that country have themselves declared their own tensions.

Daniel Ortega, the leader of the junta, has said that we guide ourselves by the scientific doctrines of Marxist-Leninism. Thomas Borge, the Minister of Interior has said the revolution's moral imperative requires that the energies released here will be universal in all Central America.

Again, Borge said, "The Nicaraguan revolutionaries will not be content until the imperialists have been overthrown in all parts of the world." And, of course, another junta leader said approximately a year ago that surely the people of Nicaragua would gladly consider Soviet missiles if they were asked.

Now, Mr. Speaker, the fact is that once the Soviet boot, or the Marxist-Communist, totalitarian form of government has emerged or has taken over a nation, no single country since 1917 has withdrawn itself from the scourge of that domination. No single country has voluntarily elected to succeed itself with democracy. Unfortunately, as my friend Mr. Guirard has pointed out in the letter that I have already filed, "Too many countries have, unfortunately, already gone from democracy to Marxism."

It is with respect to El Salvador, which is threatened, as I have already pointed out. El Salvador has already been provided with assistance from this Government over the last 5 years. In 1982 we provided about $82 million for military assistance, and about 3 times that amount in economic assistance to help the people just attempt to survive the onslaught brought about to their economy by the terrorists.

In 1983, instead of increasing the military assistance, we actually decreased the amount from $82 million to $81 million. In 1984, we decreased it again. We cut that amount by roughly half. In fiscal year 1984, we provided approximately $44 million in military assistance. The release of approximately $19 million more depended on a verdict in the churchwomens' murder case. That is a verdict that is expected, at the earliest, about mid-April of 1984.

Meanwhile, the President has requested nearly $62 million in urgent assistance to protect the electoral process in El Salvador. Some have asked why we need this assistance now; why not wait for action on the supplemental request for $178.6 million in military aid now before the Congress, which probably will not be acted upon before June or July of this year.

The fact is, Mr. Speaker, the money is needed now to insure protection for the elections in El Salvador. One major committee chairman in this Congress said that he would not get to the request until the elections were over. In fact, nobody in this Congress has acted until he agreement was reached tonight as was indicated by the gentleman from Texas.

Others have indicated that no action could be had until June of 1984. The money is urgently needed, in my opinion, Mr. Speaker, to insure that elections take place. The Salvadorans voted for a President and a Vice President on March 25, 1984. To win, a candidate must secure a majority of the votes cast. At present reading, a second-round, runoff election is to be held between Mr. Duarte and Mr. D'Aubuisson near the end of April or in the beginning of May 1984.

The new President will be inaugurated on June 1, and will serve for a term of 5 years. The current belief is that Congress is again unlikely to vote on the pending supplemental request until midsummer or later.

Now, we know what is required to protect those elections. Careful review of our current progrm and rates of military supply in El Salvador, indicates a need to resupply a number of critical items immediately. It should be noted that from 60 to 90 days is needed to supply many items. For some, such as vehicle spare parts, as much as 6 months leadtime is required. A key item is ammunition. Less than 45 days' supply is available in El Salvador for 40-millimeter rifle grenades. Less than 95 days' supply for 81-millimeter mortar ammuntion. Ammunition for 105 millimeter artillery will shortly have to be ordered.

The Salvadoran Air Force is completely out of 2.75-inch rockets used by spotter aircraft to mark targets, and they will be out of 250-, 500-, and 750-pound bombs and 2.75-inch HE rockets between March 30 and April 15, until now, unless funds are made available to order more. No such funds have been made available until tonight.

The Salvadoran Army already has 1,400 men in training for whom there are no rifles. When a shipment of M-16's arrive shortly, they will be 2,000 weapons short of the minimum requirement for the next 6 months. Funds to train more soldiers will run out in April or May and over 95 percent of the items of personal fighting equipment, web gear, uniforms and boots, are at zero balance now.

The Army, after supplies now in the pipeline are received, will be short some 500 PRC 77's, platoon and higher level radio sets. There is no money for squad-level radio sets and there never has been. Key spare parts for vehicles, helicopters, weapons, and communications sets cannot be ordered and are in short supply or have run out.

Mr. Speaker, the bipartisan Kissinger Commission, which met in December and deliberated and wrote a report which they rendered to the President in January of this year, said that there is no logical argument for giving some aid to El Salvador but not enough.

The worst possible policy, they said, is to provide just enough aid to keep the war going but too little to wage it successfully. They further said that the United States should give El Salvador significantly increased levels of military aid as quickly as possible so that the Salvadoran authorities can act on the assurance that needed aid will be forthcoming.

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This House has been woefully reluctant to be forthcoming with that aid. Of course, the gentleman from Texas (Mr. Wright) has indicated that temporary assistance will be made for emergency purposes, pending further action after the Easter recess. But that is a token, Mr. Speaker; albeit it is a welcome token, but it is sadly insufficient if we are truly to preserve freedom in Central America and, of course, it does nothing for our friends the Contras, the anti-Sandinistas, in Nicaragua.

I am concerned that the ambivalence that has been displayed by both the House and the Senate over the last few weeks, the reluctance to follow through on the President's request, indicates quite frankly that we are turning our backs on the wonderful, hard-working, religious people of Central America.

I can recall having gone to the elections and talked to the people, pulled them out of the lines at random, and spoken with them time after time again, asking them why they were enduring such hardships, standing in those hot, long lines for hours on end without breakfast or lunch. Invariably they said they were doing it for their country; that their future was really in God's hands, but that they hoped that peace would come to their borders and that they would be able to control their own destinies, free from the violations of human rights that were rampant throughout their nation.

Mr. Speaker, it is my firm belief that the procrastination and the dilatory tactics exercised by this body and our brother body across the Capitol are simply giving confidence and support to the very people who are going to be the most true violators of human rights in Central America, the people who control the counties of Cuba and Nicaragua, the Marxist guerrillas, the Marxist insurgents who are attempting to take El Salvador over by force and ultimately could lead to the entire domination of the Central American region by the Communists.

I just think that we ought to do everything in our power to make sure that this body moves quickly on the President's request for assistance for our friends in Central America as soon as we return from the Easter recess.

FEDERAL RESERVE REFORM LEGISLATION OPEN AND PREDICTABLE MONETARY POLICY

The SPEAKER pro tempore (Mr. Natcher). Under a previous order of the House, the gentleman from New York (Mr. Kemp) is recognized for 60 minutes.

● Mr. KEMP. Mr. Speaker, recent events, including the rise in the discount rate and the prime rate, have thrown the spotlight upon the adequacy of two aspects of Federal Reserve policy—the policy itself, and how it is determined.

We are seeking cospsonsorship and support for two bills which address these concers. The first bill is designed to make Federal Reserve decisions more open to the public, irrespective of their content. The second bill is designed to restore long-term price stability as the goal and target of Federal Reserve policy, with the object of bringing down interest rates.

PROCESS

When the Federal Reserve System was established in 1913, the discretion of its executives was limited, both by its charter and by the system within which it operated. Over the years, both of these constraints were first weakened and then removed. Yet the Federal Reserve continues to formulate monetary policy under conditions of relative secrecy and lack of accountability to the public which have long since become obsolete.

There is a manifest need to allow the markets and the American people more—and more timely—information about policy decisions affecting them. Today there is not even any legislative requirement for the policymaking Federal Open Market Committee's minutes or decisions to be publicized, although it has become customary for the committee to release a summary after waiting 1 or 2 months.

Recently, this delay has engendered extreme uncertainty in the world's stock, bond, commodity, and currency markets, as they have reacted to each rumor or perception of monetary policy changes. It is axiomatic that the efficiency of markets depends on the degree of accurate information which is available. The recent uncertainty over Fed policy has undoubtedly damaged the stability which is necessary for economic and investment decisions. This benefits no one but those who trade upon rumor and real or imagined inside information. The continuation of Fed secrecy under these circumstances is an anachronism.

All agencies of government have undergone similar democratic reforms in the last 10 or 15 years. Disclosure naturally tends to be resisted by those within the institutions themselves. But "sunshine" and freedom of information measures have been applied to countless other agencies, with positive effect. Clearly, it is a positive benefit where no overriding national security interest is involved. The time has come for the U.S. central bank to participate in this general openness. Its decisions are too important to be withheld from the knowledge of the American people.

We also believe that the responsiveness of policymaking can be improved by other measures. Our first bill, The Federal Reserve Reform Act of 1984, proposes the following changes:

First, the 4-year term of the Chairman of the system shall begin in February of the calendar year after the President's term begins. This provision is supported by Chairman Paul Volcker and by the administration.

Second, the Secretary of the Treasury shall be made an ex officio member of the Federal Open Market Committee, as he was for many years. Thus, the administration could no longer disclaim responsibility for monetary policy in which it had no part.

Third, the terms of the Governors of the system shall be reduced from 14 to 7 years—which is still longer than the term of a U.S. President, Senator, or Congressman.

Fourth, the Open Market Committee shall publicly announce all policy decisions on the day on which they are adopted.

These measures would modernize the Federal Reserve, bringing its practice of decisionmaking to the threshhold of the 21st century.

Just as important as the way in which policy is made is the effectiveness of the policy itself. Much of the current uncertainty over Federal Reserve policy reflects the unlimited discretion of the Federal Open Market Committee, and the absence of any established rule for guiding its policy.

This is partly a failure of the law. Surprisingly, the legislation authorizing the Federal Reserve contains no direction stating that the integrity of our currency should be the central bank's primary goal. Our second bill, the Balanced Monetary Policy and Price Stability Act of 1984, corrects this omission by instructing the Federal Reserve to make long-term price stability its overring objective, which would avoid inflationary as well as deflationary swings in prices.

Also, in the absence of a firm monetary standard like the precious metals, the Fed needs stricter guidelines for its discretion in setting intermediate policy. Accordingly, our second bill would direct the Fed to abandon its on-again, off-again policy of "targeting" measures of the money supply which are constantly being shifted, changed, and redefined. Nor would it be permitted to "peg" interest rates, as it did for many years, without reference to its overriding objective of price stability.

If the central bank's objective is price stability, we believe it should actually target some proxy for the general price level. Our second bill directs the Fed to devise a price index for this purpose; to set a target range for the index; and to conduct its policy according to this target. No other guide can possibly determine whether monetary policy is too loose—inflationary—or too tight—deflationary.

Specifically, this second bill does the following:

It states clearly for the first time that the overriding goal of Federal Reserve is the integrity of the dollar, which necessarily means long-term price stability. The central bank directed to aim for strong economic growth, low-interest rates, and stable exchange rates, in so far as this policy is consistent with long-term price stability.

As an intermediate target for conducting this policy, the Treasury Secretary and the Fed Chairman shall devise an index of prices for use as its intermediate monetary target. The index shall contain one or more commodities, chosen for their sensitivity to long-term trends rather than transitory or cyclical price movements. Once established, a decline of the index below its target range shall signal the central bank to ease its monetary policy, while a rise in the index above its target range shall signal a need to tighten.

The Secretary of the Treasury is directed to seek the establishment of an advisory task force and an international conference, made up of our major trading partners. The purpose of the task force and the conference would be to consider reforms of the international monetary system which would result in greater world wide price stability, more stable exchange rates, and a liberal trading system. It would lay the foundation for making honest money the foundation of a sound international economy.

If the policy outlined above had been in place, in all probability it would have prevented the wild swings in prices, interest rates, world monetary reserves, exchange rates, and economic growth during the past dozen years. In particular, it would have prevented the wild and inflationary fall of the dollar of the late 1970's and the debilitating rise since 1980 which has hurt U.S. industries relying on exports or competing with foreign imports. We believe interest rates would be lower today.

At this point in the RECORD I include the following:

THE FEDERAL RESERVE REFORM ACT OF 1984

The Federal Reserve Reform Act of 1984 contains several provisions which would open the decisionmaking process of the Federal Reserve's monetary policy. However, the traditional relationship between the Federal Reserve and the Congress would be unchanged.

1. The four-year term of the Chairman of the System shall begin in February of the calendar year after the year in which the President's term begins.

This would make the President's and the Chairman's terms concurrent except for a one-year lag. The provision is supported by both Chairman Volcker and the Administration.

2. The Secretary of the Treasury shall be made an ex officio member of the Federal Open Market Committee.

The Treasury Secretary was a member of the Federal Reserve Board for many years, until the 1930s. This provision would restore his earlier status. While it would increase the input of the Administration into the making of monetary policy, the Administration would no longer be able to disclaim responsibility for monetary policy in which it had no part.

3. The terms of the seven members of the Board of Governors would be reduced from 14 to 7 years each.

This would permit a somewhat faster turnover of the membership. However, a 7-year term would still provide continuity in policymaking, since it is longer than the terms of U.S. Senators, Presidents, or Congressmen.

4. The Federal Open Market Committee shall announce changes in its policy on the day the decisions are adopted.

This measure, advocated over the years by any prominent economists, would end volitile speculation in the financial markets due to rumors and uncertainty about Federal Reserve policy. Under current law, there is no requirement that decisions be published. By custom, a brief summary of FOMC proceedings is released a month or two after each meeting. The new provision would end this delay.

THE BALANCED MONETARY POLICY AND PRICE STABILITY ACT OF 1984

Currently, there are few limits to the discretion of Federal Reserve policymakers, and no overall guidelines for setting policy.

This bill establishes long-term price stability as the overall objective of the Federal Reserve, and provides a guide for implementing the policy.

1. The bill states that "it shall be the policy of the [Federal Open Market] Committee to maintain low interest rates and stable exchange rates, and to encourage strong economic growth, to the extent that such policy is consistent with long-term price stability."

Current law states a number of desirable objectives, but does not give any direction as to their relative importance. Nor does it anywhere state that price stability or the integrity of the dollar is the overriding goal toward which Federal Reserve policy is directed. This provision remedies the omission.

2. The bill establishes a "price rule" for conducting monetary policy.

(a) The Federal Reserve Board Chairman and the Secretary of the Treasury are directed to develop a price index to assist the Federal Open Market Committee in conducting its policy.

(b) The index shall contain one or more commodities, such as the precious metals, which are chosen for their sensitivity primarily to secular or long-term trends in inflation and deflation, rather than to the business cycle or supply disturbances.

(c) The Chairman and the Secretary shall establish a target range for the price index which, in their judgment, will not result in a decline in the general price level.

(d) If the index rises above the target range, the FOMC shall tighten the cost and/or availability of bank reserves; if the index falls below the target range, the FOMC shall ease the cost and/or availability of bank reserves.

(e) In case of a serious threat to domestic or international financial stability, the Chairman and the Secretary together may, after a joint declaration of the extraordinary circumstances, set a new target range.

This procedure replaces both complete discretion on the part of Federal Reserve officials, and the on-again, off-again policy of targeting measures of the money supply which are constantly altered and redefined.

If the new policy had been in place, it is likely that we would have avoided the wild swings in prices, interest rates, unemployment, exchange rates, and economic growth, of the past dozen years.

3. The Secretary of the Treasury is directed to seek the establishment of an international advisory task force, and ultimately an international monetary conference, consisting of representatives of the major industrial nations. The purpose of the task force and the conference is to explore reforms of the international monetary system which would improve world-wide price stability, stability of exchange rates, and the prospects for liberal trade and strong, noninflationary economic growth.

This provision lays the groundwork for reform of the international monetary system. It would address many of the root causes of the international debt crisis, of pressure for protectionism, and of debilitating currency swings like the fall of the dollar in the 1970s and the rise of the dollar since 1980.

House Republicans Introduce Federal Reserve Legislation

A group of House Republicans introduced two bills to democratize the Federal Reserve System and to direct the Fed to follow a "price rule" for monetary policy. Included as co-sponsors are Representatives Trent Lott, Jack Kemp, Henry Hyde, Newt Gingrich, John Hiler, Connie Mack, Jim Courter, Vin Weber, Dan Lungren, Dan Coats, Barbara Vucanovich, Mickey Edwards and Ed Bethune, Stan Parris, Denny Smith, Bill McCollum, Hank Brown, Mark Siljander, John Kasich, Bob Walker, Dan Burton, Howard Nielson, Frank Wolf, Bill Dannemeyer, Chris Smith, Larry Craig, Judd Gregg, Bob McEwen and Tom Kindness.

Congressman Jack Kemp said, "These bills will help keep our recovery going with low inflation, lower interest rates, and strong economic growth."

"Monetary policy in recent years has alternately thrown our economy into recession and inflation. The Fed is one of the most powerful economic institutions in the world, yet it still makes decisions affecting our lives and our economy in near secrecy," Kemp said.

"Right now the Fed is not required to release policy decisions of the Open Market Committee," Kemp said. "This legislation would bring the Fed Open Market Committee into the sunshine of public disclosure by compelling prompt release of FOMC decisions as soon as the are reached."

"Clearly there's a need to democratize the Fed, to bring its monetary objectives into line with the American people's desire for continued growth, and to update its decision-making processes," said Kemp.

Other proposals in the reform bill include coordinating the Fed Chairman's term with that of the President on a one year lag, restoring the Treasury Secretary's official membership on the Open Market Committee, and reducing the terms of the Board of Governors from 14 to 7 years.

Kemp said, "Our second bill directs the Fed to maintain a stable dollar as its highest goal. Congress has never made this goal explicit. This bill's purpose is to assure financial markets about the long-term value of the dollar so that interest rates will come down and the economic recovery can continue."

"These reforms fill some gaps in the present law which was passed before the full effects of Fed policies on the economy were entirely understood," Kemp said. "Today the markets are completely uncertain as to what the Fed's policy is. What's worse is the Fed has failed to ever state clearly the principles it bases policy determinations on."

"The best way to stabilize the dollar's value is by targeting the supply of money and credit to a price index, which is what our second bill does," said Kemp.

Kemp said, "The Fed will choose an appropriate index of one or more long-term trend sensitive commodities. When the index rises, the Fed will read this as a signal to tighten policy. When the index falls, policy would be loosened."

"Under this price rule, the wild swings in prices, interest rates, world monetary reserves, exchange rates, economic prosperity would have been prevented." Kemp said. "Most of all, this legislation would have stopped the inflationary fall of the dollar in the 1970's as well as the debilitating dollar upswing since 1980."

"Finally, we've got to lower interest rates if we hope to prevent financial crises in Latin America and the Third World," Kemp said. "We may not be able to handle widespread defaults without international financial and political chaos. These bills are essential to show that the world's largest financial power is pushing toward global monetary stability."

"Monetary policy decisions have become too important to our well-being to be concealed from and left undirected by the American people. This legislation will insure that the Fed is put back on the track of supporting noninflationary economic growth, from which it has strayed in the last decade." said Kemp.

I would also like to include the following excellent statement by Congressman John Hiler:

Hiler Calls for Open and More Dependable Fed Policy

Washington.—Indiana Congressman John Hiler has joined House Republican leaders in calling for a national monetary policy that is more sensitive to long-term price stability and that is conducted "in the sunshine."

At a press conference at the Capital Wednesday, Hiler announced he is co-sponsoring two bills to reform Federal Reserve Board policy and the way it is conducted. Other House members also announcing their backing for the legislation included Congressman Jack Kemp of New York and House Minority Whip Trent Lott of Mississippi.

According to Hiler, one bill seeks to correct the Fed's preoccupation with fluctuating monetary aggregates such as the M-1 measure of money supply, and focus instead on a price index that would prevent wild swings between monetary control that is often too loose (inflationary) or too tight (deflationary).

"This is consumer legislation," Hiler said. "What we seek to do is to protect the value of the earnings and savings of working American men and women.

"While the Fed's policies are not entirely to blame for the recent recession and the current high level of real interest rates, they certainly bear a large degree of responsibility. I believe that commodity prices and precious metal prices are far better indicators of future price levels than any monetary aggregates, and I think the Fed's M-1 mindset is misguided.

"In the absence of a firm monetary standard like the precious metals, we need to devise a price index that would be based on one or more commodities, chosen for their sensitivity to long-term trends rather than cyclical price movements," Hiler said, pointing out that this is proposed by the "Monetary Policy and Price Stability Act of 1984." The Third District Congressman, who sits on the House Banking Committee, said this bill would direct the Fed to focus on strong, steady economic recovery by concentrating on maintaining the value of the dollar rather than on how many are floating around.

Hiler said this would not only be beneficial for our own domestic economy, but also for our international trading partners, particularly those with less well-developed economies who are tottering on the edge of economic disaster.

The other bill Hiler is co-sponsoring, the "Federal Reserve Reform Act of 1984" would lift the "veil of secrecy" under which the nation's central bank makes its decisions.

"The markets and the American public need more timely information about the monetary policy decisions affecting them," he said, noting that the Fed operates with relative secrecy, generally not releasing information about its decisions for one or two months. "Many feel that these delays are responsible for feeding the rumor mills that cause the uncertainty and volatility that has resulted in unacceptably high interest rates.

"Recently, this delay in information has caused extreme uncertainty in the world's stock, bond, commodity and currency markets, as they have reacted to each rumor or perception of monetary policy changes. Obviously the efficiency of markets depend on the degree of accurate information available."

To make the Fed's decision-making more open and more accountable to the public, the proposed bill provides that the four-year Fed chairmanship would begin in February of the calendar year after the new President took office, the Secretary of the Treasury would be an ex officio member of the policy-making Federal Open Market Committee (FOMC), the terms of governors of the system would be reduced from 14 to 7 years, and the FOMC would publicly announce all policy decisions within 24 hours.

BILL URGES SHIFT ON FED NEWS—LAWMAKERS PROPOSE IMMEDIATE RELEASE

WASHINGTON.—Federal Reserve policymakers would have to divulge immediately the decisions they make in private about the nation's monetary policy, under legislation introduced yesterday in the House of Representatives.

The measure, fashioned by Representatives Jack Kemp (R, N.Y.) and Trent Lott (R, Miss.), would also make the secretary of the treasury a member of the Federal Reserve's policy-making arm and shorten the terms of the Fed governors from 14 years to seven years.

Moreover, it would allow the president to choose a Fed chairman a year after the start of the presidential term.

Mr. Kemp and Mr. Lott introduced their proposals a day after the House Banking Committee agreed on a 37-2 vote to make the Fed chairman's term run more in line with that of a president's.

The action taken by the banking panel would also require the central bank to keep detailed minutes of the meetings of the Federal Open Market Committee, the Fed's policy-making body. Those minutes would be released four years after the meeting. The Fed would still make public, as it does currently, the summaries of those sessions about six weeks after they occur.

The Federal Reserve supports the measures adopted by the banking committee. They will now go to the full House for a vote.

The Kemp-Lott measure would go farther than the banking committee's proposals by requiring that the Open Market Committee announce its policy decisions on the day in which they are made.

In arguing for the change, the congressmen said the current lag in disclosure "has engendered extreme uncertainty in the world's stock, bond, commodity and currency markets as they have reacted to each rumor or perception of monetary policy changes."

Their measure also would put the secretary of the treasury back on the Open Market Committee as he was early in the century. "Thus, the administration could no longer disclaim responsibility for monetary policy in which it had no part," the congressmen said in a statement accompanying their proposals.●

SUPPORT 21 AS THE MINIMUM DRINKING AGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. PORTER) is recognized for 10 minutes.

● Mr. PORTER. Mr. Speaker, yesterday I met with Candy Lightner, president and founder of Mothers Against Drunk Driving (MADD). As my colleagues are aware, MADD has played an important role in mobilizing grassroots support for stricter laws to protect innocent lives from drunk drivers.

I was pleased to meet with Ms. Lightner to discuss an issue that is very important to me, a national uniform drinking age of 21 years. Last week I joined with several of my colleagues, including the gentleman from New Jersey (Mr. HOWARD), chairman of the Transportation Committee and the gentleman from California (Mr. ANDERSON), chairman of the Surface Transportation Subcommittee, in introducing legislation to withhold a proportion of the Federal highway funds from States which do not adopt a minimum drinking age of 21. This proposal, H.R. 5383, would withhold 5 percent of a noncomplying State's highway apportionment in fiscal year 1986 and 10 percent of its apportionment in 1987.

The need for this type of legislation is all to clear. Of the 25,000 deaths on our highways annually as a result of drunk drivers, teenagers represent 25 percent of that amount, although they constitute only 8 percent of the licensed drivers. In a recent letter I received from Allstate Insurance Co. advocacy programs manager, Don Costa, described the need for 21 as the national uniform drinking age this way:

> There is no question that America's minimum "drinking age" should be established at 21 years countrywide, as rapidly as possible. The grisly and heartbreaking traffic crash statistics document beyond doubt that too many of our youths are physically and mentally unable to manage to learn simultaneously the arts of seasoned driving and seasoned drinking.

There is also another clear reason for the Federal Government to encourage States to establish 21 as the uniform drinking age. Neighboring States often have different minimum drinking ages. I represent a congressional district in a State—Illinois—where the drinking age is 21, but which borders a State—Wisconsin—where the drinking age is only 19. In recognition of the accidents and fatalities caused by underage Illinois youths visiting bars in Wisconsin, the local press has nicknamed that part of my district "blood border."

Unfortunately, the problem in my district is not unique. Many of my colleagues also represent districts where border hopping is a problem. Don Griffiths, chairperson of Citizens Against Alcohol-Related Traffic Accidents (CARTA), an organization based in Spokane, Wash., described a similar situation in his hometown.

> Accidents on routes from Idaho to Washington are far too frequent. The legal drinking age in Idaho is 19; in Washington it is 21. The city of Spokane, Wash., is located just 20 miles from the Idaho border, allowing young people to have access to alcoholic beverages within a half hour drive * * * As you might imagine, the drive is a popular one * * * but it is also a deadly drive * * * Despite strong public concern, Idaho has not yet accepted responsibility to raise its legal drinking age.

Evidence clearly indicates that lives will be saved by adopting 21 as the uniform minimum drinking age. I believe that the time has come for the Congress to stop the tragedy on our Nation's highways, and I urge my colleagues to join this fight by cosponsoring H.R. 5383.●

THE NATURE OF THE COMMUNIST THREAT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. GINGRICH) is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, I want to take just a few minutes as we approach the recess to talk about three themes in American foreign policy as they relate to what we have done today and what has been happening recently.

The first is the consistent American misunderstanding of the nature of the Communist threat and the nature of what is happening around the world, and particularly as it relates to Central America.

The second is the impact of the Congress interfering capriciously and randomly in foreign policy.

And the third is the way in which our misperception of the Soviets and our misunderstanding of the dangers of congressional involvement interact with a modern global instantaneous news media to maximize the damage we cause ourselves.

Let me first of all focus on the nature of the Soviet Communist threat. I was really stunned, as this debate developed over the last few days, and I stopped and I looked at Central America and I began to realize some things that frankly amazed me.

All of the focus in the House of Representatives, particularly by the liberal Democrats, is on the United States. What is America doing? Why are we down there? What is happening on our side?

So I tried to go and look at the entire picture. The Soviet Union has sent $112 million worth of arms to Nicaragua in the last year, all the way from the Soviet Union to Nicaragua. $112 million just for the equipment. That does not count the cost for trainers and the like. The Soviet amount is just for arms.

The $44 million the United States spent in El Salvador includes everything, right down to food for the trainers.

So in our backyard, as the gentleman from Louisiana (Mr. LIVINGSTON) was saying, in an area that is closer to Miami than Miami is to Washington, we are spending $44 million last year in El Salvador while the Soviet Union is spending $112 million just for the arms going to Nicaragua. These are not for defensive weapons. The only country in Central America that has tank battalions is Nicaragua, and the primary purpose of tank battalions is to launch an offensive, to attack your neighbors.

The Soviets have helped build over 40 new military bases in Nicaragua. We heard a great deal of talk from the liberal Democrats on this floor as it related to Honduras and whether or not the United States was building airfields in Honduras, in our backyard, in our part of the world. Are we helping an ally in Honduras?

The liberal Democrats were very shocked at the thought that we would be out there actually building airfields or developing effective bases in Honduras. Yet the Soviet Union and its Cuban allies have built over 40 new military bases, including airfields, some of which are being developed to withstand bombing and to provide hardened sites to protect jet fighter planes.

Between the Soviet Union and their Cuban puppet, there are between 2,500 and 3,500 advisers in Nicaragua. We get exercised, and the liberal Democrats in this House raise questions about 55 American advisers in El Salvador. Yet in our backyard, relatively close to the United States, there are between 2,500 and 3,500 Communist-bloc advisers turning the country into a dictatorship.

How do the Soviet arms get to Nicaragua? Most of them come in ships. There are more ships landing in Nicaragua today from the Warsaw Pact than landed in Nicaragua in the 20 years before the Communists took over.

Furthermore, future signs of development in the Caribbean were obvious in the last week when the Soviet Union sent the *Leningrad*, an aircraft carrier, along with a guided missile destroyer and a fleet oiler and a submarine, to practice for the very first time with the Cuban Navy. The Cubans provided two frigates and a landing ship which is designed specifically to carry marines for amphibious assaults.

So what is the image you have? Partially, the less threatening image is that the Soviets and their Cuban allies are practicing to block the lanes which we would ship help to Europe. They were practicing in the area precisely where equipment would come out of Texas and Louisiana in order to go to Europe. That is the less threatening example.

The more threatening example is that they were showing the flag, that they were there to say to the Latin Americans, to Mexico, to Guatemala, to Honduras, to Costa Rica and Panama, that the Soviet Navy will go wherever it wants; that it now has a local base in the Western Hemisphere in Cuba and that the Soviets have every right to exert power and, by combining Soviet and Cuban marines on the Cuban landing ship, they will be able to land more forces and provide more power to any country in that area than that country could possibly provide by itself.

□ 2420

Now, what is frightening about all this is, first of all, the absolute reality. When I was a kid growing up, people used to laugh about someday they will talk about Communists in the Rio Grande or rightwing conservations will tell us there will be Communists in the Western Hemisphere. Well, there are. There are Communists 90 miles off our shores in Cuba. There are now Communists in Nicaragua and the guerrillas say openly that this is a war on a regional basis beyond national boundaries, that after El Salvador comes Guatemala; after Guatemala comes Honduras and then comes Mexico.

The guerrillas say this. They are not kidding us, just as Adolf Hitler said what he wanted to do, just as Lenin and Stalin said what they wanted to do, just as Mao Tse-tung explained what he wanted to do.

The guerrillas in Nicaragua, the El Salvadoran guerrillas are trained, equipped, and directed from Nicaragua. Those guerrillas are very comfortable in saying flatly that they intend to wage a regional war across the whole area.

Furthermore, as a recent article in the New York Times indicated clearly, our Western European allies are very willing to state that the guerrillas are being supplied directly from Nicaragua, that the war in El Salvador probably could not be sustained by the guerrillas if they did not have help from Nicaragua and that as a consequence, Nicaragua is directly involved in an action of attack upon El Salvador.

Now, if one of the Latin American countries is under attack, there is every reason to believe under the Organization of American States, and under the U.N. Charter that we have every right to try to help the country that is being attacked.

The fact is that for the last 5 years Nicaragua has systematically been building a base and has been building a guerrilla movement and has been involved in attacking its neighbors. If you talk to people from Honduras or people from Costa Rica or people from Guatemala, they will tell you that they are terrified of the scale of the Soviet buildup in Nicaragua which has made Nicaragua the most powerful military force in Central America. The Nicaraguan military has more tanks that all the other governments in Central America combined. The Nicaraguan dictatorship has more airfields prepared to accept jet aircraft, they have more artillery pieces and they have a larger army that all their neighbors combined.

In this setting, with 5 years of history, with 5 years of a Communist dictatorship slowly and steadily increasing the pressure that it puts both on its own people, with just last week censoring 65 percent of what was once the freest newspaper in that country, La Prensa, with a record in which the Catholic Church now opposes the dictatorship, in which there is increasing anger against the dictatorship, in which there are thousands of people fleeing the country prepared to fight for their freedom, opposing the dictatorship, in this setting we are told to focus only on El Salvador and to forget history.

It is as though somebody were being mugged and as they fought back, the policeman arrested the victim on the grounds that the victim was now fighting.

It is a sign of the tragic unwillingness of the American left to accept the reality of a Communist danger, that we could be here this week with Soviet troops in the Western Hemisphere, Soviet naval ships practicing off our coast, Soviet equipment going into Nicaragua, a Nicaraguan Communist dictatorship, guerrillas openly attacking and claiming they are fighting a regional war and our emphasis would be on American activities.

It is as though during World War II in fighting Nazi Germany, the major issue has been whether or not Eisenhower was doing the right things instead of how are we going to defeat the enemy.

The fact is that Nicaraguan dictatorship is a threat to every American city. It is a threat to all of us, because the best evidence we have is that if the Communists succeed in destabilizing Central America, we can expect something on the order of 16 million refugees by the end of the decade.

Now, compared to the number of boat people, it is important to remember first that El Salvador can reach America by land. You have just foot people, not boat people.

Second, it is not very far away. It is 2 days car ride from the Texas border to El Salvador. It is less than that to southern Mexico.

Already I think it is fair to say that the second largest city of El Salvadorans after the capital of San Salvador is Los Angeles, Calif., and we are faced with a constant flow from El Salvador, from Guatemala, from Honduras and from Mexico which will increase dramatically, as I said, I think 16 million is a reasonable estimate of the number of refugees if all the countries in Central America end up as Communist dictatorships.

Mr. HUNTER. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I would be glad to yield to my friend, the gentleman from California.

Mr. HUNTER. Mr. Speaker, I thank the gentleman for yielding and I thank the articulate gentleman from Georgia for coming out to remind us of these truths that were lost somewhere in the flak of the debate that we just finished.

I would like to respond to one question or one theme that came up recurringly in the Democrat presentation of their proposition, that it was completely illegal and unlawful for the United States to permit the mining of the harbors in Nicaragua.

You know, the question kept coming up, under what law, under what right do we do this? As I heard the Democrats come forth with this statement and this question time and again, I thought back to another time and another Democrat. His name was John Kennedy and in his inaugural address in 1961, and he was referring to Central America, he said these words, he enunciated what I call the Kennedy Doctrine. He said:

> To our sister Republic south of our border we offer a special pledge, to convert our good works into good deeds and into a new alliance for progress, to assist free men and free governments in casting off the chains of poverty; but this peaceful revolution of hope cannot become the prey of hostile powers. Let all our neighbors know that we shall join with them to oppose aggression or subversion anywhere in the Americas and let every other power know that this hemisphere intends to remain the master of its own house.

Now, I think if John F. Kennedy were here today and saw in Nicaragua what Jeane Kirkpatrick calls a terrorist internationale, composed of Soviet soldiers, Cuban soldiers, Bulgarian soldiers, North Vietnamese soldiers, and North Korean soldiers, he would ask of his Democrat successors in the House of Representatives, "When did you forget this doctrine? Where did we go wrong? Where did we stop believing in the security of the Americas in this doctrine that I enunciated in 1961?"

One other point was brought up that I thought was interesting. We talked and spoke about the World Court and how terrible it was not to submit to the jurisdiction of the World Court. It occurred to me—and I think Mr. Descoto was very successful in changing the subject and making this a subject that the American media has focused on for the last week, but the Soviets do not submit to the jurisdiction of the World Court.

A number of our allies who would have us submit to their jurisdiction, such as Great Britain, have oftentimes declined jurisdiction legally, and in listening to several of the legal scholars of this Nation, we did exactly what was required of us in declining jurisdiction before the case was brought before us; but the idea that has been advanced by some of my Democrat colleagues, to the effect that somehow we should surrender our Central American policy to the jurisdiction of a court, when Nicaragua is host to a band, again, of North Vietnamese, Bulgarians, North Koreans, Russians, and Cubans, who are not there to get a suntan, is incredible; but once again John Kennedy said:

> Let all our neighbors know that we shall join with them to oppose aggression or subversion anywhere in the Americas.

I would presume that that includes mining harbors. When you have a nation that is in the business of selling destabilization, there is nothing wrong with stopping their inventory from coming in.

So I thank the gentleman for taking this time and for taking this late hour to summarize what occurred in the debate today. I hope that the debate continues. I think it has been very good for the American people to hear this subject aired tonight, even though it was, I think, injurious to us as Members of Congress, to us as an institution, for us to pass this resolution, which in a sense is Mr. Descoto's resolution, a resolution that he sought when he came to Washington this week.

I thank the gentleman.

Mr. GINGRICH. Mr. Speaker, I think the gentleman makes a very strong point here and I want to go back to it, because it is crucial.

If in fact it matters to the United States that El Salvador be free, then we have to face the fact that there is no case since World War II in which the Western free world has successfully defeated communism, as long as there is a neighboring country which is able to harbor the guerrillas.

When we were able to defeat the Communists in Greece, it was because Yugoslavia and Bulgaria and Albania cut off their supplies. When we were able to defeat the Communists ultimately in Malaya, it was because they could not get any supplies. When you look at the case, for example, of South Vietnam, it is impossible when there is a sanctuary to defeat guerrillas.

□ 0030

We are now faced with a situation in which there is now, for all practical purposes, a Communist force on the Central American land: Nicaragua. That Communist force is determined to export revolution.

If we try simply to defend freedom in El Salvador we will fail. It is impossible to defeat a Communist guerrilla movement as long as it can receive weapons and training and directions from a neighboring sanctuary.

One of the lessons in Vietnam was that when we finally mined Haiphong Harbor in 1972 it had a tremendous impact on the North Vietnamese Government and led directly to the peace negotiations, because we were strangling them at the source of their supplies.

I would point out that the mines we are talking about here tonight are nonlethal. They do not kill people. They are small. They are the puniest, the weakest weapon that you could use to scare people.

Our liberal friends who talk about compassion and who talk about avoiding any kind of harm to human beings are saying, seemingly with a straight face, that while it was all right to provide millions of dollars in aid to the freedom fighters who would use it on land to kill people, that putting mines in the water that would scare people—they were too small to kill anyone, they were too small to sink ships, but they were very effectively choking off the flow of Communist supplies into Nicaragua by scaring them.

Mr. HUNTER. Will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman.

Mr. HUNTER. I thank the gentleman for yielding.

I think one of our colleagues from the Democrat side did say in fact there would be some damage to a water skier and so you might have some case for personal injury.

Mr. GINGRICH. Then I would advise that they should be very cautious if they want to water ski in our hemisphere.

Mr. HUNTER. I think the gentleman makes a very important point in that many Members of this House missed the point that the alternative to mining a harbor and to tearing boats that would come in bearing large loads of arms, the alternative to that is to kill people in jungle patrols who were bearing those arms. If you want to kill a soldier, if you want to take a weapon from a soldier on a jungle trail, you have to kill him. It is kind of a messy business. There is no easy alternative.

In fact, the much more humane alternative is to stop those arms from coming in to deter those nations who would bring arms to Nicaragua.

You know, I am reminded of a time when we conducted the war in Vietnam, when we had a number of nations in this world who were receiving

American aid. They were receiving foreign aid from this country and yet they persisted in selling arms to the people, to the North Vietnamese who were using those arms to kill Americans. I always thought that policy did not make sense.

Perhaps for some of our Democratic friends they have explained why that is a perfectly rational policy. When I was in Vietnam in 1970 and 1971 it just did not make any sense that we would allow nations who were supposedly friends of the United States to sell equipment to our adversaries that would be used to kill our young men and we would continue to give foreign aid to those nations.

Some of my colleagues have made it very clear why that is apparently a rational thing to do. So I appreciate the gentleman taking out this special order and bringing up again the fact that this Congress has acted very unwisely in passing this resolution.

Mr. GINGRICH. As I said, the first failing of the Congress was a failing to understand the nature of the Communist threat and the nature of the Communist regime in Nicaragua and the fact that we are trapped now into a struggle to restore freedom and stability in Central America.

The second failure of this Congress I think is a fundamental failure to understand the enormous danger of a legislative branch meddling in politics.

I quote from Alexander Hamilton in the Federalist No. 22 who said in describing the chaos under the articles of the original Continental Congress:

> * * * acting under the authority of those Legislatures. The faith, the reputation, the peace of the whole Union, are thus continually at the mercy of the prejudices, the passions, and the interests of every member of which it is composed. Is it possible that foreign nations can either respect or confide in such a government? Is it possible that the people of America will longer consent to trust their honor, their happiness, their safety, on so precarious a foundation?

Let me just say that if I were a potential American ally, and I looked at the spectacle that if you come to Washington and you see the President and you visit the Congress and you leave, you have no assurance what will happen next.

I do not have any idea what this Congress will do because we saw here tonight that men who are supposedly responsible figures in this Congress, once a policy starts to fail, cut and run. People who knew about the mining, who knew about it several months ago said nothing until it blew up in their face and then suddenly it was not their fault. They were not responsible. They had nothing to do with it. It was all the administration's fault.

We saw the same thing happen in Lebanon where people who last fall voted for one resolution suddenly washed their hands and walked over and said, "I never really meant for it to happen like that."

If you were anywhere in the Third World and you had seen the collapse of American power in Lebanon and you were watching the collapse of American power in Nicaragua, and you were watching the Soviets pour 7,000 advisers into Syria, hundreds of millions of dollars of equipment into Syria, replace the entire Syrian Air Force after they lost the last one to the Israelis, and then you looked at the American response, if you looked at Nicaragua and saw the Soviets flaunt the establishment of a dictatorship in the New World, and you saw that Congress totally divided and totally impotent, which side would you bet on?

What frightens me is that this Congress has learned none of the fundamental lessons of the Founding Fathers. Let me quote Thomas Jefferson, a man who did not normally believe in a strong Executive. He wrote in 1790:

> The transaction of business with foreign nations is Executive altogether. It belongs, then, to the head of that department, except as to such portions of it as are specially submitted to the Senate. Exceptions are to be construed strictly.

At the time, it was the famous event of Citizen Genet, the French envoy from the First French Republic, and Jefferson bluntly informed him:

> As the President was the only channel of communication between the United States and foreign nations, it was from him alone "that foreign nations or their agents are to learn what is or has been the will of the Nation;" that whatever he communicated as such, they had a right and were bound to consider "as the expression of the Nation;" and that no foreign agent could be "allowed to question it," or "to interpose between him and any other branch of government * * *."

I think it is important to notice what Jefferson was saying, that the United States, in order to be effective in the world, had to speak with one voice.

Now, I am all for dissent. We have every right in this body to raise cane. We have every right to go back home and make political speeches and we have every right to appear on American television and argue. But as long as Congress has passed a law, as long as Congress is paying for covert actions, and we are paying for it, you cannot spend a dime in this Government that we do not pay for, we have no right to randomly have 535 Secretaries of State—100 from the other body and 435 from the House—making their own foreign policy.

Let me say that we are at the edge of a very, very dangerous environment, a situation in which recently a Democratic Presidential candidate wandered off to Syria to meet with a dictator to bring home an American aviator. It was wonderfull that the aviator came home, but it was a terrible precedent for the future.

Are we now to say that any American who wants to can go off into any country?

It has happened. In fact, under the Founding Fathers in 1798 a Philadelphia Quaker named Logan went to Paris on his own to undertake a negotiation with the French Government in order to stop a war between France and the United States. Congress was so frightened at the spectacle of American citizens randomly wandering around the world negotiating on their own with governments that they passed "an act to prevent usurpation of Executive functions," the Logan Act, which is still in the law. And the Logan Act said it is illegal for Americans to wander around the planet and negotiate with foreign governments because if you end up with hundreds of people visiting the Soviet Union, hundreds of people visiting Nicaragua and doing whatever they want to, and saying "Hi, I would like to negotiate for America," you are going to lead to absolute chaos.

The year following the Logan Act in 1799, John Marshall, at that time a Member of the House of Representatives, defended President John Adams. He said:

> The President is the sole organ of the Nation in its relations, and its sole representative with foreign nations. Of consequence, the demand of a foreign nation can only be made on him. He possesses the whole Executive power. He holds and directs the force of the Nation. Of consequence, any act to be performed by the force of the Nation is to be performed through him.

Ninety-nine years later, the U.S. Senate in its Foreign Relations Committee took occasion to reiterate Marshall's doctrine and to elaborate on it.

Why is this so important? It is important because not only do we have the spectacle of one Democratic candidate for the Presidency wandering off negotiating on his own, we now have other spectacles. We have the spectacle of 10 Members of this body, as mentioned earlier and as named by the majority leader, the gentleman from Texas (Mr. WRIGHT), sending a letter to a dictator in Nicaragua.

We all have a right to send letters, and we often send letters to a variety of countries.

□ 2440

But in this case, sending a letter which specifically said, and I quote, "We have been, and remain, opposed to United States support for military action directed against the people or Government of Nicaragua," and I ask that this letter be appended in its full to the very end of the special order.

The **SPEAKER** pro tempore. Without objection, it is so ordered.

Mr. **GINGRICH**. I yield to the gentleman from California.

Mr. **HUNTER**. I thank the gentleman for yielding. He has made an excellent point in saying that foreign policy should leave these shores with one voice. That brings up, I guess, a final point for myself. This resolution was not necessary. I cannot believe that if the Intelligence Committee had told the administration "we are not going to put up with this and we really think you should not participate in any mining and if you do not desist, we are going to bring a resolution to the floor," they could have done that.

Instead, this thing was brought out, it was aired on the House floor, and it is evident to anybody in the world who has a television set that the Congress at least has torn itself apart over this issue. And if you go along with the idea and the proposition that morale is a very important thing in the fighting of a war, perhaps as important as guns and personnel, then I think you have to accept the idea that if what we did tonight has been communicated to the people who run Nicaragua and to their military people, then they have received a tremendous boost in morale by watching this Congress tear itself apart and perhaps a few elections will be won because of things that were said tonight and maybe we can cut a few people down in the polls.

Although I think the American people still have a much greater faith in this President than they do in this Congress. But we did ourselves a real disservice tonight. This little miserable resolution did not have to come up. This matter could have been taken care of without the circus that occurred today.

I think it goes back to what the gentleman has said, that the foreign policy of this Nation should leave the shores with one voice and again when the U.S. Congress appropriates money to assist in the interdiction of arms coming out of Nicaragua, I do not see the distinction between interdicting those arms and stopping them before they come into the harbor as opposed to America ambushing a patrol on a jungle trail and killing the people who are carrying them and taking the arms away from them.

Mr. GINGRICH. The gentleman raises two different points. First of all, his last point, we ought to be tired of losing. The longer we focus on the details of war fighting, the more this Congress meddles in this action and that action, the worse off we are. We lost in Vietnam. We lost in Iran, with Desert I. How many times do we want to get this Congress involved in messing around in details?

Either you want to do something or you do not. If we do not want to do anything at all, then let us cut it off. If communism wins in Central America, at least we have been decisive. But this kind of absolutely irresponsible saying "yes" but then meaning "no," saying you will accept it but then disowning it, the kind of behavior which had one senior Member of the other body admit in the New York Times today that he actually had been briefed but had not noticed it, that it was only on going back and looking that he guessed well, yes, they really did tell him. He just did not pay enough attention.

Now this is a business for serious people. To have the chairman of the Intelligence Committee come on this floor tonight and tell us he knew for months what was going on, but he did not say anything, he did not go and raise cane, he did not tell the administration to quit. But once it was on page 1, now we have all sorts of self-righteous speeches.

Two points should be made here: First, if the United States is going to be effective, it must decide what it wants to do, and go do it. If it is going to be messy and clumsy and difficult—which, by nature, these things are—then they are going to be messy and clumsy and difficult. So let us roll up our sleeves and get it over with.

On the other hand, if we are not going to do it, let us get out. But this kind of nonsensical, day after day, week after week, killing our allies with a little knicks, letting them bleed to death, while this Congress plays political games, is despicable; it is immoral and it is inhumane.

Let me go back again to the central reason the Founding Fathers did not want the Congress involved in the daily processes of foreign policy. Prof. Edwin Corwin, one of the leading constitutional scholars of recent decades, wrote in his "The President: Office and Powers" (4th rev. ed. 1957), page 184, that:

> There is no more securely established principle of constitutional practice than the exclusive right of the President to be the nation's intermediary in its dealing with other nations.

It says exclusive. Exclusive does not mean that while approving covert actions against Nicaragua, Members of the House have the right then to write their own letters to dictatorships.

The 1972 study by the Congressional Research Service of the Library of Congress, entitled "The Constitution of the United States of America: Analysis and Interpretation" (S. Doc. No. 92-82), notes on page 537 that the President's power to receive "Ambassadors and other public ministers" makes the President "the sole mouthpiece of the Nation in its dealing with other nations."

The sole mouthpiece of the Nation.

Prof. Louis Henkin, of Columbia Law School, writes in his book, "Foreign Affairs and the Constitution":

> For many years now, Congress has not seriously doubted . . . that the President is the sole organ of communications with foreign governments: Congress may not give or receive communications on behalf of the United States, or negotiate with foreign governments, or conduct foreign relations.—Henkin, "Foreign Affairs and the Constitution," p. 93 (1972).

The U.S. Supreme Court, in the United States against Curtiss-Wright Export Corp., 1936, said:

> The President alone has the power to speak or listen as a representative of the nation. He makes treaties with the advise and consent of the Senate; but he alone negotiates. Into the field of negotiation the Senate cannot intrude; and Congress itself is powerless to invade it. . . . It is important to bear in mind that we are here dealing not alone with an authority vested in the President by an exertion of legislative power, but with such an authority plus the very delicate, plenary and exclusive power of the President as the sole organ of the federal government in the field of international relations.

Let me repeat that last part: "the sole organ of the federal government in the field of international relations." The U.S. Supreme Court, interpreting the American Constitution. Why did the Founding Fathers limit negotiating powers to the executive branch?

Because the Founding Fathers had had the experience of the Continental Congress; they had had the experience of 13 independent States negotiating. They understood the nightmare of having every random legislator, who wanted to, wander off on his or her own and do whatever they felt like that week.

The Founding Fathers lived in a constant horror. If you go back and read what Hamilton said about passion, they believed it was very likely that elected politicians, particularly in the House elected every 2 years, would randomly zigzag, would do whatever worked.

We have seen it recently when the Mayaguez incident occurred, the Members of Congress began to complain until the public liked it. Then they shut up. When Vietnam began, Members of Congress liked it as long as the public opinion polls were good; then they suddenly discovered they did not like it when opinion polls got bad.

You can literally track some Members during that decade who, as the polls changed, so did they.

Recently, we had the example of liberation of Grenada. In the first 24 hours after liberation, many liberal Democrats got up and attacked it. Suddenly, it turned out to be massively popular and you did not hear anyone complain.

When we first went into Lebanon, many people were willing to give the President the benefit of the doubt. As the policy decayed, as it clearly was not going to work very well, the country decided they did not trust it, as the administration failed to explain it, as the polls went down, so did the Congress.

Now it is perfectly appropriate for the Congress on a regular basis to decide not to spend money. It is perfectly appropriate for the Congress at a strategic level to say to the executive branch, "You cannot be in Lebanon; we will not pay for it." But for us, on an everyday basis, to inflict on ourselves the wounds that we do in this House is inexcusable. That carries me to my third point, which is the absolute revolution in communications.

You know, if back in the age of sailing ships when messages traveled slowly, when ambassadors were tremendously powerful because they were the only people who could make decisions within 3 months, if back then, the Founding Fathers were afraid of Congress capriciously and randomly getting involved in foreign policy, then how much more dangerous is it in the age of instant television?

Every embassy of every Communist dictatorship on this planet sits in Washington and watches C-Span. Every embassy reads the morning American newspaper and watches the American television news.

And I asked tonight a question which the distinguished majority leader refused to answer. I said to him: If you were the Soviet KGB adviser to the dictator of Nicaragua or you were the Cuban adviser to the dictator of Nicaragua and you received a letter signed by the majority leader of the Democratic Party, the chairman of the Intelligence Committee, three subcommittee chairmen on the International Relations Committee, two Appropriations Committee Foreign Operations Subcommittee members, two International Relations Committee members, and the deputy whip of the Democratic Party and that letter said:

> We have been and remain opposed to U.S. support for military action directed against the people and Government of Nicaragua.

What would your advice be to the dictator of Nicaragua?

Let me offer you my guess. And we know a great deal of this. We have years of experience now. We have all of the North Vietnamese boasting of how they captured South Vietnam. We have North Vietnamese generals who have written their memoires. This stuff is not hidden away. It is not secret. It just does not get much publicity. But we know for a fact what many of their plans have been over the last 30 years.

If I were the Cuban or Soviet KGB adviser to the Nicaraguan Communist dictatorship, I would say to them: "Hang tough. Be firm."

As the dictator of Syria, Assad said publicly, slapping us in the face with his arrogance, "The American Nation has no staying power. It is a sprinter, not a marathon runner."

Now how did Assad know that? Because he watches us. He sees us. He knows that this Congress will destroy our foreign policy every time it gets a chance. He knows there is no firmness in the body beyond the next poll, or the next news program.

And so what would I say if I were the Communist adviser to Nicaragua? I would say that if you were tough enough and you last long enough, the Americans will quit. They have not got the staying power. They cannot take it.

And what does this letter say? It says just that.

The major leaders are willing to break a 200-year tradition.

Maybe there have been other letters to a country we are actively trying to pressure. I do not know of any. Maybe there have been other times in our history where Members of the House felt they could write the dictator of a foreign government and side with him against their own country. I do not know of any.

The fact is the Congress of the United States has authorized and paid for actions against Nicaragua. We can talk about how covert they are. This is the most open society in the world. We do not do anything covertly. It is hard to keep the most secret things secret for very long.

So there is no secret about it. The U.S. Government is openly doing as much as it can to cause pain to Nicaragua. It is totally wrong in that setting for American political leaders to write a letter to the dictator of Nicaragua which will then be basically helping the dictator of Nicaragua. If I were the dictator of Nicaragua, I would show this letter all around. I would make sure my people saw that key sentence and I would say to them: "Here are some friends of Nicaragua who are against what the American Government is doing."

That is wrong. I do not object, as I said earlier. I glory in the freedom of the American Nation. I glory in the right of any American politician to say anything they want to in America. I glory in our right to fight vigorously among ourselves, but we should not be communicating directly to a dictator who is Communist inspired, Communist supplied, Communist trained, and who is systematically undermining one of our allies. Not at a time when every single person who signed this letter knows what we are doing.

It was not as though this was some secret operation and these guys did not know they were messing it up. They knew when they signed the letter that we had men and women actively working to put pressure on Nicaragua.

Now in that setting I think we face three crises:

The first crisis is that as long as we lie to ourselves about the nature of communism and the nature of the Soviet threat and as long as we kid ourselves about what is happening, it is going to get worse. And if we go down that route, I think we better start figuring out where those 16 million refugees are going, because they are going to be here by 1990.

The second crisis is we better rethink the role of the U.S. Congress in foreign policy. The U.S. Congress should set major strategic goals. We should pay for the goals we believe in and we should get out of the way of the actual daily operations. And if we are not going to do that, we should not do anything. We should declare our impotence and come home and accept the isolationism that the leftwing of the Democratic Party seems to embrace.

The third problem is a brand new one. We need a serious intellectual effort to understand how do you deal with dictatorships in the age of television. How should we behave responsibly? We have to debate on this floor. We have to say things that we are going to disagree about. How do we do it in a way that other countries, who have no real understanding of our system, can understand that once we have made a decision we will stand firm. And part of that, frankly, requires we learn to stand firm once we make a decision.

But we badly need serious intellectual studies and a serious effort on the part of this Congress to rethink how do we debate foreign policy issues when we are negotiating with dictatorships which literally monitor our subcommittees, monitor our committees, watch the House in session, read the newspapers, watch the television news, and pay attention to every detail. Because if we cannot recognize the nature of communism and we cannot develop a responsible Congress and we cannot learn to adapt to the age of television and mass media, then this country is in real trouble. Freedom, in fact, faces a very grim future indeed.

I think that is the real message of the disasters of this week.

The letter referred to follows:

HOUSE OF REPRESENTATIVES,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., March 20, 1984.

Commandante DANIEL ORTEGA,
Coordinator de la Junta de Gobierno, Case de Gobierno, Managua, Nicaragua.

DEAR COMMANDANTE: We address this letter to you in a spirit of hopefulness and good will.

We want to commend you and the members of your government for taking steps to open up the political process in your country. The Nicaraguan people have not had the opportunity to participate in a genuinely free election for over fifty years. We support your decision to schedule elections this year, to reduce press censorship, and to allow greater freedom of assembly for political parties. Finally, we recognize that you have taken these steps in the midst of ongoing military hostilities on the borders of Nicaragua.

We write with the hope that the initial steps you have taken will be followed by others designed to guarantee a fully open and democratic electoral process. We note that some who have become exiles from Nicaragua have expressed a willingness to return to participate in the elections, if assurances are provided that their security will be protected, and their political rights recognized. Among these exiles are some who have taken up arms against your government, and who have stated their willingness to lay down those arms to participate in a truly democratic process.

If this were to occur, the prospects for peace and stability throughout Central America would be dramatically enhanced. Those responsible for supporting violence against your government, and for obstructing serious negotiations for broad political participation in El Salvador would have far greater difficulty winning support for their policies than they do today.

We believe that you have it in your power to establish an example for Central America that can be of enormous historical importance. For this to occur, you have only to lend real force and meaning to concepts your leadership has already endorsed concerning the rules by which political parties may compete openly and equitably for political power.

A decision on your part to provide these reasonable assurances and conduct truly free and open elections would significantly improve the prospect of better relations between our two countries and significantly strengthen the hands of those in our country who desire better relations based upon true equality, self-determination and mutual good will.

We re-affirm to you our continuing respect and friendship for the Nicaraguan people, and pledge our willingness to discuss these or other matters of concern with you or officials of your government at any time.

Very sincerely yours,

Jim Wright, Michael D. Barnes, Bill Alexander, Matthew P. McHugh, Robert G. Torricelli, Howard P. Boland, Stephen J. Solarz, David R. Obey, Robert Garcia, Lee H. Hamilton.

PRIOR ARTICLE DETAILING CIA'S PLANS TO MINE HARBORS OF NICARAGUA

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Mrs. Burton) is recognized for 5 minutes.

● Mrs. BURTON of California. Mr. Speaker, 9 months ago, I brought to my colleagues' attention an article by John Wallach which appeared in the San Francisco Examiner detailing CIA plans to mine the harbors of Nicaragua. The article specifically mentioned plans to damage Soviet ships in the harbor—an event which has since occurred. In light of our vote today on House Concurrent Resolution 290, I felt it was appropriate to place this article in the Record once again.

Washington.—The CIA reportedly asked for detailed maps of three Nicaraguan ports as part of a covert plan to mine the harbors and intercept Soviet and Cuban weapons and supplies.

The agency may have planned to give the mines to anti-Sandinista rebels who intended to sabotage one of the ports in May when four Soviet ships were docked there.

A senior administration official said the maps, which included detailed information on "depths and channels," were urgently requested from the Defense Mapping Agency in early March.

Several sources said the rebels had planned the sabotage operation for mid-May but at the last minute the United States refused to provide the mines.

Intelligence sources and Pentagon, State Department and White House officials corroborated the account.

The sources disagreed over how far the planning had gone.

But they said there was little doubt that the CIA, prohibited by law from doing anything directly to overthrow the Sandinista regime, is broadly interpreting the law. The law permits covert acts aimed at interdicting arms shipped from Nicaragua to leftist rebels in El Salvador.

There also is strong evidence that the CIA, possibly with the help of the army's ultra-secret Intelligence Support Activity (ISA), has far more plans than previously disclosed to support the rapidly growing "secret army" of 12,000 to 15,000 anti-Sandinista rebels in Nicaragua and neighboring Honduras.

A Pentagon source said that in late February and again in March, a CIA-Defense Department team asked for urgent delivery of the maps for Bluefields, Puerto Cabezas and Corinto, the three ports where Soviet ships regularly unloaded military supplies.

"I didn't know whether they needed them for contingency plans to land (rebel) troops or whether they intended to mine the harbors to keep Soviet and Cuban ships out," the official said.

The Soviets, according to U.S. officials, have stepped up delivery of armored personnel carriers, multiple rocket launchers, anti-tank guns, East German trucks and field kitchens. The officials said the arms supplies are coming in at about 20,000 tons a year, or double the rate of 1981 and 1982.

A State Department official said the CIA had been approached by one arm of the "Contras", or Nicaraguan counterrevolutionaries based in Honduras and Costa Rica, to obtain underwater explosives to mine one of the harbors.

According to this official, the CIA operation was called off when a Pentagon employee tipped Rep. Clarence Long, D-Md. of the plan. Long is a strong opponent of administration policy in Central America.

Long reportedly conferred with CIA Director William Casey, warning that such a plan would violate the law and jeopardize the CIA's hopes to avoid a showdown with Congress over cutting off all money for covert activities in this hemisphere.

Long, chairman of the foreign operations subcommittee of the House Appropriations Committee, refused direct comment.

A Honduran who told the New York Times in April that he was involved in planning covert U.S. activities disclosed that the United States was providing underwater equipment and explosives to Argentine-trained sabotage teams that had infiltrated Nicaragua early this year.

The teams reportedly have had limited success in blowing up facilities in Puerto Cabezas. As a prelude to seizing the port, the Honduran defector reported, a team of Miskito Indians trained as frogmen had sabotaged some harbor installations in January.

The Honduran also disclosed that the Miskitos, who have turned strongly anti-Sandinista and claim that the Nicaraguan government has tried to exterminate them, were trained in underwater demolition at Vivorillo Island off the east coast of Honduras.

He said the Miskitos had been trained by the Argentines and the equipment and explosives used for the sabotage operation were supplied by the United States. The CIA and the Pentagon refused comment on the alleged operation.

U.S. officials disclosed in recent interviews that contrary to reports at the time, Argentina, after it invaded the Falkland Islands, did not withdraw many of its military advisors from Honduras, where it was training insurgents in guerrilla warfare.

The House Intelligence Committee said in May:

"There has been a hidden program of Central American policy . . . which has important consequences for the viability of the Reagan aims. This hidden program is the nominally covert provision of U.S. support and training to anti-Sandinista insurgents."

It went on to state that it is constrained in addressing the numerous published stories of detailed CIA covert operations because of the need "to protect intelligence sources and methods and the lives of those involved in the program." But the committee said some of the stories are accurate.

There has been increasing unhappiness on Capitol Hill with CIA Director Casey's alleged refusal to comply with the 1980 Intelligence Oversight Act.

The act reduced from eight to two the number of committees that are to be informed of covert actions but also established a firm requirement that the committees be given prior notification of all covert operations except in "extraordinary circumstances".

The law also directs the CIA and all other intelligence agencies to "furnish any information" the committees request.

One of the committees will take advantage of the act's requirements in a secret four-hour session with members of the Intelligence community on Tuesday, the fourth anniversary of the Sandinista takeover.●

DICK KAY RECEIVES THE 1984 DANTE AWARD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Annunzio) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, I would like to call to the attention of my colleagues that Dick Kay, political reporter and commentator for WMAQ-TV, Channel 5 in Chicago, will receive the 13th Annual Dante Award of the Joint Civic Committee of Italian Americans on May 4, at a luncheon given in his honor at the Como Inn in Chicago.

Dick Kay is best known by Chicagoans for his objective and responsible reporting and commentary, and has maintained the highest standards of integrity in his broadcasting career, which has spanned over two decades. He has received six Emmys from the Chicago chapter of the National Academy of TV Arts and Sciences for his outstanding broadcasting achievements, and he richly deserves the Dante Award, because it was Dante Alighieri, in his book "Divine Comedy," who said, "if I should prove a timid friend of truth, I fear to lose my fame among the people whose age will call the present era ancient."

The Dante Award was established by the Joint Civic Committee of Italian Americans, an umbrella organization comprised of more than 40 civic organizations in the Chicago area, to extend recognition annually to an individual in the mass media communication field who has made positive contributions to the profession of journalism.

Dick Kay was born in Delrose, Tenn., and joined the Navy when he was 17. He attended Bradley University under the GI bill, and graduated with a bachelor of science degree in speech education in 1962. From 1962 to 1963, he was the news and program director of radio station WAAP in Peoria, Ill., and also was a reporter for the WTVH-TV in Peoria from 1963 to 1965. He served as news director at WFRV-TV in Green Bay, Wis., from 1965 to 1968.

Joining WMAZ-TV in 1968 as a news writer, he became an on-the-air reporter 2 years later. His commentaries are currently featured three times each week on the 10 p.m. edition of the Channel 5 News.

One of Dick Kay's first assignments was to cover the street demonstrations at the 1968 Democratic Convention, and since that time, he has covered several stories for the NBC Nightly News and the Today program.

His first Chicago Emmy Award was presented in 1976, for his outstanding on-the-air reporting, and subsequently he received five more Emmys; for his reporting of various issues including the Humboldt Park riots, and for his contributions to Channel 5's coverage of the attempted assassination of the President.

In addition to his professional activities, Dick is known for his humanitarian and civic efforts. He is active as a member of the North Side Jaycees.

The 13th Annual Dante Award Luncheon to honor Dick Kay will be held at the Como Inn, and many political dignitaries, civic leaders, and leaders of the communications industry will be in attendance. Ron Magers, anchorman for WMAQ-TV news, will serve as master of ceremonies of the luncheon, and the invocation will be offered by the Reverend Lawrence Cozzi, C.S., administrator of Villa Scalabrini, the Italian Old Peoples Home in Melrose Park, Ill. Jerome N. Zurla, president of the JCCIA and chairman of the luncheon, and Carl De Moon, chairman of the JCCIA Anti-Defamation Committee, will present the Dante Award to Mr. Kay.

For the ninth straight year, the John Fischetti Scholarship will be awarded. The scholarship was established by the Joint Civic Committee of Italian Americans to further the study of Italian American students in communications and is named after the Pulitzer Prize-winning political cartoonist. This year's recipient of the scholarship is Jomarie Fredericks of Elmhurst, Ill.

Mr. Speaker, I extend my warmest congratulations to Dick Kay on meriting this recognition, and for the strong and constructive impact he has made on our community. His career, his character, and his splendid record of achievement prove that he is, indeed, a "friend of truth."●

SOUTH AFRICAN CONSULATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. COYNE) is recognized for 5 minutes.

● Mr. COYNE. Mr. Speaker, on Tuesday, April 10, 1984, the Subcommittee on Africa of the House Foreign Affairs Committee reported out House Concurrent Resolution 42 which I introduced.

I want to insert at this point in the RECORD, my statement to the subcommittee:

STATEMENT OF HON. WILLIAM J. COYNE

The Subcommittee has before it today H. Con. Res. 42 which I first introduced in the 97th Congress.

This Resolution has three objectives: First, it calls upon the Secretary of State to refuse to approve the opening of any additional honorary South African Consulates; second, the Secretary of State should reassess the purpose and need for existing honorary South African Consulates within the United States; and third, the Secretary of State should rescind the approval granted for the establishment of the honorary South African Consulate in Pittsburgh, Pennsylvania.

The Vienna Convention on Consular Relations, ratified by the Senate in 1969, states in Article 68 that "each state is free to decide whether it would appoint or receive honorary consular officers."

So the actions we are requesting the Secretary of State to take are consistent with our international obligations. And, further, since this is a Sense of Congress Resolution, we are not in any way impinging upon the Chief Executive's prerogative to conduct foreign policy. However, it would behoove the President not to take the action of Congress lightly in this matter.

A memorandum which I requested from the Congressional Research Service states that:

"In the United States, an honorary consul is recognized following a procedure whereby the request to establish a particular person as an honorary consul must come from the embassy of the interested states. Such a request must be sent to the U.S. Department of State's Office of Protocol in the form of a diplomatic note with two attached copies of Form S-394 which includes employment history and other background information on the proposed honorary consul . . . The Office of Protocol will review the form submitted by the embassy (the applicant may not submit the forms himself) and will look for possible conflict of interest. The prospective applicant should not be an officer of a city or a member of a state legislature, for example. Requests are regarded by the Office of Protocol as rather pro forma and are generally approved with little difficulty."

What is of concern to me is that the requests "are regarded by the Office of Protocol as rather pro forma" and that the requests "are generally approved with little difficulty."

It would seem to me that in our dealings with a country such as South Africa which practices a policy of apartheid, not only practices such a policy but has legalized the policy, there should be no such thing as pro forma activities.

The United Nations Security Council has repeatedly condemned the policies of South Africa. The Security Council on August 7, 1963, adopted a resolution which "strongly deprecates the policies of South Africa in its perpetuation of racial discrimination as being inconsistent with the principles contained in the Charter of the United Nations and contrary to its obligation as a Member of the United Nations." In a resolution adopted on June 18, 1964, the Security Council "condemns the apartheid policies of the Government of the Republic of South Africa and the legislation supporting these policies . . ." Again, on July 23, 1970, the Security Council "reiterates its total opposition to the policies of apartheid of the Government of the Republic of South Africa." On the 4th of February, 1972, the Security Council condemned ". . . the Government of South Africa for continuing its policies of apartheid in violation of its obligations under the Charter of the United Nations."

On October 31, 1977, the Security Council demanded "that the racist regime of South America . . . end violence and repression against the black people and other opponents of apartheid."

And again on June 13, 1980, the Security Council unanimously adopted a resolution which "reaffirms that the policy of apartheid is a crime against the conscience and dignity of mankind and is incompatible with the right and dignity of man, the Charter of the United Nations and the Universal Declaration of Human Rights, and seriously disturbs the international peace and security." The resolution went on to call ". . . upon the South African government urgently to end violence against the African people and to take urgent measures to eliminate apartheid."

On December 9, 1982, the United Nations General Assembly reaffirmed "its conviction that comprehensive and mandatory sanctions imposed by the Security Council . . . are the most appropriate and effective means by which the international community can assist the legitimate struggle of the oppressed people of South Africa . . ."

The resolution also stated that the United Nations recognizes ". . . the urgent need for the termination of military, nuclear, economic and technological collaboration with the racist regime of South Africa . . ."

The General Assembly on December 15, 1965, appealed "to the major trading partners of the Republic of South Africa to cease their increasing economic collaboration with the Government of South Africa, which encourages that Government to defy world opinions and to accelerate the implementation of the policies of apartheid."

On November 15, 1972, the General Assembly reaffirmed the ". . . inalienable right of the people of South Africa to self determination and freedom" and, further, "condemns the racist Government of South Africa for continuing and intensifying the implementation of its inhuman policy of apartheid. . ."

The point that I am making, Mr. Chairman, is that at a time when the United Nations is calling for stronger sanctions against South Africa, we are moving in the other direction by approving new honorary consulates.

The Congressional Research Service indicates that there are six honorary South African Consuls in the United States and two honorary South African Consul Generals. These should be closed and no new ones should be opened.

The Government of South Africa is simply not just another government. The Government of South Africa has established a policy that separates the races and is totally repressive towards the black community. We simply cannot continue to do business as usual with this government.

The House in the first session of this Congress indicated its disapproval of the apartheid policies of the South African Government when it passed H.R. 3231, the Export Administration Act Extension. In this legislation, the House adopted amendments to restrict the activities of U.S. firms and banks in South Africa because of that government's racial policies.

The Congressional Research Service memorandum states:

"... it can be said that the purpose of honorary consuls is dual—honorary consuls represent a given country and protect that country's interests in a second country and they do so more cheaply and with less paperwork than would be required were a career consul obliged to fill this position."

I would think that the Secretary of State in making a determination as to whether the United States should accept honorary South African consuls should use criteria other than efficiency and the protection of the interests of South Africa. I would suggest that the morally repugnant policies of apartheid practiced by the Government of South Africa be considered by our State Department when considering the South African Government's requests in this area, and if their policies are given the weight they should be then I think the State Department would concur with the three objectives stated in H. Con. Res. 42 and act accordingly.

Further, I believe that our credibility with African nations is seriously eroded when we continue this policy of approving honorary consuls. As a Nation we recognize the intrinsic dignity and worth of each person. That recognition is expressed in our Constitution and in our statutes. The Government of South Africa, on the other hand, uses its legal system as a means of establishing and furthering a philosophy of apartheid which is antithetical to our basic values.

I urge the Subcommittee to pass H. Con. Res. 42. We must end the practice of having honorary South African Consulates in this country.●

THE TIME FOR IMMIGRATION REFORM IS AT HAND

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. MAZZOLI) is recognized for 5 minutes.

● **Mr. MAZZOLI.** Mr. Speaker, as you know, the Rules Committee is presently holding hearings on H.R. 1510, the Immigration Reform and Control Act. The rule it fashions will control the procedures by which the bill will be considered on the House floor.

It is important that immigration reform be debated and decided. The House will soon have the chance to debate and decide this question. That is certainly proper because the time for immigration reform is now.

The problem of illegal immigration will not simply fade away. Nor can it be solved by border enforcement alone, employer sanctions alone, legalization alone. The only effective solution lies in a combined approach, carefully drafted to protect all legitimate rights. H.R. 1510 is just such a solution.

With a legislative package containing employer sanctions, enhanced enforcement, and a controlled legalization program, the United States can at long last regain control over its borders now.

Mr. Speaker, I would like to insert in the RECORD an editorial from my hometown paper, the Louisville Courier-Journal calling for action on immigration reform:

[From the Louisville Courier-Journal, Apr. 9, 1984]

IMMIGRATION REFORM: MAYBE ITS TIME FINALLY HAS ARRIVED?

A few of the more cynical immigration reformers around Washington compare House Speaker Tip O'Neill's latest offer to push immigration legislation to the comic strip "Peanuts." In that popular cartoon, Lucy is forever promising to hold the football steady while Charlie Brown kicks it. Invariably, as he rushes forward, she pulls the ball away and he ends up flat on his back with the wind knocked out of him yet again.

Mr. O'Neill has promised and promised and promised, but hasn't delivered yet. Maybe this time, finally. . . .

The Senate passed a strong version of the Simpson-Mazzoli immigration reform bill last May, and the House has been trying to follow suit ever since. The House Rules Committee began considering the measure Thursday. That group's actions could decide the outcome of the bill if it ever gets to the House floor.

Last year, the bill died under the weight of hundreds of irrelevant amendments plastered onto it by congressmen who opposed portions of the compromise legislation. Speaker O'Neill says the Rules Committee this time will restrict the number of amendments that can be offered.

But the restriction shouldn't be too tight. The House version of the bill, which Louisville Representative Romano Mazzoli has been shepherding, was significantly altered in committee, and supporters of reform need an opportunity to repair some of the damage.

Of prime importance, perhaps, are employer sanctions. In the Senate version of the bill, all employers would be required to follow a simple, quick procedure to check the legal citizenship of everyone they hire. It would soon become as routine as a merchant checking the validity of a credit card. But in the House version as amended, the sanctions were so watered down that they would be of little practical value. The law requiring citizenship checks would apply only to employers who had been caught hiring illegal aliens. Since immigration officials have only enough manpower to investigate fewer than one percent of American employers each year, this provision would be virtually unenforceable.

REMOVING THE CEILING

Another problem with the House version of the reform legislation is that it would remove any ceiling on immigration. The Senate bill would continue the present level, about 425,000 yearly, not including refugees. The lack of a limit would be almost certain to increase the numbers of potential immigrants knocking at U.S. gates. And once amnesty was given to illegal immigrants already living in this country, there would be considerable pressure to allow their relatives in, also.

Amnesty is another point of disagreement between the two versions. The Senate would restrict it to those who entered this country illegally before January 1, 1980; the House would change the date to January 1, 1982.

The later the amnesty date, according to immigration reform experts, the more problems. The families of immigrants who have been in this country very long, legal or not, usually have joined them. Short-term immigrants tend to be younger and male, and to have come to the U.S. for work, not to settle. Encouraging them to remain by granting legal status would likely mean that their families would soon join them, causing a major influx of new immigrants, according to Roger Conner of the Federation for American Immigration Reform.

Another point of difference between the Senate and House bills is that the former would require some type of secure identification card for legal U.S. citizens and residents to show when applying for jobs. This provision, opposed by those who object to a national identity card on ground of infringement of privacy and personal liberty, was deleted in the House version.

Immigration reform is a necessity. Experts estimate that something like 500,000 new illegal immigrants enter the United States each year, somewhere between 4 million and 10 million reside here already. This tide of humanity must be stemmed.

The best answer is the Simpson-Mazzoli bill, a carefully crafted, bipartisan effort to resolve the divergent interests involved. A House committee weakened the bill, but that problem can be rectified by judicious amendments on the House floor. Speaker O'Neill could compensate in part for his earlier obstructionism by seeing to it that this important legislation is restored to something much closer to the Senate version.●

EQUAL ACCESS TO JUSTICE ACT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 5 minutes.

● **Mr. KASTENMEIER.** Mr. Speaker, today I am introducing a bill to extend the Equal Access to Justice Act (title II, Public Law 96-481), which amends titles 5 and 28 of the United States Code to expand the liability of the United States for attorneys fees when it loses in certain administrative adjudications and court proceedings. The bill which I am introducing with several other members of the Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice was ordered introduced yesterday after the subcommittee marked up an earlier extension bill, H.R. 5059. H.R. 5059 was the subject of a hearing on March 14, 1984, and the new bill is a direct result of the hearing.

Approximately $2.5 million have been awarded under the Equal Access to Justice Act, since it took effect on October 1, 1981. The new bill, which will clarify some of the ambiguities in the current law, will probably not be very costly. It will help to insure that access to justice is available to small businesses, individuals, and organizations who prevail against the United States. It also will deter the United States from bringing and defending actions which are not substantially justified.

Most of the act expires on October 1, 1984, so it is my expectation that speedy action during this Congress is critical.●

THE COST ACCOUNTING STANDARDS BOARD

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 5 minutes.

● Mr. LAFALCE. Mr. Speaker, today I am introducing a bill, in which I am joined by my colleague from New York, Congressman STANLEY LUNDINE, which has the purpose of reinstating the Cost Accounting Standards Board function.

The cost accounting standards (CAS) function was established in 1970 through an amendment to the Defense Production Act of 1950. It is section 719 of the DPA, and is a permanent part of that act.

The CAS function provides authority to an independent board to issue standards governing the accounting principles which defense contractors are required to follow. The purpose of the CAS is to insure uniformity and consistency in the manner in which defense contractors account for their costs which become part of the prices they charge the Government.

The Cost Accounting Standards Board and its activities have been inoperative since 1980 when the Congress determined to discontinue its funding. The 19 standards which have been promulgated, however, remain in effect with the full force of law. During the past 4 years, questions of interpretation of some of the CAS have arisen, as well as the possible need for changes in CAS because of changing circumstances. Furthermore, there are occasions when a waiver from the CAS is necessary, and there is no entity with authority to grant such waivers.

The Subcommittee on Economic Stabilization conducted a hearing during March of this year on whether there is a need to reinstate the CAS function. We were prompted to call that hearing because, in the absence of any functioning entity, the Department of Defense has begun an initiative to fill the gap itself. Serious questions were raised during the course of the hearing about whether the DOD, the lead defense procuring agency, would be able to exercise sufficient independence in the performance of the CAS function. The primary feature of the DPA's Cost Accounting Standards Board is its independence from the procurement process.

We are convinced there is a need to reinstate the cost accounting standards function, and that this should be accomplished as quickly as possible. The bill we are introducing today will begin that process. It would amend certain portions of the existing statute which have become outdated because of changes which have occurred since the Board was first established 14 years ago.

Shortly after we return from the Easter and Passover district work period, the Subcommittee on Economic Stabilization will begin hearings on this bill, as well as other proposals which have been put forward for reinstituting the CAS function. We believe this is an important issue, and one which should be resolved as soon as possible.●

ATLANTIC STRIPED BASS CONSERVATION ACT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. STUDDS) is recognized for 5 minutes.

● Mr. STUDDS. Mr. Speaker, I am today introducing, along with Representatives BIAGGI, MARKEY, MAVROULES, FRANK, MOAKLEY, BOLAND, and DONNELLY, a bill intended to restore the Atlantic striped bass to its historic status as one of the most valuable and plentiful commercial and sport fish species on the east coast. This spectacular fish has become imperiled by environmental problems exacerbated by continued pressure from fishermen.

Over the past 20 years, striped bass catch has declined by 90 percent; recent annual landings are the lowest on record; Delaware Bay has ceased to serve as a significant spawning ground for the species; and reproduction rates in Chesapeake Bay have fallen far below that needed to sustain current levels of population.

The need for action is clear and urgent. However, because the fish has the good sense generally to avoid Federal waters, it has been less clear who it is that must act. State action would be preferable; but it must be sufficient to guarantee that the striped bass will recover and, thus far, this has not been the case.

The approach taken by the legislation we are introducing today is simple, effective, and fair. Member States of the Atlantic States Marine Fisheries Commission (ASMFS) will be encouraged to implement the recommendations of the Commission with respect to regulating the taking of striped bass. Those recommendations call for a 55 percent further reduction in striped bass catch from levels proposed by the Commission in 1981. The new proposed level reflects the best scientific judgment about the reduction needed to permit full restoration of the species.

The target date for State compliance will be December 1. During that month, and every 6 months thereafter, the ASMFC will be required to notify the Secretary of Commerce if any State has failed to establish and enforce the guidelines needed to reduce striper catch by the required amount. Upon receiving this notification, the Secretary shall impose, and the Federal Government shall enforce, a moratorium on the taking or landing of striped bass in that State or States. The moratorium will remain in effect for each State to which it has been applied until the State comes into compliance with the recommended guidelines for reducing striper catch.

The approach taken by this legislation is intended to preserve the primary role of State governments in the management of fish species within its waters. The Federal role will be to enforce decisions reached by an organization whose judgment reflects the collective wisdom of the States, the ASMFC. But the purpose and the effect of the bill is clear. Action will be taken to protect the striped bass.

The legislation we are introducing today is a logical successor to earlier actions taken by the Federal Government in response to the growing need to protect the striped bass. Five years ago, Congress mandated a study to identify the source of the problem and to recommend a solution. Two years ago, Congress ordered that fisheries research funds be denied to State governments unwilling to cooperate in restricting striper fishing in their waters. This bill responds to the evidence produced by the scientific study, and it takes one step further the notion that the Federal Government has an obligation to encourage prompt and effective action by the States.

Enactment of this legislation is necessary to protect the striped bass, but it should be accompanied by further environmental restoration efforts in striper spawning areas, and by additional scientific research. These three steps will insure our success, and I hope that all those with an interest in the future of the striped bass will come together in support of this effort.●

CALIFORNIA WILDERNESS

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, it was exactly 1 year ago today that the House passed for the third time, by a vote of 297-96, the California wilderness bill. This extremely important legislation, which would protect some 2.4 million acres of pristine national forest lands in California, is testimony to the superb legislative skills and dedication of our departed colleague, Phillip Burton, who unfortunately passed away 2 days before the bill was approved by this House. As one who spent numerous hours working on the legislation with Phil, I would like to use the anniversary of his bill's passage to commemorate his efforts on this legislation.

Phil Burton was a remarkable legislator, whose dedication to the cause of land conservation and especially park and wilderness protection, was legend. Although he was never a user of wilderness in the sense of actually hiking in most of the lands he tried to protect, Phil realized, perhaps even more than many wilderness visitors, the importance of setting aside a portion of our national wild heritage for the benefit of wildlife, plants, fish and future generations of Americans. A review of his conservation achievements which included the protection of critical areas such as Redwood National Park, Mineral King, and the Golden Trout Wilderness in his home State, attests to his tireless efforts to protect wildlands nationwide. As Members are also aware, Phil was one of the staunchest advocates of "bringing parks to the people", and in this regard he was instrumental in creating the Golden Gate National Recreation Area, Santa Monica Mountains NRA, and was a great help to me in establishing the Cuyahoga Valley National Recreation Area.

But with all these achievements, perhaps his greatest wildland conservation effort was saved for last—the protection of 58 magnificent wilderness areas in California. Phil's formal efforts in this regard began in early 1979 when the Forest Service completed its RARE II recommendations for national forest roadless lands in California. Like many of us, Phil was dismayed and disappointed when the Forest Service proposed only 1.2 million of some 6 million roadless acres in California for wilderness. This amounted to only 6 percent of the national forest land in the State, and was clearly totally inadequate to meet the tremendous demands and needs for primitive recreation and wildlife habitat protection spawned by California's burgeoning population. In typical fashion, Phil took the bull by the horns and introduced his own wilderness proposal for some 5 million acres, which he believed represented a far more reasonable balance between the competing needs for resource development and land conservation.

In the year that followed introduction of his bill, Phil spent countless hours with each and every interested member of the California delegation negotiating intricate compromises. The end result was an approximate 2.4 million-acre package which protected the wilderness gems of the national forest lands while at the same time permitting important timber, water, ski, mining, powerline, and other development projects to proceed. And Phil had done his homework so well that the bill passed the House unanimously in August of 1980. Virtually identical legislation passed the House in the 97th and 98th Congresses. It has since been awaiting action in the other body.

Mr. Speaker, I believe the delay of consideration of the California wilderness bill in the other body benefits no one. There is an old saying that "money flees uncertainty," and the uncertainty surrounding the management of some 6 million acres of California roadless land will continue unless the wilderness issue is resolved. Although we have been saying so for some time now, the Forest Service itself is finally admitting that they will have difficulty meeting timber harvest goals beyond 1985 if the wilderness debate is prolonged.

In an effort to determine the exact price of continued delay, I had my staff analyze the potential impacts on developments and other aspects of national forest land management in California which will likely ensue if there is no bill. A list of such impacts follows:

EFFECTS OF HAVING NO BILL

Roughly, 720,000 acres of land that could be freed from court injunction would remain under injunction.

Some 386,000 acres of land that could be freed from "further planning" and thereby released from possible development would remain in wilderness study.

The 145 million-plus board of feet of potential timber yield that could be released for logging would remain tied up under injunction or further planning status.

The entire Forest Service planning effort could bog down over wilderness debates.

The following specific planned or potential development projects of use areas would remain in limbo for an indefinite period:

SKI AREAS

Mt. Shasta ski proposals (Giddy Giddy Gulch, etc.).

Mt. Baldy expansion on Mt. San Antonio.

Mammoth Mountain expansion.

Bret Hole (Orleans Mtn.).

Mitchell-Maddox.

Mt. Raymond.

Mt. Reba expansion.

Kirkwood expansion and cross country ski trails.

Sherman Peak.

Lookout Peak.

WATER DEVELOPMENT PROJECTS

Spicer's Meadown Dam enlargement.

Granite/Jackass Project.

Dinkey Creek Project.

Roger's Crossing dam (Kings River).

Domelands Additions low-head hydro projects (Carl Allen/Richard Andrews).

Joe Keating low-head hydro (Caples Creek).

MINES/MINING PROJECTS

CAL Nickel project (North Fork Smith).

Lapis Lazuli mine (Cucamonga Additions).

Red Buttes mineral potential.

POWER TRANSMISSION LINES

S. Cal. Edison 500 KV line (San Jacinto additions).

Trans-Sierra feasibility (Echo-Carson).

OFF ROAD VEHICLE TRAILS/USE ACCESS

Dusey jeep trail (longest in State).

Deer Valley jeep trail (Mokelumne additions).

Kirkwood/Plasse Trading Post jeep trail (Mokelumne additions).

Machesna Mtn. motorcycle and ORV trails.

South Sierra jeep and motorcycle trails.

Hauser jeep trails.

Carson-Iceberg motorized access to grazing allotment (Heise family).

Scodies ORV use.

Mt. Raymond jeep trails.

I submit that the above list clearly demonstrates how serious further delay may be, and I urge the Senate to work with us to speedily enact Phillip Burton's bill. We owe it to Phil and we owe it to ourselves—not to mention the citizens of California and the Nation.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Dickinson (at the request of Mr. Michel), for today, on account of official business.

Mr. Latta (at the request of Mr. Michel), after 7:30 p.m. and the balance of the week, on account of official business.

Mr. Jeffords (at the request of Mr. Michel), after 7:30 p.m. and the balance of the week, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Obey, for 10 minutes, today.

(The following Members (at the request of Mr. Bereuter) to revise and extend their remarks and include extraneous material:)

Mr. McKinney, for 5 minutes, today.

Mr. Conte, for 30 minutes, today.

Mr. LIVINGSTON, for 60 minutes, today.

Mr. WALKER, for 60 minutes, today.

Mr. WALKER, for 60 minutes, April 24.

Mr. WEBER, for 60 minutes, April 24.

Mr. GINGRICH, for 60 minutes, April 24.

Mr. WALKER, for 60 minutes, April 25.

Mr. WEBER, for 60 minutes, April 25.

Mr. GINGRICH, for 60 minutes, April 25.

Mr. WALKER, for 60 minutes, April 26.

Mr. GINGRICH, for 60 minutes, April 26.

Mr. KEMP, for 60 minutes, today.

Mr. PORTER, for 10 minutes, today.

Mr. GINGRICH, for 60 minutes, today.

(The following Members (at the request of Mr. KLECZKA) to revise and extend their remarks and include extraneous material:)

Mrs. BURTON of California, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COYNE, for 5 minutes, today.

Mr. MAZZOLI, for 5 minutes, today.

Mr. KASTENMEIER, for 5 minutes, today.

Mr. LAFALCE, for 5 minutes, today.

Mr. STUDDS, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. GINGRICH, and to include therein extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,697.50.

(The following Members (at the request of Mr. BEREUTER) and to include extraneous matter:)

Mr. GILMAN in eight instances.

Mr. LEWIS of California.

Mr. DAUB.

Mr. BEREUTER in five instances.

Mr. CONTE in two instances.

Mr. CHANDLER.

Mr. FIELDS.

Mr. CLINGER.

Mr. YOUNG of Florida.

Mr. FISH.

Mr. ERLENBORN.

Mr. LAGOMARSINO.

Mr. JEFFORDS in three instances.

Mr. FRENZEL in three instances.

Mr. BETHUNE.

Mr. WHITTAKER.

Mr. WHITEHURST.

Mr. GREEN.

Mrs. SCHNEIDER.

Mrs. MARTIN of Illinois.

Mr. GINGRICH.

Mr. MADIGAN.

Mr. CONABLE.

Mr. SHUMWAY.

Mr. KINDNESS.

Mr. WOLF in two instances.

Mr. BILIRAKIS.

Mrs. JOHNSON.

Mr. GOODLING.

Mr. BARTLETT.

Mr. GUNDERSON in two instances.

Mr. DENNY SMITH.

(The following Members (at the request of Mr. KLECZKA) and to include extraneous matter:)

Mr. BOLAND.

Mr. EDWARDS of California in two instances.

Mr. WEISS in two instances.

Mr. FLORIO in two instances.

Mr. MRAZEK.

Mr. MAZZOLI in four instances.

Mr. RANGEL in two instances.

Mr. FUQUA.

Mr. DINGELL.

Mr. KILDEE.

Mr. TORRICELLI.

Mrs. BYRON.

Mr. BARNES in two instances.

Mr. STOKES in three instances.

Mr. SCHUMER.

Mr. FAUNTROY in two instances.

Mr. HEFTEL of Hawaii.

Mr. CHAPPELL.

Mr. VENTO.

Mr. DORGAN.

Mr. WOLPE.

Mr. SOLARZ in two instances.

Mr. LEHMAN of Florida in two instances.

Mr. ROYBAL.

Mr. ECKART.

Mr. MARTINEZ in two instances.

Mr. LEVINE in California in two instances.

Mr. MOAKLEY.

Mr. DE LUGO in two instances.

Mr. BROWN of California.

Mr. FAZIO.

Mr. SIKORSKI.

Mr. LONG of Louisiana.

Mr. OTTINGER.

Mr. YATRON.

Mr. SMITH of Florida.

Ms. KAPTUR in two instances.

Mr. HARKIN.

Mr. SHELBY.

Mr. RODINO.

Mr. DYMALLY in two instances.

Mr. PEASE.

Mr. CONYERS in three instances.

Mr. HANCE.

Mr. EDGAR.

Mr. WIRTH.

Mr. MATSUI in two instances.

Mr. AUCOIN in two instances.

Mr. FEIGHAN.

Mr. TOWNS.

Mr. GEPHARDT.

Mr. FORD of Tennessee.

Mr. IRELAND.

Mr. RAHALL.

Mr. LAFALCE.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1488. An act for the relief of Patty Jean Tipton and her husband, Ronald Tipton; to the Committee on the Judiciary.

S. 2460. An act to designate a Federal building in Augusta, Maine, as the "Edmund S. Muskie Federal Building"; to the Committee on Public Works and Transportation.

S. 2461. An act to designate a Federal building in Bangor, Maine, as the "Margaret Chase Smith Federal Building"; to the Committee on Public Works and Transportation.

S.J. Res. 248. Joint resolution designating August 21, 1984, as "Hawaii Statehood Silver Jubilee Day"; to the Committee on Post Office and Civil Service.

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 596. An act to transfer responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which the bond was given;

H.J. Res. 407. Joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week"; and

H.J. Res. 466. Joint resolution designating May 1984 as "Older Americans Month."

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled Joint Resolution of the Senate of the following title:

S.J. Res. 173. Joint resolution commending the Historic American Buildings Survey, a program of the National Park Service, Department of the Interior, the Library of Congress, and the American Institute of Architects.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on April 11, 1984 present to the President, for his approval, a bill of the House of the following title:

H.R. 4169. An act to provide for reconciliation pursuant to section 3 of the first concurrent resolution on the budget for the fiscal year 1984.

ADJOURNMENT

Mr. KLECZKA. Mr. Speaker, pursuant to the provisions of Senate Concurrent Resolution 103 and Senate Concurrent Resolution 104, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore (Mr. NATCHER). Pursuant to the provisions of Senate Concurrent Resolution 103 and Senate Concurrent Resolution 104 of the 98th Congress, the House stands adjourned until 12 o'clock noon, Tuesday, April 24, 1984.

Thereupon (at 12 o'clock and 56 minutes a.m.) pursuant to Senate Concurrent Resolution 103 and Senate Concurrent Resolution 104, the House adjourned until Tuesday, April 24, 1984, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3149. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Rural Electrification Act of 1936 to insure the continued financial integrity of the rural electrification and telephone revolving fund, and for other purposes; to the Committee on Agriculture.

3150. A letter from the Assistant Secretary of the Navy (Shipbuilding and Logistics), Department of Defense, transmitting notification of the decision to study conversion to contractor performance of the storage and warehousing function at the Naval Air Station, Norfolk, Va., pursuant to 10 U.S.C. 2304 nt (Public Law 96-342, section 502(a) (96 Stat. 747)); to the Committee on Armed Services.

3151. A letter from the Chairman, Board of Governors, Federal Reserve System, transmitting the 70th annual report of the Board of Governors of the Federal Reserve System, pursuant to the act of December 23, 1913, Chapter 6, section 10; to the Committee on Banking, Finance and Urban Affairs.

3152. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Motor Vehicle Information and Cost Savings Act to provide more severe criminal penalties for violating odometer requirements; to the Committee on Energy and Commerce.

3153. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting an addition to the list of countries receiving antiterrorism assistance in the preceding and upcoming fiscal years transmitted on January 27, 1984 (EC 2540), pursuant to FAA, section 574(b) (97 Stat. 972); to the Committee on Foreign Affairs.

3154. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report advising that the President has determined that it is important to U.S. security interests to use FAA funds under the special authority of section 614 of the act for economic support for Grenada (Presidential Determination (84-5), pursuant to FAA, section 614(a)(1) (94 Stat. 3140); to the Committee on Foreign Affairs.

3155. A letter from the Director, Office of Personnel Management, transmitting the interim report on the operation of the Senior Executive Service; and evaluation of its effectiveness and administration, pursuant to 5 U.S.C. 3135 and 4314(d); Public Law 95-454, section 415(b)(4); to the Committee on Post Office and Civil Service.

3156. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a report from the Chief of Engineers, Department of the Army, together with other pertinent reports, on Redwood River at Marshall, Minn., (H. Doc. No. 98-207); to the Committee on Public Works and Transportation and ordered to be printed.

3157. A letter from the Comptroller General, General Accounting Office, transmitting an audit of the Office of the Attending Physician, pursuant to Public Law 94-59, title III (89 Stat. 283); jointly, to the Committees on Government Operations and House Administration.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 3678. A bill to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure; with amendments (Rept. No. 98-616, Pt. II). Ordered to be printed.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 3678. A bill to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure; with amendments (Rept. No. 98-616, Pt. III). Ordered to be printed.

Mr. PERKINS: Committee of Conference. Conference report on S. 1129 (Rept. No. 98-679). Ordered to be printed.

Mr. SAM B. HALL, JR.: Committee on the Judiciary. H.R. 4666. A bill to provide for the recovery by the United States of the costs of hospital and medical care and treatment furnished by the United States in certain circumstances, and for other purposes; with an amendment (Rept. No. 98-681). Referred to the Committee of the Whole House on the State of the Union.

Mr. SAM B. HALL, JR.: Committee on the Judiciary. H.R. 4212. A bill to amend the charter of AMVETS by extending eligibility for membership to individuals who qualify on or after May 8, 1975; with an amendment (Rept. No. 98-682). Referred to the House Calendar.

Mr. SAM B. HALL, JR.: Committee on the Judiciary. H.R. 3115. A bill to relieve the General Accounting Office of duplicative audit requirements with respect to the Disabled American Veterans (Rept. No. 98-683). Referred to the House Calendar.

Mr. SAM B. HALL, JR.: Committee on the Judiciary. H.R. 2464. A bill to recognize the Army and Navy Union of the United States of America; with an amendment (Rept. No. 98-684). Referred to the House Calendar.

Mr. KASTENMEIER: Committee on the Judiciary. H.R. 4145. A bill to aid State and local governments in strengthening and improving their judicial systems through the creation of a State Justice Institute (Rept. No. 98-685). Referred to the Committee of the Whole House on the State of the Union.

Mr. FUQUA: Committee on Science and Technology. H.R. 5244. A bill to authorize appropriations to the Department of Energy for civilian research and development programs for fiscal years 1985, 1986, and 1987; with amendments (Rept. No. 98-686). Referred to the Committee of the Whole House on the State of the Union.

Mr. NICHOLS: Committee on Armed Services. H.R. 4968. A bill to provide for the conveyance by the Secretary of Energy of surface rights to certain parcels of land located on Naval Petroleum Reserve Numbered 2 in the State of California on which private residences are located (Rept. No. 98-687). Referred to the Committee of the Whole House on the State of the Union.

Mr. FUQUA: Committee on Science and Technology. H.R. 5245. A bill to authorize appropriations to the Department of Energy for civilian energy programs for fiscal years 1985, 1986, and 1987; with amendments (Rept. No. 98-688, Pt. I). Ordered to be printed.

Mr. DINGELL: Committee on Energy and Commerce. H.R. 5290. A bill to establish a temporary program under which parenteral diacetylmorphine will be made available through qualified pharmacies for the relief of intractable pain due to cancer; with amendments (Rept. No. 98-689). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SAM B. HALL, JR.: Committee on the Judiciary S. 1212. A bill for the relief of 16 employees of the Charleston Naval Shipyard (Rept. No. 98-680). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WAXMAN (for himself and Mr. Madigan):

H.R. 5438. A bill to redesignate the Under Secretary for Health and Human Services in the Department of Health and Human Services as the Deputy Secretary of Health and Human Services and to establish the positions of Under Secretary for Health and Under Secretary for Human Services in such Department; jointly, to the Committees on Energy and Commerce and Ways and Means.

By Mr. EDWARDS of California (for himself, Mr. Ackerman, Mrs. Burton of California, and Mr. Miller of California):

H.R. 5439. A bill to amend title XI of the Civil Rights Act of 1964 to enforce constitutional rights relating to equal access to public secondary schools: jointly, to the Committees on the Judiciary and Education and Labor.

By Mr. ALBOSTA:

H.R. 5440. A bill to amend the Internal Revenue Code of 1954 to safeguard taxpayer's rights; to the Committee on Ways and Means.

By Mr. APPLEGATE:

H.R. 5441. A bill to amend title 38, United States Code, to add the disease lupus erythematosis to the list of chronic diseases that are considered to be service connected for purposes of veterans' benefits if occurring within 1 year from the date of a veteran's separation from service; to the Committee on Veterans' Affairs.

By Mr. APPLEGATE (for himself, Mr. McEwen, Mr. Montgomery, and Mr. Hammerschmidt):

H.R. 5442. A bill to amend title 38, United States Code, to require vocational training and counseling for any new Veterans' Administration pension recipient who is under age 50; to the Committee on Veterans' Affairs.

H.R. 5443. A bill to amend title 38, United States Code, to increase from $35,000 to $50,000 the maximum amount of insurance available under the servicemen's group life insurance program; to the Committee on Veterans' Affairs.

H.R. 5444. A bill to amend title 38, United States Code, to provide a cost-of-living increase for fiscal year 1985 in the rates of compensation paid to veterans with service-connected disabilities and the rates of dependency and indemnity compensation paid to survivors of such veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. APPLEGATE (by request):

H.R. 5445. A bill to amend title 38, United States Code, to provide for dependency and indemnity compensation for the surviving spouse of a commandant of the Coast Guard at the same rate as provided for surviving spouses of other uniformed service chiefs; to the Committee on Veterans' Affairs.

By Mr. BARNARD (for himself, Mr. Darden, Mr. Fowler, Mr. Gingrich, Mr. Hatcher, Mr. Jenkins, Mr. Levitas, Mr. Ray, Mr. Rowland, and Mr. Thomas of Georgia):

H.R. 5446. A bill to authorize interstate banking among certain States; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BREAUX (for himself, Mr. Pritchard, Mr. Hughes, Mr. Fascell, Mr. Moore, Mr. Hutto, Mr. D'Amours, Mr. Bilirakis, Mr. Tallon, Mr. Fuqua, Mr. Biaggi, Mr. Won Pat, Mr. Smith of Florida, Mr. Nowak, Mr. Livingston, Mrs. Schneider, Mr. Fazio, and Mr. Roe):

H.R. 5447. A bill to establish national standards for the construction and siting of artifical reefs in the waters of the United States in order to enhance fishery resources and fishing opportunities, and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries and Public Works and Transportation.

By Mr. CONABLE:

H.R. 5448. A bill to provide duty-free treatment of articles previously imported, with respect to which duty was previously paid; to the Committee on Ways and Means.

H.R. 5449. A bill to provide for fast-track treatment of injurious agricultural imports; to the Committee on Ways and Means.

By Mr. DORGAN (for himself, Mr. Conable, Mr. Frenzel, and Mr. Ford of Tennessee):

H.R. 5450. A bill to amend the Internal Revenue Code of 1954 to expand and make permanent the purposes for which Indian tribal governments are treated as States under such code; to the Committee on Ways and Means.

By Mr. ERLENBORN:

H.R. 5451. A bill to amend the Higher Education Act of 1965, to establish a financial assistance program emphasizing student self-help, to enhance the equity and effectiveness of Federal programs in support of higher education, to increase flexibility and simplify higher education programs, and for other purposes; to the Committee on Education and Labor.

By Mr. FLORIO:

H.R. 5452. A bill to amend the Federal Trade Commission Act to impose certain requirements with respect to the acquisition of substantial energy reserves holders, and for other purposes; jointly, to the Committees on Energy and Commerce and the Judiciary.

By Mr. GIBBONS (for himself and Mr. Frenzel):

H.R. 5453. A bill authorizing the President to proclaim modifications in the rates of duty for certain articles in trade in civil aircraft; to the Committee on Ways and Means.

By Mr. GLICKMAN:

H.R. 5454. A bill extending duty-free treatment to certain tractor parts; to the Committee on Ways and Means.

H.R. 5455. A bill to amend the Tariff Schedules of the United States to clarify the classification of unfinished gasoline; to the Committee on Ways and Means.

By Mr. GRADISON (for himself and Mr. Hopkins):

H.R. 5456. A bill to amend the Wild and Scenic Rivers Act by designating a segment of the North Fork of the Red River in Kentucky as a component of the National Wild and Scenic Rivers System; to the Committee on Interior and Insular Affairs.

By Mr. HEFTEL of Hawaii:

H.R. 5457. A bill to amend the Internal Revenue Code of 1954 to give taxpayers the right to record interviews by the Internal Revenue Service; to the Committee on Ways and Means.

By Mr. JONES of North Carolina (for himself and Mr. Biaggi):

H.R. 5458. A bill to repeal the wrecked vessel statute; to the Committee on Merchant Marine and Fisheries.

By Mr. KEMP (for himself, Mr. Lott, Mr. Hyde, Mr. Hiler, Mr. Courter, Mr. Lungren, Mr. Gingrich, Mr. Mack, Mr. Weber, Mr. Coats, Mr. Edwards of Oklahoma, Mrs. Vucanovich, Mr. Bethune, Mr. Parris, Mr. McCollum, Mr. Kasich, Mr. Denny Smith, Mr. Brown of Colorado, Mr. Burton of Indiana, Mr. Nielson of Utah, Mr. Wolf, Mr. Dannemeyer, Mr. Siljander, Mr. Walker, Mr. Craig, Mr. Gregg, Mr. McEwen, Mr. Rinaldo, and Mr. Smith of New Jersey):

H.R. 5459. A bill to modernize the Federal Reserve System and to provide for prompt disclosure of certain decisions of the Federal Open Market Committee; to the Committee on Banking, Finance and Urban Affairs.

By Mr. KEMP (for himself, Mr. Lott, Mr. Hyde, Mr. Hiler, Mr. Courter, Mr. Lungren, Mr. Gingrich, Mr. Mack, Mr. Weber, Mr. Coats, Mr. Edwards of Oklahoma, Mrs. Vucanovich, Mr. Bethune, Mr. Parris, Mr. McCollum, Mr. Kasich, Mr. Denny Smith, Mr. Brown of Colorado, Mr. Burton of Indiana, Mr. Nielson of Utah, Mr. Wolf, Mr. Dannemeyer, Mr. Siljander, Mr. Walker, Mr. Craig, Mr. Gregg, Mr. McEwen, and Mr. Smith of New Jersey):

H.R. 5460. A bill to amend the Federal Reserve Act to require the development of a price index which shall be used by the Federal Open Market Committee in establishing intermediate targets for the conduct of monetary policy; to the Committee on Banking, Finance and Urban Affairs.

By Mr. LEATH of Texas (by request):

H.R. 5461. A bill to amend title 38, United States Code, to increase the rates of subsistence and educational assistance allowances for veterans pursuing vocational rehabilitation programs under chapter 31 and for veterans and eligible persons pursuing programs of education under chapters 34, 35, and 36; to make certain improvements in the educational assistance programs for veterans and eligible persons; to repeal the education loan program; and for other purposes; to the Committee on Veterans' Affairs.

By Mr. LIVINGSTON:

H.R. 5462. A bill to amend the Tariff Act of 1930 to provide that certain imports of plywood be admitted free of duty; to the Committee on Ways and Means.

By Mr. LOEFFLER:

H.R. 5463. A bill to direct that the Secretary of the Army let a contract for design of replacement facilities for the Brooke Army Medical Center in San Antonio, Tex., to the Committee on Armed Services.

By Mr. McKINNEY (for himself, Mrs. Johnson, Mr. Gejdenson, Mr. Ratchford, Mr. Morrison of Connecticut, and Mrs. Kennelly):

H.R. 5464. A bill to establish the Chimon Island National Wildlife Refuge; to the Committee on Merchant Marine and Fisheries.

By Mr. MRAZEK:

H.R. 5465. A bill to assist in the admission into the United States of certain aliens who have fled from Poland; to the Committee on the Judiciary.

By Mr. MYERS:

H.R. 5466. A bill to provide for the establishment of a commission to study revision of the Federal tax laws; to the Committee on Ways and Means.

By Mr. OTTINGER:

H.R. 5467. A bill to reform the Residential Conservation Service and the Commercial and Apartment Conservation Service; to the Committee on Energy and Commerce.

By Mr. RODINO:

H.R. 5468. A bill to authorize appropriations to carry out the activities of the Department of Justice for fiscal year 1985, and for other purposes; to the Committee on the Judiciary.

By Mr. SCHULZE:

H.R. 5469. A bill to amend the Tariff Schedules of the United States in order to establish equitable duty rates for waterbed mattresses, liners, and parts thereof; to the Committee on Ways and Means.

By Mr. WIRTH:

H.R. 5470. A bill to designate certain additional national forest lands in the State of Colorado as components of the National Wilderness Preservation System; to the Committee on Interior and Insular Affairs.

By Mr. AKAKA (for himself and Mr. Heftel of Hawaii):

H.R. 5471. A bill to clarify procedures for the disposal of Federal lands for use for public airport purposes; jointly, to the Committees on Public Works and Transportation and Government Operations.

By Mr. BOLAND (for himself, Mr. Mineta, and Mr. Conte):

H.R. 5472. A bill to provide for the reappointment of Anne Legendre Armstrong as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

H.R. 5473. A bill to provide for the reappointment of A. Leon Higginbotham, Jr., as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

By Mr. BEREUTER (by request):

H.R. 5474. A bill to provide for participation by the United States in the Inter-American Investment Corporation; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BROOKS (for himself and Mr. Wilson):

H.R. 5475. A bill to amend title I of the Employee Retirement Income Security Act of 1974 to apply to welfare plans restrictions which currently apply to pension plans preventing cutbacks in benefits upon a merger or consolidation of plans or transfers of assets or liabilities between plans; to the Committee on Education and Labor.

By Mr. COLEMAN of Missouri (for himself, Mr. Ford of Michigan, and Mr. Jeffords):

H.R. 5476. A bill to amend title XI of the Higher Education Act of 1965; to the Committee on Education and Labor.

By Mr. CONYERS:

H.R. 5477. A bill to amend title 18 of the United States Code with respect to providing or possessing contraband in a prison; to the Committee on the Judiciary.

By Mr. ERDREICH:

H.R. 5478. A bill to reform the laws relating to former Presidents; jointly, to the Committees on Government Operations, House Administration, the Judiciary, and Post Office and Civil Service.

By Mr. KASTENMEIER (for himself, Mr. Mazzoli, Mr. Synar, Mrs. Schroeder, Mr. Glickman, Mr. Frank, Mr. Morrison of Connecticut, Mr. Berman, Mr. Moorhead, and Mr. DeWine):

H.R. 5479. A bill to amend section 504 of title 5, United States Code, and section 2412 of title 28, United States Code, with respect to awards of expenses of certain agency and court proceedings, and for other purposes; to the Committee on the Judiciary.

By Mr. LaFALCE (for himself and Mr. Lundine):

H.R. 5480. A bill to amend the Defense Production Act of 1950 with respect to the functions of the Cost-Accounting Standards Board; to the Committee on Banking, Finance and Urban Affairs.

By Mr. LaFALCE:

H.R. 5481. A bill to amend the Internal Revenue Code of 1954 to deny the deduction for amounts paid or incurred for certain advertisements carried by certain foreign broadcast undertakings; to the Committee on Ways and Means.

By Mr. MARKEY (for himself, Mr. Feighan, Mr. Levine of California, and Mr. Rodino):

H.R. 5482. A bill to promote peace and reform in Central America; to the Committee on Foreign Affairs.

By Mr. OBERSTAR:

H.R. 5483. A bill to amend the Federal Aviation Act of 1958 to improve air transportation to small communities, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. PAUL:

H.R. 5484. A bill to amend the Internal Revenue Code of 1954 to provide for the taxation of certain income at the flat rate of 10 percent and to repeal the estate tax; to the Committee on Ways and Means.

By Mr. RANGEL:

H.R. 5485. A bill to amend the Internal Revenue Code of 1954 to allow a deduction in determining the taxable estate of an individual for one-half the proceeds from sales by such individual of employer securities to employee stock ownership plans or certain worker-owned cooperatives; to the Committee on Ways and Means.

By Mr. REGULA:

H.R. 5486. A bill to require certain youth-oriented organizations to make adequate inquiry to insure that no individual, who has a prior conviction for a sexual offense of which the victim was a child, shall be hired by the organization, and to establish a system for responding to such inquiries; jointly, to the Committees on Education and Labor and the Judiciary.

By Mr. ROTH:

H.R. 5487. A bill to provide that, in certain cases, retirement income may be treated as earned income for purposes of the deduction for two-earner married couples; to the Committee on Ways and Means.

By Mr. ROYBAL (for himself, Mr. Leland, and Mrs. Burton of California):

H.R. 5488. A bill to establish a program of Federal assistance to the National Hispanic University, and for other purposes; to the Committee on Education and Labor.

By Mr. SHELBY (for himself, Mr. Nichols, Mr. Flippo, Mr. Bevill, Mr. Erdreich, Mr. Edwards of Alabama, and Mr. Dickinson):

H.R. 5489. A bill to designate the lock and dam on the Warrior River in Hale County, Ala., as the "Armistead I. Selden Lock and Dam"; to the Committee on Public Works and Transportation.

By Mr. SIMON (for himself, Mr. Edwards of California, Mr. Fish, Mr. Coleman of Missouri, Mr. Dixon, Mr. Garcia, Mr. Miller of California, Mr. Rodino, Mrs. Schneider, Mrs. Schroeder, Mr. Conable, Mr. AuCoin, Mr. Boehlert, Mrs. Boxer, Mrs. Burton of California, Mr. Carper, Mr. Chandler, Mr. Clinger, Mr. Conyers, Mr. Coughlin, Mr. Crockett, Mr. D'Amours, Mr. Dorgan, Mr. Dwyer of New Jersey, Mr. Dymally, Mr. Edgar, Mr. Foglietta, Mr. Gilman, Mr. Glickman, Mr. Green, Mr. Guarini, Mr. Gunderson, Mrs. Hall of Indiana, Mr. Horton, Mr. Howard, Mr. Hoyer, Mr. Hughes, Mr. Jeffords, Mrs. Johnson, Mrs. Kennelly, Mr. Leath of Texas, Mr. Lehman of California, Mr. Long of Louisiana, Mr. McKernan, Mr. McKinney, Mr. Markey, Mrs. Martin of Illinois, Mr. Mavroules, Mr. Mineta, Mr. Mitchell, Mr. Molinari, Mr. Moody, Mr. Mrazek, Mr. Owens, Mr. Pepper, Mr. Pritchard, Mr. Rangel, Mr. Schumer, Mr. Shannon, Ms. Snowe, Mr. Stark, Mr. Swift, Mr. Tauke, Mr. Towns, Mr. Vento, Mrs. Vucanovich, Mr. Weber, Mr. Weiss, Mr. Wheat, Mr. Williams of Montana, Mr. Wolpe, and Mr. Yates):

H.R. 5490. A bill to clarify the application of title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and title VI of the Civil Rights Act of 1964; to the Committee on Education and Labor and the Judiciary.

By Mr. STUDDS:

H.R. 5491. A bill to settle Indian land claims in the town of Gay Head, Mass., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. STUDDS (for himself, Mr. Biaggi, Mr. Markey, Mr. Mavroules, Mr. Frank, Mr. Moakley, Mr. Boland, and Mr. Donnelly):

H.R. 5492. A bill to provide for the conservation and management of Atlantic striped bass, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. WAXMAN:

H.R. 5493. A bill to revise and extend the programs of assistance under title X of the Public Health Service Act; to the Committee on Energy and Commerce.

H.R. 5494. A bill to amend the Public Health Service Act to revise and extend the authorities of that act for assistance for alcohol and drug abuse and mental health services and to revise and extend the Developmental Disabilities Assistance and Bill of Rights Act; to the Committee on Energy and Commerce.

By Mr. WAXMAN (for himself and Mr. Eckart):

H.R. 5495. A bill to amend section 408 of the Federal Food, Drug, and Cosmetic Act to authorize emergency action with respect to pesticide chemicals which present an imminent hazard to the public health, to revise the procedures under such section for changes in tolerances and exemptions for pesticide chemicals, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WAXMAN (for himself, Mr. Madigan, Mr. Pepper, and Mr. Wyden):

H.R. 5496. A bill to amend the Public Health Service Act to rename the National Center for Health Services Research as the National Center for Health Services Research and Medical Technology Assessment, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WIRTH:

H.R. 5497. A bill to authorize appropriations for the National Telecommunications and Information Administration for fiscal years 1985 and 1986; to the Committee on Energy and Commerce.

By Mr. WOLF:

H.R. 5498. A bill to provide that the National Telecommunications and Information Administration of the Department of Commerce conduct a study regarding the establishment and use of videoconferencing for intergovernmental communications; to the Committee on Energy and Commerce.

By Mr. AKAKA (for himself, Mr. Heftel of Hawaii, Mr. Ford of Michigan, Mr. Clay, Mr. Garcia, Mr. Leland, Mr. Albosta, Ms. Oakar, Mrs. Hall of Indiana, Mr. de Lugo, Mr. Taylor, Mr. Gilman, and Mr. Daniel B. Crane):

H.J. Res. 546. Joint resolution designating August 21, 1984, as "Hawaii Statehood Silver Jubilee Day"; to the Committee on Post Office and Civil Service.

By Mr. BEVILL:

H.J. Res. 547. Joint resolution to designate the week of May 13, 1984, through May 19, 1984, as "Smokey Bear Week"; to the Committee on Post Office and Civil Service.

By Mr. HUGHES (for himself, Mr. Rodino, Mr. Sawyer, Mr. Schumer, Mr. Morrison of Connecticut, Mr. Feighan, Mr. Smith of Florida, Mr. Shaw, and Mr. Sensenbrenner):

H.J. Res. 548. Joint resolution authorizing the President's Commission on Organized Crime to compel the attendance and testimony of witnesses and the production of information, and for other purposes; to the Committee on the Judiciary.

By Mr. ROBINSON:

H.J. Res. 549. Joint resolution to authorize the erection of a memorial on public grounds in the District of Columbia, or its environs, in honor and commemoration of members of the Armed Forces of the United

States and the allied forces who served in the Korean war; to the Committee on House Administration.

By Mr. WHITTAKER (for himself and Mr. Sikorski):

H.J. Res. 550. Joint resolution designating the week beginning November 11, 1984, as "National Blood Pressure Awareness Week"; to the Committee on Post Office and Civil Service.

By Mr. COLEMAN of Texas:

H. Con. Res. 291. Concurrent resolution expressing the sense of the Congress that a bilateral summit on trade relations should be held between the United States and Mexico; to the Committee on Foreign Affairs.

By Mr. BETHUNE (for himself, Ms. Snowe, Mrs. Johnson, Mr. Gingrich, Mr. McCain, Mr. Porter, Mr. Leach of Iowa, Mr. Green, Mr. Bliley, Mr. McGrath, Mr. Siljander, Mr. McKernan, Mr. Lagomarsino, Mr. Petri, Mr. Prichard, Mr. Zschau, and Mr. Kindness):

H. Con. Res. 292, Concurrent resolution condemning Iraq for its use of chemical weapons and Iran for its human rights violations; to the Committee on Foreign Affairs.

By Mr. COLEMAN of Texas:

H. Res. 486. Resolution to provide for the establishment of a Select Committee on United States-Mexico relations; to the Committee on Rules.

By Mr. WRIGHT:

H. Res. 487. Resolution authorizing and directing the Sergeant at Arms of the House of Representatives to have the necessary repairs made to the mace of the House of Representatives; considered and agreed to.

By Mr. FOLEY:

H. Res. 488. Resolution electing the Honorable Jim Wright, a Representative from the State of Texas, Speaker pro tempore during the absence of the Speaker; considered and agreed to.

By Mr. GINGRICH:

H. Res. 489. Resolution expressing the sense of the House of Representatives that a National Commission on Federal Spending Reform should be established; to the Committee on Government Operations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHANDLER:

H.R 5499. A bill for the relief of John R. Schmitz and Winifred D. Schmitz; to the Committee on the Judiciary.

By Mr. DIXON:

H.R. 5500. A bill for the relief of Mrs. Loretta Agnes Dozier; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 618: Mr. Parris.

H.R. 700: Mr. Mavroules.

H.R. 1028: Mr. Bosco.

H.R. 1249: Mr. de la Garza and Mr. Bates.

H.R. 1444: Mr. Boner of Tennessee.

H.R. 1497: Mr. Shumway.

H.R. 1580: Mr. Nelson of Florida.

H.R. 1674: Mr. Richardson, Mr. Edwards of Oklahoma, and Mr. Montgomery.

H.R. 2420: Mr. Dickinson, Mr. Bilirakis, and Mr. D'Amours.

H.R. 2847: Mr. Mavroules.

H.R. 2981: Mr. Sundquist.

H.R. 2996: Mr. Dwyer of New Jersey, Mrs. Smith of Nebraska, Mr. Addabbo, Mr. Vander Jagt, Mr. Fish, Mr. Edgar, and Mr. Rahall.

H.R. 3200: Mr. MacKay, Mrs. Kennelly, Mr. Hawkins, Mr. Leland, Mr. Studds, Mr. Clinger, Mr. Smith of New Jersey, Mr. Kostmayer, Mr. Wolpe, Mrs. Schroeder, Mr. Rodino, Mr. Frank, Mr. Hughes, Mr. Beilenson, Mr. Fazio, Mr. Shannon, Mr. Wise, and Mr. Staggers.

H.R. 3264: Mr. Fauntroy.

H.R. 3271: Mr. Torres.

H.R. 3296: Mr. Kramer and Mr. Weber.

H.R. 3457: Mr. Brown of Colorado.

H.R. 3487: Mr. Albosta, Mr. Boehlert, Mr. Bonior of Michigan, Mr. Cheney, Mr. Clinger, Mr. Darden, Mr. Daschle, Mr. Hightower, Mr. Marlenee, Mr. McDade, Mr. Paul, Mr. Thomas of Georgia, Mr. Vander Jagt, Mr. Volkmer, and Mr. Wolpe.

H.R. 3508: Mr. Young of Florida.

H.R. 3544: Mr. Miller of Ohio.

H.R. 3811: Mr. Campbell, Mrs. Lloyd, Mr. Sundquist, and Mr. Quillen.

H.R. 3818: Mr. Bates, Mr. Bonior of Michigan, Mr. Conyers, Mr. Dellums, Mr. Edwards of California, Mr. Fauntroy, Mr. Fish, Mr. Frank, Mr. Gejdenson, Ms. Kaptur, Mr. Levine of California, Mr. Martinez, Mr. Mineta, Mr. Vento, Mr. Weaver, and Mr. Yates.

H.R. 3821: Mrs. Boxer, Mr. St Germain, Mr. Levin of Michigan, Mr. Solarz, Mr. Conyers, Mr. Lagomarsino, Mr. Dowdy of Mississippi, Mr. Frost, Ms. Kaptur, and Mr. Corcoran.

H.R. 3832: Mr. Hayes.

H.R. 3858: Mr. Valentine.

H.R. 3908: Mr. Philip M. Crane, Mr. Hansen of Utah, and Mr. Reid.

H.R. 3950: Mr. Leland, Mr. Andrews of Texas, Mr. Conyers, Mr. Miller of California, Mr. Marriott, Mr. Dymally, and Mr. Rangel.

H.R. 3987: Mr. Fuqua, Mr. Neal, Mr. Frank, Mr. Wise, Mrs. Boxer, Mr. Towns, Mr. Kolter, Mr. Erdreich, Mr. Horton, Mr. Clinger, Mr. Watkins, Mr. Dowdy of Mississippi, Mr. Sisisky, Mr. Edgar, Mr. Gray, Mr. Chappie, Mr. Bevill, Mr. Sharp, Mr. Young of Alaska, Mr. Vandergriff, Mr. Dorgan, Mr. Mitchell, Mr. Long of Maryland, Mr. Shelby, Mr. Mollohan, Mr. Lundine, Mr. Edwards of Alabama, Mr. Kastenmeier, Mr. Pritchard, Mr. Fish, Mr. Downey of New York, Mr. Whitehurst, Mr. Perkins, Mr. Huckaby, Mr. Hatcher, Mr. Udall, Mr. Dickinson, Mr. McKinney, Mrs. Johnson, Mr. Franklin, Mr. Nielson of Utah, Mr. Boner of Tennessee, Mr. Quillen, Ms. Ferraro, Mr. Hopkins, Mrs. Martin of Illinois, Mr. Morrison of Washington, Mr. Flippo, Mr. Whitten, Mr. Sawyer, and Mr. Burton of Indiana.

H.R. 4076: Mr. Won Pat, Mr. Hance, Mr. McCurdy, Mrs. Holt, and Mr. Edwards of California.

H.R. 4080: Mr. McEwen, Mr. Robinson, and Mr. Minish.

H.R. 4175: Mr. McGrath, Mr. Bliley, Mr. Wyden, Mr. Eckart, Mr. de Lugo, Mr. Markey, and Mr. Smith of Florida.

H.R. 4203: Mr. Synar.

H.R. 4264: Mr. Gingrich, Mr. Darden, Mr. Nichols, Mr. Bennett, Mr. Young of Florida, Mr. Brooks, and Mr. Clinger.

H.R. 4358: Ms. Oakar.

H.R. 4366: Mr. Pursell.

H.R. 4391: Mr. Dorgan.

H.R. 4441: Mr. Hughes and Mr. Walker.

H.R. 4447: Mr. Gilman, Mr. Akaka, and Mr. Howard.

H.R. 4459: Mr. Smith of Florida and Mr. Berman.

H.R. 4620: Mr. Neal, Mr. Levine of California, and Mr. Owens.

H.R. 4621: Mr. McEwen, Mr. Ireland, and Mr. Stump.

H.R. 4643: Mrs. Lloyd, Mr. Long of Louisiana, Mr. Vander Jagt, Mr. Chappie, Mr. Bosco, Mr. McNulty, Mr. Ray, Mr. Derrick, and Mr. Thomas of Georgia.

H.R. 4659: Mr. Corcoran, Mr. Corrada, and Mr. Sabo.

H.R. 4681: Mr. Edgar, Mr. Weaver, and Mr. Morrison of Connecticut.

H.R. 4765: Mr. Tallon.

H.R. 4772: Mr. Schumer and Mr. Bateman.

H.R. 4821: Mr. Neal and Mr. Montgomery.

H.R. 4832: Mr. Weaver.

H.R. 4853: Mr. Crockett, Mr. Leland, Mr. Dellums, Mr. Richardson, Mr. Hayes, Mr. Mitchell, Mr. Conyers, Mr. Roybal, Mr. Conable, Mr. Edwards of California, Mr. Ackerman, Mr. Garcia, Mr. Dymally, Mr. Berman, Mr. Morrison of Connecticut, Mr. Studds, Mr. Wheat, Mr. Seiberling, Mr. Hawkins, Mr. Solarz, Mr. McKinney, Mr. Schumer, and Mr. Ottinger.

H.R. 4908: Mr. Snyder and Mr. Dymally.

H.R. 4923. Mr. de Lugo, Mr. Gejdenson, Mr. Berman, Mr. Crockett, Mrs. Boxer, Mr. Eckart, Mr. Bedell, Mr. Weaver, Mr. Daschle, Mr. Stokes, Mr. Ackerman, Mr. Bryant, Mr. Gore, Mr. Savage, Mr. Morrison of Connecticut, Mr. Stark, Mr. Weiss, Mr. St Germain, Mr. Studds, Mr. Miller of California, Mr. Fish, and Mrs. Schneider.

H.R. 4966: Mr. Bateman.

H.R. 5006: Mr. Glickman, Mr. Simon, Mr. Myers, Mr. Clinger, Mr. Oxley, and Mr. Hopkins.

H.R. 5042: Mr. Brown of California.

H.R. 5064: Mr. Edgar, Mr. Dyson, Mr. Berman, Mr. MacKay, Mr. Morrison of Connecticut, and Ms. Mikulski.

H.R. 5094: Mr. Guarini, Mr. Fowler, Mr. Hance, Mr. Downey of New York, Mr. Ford of Tennessee, and Mr. Campbell.

H.R. 5095: Mr. Barnes, Mr. Seiberling, Mr. Guarini, Mr. Hartnett, Mr. Boland, Mr. McHugh, Mr. Schumer, Mr. Barnard, Mr. Owens, and Mr. Huckaby.

H.R. 5110: Mr. Pursell.

H.R. 5134: Mr. Williams of Montana, Mr. Roe, Mr. Towns, and Ms. Kaptur.

H.R. 5135: Mr. Conyers.

H.R. 5158: Mr. Lagomarsino, Mr. Schaefer, and Mr. Lungren.

H.R. 5180: Mr. Solarz.

H.R. 5184: Mr. Neal.

H.R. 5240: Mr. Pepper, Mr. Mitchell, Mr. Fauntroy, Mr. Gore, Mr. Leland, Mr. Conyers, Mr. Downey of New York, Mr. Frost, Mr. Stokes, Mr. Torres, Mr. Savage, Mr. Won Pat, Mrs. Hall of Indiana, Mr. Gray, Mr. Sunia, Mr. Bonior of Michigan, Mr. Roybal, Mr. Brown of California, Mr. Dymally, Mr. Wheat, Mr. Studds, Mr. Smith of Florida, Mr. Crockett, Mr. Thomas of Georgia, Ms. Kaptur, Mr. Markey, Mr. Roe, Mr. Foglietta, and Mr. Fazio.

H.R. 5246: Mr. Fazio and Mr. Boehlert.

H.R. 5275: Mr. Bedell.

H.R. 5297: Mr. Daschle, Mr. Dorgan, and Mr. Patman.

H.R. 5302: Mr. Crockett.

H.R. 5358: Mr. English and Mr. Corrada.

H.R. 5364: Mr. Bateman.

H.R. 5377: Mr. Dowdy and Mr. McGrath.

H.R. 5381: Mrs. Schroeder, Mr. Edwards of California, Mr. Owens, Mr. Crockett, Mr. Green, and Mr. Wheat.

H.R. 5396: Mr. Udall, Mr. Lagomarsino, Mr. Corcoran, Mr. Kindness, Mr. Goodling, Mr. Frost, and Mr. Bedell.

H.J. Res. 71: Mr. O'Brien and Mr. Lewis of Florida.

H.J. Res. 272: Mr. Hoyer, Mr. McCollum, Mr. Bliley, Mr. Edgar, Mr. St Germain, and Mr. Waxman.

H.J. Res. 282: Mr. Richardson, Mr. Shumway, Mr. Moore, Mr. Hatcher, Ms. Oakar, Mr. Craig, Mr. McCain, Mr. Thomas of Georgia, Mr. Stump, Mr. Morrison of Connecticut, Mr. Levin of Michigan, Mr. Darden, Mr. Lowery of California, Mr. Stokes, Mr. Smith of Florida, Mr. Long of Maryland, Mr. O'Brien, Mr. Duncan, Mr. Lagomarsino, Mr. Barnes, Mr. Hoyer, and Mr. Montgomery.

H.J. Res. 446: Mr. Bryant, Mr. Smith of New Jersey, Mr. Biaggi, Mr. Moody, Mr. Ortiz, Mr. D'Amours, Mr. Schumer, Mr. Towns, Mr. Lantos, Mr. Leach of Iowa, and Mr. Tauke.

H.J. Res. 451: Mr. Matsui, Mr. Tauke, Mrs. Schroeder, Mr. Dymally, Mr. Martinez, Mrs. Lloyd, Mr. Walgren, Mr. Bateman, Mr. Jeffords, Mr. Hefner, Mr. Oberstar, Mr. Perkins, Mr. Rodino, Mrs. Holt, Mr. Richardson, Mr. Hertel of Michigan, Mr. Hatcher, Mr. Tauzin, Mr. Fauntroy, Mr. Frost, Mr. Boner of Tennessee, Mrs. Boggs, Mr. Hansen of Idaho, Mr. Evans of Iowa, Mr. Reid, Mr. Gekas, Mr. Martin of North Carolina, Mr. Conyers, Mr. Traxler, Mr. Lent, Mr. Pursell, Mr. Hightower, Mr. Sunia, Mr. Crockett, Mrs. Schneider, Mr. Towns, Mr. Young of Alaska, Mr. Kemp, Mr. Ritter, Mr. Carper, Mr. Tallon, Mr. Rose, Ms. Mikulski, Mr. Badham, Mr. Rowland, Mr. Young of Missouri, Mr. Torres, Mr. Shumway, Mr. Chappie, Mr. Emerson, Mr. Lujan, Mr. DeWine, Mr. Edwards of California, Mr. Patterson, Mr. Lungren, Mr. Bliley, Mr. Levine of California, Mr. Montgomery, Mr. Martinez, Mr. Moorhead, Mr. Stark, Mr. Yates, Mr. Reid, Mr. Gonzalez, Mr. Loeffler, Mr. Daniel B. Crane, Mr. Conte, Mr. Anderson, Mrs. Roukema, Mr. Roybal, Mr. Volkmer, Mr. Panetta, Mr. McEwen, Mr. Stump, Mr. Shelby, Mr. Heftel of Hawaii, Mr. Wise, Mr. Ireland, Mr. Kindness, Mr. Kramer, Ms. Oakar, Mr. Coughlin, Mr. Corcoran, Mr. Leach of Iowa, Mr. Campbell, Mr. Howard, Mr. Quillen, Mr. Pepper, Mr. Flippo, Mr. Wirth, Mr. McNulty, Mr. Wyden, Mr. Torricelli, Mr. Pritchard, and Mr. Swift.

H.J. Res. 476: Mr. Erdreich, Mr. Fuqua, Mr. Valentine, Mr. Bennett, Mr. McNulty, Mr. Harkin, Mr. Broyhill, Mr. Andrews, of North Carolina, Mr. Young of Florida, and Mr. Guarini.

H.J. Res. 482: Mr. Moakley, Mr. Lent, Mr. Smith of Florida, Mr. Hiler, Mr. Simon, Mr. Roe, Mr. Won Pat, Mr. Wolf, Mr. Fazio, Mr. Mollohan, Mr. Wortley, Mr. Frost, Mr. McGrath, Mr. Rangel, Mr. Brown of California, Mr. Frenzel, Mr. Bevill, Mr. Dwyer of New Jersey, Mr. Akaka, Mr. Vento, Mr. Annunzio, Mr. Towns, Mr. Evans of Illinois, Mr. Lipinski, Mr. Daschle, Mr. Wyden, Mr. Hertel of Michigan, Mr. LaFalce, Mr. McCloskey, Mr. de Lugo, Mr. Thomas of Georgia, Mr. Rahall, and Mr. Gaydos.

H.J. Res. 485: Mr. Chappell, Mr. Boner of Tennessee, Mr. Pepper, Mr. Hutto, Mr. McCollum, Mr. Won Pat, Mr. McKernan, Mr. Fuqua, Mr. Roe, Mr. Fascell, Mr. Bennett, Ms. Snowe, Mr. Young of Florida, Mr. Edgar, Mr. Thomas of Georgia, Mr. Lantos, Mr. Lundine, Mr. Weiss, and Mr. Gejdenson.

H.J. Res. 489: Mr. Spratt, Mr. Levin of Michigan, Mr. Wise, Mr. Daub, Mr. Studds, Mr. Brown of California, Mr. Whittaker, Mrs. Roukema, Mr. Corrada, Ms. Snowe, Mrs. Johnson, Mr. Bosco, Mr. Skelton, Mr. Kostmayer, and Mr. Martin of North Carolina.

H.J. Res. 497: Mr. Staggers, Mr. Daub, Mr. Sundquist, Mr. Hyde, Mr. Daschle, Mr. Richardson, Mr. Rangel, Mr. Snyder, and Mr. McGrath.

H.J. Res. 521: Mr. Hansen of Idaho, Ms. Fiedler, Mr. Livingston, Mr. Philip M. Crane, Mr. McGrath, and Ms. Mikulski.

H.J. Res. 522: Mr. Bateman, Mr. Corrada, Mr. Hutto, Mr. Hyde, and Mr. Shumway.

H.J. Res. 523: Mr. Weaver, Mr. Savage, Mr. Eckart, Mr. Kastenmeier, Mr. Skelton, Ms. Snowe, Mr. Wirth, Mr. Seiberling, Mr. Mineta, Mr. Barnes, and Mr. Hall of Ohio.

H.J. Res. 524: Mr. Weaver, Mr. Savage, Mr. Eckart, Mr. Kastenmeier, Mr. Skelton, Ms. Snowe, Mr. Wirth, Mr. Seiberling, Mr. Mineta, Mr. Barnes, and Mr. Hall of Ohio.

H.J. Res. 527: Mr. Daub and Ms. Mikulski.

H.J. Res. 528: Mr. Addabbo, Mr. Hiler, Mr. McNulty, Mr. Rahall, Mr. Murphy, and Mr. Smith of New Jersey.

H.J. Res. 529: Mr. Corrada, Mr. Breaux, Mr. Wolpe, and Mr. Miller of Ohio.

H.J. Res. 535: Mr. Annunzio, Mr. Dwyer of New Jersey, Mr. Markey, Mr. Fuqua, Mr. McGrath, Mr. Frank, Ms. Mikulski, Mr. Crockett, and Mr. Bates.

H.J. Res. 536: Mr. Won Pat, Mr. Udall, Mr. Dicks, Mr. Stark, Mr. Moody, Mr. Weaver, Mr. Foglietta, Mr. Ratchford, Mr. Kastenmeier, Mr. Levine of Michigan, Mr. Smith of Florida, Mr. Frost, Mr. Dymally, Mr. Feighan, Mr. Leland, Mr. Lowry of Washington, Mr. Chandler, Mr. Owens, Mr. Solarz, Mr. Coyne, Mr. Towns, Mr. Dellums, Mr. Bedell, Mr. Downey of New York, Mr. Conyers, Mrs. Burton of California, Mr. Wolpe, Mr. Yates, Mr. Hawkins, Mr. Garcia, Mr. Wirth, Mr. AuCoin, Mr. Glickman, Mr. Pease, Mr. Olin, Mr. Crockett, Mr. Edgar, Mr. Weiss, Mr. Sabo, and Mrs. Schroeder.

H.J. Res. 537: Mr. Jones of North Carolina, Mr. Bosco, Mr. Sunia, Mr. McKernan, Mr. Young of Alaska, Mr. Tallon, Mr. Thomas of Georgia, Mr. Ortiz, Mr. Hughes, Mr. Carper, Mr. Franklin, Mr. Pritchard, Mrs. Schneider, Mr. Roe, Mr. Snyder, Mr. Lent, Mr. Davis, Mr. Carney, Mr. Shumway, Mr. Fields, Mr. Sawyer, Mr. Bateman, Mr. Dwyer of New Jersey, Mr. Smith of New Jersey, Mr. de Lugo, Mr. Murphy, Mr. Edwards of Alabama, Mr. Panetta, Mr. Lowery of California, Mr. Hoyer, Mr. Waxman, Mr. Hutto, Mr. Hertel of Michigan, Mr. Wolf, Mr. Tauzin, Mr. Vandergriff, Mr. Dixon, Mr. Wilson, Mr. Corrada, Mr. Bereuter, Mr. Howard, Mr. Chappell, Mr. Rodino, Mr. Montgomery, Mr. Crockett, Mr. Fazio, Mr. Courter, Mr. Frost, Mr. Kindness, Mr. Wolpe, Mr. Fuqua, Mr. Loeffler, Mr. Frenzel, Mr. Madigan, Mrs. Roukema, Mr. Porter, Mr. Ratchford, Mr. Cheney, Mr. Florio, Mr. Hubbard, Mr. Biaggi, Mr. Anderson, Mr. D'Amours, Mr. Oberstar, Mr. Dyson, Mr. Studds, Mrs. Boxer, Mr. Fish, Mr. Rinaldo, Mr. Torricelli, Mr. DeWine, Mr. Guarini, Mr. de la Garza, Mr. Hayes, Mr. Lipinski, Mr. Minish, Mr. Borski, Mr. Owens, Mr. McGrath, Mrs. Boggs, Mr. Jeffords, Mr. Daub, Mr. Won Pat, and Mr. Foglietta.

H.J. Res. 539: Mr. Borski, Mr. Hall of Ohio, Mr. Bosco, Mr. Harkin, Mr. Coelho, Mr. Shannon, Mr. Rahall, Mr. Lundine, Mr. Sabo, Mr. Ford of Tennessee, Mr. Levin of Michigan, Mr. Mineta, Mr. Frost, Mr. Kolter, Mr. Fazio, Mr. Edgar, Mr. Crockett, Mr. Jeffords, Mr. Wheat, and Mrs. Schroeder.

H.J. Res. 540: Mr. Hall of Ohio, Mr. Bosco, Mr. Oberstar, Mr. Coelho, Mr. Shannon, Mr. Sabo, Mr. Lundine, Mr. Ford of Tennessee, Ms. Kaptur, Mr. Levin of Michigan, Mr. Mineta, Mr. Fazio, Mr. Edgar, Mr. Crockett, Mr. Coyne, Mr. Mrazek, and Mrs. Schroeder.

H. Con. Res. 247: Mr. Evans of Illinois.

H. Con. Res. 265: Mr. Edgar, Mr. Gilman, and Ms. Mikulski.

H. Con. Res. 276: Mr. Wyden, Mrs. Martin of Illinois, Mr. Durbin, and Mr. Hyde.

H. Con. Res. 283: Mr. Bedell, Mr. Durbin, Mr. Feighan, Mr. Fauntroy, Mr. Lagomarsino, Mr. Crockett, Mr. Skeen, Mr. Mitchell, Mr. Mineta, Mr. Ratchford, Mr. DeWine, Mr. Murphy, Mr. Porter, Mr. Eckhart, Mr. Lewis of Florida, Mr. McGrath, Mr. Smith of Florida, Mr. Bliley, Mr. Leach of Iowa, Mr. Anthony, Mr. Leland, and Mr. Rahall.

H. Con. Res. 290: Mr. Solarz, Mr. Yatron, Mr. Bonker, Mr. Studds, Mr. Wolpe, Mr. Crockett, Mr. Weiss, Mr. Feighan, Mr. Levine of California, Mr. Berman, Mr. Smith of Florida, Mr. Gejdenson, Mr. Torricelli, Mr. Kostmayer, Mr. Leach of Iowa, Ms. Snowe, Mr. Gilman, Mr. Dymally, Mr. Hamilton, Mr. Ackerman, Mr. Garcia, Mr. Reid, Mr. Lantos, and Mr. Fascell.

H. Res. 172: Mr. Berman, Mr. Dicks, Mr. Coleman of Texas, Mr. Neal, Mr. Thomas of Georgia, Mr. Swift, Mr. Akaka, Mr. Valentine, and Mr. Clinger.

H. Res. 391: Mr. Skeen.

H. Res. 430: Mrs. Collins, Mrs. Kennelly, Mr. Lantos, Mr. Mavroules, Mr. Reid, and Mr. Rodino.

H. Res. 458: Mr. Wirth and Mr. McNulty.

H. Res. 477: Mr. Dannemeyer, Mr. Hunter, Mr. Florio, Mr. Mollohan, Mr. Crockett, and Mr. Vandergriff.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 2073: Mr. Bedell.

H.R. 3498: Mr. LaFalce.

H.R. 3795: Mr. Bereuter.

H.R. 4098: Mr. Traxler.

EXTENSIONS OF REMARKS

ARMS CONTROL

HON. ALBERT GORE, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. GORE. Mr. Speaker, today, a set of amendments bearing on nuclear weapons procurement is being presented for our consideration by my colleague LES ASPIN, representing the result of work that he, NORM DICKS and I have had underway since the beginning of the current session.

These amendments, though crafted to stand each on its own, and to pass the necessary tests of germaneness relative to various bills, represent—when taken as a whole—our effort to speak consistently about two major issues before the Congress in this session: First, about the scope and pace of our nuclear weapons programs at a time when the Soviets have decided to sulk in their tents about arms control; and second, about the role which Congress is best suited to take in dealing with such matters, vis-a-vis the President of the United States.

These are perplexing issues, but we are not beginning from scratch. During the first session, almost lost from sight because of the controversies that swirled around the MX, this body did manage to find elements of a powerful concept, around which to build a working consensus. That concept is the idea of stability in the nuclear relationship between our country and the Soviet Union: An arrangement of forces on both sides which should be designed to avoid capabilities required for a theoretical nuclear first strike.

This idea—the notion that the deterrent forces of both sides should be secure against a first strike, and that it is in the interests of each to take account of the other's perceptions—is a marked departure from the doctrines of the past; especially from this administration's early hopes to recapture some kind of clear American nuclear superiority over the Soviet Union in this area. It is the essence of the Scowcroft Commission report, accounting for the respect in which that document is held even by many who oppose its views on the role of the MX. And it is the essence of the bargain which some members of this House and the other body drove home with the President, in return for limited numbers of MX missiles. Now, if we make use of it, the idea of stability can serve the Nation well.

Congress faces two diametrically opposed propositions about nuclear weapons in this session. The President calls upon us to fund a wide-ranging set of requests for nuclear programs, some of them with very far-reaching consequences. The nuclear freeze movement calls upon us to block funding on whole categories of these programs, if the Soviets will reciprocate.

Many of us are sympathetic to the freeze concept and have supported the idea that the United States ought to make wide-ranging proposals to the Soviet Union that would indeed bring major parts of the nuclear competition to a halt. But when we think about the United States, it is also true that we are often actually thinking about the President, who, as this country's constitutional agent for such matters, ought to be formulating and making the necessary initiatives.

In a few months, the democratic process will allow the people of this country to pass judgment on whether there is in fact an acceptable policy. Meanwhile, however, we as legislators cannot escape our own responsibilities to the Nation, which include passing bills for the funding of our Military Establishment.

It seems inconceivable to me that we should abdicate this responsibility by passing legislation for the next fiscal year that allows the President to move ahead at the pace he wants. To do so would mean that preparations for fighting a war will gain ground on the effort to secure peace through negotiations, and that the latter process will never be able to catch up, assuming it will eventually resume.

But it also seems unlikely to me that the Congress will ever directly interpose itself between the President and other governments, in a way that amounts to a direct negotiation; that is, where the Congress names terms to another country and then imposes those terms over the President's objections, if the other country accepts.

What we can do, and what we are good at doing, is limiting the President's freedom of action through the power of the purse, when that seems a necessary thing to do. The problem is that once we embark on this course, it becomes extremely difficult to achieve some basic and consistent pattern in what we do, since action takes place in so many different parts of this institution, and since there are so many cross-currents—both substantive and political—at work on our thinking. However, insofar as we begin this process with some basic orientation in common, there is a fighting chance that as we screen various programs, we can emerge with a pattern of decisions that is indeed consistent and constructive.

The amendments that my colleagues and I are presenting address elements and subelements of this country's nuclear weapons posture, and consequently get into matters that are specialized and even esoteric. But in each case, what we are proposing begins with, and always returns to, the concept of stability as a unifying factor.

Votes ahead of us on the issue of the uses of outer space represent an area where Congress must intervene to head off administration programs that are grossly misconceived. There is no solution to our earthly conflicts that can be found by a military competition in space, even if the word "defensive" is misappropriated to describe the effort.

If we allow the administration to proceed with final tests on the antisatellite system now under development, and if we thereby give the Soviet Union the excuse it needs to terminate its own self-declared moratorium on such testing, we are on our way toward weapons that will eventually threaten devices in space upon which both sides depend for early warning.

The ability that each side now has to recognize the moment the other has launched an attack, is a priceless safeguard against a calamity during some future period of great tension. That ability must be safeguarded, rather than put at risk. Congress should act to block final testing of our system, and then see what events bring during the next fiscal year. Perhaps the President will see the light; perhaps the Soviets will violate their own moratorium. Either way, we can adjust—but, we will have no options if we allow our system to be tested to completion; the competition will have been joined.

The strategic defense initiative, or "Star Wars," offers a false hope that the expenditure of enormous sums of money on the development of advanced technology weapons can give us complete security against Soviet nuclear attack. Only in the event of some truly drastic reduction in the size of the Soviet missile force might that become feasible—but this kind of reduction must be mutual, and must surely precede any effort to exploit lasers and other directed energy sources for defense.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

What we must have, meanwhile, is a research effort which keeps us current with the leading edge of these technologies—but which does not cross the threshold defined by the President, and become a massive American search for the grail of complete and total defense. Congress should cap spending on all technologies relating to strategic defense at some sensible levels, and, since we cannot make the President suspend his interest in Star Wars, we must make sure that Congress is able to track every penny that might be spent to pursue that objective, and thereby become better able to keep it in check.

It is true that from the beginning, the administration has called upon the Soviets to join us in undertaking very deep reductions in strategic nuclear missiles; a step which all of us know must sooner or later be taken, if the threat of nuclear war is to recede. But until very late in the game, the administration's approach to this objective was so completely onesided as to drain its initiative of any credibility. Only under intense pressure from the Congress, in connection with the fate of the MX, did the administration bestir itself and accept sensible advice from the outside; that we should be prepared to make important concessions in one area of American advantage—heavy bombers and their ability to carry cruise missiles—if we want the Soviets to make concessions in their area of advantage—big ICBM's.

That area of compromise, however, stands to be undermined if Congress allows the Navy to proceed with the deployment of the nuclear armed, sea-launched cruise missile (the so-called TLAM-N (for Tactical Land Attack Missile-Nuclear), which it wants for use against targets in the interior of the Soviet Union. To do so means that any ship in the U.S. Navy becomes accountable as a strategic weapons platform, in the eyes of Soviet planners and negotiators.

It so happens that the Navy plans for something very much like this to occur, through the construction of between 7,000 and 8,000 launchers, all capable of holding SLCM's, to be spread around virtually every surface combatant and submarine. Such a development would have a disastrous impact on our ability to conduct arms control aimed at improving stability. Congress should put this program on hold until we have sorted out what it means. To proceed now, is to regret later.

The debate over the MX has in large part been a debate over the requirement of strategic stability. But it has been a debate marked by emotion in which the MX has become the symbol of something it is not going to be: a U.S. first-strike capability. The MX assuredly does put at risk any Soviet silo at which it is aimed. That is counterforce capability, and in buying MX's, we acquire it. But counterforce capability does not become first-strike capability unless it is accumulated to the point where the entire Soviet ICBM force and probably some other critical targets are at risk.

The Scowcroft Commission report argued that we do need to put Soviet silos at some risk, if we hope to get them to abandon their preferred way of doing business: building large, highly MIRV'ed ICBM's, and turn their attention to ways of assuring mutual stability to both sides through a shift toward single warhead weapons at reduced numbers. The report also advised, and the President specifically agreed, that with or without arms control, the United States ought not to build a first-strike capability.

The words are fine; but now as we begin to approach the eventual production of the Trident II D-5 missile, Congress must put numbers to it. We must establish with some clarity, how much hard target capability is too much, and we should begin by requiring the President to analyze in precise terms the implications of his own policy commitment, in the form of a detailed report to the Congress. Meanwhile, we would be wise to keep MX deployment pointed at no more than 50, and should legislate spending constraints for this coming year that will be consistent with that objective. It also behooves us to pay close attention to the development of the small single warhead ICBM to make sure that this project is in fact moved along as the top national priority the President says it is.

Meanwhile, we also have before us the fate of the SALT II agreement. Though he criticized the SALT II agreement bitterly as candidate, President Reagan has been wise enough to preserve its measures until now. Recent testimony by administration officials, however, and official statements made by them to the press, tell us that the administration does not know what it wants to do, when, in 1985 or 1986 the rules of the treaty—together with ongoing deployment of the Trident submarine—require us to start reducing some of our MIRV'd ICBM's.

Given the deadlock that now exists in arms control, the collapse of what is left of earlier agreements would be perhaps the final blow, and cannot be allowed to happen or an afterthought. If the administration does not know what it wants to do, perhaps the Congress should give it a nudge—by making clear that money cannot be spent to maintain U.S. weapons capabilities in excess of SALT II levels. Obviously, we shall have to keep an eye on what the Soviets are doing. If the administration is uncertain what to do when it comes time for us to reduce the answer is clear; we should see if we can get a joint reductions process underway by mutual consent, using the treaty terms as guides. Congress, however, should act now to smoke out the administration.

Finally, with acknowledgement to Les Aspin, whose concern this has long been, Congress ought to begin looking hard at the question of tactical nuclear weapons in NATO. Tactical nuclear weapons are a basic part of the political and military structure of our European alliance against the Soviet Union, and they have always represented an area of great delicacy in allied relationships. But we have, over time, allowed too many of them to be deployed in Europe, and allowed these weapons to compete with, rather than to back up, the conventional military capabilities of the alliance. It is time to begin pushing for a shift toward a much leaner nuclear force, based on systems that take advantage of distance and mobility—and move us away from our present situation, in which large numbers of short-range weapons complicate our defense planning, and threaten to force commanders to commence nuclear warfare at once, lest the weapons be overrun and lost.

These comments have been lengthy, and I hope that those who follow them will excuse me for that. But the issues dealt with here, and the measures proposed, do not tolerate lack of attention to detail. No concept for dealing with nuclear weapons, however right in its broad outlines, will work for us unless we pay the price of admission—which is to confront the issues one by one in their complexity. But no amount of devotion to detail will suffice, if we don't keep clear in our sight, some larger goal. That goal, in my opinion, is stability, and I urge my colleagues in both parties to pursue it as a moral commitment as well as an intellectual conviction.●

NATIONAL ADOPTION WEEK

HON. DAN COATS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. COATS. Mr. Speaker, today I am introducing legislation to honor, and in the process I trust promote, a tradition as old as humankind—adoption.

I am introducing this legislation to designate Thanksgiving week as "National Adoption Week" for three most important reasons.

First, I am sad to report, there is a need to match adoptive families with children, particularly special-needs children. Even with the promising results of the Adoption Assistance and Child Welfare Act of 1980, thousands of children are still waiting for homes.

We can help them find these homes by publicizing the importance of adoption.

Second, I believe it is important to promote workable, practical alternatives to abortion, which adoption certainly is.

Finally, I believe the role of the family and the role that adoption can play in family formation has not received enough attention. We need to strengthen the families, perhaps the most important unit of a stable society.

I ask my colleagues today to join me in supporting National Adoption Week.●

NATIONAL ADOPTION WEEK

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. SCHUMER. Mr. Speaker, I have the pleasure of joining with my colleague, Representative Dan Coats, in sponsoring a House joint resolution designating the week of November 19, 1984 as National Adoption Week. I originally intended to introduce this resolution on Friday, April 13, but I have joined Representative Coats in a bipartisan effort to see this resolution passed.

Over 100,000 children with special needs—school age, in sibling groups, members of minority groups of children with physical, mental, and emotional handicaps—are now in foster care or institutions across the Nation.

Although such children are legally free for adoption, they are often considered "hard to place" because their special need requires a special commitment from their adoptive parents: To adopt not one but two children, because a brother and sister do not want to be separated; to adopt an older child who will need more time to adjust to a new family; to adopt a child who will need special care because of illness or handicap.

For many years, adoptive parents and advocacy groups across the country have dedicated the third week in November—Thanksgiving week—to these special adoptive children, to make known their need for a good home, and to remove whatever barriers inhibit their adoption.

Fourteen other Members of Congress have already agreed to cosponsor the resolution to designate Thanksgiving week as National Adoption Week. I hope that many more of our colleagues will become cosponsors of this measure. Maybe this Thanksgiving, more newly adopted children and their parents will have a special reason to give thanks.●

IDA NUDEL, SOVIET PRISONER OF CONSCIENCE, IS REMEMBERED

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. RITTER. Mr. Speaker, I want to take this opportunity to share with my colleagues the continuing horrors faced daily by Jewish Prisoners of Conscience caught in the Soviet Union. It is important that Congress take a strong role in urging the Soviets to lessen the restrictions placed upon these refuseniks who wish to emigrate. Many of us have become personally active with the families of these people, many of whom are in Soviet prisons.

One case in which I have been involved is that of Ida Nudel who applied to emigrate to Israel in 1971. Since then she has faced ongoing harrassment at the hands of the Soviet bureaucracy and spent 4 years in internal exile in Siberia. I have recently received a letter from Ida's sister in Israel, which I am placing in the Congressional Record, updating me on Ida's situation. I urge all of you to become aware of Ida's fate and the fate of thousands of other Soviet Jews. We must continue to work for their freedom.

P.O.B. 1119
76 110 Rehovot, Israel,
March 2, 1984.

Hon. Don Ritter,
Congress of the United States, House of Representatives, Washington, D.C.

Dear Congressman Ritter: I continue to be grateful for the concern you have expressed over the fate of my sister, Ida Nudel, and your efforts toward reunifying our small family.

I write to you at this time in anticipation of the upcoming international conference of the Congressional Wives for Soviet Jewry scheduled to take place in Washington, D.C. at the beginning of April, knowing that many of Ida's and my friends will participate and hoping you will share this report with those participants with whom you have contact.

Having legally completed her sentence of four years of internal exile in Siberia in March 1982, followed by a frightening six-month period of homelessness during which she was denied municipal residence permits in numerous places, including her own apartment in Moscow, she was finally allowed residence in the small Moldavian town of Bendery. Yet this has proved to be another form of exile.

It was the thousands of letters she had received in Siberia which had helped sustain her spirit. Since arriving in Bendery, she has received almost no mail. Many people have written to me saying that their letters have been returned with a note from the Soviet postal authorities indicating "Inconnu: No Such Address." I have seen some of the envelopes and know they have been correctly addressed.

For the past year she has worked as an attendant at the local Bendery amusement park. Her heart condition has flared up on occasion, but she has not left the town for medical treatment, as she had previously been told that her entry into Moscow was forbidden.

During the past two months, I have become increasingly alarmed by certain new developments. The Soviet authorities seem to be intent on precipitating yet another confrontation with Ida by outrageous provocations.

This began on January 5 of this year when she was summoned by the local deputy police chief who warned her that she was being watched "by the people whose job it is to do so" and that she was not to have any more visits to her home by the "people who call themselves 'refuseniks.'" She was also warned not to leave Bendery. Non-compliance would mean arrest, the official said. The timing of this warning was clearly a result of Ida's celebration of the Jewish holiday of Chanuka with some friends who joined her three weeks earlier.

On January 24, 1984, she was summoned by Mr. Arlen Mikhailovitch Shebanow, Deputy Chairman of the Bendery Supervisory Commission on Laws on Religion, who stated that he knew that on the Jewish religious holiday of Chanuka people got together in her home. He suggested to her that she register herself according to the by-laws pertaining to religious groups in Moldavia. According to law (he proceeded to quote the following):

"Passed as an Order by Presidium Supreme Soviet of Moldavia SSR, Number 1616-IX-19/V 1977

"Paragraph 8: An organization or group of people who believe may begin their activities only after a decision has been taken based on registration by the Committee dealing With Religious Matters of the Supreme SSSR Committee of Ministers."

Ida replied that matters of religious belief are not a proper subject for discussion between a government official and a private citizen. The official indicated that not applying for this registration would be a clear violation of this law if she plans to again have people in her home to celebrate such holidays.

Congressman Ritter, I have come to know you as a friend of Ida's, as someone concerned with her fate. I am alarmed by this latest development. The Soviet authorities are obviously bent on making the advent of every holiday in the Jewish calendar a period of fear for Ida, for me and for all those dedicated people the world over who treasure the principles which guide her.

After twelve years of refusals, as Ida approaches her 53rd birthday on April 27, the time has certainly come for the Soviet authorities to relent and allow her to join me in Israel. I know that with your continued help, we can accomplish this seemingly modest but inexplicably difficult goal.

Sincerely yours,

Elena Fridman.●

WHY POLICE NEED GUN CONTROL

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. WEISS. Mr. Speaker, the anti-gun control lobby has successfully

thwarted efforts to toughen our handgun laws in part by posing as an ally of law enforcement. "We need to control criminals, not guns," the slogans chant, and "Without handguns, citizens will be defenseless."

With such gunslinging friends, however, the law enforcement community certainly does not need criminals. Patrick V. Murphy, president of the Police Foundation here in Washington and former chief police administrator in New York City, Detroit, Washington, and Syracuse, contends that those who oppose stricter gun control measures are actually foes of law and order.

I would like to share with my colleagues a speech presented by Mr. Murphy to the Humanist Society of Metropolitan New York last November entitled "Why Police Need Gun Control." Contained within is a compelling case that reveals the deceit and shallowness of the lobby's progun arguments.

The speech follows:

WHY THE POLICE NEED GUN CONTROL

(By Patrick V. Murphy, President, Police Foundation)

I deeply appreciate the invitation to be with you tonight. I always welcome the opportunity to return to New York.

Here I had the privilege to serve for more than 20 years as a member of the New York City Police Department, and those years have given me many wonderful memories . . .

Memories of the valor, decency, and dedication of the vast majority of New York police officers . . .

Memories of thousands of instances over the years when citizens like yourselves gave their police department cooperation and support . . .

Memories of the tremendous opportunities for growth and advancement which the New York City Police Department provides . . .

Ben Ward and I, a couple of cops born in Brooklyn, can tell you about those opportunities. So can the police chiefs of Seattle, Minneapolis, Baltimore County, San Jose, Birmingham, Alabama, and several other jurisdictions.

It's unprecedented in the annals of American policing—and few New Yorkers realize it—but former New York City police officials now are police chiefs in those jurisdictions.

It's a tribute to the quality of the New York City Police Department that other cities recruit from among New York's Finest to lead their department. I know Ben Ward will sustain and enhance that quality.

But all my memories of service in policing here are not happy ones.

The worst memory concerns 11 brave and dedicted men, sworn officers of our department.

In one year, as police commissioner, I helped to bury them. They were felled by handguns.

Those police officers believed in the dignity and worth of their fellow citizens.

I sometimes wonder if a good number of their fellow citizens reciprocate in that belief.

I am not speaking solely of the assailants of those officers and the hundreds of other police officers who have been attacked with handguns throughout the years.

I refer also to those millions of citizens who claim that they have the so-called right to enjoy the indiscriminate possession of unregistered handguns.

The minority of Americans who lobby against gun control demean the memory of police officers slain with handguns.

No one can claim to support the police and oppose gun control. Because the continuing, uncontrolled proliferation of handguns in America makes the police officer's job increasingly dangerous and stressful.

The danger lies not just in the possibility of a police officer being a victim of gunfire.

The danger resides also in the ever-increasing possession of handguns by citizens who use them in lawbreaking or in conflicts with others or under the influence of drugs or alcohol.

When a police officer or innocent civilians are threatened with weapons, the officer may have to use deadly force—the service revolver—to protect innocent life.

No officer wants to use the revolver. Police officers are sworn to protect life, not take it.

But the tidal wave of handguns engulfing American society contributes to situations where officers may have to use deadly force.

Society's gun culture—its romance with firearms—is a major factor contributing to the stress of police work.

When I was a young patrol officer in Brooklyn, there were many incidents of potentially lethal violence.

But, as often as not, the weapons involved were knives. There were plenty of woundings.

But there was not the sense of obliteration of human life which accompanies gunfire.

Those days on patrol certainly were less tense and fearful than they are now—when the next radio call an officer receives may involve handguns.

The perverse disregard for the police of handgun advocates has reached an incredible extreme.

Gun advocates are fighting legislation at the State and Federal level which would ban the sale and possession of armor-piercing handgun bullets.

These armor-piercing bullets are made with hard steel or brass and usually have a teflon or plastic coating. They have penetration power five times as great as that of lead bullets.

This penetration power means they easily can pierce bullet-proof vests which, I am sad to say, many police officers are forced to wear.

Bullet-proof vests can be uncomfortable, cumbersome to wear, and hot.

Wearing them is a continuous reminder to police officers of their vulnerability on the streets.

Most officers I know would prefer to leave bullet-proof vests in their lockers.

But the threat from handguns makes them a necessity.

It is not an exaggeration to say that the success of the gun lobby in defeating gun control legislation has added the bullet-proof vest to the police officer's wardrobe.

Now gun advocates are fighting the legislation which would ban armor-piercing bullets.

This is insane: The gun lobby's string of victories over the years has led to the wild proliferation of handguns on the nation's streets and in its homes—to the extent that police officers, like medieval warriors, must wear special armor, the bullet-proof vest.

But having forced the police to wear the vests, gun advocates are not satisfied.

Now they want unhampered sale and distribution of hardened, specially coated bullets that pierce bullet-proof vests which help to protect the police from the results of the gun lobby's earlier irresponsibility.

To agree with the gun lobby's reasoning, you would have to conclude that the Founding Fathers adopted the Second Amendment to the Constitution to protect the right of citizens to wound police officers through the protective folds of the bullet-proof vest.

On Capitol Hill, proposals to ban the manufacture, sale, and distribution of armor-piercing bullets have been introduced with the support of conservative and liberal Congressmen alike.

I would like to be able to report that the legislation soon will be passed and signed by the President.

But the Administration has yet to be heard from, pro or con, and the National Rifle Association is fighting the legislation on technical grounds.

When I last saw a count, the proposed Federal legislation had the support of 15 senators and 171 members of the House of Representatives.

These figures would be heartening to those of us interested in the protection of the lives of police officers if not for some other figures from Congress.

It appears that at least 52 senators and 120 members of the House have cosponsored the McClure-Volkmer Gun Decontrol Act.

Last May, President Reagan pledged support for the legislation, although the administration this fall offered several amendments which make the legislation somewhat less destructive of efforts to stem gun violence.

The effect of the McClure-Volkmer Act would be to make the already tough work of law enforcement all the more difficult.

The legislation would effectively repeal existing Federal gun control laws.

First, the prohibition on mail-order gun sales would be lifted. Next, anyone, not just federally licensed dealers as is now the case, could make interstate gun sales.

Third, the term "gun dealer" would be redefined in such a way that anyone could sell handguns without keeping a record of gun sales.

Finally, some local and state laws concerning gun commerce would be nullified in a way that would preempt state and local laws prohibiting the carrying of guns.

What does this mean for police?

For one thing, the successful work of the Bureau of Alcohol, Tobacco, and Firearms in tracing guns used in crimes would be gravely undermined.

Thus, it would become even more difficult for local police and prosecutors to detect and convict offenders in crimes involving guns.

It would be even easier for the criminals and the unstable to obtain guns, thus increasing the number of gun crimes with which the police must deal.

Local jurisdictions and states likely would have greater difficulty in keeping citizens from carrying concealed weapons.

In short, the proposed legislation would enhance opportunities for Americans to blow each other away and kill and wound the police if they try to intercede.

So inimical to the interests of law enforcement is the legislation that even the International Association of Chiefs of Police opposes it.

The police chiefs' association is a bedrock, politically conservative organization that represents the views of small-town America in law enforcement.

I have emphasized for a reason the effects on the police of the lack of effective gun control laws and of the attempt to repeal the laws we have.

After all, Americans in thousands of other occupations would benefit also from effective gun control.

But I have emphasized the police because the gun lobby seeks to pose as a valiant friend of law enforcement and as its concerned ally in the fight to control crime.

You know the slogans:

"When guns are outlawed, only outlaws will have guns."

"Control criminals, not guns."

"Without handguns, citizens will be defenseless."

And so on, in a litany of hypocritical cant.

Actually, police officers will tell you that all too frequently guns are what otherwise law-abiding citizens use in fits of passion or drunkenness or derangement to kill others or themselves, thereby literally becoming outlaws.

As for "controlling criminals, not guns," guns are the principal weapons that give street criminals the sense of warped empowerment which encourages muggings, rape, and other violent crimes.

As to the notion that "without handguns, citizens will be defenseless," the police know that the handgun in the innocent citizen's nightstand is many more times likely to be used accidentally or in suicide or in family or other disputes than in defense against intruders.

The same gun in the nightstand is also one of the most frequently sought-after prizes of the burglar.

Handguns stolen in residential burglaries contribute considerably to the arsenal of criminals.

To summarize: There is no valid law enforcement reason to justify the position of the gun lobby.

Guns possessed by citizens for reasons of self-protection are far more dangerous to themselves, their loved ones, and neighbors than to criminals.

Further, the easy availability of handguns poses a continuing threat to the police and to the goal of safe streets and neighborhoods.

Thus, it is clear that those citizens interested in the welfare and success of their police are the ones who support gun control efforts.

They are the citizens with a true dedication to law and order—a very useful descriptive phrase which deserves rehabilitation.

You will recall that during the 1968 presidential campaign the phrase "law and order" was debased—used as a code term for racial bigotry.

But just because it was twisted once to signify an appeal to hate does not mean that it should not be restored to its proper use.

For the police, law and order is a phrase describing their mandate which is to control crime and maintain order, two goals of every civilized society.

In my opinion, Americans who champion gun control champion law and order.

To repeat, they are the real allies of the police.

At a minimum, Americans interested in law and order should support the Kennedy-Rodino bill which, I am sorry to say, languishes in Congress.

The Kennedy-Rodino bill:

bans the sale and manufacture of Saturday Night Specials;

requires a 21-day waiting period and corresponding background check for handgun purchases;

requires mandatory jail sentences of at least two years for using a handgun in the commission of a felony;

tightens restrictions on handgun dealers and manufacturers;

and limits the number of handguns a person may purchase to two guns a year.

My preference would be for legislation that concentrates on more than Saturday Night Specials.

Police Foundation research has shown that the famous Saturday Night Specials, the cheapest of handguns, play no dominant role in the commission of violent crime.

On the contrary, a Foundation study demonstrates that higher priced brand-name handguns are used as crime weapons every bit as frequently as the cheaper guns.

So I would like to see federal legislation strictly controlling all handguns, regardless of their price tag.

This means passage of legislation requiring federal registration of all handguns.

In the best of circumstances, possession of handguns would be limited to those who have a good reason to hold them: the police, the military, registered and trained private security personnel, and, perhaps, some retail merchants, sportsmen, and others who can show a valid need.

However, because 50 to 60 million handguns already are in circulation and because the gun lobby's strength in Congress is still so pervasive, we must accept the Kennedy-Rodino bill as a first step toward eventual federal gun control.

Support of that legislation is the least Americans can do to help their local police assure law and order.

It also might help prevent police chiefs from having to attend the funerals of slain officers.

Thank you.●

IDAHO FOREST MANAGEMENT ACT

HON. LARRY E. CRAIG

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. CRAIG. Mr. Speaker, today Congressman HANSEN and myself are introducing the Idaho Forest Management Act of 1984. This bill is basically the companion to S. 2457 that has been introduced by Senator McCLURE in the Senate. These two bills represent an effort put forth by the Idaho congressional delegation to resolve the issue of wilderness in Idaho.

Idaho has been idling in neutral, as it relates to the management of its public lands, for approximately 10 years. Roadless areas that were reviewed under the first roadless area review and evaluation (RARE I) study process are still being managed as defacto wilderness. Many of these lands were recommended for multiple use, but have been managed as multiple use because of Congress inaction. Upon completion of RARE II, the process was supposed to have been brought to an end. Once again, Congress has failed to resolve the issue in many of the 13 Western States and much of the land recommended for multiple use management has been left sitting idle.

Idaho is second only to the State of Alaska, in the amount of acreage that is designated wilderness. The Idaho delegation's plan is to add another 526,064 acres to the already existing 3.8 million acres of wilderness. This will bring the total for wilderness in Idaho up to 4.33 million acres. By comparison, California a State much larger in size has only 2.15 million acres of wilderness.

Idaho has approximately 53 million acres of land within its borders. This may sound like a large area, until you realize the Federal Government controls 65.4 percent of this land base. More than 20.5 million acres are directly controlled by the Forest Service. If this legislation is enacted, this will mean approximately 37 percent of Idaho's roadless national forest land will be designated wilderness. This is large, especially if you consider the Bureau of Land Management (BLM) controls 11.9 million acres in Idaho, and they have not formally made their wilderness proposals as yet.

Idaho is a State rich in natural resources. There are opportunities for eveyone to recreate. Of course, it is just as important to remember that the public lands provide a resource for Idaho's traditional industries. Many of the people who use public lands to recreate, also earn their livelihoods in these traditional industries. This is why it is very important to have a balance between land solely managed for wilderness and land managed under multiple use policies.

If the balance is not reached the people of Idaho will suffer. Two good examples of unbalanced management policies are glaringly available. The town of Kamiah is faced with the loss of its major industry. The mill has employed 190 people, but these people now are facing unemployment. The second example is, Salmon, Idaho. The mill in this town has employed 120 people on a steady basis and they are now faced with the same dilemma as Kamiah. The repercussions will be felt by the small businesses in each of these communities.

The bill the Idaho delegation has formulated will bring certainty to the management of national forest lands in Idaho. The Idaho delegation has worked for more than a year to prepare a fair proposal to resolve the roadless area issue. It is not easy to obtain acceptance from everyone, but in this case, the delegation believes this bill is the right approach.

A statewide survey conducted by Senator McCLURE in July of 1983 found the people wanting a conclusion to the wilderness question. Three out of every four respondents favored far less than 1 million acres of wilderness. About 52 percent believed that Idaho had enough wilderness and the rest felt any increase should be limited to less than 600,000 acres.

There is a common misunderstanding about wilderness. Many people have the perception that a wilderness area is accessible by motorized vehicles. This is not the case. A wilderness area prohibits any motorized traffic and this means the elderly, the handicapped, and the very young are virtually precluded from using these areas. In retrospect, this type of land designation discriminates against the members of society that may have the desire to view such an area, but do not have the resources to make it a reality.

The decision to include or exclude an area for wilderness designation is very tough. As I stated earlier, for the past 7 months, the Idaho congressional delegation and their staffs have worked together to develop a wilderness plan, painstakingly correlating proposals and testimony with highly detailed maps. The end result of this hard work is the Idaho Forest Management Act. The three major objectives of this bill are first, to designate new areas for inclusion into the wilderness land base; second, to bring a resolution of areas not included in the wilderness proposal; and to end the question of sufficiency regarding the RARE II studies. The Idaho Forest Management Act simply states that these studies were sufficient.

In one way or another, all Idahoans are dependent upon our national forests and the goods and services they provide. This is why the Idaho delegation supports multiple-use management of these lands. All of Idaho has a vested interest in the usage of these public lands, and steps must be taken to insure that the Forest Service ought to get on with managing our lands rather than perpetually studying them.●

MARY BROADWATER, A FRIEND OF EDUCATION

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. HOYER. Mr. Speaker, late last month the State of Maryland lost one of its leading proponents in the field of education with the passing of Mary D. Broadwater.

For 9 years Mary Broadwater had served as a member of the Board of Regents at the University of Maryland, and, as such, she had played an integral role in the development of that institution into one with national academic stature.

As a board member, she chaired, for 6 years, the educational policy committee, reviewing new academic programs and developing a "Plan for Action" for the university. Through her efforts, the school established a strong intercollegiate athletic program for women, one of the first of the major public universities to do so.

More recently, Mary Broadwater chaired the professional affairs advisory subcommittee of the hospital and health services committee. As chairman, she was responsible for directing the subcommittee's monitoring of the quality of care at the hospital, and she reviewed all medical staff appointments at the hospital.

Mary Broadwater came to the Board of Regents after a long career of professional and civic activism. She was a dedicated and compassionate social worker, having received her degree from the University of Maryland in 1941. For 18 years she served as a child welfare caseworker with the Washington County Department of Social Services, until her retirement in 1982.

She was long an advocate for women's rights and served on the Maryland Commission on the Status of Women from 1968 to 1976. She was a past president of the American Association of University Women, and a founding member of the Washington Chapter of the League of Women Voters and the National Organization for Women. She also was a member of the board of directors of the Hagerstown Girls Club and the Hagerstown Citizens Assisting and Sheltering the Abused (CASA). In 1979 she received the national award for advocacy for girls from the Girls Club of America.

Mary Henderson Broadwater was a descendant of several land grant holders of Montgomery County, Md. She was born on Londonderry Farm near Germantown. She and her husband, Norman, raised two fine sons, John and Thomas.

Throughout her life, Mary brought a contagious energy and enthusiasm to all she attempted. She had the unique gift of bringing people of diverse opinions together. It was this ability, along with her constructive and inspiring attitude that made her so successful.

Mr. Speaker, we shall all miss the kindness and devotion of this fine woman. Her contributions to the University of Maryland and to her community will long be remembered, as will her caring and inspiring spirit. I know my colleagues join me in sending our sincere condolences to her family.●

A GRENADIAN SHARES HER ISLAND'S PAIN

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. WEISS. Mr. Speaker, it is rare that we have the opportunity to hear the views of individuals from lands where we intervene militarily.

In the case of the U.S. invasion of Grenada last October, the opportunity was even more limited due to the Reagan administration's prohibition on media coverage of the event. Subsequently, Grenadians have hesitated to criticize the continued American presence in their homeland.

Therefore, this headline, "A Grenadian Shares Her Island's Pain," in the March 22 edition of Newsday caught my eye. The article is a poignant account by Dawne Noel, a Grenadian now living in the United States, of the invasion and the events preceding and following it, as reported to her by friends and family who were there. She describes the growing pride that Grenadians had felt at the progress of the Maurice Bishop government and the shock and pain that they suffered at his overthrow and the subsequent invasion.

She also calls attention to appalling activities that Americans allegedly carried out in the early days of the invasion, including searches without warrants, detention of "troublemakers," and imprisonment in wooden crates.

I urge that this article be read as a means of balancing the information that has appeared so far regarding Grenadian reaction to the U.S. invasion:

A GRENADIAN SHARES HER ISLAND'S PAIN

(By Dawne Noel)

The new international airport in Grenada was to have been opened on March 13, to commemorate the fifth anniversary of Maurice Bishop's seizing power as prime minister. Grenadians were looking forward eagerly to this historic event. Unfortunately, the ceremony never came to pass, because the overthrow and killing of Bishop, and the subsequent invasion of Grenada by the United States last October, brought everything to a bloody halt.

This is one of the times when I feel lonely and depressed. There are other times when I feel betrayed by my Creator. There are also times when I feel like curling up in the fetal position. The events in my beloved country, Grenada, imposed all of these feelings on me at once.

Grenada, land of spice and promise. Land where lizards walk lazily home at dusk unafraid of sun-drunken crabs walking sideways in their stupor. The island where the loudest noise on any day could easily be waves splashing on some mossy rock at dawn, or somebody's aunt belting out a hymn in her backyard, or some frightened robin protesting at the top of his little voice because a tiresome blue jay confiscated his worm. That was my Grenada until October, 1983.

The government of Maurice Bishop and his New Jewel Movement in Grenada was not altogether Communist or Socialist, nor did it embrace any other foreign ideology. It was there specifically to bring about a better way of life for Grenadians in a way it saw fit and right, and it was accepted by the vast majority of its people. In the process, Grenada served as a beacon for oppressed people around the world.

The Grenadian people had found a new sense of pride; they had a voice in their present and in their future at last. Education had become a right and not a privilege, and the old as well as the young were enjoying this new opportunity. Grenada was developing to such an extent that Time magazine was prompted to report on the positive changes that were taking place.

The Bishop government's ideology brought to mind that of Patrice Lumumba and Marcus Garvey—that black people should begin to think and decide their own fate. Many years ago, Garvey said, "If the Negro is not careful, he will drink in all the poison of modern civilization and die from the effects of it." This, sorrowfully, is what is going on in my country at the present time.

I was seated in front of my television set in Far Rockaway when news of the invasion (allegedly a "rescue") came on. Parachutes were falling out of the sky, descending towards their prey—my land.

It reminded me of the very first time I saw snow falling. I had stretched out my arms and looked upward to let the snowflakes fall on my face. Millions of tiny marshmallows covered my face and fell softly at my feet. I stood in Brooklyn and thought to myself, I will never go back to Grenada—this is too beautiful. That was a very long time ago.

I had come in 1968 to the United States of America, like most other Grenadians who came here, for the simple reason that the government of Eric Gairy in my country at that time prohibited the progress of its people, in terms of education, jobs and freedom. I had lived in England in the early '60s, at the same time that both Maurice Bishop and his New Jewel Movement colleague Bernard Coard—who later helped overthrow Bishop—lived there. I had listened to numerous of their political debates.

I had gone through elementary school with Jacqueline Creft, Bishop's minister of education who was killed with him in the bloody massacre of October, and thus I was fiercely saddened by all the events that took place.

I repeatedly ask myself what could have been the motivation of those who led the coup against Bishop. Was it greed? Was it stupidity? Was it confusion? Perhaps it was just ignorance or badness. The answers elude me still. The Americans came before Gen. Austin Hudson and Coard had a chance to let us know what they were about.

These events shocked and hurt me. The invasion had a similar effect. Maybe worse. The paratroopers fell on my chest. They fell on my soul. They did not come softly like the snow. They came too soon, before we had a chance to right our own wrongs, mop up what blood was spilled and thereby prevent the spillage of more.

The sight of the parachutes was paralleled only by the tremendous din of a fighter plane shooting fire out of the skies—the once blue skies of minutes ago. It seemed like a giant firefly was moving drunkenly about the heavens in the throes of death, and was throwing up its lighted stomach in the process.

The paratroopers took to running around the place with pointed guns (My sole surviving matriarchal aunt is now suffering from angina because of this display of heroism.) They ran up and and down the beaches and made giant holes in the smooth white sand.

I feared for my family on the island. I later learned that a friend's little boy had picked up a grenade, in an area where as children we picked up marbles to play, and hurt himself seriously. My sister's voice (when I was finally able to reach her) sounded as though the world had come to an end.

Now that things are supposedly restored to normal, I only pray that the Americans who remain in Grenada do not continue the careless disregard for fundamental rights which they displayed in the early days of the invasion. Coard and fellow coup-leader Austin were manacled and blindfolded, contrary to accepted practices in treating war prisoners. Posters depicting their humiliation were put up all over the island by psychological operation units of the U.S. Army in a sad imitation of the Iranians who blindfolded and marched American diplomats around Teheran.

American military police have questioned Grenadians about their political beliefs, conducted searches without warrants, detained suspected troublemakers and held people inhumanely in wooden crates. Attention needs to be paid to these un-American practices.

The United States has accomplished what it set out to do. Having led the invasion, it cannot shirk its responsibility: It should rebuild the hospital it blew up, it should finish the airport whose construction it disrupted. Then the Americans should leave and let the Grenadians settle their own future.●

A TRIBUTE TO MAYOR JOHN T. HALLAHAN

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. LENT. Mr. Speaker, I rise today to bring to the attention of my colleagues the retirement of Mayor John T. Hallahan of the village of Farmingdale, in the Fourth Congressional District of New York which I have the honor to represent.

Mayor Hallahan's record as mayor, village trustee, and planning board member is one of 27 years of dedicated service and commitment to the people of Farmingdale. Mayor Hallahan endeared himself to the residents of Farmingdale with his warm and winning personality. He gained their respect and admiration with his honest and efficient administration of village affairs.

Born in upstate New York, Mayor Hallahan attended Union College and Syracuse University—where he earned a graduate degree in public administration. After a 4-year stint in the Armed Forces during the Second World War, Mayor Hallahan embarked on a career in government that led him to the staffs of U.S. Senator H. Alexander Smith and Congressmen James Grover and Stuyvesant Wainright. However, Mayor Hallahan's career successes have not been limited to the public sector. He has distinguished himself as an instructor at the State University of New York in Farmingdale and he has served as vice president of the Independent College Fund of New York.

After such a varied and distinguished career, Mayor Hallahan has certainly earned his retirement. I know that the people of Farmingdale will miss him. I know that my colleagues in government in Nassau County will miss him. And I know that I particularly will miss his counsel and advice.

I hope that you would join me in wishing John and his lovely wife, Isabelle, nothing but happiness in the years ahead.●

TOTALITARIAN RULE BREEDS HOLOCAUSTS

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. RITTER. Mr. Speaker, recently I was privileged to hear Prof. Franklin Littell, one of the world's leading scholars on the Nazi Holocaust, speak in Allentown, in my district. As a member of the audience, I found that his words carried great meaning and wisdom. It is imperative to remember that, while the past horrors of the Nazi Holocaust are well known, we must strive to use those lessons as a guide in the present. Thus it is important that we testify to the less well recognized danger we face today from another, ever more powerful totalitarian state. Professor Littell's speech prompted me to write a column for the Globe-Times newspaper of Bethlehem, Pa., which I would like to share with my colleagues.

The article follows:

TOTALITARIAN RULE BREEDS HOLOCAUSTS

One of the world's foremost scholars on the Nazi Holocaust, Professor Franklin Littell, gave a speech recently to an audience of Lehigh Valley community leaders. His superb scholarship and his eloquence brought home those unthinkable, those impossible yet irreversibly real events of that era. He focused on the human dimensions of responsibility then, now and in the future.

Professor Littell urged that we be interested in the Holocaust not only for historical and commemorative reasons but to ensure that such situations do not recur. That came out time and again at the luncheon. That totalitarian rule is the fertile ground for holocausts cannot be denied. Only in a state with supreme power over all aspects of life, power tightly held in the hands of a few, can such racial, ethnic or political hostility became so savagely and pervasively institutionalized, so bureaucratized.

Today's Western democracies with their decentralized economic, political and social life are not the breeding grounds for holocausts. The great holocausts of recent times took place in countries under totalitarian rule; Nazi Germany against the Jews, in the Soviets Union against Ukrainians, in Communist Cambodia against the Cambodian people and today by the USSR in Afghanistan against the Afghan nation. The book is still to be written on China under Mao.

The subject of my own questions for Dr. Littell, "international terrorism, the Soviet Union's key role in that terrorism, and the shared thread of anti-semitism that runs through it all over the world," is well known to Dr. Littell and, indeed, to all scholars of the Holocaust. This common thread of anti-semitism that runs through the international terror network traces its deep roots to the KGB and the blatant anti-semitism of the Soviet domestic and foreign policy. Rampant anti-semitism is the stuff that precedes holocausts against Jews.

The Soviet State has had its own holocausts, via Gulag and the cumulative murder of tens of millions of its own citizens. Lehigh Valley Ukrainian Americans commemorated this past year the 50th Anniversary of the enforced starvation of 7 million Ukrainian men, women and children in the years 1932-33. In only two years, by confiscating a nation's food and sealing its borders, Soviet Communism perpetrated a holocaust comparable in size to that of the Nazis in WWII.

Author Susan Sonntag admitted the error of the American Political Left of which she was part and parcel, when she characterized Soviet Communism as the equal of Nazism, as fascism with a different face. George Will from the opposite end of the philosophical spectrum calls the Soviet Union, the "moral twin" of Nazi Germany.

Thus, from the Left and the Right of the political spectrum, the Soviet Union, like Nazi Germany is considered a totalitarian police state and like Nazi Germany had and has the essential ingredients for holocausts. The biggest differences between them are that Nazi Germany was defeated and the USSR is more powerful than ever; and the Soviet Union is still virtually closed while Nazi Germany was opened up at the seams after defeat. Also, while Nazi rhetoric spelled out their desires for conquest and was harsh—Soviet rhetoric talks of peace and aims to please.

I am not saying that the various peoples of the Soviet Union are bad. Far from it; Russians, Ukrainians, Baltics, Armenians, Central Asians and so many other nationalities have marvelous attributes to offer each other and the rest of the world if they had some greater opportunity to do so. The Soviet Union's performance in the sports world in the recent Olympics is a classic example.

I am saying that totally concentrated power in the totalitarian state—where everyone works for one boss, the state; where the religion is a state function (Marxism-Leninism has forcibly replaced traditional religions); where a small fraction of the population, mostly the communist party, has the lion's share of the fruits of society's labors; where secret police and terror, not the courts, define law—leads to the kind of society whose ultimate repression is holocaust, is genocide. "Absolute power corrupts absolutely." The phrase packs punch.

Having lived in the USSR, speaking their language, having engaged in a twenty-year avocation with their history, culture and political life, serving on the Congressional Helsinki Commission and as co-chairman of the Ad Hoc Committee on the Baltic States and Ukraine, I cannot ignore the lessons of history. I cannot ignore the totalitarian, moral kinship between the Soviet Union and Nazi Germany. To do so would be to ignore the past and invite future holocausts.●

UNEQUAL TREATMENT OF THE EQUAL ACCESS ACT

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BONKER. Mr. Speaker, in a recent editorial "The Unequal Access Bill," the Washington Post did not properly represent legislation intended to insure government neutrality toward religion in secondary public schools. The bill I have sponsored protects the free speech rights of students by granting religious student groups the same right to meet during noninstructional periods as other student-initiated groups at public secondary schools. The Equal Access Act (H.R. 5345) was reported last week from the Education and Labor Committee by a vote of 30 to 3.

Prof. Laurence Tribe of Harvard Law School, one of the Nation's most respected constitutional scholars, testified in favor of the legislation and gives the following point-by-point refutation of the Post's editorial.

HARVARD UNIVERSITY LAW SCHOOL,
Cambridge, Mass., April 8, 1984.

To the EDITOR: The Washington Post did a real disservice to the cause of informed debate about religion in the public schools with its April 6 editorial miscasting the Bonker-Hatfield Equal Access Act (H.R. 5345) as "An Unequal Access Bill," even though the act is directed solely at public schools that "discriminate on the basis of the religious content of the speech" at otherwise allowed student meetings.

The Post initially suggests that this act is unnecessary in light of a 1981 Supreme Court ruling that public colleages may not discriminate against student meetings based on their religious content. Unfortunately, some lower courts have denied the relevance of that equal-access principle to students in public high schools: hence the need for a Federal law to withhold public support from those school authorities that persist in discriminating against students simply because of the religious messages they wish to share.

This act certainly would not do what the Post claims it would—"force schools to accommodate religious meetings even when the school board chooses to deny access to other groups." On the contrary, the act applies, by its own terms, only to the degree that a school "generally allows" other student-initiated "groups . . . to meet during noninstructional periods."

The Post erroneously says that the act would force public schools to allow "outside religious leaders" to conduct school-sponsored "worship service[s]" on their premises—something the Supreme Court in fact held illegal in 1948, and something section 3(4) of the act would therefore expressly preclude.

As groundlessly, the Post complains that the act would leave schools "free to deny access to religious groups that did not have sufficient members in the student body." Quite the contrary, the act would assure that, if a school is willing to keep the gym open after hours, for example, for any half-dozen students interested in discussing poetry, it must do as much for the half-dozen who want to pray—whether or not they are members of the smallest religious group at the school. Obviously, schools must be free to limit after-hours uses to situations in which more than a minimum number of students seek to meet—regardless of what the meeting is about. What would the Post do—force schools to waive such neutral rules for religion only? Would that not do what the Post mistakenly accuses this act of doing—namely, granting "superior rights to religious . . . over . . . political or civic" causes and groups?

Certainly the Post's final assertion—that the act would lead to "release time religious instruction in the schools, during the school day—for major religions only"—is sheer fantasy. No one who has read the act fairly could attribute any such effect to it.

According to the Washington Post, "any congressman with a passing acquaintance with the first amendment has an obligation to vote [this bill] down." I know at least one congressman—Barney Frank (D. Mass.)—who has more than a passing acquaintance with the first amendment: Barney was an outstanding student in the Constitutional Law Course I taught at Harvard 8 years ago and received one of the few A's I gave that year; being a busy State legislator at the time, Barney turned down an invitation to serve as an editor of the Harvard Law Review. Like me, Congressman Frank opposes official, organized prayer in the public schools. But like me, he believes the Equal Access Act is perfectly constitutional—and favors its passage.

Perhaps the Washington Post, which seems to be reading a version of the act all its own, also has a copy of the Constitution different from the one Barney Frank and I have been studying all these years.

Yours truly,

LAURENCE H. TRIBE,
Tyler Professor of Constitutional Law.●

THE PRINCE GEORGES COUNTY CHAMBER OF COMMERCE

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. HOYER. Mr. Speaker, 60 years ago, in 1924, William A. Brooks, a prominent merchant and former mayor of the town of Hyattsville, had an idea: Extend a major artery, Rhode Island Avenue, and provide a continuous thoroughfare through the town and into Hyattsville. In order to implement this idea, Brooks and other business leaders created an organization which today is called the Prince Georges Chamber of Commerce, then known as the Chamber of Commerce of Hyattsville.

Within 6 years, the goal was attained: The thoroughfare was built, and an overhead crossing at the B&O Railroad was constructed to eliminate a dangerous intersection. This first accomplishment only whetted the appetite of the membership for positive change in the community. Another cause was taken up—that of reducing the rates that 3,000 residents and business paid for natural gas. This resulted from a chamber initiative with the Washington Suburban Gas Co., to renegotiate the valuation of the Hyattsville natural gas plant.

It was from these early achievements that the chamber realized the potential of collaborative action through the orchestration of business, industry, government, and civil groups toward the common good. The roots of this idea began to grow, and soon the chamber became a vehicle for charitable donations to serve the community's needs. For instance, chamber member William A. Magruder donated 12 acres to the city of Hyattsville for a park and playground, making this donation through the chamber.

Coordinating the efforts for a unified street lighting system with neighboring jurisdictions led to more extensive cooperation, and the chamber, in 1933, became truly a full-county organization, adopting the name by which it is known today.

Sixty years after its inception, one of the most important activities of the chamber is to assist in creating a conducive climate for business in an effort to attract new businesses and employment. This mission was inaugurated by A. H. Seidenspinner in 1930 when he became the first chairman of the chamber's Industry Advertising Committee.

By mid-World War II, the chamber's activities had expanded to a level rivaling those of today. Committees were charged with responsibilities in the areas of transportation, education, zoning, business promotion, health care, public utilities, legislation, and civil defense.

Also by the time, the chamber had obtained the services of a full-time staff person. James W. Campbell became executive secretary in January 1941, with offices located in the Professional Building in Hyattsville.

In the legislative arena, the Prince Georges Chamber of Commerce steadily increased its role and effectiveness in affecting positive, commonsense laws. A major victory was realized by the chamber in 1970 when, after more than a decade of effort, Gov. J. Millard Tawes signed into law the elimination of a county inventory tax on businesses. The abolishment of this tax resulted in the immediate savings of as much as $150,000 for individual county businesses, and became a determining factor in the decision of industries to locate in Prince Georges County.

Building on the solid foundation of those early years, today's Prince Georges Chamber of Commerce can offer a proud list of highlights of its accomplishments worthy of its founders. In addition to the chamber foundation, which exists to aid, benefit, educate, and support the underprivileged, another fund for the pooling of resources is the Business Political Action Committee known as BIZPAC. BIZPAC represents the united voice of the Prince Georges business community by helping to elect business-oriented candidates.

Exercising its commitment to improve the quality of life in the county, the chamber provides countless opportunities in areas such as public education, arts, public safety, parks and recreation, social services, and tourism for the 1,200 business representatives who comprise its membership. Numerous community organizations including CRIMESOLVERS, The Prince Georges Champions Association, and the Family Crisis Center of Prince Georges County, Inc., originated under the auspices of the Prince Georges Chamber and remained so until their strength and viability developed to the stage of autonomy.

Annually, the Prince Georges Chamber of Commerce proudly hosts the county's official police and fire awards banquet, educators luncheon, work-study scholarship program, state of the economy breakfast, and the Prince Georges Business and Trade Show. Since 1924, the chamber's program of work has evolved to include the distribution of a national award winning monthly newsletter, legislative alerts, general membership programs, timely and informative seminars, no-cost professional small business counseling, forums with local legislators, and continuing services to support businesses of all sizes.

Mr. Speaker, this Friday, men and women from throughout the Fifth Congressional District and from the rest of Prince Georges County will join in a celebration of the 60th anniversary of the founding of this important group. I know that you and my other colleagues join with me in expressing our sincere congratulations on this occasion—for the fine things this group has accomplished in the past and in the present and for the new ideas and plans it will achieve in the future. The contributions of the Prince Georges Chamber of Commerce have made for a better and more prosperous community for us all.●

TALES OF TWO ELECTIONS

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. WEISS. Mr. Speaker, on Sunday, March 25, thousands of Salvadorans went to the polls to elect their country's president. I believe, as does the President, that the massive turnout demonstrates the hopes of the Salvadoran people for peace. Yet I disagree with Mr. Reagan's contention that the elections prove the strength of democracy in El Salvador and the success of the administration's Central American policy.

The public demonstrations and turnout so vividly portrayed on our Nation's televisions the following Monday glossed over the deep-seated social and political problems in El Salvador. The fact that the Salvadorans had to vote or face possible legal action against them was omitted. Nor was there a clear description of the confusion and disarray surrounding the election process.

But more profound questions remain unanswered. Will the elections dramatically reverse El Salvador's 4 years of bloodshed and civil war? Will they produce a government that will bring to justice the murderers of the four American churchwomen and the other U.S. citizens killed in El Salvador, not to mention more than 30,000 Salvadorans killed in the past 4 years? Will either Mr. Duarte or Mr. D'Aubuisson, the two candidates in the upcoming presidential runoff, control the Salvadoran security forces and death squads responsible for most of those murders?

The following article from the March 31 Nation by Edward S. Herman raises another important question: Has the Reagan administration been as demanding of the electoral process in El Salvador as it is of the upcoming November 4 elections in Nicaragua?

It is true that important questions surround the conduct of the Nicaraguan elections. Will exiled groups such as Eden Pastora's ARDE be allowed to participate? Will La Prensa be censored? What kinds of controls will be placed on opposition groups while campaigning? Toward the Nicaraguans we should be circumspect, yet encouraging.

But we should not respond to what I view as positive steps toward opening up the political process in Nicaragua with stepped up Contra activity, or with further aid for the anti-Sandinist rebels, or with direct or indirect support for the mining of Nicaraguan ports.

The democratic process is founded on the principles of fairness and evenhandedness, flavored with a healthy

dose of skepticism. These principles have not been adhered to by the Reagan administration in its treatment of the elections in Central America.

I encourage my colleagues to read the following article which demonstrates this point:

[From Nation, Mar. 31, 1984]

TALES OF TWO ELECTIONS

(By Edward S. Herman)

The March 25 Salvadoran election was sponsored by the United States and was designed to legitimize the rule of the armed forces and a tiny associated elite. In Nicaragua, by contrast, the present leadership is opposed by the United States, and Administration pressure for elections—now set for November 4—has been part of an overall destabilization program. For cases so antithetically viewed in Washington, different symbols are employed and different criteria are utilized. The U.S. government has set the stage and defined the players and their roles, and the mass media has dutifully followed the cues.

Salvadoran elections have been consistently associated with positive symbols of democracy. In March 1982 official spokespersons repeatedly stressed that the Salvadoran government and armed forces support and protect elections; that the rebels oppose them, refuse to put their claims to a test and even attempt to disrupt this step toward democracy. That formulation allowed a substantial voter turnout to be interpreted as a popular vindication of the military regime and the United States, and their plans for the future of El Salvador. The quintessence of that framework was captured in Warren Hoge's summary of "the issues" involved, in the March 27, 1982, New York Times. Here is how he described the role of the security forces:

"Is the military playing any role in the elections?

"Members of the military are not allowed to vote, and the armed forces has pledged to protect voters from violence and to respect the outcome of the contest."

No other pertinent "issue" involving the armed forces was mentioned.

That kind of favorable portrayal of the election required a certain amount of complementary suppression and lying: for example, downplaying the fact that the main reason for holding the election was to influence public opinion in the United States, that the rebels could not and were not meant to participate, that voting was required by law and enforced by explicit threats and that years of repression and state terror had created a climate of fear incompatible with free elections. The staging of the Salvadoran election for U.S. domestic consumption also required that official observers be dispatched to the scene on election day and shunted from one polling station to the next to witness the long lines of happy voters. The observers could then testify to the fairness of the election and to the emotions aroused by the sight of streams of peasants determined to record their votes for peace and democracy in defiance of sinister rebel threats. The mass media reported those observations as meaningful for evaluating the election in accordance with the dramatic and symbolic framework.

The Nicaraguan elections are framed differently. There the U.S. government and the media focus on the hidden motives of the Sandinistas. They are said to be using elections to placate their critics at home and abroad, not to move toward democracy. In El Salvador, the rebels' refusal to participate in the election demonstrates an unwillingness to test their popularity in a fair vote. For Nicaragua the question is, Will the dissidents be allowed and encouraged to run or will the Sandinistas put obstacles in their way? A March 17 article in the New York Times, "Foes of Sandinistas Call Voting Law Unfair," provided generous space for attacks on the reduction of the voting age, the limits on opposition radio time and other features of what is repeatedly described by critics as "an electoral farce." One week before the Salvadoran election there had been no article of comparable scope or tone in The Times on electoral conditions in El Salvador. As of March 17, also, the leading U.S. newspapers and network TV had never mentioned that Salvadoran electoral law calls explicitly for "transparent voting urns" and allows security forces access to the polling stations.

In Brazil on February 5, Secretary of State George Shultz commented on the prospective elections in Nicaragua: "The important thing is that if there is to be an electoral process, it be observed not only at the moment when people vote, but in all the preliminary aspects that make an election really mean something." In considering the Nicaraguan elections Shultz not only emphasized those "preliminary aspects," he also derided the notion that an intelligent assessment of the fairness of an election can be made from observations at polling stations. Yet the U.S. government and the media based their evaluation of the 1982 Salvadoran election almost entirely on such observations.

Testifying before the Senate Foreign Relations Committee on February 22, Shultz suggested that for elections to be democratic, "rival political groups" must be allowed "to form themselves and have access to people, to have the right of assembly, to have access to the media." He was referring to Nicaragua. Neither Congress nor the press has yet asked Shultz whether the "preliminary aspects" so relevant to Nicaragua were met in El Salvador. This is a well-nigh perfect case of Orwellian doublethink: to forget a criterion "that has become inconvenient, and then, when it becomes necessary again, to draw it back from oblivion for just so long as it is needed."

Not one of Shultz's basic conditions for a free election was met in El Salvador in 1982 or this year. By law and systematic repression there is no freedom of speech or assembly; there is no freedom of the press (the two independent newspapers were closed by state violence, and more than two dozen journalists have been killed since 1979); labor unions, peasant associations and other popular groups have been forced out of existence on a scale vastly exceeding anything in "totalitarian" Nacaragua; 138 top leaders of the center and the left were put on an armed forces death list in March 1981, and scores of politicians have been killed. The forces of state terror are large and active.

The Salvadoran election of 1982 took place in "mid-holocaust": an average of at least 700 civilians had been murdered by the security forces each month in the thirty months preceding the election. The table below spells out some of the gruesome data; the column on the right translates the numbers into their U.S. equivalents. Imagine an election in the United States following the murder of almost 1,000 Democratic Party politicians, 5,000 labor leaders, 1,200 journalists and a million-odd other citizens. The table does not account for refugees, whose U.S. equivalents would number over 30 million.

Secretary Shultz has, in his way, performed a service by raising questions about the superficiality of focusing on election-day events and disregarding the "preliminary aspects" that make elections meaningful—or meaningless. He provided an implicit—and devastating—critique of media coverage of El Salvador in 1982. Again this year the press and the government have concentrated on election-day hype in El Salvador and raised basic questions only about the elections in Nicaragua. This is doublethink in the service of a double standard.

(Edward S. Herman is co-author, with Frank Brodhead, of Demonstration Elections: U.S.-Staged Elections in the Dominican Republic, Vietnam, and El Salvador, published last month by South End Press.)

CLEARING THE GROUND FOR A FREE ELECTION—POLITICAL MURDERS BY THE SECURITY FORCES IN EL SALVADOR

[October 1979–March 1982]

Class of victim	Number of murders	U.S. equivalent
Political leaders:		
a. Christian Democratic Party officials	20+	900+
b. Democratic Revolutionary Front Officials	6+	270+
Labor leaders:		
a. Salvadoran Communal Union Officials	83–92	3,735–4,140
b. Agrarian Reform Institute (ISTA) employees	40	1,800
c. Trade union leaders	NA	NA
Human rights workers:		
a. Oxfam staff	17	765
b. El Salvador Commission on Human Rights staff	3	135
Clergy and Religious workers	25	1,125
Students	1,090	49,050
Teachers	224	10,080
Journalists	26	1,170
Peasants, workers and others	[1] 21,453–30,000	[2] 965,385–1,350,000

[1] Minus the total of above.

[2] Minus the total of above.

Source: Edward S. Herman and Frank Brodhead, Demonstration Elections: U.S.-Staged Elections in the Dominican Republic, Vietnam, and El Salvador, South End Press, p. 123 (detailed sources provided in text). U.S. equivalents are based on a 1982 population forty-five times the size of El Salvador's.●

AUTO POLICY BANKRUPT

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● **Mr. FLORIO. Mr. Speaker, on April 11, the Federal Trade Commission voted (3 to 2) to approve a joint venture for production of small automobiles by General Motors and Toyota—two of the giants of the worldwide automobile industry.**

In hearings before my subcommittee on this joint venture, critics charged that the venture is not only a plain violation of the antitrust laws, but is part of a trend that will leave the United States with a shrunken, third-rate domestic auto industry. The prospect is for increasing reliance on foreign sources for sophisticated aspects of auto production, with domestic pro-

duction based on a reduced number of low skill, low pay jobs.

This prospect is well described in an article by Robert B. Reich from the New Republic which I am here inserting in the Record.

The policy of the administration toward the auto industry is another indication of its willingness to write off the industrial future of this country. It is a bankrupt policy, and I believe that fact becomes clearer by the day.

The article follows:

GENERAL MOTOR'S PACT WITH TOYOTA IS A COVER FOR SURRENDER.—COLLUSION COURSE

(By Robert B. Reich)

Just about one year ago—on February 17, 1983, to be precise—General Motors and Toyota announced plans for the joint manufacture of a subcompact car in the United States. General Motors would contribute its assembly plant in Fremont, California, and $20 million in cash. Toyota would kick in $150 million in cash. The car, a front-wheel-drive version of the Toyota Corolla, which Toyota already produces and sells in Japan, would be called, in its American version, the Chevrolet Sprinter. About two hundred fifty thousand cars would be produced annually.

The only thing unusual about the arrangement was its two participants. These are not mom and pop operations. General Motors is the largest manufacturer of cars in the world. It sells 44 percent of the cars people buy in the United States. Toyota is Japan's largest car maker and the third largest in the world. In the U.S. market Toyota ranks number four, just after Chrysler. In sales of subcompacts within the United States Toyota ranks number three, ahead of Chrysler. Both GM and Toyota have long set the pace for the other automobile companies in their home markets in prices, styling, and innovation. Not surprisingly, the two companies are, and have been for a dozen years, the most profitable auto manufacturers on the globe.

For the past ninety-four years the United States government has enforced, with varying degrees of ardor, laws that prohibit companies from monopolizing or restraining trade. Antitrust concepts have a certain charming obscurity about them, and no two lawyers who specialize in this fascinating corner of the law share precisely the same notions about what is or is not permissible. But of this much we can be sure: when the largest and near-largest firms in a market comprised of just a few large firms collude with one another, agreeing on a price at which to sell their goods and exchanging information about products and marketing strategies, something questionable is happening in the eyes of the law. At the very least, an arrangement has been made which might easily cause prices to rise.

And so the Federal Trade Commission spent last year investigating the planned joint venture between General Motors and Toyota. Its three Reagan-appointed commissioners, a majority, have now concluded that the plan (ever so slightly modified) is fine. The decision—which becomes final in late February—will dramatically accelerate a change already underway in the American automobile industry. The F.T.C. majority's logic, spelled out in a public statement, bears careful notice as well, because it represents one of the first in what surely is to become a long line of government decisions expressly modifying traditional law in light of international competition. It marks the beginning of a more explicit national industrial policy. And, sadly, it is wrong.

The commissioners were persuaded of the wisdom of the venture primarily on the grounds that it offers General Motors a "valuable opportunity" to learn firsthand about Japanese manufacturing and management. GM can thereby become a more efficient company. "If GM can learn how to build significantly lower-cost cars, as Japanese producers can now do, it will attempt to implement those lower-cost methods at its other plants," noted the commissioners. In recent years the interpretation and enforcement of antitrust laws have demonstrated increasing respect for whatever efficiencies might possibly be imputed to an agreement among firms, but this particular sort of efficiency—learning by colluding—has never before been thought of sufficient merit to pass even the mildest muster. Applied generally, this new principle of antitrust analysis would seem to permit any two companies to combine so long as one was better at doing something than the other.

But the commissioners had something rather more special in mind. The benefits of learning how to produce cars efficiently presumably would extend beyond General Motors. GM would show other U.S. automakers that "the Japanese system can work in America." This would lead inexorably to "a more efficient, more competitive U.S. automobile industry." At least we get to the logical core of the argument, the new rule being enunciated. The real justification for allowing America's largest car company to team up with Japan's largest car company is to improve the international competitiveness of the U.S. automobile industry. According to the commission's majority, this long-term national benefit outweighs whatever risk that the arrangement might cause car prices to rise in the near term.

The commissioners' goal is unobjectionable. To be in favor of enhancing U.S. competitiveness these days is not exactly controversial. But to their real credit, these Reagan appointees managed to transcend the White House's ideological revulsion toward industrial policy and accurately perceive that a decision either way would affect the structure of American industry for years to come. The question to be addressed in this case, as in countless government decisions about tax rules, tariffs and quotas, federal procurement contracts, loan guarantees, and research grants, is: What is our national competitive strategy to be?

They asked the right question. It was their answer that was wrong. To understand why, we have only to examine how the world automobile industry is evolving.

The world automobile market is a $250 billion-a-year business, not counting sales of parts, secondhand cars, repair, and service. World car production peaked in 1978 at 31.8 million vehicles, and is now inching back from the 1982 trough of 27.5 million. Japan accounts for roughly 25 percent of this output; the United States, for 23 percent. The United States is a net importer of cars; Japan exports more than 50 percent of its production. The industry is a major employer in all industrialized nations: in Japan 8.9 percent of the working population is directly involved in producing cars; 4.3 percent of U.S. workers are similarly dedicated. If subcontractors, component manufacturers, dealers, advertisers, mechanics, and other related occupations are included, the figures rise to 18 percent and 16 percent, respectively. Many of these jobs, moreover, pay quite well. Relative to other industrial workers worldwide, auto workers are highly productive.

The most dramatic development in the world automobile industry over the past decade, as in so many other industries, has been the success of the Japanese. Between 1975 and 1980 alone, Japanese production rose from 4.6 to 7 million vehicles. Japan's exports more than doubled, from 1.8 to 4.2 million. But it would be wrong to conclude from this that Japan's national economic strategy turns on automobile production. The auto industry in Japan is no longer a particularly favored sector; it enjoys none of the special tax preference, low-interest credit allocations, antitrust exemptions, or consumer subsidies that are had by fledging companies in such fields as biotechnology or computers. Strength in the world automobile market is not an end in itself for the Japanese. Their long-term goal is not simply to sell more cars. It is to gain world dominance in the knowledge-intensive industries of the future. Automobile production—or more accurately, the design and fabrication of complex auto parts and the processes necessary to put them together—is a means toward that end. This point bears further elaboration.

Regardless of whose nameplates grace their exteriors, today's automobiles increasingly are multinational creations. Economies of scale and experience, together with political exigencies, are coming to require that parts be produced wherever on the globe they can be manufactured most cheaply, and assembled in the region of the globe where the finished cars are to be sold. It is a safe bet that twenty years from now General Motors cars will bear no special relationship to the United States, and Toyota no special connection with Japan. One no longer will be able to speak with pride (or derision) about an "American" automobile any more than about a "Japanese" or "West German" automobile. Regardless of where corporate headquarters is located, shareholders, lenders, managers, workers, and consumers alike will be drawn from all over the globe.

But there will be at least one important difference among nations. Workers' real wages—their standard of living—will depend upon the portion of the production process for which they have responsibility. Since assembly operations will be highly automated worldwide, with robots handling most tasks, the critical distinctions among national work forces will depend upon which components they specialize in producing. Workers engaged in making such relatively simple parts as seatcovers, windshield wipers, and dashboards, for example, will not command the same rewards in the global economy as those engaged in more complex tasks. Indeed, the proportional contribution of world auto sales to a nation's wealth will turn on the relative value added to automobile production by the nation's work force. National competitiveness in the automobile industry, as in many other global industries, will come to depend upon national prowess in the higher-valued aspects of production.

The Japanese understand this prospect. They are bent on capturing the highest-valued portions of world auto production. They intend to specialize in such parts as engines and transaxles (front-wheel drive transmissions and axles), and in such processes as robots and computer-controlled systems for putting all the parts together. These products and processes, in turn, rely upon advanced microelectronics and on strong but lightweight synthetic materials and alloys. They thereby represent specific commercial applications of Japan's emerging knowledge-based industries.

The overall strategy is clear. It is the same strategy that underlies Japan's recent, rapid shifts into aircraft engines, video cassette recorders, telecommunications devices, and personal computers. These products are launchingpads for gaining scale and experience in the world's newest technologies. Attaining immediate profits from these products is less important than becoming the largest and most experienced world practitioners of the advanced methods which lay behind them. A Japanese labor force so attuned will easily come to dominate the highest-valued portions of any global industry. There is nothing sinister about this; consumers all over the globe continue to benefit from Japan's advances, although Japan eventually will enjoy the world's highest standard of living. Viewed in this light, the Japanese automobile strategy is part of an overall national strategy by which the Japanese will become the design engineers for the world.

Japan's automobile strategy is well underway. GM already buys its diesel engines from Isuzu. Chrysler buys its transaxles from Mitsubishi and plans to purchase one hundred fifty thousand Mitsubishi engines this year. Ford gets many of its complex parts from Toyo Kogyo (Mazda). In Ohio and Britain Honda is assembling cars whose designs and more sophisticated components come from Japan. Nissan is assembling trucks in Tennessee and cars in Britain and Spain; their designs and highest-valued parts also come from Japan.

This trend is particularly apparent in the production of the smallest cars, which must be designed and manufactured especially carefully in order to minimize costs and maximize comfort. As the Japanese have learned in producing everything from televisions to semiconductors, innovations in products and manufacturing processes often occur at the most compact end of a product line, where the engineering challenges are the greatest. For the same reason, development expenses often are highest at the compact end. If your strategy is to gain scale and experience in applying new technologies, then you will gladly bear these costs; the investment will pay off in a work force better able to innovate in the future. But if your strategy is to maximize profits over the next three or four years, you will buy the compact technology from someone else. Accordingly, the Japanese are developing it; the Americans are buying it.

Subcompact automobile technology—including the design, advanced parts, and machines for assembling the parts according to the designs—is now being ceded to the Japanese. GM is seeking to import subcompacts from Suzuki and Isuzu, and to assemble "R" cars now being produced by Isuzu; it has given up its plan to build an S-body Corsa in the United States, it is phasing out the Chevette, and its futurist Saturn model is barely on the drawing board. Chrysler has quietly abandoned its planned replacement for the Omni/Horizon family of cars and is looking to Mitsubishi to fill out its subcompacts. Ford has just announced a $500 million investment in Mexico, where it will assemble a Toyo Kogyo subcompact.

The proposed joint venture between General Motors and Toyota fits this pattern exactly. The cars that are to roll out of the Fremont, California, assembly plant will be designed in Japan; their engines, transaxles, and other advanced components will be manufactured in Japan; many of the robots and computerized machine tools used to assemble them will be designed and produced in Japan. Left to American labor will be the lower-skilled assembly tasks, production of the simpler parts, and, of course, advertising, sales, and repair services to be offered in the United States.

The irony of all this is that America is perhaps now better able to take on the higher-valued portions of automobile production than at any time in the last decade. U.S. workers are becoming more productive. Unit labor costs in Japan are increasing rapidly. The American market is growing again: 9.2 million new cars were sold here last year, the best year since 1979, and in 1984 sales may reach 10 million. American automakers are profitable again; after losing $4.7 billion between 1980 and 1982, the Big Three had aggregate profits in 1983 of around $6.5 billion. Since 1981, when Japan began "voluntarily" restricting its auto exports to the United States, the average retail selling price for all new cars sold in America has risen by 18.8 percent (or $1,741) more than the Consumer Price Index. If there was ever a time for U.S. automakers to invest in the future, it is now.

But here's the rub. GM, Ford, and Chrysler have grown more profitable largely by cutting their costs and selling bigger cars based on older models. Over the past three years the three companies have closed ten huge assembly plants, slashing capacity by more than two million cars and trucks a year. They have shut down vast networks of parts plants. They have laid off one quarter of their work force. They have canceled or delayed at least a dozen new products. Altogether the Big Three have managed to cut more than $10 billion out of their annual costs. They are now "lean and mean," which is the way corporate managers in America like to describe the newly dismembered companies over which they preside. They are approaching the current economic recovery cautiously, for fear that it may be short-lived. They are adding workers slowly, relying on the presently employed to put in substantial overtime. They are investing in new models only gradually, extending the lives of older models by making slight alterations.

General Motors, with over 40 percent of the American market, accounting for two-thirds of the sales of the U.S.-based manufacturers, leads this timid pack. Its costs are the lowest, its profits highest. But it worries about the next downturn in the business cycle. Its "planning horizon" is three years. If GM finds a new way to cut its costs, Ford and Chrysler must follow suit or else run the risk of losing even more of the market. GM has decided that it is cheaper to buy subcompact technology from Japan than to invest in it at home. And the cheapest way to buy subcompact technology from Japan is to get the Japanese to foot part of the bill for jointly assembling Japanese cars in America. That is what the joint venture with Toyota is all about. It is a white flag of surrender. Other U.S. automakers will see it and follow.

Joint ventures like this one fit nicely into Japan's automobile strategy, making it worth the extra cost. They create an immediate demand for Japanese designs, sophisticated components, and high-technology manufacturing systems. Yet because they appear to save American jobs, they also forestall mounting political pressures in the United States to protect against Japanese imports. Indeed, the United Auto Workers is quite supportive of the GM-Toyota plan. Never mind the jobs preserved or created in America will be lower-skilled and routine, eventually to be replaced by robots and computers. In the immediate future at least, there are jobs. To American workers the obvious alternative seems far less salutary.

Is there any other alternative? Surely not the proposal, touted by the United States Auto Workers Union, that cars sold in the United States must contain a high percentage of components produced in America. Even if 90 percent of the value of cars sold here were produced here, Japan still would be supplying the most sophisticated 10 percent, and simultaneously supplying the rest of the globe (including GM, Ford, and Chrysler operations abroad) with an even larger percentage—thereby maintaining superior scale and experience at the highest-valued end of world auto production. More to the point, the "domestic content" proposal gives companies no real incentive to invest in advanced automobile technologies within the United States. When pressed, they can simply duplicate whatever technologies already have been perfected in Japan. Meanwhile, everyone who buys a car in the United States gets stuck with a huge price tag reflecting the higher cost of making cars in America. We lose both ways.

There is no simple solution. Japan's competitive strategy embraces its entire industrial base; America's strategy is the by-product of individual corporate strategies whose goals may have little to do with enhancing the standards of living of Americans. To reverse the present trend and gain predominance in the highest-valued portions of the world auto production would require that auto companies operate under a very different set of incentives than they do today. At the least, such a reversal would entail changes in tax laws, international trade laws, and antitrust rules. For example, Congress or the Special Trade Representative might have linked Japan's "voluntary" export restraint to explicit agreements by U.S. automakers to invest in advanced automobile technologies and to train their workers in these emerging fields. We missed this opportunity; the automakers got the benefits of the export restraint with no strings attached.

The proposed GM-Toyota joint venture represented another small opportunity to move the auto industry in the right direction. To be sure, had the Federal Trade Commission rejected the proposed venture, that would not have stemmed the tide; at best, it might have slowed it down a bit. Antitrust law is a crude means of fashioning industrial policy. But the commissioners might have used the occasion to announce a different direction for antitrust enforcement in the future, perhaps encouraging joint research ventures among American companies, and clearly signaling the strategic perils for the American economy that lay in the path GM and Toyota had chosen. If they in fact believed the dubious contention that the venture would help the entire U.S. automobile industry, moreover, the commissioners might have called GM's bluff and required the arrangement be a public "demonstration project" in which Ford and Chrysler were invited to participate. But the commissioners did none of these things. By approving the venture instead, and doing so on such broad grounds, they have opened the floodgates.

In coming years we can now expect more Japanese-U.S. joint ventures in automobiles and in a wide variety of other products. Americans increasingly will be called upon to assemble and distribute to one another kits made in Japan. Americans will continue to be inventive, of course, but increasingly our inventions will be embedded within new technologies produced across the Pacific. We will have jobs, but they will be relatively humble ones. We will have access to high-quality, low-cost products, but we will be poor relative to other industrialized nations better able than we to take a longer, more strategic view of their economies. Meanwhile, we will continue to indulge ourselves in an endless debate about the wisdom of creating a national industrial policy as if it were a matter of centralized planning boards and development banks. We need to acknowledge that strategic issues underlie even the most seemingly pedestrian antitrust questions, decided by even the most pedestrian federal agencies—like whether GM and Toyota should be allowed to join forces in Fremont, California.●

EXPORT RULES THAT WORK

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BEREUTER. Mr. Speaker, today the House-Senate Conference Committee on H.R. 3231/S. 979, legislation to reauthorize the Export Administration Act of 1979, is to begin the long and difficult process of resolving the many differences in these two bills. As we begin the complex negotiating process, we would all do well to read an editorial which appeared in the Washington Post. That article highlights a fundamental point made with eloquence by others, such as Senator Sam Nunn, about the detrimental impact of an overreaching, overly broad control system. I hope that my colleagues will read that editorial, which follows, keeping these words in mind or at hand during action on the forthcoming conference report.

The article follows:

Export Rules That Work

Keeping strategic technology—certain advanced computers, for example—out of Soviet hands is exceedingly important. But the United States can't do it alone. It has to work in cooperation with its allies, and with other countries that are capable of producing these machines.

The struggle over strategic export controls is now going forward both in the administration and in Congress. Within the administration, the Defense Department is trying to impose its own extremely broad definitions not only on this government but on others. In Congress, a conference committee is shortly going to try to reconcile the very different Senate and House bills—the Senate having voted for an abrasive attempt to enforce American law on other countries, the House having written a more restrained bill that is also more likely to be effective.

William A. Root was the State Department's expert on this subject until last fall, when he resigned in protest against the administration's current methods. In testimony before a Senate committee last week he observed that, by the pragmatic test of getting results, American arm-twisting and a rigid insistence on American policies have been a failure. "For example," Mr. Root said, "we could have had strengthened controls on computers and on oil and gas items by now if we had given a priority to give-and-take negotiations rather than to efforts simply to persuade our allies to adopt our original proposals."

There have certainly been lapses in the embargo. A few days ago the federal government here brought criminal charges against a Swedish company for having sold American-made radar equipment to the Soviets in the late 1970s in violation of the export license. The prosecution is entirely proper. The radar is the kind of gear that ought to be sold only under licenses, and licenses need to be enforced. It might be noted that the Swedish government recognizes the need for these controls and has been providing valuable help in enforcing them.

But the administration weakens the whole structure of surveillance and enforcement when it tries to apply to rules increasingly broadly to wide ranges of goods used in the civilian economy and to technology commonly available in the industrial world. That's where the quarrels with the other governments start. The Defense Department in particular has been pushing, with some success, for definitions of strategic technology that include increasingly common commercial electronic products. But as the government expands the numbers of export licenses required, the attention given to each license will inevitably decline. As it tries to put pressure on other countries to enforce rules that they regard as impractical, it will get less help in enforcing those rules that are well justified.●

THE 1982 BOULDER CASE

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. EDWARDS of California. Mr. Speaker, in the 1982 Boulder case, the Supreme Court ruled that any municipal action not authorized by a State policy which explicitly substituted regulation in the place of competition may be challenged under the Federal antitrust laws. With this decision, dark cloud of uncertainty descended over local governments and cast a deep shadow over the validity of almost every municipal action, including those actions which are clearly legitimate governmental functions are necessary for the well-being of the public.

On March 29, 1984, the Judiciary Committee's Subcommittee on Monopolies and Commercial Law held a hearing to look at the impact on local governments since Boulder. All of the witnesses endorsed the need for a congressional solution to this serious matter. Especially eloquent and impressive were the witnesses representing local governments—Robert J. Logan, city attorney of San Jose, Calif.; George Latimer, mayor of St. Paul, Minn.; and Peter Shapiro, county executive of Essex County, N.J.—as they described the problems and the lawsuits they have labored under since Boulder and which are increasing every day.

I and other members of the subcommittee keenly understand the problems. I believe, and others with me, that local governments when exercising their governmental functions should be beyond the reach of the antitrust laws. Other laws exist under which improper conduct by local governments can be reached. Having previously introduced a bill to deal with Boulder, I know the drafting challenge is a difficult one, but it is a challenge that the subcommittee is determined to meet. We are committed to removing the dark cloud of Boulder by enacting a legislative solution during this session of Congress.●

POLITICS AND POWER IN HONDURAS

HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. JEFFORDS. Mr. Speaker, last fall a six-member delegation of private citizens visited Honduras to investigate conditions in that country some 2 years after the 1981 elections. I have read its report, and have found it very informative. I commend it to my colleagues' attention:

Preface

From October 16-22, 1983, a six-member delegation visited Honduras to examine the development of democratic institutions and assess the current human rights situation in that country. The mission was co-sponsored by the Washington Office on Latin America (WOLA), Americas Watch and the Lawyers Committee for International Human Rights. The members of the delegation were: Leyda Barbieri, a WOLA staff associate; David Wilson, legislative assistant to Congressman James Jeffords (R-Vt); Professor William Crotty, Department of Political Science, Northwestern University; Professor Drew S. Days, III, Yale Law School, and former Assistant Attorney General of the United States; Juan E. Mendez, Director of the Washington Office of Americas Watch; and Michael A. Posner, Executive Director, the Lawyers Committee for International Human Rights. Ms. Barbieri, Mr. Wilson and Professor Crotty had visited Honduras in November, 1981 to observe the country's first national elections in a decade.

While in Honduras the delegation met with a number of officials of the Government of Honduras including Foreign Minister Edgardo Paz Barnica, the First Lady, Mrs. Aida de Suazo Cordova, and Minister of Justice Oscar Mejia Arellano. The delegation also met with Lic. Cisnes Reyes a member of the Supreme Court of Honduras; Oswaldo Ramos Soto, Rector of the National University and Efrain Bu Giron, President of the Honduras Congress. Despite repeated efforts to meet with representatives of the Honduran military, including General Gustavo Alvarez Martinez, chief of the Armed Forces, Colonel Daniel Bali Castillo, the director of the Public Security Forces (FUSEP) and Major Juan Blas Salazar, director of the National Department of Investigations (DNI), the delegates were denied appointments with these officials.

During their visit, the delegation met with leaders of representatives of a broad spectrum of viewpoints in Honduras. The delegation met with members of the National Congress, labor union officials, journalists, economists, business people, church officials, political prisoners, lawyers (including leaders of the Bar Association), doctors, university officers, leaders of women's organizations and representatives of domestic human rights organizations.

The delegation met several times with officials in the Embassy of the United States, including the Deputy Chief of Mission, Mr. Shepard Lowman, as well as with representatives of the Office of the United Nations High Commissioner for Refugees and international private voluntary organizations.

The conclusions below are drawn from interviews with these individuals, as well as from other research.

INTRODUCTION

Since the election of a civilian government in November 1981, there have been some positive signs in the development of democracy in Honduras. During our stay in their country, all Hondurans we spoke with expressed support for strengthening democracy in their country. Many of them are working to improve conditions in their country, sometimes under extremely difficult conditions. This commitment is extremely important given that democracy is a process, not something that can be achieved overnight in any country. It is a process that requires commitment, understanding and hard work.

However, the delegation was also extremely alarmed by many problems facing Honduras in its development of democracy. There is a growing military focus in Honduran politics and a clear question has arisen as to who is in charge of the Honduran government—the elected civilians or the military. The Honduran government has pursued a major build-up of its military, augmented by a large influx of U.S. forces.

The "doctrine of national security" is commonly invoked to justify practices that are clearly not compatible with the goal of democracy. These actions include the justification of government decisions and actions in terms of military necessity, repression of views critical of the government, and the violation of human rights through illegal imprisonment, torture and possibly murder. Such human rights violations are relatively new to Honduras and occur less frequently there than in neighboring countries. However, they have had a profound effect on the faith of many Hondurans in governmental institutions. While it is difficult to determine whether human rights violations are a systematic element of government policy, it is clear that there has been little or no effort to stop them.

In addition, a significant effect of these changes has been an increasing ideological polarization in the country. Critics of government policies are commonly labeled "Subversives" or Sandinista sympathizers. This state of affairs poses a serious danger to democracy in Honduras.

Such developments also may signal the end of Honduras' isolation from the violence and turmoil of its neighbors. The United States has made Honduras an important part of its strategy in Central America, a development that puzzles many Hondurans and brings added responsibility on the part of the United States for domestic developments. U.S. policies, arranged and implemented with little participation from the Honduran Congress, have enhanced the influence of the Honduran military, reinforced the government's growing preoccupation with the "doctrine of national security," and contributed to the polarization of political debate.

Perhaps most disturbing about the level of U.S. influence in Honduras is that it could be used positively, yet it is not. Through its silence, the U.S. has condoned the Honduran government's efforts to label dissenters as threats to national security. Publicly, the State Department has largely ignored reports of disappearances, arbitrary arrest and torture. Privately, these reports have been dismissed as unsubstantiated.

This posture reinforces the prevailing response by Honduran authorities to these abuses. Backed by such tacit support, Honduran military leaders continue to perpetrate arbitrary arrests and disappearances, and civilian authorities fail to conduct meaningful investigations of these episodes.

BACKGROUND

By virtually any standard, Honduras is an extremely poor country. The per capita income in Honduras, $640 a year is the second-lowest in the Western Hemisphere. In 1982, Honduras' economy experienced a negative "growth" rate of 1.5 percent. The country also faces extremely high levels of infant mortality, malnutrition and illiteracy (around 50%), all among the highest in this hemisphere.

The economic structure that exists is built largely on exports of bananas and coffee. Economic links to the United States are strong: in 1980 U.S. private direct investment in Honduras was estimated at about $200 million. This investment is predominantly in agriculture (bananas and sugar), petroleum refining, fishing, meat packing and some banking.

Aid from the United States government also plays a significant role in the Honduran economy. In fiscal year 1983, U.S. assistance to Honduras was $134 million, $37 million of which was military aid. These figures represent a tripling over the last two years. Since 1962, the U.S. Agency for International Development has provided over $500 million to Honduras, making it one of the largest AID programs in Latin America.

Political institutions in Honduras suffer from a historical pattern of instability. Since 1824, there have been 124 changes of power. Most recently, presidential elections were held in November 1981, ending ten years of direct military rule. These elections took place as Honduras sought both to deal with its serious economic problems and, at the same time, to avoid the turmoil and violence of its neighbors.

In contrast to the other nations of Central America, the political history of Honduras is largely nonviolent. While there have been frequent changes in regimes, these transitions have been realtively peaceful. Honduras has never been dominated by a dictatorial ruling family comparable to the Somoza dynasty in Nicaragua. It lacks the rigid class structure and vast disparities in wealth that have characterized El Salvador, and it is not divided by the racial animosities that have plagued Guatemala. Perhaps for these reasons, Honduras has not experienced the presence of opposition groups with a strategy of armed struggle.

However, in recent years, Honduras has become increasingly affected by and drawn into the crisis that now affects all of Central America. The presence of more than 30,000 refugees in Honduras from Guatemala, Nicaragua and El Salvador is one obvious manifestation of this crisis and its regional implications. Increasing concerns about threats to the security of Honduras—whether justified or not—have had far-reaching effects on social, political and economic conditions in the country. Many Hondurans, as well as U.S. policy-makers, make constant reference to the "doctrine of national security" that now dominates government decision-making across a broad range of issues.

THE DISTRIBUTION OF POWER

Under the Honduran constitution, there are three branches of government: the executive branch, the unicameral Congress, and the judicial system. In theory, each serves as an independent governmental authority and as a check on the others. In practice, there appears to be little in the way of effective separation of powers in Honduras. Several institutional factors have rendered the Congress and the courts subordinate to both the executive branch and to the military.

First, the Liberal party, which swept to victory in the 1981 election, controls the Congress and the presidency. Single party rule has been strengthened by the fact that the Congress is empowered to appoint all of the justices of the Supreme Court. As a result, the nine-member Court is made up of six Liberals and one justice from each of the National, the Christian Democratic and the Innovation and Unity (PINU) parties. The Supreme Court, in turn, appoints members of all of Honduras' lower courts. More importantly, the lower court judges can be removed at will by the Supreme Court, and in turn, Supreme Court justices are replaced with every change of government.

The lack of life tenure and the political nature of the appointments process has a profound and debilitating effect on the independence of Honduras' judiciary. As a result, the Court system is largely ineffectual as a check on the other branches of government, particularly in cases where the armed forces are accused of violating the human rights of Honduran citizens.

The authority and power of the judicial branch suffers from the lack of an established tradition of judicial independence or activism. One Honduran official described the reactions of disbelief in his country as they watched the Watergate proceedings unfold in the United States. Hondurans could not comprehend how the executive branch could ever allow itself to be brought under such close scrutiny by the courts.

THE CRIMINAL JUSTICE SYSTEM

Elsewhere in this report we have noted the paucity of government efforts to investigate human rights abuses and prosecute those who are responsible. (See Chapter II, infra.) While the dominance of the Honduran military over other branches of government and its lack of resolve to have cases prosecuted are, in large measure, responsible for this pattern, another contributing factor is the antiquated nature of substantive and procedural laws governing criminal justice in Honduras. We were told that the Honduran Penal Code and Code of Criminal Procedure are so out-of-date that they have rendered the criminal justice system completely ineffective in dealing with common offenses, let alone more sensitive cases with political implications.

It appears that these problems may contribute to the growing pattern of military abuses, as well as the failure to prosecute these actions. Members of the security forces, we were told, have grown increasingly frustrated as criminals they have captured soon walk the streets again because of legal technicalities. The courts are so burdened with cases that judges tend to move forward only on cases where an aggrieved party promotes the prosecution (in Honduras, as in all other Latin American countries, prosecutors play a very passive role, and are involved only after the investigatory stage is completed). Unwilling to let the criminal justice system run its usual course, security forces have resorted to extra-legal methods of handling persons suspected of subversion or other offenses.

Limited court resources exacerbate problems posed by antiquated laws. For example, Honduran law does not contemplate the introduction of evidence obtained through modern scientific techniques such as fingerprinting and ballistics tests. While such evidence can be introduced through the testimony of an expert witness, either at the judge's initiative or by request of any of the parties, this seldom happens. Operating on shoestring budgets and overburdened with cases, Honduran courts lack professional staff who could assist in these matters.

Efforts are now underway to address some of these problems. The Honduran Congress has recently approved a preliminary draft of a new Penal Code, and has initiated the process of amending the procedural code as well. The United States Government has invited North American jurists to submit comments on proposed changes to these codes.

We welcome these efforts to modernize Honduran statutes relating to criminal justice. But statutory changes must be backed by a political will to upgrade the judiciary and encourage its members to freely exercise the independence they now possess in theory only. The administration of Mr. Suazo Cordova would make an important contribution to democracy if it enabled Honduran courts to use their powers creatively and forcefully to pursue investigations of all forms of criminal behavior, while providing all the guarantees of due process contained in the Honduran Constitution and mandated by international law. An important step in this direction would be the allocation of adequate funding to the courts, while ensuring all judicial appointees of their permanence in office as long as they perform their duties in a legal and honorable fashion.

THE CONGRESS

The Honduran Congress also labors under institutional impediments that sharply curtail its ability to serve as a strong force in the government. On many important issues the Congress now serves as little more than a rubber stamp for executive decisions. For example, the Congress technically is empowered to enact the national budget. Yet, because its members have no staffs, the Congress has come to rely almost totally on information provided to it by the executive branch. Those in Congress who request additional budget information have been accused by prominent government officials of trying to "destabilize" the government.

As an example of Congress' weakness, critics of the government point to the handling of the agreement between Honduras and the United States to train Salvadoran troops at a Regional Military Training Center. Despite a strong Liberal majority in the Congress which undoubtedly would have ratified the plan, President Suazo presented the agreement as a *fait accompli*. It appears that these kinds of developments, have helped to cause a major split in the ranks of the Liberal party, forcing a cabinet member to resign, and a group of eight Congressmen to form a dissident caucus.

While these incidents may not have resulted in major shifts in policy for Honduras, they suggest a disturbing trend. As the country declares its intention to develop democratic institutions and procedures, laws and constitutional procedures are not being followed. It is not adequate, each time a crisis arises, for the government to justify extraordinary actions on national security grounds. If this approach continues, the rule of law and the system of civilian authority will have no meaning.

POLITICAL POLARIZATION

The "doctrine of national security" and references to a situation of crisis have come to dominate Honduran politics. They are used to justify the presence of U.S. forces in Honduras, the build-up of the Honduran military, the suppression of dissent, and violations of human rights. Those who disagree with government policy have been labelled "subversives' or as being sympathetic to Nicaragua. For example, the Honduran government recently announced the "postponement" of an $8 million literacy program because of budget constraints. Those who criticized this action as an indication of misguided priorities were described in the press by government officials as trying to destabilize the government.

The tragic irong in this situation is that democratic principles are being abridged and democratic institutions are being seriously compromised in the name of saving democracy.

Regardless of their attitudes about U.S. military presence, many Hondurans seem to share a sense of disillusionment about the results of the 1981 election. Almost without exception, they viewed those elections as an opportunity to establish a civilian government composed of competent leaders who would address the serious social and economic problems facing the country. What they see instead is a system similar to what they had in the past; a system dominated by a military that is increasingly preoccupied with national security issues and at the same time less and less responsive to the needs and desires of the Honduran people.●

CONTINUED THREATS TO NATION'S GROUND WATER MUST BE ABATED

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FLORIO. Mr. Speaker, I was alarmed to read recent press accounts, such as the article that follows, concerning the potential saltwater contamination of six major aquifers in my home State of New Jersey. Apparently, continual pumping of these ground water supplies has lowered their water levels below sea level, and the aquifers are now endangered by excessive chloride contamination.

This crisis, the most recent in a series of disturbing incidents involving New Jersey and other States' ground water supplies, illustrates the pressing need for the Federal Ground Water Commission which would be established under the Resource Conservation and Recovery Act amendments (H.R. 2867) recently adopted by the House. I am hopeful that the Senate will pass similar legislation in the near future and I urge my colleagues to support this important bill when it comes back from conference.

The article follows:

SALTWATER PERILS AQUIFERS

(By Bruce Bailey)

Six major aquifers in New Jersey are threatened by saltwater contamination because pumping has lowered their water levels below sea level, according to a joint federal and state study.

The aquifers where saltwater intrusion has been found are located in areas of Middlesex, Monmouth, Ocean, Atlantic, Cape May, Salem and Gloucester counties as reflected in a recent study by the state Department of Environmental Protection (DEP) and the Geological Survey of the U.S. Department of the Interior.

Frederick L. Schaefer, a member of the federal survey and author of the report, said water contamination in three areas began more than 40 years ago but has become more extensive in the last few years.

Schaefer said the underground water-bearing units involved are the Sayreville area in Middlesex County, Cape May City in Cape May County and areas along the Delaware River in Salem and Gloucester counties.

"Salt levels, expressed as chloride concentrations, exceeded several hundred milligrams per liter in some well samples," Schaefer said. "Many wells have been abandoned because of high salt levels and some wells still in use yield chloride concentrations that approach 250 milligrams per liter, a maximum potable water limit."

Since the mid-1960s, according to Schaefer, salt-water has intruded into aquifers at Keyport and Union Beach in Monmouth County, Point Pleasant Beach and Seaside Heights in Ocean County, Somers Point in Atlantic County and Salem City in Salem County.

"At these locations," Schaefer said, "increases in chlorides to date have been localized and have affected only pumping wells near saltwater bays, estuaries or the Atlantic Ocean."

Schaefer said well fields have been abandoned at Keyport and Union Beach and the use of well water at Somers Point and Salem City has been reduced.

Schaefer said the joint state-federal study is part of a continuing surveillance by the DEP and the Geological Survey and was prepared during a five-year period beginning in 1977.

More than 900 samples were taken from a network of 430 wells and analyzed for chloride content, Schaefer said.

"The data was then compared with historical chloride data for the specific areas, and the resulting analysis of trends delineated areas in the Coastal Plain where saltwater has intruded into aquifers," Schaefer said.

Copies of the full report, Schaefer said, are available for inspection at the Geological Survey offices at the Federal Building on East State Street in Trenton.●

BEEF AGREEMENT A STEP AHEAD

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BEREUTER. Mr. Speaker, I would like to call to the attention of my colleagues an editorial which appeared yesterday in the Omaha World Herald concerning the recent agreement by the Japanese Government to raise its import quota of American beef. For Nebraska, one of our Nation's largest beef producing States, the agreement is a modest, but positive, step toward expanding the Japanese market for American beef.

Today, Japan is the largest foreign purchaser of American beef. However, the strong demand by Japanese consumers for more beef indicates an even greater potential market for America's beef producers. The United States is the only country in the world which can provide the Japanese with large quantities of high-quality beef at an affordable price.

The new agreement between the Japanese and the United States is a step in the right direction. However, the quota could still be considerably relaxed without the Japanese jeopardizing their own beef industry. A higher quota, or preferably the elimination of the quota altogether, would at least help a bit to reduce the trade deficit between the United States and Japan. Unfortunately, the existing quota not only denies American beef producers access of a large and lucrative market for their product. It also denies the Japanese consumers of nutritious and inexpensive beef.

[From the Omaha World-Herald, Apr. 10, 1984]

BEEF AGREEMENT A STEP AHEAD

Japan's willingness to buy more American beef and other agricultural . . . although modest, start. It also is important symbolically in trade relations between the two countries.

If the agreement hadn't been reached, the Reagan administration was ready to impose retaliatory measures to restrict American imports of Japanese products. That could have touched off a trade war that could have injured both sides.

The pact will guarantee U.S. cattlemen a minimum of $300 million in increased sales over the next four years, bringing total beef sales to Japan during that period to $900 million.

That isn't much in the international marketplace. Because per capita beef consumption in the United States is off, producers are seeking new markets.

Quotas on high-quality beef will increase by 6,900 metric tons a year for the next four years. At the end of the four years, the quota will stand at 58,400 metric tons. A metric ton is 2,204 pounds.

American producers also will be permitted to sell more milk, cream, jams, vegetable juices, ketchup and marmalade to Japan.

Japan increased quotas of oranges coming from the United States and eased restrictions on orange and grapefruit juices.

The beef quota increase was protested by Japanese farmers. This . . . cause Japan's Prime Minister Yasuhiro Nakasone, like President Reagan, is up for re-election this fall.

Nakasone, who barely survived recent parliamentary elections, is seeking another term as head of the ruling Liberal Democratic Party. He must retain this position to continue as prime minister.

Japan acted quickly to quite its farmers by starting action on a program to increase government subsides to beef producers.

Roger Berghund, vice president of the National Cattlemen's Association, said that the beef pact represents progress. But, he said, cattlemen are disappointed that the quotas were not higher.

That disappointment is understandable. But the market had been expended, and that is favorable.

The United States is expected to record a trade deficit of more than $100 billion this year.

In February alone, the difference between Japanese imports to the United States and U.S. sales to Japan was $2.43 billion. The advantage went heavily to Tokyo.

This lopsided trading edge can't be maintained forever. Japan must continue to remove markets restrictions on Americans goods until a better balance is achieved.●

IS A FAIR HOUSING LAW A FORGOTTEN DREAM?

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. EDWARDS of California. Mr. Speaker, I want to call to the attention of my colleagues an excellent article written by our former colleague, Robert Drinan. The article, which appears in the April 7, 1984, issue of America magazine, is entitled, "Is a Fair Housing Law a Forgotten Dream?"

The article examines the inadequacies of the 1968 Fair Housing Act and the need for Congress to enact legislation to provide better enforcement mechanisms for Federal fair housing laws. I am sure that my colleagues will find much food for thought in Father Drinan's insightful words.

The article follows:

IS A FAIR HOUSING LAW A FORGOTTEN DREAM?

(By Robert F. Drinan)

As the struggle to attain racially balanced schools and to make the working place multiracial continues, little is heard these days of the dream that always went with these two objectives—the creation of racially integrated neighborhoods. The Congress will have bills before it in 1984 to strengthen existing fair housing laws, but any action in this area seems unlikely.

The Civil Rights Act of 1964 created the Federal machinery to desegregate the schools by establishing a new civil rights office in the Department of Health, Education and Welfare (H.E.W.). Similarly, the civil rights law sought to integrate employment by the creation of the Equal Employment Opportunity Commission (E.E.O.C.). Unfortunately, the far-reaching fair housing bill that passed the House in 1965 was sidetracked by a filibuster in the Senate. If a unit had been created within the Department of Housing and Urban Development (H.U.D.) to enforce a fair housing law, the shape of urban America might have been very different today. But the Fair Housing Law of 1968 was too weak to have the needed impact. A new and tough law is required. Indeed it may well be that the goals of racially mixed schools and an integrated work force may not be attainable until blacks and poor whites can acquire decent housing in the places they desire to live.

GOVERNMENT COMPLICITY

The history of segregated schools and the massive exclusion of black workers from jobs is well known and is remembered with pain. But the same official policy kept blacks out of white neighborhoods until the 1960's. Federal policies, as spelled out in Federal manuals, banned up until the 1960's the "infiltration of inharmonious racial or nationality groups" into all-white communities. Until at least 1948, Federal housing policies contained an explicit endorsement of racism. Those policies eased a bit after the Supreme Court in 1948 forbade the enforcement of racially restrictive convenants. But until the 1960's the Federal Government never banned even one builder or developer from participating in Federal Housing Administration (F.H.A.) or Veterans Administration (V.A.) programs. The Federal Government never acted against real estate brokers who, by blockbusting and steering, helped to bring about the present patchwork of black and white neighborhoods.

In the Presidential campaign of 1960, when Federally subsidized discrimination in housing emerged as an issue, candidate John F. Kennedy stated that if elected he would sign an executive order to ban Federally subsidized discrimination in housing with a "stroke of the pen." That order finally came—two years into the Kennedy Presidency. The order was narrowly construed so that it applied only to Federally assisted housing contracted for after the date of the order. The Federal agencies that supervised most of the mortgage lenders were excluded from the order at the last moment. The order covered less than 1 percent of the then existing inventory of housing and 15 percent of the new construction. The order had little impact on the patterns of segregated housing built up with the consent, if not the blessing, of the Federal Government over a period of several decades.

The existence of President Kennedy's executive order was used by the realtors and by others to keep housing out of the 1964 Civil Rights Act. As already noted, a fair housing measure failed in 1965.

In 1968, after the assassination of Martin Luther King Jr., Congress returned to its unfinished business in housing and enacted Title VIII, which contained a broad prohibition against discrimination in private and public housing. In June 1968 the Supreme Court in Jones v. Mayer ruled that the Reconstruction Civil Rights Act of 1866 was broad enough to provide black citizens with redress against private as well as governmental discrimination in housing transactions.

But the Fair Housing Act of 1968 was weaker than the measures Congress had provided for education, employment and voting. The housing bill failed to provide any adequate enforcement mechanism.

H.U.D. could receive, investigate and conciliate complaints of housing discrimination, but it lacked the power to issue cease-and-desist orders or to order a remedy. The enforcement was also inadequate. Incredible as it sounds, no regulations were issued until 1972, and these were so inadequate that it must be said that the only meaningful regulations for the 1968 law were issued by the Carter Administration in 1980—only to be withdrawn in the early days of the Reagan Administration.

Federal officials understood how intense the suburban resistance would be to the enforcement of a fair housing law. In 1971 President Nixon uttered these ambiguous and troubling words: "Whether rightly or wrongly, as they view the social conditions of urban slum life, many residents of the outlying areas are fearful that moving large numbers of persons—of whatever race—from the slums to their communities would being a contagion of crime, violence, drugs and the other conditions from which so many of those who are trapped in the slums themselves want to escape."

In the years from 1969 through 1978 the Justice Department, using its power under the 1968 law to bring action against patterns of racial discrimination, initiated an average of 32 cases per year—striking at practices involving blockbusting, steering and discriminatory rental policies. The Justice Department sought to break patterns of segregation in housing and thereby to eliminate segregated schools.

In 1980 Congress returned to the inadequacies of the Federal fair housing laws. A bill (H.R. 5200) sponsored by Congressman Don Edwards (D., Calif.) and me passed the House, but in December 1980 (after the election had changed the leadership of the Senate) it fell five votes short of the needed 60 to end a filibuster mounted by senators who opposed some of the reforms in the Edwards-Drinan bill and who wanted to require proof of intent rather than the current effects test.

The Reagan Administration failed to propose any fair housing bill until late 1983, when the White House proposed a measure too weak even for acceptance by a coalition of Republicans anxious to eliminate the weaknesses in the 1968 Fair Housing Law.

CAN A FAIR HOUSING BILL WORK?

The nation can look back at the past 20 years and claim with some pride that real advancements for minorities have been made in education, voting and employment. Indeed some of these advancements are almost spectacular, as for example, the dramatic banning of all those shameful forms of discrimination in voting that had permeated Southern elections for decades. A combination of a clear legal mandate and vigorous enforcement brought about a revolution in these areas.

Why has the progress been so slow in housing? The answer to that question sometimes seems more difficult as time goes on. The question of who is to live next door involves a deeper range of emotions than who is to be in one's child's classroom or who will work in the next office. Notions of private property and freedom of choice run deep when people contemplate any development that they fear might jeopardize the value of their homes or the privacy of their lives. As a candidate in 1976, Jimmy Carter reflected this fear when he said, "I have nothing against a community . . . trying to maintain the ethnic purity of their neighborhood." Candidate Carter later apologized for the use of the term "ethnic purity," but added that he would not "arbitrarily use Federal force to change neighborhood patterns."

Other misunderstandings permeate the emotional issues of blacks moving into a predominantly white community. Will property values decrease? will the area "tip" if one-fifth or one-fourth of the community becomes black? There is no evidence that these fears are any more difficult to deal with than comparable fears in the areas of education and employment. If the fair housing law that passed the House in 1965 had cleared the Senate and received the conscientious enforcement given to the Civil Rights Act of 1964 and the Voting Rights Act of 1965, would there now be many truly interracial communities throughout the country rather than the checkerboard pattern that exists almost everywhere? One cannot be entirely certain, but the answer is probably yes. In any event, the Congress cannot leave a major right like housing without strong Federal protection and guarantees. It may be indeed that the failure to enact measures to guarantee open housing will in the end make integration in schools and jobs impossible to attain.

The availability of low-income housing is, of course, a central issue in the whole question of the enforcement of fair housing laws. If affordable housing is not available, the most sophisticated procedures to prevent discrimination against would-be minority purchasers are of no use. In 1982, H.U.D. estimated that more than 18 million families need housing assistance of some kind. With the slashes proposed by the Administration in Federal assistance to low-income people, that number may grow.

A Presidential commission on housing reported in 1982 that the existing supply of housing is adequate but that the poor cannot afford to rent. That conclusion has been widely attacked by experts in the housing industry and by observes in the civil rights community. Civil rights specialists also see that low- and middle-income blacks are in effect prevented from acquiring property that they can afford because realtors engage in discriminatory practices knowing that the Federal Government will not prosecute.

An excellent treatment of many of these issues can be found in a 116-page study issued recently by former members of the U.S. Commission on Civil Rights now "in exile." Chaired by former Secretary of H.E.W. Arthur S. Flemming, the Citizens' Commission on Civil Rights documents how the Reagan Administration made a weak fair housing law even weaker. The document shows in addition how drastic cutback in subsidies for housing for the poor will make existing patterns of segregated housing even more difficult to rectify.

Shortly after the enactment of the weak fair housing bill in 1968, a national consenses emerged as to what the Government should do to improve Federal fair housing laws and their enforcement. There has been little dispute as to the elements needed for a strong fair housing law that will do for housing what Federal laws have done for education, voting and employment. Those elements were contained in the bill that passed the House in 1980 but failed in the Senate.

Early in 1981 civil rights advocates tried to persuade the Reagan Administration to go to Congress and obtain the enactment of that bill. The Administration refused. After almost three years of delay the Administration finally filed a bill that unfortunately had no constituency and that was virtually dead on arrival.

The fundamental measures that should be added to existing fair housing laws include the following:

1. Victims of housing discrimination should be able to secure relief without the necessity of filing a private lawsuit. This was provided for in H.R. 5200 by authorizing an administrative law judge with H.U.D. to sit in judgment on the allegation of the person denied a dwelling.

2. Injunctive relief should be provided to prevent the house or apartment being taken off the market before the complaint is adjudicated.

3. Protection should be extended to handicapped persons, to families with children and to single persons with or without children.

4. Reasonable attorney and expert witness fees should be available to the prevailing party.

5. Existing court decisions prohibiting racial redlining and discriminatory property insurance practices should be codified into statutory law.

Even if, however, all of these measures were enacted into law and enforced vigorously, discrimination in housing in many forms would probably continue. The practice of racial and ethnic groups being kept out of white communities is widespread and pervasive in the United States. It is one of the major reasons why busing is necessary to guarantee racially balanced schools. It is one of the principal reasons for interracial tensions and ethnic misunderstandings. It is certain that law alone cannot alter the way of life in cities where ethnic groups have lived in different areas for decades. But law can challenge and to some extent curb a practice that can have no foundation other than bigotry or at least ignorance. Law is a powerful force that teaches and gradually alters attitudes. Law has certaintly had an amazing impact on the way Americans think about blacks in schools and factories. A fair housing law—enforced by continuous explanation, exhortation and counseling—would ease the anxieties and apprehensions of those who have never lived in any residential community that was not almost totally white. After these apprehensions have been softened, these individuals would be prepared to say that it is fundamentally unfair for white America to tell black people that they can have a right to have a job in a white factory and that their children can go to a predominantely white school, but that they themselves have no right to live in a neighborhood simply because no blacks have ever resided there.

Residential segregation is probably at the heart of every other form of segregation in the United States. It is harmful and costly. Unlike mot major forms of racial discrimination, it is not forbidden by a law with strict civil and criminal penalties. The time has long since come for religious and civil rights groups to demand that segregated housing be dismantled and that racially integrated neighborhoods be created.●

CONSERVATION SERVICE REFORM ACT OF 1984

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. OTTINGER. Mr. Speaker, today I am introducing the Conservation Service Reform Act of 1984. This bill proposes changes aimed at providing increased flexibility to utilities and States under the residential conservation service (RCS) and the commercial and apartment conservation service (CACS) programs administered by the Department of Energy.

More than a decade after the Arab oil embargo, the potential for cost-effective energy savings in our Nation's housing stock remains enormous. A recent study by the Congressional Research Service entitled "Residential Energy Conservation: How Far Have We Progressed and How Much Farther Can We Go?" concludes that "the residential energy reductions that have been achieved to date are only a fraction of what can be accomplished." The report concludes that the Nation could have used 28 to 38 percent less residential energy than it did in 1981 if cost-effective conservation improvements had been made and appliances had been replaced with the most efficient cost-effective models. That saving is on the order of 2 to 3 million barrels of oil equivalent per day, an estimated savings of $25 billion to $35 billion per year in reduced energy bills to the Nation's residents. Instead of capturing those savings, the CRS report discovered, the residential energy savings that were achieved between 1973 and 1981 were roughly equivalent to every household setting its thermostat back 5 degrees, but doing nothing else.

The legislation I am introducing is intended to give States and utilities the tools to tap the potential energy savings.

This bill was drafted following hearings before the Energy Conservation and Power Subcommittee on September 26, 1983, on the RCS and CACS programs. I have also consulted extensively in the drafting of this bill with utilities, States, consumers, small businesses and members of the subcommittee.

The RCS program was created by the National Energy Conservation Policy Act of 1978. It requires large electric and gas utilities to offer home energy inspections, known as audits, to their residential customers and to recommend improvements that reduce energy use in the home. The CACS program, established by the Energy Security Act of 1980, requires utilities to offer energy audits to small commercial establishments and to multifamily buildings that are centrally heated or cooled.

This bill would provide a framework within which States and utilities could design their own residential and commercial building energy conservation programs. The bill would permit States and utilities to fulfill the requirements of the law by offering a variety of energy conservation programs in place of, or in addition to, audits. In the past few years, numerous innovative energy conservation programs have been developed by utilities, States, and community groups. These range from financing programs to appliance rebates to the installation of low-cost, leak-plugging items. Some utilities have started to put a monetary value on energy conservation by paying contractors for the value of the energy saved in customers' homes after the improvements have been made. This legislation is intended to encourage innovative programs in this area and thus does not restrict the types of approaches that may be used to any one method.

Under the bill, a State may develop an alternative plan that will exempt its utilities from the requirements of the RCS program. A similar provision provides for alternative plans under the CACS program.

The alternative plan must:

Be implemented by regulated utilities, a State agency, or a combination of both,

Provide energy conservation programs that will reach 5 percent of the eligible residential buildings in the State. This number is calculated based on those buildings that have not already received a conservation benefit under the RCS program, the Alternative Plan or similar State programs,

Provide energy conservation programs that will reduce energy use in participants' homes by 10 percent annually on average,

Assure that the programs provide benefits to low- and moderate-income individuals as well as other individuals.

The bill requires that the Governor of a State choosing to adopt an Alternative Plan hold a public hearing in the State before certifying to the Department of Energy that the State will adopt such a plan.

The bill also provides an opportunity for regulated and nonregulated utilities to adopt an Alternative Plan.

The experience with the RCS program has been enormously varied, ranging from participation rates among utilities of as high as 22 percent, when coupled with financial incentives to customers to install conservation measures, to less than one percent. While the RCS program continues to be an attractive program for many States and utilities, others believe that alternative conservation programs will be more effective in spurring interest among customers and in producing energy savings. This legislation offers utilities and States the opportunity to carry out a variety of approaches.

A summary of the bill follows:

SUMMARY OF CONSERVATION SERVICE REFORM ACT OF 1984

The major amendments proposed in the draft follows:

TITLE I—RESIDENTIAL CONSERVATION SERVICE

Extension of announcement date

(1) The bill would extend the last date required for issuing program announcements to utility customers from January 1, 1985 to January 1, 1990.

Elimination of arranging and listing requirements

(2) The bill would eliminate the requirements that covered utilities arrange for the installation and financing of conservation measures and provide a list of suppliers, contractors and financial institutions to residential customers. (However the bill does not prohibit such activities by a utility).

Temporary programs

(3) The Secretary of Energy must approve or disapprove any pending applications for Temporary Programs no later than 30 days after enactment. If the Secretary takes no action within 30 days, the Temporary Program shall be deemed approved.

Alternative State plan

(4) The bill creates an "Alternative Plan" exemption from the requirements of the RCS program.

a. A Governor of any state or any state agency authorized under state law may certify to the Department of Energy that the state will carry out an Alternative Plan.

b. The Governor or appropriate state agency shall hold a public hearing on the Alternative Plan with opportunity for oral comments before certification.

c. The Governor may make his certification as soon as DOE has prescribed a form for such certification or, if no such form is available, as early as 90 days after enactment.

d. The Alternative Plan must include several elements. The Plan shall:

(1) Be implemented by utilities, a state agency or a combination of both.

(2) Result in the dissemination of general energy conservation suggestions to all residential customers of utilities in the state;

(3) Provide specific energy conservation suggestions at the request of residential customers or result in energy conservation improvements to the residents' homes through other programs;

(4) Result in annual participation in the Alternative Program by 5 percent of the residential buildings served by the utilities included in the State plan. In the case of an Alternative Plan carried out by a state agency, without utility participation, the Plan shall result in annual participation in the Program by 5 percent of the residential buildings in the state served by utilities. The percentage shall be calculated each year based on the number of buildings that have not already received benefits under the RCS program, the alternative program or similar state law;

(5) Result in average annual energy consumption reductions of at least 10 percent per household among program participants. The methodology for determining energy consumption reduction shall be determined by the Governor;

(6) Benefit individuals with low or moderate incomes, as well as other individuals;

(7) Contain adequate procedures to assure that, if a public utility supplies or installs residential energy conservation measures, such actions shall be in accordance with Section 216 (which permits utility installation and supply only through independent contractors) and at fair and reasonable prices and rates of interest;

(8) Contain adequate procedures for preventing unfair deceptive or anti-competitive acts or practices;

(9) Be consistent with DOE Rules developed concerning unfair, deceptive or anti-competitive practices.

(10) Contain provisions to assure that any person who alleges injury resulting from inadequate implementation shall be entitled to redress under state law or procedures established by the Governor, or appropriate state agency.

Annual report

(5) The State shall submit an annual report to DOE describing implementation of the Alternative Plan and reporting on the number of buildings reached and energy savings achieved within 60 days after the end of the one-year period to which the report applies. DOE shall compile a summary of such annual reports to be delivered annually to Congress.

Petition rights and judicial proceedings

(6) (a) A resident of any state in which an Alternative Plan has been certified may, after one year, petition DOE to conduct a public hearing to determine if the Alternative State Plan has been adequately implemented.

At the time that such a petition is filed, the State may opt to implement its previously approved RCS plan and thus halt the DOE hearing process.

(b) If the Secretary finds that the program has not been adequately implemented, he shall initiate Federal Standby authority (implementing the regular RCS program) within 90 days after the petition is filed.

(c) If the Secretary does not initiate Federal Standby authority within 90 days, the petitioner may bring the action to U.S. district court to require the Secretary to implement standby authority or require the state to adequately implement the Alternative State Plan.

(d) An individual who prevails in court in an action against the Secretary shall be awarded reasonable attorneys' fees and costs.

Alternative utility plans

(7) In a state which does not have an Alternative Plan, an individual regulated utility may certify that it will carry out an Alternative Program if supported by the Governor.

Nonregulated utilities

(8) A non-regulated utility may be included in a State Alternative Plan only if the Governor has legal authority to include it or the non-regulated utility elects to be included in the state plan. A non-regulated utility may certify to DOE that it will carry out an Alternative Plan if the Governor does not include it in the state plan.

DOE evaluation report

(9) Every 2 years, DOE shall submit a report to the House and Senate Energy Committees comparing actual and predicted energy savings under both the RCS and Alternative Programs and identifying the most successful programs.

Dissemination of information by DOE

(10) The Secretary shall at least annually provide information to states and utilities, including technical assistance and information about the most effective programs.

TITLE II—COMMERCIAL AND APARTMENT CONSERVATION SERVICE

(1) Utilities are prohibited from supplying and installing conservation measures to commercial and multi-family customers, except through independent suppliers and contractors. (This provision is modeled after the prohibition contained in the existing law for the RCS program.)

(2) The bill creates an "Alternative Plan" exemption from the requirements of the CACS program.

(3) The Governor of any state or authorized state agency may certify to DOE that the State will carry out an "Alternative Plan".

(4) The Governor or the appropriate state agency shall hold a public hearing on the Alternative Plan before certification.

Alternative State plan

(5) The Alternative State Plan must meet the following requirements.

a. Be implemented by utilities, a state agency or a combination of both;

b. Result in dissemination of general energy conservation suggestions to all eligible customers of utilities in the state;

c. Provide specific energy conservation suggestions at the request of eligible customers or result in energy conservation improvements through other energy conservation programs;

d. Result in annual participation in the Alternative Program by five percent of the eligible customers of the utilities included in the plan. In the case of an Alternative Plan carried out by a state agency, without utility participation, the Plan shall result in annual participation in the Program by 5 percent of the eligible buildings in the state served by utilities. The percentage shall be calculated each year based on the number of buildings that have not already received benefits under the CACS program, the Alternative Program or similar state law;

e. Result in average annual energy consumption reductions of at least 10 percent in each of the commercial buildings and multifamily dwellings participating in the program;

f. In the case of multi-family dwellings, benefit individuals with low- or moderate-incomes as well as other individuals;

g. Contain adequate procedures for preventing unfair, deceptive or anti-competitive acts or practices.

h. Contain adequate procedures to assure that, if a public utility supplies or installs energy conservation measures, such actions shall be in accordance with Section 713 of the bill (which permits utility installation and supply only through independent contractors) and at fair and reasonable prices and rates of interest;

i. Be consistent with DOE's RCS rules concerning unfair, deceptive or anti-competitive practices;

j. Contain provisions to assure that any person who alleges injury resulting from inadequate implementation shall be entitled to redress under state law or procedures established by the Governor or the appropriate state agency.

(5) Annual report

Same requirements as under the RCS Alternative Plan.

(6) Petition rights and judicial proceedings

Same process applies as described under the RCS Alternative Plan.

(7) Alternative utility plans

Same process as described under Title I of bill.

(8) DOE evaluation report

Same as Title I of bill.

(9) Dissemination of information

Same as Title I of bill.

(10) The definition of commercial buildings is amended to include all commercial buildings using less than 29,300 kilowatt hours per month. This is the btu equivalent of the gas use ceiling for commercial buildings covered by the CACS program under current law. The current law covers only those buildings with electric use of less than 4,000 kwh per month.

(11) The bill amends the existing requirement that utilities maintain a report of each audit performed for at least ten years. The bill shortens the requirement to five years.●

THE REAL ISSUE ON EXPORT CONTROLS

HON. DOUG. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BEREUTER. Mr. Speaker, on March 8 the House of Representatives passed the bill to reauthorize the Export Administration Act. As we are beginning conference with the Senate on that important legislation, it is appropriate to consider once again its importance to our economy. Our colleague, the gentleman from Washington (Mr. BONKER) has constructively underlined the need to craft an export control policy that balances national security concerns with our economic needs in a contribution to the April 12, 1984, edition of the Washington Post. I concur with this gentleman that this Nation cannot afford to throw away export opportunities for no appreciable benefit. I commend to you his excellent remarks.

The article follows:

[From the Washington Post, Apr. 12, 1984]

THE REAL RISK IS TO OUR TRADE BALANCE

(By Don Bonker)

While attention is focused on the federal budget deficit, another record-breaking deficit is just as ominous. The trade mercantile deficit for March was $10.7 billion. It could exceed $120 billion for 1984.

Protectionism, of course, is not the answer for the long term. Ultimately, the approach will prove counterproductive and could lead to a global economic tailspin.

Our best course is to learn to compete toe-to-toe with our trading partners. Congress must do its part by providing legitimate incentives to U.S. exporters, and by removing the self-imposed barriers that now frustrate them.

The Export Administration Act, which must be reauthorized during this Congress, brings into conflict two policy imperatives—to increase U.S. exports, and to prevent the export of products or technologies with military applications.

Yet even as Congress is about to complete the revising of our export control program, the Reagan administration has been writing its own script through administrative actions.

In January, the Pentagon greatly expanded its guidelines and the departmental structure involved in the review of export licenses on technology items. The Department of Commerce proposed regulations curtailing the use of omnibus licenses that expedite shipments to free-world countries. Last month, President Reagan endorsed a new program giving the Pentagon review authority on individual export licenses to a dozen free-world nations, and establishing a six-department committee to make further changes in export licensing.

In 1982, the administration set up "Operation Exodus," a cumbersome export control program in the Customs Service funded initially by a Pentagon grant of $30 million. With the latest White House maneuvers, we now have an expanded Pentagon role, new interagency committees and an endless series of regulations and directives.

This is a shame, since Secretary of Commerce Malcolm Baldrige has improved licensing procedures. Accusations that Commerce has somehow "dropped the ball" in export enforcement are simply unfounded. Even the recent VAX computer diversion case, upon close scrutiny, shows Commerce as cautious and vigilant, contrary to charges leveled by some high-ranking officials. U.S. intelligence simply failed to pick up evidence of a diversion, despite repeated Commerce Department requests for evaluations of the South African buyer.

The use of economic sanctions, futilely, by two presidents upset our closest friends. Possibly we can minimize that problem if "contract sanctity" is preserved in the EAA reauthorization bill.

Our allies are put out by our reach for extraterritorial control, proposed import controls, lack of consultation and overall neglect of their concerns. They are tired of being asked to cooperate on new and extreme U.S. export control proposals, which they see as contributing little to their security or our own.

With the exception of food and raw materials, the most sought after U.S. products abroad are high technology items. That is the future in trade and it happens to be where we have a competitive edge. But that holds true only so long as we can compete on an equal basis. The administration's policies here, if not checked, will impede our export potential.

I do not want to see our technologies contribute to the military capability of adversary nations. But rather than try to control all forms of technology to all destinations, as the administration appears intent on doing, we should concentrate on preventing the transfer of those with significant military applications.

For many high-tech items, the United States is only one of a number of suppliers. Unilateral export controls will only curtail our nation's export opportunities while allowing other nations to carve out lucrative new markets.

With our nation's trade deficit projected to reach $100 billion this year, we cannot afford to throw away export opportunities. The White House should cooperate with Congress in crafting an export control policy that balances national security concerns with today's economic realities.●

BILL WOULD ALLOW CLOSER LOOK AT OIL MERGERS

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FLORIO. Mr. Speaker, I am introducing a bill today that would enable the Government and the public to take a closer, more deliberate look at oil company megamergers before they are approved.

In recent joint hearings conducted by my Commerce Subcommittee and the Subcommittee on Fossil Fuels, we heard troubling testimony about the current wave of multibillion dollar oil company mergers. One of the most troubling themes was the inadequacy of the procedures under which these deals are being considered.

The Federal Trade Commission, the agency that has considered the oil mergers, has had only a few weeks to evaluate the significance of transactions with vast economic consequences and far-flung geographical impact. Divestitures are mandated by the FTC, supposedly to eliminate the adverse competitive impact of a merger. Yet current procedure allows the merger to be approved many months before anyone knows whether the refineries or other assets to be divested will be purchased and maintained as viable competitive businesses.

By that time the merging companies will likely have so integrated their operations that undoing the transaction would be like unscrambling the eggs of an omelette. It may become clear, when it is far too late, that employment, competition, and community life have been irreparably damaged by divestitures that would not work. Moreover, the merger approval that allows the eggs to be scrambled takes place without any subsequent waiting period during which private parties or state attorneys general can evaluate the final arrangements and determine whether they should resort to antitrust litigation to preserve their rights.

Mr. Speaker, it is time to stop the games of dice and blindman's buff in which the government is allowing a few giant companies to map industrial policy and dictate the future of energy and national security policy for the American people. The bill I have introduced would deal with these problems in a straightforward way.

Currently, a large merger is subject to a waiting period during which the FTC evaluates the merger and decides whether to seek to block it through an administrative proceeding or court action. Under current law, the waiting period can be as short as 10 days from the time the merging companies provide all the information requested by the Commission. If, rather than seeking to block a merger, the FTC proposes to allow it, conditional upon certain divestitures, the FTC negotiates an agreement with the merger parties known as a consent agreement. The proposed agreement is published for 60 days of public comment and then often made final without change, allowing the integration of the companies to take place without any further delay. Subsequently, over a period of many months, attempts are made to sell off the assets the FTC has ordered divested pursuant to the consent agrement.

Under my bill, the FTC would have the discretion to extend the initial waiting period for up to 60 days in the case of any company with sales or assets over $2 billion. This would create a more realistic time period for initial evaluation of any large merger. The rest of the bill applies only to mergers involving substantial energy reserve holders, defined so as to include roughly the top 50 oil companies. It is with respect to such mergers that our hearings raised the most serious questions about current procedures.

Under the bill, if a consent agreement or court order provides for a divestiture, the agreement or order may not become final until the divestiture is approved. If the divestiture is not approved, the agreement can be rescinded and the FTC can move to block the merger. Thus, the bill insures that instead of approving a merger and hoping the divestitures will work out all right, the approval of the merger is contingent on approval of the divestitures.

Furthermore, the bill provides that until 60 days after final approval of the merger, the merging parties must be held separate—that is, maintained as separate, viable entities. This serves the purpose of insuring that if it is found that the divestures will not work, the eggs are not scrambled, and the merger can be undone. By continuing the hold separate until 60 days after the approval of the merger, the bill also gives private parties and State attorneys general an opportunity, before it is too late, to evaluate the final arrangements to determine whether they should institute antitrust litigation to preserve their rights. The bill applies to consent agreements proposed after January 1, 1984.

Let me stress that this bill is a very moderate measure. It does not stop a single merger. All it does is insure that the current process will be undertaken with greater deliberation. I am not at all convinced that much stronger medicine is not required. That is why I introduced H.R. 5153 to create a moratorium on big oil mergers, so we can assess whether stronger measures are needed. (See March 15, 1984, CONGRESsional Record 5801.) At a minimum, however, it is now evident that when these mergers are allowed to proceed, the current stampede must end and there must be substituted a process involving greater deliberation.

I urge my colleagues to support this bill as a first step in reasserting the public interest regarding the current restructuring of the oil industry and the immense consequences that may follow.●

SUPERINTENDENT GLENN HOFFMANN RETIRES

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. EDWARDS of California. Mr. Speaker, today we pay tribute to Glenn W. Hoffmann, Santa Clara County Superintendent of Schools, on the occasion of his retirement. Glenn has served as superintendent of schools in Santa Clara County with dedication for 17 years. He will be honored at a retirement banquet on May 4, 1984.

We have been fortunate to work with Glenn in the interests of the thousands of young people who have passed through the county's schools. We have witnessed the total commitment Glenn has brought to his position and to the students in Santa Clara County. His deep concern for the education of the school children in the county has made a lasting impression on us, and no doubt, on the many young people who have benefited directly from his hard work.

Glenn's guidance and wisdom has shaped the county school system into one of the most innovative and exemplary school districts in the country. So we bring this retirement news to the attention of our colleagues with a mixture of pleasure and sadness. We are sad to lose the full time services of a man of the caliber of Glenn Hoffmann. They are not easy to come by. Yet although Glenn will be stepping down from his official duties as superintendent, we are pleased to note that he will continue to participate in the mission of the county schools as a consultant to the county school district.

We know that Glenn's semiretirement will afford him the opportunity to spend cherished time with his family and pursue his diverse hobbies. It is truely a rare man who combines a love of flying and golf with a passion for creating cut glass works of art. We know our affiliation with Glenn will not end with his departure from the superintendent's post. We are grateful for his friendship and his service to our students in the Santa Clara Valley over the past 17 years. We hope that his years of retirement will be as rich and rewarding as those he has given to Santa Clara County.●

A TRIBUTE TO AMBASSADOR TERRENCE TODMAN

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. de LUGO. Mr. Speaker, on March 31, the people of the Virgin Islands commemorated the 77th anniversary of "Transfer Day," that day in 1917 on which the United States of America formerly took ownership of the Virgin Islands from Denmark. To mark the anniversary this year, Virgin Islanders United paid tribute at a special testimonial dinner to the Honorable Terrence A. Todman, the U.S. Ambassador to Denmark. That decision could not have been more appropriate and I highly commend Edward Phillips, the president of this new organization, and its membership for their decision.

For Ambassador Todman is a Virgin Islander, born on St. Thomas 9 years after that historic Transfer Day, 1917. He is the highest ranking Virgin Islander in the diplomatic corps, and indeed, the highest ranking black diplomat in the United States. That this native son of the U.S. Virgin Islands should now be the U.S. Ambassador to Denmark is an historical full circle, and speaks volumes of our achievements as Virgin Islanders and as citizens of the United States.

Ambassador Todman is a career diplomat of the highest calibre. He began his diplomatic career in 1952 in the State Department's Bureau of Near Eastern and South Asian Affairs as Desk Officer for India, Ceylon, and Nepal. He was then assigned to the Trusteeship Branch of the Bureau of International Organization Affairs and served as the U.S. Representative on the Petitions and Rural Economic Development Committees of the U.N. Trusteeship Council. This was followed by assignments as Political Officer in New Delhi, Tunis, and as Deputy Chief of Mission in Togo, and then a return to Washington as Country Director for Kenya, Tanzania, Uganda, and the Seychelles.

He served as Assistant Secretary of State for Inter-American Affairs, and was Ambassador to Chad from 1969-72, to Guinea from 1972-75 and to Costa Rica from 1975-77.

In July 1978 he became Ambassador to Spain, and performed so admirably and ably in that office, particularly in his negotiations on the Defense Treaty with Spain, that he was asked to stay in his post in 1981. That his special abilities and professionalism were recognized by President Reagan in retaining Ambassador Todman at his post until the treaty negotiations were completed is a credit to this administration. But that Ambassador Todman received from Spain one of its highest awards, the Grand Cross of the Highest Order of Isabela la Catolica, in 1983, in recognition of his service, and yet received no special recognition from our Government is indeed a disappointment.

I would urge that the President give every consideration to singling out the achievements of Ambassador Todman. For his career is a tribute to what America stands for, to the very best of our democratic way of life. He is a credit to the people of the United States, to the Department of State, and especially to the people of the U.S. Virgin Islands. We in the U.S. Virgin Islands are rightly proud of Terrence Todman and we would hope that we could join with our fellow Americans in paying tribute to this outstanding man through a national honor that he so well deserves. I would urge, Mr. Speaker, that my colleagues support me in asking the President to consider this request.●

EDITH S. HUSTON NAMED OUTSTANDING CITIZEN OF GLOUCESTER COUNTY

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FLORIO. Mr. Speaker, I would like to bring to the attention of my colleagues an exemplary citizen of Gloucester County, Edith S. Huston. I join with the Holly Shores Girl Scout Council in honoring her as "Outstanding Citizen of Gloucester County." She will be honored on Thursday, April 12 at the council's annual "Super Supporters Dinner," being held at Bally's Park Place Casino Hotel in Atlantic City.

Edith Huston is secretary of Glassboro State College, assistant to the institution's president and onbudsman of Glassboro State College. She currently carries the distinction as the employee with the longest years of service—37½ years—at Glassboro State College.

Edith is an active member of the board of directors and the Officers Executive Committee of the Gloucester County United Way. She was elected the first woman president of the Gloucester County United Way in 1979, and held that position until 1981. She was also the first woman foreman of the Gloucester County Grand Jury.

Other community and civic organizations with Edith has been actively associated include, as member: board of directors of the Gloucester County Retarded Citizens Association; the Juvenile Problems Committee in Pitman;

and, the Pitman Methodist Church. She cochaired the Bicentennial Committee for Glassboro State College and the Borough of Glassboro.

Edith Huston has been honored with numerous awards and citations, including the President's Award from the Gloucester County United Way and the Glassboro State College Outstanding Employee of the Year Award.

Vernon Huston, Edith's husband is assistant dean of Community Services at Gloucester County College.●

IRRESPONSIBLE USE OF EXIT POLLS

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BEREUTER. Mr. Speaker, I would like to share with my colleagues in the House an editorial from the April 5, 1984, editorial of the New York Times.

As we proceed through this election year and this season of primaries, we are repeatedly assaulted by premature reports of so-called exit polls. The early use of such polls is damaging, it is truly irresponsible, and it is likely to lead to broad regulation of the use of such data.

I commend to you this analysis of the problem.

[From the New York Times, Apr. 5, 1984]

DEMOCRACY ENLARGED; ALSO POLLUTED

CHEATING THE VOTERS ON THE EVENING NEWS

Sometimes, to those of us in the print branch of the news business, television can be an exasperating cousin. We share many interests and problems with TV news and just two days ago advocated freeing its political coverage from Government regulation. But that very night, election night in New York—and hours before the polls closed—the networks were pronouncing magisterially that it was a big night for Walter Mondale. Don't they see this as an abuse of the Vote? Don't they hear the properly angry reaction bubbling up around the country?

The issue is not accuracy. The Tuesday reports, based on exit polls, were correct. And the issue should not be exit polling, an invaluable tool for finding out why people vote the way they do. The issue is the abuse of exit polls.

Besides analyzing the vote, exit polls can be used to anticipate the results before the voting has ended. And if the findings are reported while people are still voting, that risks infecting the outcome. What are people apt to do when they hear that their candidate's way ahead—or behind? Not vote. And that can alter the outcome, if not for those candidates then for others on the ballot.

TV news knows all that, and responsible broadcasters assert that they will wait until the voting booths close before divulging their exit polls. But they are cheating on that resolve, as can be seen in excerpts from the 7 o'clock news Tuesday night.

The boldest report was on NBC: "In New York, where the polls are still open, Mondale appears to be winning by a decisive margin. Interviews with voters leaving the polling places indicate that Mondale is the first choice of most groups." Note the words winning and decisive. The language was more measured on CBS ("This may be a big night for Walter Mondale and Jesse Jackson") and ABC ("It appears to be going well for Walter Mondale"). Appears from what? On all three networks, the point was unmistakable: Sure, dear viewer, there are two hours of voting left, but never mind, things are all wrapped up.

Democracy depends on a free press because the public needs unfettered access to news. But democracy also depends on an untainted vote, and premature reporting of exit polls can taint the vote. Fearing that, Washington state passed a law last year to keep poll-takers away from voters, a law that this newspaper and others are challenging in Federal court. Florida and Hawaii have passed similar laws; Massachusetts is thinking about it.

Such regulation is deeply offensive because it inserts a governmental nose into reporting and because exit polls, which The Times conducts with CBS, contribute so much to public understanding of the electoral process. The polls deserve protection—and the best protection would be for broadcast journalists to report them responsibly, which, most of all, means after the voting has ended.

If broadcasters keep rushing to use exit polls to predict that so-and-so will win, they'll unleash an avalanche of outrage. That would risk wiping out the good, irreplaceable data about the vote, along with the bad, and for what? Does any TV news executive believe that would improve political reporting?●

INDIAN TRIBAL GOVERNMENT TAX STATUS AMENDMENTS

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. DORGAN. Mr. Speaker, I am introducing today with Mr. CONABLE, Mr. FRENZEL, and Mr. FORD of Tennessee, the Indian Tribal Government Tax Status Amendments of 1984.

This bill puts Indian tribal governments on the same tax footing as State governments in three respects: First, it maintains the existing authority for tribes to issue public purpose bonds, second, it enables Indian tribal governments to issue industrial development and mortgage subsidy bonds on the same basis as State governments, and third, it treats tribal governments like State governments for tax purposes with respect to accident and health plans, appearances before legislatures, discount obligations, death taxes, and collection of individual income taxes.

Essentially, these amendments insure that Indian tribal governments will rightfully enjoy the same tax treatment as State governments for the purposes defined in the bill. The bill does so only by placing on tribal governments the same restrictions and limitations which now apply—or which will apply if H.R. 4170 is enacted—to State governments. So in that sense, the bill does not break new ground for tribal tax treatment—except to treat tribal governments equitably.

The bill carefully defines the circumstances under which tribal governments can issue industrial development and mortgage subsidy bonds. Substantially all of the proceeds of any bond issue must be used with respect to facilities located on the reservation of the issuing tribe. Indian tribes would be subject to the H.R. 4170 restrictions with two exceptions. First, because the population of most tribes is so small, the volume limitation for industrial development bonds will be $7.5 million per tribe rather than $150 per resident. Similarly, because Indian tribal governments have not issued mortgage subsidy bonds in the past, a volume limitation of $7.5 million per tribe is imposed.

Whatever the merits of industrial development and mortgage subsidy bonds, it is time to treat tribal governments like State governments. If we expect tribal governments to become economically self-sufficient, they deserve to use the same economic development tools available to State and local governments.

The text of the Indian tribal government tax status amendments and an explanatory analysis follow.

H.R. 5450

A bill to amend the Internal Revenue Code of 1954 to expand and make permanent the purposes for which Indian tribal governments are treated as States under such Code

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Indian Tribal Governmental Tax Status Amendments of 1984".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. EXPANSION OF PURPOSES FOR WHICH INDIAN TRIBAL GOVERNMENT TREATED AS STATES.

(a) IN GENERAL.—Paragraph (6) of section 7871(a) (relating to Indian tribal governments treated as States for certain purposes) is amended to read as follows:

"(6) for purposes of—

"(A) section 24(c)(4) (defining State for purposes of credit for contributions to candidates for public offices),

"(B) section 105(e) (relating to accident and health plans),

"(C) section 117(b)(2)(A) (relating to scholarships and fellowship grants),

"(D) section 162(e) (relating to appearances, etc., with respect to legislation),

"(E) section 403(b)(1)(A)(ii) (relating to the taxation of contributions of certain employers for employee annuities), "(F) section 454(b)(2) (relating to discount obligations), and

"(G) sections 2011 and 2053(d) (relating to death taxes); and".

(b) Authority To Elect Collection of Tribal Individual Income Taxes by United States.—Subsection (a) of section 7871 is amended by striking out "and" at the end of paragraph (6), by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(8) for purposes of subchapter E of chapter 64 (relating to Federal collection of individual income taxes by agreement)."

(c) Technical Amendments.—

(1) Subsection (j) of section 162 is amended by adding at the end thereof the following new paragraph:

"(3) For deductibility of expenses for appearances before Indian tribal governing bodies (or the governing bodies of political subdivisions thereof), see section 7871."

(2) Subparagraph (B) of section 2053(d)(3) is amended to read as follows:

"(B) Cross References.—

"(i) For deductibility of death taxes imposed by Indian tribal governments, see section 7871.

"(ii) For the effect of a deduction taken under this subsection on the credit for State death taxes, see section 2011(e).

"(iii) For the effect of a deduction taken under this subsection on the credit for foreign death taxes, see section 2014(f)."

SEC. 3. AUTHORITY TO ISSUE MORTGAGE BONDS AND INDUSTRIAL DEVELOPMENT BONDS UNDER RESTRICTIONS APPLICABLE TO STATES AND CERTAIN OTHER RESTRICTIONS.

(a) In General.—Subsection (c) of section 7871 (relating to additional requirements for tax-exempt bonds) is amended to read as follows:

"(c) Special Rules Relating to Tax-Exempt Bonds.—

"(1) Industrial development bonds may be issued with respect to facilities on reservation.—An industrial development bond issued by an Indian tribal government (or subdivision thereof) may be treated as an obligation described in section 103(a) only if substantially all of the proceeds of the issue are or will be used primarily with respect to facilities located on a reservation over which such Indian tribal government has governmental jurisdiction.

"(2) Private activity bond limit.—

"(A) In general.—For purposes of section 103(n), the State ceiling applicable to any Indian tribal government for any calendar year shall be $7,500,000.

"(B) Allocation of limit among subdivisions.—In lieu of the rules contained in paragraphs (2) through (6) of section 103(n), the State ceiling applicable to any Indian tribal government may be allocated among the subdivisions of such government under any formula adopted by the tribal governing body of such government.

"(3) Limit on mortgage bonds.—

"(A) In general.—For purposes of section 103A(g), the State ceiling applicable to any Indian tribal government for any calendar year shall be $7,500,000.

"(B) Allocation of limit among subdivisions.—In lieu of the rules contained in paragraphs (2) through (7) of section 103A(g), the State ceiling applicable to any Indian tribal government may be allocated among the subdivisions of such government under any formula adopted by the tribal governing body of such government.

"(4) Other obligations may be issued only with respect to essential governmental functions.—

"(A) In general.—Except as provided in subparagraph (B), an obligation issued by an Indian tribal government (or subdivision thereof) may be treated as an obligation described in section 103(a) only if such obligation is part of an issue substantially all of the proceeds of which are to be used in the exercise of any essential governmental function of such government.

"(B) Exceptions.—Subparagraph (A) shall not apply to—

"(i) an industrial development bond,

"(ii) a qualified mortgage bond (as defined in section 103A(c)) and a qualified veterans' mortgage bond (as defined in such section), and

"(iii) an obligation (other than an industrial development bond) described in subparagraph (E) or (G) of section 103(b)(4), but only if—

"(I) the trade or business in which the facilities described in such subparagraph are to be used is carried on by the Indian tribal government (or subdivision thereof) issuing the obligation, and

"(II) substantially all of the service area of such facilities is a part of a reservation over which such government has governmental jurisdiction.

"(5) Reservation.—For purposes of this subsection—

"(A) In general.—The term 'reservation' means any area—

"(i) reserved by treaty, Federal statute, or Executive Order as an Indian reservation, or

"(ii) designated by the Secretary of the Interior as an Indian reservation.

"(B) Certain contiguous areas included.—Such term includes any area—

"(i) which is contiguous to a reservation (as defined in subparagraph (A)),

"(ii) which was acquired in trust for an Indian tribe, and

"(iii) which is proclaimed by the Secretary of the Interior to be part of the reservation referred to in clause (i).

"(C) Special rules with respect to Oklahoma and Alaska.—Such term includes any area in Oklahoma or Alaska which is Indian country (as defined in section 1151 of title 18, United States Code).

"(6) Other definitions.—Any term used in this subsection which is also used in section 103 shall have the same meaning as when used in section 103."

(b) Technical Amendments.—

(1) Paragaph (4) of section 7871(a) is amended by inserting before the semicolon "and section 103A (relating to mortgage subsidy bonds)".

(2) Paragraph (6) of section 7871(a), as amended by section 2 of this Act, is amended by redesignating subparagraphs (B) through (G) as subparagraphs (C) through (H), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) section 25 (relating to interest on certain home mortgages),".

SEC. 4. RULES TREATING INDIAN TRIBAL GOVERNMENTS AS STATES MADE PERMANENT.

Section 204 of the Indian Tribal Governmental Tax Status Act of 1982 is amended—

(1) by striking out "and before January 1, 1985," each place it appears, and

(2) by striking out ", and shall cease to apply at the close of December 31, 1984" in paragraph (5) thereof.

SEC. 5. EFFECTIVE DATE.

(a) In general.—The amendments made by this Act—

(1) insofar as they relate to chapter 1 of the Internal Revenue Code of 1954 (other than sections 103 and 103A thereof) shall apply to taxable years beginning after December 31, 1985,

(2) insofar as they relate to section 103 or 103A of such Code, shall apply to obligations issued after the date of the enactment of this Act,

(3) insofar as they relate to chapter 11 of such Code, shall apply to estates of decedents dying after the date of the enactment of this Act, and

(4) insofar as they relate to subchapter E of chapter 64 of such Code, shall take effect on January 1, 1985.

(b) References to 1954 Code.—Any reference in this Act, or in the amendments made by this Act, to the Internal Revenue Code of 1954 shall be treated as a reference to such Code as amended by the amendment in the nature of a substitute (of the Ways and Means Committee of the House of Representatives) to H.R. 4170 of the 98th Congress.

Section-by-Section Analysis

SECTION 1. SHORT TITLE; AMENDMENTS TO 1954 CODE

The bill provides that it may be cited as the "Indian Tribal Governmental Tax Status Amendments of 1984." All amendments made by the bill are amendments to the Internal Revenue Code of 1954, as amended by the amendment to be offered by the Ways and Means Committee to H.R. 4170.

SECTION 2. EXPANSION OF PURPOSES FOR WHICH INDIAN TRIBAL GOVERNMENTS ARE TREATED AS STATES

The bill expands the areas for which Indian tribal governments will be treated as states for purposes of the Code. The following are the purposes for which tribal governments will be treated as states which were not included in the 1982 Indian Tribal Governmental Tax Status Act.

Accident and health plans

Under Section 105 of the Code, income received from a sickness and disability fund maintained under state law is not included in a taxpayer's gross income under certain circumstances. Under the bill, income received from a sickness and disability fund maintained under the law of an Indian tribal government will be treated identically.

Appearances with respect to legislation

Under the bill, a deduction will be allowed for expenses paid or incurred in carrying on a trade or business in direct connection with appearances before, submission of statements to, or sending communications to, the members of the governing body of an Indian tribe with respect to legislation of direct interest to the taxpayer. The deduction currently exists for such expenses incurred in direct connection with appearances, etc., before Congress, state legislatures and political subdivisions thereof under Section 162(e) of the Code.

Discount obligations

Under Section 454(b)(2), the amount of discount reportable as income for short-term discount obligations issued by states does not accrue until the obligation is paid at maturity, sold, or otherwise disposed of. Under the bill, the same rule would apply to discount obligations issued by Indian tribal governments.

Death taxes

Under the bill, credits and deductions for tribal death taxes are allowed for purposes of determining Federal estate tax liability to the same extent that such credits and deductions are allowed for state death taxes under Sections 2011 and 2053(d) of the Code.

Collection of individual income taxes by the United States.

Under subchapter E of chapter 64 of the Code, states may make agreements with the Secretary of the Treasury for Federal collection of state income taxes. Under the bill, Indian tribal governments also would be eligible to make agreements for Federal collection of tribal income taxes.

SECTION 3. TAX-EXEMPT BONDS ISSUED BY INDIAN TRIBAL GOVERNMENTS

Under the bill, Indian tribal governments will be able to issue industrial, development bonds on the same terms as state governments, with certain exceptions. Additionally, Indian tribal governments will be authorized to issue tax-exempt mortgage subsidy bonds, or, in lieu thereof, the mortgage credit certificates authorized by the amendment to H.R. 4170 should the amendment become law. Substantially all of the proceeds of any bond issue by an Indian tribal government must be used with respect to facilities located on the reservation of the issuing tribe.

Tribal governments generally will be subject to the same limitations on tax-exempt bonds as are applicable to states. The bill specifically incorporates any amendments to the Code which may be made by the amendment in the nature of a substitute to H.R. 4170 of the 98th Congress, so that Indian tribal governments will be subject to the H.R. 4170 restrictions with two narrow exceptions. First, because the population of most tribes is so small, the volume limitation for industrial development bonds will be $7.5 million per tribe rather than $150 per resident. Similarly, because Indian tribal governments have not issued mortgage subsidy bonds in the past, a volume limitation of $7.5 million per tribe is imposed rather than a limitation based on a percentage of mortgages issued in the previous three years. The second exception is that the governing body of each tribal government will decide how the volume limitation will be allocated among tribal subdivisions.

The bill also will allow bonds issued by Indian tribes to be tax-exempt if the proceeds are used for a utility-type activity. This provision is meant to clarify the 1982 Act. The Act allowed tribes to issue tax-exempt bonds if the proceeds were devoted to an essential governmental function. The Conference Committee Report indicates that public utility activities are essential governmental functions, but the 1982 Act does not explicitly so state. The bill therefore clarifies the intent of the 1982 Act. A utility-type activity includes the furnishing or sale of electrical energy, gas, water or sewage disposal services. The tax exemption applies only if the activity provides substantially all of its service on the issuing tribe's reservation.

For purposes of the tax-exempt interest provisions, a tribe's reservation generally is the area reserved by treaty, Federal statute, or executive order for that tribe. In addition, when the Secretary of the Interior designates an area as a reservation for a tribe, that area is to be treated as that tribe's reservation for these purposes. With regard to Indian tribal governments in Oklahoma, the tribe's reservation is to be those areas which are "Indian country" under 18 U.S.C. § 1151 and over which the issuing tribal government has governmental jurisdiction. Section 1151 of title 18 generally provides that trust and restricted Indian lands owned by a tribe or individual Indian is "Indian country," as is any "dependent Indian community." Because the lands reserved for the Metlakatla Indian Community constitute the only reservation in Alaska, the definition of "Indian country" at 18 U.S.C. § 1151 also will be the definition of reservation for purposes of applying this section to Indian tribal governments in Alaska.

SECTION 4. REAUTHORIZATION OF THE INDIAN TRIBAL GOVERNMENTAL TAX STATUS ACT OF 1982

This section permanently reauthorizes the provisions of the Indian Tribal Governmental Tax Status Act of 1982, as amended by this bill.

SECTION 5. EFFECTIVE DATES

The provisions regarding bonds issued by Indian tribal governments will apply to obligations issued after the enactment of the bill. Other amendments to chapter 1 of the Code will apply to taxable years beginning after december 31, 1985. The amendments regarding chapter 11 of the Code will apply to the estates of descendents dying after enactment of the bill. The amendments relating to taxes imposed by subtitle D of the Code will take effect the first day of the first calendar quarter beginning after enactment of the bill. The amendment to subchapter E of chapter 64 of the Code will take effect on January 1, 1985.●

TRIBUTE TO THE VERMONT MEDICAL SOCIETY

HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. JEFFORDS. Mr. Speaker, I rise today to pay tribute to the Vermont Medical Society which this year is celebrating its 200th anniversary.

At a time when we are grappling with the thorny issues of controlling medical costs, it is fitting that we should remember the extraordinary contributions of physicians to our society and standard of living. Medicine has gone through not one but several revolutions since Jonas Fay and Lewis Beebe petitioned the General Assembly of the Republic of Vermont and were granted a charter as the First Medical Society of Vermont.

The profession then was far removed from that today. As Benjamin Lincoln, professor of anatomy and surgery at the University of Vermont wrote some years later, "Of all the methods of gaining livelihood invented by Yankee ingenuity, no one secures its object so effectively and with so little expense of mental labour as 'turning doctor'."

Mr. Speaker, no doubt my friends who are physicians would argue that Professor Lincoln overlooked the method of "turning politician." That aside, I would like to heartily commend the members of the Vermont Medical Society for their proud history, and look forward to working with them on the problems of the future.

I would like to now quote to my colleagues the text of the general assembly's resolution.

AN ACT TO ESTABLISH A SOCIETY BY THE NAME OF THE FIRST MEDICAL SOCIETY OF VERMONT

October 25th 1784

Whereas it is a matter of the greatest importance to the Inhabitants of this State, that the professors of the Medical Art, should receive all proper encouragement, to excite them to improve and to acquire a thorough acquaintance with a Science so Interesting to those who may be in distress through indisposition of body and Limbs;

And Whereas it appears by a Petition Signed Jonas Fay and Lewis Beebe in behalf of themselves and a number of Gentlemen Physicians and Surgeons in the Counties of Bennington and Rutland and parts Adjacent, to wit: Nathaniel Dickinson, Seth Alden, Samuel Huntington, Elisha Baker, Lemuel Chipman, William Johnston, William Gould, Aaron Hastings, Zina Hitchcock, Silas Holbrook, William Woolcott, Ezra Baker, Ebenezer Tolman, Ezekiel Porter and Jocab Roeback, that they did on the nineteenth day of August 1784 form themselves into a Medical Association, and framed a Constitution for the Government thereof, and by their Petition dated the tenth day of September following pray'd the Legislature of this State to patronize & Establish the same: Therefore,

I. Be it enacted and it is hereby enacted by the Representatives of the freemen of the State of Vermont in General Assembly met & by the Authority of the same, that the following Physicians and Surgeons in the Counties of Bennington and Rutland and parts Adjacent to wit: Jonas Fay, Lewis Beebe, Nathaniel Dickinson, Seth Alden, Samuel Huntington, Elisha Baker, Lemuel Chipman, William Johnston, William Gould, Aaron Hastings, Zina Hitchcock, Silas Holbrook, William Woolcott, Ezra Baker, Ebenezer Tolman, Ezekiel Porter and Jocab Roeback be, and they are hereby incorporated and Constituted a body Corporate and Politic in Law, by the Name of the first Medical Society in Vermont, Capable of Sueing and Defending by their Agent or Attorney, in any Court of Law or Equity for the recovery and defence of their Common Rights and Interests. And they shall be Capable of taking by gift, Grant or Devise for the purpose of procuring and Maintaining a Library, and Such Instruments and Apparatus as shall by said Society be thought best, for making Experiments in their Art, and for any other purposes that shall be found Conducive to the encouragement and improvement of the healing Art.

II. And be it further enacted by the Authority aforesaid that the said Society be, and is hereby vested with full power to elect annually (by Ballot) a President, Secretary, and Two or more Censors; and the said Society is hereby further Authorized and impowered to call any of its Members to account for any Dishonorable Conduct relative to the Medical Profession, and punish the same (if necessary) by Suspension, Admonition or Expulsion; and to make Laws, Rules, and Regulations for the Governing the said Society and its several Members.

III. And be it further Enacted by the Authority aforesaid, that the said Society be, and is hereby vested with power to Judge and determine with regard to the Qualifications of such person or persons, as shall offer themselves for Examination, and any person or persons who shall hereafter be Admitted as Members of said Society shall be intitled to all and Singular the benefits and privileges that those enjoy whose names are mentioned in this Act.

IV. And be it further enacted by the Authority aforesaid that said Society be Authorized and impowered to appoint and determine the times and places of their Stated or Adjourned Meetings as to them shall appear necessary for the purposes mentioned in this Act.●

STATE LAW DEVELOPMENTS ON SUPERFUND LIABILITY

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FLORIO. Mr. Speaker, as we consider legislation to reauthorize the Federal Superfund program, I think we must keep in mind the fast-paced developments under State laws which parallel the Federal law in the area of liability for cleanup costs. A recent article in the New York Times, for example, described a Minnesota court award of $1.5 million in damages to the Onan Corp. Onan had sued the Boise Cascade Corp., the Burlington Northern Railway Co., and the Soo Line Railroad Co. for damages caused by hazardous chemical wastes which are contaminating portions of its property in a Minneapolis suburb. The jury concluded that the three defendant companies were responsible for the escape of hazardous chemicals at the sites. Their decision was made under the 9-month-old Minnesota Environmental Response and Liability Act, which imposes strict and retroactive liability on waste generators, transporters, and disposers.

The Minnesota law, and court decisions, should serve as a reminder to all involved in the Superfund reauthorization debate that State courts are in the process of assuming a very aggressive role in the pursuit of those responsible for environmental pollution. In my own State of New Jersey, the courts are developing strict liability standards even in the absence of specific statutory provisions, under their common law authority. Those who deplore strong Federal standards should be aware that the absence of such standards will not stop, and may even encourage, the development of stronger State laws in this area.

The New York Times article follows.

PLANT IS AWARDED $1.5 MILLION FOR TOXIC DAMAGE

MINNEAPOLIS, April 9.—The Onan Corporation has been awarded $1.5 million for damage suffered by hazardous chemical wastes that are contaminating part of its property in a suburb of Minneapolis.

In the first court test of Minnesota's hazardous waste cleanup statute, 90 percent of the award, or $1.35-million, is to be paid by the Boise Cascade Corporation, according to a verdict announced Saturday by a jury in State District Court in Anoka County. The remaining 10 percent, or $150,000, is to be paid by the Burlington Northern Railway Company and the Soo Line Railroad Company.

The six-member jury held the three companies were responsible for the escape of hazardous chemicals at an industrial site in Fidley, a Minneapolis suburb, before the tract was bought by Onan in 1967. Part of the tract had been occupied for more than 40 years by a plant that used creosote, which contains toxic compounds, to treat wood products, primarily railroad ties and utility poles.

Onan, which makes electric generator and diesel engines, had claimed losses of $6.4 million.

The jurors also decided that under the nine-month-old Minnesota Environmental Response and Liability Act, Boise Cascade was solely responsible for reimbursing Onan and state agencies for "response costs." Those expenses resulted from site investigations and the preparation of cleanup plans and could total more than $750,000. Onan.

The railroads were brought into the case because Onan charged that they had supplied creosote used in the wood-treating plant.

The jurors did not decide who was responsible for the final site cleanup, expected to cost at least $4 million. Judge Daniel Kammeyer said he would continue hearing evidence before deciding who should pay for the cleanup.

David Gadda, a spokesman for Boise Cascade, said Boise would not comment until after Judge Kammeyer has decided the remaining issues.

The Minnesota environment law imposes strict and retroactive liability on companies that generated, transported or disposed of hazardous wastes after Jan. 1, 1960.●

CBO STUDY SHOWS THE UNFAIRNESS OF THE ADMINISTRATION'S TAX AND BUDGET CHANGES

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. KILDEE. Mr. Speaker, the study by the Congressional Budget Office on this administration's tax and budget changes concluded that these changes were brought about at the expense of those who could least afford it—America's low-income households.

The administration's defense is that the Congress also is to blame because it approved many of the changes. This is regrettably true insofar as it goes, although it should be pointed out that the administration had effective control of the Congress during this period through its supporters in both the House and Senate. Thus, it is this administration, directly as well as indirectly, which is ultimately responsible for the unfairness of these policy changes.

This study reinforces an earlier study conducted at my request by the CBO in 1981. That early study revealed that low-income and middle-income families would lose more money under college student aid cuts than they would make up in savings from the income tax cuts if a child opted for a college education.

Again and again, Mr. Speaker, we see that the results of this administration's domestic policies are of benefit primarily to the wealthy.

Though this President is fond of quoting the late Franklin Delano Roosevelt, his actions are the antithesis of President Roosevelt's vision of the future. In his second inaugural address, President Roosevelt observed that: "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

This administration believes instead that it is the wealthy who need their intercession, or at least it would seem so by a reading of the results of the latest CBO study. An account of that study is reprinted here from the Flint Journal of Flint, Mich., for the benefit of my colleagues:

[From the Flint (Mich.) Journal, Apr. 4, 1984]

TAX, BUDGET CHANGES HURT POOR, HELPED RICH

(By Robert Pear)

WASHINGTON.—the Congressional Budget Office, analyzing the cumulative effect of budget and tax changes adopted since January 1981, said Tuesday that low-income families have lost the most money and high-income families have gained the most.

While the findings were not unexpected, the report is the first detailed study showing the effects of the recent tax and budget cuts on households at different income levels.

For example, it says, households with annual incomes of less than $10,000 have lost, on the average, $390 a year. Households with incomes of $40,000 to $80,000 have gained an average of $2,900 a year, it says, and families with more than $80,000 of income have gained, on the average, $8,270 a year.

The study by the nonpartisan agency, done at the request of Sen. Lawton Chiles of Florida, the ranking Democrat on the Senate Budget Committee, estimates the combined effects of all the changes in tax and spending policy since President Reagan took office.

Reagan administration officials said the results were to be expected because Congress in 1981, at Reagan's request, cut tax rates across the board, and such cuts are inherently worth more to people in high-income brackets, who typically pay more in taxes than low-income households.

The data in the new report are likely to be used in the election-year debate over the equity and fairness of Reagan's policies. The tax cuts, in particular, were designed by the administration to increase incentives for people to work, save and invest.

Edwin L. Dale Jr., a spokesman for the Office of Management and Budget, an executive branch agency, said Tuesday that he had not seen the latest report.

However, Dale said it was unfair for Democrats to criticize the president because many of the biggest tax and budget changes were adopted with bipartisan support. The Office of Management and Budget has not done its own studies to determine how the changes affected people at different income levels, he said.

In its new study, the CBO said, it tried to take account of prior criticism by the administration. The study shows that the federal government lost far more money from tax cuts ($93.6 billion this year) than it saved from all the changes in cash and noncash benefit programs ($23.1 billion). The disparity was a major factor contributing to the federal deficit, which is expected to exceed $180 billion this year.

According to the study, the average household gained $1,090 this year as a result of the tax cuts, but lost $170 in federal cash benefits and $100 in noncash benefits, for a net gain of $820. Noncash benefits include food stamps, housing subsidies and Medicaid and Medicare, the health programs for the poor and elderly.

Families that pay little or nothing in taxes, however, get little or no benefit from a tax cut. Thus, the tax cuts were worth, on the average, only $20 a year to families with incomes less than $10,000. They were worth an average of $330 a year to households with income from $10,000 to $20,000; $1,200 a year for families in the $20,000-to-$40,000 bracket, and $3,080 a year for families in the $40,000-to-$80,000 bracket. The tax cuts were worth an average of $8,390 a year to families with incomes of more than $80,000, the study said.

Higher-income families, predictably, received smaller benefits from the government's social welfare programs and were therefore less affected by the budget cutbacks of the last three years. The cutbacks, according to the report, took an average of $410 a year from families with incomes of less than $10,000. They took an average of $300 from families with incomes of $10,000 to $20,000. For households with higher incomes, the cutbacks took less. Thus, for example, they took an average of $130 a year from families with incomes of more than $80,000.●

INFLATION WATCH

HON. GILLIS W. LONG

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. LONG of Louisiana. Mr. Speaker, the staff of the Joint Economic Committee has undertaken an Inflation Watch project. They will monitor recent key developments affecting prices and review the outlook for inflation.

On April 9, Dr. Geoffrey Moore, director of the Center for International Business Cycle Research at Columbia University and former commissioner of the Bureau of Labor Statistics, issued the latest report on the leading index of inflation he has developed.

In the past, upturns in Dr. Moore's index have anticipated a speedup in inflation in consumer prices by an average of 7 months. The latest news indicates that inflation will accelerate in the months ahead.

Dr. Moore's index is based on three components:

First, the change in industrial materials prices, a measure of commodity market pressures. These prices rose at an annual rate of 17 percent in March, and increased at rates in excess of 20 percent in each of the last 6 months of 1983.

Second, the annual rate of change in total debt, reflecting borrowing by businesses, consumers, and the Federal Government. This is a measure of financial market pressures. In both January and February total debt grew at an 11 percent rate, reflecting rising private credit demands and continued heavy borrowing by the Federal Government. Dr. Moore believes that this trend poses an inflationary threat, because it represents "too much money chasing too few goods," even with real GNP rising at a 7 percent rate. He notes that total debt is rising faster than at the same stage of any of the previous five business cycle expansions in the United States since 1954.

Third, employed workers as a percentage of the total population of working age, a measure of labor market pressures. In March this indicator stood at 59.6 percent, just below the all-time high reached in 1979.

A copy of the April 9 release regarding this report and the inflation index for the past 2 years follows:

INFLATION INDICATOR EDGES UPWARD

The leading index of inflation rose slightly last month, according to the Center for International Business Cycle Research at Columbia Business School.

Figures compiled by the Center show an increase to 115.6 (1967-100) in March, up from 115.5 in February. The index has risen by 17 percent since its cyclical low of 98.5, reached in November 1982.

In the past, upturns in the index have anticipated a speedup in inflation in consumer prices by an average of 7 months. These upturns have usually occurred during recoveries from recession.

The index is a composite of three series: The annual rate of change in industrial materials prices, the annual rate of change in total debt outstanding, and the percentage of employed workers in the total population of working age. These components of the index reflect commodity market pressures, financial market pressures, and labor market pressures on inflation, respectively. In February the percentage employed and the change in industrial prices moved up, and the growth in total debt stayed the same.

In March the percentage employed rose and the increase in materials prices declined. March data for debt are not available.

Dr. Geoffrey H. Moore director of the Columbia Center, said that the rapid and widespread growth in debt, at 11 percent in January and February, posed an inflationary threat. The February growth rates of 17 percent in Federal debt and 9 percent in business and consumer debt, Moore stated, clearly represent "to much money chasing too few goods," even with real GNP rising at a 7 percent rate. Total debt is rising faster than at the same stage of any of the previous five business cycle expansions in the U.S. since 1954, he noted.

MEASURES OF INFLATION: CONSUMER PRICE INDEX LEADING INDEX OF INFLATION

	Consumer Price Index rate of change (percent)	Leading index of inflation (1967=100)	Percentage employed	Growth in debt			Industrial materials price index rate of change (percent)
				Business and consumer (percent)	Federal (percent)	Total (percent)	
1982:							
January	7.4	104.5	58.6	6.5	11.5	7.7	−13.8
February	6.6r	104.8	58.6	6.7	11.8	8.0	−14.1
March	5.1	103.3	58.5	5.8	11.8	7.3	−17.9
April	4.7	102.9	58.4	5.6	12.6	7.3	−19.0
May	5.6	103.3	58.6	5.4	12.4	7.2	−18.9
June	6.6	101.7	58.3	4.8	13.6	6.9	−23.0
July	6.5	101.1	58.1	3.8	14.1	6.4	−19.5
August	6.0	101.0	58.1	3.0	17.2	6.5	−20.7
September	5.1	101.1	58.0	2.4	19.3	6.6	−18.8
October	5.1	98.7	57.8	1.0	16.8	4.9	−18.9
November	4.3	98.5	57.6	0.3	20.1	5.2	−19.5
December	3.0	98.5	57.6	−1.0	21.9	4.8	−15.2
1983:							
January	3.0	100.0	57.6	−0.3r	21.0r	5.1r	−4.8
February	2.2	101.6	57.6	.0	20.9	5.4	6.4
March	1.8	103.4	57.6	−0.3	22.4	5.6	19.2
April	2.6	103.5	57.7	−0.1	20.5	5.3	21.0
May	2.8	104.0	57.8	−0.9	24.1	5.7	18.9
June	2.7	106.9	58.3	.0	26.7	7.2	18.1
July	3.0	108.6	58.5	1.8	24.2	7.9	20.7

MEASURES OF INFLATION: CONSUMER PRICE INDEX LEADING INDEX OF INFLATION—Continued

	Consumer Price Index rate of change (percent)	Leading index of inflation (1967=100)	Percentage employed	Growth in debt			Industrial materials price index rate of change (percent)
				Business and consumer (percent)	Federal (percent)	Total (percent)	
August	3.3	110.7	58.6	3.3	24.0	9.0	24.8
September	3.6	110.5	58.7	3.1	22.7	8.7	23.7
October	3.9	111.1	58.7	4.3	21.6	9.3	22.8
November	4.1	112.0	59.0	5.5	18.8	9.3	22.8
December	4.1	112.4	59.2	7.2	14.5	9.4	20.8
1984:							
January	4.7	114.6	59.2	8.4	18.4	11.4	18.3
February	4.7	115.5	59.5	8.8	17.5	11.4	18.6
March		115.6P	59.6				16.8

Compiled by the Center for International Business Cycle Research from the following sources:
Percent employed: Bureau of Labor Statistics, total employed including armed forces as percent of population 16 and over.
Debt outstanding: Federal Reserve Board, Treasury Department, Federal Home Loan Bank Board.
Industrial materials price index: Journal of Commerce.
The rates of change in debt and prices are annual rates based on ratio of current month's level to average level over the preceding 12 months. All data are adjusted for seasonal variations.
P=Preliminary; based on two of the three components.●

TRIBUTE TO THE LATE HONORABLE JOE L. EVINS

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. JONES of Tennessee. Mr. Speaker, it is with deep regret that I join in this special order requested by my colleague, Mr. GORE, in tribute to our departed friend and former colleague, Joe L. Evins. His death this past weekend was unexpected and a shock to all of us who knew him.

I am sure that there are many Members among us who do not remember Mr. Evins. However, his service in the House can stand as an example to all of us who seek each day to serve our districts and our constituents. In his 30 years in the House, Mr. Evins never forgot his roots. While assuming the powerful position of a full committee chairman and a subcommittee chairman, he did not forget the reasons for those committees or this great institution.

His service as chairman of the Committee on Small Business was devoted to the small businesses who have traditionally been the backbone of our Nation's economy. Furthermore, as chairman of the Appropriations Subcommittee on Public Works, he recognized and acted upon the Government's role in developing our Nation's resources. Many of the ports, highways, recreational facilities, and other public works projects that exist today can be attributed to Joe L. Evins.

Most importantly, Joe L. Evins was a man who shared his experience with those around him. He provided those of us who arrived here after him with the guidance we all need as new Members. He was truly a great American leader. I want to express my deepest sympathies to his daughters at this sorrowful time.●

THE INTRODUCTION OF THE TAXPAYERS' PROCEDURAL SAFEGUARD ACT

HON. DONALD JOSEPH ALBOSTA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. ALBOSTA. Mr. Speaker, I rise today to introduce legislation designed to protect taxpayers, particularly small business owners, against harassment by the Government. As we approach the April 15 tax deadline, it is appropriate that Congress consider the rights of those who pay the bills in this country—our many hardworking taxpayers. This legislation, the Taxpayers' Procedural Safeguard Act, amends the Internal Revenue Code of 1954 to do just that—safeguard taxpayers' rights.

For some time now, my district offices have received numerous complaints from 10th district constituents about the Internal Revenue Service's abuse of authority by imposing liens on property, seizing assets, and the collection of delinquent taxes, even when the taxpayer was repaying these taxes on a pre-arranged installment plan. In an attempt to protect the honest taxpayers of this country against Government harassment and abuse of power, I am introducing this bill in the House so that we can carefully review the practices and procedures used by the IRS and insure that they are both effective and fair to the American taxpayer.

A similar bill has been introduced in the Senate, S. 2400, by Senator CHARLES GRASSLEY and hearings were held in March by the Senate Finance Subcommittee on Oversight of the Internal Revenue Service. It is my hope that the House of Representatives will also move quickly in the consideration of this legislation.

The Taxpayers' Procedural Safeguard Act encompasses numerous reforms such as:

1. Lengthens the period during which a taxpayer must pay a deficiency after "notice and demand" by the IRS from 10 days to 30 days, and requires a more detailed explanation of the "notice and demand" provision.

2. Provides better protection for taxpayers who have installment agreements with the IRS.

3. Provides that all written advice furnished by any employee of the IRS acting in an official capacity would be binding upon the IRS, if the information were in response to a specific request by the taxpayer. If inaccurate written advice is given to the taxpayer from the IRS, the portion of the deficiency which is based on incorrect information is abated.

4. Establishes new rules governing all interviews with taxpayers conducted by the IRS. For example, the IRS would be required to conduct interviews at "a reasonable time and place convenient to the taxpayer" and to allow the taxpayer to make a recording of the interview.

5. Increases the amount of a taxpayer's wages and salary that is exempt from levy and prohibits the IRS from levying if the cost of selling the asset exceeds the asset's fair market value or the liability the IRS is attempting to satisfy.

6. Enables a taxpayer to appeal an administrative lien and provides a taxpayer with a cause of action against the IRS for wrongful lien or levy.

7. Provides for review of jeopardy levies and assessments.●

HOUSE PASSAGE OF H.R. 4170

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. LANTOS. Mr. Speaker, we have reached a critical phase in our Nation's economic recovery. The decisions we make in this Congress will be a major factor in determining whether we now move on to a period of sustained economic growth or return to the inflation-stagnation cycles that have hampered our economy in the past.

In this context, it is critical that we act—and act decisively—to reduce the deficit that is projected in the administration's proposed budget. We cannot sit idly while a ballooning deficit threatens the economic health of our country and mortgages the future of our children and our children's children.

Mr. Speaker, the tax bill that has been approved in the House yesterday—which I support—represents a step in the right direction. The bill is not perfect, nor is it enough by itself to resolve the critical deficit problem we face. Substantial spending cuts will be required as well. It is a proper and necessary beginning, however.●

NATIONAL LIBRARY WEEK

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. YOUNG of Florida. Mr. Speaker, our Nation's libraries are an extremely important, yet unheralded, part of our educational system and I am proud to pay tribute this week to the thousands of dedicated librarians who open the world of learning to all of us.

Libraries, regardless of their size, serve a multitude of roles. They provide a means by which Americans can broaden their scope of learning in history, the arts, music, religion, and culture. Libraries also provide a source of enjoyment where we can explore the past, present, and future.

Librarians take the time to help us understand all our libraries have to offer. And as new technologies have evolved, libraries have kept pace by providing large type and talking books for the visually impaired and a variety of other services for the handicapped. In addition, libraries have taken advantage of electronic advances to link various branches and improve the exchange and sharing of materials to further broaden library resources.

By saluting National Library Week it is my hope that we are able to make more Americans aware of these services and to encourage them to take time to explore a local library and see first hand all they have to offer.●

UNITED STATES MUST PAY MORE ATTENTION TO DEBT AND DEMOCRACY IN SOUTH AMERICA

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BARNES. Mr. Speaker, Dr. Riordan Roett, director of Latin American studies at the School of Advanced International Studies, recently published an important article in the latest issue of the journal, Foreign Affairs. The article, entitled "Democracy and Debt in South America: A Continent's Dilemma," appeared in the journal's issue entitled, "America and the World 1983."

In the article, Dr. Roett makes the case that South America's debt problem is more serious than most of us know, that South America's ability to manage its debt crisis is intimately related to its ability to sustain and strengthen stable democratic political structures, and that, because of our fundamental interest in nurturing democracy in our region, the United States must adopt much more of a leadership role with respect to this crisis.

The article is much too long to put in the RECORD. Fortunately, however, Business Latin America, a publication of Business International, recently published a summary of the article, which I include at the end of my remarks. I hope my colleagues will study the summary and will order the entire article for their careful consideration.

The summary follows:

[From Business Latin America, Mar. 7, 1984]

SOUTH AMERICAN POLICY MUST GIVE MORE ATTENTION TO DEBT AND DEMOCRACY

The United States must assume a leadership role in South America during 1984 and strive to reduce the social burdens exacted there by the current economic crisis. Otherwise, the U.S. risks the possibility that the hard-pressed middle and lower sectors will turn to radical political solutions, which would threaten repayment of the enormous foreign debt, the growth of democracy and regional stability. Failure to meet these challenges could also spawn sharp anti-American sentiment and chill the business climate for U.S. firms in Latin America.

Such is the conclusion of Dr. Riordan Roett, writing in Foreign Affairs's year-end wrap-up for 1983. He warns that U.S. foreign policy during 1984 must not concentrate overly on the imbroglio in Central America, but must grapple with urgent sociopolitical, socioeconomic and financial issues in South America.

MORE PRAGMATISM, LESS IDEOLOGY

Roett calls for a more flexible, less ideological U.S. policy to reduce the continent's social and economic distress brought on global economic downturn. To continue the 1983 policy of "absentminded neglect"—which was characterized by an incapacity to anticipate new pressures and needs—bodes ill for the future.

Roett emphasizes that the socioeconomic situation in South America is caught in a downward spiral: Import cuts plus austere public spending reduce production and job creation. Moreover, the working class and poor bear the brunt of the decline. Worse yet, the recent rise in middle class expectations, borne of the economic dynamism of the recent past, in coinciding with the entry of Latin America's baby-boom generation into the labor market. It also coincides with growing middle class disenchantment with authoritarian regimes, which has spawned a democratic awakening. A continuation of the economic trend could, however, crush the socioeconomic expectations of South America's middle class, and so weaken their democratic fervor that they might turn to authoritarian saviors who promise short-term relief. In the absence of positive U.S. initiatives to blunt the impact of the crisis, such a scenario is quite possible.

COUNTRY BY COUNTRY

Roett, keying in on debt and democracy as the critical issues facing U.S. policy in South America, suggests some ways the U.S. can nurture the delicate process of political institutionalization and give incipient participatory governments room to grow (see the box below). He cites the examples of both Ecuador and Colombia, which proved last year that democracies can withstand the pressures of economic downturn; he warns, however, that the U.S. should not take such success for granted.

Consolidation of the democratic process ought to be the first priority for U.S. policy in Argentina. To this end, the Reagan Administration must relax its opposition to some policies—notably trade relations with the U.S.S.R. and development of nuclear power—to avoid "an escalation of misunderstanding." The U.S. must also view the Alfonsin victory in the context of a worldwide surge in social democracy. Roett stresses that clear U.S. support of the new regime would tip the region that the U.S. can redefine its foreign policy to meet new—and positive—realities.

RECOMMENDATIONS FOR U.S. POLICY

Dr. Riordan Roett, professor of political science at the Johns Hopkins School of Advanced International Studies, believes that the U.S. must make a concerted leadership effort before the next set of crises appears, as emphasized in the accompanying article at left. Washington must anticipate new pressures and situations, rather than the usual practice of responding after the fact. Below, Roett outlines some policy directions open to the Reagan administration.

Politicize the debt issue. The U.S. must look beyond the narrow financial aspects of the economic crisis and define the region's foreign debt as "a foreign policy priority of potential political volatility." This means coordinating and leading the major actors in the drama—the IMF, the debtor countries, the Federal Reserve and the world's private commercial bankers—to devise procedures for the orderly evaluation of each country's debt, its ability to repay and future credit needs.

Jawbone the commercial lending sector to lower spreads on new and restructured credit, in concert with efforts by the borrowing governments to take appropriate internal adjustment measures.

Give more than lip service to free trade. Exports are crucial to the recovery of South America, and the administration should strongly avoid protectionism. The U.S. should also devise a scheme with other industrialized nations to expand imports from the region.

Bring down the U.S. budget deficit, a major cause of high interest rates that cripple the region's ability to service or repay any of the debt (and a lousy example for Latin American governments that are repeatedly forced to restructure their economies).

Provide emergency assistance to the region, particularly humanitarian and food aid, to ease social pressures.

A similar attitude with regard to Brazil would demonstrate U.S. desire to support the surging democratic process there. A U.S.-led reorganization of the entire foreign debt is crucial to slow deterioration of the social situation. The U.S. must accept that democracy cannot flourish while the current military regime remains under insistent social pressure.

While Venezuela's new Lusinchi government needs the same political space, Peru's "government under siege as much from without as from within" needs support to begin a modest economic recovery. The Belaunde administration is trapped by rising social and political discontent and needs U.S. leadership in debt renegotiations to pass on the democratic baton in elections scheduled for 1985.

Elsewhere in the Southern Cone, Roett believes that the U.S. should use the Alfonsin victory to endorse an embryonic democratic process in Chile and Uruguay (where elections are scheduled for November). U.S. economic assistance is essential to bolster the tottering Bolivian democracy of Hernan Siles Suazo, while Argentina's democratic flowering will increase pressure for liberalization on the Paraguayan dictator Alfredo Stroessner.●

TRIBUTE TO FRANK V. VALENTINO

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. RUSSO. Mr. Speaker, I am pleased to note that a friend and most deserving man has been chosen Knight of the Year for 1984. Frank V. Valentino is a fellow member of Genoa Council No. 1639 of Dolton, Ill., and on April 30 he will receive his honor.

This will be a surprise event for Frank—but those of us who know him are not surprised. Concientious, dedicated, and a good citizen and friend, he richly merits this recognition. His unselfish service to others is a reflection of the ideals of the Knights of Columbus.

Too often we become enveloped in the struggles and problems here and we may forget the strength that is always a part of this great Nation—the countless people who in their own communities, in their own way, exemplify what is best about the spirit of America. Frank Valentino is such a man and I know my colleagues join with me in congratulating him on this award.●

PROPOSAL FOR AN UNDER SECRETARY FOR HEALTH

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WAXMAN. Mr. Speaker, I have today introduced a bill, H.R. 5438, which is designed to increase the visibility and focus of the Department of HHS on health care programs. I am pleased to be joined in this effort by my colleague, Mr. MADIGAN, ranking minority member of the Subcommittee on Health and the Environment. This bill recognizes the vast health care expenditures and resources of the Department of Health and Human Services and attempts rationally to separate the widely diverse health and social welfare programs.

The bill would reorganize the Department, creating a new Deputy Secretary and establishing the functions of an Under Secretary for Health and an Under Secretary for Human Services.

The Department simply has grown too large and unwieldly to manage effectively without separating its two major functions. Currently, its proposed budget of $324 billion makes it the third largest budget in the world after that of the United States and the U.S.S.R. With more than 140,000 employees, it is far bigger than most other Cabinet-level departments. In addition, the health industry accounts for more than 7 million private-sector jobs.

The Department is responsible for administering the health and income security programs which are the foundation of our domestic social system. But in terms of public policy there are great differences between health programs, including medicare and medicaid, and such programs as social security or aid to families with dependent children.

We believe that the creation of Under Secretaries for Health and Human Services would provide a coherent management structure that would lead to overall improvement in the Department's efficiency and responsiveness to the needs of the public. Further, it would provide a strong emphasis and focus on health care concerns, and bring all health programs—financing, research, public health, and prevention—under a unified control.

In fiscal year 1983, the Department spent $80 billion on health and $197 billion on income security and human services programs. Spending for health alone is far greater than the total budgets of many Cabinet-level departments. Health dollars now account for more than 10 percent of the gross national product.

Health care is a fundamental concern of all Americans. The time has come to elevate the senior HHS health official to a position that would provide a practical and visible focus for complex health issues facing America now and in the future. Sound policy decisions require close coordination of the different health components in HHS.

At the same time, the Under Secretary for Human Services will be able to devote more time and attention to the functions of administering our income security programs efficiently and effectively to insure their continued economic viability. This Under Secretary for Human Services would be responsible for the functions of the Social Security Administration, the Office of Human Development Services, and the Office of Community Services.

This reorganization plan would provide a new priority focus for the largest and most rapidly growing segments of the Federal budget and the national economy. It will tell the American people that we are concerned, both with their health and welfare. A text of the bill I am introducing today follows.

H.R. 5438

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds that—

(1) the Department of Health and Human Services is an immense organization with diverse functions which fall into the categories of health care programs and income security programs (including human development services);

(2) in terms of public policy there are great differences between health programs, including the programs under titles XVIII and XIX of the Social Security Act, and the income security programs under the Social Security Act;

(3) the programs under titles XVIII and XIX of the Social Security Act are increasingly influencing medical care in this country;

(4) given the diversity of Federal health programs, which range from research conducted by or through the National Institutes of Health to the administration of the programs under titles XVIII and XIX of the Social Security Act by the Health Care Financing Administration, there is a need for an Under Secretary for Health to serve as a single management focus;

(5) Federal health programs are a major force in the Nation's overall health care system and thus it is important to elevate the importance of these programs to the Nation; and

(6) the creation of an Under Secretary of Health and an Under Secretary for Human Services would lead to an overall improvement in the Department's responsiveness to the needs of the public.

SEC. 2. (a) The office of Under Secretary of Health and Human Services in the Department of Health and Human Services is redesignated as the office of the Deputy Secretary of Health and Human Services.

(b)(1) Section 5313 of title 5, United States Code, is amended by adding at the end the following: "Deputy Secretary of Health and Human Services.".

(2) Section 5314 of such title is amended by striking out "Under Secretary of Health and Human Services".

SEC. 3. (a) There shall be in the Department of Health and Human Services, in addition to the offices now provided for by law, an Under Secretary for Health and an Under Secretary for Human Services. Each Under Secretary shall be appointed by the President, by and with the advice and consent of the Senate. During the absence of disability of the Secretary of Health and Human Services and the Deputy Secretary for Health and Human Services, an Under Secretary, determined according to such order as the Secretary shall prescribe, shall act as Secretary.

(b)(1) The Under Secretary for Health shall be a doctor of medicine or a doctor of osteopathy and shall—

(A) have responsibility for the Public Health Service, the Health Care Financing Administration, and the Office of Assistant Secretary for Health; and

(B) perform such additional functions as the Secretary of Health and Human Services may prescribe.

(2) The Under Secretary for Human Services shall—

(A) be responsible for the Social Security Administration, the Office of Human Development Services, and the Office of Community Services; and

(B) shall perform such functions as the Secretary of Health and Human Services may prescribe.

(c) Section 5314 of title 5, United States Code, is amended by adding at the end the following:

"Under Secretary for Health.

"Under Secretary for Human Services.".●

ENERGY CONSERVATION AND RAILROAD SAFETY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. CONTE. Mr. Speaker, as my colleagues know, I have long been an advocate of strengthening America's railroads. They are a critical part of our Nation's transportation infrastructure. They move some 37 percent of all intercity freight in the United States. With the advent of deregulation, and the new and innovative marketing strategies that deregulation allows, I expect that the amount of freight traveling by rail will increase in the future.

As we look to a stronger, growing and more competitive rail industry, there are two areas that I believe the Federal Government should pay particular attention to—fuel efficiency and safety.

I am pleased to note that Secretary Dole has put a strong emphasis on safety in every mode of transportation, and her leadership in this area is already evident at every level of the Department of Transportation. She is to be commended for her efforts in this regard.

I have also noted with interest the work that the senior Senator from Virginia, Senator WARNER, is undertaking with regard to fuel conservation techniques in the railroad industry, particularly concerning the use of coal. He likewise is to be commended for his work in this important area.

The efforts of Secretary Dole and Senator WARNER notwithstanding, I am struck by the lack of any significant body of technical study in these two areas. The Department of Energy devotes almost all of its efforts in the fuel conservation area to automobiles. The Department of Transportation has undertaken very little study in the fuel conservation area. While DOT has, as I indicated, made safety a priority, it is proceeding with an extremely limited body of current research on the subject.

This observation was recently brought home to me by information I have received about research underway at the Massachusetts Institute of Technology in this area. A New York based rail grinding company, Speno Rail Services, has sponsored some preliminary studies at MIT on the energy conservation and safety effects of track and rail surface geometry. The engineers at Speno and their colleagues at MIT have indicated not only how limited the literature is, but how little it has been utilized from an energy conservation and safety point of view. Yet, their preliminary findings are yielding exciting results. Those results show that there may well be significant fuel and safety benefits to be derived by the right combination of rail and track surface maintenance. For instance, in the fuel area, they estimate that an average size railroad could save as much as 5,000 gallons of fuel per mile per year given the right combination of rail and track surface maintenance. Likewise, they believe that the possibility of wheel lift on high speed trains moving over corrugated track could increase the incidence of derailment. These preliminary findings merit a more intense look by the Federal Government.

Energy conservation and safety are important subjects as we view our railroad industry today. They take on added significance as we look to the future. It seems clear that high speed passenger operations are coming under increasing scrutiny in this country. The United States-Japan Rail Congress has traveled to Japan to study that country's high speed Bullet Train. A similar trip has been taken to Europe to study the French TGV high speed train. The American High Speed Rail Corp. has spent a considerable amount of money studying a possible California high speed system, and is putting together a group of investors to finance it. The Federal Government has recently provided grants to Florida and Nevada to study the feasibility of a high speed rail passenger system in these States.

If high speed passenger operations become a reality in this country, then fuel conservation, and most certainly safety considerations, take on additional dimension of importance.

As we consider how our transportation dollars can best be spent, we should consider directing some of those dollars to these high priority areas. For a very modest investment I believe we can add significantly to our knowledge and understanding of energy conservation and safety in this important mode of transportation, and translate that knowledge and understanding into some very tangible benefits for the American people. I hope my colleagues will be prepared to join me in that effort.●

LOUISVILLE TEACHER RECEIVES U.S. TEACHER OF THE YEAR AWARD

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MAZZOLI. Mr. Speaker, this past Monday I had the distinguished dean of the Kentucky delegation and the chairman of the House Education and Labor Committee, CARL PERKINS, as my guest on my television show.

On the show, Mr. PERKINS and I discussed the need for a continued strong Federal role to assure that a quality education is available to all Americans. We also discussed several bills before the House—including the American Defense Education Act, H.R. 881, which we have both sponsored—to help maintain our standard of excellence in American education.

Nowhere is that standard of excellence more evident than in room 211 in Ballard High School in Jefferson County, Ky., where Sherleen Strong Sisney teaches economics and history. Sherleen has just been designated the U.S. Teacher of the Year by Encyclopaedia Britannica, the Chief State School Officers Organization, and Good Housekeeping magazine.

I have had the pleasure and honor of speaking before Shirleen's classes at Ballard on several occasions. The questions her students ask, and the observations they deliver about the political process evidence a depth and breadth of knowledge that attests to the quality of their instructional leader.

I had the pleasure of meeting with Sherleen, her husband, Lee, her proud parents, Mr. and Mrs. Louis Strong, as

well as three of her students from Ballard High School—who were all here to participate in ceremonies in her honor at the White House. Sherleen has brought credit and honor to the Commonwealth of Kentucky. We are all proud to have her kind in our midst.

I commend to the attention of my colleagues the following article which appeared in the April 1 Louisville Courier-Journal about the exceptional work Mrs. Sisney is doing in the classroom.

The article follows:

[From the Louisville Courier-Journal, Apr. 1, 1984]

LOUISVILLIAN HONORED AS U.S. TEACHER OF THE YEAR

(By Leslie Ellis)

One of the country's highest education honors has come to Kentucky with the naming of Sherleen Sisney, economics and history teacher at Ballard High School, as the national Teacher of the Year.

She will receive the award from President Reagan in a ceremony in the White House Rose Garden on April 11.

Thirty of her students, local school officials and her immediate family are invited to join her for the ceremony.

During a five-day stay in Washington, she will be featured in television appearances, interviews with the national media, meetings with top education officials and presentations to teacher associations.

She will continue in the national spotlight for the next year—her predecessor had at least three speaking engagements a week.

The award is expected to give Kentucky education some positive publicity—a departure from the usual dour reports that rank Kentucky among the bottom states in teacher salaries, literacy rates, dropout rates and spending per pupil.

"I'm still really in shock," Mrs. Sisney said Friday afternoon. "I've been trying to be a teacher and also work on press releases," she said, chuckling over having to juggle the demands of her new role.

Her students had left for the afternoon; her classroom—room 211, at the end of the hall—was abnormally quiet. Visitors usually find students operating mock corporations, debating political issues, acting as historical figures, or writing new constitutions.

Named Kentucky's Teacher of the Year last fall, Mrs. Sisney is already a nationally recognized leader in involving the business community in the classroom. She created a "learn-by-doing" economics curriculum that has earned her an avid following among students.

The philosophy behind her teaching is to give students a reason to learn, to excite them about learning, and to encourage them to analyze and to ask good questions, instead of simply memorizing facts.

"She forces us to strive to find information on your own. She just doesn't spoon-feed us," a student in one of her economics classes said earlier this year.

A sign over her chalkboard says "Be More Specific," an admonition she uses to encourage students to speak and write clearly. Quizzes often follow reading assignments to test students' understanding of the material, and she may ask students to redo written work several times.

The National Teacher of the Year award has three sponsors: Encyclopedia Brittanica, the Chief State School Officers organization, and Good Housekeeping magazine.

Decisions were based on written essays about teaching methods and philosophies, and on interviews.

A representative from Good Housekeeping shadowed her for two days in Louisville, talked with students, observed classes, interviewed parents and conducted a 25-minute videotaped interview.

In February, she became one of our finalists. That was when she began to feel as though she were "carrying the school system's banner" and helping to bring recognition to a "state that's not given a lot of credit for its students or personnel."

On March 2, she was told she had won the national title.

She was grading papers in her classroom and was summoned to the office—State Superintendent of Public Instruction Alice McDonald was on the phone to say "congratulations."

Mrs. Sisney laughed, remembering the call. "I said, 'For what?' "

"She told me she wanted to line my room with roses, but to wipe the smile off my face and get back (to class) and act like nothing had happened."

So far, only her immediate family and a few close friends and school officials have known of the award.

Award officials had planned no public announcement until a press conference April 10 in Washington. But after contest officials said they wanted 30 students to attend the ceremonies, local school officials realized there would be no way to keep it quiet.

A school system spokeswoman, Rande Swann, said the district is "elated" about the honor for Mrs. Sisney. "We feel Sherleen certainly does exemplify the quality teacher that the Jefferson County Public Schools have come to know and enjoy."

The students will be told of the Washington trip tomorrow.

The students haven't been selected yet; transportation and other costs for their trip are still being discussed.

Ironically, in the same month that Kentucky is honored for having the nation's outstanding teacher, the state legislature rejected a proposal for more taxes to finance an education-improvement package. Mrs. Sisney said she expects interviewers to be curious about Kentucky's attitudes toward education.

She hopes the award will help break some stereotypes about education in Kentucky. She said she's delighted that her students and local school officials will share the limelight with her in Washington because they will present a positive image.

"There's a great deal for this state to be proud of, and we'll showcase that," she said.

As Mrs. Sisney speaks extensively about education during the next year, she said she hopes to convey these messages:

"I think it's time to get on a positive note about education," she said. The schools have come through a decade in which education was expected to solve everything, "from drug problems to venereal disease to social and emotional problems."

Schools need to deal with these problems, but shouldn't be expected to solve them single-handedly, she said. Their focus should be on education issues such as reducing the dropout rate and finding ways to develop top-quality teachers.

The existing negativism in education can lead to "real opportunities" for change, she said, "but the door for opportunity won't stay open too long."

Educators must exert leadership more than ever before, she said. They need to talk to policy-makers and legislators about what can and can't be accomplished, and about what they can do to work with teachers, she said.

An economic-education program such as the one in her classroom, which includes "hands-on" projects and draws business leaders into the classroom, can help improve students' "opportunities for a better quality of life," she said.

Making economics relevant helps students be better consumers, wiser voters and better prepared for the job market, she said.●

TAX CUTS: BEYOND THE RHETORIC

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FIELDS. Mr. Speaker, those of us who supported the Economic Recovery Tax Act of 1981 have frequently been vociferously attacked as "Robin Hoods-in-reverse." Critics rage that the 1981-passed tax reductions benefited the rich at the expense of the poor.

Consequently, I found quite interesting a recent Treasury Department analysis of actual 1982 tax returns. Contrary to bellicose political rhetoric, the Treasury analysis revealed that under the first year of the tax cut, the share of taxes paid by upper-income individuals and families actually rose while the share of taxes paid by lower- and middle-income individuals and families fell.

I commend the following article from the Washington Times to the attention of my colleagues on both sides of the aisle.

[From the Washington Times, Apr. 5, 1984]

NOW MORE TAXES FROM RICH

(By Warren Brookes)

For three years, Democrats have argued that President Reagan's tax-cut program "favors the rich at the expense of the lower-income groups," and they have successfully sold this idea to the public. Now, an analysis of actual 1982 tax returns by the Treasury Department shows exactly the opposite.

Under the first year of the Reagan tax cut, the share of taxes paid by the rich (those with incomes over $50,000) rose dramatically, while the tax burden of those under $50,000 fell sharply.

In 1982, the year individual tax rates were cut an average of 7.5 percent on all salaries and wages, and the top tax rates on unearned income were cut (29 percent) from 70 to 50 percent, taxes actually paid by the rich (over $100,000 in income) increased 13 percent, and by those over $50,000, 6 percent. At the same time, taxes paid by those with incomes below $20,000 declined 12 percent, while those with incomes between $20,000 and $50,000 actually paid 4 percent less.

Although total income tax collections declined 2 percent in 1982, those with incomes above $500,000 paid 40-percent more tax revenues in 1982 than in 1981. One of the primary reasons for this huge increase was a 55-percent rise in the number of returns filed by those reporting $1 million or more in adjusted gross income, from 5,283 returns in 1981 to 8,203 in 1982. As a result, the distribution of the federal tax burden shifted sharply to the upper income levels, exactly contrary to the claims of presidential candidates Walter Mondale and Gary Hart.

In 1981, those with incomes under $20,000 paid 17.1 percent of the total income-tax collections. In 1982, that share dropped to 15.5 percent, the largest such drop in a single year since 1965 (under the Kennedy-Johnson across-the-board tax reduction). At the same time, the share paid by those with incomes above $50,000 rose sharply from 32.9 percent in 1981 to 35.4 percent in 1982—an 8 percent shift of the tax burden toward the rich.

The shift was even more dramatic among those with incomes above $100,000 whose share of the federal income taxes rose from 15 to 17.3 percent, a 15-percent rise, while the share paid by millionaires rose 41 percent in 1982.

Rep. Jack Kemp, R-N.Y., co-author of the Kemp-Roth, three-year, 25 percent tax rate cut, told this column: "These figures prove what we have argued all along. If you really want to soak the rich, as some of my liberal colleagues are always proposing, the best way to do it is to lower all tax rates, and make it more profitable for them to invest. (Incidentally, many Democrats, including Mr. Hart, have endorsed his idea in the Bradley-Gephardt tax plan to cut top marginal rates to 30 percent, a plan that has since been upstaged by a 25 percent top-rate proposal by Rep. Kemp and Sen. Robert Kasten, R.-Wisc.)

Mr. Kemp noted that "this same upward shift in the tax burden took place under the Kennedy-Johnson tax cuts of 1963-65, when tax rates were cut by about 25 percent across-the-board."

"As I recall," he continued, "between 1983 and 1966, the share of taxes paid by the under-$10,000 group fell by 23 percent, while the share of taxes paid by those over $50,000 increased by 36 percent, while total revenues grew.

"We see the same effect, here," he says. "Even though 1982 was a recession year, and even though tax rates were cut an average of about 10 percent, while collections from the upper-income groups actually rose by a very solid 13 percent. Had it not been for the Federal Reserve's chokehold on credit, which produced the recession long before the first tax cuts could take effect, I am convinced we would have seen total 1982 revenues rise as they did in 1965."

Although tax returns for 1983 are still coming in, and it is too early for an analysis of them, the preliminary indications are that the same effect is taking place, as receipts from those filing estimated taxes (typically the upper-income groups) are running substantially ahead of those from payroll withholding.

"This means," Mr. Kemp reminded us, "that my friend, former Congressman Bill Broadhead [D] of Michigan of 1981 when he, with Tip O'Neill's blessing, offered to give us an immediate reduction in 70-percent unearned-income rate down to 50 percent, instead of phasing it in over three years as the president was proposing.

"He told me then," Mr. Kemp remembers, "that he knew this 'wouldn't cost anything,' because it would lure so much wealthy income out of shelter back into the productive economy."

The trouble was, the "price" the Democrats asked of Mr. Kemp and President Reagan for this concession was the elimination of the third year tax cut and indexing, which primarily benefits middle incomes.

"This show the hypocrisy of the liberals," Mr. Kemp said. "They were willing to trade an immediate reduction of tax rates on the rich, which they knew wouldn't be costly, in order NOT to give a 10-percent third-year reduction or indexing to the middle-class. Now, they turn around and assault us for favoring the rich.

The new Treasury analysis should put a lie to that whole argument, but with the extreme liberal bias of the press, don't count on it. The "big lie" has been well sold.●

CHILE STILL DENIES HUMAN RIGHTS

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. HARKIN. Mr. Speaker, since 1973 when the Pinochet regime forcefully took over the country of Chile, it has been the subject of much controversy within our own Government, particularly as we consider recertification of aid to that government.

Clearly, the human rights situation has not improved in Chile. In fact the situation is getting to be much worse. Just over a week ago, on March 23, a new state of emergency was reimposed. In the last day of national protest on March 27, 400 were arrested and at least 5 killed. Journalists and editors are being detained; magazines are being taken off the streets; and censorship has gotten much harsher. A case in point here, Juan Pablo Cardenas, the editor of the monthly publication Analisis was arrested on April 10, and I am calling this to the attention of our State Department and the Chilean Embassy. Earlier this year he was similarly arrested and held for 23 days.

The Chile Committee for Human Rights reported that in 1982 there were 85 reports of torture to citizens by the security forces of the Chilean Government. In 1983, that number increased to 437 reported incidents of torture.

With your permission, Mr. Speaker, I would like to insert into the Record an article by Isabel Letelier entitled, "Chile Has Not Cleaned Up Its Act." I believe that it very clearly illustrates the injustice that continues in Chile.

[From the Washington Post, Mar. 31, 1984]

CHILE HAS NOT CLEANED UP ITS ACT

(By Isabel Letelier)

Rep. G. V. Montgomery seems puzzled by an "unremittingly hostile attitude" toward Chile [For the Record, March 18], despite what he and U.N. Ambassador Jeane Kirkpatrick see as a "hopeful process of liberalization moving toward democratization" by the military regime of Gen. Augusto Pinochet. The congressman assumes that the Chilean regime has cleaned up its act in the human rights arena, and has cooperated in the U.S. investigation into the September 1976 terrorist assassination of Orlando Letelier and Ronni K. Moffitt in Washington. He assumes too much.

The March 27 national day of protest in Chile against continued military rule, and the ensuing troop violence, left a toll of five deaths, dozens of injuries and hundreds of arrests. This is evidence enough that the Pinochet regime remains a repressive dictatorship with no intention of moving toward a return to democracy in Chile. And far from cooperating in the U.S. investigation into their carbombing murders, as Montgomery alleges, Pinochet and his military government, in the words of the Justice Department official in charge of the case, E. Lawrence Barcella, "haven't done spit. In fact, they have been dilatory and obstructionist."

Yes, the Pinochet regime did turn Michael Townley, an American expatriate working as an international assassin for the Chilean secret police, DINA, over to the United States, but not "voluntarily" as Montgomery states. Rather, for more than a month after Townley was identified as a key suspect in the case, the Pinochet regime stalled, lying to U.S. Justice Department officials—they were told that Townley's whereabouts were unknown when in fact he was under secret police protection at his own home—and even producing another man in his place. Only after U.S. Ambassador George Landau threatened "serious repercussions" in U.S. relations with Chile, and the Justice Department signed an agreement limiting the use of Townley's testimony to the Letelier case, was he finally turned over to American authorities.

And yes, Gen. Hector Orozco did relieve Townley of his oath of secrecy; the Chileans then secretly agreed to pay up to $250,000 for his legal expenses and support for his family in Chile as an incentive for him *not* to reveal his other assassination missions—in Argentina and Italy—undertaken on behalf of Pinochet.

Nevertheless, Townley is a smokescreen that Montgomery is using to divert attention from the real issue—the Pinochet regime's abject failure to bring three indicted Chilean co-conspirators, including the former head of DINA, Gen. Manuel Contreras, to justice. Congressional legislation passed in 1981 prohibits sending U.S. military aid to Chile until the military regime takes "appropriate steps to cooperate" to extradite these intelligence officials to the United States to stand trial, or bring them to trial there.

Contrary to what Montgomery would have us believe, the applicability of plea-bargained evidence has nothing to do with the Pinochet regime's refusal to prosecute Contreras and his subordinates. Evidence of their guilt exists independently of Townley's testimony; thus the military regime has blocked attempts by lawyers of the Letelier family to pursue their own investigation. As Townley himself wrote to a colleague in the Chilean intelligence service: "You know the truth. I know it, the [Chilean] court knows it, perhaps 80 percent of the country knows it. If they really wanted to prosecute him [Contreras] they have more than 100 witnesses that could do it there."

Perhaps the truth—that officials at the highest levels of the Chilean government carried out and attempted to cover up a vicious act of international terrorism on the streets of this nation's capital, and continue to insult the U.S. system of justice—was not told to Montgomery during the briefing he received in Chile. Otherwise, how does one explain why he seeks to reward the Pinochet regime by restoring U.S. military aid while human rights violations continue and while the men who murdered Ronni Moffitt, Orlando Letelier and thousands of other innocent victims walk free.

I am in total agreement with Rep. Montgomery's conclusion: "After 7½ years it is time to move forward." It is time to move forward—by supporting the forces of democracy in Chile, and by demanding justice in the Letelier-Moffitt case.●

DRAFT STATEMENT TO ACCOMPANY THE HOLTZMAN ARTICLE

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WEISS. Mr. Speaker, public support and understanding of the need for the equal rights amendment has never been stronger. However, last November this House defeated the amendment in a vote that fell six short of the two-thirds majority needed for passage. This was a blow to the women's movement and to the advances women have made since 1970, when the House first passed the ERA.

During the debate, opponents voiced concerns which were irrelevant to the ERA. I believe it is important that these concerns be laid to rest to insure the future passage of the ERA. The arguments against the ERA expressed in November have been skillfully analyzed and refuted in an article by a former colleague from New York, Elizabeth Holtzman. I would like to recommend that article to my colleagues. It provides an historic perspective on the amendment and the need for its passage.

The article, from Newsday, follows:

[From Newsday, Nov. 30, 1983]

FEARFUL MEN BEAT THE ERA

(By Elizabeth Holtzman)

The women's movement suffered a major setback in the House of Representatives earlier this month, when the Equal Rights Amendment fell six votes short of the two-thirds majority needed for passage.

This defeat appeared surprising given the substantial advances made by women since 1970, when the House first passed the EPA. Fifteen million more women have entered the work force. New opportunities have been opened to women, from space flight to police work. The Supreme Court has struck down discrimination against women in pay, pensions and jury service, and has, in a decision of far-reaching importance, legalized abortion.

But a closer analysis suggests that these very advances may have prompted the ERA defeat.

Those voting against ERA argued that they were not antagonistic to women's equality per se, but simply opposed the procedures for considering the amendment which restricted debate time and barred amendments.

Their claims are not credible. Nearly identical procedural objections were rejected overwhelmingly in the 1970 vote. Raised again in 1983, they are laughable.

Consider, for example, the absurd claim of House Minority leader Robert Michel (R-Ill.) as he reversed his 1970 pro-ERA vote: "You are not giving us time to think."

The ERA, a simple 24-word amendment, was first introduced in Congress in 1923. Further, most members of the House dealt with ERA during the 1982 campaign. The plea for "more time to think" was just a ruse.

ERA foes complained that they were not allowed to offer amendments. But in 1970, the House passed the ERA under a parliamentary procedure that effectively precluded amendments.

It seems clear that the ERA was defeated not by concern over procedural issues but by deeply entrenched hostility to women's demands for equality.

What has happened since 1970 to raise this hostility to a level where more than a third of the Congress would refuse to endorse the simple concept of women's equality? A comparison of the House debates offers some answers.

In 1970, the opponents of ERA (all 15 of them) concentrated on the claim that men and women were so profoundly different that equality under the law made no sense. As the then-Chair of the House Judiciary Committee, Emanuel Celler, put it: "[T]here is as much difference between a male and a female as between a horse chestnut and a chestnut horse."

In 1983, opponents reacted against the entry of large numbers of women into the workforce. In 1970, ERA opponents voiced fears that ERA would wipe out "protective" measures for women workers, measures that actually maintained their second-class status.

Since 1970, women have been demanding pay equity, equal access to nontraditional jobs, greater job-training opportunities and an end to discrimination in insurance and pension benefits. It is not surprising then that in 1983, ERA opponents expressed a new fear that women's economic advancement would take jobs from men.

They expressed this fear by arguing that ERA would nullify the veteran's preference, which ensures priority for veterans in hiring, pay and promotion in federal and state civil service. Because an overwhelming majority of veterans are men, the veterans' preference seriously limits women's employment options. Concern that ERA would eliminate veterans' preference suggests not only a fear of women's economic competition but an attitude that jobs, higher pay and promotional opportunities are more important for men than for women.

The debate also reflected a second major change that took place in the 1970s—the Supreme Court's legalization of abortion. Coupled with the legalization of birth control, this decision enabled women to control childbearing decisions and pursue careers.

The Supreme Court's abortion decision was based not on the ERA, but on the constitutional right to privacy. ERA opposed opponents' argument that "a pro-ERA vote is a pro-abortion vote" was false. In fact, 88 anti-abortion legislators voted in favor of the ERA.

Plainly, raising the unrelated abortion issue in the ERA debate was just another way of saying that women's primary role is a reproductive one and that women should stay in their place.

The other arguments against ERA in this year's debate—that ERA would require woman to fight in wars and that it would prohibit separate schools for men and women—were soundly rejected by the House of Representatives in 1970. Even without ERA, Congress has the power to draft women and place them in combat, just as it has the power to prohibit discrimination against women in education.

This new opposition to ERA suggests that women's advances have produced a backlash. Women face a new and disturbing challenge: The more successful they are, the greater the risk of hostility.

Women must therefore become major actors in the American political system. Women must register and vote. Women make up more than half the population of this country; by voting women can compel the government to do what it is unwilling to do on its own. Public officials must be taught that women won't watch silently while their political rights are scorned.

Women must also seek elective office in larger numbers. Only 22 members of the House of Representatives are women. In this month's vote, 20 of them (91 per cent) voted for ERA. Clearly, if the numbers had been reversed and 423 women and 22 men had voted on the ERA, its passage would now be history.

America's women have still not achieved equality. Rep. Michel said: "We [the opponents of ERA] are in no hurry." But America's women have waited long enough.●

ADMINISTRATIVE SITE DECLARED EXCESS BY FOREST SERVICE

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. DE LA GARZA. Mr. Speaker, pursuant to section 314 of the 1984 Interior and Related Agencies Appropriations Act (Public Law 98-146), the Forest Service has advised the Committee on Agriculture of its intention to declare excess an administrative site in Concrete, Wash.

In accordance with that act, I am inserting the letter of transmittal I received from the Chief of the Forest Service, together with the accompanying explanatory material, in the RECORD at this point so that our colleagues might be aware of this decision and have an opportunity to comment to the Forest Service should they be so inclined:

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Washington, D.C., March 29, 1984.

Hon. E (KIKA) DE LA GARZA,
Chairman, Committee on Agriculture, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Section 314 of the 1984 Interior and Related Agencies Appropriations Act (Pub. L. 98-146) requires funded Agencies to take the following actions before disposing of any lands, except by exchange or under certain specified authorities:

1. Determine that the tract is no longer needed by the Federal Government and inventory the tract as to its public value.
2. Provide opportunity for public review and comment.
3. Provide 30 days advance notice to the Congressional delegation of the State or States in which the tract proposed for sale is located and the plan for carrying out such disposal.
4. Notify the appropriate Congressional committees for immediate publication in the Congressional Record.

We are proposing to declare excess an administrative site in Concrete, Washington. It is a 0.51-acre parcel with two 3-bedroom residences. The legal description is: T.35N., R.8E., Section 10, SW¼NW¼, W.M., Lots 1, 2, 3, 4, of Block 1, Everett's second addition to Concrete.

Notice was given to the Washington Congressional Delegation on September 28, 1983. (See enclosed copy of letters.)

Information on the proposed disposal was published in eight local newspapers to provide the opportunity for public review and comment. (See enclosed copy of legal notice and list of newspapers.) We have received no comments from the general public nor from local Government officials. The final decision on the proposed disposal will be made after 30 days.

Sincerely,

R. MAX PETERSON, *Chief.*

Enclosure.

MOUNT BAKER-SNOQUALMIE
NATIONAL FOREST,
Seattle, Wash., Sept. 28, 1983.

Hon. AL SWIFT,
U.S. Congressman, Everett, Wash.

DEAR CONGRESSMAN SWIFT:

As required by Section 316 of the 1983 Interior and Related Agencies Appropriation Act (Pub. L. 394), please be advised that the following listed administrative site has been determined to be excess to the needs of the Mt. Baker-Snoqualmie National Forest and the Forest Service. We will not report the property as excess until you have had 30 days for review as specified in Section 316.

FOREST SERVICE ADMINISTRATIVE SITE

DETERMINED EXCESS IN WASHINGTON

Site name: Two 3-bedroom residences, with land, Concrete, Wash., Mt. Baker Ranger District.

Description: T. 35N., R.8E., Section 10 SW¼NW¼, W.M. Lots 1, 2, 3, 4 of Block 1 110'x202.7'. Everett's second addition to Concrete.

Size: .51 acres.

If you wish additional information, please write or call my office at (206) 442-0307.

Sincerely,

J. D. MACWILLIAMS,
Forest Supervisor.

[From the Bellingham Herald, Nov. 14, 1983]

NEWSPAPER LEGAL NOTICE FOR PROPOSED DISPOSITION OF ADMINISTRATIVE SITES AND LAND UTILIZATION PROJECTS, U.S. DEPARTMENT OF AGRICULTURE, FOREST SERVICE, MOUNT BAKER-SNOQUALMIE NATIONAL FOREST

NOTICE OF PROPOSED DISPOSITION OF LAND

Notice is hereby given that the Forest Service, U.S. Department of Agriculture proposes to dispose of a parcel of improved land under the jurisdiction of Mt. Baker-Snoqualmie National Forests by authority of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 486(c)). This notice is to comply with Section 316 of Public Law 97-394.

The land is an administrative site outside the boundary of the Mt. Baker-Snoqualmie National Forest and is not National Forest land.

The land with improvements being proposed for disposal is commonly known as two, 3-bedroom residences with land and is located in Skagit County, Washington in Concrete, and is more particularly described as:

Legal description: T.35N., R.8E., Section 10, SW1/4NW1/4, W.M., Lots 1, 2, 3, 4 of Block 1, 110' x 202.7' .51 acres. Everett's second addition to Concrete.

Persons claiming such properties or having valid objection to this proposed disposition must file their claims or objections with the Forest Supervisor, Forest Service, U.S.D.A., 1022 1st Avenue, Seattle, Wash. 98104 within 10 days after date of the last publication of this notice.

Concrete Herald, P.O. Box 407, Concrete, Wash. 98237.

Bellingham Herald, P.O. Box 1277, Bellingham, Wash. 98227.

Courier Times, 807 Metcalf Street, Sedro Woolley, Wash. 98284.

Skagit Valley Herald, P.O. Box 578, Mt. Vernon, Wash. 98273.

Everett Herald, P.O. Box 930, Everett, Wash. 98206.

Seattle Times, P.O. Box 70, Seattle, Wash. 98111.

Argus, P.O. Box 739, Mt. Vernon, Wash. 98273.

Outlook, P.O. Box 455, Sedro Woolley, Wash. 98284.

Seattle P.I., 6th Wall Classified Dept., Seattle, Wash. 98121.●

CONGRESSMAN JIM COURTER ON MILITARY REFORM

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. GINGRICH. Mr. Speaker, I commend to my colleagues' attention a speech entitled "Military Reform," which was recently delivered to the Defense Strategy Forum by our colleague JIM COURTER, House chairman of the Military Reform Caucus. In this articulate speech, JIM COURTER explains the value of military reform to our Nation's defense, and tells of some recent and prospective military reform initiatives in Congress. The speech is a clear explanation of an often misunderstood movement, and I commend it to the attention of anyone interested in the cause of an improved national defense.

MILITARY REFORM

(By Congressman JIM COURTER)

I'm very pleased to have the opportunity to address this distinguished group on one of the most misunderstood subjects in our national security debate: military reform.

In fact, if you haven't heard of the military reform movement or the Congressional Military Reform Caucus, so much the better—because that will make it easier to explain military reform to you and try to dispel some of the misconceptions that surround it.

The Military Reform Caucus consists of more than eighty Members of Congress who are dedicated to improving our nation's defense by exploring what some consider to be unorthodox solutions to defense problems. We concentrate almost exclusively on conventional warfare and spend little time on nuclear issues. We tend to believe that people, strategy and tactics—and not just weapons and hardware—are the components of defense which are most vital to winning conflicts.

The Caucus is an ideologically diverse group. We have everything from conservatives to nuclear freeze proponents like Tom Downey. Our Senate members cover the whole spectrum too—from Carl Levin to Chuck Grassley to Jeremiah Denton.

For those of us who work inside the Caucus, this diversity is a positive trait. For those outside the Caucus, it is often confusing and frustrating. For our adversaries, it is a trait which makes the Caucus a difficult target for criticism.

What we all share is a desire to set aside time to study military issues, to seek out alternative points of view, and look for ways to solve problems which cause us to get less defense than we should for all the money we put into the Pentagon's budget.

As I said, the misconceptions about the Military Reform Caucus are many.

If you think that all members of the Caucus oppose construction of large aircraft carriers, the answer is "no," we do not.

If you think we share a common position on the M-X missile, the F-18 fighter, the B-1 or any other weapon, the answer is "no," we do not.

If you've heard that we all oppose the use of high technology, and want to replace our current arsenal with larger quantities of inferior weapons, the answer is "no," we don't take this position.

And if you have been told that we have formulated a common military reform defense budget, or that the Caucus wants to cut defense spending, then you've been misinformed again, because we don't take those positions.

In fact, while our members obviously take their own positions on all these issues, the Caucus has taken only a few well chosen positions on legislative matters.

If there's one message I can get across tonight, I would like it to be this: that the views of any one Congressman speaking in the name of military reform don't necessarily apply to the entire membership of the Military Reform Caucus.

So, tonight I'll be speaking for myself, and I'll be offering you my personal view of military reform, its value to our nation's defense, and the role the Caucus plays in Congress.

I am now serving my sixth year as a member of the Armed Services Committee, and my second year as a member of the Military Reform Caucus.

The House Armed Services Committee is composed of fine, dedicated members, and it employs what I believe to be the most able, hardworking, intelligent and underpaid staff on Capitol Hill. The Committee is by no means a rubber stamp for the Pentagon—witness the work of our Investigations Subcommittee on the Marines in Lebanon, or the many actions we have taken to reduce or alter the Pentagon's annual budget requests.

But the Armed Services Committee does have a serious shortcoming, which is that, unlike other congressional committees, it fails to seek out and hear the views of those who dissent from the consensus opinion on defense. This is probably due to the fact that the Committee is preoccupied with reviewing the innumerable line items in the Pentagon's budget.

This lack of alternative opinion before the Armed Services Committee creates a void which the Military Reform Caucus attempts to fill. We host all types of defense analysts at our meetings, often in a debate format.

I feel that this function of the Caucus is absolutely necessary. If I am going to run on a platform of economy in government, and if I'm going to stand for sound management practices and efficiency, then I owe it to my constituents to look at the entire federal bureaucracy—including Defense—with the same critical eye.

If we can't end poverty just by spending more money on social programs, then it only stands to reason that we can't buy absolute security by giving a blank check to the Pentagon. My constituents know this. They want a well-managed and effective Defense Department that is careful with their money.

It is clear to me that the consensus we so desperately need for a strong military deterrent will not be sustained unless it is demonstrated that government is making careful use of the defense dollar. In this sense, military reform is more than good policy—it is good politics as well, because it can generate popular support for the difficult and expensive work of building our nation's military strength.

In sum, military reformers are pro-defense. We may question the Pentagon and differ with some of the ways it does business, but the fact that we want to change current practices shouldn't lead to the conclusion that we don't want a strong military.

Now, let's discuss some of the military reform ideas which have caused so much consternation at the Pentagon.

One good example is the creation of a new office of Operational Test and Evaluation, which was mandated by law in the 1984 defense authorization bill. I'm proud of the role I played in this, and pleased to note that the legislation which was signed into law was substantially of my authorship.

We wanted to guarantee that weapons procured and fielded had been properly and realistically tested. In World War II, U.S. Navy submarines filed reports of direct torpedo hits on enemy ships in which the torpedos repeatedly failed to explode. This problem persisted for twenty months, until tests revealed a relatively simple defect in the firing mechanism that was easily corrected. Until the problem was corrected, our submarines missed countless opportunities for kills and endangered themselves by revealing their presence through the thuds of dud torpedoes.

A more recent example is the Army's DIVAD system, a division air defense system that protects troops from close-in air attack, using a radar-guided gun. The radar first tracks a target and analyzes its trajectory. When it fires, it aims by electronically predicting where the target will be in the five to eight seconds it takes for the gun to fire and reach the target.

What if the targeted aircraft executes a turn while the DIVAD is in the process of firing? The evidence isn't all in, but much has suggested that DIVAD can only hit targets on a constant trajectory—not a common characteristic of attack aircraft. In one recent test, DIVAD missed the drone it was supposed to hit, and instead zeroed in and scored a perfect hit on the exhaust fan of a nearby latrine. The latrine didn't survive, I am told.

The jury is still out on DIVAD. What is clear is that Congress must focus on operational testing, the most crucial part of the weapons development process.

The problem is a lack of realism in operational tests. Tests should simulate as accurately as possible realistic battlefield conditions.

Weapons and systems that are intended to work in all weather and on all types of terrain are often tested in environments that minimize or eliminate the difficulties of bad weather or tricky landscape.

Probable enemy countermeasures, such as evasion, counterattack, stealth or electronic jamming, are not realistically simulated.

Test personnel are often too well trained and rehearsed, ensuring better performance than that of the average soldier.

Sadly, Congress at times has been informed of test results which have discounted unsuccessful test outcomes.

To solve this problem, we first drafted a bill which created a new independent organization in the Pentagon empowered to conduct all operational testing just before weapons entered full-scale production. The idea was to remove the testing function from the developers, who have a vested interest in the success of programs.

In response to constructive suggestions from the Pentagon, we changed our legislation to create an independent office which reviews, rather than performs, the tests, then issues independent reports to the Secretary of Defense and Congress before full production begins. We made an important concession by reducing the office's function to a review role. The Congress would have the burden and responsibility to digest the reports on testing in major weapons systems, and decide for itself whether a program should be stopped due to inadequate testing.

Through consultation with the Pentagon, we were persuaded that it wasn't necessary to create an adversarial relationship between those who develop weapons and those who test them. What was really needed was an independent judgement on the quality and intellectual honesty of weapons tests.

That judgement will be provided by the office we have created—an office modelled after the Inspector General which reports on matters of financial management. The reports this testing office will provide will be useful to Congress and the Secretary of Defense when a decision must be made as to whether a system should enter full-scale production.

Far from adding a new layer to the bureaucracy, I believe that this new office will make a major contribution to the acquisition process. In the long run, it should save us money by giving us the information which will prevent us from buying new systems which don't perform their assigned task.

If all this results in more money being spent on testing, so be it. Testing is expensive and time-consuming, but it's a process that is absolutely necessary if we are to give our troops the quality weapons they deserve to have when they risk their lives in combat.

Unfortunately, the Pentagon has not been enthusiastic about the legislation and little has been done to implement the law in the six months since passage. First, it appeared that the Defense Department would redefine "operational testing" so as to limit its scope. I understand that the latest plan is to give the Operational Testing office a staff of six people to do all the work assigned to it. No charter for the office has been written, and no Director was named.

This initiative passed the Senate by a 91-5 margin, and passed the House by acclamation. I can assure you that we won't let a reasonable requirement of the law be ignored by the agency of government charged with the responsibility of implementing it.

A second issue which merits discussion is the need to increase the degree of economic competition for Defense contracts.

When I think of reforming procurement practices, I'm often reminded of a cartoon I saw in the paper several months ago. A general was explaining why the nation would be put at risk by large cuts in the military budget. "Just remember," he said, "that for every billion dollars you cut from the defense budget, that means we'll have twelve less nuts and bolts with which to defend America."

The cartoon is unfair, but it characterizes a real public perception. What I seek is a reform that will affect all types of purchases—from spare parts and supplies to fighter planes and missiles, including contracts for both production and research and development.

What I would like to see is greater competition—and by "competition" I mean formal advertising for competitive bids. This is an open process in which all qualified companies may submit bids for advertised contract proposals.

Right now, about a third of our defense budget is spent on procurement, and only six percent of procurement is performed through this competitive process. I have joined Senator Grassley in introducing legislation which will increase this percentage to seventy percent, in gradual, five percent annual increments.

Most procurement is done either through the sole source method, or through a process called "competitive negotiation," in which selected companies are invited to submit proposals, and awards are made in a closed process which isn't open to outside scrutiny.

The problem is the lack of incentive for the buyer and seller to achieve cost reduction. It doesn't take a detailed economic analysis to see why this is so: contractors profit from high prices, and if Congress provides full funding for programs, there is little incentive for the Pentagon to press for cost reductions.

The Pentagon is the sole buyer in a huge market that sustains hundreds of companies across this country. This status confers power on the Pentagon, and I would like to see it use that power to the greatest degree possible.

I want competition not just for the sake of efficiency, but also to allow the Pentagon to buy greater quantities of the weapons it needs. Competition reduces unit costs—it has a proven track record, not just in defense but in the economy as a whole. One of the greatest problems in the defense budget is the fact that unit costs for weapons and equipment are rising faster than the budget as a whole, and as a result we are forced to procure fewer items in scores of programs than we had originally planned. Competitive procurement can play a major role in solving this chronic problem, which reduces the size of our arsenal.

Prices should be determined by market competition between defense contractors, not by negotiation, government cost estimates or levels of Congressional appropriations.

Take the case of the thirty millimeter anti-tank round that we use aboard the A-10 aircraft. Since 1975, two companies have been in constant competition for the production contract for this round, and this has provided incentive for cost reduction. The government is paying one-half to two-thirds the price it originally estimated for this ammunition, and has saved $500 million as a result.

The beauty of this program is that the Air Force has not specified a design for the round. The contractors are told to meet specific criteria for the round's accuracy, reliability and ability to penetrate armor. As long as these performance standards are met, the contractors can design the round to their liking.

The two producers, Honeywell and Aerojet, have indeed made design modifications to reduce cost. Their incentive comes from the fact that bids are re-submitted every two or three years, and the low bidder gets a greater share of production.

Still, both producers are kept in business, and the Air Force gets the benefit of a larger base of production that can surge to meet wartime needs.

There are other examples. I have read one study of twenty cases in which sole-source contracts were converted to a competitive procurement basis, and the results were astounding. This study covered a diverse set of items, and the average cost reduction resulting from competition was over fifty percent. In one case, General Dynamics was awarded a sole-source contract to produce a missile—the sole source price was $128 thousand. When subjected to competition, General Dynamics won the contract, but only after reducing the price to $53 thousand. The following year, they had the price down to $27 thousand—that's twenty-one percent of the original sole source price. Such is the power of incentive.

The Pentagon has made some progress toward increased competition. But still, for reasons that don't persuade me, it opposes legislation to increase the use of formal advertising for competitive bids.

It is argued that competition delays procurement, and is unsuitable for high-technology items, but it has been used in wartime and in peacetime to procure both simple and complex items.

The Pentagon objects on the grounds that formal advertising implies that contract awards must be made on the basis of price only, but there is nothing in the law to substantiate this.

The Pentagon views competitive bidding as a strict and inflexible procedure. In my opinion, this is based on a misconception of the ways in which competition can be used to stretch the defense dollar, expand the defense industrial base and increase innovation in the design and acquisition of weapons. In my view, we should allow competition to bring to our nation's defense the same benefits which it has brought to our economy as a whole.

I have described two major military reform initiatives relating to procurement. What they have in common is that they focus on reforming systems, instead of changing individual weapons programs. By focusing on broad reforms such as these, we avoid politically divisive battles over individual weapons systems, and we take actions which will have a lasting, pervasive effect in the future.

My goal in supporting procurement reform is not to cut the defense budget, although I'll be the first to admit that I would be pleased to be able to buy an adequate strength with a smaller military budget.

My goal is to see that our defense dollars are spent well, and in a controlled manner. This will do more than improve the political consensus for a strong defense. If the reforms I have discussed can begin to solve the Pentagon's chronic underfunding problem, then they will contribute to increased military strength.

By "underfunding" I am referring to the fact that the Pentagon has consistently underestimated the funding it will need to meet its goals. This underestimation occurs in individual programs, and it shows up in analyses of the budget as a whole.

When this thesis was first aired a few years ago by a maverick analyst at the Pentagon named Chuck Spinney, it raised eyebrows. The Pentagon tried to refute his case by discrediting his methodology. But Spinney's view has been corroborated by other independent studies.

The underfunding problem was confirmed in 1983 by a major Heritage Foundation study.

It was confirmed this past February by Rudy Penner, the new Republican Director of the Congressional Budget Office, who estimated that the current five-year defense plan understates weapons costs by nearly $100 billion.

Then, just last month, the General Accounting Office studied the same plan and concluded that it will require an additional $200 to $300 billion over the same five-year period to meet the plan's goals.

Suddenly, Chuck Spinney no longer looks like a maverick.

What is going on here? Basically, all the studies look at past and present budget practices and reach the same conclusions. They are that the Pentagon consistently underestimates: inflation in the economy; the need for costly midstream program modifications, and the effect of inflation on these added costs; and the costs of maintenance of high-technology equipment and other associated readiness costs.

There are two major problems resulting from this pattern of underestimated costs.

First, there's a political problem. When weapons cost overruns occur, people are led to the conclusion that programs, sometime vitally necessary ones, should be scrapped entirely because they appear to be out of control.

Second, there's the problem that rising unit costs cause us to get insufficient quantities of weapons, and to have less strength than we need.

In my opinion, this should lead us to examine a critical question: Is our equipment too exotic and is high technology too expensive? When military reformers raise this question, we are often accused of wanting to replace good weapons with greater quantities of inferior weapons. This is nothing but a straw man.

In the interest of building a strong defense, and because of the chronic underfunding problem, we need to make a cost-benefit analysis on all weapons systems to see if high technology is always worth the price.

Even if technological advances increase combat effectiveness—and not every application of new technology achieves this—we must calculate whether we are stronger with fewer numbers of high-technology weapons or with greater numbers of less advanced weapons. This is a tradeoff that is imposed by the laws of economics, and it poses choices that we can't afford to avoid.

Finally, I would like to turn to another area that has been examined by the military reform movement: issues of strategy, tactics and training.

While the ideological diversity of the Caucus has not allowed it to take a unified position on grand strategy, the precise nature of the Soviet threat, or a clear definition of American interests globally, it has studied operational strategy, tactics and training.

Our military must decide upon the most effective way to fight. The more effective our conventional forces, the less chance that anyone will test us. If deterrence fails, our forces must be capable of succeeding militarily, ending conflict on the lowest possible level, on terms favorable to the U.S.

We must choose between two different kinds of warfare—attrition or maneuver.

Attrition emphasizes wearing down the opponent's forces by overwhelming the opponent with superior and overwhelming firepower. Success in battle goes to the side with the most materiel and soldiers. The Union won the Civil War with firepower and attrition, overwhelming the Confederacy with more men and more guns, more supplies and more firepower. We used the same tactics when we rolled over the Germans in 1918 and the Axis powers in World War II.

The attrition style of warfare is badly outdated, however. A different style of warfare is needed—"maneuver warfare." The object is to destroy the enemy's cohesion, and the opposing commander's ability to think clearly. You create dangerous situations that catch him off guard, because you are acting and reacting more rapidly. The commander loses the ability to cope with these new situations, and the battle is lost. As the strategist Clausewitz has said, the object in war must be to break the opponent's will. When the will is broken, victory results. The kind of warfare that does this is maneuver.

This coming Thursday, the Military Reform Caucus will look at the lessons of the Grenada, Lebanon and Falklands conflicts. Our goal is to learn from past conflicts in order to better prepare our forces for future contingencies. The Caucus has received some reports that while the Marines very effectively employed a maneuver strategy in Grenada (moving rapidly, and pulling off unpredictable moves), the Army did not try to collapse the enemy, and was very predictable. According to some reports, it tried to wipe out every small pocket of resistance before advancing. The operation took longer than necessary, and required greater numbers than would have been needed with more of a maneuver strategy.

While the operation was, of course, ultimately successful, I believe it important to examine critically conflict for the sake of improving our performance in future battles. 'Lessons learned' are worth more than their weight in gold, because they are bought not with gold, but with blood.

Maneuver requires experimentation in exercises and training. There are some encouraging signs. The 2nd Marine Division at Camp Lejeune has been successful in implementing maneuver warfare. And last week I met with the commanding officer at Fort Lewis, Washington State, General Riskassi. Ft. Lewis is the home of the Army's 9th Infantry Division. I was impressed with some of the experimentation and innovation that is going on there. We need more of it. Two-sided field exercises are far too few, and there is always a need for more 'free-play' exercises.

A strategy of maneuver, above all, requires strong and innovative leadership. We need changes in our military education and incentive systems to get such leaders. We need to give more freedom of action to our 2nd Lieutenants. Former Chief of Staff General Edward C. Myer's "COHORT" experiment, designed to enhance unit cohesion, is a good change in the Army's personnel system.

We must institutionalize maneuver in operational strategy. It's encouraging that the Army's Field Manual 100-5 has approved the doctrine of maneuver. But the doctrine can't only be a guide; it must also be used and institutionalized. The Military Reform Caucus will continue to scrutinize training, operational strategy, and tactics. Anything that the Military Reform Caucus can do to encourage debate and experimentation to find what is most effective to prepare our forces for battle, is a positive contribution.

Tonight I have given you an overview of military reform, showing you some of the issues we have examined and the initiatives we have taken.

We don't pretend to have all the answers, and we don't seek to manage the Defense Department. But I know that we are on perfectly solid ground in asserting that the Pentagon, like any other modern bureaucracy, needs to be challenged, needs to have people question its assumption and its ways of doing business. I know that the debate we have started will be beneficial—if this were not the case, I would have no part of it.

When we speak of bureaucracies that need to be shaken up, we shouldn't forget Congress. There is no doubt in my mind that Congress poses unnecessary burdens and expense on the Pentagon through its highly disorganized budget, appropriation and oversight practices. I want the Military Reform Caucus to take the initiative in this area, so Congress can get its own house in order.

In conclusion, I hope I have demonstrated to you that the military reform effort is a serious pro-defense effort, not just a legislative Trojan horse which seeks to cut the defense budget.

Military reform can improve our nation's military capability, but it is not a cure-all. In a small way, it can help build a political consensus for defense, but it can't substitute for a sustained effort on the part of government and other institutions to educate American and world opinion as to the nature of the Soviet threat, of Soviet strategy, and the moral purpose of American foreign policy and military power.

Nor can the idea of military reform be construed as having any foreign policy implications. While others may disagree, I believe that American interests are widely dispersed across the globe, and that the threats to our friends and interests are many. These threats require us to maintain a strong military that is capable of deterring or defeating aggression in a variety of settings, and in many parts of the globe.

Whether or not we use military force should be decided according to the degree to which our interests are threatened, not by a foreign policy based on isolation, withdrawal and a diminished view of our global interests and responsibilities.

As much as anyone else, I hope for peaceful diplomatic solutions to conflicts. The presence of a strong and capable military helps us avoid conflict, and it will help us prevail when conflict can't be averted.

It is for these reasons that I am involved in military reform—because I want to see America defended by the best military that it can possibly have.●

LEGISLATION INTRODUCED TO STUDY INTERGOVERNMENTAL VIDEOCONFERENCING

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WOLF. Mr. Speaker, I am introducing legislation today to study the feasibility of establishing secure videoconferencing between the United States and our NATO allies. I believe that more direct face-to-face communication at high levels of government could augment and improve upon our existing diplomatic communications.

The business world is increasingly utilizing videoconferencing to improve communications and decrease business travel. Business persons are becoming more effective, efficient decision-makers using this technology as their need to travel to participate in quality, face-to-face meetings is decreased.

In sensitive international communications, the ability to talk face to face is equally, if not more, important. With a secure videoconference system, the President and other high level officials would have ready access to their counterparts throughout the NATO alliance. If successful, similar systems could be used to improve the level of communications with any country with whom we have diplomatic relations. Perhaps, at some time in the future, a similar system could even be used to augment the hotline we now have with the Soviet Union.

My bill, a copy of which follows this statement, would authorize the National Telecommunications and Information Administration of the Department of Commerce to conduct a study regarding the establishment and use of videoconferencing for intergovernmental communications and report to Congress on its findings and recommendations within 1 year. The study would be conducted in consultation with the Department of State particularly with respect to the impact that a videoconferencing system might have on the conduct of foreign relations.

As modern communications bring the world closer together, I believe we need to take a serious look at new technologies for the advantages they may embody. Videoconferencing is one area that I hope will be explored and I believe this legislation provides that opportunity.

H.R. 5496

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Intergovernmental Videoconferencing Act of 1984".

STUDY

SEC. 2. (a) The National Telecommunications and Information Administration of the Department of Commerce shall conduct a study regarding the establishment and use of videoconferencing for intergovernmental communications—

(1) which are between the United States and countries which are members of the North Atlantic Treaty Organization, and

(2) which need to be secure from interception.

(b) The study under this section shall—

(1) evaluate the technical feasibility and impacts of using videoconferences for diplomatic negotiations and discussions between the President (or his representatives) and the heads of state of the various countries participating (or their representatives);

(2) investigate the various means of obtaining such capability, and evaluate each such means, particularly with regard to its communication security, cost, and technical compatibility with any systems already in use;

(3) consider which of such countries would be likely to use such a videoconferencing system, and the likely nature of such use;

(4) determine the various means of allocating and sharing the costs of such a system; and

(5) consider the long term prospects for extending a system of videoconferencing to all countries with which the United States maintains diplomatic relations.

REPORT

SEC. 3. Not later than 1 year after the date of the enactment of this Act, the National Telecommunications and Information Administration shall complete the study under section 2 and prepare and transmit to the Congress a report on such study, together with its recommendations.

CONSULTATION

SEC. 4. The National Telecommunications and Information Administration shall consult with the Secretary of State in conducting the study under section 2, particularly with respect to the impacts that a videoconferencing system might have on the conduct of foreign relations.

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. There is authorized to be appropriated to the National Telecommunications and Information Administration for the fiscal year 1985 $150,000.00 to carry out this Act.●

STRENGTHENING THE FEDERAL ROLE IN LIBRARIES

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. WEISS. Mr. Speaker, I commend my colleague from New York, Congressman MAJOR OWENS, for arranging a special order to commemorate National Library Week—April 8-14.

I am taking this opportunity to recognize the valiant efforts of our Nation's libraries as they struggle not only to maintain services in the midst of shrinking budgets but also to keep pace with technological change and massive increases in the volume and complexity of information.

I am also taking this opportunity to strongly protest the Reagan administration's proposal to wipe out funding for libraries in fiscal year 1985 under the Library Services and Construction Act (LSCA) and the Higher Education Act. This is the fourth consecutive year that Congress has had to fend off irrational, disproportionate, and damaging cuts in Federal funding to libraries.

These efforts are another move to restrict access to information in our society, one more budget blow aimed at the poor, the elderly, and the handicapped, one more attack on the programs that make a difference in people's daily lives.

The Library Services and Construction Act, for example, has been absolutely vital in reaching underserved areas and populations. Since it was enacted in 1956, the proportion of Americans having access to a local public library has increased from less than 20 percent to approximately 95 percent. Library services are no longer confined to library buildings but have expanded into facilities where they are desperately needed—prisons, hospitals, and nursing homes.

Library services under LSCA are not only essential for rural areas but also in densely populated districts like the one I represent in New York City. Under programs funded by LSCA, volunteers tutor school dropouts and the functionally illiterate, and new immigrants receive free language training and referrals for job placement or training and education. Through the Library for the Blind, nearly 20,000 eligible individuals in New York City are receiving braille and recorded books and magazines by postage-free mail.

In addition, title II of the LSCA, which provides for construction and renovation, is of utmost importance to New York's libraries, which are deteriorating at an alarming rate. Maintaining library buildings and their contents is as significant to the Nation as rebuiliding our roads and bridges. I strongly support funding of this title at the authorized level of $50 million and maintaining current levels in the other LSCA programs.

LSCA is not the only Federal effort that helps sustain our libraries. The National Endowment for the Humanities provides matching funds for research libraries across the country. And title IIC of the Higher Education Act helps research libraries catalog and preserve their collections and record them in computer networks; I support the expansion of this program, called the "strengthening research library resources program."

One additional area of concern for libraries is the Federal Communications Commission's proposed increases of up to 75 percent in telecommunications fees. These increases would be devastating to libraries, which rely heavily on telecommunications to cooperate with other libraries and to transmit information. I believe that we must explore possibilities for providing libraries with special exemptions.

The programs being threatened by the Reagan administration are the vehicles that we at the Federal level could use to strengthen libraries. It is in our national interest to do so. The cornerstone of a free and open democracy is citizen participation, based on access to accurate, objective information. The primary storehouse of this information is the public library. A well-informed public is vital to the survival of our democratic society.●

NATIONAL LIBRARY WEEK

HON. EDWARD R. MADIGAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. MADIGAN. Mr. Speaker, I am pleased to rise today in recognition of National Library Week.

Libraries are an important resource in all of our communities, providing the information we need to vote responsibly, maintain our jobs, and cope with our increasingly complex environment. Our children learn about the history, literature and culture of the United States and other countries through libraries.

Libraries have grown to meet the challenges of recent years, providing increased services for the physically handicapped and the blind.

Libraries offer a variety of services to the community, ranging from use of computers and Xerox equipment to story-telling sessions and art exhibits. And this resource is available equally to all citizens, rural or urban, rich or poor, literate or illiterate, young or old.

National Library Week appropriately commemorates the invaluable services provided by our Nation's libraries.●

WE NEED TO CONTINUE TO REGULATE THE BROADCAST INDUSTRY

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WIRTH. Mr. Speaker, last night Dr. Everett Parker was honored for his outstanding commitment over the last 20 years to protecting the needs and interests of the public in the area of broadcast regulation. I think my colleagues will find Dr. Parker's speech, which he delivered last night, to be an impassioned plea for the need to continue to regulate the broadcast industry in the public interest.

Address of Dr. Parker follows:

ADDRESS OF THE REVEREND DR. EVERETT C. PARKER, ADJUNCT PROFESSOR OF COMMUNICATIONS, FORDHAM UNIVERSITY, NEW YORK CITY, BEFORE THE PUBLIC INTEREST TELECOMMUNICATIONS DINNER, CAPITAL HILTON HOTEL, WASHINGTON, D.C.

WHO WILL BENEFIT FROM THE NEW TECHNOLOGIES?

The citizen movement in broadcasting seems to be a popular subject for speculation these days, partly because of the anniversary of the start of the WLBT case, partly because of recent developments. I have been interviewed recently by several young academics and reporters, all of whom are prepared to write to the same formula: how the citizen movement exploded in the WLBT case, flourished for a while, then was quickly done to death by an inevitable, overpowering counterattack by the Federal Communications Commission and industry. They cite the deregulation engineered by the Ferris and Fowler FCCs so far, soon, they say, to be rubber stamped by Congressional legislation. It is futile, they tell me, for people like me to speak out against the will of the deregulators.

I have a stock reply to that argument: "Tell it to Lech Walensa."

Exerting influence on communications policy has always been an uphill battle. I have been dealing with the FCC since 1935. Only in rare instances, as when Clifford Durr and Frieda Hennock were commissioners, have we had a commission majority that was not indifferent or downright hostile to assertions of rights of the public. Congress has legislated at the behest of commercial interests, largely to enhance their ability to make a profit. The Communications Act basically codified what was already a fact—the commercial control of radio. It has no consumer protection elements, other than the guarantee of fairness.

Nevertheless, the Communications Act is flexible enough to deal with new technologies as they come along, as long as everybody plays by the rules. And that includes government. Admittedly, the new communication technologies and the systems they are spawning are having markedly disturbing influences on us that will increase as time goes on. Technological change exacts a price. It has both good and bad effects. But as long as change takes place within a framework that puts the public interest above narrow private interests, new technologies pose no great threat to our basic values and institutions. Under the Communications Act and fifty years of court decisions, the FCC has broad scope to keep our electronic means of communication free of either public or private abuses of power. Sensitive regulators of integrity can direct new technologies into constructive channels to help make our lives rich and fulfilling; to provide ample capacity for imparting and receiving information and exchanging ideas; to entertain young and old; to take some of the drudgery out of daily chores. Unfortunately, we are not headed that way.

Faced with the enormous complexities and uncertainties of this new age of television married to satellites and controlled by computers, our regulators and many politicians have instead embraced a single, simplistic, technical solution to all of technology's challenges—deregulation.

Deregulation and its corollary dogma, "Let the marketplace decide," are truly radical concepts. Together, they are the most revolutionary elements in what we are calling the communications revolution. They pose a diabolical threat to our individual and societal liberties.

No advanced industrial nation in the world has a genuine free market economy. Since the Great Depression, American corporate capitalism has recognized this fact and has accepted a modicum of economic planning and checks on monopoly that are not compatible with pure market freedom. A significant segment has also supported social policies to soften the burden on the most vulnerable parts of the population. Electronic communication uniquely requires such restrictions. Every FCC assignment provides for monopoly use of a portion of the electronic spectrum. Cable systems are economically viable only if there is but one set of wires strung in a community. All such operations need to be regulated if only to assure good service and fair prices, but far more so to protect the free flow of information and to balance the interests of monopoly businesses created by licensing with the interests of the whole citizenry, who are the grantors of the licenses. Surely, those of us outside government or industry who follow communication policy have a responsibility to call the attention of our friends and neighbors to what they stand to lose from wholesale deregulation of communication and to try to initiate widespread debate of the issue before it is too late.

A second area where we should be acting decisively, using every legal device we have, is in making the FCC play by the rules. Rules exist for a reason, to let rational people make rational decisions. They must be adhered to scrupulously by their administrators to give all parties a fair shake. The current FCC majority seems to reject that responsibility. That stance raises enormous ethical questions about the agency. If the entire country knew what is going on, what kind of moral and practical judgments would it make about a government body that created a whole new policy—totally illegal—called "unregulation" to hide behind and close its eyes to violations of its rules while it sets about getting rid of them?

How will people react if they find out that an agency that, by its own voluntary policy, is committed to fostering minority ownership of broadcasting stations is about to bar minorities forever from any significant share in such ownership by repealing the 7-7-7 rule that limits concentration of station ownership? The public needs to know about this scheme before it is faced by a wild scramble by a few of the richest broadcasters to gobble up most of the existing stations and to gain domination over the bulk of viewers and listeners.

The FCC is moving to put control of broadcasting into fewer hands and less responsible hands. "Get as much as you want and we don't care what kind of character you have," the FCC majority is saying. It seems incredible that anyone would think of abandoning honesty and integrity as prerequisites for running any business, much less a broadcasting station. You would expect even Edward Fritts to jump up and cry, "Mark! Hold! Enough!" Since he isn't, it is incumbent on churches and other public groups that value ethics in government and businesses to blow the whistle. Otherwise, most people will not learn about these radical FCC activities until an unscrupulous station operator appears in their home town or a single entity gets control of all or most of their communications outlets.

The FCC, its industry clients and their political supporters are counting heavily on public ignorance and apathy to leave them a free hand to deregulate television and leave other technologies virtually unregulated. Even under a Democratic administration, the Ferris commission rather easily rammed through radio deregulation and the postcard renewal form and seriously undermined enforcement of the public trusteeship obligations of broadcast licensees. Right now, opposition to repeal of the 7-7-7 rule is being mounted by only a handful of knowledgeable citizen groups. When Congress slipped through the five and seven year renewal periods for television and radio stations and reduced the FCC to five members, there was little public reaction. So, the road ahead looks clear for total deregulation.

Or does it? Remember, we have never lived with unregulated broadcasting or cable or telephones or the systems that are over the horizon. People have been conned into thinking that deregulation is only getting the government off people's backs. Nothing has changed radically yet about broadcasting, although people might ask themselves when they last heard a children's program on radio, or a program for the blind, or historical drama. It is logical to assume that at least the quality of service we have now under the public trusteeship concept will continue after deregulation. It will not.

The marketplace theories that the deregulators have substituted for public interest values assume that if A carries one kind of program, B will counter with a wholly different one and people will choose. That is not so with advertisers wanting only specialized audiences and everybody in lock step for rating points. There is no way under deregulation to get network affiliates to carry children's programs. After warming up adults with "Good Morning America," they will not clear the air of them to serve preschool children, then spend precious saleable time to entice adults back to watch the Donahue commercials. Nor will they serve what might be a majority of all set owners in prime time when advertisers want only the minority from 18-45. That would defeat their whole business scheme.

In the same vein, deregulation will sweep away generally accepted program restraints and can bring about First Amendment problems that will have negative effects on all of us. For example, scores of studies show that people quickly become enured to depictions of violence. Once we have been exposed long enough to the stepped-up violence that is creeping into television programming, it will be necessary to crank it up still further to keep the impact high. First the movies did it. Those pictures are now on cable, and over-the-air television is into the act. The same progression is true for sex. Soon television will be arguing that exploitative sex is the new morality and they are really two steps behind in exposing it to public view. The marketplace will follow the poorest taste. Whoever takes the low road sets the pace. Rupert Murdoch knows that and profits from it.

I predict that we are at the threshold in communication that the environmental movement crossed when people began to realize that unraveling of the regulatory systems was not what political leaders claimed it to be: simplication of procedures for business and lower costs to consumers. People have retaliated quickly as water and air have gotten dirtier, automobile and workplace safety have declined, carcinogens have built up in the food chain and caveat emptor has again been made consumer doctrine.

The same stirrings are taking place with respect to communication. There is mounting anxiety and resentment over telephone costs and services. Parents and teachers are outraged at the FCC's mighty blow for deregulation and the free market smashed down on our nation's children, the crowd it found easiest to lick. It is rapidly dawning on people, just watching what they see now, that the new age of television is ushering in values and practices that undercut accepted standards of decency, moral values, the political process and basic freedoms of expression. As new systems, such as direct broadcasting from satellites, come into use, doing the same thing, this recognition will broaden and become more compelling. Monopoly control of communication by a few large corporations aided and abetted by the government, will catapult television into a political issue comparable to the environment and nuclear power. And the more the regulators cast off regulations, the sooner will there come stringent demands for stringent controls. Such demands will not be made just by the Jerry Falwells and the Donald Wildmons but by millions of people who are committed to constitutional government and the rights it guarantees, but who will not abide the abandoning of the tolerence, the insistence on diversity and the standards of justice, fairness and equality that underlie American democracy. I would rue the day that the Federal government was given direct oversight of programming, sleazy as the content might be. I fervently hope that the communication industries and the government will heed the stirrings of discontent, will realize that the deregulatory road they are travelling points straight to chaos. I have little hope that they will do so without stern discipline from their parent public. The FCC has maneuvered the public into the situation of a permissive parent forced to deal with the arguments of a spoiled child. The FCC and its client industries, like the child, wheedle and coax, test now this tactic, now that one—all for the purpose of convincing the parent of something that is not true. The perplexed parent, once hoodwinked into acquiesence, loses control of the child. The public, should it accept the FCC's premise of constitutional freedom, will lose control over communication and thus risk losing its own freedom.

In the FCC majority, we are dealing with people who, really as a religious crusade, are dedicated to taking away from the public the right to access to radio, television and cable-TV that has been a basic tenet of public policy for more than fifty years. The concept that all citizens have the right to use and receive service from channels of communication that are held as monopolies by licensees of the Federal government is firmly grounded in the First Amendment. The framers of the First Amendment based its provisions on a democratic policy, rooted in local communication. They provided Constitutional protection for people to speak freely and to circulate their ideas widely; so all might debate issues, ferret out the truth and thus govern themselves wisely.

James Madison pointed out in the Virginia Report of 1799 that the success of a popularly elected government depends upon how much knowledge the electorate has of public affairs and on its ability to make decisions. The right to know is the key to democracy. This fundamental right, embodied in the First Amendment, provides the legal and moral bases for the government to lay down rules, such as the Fairness Doctrine and the FCC's personal attack rules, that will promote free speech and prevent its restriction.

The Fairness Doctrine concept and the concomitant right to access are amply supported by the historical development of First Amendment applications and interpretations. The Amendment's framers understood that the right to speak, at its most basic level, means that the government may not restrict an individual's speech, nor may it block any form of publication by applying prior restraint. But the framers did not contemplate a private monopoly on the means of exchanging information and ideas.

With the advent of mass media, a new type of private-owned public forum has come into being which frequently applies restraints on free speech that are forbidden to the government. The primary source of thought and information directed at the public has shifted from the streets and easily circulated print to highly sophisticated, privately controlled electronic communications that are all-pervasive in the intimacy of our homes. The self-operated marketplace of ideas envisioned by Justice Oliver Wendell Holmes has long ago ceased to function—if it ever did.

I share the skepticism of the late Itheil de Sola Poole that cable, or by projection any other electronic medium, is no different from the press and will maintain an open forum. He points out that newspapers come from a tradition of political combativeness and First Amendment principles; cablecasters and broadcasters from the tradition of show business. For the latter to show sensitivity to the First Amendment interests of the public is probably too much to expect. Unregulated, therefore, they pose a serious threat to freedom of expression, to desirable diversity of program content and to access to information.

We can preserve our basic rights of freedom of religion, of speech, of opinion and of political choice; our right to privacy; our commitment to universal education, only if we have the widest possible access to both the electronic and print means of communication and to the growing body of computer stored information. Yet the trend is all the other way. What the Fowler FCC and others like them really want is to replace government policy making in communications with corporate policy making. Government policy making has been haphazard at best. But a determined effort, such as the United Church of Christ made in the WLBT case, can force change when the public is being deprived or discriminated against. There will be no checkrein we can apply to corporate self interest once policy control is in corporate hands.

It is a monumental task to penetrate the Byzantine world of the new communication technologies. But we need to address that task to protect our rights to speak and be heard; to protect the privacy of our homes and our confidential communications, and to make sure that through deregulation government control is not masked and hidden, rather than open to review.

Private restraints on free expression have made our vision of a marketplace where ideas can compete on their merits wholly unrealistic. Private monopoly control of our means of communication is a nightmare that the public and governmental sectors of our society must face up to. For our very survival as a democracy, we cannot let the government wash its hands of rational policy making in telecommunications. The government is responsible for protecting the welfare of individuals and the integrity of our common life. No other country has allowed its communications policies to be shaped wholly by private entrepreneurs out to make maximum profits.

It is well within Constitutional bounds for Congress to outlaw private censorship on the same basis that government censorship is forbidded by the First Amendment; and to mandate that any form of communication that uses the limited electronic spectrum shall provide access to its systems and Fairness Doctrine protection to the general public.

Between now and November we have ample time to apply the enormous influence of our membership of churches, unions, educational, civic and cultural organizations to get firm pledges that the next Congress will address communications issues from the standpoint of the whole citizenry, not just that of industry trade associations. Congress needs to be persuaded to return the FCC to its proper sphere as a subordinate body to the Congress, and to order that the public interest standards and public trusteeship status that now govern broadcasting be applied to cable-TV and to the new communications technologies that are about to burst upon us. Above all, Congress should assure that First Amendment protection is provided universally on the principle laid down by the Supreme Court in Virginia State Board of Pharmacy, "to the communication, to its source and to its recepient both."

Unless we move quickly to stop the drive for deregulation and to deprive us of access to the media of communication, the communications revolution will take place in our country with the American people as its victims, rather than its masters. Remember, it is never fruitless to speak out for fairness and freedom.●

WIDOWED PERSONS

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WOLF. Mr. Speaker, the loss of a spouse is one of the most tragic events which an individual will encounter in a lifetime. There are countless social and emotional barriers which a person must overcome when widowed and I believe that we as responsible legislators should be committed to removing the unnecessary statutory barriers which stand in the way of an individual's successful transition to a life without a spouse.

I am encouraged by legislation which has been introduced in the House which seeks to remove one of these statutory barriers and will insure that a certain group of widows whose spouses served this country in the military will not be left financially destitute after the death of their spouse. Both H.R. 2296 and H.R. 3682 would provide survivor annuities to widows who were forgotten in the transition of survivor annuity provisions in the retirement plan for military personnel.

My support for this legislation comes as a result of contact by many constituents who described the problems they faced upon losing a spouse and their uncertainty regarding survivor benefit provisions. The importance of such measures was underscored by a conversation I recently had with a woman in my congressional district who has established an association providing services to recently widowed men and women. The services and consultation provided by her association's volunteers to the grief-stricken newly widowed have proven to be of immeasurable benefit during the first weeks and months of suffering the loss of a loved one.

Many Members may not realize that in America today, over 12 million people are widowed. Their average age is 56. Fifty percent of women over 65 are widowed. In this country we have support groups, church groups, organizations, and even some Federal programs for drug addicts, family counseling, single and divorced individuals, but little in the way of support for the Nation's widowed person.

In my district, many of the residents have relocated to this area. The loneliness and frustration of suddenly becoming widowed is particularly acute for them and further compounded by the lack of nearby family support. During this time of adjustment, the newly widowed are faced with an unprecedented number of decisions on new topics regarding estate taxes, wills, property, and often confront problems never faced before such as cooking their own meals, cleaning the house, or just dealing with the lack of companionship.

For these reasons, I was interested in the services being offered by this group known as the Widowed Persons Association. Not only is there a very valid need for this type of service, but I was also encouraged by this group's willingness to volunteer this type of aid to the Nation's widowed. Of particular note, they do not seek Federal funding. Instead they have relied on private contributions for mailing and administrative costs.

At a time when more private sector involvement is so important in providing services to the Nation, I believe we should do everything possible to assist those private citizens who are leading that effort. Mrs. Audrey Markham is responsible for leading this group in northern Virginia.

Mrs. Markham's story is particularly interesting. Her first husband died unexpectedly in a plane crash. The nightmare which followed was one which convinced her that someday she would try to help others through the difficulties of readjusting after the loss of a loved one.

If Members or organizations and churches in your congressional district are interested in further information on this topic, I would urge you to contact Mrs. Markham at 620-4516 or 560-1111. The Widowed Persons Association can be contacted by writing to: The American Association of Retired Persons, 1909 K Street NW., Washington, D.C. 20049. I would also encourage my colleagues to support legislative initiatives which seek to provide equitable treatment for widowed spouses in survivors benefit and pension plans.●

U.S. INVOLVEMENT IN SALVADORAN DEATH SQUADS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. CONYERS. Mr. Speaker, the May 1984 issue of the Progressive magazine features a remarkable report on the U.S. role in creating and sustaining the death squads that have been operating freely in El Salvador for a great many years. The report lays out for the first time CIA involvement in setting up two official security organizations in that country that evolved into the Salvadoran death squads.

The author, Allan Nairn, has spent much of his time during the last 4 years covering Central America as a journalist. His reporting has been carried by the New York Times, the Washington Post, the New Republic, and others.

I believe the following excerpts from the article warrant a close and careful reading.

BEHIND THE DEATH SQUADS

(By Allan Nairn)

Early in the 1960s, during the Kennedy Administration, agents of the U.S. Government in El Salvador set up two official security organizations that killed thousands of peasants and suspected leftists over the next fifteen years. These organizations, guided by American operatives, developed into the paramilitary apparatus that came to be known as the Salvadoran Death Squads.

Today, even as the Reagan Administration publicly condemns the Death Squads, the CIA—in violation of U.S. law—continues to provide training, support, and intelligence to security forces directly involved in Death Squad activity.

Interviews with dozens of current and former Salvadoran officers, civilians, and official American sources disclose a pattern of sustained U.S. participation in building and managing the Salvadoran security apparatus that relies on Death Squad assassinations as its principal means of enforcement.

Evidence of U.S. involvement covers a broad spectrum of activity. Over the past twenty years, officials of the State Department, the Central Intelligence Agency, and the U.S. armed forces have:

Conceived and organized ORDEN, the rural paramilitary and intelligence network described by Amnesty International as a movement designed "to use clandestine terror against government opponents." Out of ORDEN grew the notorious Mano Blanco, the White Hand, which a former U.S. ambassador to El Salvador, Raul H. Castro, has called "nothing less than the birth of the Death Squads";

Conceived and organized ANSESAL, the elite presidential intelligence service that gathered files on Salvadoran dissidents and, in the words of one U.S. official, relied on Death Squads as "the operative arm of intelligence gathering";

Enlisted General Jose Alberto "Chele" Medrano, the founder of ORDEN and ANSESAL, as a CIA agent;

Trained leaders of ORDEN in surveillance techniques and use of automatic weapons, and carried some of these leaders on the CIA payroll;

Provided American technical and intelligence advisers who often worked directly with ANSESAL at its headquarters in the Casa Presidencial;

Supplied ANSESAL, the security forces, and the general staff with electronic, photographic, and personal surveillance of individuals who were later assassinated by Death Squads. According to Colonel Nicolas Carranza, director of the Salvadoran Treasury Police, such intelligence sharing by U.S. agencies continues to this day;

Kept key security officials—including Carranza, Medrano, and others—on the CIA payroll. Though the evidence is less conclusive about Major Roberto D'Aubuisson, presidential candidate of the right-wing ARENA party, some of his close associates describe him as a former recipient of CIA funding;

Furnished intelligence files that D'Aubuisson used for a series of 1980 television broadcasts in which he denounced dozens of academics, trade unionists, peasant leaders, Christian Democrats, and members of the clergy as communists or guerrilla collaborators. Many of the individuals D'Aubuisson named in his television speeches were subsequently assassinated. The broadcasts launched D'Aubuisson's political career and marked the emergence of the paramilitary from which later became ARENA;

Instructed Salvadoran intelligence operatives in the use of investigative techniques, combat weapons, explosives, and interrogation methods that included, according to a former Treasury Police agent, "instruction in methods of physical and psychological torture."

And, in the last decade, violated the Foreign Assistance Act of 1974, which prohibits spending U.S. funds "to provide training or advice or provide any financial support for police, prisons, or other law enforcement forces for any foreign government or any program of internal intelligence or surveillance on behalf of any foreign government."

Up to the early 1960s, El Salvador's security forces had been little more than loosely coordinated barracks units in the service of local land owners and political *caudillos.* "They had very, very limited political orientation, if any," says Robert Eugene Whedbee, who served as CIA station chief in El Salvador from 1962 to 1964. That began to change with the Kennedy Administration's Alliance for Progress, founded on the assumption that national security systems working side by side with capitalist development would preempt communist revolution in Latin America.

In El Salvador, the U.S. State Department, the CIA, the Green Berets, and the Agency for International Development (AID) all participated in the effort to suppress dissent.

The United States was "developing within the civil security forces . . . an investigative capability for detecting criminal and/or subversive individuals and organizations and neutralizing their activities," wrote Byron Engle, director of the AID Public Safety Program, in a 1967 memo to his staff. "This requires a carefully integrated effort between the investigative element and the regular police, paramilitary or military force, operating separately or in conjunction with each other." Engle, himself a former CIA official, referred to thirty-three countries, including El Salvador, in which the Public Safety Program was operating.

The landmark event in the formation of the national security apparatus in El Salvador and the rest of Central America was the Declaration of San Jose, issued on March 19, 1963, at the conclusion of a meeting of six Central American presidents. "Communism is the chief obstacle to economic development in the Central American region," proclaimed President Kennedy, who had chaired the meeting.

The Declaration of San Jose triggered a series of follow-up meetings among Central American ministers of the interior, who held jurisdiction over police and internal security. These meetings—organized and run by the U.S. State Department with assistance from the CIA, AID, the Customs Bureau, the Immigration Service, and the Justice Department—"were designed to develop ways of dealing with subversion," recalls William Bowdler, who represented the State Department at the sessions.

For El Salvador, Washington assigned a central role to General Medrano, then a senior officer of the National Guard and the army general staff.

Medrano is something of a legend in Salvadoran politics. Rank-and-file National Guardsmen still revere him as a fearsome *jefe* and the hero of the 1969 war with Honduras. To his supporters, he is "the founder of Salvadoran nationalism." But to Christian Democrat Jose Napoleon Duarte, Medrano is something else—"the father of the Death Squads, the chief assassin of them all."

Medrano, now retired, prides himself on moving about El Salvador unaccompanied by bodyguards. He drives through the countryside armed only with a .45-caliber pistol and a glove compartment stocked with hand grenades. In a recent series of interviews spanning some twelve hours, he spoke freely about the origins and growth of the security system.

"ORDEN and ANSESAL—the Salvadoran National Security Agency—grew out of the State Department, the CIA, and the Green Berets during the time of Kennedy," Medrano told me. "We created these specialized agencies to fight the plans and actions of international communism. We organized ORDEN, ANSESAL, and counterinsurgency courses, and we bought special arms—G3 automatic rifles—to detain the communist movement. We were preparing the team to stop communism."

The meetings of the interior ministers resulted in the formation of ANSESAL and parallel domestic security agencies in Guatemala, Nicaragua, Panama, Honduras, and Costa Rica. These forces "would meet every three months under the supervision of the State Department and exchange information and methods of operation," says Medrano. "They had direct radio teletypes from office to office."

According to a U.S. adviser who helped install the teletype system, known as the Central American Communications Network, it was part of a broader plan "to reorganize the intelligence effort and get Central Americans to work together against subversion. At the meetings, you'd say to them, 'Well, if I had this sort of equipment, I'd do this and this,'—sort of ease them along."

The State Department and AID's Public Safety office in El Salvador had administrative responsibility for establishing the ANSESAL network, Medrano says, but the substantive day-to-day intelligence work was coordinated by the CIA: "The CIA was already participating in connections with us. The CIA would work with us and give us reports."

"Medrano was the CIA's boy," says one current State Department official. Indeed, Medrano himself says he was on the CIA payroll, a fact confirmed by ORDEN colleagues. "He came to my house regularly. He was a close friend," recalls Raul Castro, U.S. ambassador to El Salvador from 1964 to 1968. "And he was a good friend of the United States."

Medrano flew frequently to Washington for consultations at CIA headquarters. In July 1968, he received a silver Presidential medal from Lyndon Johnson "in recognition of exceptionally meritorious service." Medrano refuses to discuss the particular service he performed, though he recalls Johnson's words as the President presented him with the medal: "'I know all about you Medrano. You're doing good work. I know your pedigree'—like I was a bull!"

The U.S. Government also sent Medrano on a three-month tour of Vietnam, where he traveled with Army units, the Green Berets, and CIA operatives. As he recalls it, Medrano "studied every aspect of warfare from primitive jungle fighting to psychological civic action to strategic bombing."

Medrano gave Washington ample return on its investment. In El Salvador, he organized an intricate, many-tiered intelligence and paramilitary network that extended from the remotest mountain hamlets to the presidential palace. The rural component of this network was ORDEN (Spanish for "Order"), a group founded, in Medrano's words, to "indoctrinate the peasants regarding the advantages of the democratic system and the disadvantages of the communist system."

Green Beret Colonel Arthur Simons was instrumental in the development of ORDEN, says Medrano. In 1963, Simons, then commander of the 8th Special Forces Group in Panama, dispatched a team of counterinsurgency trainers to El Salvador. (According to his service record, Simons had recently completed a stint as commander of the White Star Mobile Training Team, a Green Beret unit that had been sent to Laos to work with indigenous troops. Previously, he had served as chief of staff at the Army Special Warfare Center in Fort Bragg, North Carolina, which was originally called the Psychological Warfare Center and was later renamed the John F. Kennedy Center for Military Assistance.)

"Colonel Simons sent me ten men to begin training us," recalls Medrano. After "talking among ourselves and with Simons, the idea occurred to us to catechize the people. We talked about how we had to indoctrinate the people, because he who has the population wins the war.

"The army can easily annihilate guerrillas in the urban zone," says Medrano, "but the peasants are tough. They are good in the mountains. They can walk at night, see in the dark, see among the trees. We couldn't let them be deceived by the guerrilas."

Medrano says the Green Berets helped him plan the structure and ideology of ORDEN, and then stayed on to train a team of Salvadoran soldiers—among them Colonel Carranza, who now heads the Treasury Police, and Colonel Domingo Monterrosa, currently chief of the Third Brigade and El Salvador's star combat commander. The soldiers went to the countryside to instruct civilian ORDEN leaders, who in turn established the organization's local chapters. At its peak, ORDEN membership reached an estimated 100,000. "It was almost like a religion," Medrano recalls.

ORDEN had the dual mission of teaching anticommunism and gathering information on individuals deemed suspicious. "You discover the communist by the way he talks," says Medrano. "Generally, he speaks against Yankee imperialism, he speaks against the oligarchy, he speaks against military men. We can spot them easily." Once identified, they would be reported to ORDEN's central office, where a staff of eighty would record the information and relay it to ANSESAL. There, "we would study it and pass it on to the president, who would take appropriate action," says Medrano.

"In this revolutionary war, the enemy comes from our people," Medrano says. "They don't have the rights of Geneva. They are traitors to the country. What can the troops do? When they find them, they kill them."

Sometimes the killings were carried out by ORDEN itself, other times by the army, the National Guard, or the Mano Blanco Death Squad. Former Ambassador Castro says Mano Blanco "was an offshoot of ORDEN, and the same people in ORDEN were to some extent the same people in the Mano Blanco. Even today, some of the same people are in the Death Squads. That was the origin."

According, to U.S. and Salvadoran officials, the close relationship between the security forces and the U.S. Government was sustained over the next twenty years.

Edgar Artiga, a civilian leader of ORDEN, says he and eighty other ORDEN officials participated in a two-month CIA course in 1969. The course, held at the headquarters of the Salvadoran National Guard, was taught jointly by General Medrano and three CIA instructors from the U.S. embassy, who brought along movies about life in the Soviet Union. The curriculum, says Artiga, included "anti-communism, democracy, detection and identification, and self-defense." Trainees were instructed in the use of 9-millimeter revolvers and such weapons as the M-16 rifle, which was not yet generally available. All the students were paid daily in cash, according to Artiga. A number of Artiga's classmates continued on the CIA payroll after the course was completed, he says.

Training was also conducted in the United States. Among those who received such schooling was Carlos Sosa Santos, the leading explosives expert for the Salvadoran armed forces, who was instructed by the AID Public Safety Program. Sosa has trained dozens of army and security force members in "techniques for secretly placing bombs in houses, cars, and individuals' personal belongings," according to a National Police intelligence officer who studied under Sosa.

The U.S. contribution extends far beyond training. American intelligence services have actually furnished the names, photographs, and whereabouts of suspected dissidents, say Salvadoran security officials.

This March, during a tour of the political intelligence archives of the National Police Center for Analysis and Investigations, I spoke with Captain Refael Lopez Davila, who displayed files on leftist political leaders. The dossiers included entries reporting on their travels to foreign cities, specifying what flights they took, whom they visited, and where they stayed. The CIA provided such information, Lopez says.

According to General Medrano, the CIA regularly kept ANSESAL posted on the activities of Saladorans working or studying abroad. In important cases, the CIA supplied photographs and tapes of conversations.

A Salvadoran who served as an aide to a senior intelligence official in the 1970s says he was shown CIA photographic and electronic surveillance reports on many dissidents. "With this information, we knew exactly what we were doing, who was who," he says, adding that many of the subjects were later assassinated by Death Squads.

A former staff member of the Casa Presidential reports that an American CIA officer told him the CIA and the Salvadoran security forces kept Rutilio Grande, a prominent Jesuit priest, under surveillance before his March 1977 assassination. The CIA agent claimed to have seen the dossier on Father Grande, which reportedly included photos and accounts of his visits to other Central American countries as well as his activities in his home parish of Aguilares. A former Treasury Police officer who goes by the name of Rene Hurtado (see Page 22) says he was told by ANSESAL members that their agency was responsible for killing Grande.●

TRIBUTE TO THE LATE HONORABLE JOE L. EVINS

HON. TOM BEVILL

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BEVILL. Mr. Speaker, The Nation has lost one of its most effective leaders with the passing of our good friend, Joe Evins.

Joe was a true builder of America. He fulfilled his duties in the House of Representatives with a sense of pride and accomplishment, realizing that his work would bring relief to many citizens throughout America who had been victims of ravaging flooding and devastating drought.

His leadership in directing the country's water resource development established a valuable lesson for all the Members of this body.

It was my great honor to take over the chairmanship of the old Public Works Appropriations Subcommittee after Joe retired from the Congress. And in so doing, I began to realize the tremendous role he played in continuing the development of America.

Joe Evins was a positive thinker who could see beyond parochial interests. He had no regionalism to his actions—only patriotism. He knew that projects which benefited any area of America benefited the Nation as a whole.

Joe Evins left Congress with the love and admiration of all of us whose pleasure it was to serve with him. And, because of his selfless efforts, he left this country a living legacy of public works projects which continue to serve its citizens. But even more, Joe Evins gave to America his integrity and enormous good will.

I join with all the Members of the House in expressing our deep sense of loss and in praising this good man. Joe Evins was, indeed, a good American.●

FOREIGN INTELLIGENCE SURVEILLANCE ACT

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BOLAND. Mr. Speaker, on page 7275 of the Congressional Record of March 30, 1984, there appeared an article from the Progressive magazine on the subject of the Foreign Intelligence Surveillance Act. The article contained several errors in its description of both the Foreign Intelligence Surveillance Act and the Foreign Intelligence Surveillance Court.

I have brought these errors to the attention of the Progressive through a letter to its editor and ask that a copy of that letter be inserted in the Record.

House of Representatives, Permanent Select Committee on Intelligence,
Washington, D.C., April 10, 1984.

The Progressive Magazine,
Madison, Wis.

To the Editor: The April issue included an article on the Foreign Intelligence Surveillance Act containing several inaccuracies which, if allowed to stand, can lead to an unnecessary diminution of public confidence in this important statute.

First, to obtain a court order for electronic surveillance of an American citizen or a permanent resident alien, the Justice Department must do much more than "merely demonstrate that the target has foreign connections and that the premises to be targeted are used by the target." In fact, the government, among other things, must show probable cause to believe that the target "knowingly engages in clandestine intelligence gathering activities for or on behalf of a foreign power, which activities involve or may involve a violation of the criminal laws of the United States," or that the target "pursuant to the direction of an intelligence service or network of a foreign power, knowingly engages in any other clandestine intelligence activities for or on behalf of such foreign power, which activities involve or are about to involve a violation of the criminal statutes of the United States. . . ."

Second, the "clearly erroneous" standard, to which the article refers disparagingly, pertains only to the Court's review of a document which must be filed with each application to surveil a U.S. person and in which the Secretary of Defense, the Director of the FBI, or the Assistant to the President for National Security Affairs must certify that the purpose of the surveillance is to obtain foreign intelligence information and that he or she in fact deems the information sought to be such information. The "clearly erroneous" standard does not apply to the probable cause finding referred to above.

Third, the Foreign Intelligence Surveillance Court has never issued an order approving "physical break-ins—black bag jobs." Rather, on two occasions, the Court approved the search of the personal property of agents of foreign powers. The Court later concluded, properly, in my view, that its jurisdiction only extended to electronic surveillance.

Fourth, the statement that "the NSA does not need Court approval to monitor messages that leave or enter the United States" is incorrect. Court approval is required in such circumstances where a wire or radio communication is sent or received by a "particular, known United States person who is in the United States" and that person is intentionally targetted, or where any wire communication to or from a person in the United States is intercepted in the United States.

Fifth, Mr. Bamford's surmise, to which the article refers, as to electronic surveillance within the United States by the British government, is without foundation. Section 2511 of Title 18 of the United States Code makes it a crime for anyone, including a foreign government, to engage in a nonconsenusal electronic surveillance within the United States except as authorized by Title 18 or the Foreign Intelligence Surveillance Act. Further, a request by the NSA to a foreign government to acquire information that it would be illegal for NSA to acquire would be a violation of section 2.12 of Executive Order 12333 which states: "*Indirect Participation:* No agency of the Intelligence Community shall participate in or request any person to undertake activities forbidden by this Order."

The Foreign Intelligence Surveillance Act was thoroughly examined by four congressional committees, supported by two successive Administrations of differing political parties, and passed by an overwhelming majority of both Houses of Congress. It remains the only statutory limitation on the conduct of intelligence activities to be enacted in the past-Watergate era. It is, of course, not immune from criticism. However, because of the importance of the civil liberties issues involved, care should be taken to state its provisions accurately.

With every good wish, I am,
Sincerely yours,
Edward P. Boland,
Chairman.●

TRIBUTE TO RAPHAEL L. CORTADA, PH.D.

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. DYMALLY. Mr. Speaker, it is with great pleasure that I call my fellow Members' attention to the gracious hospitality of Dr. Raphael L. Cortada, superintendent/president of El Camino Community College in Torrance, Calif. On February 17, 1984, Dr. Cortada hosted at El Camino College, a day-long conference of the Congressional Caucus for Science and Technology to study how industry and technology must work with academia in developing human resources.

Dr. Cortada is El Camino's third president and the South Bay college is his third presidency. A graduate of Fordham University with a doctorate in Latin American and Iberian History and a bachelor's degree in American History and Philosophy, he has also received a masters degree from Columbia University in Education and Modern European History and a certificate from the Institute for Educational Management, Graduate School of Business, Howard University.

Raphael L. Cortada is an active educator. He has served on advisory committees to such groups as the United Nations, the State Department and various offices of the Federal Government and has also been on the faculties of Federal City College, Washington, D.C.; Smith College, Northampton, Mass.; Howard University, Washington, D.C., and the University of Dayton, Dayton, Ohio.

Dr. Cortada brings his vast experience as president of the Community College of Baltimore, Md., and of the Metropolitan Community College, Minneapolis, Minn. to the El Camino campus, one of the largest community colleges in the United States.

His philosophy of education is one that deals with students who are seeking access to the economy, as well as citizens who are seeking to upgrade themselves within the economy in a modern, flexible manner. He has introduced to California and to El Camino a deep understanding of California's economic problems and how they relate to education. Raphael's belief that education is an investment that leads to increased earning power with concurrent return to the Government fourfold of the cost is a philosophy that is realistic in this day of reduced budgets.

In short, Mr. Speaker, Raphael L. Cortada is a man of the times with the experience, motivation and heart to bring education to the people of Torrance.

I would like to thank him for his hospitality and professionalism in the assistance given to the Congressional Caucus for Science and Technology.●

BEHIND THE DEATH SQUADS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. CONYERS. Mr. Speaker, the Allan Nairn article in the May 1984 issue of the Progressive, provides an extraordinary report on U.S. involvement in the creation and maintenance of the Salvadoran death squads. The following are further excerpts from that report, which I commend to the attention of my colleagues:

When a reformist junta briefly came to power in El Salvador in 1979, it abolished ORDEN and ANSESAL and condemned the organizations for committing human rights abuses. Since then, the Salvadoran military have continued to maintain and expand their surveillance and record-keeping activities. And as in the 1960s and 1970s, when U.S. agents and technicians invented and oiled the intelligence machine, U.S. personnel remain at the center of the system.

According to a Salvadoran colonel involved in the process, the United States routinely receives copies of all major political surveillance reports compiled by Salvadoran security officers. In turn, U.S. officials provide the security forces with information. Colonel Carranza confirmed this relationship.

"The Americans would directly receive all the information on a case even before we had developed the activity, before we had decided how we would terminate a case," Carranza says, referring to the procedure in effect before 1983. "Now we give everything—in relation to captures that the Treasury Police have made—to the general staff and they give it to the embassy."

U.S. intelligence officials "have collaborated with us in a certain technical manner, providing us with advice," says Carranza. "They receive information from everywhere in the world, and they have sophisticated equipment that enables them to have better information or at least confirm the information we have. It's very helpful." Carranza says he processes the information with "a small computer, and we also work with the general staff's computer for developing a workable inventory and index."

Colonel Adolfo Blandon, the armed forces chief of staff, says "six or seven" U.S. military advisers—several of them specialists in intelligence and psychological warfare—are currently working with the general staff.

The National Guard now concentrates on monitoring "unions and strikes and the penetration of the education system, where they are brainwashing our students," says Colonel Aristedes Napoleon Montes, director of the National Guard. Reynaldo Lopez Nuilla, director of the National Police, says he has an intelligence staff of 200, including a thirty-man "operations group." He, too, cites unions as an area of concentration, but also mentions the Salvadoran Human Rights Commission (the nongovernmental one, that is; the government maintains its own "human rights commission," of which Lopez Nuilla is a member). And the Catholic organization, Socorro Juridico (legal assistance), "we know to be organized precisely by the guerrillas," says Lopez Nuilla. "It's evident in the things they say."

In the National Police political intelligence archive originally organized by U.S. AID Public Safety advisers, Captain Rafael Lopez Davila, the investigations chief, showed me a special section on unions and their members. The three-story filing room also contained a "library of subversive literature," which, along with Karl Marx's Das Kapital and Lenin's collected works, held the publications of UCA, El Salvador's Catholic University.

According to the Salvadoran armed forces Guide to Normal Operative Procedures, a confidential policy manual, each army and security force outpost is required to maintain a "Special Archive of S-2 Intelligence." The file covers "the disposition of the subversive delinquents (their location . . . styles of action and mobilization)," lists "militants and sympathizers," and carries a miscellaneous "register of personalities of the enemy."

Names enter the archive through surveillance reports from officers and informants or through reports from troops who have detained an individual for questioning. To qualify for a place in the files, an individual may commit such diverse offenses as "carrying or moving subversive propaganda of whatever type . . . insulting authority . . . carrying notebooks, papers, or symbols related to subversive organizations, [or] traveling in cars destined for points of concentration of the subversive delinquents—unauthorized demonstrations and rallies, etc., especially if the attitude is suspicious."

Surveillance reports compiled by local intelligence units are retained for their own files while a copy is forwarded to the central archives of the service involved. Individual subjects are interrogated, says Colonel Montes, first at the local post and then, if the case warrants it, at the intelligence section of the security force. "All of this information is then turned over to the general staff, with whom we retain a very close coordination," Montes says.

This intelligence system serves as the nerve center of Death Squad operations. "We worked with written orders," recalls one former National Guardsman, a fifteen-year veteran who says he went on Death Squad missions while stationed in the province of La Libertad. "We got names and addresses and were told to pick a them up, get information, and kill them later." In important cases, he adds, special troops or security force agents would come from San Salvador with the lists.

"Every garrison of any size had Death Squads. It's that simple," says a U.S. official in San Salvador who studied the Death Squads last year. "All this comes out of a military intelligence function."

When the Reagan Administration launched a publicity campaign against the Death Squads last December, it pointed a finger at individual officers, leaking their names to the press and demanding their removal. Three of those officers were the directors of the intelligence departments of the Treasury Police, the National Guard, and the National Police.

Asked why the Administration chose to blame those specific individuals while leaving the institutions untouched, the U.S. official in San Salvador responded: "Things generated in Washington create certain necessities that don't necessasrily reflect the true problems here, but are done for political purposes up there, and this is a good example." The official, heavily involved in the publicity campaign, considered it a success.

"These men were done an injustice," says Colonel Blandon, the chief of staff. "We kept asking the embassy for proof against them but they never gave it. The Americans sacrificed them to avoid their own problems."

The use of the term "Death Squad" has, in some respects, fostered a profound misunderstanding of El Salvador's official terror apparatus. It conjures up images of discrete bands of gangsters randomly cruising the countryside in search of opportunities to kill. In fact, the term more meaningfully applies to a system that can dispatch a soldier at any time to kill a selected victim.

Another misunderstanding about the Death Squads arises from the fact that they came to public notice in the United States in connection with the spectacular emergence of Roberto D'Aubuisson as a powerful political figure. U.S. officials who want to shield the Salvadoran government from culpability in the Death Squads, as well as some liberals who want to undermine D'Aubuisson's electoral prospects, have promoted the mistaken notion that the Death Squad phenomenon—this sprawling institution with a twenty-year history and tens of thousands of victims—is the personal instrument of one diabolical man.

In March, Roberto Eulalio Santivanez, a former colonel who had been paid $50,000 by critics of U.S. policy in El Salvador, began circulating to the mass media a detailed account of Death Squad operations. Speaking as an unnamed source from "the highest level of the security police," Santivanez told The New York Times that D'Aubuisson was "the man who organized and continues to direct the Death Squads."

Santivanez charged that former Defense Minister General Jose Guillermo Garcia and Colonel Carranza, director of the Treasury Police, helped organize and operate D'Aubuisson's Death Squad network. In a CBS News interview with Walter Cronkite, Santivanez said Carranza had been on the CIA payroll. The New York Times confirmed the CIA connection, citing U.S. intelligence sources. They reported that Carranza had received $90,000 per year for the past five or six years. (Two colleagues of Carranza had said he was a CIA agent weeks before Santivanez did.)

According to Santivanez's version as reported in The Times, the Death Squads did not exist before D'Aubuisson rose to prominence in the wake of the 1979 reformist coup. Because of a commitment to protect Santivanez's anonymity, the story identified him as a source with "personal knowledge of these crimes because his government post had put him in direct contact with top military leaders." In fact, Santivanez was the director of ANSESAL and D'Aubuisson's immediate superior from 1977 to 1979, a period of mounting government repression that culminated in the fall of the Carlos Humberto Romero government and the abolition of ANSESAL for its role in the Death Squad killings.

Santivanez was "Romero's black man," says the U.S. embassy official who studied the Death Squads. "He kept the files and took care of people when there was dirty work to be done. His hands are as bloody as anybody's." The official nonetheless confirms that Santivanez's account of involvement in the Death Squads by Carranza and the high command was "substantially correct," though he says it exaggerated D'Aubuisson's personal role.

The story of the relationship between the U.S. Government and the D'Aubuisson branch of the contemporary Death Squads is complex, paradoxical, and far from complete.

D'Aubuisson, a Medrano protege whom the General remembers as "a fine officer who was loved by the people," made his mark in the ORDEN-ANSESAL network, organizing ORDEN chapters as a National Guard officer and rising to second in command of ANSESAL under Santivanez.

"Roberto was an officer of ANSESAL, which is affiliated with the CIA," says Major Oscar Serrato, one of a small group of Salvadorans who began secretly collaborating with D'Aubuisson soon after the reformist juanta came to power in October 1979. Two years later, Serrato helped found ARENA, the rightist political party D'Aubuisson heads. "He worked with the CIA for years, and that's how he was able to learn all the machinations, the people, national as well as international, that were working to establish the communist scheme."

Two of D'Aubuisson's former associates from the National Guard and ANSESAL claim he received U.S. Government money, one saying it came from the CIA, the other from either the CIA or the Defense Intelligence Agency. State Department officials in El Salvador during the 1970s say that although D'Aubuisson had "a disturbingly close relationship" with one U.S. military attache (who could not be reached for comment), they did not know whether he had received payments.

When D'Aubuisson officially left the army after the 1979 coup, he launched his political movement with a series of television speeches. He assailed the junta for abolishing ORDEN—"born in the bosom of the armed forces," D'Aubuisson declared. ORDEN has ceased to function with that name," he said, "but its principles live and are newly serving the fatherland with the *Frente Democratica Nacionalista [Democratic Nationalist Front, D'Aubuisson's new political organization]*."

D'Aubuisson openly defended the security forces for their role in the spate of disappearances and assassinations in late 1979 and early 1980. "In no moment should you feel cupable for fighting these terrorists," he said. "If our commanders have captured people like this, they are committing no fault." And he quoted from Napoleon: "Nothing done to defend your country is against the law."

Having established the principle, D'Aubuisson got down to specifics, marshaling charts, photos, videotapes, and computer graphics for an intricately detailed, name-by-name, face-by-face tirade against "El Salvador's terrorist conspiracy."

D'Aubuisson denounced union leaders, priests, academics, peasant organizers, students, professionals, government officials, and Christian Democrats. Among those he named was Archbishop Oscar Romero, whom he told, "You still have time to change your ways." He also attacked Mario Zamora, a leading Christian Democrat and member of the government, who—like others identified in the broadcasts—was assassinated in a matter of weeks.

"Unfortunately, when we mentioned a person, poom, they'd shoot them," says Alberto Bondanza, a D'Aubuisson intimate and one of the founders of ARENA. "Then they started linking us with the Death Squads. If by chance the army arrived and happened to shoot one of these people in a battle, then everybody threw the blame on us."

D'Aubuisson was pointing out the communists so the troops could kill them," Medrano says. "He had good information. He was speaking the truth."

"He had everything—photos and complete personal histories—direct from the ANSESAL files," says Major Serrato, who participated in the planning meetings out of which the broadcasts grew. He said D'Aubuisson made copies of the ANSESAL material shortly before the agency was dissolved and its archives transferred to the general staff. "The proofs he presented were concrete and irrefutable: photos and documents from the archives of the CIA. All of the material was passed back and forth constantly."

D'Aubuisson maintained CIA contacts in 1980 and 1981, according to Jimmy Nixon, an American citizen and ARENA activist who ferried visitors and private messages to D'Aubuisson while he was staying in Guatemala during that period. Nixon says he is uncertain of the current relationship.

Another American closely associated with D'Aubuisson, Billy Murphy, complains of the treatment ARENA received at the hands of the U.S. embassy under the Carter Administralton and its last ambassador, Robert White. "Those —— were doing everything they could against us," he says.

But Murphy adds that ARENA enjoyed amiable relations with one political officer at the embassy who "would always let us know in advance what was going to happen in the junta." He and other D'Aubuisson aides met regularly with "good friends" from the U.S. Military Group and the embassy's military attaché, he says. "You had a wonderful man here" in the Military Group, says Murphy. "He did his best, but he couldn't do anything."

Clandestine U.S. ties with the Salvadoran security apparatus remain firm, and appear to have been strengthened in the 1980s. National Guardsman Luis Alonso Bonilla claims that U.S. military and civilian personnel helped train members of the security forces as bodyguards in 1980. Bonilla, who says he took a similar course in 1975, says it included instruction in combat and ambush techniques. A National Police detective and member of the elite explosives unit established by AID's Public Safety Program says four of his associates visited the United States for an explosives course in November 1983.

"I've been visited by some members of the embassy with whom I've always maintained good relations," Carranza told me last September, "and I have the promise that they are going to help us train our personnel." He said he also needed investigation and interrogation equipment, and was unruffled by the fact that U.S. law prohibits such aid.

"Yes," he remarked, "but by means of other ways, by let's say friendship with some members of the American embassy, I think I can get not only equipment but training." He said he would obtain them through "outside channels," adding, "I don't know whether it would be wise to put this out for the knowledge of the American people."

Once the Treasury Police received the lie detection, fingerprinting, and ballistic equipment he requested, "we would have a better way of doing an investigation than putting pressure on the victim," Carranza said. "Now when you have a prisoner, you have to put pressure on him, questioning him again and again, day and night."

This March, Francis Stanley Martinez, a corporal in the National Police intelligence department, said he and nine colleagues in the security forces—three from the Treasury Police, three from the National Guard, and three from the National Police—were about to depart for an indepth CIA training course in the United States. He subsequently said the departure date had been postponed until some time in April. The course would cover investigation, surveillance, weapons, and interrogation, Martinez said.

"You have to know all aspects to work in intelligence here," he said. "It's very different from the United States. Here, intelligence is hard to get, and the delinquent is very different. Here, the first thing you have to do is grab them by the neck."

In the 1960's, when the United States was building a Salvadoran security system based on surveillance and assassination, the enterprise enjoyed unified support within the U.S. Government. With State Department officials and CIA operatives presiding, General Medrano and his counterparts from Anastasio Somoza's Nicaragua and Peralta Azurdia's Guatemala would gather around a table and give speeches about "who the communists were," as Medrano puts it, "what they were up to, and what we should do about them."

Over time, changing political conditions opened something of a rift between the State Department professionals and their Pentagon and CIA colleagues. During the Carter Administration, their disagreements were often clear and pronounced. Under Reagan, the State Department has been brought back into line. Public and Congressional pressures, however, have compelled the Administration to voice public criticism of the Death Squads even as it secretly funnels aid and intelligence to the military and security forces that run them.

U.S. complicity in the dark and brutal work of El Salvador's Death Squads is not an aberration. Rather, it represents a basic, bipartisan, institutional commitment on the part of six American Administrations—a commitment to guard the Salvadoran regime against the prospect that its people might organize in ways unfriendly to that regime or to the United States.●

NATIONAL LIBRARY WEEK

HON. TOM BEVILL

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BEVILL. Mr. Speaker, it is a pleasure, during National Library Week, to join in recognizing the many benefits America's libraries offer our citizens.

In cities and rural communities across America, these centers for learning have matured into far more than the traditional collections of books we remember libraries as being from our childhood days. Today they have grown into high-tech resource centers serving every facet of our communities.

In addition to written volumes on every topic known to man, they also contain audiovisual materials in every format, geneologic centers, art museums, civic meeting centers, and cultural meccas for every socioeconomic group in our society. A library serves as a motivator for a community.

I am proud of the outstanding job being done by the many fine libraries in the fourth district of Alabama. The needs which they fulfill for our citizens can be accommodated at no other location in most of our communities.

I am especially proud of the many rural libraries serving this country. And the man who made these rural libraries possible was the former Representative from Jasper, Ala., Carl Elliott. Because of his pioneering efforts in authoring legislation creating rural libraries, many remote parts of America today enjoy and make good use of these facilities.

The appropriations legislation we passed this last spring, the jobs bill, is today making possible construction projects at libraries in Double Springs, Fort Payne, Gadsden, and Reform, Ala., in the district I am proud to serve. The growth made possible through the jobs bill will long serve the needs of the citizens of these communities.

The resources provided at these learning centers are available to everyone in our communities. And by making this vast wealth of information available, we are enabling the citizens of America to grow to their fullest capabilities.

National Library Week is, indeed, a time to recognize the importance which libraries hold for our society.●

NATIONAL BLOOD PRESSURE AWARENESS WEEK

HON. BOB WHITTAKER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WHITTAKER. Mr. Speaker, I am pleased to introduce with my colleague Mr. SIKORSKI, a resolution designating the week of November 11 through 17, 1984, as "National Blood Pressure Awareness Week." A similar Senate resolution has been introduced in the Senate by Senator DAN QUAYLE.

As a member of the Subcommittee on Health and the Environment I am deeply concerned about the health of the American public. The preventing of disease and the promoting of good health should be a major priority and component in our national health care strategy.

It is clear that high blood pressure, often referred to as the "silent killer" because it has no symptoms, is a major health problem in the United States. An estimated 60 million Americans have high blood pressure. Of these, 37 million are afflicted with definite essential hypertension which is of unkown cause and which accounts for 95 percent of all cases of hypertension. The American Heart Assocation estimates that as many as 17 million of these 37 million people are unaware that they have high blood pressure and that only 15 percent of them receive adequate treatment. Each year as many as 30,000 people die as a result of elevated blood pressure.

In October 1983, the Department of Health and Human Services published the "Implementation Plans for Attaining the Objectives for the Nation" as they relate to the Federal Government's disease prevention and health promotion strategies. High blood pressure is listed as one of the 15 priority areas designated by the Department. Among the priority objectives for high blood pressure is the goal of increasing public awareness of the disease so that:

> By 1990, at least 50 percent of adults should be able to state the principle risk factors of coronary heart disease and stroke, that is high blood pressure, cigarette smoking, elevated blood cholesterol levels, diabetes.
>
> By 1990 at least 90 percent of adults should be able to state whether their current blood pressure is normal (below 140/90) or elevated based on a reading taken at the most recent visit to a medical or dental professional or other trained reader.

The implementation plan for high blood pressure control goes on to state that a pluralistic process involving public and private participants from many sectors and backgrounds is necessary if the objectives are to be achieved by 1990. The role of the Federal Government in this process is to lead, catalyze, and provide strategic support. I believe that the Congress of the United States has a role in that effort and that this resolution will give congressional recognition to this major health problem.

The week of November 11 has been chosen as "High Blood Pressure Awareness Week" because it will coincide with the annual meeting of the American Heart Association, to be held in Miami, Fla. This meeting will involve over 15,000 health professionals and volunteers all working toward the same goal—the reduction of deaths and disabilities from cardiovascular disease in the United States. I hope that during the week of November 11 millions of Americans will make an effort to have their blood pressure checked and to seek the essential followup care if necessary. The test is simple and painless and may one day save their lives.

I therefore, invite all of my colleagues to join me and my colleague from Minnesota, Mr. SIKORSKI, in cosponsoring this resolution.●

THE PEACE CHILD STORY

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FAUNTROY. Mr. Speaker, I wish to bring to the attention of my colleagues today an initiative put together by the Peace Child Foundation of which David Woollcombe is president. Mr. Woollcombe is a playwright who has put together a dramatic production called "Peace Child".

"Peace Child" as a children's musical celebration for peace came to life in London's Royal Albert Hall in October 1981. It was the brainchild of a number of people who wished to proclaim a positive message for peace instead of another protest against nuclear weapons and the governments that procure them. It premiered in America a year later at the Kennedy Center for the Performing Arts in Washington, D.C.

I submit for the RECORD a summary of this dramatic presentation with its urgent message for our times.

"PEACE CHILD"

(By David Woollcombe, Playwright)

ACT ONE

"Peace child" is set on Peace Day in the year 2025. Peace Day is a summer festival which commemorates the day, back in the 1980s, when peace 'broke out' between the USA and the USSR. The children of a small market town gather to watch a troupe of travelling players re-enact the story of the Peace child which tells how Peace Day came about.

They begin by telling the history of weapons development—from stone-age cudgel, to spear, to bow and arrow, musket, cannon, machine gun, tank and finally, nuclear missile. The song "FIREBALL" reminds of the horror of a nuclear explosion; the children, listening to the story can hardly comprehend why anyone would want to make such a weapon. "But you're a child!" reminds the story-teller (who fills in between the scenes with pieces of narration), "It took the mind of a child to bring the world to its senses. * * *"

The scene changes—we're in Washington, D.C. in the mid-nineteen eighties; an embassy garden on a summer evening; there is the hum of diplomatic chatter from the terraces; two children drift away, bored. They notice each other, strike up a conversation, enjoy each other's company until * * * they find out that one is American, one is Soviet. Horror!! They shouldn't be talking to each other, particularly as their parents do work related to the military. "Why?" says the Soviet girl, "Do you think there's going to be a war between us?!"—they start to discuss the possibility of a nuclear war. A touching song reveals their shared hopes and anxiety: it's called "I Want to Live". Following the song, the American boy encourages the girl to 'do something' about the problem: "If we can be friends, why can't our presidents be friends?—if they were friends, they wouldn't need any nuclear weapons at all * * *" (The children are about 11/12 years old.)

They decide to get on a TV Show and reveal to the world that the USA and the

USSR can be friends. By chance they get on a Johnny Carson style of show. Conquering nerves, they make a powerful appeal to the TV audience on their fears about nuclear weapons, and their desire for their two presidents to get to know each other. The next morning, their pictures are in all the newspapers. They are media sensations! The boy becomes more intelligent and articulate on the subject. Finally, the press engineer a scoop: the president will interview the boy and put his head straight on the problems of national security. (Before this, the girl has gone back to Moscow.)

The boy's interview with the president is perhaps the heart of the show. It begins with the president making wise, if portentous, remarks about the security provided by deterrence. The boy makes this difficult for him by asking naive but searching questions: "Do you mean if we have the bomb, we won't use it; but if we don't have it—we will?" The press fall about laughing, and finally the president dismisses them. Alone with the child, he opens his heart to him about his very real fears of the Soviet Union, his central belief in the value of American Freedoms. The child is touched—but he cannot square his own belief in freedom with catastrophic weapons which threaten everyone's freedom just to be alive. Reflective suddenly, he asks the president what he will do when the nuclear war comes; "If—if a nuclear war comes. . . ." the president cries. "Would you call up your grandchildren to say good-bye?" asks the boy. "Look at the other side: imagine how popular you would be if you persuaded all the leaders of the world to unite for peace!—you would be the greatest man the world has ever seen!—the man who brought the world peace!" The president tries to explain that one man cannot do it on his own—he sings the song: "I'm sorry. . . ." Touched by the child's innocence, he explains that he is on the child's side, "I want to live too!" At the end of the scene, they have an idea: the boy will take a message of peace from the children of the USA to the children of the Soviet Union. At the very least, it will be a bone to throw to the press hounds who wait outside. The president makes the announcement, the photographs are taken, and the entire chorus parade out into the audience singing the celebratory anthem, "Sing!"

ACT TWO

Act Two begins with the children of the future rummaging through the props trunk finding memorabilia of the 1980s—presidential bumper stickers, redskin NFL championship T-shirts and—a Michael Jackson cassette: they have some fun reminding themselves of the crazy dances they used to do in those days—looking on them rather as we might look on Glenn Miller numbers today. This is stopped by the severe entrance of the Soviet President. Quickly they get back to the story. . . .

In what has become the show's most popular number, the children gather round to ask the president questions in the song, "Mr. President"—"Is it true what they say, you can kill all the world in less than a day?" At the end of the song, the children are ushered in for a private session with the Soviet President. This man is much harder than the US President—he doesn't open his heart to the children at all until the very end. Instead, he tries to explain how essential it is in a shrinking world to have strong national security systems—how the world is actually safer because we have nuclear weapons. "Safer!" cry the children, "How can it be safer when with them, we can destroy the whole world!—without them, we couldn't, and wouldn't that be 'safer'?" "Oh if only people would love each other," says the girl, "we wouldn't need any weapons at all. . . ." The old president is touched: he thanks the children for coming to see him and reminds them that everything he does in government is intended to protect their future.

Alone in a park, waiting for the taxi to come and take the boy to the airport, the children reflect morosely. They begin to consider what a wonderful world they could create if they could spend all the money at present spent on weapons just cleaning it up—they dream of how they would end all pollution, feed all the starving people,—of the holidays they would take,—even the magnificent schools they would build! Then, they part, singing a parting song—"Reach out for your dream!"

Back in Washington, the boy is totally deflated. He takes to walking the streets where he meets a couple of old people who had seen him on TV: they congratulate him warmly, and wonder how he has got on? The boy doesn't want to talk about it: his crusade is at an end . "But it's just beginning," they cry! "Take your message to the people, not to presidents. The world is thirsting for your message!" This leads to the song, "Look at Life" and the point in the show where the children come out amongst the audience, singing an up-tempo version of "I want to live" followed by the chant: "WE WANT PEACE"—the entire theater rocks with the cry, until the presidents come out from both sides. The childern call for a summit meeting. The presidents concur—they've wanted one for a long time too.

The children want to get into the meeting, but are kept out. "If they will be friends, why should it be secret? asks the girl. The officials laugh. Top academics, military personnel, economists, representatives of industry, and business go into the meeting. They explain to the children in song about the "Military Industrial Complex". At the end, the presidents emerge, tried and depressed. There's no chance, they say, of disarmament. "Who's talking about disarmament?" cries the boy! "How can you have disarmament while you are still enemies?—you've got to be friends first. . ." The girl explains the idea they had for the meeting: "Let us—the children,—change places now, while we are young, go to each other's schools, learn about each other's different way of life. Then, when we are your age, we will need no weapons at all—for by that time, we shall all be friends. . . ." The Presidents demur. What about the Military Industrial Complex? says one official. "Keep it" says the boy, "We're going to build a Peace Industrial Complex. . . ."

The children run away, pleased with their plan. The Presidents are alone. The meeting over, it is as though they have run into each other in an airport lounge; for the first time, they are able to talk to each other in an utterly informal, unlikely way. They discuss how it would have been fun to spend time in another country when they were young. Neither left home until they were 18—"I preferred to go fishing . . ." muses the US President. "You are a fishermen!" cries the Soviet President; he says nothing, but he is clearly more interested in the prospect of getting to know his opposite number. They dismiss the children's plan as impractical. It would never stand a chance against the central committee or congress . . . "I wonder what we've had done if we were children?" asks the US President. "We would probably have been friends . . ." says the Soviet.

"Darn it!" says the US Pres.—"why don't we go back to my hotel and talk about this thing over a few beers; I'm sure we could sort something out . . ." The Soviet President suggests it might take rather longer than an evening over a few beers—and anyway, he doesn't like beer! He suggests a fishing trip to his dacha in the mountains. The fishing is excellent . . . They wander out of the hall, reminiscing about their prize catches—talking to each other, at last, like human beings. Friends.

The children watch them go; there is a brief scene discussing how long it took for the world to get used to being at peace. The figure of the story-teller explains to the children how it is the responsibility of everyone to be a "Peace Child"—"It's the only way our world will survive." The children who have played the leads come back; they all join in a final celebratory chorus:

"Come into my joy!
Come into my pain—
Come—you be a friend of mine,
I'll be the same!"●

SALVADORAN DEMOCRATIC GROUPS SUPPORT POLITICAL SOLUTION

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BARNES. Mr. Speaker, I am a supporter of the electoral process in El Salvador. I hope that the elected government will be able to achieve peace. But I am convinced that the people of El Salvador recognize that this will require a political solution, and that the Contadora process offers the best mechanism available to attain the peace they so desperately long for.

The Democratic Popular Unity of El Salvador (UPD) is a political organization composed of leaders of labor unions, peasant organizations, and indigenous associations. It has consistently received support and assistance from the American Institute for Free Labor Development, the foreign assistance arm of the AFL-CIO.

In its February 1, 1984, communique, the UPD expresses its support for the Contadora group in seeking a political solution that achieves peace, democracy, and social transformations, without previous conditions and with the participation of all the social forces that seek those objectives. The UPD also calls for, among other things: An end to death squad violence; respect for human rights; the preservation of economic and social reforms; and withdrawal of foreign military presence.

The UPD communique follows:

Democratic Popular Unity (UPD)

BASIC AND DEFINED POSITION OF THE DEMOCRATIC POPULAR FRONT WITH RESPECT TO THE ELECTORAL PROCESS AND THE POLITICAL, ECONOMIC, AND SOCIAL CRISIS FROM WHICH THE COUNTRY IS SUFFERING

1—Support for the efforts of the Contadora Group for a political solution that achieves peace, democracy and social transformations, without previous conditions and with the participation of all the social forces that seek those objectives.

2—Full and immediate democratization, repealing repressive decrees and those with exceptions which affect the workers and people in general; as well as the lifting of martial law.

3—Real guarantees for eradicating the activities of the armed groups that like the Death Squadrons and others that do not respect human rights and that operate in the country, and the trying of those who turn out to be involved in such activities.

4—Full force and respect for the human rights guaranteed by the present political Constitution.

5—Concrete and effective means for social and economic order in order to decrease the high cost of living.

6—Commitment to finding in the short term the appropriate mechanisms for the opening of the University of El Salvador.

7—Withdrawal of the presence of the foreign military which supports the forces in conflict and fostering relations with friendly nations on a plane of mutual respect.

8—Commitment to guarantee social and structural economic reforms and through the form among others of Articles 105 and 106 of the current Political Constitution, so that they will tend to integrally favor the interests of the workers, and the people in general.

9—Commitment to implement a new foreign policy of nonalignment, seeking in the Contadora Group a form of a Latin nature for the restoration of peace and democracy.

10—To grant representativity to the workers of the city and the countryside through their organizations in all of those official, autonomous and semi-autonomous institutions, reforming the respective organic laws.

11—Commitment to the existence of the right to free unionization of all sectors and the respect for their practice.

12—Support for the instruments necessary for the arising of an integral humanism in which man is the center and vertex of the things created.

13—To create the mechanisms for progressively obtaining the political, economic, social and cultural union of Central America.

14—Commitment to create the effective means that will permit free transit, permanence, residence, work, study and commerce for Central Americans; and to improve and fortify the mechanisms of Central American integration, including their humanization and free circulation of capital.

We reiterate to the Salvadoran peoples that the UPD does not have political commitments with any sector, and that the positions set forth constitute our aspirations for a better future in El Salvador; and that that political party that satisfies such aspirations, will logically have the support of the Salvadoran people and ours as citizens.—San Salvador, Feb. 1, 1984

FOR FREEDOM, DEMOCRACY, SOCIAL JUSTICE, INDEPENDENCE AND NATIONAL SOVEREIGNTY

Salvador Carazo, Fesiconstrans.

Ramon Aristides Mendoza, Unión Comunal Salvadoreña.

Juan Antonio Argueta, Sindicato de la Unión de Trabajadores de Construcción.

Alejandro Escobar Cartagena, Sindicato de Profesionales Contables de El Salvador.

Dr. Garbiel Pilona Araujo, Partido Unionista Centroamericana.

Jorge Ruiz Camacho, ACOPAI.

Adrian Esquino Lisco, Asociación Nacional de Indígenas Salvadoreños.

Mario Eduardo Espinoza, Asociación Salvadoreña de Trabajadores.

Miguel Angel Vaszuez, Central de Trabajadores.

Andres Refugio Sanchez, Asociación Nacional de Indígenas Salvadoreños.

Samuel Maldonado, Unión Comunal Salvadoreña.

Note: The above organizations are types of unions, such as the one for construction workers, another for accountants, one for farm workers and another for the indigenous persons of El Salvador.

Translated by Deanna Hammond, CRS Language Services, April 4, 1984.●

THE AMERICAN CENTURY OF TECHNOLOGICAL ADVANCES

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. DYMALLY. Mr. Speaker, recently I introduced House Joint Resolution 453 establishing the first week of October 1984 as "National High Technology Week." At this time I would like to take the opportunity to thank the firm of Odetics, Inc., Anaheim, Calif., for their support and cooperation over the past year in helping us to reach our goal, which is to help the public to become more aware of American technological resources and achievements.

With Odetics' support, the Congressional Caucus for Science and Technology was able to provide the forum for a breakfast/symposium dealing with state-of-the-art robotics to the Members of Congress and their staff. Odetics assumed full financial responsibility for this presentation, feeling it was their duty to help enhance the knowledge of our legislators. They have voluntarily prepared a poster to be used as a champion of High Technology Week. Odetics feels very strongly about the need for our country to meet the challenge head on in the area of science and high technology. Therefore, I would like to express our appreciation to them today.

I also take this opportunity to recommend to the attention of my colleagues, a white paper on the "American Century of Technological Advances," prepared by Odetics, Inc., for the Congressional Caucus for Science and Technology. As we focus more and more on technology changes and their economic effects, this paper will provide us with a keen insight into the leadership role the United States has and must maintain in science and technology. I encourage my colleagues to read this paper and reflect on its importance as we move forward into the 1980's.

The text of the paper follows:

The American Century of Technological Advances

In the long history of technology, which begins with the first primitive tools built by ancient man, there has never been a period like the 20th Century. In fact, despite the immense achievements of technology by 1900, in the last 84 years we have seen more advance—over a wider range of activities—than the whole of previously recorded history.

With pride and satisfaction then, the people of the United States may note that the 20th Century has been credibly described as the "American Century" by scholars of technology. For while many significant breakthroughs have emerged from other nations in the world, only the United States has consistently combined social need, resources and ethos ("American Know-How") to assimilate innovations and take full advantage of them.

Technological advances originating in the United States have occurred in such fields as communications, information processing, transportation, robotics and space exploration.

American Lee De Forest's invention of the triode in 1906 paved the way for radio. Two years earlier, Sir John Amborse Fleming of Great Britain had discovered the diode, a two-electrode electron tube by which a current could be rectified so that it could be detected by a telephone receiver. De Forest made the significant improvement of introducing a third electrode (the grid) between the filament and the plate. The outstanding feature of this refinement was its ability to amplify a signal. Its application made possible by the 1920s the widespread introduction of live-voice broadcasting in Europe and America, with a consequent boom in production of wireless and other equipment.

Vladimir Kosma Zworykin, who was Russian-born but came to live in America in 1919, is often called the "Father of Television". It was he who developed the iconoscope (the transmitting tube in the television camera) in 1923. A year later, he developed the kinescope, or "picture tube" in the television receiving set.

In terms of American inventiveness in the field of information processing, the Mark I digital computer was at work at Harvard University by 1944. The early computers, however, were large and expensive machines, and their general application was delayed until the invention of the transistor.

The product of research on the physics of solids, and especially of those materials such as germanium and silicon known as semiconductors, the transistor was invented at Bell Telephone Laboratories in the United States in 1948. The result has been the replacement of the cumbersome and fragile heat-producing thermionic valve by the small and strong transistor in a wide range of electronic equipment. In particular, this conversion made possible the construction of much more powerful computers while making them more compact and less expensive.

America's contribution to transportation technology includes the prodigious feats of production achieved with the automobile. Henry Ford led the way in the adoption of assembly-line mass production; his spectacularly successful Model T, the "Tin Lizzie," was manufactured in this way first in 1913, and by 1923 production had risen to nearly 2 million a year.

The robotics industry is also indebted to the technical creativity of Americans. The first industrial robot, designed to automate the automobile industry's factory assembly lines, was invented by George C. Devol in 1954. General Motors Corp. became the first to implement his "Unimate" in 1962. Though the Japanese now hold the lead in the development and implementation of industrial robots, it wasn't until U.S. examples of this technology were exhibited in Japan in 1967 did that country begin to consider the possibility of automated factories.

In mobile robotics—robots designed to be used outside of the factory—Ohio State and Carnegie-Mellon Universities have been researching the problems of control algorithms, computer software and mechanical system design. Even more advanced research has been conducted by Odetics, Inc., a small California company which in March 1983 introduced "ODEX I, the First Functionoid"—a six-legged robot that could walk, climb and lift loads of nearly six times its own weight.

One of the all-time great firsts in the history of technology was provided by Americans Wilbur and Orville Wright. On Dec. 17, 1903, at Kitty Hawk, North Carolina their "Flyer I" achieved sustained, controlled, powered flight. The machine was a propeller-driven adaptation of the biplane gliders that the Wrights had built and learned to fly in previous years. They had devised a system of three-dimension control through elevator, rudder and a wing-warping that served until the introduction of ailerons.

America has kept the Wright Brothers' tradition alive with its commitment to the exploration of space. It was Americans Neil Armstrong and Edwin Aldrin who first set foot on the Moon on July 29, 1969 as part of the Apollo 11 mission. The Apollo series was made possible by the development of the enormous Saturn V rocket, which stood 353 feet high and weighed 2,725 tons at lift-off.

The United States has also led the exploration of interplanetary space. In Nov. 1980, for instance, scientists and the public marveled at spectacular pictures taken by Voyager II of Saturn, which provided information about that planet's mysterious rings and many Moons. America's Space Shuttle Columbia became the first re-useable, winged spacecraft when it landed safely back on Earth Nov. 14, 1981 from its first mission.

With this backdrop of technological achievement during the last 84 years in the United States, it is appropriate that the Congressional Caucus for Science and Technology is sponsoring High Technology Week, beginning this Nov. 12. A comprehensive program for scholars, students and professionals in and out of technological disciplines is being prepared.

One of the most important goals of this effort is to increase the public's familiarity with American technological resources and achievements. Thus, public acceptance of technological innovations can be expedited, and nontechnical citizens will be better able to participate in the implementation of innovations in a way that improves the quality of life. Lastly, and most importantly, the Caucus hopes that a greater appreciation for America's technological power will make the next century every bit the "American Century" that the 20th Century has been.●

BARRY ADAMS, MANAGER OF THE YEAR

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. CHAPPELL. Mr. Speaker, it gives me great honor to report to you that Barry Adams, of the Naval Air Rework Facility in Jacksonville, Fla., has been awarded the proud distinction of Manager of the Year by the Federal Managers Association.

Mr. Speaker, this award is one that many strive for, but few attain. I would, therefore, like to note the accomplishments of Barry Adams to you, as he has devoted 17 years of service as a career civilian employee of the Government.

Barry Adams has an outstanding record of performance on the job, consistently meeting production schedules, and credited with saving his department over 16,000 man hours. He is active in both employee and supervisory organizations, where he serves in high positions of responsibility in the Federal Managers Association and the Jacksonville Naval Air Station Association.

In addition, he has received numerous awards including four outstanding performance appraisals, with sustained superior performance awards. He has also received the Department of the Navy Award of Merit for Group Achievement, the Meritorious Civilian Service Award, and the Naval Air Facilities' Beneficial Suggestion Coordinator of the Year. He has been nominated for the annual EEO Award, and was recently one of the Naval Air Rework Facilities' nominees for the Federal Executive Institute Alumni Association's Executive of the Year Award.

As you can see, Barry Adams is a leader. He is one who willingly gets involved in projects and is a credit to those with whom he works.

Barry has also worked to develop a good rapport with Government leaders both in Jacksonville and Washington, D.C., in order to keep up to date on issues affecting his fellow workers.

He has completed the Sterling Institute training program, and is serving as an instructor. His after-hours training includes supervisory and management courses from Jacksonville University and the area chamber of commerce.

He has served as the Jacksonville Naval Air Station Association's legislative chairman for 3 years. He was elected and is presently serving as their vice president, yet still remains the chairman for legislative affairs. Barry has also been appointed both Secretary and Treasurer to the National Council of Industrial Naval Air Stations.

In addition, Barry served as the vice president of the Federal Managers Association—local chapter—for a period of 2 years before being elected president, a position he has held for the last 3 years. He strives to achieve greater cooperation between management and support staff in meeting the goals of the Naval Air Rework Facility and the Federal Government.

A veteran, Barry served in the U.S. Army for 3 years during the Vietnam war era. He was promoted to sergeant E-5 during this time and upon completion of his military obligation was honorably discharged.

As this year's Federal Managers Association Manager of the Year recipient, and in recognition of his exemplary service to the Naval Air Rework Facility in Jacksonville, Fla., and outstanding ability as a leader and manager in the Federal Government, I take this opportunity to salute Barry and offer him our congratulations for excellence in his job performance.●

THE HIGHER EDUCATION AMENDMENTS OF 1984

HON. JOHN N. ERLENBORN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. ERLENBORN. Mr. Speaker, today I am introducing legislation to restructure Federal student financial assistance programs and to make other changes to the Higher Education Act. This legislation, recommended to us by the administration, seeks a return to the traditional emphasis on parent and student responsibility for financing college costs and a simplification of the administration of several other higher education programs.

The heart of this legislation is the modification of the Pell grant program into Pell self-help grants. Under the legislation, the receipt of Federal grant aid would come only after a self-help expectation had been calculated for the student. Every Pell grant applicant would be required to make a self-help contribution of $500 or 40 percent of the cost of education. This amount could be raised by the student from a wide variety of sources, including college work-study, national direct student loans, guaranteed student loans, summer earnings, institutional aid, and family resources.

The maximum grant available to a student would be increased from $1,900 to $3,000, an increase of over 57 percent. This increase is designed to help all students eligible for Pell assistance to enjoy greater choice in selecting a postsecondary institution. For example, a dependent student with a family income of $9,000 would receive a $3,000 award at a $9,000 institution while under current law he or she would receive only $1,900. A second example would be a student with a family income of $20,000 attending the same institution. In this case the Pell award would be $1,660 compared to $1,065 under current law.

The proposal also calls for an expansion of the college work-study program to $850 million for fiscal year 1985. Institutions would be permitted to transfer up to 50 percent of their institutional allotment to the supplemental educational opportunity grant program to provide assistance for students for whom college work-study is inappropriate.

In the guaranteed student loan program, a series of reforms are proposed which are designed to reduce the rising cost of this large entitlement program. The most significant of these changes is that all applicants undergo a need analysis. Under current law, only those students whose families have adjusted gross incomes above $30,000 are subject to a need analysis.

Additional changes include requiring guarantee agencies to return all Federal advances before October 1, 1985, and to eliminate payment of the two direct administrative cost allowances to guarantee agencies in support of agency administrative activities. These funds are no longer needed.

The bill also proposes to provide only 80 percent Federal reinsurance on all new loans insured by guarantee agencies, while retaining all of the current policy requirements for 100 percent reinsurance. This change is designed to restore some responsibility to the guarantee agencies for defaults occurring in the program.

In title III, Institutional Aid, my bill proposes merging the existing parts A and B, and reducing eligibility requirements. Greater emphasis is placed on endowment building and on institutional graduation from direct Federal assistance. The bill also simplifies the existing set-aside provisions for 2-year and historically black institutions and applies them to the entirety of title III.

Finally, the legislation simplifies the TRIO programs and provides for a more equitable and effective distribution of Federal funds. The Talent Search and Educational Opportunity Centers program would be consolidated, and the staff training program would be eliminated. In addition, Upward Bound institutional participants would be required to provide 10 percent of project costs and institutional participants in Talent Search would be required to provide 25 percent of costs.

Mr. Speaker, the changes proposed in the Higher Education Amendments of 1984 appear to me to represent sound improvements over the current provisions of the Higher Education Act. I believe that these proposals merit careful consideration by the Subcommittee on Postsecondary Education, especially with regards to the Pell grant and TRIO recommendations.

I also urge all of my colleagues who have questioned the dedication of this administration to preserving a strong Federal role in higher education to study these proposals carefully. I anticipate that the administration's proposals for the reauthorization of the Higher Education Act next year will be quite similar to the bill I am introducing today.●

STRICTER HANDGUN LAWS ARE NEEDED

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. TORRICELLI. Mr. Speaker, when I began my service as a Member of Congress, one of my first priorities was to help lead the fight for effective handgun control legislation. The thousands of deaths annually attributed to handguns are both senseless and tragic.

With the hope that my colleagues will sense the urgent need for stricter handgun laws, I would like to bring to their attention a USA Today editorial by N. T. "Pete" Shields. Mr. Shields, whose oldest son, Nick, was killed by a handgun 10 years ago this week, is chairman of Handgun Control, Inc.

For the past decade Mr. Shields has been diligently working to spare others the same sorrow he was forced to suffer since Nick's needless death. His work, along with that of other concerned citizens, has been instrumental in the enactment of stricter handgun laws in several major cities. And not surprisingly, they work—less people are being killed by handguns.

As my colleagues read this persuasive editorial, I strongly urge them to support handgun control legislation. We in Congress have the ability to save thousands of lives by doing so.

The editorial follows:

[From USA Today, Apr. 4, 1984]

HANDGUN LAWS WORK IF GIVEN THE CHANCE

(By N. T. "Pete" Shields)

WILMINGTON, DEL.—Ten years ago, my oldest son, Nick, was killed with a handgun. Nick was helping a friend move a rug when he was gunned down from behind by someone he never saw.

Because of our weak handgun laws, the pistol used in Nick's murder had passed through no fewer than a dozen hands, making it difficult for police to trace the handgun and apprehend the killers.

Since Nick's funeral, I have worked to pass federal legislation to keep handguns out of the wrong hands—felons, drug addicts, the mentally ill, children. Such legislation would include a waiting period, a background check and mandatory safety training for handgun purchasers, licensing of handgun owners, and mandatory sentences for using a handgun in a crime.

America is the only western nation without strong handgun laws. The consequences: In 1980, handguns killed 8 in Great Britain, 24 in Switzerland, 8 in Canada, 23 in Israel, 18 in Sweden, 4 in Australia—and more than 20,000 in the United States.

Public surveys have long shown that Americans support licensing and registration of handguns. Blocking such a national law are the gun profiteers, led by the National Rifle Association.

The NRA spends $55 million each year to defeat such legislation. To increase the gun makers' profit, the NRA is also working to allow mail-order gun sales and to defend the continued sale of cop-killer bullets—ammunition designed to penetrate the armored vests worn by police.

Despite the NRA's money and madness, sensible American policy is gradually being implemented. New handgun laws are on the books in Washington, D.C., Chicago, and Massachusetts and other states.

Studies have demonstrated the impact on handgun crime. In Massachusetts, handgun murder went down 50 percent. Chicago police report that handgun homicide dropped 24 percent. The District of Columbia's law reduced handgun death by nearly 30 percent.

Even in Washington, the political winds are beginning to change. More than 200 senators and congressmen now back legislation to ban cop-killer bullets. Legislation to keep handguns out of the wrong hands has more support than ever. And the NRA's efforts have met strong resistance.

More Americans are killed with handguns every week here at home than in the massacre of American Marines in Beirut. Each week, more than 500 men, women and children die in handgun fire.

The handgun killing can be stopped—but only if every American joins the campaign for handgun sanity.●

TRIBUTE TO FATHER JOSE I. SOMOZA

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FAUNTROY. Mr. Speaker, I rise to commend and bring to the attention of my colleagues the fine record of service of Father Jose I. Somoza, who recently retired as director for the Division of Bilingual Education of the District of Columbia Public Schools.

Under Father Somoza's leadership, the bilingual instructional program developed into a significant educational asset providing access to educational opportunity to many of the students in our school system. During his tenure of service, 1973–84, the bilingual instructional program became an example of cultural sensitivity, and quality educational programing, gaining international recognition for the school system, its students, teachers, and administrators.

Father Somoza, through his dedication and pedagogical excellence, created a learning environment in which native speakers of languages other than English could develop their intellectual capacities and contribute to our society.

Father Somoza deserves our recognition and appreciation.●

ARMS CONTROL IN OUTER SPACE

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MOAKLEY. Mr. Speaker, this last Tuesday, April 10, the House Foreign Affairs Subcommittee on International Security and Scientific Affairs, under the chairmanship of Representative DANTE FASCELL, made a significant contribution to arms control when it met to consider the Reagan administration's space weapons policy.

The hearing was a continuation of a series of hearings begun last November on "Arms Control in Outer Space" which includes the President's antisatellite (Asat) weapons policy and his Strategic Defense Initiative—his "Star Wars" program. Chairman FASCELL pointed out the dangers of such a policy when he noted that its completion "would cost in the billions, result in a dangerous arms race in space, and would make U.S. satellites more vulnerable."

Mr. Kenneth Adelman, Director of the Arms Control and Disarmament Agency (ACDA), testifying before the subcommittee, discussed the President's March 31 "Report to the Congress on Asat Arms Control." He said that there are benefits to Asat arms control, but that it is very difficult to verify an Asat treaty. I, along with many of my colleagues in the Congress, fear that this administration's claim that an Asat treaty is not verifiable is but a cover for simply not wanting to find an arms control solution to the Asat program. This is a dangerous prospect which we in the Congress must protect against. The subcommittee provided a valuable forum to examine the adverse arms control and national security implications of the President's ludicrous space policy. The administration's policy not only increases the likelihood of nuclear war, but it raises the prospect of alienating our allies.

In fact, at a NATO Defense Ministers meeting last week in Turkey, NATO Defense Ministers expressed skepticism and nervousness concerning U.S. plans to prepare for war in space. Commenting on this NATO concern over the Reagan administration's space weapons programs, West German Defense Minister Manfred Woerner observed: "I can't see that it would provide greater stability." Thus, we are all left wondering what possible U.S. interests are met by pursuing a space weapons policy that creates division within NATO, and in that respect, serves Soviet foreign policy to secure division within the United States and our European allies? The answer is we do not serve U.S. interests or those of our NATO allies in any way, by furthering this inane policy.

Representative GEORGE BROWN of California, testifying before the subcommittee, explained that "a key element in the administration's Star Wars—Strategic Defense Initiative—fantasy is the antisatellite (Asat) weapon. Asat's would destroy the satellites which serve as our eyes and ears in the sky. Satellites are used to monitor compliance with arms control agreements, are vital to military communications and early warning functions and serve to monitor military activities worldwide * * *. Since the Unites States is so much more dependent on satellites than the Soviet Union, it is only common sense that this weapon should be banned." Hopefull for everyone's sake, the administration will pay careful attention to the concerns of the Congress in this matter. We have more to lose in an Asat competition with the Soviets than they do. They can function without their satellites as most of their forces are close to their homeland. The United States, on the other hand, cannot function without its satellites as most of our forces are deployed overseas. It is therefore in our interest to stop this craziness now while it is still somewhat manageable.

Commenting on the March 31 report, Representative BROWN called it "an outright rejection of Asat negotiations." He went on to say that "The report may be correct in one respect: Once both countries proceed beyond the test phase, it will be much more difficult to verify a treaty." This is all the more reason to enter into negotiations now, when the Soviet system and the proposed U.S. system are limited.

It is unfortunate that we have an administration that relies only on technically impossible military efforts in space, while avoiding the pursuit of arms control because it is too difficult. What is the logic in this? There is none.

Why is this administration so intent upon forging ahead with a weapons policy in space? It seems paranoia rules the administration and paranoia only feeds paranoia. No one disputes the need for research, but the scale of research that this administration envisions is not only extremely costly—cost estimates reach more than a half a trillion dollars—but it is incredibly destabilizing. Such a program would send a clear signal to the Soviets that the United States has decided on a military course for space. What can the Soviets be expected to do in the advent of a U.S. buildup? They undoubtedly will attempt to counter the U.S. program: the superpowers will then be enmeshed in an arms race in space—a competition for military control of space and the likelihood of nuclear war will increase.

On the matter of verification, Representative NORMAN DICKS of Washington, made the relevant point that "No arms control agreement can be 100 percent guaranteed verifiable. But we can conclude agreements under which we can detect any military significant violations * * *. Certainly the verification difficulties of a treaty banning testing and deployment of Asat systems are no greater than those for a comprehensive ban on chemical weapons which the President has only recently proposed." The administration ignores the logic of this analogy. It is not clear to many of us in the Congress why the administration maintains that a ban on testing is not verifiable. Both the United States and the Soviet Union have the means through their satellites to detect and track Asat testing by the other side. The fact that we even know of the Soviet Asat capability and their testing is proof of that.

It becomes more and more clear that this administration has little interest in arms control. The Congress, however, is taking constructive steps to halt these weapons. There are several pieces of legislation in the Congress that attempt this. One is a resolution I and some 127 cosponsors introduced, House Joint Resolution 120, which calls for immediate negotiations for a ban on all space weapons. Others include House Joint Resolution 523, introduced by Representative DICKS, et al., which seeks a mutual and verifiable ban on weapons designed to attack objects in space; and House Joint Resolution 531, introduced by Representative BROWN of California, et al., which seeks to maintain the commitment of the United States to the 1972 Anti-Ballistic Missile Treaty between the United States and the Soviet Union.

During the subcommittee hearing with ACDA Director Adelman, Chairman FASCELL captured the essence of these resolutions when he stated: "Many of us in Congress are concerned that the administration is racing toward arms in space as opposed to arms control in space." I commend the chairman's efforts to promote peace in space and look forward to more hearings from the Subcommittee on International Security and Scientific Affairs on this very important and timely concern.●

DEPARTMENT OF JUSTICE AUTHORIZATION FOR APPROPRIATIONS, FISCAL YEAR 1985

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. RODINO. Mr. Speaker, I have introduced today a bill to provide authorization for appropriations for the Department of Justice for fiscal year 1985. The Department of Justice has not yet forwarded to the Congress its proposed annual authorization. As the May 15 reporting deadline for authorizations fast approaches, I believe it is important that the committee have the opportunity to review an authorization bill. Accordingly, the committee has drafted an authorization bill based on the President's proposed budget and information derived from our subcommittees' normal oversight hearings.

The bill provides for an overall authorization of $3.586 billion which, as I said, is based on the President's proposed budget. The committee increases total approximately $51.3 million over the President's budget. We have added to the budget in several areas where we believed additional resources were necessary. The committee has added approximately $20 million to the President's request for the Immigration and Naturalization Service. We believe that such additional funding is necessary in order to insure that the Service be better prepared to take on its monumental task of enforcing the immigration laws and providing prompt service to the public. We have added language to provide for the emergency relocation of drug enforcement agents and their families when their lives are threatened. The committee has added approximately $15 million to the Federal prison system funding level to provide for technical assistance and training for State and local correctional authorities, to provide for an additional 200 correctional officers which we believe to be the bare minimum necessary to meet the need, to provide additional funding for inmate legal services, and to add 500 more beds for contract community facilities.

With respect to FBI undercover activities, section 8 of the bill provides exemptions from certain laws relating to leasing, banking and similar matters, and requires certain financial, statistical and descriptive reports to the Congress on undercover operations. The language is identical to that enacted in the fiscal year 1984 State, Justice, Commerce Appropriations Act (Public Law 98-166), with the exception of a technical change relating to FBI counterintelligence undercover operations, and the extension of the provisions to cover undercover activities of the Drug Enforcement Administration.

Statutory reporting requirements and exemptions for FBI undercover operations have been contained in Department of Justice authorization bills since fiscal year 1978.

Mr. Speaker, the Committee on the Judiciary will fulfill its responsibilities with regard to the Department of Justice authorization for fiscal year 1985. The bill will be reported prior to the reporting deadline.●

LOOPHOLE OF THE WEEK

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Ms. KAPTUR. Mr. Speaker, as tax day draws near, Americans across this Nation are staying up late into the night, armed only with calculators and cups of coffee, filling out their tax forms. This is a wearing, frustrating task for all of us, but for some it becomes a game of dodging the tax man. Our loophole riddled Tax Code allows and encourages this gamesmanship. Although some of the worst loopholes would be closed by the tax bill we passed yesterday, this step was only a small one. We need a system such as the Bradley/Gephardt fair tax proposal would provide: a simple, loophole-free Tax Code with progressive tax rates.

I commend to my colleagues the following article by Prof. Alan Blinder of Princeton University. He takes a humorous approach to outlining the serious problems with our country's Tax Code.

The article follows:

GIMME SHELTER

Pendleton surveyed the large manila envelopes spread before him and took a deep breath. Inside were the 768 IRS forms he would need to complete this year's tax return. "Thirty six more than last year," he thought. "I guess that means I'm doing well. Food, clothing and tax shelters—those are the necessities of modern American life."

Just then, a notice printed neatly on each envelope caught his eye: Warning: The surgeon general has determined that doing your taxes can be hazardous to your mental health. He smiled. "I'll start with the deductions. They always cheer me up."

He pulled out Schedule C and started listing his travel and entertainment expenses. Some of them brought back fond memories. "Oh, yes," he mused, "here's that lovely dinner at Le Petit Triage last spring—$296 for two. I wonder if Ed and Martha are deducting it, too.

"And that glorious week in Hawaii at the convention of the Association for Tax Avoidance: $3,450, and all tax deductible." He smiled as he remembered that Godfrey, his neighbor, had paid for his vacation with after-tax dollars. "What a chump," thought Pendleton.

"Enough of this penny ante stuff. On to something big." He pulled out his "Auto" file, and started to list the expenses for the new Mercedes he had purchased that year.

"Let's see, the first $10,000 is expensable. A nice little goodie. The remaining $30,000 is depreciable by quadruple declining balance—plus the investment tax credit, of course, and special tax credits for the solar-powered air-conditioner and the platinum American eagle on the rear bumper. That all comes to a deduction of $26,473 for this year. Not bad. On an after-tax basis, Cronin probably paid more for his Honda."

Three evenings later, Pendleton finished with his deductions. "Now comes the bad news," he murmured. "My income." Actually, the news was not that bad.

"Let's see. Wages and salaries. None, of course. Who wants that? All my income is on Schedules C, D, E and R.

"Interest, I had lots of it, but it's all tax exempt. Dividends. Ugh. I never touch the stuff; it's taxable as ordinary income.

"Now here's something. Capital Gains." He pulled out a file two inches thick and nodded knowingly. "After a few hours work, this will all look like a $3,000 tax loss."

He turned next to Schedule E. "Now, where are my K-1s?," he wondered as he leafed through the papers on his desk, first calmly and then frantically. Finding nothing, he scavenged desperately in the waste basket. Still nothing. His heart sank and his face whitened as he slumped in his chair. "Where are my K-1s?," he shrieked.

His wife, Harriet, heard the cry and came running. "Ellsworth," she asked, "what's wrong?"

"My K-1s are missing," he sobbed.

"Your what?"

"My K-1s. You know. Those things we get from the accountant every year for all those hokey tax shelters. The ones that prove to the IRS that our partnership deals lost 10 times as much money as we put into them."

"Why don't you call Ira?" she suggested.

"Good idea," Pendleton agreed. A quick call to his acountant, Ira Keogh, solved the mystery. They were included with the return on his son Clifford's trust.

Pendleton hung up the phone, tore open the envelope marked "Clifford," and found the blissful K-1s. All was right with the world.

"Let's see. The condo in West Palm Beach—a $13,566 loss. Good. The Oklahoma oil and gas drilling partnership—a $32,679 loss. Excellent. Oh, yes, and here's the deal with the trees in Oregon. How does that go again? Oh, who cares? It's a $27,955 tax loss. All together, that comes to $74,200." He grinned like a man who had just saved $37,100 in taxes.

Harriet looked concerned. "Did we really lose $74,200, dear?"

"Oh, no," replied Pendleton. "Let's see." He did a few calculations and announced triumphantly: "Our actual out-of-pocket costs were $2.97."

Harriet smiled proudly.

"That's enough for tonight," Pendleton sighed, tired from the day's exertion. As he sank into bed he barely noticed that Harriet was reading Dickens. But it put a thought in his head and bad dreams soon disturbed his sleep.

First, came the Ghost of Taxman Past, when his marginal tax rate was 70 percent, his capital gains were taxed at 35 percent, and his shelter was a place to store canned foods in case the Russians struck. He turned violently in his sleep and buried his head in the pillow.

Next, he dreamed a happier dream. The Ghost of Taxman Present appeared to him, looking like an Amiable Communicator on horseback and offering lower, more avoidable taxes. Smiling, Pendleton turned over on his back and began to snore like a fat cat.

Then came the most horrible dream of all: the Gost of Taxman Future. He awoke with a start, screaming. Harriet grabbed his arm and shook him.

"What's wrong, dear? What's happening?"

"I guess I had a bad dream," Pendleton mumbled, still trembling.

"What was it?"

"I dreamed that the Democrats got back in the White House. They needed more tax revenue desperately, so they closed one loophole after another. It was horrible. Pretty soon I was paying as much tax as my employees." He shuddered at the thought.

Harriett comforted him. "Dont worry, dear, the Democrats won't get back in."

"They won't"

"No," she insisted. "And even if they do, wasn't it the Democrats who lowered the capital gains tax in 1978 and added all those ornaments to the president's Christmas tree bill in 1981?"

"Yes, you're right," Pendleton exclaimed.

"So they wouldn't close all your tax loopholes, would they?" she asked.

"No, I guess not," Pendleton replied.

Thus reassured, he fell into a deep and peaceful sleep.●

PROLIFERATION OF CHECKOFF SCHEMES

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FRENZEL. Mr. Speaker, with increasing frequency these days, Members are being urged to support including so-called checkoffs on tax forms. The revenues received from these checkoffs would be collected by the Treasury Department, and distributed to the charitable organization named in the checkoff.

Supporters of including checkoffs on tax forms claim that such a method would better enable charitable organizations to raise necessary funds. The supporters also claim that a checkoff would provide the charitable organization that is the beneficiary of the checkoff with the exposure needed to collect even more contributions.

In general, I strongly support helping charitable organizations raise the funds necessary to fulfill their charitable purpose. I have strongly supported changing the limitations on contributions to private foundations, and worked on the legislation enacted in 1981 which provided an above-the-line deduction for charitable contributions made by nonitemizers.

I am very concerned, however, about attempts to turn the IRS into a collection agency for charities. The function of the Internal Revenue Service is to collect taxes. The IRS has a hard enough time now as it is to fulfill its main objective. To impose additional burdens on the IRS by forcing it to collect and disburse money collected through a tax-return checkoff will only serve to dilute its resources and increase its burden.

There is also an additional problem about which I am concerned, and that is the perception problem. Today, more than at any time since I came to Congress, the American people feel the Tax Code and the income tax return are too complicated. There is also a feeling, regardless of reality, that money collected by the Government for a specific purpose is not being used for that purpose. Adding an additional line to the tax return for a checkoff will increase the perception that our tax forms and our tax system are too complicated.

The Finance Committee in the other body has included, as part of its tax package, a provision to provide a tax checkoff for the U.S. Olympic Committee. While the USOC is a worthy organization, and deserving of the support of all Americans, I am concerned about the precedent the acceptance of the provision in conference would create, and it will not be accepted.

An article which appeared in the Wall Street Journal on March 26 details some of the many problems inherent in providing a tax form checkoff. One of the problems is the difficulty inherent in deciding which organizations qualify for a checkoff. While including a checkoff for the USOC is currently a fairly popular idea, the next step could be a checkoff to finance lifesaving organ transplants, as will be allowed in Massachusetts, a checkoff to underwrite a mock-legislative session for senior citizens as is on the California ballot, or a checkoff to restore an historic building, as is being proposed in Iowa.

A copy of the Wall Street Journal article follows, and I would urge my colleagues to consider it carefully before making a final decision on any checkoff legislation.

CHECKOFFS ON STATE INCOME TAXES PRODUCE SOME BIG CONTRIBUTIONS—AND HEADACHES

(By Richard Gibson)

A lot of Americans are putting extra check marks on their state income-tax returns these days. If you're an Illinois mud turtle, an Idaho narcotics cop, a ballerina in Oregon or a member of the U.S. Olympic team, that's heartening news. But if you're a typical state-tax collector, all those check marks mean a gigantic headache.

Behind those contrasting reactions is a growing phenomenon: the income-tax check-off. Each checkoff item features a box or blank that, if marked, allows a taxpayer to donate part or all of his anticipated refund to a favorite cause. For example, someone due a $56 refund might round that off and give the $6 to help protect the state's squirrels and birds. Less often an individual who owes taxes may add several dollars to his payment, earmarking it for one of the special funds listed on the tax form.

At a time of year when some taxpayers give new meaning to the word "greed," state income-tax checkoffs represent an unselfish act. Unlike the federal checkoff for the presidential election-campaign fund, which doesn't increase a person's tax or decrease his refund, state checkoff actually take money out of taxpayers' pockets. Of course, contributions to qualifying charitable organizations can be used as deductions on next year's federal tax returns and some state returns.

But regardless of the motivation of those giving the money, checkoff have become the hot new way to raise funds for causes that might otherwise be ignored. A checkoff will go on next year's Massachusetts tax forms to finance life-saving organ transplants. Sponsor Joseph Hermann, a Democrat, thinks it will raise "millions of dollars."

Although a checkoff seldom draws contributions from more than 5% or 6% of a state's tax-paying population, most states have at least one on their returns. Last year 31 collected money to conserve wild animals and plants, including the mud turtle. In New York State alone, 353,185 taxpayers gave $1.7 million of their tax overpayments to the wildlife checkoff. Nationwide, that cause netted nearly $5.9 million.

All told, checkoffs raised perhaps twice that much for a potpourri of causes. Current favorites include combating child abuse, developing the arts and supporting U.S. efforts in the Olympic Games.

One on California returns for the first time this year seeks money to underwrite a mock legislative session for senior citizens. An Illinois checkoff would help run the state's veterans' home. Arkansas has one to help perserve War Memorial Stadium in Little Rock, where the University of Arkansas Razorbacks play football. Iowa's governor wants a checkoff to repair the state's capitol.

Fund-raisers like checkoffs because they are a cheap, easy and ubiquitous way to raise money. Says John Buck, manager of volunteer fund raising for the U.S. Olympic team, "You could mail a letter to everybody, or you could go on the tax return." What's more, the states pick up the postage costs.

Some politicians, however, think checkoffs are bad public policy. Former Gov. Charles Thone of Nebraska vetoed an endangered-species checkoff, saying that if the Legislature wanted to support a project, "the better procedure is to appropriate funds." Mr. Thone says the "State's Department of Revenue shouldn't become a collection agency for private donations."

Law-enforcement authorities in Idaho, who are the primary beneficiaries of an anti-drug checkoff, express another concern. They look on the checkoff as an undependable source of funds because drug abuse is an emotional issue, and there is no way to know how taxpayers will respond from year to year. Consequently they won't hire anyone on the basis of that funding alone.

Another common complaint is that it is difficult to know where to draw the line. State Rep. Debbie Stabenow, who guided a child-abuse checkoff through Michigan's Legislature, says the "major opposition related to the question of precedent. What about mental health, what about this, what about that?"

Checkoffs' most vocal opposition comes from those who must do most of the work, the state tax collectors. "Checkoffs complicate the return significantly," says Arthur Roemer, Minnesota's tax commissioner.

Such concern seems well-founded. After Louisiana's first checkoff met with success, its legislature added three more. There are five checkoffs on California tax forms. Says Harry Durning, a spokesman for the Massachusetts Department of Revenue, "Eventually tax forms will have to come out on a scroll."

Still, tax administrators say they're probably fighting a losing battle. Although they frequently testify against checkoffs during legislative hearings, in the end "we administer faithfully," says a tax agency spokesman. What they often have been able to do is get checkoff bills amended so that the costs of handling contributions can be passed on to the recipients. In some cases that can be a significant deduction. Last year Idaho's Olympic checkoff grossed $36,600, but before those receipts were forwarded to the U.S. Olympic Committee, the state subtracted $8,000—nearly 22%—to cover administrative costs.

To encourage contributions, some sponsors promote their checkoffs. Iowa's wildlife-preservation measure is called the "chickadee checkoff," a phrase picked up by most of the state's newspaper headline writers. Actress Mariel Hemingway, holding a falcon, did a television spot for Idaho's wildlife checkoff. Joan Mondale, wife of the Democratic presidential aspirant, plugged Oregon's arts-development effort.

Even with all the publicity, however, donors sometimes have a change of heart. Iowans, for instance, intially contributed $236,000 to the chickadee fund on their 1982 returns. But after some got their tax-refund checks, they changed their minds and demanded their checkoff money, too. It added up to $23,000. The state dutifully gave it back.●

NATIONAL LIBRARY WEEK

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. FUQUA. Mr. Speaker, I appreciate this opportunity to comment on National Library Week. The Second Congressional District of Florida has many libraries. From the State Library located in Tallahassee to the massive college libraries at Florida State University and Florida A&M University to the libraries found in all the public schools to the small town libraries found in communities throughout the region, people care about their libraries and recognize that they are not just repositories for books.

Libraries contain the wealth of the ages. Books challenge the imagination. Libraries, however, are more than books. They are media centers, computer centers and, in many instances, community centers as well.

In 1961, I cosponsored the legislation in the Florida State House of Representatives which established the "State Aid to Libraries Law" and I appreciate the citation I have received from the Florida Library Association in recognition of this landmark legislation.

Mr. Speaker, libraries belong to all of us and they can be used by all of us. National Library Week is the perfect time to visit your nearest library and check out all the activities that are going on or, simply, check out a book.●

CONDEMNATION OF CIA ACTIVITY IN NICARAGUA

HON. MATTHEW G. MARTINEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MARTINEZ. Mr. Speaker, I rise today to address a situation which has grown so incredibly out of control, we as a nation are being internationally condemned. Of course I am talking about recent CIA assistance to the Contra forces in Nicaragua for the purpose of mining ports along that countries coasts. In separate harbors, along the Atlantic and Pacific coastline, ships have struck mines, killing 2 men and injuring at least 20 others in 11 reported explosions in the last 45 days.

This CIA sponsored terrorism must be stopped. It is the responsibility of Congress to put a halt to this militant aggression and provocation. President Reagan has chosen to support the continuation of such shortsighted actions by remaining silent, quietly condoning these CIA activities.

What is worse is the President's pledge to continue to push for $21 million for aid in 1985 to the Contra forces. The mining incidents are examples of why we must oppose this aid. While Nicaragua has come a long way in terms of relieving the problems of poverty, illiteracy and political terrorism sponsored by the previous dictator, there is still much to be accomplished.

Economically, the Contras—with CIA backing—are out to destroy the infrastructure upon which the entire country operates. This is the peak export for Nicaragua's two principal exports; coffee and cotton. The irony of our sordid involvement in Nicaragua's political affairs, is that we are all but guaranteeing a continuation of the political confusion in Nicaragua by economically crippling the country.

Nation's all over the Earth have voiced their anger over our actions. Americans themselves have actively expressed their opposition to the President's policies. I hope that Congress will now join with this thoughtful majority and put an end to our Nation's shameful support for the Contra forces.●

WE NEED TO BAN NOT PRODUCE NERVE GAS

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FASCELL. Mr. Speaker, for the past 2 years, Congress has wisely and justifiably rejected the Reagan administration's request to produce a new generation of lethal chemical weapons, binary nerve gas, while calling for the administration to resume negotiations with the Soviets on seeking a comprehensive and verifiable ban on the production and usage of lethal chemical weapons.

Accordingly, I applaud the President in his decision last week to seek such a ban. We should not, however, undo that laudable effort by agreeing to his contradictory fiscal year 1985 request for $105 million in binary production moneys.

For sound foreign policy, defense, arms control, and budgetary reasons the Congress has consistently rejected the administration's request for binary production moneys. Many of these reasons were succinctly articulated in a recent article entitled "Don't Bargain With Nerve Gas" by Jane M. O. Sharp, a resident scholar in the peace studies program at Cornell University.

I commend to the attention of my colleagues Ms. Sharp's article which appeared in the New York Times of April 11, 1984. The article follows:

DON'T BARGAIN WITH NERVE GAS

(By Jane M. O. Sharp)

ITHACA, N.Y.—President Reagan claimed last week that new binary chemical weapons were necessary both to deter chemical use by the Soviet Union and as bargaining chips to induce the Russians to negotiate a complete ban on the production, testing and deployment of such weapons. Neither justification is valid. Our existing stockpile of chemical agents is already a huge deterrent and nothing in our previous negotiating experience with the Russians suggests that developing new weapons will expedite an arms-control agreement.

In fact, "bargaining chips" more often delay the start of serious negotiation and toughen rather than soften the adversary's bargaining position. What's more, they are rarely, if ever, cashed in for concessions by the other side. Contrary to the conventional wisdom, the record suggests that a demonstration of restraint, rather than a show of strength, produces the most stable arms control agreements. President John F. Kennedy's unilateral moratorium on atmospheric testing in 1963, President Richard M. Nixon's renunciation of biological weapons in 1969 and Congressional trimming down of the full Safeguard anti-ballistic missile program in 1970—all preceded and facilitated the signing of related agreements with the Soviet Union.

The case against resuming production of nerve gas is overwhelming. These weapons kill horribly and indiscriminately and might kill 20 civilians for every military casualty, since soldiers in combat would be wearing protective clothing. The artillery shells and "Bigeye" bombs, for which the new nerve gases are destined, are essentially untested. Most West Europeans, and particularly the West Germans, are vehemently opposed to the deployment of new binary chemical weapons.

Yet the President continues to press for production of weapons that would abrogate a tacit, 15-year moratorium on new chemical agents. Throughout the 1950's and 1960's, the United States maintained four nerve gas production facilities and produced millions of gas munitions. Then, in 1969, President Nixon renounced biological weapons and imposed a unilateral moratorium on the production of new chemical weapons. The multilateral Biological Weapons Convention was signed in 1972, and at the Moscow summit meeting in 1974, President Nixon and Leonid I. Brezhnev agreed to open negotiations aimed at a ban on chemical weapons. This commitment was reaffirmed by President Gerald R. Ford and pursued more formally by the Carter Administration.

Since then, Congress has repeatedly denied funds for chemical weapons production. Yet, contrary to the bargaining-chip logic, this has not eroded Soviet interest in chemical arms control. The Reagan Administration has not resumed bilateral chemical weapons talks, but chemical weapons have been a principal item on the agenda at multilateral disarmament talks in Geneva, in which both the United States and the Soviet Union participate. In 1982, the Russians offered a treaty to ban chemical weapons at the second United Nations special session on disarmament, and in January, they proposed new chemical negotiations between the North Atlantic Treaty Organization and the Warsaw Pact. Most recently, in February, Moscow made a considerable concession to Western concerns about verification by agreeing to on-site inspections of the destruction of chemical weapons stockpiles.

Now, Mr. Reagan has delegated Vice President Bush—the man who was brought in twice last year to block Senate amendments to cut off funds for binary nerve gas—to present a new American draft treaty banning chemical weapons in Geneva at the end of the month. Yet the President continues to press for the production of new weapons and to talk about bargaining chips. Congress, our NATO allies and the Russians are understandably skeptical.

If, however, the President is serious about a chemical treaty—and in an election year, he might well be—he could confound his critics with three relatively simple steps. First, he could delete the $105 million earmarked for the nerve gas program from the fiscal 1985 budget. Second he could offer to reopen talks with Moscow to consolidate the progress achieved in the late 1970's. Third, now that the Russians have agreed to onsite inspections, he could stop making a chemical-weapons ban contingent on unrealistically high verification standards and focus instead on establishing a consultative commission to resolve any uncertainties about compliance.

The last thing we need now is a foolish show of hard "bargaining" that risks provoking a new round of chemical weapons production in the Soviet Union.●

TAX LOOPHOLE OF THE WEEK

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. PEASE. Mr. Speaker, today, I would like to discuss one particular tax loophole that I believe should be closed. This loophole was included in a revenue-raising amendment that would have been offered to H.R. 4170, Tax Reform Act of 1983, last fall had the bill reached the floor for debate. Because the House Budget Resolution for fiscal year 1985 calls for approximately the same level of revenue as that contained in the tax bill passed on the House floor April 11, I did not offer my amendment this year.

My amendment included a proposal to place a per-country limit on the use of the foreign tax credit. In part because of the high volume, low-profit margin nature of the banking industry and its ability to manipulate the foreign tax credit to reduce U.S. tax liability on foreign source income, an explosion in U.S. bank loans to foreign borrowers has been occurring in recent years. In 1981, our banks' foreign loans outstanding went up by $90 billion—or 44 percent—and they jumped another $107 billion in 1982. At the same time, bank loans to domestic borrowers have been declining, according to the 1983 Economic Report of the President. This surge in foreign lending has far outweighed the concurrent increase in foreign deposits into U.S. banks. In 1979, foreigners deposited $6 billion more into U.S. banks than the banks lent abroad. In 1981, foreign loans exceeded foreign deposits by $43 billion and in 1982 the deficit was $44 billion according to the International Economic Conditions reported by the Federal Reserve Bank of St. Louis, April 21, 1983.

It would appear that our banks seem to have a bias toward lending to foreigners over providing credit to American businesses, farmers and consumers. This bias appears to have at least some of its roots in our tax laws. The problem stems from the creditable status of foreign withholding taxes on interest combined with the overall (as opposed to the per-country) limit on the foreign tax credit computation.

The tax incentive for foreign loans would be reduced substantially if a per-country limit on the foreign tax credit were in effect on such transactions. The present use of the overall tax credit limit acts as an incentive for U.S. banks to make loans in low-tax countries because a bank that has foreign-source income from an investment in a country with very high tax rates will probably not be able to credit all its foreign taxes because of the overall limitation. The bank has an incentive to invest in a foreign country with very low tax rates because some of the excess foreign taxes from the high tax country will then become creditable. The U.S. Tax Code, therefore, encourages our banks to make loans for tax reduction purposes rather than because there is a need for the loan and encourages the flight of capital overseas.

My proposal would replace the present overall limit on the foreign tax credit with a per-country limit. Thus, credit for any foreign country's income taxes would be allowed only up to the amount of U.S. tax imposed on income earned in that country. The bill would make conforming changes in the foreign tax credit carryback and carryover provisions so that taxes paid to a foreign country in a particular year, which cannot be credited in that year because of the per-country limitation, could be credited in other years only against U.S. tax on income from that foreign country. This provision would be effective in taxable years ending after December 31, 1984.

I urge my colleagues to support the restriction on the foreign tax credit embodied in my revenue-raising amendment should it be offered at a later time. Not only would this provision reduce the erosion of our tax base, it would also restrict the tax incentive for crucially needed U.S. capital to move offshore—thereby increasing the pool of capital available for investment in this country and concomitantly reducing upward pressure on interest rates.●

DOCTORS NEED MORE FTC ENFORCEMENT

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FLORIO. Mr. Speaker, over the last few years we have witnessed a vigorous debate over the desirability of antitrust enforcement involving the health professions. The issue has arisen in the context of efforts by some professionals to restrict or eliminate enforcement by the Federal Trade Commission.

I am inserting in the RECORD a news report of a Supreme Court decision rejecting the antitrust challenge of an anesthesiologist to a hospital's requirement that its patients use only a particular anesthesiologist. The Court said that such arrangements are not necessarily illegal, but that legality depends on local market conditions, including the availability of alternative hospitals.

I believe this case dramatizes the interest that physicians, no less than the rest of us, have in maintaining competition. Although some medical groups have advocated restricting the FTC's authority, it may well be their own members who some day will want more vigorous enforcement. Although the Supreme Court rejected the claim of the particular anesthesiologist involved, the Court did not disturb the principle that there would be an antitrust violation if the hospital arrangements were anticompetitive.

I hope that as the debate continues, more and more professionals will join those who recognize that it is in the interests of professionals themselves to maintain vigorous antitrust enforcement by the FTC.

[From the Washington Post, Mar. 28, 1984]

COURT BACKS HOSPITALS ON ANESTHESIOLOGIST USE

(By Fred Barbash)

The Supreme Court, in a significant antitrust decision, ruled yesterday that a hospital may require its patients to use a particular anesthesiologist.

The court unanimously rejected arguments that the widespread practice of awarding a contract for services such as radiology or pathology to one health professional or firm is necessarily illegal because it denies patients a choice and prevents other health professionals from competing.

Justice John Paul Stevens, writing for the court, said that the legality of such arrangements depends largely on the local market for health services: If patients are free to enter another hospital with another anesthesiologist, the antitrust laws are not violated, he said.

Antitrust lawyers said that yesterday's decision probably insulates most hospitals from successful court challenges against the use of these "closed departments" for ancillary services such as anesthesiology, radiology, pathology and emergency room services.

Proponents of closed departments say they are often necessary to ensure a continuing high level of efficient service in hospitals, which are legally accountable for the standard of care they provide.

Opponents, like the American Society of Anesthesiologists, contend that the arrangements, by restricting competition, retard changes that might improve the standard of care.

The case, *Jefferson Parish Hospital District No. 2* v. *Hyde*, arose from an antitrust suit filed by Edwin C. Hyde, an anesthesiologist in Jefferson Parish (County), La., who was denied the right to practice at East Jefferson Hospital near New Orleans in 1977 because the hospital already had a contract with a professional anesthesiology firm.

Hyde contended that the contract resulted in a "tying arrangement"—a term used when a business conditions the sale of one commodity on purchase of a second one. Under prior court rulings, many tying arrangements are considered automatically or *per se* illegal, presumed to be anticompetitive without an elaborate study of their actual impact on competition.

Stevens, reversing a decision of the 5th Circuit Court of Appeals, said yesterday the arrangement was not automatically illegal because the hospital did not have the power to "force" patients to use its services. The hospital is only one of 20 in the New Orleans metropolitan area, and about 70 percent of the patients living in Jefferson Parish go to other hospitals.

"We have condemned tying arrangements when the seller has some special ability—usually called 'market power'—to force a purchaser to do something that he would not do in a competitive market," he said. ". . . Only if patients are forced to purchase [anesthesiological] services as a result of the hospital's market power would the arrangement have anti-competitive consequences."

He said the only way Hyde could prove illegality would be to present evidence the arrangement has "actual adverse impact" on competition.

Justice Sandra Day O'Connor, joined by Chief Justice Warren E. Burger and Justices Lewis F. Powell Jr. and William H. Rehnquist, agreed with the result but wrote a separate concurrence arguing that no tying arrangement should be considered *per se* illegal. Each should be judged according to its impact on the market—by a "rule of reason."

Stevens said the court declined to go that far. But some antitrust lawyers suggested yesterday that Stevens' opinion—by requiring an examination of market conditions—effectively achieved what O'Connor was seeking without saying so.

Justice William J. Brennan Jr., joined by Justice Thurgood Marshall, agreed with Stevens' opinion but wrote a separate statement noting that only Congress has the authority to alter prior rulings on whether tying arrangements are automatically illegal.●

NATIONAL CHILD ABUSE PREVENTION MONTH

HON. THOMAS N. KINDNESS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. KINDNESS. Mr. Speaker, dozens of bills and resolutions, grey type on off-white paper stock, cross a Congressman's desk in the course of a week. A page chosen at random from the residential section of the telephone book is more compelling.

At the top of the page was the familiar reference: "98th Congress/1st session S.J. Res. 161." There are hundreds more just like it.

But the words that followed were a blow to the solar plexus:

> Whereas the incidence and prevalence of child abuse and neglect have reached alarming proportions in the United States;
>
> Whereas an estimated two million children become the victims of child abuse in this Nation each year;
>
> Whereas an estimated two thousand of these children die as a result of such abuse each year . . .

The resolution urged the American people to observe the month of April as "National Child Abuse Prevention Month."

According to the National Center for Child Abuse and Neglect—

Maltreated children can be found in all income groups;

No geographic region is free of child abuse and neglect; the incidence rates are similar for urban, suburban and rural communities;

The incidence rates for blacks and whites are almost identical; and

Chronic mental illness is rarely the cause of child maltreatment.

The Federal Government's role in child abuse and neglect is to aid State and local efforts by providing limited financial assistance to fund the agencies that treat child abuse and neglect and to fund research, demonstration projects and technical assistance efforts.

Primary responsibility for dealing with the problems of child abuse and neglect is vested in State and local agencies. Each State has established a child protection reporting system.

What can people do to help? Get involved. It is important for people to be familiar with the services that exist in their communities to help troubled families and to work toward establishing or improving services where the need remains.

Parenting classes, parent aide programs, parental self-help groups, and counseling and mental health centers are important sources of help to families in need.

During the month of April, churches and community service clubs may want to devote a program to the problem of child abuse. Most importantly, it is every citizen's duty to report any suspected incidence of child abuse. All jurisdictions provide immunity from civil or criminal liability for reporters acting in good faith. It isn't necessary to be certain that a child has been abused or neglected.

Our entire society suffers when children are abused and neglected, but something can be done. Those who were reared in a nurturing environment have an obligation to share our good fortune with others. And those who were less fortunate can help put a stop to the cruel cycle of child abuse.

As we observe National Child Abuse Prevention Month, the National Center on Child Abuse and Neglect, Parents Anonymous, Parents United, and the National Committee for the Prevention of Child Abuse should be commended for their outstanding work in the area of child abuse and child neglect.●

U.S. AND EUROPEAN BANKS SPLIT ON TERMS FOR DEBTORS

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. SCHUMER. Mr. Speaker, this article from the April 9, 1984, Wall Street Journal, points out that European banks are more prepared than U.S. banks to cope with the Latin American debt crisis.

For example, European banks are setting aside larger reserves, which will protect their safety and soundness in the event of a default by one or two of the largest debtor nations.

European banks are also less concerned with short-term, quarterly profit reports. Therefore they are less willing to continue making new loans to debtor nations simply so that these countries will have enough cash to continue paying interest on their old loans.

Because they have taken these steps and U.S. banks have not, European banks are better prepared to begin advocating long-term solutions to the debt crisis. Specifically, they are calling for some type of stretch out in which banks convert their short-term, high-interest credits into longer term, lower interest loans. European banks know that a stretch out will put the international financial system on a sounder, more secure foundation. They are less willing to keep betting the bank that business-as-usual policies will somehow permit us to muddle through unscathed.

During last year's debate on the IMF quota increase legislation, I proposed an amendment, which was approved by Congress and signed by the President, calling on the IMF to arrange long-term stretchouts whenever it formulates an adjustment program for a hard-pressed debtor nation. Today, I will begin asking each of my colleagues to join me in urging that Secretary Regan strictly enforce this amendment.

I hope my colleagues will read the following article from the Wall Street Journal and then join me in cosigning a letter to Mr. Regan:

[From the Wall Street Journal, Apr. 9, 1984]

U.S., EUROPEAN BANKS SPLIT ON TERMS FOR DEBTORS

(By Michael R. Sesit)

NEW YORK.—A rift between U.S. and European banks is making it more difficult to deal with the international debt crisis.

The growing split could scuttle future bailouts making American banks take big hits in earnings. And it may force the U.S. banks to accept some of the longer-term approaches that European banks are promoting, which would further reduce U.S. bank profits.

The European banks operate in a more flexible regulatory environment, have a lower exposure in Latin America and are less concerned with short-term profit reports to shareholders than their U.S. counterparts. As result, they are growing angry at U.S. bank's insistence that they lend new cash to debtor nations—as four of them did to Argentina on March 3—just so the countries can pay interest.

"Europeans are disgruntled because of the American highhandedness," says Alexander de Takacsy, a senior vice president for Royal Bank of Canada in Paris. In particular, he says, French banks complain that they have been railroaded into situations just because its suits U.S. banks.

The Europeans also accuse U.S. bankers of acknowledging the debt crisis only after it began to affect American banks. They say that, when Poland was unable to service its debt in 1981, the U.S. government and U.S. banks were reluctant to help out because they saw it largely as a European problem.

Some of the differences in attitude results from U.S banks having to deal with more rigid accounting standards. "American banks do everything to keep their loans (earning interest); for us this isn't an issue," says Hans Mast, executive vice president for Credit Suisse in Zurich.

European banks also aren't as dependent as U.S. banks on developing-country loans. Roger B. Taillon, a vice president at Standard & Poor's Corp., notes that British bank exposure in Latin America is a little more than the banks' combined equity, and that of Swiss and German banks is about half of equity—compared to twice equity for big U.S. banks.

European banks also have a wider earnings base than U.S. institutions because many of them can underwrite securities and own shares in corporations. Some, such as Deutsche Bank AG of West Germany and the big Swiss banks, have higher profit margins than U.S. banks.

Strong profits, in turn, let them set aside larger reserves against potential loan losses and write off bad loans more easily. Furthermore, European banks get more favorable tax treatment on their loan loss provisions.

Moreover, West German and Swiss banks maintain hidden reserves against which they can charge off bad debts without publicly disclosing what they have done. They also can publicly increase reserves at the expense of lower dividend payments without suffering the same degree of investor wrath that U.S. banks face when they cut dividends.

The upshot, says a Swiss analyst, is that a major Swiss bank calculates it will have written off its Latin American exposure by the end of the year if 1984 profit equals last year's results. "Latin America can blow up and they'd have no problem," he says.

European banks therefore are arguing for new approaches to the debt crisis. They complain that rescheduling debtor loans only one year at a time—a practice that grew out of the U.S. custom of keeping the heat on troubled corporate borrowers—wears everyone out and creates an atmosphere of no confidence because the debtor countries always appear to be needing more help.

Now is the time for "brainstorming among the major banks for a long-term approach—and to take in the ideas of the banks outside the U.S.," says Guido Hanselmann, executive vice president for Switzerland's Union Bank in Zurich.

Wilfried Guth, one of Deutsche Bank's two chief executives, has suggested lowering profit margins on Third World loans and accepting bonds or payment in the debtor's currency once interest rates reach a certain level. Other foreign bankers want to capitalize interest payments—that is, let debtor countries miss interest payments and simply add those payments to the existing loans. Nearly everyone in Europe believes maturities on stretched-out principal payments must be lengthened.

European bankers accuse the U.S. banks of pushing loans that will help multinational corporate clients. Furthermore, those without a dollar deposit base argue that continually having to borrow dollars to finance reschedulings threatens their credit ratings.

For their part, U.S. bankers are disturbed with European talk of writing off loans, concedes John C. Malby, executive vice president for Chase Manhattan Bank.

Under prodding from regulators, American banks have significantly increased their loan loss provisions. Nevertheless, U.S. bankers believe writing off gives a borrower added leverage because he knows his creditors have already prepared for the worst: "We don't write off until something's dead," says a senior U.S. banker.

U.S. bankers also say that Europeans are pushing for easier debt payments for developing countries because the Europeans want the debtors to have more money for imports. And the European countries hope to be providing some of those imported goods. "European economies aren't going to pick up unless they get on with selling," notes a U.S. banker.●

SECRETARY PIERCE LAUNCHES FAIR HOUSING CAMPAIGN IN NEW YORK CITY

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. GREEN. Mr. Speaker, I wish to share with my colleagues the progress I have witnessed being made on a local level to insure that, on this 16th anniversary of the passage of the landmark Fair Housing Act of 1968, no American suffers the effects of discrimination based on race, sex, or national origin.

While efforts are continuing in this body to amend and strengthen the Fair Housing Act, supporting fair housing should not be the exclusive responsibility of the Federal Government. We cannot do it alone. Fair housing is a responsibility which must be shared by every man or woman and at all levels of Government. That is why it is necessary to work closely with States, localities, private businesses and organizations, as well as concerned individuals to insure that everyone receives the message that fair housing is the law.

Recently I participated in a program, along with Senator D'AMATO, Mayor Koch and other concerned citizens to recognize April 9 as Fair Housing Day in New York City. Samuel R. Pierce, Jr., Secretary of the Department of Housing and Urban Development, initiated the New York ceremony to kick off his fair housing campaign in the Northeast as part of his continuing effort to increase American's awareness of the importance of fair housing.

This event was part of a nationwide effort by the "National Campaign of Public/Private Partnerships for Fair Housing" to increase, at a local level, peoples' awareness that fair housing is the law. It has effectively used a combination of bus posters, billboards, and public service announcements on radio and television, fully paid for through private contributions and volunteer efforts, to bring the fair housing message to all New Yorkers.

I would like to share with you Secretary Pierce's words in praising the efforts that have been made in New York:

> We recognize that fairness will fully triumph only if non-governmental organizations join in the fight. To help make this possible, we have continued and strengthened Community Housing Resource Boards all across the Nation. These boards are voluntary associations in which private sector representatives, such as realtors, work with local officials to promote equal housing opportunity in their communities. The results of this team effort have been very encouraging.
>
> This campaign is another such "team effort." A partnership among business, local government, and National government is making it possible. Mayor Koch, his staff, and his Fair Housing Task Force have given of their time and talent to help launch—here in New York—a bus poster campaign for Fair Housing.

We, in this body, should express our gratitude to these local organizations and individuals who have given so much of their time, money and effort to make fair housing a reality for all Americans. I am grateful to all who help us spread the message that fair housing is the law. Secretary Pierce, at a White House ceremony, presented the HUD Outstanding Service Award to individuals who have contributed to the national campaign. I am pleased that three New Yorkers, Jerome Belson, president of Jerome Belson Associates; Malcolm Corrin, president and chief executive officer, Interracial Council for Business Opportunities; and Fred Brown of Fred Brown Industries, were among the recipients recognized by Secretary Pierce and President Reagan.

I would like to share with my colleagues a part of President Reagan's remarks to the award recipients, which demonstrates that the "National Campaign of Public/Private Partnerships for Fair Housing" has an impressive record and a reputation for success:

> I'm delighted to join you today as our nation observes the 16th anniversary of the law that guarantees one of the most basic American rights, the right to fair housing.
>
> And today our country is more committed to fair housing than ever. State and local fair housing laws that are substantially equivalent to the federal law have increased from 23 in 1979 to 82 today. At the national level, the Department of Housing and Urban Development under Secretary Pierce is aggressively investigating complaints of housing discrimination.
>
> Despite the importance of these government efforts, fair housing can never become a permanent way of life without the involvement of thousands of contractors, realtors, building managers and others who make up the housing industry. And that's where HUD's Public-Private Partnerships for Fair Housing Programs comes in.
>
> In partnerships in housing, local realtors, Chambers of Commerce and other committed groups and citizens are conducting fair housing campaigns at their own expense. On behalf of all Americans, I want to give my heartfelt thanks to those Secretary Pierce has presented with awards and to everyone who has participated in the Public-Private Partnerships for Fair Housing Programs.
>
> Celebrities for Fair Housing is another program that's going to have a powerful impact. When people like Phyllis Hyman, Arthur Ashe, Melba Moore, Harry Belafonte and so many others talk about the importance of fair housing, the whole nation listens.
>
> This April, let us once again dedicate ourselves to the great work of assuring fair housing for all. And let us continue that work until fair housing becomes a permanent reality in our national life.●

SUBCOMMITTEE ON HEALTH AND LONG-TERM CARE

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. PEPPER. Mr. Speaker, on March 15, 1984, the Subcommittee on Health and Long-Term Care of the House Select Committee on Aging, which I chair, convened hearings to examine the impact of technology on our health care system.

The subcommittee found there have been remarkable improvements in the health of our population over the last 20 years. Death rates have declined by over 20 percent. Diseases associated with age have particularly been affected. For example, stroke, which is one of the most feared diseases of the elderly, has decreased by almost 50 percent.

These advances are remarkable and admirable, but they have been dearly purchased. National health expenditures have increased twelvefold during this period. As a percent of gross national product, health expenditures have increased from 5.3 percent in 1960 to 10.5 percent in 1982.

The greatest increase in cost has been for hospital services. Hospital costs hve increased from $9.1 billion in 1960 to $154 billion in 1983—from 38 percent to 47.8 percent of health care costs.

In reaction to the escalation of health care costs, we have been confronted with a seemingly endless series of legislative proposals over the last few years designed to shift costs and decrease benefits. Legislation has been adopted increasing the deductible and copayment amounts paid by beneficiaries under medicare. Medicaid expenditures have been reduced and cost limits established for specific services.

By and large these increases have been justified by the belief that increasing deductibles and premiums will diminish the demand for services. But the fact is that little of the increase in health costs can be attributed to increased utilization. For example, the rate of discharge from hospitals per 1,000 population has increased less than 1 percent a year. The increase in hospital days per thousand has increased less than 1 percent since medicare was enacted.

The major reason for increased health costs are inflation and the increase in costs associated with the purchase and use of medical technology. It is estimated that about 51 percent of the increased hospital costs are the result of inflation. Another 25 percent of the total increase can be attributed to the use and misuse of technology.

Witnesses before the subcommittee on March 15 testified much of this increased technological cost is unnecessary. Dr. Arnold Relman, editor of the New England Journal of Medicine, testified that 15 to 20 percent of all tests, procedures, drugs, and devices employed in the diagnosis and treatment of disease are not worth the money we spend on them.

The problem is there is no existing mechanism charged with making a comprehensive, consistent determination of which technologies work and under which circumstances. There is no coherent national policy for providing clinical trials to evaluate new and existing medical technologies for their safety and efficacy. Nor is there a single agency with overall responsibility for conducting these reviews.

The purpose of the legislation I join my colleague, Congressman WAXMAN, in introducing today is to establish such an agency—the center for Health Services Research and Medical Technology Assessment. The center would be charged not only with determinations of safety and efficacy, but will also make recommendations to the Secretary with regard to reimbursement for technological developments under federally financed health programs.

Of equal importance, the legislation calls for the establishment of a council within the center composed of representatives of government—the National Institutes of Health, Department of Defense, Health Care Financing Administration, and other representatives to be designated by the Secretary of the Department of Health and Human Services—and the scientific and medical community. This council will have the critical role of guiding the center and assisting it in establishing a clear, coherent national policy with respect to medical technology.

This legislation would provide the information necessary for the Government to act as the prudent purchaser of health services. It will not only reduce costs, it will save lives by limiting patients exposure to procedures and tests which have not proven to be of value.

Thank you.●

NATIONAL LIBRARY WEEK

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. BIAGGI. Mr. Speaker, I want to join in this special order in order to highlight the importance of libraries and underscore the importance of continued Federal support for both public libraries as well as those libraries in our institutions of higher education.

It is appropriate that we hold this special order today at a time when, I believe, we are beginning to turn back the regressive economic policies of the past several years. Earlier this year, the House, with my support, passed the reauthorization of the Library Services and Construction Act, H.R. 2878, which reaffirmed our support for this program which is the foundation of existence for many libraries across this country. Just last week, the House adopted a budget resolution which rejected the administration's proposal to eliminate this program, an elimination which has been proposed in past years, which was also rejected.

Mr. Speaker, without our public system in this country, we would lose the only means of free access by the public to knowledge. At the time when we hear report after report underscore a national crisis in education in this country, we need our libraries more than ever. We need to support our library systems more than ever. And we need to recognized that the failure to support these institutions will not only have onerous implications for today's learning society, but for tomorrow's as well.

Libraries have formed the basis for filtering knowledge into communities in a variety of ways. I am proud to note that the New York Public Library has exhibited tremendous leadership in this regard and has, through its branch library system in 82 city neighborhoods, embarked on a number of innovative outreach services to the people of our city. Through title I of the LSCA, the New York Public Library operates literacy centers, English as a second language program, job information centers, learners advisory centers, community information centers, special programs for the elderly and handicapped and project access as well as providing library services through the mail to those with visual, mobility, learning, and hearing impairments.

For 20 years, the LSCA has supported programs such as these in libraries across the country. It has provided special assistance to urban libraries like the New York Public Library which is charged with the mission of removing barriers to learning and knowledge. In a city such as New York, the barriers which exist are not geographical, but instead, are found in poverty, illiteracy, age, and lack of a common language or culture.

To its credit, the New York Public Library has met the challenge of these barriers by providing innovative and exemplary programs. Currently, 20,000 eligible users are receiving some sort of service, borrowing 335,000 items in the last year. Literary programs are being operated for 90 tutor-student pairs, with a waiting list of 150. In the English-as-a-second-language program, last year more than 200 persons completed training. With funding through the LSCA, these programs would not have been possible and the people who would have been hurt most are those who see these library services as their one and only opportunity to help them help themselves.

I am pleased that our colleague, PAUL SIMON, has advanced a progressive rewrite of our library programs in his Higher Education Act reauthorization bill, H.R. 5240. Title II(C) of the Higher Education Act has recognized the importance of providing support to our Nation's research libraries in order to assure that our collective body of thought remains timely and accessible to scholars and learners alike. H.R. 5240 provides for important growth in this area and I am pleased that its provisions for libraries and library services have been well received by the community. I would hope that we would embrace this approach when the Education and Labor Committee considers this legislation.

Finally, I would be remiss if I failed to note the other Federal programs which form the foundation of support for programs within libraries, especially in the New York Public Library.

Both the National Endowments for the Humanities and the Arts provide a floor of financial support for research activities undertaken by libraries. I reject the administration's proposed reductions for the Endowments in its fiscal year 1985 budget of $125.4 million and $143.8 million respectively for the Humanities and the Arts. The NEH now provides a matching grant of $2.127 million to the New York Public Library as a major national center for research and information in the United States. In addition, the Arts Endowment provides funds to support the Library's Performing Arts Research Center which houses important dance works and outstanding theatrical performances on tape. As New York City is the artistic center of our Nation, continuation of NEA support is central to the library's work in this area.

Finally, the National Historical and Publications Records Commission, funded at $4 million in this fiscal year, also supports libraries by assisting them in their archiving of books and important and valuable manuscripts.

Mr. Speaker, the universal credit card of this Nation is the library card. It is free, and with it, it provides all individuals, without bias, an opportunity to learn. We must continue to recognize the importance of libraries in a free society, and work to assure that their services remain free and accessible to all. In my opinion, this can best be done at the Federal level by assuring adequate funding for all programs which assist our libraries.

I also wish to commend my colleague, MAJOR OWENS, for calling for this special order. He serves with me as a fellow New Yorker on the House Education and Labor Committee and we are certainly honored to note that he is also the first librarian who was elected to Congress. I am sure that his tenure will find us working together on many issues which assist our libraries.●

ARMISTEAD I. SELDEN LOCK AND DAM

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. SHELBY. Mr. Speaker, I am delighted to introduce today, along with my colleagues of the Alabama delegation, legislation to redesignate the Warrior lock and dam on the Warrior River in Hale County, Ala., as the Armistead I. Selden lock and dam.

This vibrant Alabamian epitomized the ideal of a public servant in his many years of distinguished service on the State and national levels. Armistead began a rich and varied career in the practice of law, serving later as a member of the Alabama State Legislature where he administered to the needs of Hale County for 3 years. He went on to seek and retain office in the U.S. House of Representatives for 16 years sitting on the powerful Foreign Affairs Committee. Armistead brought his keen understanding and perception of the attitudes which shaped world events to the committee and served ably as chairman of the Subcommittee on Inter-American Affairs.

Conversant and enlightened in the realm of international politics, upon his resignation from Congress, Armistead was appointed Deputy Assistant Secretary of Defense for the development of international policy and procedure. His respected work in the Defense Department gained him special recognition, for which he was accorded the honor of serving as U.S. Ambassador to New Zealand, Fiji, Tonga, and U.S. Samoa—a post he occupied under three administrations. He now acts as president of the American League for Exports and Security Assistance.

Armistead is a man of many facets and talents—interests that go beyond his facility in global affairs. In Congress, he often promoted the value of sound and responsible inland waterway development. He was a particularly prominent figure in the funding and construction of the Warrior Lock and Dam in Hale County—a project he recognized as integral in the development of a modern and efficient lock and dam system throughout the entire Alabama water transportation network. As a fitting and appropriate expression of our admiration for him and appreciation of his contributions, I propose the renaming of the Warrior Lock and Dam for Armistead I. Selden.●

HOW MUCH DOES OUR FLAG COST

HON. MICHAEL BILIRAKIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BILIRAKIS. Mr. Speaker, at the close of business today we will adjourn for the Easter recess. Before we return to our districts tomorrow, I want to share with my colleagues a moving article by one of my constituents, Walter J. Kaiser, which I think you will want to share with your constituents back home.

The subject of Mr. Kaiser's article is "How Much Does Our Flag Cost?" Mr. Kaiser is a veteran, and the Americanism chairman of American Legion Post 79 in New Port Richey, Fla. I have no doubt that when he wrote this article, Mr. Kaiser had no idea it would make headlines in the CONGRESSIONAL RECORD. But I was so taken by the heartfelt patriotism he so eloquently expresses that I thought others might want to enjoy and reflect on this call to remembrance and appreciation.

How much does our flag cost? Can we put a price tag on a lost son, or husband, or father? Can we measure the value of opportunities lost to soldiers who became disabled in defense of our country? Can we count the tears and tally the moments of sorrow and loneliness of the families of fallen or wounded comrades?

Of course we cannot. But we can remember the sacrifices—and the cherished values for which they were made.

The cost of our flag? It is the price of our freedom.

I commend Mr. Kaiser's article to your attention:

HOW MUCH DOES OUR FLAG COST

(By Walter J. Kaiser)

In January 1981, President Reagan and the people of this free Nation, welcomed home Fifty Two freed men and women who were held hostage in Iran for Four Hundred and Forty Four days. At the end of the White House ceremonies, the President presented each freed hostage with a replica of the Flag of the United States of America, and he told them it was a symbol. I am now going to try to leave you with an impression of that symbol, and of Our Flag, which I hope will remain in your hearts and in your memories for a long time to come.

During our many American Flag campaigns, there is always one question that seems to be outstanding, and that question is, "How much does Our Flag cost?". I have always answered that question in terms of dollars and cents, but that answer never reflects the real price, the true price, that so many Americans, and too many Americans have paid for Our Flag. I believe that if we want to find out the real answer to that question, we will have to go back many many years, to many many wars, to many many battlefields. Back there, on those blood-stained battlefields, we could ask the crippled, the blind, the dying and the dead. Yes, we could ask them "How much did Our Flag cost you?" Back there we could ask the Patriots at the Boston Tea Party, the Minutemen at Concord, the frost-bitten soldiers at Valley Forge, and the weary and the hungry fighting at Gettysburg. Back there we could ask all the great Presidents, and all the great Generals, who constantly saw through tear-dimmed eyes, ever present death and destruction. I am very sure that they could tell us how much Our Flag cost.

We could ask the heroes at Chateau Thiery and Verdun, the gallant sailors buried on the Arizona at Pearl Harbor, the Marines as Iwo Jima and Guadalcanal, the stretcher bearers at bloody Anzio beachhead. We could ask all those who landed at Normandy, and those who fought in the Battle of the Bulge. They should be able to tell us how much Our Flag cost.

We could probably find the answer right here in these United States. We could visit the numerous Veterans Hospitals, and there we could ask the thousands of disabled veterans, who lay on their sick beds. There we could ask the armless, the legless, the mentally ill, the diseased and the shell-shocked. Yes, we could ask them, but I don't think we would have to, for there we would surely see the price they paid for Our Flag.

We might be able to find the answer right in our own hometown, perhaps on the street where we live. We could ask the Gold-star mothers who lost their only sons, the wives who lost their husbands, the children who lost their fathers, or perhaps their brothers, and we could ask all those who lost their sweethearts. I know that we wouldn't ask, but if we were to ask I am sure they would say they paid for Our Flag with loneliness and sorrow; heartache and tears; sacrifice and suffering; heartbreak and despair.

Today and everyday, as you see Our Flag waving ever so proudly in the breeze, try to give it a long lingering look, and deep in your hearts try to realize just what it symbolizes. The White and the Red stripes symbolize the purity of purpose for which our comrades shed their blood. The White Stars in the field of Blue symbolize that the heights of pure democracy can reach to the very stars in the heavens.

Our Flag could be made from a flimsy piece of printed cotton, or it could be made into a banner of the most beautiful silk. The intrinsic value could be very small, or it could be very great, but its real value, its true value, is the precious symbol we all work for, the precious symbol we all live for, and the precious symbol for which someday, some of us may die for, it is the symbol of a free Nation, of free man, true to the faiths of the past, and dedicated to the principles of Justice, Freedom and Democracy.

For just one moment let us bow our heads, and in the concept of our own belief, say a silent prayer, thanking God that the colors of the Flag are still RED, WHITE and BLUE, and pray that the men and women, who are now serving in the Armed Forces stationed all over this world, will do everything they can to keep it that way.

Forever in our hearts, let us pay tribute to those brave comrades, who paid for Our Flag with their lives.●

SOME DISENCHANTMENT WITH BILINGUAL EDUCATION

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. SHUMWAY. Mr. Speaker, my concern with the almost exclusive reliance on bilingual education as the primary method for increasing our Nation's limited English proficient (LEP) students' proficiency in English, despite the lack of conclusive evidence supporting its effectiveness, is one of the motivating factors behind my sponsorship of House Joint Resolution 169, the English language amendment (ELA). The ELA, while it would not eliminate the use of bilingual education, would place emphasis on its use as a transitional method and encourage the use of a broader range of instructional approaches to assist LEP students.

Despite the diversity of LEP students throughout America, for approximately a decade we have highlighted bilingual education as the method for increasing such students' proficiency in English. This is largely due to the "Lau remedies" developed in 1975 by the Department of Health, Education and Welfare. With the Lau remedies, the Federal Government essentially institutionalized bilingual education as the only approach for instructing LEP students. However, although bilingual education has been the teaching strategy utilized to the virtual exclusion of alternative instructional approaches, little conclusive evidence has been produced which supports the effectiveness of bilingual education. One of the most recent and comprehensive reviews of bilingual education conducted by the Department of Education in 1980, "The Effectiveness of Bilingual Education: A Review of the Literature," concluded, "the case for the effectiveness of transitional bilingual education is so weak that exclusive reliance on this instructional method is clearly not justified." Recognizing the paucity of evidence available to support bilingual education's effectiveness in promoting English language learning among LEP students, I firmly believe that Federal policy should move away from its pre-

vailing one-sided emphasis on bilingual education toward a broadening of the instructional methods for serving LEP students, provided the programs meet the educational needs of LEP children. Federal policy, in my view, should give States and local school districts more flexibility to decide which programs best meet not only the specific needs and circumstances of their students, but their budget priorities as well.

Mr. Speaker, I would like to call to the attention of my colleagues an article which appeared in the Washington Post on April 10. This article, citing the example of Texas, underscores some of the weaknesses of the bilingual approach and the importance of broadening the range of instructional methods used to educate our Nation's special LEP students. I appluad the Texas Legislature for taking the lead in examining and utilizing alternative instructional methods and urge the Congress to follow this fine example and address the disturbing questions surrounding the effectiveness of bilingual education and the Federal Government's one-sided emphasis on the bilingual approach. To continue to emphasize an approach which does not necessarily facilitate the learning of English, and thus which may actually impede the assimilation of our Nation's LEP population into the American mainstream, will tragically serve to keep many of America's linguistic minorities forever on the fringes of America's English-speaking society.

The article follows:

Parents' Disenchantment With Bilingual Education Found Rising

McAllen, Tex.—Feliciana Asencio's fifth-grade daughter received four years of bilingual education. Her kindergarten daughter isn't going to get a single day's worth. Good riddance, says mom.

"When you get instruction in two languages, it's confusing," Asencio said in broken English. "My [older] daughter didn't do well at all in school. She could never understand the teachers' instructions [when they were in English]. I say give them only English in school. Here in the [Rio Grande] Valley, we already speak Spanish all the time at home."

Asencio's notions strike like a small dagger at the heart of bilingual educators, who after 15 years of warding off attacks from a generally hostile public, are now bumping into disenchantment from within.

With research inconclusive about the effectiveness of bilingual education, and with Hispanic students continuing to lag far behind national norms on achievement tests, the Texas legislature has taken the lead nationally in searching for new ways to teach students whose native language is not English.

The most controversial of the 11 pilot projects under way in the state began last year in the Asencio girls' school, Sam Houston Elementary, about five miles from the Mexican border. It is an updated version of the oldest language instruction method of all—immersion, this time in English.

The neighborhood that feeds Sam Houston is a barrio of houses and shacks filled with farmer-worker families, day laborers and garment workers, many of whom are recent immigrants. It's the poorest neighborhood in the city.

The children here enter kindergarten speaking no English. With one exception, their teachers are bilingual, but after a three-week breaking-in period, they speak only English in the classroom. Students are permitted to speak Spanish, but encouraged at all points to speak English. There have been no tests to measure the success of what is to be a five-year study, but the teachers, parents and principal at Sam Houston can barely contain their enthusiasm.

"It has made a world of difference," said Wilbur Harper, Houston's principal for 13 years. "We'd been using a bilingual education program and it just didn't seem to be working. It took too long for the transition from Spanish to English to occur. And the longer it took, the further behind the children would fall."

Elva Garcia, who teaches a first-grade immersion class, said: "Before we started this program, I never once had a single child in any of my classes reading at a grade level. Now I have some kids reading above grade level."

Eva Hughes, the McAllen School District's administrator for bilingual education, is delighted, too, with the positive early signs, but she's quick to wave a caution flag.

"Fantastic things seem to be happening there, but you might be getting what we call the Hawthorne Effect," she said. "Whenever you have a new program, everyone pulls hard to make it work, and their commitment is what makes the difference. The real test will come further down the road, when we see if these early gains hold."

Other bilingual educators range in their reaction from skeptical to hostile.

Dr. Jose A. Cardenas of San Antonio, a former school administrator and now a leading bilingual consultant, believes that immersion might give students a basic speaking facility, but, by forcing them to think and learn in English before they are ready, it retards their cognitive and intellectual development. He suspects that may be the point.

Recent attacks on bilingual education come at least in part from "a conscious policy of 'Let's keep them in their place' . . . There are some elements that want to make sure Hispanic students are educated just well enough to have menial jobs," he said.

Dr. Gloria Zamora, outgoing president of the National Association of Bilingual Educators, is less inclined to question the motives behind immersion but worries that the project results will be prematurely seized upon by traditional opponents of bilingual education.

"We aren't afraid of looking at new approaches," she said. "But let's not take money from a program that is already underfunded."

Congress is making $139 million in bilingual education funds available this year to school districts that apply for them. The Reagan administration has recommended halving that level in each of its first three years, but this year, in an apparent bow to the emerging power of the Hispanic voting bloc, it has asked for level funding.

Politically, the going has been rough for bilingual education since the program was first made a part of the Elementary and Secondary Education Act of 1968. Fewer than 15 percent of the estimated 6 million students who lack English proficiency are in federally funded bilingual programs.

In the final year of the Carter administration, the Department of education drafted a set of proposed bilingual education requirements for all districts with substantial numbers of non-English-speaking students, but the effort was abandoned under President Reagan.

States have taken the lead in providing bilingual education, but the program designs, teacher training and funding levels vary so much that defenders say broad evaluations are impossible.

Though models vary, a typical bilingual program starts in kindergarten and runs through second or third grade, or until a student passes a test showing that he has gained enough English proficiency to be placed in regular classes.

Though some Hispanic activists in the late 1960s sold the program as a way to keep the Spanish language alive in this country, the fact remains, and always has been so, that Hispanics have "an overwhelming desire to learn English," Zamora said.

Defenders of bilingual education such as Cardenas say native-language instruction to teach English is critical to giving foreign-language students feelings of self-worth, a necessary condition of learning. "The school is saying, 'I accept your language and therefore I accept you,'" he said.

Until 1969, Texas was one of seven states that imposed criminal penalties on teachers who spoke Spanish in the classroom, and Hispanic educators have bitter memories of the racial prejudices they encountered as schoolchildren. The "sink-or-swim" approach to language instruction that prevailed until the late 1960s produce 80 percent dropout rates among Mexican-American students.

But defenders of the new immersion say it bears no resemblance to past methods.

"I'm sick of hearing about sink-or-swim," said Thelma Lanfranco, a kindergarten teacher at Sam Houston Elementary. "We let the children into the water gently. We accept their language and let them move at their own pace."

She tells the story, repeated in different forms by the other teachers in the pilot project here, of being "shocked" at the way even the slow learners in her class are able to pick up their new language.

"I had one little boy who, every time he left at the end of the day, he said, 'Goodbye, teacher, I'm finished.' Just the other day, he said, 'Goodbye, teacher, I'm leaving.' All of a sudden, he had picked it up."

"It makes me feel so much more successful when you see them learning English," she said. "I find that I actually love to come to school."●

HAMILTON FISH, SR., A FRIEND TO ISRAEL

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. GILMAN. Mr. Speaker, former Congressman Hamilton Fish Sr., who represented our mid-Hudson region in this Chamber from 1919 to 1945, and who served as the distinguished ranking minority member of the House Foreign Affairs Committee, proved himself to be a staunch, early friend of Israel in this Nation and through-

out the world. As early as 1922, years before it became politically popular, Representative Fish was advocating the establishment of a homeland for the Jewish people in Palestine.

Now 95 years young, I am proud to have the repeated counsel and advice of this truly great legislator.

Recently, Representative Fish, Sr. shared with me a letter he recently received from the Honorable Meir Rosenne, the Ambassador from Israel. I am sure that Representative Fish would not mind my sharing this letter with my colleagues, and I ask that it now be printed at this point in the RECORD:

EMBASSY OF ISRAEL,
Washington, D.C., January 31, 1984.

Hon. HAMILTON FISH,
655 Park Avenue,
New York, N.Y.

DEAR MR. FISH: I recently had the pleasure of having dinner with your son Congressman Hamilton Fish, Jr., who was kind enough to make available to me your outstanding statements in support of Israel.

Your historic initiative in 1922 supporting the establishment of a national home for the Jewish people has a permanent place in the annals of the Jewish people.

I thank you from the heart, for your eloquent statements, your friendship and support, which are of such tremendous importance to the State of Israel.

I wish you good health in this New Year. With much admiration.

Warmly,

MEIR ROSENNE,
Ambassador.●

ST. PAUL, MINN.—COMING UP STRONG!

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. VENTO. Mr. Speaker, the Citizens Forum on Self Government, in conjunction with the National Municipal League, recently announced the selections of outstanding "All American Cities" for 1984.

I am proud that St. Paul, the capital of Minnesota and the largest city in my Fourth Congressional District, was among the winners.

In recent years, under the inspired leadership of St. Paul Mayor George Latimer and city officials, the city of St. Paul has taken wing. With solid support from the Federal Government—under programs initiated by the 96th and 97th Congresses and supported by the Carter-Mondale administration—St. Paul has blossomed with downtown and neighborhood developments that have literally changed the skyline and the physical characteristics of this urban center.

The secret of St. Paul's success goes beyond the leadership of elected officials, however. It goes to the partnership of neighborhoods, business, and labor which was crucial to the growth and development that has taken place. The "All America" commendation is a tribute to the imaginative and vigorous activities of citizens, community organizations, businesses, and labor leaders. Together they have crafted a formula for progressive change and made St. Paul a model for the entire Nation.

The Citizens Forum/National Municipal League commendation specifically pinpoints highlights of St. Paul's resurgence: Major retail/office complex developments in the heart of downtown. A district hot water heating system which will revolutionize energy conservation throughout the main business and government centers. An innovative energy park sponsored by business, foundations, and government to provide mixed-use industrial facilities at a key location. Neighborhood development programs which nurture small business growth, housing, and public improvements.

All of these successful projects have received generous, continued support from the Federal Government under a variety of programs we wrote, passed and funded in previous Congresses. From the urban development action grants, to the HUD community development block grants, to housing assistance for individuals and developers, to community renewal and community rehabilitation programs—it is this kind of cost-effective Federal assistance that has been the bulwark of our national urban agenda and the raison d'etre for the spectacular successes in St. Paul and other cities.

If there is a shadow, it comes from the short-sighted, negative policies of the Reagan administration. Administration officials have constantly attempted to renege on the promises and Federal initiatives which made St. Paul's successes possible. Despite our efforts to preserve the integrity of these proven programs, they were exchanged—in the White House wheeling, dealing, and trade-offs on the Federal budget—for grossly disproportionate expansion of military programs and ill-conceived schemes for special interest tax loopholes.

The announcement of the 1984 "All American Cities" comes at an important time. It should remind us of the budget priorities we established in the past—priorities emphasizing our people and our cities.

The people of St. Paul; its community, business, and labor leaders; its mayor and elected officials, should all be congratulated. They deserve this national honor and recognition. Hopefully, the St. Paul story will enable other cities and communities to improve their quality of life and economic stability through similar combined public/private partnership efforts.●

HUNGER AT ISSUE IN NEW YORK—ACTION NEEDED ON H.R. 5151

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BIAGGI. Mr. Speaker, hunger remains a problem in this Nation despite ill-advised observations of those who dispute the fact that it exists. A just-released report by the State of New York contradicts the claim that there are no hungry people and gives added weight to those of us who are supporting H.R. 5151, the Hunger Relief Act of 1984.

The findings released by the "Hunger Watch" Committee of New York, established by Governor Cuomo, point to 40 percent of those interviewed saying that they did not have enough to eat. The report is based upon interviews last summer at 29 emergency feeding programs throughout the State, government welfare offices, health clinics, and senior feeding centers. The people interviewed were all considered at risk and included the elderly, the unemployed, and pregnant women with large families. The overwhelming majority were poor.

The report further notes that 20 percent of parents said that their children go to bed hungry. More than 80 percent of the men and more than 70 percent of the women interviewed gave diet histories for the previous day that fell well below the minimum daily caloric intake requirements set by the National Academy of Sciences in 1980. It confirmed what many of us who are supporting expansions in our nutrition programs have known all along—recent cuts in child nutrition, WIC, food stamps, and elderly feeding programs have generated a nutritional crisis in this Nation.

I have joined as a cosponsor of H.R. 5151, the Hunger Relief Act of 1984 authored by my colleague, LEON PANETTA, which I believe is a realistic response to our national nutrition crisis. The evidence of need for this legislation is compelling. Last January the U.S. Conference of Mayors released a study of 20 cities that showed that demand for emergency food had risen an average of 71 percent in 95 percent of the cities. Seventy percent of those same cities projected further increases in demand in 1984. This bill seeks to attack this problem by restoring at least one-half of the $3 billion in cuts that have occurred in our feeding programs since 1981. In my opinion, this investment is a realistic investment in the health and well-being of our Nation's future.

Specifically, H.R. 5151 restores $1 billion in food stamp cuts through the following means:

Provides a number of incentives for self-sufficiency of food stamp recipients by increasing job search programs by $19 million; restores the earned income deduction from 18 to 20 percent; provides for a tax deduction for child care costs which are separate from shelter costs for working mothers and their families; and increases student participation for the neediest of students.

Increases the shelter deduction to $150 effective October 1, 1984, which is critical to States, such as New York, where higher-than-average energy costs have had a disproportionate impact upon low-income households.

Provides for food stamp benefits based on the full cost of the so-called thrifty food plan instead of the 99 percent now provided.

Raises the liquid assets limitations from $3,000 to $3,500 for elderly and disabled households and from $1,500 to $2,250 for all other households and exclude the fair market value of only those cars which are worth more than $5,500.

In addition to revisions to the food stamp program, H.R. 5151 also addresses elderly feeding programs by increasing authorizations for the congregate, home-delivered and commodities programs under title III of the Older Americans Act as proposed in H.R. 4785, the reauthorization legislation which I have coauthored. Under this bill, congregate feeding would be increased by 5 percent and home-delivered by 20 percent based upon increased demand by the most frail and vulnerable of our elderly population. The commodities program would also be increased by 5 percent and the authorizations are as follows:

Congregate feeding is increased to $383.6 million in fiscal year 1985, $402.8 million in fiscal year 1986, and $423 million in fiscal year 1987.

Home-delivered meals are increased to $90 million in fiscal year 1985, $95 million in fiscal year 1986, and $100 million in fiscal year 1987.

Surplus commodities are increased $121.8 million in fiscal year 1985, $127.9 million in fiscal year 1986, and $134.3 million in fiscal year 1987.

Mr. Speaker, the Subcommittee on Human Services of the Select Committee on Aging, which I chair, is conducting a national survey of the home-delivered meal program which I believe, will provide us with irrebutable evidence that these modest increases are needed in these programs. I plan to assure that title V of H.R. 5151 is incorporated into H.R. 4785 when it comes before the Education and Labor Committee, where I am also a member.

Finally, H.R. 5151 also incorporates increases in our child nutrition programs as outlined in H.R. 4091, passed by the House last fall and H.R. 7 which was adopted today. Both these proposals, which I have cosponsored, make a modest attempt to restore funding to our child feeding programs which have been ravaged by budget cuts since 1981. These programs: school lunch and breakfast, summer feeding, WIC, and special milk—are important to children just as our elderly feeding programs are to seniors—both programs provide these low-income individuals with one, nutritious meal a day—and in many cases—it remains the only meal they receive.

I commend my colleague, Mr. Panetta, for his leadership in this area and for working with both the Aging and Education and Labor Committees to achieve a legislative product which, I believe, is a good starting point of debate on what we should be doing to help hungry people in this Nation. With our agricultural abundance, we should not be party to promoting the specter of the breadlines of the 1920's. I fear that if we do not act to put Congress on record firmly in support of these feeding programs—that we will have only contributed to the real problem of hunger in America—instead of working to eliminate it.

Mr. Speaker, I urge my colleagues to join in support of this legislation.●

A TRIBUTE TO AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE PERSONNEL

HON. KENT HANCE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. HANCE. Mr. Speaker, too often we hear negative things about our Federal employees. Yet there are many good things that they do for the country every day. They are truly the wheels of Government that keep this country running on a day-to-day basis.

I would like to take this opportunity to share with my colleagues some facts about some hard working Federal employees in my district. As you know, much of my district is rural farm and ranch land. Consequently, the ASCS Office there, the Agricultural Stabilization and Conservation Service Office to your urban folk, is kept mighty busy. Yet, these workers never frown but go on their way just doing what has to be done and doing it in a friendly, efficient manner. I have nothing but praise for these people.

Recently one of the local papers in my district ran a news article on some of the ASCS personnel that I would like to have reprinted in the Record. I think this clipping shows what fine people we have working for us and I commend it to my colleagues:

[From the LaMesa Press-Reporter]

THE BOTTOM LINE

(By Lowell Shortes)

ASCS personnel, in area county offices, are proving the old saying "if you want a job done, go to the busiest person in town to do it and it will get done and done well—Busy people don't have time to make excuses—They just go ahead and accomplish the task at hand.

The ladies, doing the work, and their supervisors, have really persevered under the tremendous pressure of the many farm programs (with changing deadlines) that they are managing. Even with the onslaught of 19A's Crop Insurance Certification Request, that was added to their already impossible work load.

I can't help but sympathize with them, knowing that as agents for crop insurance, we are creating a goodly portion of their work load. Even thought it is the only way that area cotton producers can "look" at their complete crop insurance options that are their only disaster protection. I still feel just a little guilty especially when, as over worked as they are, they are still so "darn nice about it." They never say no, not even a maybe but instead, with a smile" just as soon as we can." and regularly do it.

Sure makes one appreciate professionalism, diligence and that can do attitude that personifys the dedicated individual and proves, very graphically, the effective supervision that must be encouraging, supporting and leading these A.S.C.S. offices to produce the impossible in the face of the improbable.

I am confident that I speak for ALL producers, crop insurance agents and area citizens, that depend on King Cotton and the well being of our Agricultural community, when I say (with a borrowed quote) "Ladies and Gentlemen You Done Good."●

POPULATION PLANNING IN THE THIRD WORLD

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. LEHMAN of Florida. Mr. Speaker, at a recent hearing of the House Appropriations Subcommittee on Foreign Operations I listened with great interest to the testimony of Werner Fornos, president of the Population Institute, the largest citizens network seeking to bring world population into balance with global resources. Mr. Fornos' testimony pinpointed the primary development stumbling block of the Third World, overpopulation.

The problems of the Third World are proliferating: unemployment, epidemics, housing shortages, starvation, illiteracy, to list a few. For the sake of the world's well-being we must try to erradicate these miseries, although the task may seem endless and expensive. To date the most direct and effective aid we can give is to help developing countries achieve a population base for which they have the means to employ, house, feed, and educate.

Recently there have been unfounded attacks on the use of AID funds for population assistance. In response to this I would like to include in the RECORD the testimony of Mr. Fornos and a editorial article from the April 12 issue of the New York Times, "Get Serious About Population."

STATEMENT BY WERNER FORNOS

The testimony I am presenting today comes at a time of accelerated attacks on the United States' international population assistance program through a concerted, well-organized effort by reactionary elements. Their strategy is to engage in mischievous legislative maneuvering aimed at snarling up that which they can't bring down. The primary weapons in their arsenal are the same old standbys—the innuendo, the half-truth, and the outright misstatement of fact. Lots of shadow and precious little substance. Recent attacks center on programs that are "anti-growth" and encourage smaller family size. I assume that some of these attacks result from a failure to understand the rationale behind the decision of Congress to support international population assistance. Section 104(a) in part reads:

The Congress recognizes that poor health conditions and uncontrolled population growth can vitiate otherwise successful development efforts.

Large families in developing countries are the result of complex social and economic factors which change relatively slowly among the poor majority least affected by economic progress, as well as the result of a lack of effective birth control. Therefore, effective family planning depends upon economic and social change as well as the delivery of services and is often a matter of political and religious sensitivity. While every country has the right to determine its own policies with respect to population growth, voluntary population planning programs can make a substantial contribution to economic development, higher living standards, and improved health and nutrition.

And Section 104(b) goes on to say: In order to increase the opportunities and motivation for family planning and to reduce the rate of population growth, the President is authorized to furnish assistance, for voluntary population planning. (These population planning) programs shall reemphasize motivation for small families.

Mr. Chairman, I believe this language makes crystal clear the intent of Congress in establishing U.S. international population assistance. Other charges that have cropped up in recent weeks allege that U.S. population funds are financing forced abortions and forced sterilizations. U.S. law clearly prohibits the funding of abortions and it specifically and emphatically spells out that those programs to be funded must be voluntary. There have been numerous probes, inquiries and investigations to ensure the voluntary nature of these programs, but no evidence has surfaced to substantiate any of the charges. I hasten to add that the United National Fund for Population Activities (UNFPA), which relics on the U.S. for about one quarter of its funding, demands the same restrictions against financing abortions and coercive efforts. The Population Institute wholeheartedly supports the proposition that U.S. population assistance be voluntary because it makes good sense; if fertility regulation is to be of a permanent nature, it cannot and will not be achieved by coerciveness. In addition, the Population Institute does not consider abortion to be a legitmate family planning method.

Mr. Chairman, the tragic part of the most recent attacks on the U.S. international population program is that they come at a time when the world is growing by 82 million people a year. Ninety percent of this growth is in the developing world, where poverty and deprivation abound, and where there is widespread unemployment and illiteracy. The countries that can least afford to have more people are looking ahead to doubling their populations in 20 to 30 years. This, of course, means that in order for these nations to keep pace with their very meager current standards of living, they will have to double their schools, hospitals, employment opportunities, housing, food supplies, and basic social services within two to three decades. I submit that this is an impossible task. Unless immediate steps are taken by these countries and their people to accelerate efforts to reduce their population growth, they will be confronted with an incredible burden of suffering and misery, the likes of which have not been witnessed in human annals.

So we can approach international population assistance from the humanitarian viewpoint. But we can also approach it from the viewpoint of national security. The overcrowded cities of the developing world with their teeming slums are the breeding grounds for insurrection and violence. Overpopulation may not always be the cause of the problem, but you can be certain that it is a strong contributing factor.

A renowned international banker, Dr. Fritz Leutwiler, President of the Swiss National Bank and the Bank for International Settlements, recently told the International Monetary and Trade Conference struggling with charges of bank bailouts, defaults, and mounting debt squeezes:

"At a time when income growth has subsided as the consequence of deteriorating terms of trade and other factors, the population explosion results in a squeeze that is difficult to bear. Far from increasing, real per capita income has actually fallen in a number of developing countries during the last decade."

Dr. Leutwiler asserted that "the crucial question is how is it possible to make the poor of these countries less poor, or expressed in economic terms, how one can get them to benefit from growth and potential welfare gains when economic growth rates that can be sustained tend to fall short of the rates of population growth. A frank and unashamed word in favor of family planning might be a more effective and more durable remedy than millions of dollars in new credits."

The harsh reality is that hundreds of millions of people in the developing world desire to determine the size and spacing of their families—a reality borne out by the fact that some 50 developing countries, which account for most of the population of the Third World, have adopted population programs which include the provision of family planning services. However, there is still a tremendous lack of education and a lack of the means to implement this basic human right.

[From the New York Times, Apr. 12, 1984]

GET SERIOUS ABOUT POPULATION

Family planning isn't murder. But that's not obvious to American right-to-lifers who contend that efforts to defuse the population bomb in poor countries support forced abortions in China. On this tangential ground, they would wreck a promising aid program that actually strengthens families. That is morality going haywire.

Over 20 years the United States has spent about $2 billion to help poorer countries lower the fertility rate that threatens in 16 years to increase the world's population of 4.5 billion by a third. Such birth rates destroy economic growth and threaten social stability.

In these circumstances, less is more. The crucial corollary of birth control is improved infant care; smaller families tend to be healthier and stronger. American aid has contributed significantly to this sensible end, in places like Mexico, Thailand, South Korea, Jamaica, Sri Lanka and Indonesia, and through the United Nations Fund for Population Activities. By law, not a penny can be spent on forced sterilizations or abortions.

When first begun, the effort was attacked by Moscow as an imperialist plot to sap the strength of poor societies. Now that argument has been adopted by the Moral Majority and its allies, led in Congress by Senator Helms. They detect an "anti-growth philosophy" and urge delays and conditions before Congress votes the next $265 million.

The campaign's emotional kicker is the charge that a contribution of $38 million to the U.N. fund pays for forced abortions in China, a practice deplored in a recent book by Steven Mosher. China denies his assertions and the facts are in dispute, but there's no dispute about the U.N. fund's policy. Rafael Salas, its executive director, insists it has never funded abortions anywhere.

But that is waved away on the ground that money for China's population program *indirectly* supports abortion. And so it may. By the same token, aid to any U.N. agency indirectly serves some alien purpose. By this absurd measure, there's no program that does not threaten some American's sensibility.●

THE SINGING ANGELS—CLEVELAND'S GOODWILL AMBASSADORS

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. STOKES. Mr. Speaker, it is a pleasure and a distinct honor to join in the 20th anniversary celebration of the Singing Angels choral group based in Cleveland, Ohio. The nationally and internationally acclaimed singing group will mark this occasion on Sunday, April 15 with a program at the Stouffers Inn in Cleveland. On behalf of my constituents, I send best wishes to the group's founder, Mr. Bill Boehm and the current and past members of the group.

For 20 years, this group has fulfilled the dreams of its founder, Bill Boehm. At the same time, the group has served as a musical delight for thousands of listeners across the Nation and around the world.

More than that Mr. Speaker, the group has provided an avenue for thousands of talented youngsters between the ages of 6 and 18 to showcase their musical gifts. At the same time, the group has been the vehicle for exposing these young people to different environments and cultures.

The story of the Singing Angels is an inspirational one. I take this opportunity to share that story with my colleagues.

Mr. Speaker, each year, Mr. Boehm selects 250 young people for the group. The staff provides them with expert musical and dance instruction. That makes the group exceptional performers.

The staff also tries to teach the young people some valuable lessons about life. Due in large part to Mr. Boehm's efforts and the hard work of his staff, each group over the last 20 years has displayed a lot of teamwork and concern for their fellow man.

As a result, Mr. Speaker, the Singing Angels have become the pride of Cleveland as well as good will ambassadors for the city.

Their contribution to the city is commendable. The group has made literally hundreds of appearances at programs for churches and other organizations. The have appeared in concerts for public school children and have given freely of their time and talents during the holidays by bringing musical cheer to hundreds of patients at hospitals and nursing homes in the area.

The group's notoriety is unparalleled in Cleveland. Their popularity has spread throughout the Nation and around the globe.

They have received invitations for command performances throughout the State of Ohio, in the Midwest and in Washington, D.C. They also have been on concert tours to Romania, Japan, Taiwan, Israel, Italy, Germany, and Australia.

In each country, they have overcome the language barrier with the universal key—good music.

In addition to the musical exposure, the youngsters in the group have broadened their horizons and understanding of different people and different cultures through their foreign tours.

In summation, the Singing Angels concept has been a joy and memorable experience for concert audiences as well as for group members.

As a native Clevelander, I point to the Singing Angels with pride. I congratulate the many young people who have participated in the Singing Angels group through the years. I extend a special commendation to Mr. Bill Boehm for the marvelous job he has done in molding the voices and the lives of Cleveland's good will ambassadors—the Singing Angels.●

NATIONAL AIRPORT SCATTER PLAN

HON. BEVERLY B. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mrs. BYRON. Mr. Speaker, I testified this morning before the Senate Subcommittee on Aviation concerning the controversial scatter plan affecting the Washington metropolitan area. Senator PAUL TRIBLE presided over the hearing. I ask that the following testimony be submitted to the RECORD.

Mr. Chairman, I anticipate being very lonely up here today. I have come to speak in support of the scatter plan or some variation of that plan which would more equitably disperse the noise of jet overflights from National Airport.

I thank you for providing me with the opportunity to appear on this side of the Capitol. Yet I can't help but feel that this hearing is a bit premature. It is my understanding that the final Federal Aviation Administration and the Washington Metropolitan Council of Government Studies of the "scatter plan" are not to be released for several months. Without these assessments I fear that this proceding will largely take the flavor of an emotional, public rehashing of the charges and counter-charges of the past months. I hope that this committee will hold the record open until these reports and associated comments may be submitted.

I am reminded by those citizens who oppose an equitable distribution of noise and airplance overflights, that approximately 85 percent of the calls to the FAA telephone poll were in opposition to the scatter plan. This figure, however, should not be used as a significant form of measuring the scatter plan. A coalition on airport problems (CAP) review indicates an obvious orchestration of calls against the plan from Norther Virginia. In fact, I am told that one individual's name was recorded eight times in a single day. However, in spite of this, I do not doubt that a strong majority of those who offered opinions opposed the "scatter plan." This is because the plan does what it was designed to do: It disperses noise over a wider georgraphical area, affecting a larger segment of the metropolitan population. The environmental assessment prepared by the FAA states that the 30-second, 75 decibel contour for the test encompasses a residential population of 871,000, as compared to a population of 551,000 for the existing departure procedure. Frankly, I would be amazed if adverse comment did not outweigh favorable comment.

Any of you who are familiar with the operation of a congressional office know that adverse comments far outweigh favorable comments on nearly all issues. The issue is not, and should not become, a popularity contest. The issue is equity and civic responsibility.

No one familiar with National Airport can deny that Arlington and Alexandria, Virginia, as well as the District, gain significant economic benefit as a direct benefit of this facility. According to a study compiled by the Committee for National Airport and the Air Transport Association, "National Airport's economic impact on the Washington Metropolitan area last year amounted to $661 million." Of those employed by National Airport, approximately 4,500 live in Virginia, 1,500 live in Maryland, and 600 live in the District. The question now arises in how the benefits and the burdens shall be distributed among these communities. I am told that the present departure pattern puts an unbearable noise and pollution burden on a single segment of the population. A plane departs every 2 to 3 minutes from National, averaging 30 overflights per hour on a specific region, or nearly 300 flights per day. The scatter plan would reduce this number to 3 to 4 planes per hour over a given area. My district has an eastern border near the Cabin John Bridge. My constituents were greatly relieved for a few months with the scatter plan. They noticed a significant reduction on noise in their area.

I anxiously await the results of the scatter plan reviews. I would hope that if the scatter plan is judged unacceptable, that efforts would continue to seek a more equitable distribution of the noise and traffic associated with National Airport. Even without addressing the safety aspect, I am concerned about several factors which lead me to feel that Congress and the FAA are not solving the problems of National Airport. There is a continuing inability to establish lower passenger ceilings at this very crowded facility. However, the remedy will have to include more than this. Airplanes are now sneaking under noise Standards that were adopted specifically to preclude their arrival.

Assuming that the scatter plan is not adopted, I would ask the opponents of this plan: "What do you propose to relieve the noise levels and inconvenience suffered by those individuals living along the river corridor?" I would also ask the FAA to work along with the council of governments and the individual communities in finding a viable solution. Those whose communities have been enhanced by National Airport have an obligation to resolve the associated burdens. Continuting to ship these problems down the river is not the answer.●

INTRODUCTION OF LEGISLATION AUTHORIZING U.S. PARTICIPATION IN THE INTER-AMERICAN INVESTMENT CORPORATION

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BEREUTER. Mr. Speaker, at the request of the administration, this Member is introducing a bill authorizing the President to accept membership in the Inter-American Investment Corporation, called the IIC, which will be an affiliate of the Inter-American Development Bank. Over the last two decades our hemispheric neighbors in Latin America and the Caribbean have achieved substantial economic progress. The Inter-American Development Bank, or the IDB, has played a major role in this process. But just as a region changes and develops, so too should the institutions that serve it change and develop. And that is the major purpose of the IIC, to contribute toward the evolution of the IDB into an institution that better serves the evolving needs of its borrowers.

In this connection, it has become increasingly clear that the lack of long-term investment capital for private enterprises has seriously constrained the region's development. Recent unstable economic conditions in Latin America have also seriously impeded the growth of the private sector and placed domestic financial systems under strain. The key to future growth lies with the invigoration of the private sector, sound economic policies, greater reliance on market forces, and continued adjustment on both the macroeconomic and microeconomic levels. Designed to invest through loans or equity participations in private firms, the IIC should prove useful in furthering these objectives.

After consultations with Members of the Congress from both Houses, the administration has indicated its readiness to participate in the IIC's initial $200 million capitalization for a 4-year period. This bill authorizes $51 million, or $12.75 million per year for 4 years, giving us 25.5 percent of the capital shares. It is important to note that all contributions will be in freely convertible currencies. The Latin American and Caribbean borrowing countries will provide about $110 million, which is 55 percent of the capital shares, and eight industrialized countries will subscribe to $39 million, or 19.5 percent of the capital.

The initial concept for an IDB affiliated, private sector oriented institution was put forward by Venezuela about 3 years ago. During negotiations over the last 12 months more than 20 Western Hemisphere members of the IDB and 8 industrialized countries from outside the region have indicated their intention to be founding members of the institution. In light of the potential requirements of the private sector in the region, and given the limited resources that will be available to the IIC, it was decided early in the discussions among interested IDB member governments that the objectives and intended beneficiaries would have to be well targeted. In this regard, there has been a general consensus among member governments that the IIC should concentrate its efforts on small- and medium-sized firms—those typically finding it difficult to obtain capital.

The IIC will be limited to making loans and equity investment in firms that are majority owned and controlled by the domestic private sector. With a small staff experienced in doing business in Latin America and the Caribbean, the IIC will also provide advisory services to these firms in order to nurture a strongly self-reliant and market-oriented approach to commerce, industry and agrobusiness. The experience, insights, and opportunities gained through the IIC should strengthen the IDB's own effectiveness in supporting the private sector through its regular lending program.

This Member urges the Members to examine this proposal closely. As part of President Reagan's legislative strategy for promoting U.S. interests in the region, the IIC can play an important role in strengthening the economies of our southern neighbors, and thereby improve the overall stability of the region. Although some of my colleagues may have problems with some of the concepts with IIC, it is the hope of this Member that we can begin the hearing process and develop constructive debate on this important initiative.●

THE INTERNATIONAL COURT OF JUSTICE

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. STOKES. Mr. Speaker, I was shocked to learn of the President's formal notification to the United Nations that the United States is temporarily modifying its acceptance of the jurisdiction of the International Court of Justice with regard to Central America. Most of us know this body as the World Court.

The Reagan administration has stated its intentions to suspend for 2 years jurisdiction of the World Court over "disputes with any Central American state or arising out of or related to events in Central America." This action, which is an unprecedented legal step on the part of the United States, further confirms my long-held belief and conviction that President Reagan has no respect whatsoever for international law and order.

As all of us are aware, the World Court was created in 1945 under the United Nations Charter as the judicial branch of the United Nations and world community. For 39 years, 48 nations, including Nicaragua, are recognized by and have accepted the jurisdiction of the World Court as compulsory in all disputes concerning international law.

The President's decision to repudiate the World Court's jurisdiction marks the first time that this country has requested any changes or modifications in the long recognized jurisdiction declaration. In the original 1946 declaration, our Government accepted compulsory jurisdiction of the court in all cases of international law, with the exception that U.S. domestic affairs would not be subject to the Court's jurisdiction. This Government's acceptance of that particular clause also specified that any changes in jurisdiction could take place only after formal notification was filed by the United States and a period of 6 months has passed. Clearly, the U.S. mining of Nicaragua's harbors is not a domestic affair and 6 months have not elapsed.

No other nation, Mr. Speaker, has ever requested a suspension of jurisdiction before a specific suit was filed. And further, in no previous case has a nation seeking to modify its acceptance of World Court jurisdiction filed a motion that conflicts with the terms on which it originally accepted the Court's jurisdiction. Specifically, I am speaking of the 6-month notification clause. The U.S. State Department substantiates this action by stating that the 6-month notice does not apply in this case because our request represents only a modification of the World Court's jurisdiction, and not a total repudiation of that jurisdiction. Nothing could be any farther from the truth. As a lawyer, I do not agree with the State Department's interpretation.

If President Reagan feels and really believes that his decision to mine Nicaragua's harbors was the correct and just thing to do, then he should have no problems or reservations with the World Court reviewing this Nation's actions. The President knows, however, that his decision to mine three Nicaraguan harbors was a blatant violation of international law and he clearly wants to avoid embarrassment in the world community. And I have no doubt, Mr. Speaker, that the World Court will find the Reagan administration guilty of violating international law.

As a Member of Congress, I urge the President of the United States to reconsider his decision to suspend World Court jurisdiction with regard to U.S. foreign policy in Central America.●

ELECTION '84—HAITIAN STYLE: A REPORT ON HUMAN RIGHTS BASED ON A MISSION OF INQUIRY

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. TOWNS. Mr. Speaker, in recent months there has been extensive discussion concerning the role of elections as a crucial indicator of a country's respect for the fundamental human rights of its citizens. As Secretary of State George Schultz recently said about proposed elections in Nicaragua:

> An election just as an election does not really mean anything. . . . The important thing is that if there is to be an electoral process, it be observed not only at the moment when people vote, but in all the preliminary aspects that make an election really mean something.

My colleagues and I on the Congressional Black Caucus Task Force on

Haitian Refugees, commend for your attention this report on the February 1984 legislative elections in Haiti. We concur with the findings of this report that these elections were not meaningful according to the criteria articulated by Secretary of State Schultz, but were instead a mockery of the democratic process.

This report was prepared for Americas Watch and the Lawyers' Committee for International Human Rights by Michael S. Hooper, Esq., the executive director of the National Coalition of Haitian Refugees. This is Mr. Hooper's sixth human rights report on Haiti during the last 4 years. Mr. Hooper was accompanied on this mission by my aide, Ms. Brenda Pillors who represented the Caucus Task Force on Haitian Refugees. The delegation met with Haitian lawyers, human rights advocates and former political prisoners, including Sylvio Claude, president of the Haitian Christian Democratic Party, who was detained under house arrest. They also met with members of the U.S. Embassy and other foreign diplomatic personnel but they were refused requested meetings with Haitian Government Ministers. I have included the "Mission Findings" of the report for my colleagues' review.

The report follows:

Mission Findings

We found that the circumstances in which elections were held in Haiti, in Secretary Shultz's words, involved a denial of "all the preliminary aspects that make an election really mean something." Among these circumstances, we note:

On October 9, 1983, Sylvio Claude, President of the Haitian Christian Democratic Party, and several of his party members were detained incommunicado for the sixth time in five years. On November 14, 1983, Mr. Claude was severely beaten, as he had been on several previous occasions. His detention without explanation followed the announcement that his party would contest the municipal and legislative elections. Through arrests, detentions without explanation, beatings and other official harassment, the Haitian Christian Democratic Party and its two newspapers—Conviction and Verite sou Tambou—have been effectively eliminated.

Throughout November and December 1983, law professor Gregoire Eugene, the head of Haiti's only other opposition party, tried unsuccessfully to obtain a visa to return to Haiti to contest the election, as President-for-Life Jean-Claude Duvalier had assured all citizens they could. Dr. Eugene had been forcibly exiled from Haiti along with some 25 other journalists, lawyers and politicians in November-December 1980. This mass exiling, illegal under Haitian law, followed a secret police crackdown in November 1980 that resulted in the arrest without explanation of approximately 135 people.

Press freedom and freedom of expression do not exist in Haiti. Despite specific guarantees under the Haitian Constitution and international law, no opposition or independent newspapers, magazines or radio broadcasts are allowed in Haiti. Freedom of the press is curtailed by state security legislation and a series of press laws that include a highly restrictive act passed in September 1979 and amended in March 1980 providing for prior censorship and harsh penalties for those deemed to have insulted the Duvalier family, the government or its allies. Under these circumstances, it was impossible for candidates to discuss issues important to the elections or for citizens to learn of differing views. In fact, except for the publication of brief biographies of the candidates, there was virtually no discussion of issues during this campaign.

The actual arrangements for the February 12, 1984 legislative elections permitted widespread fraud. Persons could register in the same district under more than one name. After registration it was possible for a candidate's organization to "buy up" a number of voter registration cards and simply vote them on election day.

On election day, February 12, 1984, there were 309 candidates for the 59 legislative seats in the Haitian Chamber of Deputies. Of those candidates known to knowledgeable observers, none were considered opposed to or even independent of the Duvalier government. However, U.S. diplomatic personnel asserted that one candidate was independent of the regime, and repeatedly cited his candidacy as evidence that these elections were legitimate. This candidate, Serge Beaulieu, ran against the incumbent in the small city of Cavaillon in southern Haiti. Embassy officials said that the fate of Beaulieu's candidacy would indicate whether the Haitian Government was actually making a serious effort to conduct meaningful elections.

In fact, Beaulieu's "independent" campaign was continually harassed. In the days just prior to the election, his headquarters were twice ransacked. He and some of his supporters were threatened with arrest. Beaulieu's car was riddled with bullets and he was forced eventually to seek sanctuary in a convent the day before the elections, along with a Newsweek correspondent whose driver and translator had been arrested earlier that day. Beaulieu was not elected.

Several days after the elections, newly appointed U.S. Ambassador Clayton McManaway was quoted as saying that the elections were not democratic. He added, "We were disappointed that in some areas such as Cavaillon and Gros Morne the electoral process was not respected, that some candidates were not allowed to freely campaign, and that in some instances foreign observers were restricted in their access to the electoral process."●

ANATOMY OF A COPOUT: THE VOTE ON MINING NICARAGUAN HARBORS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WHITEHURST. Mr. Speaker, with the House about to follow the Senate's lead in committing the folly of passing a concurrent resolution expressing the sense of the Congress that no funds are to be used for the mining of Nicaraguan waters, I wanted to take this opportunity to share with my colleagues an editorial from the April 12, 1984, Wall Street Journal. I regret that it will be heeded by too few of my fellow Members, but I think it is important to have it in the RECORD.

It is, I think, significant to note that these mines are "small acoustical devices that make enough noise to scare ship captains but are not likely to sink a ship." Thus, they are hardly the fiendish weapons that some would have us believe.

Make no mistake about it: Both increased Cuban arms transfers and an ongoing determination on the part of the Soviet Union and its surrogates to spread Marxist rule in this hemisphere will be undiminished unless our Government takes firm steps to counter them. Why else would there have been applause in the Kremlin last night when the Senate vote was announced?

The big prize is Mexico, and if we simply leave Central America to its fate, before this century is cut Mexico will be either controlled by the Marxist element or in the throes of a civil war that will make the present activity in Central America pale by comparison. And if that comes to pass, what will those who vote for this resolution say then, and what will they have by their action contributed to that state of affairs by espousing what can only be called a myopic policy?

Anatomy of a Copout

The Senate's 84-12 vote dissociating itself from the mining of Nicaraguan harbors is being widely billed as a major foreign-policy embarrassment for Ronald Reagan. It's embarrassing all right, but the red faces properly belong to the Republican Senate leaders, who were rolled up once again by the congressional left wing.

Let's set the stage for this vote. Way back in the 1960s, Congress voted a resolution saying there would be no more Cubas in the Caribbean Basin. There was a brief digression from this policy when the Carter administration embraced a live-and-let-live approach to what the Russians call "wars of national liberation." The Carterites aided and abetted the overthrow of Somoza, only to have it dawn on them a short while later that the Marxist-Leninist Sandinistas had seized control of the revolution from Somoza's democratic adversaries. Guided and supported by Cuba, the Sandinistas set about to turn Nicaragua into just what Congress had solemnly resolved would never be permitted. That process is by now well advanced, and the Cubans and their friends are working earnestly on similar takeovers in El Salvador and other Central American states.

Partly because of the Carter administration's well-displayed foreign-policy naivete, America's voters chucked it out in 1980. Under Ronald Reagan, the U.S. reverted to what in general had been U.S. foreign policy since Harry Truman. It's called "containment," or steady resistance to efforts by the Soviet Union to expand its power and influence around the globe.

That policy continues the efforts begun even in the Carter administration, to prevent the communists from toppling El Salvador. It attempts to protect Honduras and Costa Rica from Nicaraguan subversion and intimidation. And it attempts to bring enough pressure to bear on Nicaragua to force the Sandinistas to cut their ties with the Russians and Cubans and accept the democratic, pluralistic form of government they promised when the U.S. helped them topple Somoza. The bipartisan Kissinger Commission embraced that policy. It is also accepted privately, if not publicly, by most serious policy analysts in Washington, whatever their political affiliation. For that matter, the same Senate that passed Sen. Kennedy's non-binding resolution on the mines had just taken a bipartisan stance against a whole series of binding resolutions he presented to tie the president's hands in Central America.

Which brings us to the mining. The CIA, with the knowledge of and funding by Congress, has for some time now aided several armed Nicaraguan groups that are trying to force the Sandinistas to accept pluralism. These armies, with a total manpower of nearly 20,000, have not only directly engaged the Sandinistas in battle, but have adopted tactics that have long been used by the left in Central America, specifically attacks on the economic infrastructure.

The mining, of Nicaraguan ports, through which the economically destitute Sandinistas get both civilian and military supplies, was part of this process. The mines are small acoustical devices that make enough noise to scare ship captains but are not likely to sink a ship. Indeed, five ships have triggered the mines and none has sunk. The mining operation was "apparently completed two weeks ago. The sense of the Senate" is that funding a guerrilla war is OK, but these mines violate Marquis of Queensberry rules.

The administration caused itself all this latest embarrassment not by concealing CIA involvement in the mining, which it probably could have done, but by attempting to keep Congress informed. Under the agreed-upon rules for this sort of thing, briefings of congressional committees on clandestine operations are supposed to be secret. The administration briefed the House Permanent Select Committee on Intelligence, which is headed by Edward P. Boland of Massachusetts, one of the chief House critics of the administration's Central American policy. A few hours later, the story was in the Washington Post. Newspapers receiving this leaked information of course followed the unwritten rules of that game, which specify that the public has a right to know everything except the motive of the source.

Senate intelligence committee chairman Barry Goldwater couldn't remember being briefed at all, although some of his colleagues thought maybe they had been. He was furious. The Sandinistas hired U.S. lawyer Abram Chayes (the husband of Antonia Chaves, who was deputy secretary of the Air Force under Mr. Carter) to help them fight the U.S. in the World Court. Sen. Kennedy, fresh from his defeats with substantive measures, drafted a non-binding amendment so that senators could have a cheap vote. This adroit move was singed onto by Senate Majority Leader Baker and a herd of other Republicans, much to the glee of the congressional left.

So while the Senate has not accepted any substantive responsibility, it has put itself on record against supporting a group of brave Nicaraguans fighting attempts to set up a new Cuba—attemps heavily supported by the old Cuba, the Soviet Union, East Germany, the whole gang. The Nicaraguan anti-Communists may succeed anyway. But if they don't, the Sandinistas will consolidate their revolution and continue trying to topple their neighbors. When this gets bad enough, it will take more than a few CIA advisers to stop it. We will all wistfully look back to the days when the world's greatest deliberative body felt it could afford to work itself into high dudgeon over what will then seem moderate and careful measures.●

BIRMINGHAM/JEFFERSON COUNTY ACADEMIC ALL STARS

HON. BEN ERDREICH

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. ERDREICH. Mr. Speaker, the performance of two teams of high school students from the Birmingham and Jefferson County public school systems in the 1984 National Academic Superbowl in Jacksonville, Fla., gives us not only good reason to be proud of them, but also, good reason to be positive about our school's ability to prepare our young people for the challenges that will face them in the years ahead.

The quest for excellence in education, so important to our economic growth and future job opportunities, is clearly exemplified by the academic performance of these young men and women. They and their school systems are to be congratulated for their emphasis on academic excellence.

The citywide team of high school students from the Birmingham public school system, after defeating nine other school systems and winning the preliminary competition, finished a close second in the finals. This was a particularly outstanding accomplishment in light of the fact that it was only the second time students from the Birmingham school system have competed in the competition. U.S. Secretary of Education Terrel Bell and Jim Coyne, a special assistant to President Reagan, were among those in the audience in Jacksonville who watched our academic all stars compete.

Included among the high school students from Birmingham who participated in the Academic Superbowl were David Whitefield and Robert Gregg from Huffman High School, Richard White and Richey Halphen of Ramsay Alternative High, Calvin Johnson of Phillips High, William Bryars of Ensley High, and Kevin Powe of Parker High.

A second area team, representing the Jefferson County school system, also participated in the Jacksonville competition. Although they did not reach the final round of competition, these students beat out other county high schools in order to reach the Jacksonville finals, and they deserve our commendation for their outstanding showing in this national academic competition. The students on that team, all from Gardendale High School, were Cheryl Moman, Phyllis Gamble, Rod Hardiman, Brian Anderson, Ginger Ramsey, and Tim Green.

As a recent Birmingham Post-Herald editorial saluting these young people pointed out, it is important that our schools enhance our children's ability to find solutions in an accurate and expedient manner to questions that often have no readymade answers. We face an urgent need for new, trained minds to carry us through these rapidly changing economic times and over the competition of other scientifically and technologically advanced nations.

Our efforts today to help the youth of Alabama and the Nation become assets to our communities, States, and Nation will determine our place among world powers and our quality of life tomorrow.

I commend all of the yough in Birmingham and Jefferson County who represented the people of the Sixth District of Alabama so well at the National Academic Superbowl in Jacksonville. And we all should especially salute the parents involved, so vital to a healthy school system, and our school systems, for giving priority to academic achievement.

I would like to include the text of the Birmingham Post-Herald editorial which salutes these young people and notes the importance of achieving excellence in academic pursuits to our Nation's future:

[From the Birmingham Post-Herald, Apr. 7, 1984]

ACADEMIC STARS

A proper education does more than teach how to answer specific questions within a given amount of time. It teaches methods for discovering solutions to problems that have no clear-cut answers and even how to formulate proper questions in the first place.

But developing the ability to respond quickly to questions provides the base from which these higher goals can be reached. That is what makes events like the recent Invitational Academic Bowl in Jacksonville, Fla., so praiseworthy.

Not only do the participants learn many bits of information in preparing for the contest and practice the verbal abilities that they will need later in life, but the attention the competition receives serves as a useful counterweight to the more frequent attention paid to athletic competitions. The idea that one can earn trophies for academic achievement is an important one for young people who are not athletically inclined.

This Year's Academic Bowl was the second in which high school students from the Birmingham school system competed. The all-star team did better than anybody expected, finishing a close second to the champions from Duvai County, the host team.

Robert Gregg and David Whitfield, both of Huffman High; Richey Halphen and Richard White, both of Ramsay High; Calvin Johnson, Phillips High; Kevin Powe, Parker High; and William Bryars of Ensley High should be proud of their achievement. We know we share the pride of their parents and teachers in this outstanding performance.

Nor should we overlook the accomplishments of a second area team, which represented the Jefferson County school system. The team from Gardendale High School is the first from the county system to participate in the Jacksonville competition. It was eliminated in earlier competition.

But in order to make the trip, Gardendale had to win in competition with other county high schools. Cheryl Moman, Phyllis Gamble, Rod Hardiman, Brian Anderson, Ginger Ramsey and Tim Green deserve congratulations for this performance and for paving the way for future teams from the county system.

The members of both teams represent the very best of the rising generation.●

THE MINING OF NICARAGUA'S HARBORS

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. STOKES. Mr. Speaker, I take this opportunity to voice my strong opposition to the U.S. Government backed mining of Nicaraguan harbors. As all Members of the House are now aware, the mining of three Nicaraguan harbors—Puerto Sandino and Puerto Corinto on the Pacific coast and El Bluff on the Atlantic—began in early February of this year. Only this week, however, did we learn that the Central Intelligence Agency, CIA, with the consent of the President and Secretaries of State and Defense, had a direct role in the planting of these mines. That means that once again Mr. Speaker, the Reagan administration has embarked on a course of "cowboy diplomacy" in U.S. foreign policy.

The role of the American Government in planting these mines has opened a chapter in the history books of international law. I know of no nation, Communist or non-Communist, that has planted mines in the waters and harbors of a nation with which it was not at war. While I am not implying that such mining would have been right or justified, President Lyndon Johnson considered, but decided against mining harbors in North Vietnam. Mining was carried out by President Richard Nixon some years later, but the Vietnam War had long since become a major conflict. At least we had U.S. Troops committed to combat in Northern Vietnam. This is not the case in Nicaragua.

In my opinion, the President has shown a lack of concern and respect for Congress by not informing Members of the CIA's role in the mining operations. I serve on the Permanent Select Committee on Intelligence and learned of this Government's role from the Washington Post and New York Times. The chairman of the Senate Select Committee on Intelligence, Senator BARRY GOLDWATER, was unaware of our Government's role in the mining operations. By now, we are all familiar with Senator GOLDWATER's scorching letter to CIA Director William Casey.

Administration sources substantiate this action by stating that mines were planted to harass the Sandinistas. However, these mines are, in reality, harassing commercial shippers from all parts of the world. The mines, which are powerful enough to sink ships, pose a threat to the safe passage of ships sailing in an out of the Nicaraguan harbors previously mentioned.

To date, 12 ships under six national flags have been damaged by the mines. These include foreign-registered freighters, vessels, tankers, and ships from Panama, Liberia, and Japan. One of the ships was from the Soviet Union and 5 soviet sailors were injured. At least two Nicaraguan fishing boats have been blown up with two Nicaraguan fishermen killed and many others injured. What happens if a mine sinks a ship and lives are lost—possibly a ship belonging to one of this Nation's allies? What if a Soviet ship is sunk? How will the administration justify and explain such an unlawful act.

Mr. Speaker, all of us painfully remember the tragic Soviet downing of Korean Airlines Flight 007 last September. Over 250 innocent lives were lost in that tragedy. The Reagan administration condemned, and rightfully so, this act of war and aggression. The Soviet Union was criticized and condemned by the entire world community not only for violating air travel routes long recognized and respected by the world community, but also for the manner in which the situation was handled. I see no difference in the criticism being leveled against the United States for planting mines in the harbors of Nicaragua and that directed at the Soviet Union for shooting down a passenger airliner flying in international air space. Both actions were a blatant violation of international law. Both also demonstrated a lack of respect of civilian life.

Yesterday morning, Deputy Secretary of State, Kenneth Dam testified before the House Foreign Affairs Committee. When asked how many U.S. allies have condemned the United States for planting the mines, Mr. Dam stated that he knew of such criticism only from Great Britain. I would venture to say, Mr. Speaker, that either Secretary Dam was either misinformed or ignorant of the facts. Every major newspaper of the world has reported that Canada and France have also joined Great Britain in condemning the United States for this action. We all know that the Soviet Union and France have offered Nicaragua assistance in cleaning their harbors of the mines.

This action by the administration disturbs and saddens me. The mining of Nicaraguan harbors, without any known warning to the maritime nations of the world, is a clear and outright violation of every basic principle of respect for international law and order. In true "outlaw" fashion, our "cowboy" President has turned his back on the recognized values and honorable traditions to which this Nation has sought to adhere to in the past. No longer will the nations of the world look upon the United States as the law abiding leader of the free world.

Recently, President Reagan was asked his thoughts on a nonbinding resolution expressing the sense of the Congress that no U.S. funds should be used in support of mining Nicaragua's harbors. This resolution passed the Senate with overwhelming bipartisan support. And in typical Ronald Reagan fashion, the President stated: "I have no problems with it as long as it is nonbinding." Regardless of whether the resolution is binding or nonbinding, it expresses the sense of the Senate, and soon I will venture to say, the sense of the House, that the President was wrong to approve such mining.

Last week when our colleagues in the Senate were debating whether the United States should send military assistance to the Contras for terror or sabotage, the CIA was using funds previously approved by the Congress to mine the harbors and territorial waters of Nicaragua. An amendment that would have barred usage of U.S. aid for "acts of sabotage or terrorism" was rejected. Last week, U.S. personnel were themselves engaged in acts of terror and sabotage in Nicaragua.

When I think of President Reagan's Central America policy, what comes to mind is the title of a book by Dr. Martin Luther King, Jr., "Where Do We Go From Here: Chaos or Community?" Under this administration, U.S. foreign policy in Central America is in chaos. By this action, we have disrupted and insulted the international community. And it will not surprise me if President Reagan somehow attempts to put the blame for the mining on the shoulders of the Members of Congress. Mr. Reagan has blamed Congress for his failed Middle East policy, despite the fact that Congress gave him everything he asked for. Mark my word, Mr. Speaker, as the heat intensifies on the President for this action, he will once again point his finger at Congress, regardless of the fact that we played no role in the minings.

Mr. Speaker, with regard to our Central American policy, it has become increasingly clear that peace will not and cannot be achieved through increased military aid—especially if that aid is not being used by or for those intended. It is this type of reckless U.S. policy in the region that has prevented a lasting cease-fire and negotiated settlement. It is this misguided policy that has prevented our Government from putting real pressure on the murderers, the corrupt and the antidemocratic elements in the Salvadoran Army and security forces, and forced their removal from power. I believe that the administration needs to revise this Nation's foreign policy in Central America and will work to insure this end. And as a concerned Member of Congress, I call upon the President of the United States to end the CIA's role in mining Nicaragua's harbors.●

NATIONAL EDUCATION FOR BUSINESS WEEK

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. SIMON. Mr. Speaker, next week, April 15-21, is "National Education for Business Week"—NEBW. Thirteen national organizations involved in business education have, for the past 5 years, sponsored NEBW in an effort to focus national attention on the important role business education plays in furthering and sustaining a healthy economy within the free enterprise system.

As chairman of the Postsecondary Education Subcommittee, I was pleased to be the sponsor of House Joint Resolution 204, a resolution to declare a specific week in April as National Education for Business Week. Other cosponsors, including Representative TOM COLEMAN, the ranking Republican on the Postsecondary Education Subcommittee, have joined me in recognizing NEBW and those involved in business education.

Throughout this Nation's history, the contributions of men and women in business support occupations have been vital in keeping our Nation's businesses running smoothly. Today, the rapid scientific and technological advancement of our society and the changing nature of our economy continue to create challenges for these members of the business community. An extremely important part in meeting these challenges is the commitment of the business education community to prepare people for entry into the work world of tomorrow.

According to a recent Labor Department survey, the vast majority of the jobs opening up between now and 1985 will require some vocational and technical training beyond high school. Secretaries, bookkeepers, stenographers, laboratory technicians, specialists in marketing and merchandising—the people who compose the backbone of the American business community—will rely more than ever before on the strength of business education to adapt to the rapidly changing conditions of business technology.

Mr. Speaker, recognition of the contribution of business educators focuses attention on the needs of workers whose practical training and skills are basic to the future of business. Students, teachers, parents, business people, and Government officials will be reminded that the demand for trained workers in business continues to be high. Attention should be drawn to the contributions that business schools and colleges make to the community. Sponsorship of contests for business students, organization of open houses for business representatives, and the strengthening of the relationship between schools and other academic institutions are among the many activities that National Education for Business Week will promote.

In view of the economic challenges facing this country and of the vital contribution that business educators make to the well-bring of business, commercial, and governmental life in America, it is particularly appropriate that the contributions of business educators be recognized. Today I salute them and the men and women working in business support occupations.

NEBW SPONSORING ORGANIZATIONS

Administrative Management Society.
American Vocational Association.
Association of Independent Colleges and Schools.
Classroom Educators of Business and Office Education.
Delta Pi Epsilon.
Future Business Leaders of America.
National Association of Business Education State Supervisors.
National Association of Business Teacher Education.
National Association of Supervisors of Business Education.
National Business Education Association.
National Shorthand Reporters Association.
Office Education Association.
Professional Secretaries International.●

TESTIMONY OF HON. MEL LEVINE

HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. LEVINE of California. Mr. Speaker, I am inserting into the RECORD a copy of my testimony on H.R. 1510, the Immigration Reform and Control Act of 1983, before the House Rules Committee on April 11, 1984. I am hopeful that when the committee completes its deliberations it will conclude that because of the serious flaws contained in H.R. 1510, it will not be granted a rule at this time. The testimony follows:

I wish to thank the members of this committee for allowing me to appear before you today to voice my objections to the Immigration Reform and Control Act of 1983 and to comment on the rule being drafted to set the parameters of debate for the bill.

H.R. 1510 is one of the most controversial bills facing Congress. Responsible reform of our immigration laws is long overdue. Even the most ardent and vocal opponents of this legislation see the need for fair, responsible control of undocumented immigration. I have tremendous respect for Congressman Mazzoli and all those who have been instrumental in working towards solving this complex problem.

Despite the need for immigration reform we must not rush to pass a bill in order to say that we have dealt with the problem. Our paramount responsibility is to enact a law which is fair, humane and takes into account the concerns of those who will be most affected by the bill. H.R. 1510 does not meet these requirements, nor is the political climate at this time conducive to passing such a reform measure.

Therefore, I do not think a rule should be granted by this committee, since anything we pass will be revised again in conference committee and will further be guided by the need to maintain this cost-conscious and ideologically conservative administration's support. Even amendments adopted by this House to correct the flaws in this legislation will be rendered meaningless because in conference we would face a Senate bill which is far more restrictive than ours.

However, given this committee's intent to grant a rule, I urge you to grant an open rule so that we can move forward into conference committee with the best possible bill. Moreover, all attempts to limit debate time and amendments would restrict Members' time to fully present debate and resolve the issues presented by the current legislation.

I am here today because H.R. 1510 is unacceptable in its present form. This bill makes sweeping reforms of our immigration laws. H.R. 1510 contains many serious and fundamental flaws. Its approval by this House will threaten the rights of millions of Americans.

Proponents of the bill argue that employer sanctions are the most effective way to end illegal immigration, hence, they are the cornerstone of the legislation. If H.R. 1510 becomes law, employers who hire an undocumented worker face the threat of both civil and criminal penalties.

These employer sanctions will not have a significant impact on illegal immigration, but it will certainly result in an unprecedented level of discrimination against a broad cross section of American workers.

It is not difficult to deduce that employers will find it much safer and easier to routinely pass over any job applications with Hispanic surnames than to risk the penalties the employer sanctions seek to impose. Current anti-discrimination laws will not adequately protect workers from this discrimination and the remedies we propose can only deal with the problem after the fact.

The Kindness amendment which was adopted by the Judiciary Committee, eliminates all record-keeping requirements. This removes the ability of the fair employment agencies at both Federal and State levels to determine whether discrimination is occurring.

I am opposed to the expansion of the existing H-2 guestworker program as proposed under H.R. 1510. Expansion of this program is contradictory to the bill's intent of stopping the flow of undocumented workers to the United States. These provisions would establish a permanent large-scale guest guestworker program by expanding and streamlining the current H-2 regulatory program.

I am particularly opposed to the Agriculture Committee's approval of the Panetta/Morrison amendment which would allow for the creation of yet another temporary guestworker program. The protections available to foreign workers are even less meaningful than those of the discredited bracero program. These changes will cost American farmworkers benefits they have worked hard to acquire. The impact of the Panetta/Morrison amendment would be devastating in terms of the modest progress American farmworkers have made and will seriously undermine future attempts to organize to improve their standard of living.

The H-2 provisions of the bill and the Panetta/Morrison amendment are another attempt to codify existing exploitation and dehumanization of illegals. Either of these initiatives will increase unemployment among American migrant farmworkers and will result in continued deterioration of the working, housing, and health conditions facing the migrant workers of America.

An important and necessary element of any immigration bill must be a legalization program. Although the bill does contain such a program, the requirements are ambiguous, because only a small percentage of undocumented aliens will be able to qualify or demonstrate their eligibility for legal status.

We must resolve these problems before we can in good faith, pass any immigration reform. The complex issues and problems which may occur as a result of this bill deserve a more complete analysis.

I am a cosponsor of H.R. 4909, the Immigration Reform Act of 1984. This bill represents a more equitable approach to solving the problems caused by illegal immigration, and when this bill receives the serious consideration it deserves, we will be in a far better position to pass an immigration reform bill.

In summation, I would like to reiterate my earlier statement that it would be a grave mistake to allow H.R. 1510 to move forward. Thank you for allowing me to appear before you today.●

RETIREMENT OF DR. FRITZ BROMBERGER

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. LEWIS of California. Mr. Speaker, on April 28, 1984, Dr. Fritz Bromberger will retire from the University of Redlands. I take this opportunity to ask the Congress to join me, with many of his friends and admirers, in expressing our deep appreciation to this outstanding human being for his service to his school, community, State and Nation.

Dr. Bromberger began his long career in the field of education at Kemper Military School in Boonville, Mo., after receiving his AB from Knox College and his MA at the University of Cincinnati in 1941. His teaching was interrupted by military service in 1943 when he served in both the Royal Air Force and the U.S. Army Corps. He was a pilot for Air Transport Command.

In 1946 he joined the staff at the University of Missouri, leaving there to settle at the University of Redlands the following year. Dr. Bromberger, in addition to his duties as a professor of literature, has chaired the English department, served as director of the ABLE student program and acted as division director for the university. Throughout his career he has written several articles dealing with poetry and literary criticism.

Professor Bromberger's nonacademic pursuits include active involvement in the Redlands Symphony, various community activities and horticulture. The Doctor's interest in music developed in 1931, at the age of 13 years, when he wanted to entertain himself during the depression. Since then, his expertise has grown steadily. In 1950 he helped form the Redlands Symphony and has played his viola for the first 20 years in the Redlands Symphony, and has played the violin ever since. In its productions. He is a fine musician and has the longest continuing service in the orchestra.

This multitalented man has encouraged young men and women to develop their minds through literature and appreciate the masters through his music. Many of his former students are now prominent citizens and are making significant contributions. Dr. Bromberger is an excellent example of the high quality of educators that enrich the lives of our young.

Mr. Speaker, I take great pride in commending to my colleagues, Dr. Fredrick Bromberger a truly remarkable man who has, through his selfless years of hard work, contributed to his world in a most beneficial way.●

UNITED STATES-JAPAN CITRUS TRADE

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. IRELAND. Mr. Speaker, this week we received encouraging news from our trade negotiators. The Japanese have agreed to increased quotas on citrus and beef imports from the United States. I think Ambassador Brock and his team deserve our congratulations for their efforts and perseverance. In addition, the Florida Citrus industry has worked hand-in-hand with our Government trade representatives for a number of years to crack the Japanese market. While we are all appreciative of the strides that have been made, much more needs to be accomplished with citrus trade.

As many of you know, Florida's 10th Congressional District lies in the west central portion of the State—it is the heart of the Citrus Belt, and is the largest citrus producing area in the United States. Prior to my election to Congress in 1976, I was in the banking business in Florida, during which time I helped to finance many of those involved in the growth and development of the citrus industry. As a result, I have come to know the industry quite well not only from a financial perspective, but from the marketing and trade aspects as well.

I know only too well what an ardous road we travel when talking trade with the Japanese. Since my first term in Congress, I have worked with our trade negotiators pressing them to support total liberalization of the citrus trade between the two countries. Citrus quickly became, for the American people, a major symbolic issue—a benchmark indicator of the willingness of the Japanese Government to commit itself the principles of free and fair trade between friends.

In 1978, I went to Tokyo to address the Interparliamentary Symposium. I believed then, as I do now, that what our Government and the citrus industry want is the complete and total elimination of quotas on the importation of fresh oranges, orange juice and grapefruit into Japan. The existing quotas are quite simply and clearly, illegal under GATT.

At the time of the symposium I presented a plan to the Japanese which called for blending of the Japanese produced Mikan juice, which by itself does not make a platable juice drink, with the U.S. product. Recognizing that their domestic concentrate is inadequate, the Japanese allowed a minimal increase in imported frozen concentrate during the period 1980-83—from 5,000 tons to 6,500 tons. According to the latest agreement the Government of Japan will increase their quota for orange juice by 500 tons per year—7,000 tons in 1984 up to 8,500 by 1987.

The previous agreement, negotiated in January 1978, specified that Japan would import up to 82,000 metric tons of oranges by 1983. The new agreement provides an increase to 93,000 metric tons in 1984, 104,000 metric tons in 1985, 115,000 in 1986, and will end in 1987 with the importation of 126,000 metric tons of oranges.

In addition, the Japanese have always utilized an intricate system of import licensing, much to the detriment of exporter and, often extremely lucrative for the importer. The agreement negotiated this week provides that the Government of Japan will fully liberalize its grapefruit juice import regime on April 1, 1986. In the interim, licenses will be required for imports, but any request for a license for any amount of grapefruit juice will be granted.

Mr. Speaker, in December of 1983, the Florida and Texas citrus industries suffered devastating back-to-back freezes.

The domestic industry has been challenged by subsidized imports into the United States from Brazil.

Growth has been hindered by persistent pests and diseases. And, despite these adversities, the citrus industry has taken the risks necessary to become a competitive force in the world market.

It is estimated that the additional trade value gained from these annual quota increases above the current level will be about $100 million. The potential for the citrus industry is obviously far greater. Several years ago, I testified before the Joint Economic Committee that United States-Japanese trade relations were blatantly biased against us given the virtually unrestricted access of major Japanese products to our markets. They have signed GATT, and it is time they lived up to it. Their continuing quotas on citrus are illegal.

The message is clear that we are making progress and Japan is indicating some willingness to commit itself to the principles of free and fair trade with the United States. I, for one, do not intend to let up on the pressure for total liberalization of citrus imports.●

THE NEED FOR EQUALITY FOR WOMEN

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. AuCOIN. Mr. Speaker, women have made tremendous strides over the past decade. More women are receiving postsecondary and graduate degrees than ever before. There are more women in law, medicine, and business than ever before. But we still have a long way to go.

Women still account for only 4 percent of all engineers in the United States, and only 14 percent of both doctors and lawyers. Women, on the average still earn only 59 cents for every dollar paid to a man in a comparable position. Two out of every three adults in poverty households are women. The number of poor households headed by single women has increased by 97 percent since 1970.

These statistics reflect an attitude that still persists in the community, in the workplace, and in the Federal Government. An attitude that women do not really need to work. An attitude that unemployment is not really a women's problem. An attitude that women's issues are somehow peripheral or unimportant.

The needs of women for equal opportunity have not diminished in the past 10 years. On the contrary, recent economic cycles of inflation and recession have made the need for equity more urgent. In light of these conditions, it is imperative that Congress maintain its responsibility to insure equality in employment and education.

That is why I am proud to act, today, as an original cosponsor of legislation to overturn the Supreme Court decision in the Grove City College case.

On February 28 the Court decided that title IX—the only Federal law explicitly prohibiting sexual discrimination in education—prohibits sex discrimination only in programs that directly receive Federal money, not the college or university as a whole.

If let stand, the decision would, for example, prohibit the financial aid department at a college from discriminating on the basis of sex, but allow its admissions, athletic or various academic program to discriminate.

This would create a crazy quilt of educational nonopportunity nationwide. A young woman entering college would have no assurance a particular program was being offered in an open, fair manner. Congress, as well, would have no guarantee that Federal education dollars were not going to underwrite colleges and universities that discriminate against women.

The legislation being introduced today does not expand the scope of title IX, it merely reiterates Congress intent that schools receiving Federal education dollars offer all courses and programs on an equal basis—the basis on which title IX has been enforced for the past 10 years.

Frankly, I thought Congress made it very clear that it intended title IX to apply institution wide when the law was first enacted. I thought congressional intent was clear when we passed a resolution last session, 414-8, endorsing a broad interpretation of title IX. Obviously, the message did not get through.

The Grove City decision is disturbing on its own, but also because of its ramifications for other Federal civil rights programs. The United States Assistant Attorney General has stated that he considers Grove City a healthy precedent, one that should be applied to laws such as the Rehabilitation Act of 1973, the Age Discrimination Act of 1975 and the Civil Rights Act of 1974.

Because of the very real danger of lawsuits that could narrow and weaken these important programs, the bill today includes language to retain their broad scope and coverage—the basis on which they have been enforced to date.

With lawsuits on title IX pending in courts across the country, Congress must make this legislation one of its top priorities this session. Any failure to act on our part will encourage new acts of discrimination.●

THE EIGHTH SPECIAL SESSION OF THE UNITED NATIONS COMMISSION ON NARCOTIC DRUGS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. GILMAN. Mr. Speaker, for many years, through the cooperation of our chairman of the Select Committee on Narcotics Abuse and Control, of which I have been a charter member, and through the cooperation of the Assistant Secretary of State for International Narcotics Matters, I have had the opportunity to participate with our Nation's delegation in the deliberations of the U.N. Commission on Narcotic Drugs (CND).

The most recent session of the CND—its eighth special session—met in Vienna, Austria, from February 6 through the 10th, 1984. The U.S. delegation, which was led by our distinguished Assistant Secretary of the State for International Narcotics Matters (Dominick L. DiCarlo), consisted of: Clyde D. Taylor, Deputy Assistant Secretary of State for International Narcotics Matters; Richard S. Williamson, Ambassador, U.S. Permanent Mission in Vienna; Dr. James Cooper, Assistant Director for Medical Affairs the National Institute on Drug Abuse; Gene Haislip, Deputy Assistant Administrator for the Office of Diversion Control, the Drug Enforcement Administration; F. Gray Handley, Directorate for Health and Narcotics Programs of the Bureau of International Organization Affairs, Department of State; Ms. Elena Kim, program officer, European and United Nations Affairs for the Bureau of International Narcotics Matters, Department of State; Dr. Stuart Nightingale, Associate Commissioner for Health Affairs, the Food and Drug Administration; and Dr. Kenneth M. Quinn, counselor for narcotic affairs, U.S. Permanent Mission in Vienna.

Although the press of business here in Washington prevented me from attending the CND's special session, I want to thank Assistant Secretary DiCarlo for distributing to the Commission a copy of my statement pertaining to the global dimensions of narcotics trafficking and drug abuse and for his efforts to reiterate some of my concerns to the members attending the special session.

According to a State Department summary of the CND's special session, the Commission placed a number of substances under international control: alfentanil, a new synthetic opiod, was placed under schedule I of the

1981 Single Convention; pentazocine, an analgesic, was placed under schedule III of the 1971 Psychotropic Convention, and 33 benzodiazepines, minor tranquilizers, were placed under schedule IV of the 1971 Psychotropic Convention. The Commission also adopted guidelines developed by the World Health Organization regarding the exemption of preparations containing substances controlled internationally.

In December of 1981, the U.N. General Assembly approved Resolution 36/168, adopting the international drug control strategy and program of action, a U.S. initiative and a measure that I helped draft as a member of the U.S. delegation. The resolution called for establishing a provisional task force to review, monitor, and coordinate the international drug control strategy. I have been informed that in addition to considering the 1983 report of the International Narcotics Control Board, the Commission, in performing its duties as the task force, reviewed the international drug control strategy and 5-year program of action. Two activities under the program of action have been completed: A multilingual dictionary of narcotic and psychotropic substances under international control, and the development of portable drug testing kits. In discussing the drug control strategy, member nations, including the United States, stressed the importance of other U.N. bodies to conduct their international drug control activities through their regular budgets. The Commission also discussed the United Nations fund for drug abuse control (UNFDAC) activities, which were also reviewed informally by major donors to the U.N. drug fund prior to the Commission's special session.

According to our State Department, major donors and the UNFDAC leadership have reached agreements on a number of significant issues important to the United States. For example, there was consensus among the donors on the need for UNFDAC development projects to assure that narcotics-related economic assistance is accompanied by the host government to effectively control the illicit cultivation of drugs. Donors suggested that this type of understanding should be incorporated into project agreements with host governments.

I understand that the donors also urged UNFDAC to develop a portfolio of fairly specific projects to attract potential donors, and that they expressed support for UNFDAC Director Giuseppe di Gennaro's "master plan" to develop anti-narcotics activities in a coordinated manner. UNFDAC's role as an "umbrella agency" to monitor and, where applicable, to implement such efforts was also welcomed. I have also been informed that a greater sense of partnership between the donors and the UNFDAC leadership was achieved at the CND sessions and at the informal donor meetings.

Mr. Speaker, there is an urgent need to link drug law enforcement programs with narcotic eradication, crop substitution and economic development assistance. Without such a linkage, nations of the international community will never obtain a viable method of winning the war on narcotics trafficking and drug abuse. In this regard, I am delighted that major donors to the U.N. drug fund and the fund's leadership agree on the need for UNFDAC to develop projects linking narcotics-related economic assistance with the efforts to control the illicit cultivation of drugs. This appears to be similar to the Gilman amendment to U.S. foreign assistance legislation requiring that our economic development aid be linked with narcotic control efforts. In this regard we have also recently enacted into public law the Rangel-Gilman-Hawkins amendment to our foreign assistance legislation authorizing the President to suspend economic and military assistance to those nations that fail to take adequate steps to curtail the illicit production and trafficking of drugs destined to the United States.

Mr. Speaker, in an effort to bring to the attention of my colleagues the global dimensions of drug trafficking and drug abuse and the urgent need to support U.N. drug-related agencies, I am inserting at this point in the RECORD the complete text of my statement to the Eighth Special Session of the U.N. Commission on Narcotic Drugs, and I welcome the suggestions of my colleague as to how nations of the international community can better combat the tidal wave of narcotics trafficking that is flooding nearly every region of the world and the global epidemic of drug abuse that is undermining the health of citizens everywhere.

STATEMENT BY HON. BENJAMIN A. GILMAN

Mr. Chairman, distinguished representatives to the Eighth Special Session of the United Nations Commission on Narcotic Drugs, I welcome the opportunity to share with you my thoughts and the thinking of many of my colleagues in the United States Congress, regarding the continuing efforts by the international community to combat narcotics cultivation, trafficking and abuse.

Narcotics trafficking is a mutibillion dollar illicit business activity conducted by international criminal syndicates whose highly organized, well financed and sophisticated operations reach into every region of the world. No nation, regardless of its political ideology or socio-economic status is immune to the devastating and debilitating effects of drug abuse or from these insidious drug merchants who take profits and pleasure from human suffering. Just in the United States alone, drug trafficking is estimated to reach a staggering $90 billion annually. Every region of the world from North America to Latin America, from Europe, Africa and the Middle East to the Orient and Oceania—has become a victim to drug trafficking and drug dependency. And in every region there can be found major narcotic distribution hubs and financial centers for international narcotic syndicates. Of particular significance is the increase in drug abuse reported in drug trafficking and producing nations in recent years.

As a United States representative to the 36th session of the United Nations General Assembly, I had the opportunity to help draft the U.S initiated resolution (36/168) creating an international drug control strategy and basic five-year program of action that was adopted by the General Assembly in December of 1981.

The strategy calls for greater attention to the issues of drug abuse, both within the U.N. agencies and elsewhere. It specifically recommends an increase in programs aimed at drug abuse control in all specialized U.N. agencies including the World Health Organization (WHO), the International Labor Organization (ILO), the U.N. Educational, Scientific and Cultural Organization (UNESCO), as well as in the U.N. Development Program (UNDP) and other development-oriented programs. Most importantly, however, the strategy recommends that increased attention to U.N. drug-related activities should be part of regular agency programs and budgets because of the substantial impact drug abuse has on so many areas of social concern. Unfortunately, the U.N. Fund for Drug Abuse Control (UNFDAC) continues to underwrite drug-related activities of these U.N. agencies. On many occasions before this distinguished body, I have urged these agencies to elevate the problems of drug abuse to a higher level of priority within their own agendas, and to devote substantially more of their resources to their own drug-related projects.

Drug abuse continues to mount among our youth in their formative years. When addiction reaches our young, it affects the very social fabric of our nations, and with it our very future. The burdens of preventing and controlling drug abuse must be shared by the entire family of nations. While I appreciate and recognize the difficult economic times that we are experiencing and the demands for financial austerity, I find it difficult to accept or to understand the minimal priority these agencies continue to place on combatting the pervasive drug problem from their own resources. All nations must recognize that narcotics production, trafficking and drug abuse are not going to disappear overnight—that drug abuse prevention and control is a never-ending battle requiring dedicated and coordinated action by the entire family of nations. This long-term strategy and five-year program of action for drug control will only be successful if it receives the strong and unified support of all member nations.

No one nation or small group of nations can single handedly combat the highly organized, well-financed and sophisticated operations of international drug traffickers. If the "war" on drug abuse is to have any lasting effect or meaning, the international drug control strategy resolution urgently needs to be fully implemented, and to achieve this objective, the international community must pool its resources, personnel, funds and expertise. Member nations must submerge their competing political and economic differences. Just as the world cannot survive nuclear confrontation, so, too, it cannot long endure "victimization" by international drug traffickers. Such illicit activities undermine our institutions, contribute to global inflation, jeopardize the health and lives of our citizens and destroy the roots of our society—our youth. No nation is immune to this devastation. There must be no doubt that responsibility for implementing international agreements and strategies rests, above all, on all national authorities. They, and they alone, are able to directly control the movement of substances within their jurisdictions, and take the necessary steps to reach agreements with other nations. No amount of effort to achieve these goals would be too great.

I regret to say, once again, that our overall response to preventing and controlling drug abuse has not been encouraging. International drug syndicates continue to reap hundreds of billions of dollars from their illicit drug transactions. Against these awesome sales, the international community, as a whole, has committed a meager few million dollars to combat a menace that is successfully undermining the institutions of all nations. It is time for the international community to wake up and act in a concerted manner by pooling its resources, funds and personnel to combat this deadly menace.

A brief look at contributions to the United Nations Fund for Drug Abuse Control (UNFDAC) clearly shows the burden that lies ahead. During the twelve years of its existence, UNFDAC has received a grand total of only about $70 million or an average of less than $6 million per year. It this figure represents the commitment of member nations to combating drug production, trafficking and abuse, then the international community . . . our family of nations . . . will surely lose the "war" on drugs.

In 1982, 42 of the 157 member nations pledged $6.7 million to the U.N. Drug Fund. I understand that at the 1983 United Nations Pledging Conference for Development Activities, 23 nations pledged $3.4 million. Also of great significance is the special purpose commitment announced by the Government of Italy for $40.9 million, which is to be used over the next five years, primarily for activities in the Andean subregion. In addition to this multi-year pledge, the Government of Italy also doubled its annual general contribution; France increased its contribution by 50 percent; and Panama and Zaire contributed to UNFDAC for the first time.

I do want to take note of the special purpose commitment announced by the Government of Italy for the Andean subregion. As a member of the U.S. House of Representatives Select Committee on Narcotics Abuse and Control I recently traveled to Colombia, Peru and Bolivia, and know all too well the drastic need for special assistance to this area. During our visit, we were able to gain first-hand knowledge of the problems resulting from the illicit production and trafficking in coca and cocaine, as well as the overwhelming political, economic and social problems related to abuse of these substances. The commitment made by the Government of Italy is most needed and welcome.

It must be said, however, that a community of 157 nations can and must contribute more than a few million dollars to wage a "global assault" on drug problems. Numerous nations most adversely affected by illicit production, trafficking, transshipping and abuse, have not contributed a single penny to the U.N. Drug Fund. There is an urgent need for the entire family of nations to pitch in and help UNFDAC fulfill its objectives by contributing to the fund, whose projects benefit all of our citizens.

The challenge of translating the international drug control strategy resolution into a workable program of action rests with this distinguished Commission, but time is of the essence. The worldwide problem is worsening each year. This plague on our institutions is rapidly spreading, and we simply must seize the opportunity to recommit ourselves and overcome the crippling scourge of drug abuse. Only a full commitment will help us move forward as we seek to resolve this critical problem that confronts all our citizens and undermines the stability of all nations.●

APRIL 24: A DAY OF REMEMBRANCE FOR ARMENIANS

HON. MATTHEW G. MARTINEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MARTINEZ. Mr. Speaker, on the 24th of this month in the city of Montebello, of my district, Armenian people from all over California and over the Nation will come together in a day of remembrance. They will join hands and hearts at the base of a monument built to commemorate the memory of the Armenian men, women, and children who on April 24, 1915, were the world's first genocide victims.

This deplorable action of mass murder by the Ottoman—Turkish—empire must be remembered in order to prevent such occurrences in the future. It can never be assumed that genocide will not occur in this century. It is no secret that Hitler pointed to the Turkish example when he began the mass extermination of Germany's Jewish population. He answered his critics, who cautioned him against such a policy because it would alienate world opinion, by saying that the world had no opinion when the Turks eliminated the Armenians.

There is a great need for the Armenian people to remember these historical crimes against a peaceful people, because we all share the responsibility for allowing such events to slip into obscurity and be disregarded or forgotten. To remember will hopefully prevent another Hitler or ruthless dictator from implementing a policy of genocide.

Today, the Armenian people believe that the Turkish Government not only refuses to come to terms with its past, but insists on distorting this truth by closing access to its archives, fabricating data, and pressuring other countries into denouncing the occurrence of the genocide of the Armenian people.

As a nation with a long-standing commitment to truth, liberty, and justice, the United States should insist on having Turkey recognize history for what it is and open dialog with representatives of the Armenian community in the Diaspora.

By supporting House Joint Resolution 247, the U.S. Congress will not only set April 24 as a day of remembrance of man's inhumanity to man. We will show that our strength and determination is to be used to prevent another future tragedy such as the Armenian genocide. It is not a foreign policy issue, as the State Department might have us believe. It is a recognition of world history and a pledge that we can learn from the past experiences of others. Congress should join the people of Montebello and Armenians from around the Nation in remembering April 24 as a tragic day in world history.●

THE HONORABLE JOE L. EVINS

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. NATCHER. Mr. Speaker, it was with profound sorrow that I learned of the passing of my friend, Joe L. Evins.

Joe Evins' service in the House of Representatives will continue to be one of the bright spots in our country's legislative history. He was a good Member of the House and was known to be one of the best committee members in the House of Representatives. He and I were elected members of the Appropriations Committee the same day, and after serving on our Committee on Appropriations for only a short time, he was elected chairman of the Subcommittee on Public Works. This is now the Subcommittee on Energy and Water Development and is one of the most powerful subcommittees in the Congress.

Joe Evins had friends on both sides of the aisle and there are hundreds of Members who were beneficiaries of his assistance in matters pertaining to public works. It made no difference to Joe Evins whether or not the Member was a Democrat or a Republican, if he needed help and could justify the benefit-cost ratio of his project, he received help. This, to me, was an outstanding trait and one that will long be remembered.

His concept of public trust was without parallel and never did he hesitate to speak out against any proposal which he felt was not sound and in the best interests of our people. Words are inadequate to fully apprise Joe Evins' tremendous capacity for loyalty and love of his country. He loved the House of Representatives and believed, as we all do, that this is the greatest legislative body in the world. It was a distinct honor and a privilege for me to serve with him on the Committee on Appropriations and long before I became chairman of the subcommittee than makes the recommendations for the Departments of Labor, Health and Human Services and Education. Joe Evins' interest in all of these departments and their programs was ever present. On many occasions, he talked to me about the need for educating our children and for protecting the health of our people.

I have lost a true friend and this country has lost a great statesman.

Mr. Speaker, I extend my deepest sympathy to the members of his family.•

EMPLOYEE STOCK OWNERSHIP IMPROVEMENT ACT OF 1984

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

• Mr. RANGEL. Mr. Speaker, today I am introducing legislation that will provide encouragement for business owners to sell their companies to those who helped them succeed: their employees.

Employee stock ownership is an idea that has been around for many years, but only during the last decade has it begun to really catch on. And, as commonsense suggests, those companies with employee ownership tend to be more productive and more profitable—and pay more taxes—than their more traditionally owned competitors.

Rather than repeat the many arguments in support of incentives for employee ownership, and rather than recite the many studies documenting the various benefits of employee ownership, I will refer those interested to my March 8, 1984, statement introducing H.R. 5095, the Employee Stock Ownership Act of 1984.

This bill expands on the incentives suggested in H.R. 5095 by permitting an exclusion from a taxpayer's estate of one-half of the proceeds from the sale of employer securities to an employee stock ownership plan (ESOP) or to a worker-owned cooperative. This exclusion would be denied, however, to the extent that the sale results in benefits accruing to the taxpayer—or decedent—family members of the taxpayer—or decedent—or 25 percent shareholders. This limitation is designed to prevent an estate tax benefit with respect to stock which may revert to the taxpayer under the plan.

In addition, proceeds realized on the sale of stock received from a tax-qualified employee benefit plan or pursuant to certain options would not qualify for this exclusion. This limitation is designed to prevent both an estate tax benefit where there has already been an income tax benefit with respect to the stock.

Mr. Speaker, I know that many Members support efforts to expand the benefits of the free enterprise system through employee stock ownership. It is my hope that we will be successful in securing early enactment of this provision.•

NATIONAL BLOOD PRESSURE AWARENESS WEEK

HON. GERRY SIKORSKI

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

• Mr. SIKORSKI. Mr. Speaker, I am pleased to introduce with my colleague Mr. WHITTAKER, a resolution designating the week of November 11, 1984, "National Blood Pressure Awareness Week." A similar resolution has been introduced in the Senate by Senator DAN QUAYLE.

Heart disease is the Nation's No. 1 killer. Each year almost 1 million Americans die from cardiovascular disease.

Clinical and statistical studies have identified several risk factors as contributing to increased risk of cardiovascular disease. There are three major modifiable risk factors: cigarette smoking, elevated blood cholesterol, high blood pressure. I have introduced National Blood Pressure Awareness Week as an important step in educating the American public about preventive measures they can take to enjoy a longer, more healthy life.

High blood pressure afflicts approximately 60 million Americans—one of every four Americans. Thirty-five million Americans are afflicted with hypertension. I am greatly concerned that as many as 45 percent of these people do not even know they have high blood pressure, and of these 35 million, only about 17 million are receiving adequate treatment. The need for improved public awareness is clear.

One of the most frightening aspects of this disease is that a person may have high blood pressure for years but never know it. That is why this disease is often referred to as the silent killer. While there is no cure, it can be treated. In most cases the treatment is usually lifelong.

The American Heart Association has emphasized that, while we do not know the actual causes of high blood pressure, we do know that several factors may contribute to it: age, race, and family history. Obesity and excessive salt consumption also can be influencing factors. It also has been shown that women who have never had high blood pressure may rapidly develop it during pregnancy.

Because of the nature of this disease and its significance in American society, I believe that Congress should set aside a week during which both the private and public sectors can work together and screen as many Americans as possible for high blood pressure, educate the public about the dangers of high blood pressure and insure that those who have high blood pressure receive adequate treatment.

My father is one of the millions of Americans with high blood pressure. This condition led to his suffering a heart attack. By raising the awareness of this serious problem we can reduce the terrible human losses associated with hypertension.

The week of November 11 has been chosen as National Blood Pressure Awareness Week to coincide with the annual meeting of the American Heart Association, to be held this year in Miami, Fla. I encourage all of my colleagues to join Mr. WHITTAKER and me in cosponsoring this important resolution and taking a step toward exposing the silent killer.•

THE PERSECUTION OF RELIGIOUS MINORITIES

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

• Mr. BROWN of California. Mr. Speaker, the freedom to practice religion is a fundamental part of our Nation's heritage. I believe everyone should be free to express communion with the Creator according to their own religious beliefs. While we fiercely protect religious freedom within our country, there are religious communities in other lands which are being denied this right. We all are aware that many countries do not uphold our high standard of human rights for their citizens. However, in some countries, specific communities are repressed solely for their religious beliefs.

In Congress there have been efforts to relieve the persecution of many religious minorities, including the Jews in Ethiopia, the Christians and Jews in the Soviet Union, the Coptic Christians in Egypt and the Baha'is in Iran. These issues have often been brought up on the House floor.

Mr. Speaker, we have passed several resolutions expressing the sense of Congress that various countries should allow their citizens to freely practice religion and to emigrate to another land if desired. There have been over 30 resolutions introduced in the House and Senate concerning the persecution of Jews. Some of these bills concern present injustices to individuals or to communities as a whole, some resolutions recognize past injustices.

I frequently have joined my colleagues in sending letters to the U.S. State Department, Embassies, and to Government leaders in other countries, requesting that the unacceptable harassment of religious minorities be discontinued.

The Congressional Human Rights Caucus, of which I am a member, has been working diligently to assist these communities. The caucus is developing an on-line computer tracking system to maintain updated information on the situation of individuals, as well as information on congressional efforts which have been undertaken on their behalf. The "Congressional Friends of Human Rights Monitors," an organization consisting of 104 Members of both the House of Representatives and the Senate, is also focusing on this issue. Yet, the situation of many religious communities remains dismal.

One religious community which has gained extensive congressional attention is the Soviet Jewish community. Despite the expressed concern of Congress and other groups throughout the world, Soviet oppression of Jews who practice their religion and/or desire to emigrate has elevated over the last few years. Many have been arrested and harassed. In 1979, 51,320 Jewish citizens were allowed to emigrate from the Soviet Union. By 1983, the number allowed to emigrate had plummeted to under 2,000. In March 1984, just 51 Jews were allowed to emigrate. The United States must not allow this type of oppression to go unchallenged.

On March 15, 1984, the day designated by a worldwide coalition of Jewish organizations as "International Day of Concern for Soviet Jews," the House of Representatives held a special order for discussion of the plight of Soviet Jews. Many events were held around the world in an international display of solidarity for the beleaguered Jewish minority in the Soviet Union. In California, rallies and seminars took place. This international effort to call attention to the plight of Soviet Jews is a sign that gross human rights violations and religious discrimination will not be ignored. It is my hope that the new leadership in the Soviet Union will listen carefully to the concerns expressed on March 15, and take steps to reduce oppression of refuseniks.

As an individual contribution to the efforts on behalf of Soviet refuseniks, I have adopted a refusenik, Mark Nashpitz, from Moscow. Mark has repeatedly sought to emigrate to Israel in order to be reunited with his mother. As a result of his application, he has been refused the right to practice his profession, and served 5 years in exile in Siberia. I will be sending letters on his behalf to the Soviet Government as well as letters of support directly to him.

In Ethiopia, members of the Falasha Communities have been restricted from emigrating to Israel to be reunited with family and friends. There have been resolutions introduced in both the House and the Senate expressing the sense of Congress that these peoples should be free to join their friends and relatives.

The dilemma of Ethiopian Jews has been further aggravated by the increased internal fighting and the severe drought which is taking place in many regions of Ethiopia. I have participated in many efforts to get emergency food assistance to African countries, including Ethiopia, as well as other countries where drought compounds societal inequities. While the House of Representatives approved $150 million in supplemental emergency food assistance for Africa, only passed $90 million of that assistance has been signed into law. I would like to urge our national policymakers to act quickly to insure that life saving shipments of food are delivered to these areas of desperate need.

In Egypt, sectarian strife has affected many people. The plight of the Coptic Christians has been further complicated by the confinement of Pope Shenouda III, the patriarch of the Coptic Orthodox Church. In Iran, the government continues to persecute members of the Baha'i faith. The Baha'i community has historically suffered persecution and harassment. But in the aftermath of the 1979 Islamic revolution and the subsequent rise to power of the Khomeini regime, threats against this community escalated. In Syria, Jewish citizens are restricted from emigration as well. The list continues.

I have mentioned only a few examples of communities who are suffering from religious persecution. Whether their religious preference is of Jewish, Christian, Baha'i or any other faith, these brave men and women have chosen to express their religious commitments and to fight for their rights, fully knowing that public display of their religious beliefs could lead to imprisonment and exile.

This strong spirit, this hope, this perseverance, regardless of the consequences, enabled our Founding Fathers to survive and develop the wild frontier which they found. In a time when moral values have seemingly decayed, the intense strength and patience of these religious groups must be admired.

While the final destiny of these people lies outside our grasp, I will support every effort to assist these peoples in their fight to be free. We must continue to send our message to the governments of the Soviet Union and any other country practicing oppressive tactics for religious reasons, until all those desiring to emigrate and practice their religion are given the freedom to do so.●

NATIONAL LIBRARY WEEK

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. TOWNS. Mr. Speaker, I would like to express my support to the designation of April 8 through 14 as "National Library Week." Our Nation cannot establish a learning society without placing its libraries at the apex of the education structure. Libraries provide us with the challenge to learn, to grow, to expand our horizons. They provide the information that leads us into professions; they open doors to foreign countries and provide us with the wisdom necessary to understand other cultures, other ways of life. Libraries help people explore new worlds and, or course, libraries provide entertainment through the availability of books, records, and tapes. Libraries work on the basis of equality and the belief that everyone has a right to read. Libraries are an integral part of this Nation's educational infrastructure. They constitute one of the Nation's most valuable assets.

There has been a recent necessitated revival of the recognition of the importance of education in our society. Libraries have a vital role in the educational process. As a nation, we are well into the information age, with the development of more sophisticated technologies for distributing information. Libraries have evolved and progressed a long way from the early days when their primary function was the lending of books. Today they offer courses and lectures on topics ranging from investments to gardening. They provide access to a variety of audiovisual equipment. With the rigorous demands posed by the high tech society of today, I would like to commend the efforts of our dedicated librarians who provide invaluable assistance to the citizens of this country.●

DUCK STAMP PROGRAM

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. CONTE. Mr. Speaker, 1984 marks the 50th anniversary of the establishment of the migratory bird hunting and conservation stamp, or duck stamp, program. The duck stamp is the principal means by which the Federal Government generates revenues from waterfowl hunters, nonhunting conservationists, and collectors to buy and preserve vital wetland habitat for ducks, geese, nongame shorebirds, and waterbirds.

More then 2 million of these duck stamps are bought each year. Since July 1934, when the program began, 3.5 million acres have been purchased with the $285 million that has been collected from the sale of these stamps.

A nationwide system of 186 national wildlife refuges has been created through the migratory bird hunting and conservation stamp program.

Among the many States with refuges included in this system is Oregon. I would like to share with my colleagues an editorial which was published in the Oregonian on Thursday, March 29, 1984, urging the participation of all sportsmen and conservationists in both the State and the Federal duck stamp program.

The editorial follows:

BUY STAMPS FOR WETLANDS

One of the ironies of conservation is that duck and goose hunters have been largely responsible for protecting their targets. That is because waterfowl hunters are required to buy what are commonly known as duck stamps, which finance federal purchase of wetlands refuges critical for waterfowl habitat.

On the 50th anniversary of the establishment of the duck stamp program, Interior Secretary William Clark—suppported by a wide range of conservation groups—is campaigning to encourage more non-hunters to buy the $7.50 stamps as a contribution to waterfowl enhancement. Clark makes a valid point that wildlife refuges enhance much more than huntable birds, and the duck stamp is a cheap but worthy way for the bird-watcher, photographer and hiker to help out.

The duck stamp program has been one of the government's most successful conservation efforts, raising some $285 million that financed protection of 3.5 million acres, including several refuges in Oregon and Washington. Yet, as Clark notes, the United States still is losing about half a million acres of wetland a year to development.

This disappearance of wetlands—also know as swamps, marshes, bogs and potholes—is a critical environmental problem. Many species are threatened by constant constriction of their habitat. Migratory birds, such as the Northwest's geese and ducks, are especially susceptible because devastation of one portion of their flyway can negate intensive preservation efforts elsewhere.

Clark's boosting of duck stamps is a commendable way of calling attention to the need for wetlands, but the government cannot merely rely on hunters and conservationists to solve this problem. Fortunately, legislation is moving through Congress to provide additional federal funds for wetlands acquisition. Oregon, too, is launching its own duck stamp program to complement the federal efforts.

Clark's effort may generate some needed dollars, but its bigger benefit will accrue if it makes the public more aware that the marsh targeted for development is of lasting value left the way it is.●

LEGISLATION TO REAUTHORIZE HEALTH STATISTICS, HEALTH SERVICES RESEARCH, AND HEALTH TECHNOLOGY ASSESSMENT AUTHORITIES

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WAXMAN. Mr. Speaker, my colleagues Mr. PEPPER, Mr. MADIGAN, and Mr. WYDEN, and I are today introducing a bill that will contribute substantially to improving the health status of all Americans. The legislation would reauthorize the activities on the National Center for Health Statistics and the National Center for Health Services Research. It would also substantially improve the medical technology assessment capabilities of the Department and authorize Federal matching grant funds for a private technology assessment agency.

The legislation extends for 3 fiscal years the authorization of appropriations for the National Center for Health Services Research and the National Center for Health Statistics.

For the National Center for Health Services Research the legislation authorizes appropriations of $24.5 million for fiscal year 1985, $27 million for fiscal year 1986 and $28.6 million for fiscal year 1987. For the National Center for Health Statistics the legislation authorizes appropriations of $50 million for fiscal year 1985, $53 million for fiscal year 1986 and $57 million for fiscal year 1987. The proposed authorizations will assure adequate support for these important activities in the years ahead.

Our bill would also revitalize the technology assessment activities of the Department and augment those activities by supporting complementary functions in the private sector.

Mr. Speaker, every Member of this House is aware of the rapid increase in health care expenditures, which continue to rise at 1½ to 2 times the rate of general inflation. Twenty-five to forty percent of this increase is due to the adoption of new technology or expanded use of existing technology. Yet, most of this technolgy has never been carefully evaluated to determine how effective it is in diagnosing or treating injuries or illness or what potential risks it may pose for the patient. Much of this technology is marvelously beneficial and greatly enhances our health status. Much of it, however, is of little or no value or simply duplicates existing technology.

At a recent hearing before the Select Committee on Aging, Dr. Arnold Relman, editor of the New England Journal of Medicine, estimated that $5 to $10 billion a year are essentially wasted on technology that could be shown to be useless, redundant, or even dangerous. According to Dr. Relman, 15 to 20 percent of the tests, procedures, drugs and devices being used, even in the best hospitals, are not worth the money we spend on them. The problem is that, in the absence of good technology assessment, we do not know which 15 to 20 percent is the culprit.

The benefits of technology assessment go beyond merely saving money, however. Technology assessment can help assure that patients are getting the most appropriate and highest quality care available and that the money we spend on health care is spent wisely. I am convinced that, if assured our health care dollars are being spent prudently, the American public is willing to continue paying at levels necessary to secure both access and quality.

It has been suggested that, because of budget and financial constraints, we are moving inevitably toward rationing of health care. It has also been suggested that more technology assessment will be used to facilitate such rationing. I emphatically reject both premises. I believe that using technology assessment to help us spend our health care dollars in the most effective and efficient manner is the best strategy available to us to avoid the need to consider rationing. The problem does not lie with potential misuses of technology assessment, it lies with the fact that we are currently doing an egregiously inadequate job of assessment. We not only need more assessments, we need more research on how to do adequate assessments.

In September 1982, the Office of Technology Assessment issued a comphrehensive report on medical technology assessment. The OTA concluded that there was not a coherent system in this country for assessing medical technologies, but there was an urgent need for such a system. The situation is not appreciably different today.

In 1978, the Congress established the National Center for Health Care Technology and the National Council for Health Care Technology. However, in 1981, just when these two organizations were beginning to demonstrate their competence to do the job we asked them to do, the administration succeeded in putting them out of business. Medical technology assessment is now done by an office within NCHSR, but at a greatly reduced and inadequate level.

Other groups are attempting to do technology assessment, including Blue Cross and Blue Shield, the AMA, and the American College of Physicians, but the net result is a disjointed, unfocused, insufficient, and duplicative set of efforts. Some people have pointed to the newly established Prospective Payment Assessment Commission, which the Congress created in the Social Security Amendments of 1983, as potentially providing leadership in this area. However, the Commission is much more likely to be a consumer than a generator of technology assessment.

In recognition of the need for better coordination, synthesis, and dissemination of technology assessments, a distinguished group was recently convened under the auspices of the Institute of Medicine to develop a proposal for a consortium, funded jointly with private and public funds, to carry out those tasks. We think such a consortium may be able to make important contributions to resolving existing problems and is worthy of some Federal support. However, we doubt that it would have the capacity, at least in the short term, of meeting the needs of the Secretary of Health and Human Services for immediate and direct access to competent advice regarding medical technology issues arising in the administration of the programs she administers.

Our bill addresses the current chaotic and unsatisfactory situation in three ways:

First, it upgrades the technology assessment function in the Department by elevating it in stature and stabilizing its funding. The existing NCHSR would be renamed the National Center for Health Services Research and Medical Technology Assessment and, of the funds appropriated to the Center, there would be a specified set-aside for technology assessment. The Center would be charged with providing the Secretary advice on medical technologies, particularly with respect to coverage under the medicare program, and conducting research on assessment methodologies.

Second, the bill establishes a National Advisory Council on Medical Technology Assessment. This Council, which would be similar in composition to the previous Council, would provide advice to the Secretary and guidance to the Center. In particular, the Council would assist the Center in articulating the criteria which the Center would use in making coverage recommendations to the medicare program.

Third, the bill would authorize the Secretary to support, through matching grant funds, a private nonprofit agency conducting various technology assessment functions—serving as a clearinghouse, undertaking evaluation and synthesis, identifying assessment needs, developing assessment criteria, and providing education and training.

Mr. Speaker, we hope to move this bill through our subcommittee and committee in an expeditious manner and present it for consideration of the full House. We invite interest and comment on it and urge support for its enactment.●

HANDGUN CONTROL

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. SMITH of Florida. Mr. Speaker, today I rise to honor sensible citizens of Fort Lauderdale, Fla. for their successful referendum for citizens safety. These local working people, officeholders, students, retirees, tradesmen, professionals, businessmen and homeowners have donated countless hours to this worthwhile project to keep handguns out of criminals' hands and to make the community of Broward County a safer place to live. I am very proud of these people, some of whom are my close friends and neighbors. All Broward County owes them a debt of gratitude for their hard work and devotion to a just cause.

I would like to include in the RECORD for the reference of my colleagues The Wall Street Journal article on this endeavor.

VOTERS IN SOUTH FLORIDA HAND A RARE DEFEAT TO GUN LOBBY

(By Eugene Carlson)

Can the gun lobby be beaten? On Super Tuesday two weeks ago, while Democratic presidential contenders were hogging the headlines, citizens of Fort Lauderdale, Fla., and surrounding Broward County were voting for handgun control and handing a rare defeat to the National Rifle Association.

Some 63 percent of Broward County voters said "yes" on March 13 to a proposed ordinance that requires handgun buyers to undergo a criminal-history check before receiving their weapons. The waiting period is to be no more than 10 days. Sixteen states have similar waiting periods, most less than 10 days. In the future, Broward County handgun sellers will also need a local business license.

The NRA lobbied hard to defeat the Florida measure, outspending gun-control supporters four to one, according to campaign spending records. Twice before, in Massachusetts in 1976 and in California in 1982, the NRA helped defeat statewide gun-control measures. This time, fighting against a less-stringent county ordinance, the NRA lost.

The Broward County vote should be seen in the context of south Florida, where guns change hands like nowhere else in the U.S. Smuggling of handguns to Latin America is big business. The drug trade and crime in general have spurred widespread purchases of firearms by criminals and law-abiding citizens, aided by lax firearms laws.

In 1973, Dade County, which includes Miami, passed a law requiring a 72-hour cooling-off period for handgun sales. Quickly, neighboring Broward County became a hot handgun market. These days, Miami residents can drive 20 minutes north on Route 441 to Broward County and buy a revolver for cash simply by filling out a federal form. No waiting required.

How did Broward's gun-control forces succeed? Tactic one, says campaign coordinator Karen Margulies, was deflecting the NRA's attempt to turn the referendum into a liberal vs. conservative test. Supporters put together a broad, bipartisan coalition that included the president of the county police chiefs association and the county sheriff. "It's extremely important to bring law enforcement in," Mrs. Margulies says.

Mrs. Margulies says she isn't personally against handguns. "If a law-abiding citizen wants to purchase one, that's fine with me." The gun-control leader describes herself as a registered Republican, opposed to the Equal Rights Amendment and "very proud to be Mrs. Stanley Margulies."

Tactic two was drafting a referendum that was "sensible, doable and not complicated," Mrs. Margulies adds. Complexity and hardline attitudes helped kill the two previous gun-control ballot measures. California's Proposition 15 would have frozen the number of handguns in the state at 1983 levels. The proposed law covered 20 pages and confused nearly everyone. In Massachusetts, the vote was on whether to outlaw private possesson of handguns. Both measures were soundly defeated.

NRA spokesman Andrew Kendzie says opponents of the Broward ordinance were handicapped from the start. The county commissioners approved the referendum in January and placed it before the voters just two months later in what was essentially a one-party election, the democratic presidential primary. Had it gone on the general-election ballot in November, the results might have been different, he says.

"We're disappointed with the outcome," Mr. Kendzie says from NRA headquarters in Washington. "We didn't have time to marshal a campaign like we did in California in 1982."●

GOING BEYOND JUSTIFIABLE LIMITS IN NICARAGUA

HON. STEVE GUNDERSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. GUNDERSON. Mr. Speaker, one unwise operation in our Central American policy has moved the United States beyond acceptable and justifiable limits in the use of covert intelligence in our foreign policy. While covert intelligence and assistance is a necessary and important function of our policy, the mining of Nicaraguan harbors lacks clear justification and credibility in the framework of American policy toward that region.

Unquestionably, this Sandinista-led nation has become a troublesome and destabilizing force in Central America. I doubt if anyone would now argue the existence of illegal arms shipments and the Nicaraguan role in sowing instability in other nations such as El Salvador. The actions of that Government in its own territory—the recent stepped-up censorship for example—provide stark examples of the undemocratic nature of its governmental system and its disposition to entice revolt.

And yet, we must never forsake the principles of freedom and democracy upon which our Nation's foundation rest. The Reagan administration has correctly identified the pursuit of these objectives for the Central American nations themselves as a major tenet of our foreign policy in that region. But the question remains whether—in order to achieve that goal—it is proper and lawful to bend the principles which we embrace and desire others to share. Simply because other nations, such as Nicaragua, have taken steps to directly participate in the overthrow of other sovereign nations the United States is not justified in resorting to similar activities. The mining of the Nicaraguan harbors falls firmly into that category.

While some might find the infusion of this country's basic principles into foreign policy simplistic and unmanageable, one only needs to examine the rumblings of world opinion to recognize the impropriety of our latest action in support of the Nicaraguan Contras. The reaction of our close allies, Britain and France, is a case in point. We simply cannot expect to gain respect in the world of diplomacy when we speak proudly of the American system, yet we attempt to assist others to attain it through means which are a violation of the principles of that very system.

This is not to say that convert intelligence is not a necessary and proper function of American foreign policy. Unquestionably, we must have this capability. In the Nicaraguan case, we are dealing with arms shipments which are clearly illegal and in themselves covert. The American covert response prior to the mining, short of attempting to overthrow the Sandinista government, has been warranted. This effort is similar to our own local police units going undercover to halt illegal drug dealings or to undermine organized crime.

Once again, however, mining of harbors goes beyond proper and necessary covert intelligence, even if it might allow us to attain our goals more easily. The contrast between our declarations on events and policy around the world and this action are blindingly bright.

While covert intelligence may necessitate some bending of international law, we have now chosen to violate the territorial waters of another sovereign nation. The mines have been placed within the internationally recognized 200 mile territorial limit. We take this action despite our deep expressions of outrage and those of our allies whenever another Soviet submarine is found hiding in Scandanavian waters. Of course, the Soviet activity is illegal and unacceptable; but by what ground do we find justification for condemning their actions while supporting similar, although not identical, incursions in Nicaragua.

The ramifications of this activity on Nicaragua are vividly evident. Mining of harbors may be successful in preventing shipments of arms both to and from Nicaragua. But the ships which have been damaged by the mines to this point have been foreign commercial cargo vessels from seven different nations.

Certainly, the United States is not responsible for the economic vitality of Nicaragua. But the harbor mining policy will do much more than simply prevent arms shipments; it is direct interference in the economic infrastructure of another country. Overt economic sanctions against an unfriendly nation are a normal function of foreign policy. But our recent harbor mining activity, when contrasted with both our own statements about and opposition to the subversive policies of the leftist rebels in El Salvador, appears paradoxical. The foundation of the leftists' guerilla warfare has been the destruction of the infrastructure of the Salvadoran economy. Every time a new bridge or road is built, they take obvious steps to destroy it.

Unfortunately, it is likely that American policy toward Central America will suffer greatly because of this one small indiscretion. Nicaraguan indignation over our actions is at least paradoxical and at best laughable. For their own indiscretions exceed ours infinitely throughout Central America. Let us not allow the Sandinistas to don the white cap. We have laudable objectives in Central America which coincide with the principles which we hold dear. We must honor those principles as we assist others to attain them. Let us not lower ourselves to the activities others have undertaken and which we condemn.

What the harbor mining effort has done is bring into question our goals and policy objectives in the region; objectives, frankly, which I find are just. Our earlier efforts to use covert assistance to overthrow the Sandinistas and now this mining undertaking have more seriously undermined our objectives by drawing significant question of our methods. We must now rebuild faith in our objectives and policy through methods which are themselves just.●

NORTHWEST OHIO RESIDENTS PAY HIGHEST GAS AND ELECTRIC RATES IN STATE

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Ms. KAPTUR. Mr. Speaker, my constituents in northwest Ohio are paying higher utility bills than consumers in any other major city in the State. In an effort to understand the reason for this apparently inequitable pricing scheme, I have written a letter to the chairman of the board of directors of the utility company which services the area

The letter follows:

Congress of the United States,
House of Representatives,
Washington, D.C., April 12, 1984.

Mr. Marvin White,
Chairman of the Board of Directors, Columbia Gas of Ohio, Inc., Columbus, Ohio

Dear Mr. Marvin White: Many of my constituents have contacted me regarding rates set by Columbia Gas of Ohio. I have been told that Columbia Gas customers pay the highest gas rates in Ohio, and more specifically, that Toledo residential utility consumers are paying the highest bills among consumers in Ohio's eight major cities.

In an effort to better understand why gas prices continue to escalate in my district, I would be grateful for information that addresses the following questions.

(1) I have been told that Columbia Gas is Ohio's only major utility that negotiates its rates on the municipal level. If that is so, why doesn't Columbia Gas establish one uniform rate for its entire service territory?

(2) It is my understanding that Columbia does not supply complete Cost of Service data and workpapers (i.e., supporting sales and labor expenses) to all municipalities establishing their base rates under the Home Rule provision of the Ohio constitution, at the time rate proposals are presented. Is this accurate?

(3) I also understand that Columbia sometimes makes rate proposals to municipalities that are only acceptable to Columbia for one day. For instance, City Councils are told that if they do not pass a rate proposal on the date it is presented it will no longer be acceptable, and the next proposal will be for a higher rate. Does Columbia provide municipalities with ample time to analyze the lower rate proposal?

(4) In Columbia's rate case filings 83-1519-GA-AIR and 84-67-GA-AIR, I have read that Columbia states that ". . . if (a) municipality prefers to be included in the . . . Region for ratemaking purposes, it may do so by not renewing its ordinance contract with Columbia Gas of Ohio, in which event the . . . Region rate will be automatically charged for service in that municipality." What statutory and/or constitutional provisions does Columbia Gas rely on to "automatically" impose a rate increase without the benefit of a municipal ordinance or a Public Utilities Commission of Ohio (PUCO) rate case involving the cost of service in a given municipality.

I am greatly concerned about the rising natural gas prices in my district. These increases pose an extreme hardship on many of my constituents. Your assistance in responding to these questions and in providing me with any other relevant information would be greatly appreciated. I would also like to know your suggestion as to what specifically can be done to lower natural gas prices.

Thank you for your consideration.

Sincerely,

Marcy Kaptur,
Member of Congress.●

WHERE'S THE BELT?

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. DINGELL. Mr. Speaker, every 6 seconds, on average, someone in the United States is injured in a motor vehicle collision. Almost 150 die each day from such collisions.

Road related trauma is among the five leading causes of death, and overall, is the fourth greatest public health problem in the country. Of the leading causes of death, road related trauma is second only to cancer in the economic burden it places upon society. Each year, tens of billions of dollars are spent on health care, disability payments, insurance costs, and lost productivity. The cost in human agony and suffering is even greater.

The most tragic fact, however, is that many of these deaths and injuries occur needlessly. The National Highway Traffic Safety Administration estimates at least 12,000 lives could be saved, and a much larger number of injuries could be avoided or reduced, if 80 percent of all motor vehicle passengers used existing safety belt systems. Unfortunately, less than 20 percent do.

For this reason, on October 20, I introduced H.R. 4175, the "Motor Vehicle Passenger Safety Act." The legislation is intended to provide for greater public use of safety belts by creating a Federal program to encourage safety belt use and offering financial incentives to States to enact safety belt use laws. The bill takes three major approaches to achieve these goals:

1. EDUCATION

H.R. 4175 directs the Department of Transportation (DOT) to develop and implement a broad program to promote the use of safety belts, to educate the public about the preventive health aspects of safety belt use, and to inform employers of the economic incentives available to them from belt use by employees. The program would not cost taxpayers a dime, except, of course, DOT's administrative costs. The program would be a free public service effort which would draw upon the conscience and goodwill of industry, public interest groups, associations, and labor groups.

2. THE FEDERAL GOVERNMENT

H.R. 4175 directs the President to issue rules requiring the use of safety belt systems by the occupants of any Federal motor vehicle, and the occupants of all motor vehicles operating on streets or roads or highways in national conservation areas (i.e., parks, refuges, forests) which are administered by the Federal Government.

3. STATE PROGRAMS

H.R. 4175 provides a grant program for States to promote increased use of safety belts and to develop laws and regulations requiring the use of safety belts. The bill authorizes $15 million for fiscal year 1985, $30 million for each of the fiscal years 1986 through 1990, and $20 million for each of the fiscal years 1991 through 1996. The funds would be allocated to the States by a formula which insures that all States would get a substantial share.

The bill does not mandate a safety belt use law. Instead, it provides for a reduction in grants of 25 percent in fiscal year 1987 and 50 percent in fiscal year 1988 if a State chooses not to enact such a law. Each fiscal year thereafter, grants will be made only to those States which have enacted and are implementing safety belt use laws.

The bill makes clear the States, not the DOT, shall develop safety belt laws to meet their needs, consistent with the bill's purpose. There must be some means of enforcement, however, including reasonable fines for violations and a mitigation of fines in the discretion of State and local courts for traffic accident violations where safety belts were not in use.

One of the conditions for State grants is that appropriate State agencies would be required to work with appropriate insurance firms to develop a program providing for a meaningful reduction in rates for insureds who commit themselves to using safety belt systems. Several insurance firms have already offered to support such programs.

H.R. 4175 is based upon precedent. In 1973, Congress provided financial incentives for States to enact safety belt use laws. Before funding was eliminated the following year, 32 State legislatures introduced and considered safety belt use laws. In several cases, the laws passed one house of the legislature. Although no laws were enacted, 41 States and the District of Columbia have since recognized that passenger restraints can save lives and reduce injuries. These States have passed child restraint laws.

The effectiveness of safety belt use laws has been demonstrated in other countries. There are 31 countries and 6 provinces of Canada which have enacted such laws in the past 13 years. Without exception, these measures have greatly increased safety belt use and significantly reduced highway injuries and deaths. For example, Great Britain's safety belt use law has increased use to 95 percent and resulted in a 25-percent reduction in deaths and serious injuries.

Taking into account the costs and benefits, sensible safety belt use laws backed by effective educational and enforcement programs will reduce the toll of road related trauma through the universal use of effective, proven, presently available safety belts, without any additional cost to the consumer. I urge my colleagues to cosponsor H.R 4175. In my judgment, it is a matter of life and death.●

EXHIBIT OF PHOTOS BY FARAG PARI, ISRAELI PHOTOGRAPHER

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. HARKIN. Mr. Speaker, I am currently cosponsoring a major photographic exhibition dealing with the beauty, splendor, and religious significance of Jerusalem. The photographs are the work of the leading Israeli photographer Farag Pari. The photographs will be on display in the Russell Senate Office Building from April 9 thru April 13 and in the Cannon House Office Building from April 16 thru April 20. I recommend all of my colleagues, their staff, and others view these photos. I encourage everyone to look at these photos, to learn and to reflect.

Farag Pari is a success story who typifies the spirit of Israel. He was born in Iraq and trained by the royal photographer at the Iraqi Court. During the 1954 revolution, he was forced to flee. He arrived in Israel penniless. He came with his large family of nine brothers and sisters. They were forced to live in temporary shacks set up to house the wave of immigrants coming to seek freedom in Israel.

Farag opened a small photo studio and with hard work has developed this studio into one of the largest in Israel. It is the type of story which we usually refer to as "only in America," but it is obvious that this could also occur "only in Israel."

The photos show that Jerusalem is holy to three major religions—Christianity, Islam, and Judaism. Through his work, Farag Pari has attempted to capture the intensity that marks the feelings of each of these religions for Jerusalem.

I commend those who look at these photos to focus especially upon the pictures of Moslems praying in the Mosque, Christians at the church of the Holy Sepulchre, and Jews at the Western Wall.

The opening ceremony for this photo exhibition coincided with the Annual Policy Conference of the American Public Israel Affairs Committee (AIPAC). The speaker at this breakfast was M. J. Rosenberg, editor of the Near East Report. His words are as moving and important as the photos of Farag Pari. In his statement, he captured the essence of why Jerusalem is important to Israel.

While it would be wonderful to reprint the photographs in the CONGRESSIONAL RECORD, this is obviously impossible. However, I place in the RECORD M. J. Rosenberg's wonderful speech that expresses so beautifully the importance of Jerusalem and Israel.

ISRAEL—THE MIRACLE LIVES

(By M. J. Rosenberg, Editor, Near East Report)

I am pleased to introduce Farag Pari who is the photographer responsible for the beautiful photographs of Jerusalem which are all around us. Pari's photographs catch the uniqueness of the city and go a long way toward explaining why we have such deep feelings about the Golden City.

As you know, Jerusalem is now embroiled in politics. Senator Pat Moynihan of New York, and Congressmen Tom Lantos and Ben Gilman have introduced legislation which would move the United States embassy in Israel from Tel Aviv to Jerusalem.

That legislation is important. Not just because it matters where the U.S. embassy is—after all, if we don't locate our embassy there then who will?—but also because of its implications. It seems hard to believe, but it is a fact, that the United States government does not recognize Jerusalem as a part of, let alone the capitol of, Israel.

The U.S. policy is this: Jerusalem is one city and can never be redivided. At the same time, the U.S. policy is that Jerusalem is occupied territory and that UN Res. 242 and 338 applies to it. In short, Jerusalem is one of the areas—along with the West Bank, Gaza, and the Golan, from which Israel's forces will have to withdraw in the context of a peace treaty. Adding those two policies together: Jerusalem will not be divided and Israel must be prepared to withdraw from it, we come up with a policy which says, at bottom, that all of Jerusalem is negotiable. The Old City and the New. East and West.

That is why the Moynihan-Gilman-Lantos legislation is so important. It would force the Administration to realize, once and for all, that Jerusalem is not negotiable. That under no circumstances will Israel relinquish the city that has been its capitol for 4,000 years.

One of the important aspects of Farag Pari's photographs is that they demonstrate the beauty of Jerusalem today. It is worth noting that none of the opponents of an Israeli Jerusalem, none of the opponents of the Moynihan bill, are able to criticize Israel's administration of the city. Virtually every other thing Israel has ever done has been attacked and criticized but not Teddy Kollek's administration of the city. The fact is that Jerusalem has never been more beautiful. Nor has it ever been more open and accessible to all religions and nationalities. Jerusalem will always be Israel's capitol. Even if the American embassy remains in Tel Aviv til the end of time, that fact will not change. Passing the Moynihan bill simply recognizes that reality and it gives Israel credit for turning Jerusalem into a great city.

But Jerusalem is not the only issue you will deal with during this conference. From election year politics to the Congressional program, from strategic cooperation to free trade, the issues you will confront are many and they are complex.

It is not easy being a supporter of Israel today. Every day CBS and the New York Times tells us what we have to worry about that day. Syria's build-up, Lebanon's disintegration, the Iran-Iraq war. We must deal with all of them because they all affect Israel and its survival.

Still, we must not confuse the Middle East and the Arab-Israel conflict with Israel itself. We are not here out of dedication to politics or military strategy. We engage in politics and discuss strategy only because we have to, because Israel's lifeline is at stake. But beyond the politics and the day's headlines is Israel itself—not a problem but a place. Not a conflict but a solution.

It is essential that we always keep in mind what this struggle is all about. Often I hear people complain that their children are not as involved with Israel as they should be—or as their parents would like. They would rather vacation elsewhere. And as for politics, they prefer to dwell on other issues, other concerns.

In many cases, this disinterest in Israel is completely understandable. After all, if our only involvement with Israel is to worry about it. If our children only hear us sigh over Israel's latest crisis, then I think it is no wonder that they will choose other involvements. Why should anyone devote their precious time to a place that produces nothing but anguish. But unfortunately, that is the way we have come to present Israel. Our Hebrew schools offer courses on "The Holocaust and the Birth of Israel." As adults, we listen to speaker after speaker telling us that these are the worst of times, that Israel is, once again, on the brink. Surrounded by implacable enemies whose goal is Israel's destruction. Is it any wonder that so many of our kids—and others—run the other way.

I am not saying that we should avoid confronting the reality of Israel's situation. After all, we have no choice but to fight for support for Israel as long as that nation is surrounded by neighbors whose goal is to destroy her. But I believe that there is more to Israel's reality than that—more than politics, more than foreign policy, more than economic needs, more than just threats. Beyond all that is Israel's true reality which is—as strange as this sounds—a dream. To lose that dream—to focus only on politics and the geo-political situation—is not just to lose the dream, it is to lose Israel.

This year, 1984, is not just an election year and it is not just Orwell's year of Big Brother, it is also the 80th anniversary of Theodor Herzl's death. He died in 1904, at 44. Now as everyone knows, Theodor Herzl is Israel's founding father, its George Washington. But Herzl was not a warrior. He was not a political theoretician. He wasn't even a revolutionary. No. Herzl was a dreamer.

Think of it. In 1897, he was a 37 year old Jew. An unimportant and inactive Jew. Shocked by the Dreyfus trial and the growing wave of European anti-Semitism, Herzl came up with his solution. He wrote a book "Judenstaat," in which he called on Jews to prepare to relocate in Palestine, at that time a desert wasteland. Herzl's book was viewed as the act of a madman. In western Europe, Jews condemned Herzl as a charlatan—and one who would jeopardize the Jewish position in their various homelands. But Herzl persevered.

He followed up his book with an assembly: the First Zionist Congress which he convened in Basle, Switzerland. Somehow Herzl managed to attract 204 Jews from 15 countries—204 Jews willing to accept the leadership of this self-proclaimed liberator. Herzl told his delegates that they would have to dress the part. The Jews may be nationless, but they must dress as if they were already members of some national legislature. They dressed in frock coats and white ties. Herzl had designed a Zionist flag which hung over the entrance of the building and behind the speaker's lectern. Herzl gave the opening address: "We are here to lay the foundation stone of the house which is to shelter the Jewish nation."

Herzl's words were carried in newspapers throughout the world. There was much ridicule of this king of the Jews, but there was respect too. The convention ended with the singing of Hatikvah. Herzl then was carried through the hall on the shoulders of the delegates. He returned to his hotel room wrote in his diary: "If I were to sum up the Congress in a word—which I shall take care not to publish—it would be this: At Basle I founded the Jewish State. If I said this out loud today I would be greeted by universal laughter. In five years perhaps, and certainly in 50 years, everyone will perceive it." He wrote those words in 1897. Fifty years later was 1947, the year the U.N. voted to establish a Jewish state in Palestine.

Of course, Herzl didn't live to see his dream become reality. He had only seven years left to him after that first Zionist Congress. He used them to establish himself as the first Jewish statesman in 1900 years. As leader of the Jews, he negotiated with the Pope, with the leaders of Great Britain, Italy, Germany, Russia, and Turkey. His goal was a charter: recognition from some nation that the Jews were entitled to go home to Eretz Yisrael. Single-handedly, he revolutionized the Jewish condition. Before Herzl, it was inconceivable that anyone would be recognized by the nations as a spokesman for the Jews. After Herzl, it was understood that the Jews—like every other people—had rights within the councils of nations, that they had the right to representation. That they were a people.

Herzl made one visit to the land of his dreams before he died. He wrote in his diary: "When I remember thee in days to come, O Jerusalem, it will not be with delight. The musty deposits of 2000 years of inhumanity, intolerance, and foulness lie in your reeking alleys." But despite the reality before him, he wrote: "If Jerusalem is ever ours, and if I were still able to do anything about it, I would begin by cleaning it up. I would clear out everything that is not sacred . . . empty and tear down the filthy ratholes, burn all the non-sacred ruins, and put the bazaars elsewhere. Then, retaining as much of the old architectural style as possible, I would build an airy, comfortable, properly sewered brand new city, built around the holy places."

Herzl's imagination allowed him to make the leap from the reality of Jerusalem to the Jerusalem—and the Israel—of dreams. He did that in a novel he wrote just before his death. He called it "Altneuland" or "Old-New Land." "Old-New Land" takes place in Israel in 1923 (20 years after the book's publication date). By that time, Herzl envisioned Haifa harbor to be finished, a system of highways and railroads linking the country, a Hebrew University on Mt. Scopus, and a network of cooperative farms. In short, modern Israel.

The frontispiece of Altneuland contains the words: if you will it, this is no fairy tale.

On July 3, 1904 Theodor Herzl died. He died a failure—at least so it seemed. He had not yet achieved his charter, his commitment from a major state to aid in the securing of Eretz Yisrael for the Jews. But that charter did finally come 13 years later in the form of the Balfour Declaration. Herzl was buried in Vienna, near his parents and other members of his family. However, in Herzl's will, he asked that his body "remains there until the Jewish people will carry my remains to Palestine." On August 16, 1949, Herzl's coffin was flown to Israel and on the next day, he was given a state funeral and then he was buried on a ridge facing Jerusalem from the west. That ridge is now known as Mt. Herzl.

So when you look at Faraj Pari's photos, it is important to understand that what you are looking at is miraculous and totally improbable—Jews living in Jerusalem in the State of Israel. In fact, it is even more of a miracle than Herzl envisaged. Even that prophet never imagined that ancient Hebrew would be reborn and turned into a working modern language. He didn't envision an Israel Defense Force that would be one of the most powerful and effective military forces in the world. (He, optimistically, believed that a neutral Jewish state would not need an army.)

Another thing he did not envision was that Israel would become one of the most important players on the world stage. Every day Israel is on page one. Its politics are followed throughout the world. And of course, along with the intensive coverage of the Jewish state is the negative coverage. The media seems to go out of its way to deride Israel, to condemn its leaders, to suggest that the state that was established as a light unto the nations has turned out to be just another imperfect political system.

Well, I'm sorry but I have to confess that I don't get particularly worked up over the media's coverage of Israel. Forty years ago, there was no Israel and there was no negative coverage of the Jews either. Day after day, Jews were being slaughtered by the thousands and the tens of thousands and there were no headlines, no columns, no real attention. In 1944, no one had to be concerned with the media's coverage of Jews because there was no coverage. Mass murder, yes. News about it, no.

Today, the dream is reality. Israel exists. Israel is a powerful nation. With that power comes criticism—fair and unfair. With that power comes respect and even fear.

We don't have to like the unfair attention Israel receives. We are well within our rights when we try to turn the situation around: when we try to influence and educate. But we must maintain our perspective. We are the privileged generation. Unlike Herzl and the visionaries and dreamers of his day, we live in the era of Israel reborn. The miracle, for us, is tangible. For $700 and in 10 hours we can go to the Jerusalem Herzl dreamed about. We can make the Old New Land our second home. We can fight for its continued existence, for its continued friendship with our own country.

We are privileged because we live in the era of Jewish statehood. If the price of that state is media criticism. If its the occasional brickbats tossed at us by journalists and pundits. If it is the unfairness of a State Department policy that denies the Jewish right to Jerusalem. All those, we can struggle against but we can live with. We are paying the price of power and—never forget it—it is a much smaller price than the one we paid for powerlessness. So, just for a minute, before we go out and do the job that has to be done, let's just think about the miracle that has been accomplished in these last 80 years. And let's be grateful—for living at a time when Israel lives, when Jerusalem is united, when the dreams of the prophets have come true.●

OLDER AMERICANS MONTH

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. LAFALCE. Mr. Speaker, Cicero wrote:

> The fact is that old age is respectable just as long as it asserts itself, maintains its proper rights, and is not enslaved to any one.

This May, we will recognize the need for our senior citizens to assert themselves, the need for all of us to maintain seniors' proper rights, and our joint responsibility to insure that seniors are free to continue to lead rewarding secure lives. May is "Older Americans Month," as it has been since 1963 when President Kennedy first established this month long celebration of the wisdom and compassion of our senior citizens.

The numbers of those who are deserving of a respectable old age have grown tremendously. Their share of the total population is also increasing. From 1900 to the present, the total population has increased fourfold, but our seniors have increased tenfold. In fact, in 1980, for the first time in our Nation's history, the total number of Americans over age 60 surpassed the total number of children under the age of 10 and youths from ages 11 to 19. The 26 million elderly who presently constitute 10.7 percent of the population will account for over 12 percent by the turn of the century, and 18 percent by 2035. Moreover, life expectancy at age 65 has increased from 11.9 years to 16.7 years over the last three-quarters of a century. Every indication suggests that these trends will accelerate.

This burgeoning number of seniors has been called the graying of America and has had a significant impact on our Nation. Increasing public awareness of these demographic trends has reinforced support for those successful Government and private programs that improve the status of the elderly. Improvement in the status of the elderly has been partially the result of numerous Federal programs established on their behalf. The existence of income support programs, retirement programs, the Older Americans Act, and health care and social service programs constitute the framework for an effective aging service network.

Underlying the creation of these programs is the growing realization that the later years can be the most productive and rewarding times in an individual's life. One can recall that at the age of 90, Oliver Wendell Holmes was a Presidential adviser. Some of our most popular stage and screen stars, such as Lena Horne, Katharine Hepburn, and Bob Hope, are senior citizens. Included on our list of seniors making a major contribution after the age of 65 are Noah Webster, who wrote his dictionary at age 70, "Grandma" Moses, an American artist, and Benjamin Franklin, who at the age of 81 joined in the authorship of our Constitution.

We also note the contributions of all our senior friends and neighbors, not just the well known. Senior citizens from all walks of life make valuable contributions to such important programs as ACTION, VISTA, retired senior volunteers (RSVP) and the Foster Grandparent program. Senior volunteers serve the Veterans' Administration, the American Red Cross, and in our hospitals.

Seniors, whether they volunteer their services, work in the paid labor force, or participate in activities, are very involved in their communities. Those all too familiar stereotypes of old age—a lonely old woman in a rocking chair, an old man feeding pigeons in the park, a nursing home resident in a wheelchair, staring at the wall—are, indeed, inaccurate images.

I have cosponsored the resolution to designate May as "Older Americans Month" so that seniors and the community at large will reflect upon our commitment to the elderly and our seniors' commitment to us. During May we will reaffirm our commitment to be certain that loneliness, isolation, poor health, poverty, and feelings of worthlessness, are old stereotypes without a basis in reality.

Longer life can mean happiness and fulfillment. It must be respectable. Those respectable seniors contribute significantly to the quality of life of our entire society. Let us be certain that society honors its responsibility to our seniors.●

REMARKS OF GUS TYLER

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. OWENS. Mr. Speaker, over the past 3 years, the administration has advocated a laissez-faire approach regarding the growth of imports in our domestic marketplace. As is the case with so many of their economic policies, the results have been a disaster for the American worker.

At a recent labor roundtable, Mr. Gus Tyler, vice president of the International Ladies Garment Workers Union, pointedly addressed the Federal Government's responsibility to American industries, and to employed, underemployed, and jobless Americans. We have heard enough rhetoric from the administration about building a stronger America. If anything has made America strong, it is American jobs and American workers, and Mr. Tyler's remarks point the way back to meaningful action on their behalf.

REMARKS OF GUS TYLER

Our so-called recovery is only a relative recovery not an absolute one. While we are pleased that our official jobless rate is 7.7 instead of 10, our present rate is intolerably high. If domestic demand were greater, the jobless rate would be lower and manufacture—together with all other sectors of the economy—would show improvement.

Much of the present "recovery" is due to what were once called Keynesian measures, such as loosening the money supply, cutting taxes, and deficit financing by the government. But, in the past, such stimulants had a multiplier effect: a worker who earned more on a defense job would buy American-made products to put other workers to work. But today, much of the deficit our government may incur to stimulate the economy is money poured into a leaky bucket as consumers use an ever greater share of their dollar to buy things made abroad.

Macro-economic measures are not enough. Micro-measures, involving the regulation of trade (imports and exports) are needed to plug some of the holes in the leaky bucket.

Consider another case where macro is inadequate without micro: the Tax Act of 1981. The idea was to make huge sums of capital available to what were once called the capitalist so that they might "invest" that capital in productive enterprises to make goods and provide jobs. The idea was good but the end result was not so good. These capitalists preferred, for a variety of reasons, including the ridiculously low tax on capital gains, to "speculate" with this money instead of "investing" it. Hundreds of billions of dollars have gone toward buying and selling pieces of paper, a sort of endless crap game, while major industries in the United States in critical need of capital infusion for modernization languish. Another case of the old leaky bucket syndrome.

The point is that macro-economic measures such as boosting buying power and making adequate capital available are necessary but not sufficient measures to restore our manufacturing strength.

Turning to the vital micro-economic considerations allow me to begin with my own industry—apparel. I do so not because it is my home turf but because it is the largest factory employer in America as part of the textile-apparel complex with about one production job out of every eight in manufacture. It is also an imperilled species.

At present one out of every two pieces of women's apparel is an import; not so long ago, it was one out of twenty five. We are now at the tipping point. Once the American market is literally dominated by imports, they set the price and they can—indeed, they will, unless curbed—wipe out some two million jobs.

Why has this happened? It is not due to any backwardness on our part. American producers of apparel are up to date. Indeed, they set the pattern for production methods, designing, sizing, merchandising, packaging. America is losing out because it is impossible for American workers to compete with workers in Hong Kong who earn a bit above a dollar an hour and with workers in China who earn 16 cents an hour. American producers and American retailers prefer to have their stitching done overseas by workers who will do the sewing for pennies so that these American companies can multiply their mark-ups when they sell to the consumer.

We have been aware of this problem for many years—actually a couple of decades. When we were first hit by Japanese imports, we had three ways to go. We could have done nothing, in which event hundreds of thousands of American workers would be jobless—most of them coming from marginal populations, from ethnic minorities, predominantly female supporters of households. We could have proposed that we act unilaterally to shut out imports. We could have chosen to negotiate with other countries—to bargain collectively, so to speak—to arrive at quotas that would allow other nations to enter our markets while we continued to maintain needed levels of employment in our country.

We opted for the last: to live and let live. We have worked out "arrangements" under a Multifiber Multinational Arrangement with many countries. The quotas have served their purpose in part: they have made it possible for our industry to stay alive. But the quotas have been much too mushy so that today we are, indeed, an imperilled species.

So in this industry we are urging a rollback that would open our doors in imports for a fair share of the market—25 percent of the items in our stores.

Our plight in our industry led us to the discovery of the plight of others in other industries. When we first encountered the import threat, we were advised not to worry: our garment workers would find jobs in other similar, labor-intensive trades such as boots, shoes, plastics, dolls, toys, novelties, rubberwear, cameras, bicycles. All our workers had to suffer would be the annoyances of transfer from one job to another.

Quickly we discovered that all these other labor intensive industries were infected by the same viruses as we were: they were all heavily import penetrated.

Then we were advised that those who would ordinarily have found employment in our industry would find jobs in electronic assembly, putting together radio sets. But, we quickly discovered that that industry was going overseas. So we were directed to black and white TV—with the same script repeated. But, we were told, we would find a saviour in color TV—an American monopoly. But soon that whole industry went overseas—as American companies arranged to have their work done in other lands. Our plight was the fate of some 8-9 million employees in labor intensive manufacture.

Now we were advised that our hope would be capital-intensive manufacture, like steel, motorcycles, autos, farm machinery. But, as we turned our attention to them, we found that they too held out little hope for us. They, too, were in trouble. But not for the same reason as we were.

While there are undoubtedly differentials in the wages between American steel and auto workers and those in other lands, the predicament of these capital-intensive industries does not arise primarily from the wage differential as it does in our industry. These industries are called capital intensive because when they calculate their unit costs, the big ticket is for capital not for labor. So why did they not expand their production—and employment—in America as expected?

Ironically, one early reason was that Europe and Japan and even a country like Brazil practiced protectionism. They erected tariff and non-tariff barriers. The proper response on our part, according to the textbooks, would have been "retaliation," closing our doors to them. We did nothing of the kind: our companies merely moved their production facilities into these countries to operate within their "protected" turf. Our corporations rewarded them for their protectionist policies by locating American capital, American technology and American know-how behind their protected walls.

Our government policies further rewarded such perverse behavior. Profits realized overseas would not be taxed by Uncle Sam unless and until they were repatriated. Taxes paid overseas would become a tax credit when paying taxes here. Playing a sophisticated tax game, multinationals could—and many did—arrange charges against their subsidiaries in different countries so that they showed no profits in high tax countries and high profits in low tax countries so that they ended up internationally by paying virtually no tax.

Meanwhile, American facilities were neglected. Typical of such neglect is the steel industry. According to some, the Japanese can turn out two tons of steel per worker where we can turn only one: in other words, their productivity is double ours. The reason? Their mills are modern; our mills are obsolete—about fifty years (a half century) behind the times.

What we need is modernization. That requires capital and the will to up-date. U.S. steel assembled a kitty of some $3.6 billion to do precisely that. But when the time came to do it, shareholders opted for a short term return rather than a long term risk. The billions were used to purchase Marathon Oil.

Query: what shall we do if the owners of a crucial American industry—crucial for military as much as for civilian reasons—have lost all interest in modernizing their industry? Indeed, they are more interested in making "money" than in making "steel."

Now we must devise a new response. We may be driven to consider tax policies that severely penalize the allocation of capital for speculative purposes and reward investment for productive purposes.

We may have to go beyond that to devise a nationwide policy—call it "industrial policy" if you wish—that targets some capital for some of our vital industries that have become the forgotten children of their one time progenitors. And, in the transition, we may have to protect the industry against imports especially if they are "dumped" or subsidized.

In auto, the problem again is different. That industry, unlike steel, knows how to produce: it is efficient. But while its methods are not obsolete, its purpose seemed to have been planned obsolescence for the cars it produced. Intentionally or otherwise, the vehicles seemed to be programmed to develop skeletal arthritis in their infancy and to drop dead at an early age.

All that was profitable so long as the nation was affluent enough to buy junk because it glittered with tinsel and could afford to buy giveaway gas. But once the recession came and gas became costly, Americans turned to cars that were made to run and last and to do so with minimal gas. America turned to Japan.

Detroit knows that. It also seems to have settled on a strategy. The American producer will continue to turn out the high profit big car and his partner—some Japanese company located in America—will turn out the small car.

That solution is undoubtedly prudent for the companies. But the auto workers of America still have a problem. What if the parts for these cars are made in Japan, Korea, Taiwan, or Pakistan and the engine is assembled in Mexico and the only work left for American workers for this car that will be tagged as "Made in America" is assembly (less than one fifth of the work on the car)? Quite understandably, the American worker would like a law—needs a law—setting down that a certain percentage of the car shall be "domestic content." After all, just about every other country has it. Why shouldn't we?

To suggest such a step—domestic content—is to incur the wrath of free traders who stigmatize such a move as "protectionist." The same epithet is hurled at those who urge quotas for certain industries. Such critics, when pressed for a solution to the plight of American manufacture, customarily propose that we devalue the dollar, a move usually couched in terms of readjusting the dollar to its real value.

There is no doubt that devaluating our presently "overvalued" dollar would help some industries. It would be meaningless for the apparel industry because a 20 percent adjustment would not close the gap between wages of 16 cents an hour and a legal minimum of $3.65 an hour. But it might well add another $1,500 or $2,000 to the price of a Toyota on the American market.

But let's be clear: such a devaluation of the dollar is a crass, coarse, clumsy, unsophisticated form of "protectionism," if we may invoke that accursed word. When we devaluate the dollar by 20 percent we make it more difficult for Americans who have dollars to buy goods priced in other currencies. In effect, we are raising our tariff barriers by 20 percent. Vice versa, we make it easier for people holding foreign currency to buy our goods: we are tearing down their tariff barriers by 20 percent. Devaluation of the dollar, called by another name, is "protectionism," on a gross non-selective basis.

A non-hypocritical insight into the meaning of devaluation, proper and prudent as it may be, suggests the fundamental duplicity in present thinking and behavior about international trade. We all worship at the altar of free trade—in our public pieties. We meet at the summit, arrive at agreements, issue press releases about our dedication to open markets, and then go home and practice protectionism while reciting the litany of free trade.

We lower tariff barriers and then go home to raise non-tariff barriers.

We come out against subsidies and then go home to: (a) have governments give interest free financing to some of their companies; (b) allow government owned (and other) facilities to sell their products below cost because to do so is cheaper than to carry the jobless; (c) extend interest free or low interest financing to other countries to buy our products; (d) set up dual exchange rates (as in China) to allow twice the amount of currency (Chinese) on a dollar earned through exports. The list is as long as the mind is ingenious.

We agree to quotas and then, nations, having fulfilled their quotas, ship to third-party nations that, in turn, transship the goods, so that some nations actually export more under their "made in" label than they could ever produce, even if they doubled their production facilities.

Finally, nations solemnly swear to abide by the rules and then go home to readjust their currencies to make a mockery of all the agreements.

In the real world—not the fantasy world of theoreticians repeating the fantasies of dead theoreticians about a world now dead for at least two centuries—we are part of an international economy. Whether we like it or not, we are. And in this real world of great power struggles, laissez faire is as undesirable and unworkable and unrespected as it has been in national economies.

In this real world, we must work out arrangements that will allow us to live and allow others to live. We can not do so by saying that the "invisible hand" will do it for us internationally any more than we would ever dare—conservative or liberal—to leave it to the "invisible hand" to do it for us nationally.●

HOUSING INDUSTRY RECOVERS

HON. STEVE BARTLETT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BARTLETT. Mr. Speaker, President Reagan is today visiting Dallas to tour a housing construction site and to join in a roundtable discussion with housing industry representatives.

The housing industry is in the middle of an explosive nationwide recovery, with new starts up almost 60 percent in 1983. And Dallas-Fort Worth led the national recovery with 92,000 new housing starts in its area alone.

We certainly have come a long way in just 4 years. The last half of the Carter-Mondale administration saw housing starts fall by nearly 1 million units. The average monthly mortgage payment more than doubled, and the price on an existing three-bedroom house jumped 55 percent. For many Americans, the dream of owning their own home was crashing head on into double-digit inflation and soaring interest rates.

Now we can look back on 1983 as a year of record growth. New houses are being built and existing ones are more affordable. Economic recovery is not some sort of campaign slogan or promise, it is a reality for 3 million more Americans who can now afford to buy new homes.

In 1979 Alfred Kahn, one of the chief economic advisers to the Carter-Mondale administration, said: "We can not avoid a decline in our standard of living. All we can do is adapt to that." Well, President Reagan rejected the Democrats, gloomy predictions, and brought the message of economic recovery and increasing opportunity. The Republican record has been one of growth, not only for the housing industry, but for all Americans.●

THE BROOKLYN PUBLIC LIBRARY: A TREASURE OF KNOWLEDGE AND COMMUNITY SERVICE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. SOLARZ. Mr. Speaker, since this is National Library Week, I wanted to call to the attention of my colleagues the wonderful public library system serving my community: the Brooklyn Public Library.

Like libraries all over our country it is a resource for students young and old, but also a major recreational facility that gives our citizens access to literature, music, movies, and even theater.

Libraries are changing institutions which strive to help us keep up not only with technological advances, but with the needs of our neighborhoods. Thus the Brooklyn Public Library, with the assistance of some Federal funds under the Library Services and Construction Act operates job information and resume writing assistance at its main branch at Grand Army Plaza.

Literacy programs funded by LSCA are provided at six regional library centers, as well as at the main branch in Brooklyn, where volunteers generously assist others to learn this most important skill. Special "children's places" are operated in dozens of local libraries under a $146,000 LSCA grant where preschool youngsters are introduced to the world of books and reading, and where librarian storytellers hold, even 4-year olds, spellbound for a few wonderful moments. Our "child's places" at the Brooklyn Public Library also provide special services for gifted and talented children, who otherwise might never achieve their full potential.

Our libraries in Brooklyn are used for community meetings and exhibit space for local budding authors and artists. But they also fulfill their traditional role of being a quiet place to study, a place where there is someone, who can help you with that term paper, or with that home repair project, or suggest new hobbies or even how to conquer a foreign language, thanks to the tapes, records, and books that are available.

New York City has come to appreciate just how important our libraries are to the health and well-being of the city. Our local officials have increased funding for libraries to allow them to remain open longer hours, so that more of our citizens could use their facilities. Public spirited New Yorkers have also devoted countless hours as volunteers in our libraries, and as generous fundraisers and contributors who appreciate how important it is to have a good library operating in every one of our communities.

Let me close by saying thank you to all those New Yorkers who help to make the Brooklyn Public Library such a special place. For my part I promise to do all that I can to see that our Federal funding for libraries remains an important item in our Federal budget.●

A CALL TO CONSCIENCE

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. ECKART. Mr. Speaker, as part of the ongoing Call to Conscience Vigil for Soviet Jews, I would like to bring the attention of the House to the shocking decline in emigration of Jews from the Soviet Union and the rising level of anti-Semitism that has been displayed in that nation.

In March, only 51 Soviet Jews were allowed to leave the Soviet Union. Those who remain are subject to harassment for the simple acts of studying Hebrew and gathering with friends and family on religious holidays. Criminal charges and daily, petty harassment of refuseniks has increased dramatically over the past few years. Another disturbing trend is the singling out of certain refuseniks for villification in the government-controlled press. This brings public pressure to bear on these individuals and their families, causing their situation to be particularly difficult.

When the House recesses this week, we will go home to our districts and celebrate the religious holidays with our family and friends. As we exercise this freedom, I hope that we will all thoughtfully reflect on how important this is in our lives.

It is up to each of us as Americans and as public officials to speak out against the Soviets who deny their citizens such fundamental rights as living and worshipping in accordance with their heritage. I urge all Members to take action by adopting a refusenik and by cosponsoring House Resolution 450, which declares congressional support for Solidarity Sunday for Soviet Jewry, our Nation's largest demonstration of support for the rights of Soviet Jews.●

THE SUGAR LOAN PROGRAM

HON. DANIEL K. AKAKA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. AKAKA. Mr. Speaker, in reading the CONGRESSIONAL RECORD of March 22, 1984, I noticed that my esteemed colleague, the gentleman from Massachusetts (Mr. FRANK), inserted an article entitled "Charlestown Subsidizes Oregon." This article appeared in the Boston Globe on March 19, 1984 (page 12). The article charges that the sugar loan program enacted in the 1981 farm bill is responsible for the recently announced closing of the Revere Sugar Co.'s refinery in Charlestown, resulting in a loss of 400 jobs. Moreover, the article suggests that subsidies to sugar farmers in Oregon are responsible for this closing. Although I share the concern of the gentleman from Massachusetts about the loss of jobs in his State, I want him to know that neither the domestic sugar loan program nor the farmers in Oregon are responsible for this job loss.

First, the Boston Globe is wrong on the facts. Sugarcane is not grown in Oregon. Very little sugar beet is grown in that State. Oregon's production represents less than 1 percent of U.S. sugar tonnage. The State of Hawaii, by contrast, produces about 18 percent of our domestic tonnage even with a recent decline in sugarcane acreage.

Domestic producers of beet and cane sugar have experienced troubled times in recent years. Since 1977, 18 sugar beet processing plants and 6 sugarcane refineries have been forced out of business. Closings have taken their toll in Hawaii. In my district, 550 sugar workers will lose their jobs when the Puna Sugar Plantation closes its doors this summer. These closings are occurring despite the inclusion of the sugar loan program in the 1981 farm bill. If the present sugar program were more generous, this economic hardship would not have to occur. However, the present sugar program serves only as a safety net to protect our more efficient producers. It cannot guarantee that any producer will stay in business.

In Hawaii, we grow nearly 200,000 acres of sugarcane. Thirty thousand jobs are dependent upon this sugar production. Contrary to the suggestion in the Boston Globe article, sugar producers cannot substitute other crops for sugarcane. History indicates that when sugarcane acreage is phased out in Hawaii, three-fourths of the sugar acreage that has been removed from production either remains idle or is used only for pasture. Furthermore, some areas are highly dependent upon this production. On the island of Hawaii, for example, over 80 percent of the island's farm acreage is in sugarcane. Without the sugar loan program, many of our workers would be unemployed today. In areas such as the island of Hawaii where the economy is dependent upon sugar production, these workers would simply have no place else to turn for work. Should a widespread decline in the sugar industry occur in Hawaii, the waste of agricultural and human resources would be devastating.

In 1981 and 1982, the Hawaiian sugar industry suffered losses of $90 million. Last year, I am pleased to report, producers in Hawaii made a profit of $29 million, a 2.7-percent return on capital investment. This small profit was due to successful cost reduction efforts and improved prices. Hawaiian producers negotiated a 2-year labor contract with no wage increase the first year and a 3-percent increase in the second year. Many workers continued to be furloughed without pay. Acreage that offered a low return on investment was taken out of production. The industry's refinery, the California and Hawaiian Sugar Co. in California, also achieved savings of $15 million in operating costs. A successful cost-cutting campaign was launched because it was evident that the domestic sugar loan program would not, by itself, insure the survival of the sugar industry in Hawaii.

Although I am not personally familiar with the Charlestown refinery, I understand that it is an inefficient and outdated plant. I also understand that Revere Sugar Co. will add additional capacity to its refinery in Brooklyn so that the refining at Charlestown can be shifted to New York. Somehow, the Boston Globe overlooked this important fact in its recent article.

In short, Mr. Speaker, the domestic sugar loan program should be commended, rather than subjected to inappropriate criticism. It is one of the few commodity programs that is working as Congress intended—and, I emphasize, this has been accomplished without cost to the taxpayers. The program has fulfilled the legislative mandate to protect U.S. sugar producers in times of low world prices such as we are now experiencing—low prices that are the result of the dumping of surplus production onto the world by Common Market and other countries.

I want my good friend from Massachusetts to know that I regret the loss of jobs in Charlestown, even when it is brought about by corporate strategy. I am saddened to hear of the loss of jobs, whether they be leather working jobs in Massachusetts, automotive jobs in Detroit, steel jobs in Pennsylvania, or sugar jobs in Hawaii. Foreign subsidies and dumping on the U.S. market affect many domestic industries, not the least of which is the domestic sugar industry. This is an issue which this Congress should address. Wrongfully blaming our commodity programs for a loss of jobs when the loss is in fact attributable to the corporate strategy of the Revere Sugar Co. merely evades the real issue.●

NATIONAL HISPANIC UNIVERSITY ACT

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. ROYBAL. Mr. Speaker, I am introducing today the National Hispanic University Act. Its purpose is to enable the development of an exemplary institution of higher education in the

State of California dedicated to the following objectives:

First, increasing educational resources aimed at enhancing higher educational opportunities for Hispanic and other language-minority students;

Second, fostering greater participation on the part of that student population in such professional fields as education, engineering, business administration, and health and medicine;

Third, enhancing this Nation's multicultural and multilinguistic resources; and

Fourth, providing for the continued professional development of persons involved in the areas of international commerce and diplomacy.

The bill would direct that annual grants be made to the National Hispanic University for a 5-year period. The greater proportion of the amounts made available would be used to aid students directly. Seventy percent of each year's grant moneys would be allocated to providing scholarships, grants, counseling, and other assistance to students enrolled in the university. The remaining 30 percent would be used to promote the institutional development of the university through faculty development, management, development, and improvement of academic programs, acquisition of equipment, and other related efforts.

There can be little question that Hispanics are grossly underrepresented in every professional field. Statistics tell the story of Hispanics' limited access to higher education. From 1970 to 1980, Hispanic full time undergraduate students increased from only 2.1 to 3.7 percent of total college enrollment. Only 2.5 percent of the total graduate enrollment was Hispanic in 1980, or a little more than 17,000 individuals pursuing graduate and professional degrees. These enrollment figures do not tell the full story. It must also be noted that the attrition rate of Hispanic college students is far higher than that of the general college population, with more than 50 percent of Hispanics failing to graduate, compared to a little more than 30 percent of white college students.

It is my sincere desire and hope that with adequate funding, which this bill would provide, the National Hispanic University would develop its resources to the point where it can make a significant contribution toward providing these deserving students with higher educational opportunities that would otherwise be denied them.●

A TRIBUTE TO ELIZABETH KEHOE

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. RUSSO. Mr. Speaker, Sister Elizabeth Kehoe, member of St. Jude Parish in South Holland, Ill., for 17 years and principal of the school for the past 6, celebrates her 25th anniversary in religious life this month. On April 29, a Mass of Thanksgiving will take place at 1 p.m. in the parish church and a reception will follow immediately in the school gymnasium.

Sister Kehoe's story has been written for this occasion by two of the Sisters of St. Jude and today I would like to pay tribute to Sister Kehoe and share this story with you.

Sister Elizabeth Kehoe was born May 30, 1938 to Charles and Mary Kehoe in Chicago and took her place as youngest in the family following her brothers, Bobbie and John, and her sister, Jean. Chicago was home to the family, with frequent trips to the grandparents and relatives in the country just west of Kankakee. These trips to the farm provided great contrast to the city life of West Pullman and were a source of many happy memories.

School days began in Markham at McClaughery. A short hop across the prairie and the Kehoes were ready for the three R's. The father's occupation and business ventures kept the family mobile and by eighth grade graduation, Sister had attended five grammar schools, both public and private. The family lived alternately between Kankakee and Chicago. High school years were mainly at St. Joseph's in Kankakee where she graduated in 1956. The happy years of high school were augmented by a part-time job at St. Mary's Hospital across the street from the school.

The life of the nurse and the hospital routine did not become an ambition for Sister. Upon graduation she took a secretarial job in downtown Chicago where she worked for a year. Not totally satisfied with the life of the secretary and the glamour of the city, Sister searched for that something more to which she could devote her life. Her contact with her high school teachers, the Sisters of the Congregation de Notre Dame, provided the inspiration she needed to quit her job and to enter the Novitiate of the congregation. She joined the CND Sisters in 1957 at Bourbonnais, Ill. Her religious vows were pronounced in August of 1959. The 2 years of training, though difficult, were years of happiness and life-long friends were made in the days spent in prayer and study.

Upon profession, Sister was sent to teach sixth grade at St. Martin of Tours in Kankakee. Her fondest memories include the Sisters who helped her learn to teach and to live the life of a religious. Amid the times for silence, reading, and prayer, laughter and growth were constant companions.

St. Rose of Lima in Kankaee was Sister's assignment for 5½ years. Here she taught in what was fondly referred to as the "Boys' School," although both boys and girls comprised the classes. School was simpler then, with few frills, but recess was a must and provided time to really know the students. During one particular year, just when the class was becoming very dear, Sister received a change in midstream to Bourbonnais to teach seventh grade. Tears were the order of the day, but obedience was important. The Lord called and she answered.

In 1967, Sister was assigned to St. Jude's in South Holland, which has been home to her ever since. During her years at St. Jude's she has served as sixth grade teacher, assistant principal, and principal. Vatican II accompanied her on her journey and Sister has experienced many changes during her years of service to the people of the South Holland-Dolton community. Changes occurred in the church, in religious life, and in education itself.

Sister says of the changes:

> They brought new life, excitement and a closer feeling to God's people to whom I have devoted my life. It's had moments of challenge and even trepidation, but all in all, the changes brought growth and contributed to a strengthening of the parish community, the CND community and to the educational community.

She says the high point for Sister over the years was the elevation to sainthood of the foundress of her religious community, St. Marguerite Bourgeoys. Marguerite was a woman who believed in the value of service, the importance of education in a faith setting, and working together to achieve maximum potential.

These are the same ideals that have brought Sister Kehoe joy as she reflects over the past 25 years. Her teaching career and her students have delighted her and enriched her life beyond measure. Sister says the next 25 years will begin with a year of prayer and reflection and she gladly welcomes the challenges and blessings yet to come.●

A CRY FOR FREEDOM

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. SOLARZ. Mr. Speaker, I rise today to comment on the sorry state of the Jewish community in the Soviet Union, a community whose bravery and tenacity has astonished the free world, and created a new word in our vocabulary "refusenik."

Why is this small community so severely repressed by the Soviet Government? Because they dare to demand that their government live up to the terms of the Helsinki accords which the U.S.S.R. has signed and because their cries for freedom cannot be suppressed. Despite the terrible power of the Soviet state they continue to press for the right to freely emigrate to join their loved ones in the promised land, Israel. They join together to teach their children Hebrew, and to educate them in the ancient traditions and teachings of our religion. Next Monday when the Passover holiday begins, they will prepare their seders in secret—fearing that the knock on the door will not be a long-awaited guest, but the dreaded secret police coming to raid their homes for evidence of their "treachery"—Bibles, religious pamphlets, religious articles.

Jews who decide to seek permission to emigrate know that they also face the loss of their jobs, their apartments, and even their ration books. Now, to further harass those seeking to leave, visa applications are good for only 6 months, and then the whole torturous application and documentation process must be begun all over. Last year only 1,315 Jews were allowed to leave the Soviet Union to join their families abroad—despite the fact that literally tens of thousands have asked to leave, and hundreds of thousands more clamor for the chance to leave this land of oppression to live freely and openly as Jews in Israel.

Virulent anti-Semitic propaganda circulates widely today in Russia. Long-term refuseniks are increasingly harassed and meted out stiff punishments and sentences for trumped up "crimes against the state." Yet the spirit of the Jewish community remains strong and their commitments to freedom compels them to continue to seek the right to practice their religion to preserve their ancient culture and traditions and to emmigrate to the land of their choosing.

When I was privileged to meet with a number of Soviet refuseniks during a trip to the Soviet Union some time ago, I was continually struck by their appreciation of our efforts here in the United States to make human rights a major emphasis in our foreign policy. "You must continue to speak out" they said, ". . . your Nation is a beacon of hope and encouragement", and Mr. Speaker that is why I rise today to indicate that we here in this magnificent Chamber have not forgotten those prisoners of conscience in the Gulags of the Soviet Union.

The incredible courage of these brave men and women—of Anatoly Shcharansky, of Ida Nudel, or Yosef Begun, to name but a few—must spur us on to do whatever we can to see that their freedom is returned, and that the human rights of all suffering men and women must be one of the highest priorities of any democracy. Particularly one like ours founded on the principals of individual freedom and religious liberty.

I urge my colleagues to join me in increased efforts to raise the issue of freedom of emmigration for Jews in the Soviet Union, as well as those suffering in Syria, Yemen, Iraq, Ethiopia, or refugee camps in Africa. As long as the human rights of any group are proscribed, all of us are diminished, for in the words of the poet: "No man is an island . . . each man's grief is my own."●

NATIONAL DAY OF RECOGNITION OF MAN'S INHUMANITY TO MAN

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. GILMAN. Mr. Speaker, I rise today in strong support of House Joint Resolution 247, designating April 24, 1984, as "National Day of Recognition of Man's Inhumanity to Man" in commemoration of victims of the genocide, especially the 1.5 million Armenian men, women, and children who lost their lives between 1915 and 1923 at the hands of the Turkish Government. I cosponsored this joint resolution in the deepest hope that the continued recognition of this atrocity will serve as a chilling lesson to ourselves and our children of the horrors that can be born of hatred and intolerance.

Conceived by the Turkish Government and implemented during an 8-year period, the Holocaust of the Armenian nation is documented extensively in the archives of the United States, Austria, France, Germany, and Great Britain. Throughout the scores of testimony and manuscripts the facts remain irrefutable: 1.5 Armenians were exterminated and 500,000 survivors were deported, resulting in the elimination of a 2,500-year Armenian presence in its historical homeland.

The involvement of the U.S. Government in efforts to aid the Armenians in their fight for survival continues to serve as a proud if not painful comparison between the two nations. Led by the American Ambassador to Turkey, Henry Morgenthau, the United States was at the forefront of protests by many nations, over Turkey's program of race exterminations. An organization known as Near East Relief, established through congressional charter, contributed approximately $113,000,000 from 1915 to 1930 to aid survivors of the Armenian genocide while 132,000 orphans became foster children of American families. These acts were appropriate and well-rewarded by the knowledge that we were offering some type of comfort to the survivors of the Armenian genocide during their tremendous time of need. I would hold that one more act of aiding these survivors would be a formal affirmation by the U.S. Government of the Armenian genocide. In that spirit I have cosponsored House Joint Resolution 171, affirming that the policy of the United States shall embrace the Armenian genocide of 1915-23 as a historical event.

During this month, Armenians and their friends throughout the world will once again turn their thoughts and prayers toward their 1.5 million fellow countrymen and women who perished in the wake of a campaign of hatred and horror. I urge my colleagues to support House Joint Resolution 247 so that we may afford this event the significance it deserves by designating April 24, 1984 as "National Day of Remembrance of Man's Inhumanity to Man."●

THE FIRST ALL CHILDREN'S THEATER

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WEISS. Mr. Speaker, I would like to call attention to the First All Children's Theater, a marvelous troupe of young people from my district in New York City who will be performing in Washington, D.C., from April 18 through 25. Not only are they the highlighted production in the Kennedy Center's National Children's Arts Festival, but they are the first group of young performers ever to be asked to perform in this annual event.

Audiences will be treated to a widely acclaimed double bill "The Trip" and "Clementina's Cactus." Dance magazine praised "Clementina's Cactus" for its high caliber of dancing and described the troupe as "unequivocably the most professional children's theater in New York, from the lighting to the costumes." The New York Times said "The Trip" "retains a communicative magic for an audience beginning with 2-year-olds and has an even deeper appeal for an older audience."

Under the brilliant guidance of Meridee Stein, founder, producer, and artistic director, the First All Children's Theater has been producing sparkingly original musical theater performed by children for children since 1969. They have performed at the Smithsonian Institute in Washington, D.C., Lincoln Center in New York

City, and spent a month touring China in 1982.

The young performers are drawn from various ethnic, social, and economic backgrounds. They are exceptionally talented and highly professional, yet delightfully fresh and original with an inexhaustible fund of energy.

The First All Children's Theater productions are often moving and always entertaining. I recommend their performances at the Kennedy Center as an evening of theater magic for audiences of all ages from the very youngest upward.●

IN HONOR OF JOHN J. GARTLAND, JR.

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FISH. Mr. Speaker, oftentimes we find an individual in the community who is involved, charitable, and generous. However, it is rare when all of these attributes are combined with true sincerity and selflessness, and a genuine concern for our community. John Gartland, Jr., a very diligent and dedicated attorney with a large family, despite the obvious constraints on his time, gives a part of himself to help others.

Aside from his activities as a trustee of Marist College, he is the president of the McCann Foundation, and co-trustee of the Cunneen-Hackett Foundation both established for the betterment of facilities and institutions in the Hudson Valley. Jack served on the board of trustees of St. Francis Hospital and the Astor Home for Children, giving his time and expertise to the care of the infirmed and homeless.

Jack received the Dutchess County Service Award and the Astor Home Service Award for his generous attention to the betterment of our community and its citizens. The New York Bar Foundation honored him in 1980 with their achievement award for exemplary service.

Jack's work and dedication to the Catholic Church and membership on the board of trustees of New York Archdiocese Catholic Charities is regarded as the culmination of his career of public service.

I am proud to know Jack and to consider him my friend. He has placed the concerns of others and of our community before his own. His is a life devoted to enriching the lives of all around him, consistently being called on to solve our problems. Are all wealthy in knowing Jack Gartland; for wealth is not measured in how much you are worth, but how much good you can do for others.

On April 27, Jack Gartland will be honored by the Dutchess County Chapter of the New York State Association for Retarded Children. He is a citizen, in this country, who will serve as an example to us all for his remarkable achievements and sacrifices.●

SLOW PACE OF SUPERFUND CLEANUP UNDER RECENTLY PROPOSED LEGISLATION

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FLORIO. Mr. Speaker, as many Members know, the Subcommittee on Commerce, Transportation, and Tourism of the Energy and Commerce Committee met last week to consider legislation to reauthorize the Superfund program. An amendment was approved by the subcommittee which would reauthorize the program at current funding levels of approximately $300 million a year, or a total of $1.6 billion for the next 5 years.

The Tauzin-Lent substitute is totally unacceptable to me and, when it is understood by others, I think it will be totally unacceptable to them. I think many Members will be distressed to learn that my analysis shows it would take at least 100 years—a century—to complete cleanup under the funding levels contained in the Tauzin-Lent substitute.

The analysis assumes that the EPA dramatically improves its performance in cleaning up these sites. To date EPA has cleaned up only six sites, and close to one-third of the $1.6 billion has been obligated. At that rate it will take several centuries to complete cleanup. EPA performance under Superfund is obviously inadequate, and any sensible analysis must assume at least a minimum level of competence in the management of the program.

I would like to explain why it will take so long to finish cleanup under the Tauzin-Lent substitute. The data used is from the EPA, and the calculations are fairly simple.

The Federal Superfund will have to clean up a minimum of 2,200 sites of the more than 17,000 known sites nationwide, with the States arguing that more than 7,000 will need Federal cleanup. The average cost per site is $10 million if we assume, as EPA does, that at least 38 percent of the sites involve contaminated ground water. The minimal total cost of cleanup, therefore, is $22 billion for onsite cleanup.

Although EPA has spent more than 60 percent of the fund for nonsite specific administrative costs, my analysis assumes that no more than 40 percent will be used for nonsite administration. In addition, the analysis assumes that responsible parties will increase dramatically the level of voluntary cleanup. Finally, the analysis assumes that Superfund must pay long-term operation and maintenance costs for finished sites.

At the Tauzin-Lent funding levels of $300 million per year, it will take more than 100 years to produce the $22 billion needed for onsite cleanup.

I do not think that the American people are prepared to wait until the year 2084 to clean up hazardous waste sites. Everyone says they are in favor of cleaning up these sites, but the time has come to make a decision whether we are serious or not. I believe the Tauzin-Lent substitute is a statement that we are turning our back to the problem of toxic wastes.●

ON THE MINING OF PORTS OF NICARAGUA

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FORD of Tennessee. Mr. Speaker, the mining of offshore areas in Nicaragua was the latest in a series of strange actions that have both our allies abroad and Americans here at home shaking their heads. For many individuals, the mining of a harbor can be thought of as nothing short of an act of war. I speak for many Americans in asking why this vitally important issue was never brought out during hearings held just recently in the U.S. Senate. It is essential that some sort of legislative dialog take place to alleviate the concerns of the American people that we might be engaged in clandestine activities in Central America. The failures of our adventure into Vietnam, which led to the unnecessary loss of over 50,000 lives of American soldiers, is something that we continue to live with and should not be repeated in Central America.

While the mining of Nicaraguan ports certainly puts economic pressure on the Sandinista regime, there are aftereffects to consider. The Nicaraguan people, most of whom having little to do with the government, earn the equivalent of $800 per year. With barely enough finances to stock their shelves when goods are available for sale, what will they think of America now? Unfortunately, the people will strongly identify with the government trying to get them those goods, the Sandinistas. Administration policies will force that government into even closer relations with Cuba and the Soviet Union. International support will swing to the Sandinistas as well.

Additionally, by informing the World Court that the administration would not abide by any of their future decisions regarding Central America, President Reagan has, in effect, said that the United States will not abide by international law when it does not suit its purposes. This decision is a blatant admission by the administration that the United States could not win this case on its own merits. Furthermore, knowing full well that the Court has little or no ability to enforce its own decisions, the administration has rendered any future edicts rendered by that international organization meaningless.

Mr. Speaker, the harbor mining and International Court decisions of the administration can be construed in many circles as a recision of several treaties signed in good faith by many parties. If the administration continues such activity, how can we expect other nations to enter into binding agreements with this country in the future?●

MILITARY AID TO CENTRAL AMERICA

HON. RICHARD J. DURBIN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. DURBIN. Mr. Speaker, the Senate recently ended a 2-week debate on military aid to Central America by acceding to the President's request to include $62 million in military aid to El Salvador and $21 million for CIA activities in Nicaragua in a bill originally intended to provide relief for famine victims in Africa. Meanwhile, news reports reveal that U.S. funds for covert operations against Nicaragua support mining harbors, and the State Department announces that our country will not abide by World Court decisions relating to Central America.

There is a common theme underlying these developments—namely, that the administration is intent upon proceeding with its current policy in Central America without regard to the increasing reservations of Members of Congress and the American people.

I share one view with the President—that the United States does have vital interests in Central America. However, I strongly disagree with his policy prescription for serving those interests.

Raising the military stakes in the region by mining Nicaraguan harbors or funneling additional military aid to El Salvador without strict requirements for improvement in local human rights will not contribute to the stabilization and growth of the democratic process in the region. It will only heighten tensions, exacerbate human suffering and reduce the moral standing of the United States in the eyes of the local populace.

Setting ourselves up outside the jurisdiction of the World Court will not strengthen our efforts in Central America. It will only erode our claim to leadership within the international community. It is disingenuous for us to seek the World Court's condemnation of Iran for taking American hostages and then a few years later refuse to recognize that Court's jurisdiction when it stands in judgment of our own actions.

Our pursuit of security objectives in Central America should not come at the expense of our commitment to human rights. It should not be allowed to impair our commitment to end death squad activity or bring to justice the murderers of the four American churchwomen who gave their lives to help the suffering in El Salvador.

It is time to recognize that self-determination in El Salvador and Nicaragua serves the national security interests of the United States, and that, wish as we might, our will cannot be imposed by external force of arms. True self-determination in Central America must evolve from political, not military initiatives.

Mr. Speaker, the latest revelations about our activities in Nicaragua indicate new dimensions and directions in U.S. policy which have not been fully evaluated by Congress. We seen poised on the brink of involvement in Central America beyond any level the American people are currently prepared to support.

To represent our constituents fully, it is Congress' duty to assess the level of our activity—both covert and open—in Central America. As we exercise our constitutional responsibilities, the President cannot fairly criticize the Congress for second-guessing his policies.

If the President has hard information that indicates a serious threat is posed to our national security by the Government of Nicaragua, he has a responsibility to come before Congress and present it. If he does not, he surely has no constitutional authority to engage in activity which has been described as an "act of war" by members of his own political party.

The policy choice facing our country in Central America is not between abandonment and continued drift down the path of military involvement. We desperately need a policy based on the realities of that region which supports, and promotes, the legitimate aspirations of its people.●

PRIVATE BILL FOR THE RELIEF OF JOHN R. SCHMITZ AND WINIFRED D. SCHMITZ OF KENT, WASH.

HON. ROD CHANDLER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. CHANDLER. Mr. Speaker, today I am introducing a private bill for the relief of John R. Schmitz and Winifred D. Schmitz of Kent, Wash. Mr. Schmitz recently died after being hospitalized for cancer of the spine. I seek to alleviate the undue hardship that has inadvertently been imposed on his widow, the wife of a retired civilian chief engineer who worked on National Oceanic and Atmospheric Administration (NOAA) vessels.

As a NOAA vessel employee, Mr. Schmitz was entitled, by law, to medical, surgical, and dental treatment, and hospitalization at "facilities of the Public Health Service (PHS)." (Public Law 88-71). In 1981, however, Public Law 97-35 was enacted which authorized the closure, transfer, or sale of PHS hospitals by September 30, 1982. As a result of this law there was literally no "PHS facility" available to provide for the hospital treatment of Mr. Schmitz. This means that Mr. Schmitz had to pay, on his own, for certain costs of his hospitalization to which he and others in his situation were entitled until 1981.

I propose that this is an unintended result, if not an unfortunate consequence, of the enactment of Public Law 97-35 and the closure of PHS hospitals. Since Mr. Schmitz believed the Federal Government would pay for these costs, he had no alternate, comprehensive medical insurance coverage other than what he was entitled to under medicare plan A under social security. This plan covers basic hospitalization but does not include doctor's costs and testing.

The purpose of this relief bill is to reimburse Mr. Schmitz' widow for the costs incurred during his illness. Due to this illness, she is in debt and has depleted the family savings in order to pay for her husband's hospitalization.

NOAA is trying to remedy this situation in general by enacting a generic amendment to 42 U.S.C. 253a to cover all retired NOAA vessel employees, ship's officers and their dependents, who are entitled to medical services by Public Law 88-71, but cannot obtain them due to the closure of PHS facilities. This amendment, incorporated in H.R. 3968 and S. 1102, has not yet been enacted.

In the meantime, I urge prompt passage of this bill for the relief of the widow of a valuable retired civilian employee who needs immediate financial assistance.●

THE MINING OF NICARAGUA'S HARBORS—AN ACT OF INTERNATIONAL LAWLESSNESS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. RANGEL. Mr. Speaker, we are witnessing yet another instance of

President Reagan's wild west method of conducting foreign affairs.

The mining of Nicaraguan ports is terroristic and blatantly illegal. President Reagan has granted our Central Intelligence Agency a broad license to wage an undeclared war against another sovereign nation. Because he opposes their form of government, he has seen fit to arm and train an unpopular rebel army, and to use Latin American mercenaries to lay mines in Nicaraguan waters. The result has been a huge loss of life and resources, and severe damage to the ships of several nations—including the Soviet Union and our allies.

This act is a criminal act, pure and simple. No convention or body of international law permits this kind of behavior. If the Soviets decided to mine ports anywhere in the world we would be the first to condemn them for their lawlessness. And rightly so. But here we have a situation where the Administration not only is encouraging the destruction of neutral shipping, but is denying the jurisdiction of the World Court to rule on those acts. This is dangerous, and downright hypocritical.

In defending our Lebanon incursion, President Reagan and his advisors launched blistering verbal assaults on what it termed "state-sponsored terrorism." Mr. Speaker, I ask you: What is the difference between a nation in the Middle East recruiting people to blow up car bombs in Beirut, and us recruiting people to explode mines in Nicaraguan waters? Both are indiscriminate, and both are illegal.

God help us when we glibly break international law as a means of conducting our foreign policy. And God help us when we start believing that our terrorism is more moral than someone else's terrorism.●

POLISH REFUGEE ACT OF 1984

HON. ROBERT J. MRAZEK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MRAZEK. Mr. Speaker, today I am introducing the Polish Refugee Act of 1984. I would like to invite my colleagues to cosponsor this humanitarian initiative to aid thousands of refugees who have fled political repression in Poland since the early 1980's.

Following the political crisis of 1981, approximately 50,000 people fled Poland to escape widespread oppression stemming from the crackdown on the solidarity movement and the imposition of marshall law. The lucky few were able to leave with their families, while many others were forced to flee with just a few possessions on their backs. The vast majority of the refugees went to Vienna, where they received assistance from the International Red Cross and other international relief agencies.

After arriving safely in Western Europe, over 10,000 Polish refugees were granted political asylum in Austria, the United States and elsewhere. Yet, despite these efforts, thousands of Poles claiming political asylum in Vienna and other parts of Western Europe were stranded in these countries without a positive, final determination of their residency status.

At the same time, thousands of Polish dissidents arrived in the United States. Our Government determined that all refugees who were in this country on December 23, 1981 would be granted extended voluntary departure status, permitting them to stay in the country on a temporary basis. Yet such a determination failed completely to address the long-term residency needs of these citizens. In 1982, the U.S. Government denied close to 1,000 Polish refugees—90 percent of all claims—political asylum in this country. Currently, there are several thousand Poles in this country who live in fear of the day that their extended voluntary departure status may be revoked. For many, return to Poland would mean harrassment, repression, or even imprisonment.

The Polish Refugee Act deals with this problem in several ways. It directs the Attorney General to take the steps needed to assure that Polish refugees inside and outside the United States are able to apply for refugee status under sections 207 and 208 of the Immigration and Nationality Act. Second, it lifts the numerical limitations of specified sections of the act applying to Polish refugees. Finally, the bill provides refugee assistance to Polish refugees in accordance with chapter 2 of title IV of the act.

Mr. Speaker, the plight of Polish refugees fleeing that totalitarian regime in Poland has been long neglected by the citizens and Government of our country. I believe that this measure provides reasonable assistance to these individuals and urge the House to act favorably on this proposal in the near future.●

A TRIBUTE TO COSTAS COULIANOS

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. DE LUGO. Mr. Speaker, I would like to bring to the attention of my colleagues the name of a very special member of my community; his name is Costas Coulianos.

A resident of the Virgin Islands for 44 years, Mr. Coulianos was recently selected for the Rotary Club's 1984 Man of the Year Award, a well-deserved tribute to a very fine person.

Costas Coulianos graduated from the Poseidon Merchant Marine Academy in his native land of Greece, and spent 30 years at sea as captain of various oil tankers.

In my district, Costas is known to all for his extensive community service and work in many civic groups. He has served as a United Way board chairman, president and treasurer of the USO, district governor of the Rotary Club, and director of the Navy League. He is presently on the Virgin Islands Port Authority's board of directors and has his own company, the Coulianos Maritime Agency, which he founded in 1973. Not surprisingly, he has been listed in the "Who's Who in America."

Costas Coulianos is also a family man, and a good friend to many. This man, who has experienced so much of life and given so much of himself to my community, has a belief which I would like to share with you, and that is that, "Community involvement is the key to productive citizenship."

The Virgin Islands certainly has a productive, but above all, a very highly respected and loved citizen: Costas Coulianos.●

HUMAN RIGHTS IN THE SOVIET UNION

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. GEPHARDT. Mr. Speaker, many of us are aware of the denial of basic human rights in the Soviet Union, especially of the terrible plight of Jewish refuseniks. It is imperative that we not forget this in all of our dealings with the Soviet Union. We must maintain a constant pressure on the Soviets to allow these people to emigrate. With that in mind, I would urge all of my colleagues to read the statement from the Jewish Community Relations Council of St. Louis.

The Jewish Community Relations Council of St. Louis, in conjunction with the National Conference on Soviet Jewry and the National Jewish Community Relations Advisory Council, representing 113 community relations agencies throughout the country, urges that the American government takes every opportunity to act on behalf of five Soviet Jewish "refuseniks." These five cases reflect the ongoing harassment by the Soviet government of members of the Jewish community. Our concern for them and for their right to decent treatment and the right to emigration is ongoing.

The first case is that of former Prisoner of Conscience Grigory Goldshtein, a physicist from Tbilisi, who is accused of "taking advantage of his position" at the Central Bureau of Statistics, and may face a new, three to five year prison term. He has been informed that his file was transferred to a local prosecutor. He has protested the move with a detailed letter to the First Secretary of the Georgian Republic's Communist Party. Harassment of Goldshtein and the threat of another sentence is a sign of continuing surveillance of committed Jewish activists, which we condemn.

Leningrad refusenik and Jewish cultural activist Mikhail Beizer was threatened with arrest by authorities if he fails to "discontinue his activities." He has taught at private seminars on Jewish history and culture, and conducted unofficial tours of Leningrad's sites of Jewish interest. We protest this interference with Beizer's human right to learn and perpetuate his own culture and religion.

Prisoner of Conscience Victor Brailovsky is due to be released in March. A scientist of international reputation, Brailovsky continues to suffer for his Jewish activism. We express our concern that, once released, he be allowed to emigrate to Israel with his family. We look for a time when his knowledge can be contributed to the West rather than imprisoned in a Jewish jail.

In two cases, we support the emigration of Soviet Jewish individuals who are ill and seek the right to medical care outside the U.S.S.R. Wife of Moscow physicist Naum Meiman, Mrs. Ina Meiman, is gravely ill after undergoing a painful operation for a tumor in October. She was refused permission to leave for Israel where treatment is available.

Nadezhda Fradkova has been hospitalized as a result of a life-threatening hunger strike in protest of the denial of the right to emigration. Rather than being force-fed and under guard, Fradkova should be allowed to leave for Israel. We protest the Soviet goverment's refusal of medical care.

We commend the agencies working in behalf of Soviet Jews and continue to press for the American government to work on their behalf in all appropriate channels.●

MANUEL ESPINOZA ESQUEDA: A DEDICATED HISPANIC COMMUNITY LEADER

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. PATTERSON. Mr. Speaker, I am proud to join the Orange County District Council of the League of United Latin American Citizens (LULAC) in saluting Manuel Espinoza Esqueda. Manuel has been selected as the recipient of LULAC's Community Award—a tribute to his many achievements on behalf of the Hispanic community.

I have known and admired Manuel for many years. He grew up in a modest neighborhood in Santa Ana, Calif., where I once served as mayor. The Delhi barrio, as this community is called, instilled in Manuel a strong sense of loyalty, determination, and compassion early in life. It remains a great source of pride for Manuel today. This year, he founded the Delhi Reunion, an organization of friends and residents dedicated to quality education for students attending the James Monroe Elementary School.

The Delhi Reunion is only one example of the opportunities which Manuel has initiated for young people. Another is a scholarship program, "Time and Time Again," which he founded in 1978 to assist Mexican-American students in meeting their career goals. Earlier, Manuel dedicated his efforts to expanding scholarship opportunities for almost 400 students as founder of the Gemini Club.

Mr. Esqueda is also committed to assisting the poor of underdeveloped nations. As chairman of the "People to People Program," he raised more than $300,000 for Santa Ana, Calif.'s sister city located in El Salvador. This assistance enabled residents of Santa Ana, El Salvador to purchase medical equipment, school supplies, and a fire engine.

Manuel Esqueda is a remarkably proud and patriotic American. During 18 years as an American Legion volunteer, he has instructed more than 18,000 individuals applying for citizenship.

His energy and humanitarian spirit are boundless. Manuel has been honored by the Orange County Department of Education, Santa Ana College and the city of Santa Ana for his many years of community service. As Santa Ana's "Man of the Year," Manuel has been acknowledged for his outstanding record of voluntarism and his professional achievements in bank management.

It is no surprise that Manuel Esqueda has been selected to receive the LULAC Community Award. He is a superb representative of LULAC in southern California, who has always sought improved understanding among all peoples. His exemplary record of life-long commitment and dedication to the community merits this tribute.

I ask my colleagues in the House of Representatives to join in honoring Manuel Esqueda.●

THE 20-YEAR ANNIVERSARY OF GREATER CLEVELAND'S SINGING ANGELS

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FEIGHAN. Mr. Speaker, this month, Greater Cleveland's Singing Angels celebrate 20 years of making music throughout the world. They have helped to spread joy and hope into the lives of millions of listeners, and their music has enriched the lives of more people than can be imagined.

The Singing Angels, 250 strong, have served as good will ambassador for the city of Cleveland, for Ohio, and for the United States. Since 1974, when they began to tour internationally, the Singing Angels have expressed our musical heritage to the people of the Far East, Mexico, the Middle East, the British Isles, and Europe. They have also become the favorite of American Presidents—performing at the White House for Presidents Nixon, Carter, and Reagan.

The consolidated voices of 250 youngsters could not create such beautiful strains without the efforts of Bill Boehm, founder of the Singing Angels. Over two decades ago, when Bill discovered the absence of music in the lives of our young people, he formed the group to get the children singing. No one could have foreseen the musical institution that was to develop from his discovery.

I know all my colleagues will join in congratulating Bill Boehm and all the youngsters who have been Singing Angels over the years. Their contribution to the quality of choral singing has been a source of pride and admiration for two decades, and I know we look forward to hearing from them often in the coming years.●

THE CIVIL RIGHTS ACT OF 1984

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mrs. JOHNSON. Mr. Speaker, I am proud to be an original cosponsor of legislation through which Congress will reaffirm its commitment to equal opportunity for all, regardless of race, sex, age, or physical handicap. The Civil Rights Act of 1984, introduced in the House of Representatives with bipartisan support, clearly confirms that discrimination has no place in our society and bars recipients of Federal funds from discriminatory practices.

On February 28 of this year, the Supreme Court handed down a decision which, if we in the legislative branch do not take action, will severely restrict enforcement of title IX of the Education Amendments of 1972, the only Federal law prohibiting discrimination in education on the basis of sex. Unhappily, this decision, in the case of Grove City College versus Bell, also presents serious ramifications for civil rights statutes with parallel language, namely section 504 of the Rehabilitation Act, the Age Discrimination Act, and title VI of the Civil Rights Act, upon which the previous three laws were modeled.

The legislation which was introduced today clarifies the intent of Congress when it passed these four statutes, and establishes in law what is accepted practice with broad support in our society. The purpose of the original title IX legislation was to end discrimination across the board and assume equal access for women to all programs of an institution receiving Federal funds.

Now, according to the Court, departments in an educational facility can blatantly discriminate if Federal funds are not directly allocated to that specific department, while being forced to provide equal opportunity in isolated programs that receive direct Federal funds. Thus, an institution could receive up to 100 percent of its tuition money from Federal student aid and only the financial aid department would be subject to title IX requirements. Furthermore, a victim of sexual harassment would have to be harassed in the financial aid office or by a member of the financial aid staff to be protected by the statute.

Predictably, the Supreme Court's decision has already created confusion among school districts and universities unsure of its impact, and has the potential to deluge the Department of Education with paperwork as they attempt to trace Federal funds.

And what of the implications for other civil rights laws? Will we return to the practices common before the passage of title VI, when discrimination on the basis of race and national origin was subsidized by Federal dollars; before section 504 allowed disabled people to be integrated into all aspects of American life; before the Age Discrimination Act addressed discrimination in federally funded health care, vocational rehabilitation, adult education, and professional school admissions?

It is disappointing that we in Congress must backtrack to reaffirm the essential legal safeguards provided by these four statutes, but it is incumbent upon us to do so promptly in light of the Supreme Court decision. The comprehensive impact of title IX must be restored in education, and freedom from discrimination on the basis of race, for the elderly, and for the disabled must be assured.●

NATIONAL LIBRARY WEEK

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 11, 1984

● Mr. RAHALL. Mr. Speaker, this is National Library Week and I wish to recognize and commend all librarians in West Virginia who serve in public and county, high school, and college libraries.

As I was advised earlier this week by a delegation from the West Virginia Library Association, libraries today are into much more than the business of lending books. They are also in the business of literacy programs, computerized information retrieval, and a wide variety of educational programs. However, their basic purpose remains the free flow of information to any and all people. Indeed, libraries are meeting the new challenges of our age.

Nonetheless, libraries are also saddled with many problems which must be addressed. The elimination of postal subsidies as the administration proposes would threaten mail-a-book programs. In the area of telecommunications, high access charges would jeopardize other services.

One of the major library-related legislative items in the Congress is the reauthorization and extension of the Library Services and Construction Act. Last January, the House of Representatives passed H.R. 2878 to amend and extend LSCA. This legislation is of the utmost importance for library services and construction and I would urge the other body to act expeditiously on this matter.

The Higher Education Act reauthorization will also affect libraries. Title II of this act provides for college library resources, training, research, and development and I look forward to working to make sure any reauthorization bill contains the necessary provisions in these areas.

With respect to the ECIA block grants, it has come to my attention that school library media centers must compete with 27 other programs for funds. It is my hope that in West Virginia, the appropriate authorities would examine the needs of our school libraries with respect to the acquisition and utilization of library resources, textbooks, and instructional equipment and allocate an adequate and reasonable amount of the block grant for these purposes.

Mr. Speaker, libraries are places of discovery, of skill development and of training. During National Library Week, let us examine the requirements of these great institutions so that they may continue to meet the needs of society during every week of the year.●

COMMENDING THE SACRAMENTO POLICE OFFICERS ASSOCIATION

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MATSUI. Mr. Speaker, I would like to call your attention to the outstanding community service record of the Sacramento Police Officers Association and its current president, Officer Richard Lucero. This association provides members of the police force, especially the street officers, with a voice of representation and insures that the legitimate concerns and interests of police officers who risk their lives daily to protect the general public are adequately addressed by city officials.

The association was originally conceived in mid-1969—largely to secure an adequate retirement system and retirement benefits for law enforcement professionals. However, it became clear that police officers needed representation on a number of issues relating to work conditions, health benefits, and compensation. So, the association was officially formed and elected its first president, Lt. Richard Gregson. The peace officers group established a lasting dialog with the city council—helping to better attune the police force to the community's needs as well as to better represent the officers' own interests.

Under the able leadership of the current president, Richard Lucero, the association has set new standards in community relations and has become a vocal and influential voice in guiding the department toward "community-oriented policing." Mr. Lucero himself has set an admirable example as a regular volunteer for the Sacramento chapter of the "March of Dimes Telethon" and in his involvement in the Big Brother organization, as well as in his division assignments, where he develops new crime analysis and coordinates proactive patrol programs with the community.

Amid economic hardship felt nationwide, the Sacramento Police Officers Association and its members have flourished while making the city's police force one of the best in the country. In addition to serving the community well, the association has also secured well-deserved improvements in benefits for its members, established stronger and more harmonious ties with the public and encouraged progressive techniques to combat crime and protect the community. Mr. Speaker, I know you will want to join me in applauding the fine contributions this worthy organization has provided and continues to perform for the Sacramento community.●

TAXPAYERS' RIGHTS

HON. CECIL (CEC) HEFTEL

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. HEFTEL of Hawaii. Mr. Speaker, today I have introduced legislation to amend the Internal Revenue Code to give taxpayers the right to record interviews while transacting business with the Internal Revenue Service, as during tax audits. Current practice is for the IRS to permit electronic recordings to be made only in IRS offices, and only with the approval of an IRS manager.

Given the complexity of income tax forms and procedures, many taxpayers need an exact account of their interview with the IRS to assure that they, and their representatives, have a clear understanding—and a clear record—of what has been agreed upon with the IRS officer, what remains in dispute, and what rights and responsibilities they have in the resolution of any question concerning their tax liabilities. Such clarity can be gained only by making a recording of the event.

Under this bill, the IRS staff member who interviews a taxpayer in connection with the assessment of a tax deficiency would be required to conduct that interview at a reasonable time and at a place reasonably convenient to the taxpayer. That could be in the taxpayer's office, as well as in the IRS office. Further, the IRS would be required to allow the taxpayer to record the interview, rather than merely having an option to do so.

Of course, an evenhanded policy requires that the IRS also have the right to record, even if the taxpayer makes no request. That right is given to the IRS, provided that its staff member informs the taxpayer prior to the interview that it will be recorded and provides him with a transcript at the request of the taxpayer and on his reimbursing the IRS for the cost of reproduction.

Before an interview is recorded, the bill provides that the IRS must warn the taxpayer of his legal right to remain silent and that any statement he makes may be used against him. Further, the taxpayer must be told that he has the right to have present an attorney, accountant, or other practitioner who helped him prepare his tax return and is familiar with its contents.

The provisions of this bill are also included in S. 2400. I urge that we in this House work toward the adoption of this important addition to the taxpayer's bill of rights.●

COMMENDING 50 YEARS OF COMMUNITY SERVICE BY THE SACRAMENTO SAFETY COUNCIL

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. FAZIO. Mr. Speaker, I rise today to commend the Sacramento Safety Council for 50 years of service to the greater Sacramento community and the State of California.

The Sacramento Safety Council was founded in 1934 under the sponsorship of 11 Sacramento business, and industrial and civic leaders to reduce accidents in Sacramento County. A year later, in 1935, the council was chartered as a chapter of the National Safety Council and in 1959 the council was incorporated under the laws of the State of California.

Mr. Speaker, the Sacramento Safety Council has served as a model for similar groups around the country. It built the Safety Center of California to provide a facility to train people from throughout California in accident prevention practices, including improved traffic, occupational, home, and recreational safety.

Further, Mr. Speaker, in 1983, the council established the Safety Center Inc. of California to provide accident prevention services to communities throughout the State of California.

The Safety Center has pursued a number of innovative and worthwhile projects. For example, it has constructed Safetyville, a replica of several typical blocks of a community (one-third scale) on a 2.5 acre site, to train school-age children in accident prevention techniques that will help them live healthier and happier lives.

The Safety Center also conducts research and analysis of accident frequency and severity to identify specific priority accident problems. It then develops and operates educational programs to impact these problem areas.

The center has trained over 124,000 persons in accident prevention programs during the past 20 years, saving an estimated 79 fatal accidents and 7,933 disabling injuries, and saving the public over $71 million in accident related costs.

For good reasons, Mr. Speaker, the Sacramento Safety Council has realized tremendous growth over the last 50 years and today is one of the largest, most progressive safety councils in the Nation.

Mr. Speaker, I ask my colleagues to join me in commending the Sacramento Safety Council/Safety Center on its 50th anniversary of dedicated accident prevention service to the Sacramento Community and the State of California.●

IN CELEBRATION OF KALAMAZOO'S CENTENNIAL

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. WOLPE. Mr. Speaker, over the past 15 years in various levels of government, it has been my privilege to represent the people of Kalamazoo, Mich. Those who have had the pleasure to live in Kalamazoo know that it is a very special community—one that harbors a deep sense of civic pride.

This week, those of us from Kalamazoo have a little more about which to be proud. This Saturday marks the city's 100th anniversary.

From its humble beginnings in 1829 when the city's first settler, Titus Bronson, laid claim to a small tract of land near the Kalamazoo River, the city has grown into a vital, vibrant, and economically active community.

Today, Kalamazoo is a city of unique economic diversity. It is the national headquarters of the Upjohn Co., one of this Nation's leading pharmaceutical manufacturers. Within the city's boundaries has grown a substantial paper industry. And in factories throughout the city, workers continue to produce essential components for Michigan's recovering automotive industry.

But Kalamazoo is not a place for work alone. The people of Kalamazoo are unique for their determined and enthusiastic support of the arts. Indeed, both the quality and quantity of cultural activity in Kalamazoo rivals that of cities many times its size. Among the treasures in Kalamazoo's cultural portfolio are a prolific civic theater, several summer stock companies, a world-renowned symphony orchestra, and the much-acclaimed Gilmore Art Collection. And Kalamazoo's four colleges—Kalamazoo College, Nazareth College, Western Michigan University, and Kalamazoo Valley Community College—have made the city a center of learning and academic endeavor.

Mr. Speaker, I rise today in celebration of the city's centennial year, and to pay tribute to a truly extraordinary community.●

NATIONAL VOLUNTEER FIREFIGHTER RECOGNITION DAY

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. GILMAN. Mr. Speaker, I rise in support of House Joint Resolution 330, legislation that would designate August 20, 1984 as "National Volunteer Firefighter Recognition Day."

Our country was founded by men and women of courage, dedication and a selflessness born out of a desire to work for the common good of an emerging nation. Americans can still find these qualities amongst our Nation's thousands of volunteer firefighters.

In an era when millions of Americans seem to be searching for the heroes of yesteryear, many need not look farther than their hometown firehouse. There they will find men and women on constant vigil, prepared at a moment's notice to risk their lives for the sake of others.

The volunteer firefighter comes from all walks of life. Among our volunteers one can find lawyers, bankers, bakers, and teachers who at first glance seem to have little in common. Yet they share a bond and a commitment that has been consumated by the taste of black, gritty smoke spewing from a inferno which once might have been a neighbor's home. The willingness to stand up and challenge such a destructive force comes from an uncommon quality of character which is in fact common place among our Nation's volunteer firefighters.

There are many who believe that we do not pay our municipal firefighters nearly enough. They ask how we can ask a man or woman to pursue a career in which one must turn his life over to uncertainty every working day. This being true, what can we say of our volunteer firefighters? How can we repay these people who willingly enter a world of peril without remuneration, a world that indiscriminately takes them away from family and friends, a world that jeopardizes both their immediate life and long-term health.

In fact, there is no remuneration worthy of the services these courageous people have rendered. There is no accolade that can do justice to the more than 500 brave volunteer firefighters who made the ultimate sacrifice.

At the very least, we in the Congress can offer them homage. We can unite in demonstrating our respect and admiration for these modern day men and women of valor. House Joint Resolution 330 will enable our Nation to demonstrate its appreciation for the security and safety the volunteer firefighter has provided to so many. It will give thousands of communities the opportunity and the impetus to herald these people who so often go unnoticed.

Mr. Speaker, I reiterate my support for House Joint Resolution 330 and look forward to our Nation's celebrations commemorating our volunteer firefighters.●

NATIONAL DRAFTING WEEK

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mrs. SCHNEIDER. Mr. Speaker, this week of April 9-14, 1984, has been designated as National Drafting Week by the American Institute for Design and Drafting (AIDD). I invite my colleagues to join me today in honoring the more than 360,000 designers and draftsmen in America.

In a society such as our own which places a premium on technological development and innovation, we too often overlook the efforts of the men and women who make our dreams become reality. Over the next 40 years, the equivalent of another America will be built in this country. Yet before a single cornerstone can be laid, the builders must have precise, accurate plans and drawings. Builders and architects need trained and confident drafters who can put their ideas on paper. And without these skilled individuals, we would have no new homes for our citizens, no new schools for our children, and no new places of business to sustain our economy.

The importance of the drafting and design professions and the exceptional opportunities they make available is well known in my own State of Rhode Island, and we are fortunate to have an outstanding technical school, the Hall Institute, located in Pawtucket. Hundreds of New Englanders have come to Hall for proper and thorough training as drafters, interior design technicians, and computer-aided drafting operators, and have gone on to pursue challenging careers and positions of responsibility. During the past 4 consecutive years, Hall students have distinguished themselves as serious and talented individuals by winning national awards in the AIDD National Drafting Contest.

I am pleased to have opportunity to commend the standards of quality set by the Hall Institute and I wish them continued success in their endeavors. The fine work of Hall students and the dedication of its faculty exemplify the significant contributions which designers and draftsmen make to our Nation.●

BEWARE THE COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

HON. LYNN MARTIN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mrs. MARTIN of Illinois. Mr. Speaker, the National Committee to Preserve Social Security and Medicare, under the guidance of former Congressman James Roosevelt, has been mailing to many senior citizens in my congressional district and throughout the country a plea for money to maintain his organization's lobbying efforts.

While there is nothing inherently wrong with direct mail solicitations, the tactics which Mr. Roosevelt has been using to solicit financial support have been questionable at best.

Some seniors in Rockford and northwest Illinois have already received Mr. Roosevelt's mailings. The envelope carries an official-looking seal and a message that the contents are urgent for social security recipients. The main problem with this mailing is that Mr. Roosevelt uses unclear, misleading and incorrect statements to encourage seniors to contribute $10 to his organization. I have received calls from many of the senior citizens in my district who are scared that the social security benefits will be immediately terminated if they do not join Mr. Roosevelt's group.

Many of our seniors depend heavily and some entirely, upon social security for their regular income. It is understandable that they are upset, distraught, confused, and angry about the letters. The fact that Franklin Roosevelt's son, and a former Member of Congress, would lead or support this type of work angers me as well.

I am pleased to see that my colleague, Congressman SHERWOOD BOEHLERT, is taking proactive measures to combat the misinformation which the Committee to Preserve Social Security and Medicare had distributed. He has met with James Roosevelt and his attorney to discuss the situation at length and offered advice on how the confusion caused in the past can be avoided in the future. In addition to asking the U.S. Postal Service to examine the case to see if any misuse of the mail system has been made, he has contacted the Justice Department to ask that they intervene in the situation if appropriate.

Mr. Chairman, it would be erroneous to suggest that our social security and medicare programs will need no future reform in order to insure a strong, stable retirement and health insurance system for the generations to follow. Frightening our seniors with scare tactics, however, is not the proper way to address the issue. Taking money from our Nation's elderly under false pretenses needs to be denounced in the strongest terms, and appropriate action must be taken by the authorities if any violations of law have taken place.

I intend to follow this issue closely and am glad to relay that congressional hearings on it are being considered for the near future. Social security and medicare benefits will not be cut just because our senior don't mail in their $10 dues to James Roosevelt. We simply must not tolerate the deception—overt or covert—of our seniors.●

RESOLUTION CONDEMNING IRAQ AND IRAN

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. BETHUNE. Mr. Speaker, Congresswoman SNOWE and I and several of our colleagues are today introducing a resolution condemning Iraq for using chemical weapons and Iran for its use of human waves of young children and elderly citizens in the Iran-Iraq war.

A United Nations team of chemical weapons specialists confirmed not only the use of mustard gas, but also the use of nerve agent. Congress should not ignore these violations and the frightening precedent created by this use of chemical weapons.

There have been widespread reports of the use of chemical weapons by other countries, and the confirmation of Iraq's use of these weapons only encourages further use. It is time for us to try and put a stop to the use of chemical weapons.

I believe the President is on the right track with his proposed treaty banning the development, production, possession, transfer, and use of chemical weapons. President Reagan is sending Vice President Bush to Geneva next week to introduce this treaty at the ongoing Conference on Disarmament.

Iran is also to be condemned for its actions in the Iran-Iraq war. The Iranian Government is acting just as despicably as Iraq by sending in human waves of young children and elderly citizens to attempt to win this war.

Both Iran and Iraq have resorted to desperate measures. They have brought human conduct to a new low. These types of actions would not and should not ever be considered by civilized nations.

I hope other Members of Congress will join us in condemning Iran and Iraq for their conduct.●

IN TRIBUTE TO THE SACRAMENTO SAFETY COUNCIL

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MATSUI. Mr. Speaker, I am honored to pay tribute to the vital services of the Sacramento Safety Council on their 50th anniversary of service to the Sacramento community.

The Sacramento Safety Council was originated in 1934 through the concerns of civic and business leaders to promote safety in all aspects of the community. This dedicated public service organization continues to work diligently today to prevent and eliminate accidents in places of work, recreation, transportation, and in our homes.

The National Safety Council has recognized the outstanding accomplishments of the Sacramento Safety Council as is indicative of their 20 consecutive years of accreditation as an all-purpose chapter. Noteworthy of its many achievements is the construction of the Safety Center of California, a facility to train citizens throughout the State in accident prevention practices. Through the research and analysis of accident frequency and the safety education provided by the Safety Center of California, over 124,000 persons have been trained in accident prevention practices during the past 20 years, averting 70 fatal accidents and 7,993 disabling injuries and contributing to over $70 million in savings in accident-related costs.

In addition to providing adult safety education, the Sacramento Safety Council has recently constructed "Safetyville," a unique, youth-oriented accident-prevention model program for the United States. "Safetyville," a small-scale replica of a community, teaches children prevention techniques that will help them live healthier and happier lives.

I salute the members and volunteers of the Sacramento Safety Council on their 50th anniversary. This organization's selfless determination and tireless efforts in insuring the safety and well-being of others greatly contributes to the enhanced welfare of our community, our State, and our Nation.●

A. PHILIP RANDOLPH INSTITUTE BANQUET

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MAZZOLI. Mr. Speaker, on Friday, April 20, 1984, the Louisville Chapter of the A. Philip Randolph Institute will hold its annual memorial banquet honoring the late A. Philip Randoph's many contributions to this Nation.

The banquet's theme—"Register and Vote/Your Future Depends on It"—is a very appropriate theme to honor Mr. Randolph who devoted much of his life to the struggles of working men and women for a better life.

I commend Mr. Booker T. Lester, president of the Louisville Chapter of the A. Philip Institute, all the institute's board members and staff for their outstanding work and service.

Over the years the institute has sponsored many voter education and registration projects in the Louisville area. It has contributed greatly to advancements in the areas of civil rights and labor reform in our community. A. Philip Randolph always will be remembered as one of the Nation's great leaders.

The outstanding work of the institute is truly a fitting legacy of A. Philip Randolph.●

CHARTER FOR THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. CONABLE. Mr. Speaker, as a member of the National Academy of Public Administration, I would like to thank my colleagues in both Houses for the support they gave the legislation chartering the National Academy. The bill, H.R. 3249, passed this body on November 14 last year by a vote of 401 to 2. The Senate passed this same bill by unanimous consent on March 27.

The overwhelming support of a Federal charter for the National Academy is testament to the importance Members of Congress attach to advancing effective Government. Since it was founded in 1967, the nonpartisan National Academy has played a vital role in making our public institutions work better.

All administrations, both Republican and Democratic, have recognized the importance of the sort of experienced, objective counsel on matters of public administration that the National Academy can provide. They have repeatedly called upon the Academy, which is composed of more than 300 high-level practitioners and scholars of public administration. Congress, the judiciary, and State and local governments have also sought its expertise.

The National Academy's studies are not simply academic dissertations that lie on shelves collecting dust; they are thorough analyses with practical recommendations for improving Government. Its official clients have to good effect carried out changes in the way they manage issues as diverse as the commercialization of space technologies, and improving data processing and telecommunications systems. In addition, the National Academy has had broad recommendations for institutional change implemented, even some within the Office of the President.

Like its sister institution, the National Academy of Sciences, it has proven itself an invaluable resource to Government. In this time of budget cutbacks and high deficits, our public institutions more than ever need the expertise it can offer to make Government more efficient and effective.●

FATHER GODFREY MEIERGERD HONORED

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. DAUB. Mr. Speaker, the vitality of Catholic education in this country can be traced directly to the dedicated individuals in the school system who are committed to the highest moral and academic standards for their students.

Father Godfrey Meiergerd, pastor of St. Rose of Lima parish in Hooper, Nebr., is one such individual, and his achievements will be appropriately recognized this month when he receives the Omaha Archdiocesan board of education's prestigious award for outstanding contribution to total Catholic education in the Archdiocese of Omaha.

Father Meiergerd was ordained at St. Cecilia Cathedral in Omaha on May 23, 1942. His service to Nebraska parishes includes St. Mary's Church in West Point, St. Phillip and James Parish near Wynot, Holy Family Parish in Lindsay, and his current position as pastor of St. Rose of Lima and St. Lawrence in Scribner.

In both Lindsay and West Point, father served as superintendent of schools, and while at Central Catholic in West Point, he was instrumental in starting an endowment plan to insure the financial stability of the school for the future.

Father Meiergerd's advocacy of quality education has rightfully earned him the respect of his colleagues and of the entire community. I am pleased to have this opportunity to bring his achievement to the attention of the Congress.●

PERSONAL EXPLANATION

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. CLINGER. Mr. Speaker, on April 11, 1984, I was absent from the floor of the House of Representatives because I was addressing the Pennsylvania Association of Township Supervisors in Hershey, Pa. Had I been present, I would have voted in the following fashion.

Rollcall No. 79, Journal; the House approved the Journal of Tuesday, April 10, "yes."●

LOUISVILLE INDUSTRIAL OPPORTUNITIES CENTER (IOC)

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MAZZOLI. Mr. Speaker, on Wednesday, April 18, 1984, the Louisville Industrial Opportunities Center, Inc. (IOC) will host its annual Golden Key Awards Banquet in Louisville, Ky.

I am delighted that my colleague, congressional classmate, 92d Congress, and Small Business Committee chairman, the Honorable PARREN MITCHELL, will be the guest speaker at the banquet.

The Louisville IOC under the strong leadership of Executive Director, Mrs. Johnetta Marshall, has directed job training and placement for many students over the past 17 years. With the unacceptably high unemployment rate which persists among youth and minorities, the mission of IOC is more important now than ever.

I commend IOC, Johnetta Marshall, her staff and all the businesses and organizations which support IOC over the years. Keep up the good work.●

TRIBUTE TO OSCAR JOHNSON

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. LAGOMARSINO. Mr. Speaker, I appreciate this opportunity to extend recognition to one of my most distinguished constituents on the occasion of his retirement from the Southern California Gas Co.

Oscar Johnson is retiring after 38 years with the gas company, having started in 1946 as a meter reader. He was promoted after 16 months to customer services then rapidly moved up the promotional ladder. In 1972, he became Ventura County district manager, a post he occupies until June 1, 1984.

In addition to his fine job performance with the gas company, Oscar has been very active in many civic organizations including the Ventura County Economic Development Association; Ventura County Council, Navy League; Ventura County Taxpayers' Association; Oxnard Salvation Army Advisory Board; Advisory Committee for the Commission on Human Concerns; Oxnard College Advisory Committee; area manager for Oxnard-Port Hueneme United Way; president-elect of Oxnard Rotary Club; Junior Livestock Auction Committee of the Ventura County Fair; Economic Development Committees of the Oxnard and Ventura Chambers of Commerce, and Youth Services Network board of directors.

Oscar's tireless work on behalf of the economic, social, and educational development of Ventura County to the benefit of all its citizens is evidenced by this impressive record of community service.

Oscar and his wife, Marjorie, will start his retirement by attending the Rotary convention in Birmingham, England. After beginning his term as president of the Oxnard Rotary Club on July 1, 1984, he and Marjorie will no doubt spend more time visiting their three children and eight grandchildren in California and Texas. I extend to Oscar and Marjorie the best wishes of this body and our hopes for a long, enjoyable, and productive retirement.●

THOMAS FLEAGLE ACHIEVES RANK OF EAGLE SCOUT

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. YATRON. Mr. Speaker, I would like to take this opportunity to say a few words about Mr. Thomas Fleagle, a constituent of mine from Schuylkill Haven, Pa.

Mr. Fleagle is a fine young man who recently passed his review for the rank of Eagle Scout. This is indeed a tremendous achievement and I am very glad to commend and congratulate him before all of you here today.

The rank of Eagle Scout is not easily achieved and is awarded only to those few who have excelled in many dimensions of citizenship. It is a testimony to a person's character, integrity, intelligence, perseverence, dedication, and loyalty to our country.

I am very happy for Tom and I know he must be extremely proud of this noteworthy and important award. It is young people such as Tom who renew our confidence in the next generation to carry the mantle of leadership in building a better America. I know all of you join with me in congratulating Tom and in wishing him the very best in all his future endeavors. Undoubtedly, Thomas Fleagle will serve as an inspiration to other young Americans.●

A TRIBUTE TO JERRY WEINTRAUB

HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. LEVINE of California. Mr. Speaker, I rise today in honor of Jerry Weintraub, a close personal friend of mine who will receive the 1984 Big Heart Community Achievement Award

on April 25. Jerry will be honored by the Variety Club of Southern California for his worldwide humanitarianism and compassion for others, and he is most deserving of this prestigious award.

A man of many talents, Jerry is known as one of the most powerful figures in California's entertainment industry. He heads the successful Beverly Hills entertainment company known as Management III and represents a list of clients including Frank Sinatra, John Denver, Bob Dylan, and Neil Diamond. But, more important than that, Jerry has a big heart. Jerry is deeply committed to a list of charitable and cultural endeavors including St. John's Hospital in Santa Monica, Bonds for Israel, and the promotion of cultural exchanges between the United States, the Soviet Union, and China.

Jerry Weintraub is a unique individual, charming, warm, and extraordinarily talented. I am delighted he is receiving this special award.

I ask my colleagues to join me in congratulating Jerry, his terrific wife Jane, and his children, Michael, Julie, Jamie, and Jody, and to wish them many more years of success and fulfillment.●

IN SUPPORT OF NATIONAL DAY OF RECOGNITION OF MAN'S INHUMANITY TO MAN

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 12, 1984

● Mr. MATSUI. Mr. Speaker, the lack of principle and moral vision in this administration's foreign policy extends well beyond the recent debacles in Lebanon and Central America. This week, the administration announced that it is opposed to establishing a National Day of Recognition of Man's Inhumanity to Man. Apparently the administration opposes this day of remembrance on the grounds that it would damage our relations with Turkey.

Mr. Speaker, I would indeed hope that our relations with Turkey are firm enough that our country can still remember the victims of genocide. But beyond that, what is happening here is symbolic of what is wrong with the administration's entire foreign policy. Once again, we are refusing to do what is right and stand up for causes that are just with the result that we are damaging our own long-term interests.

By opposing this day of remembrance, the administration is telling the Armenian people that the most powerful and democratic Nation in the world is no longer willing to stand up for the oppressed and the victims of tyranny. I urge my colleagues on both sides of the aisle to support this resolution.●

SENATE—*Tuesday, April 24, 1984*

The Senate met at 11 a.m., and was called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. Our prayer this morning will be offered by the Reverend Dr. John William Lancaster, pastor, First Presbyterian Church, Houston, Tex. Dr. Lancaster is sponsored by the Senator from Texas (Mr. BENTSEN).

PRAYER

The Reverend John William Lancaster, D.D., pastor, First Presbyterian Church, Houston, Tex., offered the following prayer:

O God, our Father, Your servants gather to consider issues and make decisions affecting the lives of millions of people. They face depressing conditions in the world, distortions in our society, conflicts and burdens in their own personal lives. This is all the more reason for seeking divine undergirding and guidance. So, fresh from the celebration of resurrected faith, would we begin our season of prayer on the high note of thanksgiving and praise. We give thanks for people who demonstrate Your love. We offer praise for our great country and gratitude for the lavish gifts which come from You.

May neither the work of Your servants in this room nor the Nation they love and serve become their god. Enable them constantly and consistently to distinguish gift from giver. As receiver of Your gifts, may they be sharers also. This we pray, each in our own way, but many of us in the name of Jesus Christ. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

Mr. President, I think it would be appropriate at this point to yield first to the distinguished junior Senator from Texas, which I now do.

REV. JOHN W. LANCASTER

Mr. BENTSEN. I thank the distinguished majority leader for his courtesy and kindness.

Mr. President, the Reverend Jack Lancaster has been my pastor at the First Presbyterian Church of Houston for the past 15 years. During that time, he has been more than a spiritual counselor for me and my family; he has been a trusted friend, a source of strength and wisdom and compassion for that large and diverse congregation.

Reverend Lancaster has been at the First Presbyterian Church of Houston since 1961. After defending America in the submarine service during World War II, he attended Austin College and graduated in 1947. He received a B.D. from Union Theological Seminary in 1950 and a D.D. from Austin College in 1960. He has also studied at Princeton Theological Seminary and St. Andrews University in Scotland.

Reverend Lancaster serves on the board of Stillman College in Tuscaloosa, Ala. He is on the board of the Outreach Foundation of the Presbyterian Church and is a member of the advisory board of the Texas Center for Media Awareness.

Mr. President, Reverend Lancaster's academic credentials are impeccable; his record of civic service and involvement is impressive. He has become a leader in the Presbyterian Church.

These are impressive achievements, Mr. President. But those of us who have known Jack Lancaster over the years admire him most for the kindness, comfort, and inspiration he gives so generously to his parishioners.

Many years ago, William Penn said he expected to pass through life but once. He said:

> If there is any kindness I can show, or any good thing I can do for any fellow being, let me do it now, and not defer or neglect it, as I shall not pass this way again.

Reverend Lancaster has made a career of doing good things for the people of Houston. Thousands of us are better off for his having passed this way. He is an articulate spokesman for his religion and a powerful force for goodness and justice in our community.

Mr. President, as the U.S. Senate returns from its Easter recess, I am pleased that Jack Lancaster, my friend and pastor, is able to deliver our opening prayer.

I thank the distinguished majority leader for his kindness in allowing me to speak at this time.

Mr. BAKER. I thank the Senator from Texas.

Mr. President, I have always admired the Senator from Texas and acknowledged the great qualities he has. He has today added another to his long list of accomplishments. He is also a Presbyterian. [Laughter.]

Mr. President, I join in welcoming Dr. Lancaster to this pulpit. The Senate of the United States is a remarkable institution, and over the years it has had remarkable clergy who have given us the favor of attending and offering the opening prayer. We appreciate this contribution today. We are especially grateful that Senator BENTSEN has made that possible, in cooperation with our distinguished Chaplain.

May I say parenthetically, Mr. President, that I come from a small town in Tennessee and a small church which has the distinction and blessing, as most small churches do, of usually having young preachers who are fresh out of the seminary. Not infrequently, when I listen to the first sermon of some of these new ministers, I feel inclined to ask for equal time. It is refreshing, indeed, to have a man who is of my denomination, who stands in this pulpit and utters words of wisdom, and who does not require the application of the equal time doctrine.

Mr. President, I once again thank the Senator from Texas.

ANSEL ADAMS

Mr. BAKER. Mr. President, with the death of Ansel Adams this past weekend, the Nation has lost a special citizen, and the world has lost a master artisan.

He was first and foremost a photographer. In his hands, photography was raised from a craft to an art, and his vivid images of the American landscape have become treasures virtually beyond price.

His affection for the physical world found expression not only in his photography but also in his active personal commitment to conservation.

His photographs are eloquent testimony to the glories of nature, and the combination of his artistry and his personal integrity and credibility made him an extraordinarily effective champion of his special cause.

The Nation mourns his death, but we will celebrate his long life and his brilliant, prolific work for generations to come.

SENATE SCHEDULE

Mr. BAKER. Mr. President, I say to the minority leader that I notice in the memorandum I have before me that we have not provided for a 2-hour recess today. I believe the minority does not have a caucus of its members today; however, we do on this side. Unless the minority leader objects, and I would be surprised if he did, I should like to provide the usual 2-hour recess for the Republican Caucus today.

Mr. BYRD. Mr. President, if the majority leader will yield, the minority leader will be very glad to cooperate with the majority leader in this matter. If the majority leader wants to recess, we have no problem with that. If the majority leader wants to stay in session, we will guarantee that nothing will happen on our side to interfere with the Republican conference.

The majority leader has always been very considerate in this regard, and we would certainly want to respond in kind.

ORDER FOR RECESS UNTIL 2 P.M.

Mr. BAKER. I thank the minority leader.

Mr. President, since we have done that, I believe, every Tuesday almost without exception—perhaps without exception—I will now ask unanimous consent that at 12 noon today, the Senate stand in recess until 2 p.m.

The **PRESIDING OFFICER** (Mr. MATTINGLY). Without objection, it is so ordered.

Mr. BAKER. Mr. President, it is already provided that there will be a period for the transaction of routine morning business until 12 noon, in which Senators may speak for not more than 5 minutes each, and then the recess just ordered will occur.

UNFINISHED BUSINESS

At 2 o'clock, the Senate will resume consideration of the unfinished business, the Federal Boat Safety Act, and the question is on the reported amendment in the nature of a substitute, as amended.

I say for the benefit of everyone present, especially for my friend the minority leader, so that no one is taken by surprise—and I think they will not be, because everyone understands the procedure that is being followed—that it will be my intention at 2 o'clock, after the bill is laid before the Senate, to seek recognition for the purpose of offering a leadership amendment.

I expect that to occur promptly at 2 p.m.

Now Mr. President, I noticed I have a special order today. Do I recall that the special order was to enhance the time of another Senator who had also requested a special order for today? Do I recall that the Senator from Michigan (Mr. LEVIN) indicated at 5 a.m. in the morning when we were finishing our work that he might need more than 15 minutes and I offered to obtain a special order so that it could enhance the time available to him? Is that correct?

Mr. LEVIN. Mr. President, I appreciate the courtesy of the majority leader.

Mr. BAKER. All right.

Mr. President, I ask unanimous consent that I may yield my special order time to the minority leader, and I think it would be more appropriate to be transacted in that way.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. BYRD. Mr. President, the majority leader is thoughtful as always, and I thank him.

May I ask the majority leader, is this the time? May I intrude at this point to ask some questions about the program?

Mr. BAKER. By all means.

Mr. BYRD. I am interested if the majority leader can state at this point what his modus operandi will be with reference to the measure that we will continue to debate and act on.

Mr. BAKER. Yes.

Mr. BYRD. Does he plan to offer the reconciliation measure that is on the calendar as an amendment first or will it go with the medicare amendment, or will it go with the appropriations cap? If he does not mind and can so state at this point, would he lay out his program in this regard?

Mr. BAKER. Mr. President, the leadership amendment which will be offered will include the appropriations caps.

If the Senator will permit me, I will get a more thorough description of the amendment. Indeed, I will give the Senator a copy of the amendment.

I have shown the amendment to the Parliamentarian, and it is an amendment which if adopted, in the view of the Parliamentarian, would convert this bill into a reconciliation bill, but it is the budget package beyond that which had already been dealt with from the Finance Committee and does include the appropriations caps. Whether it includes the medicare provision or not I will have to examine and see.

Mr. BYRD. I would be interested in discussing with the majority leader the possible development of a time agreement on this measure, hopefully, rather than going the route of using the reconciliation measure which is on the calendar, which now has been reduced to a shell by virtue of the fact that the Senate has already adopted most, if not all, of the contents of that legislation.

I am very concerned about using the reconciliation measure as an amendment and then ipso facto, once that becomes adopted, it converts the Federal Boat Safety Act of 1971, as amended, into a reconciliation measure with all of the time strictures and germaneness strictures that are involved.

I should hope we would not have to go that way, and I feel that we probably could arrive at a time agreement that would accommodate the majority leader in all respects without having to resort to this very drastic action, as I see it, which has not been outlined, but which is certainly implied and quite obvious.

If I may impose upon the majority leader just a moment longer, I am concerned that there may have been in the past some peripheral action, very minor in comparison, in which this process may have been followed. I am concerned, however, about moving on so large a scale in this direction. I think it could have far-reaching implications for the appropriations process. It could have far-reaching implications for the authorizations process and the committees that are therein involved. I would say that the party which is in the minority now, at some time in the future will be in the majority, and the majority party of today will at that same time be in the minority, and if the minority is subjected to this approach now, there will come a time when the current majority party will likewise be exposed to the same procedure.

So I am hoping that the majority leader would be willing to explore the possibility of a time agreement that would achieve his goal and at the same time would spare us of this other approach which I view with considerable concern.

Mr. BAKER. Mr. President, I thank the minority leader, and I am encouraged by the remarks of the minority leader to think that we might be able to work out time agreements. Indeed, I would be more than happy to sit down and try to do that.

I think we can accomplish my purpose and his at the same time. I think that since the form in which the leadership on this side would propose to offer this amendment is amendable, and in consultation with the Parliamentarian, I believe that it would be amendable, of course in one degree, and there are at least two other opportunities for amendment, there is ample opportunity for Members on both sides of the aisle to offer amendments, to offer total substitutes, to offer amendments to strike, a whole range of things that would not be affected by the reconciliation restraints at all, and to fully work the will of the Senate on both sides of the aisle before we get to the final step. The final step, however, would be to adopt an amendment which would in fact have the force and effect of reconciliation.

As the minority leader perhaps already knows, the reason for it on this side is that an essential element of the package that was put together on this side was to assure that the outyear levels were not mere statements of good intention but rather were embedded in the law by reconciliation. I am speaking primarily of the appropriations caps for the outyears.

Now that is something that I feel is necessary on this side to keep the matter held together, but I have no desire whatever to use reconciliation, nor will I try to limit the opportunity of any Senator on either side of the aisle to amend this bill, to offer substitutes for this bill, to strike and insert, if that is permissible under the rules, or to strike altogether, and I will be most pleased to sit down with the minority leader and see if we cannot arrive at time agreements and the identification of the steps that will be taken on both sides of the aisle and to arrange the deliberation of the Senate on this amendment and on this bill, as amended, so that we have full freedom to act without any restraints, without any limitation from the reconciliation bill until after everyone has had his turn at bat.

But, after we have exhausted that process, then it would be the intention of the leadership on this side to proceed to try to convert then our work product, as perfected, as amended, if it is amended and it is dealt with, into a reconciliation posture in order to preserve the provisions of the act in the out years rather than the simple objective, as is the case in the budget resolution, for instance.

I will explore that further with the minority leader. Let me leave this subject by saying that I am anxious to explore time limitations and agreements. I am anxious to see that every Senator has an opportunity to proceed free of any impediment at all, other than perhaps the impediment of rule XXII, cloture, perhaps, and to cooperate in every way with the minority leader to see that that occurs.

Mr. BYRD. Mr. President, what the distinguished majority leader says relieves my concern only in part. I am not concerned about cloture. That is in the regular order of procedure. But I am concerned about converting an underlying bill into a reconciliation measure by the mere attachment of a reconciliation amendment. And this bothers me greatly.

The fact that all Senators will have an opportunity to amend or strike out and insert, and all that, is not so helpful at this point. If we had 51 votes on this side, that would be enough to relieve me, but that is not the case.

We do not have 51 votes on this side. The cloture aspect does not bother me so much, as of now—maybe it will trouble me more later when it manifests itself. My concern is simply that of attaching an amendment—which is now a reconciliation bill on the calendar—to the basic underlying measure and by that action resort to the fiction of converting that underlying measure into a reconciliation bill with all of its time and germaneness strictures.

I realize there has been an instance in the past when cloture was applied to a committee substitute and automatically the basic bill was likewise clotured. But this approach seems to me to be quite a leap, in using that precedent as analogous to what I see we may be about to do here.

I am willing, as I say, to sit down with the majority leader and attempt to work out some other procedure whereby he can achieve, hopefully, his goal.

Mr. BAKER. Mr. President, I am sure my time has expired. I ask unanimous consent that the minority leader and I may proceed as necessary for another 5 minutes.

Mr. BYRD. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The time of the minority leader remains and the majority leader's time has expired.

Mr. BYRD. I yield to the majority leader.

Mr. BAKER. It will not take but a moment, Mr. President.

But I would say, Mr. President, I started to say in my own defense, but I do not feel any defense is necessary—that the original plan which I stated in public and on the floor and discussed with the minority leader was to call up the reconciliation bill which is on the calendar and which has only 14 hours, I believe, remaining for debate, and then to offer an amendment to that reconciliation bill which would be the leadership amendment that I am now about to offer or will offer at 2 o'clock.

In that case, many of the concerns expressed by the minority leader would, indeed, be genuine and real concerns—they are all genuine—but they would be real and serious concerns. And, indeed, they are so serious that the minority leader, among others, convinced me that was not a good way to proceed; that we were establishing a precedent there which is perfectly within the rules and the statute but a precedent, nonetheless, for dealing with a major piece of legislation on a very, very limited time basis and subject to very stringent requirements for germaneness.

For instance, on the amendment itself, there would be 2 hours of debate. On the bill itself, there would be 14 hours of debate and germaneness would apply and substitutes probably would not be eligible because of germaneness.

So early on in these discussions and conversations, the leadership on this side decided that that original idea, while entirely practical and within the rules, was not the best way to proceed. And the minority leader should have the credit or the blame, as the case may be, for convincing me that that was not a good way to proceed.

But I agreed with that and, instead, modified the procedure so that we chose the boat bill, the revenue measure on the calendar, instead of calling up the reconciliation bill and offered the Finance Committee package, which was subject to unlimited debate. For a while I thought indeed it was going to go on forever. We were in until 11 o'clock one night, 9 o'clock, as I recall, on another night, and until 5 in the morning on another occasion before we finally finished that package. But we did.

Now, we are in phase II and we are going to offer the appropriation caps, we are going to offer other matters that are in the leadership package, and, if it is adopted, the bill will become reconciliation, I believe the Chair will rule.

But, until that moment, the Senate is free to act completely unfettered by any time restraints, except as rule XXII might provide, or any germaneness requirements at all. So we have come a long way.

The only reason for this statement is to point out that I take seriously the concerns expressed by the minority leader. I share them and have attempted, in devising that strategy, to meet them while still maintaining the objective of keeping this package together, especially the appropriation caps, beyond the current year and into the out years so that everyone here and in the country can be assured that the Congress is not merely stating good intentions by enacting statue law.

Now, Mr. President, I hope that works satisfactorily. I will not prolong the matter. The minority leader and I have discussed this a number of times and he is fully aware of the design of this procedure.

I have done perhaps an unprecedented thing by providing the minority leader in advance detailed descriptions of how I intend to proceed. I hope that we can further elaborate on this arrangement so that we can arrive at time agreements on amendments, perhaps the identification of amendments to be offered, and perhaps even a time for final disposition of the amendment itself. I suppose that may be too much to hope for at this point, but I am bold and brazen enough to suggest that we try.

I apologize to Members for extending these remarks perhaps further than I should have.

Mr. BYRD. Mr. President, the majority leader does not owe an apology to anyone. The Members, certainly on this side of the aisle, appreciate his frankness in laying out the future procedure as he sees it.

Beyond that, I say that, as to the appropriations caps, this is also somewhat revolutionary as it will be embraced in this particular package. There is considerable concern—and should be—on this side of the aisle, and should be on both sides, about using the approach with reference to both the reconciliation amendment, which is the bill on the calendar, and also imposing the appropriations caps. That will suffice for now with represent respect to what I said in the hope that we might be able to work with the majority leader in devising some approach perhaps a little short of what he hopes for. But he presumably has the votes, and probably can achieve his goal in the long run.

Mr. President, I yield my remaining time to Mr. LEVIN.

Mr. LEVIN. Mr. President, will the majority leader yield to consider a possible accommodation to this Senator on the schedule?

Mr. BAKER. I yield.

REFORM OF DISABILITY DETERMINATION PROCESS

Mr. LEVIN. Mr. President, I understand that sometime before morning business is over the Senator would require that we proceed with House bill 3755, and that second reading take place of that bill because it has been held at the desk. Would it be possible to do that now so that I could in turn object to further proceeding on the bill, and it could be placed on the calendar?

Mr. BAKER. I thank the Senator.

If the minority leader is agreeable, I am perfectly agreeable to the procedure.

Mr. BYRD. Yes. We have no problem.

Mr. BAKER. Mr. President, I ask that the Chair proceed.

The PRESIDING OFFICER. The clerk will read the bill the second time.

The legislative clerk read as follows:

A bill (H.R. 3755) to amend title II of the Social Security Act to provide for reform in the disability determination process.

Mr. LEVIN. Mr. President, I object to further proceeding on this bill.

I thank the majority leader for accommodating me, and also the minority leader for his advice on this matter.

The PRESIDING OFFICER. Under rule XIV, paragraph 4, and the Senate's precedents, objection having been heard to further proceedings on this bill, after its second reading, the bill will be placed on the calendar.

Mr. BYRD. Mr. President, I request that the Chair put the majority leader's request—because otherwise under rule XIV I do not think it would have been appropriate—at this particular point in today's business. I think the majority leader made the request.

Mr. BAKER. I made the request.

Mr. BYRD. Mr. President, I ask unanimous consent that that be done at this point rather than at the close of morning business.

The PRESIDING OFFICER. The minority leader is correct.

Mr. BYRD. I thank the Chair.

Mr. BAKER. Mr. President, does the record reflect that the request was made, and granted, that it be in order at this point to proceed in the manner in which the Senator from Michigan did proceed?

The PRESIDING OFFICER. The majority leader is correct.

Mr. BAKER. I thank the Chair.

ORDER FOR RECESS FROM 12:30 P.M. UNTIL 2 P.M.

Mr. BAKER. Mr. President, I am using more time than I had planned. We have three special orders plus morning business. If the minority leader does not object, I ask unanimous consent that the recess begin at 12:30 p.m. instead of 12 o'clock and extend until 2 p.m. as previously ordered, and that the time for morning business will begin at the expiration of the special order of times under the terms and conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I thank the Chair.

I thank the minority leader, and I especially thank the Senator from Wisconsin and the Senator from Michigan for forbearing to claim their time so that this colloquy could occur.

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin is recognized for not to exceed 15 minutes.

ARE THE SOVIETS REALLY RACING AHEAD IN NUCLEAR AND CONVENTIONAL ARMS RACE?

Mr. PROXMIRE. Mr. President, what happens every April besides showers, springtime, daffodils, green grass, and the opening of the baseball season? Answer: The Pentagon tells us that the Russians are coming right on cue on April 10. This year, Secretary Caspar Weinberger issued the Defense Department report which charges that the Soviets enjoy a big quantitative advantage over the United States in several aspects of all three of the major areas of procurement: strategic nuclear weapons, conventional weapons, and biological and chemical warfare.

Mr. President, it just happens that this "Russians are coming" Pentagon report appears at precisely the time the Armed Services Committee is preparing to come to the floor of the Senate with the Pentagon wish list for weapons. What a coincidence! How remarkable that every year this same coincidence recurs. The Pentagon tells us the Russians are amassing a colossal military arsenal. They tell us this just a few days before the Senate will act on the Pentagon's wish list. In the past, as the year goes on we find that the Russians are not 10 feet tall. And this year there is a particular reason to take a long, skeptical look as the Pentagon cries "Wolf"!

Here is why: Buried deep in the report is the admission that the Soviets have not significantly increased their rate of procurement spending since the mid-seventies. The Pentagon claims that the Russian military procurement simply leveled off at a higher rate than U.S. military procurement. Mr. President, this admission—that the Soviet Union has not increased the rate of their military procurement buildup for nearly 10 years—is the most important disclosure in this year's Pentagon report. Last year, the CIA told a subcommittee of the Joint Economic Committee the same thing.

The myth of Russians 10 feet tall has been fabricated around the thesis that the Soviet Union was making extraordinary efforts to pour ever-greater resources into military procurement. The intelligence community believed that the Russians had been pushing 13 to 14 percent of their gross national product into the military, and that in the decade of the seventies they accelerated that to 14 to 16 percent. Many U.S. intelligence forecasts contended that if Soviet defense spending continued to grow at the historical rate, their military burden could increase to 20 percent by the end of the 1980's. In fact, the CIA estimates show an overall increase in military spending between 1976 and 1981 of only 2 percent in real terms, which is less than the growth of the Soviet GNP, and no increase in Soviet military procurement whatsoever. In fact, there has been a slowdown in the production of missiles, aircraft, surface ships, submarines, tanks, and many other categories. Just as in U.S. military procurement, there have been advances in military technology which have increased the unit cost of production. But the CIA has concluded that unit cost increases have not totally offset the reduced quantities in cost.

Mr. President, this Senator would not minimize the size or cost or military power of the Soviet buildup. The Soviets are, indeed, building a large number of weapons. In some areas, such as tanks, their numbers substantially exceed ours. But the impression that the Secretary of Defense gives of a relentless year-by-year growth of Soviet military power is hardly borne out by the facts. How relentless is a buildup that actually slowed in overall military spending in the latter half of the seventies from about 4 percent to 2 percent? How relentless is a buildup of military procurement that apparently did not grow at all since 1976?

The fascinating question on the Soviet Union military forces is not why the buildup, but why the slowdown? Was it because of industrial and agricultural bottlenecks in the civilian economy that spilled over to the defense industries? Were there Russian problems in assimilating new technology? Were there policy decisions such as compliance with SALT I and SALT II agreements? In the past, the Defense Department has emphasized the growth of Soviet military spending. They have often exaggerated that growth. But they have had a case of sorts. Now the Soviet Union has slowed its overall military growth and actually brought its growth in military procurement to a halt.

We have discovered this at a time when we have been sharply increasing our own rate of military spending. And the alibi for that U.S. increase has always been to match the Soviet Union's growth. No Senator I know of—certainly not this Senator—has proposed that we match the Russians by cutting our military growth down to 2 percent or stop the rate of growth in real terms for our procurement.

Indeed, Congress will certainly increase our overall military spending allowing fully for inflation by at least 5 percent this year, and our military procurement by a great deal more. Indeed, the President's fiscal year 1985 request for procurement in that budget is a record $107.6 billion, a smashing 25-percent increase—25 percent, Mr. President—in budget authority over 1984. The President has since agreed to a lesser increase and Congress may narrow the increase in military procurement outlays to 15 or even 10 percent. But since Congress has shown no disposition to back away from any of the immensely expensive new weapons systems the President has called for, any reduction in the rate of procurement increase is likely to be a temporary deferment requiring even greater outlays in coming years.

What does all this do to the Weinberger thesis that the Russians are speeding up the arms race? The CIA tells us that for nearly 10 years, Russian procurement has been flat, with no increase in the real rate of spending. Meanwhile, our own military spending moves relentlessly and sharply ahead.

THE ARMENIAN GENOCIDE

Mr. PROXMIRE. Mr. President, today is the 69th anniversary of Armenian Martyrs Day, a day on which we honor the memory of 1.5 million Armenians massacred between 1915-23 by the Ottoman Empire.

The Armenian genocide is often considered the "forgotten genocide" of the 20th century. Unlike the Nazi persecution of the Jews, this tragic event is little known and seldom recognized.

Had the world taken ample note of this terrible crime and held those responsible for this horror accountable, it is very possible that the Holocaust of World War II could have been avoided. In fact, as Hitler was planning the extermination of the Jews, he asked rhetorically, "Who remembers the Armenians?" Hitler, unfortunately, was right.

In this age of mass communication, it is difficult to understand how the world could have taken so little notice of a crime of this magnitude.

The pattern of their persecution dates back to 1894, when, in a 2-year period, 200,000 Armenians were massacred under the reign of Ottoman Sultan Abdul Hamid II. Later, in 1909, 21,000 Cilician Armenians were massacred. Finally, in the first genocide of the 20th century, the Turks killed 1.5 million Armenians and exiled another 500,000 from their homes. Despite the protests of numerous diplomatic observers, the nations of the world were not moved to action and many failed to even take notice of this tragedy.

The pattern of ignorance continues even today. Just 2 years ago, the State Department's official bulletin noted that the Department of State found the historical record ambiguous and, therefore, took no official position on the events surrounding this "allegation" of genocide.

At that time, many of my colleagues and I protested this historical revisionism on the part of the State Department. The documentation of the Armenian genocide is clear and irrefutable. It is an historical fact, and we cannot conveniently overlook it for diplomatic expediency.

Such efforts to rewrite history are an insult to both justice and memory.

Mr. President, that is why it is important that the Senate take notice of Armenian Martyrs Day. Today we affirm the reality of the Armenian genocide as a historical fact and we use it as an opportunity to educate another generation of the ultimate horror of which man can be capable. And we rededicate ourselves to insure that such tragedies will never occur again.

But this rededication must not be a mere idle pledge. It must be an affirmative, active step.

We have the means at our disposal. The Genocide Convention is still pending before the Senate awaiting our advice and consent.

Ratification of this treaty would be the highest tribute we could give to the memory of the Armenian martyrs. The Genocide Convention would clearly affirm our commitment for the right of all national, ethnic, racial, and religious groups to live free from fear of destruction. It would firmly establish in international law the principle that criminals who even attempt such crimes will be firmly punished.

What better step could we take in honor of these martyrs than such a decisive step?

Mr. President, I urge my colleagues to join me in honoring these martyrs by seeking Senate ratification of the Genocide Convention.

Mr. President, I am happy to yield the remainder of my time to the distinguished Senator from Michigan (Mr. LEVIN).

RECOGNITION OF SENATOR LEVIN

The **PRESIDING OFFICER.** Under the previous order, the Senator from Michigan is recognized.

69TH ANNIVERSARY OF ARMENIAN MARTYRS DAY

Mr. LEVIN. Mr. President, I thank my friend, the Senator from Wisconsin, for his constancy in the cause of obliterating genocide from the face of the Earth.

Every April 24, Armenians all over the world take pause to honor the memory of the 1.5 million Armenians massacred between 1915-23 by the Turkish Ottoman Empire, a tragic event which is recorded by eyewitness accounts in historical archives throughout the world.

This historical record documents the crime perpetrated against the Armenian nation and people by the Turkish Ottoman Government as the first genocide of the 20th century. Whosoever denies it must not be allowed to succeed in rewriting history. The historical archives reveal eyewitness accounts of survivors, journalists, government officials and missionaries of many nations—eyewitness accounts which shocked all civilized mankind.

But, regrettably it was soon forgotten, not by the surviving Armenians, but by most of the rest of the world. So that when Adolf Hitler planned his invasion of Poland and the destruction of Jewish people, he was able to scornfully state, "Who, after all, speaks today of the annihilation of the Armenians (?)."

This day serves as a tragic reminder that the first genocide of the 20th century became the precedent for the Holocaust of World War II. The line from Armenia to Auschwitz is a direct one.

Mr. President, when one compares to two genocides, the similarities are startling:

The Turks set the stage for the genocide by calling Armenians a suspect people sympathetic to the Western powers of World War I. Later, the Nazis increasingly depicted the Jewish people as enemies of the Third Reich, which, too, set the stage for the Holocaust.

The Turks used the cover of a world war to deport and annihilate the Armenian people. The Nazis used the chaos of World War II to deport the Jewish people to concentration camps outside of Germany, where they were later murdered.

The Turks tried to conceal the Armenian genocide from their own citizens and the world, as they still do today. The Nazis did, as well.

If the Armenians of 1915 had been remembered, if the perpetrators of their genocide were punished by a world tribunal, and if international laws had been enacted preventing the heinous crime of genocide, 6 million Jews might not have perished at the hands of the Nazis.

The world did not learn a lesson from the Armenian genocide. By commemorating the memory of these victims, we can try once again to prevent history from repeating itself. Such tragedies can only be prevented in the future if they are remembered. This is the legacy our ancestors left to the surviving generations—a legacy which we pay tribute to today. It is a legacy which also was recently honored in a joint commemoration of the Armenian genocide and the Jewish Holocaust by the Armenian Club and B'Nai Israel Club of Central Michigan University.

The students at Central Michigan University realized that this legacy represents a challenge—a challenge not to back down from efforts of the Turkish Government to rewrite history; a challenge not to back down from continued and unacceptable blunders from our own State Department, which said in the August 1982 issue of its official magazine, the Bulletin:

> Because the historical record of the 1915 events in Asia minor is ambiguous, the Department of State does not endorse allegations that the Turkish Government committed a genocide against the Armenian people.

That was an unbelievable and outrageous denial of decades of U.S. policy which infuriated me and others in Congress, as it did the Armenian community and those students of history who know the difference between fact and fiction. The State Department, 8 long months later, finally retracted the statement by writing:

> The article . . . which appeared in the August 1982 issue of the Bulletin . . . (was) not intended as statements of policy of the United States. Nor did they represent any change in U.S. policy.

That clarification of course, should not have been necessary to make in the first place. But it now seems another clarification, unfortunately is needed. It is needed, I am saddened to say, because of an incident that I have learned of after returning from the spring recess.

On April 11, House Joint Resolution 247, a measure which would have created a "National Day of Remembrance of Man's Inhumanity to Man" by designating April 24, 1984—today—as a day to honor all victims of genocide, especially those 1.5 million Armenian genocide victims of the Turkish Ottoman Empire, was brought to the House floor for consideration. But it was objected to by one Member and set aside, as required under the rule of unanimous consent. Congressman Tony Coelho of California, the main sponsor of the resolution which had 228 cosponsors, spoke as follows in the House the next day:

> One lone voice opposed this measure. But I wanted to let it be known that there was a stronger voice which opposed this resolution—the State Department. . . . Mr. Lewis Murray of the European Affairs Desk at the State Department phoned my office to express the State Department's dissatisfaction with the resolution. He not only expressed the State Department's dissatisfaction, but he went as far as to say that the resolution was irresponsible and that it would have a negative impact if passed. He alleged that, if passed, this resolution would:
>
> First, encourage terrorism, and second, muck up relations with the Turkish Government. But perhaps his greatest effort in his argument to dissuade me from having the resolution brought to the floor was adding that the Armenian genocide has never been documented.

Mr. President, enough is enough. It pains me to even have to address these ignorant charges which were made by a State Department official who is seemingly oblivious of the historical record and previous policy statements of the United States. Let no one misunderstand our meaning or the meaning of today's commemoration.

The struggle which has manifested itself in the American political process is a struggle which must be fought solely in the political arena. The refusal of the Turkish Government, and now, again, by a State Department refusal to acknowledge the Ottoman Empire's role in the Armenian genocide, as the New York Times has written:

> In no way justifies a minuscule group of Armenian terrorists, who in a decade have killed 26 Turkish diplomats. But it surely justifies using the memorial day, as less vengeful Armenians ask with increasing urgency, to call for an accounting of a dark and unpunished crime.

As for "mucking up relations with the Turkish Government," it is time for us to insist that Turkey fully observe the fundamental freedoms of its people and link our foreign assistance to an improved Turkish record on human rights.

Mr. President, in order to help respond to the State Department's representative's unbelievable claim that the Armenian genocide has never been documented, I ask unanimous consent that the following factsheets and newspaper articles, which were provided to me by the Armenian Assembly, a national nonprofit organization representing the Armenian-American community, be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

Factsheet: The Armenian Genocide

During the second half of the nineteenth century, the Armenian population of the Ottoman (Turkish) Empire became the target of heightened persecution by the Ottoman government. These persecutions culminated in a three decade period during which the Armenians were systematically uprooted from their homeland of 3,000 years and eliminated through massacres of exile.

THE PATTERN OF PERSECUTION: 1894-1924

1894-1896: 200,000 Armenians massacred during the reign of the Ottoman Shutan Abdul Hamid II.

1909: 21,000 Armenians massacred in Cilicia.

1915-1923: 1,500,000 Armenians perished, and more than 500,000 were exiled from their homes in the Ottoman Empire.

At the beginning of World War I, there were some 2,500,000 Armenians living in the Ottoman Empire. Since the Armenian Genocide. fewer than 100,000 declared Armenians reside in Turkey. Armenian citizens of Russia were also subject to massacre during the Turkish invasions of 1918 and 1920.

MOBILIZATION FOR WORLD WAR I SETS THE STAGE FOR GENOCIDE

1. On August 2, 1914, general mobilization of the Turkish army was declared. Like their fellow Turkish citizens, all able-bodied Armenian men, with few exceptions, were called up for military service. Beginning in February, 1915, the Armenians in the armed forces were segregated into labor battalions, disarmed, and ultimately worked to death or massacred.

2. Also in August, 1914, the Young Turk government began to release murderers and other confirmed criminals from prisons throughout Asia Minor and placed them in the Special Organization (Teshkileti Mahsusa) for the express purpose of ending the "Armenian Question" by annihilating the Armenians. Whole villages were massacred outright in the fall and winter of 1914 in the eastern provinces.

3. In February, 1915, the Turkish government disarmed the Armenian mountaineers of Zeitun, near Marash, and deported the population to the Salt Desert near Konia, or to the Syrian desert. Packed into boxcars, or forced to walk often without food or water for days, they quickly perished. Deportations and massacres soon became the plight of Armenians in other areas.

4. On April 24, 1915, about 200 Armenian religious, political, and intellectual leaders were arrested in Constantinople (Istanbul) exiled, or taken to the interior and murdered. Similar measures were executed throughout the empire in all Armenian centers.

5. The Edict of Deportation was formally promulgated on May 27, 1915. Soon afterwards, Armenians throughout the Ottoman Empire were deported on short notice. Men were usually separated from the group and massacred. The remaining women, children, and elderly were marched across Asia Minor and Turkish Armenia to the Syrian desert, constantly attacked by brigands and the Special Organization "guards" who were ostensibly to offer protection. Thousands were kidnapped. Most of the deportees were massacred or died of starvation, disease, or exposure.

6. Approximately 500,000 Armenian refugees escaped to the north across the Russian border, south into Arab countries, or to Europe and the United States. Thus, the Armenians of the Ottoman Empire were vitually eliminated from their ancestral homeland as a result of a carefully executed government plan of genocide.

7. Armenians who did return from exile to their homes following World War I found conditions uncertain, despite assurances by the Allies that their lives and property would be secure. With the rise of Mustapha

Kemal (Ataturk) beginning in 1919, the Armenians again were subjected to waves of massacres. Those who survived either fled or were expelled by the Kremalist regime in 1922-25.

Factsheet: U.S. Recognition of the Armenian Genocide

During the second half of the nineteenth century, the Armenian population of the Ottoman (Turkish) Empire became the target of heightened persecution by the Ottoman government. These persecutions culminated in a three-decade period during which the Armenians were systematically uprooted from their homeland of 3,000 years and eliminated through massacres or exile.

The United States Archives are replete with material documenting the premeditated extermination of the Armenian people, as well as American interventions to prevent the full realization of Turkey's genocidal plan and humanitarian assistance for those who survived. The U.S. Ambassador to the Ottoman Empire, Herry Morgenthau, acting on instructions from Secretaries of State William Jennings Bryan and Robert Lansing, organized and led protests by all nations, among them Turkey's allies, over what Ambassador Morgenthau referred to as Turkey's program of "race extermination." The archives also demonstrate that the American people, through an organization known as Near East Relief chartered by an act of Congress, contributed some $113 million between 1915 and 1930 to aid the Armenian Genocide survivors. In addition, 132,000 orphans became foster children of the American people and owe their lives to this effort.

U.S. REAFFIRMATION—A PARTIAL CHRONOLOGY

July 16 1915—Telegram from U.S. Ambassador Henry Morgenthau to the Secretary of State:

"Deportation of and excesses against peaceful Armenians is increasing and from harrowing reports of eye witnesses it appears that a campaign of race extermination is in progress under a pretext of reprisal against rebellion."

May 13, 1920—Senate Resolution 359:

". . . the testimony adduced at the hearings conducted by the subcommittee of the Senate Committee on Foreign Relations have clearly established the truth of the reported massacres and other atrocities from which the Armenian people have suffered."

April 8, 1975—House Joint Resolution 148:

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, that April 24, 1975, is hereby designated as 'National Day of Remembrance of Man's Inhumanity to Man', and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day as a day of remembrance for all the victims of genocide, especially those of Armenian ancestry who succumbed to the genocide perpetrated in 1915, and in whose memory this date is commemorated by all Armenians and their friends throughout the world."

May 11, 1976—Hearing, U.S. House of Representatives Committee on International Relations Subcommittee on Future Foreign Policy Research and Development Investigation Into Certain Past Instances of Genocide and Exploration of Policy Options for the Future, Opening Statement by Chairman Lester Wolff:

"We have before us a panel of distinguished guests who will provide us with a wealth of information on the first genocidal tragedy of the 20th century, that which befell the Armenian people in the years 1910-20 when 1.5 million people were killed or driven from their homes and left to die. Our purpose in this is twofold. We shall examine this tragedy as part of the broader problem of genocide and also to determine whether the repercussions of the tragedy are still being felt today."

May 16, 1978—Speech by former President Jimmy Carter at the White House:

". . . it's generally not known in the world that in the years preceding 1916, there was a concerted effort made to eliminate all the Armenian people, probably one of the greatest tragedies that ever befell any group. And there weren't any Nuremberg trials."

April 24, 1980—Speech by U.S. Holocaust Memorial Council Director Monroe Freedman:

"Today we recall in sorrow the million and one-half Armenians who were tortured, starved, and butchered to death in the First Genocide of the Twentieth Cenutry."

April 22, 1981—Days of Remembrance of Victims of the Holocaust Proclamation 4838, by President Ronald Reagan:

"Like the genocide of the Armenians before it, and the genocide of the Cambodians which followed it—and like too many other such persecutions of too many other peoples—the lessons of the Holocaust must never be forgotten."

April 30, 1981—Days of Remembrance Commemoration, Capitol Rotunda Speech by U.S. Holocaust Memorial Council Chairman Elie Wiesel:

"Before the planning of the final solution, Hitler asked, 'Who remembers the Armenians? He was right. No one remembered them, as no one remembered the Jews. Rejected by everyone, they felt expelled from history."

March 1983—U.S. Holocaust Memorial Council booklet entitled Armenian Genocide Commemorative Fund:

"The 1915-23 genocide of the Armenian citizens of the Ottoman Turkish Empire will have a place of prominence in the Holocaust Museum. Approval by the Holocaust Council was unanimous."

[An editorial from the New York Times, Apr. 23, 1983]

Armenian Memory, Turkish Amnesia

The saddest date on the Armenian calendar is April 24, when a scattered people remembers a catastrophe most of us have forgotten. It happened in 1915, when a large and thriving Armenian community in Turkey became the object of the century's first official genocide.

It was a gruesome campaign, resulting in the death or deportation of perhaps 1.5 million of 2.3 million Turkish Armenians. Yet the perpetrators faced no judicial inquiry, no ministers resigned in disgrace and subsequent Turkish Governments have declined even to acknowledge what happened.

This amnesia in no way justifies a minuscule group of Armenian terrorists, who in a decade have killed 26 Turkish diplomats. But it surely justifies using the memorial day, as less vengeful Armenians ask with increasing urgency, to call for an accounting of a dark and unpunished crime.

A stateless people, Armenians were vulnerably located on both sides of the Eastern Front when World War I pitted Germany and the Ottoman Empire against Czarist Russia. Britian and France. Islamic Turkey looked on Christian Armenians as collectively suspect—even, according to one theorist, an "alien impurity."

"Alas, those who were innocent today might be guilty tomorrow," explained Turkey's Interior Minister, who ordered the deportation of entire communities and condoned plunder and murder by Turkish troops, beginning in April 1915.

The killings appalled German diplomats, who had no motive for exaggeration. Their dismay was shared by the American envoy, Henry Morgenthau Sr., who fed eyewitness accounts to foreign journalists. The weight of the evidence makes credible an Ottoman document, dated Sept. 16, 1915, asserting that the regime's purpose was "to destroy completely all the Armenians living in Turkey."

As shocking as what happened was what didn't. Much of the world protested, but with little effect and with numbed incredulity. An account of a ferocious killing on the shores of Lake Van prompted this meditation in The New Republic "Humanity refuses to think that a civilized nation was even fractionally responsible for such desolation."

In that refusal. Franz Werfel foresaw other horrors. His powerful novel. "The Forty Days of Musa Dagh," describes a meeting between Turkey's Defense Minister, Enver Pasha, and a German pastor. Suppose Germany had enemies in its midst, said Enver, "shall we say, Poles or Social Democrats or Jews. . . . Would you consider it so cruel if, for the sake of victory, all dangerous elements in the population were simply herded together and sent packing into distant, uninhabited territory? . . . There can be no peace between human beings and plague germs."

Werfel, a Czech-German Jew, was writing in 1933. He later fled Germany, and died in America in 1945, when what began in Anatolia had produced Auschwitz.

Karl E. Meyer.

[The following articles were published in the New York Times from Mar. 20, 1915 to June 1, 1919]

Whole Plain Strewn by Armenian Bodies

London, March 19.—Appalling accounts of conditions in Armenia have reached the officials in London of the Armenian Red Cross Fund and have been given out by them.

The latest recital is from an Armenian doctor named Dardarian, who says that the whole plain of Alashgerd is virtually covered with the bodies of men, women, and children.

When the Russian forces retreated from this district the Kurds fell upon the helpless people and shut them up in mosques. The men were killed and the women were carried away to the mountains.

The organisers of the Red Cross Fund say there are 130,000 destitute Armenians now in the Caucasus.

Petrograd, March 19.—A telegram from Urumish, Northwestern Persia, says that prior to the evacuation of towns between Jufla and Tabriz the "Turks and Kurds, who were retreating before the Russian advance, pillaged and burned the villages and put to death some of the inhabitants.

At Salmas, Pagaduk, and Sarna orders are said to have been given by the Turkish Commissioner for the destruction of the towns.

All the Armenian inhabitants of Antvat were collected and, according to this message, 600 males were put to death, and the women, after being compelled to embrace the Mohammedan faith, were divided into parties and sent to various interior towns.

Appeal to Turkey To Stop Massacres

Washington, April 27.—An appeal for relief of Armenian Christians in Turkey, following reported massacres and threatened further outrages, was made to the Turkish Government today by the United States.

Acting upon the request of the Russian Government, submitted through Ambassador Bakhmeteff, Secretary Bryan cabled to Ambassador Morgenthau at Constantinople to make representations to the Turkish authorities asking that steps be taken for the protection of imperiled Armenians and to prevent the recurrence of religious outbreaks.

Ambassador Bakhmeteff called at the State Department late today with a dispatch from his Government, which included an appeal to the President of the United States for aid, forwarded through the Russian Government from the Catholics of the Armenian Church at Etchmiadzin in the Caucasus.

"The request from the head of the Armenian Church to this Government, forwarded through the Russian Ambassador," said Secretary Bryan, "is the first official notice the department has received of the reported Armenian massacres. Our action was taken as a matter of humanity."

The Russian Embassy today gave out a translation of a recent speech by the Minister of Foreign Affairs in the Duma, in which the presence of Russian troops in Persia was explained. The Foreign Minister said:

"The presence of our troops in Persian territory by no means involves a violation of Persian neutrality. Our detachments were sent to that country some years ago for the definite purpose of establishing and maintaining order in districts contiguous to our possessions of high economic importance to us also to prevent the seizure of some of these districts by the Turks, who openly strove to create for themselves there especially in the district of Urumiah a convenient base for military operations against the Caucasus." The Persian Government not having the actual power to maintain its neutrality met the Turkish violation of the latter with protests, which, however, had no results.

More Armenian Massacres

Tiflis, Transcaucasia (via Petrograd and London), June 5.—After the occupation by the Russians of Van Turkin Armenia, bands of Kurds continued to commit atrocities in the district of Bitlis, Moush and Diarbekr, Armenian volunteers in increasing numbers are fighting desperately to protect the Christian population from the Kurds. Inhabitants of Diarbekr, following the example of the Armenians in Van, have organized armed bands.

The population of Urumiah, in Persia, Armenia, greeted the Russians with enthusiasm. Food for the refugees in the American missions was brought by the Russians. The consulates at Urumian and Van have suffered little in the fighting which has been going on during the last few months.

The successes of the Russians in these districts are creating dissatisfaction among the Persians and Arabians. Disorders are developing.

The concentration by the Turks of military efforts on the Dardanelles has caused a shortage of arms and ammunition for their troops in the Caucasus. A portion of the artillery has been removed from the Turkish forts at Erzerum, the principal city of Turkish Armenia.

Wholesale Massacres of Armenians by Turks

London, July 28.—The Earl of Crewe, Lord President of the Council, replying in the House of Lords today to a question by Viscount Bryce, concerning the killing of Christians in Armenia by the Turks, said the information received at the Foreign Office showed that such crimes had recently increased both in number and in degree of atrocity. They include, Lord Crewe declared, both wholesale massacre and wholesale deportations, which were carried out under the guise of enforced evacuation. Similar crimes, he added, had been committed by the Turks against Christians on the Persian border.

The pressure of the Germans and the influence they exercised had been, Lord Crewe continued, "an absolute and unmitigrated curse both to the Christian and Moslem population. They have shown a most complete cynical disregard for the country and the people who inhabit it."

Lord Crewe said he regretted that it was impossible to take immediate steps for the suppression of such atrocities, but that those responsible for them would ultimately receive just punishment.

Report Turks Shot Women and Children

Paris, Aug. 3.—B. Varazdate, a member of the Executive Committee of the Armenian Social Democratic Party, writing to L'Humanita, the Socialist daily, says that the committee has received word to the effect that Turks, after massacring all the males of the population in the region of Bitlis, Turkish Armenia, assembled 9,000 women and children and drove them to the banks of the Tigris, where they shot them and threw the bodies into the river.

These advices have not been substantiated from any other sources.

The Armenian population of Cilicia, in the Turkish Vilayet of Adana, also has been subjected to persecutions, according to the reports of the communities. More than 40,000 persons already are dead and it is feared that the Armenians at Moush and Diarbekr, to Kurdistan also have been massacred.

Twenty members of the Armenian Social Democratic Party, M. Varazdate says, have been publicly hanged in Constantinople after being charged with wishing to found an independent Armenia.

Armenian Horrors Grow

London, Friday, August 6.—The Daily Chronicle says:

"A tragic episode of the war in the East is the wholesale massacre of the Armenians in the eastern vilayets of Asia Minor by the Turks and Kurds. Regarding the terrible scale of these massacres, greater than any which occurred under Abdul Hamid, there is now no room for doubt, and the statements made on the subject last week by Lord Bryce in the House of Lords were officially corroborated by Lord Crewe.

"In certain cases the Armenians have defended themselves successfully. At the town of Van, for instance, to which Enver I'asha sent his brother-in-law with a commission of extermination, the victims rose after the massacres had begun, barricaded the Armenian quarter, and held our against the Turkish seige for four weeks until relieved by the advent of the Russian army. But with this and some similar exceptions they have been powerless. Tens and probably hundreds of thousands have been butchered, and great numbers more have been deported by road hundreds of miles to Western Anatolia under conditions amounting to slow extermination.

"The Germans, who are masters of the Central Ottoman Administration, have to their everlasting shame not only permitted, but rather encouraged these horrors. The allied powers have notified the Turkish officials that they will hold them personally responsible, and at this stage they can do no more. There is perhaps room for an effective American protest, though we have not yet heard of one."

The Chronicle concludes by making an appeal to British private charity, citing the following terrible account of ruin and devastation following the Turkish massacres in Northeastern Armenia, telegraphed by Ayvadian, the Archbishop of Van, and Aram, the Governor of Van, to the honorary secretary of the Armenian Red Cross and Refugee Fund:

"Besides Van, the provinces of Chatakh, Moks, Sparkert, Mamertank, and Khizan are saved. The rest are ruined and devastated. Men, women, and children are massacred. Twenty thousand people are homeless. Famine and infectious disease prevail. Many volunteers are sick and wounded. Notwithstanding assistance from the Russian Government and the Armenians in the Caucasus, there is great want of doctors, drugs, ambulances, and food. The situation in Bitlia, Moush, and Diarbekr is terrible. We beg urgently for immediate help."

Armenians Are Sent To Perish in Desert

London, Wednesday, Aug. 18.—The Daily News has received from Aneurin Williams, M. P., a copy of a letter from Constantinople, dated July 18, describing the terrible plight of the Armenians in Turkey. The letter says:

"We now know with certainty from a reliable source that the Armenians have been deported in a body from all the towns and villages in Cilicia to the desert regions south of Aleppo. The refugees will have to traverse on foot a distance, requiring marches of from one to two or even more months.

"We learn, besides, that the roads and the Euphrates are strewn with corpses of exiles, and those who survive are doomed to certain death, since they will find neither house, work, nor food in the desert. It is a plan to exterminate the whole Armenian people.

"Courts-martial operate everywhere without cessation. Twelve Armenians were hanged at Caessroa on a charge of having obeyed instructions which they had received from a meeting secretly held at Buchareat by the Trooahak and Ilunchak societies. Many have fallen from blows from clubs. Thirteen Armenians were killed in this way at Diarbekr and six at Cassuea. Thirteen others were killed on their way from Chabine-Karahissar to Bluas. The priests of the village of Kurk with their five companions suffered the same fate on the road to Sow-Chehrasvas although they had their hands bound.

"Hundreds of women and young girls and even children groan in prisons. Churches and convents have been pillaged, defiled, and destroyed. The villages around Van and Bitlis have been pillaged and the inhabitants put to the sword.

"At the beginning of this month all the inhabitants of Karahissar were pitilessly massacred, with the exception of a few children."

Burn 1,000 Armenians

London, Friday, Aug. 20.—A Reuter dispatch from Petrograd says:

"Almost unbelievable details of Turkish massacres of Armenians in Bitlis have reached Petrograd.

"In one village 1,000 men, women and children are reported to have been locked in a wooden building and burned to death.

"In another large village only thirty-six persons, it is said, escaped massacre.

"In still another instance, it is asserted, several scores of men and women were tied together by chains and thrown into Lake Van."

Turks Depopulate Towns of Armenia

A traveler who has just arrived in New York from Turkey, where he was long a resident, told The Times yesterday of conditions as he found them in Constantinople, and of the wholesale deportations of Armenians from the interior districts of Asiatic Turkey. For reasons that are valid the narrator does not wish to have his name published, but The Times can vouch for his qualifications as an observer, especially of conditions in the Armenian district.

Leaving Sivas, where he spent some time, he proceeded to Constantinople and thence to Athens, from which port he sailed for New York. When in Constantinople about four weeks ago, he said; the tension was pretty high. In official circles it was maintained that everything was proceeding smoothly for the Turks, but there were many individuals, he said, who expressed discouragement. These put little faith in Germany's motives in aiding Turkey, and some even charged Enver Pasha with having sold out to Germany for money.

1,500,000 Armenians Starve

The American Armenian Relief Fund Committee has received two letters from Constantinople describing the horrors to which the Armenian Christians in Turkey are being subjected. One letter, dated June 15, says in part:

"The Turkish Government is executing today the plan of scattering the Armenians of the Armenian provinces, profiting from the troubles of the European powers and from the acquiescence of Germany and Austria.

"These people are being removed without any of their goods and chattels, and to places where the climate is totally unsuited to them. They are left without shelter, without food, and without clothing, depending only upon the morsels of bread which the Government will throw before them, a Government which is unable even to feed its own troops.

"It is impossible to read or to hear, without shedding tears, even the meagre details of these deportations. Most of the families have traveled on foot, old men and children have died on the way, young women in child-birth have been left on mountain passes, and at least ten deaths a day are recorded among them even in their place of exile victims of hunger and sickness. It has not been possible as yet to forward any help to Sultanieh, owing to the interdiction of the Government, in spite of the efforts of the American Ambassador, whose philanthropic and generous endeavors in aid of the Armenians are gratefully acknowledged."

Answer Morgenthau by Hanging Armenians

London, Thursday, Sept. 16.—A Times correspondent, lately in Salonika, says that all the reports from Turkey are agreed as to the terrible character of the Turkish atrocities against Armenians. It is believed that it is the official intention that this shall be a campaign of extermination, involving the murdering of 800,000 to 1,000,000 persons. Christians can escape murder by embracing Mahomedanism, in which case all the female members of the convert's family of marriageable age—wife, sisters, or children—are distributed around to other Turks, making the reversion to Christianity in future practically impossible.

The American Minister at Constantinople is said to have protested recently against the massacre, in view of the danger to which they exposed the American missionaries. The only response to his protest was the hanging of twenty leading Armenians the next day in the streets of Constantinople.

500,000 Armenians Said To Have Perished

Washington, Sept. 23.—Charles R. Crane of Chicago, a Director of Roberts College, Constantinople, and James L. Burton of Boston, Foreign Secretary of the American Board of Commissioners for Foreign Missions, visited the State Department today and conferred with Acting Secretary of State Polk and other officials regarding the slaughter of Armenians by Turks and Kurds in Asia Minor. They will attend a meeting of a general committee, to be held in New York within a few days, to devise a plan for appealing to the American people for funds and aid for as many of the unfortunate Armenians as can be helped.

It was learned, in connection with the conferences held here today, that general representations have from time to time been made to the Ottoman Government by Ambassador Morgenthau for humane treatment of Armenians. Despite these representations, the slaughter of Armenians has continued.

The records of the State Department are replete with detailed reports from American Consular officers in Asia Minor, which give harrowing tales of the treatment of the Armenian Christians by the Turks and the Kurds. These reports have not been made public. They indicate that the Turk has undertaken a war of extermination on Armenians, especially those of the Gregorian Church, to which about 90 percent of the Armenians belong. The Turkish Government originally ordered the deportation of all Armenians, but, some time ago, after representations had been made by Ambassador Morgenthau, the Ottoman Government gave assurances that the order would be modified so as not to embrace Catholic and Protestant Armenians.

Armenian Women Put Up at Auction

The statement made by Count von Bernstorff, the German Ambassador, in a letter to Miran Sevasly of Coston, in which he characterized the reports concerning Turkish atrocities perpetrated against the Armenians as "pure inventions," will be answered in a few days by a number of well-known Americans who are cognizant of the actual situation in Turkey, and who, it is said, will produce absolutely trustworthy evidence and authenticated data to prove, as one of them put it yesterday, that "all Armenia is bloody with atrocities."

The letter of the German Ambassador to Mr. Sevasly was published in The Times of yesterday, and the statements made by Count von Bernstorff created nothing short of indignation in missionary and other circles in which the Armenian situation is at the present time now of vital concern.

"So far as the German Ambassador is concerned, all that I care to say just now," said Professor Samuel T. Dutton, Secretary of the Committee on Armenian Atrocities, yesterday," is that he has evidently been badly misinformed. I am quite sure that he will be much surprised when he sees the concrete material, all of it thoroughly authenticated, concerning what has happened in Armenia which is in the possession of this committee".

Armenian Officials Murdered by Turks

London, Sept. 29—The Cairo correspondent of The Times, in a dispatch dated Sept. 27, says:

Confirmation has reached here of reports of Armenian atrocities of a nauseating and appalling character. Undoubtedly, as on previous occasions, these outrages have been engineered from Stamboul. There is reason to believe that the attack on the Armenians was decided upon on Enver Pasha's return after his repulse in the Caucasus, when he appeared to be infuriated against the Armenians because they had greatly assisted the Russians.

"Talat Bey evidently seized the opportunity to retaliate upon the defenseless colonies in Asia Minor. The formula adopted as a cloak was an order for the expulsion of the Armenians and their deportation to centres in the interior. Resistance or delay in compliance with the order was made the excuse for murder, rape, and other savageries.

"One instance in which leading Armenians were concerned shows the fate awaiting even those who obeyed the order. Vartkes Effendi and Zohrab Effendi, two prominent members of Parliament; Agnuni, one of the chief Dashnakists; Haladjian Effendi, and Pastermedijian Effendi, ex-Ministers of Public Works and Agriculture, were put in a carriage at Urfa for conveyance to Diarbvekr, and then were murdered en route, their escort reporting that the murders were the work of brigands. Vartkes was but recently recipient of marks of Talaat Bey's friendship.

"Refugees from Suedia now at Port Said appear to have fought most valiantly. When the deportation order came 4,800 of these took to the hills, where they resisted for seven weeks, one attack of the Turks lasting continuously for twenty-six hours. It is believed that Armenians elsewhere are resisting, but the case of the inland colonies is almost hopeless.

"The nature and scale of the atrocities dwarf anything perpetrated in Belgium or under Abdul Hamid, whose exploits in this direction now assume an aspect of moderation compared with those of the present Governors of Turkey. Talaat Bay, when ordering the deportations, said:

" 'After this, for fifty years there will not be an Armenian question.' "

Says Extinction Menaces Armenia

Dr. M. Simbad Gabriel, President of the Armenian General Progressive Association in the United States told a Times reporter last night that no American could possibly conceive of the atrocities which the Turks had perpetrated on the Christian Armenians. He said that from correspondence he had received from Nubar Pasha, the diplomatic representative in Paris of the Katholikos or head of the Armenian church, he estimated the number of Armenians put to death as more than 450,000, while 600,000 others had been driven from their homes to wander among the villages of Asia Minor, all these out of a population of 1,500,000.

"We in America can't begin to realize the extent of this reign of terror," said Dr. Gabriel, "because Armenians in Turkey are not allowed to write, nor even to converse with each other of what they are undergoing at the hands of the Turks. Nubar Pasha writes that he has been informed by the Katholikos and also by prominent Armenians in Constantinople, who bind him by the most solemn oaths not to reveal their names, of some of the horrible deeds which have been perpetrated by the Moslems on the Armenians.

Tales of Armenian Horrors Confirmed

Professor Samuel Train Dutton, Secretary of the Committee on Armenian Atrocities, made public yesterday a preliminary statement of the committee outlining the result of its investigation of the terrible conditions existing among the Armenians. The committee says that the reports concerning the massacre, torture, and other maltreatment of Armenians of all-ages abundantly are confirmed by its investigation.

Other members of the committee besides Professor Dutton are Cleveland H. Dodge, Arthur Curtiss James, Rabbi Stephen S. Wise, John R. Mott, Frank Mason North, James L. Barton, William Sloane, D. Stuart Dodge, and others.

The statement issued by the committee yesterday is as follows:

"A sub-committee has thoroughly investigated the evidence and has just made report to the full committee confirming in every particular the statement recently made by Viscount Bryce regarding the imprisonment, torture, murder, massacre, and exile into the deserts of Northern Arabia of defenseless and innocent Armenians, including decrepit men, women and children, and their forcible conversion to Islam.

"Written testimonies of eyewitnesses whose names are known to the committee, but which obviously cannot now be made public, have been examined with utmost care. This testimony covers hundreds of pages, and the character and position of the authors and the positiveness of utterances carry absolute conviction.

Government Sends Plea for Armenia

WASHINGTON, Oct. 4—Further representations have been made to the Ottoman Government by the Government of the United States regarding the Armenian atrocities.

Secretary of State Lansing tonight sent to Ambassador Morganthau at Constantinople a message voicing the interest of the American people in the Armenian situation, and urging that steps be taken by the Turkish Government for the protection and humane treatment of the Armenians.

The message did not take the form of a protest from the Government of the United States, but directed Mr. Morganthau to inform the Ottoman Government that the atrocities inflicted upon the Armenian Christians had aroused strong sentiment among the American people, and that a continuation of these atrocities would tend to jeopardize the good feeling of the people of the United States toward the people of Turkey.

Secretary Lansing said today that no representations had been made to Germany regarding the treatment of the Armenians by the Turks. It was learned, however, that Ambassador Morganthau had reported that the German Embassy at Constantinople had filed a protest on this subject with the Turkish Foreign Office. An announcement some time ago was to the effect that the State Department had asked Count von Bernstorff, the German Ambassador here, to bring the matter to the attention of his Foreign Office.

800,000 Armenians Counted Destroyed

LONDON, Thursday, Oct. 7.—The Daily Chronicle's Parliamentary correspondent in the House of Lords says:

"This afternoon Lord Bryce gave a heart-piercing account of the circumstances under which the Armenian people are being exterminated as a result of an absolutely premeditated policy elaborately pursued by the gang now in control of Turkey. He computes that since May last 800,000 Armenians, men, women, and children, have been slain in cold blood in Asia Minor.

"The House of Lords is a very unemotional assembly, but it was thrilled in every fibre at the story of the horrors compared to which even the atrocities of Abdul Hamid pale. As Lord Bryce truly said, there is not a case in history since the days of Tamerlane where a crime so hideous and on so gigantic a scale has been recorded. An ex-Sultan of Turkey is credited with saying that 'the only way to get rid of the Armenian question is to get rid of the Armenian.' "

"That horrible policy has," Lord Bryce said, "been carried out far more thoroughly by the present Turkish Government than it ever was by Abdul Hamid." The Armenian nation is not yet quite extinct; forlorn remnants have found refuge in the Caucasian provinces; some managed to reach Egypt; a few ill-armed, half-starved bands; are bravely defending themselves from would-be assassins in the mountains of Sassun and Cilicia.

Spare Armenians, Pope Asks Sultan

ROME, Oct. 10.—Mgr. Dolci, the Apostolic Delegate at Constantinople, having reported to the Holy See on the sufferings of the Armenians, Pope Benedict has written an autograph letter to the Sultan of Turkey interceding for the unfortunate people.

BERLIN, Oct. 10, (by Wireless to Tuckerton, N.J.).—"The Cologne Gasette refers to the accusations of Lord Cromer and the Marquis of Crews in the House of Lords that German Consular officials encouraged the Turkish population to attack Armenians," says the Overseas News Agency. "The newspaper states that the purpose of these unfounded assertions is easy to comprehend. England wishes to divert the attention of neutrals from the violation of Greek neutrality, and, since the Belgian question is no longer novel enough, turns to new accusations."

Massacres Renewed, Morgenthau Reports

WASHINGTON, Oct. 12.—Armenian massacres in Asiatic Turkey have been renewed with vigor since Bulgaria's practical entrance into the war as Turkey's ally. This information reached the State Department today from Ambassador Morgenthau, who stated that the majority of the Armenians in Asiatic Turkey had been killed.

Although representations were made by this Government, some time ago, warning Turkey that further atrocities against the Armenians would alienate the sympathies of the American people, no answer has been received.

Earlier representations were met with two concessions, promising that those Armenians who wished to leave the country would be permitted to do so unharmed, and further that Protestant Armenians would be spared. Information recently reaching this country, however, indicates that these conditions have not been strictly adhered to. From one quarter it was asserted that "they were rescinded the next day."

Although $100,000 from private subscriptions has been placed at Ambassador Morgenthau's disposal, for distribution among the Armenian refugees now banished to desert towns, no arrangements have been made for bringing Armenians to this country, as was originally planned, except where friends or relatives send for them. Those Armenians who were spared are now gathered in the country between the Tigres and Euphrates Rivers.

Turkish Official Denies Atrocities

Djelal Munif Bey, the Turkish Consul General in New York, in an official statement to the Times yesterday declared the report made public a week ago last Sunday by the American Committee on Armenian Atrocities, which asserted that not in the one thousand years just ended had a people suffered such terrible outrages as are those the Turks are perpetrating upon the Armenians, to be a fabrication. The report described the atrocities as being officially sanctioned from Constantinople, and it was stated that the situation was one involving an attempt to wipe out an entire race.

Among the men who signed the report were Bishop David H. Greer, Cleveland H. Dodge, Oscar S. Straus, Rabbi Stephen S. Wise, the Rev. Dr. James L. Barton, William Sloane, Professor Samuel P. Dutton, Charles R. Crane, and Arthur Curtiss James. Cardinal Gibbons has, since the report was issued, accepted membership on the committee.

The committee, in a foreword to the report, stated that it vouched for its truthfulness, and added that "the movement against the Armenians forms part of a concerted movement against all non-Turkish and missionary and progressive elements, including the Zionists."

The Times yesterday asked Djelal Bey, as the highest Turkish official in New York, if he, as the representative of the Ottoman Government, had any reply to make to the charges made by the Armenian Atrocities Committee.

Only 200,000 Armenians Now Left in Turkey

TIFLIS, TRANSCAUCASIA, Oct. 19 (via Petrograd and London, Oct. 21).—The estimate is made by the Armenian newspaper Mshak that of the 1,200,000 Armenian inhabitants of Turkey before the war there remain not more than 200,000. This residue, the Mshak says, may disappear before the end of the war, on account of the Turkish policy of extermination.

The figures of the Mshak are based on the estimate of the Armenian Patriarch at Constantinople that 850,000 Armenians have been killed or enslaved by the Turks. In adddition to which 200,000 Armenians are believed to have fled to Russia.

Germany Says She Cannot Stop Turks

Washington, Oct. 22.—Confidential advices received today by the State Department said the German Government had officially made efforts to alleviate alleged atrocities upon Armenians in Turkey, but that Turkish officials apparently displayed lack of interest in such endeavors.

Representations were made by the United States through Ambassador Morgenthau at Constantinople some time ago, warning Turkey that continued persecution of Armenians would alienate the friendship of the American people. A number of dispatches on the subject have been received from Mr. Morgenthau, but there has been no announcement of a definite answer from the Ottoman Government.

Slay All Armenians in City of Kerasunt

London, Tuesday, Oct. 28.—A dispatch to the Daily Mail from Odessa says:

"The Turks have massacred the entire Armenian population of Kerasunt, on the Black Sea."

Kerasunt is a seaport in Asiatic Turkey, about seventy miles west of Trebizond. It is situated on a rocky promontory with a spacious bay on the east side. The heights surrounding are covered with luxurious vegetation. The population of Kerasunt is about 24,000.

London, Oct. 25.—An eyewitness story of Armenian atrocities, given to the British staff at the Dardanelles by an Armenian prisoner who was serving in the Turkish Army, is sent by the Reuter correspondent with the Dardanelles fleet. This Armenian says the declaration of martial law at Zile included the confiscation of all Armenian property.

He describes how women were tied to the tails of oxcarts and exposed to hunger and rough weather until they accepted conversion to Islam or death; how mothers were bayoneted before the eyes of their children, and how Armenian girls were distributed as chattels among civil and military officials.

The prisoner says that as a soldier he was compelled to assist in many massacres, being on one occasion a member of a party of forty soldiers which superintended the death of 800 Armenians. His account closes as follows:

"There is reason to believe that German advisers of the Turks have urged upon them the undesirability of allowing a large alien and presumably unfriendly population to inhabit ports which lie open to Russian attack."

Aid for Armenians Blocked by Turkey

The American Committee on Armenian Atrocities, among the members of which are Cardinal Gibbons, Cleveland H. Dodge, Bishop David H. Greer, Oscar S. Straus, Professor Samuel T. Dutton, Charles R. Crane, and many other prominent citizens, issued a statement yesterday in which it was said that authentic reports from Turkey proved that the war of extermination being waged by the Turks against the Armenians was so terrible that when all the facts were known the world would realize that what had been done was "the greatest, most pathetic, and most arbitrary tragedy in history."

Attempts to furnish food to the Armenians, ordered deported to distant parts of the empire were blocked by the Turkish authorities, the committee said, the Turkish officials stating that "they wished nothing to be done that would prolong their lives."

In the statement the committee makes public a report received a few days ago from an official representative of one of the neutral powers, who, reporting on conditions in one of the Armenian camps, says:

"I have verified their encampment and a more pitiable sight cannot be imagined. They are, almost without exception, ragged, hungry and sick. This is not surprising in view of the fact that they have been on the road for nearly two months, with no change of clothing, no chance to bathe, no shelter, and little to eat. I watched them one time when their food was brought. Wild animals could not be worse. They rushed upon the guards who carried the food and the guards beat them back with clubs, hitting hard enough to kill sometimes. To watch them one could hardly believe these people to be human beings. As one walks through the camp, mothers offer their children and beg you to take them. In fact, the Turks have been taking their choice of these children and girls, for slaves or worse. There are very few men among them as most of the men were killed on the road. Women and children were also killed. The entire movement seems to be the most thoroughly organized and effective massacre this country has ever seen."

Germany Protested Armenian Massacres

Boston, Dec. 22.—The German Government on Aug. 9 last filed at Constantinople a protest against the Turkish treatment of Armenians, according to Dr. James L. Barton, Chairman of the National Committee for Armenian and Serbian Relief, who today made public the text of the protest.

In a statement quoting the official statement transmitted by the German Embassy at Constantinople, Dr. Barton, speaking for the committee, called attention to the fact that Count Ernest von Reventlow, the German naval expert, in a recent statement, published in the Tages Zeitung in Germany and cabled to the United States, strongly defended Turkey's massacre of the Armenians on the basis of military necessity.

"One wonders," Dr. Barton added, "whether von Reventlow knows that throughout the length and breadth of the Turkish Empire, after the men (who only were capable of revolution, but who, according to every known evidence did not revolt) had nearly all been disposed of, the attack fell upon the widows and orphans, who were driven from their homes by hundreds of thousands at the point of the bayonet.

"It is possible that von Reventlow knows that fully one-half of these refugees miserably perished from violence, exposure and starvation. He must be ignorant of the sickening reports made by many eyewitnesses—American, Italian, British, German—civilian and official, who tell of seeing these helpless inoffensive women and girls brained because they clamored for food or forced into Islam because perchance they were comely, of women throwing their babies into rivers or over precipices to save them from the impending horror of continuing existence."

Americans' Deaths Laid to the Turks

The strain and shock of the tragedies that the war has brought to Turkey during the last year is responsible for the deaths of five of the American missionaries on duty in the Turkish Embassy since the first of last May, the period covered by the Turkish campaign against the Armenians, according to the annual report of the Rev. Dr. James L. Barton, the foreign secretary of the Board of Commissioners of Foreign Missions, made public here yesterday.

The missionaries whose deaths are attributed to the terrible conditions in Turkey were Mrs. Mary E. Barnum, died at Harpoot, May 9, after fifty-six years of service in Turkey; Mrs. Charlotte E. Ely, died at Bitlis, July 11, after forty-seven years continuous service; the Rev. George P. Knapp, died at Diarbekr, Aug. 10, after twenty-five years service at Harpoot and at Bitlis; Mrs. Martha W. Raynolds, wife of the Rev. Dr. George C. Raynolds, died Aug. 27, from injuries received while in flight from Van to Tiflis, Russia, and Mrs. Elizabeth Ussher, died of typhus fever at Van, July 14, after sixteen years of service.

The report goes into the war situation in detail. Among the hundreds of thousands of Armenians and other Christians who perished in turkey, Dr. Barton states, were "professors and teachers in our schools, pastors and preachers, pupils, and all other classes," every one of whom he adds, "miserably perished at home, or have died of exposure upon the road toward northern Arabia or elsewhere where vast multitudes have been exiled."

"Probably in all history," Dr. Barton continues, "two hundred missionaries have never been called on to pass through more terrible experiences than have our missionaries in Turkey during the last nine or ten months, and the end is not yet."

Referring to the treatment of Armenians by the Turkish authorities, Dr. Barton says that when Harpoot was made a military centre several of the buildings of Euphrates College were voluntarily turned over to the Turkish military authorities. A large dormitory was not and the American Consul sealed the door with the official seal of the United States.

Million Armenians Killed or in Exile

In a statement issued yesterday from the offices of the American Committee for Armenian and Syrian Relief at 70 Fifth Avenue, further atrocities committed by Turks upon Armenian Christians were detailed and additional evidence was given to support Lord Bryce's assertion that the massacres are the result of a deliberate plan of the Turkish Government to "get rid of the Armenian question," as Abdul Hamid once said, by getting "rid of the Armenians."

Professor Samuel T. Dutton, Secretary of the committee, said:

"According to all of the best evidence which the American committee has received, it is probably well within the truth to say that of the 2,000,000 Armenians in Turkey a year ago, at least 1,000,000 have been killed or forced into Islam, or compelled to flee the country, or have died upon the way to exile, or are now upon the road to the deserts of Northern Arabia, or are already there. The number of victims is constantly increasing. Surely there can be no greater need of immediate help, even in these troublous times, than the desperate need of the Armenian refugees. The American committee has already done much in collecting and sending funds, as has also the English committees, but there is still the direct need of generous contributions. All contributions should be sent to Charles R. Crane, Treasurer, 70 Fifth Avenue."

Sultan Searching Out Authors of Killings

London, Dec. 6.—The London newspapers today printed an interview with Mohammed VI, the Turkish Sultan, obtained by a British correspondent in Constantinople, who describes that ruler as a very different personality from his two brothers who preceded him on the throne.

Mohammed VI, says the correspondent, gives one the impression of possessing a strong character and considerable intellectual force. He is tall and slender, and his appearance suggests that of a university professor.

In talking with the correspondent the Sultan condemned the unwisdom and lack of foresight which brought Turkey into the war and led her to the calamity which had befallen her. He declared that if he had been Sultan this would never have happened.

The ruler expressed great sorrow at the treatment of the Armenians by "certain political committees of Turkey," and added:

"Such misdeeds and the mutual slaughter of sons of the same fatherland have broken my heart. I ordered an inquiry as soon as I came to the throne so that the tormentors might be severely punished, but various factors prevented my orders from being promptly carried out. The matter is now being thoroughly investigated. Justice will soon be done and we will never have a repetition of these ugly events."

The Sultan asked the interviewer to publish the following from him:

"The great majority of the nation is entirely innocent of the misdeeds attributed to it. Only a limited number of persons are responsible.

Saw Armenians Drowned in Groups

Portland, Me., Feb. 1.—The young American woman who Abram I. Elkus, former American Ambassador to Turkey, says is the only living eyewitness to the atrocities of the Turks against the Armenians, excepting the Turks themselves, was found in this city today by newspaper men. She is Mrs. George Dar Arsanian of 27 Washington Avenue, and through the assistance of Mr. Elkus and ex-Ambassador James W. Gerard, she escaped from Turkey and eventually returned to America.

Her first husband, Robert Agasarian, an Armenian by birth, but a naturalized American citizen and resident of this country for twenty years was murdered, she says, by the Turks along with hundreds of others, and her little son was drowned in a river near the town of Chmeshgasak, Turkey.

Turks Hang Kemal Bey for Armenian Massacres

Constantinople, April 12.—Kemal Bey, Governor of Diarbekr, has been publicly hanged in Bayazid Square in Stamboul, in the presence of the Military Governor of Constantinople and other high officials. Kemal Bey was sentenced to death as one of those responsible for the Armenian deportations and massacres in the Yozghad district.

The former commander of the gendarmero in Yozghad was sentenced to fifteen years imprisonment in the fortress.

These sentences were confirmed by an imperial irade.

The trial of those responsible for the Armenian massacres by the Turks began early in February at Constantinople. The prosecutor declared that it was necessary to punish the authors of the massacres, which had filled the whole world with a feeling of horror.

Kemal Bey was former Turkish Minister of Food.

Armenian Girls Tell of Massacres

Personal narratives told by Christian women and girls of Armenia, who were deported from their homes to virtual captivity or slavery in the camps of the Turks, Circassians and Arabs, or were held captives in Turkish harems in Asia Minor, have been received by the American Committee for Armenian and Syrian Relief. A statement issued by the Committee says that the women whose stories are now made public, were released by their masters or rescued by allied troops.

"After the signing of the armistice," says the Committee's statement, "many of the Turks, believing that by so doing they could escape punishment, turned the women—many of them with babies—into the streets." Cable dispatches to the Committee have reported that numbers of these women were wandering about the country, crazed by starvation and exposure. As fast as possible they are being gathered up by the Committee's relief workers and placed in homes established for their care. A late telegram said that fifteen such homes have been established in Asia Minor.

Stories of Armenian victims of Turkish atrocity were obtained by Dr. Loyal I. Wirt, member of an expedition sent to Turkey by the Committee. They were taken down as related by Dr. W. A. Kennedy, Field Director of the Lord Mayor's Relief Fund of London. Dr. Kennedy assured Dr. Wirt that he personally reread the affidavits to the narrators and they signed them in his presence.

Soviet Armenian Historian Comments—The Distortion of History Continues

(By Prof. John G. Giragosian)

In recent times, Prof. John Giragosian, a historian specializing in the period of contemporary Armenian history that covers the tragic events of World War I, and who is also the Minister of Foreign Affairs of Soviet Armenia, has frequently written about present efforts on the part of Turkey to distort historical facts by presenting the Ottoman Turkish massacres of Armenians as a simple uprising by Armenians that resulted in much killing on both sides.

Prof. Giragosian is the author of many books about this period and is viewed as an authority on the subject. While Soviet Armenian leaders have discounted claims that the series of articles by Prof. Giragosian reflects a new policy on the part of the Soviet Union toward Turkey, and particularly toward the Turkish-Armenian issue, there is reason to believe that these articles are not coincidental to the surge of Armenian terrorism directed at Turkish diplomats and targets throughout Europe, the United States and Canada.

Below is Part I of the English translation of one of the most recent essays written by Prof. Giragosian. Part II will be published in the next issue of the Armenian Reporter. The translation was done by Edward K. Boghosian, editor of this paper.

In 1980 published in New York City was a volume entitled Documentary History of the Massacres of Armenians in Yozgad authored by Krieger. Featured in this volume are remarkable documents and evidence collected from official Turkish sources and newspapers in the period 1918-1919. Based on this material, we note that as early as 1918; an investigative committee attached to the Turkish government was created with a decree issued by the Sultan, which was commissioned to compile all official documents related to the massacres of the Armenians. Heading this commission was Mazhar Bey, the former governor of the district of Ankara, who was removed from office in 1915 for his refusal to carry out orders received from Talaat Pasha for the deportation of Armenians. Through a series of questionnaires addressed to various districts of the country, Mazhar Bey managed to collect a huge quantity of official and special testimony, which he subsequently submitted to the Military Tribunal.

On December 12, 1918, Jemal Bey, the district governor of Yozgad, offered detailed testimony revealing important information on the criminal role of some high government officials. For instance, he told how a police chief, named Tewfic Bey, organized marauding teams of irregulars who were set on Armenians. After the dismissal of Jemal Bey, when Kemal Bey visited Yozgad, he immediately embarked on the task of carrying out plans for the annihilation of Armenians.

Halide Edip Hanoum, a prominent Turkish poetess, and an activist in public and political life, signed a statement that appeared in the October 21, 1918 issue of Vaket in which she said: "In those days when we were strong, we attempted to destroy the Christians in general and Armenians in particular through methods reminiscent of the Middle Ages. . . . We are presently living the darkest and the saddest days of our national life. Both the United States and Great Britain look upon us as a country which has gone so far as to attempt to destroy its own nationals and sons. The present government asserts that we should arrange for the return of Armenians to their homes." She did not believe that such a plan could be successfully carried out as she little trusted the ability of local authorities. Instead she was raising the possibility of forming a joint commission consisting of Turks, Armenians and Americans who sought justice. Two months later, Halide Edib, in an article appearing in Yeni Gun, was charging the Young Turks party and the government with responsibility for the crimes committed against the Armenian people, and drawing the conclusion that "Turks had provided the evidence that they could not from a civilized government."

Following the armistice, the massacres of the Armenians became the most important issue that kept the Ottoman Parliament busy. Comments offered and discussions of the issue were subsequently printed in Takvieme Vakayeen, the official gazette of the military tribunal and in other publications. In the 1919-1920 issues of Takvieme Vakayeen, printed were the minutes of the deliberations at the Tribunal, while other publications offered commentaries about specific issues and important points.

Hafez Mehmel Bey, the deputy from the Drabizond district, offered documentary evidence to prove that the massacres of the Armenians had been organized by the government of the Young Turks party and that was carried out by the units of bandits and thugs operating as "Teshkilate Makhsousie." Demands were made during these discussions in the Parliament that not only those who conspire to stage the assassinations or massacres. "Such persons must be brought to trial in lower courts," has been registered in the minutes of the Parliament, and "the issue is raised to condemn those crimes which have been committed by the unruly crowds with the explicit approval and cooperation of government officials." Some were even accusing the Turkish Parliment of complicity in the mischieve committed. It is proper to remind readers that following the collapse of the Talaat government, October 7, 1918, major reshuffling within the high levels of the governing body took place. In general, and starting with October 1918, and following the November 7th resignation of the Young Turk government, the criticism of the government, reassessments and accusations turned into a major preoccupation in the Turkish press. The Armenian issue, the deportation and the annihilation of Western Armenians, the various aspects of the role played by Armenians in the Ottoman Empire were widely discussed. Jelal Bey, the governor of Konya, who first served as governor of Aleppo, in articles that appeared in the Vaket newspaper, discussed at length details about the deportation of Armenians and his stand regarding these. "If all our enemies in the world had joined together against us and wanted to hurt us in a manner without any parallel, they could not do so. . . . Armenians held one quarter of the country's wealth," he wrote, "they controlled almost half of the country's trade and manufacturing. Exterminating Armenians was tantamount to destroying the empire itself, a loss that could not be replaced in centuries to come." Jelal Bey did not conceal his views either from the government or from members of the Parliament. Unfortunately few people paid any attention to his pleas.

AN OPEN ADMISSION

The Renaissance newspaper, in its issue of December 18, 1918, published the full text of the interview granted by Prince Abdul Mejid, the heir to the throne, to the British Morning Post. In this interview, the heir to the Ottoman throne did not conceal the fact that "the massacres were the work of Talaat and Enver," and that "if Germany so chose, she could have prevented the massacres from taking place," and other similar comments. The prince also revealed that Enver had not even attempted to cover up the fact that there were "implicit decisions" relative to the massacres. He was quoted as saying that he had pleaded with the Sultan to intervene in the matter, yet the Sultan had failed to heed his pleas.

New evidence was continually offered in the press and names of the guilty were continually being exposed. The Turkish Sabah paper featured an open letter addressed to Pirizad Ibrahim Bey, the former minister of justice, which contained many revealing queries. "Were you not in favor of the decisions made at the headquarters of the top leaders of the Young Turks when you chose to release from detention a host of tough criminals for the sole purpose of expelling Armenians from their homes despite their complete innocence . . . you let them be ruthlessly exterminated. . . . Was it not you who rejoiced over the massacres of the Armenians, which were being carried out with blows from axes, hatchets and picks?"

These are facts that cannot be ignored in order to cover up the truth. This is precisely how those who distort history are presently acting.

In the deliberations of the special Military Tribunal set up in December of 1918 by Sultan Mehmet VI Vahid Eddin, through an imperial edict, to try those responsible for the massacres of the Armenians, charges were based on the contents of official documents from the government of Young Turks and other evidence provided by special testimony. This evidence was later published, in addition to the Takviem e Vakai official gazette, in a number of other publications. The French language Rennissance paper that was published in Istanbul has devoted considerable space to this evidence.

Let Turkish diplomats and ambassadors such as Elekdagh, Bulak and their other colleagues, if they so choose, become acquainted with these articles that appeared in the Renaissance.

When, on December 21, 1918, issues related to the offenses committed by leaders of the Young Turk party were being discussed in the Turkish Parliament, addressing the issue of the massacres of the Armenians, Mustafa Arif Bey, then the Minister of Foreign Affairs of Turkey, declared: "Now that atrocities committed against Armenians have come to the surface, mankind views these atrocities with disgust. The country was turned over to us as if it were one huge slaughter house."

At the end of 1918 and the beginning of 1919, Ali Kemal, the editor-in-chief of the Istanbul based Sabah paper and Yunus Nadi, the chief editor of Yenbi Gun, in a series of editorial comments, focused on the necessity of revealing the names of those who were responsible for the massacres of the Armenians and the need to set the stage to bring such people to trial. "The whole world is aware of the reality that these massacres were executed by the orders of the Central Committee (the reference is about the Ittihad party). The orders were transmitted through special envoys and were carried out under their own supervision through an army of thugs. Is it not a service to the Turks and to the cause of Turkey, the disclosure of this fact?" editor Ali Kemal asked. "Would anyone wish us to refrain from bringing this out so that we too will fall prey to the same accusations?"

The Turkish Istiklal newspaper conceded that World War I triggered a spirit of immorality and animal passion among Turks. To deny the cold truth is to deny the sunrays (Renaissance, No. 173, June 22, 1919).

When, on November 4, 1918, the Ottoman Parliament was discussing the deportation of Armenians and issues related to the massacres, Fuad Bey, a member of the Parliament, directed numerous charges at the Young Turks, after accusing their leaders of turning Turkey into "a theater for crime."

We do not doubt that if asked, the archives kept in Istanbul and Ankara would willingly provide these Turkish historians copies of the issues of Renaissance, Tasvire Evkear and other publications. Let these historians glance through the pages, study the history of their own country and no longer see the need to lie.

The Turkish Military Tribunal levelled two charges at the offenders of the Young Turk movement: 1. The entry of Turkey in World Wars I and II; 2. The extermination of the Armenian people. The Tribunal sentenced to death a number of governors and cabinet ministers. On April 8, 1919, sentenced to death were Kemal Bey, Governor of Yozgad, followed by the sentencing to death on May 22 of Jemal Azmi Bey, governor of Trabizond and in absentia, of Naim Bey, the secretary general of the Ittihad party in that city. Similarly on July 5, 1919, death sentences were announced for Enver, Talaat, Jemal and other leaders who had managed to escape from the country.

When the Military Tribunal announced its first death sentence, the spokesman for the Sublime Port and the Sultan's Palace, in an interview with Alemtar daily, described the nature of actions against Armenians: "Let us not attribute to Armenians any offense. Let us not forget that the world is not stupid." It appears that this true assessment offered some 65 years ago, was made for those Turks of the present period who distort history.

The Alemtar newspaper was equalling the sentencing of Ali Kemal Bey with the condemnation of the Turkish people, and asserted that "our only means of salvation was to cry out loud to the civilized world that we are determined to bring to just and open trial all offenders. If the square at Bayazid fails to witness the gallows of those who are hung, then Paris (where the 1919 Peace Conference was held) would become the site of our condemnation as a people and a country." Alemtar continued: "We as Turks, are charged with a crime and are infected with an incurable disease, which is more horrible than the plague. This is precisely why we set up a special military tribunal in order to punish the offenders so due justice is carried out." (Rennaissance, No. 128, January 5, 1919).

It was not accidental that in an official message to the Paris Peace Conference, Damad Ferid Pasha, the Prime Minister of the Turkish government, conceded the following statement: "During the War, the civilized world was touched and shaken when it learned about those crimes committed by Turks. I cannot even think of distorting these crimes, crimes that horrify man's conscience. More so, I cannot minimize the scope of the guilt of those offenders who were responsible for this tragedy. Based on documentary evidence, I intend to tell the world who were the real responsibles for these horrible crimes."

Such is the evidence of history. It demands respect. It appears that Turktche Stamboul newspaper in 1919 wrote about those official personalities of the present who do not seem to respect the evidences and said: "Claims made by us that Armenians were the aggressors in Van and we then had to resort to revengeful actions in Anadoulou, can only satisfy those who are directed by "sentiments" and do not wish to accept the scientific and true explanations. Such a position will never defend our cause in the face of public opinion of Europe and the United States."

Yes, these indeed are the facts of history, Mr. Politician and Mr. Diplomat. And those who presently strive to distort these facts and vindicate those who committed the genocide, are double offenders and deserve the same fate as their predecessors.

The onslaught by Turkey to distort history goes on without interruption. In recent times, these efforts have assumed major proportions and strange forms. The Turkish press is full of anti-Armenian fabrications. Official Turkish circles appear to have engaged in a major effort to force their distortions of history relative to the Armenian genocide and the Turkish massacres of Armenians upon the entire world and particularly on the news media in the United States, the western world and in Europe. Turkish diplomats assigned to these countries have engaged in feverish activities along these lines and have expended considerable sums to "buy out" leading newspapers in order to publish ridiculous lies that have been proven wrong many times over. According to the claims made, rather than being the victims, Armenians were the "aggressors." It appears that these are efforts on the part of a group of liars who are convinced that by repeating lies, people will sooner or later believe them. Thus we are witness to the promotion of another lie, one even worse than the original lies presented. Yet, few are those who believe in these lies. In the March 15th issue of the Los Angeles Times, Nicholas Loudington, a writer, stated, "official Turkish representatives are fearful that a public and candid recognition of historical facts may lead to suggestion of compensations."

The New York Times, in its issue of April 23, 1983, published an essay written by G. Meyer on the tragedy that struck western Armenians. His presentation, in general, appears to be a factual representation of events of that period. The large Armenian community in Turkey in 1915 emerged as the first victim of genocide in the 20th century. This awful measure caused the deportation and massacre of over a million and a half Armenians, noted Mr. Meyer, who condemned the present Turkish government for its consistent failure to acknowledge its responsibility. This refusal is viewed as a "loss of memory."

Further, the New York Times, in its issue on May 5, 1983, published a letter written by Sukru Elekdagh, Turkey's Ambassador in Washington, D.C. This letter, one might say, either offered false claims or repeated old claims. Ambassador Elekdagh appears to be unhappy over the trials in 1919 by Turkish military tribunals of the Young Turks, who were guilty. According to the ambassador, Armenian insurgents, allied with Russia, aimed at creating an "Armenian State" on Turkish territory. He also attempts to deny claims made by G. Meyer relative to the Armenian population of Ottoman Turkey which was placed at 2,300,000, and rather attempted to claim that the number was merely 1,300,000. That the ambassador is not right, is known to everyone, particularly those who are familiar with history and to fundamental historical sources. However, let us for a moment question the Turkish diplomat as to what happened to that number of people. Wouldn't that number, within the period of six decades, have tripled or even quadrupled? The Turkish ambassador ridicules events portrayed in Werfel's novel, Forty Days of Musa Dagh, discounting it as far from authoritative. In the view of Ambassador Elekdagh, decrees issued by the Ottoman government for the "relocation" of Armenians had been carried out "under the best of conditions for the Armenians." This, of course, is still another unique example of that impudent expression of the contemporary Turkish view about the annihilation of the Armenian people. The Ambassador is presently one of the active servants of anti-Soviet, anti-Russian policies of the United States government. He makes reference to an article written by one John Dewey that appeared in the New Republic which claimed that "Armenians, acting treacherously, were turning over to Russian invaders, Turkish cities and towns." Both the American writer, and the Turkish ambassador are assessing the development of historical facts through the anti-Soviet prism of U.S. imperialism and NATO. These people would be wise if they spent some time going through the National Archives in Washington, D.C., looking through the thousands of proofs that establish historical truth.

In its issue of May 2, the Parisian daily, Le Monde devoted almost a whole page to the issue of the Genocide of Western Armenians. This paper first noted the views of Mr. Claude Cheysson, Minister of Foreign Affairs of France, who was quoted as saying, "Armenians living in the Ottoman Empire became the subjects of a Genocide, an act that France condemns. The evidence is there and always will be and no one has the right to either distort it or to encourage people to forget. The government of France regrets the position adopted by Turkey which continues to adamantly view these developments as an effort to crush an uprising instigated by Russian military advances." The French Minister also offers the view that the present government of Turkey should not feel responsible for the tragedy that struck the Armenian people some 60 years ago.

MORE FALSEHOODS BY THE TURKS

On the same page, Le Monde featured an article by Adnan Bulak, Turkey's ambassador in France, under the general heading of "Turkish View," and with the title "In the Service of Outside Interests." In this article, the Turkish ambassador emerges in the role of a defense attorney as he tries to conceal the cannibalism of the Young Turks. He discusses the necessity for the relocation of Armenians from the border areas and their resettlement in Syria, yet conveniently forgets to let his French readers know that Adapazar and Brousa, Ankara and Malatia, Kharpert, Kayseri, Arapkir and Van were not situated in the border areas, yet were subjected to destructive blows. There is no need to focus on his claims which have no sound basis. No one expects anything more than that from the spokesmen of the present military junta. Isn't it true that, as stated in the May, 1983 issue of Vie Ourviere, a French publication, that "the present repression of Kurds in certain areas is tantamount to another genocide?"

These ambassadors and their cohorts must be reminded that in 1918, 1919, coverage and evidence appearing in Turkish and American newspapers clearly recognizes the true history of the events of the tragic past.

As early as September 1916, at the convention held in Constantinople by the Ittihad party, discussed were the abuses by certain officials relative to the deportation of Armenians. Talaat and his associates attempted to portray everything in light of the Armenians' pro-Russian stance, the uprising against the central government and their cooperation with the Russian armies. Despite these justifications, the scope of the crime was so overwhelming, and its echo to the outside world so far-reaching that the Convention chose to note the excesses committed against Armenians, and decided to immediately dispatch investigative committees to those areas. The decision was followed by the publication, prompted by Talaat Pasha, of a pamphlet containing nothing but falsehoods and called "The Truth of the Armenian Revolutionary Movement and the Measures Taken by the Government, 1916." The purpose of the publication of this booklet served only to justify the actions of the government. Yet, at the end of 1918, soon after the defeat in World War I of the Ottoman Empire, incriminating documents surfaced right in Constantinople, in the Turkish Parliament that had remained subservient to the military machine of the Young Turks, and in the Turkish press, all of which shed light on the dark phases of the crime committed. Subsequently, certain leaders of the Young Turks movement were brought to trial at military tribunals. The newspapers of November and December of 1918 were full of articles which provided a wealth of evidence aimed at bringing out the whole truth. Published in the Turkish press were the texts of anti-Armenian decrees and directives issued by Talaat, Behaeddin Shakir, Nazim. One of these clearly said: "Follow to the 'T' the orders given to you for the massacres of the Armenians." (Jamanak, November 12, 1918). In the same issue of the paper also quoted an poem that had been presented as an order to the governors. This is what it said:

Let no weapon fire,
Let no soldier do
Let no Armenian be left
Adults be butchered
Young maidens be selected
Deport the remaining.

Mr. LEVIN. Mr. President, I am also sorry to report that the Senate's Armenian Martyrs Day recognition bill, Senate Resolution 87, introduced by Senator TSONGAS, and which I cosponsored, also met a legislative roadblock, which will be described by Senator TSONGAS later this morning.

Mr. President, such State Department misstatements of facts were why I, along with Senator WILSON of California, introduced last year a bipartisan resolution to reaffirm the historical realities of the Armenian genocide—Senate Resolution 241, a resolution expressing the sense of the Senate that the foreign policy of the United States should take account of the genocide of the Armenian people. With 27 cosponsors on this measure and additional cosponsors on a similar House measure, House Resolution 171, let us give notice to the State Department and the Government of Turkey that our voices will not be stilled.

There must be a constant struggle to fight against these efforts, which last year included a letter to Members of Congress from the Turkish Ambassador in Washington urging us not to speak on Martyrs Day because commemorating the so-called Armenian massacre, would have a "potentially adverse impact on United States-Turkish relations. * * *" Such threats did not stop 86 Senators and Representatives from recognizing Armenian Martyrs Day last year.

Mr. President, the historical record of the Armenian genocide and the role of the Turkish Ottoman Government is both exhaustive and overwhelming. A brief review of that history will reveal that, in 1915, the distinguished U.S. Ambassador of the Ottoman Empire, Henry Morgenthau, acting on instructions from the Secretaries of State William Jennings Bryan and Robert Lansing, organized and led protests by all nations, among them Turkey's allies, over what Ambassador Morgenthau referred to as Turkey's program of "race extermination."

Ambassador Morgenthau telegrammed the following to the Secretary of State on July 16, 1915:

> Deportation of and excesses against peaceful Armenians is increasing and from harrowing reports of eye witnesses it appears that a campaign of race extermination is in

progress under a pretext of reprisal against rebellion.

Ambassador Morgenthau wrote the following in his book, "Ambassador Morgenthau's Story":

> When the Turkish authorities gave the orders for these deportations, they were merely giving the death warrant to a whole race; they understood this well and in their conversations with me, they made no particular attempt to conceal the fact.
>
> I am confident that the whole history of the human race contains no such horrible episode as this. The great massacres and persecutions of the past seem almost insignificant when compared to the sufferings of the Armenian race in 1915.

So wrote our Ambassador to Turkey.

Mr. President, in 1920, the Armenian genocide was confirmed by the U.S. Senate in a resolution which read, in part:

> The testimony adduced at the hearings by the subcommittee of the Senate Committee of Foreign Relations have clearly established the truth of the reported massacres and other atrocities from which the Armenian people have suffered.

More recently, during a 1979 U.N. debate on the Armenian genocide, the United States voted to include the Armenian genocide in a report entitled "Study of the Question of the Prevention and Punishment of the Crime of Genocide."

On April 30, 1981, the U.S. Holocaust Memorial Council voted unanimously to include the Armenian genocide in its planned memorial to victims of the Holocaust.

Former President Carter said in 1978:

> . . . (T)here was a concerted effort made to eliminate all the Armenian people. . . .

And, in a proclamation honoring victims of the Holocaust, President Reagan said in 1981:

> Like the genocide of the Armenians before it . . . the lessons of the Holocaust must never be forgotten.

The record of historical archives and of U.S. policy relative to the Armenian genocide is clear—so clear that I find it difficult to understand what blinds the State Department to the historical facts as we know them to be.

With the support of the Congress, we can foresee construction of a Holocaust Museum in Washington, in which the Armenian genocide will be focused on and remembered; we can foresee passage of a resolution which expresses the sense of the Senate that the foreign policy of the United States should take account of the genocide of the Armenian people; we can foresee passage of a resolution designating April 24, 1985—1 year from today—as a national day of remembrance for victims of genocide, especially the 1.5 million Armenian martyrs, without any interference from the State Department; and we can finally, finally, foresee Senate ratification of the International Genocide Convention Treaty in order to, once and for all, outlaw the crime of genocide. I might add that my good friend from Wisconsin, Senator PROXMIRE, has long been the leader in the effort to win passage of this treaty. This would be a long-overdue U.S. commemorative to the killing and suffering of the 1.5 million Armenians the world let down.

Mr. President, I ask unanimous consent that a paper written and delivered by the distinguished Prof. Richard G. Hovannisian of UCLA at the World Affairs Council in Pittsburgh last year entitled "The Armenian Case: Toward A Just Solution"—which eloquently and scholarly outlines the steps required to resolve peacefully the burning issues which remain unresolved between the Armenian people and the Turkish Government—be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

THE ARMENIAN QUESTION: IN SEARCH OF A JUST SOLUTION

(By Richard G. Hovannisian)

Since the destruction of the Armenian people in the Ottoman Turkish Empire earlier in this century, new international crisis and conflicts have pushed the Armenian question from the consciousness of most opinion and policy making bodies. In cases where that consciousness has been sustained or revived because of special circumstances, policymakers have usually deemed it impolitic to address the issue, although taking care sometimes to lull the Armenians with words extolling their virtues as a proud, industrious, enduring, honest people.

The Armenians and the Armenian question are still remembered, of course, by some students of history and politics, by some well-read individuals, and especially by some elder citizens who recall that as children they made Sunday School offerings or else were forced by their parents to clean their plates with the admonition, "Remember the Starving Armenians." Yet, the ranks of these individuals have thinned and the public today is largely unaware of the Armenians and their national tragedy. This is not to say that Armenians have not tried to keep the public informed. For decades the survivors of genocide labored in a score of countries to pick up the pieces, to build new churches and cultural institutions to remind them of their lost homeland, and to preserve new generations in the face of strong, external assimilative pressures. They mourned their dead each year in April, the month marking the beginning of the deportations and massacres of 1915, and they wrote petitions to public officials, governments, and international bodies, but without significant, tangible results. They learned repeatedly that the success or failure of a cause had little to do with what they considered to be the concepts of political morality and justice.

But beginning in the 1970's, an unexpected phenomenon pushed the Armenian name back into print and not always in a positive light—much to the consternation of image-conscious Armenians. Coming forth with names such as the "Armenian Secret Army for the Liberation of Armenia" and the "Justice Commandos of the Armenian Genocide", small, clandestine groups emerged outside the established Armenian community and initiated a course of political violence against Turkish officials, demanding recognition and recompense for the Armenian genocide from a still unrepentant government. Initially, there was doubt that the perpetrators were actually Armenian, but recent revelations leave little room for doubt.

All indications point to a decade of increased confrontation and bloodshed unless men of good will and particularly the two most interested parties, the Turkish government and the Armenian people, move to ease tension and prepare the way for a dialogue. During the first half century after the genocide, successive Turkish governments tried to remain silent or simply to dismiss the massacres. Recently there has been an apparent change in strategy. The Armenian challenges, rather than causing the Turkish government to cease attempts to conceal the horrendous skeleton in its closet, seem to have prompted an even more adamant stand, as well as an active counter-campaign of denial, refutation, and vilification. One may conjecture that Turkish strategists believe that the ability to reject Armenian claims for a few more decades will be rewarded with the disappearance of the Armenian question.

After all, time will have pushed the genocide into a previous century, all the eyewitnesses and survivors will have passed from the scene, and the grandchildren and great-grandchildren of the survivors will have been engulfed by assimilation with increasing rapidity. Yet, such calculations would be fraught with great risks and grave consequences, not excluding violent upheaval before such an end were achieved. Conversely, for the Armenians, it is a matter of life and death as they continue to be denied self-determination and are faced with cultural disintegration and loss of national identity.

Hence, it must be asked, Is there a reasonable, pacific answer to the Armenian question? Is there room for a dialogue? Is it possible that the interested sides can face a tragic, burning historical event and deal with it? Is there any way out of the obsession of one side with the past and the obsession of the other side with the denial of the past? Or must the future be abandoned to extremism and unbridled violence?

It is perhaps fitting in this connection to say a few words about Armenian history. Although tracing their lineage, according to epical-biblical traditions, to Noah, whose ark was said to have rested on Mount Ararat, the Armenian people actually passed through a long era of formation and emerged as a nation in the sixth century before Christ, in the great highlands between the Caspian, Black, and Mediterranean Seas, in an area now referred to as Eastern Anatolia and Transcaucasia, on both sides of the current Soviet-Turkish frontier. For the next two thousand years, they were led by their kings, nobles, and patriarchs, sometimes independently and often under the sway of powerful, neighboring empires of the East and of the West. Located on perhaps the most strategic and coveted crossroads of the ancient and medieval worlds, the Armenians not only managed to survive and thrive but also to develop a rich, distinctive culture by maintaining a delicate balance between Orient and Occident.

As the first people to adopt Christianity as the state religion, in about 301 A.D., the Armenians were often persecuted for their faith by fanatic invaders and alien overlords. By the end of the fourteenth century, the last Armenian kingdom had collapsed, the nobility had been decimated in constant warfare, and the Armenian plateau had fallen under foreign subjugation. Most of the country ultimately came under Ottoman Turkish rule, while the eastern sector came first under Persian and then in the nineteenth century under Russian dominion.

In the Ottoman Empire, which pressed to the gates of Vienna in the seventeenth century, the Armenians were included in a multinational and multireligious realm, but as a Christian minority they had to endure official discrimination and second-class citizenship. Inequality, including special taxes, the inadmissibility of legal testimony, and the prohibition on bearing arms, was the price paid to maintain their religion and sense of community. This is not to say that there were not prosperous merchants, traders, and artisans throughout the empire, even though most of the Armenian population remained rooted in its historic homeland, becoming, for the most part, tenant farmers or share-croppers under a dominant Muslim feudal-military elite.

Despite their disabilities, the Armenians lived in relative peace so long as the Ottoman Empire was strong and expanding. But as the Ottoman administrative, financial, and military structure crumbled under internal corruption and external European challenges in the eighteenth and nineteenth centuries, intolerance and exploitation increased, contributing to rebellions among the Christain peoples of the Balkans who won their freedom from the Turks with some European support. The Armenian situation, however, was different. Armenia was located far to the east, and nearly half of the Armenian population lived in areas outside their historic provinces. Under these circumstances, Armenian aspirations were directed toward egalitarian reforms and civil rights—that is, change within the system. The articulation of Armenian programs or reform, however, came at a time of heightened anarchy and oppression. Marauding nomadic tribal groups spread havoc throughout the region, the central government becoming unable or unwilling to guarantee the security of family, home, and property.

And each time the European Powers attempted to intercede for their own reasons, the Armenians suffered still greater persecution. In the reign of Sultan Abdul-Hamid II, 1876-1909, countless thousands were massacred in pogroms intended to intimidate the Armenians and discourage them from seeking European intercession or trying to follow the path of the Balkan Christians. Despairing of legal reforms, some Armenians began to organize resistance groups in the last decade of the nineteenth century, but the effectiveness of these nascent revolutionary societies was limited in fact of the sultan's mechanisms for suppression.

It is understandable, therefore, that the Armenians, perhaps more than any other minority group, rejoiced at the Young Turk revolution in 1908, which ushered in constitutional government and a year later sent Abdul-Hamid into exile. It was a time of optimism. Liberty and constitution were in the air. It was believed that the new leaders of the Ottoman Empire were committed to saving the realm through liberal reforms and the extension of equality to all Ottoman subjects regardless of religion and nationality.

One of the most interesting and, for the Armenians, tragic metamorphoses in modern history was the process from 1908 to 1914 in which the seemingly liberal, egalitarian Young Turks were transformed into xenophobic nationalists bent on creating a new order and eliminating the Armenian question by eliminating the Armenian people. Taken advantage of by the European powers and courted by Kaiserian Germany, the Turkish government was seized in 1913 by Young Turk extremists, who were drawn to the newly articulated ideology of Turkism. The exclusivist principles of Turkism were to supplant the goal of Ottomanism and give justification to violent, brutal means to transform a multinational, multireligious realm into a homogeneous state based on the concept of one nation—one people. According to Helen Fein, "Accounting for Genocide," "The victims of twentieth-century premeditated genocide—the Jews, the Gypsies, the Armenians—were murdered in order to fulfill the state's design for a new order . . . War was used in both cases to transform the nation to correspond to the ruling elite's formula by eliminating groups conceived of as alien, enemies by definition."

The outbreak of World War I indeed placed the Armenians in extreme jeopardy, since their lands and people were situated on both sides of the Russo-Turkish frontier and would become the inevitable victims in any military action in that region. But the Turkish dictatorship headed by Minister of War Enver and Minister of Interior Talaat had already committed the Ottoman Empire to war against Russia in secret treaties with Germany. Yet Enver's anticipated swift victory in Transcaucasia was not attained and, failing miserably in the winter campaign of 1914-1915, he slipped back into the capital in humiliation, although claiming impressive military successes. The failure of the campaign, together with the Allied landings on the Gallipoli peninsula in the spring of 1915, may have eliminated any remaining hesitation to execute the plan to remove the Armenian population from one end of the empire to the other.

Claiming that the Armenians were untrustworthy, that they could offer aid and comfort to the enemy, and that they were in a state of imminent nationwide rebellion, Minister of Interior Talaat Pasha ordered their deportation from the war zones to relocation centers—actually the deserts of Syria and Mesopotamia. And in fact the Armenians were driven out, not only from the war zones, but from the width and breadth of the empire, except Constantinople (Istanbul) and Smyrna (Izmir), where foreign diplomats and merchants were concentrated. The whole of Asia Minor was put in motion. Armenians serving in the Ottoman armies had already been segregated into unarmed labor battalions and were now taken out in batches and murdered. Of the remaining population, the adult and teenage males were, as a pattern, swiftly separated from the deportation caravans and killed outright under the direction of the gendarmerie, young turk agents, and bandit and nomadic groups prepared for the task. The greatest torment was reserved for the women and children who were driven for weeks over mountains and deserts, often dehumanized by being stripped naked and repeatedly preyed upon and abused. Many took their own and their children's lives by flinging themselves from cliffs and into rivers rather than prolonging their humiliation and torment.

In this manner an entire nation melted away and the Armenian people was effectively eliminated from its homelands of nearly three thousand years. Of the survivors and refugees scattered throughout the Arab provinces and Transcaucasia, thousands more were to die of starvation, epidemic, and exposure, and even the memory of the nation was intended for obliteration as churches and monuments were desecrated and small children, snatched from their parents, were renamed and farmed out to be raised as Turks. Herbert Adams Gibbons described the process as "The Blackest Page of Modern History", whereas Henry Morgenthau, the United States Ambassador to the Ottoman Empire at that time wrote: "When the Turkish authorities gave the orders for these deportations they were merely giving the death warrant to a whole race; they understood this well, and, in their conversations with me, they made no particular attempt to conceal the fact," Morgenthau continued.

"I have by no means told the most terrible details, for a complete narration of the sadistic orgies of which these Armenian men and women were the victims can never be printed in an American publication. Whatever crimes the most perverted instincts of the human mind can devise, and whatever refinements of persecutions and injustice the most debased imagination can conceive, became the daily misfortunes of this devoted people. I am confident that the whole history of the human race contains no such horrible episode as this. The great massacres and persecutions of the past seem almost insignificant when compared to the sufferings of the Armenian race in 1915."

While the decimation of the Armenian people and the destruction of millions of persons in Central and Eastern Europe during the Nazi regime a quarter of a century later each had particular and unique features, historians and sociologists who have pioneered the field of victimology have drawn some startling parallels. These include the perpetration of genocide under the cover of a major international conflict, thus minimizing the possibility of external intervention; conception of the plan by a monolithic and megalomanic regime; espousal of an ideology giving purpose and justification to chauvinism, racism, and intolerance toward elements resisting or deemed unworthy of assimilation; imposition of strict party discipline and secrecy during the period of preparation; formation of extralegal special armed forces to ensure the rigorous execution of the operation; provocation of public hostility toward the victim group and ascribing to it the very excesses to which it would be subject; certainty of the vulnerability of the intended prey (demonstrated in the Armenian case in the previous general massacres of 1894-1896 and 1909), exploitation of advances in mechanization and communication (the telegraph) to achieve unprecedented means of control, coordination, and thoroughness; and use of sanctions such as promotions and the incentive to loot, plunder, and vent passions without restraint or, conversely, the dismissal and punishment of reluctant officials and the intimidation of persons who might consider harboring members of the victim group.

In the West, the Armenian genocide evoked sentiments of sympathy and outrage. The Allied Powers declared collectively, "In view of this new crime of Turkey against humanity and civilization, the Allied Governments make known publicly that they will hold all members of the Turkish Government, as well as those officials who have participated in these massacres, personally responsible." French officials echoed British Prime Minister Lloyd George's view that after the war the peace settlement should guarantee "the redemption of the Armenian valleys forever from the bloody misrule with which they had been stained by the infamies of the Turk." In the United States the hand of charity was extended across the ocean, to keep alive as many of the survivors as possible and to help the Armenian people escape complete obliteration. Leaders of both parties and all branches of government called for the restoration of the survivors to their ancestral lands and the safeguarding of their collective existence, whereas President Wilson's celebrated Fourteen Points offered the Armenians "an undoubted security of life and absolutely unmolested opportunity of autonomous development."

This, too, was the attitude of the Paris Peace Conference, which declared at its opening in January 1919, that because of Turkish misgovernment and massacres, Armenia and the Arab provinces would be completely severed from the Turkish empire. In pleading the case of the defeated empire, the new Turkish prime minister tried to deflect the guilt by pointing an accusing finger at the small clique that had perverted the government, admitting nonetheless that there had occurred "misdeeds which are such as to make the conscience of mankind shudder forever." In reply, the Allied Powers, drawing attention to the massacres "whose calculated atrocity equals or exceeds anything in recorded history," rejected any attempt to minimize or circumvent the crime. Sent out from Paris on a fact-finding mission to the Armenian provinces, American Major General James G. Harbord confirmed that "mutilization, violation, torture, and death have left their haunting memories in a hundred beautiful Armenian valleys, and the traveler in that region is seldom free from the evidence of this most colossal crime of all the ages".

Yet, ironically, despite all the words and evidence, the "conscience of mankind" did not shudder for long before this "most colossal crime of all the ages." It is true that in 1920 the Allies finally imposed the Treaty of Sèvres upon the sultan's government, creating on paper a moderately sized united Armenian republic, but, recoiling from the burdens of the world war, the European Powers and the United States proved unwilling to shoulder the moral and material responsibilities to execute the peace and to restore the Armenian people to their homeland and help them build a free nation. Rather, after the successful rise and consolidation of the Turkish Nationalist movement under Mustafa Kemal, the European Powers bowed to political, economic, and military expediency in the treaties of Lausanne in 1923 and turned away from the miserable Armenians and the Armenian question. The refugees were barred from returning home, and, except for those who settled in the small Armenian state that had been created in Transcaucasia in 1918 and (forcibly) sovietized in 1920, remained dispersed throughout the Middle East, Europe, and America.

The passage of time and the strategic geopolitical position assigned to Turkey in the calculations of the world powers further removed the Armenian issue from the realm of international diplomacy. A new generation of politicans, correspondents, and academics lost interest in the Armenians—perhaps the fate of most losers in history. Some gradually began to rationalize the existence of the Republic of Turkey within its given boundaries by tending to rationalize the events that had led to this eventuality. Whether because of naiveté, assumed objectivity, or self interests, a few even introduced the adjectives "alleged" and "asserted" in reference to the Armenian massacres, even though their own newspaper files and national archives were replete with the awesome evidence of the systematic annihilation. Perhaps Adolf Hitler had good cause in 1939 to declare, according to the Nuremberg trial transcripts, "Who, after all, speaks today of the extermination of the Armenians."

But unlike the Armenian case, the atrocities of World War II did not pass unrequited, nor have they been allowed to blur in public awareness and international relations. Hundreds of persons charged with crimes against humanity were brought to trial and punished, and the Federal Republic of Germany, while denouncing and disassociating itself from the erstwhile Nazi regime, nonetheless accepted the burden of collective guilt and made recompense to the survivors, the families of the murdered millions, and the governments having a special relationship with the victimized groups. By contrast, the Ankara government has, ever since the establishment of the Republic of Turkey, refused to acknowledge the criminal actions taken against the Armenian people. Perhaps it is the strength of the moral claims against Turkey that has made that government all the more unwilling to accept those claims, afraid that acknowledgment of a major historical transgression could then lead to pressures to make reparations and possibly even partial territorial restitution.

In recent years, therefore, the Ankara government, aroused by renewed efforts of the dispersed Armenian communities to challenge the erasure of the Armenian case, has intensified efforts to keep the issue from again becoming a topic of international diplomacy or even from being mentioned in international bodies.

A concerted high level campaign was launched to expunge only a passing reference to the Armenian massacres in a United Nations' subcommission draft report. Turkish academic personnel and institutions and a few non-Turkish academics have been used to give a scholarly semblance to the regrettable goal to deny and obscure the genocide. Strong diplomatic pressures and military considerations have been employed in attempts to prevent the erection of Armenian memorials, the participation of foreign dignitaries at Armenian commemorative observances, the preparation of motion pictures and other media productions relating to the genocide, and the inclusion of the Armenian experience in the Holocaust Museum being planned for Washington, D.C.

Speaking before the Los Angeles World Affairs Council in November, 1982, Turkish Ambassador Sukru Elekdag, declared: "The accusations that Ottoman Turks, sixty-five years ago, during World War I, perpetrated systematic massacre of the Armenian population in Turkey, to annihilate them and to seize their homeland, is totally baseless." And a recent Turkish publication from Washington, D.C., entitled "Setting the Record Straight on Armenian Propaganda Against Turkey" begins as follows: "In recent years claims have been made by some Armenians in Europe, America, and elsewhere that the Armenians suffered terrible misrule in the Ottoman Empire. Such claims are absurd." A few pages later, we read: "There was no genocide committed against the Armenians in the Ottoman Empire before or during World War I. No genocide was planned or ordered by the Ottoman government and no genocide was carried out. Recent scholarly research has discovered that the stories of massacres were in fact largely invented by Armenian nationalist leaders in Paris and London during World War I and spread throughout the world through the British intelligence."

One should not be surprised if the United States Department of State, whose own archives contain voluminous materials on the deportations and massacres, will find it expedient tacitly to foster this type of falsification by acknowledging the receipt of such publications with thanks or by maintaining a telling silence. It is no novelty that expediency frequently reigns over morality in politics, but it seems to me that it is also no novelty that humanitarians and statesmen must strive toward truth and justice.

Is there any solution to this problem or is there only the prospect of heightened frustration, increased extremism, and explosive confrontation? I cannot be very optimistic. Yet, the narrowest avenues of hope cannot be abandoned, and the Turkish government should be assisted in seeing that its own national interests require a mitigation of its adamant position. The public, too, such as this very audience, must be brought to understand that this and like issues are not just old world feuds and smoldering ancient animosities having no bearing on today's realities. They are fundamental matters of national conduct and human rights.

What is it that the Armenians seek? Obviously, there are various gradations in their desiderata, so let me read what the most politically-active and strongly-nationalistic groups say:

"1. The toleration of genocide and its acceptance as a "solution" to any problem leads only to its repeated use, just as the world's indifference to the Armenian Genocide and its aftermath led Hitler to cite it as a precedent and justification for his own crimes. The use of Genocide as an instrument of national policy, by any nation at any time, is a crime against all Humanity, and it must be universally condemned. There can be no statute of limitations on Genocide, and the genocidist state should be denied the territorial, material, or political fruits of Genocide.

"2. The Eastern provinces of what is today called Turkey had been Armenian lands for two thousand years before the Turkish armies even entered that part of the world. Despite the murder and expulsion of the proprietor Armenian population, these territories remain no less Armenian today and must be returned to the rightful owners, the Armenian people.

"3. As long as Armenians remain in forced exile from their ancestral heartland, subject to cultural assimilation and often more direct pressures and as long as the handful of Armenians remaining in Turkey are harassed into cultural oblivion, then the genocidal act initiated in 1915 continues. It will cease only when Armenians again occupy their own lands and control their own destiny".

Many would regard these demands as being maximalist, and would, through discussion and compromise, stand at intermediate positions. Indeed, the one demand that is shared universally by Armenians of all walks of life and at all stages of acculturation is for an admission of wrongdoing and the extension of recognition and dignity to the hundreds of thousands of victims whose very memory the Turkish authorities and the rationalizing revisionists would eliminate. Underlying the search for a solution to the Armenian question is the word "dialogue". It is in dialogue that the beginning of a long and difficult process aimed at ultimate resolution might be achieved. It is not a step without serious risks, and it requires enormous courage.

The Turkish government should be encouraged by its friends and allies to take the necessary first step toward the initiation of dialogue. The enervating and harmful malaise of Armeno-Turkish alienation can and must be surmounted. Every person present can assist in that reconciliation through concern for the truth and the rights of peoples to live beyond the specter or genocide and cultural oblivion. Yet, until the elusive, auspicious step toward reconciliation is actually taken, the Armenian people will have no choice but to reiterate time and again George Santayana's admonition, "Those who do not remember the past are condemned to relive it".

Mr. LEVIN. Mr. President, I ask unanimous consent that paper written and delivered by Hagop Martin Deranian, D.D.S., of Worcester, MA, at the Armenian Rugs Society Symposium in New York in 1982 entitled "Calvin Coolidge and the Armenian Orphan Rug"—a moving story of how 400 Armenian orphan girls in Lebanon, victims of the genocide, wove a beautiful oriental rug which was presented to President Coolidge as a symbol of thanks for the efforts of the United States to help relieve the suffering of survivors of the genocide—be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

CALVIN COOLIDGE AND THE ARMENIAN ORPHAN RUG

(Hagop Martin Deranian, D.D.S.)

A shy, silent, New England Republican, President Calvin Coolidge led the United States during the boisterous jazz age of the Roaring 1920's.

It was a time of great prosperity which stimulated carefree behavior and a craving for entertainment. The nation's "flaming youth" featured in the novels of F. Scott Fitzgerald set the pace. Motion pictures began to talk with Al Jolson starring in "The Jazz Singer." America defied Prohibition and gangsters grew rich by bootlegging liquor. A popular song summed up the whole era—"Ain't We Got Fun?"

Coolidge was the sixth vice president to become President upon the death of a Chief Executive. Coolidge was vacationing on his father's farm in Vermont when President Warren G. Harding died in 1923.

Early in the morning of August 3, 1923, by the light of a kerosene lamp, the elder Coolidge, a notary public, administered the oath of office in the dining room. After that, President Coolidge went back to bed—and slept. Years afterward, when asked to recall his first thoughts in becoming President, he replied—"I thought I could swing it." Time proved that he was right.

In November 1924, Coolidge was elected to a full four year term. He enjoyed great popularity and people cherished him for having the virtues of their forefathers. His reputation for wisdom was based on his dry wit and robust common sense. He issued few unnecessary public statements and rarely wasted a word, even sitting silently through official dinners. At one social affair in Washington, a woman told him she had bet that she could get more than two words out of him. Coolidge dryly replied, "You lose."

By utter and stark contrast, a half world away from America in what we call Lebanon today, the life of a Swiss Protestant missionary, Jacob Kuenzler, was destined to touch that of President Coolidge through the intermediacy of an oriental rug woven by destitute Armenian orphan girls.

"Papa" Kuenzler or Dr. Kuenzler, as he was known, was not really a doctor. A native of Switzerland, he found his vocation as a young man with the Brother Deacons, a Protestant Nursing Order. He joined a mission in Urfa, Turkey in 1895 and served the Armenian community in Turkey for 25 years during those appalling years.

In the early 1920's, the Kuenzlers began work for the Near East Relief Organization. They helped evacuate thousands of Armenian orphans from Turkey to the relative security of Syria. In the beautiful village of Ghazir, high up in the mountains about 40 miles north of Beirut, they were placed in charge of a large number of Armenian girls in an old monastery.

During the summer of 1923, a young Armenian lad appeared asking for work. He had been a student at the German orphanage in Urfa where he had learned how to dye wool. For some time, "Papa" Kuenzler nurtured the idea of starting a rug factory in Ghazir where the girls could learn the art of weaving rugs. He estimated that a thousand dollars would be sufficient to cover the initial expenses of buying materials and of setting up a few looms in one of the houses that the orphanage was renting. He wrote of his plans to the Near East Relief headquarters, which was spending ten dollars a month for the care of each of his orphans. Instead of a thousand dollars, headquarters sent him four hundred, which disappointed him but which did not discourage him. With only two looms he started what he called the Ghazir Rug Factory.[1]

It soon became a flourishing enterprise with the number of looms increasing first to twenty and finally to a hundred. Eventually a thousand girls learned to weave rugs and four hundred of these were awarded a certificate of proficiency. The original capital of four hundred dollars, grew to twenty-five thousand dollars.

"Papa" conceived the idea that his girls should weave a large rug and present it as a gift to The White House in recognition of the help which the American people had given to the Armenian orphans. A large loom was set up for a so-called "Isphahan" rug, measuring twenty-three square meters and containing four and a half million knots. Four hundred girls, working in turns, spent many months on its completion. It was then sent to Washington.

The presentation of the rug was prominently reported in the December 3, 1925 issue of the New York Times under the heading: "President Receives Rug Woven by Orphans of Near East and Praises Work on Relief."

"A committee of the Near East Relief today presented to President Coolidge at the White House one Isphahan rug woven for him by Armenian orphans in the Near East Relief Orphanage in Syria, as a token of their appreciation of America's part in preserving their lives. An inscription on the reverse side of the rug reads: 'Made by Armenian girls in the Ghazir, Syria orphanage of the Near East Relief and presented as a Golden Rule token of appreciation to President Coolidge.' "

"The presentation was made by John H. Finley, Vice Chairman of the Near East Relief, who, in his speech said:

"Mr. President: Your words as to the observance of Golden Rule Sunday last year have gone out into all the earth, as the lines of which the Psalmist spoke. They have been especially appreciated by the orphan children back in the lands which we think of as the cradle or our civilization. Many grateful responses have come. But the most impressive is this beautiful rug which the children in the orphanage in the Lebanons have made for you. It seems to have in it memories of the trees and birds and beasts of the Garden of Eden."

"They began work on it as soon as your sympathetic words reach them. As only four girls could work at one time at the loom, they have been ten months making it and it has reached here just in time for the Golden Rule Sunday this year."

"What a task it was is to be known from the fact that they tied 4,404,247 knots in its making. But it was a labor of love. They have tied into it the gratitude of tens of thousands of children to you and to America. And what they have tied into it will never be untied."

"It is sent to adorn the dearest of our temples, the White House of our President."

In reply, President Coolidge tonight sent the following letter to Dr. Finley.

White House, *December 4, 1925.*

"My Dear Dr. Finley: The beautiful rug woven by the children in the orphanage in the Lebanons has been received. This, their expression of gratitude for what we have been able to do in this country for their aid, is accepted by me as a token of their good-will to the people of the United States, who have assisted in the work of the Near East Relief. Will you be good enought to extend to these orphans my thanks and the thanks of the vast number of our citizens whose generosity this labor of love is intended to acknowledge. The rug has a place of honor in the White House, where it will be a daily symbol of good-will on earth.

"Thank you, Dr. Finley, for your services in making this presentation and for the sentiment which went with it.

"Most sincerely yours,

Calvin Coolidge."

The story does not end there. Some of the young girls who want the rug were brought to America to work at a loom as a demonstration during the Sesquicentennial celebration of the founding of the United States in 1926.

The Department of Missions of the Episcopal Church arranged for the girls to shake hands with the President on November 4, 1926. It must have been an intensely emotional meeting, as is this whole matter of the Ghazir Rug. Afterward, the following letter was sent to the President's Secretary by Rev. Dr. William C. Ernhardt:

"I thank you for your courtesy in arranging an interview with the President on Thursday last. You may assure the President of our appreciation of his kindness. I suppose this interview differed from the ordinary one, in that he was permitted to show his native kindness to little children, and thus give pleasure, rather than if the occasion demanded that he meet visitors in order to cater to the vanity of man."

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[1] I am indebted to Ida Alamuddin, the Kuenzler's daughter, whose book, "Papa Kuenzler and the Armenians" records the story of the Ghazir Rug Factory.

The Near East Relief was an American act of compassion. When asked to intervene, the German Ambassador to Turkey said to the American Ambassador, Henry Morgenthau, "The United States is apparently the only country that takes much interest in the Armenians. Your Missionaries are their friends and your people have constituted themselves their guardians. The whole question of helping them is therefore an American matter."

Near East Relief was one of the largest philanthropic expeditions ever organized in its time. It was chartered by an act of Congress on August 6, 1919. Under the slogan of "Save the Armenians", Near East Relief collected $91,000,000 in donations and $25,000,000 for food and supplies during its 15 years of service. It healed and comforted millions of desperate people and rescued, fed and trained 132,000 orphan children. "No private enterprise," President Coolidge said, "ever undertaken by Americans has accomplished more to arouse, in the minds and hearts of all the people of the countries in which this organization has carried on its operations, a sincere regard and even affection for America."

Calvin Coolidge's briefest and most dramatic public statement occurred on August 2, 1927, when he simply announced, "I do not choose to run for President in 1928."

What happened to the rug woven by Armenian orphans after 1928 is somewhat speculative. Apparently, Coolidge took it with him when he left the White House. In 1930, he bought an estate in Northampton, Massachusetts, called "The Beeches" and it may have been used in one of its 12 rooms. He also maintained his boyhood home in Plymouth, Vermont, where he summered.

Soon after Calvin Coolidge's death in 1933, Mrs. Coolidge sold "The Beeches" and moved to another home in Northampton, Massachusetts where she lived until the year of her death in 1957.

The Coolidge's surviving son, John, graduated from Amherst College, his father's alma mater, and lived in Farmington, Connecticut. Mr. Coolidge, who is now 76 years of age, maintains a home in the ancestrol village of Plymouth, Vermont, where he resides from May to October.

Dr. and Mrs. P. Vahé Haig of California [2] and others, have shared the dream that the rug would one day be returned to our nation's capital.

I visited the Coolidge Homestead in Plymouth, Vermont recently and even though I could not see John Coolidge personally, I wrote to him afterward about the rug which was not on public view. I am thrilled to share with you his response in a letter to me dated September 14, 1982: "You may be interested to learn that the White House is interested in obtaining the rug and we are sending it there."

This treasured and symbolic rug will once again "adorn the dearest of our temples, the White House of our President," after an absence of over five decades.

There it will serve as a silent and ongoing reminder of that hour in American history which represents, to me, the height of its fulfillment as a nation of good-will and compassion. At the same time, it will serve as a memorial to those orphans whose nimble, yet sad, fingers wove into its warp and weft a permanent remembrance of the depths of Armenia's blackest hour.

Mr. LEVIN. Mr. President, every April 24, Armenians all over the world reflect on the proud heritage and rich culture—from the time of St. Gregory the Illuminator, who led Armenia to become the first Christian nation of the world in A.D., 301 to the present, where Armenians make important contributions to the world of business, philanthropy, academia, the arts and sciences, and yes, politics. It is through such reflections that we are able to appreciate the reasons which have kept the Armenian people so vital a community and so valuable a part of our Nation.

While the survivors of the genocide mourn their lost ones, they also must pass along their stories of tragedy so that the memory of those who perished are not forgotten by the world. The martyrs live on through them—through each and all of us who remember. Those of the younger generation should never forget the sacrifice of the ancestors. They, also, should never forget the rich culture which has contributed so much to the world community. And together, they should perpetuate the story of the Armenian people and share its lessons with all the people of the world. Only in that way can some of the suffering of the genocide be redeemed.

VICTIMS OF ARMENIAN GENOCIDE

● Mr. TSONGAS. Mr. President, today I am joining my distinguished colleague, the Senator from Michigan, in paying homage to the victims of the Armenian genocide. April 24 is a deeply important day for people of Armenian ancestry. Each year on this day, Armenians remember the 1.5 million of their brethren murdered in Ottoman, Turkey between 1915 and 1923. They remember the 500,000 Armenians who survived the forced exile during which others were starved, tortured, and killed. They know that Armenian-Americans still alive today were among these valiant survivors. The depth of feeling with which Armenians recall those 8 years can scarcely be put into words.

But the Armenian genocide has a profound importance that extends beyond any one people. It was the first of several genocides perpetrated in this century. Far too little public attention was paid it, despite extensive news accounts emerging from Turkey even as it happened, and many subsequent accounts by observers and historians. Had the world swiftly and fully awakened to the horror of the Armenian genocide, who knows how much earlier we might have recognized the true face of Hitler's "final solution?" The lesson of the Armenian genocide, like that of the Holocaust, still beckons: we have a moral obligation to ingrain history into our memory and understanding. Only in this way can we pay true homage to the victims of genocide—by seeking to keep history from being repeated.

The dangers of denying historical atrocities are enormous. In the 69 years since the beginning of the Armenian genocide, we have periodically heard denials. Voices have whispered in our ears that, no, 1.5 million did not die; that those who did die were not innocent victims but combatants; that those who killed them were not doing so according to any plan for racial extermination. Such voices are often superficially persuasive. When they grow insistent, we are tempted to give them credence. But we must not. Every claim they make is false. From the time the killings began, the exact nature and extent of the genocide was an indisputable and documented fact. Today we still hear voices, but we must resist them with all our strength. Our children are relying on us.

In this body, testimony before the Committee on Foreign Relations held after the First World War included abundant evidence of the genocide. Henry Morgenthau, our Ambassador in Constantinople, filed frequent and detailed dispatches documenting the genocide, including one stating that "a campaign of race extermination is in progress" against the Armenians. First-person accounts and news reports bore out such assertions again and again.

Because of my conviction that a greater effort is needed to bring the Armenian genocide into the public consciousness, and that the victims and circumstances of any genocide cannot too often be remembered, I introduced a resolution last year that would have designated today as a day of remembrance for all victims of genocide, especially those of Armenian ancestry who died between 1915 and 1923. Senate Joint Resolution 87 was placed on the Senate Calendar on April 5. I regret to say that the resolution has been held from floor consideration on the Republican side. Over a third of the Senate has cosponsored the resolution, including 14 Republicans. I frankly do not see how anyone could object to such a simple act of homage to so many victims of genocide. Yet the day is here, and the resolution has not been released for consideration.

The U.S. Holocaust Memorial Council has voted unanimously to give a place of prominence to the Armenian genocide in the Holocaust Museum here in Washington. This is fitting and an encouraging sign. Such a permanent memorial will help to raise public awareness of the events in

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[2] I wish to express my thanks to Dr. and Mrs. Haig for sharing with me their research and correspondence concerning this rug.

Turkey during and after World War I. I give my unqualified support to this and all other efforts to further peace and understanding through public education—even, and indeed, especially, when that education comprises some of history's darkest episodes.

Mr. President, Armenians have set today aside as a day of remembrance. All the people of the world would do well to follow the example of their remembrance. We must commit ourselves to remembering the tragedy of the Armenian genocide. For the sake of the victims and the survivors. For the sake of their counterparts in Nazi Germany, Southeast Asia, and elsewhere. And for our own sake.●

COMMEMORATING THE ARMENIAN GENOCIDE

● Mr. WILSON. Mr. President, I am pleased to join my distinguished colleague from Michigan in cosponsoring a resolution which calls our attention to the 1.5 million Armenian men, women, and children who perished in the early part of this century as victims of an act of genocide.

This tragedy must continue to live in the memories and writings of man. We must make sure that this terrible event does not become clouded nor forgotten with the advance of history. We must keep this solemn memory of the past, in order to prevent other such tragedies in the future. Let this day of remembrance be a reminder to all generations of the criminal persecution of the Armenian people. Let us be instructed and admonished by the Polish writer Yashinsky, who survived a Nazi concentration camp only to die in a Russian camp: "Fear not your enemies for they can only kill you, fear not your friends for they can only betray you. Fear the indifferent who permit the killers and betrayers to walk safely on the Earth."●

ARMENIAN MARTYRS DAY

● Mr. GLENN. Mr. President, I rise today to join my colleagues in commemorating the 69th anniversary of the Armenian Genocide, the first but tragically not the last such atrocity of the 20th century. We all know the awful details, 1.5 million Armenians, men, women, and children, slain between 1915 and 1923 by the Ottoman Government of Turkey. We know from the reports of our own U.S. Ambassador Henry Morgenthau who wired the Secretary of State in July 1915:

> Deportation of and excesses against peaceful Armenians is increasing and from harrowing reports of eye witnesses it appears that a campaign of race extermination is in progress under a pretext of reprisal against rebellion.

We know from the tragic reports of massacred families by those lucky enough to escape.

Today we commemorate those 1.5 million victims of the Armenian genocide. We cannot erase the horror that sears the collective soul of Armenians wherever they might be. It is a tragedy that the crime of genocide has yet to be wiped from the face of the Earth. So let us remember the Armenian genocide victims by rededicating ourselves, as individuals and as a nation, to insuring that such a nightmare is never again visited on any people anywhere on this Earth. We can best serve their memory by preventing such inhumanity in the future, and by remembering, I pray, we will prevent it.●

COMMEMORATING ARMENIAN MARTYRS DAY

● Mr. CRANSTON. Mr. President, I join my colleagues today in commemorating the 69th anniversary of Armenian Martyrs Day.

The Armenian massacre of 1915 to 1923, the first genocide of this century, stands out because of its scope and brutality. One and a half million Armenian men, women, and children were killed and a half million survivors were forced to flee from their ancestral homeland.

I am a cosponsor of the resolution which designates April 24 as a day of rememberance for all victims of genocide, particularly those who perished in the Armenian massacre. The purpose of the resolution is to recognize, acknowledge, and denounce the atrocity against the Armenian people. Its intent is also to engrain in our memories this event as a small part of our effort to insure that genocide does not recur.

I deeply sympathize with those whose relatives were killed in the Armenian massacre. I understand their anguish, and I share their outrage that there are those who still deny that the massacre indeed took place. The facts of the Armenian massacre have been well documented and affirmed over the past six decades. To refute these facts is to perpetrate yet another crime against the Armenian people.

We cannot reverse events of the past. But it is possible and necessary that we learn from the brutal lesson of the Armenian genocide and do what we can to prevent a recurrence of the extermination of a people because of their nationality, race or religion.●

● Mr. PELL. Mr. President, today marks the 69th anniversary of the willful massacre of 1.5 million Armenians at the hands of the Turks during World War I. Senate Joint Resolution 87, introduced by my distinguished colleague, Senator TSONGAS, designates today as a day of remembrance for the victims of this heinous act. I am proud to be a cosponsor of this bill and to join with Armenians throughout the world in observing Armenian Martyrs Day.

Before World War I, Armenians, a gentle, highly cultured people, lived alongside the Turks and demanded only tolerance and freedom from their Turkish rulers. In response, the Turkish Government launched a coordinated drive to round up and eliminate every Armenian man, woman, and child. Today, we honor those courageous individuals who were exterminated for no other reason than that their national heritage was considered alien by the Turkish leadership.

The Armenian genocide was a forerunner to another dark episode in the 20th century history of mankind: the Holocaust. The Holocaust is a sad reminder that those who forget history are condemned to repeat it. The Armenian genocide and the Holocaust show us that man possesses the pernicious quality of bigotry and the capacity to be cruel. We must never forget the despicable treatment suffered by the Armenians and the Jews at the hands of their fellow men. We must keep the memories of these solemn and painful events alive in order that history will not repeat itself yet again.

Genocide is the most heinous act that man can perpetrate against his fellow man. Yet, it was not until the Nazis slaughtered 6 million Jews that the world recognized genocide for what it is. In response to the Holocaust, the United Nations declared genocide a war crime. I am proud to say that my father, as U.S. Representative to the United Nations War Crimes Commission, played an instrumental role in convincing the State Department to take the position that genocide should be declared a war crime.

If we are truly concerned about eliminating the evil of genocide from the heart of mankind; if justice and compassion are values which we sincerely cherish; if the death of 1.5 million Armenians is to be more than a tragic footnote to our time; then we must not forget the brutal assault on human dignity which was the Armenian genocide.●

ARMENIAN MARTYRS DAY

● Mr. RIEGLE. Mr. President, today's commemoration of the anniversary of Armenian Martyrs Day is, I believe, one of the most important matters which merits the Senate's attention. Like all acts of inhumanity which scar the history of mankind, the Armenian genocide of 1915 must be remembered, and its lessons understood and appreciated.

We who join in this commemorative colloquy today on the Senate floor are guided by the words of Elie Wiesel: "To forget is to make oneself an accomplice of the executioner."

While the most valuable lessons of human experience are those learned from our mistakes, nothing can be learned from the mistakes that we fail to admit. The world's failure to acknowledge the Armenian genocide is a painful confirmation of this truism. A simple reading of history clearly shows that the Armenian genocide did in fact provide Hitler with a precedent for his crimes—a genocide which took the lives of 6 million Jews and millions of other innocent people. Even today, as we note the 69th anniversary of the Armenian genocide, in which over 1½ million innocent men, women, and children lost their lives, the Turkish Government refuses to acknowledge the role of its predecessors in this atrocity.

Today I join with members of the Armenian community and the Congress in calling upon our Government to reaffirm the U.S. policy of recognizing the Armenian genocide, and, in so doing, encourage the long overdue acknowledgement by the Turkish Government of its role in the massacre. Only then will justice be brought to the Armenian community.

While we are powerless to alter the tragic events of the past, we can do much to shape the future. With the help of the Armenian people and all those whose lives have been touched by oppression, we must work to eliminate the injustice, torture and inhumanity which has been inflicted upon people whose only crime was the desire to live. As long as we allow circumstances to exist where people are denied thgir very right to exist, our civilization and our own humanity are very much in doubt.

Despite the pain of recalling the horrible details of the Armenian genocide, we must never forget. Those who do not know must be educated. Because for us, as a nation, to forget, and for others never to know, reduces our vigilance, masks the threat of repeated horrors and denies the victims of these crimes the dignity and memory they deserve. Only when we recognize the past violations of people's rights can we truly appreciate the necessity of treating others as individuals whose hopes and ambitions are as worthy as our own.

To insure that this and future generations of Americans remain sensitive to the horrors of the Armenian genocide, a memorial to its victims will be made a permanent part of the U.S. Holocaust Museum in Washington, DC. I applaud this effort.

Another important step in demonstrating our commitment to human rights and our understanding of the lessons of the genocides of the 20th century is the ratification of the Genocide Convention. For 34 years the convention has been before the community of nations. Conspicuously absent from the list of 88 nations which have ratified the convention is the United States, despite its role as a leading force for human rights.

Clearly the time has come for the world to recognize that the use of genocide as an instrument of national policy—by any nation at any time—is a crime against all mankind that must be universally condemned.●

THE ARMENIAN GENOCIDE

● Mr. **SARBANES**. Mr. President, today we commemorate the 69th anniversary of Armenian Martyrs Day, the date on which the Turkish Government began its systematic annihilation of over a million Armenian people. The events of 1915 uprooted an entire nation, eliminating leaders and intellectuals, and scattering the remaining homeless survivors around the world.

We commemorate the Armenian genocide in part to pay tribute to its survivors and to the memory of its victims, and in part to reinforce our own determination to insure that such deeds will not be repeated. As citizens of a nation founded on the ideals of human dignity and freedom, we must make sure that we will never remain indifferent or impassive in the face of such assaults on the basic essence of our humanity.

The Armenian-American community has always played a vital role in our pluralistic, democratic society. Never has this been truer than it is today. Their contributions to the cultural, social, political and economic life of America is priceless and unique. Armenian-American Marylanders make daily contributions to the vitality and character of our State.

Centuries of oppression and persecution did not succeed in snuffing out the rich faith and traditions of the Armenian civilization. Americans of Armenian descent have kept alive their noble heritage, and in so doing have enriched the lives of all Americans. The memory of suffering so terrible has not led to bitterness or violence among the Armenians; instead it has strengthened faith and reinforced the commitment to justice and humane values.

The Armenian people, who have lived with tragedy, are committed to the proposition that the world will understand as they do the meaning of that tragedy. It has reinforced the wise and generous humanity which has found expression in the family, the church and the community. From this, our Nation has benefited.●

● Mr. **METZENBAUM**. Mr. President, I want to begin today by commending Senators LEVIN and TSONGAS for organizing what has now become an annual commemoration on the floor of the Senate of the massacre in Turkey early in this century of 1.5 million Armenians and the forced exile of half a million more.

The agony of the Armenians has been described as "the forgotten genocide."

It is not forgotten—not by us and not by the descendants of the survivors, many of whom will gather this weekend to remember and to reflect upon one of the greatest tragedies ever suffered by any nation. But, Mr. President, the pain of those memories is compounded by the sad fact that to this day, the Turkish Government denies that the wholesale slaughter of the Armenians ever took place.

The facts are undeniable.

Before World War I, [illegible],000 Armenians lived in the Ottoman Empire most of them in the region that had for many centuries been the Armenian homeland. Today, fewer than 100,000 declared Armenians reside in Turkey.

What happened to them?

On May 27, 1915, the Ottoman authorities promulgated an edict of deportation against the Armenians.

Armenian men were driven from their homes and massacred by the tens of thousands.

Women, children, and old people were herded into the deserts of Syria. Those who did not die of starvation, exposure and disease became the victims of brigands and guards.

Henry Morgenthau, Ambassador to Turkey of the then neutral United States, states in his memoirs that there could be no doubt about the facts, or about Turkish intentions.

The American Ambassador wrote:

> When the Turkish authorities gave the orders for these deportations, they were merely giving the death warrant to a whole race: They understood this well, and, in their conversations with me they made no particular attempt to conceal the fact.
>
> I am confident that the whole history of the human race contains no such horrible episode as this. The great massacres and persecutions of the past seem almost insignificant when compared to the suffering of the Armenian race in 1915.

Ambassador Morgenthau was not the only foreign dignitary to speak out on the plight of the Armenians.

The New York Times reported on October 11, 1915, that Pope Benedict XV "has written an autograph letter to the Sultan of Turkey interceding for the unfortunate people."

On October 22, 1915, the Times reported that:

> Confidential advice received today by the State Department said the German Government had officially made efforts to alleviate alleged atrocities upon Armenians in Turkey, but that Turkish officials apparently displayed lack of interest in such endeavors.

Germany was, of course, Ottoman Turkey's most important wartime ally and would hardly have cooperated in any effort to defame the Turkish Government.

The record is clear.

The Armenians were slaughtered.

And they were slaughtered on orders of the Turkish authorities of the day.

It is a fact—a terrible fact that must not be denied or trivialized or treated as just another political issue.

Three years ago, in a speech given here in the Capitol rotunda, Elie Wiesel, chairman of the U.S. Holocaust Memorial Council, made a telling point.

Professor Wiesel said:

Before the planning of the final solution Hitler asked "Who remembers the Armenians?" He was right. No one remembered them, as no one remembered the Jews. Rejected by everyone, they felt expelled from history.

I believe that we have a profound obligation to remember—to make a point of remembering. And we have that obligation not only to the victims, but to ourselves.●

Mr. LEVIN. Mr. President, I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 12:30 p.m. with statements therein limited to 5 minutes each.

TRIBUTE TO DR. BENJAMIN E. MAYS

Mr. THURMOND. Mr. President, I rise today to pay tribute to a distinguished educator from my home State, Dr. Benjamin E. Mays, who passed away recently at the age of 89. To his family and his friends across the country, I extend my sympathies.

One of eight children who grew up near Greenwood, SC, Dr. Mays was a tireless advocate for education and social justice. He rose from humble beginnings as a farmhand to be president of Morehouse College in Atlanta, GA, and served for 12 years as president of the Atlanta Board of Education.

His commitment to education was an intensely personal one, and it earned him membership in the prestigious academic honor fraternity of Phi Beta Kappa. Later his studies would earn him a doctorate degree; 47 honorary degrees in law, divinity, and the humanities; numerous plaques and awards for academic excellence; and, of course, a national reputation as a leader in the field of education.

Dr. Mays also served with distinction as president of the United Negro College Fund, providing outstanding leadership in the cause of improving education opportunities for blacks and minorities.

Mr. President, our Nation has lost a remarkable man, whose soft-spoken style of leadership and commitment to improving the human condition earned him a place in the hearts of many.

Although he moved from South Carolina to Georgia, many people from my State have paid tribute to him as a native son. Three years ago, his birthplace was renamed in his honor as Mays Crossroads, and a granite marker was erected denoting Dr. Mays' many accomplishments.

In addition, Dr. Mays was inducted earlier this year into the South Carolina Hall of Fame in Myrtle Beach and his portrait now hangs in the South Carolina Statehouse in Columbia.

In order to share more about the accomplishments and life of Dr. Mays with my colleagues in the Senate, I ask unanimous consent that several newspaper articles, from the Columbia State, the Greenwood Index-Journal, and the Anderson Independent-Mail, be included in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Greenwood (SC) Index-Journal, Mar. 28, 1984]

Dr. Benjamin E. Mays Dies at 89 in Atlanta

Atlanta (AP).—Dr. Benjamin E. Mays, a nationally known civil rights leader and educator who once said he "never let race beat me down," died today at an Atlanta hospital. He was 89.

Charles Delane, a spokesman for Hughes Spalding Community Hospital, said Mays died about 7:20 a.m. The elderly educator was admitted to the hospital Sunday and "had been in declining health for sometime," he said.

Mays had been treated at the hospital in January for pneumonia.

Born Aug. 1, 1894, in Epworth, S.C., Mays was the son of a black man born nine years before the Emancipation Proclamation.

He was best known as the former president of Atlanta's predominantly black Morehouse College and former president of the Atlanta Board of Education.

"Dr. Mays was truly a legend in higher education," said a prepared statement issued by Morehouse today. "He also was a confidant of many U.S. presidents and other heads of state. He touched and influenced the lives of so many men and women during his lifetime . . .

"Dr. Mays was an outstanding builder of men, men of character and integrity who went on to hold influential positions in all phases of American society," the statement said.

During his lifetime, Mays received many honors, including at least 45 honorary degrees in law, divinity and the humanities from colleges and universities across the nation, and more than 200 awards and plaques.

He served on the board of numerous colleges and the Martin Luther King Jr. Center for Social Change in Atlanta.

One of his most recent honors was his induction in January into the South Carolina Hall of Fame, when former President Jimmy Carter said in a videotape presentation that Mays was "a credit to Georgia and South Carolina. He's a credit to the Southland and he's a credit to America and the world."

In that same videotape, Mays, who was presented a plaque by Carter, said, "I was born a little stubborn on the race issue. No man has the right to look down on another man. I never let race beat me down."

Mays was a champion of the civil rights movement in the South and a quiet but persistent thorn in the white conscience.

In his 27 years as president of Morehouse College, he met regularly with students, listened and exchanged ideas which helped mold the lives of those he taught.

His most famous student was Dr. Martin Luther King Jr., the late civil rights leader who was assassinated on April 4, 1968. At one time King called Mays "my spiritual mentor and my intellectual father." On the day of King's funeral, Mays eulogized King as a son, "so close and so precious was he to me."

Georgia State Sen. Julian Bond, another of Mays' students, said at the South Carolina ceremony, "I am kneeling at the feet of a giant. Making friends of enemies has been a lifelong mission of Benjamin Mays."

In March 1960 a group of Atlanta University students told Mays they planned to begin sit-ins designed to open lunch counters to blacks. The confrontation spread to the schools, where the struggle to integrate in Georgia dragged on for 18 months.

In 1961, Mays cited the admittance of two black students to the University of Georgia as the end of diehard resistance to integrated schools. At the same time, he urged black colleges to recruit whites.

Mays retired from Morehouse in 1967 and was elected to the Atlanta Board of Education at the age of 75. In 1970, he was elected chairman of the school board. He stepped down from that post in 1981.

He was an honor graduate of Bates College in Lewiston, Maine, and received his master's degree and Ph.D. from the University of Chicago. He was a member of Phi Beta Kappa.

Mays also was the author of many books, including "Born to Rebel," a study covering three-quarters of a century of black-white relations in the United States.

[From the Columbia (SC) State, Jan. 7, 1984]

Educator Mays, Poet Rutledge Inducted Into Hall of Fame

Myrtle Beach (AP).—Benjamin E. Mays, who devoted his life to helping men live in peace, and Archibald Rutledge, whose writings helped generations find peace within themselves, were inducted into the South Carolina Hall of Fame during ceremonies here Friday.

The 89-year-old Mays, a Greenwood native and the son of former slaves, worked long years to advance the cause of civil rights during his career as an educator and college president.

Rutledge, who wrote his first poem at age 3 and left a long legacy of prose and poetry, served as South Carolina's first poet laureate for 39 years until his death in 1973.

A crowd of about 1,000 applauded warmly after seeing a videotape in which former President Jimmy Carter visited Mays' Atlanta Home to present a plaque marking his induction.

Mays was hospitalized in Atlanta Tuesday with pneumonia. He was listed in stable condition Friday in the intensive care unit of the Grady Memorial Hospital's Hughes-Spauling Pavilion.

"He's a credit to Georgia and South Carolina, he's a credit to the Southland and he's a credit to the United States of America and to the world," said Carter, who is a close personal friend of Mays.

The former president said during the tape that Mays was being recognized for a life "still full, still vigorous and with a great future of service to his fellow men and women—black and white, Americans and those throughout the world."

"I was born a little stubborn on the race issue," replied Mays, a former president of the United Negro College Fund who served as president of Morehouse College in Atlanta for 27 years.

"I felt that no man had a right to look down on another man. Every man, whether he's on the right of you, the left of you, certainly in back of you—it makes no difference—is still a man."

Georgia state Sen. Julian Bond, a student under Mays at Morehouse, said during Friday's ceremonies that "among all things, Dr. Mays is a teacher."

[From the Anderson (SC) Independent-Mail, Nov. 7, 1981]

CIVIL RIGHTS LEADER MAYS HONORED

(By Charles Bennett)

GREENWOOD.—A mere 600 feet from the tin-roofed shack in which he was born and raised, civil rights leader and black educator Benjamin E. Mays was honored Friday in a ceremony here designating the intersection of Scott Ferry Road and U.S. 178 as "Mays Crossing."

Delivering remarks was Coretta Scott King, widow of slain civil rights leader Martin Luther King Jr.

"I invited myself to this ceremony before they had a chance to invite me," Mrs. King said. "This is a very historically significant occasion in the life of one of the great men of our time.

"Many of the black leaders of today have been influenced by you," Mrs. King said to the man whom her husband referred to as his spiritual mentor and intellectual father. "I'm personally very pleased that your state has chosen to honor you. You are deserving of this and every other honor which you have received."

Also speaking were Sen. John Drummond, D-Greenwood; Rep. Jennings G. McAbee, D-McCormick; Paul Cobb, chief commissioner of the state highway department; Larry A. Jackson, president of Lander College; Maceo Nance, president of S.C. State College, a predominately black school in Orangeburg; and former U.S. Rep. W. J. Bryan Dorn of Greenwood.

"We are not here to necessarily honor Dr. Mays but more to remind us of the message and the quality of his life," Jackson said.

In accepting the honor, Mays responded, "I'm happy. I'm glad, I'm extremely proud that my native state has done so much to honor Benjamin Elijah Mays, son of soil, son of slaves."

In his remarks, Mays told of the many changes he has seen in the state. "I was 52 years old before I was allowed to vote," he recalled. "Yes, people have changed for the better in my native state.

"The only way I can explain my presence here today is that God must have been in it. There is no way I could have done what I've done on my own. I do not take credit. I attribute it to God."

Mays' niece, Nettie Powell of Washington, D.C.; unveiled the marker designating the intersection as Mays Crossing.

After the ceremony, Mays, Mrs. King and other members of the entourage lunched at Dorn's rural estate near Greenwood. Mrs. King, a leader in the Atlanta-based Martin Luther King Center for Non-Violent Social Change, declined comment after the ceremony.

Mays was born in 1894 to former slaves S. Hezekiah and Louvenia Mays. He received his high school education from the high school department of S.C. State College. In 1920, he graduated with honors from Bates College in Lewiston, Maine.

A moderating influence in Atlanta politics for many years, Mays resigned from the presidency of the Atlanta Board of Education this year after a 12-year tenure.

Mays has led a varied life through many of the nation's institutes of higher education since his boyhood days in Greenwood.

He worked as a Pullman railroad car porter while working on his master's degree from the University of Chicago, which he received in 1925, and his doctorate in 1935. He holds 49 honorary degrees in 22 states and Africa.

His credits as an educator include president of Morehouse College in Atlanta for 27 years, after which he was elected president emeritus; dean of the school of religion at Howard University, Washington, D.C., from 1934-40; and chairman of board of trustees at Benedict College, Columbia.

He also is a board of trustees member of the King Center and a member of the board of the United Negro College Fund. He served as co-chairman of the Citizens Crusade Against Poverty and as a trustee of the Danforth Foundation and the National Fund for Medical Education.

In July, Gov. Dick Riley awarded him the "Order of the Palmetto" during ceremonies unveiling Dr. Mays' portrait in the state capitol.

A 3-HOUR ORDEAL ON ST. MAARTEN ISLAND

Mr. COHEN. Mr. President, a most disturbing incident happened earlier this month involving two of my constituents who were visiting St. Maarten Island in the West Indies. I would like to bring the incident to the Senate's attention and comment upon it briefly.

Barbara and Susan Caldwell, the wife and daughter, respectively, of prominent Maine writer Bill Caldwell, were held at knifepoint in their car for more than 3 hours by a mob of 500 onlookers while they were vacationing on the French part of the island. This bizarre and violent incident should never have been allowed to take place, and it has raised serious questions about the adequacy of efforts by the French police to protect American citizens who visit the island.

Barbara and Susan Caldwell were fortunate to have emerged from this terrifying incident unharmed. But the question must be asked: Will others visiting the island be similarly fortunate? I have asked the State Department to review this matter, and have lodged a strong protest with French authorities as well.

Mr. Caldwell wrote a gripping article about this attack which appeared in a recent edition of the Maine Sunday Telegram, and I ask unanimous consent that the article appear in the RECORD for the benefit of my colleagues.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Maine Sunday Telegram, Apr. 15, 1984]

DAMARISCOTTA WOMEN TERRORIZED ON ST. MAARTEN

The following was written by Sunday Telegram columnist Bill Caldwell after his wife and daughter's return to Maine.

A Maine mother and daughter were held at knifepoint in their car for three hours, surrounded by a mob of 500 onlookers, on the French part of St. Maarten Island last week, while vacationing in the West Indies. Barbara B. Caldwell and her daughter Susan of Damariscotta, arrived home in Maine after the ordeal. They are the wife and daughter of newspaper columnist Bill Caldwell.

"French police and French army patrols came to the riot scene three times, but did absolutely nothing to rescue us," said Susan. "When we were finally allowed to leave our damaged car, we found the French police waiting in safety on a nearby street, till the incident was over."

Sen. William S. Cohen said Thursday that he would make a statement on the Senate floor complaining that French authorities had failed to assist American citizens when their lives were in danger. Cohen said he would also ask the State Department to register an official complaint with the French Embassy in Washington.

Barbara and Susan Caldwell described their three-hour ordeal. "We were driving up a narrow street in the French town of Marigot, when our car was stopped by a man armed with a knife and a broken-off beer bottle who blocked our way. By his long hair, which was done in long 'dreadlocks' reaching almost to his waist, we could see he was a member of the Rastafarian sect, a religious group which uses marijuana as part of their daily ritual.

"The man was bloodied around the neck and head and seemed drugged or deranged. He threatened us with his knife and bottle, and shouted to us to turn off the engine."

Mrs. Caldwell said that four or five other men, all seemingly Rastafarians, circled the car. "Soon a crowd surrounded us, numbering finally about 500 people. We closed the car windows and locked the doors, and my daughter and I sat absolutely still, not daring to make any sudden move."

After the crowd had assembled, the French police arrived on the scene. "We hoped they had come to rescue us. But they spoke only briefly to the assailant and then left."

Acting on a suggestion from an onlooker, Miss Caldwell tried to start the car and inch forward. "Then the assailant jumped on the hood of the car, tore off the windshield wipers and tried to knock in the windows with his fists," said Mrs. Caldwell. "So we stopped the car again and shut off the engine." After another hour had passed and the crowd had drawn closely around the car, they began to rock the car on its wheels. "We were scared they would turn us over and that we were in immediate danger."

Once again the French police came and went away. Then a French army patrol came in a vehicle, looked the scene over and left, according to Mrs. Caldwell.

"Our assailant became enraged again and took his knife and slashed the tires on the car, so we could not possibly move."

He jumped onto the hood and began banging on the roof and on the windshield and the side windows, shouting what sounded like "Kill me! Kill me!"

The heat inside the closed car became intense after the second hour, said Mrs. Caldwell. "It was 85 degrees outside. Inside it must have been close to 120 degrees."

The time was now close to 6 in the evening and the women began to worry what might happen to them when it got dark.

"Then we saw two huge black men by the car, rapping on the window. We rolled it down an inch," Mrs. Caldwell said. "They said they wanted us to get out. We agreed to get out, but only if they could get us safely through the mob. They said they would do their best and urged us to make a slow, easy move out of the car. We did. The two men virtually surrounded my daughter and me and got us safely through the crowd. When we reached a side street, we found the French gendarmes waiting in their car. When I asked why they had not helped us, they shrugged and laughed."

Mrs. Caldwell and her daughter were driven by their rescuers to their guest house on the Dutch side of the border. The house is owned by Earle and Betty Vaughan, formerly of Fryeburg, Maine. A telephone call to the Vaughans revealed that the Island Governing Council met Thursday to discuss how to avoid a repetition of this kind of incident. The council urged hotels and stores on the Dutch part of the island to advise tourists not to travel to the French section of the island. Local sources on St. Maartens say that an election is due to take place on the French part of the island in May and that the demonstration by the Rastafarians may have had political motives. The Caldwells say they have received apologies from the Dutch governor and the Dutch Minister of Tourism.

"We would go back to the Netherlands Antilles again tomorrow, given the chance. . . . But we would stay away from the French part of the island and advise other Americans to give it a clear berth," said Mrs. Caldwell.

THE SHIPPING ACT OF 1984

Mr. GORTON. Mr. President, on February 23, 1984, this body passed, by a vote of 74 to 12, potentially the most significant maritime legislation in decades. Shortly thereafter on March 1, 1984, in a White House ceremony, S. 47, the Shipping Act of 1984, became Public Law 98-237.

By clarifying the extent of antitrust immunity for ocean shipping, by streamlining the regulatory process and creating new shipper-carrier relationships, we sought to develop a more efficient international ocean transportation system. During the years of extensive debate and negotiations in the House and Senate over the course of the 97th and 98th Congresses, however, some questioned whether the Shipping Act legislation would actually produce this result.

Thus, I was particularly gratified to read in the April 3, 1984, edition of the Journal of Commerce a statement issued by Kiyoshi Kumagai, president of the Japanese Shipowners' Association. According to the report:

> Mr. Kumagai, who admitted that the purpose of the American law—the Shipping Act—is to attempt to reconstitute a free and influential merchant marine, cautioned that for Japanese owners the result will be a necessity for new efforts to strive for cost reductions in servicing U.S. trade routes.
>
> It is necessary, to devote all energies to achieving cost reductions to survive in the U.S. trade.

Mr. President, this is precisely the result that those of us who worked so hard on this legislation over the past several years were seeking. When the Japanese Shipowners' Association talks about reducing its costs in servicing U.S. trade routes, it is talking about reducing the costs of ocean transportation for U.S. exports and imports. The logical result of reduced transportation costs is the increased competitiveness of our products in foreign markets, and reduced costs for our consumers for imported goods.

Our goal was a more efficient ocean transportation system, and I am delighted that the providers of much of that ocean transportation are acknowledging that this will, indeed, be the result.

MESSAGES FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT

Under the authority of the order of the Senate of April 12, 1984, the Secretary of the Senate, on April 13, April 17, April 18, April 19, and April 23, 1984, received messages from the President of the United States, submitting sundry nominations and treaties; which were referred to the appropriate committees.

(The nominations and treaties received on April 13, April 17, April 18, April 19, and April 23, 1984, are printed at the end of the Senate proceedings.)

ANNUAL REPORT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES MESSAGE FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT—PM 129

Under the authority of the order of the Senate of April 12, 1984, the Secretary of the Senate, on April 13, 1984, received the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

In accordance with the provisions of the National Foundation on the Arts and Humanities Act of 1965, as amended, I am pleased to transmit herewith the 18th Annual Report of the National Endowment for the Humanities covering the year 1983.

RONALD REAGAN.

THE WHITE HOUSE, *April 13, 1984.*

ANNUAL REPORT ON THE TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT—PM 130

Under the authority of the order of the Senate of April 12, 1984, the Secretary of the Senate, on April 17, during the adjournment of the Senate, received the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Finance:

To the Congress of the United States:

In accordance with Section 163(a) of the Trade Act of 1974, I hereby transmit the Twenty-seventh Annual Report on the Trade Agreements Program 1983.

RONALD REAGAN.

THE WHITE HOUSE, *April 17, 1984.*

ANNUAL REPORT OF THE FEDERAL LABOR RELATIONS AUTHORITY, MESSAGE FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT—PM 131

Under the authority of the order of the Senate of April 12, 1984, the Secretary of the Senate, on April 17, 1984, during the adjournment of the Senate, received the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Governmental Affairs:

To the Congress of the United States:

In accordance with Section 7104(e) of Title 5, United States Code, I hereby transmit the Fifth Annual Report of the Federal Labor Relations Authority which covers Fiscal Year 1983.

RONALD REAGAN.

THE WHITE HOUSE, *April 17, 1984.*

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on April 13, 1984, he presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 173. Joint resolution commending the Historic American Buildings Survey, a program of the National Park Service, Department of the Interior, the Library of Congress, and the American Institute of Architects.

REPORTS OF COMMITTEES RECEIVED DURING ADJOURNMENT

Under the authority of the order of the Senate of April 13, 1984, the following reports of committees were submitted on April 18, 1984:

By Mr. PERCY, from the Committee on Foreign Relations, with an amendment in the nature of a substitute:

H.R. 4504: A bill to provide that the chairmanship of the Commission of Security and Cooperation in Europe shall rotate between Members appointed from the House of Representatives and Members appointed from the Senate (Rept. No. 98-398).

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Con. Res. 106: An original concurrent resolution setting forth the congressional budget for the U.S. Government for the fiscal years 1985, 1986, and 1987 and revising the congressional budget for the U.S. Government for the fiscal year 1984 (Rept. No. 98-399).

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. 2582: An original bill to provide a supplemental authorization of appropriations for the fiscal year 1984 for certain foreign assistance programs; to amend the Foreign Assistance Act of 1961, the Arms Export Control Act, and other acts to authorize appropriations for the fiscal year 1985 for international security and development assistance, for the Peace Corps, and the International Development Association, and for other purposes (Rept. No. 98-400).

By Mr. HATCH, from the Committee on Labor and Human Resources, with amendments.

S. 2311: A bill to amend the provisions of the Public Health Service Act relating to health maintenance organizations (Rept. No. 98-401).

By Mr. ANDREWS, from the Select Committee on Indian Affairs, without amendment:

S. 2061: A bill to declare certain lands held by the Seneca Nation of Indians to be part of the Allegany Reservation in the State of New York (Rept. No. 98-402).

S. 2468: A bill to declare that the United States holds certain lands in trust for the Makah Indian Tribe, Washington (Rept. No. 98-403).

By Mr. ANDREWS, from the Select Committee on Indian Affairs, with an amendment in the nature of a substitute.

S. 1979: A bill to confirm the boundaries of the Southern Ute Indian Reservation in the State of Colorado and to define jurisdiction within such reservation (Rept. No. 98-404).

By Mr. ANDREWS, from the Select Committee on Indian Affairs, with amendments:

S. 1196: A bill to confer jurisdiction on the U.S. Claims Court with respect to certain claims of the Navajo Indian Tribe (Rept. No. 98-405).

S. 1967: A bill to compensate the Gros Venture and Assiniboine Tribes of the Fort Belknap Indian Community for irrigation construction expenditures (Rept. No. 98-406).

S. 2177: A bill to provide for the use and distribution of the Lake Superior and Mississippi Bands of Chippewa Indians judgment funds in Docket 18-S and the Lake Superior Band of Chippewa Indians judgment funds in Docket 18-U, before the Indian Claims Commission, and for other purposes (Rept. No. 98-407).

S. 2184: A bill to amend the Native American Programs Act of 1974 to impose certain limitations with respect to the administration of such act and to authorize appropriations under such act for fiscal years 1985, 1986, and 1987, and for other purposes (Rept. No. 98-408).

S. 2403: A bill to declare that the United States holds certain lands in trust for the Pueblo de Cochiti (Rept. No. 98-409).

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. Res. 371: An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 2582.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ANDREWS, from the Select Committee on Indian Affairs, with an amendment:

S. 2000. A bill to allow variable interest rates for Indian funds held in trust by the United States (Rept. No. 98-410).

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 361. Resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 71.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

Louis Roman Disabato, of Texas, to be a Member of the National Museum Services Board for a term expiring December 6, 1987;

Ingrid Azvedo, of California, to be a Member of the Federal Council on Aging for a term expiring June 5, 1985;

Nelda Ann Lambert Barton, of Kentucky, to be a Member of the Federal Council on the Aging for a term expiring June 5, 1986;

Edna Bogosian, of Massachusetts, to be a Member of the Federal Council on the Aging for a term expiring June 5, 1986;

James N. Broder, of Maine, to be a Member of the Federal Council on the Aging for a term expiring June 5, 1986;

Tony Guglielmo, of Connecticut, to be a Member of the Federal Council on Aging for a term expiring June 5, 1986; and

Frances Lamont, of South Dakota, to be a Member of the Federal Council on the Aging for a term expiring June 5, 1986.

(The above nominations were reported from the Committee on Labor and Human Resources with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. PERCY (by request):

S. 2583. A bill to authorize United States participation in the "Office International de la Vigne et du Vin" (the International Office of the Vine and Wine); to the Committee on Foreign Relations.

By Mr. PACKWOOD:

S. 2584. A bill to provide authorization of appropriations for activities carried out under the Marine Mammal Protection Act of 1972; to the Committee on Commerce, Science, and Transportation.

By Mr. BENTSEN (for himself, Mr. Randolph and Mr. Moynihan):

S. 2585. A bill to encourage the use of native flowers in highway landscaping; to the Committee on Environment and Public Works.

By Mr. NICKLES:

S. 2586. A bill to direct the Secretary of Agriculture to release on behalf of the United States a reversionary interest held by the United States in certain lands located in Payne County, Okla., and for other purposes; to the Committee on Agriculture, Nutrition and Forestry.

By Mr. CRANSTON (for himself and Mr. Wilson):

S. 2587. A bill to direct the Administrator of the Environmental Protection Agency to make grants to the city of San Diego, Calif., for construction of publicly owned treatment works in the city of San Diego which will provide primary treatment of municipal sewage and industrial wastes for the city of Tijuana, Mex.; to the Committee on Environment and Public Works.

By Mr. THURMOND (for himself, Mr. Warner, and Mr. Trible):

S.J. Res. 277. Joint resolution to authorize the Armed Force Monument Committee, the United States Armor Association, the World War Tank Corps Association, the Veterans of the Battle of the Bulge, and the 1st, 4th, 8th, 9th, 11th, 14th, and 16th Armored Division Associations jointly to erect a memorial to the "American Armored Force" on U.S. Government property in Arlington, Va., and for the other purposes; to the Committee on Energy and Natural Resources.

By Mr. QUAYLE (for himself, Mr. Hatch, Mr. Kennedy, and Mr. Randolph):

S.J. Res. 278. Joint resolution to commemorate the 100th anniversary of the Bureau of Labor Statistics; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PERCY (by request):

S. 2583. A bill to authorize U.S. participation in the Office International de la Vigne et du Vin—the International Office of the Vine and Wine; to the Committee on Foreign Relations.

INTERNATIONAL OFFICE OF THE VINE AND WINE

Mr. PERCY. Mr. President, by request, I introduce for appropriate reference a bill to authorize U.S. participation in the International Office of the Vine and Wine.

This legislation has been requested by the Department of State and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Foreign Relations Committee.

I ask unanimous consent that the bill be printed in the Record at this point, together with a section-by-section analysis of the bill and the letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs to the President of the Senate dated April 6, 1984.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 2583

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized to maintain membership of the United States in the Office International de la Vigne et du Vin (the International Office of the Vine and Wine).

SECTION-BY-SECTION ANALYSIS

This Bill authorizes the President to maintain United States membership in the Office International de la Vigne et du Vin, established in 1924 by an intergovernmental agreement to which the United States Government has recently acceded. This Organization is widely recognized as the most prestigious and influential intergovernmental organization devoted to international wine technology, industry and trade issues concerning its member states, and membership therein is in the interest of the United States as one of the major wine-producing countries. Permanent legislative authorization of this nature is consistent with 22 U.S.C. §§ 262 and 2672, relating to United States participation in international congresses, conferences and organizations. Annual cost to maintain our membership is expected to be approximately $15,000 at current exchange rates.

U.S. Department of State,
Washington, DC, April 6, 1984.

Hon. George Bush,
President of the Senate,
U.S. Senate.

Dear Mr. President: The United States Government has been invited to join the Office International de la Vigne et du Vin (International Office of the Vine and Wine-O.I.V.V.), the most prestigious and influential intergovernmental organization devoted to wine technology and international trade issues concerning wine. Because of the volume of U.S. international trade in wine, the potential for greatly expanding U.S. exports of wine and the O.I.V.V.'s influence in the international wine industry and trade, the Administration believes the U.S. should join the O.I.V.V.

The O.I.V.V. was established in Paris in 1924 by an intergovernmental agreement and currently has 31 State Members including the principal wine producing and consuming countries. It addresses economic, technical and scientific issues of the wine industry with the objective of reducing barriers to trade, harmonizing national practices and reducing fraud. O.I.V.V. decisions, policies and recommendations on these issues, although non-binding, are nonetheless given serious consideration by Member States and are frequently reflected in their national legislation and trade initiatives.

The Bureau of Alcohol, Tobacco and Firearms (BATF) has by invitation, participated informally as an observer in O.I.V.V. symposia and general assembly meetings since 1980. However, because the United States has not been a member, our representatives have not been entitled to attend closed committee meetings, where O.I.V.V. positions are formulated, or to vote. We believe United States interests can no longer be adequately represented through such limited informal participation.

For these reasons, I hereby transmit a bill to authorize the President to maintain membership of the United States in the Office International de la Vigne et du Vin (the International Office of the Vine and Wine). Annual cost to maintain our membership is expected to be approximately $15,000 at current exchange rates.

The Office of Management and Budget has advised that from the standpoint of the Administration's program there is no objection to the submission of this legislation to the Congress.

With cordial regards,

W. Tapley Bennett, Jr.,
Assistant Secretary,
Legislative and Intergovernmental Affairs.

By Mr. PACKWOOD:

S. 2584. A bill to provide authorization of appropriations for activities carried out under the Marine Mammal Protection Act of 1972; to the Committee on Commerce, Science, and Transportation.

ACTIVITIES UNDER THE MARINE MAMMAL PROTECTION ACT

● Mr. PACKWOOD. Mr. President, I am today introducing a bill to provide for the reauthorization of the Marine Mammal Protection Act for fiscal years 1985, 1986, 1987, and 1988.

Although I fully expect that in its final form this reauthorization legislation will contain several amendments to the act, at this point I am only offering a clean reauthorization bill. The Senate Commerce Committee will be holding hearings on the bill shortly, and it is at that time, that we will fully air the concerns of all interested parties regarding needed amendments.

I should point out, however, that it is my sincere hope that we will be able to hold amendments to a minimum. The act was subject to major revisions during the last reauthorization cycle in 1981, and I do not feel that we need to again review all aspects of our domestic marine mammal research and conservation efforts.

In addition, I am approaching this reauthorization with the view that we should not take any steps which could be construed as weakening the act. Many Americans are already concerned that the integrity of our environmental laws is in doubt. I do not want to exacerbate this perception. Therefore, only changes which it can be argued are truly needed will be considered during this reauthorization process.

As far as timing is concerned, it is my intent to report a reauthorization bill on May 8. Whether or not that bill will contain all possible amendments is subject to conjecture, but I do want to make sure we meet the May 15 Budget Committee deadline.

I hope my colleagues will support this measure when it is brought back to the Senate later this year. I also ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2584

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7(a) of the Act entitled "An Act to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes.", approved October 9, 1981 (16 U.S.C. 1384(a)), is amended—

(1) by striking "and" immediately after "1983,"; and

(2) by inserting immediately before the period at the end thereof the following: ", $9,300,000 for fiscal year 1985, $9,800,000 for fiscal year 1986, $10,300,000, for fiscal year 1987, and $10,800,000 for fiscal year 1988".

(b) Section 7(b) of such Act (16 U.S.C. 1384(b)) is amended—

(1) by striking "and' immediately after "1983,"; and

(2) by inserting immediately before the period at the end thereof the following: ", $2,300,000 for fiscal year 1985, $2,400,000 for fiscal year 1986, $2,500,000 for fiscal year 1987, and $2,650,000 for fiscal year 1988".

(c) Section 7(c) of such Act (16 U.S.C. 1407(c)) is amended—

(1) by striking "and" immediately after "1983,"; and

(2) by inserting immediately before the period at the end thereof the following: ", $1,155,000 for fiscal year 1985, $1,225,000 for fiscal year 1986, $1,275,000 for fiscal year 1987, and $1,325,000 for fiscal year 1988".●

By Mr. BENTSEN (for himself, Mr. Randolph, and Mr. Moynihan):

S. 2585. A bill to encourage the use of native wildflowers in highway landscaping; to the Committee on Environment and Public Works.

USE OF WILDFLOWERS IN HIGHWAY LANDSCAPING

● Mr. BENTSEN. Mr. President, a few years ago, an insightful and progressive first lady gave us a vision of how natural beauty could be enjoyed along our Nation's highways. Lady Bird Johnson carefully jarred us out of our preoccupation with manmade eyesores and helped us move in the direction of appreciating and conserving the natural beauty of this great country. One of her memorable acts was to encourage the regulation of billboards along our highways. This not only removed a constant barrage of stationary salesmen but in most instances allowed us to see and enjoy the natural scenic beauty theretofore hidden. Lady Bird Johnson was not content to stop there. She recognized that as Americans continued their move out of cities, more and more of the countryside was being covered with shopping malls, housing subdivisions, and freeways, thus destroying natural grasses and flowers.

With her usual enthusiasm she led the movement to beautify America with the planting and cultivation of colorful and hardy native wildflowers. Her artistry is vividly displayed in the Nation's Capital where the yellows, reds, and pinks of well placed traditional and wild flowers attract the visual senses. It is with these images in mind that I introduce this bill to open to millions more of Americans the national beauty of our great country and continue the perpetuation of native wildflowers and vegetation. Often it has been our highways which have desecrated the landscape and this bill gives us an opportunity to replace and even enhance the environment along these roadways.

I am also motivated to introduce this bill by the experience gained in Texas as they have progressively pursued the planting of wildflowers along the highways in the State. These efforts have demonstrated the cost-cutting, water-saving, labor-saving benefits of blending wildflowers into highway landscaping. The Texas Highway Department proved that where wildflowers have been planted, mowing along highway right-of-way in 24 Texas counties reduced costs by 24.8 percent and actually enhanced the native vegetation. Projected statewide, the program significantly reduced the State's annual $32 million cost of mowing by $8 million. Wildflower landscapes also make possible a substantial reduction in annual applications of water, from as many as 20 to 30 to 5 or 6. Projecting the possible cost reductions nationwide I am sure it is obvious the savings would be significantly proportionate, thus freeing millions of dollars for other roadbuilding and rebuilding work. It is also important to note that Texas has learned the problem of litter is greatly reduced where wildflowers have been planted along the highways. Travelers are evidently more reluctant to throw litter onto an attractive landscape.

With the implementation of this bill millions of people each day who travel on our Nation's highways would have the opportunity to be uplifted by the unique contribution of wildflowers indigenous to the part of the country through which they are traveling. At the same time the wildflowers would represent millions of dollars saved during a time when State and Federal budgets are requiring careful cost-cutting efforts. I hope we may join together in following the lead of Lady Bird Johnson in beautifying our Nation's highways and conserving a national resource, while contributing to significant financial savings.●

By Mr. NICKLES:

S. 2586. A bill to direct the Secretary of Agriculture to release on behalf of the United States a reversionary interest held by the United States in certain lands located in Payne County, Okla., and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

RELEASE OF CERTAIN LANDS IN PAYNE COUNTY, OK

● Mr. NICKLES. Mr. President, on March 30, 1984, I introduced a bill, S. 2511, which would have the effect of lifting a "public use" reversionary clause from one parcel of land now owned by Oklahoma State University and placing that public use restriction on a separate parcel of land owned by the university. The reversionary clause is held currently by the United States. I would like to refer my colleagues to page 7213 of the March 30 RECORD for more background on this legislation.

Today I am reintroducing this legislation with the addition of a section 3 to the bill which deals with the mineral rights underlying the tract of land from which the public use surface restriction is intended to be lifted. The United States owns 75 percent of the mineral interests and the university owns the remaining 25 percent interests. This new section is designed to protect the surface uses of land from any possible adverse effects caused by the exploration and development of the underlying minerals, if any, that exist.

This protection can be accomplished in two ways. First, the university is given the option of purchasing the mineral interests of the United States at fair market value. In the alternative, if the university decides not to purchase those mineral interests, the Department of Interior could only lease or convey its mineral interests to a third party if such lease of conveyance prohibited surface occupancy of the mineral developer, if such occupancy would interfere with the surface or intended surface uses of the land.

I thank the Chair and ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2586

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, (a) subject to section 2, the Secretary of Agriculture shall release, on behalf of the United States, with respect to the tracts of land described in subsection (b), the condition contained in a deed dated December 13 1954, and recorded on December 21, 1954, in deed book 155 DR beginning at page 125 in the land records of Payne County, Oklahoma, and as corrected by a Correction Deed dated December 31, 1963, and recorded on January 13, 1964, in deed book 184 DR beginning at page 465 in the aforesaid land records, between the United States of America and the Board of Regents for the Oklahoma Agricultural and Mechanical College, subsequently renamed Oklahoma State University, conveying certain tracts of land, of which such described tracts of land are a part, to such university, which requires that the tracts of land conveyed be used for public purposes and revert back to the United States should the tracts of land cease to be used for such purposes.

(b) The tracts of land referred to in subsection (a) are described as follows: Approximately 960 acres, more or less, located at Indian Base Meridian; Township 19 North; Range 1 East; and as more fully delineated in the agreement entered into in accordance with section 2 of this Act.

SEC. 2. The Secretary of Agriculture shall release the condition referred to in section 1(a) of this Act only with respect to land covered by and described in an agreement entered into between the Secretary and the Board of Regents of Oklahoma State University in which the university, in consideration of the release of such condition, agrees to transfer such condition to other lands containing approximately equal acreage owned by the university and to specify such lands in the agreement.

SEC. 3. (a) Subsequent to any release executed by the Secretary of Agriculture with respect to the tracts of land described in section 1(b) of this Act, the Oklahoma State University may apply to the Secretary of the Interior seeking to acquire all the undivided mineral interests of the United States in the tracts of land to which such release applies, and the Secretary of the Interior shall, subject to valid existing rights and subject to subsection (b) of this section, convey such mineral interests as requested.

(b) The Secretary of the Interior shall not convey the undivided mineral interest of the United States in any land as requested in an application filed by the Oklahoma State University under subsection (a) of this section unless—

(1) such application is accompanied by a sum of money which the Secretary of the Interior determines is necessary to pay the administrative costs involved in conveying such mineral interests to the University, including the costs of determining the mineral character of such land and the costs of establishing the fair market value of such mineral interest, and

(2) the University, in consideration of such conveyance, pays to the Secretary of the Interior—

(A) $1, in the case of any such land determined by the Secretary of the Interior to have no mineral value and to be under no active mineral development or leasing, or

(B) the fair market value of such mineral interests, as determined by the Secretary of the Interior, in the case of any such land not subject to clause (A) of this subsection.

(c) Except as provided in subsection (a) and (b) above, the Secretary of the Interior shall not convey or lease the undivided mineral interest of the United States with respect to any tracts of land upon which the Secretary of Agriculture executes a release in accordance with this Act unless such conveyance or lease prohibits surface occupancy of the land for development of those interests if such surface occupancy would interfere with the surface uses or intended surface uses of the land.●

By Mr. CRANSTON (for himself and Mr. WILSON):

S. 2587. A bill to direct the Administrator of the Environmental Protection Agency to make grants to the city of San Diego, Calif., for construction of publicly owned treatment works in the city of San Diego which will pro-

vide primary treatment of municipal sewage and industrial wastes for the city of Tijuana, Mexico; to the Committee on Environment and Public Works.

SEWAGE TREATMENT PLANT IN SAN DIEGO, CA

Mr. CRANSTON. Mr. President, today I am introducing legislation—with Senator PETE WILSON as a cosponsor—to authorize the Administrator of the Environmental Protection Agency to make grants to the city of San Diego, Calif., for the purpose of constructing a facility to treat sewage from Tijuana, Mexico. This legislation is urgently needed to address a critical public health problem in San Diego.

Tijuana now has a sewage facility which handles 5 million gallons of sewage a day. But this plant breaks down on a regular basis and raw sewage runs down from the watershed and is transported into the United States via the Tijuana River, creating an immediate public health problem in San Diego. On several occasions the San Diego area beaches have had to be closed for the public's protection.

Actually only half the households in Tijuana are hooked up to any sewage collection system at all, and for the past 3 years San Diego has been treating as much of Tijuana's sewage as the city can, about 13 million gallons per day. The pressures of Tijuana's system will get worse as additional households hook up to the city's system and as the city's population grows.

Mexico is taking steps to complete by the end of this year a 60 million gallon per day pumping plant to replace two old plants. Additionally Tijuana has installed a 42-inch pressure line to replace two old parallel lines and has upgraded its open conveyance canal which is carrying effluent to the ocean. But more work must be done to stop the flow of raw sewage into San Diego. This is an international situation and the U.S. Government must take corrective action.

The legislation being introduced today would provide $55 million in Federal funds to build a barebones treatment facility—the minimum necessary to eliminate the public health problem. The legislation would require that the facility be built to the construction standards required under the Clean Water Act. It would also direct the State Department to enter negotiations with Mexico to seek contributions toward the plant's construction and operation and maintenance.

Mr. President, the population of Tijuana is increasing as is the population of San Diego. By the year 2000, there may well be a need for a larger facility providing a higher level of treatment—up to 100 million gallons per day for Tijuana and up to 30 million gallons per day for San Diego. This legislation does not provide for a sewage treatment plant of that size. At the same time, it does not preclude future legislation for that purpose. The option would remain open.

Mr. President, it is my hope that the Senate will have the opportunity to consider this matter before the 98th Congress adjourns. The Tijuana/San Diego sewage problem is serious and needs attention this year.

I ask unanimous consent that the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

(a) Upon application of the City of San Diego, California, the Administrator of the Environmental Protection Agency (hereinafter in this Act referred to as the "Administrator") shall make grants to such city for construction of publicly owned treatment works in such city to provide primary treatment for up to 60 million gallons per day of municipal sewage and industrial waste for the City of Tijuana, Mexico.

(b) The project design for such treatment works must be approved by the Administrator, and such treatment works shall be constructed to meet the provisions of section 204(a) and (d), section 212, and section 217 of the Federal Water Pollution Control Act which would be applicable if such treatment works were being constructed under section 201 of the Federal Water Pollution Control Act.

(c) The Department of State shall enter into negotiations with the government of Mexico to seek contributions towards the capital costs of the primary treatment works and payment of user fees to cover the costs of operation and maintenance of such treatment works. In the absence of funding being provided by the government of Mexico, the Department of State shall pay the necessary costs.

(d) For fiscal years commencing after September 30, 1984, there is authorized to be appropriated $55,000,000 to implement the provisions of this Act.

By Mr. THURMOND (for himself, Mr. WARNER, and Mr. TRIBLE):

S.J. Res. 277. Joint resolution to authorize the Armed Forces Monument Committee, the U.S. Armor Association, the World Wars Tank Corps Association, the Veterans of the Battle of the Bulge, and the 1st, 4th, 8th, 9th, 11th, 14th, and 16th Armored Division Associations jointly to erect a memorial to the "American Armored Force" on U.S. Government property in Arlington, VA, and for other purposes; to the Committee on Energy and Natural Resources.

MEMORIAL TO THE AMERICAN ARMORED FORCE

Mr. THURMOND. Mr. President, joined by my distinguished colleagues from Virginia, Senators WARNER and TRIBLE, I am pleased today to introduce a joint resolution to authorize the erection of a memorial in Arlington, Va., for the purpose of honoring those men of "flesh and steel" of the "American Armored Force" who have honorably served this country as members of its armored forces during World Wars I and II, Korea, and Vietnam, as well as those who are currently serving in comparable fighting units worldwide.

This memorial would be erected at no cost to the Government. It would be placed on U.S. Government property in Arlington, Va., between the Arlington Memorial Bridge and the entrance to the Arlington National Cemetery and beside Memorial Drive.

Mr. President, this proposal has the endorsement, among others, of the Armored Force Monument Committee and its eminent chairman, Gen. Bruce C. Clarke (U.S. Army, retired). It has the support of the U.S. Armor Association, the World Wars Tank Corps Association, the Veterans of the Battle of the Bulge, and the 1st, 4th, 8th, 9th, 11th, 14th and 16th Armored Division Associations.

Simply stated, this joint resolution would authorize the Secretary of the Interior to select, with the approval of the National Commission of Fine Arts and the National Capital Commission, a suitable site for this memorial.

Private donors would assume the cost of the erection of the monument. The only expense to the U.S. Government would be that incurred by the Interior Department for the maintenance and care of the memorial area.

Mr. President, one of the finest chapters in the epic history of the U.S. Army, has been the story of the "American Armored Force." This great "American Armored Force" had its beginning when Gen. "Black Jack" Pershing established the U.S. Army Tank Corps during World War I. Col. George Patton commanded one of the first tank brigades at the time when the Yankee tankers received their first baptism of fire in the battle of St. Mihiel. Between the two World Wars, U.S. Army visionaries, like Gen. Van Voorhis and Gen Adna Chaffee, labored mightily to mechanize and modernize the U.S. Army. In January 1940, Gen. George C. Marshall brought fruition to their labors by creating the "American Armored Force."

It was this "American Armored Force" that provided the powerful armored units. This force was composed of armored divisions, mechanized cavalry groups, separate armored field artillery, tank destroyer and tank and armored infantry battalions, all of which contributed substantially to the victory of American arms in all the theaters of war in World War II.

Mr. President, this is the same "American Armored Force" that provided the basis of the armored infantry, armored cavalry, armored artillery, armored engineers, armored signal and tank units that were an integral part of the success as achieved by our forces in the many battles fought in the Korean and Vietnam wars.

It is an honor and a personal pleasure for me, along with my colleagues, Senators Warner and Trible, to introduce this joint resolution to authorize the erection of a monument honoring the "American Armored Force." This memorial will signify permanent recognition by a grateful nation for heroic achievements in combat against aggression. I urge that this measure be given early and favorable consideration.

By Mr. QUAYLE (for himself, Mr. Hatch, Mr. Kennedy, and Mr. Randolph):

S.J. Res. 278. Joint resolution to commemorate the 100th anniversary of the Bureau of Labor Statistics; to the Committee on Labor and Human Resources.

100TH ANNIVERSARY OF THE BUREAU OF LABOR STATISTICS

● Mr. QUAYLE. Mr. President, today I am introducing a joint resolution to commemorate and nationally recognize the 100th anniversary of the Bureau of Labor Statistics of the U.S. Department of Labor. I am pleased to have as cosponsors to this bill, Senators Hatch, Kennedy, and Randolph.

On June 27, 1984, President Chester A. Arthur signed into law legislation establishing the Federal Bureau of Labor, now known as the Bureau of Labor Statistics, whose mission was and is to "collect information upon the subject of labor, its relation to capital, the hours of labor, and the earnings of laboring men and women, and the means of promoting their material, social, intellectual, and moral prosperity."

The Bureau of Labor Statistics (BLS) has completed a century of service as one of the principal data-gathering agencies of the Federal Government. In the broad field of labor economics, BLS has the formidable responsibility for collecting, processing, analyzing and disseminating data relating to the labor force and the performance of the economy including employment, unemployment, prices and family expenditures, wages and other worker compensation, industrial relations, productivity and technological change and occupational safety and health.

BLS pursues these responsibilities with integrity and is unfailingly responsive to the need for new types of information. The Bureau organizes and collates data in useful statistical forms. The information is then presented for public use in official BLS publications such as the Monthly Labor Review, and in press releases, bulletins, and reports as well as through microfiche and new electronic services. Labor, industry, and other government agencies rely on data compiled by BLS.

For example, many public programs and private transactions are dependent today on the quality of such Bureau statistics as the unemployment rate and the Consumer Price Index. These statistics play essential roles in the allocation of Federal funds and the adjustment of pensions, welfare, payments, private, contracts and other payments to offset the impact of inflation.

In providing these kinds of crucial information, BLS strives to adhere to certain guiding principles.

The Bureau is committed to objectivity and accuracy in all of its data gathering and interpretive and analytical work. BLS insists on candor at all times, fully disclosing the methods employed in obtaining and analyzing the date, giving clear explanations of the limitations of the data and willingly admitting and correcting errors when they occur.

BLS assures its respondents that the information they provide will be kept confidential and used only for the purpose of statistical compilations. The willingness of employers to cooperate in BLS surveys is in part due to their belief that BLS can be trusted to protect its sources and handle data professionally. Without this trust BLS data would lack credibility and lose its usefulness.

BLS has an ongoing commitment to improving methods of compiling data, including gathering information more efficiently and presenting it more effectively. With the help of other Government agencies the Bureau has worked industriously on problems of statistical methodology in order to improve the quality of information obtained for public purposes and has earned an international reputation as a leader in economic and social statistics.

Throughout its century of service to the Federal Government and the public, the Bureau of Labor Statistics has established and maintained the highest standards of professional competence and commitment. Therefore, we are introducing this joint resolution in order to enable Congress and the President of the United States to give special and public recognition and commendation to the Bureau of Labor Statistics on its 100th anniversary.●

ADDITIONAL COSPONSORS

S. 476

At the request of Mr. Levin, the name of the Senator from Colorado (Mr. Hart) was added as a cosponsor of S. 476, a bill to amend title II of the Social Security Act to require a finding of medical improvement when disability benefits are terminated, to provide for a review and right to personal appearance prior to termination of disability benefits, to provide for uniform standards in determining disability, to provide continued payment of disability benefits during the appeals process, and for other purposes.

S. 1806

At the request of Mr. Bradley, the names of the Senator from Minnesota (Mr. Durenberger) and the Senator from Illinois (Mr. Dixon) were added as cosponsors of S. 1806, a bill to recognize the organization known as the Jewish War Veterans of the United States of America, Inc.

S. 2031

At the request of Mr. Moynihan, the name of the Senator from Colorado (Mr. Hart) was added as a cosponsor of S. 2031, a bill relating to the residence of the American Ambassador to Israel.

S. 2258

At the request of Mr. Moynihan, the name of the Senator from Illinois (Mr. Dixon) was added as a cosponsor of S. 2258, a bill to grant a Federal charter to the 369th Veterans' Association.

S. 2359

At the request of Mr. Heinz, the name of the Senator from Illinois (Mr. Dixon) was added as a cosponsor of S. 2359, a bill to amend the Housing and Community Development Act of 1974 to provide that the jurisdictions having no or few areas where a majority of the residents are persons of low and moderate income target community development block grant funds to those areas with the highest proportion of such persons.

S. 2380

At the request of Mr. Heinz, the name of the Senator from Michigan (Mr. Riegle) was added as a cosponsor of S. 2380, a bill to reduce unfair practices and provide for orderly trade in certain carbon, alloy, and stainless steel mill products, to reduce unemployment, and for other purposes.

S. 2413

At the request of Mr. Denton, the name of the Senator from New Jersey (Mr. Lautenberg) was added as a cosponsor of S. 2413, a bill to recognize the organization known as the American Gold Star Mothers, Inc.

S. 2456

At the request of Mr. Bradley, the name of the Senator from Colorado (Mr. Hart) was added as a cosponsor of S. 2456, a bill to establish a commission to study the 1932-1933 famine caused by the Soviet Government in Ukraine.

S. 2476

At the request of Mr. Thurmond, the name of the Senator from Texas (Mr. Bentsen) was added as a cosponsor of S. 2476, a bill to provide for a pay increase for article III judges subject to salary adjustments pursuant to section 461 of title 28 of the United States Code.

S. 2512

At the request of Mr. Chafee, the name of the Senator from Mississippi (Mr. Cochran) was added as a cosponsor of S. 2512, a bill to establish a program to improve the leadership and management skills of school administrators, and for other purposes.

S. 2579

At the request of Mr. D'Amato, the names of the Senator from South Carolina (Mr. Thurmond) and the Senator from Mississippi (Mr. Cochran) were added as cosponsors of S. 2579, a bill to amend subchapter II of chapter 53 of title 31, United States Code, relating to currency reports.

SENATE JOINT RESOLUTION 5

At the request of Mr. Hatch, the name of the Senator from Delaware (Mr. Roth) was added as a cosponsor of Senate Joint Resolution 5, a joint resolution proposing an amendment to the Constitution relating to Federal budget procedures.

SENATE JOINT RESOLUTION 244

At the request of Mr. Dole, the names of the Senator from Arizona (Mr. DeConcini) and the Senator from Alabama (Mr. Heflin) were added as cosponsors of Senate Joint Resolution 244, a joint resolution designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week."

SENATE JOINT RESOLUTION 257

At the request of Mr. Stevens, the names of the Senator from South Carolina (Mr. Hollings) and the Senator from Alabama (Mr. Denton) were added as cosponsors of Senate Joint Resolution 257, a joint resolution to designate the period July 1, 1984, through July 1, 1985, as the "Year of the Ocean."

SENATE JOINT RESOLUTION 258

At the request of Mr. Biden, the names of the Senator from Connecticut (Mr. Weicker), the Senator from California (Mr. Cranston), the Senator from Idaho (Mr. Symms), the Senator from New Jersey (Mr. Bradley), and the Senator from Louisiana (Mr. Johnston) were added as cosponsors of Senate Joint Resolution 258, a joint resolution to designate the week of June 24 through June 30, 1984 as "National Safety in the Workplace Week."

At the request of Mr. Chiles, the names of the Senator from Arizona (Mr. DeConcini) and the Senator from South Dakota (Mr. Abdnor) were withdrawn as cosponsors of Senate Joint Resolution 258, supra.

SENATE JOINT RESOLUTION 267

At the request of Mr. Chiles, the names of the Senator from South Dakota (Mr. Abdnor) and the Senator from Arizona (Mr. DeConcini) were added as cosponsors of Senate Joint Resolution 267, a joint resolution to designate the week of September 23, 1984, through September 29, 1984, as "National Drug Abuse Education and Prevention Week."

SENATE JOINT RESOLUTION 272

At the request of Mr. Murkowski, the name of the Senator from Massachusetts (Mr. Kennedy) was added as a cosponsor of Senate Joint Resolution 272, a joint resolution recognizing the anniversaries of the Warsaw Uprising and the Polish resistance to the invasion of Poland during World War II.

SENATE CONCURRENT RESOLUTION 94

At the request of Mr. Moynihan, the name of the Senator from New Jersey (Mr. Lautenberg) was added as a cosponsor of Senate Concurrent Resolution 94, a concurrent resolution expressing the sense of Congress that the President of Syria should permit Jewish emigration.

SENATE CONCURRENT RESOLUTION 101

At the request of Mr. D'Amato, the names of the Senator from Maryland (Mr. Sarbanes), the Senator from Iowa (Mr. Grassley), the Senator from Illinois (Mr. Dixon), and the Senator from Kansas (Mr. Dole) were added as cosponsors of Senate Concurrent Resolution 101, a concurrent resolution to commemorate the Ukrainian famine of 1933.

SENATE RESOLUTION 367

At the request of Mr. Moynihan, the name of the Senator from Indiana (Mr. Quayle) was added as a cosponsor of Senate Resolution 367, a resolution to express the sense of the Senate in support of "Solidarity Sunday."

SENATE RESOLUTION 368

At the request of Mr. Pressler, the name of the Senator from Illinois (Mr. Percy) was added as a cosponsor of Senate Resolution 368, a resolution condemning chemical warfare wherever it occurs and calling for a ban on chemical weapons.

AMENDMENTS SUBMITTED

IMPROVEMENTS TO RIVERS AND HARBORS

DOMENICI AMENDMENT NO. 3026

(Ordered to lie on the table.)

Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill (S. 1739) to authorize the U.S. Army Corps of Engineers to construct various projects for improvements to rivers and harbors of the United States, and for other purposes; as follows:

On page 137, line 12, after the word "authorized", insert the word "also".

● Mr. DOMENICI. Mr. President, I send to the desk an amendment to clarify the intent of the authorization for the Albuquerque Levee project, which is contained in title VII of S. 1739.

The language of the provision in the bill provides to the Corps of Engineers flexibility for controlling flooding at Albuquerque, by granting authority to lower the riverbed by dredging, thus increasing the capacity of the Rio Grande to carry water downstream, as well as authority to raise the levees north and south of Albuquerque.

The addition of the word "also" clarifies the intention of the bill that the Corps of Engineers has the discretion to accomplish either or both aspects of the program, on a cost-effective basis.●

FEDERAL BOAT SAFETY ACT AMENDMENTS

BAKER (AND OTHERS) AMENDMENT NO. 3027

Mr. BAKER (for himself, Mr. Dole, Mr. Domenici, Mr. Garn, Mr. Hatfield, Mr. Laxalt, Mr. Tower, and Mr. Stevens) proposed an amendment to the bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes; as follows:

On page 25, line 7 strike "Act." and insert the following: "Act.

TITLE II—CIVIL SERVICE PROGRAMS

COST-OF-LIVING ADJUSTMENTS UNDER THE CIVIL SERVICE RETIREMENT SYSTEM

Sec. 201. (a) Subsections (a) and (b) of section 8340 of title 5, United States Code, are amended to read as follows:

"(a) For the purpose of this section—

"(1) the term 'base quarter', as used with respect to a year, means the calendar quarter ending on September 30 of such year; and

"(2) the price index for a base quarter is the arithmetical mean of such index for the 3 months comprising such quarter.

"(b) Except as provided in subsection (c) of this section, effective December 1 of each year, each annuity payable from the Fund having a commencing date not later than such December 1 shall be increased by the percent change in the price index for the base quarter of such year over the price index for the base quarter of the latest preceding year in which an increase under this subsection was made, adjusted to the nearest $1/10$ of 1 percent.".

(b)(1) The amendments made by subsection (a) shall take effect on the date of the enactment of this Act, except that no adjustment under section 8340(b) of title 5, United States Code (as amended by such subsection), shall be made during the period beginning on the date of the enactment of this Act and ending November 30, 1984.

(2) For purposes of the first increase under subsection (b) of section 8340 of tile 5, United States Code (as amended by subsection (a)) after the date of enactment of this Act, an increase under such subsection (as so amended) shall be deemed to have been made effective December 1, 1983.

(c) Notwithstanding any other provision of law, beginning with the monthly rate payable for December 1984, any annuity or retired or retirement pay payable under any retirement system for Government officers or employees which the President adjusts pursuant to section 8340(b) of title 5, United

States Code (as amended by subsection (a)), shall hereafter be paid no earlier than the first business day of the succeeding month.

(d) Subsection (b) of section 301 of the Omnibus Budget Reconciliation Act of 1982 (96 Stat. 790; 5 U.S.C. 8340 note) is repealed.

PAY COMPARABILITY ADJUSTMENT FOR FEDERAL EMPLOYEES

Sec. 202. (a)(1) Notwithstanding any other provision of law, in the case of fiscal year 1984, the overall percentage of the adjustment under section 5305 of title 5, United States Code, in the rates of pay under the General Schedule, and in the rates of pay under the other statutory pay systems shall be an increase of 3.5 percent.

(2) The adjustment pursuant to paragraph (1) shall take effect on the first day of the first applicable pay period commencing on or after January 1, 1984.

(b) Section 5305 of title 5, United States Code, is amended—

(1) in subsection (a)(2), by inserting "the first January 1 after" before "October 1";

(2) in the first sentence of subsection (c)(2), by inserting "the first January 1 after" before "October 1"; and

(3) in subsection (m), by striking out "October 1" and inserting in lieu thereof "the first January 1, after October 1 of the applicable year".

(c)(1) Notwithstanding any other provision of law, in the case of a prevailing rate employee described in section 5342 (a)(2) or title 5, United States Code, or an employee covered by section 5348 of such title—

(A) any increase in the rate of pay payable to such employee which would result from the expiration of limitation contained in section 107(a) of Public Law 97-377 (96 Stat. 1909) shall not take effect, and

(B) any adjustment under subchapter IV of chapter 53 of such title to any wage schedule or rate applicable to such employee which results from a wage survey and which (without regard to paragraph (4) of this subsection) is scheduled to become effective during fiscal year 1984 shall not exceed the schedule or rate payable on September 30, 1983 (determined with regard to the limitation contained in section 107(a) of Public Law 97-377) by more than 3.5 percent.

(2) Notwithstanding the provisions of section 9(b) of Public Law 92-392 or section 704(b) of the Civil Service Reform Act of 1978, the provisions of paragraph (1) shall apply (in such manner as the Office of Personnel Management shall prescribe) to prevailing rate employees to whom such section 9(b) applies, except that the provisions of paragraph (1) shall not apply to any increase in a wage schedule or rate which is required by the terms of a contract entered into before October 1, 1983.

(3) The provisions of paragraph (1) shall not apply with respect to wage adjustments for prevailing rate supervisors under the supervisory pay plan published in the Federal Register on May 21, 1982 (47 Fed Reg. 22100).

(4) Notwithstanding any other provision of law, any adjustment in a wage schedule or rate that—

(A) applies to a prevailing rate employee described in section 5342(a)(2) of title 5, United States Code, or that applies to an employee who is covered by section 5348 of such title, or who is subject to paragraph (2) of this subsection;

(B) results from a wage survey; and

(C) would take effect, were it not for this paragraph, on or after October 1, 1983, shall not take effect until the first day of the first applicable pay period beginning not less than 90 days after the day on which such adjustment would, were it not for this paragraph, otherwise have taken effect. The Office of Personnel Management shall take such actions as may be necessary to carry out the provisions of this paragraph.

DEDUCTION FROM CIVILIAN PAY FOR COST-OF-LIVING ADJUSTMENT OF RETIRED OR RETAINER PAY

Sec. 203. Subsection (d) of section 301 of the Omnibus Budget Reconciliation Act of 1982 (96 Stat. 791; 5 U.S.C. 5332 note) is repealed.

LEAVE FOR CERTAIN OVERSEAS EMPLOYEES

Sec. 204. Subsection (a) of section 6 of the Defense Department Overseas Teachers Pay and Personnel Practices Act (73 Stat. 214; 20 U.S.C. 904(a)) is amended by striking out "except that—" and all that follows through the end of such subsection and inserting in lieu thereof "except that if the school year includes more than eight months, any such teacher who shall have served for the entire school year shall be entitled to ten days of cumulative leave with pay.".

CIVIL SERVICE RETIREMENT DEPOSITS COVERING MILITARY SERVICE

Sec. 205. The first sentence of section 306(g) of the Omnibus Budget Reconciliation Act of 1982 (5 U.S.C. 8331 note) is amended by striking out "October 1, 1983" and inserting in lieu thereof "October 1, 1985".

PAY INCREASES FOR CERTAIN EMPLOYEES IN PANAMA

Sec. 206. (a) Section 1225(b)(2) of the Panama Canal Act of 1979 (Public Law 96-70; 93 Stat. 468) is amended to read as follows:

"(2) Each time the rates of basic pay under the General schedule are increased under section 5305 of title 5, United States Code, the rate of basic pay for each individual referred to in paragraph (1) shall be increased by the amount which is equal to the overall average percentage by which the rates of pay under the General Schedule are increased under such section at such time.".

(b) The amendment made by subsection (a) shall take effect with respect to basic pay for service performed on or after the date of enactment of this Act.

Sec. 207. (a) For the purposes of this section, the term "covered retirement system" shall have the same meaning as provided in section 203(a)(2) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 (Public Law 98-168; 97 Stat. 1107).

(b)(1) Any individual who performed service of a type referred to in clause (i), (ii), (iii), or (iv) of section 210(a)(5) of the Social Security Act beginning on or before December 31, 1983, and who did not make an election under section 208(a) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 (97 Stat. 1111) before the date of enactment of this Act, may make an election under such section 208(a) not later than 30 days after the date of enactment of this Act.

(2) Any such individual who, before the date of enactment of this Act, made an election under section 208(a) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 may, not later than 30 days after the date of enactment of this Act, make any other election which such individual was entitled to make under such section 208(a) before January 1, 1984.

(3)(A) Not later than 30 days after the date of enactment of this Act, any such individual who, before the date of enactment of this Act, made an election under paragraph (1)(B) or (2)(B) of section 208(a) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 may elect that sections 201 through 207 of such Act apply with respect to the participation of such individual in a covered retirement system.

(B) Sections 201 through 207 of such Act shall apply in accordance with an election made under subparagraph (A).

(4) An election under this subsection shall be made by a written application submitted to the official by whom the electing individual is paid.

(5) An election made as provided in this subsection shall take effect with respect to service performed on or after the first day of the first applicable pay period commencing after the date which is 30 days after the date of enactment of this Act.

(c)(1) Section 8342(a)(4) of title 5, United States Code, does not apply for the purpose of determining an entitlement to a refund under section 208(c) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 (97 Stat. 1111).

(2) Paragraph (1) shall take effect with respect to any election made under section 208(a) of such Act or this Act before, on, or after January 1, 1984.

(d) Nothing in this section or the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 affects any entitlement to benefits accrued under a covered retirement system before January 1, 1984, except to the extent that any amount refunded under section 208(c) of such Act is not redeposited in the applicable retirement fund.

TITLE III—SMALL BUSINESS PROGRAMS

CHANGES IN LAW TO ACHIEVE COST SAVINGS

Sec. 301. The first sentence of section 18(a) of the Small Business Act is amended by striking "1983" and inserting in lieu thereof "1986".

TITLE IV—VETERANS' BENEFITS AND SERVICES

LIMITATIONS ON LEGISLATION INCREASING RATES OF BENEFITS.

Sec. 401. (a) No legislation that would increase one or more rates of the benefits under chapter 11 or 13 of title 38, United States Code, effective in fiscal year 1984 shall be enacted if such legislation would cause the total costs of legislation increasing such rates in fiscal year 1984 to exceed $175,500,000 in budget authority or $145,300,000 in outlays in fiscal year 1984.

(b) In the event that legislation to increase rates of benefits under chapter 11 or 13 of title 38, United States Code, effective in fiscal year 1985 or 1986, is enacted, such legislation shall not take effect before December 1, 1984, or December 1, 1985, respectively.

Section 1. Section 201(b)(8) of the Federal Credit Union Act (12 U.S.C. 1781(b)(8)) is amended to read as follows:

"(8) to pay and maintain its deposit and to pay the premium charges for insurance imposed by this title; and".

Sec. 2. Section 202(b) of the Federal Credit Union Act (12 U.S.C. 1782(b)) is amended to read as follows:

"(b) For each insurance year, each insured credit union which became insured prior to the beginning of that year shall file with the Board, at such time as the Board prescribes, a certified statement showing the total amount of insured shares in the credit union at the close of the preceding insurance year and both the amount of its deposit or adjustment thereof and the amount of the premium charge for insurance due to the fund for that year, both as computed under subsection (c) of this section. The certified statements required to be filed with the Board pursuant to this subsection shall be in such form and shall set forth such supporting information as the Board shall require. Each such statement shall be certified by the president of the credit union, or by any officer of the credit union designated by its board of directors, that to the best of his knowledge and belief that statement is true, correct, and complete and in accordance with this title and regulations issued thereunder.".

Sec. 3. Section 202(c) of the Federal Credit Union Act (12 U.S.C. 1782(c)) is amended—

(1) by striking out paragraph (2);

(2) by redesignating paragraph (1) as paragraph (2);

(3) by striking out "Except as provided in paragraph (2) of this subsection, each" in paragraph (2), as redesignated, and inserting in lieu thereof "Each";

(4) by striking out "on or before January 31 of each insurance year" in paragraph (2), as redesignated, and inserting in lieu thereof "at such time as the Board prescribes";

(5) by striking out "member accounts" in paragraph (2), as redesignated, and inserting in lieu thereof "insured shares"; and

(6) by inserting before paragraph (2) the following:

"(1) Each insured credit union shall pay to and maintain with the National Credit Union Share Insurance Fund a deposit in an amount equaling 1 per centum of the credit union's insured shares. The Board may, in its discretion, authorize insured credit unions to initially fund such deposit over a period of time in excess of one year if necessary to avoid adverse effects on the condition of insured credit unions. The amount of each insured credit union's deposit shall be adjusted annually, in accordance with procedures determined by the Board, to reflect changes in the credit union's insured shares. The deposit shall be returned to an insured credit union in the event that its insurance coverage is terminated, it converts to insurance coverage from another source, or in the event the operations of the fund are transferred from the National Credit Union Administration Board. The deposit shall be returned in accordance with procedures and valuation methods determined by the Board, but in no event shall the deposit be returned any later than one year after the final date on which no shares of the credit union are insured by the Board. The deposit shall not be returned in the event of liquidation on account of bankruptcy or insolvency. The deposit funds may be used by the fund if necessary to meets its expenses, in which case the amount so used shall be expensed and shall be replenished by insured credit unions in accordance with procedures established by the Board.".

Sec. 4. Section 202(c)(3) of the Federal Credit Union Act (12 U.S.C. 1782(c)(3)) is amended to read as follows:

"(3) When, at the end of a given insurance year, any loans to the fund from the Federal Government and the interest thereon have been repaid and the equity of the fund exceeds the normal operating level, the Board shall effect for that insurance year a pro rata distribution to insured credit unions of an amount sufficient to reduce the equity in the fund to its normal operating level.".

Sec. 5. Section 202(c)(4) of the Federal Credit Union Act (12 U.S.C. 1782(c)(4)) is repealed.

Sec. 6. Subsections (d) through (f) of section 202 of the Federal Credit Union Act (12 U.S.C. 1782 (d) through (f) are amended—

(1) by inserting "its deposit or" before the words "the premium charge" and "any premium charge" each time they appear; and

(2) by striking out "member accounts" and inserting in lieu thereof "insured shares".

Sec. 7. Section 202(g) of the Federal Credit Union Act (12 U.S.C. 1782(g)) is amended—

(1) by striking out "statements, and premium charges" and insering in lieu thereof "statements, and deposit and premium charges";

(2) by striking out "payment of any premium charge" and inserting in lieu thereof "payment of any deposit or adjustment thereof or any premium charge"; and

(3) by striking out "any premium charge for insurance" and inserting in lieu thereof "any deposit of adjustment thereof or any premium charge for insurance".

Sec. 8. Section 202(h)(1) of the Federal Credit Union Act (12 U.S.C. 1782(h)(1)) is amended by inserting before the semicolon at the end thereof the following: ", unless otherwise prescribed by the Board".

Sec. 9. Section 202(h)(2) of the Federal Credit Union Act (12 U.S.C. 1782(h)(2)) is amended to read as follows:

"(2) the term 'normal operating level', when applied to the fund, means an amount equal to 1.3 per centum of the aggregate amount of the insured shares in all insured credit unions, or such lower level as the Board may determine; and".

Sec. 10. Section 202(h)(3) of the Federal Credit Union Act (12 U.S.C. 1782(h)(3)) is amended to read as follows:

"(3) the term 'insured shares' when applied to this section includes share, share draft, share certificate and other similar accounts as determined by the Board, but does not include amounts in excess of the insured account limit set forth in section 207(c)(1).".

Sec. 11. Section 203(3) of the Federal Credit Union Act (12 U.S.C. 1782(3)(b)) is amended—

(1) by inserting "deposits and" before "premium charges"; and

(2) by adding at the end thereof the following: "The Board shall report annually to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives with respect to the operating level of the fund. Such report shall also include the results of an independent audit of the fund.".

Sec. 12. Section 206(d)(1) of the Federal Credit Union Act (12 U.S.C. 1786(d)(1)) is amended—

(1) by inserting "(1)" after "subsection (a)";

(2) by inserting "maintain its deposit with and" before "pay premiums to the Board"; and

(3) by adding at the end thereof the following sentence: "Notwithstanding the above, when an insured credit union's insured status is terminated and the credit union subsequently obtains comparable insurance coverage from another source, insurance of its accounts by the fund may cease immediately upon the effective date of such comparable coverage by mutual consent of the credit union and the Board.".

Sec. 13. Title III of the Federal Credit Union Act (12 U.S.C. 1795 et seq.) is amended—

(1) in section 303 by inserting ", an instrumentality of the United States," after "Central Liquidity Facility" in the second sentence; and

(2) by adding at the end thereof the following:

"TAX EXEMPTION

"Sec. 311. (a) The Central Liquidity Facility, its franchise, activities, capital reserves, surplus, and income shall be exempt from all Federal, State, and local taxation now or hereafter imposed, other than taxes on real property held by the Facility (to the same extent, according to its value, as other similar property held by other persons is taxed).

"(b) The notes, bonds, debentures, and other obligations issued on behalf of the Central Liquidity Facility and the income therefrom shall be exempt from all Federal, State, and local taxation now or hereafter imposed: *Provided*, That—

"(1) interest upon such obligations, and gain from the sale or other disposition of such obligations shall not have any Federal income tax or other Federal tax exemptions, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under the Internal Revenue Code of 1954, or laws amendatory or supplementary thereto, except as specifically provided therein; and

"(2) any such obligations shall not be exempt from Federal, State, or local gift, estate, inheritance, legacy succession, or other wealth transfer taxes.

"(c) For purposes of this section—

"(1) the term 'State' includes the District of Columbia; and

"(2) taxes imposed by counties or municipalities, or any territory, dependency, or possession of the United States shall be treated as local taxes.".

(b) The amendments made by this section shall take effect on October 1, 1979.

ELIMINATION OF PAYROLL DEDUCTION FEES ON FINANCIAL ORGANIZATIONS; ADMINISTRATION OF DISBURSING FUNCTIONS

Sec. 14. (a) Section 3332(b) of title 31, United States Code is amended by inserting "without charge" after "shall be sent".

(b) Section 3332 of title 31, United States Code, is amended by striking out subection (c) and redesignating subsections (d), (e), (f), and (g) as subsections (c), (d), (e), and (f), respectively.

Sec. . (a) It shall not be in order to consider any measure making appropriations in the Senate or House of Representatives, if the enactment of such bill or resolution, as recommended by the respective committee on appropriations, would cause the aggregate total budget authority for function 050, National Defense, to exceed $299,000,000,000 in fiscal year 1985, $333,700,000,000 in fiscal year 1986, or $372,000,000,000 in fiscal year 1987.

(b) It shall not be in order to consider any measure making appropriations in the Senate or House of Representatives, if the enactment of such bill or resolution, as recommended by the respective committee on appropriations, would cause the aggregate total budget authority for non-defense discretionary activities to exceed $137,800,000,000 in fiscal year 1985, $144,200,000,000 in fiscal year 1986, or $151,400,000,000 in fiscal year 1987.

(c) For the purposes of this section, budget authority shall be determined on the basis applicable for fiscal year 1984.

(d) The provisions of subsection (a) or (b) of this section may be waived or suspended in the Senate by a majority vote of the Members voting, a quorum being present, or by unanimous consent of the Senate.

(e) It is the sense of Congress that the unprecedented magnitude and persistence of current and projected Federal budget deficits must be addressed in a comprehensive strategy to moderate increases in defense spending while continuing the effective constraints on non-defense discretionary programs. To assure the success of such an initiative, the foregoing procedural restraints, in addition to the total aggregate spending limitations pursuant to the Congressional Budget Act of 1974, as amended, are necessary on budget authority both for defense and for non-defense discretionary programs for fiscal years 1985, 1986, and 1987.

NOTICES OF HEARINGS

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HELMS. Mr. President, I wish to announce that the Committee on Agriculture, Nutrition, and Forestry will conduct a hearing on Wednesday, April 25, 1984, at 10 a.m. in room SR 328-A.

The hearing will cover programs administered by the Food and Nutrition Service—food stamps, child nutrition, and commodity distribution.

Anyone wishing further information, please contact the Agriculture Committee staff at 224-0014 or 224-0017.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. ANDREWS. Mr. President, I would like to announce for the information of the public that the Select Committee on Indian Affairs will be holding an oversight hearing on the implementation of the Indian Child Welfare Act of 1978 on April 25, 1984, beginning at 10:30 a.m., in Senate Dirksen 106.

Those wishing additional information should contact Paul Alexander or Peter Taylor of the committee at 224-2251.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, April 24, in order to receive testimony concerning S. 1578, the Local Government Antitrust Act of 1983.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON LABOR

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Labor of the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on April 24, 1984 at 2 p.m. relating to occupational diseases.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

DOMESTIC CONTENT LEGISLATION

● Mr. PACKWOOD. Mr. President, as chairman of the Senate Committee on Commerce, Science, and Transportation, I have scheduled 4 days of hearings on the domestic content bill, S. 707. The hearings will be held May 16 and 24 here in Washington, May 29 in Portland, Oreg., and July 6 in Des Moines, Iowa. Also, the committee is likely to hold another day of hearings in Michigan at a time and place yet to be determined.

Anticipating these hearings, Commerce Secretary Malcolm Baldrige has written to me and every other member of the Senate expressing his concern over the implications of the domestic content bill for the American consumer, our automobile industry and other sectors of the economy.

Mr. President, I ask that the Secretary's letter be printed in the RECORD.

The letter follows:

THE SECRETARY OF COMMERCE,
Washington, DC, April 11, 1984.

Hon. BOB PACKWOOD,
U.S. Senate,
Washington, DC.

DEAR BOB: I have written you before regarding automobile domestic content legislation. The reasons to oppose this legislation are as strong as ever. Nevertheless, the bills, S. 707 and H.R. 1234, are still before you. I urge you to continue to give this matter serious consideration.

The U.S. auto industry is a real success story of the 1983 economic recovery. Each week brings news of sales, production, profit and employment increases. Domestic manufacturers sold 6.8 million cars in 1983, a 1-million unit or 17 percent improvement over 1982. "Big Three" profits were $6.27 billion, exceeding the previous industry record of $5.2 billion in 1977 (and were earned on a volume that was about 26 percent lower than 1977's). Increased productivity and quality, and efforts to meet consumer preferences, triggered this remarkable turnaround. 1984 will be even better. While productivity increased, unemployment in the industry dropped significantly. Peak 1982 employment was 631,000. In 1983, it rose to 755,000, an increase of 124,000 or about 20 percent. Auto workers are back on the job building more and better American cars.

Domestic content violates the General Agreement on Tariffs and Trade and would invite retaliation from our trading partners. It is anticonsumer and by Commerce Department's estimates would increase auto prices 4.5 percent, or about $450. Finally, it would be a "job loser" through retaliation and decreased imports.

The U.S. auto industry and the U.S. economy do not need protectionist proposals like S. 707 and H.R. 1234. If you have questions or wish to be briefed on this legislation, please call the Office of Congressional Affairs on 377-3663.

Sincerely,

MALCOLM BALDRIGE.●

RECOGNIZING THE ABILITIES OF DISABLED WORKERS

● Mr. WEICKER. Mr. President, I rise to call my colleagues attention to a recent conference held in Stamford, CT, which highlighted the mutually productive relationship that can be developed between disabled persons with job skills and employers with the foresight to recognize the abilities of disabled workers.

On Wednesday, February 15, a seminar, "Successful Accommodation of Disabled Employees—A Perspective for Managers" was sponsored by the Employ the Handicapped Committee of Southwestern Connecticut. The committee's basic purpose is to promote employment of disabled persons. The seminar was planned with this ultimate objective in mind and focused on attitudes and abilities. The committee, comprised of rehabilitation professionals and representatives of the corporate community, worked together for several months to plan, promote, and present this program to corporate management with the intent of increasing awareness and altering attitudes. The committee members are:

Kim Biensahski, Division of Vocational Rehabilitation.

Sharon Campana, General Electric Credit Corporation.

Camille Coppola, Georgia Pacific Corporation.

Marion Dailey, Connecticut Temporaries, Inc.

Tess Damon, Easter Seal Rehabilitation Center.

Beth Fish, Easter Seal Rehabilitation Center.

Dorothy Franko, Norden Systems.

Jerry Gilmartin, GTE.

Patricia Havens, International Playtex.

Wendy Jensen, The Singer Company.

Carol Poirier, Union Trust Company.

Jim Shearin, Easter Seal Rehabilitation Center.

Dorothy Silberman, Easter Seal Rehabilitation Center.

Shari Sisk, Perkin Elmer.

Carol Thomas, Division of Vocational Rehabilitation, State of Connecticut.

Lee C. Tsouris, Electrolux Corporation.

Over 75 managers representing 30 corporations attended the seminar and provided an overwhelmingly positive response to the program. The following is a synopsis of the day's activities:

Dr. Henry Viscardi, Chairman—White House Conference on Handicapped Individuals, and Founder of the Human Resources Center on Long Island, gave the keynote address. With sensitivity, he shared his real life experiences with his audience and emphasized the need for business to work harder at successfully integrating disabled workers into the workforce. He spoke of attitudinal barriers faced by disabled persons as being the greatest obstacles to employment.

A 45 minute module on "Employer-Employee Attitudes" was presented using a panel approach. Six disabled professionals from area corporations served as panel members. They were:

Ms. Pat Havens, Benefits Administration, International Playtex.

Ms. Benji Hutter, Secretary, City of Stamford—Health Department.

Mr. Leonard Klanit, General Manager—Fiber Products, Georgia Pacific Corporation.

Mr. Michael Molgano, Computer Programmer Union Carbide Corporation.

Mr. Paul Pateracki, Systems Analyst, American Can Corporation.

Ms. Jill Stine, Graphic Color Plate, Inc.

After brief self-introductions where they shared with the audience the nature of their disability, the panelists entertained questions. The questions and answers were candid and enlightening. The panelists emphasized the need for open communications to break down barriers and dispel fears.

A presentation was made to the managers present about the legal and financial consideration involved in employing disabled employees.

A 45-minute module was presented on "Creative Accommodations." Four professionals from the corporate community shared their success stories in the area of accommodations. They were:

Ms. Camille Coppola, Personnel Administrator, Georgia Pacific Corporation.

Mr. Walter Johnson, Director—Information Services, American Can Company.

Mr. Edward Poole, Assistant Vice President, EEO Compliance—GTE.

Mr. D. L. Webber, Director—EEO Affairs, ITT Corporation.

Through a combination of discussion and visual aids, they illustrated the role creativity plays in making relatively simple and low cost modifications to the work-place which enable the disabled employee to be more successful.

Mr. John Kemp gave the afternoon address. Mr. Kemp, a disabled lawyer and Director of Human Resources for the National Easter Seal Society utilized his outstanding presentation skills combined with humor to captivate and entertain the audience. He spoke of personal experiences to reinforce the needs to address our primary seminar theme of attitudes.

A "Resource Center" was set up in a separate room for all participants to examine. Literature and physical displays were on hand as were representatives from a variety of organizations: Southern New England Telephone Co., Veterans Administration, Division of Vocational Rehabilitation, Northeast Association of Business, Industry, and Rehabilitation, (NEABIR), Business Information Processing Education for the Disabled (BIPED), and the Easter Seals Rehabilitation Center of Southwestern Connecticut.

The seminar was a tremendous success overall and certainly met its objectives. The individual and corporate support in planning and participating in the program is indicative of the willingness of Fairfield County corporations to work together to be leaders in the area of employing and fully utilizing disabled workers. It should serve as a model for business across the Nation to learn the abilities of the disabled worker.●

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS

● Mr. STEVENS. Mr. President, it is required by paragraph 4 of rule 35 that I place in the Congressional Record this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The select committee has received a request for a determination under rule 35 which would permit Mr. Richard Rolf of the staff of Senator Hatfield to participate in a program sponsored by Hauss Rissen, in Hamburg and Berlin, West Germany, from April 5-13, 1984.

The committee has determined that participation by Mr. Rolf in the seminar in Hamburg and Berlin, West Germany, at the expense of Hauss Rissen, to discuss United States-German relations, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit R. Ian Butterfield, a member of Senator Roth's staff, to participate in a program in Taiwan, sponsored by the Chinese Culture University from April 15-24, 1984.

The committee has determined that participation by Mr. Butterfield in the program in Taiwan, at the expense of the Chinese Culture University, to discuss United States-Taiwan relations, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Senator Dennis DeConcini, his wife Susan, and Jane Green and Stephen Wilson of his Senate staff, to participate in a program sponsored by Soochow University, in Taipei, Taiwan from April 13-18, 1984.

The committee has determined that participation by Senator DeConcini, his wife Susan and Jane Green and Stephen Wilson of the Senator's staff, in the program in Taipei, Taiwan at the expense of Soochow University, to discuss United States-Taiwan relations, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Senator Arlen Specter and Mrs. Specter, and Mr. Paul R. Michel, a member of the Senator's staff, to participate in the following programs from January 3-16, 1984: Visits to the Republic of China, sponsored by Soochow University, to Hong Kong, sponsored by the Chinese University of New Asia College and to the Peoples Republic of China, sponsored by the Chinese People's Institute of Foreign Affairs.

The committee has determined that participation by Senator and Mrs. Specter and Mr. Michel in these programs, for meetings and discussions with Government and civilian leaders, is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Senator Paul S. Trible, Jr., to participate in a program sponsored by Tamkang University, in Taipei, Taiwan, from October 7-13, 1983.

The committee has determined that participation by Senator Trible in the program in Taipei, at the expense of Tamkang University, to meet with Government and civilian leaders is in the interest of the Senate and the United States.

The select committee has received a request for a determination under rule 35 which would permit Mr. Paul Sivley of the staff of Senator Frank Murkowski, to participate in a program in Jordan, sponsored by the World Affairs Council, from April 13-22, 1984.

The committee has determined that participation by Mr. Sivley in the program in Jordan, at the expense of the World Affairs Council, a private educational and cultural association based in Amman, Jordan, to participate in a fact-finding trip, is in the interest of the Senate and the United States.●

HONORING WESTAR I'S 10TH ANNIVERSARY

● Mr. PACKWOOD. Mr. President, I want my colleagues in this body to know that 10 years ago, on April 13, 1974, Western Union launched America's first domestic communications satellite—Westar I. That launch marked the beginning of the Nation's first system for commercial communications by satellite.

This historic event is recognized for three reasons important to America's goals in space:

First, the entrepreneurial risk and pioneering investment of Western Union and its commitment to Westar I marked a significant first step in the commercial utilization of space by private industry.

Second, the perfect performance of Westar I gave credence and confidence to a fledgling commercial satellite industry in the United States which today represents a capital investment of more than $3 billion.

And last, Mr. President, through its preparation, launch, and development, Westar I demonstrated to the world the successful collaboration of American industry and Government working together in an extraordinary partnership to extend the frontiers of space communications.

In his state of the Union message earlier this year, President Reagan set forth his goal to build on America's pioneer spirit in the next important frontier, space, with the development of a permanently manned space station within a decade. In promoting private sector investment in space, the President observed that our country's space progress to date is a "tribute to American teamwork and excellence."

Over 120 years ago, Western Union linked the Pacific Coast with the rest of the Nation through the first transcontinental telegraph system. That same pioneering spirit fired America's first communications satellite, Westar I, whose 10th anniversary we honor.●

EUROPEAN CONCERN OVER CENTRAL AMERICAN POLICY

● Mr. **KENNEDY**. Mr. President, recent French and British Government criticism of the mining of Nicaraguan harbors is a timely reminder of longstanding European concern over the Reagan administration's policy toward Central America. We should heed these expressions from our closest allies.

Over 600 European parliamentarians recently outlined European concerns in a letter to Speaker O'NEILL. In that letter, the parliamentarians note that the "bridges, factories, cooperatives, geothermal, and harbor facilities built with the aid of Western European development agencies have been seriously damaged by saboteurs, directed and paid by the CIA." They urge an end to the covert war and support for a negotiated solution.

I ask that the full text of this letter and signatures be printed in the RECORD.

The material follows:

To: Speaker of the House of Representatives.

DEAR MR. O'NEILL: Last July a large group of Western European parliamentarians and politicians wrote to you to express grave concern about the U.S. Administration's acts of economic, political and military hostility toward Nicaragua. We urged you to acknowledge the right of Nicaragua to decide on its own future and to end military and political confrontation in the region.

Since we last wrote you the House of Representatives has voted twice against funding the CIA's covert war against Nicaragua, votes which we heartily endorse. But the U.S. Administration's aggression toward Nicaragua has escalated: offers to negotiate by the Nicaraguan government have been spurned, efforts to isolate Nicaragua economically and politically have intensified and military attacks on Nicaragua have increased.

In light of recent events in the Caribbean our concern for the preservation of the very fabric of international law has grown. We believe that the attempt to place events throughout the Third World and especially in Central America in an East-West context is fraught with danger and is not warranted by the facts. To follow this mistaken road, we fear, might well lead the U.S. into a protracted regional war in Central America.

We wish to reiterate that we think that the Nicaraguan government clearly enjoys broad support among the people of Nicaragua, based on its achievements of land reform, health, education and basic human rights. We believe that the scheduled 1985 elections in Nicaragua will offer the Nicaraguan people a fair opportunity to determine their own future. The very concerns expressed by Congress and the Administration for democracy in Nicaragua are vitiated by the Administration's covert war and economic policies.

The U.S. Administration's support for a war against Nicaragua threatens not only the lives of the Nicaraguan people and the future of the country itself, but also undermines our attempts to aid Nicaragua through development assistance. The bridges, factories, cooperatives, geothermal and harbour facilities built with the aid of Western European development agencies have been seriously damaged by saboteurs, directed and paid by the CIA.

We therefore appeal strongly to you:

To support negotiated solutions to Central American problems, such as those proposed by the Contadora group and the Nicaraguan government, which has shown renewed flexibility and willingness to negotiate

To continue your efforts:

(a) To oppose the granting of new funds for CIA actions against Nicargua;

(b) To withdraw support for the forces attacking Nicaragua from its border areas;

(c) To cease using other countries in the region for the concentration of troops which constitute a latent and manifest threat to Nicaragua

To assure that Nicaragua receives non-discriminatory treatment by the U.S. within international financial institutions such as the World Bank

To act to assure that Nicaragua is treated according to the same criteria as other developing nations in the fields of aid and trade.

SIGNATORIES

The Netherlands

Social Democratic Party (P.v.d.A.):

E. L. Herfkens
J. M. den Uyl
M. van den Berg
R. ter Beek
J. van Kemenade
M. P. A. van Dam
W. Meyer
H. Kombrink
E. van Thijn
H. Alders
H. van den Bergh
R. de Bools
F. Buurmeyer
F. Castricum
I. Dales
J. C. Th. van der Doef
I. Haas-Berger
R. P. Hummel
W. Jabaay
H. Knol
J. Konings
A. Kosto
F. Moor
I. Muller-van Ast
F. Niessen
J. van Nieuwenhoven
D. van Oloyen
S. Poppe
W. A. de Pree
H. Rienks
N. Salomons
B. Spieker
P. Stoffelen
R. Tazelaar
R. Toussaint
M. van Traa
E. ter Veld
P. de Visser
P. de Waart
J. Wallage
T. Woltgens
K. Zijlstra
K. de Vries

Independent Christian Democrats:

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P. Dijkman

France

Socialist Party (P.S.):

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C. Estier
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J. Natiez
G. Vadepied
V. Neiertz
G. Bapt
R. Douyere
G. Labazee
C. Laurissergues
P. Marchand
F. Mortelette
J. P. Santa Cruz
J. Huntzinger
G. Domenach-Chich
N. Bourdillat

Germany

Social Democratic Party (S.P.D.):

W. Roth
U. Holtz
E. Eppler
O. Lafontaine
G. Bamberg
H. G. Bernrath
R. Binding
L. Blanck
A. von Bülow
W. M. Catenhusen
H. Collet
L. Curdt
K. Delorme
F. Duve
L. Fischer
K. Fuchs
F. Gerstl
K. Gilges
E. Haar
G. Heyenn
R. Hiller
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K. Immer
G. Jansen
V. Jung
K. Kirschner
H. Klein
H. U. Klose
K. Kübler
E. Kuhlwein
U. Lambinus
K. Lohmann
I. Matthäus-Meier
H. Menzel
A. Müller-Emmert
M. Müller
F. Müntefering
P. Paterna
G. Pauli
H. Peter
R. Purps
H. Rapp
R. Schmidt
R. Schmitt
R. Schöfberger
G. Schröder
O. Schreiner
W. Schwenk
H. Sielaff
H. Simonis
D. Spöri
H. A. Steiner
L. Stiegler
M. Terborg
H. G. Toetemeyer
J. Vahlberg
E. Waltemathe
E. Walter
G. Wartenberg
G. Weisskirchen
E. von der Wiesche
R. Zutt
R. Hartung
H. Scherf
P. von Oertzen

Great Britain

Labour Party:

E. Heffer
D. Anderson
E. Deakins
J. Evans
G. Foulkes
J. Hart
D. Hoyle
J. Maynard
J. Richardson
D. Canavan
J. Corbyn

Liberal Party:

D. Steele

Independent:

Lord Chitnis

Ireland

Fianna Fail Party:

D. Spring
B. Desmond
R. Quinn
F. Cluskey
J. Ryan
S. Treacy
E. Desmond
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S. Pattison
F. Prendergast
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M. Moynihan
J. Bermingham
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F. Mahony
M. Robinson
H. Mc.Auliffe Ennis
M. Ferris
B. Howlin
S. Mc.Gonagle
P. Magner
T. Conway
J. Harte

Italy

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G. Napolitano
A. Rubbi
C. Petruccioli
I. Trebbi
G. Giadresco
E. Quercioli
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U. Spagnoli
E. Cerquetti
F. Palopoli
G. Vignoli
S. Sanfilippo
G. V. Ronzani
R. Minozzi
R. Palmini
A. Brina
F. Auleta
M. Graduato
E. Polidori
A. Riccardi
G. Crippa

G. Gatti
P. Lops
M. Toma
B. Gelli
S. Cherchi
B. Sannella
G. Binelli
B. Virgili
R. Donazzon
A. Provantini
S. Picchetti
E. Belardi
V. Angelini
G. Alborghetti
L. Benevelli
N. M. Fornari
L. Cominato
F. Proietti
L. Sandirocco
A. Iovannitti
G. Bellini
A. Malgari
A. Scaramucci
C. Pittante
A. Mainardi
F. Zoppetti
A. Giovangnoli
A. Ceci
A. Francese
C. Bernabucci
L. Badesi
L. Grassucci
M. T. Granati
L. Bulleri
R. Moschini
G. Janni
A. Montessoro
P. Ciofi
F. Calvanese
G. Borghini
A. M. Boselli
S. Rindone
F. Trabacchi
N. Umidi
G. U. Polesello
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A. Satanassi
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R. Bianchi
E. Palmieri
A. Barbera
R. Curcio
G. Mottetta
P. Conti
F. Ricotti
S. Corvisieri
L. Strumendo
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G. Tedesco Totò
G. C. Argan
P. Volponi
G. Procacci
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P. Pieralli
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M. Rossanda
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R. Maffioletti
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F. Bacchi
G. L. C. Ferroni
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N. Battello
R. Ricci
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M. Lotti
G. Ranalli
N. Canetti
G. Gherbez
E. Perna
A. Cossutta
T. Vecchietti

Socialist Party (P.S.I.):

S. Labriola
F. Fiandrotti
F. Piro
G. La Ganga
S. Zavettieri
M. Ferrari
G. Albertibi

Radical Party (P.R.):

G. Melega

Independent Part (G.I.):

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N. Ginsburg
G. Codrignani
E. Giovannini
G. Nebbia
F. Bassanini
G. Ferrara
E. Masina
R. La Valle
F. Russo
G. Fiori
L. Pingitore
F. Ongaro
F. Pintus
A. Ossicini
M. Gossini
E. Milani
C. Napoleoni
M. Riva
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A. Alberti
L. Anderlini
G. Pasquino

Sweden

Social Democratic Party:

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A. Andersson
G. Engman
H. G. Franck
M. Andersson
B. Evermo
S. Palm
A. Lindh
M. L. Loow
T. Karlsson
B. Lofstedt
B. Rosqvist
L. Mattson
D. Haavik
J. Bergqvist
E. Svensson
K. E. Svartberg
M. Wallstrom
G. Andersson
S. Haeggroth

Denmark

Social Democratic Party:

A. Joergensen
L. Budtz
S. Auken
I. Noergaard
J. Andersen

Finland

Social Democratic Party:

O. Helminen
K. Suonio
M. Adhe
L. Jaakonsaari
A. Alho
P. Starast
T. Paavilainen
M. Nyby
A. Kalliomaeki
P. Ala-Kapee
L. Savolainen
R. Lindroos
T. Roos
S. Hurskainen
T. Haemaelaeinen
K. Raatikainen
S. Tikka
E. Liikanen
R. Paasilinna
K. Toernqvist
S. M. Paakkinen
M. Roennholm
R. Ahonen
P. Eenilae
P. Lahti-Nuuttila
A. L. Piipari
J. Ranta
T. Halonen
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A. Ajo
M. Aaltonen
K. Baerlund
A. von Bell
K. Urpilaien
J. Rantanen
P. Hietala
J. Tuovinen
M. Laehdesmaeki
M. L. Tykkylaeinen
P. Paasio

Belgium

Socialist Party (S.P.):

L. Tobback
L. van Velthoven
E. Baldewijns
N. de Batselier
V. van der Heyden
G. Temmerman
J. van Elewijck
M. Galle
L. Hancke
A. Bogaerts
O. Lefeber
J. Sleeckx
J. Leclercq
M. Bourry
H. de Loor
W. Claes
E. de Baere
G. de Smeyter
A. op 't Eynde
R. Boel
J. de Bremaeker
I. Egelmeers
H. Knuts
W. Seeuws
J. Wijninckx
J. Ferir
G. Marmenout
M. van den Hove
E. Coppens
L. de Pauw-Deveen
W. Geldolf
P. van der Niepen

Switzerland

Social Democratic Party (P.S.S.):

D. Robbani
Y. Jaggi
J. P. Metral
R. Mueller
J. N. Rey
E. Salmina
A. Ratti
L. Uchtenhagen
T. Maissen
F. Schlegel
P. Vollmer
R. H. Strahm
C. Berger
H. K. Schiesser
E. Ecoffey
A. Lutz
R. Glas
M. Kaufmann

Austria

Social Democratic Party (S.P.O.E.) and Liberal Party (F.P.O.E.):

S. Wille
F. Peter
F. Marsch
J. Steinhuber
F. Prechtl
F. Hochmair
R. Parnigoni
J. Hoell
H. Hobl
A. Kraeutl
E. Nedwed
R. Gradischnik
K. Muehlbacher
H. Kapaun
H. Kuba
A. Brennsteiner
H. Seel
G. Tychtl
J. Cap
H. Hawlicek
G. Traxler
P. Jankowitsch
E. E. Veselsky
W. Brunner
H. Woerndl
P. Keppel-Mueller
H. Weinberger
J. Lenzi
J. Gradenegger
H. Braun
E. Schranz
R. Tonn
H. Gaertner
H. Tieber
K. Preiss
B. Ederer
H. Leithenmayer
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J. Pfeifer
A. Czettel
M. Hesele
I. Smejkal
E. Dobesberger
F. Ruhaltinger
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A. Reicht
A. Gossi
A. Konecny
J. Stippel
A. Grabner
A. Rechberger
A. Praher
K. Neuwirth
W. Guggenberger
F. Samwald
H. Grabner
E. Zipser
R. R. Gmoser
A. Roppert
A. Schober
R. Elmecker
E. Nowotny
H. J. Ressel
A. Fister
J. Peck
G. Dietrich
J. Offenbeck
R. Poeder
H. Kabas
M. P. Partik-Pable
F. Probst
W. Grabher-Meyer

Greece

Socialist Party (PASOK):

A. Kazazis
A. G. Papadopoulos
S. Katiniotis
A. Damianidis
A. Daribianakis
S. Marinidis
N. Papaioanou
A. Natzipetrou
G. Dabidopoulos
O. Papastratis
M. Papastefanakis
G. Malliakas
D. Papadimitriou
G. Klavdianos
P. Balbis
G. Konstatinidis
N. Houlis
K. Tsigaridas
G. Koutsogiannis
B. Agorastis
H. Fotiou
G. Hotakis
M. Tsaparas
K. Papageorgious
K. Mpakogiannis
K. Kontopodis
E. Drretakis
A. Koliousis
G. Varkaris
G. Kapouralos
G. Terzopoylos
K. Amanatidis
A. Ntentidakis
H. Georgakakis
K. Kanavakis
H. Mpasagiannis
G. Papadonikolakis
A. Mantelis
G. Glavinas
G. Degiannis
P. Fountas
S. Anstasakos
S. Anthopoulos
M. Vathis
T. Karras
E. Pentaris
S. Akrita
K. Zervos
A. Petralias
S. Kaloudis
P. Salamalikis
T. Intzes
P. Stefanidis
A. Golfinopoulos

Communist Party:

K. Loules
D. Mavrodoglou
K. Vasalos
E. Ipsilanti
D. Sahinis
K. Kappos
N. Kaloudis
M. Damanaki
G. Farakos
A. Ampatielos

Euro-Parliament

Different Parties:

I. van den Heuvel
K. van Miert
J. van Minnen
R. Cohen
A. Krouwel-Vlam
M. van Hemeldonck
G. Fuchs
B. Halligan
G. J. Adam
D. Rogalla
D. Enright
C. Markopoulos
W. Focke
W. J. Griffiths
A. R. Rogers
E. Gredal
H. Wieczorek-Zeul
W. Verminnen
R. Linkohr
G. Schmid
B. Weber
O. Schwencke
G. Walter
H. Seefeld●

ADVANCE NOTIFICATION—PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $50 million or, in the case of major defense equipment as defined in the act, those in excess of $14 million. Upon receipt of such notification, the Congress had 30 calendar days during which the sale may be reviewed. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that such a notification has been received.

Interested Senators may inquire as to the details of this advance notification at the office of the Committee on Foreign Relations, room SD-423.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, DC, April 11, 1984.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 84-36 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Navy's proposed Letter of Offer to Greece for defense articles and services estimated to cost $40 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C(b) of that statute.

Sincerely,

GLENN A RUDD,
Acting Director.

TRANSMITTAL NO. 84-36

Notice of proposed issuance of letter of offer pursuant to section 36(b) of the Arms Export Control Act

(i) Prospective purchaser: Greece.

(ii) Total estimated value: Major defense equipment (as defined in section 47(6) of the Arms Export Control Act), $19 million; other, $21 million; total, $40 million.

(iii) Description of articles or services offered: A quantity of two PHALANX Close-In Weapon Systems with spare parts, support equipment, contractor engineering and technical support, technical documentation, and training.

(iv) Military department: Navy (LDS).

(v) Sales commission, fee, etc., paid, offered, or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See Annex under separate cover.

(vii) Section 28 report: Case not included in section 28 report.

(viii) Date report delivered to Congress: April 11, 1984.

POLICY JUSTIFICATION

Greece—Phalanx Close-In Weapon System and Support

The Government of Greece has requested the purchase of a quantity of two Phalanx Close-In Weapons Systems (CIWS) with spare parts, support equipment, contractor engineering and technical support, technical documentation, and training at an estimated cost of $40 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Greece in fulfillment of its NATO obligations; furthering NATO rationalization, standardization, and interoperability; and enhancing the defenses of the Western Alliance.

The Greek Navy plans to put the Phalanx CIWS aboard their two Kortenaer class frigates in order to provide them with a modernized defensive capability. The Greek Navy will be able to absorb these systems with little effort and these systems will be provided in accordance with, and subject to the limitations on use and transfer provided for under the Arms Export Control Act, as embodied in the terms of sale. This sale will not adversely affect either the military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question.

The prime contractor will be the Pomona Division of General Dynamics of Pomona, Calif.

Implementation of this sale will require the assignment of three additional U.S. Government personnel to Greece for four weeks and five additional contractor representatives to Greece for up to two months.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

U.S. DEPARTMENT OF STATE, UNDER SECRETARY OF STATE FOR SECURITY ASSISTANCE, SCIENCE AND TECHNOLOGY,
Washington, DC, April 3, 1984.

Pursuant to section 620C(d) of the Foreign Assistance Act of 1961, as amended (the Act), and the authority vested in me by Department of State Delegation of Authority No. 145, I hereby certify that the provision to Greece of two PHALANX Close-In Weapons Systems at an estimated cost of $40 million is consistent with principles contained in section 620C(b) of the Act.

This certification will be made part of the certification to the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

WILLIAM SCHNEIDER, Jr.●

TENNESSEE RETIRED FEDERAL EMPLOYEES WEEK

● Mr. SASSER. Mr. President, I wish to honor the contributions made to our National Government by military, postal, and civilian service retirees. In their Federal careers, these outstanding individuals did a truly outstanding job of administering the laws that we, the Congress, enacted. They provided continuity and stability to our country in periods of turmoil. And they gave a diverse succession of Presidents the expertise needed to implement their policies.

Every community in the country relies on the letter carriers, agricultural agents, civil engineers and others who enter public service. In Tennessee, we are proud of the accomplishments of these workers. Their responsiveness of our needs and their fine contributions to our governmental system deserve our sincere appreciation and greatest admiration.

Unfortunately, for the past several years, retirees from the Federal service have figured heavily in the Reagan administration's cost control plans. They have experienced large reductions in health and cost-of-living benefits, and basic changes in the retirement system have created confusion, doubt, and deep anxiety among Federal retirees.

I have been in the forefront of the opposition to these efforts to undermine the integrity of the civil service retirement system. We have promised reasonable benefits to those who are currently retirees, as well as those who are now contributing toward a future retirement. And we should honor our commitment.

In Tennessee, there are 18,958 retired employees with average annuities of $1,062 a month. There are 7,184 persons receiving survivor annuities on the average of $486 a month. These individuals have earned these benefits after long years of Federal service. And their retirement income is fully taxably.

Civil servants are, on the whole, selfless dedicated individuals who are a source of pride for those of us who value the merit system under which they work. The standards for their selection are very high. A stable Federal retirement system is important to attracting and retaining talented and productive employees to Government careers. I pledge to continue to work on behalf of the Federal retiree in Congress to preserve the integrity of their benefits.

I congratulate Tennessee's retired Federal workers on their service to the U.S. Government. The week of April 22-28 has been designated "Retired Federal Employees Week" in Tennessee. With unanimous consent, I ask that the gubernatorial proclamation announcing this week be printed in the RECORD.

PROCLAMATION

Whereas, the U.S. Civil Service Act of 1883 was signed into law by then President Chester A. Arthur, thereby creating the U.S. Civil Service System; and

Whereas, the U.S. Civil Service Retirement System was created in 1920 and signed into law by then President Woodrow Wilson; and

Whereas, virtually all state, county and municipal civil service systems have derived from the U.S. Civil Service Act; and

Whereas, untold thousands of U.S. Civil Service employees have worked diligently, patriotically, silently and with little notice to uphold the highest traditions and ideals of our country; and

Whereas, thousands of Federal employees are retired in Tennessee and continue to devote inestimable time and effort toward the betterment of our communities and state;

Now, therefore, I, Lamar Alexander, as Governor of the State of Tennessee, do hereby proclaim the week of April 22-28, 1984, as retired Federal Employees Week in Tennessee and do urge all our citizens to join me in this observance.●

ADULT EDUCATION ACT REAUTHORIZATION

● Mr. QUAYLE. Mr. President, recently I introduced with my colleagues, Mr. STAFFORD, Mr. HATCH, and Mrs. HAWKINS, a bill to reauthorize the Adult Education Act through fiscal year 1989. This bill, S. 2496, continues the Federal commitment to eradicating illiteracy in our Nation. While the adult education programs are estimated to serve approximately 2 million people a year, almost 23 million Americans fall into the category of functionally illiterate. This is a tragic waste of human potential, both economically and socially.

The adult education programs funded by the Federal Government and by States do make a difference. However, with the number of Americans in need of remedial services, volunteers and the private sector must become involved. Already many businesses donate money, as well as their employees to voluntary efforts to help tutor illiterate adults.

Recently, Business Week ran an article on the number of businesses becoming involved in the fight against functional illiteracy. I ask permission to have this article, entitled "How Business is Joining the Fight Against Functional Illiteracy" reprinted in the RECORD. I also urge my colleagues to support S. 2496 to continue the Federal Government's commitment to reducing illiteracy in our country.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW BUSINESS IS JOINING THE FIGHT AGAINST FUNCTIONAL ILLITERACY

Item: CBS News correspondent Fred Graham seemed to be stammering on a live morning broadcast earlier this year. The reason: The technician turning the teleprompter was unable to keep up with Graham because, it turned out, the technician could not read.

Item: Polaroid Corp.'s Al Robinson did so well as an engineer's aide that the company made him a supervisor, but he sat mum through staff meetings about equipment problems, phoning his boss at home to offer suggestions. The reason: His grammar was so bad that he was ashamed to speak up in a group.

Item: An insurance company authorized a payment of $22.00 on a dental claim, but the patient received a check for $2,200. The reason: The clerk who made out the payment did not understand the meaning of the decimal point.

Incidents like these, producing costs that range from annoyance to major financial losses, are worrying American management about their employees' level of knowledge—and what it means for the economy, today and tomorrow. In response, growing numbers of companies are pouring money and manpower into remedial education. "The issue of functional illiteracy lies coiled at the center of our unemployment problems," says Robert W. Feagles, senior vice-president of Travelers Insurance Co., "and it threatens this country's ultimate ability to succeed in the world market."

MINIMUM NEEDS

The problem is not simple illiteracy. Virtually every adult in the U.S. can write a signature and recognize the word on a stop sign. But one needs a higher level of reading ability—and associated math and problem-solving skills—to function in today's society. At the least, a worker should be able to read such instructions as: "In an emergency, pull lever." Experts describe this as the equivalent of a sixth-grade education. The Education Dept. estimates that some 25 million American adults—one in seven—are not at this level, whatever their formal education. They are functionally illiterate.

Moreover, the problem is growing. The agency estimates that 2.3 million people a year are added to the ranks of the functionally illiterate: 1 million teenagers who leave school without elementary skills and 1.3 million non-English-speaking arrivals. They equal almost exactly the number trying to climb out of these ranks—the 2.3 million students who enroll annually in adult literacy programs. Since no program is 100% successful, the functionally illiterate population rises inexorably year by year.

Basic social forces help to perpetuate the problem. "Many people are part of a culture where reading things is not the primary way of getting information," says Linda E. Stoker, training manager at Polaroid. These people produce children who do not read because reading is irrelevant to their out-of-school lives. The problem is especially severe among minorities. Some 56% of Hispanic 17-year-olds and some 47% of black 17-year-olds are rated as functionally illiterate. The latter figure has prompted a group of predominantly black organizations to form the Assault on Illiteracy Program to foster literacy among black adults.

Other figures reveal the economic and social impact of illiteracy. At least half of the unemployed are functionally illiterate, according to Labor Dept. estimates. Half of the prison population is illiterate, according to Diane W. Vines, director of the Education Dept.'s National Adult Literacy Initiative. "The cost to society . . . is staggering," says Per B. Christiansen, a marketing manager at Nalco Chemical Co. and head of it literacy project.

KISSING FROGS

Nalco and other companies combating illiteracy deplore its social effects, but their primary motive is its corporate cost. Vines cites, an example: "A New York-based insurance company estimates that 70% of dictated correspondence must be redone at least once because of human errors." Estimates of the productivity losses attributable to undereducation put the figure in the hundreds of millions of dollars. When the center for Public Resources in New York City conducted a study of such losses in 1982, the single company willing to report the cost of wasted material and botched work set the figure at $250,000 a year—and the company was a medium-size manufacturer.

But workers without the skills to do their current jobs are only part of the problem. Increasingly, business is finding that even competent entry-level employees lack the skills needed to move up. Identifying the promotable among hundreds of job applicants has become a tough and expensive business. Says Donald C. Mann, a vice-president of Prudential Insurance Co.: "As one young woman told me after a day of interviewing local high school graduates, 'Before you find Prince Charming, you have to kiss a lot of frogs.' "

Even superb and extensive interviewing will not do the job in the years ahead. "We're faced with a demographic trend," says Jack W. Troster, corporate staffing manager of Texas Instruments Inc. Since birth rates were relatively low during the late 1960s and early 1970s, the number of Americans reaching working age is falling steadily. Only 3.2 million will turn 18 in 1992, 40% fewer than in the peak year of 1979.

At the same time that these fewer new workers are making selectivity harder, corporate job needs will become more complex. "Technology is changing," says Edward E. Sutton, assistant vice-president for human resources development at New York Telephone Co. "Basic jobs are being eliminated and new jobs are coming in, requiring a higher level of skills." This is true not only of jobs involving computers and other advance equipment but also of so-called unskilled jobs. "What kind of literacy will a truck driver need in 30 years?" asks Harold L. Hodgkinson, senior fellow at the Institute for Educational Leadership in Washington. His answer: "Truck drivers are going to operate some sophisticated machinery." They need fairly high reading and math skills right now, he adds.

REDESIGNING JOBS

Not only does business have fewer jobs requiring only minimal literacy, but the literate worker who traditionally filled some relatively low-level jobs have gone elsewhere. For stores seeking sales help, for instance, "it's a decidedly different labor market today than it was 15 or 20 years ago," says Alice Bird McCord, personnel vice-president of the National Retail Merchants Assn. in New York City. The kind of well-educated housewife who formerly took a part-time minimum-wage job in a department store then is probably a full-time careerist now, leaving the lower-level job to the less well-equipped.

In response, some stores have redesigned their jobs. "What has happened . . . is that lower-level jobs have been deskilled," McCord says. For example, fast-food outlets use cash registers on which the checker need only touch a few keys to figure automatically the price of an item and the change to be returned. On a more complex level, department stores are altering their whole sales approach. Because they cannot count on salespeople to suggest appropriate accessories, they are putting more of their budgets into fashion-oriented newspaper supplements that display accessories with the advertised dress or coat.

But these are only stopgap measures in an increasingly technology-dependent economy. More and more, companies are tackling the functional illiteracy problem head-on:

Aiding current programs

Nalco's decision to use part of Christiansen's time—and company resources—for fund-raising to create new chapters of the Literacy Volunteers of America is typical. The company's own foundation will be putting money into the project later this year. Aetna Life & Casualty Co. and the Gannett Foundation Co. also donate regularly to literacy programs. Gulf & Western, J.C.

Penney, and Citibank furnish space for tutoring sessions.

A leader in the field, Dayton Hudson Corp.'s B. Dalton Bookseller, has earmarked $3 million over four years for its literacy program. The company encourages executives and other employees to participate in local programs, both as board members and as tutors. It has also promised to recruit other companies for the campaign with the goal of producing 50,000 volunteer tutors by 1986, a 150% increase over the current number .

Dalton helped found the Coalition for Literacy, a government-private sector alliance that has arranged for Benton & Bowles Inc., the New York advertising agency, to draw up a public service media campaign through the Advertising Council. The campaign has a dual aim: to recruit volunteer tutors and to tell people without basic skills about the free teaching programs available in their communities.

The Business Council for Effective Literacy, founded early this year with $1 million from Harold W. McGraw, Jr., chairman of McGraw-Hill Inc., which publishes Business Week, will pay about $300,000 of B&B's out-of-pocket costs in developing the campaign. It is also helping to fund the clearinghouse operation that will handle the calls generated by the ads, referring volunteers and potential students to the best programs. A television program on the illiteracy problem, starring country singer Johnny Cash, generated some 6,000 calls when it was broadcast on 170 commercial television stations in January.

Training employees

These projects range from programs that use workers to tutor other employees on a one-to-one basis at Aetna and United Technologies Corp. to a large-scale training program at New York Telephone, which seeks to boost the education of barely literate employees to 9th or 10th grade levels.

Standard Oil Co. (Indiana) hired a former school teacher to give classes in grammar and spelling to newly hired secretaries. Nabisco Brands Inc. offers employees at a Suffolk (Va.) Planters Peanuts factory four hours of elementary school courses a week on company time, with additional classes available on their own time. Polaroid, one of the pioneers in corporate-sponsored basic education, now targets from 500 to 750 employees, a year for such remedial programs, which include teaching English to immigrants. In math, Polaroid teachers find that problem employees can usually handle whole numbers but have trouble with fractions.

Gillette Co. last year paid a public school teacher to give a after-hours instruction to 30 employees at its hair-care products plant in St. Paul, Minn. More than half received high school equivalency certificates. The company, which figures that 100 more of its 600 production workers need the course, will renew the program this fall.

Working with public schools

Companies have long been reluctant to lean on school administrators for fear of seeming to criticize the towns where the companies are located. But now they find that the communities want their input.

Dalton gives grants to local school districts to hire speakers who will persuade teachers to put more emphasis on teaching reading skills. A. O. Smith Corp. and Northwestern Mutual Life Insurance Co. have "adopted" Milwaukee's Washington High School. They provide tutors, classroom speakers, and advice on the skills necessary for the job market. Similar programs are springing up in other cities: 30 companies in the Nashville area have adopted schools.

At Texas Instruments, Vice-President Bernard H. List says, "TI's got to do something we've never done before: get involved with the primary and secondary education system." Visiting Dallas schools, he found that "kids were being counseled not to take 'the hard courses.' I was mind-boggled." As a result, TI employees now go into the classroom to talk about why tough math courses are stepping stones to achievement later in life. In addition, 10 company employees began working one day a week with fourth and fifth grade math students in Dallas, helping them discover the excitement of the subject instead of learning by rote. This fall, TI will extend the program to its other plant cities.

So far, the corporate concern with functional illiteracy has focused on the way it affects the employment pool. Eventually, however, a population with deficient reading skills will have to be treated differently as customers, too. In the product-liability area, for instance, "litigation goes on all the time on the adequacy of warnings, and part of the question is adequacy to the literacy level of the user," notes Linda Atkinson, a Detroit lawyer who represents plaintiffs in such suits. And Gloria A. Lanza, vice-president of the American Association of Advertising Agencies in New York City, expresses an even more basic marketing worry: "If we don't have people out there who can read, how can they read our ads?"●

TRIBUTE TO KATHRYN MICHALOS

● **Mr. SARBANES.** Mr. President, I am deeply honored, once again, to take part in Baltimore's annual commemoration of the Holocaust, and to pay tribute to the martyrdom of the 6 million Jewish victims of Nazism. It is a time to reflect upon the lessons which their indescribable suffering—and courage—teaches us. Today, as we look back upon the inhumanity of the Nazi regime, an inhumanity virtually beyond human comprehension, we honor a woman, and the memory of her husband, who risked their lives to defy that inhumanity. I am speaking of Mrs. Kathryn Michalos and her husband, the late Elias Michalos, who sheltered Emmanuel and Emily Velelli from the brutal occupation of Greece more than 40 years ago. In honoring the Michaloses, we also pay deserved tribute to those "righteous gentiles" who, throughout Europe, risked their own lives in order to give life to others.

Justice Brandeis once remarked that:

> Of all the peoples in the world, those of two tiny States stand preeminent as contributors to our present civilization: the Greeks and the Jews.

Winston Churchill noted that:

> No two other races have set such a mark upon the world. Both the Jews and the Greeks have shown an amazing capacity for survival, in spite of unending perils and sufferings from external oppressors.

In the case of the Velelli family, survival depended upon the shelter and protection that the Michalos family unselfishly provided.

During the German occupation of southern Greece in 1943, Kathryn and Elias Michalos risked imprisonment and death to save the lives of the Velellis, Jews fleeing from Nazi persecution. For many months, the Michalos family provided food, shelter, and friendship. After the Nazis had marched through the village of Patras the first time, the Michaloses home was destroyed and they moved in with the Velelli family for a number of months, constantly worried that they would be discovered. After the village was razed a second time, the families moved from Patras to seek shelter elsewhere.

This friendship did not end with the war, however. As coincidence would have it, both families settled near Baltimore, finding each other through a cousin of the Velelli family. Over the years, they have remained close and dedicated friends, sharing holidays and special occasions, and finding happiness in their many children and grandchildren. The great-grandson of Mrs. Michalos is to be christened after the ceremony for "Holocaust Rememberance Day," and the Velellis will be there to share the joy.

The Michalos family understood well the lesson that Eli Weisel has set down so movingly for us:

> We have learned certain lessons. We have learned not to be neutral in times of crisis, for neutrality always helps the aggressor, never the victim. We have learned that silence is never the answer. We have learned that the opposite of love is not hate, but indifference.●

TRIBUTE TO CLARENCE MITCHELL, JR.

● **Mr. SARBANES.** Mr. President, America has lost a great champion of justice and human dignity. Maryland has lost one of the most distinguished citizens over the sweep of her long history, and we have all lost a wise counselor and good friend.

Clarence Mitchell, Jr., through his moral strength, was a powerful force for a better America. He gave his life to the greatest moral challenge of our time—to make the words engraved in stone above the portals of the Supreme Court—"Equal Justice Under Law"—a reality for all Americans.

Clarence understood the power of the rule of law to American democracy. It is fitting that among his greatest monuments are every piece of civil rights legislation enacted in this generation. He knew that officials all across this land take an oath to uphold and defend the Constitution and laws of the United States. He knew that if the great moral principles to which he dedicated his life could be incorporated into the laws of the land, it would transform and redeem our society. It is no accident that today in our law making bodies; national, State and local, are to be found the brother and sons of Clarence Mitchell.

He was the patriarch of a distinguished family. Actually, it was a partnership. A partnership for almost half a century with an outstanding fighter for justice in her own right.

But Clarence was also a patriarch of our Nation. He counseled us wisely and with a deep sense of idealism that drew us always upward to a higher and better standard.

Clarence knew however that the struggle was not over. He knew that we must press on. Only last month, in one of his last speeches to the NEA Conference on Civil Rights, he said:

> But it is not enough to keep the memory of past struggles alive. It is not enough to see that the law is administered fully and fairly. There are new rivers to cross, new mountains to climb, and a star toward which we should reach. When we have men and women in office who care about the hungry, who work to shelter the homeless, who want a living wage for even the lowest persons in the work force, who want to end ignorance, who want to provide health care for the sick and economic security for the aged, will we be able to reach that star. When we do, the world will be a better place because we will have set the right example of how humans should live together.

We mourn his death, we celebrate his life, we treasure his friendship and we reaffirm our commitment to the enduring values for which he fought.

I ask that excerpts from Clarence Mitchell's speech to the NEA and several articles about this great leader be printed in the RECORD at this point:

[From the Washington Post, Mar. 19, 1984]

CIVIL RIGHTS CHAMPION CLARENCE MITCHELL JR. DIES

(By Martin Weil)

Clarence M. Mitchell Jr., 73, a lifelong champion of equality for blacks who played a key role in winning passage of much of the major civil rights legislation of the 1960s, died last night at the Maryland General Hospital in Baltimore.

As the chief Washington lobbyist for the NAACP for nearly three decades, Mr. Mitchell combined conviction, persistence and quiet persuasive power. In his ultimately successful quest for the landmark measures of the '60s, he displayed skills and talents that won him the sobriquet of "the 101st Senator."

Both as the NAACP's man in Washington, and as a principal in the Leadership Conference on Civil Rights, which he helped found, Mr. Mitchell was instrumental in passage of the Civil Rights Act of 1964, the Voting Rights Act of 1965 and the Fair Housing Act of 1968.

A lawyer and a former newspaper reporter whose career was galvanized when in 1933 he witnessed his first lynching, Mr. Mitchell was a leading member of a family that in Maryland, his home state, and in Baltimore, his hometown, symbolized civil rights and the NAACP.

Known as a man of courage and integrity, Mr. Mitchell persisted optimistically through years of resistance and rebuff to seek the common ground and consensus that in time permitted him to witness passage of the bills that helped guarantee equality before the law.

Despite his successes, his name was not nearly so well known to the general public as many of the other principal actors in the social and legislative revolution of the 1960s.

Firmly committed to the goal of full integration of blacks into the American mainstream, Mr. Mitchell shunned the separatist doctrine and militant tactics that might have won him greater visibility.

A modest and unassuming man, whose arena of action was the congressional office and conference room, he neither sought nor attained the broad public recognition to which his accomplishments entitled him.

Before the days in which meaningful civil rights legislation was possible, Mr. Mitchell prompted and promoted advances through executive orders, such as the one by which President Truman demanded the desegregation of the Armed Forces.

During the Eisenhower administration, Mr. Mitchell was credited with guiding to passage the 1957 Civil Rights Act, the first legislation of its kind in years. He was also recognized among legislative insiders and being instrumental in passage of the 1961 act that set up the federal Civil Rights Commission.

Beyond his work in sheepherding to passage the civil rights bills of the '60s, Mr. Mitchell is cited as the author of a key section of at least one of them. Title VII of the 1964 bill, which required equal employment opportunity.

As chairman of the leadership conference on civil rights, Mr. Mitchell employed his lobbying skills in helping to bring about the rejection by the Senate of the nominations to the Supreme Court of Clement Haynsworth and G. Harrold Carswell.

Despite the not infrequent bitterness and strong feelings bound up in the long struggle in which Mr. Mitchell was engaged, he was himself viewed as generous and conciliatory towards his foes, often finding it possible to say a good word about all but the harshest among them.

A man who carried a picket sign to help desegregate Baltimore schools, and who was arrested for going through the main door of a South Carolina railroad station, Mr. Mitchell knew the values of direct action.

But, he said, "you've got to know when to stop picketing and sit down at the conference table."

In 1980, the year he left his leadership conference post, and two years after leaving the NAACP post, Mr. Mitchell received the nation's highest civilian honor, the Presidential Medal of Freedom, from President Carter.

He was also appointed as a U.S. representative to the United Nations by President Ford, and at the time of his death, was a member of the board of regents of the University of Maryland, from which he held his law degree.

Mr. Mitchell was born in Baltimore, where he lived for the last four decades at the same inner-city address. His father, a musician, and his mother, a cashier, enforced daily study hours for their seven children, who included Mr. Mitchell's brother, U.S. Rep. Parren J. Mitchell (D-Md.).

"He was one of the most remarkable human beings I've ever met," Rep. Mitchell said last night of his brother.

Sen. Paul Sarbanes (D-Md.) called Mr. Mitchell "a great champion of justice and human dignity" who was "a powerful force for a better America."

John Toll, president of the University of Maryland, described his death as a "serious loss" for the nation and called him "an inspiring leader" in the work for equality, justice and a better society.

After receiving a bachelor's degree from Lincoln University in Chester, Pa., Mr. Mitchell became a reporter for the Baltimore Afro-American newspaper. The lynching he saw as a newsman in Princess Ann, Md., made him decide on a civil rights career.

After work for the Urban League in the Midwest, he joined the federal government in assignments that included enforcing World War II antidiscrimination orders in shipyards. He was labor secretary of the NAACP from 1945 until becoming director of the Washington bureau in 1950.

In recent years, he and his wife Juanita, the first black woman to practice law in Maryland, were joined by a son, Michael, a Baltimore City Councilman, in the firm of Mitchell, Mitchell and Mitchell. Another son, Clarence III, is in the state legislature.

Survivors include two other sons, Keiffer J., and George D.

[From the Baltimore Sun, Mar. 20, 1984]

A MIGHTY CHANGE: BUT THERE ARE NEW RIVERS TO CROSS

(By Clarence Mitchell)

WASHINGTON.—Twenty years ago we were gearing up for a crucial vote in the Senate on civil rights. The civil rights bill which had been passed by a massive vote of 290 to 130 in the House of Representatives was in danger of being buried in the Senate Judiciary Committee by a hostile chairman, James O. Eastland of Mississippi. Fortunately, under the Senate rules the bill could be brought to the floor without reference to the committee.

Those of us backing the bill supported the move for direct floor consideration. Efforts at the White House and hard work, both in and outside the Senate, paid off. On February 26, 1964, the Senate voted 54 to 37 to put the bill on the calendar instead of sending it to committee. There followed the long fight that was climaxed when the Senate voted 71 to 29 to invoke cloture on June 10. President Johnson signed the bill into law on July 2, 1964.

There is no question about the great value of the 1964 Civil Rights Act. It has made possible changes in our society that some believed could not be accomplished in another hundred years after the abolition of human slavery. The change for the better has been so complete that many of those in our country who were children of tender years in 1964 cannot believe that conditions the law was designed to correct actually existed.

The great names of 1964 like A. Philip Randolph, Roy Wilkins, Whitney Young and James Farmer are somehow merged into a composite that usually mentions only Dr. Martin Luther King, Jr. Even Dr. King's memory is sometimes blurred by the passage of time and there are those in the new generation who do not know why we honor him.

Thus it seems that one of our first tasks in the education of children is to teach them where we were as a nation before 1964 and how we have gotten to where we are now. We must let them know the price we paid in time, labor, money, property and even human lives to erase the blatant practices of discrimination and segregation that were our nation's shame. We must also recruit and develop dedicated people to run the agencies created by this law.

But it is not enough to keep the memory of past struggles alive. It is not enough to see that the law is administered fully and fairly. There are new rivers to cross, new mountains to climb and a star toward which we should reach.

The signs saying which entrance blacks may use are down. But there are more deadly ways to bar access. One of these is the use of dubious tests to decide whether an applicant may be admitted to a college, whether a promising young person may be admitted to law or medical school and now there is even a strong move to use a test to decide whether one may be admitted to training to be qualifed as a teacher.

I say to you that these tests are like an evil river whose rising waters are a threat to the aspirations of the present generation. They are creating ways to accomplish new discrimination against the victims who do not pass them and wealth for those who devise them. After careful consideration, I have concluded that the trend toward using tests to bar persons from careers of their own choosing or jobs for which they are fully qualified must be stopped. I hope that your great organization will meet the new challenge by carefully developing the facts that will expose and discredit those tho are responsible for this monstrous fraud in our times.

For those who are fortunate enough to get past the test obstacle there is another barrier of mountainous proportions. It is the secret method of denying promotions to those who deserve them. How often do we still hear of blacks who train new white employees and then one day the employee that they have trained becomes the boss? How often do we see college campuses where women are employed as assistant or associate professors but somehow do not get tenure?

How often do we read the dreary figures on the income gap between white and black wage earners? Here again there is a challenge that we must meet. We must pierce the veil of deceit and conspiracy that makes these wrongs possible. We must use our best skills, much of our resources and all else that is needed to destroy these practices just as we destroyed the more obvious discriminatory techniques of the past.

In spite of the new obstacles that exist, we have great resources to deal with them. I see these resources when I hear the words and see the accompishments of a great woman, Mary H. Futrell, who is president of this organization. These resources are apparent when the mayor of Detroit moves to give black policemen opportunities to be promoted on merit and that decision is upheld first by a U.S. District Court judge named Damon Keith. Then Judge Keith's decision is upheld by the Sixth Circuit Court of Appeals on which sits the distinguished Judge Nathaniel Jones. All three of these men—the mayor and the two judges—are black. They hold their offices because together we have wrought a mighty change in our land.

Finally, I will say a word about that activity that is perhaps closest to my heart. It is political action. Not long ago I was in Mississippi and heard Dr. Aaron Henry, a member of the House in that state, being called back from a speaking engagement to cast a crucial vote. It was not many years ago that Mississippi's legislature was off limits for blacks. Now, not only are they there, but they are serving with distinction. Later, I received word that my longtime friend and NAACP stalwart, the Rev. I. deQuincy Newman, had become the first black since Reconstruction to serve in the South Carolina Senate.

In the South and throughout the country there is a rising tide of interest in seeking public office. There is an equal determination to elect qualified candidates and also to make certain that from the highest office down to the most obscure county official we will give early and effective support to those candidates who stand for equal justice and freedom for all people of whatever race, sex, national origin, age or religion.

When we have men and women in public office who care about the hungry, who work to shelter the homeless, who want a living wage for even the lowest persons in the work force, who want to end ignorance, who wnat to provide health care for the sick and economic security for the aged, we will be able to reach that star. When we do, the world will be a better place because we will have set the right example of how humans should live together.

[From the Baltimore Sun, March 1984]

Clarence Mitchell: Man Who Was Always There

(By Peter Kumpa)

Clarence M. Mitchell Jr., was the man who was always there then the major civil rights laws of the country were written, debated and passed by the Congress.

During a two-year stretch two decades ago, when I covered the civil rights beat in Washington, he was present at every skirmish and at every battle. He was there testifying, listening, helping at the subcommittee level and in the full House Judiciary Committee when the omnibus Civil Rights Bill was written, then passed.

And when the legislation found its way over to the Senate side, he was there as well for every moment of the legislative conflict that eventually led to the smashing of a filibuster before basic civil rights could be written into our laws.

That's the reason that Clarence Mitchell was called the 101st U.S. senator. He was there.

As head of the Washington office of the National Association for the Advancement of Colored People, Mitchell wasn't simply a silent witness to history. For members of Congress, he was the prime source of moral pressure for the cause of racial justice. He advised and cajoled. He exhorted and he pleaded usually privately.

He never seemed defeated. He was always the certain optimist, the one who knew that obstacles were made to be overcome.

For reporters, he was one of these silent sources of information, a man who knew the law, and the history of any given bit of civil rights legislation. And he was always completely up-to-date, the man you checked with daily on the progress of legislation that marked the high-point of the decade of the Sixties. And he was always there.

Clarence Mitchell was not a shouter or a screamer when he testified before Congress. He was a gentle man and a gentleman. He was reasoned passion. He was intellectual persuasion. He was a polished witness for his cause. And he was an effective one.

Only once do we remember him breaking out in anger.

It was in October 1963. Chairman Emmanuel Celler of the House Judiciary Committee had met behind closed doors on and off for two days with U.S. Attorney General Robert F. Kennedy to decide on a new strategy for a stalled omnibus Civil Rights Bill. To win some marginal Democrats and Republican, they decided to strip away some titles that had been approved by a subcommittee.

Celler said he was sorry he had to drop some of the bill. "There's and old Turkish saying that you roll up your pants when you come to the water," he explained. Kennedy backed him up.

Clarence Mitchell was outraged. He talked first to the pencil press, then grabbed the television cameras. "There is no reason for this kind of a sellout," he shouted.

He was particularly angry at provisions in the bill that would weaken powers of the attorney general to intervene in some nasty cases of official brutality in the South. Mitchell stormed that what was left would be "wholly inadequate to deal with police brutality, Negroes subjected to cattle prods, people bombed and thrown out of their own churches."

Meticulous in his preparation, Mitchell had his own count of congressmen to show that the Kennedy administration didn't have to compromise. "I think the administration ought to go and fight," he told Robert Kennedy.

One of the reasons for Mitchell's anger had been the June 1963 assassination of Medger Evers in Mississippi. He blamed the administration for being "too little and too late" in protecting black civil workers in the South.

In time, Mitchell won his battle. If he were with us today, he could testify that the fight was closely won, never easy and never certain. And if he were here, he would be sure to tell us all that the fight for equal justice is never over and never completely won.

Sunday, Mitchell died at the age of 73, another giant gone from that historic era of change. He leaves us with more than memories. He left so much of his innate decency and wisdom in his writings, much of it in his columns in *The Sun*.

In his native Baltimore, he fought for black advancement in politics. "It must be remembered," he wrote, "black aspirations in politics do not imply hostility towards whites. The goal is a place at the decision-making table and partnership in governing."

Mitchell graduated from Lincoln (Pa.) University in 1932 during the Great Depression, when millions were out of work and the rumblings of war could be heard from across the oceans. Fifty years later, he found that his class had made it and so he could advise today's graduates: "You face conditions of uncertainty and personal risk much like those of our time but, remember, we made it and you, too, can succeed."

Mitchell was the optimist. He had a faith in all of us and in the decency of society.

Mitchell, we should emphasize, was more than an activist for civil rights. He defended the cause of the poor. He fought against anti-Semitism. His cause was far broader as he once noted when he quoted some forgotten lines from the historic August 1963 march on Washington. The memories of Martin Luther King Jr.'s "I have a dream" speech are sometimes so overwhelming that we forget other words that were spoken that day.

A. Philip Randolph, the union leader who conceived the idea for the march, also spoke and Mitchell quoted his lines once as "the best description" of the purpose of the event.

"We are the advance guard of a massive moral revolution for jobs and freedom," said Randolph, "but this civil rights revolution is not confined to the Negro, nor is it confined to civil rights, for our white allies know that they cannot be free while we are not. We want a free democratic society dedicated to the political, economic and social advancement of man along moral lines."

In his lifetime, Mitchell won many, many honors. It would be easy to list them, but I am sure that the child who grew up poor in the 1300 block of little Stockton Street in Baltimore would prefer to be remembered as a man who stood for the advancement of man along moral lines.

[From the Baltimore Afro-American, Apr. 14, 1984]

MEMORIAL SERVICES SET FOR FRIDAY NOON

(By Elizabeth M. Oliver)

BALTIMORE.—Last rites for Clarence M. Mitchell Jr., the longtime National Civil Rights leader, will be in the form of a memorial service, 12 noon, Friday, March 23 at Sharp Street Methodist Church, Dolphin and Etting Streets, Baltimore.

Mr. Mitchell died Sunday, March 18 at 8:32 p.m. at Maryland General Hospital. He was 73.

His body has been donated to science.

The family asks that no flowers be sent. Instead, his widow, Mrs. Juanita Jackson Mitchell, asks that donations be sent to the Lillie Carroll Jackson Museum and the NAACP in care of the office of Attorney Michael Bowen Mitchell, 37th Floor, 222 St. Paul St., Baltimore, MD. 21202.

Mr. Mitchell was stricken with an apparent heart attack Sunday afternoon. He and Mrs. Mitchell, the noted civil rights attorney, walked home about 1 p.m. from Sharp Street Church where the family holds lifelong membership. While Mrs. Mitchell, his wife of 46 years, was preparing breakfast in the kitchen, Mr. Mitchell suddenly fell at the dining room table.

He was rushed to Maryland General Hospital, the closest hospital, by ambulance. At his side were his wife, Mrs. Mitchell; brother, Congressman Parren J. Mitchell; sons, City Councilman Michael Bowen Mitchell and George Davis Mitchell.

Summoned by phone were his others sons, Dr. Keiffer J. Mitchell who was in Virginia and State Senator Clarence M. Mitchell III who was in Los Angeles, CA. with his wife.

Mr. Mitchell was for decades in the halls of Congress waging a fight for civil rights of black citizens and was fondly known as the 101st U.S. Senator.

On June 30, 1980 he received the Presidential Medal of Freedom from President Jimmy Carter in the Rose Garden of the White House.

The citation praised him for his stubborn, resourceful and historic campaign for social justice and stated, "The integrety of this 101st Senator has earned him the respect of friends and adversaries alike.

"His brilliant advocacy helped translate into law the protests and aspirations of millions consigned too long to second-class citizenship. The hard won fruits of his labors have made America a better and stronger nation."

Mr. Mitchell retired Dec. 31, 1978 after 32 years as director of the Washington Bureau of the NAACP.

He was the chairman of the Leadership Conference on Civil Rights until April 29, 1981 when he became Honorary Chairman of the group of 150 organizations formed 30 years ago.

The Mitchells have resided in their inner city 1324 Druid Hill Ave, residence over 40 years.

Mr. Mitchell's career in civil rights and interest in politics he often said, came as the result of his being assigned as an AFRD reporter in 1932 by Carl Murphy editor of the Baltimore based newspaper.

His most meaningful assignment in 1933, he often told this reporter, was the lynching of George Armwood in Princess Anne, Md. It was then he decided upon his life of fighting for (social justice). He often boasted that he was a "newspaper man" and encouraged young people to go into the field of journalism.

Mr. Mitchell was appointed in 1982 by the governor of Maryland to a 5-year term on the Board of Regents of the University of Maryland.

He was awarded the Spingarn Medal at the NAACP National convention July 1, 1969 in Jackson, MI. for his efforts in obtaining passage of civil rights bills such as the 1957 Civil Rights Act.

Mr. Mitchell was born in Baltimore March 8, 1911, the son of Mr. and Mrs. Clarence M. Mitchell Sr.

In addition to his wife, Mrs. Juanita J. Mitchell, surviving are sons, Dr. Keiffer Jackson Mitchell, physician and surgeon; State Senator Clarence M. Mitchell, III; George Davis Mitchell, contractor; and Michael Bowen Mitchell, the City Council man and attorney, all of Baltimore.

Mr. Mitchell is also survived by two brothers, Congressman Parren J. Mitchell and George Mitchell, retired teacher, both of Baltimore; two sisters, Mrs. Anna Mae Mitchell Gittings, Baltimore; and Mrs. Evelyn Mitchell Ross, Pittsburgh, PA. the eldest, who was confined to the hospital there with a sudden illness Sunday, the same day as her brother.

The grandchildren are Clarence M. Mitchell IV, Lisa M. Mitchell, Keiffer J. Mitchell Jr., Kelley J. Mitchell, Kathleen J. Mitchell, Michael B. Mitchell Jr., Micah M. Mitchell, Cherlyn Jennifer Mitchell, Juanita Elizabeth Jackson Mitchell, Karla Kenyatta Mitchell, George Davis Rockford Mitchell Jr., and Lauren E. Mitchell—EMO

Here in part are some of Mr. Mitchell's accomplishments which are listed in the biographical sketch compiled by his family:

His singular efforts led to the passage of the civil rights bills such as the 1957 Civil Rights Act which gave the attorney general of the United States power to institute civil suits to protect the right to vote;

Established the Civil Rights Division of the Department of Justice and the United States Civil Rights Commission.

The 1964 law forbidding discrimination in place of public accommodation. Establishing an Equal Employment Opportunity Agency and prohibiting discrimination in the expenditure of federal funds.

The 1965 Voting Rights Act which authorizes the appointment of federal examiners to certify eligibility of persons to register and vote, and prohibits literacy tests. The Fair Housing Act of 1968 which outlaws discrimination in the sale and rental of housing and also increases penalties against those who interfere with persons exercising their civil rights.

In 1970 and 1975, Mr. Mitchell and his colleagues led the successful fight to extend the Voting Rights Act's ban against literacy tests for an additional five years. Mr. Mitchell led acceptance of the amendments giving the 19-year-olds the right to vote, which passed.

They joined in supporting the successful effort to pass the 1972 legislation giving enforcement powers to the Equal Employment Opportunity Commission.

In 1978, Mr. Mitchell joined with women's organizations in successfully amending the Equal Employment Opportunity Act to forbid discrimination against women workers during pregnancy and childbirth and to assure their coverage under company health plans. This had been denied under a Supreme Court decision (Gilbert v. General Electric).

In 1978 and 1979, Mr. Mitchell worked successfully with others to get the Carter Administration to propose and Congress to approve strengthening civil rights reorganization, including establishing for the first time a top legal civil rights unit in the office of Management and Budget.

Mr. Mitchell has also worked successfully with members of the American Bar Association for increases in salaries for federal judges. He is a former member of the American Bar Association's Commission to Establish a National Institute for Justice.

Mr. Mitchell gave his first Congressional testimony on his eyewitness account of a lynching that occurred in 1933. His government service includes executive posts with President Roosevelt's Fair Employment Practice Committee, the War Production Board. He has also given volunteer services to government committees to which he was appointed by Presidents Truman, Eisenhower and Johnson.

President Ford appointed Mr. Mitchell as member of the five person delegation representing the United States as the Seventh Special Session of the General Assembly of the United Nations beginning in the fall of 1975.

Other members of the delgation were two Ambassadors from the Department of State and two members of the House of Representatives. There were also five alternates.

On Jan. 26, 1976, Democratic and Republican leaders of the United States Senate and House of Representatives offered resolutions honoring Mr. Mitchell for 30 years of legislative service and "expressing gratitude for his contributions to the enhancement of life in America."

The resolutions were passed in both Houses. President Ford also sent a message of commendation. A similar action was taken by the Senate in 1978 on his retirement.

His education is as follows: A. B. Lincoln University, Pennsylvania; graduate work at Atlanta University and the University of Minnesota; Juris Doctor, Law School, University of Maryland; Honorary Doctor of Laws Degrees from Morgan State College, Baltimore, Maryland; Lincoln University, Oxford, Pennsylvania; Boston University, Boston Massachusetts.

Howard University, Washington, D.C.; Georgetown University, Washington, D.C.; John Carroll University, Cleveland, Ohio; Honorary Doctor of Humane Letters from University of Maryland, College Park, and Western Maryland College, Westminster, Maryland; Honorary Doctor of Civil Law from Temple University, Philadelphia, Pennsylvania.

In 1973, he received the Adam Clayton Powell Award from the Congressional Black Caucus for his contributions in the field of human rights.

In 1983 Senator Charles McC. Mathias appointed Mr. Mitchell to be chairman of his Judicial Merit Selection Committee.

In 1983 Mayor William Donald Schaefer appointed Mr. Mitchell to be a member of his Blue Ribbon Cable T.V. Committee.

Among the notables expected in Baltimore Friday for the memorial service for Clarence M. Mitchell Jr., are Supreme Court Associate Justice Thurgood Marshall, former Senator Ed Brooke, former presidential advisor Louis Martin, Benjamin Hooks, executive director of the NAACP.

Other Civil Rights leaders and legislators expected are Joe Raun, Arnold Arunson, Senator Charles Mathias, Charles Diggs, Joseph Lowery, John Jacob, Dorothy Height, Jack Greenberg, Randall Robinson, Leon Sullivan, Maynard Jackson, Ralph Neis, Eddie Williams and Senator Paul Sarbanes.●

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will stand in recess until the hour of 2 p.m.

Thereupon, the Senate, at 12:29 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. ARMSTRONG).

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 2163, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes.

The Senate resumed consideration of the bill.

AMENDMENT NO. 3027

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, as I indicated earlier during the opening moments of the session today, it would be my purpose to offer an amendment to the pending bill.

For myself, Senators DOLE, DOMENICI, GARN, HATFIELD, LAXALT, TOWER, and STEVENS, I now send that amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Tennessee (Mr. BAKER) for himself, and Senators DOLE, DOMENICI, GARN, HATFIELD, LAXALT, TOWER, and STEVENS proposes amendment No. 3027.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 25, line 7, strike "Act." and insert the following: "Act.

TITLE II—CIVIL SERVICE PROGRAMS

COST-OF-LIVING ADJUSTMENTS UNDER THE CIVIL SERVICE RETIREMENT SYSTEM

SEC. 201. (a) Subsections (a) and (b) of section 8340 of title 5, United States Code, are amended to read as follows:

"(a) For the purpose of this section—

"(1) the term 'base quarter', as used with respect to a year, means the calendar quarter ending on September 30 of such year; and

"(2) the price index for a base quarter is the arithmetical mean of such index for the 3 months comprising such quarter.

"(b) Except as provided in subsection (c) of this section, effective December 1 of each year, each annuity payable from the Fund having a commencing date not later than such December 1 shall be increased by the percent change in the price index for the base quarter of such year over the price index for the base quarter of the latest preceding year in which an increase under this subsection was made, adjusted to the nearest ¹⁄₁₀ of 1 percent.".

(b)(1) The amendments made by subsection (a) shall take effect on the date of the enactment of this Act, except that no adjustment under section 8340(b) of title 5, United States Code (as amended by such subsection), shall be made during the period beginning on the date of the enactment of this Act and ending November 30, 1984.

(2) For purposes of the first increase under subsection (b) of section 8340 of title 5, United States Code (as amended by subsection (a)) after the date of enactment of this Act, an increase under such subsection (as so amended) shall be deemed to have been made effective December 1, 1983.

(c) Notwithstanding any other provision of law, beginning with the monthly rate payable for December 1984, any annuity or retired or retirement pay payable under any retirement system for Government officers or employees which the President adjusts pursuant to section 8340(b) of title 5, United States Code (as amended by subsection (a)), shall hereafter be paid no earlier than the first business day of the succeeding month.

(d) Subsection (b) of section 301 of the Omnibus Budget Reconciliation Act of 1982 (96 Stat. 790; 5 U.S.C. 8340 note) is repealed.

PAY COMPARABILITY ADJUSTMENT FOR FEDERAL EMPLOYEES

SEC. 202. (a)(1) Notwithstanding any other provision of law, in the case of fiscal year 1984, the overall percentage of the adjustment under section 5305 of title 5, United States Code, in the rates of pay under the General Schedule, and in the rates of pay under the other statutory pay systems shall be an increase of 3.5 percent.

(2) The adjustment pursuant to paragraph (1) shall take effect on the first day of the first applicable pay period commencing on or after January 1, 1984.

(b) Section 5305 of title 5, United States Code, is amended—

(1) in subsection (a)(2), by inserting "the first January 1 after" before "October 1"; and

(2) in the first sentence of subsection (c)(2), by inserting "the first January 1 after" before "October 1"; and

(3) in subsection (m), by striking out "October 1" and inserting in lieu thereof "the first January 1 after October 1 of the applicable year".

(c)(1) Notwithstanding any other provision of law, in the case of a prevailing rate employee described in section 5342(a)(2) of title 5, United States Code, or an employee covered by section 5348 of such title—

(A) any increase in the rate of pay payable to such employee which would result from the expiration of the limitation contained in section 107(a) of Public Law 97-377 (96 Stat. 1909) shall not take effect, and

(B) any adjustment under subchapter IV of chapter 53 of such title to any wage schedule or rate applicable to such employee which results from a wage survey and which (without regard to paragraph (4) of this subsection) is scheduled to become effective during fiscal year 1984 shall not exceed the schedule or rate payable on September 30, 1983 (determined with regard to the limitation contained in section 107(a) of Public Law 97-377) by more than 3.5 percent.

(2) Notwithstanding the provisions of section 9(b) of Public Law 92-392 or section 704(b) of the Civil Service Reform Act of 1978, the provisions of paragraph (1) shall apply (in such manner as the Office of Personnel Management shall prescribe) to prevailing rate employees to whom such section 9(b) applies, except that the provisions of paragraph (1) shall not apply to any increase in a wage schedule or rate which is required by the terms of a contract entered into before October 1, 1983.

(3) The provisions of paragraph (1) shall not apply with respect to wage adjustments for prevailing rate supervisors under the supervisory pay plan published in the Federal Register on May 21, 1982 (47 Fed. Reg. 22100).

(4) Notwithstanding any other provision of law, any adjustment in a wage schedule or rate that—

(A) applies to a prevailing rate employee described in section 5342(a)(2) of title 5, United States Code, or that applies to an employee who is covered by section 5348 of such title, or who is subject to paragraph (2) of this subsection;

(B) results from a wage survey; and

(C) would take effect, were it not for this paragraph, on or after October 1, 1983,

shall not take effect until the first day of the first applicable pay period beginning not less than 90 days after the day on which such adjustment would, were it not for this paragraph, otherwise have taken effect. The Office of Personnel Management shall take such actions as may be necessary to carry out the provisions of this paragraph.

DEDUCTION FROM CIVILIAN PAY FOR COST-OF-LIVING ADJUSTMENT OF RETIRED OR RETAINER PAY

SEC. 203. Subsection (d) of section 301 of the Omnibus Budget Reconciliation Act of 1982 (96 Stat. 791; 5 U.S.C. 5332 note) is repealed.

LEAVE FOR CERTAIN OVERSEAS EMPLOYEES

SEC. 204. Subsection (a) of section 6 of the Defense Department Overseas Teachers Pay and Personnel Practices Act (73 Stat. 214; 20 U.S.C. 904(a)) is amended by striking out "except that—" and all that follows through the end of such subsection and inserting in lieu thereof "except that if the school year includes more than eight months, any such teacher who shall have served for the entire school year shall be entitled to ten days of cumulative leave with pay.".

CIVIL SERVICE RETIREMENT DEPOSITS COVERING MILITARY SERVICE

Sec. 205. The first sentence of section 306(g) of the Omnibus Budget Reconciliation Act of 1982 (5 U.S.C. 8331 note) is amended by striking out "October 1, 1983" and inserting in lieu thereof "October 1, 1985".

PAY INCREASES FOR CERTAIN EMPLOYEES IN PANAMA

Sec. 206. (a) Section 1225(b)(2) of the Panama Canal Act of 1979 (Public Law 96-70; 93 Stat. 468) is amended to read as follows:

"(2) Each time the rates of basic pay under the General Schedule are increased under section 5305 of title 5, United States Code, the rate of basic pay for each individual referred to in paragraph (1) shall be increased by the amount which is equal to the overall average percentage by which the rates of pay under the General Schedule are increased under such section at such time."

(b) The amendment made by subsection (a) shall take effect with respect to basic pay for service performed on or after the date of enactment of this act.

Sec. 207. (a) For the purposes of this section, the term "covered retirement system" shall have the same meaning as provided in section 203(a)(2) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 (Public Law 98-168; 97 Stat. 1107).

(b)(1) Any individual who performed service of a type referred to in clause (i), (ii), (iii), or (iv) of section 210(a)(5) of the Social Security Act beginning on or before December 31, 1983, and who did not make an election under section 208(a) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 (97 Stat. 1111) before the date of enactment of this Act, may make an election under such section 208(a) not later than 30 days after the date of enactment of this Act.

(2) Any such individual who, before the date of enactment of this Act, made an election under section 208(a) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 may, not later than 30 days after the date of enactment of this Act, make any other election which such individual was entitled to make under such section 208(a) before January 1, 1984.

(3)(A) Not later than 30 days after the date of enactment of this Act, any such individual who, before the date of enactment of this Act, made an election under paragraph (1)(B) or (2)(B) of section 208(a) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 may elect that sections 201 through 207 of such Act apply with respect to the participation of such individual in a covered retirement system.

(B) Sections 201 through 207 of such Act shall apply in accordance with an election under subparagraph (A).

(4) An election under this subsection shall be made by a written application submitted to the official by whom the electing individual is paid.

(5) An election made as provided in this subsection shall take effect with respect to service performed on or after the first day of the first applicable pay period commencing after the date which is 30 days after the date of enactment of this Act.

(c)(1) Section 8342(a)(4) of title 5, United States Code, does not apply for the purpose of determining an entitlement to a refund under section 208(c) of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 (97 Stat. 1111).

(2) Paragraph (1) shall take effect with respect to any election made under section 208(a) of such Act or this Act before, on, or after January 1, 1984.

(d) Nothing in this section or the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 affects any entitlement to benefits accured under a covered retirement system before January 1, 1984, except to the extent that any amount refunded under section 208(c) of such Act is not redeposited in the applicable retirement fund.

TITLE III—SMALL BUSINESS PROGRAMS

CHANGES IN LAW TO ACHIEVE COST SAVINGS

Sec. 301. The first sentence of section 18(a) of the Small Business Act is amended by striking "1983" and inserting in lieu thereof "1986".

TITLE IV—VETERANS' BENEFITS AND SERVICES

LIMITATIONS ON LEGISLATION INCREASING RATES OF BENEFITS

Sec. 401. (a) No legislation that would increase one or more rates of the benefits under chapter 11 or 13 of title 38, United States Code, effective in fiscal year 1984 shall be enacted if such legislation would cause the total costs of legislation increasing such rates in fiscal year 1984 to exceed $175,500,000 in budget authority or $145,300,000 in outlays in fiscal year 1984.

(b) In the event that legislation to increase rates of benefits under chapter 11 or 13 of title 38, United States Code, effective in fiscal year 1985 or 1986, is enacted, such legislation shall not take effect before December 1, 1984, or December 1, 1985, respectively.

Section 1. Section 201(b)(8) of the Federal Credit Union Act (12 U.S.C. 1781(b)(8)) is amended to read as follows:

"(8) to pay and maintain its deposit and to pay the premium charges for insurance imposed by this title; and".

Sec. 2. Section 202(b) of the Federal Credit Union Act (12 U.S.C. 1782(b)) is amended to read as follows:

"(b) For each insurance year, each insured credit union which became insured prior to the beginning of that year shall file with the Board, at such time as the Board prescribes, a certified statement showing the total amount of insured shares in the credit union at the close of the preceding insurance year and both the amount of its deposit or adjustment thereof and the amount of the premium charge for insurance due to the fund for that year, both as computed under subsection (c) of this section. The certified statements required to be filed with the Board pursuant to this subsection shall be in such form and shall set forth such supporting information as the Board shall require. Each such statement shall be certified by the president of the credit union, or by any officer of the cedit union designated by its board of directors, that to the best of his knowledge and belief that statement is true, correct, and complete and in accordance with this title and regulations issued thereunder.".

Sec. 3. Section 202(c) of the Federal Credit Union Act (12 U.S.C. 1782(c)) is amended—

(1) by striking out paragraph (2);

(2) by redesignating paragraph (1) as paragraph (2);

(3) by striking out "Except as provided in paragraph (2) of this subsection, each" in paragraph (2), as redesignated, and inserting in lieu thereof "Each";

(4) by striking out "on or before January 31 of each insurance year" in paragraph (2), as redesignated, and inserting in lieu thereof "at such time as the Board prescribes";

(5) by striking out "member accounts" in paragraph (2), as redesignated, and inserting in lieu thereof "insured shares"; and

(6) by inserting before paragraph (2) the following:

"(1) Each insured credit union shall pay to and maintain with the National Credit Union Share Insurance Fund a deposit in an amount equaling 1 per centum of the credit union's insured shares. The Board may, in its discretion, authorize insured credit unions to initially fund such deposit over a period of time in excess of one year if necessary to avoid adverse effects on the condition of insured credit unions. The amount of each insured credit union's deposit shall be adjusted annually, in accordance with procedures determined by the Board, to reflect changes in the credit union's insured shares. The deposit shall be returned to an insured credit union in the event that its insurance coverage is terminated, it converts to insurance coverage from another source, or in the event the operations of the fund are transferred from the National Credit Union Administration Board. The deposit shall be returned in accordance with procedures and valuation methods determined by the Board, but in no event shall the deposit be returned any later than one year after the final date on which no shares of the credit union are insured by the Board. The deposit shall not be returned in the event of liquidation on account of bankruptcy or insolvency. The deposit funds may be used by the fund if necessary to meet its expenses, in which case the amount so used shall be expensed and shall be replenished by insured credit unions in accordance with procedures established by the Board.".

Sec. 4. Section 202(c)(3) of the Federal Credit Union Act (12 U.S.C. 1782(c)(3)) is amended to read as follows:

"(3) When, at the end of a given insurance year, any loans to the fund from the Federal Government and the interest thereon have been repaid and the equity of the fund exceeds the normal operating level, the Board shall effect for that insurance year a pro rata distribution to insured credit unions of an amount sufficient to reduce the equity in the fund to its normal operating level.".

Sec. 5. Section 202(c)(4) of the Federal Credit Union Act (12 U.S.C. 1782(c)(4)) is repealed.

Sec. 6. Subsections (d) through (f) of section 202 of the Federal Credit Union Act (12 U.S.C. 1782 (d) through (f)) are amended—

(1) by inserting "its deposit or" before the words "the premium charge" and "any premium charge" each time they appear; and

(2) by striking out "member accounts" and inserting in lieu thereof "insured shares".

Sec. 7. Section 202(g) of the Federal Credit Union Act (12 U.S.C. 1782(g)) is amended—

(1) by striking out "statements, and premium charges" and inserting in lieu thereof "statements, and deposit and premium charges";

(2) by striking out "payment of any premium charge" and inserting in lieu thereof "payment of any deposit or adjustment thereof or any premium charge"; and

(3) by striking out "any premium charge for insurance" and inserting in lieu thereof

"any deposit of adjustment thereof or any premium charge for insurance".

SEC. 8. Section 202(h)(1) of the Federal Credit Union Act (12 U.S.C. 1782(h)(1)) is amended by inserting before the semicolon at the end thereof the following: ", unless otherwise prescribed by the Board".

SEC. 9. Section 202(h)(2) of the Federal Credit Union Act (12 U.S.C. 1782(h)(2)) is amended to read as follows:

"(2) the term 'normal operating level', when applied to the fund, means an amount equal to 1.3 per centum of the aggregate amount of the insured shares in all insured credit unions, or such lower level as the Board may determine; and".

SEC. 10. Section 202(h)(3) of the Federal Credit Union Act (12 U.S.C. 1782(h)(3)) is amended to read as follows:

"(3) the term 'insured shares' when applied to this section includes share, share draft, share certificate and other similar accounts as determined by the Board, but does not include amounts in excess of the insured account limit set forth in section 207(c)(1).".

SEC. 11. Section 203(b) of the Federal Credit Union Act (12 U.S.C. 1783(b)) is amended—

(1) by inserting "deposits and" before "premium charges"; and

(2) by adding at the end thereof the following: "The Board shall report annually to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives with respect to the operating level of the fund. Such report shall also include the results of an independent audit of the fund.".

SEC. 12. Section 206(d)(1) of the Federal Credit Union Act (12 U.S.C. 1786(d)(1)) is amended—

(1) by inserting "(1)" after "subsection (a)";

(2) by inserting "maintain its deposit with and" before "pay premiums to the Board"; and

(3) by adding at the end thereof the following sentence: "Notwithstanding the above, when an insured credit union's insured status is terminated and the credit union subsequently obtains comparable insurance coverage from another source, insurance of its accounts by the fund may cease immediately upon the effective date of such comparable coverage by mutual consent of the credit union and the Board.".

SEC. 13. Title III of the Federal Credit Union Act (12 U.S.C. 1795 et seq.) is amended—

(1) in section 303 by inserting ", an instrumentality of the United States," after "Central Liquidity Facility" in the second sentence; and

(2) by adding at the end thereof the following:

"TAX EXEMPTION

"SEC. 311. (a) The Central Liquidity Facility, its franchise, activities, capital reserves, surplus, and income shall be exempt from all Federal, State, and local taxation now or hereafter imposed, other than taxes on real property held by the Facility (to the same extent, according to its value, as other similar property held by other persons is taxed).

"(b) The notes, bonds, debentures, and other obligations issued on behalf of the central Liquidity Facility and the income therefrom shall be exempt from all Federal, State, and local taxation now or hereafter imposed: *Provided*, That—

"(1) interest upon such obligations, and gain from the sale or other disposition of such obligations shall not have any Federal income tax or other Federal tax exemptions, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under the Internal Revenue Code of 1954, or laws amendatory or supplementary thereto, except as specifically provided therein; and

"(2) any such obligations shall not be exempt from Federal, State, or local gift, estate, inheritance, legancy succession, or other wealth transfer taxes.

"(c) For purposes of this section—

"(1) the term 'State' includes the District of Columbia; and

"(2) taxes imposed by counties or municipalities, or any territory, dependency, or possession of the United States shall be treated as local taxes.".

(b) The amendments made by this section shall take effect on October 1, 1979.

ELIMINATION OF PAYROLL DEDUCTION FEES ON FINANCIAL ORGANIZATIONS; ADMINISTRATION OF DISBURSING FUNCTIONS

SEC. 14. (a) Section 3332(b) of title 31, United States Code, is amended by inserting "without charge" after "shall be sent".

(b) Section 3332 of title 31, United States Code, is amended by striking out subsection (c) and redesignating subsections (d), (e) (f), and (g) as subsections (c), (d), (e), and (f), respectively.

SEC. . (a) It shall not be in order to consider any measure making appropriations in the Senate or House of Representatives, if the enactment of such bill or resolution, as recommended by the respective committee on appropriations, would cause the aggregate total budget authority for function 050, National Defense, to exceed $299,000,000,000 in fiscal year 1985, $333,700,000,000 in fiscal year 1986, or $372,000,000,000 in fiscal year 1987.

(b) It shall not be in order to consider any measure making appropriations in the Senate or House of Representatives, if the enactment of such bill or resolution, as recommended by the respective committee on appropriations, would cause the aggregate total budget authority for non-defense discretionary activities to exceed $137,800,000,000 in fiscal year 1985, $144,200,000,000 in fiscal year 1986, or $151,400,000,000 in fiscal year 1987.

(c) For the purposes of this section, budget authority shall be determined on the basis applicable for fiscal year 1984.

(d) The provisions of subsection (a) or (b) of this section may be waived or suspended in the Senate by a majority vote of the Members voting, a quorum being present, or by unanimous consent of the Senate.

(e) It is the sense of Congress that the unprecedented magnitude and persistence of current and projected Federal budget deficits must be addressed in a comprehensive strategy to moderate increases in defense spending while continuing the effective constraints on non-defense discretionary programs. To assure the success of such an initiative, the foregoing procedural restraints, in addition to the total aggregate spending limitations pursuant to the Congressional Budget Act of 1974, as amended, are necessary on budget authority both for defense and for non-defense discretionary programs for fiscal years 1985, 1986, and 1987.

Mr. BAKER. In a moment, Mr. President, I will yield the floor. It is my understanding that the distinguished chairman of the Budget Committee, Senator DOMENICI, will seek recognition, and that during his remarks will explain the contents of this amendment. But first, Mr. President, may I say that the amendment that I have just sent to the desk completes what some have referred to as the "Rose Garden agreement." I have referred to this amendment as phase two of the Senate deficit reduction effort.

As many of us painfully recall, the Senate completed phase one on April 13, at about 5 o'clock in the morning by a vote of 76 to 5. I refer to the Finance Committee amendment which was offered to the pending bill. The Senate now has before it the entirety of the agreement reached through literally weeks of tough, tough negotiations among our colleagues in the Senate, and with the President and his advisers. It represents great sacrifices and substantial concessions by all of the parties involved in those negotiations. For example, the distinguished chairman of the Appropriations Committee, Senator HATFIELD, has agreed to accept statutory caps on appropriations bills for the next 3 years which is a major agreement on behalf of Senator HATFIELD in order to achieve this agreement.

The Senator from Texas (Mr. TOWER) who is the able chairman of the Armed Services Committee, together with the President, the Secretary of Defense, and their staff have agreed to accept defense caps which are much lower than originally contemplated, and much lower I suspect than they feel is desirable under the circumstances. But they have agreed to them in the course of extensive negotiations trying to reach this package agreement.

The Senator from New Mexico (Mr. DOMENICI) who is the chairman of the Budget Committee, and who will carry much of the burden of debate on this amendment now pending, has agreed perhaps to higher defense numbers than he thought were prudent under all of the circumstances given our fiscal plight. But he has agreed, as have other parties to this agreement on many other matters.

In short, Mr. President, this is not a perfect arrangement. But I believe it is a good arrangement. After the weeks of negotiations and the compromises undertaken, I am convinced that this is the best arrangement that we can make. I urge my colleagues on both sides of the aisle to seriously consider this proposition in the context that, if we do not do this or something very much like it, there probably is not going to be anything passed by both Houses and presented to the President for his signature.

Perhaps the most common complaint I hear about the entire package is that it is not big enough, that $140 or $150 billion in deficit reduction will have no effect. Mr. President, I do not agree with that. But more importantly, Mr. President, I am convinced that this is the best we can do.

To paraphrase a French philosopher, it is a crime to do nothing for fear that you can do too little.

Mr. President, I hope that the Senate will consider carefully the proposal that is now before it in the form of this amendment, that we will proceed deliberately to debate it, to amend it, if necessary, and to pass it as a further step in the completion of a package arrived at by difficult negotiations, and calculated to produce the best result obtainable under the circumstances.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. Yes.

Mr. BYRD. The distinguished majority leader has spoken of negotiations which have occurred between, I take it, the Senate and the White House. Were any Members on this side of the aisle involved in those negotiations?

Mr. BAKER. Mr. President, they were not, but I am sure the minority leader will recall that the President of the United States in his State of the Union message asked for a bipartisan approach to a downpayment on the budget deficit. And, indeed, there were meetings by Members on both sides of the aisle from the House and Senate, with representatives of the President, and I might say in all candor I think without much result. At that point—I accept responsibility for suggesting that—when those negotiations appeared to be unproductive, it was better to go forward with negotiations between representatives in the House and Senate and the administration than to do nothing at all. And the arrangement that I speak of is the product of that series of negotiations.

Let me say parenthetically that I have been in the Senate a while now, and in the leadership for almost 8 years, either as minority or majority leader. I have never seen a President of the United States as directly involved over such a period of time as this President was in these negotiations with Members of his own party. If my memory serves me, there were four separate meetings in the Cabinet room of the White House, and a total of 7½ or 8 hours of active participation with the President of the United States in these negotiations.

The only reason I say that is to tell my colleagues in the Senate—and my friend, the minority leader, in particular—that these were serious and difficult negotiations. And I did not mean to imply that they were negotiations on a bipartisan basis with the administration. That was tried, and did not succeed for whatever reason. But nonetheless, they were serious, extensive, difficult, and sometimes painful, but I believe successful negotiations looking toward an effort to reduce the size of the Federal deficit.

Mr. BYRD. I thank the majority leader. I have no doubt that what he said is the exact truth regarding recent negotiations, which were apparently different from those that occurred early on and in which the Democrats did participate from this body and the other body. Even the proposals that were advanced on that occasion by my friends from the other side of the aisle, in this body, were said to be off limits, and not "on the table" for resolution. According to the news reports, the people who represented the White House, or at least one or more of them, indicated that they were merely "observers" when proposals were made in good faith by the distinguished Senator from New Mexico (Mr. DOMENICI) and the Senator from Kansas (Mr. DOLE) and others. So, I am pleased to hear that the President and the White House have lately really become serious, and have contributed to the negotiations to which the distinguished majority leader has referred.

Mr. BAKER. Mr. President, I thank the Senator.

Mr. President, anticipating that the distinguished chairman of the Budget Committee will wish to seek recognition, I not only yield the floor, but I suggest that he take my place as well.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank the distinguished majority leader and the distinguished minority leader.

I am hopeful that I will be able this afternoon to explain to everyone the details of this proposal.

I think for the most part they are understood in terms of their expected result, since we have a 3-year enforceable cap on total defense budget authority and appropriations. Since that is separate and distinct from a 3-year cap on the rest of the appropriated accounts, starting with 1985 and running through 1986 and 1987, and since that is also enforceable by a point of order, this becomes more like a budget resolution in many respects, except for its enforceability and the enforceable nature of its caps. In a sense, while it is similar, it is genuinely different than anything we have done heretofore, to my knowledge. But the effect of the composite or total budget authority that we are attempting to get the Senate to agree to here today, which is close to a freeze on 1985 versus 1984 in terms of domestic appropriated accounts, and about a 5-percent growth in each of the 2 successive years, in the sense that it is cumulative budget authority from whence appropriators appropriate their particular and respective domestic appropriated bills, it is much like a budget resolution.

So in that respect, we have done a lot of work in the Budget Committee in adopting a resolution which is, for all intents and purposes, similar, in effect, to the final product here, the so-called Boat Act, as amended by the tax bill, as amended by the entitlement reconciliations, as supplemented by the entitlement bill which passed, a small one, as supplemented by these caps. It is very much like the budget resolution.

So in that respect, we would be available to answer questions with reference to the effect, with reference to the outyear economics, and with reference to the outyear deficits.

Having said that, consistent with previous floor actions, I ask unanimous consent that staff members from the majority and the minority, as we did heretofore, have floor privileges during the consideration of this amendment. I have cleared this matter with Senator CHILES with respect to the professional staff. I send that list of staff personnel to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, with reference to the need for calculators occasionally here on the floor, and this has been cleared and is consistent with our previous activities, I ask unanimous consent that the use of small electronic calculators be permitted to be used on the floor during the consideration of this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I yield myself 15 minutes. I know there are no time agreements on any of this, but just so that I will be able to judge how much time I am using, I yield myself 15 minutes.

Mr. President, deficit-reduction action on H.R. 2163, the Federal Boat Safety Act of 1971, in all likelihood, will be the final component to a major deficit reduction downpayment this year. In fact, if the leadership amendment is agreed to, we will have also completed unfinished business of the last session, by incorporating provisions of the Omnibus Reconciliation Act of 1983—S. 2062.

I want to say to the distinguished leader of the minority, when I say that I am in no way talking about it becoming a reconciliation bill at this point, I am merely talking about the contents being transferred to legislation and being part of this amendment and the rest of it was part of the finance package, neither of which are, per se, reconciliation, but normal amendments with all of the prerogatives of anyone and none of the inhibitions which would attach if and when it becomes a reconciliation bill.

Mr. BYRD. I thank the distinguished Senator for that information.

Mr. DOMENICI. Mr. President, this amendment implements those provisions of the Republican leadership plan announced by the President back on March 15, and either not enacted to date or not already included in the Senate Finance Committee amendment adopted before we went on the holiday recess. As important, this amendment also implements the budget and fiscal policies as embodied in the Senate Budget Committee's recently reported Senate Concurrent Resolution 106, the first concurrent resolution on the budget for fiscal year 1985.

I mentioned that in my brief opening remarks, prior to my prepared remarks. We did adopt a budget resolution, as the distinguished Presiding Officer recalls, after lengthy debate and alternative plans. I merely want to acknowledge again that if this amendment is adopted and incorporated into the so-called Boat Act, as amended, it will be consistent with the budget resolution that was recently adopted by the Budget Committee.

No one should misunderstand what the essence of this amendment means. By adopting this amendment, along with the Finance Committee amendment already agreed on, we will have accomplished what few thought we would do this year. We will have taken the first major step, a responsible and realistic step, toward reducing the projected deficits. Combined with the two bills recently signed by the President—the Agricultural Programs Adjustment Act of 1984 and the Omnibus Reconciliation Act of 1983—H.R. 4169—and the resulting reductions in net interest expenditures, the Senate will have acted in a responsible manner to reduce the Federal deficit by $144 billion between now and fiscal year 1987.

I want to say to the Senate, there will be those who will choose to call the $144 billion a different number because they will choose a different starting line. I can give you whichever you prefer, but basically, for consistency, we have used the same baseline as the House used in its budget resolution, in its tax bill, when they discussed how much they were reducing the deficit, when they voted in the Budget Committee on what the defense numbers would be, and concluded with their deficit reduction package for 3 years. They used the same baseline that we are talking about here which yields $144 billion between now and 1987.

Some will argue we should do more, and I would not totally disagree. We should do more and we will. But let us not be fooled into waiting for a perfect package and fail to act on the good package we have before us.

I think we are all pleased by the recent excellent economic news, reflecting a robust recovery with low levels of inflation, increasing employment, and increasing personal consumption.

Incidentally, I see that my good friend, the distinguished Senator from Florida, has arrived on the floor. Not only am I pleased that he is here and that we will be involved for the next few days—hopefully not weeks—deciding which of the various proposals we adopt, but I am very pleased that he is here healthy, safe, and sound. I have not yet had a chance to get an indepth briefing of the situation he found himself in Central America, but, needless to say, I am pleased that everything went well and that the Senator is safe.

Mr. President, how much time have I remaining on my first 15 minutes?

The **PRESIDING OFFICER.** Time is not under control, but the Senator has spoken for approximately 5½ minutes.

Mr. DOMENICI. Mr. President, I say to my friend from Florida, I understand time is not under control, but for purposes of trying to adjust and to accommodate others, I yielded myself 15 minutes at the start.

Economic growth, measured by the rise in the real growth national product, topped 8.3 percent in the first quarter of the year. Industry is running at 80.9-percent capacity, the highest rate since August 1981. The number of individuals employed is also at an all time high—103.9 million. Yet this good news should not blind us to our responsibilities. We shall hear a lot about that, the fact that economic news is good and the economy is growing well, with whatsoever soft spots it has, but we certainly have to be concerned about the deficit. The Senator from New Mexico does not disagree. The economic recovery will not continue unaffected by burgeoning deficits. We must sustain the recovery by acting now on this package, as I see it.

It has been said on the floor so many times before that the most important economic issue confronting Congress today is the projected growth in Federal deficits, both in absolute terms and as a percentage of our total national income. Fortunately, we still have the time and opportunity to act aggressively on a "first installment" toward deficit reduction.

Do we have the courage and will power to confront this issue? I implore my fellow Senators not to let this opportunity escape us, for I fear that this will be the last opportunity the 98th Congress has to make meaningful reductions in the deficit. Of course, we shall soon have a chance to consider the reported first concurrent resolution on the budget for fiscal year 1985.

As I indicated, that will follow this action and we shall either act consistently therewith or inconsistently, in either event. I am hopeful we shall take up the budget resolution shortly thereafter and accommodate it to what has transpired. I shall be more than pleased in due course, if someone would like to know my reasoning as to why we approached in that way, I shall be happy to provide that.

But if this amendment fails, we will have effectively defeated the same policies embodied in that resolution. While no one was overjoyed or totally pleased with that resolution, obviously, it did make a significant dent and did make some substantive changes in the law that were meaningful. So, passing this amendment, as part of this total package, is critical. We owe no less to the people of this country who want deficits reduced.

At this time let me briefly summarize the provisions included in this amendment. The amendment is based on the general concept of shared responsibility. Reducing the current and projected deficit will require that everyone give a little and that most of our preconceived ideas of what the best policy is with reference to various aspects of our national commitment, either to our defense or to our social commitments, require that most of those particular policies give a little. As a result, we can readily see that this is broken into three parts: national defense, nondefense discretionary programs, and the entitlement programs. Federal taxpayers, corporate and individual, will also share in that responsibility, as already adopted by the Senate.

First, the amendment would set the aggregate level of appropriations for our national defense spending at $299.0 billion in fiscal year 1985, $333.7 billion in fiscal year 1986, and $372.0 billion in fiscal year 1987. Compared to the President's request for national defense spending this year, these figures represent nearly a $57.0 billion reduction in appropriations and we estimate a $40.2 billion reduction in outlays over this 3-year period.

I remind my friends and colleagues in the Senate that we do not appropriate outlays as much and as often as Senators continue to ask what is the outlay effect. That is for the most part a genuine estimate, although we are getting better at it because we know the components. But basically, we appropriate budget authority.

While this is a major reduction from the President's request. It still assumes 5.4 percent real rate of growth in defense spending, and it holds defense spending to 7.2 percent of GNP by fiscal year 1987. That 5.4 percent average is figured off CBO, as I understand it, in terms of their deflator, if you like, which is what we have used throughout the budget in terms of the effect of inflation on the accounts of Government.

Second, the amendment would set the aggregate level of appropriations for nondefense discretionary spending in fiscal year 1985, at the present fiscal year 1984 level, taking into account all those items that we are certain will be adopted in supplementary appropriations for the remainder of the year to get to the 1984 level.

This has been done in conjunction with and cooperation with the Appropriations Committee chairman and staff in terms of arriving at the numbers of the chairman and his staff with reference to the language included in this amendment.

After fiscal year 1985, this aggregate appropriation level would be adjusted for inflation as contained in the January CBO economic forecast, roughly 5 percent a year. In the aggregate, nondefense discretionary appropriated spending would be $137.8 billion in fiscal year 1985, $144.2 billion in fiscal year 1986, and $151.4 billion in fiscal year 1987. I want it to be made very clear that this amendment does not take away from the Appropriations Committee its critical responsibility of determining how to allocate the aggregate funding level among the hundreds of accounts, as they see it, and programs, on the basis of need and priorities as they see it. The amendment simply sets a cap on the total funding for these programs over the next 3 years. This provision, it is estimated, will reduce nondefense discretionary spending by $15.2 billion in outlays through fiscal year 1987.

Finally, the amendment completes the unfinished business of last year's Senate reconciliation bill—S. 2062—by encompassing those provisions of S. 2062 that have not already been included in H.R. 4169.

In some of those provisions, the Senate will recall, we clearly indicated when we adopted House Resolution 4169 we would have a later opportunity to make the changes. We have done that here. I think the distinguished Senator from Florida raised that point with reference to a couple of the items that were not exactly as we thought reconciliation demanded, so they are in this amendment.

The bill affecting civil service and military retiree COLA delays and other provisions—signed into law last week; and those spending provisions in S. 2062 not already adopted in the Finance Committee amendment to this bill, which was adopted before the recess. In total these remaining provisions of S. 2062 result in deficit reductions of $2.6 billion.

This $2.6 billion is made up of two major provisions.

First, the amendment achieves $1.6 billion in additional pay raise savings, primarily by delaying payment of the military retiree COLA adjustment to each January 1, to be comparable with all other Federal and social security retirement payments. Currently, military retirees will receive payments on December 31.

The remaining $1 billion outlay savings is achieved through increasing the capitalization of the National Credit Union insurance fund. This would bring the ratio of equity to insured shares of this fund up to a level comparable with other Federal insurance funds. The Senate Banking Committee has recently reported this legislation, and it is a part of this amendment.

Certainly if there are those who wish to inquire into it, we shall have the chairman and others who are part of that answer those details.

The amendment now before us leaves out a few sections that I was hopeful we could get accomplished. It does not address concerns about the Small Business Administration disaster loans enacted in H.R. 4169. My distinguished colleague, Senator **Weicker**, outlined those concerns during Senate debate on H.R. 4169 on April 5. I simply say that unless the administration and Congress enforce the ceilings on SBA disaster lending—H.R. 4169 contains those caps and ceilings—the actual savings will not be achieved.

I must conclude by making it very clear that by supporting this amendment the Senate is doing more than the aggregate deficit reduction figures it suggests. Combined with the tax and spending measures already included, deficit reduction actions to date, and the resulting net interest savings, we will have a total balanced and responsible—and I would add realistic—deficit package and using the baseline that I described it will be at least $144 billion. It is a start. I am firmly convinced, all things considered, it will send an important and significant message—and indeed our country will receive it as such and the financial markets will receive it as such—that the Senate will not be paralyzed into inaction as could be the case. We will avoid gridlock on a budget that I have feared for the last couple of years. That fear was growing this year, and I assumed there would indeed be a budget gridlock with no consolidated effort. Rather I anticipated pieces of legislation spread out over 7 or 8 months, probably lending themselves to a less significant package and less balance than is contained in this amendment.

Mr. President, have I used the 15 minutes that I yielded?

The PRESIDING OFFICER. The Senator has spoken for 15 minutes.

Mr. DOMENICI. I thank the Chair. I yield the floor at this point.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. CHILES. Mr. President, I should like to first acknowledge the kind remarks of the distinguished chairman of the committee, the Senator from New Mexico, by telling him I am happy to be back. I appreciate his concern and the concerns so many Members of this body and staffs raised about the welfare of Senator **Johnston** and myself. We are happy to be back.

Mr. President, I also take this opportunity to congratulate the Senator from New Mexico for the dedicated work he continues to do in the budget process. I was crusading for the Budget Committee to have the chance to consider the budget package, and, all of the parts of this plan. Much of it had been worked out in meetings between the Republican Senators and some of the Republican House Members and the administration. We were finally successful in following the process. I think we held good hearings, and had a good markup session. It did not take too long, yet all members were able to express their views. At the conclusion, the majority, under the able direction of the chairman, was able to vote out their package. It was a narrow vote, but it was successful and that is the package that we now have on the floor. I, therefore, appreciate that we did have the opportunity to go to the Budget Committee, where I think our work should be done, and we have duly reported out something from the Budget Committee to the floor.

Mr. President, I want to take a few minutes to talk about a procedure that we are now embarking upon because I think it is one that does have some peril to it. We are talking about a course that changes the way we have done business in the past and perhaps is something that could set some precedents that members of the majority as well as members of the minority might live to regret. We are talking now about amending a minor revenue bill from the House, the so-called boat bill, with the package that has come out of the Budget Committee, part of which is in the nature of a reconciliation. It is expected that the Parliamentarian may rule, upon the adoption of that amendment, that the minor boat bill has taken on the characteristics of a reconciliation measure. Therefore, it would be under the Budget Act and would be entitled to all the strictures the act imposes. Historically, I think we have to realize that when we created the Budget Act we adopted, some restrictions to the act that completely changed the way the Senate ordinarily does its business. We changed the rules of debate. We changed the time requirements. We changed the procedures in regard to germaneness which are normally followed under Senate procedure.

The reason we did that, Mr. President, was because we felt it was going to be necessary. This budget process was so important that we wanted to make sure that someone could not unnecessarily delay it. We wanted to be able to get up a budget resolution that the Senate could work its will upon, and that could then be combined with the work product from the House to govern and control our spending.

At the time we were devising those extraordinary powers I do not think anybody contemplated we would be working from a future year into a past year. I do not think anybody contemplated we were going to perhaps be waiving germaneness by a vote of 51, a bare majority, and I know no one at that time thought we would have substantive legislative changes made as a part of reconciliation. We now see that has happened. We have a bad precedent. But, Mr. President, to add to that bad precedent by going in this direction and attempting to waive germaneness with 51 votes is something on which I want to raise a warning flag. I hope, before we reach that point, both sides of the aisle will work out an accommodation that we will proceed along the lines of a unanimous-consent agreement rather than attempt to waive germaneness in this body. I think waiving germaneness would be a procedure we would all rue once it had been established because it would be available in the future then for whomever had a majority in this body. And history tells us that one party does not control this body forever. We on this side of the aisle had the feeling that we would control for a long period of time, but we had an awakening.

Mr. President, I raise that issue because as we go forward with this debate I hope the leadership will be conferring on both sides of the aisle. I hope there will be an attempt to work out an accommodation so that if there is going to be a package, that package will be something we go forward on with a unanimous-consent agreement from the body rather than establishing bad precedent.

Mr. DOMENICI. Will the Senator yield?

I take it the Senator is going to move to another subject. I want to comment on the one he just addressed.

Mr. CHILES. Yes; I yield.

Mr. DOMENICI. Indeed, I do not intend at all in this comment to be argumentative. Basically, I just would like, since the Senator was not here when I made my original opening remarks and certainly there was no reason for him to be, to comment on where we are and where we will be until we have adopted this amendment or the amendment amended.

As I understand the parliamentary situation and the leader's request, there is nothing about the pending amendment, I say to the Senator, as to time or germaneness requirements, nor are any waived in terms of it.

It is expected that all competing amendments, substitutes, appropriation amendments, medicare amendments, and anything else will be dealt with.

I say to my good friend from Florida that they will not be dealt with in the framework of measuring their germaneness or their relevance under the Budget Act and reconciliation, but under the normal rules of the Senate.

There is some indication that at some later date, later in the process, there may be a desire on the part of the leadership to move to reconciliation, but I assure the Senator that we are fully aware of the points he has raised.

The Senator is correct: We had a budget markup the week before the recess. Clearly, it was the desire of the Senator from Florida and others that we do that before we take up this kind of amendment.

In addition, there was genuine concern on the tax bill about reconciliation. As the Senator knows, that was done in the normal process. That is why we were here until 5 in the morning—not that we have not been late on a reconciliation bill. That 20 hours frequently takes 2 weeks, as the Senator from Florida knows. There are no germaneness inhibitions, no time inhibitions, unless and until the Senate agrees to them, as to this amendment and the amending process.

Having said that, I want the Senate to know that converting a House bill to reconciliation is neither a new precedent nor a procedural maneuver to limit debate or qualify amendments. I am not suggesting that we are there now, but the Senator indicated that it might be some kind of precedent. It may be precedent-setting in some other respect, but the precedents for converting a House bill to reconciliation are at least twofold.

One was H.R. 5559, in the 94th Congress. That was when we were not in the majority. As the Senator indicated, this has a tendency to switch, at least in the last few years. That was in 1975, the first reconciliation bill ever. We converted H.R. 5559 to a reconciliation bill.

The second time was in 1982, in the 97th Congress, under the majority leadership of Senator BAKER. H.R. 4961 was the Miscellaneous Revenue Act, and it was converted to reconciliation. As the Senator from Florida knows, it then became known as TEFRA, the reconciliation tax measure.

So, while the Senator's arguments are correct with reference to not seeing reconciliation used more often than it should be and in situations that are less than desirable and that do change the rules of the Senate and make it easier to get things done with the 51-vote rule, I merely suggest that the aspect of converting a House bill has already been established by the majority when it was Democratic and the majority when it was Republican.

Nonetheless, that is not before the Senate at this point, and clearly it is up to our leader and others to decide when it might be requested with reference to this particular amendment.

Mr. CHILES. I think the Senator is correct.

In my remarks, I pointed out that this time I was raising the warning flag, and that I hoped we would not set a precedent by waiving germaneness with 51 votes.

I also started my remarks by saying that I was pleased that we have gotten to the Budget Committee. I am pleased that we are now operating in this amending process under the normal Senate rules in which we do not have time constraints and do not have germaneness constraints.

I was simply raising the caveat that I hoped we would be very careful before we changed that procedure, and I hoped that the leadership on both sides would confer, and that even if it were necessary to go forward with the reconciliation package, we try to do that by a unanimous-consent agreement, rather than setting a precedent of going forward with a bare majority vote.

Mr. President, I have a few opening remarks about the amendment before the Senate. For the first time, in the amendment before us, we are talking about spending caps.

In order that everyone will understand, these would be binding restrictions placed upon the Appropriations Committee, against which, if they were breached, points of order would lie. It would become possible to strike down appropriations. That is new. We have not had binding caps before. We have not had these binding procedures.

The Budget Committee has had problems with other committees in the past. We have had some problems with reconciliation, where we have instructed committees that they had to make certain savings. We have had problems with the Appropriations Committee where we have set overall spending limits. Prior to this, the Appropriations Committee could adjust those spending limits as they desired.

I will say that the process has matured. In recent years, the Appropriations Committee has done a much better job in following the general directions—not of the Budget Committee, but the general direction of Congress. We had set certain funding totals for different functions of Government, such as defense, such as public roads and highways, and such as public education. The Appropriations Committee has been following those. They were set not by the Budget Committee but by Congress, after a vote on the budget resolution.

However, this would go further and would say, for the first time: "You can't depart from these figures. You can't spend more than these figures allow."

So, given the fact that we have these caps, I think we want to examine them. I hope the Senate will examine them, and I hope the people will understand the areas we are talking about capping.

What are we dealing with here? First, we are dealing with all the nondefense discretionary programs of Government, and by that we are leaving out the so-called entitlements, those that are set by formulas, programs such as social security, and programs in which the people have a right to make a claim against the Government, based upon their age, their income, and other criteria. Those are the so-called entitlement programs. We are not dealing with those.

In dealing with our normal programs for which we appropriate, excluding defense, the plan before us now calls for a freeze on most programs to last year's spending figure, for the first year, and then a 5-percent growth for the next 2 years.

There are savings I think all of us know can be made in these discretionary programs. There are savings we should make. But when we make a freeze and we tell the Appropriations Committee that we have frozen those programs, then I think we get into an area in which we are going to have some problems. Are we going to freeze all the law enforcement programs? Are we going to freeze aid to dependent children?

That means, of course, that there could be no increase for inflation, no increase based upon the fact that there are changing numbers of employees. That would limit the ability to adjust these programs. We hope to present a plan, which we will discuss in more detail tomorrow, that will allow some flexibility in that regard.

That would mean cutting personnel in our VA hospitals, in our scientific research, in education for the disadvantaged, and in job training. In order for those people to be able to take a freeze where the vast majority of their payroll is in personnel, they would simply have to reduce their personnel and that would cut their programs.

In addition, though, Mr. President, what I wish to talk about is suddenly in this capping process there is a different standard applied to defense. And remember the theory of the cap is that we are afraid the Appropriations Committee will spend more money in these areas than we want them to spend and we need to put some kind of restrictions on the Appropriations Committee. We assume they will not follow the general direction of Congress in its resolution, although they have over the last several years. But the notion expressed here is that we do not trust the Appropriations Committee and we do not think they will follow it, so we are going to make this a binding freeze.

What else is in here? There is a cap on defense. When I look on that cap on defense, Mr. President, I do not find that to be a moneysaver. That cap on defense is a little bit different than I find in these other areas. That so-called cap on defense adds more than we were spending last year, and we were spending last year at a 5-percent increase in real terms, 5 percent more than the inflation over the year before. But in addition to that 5 percent, we see additional money.

We are told in the opening remarks of the distinguished chairman that there are some savings in defense. I think we have to examine that more closely. Where do these savings come from? These savings come from the President's wish list for defense. That is what he would have liked for defense this year. It is continuation of what his wish list was last year. Congress did not give him that wish list last year. We held him to a 5-percent real growth, more than we had any other program growing, and defense is probably going to grow more this year than we have any other program growing. But the President's wish list was not 5 percent in addition to inflation; it was 12 or 13 percent.

So now, the chairman says we have cut defense because we are not going to give the President his 12 or 13 percent; we are only going to give him 7 percent, so he is not going to get as much as he wished for. That is supposed to be a cut in defense.

Now, I hear the talk that we did not spend the full 5 percent, that the Appropriations Committee that we are so afraid of and want to cap, saved more money last year than we told them that they had to save. They did not spend as much on defense as we have allowed them to spend. They saved some money.

But now we are saying that we are not going to start from where they left off last year. Oh, no. We are going to start back from where the President's wish list was. Yet we are not doing that for any other program, Mr. President, where we saved billions of dollars in the other discretionary programs. Just in education we saved $2.5 billion. But we are not starting off from there. We are starting back to where we actually left them last year.

So we find in here that we have sauce for the goose but not sauce for the gander, depending upon the program. I think as we examine this amendment we find that the reason for the cap evaporates if we are saying the cap is intended to target savings. The cap actually puts defense at a higher figure, 2 percent higher than we actually appropriated the year before.

So rather than locking in savings, it is almost an effort to direct that we are going to spend more.

Now, granted the Appropriations Committee, thank goodness, in its wisdom, could elect to spend less than that 7 percent if they so desired. I trust they would exercise that wisdom.

But it is hard to find the real reason for these binding caps which would permit points of order to be raised by any Members of the body to knock down appropriations and see that those caps will be binding in areas that cover all of the domestic areas of Government. The reason it is hard to see is because, when it comes to defense, we have actually added more than Congress spent last year, and more than I think it is ultimately going to spend this year.

Mr. President, we must finally determine how do we really compare plans? How do we really determine what the numbers are? How do we determine what our savings will be? That is difficult. It is difficult for us in Congress. It is certainly more difficult for the lay people outside who are trying to understand it.

In order to make some kind of order out of the chaos, to try to set a common yardstick or a common set of denominators, we established the Congressional Budget Office. They were to be the professional moderator, tempering the claims of Presidents with unbiased analysis. CBO was not to be a partisan. It was to be highly professional. We were going to allow them to set the standard of measurement. They were to be a kind of National Bureau of Standards. On budget matters CBO would determine the length of a yard. They would set up a neutral and objective system of weights and measures, so that their numbers could be the basis of comparison.

Now, I think on this side of the aisle we have continually tried to use those numbers. We have continued to try to say we will allow CBO to set those rules of the game and we all play from those rules.

But there is something about Presidents who do not want to follow those rules. And I will have to say Democratic Presidents in the past have sometimes tried to sidestep the rules of CBO, so it is not something unique to Republican Presidents. No President enjoys CBO rules. Presidents want to make up their own budget rules.

But Congress should use those rules, and observe those rules. We would be better off starting from there.

If we use those rules to examine the plan now before us, we see a plan that comes out entirely different than if you calculate from the President's wish list and what the President says.

Then we find the President's plan does not have the $150 billion he claims. This is to be a 3-year plan. Do we not have to ask ourselves the question at the end of 3 years if we adopt this amendment how much better off will we be, how much money will we have saved?

The Congressional Budget Office says that we will save $89 billion if we adopt this plan without any amendments. We will save $89 billion over 3 years.

I hear this plan described as saving $150 billion. That is difficult for me to understand. I know it is a heck of a lot more difficult for lay people to understand. But I want everyone to know that the National Bureau of Standards that we created, the Congressional Budget Office, the nonpolitical professional budget office, says $89 billion. That is the same office that says defense will not grow at the 5-percent rate claimed by the White House, but rather at 7.2 percent. That is a 7.2-percent increase in defense over 3 years, in addition to inflation. And we are supposed to bind that into caps, Mr. President, because we are concerned about spending and we want to be able to lock this in so we are not going to have any more spending. The trouble is we are actually raising military spending in this particular plan.

At an appropriate time we will put a plan on the table that we think will make at least $150 billion in savings, $150 billion off of the National Bureau of Standards yardstick, real savings. It would actually reduce the deficit and give us a chance to sustain this recovery. But we will discuss this in greater detail at another time.

Why are these figures important? Well, I think they are important in the context of realizing that all of the witnesses that appeared before the Budget Committee—whether it was the Chairman of the Federal Reserve System, Mr. Volcker; whether it was the head of the Congressional Budget Office; or whether they were economists, almost all that have appeared before us, whether they be conservative or liberal economists—they all told us we had to seriously cut the $200 billion deficit. They said we had to take enough of a bite out of it this year to keep the recovery going. They knew it was an election year, but they cautioned the job had to be done. And that is why we have spent as much time on the floor with the tax bill, why we have spent our time in the Budget Committee, and why we will debate in the next few days in this Senate Chamber. We have got to do something. We must make deficit reductions of at least $150 billion, and show, at the end of 3 years, that the deficit is going down and not going up.

Well, if we want to apply that yardstick to the plan before us, we see that the deficits go from—the deficits would go from $180.7 billion in 1985 to $203.5 billion in 1987.

Regardless of what standards you want to apply—and this same trend will be there regardless of whose numbers you use—those deficits are not going down; they are going up. That is the worst signal that we could send. That is not the signal that we want to send to Wall Street, to the financial brokers and to the people that are making decisions on interest rates. That would be the worst of all signals. And that probably is the signal that would say we will not have a chance to come back after the elections in 1985 and fix this before the economy goes off into another downspin.

That I think is going to be the key and the crux of our discussions today and tomorrow and until we adopt this plan. How can we unite the Senate in a meaningful deficit reduction plan? I have no pride of authorship in any plan and I hope no Democrats do. But I want to see that we produce some package that makes the deficit smaller in 1986 than it was in 1985 and smaller in 1987 than it was in 1986. That is the most important signal that we need to send.

I look forward to working together to make this reduction. I think that this will be a healthy debate for the country. We do have an opportunity to make a real reduction.

Mr. DOMENICI. Mr. President, was the Senator from Florida finished?

Mr. CHILES. I am happy to yield for a question or yield the floor.

Mr. DOMENICI. I just wanted to comment, so I do not need the Senator to yield. If the Senator is finished, I will seek recognition.

The PRESIDING OFFICER (Mr. ABDNOR). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me say that I hope in the days to come we can debate with more specificity and with more details as to what these various plans are going to do. But let me make sure that my colleagues understand a few of the realities.

First of all, my good friend from Florida, the distinguished ranking minority member of this committee, has a plan, a program, an approach. And so we will have it all in perspective as to how things are growing and how things are not growing, I will just give you a number. If Congress does what he asks in the military, it will go up between $26 and $30 billion next year. And if they do what he asks for the domestic appropriated accounts, they will go up between $5 and $6 billion between this year and next. So it is pretty obvious to me that whether it is this plan or the plan suggested by the distinguished Senator from Florida, the domestic appropriated accounts have gone up very small, if at all.

Likewise, I am concerned about the domestic appropriated accounts. I have been concerned on a regular basis, but I would just point up a couple of differences. Since we are talking only about what the good Senator from Florida might offer as a Democrat plan, maybe not even officially theirs but at least the one he has been talking about, let me tell you what happens to the domestic appropriated accounts. If I read the plan right, it goes up a total of 6 percent over 3 years—2, 2, 2. And there are no mandatory caps.

If you look at ours, it goes up over 3 years 10 percent, not 6. And they are mandated. Zero, 5, and 5. So we have some ceilings and some caps in the outyears. I understand the need for flexibility in some of the accounts in the first year. Maybe that is the reason for the 2 percent.

But, so there is no misunderstanding, a reading of the amendment that we offer clearly indicates that as part of this appropriated freeze, the entitlement appropriated accounts are exempt. So we surely do not want to send a message out there that we are freezing food stamps against an entitlement law or that we are freezing SSI, both of which are means tested programs, or that we are freezing AFDC, or that we are freezing any of the programs like that even in the first year. They will get their substantive increase as prescribed by current law. And only those accounts that are truly appropriated and not appropriated entitlements will have the freeze and then the 5 and the 5.

Having said that, I think we will have ample opportunity to discuss that in more detail as to what it really means, but I would argue again that the full appropriated amount is left within the discretion of the appropriators and we use the high side of 1984 as the 1985 freeze. We assume all the supplemental appropriations would be adopted.

Clearly, the Senator makes a point. Those accounts that are heavy in personnel would be those that I would assume the appropriators would look at very carefully and be most willing to provide some increase. And those with very small personnel, maybe major grants with very little personnel, maybe they would cut those a half a point so that you could increase those with heavy personnel.

The total difference is somewhat between $3 billion and $4 billion in budget authority more than will be there for the appropriators under the amendment that is before you versus the amendment that the distinguished Senator from Florida might suggest in his approach as to being perhaps more fair.

Now, I want to repeat, there is no effort whatsoever to be misleading, to use a set of figures or baselines that we should not be using. I have clearly stated to the Senate that we will give them both numbers and both numbers are here. We do not need some outside bureau to tell us that.

If you use the hybrid that the U.S. House has used marking off the President on defense and the remainder from CBO, you get $144 billion. If you use CBO across the board and not defense at the President's level as used by the U.S. House, you get the number the Senator has described, $89 billion.

I do not know which is real. One is assuming steady as you go, using Congressional Budget Office estimates of last year. The other is using what the President said he wanted in defense, which is substantially less than he wanted last year, but nonetheless more than we had provided, and we marked off of it. The House did the same, I repeat. We have both numbers that we will submit to the Senate as part of the CONGRESSIONAL RECORD so everybody can take a look.

Mr. President, I ask unanimous consent that a table showing the two deficit reduction estimates appear in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SUMMARY OF CHANGES FROM BASELINE IN FIRST BUDGET RESOLUTION AS REPORTED BY THE SENATE BUDGET COMMITTEE

[In billions of dollars]

	Fiscal year—				Total fiscal years 1984-87
	1984	1985	1986	1987	
Revenues:					
Baseline	663.0	733.0	794.9	863.5	
Proposed increases	+2.4	+10.7	+16.1	+19.1	+48.3
Reported resolution	665.4	743.7	811.0	882.6	
Outlays:					
Baseline[1]	855.7	939.7	1,029.9	1,132.5	
National defense		−6.0	−16.0	−18.2	−40.2
Entitlements and other mandatory programs	−0.1	−4.6	−5.6	−9.2	−19.4
Nondefense discretionary programs	−0.1	−3.1	−5.6	−7.1	−15.9
Net interest	−0.1	−1.6	−5.3	−10.8	−17.8
Offsetting receipts		+(*)	−1.0	−1.1	−2.1
Total outlay savings	−0.3	−15.3	−33.5	−46.4	−95.4
Reported resolution	855.3	924.4	996.6	1,086.1	
Deficit:					
Baseline[1]	192.7	206.7	235.0	269.0	
Proposed changes	−2.7	−25.9	−49.6	−65.5	−143.7
(Proposed changes assuming CBO baseline for defense)	(+0.6)	(−16.5)	(−31.5)	(−41.7)	(−89.1)
Reported resolution	189.9	180.7	185.6	203.5	

[1] Assumes CBO baseline for nondefense and President's budget request (not reestimated by CBO) for defense, plus interest adjustment to take account of the defense change. This baseline is consistent with the baseline used by the House Budget Committee in its markup of the First Budget Resolution which was subsequently adopted by the full House of Representatives.

(*) Less than $50,000,000.

Note.—Details may not add to totals due to rounding.

Mr. DOMENICI. Mr. President, I would also make two other observations. When we speak of another plan of getting the deficits down rather than leaving them the same in the outyears, or permitting them to rise slightly—and let us say such as the plan proposed by the distinguished Senator from Florida—let everybody know that there really are only two slight differences. He provides 2-percent growth in budget authority in the domestic accounts for the first year and we freeze. He provides $33 billion more in taxes than was voted in on the floor of the Senate in the tax-raising bill that was before us, and, from what I can tell, reduces defense in budget authority about $9 billion in the first year over what we have provided.

It is very easy to see the differences. That is how you get what is described in the one case as a significant deficit-reduction plan, and the other one described as something that really will not have any impact. We can go into more detail tomorrow. Before I leave the floor today, I will do my best to insert additional information in the RECORD on the amendment, in the context of the total leadership plan, how it looks, and the assumptions that are used in terms of each of the various functions of Government, how they might be affected taking into consideration at all times that clearly they are supposed to do that in the appropriation process, as they do with the budget resolution.

Mr. President, I ask unanimous consent that supporting descriptive material and a table appear in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REPUBLICAN LEADERSHIP PLAN

REVENUES

Assumes $48.3 billion in revenue increase in FY 1984-87 now pending on the Senate floor. The Deficit Reduction Act of 1984, an amendment now being debated, includes provisions related to deferral of certain tax reduction measures, tax-exempt leasing, certain corporate tax provisions, partnership provisions, depreciation and other accounting changes, excise tax, capital gains, changes to the earned income tax credit, and other miscellaneous revenue provisions.

DEFENSE SPENDING

National defense spending would be reduced by $56.8 billion in budget authority and $40.2 billion in outlays below the President's request, (or $7.2 billion in outlays above the CBO baseline for four years). Assumes a real growth in national defense expenditures averaging 5.6 percent annually over the period FY 1985-87 using CBO assumptions. Return defense spending to less than 7.2 percent of GNP, and 30.4 percent of estimated total federal expenditures in FY 1987.

NONDEFENSE SPENDING

Assumes $37.4 billion in non-defense spending savings over the period FY 1984-87 through a number of provisions as follows:

Assume savings in the Omnibus Reconciliation Act of 1983 (H.R. 4169) adopted by the Senate on April 5 and awaiting the President's signature.

Assume spending savings provisions in S. 2062, the Omnibus Reconciliation Act of 1983, that were not included in the recently passed House bill (H.R. 4169). This includes veterans provisions, civilian pay raises, military retirement accounting procedures, and small business provisions.

Assume savings in the Agricultural Programs Adjustment Act of 1984 (H.R. 4072) recently passed by both Houses of the Congress and being signed by the President today (April 10).

Assume S. 2522, a bill recently reported by the Senate Banking Committee that would decrease outlays in FY 1985 by increasing the capitalization of the National Credit Union Insurance Fund.

Assume a one-year freeze on all non-defense discretionary programs. For FY 1985 aggregate budget authority for these programs would be set at their present FY 1984 levels. After FY 1985, this aggregate budget authority would be adjusted for inflation as contained in the CBO economic forecast.

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1985 AS REPORTED BY THE SENATE BUDGET COMMITTEE

[In billions of dollars]

		Fiscal year—			
		1984	1985	1986	1987
050: National defense	BA	265.3	299.0	333.7	372.0
	O	237.5	266.0	294.6	330.4
150: International affairs	BA	21.0	15.2	16.3	17.1
	O	12.0	13.0	12.2	12.5
250: General science, space, and technology.	BA	8.5	8.5	8.6	8.9
	O	8.3	8.4	8.5	8.7
270: Energy	BA	3.0	4.1	4.0	4.0
	O	3.0	3.8	3.9	3.8
300: Natural resources and environment.	BA	11.6	11.6	12.0	12.3
	O	12.3	11.7	11.8	11.8
350: Agriculture	BA	4.5	15.6	14.5	13.4
	O	10.4	15.8	14.4	13.2
370: Commerce and housing credit.	BA	5.6	6.4	6.3	7.7
	O	4.0	1.6	2.2	3.4
400: Transportation	BA	29.3	28.8	30.0	31.1
	O	25.7	26.9	28.4	29.5
450: Community and regional development.	BA	7.2	6.9	7.5	7.8
	O	7.7	8.2	8.0	8.1
500: Education, training, employment, and social services.	BA	31.3	28.9	30.2	31.5
	O	28.1	29.0	29.3	30.4
550: Health	BA	31.7	32.4	36.2	39.0
	O	30.8	33.5	35.8	38.5
570: Medical insurance	BA	62.5	71.5	84.2	99.9
	O	59.9	67.1	74.1	83.1
600: Income security	BA	118.4	145.1	154.9	164.4
	O	97.1	113.2	119.0	124.3
650: Social security	BA	175.0	199.8	215.9	229.1
	O	179.4	190.3	202.7	217.1
700: Veterans benefits and services.	BA	26.1	26.8	27.0	27.6
	O	25.8	26.2	26.7	27.3
750: Administration of justice	BA	5.9	6.1	6.2	6.3
	O	5.9	6.0	6.2	6.3
800: General government	BA	5.3	5.6	5.8	5.9
	O	5.5	5.4	5.6	5.8
850: General purpose fiscal assistance.	BA	6.8	6.4	6.4	6.7
	O	6.8	6.4	6.4	6.7
900: Net interest	BA	109.6	124.9	141.4	160.4
	O	109.6	124.9	141.4	160.4
920: Allowances	BA	.7	.8	2.0	3.1
	O	.7	.8	2.1	3.3
950: Undistributed offsetting receipts.	BA	−15.2	−33.8	−36.7	−38.5
	O	−15.2	−33.8	−36.7	−38.5
Total	BA	914.1	1,010.6	1,106.4	1,209.7
	O	855.3	924.4	996.6	1,086.1
Revenues		665.4	743.7	811.0	882.6
Deficit		189.9	180.7	185.6	203.5
Public debt		1,596.2	1,843.3	2,105.3	2,394.9

Mr. DOMENICI. Mr. President, having said that, let me suggest there is a major departure from past precedent. The Senator from Florida has properly arrived at it with 3-year gaps, appropriated accounts of zero, 5 and 5 at a total of 10 percent growth. That is different. It is clear that if that was carried out by both bodies and signed by the President, it would have a significant impact. It would be much stronger than the outyear budget resolution recommendations. While it would not be reconciliation, it would be a substantive law of the land to be enforced by a point of order raised by any Senator if and when the cumulative totals prescribed are exceeded either in defense or in the domestic appropriated accounts.

There are many other plans, four or five others that will be offered I hope before we finish. I think it is easy to see the significance of all of them. They are all measured off of the three packages—the taxes, the defense, and the rest of the Government. We break that out into entitlements and nonentitlements as we look at some of the plans in that some do far more with entitlements, like social security and medicare and the like, than does this particular approach.

I do not think that anybody has a major reduction package that they can stand up and say dramatically reduces deficits in the future years of 1987 and 1988 unless they have in turn cut substantially defense, raised taxes substantially, or treated the entitlements such as social security and medicare pensions in some very dramatic way such as no increases for another year, or cuts. You just cannot get dramatic deficit reductions without doing that.

My last comment has to do with what deficits are—the real deficits. I hear it said that the hybrid number is yielding deficit reductions that are not real, and nonetheless, as I see it, the deficits that we show are the same whether we use the hybrid line or another, if we actually treat defense that way and the rest of Government the way we have indicated. But there is one thing that is different in addition to the different plans; and, it is what are the real economics that we want to apply. I want the Senate to know that we, in our numbers, have changed nothing from the CBO numbers in terms of economic assumptions, although I will with no reluctance tell the Senate that I think they are wrong. I think the deficits are lower.

I will give you one example. We are using growth in the first quarter of 5.4 percent, and we just received the final on it. It was 8.3. There are some others that are different, including unemployment, and they yield better deficit numbers; that is, less deficit numbers in the outyears. I do not know whose is real. I think as long as we understand what assumptions we are working under, each of us can assume that we are going to pick the one we prefer, and that we think is most right. But there is no fudging of the substantive numbers. Merely, you can pick your set of assumptions, and we will try to give you two at least—the ones we think are most relevant, and then CBO's as prescribed.

I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, out in the real world where people do not know whether deficits are based on the actual baseline or a projected baseline, whether or not we are working with hybrids or something that is normal, where they have never heard of the CBO let alone the dispute between the CBO number and the President's numbers, where they are not sure whether or not these figures are relevant or irrelevant, the reality out in that part of life where most of us have been for the last week or 10 days is that people are scared to death. They know that these deficits threaten not only the recovery but, in a much more fundamental sense, the economic future of this country along with many of the things that we have taken for granted almost as the American way of life.

Interest rates are fully 2 points higher than they were this time last year. Unemployment, although it is lower than it has been, shows some signs of again becoming a problem. Many of us feel that inflation is far from dead but, in fact, is only asleep, and probably will come raging back at an early date, maybe as soon as later this year or possibly in 1985.

Mr. President, we have a very, very serious problem. The fact of the matter is that Congress has not dealt very responsibly with it any time since most of us can remember. I do not know how many Keynesians there are in the room, nor how many supply siders, nor how many hardnosed budget balancers, nor how many monetarists. I happen to consider myself in three of the four categories I have just mentioned. It does appear to me that the insights of supply-side economists are, in their main essence, correct; that, if you give people an incentive, they will produce something, and if you cut taxes, it is likely to stimulate investment in productive job-creating activities. That, in essence, I think is the point which the Senator from New Mexico was making when he pointed out that the recovery is very strong; in fact, stronger than was expected.

I also consider myself to be something of a monetarist in that it is clear to me that Milton Friedman and the others who point out the relationship between the growth of the money supply and inflation are on to something. Dr. Friedman, Howard Reischaver, and a lot of others, who are less renown but probably equally on target, point out the money supply has been growing very, very rapidly, and that at an early date we may expect this will result in a large increase in the Consumer Price Index for the simple reason that increases in the money supply followed by a brief lag time has evidently always resulted in large increases in inflation.

What has all that to do with the deficit? In the opinion of many of us, there is a direct relationship between the size of the money supply increase and the deficit because the Federal Reserve is accommodating the deficit in establishing the money supply growth.

As for the point of view of hardnosed budget balancers, I guess those counsels have not been taken very seriously in this Chamber, or in the other body, for a good many years because obviously the situation has been growing worse rather steadily.

The interesting thing about all of these economic schools of thought—

that is Keynesians, supply siders, monetarists, and budget balancers—is that they all at least on occasion seem to imply that, if their pet theory were put into effect, suddenly everything would be predictably very good for the economy; that, if only according to one school of thought or another we were to adopt certain measures, the economy would stabilize and begin to grow, unemployment would go down, prices would level off, and we would have a growing, thriving, prospering United States.

In that respect most of the schools of economic theory agree, and with that I respectfully disagree. Even if we did absolutely everything right in this body, even if we adopted the economic policies which were best calculated to enhance the prosperity of the future of this country, we have to face the fact that what happens in the American economy is very, very heavily impacted by developments over which we have no control whatsoever. That is to say things that happen beyond our borders: wars, rumors of wars, threats of wars, changes in oil prices, the possible collapse of foreign countries or foreign banks, favorable or unfavorable balance of trade and payments. All of these have an economic impact on the future of this country and really are beyond the control of anything that the Congress may do.

Having said that, however, and having made it clear that I do not think we have totally under control to any finite degree the economic future of this country, it is hard for me to imagine how the Congress of the United States could have behaved with greater irresponsibility over the last 4 or 5 years than in fact we have behaved. I do not say this in any partisan sense because it appears to me that both parties bear a heavy degree of responsibility for the course we have followed, a course which has resulted in colossal expenditures, very rapid increases in the rate at which money is being spent, and deficits of a magnitude which were just undreamed of a very few years ago.

I am not going to quibble with the Senator from New Mexico, the Senator from Florida, or anybody else about how big the deficits are going to be in the future. But one thing we do know is the deficit this year is going to be around $200 billion. Some people think it is going to be $200 billion the next year and the year after that and every year in the future as far as the eye can see. Some, in fact, estimate that the gap between revenues and expenditures is growing wider, that the deficits will grow larger, and that by the end of the decade, if we do nothing, they will probably be bigger than they are today. Others, as the Senator from New Mexico, have pointed out that maybe the gap is beginning to narrow and at some point in the future if we do nothing the deficit will get smaller. I am not sure that is true.

In any case, the assumption that we can go on as we are and let things play out over 4 or 5 years without suffering some kind of collapse, without inviting economic stagnation, without suffering a very large increase in inflation, the interest rate and unemployment, without, in fact, bringing our whole economy down around our ears, I think is absolutely tempting fate. To make such an assumption, to behave in this Chamber as if we can let these deficits occur, I think is playing Russian roulette or something worse with our national economy.

So, Mr. President, it is clear to me, and I think it is increasingly clear to a majority in this Chamber as it is to thoughtful men and women around the country, that the moment is here when we have to lay aside political considerations, when we have to be willing to take some chances in order to get spending and revenues balanced up.

I think for many of us it is even time when we have to be willing to say that there just are not any more sacred cows in this process. For someone like me who thinks it is important that we maintain a high level of national defense, it is time for us to make some cuts in the defense budget. I say that very reluctantly, because I am convinced that the peace of the world depends in large measure upon the defense preparedness of this country. But there is also some point when the threat to our economy grows so serious that it also becomes a national security threat, and I think we have reached that point and beyond. Therefore, I am ready to make some cuts in the defense spending pattern that I was never ready to make before.

There are many of us who think that these large deficits are blamed properly and totally on a runup in spending which is just without reason; that we are not undertaxed but, in fact, overspent. That is my belief. At the right time I will be prepared to speak to that at some length. I personally think we can balance the budget entirely by relying on spending restraints, by cutting back the rate of increase in most or all Government programs, and actually making reductions in the year-to-year spending pattern in some.

I do not think we need a tax increase, and yet I am convinced that the situation has grown so serious, that we are so close to the edge of economic disaster in this country, that I am not going to let tax policy be a sacred cow either. For that reason, I voted in committee and again on the floor with the majority to adopt a package of what were termed, I guess, loophole closings and revenue enhancements but which, in fact, by their proper name, are an increase in taxes. I did not want to do that. For the same reason that I am ready to entertain cuts in defense, I am ready to entertain increases in the revenue base.

I hope all Senators will approach the question which is now before us with the same kind of willingness to sacrifice pet ideas and pet projects and pet theories that I have just described, because I really think the situation that is before us is very serious. This may be one of the very last clear chances we have to solve this problem.

We have an election coming up and I do not know how often we are going to come back to this issue between now and election. But I sense that in the next month or 6 weeks, in the debate on this bill, on the budget resolution and on the debt limit increase which will be coming presently, we are going to make all the decisions we are going to make that will have a chance to affect the national and international economy during this year.

So it is now or never, or at least now or maybe not until early 1985. Between now and 1985 a lot can happen and my guess is that if we in a timed or pusilanimous way we will be back here a year from now with the economy literally coming down around our ears.

Mr. President, the notion which is contained in the measure which is recommended to us today by the Budget Committee which comes to the floor by a narrow margin of just one vote in the Budget Committee, and I was part of the majority that voted to recommend this measure even though I did not think it was the best approach, is the so-called downpayment plan. The essence of that plan is to say we have a huge problem. We have $600 or $700 billion in deficits facing us in the eye over the next 3 years and, therefore, we ought to get a start on it, we ought to make a downpayment on the problem and then come back after the election when presumably we will all be much more courageous and statesmanlike. That is, I think, an appealing idea, at least at the superficial level. The idea of making a downpayment sounds prudent.

It has the ring of what reasonable men and women will do. It says in effect we are going to approach this problem gradually, we are not going to do anything drastic, we are not going to be rash, we are not going to be precipitous. We are going to make a downpayment, such as a downpayment on a house, a step by step, methodical process.

Alas, my friends, it is not so. The downpayment in this case is not the kind of downpayment that will make the problem easier to solve at a later date but is likely to make it worse, because the downpayment is not as large as the ground we are going to lose between now and the time we will ever get back to this matter, say a year from now.

Maybe this downpayment is the best we can get. If it is, then I am going to vote for it again as I did in committee. But I am certainly hoping that the Senator from Florida, the Senator from New Mexico, or somebody is going to present some suggestion which will do more than just make a downpayment on this problem.

To give you some idea of what we are talking about—and I do not intend to quibble over whether this is $100 billion, $88 billion, $144 billion, depending upon whether you are using a relevant baseline, a CBO baseline, the President's baseline, or somebody else's baseline—whether we are talking about a $100 billion or a $150 billion deficit reduction is really not the point when you see the magnitude of the problem.

It should be measured against deficits of at least $600 to $700 billion over the next 3 years and total outlays in excess of $3 trillion.

Mr. President, to agonize under such circumstances over a so-called downpayment of that size, as if this were the maximum, as if it were in the words of one Senator the best we are ever going to be able to do, really confides how weak we are, how indecisive we are. In my opinion, it does not portray strength of purpose but, in fact, weakness of political courage.

There is a second thing about this downpayment idea that troubles me. That is the fact that it is very heavily backloaded.

Much of the debate over budget and tax issues in this Chamber finally turn on how we think our policy will be received by the country, particularly by those elements of the country which are influential in setting interest rates and making economic decisions on which, in turn, depend the economic vitality of our communities and the opportunities for working men and women to have jobs.

Specifically, it is often raised as an issue in this Chamber that such-and-such a proposal will or will not be favorably received by Wall Street—meaning not just that geographic part of New York City, but investors, those who have money to commit, the idea being that if we can convince them that we are serious about the deficit-reduction idea, they will then be willing to commit loan and equity funds at rates of return which are lower, knowing that if the deficits are lower, interest rates are likely to decline. But if they fear that the deficit-reduction package is not real or not certain enough or not proportionate to the nature of the problem, the justifiable fear that is often expressed in this Chamber is that investors will turn to ever shorter-term instruments, that they will demand ever higher rates of return, and that interest rates will be bid up; and as interest rates go up, the housing industry shuts down, the automobile industry shuts down, people are thrown out of work, the recovery stalls out and is finally smothered.

That is exactly what is happening right now, as I pointed out a moment ago. Interest rates are about 2 percentage points above what they were just 1 year ago. We are right at the point where the credibility of this package becomes crucial on Wall Street and on Main Street, with people who are making the investment and business decisions on which employment and prosperity depend.

What has that to do with the fact that the plan is heavily backloaded, as I described it? Very simple. Most of the savings in this downpayment plan are projected to occur not now, but after the election, next year and in the year after. My friends, people out in the country—economists, the heads of companies, the heads of large labor organizations, investors, security analysts—are not fools. They know that we are not really biting the bullet. They know that we are only making token reductions, even in the downpayment plan, in the current year; that most of the real savings are projected to occur in the future and that Congress may well, based on past history, not fulfill its undertakings in this measure; that the savings that we are projecting may not occur.

This brings me to the reason I wanted to arise at this moment, because what credibility there is in this plan—and I must say that I think it is limited, although I shall vote for it if it is the best we can get, after I have had a chance to vote for something else—rests upon the assumption that these caps on the appropriated accounts will, in fact, be binding; that they will be observed by Congress.

We all know that Congress can subsequently enact a new statute and thereby override the caps. We all recall that our dear friend and former colleague, Senator Byrd of Virginia, proposed and Congress adopted the so-called Byrd amendment, which required by law—it was a statute, not sense of the Senate, not a resolution, but a statutory enactment—that the budget would be balanced on and after such-and-such a date. But of course, every subsequent statutory enactment is to say, every appropriation bill—superseded the Byrd amendment.

How is the pending proposal different from that? In a very significant way. Even though I think it is flawed, it is significantly different from the old Byrd amendment.

The difference is that the spending caps make proposed appropriations bills and amendments subject to a point of order on this floor—not by functional subtotals, but in a very significant way, by subtotals based on defense and nondefense.

In other words, if you bring a defense appropriation to the floor that violates the cap, somebody can stand up and say, "I make a point of order." To my friends on the floor and those who may be listening in their offices, I say here is the point which I wish them to consider: What happens when the Chair rules that a particular appropriation violates the cap? That is, what happens when the Chair sustains the point of order? The answer is, according to the bill in its present form, that a waiver is permitted upon a vote of a majority of the quorum. In other words, 26 Senators could waive this allegedly ironclad guarantee that the second and third year savings in this backloaded downpayment plan will occur.

I do not think this is a very good plan to begin with. It is not big enough; backloading does not make sense. We ought to do better, if we were dead serious about it, facing $3 trillion in spending and $50 to $60 billion in deficit by anybody's estimate, if we are really serious, we ought to do better than $100 or $200 billion.

But if we are going to go ahead with this, surely we should make provision that the pending cap, on which this whole thing really hinges, will have a lot more solid foundation than something which can be waived by a vote of a majority of the quorum.

This came to my attention when I discussed the procedure under which such points of order would be entertained with the Parliamentarian of the Senate. I put this question to him: If a point of order is raised and sustained by the Chair, would it then be in order to appeal? Of course, he pointed out to me that it would be.

I then asked, would the point of order appeal be debatable? Here is another important distinction that I ask Senators to think about in preparation for the debate and amendment which is to follow: Under the Budget Act, the appeal on a point of order is only debatable for 1 hour. But if we enact a separate statutory provision as is proposed in this measure, it will be subject to unlimited debate. Therefore, if a point of order were sustained and appealed, a filibuster could ensue on the appeal and thereby, we could really be sure that, unless 60 Senators were prepared to vote to cut off a filibuster a point of order could be sustained, but it would be impractical.

Ah, but there is a loophole. The loophole is the waiver provision, which says that you can filibuster the appeal so there would never be an appeal. What there would be instead is a motion for a waiver, which could be passed on a simple majority vote.

Mr. President, I have not quite worked out how we ought to correct this, but it is apparent to me that if it is serious, if this is a plan that we are serious about, we should be prepared to make these spending caps on appropriations accounts more meaningful than that. I suppose that at the right moment, I shall offer an amendment which will either delete the waiver provision or in some way put the lid on this thing so we shall really know whether we are voting on something that is likely to have its intended effect. I should like to consult with other Senators after they have had a chance to consider this matter as to the exact form of the amendment, but something along these lines seems well advised.

The Senator from New Mexico made the point that we are not freezing everything in this legislation. He is absolutely right. We are not freezing the entitlement programs which many, including the Senator from Colorado, think is where we have to begin to make some progress if we are really going to solve this budget dilemma we face. We are not doing that here.

We are not really freezing defense. In fact, we are allowing fairly substantial increases in defense; increases I must say I would be glad to support if we were not in such a horrible budget crunch right now, because I think, by and large, our defense has been underfunded for a number of years. But these increases in the type of budgetary crisis, in the kind of economic dilemma we are facing, seem to me to be fairly generous and, in fact, perhaps as part of a package, I would vote to scale back that rate of increase. I would not like to vote for that just as an isolated instance, but if I got something across the board that was an improvement, I might do so. But we are not doing that in this proposal.

The whole essence, the whole—well, the beef, if I may use that colloquial term, because somebody is going to ask presently, where is the beef?—the beef in this proposal is the cap on the appropriations accounts, and I must tell my colleagues that the cap is not screwed on there tight enough to be really meaningful. Before we bring this amendment to a vote, I believe it should be repaired, at least to the extent of assuring that, once enacted, the cap could not be waived by vote of a majority of the quorum.

Mr. President, I am not going to say more at this time. As this debate progresses, I may have some more thoughts to share with my colleagues, and I no doubt will have, unless someone else comes up with something better, an amendment to remedy this obvious and glaring weakness in the plan as I understand it to have been presented.

But before I yield the floor, I close by saying a word of appreciation to the chairman of the Budget Committee, my colleague from New Mexico (Mr. DOMENICI). I have not spoken in glowingly complimentary terms about the proposal which he has brought to the floor. And yet I want to make it very clear that I not only do not intend any criticism of him but in fact I want to acknowledge him for what I believe him to be, and that is the most skillful legislator on this floor. Recently a national magazine rated him as the chairman most likely to get his legislation passed. That would have been impressive coming from any national publication but it was particularly interesting and instructive because as I understand it he was evaluated in this magazine not on the basis of editorial judgment of the writers or editors but as a result of a survey of Members of the U.S. Senate who said that the Senator from New Mexico had that kind of skill, and I agree with that.

I think getting that ball advanced as far as he has, even though I think it is not very far, but getting it this far down the field and getting us focused in the way he has and gaining the agreement of the President of the United States and others that we have got to have a deficit reduction package I think is a remarkable achievement. And even though I would like to see a bigger deficit reduction, that does not in any sense mitigate the fact that by getting us to this point he has made possible either some progress or a great deal of progress, depending upon how we handle it from this point forward.

I salute him, and I congratulate him for having really a wonderful success, and I know that it has come, because I have been at his side off and on during these last few months, as a result of great personal effort and study and scholarship and devotion on his part. I think that when the final chapter of this budgetary story is finally written, all Senators will feel as I do—we owe him a great debt of gratitude for his leadership on this matter.

Having said that, I still think we ought to go further. I think we ought to have more than what he has been able to give us so far, and I am going to predict that while he may feel obligated to support the rosegarden budget or the leadership budget, as it has been called, if we are able to achieve greater savings, there will be little real complaint from our friend from New Mexico. And so I say let us get some bigger cuts and roll right over the top of them, and I bet he will be the first to support it when we go to battle.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. I first would like to say, so I will not forget this, if there are any Senators who would like to be heard this afternoon, to make some particular points with reference to the deficit or what we are proposing, I do not think we are going to be here very long and I hope, if they are listening, they would understand if they want to comment we are still here, but we may not be 15 or 20 minutes from now.

Before the distinguished Senator from Colorado leaves, let me say to him, having sat and listened to his qualified support, I am glad he is not a total opponent. I do not know what I would be able to do with this proposal if he were. It is no wonder that that same national periodical, based upon the judgment of his peers, indicated that he is one of the best orators in the Senate. I compliment him for that.

Mr. ARMSTRONG. That was a misprint.

Mr. DOMENICI. Again, I am very sorry that he so frequently has to orate with reference to our budget deficit and our plan. But that is good for us all. I thank the Senator for his kindness and the way he handled things today.

Let me make an observation with reference to the cap. The Senator makes a point. I would also suggest that you do things in steps around here. We are producing appropriation out year caps historic in nature. We never had anything like it before. The Senator from Colorado would like it even stronger, but I submit that when you can put enforceable caps in an out year appropriation bill where when they reach a certain level of cumulative budget authority can be out of order on its face and everyone will know about it, the institution will know about it, the people will know about it—you have a clearly defined operational rule for the first time in history requiring an affirmative vote on that issue, if you want to, to waive it—I submit is clearly a giant step in the direction of fiscal responsibility and a far cry from previous efforts to set limits on Federal Government expenditures. I believe that while we can work together to make it even stronger, I am not sure the Senate wants to go with an inordinate majority on a waiver. I am not sure they would want to go with eliminating the waiver provisions but clearly I am willing to work with the Senator from Colorado and others on it. And the Senate should know I did not design the language all by myself. There are a number of people involved in this as there are in most steps forward in this democratic process and especially in this institution. So we will look at that later on.

However, the Senate should know, and those who are interested in what this cap means, how enforceable is it, that no one can devise a process that is totally without the possibility that the Senate and/or the House in a future act will change it. Let me even suggest what is almost a cardinal sin; that if we were to vote in a freeze on everything here today, before this year is out it could end up less than a freeze by significant amounts. Let me suggest that when we did our TEFRA and the other changes that people have now said where did the three for one go—it was supposed to be $3 in cuts for $1 in taxes. I am not sure that it came out three for one but I will tell you what I am sure of. I am sure that before the year was out, the same people who had agreed to that process, including the White House, had sent down to us requests for new money.

Mr. CHILES. When the Senator points around to people that agreed to that, please do not point to this side; we did not get included in that agreement.

Mr. DOMENICI. I will talk about this side, but indeed on the add ons that I am not mentioning many people on both sides voted for it. For instance, after you put the freeze on we added $6 billion in budget authority for the farm program. I do not know very many people who did not vote for that. It was kind of overwhelming. Well, that was after you had already agreed on the year what it was all about and what you were going to do and what the appropriations were going to look like. That was $5½ billion.

In addition, we passed in the lame duck session a whole new gasoline tax proposal and highway trust fund and we let them spend an extra billion dollars over what we had planned before. Lo and behold, after the deal was made, we settled the social security problem for our country, and in settling we had to spend between $8 and $10 billion—perhaps the Senator from Colorado can correct me—out of general fund money into the social security fund for the first year's total package in an effort to make it secure.

Now, I do not care to get involved in a debate as to whether we did or not. I am merely telling you what can happen. Now, likewise, there is one other. We had unemployment and we had a compensation law. It ran out of money, or was beginning to in certain States, and after we finished we passed it and I am not familiar with the dollars at this point, but it was substantial.

Now, I only tell you this because I believe those would have occurred had we agreed on a mandatory freeze. And along came a CCC requirement, an entitlement for farmers and ranchers, and it was going broke and they needed to get the agreed-upon payments, which we passed.

Nonetheless, I do accept the ideas of the Senator from Colorado, that perhaps we should look from time to time to very, very stringent, out-year binding mechanisms.

I repeat that I am not at all adverse to working with the Senator with reference to that.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. DOMENICI. I yield.

Mr. ARMSTRONG. I very much appreciate the willingness of the Senator from New Mexico to consider something along those lines.

I want to make it clear that I am not trying to lock the Senate into anything it does not want to get locked into. My suggestion, and it is subject to refinement, was merely to give the proposed rule in this bill—this is, the rule that says no appropriation above the specified cap—the same status as any other rule of the Senate. Other rules of the Senate, with the exception of the Budget Act, cannot be waived by majority vote.

In other words, if the rules of the Senate are being violated and a point of order is raised and the Chair hands down a ruling sustaining the point of order, then somebody cannot stand up and say: "I move that we waive that rule and that it be done by majority vote." The only way we can do it, in that circumstance, is to appeal the ruling of the Chair, and that motion is fully debatable.

So, any time you get into that situation, you have inherently the right of Senators to debate at length and even to filibuster. Protecting the rules—and now we are talking about the integrity of the process—is something which is subject to filibuster and, in my opinion, should be, recognizing that, in the final analysis, 60 Senators can cut off the debate.

If we are serious about this, we should not give it less status than other rules of the Senate.

Mr. DOMENICI. I repeat that we will work on it with other interested Senators. I merely suggest that you break ground with new and difficult areas a step at a time. This is a giant step. The Senator has raised some very interesting and perhaps valid distinctions. I suggest, nonetheless, that this is different from anything else, since neither institution has done this before, in all its history. It is a pretty giant step to build in these caps.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR WEDNESDAY

ORDER FOR RECESS

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 12 noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS

Mr. STEVENS. Mr. President, following the time for the two leaders under the standing order tomorrow, I ask unanimous consent that there be special orders, not to exceed 15 minutes each, for the following Senators: Senator Proxmire, Senator Kassebaum, Senator Grassley, Senator Baucus, and Senator Biden.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that following those special orders tomorrow, there be a period for the transaction of routine morning business, not to extend beyond 2 p.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it so ordered.

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, it is my understanding that following routine morning business on tomorrow, at 2 p.m. the Senate will resume consideration of H.R. 2163, the Federal Boat Safety Act, with amendment 3027 being the pending business. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. STEVENS. Mr. President, I say to my good friend from West Virginia that I have missed him these last 8 days.

Mr. BYRD. Mr. President, the feeling is mutual. I have missed my good friend, the assistant Republican leader, as well.

THE EXECUTIVE CALENDAR

Mr. STEVENS. I ask the Senator if he is willing to consent to the Senate going into executive session to consider nominations on the calendar beginning with No. 514, through Calendar No. 556.

Mr. BYRD. Mr. President, this side of the aisle is ready to proceed with the nominations delineated by the distinguished assistant Republican leader, with the exception of Calendar Order No. 514.

Mr. STEVENS. I thank the distinguished Democratic leader.

EXECUTIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering Calendar Nos. 551, 552, 553, 554, 555, and 556, and a request I will make to remove the injunction of secrecy from seven treaties.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. STEVENS. Mr. President, I ask unanimous consent that the nominations be considered and confirmed en bloc.

The **PRESIDING OFFICER.** Without objection, the nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

THE JUDICIARY

Edward Leavy, of Oregon, to be U.S. District Judge for the District of Oregon.

William D. Browning, of Arizona, to be U.S. District Judge for the District of Arizona.

Joseph J. Longobardi, of Delaware, to be U.S. District Judge for the District of Delaware.

Terrence W. Boyle, of North Carolina, to be U.S. District Judge for the Eastern District of North Carolina.

DEPARTMENT OF JUSTICE

Daniel Raul Lopez, of California to be a Commissioner of the U.S. Parole Commission for a term of six years.

COPYRIGHT ROYALTY TRIBUNAL

Mario F. Aguero, of New York, to be a Commissioner of the Copyright Royalty Tribunal for the unexpired term of seven years from September 27, 1977.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

REMOVAL OF INJUNCTION OF SECRECY

Mr. STEVENS. Mr. President, I ask unanimous consent that the injunction of secrecy be removed from seven treaties transmitted to the Senate by the President during the adjournment of the Senate:

Extradition Treaty with Thailand (Treaty Doc. No. 98-16) received on April 13, 1984;

Extradition Treaty with Costa Rica (Treaty Doc. No. 98-17) and an Extradition Treaty with Jamaica (Treaty Doc. No. 98-18) received on April 17, 1984;

Extradition Treaty with Ireland (Treaty Doc. No. 98-19); Extradition Treaty with Italy (Treaty Doc. No. 98-20) and a tax protocol with France (Treaty Doc. No. 98-21) received on April 18, 1984; and

A second tax protocol with Canada (Treaty Doc. No. 98-22) received on April 19, 1984.

I ask that these treaties be considered as having been read the first time; that they be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's letters of transmittal be printed in the RECORD.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The messages of the President are as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty on Extradition between the United States of America and Thailand, signed at Washington on December 14, 1983.

I transmit also, for the information of the Senate, the report of the Department of State with respect to the Treaty.

The Treaty will facilitate United States efforts to prosecute narcotics conspiracies by expressly providing that conspiracies and attempts to commit extraditable offenses constitute extraditable offenses.

The Treaty follows generally the form and content of extradition treaties recently concluded by this Government.

Upon entry into force, it will terminate and supersede the existing Extradition Treaty between the United States and Thailand.

This Treaty will make a significant contribution to international cooperation in law enforcement. I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

RONALD REAGAN.

THE WHITE HOUSE, *April 13, 1984.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty on Extradition between the United States of America and Costa Rica, signed at San Jose on December 4, 1982, together with a related exchange of notes signed on December 16, 1982.

I transmit also, for the information of the Senate, the Report of the Department of State with respect to the Treaty.

The Treaty will facilitate United States efforts to prosecute narcotics conspiracies by expressly providing that conspiracies and attempts to commit extraditable offenses constitute extraditable offenses. The Treaty also provides a legal basis for temporarily surrendering prisoners to stand trial for crimes which occurred in the requesting State.

The Treaty follows generally the form and content of extradition treaties recently concluded by this Government. Upon entry into force, it will terminate and supersede the existing extradition treaty between the United States and Costa Rica.

This Treaty will make a significant contribution to international cooperation in law enforcement. I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

RONALD REAGAN.

THE WHITE HOUSE, *April 17, 1984.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty on Extradition between the United States of America and Jamaica, signed at Kingston on June 14, 1983.

I transmit also, for the information of the Senate, the report of the Department of State with respect to the Treaty.

The Treaty is the first modern United States extradition treaty within the Caribbean region. The Treaty will facilitate United States efforts to prosecute narcotics conspiracies by expressly providing that conspiracies and attempts to commit extraditable offenses constitute extraditable offenses.

The Treaty follows generally the form and content of extradition treaties recently concluded by this Government. Upon entry into force of this Treaty, the Extradition Treaty between the United States and the United Kingdom signed on December 22, 1931, shall cease to have effect between the United States and Jamaica.

This Treaty will make a significant contribution to international cooperation in law enforcement. I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

RONALD REAGAN.

THE WHITE HOUSE, *April 17, 1984.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty on Extradition between the United States of America and Ireland, signed at Washington on July 13, 1983.

I transmit also, for the information of the Senate, the Report of the Department of State with respect to the Treaty.

The Treaty is the first law enforcement treaty directly negotiated between the United States and Ireland. It fills a gap resulting from a 1965 change in Irish law which precludes the implementation of any applicable extradition agreements between the United States and Great Britain. The Treaty follows generally the form and content of extradition treaties recently concluded by this Government.

This Treaty will make a significant contribution to international cooperation in law enforcement. I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

RONALD REAGAN.

THE WHITE HOUSE, *April 18, 1984.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty on Extradition between the United States of America and Italy, signed at Rome on October 13, 1983.

I transmit also, for the information of the Senate, the Report of the Department of State with respect to the Treaty.

The Treaty will facilitate United States efforts to prosecute narcotics conspiracies by expressly providing that conspiracies and attempts to commit extraditable offenses constitute extraditable offenses. The Treaty also provides a legal basis for temporarily surrendering prisoners to stand trial for crimes which occurred in the requesting State.

The Treaty follows generally the form and content of extradition treaties recently concluded by this Government. Upon entry into force, it will terminate and supersede the existing extradition treaty between the United States and Italy.

This Treaty will make a significant contribution to international cooperation in law enforcement. I recommend that the Senate give early and favorable consideration to the Treaty and give its advice and consent to ratification.

RONALD REAGAN.

THE WHITE HOUSE, *April 18, 1984.*

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification a Protocol to the Convention between the United States of America and the French Republic with respect to taxes on income and property of July 28, 1967, as amended by the Protocols of October 12, 1970, and November 24, 1978. The present Protocol was signed at Paris on January 17, 1984. I also transmit the report of the Department of State on the Protocol.

The principal reason for further amending the Convention is the recently enacted French wealth tax which could adversely affect Americans living in France. The Protocol exempts from this tax foreign assets owned by United States citizens temporarily resident in France. The Protocol also provides an exemption from tax at source on interest, and it includes rules for limiting the benefits of the Convention to residents of the United States or France.

I recommend that the Senate give early and favorable consideration to the Protocol and give advice and consent to its ratification.

RONALD REAGAN.

THE WHITE HOUSE, *April 18, 1984.*

To the Senate of the United States:

I transmit herewith, for Senate advice and consent to ratification, a Second Protocol, signed at Washington on March 28, 1984, Amending the Convention between the United States and Canada with Respect to Taxes on Income and on Capital, signed at Washington on September 26, 1980, as amended by a Protocol signed at Ottawa on June 14, 1983. I also transmit the report of the Department of State with respect to the second protocol.

The Social Security Amendments of 1983 were enacted since the negotiation of the convention and first protocol. They provide in part that social security benefits paid to nonresident aliens henceforth will be subject to an effective 15 percent withholding tax. The Canadian Government has requested that the pending convention be amended to exempt Canadian residents from such withholding.

The second protocol would amend Article XVIII (Pensions and Annuities) of the convention, so as to provide that social security benefits paid by one party to residents of the other "shall be taxable only in that other State." However, United States citizens resident in Canada will continue to be taxable to the extent provided under United States law.

It is most desirable that this second protocol, together with the convention and first protocol, be considered by the Senate as soon as possible and that the Senate give advice and consent to ratification of the convention and two amending protocols.

RONALD REAGAN.

THE WHITE HOUSE, *April 18, 1984.*

LEGISLATIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, I ask my good friend from West Virginia if he knows of anything further to come before the Senate.

Mr. BYRD. Mr. President, my good friend, the Republican acting leader, is thoughtful and considerate. I have nothing in mind.

I thank the Senator, and I have nothing further.

Mr. STEVENS. I thank the Senator very much.

RECESS

Mr. STEVENS. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 12 noon tomorrow.

The motion was agreed to, and the Senate, at 4 p.m., recessed until Wednesday, April 25, 1984, at 12 noon.

NOMINATIONS

Executive nominations received by the Secretary of the Senate April 13, 1984, under authority of the order of the Senate of April 13, 1984:

THE JUDICIARY

Joel Gerber, of Virginia, to be a judge of the United States Tax Court for a term expiring fifteen years after he takes office, vice C. Moxley Featherston, retired.

Executive nominations received by the Secretary of the Senate April 18, 1984, under authority of the order of the Senate of April 13, 1984:

THE JUDICIARY

Lloyd D. George, of Nevada, to be U.S. district judge for the district of Nevada vice Roger D. Foley, retired.

IN THE AIR FORCE

The following-named officer under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Lt. Gen. James A. Abrahamson, 540-34-7989FR, U.S. Air Force.

IN THE ARMY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. William I. Rolya, 043-20-6527, age 56, U.S. Army.

Executive nominations received by the Secretary of the Senate April 19, 1984, under authority of the order of the Senate of April 13, 1984:

DEPARTMENT OF STATE

S. L. Abbott, of Texas, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Lesotho.

DEPARTMENT OF DEFENSE

James Paul Wade, Jr., of Virginia, to be an Assistant Secretary of Defense (new position—Public Law 98-94, of September 24, 1983).

Everett Pyatt, of Virginia, to be an Assistant Secretary of the Navy, vice George A. Sawyer, resigned.

UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

Ann S. Peterson, of Illinois, to be a member of the Board of Regents of the Uniformed Services University of the Health Sciences for a term expiring June 20, 1989, vice Robert Higgins Ebert, term expired.

DEPARTMENT OF TRANSPORTATION

Virgil E. Brown, of Ohio, to be a member of the Advisory Board of the Saint Lawrence Seaway Development Corp., vice Foster S. Brown, resigned.

John R. Wall, of Ohio, to be a member of the Advisory Board of the Saint Lawrence Seaway Development Corp., vice Joseph N. Thomas.

DEPARTMENT OF ENERGY

William W. Hoover, of Maryland, to be an Assistant Secretary of Energy (Defense Programs), vice Herman E. Roser, resigned.

NATIONAL ADVISORY COUNCIL ON WOMEN'S EDUCATIONAL PROGRAMS

The following-named persons to be members of the National Advisory Council on Women's Educational Programs for terms expiring May 8, 1986:

Naomi Brummond, of Nebraska, vice Mary Jo Arndt, term expired.

Peter Douglas Keisler, of Connecticut, vice Virginia Gillham Tinsley, term expired.

EXECUTIVE OFFICE OF THE PRESIDENT

Jacqueline E. Schafer, of New York to be a member of the Council on Environmental Quality, vice Nancy A. Maloley, resigned.

Bernadine Healy Bulkley, of Maryland, to be an Associate Director of the Office of Science and Technology Policy (new position)

FEDERAL EMERGENCY MANAGEMENT AGENCY

Clyde A. Bragdon, Jr., of California, to be Administrator of the U.S. Fire Administration, vice Bobby Jack Thompson, resigned.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

The following-named persons to be members of the National Council on the Humanities for terms expiring January 26, 1990:

William Barclay Allen, of California, vice Charles V. Hamilton, term expired.

Mary Josephine Conrad Cresimore, of North Carolina, vice Louis J. Hector, term expired.

Leon Richard Kass, of Illinois, vice M. Carl Holman, term expired.

Kathleen S. Kilpatrick, of Connecticut, vice Harriet Morse Zimmerman, term expired.

James V. Schall, of California, vice Leon Stein, term expired.

Helen Marie Taylor, of Virginia, vice Mary Beth Norton, term expired.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Victor M. Rivera, of Virginia, to be an Assistant Administrator of the Agency for International Development, vice Otto J. Reich, resigned.

IN THE AIR FORCE

The following person for appointment as Reserve of the Air Force, in the grade indicated under the provisions of sections 593 and 8371, title 10, United States Code.

LINE OF THE AIR FORCE

To be colonel

Rice, David F., 264-62-2827

IN THE ARMY

The following-named officers for permanent promotion in the U.S. Army in accordance with the appropriate provisions of title 10, United States Code, section 624:

ARMY NURSE CORPS

To be lieutenant colonel

Burns, Pamela K., 364-50-7807

MEDICAL SERVICE CORPS

To be lieutenant colonel

Whitaker, Stephen D., 411-64-4342

ARMY

To be major

Guthmiller, Donald L., 478-62-1924
Martin, Lavelle, 431-78-1060
Nance, Richard A., 462-80-2290
Ward, Edward P., 115-40-2888

CHAPLAIN

To be major

Brown, Nicholas A., 267-62-1280
Walter, Larry A., 423-52-8757

ARMY NURSE CORPS

To be major

Picariello, Jeanne M., 500-60-6581

DENTAL CORPS

To be major

Smith, Terrence M., 173-38-2933

IN THE ARMY

The following-named cadets, graduating class of 1984, U.S. Military Academy, for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 531 and 4353, title 10, United States Code:

Aarthun, Troy A., 473-84-0753
Abeyta, Anycia A., 522-15-0732
Accardi, Joseph M., 147-56-3848
Aceves, Patricia, 568-57-4437
Adams, Glen P., Jr., 138-58-3389
Adams, John A., Jr., 092-58-5979
Adams, Matthew H., 059-62-8066
Ahrens, Stephen F., 122-60-1608
Aizer, Ronald J., 116-54-1338
Alberga, David A., 076-50-5161
Alibrandi, Philip L., 018-58-3470
Allem, Bryan K., 205-56-1205
Allen, Andrea L., 224-15-3536
Allgrove, Donald C., 086-56-7124
Alonso, Vincent E., 521-17-1367
Alsberry, Dennis M., 230-02-7520
Alto, Brian L., 477-78-0875
Alvarez, Joseph H., Jr., 143-54-6163
Ammon, Joseph C., 364-76-8798
Amundsen, James E., 538-74-1055
Anderson, Derric H., 521-08-1811
Andrews, John C., 293-72-8116
Angresano, Paul M., 137-64-9064
Antoniou, Christos T., 300-50-0897
Arbaugh, William A., 302-58-0291
Ariall, Thomas W., 263-37-4523
Armstrong, Bryan J., 567-51-8862
Arnberg, Andrew B., 418-06-8718
Arterburn, David R., 521-23-4539
Asimos, Michael W., 193-52-3226
Aten, Herbert A., 327-66-7482
Auge, David D., 523-08-8465
Auman, David R., 165-52-4796
Auyeung, Peter Y., 561-94-9257
Ayres, Thomas E., 197-58-6834
Baca, J Steven, 585-96-4161
Baird, James S., 468-88-2494
Baker, Keith A., 062-58-0500
Baldi, James L., 261-63-7977
Baldwin, Cleophas, 267-71-0136
Balland, David J., 520-84-1059
Bandy, Vincent A., 230-76-6755
Baragona, David W., 287-74-0315
Barker, Clayton L., 099-54-8880
Barnett, Gil W., 463-21-1279
Barrette, Dana P., 028-52-7274
Bastin, Gary P., 198-38-3766
Bates, Nancy E., 304-50-4591
Bayer, Craig S., 042-64-7014
Bazemore, Jeffrey T., 410-17-5737
Beach, Daniel A., 493-76-2345
Beach, Dwight E., III, 466-80-8545
Beach, Steven R., 261-31-6082
Beals, Paul M., 408-29-9330
Beaty, Tommy D., III, 522-80-9563
Beben, Christopher J., 493-64-0828
Becker, Bradley B., 333-60-8601
Beckwith, Frank R., 291-70-7216
Bednar, Raymond P., 378-68-0367
Belcher, Eric R., 482-86-9658
Belisle, Monica M., 392-76-8118
Belsky, George P., Jr., 135-64-8841
Bentley, Douglas L., Jr., 128-42-7745
Bentley, William A., 264-59-0184
Berenyi, Gary F., 249-17-8569
Bergner, Jeffrey J., 546-33-7514
Bermudez, James M., 113-50-6170
Bertocci, Jeffrey D., 089-58-5310
Besch, Eric C., 133-52-3449
Bibbo, Anthony, 152-58-2809
Biever, Jacob D., 564-35-3764
Billman, Craig D., 317-72-5941
Birman, Diane K., 288-54-1452
Bishop, Christy M., 121-46-5351
Black, David L., 568-51-6264
Blas, Benny A., 586-70-7204
Blyth, Matthew E., 223-66-2843
Bobinski, Robert S., 256-04-3638
Bogan, James M., III, 450-78-2741
Bohn, Craig E., 391-60-8519
Boling, Anthony J., 466-06-8042
Bolyard, Kevin G., 397-66-3152
Bond, Claud R., 523-23-0280
Boone, Donald L., Jr., 243-21-1127
Borsodi, Michael C., 008-56-1922
Bouckley, Andy F., 585-88-7441
Boyd, Daniel O., 180-48-5372
Boylan, Peter J., III, 036-48-8930
Brach, Randy J., 387-74-4682
Bradley, Allen S., 267-21-4277
Bradley, Sherry J., 277-70-4198
Brazier, Jonathan S., 223-06-7842
Breuhan, David R., 369-48-0810
Brimmer, Douglas L., 278-66-6089
Brockson, Brian M., 222-52-7495
Brooks, Alfred L., 212-84-8714
Broski, Michael F., 070-50-9262
Brower, Christopher M., 127-50-4833
Brown, Christopher P., 243-11-7416
Brown, James G., Jr., 104-52-3183
Brown, Jay P., 514-66-4304
Brown, Kenneth, 363-76-2234
Browning, Charles W., 563-04-7577
Bruno, Bruce E., Jr., 554-92-7914
Buchs, Todd A., 293-64-4747
Buckheit, John, 052-54-5794
Buckingham, Patricia A., 504-92-1462
Buehler, Alexander T., 218-90-0334
Burke, Thomas B., 527-33-8396
Burner, Larry C., II, 233-06-8292
Burwell, Mark W., 097-58-5387
Butler, Aaron G., 056-60-6786
Buzzell, John M., III, 238-17-9587
Bynum, Markus S., 066-56-0742
Cabacungan, Guillermo R., 289-70-7986
Cabot, Lawrence P., Jr., 250-31-2769
Cadena, George E., 546-11-6453
Cahill, Dennis J., 060-56-1884
Cain, Judith B., 226-66-0648
Calbos, Philip T., 065-54-4710
Callahan, Sean M., 042-56-9368
Callin, Jeffrey M., 563-43-5489
Calverase, Paul J., 231-08-8383
Campbell, Kelly N., 311-68-8749
Cannella, David A., 512-62-2567
Cantwell, Gregory L., 134-54-6258
Caraccilo, Dominic J., 081-58-5441
Caraccio, Daniel J., 024-56-2354
Carl, Robert 133-56-1014
Carlin, Christopher 001-42-9111
Carney, Robert E., Jr., 095-54-1724
Carpenter, Lonny J., 093-52-5424
Carrington, John C., 048-48-8905
Carroll, Barry G., 261-61-3096
Carroll, Larry L., 267-59-8290
Carvelli, Michael R., 084-54-5398
Cattley, William H., 027-36-8679
Celestan, Gregory J., 115-58-1995
Celeste, Ronald C., Jr., 116-54-3435
Cepak, Charlie J., Jr., 230-86-2809
Ceremuga, George J., 282-60-4903
Cerniglia, Marc E., 084-52-6187

Cersovsky, Donald D., 513-70-4051
Chandler, Stacey C., 229-17-7001
Chang, Dean I., 194-48-1515
Chapman, Edwin R., II., 244-17-6066
Chapman, Thomas C., 220-90-5006
Char, Chester A., 575-76-5545
Childers, William A., 575-82-5858
Chrisman, Louise A., 049-40-5060
Christensen, Jonathon L., 557-37-4847
Christensen, Matthew M., 526-96-0502
Christmas, Joey L., 260-04-6132
Chu, Joseph, Jr., 415-27-7571
Chung, Tony, C., 457-29-8753
Church, David L., 479-88-9781
Clark, Frank, S., 565-15-9456
Clark, John H., 008-54-1867
Clark, Michael J., 220-88-8499
Clark, Patrick, J., Jr., 530-58-6243
Clarke, Richard D., Jr., 479-88-0988
Cleaves, Jon S., 005-72-8519
Clements, Irina C., 122-60-1448
Clifford, Thomas E., 004-48-7418
Cluff, Leila, 247-41-5980
Cobb, Alma J., 413-23-4546
Coddington, Nicholas E., 310-70-0636
Coester, Daniel W., 493-78-9096
Conklin, Willard D., Jr., 423-72-2132
Cook, David A., 235-92-8328
Cook, Edwin C., 358-64-5813
Cook, Gregory W., 525-23-5522
Cook, Mark C., 285-70-3849
Cooper, Troy A., 486-72-7767
Cornett, Charles K., 264-71-6243
Cosby, William N., 224-13-7876
Cotter, Craig S., 264-79-9473
Cottone, Daniel J., 221-60-9395
Coyle, Bernard M., 048-50-4775
Coyle, William F., Jr., 180-54-9107
Cozart, Curtis W., Jr., 522-21-7636
Cozza, Paul J., 141-58-9035
Craig, Robert J., Jr., 011-58-5090
Crane, Mark V., 280-66-2408
Criss, Michael R., 510-72-4934
Cronin, Joshua J., 354-54-4957
Crook, James A., 317-66-5597
Crosby, Jerry L., Jr., 573-49-7626
Cuerington, Andre M., 332-56-2095
Cullen, Kenneth P., 112-44-9352
Curry, Peter J., 335-58-3297
Cyr, Michael P., 455-37-3189
Danielsen, David L., 040-60-2152
Darrow, Keith R., 518-88-3434
Dasalla, Randy R., 586-65-4939
Dascher, Dag P., 008-50-6790
Davidson, Troy E., 266-69-4556
Davie, Gerald S., Jr., 155-54-1061
Davison, Bruce H., 129-50-4071
Deal, Charles M., 265-87-5843
Deantona, Joseph P., 190-54-8306
Debenedictis, Susan D., 195-56-5552
Delawter, Diane L., 212-64-9466
Delphin, Julie A., 434-70-0534
Deluca, Ralph C., 204-52-1106
Demaio, John A., 080-60-1185
Demarco, Joseph F., 074-56-1832
Demario, William R., 212-68-8257
Demont, Robert L., 254-98-3845
Dequattro, Robert C., 306-48-6746
Detwiler, Steven B., 207-46-4341
Devens, Thomas E., 224-82-8020
Devney, Steven C., 042-66-7524
Dewitt, John D., 004-70-7019
Dick, Bradley C., 262-63-7512
Dickenson, Reuben D., IV, 403-96-5106
Dickinson, Douglas L., 265-39-1192
Dobson, Robert A., 552-08-9022
Dodgson, Sean K., 189-54-5273
Doerries, David L., 330-54-6538
Dolt, Christopher C., 214-88-7585
Donahue, Joseph M., 046-66-0026
Doner, Karen E., 073-54-4499
Donovan, Thomas E., 083-60-2337
Dougherty, John M., 199-38-8369
Dougherty, Paul D., 185-46-9952
Dow, Thurman E., 142-60-7457
Dowd, Dennis J., 063-62-9461
Dowd, John F., Jr., 085-62-7276
Doyle, Peter T., 155-56-9889
Drennan, Martha J., 231-02-9385
Driscoll, Stephen J., 007-72-6655
Dubois, Richard D., Jr., 460-31-4183
Dudley, Raymond L., Jr., 005-64-8971
Duff, Michael, III, 047-58-5046
Duffy, Thomas R., Jr., 094-52-7020
Duguay, Robert P., 005-60-4632
Dunaway, Robert L., 522-90-4342
Dunne, Maurice F., III, 332-40-0407
Durant, Darrell D., 003-54-3204
Dyekman, Gregory J., 516-94-8844
Dyson, Kenneth W., 237-08-6396
Earl, Arthur J., 347-50-6623
Eckelbarger, David E., 214-88-5661
Eckersley, Alan D., 532-46-0206
Edelen, John F., 139-44-1473
Edleson, Brenda A., 488-78-7263
Edwards, David J., 481-72-0188
Edwards, Scott A., 217-82-6602
Eighmy, Brian S., 300-72-6180
Eisiminger, Thomas I., Jr., 417-76-1852
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Simmons, John A., 372-66-0053
Simon, Dana F., 299-60-4040
Simpson, David T., 114-54-0698
Sims, Alan N., 258-04-8425
Sistrunk, Thomas M., III, 292-68-3507
Slabowski, George J., 083-62-7715
Slade, William B., 503-92-4633
Sloan, John F., Jr., 301-50-0909
Smith, Daryl G., 247-39-8310
Smith, Derek R., 132-58-7336
Smith, Dorinda L., 006-72-7526
Smith, Forrest E., 111-58-9626
Smith, John, E., Jr., 190-52-1048
Smith, John T., 212-66-3413
Smith, Lawrence J., 469-88-8356
Smith, Melody A., 247-78-6401
Smith, Philip A., 419-02-7835
Smith, Randy L., 167-52-3303
Smith, Rodney A., 327-44-1594
Smith, Steven J., 158-46-8707
Smith, Thomas P., 085-56-8100
Smith, Troy L., 513-76-4143
Snell, Michael S., 238-11-3373
Snider, John T., 230-90-7018
Sobrato, Richard L., Jr., 557-47-7814
Sodergren, Darrell J., 230-90-5232
Solley, Miracle D., 195-24-7156
Sorenson, Milton W., 530-58-8362
Southard, Gary S., 002-60-9190
Southcott, Joseph A., 098-60-2363
Southey, Robert G., Jr., 269-54-3027
Sparkman, Gary N., 252-15-3299
Sparks, Robert C., 555-55-9925
Spaulding, Katherine L., 103-62-1133
Spence, Ronald W., 289-60-4246
Spence, Timothy C., 422-98-8111
Spiszer, John M., 560-39-7720
Spurrier, Clark A., 293-52-9754
Staats, Richard C., Jr., 393-82-8881
Stanley, James R., 060-58-1411
St. Clair Richard L., 553-35-3861
Steele, Marcus E., 467-21-5200
Steils, John A., Jr., 452-02-3368
Steiner, Daniel W., 039-44-1613
Stephenson, Adam B., 253-29-8922
Stephenson, Lloyd A., 034-50-1043
Stephenson, Ricky G., 419-66-2435
Sternhagen, William J., 517-86-3486
Stokes, Robert B., 413-29-7865
Stone, Robert J., Jr., 186-38-6481
Stover, Charles M., 264-27-3115
Stickland, Stephen M., 264-81-5815
Strycula, Heidi A., 194-50-9249
Stuart, Jay B., 317-72-5496
Stuban, Lydia M., 045-62-8651
Stubblebine, Kevin J., 114-58-7229
Stump, Mark A., 296-52-3734
Suchan, William K., 570-33-7495
Suhr, Edward J., 122-48-1964
Sullenberger, Jon D., 565-04-0802
Sullivan, James M., 417-06-9902
Sultemeier, Chris T., 463-29-3725
Suter, Richard L., 161-56-4403
Suzuki, Michael Y., 576-88-7040
Szypko, John R., 022-58-8237
Tai, Neville P., 106-54-5618
Taney, Thomas P., 530-82-7801
Tapp, James C., 261-71-6822
Taylor, Rick W., 304-50-9535
Taylor, Steven D., 535-76-2792
Taylor, Troy L., 530-76-8018
Teel, Charles W., 442-74-9880
Thomas, Bryan K., 199-58-3215
Thomas, Fern J., 043-68-7840
Thomas, Jerome E., 422-04-1913
Thompson, Robert E., 437-25-5736
Thompson, Susan G., 095-62-5337
Thoms, Lawrence F., 395-80-0709
Thornton, Gregory D., 530-78-3931
Thornton, Richard A., 302-62-5901
Thrasher, Kenneth F., 300-44-2699
Tiger, Blair A., 141-56-3005
Tindall, Theron W., 451-23-0082
Titchen, Judson M., 201-52-2782
Tokar, Jeffrey M., 217-80-9597
Tolzmann, Mark A., 392-50-0647
Tomasovich, Kurtiss L., 398-76-4739
Toro, Wanda T., 220-72-8070
Torres, Manuel A., 251-27-5052
Tortora, Salvatore, 263-81-0574
Towe, Jerry L., Jr., 304-80-3682
Trainer, Michael S., 506-82-4047
Trigg, Edward L., 575-64-8510
Triplett, Mark W., 556-57-6769
Trujillo, Joseph L., 585-25-9277
Tunnell, Harry D., IV., 313-66-3887
Turinski, Drew A., 166-56-7622
Turner, Michael W., 068-56-0567
Turner, Paul A., 250-27-8009
Turner, Robb E., 332-56-3938
Vanalstyne, Thomas W., 011-38-1639
Veevaert, Glen G., 560-45-4439
Vessels, Patrick G., 311-78-9700
Vezeau, Bernard G., 081-56-4093

Viggers, David K., 346-52-6575
Vignola, Philip A., 059-60-6280
Villanueva, Francisco B., 571-37-4753
Visnovske, Mark L., 499-66-4330
Vuskalns, Oskar P., 311-70-9170
Wahwassuck, Brigitte T., 500-78-1148
Wakeland, Scott T., 165-60-7538
Walker, Charles E., 227-15-0692
Walko, Thomas D., Jr., 136-66-3243
Wallace, Kevin J., 213-80-9817
Walsh, Cathleen M., 229-13-6756
Walsh, Timothy J., 231-15-6996
Ward, Elizabeth I., 277-70-0465
Ward, Terry T., 009-54-8242
Washer, Lawrence R., 513-66-6015
Waters, Anthony J., 449-41-9400
Watford, Roslyn A., 223-08-1222
Watson, Bettyann S., 137-68-2892
Weckel, Thomas E., 077-50-3902
Weis, Peter J., 135-68-7580
Weiss, William N., 553-51-1093
Welch, Robert J., 193-48-9848
Welch, Thomas P., 475-66-9075
Wentworth, Edward H., III, 262-23-2197
Wepking, Brian C., 297-72-5740
Werner, Cynthia E., 490-54-5501
Werthman, Robert W., 111-52-6328
Weston, David C., 562-33-8862
Whaling, David B., 209-52-3582
Whalley, Lawrence G., 433-74-2831
White, Richard B., 308-52-0935
White, Ronald O., 105-52-9803
White, Rory G., 228-15-1636
White, Samuel R., Jr., 453-33-3340
Wilks, Henry G., 173-56-7396
Williams, Lawrence E., III, 221-38-5211
Williams, Shaun H., 265-63-1518
Willis, George E., 262-82-7430
Wilson, Christopher E., 263-35-6485
Wilson, Tee G., 354-52-9493
Wink, Richard C., 107-54-5150
Wise, Gregory A., 249-33-7655
Wise, James H., 540-86-8413
Wock, Thomas D., 502-90-6995
Wohlever, John, 345-64-4982
Wojtalewicz, Philip W., 508-76-2839
Wolfkill, Douglas W., 066-56-8569
Wood, David H., 376-84-2427
Woodmansee, Robert A., 223-15-4462
Wooley, Michael W., 384-82-7716
Woolf, William D., 289-44-3464
Wray, Patrick M., 421-78-7002
Wright, Donald C., 258-86-5597
Wright, Millicent J., 225-17-3421
Wuestner, Scott G., 162-40-3065
Wycoff, Brian F., 075-48-4897
Yoder, Michael L., 538-60-7368
Zaenker, Lawrence A., 001-50-7140
Zarone, Arthur J., 182-58-9681
Zunde, Aidis L., 255-29-8062

MEDICAL CORPS

Bradley, Kent L., 110-52-8692
Brucker, Wallace B., Jr., 054-60-0277
Cho, John M., 569-47-1179
Clark, Gary W., 558-33-7797
Farber, Gerald L., 317-72-4188
Hammond, Steven W., 522-21-7174
Lawson, Jeffrey A., 462-37-4467
Lein, Brian C., 062-56-5627
Miller, Colin K., 480-86-4352
Molinari, Robert W., 095-58-9070
Myhand, Rickey C., 080-58-3609
Oettinger, Jeffrey M., 052-58-8606
Oglesby, Robert J., 419-98-4211
Peoples, George E., Jr., 422-88-9771
Porambo, Albert V., 168-52-7296
Rowe, John R., 225-96-9907
Scales, Darrell K., 265-23-1576
Showerman, David J., 386-74-0061
Wiggins, David S., 080-46-8340
Xenos, John S., 229-96-5333

IN THE NAVY

The following-named commanders of the Reserve of the U.S. Navy for permanent promotion to the grade of captain in the line, in the competitive category as indicated, pursuant to the provisions of title 10, United States, Code, section 5912:

Abel, Edward Ronald
Ackermann, Peter Gross
Acosta, Gilbert
Adaschik, Anthony Joseph
Ahlbach, James Francis, Jr.
Anathan, Robert Peter
Anderson, Ernest John, Jr.
Annin, Timothy Edwards
Arndt, William Dale
Arny, Louis Wayne, III
Bailey, Carlyle K.
Bailey, Gerald Melvin
Barrett, Edward Louis, Jr.
Batchellor, John Kenneth, Jr.
Bates, Ollie Burton, III
Beaudry, Frederick Howard
Benner, Francis Joseph
Benson, Michael John
Berner, Kenneth Charles
Beshore, Charles Stephen
Bewick, James Stephenson
Blood, Kenneth Lee
Boyle, Louis Edwin
Brown, Lawrence Owen
Bruce, Robert S.
Buehrer, Charles F.
Bullard, Walter M.
Burton, Michael Coakley
Butler, Samuel Bowman
Cann, John Pearce, III
Carlson, Gary Lee
Caspero, John Francis, Jr.
Chamberlain, Larry Dean
Chapman, Donald Ray
Chastain, Jeffrey Michael
Clow, Gordon Henry
Coffey, Thomas Edward
Coleman, Walter Stuart
Collins, Joseph Stainslaus
Colvett, John Howard
Connel, Allan Archibald, III
Conti, Rodney Reid
Cooper, John Byrne, Jr.
Couch, Dale Myles
Coughlin, Jospeh Albert, Jr.
Crisp, Howard Leon
Crow, Lewis Nelson
Cutter, Douglas Boyd
Daley, Paul Patrick
Dambaugh, John Arthur
Deforth, Peter Wallace
Detrick, Ernest Miller, II
Devoe, Carlyle James
DeWolff, Maurice Konrad
Dobbs, William David
Dodge, Henry T.
Donaghy, Francis Donald
Donahoe, David Francis
Donahue, James William
Dougherty, Charles Wilbur
Douglas, Lawrence Henry
Duffy, Denis Charles Jr.
Dyer, Charles Arnold
Eatman, George Thomas
Edge, Jacob, II
Emerson, John Michael
Erickson, James Edward
Erickson, Richard Paul
Eittel, Edward Emil, III
Fabre, Frank Joseph, Jr.
Fagan, William Ambrose, Jr.
Flint, William Kinmont
Florimonte, Thomas S.
Foerster, Bruce Somerndike
Foster, Charles Wesley, III
Foster, James William
Foster, Vincent Edward
Fredrickson, Robert Barker
Gadeken, Arlan Duane
Gallagher, Charles Joseph, Jr.
Gamboa, Jose Carlos
Gareffa, Joseph John
Gates, Charles Robert
Geehr, John Edward
Georgius, David Russell
Gerard, Maurice William
Giovinazzi, Felix Anthony
Gohstand, Robert
Gosse, Clinton Gessner
Goudy, Ronald Carl
Graham, Charles Rogers
Graves, Kenneth Ernest
Green, George Leblanc
Green, John Montgomery
Greenwood, Jeffrey George
Griffitt, Larry Lamar
Hammond, Michael Moran
Harder, Henry Louis
Harding, Theodore Peter
Harper, Robert Lawrence
Harrington, Robert Leonard
Harris, Carroll Nelson, Jr.
Harris, David Albert, Sr.
Harris, Jerry Lynn
Harris, Larry Clarence
Harris, Murray Stevens
Harris, William Arthur
Haslup, Charles Leroy, III
Hauff, Richard Anthony
Heim, David Leo
Hendricks, James Turpin
Herbert, William George
Hester, Gerald George
Hiddleson, Don Eugene
Hile, Howard Brand
Hobbs, William Homer
Hoff, Kenneth Lincoln, Jr.
Hollett, Grant Thomas, Jr.
Hollister, Wayne Edmund
Hooper, Robert Moore
Horan, James Joseph
Horn, Dennis Lee
Horton, Douglas James
Houk, Thomas Leroy, Jr.
Hughes, Arthur Charles
Humphries, Charles Shore
Hunt, James Vaughn
Jeffords, Douglass Corcoran
Jenkins, Tim McCall
Jobe, Jerry Lynn
Johnson, David Kent
Johnson, Leonard E., Jr.
Johnson, Philip Homer
Johnson, Weston Macleod, III
Keasler, Warren Kent
Keeney, Malcolm Shermer
Keltner, Jerry Martin
King, Kenneth Pierce, Jr.
Klaas, John Earl
Kline, Russell Leonard
Koch, Robert Curtis
Kolgen, Peter James
Kost, John Gregory
Krauss, Gary Andrews
Kristiansen, Walter Konrad
Kuhl, Russell W.
Lambert, Ray B., Jr.
Lange, Walden Alfred
Lapierre, Valmore Michel
Lawrence, Gerald Samuel
Levicki, John Sullivan
Linquist, John E
Lipscomb, David
Lizer, Darryl Merwin
Long, William K.
Lopezcepero, Henry
Lorentzen, Gary Carl
Lowes, Glenn Stewart
Maddock, George Albert
Mall, Phillip Joseph
Man, Robert Martin, Jr.
Markowicz, John Charles
Marsh, Charles Lee, Jr.
Marshall, John Stevenson

Maruszewski, Richard F., Jr.
Mathews, William M., Jr.
Matsunaga, Jerry Tadashi
McGinnis, Dennis Robert
McGuire, Jeremiah James
McIntyre, Richard Thomas
McLendon, Dana Crosland, Jr.
McMorrow, Martin John Kalani
McPartlin, Raymond Peter
Mealey, Thomas Henry, Jr.
McCleary, Read Blaine
Meeker, Ronald Keith
Mickelson, Charles Alan
Miller, John Kellett
Milliken, Jeffrey Allan
Mirkovich, Joseph Nicholas
Mitchell, Michael George, Jr.
Mitchell, Reginald P., Jr.
Moeller, Roy Paul
Moore, James Glenn, III
Moore, Rueben Earl, Jr.
Moore, Wilmot Henry
Morgan, Larry Francis
Morrill, James Preston
Morris, Robert Henry
Morrison, Hugh Edward
Mungan, Gerald Bernard
Murphree, Edwin Key
Neiner, Bruce Ray
Nelson, Noel Edward
Newton, Morris Douglas, Jr.
Nicholas, Douglas Russell
Nielsen, Frances Carson
Nielsen, Robert Gordon
Nixon, John Richard
Nolan, James Stuart
Norrell, Robert Frank
Nugent, Thomas Harold
Nunn, Paul Geoffrey
Odell, Jack Denton, Jr.
O'Hanlon, James Patrick
O'Hara, Ramon Darrell
Orr, Charles Wesley, Jr.
Ortlieb, Alfred Anthony
Owens, Edward Harrison, Jr.
Page, Charles E.
Palmer, Richard Lee
Parker, Robert C.
Parks, Gary Lee
Perlingiero, Clara Antonia
Peterson, Douglas Dale
Pettigrew, Kenneth William
Phelps, Edwin Rice, III
Polich, Robert
Poust, Roy Newton
Prendergast, Finis Homer, Jr.
Quale, Gareth Denby
Quinn, Robert Patrick
Rakowski, William Julius
Ratliff, James Roy
Reed, William Carroll
Reggiani, David Joseph
Richards, Donald Kenney
Richardson, Frederick Martin
Riley, John Turner
Rio, Manuel, Jr.
Rivers, Jere Watson
Rodriguez, Ramon
Rozic, Joseph Thomas
Ryan, James Paul
Saiki, Kenneth Takao
Salemi, Anthony John
Sarnie, Robert Walter
Savage, Donald Wayne
Scanlon, Jerome Bradley
Schroeder, Kurt Cleveland
Schult, Richard William
Schultz, Henry Francis
Scott, Thomas Fletcher, Jr.
Sedor, Stephen Michael, Jr.
Sexsmith, Gerald Thomas
Sexton, Charles Edmund
Shardy, James Eugene
Simmons, Charles Henry
Sites, Bruce Lee
Sitten, Luther Fred
Sjostrom, John Erik
Slovacek, Richard Edwin
Smith, Alan Brewster
Smith, Bradford Donald
Smith, John William
Smith, Michael Raymond
Smith, Richard Cole
Smith, Ronald Edwin
Spence, Charles Hudgins, Jr.
Spencer, Gerald Leyton
Stabile, Robert Anthony
Stanley, Jones Harrison
Stein, Thomas Forrest
Sternberg, Daniel Myer
Steudel, Edward Martin, Jr.
Stewart, John Russell
Stoddard, Richard Cleveland
Stone, Charles Edwin, Jr.
Strandberg, Josiah Robert W.
Strickland, Thomas Horton
Sudol, Walter Edward
Swartz, Thomas John
Swenningson, Aaron Paul
Szarleta, Melvin Anthony
Talbot, John Henry, Jr.
Taulli, Frank Roger
Taylor, Gary Windsor
Tetrault, Roger Ernest
Thompson, Guy Bryan
Thur, James Aubert
Tinker, Malcolm Hoagland, Jr.
Tkach, George Kenneth, III
Tollison, Alfred Clyde, Jr.
Toncray, George Williams, III
Torres, James Dade
Traut, Arthur John
Troidle, Thomas Noel
Turner, James Edward, Jr.
Turpin, Anthony Alexander
Turpin, Robert
Vonderlinden, Arthur F., Jr.
Wade, Shelba Henry, Jr.
Wallach, John Sidney
Walsh, Bernard
Walton, John William, III
Ward, Michael William
Waskom, John Bascom, IV
Wass, Leonard Robert
Watts, Robert Francis, Jr.
Wessman, Richard Harold
Westerfield, John Henry, Jr.
Whitmore, Michael Keith
Whittleton, Thomas Robert
Williams, David A.
Williams, Robert Steven
Wojcik, Walter John
Wools, Ronald Joe
Wright, Frederick Marshall
Wright, Johh Swindell, Jr
Yeatts, Gary Claude
Young, Brian Austin
Zech, Gary George
Zetterberg, Forrest Larry
Zondorak, Charles Joseph, Jr.
Zupko, George Michael

UNRESTRICTED LINE OFFICERS (TAR)

To be captain

Ailor, Ronald Garth
Bennett, Barry Ellis
Cutillo, Richard Thomas
Dooley, Roy L.
Dowdy, James W.
Fairbanks, Willie B.
Fitzgerald, William E., III
Glad, Howard Eliott
Harness, Francis W.
Harrington, James Joseph
Haushalter, William Henry
Heath, Jeffrey Myron
Hilliard, Robert M., III
Karlsson, Carl Richard
Kauffman, Daniel George
Kohler, David Clark
Leary, Robert Anthony
Lewis, Maxwell L.
Manderfield, Leonard L.
McCluskey, Kenneth Andrew
Messner, Hugh F.
McLlencop, Gerald Holt
Murphy, Paul V.
Murray, Michael Alan
Parker, William Thomas, Jr.
Pate, James Wilson, Jr.
Silah, Robert Joseph
Siren, William H.
Stewart, James Lee
Stout, Floyd Taylor, Jr.
Stucki, John Howard
Young, Gary William

ENGINEERING DUTY OFFICERS

To be captain

Chapman, Paul William
Denning, Richard Grayson
Gabala, James A.
Krivan, William Robert
Levy, Ivan Marshall
Luethy, Walter Ernest
McPherson, Luther F., III
Murray, Robert Hendon
Novak, Stuart Michael
Resor, Joseph D.
Sartori, Howard Joseph
Scott, Gerald Wayne
Spurgeon, Dennis Ray
Vanduzer, Roger Elliott
Varelas, Constantine
Warnes, Philip George
Warwick, James Curtis

AERONAUTICAL ENGINEERING DUTY OFFICERS (AERONAUTICAL ENGINEERING)

To be captain

Bauer, Kenneth Hugh
Bencze, Daniel Peter
Manning, Kenneth Paul

AERONAUTICAL ENGINEERING DUTY OFFICERS (AVIATION MAINTENANCE)

To be captain

Long, James Thomas
Simmons, Joseph Lamar

SPECIAL DUTY OFFICERS (CRYPTOLOGY)

To be captain

Bilbrey, Robert Reid, Sr.
Butler, Theodore Harvey
Carroll, Michael Anthony
Johnson, William Robert, II
Lytikainen, Robert Carl
Mutton, James Orval
Nugent, Daniel Andrews
Satin, Joel Lewis
Weidman, Robert Hulburt, Jr.

SPECIAL DUTY OFFICERS (INTELLIGENCE)

To be captain

Alexander, Robert Cheston, Jr.
Alley, James Austin
Atcheson, Raymond William
Baumgardner, Hugh Wirth
Boerbon, Floyd Wallace
Bott, John Ferguson
Campbell, Cromwell B.
Carpenter, William S.
Carroll, Johnny Dean
Celebrezze, Anthony J., Jr.
Coughlen, Thomas David
Davies, John Glenn
Donato, Brian John
Fantauzza, Charles Benjamin
Floto Peter Christian
Fournier, Maurice Andrew
Gallagher, Thomas Vincent
Gilmore, Charles Philip
Gin, Steven
Gradick, Herman William I., Jr.

Grant, David Reginald
Grant, Frederick Eugene
Heacock, Gerald Stephen
Hibbits, John Gordon
Howatt, Franklyn James
Kane, Byron Lyle
Lambden, William Jon
Lawrence, David Wilson
Locke, Richard Evan
Lohman, John William
Loose, Ronald Russell
Malicki, William Joseph
Mattingly, William Herbert
McMahan, Paul Douglas
Mingle, Clifford Edward
O'Donnell, Thomas Edmund
Parsons, William Duval
Perry, David Charles
Prentice, Warren Lonsdale
Pyle, Howard, III
Ranalli, Michael Patrick
Rudolph, Walter Paul, Jr.
Salley, Leonard Bennett
Schuhle, John Eric
Scott, Glenn Allen
Sensoli, Joseph Albert
Shafer, Elwood Lewis, Jr.
Shepard, Donald Woodworth
Taylor, Sherry A. Hagerman
Tulloch, Hugh Bockhammer
Walsh, Owen Barrie
Webb, Bert James
White, Anthony Edward
Wiens, Jerry Allen
Williams, James Lewis
York, Robert Edwin
Young, Franklin Alden, Jr.
Zwingle, Carvel Lwoods

SPECIAL DUTY OFFICERS INTELLIGENCE (TAR)

To be captain

Entas, Leon James
Zickafoose, David Ralph

SPECIAL DUTY OFFICERS (PUBLIC AFFAIRS)

To be captain

Cartwright, John Galen
Durfer, Edwin Richard
Frederick, John Charles
Gartland, John Charles
Graves, Roy Danner
Kenny, Michael Francis, Jr.
Lambdin, Philip Eugene
Lashley, James Edwin
Moynihan, Daniel Joseph, Jr.
Niles, Wendell Edward, Jr.
O'Brien, Richard Paul
Pitzer, Everett Scott
Tomek, George Warren, Jr.
Woodward, George Phelps, Jr.

SPECIAL DUTY OFFICERS (GEOPHYSICS)

To be captain

Clark, Tony Franklin
Grayson, Thomas Hilary

IN THE NAVY

The following-named Naval Reserve officers to be appointed permanent ensign in the line or staff corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Anderson, Richard P.
Babin, Erica D.
Bauke, Gregory P.
Borkland, Dennis W.
Carlisle, Holly L.
Copp, Dennis W.
Fries, Charles A.
Ginn, Lelon L.
Halter, Rondal J.
Herrington, John B.
Kuehn, Robert B.
Mallette, James R.
McCole, George C., Jr.
Redden, Mark E.
Robbins, Martin J.
Sanchez, Guy R.
Vanderkamp, Martha M.
Williams, Richard N.
Westberg, Steven J.

Thomas A. Lemonds, Navy enlisted candidate, to be appointed permanent chief warrant officer, W-2, in the U.S. Navy, pursuant to title 10, United States Code, section 555.

Thomas R. Miller, lieutenant, U.S. Navy, retired, to be reappointed permanent lieutenant from the Temporary Disability Retired List, pursuant to title 10, United States Code, section 1211.

Edward N. Ehrlich, ex-Naval Reserve officer, to be appointed permanent commander in the Medical Corps of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593.

The following-named U.S. Navy officers to be appointed permanent commander in the Medical Corps of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593:

Liston, Steven E.
Sunder, Theodore R.

Charles V. Gordon, commander, U.S. Navy, to be appointed permanent commander in the Medical Service Corps of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593.

IN THE MARINE CORPS

The following-named U.S. Naval Academy graduates for permanent appointment to the grade of second lieutenant in the U.S. Marine Corps, pursuant to title 10, United States Code, section 531:

Adams, Daniel J., 4322
Adamus, Daniel E., 6266
Aguilar, Tomas J., 5102
Aiberto, Glen, 8957
Alicea, Pedro R., 9611
Allen, Scott A., 9520
Andrews, Jeffrey A., 9116
Astrup, Kevin J., 1777
Augustine, John M., 1931
Aumuller, David F., 4038
Baker, Beverly M., 7736
Baker, Miles C., 9861
Baker, Rosser O., 2503
Baker, Thomas W., 2159
Barr, Paul V., 2935
Becker, Max A., 6787
Bigelow, Andrew D., 4783
Birdsong, Timothy F., 2985
Blue, William D., 8596
Booth, David A., 8819
Briggs, Tod P., 8950
Brown, Conrad N., 4318
Bruner, Turney A., 7790
Busmire, Terence E., 6179
Cable, John D., 2641
Campbell, Lundy J., 2070
Campbell, William K., 2394
Carradini, George S., 5566
Chimiak, Mark W., 9489
Cochran, Paul R., 4646
Collins, Edward L., 5158
Conklin, Jeffery A., 5138
Cooper, David O., 8780
Czechowski, Richard B., 4915
Deleon, Carlos E., 5075
Derdall, James G., 1032
Desens, Mark J., 0795
Dinicolo, Gina M., 5957
Ditton, David A., 4954
Dixon, Kurt L., 8806
Donnelly, Charles R., 2649
Doyle, William G., 1442
Drummond, Brad C., 7455
Eaves, Kathy L., 9975
Everill, Kenneth A., 3772
Fairley, Maurice A., 4858
Faucher, William J., 9677
Fegan, Frederick M., 3702
Fippinger, Eric K., 9916
Fisher, Thomas E., 4765
Fortune, Idean J., 7109
Foster, James T., 2113
Frey, Gary R., 9307
Gallagher, Thomas W., 6807
Garcia, Manuel, 9508
Gattuso, Douglas J., 2584
Gehan, Thomas K., 0430
Gerhardt, Michael D., 4043
Goff, Jan T., 8100
Gonzalez, Robert, Jr., 3739
Graves, Jay P., 9991
Gurbach, Glenn D., 2427
Hacker, Rudolph E., 5397
Haddad, Richard E., 9597
Hamm, James J., 0767
Harber, Jonathan D., 7639
Harrison, William M., 2262
Hartman, Jonathan E., 8700
Heaphy, Mark P., 7235
Herlong, George H., 5726
Hile, Michael K., 4409
Hinen, James W., 1938
Hobaugh, Charles O., 8690
Hogan, Patrick R., 1925
Holtkamp, Louis M., 3741
Horn, Thomas W., 2973
Howard, Kevin T., 0937
Intoy, Bienvenido P., 8072
Ivan, Thomas R., 4125
Johns, Michael F., 3305
Jones, Thomas M., 1061
Kircher, Konrad, 0443
Kizzee, Carlos P., 2519
Knapper, Roger K., 2062
Kocher, Bruce D., 9582
Krueger, Bernard J., 4640
Lenda, John D., 1856
Lindsay, Charles T., 1787
Litton, Andrew C., 8247
Luke, Thomas C., 1407
Lyons, Mark R., 8764
Marnane, Thomas C., 5443
Marr, Douglas C., 9421
Martin, Bradford L., 1761
Matteo, Michael D., 7568
McCann, Mark W., 0165
McCarthy, Edward C., 8627
McClary, David B., 5712
McGaugh, Steven L., 7114
McGregor, James A., 5501
McKelvey, Matthew J., 3357
McKinney, Billy L., 6849
Miller, Nathan H., 0468
Mize, Ralph D., 6931
Monahan, Kevin J., 9245
Mortensen, Thomas C., 3133
Mueller, Michael D., 5804
Mullen, Michael D., 1505
Murray, Glenn A., 2483
Murray, Joseph B., 2103
Murray, Michael J., 2933
Murtha, Brian C., 2966
Nelson, Scott K., 6591
Nichols, Alan R., 5258
Nicoson, Daniel R., 6287
O'Connell, William M., 4677
Olivier, Patrick D., 9684
Pagano, James J., 3695
Pagel, Rick A., 4581
Paulson, William A., 3617
Pease, Gregory W., 5426
Peters, Gerald A., 8589
Petitt, David G., 6660
Petrosino, Frank M., 0435
Pfeiffer, Sharon E., 5532
Pitpit, Michael C., 4785
Poindexter, Scott H., 2355
Ratcliff, Blake D., 3209
Ridder, Samuel M., 9953
Ringel, Jeffrey T., 6034
Romero, Glenn R., 3928
Rosa, Ivan R. 4081
Rowsey, Robert R., 9410
Ryan, Leslie R., 7456
Schleicher, Donald H., 6787
Shepherd, Michael A., 9364
Shibe, Robert B. 8323

Shupinski, Douglas F., 1285
Sichler, Robert A., 0158
Spearing, Scott S., 0622
Stephens, William H., 3376
Stolarski, Mark A., 3645
Stolley, Brian K., 1762
Stuart, Allan J., 7025
Stys, Mark V., 3247
Sullivan, Sean M., 6642
Summerfield, Harry M., 6529
Suriano, Douglas A., 3583
Talamantes, Clarence S., 2326
Taylor, James, 2674
Thomas, Douglas P., 1167
Vermaat, Maarten, 5983
Wach, Raymond P., 6695
Wagoner, Keith L., 0091
Walton, Terrance B., 9385
Ward, Harry P., 8997
Weber, Jeffrey, J., 1894
Weistroffer, Joseph K., 3336
Wiggins, John W., 2734
Wilcox, John B., 1244
Wilhelm, James W., 7380
Williamson, Timothy L., 4632
Wix, Roseann L., 0062
Wrzeszcz, Branch O., [illegible]821
Yu, Michael D., 4135
Zamka, George D., 3788

In the Coast Guard

The following Reserve officers of the United States Coast Guard to be permanent commissioned officers in the grades indicated:

To be lieutenant commander

Rodney E. Smith
George A. Flanigan
Paul H. Garrity
Robert M. Acker, Jr.

To be lieutenant

James J. Vallone
Francis L. Shelley III
Douglas R. Carlson
David G. Michalski
Patrick T. Keane
Walter J. Brawand III
Thomas M. Self
Steven D. Hardy
Scott S. Way

To be lieutenant (junior grade)

Patrick L. Donahue, Jr.
Guy A. Tetreau
Stephen P. Garrity
Rhae A. Giacoma
Charles W. Kaiser
William D. Plunkett
Lawrence M. Fontana
Michael T. Covey
George Gill
Paul D. Jewell
Earle G. Thomas IV
Danny R. Williamson
Victor L. Tyber
Jack V. Rutz
Michael F. Moriarty
James X. Monoghan
Roy F. Williams III
Steve M. Sawyer
Bruce J. Mayes
Darrell C. Folsom
Thomas A. Bailey
Francis R. Southcott, Jr.
Larry D. Cheek
Arne O. Denny
William J. Uberti
William W. Thompson
Christopher C. Colvin
Craig H. Allen

Executive nominations received by the Secretary of the Senate April 23, 1984, under authority of the order of the Senate of April 13, 1984:

Department of State

Michael Hayden Armacost, of Maryland, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Under Secretary of State for Political Affairs, vice Lawrence S. Eagleburger, resigned.

Department of Commerce

Harold Peter Goldfield, of New York, to be an Assistant Secretary of Commerce, vice Richard L. McElheny, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 24, 1984:

Copyright Royalty Tribunal

Mario F. Aguero, of New York, to be a Commissioner of the Copyright Royalty Tribunal for the unexpired term of 7 years from September 27, 1977.

Department of Justice

Daniel Raul Lopez, of California, to be a Commissioner of the U.S. Parole Commission for a term of 6 years.

The Judiciary

Edward Leavy, of Oregon, to be U.S. district judge for the district of Oregon.

William D. Browning, of Arizona, to be U.S. district judge for the district of Arizona.

Joseph J. Longobardi, of Delaware, to be U.S. district judge for the district of Delaware.

Terrence W. Boyle, of North Carolina, to be U.S. district judge for the eastern district of North Carolina.

HOUSE OF REPRESENTATIVES—*Tuesday, April 24, 1984*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore (Mr. WRIGHT).

Dr. G. H. Chopourian, Armenian Missionary Association of America, Paramus, NJ, offered the following prayer:

Almighty God, Creator of the universe, and Father of humanity; we humbly and penitently approach You today in worship, standing in awe and yet joy at the marvels of Thy creation and the mysteries contained therein.

Man's inhumanity to man stretches back centuries, our Father, but today, on April 24, 1984, when the first genocide of a people was perpetrated 69 years ago between 1915 and 1918 our remembrance is of those more than 1 million Armenian Christian martyrs who preferred death to apostasy. They died of hunger in the hot deserts of Arabia; tortured on the way to their Calvary; drowned, shot, plundered, and abused in unspeakable ways. To hear, read, think, or speak about the atrocities, sends shivers down the spines of those who still have humane feelings left in them.

And yet, mystery of mysteries, a large number of the remnants of the genocide, while not having forgotten, have forgiven the perpetrators despite what we read and hear of Armenian terrorism against Turks by a small band of disillusioned nihilists. It is the grace of God that enables many to be such forgiving witnesses, and perchance as a result of the accumulated spiritual experience of a people who embraced Christianity in 301 A.D. We know deep down in our hearts, Creator God, that we who are alive today have a responsibility to humanity—to stand for justice wherever injustice prevails, to defend human rights wherever they are violated; to protect human lives wherever atrocities are perpetrated, knowing full well that our silence is a grave sin of omission which only encourages evil to be perpetuated by opportunists.

We pray passionately, our Father, that You may give wisdom to our President, Congressmen, and Senators to lead our Nation by their example and to make us conscious of our responsibilities to all people everywhere. But, above all, that as a moral nation we will stand as ally to truth and as protagonist to justice.

May Thy grace and spirit fall upon this House and enable the Members to rule by grace and good will. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 2048. An act to provide for the establishment of a Task Force on Organ Procurement and Transplantation and an Organ Procurement and Transplantation Registry, and for other purposes; and

S.J. Res. 143. Joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning with Sunday, June, 3, 1984, as "National Garden Week."

The message also announced that the Senate agrees to the amendment of the House with amendments to a bill of the Senate of the following title:

S. 1097. An act to consolidate and authorize certain atmospheric and satellite programs and functions of the National Oceanic and Atmospheric Administration under the Department of Commerce.

DR. G. H. CHOPOURIAN

(Mr. PASHAYAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PASHAYAN. Mr. Speaker, today we were honored to welecome Dr. G. H. Chopourian, executive director of the Armenian Missionary Association of America, who offered us our opening prayer.

Later today under a special order I have reserved, we shall mark the 69th commemoration of Armenian Martyrs' Day, which is being recognized throughout this Nation's Armenian community.

Dr. Chopourian is a survivor of this century's first genocide of a Christian people. His parents were uprooted and fled to Cyprus, where he was raised. Now a U.S. citizen, Dr. Chopourian is a graduate of the American University of Beirut, Lebanon. He received his doctorate from Temple University.

As executive director of the Armenian Missionary Association of America he coordinates the educational, relief, evangelical, and church development work of an organization operating not only in this country but in Canada, Australia, Brazil, Uruguay, Argentina, Syria, Lebanon, Cyprus, Iran, Greece, Turkey, and France.

I want to thank Dr. Chopourian for honoring us today. I know he shall be watching later as the House of Representatives takes a few moments again to commemorate Armenian Martyrs' Day.

CENSUS BUREAU MEETING VIOLATES FEDERAL ADVISORY COMMITTEE ACT

(Mr. MATSUI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MATSUI. Mr. Speaker, the Reagan administration has convened a panel of eight economists who might well have a major impact of how poverty is defined in America.

The panel will recommend whether noncash payments should be included in setting the poverty level—a move that could result in drastically reduced benefits for millions of Americans.

Despite its importance, however, the Reagan administration has decided to close this meeting to the public. What this means is that the administration's view and approach to poverty could be thrust on the American people without a fair hearing; without the opportunity for rebuttal; and without congressional input.

But what is more, Mr. Speaker, the administration's action is against the law, violating the Federal Advisory Committee Act. I urge my colleagues to join me in an open letter to the Census Bureau, requesting that their meeting stand the test of public scrutiny.

☐ 1210

THE PEOPLE BACK HOME WANT CONGRESS TO REDIRECT FOREIGN POLICY IN CENTRAL AMERICA

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, during the recess, one message from my constituents came through loud and clear. In every corner of my diverse district, I heard "Congressman, this country is headed in the wrong direction in Latin and Central America."

Many constituents loudly objected to the mining of the harbors in Nicaragua. Others wanted to know how long we are going to pour military aid into El Salvador. And without exception, people wanted to know when Congress is going to do something about this misdirected foreign policy.

Mr. Speaker, the people back home are right. Congress must begin to act to redirect our foreign policy in Latin and Central America.

SHIPMENTS OF LETHAL RADIOACTIVE WASTES TO BEGIN

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, I am deeply troubled over the imminent prospect that shipments of lethal radioactive wastes will be traveling on major roads in and around New York City.

These shipments would take place for the first time since 1975 after which the city along with 180 other localities slapped bans on such transporting. New York City's ban was overturned by regulations issued by the Department of Transportation in 1981. The city challenged the regulations and was upheld in Federal district court in 1982. That ruling was overturned by the Court of Appeals for the Second Circuit in 1983 and the Supreme Court refused to hear the city's challenge. As a result the shipments can now begin again.

New York City has filed a formal request with the Department of Transportation for a waiver from the Federal regulations until they can conduct a comparative study of shipment by barge of the materials. A spokesman for the Department was quoted as saying the letter "had been received and was under review." The city is owed a decision one way or the other. A nondecision on a matter of this importance to millions of people would be the height of bureaucratic indifference.

I am sending a telegram to Secretary Elizabeth Dole in support of the city's request and urging that a decision be made before the shipments begin. The overriding objective here must be the safety of the people of New York. We do not need a "day after" scenario before we act.

CRIME REFORM LEGISLATION SHOULD COME BEFORE HOUSE SOON

(Mr. DENNY SMITH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DENNY SMITH. Mr. Speaker, back home in Oregon, people are growing more and more upset and concerned about crime. And is it any wonder? My hometown of Salem is stunned over a rash of brutal slayings that have left seven young women dead or missing in 3 years. Last week, a State trooper was shot in the mouth allegedly by a 19-year-old man whom he suspected was a drunk driver. The suspect was released on bail a day or so later and then skipped town.

We are tired of living in the shadow of crime. We want to know why the courts and the Congress seem more concerned about the welfare of the criminal than with the safety of the law-abiding citizen/victim.

While Congress cannot make criminals into law-abiding citizens it can toughen the laws to prevent them from terrorizing the public.

For the sake of the victims and their families, and for all law-abiding Americans, please, Mr. Speaker, join with us, cooperate with us by bringing crime reform legislation to the floor of this House soon.

AMERICANS UPSET BY VIOLENT CRIME

(Mr. SHUMWAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUMWAY. Mr. Speaker, having just returned from a week in my district, I can state with certainty that Americans are upset about the issue of violent crime, and distressed with their elected representatives for seeming insensitivity to their concerns.

Judging from the track record set by the House leadership, I cannot fault the public for that perception.

The Senate, reflecting bipartisan support for the critical issue of Criminal Code reform, passed the omnibus crime package by the vote of 91 to 1. Moreover, that action occurred promptly. The House leadership, by contrast, took 51 weeks after introduction of the measure to refer it to the appropriate judiciary subcommittees.

It is true that crime is largely addressed at the local level, but it is no less true that the Federal Government should demonstrate responsible leadership by taking appropriate action to fight such crimes as drug trafficking, and to institute bail reform. It would also be appropriate for us to establish constitutional procedures for imposition of the death penalty in cases of heinous crimes.

The week just passed was proclaimed by the President as Crime Victims Week. I believe we owe it to all Americans to at least debate this critical issue.

HOUSE SHOULD SCHEDULE ACTION ON COMPREHENSIVE CRIME CONTROL ACT

(Mr. PACKARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PACKARD. Mr. Speaker, there is something seriously and tragically wrong with our Nation's system of criminal justice when the victim of a crime pays more dearly than does the criminal. Every day we are shocked to hear of yet another criminal who escapes punishment due to a farfetched interpretation of the law. There is little concern in such decisions for the suffering of the victim.

If our judges do not have the legal means or the courage to put criminals in jail and keep them there, then it is up to us to change the laws—to stop coddling criminals—to put some backbone in our courts, and to pay attention—at long last—to those who have been wronged.

I call on the majority of this House to schedule action on the Comprehensive Crime Control Act. We must not sit idly by for another session and allow the criminals to enjoy the protections they have been given over the last few decades while the rights of victims of crime continue to erode.

I do not believe there is any more pressing subject for action by this Congress than that of criminal justice reform. We ought to make comprehensive reforms before we go home—before we have another recess. There is no excuse for failing to act.

HOUSE MUST UNDERTAKE SWEEPING REFORM OF OUR JUDICIARY

(Mr. LUJAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUJAN. Mr. Speaker, I also rise today to discuss the subject of judicial reform and the crying need for us to restore some semblance of sanity and evenhandedness to our Nation's court system.

I do not believe it is a secret to many Members of this House that the American people are fed up with the way in which the courts in the United States have catered in recent years to the offenders, the criminals, at the expense of the victims of crime. We have all read horror stories about crimes committed by repeat offenders who were out on the streets again almost before the arresting officer had finished writing his report on the latest crime. Some of these repeat criminals went on to commit even more heinous crimes—rape and murder. Some simply repeated the type of crimes they had already been arrested for.

Much of this sort of thing can be laid at the doors of judges who let themselves be persuaded by psychiatrists and psychologists that society is really the criminal, not the man or woman who pulled the trigger or wielded the knife.

If we believe that sort of thinking, we might as well lock up society and let the criminals roam free. And in a sense—in many of the high crime neighborhoods of our cities—that is precisely what has happened. The people are cowering behind their locked doors while the marauders run loose outside.

The House of Representatives should have no higher priority this year than to undertake a sweeping reform of our judiciary. I urge all of us to act to restore sanity to a keystone of our Republic before it becomes a universal symbol of derision and disrespect.

CONGRESSIONAL UNDERCUTTING OF AMERICAN FOREIGN POLICY

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, I have taken a special order for this afternoon to discuss two recent examples of congressional undercutting of American foreign policy.

First, actions of a Member of the House who sent his staff member to a foreign country to get a report changed. The other a letter signed by 10 Members of this House to the Nicaraguan Government stating explicitly their opposition to U.S. policy and in effect inviting the Nicaraguan Government to get involved in American politics.

I have sent letters to the offices of all 11 Members involved and invited them to come over. I think it is very important that today we begin to discuss the legitimate boundaries for Congressmen to be involved in dealing with foreign governments in positions in which their own government is involved in competition or conflict with our Government.

CONGRESS GROSS NEGATIVE PRODUCT

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, the news on the economy is very good these days with the latest item being that the GNP is up, the gross national product of the United States of America.

But there is another GNP of which we are not so proud. That is Congress gross negative product.

□ 1220

This gross negative product, Mr. Speaker, includes a long laundry list: A negative product on immigration legislation; a negative product on bankruptcy; a negative product on bail reform; a negative product on death penalty reform; a negative product on the exclusionary rule; a negative product on as many things as are important in the Criminal Code reform that we are seeking as can be enumerated in 1 minute.

Mr. Speaker, it is time for the Speaker of the House and his majority leadership to reverse this trend of the Congress GNP, this gross national product, and to begin to match the economy in its growth and in its proper place in American society.

CRIMINAL JUSTICE REFORM

(Mr. KINDNESS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINDNESS. Mr. Speaker, I used to care about the problems related to crime in our country. I still do, and I will in the days ahead. But right now, here in the House of Representatives, it appears that we do not care enough. We do not care enough to have brought to the floor of this House for debate the important questions that exist in the needs for reform in our criminal laws in this country that have been enumerated by my colleagues here today and at other times.

Our inaction on criminal justice reform is too much. We have gone too long. We have done too little. It is in this House of Representatives that the responsibility rests. The other body has acted, as has been pointed out, on all of the important points that are involved. Some of us have spent innumerable hours on the work in Congresses past, but this Congress is the time when something must be done, and it needs to be done at the urging and at the leadership of the House Democratic leadership.

Mr. Speaker, I implore you to move it.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO FILE REPORT ON H.R. 3457, SOIL CONSERVATION ACT OF 1984

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have until midnight tonight to file a report on the bill, H.R. 3457, the Soil Conservation Act of 1984.

It has been cleared with the minority. They have no objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

CRIMINAL CODE REFORM

(Mr. HUNTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUNTER. Mr. Speaker, every 23 minutes a murder is committed in the United States, a rape occurs every 6 minutes, a robbery every 58 seconds, and a burglary is committed every 8 seconds. Each year 30 percent of this Nation's households are touched by crime.

Mr. Speaker, I believe this House has the responsibility to consider measures to bring this alarming problem under control. While the Senate has passed a comprehensive crime control package by a vote of 91 to 1, the House has failed to even debate Criminal Code reform.

Mr. Speaker, it is a pity that our constituents cannot go out at night without fear of being assaulted or of coming home and finding their hard-earned possessions gone. It is a pity that the Democratic leadership stands by and does nothing to protect the citizens of this country.

I urge that the House consider the comprehensive crime control package that has been bottled up by the Democrat leadership for nearly a year now.

Mr. Speaker, let the crime bill see the light of day.

BAR STATES FROM TAXING SOCIAL SECURITY

(Mr. PHILIP M. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PHILIP M. CRANE. Mr. Speaker, today I am introducing a bill to prohibit State governments from taxing social security benefits. This bill is necessary because last year Congress passed legislation taxing middle- and upper-income retirees on up to half of those payments. Unless Congress acts, many of these same retirees will pay State income taxes on the benefits beginning with returns filed in 1985. Twenty-four States either have current statutory provisions, or legislation pending that could make social security benefits subject to taxation.

Although I am opposed to the taxation of all pensions, at least the Federal taxation of social security benefits is intended to preserve some degree of solvency in the social security trust fund. The sole reason for a State government in taxing those same benefits would be to enlarge its revenues. The reason States can easily accomplish this is that most have laws that allow taxation patterns mirroring Federal practice.

Therefore, they use the adjusted gross income (AGI) reported on the Federal tax forms as the basis for an individual's income to compute State tax liability. Some States have taken legislative action to exempt social security benefits from being included in taxable income. But it should not be left up to the States to remedy a gross injustice created by Congress. I do not believe that it was our intention to permit States to levy a tax on social security benefits when we approved the 1983 Social Security Act Amendments. The intention was to provide some protection for the social security system. It is grossly unfair for the States to raise revenues by singling out social security beneficiaries. We can correct the injustice with this bill, and I urge its speedy adoption.

VOLUNTARY SCHOOL PRAYER, BALANCED BUDGET, AND LINE-ITEM VETO CONSTITUTIONAL AMENDMENTS

(Mr. BROWN of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Colorado. Mr. Speaker, all Americans stand in wonder and amazement that this House has refused to address the vital issues of our time. In that regard, Mr. Speaker, I would hope to offer a unanimous-consent request calling for consideration of amendments to permit voluntary school prayer, a balanced budget, and line-item veto.

The Chair has ruled that in order to make these requests I must have the clearance of the Democratic and the Republican leadership of this House.

This request has been cleared by the Republican leadership.

I would now yield to a spokesman from the majority leadership for an appropriate clearance.

Mr. Speaker, unfortunately, we hear no response. Apparently, the Democratic leadership is unwilling to permit these issues to come before the floor or to be considered by the Representatives of this country. It is clear to the American people who stands in the way of considering these three important issues: The Democratic leadership of this House.

Let us hope that they change their attitude and become willing to allow the Americans' House of Representatives to address these vital issues.

JUDICIAL REFORM

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, when a California court frees a triple killer because his confession to police was preceded by his comment that he was speaking "off the record"; when a judge in Texas suppresses evidence in a drug case because the defendant's statement that he had some "speed" might have meant he was referring to—and I quote—"the name of a new laundry detergent"; when a rapist is released after a week of his sentence because the judge feels his physical condition would deteriorate behind bars; then something is seriously, tragically wrong with this country's judicial system.

I do not believe there are many more pressing subjects for action by this Congress than that of judicial reform. We ought to make comprehensive reforms before we go home, before we hold another recess. There is no excuse for not moving in this area.

For too long, Mr. Speaker, we have let the courts and the defense lawyers run roughshod over the rights of the victims of crime in this country.

If our judges do not have the courage or the will to put criminals in jail and keep them there, then it is up to us to change the laws—to stop coddling criminals—to put some backbone in our courts and pay attention—at long last—to those who have been wronged.

I challenge the majority in this House to schedule action on this matter. Do not stay idly by for another session while the criminals enjoy the freedom and the virtual immunity they have been given over the last few decades.

Let us act, Mr. Speaker, and let us do it now.

CENTRAL AMERICA

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, the message from the Easter recess from my constituents is clear: Do something about our involvement in Central America.

They ask: "How can you allow the President to disregard the rule of law in the mining of the Nicaraguan harbors?"

They say: "Please assert your congressional role in the formulation of foreign policy."

"Don't you have any guts?" they say. "How long are you going to allow the President to continue to run foreign policy without the views of the American people and the Congress?"

Mr. Speaker, as the Central American issue becomes the key foreign policy matter before this country, it is time that this body and the Congress assert its role, assert the role of the people in this country and challenge the President on a foreign policy in Central America that is not working, that is senseless and that is counterproductive.

THERE IS A LOT RIGHT WITH AMERICA

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, this is a problem-solving job, being a Member of Congress.

Constituent calls about social security and food stamps are problems that we eagerly solve.

We then turn to national and international problems pleading for solution. National deficits, foreign policy, nuclear control all represent the ultimate in problem dilemmas.

In fact, when we return home for a work period, it is tempting to keep the problem mentality and talk only of what is wrong with our country.

During the Easter week back home, however, I was reminded by my constituents about some of the things right with America.

No. 1, our young people, bright, energetic, very talented, they are our strength.

No. 2, our willingness to sacrifice is still alive. John Kennedy said it a generation ago, telling us not to ask what the country can do for you.

The people are ahead of the politicians on this issue. They are still willing to sacrifice for their country.

And, finally, we still accept the responsibility of leading the free world, whether that be in fighting hunger in Africa or supporting freedom fighters in El Salvador.

We do have many problems; we have a long way to go. But I thank the people for reminding me that there is a lot right with America.

So, "problem-solvers," while we remember what is wrong in America, let us not forget what is right.

□ 1230

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5, Rule III of the Rules of the U.S. House of Representatives, the Clerk received at 12:30 p.m. on Friday, April 13, 1984, the following messages from the Secretary of the Senate:

(1) That the Senate passed H.R. 3867; and

(2) That the Senate agreed to the House amendments to S.J. Res. 210.

With kind regards, I am

Sincerely,

BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC,
April 24, 1984.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5, Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit sealed envelopes received from The White House as follows:

(1) At 4:00 p.m. on Friday, April 13, 1984 and said to contain a message from the President wherein he transmits the 18th Annual Report of the National Endowment for the Humanities covering the year 1983;

(2) At 4:10 p.m. on Tuesday, April 17, 1984 and said to contain a message from the President whereby he transmits the 5th Annual Report of the Federal Labor Relations Authority which covers Fiscal Year 1983; and

(3) At 4:10 p.m. on Tuesday, April 17, 1984 and said to contain a message from the President whereby he transmits the 27th Annual Report on the Trade Agreements Program 1983.

With kind regards, I am
Sincerely,
BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.

18TH ANNUAL REPORT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES COVERING THE YEAR 1983—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Education and Labor:

(For message, see proceedings of the Senate of today, Tuesday, April 24, 1984.)

27TH ANNUAL REPORT ON TRADE AGREEMENTS PROGRAM 1983—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Ways and Means:

(For message, see proceedings of the Senate of today, Tuesday, April 24, 1984.)

FIFTH ANNUAL REPORT OF FEDERAL LABOR RELATIONS AUTHORITY COVERING FISCAL YEAR 1983—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Post Office and Civil Service:

(For message, see proceedings of the Senate of today, Tuesday, April 24, 1984.)

THE TIME IS NOW FOR A CRIME BILL

(Mr. LOWERY of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr LOWERY of California. Mr. Speaker, the good news is that crime is down significantly in every region of the country and in every category of serious crime. The bad news is that the House leadership is stalling on the President's crime bill that deals with the criminals still out there.

San Diegans I spoke with over Easter recess think the House is guilty of criminal neglect. In February, the Senate passed a comprehensive crime reform bill by a bipartisan vote of 91 to 1 in favor. But it took the House leadership 51 weeks just to refer the President's crime package to the relevant subcommittees.

A falling crime rate can make it possible to devote more effort to canceling unsolved crimes. But without a crime bill, problems like bail reform, sentencing and the exclusionary rule are left twisting in the wind.

Ultimately, which party gets credit for addressing the crime problem will be eclipsed by who deserves the blame for undermining our criminal justice system.

LET US TALK WITH THE SOVIETS

(Mr. BOEHLERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOEHLERT. Mr. Speaker, the President has taken significant steps in recent days to reduce international tension and to promote peace. He is on a roll. I would like to see it continued all the way to a long overdue summit with the Soviets.

All of us should applaud the President for his courage in putting aside long-felt enmity to visit the People's Republic of China. It was not so long ago that the thought of any President—particularly this President—visiting the world's most populous nation seemed out of the question. But now Ronald Reagan is making this great leap forward—a move that can only make the world a safer place.

In addition, the President has just put forth a bold initiative in Geneva—a proposed treaty to ban the testing, production and use of chemical weapons. And President Reagan wrote recently to Premier Chernenko—who is now President Chernenko expressing a viewpoint that must guide our foreign policy: "We must insure that our differences—however large—are not resolved by force."

I would urge the President, though, to take one more step to build on that hopeful initiative. The President should call for a summit with Premier Chernenko.

Talking with the Soviets is not a sign of weakness, but one of confidence and hope. Just as meeting with the Chinese can only help create an atmosphere of better understanding despite continuing disputes, a meeting with the Soviet leader could only inch us away from the nuclear precipice.

We have much to discuss with the Soviets. I am not under any illusion that a summit would miraculously transform Soviet-American relations. But a journey of 1,000 miles must start with the first step. Let us take that step.

CRIMINAL JUSTICE REFORM

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, today, I must ask with many of my colleagues: Does the leadership of this body really care about the fact that crime is one of the foremost considerations on the minds of the American people? According to the December 27, 1983, edition of USA Today, the following question was posed to readers: "What worries you most about 1984?" Under the subject of crime 62 percent of the respondents described themselves as "very worried." It might be noted that this contrasts with the response concerning the threat of nuclear war where 52 percent described themselves as very worried.

It must be queried that if this is truly the "peoples house" why so little of our attention has been given to the crime issue by the House leadership? You will recall that we spent a total of 37 hours and 12 minutes debating the nuclear freeze issue and if the concerns of the American people have any correlation with what we do in this Chamber it would seem appropriate that at a minimum, the subject of crime should be given equal billing.

It is time to put partisan politics aside and to move ahead in a bipartisan manner as has been done in the other body on omnibus criminal jus-

tice reform. The fact that the conceptual framework may have originated with a Republican President should not be a relevant consideration. The crime issue should be by its nature a bipartisan social phenomenon. It is no respecter of party affiliation in that Democratic constituents as well as Republicans are all to frequently the prey of muggers.

It is time for the leadership of this Chamber to put politics aside and follow the lead of the other body in enacting substantive criminal justice reform. It is time for the House leadership to demonstrate to the American people that they care.

RESTRICTION OF SOVIET TRAVEL IN ARIZONA MUST BE REINSTATED

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RUDD. Mr. Speaker, the State Department recently revised its list of areas in the United States opened and closed to travel by Soviet diplomats.

As a result, the Phoenix and Tucson areas, as well as Graham, Greenlee, and Yuma Counties in Arizona were all opened to Soviet diplomatic travel.

The presence of high technology and defense-related industries has made Arizona a prime target for Soviet espionage.

For this reason, I have been in touch with Secretary Shultz to urge reconsideration of the Department's revisions. I am distresssed that to date, I have received a response expressing only sympathy, but no intention of taking action to rectify this situation.

In my view, the State Department's travel revisions represent an open invitation for the Soviets to pursue U.S. Defense secrets.

The Arizona Legislature recently adopted a memorial calling upon the Secretary to reinstate the restriction on Soviet diplomatic travel in Arizona. I commend the legislature's efforts and again call upon the Secretary to reconsider the travel revisions. I include the Arizona memorial for printing in the RECORD at this point.

[State of Arizona, Senate, 36th Legislature, Second Regular Session, 1984]

SENATE CONCURRENT MEMORIAL 1001

A Concurrent Memorial Urging the Secretary of State of the United States and the Members of the Arizona Congressional Delegation to support the Restriction of travel by Soviet Diplomats in this State

To the Secretary of State of the United States and the Members of the Congressional Delegation from this State:

Your memorialist respectfully represents:

Whereas, the United States Department of State recently amended diplomatic travel restrictions so that Soviet diplomatic personnel in the United States now have access to Phoenix, Tucson and Yuma from which they had previously been barred; and

Whereas, the director of the Federal Bureau of Investigation, William Webster, was quoted in the Washington, D.C. "Times" of April 25, 1983 as saying "there are about three thousand Soviet bloc diplomats in the United States and thirty to forty per cent pursue U.S. secrets especially military information and laser and computer, technology."; and

Whereas, in addition to important military bases in this state there are according to the Arizona International Trade Directory a large number of firms located in this state whose operations make them prime targets for Soviet technology espionage.

Wherefore your memorialist, the Senate of the State of Arizona, the House of Representatives concurring, prays:

1. That the Secretary of State of the United States and every Member of the Congressional Delegation from this state support the restriction of travel by Soviet bloc diplomats in this state.
2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the Secretary of State of the United States and to each Member of the Congressional Delegation from this state.

Passed the Senate—March 15, 1984, by the following voted: 29 ayes 0 nays, 1 not voting.

Passed the House—March 29, 1984, by the following vote: 42 ayes, 8 nays, 10 not voting.

Filed in the Office of the Secretary of State, April 2, 1984.

PROVIDING FOR CONSIDERATION OF S. 373, ARCTIC RESEARCH AND POLICY ACT OF 1983

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 482 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 482

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 373) to provide comprehensive national policy dealing with national needs and objectives in the Arctic, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill for failure to comply wilth the provisions of sections 303(a)(4) and 401(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived. After general debate, which shall be confined to the bill and to the amendment in the nature of a substitute made in order by this resolution, and which shall continue not to exceed one and one half hours, one hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology, and thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Science and Technology now printed in italic in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered for amendment by titles instead of by sections and each title shall be considered as having been read, and all points of order against said substitute for failure to comply with the provisions of clause 7, rule XVI are hereby waived. In lieu of the amendment to title I of said substitute recommended by the Committee on Merchant Marine and Fisheries now printed in boldface roman in the bill, it shall be in order to consider an amendment to said title printed in the Congressional Record of April 9, 1984, by, and if offered by, Representative Fuqua of Florida, and said amendment shall be considered as having been read. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

□ 1240

The SPEAKER pro tempore (Mr. BIAGGI). The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, at this time I yield 1 minute to the gentleman from Georgia (Mr. LEVITAS).

NEED FOR REVISION OF FEDERAL CRIMINAL CODE—BUT LET'S BE HONEST ABOUT IT

Mr. LEVITAS. I thank the gentleman for yielding this time to me.

Mr. Speaker, I regret that I was not able to participate in the 1-minute speeches during the time allotted, but I have heard speaker after speaker today talk about the need for consideration of the Criminal Code, and I agree and certainly hope we do that. I would like to see it done. But let us be honest about it. What I do not appreciate is the political claptrap and demagoguery that went along with that request, talking about burglary and rape and robbery, when every speaker who made that statement knows that the rapes and burglaries and robberies and crimes on the streets in California or Pennsylvania or Georgia are not covered by this Criminal Code. Those crimes, and the fears and concerns they engender, are almost entirely covered by State law, not Federal law. State law and State law enforcement need to be improved, as does Federal law and Federal law enforcement. But do not fool the public that the Federal Criminal Code revision will have significant impact on most street and local crime.

This is a Federal Criminal Code, which does need to be revised and is similar to one President Reagan vetoed about 2 years ago, and I hope we do consider it. But if the people who are talking about rape, burglary, robbery, and crime of that sort as being affected by this Federal law change, they either do not know any better, or they ought to know better. If they are simply engaging in political demagoguery for partisan political advantage, the American people are not that stupid. They understand and they see through it. They know we need to fight State crimes with State law and State enforcement against those types of street and local crime. And they know we need to improve our Federal Criminal Code for many reasons even if it does not deal with most of the crimes in our communities which we are all concerned about.

Both of these problems are so important that we should not play partisan political games about them and we should not try to deceive or lull the public into thinking that the needed reform of Federal criminal law will have a direct impact on the the crimes covered by State laws which are the vast majority of the violent crimes of murder, rape, robbery, burglary, and the like.

We must work together, and not as political partisans, to combat crime honestly and effectively.

Mr. MOAKLEY. Mr. Speaker, I yield the customary 30 mintues to the gentleman from Missouri (Mr. TAYLOR), and pending that I yield myself such time as I may use.

Mr. Speaker, House Resolution 482 is an open rule providing for the consideration of S. 373, Arctic Research Policy Act of 1983. Two hours of general debate shall be divided between the two committees that reported this bill, with 1 hour and 30 minutes of debate to be allocated to the Committee on Science and Technology and 30 minutes of debate to the Committee on Merchant Marine and Fisheries.

Mr. Speaker, the rule specifies that the Science and Technology Committee amendment in the nature of a substitute now printed in the bill shall be considered as original text for the purpose of amendment. To facilitate the amendment process, the substitute shall be considered by titles instead of by sections, with each title to be considered as read.

After a series of hearings on national critical materials policy and research, Mr. Speaker, the Committee on Science and Technology recognized the need for improvement in the coordination of Federal policies and activities relating to materials critical to the Nation's economy and defense. As a result, title II of the substitute establishes a three-member National Critical Materials Council under the Executive Office of the President and charges it with the responsibility for advising the President and making recommendations to Congress on coordination and implementation of national critical materials policies and programs. However, Mr. Speaker, the Senate-passed version of this bill did not address materials policy and therefore, title II is considered nongermane to an Arctic research bill. The Rules Committee granted the waiver of clause 7, rule XVI—the germaneness rule—to allow consideration of this substitute, but I would point out that any and all provisions of the bill would be open to amendment.

Mr. Speaker, House Resolution 482 waives points of order against consideration of the bill for failure to comply with two sections of the Congressional Budget Act of 1974. First, the rule waives section 303(a)(4) of the Budget Act which prohibits consideration of new entitlement authority first effective in a fiscal year before the first budget resolution for that fiscal year has been adopted. The waiver is necessary because the bill, as introduced, sets the rates of pay for members of the Arctic Science Policy Council and the Arctic Research Commission at level V of the executive schedule and GS-16, respectively. Since this new entitlement authority is first effective in fiscal year 1985 and since no conference report on the first budget resolution for fiscal year 1985 has been adopted, the bill violates section 303(a)(4) of the Budget Act.

The second Budget Act waiver in this resolution is of section 401(a) which prohibits the consideration of new contract authority unless such authority is limited to amounts provided in advance in appropriation acts. Since section 8 of S. 373, as introduced, would provide new contract authority which is not limited to advance appropriations, the bill would violate section 401(a) and thus the waiver was granted. However, the Science and Technology Committee substitute cures the Budget Act violations and the Budget Committee had no objection to technical waivers of sections 303(a)(4) and 401(a).

Mr. Speaker, the Committee on Science and Technology and the Committee on Merchant Marine and Fisheries reported different versions of title I of this bill, but they are to be commended for their diligent efforts in developing a bipartisam compromise proposal for floor consideration of this measure. The rule provides that in lieu of the Merchant Marine Committee amendment to title I now printed in the bill, the compromise version of title I printed in the April 9 CONGRESSIONAL RECORD by Mr. FUQUA shall be in order.

Upon conclusion of consideration of the bill for amendment, one motion to recommit with or without instructions would be in order.

Mr. Speaker, our Nation currently invests over $100 million a year on Arctic research but there is little or no coordination of efforts among the more than 1 dozen Federal agencies, the government of the State of Alaska, and the private sector.

Our policy initiatives and research in the Arctic region have been fragmented, and at times, unnecessarily duplicative. In an attempt to address the problem, title I of the bill establishes a five-member Presidential Commission to promote Arctic research and to develop a coordinated national Arctic research policy. It would also establish, within the National Science Foundation, an Office of Arctic Research.

Mr. Speaker, 20 percent of our Nation's domestically produced oil is found in the Arctic region and approximately 16 percent of all proven reserves of natural gas are located in Arctic Alaska. This region is of vital interest to our Nation.

We are the only country bordering the Arctic Ocean that does not have a comprehensive Arctic research policy. This bill attempts to promote a change in that situation. I urge adoption of House Resolution 482 so that the House may consider this very important legislation.

Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 482 is an open rule under which the House will consider legislation creating a presidentially appointed Arctic Research Commission to formulate a coordinated national policy for Arctic research.

In addition, the bill made in order by this rule, S. 373, establishes a statutory National Critical Materials Council to assist the President in developing our national policies regarding critical minerals and materials.

Mr. Speaker, S. 373 passed the other body in June of last year, and this rule waives section 303(a)(4) and section 401(a) of the Budget Act against our consideration of the bill.

As introduced, S. 373 violated these two sections of the Budget Act because it provided new entitlement authority first effective in fiscal year 1985 in advance of adoption of the first budget resolution by both Houses, and it contained new contract authority not limited to advance appropriations.

Mr. Speaker, the version of S. 373 reported by the Committee on Science and Technology made changes necessary to comply with the Budget Act, and these waivers are therefore purely technical in nature and are necessary to permit consideration of the bill and the committee amendment.

The rule provides that the Science and Technology Committee substitute now printed in italic type in the bill will be considered as an original bill for the purpose of amendment under the 5-minute rule, and the substitute will be considered for amendments by titles instead of by sections.

The rule waives clause 7 or rule XVI, our germaneness rule, against the Science and Technology Committee substitute, because that committee added the language creating the National Critical Materials Council to the Senate-passed bill.

Mr. Speaker, following action by the Committee on Science and Technology, S. 373 was sequentially referred to the Committees on Armed Services and Merchant Marine and Fisheries. The Armed Services Committee was discharged from consideration, but the Merchant Marine and Fisheries Committee reported an amendment.

This rule makes in order a specific amendment, printed in the Congressional Record of April 9, by and if offered by Representative Fuqua, in lieu of the committee amendment reported by the Committee on Merchant Marine and Fisheries.

Mr. Speaker, the general debate on S. 373 will be allocated with 1 hour for the Committee on Science and Technology and 30 minutes for the Committee on Merchant Marine and Fisheries.

Finally, Mr. Speaker, the rule provides the usual and customary language regarding separate votes in the House on any amendments adopted in the Committee of the Whole to the bill or to the committee substitute and allowing for one motion to recommit with or without instructions.

Mr. Speaker, the two committees involved in this bill are anxious to more fully explain its provisions and I urge the House to adopt the rule so we may proceed directly to debate on the bill.

☐ 1250

Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING MEMBER NOT NAMED IN HOUSE RESOLUTION 482 TO OFFER AMENDMENT MADE IN ORDER UNDER THE RULE TO S. 373, ARCTIC RESEARCH AND POLICY ACT OF 1983

Mr. WALGREN. Mr. Speaker, I ask unanimous consent that I be permitted to offer the amendment known as the Fuqua amendment to the Senate bill, S. 373, as provided for in the rule just adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. WALKER. Mr. Speaker, reserving the right to object, may I ask, has that been cleared with our side?

Mr. WALGREN. Mr. Speaker, if the gentleman will yield, that is my understanding.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

ARCTIC RESEARCH AND POLICY ACT OF 1983

The SPEAKER pro tempore. Pursuant to House Resolution 482 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the Senate bill, S. 373.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill (S. 373) to provide comprehensive national policy dealing with national needs and objectives in the Arctic with Mr. Matsui in the chair.

The Clerk read the title of the Senate bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the Senate bill is dispensed with.

Under the rule, the gentleman from Pennsylvania (Mr. Walgren) will be recognized for 30 minutes, the gentleman from New Hampshire (Mr. Gregg) will be recognized for 30 minutes, the gentleman from New York (Mr. Biaggi) will be recognized for 15 minutes, and the gentleman from Alaska (Mr. Young) will be recognized for 15 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. Walgren).

Mr. WALGREN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am pleased to bring to the floor today for consideration by the House S. 373, the Arctic Research and Policy Act of 1983. At the outset, I would like to give special thanks to the chairman of the Committee on Mercant Marine and Fisheries, Mr. Jones, for his diligent efforts in helping to move this bill. At this point, I would like to introduce into the Record the text of the letters between Chairman Fuqua of the Committee on Science and Technology and Chairman Jones regarding our mutual agreement concerning title I of this bill.

The letters are as follows.

Committee on
Science and Technology,
Washington, DC, March 28, 1984.

Hon. Walter B. Jones,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, DC.

Dear Mr. Chairman: I am writing to express my appreciation to you and the Members of your committee for your prompt and thoughtful action on the bill S. 373.

As you know, the staffs of our two committees have met and prepared an amendment that reflects the work product of the two committees. My committee is in agreement with the text of the amendment.

I do think it necessary to seek the further understanding however, that the jurisdiction of the Science and Technology Committee or the jurisdiction of the Committee on Merchant Marine and Fisheries is not expanded or diminished by the respective action of the two committees on bill S. 373.

Sincerely,

Don Fuqua,
Chairman.

Committee on
Merchant Marine and Fisheries,
Washington, DC, April 2, 1984.

Hon. Don Fuqua,
Chairman, Committee on Science and Technology, Rayburn House Office Building, Washington, DC.

Dear Mr. Chairman: This is in response to your letter of March 28, 1984, regarding the action of our two committees on S. 373, the Arctic Research and Policy Act of 1983.

Our committees have always worked well together on matters of mutual interest and our experience with respect to this legislation is no exception. The amendment developed by the staff has the bipartisan support of my committee and I look forward to supporting you on this measure when you bring it before the Rules Committee and to the floor.

Finally, I concur in your assessment that our mutual effort on S. 373 has not, in any way, expanded or diminished the jursidiction of either of our committees.

With warm personal regards,

Sincerely,

Walter B. Jones,
Chairman.

Also, Mr. Chairman, I want to thank the chairman of the Committee on Armed Services, Mr. Price, for his cooperation on the legislation. The bill was referred to the Armed Services Committee and it was discharged by them on March 16.

Mr. Chairman, the bill reported by the Committee on Science and Technology focuses on two important aspects of scientific and technological research as it relates to natural and industrial resources. Title I of the bill, the Arctic Research and Policy Act of 1983, addresses the important issue of Arctic research policy and the research programs to implement such policy. This title establishes a five-member Presidential Commission to develop and recommend national Arctic research policy. It also designates the National Science Foundation as the lead agency responsible for implementing such policy, and calls for establishing a 5-year national Arctic research plan.

Title II of the bill, the National Critical Materials Act of 1983, focuses on coordination and implementation of all Federal critical materials programs. Consistent with the National Materials and Minerals Policy, Research and Development Act of 1980 (Public Law 96-479), this title establishes a three-member National Critical Materials

Council under and reporting to the executive Office of the President. The Council, among other things, will establish responsibilities and provide for the coordination of all critical materials policies and their implementation. The Council will make recommendations regarding budget priorities for materials activities in each of the Federal departments and agencies. The Council will focus attention for the private and public sectors on materials-related issues considered critical to the Nation's economic and strategic well-being.

Finally, special attention is given to establishing a national Federal program for advanced materials research and technology as well as to stimulating innovation and technology use in basic and advanced materials industries.

Mr. Chairman, let me comment briefly on the need for this legislation. Problems regarding policy for Arctic research have been brought to the attention of Congress over the last several years. Although the United States presently spends more than $100 million annually on research in the Arctic region, these efforts are spread among more than a dozen Federal agencies, a State government, and the private sector, with little or no policy focus or coordination. The United States is the only country, of those bordering on the Arctic Ocean, without some central organization devoted to sustained planning and support of Arctic research. Although some efforts have been directed toward this need, Federal Arctic research still continues to be fragmented and uncoordinated. This has led to neglect of certain areas of research and unnecessary duplication of effort in other areas.

The Arctic area is of vital interest to this country. Twenty percent of our Nation's domestically produced oil is found in the Arctic, and about 16 percent of all proven reserves of natural gas are locked in Arctic Alaska. The Arctic is effectively our common border with the Soviet Union, and thus critical to national defense. The Arctic also represents a major natural environmental area necessary to the maintenance of ecological and biological diversity. In fact, the Arctic contains one of the largest unspoiled natural environments on the Earth with ecosystems of critical importance.

It also is the homeland of distinct indigenous cultures whose rights and needs must be carefully considered. Further, these unique native cultures provide invaluable expertise regarding the Arctic and its resources. Both the ecological environment and the human communities of the Arctic are highly sensitive to posssible disruption as a consequence of development activities in this region. Thoughful research and careful evaluations and planning are critically necessary to developing these national resources wisely. I believe our efforts with this bill take a strong step forward in providing for this planning and evaluation.

Turning to title II, we have found that modern industrial materials are the basis for almost all technological advances necessary for our Nation's economic well-being and security. Availability of such materials, either in the primary form as ore or in more advanced forms is critical to older "smokestack" industries as well as new advanced, high technology industries. The U.S. basic materials industry represents an annual economic output valued at $20 billion. When translated into secondary, semifinished products, this value jumps to over $200 billion or more than roughly 10 percent of our GNP.

Concern for materials and their importance to the Nation, though going back several decades, only became intensified with the oil embargo and subsequent energy crisis of the 1970's. Much effort and analysis at that time was focused primarily on the problem of import vulnerability and its effect on critical defense and aerospace industries. Such concern was based on our heavy reliance on importing important raw resources.

Though import vulnerability cannot be ignored, it has become clear more recently that attention must be shifted to new advanced materials and related technologies. The Nation's problems are as much economic as they are security-related. Japan, Europe, and others are applying advanced materials concepts and technologies to major high technology industries, such as transportation, communication, and computers. Advances in ceramics, composites, new electronic materials, and advanced materials processing will be key to our Nation's industrial and economic growth over the next decades. Though it appears that some aspects of these changes are recognized, the full appreciation of the range of problems and the means for dealing with them remains fragmentary.

While this administration has taken a number of steps to address materials concerns, testimony by industry, academia, and others has shown these actions as inadequate. While focusing on the important issues of minerals and mining, advanced materials concerns have been largely ignored. The Cabinet Council established by this administration to handle such policy matters, while potentially useful, has not been fully effective. The Council has met only infrequently on materials issues, on an ad hoc basis, without permanence or clearly defined lines of communication with the rest of the Federal Government. Perhaps more important, another administration with other priorities could easily abolish such a mechanism.

Title II takes the next logical step in dealing with critical materials by statutorily establishing the necessary mechanism for determining materials priorities and policies as well as the responsibilities for implementing any resulting programs.

Mr. Chairman, this bill represents the result of careful consideration by several committees over several years of these important issues. At the appropriate time, I plan to offer a substitute amendment to title I of the bill, which has been worked out with the Merchant Marine and Fisheries Committee. I see this as a further refinement to improve this legislation. Thus, in final form, I believe the bill will do much to resolve the problems identified in our consideration of this legislation. I urge my colleagues to support this bill and vote for its adoption.

□ 1300

Mr. Chairman, I reserve the balance of my time.

Mr. GREGG. Mr. Chairman, I yield myself such time as I may consume.

First, I would like to thank the chairman of the subcommittee for his very expeditious manner in which he brought this bill to the floor and for his conscientious and very aggressive manner in which he reviewed the bill and I believe developed in a bipartisan manner an excellent piece of legislation.

The Subcommittee on Science and Technology, of which I am ranking member, has jurisdiction over title I of S. 373, and I rise in support of S. 373, as amended.

This bill contains a title II, the National Critical Materials Act, about which the chairman has just referred and on which I will not comment in-depth, but would rather leave the comment to Congressman Carney of New York who is the ranking member on the Subcommittee on Transportation, Aviation, and Materials.

Mr. Chairman, title I, the Arctic Research and Policy Act, has been the product of much cooperation between the Committee on Merchant Marine and Fisheries and the Committee on Science and Technology.

I would like to particularly single out the gentleman from Alaska (Mr. YOUNG) for his exceptionally hard work on this legislation. In fact, as a practical matter, this legislation would not exist were it not for the extremely aggressive efforts of the gentleman from Alaska (Mr. YOUNG) in this area. It is really his child.

The version under consideration today represents a compromise reached by both committees. It provides much needed coordination of research efforts currently underway.

I think it should be noted that of all the nations which are involved in the Arctic region, the United States is the only country without an Arctic policy, and when you think that Canada, Finland, and the Soviet Union all have committed tremendous resources, especially the Soviet Union, to undertaking and understanding the Arctic region in a coherent, organized fashion, I find it rather exceptional and unfortunate that the United States should not have proceeded in such a way.

The Arctic region is filled with massive resources. It is strategically extremely critical and it is an area which is still to be explored and is exciting to man's imagination. Therefore, there should clearly be a policy addressing it and this bill as developed is an excellent approach toward representing that policy.

Mr. Chairman, I now yield, if it is appropriate, 6 minutes to the ranking member of the Subcommittee on Aviation, Transportation, and Materials, the gentleman from New York (Mr. Carney).

Mr. CARNEY. Mr. Chairman, I thank my colleague for yielding time to me.

Mr. Chairman, I rise in support of S. 373. I believe both titles of this bill as reported out of the Science and Technology Committee deserve our support. However, as the ranking Republican on the Transportation, Aviation and Materials Subcommittee, I am particularly interested in seeing the Critical Materials Act adopted. That is the title I will be addressing in my remarks today.

I know there is opposition to this bill in the administration. I am aware that there are those who have sincere reservations about the need for this legislation. They believe it is redundant and perhaps even counterproductive because it will add a layer of bureaucracy and hamper current efforts to deal with the strategic minerals issue. Their concerns are real and I sympathize with those concerns. However, the critical materials issue is more than a problem of increasing our domestic productive capacity, although that is certainly a key issue. Materials policy should include a broad range of issues including national security, trade, the environment and advanced materials R&D. I believe the present lack of coordination in the materials area potentially wastes billions of taxpayer dollars, and I am optimistic that this legislation can help.

Today there are at least 20 agencies and offices involved in one way or another with minerals and materials issues. Materials R&D is being conducted in several different agencies and is further supported by the Federal Government through grants to universities and tax credits to the private sector. There is no shortage of activity in this area and it affects nearly every aspect of our lives. New materials, new materials processing methods, and new manufacturing techniques are being developed which will significantly affect our progress in many other technologies as well. Clearly, these are complex issues which demand our attention.

Congress recognized the need for a strong coherent national policy to deal with the whole spectrum of materials issues in the 96th Congress when it passed the National Materials and Minerals Policy Research and Development Act of 1980. This legislation called for the administration to establish a mechanism for coordinating national materials policy. The administration responded by submitting a program plan which called for, among other things, the coordination of materials policy through the Cabinet Council on Natural Resources and Environment, chaired by the Secretary of Interior. That plan was submitted to Congress 2 years ago and although some positive steps have been taken toward developing a continuing U.S. minerals and materials policy, overall, the plan has not been effective. According to a recent GAO report, the proliferation of both actions and organizations to deal with materials issues actually add to the activities that need coordinating, and could make things worse, not better. They also cited several examples of recent actions that were not coordinated through the Cabinet Council but that should have been, further indicating that the approach taken by the administration to establish the needed coordination, however well-intended, has not been effective. Moreover, this approach lacks the continuity that is needed to develop and implement a long-range critical materials policy.

I believe that the establishment of a three-member Critical Materials Council, as mandated in this proposed legislation, is an appropriate response to the deficiencies that currently exist. This Council will have the responsibility for establishing a comprehensive national program for advanced materials R&T. Furthermore, they will coordinate the activities of the various agencies to insure that there are no unnecessary duplications and that they are directed toward the goals of this program.

This is not a bill for more government and more spending. On the contrary, this legislation offers potential savings. Currently, we have a situation where, all too often, the right hand does not know what the left is doing, and this usually leads to both hands being in the taxpayers' pockets. Also, I am not unsympathetic to the concerns that additional legislation will reduce management prerogatives in dealing with this complex issue. However, the proposed legislation gives the administration considerable flexibility in carrying out the objectives. I believe this bill has been carefully drafted to provide an effective mechanism for establishing the coherent national materials policy that we need without unduly burdening the administration with unnecessary bureaucracy. It had strong bipartisan support in committee—it was reported out of the Science and Technology Committee unanimously—and I urge my colleagues to join us today in voting to adopt this legislation.

□ 1310

Mr. GREGG. Mr. Chairman, I reserve the balance of my time.

Mr. BIAGGI. Mr. Chairman, I yield myself such time as I may consume.

I am pleased to join with my colleagues in urging the House to pass S. 373, as amended.

The Committee on Merchant Marine and Fisheries received sequential referral of this legislation, and during its review, recommended changes only to title I.

Title I of S. 373 provides for the development of a single national policy to direct Federal Arctic research. It achieves this primarily in two ways. First, it establishes an Arctic Research Commission, composed of five members from academic or research institutions, residents of the Arctic, and private industry. It is the duty of the Commission to develop and recommend an integrated Arctic research policy.

Second, title I establishes an Interagency Arctic Research Policy Committee, composed of representatives from numerous Federal agencies having Arctic research responsibilities. This interagency group is to survey Arctic research conducted by all levels of government, universities, and other public and private institutions, and to consult with the Commission in establishing priorities for future research in Arctic.

The Arctic region is an area of growing importance to the United States for resource development, environmental protection, and national security purposes. It is therefore essential that we take measures to assure that the necessary research vital to our interests in the Arctic is conducted. Title I will provide this, while also improving research operations. Such improvements will lead to more efficient, and therefore more cost-effective, project planning and coordination.

I would like to take this opportunity to express my appreciation to the distinguished chairman of the committee on Science and Technology (Mr. Fuqua) and the subcommittee chairman (Mr. Walgren) for their leadership on this legislation.

Our two committees worked together on this important bill in a very cooperative manner and the gentleman from Florida and his colleagues on the

Science Committee are to be congratulated for their effort.

On the Merchant Marine and Fisheries Committee, the distinguished Representative from Alaska, the ranking member of the Coast Guard Subcommittee, (Mr. Young) was the guiding force behind this bill. He, too, is to be congratulated for helping us move S. 373 so quickly.

Mr. Chairman, I urge my colleagues to support S. 373.

Mr. YOUNG of Alaska. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington (Mr. Pritchard).

Mr. PRITCHARD. Mr. Chairman, I rise in support of the Arctic Research and Policy Act of 1984. I also support the amendment that will be offered by my distinguished colleague from Florida at the appropriate time. Arctic research is an area that has too long been lacking national focus and attention. This bill will provide for the development of a single, integrated national policy governing Federal Arctic research. The establishment and coordination of such policy is currently under the jurisdiction of no organization—government or private.

For many years, U.S. scientists, resource specialists, legislators, and citizens have pleaded the case for a coherent set of science policies and research programs to meet national needs and objectives in the Arctic region. Currently, the U.S. capability and performance lags behind other circumpolar nations engaged in Arctic research and resource development. One of the more significant Arctic issues that we will confront in the 1980's centers on energy production. In the areas of both nonrenewable and renewable resource development, the United States will benefit from research on resource extraction, resource management, and the environmental safeguards necessary to protect the Arctic tundra. The Arctic is also a prime laboratory from which to study the air-sea interactions that influence the Nation's weather. Such studies require not only U.S. research efforts but multinational participation because of the wide expanse of territory involved and the global implications. This legislation will provide the impetus for research to address these kinds of needs.

The Nation needs our commitment to involve the scientific and engineering manpower and dollar resources necessary to operate effectively, efficiently, and wisely in the Arctic. Of primary importance is learning how to live and work in the Arctic region in a manner which will enhance and protect the societal, cultural, political, environmental, and resource development values of our Nation. I urge my colleagues to support this important Arctic research bill.

Mr. YOUNG of Alaska. Mr. Chairman, I yield myself such time as I may consume.

I rise in strong support of the Arctic Research and Policy Act of 1983, and urge my colleagues to do the same. The spirit of compromise and the desire to ultimately arrive at legislation that will bring national policy in the Arctic areas of the world into line with our international responsibilities were major guiding principles for the consideration of this bill in the House. I would like to thank Chairmen Don Fuqua and Walter Jones for the stewardship of this legislation through their respective committees. In addition, I would like to personally thank Doug Walgren and Judd Gregg of the Subcommittee on Science, Research, and Technology for the hard work and time spent on this bill—the efforts for their committee staff in constructively altering the legislation to address national and international concerns was most appreciated. It is a testament to their hard work and good intentions that we are finally on the floor with a good bill.

Mr. Chairman, the Arctic area of the world is one unlike any other on Earth. Although we have a long commitment to extensive research in the Antarctic pursuant to our international obligations, we have no coordinated, coherent policy in the Artic. This legislation represents a foward-looking initiative by the Congress to address this shortfall in our understanding of the Arctic and the ways it affects our everyday life.

Everyone knows of the incredible resource wealth that the Arctic holds—now that construction of the Alaskan oil pipeline is delivering 20 percent of our daily domestic production of crude oil to energy consumers in the lower 48. But there are very important aspects of the Artic that are not so well known. For example, it serves as our only common border with the Soviet Union, and the Soviets have an ongoing program of research into the Logistical problems incumbent with moving men and material across the Arctic ice pack.

Further, few people know that the Arctic has enormous renewable resources, specifically, fish and other seafood, which represents one of the Nation's greatest commercial assets which will prove invaluable as a protein source in the 21st century. And while very little is known about Arctic's impact on our weather, there is an undeniably large impact on the world's weather attributable to the Arctic's cold air mass.

On another front—that of human health—the Arctic represents the only available laboratory for studying how man can adapt to a cold environment. While we have done studies in the Antarctic on how man adapts to a cold environment, man is foreign to the Antarctic; he must be supported logistically from outside to meet his needs. In the Arctic, indigenous residents have lived for thousands of years, before outside logistics was possible. This legislation will allow a coherent study of these considerations and others for the first time, so as to allow the available research data on the Arctic to be available to future students of the world around us and how man can meet his needs without destroying his environment.

The need for this legislation is clear—most Arctic rim nations are far ahead of us in their study of the Arctic, and this area represents a frontier which demands our further investigation. The time is now for the Congress to enact legislation that will look forward to meeting our needs for all of the materials man will need to survive in the 21st century, and how to go about meeting those needs without destroying the area from which they will come.

The Merchant Marine and Fisheries Committee, of which I am a member, altered the bill constructively to include some important considerations. Basically, their additions were threefold: first, that the bill allow for icebreaking studies in the Arctic; second, that the combined logistical needs of the cooperating agencies would be effectively addressed; and third, that the institutional framework of the interagency team and the presidentially appointed Arctic Research Commission would be workable.

I am happy to say that working together, the Science and Technology Committee and the Merchant Marine and Fisheries Committee were able to work out an outstanding resolution of these concerns—a resolution which is incorporated into this legislation.

This is a good piece of legislation—both titles are forward-looking realistic initiatives in tune with the future needs of this great Nation. We are presented today with an opportunity to respond to our critics who say that Congress has only a negative impact on life in these United States. Those who say that the last thing Congress did for energy security was passage of the Louisiana Purchase will be pleasantly surprised to know that with this measure today, we are laying the framework necessary to develop resources of the north so as to protect the fragile ecological balance that exists along with its tremendous energy and mineral resource base.

Further, those who concern themselves with the study of man's health will be pleased to know that we have broadened the legislation to encompass their concerns and the concerns of man in general in the bill. I urge my colleagues to join with the Members of the other body, who, led by Senator Frank Murkowski, have seen fit to include this bill as part of their agenda for the future.

□ 1320

Mr. WALGREN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I have no further requests for time.

But before yielding back the balance, I would like to specially recognize the contributions that Mr. Fuqua in particular has made. I know that he is sorry he cannot be here today to be on the floor to manage this bill and to present it to the House.

Second, it is so clear that in the House Mr. Young of Alaska is the driving force behind this legislation. Alaska is far away and many of us have never been there, and he deserves a tremendous amount of credit for being able to make the problems of Alaska real to the Members of the House and to get the attention of the relevant committees.

Mr. Gregg, on the Subcommittee on Science and Research and Technology deserves great credit for the sensitivity and the interest that he extended to this bill and we certainly on our committee as a whole, do appreciate the cooperation of the Merchant Marine and Fisheries Committee and all those involved on that side.

Mr. Chairman, I have no further request for time, and yield back the balance of my time.

● **Mr. McCURDY.** I rise in strong support of title II, because I believe it will help this country form a coherent critical materials policy.

In 1981, I chaired a special panel on defense procurement procedures for the Armed Services Committee. During our hearings, one reality became painfully evident: our national stockpiles of strategic materials are insufficient. Our stockpiles are lacking in both quantity and quality, and so we must turn to other countries to meet our needs.

Over 90 percent of the chromium, cobalt, manganese, and platinum that our industries use in automotive and areospace technologies come from foreign countries. Large amounts are imported from the often-volatile Third-World countries. Our reliance on these countries' materials has become too great. Procurement costs are being driven up, and our industries' ability to meet military and commercial needs is being slowed. This is bad economic policy and bad defense policy. Especially when you consider that the Soviet Union is largely self-sufficient in strategic materials.

Our dependence on other countries has made us vulnerable to supply interruptions and increased prices. The Critical Materials Council established in this bill will help us reverse this trend. It will provide a framework for experimenting with substitute materials, and aid in establishing a clear-cut stockpile program. It will help our industries to compete successfully with Japan and Europe in technical and scientific fields.

This bill is a step in the right direction, and I urge my colleagues to support it.●

Mr. GREGG. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. BIAGGI. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. YOUNG of Alaska. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute recommended by the Committee on Science and Technology now printed in italic in the reported bill shall be considered by titles as an original bill for purpose of amendment, and each title shall be considered as having been read.

It shall be in order to consider an amendment to title I printed in the Congressional Record of April 9, 1984, by Representative Fuqua, if offered by Representative Walgren, in lieu of the amendment to title I recommended by the Committee on Merchant Marine and Fisheries printed in the bill, and said amendment shall be considered as having been read.

The Clerk will designate title I.

The text of title I is as follows:

TITLE I—ARCTIC RESEARCH AND POLICY ACT OF 1983

SHORT TITLE

Sec. 101. That this title may be cited as the "Arctic Research and Policy Act of 1983".

FINDINGS AND PURPOSES

Sec. 102. (a) The Congress finds and declares that—

(1) the Arctic, onshore and offshore, contains vital energy resources that can reduce our dependence on foreign oil and improve the national balance of payments;

(2) as our only common border with the Soviet Union, the Arctic is critical to national defense;

(3) the renewable resources of the Arctic, specifically fish and other seafood, represent one of the Nation's greatest commercial assets;

(4) Arctic conditions directly affect global weather patterns and must be understood in order to promote better agricultural management throughout the United States;

(5) industrial pollution not originating in the Arctic region collects in the polar air mass, has the potential to disrupt global weather patterns, and must be controlled through international cooperation and consultation;

(6) the Arctic is a natural laboratory for research into human health and adaptation, physical and psychological, to climates of extreme cold and isolation and may provide information crucial for future defense needs;

(7) atmospheric conditions peculiar to the Arctic make the Arctic a unique testing ground for research into high latitude communications, which is likely to be crucial for future defense needs;

(8) Arctic marine technology is critical to cost-effective recovery and transportation of energy resources and to the national defense;

(9) most Arctic rim countries, particularly the Soviet Union, possess Arctic technologies far more advanced than those currently available in the United States;

(10) Federal Arctic research is fragmented and uncoordinated at the present time;

(11) such fragmentation has led to the neglect of certain areas of research and to unnecessary duplication of effort in other areas of research;

(12) there is an immediate need to formulate a comprehensive national policy and program plan to organize and fund currently neglected scientific research with respect to the Arctic;

(13) the Federal Government, in cooperation with State and local governments, should focus its efforts on the collection and characterization of basic data related to biological, materials, and geophysical phenomena in the Arctic;

(14) research into the long range health, environmental, and social effects of development in the Arctic is necessary to mitigate the adverse consequence of such development to the land and its residents;

(15) Arctic research expands knowledge of the Arctic, which can enhance the lives of Arctic residents, increase opportunities for international cooperation among Arctic rim countries, and facilitate the formulation of national policy for the Arctic; and

(16) the Alaskan Arctic provides an essential habitat for marine mammals, migratory waterfowl, and other forms of wildlife which are important to the Nation and which are essential to Arctic residents.

(b) The purposes of this Act are

(1) to establish an Arctic Research Commission to promote Arctic research and to establish Arctic research policy;

(2) to establish an Office of Arctic Research within the National Science Foundation; and

(3) to establish priorities and provide a Federal program plan for basic and applied scientific research with respect to the Arctic, including (without being limited to) natural resources and materials, physical and biological sciences, and social and behavioral sciences.

ARCTIC RESEARCH COMMISSION

Sec. 103. (a) The President shall establish an Arctic Research Commission (hereinafter referred to as the "Commission").

(b)(1) The Commission shall be composed of five members appointed by the President, with the Director of the National Science Foundation serving as a nonvoting, ex officio member. The members appointed by the President shall include—

(A) three members appointed from among individuals with expertise in areas of research relating to the Arctic (including, but not limited to, the physical, biological, health, and social sciences);

(B) one member appointed from among indigenous residents of the Arctic who are representative of the needs and interest of Arctic residents and who live in areas directly affected by Arctic resource development; and

(C) one member appointed from among individuals familiar with the Arctic and representative of the needs and interests of private industry undertaking resource development in the Arctic.

(2) The President shall designate one of the appointed members of the Commission, with the advice and consent of the Senate, to be chairperson of the Commission.

(c)(1) Except as provided in paragraph (2) of this subsection, the term of office of each member of the Commission appointed under subsection (b)(1) shall be four years.

(2) Of the members of the Commission originally appointed under subsection (b)(1)—

(A) two shall be appointed for a term of two years;

(B) two shall be appointed for a term of three years; and

(C) one shall be appointed for a term of four years.

(3) Any vacancy occurring in the membership of the Commission shall be filled, in the manner provided by the preceding provisions of this section, for the remainder of the unexpired term.

(4) A member may serve after the expiration of his term of office until the President appoints a successor.

(d)(1) A member of the Commission not otherwise employed by the United States shall be compensated at a rate equal to the daily equivalent of the rate for grade GS-16 of the General Schedule under section 5332 of title 5, United States Code, for each day such member is engaged in the actual performance of his duties as a member of the Commission.

(2) A member of the Commission who is an officer or employee of the United States or the State of Alaska shall serve without additional compensation.

(3) All members of the Commission shall be reimbursed for travel (in accordance with section 5701 of title 5, United States Code) and other necessary expenses incurred by them in the performance of their duties as members of the Commission.

(4) No member may be compensated for more than one hundred and thirty days of service each year in the performance of his or her duties as a member of the Commission.

DUTIES OF COMMISSION

SEC. 104. (a) The Commission shall—

(1) develop and establish an integrated national Arctic research policy;

(2) in cooperation with the Office of Arctic Research established under section 7, assist in establishing a national Arctic research program plan to implement the Arctic research policy;

(3) facilitate cooperation between the Federal Government and State and local governments with respect to Arctic research;

(4) coordinate and promote cooperative Arctic scientific research programs with other nations (subject to the foreign policy guidance of the Secretary of State);

(5) cooperate with the Governor of the State of Alaska and with such agencies and organizations of such State as the Governor may designate with respect to the formulation of Arctic research policy; and

(6) promote Federal interagency coordination of all relevant Arctic research activities.

(b) Not later than January 31 of each year, the Commission shall—

(1) publish a statement of goals and objectives with respect to Arctic research to guide the Office of Arctic Research in the performance of its duties; and

(2) submit to the President and to the Congress a report describing the activities and accomplishments of the Commission during the immediately preceding fiscal year.

COOPERATION WITH THE COMMISSION

SEC. 105. (a)(1) The Commission may acquire from the head of any Federal agency unclassified data, reports, and other nonproprietary information with respect to Arctic research in the possession of the agency which the Commission considers useful in the discharge of its duties.

(2) Each such agency shall cooperate with the Commission and furnish all data, reports, and other information requested by the Commission to the extent permitted by law; except that no such agency need furnish any information which it is permitted to withhold under section 552 of title 5, United States Code.

(b) With the consent of the appropriate agency head, the Commission may utilize the facilities and services of any Federal agency to the extent that such facilities and services are needed for the establishment and development of an Arctic research policy, upon such reimbursement as may be agreed upon by the Commission and the agency head and taking every feasible step to avoid duplication of effort.

ADMINISTRATION OF THE COMMISSION

SEC. 106. The Commission may—

(1) in accordance with civil service laws and subchapter III of chapter 53 of title 5, United States Code, appoint and fix the compensation of an Executive Director and such additional staff personnel as may be necessary, but not to exceed a total of seven compensated personnel;

(2) procure temporary and intermittent services as authorized by section 3109 of title 5, United States Code;

(3) enter into contracts and procure supplies, services, and personal property; and

(4) enter into agreements with the General Services Administration for the procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of the Commission in such amounts as may be agreed upon by the Commission and the Administrator of the General Services Administration.

OFFICE OF ARCTIC RESEARCH

SEC. 107. (a) The Director of the National Science Foundation shall establish within the National Science Foundation an Office of Arctic Research (hereinafter referred to as the "Office").

(b) The Office shall—

(1) survey Arctic research conducted by Federal, State, and local agencies, the University of Alaska and other universities, and other private and public institutions to help to determine priorities for future Arctic research (including, without being limited to, natural resources and materials, physical and biological sciences, and social and behavioral sciences), and make recommendations thereon to the Commission and other interested parties;

(2) make grants for such Arctic research as may be necessary and desirable to further the goals and objectives of this Act, with special consideration being given to studies in neglected areas of Arctic research; and

(3) consult with the Commission with respect to—

(A) all ongoing and completed research programs and studies funded by the Office,

(B) recommendations proposed by the Office with respect to future Arctic research, and

(C) guidelines for awarding and administering Arctic research grants.

(c)(1) Not later than January 31 of each year, the Office shall transmit to the Commission a report describing the activities and accomplishments of the Office during the immediately preceding calendar year and making recommendations with respect to future Arctic research policy.

(2) Such report shall be available for public inspection at reasonable times.

(d) The Office shall cooperate with the Governor of the State of Alaska, and with such agencies as the Governor may designate, with resepct to—

(1) the recommendations made to the Commission pursuant to subsection (b)(1); and

(2) the logistical support of Arctic research and the storage, transfer, and dissemination of Arctic scientific and technological knowledge and date.

(e) All Federal agencies and departments with Arctic research programs shall work collaboratively with the Office in carrying out its responsibilities as required by this Act.

5-YEAR ARCTIC RESEARCH PLAN

SEC. 108. (a) The Director of the National Science Foundation, through the Office and in consultation with the Commission, the Governor of the State of Alaska, the residents of the Arctic, the private sector, public interest groups, and other appropriate Federal officials having authority over Arctic research programs, shall prepare a comprehensive 5-year program plan (hereinafter referred to as the "Plan") for the overall Federal effort in Arctic research. The Plan shall be prepared and submitted to the President for transmittal to the Congress within one year after the enactment of this Act and shall be revised biennially thereafter.

(b) The Plan shall contain but need not be limited to the following elements:

(1) an assessment of national needs and problems regarding the Arctic and the research necessary to address those needs or problems;

(2) a detailed listing of all existing Federal programs relating to Arctic research, including the existing goals, funding levels for each of the five following fiscal years, and the funds currently being expended to conduct such programs;

(3) recommendations for such program changes and other proposals as may be considered necessary to meet the requirements of the policy and goals as set forth by the Commission and in the Plan as currently in effect; and

(4) a description of the actions taken by the Director of the National Science Foundation and the Office to coordinate the budget review process in order to ensure interagency coordination and cooperation in (A) carrying out Federal Arctic research programs, and (B) eliminating unnecessary duplication of effort among such programs.

(c) The Office of Management and Budget shall consider all Federal agency requests for research related to the Arctic as one integrated, coherent, and multiagency request which shall be reviewed by the Office of Management and Budget prior to submission of the President's annual budget request for its adherence to the Plan. The Commission shall, after submission of the President's annual budget request, review the request and report to Congress on adherence to the Plan.

COORDINATION AND REVIEW OF BUDGET REQUESTS

SEC. 109. The Office of Science and Technology Policy shall—

(1) review all agency and department budget requests related to the Arctic transmitted under section 108(c) and reflect the intent of section 104(a)(1), 104(a)(2), 104(a)(4), and section 108(b)(3) of this Act, and

(2) consult with and seek the advice of the Commission to guide the Office of Science and Technology Policy's effort, keeping the Office, Commission, and the Congress advised of such efforts.

AUTHORIZATION OF APPROPRIATIONS; NEW SPENDING AUTHORITY

SEC. 110. (a) There are authorized to be appropriated such sums as may be necessary for carrying out this Act.

(b) Any new spending authority (within the meaning of section 401 of the Congressional Budget Act of 1974) which is provided under this Act shall be effective for any fiscal year only to such extent or in such amounts as may be provided in appropriation Acts.

DEFINITION

SEC. 111. As used in this Act, the term "Arctic" means all United States and foreign territory north of the Arctic Circle and all United States territory north and west of the boundary formed by the Porcupine, Yukon, and Kuskokwim Rivers; all contiguous seas, including the Arctic Ocean and the Beaufort, Bering, and Chukchi Seas; and the Aleutian chain.

AMENDMENT OFFERED BY MR. WALGREN

Mr. WALGREN. Mr. Chairman, I do offer the amendment that the Chair has referred to as made in order under the rule. The rule provides for the offering of this amendment which represents the agreement between the two committees involved, the Committee on Science and Technology and the Committee on Merchant Marine and Fisheries.

And I would plan to ask unanimous consent at a later point to insert a sectional analysis of this joint committee amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. WALGREN: Strike out title I (beginning on page 1, line 3, and ending on page 14, line 23) and insert in lieu thereof the following:

TITLE I—ARCTIC RESEARCH AND POLICY

SHORT TITLE

SEC. 101. This title may be cited as the "Arctic Research and Policy Act of 1984".

FINDINGS AND PURPOSES

SEC. 102. (a) The Congress finds and declares that—

(1) the Arctic, onshore and offshore, contains vital energy resources that can reduce the Nation's dependence on foreign oil and improve the national balance of payments;

(2) as the Nation's only common border with the Soviet Union, the Arctic is critical to national defense;

(3) the renewable resources of the Arctic, specifically fish and other seafood, represent one of the Nation's greatest commercial assets;

(4) Arctic conditions directly affect global weather patterns and must be understood in order to promote better agricultural management throughout the United States;

(5) industrial pollution not originating in the Arctic region collects in the polar air mass, has the potential to disrupt global weather patterns, and must be controlled through international cooperation and consultation;

(6) the Arctic is a natural laboratory for research into human health and adaptational, physical and psychological, to climates of extreme cold and isolation and may provide information crucial for future defense needs;

(7) atmospheric conditions peculiar to the Arctic make the Arctic a unique testing ground for research into high latitude communications, which is likely to be crucial for future defense needs;

(8) Arctic marine technology is critical to cost-effective recovery and transportation of energy resources and to the national defense;

(9) the United States has important security, economic, and environmental interests in developing and maintaining a fleet of icebreaking vessels capable of operating effectively in the heavy ice regions of the Arctic;

(10) most Arctic-rim countries, particularly the Soviet Union, possess Arctic technologies far more advanced than those currently available in the United States;

(11) Federal Arctic research is fragmented and uncoordinated at the present time, leading to the neglect of certain areas of research and to unnecessary duplication of effort in other areas of research;

(12) improved logistical coordination and support for Arctic research and better dissemination of research data and information is necessary to increase the efficiency and utility of national Arctic research efforts;

(13) a comprehensive national policy and program plan to organize and fund currently neglected scientific research with respect to the Arctic is necessary to fulfill national objectives in Arctic research;

(14) the Federal Government, in cooperation with State and local governments, should focus its efforts on the collection and characterization of basic data related to biological, materials, and geophysical phenomena in the Arctic;

(15) research into the long-range health, environmental, and social effects of development in the Arctic is necessary to mitigate the adverse consequences of that development to the land and its residents;

(16) Arctic research expands knowledge of the Arctic, which can enhance the lives of Arctic residents, increase opportunities for international cooperation among Arctic-rim countries, and facilitate the formulation of national policy for the Arctic; and

(17) the Alaskan Arctic provides an essential habitat for marine mammals, migratory waterfowl, and other forms of wildlife which are important to the Nation and which are essential to Arctic residents.

(b) The purposes of this title are—

(1) to establish national policy, priorities, and goals and to provide a Federal program plan for basic and applied scientific research with respect to the Arctic, including natural resources and materials, physical and biological sciences, and social and behavioral sciences;

(2) to establish an Arctic Research Commission to promote Arctic research and to recommend Arctic research policy;

(3) to designate the National Science Foundation as the lead agency responsible for implementing Arctic research policy; and

(4) to establish an Interagency Arctic Research Policy Committee to develop a national Arctic research policy and a five year plan to implement that policy.

ARCTIC RESEARCH COMMISSION

SEC. 103. (a) The President shall establish an Arctic Research Commission (hereafter referred to as the "Commission").

(b)(1) The Commission shall be composed of five members appointed by the President, with the Director of the National Science Foundation serving as a nonvoting ex officio member. The members appointed by the President shall include—

(A) three members appointed from among individuals from academic or other research institutions with expertise in areas of research relating to the Arctic, including the physical, biological, health, environmental, and social sciences;

(B) one member appointed from among indigenous residents of the Arctic who are representative of the needs and interests of Arctic residents and who live in areas directly affected by Arctic resource development; and

(C) one member appointed from among individuals familiar with the Arctic and representative of the needs and interests of private industry undertaking resource development in the Arctic.

(2) The President shall designate one of the appointed members of the Commission to be chairperson of the Commission.

(c)(1) Except as provided in paragraph (2) of this subsection, the term of office of each member of the Commission appointed under subsection (b)(1) shall be four years.

(2) Of the members of the Commission originally appointed under subsection (b)(1)—

(A) one shall be appointed for a term of two years;

(B) two shall be appointed for a term of three years; and

(C) two shall be appointed for a term of four years.

(3) Any vacancy occurring in the membership of the Commission shall be filled, after notice of the vacancy is published in the Federal Register, in the manner provided by the preceding provisions of this section, for the remainder of the unexpired term.

(4) A member may serve after the expiration of the member's term of office until the President appoints a successor.

(5) A member may serve consecutive terms beyond the member's original appointment.

(d)(1) Members of the Commission may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code. Except for the purposes of chapter 81 of title 5 (relating to compensation for work injuries) and chapter 171 of title 28 (relating to tort claims), a member of the Commission shall not be considered an employee of the United States for any purpose.

(2) The Commission shall meet at the call of its Chairman or a majority of its members.

(3) Each Federal agency referred to in section 107(b) may designate a representative to participate as an observer with the Commission. These representatives shall report to and advise the Commission on the activities relating to Arctic research of their agencies.

(4) The Commission shall conduct at least one public meeting in the State of Alaska annually.

DUTIES OF COMMISSION

Sec. 104. (a) The Commission shall—

(1) develop and recommend an integrated national Arctic research policy;

(2) in cooperation with the Interagency Arctic Research Policy Committee established under section 107, assist in establishing a national Arctic research program plan to implement the Arctic research policy;

(3) facilitate cooperation between the Federal Government and State and local governments with respect to Arctic research;

(4) review Federal research programs in the Arctic and suggest improvements in coordination among programs;

(5) recommend methods to improve logistical planning and support for Arctic research as may be appropriate and in accordance with the findings and purposes of this title;

(6) suggest methods for improving efficient sharing and dissemination of data and information on the Arctic among interested public and private institutions;

(7) offer other recommendations and advice to the Interagency Committee established under section 107 as it may find appropriate; and

(8) cooperate with the Governor of the State of Alaska and with agencies and organizations of that State which the Governor may designate with respect to the formulation of Arctic research policy.

(b) Not later than January 31 of each year, the Commission shall—

(1) publish a statement of goals and objectives with respect to Arctic research to guide the Interagency Committee established under section 107 in the performance of its duties; and

(2) submit to the President and to the Congress a report describing the activities and accomplishments of the Commission during the immediately preceding fiscal year.

COOPERATION WITH THE COMMISSION

Sec. 105. (a)(1) The Commission may acquire from the head of any Federal agency unclassified data, reports, and other nonproprietary information with respect to Arctic research in the possession of the agency which the Commission considers useful in the discharge of its duties.

(2) Each agency shall cooperate with the Commission and furnish all data, reports, and other information requested by the Commission to the extent permitted by law; except that no agency need furnish any information which it is permitted to withhold under section 552 of title 5, United States Code.

(b) With the consent of the appropriate agency head, the Commission may utilize the facilities and services of any Federal agency to the extent that the facilities and services are needed for the establishment and development of an Arctic research policy, upon reimbursement to be agreed upon by the Commission and the agency head and taking every feasible step to avoid duplication of effort.

(c) All Federal agencies shall consult with the Commission before undertaking major Federal actions relating to Arctic research.

ADMINISTRATION OF THE COMMISSION

Sec. 106. The Commission may—

(1) in accordance with the civil service laws and subchapter III of chapter 53 of title 5, United States Code, appoint and fix the compensation of an Executive Director and necessary additional staff personnel, but not to exceed a total of seven compensated personnel;

(2) procure temporary and intermittent services as authorized by section 3109 of title 5, United States Code;

(3) enter into contracts and procure supplies, services, and personal property; and

(4) enter into agreements with the General Services Administration for the procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of the Commission in amounts to be agreed upon by the Commission and the Administrator of the General Services Administration.

LEAD AGENCY AND INTERAGENCY ARCTIC RESEARCH POLICY COMMITTEE

Sec. 107. (a) The National Science Foundation is designated as the lead agency responsible for implementing Arctic research policy, and the Director of the National Science Foundation shall insure that the requirements of section 108 are fulfilled.

(b)(1) The President shall establish an Interagency Arctic Research Policy Committee (hereinafter referred to as the "Interagency Committee").

(2) The Interagency Committee shall be composed of representatives of the following Federal agencies or offices:

(A) the National Science Foundation;

(B) the Department of Commerce;

(C) the Department of Defense;

(D) the Department of Energy;

(E) the Department of the Interior;

(F) the Department of State;

(G) the Department of Transportation;

(H) the National Aeronautics and Space Administration;

(I) the Environmental Protection Agency; and

(J) any other agency or office deemed appropriate.

(3) The representative of the National Science Foundation shall serve as the Chairperson of the Interagency Committee.

DUTIES OF THE INTERAGENCY COMMITTEE

Sec. 108. (a) The Interagency Committee shall—

(1) survey Arctic research conducted by Federal, State, and local agencies, universities, and other public and private institutions to help determine priorities for future Arctic research, including natural resources and materials, physical and biological sciences, and social and behavioral sciences;

(2) work with the Commission to develop and establish an integrated national Arctic research policy that will guide Federal agencies in developing and implementing their research programs in the Arctic;

(3) consult with the Commission on—

(A) the development of the national Arctic research policy and the 5-year plan implementing the policy;

(B) Arctic research programs of Federal agencies;

(C) recommendations of the Commission on future Arctic research; and

(D) guidelines for Federal agencies for awarding and administering Arctic research grants;

(4) develop a 5-year plan to implement the national policy, as provided for in section 109;

(5) provide the necessary coordination, data, and assistance for the preparation of a single integrated, coherent, and multiagency budget request for Arctic research as provided for in section 110;

(6) facilitate cooperation between the Federal Government and State and local governments in Arctic research, and recommend the undertaking of neglected areas of research in accordance with the findings and purposes of this title;

(7) coordinate and promote cooperative Arctic scientific research programs with other nations, subject to the foreign policy guidance of the Secretary of State;

(8) cooperate with the Governor of the State of Alaska in fulfilling its responsibilities under this title;

(9) promote Federal interagency coordination of all Arctic research activities, including—

(A) logistical planning and coordination; and

(B) the sharing of data and information associated with Arctic research, subject to section 552 of title 5, United States Code; and

(10) provide public notice of its meetings and an opportunity for the public to participate in the development and implementation of national Arctic research policy.

(b) Not later than January 31, 1986, and biennially thereafter, the Interagency Committee shall submit to the President and the Congress a brief, concise report containing—

(1) a statement of the activities and accomplishments of the Interagency Committee since its last report; and

(2) a description of the activities of the Commission, detailing with particularity the recommendations of the Commission with respect to Federal activities in Arctic research.

5-YEAR ARCTIC RESEARCH PLAN

Sec. 109. (a) The Interagency Committee, in consultation with the Commission, the Governor of the State of Alaska, the residents of the Arctic, the private sector, and public interest groups, shall prepare a comprehensive 5-year program plan (hereinafter referred to as the "Plan") for the overall Federal effort in Arctic research. The Plan shall be prepared and submitted to the President for transmittal to the Congress within one year after the enactment of this Act and shall be revised biennially thereafter.

(b) The Plan shall contain but need not be limited to the following elements:

(1) an assessment of national needs and problems regarding the Arctic and the research necessary to address those needs or problems;

(2) a statement of the goals and objectives of the Interagency Committee for national Arctic research;

(3) a detailed listing of all existing Federal programs relating to Arctic research, including the existing goals, funding levels for each of the 5 following fiscal years, and the funds currently being expended to conduct the programs;

(4) recommendations for necessary program changes and other proposals to meet the requirements of the policy and goals as set forth by the Commission and in the Plan as currently in effect; and

(5) a description of the actions taken by the Interagency Committee to coordinate the budget review process in order to ensure interagency coordination and cooperation in (A) carrying out Federal Arctic research programs, and (B) eliminating unnecessary duplication of effort among these programs.

COORDINATION AND REVIEW OF BUDGET REQUESTS

Sec. 110. (a) The Office of Science and Technology Policy shall—

(1) review all agency and department budget requests related to the Arctic transmitted pursuant to section 108(a)(5), in accordance with the national Arctic research policy and the 5-year program under section 108(a)(2) and section 109, respectively; and

(2) consult closely with the Interagency Committee and the Commission to guide the Office of Science and Technology Policy's efforts.

(b)(1) The Office of Management and Budget shall consider all Federal agency requests for research related to the Arctic as one integrated, coherent, and multiagency request which shall be reviewed by the Office of Management and Budget prior to submission of the President's annual budget request for its adherence to the Plan. The Commission shall, after submission of the President's annual budget request, review the request and report to Congress on adherence to the Plan.

(2) The Office of Management and Budget shall seek to facilitate planning for the design, procurement, maintenance, deployment, and operations of icebreakers needed to provide a platform for Arctic research by allocating all funds necessary to support icebreaking operations, except for recurring incremental costs associated with specific projects, to the Coast Guard.

AUTHORIZATION OF APPROPRIATIONS; NEW SPENDING AUTHORITY

SEC. 111. (a) There are authorized to be appropriated such sums as may be necessary for carrying out this title.

(b) Any new spending authority (within the meaning of section 401 of the Congressional Budget Act of 1974) which is provided under this title shall be effective for any fiscal year only to such extent or in such amounts as may be provided in appropriation Acts.

DEFINITION

SEC. 112. As used in this title, the term "Arctic" means all United States and foreign territory north of the Arctic Circle and all United States territory north and west of the boundary formed by the Porcupine, Yukon, and Kuskokwim Rivers; all contiguous seas, including the Arctic Ocean and the Beaufort, Bering, and Chukchi Seas; and the Aleutian chain.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. WALGREN) is recognized for 5 minutes.

Mr. WALGREN. Mr. Chairman, on behalf of the chairman of the full Committee on Science and Techology, we ask that the Members of the House do support this amendment. It represents the full agreement reached between the chairman of the committee ironing out differences between them.

Mr. Chairman, I understand that before this amendment is adopted the gentleman from New Hampshire (Mr. GREGG) has an amendment that he will offer.

Mr. Chairman, the section-by-section analysis to which I referred earlier is as follows:

SECTION-BY-SECTION ANALYSIS OF JOINT COMMITTEE COMPROMISE TO TITLE I OF S. 373

This section-by-section analysis describes changes to Title I of S. 373 as proposed by the amendment in the nature of a substitute offered by Congressman Doug Walgren, Chairman of the Subcommittee on Science, Research and Technology, on behalf of the Committees on Science and Technology and Merchant Marine and Fisheries. Additional explanations of other provisions in Title I may be found in the reports issued by the Committee on Science and Technology (Report No. 98-593, Part I) and the Committee on Merchant Marine and Fisheries (Report No. 98-593, Part II).

SECTION 101

Section 101 replaces "1983" with "1984" to correspond with the year of enactment.

SECTION 102

Subsection (a) of this section specifies, without change, the findings for title I that were reported by the Committee on Merchant Marine and Fisheries.

Subsection (b) adds a new paragraph 3 to the purposes of the title designating the National Science Foundation (NSF) as the lead agency for implementing Arctic research policy. The Committees believe that the NSF represents the most appropriate Federal entity to carry out the Arctic research directives of this title. In designating the NSF as the lead agency and in establishing it as the Chair of the Interagency Committee, the Committees intend that the NSF assume the lead role in ensuring that the mandate for the Interagency Committee is properly and fully implemented. The amendment also adopts certain minor technical and conforming changes to subsection (b).

SECTION 103

Subsection (b)(1)(A) of the amendment adds expertise in environmental sciences as an additional criterion for qualifying individuals from research institutions for appointment to the Commission. The Committees proposed this change to ensure that this type of expertise may be represented on the Commission. Title I, as reported by the Committee on Merchant Marine and Fisheries, had called for two members to be drawn from public interest organizations so that an appropriate balance of industrial, environmental, and regional perspectives would be represented on the Commission. In proposing this amendment, the Committees recognize the desirability of a smaller five-member commission, but propose the additional criterion in paragraph (A) to ensure a proper balance of perspectives on the Commission.

The amendment alters in subsection (C)(2) the staggering of terms of appointment as originally proposed by the Committee on Science and Technology. By specifying that two members shall be appointed for four years and one member for two years, rather than the reverse, the amendment will achieve the overall objective of staggered terms but ensure greater stability in the initial appointments.

Paragraphs 5 of subsection (c) specifies that a member may serve consecutive terms beyond the member's original appointment. This additional provision is intended by the Committees to increase the opportunity for stability and continuity of membership on the Commission, where appropriate.

SECTION 104

Section 104(a) specifies the duties of the Commission. As compared with Section 104 as reported by the Committee on Science and Technology, this amendment makes clear in paragraph one that the Commission is to recommend national Arctic research policy to the Interagency Committee, but that primary responsibility for developing that policy lies with the Interagency Committee.

Paragraph 2 makes clear that the Commission is to assist the Interagency Committee in establishing the National Arctic Research Program plan implementing Arctic research policy. Although Title I rests primary responsibility for the plan with the Interagency Committee, the Committees intend by paragraph 2 to preserve a meaningful consultative role for the Commission.

Paragraphs 4 though 7 are drawn from Section 103(d) as reported by the Committee on Merchant Marine and Fisheries, and contain additional broad authority for the Commission to review Federal research programs and make recommendations to the Interagency Committee on those programs.

SECTION 105

Section 105 remains largely unchanged from the section as reported by the Committee on Science and Technology, but for the addition of subsection (c). Subsection (c), drawn from section 103(c)(5) as reported by the Committee on Merchant Marine and Fisheries, specifies that Federal agencies must consult with the Commission before undertaking major Federal actions relating to Arctic research. The Committees intend that subsection (c) insure that the Commission is fully informed of all significant Federal actions relating to Arctic research. The Committees believe that this consultation requirement will promote the effectiveness of the Commission in reviewing and making recommendations on Federal research activities. It is not intended that the Commission have the authority to veto major research programs nor to impede the efficient implementation of these programs.

SECTION 106

Section 106 is drawn from the corresponding section in Title I, as reported by the Commission on Science and Technology.

SECTION 107

Section 107 specifies the National Science Foundation as the lead agency for implementing Arctic research policy and for ensuring that the duties of the Interagency Committee are fulfilled. The purpose of so designating the NSF is to vest overall responsibility for the Interagency Committee within a single agency to which the Congress may look for proper implementation of this title.

Subsection (b), drawn from section 104 as reported by the Committee on Merchant Marine and Fisheries, establishes an Interagency Arctic Research Policy Committee, and specifies the NSF as chairperson of the Interagency Committee. Upon careful deliberations, the Committees have concluded that the experience and independence of the NSF best qualify it for chairperson of the Interagency Committee.

SECTION 108

Section 108, drawn largely from Section 105 as reported by the Committee on Merchant Marine and Fisheries, includes a new paragraph 5 which directs the Interagency Committee to provide the necessary assistance to the Office of Management and Budget (OMB) in developing multi-agency budget requests under Section 110. The purpose of paragraph 5 is to ensure that the Committee is intimately involved with OMB in developing Federal Arctic research budget proposals. By this involvement, OMB will benefit from the broadly based expertise of the Interagency Committee, and will thereby develop a more closely coordinated and effective budget proposal for Federal Arctic research.

The reporting requirements in subsection (b) omit a requirement for a statement on the goals and objectives of the Interagency Committee, as recommended by the Committee on Merchant Marine and Fisheries, since those goals and objectives will be adequately articulated by the five-year Arctic research plan. The report is, therefore, to constitute a concise review of the activities of the Interagency Committee and the Arctic Research Policy Commission.

SECTION 109

Section 109 proposes a five-year arctic research plan similar to the versions reported by both Committees. The timing of the first plan is modified to coincide with the yearly report of the Commission under section 104(b). Paragraph (2) of subsection (b), requiring a statement of the goals and objectives of the Interagency Committee, had been a part of the Committee's biennial report. The amendment relocates it in the five year plan since it more properly constitutes an integral component of the plan. Additional technical and conforming changes are also proposed.

SECTION 110

Section 110, consolidating the budgetary coordination requirements of title I, is drawn from Section 109 as reported by the Committee on Merchant Marine and Fisheries, with technical and conforming changes to the references to other sections of title I.

SECTIONS 111 AND 112

Sections 111 and 112 remain unchanged from sections 110 and 111, as reported by the Committee on Science and Technology.

AMENDMENT OFFERED BY MR. GREGG TO THE AMENDMENT OFFERED BY MR. WALGREN

Mr. GREGG. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. GREGG to the amendment offered by Mr. WALGREN: Under Section 102(a)(14), delete the words "and geophysical" and insert in lieu thereof "geophysical, social, and behavioral".

Under Section 103(b)(1)(A), delete the following "and social sciences);" and insert in lieu thereof "social and behavioral sciences);".

Under Section 108(b), delete the words "President and" and insert after the word "Congress" the words "through the President".

Mr. GREGG (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. GREGG. Mr. Chairman, I believe this amendment has been reviewed by the majority; they have no problems. It involves technical changes to the language of the bill.

Mr. WALGREN. Mr. Chairman, I move to strike the last word, and I rise to speak in favor of the amendment. This is a technical amendment, as the gentleman has represented, and simply provides for consistency in reference to social and behavioral sciences in the structure when the report by the President is made to the Congress.

I would ask support for the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire (Mr. GREGG) to the amendment offered by the gentleman from Pennsylvania (Mr. WALGREN).

The amendment to the amendment was agreed to.

The CHAIRMAN. Are there further amendments to the amendment of the gentleman from Pennsylvania?

If not, the question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALGREN) as amended.

The amendment, as amended, was agreed to.

The CHAIRMAN. The Clerk will designate title II.

The text of title II is as follows:

TITLE II—NATIONAL CRITICAL MATERIALS ACT OF 1983

SHORT TITLE

SEC. 201. This title may be cited as the "National Critical Materials Act of 1983".

FINDINGS AND PURPOSES

SEC. 202. (a) The Congress finds that—

(1) the availability of adequate supplies of strategic and critical industrial minerals and materials continues to be essential for national security, economic well-being, and industrial production;

(2) the United States is increasingly dependent on foreign sources of materials and vulnerable to supply interruption in the case of many of those minerals and materials essential to the Nation's defense and economic well-being;

(3) together with increasing import dependence, the Nation's industrial base, including the capacity to process minerals and materials, is deteriorating—both in terms of facilities and in terms of a trained labor force;

(4) research, development, and technological innovation, especially related to improved materials and new processing technologies, are important factors which affect our long-term capability for economic competitiveness, as well as for adjustment to interruptions in supply of critical minerals and materials;

(5) while other nations have developed and implemented specific long-term research and technology programs to develop high-performance materials, no such policy and program evolution has occurred in the United States;

(6) establishing critical materials reserves, by both the public and private sectors and with proper organization and management, represents one means of responding to the genuine risks to our economy and national defense from dependency on foreign sources;

(7) there exists no single Federal entity with the authority and responsibility for establishing critical materials policy and for coordinating and implementing that policy; and

(8) the importance of materials to national goals requires an organizational means for establishing responsibilities for materials programs and for the coordination, within and at a suitably high level of the Executive Office of the President, with other existing policies within the Federal Government.

(b) It is the purpose of this Act—

(1) to establish a National Critical Materials Council under and reporting to the Executive Office of the President which shall—

(A) establish responsibilities for and provide for necessary coordination of critical materials policies, including all facets of research and technology, among the various agencies and departments of the Federal Government, and provide for the implementation of such policies;

(B) bring to the attention of the President, the Congress, and the general public such materials issues and concerns, including research and development, as are deemed critical to the economic and strategic health of the Nation; and

(C) ensure adequate and continuing consultation with the private sector concerning critical materials, materials research and development, use of materials, Federal materials policies, and related matters;

(2) to establish a national Federal program for advanced materials research and technology, including basic phenomena through processing and manufacturing technology; and

(3) to stimulate innovation and technology utilization in basic as well as advanced materials industries.

ESTABLISHMENT OF THE NATIONAL CRITICAL MATERIALS COUNCIL

SEC. 203. There is hereby established a National Critical Materials Council (hereinafter referred to as the "Council") under and reporting to the Executive Office of the President. The Council shall be composed of three members who shall be appointed by the President and who shall serve at the pleasure of the President. Members so appointed who are not already Senate-confirmed officers of the Government shall be appointed by and with the advice and consent of the Senate. The President shall designate one of the members to serve as Chairman. Each member shall be a person who, as a result of training, experience, and achievement, is qualified to carry out the duties and functions of the Council, with particular emphasis placed on fields relating to materials policy or materials science and engineering. In addition, at least one of the members shall have a background in and understanding of environmentally related issues.

RESPONSIBILITIES AND AUTHORITIES OF THE COUNCIL

SEC. 204. (a) It shall be the primary responsibility of the Council—

(1) to assist and advise the President in establishing coherent national materials policies consistent with other Federal policies, and in carrying out activities necessary to implement such policies;

(2) to assist in establishing responsibilities for, and to coordinate, Federal materials-related policies, programs, and research and technology activities, as well as recommending to the Office of Management and Budget, budget priorities for materials activities in each of the Federal departments and agencies;

(3) to review and appraise the various programs and activities of the Federal Government in accordance with the policy and directions given in the National Materials and Minerals Policy, Research and Development Act of 1980 (30 U.S.C. 1601), and to determine the extent to which such programs and activities are contributing to the achievement of such policy and directions;

(4) to monitor and evaluate the critical materials needs of basic and advanced technology industries and the Government, including the critical materials research and development needs of the private and public sectors;

(5) to advise the President of mineral and material trends, both domestic and foreign, the implications thereof for the United

States and world economies and the national security, and the probable effects of such trends on domestic industries;

(6) to assess through consultation with the materials academic community the adequacy and quality of materials-related educational institutions and the supply of materials scientists and engineers;

(7) to make or furnish such studies, analyses, reports, and recommendations with respect to matters of materials-related policy and legislation as the President may request;

(8)(A) to prepare a report providing a domestic inventory of critical materials with projections on the prospective needs of Government and industry for these materials, including a long-range assessment, prepared in conjunction with the Office of Science and Technology Policy in accordance with the National Materials and Minerals Policy, Research and Development Act of 1980, and in conjunction with such other Government departments or agencies as may be considered necessary, of the prospective major critical materials problems which the United States is likely to confront in the immediate years ahead and providing advice as to how these problems may best be addressed, with the first such report being due on April 1, 1985 and (B) review and update such report and assessment as appropriate and report thereon to the Congress at least biennially; and

(9) to recommend to the Congress such changes in current policies, activities, and regulations of the Federal Government, and such legislation, as may be considered necessary to carry out the intent of this Act and the National Materials and Minerals Policy, Research and Development Act of 1980.

(b) In carrying out its responsibilities under this section the Council shall have the authority—

(1) to establish such special advisory panels as it considers necessary, with each such panel consisting of representatives of industry, academia, and other members of the private sector, not to exceed ten members, and being limited in scope of subject and duration; and

(2) to establish and convene such Federal interagency committees as it considers necessary in carrying out the intent of this Act.

(c) In seeking to achieve the goals of this and related Acts, the Council and other Federal departments and agencies with responsibilities or jurisdiction related to materials or materials policy, including the National Security Council, the Council on Environmental Quality, the Office of Management and Budget, and the Office of Science and Technology Policy, shall work collaboratively and in close cooperation.

PROGRAM AND POLICY FOR ADVANCED MATERIALS RESEARCH AND TECHNOLOGY

Sec. 205. (a) In addition to the responsibilities described in section 204, the Council shall have specific responsibility for overseeing and collaborating with appropriate agencies and departments of the Federal Government relative to Federal materials research and development policies and programs. Such policies and programs shall be consistent with the policies and goals described in the National Materials and Minerals Policy, Research and Development Act of 1980. In carrying out this responsibility the Council shall—

(1)(A) establish a national Federal program plan for advanced materials research and development, designating the key responsibilities for carrying out such research and providing for coordination with the Office of Science and Technology Policy, the Office of Management and Budget, and such other Federal offices and agencies as may be deemed appropriate, and (B) annually receive such plan and report thereon to the Congress;

(2) review annually the materials research, development, and technology authorization requests and budgets of all Federal agencies and departments; and in this activity the Council shall, in cooperation with the Office of Science and Technology Policy, the Office of Management and Budget, and all other Federal offices and agencies deemed appropriate, ensure close coordination of the goals and directions of such programs with the policies determined by the Council; and

(3) assist the Office of Science and Technology Policy in the preparation of such long-range materials assessments and reports as may be required by the National Materials and Minerals Policy, Research and Development Act of 1980, and assist other Federal entities in the preparation of analyses and reporting relating to critical and advanced materials.

(b) The Office of Management and Budget, in reviewing the materials research, development, and technology authorization requests of the various Federal departments and agencies for any fiscal year, shall consider all of such requests as an integrated, coherent, multiagency request which shall be reviewed by the Council and the Office of Management and Budget for its adherence to the national Federal materials program plan in effect for such fiscal year under subsection (a).

INNOVATION IN BASIC AND ADVANCED MATERIALS INDUSTRIES

Sec. 206. (a)(1) In order to promote the use of more cost-effective, advanced technology and other means of providing for innovation and increased productivity within the basic and advanced materials industries, the Council shall evaluate and make recommendations regarding the establishment of Centers for Industrial Technology as provided in Public Law 96-480 (15 U.S.C. 3705).

(2) The activities of such Centers shall focus on, but not be limited to, the following generic materials areas: corrosion; welding and joining of materials; advanced processing and fabrication technologies, microfabrication; and fracture and fatigue.

(b) In order to promote better use and innovation of materials in design for improved safety or efficiency, the Council shall establish in cooperation with the appropriate Federal agencies and private industry, an effective mechanism for disseminating materials property data in an efficient and timely manner. In carrying out this responsibility, the Council shall consider, were appropriate, the establishment of a computerized system taking into account, to the maximum extent practicable, existing available resources.

COMPENSATION OF MEMBERS AND REIMBURSEMENTS

Sec. 207. (a) The Chairman of the Council, if not otherwise a paid officer or employee of the Federal Government, shall be paid at the rate not to exceed the rate of basic pay provided for level II of the Executive Schedule. The other members of the Council, if not otherwise paid officers or employees of the Federal Government, shall be paid at a per diem rate comparable to the rate not to exceed the rate of basic pay provided for level III of the Executive Schedule.

(b) The Council may accept reimbursement from any private nonprofit organization or from any department, agency, or instrumentality of the Federal Government, or from any State or local government, for reasonable travel expenses incurred by any member or employee of the Council in connection with such member's or employee's attendance at any conference, seminar, or similar meeting.

POSITION AND AUTHORITIES OF EXECUTIVE DIRECTOR

Sec. 208. (a) There shall be an Executive Director (hereinafter referred to as the "Director"), who shall be chief administrator of the Council. The Director shall be appointed by the Council full time and shall be paid at the rate not to exceed the rate of basic pay provided for level III of the Executive Schedule.

(b) The Director is authorized—

(1) to employ such personnel as may be necessary for the Council to carry out its duties and functions under this Act, but not to exceed twelve compensated employees;

(2) to obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code; and

(3) to develop, subject to approval by the Council, rules and regulations necessary to carry out the purposes of this Act.

(c) In exercising his responsibilities and duties under this Act, the Director—

(1) may consult with representatives of academia, industry, labor, State and local governments, and other groups; and

(2) shall utilize to the fullest extent possible the services, facilities, and information (including statistical information) of public and private agencies, organizations, and individuals.

(d) Notwithstanding section 367(b) of the Revised Statutes (31 U.S.C. 665(b)), the Council may utilize voluntary and uncompensated labor and services in carrying out its duties and functions.

RESPONSIBILITIES AND DUTIES OF THE DIRECTOR

Sec. 209. In carrying out his functions the Director shall assist and advise the Council on policies and programs of the Federal Government affecting critical and advanced materials by—

(1) providing the professional and administrative staff and support for the Council;

(2) assisting the Federal agencies and departments in appraising the effectiveness of existing and proposed facilities, programs, policies, and activities of the Federal Government, including research and development, which affect critical materials availability and needs;

(3) cataloging, as fully as possible, research and development activities of the Government, private industry, and public and private institutions; and

(4) initiating Government and private studies and analyses, including those to be conducted by or under the auspices of the Council, designed to advance knowledge of critical or advanced materials issues and develop alternative proposals, including research and development, to resolve national critical materials problems.

AUTHORITY

Sec. 210. The Council is authorized—

(1) to establish such internal rules and regulations as may be necessary for its operation;

(2) to enter into contracts and acquire property necessary for its operation to such

extent or in such amounts as are provided for in appropriation Act;

(3) to publish or arrange to publish critical materials information that it deems to be useful to the public and private industry to the extent that such publication is consistent with the national defense and economic interest; and

(4) to exercise such authorities as may be necessary and incidental to carrying out its responsibilities and duties under this Act.

AUTHORIZATION OF APPROPRIATIONS

Sec. 211. There are hereby authorized to be appropriated to carry out the provisions of this Act a sum not to exceed $500,000 for the fiscal year ending September 30, 1985, and such sums as may be necessary thereafter.

DEFINITION

Sec. 212. As used in this Act, the term "materials" has the meaning given it by section 2(b) of the National Materials and Minerals Policy, Research and Development Act of 1980.

AMENDMENTS OFFERED BY MR. WALGREN

Mr. WALGREN. Mr. Chairman, I offer technical amendments to title II.

The Clerk read as follows:

Amendments offered by Mr. Walgren: Page 32, line 22, strike out "1983" and insert "1984".

Page 32, line 25, strike out "1983" and insert "1984".

Page 34, line 18, strike out "Act" and insert "title".

Page 38, line 23, strike out "Act" and insert "title".

Page 39, line 10, strike out "Act" and insert "title".

Page 39, line 11, insert "title" after "this".

Page 43, line 14, lines 21, and 23 strike out "Act" and insert "title".

Page 45, line 24, strike out "Act" and insert "title".

Page 46, lines 3, and 7, strike out "Act" and insert "title".

Mr. WALGREN (during the reading). Mr. Chairman, I ask unanimous consent the amendments be considered as read, printed in the Record, and considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALGREN. Mr. Chairman, these are purely technical amendments, making conforming changes with respect to the page numbers and dates. I am sure it would meet with the approval of the Committee.

Mr. CARNEY. Mr. Chairman, we have no objection to the amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Pennsylvania (Mr. Walgren).

The amendments were agreed to.

The CHAIRMAN. Are there further amendments to title II?

Are there further amendments to the bill?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Torricelli) having assumed the chair, Mr. Matsui, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the Senate bill (S. 373) to provide comprehensive national policy dealing with national needs and objectives in the Arctic, pursuant to House Resolution 482, he reported the Senate bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the Senate bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BROWN of Colorado. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 253, nays 1, answered "present" 1, not voting 178, as follows:

[Roll No. 91]

YEAS—253

Akaka
Alexander
Anderson
Andrews (TX)
Applegate
Archer
Badham
Barnes
Bartlett
Bates
Beilenson
Bennett
Berman
Bethune
Biaggi
Boehlert
Boland
Bonior
Borski
Boucher
Brooks
Brown (CA)
Brown (CO)
Broyhill
Bryant
Byron
Carney
Carper
Carr
Chandler
Chappie
Clarke
Clay
Coleman (MO)
Coleman (TX)
Conable
Conyers
Cooper
Corcoran
Coughlin
Courter
Craig
Crockett
D'Amours
Daniel
Dannemeyer
de la Garza
Dickinson
Downey
Dreier
Duncan
Early
Eckart
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdreich
Erlenborn
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Fiedler
Fields
Fish
Florio
Ford (MI)
Ford (TN)
Frank
Frenzel
Gekas
Gibbons
Gilman
Gingrich
Gonzalez
Goodling
Gradison
Gramm
Gray
Green
Gregg
Gunderson
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hansen (UT)
Harkin
Harrison
Hartnett
Hawkins
Hayes
Hefner
Hertel
Hiler
Hillis
Holt
Hopkins
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Jacobs
Jeffords
Kasich
Kastenmeier
Kemp
Kildee
Kolter
Kramer
Lagomarsino
Leath
Lent
Levin
Levine
Levitas
Lewis (CA)
Livingston
Loeffler
Lott
Lowery (CA)
Lowry (WA)
Lujan
Lundine
Lungren
Mack
MacKay
Madigan
Martin (NY)
Martinez
Matsui
Mazzoli
McCollum
McCurdy
McEwen
McKernan
Mica
Michel
Mineta
Mitchell
Moakley
Molinari
Montgomery
Moore
Moorhead
Morrison (WA)
Mrazek
Murtha
Natcher
Neal
Nichols
Nielson
O'Brien
Oberstar
Obey
Olin
Owens
Oxley
Packard
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Porter
Price
Pritchard
Rahall
Ratchford
Ray
Regula
Rinaldo
Roberts
Roemer
Rose
Roth
Roukema
Rudd
Sabo
Savage
Schaefer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Simon
Sisisky
Skeen
Slattery
Smith (FL)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Solarz
Solomon
Spence
Spratt
Staggers
Stangeland
Stratton
Sundquist
Synar
Tauke
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Walker
Watkins
Waxman
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Winn
Wirth
Wise
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Young (AK)
Young (FL)
Young (MO)
Zschau

NAYS—1

Crane, Philip

ANSWERED "PRESENT"—1

Richardson

NOT VOTING—178

Ackerman
Addabbo
Albosta
Andrews (NC)
Annunzio
Anthony
Aspin
AuCoin
Barnard
Bateman
Bedell
Bereuter
Bevill
Bilirakis
Bliley
Boggs
Boner
Bonker
Bosco
Boxer
Breaux
Britt
Broomfield
Burton (CA)
Burton (IN)
Campbell
Chappell
Cheney
Clinger
Coats
Coelho
Collins
Conte
Coyne
Crane, Daniel
Darden
Daschle
Daub
Davis
Dellums
Derrick
DeWine
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dowdy
Durbin
Dwyer
Dymally
Dyson
Edwards (AL)
Ferraro
Flippo
Foglietta
Foley
Fowler
Franklin
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Glickman
Gore
Guarini
Hall (IN)
Hance
Hansen (ID)
Hatcher
Heftel
Hightower
Horton
Ireland
Jenkins
Johnson
Jones (NC)
Jones (OK)
Jones (TN)

Kaptur
Kazen
Kennelly
Kindness
Kleczka
Kogovsek
Kostmayer
LaFalce
Lantos
Latta
Leach
Lehman (CA)
Lehman (FL)
Leland
Lewis (FL)
Lipinski
Lloyd
Long (LA)
Long (MD)
Luken
Markey
Marlenee
Marriott
Martin (IL)
Martin (NC)
Mavroules
McCain
McCandless
McCloskey
McDade
McGrath
McHugh
McKinney
McNulty
Mikulski
Miller (CA)
Miller (OH)
Minish
Mollohan
Moody
Morrison (CT)
Murphy
Myers
Nelson
Nowak
Oakar
Ortiz
Ottinger
Panetta
Patman
Patterson
Paul
Pickle
Pursell
Quillen
Rangel
Reid
Ridge
Ritter
Robinson
Rodino
Roe
Rogers
Rostenkowski
Rowland
Roybal
Russo
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Shannon
Siljander
Skelton
Smith (IA)
Snyder
St Germain
Stark
Stenholm
Stokes
Studds
Stump
Swift
Tallon
Tauzin
Towns
Valentine
Vandergriff
Vucanovich
Weaver
Weber
Weiss
Wilson
Yatron

☐ 1340

Mr. HUNTER changed his vote from "nay" to "yea."

So the Senate bill was passed.

The result of the vote was announced as above recorded.

The title of the Senate bill was amended so as to read: "An Act to provide for a comprehensive national policy dealing with national research needs and objectives in the Arctic, for a National Critical Materials Council, for development of a continuing and comprehensive national materials policy, for programs necessary to carry out that policy, including Federal programs of advanced materials research and technology, and for innovation in basic materials industries and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WALGREN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the Senate bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

☐ 1350

ARMENIAN MARTYRS' DAY

Under a previous order of the House, the gentleman from California, Mr. Pashayan, is recognized for 60 minutes.

Mr. PASHAYAN. Mr. Speaker, today marks the 69th anniversary of the first genocide of the 20th century. The first—and to the world's horror not the last—time a nation-state decided to solve a minority question by attempting to eliminate a minority population. Sixty-nine years ago today, the Young Turk Government of the Ottoman Empire exiled or murdered some 200 Armenian religious, political, and intellectual leaders of Constantinople. Thus began the government-conceived systematic massacre of some 1½ million Armenian men, women, and children, and the destruction of their civilization of 2,500 years and the banishment from their historic homeland in the Anatolian Plateau.

For the past 15 years, this body has set aside a special day to commemorate Armenian Martyrs' Day and it is once again my privilege to reserve this time so that we might pause to remember this tenacious people and the tragedy that befell them. By accurately remembering and truly comprehending such crimes against humanity, it is my fervent hope that we shall one day prevent forever for all peoples the horrors visited upon the Armenian people.

I must observe, with considerable regret and increasing dismay, that the Republic of Turkey continues to deny the undeniable—that a predecessor Turkish Government planned and committed this heinous crime. In order for the world to learn from the Armenian calamity, it is of critical importance that the Republic of Turkey recognize the act. I repeat my closing remarks during last year's commemoration. "Great history can hardly be made by expunging past history, or by attempting to expunge it. I offer to the Government of Turkey, I extend the hand of diplomacy. Let us conduct discussions with a view to resolving this issue, now too long unsettled. It is now for us, the successors on both sides of these terrible events, to settle once and for all this issue that needlessly pulls us apart. Let us talk."

Mr. Speaker, let us recall for a moment the Republic of Turkey's response to this call for dialog, built upon an acceptance of the historical record. Instead of dialog, the Republic of Turkey has intensified its campaign of denial throughout this nation. I wish at this time to share with this body the Turkish response. On May 18, 1983, Sukru Elekdag, Ambassador of the Turkish Republic to the United States, wrote to the Members who participated in last year's commemoration expressing his government's ". . . great disappointment." The entire text of the Ambassador's letter follows:

> DEAR MEMBER OF CONGRESS: I read your statement in the Congressional Record (April 21) with great disappointment.
>
> That tragedies befell Turks, Armenians and other ethnic groups in the Ottoman Empire during World War I is beyond dispute. Unfortunately, whoever it was that prevailed upon you to embrace the one-sided distortions of history that currently are grist for an escalating campaign of defamation, intimidation, and violence aimed at all things Turkish, has done you a grave disservice.
>
> No reliable evidence exists to justify the allegation that the Ottoman Empire, fighting for its survival in World War I, either planned or carried out a systematic massacre of its Armenian population. The Ottoman state in 1915 was the scene of a civil war within a global war—the civil war stemming from an armed uprising of Armenians seeking to impose establishment of an exclusively Armenian state in an area that was predominantly non-Armenian. Ensuing hostilities, famine and epidemics claimed Armenian *and* Turkish lives; more than 2 million Turks perished during the same period.
>
> I was also deeply disappointed that your concern seems to be highly selective, excluding Turkish casualties and implying you hold Turkish lives of little importance. This selectivity apparently persists to the present day. You must be aware of the fact that 26 Turkish diplomats or members of the families have been ruthlessly murdered in the past few years by Armenian terrorists. These terrorists openly claim "credit" for their bloodletting, giving as their pretext the same one-sided distortion of events on which your statement is premised, events that occurred before the terrorists' victims were even born! Would you not agree that, leaving aside the Armenian distortions of history, fairness demands that you publicly and unequivocally condemn Armenian terrorism which is a part of international terrorism? I hope that you will do so in the very near future.
>
> Statements by American lawmakers that embrace the very distortions that Armenian terrorists today murderously advertise are widely reported in the Turkish press. They create a public furor at a time when thousands of Turks, whose parents or grandparents perished at the hands of Armenian extremists during that tragic time of long ago, have laid aside the bitterness of the past to achieve reconciliation.
>
> The United States and the Turkish Republic have maintained close relations for many years. These relations continue to strengthen to the great satisfaction of our two countries. Turkey provides an invaluable contribution to the protection of NATO's southern flank. Turkey shares a 1,000-mile border with the Soviet Union. The Turkish Straits are the only link between the Black Sea and the Mediterranean. Turkey is in close proximity to the vital oil-producing areas of the Middle East.
>
> There are some groups who would like nothing better than to damage severely relations between the U.S. and Turkey. Statements unjustly defaming Turkey provide these groups with the ammunition they seek.
>
> Before you decide to make any statements in the future regarding Armenian allegations, I hope that you will consider that such statements, by glorifying their "cause," give Armenian terrorists more encouragement, however unintentional, for their violent acts. I also ask you to consider the negative effect of such an action on Turkish public opinion and the potentially adverse impact on U.S.-Turkish relations that may result as a consequence.
>
> Above all, I ask that you seek unbiased sources of information regarding the Armenian allegations. You will find, I am sure, that distinguished scholars strongly dispute various Armenian descriptions of the events

of the period and, most especially, their characterization as genocide.

Sincerely,

SUKRU ELEKDAG,
Ambassador of the Turkish Republic.

The Ambassador's letter to Members of Congress began an extraordinary intensification of denying history and intimidating those who recognized the truth. In response to the Ambassador's ill-advised entreaty and in anticipation of his government's campaign, the following letter was conveyed by many of my colleagues on August 5, 1983.

His Excellency SUKRU ELEKDAG,
Ambassador of the Turkish Republic, Embassy of Turkey, 1606 23d Street NW., Washington, D.C. 20008

DEAR AMBASSADOR ELEKDAG: We have reviewed with considerable interest your letter of April 20 requesting that Members of Congress refrain from participating in the Special Order commemorating Armenian Martyrs' Day and a subsequent May 18 letter expressing your disappointment to those of us who did. We sincerely regret that you continue to misinterpret the clear intent of Congress in commemorating the Armenian Genocide and that you have failed to acknowledge the consistent record of the United States in recognition of this historical fact.

There is ample, reliable, and unbiased documentary evidence from the archives of Turkey's World War I friends and foes alike detailing the annihilation and displacement of the Armenian people. The same archival material conclusively identified the central role of the Young Turk Government in the planning and execution of what Ambassador Morgenthau referred to as "a campaign of race extermination." Reports of meetings between Mr. Morgenthau and the Young Turk leaders corroborate the reports from the United States consular officials.

The Armenian Genocide is an historical fact. To deny that fact is to deny also the unprecedented assistance extended by the United States in an attempt to end the carnage and to aid those who survived. Recalling these facts does not imply any disregard for Turkish lives lost today.

Our mutual abhorrence of terrorism and our common security interests cannot be invoked by our government to justify denial of Armenian and American history. The unambiguous record of the Armenian Genocide and the contemporary reaffirmations by President Reagan, former President Carter, the Senate, the House of Representatives, and the U.S. Holocaust Memorial Council, are realities based on an objective review of the subject.

We strongly recommend that your government consider reassessing its position on the Armenian Genocide.

Sincerely yours,

Congressman Charles Pashayan, Jr.;
Congresswoman Nancy Johnson;
Congresswoman Barbara Kennelly;
Congressman Robert Mrazek;
Congressman Sander Levin;
Congressman Marty Martinez;
Congresswoman Barbara Boxer;
Speaker Thomas O'Neill;
Congressman Peter Rodino;
Congresswoman Geraldine Ferraro;
Congressman Frank Guarini;
Congressman Peter Kostmayer;
Congressman Dan Lungren;
Congressman Bill Lowery;
Congressman Edward Roybal;
Congressman Mickey Leland;
Congressman Edward Markey;
Congressman Tony Coelho;
Congressman Frank Annunzio;
Congressman Mel Levine;
Congressman Bruce Vento;
Congressman Howard Berman;
Congressman Steward McKinney;
Congressman James Florio;
Congressman Henry Waxman;
Congressman Carlos Moorhead;
Congressman James Howard;
Congressman Michael Bilirakis;
Congressman Tom Lantos;
Congressman Joe Moakley;
Congressman Gary Ackerman;
Congressman Joseph Addabbo;
Congressman Michael Barnes;
Congressman Gene Chappie;
Congressman Vic Fazio;
Congresswoman Bobbi Fiedler;
Congressman Hamilton Fish;
Congressman Edwin Forsythe;
Congressman Barney Frank;
Congressman Sam Gejdenson;
Congressman Bill Green;
Congressman Edward Boland;
Congressman Nicholas Mavroules;
Congressman Martin Frost;
Congressman Esteban Torres;
Congressman Edward Feighan;
Congressman Bob Edgar;
Congressman Les Aspin.

Let me repeat and emphasize one sentence in particular: "Our mutual abhorrence of terrorism and our common security interests cannot be invoked by your government to justify denial of Armenian and American history." It is instructive to recognize for the record that some 8 months have elapsed without the courtesy of a reply—even without the common courtesy of a pro forma acknowledgement—from the Ambassador. It is sadly apparent that this precise and sincere expression of congressional concern must have served no constructive purpose for the Ambassador or the Republic of Turkey. Nevertheless, I urge the Republic of Turkey to cease its campaign of denial, a campaign that cannot succeed here in a free society. The healing process must begin as a matter of the highest priority. Once again I say to the Ambassador: "Let us talk."

Mr. Speaker, this Nation has a special responsibility to promote reconciliation through meaningful dialog. As the Nation that led the diplomatic efforts in an attempt to end the destruction of the Armenians, as the Nation that freely offered unprecedented humanitarian assistance to those who survived, and as the Nation that today is the Republic of Turkey's largest benefactor, the United States must assist this Turkish Government in breaking with its ignoble past. No constructive purpose can be served when U.S. departments and officials invoke the present special relationship between the United States and Turkey in pursuit of the effort to deny Armenian and American history. Shall we, despite ourselves, be setting a terrible precedent to shield a future client-state from a genocidal history? But nothing could be more inimical to our cherished values, for freedom and truth cannot exist the one without the other.

But truth receives mortal wounds from innuendo. Indeed it is innuendo when the Turkish Government suggests that American recognition of the Armenian genocide is somehow damaging to the NATO alliance and to the relationship between the United States and Turkey within NATO. This unfortunate innuendo was contained in a recent letter to some of my colleagues from the Ambassador of Turkey, Sukru Elekdag, who I am sorry to say failed to send me a copy. The Armenian issue has nothing to do with the NATO alliance. Is West Germany any the less a valuable ally to NATO because her government stood for the truth and accounted for the genocides of the Nazi government? Surely not. Would Turkey be any the less valuable to the NATO alliance if she should follow the same civilized course as the Government of West Germany? Surely not.

I am therefore compelled to reproach the officials within the Department of State that, contrary to the statements of President Reagan in recognition of the Armenian genocide, have endeavored to dissuade both the House of Representatives and the other body from passing the resolutions, "To affirm the Armenian Genocide" and to commemorate Armenian Martyrs' Day as "National Day of Remembrance of Man's Inhumanity to Man."

I do so with considerable regret. It was my hope and assumption that the Department's agonizing retraction last year of a special note in the Department of State Bulletin that referred to the "* * * ambiguity * * *" of the record on the Armenian genocide would be a sufficient lesson to guard against future blunders.

I say to the Republic of Turkey and to those in our Government's service who have inadvertently advanced Turkey's cause: "These resolutions ultimately shall pass." History and truth are sacred; to violate them is to degrade civilization itself. There is a constant and an irreversible bipartisan recognition that history must not be violated and must be defended, and that the sacrifice of the Armenian people must be fully understood in order to preclude other peoples from a similar fate.

I am personally and painfully aware of the special duty felt by all Americans of Armenian descent on this most solemn day. I join with you in rededicating the Armenian ideals that allowed our people to survive as a Christian nation despite centuries of religious persecution. I join with you in rededicating the American ideal that provided the Armenian community with the blessings of freedom and security essential for rebirth. I share with you in the words of the Governor of California, George Deukmejian:

> We are often asked why we are so insistent on calling attention to atrocities that occurred many years ago. Why do we bring upon ourselves the pain of recalling the loss of families and friends and homes?
>
> * * * * *
>
> We have seen mankind at its best and its worst. By sharing this perspective with our fellow citizens and with succeeding generations, we can help summon in them the overpowering dream of peace and freedom that all people in this troubled world share. With God's help, I know we can make progress toward this dream. We owe it to our children, and we owe it to our parents and grandparents, who suffered so that we could reach this promised land called America.

Mr. Speaker, at this time I yield to the gentleman from California (Mr. MOORHEAD).

Mr. MOORHEAD. I thank the gentleman for yielding to me.

Mr. Speaker, I wish to congratulate the gentleman from California (Mr. PASHAYAN) for taking this special order honoring the Armenian martyrs, who, 69 years ago today, became the victims of one of the great genocides of the world.

Today, April 24, is the 69th anniversary of that fateful day in 1915 that marked the beginning of what the Ottoman Empire thought would be a final solution of the Armenian question. The result of that policy decision by the Ottoman government was the premeditated murder of 1,500,000 Armenian men, women, and children. This figure represented nearly one-third of all Armenians then alive in the world. This policy decision of the Ottoman government expelled an entire people from their ancestral lands and scattered very few survivors over six continents.

Too often, when we think of genocide, we think of the millions of Jews and other people of central and eastern Europe who perished under Hitler's final solution. We also think of other horrible acts committed against people in Russia, Cambodia, Uganda, and other places around the world. But history has permitted this first genocide of the 20th century to go unnoticed. Those who were not killed were robbed of their ancestral homes and saw their cultural heritage threatened. Today Armenians flourish, and are prominent, and successful citizens of our country including the Governor of California, a U.S. Congressman, and a district attorney in Los Angeles County. Yet they are all still concerned that the martyrdom of their people must never be forgotten and that it should serve as a warning signal against other similar atrocities against another people.

No statement assigning responsibility for the genocide of the Armenian people can detract or add to the horrible nature of the events themselves. To diminish in any way the events of 1915 and succeeding years is not only a great injustice in itself, but a great disservice to the memories of those who were killed and to their survivors and descendants. That is why I join with Armenians all over the world today in remembering Martyrs' Day today. No act of human destruction can be redeemed if it is not recognized, no act of human destruction can be memorialized if it is not mentioned, and no act of human destruction can be prevented in the future if it is not remembered. That is why to say "what's done is done" is wrong.

We recognize April 24 as the Day of Man's Inhumanity to Man because we must remember that in modern times acts of barbarism have continued unchecked. It is indeed a tragedy that in modern times many such acts have taken place. However, we must never become cynical or lose our hope that we will never again permit such atrocities. Today we will give encouragement to Armenians everywhere to continue their struggle for recognition and justice. Today we recall the results of evil so that we can renew our commitment and dedication to good. This, I believe, is the lesson of the 69th anniversary of the Armenian massacre.

Mr. PASHAYAN. I appreciate the gentleman from California for his well-stated remarks on a tragic event of history. He has always been a very special friend of the Armenian community. I know that the gentleman has worked very hard in their behalf. I want to say to the gentleman I appreciate it very much indeed.

Mr. Speaker, at this time I yield to the gentleman from New Jersey (Mr. TORRICELLI).

Mr. TORRICELLI. I thank the gentleman for yielding to me.

Mr. Speaker, if I could ask that any message on any day might be heard when I rose in this Chamber, I would ask that the events being alluded to today, and that our words today be heard.

We have a special message on this day, April 24, a message that has hope that all the world will never forget. It is no coincidence that the message comes today from America, because it is part of the unique contribution of our country that people look here for a memory of the events of history; that people look to America for final justice.

Armenian genocide victims and their plight has been indelibly written in the black pages of human history. Sadly, their plight, their history, is not alone. Joining them in this century has been the death of countless Jews, Gypsies, Indians, and now Cambodians. Today we remember; we remember all victims. We remember because we seek justice in the pages of history; justice for those who are responsible. But we also live in the hope that a world that remembers has learned something.

So, today, as in all days, and, as on each April 24 we will rise in this Chamber so that the world will know that Americans, if no others, have not forgotten.

I thank the gentleman.

☐ 1400

Mr. PASHAYAN. I thank my colleague for his generous comments, and I appreciate his support of a day that is appreciated by so many people in the United States.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I would be happy to yield to the minority leader, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. I thank the gentleman for yielding to me.

Mr. Speaker, I commend the gentleman for taking this special order.

Mr. Speaker, in the past I have joined with our colleagues in commemorating the suffering and deaths of Armenians in Turkey over 65 years ago. I am glad to have this opportunity to once again look at the fate of the Armenians and to see what lesson we can learn from the past.

I think the word "lesson" is all-important here. Mere dwelling on ancient wrongs does not prepare us to avoid such evils in the present or the future. And denials that such evils ever took place only make matters worse.

Our job is to learn from the evils of the past, so we will not have to relive them, as the philosopher once said. In the case of the Armenians, the lesson is clear: The protection of minority rights isn't just a procedure under which a government should operate. It is an absolute and primary responsibility of civilized people.

There is one other point I wish to make. It concerns the allegation that speaking of the Armenian massacres somehow or other inflames terrorists who, today, kill Turks in the name of the martyred Armenian dead.

But to say that we must never talk about past injustices because in doing so we might incite terrorism today is to miss the essential point of special orders such as this one.

It is precisely because we know how horrible terrorism is that we keep reminding ourselves and the world about atrocities that happened years ago.

To suggest that we remain silent because somehow—it is never clearly shown how—our words about yesterday's terror causes terrorism today is rather absurd. Terrorism, whether committed in the name of a state or a cause, is still terrorism and deserves to be condemned.

Mr. Speaker, again I want to thank the gentleman from California for taking this special order to point out this Armenian Day of Remembrance, and I appreciate his yielding to me for my participation.

Mr. PASHAYAN. I want to thank the gentleman from Illinois for his remarks. I know personally that he has worked very hard, very industriously, on the part of Armenian Americans all over the land. His district is in Illinois, but he has a national constituency when it comes to the Armenian Americans, and I want to thank him very much indeed for all the work he has done and continues to do on this unhappy issue.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

Mr. Speaker, I want to commend the gentleman for scheduling this special order. I think the great significance of calling to mind the atrocities that were perpetrated against the Armenian people is so that people will not forget.

It is a fascinating commentary on human nature, but as great events in history occur, particularly tragic events, time goes on and people forget and new generations come along and they cannot comprehend that man could be so inhumane to other men. But it is apparently a part of human nature that these things happen.

I think if we are to be governed in the future by judgments based on our experiences in the world, it is indispensable that we recall some of these very tragic events, because history has a way of repeating itself, human nature being a constant.

The holocaust, the genocide, the atrocities that were perpetrated against the Armenian people must never be forgotten. Similarly, the holocaust against the Jewish people in the last war must never be forgotten. But these are a part of the fabric of history and they are events that ought to condition our morality and our judgment in the future.

So we must never forget, unpleasant as it is, the dimensions, the happening to the helpless and hapless Armenians that the gentleman is so thoughtfully bringing to our attention and I salute him for doing it.

Mr. PASHAYAN. I appreciate the words of the gentleman, and I take it, by his remarks, that the gentleman agrees that it also is important to recognize the U.S. policy toward these events, the recognition of the historical fact that it occurred and the subsequent events with which the United States historically has had such intimate contact.

Mr. HYDE. Exactly. The gentleman is quite correct.

Mr. PASHAYAN. I appreciate all the work the gentleman has done. He sits on one of the very important committees, the Committee on Foreign Affairs, that has before it one resolution, and the gentleman is an astute student of the NATO alliance and some of the other regions of the world, and I appreciate his standing up for this very unhappy issue.

Mr. TORRES. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I yield to the gentleman from California.

Mr. TORRES. I thank the gentleman for yielding.

Mr. Speaker, I would like to thank my colleague and friend, the gentleman from California (Mr. PASHAYAN), for requesting this special order. It is very important that we do so today. It is very important for our Nation, for my constituency, for my colleagues.

I rise today to join my colleagues in commemorating the Armenian genocide. This brutal inhumane atrocity, which took place between 1915 and 1918, resulted in the death of 1.5 million Armenian children, women, and men at the hands of the Ottoman Empire.

The near total annihilation of the world's Armenian people is a tragedy we must continue to recognize for years to come. Mr. Speaker, we must not allow the world to forget what happened 69 years ago. It is important that each year we in Congress come together to remember this tragic event and bring it to the attention of our constituents and our Nation. Only by recalling this ruthless disregard for human life can we prevent such heinous actions from reoccurring. Our Nation must continue to recognize Armenian Martyrs' Day, so that we can prevent this type of atrocity from ever happening again to any people in the world.

Mr. Speaker, I ask my colleagues of the House to join me in mourning this inhumane tragedy on this occasion.

Mr. PASHAYAN. I thank my colleague for his kind words and say that it is appreciated very much by the Armenian-American community.

Mr. ANDERSON. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I yield to the gentleman from California.

Mr. ANDERSON. I thank the gentleman for yielding.

Mr. Speaker, I would like to thank my colleague, Congressman PASHAYAN, for arranging this special order to recognize Armenian Martyrs' Day. Sixty-nine years ago today, the genocide of the Armenian people began. This also marks the 14th congressional recognition of this tragic event.

Between April 24, 1915, and the end of 1918, 1.5 million Armenians were killed, and most Armenian citizens of the Ottoman Empire were either driven into exile or hiding. This reign of terror resulted in an entire people being forced to flee their ancestral homelands of 3,000 years.

Records of the State Department attest to the terrible loss of life during this, the first genocide of the 20th century. The Armenian genocide should live on as a reminder of what must be avoided at all cost: man's inhumanity to man. As former President Carter stated in 1978:

> I feel very deeply that I, as President, ought to make sure that this (Armenian genocide) is never forgotten.

Toward this end, the U.S. Holocaust Memorial Council, established by an act of Congress in 1980, has unanimously resolved to include the Armenian genocide in its museum and educational programs.

We must also strive to put a positive light on this day. I would like to take this opportunity to pay tribute to the enormous contributions of the Armenian Americans, who have merged their own unique culture and heritage with ours, and who have played such an active and positive public role to improve the quality of life for all of us.

Mr. RUDD. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I yield to the gentleman from Arizona.

Mr. RUDD. I thank the gentleman for yielding.

Mr. Speaker, I, too, wish to join our colleagues in thanking the gentleman for taking out this special order to eulogize what happened to the Armenians in World War I, the atrocities that occurred because of the tyrannical government of the Ottoman Turks, and to also point out that these good Armenians who had to flee that tyranny and came to our country have made up a great segment of fine, loyal Americans who will remain adamant against tyranny anywhere in the world because of the memory, if nothing else that occurs, because of the memory of those atrocities.

Mr. Speaker, I would also like to point out that the Communist Empire, the Soviet Empire, rules by the same methods, methods of tyranny, murder, bloodshed, and genocide. They use it as a policy for government at home and they use it as a foreign policy measuring stick to accomplish hegemony or attempt to establish hegemony over the nations of the world. Let us not forget that this genocide operation continues today, but I do commend my friend and my colleague, the gentleman from California, for taking this special order.

Mr. PASHAYAN. I appreciate the good words from my colleague and friend, the gentleman from Arizona. It is appreciated by many millions of people in the United States as well.

Mr. LENT. Mr. Speaker, will the gentleman yield?

Mr. **PASHAYAN**. I yield to the gentleman from New York.

Mr. **LENT**. I thank the gentleman for yielding.

Mr. Speaker, I join my colleagues today to commemorate April 24 as Armenian Martyrs' Day. This annual day of sorrowful remembrance by Members of this distinguished body has a twofold purpose. The first is to pay tribute to the memory of nearly 1.5 million Armenian men, women, and children who were victims of the Ottoman Turkish Empire's systematic extermination efforts. Second, our recognition of the Armenian genocide as historical fact will serve as a painful reminder that the genocide of these innocent people and other victims of man's bigotry and hatred of his fellowman must never be forgotten.

There is a multitude of unbiased documentary evidence of that period during World War I when the Armenian people were methodically uprooted from their homeland of 3,000 years and were eliminated through massacre of exile. Beginning in 1914, all able-bodied Armenian men, with few exceptions, were called into military service. Later, these Armenian soldiers were segregated into separate battalions and disarmed. Then, they were either worked to death or massacred.

Under government order, whole villages were massacred outright in the fall and winter of 1914 in eastern provinces. Women and children were banished from their homes and marched across Asia Minor and Turkish Armenia to the Syrian desert. Some were murdered, others left to starve, or become the unprotected victims of bandits and killers along the way.

Only the very strong and resourceful were able to escape to other nearby regions: some to Russia, others to Arab countries, Europe, and the United States. Thus, the Armenians of the Ottoman Turkish Empire were virtually eliminated from their ancestral homeland a result of a carefully executed government plan of genocide. Many of those who returned after the war were again subject to the Turkish Government's bloody purge of their people.

It is a credit to the U.S. Government, and the then-Ambassador Morganthau, for its role to implement immediate action for the protection and humane treatment of the Armenians in an attempt to end this carnage and bloodshed. American assistance was able to reach many survivors to provide food and basic necessities, saving many lives.

To this day, the Turkish Government categorically denies its responsibility for this horrible crime on a gigantic scale which compares only to Hitler's program of the Jewish people. The U.S. Holocaust Memorial Council unanimously included the Armenian genocide by the Ottoman Turkish Empire in a place of prominence in the Holocaust Memorial Museum.

History cannot be denied. As Members of this hallowed body and as leaders of the free world, we have a special obligation to recall the facts of history, to remember this terrible atrocity, so that there will be no doubt to diminish the suffering and anguish endured by the Armenian people during those painful years.

As we commemorate April 24 as Armenian Martyrs' Day, let each of us reflect on its meaning and importance. Let us pledge our united efforts to combat such persecution wherever it occurs. Let us reaffirm our support to these courageous people who preserved against tremendous odds and sacrifice to maintain their very lives, their dignity, and unique American heritage. Let our commitment to human rights and the value of human life be a symbol of our need to remember the tragic lesson of the Armenian Martyrs.

Mr. **PASHAYAN**. I thank the gentleman for his remarks, and I thank all the gentlemen for their work on behalf of Americans of Armenian descent in recognizing a heinous crime of history.

Mr. **FEIGHAN**. Mr. Speaker, will the gentleman yield?

Mr. **PASHAYAN**. I yield to the gentleman from Ohio.

Mr. **FEIGHAN**. I appreciate the gentleman yielding.

Mr. Speaker, I would like to join my colleagues in commending our colleague, the gentleman from California, for bringing this special order to the floor today, for giving the House and, in fact, for giving this Nation an opportunity to reflect on one of the most heinous acts that has occurred in this century, and that is the genocide of tens of thousands of Armenians in the early part of this century.

Mr. Speaker, April 24, 1984, marks the 69th anniversary of the dark night in 1915 when intellectual, religious, and political leaders of the Armenian community were rounded up and murdered by the Turkish Government. After this terrifying first strike, a sinister plan for the annihilation of the Armenian people quickly unfolded. For the next 8 years, Armenians were executed and exiled. By 1923, 1.5 million were dead; 500,000 more were forced on long marches to distant lands. The entire Armenian nation was banished from its ancestral homelands.

But only 20 years after the fact, the century's first genocide was the "forgotten genocide." As Hitler paused on the edge of his own reign of terror, he asked, "Who remembers the Armenians?" And no one had. A world blind to the lessons of history saw them repeated on an even larger scale.

Never before has a loud and clear condemnation of this historical atrocity been more needed. The Turkish Government loudly denies that a genocide ever took place, hoping the world will forget. And with their lies, they are attempting a new genocide—the deliberate and systematic destruction of Armenian history.

This distortion of history is as awful a crime as the original murders. The historical record of the 1915 events is not ambiguous. It is as clear and lurid a picture of man's inhumanity to man as you will ever see.

And if the State Department does not want to believe me, they can take a look at their own historical archives, where they will find telegrams from the U.S. Ambassador to Turkey, Henry Morgenthau:

> "The whole history of the world contains no such episode as this," he said. "When the Turkish authorities gave the orders for these deportations they were merely giving the death warrant to a whole race; they understood this well . . . and they made no particular attempt to conceal the fact."

Nor was Morgenthau alone in his judgment. All of the American people share a proud record of humanitarian concern for the victims of the genocide. And their compassion was backed by action: Congress chartered the Near East Relief Organization, which contributed $115 million to the survivors of the tragedy; 132,000 Armenian orphans became foster children to American parents; and the Senate passed a resolution condemning the Turkish atrocities.

Since then, American statesmen have consistently condemned the genocide. The "allegations" that the State Department is so unwilling to endorse come from no lesser authority than the last two Presidents of the United States—Mr. Carter and Mr. Reagan—who both have publicly mourned the events of 1915.

This special order carries on that enlightened and compassionate tradition. It tells the Armenian survivors, the American people, and the world that we remember the tragedy—and that we will never let short-term political considerations stand in the way of our basic belief that all people have the right to live in freedom and die with dignity.

I urge adoption of the resolution.

□ 1410

Mr. **PASHAYAN**. Mr. Speaker, I thank the gentleman from Ohio (Mr. FEIGHAN) for his kind words, and I am sure that they are appreciated by many people.

Mr. **ECKART**. Mr. Speaker, will the gentleman yield?

Mr. **PASHAYAN**. I yield to the gentleman from Ohio.

Mr. **ECKART**. Mr. Speaker, I appreciate my friend's yielding to me.

Mr. Speaker, Harry Truman was very fond of saying that "the only things we don't know is the history that we have forgotten." The purpose of this commemoration today is to help the world not forget.

This is the 69th anniversary of one of the greatest testimonies of man's inhumanity to man—a million Armenian men, women, and children subjected, repressed, and brutally murdered by an empire that clearly was struggling to hold on to that which it was ultimately going to be incapable of saving. Failing to remember what occurred 69 years ago commits us to relive those deeds in history again. To allow this tragedy, which presages the Holocaust of Europe and the subjugation of the people of Afghanistan or any one of countless other vile deeds done by a government, a government that does not in any way claim to speak for the legitimate rights of our people, to go unnoticed condemns us and our children to relive those deeds.

We need these kinds of memorial moments, and I thank my friend, the gentleman from California, for letting us tell the world that we do care, that we have not forgotten, and that we are committed and dedicated to not allowing it to happen again.

Mr. Speaker, today we pause to pay tribute and honor to the memory of the 1,500,000 Armenian men, women, and children who were brutally massacred by the Ottoman Turkish Empire.

From 1915 to 1923 three-fourths of the Armenian nation became victims of this tragic massacre, their only crime being their nationality and faith. It is important to remember that this unfortunate genocide promulgated the Holocaust of World War II. This tragic event serves to remind mankind that these genocides are historical realities which can never and should never be blocked from the conscience of all mankind.

On this day we mark the 14th congressional recognition of Armenian Martyr's Day and the 69th anniversary of man's inhumanity to man. This is a difficult day for Armenians throughout the world, who are commemorating the senseless destruction of their people.

The United States played a significant role in attempting to prevent this violent tragedy and in assisting those who survived. The U.S. Memorial Council has unanimously resolved to include the Armenian genocide in its museum and educational programs.

I urge my colleagues to pause for a moment of silence to remember and understand what happened to the Americans so that similar crimes against humanity can be prevented.

Mr. PASHAYAN. Mr. Speaker, I appreciate the gentleman's kind words, and I appreciate his coming here to participate in this special order. I know that many of our colleagues are not in Washington today, this being a very light workweek, but those who are here I appreciate.

Mr. MARTIN of New York. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I yield to the gentleman from New York.

Mr. MARTIN of New York. Mr. Speaker, I thank the gentleman from California (Mr. Pashayan) for yielding to me, and I want to salute the gentleman for bringing this special order to us. I also would like to be associated with his remarks.

In particular, I would like to be associated also with the remarks of the Republican leader of the House, the gentleman from Illinois (Mr. Michel). I think it is altogether appropriate that we have this special order, not only in remembrance of the better than 1 million American men, women, and children who lost their lives but for their descendents who cherish their heritage. Again I salute the gentleman from California for appropriately, on April 24, bringing this special order to us.

Mr. PASHAYAN. Mr. Speaker, I thank the gentleman from New York (Mr. Martin) for his kind words.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I yield to the gentleman from New York.

Mr. GREEN. Mr. Speaker, I join my colleagues today in performing a sacred and important task. I rise today to acknowledge and remember the tragic genocide that was conceived and implemented by the Turkish Government from 1915 to 1923, resulting in the extermination of 1½ million Armenian men, women, and children, the deportation of an additional 500,000 survivors, and the elimination of a 2,500-year Armenian presence in its historic homeland.

To this very day, the Turkish Government has continued to deny its actions of destruction against the Armenians. Moreover, Turkey has expressed its discontent with the United States, which has condemned the Turkish Government for its actions. Despite the persistent denials of the Turkish Government, the fact of the Armenian genocide was confirmed in Senate Resolution 359, dated May 13, 1920, which stated in part, "the testimony adduced at the hearings conducted by the subcommittee of the Senate Committee on Foreign Relations have clearly established the truth of the reported massacres and other atrocities from which the Armenian people suffered." There is also substantial evidence in the National Archives documenting this tragic event.

As distressing as the genocide itself, are the repeated attempts to deny its occurrence. No matter how tragic an event, be it the Armenian genocide or the Jewish Holocaust, it is imperative that the events leading up to, during, and following this disaster perpetrated by man be kept fresh in our minds. Purging our minds of the evil actions that members of the human race have committed can only result in the repetition of them. When Hitler was about to begin the Holocaust and a member of his staff asked him what the world would think, Hitler is reported to have replied, "who remembers the Armenians?" It is in this light that I, as a member of the U.S. Holocaust Memorial Council, am pleased that the Council has unanimously resolved to include the Armenian genocide in the Holocaust Museum Memorial. We do remember the Armenians, and are determined that such genocide shall not again occur.

To quote the Armenian Genocide Commemorative Fund, remembering the Armenian genocide would be—

> . . . an affirmation that those who perished did not die in vain, but will be remembered to prevent other human beings from suffering the same fate . . . an affirmation that those who survived an inhuman ordeal shall be honored for their courage . . . an affirmation that, in this nation founded on the ideals of personal and religious freedom, the results of the abrogation of those precious liberties must be studied and made a part of human understanding.

Mr. PASHAYAN. Mr. Speaker, I want not only to thank my colleague, the gentleman from New York (Mr. Green) for his remarks but also to thank him for the many hours of work on the Holocaust Council that I know he has put in on behalf of the Armenian genocide's recognition. I understand that certain governments—not the U.S. Government, of course, because it is the policy of the U.S. Government to recognize the genocide as an historical fact—but certain governments have pressured and exerted pressure on the Holocaust Council; namely, the Government of Turkey, to remove the Armenian genocide as one of the features of the Holocaust Memorial. I know that the gentleman from New York has resisted that attempt and has stood up in favor of the Armenian genocide's being included.

Mr. GREEN. Mr. Speaker, will the gentleman yield further?

Mr. PASHAYAN. I am glad to yield to the gentleman from New York.

Mr. GREEN. Mr. Speaker, I thank the gentleman for yielding again, and I want to thank him for his kind words. The gentleman does accurately state the situation, that certain representations have been made to us, but the history of the event is very clear, and it has, as I documented in my statement which will be printed in the Record, been determined contemporaneously by the Congress of the United States that in fact that genocide did occur which in fact we are discussing today. I think the record is very clear.

Mr. PASHAYAN. Mr. Speaker, I just want to make it very clear again that I appreciate the courage of the gentleman in standing up to a particular foreign government that has attempted to have the Armenian genocide removed. I know it takes courage to stand up to pressure like that, and I appreciate it.

□ 1420

Mr. LUNGREN. Mr. Speaker, will the gentleman yield?

Mr. PASHAYAN. I am happy to yield to my colleague from California.

Mr. LUNGREN. Mr. Speaker, I thank the gentleman for yielding. I want to congratulate him for bringing this matter to the attention of our colleagues via this special order.

Those of us who are Californians, but not of Armenian descent, have certainly been impacted by the experience of the Armenian community in that in most cases we have come into contact with the Armenian community of California and we have learned from those members of that community the very close experience they have had, that virtually every person you talk to of Armenian extraction has had a relative not more than a generation from the present who was affected by the genocide in a very real way.

Sometimes it makes it difficult for us to comprehend the magnitude of the genocide that took place, yet it is absolutely impossible to deny, just based on the eye witness accounts and the experiences that are still so very real in the members of the Armenian community.

I think those of us in California are particularly affected, since we have seen members of the Armenian community succeed in such high positions of authority; the Governor of the State of California, the district attorney of Los Angeles County, many judges, many people throughout our community and the professional and business world who are direct descendents of those who suffered just a bit over a half century ago.

Just to try to change history for whatever purpose now is inappropriate. We can only learn from history if we have a true recitation of what the historical facts are. It serves no purpose whatsoever for us to gloss over it any more than it does for us to dwell on something unnecessarily.

This is an episode that occurred. It is a fact which we must recognize. Hopefully, it is one we can learn from, but I think we deny it only at our peril or we deny it in a sense as a slap in the face to those of Armenian extraction who serve in the United States at the present time in any number of capacities.

I think the gentleman is to be commended for again bringing it to our attention here on the House floor and making it absolutely clear what the historical record is and what the official position of the U.S. Government has been for many years.

I thank the gentleman.

Mr. PASHAYAN. Mr. Speaker, I thank the gentleman, my colleague from California, my classmate of 1979. I know the gentleman to be a good friend of the Armenian community. I appreciate his kind words and his taking a moment to spend some time on the floor today.

□ 1430

● Mr. SHANNON. Mr. Speaker, I join my colleagues in commemorating this anniversary of one of the most brutal events in this century. On April 24, 1915, the Ottoman Empire began its ruthless campaign to exterminate the Armenian population. By 1923, 1.5 million Armenian people had lost their lives and another 500,000 had been exiled from their ancestral homeland.

This act of wholesale annihilation set the stage for Hitler's attempted extermination of the Jewish people. He justifies his plan to doubting coconspirators with the reasoning that no one remembered the Armenian genocide that had taken place only 15 years earlier.

We cannot let this dark episode in the history of the world be forgotten ever again. We must remember this tragedy in order to learn from it. It should serve as a reminder of the capacity for evil that exists.

The strong and spirited race of Armenians was not wiped out, despite the efforts of the Ottoman Empire, and we rejoice in their survival. On this day of remembrance, we should put all of our energy toward a celebration of life and toward a lifelong commitment to the prevention of such horrendous acts. This is a day to remember that we, as people, can learn from tragedy and must work together to eliminate racial and religious hatred from our lives and from the world.●

● Mr. McKINNEY. Mr. Speaker, I am pleased to join in support of today's special order in reflection of the tragedy and contemporary relevance of the Armenian genocide. I join with my colleagues in remembering the sacrifice of 1.5 million men, women, and children. I would like to take this opportunity to submit, for my colleagues consideration, a short article written by a constitutent of mine, entitled "Armenians Remember." Gary Khachian, from Fairfield, Conn., remembers for himself and his family the tragedy of the Armenian genocide. I believe Gary sets the record straight.

I commend the following essay:

ARMENIANS REMEMBER

(By Gary Khachian)

Holocaust. To most the word evokes images of Hitler, swastikas, and concentration camps. To the small Armenian community at Brown, it also signifies the wholesale massacre of 1.5 million Armenians at the hands of their Turkish oppressors during the early part of this century. The Turks systematic methods of extermination provided models for the Nazis some thirty years later.

I am a third-generation Armenian-American from Fairfield, Connecticut. What does the faraway land of Armenia, now a part of the Soviet Union, mean to me? Outwardly, it allows me to enjoy the rich cultural benefits of Armenian food, music, art, and religion.

On a deeper level, however, it compels me to remember sad stories. It reminds me that my great-grandfather—after whom I was named—was taken to prison by Turkish soldiers. He was later killed for the sole reason of being a college professor. It reminds me that my grandmother survived only by hiding fearfully in stables from the gendarmes in charge of deportation and by walking through the deserts of Syria without food or water, until she reached safety in Cyprus. My family is no exception. The story remains the same no matter which of your Armenian friends recounts it. The Genocide lies at the heart of Armenians' lives. It provides the common bond which holds us together across six different continents.

Armenian terrorists groups have captured headlines for their bombings and killings of Turkish diplomats. Unfortunately, Armenian terrorists, numbering less than 1,000 of a total Armenian population of 6.5 million, have obfuscated the real issues of past injustices and reparation by using unacceptable means. Most Armenians do not condone terrorism. Nor, however, can they condone the appalling events of 1915, the results of which have caused this new wave of violence. After the smoke of terrorist events is cleared, the facts of the Armenian Genocide remain.

By 1923, the Turkish government had exterminated approximately three-quarters of the Armenian population living in Turkey and Armenia. Ever since the Ottoman Turks occupied historical Armenian territory, there had been religious differences between the peoples. During World War I, the Moslem Turks found a way to settle the Christian "Armenian question" once and for all, by claiming that Armenians sided disloyally with the Russians. The first victims were soldiers, able-bodied men, and intellectuals. The remaining women, children and elders were forceably marched to the Syrian deserts. Those who did not die along the way from starvation or dehydration were often killed once they reached their destination. Of the small number of survivors, many left their homeland forever, settling in all parts of the world. One of the oldest known civilizations, Armenia lost its independence in 1920 and is now under Soviet domination.

It is not only the United States Ambassador to Turkey at the time, Henry Morganthau, Sr., who recognized these atrocities. The entire world has. Yet, the Turkish governments continue to deny the guilt of their forefathers. First-generation Armenians of the diaspora, weak and disorganized, were able to do little to combat the official Turkish version of what happened. Armenians today seek to restore a more accurate historical perspective. Many people know nothing of the events surrounding the Genocide. Many know not even of its existence.

Although we stand three generations removed from the massacre, we still feel its presence and would like to share our experience. In order that human civilization recognize and avert similar occurrences in the future, the truth of the Armenian Genocide must be known.●

● Mr. **RINALDO**. Mr. Speaker, April 24, 1984, marks the 69th anniversary of Armenian Martyrs' Day, the 69th anniversary of the beginning of a campaign of genocide against the Armenian people.

In the mass destruction which ensued between 1915 and 1923 over 1.5 million Armenians were massacred in their own homeland. Whole village were wiped out, thousands of individuals were deported, and countless others fled into the desert, where many perished from exposure or disease. Their property was sequestered, and many centuries of culture destroyed.

We commemorate the Armenian genocide in part to pay tribute to its survivors and to the memory of its victims, and in part to reinforce our own determination to insure such deeds will not be repeated. We in this body must continue to speak out on atrocities that happened in the past and keep a vigil for those that may happen in the future. Without a firm eye on history, man can only repeat his mistakes.●

● Mrs. **JOHNSON**. Mr. Speaker, today we are commemorating the 68th anniversary of the Armenian genocide. Let us not deceive ourselves, let us not use semantics to confuse the issue—there was a premeditated attempt at exterminating the Armenian people—if that, by definition, is not genocide, than what is?

But Mr. Speaker, I do not want to stand here today and use the time of this assembly to discuss the accuracy of the historical record. That there was a genocide has been documented by more historians, more archives, and engraved indelibly upon the hearts and souls of more survivors than there is time to document before this House today. What I would like to go on record for is noting that what occurred in this body 2 weeks ago regarding the passage of a simple commemorative resolution is a startling disregard for the historical record. House Joint Resolution 247 was to commemorate a Day of Man's Inhumanity to Man, especially noting the massacres of the Armenian people during 1915-20, by the Ottoman Turks. Although there were objections on a variety of grounds, the most disturbing was the claim that the resolution was undocumented and inaccurate.

Now the passage of a commemorative resolution is a small thing, but ignoring the truth is not.

Richard Cohen, a columnist for the Washington Post wrote, "to control the present and shape the future, you have to first alter the past—take possession of it and rob it of its lessons." It is a point worth pondering, and one totalitarian governments understand well. After the confusion over the passage of House Joint Resolution 247, I am beginning to fear not that we are ignorant of this, but rather that perhaps we are beginning to understand it too well.●

● Mr. **BARNES**. Mr. Speaker, I am pleased again this year to join with my colleagues who are participating today in the special order in remembrance of the Armenian genocide.

Many of us in Congress are well aware of the horrible brutalities committed against the Armenian people in Turkey from 1915 to 1923. Over 1½ million Armenian men, women, and children were methodically persecuted and massacred by the Ottoman Empire, virtually destroying the Armenian community which had thrived for over 3,000 years. Despite the enormous magnitude of these crimes, the facts about the genocide are not well known to the American public.

The Armenian genocide of 1915-23 is a well docmented, if not well-known, fact. During those years, many newspaper and periodical articles recounted the abhorrent truth about what was taking place. In 1918, former U.S. Ambassador to Turkey, Henry Morgenthau, Sr., wrote of the massacre:

> I have by no means told the most terrible details, for a complete narration of the sadistic orgies of which these Armenian men and women were the victims can never be printed in an American publication. Whatever crimes the most debased imagination can conceive, became the daily misfortunes of this devoted people. I am confident that the whole history of the human race contains no such horrible episode as this. The great massacres and persecutions of the past seem almost insignificant when compared with the sufferings of the Armenian race in 1915.

The shocking events of those years must be remembered, not solely because 1½ million Armenians were ruthlessly murdered, but to insure that we guard against atrocities as these from ever happening again.

Along with almost 70 of my colleagues, I have cosponsored House Resolution 171, a resolution affirming and embracing the historical events of the Armenian genocide. This resolution takes on even greater significance in light of the U.S. State Department's apparent unwillingness to acknowledge the widely accepted facts concerning this horrible chapter in the annals of humanity. I believe very strongly that the time has come for the State Department to recognize long-acknowledged historical facts, make the necessary retractions, and publish an account that is more consistent with documented facts.

As you remember, just 13 days ago on April 11, House Joint Resolution 247 was offered under the unanimous-consent rule. This resolution would have marked today, April 24, 1984, as "National Day of Remembrance of Man's Inhumanity to Man," a day to commemorate all the victims of genocide, but in particular, those slain during the Armenian genocide. One lone objector that day forced the resolution to be tabled.

I urge my colleagues to cosponsor House Resolution 171 to demonstrate to the American people and to the people of the world, that the U.S. Congress acknowledges and embraces the historical record chronicling the slaughter and attempted extermination of the Armenian people.

Now is a time for all of us to remember not only that 1½ million Armenians were massacred, but that we must always be prepared to counter the forces that would permit such atrocities ever to occur again.●

● Mr. **YOUNG** of Florida. Mr. Speaker, we join today to remember a dark period in world history when 1.5 million Armenian people were murdered between 1915 and 1923 by the Ottoman government.

In recognizing Armenian Martyrs' Day, we recall this attempted genocide of a race of people and reaffirm our determination to prevent future attempts to eliminate an entire sect of our world's population. As a result of the Armenian genocide, the population of Armenians living in the nation known today as Turkey has been reduced from 2.5 million yearly in this century to just 100,000. Many Armenians who survived the genocide made their way to the United States, and these survivors and their families have made important contributions over the years to our Nation and our culture.

As the leader of the free world, our Nation must strive to promote peace and the respect for human rights. That is why I have cosponsored two House resolutions, House Resolution 171 and House Joint Resolution 247, which reaffirm our Nation's documentation of the genocide of the Armenian people and establishes a National Day of Remembrance of Man's Inhumanity to Man. Recalling the tragic events of the past is essential to insure that our Nation does not permit similar acts from occurring in the future.●

● Mr. **BOLAND**. Mr. Speaker, today marks the 69th anniversary of the start of the first planned genocide of the 20th century. On April 24, 1915, the intellectual and spiritual leaders of the Armenian community in Turkey were arrested and sent into an exile that many would not survive. Once the leaders were removed, a systematic program for uprooting and deporting nearly all of the Armenians in Turkey was begun. That program would result in the deaths of more than 1 million people and the virtual obliteration of the Armenian population in Turkey. Today we acknowledge the pain and suffering of these men, women, and children who died for no other reason than the fact they were Armenians.

The Armenian tragedy would have been an unspeakable horror even if it had been the only such act to blacken the history of the world in this century. As we are painfully aware, however, it was merely a foretaste of similar acts which would occur in Nazi Germany, the Soviet Union, Uganda, and Cambodia. The silence with which the community of nations greeted the decimation of the Armenian people may have emboldened those who would later perpetrate similar acts. It certainly had an effect on Adolf Hitler who, while planning the extermination of millions of Jews was asked how the world would respond to a program of mass murder. In reply Hitler said, "Who remembers the Armenians?"

Armenian Martyrs' Day gives the Congress of the United States a chance to show that our country remembers the Armenians. We remember the manner in which they became scattered over the face of the Earth, and we remember that no Turkish Government since 1915 has acknowledged the role of its predecessor, the Ottoman Turkish Government in the terrible events of 69 years ago. The world's best defense against future acts of genocide lies in actively denouncing those which have already occurred, and in fully understanding the events which surrounded them. Refusing to acknowledge the occurrence of activities such as the ones which took place in Armenia, especially when they are well chronicled, compounds the original tragedy and serves no useful purpose. The first step toward the resolution of the issues which divide Armenians and Turks will only be taken when the Government of Turkey acknowledges this unhappy chapter in the history of its country.

Mr. Speaker, if the purpose of the activities begun in 1915 was to destroy the Armenian race, failure has been the result. The Armenians have survived their holocaust and have, by their unwavering courage and determination, preserved their race. Today they contribute to the societies of many lands, including our own. My home city of Springfield, Mass., has benefited from the industry and loyalty of a large and active Armenian population. As members of that community gather in their churches to reflect on the events which drove them from their homeland, let us acknowledge our admiration for their strength in the face of adversity and our gratitude for their many contributions to the United States. Above all, let each of us, Armenian and non-Armenian alike, rededicate ourselves to the struggle against racial and religious oppression and the silence of indifference in which they thrive.●

● Mr. HUGHES. Mr. Speaker, today is the 69th anniversary of Armenian Martyrs' Day. I would like to commemorate, with my colleagues, the tragic loss of lives.

The genocide of the Armenian people began in 1894 and continued through until 1923. Under the Ottoman Empire, the Armenians were viewed as a threat to the Turkish Government because of religious and cultural differences. And so, these people were systematically and deliberately exterminated; a fact many wish to disclaim.

We cannot let this historical atrocity be denied or forgotten. If we allow the memory to fade, we are inviting a recurrence of the deed. By establishing April 24 as Armenian Martyrs' Day, the United States is not only expressing its abhorrence of such a vile act, but we are commemorating the lives of hundreds of Armenian religious, political, and intellectual leaders who were arrested, murdered, or exiled on April 24, 1915.

I join with Americans of Armenian descent today, in expressing my regard for the courage of a people who were so violently attacked. By recognizing the Armenian martyrs, we can illustrate our activism in preserving human rights, in the hope of avoiding future massacres such as this. Our aim is to preserve the memory of the Armenian genocide, and hence, disallow a recurrence—we owe this to the Armenian men and women who were denied their right to life.●

● Mr. YATRON. Mr. Speaker, I would like to take this opportunity to join with my colleagues to participate in the observance of Armenian Martyrs' Day. I also want to thank the gentleman from California (Mr. PASHAYAN) for his initiative in raising the public awareness of a most bleak and horrendous chapter in 20th-century history.

As we are all painfully aware, it was on this day in 1915 that the systematic massacre against the Armenian people began. Although discrimination and persecution against the Armenian population of the Ottoman Empire existed for decades, April 24, 1915, marks the date that events took on a more gruesome and expanded dimension. Without depicting the horrors of that period, it is paramount that all of us here today, as well as the rest of mankind, take a moment to ponder what happened to the Armenians. Perhaps if the Armenian episode had not receded from public consciousness, the atrocities of Nazi Germany could have been prevented or mitigated.

It is truly a sad commentary on the state of human affairs that such periods in our history exist. We owe it to every victim of genocide to remember the abominations of the past, to better understand and appreciate the magnitude of suffering involved, to educate our children about genocide, and to act with vigor and vigilance in deterring other governments from engaging in such nefarious policies.

Indifference to genocide will condemn us as accomplices to these odious acts. Fortunately, this Chamber has established a mechanism—the Subcommittee on Human Rights and International Organizations, which I chair—to serve as a catalyst in addressing human rights abuses such as genocide. The subcommittee will continue to pursue this mission with a deep sense of responsibility.

I fervently hope that on every April 24 we will continue to reflect for a moment on the suffering experienced by millions of Armenians earlier in this century. May we continue to pay tribute and recognition to Armenian Martyrs' Day, and may this day have special significance to all who share the common desire of eradicating genocide from the face of the Earth forever.●

● Mr. DOWNEY of New York. Mr. Speaker, today, April 24, we look back and reflect on an event that is so shocking that it is hard to comprehend. The policy of deliberate genocide inflicted on the Armenian population of the Ottoman Empire between 1915 and 1917 shocked those who knew about it at the time. With the end of the Great War, when the facts of the genocide became fully known, the rest of the world shared the horrible prospect of the attempted elimination of an entire people. Over 1,500,000 people died in Armenia during the war, victims of racial hatred.

Given all that has come after this terrible opening chapter of man's inhumanity to man in the 20th century, it is hard to believe that today we find people who are eager to dispute the event or who are willing to brush the whole thing under the rug because it will muck things up.

Yes, Mr. Speaker, genocide does tend to muck things up. Genocide does tend to make it difficult to carry on normal relations with those responsible for it. But surely that is no reason to ignore the basic fact that 1,500,000 suffered a brutal death. Nor is it any reason to deny them a modicum of respect. Let us take this time to reflect on what this incident tells us about ourselves, about our blind passions, about our fears and about our willingness to look the other way when people are being killed for no better reason than that they speak a different language, profess a different religion or have skin a different color. Too often, we, as human beings, have found it convenient to ignore the darker side of our nature. We can do so no longer, for we all suffer a great loss when we do so. Let us contemplate the frightful experience of the Armenian people. Let us look to the future and pledge that never again will such an episode occur.●

● Mr. SCHUMER. Mr. Speaker, today, April 24, marks what we choose to call the 69th anniversary of one of the most brutal and least recognized crimes in human history, the Armenian genocide. But the magnitude of this atrocity cannot be contained by one day alone. For over 6 years, beginning in 1915, the Ottoman Turkish Government carried out policies that lead to the deaths of more than 1.5 million Armenians and the dislocation of countless others. Yet today, 69 years after eyewitness accounts described the terrible events, the current Turkish Government refuses to even acknowledge what that previous government did.

It is of paramount importance that we do not let this tragedy be forgotten with the passage of time. This act of inhumanity, based on religious and nationalistic grounds, was as terrible as any manmade catastrophe to that time yet only two decades later Hitler could ask "Who remembers the Armenians?" Perhaps if the world had paid more attention to the plight of the Armenian massacre later tragedies could have been averted. But there is still time to learn the lesson of Armenia and apply it to the future. Holocausts must not be forgotten.

But more important than what we say here today is the pressure that we must continue to apply to the current Turkish Government, a government which, by its denial of the events of 1915-23, brings further shame to the people of that nation. A crime of this kind cannot be allowed to be covered up. Only by open and unanimous recognition of such an atrocity can its like be prevented from ever occurring again.●

● Mr. FRANK. Mr. Speaker, I am glad to be a cosponsor of House Resolution 171, introduced by Mr. PASHAYAN, and am glad to join him in this special order to remember and reflect upon the Armenian genocide. But I must say that I am unhappy that it has become necessary for Congress to resort to this legislation. After all, the need for this legislation only arose 2 years ago when the State Department issued an ambiguous note. It seemed to imply that the United States no longer recognized that the Armenian genocide had taken place. The purpose of this legislation was to clarify and reaffirm America's recognition and condemnation of that massacre. It is very unfortunate that the State Department did not on its own initiative act to clear up the matter.

Mr. Speaker, every President since Woodrow Wilson has recognized this massacre, and the American people have been unified in condemning it. It is very important that we keep this atrocity fresh in our memories, so that we may prevent any recurrence. The State Department does humanity a disservice by seeking to sow doubt as to whether this massacre occurred. The State Department adds insult to injury when it implies that Members of this body, as well as the many Americans who seek to commemorate the genocide, are somehow giving comfort to terrorists. We all condemn the cowardly acts of violence that have taken place, but this is not a reason to wipe our memories clean of the atrocities which were perpetrated against the Armenian people. I am appalled that the State Department has chosen to engage in this sort of harmful rhetoric. I urge my colleagues to pass House Resolution 171, and I would like to thank Congressmen PASHAYAN, WAXMAN, and COELHO for the leadership role they have taken on this issue.●

● Mr. ROE. Mr. Speaker, it is, indeed, an honor for me to rise today to join in the solemn observance of Armenian Martyr Day. This year marks the 69th anniversary of the genocide of the Armenian people by the Turkish rulers of the Ottoman Empire. It has been estimated that some 1.5 million Armenian men, women, and children were killed and another 500,000 exiled from their traditional homeland by their Turkish rulers between the years 1915 and 1923.

The Armenian genocide is an event where remembrance brings grief and horror to people the world over. Unfortunately, this year, that observance has been marred by politics within our own State Department.

Recently, I was pleased to join with our esteemed colleague from California, TONY COELHO, in sponsoring House Joint Resolution 247, which would have designated April 24, 1984, as "National Day of Remembrance of Man's Inhumanity to Man." The measure had 228 cosponsors and was assured of passage. But the measure has been tabled at the request of our State Department, which believed its approval would muck up our relations with Turkey.

In an official statement, the State Department said that "the resolution could unintentionally encourage extremist groups which have carried out a terrorist campaign against the Turkish Government and people."

Unofficially, the State Department went on to say it felt the resolution was inappropriate because the Armenian genocide has never been documented.

Mr. Speaker, every President since Woodrow Wilson has acknowledged the Turkish massacre of the Armenian people. I just do not see the State Department's logic that the remembrance of this tragedy will result in terrorist acts. We cannot sanitize this blot on the history of man by hiding our heads in the sand and saying that it never happened. The U.S. National Archives is loaded with material documenting the premeditated extermination of the Armenian people by the Ottoman government and attempts by the American Government at the time to intercede on behalf of the beleaguered Armenian nation.

In fact, the American people, through the efforts of an organization known as the Near East Relief, which was chartered by Congress, contributed some $113 million between 1915 and 1930 to aid the Armenian genocide survivors. In addition, 132,000 Armenian orphans became foster children of American families.

Mr. Speaker, I was proud to be a cosponsor of House Joint Resolution 148 in 1975 which set aside April 24 as "National Day of Remembrance of Man's Inhumanity to Man." That resolution won speedy approval in both the House and Senate. It is my hope that the current administration will withdraw its objections to this most worthwhile remembrance.

It is my prayer that this tribute to the brave Armenian people will serve as a reminder of the need for an increased effort on the part of all nations to seek a just and lasting peace throughout the world. Events like the genocide against the Armenian people must never be allowed to happen again.●

● Mr. FLORIO. Mr. Speaker, today marks the 69th anniversary of the beginning of the tragic genocide that was perpetrated upon the Armenian people between 1915 and 1923. I join with my colleague CHIP PASHAYAN in his special order today with a sense of sorrow and dismay as we reflect upon this great calamity and as we pay tribute to the martyrs of the Armenian genocide.

During World War I, the Ottoman Empire had suffered defeat at the hands of the Russians in northeastern Turkey. By 1915, the Ottoman authorities began fearing that the Armenians would act as a fifth column within Turkey by supporting the Russians and their allies. The Ottoman government subsequently ordered a mass deportation of Armenians. The Armenian people were not only deported and robbed of their lands and possessions, but they were also subjected to cold-blooded massacres and atrocities and brutal extermination.

During the 5-year span of this genocide, 1.5 million Armenians died, 500,000 were exiled and countless survivors witnessed the atrocities perpetrated upon their families, relatives, and friends. These survivors still carry with them the memory and the scars of this tragedy. Males were separated from their families and massacred while the remaining women, children, and elderly were forced to march across Asia Minor to the Syrian Desert. Of these marchers, thousands died en route of starvation, disease, and exposure.

The most glaring aspect of this entire tragedy is the fact that the Turkish Government still continues to deny that this genocide ever occurred. The deaths of 1.5 million Armenians are explained away as the result of years of civil strife in the region. This denial of history that has been documented by survivors, eyewitnesses, and correspondents, including Henry Morgenthau, the American Ambassador to Turkey in 1915, can only be detrimental to our determination to prevent such a tragedy from ever occurring in the future.

Despite the historic amnesia of the Turkish Government, it is our responsibility to preserve the memory of this tragedy. For this reason, I cosponsored House Joint Resolution 247, introduced by Representative TONY COELHO, which calls for the designation of April 24 as a "National Day of Recognition of Man's Inhumanity to Man" as a day of remembrance of the Armenian genocide. I am also proud to have cosponsored House Resolution 171, offered by Representative HENRY A. WAXMAN and Representative CHIP PASHAYAN, calling on our Government to officially acknowledge the genocide.

It is only with the constant reminder of tragedies such as the Armenian genocide, the Ukrainian famine, and the Jewish Holocaust that future tragedies can be prevented. We owe it to not only the memories of the martyred Armenians, but also to the survivors and to future generations to continue our vigilance and insure that this tragic chapter of the history of mankind is never again forgotten or ignored.●

● Mrs. BOXER. Mr. Speaker, today we recall the tragic events of 69 years ago when the Government of Turkey, using the excuse of wartime necessity, systematically and purposefully instituted a campaign of genocide against the Armenian nation. This horrible crime against humanity became the opening chapter in this century's murderous course that brought us and the whole world shame and sorrow.

It is not only the horror of this crime that confronts us on this dark anniversary, but also the scandal of continued lies and attempts to deny the truth of this shameful atrocity by the nation that was responsible for these events. The memory of the dead 2 million still lives in the hearts of those who survived this murderous onslaught and in the hearts of the thousands of orphans who were brought to this country in the aftermath of the slaughter. They know and objective history knows that this crime occurred and all of the hired public relations experts and continued lies will not bury this truth. The repeated denials of these well documented crimes of the Ottoman Turkish regime call to mind the Nazi maxim that a big lie if often repeated becomes truth. Hitler himself cited the Armenian massacres as evidence that humanity cares nothing for the murder of a people. We cannot and shall not accept these distortions of history that deny the humanity of those who perished in the fires of hatred and bigotry in Armenia, Ionia, and Syria during World War I.

It is a responsibility to our children and to ourselves never to allow the memory of these victims to fade away. We cannot permit the expedient policy of those concerned about relations with the current Turkish regime to turn us from these truths. We must make our condemnation of these atrocities a living memorial to their memory.●

● Mr. COURTER. Mr. Speaker, I thank my colleagues for reserving this time to remember the Armenian genocide of 1915.

Few things are more puzzling than the tendency of modern man to disbelieve or look away from the horrors and atrocities that man has perpetrated on his fellow man. In some cases, it is the result of ignorance, willful or not. In some cases, it is a result of a desire to avoid discomforting conclusions about the character of some of the governments with which we share this planet.

But there can be no doubt that this ignorance of history's darker events aids those who perpetrate them, and those who would do so in the future. It is known that Hitler cited the fact that the Armenian genocide was little known, little discussed and little remembered in his time. We can only imagine the conclusions he drew from this fact.

Likewise, we can only imagine the conclusions today's tyrants draw from the fact that the massacres that took place a few years ago in Cambodia drew so little of the world's attention and so little condemnation.

The conclusion we should draw is clear. Our obligation is to learn the truth about these crimes, record them in our history. and never forget them. This is the least we can do to honor the memory of the victims, and to prevent future holocausts from occurring.

This need is especially pressing in the case of the Armenian genocide, because there is such a concerted effort being made to deny the fact that it occurred. Yet there are historical accounts, eyewitness reports, newspaper reports, diplomatic messages, and other sources of definitive evidence which prove that this crime against the Armenian people did take place.

The policy of the United States should be to remember this genocide and all others that have occurred through history. Therefore, in additions to discussions such as this one in Congress, it should be our Nation's policy to commemorate the Armenian genocide in a special day of national remembrance.●

● Mr. ASPIN. Mr. Speaker, today, as we have each year for the last 14 years, the House sets aside time in recognition of Armenian Martyrs' Day.

To me, this is a unique day on the calendar.

It is not a holiday, to mark with fireworks and patriotic speeches and bunting.

It is not merely a day of mourning—although that is one reason we observe April 24.

It is a day on which all the people of this world should pause to reflect on that most heinous of all crimes that man can visit upon man—genocide.

This is called Remembrance Day. That which we fail to remember, we are doomed to repeat. Around the world, few paid attention in those days of World War I when the Turkish Government moved to eliminate the Armenian people from the face of the Earth. Two decades later, when Adolf Hitler was planning the elimination of the Jewish people, he is reported to have said, "Who remembers the Armenians?" The answer, regrettably, was that only the survivors remembered. Hitler's question, however, tells us that we must all—especially those of us who are not Armenians—mark this Remembrance Day each year so that when another budding Hitler asks that question, the world will shout back: "We do!"

Mr. Speaker, I am deeply disturbed that there are some in this world who deny that the horrors of the genocide of Armenians ever occurred. This compounds the crime.

It is, first of all, an insult to all those who perished at the hands of a bloodthirsty regime. It is an offense that makes the memorials of Martyr's Day all that more heart wrenching. To be murdered is one thing; to dismiss the murder as an unfortunate accident is but to compound the horror of the murder.

Second, it sets the stage for a repetition. As with the question posed by Hitler, the denial that there was any genocide begs others to commit the crime again, secure in the knowledge that they can get away with it.

There are people today who are trying to say that there was no genocide of Armenians, that those Armenians who died simply suffered the same unpleasantness that befell many in the disruptive course of the First World War.

But this was no unfortunate byproduct of warfare. This was a conscious, vicious, murderous conspiracy to eliminate the Armenian people. Listen to the words of Henry Morgenthau, our Ambassador to the Ottoman Empire. In his cable to the Secretary of State dated July 10, 1915, he said:

> Persecution of Armenians assuming unprecedented proportions. . . . These measure are not in response to popular or fanati-

cal demand but are purely arbitrary and directed from Constantinople in the name of military necessity, often in districts where no military operations are likely to take place. . . . There seems to be a systematic plan to crush the Armenian race.

Some say that Ambassador Morgenthau was misled and that his reports are inaccurate. Yet the Turkish Government of the postwar era itself recognized the crime that had been committed. For example, in an interview carried in the London press December 6, 1918, Sultan Mohammad VI acknowledged the brutalities committed upon the Armenians, expressed sorrow at what had happened and pledged, "Justice will soon be done and we will never have a repetition of these ugly events."

And judicial action was taken, to a degree. For example, on April 12, 1919, Kemal Bey, the wartime minister of food, was publicly hanged in an Istanbul square after being convicted of taking a leading role in the deportations and massacre of Armenians in the Yosqhad district. he was but one of a number of Turkish officials tried beginning in February of that year. The prosecutor at that trial said it was necessary for Turkey to punish the authors of the massacre.

So, we need not take only Ambassador Morgenthau's word about the reality of the genocide. We have the acknowledgment of the Turkish regime, including the Sultan himself, that a tragedy was inflicted upon the Armenian people. Why, then, is there now an effort to cover up the truth, to rewrite history—to tell us not to remember? Remember we must. Not only on April 24, but throughout the year.

The Armenian people suffered greatly. The unspeakable horrors to which they were subjected in those early years of the 20th century showed what terror can be inflicted when the powers of the modern state and the modern military are united with the will to do evil. We saw it again in Nazi Germany, and under the Khmer Rouge regime in Cambodia, and with Idi Amin in Uganda, and under Stalin's purges.

Have we learned?

I fear we have not. In just this last decade, perhaps one-third of the population of Equatorial Guinea was killed when its President, Francisco Macias Nguema, went mad. Yet how many of us even know that there is such a country as Equatorial Guinea, let alone that before Nguema was overthrown in 1979 he was killing his own people for the crime of being literate.

We remember today the 1½ million Armenians massacred in World War I and the half million driven into exile. We remember their suffering. We remember the cries of anguish, the tears of terror-stricken innocents. We remember because it is our responsibility, our duty to those who suffered so mightily. We remember because it is our prayer that this must not happen again, that mankind must not inflict such suffering on fellow man.

We remember today.

We will remember tomorrow.

We must remember every day.●

● Mr. HOWARD. Mr. Speaker, yet another year has passed in which the present Turkish Government has steadfastly refused to admit that the death of 1.5 million Armenians beginning in 1915 was no accident, thereby failing to take the first step toward genuine acceptance of Turkey in the civilized human community. Unless and until the Turkish Government of today shows enough courage to acknowledge the brutal cowardice with which the Ottoman Government of yesterday butchered Armenian women and children, it cannot hope to take its place among the civilized nations of the world. Otherwise, Turkey will remain known as the country to which Hitler looked for his ideas.

Presently in the Congress there are two resolutions pending to affirm the existence of the genocide, House Resolution 171 and Senate Resolution 241. It is imperative that these measures pass the Congress, in order for the American people to officially assert that the slaughter did occur, was deliberate, and will not soon be forgotten.

Silence on the part of the Turkish Government fixes open a wound which invites people of conscience to wrongfully condone new acts of violence, and brings the odium due their Ottoman ancestors down upon the Turkish people of today. Silence in the American State Department is already disturbingly evident. It is intolerable for the American people, as represented by this Congress, to appear at all sympathetic to the wholly indefensible position of the Turkish Government. It is our solemn duty to keep the perfidious conduct of the Ottoman authorities and the untold suffering of the Armenian people in the forefront of humanity's collective consciousness particularly in the fact of cowardly Turkish refusal to even acknowledge the inhumane policies of their ancestors.●

● Mr. LEVINE of California. Mr. Speaker, I commend my distinguished colleague from California for reserving this time to enable us to participate in this Special Order commemorating Armenian Martyrs' Day. It was on this day 39 years ago that the genocide of the Armenian people began.

The Armenian genocide started with the roundup by the Ottoman Turkish Government of Armenian community leaders and intellectuals in Istanbul. These people were then summarily executed in cold blood. Another bloody chapter in the story of man's inhumanity to man had commenced. Before it was over, 1½ million Armenians were systematically and brutally slaughtered in a rampage that lasted from 1915 to 1917.

Although this slaughter was unprecedented in modern times, it went largely ignored by the world. Certainly there were reports of the heinous deeds being committed, but, as it seems with other systematic, mass murders, little if anything was done to stop it from happening. But it did happen, and we must not forget that it did.

The survivors of the Armenian genocide to this day suffer not only the traumatic scars of seeing their families and loved ones cruelly tortured and murdered, but they and their children suffer the indignity of having every Turkish Government deny the atrocities committed in 1915. Not only that, but the Turkish Government has hired an American public relations firm as part of its attempt to convince the American people that the Armenian genocide never took place at all. They even go so far as to claim that more Turks died at the hands of Armenians than the other way around. This is a cruel and sadistic revision of history and goes against eyewitness accounts of the horrors committed. It is in complete contradiction to all the historical documents found in U.S. archives, as well as archives of other governments around the world.

We have heard the word "genocide" spoken often in this Chamber, and its meaning never ceases to conjur up visions of heinous and horrific deeds. The problems created by the Armenian genocide are as great today as they were 69 years ago, and the Armenian question is still one to which solutions have not been found. As a result of the genocide, Armenians are spread throughout the world in disapora. In countries where they are a Christian minority, they are in a delicate position, and their human rights are denied in others.

The memory of the Armenian genocide and its historical importance must be kept alive, and we must reject any attempts to bury it in the sands of history or in the subterfuge of contemporary public relations campaigns.

For these reasons I am especially appreciative of the opportunity to participate in this special order on such an important subject.●

● Mr. MORRISON of Connecticut. Mr. Speaker, today we mourn the massacre of 1½ million Armenians and the deportation of 500,000 other Armenians between 1915 and 1923.

Sixty-nine years ago, on April 24, 1915, the leaders of the Turkish Government began the systematic extermination of the Armenian people. On that date, over 200 Armenian religious, political and intellectual leaders were arrested in Constantinople and in Armenian centers throughout the Ottoman Empire. These pillars of the Armenian community were then either deported or taken to the interior and murdered, thus leaving the Armenian people leaderless and setting the stage for barbaric genocide.

Earlier in that year, the Armenians in the armed forces, who were all able-bodied Armenian males, had been segregated into labor batallions, disarmed, and ultimately worked to death or massacred. In May 1915, the Turks ordered the deportation of all Armenians. The resulting death march, consisting mostly of women, children, and elderly, wound its way across Asia Minor and Turkish Armenia into the Syrian desert. The Turks inflicted countless gruesome atrocities upon the defenseless Armenians. From rape, to drowning, to hideous torture, the Armenians suffered at the hands of their tormentors. The roads were strewn with Armenian bodies. The rivers were red with Armenian blood.

Henry Morgenthau, the U.S. Ambassador to Turkey from 1913-16 had no question that the Turkish treatment of Armenians was part of a deliberate plan of extermination. He wrote in 1918, "When the Turkish authorities gave the orders for these deportations, they were merely giving the death warrant to a whole race; they understood this well, and, in their conversations with me, they made no particular attempt to conceal the fact." Morgenthau, who tried so desperately to stop the senseless slaughter, asserted that the horrible events in Turkey "surpass the most beastly and diabolical cruelties ever before perpetrated or imagined in the history of the world."

Yet successive Turkish Governments, in an attempt to rewrite history, have tried to cover up this clear case of genocide by denying its very existence.

We join today to proclaim with a united voice that we shall never forget, that history cannot be rewritten, that in order to avoid atrocities in the future, we must always remember the atrocities of the past.

Adolf Hitler took advantage of the world's amnesia, looking at the Armenian genocide as a precedent for his own Holocaust perpetrated against Europe's Jews. Hitler said, in a chilling remark made in 1939, "Who, after all, speaks today of the annihilation of the Armenians?"

We must speak today of the annihilation of the Armenians. We must speak today of the extermination of the Jews. We must speak today and always of any crime committed against humanity.●

● Mr. MAVROULES. Mr. Speaker, I am honored to join my colleagues in this special order commemorating the Armenian genocide committed by the Ottoman Turkish Government from 1915 to 1923. We pause today to mourn the death of those who lost their lives to this senseless violence and to reaffirm our commitment to the observance of human rights for all peoples.

April 24, 1915, marked the beginning of an 8-year reign of terror as the Ottoman Government rounded up and summarily executed Armenian community leaders. What followed was the systematic and brutal extermination of more than 1½ million Armenians between 1915 and 1917. Shootings, drownings, torture, and starvation became commonplace in this assault on the Armenian race.

Henry Morgenthau, U.S. Ambassador to Turkey from 1913 to 1916, has vividly recorded the tragedy of Armenia:

> Homes were literally uprooted; families were separated; men killed; women and girls violated daily on the way or taken to harems. Children were thrown into rivers or sold to strangers by their mothers to save them from starvation. The facts contained in the reports received at the Embassy from absolutely trustworthy eye-witnesses surpass the most beastly and diabolical cruelties ever perpetrated or imagined in the history of the world.

Sadly, however, the Armenian genocide would be surpassed by the Nazi holocaust in the 1930's and 1940's. Adolf Hitler, in an attempt to explain away his maniacal slaughter, would ask with a laugh: "Who, after all, speaks today of the annihilation of the Armenians?"

Today, we all speak of the Armenian genocide in hope that universal outrage will prevent such a horror from recurring. To forget this tragic chapter in human history is to tacitly accept it. And that we must not do. The genocides of this century have made it painfully clear that in order to avoid repeating these tragedies, we must never let their memories fade.

Our annual Armenian genocide commemoration, while emotionally trying for those who still bear its scars, tells the world in no uncertain terms that such barbarity will be condemned, and we all pray, averted for eternity.●

● Mr. HERTEL of Michigan. Mr. Speaker, today we recognize Armenian Martyrs' Day in memory of the men, women, and children whose lives were lost during a genocide which began on this date 69 years ago. Congressman CHARLES PASHAYAN, JR., is responsible for organizing this opportunity, and I commend him for doing so.

The murder of 1.5 million Armenians was the first genocide of the 20th century. Many of the survivors are still alive, and rightly remind us of the importance of remembering this tragedy. Forgetting such atrocities encourages history to repeat itself. We who are concerned about human rights owe it to our Armenian friends to remember and to prevent further such events.

There are those who maintain that the Armenian genocide never occurred, even though this destruction is well documented in the archives of many nations, including the United States. A million and a half Armenians were exterminated, an additional 500,000 were deported, and their 3,000-year presence was eliminated from their historic homeland. The U.S. Holocaust Memorial Council has affirmed our country's recognition of these historic facts by including the Armenian genocide in its museum and educational programs. We must not allow those who deny this event to prevail and create further tragedies.

We are fortunate to live in a free land which has benefited from the contributions of many cultures. Our lives are constantly enriched by the presence of Armenians and other nationalities in our society. We recognize the human rights of all peoples, both at home and abroad. The most extreme violation of human rights is the deliberate attempt to exterminate an entire race, an intent that is almost unbelievable to us and yet has been tried on more than one occasion in history. How much poorer the world would be had these attempts been successful.

It is critical that we take this opportunity to recognize our Armenian brothers and sisters and recommit ourselves to the prevention of terrorist threats and acts wherever and whenever they might occur.●

● Mr. BLILEY. Mr. Speaker, today, April 24, 1984, marks the 69th anniversary of the beginning of one of the darkest chapters of the 20th century—the planned destruction of the Armenian people by the Ottoman Empire. This tragic campaign of massacre and starvation was only the first of its kind in our modern and civilized 20th century; but that very fact requires that it be recognized, remembered, and condemned as strongly as other genocidal efforts in the modern world.

Mr. Speaker, I know that the actions of the Ottoman Government did not lead directly to the forced starvation of the Ukraine by Josef Stalin, the gas chambers of Auschwitz, the gruesome slaughter of the Cambodians, Idi Amin's death campaign in Uganda, and the more recent actions in Mtabeleland in Zimbabwe, but I know that human nature, even a warped and infamous human nature, needs the comfort of believing that it can get away with something before it proceeds. As an example I would cite Adolf Hitler's statement concerning his final solution for the Jews of Europe when he said, "who now remembers the Armenians?" If more proof is needed then we can all look up Idi Amin's frequent statements of his adoration for Adolf Hitler as a man who knew how to handle a problem.

The Armenian genocide is not a fantasy. It is a fact and it was deliberate.

The other examples that I have cited are also facts and they were all planned and implemented by supposedly legitimate governments. This type of action is the product of insanity, but the fact that it still occurs and is occurring today can be laid directly at the feet of everyone in the world who does not rise up in indignation to let madmen know that they can never get away with atrocities and massacres and forced starvation of their own people.

We in the greatest Nation on Earth must share responsibility for not preventing these heinous events from taking place and I, for one, will always think about and pray for the souls of all of those people who have been murdered because of their race or nationality. Mr. Speaker, I most sincerely ask that my colleagues join me in remembering the people of Armenia on this infamous day.●

● Mr. DONNELLY. Mr. Speaker, I am most honored to join my colleague, the gentleman from California (Mr. PASHAYAN), in today's special order commemorating the anniversary of the Armenian genocide of 1915-23. There is little need for justifying today's special order, as observance of "Armenian Genocide Day" has long been a historical fact recognized by successive administrations of American Presidents. I am proud to be a cosponsor of House Joint Resolution 247, which would designate April 24 as a solemn day of commemoration for victims of the Armenian Genocide and other incidents of gross inhumanity and barbarism.

Likewise, I am a cosponsor of House Resolution 171 which affirms recognition by the Congress of the indisputable facts of the genocide. It is inconceivable to me that the State Department has seen fit to actively oppose enactment of House Joint Resolution 247 because of some vague fear that our NATO ally Turkey will look with disfavor on this legislation. Since when has that mentality been the basis for American foreign policy?

Surely it is not appropriate, given the principles held dear by our people, or the long-standing U.S. policy of recognizing the genocide committed against the Armenian people by the Turks as historical fact. I trust the Armenian-American community will look upon today's most timely special order as a fitting commemoration for the victims of the Armenian genocide, and be assured that this Congress has repeatedly reaffirmed the genocide as unambiguous historical fact.●

● Mr. LEHMAN of California. Mr. Speaker, 69 years ago today the world's first genocide of a Christian people began. During the years of horror that ensued between 1915 and 1923, 1.5 million Armenians lost their lives and countless millions lost their homes. As a result of the Ottoman government's persecution, Armenians are spread throughout the world in diaspora. I am fortunate to have one of the largest Armenian populations in the world in my district.

Clearly, no amount of congressional special orders will bring back those innocent men, women, and children who lost their lives. Now, however, the Armenians are battling a far more intangible, yet equally devastating evil. Despite the United States honorable attempts to prevent this tragedy, and our efforts to assist those who survived, the State Department no longer explicitly recognizes this genocide and refuses to clearly state their policy position on the matter.

The Armenian Genocide is an historical fact. To deny that fact is to deny also the volume of materials documenting the Armenian genocide as well as the extent of American intervention to prevent the full realization of diabolical plans to exterminate Armenians. Americans donated millions of dollars and adopted thousands of Armenian orphans between 1915 and 1930 in their efforts to mitigate the gruesome effects wrought by the Ottomans. Virtually every U.S. President since this event has condemned the genocide, as has the United States Congress.

Let us not turn our backs on this abundance of evidence. It is not for the State Department of the greatest democracy in the world to attempt to rewrite history. We should leave that to other less scrupulous political entities.

For the sake of the millions of Armenians, dead and living, who suffered beyond belief at the hands of the Ottomans, I urge the State Department to withdraw their silent denial of this genocide. This issue does not belong in the realm of current policy and its potential implication on U.S./Turkish relations. Foreign policy negotiations should not interfere with the seemingly simple matter of acknowledging an unfortunate event supported by the truth of history.

Richard Cohen stated in the Washington Post on May 31, 1983, that, "The last victim of any genocide is truth." America has a history of standing up for truth, human rights, and the inviolability of history. I sincerely hope that Congress can do as much today.●

● Mr. TOWNS. Mr. Speaker, I rise to support my colleague from California in giving recognition to the plight of the Armenian people, on April 24, Armenian Martyrs' Day. For too long the massacre of over 1.5 million Armenian nationals has been ignored by most of the world. In fact, our own relations with Turkey have led to certain pressures to ignore the deaths of this minority group.

The virtual elimination of Armenians from their ancestral homeland in modern day Turkey is an example of forced extermination of an entire people and their culture. As a country which cherishes democracy and freedom, we must fight to oppose any future genocide and fight to give proper recognition to those whose lives were sacrificed basically because of religious and ethnic prejudice. I commend the gentleman on this special order and I hope that he will continue to remind us that the plight of the Armenian people must not be forgotten.●

● Mr. BIAGGI. Mr. Speaker, April 24, 1984, marks the 14th time we here in Congress have recognized Armenian Martyrs' Day in memory of the 1.5 million Christian men, women, and children who died between 1915 and 1923, at the hands of the "Young Turk" government.

It was the mobilization for World War I that set the stage for the tragic genocide of thousands of Christian Armenians. By February of 1915, the Turkish Government had already begun to segregate Armenians into labor battalions, as well as disarming and deporting countless others. On April 24, 1915, about 200 Armenian religious, political, and intellectual leaders were arrested in Istanbul and were either exiled or murdered. Similar measures were carried out throughout the Ottoman Empire in all Armenian centers. This carnage continued for several years despite efforts in the United States to end the atrocities through diplomatic pressures and by expressing to Turkey a deep sense of concern and outrage. By 1923, 1.5 million Armenians had perished, and more than 500,000 were exiled from their homes in the Ottoman Empire.

Unfortunately the Armenian genocide is a historical fact. By remembering this dark chapter in human history we not only honor those who perished, but we also express our abhorrence for all forms of physical violence against innocent human lives—be it in the form of genocide or terrorism and be it in 1915 or today.

As citizens of a nation that was founded on the principles of personal and religious freedom we are obligated to take notice of any abrogation of these precious liberties both past and present. As we commemorate those who perished in the Armenian genocide we also reaffirm our dedication to the principles of personal and religious freedom, and our commitment to promoting peace and liberty throughout the world.●

● Mr. EDGAR. Mr. Speaker, during the years from 1915 to 1923 over 2 million Armenian citizens of the Ottoman Turkish Empire were systematically driven from their homeland of 3,000 years. While 500,000 of these Armenians found safety in other parts of the world, the majority, 1.5 million, perished in forced marches and massacres. Thus, the Armenian community in Turkey, which at the beginning of World War I numbered approximately 2.5 million, now consists of fewer than 100,000 people. Today we observe Armenian Martyrs' Day in remembrance of the tragedy of the Armenian genocide.

The persecution of the Armenians in Turkey is amply documented in the Archives of the United States and in those of other countries. At the time of the Armenian genocide, then-U.S. Ambassador to Turkey Henry Morgenthau sent back numerous reports detailing atrocities committed against the Armenian people. In his autobiography, Mr. Morgenthau wrote that:

> The great massacres and persecutions of the past seem almost insignificant when compared to the sufferings of the Armenian race in 1915.

More recently, both Presidents Reagan and Carter commented on the tragedy of the Armenian genocide. Following this lead, the U.S. Holocaust Memorial Council unanimously resolved that the Armenian genocide should be remembered in the Holocaust Museum Memorial. In addition to U.S. recognition of the Armenian genocide, the United Nations has also noted the extensive documentation of the massacres of Armenians in Turkey in the early part of this century.

Unfortunately, successive Turkish governments have never admitted that these horrible events took place. Even today, Turkish officials resolutely deny that any atrocities were committed against the Armenian people. The Turkish Government claims that any Armenian deaths occurred as part of a civil war within a global war. After Armenian Martyrs' Day last year, I received a letter from the Turkish Ambassador to the United States, implying that by seeking to establish the historical validity of the Armenian genocide I "hold Turkish lives of little importance" and "give Armenian terrorists more encouragement." These allegations are astounding. I do not condone the acts of Armenian terrorist groups; I am sure that most Armenians do not either. The Ambassador's comments are merely another attempt to avoid the issue we have raised, the acknowledgment of the truth of the Armenian genocide. Our goal is peaceful: to insure that such a tragedy never occurs again.

It is necessary that we remember this terrible event and defend the principle of the inviolability of history. The Armenian people have survived and prospered, and should be commended for their courage and perseverance. After the massacres, the Armenians were dispersed around the world, yet in every country, and especially in our country, they have contributed much to their communities while maintaining their proud heritage. Mr. Speaker, I join in today in honoring the spirit of the Armenian people, and I join them in remembering the millions who died so needlessly. In gathering for the 14th time to recall the Armenian genocide, we perform a duty demanded by Elie Wiesel when he said: "to forget is to make oneself an accomplice of the executioner."●

● Mr. FORD of Michigan. Mr. Speaker, I thank my colleague for reserving this special order that we might pause and remember the Armenian tragedy from 1915 to 1923. For the few survivors, the memories will last forever. In fact, we must insure that these memories do remain, so that mankind will not repeat again these unthinkable acts.

I have found that most students, when pondering the relevance of their school subjects, question the need to study history. The merits of studying reading, math, science and geography appear much more apparent to them, yet they question the benefits of knowing what happened in the past: how nations were formed and governed, the causes and results of conflict, and the recurring desires of a few to dominate many. Yet every scholar of the subject can detail countless times when humans have failed to learn the lessons of history and have stumbled down the same tragic paths which led to the destruction of their predecessors, and eventually to their own.

Even Adolf Hitler used past events to shape his own policies. In 1939 as he was beginning his invasion of Poland, Hitler ordered the mass extermination of its inhabitants, commenting "Who, after all, speaks today of the annihilation of the Armenians?" Humanity's failure to remember the genocide of an entire people scarcely 25 years earlier gave Hitler the go-ahead to exterminate millions of innocent people.

Every Turkish Government has systematically denied the brutal torture and murder of 1.5 million Armenians and the horrible displacement of an entire population. They have tried to persuade the American people that the genocide was simply a myth. Yet we know what happened and it is only through knowing and remembering such atrocities that we can prevent future mass exterminations. We naively believe that such a thing could never happen today. The facts tell us that history which is not recalled is repeated, as Hitler did in Germany. And if we scrutinize what is happening today—in 1984—we will notice on a smaller scale many of the same atrocities: death squads, routine violations of individual and collective human rights, religious persecution, and government-sponsored terrorism. Many of these activities are carried out by extremists, yet numerous are the products of friends of the United States. Must we remain victims again of so much forgotten history?●

● Mr. WAXMAN. Mr. Speaker, today I rise with so many of my colleagues to commemorate the anniversary of a sad and tragic moment in the history of the world—the massacre of some 1.5 million men, women, and children of Armenian descent by the forces of the Ottoman Empire.

It was on April 24, 1915, that the killing began in what we have come to realize was only the first of the 20th-century's attempts at genocide, the slaughter of groups of people by governments bent on obliterating them.

This day serves to remind us that this first genocide of our century served as a precedent for the Holocaust of World War II when more than 6 million innocent people were destroyed by a government whose leader responded: "Whoever cared about the Armenians?" when it was suggested that world opinion would not allow the Nazis to get away with their attempt to eliminate the Jewish people.

It is unfortunate, Mr. Speaker, that this day is necessary. We should not have to have a day set aside to remind us of the Armenian martyrs, of man's inhumanity to man. This day in 1915 and the days that followed should be so permanently inscribed on our consciousness that they need no reminders.

But the sad truth is that we do sometimes forget. Even worse, there are those who deny the evidence that this massacre even occurred. The Government of modern-day Turkey continues to deny the truth; it denies the evidence of death and destruction, denies the reports by witnesses who reported the massacres of innocents.

There are even some in our own Government who wish to rewrite history and seek to deny the eyewitness reports of their predecessors and wish to revise the record passed down to us by experienced diplomats and journalists.

The denial of the historical record contained in our own archives is something new and, to me, quite astounding. Should this be allowed to take place, where would it lead? Could it be possible that some 30 years from now there would be American officials arguing that the Nazi Holocaust did not take place?

It is because memories grow short and because there may always be some people who seek, for whatever reason of diplomatic expediency, to rewrite history that we will soon have in Washington a memorial to the victims of genocide. This Holocaust Memorial will commemorate the victims of genocide, the slaughtered innocents from Armenia, from Europe, from Asia, and from Africa.

It is also because of this that there have been introduced in Congress two resolutions which many of us cosponsored dealing directly with the Armenian tragedy. One resolution, House Joint Resolution 247, would have designated today as a "National Day of Remembrance of Man's Inhumanity to Man." Unfortunately, and inexplicably to me, this resolution, which was supported by 228 Members of this body, was objected to when it was brought before the House on April 11 for unanimous-consent approval.

A second resolution, House Resolution 171, has 135 cosponsors. It would affirm the Armenian genocide and declare it to be the sense of Congress that it is U.S. policy to embrace the tragic historical events that began 69 years ago today. I urge those of my colleagues who have not yet done so to join as cosponsors of House Resolution 171 to show the world that we do not condone the obliteration of history any more than we condone the obliteration of people.

In closing, Mr. Speaker, I would like to urge the Government of Turkey to recognize the role the discredited empire that was overthrown played in the massacre. The efforts by the modern Government of Turkey to deny history and to pressure this Government to ignore the murder of 1.5 million Armenians should be condemned by all of us. Turkey's denial of history is no worse than would be Germany's denial of the Holocaust.

Mr. Speaker, we should not allow Turkey to insist on perpetrating a colossal, historical hoax and we cannot allow our Government to aid and abet such a hoax. It is our duty to educate the young and the uninformed of the atrocity that began 69 years ago and to persuade those who still refuse to accept the historical truth of the annihilation of approximately half the world's Armenian population.

For these reasons we participate today in this special order and it is for these reasons that I again urge my colleagues to join in supporting House Resolution 171.●

● Mr. **BERMAN.** Mr. Speaker, in commemoration of Armenian Martyrs' Day, it is with a sense of profound horror and indignation that we call to the attention of Congress and the American people the first genocide of the 20th century in April 1915.

During the next 7 years, over 1½ million Armenians were massacred at the hands of the Turks, effectively eliminating almost the entire Armenian community of Asia Minor and Turkish Armenia. This massacre reflected a desire to wipe out both the Armenian nation and its ancient culture. Only a few hundred thousand survived this first holocaust, escaping to Europe, the United States, Russia, and the Arab countries.

It should be a source of concern to all of us that to this day Turkey does not acknowledge, despite eyewitness accounts, either the facts or its historical responsibility; for the line from Armenia to Auschwitz is direct. The Holocaust of European Jewry has its precedence in the events of 1915 to 1922. "Who still talks nowadays of the extermination of the Armenians," Hitler told his generals on the eve of the extermination of the Jews. The horrendous events of World War II overshadowed the Armenian genocide, and it is only recently, through the peaceful efforts of Armenian groups, that the rest of the world has once again begun to recognize the collective agony of the Armenian people.

Only by recalling both of these tragedies for what they were—historical moments of unimaginable cruelty and shame—can we prevent anything like this from ever recurring.●

● Mr. **LEVIN** of Michigan. Mr. Speaker, I rise to speak today on the occasion of Armenian Martyrs' Day, a day to commemorate the tragedy of the massacres of 1915 to 1920. Last year I had the opportunity to participate in the special order marking this day. Repetition of those remarks is not necessary but reaffirmation is always in order.

I am aware of the sensitivities of our ally Turkey to the events we commemorate. I am also aware of the need for prudence and balance in dealing with the complexities of relationships with allies. But I believe that those relationships should not obscure the need to continue to bear active witness to genocide, wherever it occurred. That is why I join again in this annual day of remembrance, Armenian Martyrs' Day.●

● Mr. **ACKERMAN.** Mr. Speaker, I rise today to commemorate the 1.5 million Armenian men, women, and children who lost their lives at the hands of Turkish authorities from 1915 to 1923. This special order provides a unique opportunity for us to recall the Armenian genocide, which we must not allow to escape from the public mind. Given the sad history of genocide in this century, it is important that all of us take whatever steps we can, both collectively and as individuals, to insure that this piece of history is preserved.

An even more compelling reason for today's special order arises because the perpetrators of this crime have consistently attempted to deny the truth about the Armenian genocide. This kind of appalling historical revisionism must not be tolerated. The truth is certainly harsh, but it is undeniable. Archives throughout the world fully record the sickening events which took place. The Armenians living under the domain of the Ottoman Empire were deported and sent to slave-labor camps. Many perished there, while others survived only long enough to be massacred by the thousands as the world looked on.

As a Jew, I feel a sense of personal responsibility to make certain that this issue does not become blurred as a result of these insidious attempts to deny the facts; there are individuals on this Earth who similarly seek to deny the facts of the atrocities committed against the Jews by Adolf Hitler. It seems that there is a propensity to obscure the history of such terrible events because of guilt or political expediency, or perhaps because of the unwavering hatred toward the victims of these crimes. No matter what the underlying motivation may be, it is our obligation to speak the truth.

As a cosponsor of House Resolution 171 and House Joint Resolution 247, both of which recognize the significance of this tragedy, I firmly believe that today's special order reflects the commitment of this House to maintaining an accurate record of the Armenian genocide. We can ill afford to forget this horror; for it is when the world neglects to recount such events that similar atrocities are committed by hostile regimes who exercise their authority through the wanton destruction of powerless minorities.●

● Mr. **FISH.** Mr. Speaker, today marks the 69th anniversary of the Armenian genocide. Each year Members of this body observe and mark this occasion on the floor of the House. It is important that we not ignore this event, lest we allow one of the testaments to mankind's capacity for evil to slip into the shadows of history.

The Armenian nation, under the control of the Ottoman Empire, was the object of a systematic and organized effort of genocide. Over 1½ million Armenians died in what has come to represent the first event of this century whereby a sovereign state sought to destroy an entire race of people.

In speaking of the consequences of the Jewish Holocaust, Adolf Hitler once remarked: "Who remembers the Armenians?" Indeed it is our responsibility to do just that; remember that which we would rather choose to forget. The Armenian genocide stands as one of the great tragedies of the modern age; an omen of a new era in which man's social and technological advancement is accompanied by a growing list of barbaric atrocities.

Our remembrance of the Armenian genocide should not be an event of token homage, it must be regarded with energy and passion. It is our responsibility to be on vigilant guard for all crimes against humanity and all abuses of human rights. It is our solemn duty to speak out against such injustice and act to end it.

I welcome the opportunity to join my colleagues today in marking this tragic event and speaking out in the hopes that events like it not occur again.●

● Mr. SMITH of New Jersey. Mr. Speaker, I rise today to join my colleagues in commemorating Armenian Martyrs' Day. The record is clear, the facts compelling and tragic. The Armenian race has been singularly persecuted by the Ottoman government, culminating in a three-decade period, from 1894 to 1924 during which Armenians were systematically uprooted from their homeland of 3,000 years and eliminated through massacre or exile.

The extent of this persecution is dramatically illustrated by statistics. Some 2.5, million Armenians were living in the Ottoman Empire at the beginning of World War I. Since the Armenian genocide, fewer than 100,000 declared Armenians reside in Turkey. The deaths of over 1.5 million Armenians are directly attributed to the genocide.

Deportations and massacres of Armenians were commonplace, indeed these policies represented an official strategy to take care of the Armenian question during the early 20th century. An edict of deportation was formally promulgated on May 27, 1915, leading to the deportation of Armenians throughout the empire. Men were usually separated from the group and massacred. The remaining women, children, and elderly were marched across Asia Minor and Turkish Armenia to the Syrian Desert. Those who managed to escape starvation, kidnaping, disease, or death by exposure were few indeed.

On August 4, 1915, Mr. Speaker, the New York Times reported that the Turks, after massacring all the males of the population in the region of Bitlis, assembled 9,000 women and children and drove them to the banks of the Tigris River, where they shot them and threw the bodies into the river; 2 weeks later Mr. Speaker, the New York Times printed another story on the massacre, containing a copy of a letter from Constantinople which vividly described the terrible plight of the Armenian people during these dark times. I would like to share the contents of that letter with my colleagues.

> We now know with certainty from a reliable source that the Armenians have been deported in a body from all the towns and villages in Cilicia to the desert regions south of Aleppo. The refugees will have to traverse on foot a distance, requiring marches of from one to two or even more months.
>
> We learn, besides, that the roads and the Euphrates are strewn with the corpses of exiles, and those who survive are doomed to certain death, since they will find neither house, work, nor food in the desert. It is a plan to exterminate the whole Armenian people.
>
> Courts-martial operate everywhere without cessation. Twelve Armenians were hanged at Caesarea on a charge of having obeyed instructions which they had received from a meeting secretly held in Bucharest by the Trocohak and Hunchak societies. Many have fallen from blows from clubs. Thirteen Armenians were killed in this way at Diarbekr and six at Caesarea. Thirteen others were killed on their way from Chabine-Karahissar to Sivas. The priests of the village of Kurk with their five companions suffered the same fate on the road to Sou-Cheheksivas although they had their hands bound.
>
> Hundreds of women and young girls and even children groan in prisons. Churches and convents have been pillaged, defiled, and destroyed. The villages around Van and Bitlis have been pillaged and inhabitants put to the sword.
>
> At the beginning of this month all the inhabitants of Karahissar were pitilessly massacred, with the exception of a few children.

Mr. Speaker, we must not forget the suffering of the Armenian race during this frightening period of their 3,000-year history. I commend the efforts of the Armenian National Committee to heighten national and international awareness of these sad events and sincerely pray that we will take this lesson to heart. We must never allow history to repeat itself in the form of a deliberate and brutal campaign of persecution and genocide. It is my hope, Mr. Speaker, that by remembering the tragic events of the Armenian genocide through Armenian Martyrs' Day, we mught prevent such heinous and flagrant violations of human rights from being duplicated.●

GENERAL LEAVE

Mr. PASHAYAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

ORDER OF BUSINESS

Mr. GINGRICH. Mr. Speaker, I ask unanimous consent that I may have permission to precede the gentleman from Pennsylvania (Mr. WALKER) with my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

CONGRESSIONAL UNDERCUTTING OF AMERICAN FOREIGN POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. GINGRICH) is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, this is the special order on congressional undercutting of American foreign policy and the problems of legislative-executive-constitutional rights.

I want to proceed by talking about my thoughts on this topic and then yielding commensurate time to the gentleman from New York (Mr. SOLARZ), a very distinguished member of the Foreign Affairs Committee. Then, after that, I would engage in such dialog as seems appropriate.

Earlier, since this does involve 11 other Members of the House, I had communicated by hand-delivered letters to all 11 Members' offices that they knew this was going to happen. I sent those letters yesterday.

The United States confronts a constitutional crisis over the implementation of foreign policy. That crisis is so intense and so far-reaching that Watergate is the only recent event of comparable gravity.

America is at a real crossroads in its ability to develop and implement an effective foreign policy. Either we will return to the consensus and executive branch implementation with congressional oversight, which characterized the period from Truman through Kennedy, or we will continue to decay in a period of legislative meddling and undermining, which cripples the executive branch and weakens the nation. From the mid-1960s—when the Vietnam War began destroying the consensus in American foreign policy—until today, it has become more and more acceptable for American citizens and their elected representatives to oppose and even undercut their own government in foreign relations.

Three recent events convinced me that we face a real crisis in our capacity to survive as an effective nation in a dangerous world. First, an anonymous American citizen was quoted in the press, suggesting as a reasonable response to the CIA mining of Nicaraguan harbors a course of action that, were we formally at war, could only be called treason.

Second, a U.S. congressman sent a member of his staff with a proposed report to Grenada so the anti-American government could edit the report to maximize its helpfulness to their cause.

Third, 10 members of the House of Representatives sent a letter to the Nicaraguan Marxist regime with suggestions and language which make the letter an extraordinary document that is of highly questionable legality and that poses constitutional problems of frightening dimensions.

These three cases fit into a pattern of disintegration in American foreign policy which has its roots in trips by Jane Fonda and others to Hanoi, while North Vietnamese troops were killing American boys in Southeast Asia. As American citizens arrogated to themselves the right to meet and negotiate with foreign governments, it became more and more acceptable to go overseas on the grounds that the current government was not doing enough, or it was not doing the right thing.

This passion for personal diplomacy has affected both the Republican and Democratic parties, and both liberals and conservatives. Thus, during the Iranian hostage crisis, both the conservative Republican Congressman George Hansen and the liberal Democratic former Attorney General Ramsey Clark found it reasonable and desirable to visit Tehran in pursuit of a better solution than President Carter seemed to be finding.

More recently, Democratic presidential candidate Jesse Jackson gained enormous positive publicity while visiting the Syrian dictator Hafez Assad at a time when his forces were training and supplying terrorists in Lebanon who were killing American Marines and naval airmen. While Jackson's trip was good for the particular pilot he brought home, it was a disastrous precedent in teaching future opponents to play various American political factions of against each other.

As it has become more and more publicly acceptable to "do you own thing" in competing with the American government in foreign policy, the signals both to foreigners and to Americans have become more and more self-defeating for our country. After all, if there is no prohibition against each citizen deciding what he or she wants and then traveling overseas to discuss it with foreign governments, why pay any attention to the politician who happens to currently sit in the White House or the politicians who happen to have a majority in the House and Senate?

This tendency to have 235 million foreign policies, one for each American, reached its greatest danger point last weekend in the Sunday Atlanta Journal-Constitution in an article from Corinto, Nicaragua, by Ronnie Lovler. On Page 53A, the article concluded with a stunning paragraph worth repeating:

"Reagan administration action so angered one of the many Americans who visit here that he vowed to return to the United States to start a fund-raising campaign to buy a mine sweeper for Nicaragua."Now wouldn't that be the perfect irony?" he mused 'The U.S. government works to put the mines in and the U.S. public works to take them out.'"

There are two vital things wrong with that American citizen's reasoning. First in a nation of free elections in which Congress must approve and agree to pay for all foreign policy actions by the president, there can be no legitimate argument that there is a need for the members of the pblic to take the conduct of foreign policy into their own hands. If the people want to reject a policy, they can fire the elected officials in the next election.

"PERFECT IRONY" IS TREASON

Second, when an individual citizen decides to provide weapons and support to another government to fight his own, it is not called treason.

While that anonymous citizen's comments are outrageous, he is less to blame than the elected officials who in recent years have found it increasingly easy to ignore official foreign policy and simply undermine and undercut the United States government whenever they feel like it. After all, if elected public officials sworn to uphold the Constitution find it acceptable to weaken their government's ability to implement foreign policy why should the average citizen be worried about his or her actions?

There have been two recent congressional actions that typify this problem of conflict between the legislative and executive branches in the implementation of foreign policy. They are both worth examining.

First, Rep. Ron Dellums of California worked so closely with the Grenadian Marxist dictatorship that in some ways he represented their interests more than California. The minutes of the Grenadian dictatorship were captured when the United States liberated the island and saved the 800 American students there from becoming hostages. In addition to fascinating details such as the actual contract between the Soviet Union, Cuba, and Grenada, there are apparently a series of references to a close working relationship between Marxist Grenada and Dellums. Reports indicate that on one occasion, Dellums sent a member of his staff to Grenada with a copy of a proposed report to the House to be reviewed and edited by the Grenadian Marxists to ensure that it provided maximum help for their side.

The notion that a member of the Armed Services Committee would work hand in glove with a Marxist dictatorship which the United States government was publicly accusing of becoming a Sovit-Cuban puppet is remarkable.

Mr. SOLARZ. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I will be glad to yield.

Mr. SOLARZ. I thank the gentleman very much for yielding.

As the gentleman knows, the gentleman from California (Mr. DELLUMS) was not one of the 10 signers of the letter that some of us sent to Mr. Ortega in Nicaragua, which, I gathered, was the fundamental reason of the special order which the gentleman scheduled.

The gentleman was good enough to alert all of the signatories of the letter to Mr. Ortega that he was taking out this special order, and I am here today to speak on behalf of myself and, I think, some of the others.

□ 1440

But, I wonder if you also were good enough to inform the gentleman from California (Mr. DELLUMS).

Mr. GINGRICH. Yes; we sent a letter to the gentleman from California.

Mr. SOLARZ. You are making some pretty strong accusations here, and I would hope that the gentleman would have a chance to answer for himself.

Mr. GINGRICH. We did inform him and we in fact have a standing invitation. If he is not available today, I would be glad to come at his convenience to discuss this.

I happen to have the minutes of the Grenadian Government and the reports to the Grenadian Government by their representatives, and I think it would make most useful dialog. I have another half paragraph, and I was going to then get into the letter.

I have worked it out with the timekeeper to yield you literally as much time as I take.

Mr. SOLARZ. I thank the gentleman. I want to say I would hope my silence on the question of the involvement of the gentleman from California with the previous government of Grenada should not in any way be construed as agreement with these allegations.

I am, frankly, not aware of any relationship which may have existed. Therefore, I am not in a position to comment on it.

I do think that, given the nature of these allegations, the gentleman should have an opportunity to speak for himself.

I am glad you apparently did inform him. And I assume that a copy of the RECORD will be made available to him so he can see for himself.

Mr. GINGRICH. Yes.

Mr. SOLARZ. I must just say, and then I will yield back to the gentleman the remainder of his time.

Mr. GINGRICH. Certainly.

Mr. SOLARZ. My impression based on the limited contact I have had with the gentleman from California is that he is a genuine patriot. He believes in this country. He may have a different point of view from time to time than some of the other Members, but I do not know anyone who has ever suggested that the man is not a dedicated and patriotic American.

Mr. GINGRICH. Before I resume, would you like to pursue this for a minute, because you are raising a very important point here, and I will say to you candidly, and this is part of why I take all this so seriously, and I know you and I have had a discussion on mountains and molehills and I am sure in a moment you will elaborate on that.

Mr. SOLARZ. Do not use all of my good lines. Wait until I speak.

Mr. GINGRICH. But the point I want to make here and I tried to place this in the context first of an American citizen, then of an individual Member of the Congress and then of 10 very distinguished Members and much more central to the power structure of this Congress, candidly, than the gentleman from California.

I do not suggest, and I want to say this very explicitly, I do not think that any of the Members we are talking about, and I hope you agree about my side of the aisle in the same way, have anything at heart but the best interests of this country. Not only are they certainly not traitors, certainly not trying to hurt America; they in fact are trying to help America.

The problem we face, I think it is a situation where we have two sets of difficulties; one is a philosophical, and that is for another day and the nature of the Soviet threat; nature of Marxism as tyranny; but there is another difficulty here which I think candidly my good friend from New York does not take seriously enough, and that is what are the limitations on the legislative branch in the age of the jet airport and the age of the constant cocktail party?

And I think as you will see as we develop this, I am trying to suggest I would never have jumped in as hard as I have had it remained purely fringe activities by individual Members who are more enthusiastic than wise.

But when distinguished chairmen of subcommittees and distinguished majority leaders get involved, then it becomes more central.

Mr. SOLARZ. I just want to say to the gentleman that I appreciate his putting me in the pantheon of the powerful, and I am flattered by being included in this illustrious list. I will wait for the gentleman to complete his presentation and then, with his permission, I would like to respond.

Mr. GINGRICH. Absolutely.

Mr. SOLARZ. And indicate where I think he has gone amiss.

Mr. GINGRICH. With some trepidation, since you are both powerful and persuasive, but I will certainly yield.

Let me continue then. "The idea that this same Congressman," back to the gentleman from California for just a second—

> The idea that this same congressman would send his aide with a report to permit our opponents to propagandize us through official congressional reports is outlandish. The fact that Congress has done nothing to investigate this irregularity would be amazing if it were not for the second and even more stunning incident.
>
> On March 20, 1984, 10 members of the House of Representatives wrote a letter to the Nicaraguan Marxist dictatorship declaring their opposition to United States policy and encouraging the Nicaraguan government to take steps to influence the American political process.
>
> The "Dear Comandante" letter, as a recent Wall Street Journal editorial called it, is the most striking transgression against propriety and common sense in Washington in recent years. Its impact will be with us for years to come. It is addressed to Comandante Daniel Ortega, the leader of the Nicaraguan Marxist faction which is systematically tightening its grip on the country with Soviet and Cuban advisers, equipment and resources. Hence, its title, "Dear Comandante."
>
> ### LETTER UNDERCUT U.S. POLICY
>
> This letter is almost certainly illegal and unconstitutional on three counts. First, its authors state clearly to a foreign government that "we have been, and remain, opposed to U.S. support for military action directed against the people or government of Nicaragua." This statement crosses the bounds from legitimate opposition to American policy within the United States to a deliberate communication of that opposition to a foreign government with which we are disagreeing.

I yield to the gentleman from Illinois.

Mr. HYDE. I think what the gentleman is saying is very important, and deserves some attention.

Now you have mentioned the names of several Members involved in the subject matter; Mr. HANSEN who went over to Iran, Mr. DELLUMS. I think before you get into the substance of this letter, who are these 10 leading Members of this House, because that puts this in the proper environment. That gives it significance and salience.

So would you give us those names?

Mr. GINGRICH. Certainly, I would be glad to respond to the distinguished gentleman from Illinois, a member of the Foreign Affairs Committee.

The gentlemen are Mr. WRIGHT, the majority leader, the gentleman from Texas; Mr. ALEXANDER, the deputy majority whip, the gentleman from Arkansas; Mr. BARNES, of Maryland; Mr. SOLARZ, of New York; and Mr. HAMILTON of Indiana, who are subcommittee chairmen of Foreign Affairs; Mr. BOLAND, very distinguished chairman of the Intelligence Committee from Massachusetts; Mr. TORRICELLI from New Jersey and Mr. GARCIA from New York who are on the Foreign Affairs Committee; and Mr. OBEY, of Wisconsin, and Mr. MCHUGH, of New York, who are on the Foreign Operations Subcommittee of Appropriations.

Mr. HYDE. Would the gentleman yield? Are any of those gentlemen Republicans?

Mr. GINGRICH. No, these are all Democrats; they are all members of the majority and I think it was the fact you had three subcommittee chairmen in Foreign Affairs, two members of the subcommittee that pays for foreign operations, and the distinguished majority leader and the chairman of the Intelligence Committee, that collectively I think has to be considered, at least in foreign policy, reasonably close to a power structure for the House.

Mr. HYDE. Those are important movers and shakers.

Mr. GINGRICH. They are not random, isolated radicals; they are clearly the center of the majority Democratic Party, yes.

Mr. HYDE. And they wrote a letter to the head Sandinista in Nicaragua and they signed it; is that right?

Mr. GINGRICH. Yes. This was written on the stationery of the majority leader, the gentleman from Texas.

Mr. HYDE. And it starts out, "Dear Commandante"; is that right?

MR. GINGRICH. That is correct.

Mr. HYDE. Thank you. I am going to listen with great interest.

Mr. GINGRICH. In writing this sentence, these 10 Congressmen clearly, and the sentence, let me go back and say was, quote:

> We have been and remain opposed to U.S. support for military action directed against the people or Government of Nicaragua.

To continue:

> In writing this sentence, these 10 congressmen clearly undercut the efforts of their own government to apply pressure to the Nicaraguan regime to cease its active sponsorship of Soviet and Cuban interests and its export of revolution.
>
> Second, the letter invites the Nicaraguan Marxists to learn how to manipulate and influence American politics. On Page 1, they assert that the Nicaraguan Marxists could weaken the Reagan administration and those conservative and moderate politicians who have supported our Central American policies. By saying that a change in Nicaraguan policy would mean that "those responsible for supporting violence against your government and for obstructing serious negotiations for broad political participation in El Salvador would have far greater difficulty winning support for their policies than they do today," the congressmen focus the Nicaraguans on the American domestic political process.
>
> The writers return to their theme of Nicaraguan interference in the American political system of Page 2 when they assert that a wiser Nicaraguan policy would "significantly strengthen the hands of those in our country who desire better relations based upon the true equality, self-determination and mutual good will." There is no modern example of so blatant an effort by one faction of American politicians to draw a foreign government into taking positions based on a calculation of how it would effect the balance of political power inside the United States.
>
> This effort to educate the Marxist regime into the art of manipulating American opinion is the least unconstitutional and least illegal of the three errors in this letter. However, involving foreign governments in our political process may be the most dangerous and frightening thing these 10 congressmen proposed. If foreign governments start taking and releasing hostages, engaging and abstaining in terrorism, making and breaking policies, based on a conscious calculation of the next presidential primary or the next congressional vote, then our ability to survive in a dangerous world may be truly threatened.
>
> Third, the writers clearly violated the Constitution by suggesting in closing that, "We re-affirm to you our continuing respect and friendship for the Nicaraguan people, and pledge our willingness to discuss these or other matters of concern with you or officials of your government at any time."
>
> This promise to meet and talk with the Nicaraguan government is clearly unconstitutional. The Founding Fathers had a horrifying experience with the 13 individual states during the Articles of Confederation. They had learned the hard way that legislators made foreign policy implementation impossible if they were each free to go off on frolics of their own. Any study of the writings of the Founding Fathers will reveal their deep bias against Congress and in favor of the executive branch in foreign policy implementation.
>
> ### CITIZEN DIPLOMATS ILLEGAL
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> Alexander Hamilton, in the Federalist No. 22, referring to the destructive impact of legislative involvement in foreign affairs, wrote:
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> "The faith, the reputation, the peace of the whole Union, are thus continually at the mercy of the prejudices, the passions, and the interests of every member of which it is composed. Is it possible that foreign nations can either respect or confide in such a government? Is it possible that the people of America will no longer consent to trust their honor, their happiness, their safety, on so precarious a foundation?"
>
> Alexander Hamilton's principles became Thomas Jefferson's implementation. As first secretary of state in 1790, Jefferson warned the French revolutionary representative, Citizen Genet, that he could not deal directly with the Congress and interfere in American politics. Jefferson wrote that:
>
> "The transaction of business with foreign nations is executive altogether. It belongs, then, to the head of that department, except as such portions of it are specially submitted to the Senate. Exceptions are to be construed strictly."
>
> The constitutional historian John Bassett Moore described Jefferson's warning to the French representative:

"As the president was the only channel of communication between the United States and foreign nations, it was from him alone 'that foreign nations or their agents are to learn what is or has been the will of the nation,' (Jefferson's words) that whatever he communicated as such, they had a right and were bound to consider 'as the expression of the nation' and that no foreign agent could be 'allowed to question it' or 'to interpose between him and any other branch of government under the pretext of either's transgressing their functions.'"

Our first great Supreme Court chief justice, John Marshall, as a representative in 1799 defended the executive prerogative:

"The president is the sole organ of the nation in its relations, and its sole representative with foreign nations."

Thus from Hamilton, Jefferson and Marshall it is clear that the Founding Fathers would have found the "Dear Commandante" letter a clear violation by legislators of the executive's exclusive right to deal with foreign governments.

Very probably the Founding Fathers would also have found this letter illegal. The very first time an American outside the executive branch tried to settle an American dispute with a foreign nation, the Founding Fathers passed a bill to make it illegal.

Our first experience with citizen diplomats came in 1798 when a Quaker named Logan visited Paris to negotiate better relations between the United States and France. The Congress promptly passed what is called the Logan Act. Just to focus its intent clearly, they called it "an act to prevent usurpation of executive functions." By the standards of that act (which is still in force), this letter is clearly illegal.

CONGRESSMEN VIOLATED LAW

The problem we face is that the signers of this "Dear Comandante" letter are not kooks or minor members of the House of Representatives. This letter was written on the stationary of the majority leader, Jim Wright of Texas. It was signed by the chairman of the Intelligence Committee, Edward P. Boland of Massachusetts; three subcommittee chairmen of the Foreign Affairs Committee, Mike Barnes of Maryland, Stephen Solarz of New York and Lee Hamilton of Indiana; two members of the Foreign Operations Subcommittee of the Appropriations Committee, David Obey of Wisconsin and Matt McHugh of New York; and two other members of the Foreign Affairs Committee, Robert Torricelli and Robert Garcia; and Bill Alexander of Arkansas.

What should the House of Representatives do when 10 such knowledgeable and powerful men violate the Constitution and the law?

What should the American people do when congressional discipline breaks down so that an Armed Services Committee member submits his report to a foreign government while 10 leaders invite a foreign government to negotiate with them, to get involved in manipulating American politics, and inform that government that the 10 "have been and remain opposed to U.S. policy?"

There is no question of the right of every American inside the United States to argue over and oppose government policy.

There is no question of the absolute power of Congress to stop any American foreign effort by simply cutting off the money.

What is at issue in these two cases is not an issue of free speech and not an issue of congressional powers. What is at stake in these two cases is the actions of members of the House who have undercut and weakened the legal policies of the United States as adopted by the House and Senate and signed by the president. These policies are not merely Reagan administration proposals. These policies are the legally adopted and legally implemented official policies of the American people as expressed by the government of the United States.

This is not a liberal or a conservative issue. This is not a Republican or Democratic issue. Whichever party is in the White House, whichever ideology is dominating American foreign policy, it is vital that this nation have the ability to implement a consistent, sustainable, coherent foreign policy. The only approach which will permit a successful American foreign policy is one which reestablishes the legitimate historic separation of constitutional powers and restores to the executive branch its exclusive prerogative to implement, while retaining for the legislative branch its power to appropriate, authorize and oversee.

We will have to confront these two violations of our system or we will face a future of chaos in which each legislator does whatever he or she thinks. How we confront it is a great challenge which the House, the executive branch and the public will have to explore. For the moment, let me simply say this is the most serious congressional-executive branch confrontation since Watergate. And this time it is Congress, not the White House, which has a major problem with law breaking and law enforcement.

□ 1450

Let me say this was printed originally in the Atlanta Journal Constitution on Sunday, April 22.

Mr. Speaker, I will insert in the RECORD at this point the full text of the letter to Comandante Ortega.

And I now briefly recognize the gentleman from Illinois (Mr. HYDE) and then I will yield a total of the same amount of time to the gentleman from New York.

Mr. HYDE. Mr. Speaker, I thank the gentleman for yielding.

I have seen the letter. I do not have it in front of me, but my recollection is this very important letter is two pages. Ten of the very important leaders of the Democratic side, including the majority leader, the chairman of the House Intelligence Committee, subcommittee chairmen on Foreign Affairs, important ones, have written the Comandante Ortega and, first of all, they start out by saying:

> We do not agree with our government's policy. We want you to know that in front. We do not support the aid to the Contras that our government is doing. That establishes our bona fides with you know, Comandante Ortega.

Then, as I recall, they continue to praise mildly sometimes, but nonetheless, praise Ortega and the Sandinistas for freeing up on free press, their diminishing censorship.

To the gentleman's knowledge is that true or is censorship just as total and as vicious as it has been since they took over?

Mr. GINGRICH. My understanding is that even recently La Prensa was censored, up to 65 percent of its news columns, and refused to publish in protest.

Mr. HYDE. Well, now, they went on to praise the Sandinistas for their disposition to hold free elections. Now I read the paper like everybody else and I do not see that they are going to permit any of the Contras or the insurgents to participate in these free elections.

Is that the gentleman's definition of a free election?

Mr. GINGRICH. Well, it is ironic that no totalitarian Marxist regime has held a free election, while all of them have promised many.

Mr. HYDE. So their facts are wrong. And it is surprising to me because these are the leaders on the Democratic side. They have research available to them, well-paid staff who know these things. Their facts are wrong.

Now after telling Ortega they do not agree with our Government's policy, after stroking his fur about free elections and a free press, which are not existent in Nicaragua, do they in any place in that letter criticize Ortega for exporting revolution, guns, half the guns and 80 percent of the ammunition that is shooting and killing people in El Salvador? Do they ask for reciprocity? Do they condemn or criticize or admonish—let us use admonish as a nice soft word—Dear Comandante Ortega for exporting revolution? Do they do that in the letter?

Mr. GINGRICH. Not to the best of my knowledge.

Mr. HYDE. I did not see it either. Maybe the gentleman from New York (Mr. SOLARZ) will refresh our recollection. I will wait and listen carefully.

Mr. GINGRICH. We have used, I think, about 25 minutes. I would be delighted to yield 25 minutes to my very distinguished friend, very well informed, normally, a member of the Foreign Affairs Committee, the gentleman from New York (Mr. SOLARZ). I listen with great interest.

Mr. SOLARZ. I thank the gentleman for yielding.

Just on a housekeeping detail, how much time does the gentleman have for the special order?

Mr. GINGRICH. We have 30 minutes left. And the gentleman from Pennsylvania comes next and will be glad to yield the gentleman any additional time that the gentleman might want.

Mr. SOLARZ. I do not think it will be necessary for me to use all of the time, although I do appreciate the very gracious willingness of the gentleman from Georgia to make it available.

□ 1500

Let me say that, in my judgment, not since the day 37 years ago, when Senator Joseph McCarthy delivered his speech in Wheeling, W. Va., in which he waved the sheet of paper on which he said he had the names of—what was it, 70 or 220? The gentleman from Illinois recalls?

Mr. HYDE. Yes. Fifty-seven.

Mr. SOLARZ. Fifty-seven Communists who were in the Department of State, has more been made out of less than the speech we have just heard from my very good friend from Georgia in the well of the House a few minutes ago.

If I may say so, what the gentleman has done is to transform the most tiny molehill into a tremendous mountain.

Let me try to put this whole business into perspective. The gentleman raises very profound questions about the constitutional relationship between the President and the Congress, and about the proper role of the House of Representatives in the foreign policy of our country. His analysis is entirely based upon his reading of this two page letter that was sent by 10 Members of the House to Mr. Daniel Ortega, the presumptive leader of the government in Nicaragua.

What was this letter all about? What did it say? Why was it sent? What did we hope to accomplish by sending it?

The gentleman may be interested to know that the idea for this letter did not originate with any 1 of the 10 Members who signed it. The idea for the letter originated with none other than Alfonso Robelo. He is probably known to the gentleman, and certainly is known to many Members of the House, as a genuine democrat, with a small "d." He is a Nicaraguan freedom fighter, someone who was very much a part of the effort to overthrow Mr. Somoza. He was one of the original members of the junta in Nicaragua, but he left that country and decided voluntarily to go into exile because he believed, as many of us do, that the Sandinistas have betrayed the democratic promises of their revolution.

Mr. Robelo is associated with Eden Pastora who, during the Nicaraguan revolution, was known by the name Commandante Zero. Both are leaders of the Nicaraguan organization ARDE.

When he approached us he was speaking not just for himself but for Mr. Pastora, and for those Nicaraguans who have joined them in the effort to establish a genuine democracy in that country.

Mr. Robelo asked us if we would be willing to send a letter to Mr. Ortega, in which we would attempt to persuade Mr. Ortega to agree to hold genuinely free and fair elections, when the elections are supposed to be held in Nicaragua later this year, and permit those Nicaraguan exiles who have taken up arms against the Sandinista government to return to their country to be given an opportunity to participate in the electoral process.

The 10 of us who agreed to sign the letter are all people, like the gentleman from Georgia, who want very much to see the establishment of a genuine democracy in Nicaragua.

I was under the impression that this was one of the fundamental objectives of the Reagan administration. The President has said time after time that a primary purpose of our policy toward Nicaragua is to persuade the Sandinistas to live up to the democratic promise they made during the course of their revolution, and to have genuinely free and fair elections in which all Nicaraguans would be permitted to participate.

In the process of sending this letter, therefore, it did not occur to us for a moment that we were attempting to undercut the established policy of our Government. We actually thought we were acting in a way completely compatible with the policy of our Government by urging the Sandinistas to do precisely what President Reagan says he has been trying to get them to do, albeit with different means, over the course of the last few years.

Now, what was it about this letter that was so objectionable; a letter which, in essence, asked the Sandinistas to have free and fair elections and to permit the exiles to participate in those elections?

I would not have thought such a letter was such a bad idea. We do, after all, believe in free elections; we do, after all, believe in national reconciliation, not only in El Salvador but in Nicaragua. On the face of it, it is hard to conceive what could have been objectionable about such a communication.

One objection we hear is that we had the nerve, the impropriety, the indecency to address this letter to Mr. Ortega by the title of "Dear Comandante."

That happens to be the man's title. If he were the president, it would have been "Dear Mr. President." If he were a member of the church, it would have been addressed to him by his title as a cleric. When Members of Congress send letters to foreign leaders, regardless of whether we approve of them or disapprove of them, it is established custom, it is established procedure, it is established protocol, to address those people by their titles. His title, for better or for worse, is "Comandante," so it was a "Dear Comandante" letter.

We are also told that this letter is somehow objectionable because it was sent to a foreign Communist dictator. I would not, for a moment, want to suggest that Mr. Ortega is anything but a foreign Communist dictator. He obviously is a foreigner. He would appear, on the basis of his own pronouncements, to be a Communist. And, it certainly seems to be the case that he is a dictator. I would suggest that there is nothing unusual, let alone improper, for Members of the Congress to send letters to foreign Communist dictators. It happens all the time. I suspect there is hardly a Member of this Congress who has not, from time to time, signed such a letter.

For example, I have sent dozens of letters myself to Mr. Brezhnev, to Mr. Andropov, and now to Mr. Chernenko, together with dozens and dozens of my colleagues in the House. We have on many occasions urged them to permit the Soviet Jews, who are trapped in their country, and who would like to leave, to be able to do so.

I have written letters to foreign dictators who are not Communists—such as Mr. Marcos in the Philippines and Mr. Pinochet in Chile—asking them to release political prisoners who have been thrown into jail and, on occasion, tortured, not because they have committed any crimes, but simply because they happened to disagree with that particular government.

I do not know which of these letters my friend from Georgia has signed, but I have no doubt that he has affixed his signature to some of them. There is nothing unusual about sending letters to the leaders of foreign governments. We meet with them, and we write to them, all the time. It is part of our responsibility; it is part of our job.

Let me say, parenthetically, to my friend from Georgia, that when someone comes to me who is committed to democracy; when someone comes to me who is committed to freedom; when someone comes to me who believes in the independence of his country, and asks me to send a letter to the government of that nation, because he believes that it might be helpful in persuading that government to be more democratic; to permit a greater measure of freedom; to be independent, it seems to me that the least that I can do, and the least that our colleagues can do, if the letter is substantively compatible with our position, is to send such a letter.

I do not want my friend from Georgia to be under any illusions here. I was not very optimistic that this letter was going to persuade Daniel Ortega to agree to have free elections where he may not have intended to have free elections. I probably would not have thought to send this letter on my own if Mr. Robelo had not come to us and asked us to do it.

And why did he come to us here in the House?

Mr. GINGRICH. Mr. Speaker, I apologize for interrupting, the gentleman is doing very well, but I could not resist this, to ask you: Does the gentleman happen to know, offhand, what Mr. Robelo's position is on aid to the Contras?

Mr. SOLARZ. Yes; Mr. Robelo would like us to continue providing aid to the Contras.

Mr. GINGRICH. So the gentleman is willing to sign a letter for him but not give him aid beyond the letter?

Mr. SOLARZ. Yes; I will be happy to get into that.

It is entirely appropriate, if not obligatory, for this country, as a defender of freedom and as an exponent of democracy, to use its influence with foreign governments that may not share our values to try to persuade them, through dialog and discussion, to have free elections and to be more democratic. In the case of Nicaragua, I have not believed it was appropriate for us to participate in an effort, through the use of force, to overthrow an established government.

□ 1510

We can open up the whole argument about the propriety of the covert operations against the Sandinistas. I am perfectly prepared to do that. We have discussed that on other occasions in the past, and we will have other occasions in the future.

I had thought, however, we were going to discuss today the question of the impropriety of this letter.

Mr. HYDE. Mr. Speaker, if the gentleman will yield, there is an old saying: "He who defines the argument has it half-won."

Now the gentleman keeps portraying this letter as simply in the mainstream of trying to persuade Comandante Ortega to go ahead and have elections. If that is what it did, I would have loved to have signed it.

But what the gentleman did at the behest of a Contra, is have you important people tell the Communists we do not support our government's policy of aiding the Contras. I do not follow the wisdom of this.

Mr. SOLARZ. I thank the gentleman for his observation. I was about to get to that point because I listened carefully to his presentation and I mentally filed away all of the various points that he made. I have been trying to work my way through them. I am almost at the point where I will get to those arguments and allegations.

The point I am making is that Mr. Robelo approached the 10 people who signed the letter for a very particular reason. He felt that, because we had voted against the funding for the Contras and precisely because we were known as opponents of this covert operation against Nicaragua, there was a possibility that we might have a measure of credibility with the leadership of Nicaragua, that those Members of Congress who had supported the covert operations would not.

As a matter of fact, my impression is that he was planning to ask some Members of the other body, who had supported the covert operations, to send a letter as well. Then, the Sandinista leadership would get letters signed by those who were for the covert operations, and letters signed by those who were against it.

In any case, here in the House, Mr. Robelo came to us. He thought we would have a measure of credibility, and he asked us to send the letter.

Our critics also say that, by virtue of sending this letter, undercut the policy of our own Government, because we pointed out in the letter that we were opposed to the covert military operations against Nicaragua, in which our Government is apparently engaging, and that we intended to oppose it in the future.

Let us examine that allegation just for a moment. I would submit that we did not tell Mr. Ortega anything he did not know. Nicaragua has an Embassy here in Washington; they read the Congressional Record. They knew that the 10 signatories of this letter, as indeed a majority of the Members of the House of Representatives, had voted against the covert operations in the past. We were not telling him anything he did not know. By virtue of pointing that out, we were indicating that there were Members of Congress, opposed to this covert operation, who nevertheless believed that it was important to have democratic elections in Nicaragua, and for the exiles to be permitted to return.

I must say to my very good friend from Georgia, that I was impressed with his historical review of various congressional interventions into our foreign policy that he presented to the House. He obviously is a learned scholar who knows American history very well. May I suggest to my friend from Georgia, that he has perhaps unwittingly suggested to us today that we ought to adopt, as the guiding organizational and political principle by which the Government of the United States operates, an American version of the Soviet principle of democratic centralism. What the gentleman seems to be suggesting is that, just as in the Soviet Union, once a policy is established, everybody has an obligation to support the policy no matter how misguided it may be.

Such an approach may make sense in the Soviet Union; their system has operated on that basis since the Bolshevik Revolution. I do not believe in it; I am sure the gentleman from Georgia does not believe in it. I am equally confident that my very good friend from Illinois (Mr. Hyde) does not believe in it and yet, this is what I seem to be hearing from the gentleman from Georgia.

I know he will say that he did not mean to suggest that Members of Congress should forsake their right to oppose policy. What he is really suggesting is that we should not express our opposition to policy when we talk to foreign leaders.

All I can say to my friend from Georgia is that is rather unrealistic. Members of Congress do it all the time. I suspect members of the administration do it when they disagree with the policies of their own administration. As a matter of fact, if you listen to the statements that are made by the Secretary of Defense, by the Secretary of State, and by the head of the CIA, half the time they do not even agree among themselves—not to mention what some of the people in the Praetorian Guard in the White House have to say from time to time.

Pick up Mr. Haig's memoirs which just came out: "Caveat." It is a warning. I think the gentleman's comments could be applied just as well to the people in the executive branch.

The gentleman from Georgia goes on to say that there is a fundamental violation in this letter. Incidentally this is the first time I have heard a speech on the floor of the House where I half expected that, by the time it was completed, some of the Members would be led out in handcuffs and chains for having violated the law or the Constitution.

The gravamen of the gentleman's argument is that we committed an illegal act; we violated the Constitution, because we attempted to engage in negotiations with a foreign government. I can only say to the gentleman that, in his eagerness to draw up a bill of particulars against those of us who signed the letter, he has read far more into the letter than exists. There was absolutely no effort whatsoever, there was absolutely no intention whatsoever, to enter into negotiations with Mr. Ortega.

We understand full well that negotiations with a foreign government are the responsibility of the executive branch, and not of the Congress. What we did suggest to Mr. Ortega is that we were prepared to have discussions with him. Many of us have held discussions with him in the past. Members of Congress are visiting foreign countries and meeting with foreign leaders all of the time: that is part of our responsibility. I am sure the gentleman from Georgia would not suggest that Members of Congress should never meet with foreign leaders, or that they should never write to foreign leaders.

There was nothing ill-intentioned about our concluding statement; we simply said we would be prepared, if he wanted, to discuss this further. It was not an offer to negotiate. It certainly did not bespeak an intention or a desire to negotiate.

□ 1520

Last, we hear, particularly from the gentleman from Illinois, that this letter was presumptively improper because of the way in which it was written. We did not include in the letter a long indictment of all of the sins of the Sandinista government. There is nobody who has spoken more eloquently against the Sandinistas on the floor of this House than my very good friend from Illinois. He has pointed out, over and over, often with great justice, that the Sandinistas have betrayed the democratic promises of their revolution. It may surprise him, but I agree completely. There is no doubt about that.

They promised free elections, and so far they have not had them. They promised nonalinement, and so far they have been a satellite of a satellite. I do not like that any more than the gentleman from Illinois.

But I learned a lesson 10 years ago when I first got involved in the public life of our country as a Member of Congress. The lesson I learned was that we can catch more flies with honey than with vinegar. When we are sending a letter to someone in which we are trying to persuade them to follow a particular course of action, it is fairly clear that we have a better chance of persuading them to do what we want if we couch the letter in conciliatory language rather than in condemnatory language.

I have sent condemnatory letters before, as has the gentleman from Illinois. I do not believe it would have served any useful purpose, since this was supposed to be a private communication, to have presented a bill of particulars against the Sandinista government, when we were trying to persuade them to have free elections and to permit the exiles to return.

If I were sending a public letter which I knew the gentleman from Illinois was going to comment on, and I was more interested in protecting myself from such accusations than in trying to have an impact on the leadership of Nicaragua, perhaps such a letter would have been sent. This letter was not sent for partisan purposes. It was not sent for polemical purposes. It was sent for one reason, and for one reason only, and on this point I will conclude.

It was sent because a man we admire, we respect, whose values we share and a genuine fighter for freedom in Nicaragua, came to us and said it would be helpful if we sent the letter to Mr. Ortega asking him to have genuinely democratic elections and to permit the exiles to return. He saw the letter. He thought it was compatible with his concerns. He wanted us to send it. I did not have it in my heart to turn my back on this man whose values I respect, whose objectives I share, whose commitment to democracy is as deep and sincere as my own, and say to him, "I am sorry. I am not prepared to send such a letter."

Sending this letter was the very least we could do. Frankly, I find it hard to believe that my friends from Georgia and Illinois, who I know care deeply about democracy in Nicaragua—even if their commitment to democracy in Nicaragua was not expressed so eloquently in the days when Somoza was in power—believe in their heart of hearts that it was wrong for us to have asked the Nicaraguan leadership to have precisely the kind of free elections for which they have themselves asked.

Mr. HYDE. Mr. Speaker, will the gentleman from Georgia yield?

Mr. GINGRICH. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

Mr. Speaker, I appreciate the interesting comments of the gentleman from New York. As to the words about Somoza, if the gentleman will check the record, he will find that the dear friends of Mr. Somoza were on his side of the aisle. A gentleman from New York and a gentleman from California leap to mind. And the gentleman speaking of McCarthyism has just practiced it with a flourish and emulates the gentleman from Iowa, who is very practiced in the very same technique.

The gentleman from Illinois has never spoken a kind word for the former dictator. The gentleman from Illinois voted for $75 million to go to the Sandinistas so that they could democratize the government.

Mr. SOLARZ. If the gentleman will yield further, I want to set the record straight. I did not suggest, nor did I mean to suggest, that the gentleman spoke a kind word about Mr. Somoza. What I did suggest was that I do not recall—and if I am mistaken please correct me—that in the days when Somoza was in power in Nicaragua the gentleman from Illinois spoke as eloquently in favor of genuinely democratic elections in Nicaragua as he has recently, since the Sandinists have come to power.

I was for free elections in the Somoza days, and I am for free elections now. But just as I would have opposed an effort to overthrow Somoza through covert operations, I oppose an effort to overthrow the Sandinistas through covert operations.

Mr. HYDE. Mr. Speaker, will the gentleman from Georgia yield?

Mr. GINGRICH. I would be delighted to yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

Mr. Speaker, the gentleman may well be correct. I do not recall that Somoza was uppermost in my mind when I served on the Banking Committee for 7 years. The gentleman has been on the Committee on Foreign Affairs all of his adult life, it seems to me, so I can understand the gentleman's sensitivity to that.

When I learned about Mr. Somoza, I can assure the gentleman I did not join his fan club, and I supported the Sandinistas, to my chagrin, when they initially came to power with our assistance, in the hopes they would live up to their promises to the OAS, which they have not done.

I agree with the gentleman that the customary way of addressing someone is "Dear." If I wrote the gentleman, it would be "Dear Congressman Solarz," or even the familiar term "Dear Steve." But I cannot imagine myself writing, during World War II, "Dear Admiral Tojo," or "Dear General Yamashita," or "Dear Fuhrer."

Mr. SOLARZ. If the gentleman will yield further, has the gentleman signed any of the innumerable "Dear Colleague" letters which are sent by Members of the House to Mr. Brezhnev or Mr. Andropov?

Mr. HYDE. Yes; I have.

Mr. SOLARZ. And does the gentleman recall how those letters were addressed, what the salutation was in those letters?

Mr. GINGRICH. "Dear Chairman," I believe.

Mr. HYDE. Probably I used the word "Dear."

Mr. SOLARZ. If the gentleman will yield further, my recollection is—I do not have one of them with me—when we sent letters to Mr. Brezhnev, it was "Dear Mr. President," because his title was President of the Soviet Union. When we sent a letter to a Prime Minister, it was usually, "Dear Mr. Prime Minister." If we send it to a monarch, we used whatever title is appropriate to address a monarch. I remember once I met with Archbishop Makarios on Cyprus. His title was "Your Beatitude." I had never addressed anybody before as "Your Beatitude," but when I spoke to him I kept saying: "Your Beatitude, I am pleased to meet you. What is your view on this, Your Beatitude?" It was a kind of awkward formulation, but I used it out of respect for him.

Mr. HYDE. The gentleman is a master of protocol.

Mr. GINGRICH. If I may reclaim my time for a moment to make this point, because the gentleman from New York has raised a legitimate point, I do not object to the gentleman following protocol; I agree with the gentleman. If one is going to write a tyrant, it should begin, "Dear Tyrant." One should follow English etiquette in the way one addressed letters.

If I may go on for a second, the reason I made a point, and the reason the Wall Street Journal made a point about "Dear Comandante," is simply as the gentleman said earlier, and I have to say, I was frankly encouraged with the gentleman's rather articulate and sophisticated understanding of democratic centralism and I am certain that, as somebody who therefore understands Leninism, the gentleman is aware of the fact that a Marxist-Leninist regime finds it almost impossible to have free elections. I am encouraged that a leading spokesman of the gentleman's party on the Committee on Foreign Affairs would understand the concept of democratic centralism.

Let me go back to say that my only point was that it is clear that the signers of the letter knew it was going to a current dictator. That is all. I think it is appropriate if you are going to write a current dictator that you address him by his right title. I was not making a big deal out of it.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield first to the gentleman from Illinois and then to the gentleman from New York.

Mr. HYDE. I thank the gentleman for yielding.

Mr. Speaker, I find it a worthy subject for an abnormal psychologist to figure out how one reconciles the gentleman's almost sublime support for Mr. Robelo. It really brought almost a tear to my eye to listen to the gentleman talk about the spiritual kinship that the gentleman has with Mr. Robelo, but it stops right at the point where you give him some material aid, where you really support him where it counts. You support him spiritually, rhetorically, but not materially. I find that, as I say, strange, curious.

□ 1530

Mr. SOLARZ. Mr. Speaker, may I respond to that?

Mr. HYDE. Well, the gentleman went into that. All right, but it is the gentleman's time.

Mr. GINGRICH. Mr. Speaker, I just want to allow everyone to speak.

The SPEAKER pro tempore (Mr. MONTGOMERY). The Chair wishes to state that the gentleman from Georgia (Mr. GINGRICH) has 2 minutes left.

Mr. GINGRICH. Then, Mr. Speaker, let me close for a minute, and then the gentleman from Pennsylvania (Mr. WALKER), I believe, has some time.

In closing, Mr. Speaker, I would like to include a Wall Street Journal editorial entitled "Dear Commandante." That will be included at the very end, and columns by Mr. Vander Linden, Mr. Buchanan, and Mr. Sobran will also be included at the very end.

Let me just say this, because I think later on, when you reread your statements, you will find you were carried away by the passion and the power of your own oratory, and when you read it, I think you will understand where both the gentleman from Illinois and I are coming from.

When one reads all the worthy things you said about Mr. Robelo, one almost expects you, like Saul on the road, to suddenly say, "Ah, in fact I believe in him so much that I will lead the charge for covert aid." And I just have to say to the gentleman that when you go back to read the text, you are going to be surprised because I agreed with everything you said. I think a man like that is worthy of support.

Mr. SOLARZ. Mr. Speaker, if the gentleman will yield, I would simply respond to my two friends by saying that there are a lot of people in this world, and in our country, whom I respect and whose ideals I share, but with whom I have tactical disagreements. In this particular instance I certainly can understand why Mr. Robelo wants the United States to provide military assistance to the Contras. I do not happen to believe, as an American, that it is in our best interest to provide it. That in no way, however, diminishes my respect for him and what he is trying to do.

Mr. HYDE. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Speaker, I just want to say to my good friend, the gentleman from New York, for whom I have enormous respect, that I have never written a letter to Chairman Brezhnev or Ambassador Dobrynin or anybody from the Soviet Union in as laudatory or optimistic terms as the gentleman has written to Commandante Ortega.

Mr. SOLARZ. Mr. Speaker, if the gentleman will yield, I would say on that point, and in particular to the gentleman from Georgia, that if he thinks the most appropriate way to address letters to heads of these Communist governments is by calling them "Dear Tyrant," which, of course, the gentleman is free to do——

Mr. GINGRICH. Only if I——

Mr. SOLARZ. That may have the virtue of rhetorical exactitude, but I rather doubt that any of the people who were seeking succor in those countries, or who were trying to get a political prisoner released, or who were trying to have somebody given permission to emigrate, would go to the gentleman from Georgia and ask him to send a letter.

Mr. GINGRICH. Mr. Speaker, I include at the end of my remarks the various editorials to which I referred, as follows:

[From the Wall Street Journal, Apr. 17, 1984]

"DEAR COMANDANTE"

The more we look at the congressional uproar over the mines in Nicaragua, the more respect we have for forthright opponents of the administration's conception of how to prevent the spread of communism in Central America, people like Rep. Edward Boland and Sen. Patrick Leahy. And the more trouble we have with the posturings of men who know better, like Sen. Daniel Patrick Moynihan and House Majority Leader Jim Wright.

Rep. Wright, for example, was one of the senior counselors to the Kissinger Commission on Central America, and seems to be listed as signing the final report, which included the following wisdom: "Because the Marxist-Leinist insurgents appeal to often legitimate grievances, a popular school of thought holds that guerrilla leaders are the engine of reform. They characteristically reinforce this by inviting well-meaning democratic leaders to participate in a Popular Front, taking care, however, to retain in their own hands a monopoly of the instruments of force. . . . Unfortunately, history offers no basis for such optimism. No Marxist-Leinist 'popular front' insurgency has ever turned democratic *after* its victory."

"Dear Comandante," writes the same Jim Wright to Daniel Ortega, corrdinator of the Sandinista junta, in a letter exposed on the House floor last week by Rep. Newt Gingrich and reprinted nearby. Along with Rep. Boland, Michael D. Barnes (another Kissinger Commission counselor) and others, he urges that the Sandinistas hold free elections. The comandante must find this amusing, since the Sandinistas have repeatedly disavowed any intention of holding to a "bourgeois" conception of elections or democracy. The comandante will no doubt be gratified to learn that his pretenses of freedom of the press and assembly are quite enough for the majority leader and others, and that any way they understand his shortcomings are caused only by the hostility of their own government. In all, he must deeply appreciate the assurances that in his quarrel with the U.S. government the Congressmen take his side.

Acres of trees are being consumed, meanwhile, to make the newsprint necessary for Sen. Moynihan's protestation that he knew nothing of the mines until the day after he voted money to fund the covert actions against Nicaragua. He has resigned as vice chairman of the Senate intelligence committee because he wasn't fully briefed. He never dreamed that it would actually come to scaring seafarers with acoustical mines; the CIA allowed him to assume he was only voting the money to send kids into the jungle to kill and die. If the good senator didn't know about the mines, and didn't understand that the U.S. was helping, he must have been the last non-institutionalized American of voting age to get the word.

About these postures, the forthright opponents are scathing. Rep. Boland told the House: "There has been some complaint about some other body not keeping pace with what was happening. That is their responsibility." And Sen. Leahy remarked: "One advantage of a covert operation is that it allows an awful lot of people who knew about it to say they didn't. It will be fascinating to see the number of senators who will object to the mining during the coming week when virtually the whole Senate had a chance to vote on the issue of covert operations against Nicaragua last week and most members knew the mining was part of it."

Make no mistake, we profoundly disagree with Rep. Boland and Sen. Leahy. We believe that the spread of Marxist-Leninist dictatorships through Central America will eventually be seen by nearly all Americans as a threat to their vital interests. We believe the policy of the U.S. should be to do whatever it can to prevent that spread at an early stage, before major military action is necessary. Conceivably, though barely so, this could be done by a negotiated settlement ending all military shipments to the region. More likely, it will require finding a way to prevent the consolidation of the Sandinista regime in Nicaragua. The U.S. government has supplied the Nicaraguan contras to give the Sandinistas an incentive to negotiate and to provide an alternative if negotiations fail.

This is serious business, as the Boland-Leahy types recognize. It is not merely a matter of Jim Wright signing the Kissinger report to his Texas voters will reelect him as their congressman, and signing the "Dear Comandante" letter so the liberal Democrats will some day elect him as their speaker. Nor merely a matter of Sen. Moynihan's grand strategic recognition that he can remain senator from New York to long as the left is sufficiently pacified it doesn't mount a third-party challenge in a general election.

What we have learned in the mining episode, unhappily, is that the Wright-Moynihan hypocrisies neatly capture the sense of the Congress. The collective judgment of Congress agrees that something must be done about Nicaragua. Before the mining controversy, with the lopsided defeat of Sen. Kennedy's crippling amendments on Central American funding, a consensus seemed to be developing to put that judgment into practice. But the Congress of the U.S. was spooked by a few newspaper stories revealing that the CIA was doing what every serious person in the world already knew it was doing. Now it threatens to come back and cut off the funds for all purposes, replacing the Monroe Doctrine with the Brezhnev Doctrine—that once a Marxist-Leninist dictatorship is established it cannot be challenged. And in justifying this in private, the congressmen will blame the American voters, despite all the elections in which voters preferred American strength to American weakness.

The result will be spreading turmoil in Central America, perhaps eventually including war with American participation, and growing doubts in all the world's trouble spots about America's role as a superpower. The Wrights and Moynihans of Congress know this, which is why they are willing to spend millions of dollars. But they are not willing to spend a single ounce of courage.

CAPITOL HILL PEN PALS OF NICARAGUA'S BOSS

(By Frank Vander Linden)

Ten Democratic Congressmen have sent a letter to Nicaragua's Marxist boss, Daniel Ortega, assuring him of their undying opposition to "U.S. support for military action" against his regime, even while he has agents abroad, collecting more aid from Libya, Iran and the Soviet Union.

Majority Leader Jim Wright of Texas refuses to apologise for being Ortega's pen pal, although Rep. Newt Gingrich, the outraged Georgia Republican who revealed the letter, charged that it showed "sympathy and support" for a foreign dictator against this country.

Gingrich centered his fire on the Democrats' statement: "We have been, and remain opposed to U.S. support for military action directed against the people or government of Nicaragua."

Every one of the signers of the letter knew that their government was underwriting "covert operations" against the leftist Sandinista regime in Nicaragua, because "they had been personally briefed on those operations," Gingrich said.

Among the signers was Edward Boland of Massachusetts, the Intelligence Committee chairman, who was secretly briefed back on Jan. 31 about the mine-laying in Nicaragua's harbors, which caused such a hurricane of protests and majority votes in both houses of Congress, condemning it.

Wright's excuse is that the Democrats were pleading with Ortega to allow a free press and "truly free and open elections," as promised. But the elections, which are supposed to take place in November, will be modeled after those of the Sandinistas' great benefactors, the Soviet Union and Cuba, with their own victory guaranteed in advance.

Ortega, only a few days ago, welcomed home his agents who have been abroad soliciting aid from their revolutionary brothers. Dr. Sergio Ramirez Mercado, a junta member, declared upon returning from Iran and Libya that both expressed firm solidarity with Nicaragua.

During six days in Iran, Dr. Ramirez said, he met with dictator Khomeini, had "several work sessions with the cabinet and revolutionary leaders," and visited one zone of the Iran-Iraq war. Then he dropped in on Col. Mu'ammar Qadhafi in Libya and won his support for Nicaragua's resistance against "the aggressive escalation by the United States," as he called it.

Defense Minister Humberto Ortega, home from a 15-day mission to Moscow and North Korea, said "we achieved political and material solidarity" with those Communist powers. The defense minister met with the Soviet's top brass: Marshal Dmitriy Ustinov; his first deputy, Marshal Nikolay Ogarkov; and Admiral Sergey Gorshkov. They "had a friendly talk on questions of mutual interest," the Soviet news agency TASS said.

When Daniel Ortega visited Mexico City a few days ago, the press there quoted him as saying: "Should the United States engage in an open military intervention in Nicaragua, the resistance struggle could extend even into U.S. territory."

"The objective of the Nicaraguan government" he said, "is the integration of Central America."

That remark confirms the Reagan administration's contention that it is justified in applying pressure against the Sandinistas because they're building up a big military force, with Soviet and Cuban arms, for eventually controlling all of Central America.

Rep. Jack Kemp, R-N.Y., has given his House colleagues a chilling picture of the real "Comandante Ortega," whom he met in Managua on a recent tour with the Kissinger Commission.

"I can remember listening to Comandante Ortega talk about his plans for controlling the future of Nicaragua and of Central America," the New York Republican said.

This was "eye-opening," Kemp said, even to the liberal Democrats present, including AFL-CIO President Lane Kirkland and former Democratic National Chairman Robert Strauss.

"As we left Managua on the plane, I heard Henry Kissinger say to Lane Kirkland that he felt like he was leaving Nazi Germany in the late 1930s," Kemp said, "I, too, felt like I was leaving a fascist or a Nazi country."

(Frank van der Linden is The Union's White House correspondent.)

[From the Washington Times, Apr. 20, 1984]

MASH NOTE TO A THUG

(By Pat Buchanan)

Two decades ago, Black Panther Eldridge Cleaver penned a searing account of his racial hatred of American society. That hatred extended, he wrote, to defiling white women in revenge for what had been done to black women over the centuries. *Soul on Ice* was a publishing sensation. The literary elite and the radical chic announced discovery of a writer of rare talent, an authentic black revolutionary who had something important to say to white America.

Following a subsequent shootout with Oakland police, Mr. Cleaver fled the country for Algiers, Havana, Pyongyang, Hanoi, and other revolutionary capitals. Gradually his eyes opened to the reality of the revolutionary communism he espoused. So, a chastened radical came home to face trial—declaring prison in the United States preferable to life under communist rule. In *Soul on Fire*, Mr. Cleaver wrote how his hatred of racist, facist America had given away to appreciation, then affection, then patriotic fervor; how, in the cooled ashes of black rage had arisen a new faith, Christianity. As he reminded me the other night, *Soul on Fire* was not even reviewed in the publications that trumpeted *Soul on Ice*.

What recalls the Cleaver episode, and the mindset exposed, is the publication by Rep. Newt Gingrich, R-Ga., of a letter signed by 10 ranking House Democrats, including Majority Leader Jim Wright, to the Marxist thug who heads up the most rabid anti-American regime on the continent.

Addressed to Daniel Ortega, the letter opens with the salutation, "Dear Comandante." From there it proceeds to lend new richness to the term "bootlick."

"We address this letter to you in a spirit of hopefulness and good will.

"As members of the U.S. House of Representatives, we regret the fact that better relations do not exist between the United States and your country. We have been, and remain, opposed to U.S. support for military action directed against the people or government of Nicaragua."

By this supportive missive, Jim Wright, Michael Barnes, Steve Solarz, et al., have passed beyond opposing U.S. policy. They are undercutting and sabotaging policy, giving aid and comfort to the Castroite clique that rules Nicaragua. Were the conflict for Central America a declared, rather than an undeclared, war, Jim Wright and his fellow Sandinista sympathizers would be trifling with treason.

Unmentioned in this congressional mash note to the Marxist junta is that regime's appalling record on human rights, its persecution of the Catholic Church, its atrocities against the Miskito Indians, its massive military buildup, its thickening ties to Moscow, its export of revolution to El Salvador.

Wright & Co. see only social progress. "We want to commend you and the members of your government for taking steps to open up the political process in your country . . . We support your decision to schedule elections this year, to reduce press censorship, and to allow greater freedom of assembly for political parties. Finally, we recognize that you have taken these steps in the midst of ongoing military hostilities on the borders of Nicaragua."

Finally, this gracious offer: If you will continue on your "hopeful" path, "Those responsible for supporting violence against your government, and for obstructing serious negotiations for broader political participation in El Salvador would have far greater difficulty winning support for their policies than they do today."

Let me translate this into the vernacular: look fellas, give us a little more running room and we will cut the legs out from under President Reagan and the "contras," and help bring into the government of El Salvador the Marxist guerrillas you support.

Finally: "We reaffirm to you our continuing respect . . . and pledge our willingness to discuss these or other matters of concern with you or officials of your government at any time."

The American people elected Ronald Reagan to conduct U.S. foreign policy, but the Democratic leadership is willing to do some extra-constitutional negotiating to win the Marxists in Managua and their allies in El Salvador a better deal.

No need to ask Dean Rusk's question: Whose side are you on? In the war between the Western democracy and Castroism for Central America, Jim Wright and the Democratic leadership are on the side of the Sandinistas.

[From the Washington Times, Apr. 24, 1984]

ORTEGA GOT THEIR "MATING" MESSAGE

(By Joseph Sobran)

Ten Democratic congressmen, including Majority Leader Jim Wright of Texas, have sent an extraordinary letter to the head of Nicaragua's Marxist-Leninist regime, Daniel Ortega. My colleague Patrick Buchanan describes the letter as a "mash note." I would term it a mating call.

"We want to commend you and the members of your government for taking steps to open up the political process in your country." What effrontery of false naivete. Communist promises (the letter never uses the word "communist") are taken at face value, while the 67-year communist record of breaking promises is unmentioned. The Sandinistas have kept that record intact, which is why the former hero of the Nicaraguan revolution, Eden Pastora, has joined the "contras."

Mr. Pastora was once a darling of the American media. Now they ignore him, portraying the "CIA-backed rebels" as a residue of disgruntled Somocistas—exactly the Sandinista line. It hardly matters to liberals, in the media and in Congress, that the Sandinistas have increased repression, not relaxed it, building up the standard communist infrastructure of total control. The Wright letter—which begins respectfully, "Dear Comandante"—says nothing about this, nor, as Mr. Buchanan notes, about the persecution of the Catholic Church and the Miskito Indians, nor about the regime's Soviet-aided military buildup and export of revolution.

The thrust of the letter is a plea, couched in liberal euphemism, for enough democracy to undercut Ronald Reagan—"those responsible for supporting violence against your government, and for obstructing serious negotiations for broad political participation in El Salvador"—and to help his domestic enemies, or "strengthen the hands of those in our country who desire better relations based upon true equality, self-determination and mutual good will."

It is strictly a plea. There is no hint that the failure to hold "truly free and open elections" would cost the Sandinistas the "continuing respect and friendship" of these 10 abject Democrats.

We face the old question: Why are liberals always so determined to see incipiently liberal enterprises in communist regimes which annihilate those procedural freedoms that liberalism is nominally devoted to?

Consider the unhappy fortunes of the word "liberal." A true liberal, such as the late Raymond Aron, or the venerable Friedrich Hayek, really does put free procedures, the rule of law and limited government ahead of any concrete outcome they may lead to. In Europe, the word "liberal" still retains this sense, which moves English observers such as Graham Hough and Maurice Cranston to remark that Americans who call themselves "liberals" would in Europe be called "socialists," since their real priority is not procedure for its own sake, but the outcome they call "social justice."

Mr. Hayek doubts that any such ideal outcome is even possible, and scorns it as the "mirage of social justice." He makes a basic distinction between the "rule-governed" order of liberalism and the diverse "end-governed" orders of socialists, theocrats, fascists, and others. Mr. Aron, Michael Oakeshott and Bertrand de Jouvenel make the same distinction. You can argue a case for end-governed regimes, but you can't have it both ways: Either you subordinate the rule of law to your ends, or you accept the rule of law and let the chips fall where they may.

Brummagem American liberals want to have it both ways. They pursue a socialist agenda in essence while using the rhetoric of "process," "rights" and "democracy." They use these terms selectively, gerrymandering legal procedures to get the result they want. That is why they are so patient with regimes that skip the procedures to impose raw socialism.

At the moment it is tactically desirable, the 10 Democrats are saying, for the Sandinistas to do what the Democrats do: adopt the disguise of democratic forms. While they are at it, they might ask the Sandinistas to rephrase the new national anthem, which calls the "Yanqui" the "enemy of humanity."

CONGRESSIONAL UNDERMINING OF U.S. FOREIGN POLICY IN CENTRAL AMERICA

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. WALKER) is recognized for 60 minutes.

Mr. **WALKER**. Mr. Speaker, I thank the Chair for the recognition.

Mr. **HYDE**. Mr. Speaker, will the gentleman yield?

Mr. **WALKER**. I am very glad to yield to the gentleman from Illinois.

Mr. **HYDE**. Mr. Speaker, I would just suggest to my dear friend, the gentleman from New York, that there is a difference between fawning and there is a difference between being obsequious and polite realism, and I suggest that if there is any sin in the letter, it is on the side of obsequiousness and fawning rather than polite realism.

Mr. **SOLARZ**. Mr. Speaker, will the gentleman yield?

Mr. **WALKER**. I am glad to yield to the gentleman from New York.

Mr. **SOLARZ**. Mr. Speaker, let me say that I consider this to be a sign of the progress that we have made in this debate. When it started out, we were presumptively guilty of illegal and unconstitutional action; now the most we are guilty of is obsequiousness. I hope that if the gentleman has a chance to reread the letter, he will see that it has not gone beyond the line of politeness to obsequiousness.

Mr. **HYDE**. Mr. Speaker, will the gentleman yield? I will ask this one time, and I will not ask him to yield any more.

Mr. **WALKER**. I yield to the gentleman from Illinois.

Mr. **HYDE**. Mr. Speaker, I have problems with saying that it is unconstitutional or illegal. I am not sure that is so, I am not sure it is not so, but I would not make that point that the gentleman from Georgia did—and he is a scholar—but I would say it is abysmal judgment. That is my impeachment of it, abysmal judgment, running your own State Department, with you, Mr. Robelo, and your nine cosignatories saying to Ortega, "We don't support our Government's policy. That is a sign of our strength and virtue. We don't support Robelo in his Contra effort even though we are his spiritual blood brothers, and you are doing great. And keep it up on free elections and free press, and God bless you, Commandante."

That is my complaint. It could have been done differently in the same purpose, but not done quite as unrealistically and euphemistically.

Mr. Speaker, I thank the gentleman for yielding

Mr. **WALKER**. Mr. Speaker, I thank the gentleman from Illinois.

Mr. Speaker, I might say that the thing that struck me most when I first read the letter on the floor a few days ago was the fact that it was a bootlicking letter, it was the kind of a letter that you send and you lick the boots of the dictator to whom you are sending it. It really is disturbing, I think, from that standpoint.

I think that some of the defense that we have heard of the letter here today is something less than a defense that I would like to see made on this House floor. It is the kind of defense that we have heard too much of here lately, that as soon as someone raises the point that there is too much in the way of fawning over Communist dictatorships in the world, somehow the charge of McCarthyism gets raised on this floor. I am getting awfully tired of hearing Members come to this floor and suggest that those of us who are discussing legitimate issues are in fact engaging in McCarthyistic tactics. In this case the gentleman from Georgia has said specifically what his charges are, and he has outlined those specifically with materials that seem to make his point very, very well. That is hardly in the realm of McCarthyism.

In fact, McCarthyism is very much, as the gentleman from Illinois said a few minutes ago, coming from the other side in some of the statements that have been made in regard to the Somocista characterizations made on this floor by the gentleman from Iowa in debate the other day and to a lesser extent by the gentleman from New York today.

I think those kinds of things are disturbing, and when they become a defense for the kind of letter that is the subject of this discussion, I think it is disturbing and does not do the case much good.

I think that the discussion here today has raised a number of questions. Based upon the discussion we heard from the gentleman from New York, it will be interesting to note who actually wrote this letter. We hear that it was written at the behest of Mr. Robelo. If in fact it was written at his behest, did he see the letter before it was sent? Was he aware the letter was being sent, and that in it there was a condemnation of aid to the Contras? If this was being done at his behest, one wonders whether or not he was aware of what was being done on his behalf.

The other question that comes up is, I wonder if the letter has been answered. I wonder if Mr. Ortega has bothered to answer the gentleman from Texas, the gentleman from New York, the gentleman from Massachusetts, and some of these other Members, and I wonder what that answer said. It would be very interesting for us to know just what the response of the Nicaraguan Government has been since supposedly we were doing this in order to enhance policy rather than detract from policy.

It would be most interesting to this gentleman to know how Mr. Ortega responded to the kind of fawning that went on in that particular letter. It would also be interesting to know what kind of signal that sent, and it would be interesting for us to know—and there is no way that we will know it—what the Cubans' reaction to that kind of letter was coming from the leaders of this House. How did the Soviets react to that kind of letter coming from the leaders of this House?

It seems to me that they have to understand that there is a feeling among the leadership of this House that they do not have the willingness to really oppose a Nicaraguan aggression throughout Central America. And let us understand that Nicaraguan aggession in Central America is very much a matter of fact. The Nicaraguans are not a benign group of freedom fighters within their own Government or within their own country who are satisfied for their Government to be a mere facilitator for the people of that country toward a better life. They have said specifically and in fact Commandante Ortega to whom we have been referring to here has said very specifically that their revolution extends to all of Central America, and most recently he was quoted by a columnist as saying that he could see a time possible when the revolution could be extended into U.S. territory. I think that that makes it quite clear that we are dealing with an aggressive force here, not a benign force.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am very glad to yield to my colleague, the gentleman from Georgia.

Mr. GINGRICH. Mr. Speaker, I just want to make some points that I think may have gotten lost in the earlier dialog with the gentleman from New York.

First of all, I am raising some very serious questions about this letter because it fits into a pattern. It does not stand as an isolated document. There has been a growing tendency in the Congress, and there have been two recent quotes, one from Jesse Jackson, who is one of the Democratic candidates for President and who said, "We must support the Government of Nicaragua." That is a strange situation given the current situation within the U.S. Congress.

□ 1540

Another from a Member of this Congress, who said between April 11 and 15:

> The President blames the Congress for interfering with his military exploits. I say, thank God we do.

There is a growing tendency, particularly in the American left, to say that there is a moral supremacy to interfering with the execution of American foreign policy.

The quote I used earlier, which was in the Atlanta newspapers, of a decent, well-meaning, sincere American, who thought that the morally correct thing to do if his government was mining the harbors in Nicaragua was to have a public charity drive to buy a minesweeper for the government that we were mining the harbors against.

Now, we face, I think, a real crisis in our capacity to live in a dangerous world. We are talking here today in the aftermath of the horror in London where the Libyan terrorist government had one of their diplomats shoot and kill a policewoman, wound 11 other people, and then arrogantly threaten to hold hostage 8,000 Britons, if the British Government did anything to get the murderer.

We are standing here today in the aftermath of a bombing of the U.S. Officers Club in this city last weekend.

Mr. WALKER. Supposedly in concert with the Sandinistas in Central America.

Mr. GINGRICH. Precisely. We are standing here at a time when the Nicaraguan dictator, the man that they wrote the letter to, Ortega, was quoted recently in Mexico City in a visit there saying that if the United States interferes directly with Nicaragua, they should expect us to carry the war to America.

We are standing in a building which now has around it large concrete pillars to stop trucks with dynamite or explosives from running into the Capitol and we enter this building through areas where we are searched to prevent terrorists from walking into this Capitol and we are told that it is reasonable for serious Members of this Congress to write overseas.

Now, I am not a lawyer. I have been told by the gentleman from New York and others that the word "illegal" is too strong. Maybe it is too strong. The Logan Act seems to me fairly clear. The Logan Act seems to me to cover what happened. Maybe that is too strong a word. Clearly, not everyone understands. No one is going to engage in any kind of legal action. It is not conceivable and no one would want that to happen; but where do you draw the line and what does the line mean? Should there be a House rule? Should we in fact have a rule that says that Members of Congress should not write or engage in private dealings with foreign governments that they know the U.S. Government is in difficulty with?

We can say difficulties would be Congress passing various appropriations for covert actions. That would be a sign of some difficulty.

I would say when the gentleman from New York earlier was talking about the letters all of us have signed to the Soviet dictatorship, it is important to recognize that none of those letters were in opposition to U.S. policy.

Mr. WALKER. I think that is a very important point that needs to be emphasized. Most of us have signed those letters, but what we were attempting to do was to enhance U.S. policy, which is aimed at implementing the Helsinki Pact that called for the release of all those people.

Mr. GINGRICH. Precisely.

Mr. WALKER. So we were attempting to enhance the policies of this government, not be critical of those policies, so as to mislead a foreign government. There is a totally different kind of letter involved here in this case, the letter that we are talking about. That letter is a letter in which these Members of Congress took it upon themselves to say that our Government and we are different parties in this whole matter. Our Government is pursuing one policy, our policy is something separate. That is a totally different kind of letter.

I would be glad to yield further to the gentleman.

Mr. GINGRICH. That is exactly right.

The question also becomes, I am not sure what our job is as Members right now. If we have a case, which I think has to raise great doubts, in which a staff member of this Congress was sent to a Marxist dictatorship in Grenada with a copy of a proposed report to be issued by a Member of this Congress and the minutes of the Grenadian dictatorship were very clear that they thought at least that they could change the report in any way they wanted to.

What then are the obligations of the U.S. Congress?

I think all these questions are serious. I think if the Speaker has to look ultimately, are the rules of Congress adequate? Is this behavior that we want to continue? Are there precedents for it? Do we have any examples in congressional history of Members of the Congress writing a foreign government during a period when that government was engaged in direct difficulties with the United States? I do not know.

As I say, writing to that government saying in effect that they were against the policies of the U.S. Government, which is what that letter clearly says at that point; so I just wanted to suggest that there are some very serious, some very difficult and unanswered questions, that this is not a mountain made out of a molehill, rather this is a mountain which has been invisible.

This is the reason that 2½ weeks ago the President said that he thought it was almost impossible to manage American foreign policy because the Congress was undercutting it. This is the kind of difficulty which we saw with the Soviets involved in the West German elections last year.

We have recent reports that the Soviets may be involved in our elections this fall, trying to influence them.

I think for us to decide that factions of Americans can deal directly with foreign governments in opposition to the faction of America that happens to be the American Government, is a very, very dangerous precedent.

To the best of my knowledge, and I would say this to all 10 of the gentlemen who signed the letter, if they can find ample precedent, if it is the norm to write foreign governments we are in difficulties with telling them you oppose U.S. policies, then frankly I guess I would have to say maybe we ought to change the norm, that what they did is normal. I think the country would want to change that norm; but to the best of my knowledge, I cannot find, and I have asked a number of experts, I cannot find any evidence that there is any kind of precedent for this kind of letter.

The defense of the gentleman from New York that, after all, we would have to write this letter, I think is a little thin from this standpoint. Had they written a letter saying that we reject your policies in El Salvador, we reject the kind of dictatorship and censorship you have, but we would like to have better relations and if you would hold good relations, hold honest elections and let the exiles come home, maybe we could have good relations, I do not think I would be here today and I do not think the gentleman from Pennsylvania would be here today.

In that case, they might have written a letter that might or might not be wise in the long run in the structure of the Constitution; but it clearly would not in any sense cross the bounds.

But there are at least three or four places in that letter where in my judgment as a former teacher of history they clearly have crossed the boundary and they have clearly written a letter that at a minimum is so unwise, that is a precendent for future behavior, that if we allow that letter to stand, if we as a House decide that is appropriate behavior for House Members, we are establishing a precedent that I think will come back to haunt this country. I think that is the grounds I want to lay this case on, that at a minimum it is so unwise that we should repudiate the letter and we should adopt some kind of rule or resolution making clear to future House Members that you do not send your staffs to Marxist dictators asking their advice in terms of a report that you are going to issue and you do not write letters to foreign governments with whom we are in difficulty, suggesting to them that you are against U.S. policy.

Now, if we as a House cannot adopt a policy that repudiates that kind of behavior and that kind of language, then I think we are setting a precedent which is going to come back to haunt this country.

I appreciate very much the gentleman from Pennsylvania yielding.

Mr. WALKER. Mr. Speaker, I thank the gentleman.

I think it is very important to understand that the gentleman is making a very important point when he talks about the pattern that is involved here with regard to the kind of congressional action involving U.S. foreign policy. We really are talking about something which is disturbing in terms of the pattern being developed. We have a situation here where Congress is, in fact, interfering on a regular basis in the conduct of foreign policy and then not willing to take responsibility for the actions that it takes.

Just the other day when we passed the measure on the mining of the harbors in Nicaragua, it was not an act where we took any responsibility for our action. We basically passed a press release out here. This was not any action where we are saying we now take responsibility for whatever happens as the result of cutting off funds. This was simply an action that was taken that undercuts the policy, but assigns no responsibility to ourselves, a thoroughly gutless kind of resolution.

It seems to me that this letter falls into the same category. It was revealed in the course of the discussions here that this was a letter never meant to be made public. In other words, it was never meant to have the context of holding the people who wrote it responsible for having written it. It was never supposed to have this kind of public airing. We were told that here today—no responsibility.

Members of this House have said recently that they do not want to be held responsible for what took place in Lebanon, that that was purely the President's action, forgetting, of course, that it was we who forced the President into passing or endorsing a resolution calling for an 18-month stay for our troops. And what did that do? It sent all the wrong signals into Lebanon. It sent signals to our friends in Lebanon that they had 18 months in which to make accommodations and immediately some of the negotiations toward unifying Lebanon slowed down as soon as that resolution was passed, because a timeframe was set.

It also sent a message to the terrorists in Lebanon that if you drove us out in less than 18 months, you lose, meaning the United States loses and we win.

It sent that kind of message and it is not surprising in that context then that those same terrorists would attack the marine barracks and kill 245 young marines.

So that we indeed are responsible, because we endorsed policies which have to hold us responsible for what takes place in the world and to back off then and say: "Oh, no, don't blame us when things go wrong," or to pass resolutions that have no meaning so that we cannot be blamed in the future I think is the kind of performance that is illfitting for a nation that wants to have its freedom survive.

So the gentleman from Georgia when he makes the point of the context in which this letter was written makes a very important point, because the letter was written by people who have shown day after day on this House floor that they are willing to undercut the foreign policy of this Government, but are unwilling then to assume the consequences of the actions that were taken.

□ 1550

I am pleased that I have the opportunity in this special order to help with a summation of this particular matter.

This letter is one of the more disturbing things that has happened in modern times in this Congress and I would hope, as the gentleman from Georgia has suggested, that this House will take appropriate actions to see to it that we do not have further incidents of this kind in the future.

I yield back the balance of my time.

THE METRIC SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. RUDD) is recognized for 60 minutes.

Mr. RUDD. Mr. Speaker, later this week, the House if scheduled to take up H.R. 5172, the National Bureau of Standards authorization. This measure is nearly $8 million over the administration's fiscal year 1985 budget request, and $18 million over fiscal year 1984 levels. While this may seem like a relatively small amount compared to overall Federal spending, it represents a significant portion of the NBS budget—a 13-percent increase over last year's levels; $500,000 of that amount can be cut painlessly by eliminating the costly, duplicative study of metric use and conversion authorized under title II. Eliminating the $500,000 study will obviously not balance the budget, but it is the accumulation of numerous unnecessary expenditures such as this that has helped to drive the deficit to an estimated $174.5 billion for fiscal year 1985 alone.

In 1978, the General Accounting Office [GAO] concluded the most complete and objective analysis ever undertaken of metric use and conversion in this country, and found that the benefits of conversion would be negligible, but that the costs would be substantial—in the billions of dollars.

Besides the GAO report, numerous other reports on metric have been issued by the Federal Government. For example, an earlier study by the Commerce Department with regard to metric and international trade found that "the notion that the United States is losing exports to metric countries because its products are not designed and manufactured in metric units and standards appears to be ill-founded."

Problems of conversion have also been noted in the media. For example, a 1980 report in the American Metric Journal entitled, "U.S. Metric Board: A Total Failure," discussed the negative public reactions toward metic conversion at eight out of nine U.S. Metric Board public forums held in different cities across the Nation.

Whether for or against conversion to metric, there is ample data available upon which to consider a national policy with respect to metric. We do not need to waste another $500,000 of the taxpayers' money on a duplicative study.

The fact is, however, that this is more than just an effort to study the metric system. Some metric proponents have called it a means of paving the way for the removal of what they claim is a longstanding an major obstacle to the improvement of U.S. trade opportunities, apparently referring to our customary system of measurements as the obstacle. Obviously, they have ignored the fact that American firms have been using our customary system of weights and measures and trading for centuries with countries that use different measurement systems, speak different languages, and have different laws and requirements that must be complied with for we have nevertheless become the most successful and technically advanced manufacturing nation in the world.

In its 1978 report, the GAO found that 80 percent of the largest U.S. industrial businesses—the Fortune 500—did not expect any significant change in exports or imports as a result of metric conversion, this confirmed the findings of the earlier Commerce Department report.

This finding was also confirmed in a recent report by the American National Metric Council which found that only 16 percent of the Fortune 1,000 industrial firms felt they experienced a loss in sales because their products were not in metric measurements. Apparently, 84 percent did not feel there was any detrimental effect on exports or imports as a result of the use of customary weights and measures, nor were unsure of any substantial effect on trade.

One more point from the GAO report should be highlighted with respect to international trade. The GAO found that a mere 5 percent of Fortune 500 firms responding to their survey believed measurement units to be of any major significance at all in deterring trade.

Beside all of the metric studies, the U.S. Metric Board spent more than $8.7 million during its 5-year existence between fiscal year 1978 and fiscal year 1982, much of it on public meetings, and educational and advertising programs. While the termination of funding for the Metric Board by the 97th Congress would have appeared to settle the question of Federal involvement, metric programs have nevertheless been continued through the Office of Metric Programs at the Department of Commerce. That Office had a budget of $300,000 in fiscal year 1983 and $320,000 in fiscal year 1984.

If so much has been spent on metric programs without success and so much time has elapsed, it must clearly indicate that conversion to the metric system is neither wanted nor needed, so why is there a need for yet another study? The answer is simple. Another study is a way of keeping the issue alive despite the fact that the American people clearly do not want to convert to the metric system.

The fact is that the American people, without question, oppose conversion to the metric system. A 1977 Gallup poll, the last poll taken on the issue according to the Congressional Research Service, revealed that only 24 percent of the American people favored conversion.

When the Federal Highway Administration proposed conversion of highway speed signs to metric in 1977, public comment was extensive—98 percent opposed the scheme. When the meat and poultry division of the Department of Agriculture proposed meat and poultry sales in metric, 75 percent were opposed.

Furthermore, let me emphasize that Congress, which has the sole authority under article I, section 8 of the Constitution to fix the standard of weights and measurements, has never authorized nor endorsed forced conversion to metric.

Much of the confusion with respect to Federal policy on metric has arisen from the passage of the Metric Conversion Act of 1975. That act provided only for a continuation of the existing voluntary policy for use of either metric or our customary system of weights and measures—a policy established as far back as 1866. The 1975 act set no timetable for conversion.

Let me make it clear that I do not oppose the metric system. Those who wish to convert to metric or stand to gain from it, can legally convert and should do so. However, I strongly oppose Government's unwarranted promotion and costly mandatory imposition of metric on the American people who do not wish to convert and who stand little or no benefit from conversion.

We have already had numerous studies of metric, and to date Congress has not chosen to endorse metric conversion. We should not authorize another waste of the taxpayer's money on yet another so-called one-time study and continue the confusion about Federal policy with respect to metric.

When the National Bureau of Standards authorization comes before the House later this week, I will offer an amendment to strike the metric study from the bill. I urge my colleagues to support that amendment.

□ 1600

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. LEWIS) is recognized for 5 minutes.

● Mr. LEWIS of Florida. Mr. Speaker, due to official business, I was not on the House floor for the vote on final passage of S. 373, Arctic Research and Policy Act of 1983. Had I been present, I would have voted "yea."●

LEGISLATION TO AMEND SMALL BUSINESS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Brooks) is recognized for 10 minutes.

● Mr. BROOKS. Mr. Speaker, on May 15, the House will be considering H.R. 2133, a bill to amend the Small Business Act.

As many of my colleagues already know, I have strong reservations about this legislation. The proponents of H.R. 2133 have indicated that the primary purpose of the bill is to correct the waste and abuse in Federal procurements, particularly in the spare parts area. Ostensibly, H.R. 2133 will accomplish this purpose by increasing "small business involvement" in the Federal procurement process. After carefully reading the bill, I have come to the conclusion that this is not an accurate reflection of its contents. While it is true there is a subsection dealing with the sole-sourcing of spare parts, the vast majority of the substantive provisions of this bill deal with the requirement that Federal agencies set aside all Government procurements exclusively for small business.

I have several problems with this approach. First, it is misleading to call this bill procurement reform legislation when its major effect appears to be promoting socioeconomic goals. Second, any legislation which proposes to increase competition by, in fact, limiting it is structurally flawed. The Federal marketplace should be open to all qualified firms able to fully compete for the Government's business. Third, the primary purpose of the Federal procurement process is to provide needed goods and services to the Government at the lowest cost. Use of the procurement process for other purposes can substantially increase costs to the Government. Finally, it is inherently unfair to turn over the Federal marketplace to any single economic group to the exclusion of all others.

As longtime supporter of the small business community and of the small business committee's efforts to open up Federal contracts to small business, I deeply regret that I must oppose this legislation as it now stands. However, when faced with a proposal to set aside all Federal procurements for small business, I am left with no other choice.

I include an editorial concerning H.R. 2133, which appeared in the Washington Post on April 23, 1984, at this point in the Record:

The Anti-Competition Bill

In an election year, Congress' fancy turns lightly to thoughts of mom, apple pie and . . . small business. Two years ago, its election gift to this legend-laden interest was an enlarged quota of research dollars earmarked for "small" business. This year the prize is to be a lockhold on all but the largest federal procurement contracts.

The Small Business subcommittees, which concoct these biennial atrocities, naturally deny any intention to subsidize smaller firms. The newest measure, due to come to the House floor soon, is dubbed the "Small Business Competition for Federal Procurements Act." Who could oppose more competition? If you read the fine print, however, you find that protection, not competition, is being promoted.

The bill, for example, would require all federal agencies to justify to the Small Business Administration why any purchase of goods, research or other services worth less than $2 million should not be earmarked for small business. (Contracts worth less than $25,000 would automatically go to small or minority business). Set-asides for small business would be required on all contracts if the agency had a "reasonable expectation" that two "responsible" small firms would offer a "reasonable" price—never mind that larger firms might offer a better price or product.

Sponsors defend these anticompetitive provisions by pointing out that agencies can always go quarrel with the SBA if they think small bidders can't perform, and that contract bids must include assurances of quality performance. But no one familiar with the red tape already required for federal procurement awards can believe that agencies will want to take on this additional burden. And anyone who believes that bidder assurances are an ironclad guarantee of performance is living in a dream world.

From time to time investigations by the General Accounting Office or Small Business Administration unearth examples of the shoddy practices that set-asides tend to produce—contractors finagle to stay "small" enough to qualify for preferences, favored firms skim profits off contracts and pass on the real work to larger subcontractors, loans are passed through to ineligible or even shady enterprises. But few legislators are brave enough to rewrite loan and set-aside programs so that they actually promote small business competition rather than create a class of firms dependent on special subsidies. Perhaps the looming fiscal crisis will give Congress the courage to defeat this latest and most overreaching demand by the small-business lobby for special preference at the taxpayers' expense.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Ackerman (at the request of Mr. Wright), for today, on account of official business.

Mr. Daub (at the request of Mr. Michel), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Brown of Colorado) to revise and extend their remarks and include extraneous material:)

Mr. Rudd, for 60 minutes, today.

Mr. Philip M. Crane, for 30 minutes, today.

Mr. McKinney, for 5 minutes, today.

Mr. Lewis of Florida, for 5 minutes, today.

(The following Members (at the request of Mr. Eckart) to revise and extend their remarks and include extraneous material:)

Mr. Annunzio, for 5 minutes, today.

Mr. Gonzalez, for 60 minutes, today.

Mr. Brooks, for 10 minutes, today.

Mr. Rodino, for 60 minutes, May 8.

(The following Member (at the request of Mr. Gingrich) to revise and extend his remarks and include extraneous matter:)

Mr. Coughlin, for 60 minutes, on May 2.

(The following Member (at the request of Mr. Olin) to revise and extend his remarks and include extraneous matter:)

Mr. Shelby, for 60 minutes, on May 2.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Brown of Colorado) and to include extraneous matter:)

Mr. Porter in two instances.

Mr. Courter.

Mrs. Johnson.

Mr. McEwen.

Mr. Broomfield.

Mr. Hunter in two instances.

Mr. Green.

Mr. Madigan.

Mr. Fields in two instances.

(The following Members (at the request of Mr. Eckart) and to include extraneous matter:)

Mr. Anderson in 10 instances.

Mr. Gonzalez in 10 instances.

Mr. Brown of California in 10 instances.

Mr. Annunzio in six instances.

Mr. Jones of Tennessee in 10 instances.

Mr. Boner of Tennessee in five instances.

Mr. McHugh.

Mr. Kostmayer.

Mr. Hamilton in two instances.

Mr. Martinez.

Mr. Conyers.

Mr. Gray in three instances.

Mr. Obey in five instances.

Mr. Fazio in two instances.

Mr. Levine of California.

Mr. Moakley.

Mr. Markey.

Mr. Edgar.
Mr. Corrada.
Mr. Garcia.
Mr. Wyden.
Mr. Frank in three instances.
Mr. Boucher.
Mr. Mrazek.
Mr. Lantos in three instances.
Mr. Barnes in three instances.
Mr. Levitas.
Mr. LaFalce.
Mr. Schumer.
Mr. Guarini.
Mr. Lehman of California.
Mr. Mazzoli.
Mr. Hoyer.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 143. Joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning with Sunday, June 3, 1984, as "National Garden Week"; to the Committee on Post Office and Civil Service.

ENROLLED BILLS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker pro tempore:

H.R. 3867. An act to amend the Perishable Agricultural Commodities Act, 1930, by impressing a trust on the commodities and sales proceeds of perishable agricultural commodities for the benefit of the unpaid seller, and for other purposes; and

H.R. 5298. An act to provide for a White House Conference on Small Business.

SENATE ENROLLED BILL AND JOINT RESOLUTION SIGNED

The SPEAKER pro tempore announced his signature to an enrolled bill and a joint resolution of the Senate of the following title:

S. 1196. An act to clear certain impediments to the licensing of the yacht *Dad's Pad* for employment in the coastwise trade; and

S.J. Res. 210. Joint resolution to designate the period commencing April 1, 1984, and ending March 31, 1985, as the "Year of Excellence in Education."

BILL AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, a bill and joint resolutions of the House of the following titles:

On April 12, 1984:

H.J. Res. 407. Joint resolution designating the week beginning April 8, 1984, as "National Hearing Impaired Awareness Week."

On April 13, 1984:

H.R. 596. An act to transfer responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which the bond was given; and

H.J. Res. 466. Joint resolution designating May 1984 as "Older Americans Month."

ADJOURNMENT

Mr. OLIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 2 minutes p.m.), the House adjourned until tomorrow, Wednesday, April 25, 1984, at 3 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3158. A letter from the Secretary of Agriculture, transmitting the 1984 rural development strategy report, "Rural Communities and the American Farm: A Partnership for Progress," pursuant to Public Law 92-419, section 607(c) (94 Stat. 1171); to the Committee on Agriculture.

3159. A letter from the Secretary of State, transmitting notification that during the month of March the Commodity Credit Corporation made payments to the U.S. creditors on credits guaranteed by the CCC for which payments had not been received from the Polish People's Republic, pursuant to Public Law 97-257, section 306; Public Law 98-151, section 101(d); to the Committee on Appropriations.

3160. A letter from the Executive Associate Director for Budget and Legislation, Office of Management and Budget, transmitting a report on appropriations that have been apportioned on a basis that indicates a necessity for supplemental appropriations for the fiscal year 1984, pursuant to 31 U.S.C. 1515(b)(2); to the Committee on Appropriations.

3161. A letter from the Comptroller General of the United States, transmitting his review of the proposed three new deferrals of budget authority contained in the message from the President dated March 26, 1984 (H. Doc. No. 98-189), pursuant to Public Law 93-344, section 1014(b) and (c) (H. Doc. No. 98-209); to the Committee on Appropriations and ordered to be printed.

3162. A letter from the Executive Director, Civil Air Patrol, transmitting the 1984 report and financial audit, pursuant to Public Law 88-504, section 3 (36 U.S.C. 1103); to the Committee on Armed Services.

3163. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting the Corporations' ninth annual report of the Office of Consumer Programs, pursuant to the act of September 26, 1914, chapter 311, section 18(f)(6) (88 Stat. 2197; 93 Stat. 95; 94 Stat. 174) to the Committee on Banking, Finance and Urban Affairs.

3164. A letter from the Chairman of the Board and Chief Executive Officer, Federal National Mortgage Association, transmitting the 1983 annual report on Fannie Mae; to the Committee on Banking, Finance and Urban Affairs.

3165. A letter from the Secretary, Federal Trade Commission, transmitting the sixth annual report on the administration of the Fair Debt Collection Practices Act, pursuant to Public Law 90-321, section 815(a) (91 Stat. 882); to the Committee on Banking, Finance and Urban Affairs.

3166. A letter from the Auditor, District of Columbia, transmitting a copy of the report entitled, "Annual Report on the Boxing and Wrestling Commission," pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

3167. A letter from the Public Defender Service, District of Columbia, transmitting the annual report for fiscal year 1982 of the Public Defender Service Board of Trustees, pursuant to Public Law 91-358, section 306(a); to the Committee on the District of Columbia.

3168. A letter from the Director, Office of Dependents Schools, Department of Defense, transmitting the annual test report for school year 1983-84 for the overseas dependents' schools administered by the Department of Defense, pursuant to Public Law 95-561, section 1405(b); to the Committee on Education and Labor.

3169. A letter from the Secretary of Education, transmitting a copy of proposed final regulations to provide assistance for local educational agencies in areas affected by Federal activities and arrangements for education of children where local educational agencies cannot provide suitable free public education, pursuant to GEPA, section 431(d)(1) (88 Stat. 567; 90 Stat. 2231; 95 Stat. 453); to the Committee on Education and Labor.

3170. A letter from the Secretary of Health and Human Services, transmitting the Department's fifth annual report on the implementation of the prohibition against age discrimination in federally assisted programs, pursuant to Public Law 94-135, section 308(b) (92 Stat. 1556); to the Committee on Education and Labor.

3171. A letter from the Secretary of labor, transmitting a draft of proposed legislation to extend title V of the Older Americans Act of 1965, as amended, and for other purposes; to the Committee on Education and Labor.

3172. A letter from the Secretary of Transportation, transmitting the eighth annual report on the automotive fuel economy program, pursuant to Public Law 92-513, section 502(a)(2) (89 Stat. 902); to the Committee on Energy and Commerce.

3173. A letter from the Acting Secretary, Interstate Commerce Commission, transmitting notice of additional time needed to render a final decision in Finance Docket No. 30202, et al., Seaboard System Railroad, Inc. and Southern Railway Company—Purchase and Trackage Rights—Between Maplesville and Montgomery, Ala., pursuant to 49 U.S.C. 11345(e) (94 Stat. 1932); to the Committee on Energy and Commerce.

3174. A letter from the Chairman, Task Force on Environmental Cancer and Heart Lung Disease, transmitting its sixth annual report covering the period September 1982 through August 1983, pursuant to Public Law 95-95, section 402; to the Committee on Energy and Commerce.

3175. A letter from the Chairman, National Arthritis Advisory Board, transmitting the Board's supplement to its 1983 annual report (Executive Communication No. 1247), pursuant to section 437(j) of the Public Health Service Act; to the Committee on Energy and Commerce.

3176. A letter from the Acting Director, U.S. International Development Cooperation Agency, transmitting a report on the Agency's famine prevention and freedom from hunger activities during fiscal year 1983, pursuant to FAA, section 300 (89 Stat. 866) 22 U.S.C. subpart xii; to the Committee on Foreign Affairs.

3177. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting copies of Presidential Determinations No. 84-6, dated April 3, 1984, and No. 84-7, dated April 19, 1984, and justifications therefore concerning defense articles and defense services to the Government of Grenada and the Government of St. Christopher and Nivis, pursuant to AECA, section 3(a)(1); to the Committee on Foreign Affairs.

3178. A letter from the Deputy Director, Defense Security Assistance Agency, transmitting notice of the Navy's proposed offer to sell certain defense articles and sevices to Korea (Transmittal No. 84-42), pursuant to AECA, section 36(b) (90 Stat. 741; 93 Stat. 708, 709, 710; 94 Stat. 31 34; 95 Stat. 1520); to the Committee on Foreign Affairs.

3179. A letter from the Deputy Director, Defense Security Assistance Agency, transmitting notice of the Army's proposed offer to sell certain defense articles and services to Italy (Transmittal No. 84-41), pursuant to ACEA, section 36(b) (90 Stat. 741; 93 Stat. 708, 709, 710; 94 Stat. 3134; 95 Stat. 1520); to the Committee on Foreign Affairs.

3180. A letter from the Director, Defense Security Assistance Agency, transmitting the price and availability report for the quarter ended March 31, 1984, pursuant to AECA, section 28 (93 Stat. 708; 95 Stat. 1520); to the Committee on Foreign Affairs.

3181. A letter from the Director, Defense Security Assistance Agency, transmitting notice of a proposed lease of defense articles to the Government of Portugal (Transmittal No. 12-84), pursuant to AECA, section 62 (a) or (b) (95 stat. 1525); to the Committee on Foreign Affairs.

3182. A letter from the Secretary of State, transmitting a report on voluntary contributions by the United States to international organizations for the period April 1983-September 1983, pursuant to FAA, section 306(b)(1) (94 Stat. 3157); to the Committee on Foreign Affairs.

3183. A communication from the President of the United States, transmitting a report on progress toward a negotiated solution of the Cyprus problem, including any relevant reports from the Secretary General of the United Nations, pursuant to FAA, section 620C(c) (92 Stat. 739) (H. Doc. No. 98-208); to the Committee on Foreign Affairs and ordered to be printed.

3184. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a) (92 Stat. 993); to the Committee on Foreign Affairs.

3185. A letter from the Assistant Legal adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a) (92 Stat. 993); to the Committee on Foreign Affairs.

3186. A letter from the Secretary of the Treasury and the Director, Office of Management and Budget, transmitting the annual report on the performance of functions and duties of the Office of Management and Budget and the Department of the Treasury, pursuant to Public Law 91-510, section 202(f) (88 Stat. 327); to the Committee on Government Operations.

3187. A letter from the Administrator, Office of Federal Procurement Policy, Office of Management and Budget, transmitting a report on the extent of competition in the award of subcontracts by Federal prime contractors including an evaluation of subcontracts awarded in fiscal year 1982, pursuant to 41 U.S.C. 415(b) (97 Stat. 1330) (Public Law 93-400, section 17(b)); to the Committee on Government Operations.

3188. A letter from the Administrator, Health Care Financing Administration, Department of Health and Human Services, transmitting a notice of new Federal records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3189. A letter from the Assistant Attorney General for Administration, Department of Justice, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3190. A letter from the Chairman, Federal Home Loan Bank Board, transmitting a report of the Board's activities under the Government in the Sunshine Act during calendar year 1983, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3191. A letter from the Chairman, Office of Environmental Quality, Executive Office of the President, transmitting the annual report of its activities under the Freedom of Information Act covering calendar year 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3192. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice of a proposed new records system submitted by the Defense Logistics Agency, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3193. A letter from the Director, Selective Service System, transmitting a report of its activities under the Freedom of Information Act during calendar year 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3194. A letter from the Executive Director, Neighborhood Reinvestment Corporation, transmitting the Corporation's report of its activities under the Freedom of Information Act during calendar year 1983, pursuant to 5 U.S.C 552(d); to the Committee on Government Operations.

3195. A letter from the Staff Director, U.S. Commission on Civil Rights, transmitting the seventh annual report of the Commission's activities under the Government in the Sunshine Act, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3196. A letter from the Assistant Secretary for Lands and Minerals Management, Department of the Interior, transmitting a report on the implementation of the Federal Oil and Gas Royalty Management Act of 1982, pursuant to Public Law 97-451, section 302(a); to the Committee on Interior and Insular Affairs.

3197. A letter from the Chairman, Advisory Council on Historic Preservation, transmitting the final report on the Council's review of the Federal Highway Administration's proposed assistance to the Alabama Highway Department in the construction of Interstate 210, pursuant to Public Law 89-665, section 202(b) (94 Stat. 2999); to the Committee on Interior and Insular Affairs.

3198. A letter from the Secretaries of Commerce and the Interior, and the Executive Director, Marine Mammal Commission, transmitting a draft of proposed legislation to extend the authorization of appropriations for the Marine Mammal Protection Act of 1972 through fiscal year 1987, pursuant to 31 U.S.C. 1110; to the Committee on Merchant Marine and Fisheries.

3199. A letter from the S[illegible]etary of Commerce, transmitting a dr[illegible] proposed legislation to eliminate the requirement for a decennial census of drainage, pursuant to 31 U.S.C. 1110; to the Committee on Post Office and Civil Service.

3200. A letter from the Administrator, Federal Aviation Administration, transmitting a report on the effectiveness of the civil aviation security program, pursuant to Public Law 85-726, section 315(a) (88 Stat. 415); to the Committee on Public Works and Transportation.

3201. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a letter from the Chief of Engineers, Department of the Army, dated August 10, 1979, submitting a report, together with accompanying papers and illustrations, on Eight Mile Creek, Paragould, Ark. The report is in partial response to resolutions adopted by the Senate Public Works Committee on March 27, 1967, and the House of Representatives Committee on Public Works on October 19, 1967, (H. Doc. No. 98-210); to the Committee on Public Works and Transportation and ordered to be printed.

3202. A letter from the Deputy Administrator of Veterans' Affairs, Veterans' Administration, transmitting a draft of proposed legislation to repeal section 201(b) of Public Law 96-22; to the Committee on Veterans' Affairs.

3203. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to simplify the administration, contain escalating costs and create greater flexibility in the operation of programs under the National School Lunch Act and the Child Nutrition Act of 1966; jointly, to the Committees on Education and Labor and Agriculture.

3204. A letter from the Chairman, Nuclear Regulatory Commission, transmitting a study of existing and alternative programs for improving quality assurance and quality control in the construction of commercial nuclear powerplants, pursuant to Public Law 97-415, section 13(d); jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

3205. A letter from the Administrator of Veterans' Affairs, transmitting a report on the progress made by the VA in its work on the development of staffing guidelines for the VA's medical center activities; jointly, to the Committees on Veterans' Affairs and Appropriations.

3206. A letter from the Acting General Counsel, Department of Defense, transmitting a draft of proposed legislation to require furnishing of hospital services to certain uniformed services dependents and retired personnel at medicare rates, and for other purposes, pursuant to 31 U.S.C. 1110; jointly, to the Committees on Ways and Means and Energy and Commerce.

3207. A letter from the Comptroller General of the United States, transmitting a report on guidelines for rescuing large failing firms and municipalities (GAO/GGD-84-34; March 29, 1984); jointly, to the Committees on Government Operations; Banking, Finance and Urban Affairs; and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Pursuant to the order of the House on April 12, 1984, the following report was filed on April 13, 1984]

Mr. de la GARZA: Committee on Agriculture. H.R. 3678. A bill to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure; with amendments (Rept. No. 98-616, Pt. IV). Referred to the Committee of the Whole House on the State of the Union.

[Submitted April 18, 1984]

Mr. NICHOLS: Committee on Armed Services. H.R. 5064. A bill to amend title 10, United States Code, to provide for more cost effective and efficient purchases of spare parts by the Department of Defense, and for other purposes; with an amendment (Rept. No. 98-690). Referred to the Committee of the Whole House on the State of the Union.

[Pursuant to the order of the House on April 10, 1984, the following report was filed on April 19, 1984]

Mr. PRICE: Committee on Armed Services. H.R. 5167. A bill to authorize appropriations for fiscal year 1985 for the Armed Forces for procurement, for research, development, test, and evaluation, for operation and maintenance, and for working capital funds, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, and for other purposes; with amendments (Rept. No. 98-691). Referred to the Committee of the Whole House on the State of the Union.

[Submitted April 24, 1984]

Mr. BROOKS: Committee on Government Operations. Report on confusion in the legal framework of the American financial system and services industry (Rept. No. 98-692). Referred to the Committee of the Whole House on the State of the Union.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 4361. A bill to promote the commercial application and diffusion of advanced technology within industrial sectors; with an amendment (Rept. No. 98-693, Pt. I). Referred to the Committee of the Whole House on the State of the Union.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 4009. A bill to modernize the Federal Reserve System; with an amendment (Rept. No. 98-694). Referred to the Committee of the Whole House on the State of the Union.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 5278. A bill to amend the Federal Reserve Act to increase the number of class C directors of Federal Reserve banks (Rept. No. 98-695). Referred to the Committee of the Whole House on the State of the Union.

Mr. de la GARZA. Committee on Agriculture. H.R. 3457. A bill to prohibit the payment of certain agriculture incentives to persons who produce certain agricultural commodities on highly erodible land; to allow farmers who plant perennial grasses and legumes as a means of building soil quality, rotating crops, or protecting land from wind and water erosion, to enter a certified voluntary set-aside program; and to allow the Secretary of Agriculture to enter into long-term contracts with farmers to remove certain erosion-prone lands from cultivation; with amendments (Rept. No. 98-696). Referred to the Committee of the Whole House on the State of the Union.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 4360. A bill to improve the industrial competitiveness of the United States; referred to the Committee on Energy and Commerce for a period ending not later than June 8, 1984 for consideration of such provisions of sections 1 through 3 and title I of the bill and amendment recommended by the Committee on Banking, Finance and Urban Affairs as fall within the jurisdiction of that committee pursuant to clause 1(h), Rule X (Rept. No. 98-697, Pt. I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PHILIP M. CRANE:

H.R. 5501. A bill to amend title II of the Social Security Act to make it clear that States and local governments may not tax social security benefits; to the Committee on Ways and Means.

By Mr. EVANS of Illinois:

H.R. 5502. A bill to provide that the availability of extended and supplemental unemployment benefits shall be determined by using the total unemployment rate and that such benefits may be made available on an area basis within a State, and to extend the supplemental unemployment program; to the Committee on Ways and Means.

By Mr. STOKES (for himself, Mr. Bonior of Tennessee, Mr. Dixon, Mr. Clay, Mr. Leland, Mrs. Collins, Mr. Hayes, Mr. Downey of New York, Mr. Fuqua, Mr. Owens, Mr. Fauntroy, Mr. Hawkins, Mr. Dellums, Mr. Towns, Mr. Dymally, Mr. Mitchell, Mr. Wheat, Mr. Conyers, Mr. Ford of Tennessee, Mr. Savage, Mr. Frank, Mr. Gray, Ms. Mikulski, Mr. Rangel, Mrs. Hall of Indiana, Mr. Fowler, Mr. Edgar, and Mr. Roe):

H.R. 5503. A bill to amend title VII of the Public Health Service Act to provide financial assistance to minority students in the health professions, and for other purposes; to the Committee on Energy and Commerce.

By Mr. BOLAND (for himself, Mr. Mineta, and Mr. Conte):

H.J. Res. 551. Joint resolution to provide for the reappointment of Anne Legendre Armstrong as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

H.J. Res. 552. Joint resolution to provide for the reappointment of A. Leon Higginbotham, Jr. as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on House Administration.

By Mr. BREAUX (for himself, Mr. Jones of North Carolina, Mr. Hughes, Mr. Snyder, Mr. Florio, Mr. Howard, Mr. Smith of New Jersey, Mrs. Roukema, Mr. Dwyer of New Jersey, Mr. Rinaldo, Mr. Roe, Mr. Torricelli, Mr. Rodino, Mr. Minish, Mr. Courter, Mr. Guarini, Mr. Bosco, Mr. Sunia, Mr. McKernan, Mr. Tallon, Mr. Young of Alaska, Mr. Thomas of Georgia, Mr. Ortiz, Mr. Carper, Mr. Franklin, Mr. Pritchard, Mrs. Schneider, Mr. Lent, Mr. Davis, Mr. Carney, Mr. Shumway, Mr. Fields, Mr. Sawyer, Mr. Bateman, Mr. de Lugo, Mr. Murphy, Mr. Edwards of Alabama, Mr. Panetta, Mr. Lowery of California, Mr. Hoyer, Mr. Waxman, Mr. Hutto, Mr. Hertel of Michigan, Mr. Wolf, Mr. Tauzin, Mr. Vandergriff, Mr. Dixon, Mr. Wilson, Mr. Corrada, Mr. Bereuter, Mr. Chappell, Mr. Montgomery, Mr. Crockett, Mr. Fazio, Mr. Frost, Mr. Kindness, Mr. Wolpe, Mr. Fuqua, Mr. Loeffler, Mr. Frenzel, Mr. Madigan, Mr. Porter, Mr. Ratchford, Mr. Cheney, Mr. Hubbard, Mr. Biaggi, Mr. Anderson, Mr. D'Amours, Mr. Oberstar, Mr. Dyson, Mr. Studds, Mrs. Boxer, Mr. Fish, Mr. DeWine, Mr. de la Garza, Mr. Hayes, Mr. Lipinski, Mr. Borski, Mr. Owens, Mr. McGrath, Mrs. Boggs, Mr. Jeffords, Mr. Daub, Mr. Won Pat, Mr. Foglietta):

H.J. Res. 553. Joint resolution designating the Brigantine and Barnegat units of the National Wildlife Refuge System as the Edwin B. Forsythe National Wildlife Refuge; to the Committee on Merchant Marine and Fisheries.

By Mr. EVANS of Illinois (for himself, Mr. Mineta, Mr. Crockett, Ms. Kaptur, Mr. Frank, Mr. Walgren, Mr. Mitchell, Mrs. Boxer, Mr. Solarz, Mr. Eckart, Mr. Ford of Tennessee, and Mr. Clinger):

H. Con. Res. 293. Concurrent resolution expressing the sense of the Congress with respect to using the total unemployment rate as the basis for determining the availability of extended and supplemental benefits for the unemployed; to the Committee on Ways and Means.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

366. By the SPEAKER: Memorial of the Legislature of the State of Georgia, relative to the medicaid program; to the Committee on Energy and Commerce.

367. Also, memorial of the Senate of the State of Michigan, relative to the establishment of an Arthritis Institute within the National Institutes of Health; to the Committee on Energy and Commerce.

368. Also, memorial of the House of Representatives of the State of Hawaii, relative to nuclear weapons testing in the Pacific Basin; to the Committee on Foreign Affairs.

369. Also, memorial of the Legislature of the State of California, relative to American prisoners in Southeast Asia; to the Committee on Foreign Affairs.

370. Also, memorial of the Senate of the Commonwealth of Puerto Rico, relative to the distilled spirits program; to the Committee on Ways and Means.

371. Also, memorial of the Legislature of the State of California, relative to barriers to trade in wine; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 11: Mr. Owens.

H.R. 659: Mr. Owens and Mr. Brown of Colorado.

H.R. 871: Mr. Matsui.

H.R. 1087: Mr. Guarini.

H.R. 1244: Mr. Neal.

H.R. 1797: Mr. Gibbons, Ms. Kaptur, Mr. Coughlin, Mr. Price, Mr. Shannon, and Mr. Rose.

H.R. 1918: Mr. Brown of California.

H.R. 2053: Mr. Gephardt.

H.R. 2125: Mr. Minish.

H.R. 2847: Mr. Downey of New York and Ms. Mikulski.

H.R. 3388: Mrs. Boxer.

H.R. 3996: Mr. McCurdy, Mr. Chappell, Mr. Daschle, Mr. Kasich, Mr. Mavroules, Mr. Bonior of Michigan, Mr. Won Pat, Mr. Madigan, Mr. Smith of New Jersey, Mrs. Schneider, and Mr. Goodling.

H.R. 3105: Mr. Minish.

H.R. 3734: Mr. Schaefer.

H.R. 4162: Mr. Hartnett.

H.R. 4207: Mr. Owens.

H.R. 4287: Mr. Fowler.

H.R. 4378: Ms. Snowe.

H.R. 4402: Mr. Oberstar, Mr. Aspin, and Mr. Bates.

H.R. 4404: Mr. Lowry of Washington.

H.R. 4440: Mr. Harkin.

H.R. 4673: Mr. Hyde.

H.R. 4740: Mr. Corcoran, Mr. Vander Jagt, Mr. Murphy, Mr. Horton, Mr. Towns, Mr. Lagomarsino, Mr. Wortley, and Mr. Hansen of Utah.

H.R. 4772: Mr. Carney, Mr. Mrazek, Mr. Martin of New York, and Mr. Solarz.

H.R. 5076: Mr. Borski, Mr. Coughlin, Mr. Coyne, Mr. Edgar, Mr. Foglietta, Mr. Gaydos, Mr. Gekas, Mr. Goodling, Mr. Gray, Mr. Harrison, Mr. Kolter, Mr. McDade, Mr. Murphy, Mr. Murtha, Mr. Ridge, Mr. Ritter, Mr. Schulze, Mr. Shuster, Mr. Walgren, Mr. Walker, and Mr. Yatron.

H.R. 5160: Mr. Crockett, Mr. Dellums, Mr. Mitchell, Mr. Simon, Mr. Beilenson, Mr. Weaver, and Mr. Minish.

H.R. 5228: Mr. Penny, Mr. Foley, Mr. Harkin, Mr. Jeffords, and Mr. Andrews of North Carolina.

H.R. 5302: Mr. Mitchell.

H.R. 5459: Mr. Vander Jagt, Mr. Kindness, and Mr. Skeen.

H.R. 5460: Mr. Vander Jagt, Mr. Kindness, and Mr. Skeen.

H.J. Res. 153: Mr. Flippo, Mr. McCloskey, Mr. Clay, Mr. Lehman of Florida, and Mr. Moody.

H.J. Res. 233: Mr. Lipinski, Mr. Levin of Michigan, Mr. Matsui, and Mr. Hughes.

H.J. Res. 451: Mr. Barnes, Mr. Sikorski, Mr. McHugh, Mr. Russo, Mrs. Collins, Mr. Mrazek, Mr. Smith of New Jersey, and Mr. Albosta.

H.J. Res. 452: Mr. Long of Louisiana, Mr. Andrews of Texas, Mr. Weaver, Mr. Miller of California, Mr. Boucher, Mr. Packard, Mr. Levin of Michigan, Mr. Luken, Mr. Edwards of California, Mr. Britt, Mr. Dellums, Mr. Tauzin, Mr. Gephardt, Mr. Rodino, Mr. Roberts, Mr. Coyne, Mr. Gore, Mr. Sharp, Mr. Stark, and Mr. Mitchell.

H.J. Res. 456: Mr. Vento, Mr. Lott, Ms. Ferraro, Mr. Mollohan, Mr. Shelby, Mr. Petri, Mr. Gejdenson, Mr. Sabo, Mr. Guarini, Mr. Boland, Mr. Cooper, Mr. Yatron, Mr. Corcoran, Mr. Roth, Mr. Sharp, Mr. Jeffords, Mr. Edgar, Mr. Jacobs, Mr. Gore, Mr. Rose, Mr. Stenholm, Mr. Downey of New York, Mr. Madigan, Mr. Whittaker, Mr. Gregg, Mr. Gray, Mr. Robert F. Smith, Mr. Barnes, and Mr. Lujan.

H.J. Res. 484: Mr. de Lugo, Mr. Dyson, Mr. Fauntroy, Mr. Alexander, Mr. Ackerman, Mrs. Kennelly, Mr. Gephardt, Mr. Gilman, Mrs. Hall of Indiana, Mr. Bonior of Michigan, Mr. Morrison of Connecticut, Mr. Martin of North Carolina, Mr. Matsui, Mr. Moody, Mr. Pepper, Mr. Price, Mr. Miller of California, Mrs. Collins, Mr. Erdreich, Mr. Swift, Mr. Tauzin, Mr. Rodino, Mr. Synar, Mr. Kogovsek, Mr. Garcia, Mr. Vandergriff, Mr. Bilirakis, Mr. Stratton, Mr. Foley, Mr. Gore, Mr. O'Neill, Mr. Patterson, Mr. Wilson, Mr. Murphy, Mr. Hawkins, and Mr. Dowdy of Mississippi.

H.J. Res. 497: Mr. Harrison, Mr. Winn, Mr. Rowland, Mr. Smith of New Jersey, Mr. Gramm, Mr. Lipinski, Mr. Edgar, Mr. Martinez, Mr. Britt, Mr. Williams of Ohio, Mr. Mrazek, Mr. Nichols, Mr. Jenkins, Mr. Downey of New York, Mr. Franklin, Mr. McEwen, Mr. Morrison of Connecticut, Mr. Stenholm, Mr. Hutto, Mr. Roberts, Mrs. Lloyd, Mr. Torricelli, Mr. Ortiz, and Mr. Waxman.

H.J. Res. 499: Mr. Pashayan, Mr. Bateman, Mr. Downey of New York, Mr. Packard, Mr. Wolf, Mr. Quillen, Mr. MacKay, Mr. Guarini, Mr. Duncan, Mr. Solarz, Mr. Rowland, Mr. Hoyer, Mr. Rangel, Mr. Sam B. Hall, Jr., Mr. Lantos, and Mr. Long of Louisiana.

H.J. Res. 509: Mr. Alexander, Mr. Andrews of Texas, Mr. Annunzio, Mr. Barnard, Mr. Bethune, Mr. Bilirakis, Mr. Bliley, Mr. Bonior of Michigan, Mr. Breaux, Mr. Coats, Mr. Coleman of Missouri, Mrs. Collins, Mr. Daniel, Mr. Daub, Mr. Dellums, Mr. Dixon, Mr. Downey of New York, Mr. Edgar, Mr. Edwards of California, Mr. Edwards of Oklahoma, Mr. Fazio, Ms. Fiedler, Mr. Flippo, Mr. Frost, Mr. Gephardt, Mr. Gingrich, Mr. Goodling, Mr. Gramm, Mr. Gregg, Mr. Hall of Ohio, Mr. Hammerschmidt, Mr. Hansen of Utah, Mr. Harkin, Mr. Hartnett, Mr. Hertel of Michigan, Mr. Hiler, Mr. Horton, Mr. Hubbard, Mr. Lantos, Mrs. Lloyd, Mr. Loeffler, Mr. Lott, Mr. Lundine, Mr. McCloskey, Mr. McGrath, Mr. Markey, Mr. Mica, Ms. Mikulski, Mr. Moore, Mr. Mrazek, Mr. Murphy, Mr. Murtha, Mr. Nichols, Mr. Ortiz, Mr. Owens, Mr. Panetta, Mr. Parris, Mr. Pashayan, Mr. Patman, Mr. Porter, Mr. Rahall, Mr. Ratchford, Mr. Rinaldo, Mr. Roberts, Mr. Roe, Mr. Russo, Mr. Scheuer, Mrs. Schneider, Mr. Shelby, Mr. Simon, Mr. Spence, Mr. Spratt, Mr. Staggers, Mr. Stangeland, Mr. Tauke, Mr. Valentine, Mr. Vento, Mr. Weaver, Mr. Winn, Mr. Wolf, Mr. Wolpe, Mr. Won Pat, Mr. Badham, Mr. Gonzalez, Mr. Gore, and Mr. Hamilton.

H.J. Res. 527: Mr. Wilson, Mr. Gore, and Mr. Frenzel.

H.J. Res. 529: Mr. Erdreich, Mr. Hall of Ohio, Mr. Stratton, Mr. Gunderson, Mr. Waxman, and Mr. Skelton.

H.J. Res. 539: Ms. Mikulski, Mr. Weiss, Mr. Mitchell, Mr. Bates, Mr. Gephardt, Mr. Williams of Montana, Mr. Ford of Michigan, and Mr. Luken.

H.J. Res. 540: Ms. Mikulski, Mr. Weiss, Mr. Hoyer, Mr. Solarz, Mr. Simon, Mr. Berman, Mr. Ackerman, Mr. Stokes, Mr. Williams of Montana, Mr. LaFalce, Mr. Wolpe, and Mr. Ford of Michigan.

H. Con. Res. 129: Mr. Brown of California.

H. Con. Res. 239: Mr. Guarini.

H. Con. Res. 251: Mr. Hunter, Mr. Andrews of Texas, Mr. Bartlett, Mr. Frank, Mr. Bedell, Mr. Mavroules, Mr. Frenzel, Mr. Bilirakis, Ms. Ferraro, Mr. Levin of Michigan, Mr. Ottinger, Mr. Durbin, Mr. Waxman, and Mr. Conyers.

H. Con. Res. 267: Mr. Minish.

H. Con. Res. 277: Mr. Lipinski, Mr. DeWine, and Mr. Hunter.

H. Con. Res. 284: Mr. Bereuter.

H. Res. 171: Mr. Studds, Mr. Martin of New York, Mr. Packard, Mr. LaFalce, Mr. Eckart, Mr. Dymally, Mr. Andrews of Texas, Mr. Porter, Mr. Applegate, Mr. Stokes, Mr. Edgar, Mr. Reid, Mr. Yatron, Mr. Roybal, Mr. Guarini, Mr. Wortley, Mr. Dixon, Mr. D'Amours, Mr. Anderson, Ms. Fiedler, Mr. Garcia, Mr. DeWine, Mr. Wolf, Mr. Walgren, Mr. Philip M. Crane, Mr. Clay, Mr. Florio, Mr. Wyden, Mr. Owens, Mr. Oberstar, Mr. Gilman, Mr. Bateman, Mr. Hoyer, Mr. Shannon, Mr. Smith of New Jersey, Mr. Coelho, Mr. Donnelly, Mr. Rinaldo, Mr. Quillen, Mr. Sisisky, Mr. Minish, Mr. Courter, Mr. Boucher, Mr. Ratchford, Mr. Foglietta, Mr. Glickman, Mr. St Germain, Mr. Molinari, Mrs. Roukema, Mrs. Lloyd, Mr. Tauke, Mr. Denny Smith, Mr. Towns, Mr. Bilirakis, Mr. Conyers, Mr. Lent, Mr. Hertel of Michigan, Mr. Daub, Mr. Gregg, Mr. Lowry of Washington, Mr. McCollum, Mr. Ottinger, Mr. Wirth, Mr. Brown of Colorado, Mr. McNulty, and Ms. Kaptur.

H. Res. 450: Mr. Rudd, Ms. Mikulski, Mrs. Martin of Illinois, Mr. Smith of New Jersey, Mr. AuCoin, Mr. Carper, Mr. Madigan, Mr. Courter, Mr. Winn, Mrs. Roukema, Mr. Wheat, Mr. Kogovsek, Mr. Boner of Tennessee, Mr. Bates, Mr. Patterson, Mr. Fowler, Mr. Udall, Mr. Obey, Mr. Akaka, Mr. McNulty, Mr. Chandler, and Mr. Duncan.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

341. By the SPEAKER: Petition of William E. Conrad, Florissant, Mo., relative to the Federal Government; to the Committee on the Judiciary.

342. Also, petition of the Ninth Circuit District Judges Association, Tucson, Ariz., relative to H.R. 4307, relating to the rates of compensation for attorneys appointed under the Criminal Justice Act; to the Committee on the Judiciary.

343. Also, petition of the city council, city and county of Honolulu, Hawaii, relative to the reauthorization of mortgage revenue bonds; to the Committee on Ways and Means.

344. Also, petition of the common council, Syracuse, N.Y., relative to mortgage revenue bonds; to the Committee on Ways and Means.

348. Also, petition of the Legislature of Erie County, Buffalo, N.Y., relative to mortgage bonds; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4974

By Mr. BOEHLERT:

—On page 3, after line 3, insert the following new subsection:

(d) In the obligation, use, and expenditure of the amounts authorized under subsection (a)(3) for Biotic Systems and Resources and the amounts authorized under subsection (a)(4) for Atmospheric Sciences, major emphasis shall be placed on basic scientific research to support a better understanding of the environmental processes that contribute to acid rain.

H.R. 5172

By Mr. RUDD:

—Beginning on page 7, line 1, strike the entire Sec. 204.

EXTENSIONS OF REMARKS

KIM DAE JUNG

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FRANK. Mr. Speaker, Mr. Kim Dae Jung, the exiled Korean dissident leader, recently issued a statement which outlines his views and proposals regarding Korea. Mr. Kim was in 1971 the opposition candidate for President. Since that time he has been in prison 5½ years, under house arrest 3½ years and in exile 2 years. He is a courageous advocate for basic freedoms in his country, and is an inspiration to the many Koreans who are working for liberalization and a return to democracy in Korea. His eloquent statement should enlighten us all, and I ask that it be made a part of the RECORD.

THE DESTINY OF THE KOREAN NATION AT THE CROSSROADS: MY VIEWS AND PROPOSALS

(By Kim Dae Jung)

[From the April, 1984 issue of Conscience in Action, published by the Korean Institute for Human Rights]

A fierce popular struggle for democracy is looming large in South Korea. Few doubt that the struggle for democracy will erupt this spring—led first by students and then joined by the general public. It will be the most intense and widespread struggle in the four years of the Chun Doo Hwan regime, and physical force will not be able to put it down.

The Korean people and the Chun Doo Hwan regime are at a fateful crossroads, and so are the United States and Japan, countries which have been supportive of the Chun regime. I want to share my thoughts on these critical issues. What is the truth about the predicament in which the Korean nation is deeply mired? How can we overcome this crisis without violence and tragedy?

Fundamentally, the solution lies in the restoration of democracy wherein the freely-formed and freely-expressed opinions of the Korean people can not only be honored but can also serve as the standard for national judgment and decision making. Within the framework of this fundamental solution, I want to offer my beliefs on the national agenda.

I. THE ROAD TO DEMOCRATIC REFORM

A. Relinquishing power at the end of one term in 1988—not the answer

Chun Doo Hwan has publicly pledged that he will step down after completing one term in office in March, 1988. He claims that this will break the ground for the first peaceful transfer of power in the history of the Republic. Though I doubt that Chun Doo Hwan will indeed step down in 1988, this is not the real issue. Rather, it should be made unequivocably clear that his departure from office will not constitute a peaceful change of power by democratic process.

A genuine, peaceful change of administrations is possible only when the people freely and without fear exercise their rights as masters of the nation. Under the present circumstances, there is no guarantee of the people's sovereignty founded in such basic rights as free elections and freedom of the press, and thus political change means nothing. It is a mere relay of power between dictators in which another Chun Doo Hwan can be imposed upon the South Korean people.

The pivotal issue, therefore, is not one of "serving one term until 1988" but whether the people have the freedom to choose and change their government. This issue is of prime importance.

B. The danger of a constitutional amendment for direct election of the Korean President

I must warn that there is danger in a constitutional amendment for the direct election of the president. Recently, there has been much ballyhoo about direct presidential elections in the government-manipulated media and among "opposition parties". They are misleading the people into thinking that direct elections are the way to restore democracy. The Chun regime feigns an opposition to all these talks while either acquiescing to or encouraging them behind the scenes. I have to warn that any move toward faith in direct presidential elections is based on faulty reasoning and also runs the risk of being ensnared in one of the dictatorial regime's ploys.

First, direct election of the president does not in and of itself constitute democracy. A great number of Caribbean republics are exemplary dictatorships in spite of direct presidential elections. On the other hand, the United States represents a well-established democratic society, although it elects its president indirectly.

Second, to expect that the Chun regime and the current National Assembly which serves the Chun regime at its pleasure could enact a democratic constitution is like climbing to the top of a tree to catch a fish.

Third, a constitutional amendment at this time for the direct election of the president runs a great risk of providing the Chun dictatorship with a facade of legitimacy and opens the way for perpetuation of its rule after 1988.

It goes without saying that the current dictatorial constitution born out of the May 17, 1981 coup should be revised. The revision, however, should be wholesale in scope and not of a patch-up variety involving only changes such as the method of presidential election. The first step should be a temporary return to the constitution of the pre-Yushin Third Republic.

Even though the constitution of the Third Republic was adopted during the Park Chung Hee era, all of us had a hand in its drafting, and adhered to and guarded it for ten years. Further, its substance is more than adequate as the legal foundation for realizing a democratic Korea. It is also important to set a precedent of restoring a constitution by popular will, a constitution which brute force abolished in spite of popular support. We should return not only to the pre-Yushin constitution but also to the laws governing the press and elections.

I want to make known to our people and the world my view that this is a most urgent agenda item in our struggle for democracy. It is also my fervent hope that all opposition forces will come around to this view and make concerted efforts to bring it into reality.

C. Improvement of human rights to be preceded by structural improvements

Genuine improvements in human rights are not possible without first reforming the system itself. Recently, the Chun Doo Hwan regime has released students from prison and allowed them to return to school. It has also taken steps to allow professors fired for political reasons to return to university life and lifted bans on political activity for some politicians. These measures should be welcomed regardless of what the underlying motives might be.

It is clear that these actions do not represent a genuine improvement of human rights. This is because, although their rights have been restored to some extent, these students and professors should not have been imprisoned or fired in the first place. It has also been proven in the case of the Park Chung Hee regime that without institutional and legal reforms, liberalization undertaken out of necessity or whims of a dictator can always revert to repression for the same reasons. Human rights are fundamental, not to be given out at the pleasure of a dictator. This is why human rights can not be advanced without freedom of political activity, a free press, free elections, freedom for labor to organize, freedom to protest, and freedom of assembly.

If the ostensibly liberalizing measures are intended to improve the image of the Chun regime at home and abroad or to earn an excuse for subsequent repression, they are an affront to human rights. In a survey conducted during the current dictatorial regime, 80 percent of the Korean people demanded that human rights and democracy should be restored even if this means slowing down economic growth. This is the reason for my demand of a wholesale revision of the laws pertaining to protest, assembly, and agricultural cooperative unions. I also demand the abolition of the basic laws governing the press, and the reinstatement of the election laws of the Third Republic.

D. Implementation of local autonomy—indispensable

The implementation of the system of local automony is indispensable. Local autonomy is essential to parliamentary democracy. The system of local autonomy gives the people a training ground where they may gain political experience. It is an ubiquitous phenomenon found everywhere irrespective of ideology. By shunning it, the Chun regime is only undermining its loud proclamation that it is moving toward political development.

Even during the Korean Conflict some thirty years ago, there was a system of local autonomy. The centralization of power

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

since then, however, has produced extremely abnormal growth in Seoul to an extent unmatched anywhere else in the world—i.e., 10 million people or 25 percent of the South Korean population and nearly 70 percent of the currency in circulation are now concentrated in the capital city. Such imbalance poses a threat to the political, economic, and social stability of our nation. Further, it gravely endangers national security, which, after all, is proclaimed by the Chun regime as the consummate mission. The reason for the suspension of local autonomy during the last 23 years under Park Chung Hee and Chun Doo Hwan is rather obvious. Local autonomy would have impeded the efforts of the dictators to establish complete control over the people through effective repression. It is often argued by those in power that the dependency of local finance on the central government is the main factor in delaying the implementation of local autonomy. We must reject such a pretext as nothing more than a gratuitous subterfuge used to sabotage the promotion of local autonomy, and we must categorically demand the restoration of the system of local autonomy as quickly as possible.

E. National Security—unthinkable without a democratic government

National security is unthinkable without a democratic government. We have an army that is 600,000 strong and an additional 40,000 troops stationed in our land. South Korea's population is twice that of North Korea's, and its GNP is 4.8 times the size of the north's. In spite of such superiority, the South Korean government has constantly warned that the south faces an imminent danger of being communized by the north. As a result, the South Korean people are living in chronic fear because of this national security question.

What is the explanation for the problem of weakened security despite the quantitative superiority which we enjoy? In a nutshell, our national security has been weakened because the government lacks the spontaneous support of the people. This lack of support stems from the denial of democratic freedoms and social and economic justice for the South Korean people.

Only a democratic government can guarantee freedom, justice, and human dignity to the people. Without democratic government, political and social stability is inconceivable. By the same token, national security is possible only when the political situation is stable and society is free from tension and contradictions. Only then will the communists in the north be forced to abandon their design of conquering the south. This will finally open the door for meaningful dialogue and cooperation between the south and the north on an equal basis, and a peaceful resolution of the problems on the Korean peninsula will be thinkable.

Using national security as a pretext for authoritarian politics is alien to Korean political history. Even during the Korean Conflict, we enjoyed a free press, local autonomy, independent legislative and judicial branches, and direct election of the president. Because our people cherished these democratic freedoms, they dedicated their lives to repelling the more than one-million-strong North Korean and Chinese forces. This vivid experience not only proves untenable the argument for a dictatorship justified for security reasons but also confirms the inseparable relationship between genuine national security and democratic freedoms. I emphasize once again that authoritarian politics under the pretext of national security is sheer dictatorial demagoguery and that democratic politics is a *sine qua non* for national security.

F. The need for a free market system

We need the free market system. We have expanded our economy substantially during the last 20 years in spite of the corruption and policy errors of those in power. This is without question due to the superior qualities of our people who are diligent, highly educated, and superbly skilled and trained. Unfortunately, as our economy continues to grow, so do its problems. We are now saddled with a foreign debt amounting to $40 billion. Our economy is dependent on foreign trade for nearly 80 percent of its GNP; this underlines the dependent nature of our economy. Above all, economic imbalances and contradictions are manifesting themselves in various sectors of the economy—i.e., in the disparity between big business, on the one hand, and small- and middle-sized businesses on the other; between export and non-export industries; between heavy chemical and light industries; between urban and rural areas; and between regions. What could be most destructive, however, is the gap between the rich and the poor.

In South Korea today, only 10 financial groups account for half of the GNP. They virtually control heavy chemical and light industries, and financial institutions. At the Same time, stocks of these financial groups are owned by only a handful of families. Such concentration of control cannot be found in any economy under the democratic rubric. On the other hand, 50 percent of the workers earn less than $125 a month, not even enough to meet half of their monthly expenses. 90 percent of farm households are struggling with burdensome debts. This kind of inequity is the product of collusion between political power and wealth. This is the root of political corruption as well.

Naturally, popular discontent has been heightened, and the rich have become the target of national hatred. This is why there is a marriage of necessity between power and money in the form of a military dictatorship which uses the alleged crisis of national security to counter popular concern for justice, freedom, and equity.

History shows that economic growth is feasible even under dictatorships but that the growth will not produce a fair distribution of wealth or a balanced growth among various economic sectors and strata. For the sake of sound and effective economic development, I strongly advocate the adoption of a genuine free market system. I also believe in the fair distribution of income and the popular shareholding of stocks. All this will require tax reform and new financial and labor policies. We will then be able to attain the kind of economic growth which is characterized by the trinity of stability, growth, and distribution.

II. THE ROAD TO PEACE AND UNIFICATION

A. Democratization of the South and cooperation of the four powers: The keys to peace and unification

The keys to the issue of peace and unification are the restoration of democracy in the south and the cooperation of the four powers, China, Japan, the Soviet Union, and the United States. In response to the north's proposal for a three-party conference, South Korea has voiced opposition. The United States and Japan have countered with a proposal for a four-way talk; and China and the Soviet Union have sided with North Korea. These confusions notwithstanding, I believe that a south-north conference is likely. The forthcoming trip of President Reagan to China may very well serve as a catalyst for dramatic progress on this issue.

I welcome any type of a conference as long as it contributes to the reduction of tension on the Korean peninsula. If any south-north talk is going to succeed, the United States, Japan, China, and the Soviet Union must cooperate even though they may not be direct participants in the talks. Without their cooperation, peace on the Korean peninsula cannot be expected.

At the same time, a democratic South Korean government with popular support is a prerequisite to laying the foundation for a south-north dialogue and for permanent peace on the peninsula. All in all, a democratic South Korean and four-power cooperation are the two preconditions for a meeting between the south and the north.

B. Advocacy of a Republican Federal system

I support a "republican federal" system. I think that it is premature to attempt the "federal republican" system as advocated by North Korea because it implies the creation of a unitary government. As a first step toward unification, it appears desirable to adopt the "republican federal" system in which each side will remain an independent republic under the rubric of a federation. The south, according to this formula, will recognize de facto and de jure the existence of the north which, in turn, will reciprocate by guaranteeing the existence of a democratic government in the south.

Both republics will work to promote mutual understanding and trust and, by mutual agreement, transfer their powers gradually to the federation to the extent feasible within the context of their trust and understanding of each other. Such a step toward eventual, complete unification is the rational and the practical solution.

C. The restoration of democracy—precondition for unification

Restoration of democracy that does not have unification as its goal can not be a democracy that is resonant with the desires of the people. Further, such a government would become dictatorial as it begins to suppress the popular aspiration for unification. The advocates of democracy can not call themselves truly democratic unless they dedicate themselves fully to the task of unification so fervently desired by the South Korean people.

The restoration of democracy and unification are equally important. In terms of agenda setting, however, the former should precede the latter because a peaceful and democratic unification is inconceivable without democracy. No matter how loudly they proclaim their interest in unification, dictators can never be genuinely committed to this national goal because division and tension are necessary for the maintenance of dictatorship. Unification, therefore, is antithetical to the vested interests of the dictatorships on the Korean peninsula. We learned this lesson first during the Park Chung Hee era and this compels me to emphasize the following.

First, for the sake of our nation and posterity, we should maintain a firm resolve to strive for unification. In addition, the people should be allowed to participate freely and actively in a national debate on unification, thereby strengthening and mobilizing our capability for unification.

Second, unification should be approached both with fiery passion and with reason. This demands our wisdom and efforts to bring about national reconciliation. We must respect the interests of those in the north, and the interests of the south must also be respected. Our wisdom and efforts can increase international cooperation, including that of the four powers.

Third, until the day when we finally attain complete unification, we should devote ourselves to the task of lessening animosity between South and North Korea, thus reducing the possibility of military confrontation, and restoring a sense of togetherness as one nation.

III. CONCLUSION

In concluding, I want to make clear my desires and appeals to the various communities concerned with and involved in the fate of the Korean nation. At the same time, I want to disclose my personal resolutions.

First, the Chun Doo Hwan regime will no longer be able to manipulate the Korean people. Repression, political deception and chicanery will no longer work. The continuation of the present situation will only spell trouble and misfortune for the Korean people as well as for those in power. I want to issue a caveat that promoting popularly-desired democracy is the only way for the Chun regime to atone for its crimes against the nation and to avert the fate that befell its predecessor.

It is my firm personal belief that should the Chun regime critically examine itself and then join in the national effort to restore democracy, we, the proponents of democracy, will be ready to welcome it and work to prevent any type of political vendetta.

Second, I want to speak to the United States government. In spite of our many disappointments about the United States Korean policy, we give full credit to President Reagan for his emphasis on democracy and human rights, during his visit to Korea. It should also be noted that the State Department's annual human rights reports have touched upon some of the fundamental human rights issues in South Korea.

The Korean people, however, view the United States as fully supportive of the dictator and hold it responsible for Japan's cooperation with the dictatorship because they believe that Japan is merely following in the footsteps of the United States. There have been many unfortunate incidents in South Korea which are indicative of anti-Americanism. As I assess the flow of public opinion and the movements on college campuses of the past few months, I have to conclude that the United States today faces a choice between the dictator and the Korean people. I call upon the United States government to take necessary measures to restore the confidence of the Korean people in the United States as the ally and supporter of democracy and human rights just as its actions suggested during the April 19 Student Revolution of 1960.

We are not requesting that the United States restore democracy for us but only that it change its attitude that has been either acquiescent or has resulted in support for the military dictatorship since the December 12, 1979 coup. The United States should make unequivocal its support for a democratic process and system in which the people can determine their future through the vehicles of free speech, free press, and free elections. The United States, of course, can not interfere with the internal politics of South Korea in an attempt to help restore democracy in Korea. It can, however, encourage the process of democratization by effectively using trade and aid as a leverage. If the United States can do this much, we can carry the ball the rest of the way.

Third, I want to appeal to the Korean people. Democracy should be the prize of our conviction, efforts, and sacrifices. Restoring democracy can not simply happen. It has its price, and it is the people, the master of the democratic system, who must pay the price. Conscience that does not act is a friend of evil. It is only when the majority of our people participate in the struggle for democracy that we can bring about a democratic revolution.

We have to realize also that the success of our democratic movement and our own interests dictate that the national struggle be non-violent and not harm basic friendships with our allies.

I also urge Korean-Americans to be aware of the special mission with which they have been entrusted by our nation. Because the Chun regime hangs on not due to popular support but thanks to American and Japanese support, you should work hard to move the United States to change its current policy of supporting the dictatorship so that it will be in line with our national aspirations for democracy. Korean residents in the United States should view helping to free their forty million brothers and sisters living in Korea from military dictatorship as a mission of the highest order.

Finally, since my arrival in the United States about 15 months ago, I have made continuous efforts to help correct mistaken United States Korean policy. I have contacted leaders of the administration, the United States Congress, the media, academia, religious communities, and various human rights activist groups. This, I believe, is my greatest service to our people and a mission that has been fatefully placed on my shoulders.

My efforts have been widely supported by Korean-Americans and have been based in the demands put forward by my democratic compatriots. We can not let the United States repeat its acquiescence to or support of wanton acts of violence by some soldiers who would slaughter our people and democracy. My mission is to persuade the United States to lend its hand of support to our long-cherished dream of a democratic Korea.

My preoccupation is not with my own political future. My concern is my sense of mission in the United States and how to be most effective in pursuing it. My greatest wish is to return home, to be able to again stand shoulder to shoulder with my beloved brothers and sisters in Korea. I sincerely and humbly ask for the support of our allies and of my fellow Koreans now residing in the United States and elsewhere.●

WILL SALT SURVIVE PAST 1985?

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. BARNES. Mr. Speaker, a few weeks ago several newspapers carried a report indicating that the Reagan administration might consider abandoning U.S. observance of the SALT I and II agreements after the unratified SALT II provisions expire in December 1985. An administration official was quoted as saying that a determination would be based on the existing international situation and our own national security requirements.

Arms control is an incremental process, each successive step building on previous gains. In this period of historic peril, arms control is more essential to our national security than ever before—we should not undercut the process, but continue to strengthen it.

I commend to my colleagues the following Washington Post report on the subject:

[From the Washington Post, Mar. 30, 1984]

UNITED STATES MAY DROP LIMITS OF SALT AT END OF 1985

(By Don Oberdorfer)

The Reagan administration yesterday raised the possibility that it may cease observing previously agreed U.S.-Soviet strategic arms limitations at the end of next year, depending on "the international situation and our own national security requirements" at the time.

A statement released by the State Department indicated that decision would be made late next year before planned sea trials for the seventh Trident ballistic missile submarine.

The launching of that submarine with 24 nuclear-armed ballistic missiles could place the United States arsenal above the agreed limits of both the ratified SALT I treaty and the unratified SALT II treaty with the Soviets, the statement said.

U.S.-Soviet negotiations on a future strategic arms agreement have been stymied since December, when the Soviets refused to set a date for a new round of talks following the deployment of new U.S. medium-range missiles in Europe.

Failure to continue observing the SALT I and SALT II limits would be an even more serious development which could eliminate the remaining rules of restraint between the superpowers in the nuclear arms field.

Until now, according to the statement, the United States has been dismantling enough older Polaris and Titan II missiles to stay within the limits agreed with the Soviets in the 1972 SALT I treaty despite deployment of new U.S. missiles. This is in line with a policy of President Reagan that the United States will refrain from actions which "undercut" strategic arms agreements so long as the Soviet Union "shows equal restraint."

Yesterday's statement laid the groundwork for possibly abandoning this position by saying that "no decision need be taken at this time" whether to continue to dismantle older weapons when the seventh Trident submarine is launched late n 1985.

The statement noted that the unratified SALT II treaty, which Reagan opposed but he has not been "undercutting," would expire in December, 1985, if it had been ratified.

"The United States will carefully evaluate both the international situation and our own national security requirements" in deciding what to do about the future limitations, the statement said.

The first indication that the administration was not determined to continue observing strategic arms limits came in testimony by Secretary of State George P. Shultz Wednesday before a Senate Appropriations subcommittee.

Questioned about administration intentions regarding the scheduled late 1985 Trident launching, Shultz ducked a precise answer but said of the arms control limit, "It's not forever, and that's as true for us as it is for them."●

ESSEX COUNTY COLLEGE HERITAGE SYMPOSIUM

HON. PETER W. RODI[illegible] JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. RODINO. Mr. Speaker, on Saturday, April 28, I will have the honor of being a keynote speaker at the Heritage Symposium of Essex County College in downtown Newark. The symposium, which will explore the rich ethnic and cultural history of Essex County, will celebrate the tricentennial of Essex County and the 15th anniversary of Essex County College.

To increase awareness of ethnic identity, the day-long symposium will examine the history, culture, and literature of the county's early settlers and the growth and development of its diverse ethnic groups. These groups include blacks, Hispanics, Jews, Anglo-Saxons, Irish, Polish, Dutch, Scandinavians, Germans, Italians, Chinese, Vietnamese, Ukranians, and Portuguese.

Featured presentations will be made by two prominent New Jersey historians. Clement Alexander Price, director of the Graduate history program at Rutgers University-Newark will address "The Peopling of Essex County," from the mid-17th century to World War I. Howard L. Green, research director of the New Jersey Historical Commission, will discuss "Social Change in Essex County" from World War I to the present.

Others who will make keynote remarks are Peter Shapiro, Essex County executive; Jerome Greco, president of the Board of Chosen Freeholders, and Kenneth A. Gibson, mayor of Newark.

The sponsors of this ambitious exploration of three centuries of cultural pluralism in Essex County are the New Jersey Committee on the Humanities, a State program of the National Endowment for the Humanities, and the 2-year college's multilingual outreach program, whose director is Ms. Mila Salazar-Bruan.

Cosponsors include Howard Savings Institutions, Midlantic Banks, the Newark Public Library, New Jersey Bell, the Port Authority of New York and New Jersey, Public Service Electric & Gas, National Association of Negro Business and Professional Women's Clubs, National Conference of Christians and Jews, the Portuguese Sport Club of New Jersey and the Ukrainian Congress Committee.

Mr. Speaker, I took part in the dedication of Essex County College, and I am proud of the important role it has played in our community in its brief history. Under the leadership of its president, Dr. A. Zachary Yamba, the downtown campus and the off-campus facilities serve well the needs of our diverse communities. The college provides an exciting academic experience for 6,000 full- and part-time students who range from teenagers to senior citizens and who represent 40 countries. Faculty and staff reflect this wide diversity of ethnic groups.

The college and this symposium show once again that we are a people of many tongues and voices who value our diverse inheritances and who nourish this pluralism, this individuality and originality, even as we work together to bring about a just and fair and an equal society for all.●

PERSONAL EXPLANATION

HON. JAMES F. McNULTY, JR.

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. McNULTY. Mr. Speaker, I regret to report I was unable to be present in the House of Representatives to record my vote on House Resolution 485 and House Concurrent Resolution 290, prohibiting funds to mine Nicaraguan ports. An emergency in my district in southeastern Arizona required my attention. Had I been able to be present for the vote I would have voted in favor of the rule and in favor of the House concurrent resolution.

I would hope the RECORD can reflect these votes.

I thank you for your courtesy in this matter.●

COMMEMORATE THE UKRAINIAN FAMINE OF 1933

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. GRAY. Mr. Speaker, on November 17, 1983, the House passed House Concurrent Resolution 111 commemorating the Ukrainian famine of 1933, in which nearly 8 million innocent Ukrainian men, women, and children died of starvation or in places of penal exile as a result of the barbarous policies of the Soviet Russian Government.

I strongly urge my colleagues in the Senate to cosponsor and support Senate Concurrent Resolution 101, which is currently pending in the Senate Committee on Foreign Affairs.

I would also like to include in the RECORD a resolution adopted by the council of the city of Philadelphia in support of this important legislation.

CITY COUNCIL, CITY OF PHILADELPHIA,
CITATION

Whereas, Ukraine has experienced the holocaust of 1932-34 in which a loss of 8 million of the population of the area occurred; and

Whereas, the famine that occurred was not a punishment of God, nor caused by nature, but was organised, engineered, and master-minded by the Russian Communist regime in Ukraine. (And was so stated in a New York Times editorial in 1933); and

Whereas, the production figures of grain in 1932-33 showed that it was possible for the crop to feed the population for over 2 years. It was the forced collectivization of grain and food imposed upon the Ukrainian people against their will by the Russian Communist regime that was the true cause of the famine; and

Whereas, it was the special detachments of the GPU, as well as the Red army soldiers, sent by Moscow to Ukraine, that carried off, not only the grain but everything edible, that shot or exiled thousands of peasants, and the Kulaks (wealthy peasants) and that destroyed whole villages and turned what was the most fertile black soil into vast areas of desolate land; and

Whereas, the Russian Government refused to acknowledge the famine of 1932-34, and refused to allow aid programs established in Europe to help the starving Ukrainians, and is responsible for this man-made famine.

Therefore, the Council of the City of Philadelphia hereby urges the citizens of this country to join the Americans of Ukrainian origin in mourning the victims of the 1932-34 famine, in commemorating the fiftieth anniversary of this crime against humanity, the man-made famine of Ukraine by the Russian Communist regime.●

KNOWLEDGE VERSUS INFORMATION—THE LIBRARY IN OUR "INFORMATION" AGE

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. LANTOS. Mr. Speaker, our public libraries are one of this Nation's most valuable resources. We have just commemorated National Library Week. Although we have been quick to praise our libraries at this time, we in the Congress and many State and local officials throughout our Nation have been much slower in providing the necessary funds for the continued health of this important element of our educational and cultural infrastructure.

Americans are a book-reading people, and our libraries are an important source of the materials they read. The Book Industry Study Group recently released an extensive study of American reading habits. The proportion of Americans who read—56 percent—has remained constant over the last 6 years, despite the increased variety and volume of competition for our time—home video games, video arcades, video recorders, and home computers. Furthermore, among those who do read books, the percentage of heavy readers—those reading 26 or more books in a 6-month period—has risen dramatically since 1978—from 18 to 35 percent.

Mr. Speaker, I regret that despite these positive indications about Americans' reading habits, however, we may not be keeping pace with the need and demand for books and libraries. My dear friend Daniel Boorstin, who is the Librarian of Congress and an international scholar in his own right, made an important distinction between information and knowledge in a speech at a White House Conference on Library and Information Services. The "information industry" has shown spectacular growth; it is the latest example of American ingenuity, enterprise, and the frontier spirit in the late 20th century. A magic computer now accomplishes the dreariest tasks in seconds, surpasses the accuracy of the human brain, controls production lines and refineries, arranges inventories, and retrieves records.

But as Dr. Boorstin notes, "while information industry flourishes and seeks new avenues of growth, while people compete to buy into them, our knowledge institutions go begging." The reasons are clear. Knowledge institutions, such as our libraries, do not pay the kind of dividends that are reflected on the stock market. They are sometimes called philanthropic, which means that they profit nobody, except everybody, and that their dividends go to the whole community. These knowledge institutions—and especially our public libraries—ask charity, the community's small change, just to keep their heat and their lights on, and to keep their unrenovated doors open.

It is a cliche of our time that this Nation needs an "informed citizenry," by which we mean citizens who are up on the latest information—who have read this week's news magazine, today's newspaper, and watched the 7 o'clock news. Perhaps, as Dr. Boorstin suggests, what we need is a "knowledgeable citizenry" rather than an informed one. Information, like entertainment, is something someone else provides for us. We expect to be entertained, we also expect to be informed. We cannot be "knowledged." This we must do for ourselves. This is the task for which our libraries are uniquely equipped and something the computer can never do for us. Knowledge comes from "the free mind foraging in the rich pastures of the whole everywhere-past. It comes from finding order and meaning in the whole human experience." In short libraries are as essential in developing a knowledgeable citizenry, and they are more essential than ever in our current information age.●

STATEMENT OF CONGRESSMAN STEPHEN J. SOLARZ

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FRANK. Mr. Speaker, my colleague and friend, Mr. SOLARZ from New York, is well known in this body as a forceful advocate for a new foreign policy. He recently spoke before the Democratic Platform Committee, of which I am a member. As always, Mr. SOLARZ has offered us an astute and insightful analysis of the choices which face us, and I am sure that his views will be highly valued by the other Members of this body. I ask that his statement be entered into the RECORD. Thank you.

STATEMENT OF CONGRESSMAN STEPHEN J. SOLARZ

In his 1980 debate with President Carter, Ronald Reagan asked the American people an important question: "Are you better off than you were four years ago?"

In 1984, the Democratic Party should be asking the American people a similar question: Is the world safer today, and is our country more secure, than it was four years ago?

Posed in these terms, the answer can only be an emphatic no.

In almost every corner of the globe, four years of Republican foreign policy have made the world a more dangerous place in which to live.

In Central America, where the Administration has sought military solutions to what are essentially political problems, its policies are leading us ineluctably toward the introduction of American combat forces into El Salvador, and possibly Nicaragua as well.

In the Middle East, the collapse of our policy in Lebanon, and the failure of the Administration to keep the peace process going, has led to a situation where the clock has begun ticking on another Arab-Israeli war, which could all too easily escalate into a superpower confrontation.

In Africa, by pandering to the racist regime in Pretoria, the Administration has turned a deaf ear to the cries of 20 million black South Africans who are denied their most basic human rights, and, in the process, has alienated virtually all of black Africa.

In Asia, we have compromised our long-term strategic interest in a cooperative relationship with the peoples of the region, by appearing to embrace repressive regimes in the Philippines, South Korea, and Pakistan.

In Europe, the very foundations of the NATO alliance have been shaken by the Administration's inflammatory, anti-Soviet rhetoric, and by its apparently greater interest in acquiring a nuclear war-fighting capability than in negotiating mutually beneficial arms control agreements.

But perhaps most disturbing of all, our relationship with the Soviet Union, upon which the future of our country and the world ultimately depends, has dangerously deteriorated.

In the face of a worsening international situation, much of which is attributable to the counterproductive policies of the Reagan Administration, the challenge that confronts the Democratic Party is to write a realistic and responsible foreign policy platform which holds forth the hope of reducing the prospects for war and enhancing the possibilities for peace.

This requires a foreign policy which approaches the problems that confront us primarily in their national and regional contexts, rather than viewing them, as the Reagan Administration does, almost exclusively as a manifestation of the "evil empire's" efforts to extend its sway over the entire globe.

It requires a foreign policy which promotes the cause of human rights by opposing tyranny on the part of left and right wing governments, rather than a foreign policy, like the one we have now, which supports virtually every reactionary and repressive regime that professes to be anti-communist, while concentrating our criticism solely against the suppression of human rights by the Soviet Union and its communist allies.

And it also requires, above all else, a national security policy in which the use of force is a last resort, as preferred by most Americans, rather than a first resort, as preferred by the Reagan Administration.

Specifically, I believe that our platform should clearly call for the following major policy changes:

In Central America, we should affirm our support of genuine negotiations by wholeheartedly endorsing the Contadora process, which represents the last best chance for ending the escalating cycle of regional violence, and a halt to those U.S. policies, such as quasi-permanent military exercises in Honduras, which run counter to the spirit of the Contadora initiative.

We should also call for the termination of the effort to overthrow the established Government of Nicaragua by covert means, while also manifesting our disappointment over the betrayal of the democratic promises of the Nicaraguan revolution and our desire for the establishment of a genuine democracy in Nicaragua.

And we should make clear our determination to link strictly any additional aid to El Salvador to a cessation of the routine murder of innocent civilians by the Salvadoran security forces, and a willingness by the Government of El Salvador to enter into a good faith and unconditional dialogue with the opposition in an effort to end the war through a political settlement of the conflict.

In the Middle East, we should reaffirm our commitment to the Camp David peace process, which has been virtually ignored by the Reagan Administration, by calling on Egypt to return to the autonomy negotiations and live up to its obligations under the Camp David agreement by returning its Ambassador to Israel.

We should also make clear our intention to refrain from selling advanced American weaponry to those countries in the region that are not prepared to participate in the peace process.

In Asia, where our principles and interests would be best be served by a greater respect for human rights, we should call for the restoration of democracy in the Philippines, the elimination of martial law on Taiwan, a return to freedom of speech and the press in South Korea, and the establishment of a popularly elected government in Pakistan. At the same time, we should also reaffirm our sympathy and support for the heroic efforts of the Afghan freedom fighters to secure the withdrawal of Soviet forces from their country, and for the efforts of the decent and democratic Cambodian resistance movements, such as the K.P.N.L.F., to secure the withdrawal of Vietnamese forces from Cambodia.

In Africa, we should reject the Administration's rapprochement with racism, by making it unmistakably clear that we are opposed to the apartheid system and everything it stands for.

The choice that confronts us in South Africa is not, as the Administration has said, between black and white. It is a choice between justice and injustice, between right and wrong, between decency and indecency.

The Democratic Party should make clear that we intend to repudiate racism in South Africa, by deed as well as by word, through the establishment of effective sanctions against South Africa until such time as apartheid is abolished.

In Europe, we should call for policies designed to strengthen the alliance—the unity of which is a necessary condition for the preservation of peace.

To this end, we should propose initiatives to revive the INF and START talks, including the "Walk in the Woods" formula, as a way of convincingly demonstrating to our European allies our genuine commitment to meaningful arms control agreements.

Last, but not least, we must give high priority to repairing our relationship with the Soviet Union.

While continuing to make those improvements in our own forces, both conventional and strategic, which are necessary in order to enhance deterrence, we should also make it clear to the Soviet Union that we are willing to end the madness of a never-ending arms race by negotiating mutually beneficial arms control agreements. Here we should call for the immediate establishment of a mutual and verifiable nuclear arms freeze, the ratification of the already signed SALT II, threshold test ban and peaceful nuclear explosion treaties, and the prompt resumption of negotiations for a comprehensive test ban treaty.

In order to facilitate a rapid breakthrough in the arms control negotiations, and to set the stage for a general reduction in tensions between the United States and the Soviet Union, we should indicate that a Democratic President will seek a U.S.-Soviet summit meeting during the first year of his Administration, and annually thereafter.

In the context of the improvement in U.S.-Soviet relations, which such an approach would make possible, we should make it clear that we fully intend to use our influence on behalf of the cause of human rights in the Soviet Union in general, and of the right of Soviet Jews to emigrate from the Soviet Union in particular.

A foreign policy plank based on these principles and proposals would constitute a blueprint for the kind of progress toward a more peaceful world to which the Democratic Party, if it is going to win the coming election, must clearly and convincingly commit itself in its platform.●

ARMS CONTROL AND THE DEFENSE BUDGET

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. BARNES. Mr. Speaker, the issues of defense spending and national security are prominent concerns of a great many of us in Congress. We are faced with unprecedented increases in military expenditures and questionable assertions by the administration that our national security is being strengthened correspondingly. Certainly, many experts have made noteworthy and valuable proposals and evaluations of the defense budget. Recently, the Wall Street Journal carried an article by Adm. Noel Gayler in which the admiral contributes a lucid analysis of military weapons programs and their relationship to our national security. I insert the article into the CONGRESSIONAL RECORD and urge my colleagues to read it:

OK, MR. PRESIDENT, HERE ARE SOME BIG MILITARY CUTS

(By Noel Gayler)

President Reagan has directly challenged the Democrats to ". . . say what they would eliminate in the Defense budget, and how much money that would then save, and we could study and see what that would do to our national security." This is a most welcome approach, far preferable to Caspar Weinberger's "Christmas tree" budget and subsequent stonewalling. The president seems to suggest that we can, in fact, evaluate defense monies the sensible way: See what it is we have to be able to do, then procure and support the means required to do it.

The good news is that we can cut the defense budget significantly and improve our security—both, at the same time. With mirrors? No. By more rhetoric about "Pentagon waste, fraud and abuse"? No. The Pentagon is, to its credit, once more taking vigorous action in this area, and the really big bucks are not there anyway. By "trimming the fat"—cuts across the board?" No. This is a popular way to avoid decisions and responsibility. To cut across the board results in programs that are late and unnecessarily expensive, in troops untrained, in supplies neglected, in morale shattered by neglect of people.

The immediate way to cut defense and improve our security is to cut of the useless, dangerous and inordinately expensive new nuclear-weapons programs—root and branch. Not many people realize that we have no fewer than nine new nuclear-weapon programs—with strategic capabilities currently in development or early production. What are they? Three kinds of cruise missiles (ground-launced, sea-launched, air-launched); two kinds of strategic bombers (B-1 and Stealth); two kinds of intercontinental ballistic missiles (MX and Migetman); a new submarine-launched missile, plus submarines (Trident II); plus Pershing II, Nine. We won't have a Triad—we'll have everything but the kitchen sink.

Like all major programs, these programs start off comparatively small and grow year by year to maximum demand for money. Since they are all developing in roughly the same time period, they will inevitably collide for funds. Two courses will then remain: Cancel some programs, or stretch them all out. Far better we should cancel now. There are much more compelling reasons to get rid of or cut back these dangerous and destabilizing weapons, but the financial reasons are good enough.

We are talking about savings of many, many billions of dollars. How many is almost impossible to estimate. Not only are the official figures for programs such as MX and B-1 suspect, in the light of history, but other programs, such as Midgetman, are yet to be defined. Costs for dual-purpose system such as bombers and cruise missiles are difficult to allocate rationally and many supporting costs are swept under the rug. But a total savings of $200 billion over five years from dropping these new strategic nuclear systems seems not unreasonable.

There are, in addition, enormous costs for so-called tactical nuclear systems such as neutron weapons, anti-aircraft weapons, anti-submarine weapons and anti-ballistic missile warheads. These programs, of varying vagueness, have in common a voracious appetite for money and a total absence of rationale.

For example, for the Navy to start a nuclear war at sea by using nuclear depth charges against submarines would be an act of supreme folly. The Soviets would surely retaliate. But we are the side that depends on big ships, both naval and commercial. One nuclear weapon destroys one ship, whatever its size. In addition, subsurface detonation of a nuclear weapon would blank out sound detection in entire areas of ocean. Nuclear antiaircraft missiles, if used, would blind all friendly fighter pilots in the air. As one who was a fighter pilot for many years. I am sure that pilots would be quite unwilling to fly in that environment. Never mind arm-waving about identifying friend from foe. Those of us who have been shot at by "friendly" forces know just how reliable that is!

The list of misguided nuclear programs seems endless: "advanced" cruise missiles, "advanced" air-to-surface missiles, anti-submarine warfare standoff weapons, a new "tactical" bomb.

These inexplicable programs seem to stem less from ideology and even mistaken military analysis than from technological push: If it can be built, build it. The high security classification accorded most nuclear-weapons programs has served to keep the relevant staff work in the hands of a small and self-perpetuating group, a sort of nuclear mafia. Common-sense concerns about the boomerang consequences of these weapons get short shrift.

So there we have it. Nine new strategic nuclear-weapons systems, and an unknown but large number of new "tactical" nuclear developments. Seventeen thousand new nuclear warheads programmed, plus new production facilities for nuclear weapons material. Total program savings for strategic and tactical weapons—were they to be eliminated—from $225 billion to something much larger.

Then we have Star Wars. This invocation of the mystic capabilities of "science" to protect us all proposes to put together untried technologies of extraordinary difficulty—at a scale never attempted—to be launched into space and somehow protected. The eventual systems cost is of the same order of magnitude as the gross national product. Effective countermeasures are comparatively simple, obvious and cheap. Chance of protecting populations: nil. There is, of course, no prospect whatever that we will fund and build any Star Wars system. There is, however, a very good chance that we will divert very considerable funds into research and attempted development. The proper place for these ideas lies in research at the level of computer and proof-of-principle experiment. Extravagant expenditure is totally unjustified.

What would be the effect on our security were we to drop or truncate the new nuclear-weapons systems? There would be no loss of deterrence: We would still have the capability to devastate the U.S.S.R., even after being attacked. The TRIAD would still be in place, any leg alone could do the job many times over. Certainly we must bargain with the Soviets for equal restraint, but there would be no loss of bargaining power, for the Soviets will feel no need to match programs we do not adopt. And there will be major military gains in focussing command attention and resources on our real military needs rather than on unusable weapons, or even magic.

There are, of course, other ways to scrutinize defense. None has such clear-cut advantages, so little risk and such obvious improvements to our security as eliminating new nuclear-weapons development. The immediate savings are large. The potential savings are tremendous. The reduction in the risk of nuclear war is beyond price●

TESTIMONIAL DINNER FOR MIKE RODRIGUEZ

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. RODINO. Mr. Speaker, on April 28 I will have the distinct honor of attending a testimonial dinner recognizing a fine public servant who has been an important community leader in my home city of Newark, Miguel "Mike" Rodrigues.

Mike has been a top adviser to Newark's Mayor Kenneth Gibson since 1974. His record of community activities is extensive—he was appointed to the board of the Essex County Recreation and Parks Commission and serves as an officer of the United Community Corporation and the mayor's office of employment and training. His political accomplishments are equally impressive—founder of the Essex County Political Forum, founder and first president of the Newark Borinquen Lions Club, and first president of the Hispanic Democratic Committee for the State of New Jersey.

The dinner, which will be held at the Quality Inn in Newark, is an opportunity for those of us who know Mike to show our appreciation and gratitude. It is also an occasion to raise funds for one of his personal charities—the Mike Rodriguez Baseball Little League. Mike organized the league in 1980 to give inner-city children recreational and athletic opportunities.

Mike Rodriguez is the kind of public servant who gives his community a great deal of himself. I am very pleased that the testimonial dinner will allow us to let him know how highly we regard him. I salute Mike Rodrigues for his dedication, his spirit, and his commitment to making our community a better place to live.●

90 YEARS OF PROCLAIMING AND SERVING

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. GRAY. Mr. Speaker, I would like to share with my colleagues the history and valuable contributions of the Baptist Ministers' Conference of Philadelphia and Vicinity, which will be celebrating its 90th anniversary this year.

HISTORY OF THE BAPTIST MINISTERS' CONFERENCE OF PHILADELPHIA AND VICINITY, 1894-1984

90 YEARS OF PROCLAIMING AND SERVING

In the year of Our Lord Eighteen Hundred Ninety-four, the Black Baptist population of the Delaware Valley numbered over One Hundred Thousand families. The City of Brotherly Love, during this period in history, was embarking upon social change and radical reform. Spiritual leaders within the Black Community saw the need for an evangelical Baptist organization that would serve as the voice and conscience of their denominational community. On the twelve day of April in the year 1894, thirteen Baptist Ministers met at the home of the Reverend E. E. Skinner, 19th and Fitswater Streets and there organised the Baptist Ministers' Conference of Philadelphia and Vicinity. These thirteen founding fathers, all of whom are deceased were, The Reverends: J. Barksdale, Pastor, Union Baptist Church, Theodore Miller, Pastor, First African Baptist Church, George Blakewell, Pastor, New Central Baptist Church, R. W. Goff, Pastor, White Rock Baptist Church, J. C. King, Pastor, Second Baptist Church of Frankford, E. W. Johnson, Pastor, St. Paul Baptist Church, A. C. Skinner, John J. Clinton, F. S. Saunders and the Reverends Wakefield, Johnigan and Crump. These ecclesiastical heirs ascribed to the distinct principal that Baptist acknowledged no human founder, insisted on personal experience in religion, complete freedom and independence in civil matters, while prossessing full autonomy on the basis of individual equality in local churches.

For the first three years, the conference was hosted by various churches and met in numerous private homes. The rapid growth of the membership mandated a viable meeting place, and in 1897, the Shiloh Baptist Church became Conference Headquarters, then pastored by the Reverend William H. Phillips. Since that time several Philadelphia Baptist churches have held the distinction of being Conference Headquarters, the present one being, the Mt. Sinai Tabernacle Baptist Church, pastored by the Reverend Joseph Fuller, Jr. After the turn of the century and during the pioneering teens, the terrifying twenties, the trying thirties, the war torn forties, the segregated fifties, the social changing sixties, the sophisticated seventies, and into the visionary eighties, this illustrious coalition of theocratic expositors has Proclaimed the Good News of the Gospel and has served as spiritual leaders in the face of difficulties and persecutions. Since its inception, to the present, the influence of the Baptist Minister's Conference has grown to Nationwide prominence. Heads of States and Statesmen have continuously sought and requested an audience before this august body. This conference assumed a leadership roll in selective patronage, voter registration and has brought about community awareness in areas of educational, political and social change, yet ever proclaiming that Jesus Christ is Lord. This conference has supported colleges, Universities, Camp sites, the N.A.A.C.P., Push, while still mindful and responsive to needs of individuals and sister churches in times of a crisis. Its yearly financial contributions to worthy causes total thousands of dollars. Many Sons of this conference now pastor some of our Nations leading Baptist Congregations. The membership roll consists of over 200 Baptist Ministers, some of whom are Elected Politicians, Lawyers, Businessmen, Authors, Professors, Journalists and sought after eloquent Pulpiteers. The Baptist Ministers' Conference of Philadelphia and vicinity is affectionately dubbed "The Greatest Conference in the World". Still after Ninety Years of existence, it doeth not yet appear what we shall be. We bless the memory of past leaders whose foundations we yet build upon. Through the years we have been constantly reminded that we have a Charge to Keep and a God to Glorify. Our glorious weekly fellowship meetings bears witness to the fact that we love the Brotherhood and we are one in the spirit.

Faith of Our Conference,
Christian Faith,
In truth beyond all man made creeds
We love the Lord and serve the Church
And breathe thy Spirit through Our deeds,
Faith of Our Conference,
Christian Faith,
We will be true to thee 'til death●

TRIBUTE TO DR. EDWARD J. MUEHLHAUSEN, DISTINGUISHED EDUCATOR

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. LANTOS. Mr. Speaker, I believe that a good education is the greatest gift which we can give to the next generation of Americans. And the people who make that gift possible are the dedicated educators of our country. Among those, none can figure more prominently than Dr. Edward J. Muehlhausen of my district. For almost 30 years he has given himself selflessly to the community, and has helped make the schools in my district among the finest in the Nation.

In the ever-changing world of education Ed has proved both an innovative leader and a stabilizing force in the community. He led a drive to construct three new schools, while developing exemplary programs in library services, remedial assistance, special education and gifted schemes. Another of his pioneering ideas was the integration of handicapped students into regular schools—a policy now adopted nationwide. Ed also fostered outstanding community relations between parents, teachers and the school administration.

It has been my great privilege to have worked personally with Dr. Muehlhausen, first as member of the Millbrae School Board and now as a Member of Congress. He has been a tireless public servant whose commitment and devotion to higher standards of education have earned him the respect and admiration of all who have worked with him.

On the occasion of his retirement, I have great pleasure in joining with his family, friends and colleagues to salute his many achievements. He has shown by his example that the important lesson to better schools for our children is paved by the dedicated, steady leadership of our educators.●

SUPPORT URGED FOR MEDICAL PROFESSIONALS IN SYRIA

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FRANK. Mr. Speaker, on April 5, I submitted a letter which the American Bar Association had initiated regarding the persecution of lawyers in Iran. I believe that the work professional organizations have been doing in the field of international human rights is exemplary, and should be publicly congratulated. I would like to bring to the attention of this body a notice which appeared in the New England Journal of Medicine alerting readers to the persecution of doctors in Syria. I think that organizing people along occupational lines in defense of the rights of their colleagues in other countries is a very effective method of advocacy and one of the many signs of the continued vigor of the international human rights movement. I would like to commend the Journal for bringing this matter before the medical world, and I ask that the article be reprinted in the RECORD.

[From the New England Journal of Medicine, Mar. 22, 1984]

SUPPORT URGED FOR SYRIAN DOCTORS

Medical professionals in Syria have stood up in defense of human rights in their country, and for that stand, many have been arrested. Today the whereabouts of many of those doctors remain unknown. This alarming news is documented in a recent Amnesty International report on the situation of human rights in Syria.

According to the report, Syrian security forces in 1980 arrested, without charge or trial, 101 physicians, dentists, and veterinarians. The detentions followed a one-day strike on March 31, 1980, by three professional groups—doctors, lawyers, and engineers—to protest the lack of government response to their requests for legislative reforms. The three professional groups sought the lifting of the state of emergency that had been in effect in Syria since March 8, 1963, which had resulted in widespread arbitrary arrests, incommunicado detention, "disappearances," and torture. Shortly after the strike, on April 9, the Syrian Ministerial Cabinet dissolved the national congresses and regional assemblies of all three professional groups. In the weeks that followed, scores of doctors, lawyers, and engineers were jailed, including 90 physicians, 5 dentists, and 6 veterinary surgeons.

Amnesty International has recorded the names of 3,500 persons who were allegedly jailed by the security forces between January 1980 and December 1981 alone. The prisoners allegedly were kept incommunicado, often in solitary confinement for periods of a few days to years, without access to defense counsel or family, and without medical examinations or care.

One example is Dr. Tawfiq Drak al-Siba'i, a neurologist and the father of five young children, who was detained in May 1980. He had been summoned to the office of the director of prisons in his native town of Homs after Syrian censors intercepted a letter sent to him from relatives in Saudi Arabia. On June 2, only a week after his arrest, the prison authorities in Homs denied any knowledge of Dr. Siba'i's whereabouts. His case has been brought before the United Nations Working Group on Enforced or Voluntary Disappearances.

Amnesty International claims that detainees are often subjected to torture while in official custody. The organization has been unable to secure medical examinations to verify claims of torture on all former detainees who have left the country, but in cases in which examinations were made by Amnesty doctors, the results confirmed allegations of abuse.

Testimony included complaints of torture of both a physical and psychological nature. A total of 23 different kinds of torture have been described—among them, beatings with steel cables, belts, or whips, electric shock, extraction of finger nails, soaking the victim with extremely hot or cold water, and sexual abuse. Psychological methods range from sleep deprivation to threats of amputation or execution. Some detainees have reportedly been forced to witness the torture of sexual abuse of friends and relatives.

The imprisoned doctors represent a wide spectrum of the Syrian medical profession. They include general practitioners, such as Dr. Sa'id Zaidan from Idlib and Dr. Usama 'Urfali from Latakiyyah, and surgeons like Dr. Mustafa 'Uthman from Tartus, as well as gynecologists, pediatricians, and academic professors of surgery, neurology, dermatology, and urology. Despite repeated efforts, Amnesty International has been unable to obtain further information on the status of these doctors since their arrest in 1980. And there is grave concern that many are still in detention without charge or trial.

On April 26, 1983, Amnesty International submitted to Syrian President Hafaz al-Assad a memorandum with a detailed list of doctors and others reportedly in detention or whose whereabouts were unknown. The organization expressed the hope that constructive discussions on human rights could be held with the Syrian government. But, since the Syrians failed to reply to the inquiry, Amnesty International published the memorandum in November 1983 to call public attention to the problem.

We bring this information to the attention of our colleagues not because we believe a physician's life is intrinsically of greater worth than that of another person, but because we share with our Syrian colleagues professional knowledge, goals, and ethical standards, as well as a community of spirit. Our pressure on behalf of our colleagues is likely to prove more effective than pressure from others. Physicians are held in high esteem in their communities, and acts against them are deterrents to political dissent by others.

There are several ways in which health professionals can assist foreign colleagues in serious trouble. They can, as individuals or through their professional associations, send appeals to government officials in offending countries and raise these concerns with the U.S. government. Medical groups can arrange for publicity about these cases in their society journals and newsletters. There are health and scientific associations in this country that are already speaking out in defense of the basic human rights of their foreign colleagues, such as the National Academy of Sciences, the American Association for the Advancement of Science, and several other major health and medical groups. For instance, the American Medical Association (AMA) resolved in 1983:

"That the AMA express to the United States Congress and to appropriate international organizations its concern about the disappearance of physicians, medical students, and other health care professionals with resulting inadequate care to the sick and injured of countries in turmoil:"

We believe that the current plight of Syrian doctors deserves serious attention by health professionals and their associations.

Pressure from colleagues has been effective in the past. Dr. Juan Jose Hurtado, a Guatemalan medical anthropologist, was detained by authorities in his country in June 1982 and subsequently released and allowed to emigrate. This followed a mission of inquiry by the American Association for the Advancement of Science, the Institute of Medicine of the National Academy of Sciences, the American Public Health Association, and other scientific groups, which received wide publicity in the Guatemalan press.

The problem of persecution of our colleagues is assuming alarming proportions in serveral countries; the repression of Syrian doctors is only one example. Collegial support from around the world often deters governments from engaging in illegal arrest, torture, or even murder, and may assist in securing the release of detainees. Publicity is a particularly effective weapon. Experience has shown that the strength of a collective international voice does make a difference. The Syrian medical community is no longer able to speak out in defense of freedom for its colleagues. The responsibility lies with us.

Committee on Scientific Freedom and Responsibility, American Association for the Advancement of Science, Washington, D.C.

Amnesty International U.S.A. Washington, D.C.

ELENA O. NIGHTINGALE, M.D., Ph. D.
ERIC STOVER.
DAVID A. FLOCKHART, Ph. D.
CURT GOERING.●

HONDURAN ARMED FORCES RENEW THEIR DEMOCRATIC COMMITMENT

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. BARNES. Mr. Speaker, earlier this month the new Chief of the Honduran Armed Forces, Brig. Gen. Walter Lopez Reyes, issued a statement in which he reaffirmed the apolitical nature of the armed forces and their commitment and subservience to elected civilian authorities. This statement is very reassuring to those of us in the Congress who have been concerned that, with support of the Reagan administration, the Honduran Armed Forces were eclipsing the civilian government. I include a translation of the statement in the RECORD, and I urge the administration to be strong and forthright in its support of this constitutional role for the Honduran Armed Forces.

The statement follows:

STATEMENT BY THE CHIEF OF THE ARMED FORCES, BRIG. GEN. WALTER LOPEZ REYES

Fellow citizens: The Armed Forces of Honduras, in view of recent events occurring in the same, feel it appropriate and consider it their duty to inform the Honduran people and the international community of the principles, laws, obligations and duties that govern their operation as a permanent institution of the State.

The Constitution of the Republic establishes that the Armed Forces of Honduras are a national institution of a permanent nature, essentially professional, apolitical, obedient, and nondeliberative. It clearly and concretely sets its purposes as such: "It is instituted to defend the territorial integrity and the sovereignty of the Republic, maintain the peace, public order and rule of the Constitution, the principles of free suffrage and the alternation in the exercise of the presidency of the Republic."

In addition, the constitutive law of the Armed Forces regulates in a specific manner the administration, operation and hierarchy necessary to make effective those purposes within the general framework of the principles established in the Constitution of the Republic.

The operation of our armed institution does not consist of making attempts against the legally constituted powers, but rather on the contrary, of defending our system of republican, democratic and representative government.

With full conviction we state that the practice of assuming functions that are constitutionally reserved for others who the people elect freely in use of their sovereign rights, is behind us, like a by-gone era.

We reiterate our full subordination to the legal institutionality of the State. Our responsibility is to be vigilant with respect to its preservation and consolidation.

For us these principles are indisputable, both because they have the category of established norm and because they respond to the doctrinal principle of a way of living that our people have found, discussed and accepted as the best, in their struggle for freedom, order, equality, peace and progress.

In addition, we understand that the purposes that the constitution reserves to us, the Armed Forces, constitute the noblest obligation towards the motherland, but that they also demand the highest sense of duty and sacrifice. It is for that reason that we understand that ours must be an institution of exceptional conditions, qualities, and characteristics in an ethical, moral, civic, and professional sense, in order to be able to carry out such noble but difficult responsibilities.

We want to make it clear that we understand the constitutional principles of political non-involvement, professionalism, obedience and non-deliberance, not as empty or routine legal expressions but rather as the most serious for generating the normality of a harmonic, peaceful, tranquil, safe and permanent society. We officers who make up the Armed Forces believe in this concept with our own conviction, based on our professional training, and in adherence to the moral, ethical, and civic values that are guaranteed in the conduct of the good soldier.

We reiterate our position before the Honduran people, that the chiefs and officers of the Armed Forces believe that a behavior of loyalty, honesty and morality that projects a dignified image of confident soldiers in the service of the motherland, which is a reason for pride within the borders and for international respect, is necessary and fundamental.

The professional training of those of us who currently make up our armed institution guarantees that behavior. Therefore, the people and the different sectors that make up the nation must have confidence and credibility in the Armed Forces, their best ally for reaching the common goals that we propose for the benefit of each and every Honduran.

The events to which we have referred and that have attracted the attention of the citizenry, have been no more than actions within those principles and concepts that establish our condition as soldiers aware of our duties and obligations under the law, and within the principle of hierarchy, our respect for the other institutions of the state and its administrative jurisdictions.

We want to make it clear so that it will be understood once and for all by all, that we consider the Armed Forces an institution that forms part of a constitutional unitary government, which, in accordance with the norms of the Constitution of the Republic and the powers it sets for it, follows the direction and orientation from its hierarchical superiors and is committed to keeping that Constitution in force within the legal framework, but never outside of or above it.

We want to be viewed in that dimension and perspective, because within that context we are trained and will continue training without detours in order to guarantee the permanence of our institution, which is and should continue to be the school where the soldier learns his profession and later gives it its service in order to maintain the integrity and democratic existence of the motherland. A school where also moralistic leaders are forged, not simple presumptuous ones who dogmatically exhort the other to be good.

Let the speculation over the purposes that have motivated our actions not be used to distort a highly patriotic action that exalts the constitutional government. And with the President of the Republic and under his authorization and guidance, in his role as Commander in Chief of the Armed Forces, we have made this decision for the good of the nation and its democratic institutions threatened outside our borders by exotic doctrines contrary to the idiosyncracy of the Honduran people.

The Honduran people, in the search for solutions to their large political, economic, and social problems, need men who cannot be bought or sold, men who are sincere and honorable in the depths of their souls, men who are not afraid to call things the way they see them, men whose conscience is as loyal to duty as the compass is to the pole, men who remain on the side of justice, even if the skies fall in.

(Tegucigalpa, April 5, 1984. Translated by Deanna Hammond, CRS Language Services.●

PLIGHT OF YURIY SHUKHEVYCH

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. GRAY. Mr. Speaker, as a nation committed to human rights, I would like to draw my colleagues attention to the plight of Yuriy Shukhevych. Branded as an anti-Soviet agitator, Mr. Shukhevych was imprisoned because of his refusal to denounce his father who fought the Russian occupation of Ukraine 40 years ago. The unjust and inhumane treatment which Mr. Shukhevych was forced to suffer has subsequently resulted in a severe deterioration of his health. Although he was released from prison in 1982, he is now serving a 5-year sentence of internal exile in the Soviet Union.

I would like to include in the RECORD a resolution concerning Yuriy Shukhevych which was adopted by the Council of the City of Philadelphia.

RESOLUTION OF COUNCIL OF THE CITY OF PHILADELPHIA

Expressing concern for the inhumane treatment of Yuriy Shukhevych in Soviet prisons, and memorializing the President of the United States, the United States Congress, and the Department of State to use every means available to obtain his release.

Whereas basic human rights and fundamental freedoms have long been recognized as having valid universal significance and are currently a subject of pressing international concern; and,

Whereas these basic rights are spelled out in the United Nations Charter, the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights; and

Whereas the Final Act of the Conference on Security and Cooperation in Europe has given a new dimension to the humanitarian principles these covenants embody by reaffirming each state-signatory's right to be concerned with the manner in which human rights and fundamental freedoms are respected and implemented by all other signatories; and,

Whereas the President of the United States has expressed his deep concern and commitment to human rights in the world; and,

Whereas Yuriy Shukhevych has been incarcerated in Soviet prisons for almost thirty years merely for his refusal to denounce his father who, as Commander-in-Chief of the Ukrainian Insurgent Army, fought the occupation of Ukraine; and,

Whereas, the harsh treatment and severe sentence of Yuriy Shukhevych reaffirms that a system of repression exists in the Soviet Union and this fact greatly concerns the people of the United States; therefore,

Resolved, by the Council of the City of Philadelphia, That we hereby express concern for the inhumane treatment and long sentence in Soviet prisons of Yuriy Shukhevych, and memorialize the president of the United States, the United States Congress, and the Department of State to use every means available to obtain the release of Yuriy Shukhevych from imprisonment and request that an exit visa for him and his family be granted.

Resolved, That an Engrossed copy of this Resolution be presented to William Nesowy, Vice Chairman of External Affairs of the Philadelphia Branch of the Ukrainian Congress Committee of America, and certified copies be sent to Ronald Reagan, President of the United States, to George P. Shultz, Secretary of State, and to members of the United States Congress.

Certification: This is a true and correct copy of the original Resolution adopted by the council of the City of Philadelphia on the twenty-second day of September, 1983.

Attest:

JOSEPH E. COLEMAN,
President of City Council.
CHARLES H. SAUYER, Jr.,
Chief Clerk of the Council.●

BRONZE SHIELDS' 25TH YEAR OF SERVICE

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. RODINO. Mr. Speaker, I am very honored to be among those who will attend a memorial service on Sunday, April 29, to commemorate the 25th year of the Bronze Shields, one of Newark's finest fraternal organizations.

The Bronze Shields is an organization of black police officers which was established in the late 1950's and has served the community with distinction for 25 years. It was initially founded as a response to exclusion of black officers from other ethnic police organizations. The Bronze Shields received a charter establishing it as a nonprofit organization in 1959 and since then it has played a leading role in civic activities. The group has donated thousands of dollars to worthy causes and needy families throughout the Newark community.

The memorial service will be held at the Metropolitan Baptist Church in Newark. In addition to the members of the Bronze Shields, their families and friends, the service will be attended by Police Director Hubert Williams and the Honorable Kenneth Gibson, mayor of Newark. The program includes a choral selection by members of the organization, a history of the Bronze Shields by Detective James DuBose, and a sermon on "What Memorial Means to a Christian" by Sgt. John Reed. After the sermon, a roll-call of departed members will be read, giving the names of those we remember at this memorial service; 3 of the 30 deceased members died in the line of duty: Leslie Haskins, Arthur Williams, and John Laury. In addition, we will remember Deputy Chief Edward Williams, George Friday, Leroy Glover, Theodore Howard, William Stewart, Gary Spaugh, William Jennings, James Simpson, Carl Spruill, Jessie Stewar, Martin Ashby, Jr., Carl E. Gregory, Andrew Garner, John L. Hunt, Henry Johnson, Floyd Kee, Homer Mosley, Sr., Samuel Terry, William Wheeler, Leroy Oliver, Robert Millard, Theodore Hanaze, Charles Dennis, Tommie Williams, Richard Stevenson, Oscar Perry, and William Duff.

Mr. Speaker, I have the highest regard for this organization which has served our community so well. There are many individual officers affiliated with the Bronze Shields, all of whom are a credit to our police force and community, and there is not adequate time to name them all. I do, however, wish to commend the president of the Bronze Shields, Mose Alexander; Vice President Leonard McGhee; and the cochairmen of the memorial day committee, Joseph Foushee and James DuBose.●

PRISON CONDITIONS IN POLAND SHAMEFUL

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. LANTOS. Mr. Speaker, I commend to the attention of all Members an article which appeared in the Washington Post on Saturday, April 21. The article describes a survey of the health conditions of political prisoners in Poland.

On April 11 former Ambassador to Poland Richard Davies and Ewa Bierezin, a recent emigre and former Solidarity member, addressed the question of treatment of Polish political prisoners at a special meeting of the Congressional Human Rights Caucus. Mrs. Bierezin spoke of the harsh treatment accorded political prisoners, including the lack of proper medicine and inability to correspond with friends and family.

The Post's article confirms that this tragic condition continues in Polish prisons today. Of special interest is the description of the treatment of the seven leading members of Solidarity and four members of KOR (Social Self-Defense Committee). Some 80 Members of the House cosigned a letter on March 12 to Polish Premier Jaruzelski, appealing in behalf of these 11 men. Four of these eleven are suffering severe illnesses in prison, from gastric ulcers to heart disease.

This shameful treatment of political prisoners deserves our attention:

[From the Washington Post, Apr. 21, 1984]

SURVEY FINDS POLISH DETAINEES AILING FOLLOWING CONFINEMENT

(By Bradley Graham)

WARSAW.—A detailed unofficial report on the health of a broad sample of Poles who were interned or jailed in the past two years for political offenses asserts that hundreds suffered lasting injuries stemming from harsh prison conditions.

The study, compiled by an underground medical team of about 10 doctors, alleges hundreds of cases of infection, ulcers, nervous disorders, heart problems, bone disease and other ailments among groups of released and still-jailed political dissidents, many of whom reportedly were subjected to mistreatment in internment centers and prisons.

No willful denial of proper medical care to prisoners is alleged. Rather, the point of the paper, summarized in an interview with one of its authors, is that medical treatment in Polish jails is atrociously substandard and Polish authorities have been insensitive to the serious health damage being done to inmates.

Publication of the report coincides with a drive by former prisoners to secure special legal status and improved treatment for Poles incarcerated for political crimes.

At a service Sunday in the Roman Catholic Carmelite Church in Warsaw, hundreds of sympathizers added their names to the 15 signers of an appeal to parliament for a law to regulate "the treatment of prisoners of conscience." The statement called on the government to guarantee political prisoners the right to have books, wear civilian clothes, enjoy unrestricted correspondence, live in unlocked cells and receive more frequent visits from relatives, as well as be given proper medical care.

The protest campaign comes amid a sharp crackdown on opposition activity that has placed 200 more Poles behind bars, doubling the number of political prisoners since January, according to the government's count.

Inmates in at least four prisons have gone on hunger strikes recently to dramatize the plight of political prisoners. At present, according to government spokesman Jerzy Urban, three prisoners at the penitentiary in Barczewo and 10 at Braniewo are refusing meals in a demand for greater privileges.

Rebuking Communist authorities for ill-treatment of political opponents, Poland's Roman Catholic primate, Cardinal Jozef Glemp, said in an Easter message this week that "much suffering is being inflicted in such institutions as the prisons." He added: "It is impermissible to inflict suffering on anyone or on oneself without obvious reason."

Government officials have insisted that proper care has been provided to political prisoners under martial law and since. Asked at a news conference Tuesday about authorizing special status for political inmates, Urban replied that prison regulations already grant them some special rights, including separation from criminal offenders and exemption from work duty. Additionally, wardens are empowered to extend other privileges in individual cases.

Urban said a general reform of prison regulations is being prepared, but no change in the status of persons sentenced for political crimes is planned.

In their letter to parliament, the former prisoners who were the initial signers—among them Klemens Szaniawski, a logician, Zofia Romaszewska, a physicist, and Maciej Jankowski, a welder and former Solidarity national commission member—complained that privileges previously allowed political prisoners were withdrawn in December and harassment was stepped up afterward.

"We are convinced," the appeal said, "that regulation of this issue by nothing short of a parliamentary law would have great moral significance. The idea that political goals or ideology can be attained by the illtreatment of prisoners, by exacting revenge on defenseless people, should be only too terrifying to all.

"The replacement of all the tenets of political ethics by brutality and revenge begets blind terror which, as we know from recent history, hurts both the victors and the vanquished."

The health study, prepared by an opposition group set up in February called the Social Health Commission, is based on medical examinations of 988 people interned for up to a year following the crushing of the Solidarity independent trade union in December 1981, and another 348 people who served up to 30 months in jail on political convictions.

These examinations were conducted by physicians during the past two years at hospitals or outpatient clinics, mostly in Warsaw but also in Krakow, Gdansk and Wroclaw.

The study, a copy of which was made available to The Washington Post, is to be published in an inaugural issue of a clandestine Bulletin of Independent Medical Thought. An earlier version reporting only the findings on people interned under martial law appeared in last October's issue of the Paris-based Polish-language journal Kultura.

The practice of internment, during which more than 10,000 people were said by unofficial sources to have been held in isolation centers without formal charges, ended in December 1982. Hundreds of others who were sentenced or held in jail on political charges were freed under an amnesty last July at the formal lifting of martial law.

To put the medical report's conclusions in perspective, it should be noted that health care in Poland generally, in or out of prison, is notoriously poor.

"According to available information," the underground paper states, "many political prisoners currently serving sentences and those held in prisons in investigative detention pending trial suffer from various diseases. In Polish penitentiaries there is absolutely no possibility for systematic treatment of chronic forms of disease or for any forms of physcial rehabilitation.

"Diagnostic procedure is attempted only sporadically, if at all. Acute, critical illnesses are either handled in prison hospital wards or in hospitals run by the Ministry of Internal Affairs.

"Incarcerated patients suffering from acute illnesses which pose a danger to life," the study goes on, "are as a rule kept on incorrect and nonsystematic treatment within prisons. Cases are known of medicines, including antibiotics, being dispensed in diluted form only once a day, often omitting holidays."

According to information filtered through relatives and defense counsels, the states of health of the most celebrated group of political inmates—the seven Solidarity national commission members and the four officials of KOR, the former Social Self-Defense Committee—are said to vary. These leading dissidents are in their third year in prison, awaiting trials on charges of trying to overthrow the state.

Andrzej Gwiazda, the former vice chairman of Solidarity and a rival of Lech Walesa for the top job, has gastric ulcers and a long record of heart trouble and has lost most of his teeth. Seweryn Jaworski has gastric ulcers that have been treated by various drugs "without proper medical supervision," according to the report.

Marian Jurczyk reportedly has stomach and back problems as well as a gravely deteriorated heart condition. He was admitted this week to the cardiac intensive care unit of a suburban Warsaw hospital.

The other four Solidarity officials—Karol Modzelewski, Grzegorz Palka, Andrzej Rozpolochowski and Jan Rulewski—are reported by doctors who participated in the study to be in fair to good condition.

Of the KOR leaders, Jacek Kuron, who overcame kidney stones last year, has coronary disease and hypertension but is reported in fair condition. Adam Michnik, Zbigniew Romaszewski and Henryk Wujec are said to be in relatively good shape.

The report said interviews with 350 freed political prisoners produced these findings:

Only 52, or 15 percent, reported no health problems.

A majority had suffered food poisoning at least once, and some many times.

About 80 percent suffered from diseased gums.

More than 60 percent complained of stomach or intestinal trouble. Doctors documented duodenal or gastric ulcers in 60 former inmates and said that jail terms had "greatly deteriorated" ulcer symptoms in "many persons."

25 percent had heart disease or hypertension. In 13 cases, these problems were said to have begun during confinement. Many complained of headaches and of persisting spells of weakness and dizziness.

85 percent suffered from mycosis (parasitic fungus), which doctors blamed on poor prison hygiene.

New or aggravated pains in bones and joints were found in more than 75 percent of those examined, a result of a lack of movement in jail or damp, cold cells.

Kidney ailments were found among 10 percent.

Neurotic disorders affected more than 50 percent.

A separate section of the report covering the health of people who had been interned found them suffering from similar afflications.

"It can be established beyond doubt," the study concludes, "that the internment period left a decisive and unfavorable influence on their health condition.

"Among more than 60 percent of the internees in the examined sample there were found significant disturbances impairing to a large extent the patients' physical or mental fitness. The most frequent diseases or disorders were gastric ulcers, diseases of joints and muscles, hypertension, mental disturbances and effects of physical violence.

"A large proportion of those people require continued medical assistance. . . . The health problems in that group of people are of a chronic nature, causing periodic unfitness for work and maladjustment to the routine hardships of life in this country.

"The medical profession ought to give these people every possible care and watch closely for pathological symptoms, bearing in mind that some of these people continue to be subjected to repression and are under constant threat of arrest."●

HOLOCAUST MEMORIAL DAY

HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. LEVINE of California. Mr. Speaker, under leave to extend my remarks in the Record, I include the following:

Remarks at Simon Wiesenthal Center on the Occasion of Yom Hashoah and in Tribute to Dr. William Perl

Sunday, April 29, communities throughout the world will gather to commemorate Holocaust Memorial Day—Yom Hashoah. On that day, we will join in sharing the painful memories of the Holocaust and in paying tribute to the more than six million innocent lives that perished. We will also join in sharing the survival of all those who escaped the death sentence of the Holocaust and the survival of a people the Nazis sought to annihilate.

Yom Hashoah is an occasion marked by both solemnity and hope—solemnity, because it is a reminder of one of the most heinous and horrific eras in the history of humankind; and hope, because it is a reaffirmation of the lives of all those who survived and all those who are yet to come.

The lessons of the Holocaust must be taught from generation to generation so that humanity will never forget those dark days of less than fifty years ago. On Yom Hashoah, we help to fulfill our collective responsibility to transmit the lessons of history, and we help to ensure that never again will a Holocaust happen to any people.

I am privileged to observe Yom Hashoah this year at the Simon Wiesenthal Center, where not only April 29, but every day is dedicated to perpetuating the memories of the Holocaust. The Center, through its outstanding Holocaust Museum and educational programs, has created a living memorial to the victims of the Holocaust and helped bring the truth of the Holocaust to America's communities at a time when some are working to convince Americans that the horror and inhumanity of the Holocaust never occurred.

I am also privileged to join with the Simon Wiesenthal Center in presenting the Center's Distinguished Service Award to Dr. William Perl, whose courage and commitment to life helped to save tens of thousands of Jews from mass extermination. Putting his own life at risk, Dr. Perl, an attorney in Vienna in 1938, was able to convince Nazi officials to release incarcerated Jews, and to put in motion a plan which eventually saw 40,000 European Jews reach Palestine. Dr. Perl's mission was the first of its kind and was later to be emulated by other agencies involved in rescue operations.

Were it not for Dr. Peri's courage, many of us—our families, our parents, our children—would not be here today. It is my honor and privilege to present this award to Dr. Peri, whom all of humanity has to thank. As our tradition teaches, the saving of one life is tantamount to saving the whole world.●

AN AWARD FOR UNMERITORIOUS SERVICE

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. HAMILTON. Mr. Speaker, as a member of the Intelligence Committee who understands that its ability to keep intelligence confidences is critical to its credibility, but also as a friend and an admirer of the distinguished chairman of that committee, I was appalled by the barely veiled accusation in a recent Wall Street Journal editorial that news of the CIA involvement in the mining of Nicaraguan harbors was somehow to be laid at the door of EDWARD BOLAND. I applauded the chairman's low-key response to that baseless accusation.

The Journal's backhanded correction that was printed below the chairman's letter offered little salve to the wound which its indiscriminate attack had attempted to make on his unblemished reputation for integrity. It was therefore with great appreciation that I read a recent commentary by Mr. Ray Jenkins, editor of the editorial page of the Baltimore Evening Sun, on this sad episode. His suggested headline "An Award for Unmeritorious Service" was never better deserved.

Mr. Speaker, I ask permission that at this point in the RECORD a copy of Mr. BOLAND's letter to the Journal and Mr. Jenkin's excellent commentary be printed as a guide of how not to write editorials and how not to falsely sully the reputation of a true public servant.

U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, April 12, 1984.

EDITOR: WALL STREET JOURNAL,
1025 Connecticut Avenue NW.,
Washington, DC.

To the EDITOR: It was with bemusement that I read your April 12 editorial, "Anatomy of a Cop Out," suggesting that news of the mining of Nicaraguan waters first appeared in the Washington Post "a few hours" after the Permanent Select Committee on Intelligence had been briefed by the Administration.

The Committee was briefed on the mining on January 31, 1984. The first news report of the mining appeared on April 6. Further, the news did not break in the Washington Post but in the Wall Street Journal.

It is inexcusable that editorial writers, who have the luxury of time to check their facts, do not bother to do so. If the Journal editorial staff put as much effort into being accurate and avoiding unfounded innuendo as they seem to put into apologetics for an insupportable policy against Nicaragua, they might soon begin to approach the professionalism of the Journal's reportorial staff.

With every good wish, I am
Sincerely yours,
EDWARD P. BOLAND,
Chairman.

COMMENTARY BY RAY JENKINS

In moments of candor, journalists will concede that the Pulitizer Prizes—which were announced this week—are akin to the Academy Awards: Both events are publicity extravaganzas in which members of a profession bestow honors upon one another.

This is not to say prizes are undeserved. The press does serious work, which ought to be recognized. Still, it is a fact that while achievement is celebrated, when it comes to self-criticism, the press goes blind.

This inability or unwillingness of the "fourth estate" to subject itself to the same intense scrutiny it brings to bear upon other institutions is a growing source of private bitterness among politicians and businessmen who labor under the allseeing lens. Yet these people remain silent out of fear that if they speak they will only set off the old press firebell, "The First Amendment is in danger!"

Throwing caution into the wind, my old colleague Jody Powell has now broken the silence to settle scores with a vengeance. At the outset of his new book, "The Other Side of the Story," Jimmy Carter's press secretary states the indictment:

"Journalists share the same problems . . . with doctors, lawyers, farmers, business, labor, political parties, and much of organized religion. What sets journalists apart is that no one is looking over their shoulder, or at least no one who is in position to do much about what is seen . . . I firmly believe that journalists also ought to be held to a higher standard, maybe not so high as presidents and senators, but still higher than the rest of society."

The pernicious consequences that flow from this professional laxity compose the bulk of Jody's book.

So, taking my friend's admonition to heart, on this day after the Pulitzer Committee has awarded prizes for meritorious service, I propose an award for unmeritorious journalism. It goes, hands down, to the nation's largest newspaper, the Wall Street Journal. In all my 33 years of toiling in these vineyards I have not seen a less meritorious service than the outrage committed in a Journal editorial last week.

I speak not of the messy business about the Journal's columnist thought to have manipulated his newspaper for the profit of his friends. That's only a small embarrassment, really; faithless employees are found everywhere, every day. You simply fire them and get on with honest work.

Rather, my prize addresses a matter of far graver import—the scandalous mistreatment, admitted in a wholly inadequate and even deceptive manner, of a man who has served with distinction in the United States Congress for 32 years.

The Journal's attack on Rep. Edward P. Boland of Massachusetts appeared in an editorial last Thursday at the height of the uproar over the secret mining of Nicaragua's harbors. Almost alone among major newspapers, the Journal defended the mining and declared the real shame lay with the Republican Senate leaders who lacked the courage to stand behind their President even though he was committing what Sen. Barry Goldwater called "an act of war."

The administration's only mistake, said the Journal in characteristic slashing manner, was to fulfill its obligation to notify that gaggle of hysterical flibbertigibbets parading as the Congress of the United States. Within "a few hours" after Boland's Intelligence Committee had been briefed on the secret mining, the editorial stated flatly, the sensational news was "leaked" to the Washington Post, which dutifully published it on the theory that "the public has a right to know everything except the motive of the source."

I could scarcely believe my eyes. My God, I thought, don't these editorial writers read their own newspaper?

If they had read the Journal's reliable news columns, as I do, they would have known that it was not the Washington Post, but rather the Wall Street Journal which prominently broke that story about the mining. Moreover, that story made it fairly clear that the source of the "leak" was not Boland, but rather Sen. Goldwater. (The role of the grand old man of American conservatism had been briefly noted in the editorial but excused, patronizingly, on the ground that Goldwater's memory was no longer reliable.)

In sum, the editorial rested upon a totally spurious foundation. The next day the Journal carried at the bottom of its letters-to-the-editor section, buried between the jokes column and a large ad, under a misleading headline, two paragraphs of cold fury from Congressman Boland, calling to the attention of the editors the story in their own newspaper. Boland went on, he had known of the mining for more than a month before the news broke. Yet, though he sharply disagreed with the policy, he had kept the secret.

Boland's letter was followed by a 13-line editor's note acknowledging that the editorial had relied upon false information practically accusing this 16-term congressman of committing the serious felony of releasing highly secret information to the detriment of the national security. The brief correction (though the word was never used) confessed that the editorial writer had relied upon private sources which sharply contradicted the news story carried a week earlier. "Our error," the editor said, "arose from the complaint of a well-respected source that the leaks had come from the House Committee."

With that, the case was closed. Without so much as a word of apology to Boland, the Journal editor chose instead to call a liar "well-respected" and further chose not to identify this liar, so that his credibility will remain unimpaired when he peddles more lies in the future. So much for the public's right to know "the motive of the source."

In his letter Boland acidly remarked that if the editors would check their facts, "they might soon begin to approach the professionalism of the Journal's reportorial staff."

As it happened, two Pulitzer Prizes went to the Journal yesterday—one for the superior work of its diplomatic correspondent Karen Elliott House, the other for columns of comment by Vermont Royster, the principled former editor of the Journal now retired but still writing occasional columns. Both prizes were richly deserved.

But as House and Royster bring honor to the newspaper, its editorial writers bring only shame.●

A TRIBUTE TO MR. DANIEL W. HOGAN, JR.

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. MARKEY. Mr. Speaker, I rise today to bring to the attention of my colleagues an outstanding educator from my district, Mr. Daniel W. Hogan, Jr., of Stoneham. As the retiring superintendent of the Stoneham Public Schools, Mr. Hogan has demonstrated a commitment to education and excellence that makes all who know him proud.

During his 37 years of public service in education and 15 years as superintendent, Dan Hogan has excelled at every level of the education system. He worked his way up from a teacher-coach to superintendent of schools. He knows the education system from the classroom to the administrative offices. This unique background gave Dan Hogan the ability to perform as a well-qualified school administrator. I want to commend Dan Hogan for his distinguished years of service and I tell my colleagues that we would be fortunate if there were more Dan Hogans in education today.●

PHILADELPHIA AREA LAWYERS OPPOSED TO REAGAN'S CENTRAL AMERICAN POLICY

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. KOSTMAYER. Mr. Speaker, more and more Americans are beginning to realize the folly of the Reagan administration's foreign policy, particularly in Central America. I would like to share with my colleagues the following statement signed by over 120 members of the Philadelphia area legal community which eloquently expresses their opinion of current American foreign policy in that region.

STATEMENT ON U.S. POLICY IN CENTRAL AMERICA

As members of the legal community, we believe that American foreign policy must be governed by the same respect for law and fundamental human rights that we expect of our government at home.

Recent events convince us that the present administration is moving the nation inexorably into armed conflict in Central America by pursuing a policy which is illegal, improper, and dangerous.

In El Salvador, the United States continues to send arms, military advisors and economic support to a government known internationally for its contempt for human rights. The wanton killing of civilians by right-wing death squads actually increased in the first six months of 1983. After three years, the soldiers accused of murdering 4 American churchwomen have yet to stand trial. The first U.S. soldier has been killed by guerillas; regrettably, others will certainly follow.

In Nicaragua, our government is financing, arming, and providing leadership for exile groups seeking to overthrow the recognized government. Last summer, the U.S. positioned two battle fleets off the coast of the country and sent some four thousand troops to Honduras as a thinly veiled military threat to the Nicaraguan government.

This policy is contrary to domestic and international law:

The introduction of U.S. armed forces into hostilities or into an area where there is imminent danger of hostilities requires the President to report such action to Congress, and to remove those troops within 60 days unless Congress specifically approves. President Reagan has not done so with respect to El Salvador, in violation of the War Powers Resolution, 50 U.S.C. § 1541. et seq.

The administration's support for armed troops invading Nicaragua violates the express terms of Articles 2 and 33 of the United Nations Charter, Articles 15, 16, 17 and 18 of the Charter of the Organization of American States, and Articles 1 and 2 of the Rio Treaty of 1949, all of which are binding upon the United States and prohibit military aggression or any other type of interference in the affairs of other sovereign states. It further violates our own Neutrality Act, 18 U.S.C. § 960.

United States support for the government of El Salvador violates Section 502B of the Foreign Assistance Act, 22 U.S.C. § 2304, which prohibits security assistance to governments which engage in a consistent pattern of gross violations of internationally recognized human rights.

Although the Reagan adminstration professes to support negotiations, it has consistently favored military options in a futile effort to resolve political disputes by brute force. As these conflicts escalate, law and reason are among the first casualties.

The recklessness and danger of our present policy is underscored by the recent invasion of Grenada by 6,000 U.S. troops. No serious evidence has been produced to substantiate administration assertions that American citizens were in danger or that the Grendian government posed an imminent threat to other countries in the Caribbean. The invasion in fact violates numerous treaties to which the United States is a party. The General Assembly of the U.N. condemned the invasion, and a similar resolution was prevented from passing in the Security Council only by a United States veto. Aside from the inherent illegality of the invasion, it can only further encourage armed conflict in Central America.

We are guided by the lessons of Vietnam, which remind us that no amount of aid or troops can substitute for popular support for a government. We also remember that an undeclared war, costing billions of dollars and thousands of lives, can begin with a few military advisors and the unwillingness to let people in other countries shape their own history. Finally, we recall all too well how easily covert wars abroad can become overt attacks on civil liberties and political rights here at home.

In making this statement, we take no position in favor of the guerillas in El Salvador or the policies of the government in Nicaragua or Grenada. We are concerned only that the policies of our own government should conform to the requirements of law and justice.

We therefore call upon our government to take the following steps immediately:

1. Immediately withdraw all troops and weapons from Grenada.
2. Withdraw its fleet from the coast of Nicaragua and end all exercises involving U.S. combat troops in the region.
3. End all aid and support, open or covert, for attempts to destabilize or overthrow the government of Nicaragua.
4. Adhere strictly to the requirements of the War Powers Resolution governing the commitment of U.S. armed forces anywhere in Central America.
5. Pursue a negotiated settlement to the present conflicts in the region. In particular, the administration should pursue recent proposals which would result in the withdrawal of all outside aid and military advisors to the countries in Central America.

The memory, the losses, the anguish of Vietnam continue to weigh heavily on this nation. We all have an obligation to insure that such a tragedy is not repeated. Our best hope is to see that American foreign policy is guided by our commitment to democracy and human rights under the Constitution and international law.

Signed,

Barbara Bailey, Denise J. Baker, Michael Barba, Linda S. Battistini, Michael P. Berger, Harold Berk, Jocelyn Block, Amelia H. Boss, Ellen Boylan, Dennis D. Brogan, Donald S. Bronstein.

Donna L. Calame, Michael J. Carroll, Anne Chiarello, Bruce G. Conley, Regina M. Coyne, Elaine DeMasse, Karen Detamore, Diane V. Elliot, Jules Epstein, Daniel J. Farrell, Janet L. Fayter.

Carmen M. Garcia, Paul M. George, Terry J. Green, Daniel Halevy, Florice Hoffman, Barbara C. Joseph, David Kairys, June Kapler, Ira Jay Katz, Jay S. Koplove, Jerry Kristal.

Phyllis H. Allen, Karl Baker, Richard S. Bank, Deane Bartlett, Susan Baturin, Susan Bergin, Marc Bookman, Shara Bothwell, Bradley Bridge, Margaret R. Brogan.

Tersa M. Burzynski, Catherine C. Carr, Ellen M. Casey, Roger S. Clark, Bernadette Coughlin, Rosalie Davies, Rosemary J. Dempsey, Karen E. Dicks, Russel S. Endo, Sabrina Sigal Falls, David Faye.

William Galvin, Joseph P. Gavin, Jr., Steven Goldman, Janet H. Greenlee, Julie Hall, Marilyn T. Jamain, James L. Kahn, Ilene Kalman, Harold Katz, Kathleen E. Kitson, Andrew T. Lamas.

Carol Finkelstein Laskin, Jack Levine, Theodore M. Lieverman, Benjamin G. Lipman, Phillip M. Lord, Bruce M. Ludwig, Patrick J. Mandracchia, Bernard J. McFadden, Patricia McInerney, Carol McNeill.

Margarita Navarro-Rivera, Gail L. Newbold, Linda A. Peyton, Jean E. Purnell, Claire Rauscher, Kathleen Ridolfi, Nina Rossi, David Rudovsky, Wayne Sachs, Elizabeth A. Savitt.

Karl Schwartz, Julie Shapiro, Robert A. Sloan, C. S. Strickler, Jr., Jacqueline Thompson, Philip H. Troxler, David W. Webber, Solomon Weinstein, Alan L. Yatrin.

Frank Ledahawsky, Cathy J. Levine, Gail Lopez-Henriquez, Harry Lore, Holly Maguigan, Angela Martinez, Kay McGahen, Reed McManigle, Paul Messing.

Mary Beth Neilson, Robert E. Paul, Lisa Ellen Price, Luisa Ragonese, Peter Reilly, Peter Rossi, Samuel A. Rossitto, Steven R. Sachs, Ellen Samel.

Henry W. Sawyer, III, Mark Scott-Ledley, John E. Shields, Jr., Jenny Steinen, Phyllis H. Subin, Michael B. Tolcott, Kevin Walker, Laura Gardner Webster, Janet R. Wintner, Suzanne J. Young.●

TESTIMONY OF SOL M. LINOWITZ BEFORE THE HOUSE FOREIGN OPERATIONS SUBCOMMITTEE

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. OBEY. Mr. Speaker, Thursday, April 12, former Ambassador Sol Linowitz testified before the House Foreign Operations Appropriations Subcommittee on administration's policy in Central America. In addition to serving as special negotiator for the Middle East, Mr. Linowitz chaired a recent highly distinguished international commission which made significant recommendations concerning the problem of Central America in general and El Salvador in particular.

Ambassador Linowitz's testimony clearly indicates that resistance on the part of thoughtful people to administration policy in Central America is not based on a lack of recognition of the area's importance to the United States. It is, rather, based on a concern that the policy is so poorly thought through that in the words of Mr. Linowitz it will, in the end, "give us neither peace nor security." I urge my colleagues to read Mr. Linowitz's statement:

TESTIMONY OF SOL M. LINOWITZ BEFORE THE HOUSE FOREIGN OPERATIONS SUBCOMMITTEE

Mr. Chairman, Members of the Subcommittee: I appreciate the opportunity to appear before you today to discuss the conflicts in Central America and what the United States might do to facilitate an early and peaceful end to the bloody struggles going on there.

Last year, the former President of Ecuador and Secretary General of the OAS, Galo Plaza, and I were co-chairmen of an Inter-American Dialogue—a group of about 50 business, government, academic, political and Church leaders from Latin America, the Caribbean, Canada and the United States. Our group included people of different political tendencies, professional backgrounds, cultures and generations—people of responsibility and stature in their home countries. We met several times in working groups and plenary sessions over a period of six months. Last April, we released a report, The Americas at a Crossroads, reflecting the results of our discussions. Part of our report was on the crisis in Central America. We emphasized the danger that its intense civil conflicts could escalate and spread, drawing other nations, including the United States, into more direct involvement.

Last month the Inter-American Dialogue reconvened for a second round of discussions. We are now in the process of preparing a new report to be released in mid-May. Once again, Central America will be one of the major issues upon which we focus.

I am here today to share with you my personal views on the situation in Central America, and El Salvador in particular. But I would be remiss if I did not note that my views have been much informed by the extended discussions our Dialogue conducted around these difficult issues.

The crisis in Central America has deepened dramatically in the past year. The civil war in El Salvador his intensified, with the result that the number of casualties and the amount of destruction have increased sharply. The election of several weeks ago confirms the Salvadoran people's continuing desire for democracy and an end to violence, but offers little prospect of ending that nation's fratricidal conflict.

Nicaragua has continued its military buildup, raising an army 50,000 strong, causing understandable alarm among its neighbors. Attacks on Nicaragua by counter-revolutionary groups based in Honduras and Costa Rica have become broader and more destructive. The recent mining of Nicaragua ports has introduced a dangerous new international dimension to the conflict by placing in jeopardy the shipping of nations outside the region.

Honduras has become a virtual armed camp, and its embryonic civilian democracy is in danger of being overwhelmed by huge amounts of militry assistance. The United States, meanwhile, has conducted military training exercises of unprecedented size and duration for this part of the world off the Nicaraguan coast and on the territory of Honduras. Regardless of intent, they raise the spectre in Central America, and throughout Latin America, of possible U.S. intervention, or of prolonged U.S. military involvement. These fears are reinforced by reports that substantial U.S. military facilities are being constructed in Honduras.

In Guatemala, another military coup has done nothing to stop the internal bleeding of that country. Even democratic Costa Rica now fears it may be drawn into the regional maelstrom.

Here in the United States, the debate over how we should respond to the Central American crisis has grown more heated. The Congress has been reluctant to endorse the Administration's proposals for sharp increases in military and economic assistance without a clearer sense of the direction of our overall policy. The recommendations of the Kissinger Commission contain some important proposals, but they do not chart a different course and have failed to achieve the bipartisan consensus sought.

The one bright spot in the Central American picture is the significant movement towards peace that has been achieved by the efforts of the Contadora nations—Mexico, Venezuela, Colombia and Panama. They have met often among themselves and with representatives of the nations of Central America, and have achieved agreement in principle on a broad spectrum of economic, political and security issues. These agreements must now be translated into formal, verifiable agreements—no easy task.

But the progress the Contadora governments have made has been considerable, and their efforts deserve the active support of everyone who seeks a peaceful solution to the regional conflict.

The search for an early and peaceful end to the conflict in El Salvador is, in many ways, one of the most difficult tasks within the broader search for peace and security in Central America. At stake in this conflict is nothing less than the future course of Salvadoran society and politics. The contending parties are not easily drawn to compromise.

Like many others, I have become increasingly concerned about the situation in El Salvador and in the region generally. Over the past few years, U.S. involvement in the Salvadoran conflict has grown substantially, whether we measure it by the amount of U.S. military assistance provided to the government, the participation of U.S. advisors in training the Salvadoran armed forces, or the reported role of the United States in military intelligence-gathering.

In just the past few weeks, it has been reported in the press that U.S. personnel are flying intelligence missions over El Salvador from Honduras, and that U.S. ground troops have been sent to the border between El Salvador and Honduras to act as a "backstop" for Salvadoran military operations across the border.

The problems of El Salvador are deeply rooted in the social, economic and political history of that nation. No U.S. Administration is responsible for the crisis that exists today. Although the United States might have taken actions in the past that would have ameliorated the problems that have now become acute, responsibility for failing to do so must be shared by several Administrations, Republican and Democrat alike.

It is my firm belief that the course we are currently on will not resolve the problems of the region and will not bring us either peace or security. If we are to find an approach that will successfully secure the real interests we have at stake in Central America, we must rethink the difficult problems we face there.

I believe that the United States does have a security interest in Central America. I believe we share with our neighbors in the Hemisphere an interest in preventing the extension of Soviet and Cuban military force into the region. Similarly, we have an interest in assuring that no nation in the Hemisphere contributes to the subversion of its neighbors.

We also have an important interest in reversing the current trend toward escalating military conflict and tension in Central America. Peace is an essential precondition for economic recovery, not to speak of future development. War, or the threat of war, diverts scarce resources from the pressing needs of the economy. In both Nicaragua and El Salvador, economic growth has been crippled by the destruction of economic infrastructure built up over many years.

Moreover, the escalation of conflict offers opportunities for the growth of Cuban and Soviet influence. Their comparative advantage is in providing the weapons of war, not in providing the resources or models for peaceful economic development.

And finally, we have an interest in seeing the emergence in Central America of governments willing to address the basic social and economic concerns of the majority of their citizens. Such governments offer the only real guarantee of long-term peace and stability.

With these objectives firmly in mind, I believe we can define basic principles to guide our policy towards El Salvador and towards the rest of Central America.

We should make it clear to Cuba and the Soviet Union that the United States will not accept their deployment of combat forces, or establishment of military bases anywhere in Central America or the Caribbean.

We should give strong and active assistance to the efforts of the Contadora nations to facilitate an agreement among the Central American nations that would ban foreign troops and bases from the area, and would limit the number of foreign military advisors.

We should recommit ourselves to the principle of non-intervention, overt or covert, as we call upon others to do the same. Here, too, we should actively support efforts of the Contadora nations to facilitate verifiable agreements limiting the armed forces and armaments of each Central American nation and prohibiting any nation from assisting insurgents fighting against a neighboring government.

In El Salvador there is little prospect of a military victory. The continued pursuit of it will serve only to prolong the stalemate, deepening the war and spreading it to neighboring countries. The toll in death and destruction will mount, as will the danger of a regional conflagration. If the government of El Salvador wants continued U.S. assistance, it should be prepared to make a real and concerted effort to enter into discussions with the opposition with the aim of reaching a negotiated end to the war. The Salvadoran people have the right to choose their own leaders through open, democratic elections. But all the contending parties should be assured that these elections will be conducted in an atmosphere free of coercion, and open to free debate on the full range of issues. All parties have the right to be assured that the elections will be free from fraud, and that their results will be accepted.

It is impossible to establish such conditions so long as the apparatus of the death squads remains intact, and so long as the regular security forces of El Salvador continue their pattern of human rights violations without fear of punishment. A substantial improvement in the Salvadoran government's regard for human rights is therefore a necessary precondition for significant progress towards peace.

We should make clear to the government of El Salvador that we will not continue an open-ended military commitment. The United States should use its substantial leverage with the Salvadoran government to advance the prospects for peace. We should not expect miracles. There is no quick or easy solution. But if we are united in our own commitment to reducing the violence in the short term and to assisting the long-term development of El Salvador, I believe that we can assist the Salvadoran people in their search for peace and justice.●

DEFICITS: CHALLENGES AHEAD

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. **HEFNER**. Mr. Speaker, the House has acted with dispatch and responsibility this year on the grave problem of Federal deficits. But much, much more remains to be done in the months and years ahead.

House Budget Committee Chairman JAMES R. JONES of Oklahoma recently addressed the Washington Press Club on the challenges we have yet to meet. The gentleman from Oklahoma has provided splendid leadership to this body as we have attempted to deal with national fiscal policy.

His thoughts on what lies ahead should be studied carefully by us all.

DEFICITS: CHALLENGES AHEAD

Washington Press Club Members, Ladies and Gentlemen:

The next president of the United States will be the leader of this nation on the 200th anniversary of the Constitution. That will be one of the great milestones in the history of democracy.

The Constitution has proven to be a great and enduring plan of government. It has provided this nation with the means to grow and change to meet new challenges. Today I would like to discuss three of the major challenges ahead.

I also want to issue a challenge to the American press corps.

In 1981, major battles were fought in Washington—and particularly in the Congress—over the shape and substance of government. It is my belief that those battles were covered more as sports events than as substantive issues determining the social and economic future of this nation.

The challenge I see for the press is this. Throughout this election campaign and through the critical first year of the next presidency, you must focus the debate on substance. You must force the candidates to face up to the major issues before this nation and you must force them to declare how they intend to deal with those issues.

You can present this nation with no better gift than shaping this election in such a way that on our 200th anniversary we will have a president and a Congress equipped to solve the complex problems now facing us.

As to the budget, I have the distinct impression that many of my friends in the press are near the level of overdosing on deficit stories. For you, I fear, there is no comfort, no solace, no respite. You and I are fated, like Sisyphus, to keep rolling the deficit rock up the hill for some more years to come.

To begin at the beginning, under policies in effect on January 1, 1981, the deficit in fiscal 1987 would have been $39 billion. Under the policies put in place under Ronald Reagan and in effect on January 1, 1984, the deficit in fiscal 1987 would be $248 billion.

What we have done in the House of Representatives in recent days is make an effort to staunch the bleeding and avoid the full-scale collapse of the U.S. economy and with it the world economic system as we know it today.

The House, I contend with some degree of pride, has been able to put in place, and will be able to enforce, a deficit reduction program far larger than most observers would have deemed possible at the beginning of this year.

The House, with the votes of 229 Democrats and 21 Republicans, has acted with commendable responsibility.

We have moved to cut domestic spending by $17 billion over the next three years, continuing the slowing of expenditures in this area. And just as important, we did it while protecting the poor and the needy, and providing real growth in safety net programs.

On defense, we have moved to reduce spending by $95 billion from the level sought by the Pentagon. We have proposed 1987 defense outlays of $304 billion, compared to $134 billion in 1980 and $234 billion in 1984. Defense spending increases, while still large, would be brought under control, reduced to a level where the Defense Department has an opportunity to spend its billions efficiently.

On revenues, we have acted to raise an additional $49 billion, a level to which all parties have agreed. There is one potential problem here, and that is President Reagan's threat to veto this tax increase if it is not accompanied by some undefined level of domestic spending cuts. I can only say that such a veto would rank very high on the scale of unwise and counterproductive actions and I cannot believe that Ronald Reagan would do such a thing.

The total result of our deficit reduction effort is $182 billion over three years. More would have been better, and I fully agree with Paul Volcker that about $50 billion in fiscal 1985 would have been economically desirable, compared to the $30 billion we were able to achieve in the first year.

However, I believe we put together close to the maximum package which the U.S. Congress can pass this year and which the President will sign into law.

This assumes that the Senate will pull itself together, perhaps talk a little less about what it plans to do, and get something done. The House has shown itself capable of effective action, and the Senate must do the same. Granted, the Republican majority in the Senate faces a tough choice between fair, effective and realistic budgeting on one hand and loyalty to a Republican President on the other. But I trust in the end they will put national interest above election year politics and produce an honest budget.

That was the good news. The bad news is that the $182 billion reduction package, by coincidence, will lead to a 1987 deficit of $182 billion under the budget we have passed. That assumes steady economic growth.

What our recent actions have done is take the Titanic which was moving full speed ahead through the fog and order that lookouts be posted and speed slowed. We still have important personages aboard who prefer to drink champagne and waltz while ignoring the danger ahead. We still have massive momentum carrying us toward disaster.

But we have bought ourselves a little time, a little breathing room, a chance to save ourselves.

We have done this largely by using baling wire and chewing gum to hold together a machine that is dangerously close to falling apart. In the 99th Congress we must put aside emergency repairs and turn to major structural reform.

The tax system, the military system, and the health care system must be reformed.

It is, I will propose, a major responsibility of the press during this campaign year to force all candidates to focus on these key areas. Genuine reform will be so controversial and so difficult that it can only be executed successfully with firm leadership from a president and bipartisan action by Congress.

The candidates, all of them, should be forced to commit themselves in these areas so that the electorate can judge on substance. Side issues should not divert our attention.

Ronald Reagan demonstrated in 1981 that an active president with a cooperative Congress can make dramatic changes in public policy. I believe that many of the changes executed in 1981 were wrong. Indeed, those actions are responsible for the fiscal mess we are in today. But President Reagan did lay to rest the theory that nothing can be done.

Unfortunately, since that time, the President has played a relatively inactive role and few major initiatives have occurred.

A new window of opportunity will exist in 1985. The American people are crying out for tax reform. The American people are ahead of the Washington establishment in knowing in their bones that the military needs overhaul. And the threat of trust fund bankruptcy tells us all that something must be done about health care.

Let's concentrate most heavily today on the military. I do not intend to downplay the importance of foreign policy in this area. American foreign policy is in dangerous disarray and confusion, and this too must be a major focus of the election decision. But this failure is not so much structural as it is the result of the personal failures of the persons involved.

Even the finest military organization will be inadequate under the sort of policies to which we are now committed, nevertheless, we must move toward a major military reform.

Why? What is wrong with our present defense establishment?

Here is a list.

Our defense policy, which should be utilized to support (and be consistent with) our foreign policy, does not. There is no clear indication as to how our defense program is supporting our foreign policy or even what our foreign policy is.

Current defense policy planning for so-called world-wide contingencies is so ill-defined and open-ended as to be unrealistic and unaffordable. This makes it impossible to accurately define personnel, or materials requirements, and therefore, funding requiremens.

The Soviet threat is consistently exaggerated to justify massive defense spending increases.

Funding requirements in the last three years have been based more on a "wish list" by the military services rather than setting realistic priorities. Virtually no service requests for major systems or programs have been rejected by the Administration. Civilian control of the military has been relatively nonexistent in the Administration.

Increases in the defense budget have occurred so rapidly and been so massive that they have not been managed effectively or efficiently by the Pentagon.

Duplication and overlap among the four services exists to an excessive, unacceptable degree.

The military retirement system is outdated and expensive. It provides incentives for our military personnel to leave the service at the peak or their careers.

Despite the proclaimed efforts of this Administration, waste, fraud and abuse still appear to be widespread. Stories of spare parts costing 10 or 20 times what they should appear all too often.

The military procurement process is highly inefficient. There is little real competition and the Pentagon manages the process poorly.

Congress shares some of the blame. Despite its budget cutting rhetoric, members add money each year for pet projects not requested by the Pentagon and refuse to allow the military to close unneeded bases.

The Pentagon is pursuing unrealistic or unobtainable objectives such as: Ballistic missile defense, Protracted nuclear war capability, and 90-day ammunition and logistics support for USA NATO forces while allies have only 45 days.

This Administration is pursuing unneeded or duplicative programs such as:

Five bomber or bomber type programs (B-52 upgrades, B-1B, stealth bomber, air-launched-cruise missile, stealth ALCM.)

What should be done?

We must establish a clear, forward looking, rational, long range foreign policy. We must identify and prioritize areas of the world that are vital to U.S. interest and which we must be capable of helping to defend.

Our defense programs should follow from the requirements of our foreign policy. They should be consistent with our allies and economically affordable.

We must ensure that our military services set priorities guided by that clearly defined policy.

We must reassert civilian control of the military ensuring adequate decision making review by the civilian executives in the office of Secretary of Defense and the Office of Management and Budget.

We must establish and stick to an affordable long-term defense funding profile. This will require the Pentagon to set priorities and move effectively and efficiently to manage its available resources.

We must totally overhaul our procurement process and build more competition in defense contracting.

We must reduce waste, fraud, and abuse in the Defense Department to the absolute minimum by making this a high priority objective.

Finally, we must reform the office of the Joint Chiefs of Staff. It is unreasonable to expect that the members of the Joint Chiefs and their staffs can objectively wear two hats. On the one hand they are expected to be the principal military advisers to the Secretary of Defense and the President, and on the other they head up their respective service. The need for broad objective military analysis and advice is often sacrificed for the more parochial views and needs of the individual services. It is essential that reforms along the lines of those called for by former JCS Chairman, General David Jones and former Army Chief of Staff, General Edwin Meyer, to strengthen the position and staff of the Joint Chiefs, occur as soon as possible.

The Chairman should be designated as the senior military advisor to the Secretary of Defense and the President.

The Chairman should be in the formal operational chain of command and have a personal staff of adequate size and high quality reporting to him.

The Chairman should be independent of any service.

There should be a Deputy Chairman of four star rank.

Procedures should be established to ensure that service on the staff of the Joint Chiefs is not detrimental to a military career, but instead is career enhancing.

Health care delivery also requires massive reform. Medicare will go bankrupt between 1989 and 1995. Health care costs for the nation were $322 billion in 1982, more than 10% of our entire GNP, and these costs continue to escalate far more rapidly than the general rate of inflation. Some 30-40 million Americans have no health care coverage and millions more can be wiped out by a medical catastrophe.

Next year I expect that the Congress and the White House will have to put together a Medicare rescue effort on the lines of last year's Social Security Commission.

Beyond that, there must soon be a massive debate and decision process devoted to health care in general, not just the portion paid for by the federal government.

The tax system. The beloved tax system. The biggest mystery is why millions of Americans have not done what the farmers did a few years ago—march into town, take over the Mall, swamp the halls of Congress, surround the White House and demand action.

The present system is beyond repair. It fails in its purpose of raising adequate revenue. It fails in its purpose of promoting economic efficiency. It fails in its purpose of fairly distributing the burden of taxes.

There are numerous options available—a value-added tax; a national sales tax; a personal consumption tax; a progressive, broad-based income tax.

Each option has problems. Every option will be subject to attack, but in the end we must choose.

I will be happy to take questions on all of these subjects, but let me tell you now that I have not reached final conclusions in the health and tax areas. Now that the main budget battles for this year are over, my full attention will be on these subjects and the results will eventually be available through the University of Illinois Press.

Here are three great areas requiring structural reform. That will not be easy to accomplish. It will be far easier politically to do nothing than to take on these problems and correct them.

And nothing will be accomplished in these areas without strong, effective leadership from a vigorous, newly-elected president.

I do not presume to predict who that president will be. But I do presume that the press should play a vigorous and vital role between now and November of pressing the candidates on the substance of these issues. Indeed, you should demand that the candidates address these issues forthrightly.

This country needs a president who will provide real leadership, a president who will face complex and difficult issues and lead the development of national consensus on national issues.

I will do my best to press the candidates in the Democratic Party on these issues. I fear I have little power to press President Reagan. But I do believe that the members of the Press can be successful in forcing all candidates to demonstrate to the American people their commitment to correcting these glaring flaws in our government policies.●

INFRASTRUCTURE: INDIANA AND THE NATION

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, April 18, 1984, into the CONGRESSIONAL RECORD:

INFRASTRUCTURE: INDIANA AND THE NATION

Although there is quite a bit less discussion of "infrastructure" today than there was a few years ago, the condition of roads, bridges, ports, and water systems in Indiana and across the nation is no better. Indeed, the policy of "build it and forget it" is beginning to catch up with us.

The longer we delay the restoration of key transportation and water systems, whether in Indiana or elsewhere in the United States, the harder and more expensive the task will become. But the issue is not just how we pay for public works. An adequate supply of clean water and the quick and easy movement of people and goods are essential to future economic growth. With this in mind, Congress's Joint Economic Committee set up an advisory panel to study infrastructure and to make recommendations on how to finance its construction and repair. By the time it was completed, the study encompassed 23 states.

Few people were surprised when the advisory panel uncovered a problem, but the severity of the problem was another matter. Although the nation's various regions have differing requirements, all have important needs. While the Northeast and Midwest encounter the growing deterioration of facilities built decades ago, the South and the West cannot keep up with new demand for expansion. No state has enough cash to meet its needs through the end of the decade, but this is to be expected because overall spending on infrastructure fell from 1.5% to 0.8% of the gross national product between 1971 and 1981.

The advisory panel estimated that to meet tomorrow's needs, the United States must increase planned spending on infrastructure by more than $440 billion through the year 2000. We will be $265 billion short in our effort to construct and repair of highways and bridges. For mass transit, the spending gap is $88 billion. For waste water collection and treatment it is $49 billion, and for water supply and distribution it is $41 billion. Researchers at Indiana University who assisted the advisory panel found that our state will need $52 billion for public facilities over the next 17 years, but that only $24 billion will be on hand. If not addressed, the $28-billion shortfall will prevent Indiana's economy from growing as rapidly as it should. The harsh truth is that Indiana's shortfall is the fourth largest among the states surveyed. Only Ohio, New York, and California, all larger states, have bigger gaps. As to spending for highways, Indiana has the greatest per capita need of all—$309 for every Hoosier through the end of the century.

The advisory panel also found that while the problem is severe, it is manageable. The extra $450 billion required for infrastructure in the next decade and a half is an enormous sum, but it is within reach. The advisory panel's estimates are far less troublesome than some, which have put the additional cost of building and refurbishing infrastructure in the trillions.

What did the advisory panel suggest that we do? It is time to state clearly a long-term policy on the management of infrastructure. The policy must have several elements.

First, we must determine, state by state, what infrastructure we actually need. Surprising as it may seem, the United States today simply does not have the ability to assess its needs. This makes it impossible for federal, state, and local governments to pursue a coordinated strategy of investment and management. Congress should require the President to present, as part of his annual budget, an analysis of federal capital expenditure. The Senate has already passed a bill to require this, and the House of Representatives should do likewise. Putting all the information together in one place would help public officials establish priorities, rather than approach needs piecemeal, as we do now.

Second, Congress should initiate a review of the stringent technical standards which govern construction of public works. Written years ago, many of these standards have unnecessarily high economic, social, and environmental costs. If some are no longer appropriate, they should be eliminated. Also, Congress should re-evaluate carefully the statutory and administrative rules that govern existing federal assistance for public works. The federal government is not always the best manager of scarce financial resources. If states and towns are given more latitude in the investment of federal dollars, those dollars may be invested better.

Finally, there is the matter of money. Cognizant that we must neither increase the debt carried by states and towns now enlarge the huge deficit of the federal government, Congress should consider a National Infrastructure Fund to finance the construction and repair of public facilities across the country. The fund would establish a long-term partnership among all levels of government in order to increase the capital available for infrastructure. It would raise money by selling bonds and would use the proceeds to capitalize projects in all states. If Congress subsidized the interest on the bonds, state and local governments could get inexpensive loans to expand and improve their transporation and water systems. The loans would be repaid eventually from state and local taxes and fees, but until repayment the money could be recycled to pay for other projects. Congress should take special note of the advantages of a National Infrastructure Fund. Among other things, it leaves selection and management of projects with state and local authorities, it avoids overloading the tax-exempt credit market with another competitor, and it limits federal costs to reimbursement of interest, a sum manageable despite the budget crisis.

We must raise investment in infrastructure. Failure to do so will crimp the competitiveness of our economy, something we cannot afford.

(NOTE.—Material for this newsletter was taken from "Hard Choices," a comprehensive report on infrastructure prepared and published under the auspices of the Joint Economic Committee, a 20-member House-Senate body that advises Congress on economic policy.)●

BUSINESS WEEK: "NO WELFARE FAT LEFT TO TRIM"

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. GARCIA. Mr. Speaker, the current trend of trimming fat off Federal programs is a step this Nation must take in order to get its fiscal house in order. However, though there may be waste in certain programs, the welfare fat has been trimmed to the bone. As Business Week points out; the population living under the poverty level has increased 44 percent as a result of welfare budget cuts. Current programs of Federal aid are dangerously close to the minimum level of support a wealthy nation such as ours should provide to its citizens. I urge that no further cuts be made in the welfare programs, for if there are; these cuts may never heal.

I have included the Business Week article for my colleagues:

[From Business Week, Mar. 26, 1984]

WHY THERE'S NO WELFARE FAT LEFT TO TRIM

When Ronald Reagan was compaigning for the Presidency in 1980, his promise to eliminate waste and fraud in federal programs for the poor struck a responsive chord in the electorate. And the response was heard loud and clear on Capitol Hill. Congress readily agreed to Reagan's proposals for deep slashes in a broad array of welfare programs—reductions that greatly toughened eligibility standards for food stamps, medicaid, and other major benefit programs.

The drive to cap welfare costs was a smashing success. Adjusted for inflation, spending for welfare programs was no higher in fiscal 1984 than in 1980, and excluding medicaid, was 5% lower: $24.9 billion in 1984 vs. $26.1 billion in 1980. For 1985, federal aid for the poor totals $78 billion—less than 8.5% of total government expenditures, compared with 10% five years ago. Even the bureaucracy has been reduced. Aid to Families with Dependent Children (AFDC), a $5.9 billion program, is currently administered by 757 employees, down from 1,118 two years ago. Similar administrative reductions have been made in other welfare programs.

As a result of this clear sweep, politicians and welfare experts generally agree that there is little room left for additional cuts. Says Henry Aaron, former assistant secretary of the Health, Education & Welfare Dept.: "This closet has been cleaned."

The concern now is that the cuts already made have actually reduced the living standard of the average welfare family. The 1981-1982 recession lowered the incomes of millions of Americans to the point of eligibility for food stamps, AFDC, and medicaid. The Census Bureau estimates that between 1979 and 1982, the population living below the poverty line rose 44%, to 29 million—even after accounting for the value of government benefits. (The poverty line for a three-person family was $7,693 in 1982.) But under the new eligibility standards, the government will pay less this year for welfare—in inflation-adjusted dollars than it did in fiscal 1980.

COST CULPRITS

Under AFDC, for instance, a Milwaukee single mother of three recalls that she received $524 monthly in 1981. Today she works parttime at a clerical job that pays her, at the minimum wage, $198 a month. Nevertheless, her total income, including her reduced AFDC payment, adds up to roughly the same amount that she received in 1981. Although her rent has remained at $250, utilities, food, clothes, and transportation costs have all gone up; medicaid requires her to pay $1 or $2 for a doctor's visit instead of covering the full cost; and her teen-age son eats more than the 34¢ worth of food per meal that her food stamps allow. Toward the end of each month, she says: "It's between heat and eat."

The one program whose cost continues to rise rapidly is medicaid, which provides free medical care to the poor and to those defined by states as "medically needy." The program, which cost $6.8 billion in 1975, will draw $20.3 billion from the Treasury this year, with states chipping in an additional $18 billion. The cost culprits are both the increasing cost of medical care in general and the rapid rise in the population of the very old—many of whom become eligible for medicaid benefits after exhausting their savings on medical bills. In general, medicaid, not medicare, pays for nursing home care for the chronically ill aged.

The prospects for major savings in medicaid are bleak without a solution to the overall problem of health care costs. The conservative Heritage Foundation argues that $3 billion could be saved in fiscal 1985 by freezing federal payments to states for medicaid at the 1984 level. But this would require draconian cuts, for which there does not appear to be any political support. The national commitment to provide medical care to the poor seems firm.

In 1981, federal payments to the states, which actually administer the medicaid program, were reduced by 3% from what they would have been under prior law, with the percentage reduction rising to 4.5% in the current fiscal year. In its fiscal 1985 budget, the Administration proposes to reinstate the 3% reduction for a year. Another plan, sponsored by Finance Committee Chairman Robert J. Dole (R.-Kan.), would reduce the payment to states by 3% a year only through fiscal 1987. The committee estimates a $1.2 billion saving over three years. Under either plan, the states would get only $97 for each $100 they would have received under prior law.

FROZEN FEES

The states fiercely oppose the latest proposals because they would put tremendous pressure on them either to reduce services or to further restrict eligibility. At a February meeting in Washington, members of the National Governors' Assn. lobbied the White House and Congress hard in an effort to stop the cuts. Instead of reductions, the states want to be given greater flexibility to change the medicaid program at the state level.

Some flexibility already exists. The 1981 law gave the states increased discretion to define eligibility and use innovative cost-cutting techniques. California, for example, began negotiating fees with hospitals for medicaid instead of reimbursing hospitals directly for their costs. North Carolina froze physicians' fees, set up prospective reimbursement for hospitals, and eliminated dependent members of poor families aged 19 to 21 from medicaid coverage. "We really had to put on the brakes," says Barbara D. Matula, North Carolina's medicaid director and chair of the state medicaid Directors Assn. "We just didn't have $20 million to replace lost federal funds." While preliminary results of the experiments are encouraging, experts believe it is much too early to judge their effectiveness.

But the biggest cost problems in medicaid are mostly beyond the reach of the states. The elderly, the chronically ill, and the mentally retarded make up only one-quarter of the population eligible for medicaid, but they account for two-thirds of the program's cost. Some 50% of the nation's growing nursing home population has its expenses paid, fully or in part, by medicaid. States were given limited authority in 1981 to provide medical services for the infirm elderly in their homes rather than in costly institutions, and 30 states have adopted such programs. The federal government fears, however, that if home care is expanded, people who would not have gone into nursing homes will demand home or community care. As a result, a program designed to save money could end up increasing costs.

OUTSIDE TREATMENT

Among the severely retarded, the population eligible for medicaid has remained stable, but inflation has driven the cost of services so high that care of the retarded is among the fastest-growing components of the program: It rose at an average annual rate of 33% between 1977 and 1982. Growth has been slowed somewhat, part because 1981 changes allowed treatment outside of institutions. The Congressional Budget Office believes that by giving states matching funds to expand community-based care, $2 billion a year could be saved by 1989—provided that tight controls are placed on the growth of the eligible population.

In contrast to medicaid, there appears to be no possibility whatever for significant cuts in the second-largest federal welfare program, food stamps—used in lieu of cash to buy domestically produced food items. The 1981 budget cuts dropped the gross income establishing family eligibility from 150% of the federally defined poverty level to 130%. In addition, Congress eliminated the scheduled 1982 inflation adjustment of benefits and restricted total monthly allotments of the stamps to 99% of the Agriculture Dept.'s "thrifty food" budget. The combined effect of these changes, Administration officials say, was to make certain that only the truly poor qualify for food stamps and that the level of benefits is just barely enough to provide adequate nutrition for beneficiaries. In fact, benefits are more likely to be increased this year than to be cut. Reagan's own hunger commission recommended that the maximum benefit level be restored to 100% of the thrifty food plan.

MILK MONEY

The only serious proposal to cut food stamp costs that is still on the table is the Administration's call to trim administrative costs by imposing additional penalties on states that make excessive errors in determining benefit levels and eligibility, saving $503 million in fiscal 1985. Because these cuts would come from the federal payments to the states for administering the program, they would not directly affect beneficiaries. But critics charge that the proposed error-rate standards are unreasonable and that, in any event, reducing the funds that are available for program administration is likely to increase—not reduce—errors.

Larger savings are possible in other nutrition programs, particularly school lunches, which benefit the middle class as well as the poor. The CBO estimates that $310 million a year could be saved by 1989 by eliminating all subsidies to schools for providing meals to students whose family incomes exceed 185% of the poverty level. And almost everyone except Congress agrees that the special milk program, which provides subsidized milk to schools that do not participate in the school lunch program, could be eliminated for a saving of almost $20 million a year.

HOUSING SUBSIDIES

The one area of the welfare budget other than medicaid whose cost seems to be rising rapidly is housing assistance, but here the budget data are seriously misleading. Because of the nature of budget accounting, much of the $11 billion in outlays planned for fiscal 1985 actually reflects the cost of subsidized housing built during the 1970s under programs that have since been eliminated. Although Congress, particularly the Democratic-controlled House, still supports subsidized housing, the Administration has all but ended the program. Only 10,000 units are proposed in the 1985 budget, all of them for the elderly or handicapped.

The Administration favors getting out of the housing business altogether. It would prefer to give poor families vouchers for rent money and let them find their own living quarters. Congress has resisted the idea but has approved a $200 million demonstration program to provide vouchers for 15,000 housing units. Whatever is done to the programs, their cost cannot be reduced much in the near term; the government is stuck with paying $9 billion a year to amortize $250 billion worth of constructed subsidized housing, a sum that must be amortized over 30 years.

The program most widely associated with the idea of welfare is AFDC, which, for the most part, gives cash benefits to single mothers and their children. The state-set benefit levels vary drastically, with the federal government reimbursing the states for roughly half their cost, a total of $7.5 billion this year. AFDC was cut back severely in 1981. The most significant change was to reduce the income an AFDC recipient can earn and still remain eligible for benefits. Even where the income is low enough to preserve eligibility, the combination of wages and federal payout may leave the recipient worse off than she had been, jobless, under prior law.

Other AFDC changes require the income of stepparents to be included in calculating gross family income and restrict recipients to $1,000 in assets (after limited exclusions for housing and automobiles). According to the Health & Human Services Dept., these changes eliminated 408,000 families from the rolls and reduced benefits to 299,000 more.

Given this history, it is not surprising that few see much room for additional cuts. The Administration has proposed that requiring AFDC recipients capable of work to perform public service in exchange for their benefits—an option given to states in the last two years—be made mandatory, with a possible savings of $171 million in 1985.

In addition, the Administration wants the power to withhold overdue child-support payments from the paychecks of absent fathers whose families collect welfare. But this would raise less than $40 million. Large additional cuts are impossible because the primary beneficiaries of the program are children who have no other means of support. "We tend to focus too much attention on the adult recipient who 'ought to be out there working,'" says David P. Racine, director of government and social policy for the American Public Welfare Assn., which represents state welfare administrators.

LITTLE HELP

No such moral judgments color the debate over the government's other major cash support program, Supplemental Security Income. SSI is the program of last resort for the elderly, physically and mentally handicapped, and blind who have no other significant source of income. The program, which costs about $4 billion a year, has such rigid qualification requirements and provides so low a level of support—the average monthly benefit per person is under $100—that it was left largely untouched by the 1981 cuts. In fact, some benefits were increased last year. The only thing the Administration could find to propose for next year is reduction of SSI benefits to offset Social Security windfalls received by some beneficiaries. The proposal would save only $5 million a year.

One striking feature of the current debate on welfare is an absence of the sweeping welfare reforms that were the darling of many economists, and indeed of the Nixon Administration in the early 1970s. The rejection of drastic reform stems from studies that have convinced budget experts that no savings could be made. They point, for example, to the experience with SSI, which was created in the 1970s out of an assortment of federal and state programs and wound up costing twice as much as the former tab for the individual programs. "The problem with consolidation is that no one can ever lose," says an OMB official. "Every time we have tried to consolidate benefits, we have ended up with a profound expansion of outlays."

Although some cuts are possible in all of the existing programs, the prospects for big savings to help reduce the deficit just are not there. Current programs are very close to the minimum level of support that a wealthy society has decided it must provide to its poorest citizens.●

PHILADELPHIA CLERGY COMMENTS ON STRUCTURAL UNEMPLOYMENT

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. EDGAR. Mr. Speaker, I rise today to call the attention of my colleagues to an extraordinary document recently issued by 132 Jewish, Catholic, and Protestant religious leaders in the Philadelphia area. Under the auspices of the Northwest Interfaith Movement, a representative group of these clergy spend 9 months preparing a paper entitled "Work and Justice." The final draft was released last month in pamphlet form; it is a powerful statement on the changing nature of the American economy and the effect of this change on working Americans, their families, and their communities.

The document notes the terrible personal effects of long-term unemployment and calls for a new covenant between business and the communities in which they are located. The goal of this effort is to make economic decisions with sensitivity to their impact on individuals. A most useful facet of the document is its enumeration of several positive developments on the employment front in the Philadelphia area, including the formation of community credit unions, business-government cooperative projects, and employee-owned businesses. This study represents an important step in the dialog we must maintain as our Nation enters a future of diminishing resources. Mr. Speaker, I commend "Work and Justice" to my colleagues, and ask that it be printed following my remarks.

WORK AND JUSTICE

There is a new unemployment that haunts our land. It is an unemployment that is unrelated to normal business cycles. Despite talk of economic recovery, it is an unemployment that is getting worse, not better.

Each of the last economic recoveries left behind a higher rate of joblessness. After the 1975 recession, unemployment reached a low point of 4 percent.[1] After the 1980 recession, unemployment never got below 6 percent.[2] And experts predict that the 1982 recession will leave behind an 8 percent unemployment rate.[3] That's 10 million Americans left looking for work, and millions more too discouraged to look.

Without work people cannot maintain dignity. Without work people cannot maintain decency.

The prophet Micah said: 'And what does the Lord require of you but to do justice, and to love mercy, and to walk humbly with your God?"

Quoting the tradition of the prophets, Jesus dedicated his ministry to "bringing good news to the poor" and "liberty to the oppressed." Sharing a common value heritage we ask: what is required of us "to love justice" today? What does it mean "to bring good news to the poor" today?

As religious leaders, we hold firmly that the only sure basis for a healthy and productive society is to be found in the moral principal of fairness—the fair and just distribution of the burdens, benefits, and risks which derive from shared participation in our common life.

We sign our names to this document not because we believe it is a definitive statement of the problem but because by it we intend to begin a dialogue. In the tradition of the New England town meeting, we believe citizens concerned with our economic crisis—an enduring crisis of equity and justice—should, as the Bible says, "reason together."

THE HUMAN MEANING OF WORK

Work is more than an economic issue. It is a profound moral issue, an issue of justice and fairness. Who works and who does not, what kind of work is done, and who has the say—these are fundamental ethical questions. It is in and through work that men and women express their human essence, whether the work they do be the paid work of factory or the unpaid work of home, the work of the carpenter or the work of the composer. Through work men and women respond to their unique human calling to extend by human creativity the work of God begun in Creation. The opening pages of Genesis tell us that we are made "in the image of God" and that our mandate is to "be fruitful and multiply, fill the earth and subdue it."

In times past, "subduing the earth" meant the human conquest of nature. But no more. With new ecological awareness, we now realise that "subduing the earth" implies not conquest, but the use and care by God's creatures of God's creation. The earth is not something to be acted against, but something to be interacted with. Work is our species' special way of living within our natural environment.

Work is uniquely human. Only humans make the social and natural order an object of their reflection and activity. We are not limited by our given world, but we can transcend and transform it. In transforming the world we ourselves become transformed. The most graphic example of this can be found in our early evolution as a species. The opposed thumb, the expansion of the higher brain, and our increasingly elaborate use of tools all evolved simultaneously over millions of years. The tool is profoundly symbolic of the human. Our working is our species' way of being and of becoming. This is the real maning of God's command ("mitzvot") to "subdue" the earth.

Moreover, these creative possibilities inherent in work join us to the community of human workers. We remember with gratitude the heritage of prior human labor which, over time, by elaborating its use of tools and in increasingly complex ways organizing its productive activity, has sharply increased the possibilities of our own wellbeing.

Work, even work distorted by exploitation, reminds us that it is only in joining together with others that we improve that common good through which each benefits by the other's labor and without which all remain both alone and destitute. So it is that Paul warns us in his letter to the Romans, "as in one body we have many members, and all members do not have the same function," still each is "not to think of himself more highly than he ought to think, but to think with sober judgment."

In work we discover a profound and necessary mutuality. It is a distortion, therefore, to see fellow workers as competitors to be "beaten," or as impersonal entities in the productive process to be "planned." Indeed, by our working together we should be drawn out of our narrow self-preoccupation and excessive self-regard into the clarity of self-perception which sees our common human journey nourished by the creativity and sacrifice of those who labored before us. We should be reminded that we too are part of this journey—that our time is a part of all time, and that as inheritors we are also responsible to preserve and add to this legacy which is built up and made fruitful in human labor.

Work, then, is equally an ordinance of God and a gift which each human gives to every other human, and each generation gives to the next. Work is a mirror within which an era reveals its inner reality. As such, work remains at every stage of human development the surest entrance into the social question—the question of justice and exploitation in human relationships.

WORK TODAY

There is a crisis of work in our society today. There is a new unemployment and a new pattern of downwardly mobile re-employment whose causes are still very active. Yesterday's profits made in America too often become today's investment capital producing jobs in low wage, third world countries that replace jobs here at home. Or, increasingly, machines take the place of working men and women on the assembly line and in laboratories and offices, with little regard for job retraining or the future of displaced workers.

We have entered a new world economy where not only neighborhoods but whole domestic populations are held hostage, made to compete against one another under the discipline of maximizing profits, and where losers are left to joblessness or work that has lower wages and fewer benefits. True, the poverty of the world's masses requires worldwide economic development. But this development cannot rest upon increasing the social inequalities inside both first and third world societies. Today, whether in Brazil or in our own country, the poor get poorer and the rich get richer.

The result? Profits recover. Wall Street prospers. But working people and their neighborhoods continue in deep distress. Accepted social indicators do not register this discrepancy. Rising Dow Jones averages seem on the evening news record the flourishing of some but not the floundering of many.

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[1] Bureau of Labor Statistics.

[2] Ibid.

[3] New York Times; May 1983; December 1983.

There must be no mistake. Unemployment injures. In fact it kills. Research shows that for every 1 percent increase in sustained unemployment there will be an additional 37,000 deaths in our society. A 1 percent increase in unemployment means a 5 percent increase in suicides, a 7.5 percent increase in homicides among males between 17 and 24.[1] The nearly 50 percent unemployment rate amongst minority youth locks a whole generation out of the American Dream, condemning them, while still young, to live the rest of their lives in some twilight zone of worklessness and hopelessness.

Unemployment increases death by heart attack. It increases alcoholism, wife and child abuse, and divorce rates.[2] Unemployment attacks our neighborhoods, causing deterioration in social and physical environments, undermining the community's tax base, and so depriving it of the means to fight back. Added to this unemployment is an emerging pattern in our society that the new jobs which are created are lower on the wage and benefit scale. The service economy may be fine if you are a doctor or corporate lawyer, but most of the new work being generated in our society is in the fast food industry or in clerical and retail work. The average weekly wage for factory work in Southeastern Pennsylvania in December 1979 was $295, while the average wage for service was $170.[3] This wage differential holds true all across the country.

The Catholic Bishops of Canada have spoken about this new crisis of work. "In effect, capital has become trananational and technology has become increasingly capital-intensive. The consequences are likely to be permanent or structural unemployment and increasing marginalization for a large segment of the population in Canada and other countries." The Bishops speak of this as "a deepening moral crisis," because "through these structural changes, 'capital' is reasserted as the dominant organizing principle of economic life." [4]

The Bishops then conclude: "This orientation directly contradicts the ethical principle that labour, not capital, must be given priority in the development of an economy based on justice." Many would disagree with the bishops. Many would defend the emerging patterns of capital formation and economic development as the only effective way of freeing capital, through increased incentives, to invest in new technology and additional physical capacity. This increased investment will lead to increased productivity and eventually to more jobs.

But we must ask: progress that is built upon high rates of unemployment, that downgrades the wages and work skills of millions of American workers, is progress for whom? Economic recovery for whom?

A NEW COVENANT

In Biblical times the tribes of Ancient Israel would gather periodically to renew their covenant with God and one another. Our own forebears covenanted together in establishing this country. Now, we today must seek a new covenant that will restore our sense of common purpose, of shared destiny, and return to its place of preeminence that common good without which no private benefit can long endure.

In 1630 John Winthrop, first governor of the colony at Massachusetts Bay, said as he sailed to America: "we must be knit together in this work as one man. We must be willing to abridge ourselves of our superfluities for the supply of others' necessities." But then he warned, echoing the words of Deuteronomy: There is now set before us life and good, death and evil, in that we are commanded this day to love the Lord our God, walk in His ways and to keep His laws and the articles of our covenant with him. * * * But if our hearts shall turn away so that we will not obey, but shall be seduced and worship other gods, our pleasures and profits, and serve them, it is propounded unto us this day, we shall surely perish out of the good land whither we pass over this vast sea to possess it."

Today we stand at a crucial turning point. We stand in need of national renewal. We have become a nation divided against itself. We have lost the moral basis for our common life. We "worship other gods."

Trying to fix personal blame or innocence is not helpful. The fault lies with a structure of decisionmaking which obscures the relationship betweeen economic decisions and their human consequences. We keep two sets of books in our society—one called capital and the other called community. What counts as costs to community does not register on the books of capital; while profits to capital may in fact be at the expense of workers and their neighborhoods.

This was not supposed to happen. Classical free market theory taught us that if capital is simply left free to do whatever it wants then, automatically, the rest of us will also benefit. The relationship between capital and community, it was argued, need not be a covenanted relationship—because the operation of the free market will automatically transform the pursuit of individual self-interest into the public benefit of an efficient and growing economy.

As the theory explains: if society lets consumers pursue unhindered their own self-interest, and associates these with competing producers by way of the free market, the result will be not the expansion of greed, but products of high quality at the lowest possible price. Efficiency and productivity will become the twin deities of enterprise and lead us into the promised land of a rapidly expanding economy.

True, some will get more and others less, but all will have more than they had in the beginning. Economic growth promises to make unnecessary, therefore, the inherently conflictual task of deciding what is just and fair. Morality becomes a matter of one's personal and family life; while economic is turned over to technical expertise.

From the beginning of free market thought, a curtain of silence is thus drawn between capital, which calculates profits, and community, where human benefits and injuries are tallied. Simply let capital do what it is best at—pursuing efficiency and productivity—and the rest, in theory, will take care of itself.

We believe that the usefulness of this social philosophy—whatever it may have been in the past—has now ended. The new economic conditions of internationalized capital and labor markets, together with the failure of political institutions, both national and international, to keep these economic forces under effective public discipline—requires moral analysis and corrective action based upon religious and moral principles.

We are faced with the same task our forebears faced: how to discern and defend our "commonwealth." Contradicting the Biblical commandant, "thou shalt not envy ("lo tachmod bayt rayecha"), we have established a consumer society built upon greed. Personal worth is measured by our ability to consume or possess. The message transmitted by our mass media hundreds of times daily is: the more you buy, the happier you'll be. But the goal is illusory, the equation false. Experience bears out that time and again, whenever higher levels of consumer achievement are reached, self-doubt and anxiety remain the same or even increase.

And what about the poor in a consumption-oriented society like ours? The Bible clearly shows God's special concern for the poor, the widow, and children. Yet today, while the wealthy enjoy tax cuts, the poor suffer cutbacks in social services. Many of these are women who head households and struggle to maintain independence but remain in destitution. Of female-headed families with income from private pensions, annuities or alimony, 19 percent are in poverty. Of female-headed families which receive a wage or salary, fully 20 percent have income below the poverty level.[1] God's warning to societies which feed greed even as they exploit women and ignore the cry of children is clear: That society stands condemned.

As a nation we stand in need of a new covenant, a renewed moral foundation. Capital and community must find a just and mutually agreed upon basis for their association. In seeking to define the terms of this new covenant, we may begin by stating clearly what is not fair or what is not just. It is not just, although it is true, that 60 percent of the tax benefits from recent tax cuts have gone to the 5 percent of American households making more than $50,000 a year.[2] It is not just that while the rich increase their wealth, the poor are faced with sharply reduced social programs for such basic necessities as food, housing, adequate medical care and warmth in winter.

It is not fair that young men and women must mortgage their futures to pay for a college education, when education is no longer a social luxury but a necessity for entry into a post-industrial job market. It is not fair that corporations can abandon a community with impunity to seek higher profits in low-wage third world countries. It is not fair that, unlike other Western industrialized nations, we have no systematic program for worker retraining but instead leave our displaced workers without help to find a secure job future.

We call for a new covenant—a conscious moral relationship between capital and community, between those who make significant economic decisions and those who must live with the consequences of those decisions. True, capital invests in community—producing jobs and income. But equally true, community invests in capital, supporting over time that crucial loyalty to the work ethic and belief in the future without which the whole structure of incentive and social discipline breaks down.

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[1] Bluestone and Harrison, "The Deindustrialisation of America:" Basic Books, N.Y. 1982 (citing the research of Dr. M. Harvey Brenner, Epidemiologist, Johns Hopkins University).

[2] Ibid.

[3] Philadelphia Inquirer, January 1980.

[4] "Ethical Reflections on the Economic Crisis:" The Episcopal Commission for Social Affairs, Canadian Conference of Catholic Bishops; January 1983.

[1] Congressional Budget Offices; Congressional Testimony, Spring 1982 (Congressional Record).

[2] Ibid.

Already there are signs of promise. We see the spirit of commonwealth emerging in a new managerial training and reward system which recognises the importance of long-term commitment rather than an exaggerated preoccupation with short-term profits—commitment to the development of excellence of product, investment in research and long-term development programs, and a sense of responsibility to an established workforce which displays itself in constant job retraining and the intention of lifetime job security.

There are specific examples of a new covenant of justice emerging here in the Delaware Valley. We cite five of these.

1. We see signs of promise in corporations taking an active hand in improving the educational environment of our city school system. The strong relationship which Colonial Penn Insurance established with Vaux Junior High School stands as model for expanded corporate involvement in community welfare.

2. We see signs of renewed convenant in the emerging community-based credit unions, which link enterprise and neighborhood in a shared destiny. We believe that religious and secular organizations have an obligation to place a portion of their own endowment and pension funds in these creative ventures, which point backward to the Biblical idea of covenant and forward towards a restored commonwealth.

3. We note with satisfaction that a major corporation in our area—the Sun Company—when deciding to close its Sun Ship Yard, pledged $3 million to the city of Chester for anticipated losses in wage taxes. This accountability to community needs to be duplicated and deepened all across our country. Indeed, it is an accountability which should be embedded in law.

4. We look with hope to the emergence of community/worker owned enterprise which roots work in local neighborhoods. PACE (Philadelphia Association for Cooperative Enterprise) is an organization which assists these efforts at a new style of ownership. Thanks to the foresight and leadership of Local 1357 of the United Food and Commercial Workers, the shutdown of A&P stores in the Delaware Valley and the loss of over 2000 jobs was averted in 1981. In its stead, a new subsidiary of A&P was created, re-employing the over 2000 former A&P workers, and two worker-owned supermarkets (O&O) were created.

5. We applaud the sense of shared destin shown in recent efforts to make mortgage money available to city residents at below-market rates by a creative investment policy of Philadelphia Pension Fund planners. The high rate of return to the Fund shows that community support is not just morally but also financially rewarding.

Finally, beyond these local signs of hope, we see the need for a new kind of federal legislation, legislation which brings capital and community into the same set of books. We need to structure by federal law the process of economic decision-making so as to assure that the wealth which results from our common efforts will benefit the many and not just the few, will sustain and restore neighborhoods and provide jobs, for all who want to work, that are secure and pay a decent wage. This and this alone is the definition of a healthy economy.

In the end our wealth is our commonwealth. The truth which Martin Luther King, Jr. spoke still stands: "we are caught in an inescapable network of mutuality, tied in a single garment of destiny. What affects one directly, affects all indirectly." the pursuit of private profit may succeed for a while but, if undisciplined to the common good, ultimately will destroy its own foundation. Community alone is the rock upon which capital can establish a secure future. All else, as the Bible indicates, is sand, and will be washed away in the flood of time.

The choice is ours. Lincoln's vision of "a nation of the people, by the people, for the people," has yet to be realized. Our Constitution begins, "We the People of the United States, in Order to form a more perfect Union . . ." and today we are again called to that task. We would "preach good news to the poor", "set at liberty those who are oppressed", and "let justice roll down like mighty waters." This task is the meaning of human life and the way in which human life finds meaning. It is God's call to covenant.●

HEALTH CARE TECHNOLOGY

HON. EDWARD R. MADIGAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. MADIGAN. Mr. Speaker, I was pleased to join my colleague, the gentleman from California (Mr. WAXMAN), in the recent introduction of legislation which provides specific authority for the National Center of Health Services Research to undertake research on health-care technology and to advise the Secretary of Health and Human Services whether specific medical technologies should be reimbursable under federally financed programs. In addition, this legislation gives the Secretary of Health and Human Services the discretion to participate in a private, nonprofit entity which could provide additional and broader technology assessment tasks to include clearinghouse functions, the stimulation, coordination, and commission of assessments and the identification of specific medical technologies for assessment.

Rising health-care costs are a concern to all of us. The remarkable advances in the development of medical technology have helped us maintain our preeminent position as world leaders in medical care. But with that preeminence comes a harsh reality—at least 25 percent of the measured costs in health care are due to the use of new technology that may not have been carefully assessed with respect to costs and benefits.

I join with my distinguished colleague in emphasizing the need to maintain quality and access to the fruits of our technology research. Health-care providers and third-party payors need to have the best information available in order to spend health-care dollars wisely and efficiently. What is now lacking is a coordinated, broadly based, scientific approach to medical-technology assessment.

Our legislation provides a framework for not only assessing new technology, but for reviewing the appropriate use of technology that may be obsolete. Decisions to pay for costly technology must be based not only on costs but also on effectiveness, safety, and the level of benefits.

The best joint efforts of industry, health professionals, and the Federal Government are needed to address technology-assessment issues. This legislation provides for a joint private-public consortium to address broader technology assessment issues and for needed activities in the Public Health Service to assist the Secretary of Health and Human Services in making coverage decisions under medicare and other federally financed programs. These functions are desperately needed to maintain the quality of our medical care and to judiciously manage health-care costs.●

BAYONNE CHAPTER OF NATIONAL CONFERENCE OF CHRISTIANS AND JEWS SALUTES THREE COMMUNITY LEADERS

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. GUARINI. Mr. Speaker, three outstanding individuals from the city of Bayonne are being honored by that community's chapter of the National Conference of Christians and Jews, as recipients of the 1984 annual medallion awards.

Ceremonies will take place during the organization's annual dinner dance to be held on Tuesday, May 1, 1984, at 6 p.m. at the Hi-Hat in Bayonne, NJ.

The medallions are awarded to representatives of the Jewish, Protestant, and Catholic religious faiths "who have best promoted the spirit of brotherhood in the community." Those to be honored are Solomon Z. Mangel, Patrick C. Schifano, and Thomas K. Wojslawowicz.

I extend congratulations to the three recipients and also to the organization for acknowledging the outstanding work of these men who teach and live and work at brotherhood every day in the week. The individual best known to me, Thomas K. Wojslawowicz, was born and raised in Bayonne. He is a graduate of Mount Carmel Elementary School, Saint Anthony of Padua Prep School, and Seton Hall University, where he obtained a B.S. degree in education. Following this he did graduate work in aquatics at the University of Alabama.

The honoree is employed by the Bayonne Board of Education, teaching at Bayonne High School and Lincoln Community School. In addition to his teaching duties he directs both the community and school programs, having served in these capacities for 11 and 20 years respectively.

Wojslawowicz is vice president of the National Inter-Scholastic Swimming Coaches Association, for which he wrote and developed their widely used swimming manual.

A member of the Polish American Congress, he serves as president of the Bayonne Chapter, vice president of the State chapter and is a director of the national chapter. He is president of the Polish American Citizens Club, a board member of the Polish American Home, executive vice president of the General Pulaski Memorial Committee, and chairman of the High School Girls Swimming Committee. Among his other affiliations are memberships in the Richard Rutkowski Association, the Knights of Columbus, and the Mount Camel Lyceum.

Wojslawowicz has organized and coached the Bayonne YMCA Mermaid and Starfish swim programs for the past 20 years. He planned and designed the widely used Lincoln School pool, where he established a senior citizens swim program. In addition, he organized a rally in support of Solidarity against Martial Law in Poland, ran fund-raising youth dances for the Cancer Fund, collected food, medicine, and clothing for the people of Poland, and is currently working on the Restoration of the Statue of Liberty Committee. He currently serves as chairman of the Bayonne Housing Authority.

Previous honors which have been bestowed on him include the Service to Youth Meal by the YMCA, where he also received the International Service Award for conducting swim clinics in Trinidad and Tobago. He was inducted in the Bayonne Sport Hall of Fame for his contributions to swimming and was named "Swim Coach of the Year" by the New Jersey Swim Coaches Association. In 1970 the Bayonne Junior Chamber of Commerce gave him their Outstanding Young Man of the Year Award. The same year he was the Bayonne marshall of the New York Pulaski Day parade.

Thomas' involvement indeed echoes the words of David Grayson who wrote:

> To be needed in other human lives—is there anything greater or more beautiful in this world.

It is also my pleasure to pay tribute to Solomon Z. Mangel and Patrick C. Schifano, the other two recipients of this coveted award.

Mangel, born in New York, after his graduation from the City University of New York and Baruch College of Business, married Lillian Epstein and moved to Bayonne, where they have raised their two daughters, Florence Ellen and Phyllis.

Since arriving in Bayonne, Mangel has been actively involved in the community.

Currently serving as the president of the Bayonne Chamber of Commerce and Tax Research Council, Mangel is also secretary of the Bayonne Plumbing Supply Co. and treasurer of the Jersey Jobbers Group, an association of plumbing supply wholesalers in New Jersey.

A member of Temple Emanu-el, he also serves as a director on its board of trustees.

In addition, Mangel is a trustee with the board of directors of the Jewish Hospital and Rehabilitation Center in Jersey City and cochairman of the corporate gifts division, endowment sustaining fund for the Bayonne Jewish Community Center.

Mangel has also held a number of other positions over the years, including president of the Jewish Community Council of Bayonne, president of the Bayonne District, Zionist Organization of America, president of the Brotherhood of Temple Emanu-el, chairman of the United Jewish Appeal of Bayonne, cochairman of Bonds for Israel in the city and trustee on the board of directors of the Bayonne Jewish Community Center.

Receiving the NCCJ's medallion award has become a tradition in the Mangel family.

Four other family members have also been selected as honorees, including Sidney Epstein, Mangel's father-in-law, Marvin Epstein, his brother-in-law, and cousins Nathan and Lillian Susskind.

Mangel has indeed given much of this talents back to the community. He is a member of the Alpha Delta Sigma, the national honorary advertising fraternity, and to Beta Gamma Sigma, the national honorary scholastic fraternity in the business field.

High points in this college career were his graduation cum laude with the degree of bachelor of business administration and being awarded the Wollman Prize for his thesis, "The National Theater Movement."

Also to be honored is Patrick C. Schifano, born in Jersey City, who is a graduate of Jersey City State College where he earned B.A. and M.A. degrees in English.

After teaching at the Bergen School and Teaneck Junior High School, he received a professional diploma in linguistics from Columbia University. Further on in his career he worked with the Society of Maladjusted Students in the New York City school system. He later conducted classes in the English language to the foreign-born personnel of Roosevelt High School. Schifano also taught at St. Peter's College, Kean College, and Princeton University, where he was live-in instructor for visiting Soviet and Eastern European Scientists participating in a 2-year exchange program with U.S. scientists.

In 1971, he joined the Bayonne school system where he was subsequently appointed director of elementary language arts, overseeing programs in speech and English as a second language in addition to district programs.

The honoree is a member of Phi Delta Kappa, Public School Administrators Association, National Council of Teachers of English, National Association of Bilingual Educators, and the Hudson County Reading Association.

He is a past member of the Bayonne Bergen Temple Lodge No. 99 F&AM, past president of the New Jersey Teachers of English to Speakers of Other Languages, past president of the Past Masters Association of Hudson County and secretary to the board of directors of the Bayonne Masonic Temple Association.

Schifano is also a member of the New Frontier Democrats of Bayonne, Concerned Citizens of Bayonne, and the Valley of Northern New Jersey-A.A.S.R. He served as a judge for the Jersey Journal spelling contest, Rotary Club scholarship, essay contests, and the Vocational and Industrial Clubs of America.

He is married to the former Patricia Petrovich.

The work of these three men and the National Conference of Christians and Jews reminds me of the tremendous challenge of Franklin Delano Roosevelt who said:

> If civilization is to survive, we must cultivate the science of human relationships—the ability of all peoples, of all kinds, to live together, in the same world at peace.

I am also reminded of the words of a Hudson County older American who told me:

> Let's remember that it takes both the white and black keys of the piano to play "The Star-Spangled Banner."

I believe the words of Peter E. Terzick, whose message "What is Brotherhood" to be most meaningful:

> What is brotherhood? It is the wisdom of Lincoln and the warmth of Gandhi. It is the humility of Jesus, the humbleness of Mohammed, and the humanitarianism of Confucius. It is Catholic and Protestant and Jew living together in peacefulness and harmony. It is Italian and Dane and Bulgarian and Pole working side by side on the job and sitting shoulder to shoulder in the union hall searching for ways to advance the common good. It is the Ten Commandments and the Sermon on the Mount. It is the Bible, the Talmud, and the Koran. It is the essence of all wisdom of all the ages distilled into a single word. But equally it is the understanding of neighbors and friends who sorrow at your misfortunes and rejoice at your triumphs. You cannot see brotherhood; neither can you hear it nor taste it. But you can feel it a hundred times a day. It is the pat on the back when things look gloomy. It is the smile of encouragement when the way seems hard. It is the helping hand when the burden becomes unbearable.

Each day all of us must work for brotherhood because the responsibility of tolerance lies with those who have the wider vision so necessary to fight the evils of bigotry so graphically portrayed by Daniel O'Connell who wrote:

> Bigotry has no head and can not think, no heart and can not feel. When she moves it is in wrath; when she pauses it is amid ruin. Her prayers are curses, her God is a demon, her communion is death; her vengeance is eternity, her decalogue written in the blood of her victims, and if she stops for a moment in her infernal flight it is upon a kindred rock to whet her vulture fang for a more sanguinary desolation.

I am sure that my colleagues here today in the House of Representatives wish to join me in this salute to Thomas K. Wojslawowicz, Solomon Z. Mangel, and Patrick C. Schifano. They will be presented their medallions by William Kowalski, Richard J. Malanowski, and Charles Mangel, who will make the presentation to his brother Solomon.●

REMARKS BY JACKIE PRESSER AT THE AMERICA WORKS WHEN AMERICA WORKS CONFERENCE

HON. BOB McEWEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. McEWEN. Mr. Speaker, I would like to share with my colleagues an excellent speech by Jackie Presser before the America Works When America Works Conference on February 8, 1984. Mr. Presser is General President of the International Brotherhood of Teamsters, representing 1.8 million members. He is a native of Ohio and was responsible for great innovation and growth in the Ohio Teamsters. It is with great pleasure that I submit his remarks today.

REMARKS BY JACKIE PRESSER

It is certainly an honor and a pleasure to have the opportunity to address such a distinguished audience. The theme of your conference couldn't be more welcome or timely. Far too often, those of us in labor, management and government get caught up in the grind of day-to-day details and risk missing the forest for the trees.

As I have stated repeatedly since becoming General President of the International Brotherhood of Teamsters, it is time to break with the past, time to develop a new American partnership that can lead this nation into a progressive new direction that benefits the individual working man and woman and the economic system as a whole.

The many weighty questions that confront the labor relations community in America—bankruptcies, layoffs, trade deficits, productivity and technological innovation—boil down to the single issue of job security. By job security, I'm talking about more than just the retention and creation of jobs today. I'm talking about the adaptation of business, labor and government to the demands of the future.

Ladies and gentlemen, that future is staring us directly in the face and the prospect is not a happy one.

We pat ourselves on the back when *only* 8.0% of the labor force is out of work. We might not be so complacent if we look a bit further. Youth unemployment, a social and cultural timebomb, stands at 20%. Among minorities, it is 29%. And unemployment among black teenagers is a shameful 50%.

The fact is, America is not working.

We can appreciate the magnitude of the challenge that lies before us by a quick glance at the past. My union is a little over 80 years old.

Eighty years ago, nearly half of America's workers were farmers. Today, 4% are in farming. Eighty years ago, the steel industry was an infant, and the automobile industry not yet born. Computer technology lay a full two generations in the future.

The transformation of our workforce, the movement of our people and the improvement in their skills and standards of living since then have been staggering. Just imagine the changes in American society an 80 year old man or woman has witnessed in his or her life.

And yet, hard as it may be to comprehend, the changes of the final years of this century will likely surpass those of the last 80. And if that projection doesn't put the fear of God into you, you're either asleep or dead.

It means that all the displacements, all the technological innovations of 80 years will be compressed into 16.

Look at what has happened in just the first three years of this decade:

There are one-third fewer auto workers today than there were in 1980;

For the first time in our history, more than one-half of the workforce is female;

Home computer sales have topped $1 billion in sales;

A generation of school children has grown dependent on calculators and video games; and

In business circles, teleconferencing and fully automated offices are no longer novelties.

These changes will only occur more rapidly and on a larger scale in the years ahead. As they do, they will totally reshape the American economy.

The question is . . . can the three major economic institutions—labor, management and government—keep pace with this change in order to improve employment opportunities for the people of this nation?

I don't know the answer to that question, but I do know this—if we don't, America will not have much of a future, and we will have squandered the glorious inheritance our forefathers left to us.

I know one other thing as well—we won't be able to do it unless we end the time-honored adversarial approach to our problems and join together to formulate joint strategies and policies to address the employment crisis.

I have been in the labor movement all my life, and I have witnessed first-hand the evolution of labor-management relations in this country. I well remember the early days of deep distrust and mutual threats. I rose through the labor ranks during the so-called "golden years" when America's postwar economic boom calmed fears and reduced strife. And finally, I have watched in recent years, as first, inflation, and then recession, rekindled the distrust and anger of those early years and threatened to rip the fabric of stable labor-management relations.

We can all take heart in the recent economic upswing, but we should not be blinded to the fact that the real employment crisis has little to do with the recent recession. The problem is structural.

Of course, economic growth, if we can sustain it, will expand employment opportunities. But that will not be enough. We need an employment policy that will make sure that our workers can fill the job openings that that growth will create.

The sad fact of life is that we have millions of laid-off workers whose jobs are likely never to return.

How do you tell the steelworker, the auto worker, the truck driver that the mill, the factory, the truck terminal is closed forever? And how does he tell his son who's always wanted to follow in his father's footsteps?

As a union leader who talks with other union leaders, I see and hear that everyday. The worker, in his frustration, blames his union. We blame management. And management blames the government. And all that finger-pointing accomplishes absolutely nothing.

The solution is not just avoiding recessions. It is not just extending unemployment benefits. It is not just enacting protectionist laws.

We need an employment policy that emphasizes prevention of unemployment rather than one designed merely to soften its impact. We need a plan that not only offers remedies for today, but hope for tomorrow. We need a program that anticipates displacement, not one that reacts to it. And we need to put job security on the same level of priority as national security.

We can't do it with the tools of the past. Unless we develop a mechanism that allows us to adapt to the circumstances facing us and develop a vehicle for adjusting these concerns in a mutually satisfactory manner, we will be condemning ourselves and our children to life in a second-rate nation.

In my opening remarks, I referred to the possibility of a new American partnership between labor, management and government. It is time to make that possibility a reality.

I have proposed the establishment of a tripartite policy-making body that would meet on a regular basis to develop long-range plans for labor relations in America. I am not talking about just another paperwork commission. I'm talking about a committee, comprised of labor, management and government officials, that would have broad authority over employment and training programs.

The need for a new structure is obvious at a time when, just in Congress alone, eight committees must deal with even minor changes in the unemployment insurance law. While they're deciding jurisdiction over problems, the problems have been getting larger.

I genuinely believe that such a tripartite body could get this country moving again. The experiment of labor-management cooperation committees has worked and continues to this day. Why not add the third integral partner in the labor relations system in America and start to get things done on a large scale, as we have on a small scale, in the Job Training Partnership Act of 1982.

I have no doubt that carrying out a comprehensive attack on the employment crisis will be very difficult. But winning the right to collective bargaining in the 30's was no picnic either. At the time that legislation was passed, many forecasters predicted doom for the American economy. Instead, the collective bargaining process brought dignity and hope to the American worker and markets and opportunities to American industry.

It is time for another "labor revolution," one based on courage, cooperation and concern for the future. There's no turning the clock back. We're engaged, and must compete, in a global economy. The industrialization of newly developed countries will continue, as will technological progress.

The important point is that we are all in this together. Unions, management and government must all be concerned with how to make enterprises more effective and efficient, and how to best make use of our manpower.

As the spokesman for the largest trade union in the free world, I welcome that challenge and I urge you to join me in helping to shape a future in which the American family has the opportunity to make tomorrow better than today. Let's remember the words of the wise philosopher who wrote, "the essential things in life are the things we hold in common, not the things we hold separately."

Thank you.●

THE IRANIAN TERRORIST THREAT

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. BROOMFIELD. Mr. Speaker, I want to share this excellent article with my colleagues in the House. I believe that all of us in this Congress and all Americans are united in our disdain for international terrorism. State-supported transnational terrorism is a threat to civilized societies around the world.

Recent U.S. Government studies of terrorist incidents overseas and intelligence information reveal the hand of Khomeini behind many of these operations. The horrible destruction of the American Embassy in Beirut and the brutal terrorist attack on the marine headquarters in that city are but a few of the many terrorist attacks on U.S. interests, both in the Middle East and in other areas of the world.

In the past few months, an American Foreign Service officer, posted in France, was shot and badly wounded and a political officer at our Embassy in Beirut was kidnaped. In Turkey, an American military man assigned to that country was also shot and wounded by terrorists. The terrible assassination of Mr. Leamon R. Hunt, a former Foreign Service officer, and Director General of the Multinational Force and Observers headquartered in Rome, was a great loss and a real tragedy.

Although Iranian involvement in some of these terrorist attacks has been proven beyond any doubt, I strongly believe that Iranian complicity in all of these terrorist attacks will definitely be revealed in the near future. The ayatollah recently made it perfectly clear that he would continue to attack and undermine American interests around the world.

Given the nature of this threat and the potentially grave damage that could be inflicted on our diplomatic, military, and business interests overseas by Iranian fanatics, we must take immediate action to counter this growing threat. I agree with our Secretary of State's recent comments suggesting that our Government take reprisals in the event of future Iranian terrorist action against U.S. interests. Enhancing American Embassy and military facility security around the world is a key aspect of our Nation's efforts to protect our diplomats and servicemen overseas against this mindless terrorism.

With these concerns in mind, I strongly recommend this fine editorial to my friends in the Congress. The concerns expressed in this editorial are, I believe, shared by all of us in the Congress. The fundamentalist terrorist madness of Iran must stop.

[From the Washington Post, Apr. 2, 1984]

NEW DANGER FROM IRAN

(By Rowland Evans and Robert Novak)

A shift by Iran away from the target of closing the Persian Gulf's vital oil traffic to a more ominous objective—ideological and political subversion against U.S. interests everywhere—is under overtime study by Reagan administration policy makers.

Iran's aggression against Iraq is expected to culminate in the next few weeks in the region just north of Iraq's Persian Gulf city of Basra. The Iranian offensive is now perceived as more chilling to American interests than any other single event in the Middle East since World War II.

Swept under the rug the past two years by policy makers during their long distractions over successive Lebanon disasters, the brutal war of Iran against Iraq has now come in for some ugly second thoughts.

The initial findings of the new study: The Ayatollah Khomeini's principal interest may not be denial of oil to Japan and the West by blockading the Gulf. Instead, the ayatollah bargains on quick anti-U.S. flip-flops by the rich and vulnerable Persian Gulf oil states. His real objective is to run the United States out of the Moslem Middle East and extend the reach of his fanatical brand of Islamic fundamentalism to the Mediterranean.

One tentative U.S. decision has been made. If Iran is found to be the source of a new terrorist attack anywhere against the United States, the reprisal will be immediate and massive. That was not the American response last October to the Iranian-inspired Beirut airport attack that killed more than 200 Marines.

Top-level policy makers cannot be absolutely certain of the ayatollah's objectives. But the reappraisal, substituting political subversion over blockading the Strait of Hormuz, has its counterpart in Israel.

With Defense Minister Moshe Arens taking the lead, Israel's conservative government now realizes that Iran, not Iraq, is the real enemy in the Gulf war. Israel, partly because of earlier American pressure, is no longer secretly arming the ayatollah's men to defeat Iraq. Bloody experience in dealing with Iranian-style terror in its occupation of southern Lebanon has opened Israel's eyes to what might ensue if the ayatollah cracks the Iraqi defense line north of Basra and sets up an Islamic republic in southern Iraq.

Odds are about 50-50 that this will indeed happen, perhaps within the next three weeks. The Reagan administration has reached a strong consensus about what would occur if Iran captures Basra and moves its forces to the Kuwait border. "Preemptive accommodation," in the phrase of one official, by a terrified Kuwait government that has already been terrorized by pro-Iranian Shiite fundamentalists.

This political accommodation would quickly spread down the gulf to encompass Saudi Arabia, the impotent oil sheikdoms and the two Yemens.

Brutal harassment of Americans, not excepting murder, would follow. There are some 70,000 Americans in the key, pro-U.S. Arab state of Saudi Arabia. "They would be reduced fast by coming home," one policy insider told us. Effective U.S. response would be impossible to this sort of ideological-political aggression, unlike the planned and credible military response if the ayatollah tried to close the Strait of Hormuz to oil tankers.

Shifting Iran's objective from the military to the political poses a frightening dilemma for the United States. A military move against Western shipping interests would be visible and tangible, easy to deal with by superior force. An Iranian offensive that is ideological and political, built on military conquest in Iraq, would be intangible and hard to pinpoint.

That explains the tentative decision to employ massive reprisal force—preferably directly against Iran itself—in case of a new terrorist attack on a U.S. Embassy or Americans anywhere that is clearly directed from Tehran.

Sure signs of anti-American terror have been discovered recently as far from the Persian Gulf as Manila and Bangkok. Pro-Khomeini extremists are escalating their threats against the United States wherever Islamic regimes hold power or Moslems have large minorities. The objective is not in doubt: expulsion of American influence by exploiting indigenous political power in Islamic states that are unable to resist the ayatollah's demands; direct use of Iranian-trained terrorists to undermine American influence.

Because the threat is unprecedented, the Iranian campaign against Iraq's defense of Basra is assuming the rare importance of a latter-day Battle of Thermopylae. Compared to the flawed Reagan administration performance on the localized Arab-Israeli struggle, the ayatollah's new challenge is one that the United States dare not lose if it wishes to remain the leader of the West.●

THE MIRAGE OF SPACE DEFENSE

HON. MATTHEW F. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. McHUGH. Mr. Speaker, earlier this month the House of Representatives adopted a budget that would require major reductions in defense and non-defense spending in the future. In both areas, we would be faced with difficult choices as to where those reductions should be made.

With regard to defense spending, my hope is that our colleagues will focus much closer attention on the Reagan administration's proposals for space-based weapons systems. This is one area of the defense budget where future costs are going to escalate rapidly and dramatically. However, as a recent editorial in the New York Times made clear, there are serious scientific questions regarding the feasibility of a space-based defense system. Moreover, as an accompanying article made clear, moving ahead with some of these efforts, such as modification of the Patriot missile system, could undermine the 1972 antiballistic missile treaty.

In short, space is one area where the United States ought to be moving with caution. Unless we do so, we may simply succeed in moving the arms race into outer space, at extraordinary cost to the American taxpayer. For the benefit of those of our colleagues who may not have seen the articles to which I referred, Mr. Speaker, I am inserting copies into the Record at this point.

The articles follow:

[From the New York Times, Apr. 2, 1984]

THE MIRAGE OF SPACE DEFENSE

In his "Star Wars" speech a year ago, President Reagan challenged scientists and engineers to design a space-based defense against Soviet missiles to "give us the means of rendering these nuclear weapons obsolete." An expert panel has now given a forceful response: For the foreseeable future, a total shield is technologically impossible.

A defense against strategic missiles has been sought for years. If there was any practical basis for Mr. Reagan's exhortation, it lay in new technical ideas—the X-ray laser developed under Edward Teller's auspices at Livermore or the ground-based excimer laser advocated by George Keyworth, a Teller protege who is Mr. Reagan's science adviser.

Mr. Teller is often given credit for developing America's hydrogen bomb, but others, like Hans Bethe and Richard Garwin, also played important parts. Mr. Bethe and Mr. Garwin led the opposition to the antiballistic missile in the late 1960's. Now, as members of a Union of Concerned Scientists panel, they express vigorous skepticism about the X-ray laser and other aspects of the proposed defenses.

The X-ray laser is a one-shot device powered by a nuclear explosion. Its beam would shoot 2,500 miles across space and hit Soviet missiles before the warheads—and easily deployed decoys—separate from their booster rocket.

The scientists' panel points to a fatal flaw: Boosters can be redesigned to part from their payload low in the atmosphere, beyond the reach of the most powerful X-ray beam. Other lasers could, in theory, penetrate the atmosphere enough to damage a booster by heating its skin. But they would be effective only if the Russians neglected simple countermeasures, like spinning the booster to prevent the laser from burning a hole, or hiding its tell-tale flame with heat shields.

Destroying missiles in the booster phase is by far the best strategy for the defense. Only after reentry into the atmosphere sorts out the decoys is defense again feasible. At that late stage, some protection could be given to missile silos, but not to cities vulnerable to nuclear bursts at high altitude.

The science panel found that all conceivable defense weapons, from particle beams to the homing device used in America's antisatellite missile, have grave if not insuperable defects for a Star Wars system. So do platforms from which such weapons might be launched or directed. Platforms in space are sitting targets, and the gigantic mirrors needed to direct laser beams would be especially vulnerable. To cover Soviet silos round the clock would require hundreds of platforms. Just to lift their laser fuel into space would cost $70 billion.

Computer speed is another problem. It is unlikely that any software now conceivable could work fast enough to manage an antimissile battle. Since even minor holes in any defense would risk millions of deaths, no system is worth having unless it works almost perfectly. And since it could never be fully tested, perfection is unattainable.

Secretary Weinberger says he has no doubt that a "reliable and effective defense" will one day be possible. Other Pentagon officials have told Congress that the Star Wars program is designed only to develop technology and that no deployment decisions will be taken before 1990.

But a decision can be taken right now. It's worth spending something, but surely not $25 billion, on Star Wars research. Short of some giant new stride in technology, the old answer remains as cogent as ever: Defense is destabilizing. It stimulates the opposing said to develop offenses that will defeat it, and offers a premium to the side that strikes first. As far ahead as anyone can see, the most effective protection is agreement with the Soviet Union to limit the nature and quantity of nuclear forces.

[From the New York Times, Apr. 2, 1984]

MISSILE SYSTEM CHANGE SEEN AS THREAT TO TREATY

(By Wayne Biddle)

WASHINGTON, March 31.—After two decades of development to be the Army's front-line antiaircraft weapon, the Patriot missile system is being transformed to be able to shoot down Soviet missiles, according to Defense Department officials.

Some arms control specialists say they fear an advanced Patriot missile could undermine the 1972 treaty between the United States and the Soviet Union limiting antimissile systems. Defense Department officials have said the Soviet Union's SA-12 mobile air-defense missile, which an Army spokesman said was similar to the Patriot, may already violate the treaty.

The Army is looking at a wide range of missions for the Patriot, including shooting at missiles, said Brig. Gen. James C. Cerce, the Army's deputy director of combat support systems.

THREAT TO TREATY

"Large-scale deployment of a Patriot with antimissile capabilities would almost certainly destroy the treaty," said Albert Carnesale, professor of public policy at the John F. Kennedy School of Government at Harvard. He was in the American delegation that negotiated the treaty on the so-called antiballistic missiles, considered one of the most effective arms control agreements of the 1970's.

John B. Rhinelander, a Washington lawyer who was a legal adviser to the delegation that worked on the first treaty limiting strategic arms, said, "This is another example of where technological change is eating at the edges of the ABM treaty."

An Army spokesman said the service had discussed the treaty issues involving an antimissile Patriot with the State Department and the Office of the Secretary of Defense but would not elaborate.

A Patriot combat unit consists of a portable radar antenna for finding and following targets, a computer for controlling the radar and the missile, an electric power generator and eight launchers carrying four missiles each. All these components are mounted on trucks. The Patriot, meant to replace obsolete Nike-Hercules antiaircraft stations in Europe, can carry nuclear warheads, but all units scheduled for deployment in Western Europe will be nonnuclear.

The Army says it hopes to buy 103 Patriot units and about 6,000 missiles at an estimated cost of $11 billion. For the current fiscal year, Congress approved production of 12 units and 287 missiles at a total of $845 million. The Army is taking delivery on Patriots ordered in 1981 from the Raytheon Company and its major subcontractor, the Martin Marietta Corporation.

Although Congress authorized limited production of the missile system in 1980, problems have kept manufacturing down ever since. According to a 1983 review of the program by the General Accounting Office, an investigative arm of Congress, the Patriot "was still showing a low reliability and experiencing performance problems" in 1980.

DEPLOYING BEHIND SCHEDULE

An Army spokesman said testing was halted when problems developed last year after the Patriot and soldiers trained to operate it were brought together for the first time. Testing is to resume in the fall.

The first Patriot units were to be sent to American forces in Europe in October, but an Army spokesman said the plan was at least half a year behind schedule. American and West German officials are working out the details of an agreement reached in December to place 24 Patriot systems with North Atlantic Treaty Organization forces along the East German border.

Mr. Carnesdale said that although development of a weapon that could shoot down "tactical" missiles was permitted by the 1972 treaty, which applies specifically to "strategic" weapons, such a weapon system cannot be used or tested against strategic missiles.

But the practical difference between "short-range" tactical and "long-range" strategic weapons was never defined. "Tactical" characterizes weapons of shorter range used in a region where combat is occurring. "Strategic" refers to weapons of longer, even intercontinental range. The American Pershings and Soviet SS-20 missiles fall somewhere in the middle because they can be launched several hundred miles from their targets. General Cerce refused to comment which Soviet missiles the Patriot would be enabled to shoot down.

EFFECTIVENESS IS QUESTIONED

"There is a large technical divide between antiaircraft and antitactical-missile systems," said Ashton B. Carter, a research fellow at the Massachusetts Institute of Technology and editor of a recent study of missile defense published by the Brookings Institution. "But the divide between antitactical and anti-ICBM is smaller," he said, referring to large, intercontinental ballistic missiles that universally considered to be of a strategic nature. "Once you've declared an antitactical system, you've made the big leap."

William E. Jackson, Jr., a senior fellow at the University of Arkansas's Fulbright Institute of International Relations and a former executive director of the General Advisory Committee on Arms Control, said, "Would defense against a 500-mile range submarine-launched missile be allowed under the treaty? I do not think so. Would defense against a 500-mile range land-based ballistic missile be allowed? I doubt it."

NEW ARMY PROGRAM

In 1983 the Army started a new development program, Anti-Tactical Missile, that, according to testimony before Congressional panels, depends on using the Patriot system. Although General Cerce refused to comment in detail about how Patriot would be improved under this program, an Army spokesman said "actual missile test firings" would validate the advanced system. He also said any changes to Patriot's radar, a crucial element for antimissile capability, would primarily involve computer control.

For the Patriot system to defend against tactical missiles, Congress appropriated $10 million for 1983, $17 million for the current fiscal year, and is being asked for $92 million in the fiscal year 1985. About $190 million is already budgeted for Patriot research, development and testing over the same period. An Army spokesman said spending of about $28 million was planned in 1987 for initial procurement of the antitactical system.

Congressional testimony has indicated that this system could eventually include a vast network of surveillance satellites and airborne radar systems.●

LOUISVILLE AREA TEACHER RECEIVES U.S. TEACHER OF THE YEAR AWARD

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. MAZZOLI. Mr. Speaker, recently I had the distinguished dean of the Kentucky delegation and chairman of the House Education and Labor Committee, Carl Perkins, as my guest on my television show.

On the show, Mr. Perkins and I discussed the need for a continued strong Federal role to assure that a quality education is available to all Americans. We also discussed several bills before the House—including the American Defense Education Act, H.R. 881, which we have both sponsored—to help maintain our standard of excellence in American education.

Nowhere is that standard of excellence more evident than in room 211 in Ballard High School in Jefferson County, KY, where Sherleen Strong Sisney teaches economics and history. Sherleen has just been designated the U.S. Teacher of the Year by Encyclopedia Britannica, the Chief State School Officers Organization, and Good Housekeeping magazine.

I have had the pleasure and honor of speaking before Sherleen's classes at Ballard on several occasions. The questions her students ask, and the observations they deliver about the political process evidence a depth and breadth of knowledge that attests to the quality of their instructional leader.

I had the pleasure of meeting with Sherleen, her husband Lee, her proud parents, Mr. and Mrs. Louis Strong, as well as three of her students from Ballard High School—who were all here to participate in ceremonies in her honor at the White House. Sherleen has brought credit and honor to the Commonwealth of Kentucky. We are all proud to have her kind in our midst.

I commend to the attention of my colleagues the following article which appeared in the April 1, Louisville Courier Journal about the exceptional work Mrs. Sisney is doing in the classroom.

The article follows:

LOUISVILLIAN HONORED AS U.S. TEACHER OF THE YEAR

(By Leslie Ellis)

One of the country's highest education honors has come to Kentucky with the naming of Sherleen Sisney, economics and history teacher at Ballard High School, as the national Teacher of the Year.

She will receive the award from President Reagan in a ceremony in the White House Rose Garden on April 11.

Thirty of her students, local school officials and her immediate family are invited to join her for the ceremony.

During a five-day stay in Washington, she will be featured in television appearances, interviews with the national media, meetings with top education officials and presentations to teacher associations.

She will continue in the national spotlight for the next year—her predecessor had at least three speaking engagements a week.

The award is expected to give Kentucky education some positive publicity—a departure from the usual dour reports that rank Kentucky among the bottom states in teacher salaries, literacy rates, dropout rates and spending per pupil.

"I'm still really in shock," Mrs. Sisney said Friday afternoon, "I've been trying to be a teacher and also work on press releases," she said, chuckling over having to juggle the demands of her new role.

Her students had left for the afternoon; her classroom—Room 211, at end of the hall—was abnormally quiet. Visitors usually find students operating mock corporations, debating political issues, acting as historical figures or writing new constitutions.

Named Kentucky's Teacher of the Year last fall, Mrs. Sisney is already a nationally recognized leader in involving the business community in the classroom. She created a "learn-by-doing" economics curriculum that has earned her an avid following among students.

The philosophy behind her teaching is to give students a reason to learn, to excite them about learning, and to encourage them to analyze and to ask good questions, instead of simply memorizing facts.

"She forces us to strive to find information on your own. She just doesn't spoonfeed us," a student in one of her economics classes said earlier this year.

A sign over her chalkboard says "Be More Specific," an admonition she uses to encourage students to speak and write clearly. Quizzes often follow reading assignments to test students' understanding of the material, and she may ask students to redo written work several times.

The National Teacher of the Year award has three sponsors: Encyclopedia Brittanica, the Chief State School Officers organization, and Good Housekeeping magazine.

Decisions were based on written essays about teaching methods and philosophies, and on interviewers.

A representative from Good Housekeeping shadowed her for two days in Louisville, talked with students, observed classes, interviewed parents and conducted a 25-minute videotaped interview.

In February, she became one of four finalists. That was when she began to feel as though she were "carrying the school system's banner" and helping to bring recognition to a "state that's not given a lot of credit for its students or personnel."

On March 2, she was told she had won the national title.

She was grading papers in her classroom and was summoned to the office—State Superintendent of Public Instruction Alice McDonald was on the phone to say "congratulations."

Mrs. Sisney laughed, remembering the call. "I said, 'For what?' "

"She told me she wanted to line my room with roses, but to wipe the smile off my face and get back (to class) and act like nothing had happened."

So far, only her immediate family and a few close friends and school officials have known of the award.

Award officials had planned no public announcement until a press conference April 10 in Washington. But after contest officials said they wanted 30 students to attend the ceremonies, local school officials realized there would be no way to keep it quiet.

A school system spokeswoman, Rande Swann, said the district is "elated" about the honor for Mrs. Sisney. "We feel Sherleen certainly does exemplify the quality teacher that the Jefferson County Public Schools have come to know and enjoy."

The students will be told of the Washington trip tomorrow.

The students haven't been selected yet; transportation and other costs for their trip are still being discussed.

Ironically, in the same month that Kentucky is honored for having the nation's outstanding teacher, the state legislature rejected a proposal for more taxes to finance an education-improvement package. Mrs. Sisney said she expects interviewers to be curious about Kentucky's attitudes toward education.

She hopes the award will help break some stereotypes about education in Kentucky. She said she's delighted that her students and local school officials will share the limelight with her in Washington because they will present a positive image.

"There's a great deal for this state to be proud of, and we'll showcase that," she said.

As Mrs. Sisney speaks extensively about education during the next year, she said she hopes to convey these messages:

"I think it's time to get on a positive note about education," she said. The schools have come through a decade in which education was expected to solve everything, "from drug problems to venereal disease to social and emotional problems."

Schools need to deal with these problems, but shouldn't be expected to solve them single-handedly, she said. Their focus should be on education issues, such as reducing the dropout rate and finding ways to develop top-quality teachers.

The existing negativism in education can lead to "real opportunities" for change, she said, "but the door for opportunity won't stay open too long."

Educators must exert leadership more than ever before, she said. They need to talk to policy-makers and legislators about what can and can't be accomplished, and about what they can do to work with teachers, she said.

An economic-education program such as the one in her classroom, which includes "hands-on" projects and draws business leaders into the classroom, can help improve students' "opportunities for a better quality of life," she said.

Making economics relevant helps students be better consumers, wiser voters and better prepared for the job market, she said.●

POPULATION PRESSURES ARE PRELUDE TO CHAOS

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. PORTER. Mr. Speaker, the world grew by an unprecedented 82 million people last year and it is projected to grow by 90 million a year annually. I believe we should all be paying a great deal more attention to reducing rampant world population growth, which is taking a tremendous toll in human misery—especially in the developing world.

I would like to share with you today an article by syndicated columnist Carl T. Rowan, which appeared in the April 7, 1984 edition of the Baltimore Sun. Mr. Rowan focuses on the Worldwatch Institute's recently published report "State of the World, 1984," which clearly defines the interrelationship between overpopulation and the world economy. It is my hope that we will all keep this article in mind when we discuss one of the most effective facets of our international development program, U.S. population assistance, in our committees and on the floor of this House.

The article follows:

PRELUDE TO CHAOS: POPULATION PRESSURE, WORLD RESOURCES

WASHINGTON.—Time was when American intellectuals and the American press were writhing in concern over "the population bomb" and the prospects of widespread starvation around the world.

How long ago it seems that we waited in line at gas stations and President Nixon gave somber warnings about "the energy crisis"!

But now, even though starvation wreaks its grim toll in several parts of the world and rampant population growth threatens many societies, we hear of little talk in America about the worldwide need for family planning and population control.

The world oil glut of recent years has lulled millions of Americans into thinking there isn't, never was and never will be a genuine energy crisis—even though the Reagan administration has positioned elements of the U.S. Navy to stop any blockage of the flow of petroleum from the Persian Gulf through the Straits of Hormuz.

We Americans go from fads of towering concern about social and economic problems to dangerous and ignorant attitudes of "who-gives-a-damn?" about those very same challenges. I was reminded of this when I read "State of the World, 1984," a jarring new report from Worldwatch Institute, a Washington-based research group. That report, directed by Lester R. Brown, made me newly aware that the upturn in the U.S. economy has caused us to ignore the fact that much of the world remains in such economic distress as to constitute a threat to all countries.

Since you have no problem buying gasoline now, you may not want to believe Mr. Brown when he writes that dwindling oil supplies pose the most immediate threat to economic progress in much of the world. The wealthy United States has made its adjustments to the incredible jump in the price of petroleum, but a lot of poorer nations have been dragged to the brink of disaster by the grossly inflated cost of energy.

The Worldwatch report says that the depletion of soils may be more severe than a decline in oil supplies in the long run, and that shrinking forests and deteriorating grasslands are of great concern.

We already are seeing a reduction in food supplies. World grain output, which rose steadily during the quarter century after World War II, has increased little or none in the last decade. In Africa, Mr. Brown notes, food production per capita has been falling since 1970, slowly dragging that continent into a pathetic crisis. Around the globe, more than half a billion persons are hungry or malnourished, and famine threatens more nations than at any time in recent history.

The eradication of hunger may depend as much on family planners as on farmers. Although the world's growth rate slowed from 1.9 percent a year in 1970 to 1.7 percent in 1983, the annual population increase in raw numbers has continued to edge up. Another 79 million people were added to this planet last year, compared to 70 million in 1970. The United Nations and the World Bank estimate that world population will more than double, reaching 10 billion, before stablizing. We face projections of India with 1.84 billion persons, Nigeria growing from today's 84 million to 623 million, Mexico soon reaching the populaton that the United States has today.

These population pressures become even more ominous when viewed in conjunction with the economic slowdown. Between 1950 and 1973, the world economy expanded about 5 percent a year while population grew at less than 2 percent. But since 1979, Worldwatch found, economic growth and population growth have been the same—1.7 percent annually.

If you live in Germany or Hungary, which have stabilized their populations, even a 2 percent rate of economic growth brings improved living standards. But if you live in Pakistan or Ecuador, where populations are growing at 3 percent a year, a 2 percent rate of economic growth means a sustained decline in living standards. Eighteen countries, most of them in Africa, experienced a decline in per capita income during the 1970s, according to Worldwatch.

The key to improving living standards, says Mr. Brown, is to relate population to available resources. One of the first developing countries to recognize this was China. The Chinese systematically examined long-term population growth in relation to the availability of land, water, energy and other basic resources and to the capacity of the economy to provide jobs.

"By focusing on living conditions in the future, child-bearing decisions were shifted from the welfare of parents, concerned about support in their old age, to the welfare of children," explains Mr. Brown.

The result was adoption of a one-child-per-family policy. It is a drastic step, draconian in many eyes but one which Mr. Brown believes other nations may have to follow if they are to avoid a serious decline in living standards.

All of us, in nations rich and poor, must rise above the "fad" approach to managing our resources, limiting population growth, making societies live within their means. If we don't, we will invite widespread human suffering and the political chaos that inevitably comes with it.●

A TRIBUTE TO ANSEL ADAMS

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. LEHMAN of California. Mr. Speaker, this week Congress must note with great sadness the death of a great American photographer, Ansel E. Adams. Born in 1902, Ansel Adams became know internationally as America's premiere photographer. As large in physique as he was in spirit, Adams was a technician who put his soul into his work.

His artistry was as diverse as our national parks. But Adams always returned to the Sierra Nevadas for inspiration. Yosemite Valley, the John Muir Trail and Mono Lake had no better friend than this "photolaureate" of the American West.

Adams interpreted the American wilderness and he also fought to preserve it. For his conservation work, he was honored with the Sierra Club's John Muir Award, the Conservation Service Award from the Department of the Interior and the Presidential Medal of Freedom.

Adams' vision, his humor, and his fresh approach to the world around us are the human legacies he has left alongside his art.

Ansel Adams illuminated the grandeur of California's remarkable landscape for millions who have never experienced it.

For those of us who have, he both deepened and sharpened our awareness that great miracles are still happening about us.

His impact as a Sierra naturalist can only be compared with John Muir. His work will survive for all time.●

APPALACHIAN REGIONAL COMMISSION NEEDED TO REBUILD APPALACHIAN ECONOMY

HON. FREDERICK C. BOUCHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. BOUCHER. Mr. Speaker, as a result of recent declines in the coal industry, the coal-producing counties of the Appalachian region are experiencing their worst economic times in five decades.

While the efforts we are making in the Committee on Science and Technology to increase the Federal commitment to research and development for new coal technologies promises expanded markets for coal, few believe that in the years ahead the coal industry will enjoy the prosperous times which blessed it in the 1970's.

Accordingly, it is clear that diversification of the economy in the Appalachian region is vital to a restoration of our progress and to the creation of employment opportunities for our population. Since its inception in the mid-1960's, the Appalachian Regional Commission has provided roads, schools, sewer and water facilities, clinics and other infrastructure providing an attraction of new industry into the 13-State Appalachian region. At this time, the work of the Appalachian Regional Commission is as vitally needed as it was nearly two decades ago. The revitalization and the rejuvenation of our economy depends today upon our ability to attract high technology firms and other industries unrelated to the production of coal. That effort can succeed only if the Appalachian Regional Commission continues to provide the public facilities which will attract such firms to our region.

The point that ARC must continue for these purposes is concisely stated in a recent editorial appearing in the Bristol Herald Courier, and I commend this careful statement to my colleagues:

STARTING OVER

The Appalachian Regional Commission, initiated two decades ago to help the nation's poorest 13-state region lift itself up by its bootstraps, is almost in a position of "starting over."

That is no criticism of the ARC; it has accomplished a great deal. Nor have the bootstraps broken; they're still strong.

The problem is in the "boots" of the region—mining and heavy industry. They are frayed by hard times, with no revival in sight.

Winifred A. Pizzano, cochairman of the ARC, had this to say at a three-day conference in Hershey, Pa., on the problems of dislocated workers in the mountainous region which stretches from Maine to Alabama:

"The industrial boom in the United States is over. No amount of modernization can return us to our former position of a heavy-industry superstar. We can't turn the clock back. We must move toward the great new enterprises of the future."

The options are few. Unemployed miners and industrial workers can be retrained and encouraged to go where the jobs are; high-tech industries can be importuned to move into Appalachian areas; or some industries, such as coal mining, can be rejuvenated, to some extent, by research and development into new (and greater) use of coal—after the fashion of Eastman's new chemical plant in Kingsport and United Coal Company's liquid-coal research in Bristol.

A major problem has to do with human nature. Many coal miners and steel workers believe—perhaps because they *want* to believe—that the good times in their industries will return; it's just a matter of toughing it out.

Moreover, many if not most of them are determined to "stay at home." Their work is a family tradition, stretching back several generations. The trauma of breaking that tradition, of leaving the family "hearth," is avoided if hope burns even faintly.

Retraining those among the adult unemployed who are willing to be retrained is a necessary first step. Beyond that, however, greater attention must be given to young people, guiding them away from the mines and the mills and toward that different "way of life" demanded by technology and economic circumstances. It is an effort which must be made particularly in the schools of the 13-state region—revealing new worlds of work in the elementary grades and placing even greater emphasis on vocational education in junior high and high school.

If new industries are to be enticed into the mountain-locked areas of the Appalachian region, that region must be opened up still further—with more and better highways, and connecting links; propective industries must be convinced that the people of the Appalachians can adapt to new skills; they must be shown that the basic infrastructure—water lines, sewer lines, power lines, gas lines—is available for their needs.

All that, and more, is, indeed, virtually "starting over"—for the Appalachian Regional Commission and for the people of the region. Fortunately, the mechanism for "starting over" is in place. Making that mechanism work, and quickly, is a task which will ask much of—and return much to—the 13 states and the people of the mountains.●

THE THREAT OF A BALANCED-BUDGET CONVENTION WOULD FORCE NEEDED CONGRESSIONAL ACTION

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. LEVITAS. Mr. Speaker, I would like to draw my colleagues' attention to an op-ed piece written by Griffin Bell, former Attorney General of the United States. Mr. Bell suggests that a balanced budget constitutional convention would not wreak the havoc that some have predicted.

I have frequently spoken out for the need of a balanced budget. I have voted for balanced budgets. I have introduced constitutional amendments requiring balanced budgets, and I have voted for a constitutional amendment requiring a balanced budget.

Unfortunately, Congress has not yet found the discipline to pass a balanced budget. I prefer that a constitutional amendment requiring a balanced budget should be passed by Congress. But, I do believe that the threat of a constitutional convention is one method of stimulating congressional action toward achieving this goal. In fact, I am a member of a newly formed group known as "CLUBB," Congressional Leaders United for a Balanced Budget. This group was formed in a bipartisan manner to emphasize the importance of a balanced budget in the face of outrageous deficits that are devastating our economy. Griffin Bell points out the dramatic effect that deficits are having on our country, and goes on to explain how a constitutional convention would compel Congress to act when there is overwhelming pressure from the grassroots of our country to balance our budget.

I insert Mr. Bell's article for my colleagues' review.

[From the Atlanta Journal and Constitution, Apr. 23, 1984]

A BALANCED-BUDGET CONVENTION WOULD NOT WREAK HAVOC ON UNITED STATES

(By Griffin B. Bell)

Like most Americans, I am deeply concerned by the federal government's continuing failure to control the budget deficits. The interest payments on the debt now amount to 12 percent of the current budget. Basic to this failure is that no counterforce exists against the special interest groups which are the driving force behind the excessive government spending.

Because Congress has failed to control runaway government deficits, the people have acted through their state legislatures, 32 of which have called for a constitutional convention to draft a balanced federal budget amendment. When 34 states have so acted, Congress, under Article V of the Constitution, must call a convention.

We are now hearing predictions of doom and gloom which have not been heard since the passage of the Seventeenth Amendment 72 years ago. In our original Constitution, senators were appointed by the state legislatures, rather than elected by the people. By 1912, the people had concluded by a wide margin that the Senate should be elected, not appointed. The House of Representatives agreed, five times passing a proposed constitutional amendment to make the Senate elective.

But five times the Senate killed the amendment in committee, thereby forcing the people to take action. State legislatures began passing conditional calls for a convention if Congress did not approve the amendment.

At that time, the two-thirds required equalled 32 state legislatures. When 31 states had acted, the Senate read the handwriting on the wall and passed the amendment. Without the use of the alternative route in Article V of our Constitution, the 17th Amendment would not have been passed and senators would still be appointed.

This is precisely what the Founding Fathers had in mind. They provided for amendment through action of the state legislatures to deal with those situations in which the people and the state legislatures saw the problem and the need for change, but in which the Congress was part of the problem and would not act. That situation prevailed in 1912. It prevails equally in 1984.

Aside from the specious argument that a convention is "alien" to the constitutional process, we also hear other objections. It is argued that our friends abroad would recoil in horror at the prospect of a U.S. constitutional convention which would presumably destabilize America. But the Free World has been decimated by our interest rates and the dollar exchange rate which foreign financial experts attribute to our huge deficits and general fiscal profligacy. A serious effort to install long-term constitutional control over U.S. fiscal practices would be welcomed by our friends abroad.

Also, are bombarded with ominous stories about a "runaway" constitutional convention which, presumably, would repeal the Bill of Rights, dismantle the Constitution and install some sort of totalitarian regime. Well, while we have not had a federal convention since 1787, there have been over 200 conventions held in various states, many of whose constitutions provide for periodic conventions to propose amendments. Such gatherings have brought out the best, not the worst, in people's government.

It is claimed that James Madison said that a "new" constitutional convention would be a cloud over the Constitution. He did indeed utter those words, but in response to critics who declared that the Constitution written in Philadelphia in 1787 should be rejected and a new convention be held immediately. Thomas Jefferson, author of the Declaration of Independence, assumed that we would have a new convention about every 20 years.

In fact, fears about a "runaway" convention are groundless. The various state applications to Congress not only exhort Congress to pass the Tax Limitation-Balanced Budget Amendment, but limit the scope of a convention to the sole and exclusive purpose of the balanced budget issue.

Those who wring their hands over the prospects of a convention run the risk of exposing their elitism, implying that the average citizen cannot be trusted. At the same time, they are willing to place their full faith in Congress, the very institution that has precipitated the fiscal mess which, in turn, has prompted the constitutional Tax Limitation-Balanced Budget movement.

But suppose that other resolutions were offered at the balanced-budget convention. Congress would not be compelled, nor would it have any incentive, to send along to the states for ratification any proposals emanating from the convention that exceeded the scope of the call. And 38 states are not about to ratify any proposal that does violence to or seeks to dismantle fundamental constitutional protections and guarantees.

Finally, it is important to understand that a convention will not necessarily take place upon the application of 34 states. The state calls have said: If Congress does not pass the amendment, then a convention for the purpose is called. The calls are conditional, not absolute.

I believe there will not be a balanced-budget constitutional convention. Congress simply will not abide letting mere citizens decide its taxing and spending power. Congress will act, I predict, as it did on the issue of the direct elections of senators—when overwhelming pressure from the states and the people can no longer be ignored.●

CHANGE U.S. POLICY ON CHILE

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. PORTER. Mr. Speaker, the Congress has been rightfully concerned over the past few years with recent events in Chile. I would like to call to the attention of my colleagues an excellent essay on this subject that appeared recently in the Chicago Tribune, written by Peter Kornbluh. In his article, Mr. Kornbluh discusses the dilemmas we face in Chile and spells out the tough choices that must be made there. I recommend this article be read by all my colleagues who are interested in resolving the contradiction we seem to continually face in defining and defending our priorities in dealing with dictatorships of the right and left in this hemisphere.

The essay follows:

[From the Chicago Tribune, Apr. 8, 1984]

CHANGE U.S. POLICY ON CHILE

(By Peter Kornbluh)

It is time to design a new United States policy toward the Pinochet regime in Chile. The recent massive anti-government protests against the continuation of the 10-year-old military dictatorship, and the ensuing repression which has left several people dead, dozens injured and hundreds arrested, pose major problems for Gen. Augusto Pinochet's already unstable rule. They also pose a problem for the Reagan administration, which must decide whether to support the faltering regime or take a strong position in support of a return to Chilean democracy.

Until recently, the Reagan administration pursued a policy of "treating friends as friends" in Chile. Ostracized by Jimmy Carter for flagrant rights violations and for sending its agents to assassinate former Chilean Ambassador Orlando Letelier and a colleague, Ronni Moffitt, in the streets of Washington in September 1976, the regime found itself being solicited by the United States after Ronald Reagan's election. "We had a very pleasant tea," United Nations Ambassador Jeane Kirkpatrick told the press after meeting with Pinochet in August, 1981. "My conversation with [Pinochet] had no other fundamental purpose than for me to propose to him my government's desire to fully normalize our relations with Chile."

Over the last three years the Reagan administration methodically reversed or repealed all policies that have divided the United States and Chile. President Reagan lifted Carter's sanctions against the Pinochet government for its role in the Letelier-Moffitt murders. The administration stopped supporting UN resolutions condemning Chile's human rights record. Most significantly, the administration lobbied for an end to the 1976 legislative prohibition on U.S. military sales and aid to the regime. Congress complied, but it mandated that no military assistance could go to Chile until the President certified that the regime has improved human rights and has taken steps to bring to justice the three Chilean officials implicated in the Letelier-Moffitt murders.

This the Reagan administration is unable to do. Washington has gotten little in return for the largess it has showered on Pinochet. The escalation of human rights violations—more than 85 persons have been shot to death and 5,000 have been arrested in the last 10 months of national protests—has made a mockery of the administration's argument that it can effectively discourage such behavior through "quiet diplomacy" and close diplomatic relations with Chile. All attempts to prod the Chilean authorities to institute even superficial human rights reforms that might enable the administration to certify Chile, or to bring the killers of Letelier and Moffitt to trial, have failed.

Rather than a friend, Pinochet has proven a liability. Like the Shahs and Somozas of this world, the general has become his own worst enemy. Pinochet, who recently told Newsweek magazine that "I get my strength from God" and that "destiny" led him to rule Chile, now faces the worst crisis in his 10 years in power. Once considered an "economic miracle" by the international business community, the Chilean economy is reeling under the worst depression in Latin America. National protests, like the one that shook Santiago late last month, have been held almost every month since May, and thousands of Chileans have taken to the streets in unprecedented public demonstrations against a continuation of military rule.

Belatedly, the Reagan administration has begun to hedge its bets in Chile. Praise for the regime's economic accomplishments and support the what UN Ambassador Kirkpatrick has called "Chile's serious and, we believe, hopeful process of liberalization moving toward democratization"—a process under which Pinochet rules until 1989, when he has the option of being the sole candidate in elections for a presidential term ending in 1997—are now coupled with cautious but open condemnation of human rights violations and calls for a return to civilian rule.

But Washington's policy contradicts its rhetoric. Last September, in the midst of protests surrounding the 10th anniversary of military rule in Chile, the administration restored Overseas Private Investment Corp. guarantees to Chile, lifting a sanction Jimmy Carter had imposed in the Letelier case and signaling the regime that it was willing to help alleviate Chile's economic problems by promoting U.S. investment. Earlier this year, when Vice President George Bush was publicly urging the regime to adhere to democratic principles, Kirkpatrick was busy defending Chile against a UN resolution condemning the continuation of human rights violations in that country.

If U.S. policymakers are sincere about their desire to see democracy return to Chile, they must take a new approach toward the Pinochet regime.

First, the Reagan administration must thoroughly redefine its concept of a "friendly" government. Anti-communist though it is, the Chilean junta is still responsible for killing American citizens and promoting international terrorism. Moreover, its free market capitalism has not saved American business interests from incurring heavy losses during the present economic crisis.

Second, to promote a return to democracy, the administration must make it unequivocally clear, through concrete policy as well as rhetoric, that Chile will receive no support—no loans to lessen the burden of its $17 billion foreign debt, no American defense at the United Nations to deflect criticism of its human rights record and no military or economic aid—until the military returns to its barracks and free elections are held.

Finally, the administration must accept that a return to a true democracy in Chile will necessarily include the participation of the Chilean Socialist and Communist parties, the mainstays of the last freely elected Chilean government. Any attempt by Washington to exclude the Chilean left, which represents a substantial amount of the opposition to Pinochet, from participating in a transition to democracy can only backfire and lead to unnecessary animosity in U.S. relations with a post-Pinochet Chile.

Change in Chile is in the air. The Reagan administration may be forced to decide whether to "stay the course" with Pinochet or disassociate the United States from the regime and pursue a policy predicated upon a true concern for human rights and democratic principles. Washington can go down the blood-soaked path of supporting another corrupt and vicious dictatorship to the end. Or it can take the road not taken before, and establish a higher moral and pragmatic ground for our foreign policy toward Chile.●

A WAY TO NEGOTIATE

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. JACOBS. Mr. Speaker, these wise words by our colleague, LEE HAMILTON, reflect a similar view summed up by John F. Kennedy in his inaugural address: "We should never negotiate out of fear, but we should never fear to negotiate."

LEE HAMILTON is clearly one of our most thoughtful and talented colleagues.

The following article appeared in the Indianapolis News on March 31, 1984.

[From the Indianapolis News, Mar. 31, 1984]

A WAY TO NEGOTIATE

(By Lee Hamilton)

While the installation of a new Soviet General Secretary, Konstantin Chernenko, raised hopes for better relations between the two superpowers, the most important aspect of those relations, strategic arms control, is showing little improvement. Each side is waiting for the other to make the first move.

We should recognize that the Kremlin's change of leadership gives us a chance to get Soviet-American arms control talks moving the transaction could open a way for Moscow out of the bind it created for itself when it broke off the Geneva negotiations. Though uncertainties surrounding the new Kremlin leadership make it unlikely that the Soviets will take the lead in negotiations, we should not hesitate to do so.

A first step on the road back might be to resume the practice of holding regular high-level meetings with top Soviet leaders. Though every president since Franklin Roosevelt met with his Soviet counterpart. President Reagan is still reluctant. More high-level contact will not guarantee progress in arms control, but agreements are unlikely without a more positive political climate. Toward this same end, the Reagan administration should also open a direct arms control dialogue with Chernenko, either by appointing a new negotiator who is close to the President, or by resuscitating the "back channel" or secret, high-level talks successfully used by previous president.

Taking advantage of what may be our last opportunity to head off a dangerous arms race in anti-satellite (ASAT) weapons is another possible step for U.S. arms controllers. The Soviet Union has tested an ASAT weapon, and the United States now has ASAT tests under way. Neither side has perfected or deployed an ASAT weapon able to destroy vital communications and early-warning satellites. Why not seize the moment and propose a mutual moratorium on ASAT tests and an immediate resumption of negotiations toward a permanent ban?

The Reagan administration should also look for a creative way to resume European and inter-continental arms control talks. Currently, medium-range "theater" weapons deployed in Europe are discussed separately from long-range "strategic" arms. Merging the two would give the new Soviet leadership a face-saving way to restart arms control talks, and make it easier to settle on the kind of tradeoffs the Reagan administration has said it wants.

Some differences have prevented progress in the area of strategic nuclear weapons. The Soviets would still like a treaty with SALT II's basic structure: limits on the number of bombers and missile launchers. Predictably, this offer is unacceptable to a president who campaigned against SALT II. Instead, the Reagan administration emphasizes reducing the number of warheads on Soviet land-based missiles, where Moscow has put most of its nuclear firepower. A good compromise would be for the United States to agree to Soviet ceilings on missile launchers if, in turn, the Soviets agreed to U.S. proposals to cut missile warheads. The demands of both sides could be met by two separate reduction schedules.

Both superpowers have an interest in improving "crisis communications," the network of satellite and telephone hookups which allows Washington to reach out and touch Moscow in a crisis, and possibly prevent an accident. Two rounds of discussions on upgrading the "hotline" have been held, and strong diplomacy could bring an agreement within reach.

Arms control can't wait until after the election. There has been no nuclear arms control agreement since 1972 and the value of existing agreements, particularly the SALT accords, is depreciating fast. If weapons now being tested are produced and deployed, it will further complicate our ability to reach agreements or verify them. Democrats and Republicans in Congress are ready to work with the White House to get arms control moving again. It is now up to the President to lead.●

DR. EDWARD J. FEENEY

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. HOYER. Mr. Speaker, on April 25, Edward J. Feeney, the superintendent of the Prince Georges County schools, will retire.

Under the stewardship of Ed Feeney, the Prince Georges County Public Schools have grown and developed into a system that has received national accolades on many fronts. During extremely difficult fiscal times, Dr. Feeney was able to offer innovative new programs which provided renewed community interest and spirit in our schools, so critical to education, while maintaining quality in the regular classrooms.

He created a senior citizens program in which seniors volunteered and shared their time, talent, and considerable knowledge and skills with youngsters.

He helped develop and expand the specific language reading development program (SLRD) which produced instructional techniques for teachers in 3d to 12th grade.

He has also been very involved in the talented and gifted program. The school system now serves 6,000 students identified as exceptional children.

At the same time, he has provided the system with two Science and Technology Centers at Roosevelt and Oxon Hill Senior High Schools. This innovative program offers a highly stuctured 4-year program in scientific and technical fields as well as providing a well-rounded normal high school program. The program is offered by application only and an entrance exam is required.

Of the many hundreds of other programs initiated or nurtured by Dr. Fenney, let me mention, in conclusion, his new office for business and industry within the superintendent's office. This office will work with local business and industry in developing partnerships with the schools. These large and small businesses will assist the school system in developing needed programs and will sponsor various career activities in the schools.

Ed Feeney has been a critical force in education since 1953, when he began teaching at the elementary school level. He then moved into several administrative positions before his appointment by the Board of Education as Superintendent of Schools in 1976.

In addition, Dr. Feeney, as the chairman of the Maryland State Graduation Requirements/Diploma Task Force, worked for the improvement of high school instruction in Maryland through recommendations the task force made to the Maryland Commission on Secondary Education.

Ed Feeney has long been a leader in the struggle for educational excellence in this county. Throughout some of the most difficult times in the recent history of our schools—through a desegregation order, through the trend of declining test scores, through extremely tight fiscal constraints—Ed Feeney has charted a course aimed at excellence.

He is dedicated to the cause of education, to the goal of bringing every child up to his or her potential.

Mr. Speaker, I know that my colleagues here in the House would join with me today in wishing Ed Feeney all the best for his future, and in congratulating him for his fine achievements in maintaining and enhancing the quality of education in Maryland.●

RAISE HELL, NOT TAXES

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FIELDS. Mr. Speaker, I would like to submit in the RECORD an outstanding editorial which appeared in the April 16 Dallas Morning News.

The editorial makes three points, none of which the leadership of this House understands.

First, the editorial points out that Ronald Reagan's tax revolution has not resulted in lower taxes for most Americans; rather changes in the tax code he proposed have merely allowed us to hold the line against taxes. The editorial also points out that higher Federal spending—not lower Federal tax rates—have caused our large Federal deficits.

Second, the editorial makes the point that with regard to tax rates, more often means less. In defending the notion that people work and invest to make money for themselves, not to pay more to the Federal Government, the editorial points out that higher tax rates reduce incentives for Americans to work and produce, and therefore, often result in lower Federal revenue.

And third, the editorial calls for a basic restructuring of our tax system, pointing out that the House's recently approved tax bill, which I opposed, manages to increase both taxes as well as the complexity of the Federal Tax Code.

I commend the editorial "Raise Hell, Not Taxes" to my colleagues. It contains an honesty and simplicity that is usually missing when this Chamber discusses revenue matters.

Thank you, Mr. Speaker.

[From the Dallas Morning News, Apr. 16, 1984]

RAISE HELL, NOT TAXES

The minutes dwindle down to a precious few. Pretty soon, midnight, April 16—hour of reckoning for that well-known beast of burden, the American taxpayer. A few basic points need attention.

Such as:

What, in fact, has Ronald Reagan done during the now-three-year-old course of his presidency? Has he drastically slashed taxes, especially for the rich, and thus bloated the deficit?

Hardly. Revenues now consume a bit over 19 percent of the gross national product, which is close to the average for the past two decades and the same as in 1979.

Overall, Reagan's income-tax cuts, splendid and necessary as they were, succeeded only in holding the line against taxes, not in reducing them. Those cuts were offset by bracket creep and increases in state and local taxes, Social Security taxes and the gas tax, and by 1982's infamous TEFRA (the Tax Equity and Fiscal Responsibility Act), merely the largest tax hike in history.

The deficit has grown not because revenues have decreased but because spending has increased, a fact that J. Peter Grace's committee on cost control demonstrated overwhelmingly.

Over the last eight years, revenues have increased an average of 10 percent a year, but spending by 12 percent, hence the deficit.

Since Reagan took office spending has increased from 20 to 24 percent of GNP. As a pecentage of the budget or of GNP, Reagan's spending for social programs has been about twice as great as President Kennedy's 20 years earlier, and his defense spending only about half as much as Kennedy's.

Nor has Reagan left the poor to starve. Indeed, a conservative estimate is that the total of spending on Social Security, Medicare and Medicaid, unemployment benefits, housing programs, food stamps, child nutrition, Aid to Families With Dependent Children and other programs is considerably higher under Reagan than it was during the last year of the Carter administration.

It is of course true that these massive expenditures have failed to end poverty. But are we to dun taxpayers even more so that these programs can fail at even greater levels of expense? Tip O'Neill and his coterie plainly think so. Only last week they shepherded a $49.2 billion tax bill through the House. The consensus among the surviving Democratic presidential candidates is that, far from being too high, taxes are too low.

Second point:

Haven't Reagan's tax cuts let the rich off while unfairly burdening the rest of us? Reagan did, after all, cut the maximum tax rate from 70 to 50 percent.

It is on this last point that the supply-side insight is borne out most strikingly. Under Reagan, the share of taxes paid by the poor and the middle class has fallen. One of the supply-side insights, of course, which is really nothing more than common sense, is that you don't necessarily get more revenue by raising the tax rates. Indeed, you often get less.

This, along with runaway federal spending, is why the national debt has steadily risen despite steady rises in the tax rates. In 1979, 65 percent of taxpayers paid marginal rates above 20 percent, and 18 percent paid rates above 31 percent. In 1961 only 12 percent paid marginal rates above 22 percent.

Why, after all, do people work and invest? To make money for themselves, not for the government. When they find the government taking more and more, they work and invest less and less. Thus the tax base shrivels, and with it revenue intake.

What increases is the desire to beat the IRS, either through complex legal maneuvering or simple evasion.

Think of the total cost of all the straining to avoid tax exposure: the tax shelters, the underground economy, the work hours lost in paper work instead of productive labor or investment. Not to mention the ever-expanding brigade of IRS snoophounds. It's impossible to say what it all comes to—perhaps a trillion dollars annually.

Third point:

The present tax system, which is intellectually indefensible, as well as morally corrupting, needs to be junked and replaced by a flat-rate tax or value-added tax (a sort of national sales tax).

Yet the House's new tax bill would not only increase taxes, but make the tax code even more complex than it is now. Reagan's tax cuts, on the other hand, have been a remarkable booster shot for the economy.

And contrary to the typically wrongheaded warnings of Reagan's critics, his tax cuts have not triggered inflation, which has been stunningly reduced. President Carter's policies, though, are among the considerable evidence that inflation walks hand-in-hand with high taxes.

What reason, then, can there be for advocating higher taxes? Just one: Soak-the-rich bombast still apparently makes political sense, even as, economically, it makes for absurdity.

Chew that one over tonight on your way to the post office.●

TRIBUTE TO J. FOSTER FLUETSCH

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. LEHMAN of California. Mr. Speaker, on April 27, 1984, the Downtown Association of Stockton, CA, honors the work of J. Foster Fluetsch, president of American Savings & Loan, for his involvement and support for the Downtown Stockton community.

American Savings and its predecessor, State Savings & Loan, have played a significant role in the growth and vitality of the city of Stockton. The first branch was downtown, and the association continued operations through this single branch for many years.

In 1960 State Savings was purchased by a group called Valley Partners, and a new building was built at the corner of El Dorado and Channel. This building served as State's corporate headquarters until the recent move of top executives to Main and Sutter in Stockton. Also in 1960, Valley Partners purchased Stanislaus-Merced Savings, and after 2 years the two associations were merged under the name of State Savings, with approximately $50 million in combined assets and six facilities.

From 1962 to 1970 State Savings continued to expand its branch system. In 1964 Budget Industries bought a controlling interest in State Savings from Valley Partners. In 1971 State acquired Vallejo Savings, bringing the association's assets to more than $100 million, and expanding the branch system into the bay area.

"By 1975 State Savings had 27 branches, and at this stage we began our innovative approach to the savings and loan industry," says Fluetsch. State Savings set the pace by offering Visa accounts, secured by savings. "The whole concept of a Visa card offered by an S&L was scoffed at by the industry, but by 1982, virtually all of the leading California S&L's had begun to offer the service," says Fluetsch.

American Savings & Loan is the largest savings and loan in the world, with assets totaling more than $26 billion, and just over 2,000 employees in Stockton alone. It is the largest employer in San Joaquin County, having a monthly payroll in excess of $5 million. American Savings has grown to 122 branches in California. They occupy over 740,000 square feet in Stockton. Long-range projections estimate Stockton employment for American Savings & Loan will be 2,500.

J. Foster Fluetsch, chief executive officer of American Savings & Loan, has spent his entire career in the financial field, first in banking and then in the savings and loan business. In 1959 he joined State Savings as a loan officer.

He moved rapidly through a variety of savings and lending managerial positions. He became president of State Savings in 1972. State Savings and American Savings merged in August 1983 and in January 1984, Fluetsch was named chairman of the board of American Savings. Fluetsch is also the vice chairman of the board of Financial Corp. of America, American's parent company.

Fluetsch graduated from high school in Merced and from Stanford University. While working for State Savings in Merced he began serving in community organizations such as Kiwanis and United Givers. In Stockton he continued this pattern, serving in important positions in United Way, Stockton Chamber of Commerce, California State Chamber of Commerce, California Savings & Loan League, and the Boy Scouts, whose Forty Niner Council honored him with the "Distinguished Citizen of the Year Award" in 1979.

Art is one of Fluetsch's hobbies, and he is both a collector and painter. He and his wife, Jimi Lou, have six children.

It is with great pride that special recognition in the CONGRESSIONAL RECORD is made to J. Foster Fluetsch and American Savings & Loan. It is a pleasure to honor this outstanding Stockton citizen and his commitment to this community.●

OREGON'S SMALL BUSINESSMAN OF THE YEAR

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. WYDEN. Mr. Speaker, as small businesses grow, so grows our Nation.

So it is particularly appropriate that we honor some of those in the small business community who are showing us what innovation, productivity, and economic growth are all about.

Thomas H. Bruggere, the founder of one of Oregon's fastest growing high-technology companies, Mentor Graphics Corp., was recently honored as the Small Business Administration's Businessman of the Year.

Mentor Graphics, which Bruggere founded just 3 years ago, now has 260 employees and has emerged as one of the Nation's leading suppliers of computer-aided engineering systems.

A recent issue of the Oregonian included a story noting this well-deserved recognition of Bruggere, and I would like to share it with my colleagues. The article follows:

SBA PICKS FOUNDER OF MENTOR

Thomas H. Bruggere, the founder of one of Oregon's fastest-growing, new high-technology companies, has been named the state's small businessman of the year by the federal Small Business Administration.

The award recognizes the rapid success of Bruggere's Beaverton-based company, Mentor Graphics Corp., as well as its founder's effort in improving the state's industrial-growth environment.

The award was presented Wednesday in ceremonies at the 3-year-old company's new headquarters in an industrial part near Washington Square. Edwin G. Sleater, acting director of the SBA's Portland district office, represented the federal agency charged with fostering the growth of small business.

Bruggere, who is 37 and a former computer software engineer for Tektronix Inc., is a candidate for the national title of small-business person of the year, to be announced by President Reagan during Small Business Week, May 6-12.

Bruggere said he was "pleased and honored" by the award, which in part recognized Mentor's emergence as the industry's leading supplier of computer-aided engineering systems. Bruggere gave credit for the company's success to its 260 employees.

Mentor's computer-program systems allow electronics engineers to design complex computer-system circuitry on terminal screens. Such computer-aided systems substantially increase the efficiency of electronics designers.

In 1983, Mentor's first full year of sales, the company had nearly $26 million in revenue. Systems were shipped to Europe and the Far East.

The company recently completed its first public stock offering, raising more than $50 million for expansion.

Bruggere also has been active in the American Electronics Association (an industry trade group) in which he has served as Oregon chapter president and as a member of the national board of directors.

In Oregon, Bruggere helped the AEA establish its first state government lobbying effort during the 1983 legislative session. The office became a leading proponent of tax reform issues, including the aborted sales tax measure. Funded by the national organization, the AEA lobbying effort is expected to be expanded in Salem during the 1985 Legislature.●

RETIREMENT OF RICHARD RICHARDS, ONE OF OUR NATION'S FINEST CIVIL SERVANTS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. ANDERSON. Mr. Speaker, as all of us are politicians we are apt to criticize the Federal bureaucracy for its monstrous size and corresponding inertia. Yet we also are careful to portray Federal employees as people oriented and helpful, which given the size of the Federal Government can prove difficult. It is quite paradoxical this game we call politics.

Politics aside, some of our finest citizens make careers out of working for the Federal Government. At the end of this month, Richard C. Richards retires after 33 years of distinguished service. There is no one who better exemplifies how sensitive civil servants can be to the needs of our people than Dick.

Dick's career as a civil servant began following his graduation from the University of Pittsburgh. Prior to entering the university, he served in the Navy during World War II. After graduating, he took the unusual step of reentering the military to serve with the Army during the Korean conflict. He was honorably discharged as a captain and served several years thereafter in the Army Reserve.

His last 11 years have been spent as the assistant district manager of the Social Security Administration office in Long Beach. He has worked closely with my Long Beach staff and me and has always been tirelessly willing to go the extra mile for the people of Long Beach. He is truly one of the finest civil servants this country has ever known.

Mr. Speaker, my wife, Lee, joins me in extending our gratitude to Dick Richards for his many years of dedicated service to the people of the 32d District. We are thankful that Long Beach has been privileged to know him and his wife, Helen. We know that their sons, Richard, Jr., and Randall, and their sons' wives, Holly and Kimberly, and their grandchildren, Nicole and Ryan, are extremely proud of and happy for him. We wish all of them the very best in the years ahead.●

KNOXVILLE TOPS LIST OF AMERICA'S CITIES

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. DUNCAN. Mr. Speaker, it seems that researchers are discovering what people back home have been saying for years; that Knoxville is one of the best cities in the country. A study conducted by Dr. Robert M. Pierce, of the State University of New York at Cortland, places Knoxville and Greensboro, NC, at the top of the list of places to live in the United States. Dr. Pierce ranked the 277 metropolitan areas in the country in a number of categories indicating the quality of life in a city.

Knoxvillians have always appreciated the beauty of their surroundings, the mild climate, the recreational value of the Great Smoky Mountains and TVA lakes. In recent years we have witnessed the growth of high technology firms along the technology corridor between Knoxville and Oak Ridge. The University of Tennessee offers higher education opportunities to all residents of the State, and is a showcase for cultural, academic, and athletic activities.

Many visitors from around the world enjoyed these qualities in 1982 when Knoxville hosted the World's Fair. It was in other areas, however, that Knoxville moved to the top of the list.

Dr. Pierce's survey looked at metropolitan areas and judged them on economics, climate, crime, housing, education, health care, recreation, transportation, and the arts. A greater weight was given to the first four categories, which have the greatest impact on an individual's life in a city. Knoxville's economic opportunities, low crime rate, and low housing costs, as well as its climate, were the attributes which placed Knoxville above the rest.

Dr. Pierce will present the complete results of his study to the Association of American Geographers at a meeting in the Nation's Capital this week.●

WELCOME TO MR. GOH KHENG HOCK OF MALAYSIA

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. HERTEL of Michigan. Mr. Speaker, it is extremely unusual to use this forum to welcome a visitor to our country from another nation. I want to do so, however, for it has been called to my attention that an unusual and fine gentleman is visiting us.

Mr. Goh Kheng Hock of Kuala Lumpur, Malaysia, is arriving this week for a month-long tour of the United States. This is not his first visit to our country, and I am pleased to say that the circumstances surrounding his current stay are much more pleasant than the original occasion.

Mr. Hock first came to our country to have heart bypass surgery at the very fine Cleveland clinic in 1981. He shared facilities at the clinic with a good friend and constituent of mine, Mr. John Shukwit, who was in the clinic for the same type of surgery. These two gentlemen of very different backgrounds became close friends through their shared experience, and it is through Mr. Shukwit that I became aware of Mr. Hock. Mr. Shukwit and Mr. Hock are renewing their friendship with this visit, and I am pleased that they are able to as result of lives which have been extended through the contributions of our fine medical community. I wish them both many more years of good health and happiness.

Mr. Hock has made a strong contribution to his own country as an investment broker with the firm of Seagrott & Campbell, and I know both Malaysia and America will profit through this mutually beneficial exchange. The sharing of ideas and cultures on a personal level such as this can be critically important in our shrinking and increasingly tense world.

I am pleased to take this opportunity to welcome Mr. Goh Kheng Hock to the United States. I hope his visit will be most enjoyable and that he will have the opportunity to make many new friends while he is here.●

TOLERATING VIOLENCE

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FEIGHAN. Mr. Speaker, every day we open a newspaper or switch on the news to learn of yet another crazy killer, yet another case of child abuse, yet another brutal rape. For a moment, we are shocked. But then we turn the page or change the channel, and our senses are restored.

Or are they? In a recent article, a constitutent of mine, Gus Matsorkis, points out that our casual reaction to the civil violence that marks our daily life is erasing our sensitivity—and fostering further violence.

Mr. Matsorkis offers some valuable insights. I hope all of my colleagues find the time to read his article.

[From the Long Island (N.Y.) Newsday, Mar. 18, 1984]

We Are All Being Rendered Senseless by Violence

(By Gus Matsorkis)

The spectacle of slow, timid, interminably debated responses to those who commit crimes of murder, rape and assault clearly contributes to two blots on our national life.

One is the failure to provide a civilized degree of protection and security to unoffending citizens going about the daily functions and activities of life.

The second is the contribution-by-default to a rising tolerance for violence and cruelty that would have been unthinkable just a few years ago.

In that it is subversive of the national character, the second blot is even more worrisome than the first. The first poses a threat but does not corrupt us. The second corrupts us by toughening us in ways that reasonably humane people should not be toughened. The brutalization of America has progressed to a point sometimes difficult for us, caught up in it, to clearly see.

Yet in the perspective of many other countries, and in the perspective of an earlier America we learn about, or ourselves remember, our present short-lived and casually felt reactions to the everyday civil violence around us is shocking.

In 1924 the murder of young Bobby Franks in Chicago by Richard Loeb and Nathan Leopold had such an impact that it became and long remained the "crime of the century" in the public mind. The subsequent trial was big news for months. Today it could not cause a fraction of such a national stir, and even in Chicago could not compete in public attention and memory with the sadistic mass murderers Richard Speck (eight student nurses slaughtered) and John Gacy (33 men and boys tortured and killed).

In 1954 Marilyn Sheppard was murdered in Bay Village, Ohio, a lakeshore community bordering Cleveland. The national and international interest was such during the trial of her husband that for many years, an American abroad who mentioned "Bay Village" or "Cleveland" to a French person or a Greek or German or Japanese would as often as not be asked, "Was Dr. Sam guilty?" No more.

No longer is there such instant international celebrity status for somebody-or-other Corona in California (25 victims) or the Rev. Jim Jones follower (accused but never convicted of the airport murders that preceded the Jonestown mass suicide/murder) or that guy-whose-name-I-can't-remember who tortured and killed dozens of men and boys in Texas or that other guy whose-name-I-don't-know who had a federal judge murdered somewhere in the West or whatshisname who claims to have murdered more than 100 people.

One wonders how much more savagery we will be able to incorporate into our conception of normal peacetime life and pass on to coming generations' conception of normalcy.

As we have been hammered by real-life and popular-entertainment displays of cruelty and violence, the unspeakable has become speakable, the incredible has become credible, the unbearable has become bearable. And the violence has become pervasive and the violent are becoming increasingly brazen.

A few highly publicized and much agonized-over executions of convicted murderers do not alter the basic fact that toughness on violent criminals is neither a present problem nor a looming danger in America. The conspicuous absence of such consistent, to-be-expected toughness now and the possible later explosion of an indiscriminate overtoughness neither tempered by mercy nor guided by reason is a potential problem and danger.

Civil libertarians should get it clear in their minds, and then help make it clear to the country, that their major concern is to fight for the rights of the innocent and the possibly innocent, not to endlessly plead the cause of the guilty in the name of all the rest of us. Sentimental slogans to the contrary, the two are not the same. The sappy rhetoric which for years has equated impassioned defense of the clearly guilty with an enlargement of everyone's rights has probably had its day.

The right people in the country had better recognize this in time, and act upon it. If Americans with equalitarian, compassionate and humanitarian impulses abrogate this responsibility, they are going to turn the game over to persons and groups without such impulses.

But why, at bottom, are so many contemporary Americans *capable* of doing such violence, often sadistically cruelly, in peacetime life, to other human beings—often unoffending persons unknown to them and even, sickeningly, such helpless victims as children, the elderly and the infirm? Isn't this a more fundamental question than any questions of apprehension, trial and punishment? It is, but we have no right to let killers roam until we can better answer it.●

A TRIBUTE TO MR. ELI BOYER

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. BERMAN. Mr. Speaker, it is rare that I have an opportunity to recognize the efforts of an accomplished citizen who has given years of service to his community who is also a close friend. On May 17, 1984, Mr. Eli Boyer will be presented with the City of Hope's award, the Spirit of Life. Eli's dedication to his profession along with his involvement in many community activities and civic activities make him a deserving recipient of this most prestigious award.

Eli presently is a senior partner in the international accounting firm of Laventhol & Horwath. His professional accomplishments incude an expertise in many areas of the field of accounting.

His contributions to the Jewish community are both extensive and commendable. Eli has worked to make organizations with which he is affiliated important forces in the community. Eli is a member of the national executive committee of the Anti-Defamation League of B'nai B'rith; a national vice chairman of the Large City Budgeting Conference of the Council of Jewish Welfare Divisions; key committees and the board of directors of the Jewish Federation Council of Greater Los Angeles; vice president of the Brandeis-Bardin Institute; vice president of Temple Israel and is on the board of the Nathan Adelson Hospice.

His other affiliations include the board of directors of the Los Angeles Club and French-American Chamber of Commerce, and the advisory council to the mayor for the department of water and power.

Professionally, Eli serves on the advisory board of the School of Business, University of California, Riverside. Eli and his wife, Michele, are the parents of two sons and one daughter.

For his selfless dedication to his profession, his faith, his community and his family, I ask the Members to join the board of directors of the City of Hope and myself in paying tribute to Mr. Eli Boyer.●

A TRIBUTE TO THE STUYVESANT TOWN AND PETER COOPER SECURITY DIVISION

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. GREEN. Mr. Speaker, it is my great pleasure to bring to the attention of my colleagues in the U.S. House of Representatives the outstanding work of the security division in the Stuyvesant Town and Peter Cooper Village community—a New York City community which it is my pleasure to represent. Due to the diligence of the community's security division, the residents here consider this the safest place to live in Manhattan. When called upon, the security officers respond quickly and show a sensitivity and kindness toward the residents.

The security division has no small task in keeping the area safe for its residents of Stuyvesant Town and Peter Cooper Village, which is a virtual city within a city. The officers are responsible for the safety of almost 30,000 tenants in 110 buildings situated on 84 acres of land. The division operates 24 hours per day, 7 days per week.

The division works in close conjunction with the members of the 13th precinct and other law enforcement units and agencies. The outstanding work of the security division is evidenced by the 19 awards for meritorious action which have been received by members of the division. Eight members of the security division, who have been recognized for effecting quality arrests, are: Sargeant Maldonado, Security Assistant Peter A. Herkenham, Security Officer Curtis G. Fields, Security Officer Robert J. Mullaney, Security Officer Bernard O'Callaghan, Security Officer Dennis R. Pogan, Security Officer Patrick M. Reilly, and Security Officer Edward V. Grace.

In addition to their law enforcement work, the division has gone forward with other civic-minded activities. The division has formulated and will distribute to all tenants a personal security reference guide which outlines precautions that promote individual and community safety and six of the patrol supervisors are qualified in cardiopulmonary resuscitation.

At a time when one hears so much about the breakdown in law enforcement, it is worthwhile to give special recognition to this security division's effective anticrime efforts.●

PRESIDENTIAL RANK AWARD

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. CHAPPELL. Mr. Speaker, I would like to share with my fellow colleagues, the achievements of a man recently honored with the highest recognition given Federal executives. Malcolm Randall, Director of the VA Medical Center in Gainesville, FL, was presented with the Presidential Rank Award during recent White House ceremonies. President Reagan told Mr. Randall and other recipients that they are "the people who are responsible for making our Government work."

Mr. Speaker, Mr. Randall is a friend and fellow Floridian responsible for helping veterans throughout our country, through his contributions at Gainesville's VA Medical Center, and his work with the VA since 1946. Malcolm Randall was instrumental in the medical center's opening in 1967 and has been its only Director. He served 5 years as Chairman of the VA Chief Medical Director's Advisory Council, and was recently elected to the National Academy of Sciences Institute for Medicine. Mr. Randall is also a professor of health and hospital administration at the University of Florida's College of Health and Related Professions.

The accomplishments of Mr. Randall go on and on, and many cannot be expressed through a title or explanation because they involve him personally through sacrifices he has made for others. The Presidential Rank Award is given each year to those senior Federal executives who show sustained, extraordinary accomplishment in management of the programs of the U.S. Government. The award itself consists of a check for $20,000 and a plaque. It is authorized under the 1978 Civil Service Reform Act, which encourages compensation of Government employees based on performance.

Mr. Speaker, I am proud to know Malcom Randall, as I am sure anyone that knows him is proud, but not just because of this award, but because he is one of the finest Americans around today, a man well-deserving of his national distinction. I am thankful to have this opportunity to acknowledge Malcom's accomplishments, and the fact that he has received the recognition he deserves through this award for exemplary service.●

ACTIVITIES OF THE SUBCOMMITTEE ON CRIMINAL JUSTICE THROUGH THE MEMORIAL DAY DISTRICT WORK PERIOD

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. CONYERS. Mr. Speaker, a recent edition of the "Lawmakers" on PBS included a segment which focused upon the activities of the House regarding criminal justice legislation, and in particular upon the work of the Subcommittee on Criminal Justice. Although I submitted a letter describing my views and the plans of the subcommittee, the contents of my letter were not adequately described. I am, therefore, taking this opportunity to review for my colleagues the activities of the subcommittee during this session, as well as to include the letter in the RECORD.

The Subcommittee on Criminal Justice has been working on two major projects this session. The first is sentencing reform legislation. Both the chairman of the Judiciary Committee (Mr. RODINO) and I have expressed our strong support for reforming Federal sentencing practices. We have introduced sentencing reform legislation, and the Criminal Justice Subcommittee has conducted 5 days of hearings on sentencing reform. Three more hearings are scheduled, and I expect to be able to conclude the hearings in May.

The subcommittee's second major project is legislation to help the innocent victims of crime. The subcommittee has held five hearings on this legislation, focusing principally on H.R. 3498, a bill sponsored by Messrs. RODINO, BERMAN, and some 50 other Members of Congress. The administration recently sent its proposed legislation to Congress, and the subcommittee will, of course, look carefully at it. I expect to complete hearings on crime victim legislation in early June.

In addition to these major projects, the subcommittee has been working on several other matters. The subcommittee has already held hearings on some of these matters, such as improving Federal criminal fine collection and H.R. 4826, a bill to prohibit nonconsensual tape recording of telephone calls by Federal officials. Other matters, such as bank fraud and bank bribery and contraband in Federal prisons, will be the subject of hearings in May and ought to be ready for markup. Some portions of S. 1762 pending before the subcommittee appear to be noncontroversial, and the subcommittee may be able to mark them up without the necessity of a hearing.

The subcommittee schedule through the end of the Memorial Day district work period is as follows:

Wednesday, April 25—hearing on H.R. 5406, the Foreign Evidence Rules Amendment Act of 1984—10 a.m., room 2226, Rayburn House Office Building.

Thursday, April 26—hearing on H.R. 5405, the Financial Bribery and Fraud Amendments Act of 1984—10 a.m., room 2226, Rayburn House Office Building.

Wednesday, May 2—hearing on H.R. 5477, a bill to amend title 18 of the United States Code with respect to providing or possessing contraband in a prison.

Thursday, May 3—hearing on sentencing reform legislation.

Wednesday, May 9—hearing on sentencing reform legislation.

Thursday, May 10—hearing on sentencing reform legislation.

Wednesday, May 16—markup.

Thursday, May 17—markup.

Wednesday, May 23—markup.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, April 10, 1984.

MS. NINA GILDEN,
Producer, Lawmakers, WETA-TV, Arlington, VA.

DEAR MS. GILDEN: I regret that my schedule has not allowed me to arrange an interview for your use on "Lawmakers." I appreciate the opportunity to express in writing my views of the criminal justice agenda of the current Administration.

I am deeply disturbed by the efforts of this Administration, and its allies in Congress, to politicize the criminal justice issue. The legislation espoused by the Department of Justice, and recently passed by the Senate, is for the most part a blatant use of the many myths about crime and criminal justice in order to exploit the fears of the public about its personal safety. There is simply no evidence to suggest that this so called "sweeping anti-crime" legislation, with the exception of the "Justice Assistance Act", will have more than a negligible impact on the occurrence of crime. Rather, such studies as have been done suggest the contrary. Moreover, whatever crime reduction is possible under these proposals would require fiscal costs unacceptable to the American public. It is highly misleading, if not cruel, to suggest to our citizens worried about crime that preventive detention or modification of the exclusionary rule, even if applied in State proceedings, would make our streets any safer.

There are, however, a number of facets of the criminal justice system, some of which are addressed in the Senate legislation, that are in need of reform. Changes in these areas will both facilitate the delivery of justice and help restore the public's respect for the system. In three of the most significant of these, the Criminal Justice Subcommittee, which I chair, is in the midst of diligent efforts to achieve reform.

During the first session of this Congress, the Subcommittee devoted considerable effort to legislation to reform the insanity defense in Federal court. This legislation, similar to provisions in the Senate-passed bill, was reported by the Judiciary Committee on the last day of the last session. I am currently attempting to resolve some of the concerns expressed by my colleagues about this legislation so that in the near future a bill enjoying strong bipartisan support may be presented to the full House.

At the beginning of this session, the Subcommittee began hearings on sentencing reform proposals. Both the Chairman of the Judiciary Committee and I have expressed our strong support for such reform by the introduction of reform legislation. Four days of hearings have been held, and an additional four are scheduled. I fully expect to complete the hearings by mid-May. This should leave more than ample time for sentencing reform legislation to move through the remainder of the legislative process. I must, however, add one note of caution: I do not believe that sentencing reform will be achievable this Congress unless that issue is kept separate from the highly volatile question of the death penalty.

The third major area involves legislation to help the innocent victims of crime. For many years, the criminal justice system has tended to overlook the particular needs of crime victims. Indeed, the criminal justice system has, with some fairness, been accused of further victimizing crime victims. Last year, Representative Peter W. Rodino, Jr., together with some 50 other Members of Congress, introduced legislation to help crime victims. The Subcommittee has held 5 days of hearings on the legislation. Just recently, the Administration sent its proposal to the Congress, and said that enactment of legislation to help crime victims has a high priority. The Subcommittee will have 2 days of hearings on the Administration proposal and then proceed to consideration of a bill.

In addition to these important issues, the Subcommittee is working on other portions of the Senate-passed legislation. Hearings have been held, or are scheduled, on bills to protect Federal officers from crimes of violence, improve the collection of fines, modify Federal evidence rules, expand bribery laws affecting bank officials, and prohibit the nonconsensual taping of phone conversations by Federal officials. Additional matters will be scheduled for consideration in the near future. I anticipate Subcommittee consideration of some of these bills in early May.

Finally, I cannot stress too much the political nature of the attacks on the House consideration of crime issues. One "title" of the so-called crime package is the "Justice

Assistance Act." Of all the components of the package, this is the most likely to have a real impact on crime. This bill was passed by the House last May, but languishes in the Senate. It could become law by a simple vote of the Senate; one can assume it is favored, since it was included in the package. Yet the Senate leadership refuses to bring the bill forward. This inaction raises serious doubts about the actual commitment of the Senate leadership to legislative action against crime.

Thank you again for the opportunity to express my view.

Sincerely,

John Conyers, Jr.,
Member of Congress.●

RECOGNITION OF ROY W. MOGER

HON. ROBERT J. MRAZEK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. MRAZEK. Mr. Speaker, in the past 10 years both our Nation and the State of New York have commemorated their bicentennials. This period has given the residents of my State the opportunity to reflect on their heritage as New Yorkers and as Americans, and to use our shared experiences as a means of preparing ourselves and our society for the future.

On April 29, the citizens of the town of North Hempstead in Nassau County will gather to say goodbye to the bicentennial celebrations of the United States and New York, while at the same time launching the 200th anniversary celebration of the town. Throughout this period, the Greater Roslyn American Revolution Bicentennial Commission has sponsored a series of festivals, celebrations, and educational forums to heighten the appreciation of the community to the importance of these historic anniversaries.

In particular, Mr. Speaker, I would like to take this opportunity to draw the attention of my colleagues to the contributions of Roy W. Moger, the chairman of bicentennial projects in North Hempstead. A local historian and lecturer, Roy W. Moger has been the driving force behind the town's commemorations for the past 10 years.

The commission first met in January of 1974. Since the first session, a wonderful stream of community projects, celebrations, grants to ongoing endeavors, concerts, seminars, and ceremonies has followed. While many served on the commission under Mr. Moger's guidance, countless more worked on the various projects and literally thousands of our citizens were beneficiaries of the commission's gifts to the community.

Mr. Speaker, such unbridled enthusiasm for our area's history and our future should not go unnoticed. I call to the attention of my colleagues the splended commitment of Roy W. Moger and those he led on a trip back through time. The knowledge and appreciation gained by these efforts are indeed priceless to those whose lives Mr. Moger and the commission have touched.●

END NICARAGUAN MINING

HON. EDWARD F. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FEIGHAN. Mr. Speaker, earlier this month, both Houses of Congress voted to condemn the mining of Nicaraguan harbors by CIA operatives—and with good reason. As many Members on both sides of the aisle pointed out, the mining is illegal, immoral, and doomed to fail.

For just 1 minute, I would like to expand on that sentiment with some general comments on so-called covert operations. A recent study reports that the United States has undertaken 45 covert operations—both for and against foreign governments—since 1963 About half of them—most notably the assassination of Diem in South Vietnam and Allende in Chile—are ironically labeled successes. Others—including our efforts to keep the ayatollah out of Iran—are properly listed as failures. Just about all of them have succeeded only in creating a deep-seated distrust of U.S. policy abroad. In that sense, they are all failures.

The reason is simple. Covert operations—clandestine attempts to overthrow foreign governments and murder foreign leaders—are inherently un-American. They require secrecy in a democracy that thrives on public debate. And when the truth eventually is known—as it always is—we end up looking immoral, inept, or both.

The CIA war against Nicaragua is still filed in the "inconclusive" category. But it too will fail. By fighting the most publicized secret war in history, in clear violation of United States and international law, we are losing credibility and earning contempt in nearly every nation of the world.

Increasingly our allies find a hard time distinguishing our actions from those of the Soviet Union. And that is a tragedy, because there is a difference—a very real one. This Nation has fought for freedom and justice throughout its history. Mining harbors in peacetime makes people forget the proud traditions we stand on.

Yesterday, I had the good fortune to meet with a delegation of foreign parliamentarians who have come here to question our policy in Central America. To a man, they could not understand why we insist on pursuing a military solution, and they do not believe President Reagan when he says that the United States is not trying to topple the legitimate government of Nicaragua. They do believe that our policy is fueling anti-American feelings around the world, and that it drives Nicaragua closer to Cuba and the Soviet Union. And they fear that more of the same will gravely harm the interests of America and our allies in the West.

The misgivings of our friends from Europe and South America are convincing, and they are shared by a majority in this House, and a majority of the American people. It is time for the President to take notice.●

IN HONOR OF THE AWARDING OF THE EAGLE SCOUT TO DAVID THOMAS WALLACE

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FAZIO. Mr. Speaker, on April 29, David Thomas Wallace, a senior at Delta High School in Clarksburg, Calif., will be awarded the Eagle Scout—the highest progress award of the Boy Scouts of America. David successfully completed a qualifying project that entailed the design, layout and installation of a numbering and address system for all the lots and houses in Clarksburg. I want to commend him publicly for this achievement and this honor.

The Boy Scouts is a tremendous organization. The good it does for the boys and young men of this Nation is well known. To achieve the level of Eagle Scout is a distinct accomplishment, and David has proven himself worthy of this award through his achievements in his school, his church and his community.

David is a member of the California Scholarship Federation and is listed in "Who's Who Among American High School Students." He is class vice president and class representative to the student council at Delta High. While maintaining an overall 3.65 grade point average, he has participated in basketball and baseball, was awarded Honorable Mention All League in football, and is also section leader in the school band.

In addition, David has received the Bank of America Music Award and the Soroptimist Citizenship Award, and was a delegate to Boys State. He is president of the Clarksburg Community Church Youth Group and a member of the church choir and worship committee.

David is a credit to his family, his Scout troop, and his community. I am sure he will be a success at the California State University at Fresno, where he will study health services administration. I commend him for his attainment of the Eagle Scout Award.●

TRIBUTE TO THOMAS TOMEO

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. COURTER. Mr. Speaker, those of us who vote on billion-dollar appropriations and seek to manage the affairs of the Federal Government should always remember that the real work of helping people and building communities takes place not as a result of high-minded policy actions in Washington, but due to the efforts of individuals across this country who give of themselves in order to serve their neighbors.

They do their work in every community in America, helping individuals, building institutions, promoting health and education. The work of these volunteers is invaluable—it holds many communities together, and it serves as a beautiful example of the caring altruistic attitude that we want all citizens to have.

This work is not done for recognition—indeed, it often goes without proper recognition. These community volunteers who deserve recognition that most seem to need it the least, because their true satisfaction comes from the knowledge that they have helped improve someone else's life.

Tonight in my own home community, the people of Hackettstown will gather to honor one such individual, Mr. Thomas Tomeo, who has a 30-year record of service to his neighbors.

It is a special pleasure for me to pay tribute to him, because Tommy Tomeo is a personal friend, and adviser whose companionship, counsel, and enthusiasm have been valuable to me since I first thought of serving in Congress.

Mr. Tomeo will be honored for his work on the Hackettstown Community Hospital, a project which we have seen grow from a dream to a reality, thanks in great part to his efforts. Tommy has served on the hospital's board of directors since 1955, and presided over the hospital's first civic advisory council in 1971.

Tommy Tomeo also deserves honor for his participation in the affairs of other civic groups and charities, and for his participation in the affairs of the Warren County Republican Party.

So, while Tommy will be honored by the Hackettstown Community Hospital, he will receive the respect and gratitude of all the people and associations he has served in his continuing avocation of public service.

It is fitting that he be recognized in Hackettstown, where the direct benefits of his generous spirit are seen and felt.

And it is fitting that we pay tribute to Thomas Tomeo in Congress, because he and others like him enrich our Nation through their daily labors, and keep in practice the great volunteer tradition that has symbolized the goodness of the American spirit for two centuries of our history.●

TRIBUTE TO JIM KELLY, MAYOR OF EL MONTE, CA

HON. MATTHEW G. MARTINEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. MARTINEZ. Mr. Speaker, it is with great pleasure that I bring to your attention one of California's most distinguished citizens. Mr. Jim Kelly, mayor of the city of South El Monte, has lived in the State of California since 1948. His contribution to his city and State are a true testimony to this gentleman's honorable character. Now, at the time of his retirement, I join his wife Margaret, their five children and three grandchildren, in congratulating him on his fruitful and exciting career.

Jim Kelly has worked for Balian Ice Cream since 1964. During these years of dedicated service, Jim became actively involved with events and activities in his community. In 1965 he became the annexation chairman and in 1966 was street lighting chairman for the city of South El Monte. In 1967 Jim was the leader of the city clean-up campaign. Jim has also been actively involved with city planning throughout the years. Jim served as commissioner for city parks and recreation on two separate occasions and in 1975 he served as city planning commissioner. Jim was elected to the city council in March 1976, and was first elected mayor in April 1980, and reelected in April 1982.

Some of the other services to his community include president of the Holy Name Society and chairman of the annual fiesta at the Epiphany Church. Jim has also been a Scout Master for the Boy Scouts for 11 years. As a charter member and post commander of the South El Monte American Legion Post 407, Jim has worked hard to insure that the veterans of this country continue to receive the recognition that they deserve. He served in the U.S. Navy from 1950 to 54. Jim is also a member of the Teamster Union.

Mr. Speaker, I am proud to take part in this celebration of recognition of Jim Kelly's career. It is a great honor to have had the opportunity to know and work with such an accomplished individual.●

HOUSE DEMOCRATIC LEADERSHIP HINDERS THE FIGHT AGAINST CRIME

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. SAWYER. Mr. Speaker, on February 2, the Senate overwhelmingly passed, by a vote of 91 to 1, comprehensive criminal reform legislation. The Comprehensive Crime Control Act (S. 1762) is one of the most sweeping anticrime packages to move in Congress in nearly 14 years. It comprises over 40 key criminal matters including bail, sentencing, forfeiture, and insanity defense reform.

This landmark legislation received bipartisan support in the Senate and President Reagan praised its passage. Yet, such a worthwhile effort to help fight against the rising crime problem will probably die in the House thanks to the House Democratic leadership. The leadership has made it quite clear that they have no intention of dealing with this bill, calling it too controversial. What can be so controversial about legislation which will clean up our streets and make our communities safer to live in?

Nearly half of all Americans are afraid to walk in their own communities at night, and 1 in 6 fear for their safety in their own homes. Americans today view violent crime as one of the most important issues in America. Crime knows no political boundaries. It is deplorable that politics become more important than our security.

My Judiciary Subcommittee on Crime, of which I am the ranking Republican member, has a track record of moving crime-related bills. Why is it that my subcommittee can be so successful? The answer is simple. The subcommittee chairman, BILL HUGHES and I do not let partisan politics cloud our judgment or dictate our direction. Our jobs as Members of Congress is to represent the people who elected us. BILL HUGHES and I work together as a team, not as adversaries, in producing sound anticrime measures. Unfortunately for the American public, this is too often the exception instead of the rule.

In January 1983, I introduced the Bail Reform Act to sharply curtail those crimes committed by persons awaiting trial, sentencing, or appeal. This is one of the provisions of the Senate crime package. Currently, Federal judges do not have the legal authority to consider a defendant's danger to the community and are forced to release dangerous defendants back into our community. To date, my Bail Reform Act is still bottled up in a subcommittee.

I am incensed that such a serious problem as crime reform is such a low priority of the House leadership. There is just no justification for failing to consider this anticrime package. The Senate pulled together and passed this bill and I would wager that the vast majority of Members in this House would wholeheartedly support this measure as well if given the chance. It is a crime that we will not have that chance.●

A BOOST FOR GREATER BUFFALO

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. LaFALCE. Mr. Speaker, all too often we read about the negatives of the Buffalo region—the stormy weather, the closing industries, the ghost town atmosphere of the mass transit construction area, and the general lack of excitement in the community.

Those of us who live in and love the greater Buffalo area know better. Hence we wear our pride in western New York on our sleeve or if so inclined, on a "Boost Buffalo" button on our collar. It is with that sense of pride that we read of the greatness of the greater Buffalo area in the April 22 issue of the Washintgon Post. David Beacon has discovered a small part of the wonder of western New York, including Niagara Falls, NY, and a host of exemplary cultural riches. We who know the area well, know that Beacon has missed much, but we welcome the recognition so well deserved.

Beacon's article entitled, "The Decline and Rise of Buffalo," follows:

[From the Washington Post, Apr. 22, 1984]

THE DECLINE AND RISE OF BUFFALO

(By David Beacom)

More than 300,000 souls call Buffalo home, and the remaining 4 billion of us have done a dandy job of putting them on the defensive. Justly so, it often appears—but then appearances can be deceiving.

The weather in this northwestern New York city does get nasty, there's no denying that: Time was when on the most blustery of winter days ropes went up beside downtown sidewalks to help Buffalo's windblown pedestrians haul themselves along.

Worse, despite its status as the state's second-largest city and its history as a significant manufacturing and shipping center, the place doesn't exactly make a good first impression. Buffalo's 42 square miles spread willy-nilly across a seemingly endless plain bordering Lake Erie and the Niagara River, and all that space has prompted a decidedly patchy pattern of development.

For the new arrival, an initial glimpse of the big high-rises at the center of town—a few blocks from the lakefront—might generate a spark of interest. Yet on closer acquaintance those buildings come across as lonely megaliths, most of them standing isolated and a little forlorn in a desert of roadways and parking lots. As a result, the heart of the city seems down-at-the heels, weedy, and more than a tad dispirited.

Then, too, Buffalo has hardly established a reputation for high culture. Despite the general guffawing over, for example, Cleveland, the laughs stop when talk turns to that city's awesome orchestra. Who makes such distinctions about Buffalo? In the Broadway musical "A Chorus Line," the character who hails from Buffalo (as does the play's creator, Michael Bennett) goes so far as to say that in his hometown "suicide is redundant."

Funny how unforgiving we can be. After all, anyone who has ever suffered a setback that scads of people managed to find out about and bray over—and that means most of us—knows only too well the persuasive staying power of a loser's reputation. It doesn't actually require a real misstep to get in Dutch with the rest of the world; rumors, hearsay, out-and-out slander will do the trick. Most folks caught in that bind wish that—just once—the outside world would put the accent on the positive. So, as regard Buffalo, here goes.

To begin, not even the proudest of cities—not New York, not Washington, certainly—would turn up its nose at the dazzling riches of Buffalo's Albright-Knox Art Gallery. A couple of miles north of downtown on Elmwood Avenue, which en route passes a passel of formidable Victorian houses, the Albright-Knox owns so many big-time works that it tends to have a dizzying effect on visitors from towns where masterworks are doled out more sparingly.

The gallery occupies two very dissimilar buildings. The earlier structure has the look of the old National Gallery or the Philadelphia Museum. It's a turn-of-the-century palace of culture rendered in the classical revival manner long regarded as the only style that would do for places dedicated to public improvement.

The new building—a sleek, unassuming box designed by Gordon Bunshaft and opened in 1962—would, in many cities, represent a hopeful gesture, at best. Such buildings—even the National Gallery's East Building, for example—usually have gone up well before much materialized to fill them. Today, many such places in smaller cities sit half-empty, all dressed up but not likely to go much of anywhere. The story took a happier turn in Buffalo.

Bunshaft's structure can barely contain its abundance of first-rate works by the significant American and European artists of the last 30 years or so. Credit for the fact that this serious, yet immensely pleasurable, collection of modern art has found a home in Buffalo rests with the enlightened local patron Seymour H. Knox and with the staff of the museum he had a big part in paying for. But it also represents a broader achievement for a city generally thought to have few cultural assets or aspirations beyond the athletic antics of the Buffalo Bills.

Even on the most brilliant Sunday afternoon, a fair number of townsfolk make their way to the Albright-Knox, and they come not in ritual deference to the art of the past but ready to take on the esthetic challenges of their own age. At the Albright-Knox, good things hang around just everywhere, and the modest scale of the individual galleries helps bring art and its public into an easily intimate relationship.

In the adjoining building, the dignified spaces of an old-time museum are given over to special exhibits and to bits and pieces of what the collection amounted to before the Knox style and money took over. Oh, the rooms house some worthy items, but artistically the original building belongs in a different league.

Not that every old structure in Buffalo fails to hold its own against its more youthful neighbors—quite the contrary. Declining cities usually make matters worse by clearing away the remnants of their glory days—a practice that lends Buffalo and many other such places a vacant, impoverished air. So when venerable structures hang on largely intact, they emerge as stunning survivors. In Buffalo, the best of these is the Guaranty (later, Prudential) Building on Court Street near the center of town.

Designed in 1896 by Louis Sullivan and now one of that influential Chicagoan's few remaining works, the Guaranty Building over the years suffered the customary neglect as well as some slipshod renovations and a fire during the 1970s that did its part to clear out the remaining tenants. To the rescue came a team of out-of-town developers. They gave the building a painstaking sprucing-up that also restored its commercial appeal.

So far as it affects downtown Buffalo, the renovation was well worth the effort. The slender tower amounts to an exceedingly rare architectural concoction—a pretty skyscraper. Tall buildings can easily appear impressive; this one attains the more delicate, elusive qualities of lightness and grace. Its surface swirls with elaborately intertwining ornamental designs, and the ruddy terracotta of the facade brings a bold stroke of color to the otherwise over-whelmingly gray canvas of the center city.

Buffalo prides itself on its architectural masterworks, among them five houses created by Frank Lloyd Wright around the turn of the century, when the city had more than enough money and importance to command the attention of the nation's top designers. The only one open to the public is the biggest and best-known of the group—the Darwin Martin house, built in 1902 near Delaware Park for a leading Buffalo businessman.

John O'Hern, curator of the house, leads tours of its broad, low rooms and simultaneously conducts a gently comic exploration of the relationship between an architect and a client, each bent on having things his own way. As often happened, Wright prevailed. Eighty years later, the house appears fairly tatty; Wright never mastered the low-upkeep house, his repeated claims to the contrary notwithstanding. Still, the building establishes itself as an original and dynamic composition. And it offers a goodly number of Wright's special treats—not the least of these the inventive patterns of his leaded windows, lined up in long, glittering rows.

Actually, despite Buffalo's reputation as a low-life lout, its principal charms lie in the esthetic realm. In dramatic circles, the city's 20-year-old Studio Arena Theater has a solid reputation. Its recent production of "Cabaret," for instance, hummed with far greater temptation and menace than the musical ordinarily evokes.

However, no matter what the feelings generated onstage, the audience's spirits sink on leaving the theater. Studio Arena opens onto a city-scape straight out of "The Day After"—a stretch of Main Street blasted into barely identifiable smithereens. The culprit: construction of a combination streetcar-subway system that by the summer of 1985 will extend 6.4 miles from the center of town. In the meantime, the project blights a fair portion of downtown—

which, it must be said, looks none too resilient.

Despite all this, Studio Arena's neighborhood—called, appropriately enough, the Theater District—also offers Shea's Buffalo, an opulent old roadshow house, as well as a handful of sleekly designed restaurants. Not to mention the Anchor Bar, up Main and ostensibly the birthplace of Buffalo's deservedly famous chicken wings.

Also nearby is the section known as Allentown, along Allen Street between Main, Delaware (by fits and starts the city's most beautiful and urbane avenue) and Elmwood. Hardly Greenwich Village, Allentown nevertheless does manage a relative plenty of pedestrain traffic, good antiques at decent prices and some of Buffalo's cozier bars and restaurants.

Not far from Allentown, in a somewhat desolate block of Franklin Street, is Rue Franklin, a French restaurant of considerable success in realizing those aspirations. Like many good things in Buffalo, putting so fine a restaurant in so unprepossessing a setting seems, at best, misguided.

Yet the city and its enterprises constantly weather reverses great and small, a few of them self-inflicted. In 1901, President William McKinley came to town to put in an appearance at the Pan-American Exposition, a kind of high-minded World's Fair. Thanks to the marksmanship of an anarchist assassin, the visit ended badly for McKinley—and Theodore Roosevelt took the oath of office in a big house (still standing) on Delaware Avenue.

In a gesture of atonement for McKinley, city leaders erected a monument at Niagara Square—plunk in the center of town. The obelisk and statuary that form McKinley's monument give the city's sole grand public space a worthy focal point. Over the long haul, however, the whole enterprise ensured only that Buffalo's most visible memorial marks not some local display of pluck (or even the admittedly tepid exploits of longtime residents Millard Fillmore and Grover Cleveland) but instead a source of national embarrassment.

The City Hall, facing Niagara Square, is a gloriously overdecorated relic of the Depression era that recalls Rockefeller Center, Mayan ruins and a Cecil B. De Mille set all at once. The views available from the building's top-floor observation deck take in the tremendous breadth of the region's landscape and, nearer at hand, the major downtown landmarks. Among these is the Liberty National Bank, its twin towers crowned with not one but two replicas of the distinguished lady from France who stands watch over New York Harbor. Buffalo's twin Statues of Liberty bear uplifted torches that blink alternately in a kind of double message to anyone nearby who might, perhaps, yearn to breathe free.

The vista over the city includes Buffalo's long, grassy waterfront as well. There is also the great sweep of Lake Erie itself, which looks positively oceanic from 28 stories up, and the silvery thread of the Niagara River.

Heading out of Buffalo, the river leads toward Lake Ontario. On the way, the Niagara makes a stop of sorts for the famous falls. And so should you. The drive from Buffalo along the Parkway on the Canadian side has its pleasant aspects.

The first visible evidence of the falls is a misty plume rising high into the air where the river takes its tumble. Closer up, the falls appear most imposing from Canada. They disappoint only those too world-weary to take a long, clear-eyed look.

An added benefit of crossing the border is that downtown Niagara Falls, Canada, offers some of the world's most-obvious tourist traps, including waxworks of every description as well as an Elvis Presley museum. It is not necessary (or even wise) to resist every one of these snares. The so-called Scenic Tunnels, which snake underground to provide views of the falls from an odd, low-down perspective, can provide a genuine thrill or two.

Visitors to the tunnels are equipped with boots and slickers before entering an elevator that leads to the tunnels below the falls. Once the elevator stops, the doors open to a long, dim passageway with three arms that reach out through the rock to the falls. The first gives onto a terrace where visitors peer up and, on days when the river is really rolling, get a fair dousing. The second opens to an alluring spectacle of billowing water and mist. And for some, a couple of seconds spent watching the action here might make the whole trip worthwhile. The third arm of the tunnel comes out under the falls and ends with a prepossessing, violent vision that says Watch Out. The power of nature asserts itself.

The Parkway beyond the town of Niagara Falls offers better scenery than on the way in. The landscape grows rocky, the forest dark and deep. The houses are prettier. Best of all, the road winds toward an idyllic destination—an old village called Niagara-on-the-Lake. The Shaw Festival, a well-regarded summer theater that devotes part of its season to George Bernard Shaw and much of the balance to his contemporaries, stands on the outskirts.

In the town, low buildings line the main street, the structures neat and varied and occasionally downright beautiful. The Prince of Wales Hotel, a Victorian confection topped off with a mansard roof, holds sway near the entrance to town, where the road divides to accommodate a diminutive clock tower. Shops, including a nicely stocked bookstore and a surprising number of good bakeries, edge the street. Just beyond the village, the road comes to a turn. And the view suddenly expands to take in the watery vastness of Lake Ontario.

When the makers of "The Dead Zone," a movie based on the novel by Stephen King, needed a perfect little American town in which to unfold their tale of horror, they found what they wanted across the border, in Niagara-on-the-lake. Robert Redford filmed his new movie, "The Natural," in Buffalo. Sylvester Stallone's trainer, Ray Notaro, is a native son, and he promises that his boy's continuing adventures (Rocky IX?) will include at least one bout shot on home turf.

Maybe these movie types have stumbled onto something that has eluded the rest of us. After all, it is probably a measure of America's magnificence that places like Buffalo so often end up overlooked or derided. A roughly equivalent town in Europe—with a top-flight museum, with exemplary works by two of the nation's greates architects, with outstanding theater in town and more nearby, and with one of the continent's unparalleled natural wonders an hour away—would rank as a must-see in the guidebook, no matter what depredations the area had suffered since its heyday.

On this note, a personal remembrance comes to mind. When I was a tot, the youngest in a large and ever-expanding family, the whole brood made a pilgrimage to Niagara Falls. We stayed at the Statler in Buffalo. In those days, the hotel managed a certain splendor. Decades later, I still can remember the sunny corner living room of the suite we occupied. Even my mother—an accomplished traveler and no stranger to lovely things—recalled the Statler as a notably agreeable place. Today, the hotel is a stately facade on Niagara Square enclosing a dismal hulk awaiting conversion to office space. A few immense chandeliers in the lobby are the only souvenirs of better times.

Well, like the Statler, we have all probably declined some over the years. Yet the passage of time and all the changes that come with it are not reason to give up, not for any of us. Perhaps that explains why the hometown folks get so defensive about Buffalo, or about any similar spot. Fighting back—keeping the forces of age and decline at bay—is a serious business that engages us all. In fact, it's known as staying alive.●

CATHOLIC COMMUNITY SERVICES HONORED

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. HUNTER. Mr. Speaker, on Wednesday, June 27, 1984, a celebration will take place in my district in recognition of the outstanding and varied services provided by Catholic Community Services, Diocese of San Diego.

Since its formation in 1919, Catholic Community Services has maintained an invaluable social presence in San Diego by aiding over a half-million people through their various programs. These include essential emergency services, counseling for emotional problems, referrals for resettlement services, employment training for job placement, premarriage preparation, assistance during pregnancy and training for natural family planning.

Accordingly, Catholic Community Services has been responsible for, or assisted in, the development of other service providers such as ACCESS, ALMA, Centro De Asuntos Migratorios, Desert Valle Federal Credit Union, Ecumenical Service Center, Good Samaritan Shelter, House of Rachel, Rachel's Day Center, Imperial Valley People's Food Co-op, Noah Homes, Plaza Co-op, the Refugee Continental Craft Co-op, and the San Diego organizing project.

The Catholic Church has been a stable fixture of community aid in San Diego since 1919, and in 1949, Bishop Charles Francis Buddy established and committed the Diocese of San Diego to the support of the Catholic Casework Bureau. We in San Diego recognize and salute Bishop Buddy for his generous efforts, as well as Bishop Leo Thomas Maher who, on February 13, 1974, filed incorporation papers for Catholic Community Services to officially establish this organization as a public benefit corporation.

In recognition of Catholic Community Services' 10th anniversary as a corporation and 65th year of charitable, nonprofit service to the San Diego community, June 27, 1984, has been declared Catholic Community Services Day.

Mr. Speaker, I am most proud to have such a significant community service organization in my district and I urge my colleagues to join me in applauding their continued efforts now reaching a 65th year. Their deeds shall not go unnoticed.●

EL SALVADOR AND MILITARY AID

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FIELDS. Mr. Speaker, the House of Representatives must soon address the issue of emergency military aid to El Salvador. Much of our previous debate has centered around the existence of rightwing death squads; I suspect the upcoming debate will be predictably similar. In fact, recent accusations levied by former Ambassador to El Salvador, Robert E. White, have proliferated the level of death-squad debate.

In preparation for House consideration of emergency military aid to El Salvador, I commend the following article from the Wall Street Journal to the attention of my colleagues.

[From the Wall Street Journal, Friday, Apr. 6, 1984]

SALVADORAN REACTS TO AMBASSADOR WHITE'S ACCUSATION

(By Luis Escalante Arce)

Earlier this year, Robert E. White, former U.S. ambassador to El Salvador, announced that six Salvadoran exiles living in Miami were, in large measure, responsible for directing the activities of right-wing death squads in their homeland. As one of those cited by the ex-ambassador, I would like to describe the facts that are rarely, if ever, discussed in connection with the current situation in El Salvador.

Just a few years before the Oct. 15, 1979, fall of Salvador's little-lamented President Carlos Humberto Romero, the country was held in the grip of an orchestrated campaign of terror. Banks and stores were being robbed with impunity, labor strikes were paralyzing factories, public buses were being burned and the kidnapping of widely known and honored community leaders was on the upswing.

Among the many who were kidnapped, and for whom large ransoms were paid, I recall the following: Francisco de Sola, industrialist; Benjamin Sol Millet, agribusiness entrepreneur; Ian Chatterton and Cameron Massey, officers of the Bank of London and Montreal, held for several months; Jose David Escobar, farmer; Carlos Emilio Alvarez, physician; Jaime Batlle, coffee exporter, held captive for almost a year; Ernesto Sol Meza, industrialist; Miguel Miguel, industrialist; Fritz Schuitema, Dutch executive of Philips N.V.; Emilio Charur, merchant; Jaime D. Hill, large-scale farmer; Teofilo Siman, merchant, for whom ransom was paid twice; Dimas Funes Hartman, physician; Tomas Peralta, broker; Domingo Call, industrialist; Miguel Arturo Duenas, investor, and Jose Venutolo, farmer.

I also remember a number who were murdered by would-be kidnappers or who died while being held by leftist bands. They include: Ernesto Regaldo, investor; Ernesto Liebes, merchant and honorary consul of Israel in El Salvador; Archibald G. Dunn, ambassador from South Africa to El Salvador; Hogo Weil, charge d'affaires from Switzerland; Mauricio Borgonovo Pohl, foreign minister of El Salvador; Eduardo Guirola, large-scale farmer; Roberto Poma, president of the government tourist agency, murdered by kidnappers before payment of ransom; Fugio Matsumoto, Japanese textile manufacturer; Raul Molina, industrialist; Nicolas Nasser, merchant and past president of the local Chamber of Commerce, and Elena de Chiurato, coffee-export executive, never released despite payment of ransom, and presumed dead.

During all these crimes, throughout this entire period of anarchy, those who now clamor to get on the human-rights bandwagon in El Salvador were silent. The naked feeling of insecurity that plagued the populace during this period produced an atmosphere of deep discouragement, humiliation and fear. People from all walks of life chose to leave El Salvador; it is estimated that emigration since 1979 exceeds half a million. Among this number are refugees in Miami, Fla., and among these are the people whom Mr. White accuses of directing the "death squads."

I think it is fitting to point out that I was kidnapped in San Salvador on Oct. 6, 1979. After my family paid a large ransom to my kidnappers, I was released, but not all in one piece. Seriously wounded during the kidnapping, and given only an occasional sip of water plus a handful of dry cornflakes every few days during my month of captivity, I was close to death. I was flown to Jackson Memorial Hospital in Miami on Nov. 5, 1979. The rebuilding of my bullet-riddled legs was then begun at Johns Hopkins Hospital in Baltimore, and my struggle to recover fully continues to this day.

While kidnappings and murders were—and remain—the stock in trade of Salvador's communist guerrillas, their propaganda efforts were a key ingredient in their attempts to ensnare El Salvador and discredit its industry and its will to progress. First, publicity and widespread circulation was given to a statistic that the country's land and wealth was controlled by "fourteen families." This figure was so demonstrably and ridiculously inaccurate that it soon went out of vogue.

Next came energetic attacks (as prescribed by Lenin) on the "oligarchy" in a campaign to power a movement bent on the destruction of private enterprise. However, the attackers found it increasingly difficult to apply a term meaning "rule-by-a-few" to tens of thousands of entrepreneurs. The term "oligarch" soon lost currency in Salvadoran circles (though the term, apparently has had a longer run among the ill-informed in the U.S.).

Finally came the horrifying specter of "right-wing death squads." Never mind the fact that communist guerrillas are responsible for many of the civilian deaths. Or that many of the politicians being murdered are conservatives. These facts do not alter the premise, says Mr. White, that civilian political murders in El Salvador are caused by right-wing death squads that are directed by Roberto d'Aubuisson and the "Miami Six." Perhaps it should be mentioned that one of Mr. White's "Six," Juan Ricardo, has been dead for more than two years. And Mr. White had to retract his indictment of another "Miami Six" member after it was proved that the man had never lived in Miami and had never been a member of the party to which Mr. White had assigned him. Mr. White also had accused this same man of having conspired to kill Archbishop Oscar Romero; it was later disclosed that the man was a personal friend of the archbishop.

As for myself, I am now living in New York City, and am saddened by the hostility I seem to have attracted from Mr. White. This is in direct contrast to the splendid hospitality I have found among others in the U.S. I have been received here with kindness, not only by friends, but by Americans I have met casually and unexpectedly. Above all, the compassion and sensitive humanity of the American doctors and nurses who have attended me through my long and difficult surgery and treatment has been outstanding.

The U.S., the most magnanimous country economically that the world has ever known, in all good faith makes a mistake when it attempts to transform underdeveloped countries overnight. At times, the headlong rush to sow democracy abroad, without essential understanding of the countries in which the planting is to be done, produces consequences quite the opposite of the good intended by the planters. This mistake is compounded by those who, for ideological reasons, wish to see in Central America profound social changes inimical to economic and political freedom. The Carter administration gave its support to the Sandinista movement without analyzing its makeup, and we now see that Nicaragua is a country under Soviet-Cuban rule.

All this should not leave the reader pessimistic. The will to persevere against the terrorism and anarchy that threaten to destroy El Salvador comes from the heart of the Salvadoran people. Salvadorans have proven to be impervious to the brainwashing shampoo applied to our unwilling heads by leftist intellectuals and by the tiny minority of Salvadoran Marxists.

Mr. Escalante is a banker who now lives with his wife in New York.●

A TRIBUTE TO WILLIAM AND LILLY ROZAY

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. BERMAN. Mr. Speaker, William and Lilly Rozay will be honored on Wednesday, May 16, 1984, at the San Fernando Valley Child Guidance Clinic's seventh annual Humanitarian Award Dinner.

In 1947, William and Lilly, refugees of the Nazi concentration camps, arrived in the United States. Together they created a successful trucking business, Rozay Transfer. William, a respected leader in the trucking industry, has served as president and chairman of the board of the California Trucking Association.

William and Lilly, in addition to their successful business, have an impressive record of community service. William has been active in the Beverly Hills Lodge Knights of Pythias; he is one of the founders of the American Friends of Hebrew University in Jerusalem; and served as executive vice president of the City of Hope Merchants' Club in charge of fund-raising.

Locally, Lilly is involved with the Cleft Palate Guild and the Crippled Children's Society. She has also organized a shoe drive for orphaned children in Israel, and has aided Russian emigree to Israel.

I commend William and Lilly Rozay for their many devoted contributions to the community, and ask the Members to join with the San Fernando Valley Child Guidance Clinic in honoring them.●

TEMPLE EMANU-EL PAYS TRIBUTE TO THE COURAGEOUS DANISH PEOPLE IN WORLD WAR II

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. SCHUMER. Mr. Speaker, I would like to take this opportunity to commend Rabbi A. Allen Block and the congregation of Temple Emanu-el of Canarsie, in Brooklyn, for furthering the cause of Judaism and Ecumenism.

On March 23, 1984, Temple Emanu-el officially paid tribute to the Danish People for their humanitarian efforts during World War II. According to historians, the April 1940 Nazi invasion into Denmark was to be the beginning of deportation and annihilation of Danish Jewry. The Danish people, however, under the leadership of King Christian X, managed to organize a rescue operation for their Jewish neighbors. Danish Jews were thus saved from the tragic fate that befell so many European Jews.

In attendance at the commemorative service were the Honorable Birger Lehman Nielsen, Danish Deputy Consul General; Pastor William H. Gentz of Salem Evangelical Lutheran Church, as well as members of Danish-American community organizations.

The congregation of Temple Emanu-el, through its commemorative prayer service, set a fine example for future efforts to enhance community cohesiveness.●

SOVIET VIGIL

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. MOAKLEY. Mr. Speaker, I am honored to have this opportunity to participate in this year's Soviet Vigil as sponsored by my colleague LAWRENCE COUGHLIN. Yet, I am deeply saddened that the necessity for such a congressional vigil still exists. It is inconceivable to me that just a short time ago, in 1979, Jewish emigration from the Soviet Union was at its peak of 51,320. 1983's statistics reflected a drastic decrease of only 1,314 Jews allowed to emigrate. In March 1983, 101 Jews were granted permission to emigrate, a drop of 2,948 since 1980. This March, only 51 Jews were allowed to emigrate. This dramatic reduction in people permitted to emigrate from the U.S.S.R. is frightening in its implications. What happens to the thousands still left behind?

Many Jews in the Soviet Union who are denied permission to emigration depend on American gifts for their basic survival. Until recently, the only problem these gifts presented was that the receiver in the Soviet Union had to pay an expensive import duty; however, now Soviet authorities have legislated a new law. Essentially what this law does is to place a 10-year prison sentence on any Soviet citizen who exists on such American donations. Survival for those who receive such gifts is in serious jeopardy.

The Lifshitz family, who have been denied permission to emigrate four times since 1981 and led a hunger strike in protest, now face a new and greater dilemma. According to a recent correspondence with Vladimir, he was not long ago ordered to meet with officials to be questioned. Upon his arrival, he observed that the room he was to be interrogated in was filled with electronic equipment—that is, cameras and tape machines. During his questioning, insinuating and inflammatory accusations were hurled at him, with the purpose of making him implicate himself as involved in illegal activities. Vladimir is apprehensive about the futures of his wife and young children. As he says, "the system is greater than I. I can only rely on myself and my friends." His was a fatalistic attitude bred from many needless disappointments.

Thirty-seven-year-old Nadezhda Fradkova is another Jew who has been left behind. Since 1978, Nadezhda has steadfastly applied for emigration permission and been denied. In January of this year, Nadezhda was forcibly removed from her place of residence and was held in Leningrad hospital in isolation for 75 days. During that time she was subjected to the most cruel and inhumane treatment. Nadezhda was under 24 hour KGB surveillance; daily a "doctor" would come, shake her and scream anti-Semitic obscenities in her ears. She was given hallucinogens so that time was a blur and her health was dangerously impaired. So bad was Nadezhda's treatment at the hands of her captors that she began a hunger strike that lasted 25 days until the hospital force fed her.

Nadezhda has recently been released from the hospital and her health is still poor. Although she has two degrees in mathematical linguistics, she cannot even get a job as a street cleaner. Her clothes have been stolen by the KGB and her house is constantly being searched by them. She consequently wrote to the Soviet officials renouncing her citizenship, explaining that she could not be a citizen of a country that cannot protect her from its own political machine.

Nadezhda now only wants to die, for she is in a living death situation. The only thing holding her back is that she does not want to give the Soviet officials the satisfaction of driving her to kill herself.

My friends, the Jews in the Soviet Union are unwitting players in a cat-and-mouse game—in which they will lose completely unless we help. We can no longer sit idly by and observe the persecution of a people. We must make it clearly known that human rights is of topmost priority and cannot be disregarded. Too long have too many suffered needlessly. We must stand as a strong and unified deliberative body to insure the equality of all people and all beliefs.●

DR. LEONARD SERVETTER RETIRES

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. HUNTER. Mr. Speaker, I wish to pay tribute today to a great American who is leaving public service. Dr. Leonard Servetter is retiring June 30, 1984, having given 34 years of quality leadership to the Chula Vista, CA public school system. Nine of these years have been spent as superintendent. His stewardship in public education warrants highlighting some of his accomplishments here today.

Dr. Servetter has shown leadership in every field level of education in our public school system. Few can match his record of community service. He has been president of the South County Chapter of the United Way and a board member of the Chula Vista Chamber of Commerce. Dr. Servetter has authored a number of publications, as well as keynoted numerous conferences and workshops. This broad-based community service and involvement deserves our utmost commendation.

And so, Mr. Speaker, I urge my colleagues to join me in honoring Dr. Servetter. His leadership serves as a model of the brand of educational and community leadership needed today. We will certainly have large shoes to fill in his absence.●

TRIBUTE TO SENATOR FRANK CHURCH

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. CORRADA. Mr. Speaker, today we pay tribute to a courageous and dedicated public servant, the late Senator Frank Church, who passed away recently.

Senator Church's interests and knowledge ranged from conservation and environmental concerns to national security and defense matters and his arguments often underlined and defined the scope of these issues. Frank Church was elected to the Senate as one of its younger Members and went on to become a trusted statesman to whom colleagues paid the ultimate compliment of listening to and respecting his views and analyses of events that have shaped our lives.

As a law student, Frank Church had courageously survived cancer and went on to accomplish much during his public service. Still, his early death has deprived the Nation of a man of wisdom and strong beliefs who strove to help guide our country.

Our sympathy and prayers are with his widow Bettina and their two sons.●

ACTIVITIES OF THE SUBCOMMITTEE ON CRIMINAL JUSTICE THROUGH THE MEMORIAL DAY DISTRICT WORK PERIOD

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. CONYERS. Mr. Speaker, the Subcommittee on Criminal Justice has been working on two major projects this session. The first is sentencing reform legislation. Both the chairman of the Judiciary Committee (Mr. Rodino) and I have expressed our strong support for reforming Federal sentencing practices. We have introduced sentencing reform legislation, and the Criminal Justice Subcommittee has conducted 4 days of hearings on sentencing reform. Four more hearings are scheduled, and I expect to be able to conclude the hearings in May.

The subcommittee's second major project is legislation to help the innocent victims of crime. The subcommittee has held five hearings on this legislation, focusing principally on H.R. 3498, a bill sponsored by Messrs. Rodino, Berman, and some 50 other Members of Congress. The administration recently sent its proposed legislation to Congress, and the subcommittee will, of course, look carefully at it. I expect to complete hearings on crime victim legislation in early June.

In addition to these major projects, the subcommittee has been working on several other matters. The subcommittee has already held hearings on some of these matters, such as improving Federal criminal fine collection and H.R. 4826, a bill to prohibit nonconsensual tape recording of telephone calls by Federal officials. Other matters, such as bank fraud and bank bribery and contraband in Federal prisons, will be the subject of hearings in May and ought to be ready for markup. Some portions of S. 1762 pending before the subcommittee appear to be noncontroversial and can be marked up without the necessity of a hearing.

The subcommittee schedule through the end of the Memorial Day district work period is as follows:

Wednesday, April 25—hearing on H.R. 5406, the Foreign Evidence Rules Amendment Act of 1984—10 a.m., room 2226, Rayburn House Office Building.

Thursday, April 26—hearing on H.R. 5405, the Financial Bribery and Fraud Amendments Act of 1984—10 a.m., room 2226, Rayburn House Office Building.

Wednesday, May 2—hearing on contraband in Federal prisons.

Thursday, May 3—hearing on sentencing reform legislation.

Wednesday, May 9—hearing on sentencing reform legislation.

Thursday, May 10—hearing on sentencing reform legislation.

Wednesday, May 16—markup.

Thursday, May 17—markup.

Wednesday, May 23—markup.●

SAVING MEDICARE DOLLARS

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. WYDEN. Mr. Speaker, medicare is facing bankruptcy and we are facing some tough choices in finding solutions to this enormous problem. I believe that we need to examine all less-costly means of providing high-quality health care in looking for ways to bring medicare back to solvency and curtail the high cost of health care.

One of the alternatives we should examine is medicare reimbursement of occupational therapy services on an outpatient basis.

Occupational therapy (OT) services are a vital means toward rehabilitation and independence for stroke, heart attack, and arthritic patients. Currently, these important services are reimbursed under medicare only when performed through the outpatient department of a medicare certified hospital. Occupational therapy services provided in this setting are far more costly, generally, than in community settings, such as rehabilitation agencies or outpatient clinics.

In fact, the average cost of 1 hour of occupational therapy treatment in the outpatient department of a hospital is $63. But the same hour of treatment provided by a rehabilitation agency, such as an Easter Seals Center, is $48 and in a private outpatient clinic is only $36.

Mr. Speaker, I think it is ludicrous under any circumstances for medicare to be paying almost twice as much for OT services than it has to, and under today's financial circumstances, it makes no sense at all.

I firmly believe we should take a close look at the cost-saving possibilities in providing occupational therapy services in community settings and that we should move toward such reimbursement practices if savings would occur. Even beyond the fact that patients would benefit by OT services in community locations, the possible cost savings are just too good to overlook.●

IN HONOR OF THE AWARDING OF THE EAGLE SCOUT TO WYNNE GRANT YELLAND

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. FAZIO. Mr. Speaker, on April 29, Wynne Grant Yelland, a senior at Delta High School in Clarksburg, Calif., will be awarded the Eagle Scout—the highest progress award of the Boy Scouts of America. As his qualifying project, Wynne successfully designed and installed an automatic irrigation system for the Clarksburg Community Church grounds. I want to commend him publicly for this achievement and this honor.

The Boy Scouts have, for years, been helping the boys and young men of this Nation develop into mature, responsible citizens—the leaders of tomorrow. The attainment of the level of Eagle Scout is a distinct accomplishment, and Wynne has proven himself worthy of this award through his achievements in his school, his church, and his community.

I had the pleasure of meeting Wynne when I spoke to a student body rally at Delta High. Wynne introduced me at that event. He is the student body vice president, president of the Spanish Club, Delta High representative to the Lions Club, and a life member of the California Scholarship Federation. He has participated in football and track, the band and drama—where he was awarded the Star Actor. He is also the vice president of the Clarksburg Community Church Youth Group. It is impressive that despite this busy schedule, Wynne has maintained a perfect overall grade point average of 4.0.

Wynne has received the Bank of America Science and Mathematics Plaque Award and is an academic all American. He is recognized as one of those in Who's Who Among American High School Students and the Society of Distinguished American High School Students.

Wynne is a credit to his family, his Scout troop, and his community. He will certainly continue his success at the University of California at Berkeley, where he will begin studying architecture in the College of Environmental Design this fall. I commend him for his attainment of the Eagle Scout Award.●

CONGRESSIONAL AWARD RECOMMENDATION

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. CHAPPELL. Mr. Speaker, I take this opportunity to share with my colleagues the achievements of a young Coast Guard Reserve Unit who have recently been recommended to receive the ROA Congressional Award.

On October 13, 1979, the Coast Guard Reserve Unit, Station Ponce de Leon Inlet, was formed. Just 4 years later, on November 25, 1983, Comdr. G. R. Merrilees submitted Reserve Unit Ponce as a candidate to receive the coveted 1983 ROA Congressional Award.

The accomplishments that make this unit deserving of their recommendation and this award of distinction are numerous. One man instrumental in this unit achieving such excellence, is Lt. Joel Atwood, now a commanding officer, who guided them through its early days of existence to become one of the highest achieving units around.

Those achievements began with Lieutenant Commander Atwood's unit receiving a "high excellence" rating at their first biannual inspection. Since then they have been commended for an "improved readiness posture, augmentation program and active training, strong recruiting and public information programs and high morale with the unit."

Lieutenant Commander Atwood must also be commended for his contributions to this unit, as well as each individual reserve officer for excellence in their responsibilities, because without group effort this distinction would not be possible.

Coast Guard Reserve Unit, Station Ponce de Leon Inlet, you are a group filled with pride and professionalism. I take this opportunity to salute you for your achievements, and wish you "Good luck" toward receiving the ROA Congressional Award, and all else you strive for in the future.●

SENATE—*Wednesday, April 25, 1984*

(Legislative day of Tuesday, April 24, 1984)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

God of grace and mercy, we thank Thee for life. We thank Thee for Passover and Easter celebrations which remind us of Your liberating passion and power—Your gracious care and provision for every exigency of life. May we never turn our backs on such love. We thank Thee for Resurrection and its hope for emancipation from the weakness and limitation of the body which so often frustrate our fondest aspirations and highest goals. We thank Thee for the supreme hope which Passover and Easter promise. We thank Thee for the reminder of irrepressible life as beauty and fragrance explode and abound all around us in profusion.

We thank Thee, Father in Heaven, for the recess—for opportunity to strengthen family bonds. We thank Thee for the safe return of those who traveled. Especially are we grateful for the safety of Senator CHILES and Senator JOHNSTON. Thank Thee for all the work the Senators were able to accomplish in home States. Lead us Lord, as we enter into the heavy responsibility of legislation which impinges on the life of every American and often on the world of nations. In the name of Him whom the grave could not conquer. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, there are five special orders this morning. If I may inquire of the minority leader, I have been told by my staff two things. First, that there will be a caucus of Democratic Senators at 12 noon today, and that it would be the preference of at least two of the Democratic Senators holding special orders that they be permitted to claim that time after that caucus instead of before.

Is that correct?

Mr. BYRD. Mr. President, that is correct.

Mr. BAKER. Mr. President, I see the distinguished Senator from Wisconsin present who appears to be coiled and ready to spring.

May I inquire if the Senator intends to claim his order then before the Democratic Caucus?

Mr. PROXMIRE. Mr. President, may I inquire of the majority leader? I would be happy to go ahead right now. I will take about 7 or 8 minutes.

ORDER FOR RECESS UNTIL 2 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that after the Proxmire-Kassebaum-Grassley special orders the Senate then stand in recess until the hour of 2 p.m.

I further ask unanimous consent that at 2 p.m. Senators BAUCUS and BIDEN may claim their special orders to be followed by a period for the transaction of routine morning business of not more than 5 minutes in length in which Senators may speak for not more than 1 minute each, and that at the end of that time the Senate resume consideration of the unfinished business, H.R. 2163.

The PRESIDING OFFICER (Mr. BOSCHWITZ). Without objection, it is so ordered.

Mr. BYRD. Mr. President, will the majority leader yield?

Mr. BAKER. Yes.

Mr. BYRD. The majority leader is very accommodating. On behalf of my colleagues and myself, I express our appreciation.

Mr. BAKER. I thank the minority leader.

Mr. President, I hope that we can have a good, full day today in the consideration of H.R. 2163, and that perhaps we will be able to work out the arrangements for a time certain to consider amendments in the furtherance of the measure before the Senate.

ADDRESS BY WILLIAM D. RUCKELSHAUS, ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY

Mr. BAKER. Mr. President, no American has done more to improve the American environment than the present Administrator of the Environmental Protection Agency, William Ruckelshaus. As EPA's first Administrator, Bill Ruckelshaus proved himself diligent in getting the facts, creative in finding solutions, and practical in developing environmental law and regulation.

Last week, Administrator Ruckelshaus spoke to the Economic Club of Detroit about where we are in meeting the newest challenges we face in protecting our environment. As always, his is a voice of candor, reason, and fairness. Mr. President, I ask unanimous that his remarks of April 16, " 'Not in My Backyard:' Institutional Problems in Environmental Protection," be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

"NOT IN MY BACKYARD:" INSTITUTIONAL PROBLEMS IN ENVIRONMENTAL PROTECTION

The last time I had the pleasure of speaking with you was in April of 1971. Although it doesn't ordinarily take me thirteen years to think up something new to say, I would like to use the perspective afforded by that interregnum to reflect on some of the remarkable changes that have taken place in the environmental protection field and to focus on what I consider quite serious problems that still remain to be solved.

From my viewpoint, the most striking differences between then and now are the issues that account for the dominant share of the Administrator's attention. In 1971 those issues were pollution from cars and sewer systems. Mobile source control problems took up most of my personal time then and, shortly before I gave my first speech here, EPA had filed a 180-day notice against Detroit's pollution of Lake Erie. I seem to remember being introduced here as the greatest friend of American industry since Karl Marx.

In 1984, I find that the 1971 issues, while still important, are no longer consuming, for the simple reason that we have achieved much of what we set out to do. Auto exhaust controls have reduced carbon monoxide 96 percent, hydrocarbons 95 percent, and nitrogen oxides 76 percent from the uncontrolled state. Despite a substantial increase in the number of cars, urban air quality has shown a steady improvement and an almost continuous decline in the number of exceedances of air quality standards for pollutants associated with mobile sources.

With respect to controlling sewage, to cite once again the local example, the city of Detroit has made steady progress in meeting its responsibilities; it achieved full secondary treatment and phosphorus removal late in 1981, which represents a significant contribution to improving water quality in the Great Lakes.

Along with these changes we have seen an accompanying change in attitude among industrial leaders. Almost no one now seriously contends that concern for the environment is a fad. Environmental controls have been accepted, like taxes and employee benefits, as part of the price of doing business in this industrialized society. And here it is fair to say that both industrial and political

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

leaders have simply followed the clear preferences of the American people. For the past decade, Americans of all classes and conditions have time and again indicated their willingness to pay higher prices for goods and even to face the prospect of fewer jobs in order to keep the environment clean and public health protected. That's a fact as cold and undebatable as a profit-and-loss statement.

But despite these achievements and that kind of public support, I am beginning to be worried about what I see happening in 1984. We observe, for example, an increased level of contention over environmental issues, as if, having swept our stables, we cannot agree about dusting the piano. We observe the incipient stages of a breakdown in the invaluable tradition that the environment is a national concern, as we see regional or local interests predominating in such issues as acid rain and hazardous waste disposal. Most significantly, we observe that, although public pressure to act remains high, the political process no longer seems able to resolve important environmental issues. Of EPA's nine governing statutes, seven have been allowed to lapse.

We appear, in fact, to have lost much of our ability to turn environmental consensus into practical action. This is a startling and disturbing trend. We Americans have always prided ourselves on pragmatic idealism, but we now appear less capable in this regard then we were in the quite recent past. Part of the explanation lies, of course, in the vexed nature of the environmental issues that dominate the current decade. It was relatively easy to act against smoggy air and clouded waters, but in dealing with such problems as acid rain or toxic chemicals, the smog is in the data; what is clouded is the association between the presence of pollutants and the incidence of disease, or between proposed remedies and the damage we want to fix. Uncertainty can lengthen debate and stall action.

But more than that, our quandary springs from a peculiarity of American political life. It has been noted that the American people are ideologically conservative and operationally liberal. In theory they are against too much government until the elimination of a particular program affects their own well-being. From medicare to automobile import restrictions the message is the same—that government program is not what I mean when I say, there's too much government. In practice, we demand that our two-hundred-year-old political system do the wide variety of tasks we think are necessary to preserve our personal position in modern America. That often means a "liberal" governmental response. In the environmental area, in contrast, I believe we are ideological liberal and operationally conservative.

By this I mean we tend to establish environmental and health protection as absolute values rather than social goods in competition with other social goods. Oddly, of the many different kinds of risks attendant on membership in a technological society, we often single out those connected with environmental pollution as being totally unacceptable. Yet at the same time we are reluctant to make the changes in our way of life (even minor ones) required to attain such goals. Any time we suggest that an inspection and maintenance program be imposed on a municipal area to achieve the health goals the public has demanded in the Clean Air Act the hue and cry is loud and clear—we want zero risk but not at my expense.

This position has led to some difficulties in the formation of an effective national environmental policy. While it is a fine thing to embody high ideals in legislation, laws should be written so that mortals can put them into effect on this imperfect earth, without either torturing the language or prescribing nonsense. I think it is clear now that in enacting several of our major environmental statutes we did not think through what strict interpretations would really mean. Environmental protection is an enormously complicated technical process; that it now shares the aura of Motherhood and the Flag makes it less, rather than more, likely that we will do a good job of it.

This is because we encourage public officials to strike extreme postures as defenders of the environment, while we shy away from requiring the hard decisions implied by such postures. As a result, in the typical environmental statute, concern for protection tends to overwhelm careful thinking about precisely how such protection will be accomplished. This passes the buck to the executive agency. Moreover, there is ample provision for judicial review, which passes the buck to the courts. And that's just on the Federal level; many statutes have State discretion built in—another set of bucks to be passed. Harry Truman's famous desk sign said "the buck stops here"; the trouble today is that the buck stops nowhere.

Unfortunately, the ordinary solution proposed, when hard decisions have been deferred, is for the Congress to order EPA to perform certain specified actions, usually within a strict timetable. The agendas of the Agency during much of its recent history have been set not by any sort of ordered, explainable, rational analysis, but by the press of public outcry and resultant political response. The public appears to be demanding immediate but not very painful solutions to long-standing problems that we don't know how to fix. Congress appears to believe that the way to satisfy this public demand is to load the statutes with specific constraints and directives. Motion is its own reward, whether or not it is in the right direction.

If I sound like I'm passing the buck back to Congress, I make no claim to be immune from the prevailing disease; but my point is that we should start thinking about how to cure the disease. This will not be easy, because these difficulties are rooted in some of the basic characteristics of American society. Like all other democracies, ours functions by means of a working consensus about the goals and values of national life. But our vast size and the relative isolation we have experienced during much of our history have made it possible for people who did not agree with the prevailing consensus to move on and, by and large, follow a different drummer. In many cases, nonconforming groups were able, by their example, to modify the existing national consensus; and so we have evolved as a nation.

This further spirit of independence and freedom of action remains part of our national consciousness and a source of our strength. It is a spirit embodied in our Constitution, which takes great pains to prevent tyranny by a majority, and which was designed by experts to enshrine our mistrust of concentrations of power by strictly separating the three branches of government. It's as if our national motto, instead of "one from many," was "not so fast."

The trouble is we no longer have a frontier to "hie off to." The world is shrunken by technology and closely linked economically. The fierce independence of spirit, the willingness to fight the consensus, the glorification of the maverick which has been our strength, can become our weakness. We don't have decades to let a new consensus evolve to fit the rapid change and consequent societal demands of modern life. If we are to remain competitive in the world we need to recognize the necessity of adjusting to change more rapidly, of harnessing our entrepreneurial spirit to a sense of national discipline, and that runs counter to the American tradition of independence. Our inability to drive toward consensus, to provide governmental processes which force decisions has very practical effects on our national well-being.

Think of what it now takes to site a major industrial facility. A firm often must obtain agreement from perhaps dozens of agencies and authorities at each of the three levels of government, not to mention the courts. And it doesn't help to satisfy a consensus or a majority of the interests involved; a single "no" anywhere along the line at any time in the process can halt years of planning, effort and investment.

Similarly, we have begun a major national commitment to properly dispose of hazardous wastes. Everyone is in favor of safe disposal, but not in their backyards or anywhere close. In some parts of the country, we are running out of places to put the stuff. It stays in improper places, piles up on the loading docks of the generators of the waste or has to be shipped around the country. The additional risk this may represent to the nation at large does not bother the local groups who resist disposal facility siting. This is the way to run a railroad only if you like what happened to the railroads

Unfortunately, it is not possible to say "not so fast" to the world in which we compete. Successful response to the changes driven by technology or the imperatives of global competition is essential to our survival as a free and prosperous society. We have been remarkably successful in refurbishing our 200-year-old system in response to the modern world, even if at a decreasing rate. But as I see what is happening in the environmental area—one manifestation of our efforts to cope with the unwanted by-products of technological change—I begin to get worried.

The key problem is trust. As I noted, mistrust and a tradition of encouraging maverick opinion are built into our system; the Vietnam war and Watergate, in which government appeared to fail the public, have simply exacerbated what has always been present in American thought. But from the standpoint of an American governmental agency charged with protecting human health and the environment, trust is the oil in the gearbox. That is, the public can object to what a regulatory agency does, or believe that it is going too fast or too slow, but when it ceases to believe that the agency is trying to act in the public interest, that agency cannot function at all.

I don't believe that's the situation at EPA today, although we came close. Our agency, with its extraordinarily wide scope of responsibility, is especially vulnerable to failures of public trust. Can you imagine what would have happened if the decision we made recently about allowable levels of ethylene dibromide (EDB) in food had not been broadly accepted? Each State would have set its own protective standards; many foods would have vanished from the marketplace; and the food production and distribution industry would have been thrown into chaos. We were closer to this condition than many realized. But EPA was trusted enough, its judgment did prevail, and we avoided such needless disruption.

I don't believe that EPA must be whipped into doing its job, but it is undeniable that many people do, and Congress often agrees with them. In my view this is not the way to establish a sensible environmental policy. We need a better way; we need to find some means of converting the broad societal consensus on the environment into a practical system for solving environmental problems. It can be done; and although it is probably bad manners in this city, I must direct your attention to the example of Japan.

Ten years ago, when I first visited Japan, their environment was a mess. Tokyo's air was so polluted that people with respiratory problems literally could not live there, and many of the rest were wearing masks. Substantial numbers of people in seaside communities had contracted a gruesome disease from eating contaminated fish. I estimated that Japan was three to five years behind us in coping with pollution.

I returned to Japan this past winter and found that they have been able to design and put into practice environmental standards that are in many cases stricter than our own. In terms of ambient air quality, they are now more advanced than us. Need I add, they have been able to accomplish this without noticeable decrement in their industrial muscle.

Now it must be admitted that the Japanese nation has a unique ability to mobilize for massive social change. This ability is largely due to their culture and the techniques they have developed for harmonizing individual, group and societal interests. They realize that someone gets hurt whenever change must occur, but they do not give the injured party a veto, as we so often do. Typically, they will not move on a major social project until everyone is accommodated in some way, until the details of who does what and who gets what and who loses what are entirely worked out. Once that process is over they can move very fast indeed. Although the Japanese may disagree with particular administrative actions, few doubt that national success and survival are the pre-eminent considerations for all government leaders, and for industrial leaders as well.

The Japanese example has led many to advise the adoption of Japanese institutions to solve American problems. While my admiration for the Japanese way is great, we cannot become them nor should we try. We must first understand the necessity of responding more rapidly to changed circumstances. We no longer have the luxury of traveling a decades-long road of adjustment to technological or economic change. We all love mavericks but they make lousy leaders. American corporations understand the necessity of building teams to achieve institutional goals. So must all of us strive to think of our relationship to our country as that of an individual to a team. Like it or not, we are in this together.

Another part of the answer is to create new American institutions to carry out the consensus-building and accommodation functions they do so well in Japan. In a small way this is already beginning. We're starting to see meetings between environmental groups and industrial groups designed to thrash out mutually agreeable positions. More formally, as many of you are aware, we have created a Health Effects Institute jointly funded by EPA and the motor vehicle industry, and this is an important experiment. The institute was created to sponsor impeccable and broadly acceptable research on the health effects of mobile source emissions and thereby prevent what has long been a vexing problem for us all: the inability to agree on the data that forms the foundation of regulatory action in environmental health protection.

We are also exploring with a group of industrial governmental and environmental leaders the possibility of increasing the use of industry's skill and resources in cleaning up toxic waste dumps. There is no reason why the chemical industry—with all that it represents in terms of skill and resources—should sit around like a spoiled child while the society cleans up its past mistakes. The chemical industry agrees: they want to get on with the job. I said earlier that industry attitudes have changed, and this is a good example. Most industrialists today understand that environmental protection is good business. Investments in pollution control will not show as profits in the next quarter, or the next year; but in the long run the benefits in the form of a more supportive public, a healthier work force, and preserved resources will be enormous.

This taking the long view is an essential part of creating a more practical consensus on the environment. Somehow we have to create institutional frameworks that will buffer our country's environmental commitment from the two-year and four-year cycles of the political world. It is sad that, although many knowledgeable people agree that our environmental laws need recasting to reflect scientific and practical realities, there is almost no chance of accomplishing this in the current political climate. But that climate must someday change, and in that hope we are actively and aggressively exploring ways of making our environmental statutes more consistent and effective.

When I spoke with you last, the message I tried to convey was that the EPA did not represent merely a red light for industrial growth, but that it served a green light's function too, in directing movement toward the kind of society we all wanted, one in which a healthy economy and environmental values coexisted. The metaphor is, I think, still apt across more than a decade, except that now we find ourselves at one of those infuriating intersections where the red, green and yellow lights are all on at once. We must develop more efficient ways of coming to a practical consensus in response to new problems, or we are heading toward a sort of societal gridlock. Nations that can forge the requisite social unity will have the road all to themselves. We must get back on that road or be out of the race.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, will the majority leader yield?

Mr. BAKER. Yes.

Mr. BYRD. Mr. President, will the majority leader arrange for me to retain the control of the leader's time on this side of the aisle under the standing order for later today and possibly prior to the expiration of the rule? I may have something to say about Afghanistan at that point. It would be out of order, if I did.

Mr. BAKER. Yes. Mr. President, I ask unanimous consent that the time allocated to the minority leader and the time remaining, if any, to the majority leader under the standing order may be reserved for their use at any time during the course of this calendar day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I thank the majority leader.

Mr. BAKER. I thank the minority leader.

Mr. President, I have nothing further, and I, therefore, reserve the balance of my time. I yield the floor.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin is recognized for not to exceed 15 minutes.

WHY SURVIVAL DEPENDS ON REDUCING STRATEGIC NUCLEAR WEAPONS BY 97 PERCENT

Mr. PROXMIRE. Mr. President, in a recent article in Foreign Affairs, Dr. Carl Sagan lays down an extraordinary challenge to the world's nuclear powers. Dr. Sagan argues that nuclear arsenals are so immense today that if only a relatively few were used in wartime they might kill every survivor on the planet. Why do these nuclear arsenals pose such a terrible threat to human life on Earth? Because international scientists, including Dr. Sagan, contend that even a small fraction of today's nuclear weapons would trigger deadly, cold, dark radioactivity, pyrotoxins, and ultraviolet light following a nuclear war. The human species would very possibly disappear. Dr. Sagan's challenge is for the nuclear powers to recognize this grim threat and agree to drastically reduce the size of present arsenals.

Dr. Sagan proposes an astonishingly sharp reduction. He estimates that the climatic catastrophe could take place with the explosion of between 500 and 2,000 strategic warheads. He calls for us to negotiate levels below the minimum threshold—that is 500 strategic warheads. Since strategic warheads in the world's nuclear arsenals now are about 18,000 and at this time are on a rapid rise, the Sagan challenge could mean the elimination of 97 percent of present strategic warheads, leaving the nuclear powers with about 3 percent of their present nuclear armed strategic power.

Mr. President, there are at least two powerful forces working against the Sagan proposal. On the other hand, there is one nuclear weapon development working to make the Sagan proposal practical. Working against a drastic reduction in strategic nuclear weapons is the powerful momentum of a nuclear arms race that is now proceeding unrestrained, with no current arms control talks underway between the superpowers. This country is pouring $60 to $70 billion a year into a headlong rush to win nuclear parity everywhere with the Soviet Union and build on our nuclear superiority wherever we have it. The Soviet Union is undoubtedly pouring at least as much into its determination to achieve parity where they believe the United States has an advantage and to maintain its nuclear advantage wherever they have it. Even if suspended arms control talks between the superpowers revive and achieve full success, they would still fail to cap the nuclear arms race, or even freeze the present dangerous level of arms, let alone drastically reduce strategic nuclear weapons as Dr. Sagan has asked.

The second obstacle to Dr. Sagan's plea for a drastic reduction in nuclear arms may be even more difficult. This is the rapid fire spread of nuclear arms to nations throughout the world. As I pointed out on the floor a few days ago, our military intelligence agencies now tell us that within the next 16 years more than 30 nations will have nuclear arsenals, including in many cases strategic nuclear warheads, unless we institute far more effective antiproliferation policies. Mr. President, if the time comes when 30 or more nations have nuclear aresenals, you can kiss goodby to any dream of reducing strategic nuclear warheads to 500 or less. And you can probably say hello to the extermination of the human species. It will be goodby from all of us down here on Earth.

But there is one technological development that suggests that there may be some hope for Dr. Sagan's plea in spite of the awesome difficulties it faces. When I last spoke on the floor I called attention to an article by General Gallois and Mr. John Train that points to the dramatic and potentially drastic shift by both the Soviet Union and the United States from strategic nuclear weapons with immense fallout and yield to pinpoint accurate nuclear weapons—many of them tactical with much smaller kilotonnage and strictly limited fallout. This continuing and decisive shift could conceivably make the Sagan proposal much more practical. Both superpowers have immensely improved the accuracy of their nuclear weapons by factors ranging from 5 to 10. This much greater accuracy has dramatically changed the nuclear war options.

In the Gallois-Train thesis, the Soviet Union recognizes that a strategic nuclear exchange with the United States would simply end in mutual suicide. This thesis contends, however, that nuclear weapons have now achieved such an amazing degree of accuracy that they can destroy military targets utterly with little or no damage to cities and with relatively very few human casualties and none of the catastrophic climate effects so vividly described by Dr. Sagan. Gallois and Train hypothesize a Soviet tactical nuclear attack on NATO forces in Europe. The attack would destroy all NATO military capabilities but leave the cities and the population intact. It would do this by diminishing the megatonnage of the nuclear weapons to a few, in fact, a very few, kilotons, with very little fallout and without the consequent fires that would incinerate cities and kill millions of people. Such a war—if it were contained at this level—would not ignite the nuclear winter. But it could accomplish significant military objectives.

Is it conceivable that such a nuclear war would remain tactical? Who knows? Certainly both superpowers today understand the uselessness of any kind of war involving strategic weapons. That is why deterrence is effective. But how about a world with strictly limited strategic nuclear weapons but bristling with highly accurate, low-yield tactical nuclear weapons? Would not such a world be at least as dangerous as today's world and very possibly more dangerous? Dr. Sagan argues that if the nations of the world agreed to limit strategic nuclear weapons to less than 500, they could still have an effective deterrence. This is at best doubtful. And certainly if we channel nuclear arms competition into tactical nuclear weapons, nuclear war would become far more likely, and escalation to strategic nuclear war very hard, indeed, to contain.

Where does all this leave us? It leaves this Senator with the conclusion that a comprehensive nuclear freeze, followed by a massive reduction of all nuclear armaments, should remain our prime objective.

Mr. President, I ask unanimous consent that the summary of Dr. Sagan's article appearing in the winter 1983-84 issue of Foreign Affairs Quarterly be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY

In summary, cold, dark, radioactive, pyrotoxins and ultraviolet light following a nuclear war—including some scenarios involving only a small fraction of the world strategic arsenals—would imperil every survivor on the planet. There is a real danger of the extinction of humanity. A threshold exists at which the climatic catastrophe could be triggered, very roughly around 500-2,000 strategic warheads. A major first strike may be an act of national suicide, even if no retaliation occurs. Given the magnitude of the potential loss, no policy declarations and no mechanical safeguards can adequately guarantee the safety of the human species. No national rivarly or ideological confrontation justifies putting the species at risk. Accordingly, there is a critical need for safe and verifiable reductions of the world strategic inventories to below threshold. At such levels, still adequate for deterrence, at least the worst could not happen should a nuclear war break out.

National security policies that seem prudent or even successful during a term of office or a tour of duty may work to endanger national—and global—security over longer periods of time. In many respects it is just such short-term thinking that is responsible for the present world crisis. The looming prospect of the climatic catastrophe makes short-term thinking even more dangerous. The past has been the enemy of the present, and the present the enemy of the future.

The problem cries out for an ecumenical perspective that rises above cant, doctrine and mutual recrimination, however, apparently justified, and that at least partly transcends parochial fealties in time and space. What is urgently required is a coherent, mutually agreed upon, long-term policy for dramatic reductions in nuclear armaments, and a deep commitment, embracing decades, to carry it out.

Our talent, while imperfect, to foresee the future consequences of our present actions and to change our course appropriately is a hallmark of the human species, and one of the chief reasons for our success over the past million years. Our future depends entirely on how quickly and how broadly we can refine this talent. We should plan for and cherish our fragile world as we do our children and our grandchildren: there will be no other place for them to live. It is nowhere ordained that we must remain in bondage to nuclear weapons.

TRIBUTE TO BRUNO BITKER

Mr. PROXMIRE. Mr. President, it is with deep sadness that I announce the death of Bruno Bitker, a long time advocate of racial harmony, social justice, and world peace. My deepest sympathies go to his brave wife, Marjorie.

Bruno Bitker was one of the finest public servants Wisconsin ever produced. He dedicated his life to the strengthening of international organizations. It was his belief that without them, the world could not survive.

Bruno Bitker was the founding chairman of the Governor's Commission on the United Nations, serving in that capacity for nearly 20 years. He was also a member of the U.S. National Commission for Unesco, emphasizing his concern for educational, social, and cultural achievements worldwide. He helped form the World Peace Through Law Center in Geneva, Switzerland, served as an American delegate to the International Conference of Local Governments in Geneva in 1949, and to the First World Conference of Lawyers in Athens in 1963. He was also a member of the American Bar Association's Committee on World Order Through Law, and was a consultant to the U.S. State Department. Mr. President, the list goes on and on.

Bruno Bitker was a public servant in the finest sense of the word. He has a vision of a community of nations in harmony with one another, and he actively strove to translate that vision into a reality. He sought, more than anything else, a better understanding among peoples of the world.

Bruno Bitker was also a humanitarian, and his service to the world as a true champion of human rights should be an inspiration to us all. From 1947 to 1956, Mr. Bitker was a leading member of the Governor's Commission on Human Rights. He also served as chairman of the Wisconsin Advisory Committee to the U.S. Commission on Civil Rights, and chaired the human rights panel at the White House Conference on International Cooperation in 1965.

Bruno Bitker's extensive involvement and devotion to the cause of rights for all peoples continued with his selection by President Johnson to serve as a member of the President's Commission for the Observance of Human Rights Year 1968. He served as a member of that Commission's Special Lawyers' Committee charged with the important task of examining the Senate's treaty-making power involving human rights treaties. That same year, Mr. Bitker served with distinction as the American representative to the U.S. International Conference on Human Rights, held in Tehran.

Bruno Bitker was also a longtime, leading advocate of the Genocide Convention, and labored long and hard to bring the treaty to the attention of lawmakers and citizens. I am particularly indebted to this man for the help he has given to me in the attempt to secure ratification of this important human rights treaty.

We are not often blessed with the presence of so outstanding a citizen and human being in our lifetime. Bruno Bitker left behind a legacy of accomplishments, and a dream that will never die. He once said:

> Political entities are not eternal; like manmade structures, they can crumble with passage of time. But ideals and ideas never die. What is recognized through the Universal Declaration of Human Rights are those principles which are basic and essential to man's well being. It is in the support of these rights and in the dignity of every individual that I have directed my thoughts and my energies over the years.

Mr. President, the State of Wisconsin, the Nation, and the world have lost a peacemaker. Though we are saddened with his loss, we are proud to have known him, and the world is a better place because of his presence.

THE TOWN WHICH STOOD BOLDLY AGAINST THE HOLOCAUST

Mr. PROXMIRE. Mr. President, I would like to bring to the attention of the Senate today a small French village, Le Chambon-sur-Lignon, and its humble residents who heroicly defied the Holocaust for the good of humankind.

What was their heroic task? They concealed some 2,500 Jews and transported them to safety as the World War II Nazis swarmed through central France seeking to eradicate Jews and the underground. And the villagers did this knowing full well that anyone caught hiding Jews was subject to arrest, deportation, and even death.

Le Chambon was the main way station in an underground railroad spanning convents and farms from southern France to Geneva. This small town's revered clandestine effort was led by Pastor André Trocmé and his assistant, Edouard Theis. They collaborated with the American Quakers, the Salvation Army, and Cimade, an ecumenical service organization whose sole mission was to help refugees fleeing from German occupation and persecution.

Other towns within a 50-mile radius—as Protestant as Le Chambon—did little to help refugees. Many Frenchmen willingly hid Jews when they happened by. But Pastors Trocmé and Theis did more: They asked the Quakers to send refugees their way.

The courageous deeds of Pastors André Trocmé and Edouard Theis and the town people of Le Chambon remind us of everyone's obligation to shield each and every person in the world from the scourge of persecution. The Chambonese's sensitivity to the oppression of others is the sense of justice which built our great Nation and inspired the Constitution of the United States.

It is clear that the Chambonese's compassion and dedication to fundamental human rights reflects the highest ideals of our own Nation. Those sentiments dominate our own Declaration of Independence, Constitution, and Bill of Rights. It is also reflected in our diplomatic efforts time and again.

Yet it is curious that while our diplomats continue to champion the cause of human rights—a truly American concept—the Senate seems unwilling to follow their lead by ratifying human rights treaties designed to establish these same principles as a fundamental part of international law.

Of the 40 human rights treaties identified by the Library of Congress, the United States has ratified only 10; 5 originating at the United Nations and 5 originating at the Organization of American States. Further, there are seven other human rights treaties we have signed but not ratified.

It is tragic that none of those 10—not 1—is considered among the major human rights treaties of the post-World War II era. One of these major human rights treaties is the Genocide Convention—one of the seven which we have signed yet not ratified, and the first and foremost treaty of the post-World War II era.

The simple purpose Genocide Convention is to make the act of genocide an international crime, whether committed during peace or war. The treaty defines genocide and seeks to punish persons who commit this senseless act.

We can start to reverse our unsatisfactory record in regard to human rights treaties by following the meritorious example of the villagers from Le Chambon who tried to safeguard the fundamental rights of those persecuted during World War II. Ratification of the Genocide Convention will reassert our leadership in the field of human rights. We should not have to wait for another Hitler to knock at our door to realize the need for ratifying the justice inherent in the Genocide Convention, our first and principal human rights treaty.

RECOGNITION OF SENATOR KASSEBAUM

The PRESIDING OFFICER. Under the previous order, the Senator from Kansas (Mrs. KASSEBAUM) is recognized for not to exceed 15 minutes.

S. 2589—ACQUISITION OF SUBSTANTIAL ENERGY RESERVES HOLDERS

Mrs. KASSEBAUM. Mr. President, I am introducing a bill today dealing with the current wave of oil company mergers. This issue is one that should be of great concern to all of us. It is a consumer problem, an antitrust problem, and an energy policy problem. It also directly affects the lives of the employees involved.

The Senate has spoken on the issue of merger moratoriums. I agree that these mergers are not necessarily harmful, but I feel we need more information. I am not here today to reopen the moratorium debate. Rather, the bill that I am introducing, which is identical to the one introduced by Congressman FLORIO in the House, addresses a specific problem with the FTC's review of these mergers.

As many of my colleagues know, the FTC is charged with reviewing these mergers for antitrust violations. They currently have a very short time period in which to decide what action, if any, to take. When they identify certain antitrust problems, they often offer, through a consent agreement, to forego bringing suit if the acquiring company will sell the assets causing the antitrust problems. My concern here is that we have no way of knowing in advance whether the remedy sought by the FTC—divestiture—will be effective or not. If it should prove impossible to sell the assets in question, it would really be too late to stop the merger. The companies, by that time, would be fully integrated. It would be very difficult to persuade any court to unscramble a merger at that point.

The bill I am introducing today would simply require the prospective merger partners to hold themselves separate until any required divestitures have actually been accomplished. To me, this is simply the only sensible way to approach such a merger. The Federal Government should not be in the position of approving these mergers without knowing what the final product will look like. We must be able to assess the effectiveness of the remedy before pronouncing the patient cured.

This bill would not stop any mergers nor cause any to be undone. It would, however, restore some sanity to the Government review process for major energy mergers. The public deserves a thorough and effective review to make sure no antitrust violations have occurred. This bill would allow such a review. I urge my colleagues to join me in support of it.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 2589

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Federal Trade Commission Act is amended by redesignating section 25 as section 26 and inserting after section 24 the following new section:

"SEC. 25. (a) A consent agreement proposed by the Commission, a consent decree proposed for submission to a court of competent jurisdiction, or an order issued by the Commission or a court with respect to an acquisition of a substantial energy reserve holder which provides for the divestiture of any part of the assets of the substantial energy reserve holder or of the person acquiring such holder may not become final before the required divestiture has been approved by the Commission or the court. If the divestiture required by a decree, agreement, or order is not approved, such decree, agreement, or order may be rescinded by the Commission or court and an action or proceeding may be initiated to obtain appropriate relief, including requiring the person making the acquisition to sell the substantial energy reserve holder as a single entity to an approved person or persons if there is a finding that such acquisition was in violation of law.

"(b) If a substantial energy reserve holder is acquired in an acquisition to which subsection (a) applies or if such a holder is acquired and an action or proceeding has been commenced on or after January 1, 1984, by other than a private party to declare the acquisition a violation of this Act or an Antitrust Act, the substantial energy reserve holder shall be maintained as a separate viable business entity, its assets shall not be commingled with the person making the acquisition, and the person making the acquisition may not elect more than 20 percent of the board of directors of such holder until (1) 60 days after the date the consent agreement, consent decree, or order relating to the acquisition becomes final, or (2) if the final agreement, decree, or order does not require divestiture, the date the agreement, decree, or order becomes final. If an action or proceeding to declare the acquisition unlawful has been commenced and if it appears that such action or proceeding may be protracted, the Commission or the court may, upon request of any party to the acquisition with respect to which such action or proceeding is initiated, modify or terminate the application of the requirements of this subsection if it finds that such modification or termination is in the public interest.

"(c) For purposes of this section—

"(1) the term 'substantial energy reserve holder' means any person who, individually or together with his affiliates, owns or has an interest in, 100 million barrels or more of proved reserves of crude oil, natural gas liquids equivalents, or natural gas equivalents worldwide, as reported in such person's most recent report to the Securities and Exchange Commission pursuant to the requirements of the Financial Accounting Standards Board Statement Number 69; and

"(2) the term 'acquisition' includes the acquisition of control of a substantial energy reserve holder through the purchase of voting securities or assets, or both.

"(d) The requirements of subsections (a) and (b) do not apply to consent agreements, consent decrees or orders of a court which are proposed or issued in connection with an action brought by a private party.".

(b) Section 25 of the Federal Trade Commission Act, as added by the amendment made by subsection (a), shall apply with respect to consent agreements proposed on or after January 1, 1984, by the Federal Trade Commission, consent decrees proposed on or before January 1, 1984, for submission to a court, and orders issued by a court or the Federal Trade Commission on or after January 1, 1984, respecting the acquisition of substantial energy reserve holders, except that the requirement of subsection (b) of such section respecting the electing of board of directors shall only apply with respect to agreements or decrees proposed after the date of the enactment of this Act or orders issued after such date.

SEC. 2. Subsection (e) of section 7A of the Act of October 15, 1914 (15 U.S.C. 18(a)) is amended by adding at the end the following:

"(3) The Federal Trade Commission or the Assistant Attorney General, in its or his discretion may extend the 30-day waiting period (or in the case of a cash tender offer, the 15-day waiting period) specified in subsection (b)(1) of this section or extended under paragraph (2) of this subsection for an additional period of not more than 60 days if the net sales or total assets of the person proposed to be acquired exceed $2,000,000,000.".

BUDGET FREEZE

Mrs. KASSEBAUM. Mr. President, along with the Senator from Iowa (Mr. GRASSLEY), the Senator from Delaware (Mr. BIDEN), and the Senator from Montana (Mr. BAUCUS), I will be sponsoring legislation to freeze all Federal spending across the board for 1 year. We anticipate offering such legislation as a substitute amendment for the Senate Republican leadership deficit downpayment plan.

Mr. President, at present we are convinced of a strong economic recovery. Figures in this morning's paper indicate the new first quarter figures of the CPI at a 0.2-percent increase. I think it is a healthy figure. I believe this is an important time for us to take this type of budget approach.

Mr. President, as we are all painfully aware, over the past 3 years, the issue of Federal budget deficits has consumed more time and occasioned more debate than any other subject to come before the Senate.

Since January 1981, we have debated and adopted three budget resolutions. We have also deliberated the merits of three budget reconciliation bills—two of which were enacted; the third is currently pending action. In addition, we have passed two major tax acts and a number of lesser revenue measures. We now have deficits in excess of $200 billion a year.

Mr. President, something is clearly wrong. Our existing approach to deficit reduction must be reexamined in light of the highly unsatisfactory results we continue to achieve.

At present, we are in the midst of a strong economic recovery. We have a unique opportunity, I think, to take effective, decisive, credible action against the structural imbalances in the Federal budget which are generating huge—and growing—deficits. The time we have in which to act, however, is not unlimited. This recovery will not last forever.

An immediate 1-year spending freeze will provide time for the development of a long-term solution to structural deficit problems without further aggravating the situation. In addition, such a freeze would provide the financial markets with the first credible evidence in over 2 years that Congress is serious about deficit reduction.

Let there be no misunderstanding about the consequences of Congress failing to seize this opportunity. If we fail to act this year—when the economy is strong and inflation is under control—we shall reconvene next year under less favorable conditions.

If we are unwilling to address budget reform when inflation is below 5 percent, we are choosing—by our inaction—to address COLA's and health care cost containment at a time and in a fashion that is guaranteed to cause massive economic and political pain. COLA reform in the face of double-digit inflation is not a pleasant prospect.

By the same logic, and for the same reasons, the time to address defense spending and revenues is also—not next year, or 1987—but now. To those who argue that spending for national defense is not a luxury, I grant the point. In response, however, I add that indifference toward the destruction of the economic base on which military power must depend is shortsightedness of the first order. If we do not begin now to voluntarily rationalize the surge of military spending in which we continue to indulge, economic deterioration will leave us no choice in the matter. We can either choose to provide for controlled growth of Pentagon spending now, or we shall be forced—out of economic necessity—to accept drastic reductions in the future.

Providing for an adequate national defense is an absolute necessity. On that issue there can be no question. The question we must ask ourselves, however—independent of the question of protecting the economic base on which funding for defense depends—is a question of magnitude. If we are not providing an adequate national defense through average annual real increases in defense spending of 8 percent since 1980—are we spending too little or are we securing too little defense for what we spend? In all candor, I suggest that $264 billion—the amount we are spending for defense this year—is not an inconsequential sum. If we cannot provide for an adequate national defense by adding another $264 billion on top of that in fiscal year 1985, our future is bleak indeed.

Freezing the budget is a drastic step. That is a fact that I do not deny. Many have called it simplistic. My hope for favorable consideration of this proposal is twofold. First, I believe many in this body are beginning to realize the necessity for drastic action; and, second, the equity of sacrifice inherent in an across-the-board freeze affords the proposal political acceptability. Americans are willing to sacrifice for a cause if that sacrifice is considered fair and the intended result is deemed worthwhile.

Failure to enact legislation requiring reasonable sacrifice now will mean we must mandate severe, forced sacrifice in the future. Current signals about the future of both interest rates and inflation are ominous. The prime rate recently has increased twice during the past 3 weeks.

The financial markets are looking for a tangible sign that Congress is serious about deficit reduction. As the climb in interest rates attests, so far they have not received it.

The Republican leadership agreement with the White House was greeted by Wall Street with a reaction that William Melton, vice president of Investors Diversified Services, said "could best be described as cynical."

Little wonder. This marks the fourth year running that Congress has announced a major 3-year, deficit-reduction package with declining deficits. The leadership plan follows the past pattern of savings heavily weighted toward the third year with steadily declining interest rates and stable inflation.

Financial managers have seen the results of multiyear plans and have greeted the deficit downpayment plan accordingly. Samuel Thorne, senior group vice president of Scudder, Stevens & Clark, said the package was void of any major significance and added, "The market seems to think this is just some kind of ceremonial dance."

Henry Kaufman, chief economist of Salomon Bros., responded to the leadership plan by remarking that he had seen nothing to suggest that the upward drift in interest rates would be reversed or tempered. What Henry Kaufman and friends are telling us is that the markets have fully discounted business as usual in the Nation's Capital.

It seems to me, Mr. President, that it is time to really decide whether we are going to continue to finesse our deficit problems or if we really are ready to address them.

Unless we act decisively—and act soon—on deficits, interest rates are going to produce dramatic long-term problems. They are going to choke off borrowing for residential and commercial property, new construction, automobile purchases, and, perhaps something I feel most keenly, being a Senator from Kansas, agricultural production. Farmers, who have yet to recover from the recession, will be forced to liquidate in record numbers in the event of a new runup in interest rates.

If interest rates average just 2 percent higher than we are currently projecting over the next 5 years—and we are projecting steadily declining rates—the cumulative increase in the deficit will be almost $200 billion; $60 billion of that increase would occur in 1989 alone. The 1-year increase of $60 billion is greater than the entire 3-year spending reduction savings contained in the leadership's deficit downpayment plan.

If we are to avoid such an eventuality, we must make some tough political as well as economic choices. Those choices cannot be made in an atmosphere of partisan recrimination.

Mr. President, let me conclude by saying that I believe this body has historically risen above partisan politics in times of crisis. On such occasions, the collective wisdom of the Senate has been manifest in the individual decisions of a majority of its Members to act decisively—and act independent of party affiliation for the good of the country. In that tradition, I appeal to my colleagues to seize this opportunity. Deficit reduction is imperative.

RECOGNITION OF SENATOR GRASSLEY

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. I thank the Chair.

Mr. President, I compliment the Senator from Kansas for her outstanding remarks and the brave stand she is taking on this issue this year. I want to say to my colleagues that the Senator from Iowa, the Senator from Kansas, the Senator from Delaware, and the Senator from Montana are original cosponsors of this effort to freeze the budget, to get our deficit under control. I thank each of my colleagues just mentioned for joining in this effort. Their help in individual ways has been invaluable in bringing to the public's attention and the attention of this body a real alternative, a viable alternative, to the morass of budget difficulties and deficit problems that the Federal Government is mired in because past Congresses have not been willing to take daring stands on getting the Federal budget under control.

I think if the Members of this body would look at the political philosophies embodied in the individual beliefs of the Senator from Iowa, the Senator from Kansas, the Senator from Delaware, and the Senator from Montana, they would see all shades of political opinion unified behind this approach. I think that speaks for itself. But also the statement by the Senator from Delaware that this is the most responsible stand he has taken on any issue in the period of time he has been in the Senate I think speaks to the necessity for each of the other 99 of us to look at how serious the problem is and how a review of that problem then ought to dictate that each one of us take very dramatic action.

This is the third year that I have been involved in a proposal to freeze the succeeding year's level of expenditure at the present year. Three years ago, too many of my colleagues said, "Well, we do not need to do anything like that because as we look out 5 years, we will have deficits down to about $40 or $50 billion."

Well, obviously that did not materialize.

Two years ago I was told that this approach was not needed because we had declining budget deficits for each year in the 5 outyears that would take us down to $70 or $80 billion of deficits. And so the proposal got no attention.

We are being told by some this year that the alternative that comes from the "rose garden" is a solution to our problems because as we look out 5 years we will have declining deficits ending in $120 billion deficits in 1989. On the other hand, the partnership of the Senator from Iowa, the Senator from Kansas, the Senator from Montana, and the Senator from Delaware would suggest there is a growing number of people beyond just this Senator, the Senator from Iowa, that believes there needs to be something more dramatic done. And so we are proposing, the four of us, this very dramatic alternative of freezing the budget in 1985 at the 1984 level.

For 3 years we could have taken dramatic action, and we did not. The situation has gotten worse. Hopefully, we learn from the mistakes of the past. The philosopher George Santayana said that those societies that do not know about the mistakes of the past or learn from them—and I am paraphrasing—are bound to repeat the mistakes of the past.

So in that vein I am asking each of my colleagues to look at what our track record has been, and then understand the philosophy behind the 1-year freeze and the necessity for it. What has happened is that the situation is always worse than we anticipate. I am suggesting to the backers of the "rose garden" proposal that it is a dream to think that we can end up in 1989 with just a $120 billion deficit. That is too much business-as-usual. What we must do is send a dramatic signal that it is no longer business-as-usual on the Hill or in Washington. We have to realize that the Christmas season is behind us. We have to realize that the congressional Santa Claus is now dead, buried, and breathless under a mountain of deficits now $200 billion for 3 years in a row as we project if we do nothing. As Christmas is over, the love feast of the valentine season is beyond us and we are right now, the last week in April, in the season of the resurrection, the new life, and there ought to be some new ideas coming forth. If there are better ideas to look at than the freeze proposal, with a $23 billion lower deficit than the other proposal that is laid before this body, I am willing to look at that proposal. But there have been none proposed that gives an opportunity to dissect what the problem is with the various programs that have led us to a $200 billion deficit; an opportunity to make changes and to bring reform, and an opportunity then in future years to budget in the reality of the real world.

What I have said heretofore is how I approach this matter philosophically, but I also want to approach it in a very practical manner and take time during this special order to lay out what I think are some of the real problems.

Mr. President, the current fiscal predicament is a symptom of a process gone berserk. There is abundant evidence to suggest we are racing toward the edge. I would like to have you consider the sensitivity of the situation. Baseline deficits are projected to surpass $300 billion by 1989. In that scenario, as the good Senator from Kansas pointed out, interest rates, amazingly, are projected to decline if we do nothing; but as she said, that is not going to happen. If interest rates remain level, I want to hypothesize, over the next 5 years, instead of declining, the fact is a $300 billion deficit would become then a $400 billion deficit. Even worse, if interest rates rise from the current level, the 1989 baseline deficit would approach $500 billion.

Over the period of 1984 to 1989, the gross national product is projected to rise by an average real growth rate of 4 percent. But if the average real growth rate is just 1 percent less, just 1 percent less on the average than our projections the 1989 baseline deficit would top $400 billion. If there is anything we do know for sure, it is that baseline deficits projected out to 1989 are much higher than we are being told either by CBO, OMB, or whomever. Who in the world believes that we will have 7 straight years of 4 percent growth or 3.8 percent real growth without a downturn if we do nothing between now and 1989 to lower the deficits? And who in the world believes that short-term Treasuries will decline over the next 5 years if we do nothing between now and 1989 to lower the deficits? Yet these unrealistic assumptions are part of our budget baseline. They rose color the magnitude of the problem we face in those outyears. A $300 billion baseline deficit for 1989 is absurdly optimistic. The markets know this. OMB knows this. CBO knows this. In fact, we all know this. Then we must question why do we pretend that it is not the case?

The problem with the way we currently do things is that we always delude ourselves with rosy expectations. We overestimate the amount of available resources out into the future, and that allows us to make less-disciplined decisions on spending. We simply bite off more than we can digest. When the resources do not come in as planned, we get deficits, big deficits.

Pretty soon, the Congress is going to figure out that the real cause of these deficits is planning incompetence.

I think this is the best argument to be made for doing only a 1-year budget, until we can figure out what we are doing.

Our budget freeze proposal is intended as an initial step to address an unfolding fiscal crisis. It is an attempt to slow down the momentum of uncontrolled deficits. It is a response to a perception that the problem is much more severe than current wisdom will allow.

The bipartisan freeze is a 1-year budget. All budget savings are up front, in the only binding year, under the law, the first year. There is no smoke, there are no mirrors, there is no blue sky, there is no rosy scenario, there are no overly optimistic assumptions of future-year decisions by which we will repeat past mistakes this year if we do not do something about it.

The distribution of savings in the first year under the bipartisan freeze is completely balanced. No other budget even comes close. There are equal savings in defense, entitlements, and revenues. And the fiscal year 1985 deficit is reduced by about $40 billion from the CBO baseline.

The bipartisan freeze asks each program, department, or individual to get by next year with the same level of income as this year. It is simply this: If we can get by for 365 days during 1984, can we not, in the same programs, out of necessity to reform, get by for just 365 more days during 1985?

It is a shared sacrifice. It is fair. And it would provide us time to sort out the fundamental causes of our predicament. Any program or department or institution, including Congress, that claims it cannot cope with a 1-year freeze should take a serious look at its internal planning structure.

Any planning structure that responds to real-world circumstances with resistance and rigidity will only transform an otherwise curable problem into a critical one, and that has been the situation for the last several years.

Mr. President, structural disorder in the Federal Government is the driving force behind the deficit problem we face. Deficits in and of themselves are not the real problem. They are merely symptoms, warnings, a barometer of the structural disorder. It is that structural problem that we must get a handle on if we are to gain control of the deficits.

The spending process is driven by a subsidizing of cost. The bureaucrat is promoted on the basis of how much of a budget he can raise. The industry, producing for or servicing the Federal Government, receives a profit as a percentage of cost—an undeniable incentive for cost growth in any program. And the politician is reelected by making everyone happy; that is, spending more money. The politician puts the spending process on automatic pilot, and then hides the outyear consequences by using a rosy future scenario.

The bottom line is that the dynamic of the spending process assures us that we will never have enough money to cover what is in the budget. The use of optimism in predicting resources assures us that we will never have enough revenues. And the path of least resistance then leads us automatically, as it has for the last several years, since the last budget surplus in 1969, to ever-increasing and ever-inflated deficits.

We have a chance to do something this year, Mr. President, before we voluntarily take the plunge. We can act right now to prevent a crisis. We can adopt this budget freeze proposal this year, and get down to the task of restructuring the process. And we can give the current recovery a real chance at long-term survival.

Or, or course, we can leave the process on automatic pilot, sweep its long-term consequences under a bed of roses, and volunteer ourselves as hostages to what will unfold.

Mr. President, I am pleased to be working toward solving these problems, in the spirit of bipartisanship, with my friend and colleague from Kansas, Senator Kassebaum, and my two friends from across the aisle, Senators Biden and Baucus. It is my hope that Congress will take this very responsible and necessary step this year to prevent serious fiscal disorders that are sure to come.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until 2 p.m.

Thereupon, at 12:46 p.m., the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mrs. Kassebaum).

ORDER OF BUSINESS

Mr. BAKER. Madam President, at this point two Senators are entitled, under the order previously entered, to claim their special order time, to wit: Senators Baucus and Biden.

I yield the floor so that the Senators may claim their special order time.

RECOGNITION OF SENATOR BIDEN

The PRESIDING OFFICER. Under the previous order, the Senator from Delaware is recognized.

Mr. BIDEN. Madam President, I ask unanimous consent that the order for the special order be changed so that I may precede Senator Baucus.

The PRESIDING OFFICER. Without objection, it is so ordered.

BIPARTISAN BUDGET FREEZE

Mr. BIDEN. Madam President, I am not sure that I am going to take the full 15 minutes allotted me under this special order. The subject which I rise to speak to this afternoon is the same subject that our colleagues, Senators Kassebaum and Grassley, spoke to earlier; that is, within the next 12 to 18 months this country will face an economic and political crisis of extraordinary proportions if Congress refuses to take decisive action on the deficits that we face.

That is why some of my colleagues and I are proposing what is referred to as the bipartisan budget freeze which will stop the runaway deficits in their tracks. Why do I believe we face such a major crisis? Let me just review for a few moments what I consider to be the economic facts of life that allow no other interpretation.

We have been running huge deficits for 5 years, and now we are clearly headed for continued huge deficits as far as the eye can see. We have emerged from what may have been the worst recession since the 1930's, but we have emerged with incredible major economic weaknesses. We continue to have very high interest rates. Notwithstanding the economic recovery, interest rates historically remain high in real terms; that is, the difference between the rate of inflation and the cost of money. That is the real interest rate. And the second major economic weakness is that we have emerged from the recession with an unprecedented trade deficit; and, third, unlike other post recession periods, we face an ever-escalating Federal deficit.

These are intimately related problems and they spell disaster ahead. If we do not take immediate, important action on these deficits, we will have lost the opportunity to stem them and their serious consequences. We are experiencing a dramatic recovery, at least in part, because of the massive stimulative effect of hundreds of billions of dollars of deficit spending. Is it not somewhat ironic that it was policy that brought on these deficits that we call supply side? And supply side was in effect a direct refutation of Keynesian economic theory, yet in fact what we have, what we are observing is a classic Keynesian recovery. We are deficit spending our way out of recession.

In addition to that, we expected, we were told by our supply side disciples, that we were, in fact, through the major tax package the President proposed going to see all of this new investment in plant and equipment; that, in fact, that was going to bring about a major change in the way in which the economy functioned; and, that we were going to have to look to a recovery that was a consumer-led recovery.

What is leading us out of the recession? It is all of those folks sitting up in the gallery. Those are the ones leading us out of the recession. They are the ones out there spending their money. They are going out there and buying. They are, in fact, borrowing and buying. They are buying cars, refrigerators, and the like, and I would argue some of them in an anticipatory sense because they figure if they do not do it now, it is going to be worse 6 months from now with inflation. It is going to be worse 6 months from now with interest rates. So they had better do it now.

Yet we continue to talk about supply side economics. As interest rates move upward, I believe we will see the recovery being choked off. At the same time we will be heading toward higher inflation. We may well be heading back to the same combination of weak economic activity and high inflation that haunted us in the 1970's.

What others say about the outlook for the economy is also interesting. Perhaps the most important economist in Washington is the Chairman of the Federal Reserve Board, Paul Volcker. During our budget hearings I asked him "Can economic recovery be sustained in 1985 if we do absolutely nothing about the deficit * * *?" Chairman Volcker responded that, of course anything is possible, but that in such a situation "the risk of accidents * * * multiply."

He went on to expand on this theme saying, "These accidents could grow out of the international financial situation; they could arise out of the foreign equation. They could arise out of the market anticipating pressures and pushing interest rates up higher than those models suggest, and causing an interruption in economic activity. Those risks increase over a period of time * * *"

Translated to everyday language that I understand as a plain old lawyer, that means if we do not move drastically, interest rates are going to go up, economic recovery is going to come down, and we are going to find ourselves in a real dilemma.

The Director of the Office of Management and Budget is not willing to stand behind the continued health of the economy either. In a Senate Budget Committee hearing on February 2, he said:

> But for the years beyond fiscal year 1985, we have very clearly stated that much more needs to be done, that deficits that remain at 180 or more for sustained periods of time, are not acceptable, and that we will be back with additional recommendations next year.
>
> So the whole economic path, out through 1989, in this budget is dependent on (A), a down payment this year, so that 1985 is $180 billion or below, and a major improvement next year, and the succeeding years, so that by 1988 the deficit would be under two percent of GNP, or in dollar terms, at least under $100 billion.

Neither of these men, Madam President, wants to overstate the economic danger ahead. In fact, I suspect that both of them have understated it for obvious reasons. Large and immediate deficit reductions such as those proposed by the Senator from Montana, the Senator from Kansas, and the Senator from Iowa, Senator Grassley, the so-called bipartisan budget freeze, I believe, can give the markets a hope for the future that they will not otherwise have. The financial markets do not want outyear promises which in fact all the other plans rely upon. They have been down that course before, my fellow colleagues. They understand the promise by the President and the Congress that although we are not going to do anything big this year about the deficit, we will do it next year, and then the following year we will even do more and the following year we will even do more.

See what happens? They believe what they see and what they see is the needed action that the House, the Senate, and the President are willing to take. Our bipartisan freeze is immediate, unequivocal. There is no mistake about it. If, in fact, it is passed, the savings are real and you see them. You do not have to worry about promises.

Madam President, as I said before, a large and immediate deficit reduction such as that proposed in the bipartisan budget freeze can give the markets a hope for the future that they will not otherwise have. The financial markets do not want outyear promises which is all the other major plans give them. They want to stop the growth of deficits now. The leadership plan deficit in fiscal year 1987—after implementing a 3-year plan—is $203.5 billion. That is $41.5 billion higher than under our 1-year freeze. Our lower deficit of $162 billion in fiscal year 1987 flows only from the 1-year freeze, with no further outyear action.

Mr. President, I ask unanimous consent that two tables comparing the major budget proposals be printed at this point in the Record.

There being no objection, the tables were ordered to be printed in the Record, as follows:

DEFICIT REDUCTION PLANS COMPARED, FISCAL YEARS 1984-87 (USING CBO ESTIMATES)[1]

[In billions of dollars]

	Republican plan	Senate Democratic plan	House Democratic plan[2]	Hollings-Exon-Andrews	Kassebaum-Grassley-Biden
Total deficit reductions (total outlay savings plus revenue increases)	89	149	132	268	187
Defense reductions	+7	-11	-52	-22	-73
Total domestic reductions	-37	-39	-16	-81	-61
Interest savings	-11	-17	-16	-31	-23
Total outlay savings (defense plus domestic plus interest)	-41	-68	-83	-134	-157
Revenue increases	+48	+81	+49	+134	+30
1987 deficit	204	169	181	104	162

[1] Totals may not add due to rounding.

[2] Figures do not include fiscal year 1984 savings.

Note.—Prepared by: Minority Staff, Senate Budget Committee, April 25, 1984

DEFICIT REDUCTION PLANS COMPARED, FISCAL YEARS 1984-87 (USING REPUBLICAN ACCOUNTING)[1]

[In billions of dollars]

	Republican plan	Senate Democratic plan	House Democratic plan[2]	Hollings-Exon-Andrews	Kassebaum-Grassley-Biden
Total deficit reductions (total outlay savings plus revenue increases)	144	204	182	316	242
Defense reductions	-40	-59	-96	-70	-121
Total domestic reductions	-37	-39	-16	-73	-61
Interest savings	-18	-25	-22	-36	-30
Total outlay savings (defense plus domestic plus interest)	-95	-122	-134	-179	-212
Revenue increases	+48	+81	+49	+137	+30
1987 deficit	204	169	181	108	162

[1] Totals may not add due to rounding.

[2] Figures do not include fiscal year 1984 savings.

Note.—Prepared by Minority Staff, Senate Budget Committee, April 25, 1984

Mr. BIDEN. We must give the financial markets the reality of a $41.5 billion lower deficit in fiscal year 1987. We must also give them the decisive action this year that will lead to further decisive action in 1985. If we do not, then the upward march of interest rates and inflation will most likely bring down the economic house of cards that we have erected upon deficits.

Such an event will mean misery for untold millions of people. Just that single fact alone is sufficient reason for moving to take action on deficits now. The risk of another recession—the third in 6 years—is both unnecessary and irresponsible.

But for the purposes of our budget debate today, let us look at just the budget impact of such a grim economic scenario. The pressures to act on deficits will be irresistible. And the call will be for dramatic action. And that will be the point at which we may well see the devastation of all of the Federal activities—defense and nondefense—that are essential to our survival as a great nation. We will not be faced with a freeze on defense, we will be talking about real reductions. We will not be talking about 1 year without COLA's—we will be talking about many such years and quite possibly cuts into current benefits. We will be talking about major cuts in virtually every area of Federal activity.

But actually, we do not need to speculate on what those reductions will be. The hidden agenda so often referred to is not really all that hidden. Let me just give you a few examples.

Let us take a look in the budget document first. On page 3-12 appears the following:

> Given the pending solvency crisis in medicare, excessive annuity levels embodied in Federal pensions, and the potential for further reform of benefit indexing mechanisms, it is apparent that opportunities for such savings do exist.

There is next year's budget agenda in one sentence: Cuts in medicare, cuts in Federal pensions, cuts in indexing for social security and other indexed programs. That is what we will see next year. The administration's budget proclaims it.

In his prepared testimony before the Senate Budget Committee, which was not delivered, Budget Director Stockman listed areas for budget cutting next year, not this year. Here they are:

> Farm Price Supports.
>
> Student Aid and Higher Education.
>
> Veterans Health Care System Efficiencies and Improvements.
>
> Medical Entitlements (Medicare and Medicaid).
>
> Federal Military and Civilian Retirement Pensions.
>
> Federal Civilian employment.
>
> Improved Federal procurement.

Special interest economic subsidies (including subsidies in the following areas: inland waterways, air traffic control system, Coast Guard, deep water ports, rural electric and telephone cooperatives, local mass transit systems, maritime operators, fees for use of Federal parks and lands, economic development subsidies through EDA, HUD, FmHA, Corps of Engineers, and the Tax Code.

The only thing not covered in these statements is Defense. But there is no reason to believe that it can escape unscathed in such an atmosphere. In fact, history suggests that it will be severely cut and we will be into the same feast or famine situation that has harmed our defense efforts in the past.

Mr. President, I ask unanimous consent that the portion of Mr. Stockman's prepared testimony for the Senate Budget Committee on February 2, entitled "Eight Possible Areas for Future Structural Reform and Major Budget Savings" be printed at this point in the Record.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

EIGHT POSSIBLE AREAS FOR FUTURE STRUCTURAL REFORM AND MAJOR BUDGET SAVINGS

(By David A. Stockman)

While major strides in budget control have been achieved over the past three years, it should not be concluded that all savings possibilities have been exhausted. Some programs such as agricultural price supports and student aid have escaped the general regime of fiscal restraint since 1981 and must now be firmly curtailed. Consideration of other major reform candidates—such as military and civilian retirement—has been deferred, but these programs must be subjected to fundamental scrutiny and revision next year. Finally, the Grace Commission report contains literally hundreds of suggestions in the areas of federal overhead reduction, procurement reform, and unjustified economic subsidies which, after further analysis and refinement, can be expected to generate substantial savings proposals for next year's budget.

In particular, the following eight budget categories illustrate the opportunities for significant future savings beyond the limited measures proposed in the 1985 budget. In most cases, the detailed analysis necessary to estimate savings and justify proposed policy changes is still underway—with much work yet to be done. Nevertheless, they illustrate both the major opportunities as well as the kind of hard choices which will face the Administration and Congress next year in what must be a full-throttle effort to close the budget gap, if economic recovery is to be sustained.

(1) FARM PRICE SUPPORTS

As is shown below, the 1981 farm bill will result in the highest constant dollar net outlays of any 5-year period in recent history. Fortunately, this counter-productive law expires beginning with the 1986 crop year. This presents an opportunity for major savings beginning in FY 1987 if a more market-oriented price support and subsidy program can be fashioned next year. The current wide gap between out-of-pocket production costs and price support and target levels must be substantially closed if costly surpluses and major commodity market imbalances are to be avoided in the second half of the decade:

POTENTIAL FOR FARM PRICE SUPPORT AND SUBSIDY SAVINGS: CONSTANT DOLLAR COSTS OF 1981 FARM BILL COMPARED TO PRIOR PERIODS

[Dollar amounts in billions of constant 1985 dollars]

	Average annual constant dollar outlays	Percent of 1981 farm bill (1982-86)
1962-66	$9.4	76
1967-71	10.0	81
1972-76	4.9	40
1977-81	6.1	50
1962-81 average	7.6	62
1981 farm bill, 1982-86	12.3	100

(2) STUDENT AID AND HIGHER EDUCATION

Between 1970 and 1978, constant dollar federal support for student aid and higher education increased from $3.6 billion to $5.5 billion or about 53%. This substantial rise in real spending levels was generally consistent with the 80% constant dollar increase in overall domestic spending, excluding social insurance and low-income entitlements, which occurred during this same period.

Since 1978, however, constant dollar spending for non-entitlement domestic spending has declined markedly as shown in the table below. By contrast, 1984 enacted student aid and higher education constant dollar outlays will be 46% higher than 1978 and only slightly below peak levels reached in 1981 ($8.3 billion). Thus, this category of the budget has escaped the general retrenchment of non-entitlement spending almost entirely. Since federal support of nearly 50% of all students enrolled in institutions of higher education is more than the Nation can afford, a substantial funding rollback will be an unavoidably imperative on the structural reform agenda for future budgets:

CONSTANT DOLLAR STUDENT AID AND HIGHER EDUCATION FUNDING TRENDS VERSUS OTHER DOMESTIC SPENDING

[Dollar amounts in billions of constant 1985 dollars]

Year	Domestic spending excluding social insurance and low-income benefits [1]	Student aid and higher education
1970	$115.4	$3.6
1978	$207.7	$5.5
Percent change from 1970	+80	+53
1984 enacted	$158.4	$8.1
Percent change from 1978	−24	+46

[1] As detailed in pt. III, fiscal year 1985 budget.

(3) VETERANS HEALTH CARE SYSTEM EFFICIENCIES AND IMPROVEMENTS

The operating and contruction costs of the nation's veterans health care system nearly doubled in real terms between 1970 and 1980. Moreover, unlike most other categories of discretionary spending, constant dollar costs have continued to rise—with the 1984 enacted budget up a further 8% in real terms from the 1980 level. Under the 1985 budget proposals, projected future costs continue to increase in real terms, rising by 30% between 1980 and 1989.

This rising cost trend represents both increases in medical care costs generally and the increasing pressures brought on the existing, inadequate VA system by a rising number of eligible veterans. Within the framework of current eligibility criteria, delivery system organization and hospital capacity, it is extremely doubtful that this continued rise in real budget costs can be avoided. However, the Grace Commission findings, as well as those by many medical economists, suggest that the nation's health care commitments to its veterans can be met at substantially less cost over the longer run if the current policy framework is adjusted. Such structural reform options include greater internal economic incentives, wider use of excess facilities in the private health care system, tighter implementation of the "inability to defray" standard, firmer service-connected disability requirements, and cost-sharing and third party cost recovery mechanisms. The Administration will be studying these options intensively within the coming years, with a view to finding ways to meet existing veterans health care commitments at significantly lower costs in the years ahead:

Constant dollar trend in VA health care system

Year	Amount [1]
1970	$4.7
1980	$8.7
Percent change from 1970	85
1984 enacted	$9.4
1987 proposed	$10.6
1989 proposed	$11.3
Percent change from 1980:	
1984	+8
1987	+21
1989	+30

[1] Constant dollar budget; billions of constant 1985 dollars.

(4) MEDICAL ENTITLEMENTS

The rapid, sustained constant dollar growth of the medicare and medicaid programs are nearly unprecedented in federal budget history. Between 1968 and 1981, the constant dollar cost of these entitlements rose from $17.8 billion to $65.8 billion—or at a compound annual rate of 10.4%. Despite a variety of cost-saving reforms adopted since 1981, 1984 constant dollar spending will be up another $17 billion reflecting a 7.9% rate of annual increase. By contrast, overall domestic spending has actually declined in real terms during the same period.

Moreover, even assuming the tight reimbursement restraints embodied in the prospective payment system for medicare (DRG) and similar state level medicaid reforms, constant dollar current services costs are projected to rise another $36 billion by 1989—representing a 7.5% rate of annual real increase from the 1984 level.

These trends make clear that much more must be done to restrain the cost growth of the federal medical entitlements. Without such additional efforts there is virtually no prospect of maintaining medicare solvency in the 1990s, nor of meeting the rising needs of the low-income elderly and families assisted by medicaid.

Since the underlying source of this enormous, sustained cost growth lies in the structural inadequacies and inefficiencies of the U.S. health care system and the lack of economic incentives for providers and beneficiaries alike, only generic reforms of a fundamental and far-reaching nature offer the potential for significant long-term cost reduction. Such generic reforms in the areas of reimbursement, health care delivery system organization, provider risk absorption and beneficiary cost-sharing are therefore essential items for future consideration.

Constant dollar trend for medicare/medicaid (billions of constant 1985 dollars)

Year	Amount [1]
1968	$17.8
1981	$65.8
Annual real growth from 1968 (percent)	10.4
1984 enacted	$82.7
Annual real growth from 1981 (percent)	7.9
1989 current services	$118.8
Annual real growth from 1984 (percent)	7.5

[1] Constant dollar budget level; billions of constant 1985 dollars.

(5) FEDERAL MILITARY AND CIVILIAN RETIREMENT PENSIONS

Federal civilian and military retirement pensions have historically been more generous than their private sector counterparts for reasons that have now been largely surpassed by events and policy changes over recent years. It was argued that low military pay levels prior to 1974 justified large pensions and generous early retirement privileges as a form of "deferred compensation." Likewise, until the 1983 Social Security Act, federal civilian pensions served the dual purpose of providing both a basic social insurance equivalent as well as a private pension supplement.

Nevertheless, even on the basis of these often tenuous justifications, military and civilian pension benefits have skyrocketed since the late 1960s. Whether measured in terms of cost of payroll or replacement of prior earnings, they vastly exceed comparable retirement annuity levels available in any sector of private employment. For instance, the normalized cost of current civilian annuities is estimated at 36% of payroll, compared to a 22% cost average for combined social security and private pensions in the better private sector plans.

These excessive pension levels have had an enormous adverse impact on the federal budget. As shown below, constant dollar budget costs rose from $6.5 billion in 1962 to $38.5 billion in 1981—an average annual growth rate of 9.8% per year. Constant dollar pension costs have increased another 6% since 1981, and current services real costs are projected to rise an additional 12% by 1989. Stated differently, by 1989 current services federal pension costs alone will exceed 1% of GNP.

These trends make clear that the fiscal burden of federal retirement pensions must be reduced substantially in the future. With both military pay at competitive rates and new federal civilian employee coverage under social security, next year's budget will present a long-overdue opportunity to constrain the cost of existing annuities, and prospectively bring federal pension benefits in better alignment with those available to private employees throughout the U.S. economy.

Trends in constant dollar Federal military and civilian pension costs

Year	Amount [1]
1962	$6.5
1981	$38.5
Average compound annual growth rate (percent)	9.6
1984	$40.8
1989 current services	$45.7

[1] Constant dollar budget level; billions of constant 1985 dollars.

(6) FEDERAL CIVILIAN EMPLOYMENT

In 1985 the 2.1 million federal civilian payroll will cost $61 billion for basic compensation, health benefits, unemployment insurance and disability benefits. While considerable progress has been made in reducing excessive staffing levels in many agencies, total civilian employment remains near its 1981 level.

The detailed analysis offered by the Grace Commission of both government-wide personnel policies and individual agency staffing patterns strongly supports the presumption that major costs savings in this area are feasible. The more promising options include more aggressive contracting out through A-76 procedures; reduced staff layering and overlap between operating bureaus and departmental levels; reduction of excessive sick leave, vacation and annual leave entitlements which would permit equal work to be done with fewer FTE's; and more appropriate job classification procedures and pay comparability methodologies.

Due to the size of the federal work-force and the high rate of attrition, it would not take draconian staffing reduction to generate significant savings over a reasonable period of time. On a fully implemented basis, a 5% reduction in the federal work force by 1988 would yield savings of $3.7 billion per year.

1985 cost[1] *of Federal civilian work force*

	Billions
Basic compensation	$56.6
Health benefits	3.4
Unemployment insurance	.2
FECA	.8
Total	61.0

[1] Excludes pension costs and indirect costs (e.g., office space).

(7) IMPROVED FEDERAL PROCUREMENT

Federal procurement costs in 1985 are projected to be $207 billion—an 88 percent increase from the 1980 level. While the unique nature of many federal procurements—particularly in the defense area—makes cost comparisons with private sector practices difficult, there is little doubt among informed analysts that major cost reductions are possible with changes in existing policies and methods. Over the past three years, the Administration has launched sweeping efforts to simplify and consolidate federal procurement regulations—and these efforts are beginning to produce tangible results.

Nevertheless, large savings depend upon basic policy changes—most of which must be approved or supported by the relevant congressional committees. These include more extensive use of multi-year contracting, increasing the share of procurements subject to competitive bid, minimizing the impact of social policy restrictions on the procurement process, increasing accountability within procurement management organizations, simplification of product specifications for commercial type products and greater emphasis on economically optimum quantities in procurement orders.

While many initiatives in these areas have been proposed by the Administration, particularly by DOD, they have been consistently thwarted by restrictions and outright prohibitions in appropriations and authorization bills. Given both the gravity of the budget situation and the extensive list of procurement reforms proposed by the Grace Commission, a renewed major procurement reform effort in future budgets is both warranted and a promising opportunity for significant cost reductions.

(8) SPECIAL INTEREST ECONOMIC SUBSIDIES

Despite major progress in eliminating or reducing special interest economic subsidies over the past three budget rounds, substantial opportunities for savings still exist. The major obstacles are the natural, parochial political pressures to retain previously granted advantages, and the more compelling argument advanced by individual interest groups that subsidies should be eliminated across-the-board or not at all.

Fashioning a consistent set of federal policy standards against which to assess local, regional and industrial sector subsidies would be a difficult and demanding task. Yet an even-handed set of criteria fairly applied could produce billions in annual budget savings. A policy framework based on user fee principles and national vs. purely local or sectoral economic benefits could be expected to reduce outlays significantly in the following illustrative areas. Most of these have been previously proposed by the Administration, but not in the context of a comprehensive policy framework:

Capital and maintenance costs for inland waterways;

Operating costs of the FAA air traffic control system;

Search and rescue, inspection and licensing costs of the Coast Guard;

Capital and maintenance costs of deep ports;

Debt repayment and interest charges on outstanding federal loans to the federal power marketing administrations;

Large interest subsidies to rural electric and telephone cooperatives;

Operating subsidies for local mass transit systems and maritime operators;

Subsidized insurance premiums offered by the Pension Benefit Guarantee Corporation and many other federal insurance agencies;

Inadequate user fees for a variety of federal commercial inspection, licensing and information services offered by USDA, Commerce, HUD, Treasury and many of the regulatory agencies;

Charges and fees for use of federal lands, parks and other facilities;

Subsidies for local economic development which merely shift the geographic location of investment and development such as those offered by EDA, HUD, Farmer's Home Administration, Corps of Engineers, and through such tax code features as industrial development bonds.

This partial list of remaining unwarranted economic subsidies provides ample evidence that potential savings of billions per year are possible if an acceptable policy framework for subsidy phase-out can be developed, and intense special interest pressures overcome. To be sure, many of these proposals have been repeatedly rejected by individual congressional committees. Nevertheless, the overriding requirement for structural budget reform to bring future spending and revenue into alignment at an acceptable share of GNP necessitates that a comprehensive program to root out unjustified economic subsidies be considered in the next budget round.

Mr. BIDEN. Yet, Mr. President, if we fail to act decisively on deficits, if we allow the economy to come crashing down, this future agenda of the administration may well be only the beginning. We will be facing draconian measures in all aspects of budget, indeed in all aspects of our lives. That is why I feel so strongly that we must act now to prevent such an economic disaster.

Let me describe briefly what our bipartisan freeze will do, why it is more fair and more effective than any other proposal.

The only way that Congress will ever be able to come to grips with deficits is by dealing with all Federal programs as a package. This can happen when the beneficiaries of each program see that all others are being treated similarly. Most proposals I know of—including the leadership proposal—do not even pretend to seek equal sacrifice. As a result they treat many groups unfairly. And, equally important, they fail to stop the rise of deficits. Other plans deal across the board with most Federal activities, but they do not treat them in an even-handed manner.

Only our bipartisan budget freezes all aspects of the budget. It holds defense activities to the same budget that it has in fiscal year 1984 with no allowance for inflation. It similarly proposes no cost-of-living adjustments for 1 year for all indexed programs. It freezes reimbursements for health care providers, doctors and hospitals, for 1 year. It freezes budget authority for all discretionary programs at 1984 levels for a year. For farm price supports, it freezes target prices and loan levels at 1984 crop year levels. It provides no pay raise for Federal employees in fiscal year 1985.

Mr. President, at this point I ask unanimous consent that a brief factsheet describing the proposal be printed at this point in the RECORD.

There being no objection, the factsheet was ordered to be printed in the RECORD, as follows:

THE GRASSLEY-KASSEBAUM-BIDEN BUDGET FREEZE

NATIONAL DEFENSE

FY 1985: freeze budget authority at the FY 1984 baseline level.

DOD civilian and military pay raises: For FY 1985, no pay raise. Assume all future pay raises to be on January 1.

ENTITLEMENTS AND OTHER MANDATORY PROGRAMS

COLAs:

FY 1985: No COLAs in any program.

COLA date: Assume all COLAs, when resumed, move to January 1, per reconciliation bill.

Medical costs: FY 1985: Freeze doctors and hospitals at FY 1984 level; allow baseline increases for caseload and increased medical care utilization.

Farm price supports: FY 1985: Freeze target prices and loan levels at the 1984 crop year levels.

All else: Assume the baseline.

NONDEFENSE DISCRETIONARY PROGRAMS

FY 1985: Freeze budget authority (or program level, where relevant) at the FY 1984 baseline level.

Civilian agency pay raises: Same as for DOD employees (see above).

SPENDING IN FY 1986-89

Except as noted above, provide increases as assumed in the baseline, but starting at the lower FY 1985 level contained in this plan.

NET INTEREST

Calculate interest reductions for each year FY 1985-89 based on the other deficit reductions in the plan.

REVENUES

Assume the following unspecified increases in revenues compared to the baseline:

Unspecified revenue increase (in billions of dollars)

Fiscal year:	
1985	10.0
1986	10.0
1987	10.0
1988	10.0
1989	10.0

Mr. BIDEN. On the revenue side of the equation, the bipartisan budget freeze is notably conservative. We have not chosen to raise $1 in taxes for each dollar in spending cuts, as the President's proposal suggests. Instead there is only $1 in tax increases for every $3 in budget savings. The purpose of our 1-year freeze is to give breathing room to develop new strategies for dealing with deficits. I believe that one of the most important of these new strategies will be a complete overhaul of our tax system along the lines that Senator **Bradley** and I have proposed in the Fair Tax Act. Until we can plan that overhaul, major new tax legislation would not be put on the books.

The bipartisan budget freeze is a 1-year action, as I said before, to allow time to take further decisive actions on budget deficits. All of the other plans would take 3 to 5 years to implement, and, of course, there can be no assurance that they ever would be implemented. In fiscal year 1985, the bipartisan plan makes the greatest spending reductions of any plan. By fiscal year 1987 the effect of our 1-year cuts in 1985 will have reduced the deficit to $162 billion as compared with $203.5 billion for the leadership plan and $169 billion for the Democratic alternative. In fiscal year 1987 our 1-year freeze will reduce spending by $73.2 billion, compared with a $22.6 billion and $39.2 billion for the Republican and Democratic alternatives respectively.

That is why our plan is such a good base to build on. Its 1- to 7-year actions continue their effect over 3 years providing a good springboard for yet further deficit reduction actions. Long after our plan is fully implemented, other plans will still be seeking full effectiveness while their authors propose more, larger budget changes. And let us be clear: there will be more deficit reduction measures in future years no matter what package is adopted. The question is: Does it not make more sense to have a one-shot major deficit reduction in fiscal year 1985, before further action is taken than to have a plan straggling into effect over 3 to 5 years while yet more deficit reductions are being proposed?

Finally, let me just say a word about "Truth in Budgeting." The bipartisan budget freeze will deliver what it promises, when it promises it, based on the best Congressional Budget Office information available. We do not use overly optimistic economic assumptions, with interest rates declining to 5 percent. There are no future year actions to be taken, no possibilities for repeal. Our budget results are consistent with the best economic forecasts available. This plan can provide immediately what it promises.

The impact of that on financial markets, on the level of interest rates, economic activity will be dramatically good. We will have a fighting chance to avoid another recession. We will have breathing time to adopt further good, solid deficit reduction measures. And we will do all this with more deficit reduction impact in a shorter time. We will ask sacrifice from everyone but we will treat everyone fairly. To do less than this threatens economic disaster.

Let me conclude in the remaining minutes by suggesting several salient features of this plan.

Although Senator **Grassley** and I do not share the same political label, although we are not necessarily of the same political philosophy; although Senator **Kassebaum** and Senator **Baucus** have differences; although those who voted for the plan in the Budget Committee are very different in terms of how they view the future of this country, why they supported this plan, let me state my primary reason for this plan, which is in fact drastic, which does, in fact, take a very, very severe and significant action for 1 year, why I worked on it, why I sponsored it, and why I believe so strongly in it. It may be different, I emphasize, than the primary reason why my Republican colleagues who support the plan took the same position.

I truly believe that unless we are able to take drastic action this year—and I would emphasize I believe the leadership plan, with all due respect to the chairman of the Budget Committee who is on the floor, does not fall in that category as far as I am concerned, and I understand it is an arguable issue—I believe unless we take drastic action, we will be faced this time next year with a lagging economy and a deficit exceeding what we have right now. If we cannot cut the deficit substantially in a year when there is robust economic growth, in a year when, in fact, there seems to be the will to take significant action, when we are, in fact, growing, how are we going to be able to do that at a time when we, if I am correct, are faced with higher interest rates, higher inflation, and a lagging economy?

And then I believe we will see a development that I, in fact, am not prepared to support, but one which I believe I will be faced with as a U.S. Senator. That is, assuming I am right and the economy is lagging this time next year rather than growing, and assuming I am right that we find deficits exceeding what they are this year for next year, I believe the question put before this Congress will not be whether or not we freeze defense spending for 1 year, not whether or not we freeze spending on social security cost-of-living increases for 1 year, not whether or not we freeze education for 1 year. It will be a fundamental debate over whether or not there should be COLA's in social security; it will be a fundamental debate over whether or not the Federal Government should be involved in any education funding; it will be a direct outright assault on all the portions of the Federal programs that I feel most strongly about.

I will be faced with the dilemma of having to emasculate the social agenda of this country beyond what it has already been emasculated, or live with gargantuan deficits that are unacceptable.

So, when those of my friends in the Democratic and Republican Party say to me, "How do you expect me to vote for your proposal? Does it not freeze social security COLA's for 1 year? Are we not saying there will be no cost-of-living increases for 1 year?"

The answer to that is "Yes," that is what I am saying. But I believe if we do not do it for 1 year, we will be debating next year whether we will have it at all again. That will be the issue, not whether or not we stop it for a year. It will be whether or not it is going to be permanently reduced or permanently eliminated, and whether or not we make other significant changes in medicare and significant changes in social security generally.

To those who come to me and say:

> Biden, you have been out front for increasing money for the Justice Department to fight organized crime, international drug trafficking, and all those issues that, as ranking member of the Judiciary Committee, you have been hollering about for so long. How can you say now you will freeze and say to the Justice Department they will only get this year what they got last year when you know in fact they need more?

My answer is that, in an economic crunch, which I believe will occur next year if we do not take this drastic action, we will not only not be able to increase the money we need for drug interdiction, but you will have people standing on the floor saying we must cut the budget of the FBI, cut budget of the DEA, of the Defense Department in the name of the economy. And that will probably pass because the alternative will be budget deficits that continue to choke us.

In summary, the point I want to make and the part of the debate that I hope to shed the most light on among my colleagues who support this proposal, and again we approach it from a different perspective: I truly believe that without this drastic action for 1 year to give us time to put our house back in order that we will be faced with decisions on the floor next year that will call for fundamental alterations in social security, in medicare, in education, in health care programs generally, in veterans' benefits—all the things that I want to protect as a U.S. Senator. I did not run for the U.S. Senate because in fact corporate entities in my State needed my protection. I hope they continue their strong economic growth. I am delighted for it. But they do not need me here to protect them.

It may be presumptuous for me to suggest that anyone needs me here. But the people who benefit from those veterans' programs, those social security programs, those education programs, those health care programs need people in the U.S. Senate, in Government, making their case for them. It is going to be hard for us to make the case for them when in fact we are being strangled by deficits in an economic recession.

Madam President, you have been patient and I want to sincerely thank you for doing what I am not sure I always did when I was in the chair, and that was to look down here and act like you have been paying attention. For that I am flattered. With that, I yield the floor.

The PRESIDING OFFICER (Mrs. HAWKINS). The Senator from Montana.

THE PROPOSED BUDGET FREEZE

Mr. BAUCUS. Madam President, I want to first thank the Senator from Delaware and the Senator from Iowa. As the Senator from Delaware pointed out, we are Senators of different political stripes, but we have joined together, in a bipartisan effort, to do what we think is proper for our country.

THE DEFICIT CRISIS

Madam President, let me review where we are today.

During the first 208 years of our Nation's history, we accumulated a total national debt of about $1.4 trillion. Most economists agree that, at the rate we are going now, this debt will more than double over the next 8 years. If we pay an average interest rate of 10 percent on our debt, we will have to pay about $280 billion a year, just for debt service, by 1990. Of course, if Federal debt rises that high, interest rates are going to be much higher than 10 percent. And, as we all know, higher interest rates mean less economic activity, especially in interest-sensitive industries like housing and agriculture.

But that is only part of the problem. Another part is how this accumulating national debt affects American trade with other countries.

The United States now has an annual trade deficit approaching $100 billion. That is, we are buying about $100 billion more of foreign countries' products than they are of ours. That difference is the trade deficit, which has risen almost exponentially in the last several years.

Our trade deficit is closely related to our budget deficit.

Why? Because a large part of the increase in the trade deficit is due to an imbalance in exchange rates; that is, in the value of the American dollar compared to other countries' currencies. Our budget deficit increases interest rates. These, in turn, increase the international value of the dollar. As the dollar's international value rises, the relative value of other countries' currencies falls. In effect, this means that American exports are hit with about a 25-percent surcharge, and foreign imports receive about a 25-percent subsidy. Given this situation, it is not surprising that our exports are declining and our imports are rising.

And, perhaps worst of all, huge budget deficits mortgage our children's future, by forcing them to pay for our mistakes.

DEFICIT REDUCTION

Clearly, we cannot keep borrowing this way.

We have got to reduce the deficit.

The conventional wisdom says that, in an election year, Congress will not act.

But the deficit is increasing by $22 million an hour.

The fact of the matter is that we cannot afford not to act.

We must significantly reduce the budget now—not a year from now.

Madam President, Congress currently is considering several deficit reduction plans. There is the Republican leadership plan; there is the President's plan; there is the House Democratic plan; and there is the Senate Democratic plan. I submit, Madam President, that all of these plans go a step in the right direction. But, at the same time, they all suffer from similar defects. All of them reduce deficits only slightly. For example, the CBO estimates that, under the Republican leadership plan, deficits still will average about $185 billion each year for the next several years. The other plans do not do much better. As a result, the financial markets are going to discount these plans, and interest rates are not going to come down, but instead are going to rise.

And there's another problem with these deficit reduction plans. All of them are 3-year proposals, and all of them are "end-loaded,"so that most of the savings come in the elusive "out years." In other words these plans largely just put the problem off.

SPENDING FREEZE

It is for this reason that I have joined with Senators KASSEBAUM, BIDEN, and GRASSLEY in a bipartisan call for a 1-year spending freeze.

I have come to the conclusion that this is the only way we can build a consensus this year to bring the deficit down.

The plan would freeze all Federal spending for 1 year and raise $10 billion in new revenues. This would lower the deficit by $23 billion more than a plan proposed by the administration and Senate leaders.

This freeze is the most fair and balanced approach to take.

The freeze applies to everyone, it is equally shared sacrifice, across the board. Furthermore, this will give Congress a 1-year opportunity to get our act together.

This 1-year pause will give us time to make realistic, efficient, and fair long-term budget decisions to permanently stop the growth of the Federal deficit.

BALANCE AND FAIRNESS

As I have worked on deficit reduction efforts for the past half year, I have continuously argued that a deficit education package must meet three fundamental standards:

The first standard is fairness.

No groups should be singled out for cuts. For example, the elderly and the poor must not be forced to accept cuts in social security, medicare, and medicaid, unless the wealthy are forced to make equally significant sacrifices.

The second standard is balance.

Any package must include cuts in the defense budget as well as increases in revenue and reduced domestic spending. No programs should be off limits. There should be no sacred cows.

The third standard is bipartisanship.

The deficit is not a partisan problem. Republicans and Democrats must work together to find a bipartisan solution.

The beauty of this bipartisan freeze plan is that it meets all three of these criteria.

It is fair because every category of Federal spending will be subject to the same deficit reduction approach.

It is balanced because defense spending restraint would be as significant a component of deficit reduction as entitlement program restraint and revenue increases.

It is bipartisan because Senator KASSEBAUM, Senator BIDEN, Senator GRASSLEY, and I all believe there is no other way to get the job done.

THE "FRONT-END" APPROACH

But being fair, balanced, and bipartisan is not enough, Madam President.

A deficit reduction plan also must be effective.

The other plans being discussed are 3 years long. And they do not have a substantial impact until 1986 or 1987.

That approach represents more of the same old smoke and mirrors that the American public is skeptical of.

Our proposal is just the opposite.

It is only a 1-year proposal.

And its entire impact comes in that 1 year.

That is the kind of strong medicine that will get our financial markets to sit up and take notice.

That is the kind of strong medicine that can send out the message it will take to keep interest rates down.

In short, that is the kind of strong medicine we need.

TOUGH CHOICES

I know that the freeze is a controversial proposal, Madam President.

We are asking many individuals and groups to hold the line on spending.

But that is the only way we can get the job done.

At the same time, no paychecks or programs get cut.

In fact, when it comes to domestic discretionary programs, this plan stops the hemorrhaging that has occurred over the last 3 years.

And while we ask many individuals to forgo increases, we also ask the Pentagon and corporate America to forgo their increases.

Some will argue that we go too far in holding the line on defense spending.

But I do not know how we ask our veterans, our seniors, and our working men and women to hold the line if we do not ask the Pentagon to do the same.

Furthermore, the Congressional Budget Office estimates that there are $18 billion in funds that Congress has already authorized that will be available to the Pentagon.

That means that even with this freeze in place, the Pentagon will have a 7 percent in available funds.

What is more, it is important to remember that the defense budget has doubled over the past 3 years.

This proposal freezes that 100-percent increase in place for a year.

At the same time, the Pentagon can do a better job of cutting waste.

The Grace Commission said the Pentagon can cut $28 billion from its budget just by eliminating blatant waste and inefficiency.

This budget freeze gives the Pentagon a real incentive to do just that.

In fact, the freeze will force every Government agency to do a better job or housecleaning.

CONCLUSION

In conclusion, Madam President, we are faced with an emergency.

The problem of the deficits is serious and every day we delay solving it, the problem compounds.

That kind of emergency demands immediate action.

We have to pay a price now—to avoid paying a much higher price later.

That is what this freeze proposal is all about.

Senators KASSEBAUM, BIDEN, GRASSLEY and I are really saying this: Let us act now.

Let us stop the fingerpointing.

Let us stop the rhetoric.

Let us stop the partisanship.

Let us join together, as Republicans, as Democrats, as liberals, and as conservatives.

Let us join together on a plan that can make a difference.

Let us join together on a plan that is balanced and fair.

That is what the bipartisan freeze is about.

That is why I am proud to be an original sponsor of it.

That is why I urge my colleagues to join us in our effort to get the deficit down now.

Madam President, I ask unanimous consent that the attached table comparing the 1-year freeze to other deficit reduction plans be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COMPARISON OF BUDGET PLANS

[In billions of dollars]

	CBO baseline	Fiscal year 1985 changes from CBO baseline				
		President's original budget	Republican leadership plan	Chiles-caucus plan	Hollings freeze	1 yr bipartisan freeze
Revenue	733	+8	+11	+16	+23	+10
Spending:						
Defense	263	+10	+3	0	−1	−11
Nondefense discretionary	161	−2	−3	−2	−3	−4
Entitlements	425	−4	−4	−5	−12	−11
Interest	127	−1	−1	−2	−2	−2
Total spending	930	+3	−5	−9	−18	−28
Deficit	197	−5	−16	−25	−41	−38

ROUTINE MORNING BUSINESS

Mr. BAKER. Madam President, there is now a provision of time for the transaction of routine morning business; is that correct?

The PRESIDING OFFICER. The Senator is correct. Under the previous order, there will now be a period for the transaction of routine morning business not to exceed 5 minutes.

ORDER FOR RECESS FOR 3 MINUTES

Mr. BAKER. Madam President, we are honored today in having a group of distinguished visitors, fellow parliamentarians from South Korea. I see the distinguished junior from Hawaii is on the floor to introduce our guests.

I ask unanimous consent that after Senator MATSUNAGA has performed that function, the Senate then stand in recess for a period of 3 minutes so that we may have an opportunity to receive and greet our guests in the Chamber.

I also ask unanimous consent that that time not be charged against the very brief time heretofore provided for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

VISIT TO THE SENATE BY MEMBERS OF THE KOREAN NATIONAL ASSEMBLY

Mr. MATSUNAGA. Madame President, it is a great privilege and honor for me to call to the attention of my colleagues the presence of distinguished visitors from Korea, a great friend and ally of the United States. Here on the floor of the Senate are five members of the Korean National Assembly. Led by its majority leader, the Honorable Jong-Chan Lee, they are the Honorable Duwon Pong, chairman of the Foreign Affairs Committee, the Honorable Chung-Soo Park, the Honorable Churl-Soon Yim, and the Honorable Duk Kyu Kim. They are accompanied by the affable Korean Ambassador, Mr. Lew.

Along with a number of prominent Korean businessmen, the National Assemblymen have just completed a 2-day conference here in Washington, DC, with their American counterparts, under the sponsorship of Georgetown University's Center for Strategic and International Studies. The theme of the conference was "Peace and Prosperity in Northeast Asia." As a co-chairman with the distinguished Senator from Florida, Mrs. PAULA HAWKINS, at one of the sessions, I was most pleased to participate and to learn that the basic approach suggested at the conference was peace through amicable international trade and economic cooperation among nations.

RECESS UNTIL 2:35 P.M.

So, Madam President, I move, in accordance with the order previously entered, the Senate now stand in recess for a period of 3 minutes.

The motion was agreed to, and at 2:33 p.m., the Senate recessed until 2:35 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mrs. HAWKINS).

Mr. BAKER. Madam President, I thank our friends and parliamentarians from South Korea for joining us in the Chamber today. It is always a great honor to have foreign dignitaries with us under these circumstances.

(Mrs. KASSEBAUM assumed the chair.)

THE FLYING FORTRESS

Mr. DOMENICI. Madam President, even as we speak, a B-17G "Flying Fortress" is flying to Washington, piloted by its former owners, Arnold and Nathan Kolb of Alamagordo, NM. This World War II bomber now belongs to the Smithsonian, and when restored will be placed on permanent display. Such a last flight is remarkable since this airplane is one of the few B-17's which is still airworthy, and this father and son crew from New Mexico are retiring a piece of history.

The B-17, as my distinguished colleagues may remember, was one source of hope during the darkest hours of World War II, and was instrumental in our victory. The "Flying Fortress," so called because of its heavy armor and defensive machineguns, was the weapon for a different and more precise strategy: victory through airpower.

In contrast to the strategies of our day, the Flying Fortress was designed to fight through flak and fighter defenses and destroy the oil refineries, factories, and submarine bases of the enemy's war machine. This method of attack sought to avoid unnecessary casualties and by depriving the enemy of the means to wage war, significantly reduce the conflict's length. While there is still some debate over how well this strategy worked, there is no doubt that the rugged Flying Fortress performed its mission well. Flying in tightly knit formations which massed their defensive firepower, B-17's flew hundreds of treacherous miles to use their Norden bombsights—reputed to drop "a bomb into a pickle barrel from 20,000 feet"—in precision daylight bombing. Historian John Keegan, writing in Smithsonian magazine, has pointed out that this approach to war fighting was uniquely American because it "combined moral scruple, historical optimism, and technological pioneering, all three distinctly American characteristics."

Arnold and Nathan Kolb, who used their B-17 to fight fires for the Forest Service, are bringing a piece of history to Washington. I am proud of my country's history in applying technology to use force precisely and not indiscriminately, and I am proud that two New Mexicans have such a role in seeing that this history is preserved.

CENTRAL AMERICA: REFLECTIONS ON A REGION

Mr. DOMENICI. Madam President, among the many publications on Central America that come across our desks each day, few have lasting impact. One of these is the article, "Central America: Reflections on a Region," that was published in the winter edition of the Washington Quarterly.

Georgie Anne Geyer, the author, has more than 20 years experience in the region, and has witnessed some of the major events there. An independent-minded reporter of the old school, she bases her analysis on solid experience. Neither the guerrillas nor the anti-Communist military leaders of the region escape her critical eye, but she retains the ability to understand the motivation of both groups.

Madam President, I have shared this important article with several of my colleagues and would like to make it available to a broader audience. I ask unanimous consent to insert Georgie Anne Geyer's "Central America: Reflections on a Region" in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CENTRAL AMERICA: REFLECTIONS ON A REGION

The real question about the tragedy in Central America today is one that is not being asked: How can a Great Power have allowed such a poisonous situation to have developed on its borders, given the utter obviousness of the political dynamics in the region? How can it still so misunderstand the roots and the solutions to the bitter conflict?

I will attempt to penetrate and to answer these questions through some personal remembrances of a lifetime involvement with this tormented, beautiful, and strategic isthmus.

Memory 1: In October, 1966 I went to Guatemala as a foreign correspondent for the old Chicago Daily News. I was the first American correspondent to go to the mountains and live with the first Central American guerrilla movement, the Rebel Armed Forces or F.A.R., the forerunner of all the movements we see today.

It was a tortuous experience, and one that convinced me that the primary trait shared by the guerrillas is some strange compulsion to walk endlessly through mountains. We were in the rugged Sierra de las Minas and we would sleep a few early morning hours on the edge of various similar precipices (my favorite would have had me falling to a waterfall) and spend the day talking with guerrillas of various sizes.

Who were these first guerrillas? Well, they were not a creative mix at all, but basically middle class university students with a few genuine Marxists like the leader Cesar Montes, whose parents had been traditional Moscow-line communists. There were no working class boys and no peasants, although the ostensible reason for the revolt was for the campesino-Indian population.

They talked endlessly about what was then the fashion: the countryside revolution, or the idea of the noble guerrilla sweeping down on the evil cities and destroying them from his base in the pure country.

"We are only entering the first stage," Montes told me at one point. "We are teaching the peasants and preparing for the moment when we can fight the army and take power. The second stage will be to transform the guerrilla war to a regular war, and the third stage is the general offensive when the whole people will rise in regular and irregular fashion."

What struck me even then was how this kind of ideology already was being grafted onto the real cause of the conflict, which was not the peasantry at all but the middle class politicized young: the constant, murderous denial of free elections by the rightist military and land owners. Had there been an electoral way out for these middle class young people, there would have been no such resort to the "countryside revolution."

The next two years, in their own inimitable way, the Guatemalan army swept through the Sierra de las Minas, killing, even by conservative U.S. embassy figures, at least 10,000 peasants in a country of 4 million. Since there were no more than 400 or 500 guerrillas at best, the war was now broadened, the conflict enjoined.

Memory II: It was August of 1979. San Salvador, the capital of El Salvador, was enveloped in that eerie silence that always presages some terrible historic turn. I wrote in The Washington Post of August 10, "The country has about it the evil smell of social rot. It is falling apart into violent and anarchic pieces before your eyes. Everybody knows it, but everybody is paralyzed. Every conversation, from whatever sector, now ends with, 'If there still is time.'" I concluded the column, after comparing it to the newly-victorious Sandinista revolution in neighboring Nicaragua, "This will not be another Nicaragua, with a nice, clean revolution. Salvador will be a filthy, endless fight. It is already."

What worried me then, and had worried me since my first trip in 1972, was the manner in which the young guerrillas, unlike "my" Guatemalan guerrillas of 1966 who loved to have their names splashed all over printdom, did not want to be named or known. They used letters for their names. Their communiques were unsigned. This sent chills through me, for it is an unmistakable sign of the most extreme revolutionary. It was like the Khmer Rouge, who took numbers for their names. Revolutionary anonymity is always the most terrifying, first warning of the worst horrors. We had gone to the next stage: from the simple countryside revolution to the urban, anonymous revolution.

That same August, I had the great pleasure of interviewing the late Archbishop Oscar Arnulfo Romero of El Salvador. Within nine months he, and with him much of the hope for the center that no longer was holding, would be dead. He was gunned down by rightist death squads (who also originated in Guatemala in the 1960s as La Mano Blanca or The White Hand) while saying mass.

He was a beautiful man. Of Indian ancestry, his skin was a rich, cocoa brown and, in his white priest's robes, he was a figure of eloquent colors. A radiance seemed to flow from him as though he were infused with so much good that his body could not hold it all.

He has been painted, however, by both the cruel right and the ruthless left as a one dimensional man. He was not, as he made eminently clear to me that day. He was of the impassioned center that was and is the only hope Central America. Speaking of the controversial Catholic "liberation theology" which is part of the search for the "new personality" in Latin America today, and which hovers philosophically and religiously somewhere between Catholic French worker-priests and extreme Marxists, he said clearly and critically, "This always risks being misinterpreted. If it is only temporal, it is not complete. I've always said that such a 'liberation' is not Christian. It must be total—social, yes, but eternal and transcendent. The fear today is that they consider liberation only temporal."

Nothing could be clearer than this man's realization of the complexities. He also further criticized the Marxists (who now claim him) by saying, "When I returned from Rome in April, there were bombs in the cathedral. Extremists (Marxists) had taken over our Catholic base organizations. . . ."

Memory III: It was the winter of 1978. The Sandinista revolt against the three decade reign of the Somoza family was well into its last phase. The guerrillas were closing in on Managua, where a decadent and sick Anastasio "Tacho" Somoza waited like a tropical Nero.

I found "Tachito", as always in those last years, in his famous "bunker." Visitors had to pass through a secured army post right next to the downtown Intercontinental Hotel. Somoza, quite literally, lived in the bunker at that point. It was dark and shadowy but filled with stylish modern furniture. I remember how the silver edges of some of the furniture shone in the deep shadows.

Somoza was an unlikely-looking dictator. No medals. No uniforms. He was a tall, incongruously laconic man with a rangy American southern accent. He looked cadaverous for he had sustained several serious heart attacks. The conversation was filled with endless talk about "international Communism" and degenerated into absurdities. At one point, for instance, he suddenly stopped then looked at me and said "Say, didn't you write a book about Latin America?"

When I said I had, he said ruefully, "You caused me a lot of trouble. My wife was reading it and she looked up at me and said, 'Do you have a mistress?' I had to tell her I did."

I had indeed written this in the book. But I was then forced to suggest, in the appropriate spirit. "If she didn't know it, she must have been the only person in Central America who didn't," and he nodded and said, "She was!"

Equally blatant among international policy circles was the doomed future of Somoza's regime. I have to ask: Why, when it was so abundantly clear to anyone with an ounce of political sense that a man like Somoza could not survive, did the United States not act in time to get him out and usher in a moderate democrat? Why is it that the United States could do such a magnificent job of rebuilding Europe and Japan but cannot anticipate when revolutionary change can still be evolutionary—and act upon it.

A year and a half later, I was again in Managua the week after the Sandinistas marched victoriously on the city. By then, Somoza had fled to Paraguay, where he was eventually assassinated, but not before bombing the country and killing at least 50,000 Nicaraguans in a country of only 2.5 million.

Comandante Daniel Ortega, later to become the main leader after that, told me soberly and clearly that there would be a "compromiso" or agreement of all the forces which had taken part in the Sandinistas revolution. This included, he said, the political parties, the Catholics and the Catholic organization, the businessmen, and the press. But somehow the stage for the denial of this scenario was already being set.

Eden Pastora, the famous "Commandante Zero," already was standing outside the Intercontinental Hotel looking into himself, a tropical Hamlet who already knew things were going wrong in the "democratic" revolution. But it was Tomas Borge, the cold-eyed and cold-minded Minister of the Interior, whom I found most revealing.

One night returning from the pool about 10 o'clock, I found the little, gnomelike Borge, who had suffered unspeakably under Somoza, in a clutch with a small, top-level group of Latin diplomats. As I stood there dripping and unnoticed by the group, Borge actually outlined all of their plans for Latin America.

"The fewer problems we have, the more Latin America will be attracted to us," he was saying in a low, conspiratorial voice. "The more problems we have the less." He went on to say that the Nicaraguan revolution would be less sanguinary in its aftermath than the Cuban, but he made it clear that this was only tactical. "Me," he said, "I would shoot the Somozistas, but we won't because we do not want to turn the rest of the Latin American revolution against us."

It did not, therefore, come as any great surprise to me when, in the next 18 months, these types of totally indoctrinated leaders (against the wishes of the great majority of the Nicaraguan people, who wanted a democracy) went like lemmings to the extreme Soviet side (even against the advice of Cuban President Fidel Castro). But it was also important that in those 18 months the United States kept a totally open and generous posture toward the Sandinistas. It is important because now we know that we are dealing with hard-line ideologues and not people we pushed—as many believe we did Castro—to Marxism.

These reminiscences may at first glance seem to some to be irrelevant, even selfindulgent. They are not. Actually, they are at the very heart of the looming tragedy. For the fact is that we, as a nation, and particularly as a government, have had painfully little realization of the intrinsic qualities of the struggle on Central America; a struggle that is at heart ambiguous, grey, of John F. Kennedy's classical "twilight" genre.

Part of the potential tragedy, too, is that we today have so little institutional memory that we often do not know we are repeating old wrongs because we do not remember the mistakes that were made in the beginning. We impose the Cuban analogy on every situation—or we don't impose it at all. There is no accountability for those who repeat the old mistakes, no analysis, no understanding of the solid, sullen, often sordid roots of the problem.

In discussing the Nicaraguan problem with one of the leading American policymakers, I mentioned the 50,000 Nicaraguans killed by Somoza. He was stunned. Three days later, he mentioned again to me that he had not known this. How can a government devise a policy which speaks to the intrinsic qualities of such a situation, when the leading decisionmakers do not know these basic facts and speak to these basic wounds of a people?

It is my own judgment that President Reagan is right in about 80 percent of his policy toward Central America. Certainly we need economic aid, military strength, and negotiation. But I am also convinced beyond the shadow of a doubt that there remains 20 percent of the problem that the president and his advisers still do not understand. The problem is that this area could and will be fatal if it is not addressed. It is this crucial grey political area which I will now address:

Point No. 1: The struggle is not at core economic (arising out of economic poverty as the liberals think) and it is not basically military and a problem of communist infiltration (as the conservatives think). It is a political problem. These revolutions were and are made by middle class young people, a class created by economic development and then ostensibly moved by economic misery and oppression of the "masses" when they are denied political power in legitimate ways and then become radicalized.

The brilliant Mexican writer Carlos Fuentes spoke at the Harvard commencement in 1983 about how this syndrome can be traced across the fiery little countries of the exploding isthmus. "The conflict in El Salvador," he said, "is the indigenous result of a process of political corruption and democratic impossibility that began in 1931 with the electoral fraud of the Army, and culminated in the electoral fraud of 1972, which deprived the Christian Democrats and the Social Democrats of their victory and forced the sons of the middle class into armed insurrection. The army had exhausted the electoral solution."

The first imperative demands that there be a political solution above all, even though the hour is late because of the radicalization of these factors. U.S. policy must offer some vehicle for the political expression of this group, or for the democratic groups that remain, or for the democratic groups that remain. And ironically, there is still a healthy liberal democratic center particularly in Salvador. Much of this will of necessity be rhetorical, but more about that later.

Point No. 2: Whatever either the far right or the far left argues about Central America, it isn't true. There is only one truth in Central America today: that this is an ambiguous struggle, John F. Kennedy's "Twilight stuggle", in which there are only shadows of grey and men on grey horses and no assurance of the outcome. It is exactly the kind of struggle that Americans, with their love of black and white and of easy-to-hate, clear devils like Hitler, Tojo, and Mussolini, are most incapable of confronting—but now must.

Point No. 3: There are real Marxists in Central America and many of them do not emerge from or care about social misery or reform at all—many just want power.

To digress a bit, in 1965 I was the first correspondent to write about the Tupumaros, a group of guerrillas trained by Castro for Uruguay. At first, the Tupumaros appeared to be rather amusing Robin Hoods, robbing the Punta del Este casinos and giving the money to the poor. They then proceeded to become the most vicious, murderous group in the hemisphere, kidnapping innocent professionals and holding them for years in underground "people's prison" cells and murdering others.

Uruguay, at the time was a near-perfect democracy. Furthermore, it was one of the original socialist countries, with wealth deliberately and consistently redistributed. But Castro's Tupumaros proceeded to destroy both Uruguayan democracy and Uruguayan socialism, and the nationalistic military of the right took over to stop the anarchy—and still ruthlessly hold power today in that once peaceful and prosperous nation.

The point is that the Castroite intention is not only to attack countries with terrible social grievances, like Salvador and Guatemala, but to destroy the democracies as well. The Nicaraguan Sandinistas, who came to power only through the generous aid of the Costa Rican government, now are trying to overthrow that democratic government. The murderous Castroite colonel who has taken over Surinam, once another prospering nation, has now murdered all of the opposition and declared himself a "Marxist." One has to differentiate, to see where social grievances leave off and the sheer lust for power—the total power that only Marxism can offer these men—picks up.

Point No. 4: There has been remarkably little serious discussion about what the Soviet intentions really are in Central America. The Soviets, of course, are not basically classical imperialists but exploiters of poisoned situations. The Soviets are exploiting a situation that offered itself to them and to the Cubans in Central America. But I am convinced that their intentions is not really to stay there, if any cost is involved.

The Soviet intent is to exploit the propaganda potential, which they have done brilliantly. (Consider the world's damning of the 55 American military advisors in Salvador, compared to 154,000 troops in Afghanistan!) It is to spread neutralism and pacifism within the United States and—most of all—it is to divert the American navy away from other trouble spots. Central America itself is a diversion to them and will remain so unless it is balanced by some cost on their side, like greater Western aid to the Afghan resistance.

Point No. 5: The most subtle and in the end most important part of the struggle ensuing in Central America is simply not understood in the Reagan administration and it is the key. It is the struggle for a new personality in Central and Latin America.

The brilliant Venezuelan writer Carlos Rangel, who is not a critic of the United States, has raved how the "noble savage" of Latin America (as the Europeans saw them) has now been transmuted into the "noble revolutionary." "The end of history must be a return to the golden age," he writes, and goes on to trace how the "noble savage is turned into the good revolutionary, the romantic adventurer, Red Robin Hood, the Don Quixote of Cuba, the New Garibaldi, the Marxist St. Juste, the Sid Campeador of the wretched of the earth, the secular Christ, the San Ernesto de la Higuera, . . . Che Guevara."

What we are seeing here is another cycle in the struggle between the pragmatic, empirical, practical Anglo-Saxon Protestant America of the North and the old, romantic, mystical, Catholic America of the South. Only this time, the struggle is transmuted into revolution, which makes it all much more difficult to contain or to answer. These personality types do not respond to electoral options. They are the quintessential old absolutists of Spanish history. In fact, there is much of the Spanish Civil War in Central America today.

Fuentes, rightly I believe, sees the struggle as Latin America's effort to enter the modern age. He recognizes "an intellectual inclination that sometimes drives us from one church to another in search of refuge and certitude" (i.e., from Catholicism to Marxism or, better, to both together). He sums up: "Today, we are on the verge of transcending this dilemma by recasting it as an opportunity, at last, to be ourselves—societies neither new nor old, but, simply, authentically Latin American as we sort out, in the excessive glare of instant communications or in the eternal dusk of our isolated villages, the benefits and the disadvantages of a tradition that now seems richer and more acceptable than it did one hundred years of solitude ago."

Any U.S. policy which does not understand this deep and authentic yearning—and speak intelligently and subtly to it—risks something even greater than what we have already seen; it risks a total cultural break between the two linked Americas.

Point No. 6: There has been too much casual talk about Central America being "another Vietnam". Charles Mohr, the fine New York Times correspondent recently was sent to Salvador to compare his long Vietnam experience with that situation. He saw "the analogy in the reluctance of U.S. officials, particularly those in Washington, to apply strong pressure on the host countries when they ignore U.S. advice or pursue what the Washington officials consider to be self-destructive policies." As to the certification every 180 days on human rights improvements, he noted "that as certification has routinely followed certification, it seems to have become apparent to Salvadorean officials that only cosmetic measures are required on their part." He further notes that even "the South Vietnamese authorities and security forces never showed the same callousness that prevails here."

What Mohr writes is not only true, it puts a very new and different light on the entire Central America saga. For it is not that the United States dominates a country like Salvador too much, it is that it does not dominate it enough—that it does not demand enough of its surrogates. There has never been such a situation in history: a great power puts its total prestige and power on the line, at the service of others (and often a murderous set) and does not even call the shots!

And it is here, ironically, that President Reagan may lose the whole business. For the missing element in the Central American equation—what will emerge as the fatally missing element—is American pressure to clean up the murderousness of the Salvadorean security forces. The United States should exact this, making clear the threat that otherwise we will withdraw our support. If we do not do this, not only will any U.S. policy fail, we will lose any remaining prestige we have in the area. It is not U.S. pressure that is hated (especially when it is for a decent cause), it is U.S. support of corrupt leaders or U.S. indifference, which brings ridicule for everything American.

If we look back into recent history as to where we succeeded, in every single case—from post-war Japan, to post-war Europe to Korea—these were situations in which we kept the ultimate power to ourselves and did not delegate it to corrupt surrogates. This is how we succeeded and how we lost in the twilight struggles.

Finally, the importance of Central America to this country cannot be overestimated. We are now involved in something totally new in American history. For the first time, we have lost our territorial isolation—our protection from the cycles of the world and from the wheel of fortune—and we are a country like other countries, open to invasion or, more crucial and more likely, to every type of ideological subversion. The world of the "irregulars"—the guerrillas, terrorists, non-governmental and non-institutional combatants of all sorts who control so much of the world today—is now upon us. This is the first war that Americans can walk to. We are about to lose our innocence.

The policy answers to such a prolonged twilight struggle on so many levels must, of necessity and of reality, be on many and the most sophisticated levels. Initiatives must be taken at once and policy must be implemented with the greatest sophistication and subtlety—two elements that have not characterized U.S. administration in recent years, but ones that we must develop in this new age, when we can no longer go off the rooftops and sail away, this time not from the Embassy roof in Saigon, but from the new Balkans on our doorstep.

A NEW CIVIL SERVICE RETIREMENT PROGRAM

Mr. STEVENS. Madam President, one of the major issues to confront the 99th Congress will be the design of a new civil service retirement program. The Subcommittee on Civil Service, Post Office and General Services, which I chair, has been sponsoring pension policy forums and studies to help draft such a new plan. The subcommittee's special counsel, Jamie Cowen, has just completed a series of articles for the Federal Times which examines the issues to be considered in designing a new civil service pension plan. I ask unanimous consent that the series of articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

DESIGNING A NEW RETIREMENT SYSTEM

(By James S. Cowen)

With passage of the Social Security Amendments of 1983, all federal employees hired after December 1983 will be covered by both the social security system and the civil service retirement system.

Establishing a new civil service retirement plan is necessary to coordinate the two systems and reduce the excessive contributions and benefits they provide for.

Under special legislation introduced by Sen. Ted Stevens, R-Alaska, and passed in the waning days of the last session of Congress, employees hired after December 1983 will contribute to the civil service system at a reduced rate until December 1985 or the establishment of a new retirement program, whichever is earlier. Congress will be considering proposals to establish a new plan immediately after the 1984 elections.

Now is the time to influence the design of a new retirement plan coordinated with social security, and the federal community must get involved at the ground level in the design work. It must study the particulars of the pension field and then tell Congress what is desired.

This article and others to follow will try to give a basic framework for understanding pensions. We'll be looking at the importance of a new plan to the current work force, the objectives of a retirement plan, social security and how to coordinate it with a new plan, the major features and basic structure of retirement plans and, finally, the financing and costs associated with such plans.

Why is a new plan important to all federal workers?

The obvious answer to this question is: to preserve the continued solvency and benefit structure of the current plan. The advent of a new system, however, will have little or no impact on the solvency of the current system.

The current system's financial condition does not depend upon new entrants. Its soundness is secured solely by continued government appropriations into the retirement trust fund. Whether or not a new plan is linked to the current one has little to do with the sufficiency of the trust fund.

But the overall level of benefits provided in the new plan may affect the current plan's benefit structure. If the new plan is substantially less generous than the current one, pressure may mount to pare the benefit levels in the current plan.

The fear that a social security-based plan will be forced on current workers is probably unfounded. There appears to be little support in Congress for such a move. Typically, companies and state governments establishing new plans grandfather current workers into existing ones. Concern should focus on mounting pressures to reduce the benefits of the current program.

A second reason for interest is the impact a new plan will have on the makeup of the future federal work force.

Retirement plans drive the demographics of a work force. Generous benefits for primarily long-career employees will attract individuals who want to spend their working life in government. Benefits for short-term workers will appeal to those who want career flexibility.

Retirement ages affect upward mobility in the work force and retention of expertise. What's beneficial to a government executive may not be to a carpenter. Because the current work force understands the benefits and shortcomings of the current retirement program, it can assist in the development of a new plan and, hence, a future work force.

Finally, many in the work force may have concluded that the current retirement plan does not adequately serve their own career and retirement plans. The current system primarily benefits individuals who retire at earliest eligibility. For those who leave government before retirement, it fails miserably.

In such a situation one may withdraw contributions at little or no interest, or leave the money in the system and defer receiving an annuity until age 62. Since the annuity is not indexed for inflation until retirement, deferring it until age 62 often results in the real benefit being significantly diminished.

Employees who work well beyond retirement age fare better in many private sector plans. Social security serves as the basis for private plans. It provides a full benefit at age 65 and a reduced one at 62. Many who retire at social security eligibility in the private sector would find that the combined benefits of social security and their private pensions exceed that of a federal employee retiring at the same age.

These federal employees may find that a new plan serves them better. Thus, they should ensure an attractive option exists to transfer to the new plan.

Normally, such arrangements exist in two forms.

An employee's benefits accrued up to the point of transfer are frozen, with the understanding that service in the new plan be counted for purposes of eligibility for retirement in the old plan.

An employee's service is simply transferred to the new plan and the option is sweetened with an incentive such as a refund of old-plan contributions with interest.

The point is that current federal employees should take an active role in developing the new plan. They have a unique perspective and possibly have the most to gain from such involvement.

The primary purpose of a retirement plan is to provide employees with a comfortable transition from a working career to retirement.

This doesn't mean the retiree must receive a benefit equal to 100 percent of his preretirement salary. Many costs borne by the working population are not applicable to retirees. For them, mortgages are often fully repaid, children are gone, work-related expenses no longer exist and favorable tax treatment of the elderly applies.

Most experts agree that to maintain the standard of living for a low income worker, benefits equal to 70 to 80 percent of preretirement salary are necessary. For a high income employee, the amount suggested is 55 to 60 percent. This means that ideally the combined benefit of social security and the employer's pension for a career employee should equal those amounts.

From an employer's perspective, retirement should be encouraged at the point where the employer would benefit by replacing the older worker with a younger one. This point can vary greatly depending upon the type of job. For instance, employees in white collar jobs generally can work longer than those employed in blue collar positions. Thus an employer may vary retirement eligibility depending upon the type of work involved.

If an employer desires long-term employees with minimal turnover, the plan should provide for late vesting with generous benefits at a specified retirement age.

The plan's formula should be tilted to reward long-term employees as the civil service retirement system currently does. A compensation system tilted away from pay but toward rich retirement benefits will also encourage long-term employment.

If an employer prefers a certain amount of turnover, possibly an early withdrawal feature, common in thrift plans, could be made available to employees. If mid- or late-career recruitment is wanted, then a formula weighted toward early years of service and based on some final salary arrangement could be employed. Obviously, the richer or more costly the package the more successful the employer will be in recruiting and retraining desired personnel.

A retirement plan is only one part of an employer's compensation package, but it clearly will influence the work force's make up. Thus, before designing a new retirement plan for the government, decisions must be made as to the desired characteristics of a future federal work force.

COMBINING PENSION PLANS: WHAT'S BEST?

(By James S. Cowen)

The social security system and the civil service retirement system differ in the types of benefits provided, when they are provided and how they are provided. In fact, their goals also differ.

Social security is, in part, a social insurance program that redistributes wealth from high- to low-income workers. Civil service retirement, on the other hand, is a staff retirement plan which replaces a certain percentage of an employee's pre-retirement earnings at all income levels.

Social security attempts to provide a safety net for the elderly. Civil service retirement, in a sense, defers wages.

Coordination of the two programs, however, is readily feasible. Private firms, for example, often coordinate their pension programs with social security.

SOCIAL SECURITY

The basic benefit of social security is the old-age benefit. This is based on average career wages adjusted for inflation.

An eligible beneficiary can begin drawing a full old-age benefit at age 65 (this will increase gradually to ages 66 and 67 after the year 2000) and a reduced one at age 62. Workers become eligible for an old-age benefit if they work in covered employment the lesser of 10 years (40 quarters) or one quarter for every year after 1950 and before age 62.

A spouse of an eligible beneficiary is entitled to an additional 50 percent of the basic benefit upon reaching age 65. Survivor benefits are also available to spouses upon attaining age 60 or age 50 if disabled or any age if the spouse has dependent children.

The elderly spouse is entitled to 100 percent of the worker's basic benefit. The younger spouse and dependent children are entitled to 75 percent of the worker's benefit. Generally, survivors are eligible for benefits if the worker had 18 months (six quarters) of covered employment.

Finally, disability benefits are available to the covered worker and his family if the worker is ruled totally disabled and unfit for substantial gainful employment for one year or longer. Such workers are entitled to 100 percent of the basic benefit.

An elderly spouse or one with dependent children is eligible for an additional 50 percent for each person subject to a maximum family benefit. To be eligible for a disability benefit, the worker must have had five years (20 quarters) of covered employment, less if the worker is younger than age 31.

Social security benefits are skewed to the low-income worker, while civil service benefits replace the same percentage of salary at all income levels.

Assume employees A, B, and C work for three years and retire at different salary levels. Table I is a rough example of the basic benefits provided under both programs and their replacement of final salary for the three employees.

TABLE 1 [1]

Employee	A	B	C
Final year's salary	$15,000	$30,000	$45,000
Social security benefit	$6,000	$8,200	$8,400
In percent	40	27	19
Civil service benefit	$8,000	$16,000	$24,300
In percent	54	54	54

[1] Ed Hustead, Hay Associates.

While under both programs the high-income worker receives a larger benefit than the low-income worker, the low-income worker receives proportionately a much greater percentage of final salary under social security.

The question becomes how to coordinate a new civil service plan with social security to achieve reasonable replacements of salary as well as normal employer goals such as desired work force characteristics, competitiveness with other employers, high or low employee turnover, and the rewarding of long-term employees.

A NEW PLAN

Retirement benefits are normally viewed as deferred compensation and, hence, bear a direct relationship to earnings. Social security's policy of redistributing wealth to low-income workers conflicts with the underlying policy of many pension programs.

There are ways for employers to deal with this problem. They can implicitly recognize the value of social security to the employee by granting a pension which when coupled with social security provides a reasonable retirement income.

Table II is such an example using the same assumptions as Table I.

TABLE II [1]

Employee	A	B	C
Final year's salary	$15,000	$30,000	$45,000
Social security benefit	$6,000	$8,200	$8,400
Pension benefit (1.5 percent times service)	$6,100	$12,200	$18,200
Total income	$12,100	$20,400	$26,600
In percent	80	68	55

[1] Ed Hustead, Hay Associates.

Note in this example that the pension benefit—1.5 percent times service—is less than the current program. Yet, in most cases, it provides greater income than the current civil service system when coupled with social security.

Also note that the large redistributive nature of the social security program is retained, thereby proportionately benefiting those with lower income.

The Internal Revenue Code permits an employer's pension formula to substantially reverse or explicitly recognize the tilt in social security in order to level the percentage of pre-retirement earnings, replaced in the overall retirement benefit.

In Table III, for example, the pension benefit is reduced by one-half of the amount of the social security benefit:

TABLE III [1]

Employee	A	B	C
Final year's salary	$15,000	$30,000	$45,000
Social security benefit	$6,000	$8,200	$8,400
Pension benefits gross benefits (2 percent times service)	$8,100	$16,200	$24,300
Half social security benefit	$3,000	$4,100	$4,200
Net benefit	$5,100	$12,100	$20,100
Total income (pension and social security)	$11,100	$20,300	$28,500
In percent	74	68	63

[1] Ed Hustead, Hay Associates.

Note that while Employee C is still receiving a lower percentage of his final salary than Employee A, the difference is not as great as the example shown in Table II. Employees, in effect, are being treated in a more consistent fashion at all income levels.

Many state governments use formulas similar to that shown in Table II. Most private employers, however, use some variation of the integrated method shown in Table III. This issue can be very significant.

Should the government adjust for the redistributive formula in social security, or should it keep that tilt in the new plan?

Additionally, depending upon the plan's structure, if the pension plan permits retirement before social security eligibility, pension benefits may be relatively small until receipt of social security benefits.

Some private plans offer what is termed a leveling option in which the employee receives a larger portion of his pension benefit in the years prior to social security eligibility. When social security payments begin, the pension is substantially reduced to maintain the same total income as prior to the commencement of social security.

Irrespective of how coordination with social security is accomplished, the result will significantly affect the total retirement package for the federal government. Thought must be given to how the new plan will meld with social security in providing basic benefits as well as survivor and disability benefits.

In many cases, social security survivor benefits exceed current civil service benefits. Should there be a dollar-for-dollar offset from the two plans?

Additionally, social security disability benefits are fairly generous but eligibility is very restrictive. So, many private firms provide a separate disability program with far less stringent eligibility requirements than social security.

Currently, disability retirements account for 15 to 20 percent of government retirements. Proper coordination with social security is vital to a complete retirement plan.

DIFFERENT PLANS PRESENT A CRUCIAL CHOICE

(By James S. Cowen)

Both the social security and civil service retirement systems are known as defined benefit plans. Both systems promise a certain benefit calculated as a percentage of salary and in some measure are dependent upon length of service.

There is another common type of retirement plan: the defined contribution plan. In this case, the employer, and occasionally the employee as well, contributes a specified percentage of salary to an employee trust fund account. The money is then invested in various types of interest-bearing instruments. The employee's retirement benefit consists of the contributions in his account plus their accumulated earnings.

In such a case, an arrangement is normally made with the retiring employee to transform his or her account into a lifetime annuity. The amount of the annuity is determined by the employee's projected mortality, the amount of money currently in the employee's account, and the returns the account is expected to earn while being disbursed.

Both types of plans, defined benefit and defined contribution, have their advantages and disadvantages. The decision as to which plan will serve as the new civil service pension is probably the most significant issue facing the federal work force.

Defined benefit plans are more prevalent in older, unionized industries. In recent years, however, defined contribution plans have been used more frequently. This can be attributed to difficult economic times and to the fewer legal requirements imposed on employers who use contribution plans.

The most consequential difference between a benefit and a contribution plan is the certainty of the benefit. A defined benefit plan promises a specific benefit regardless of the economic climate. Poor economic conditions do not affect that benefit, especially if it is adjusted for inflation, as in the civil service retirement system. In a sense, the government bears the risks and costs of an inflation-adjusted benefit plan.

An important caveat to this is the assumption that an employer will not reduce the level of benefits under a defined benefit plan during an economic slump. The Employee Retirement Income Security Act, which regulates private pensions, prohibits reductions in accrued benefits once employees are vested.

But ERISA does not cover the civil service retirement system, and thus changes are not prohibited. Congress has reduced benefit levels often in recent years. In fact, it is unlikely a government benefit plan can ever be fully insulated from subsequent acts of Congress.

In a contribution plan, the employee owns the account and thus bears the economic risk. If investments do well, the employee's account gains. The reverse is equally true.

Rather than providing for a certain benefit, a contribution plan assures a certain cost—an advantage for the employer. But a well invested contribution plan can provide employees with good benefits while not increasing employer costs.

The employee's certainty in a defined contribution plan is in owning the account. Normally, annual statements are provided to the employees showing their accumulations. These statements keep the employees involved in their own retirement planning and assist them in determining when to retire.

A more esoteric and yet perhaps more crucial point concerns congressional power over the plan. If federal employees owned their accounts, Congress could not reduce them. While Congress could change future contributions, it would be prohibited from tampering with the current accounts and funds. In such a case, a contribution plan would be more secure than a benefit plan.

In most situations, however, the defined benefit plan provides certainty for the employee while the defined contribution plan provides the same for the employer.

The greatest advantage of a contribution plan is its portability.

Because an employee owns his account, most plans permit the employee to take his account with him if he leaves the organization. This allows the employee to roll over the accrued funds into an IRA or the subsequent employer's pension system, so the funds can continue to grow.

In other words, the employee loses nothing by changing jobs. This allows a great deal of flexibility in career planning.

Most benefit plans in effect penalize less than full-career employees. A departing employee rarely can take any benefits with him. Instead, if he is vested, he is entitled to receive the benefit at retirement age. In most cases, however, benefits are not adjusted for inflation after the employee leaves, at least not until he begins receiving them. Thus, the real level of the benefit will be greatly reduced.

Another important factor is the entry age of an employee into the plan.

A contribution plan is more advantageous for a worker starting a job while relatively young. This gives his account time to accumulate contributions and take advantage of compounding interest.

For example, an early participant in the Teacher's Insurance and Annuity Association and College Retirement Equities Fund, the nation's largest defined contribution plan, would have seen his 1952 stock unit valued at $10.50 increase to $140 today when the compounding effect is considered.

The defined benefit plan is better for a middle-aged worker taking a new job. As noted above, the employee will receive a specified benefit not dependent upon accumulated contributions.

Obviously, the contribution plan account of an older-entry employee will not have sufficient time to fully accumulate unless the employee is permitted to roll over a cashed-out account of another plan into his present one. Also, a benefit plan is far more adaptable to crediting past service than a contribution plan.

For employees who plan to work beyond retirement age, the contribution plan may be more attractive. While benefits increase under both types of plans as one works longer, the rate of increase under a contribution plan accelerates in later years due to compounding.

Finally, which plan better hedges against inflation after retirement will depend upon the extent of the cost-of-living adjustment available in a defined benefit plan. A contribution plan can protect against inflation after retirement. Even while being disbursed through an annuity, funds in a contribution plan are being reinvested. Thus, the money earned by the disbursing account can provide inflationary protection.

Very few defined benefit plans in the private sector incorporate automatic COLAs. Those that do cap the adjustments at 3 or 4 percent. Most companies will provide COLAs on an ad hoc basis depending on a company's ability to pay for them.

But the lack of any regular adjustment for employees in private plans must be seen in light of the fact that these same employees receive social security benefits, which are adjusted for inflation.

The defined benefit plan, if it includes a COLA comparable to that provided in the civil service retirement system, would clearly be preferable. But the cost of the full, automatic COLAs now applied to federal retirement programs is one of the budgetary items most under attack. It may be very difficult to establish a new pension system with that feature given the current economic climate.

Private industry often provides a combination of the two plans for its employees. Most firms offer a defined benefit plan as the basic pension. Yet many also offer a supplemental contribution plan such as a thrift, salary reduction, stock option or profit-sharing plan.

The two plans together meet the objectives of many employees by providing the security inherent in a defined benefit plan with the portability attached to a defined contribution plan. A refined mixture of the two plans can make for a very attractive retirement program.

How Retirement Eligibility Can Affect Work Force

(By James S. Cowen)

Employer objectives must be carefully considered before the actual design of a retirement program.

The earlier the retirement age, the greater the potential for young employees to move up as older employees retire. This has been true with the federal government.

Additionally, an employer's major concern is to encourage retirement at the point where the employer would benefit from retiring the older worker and replacing him with a younger one.

When this point is reached depends in large part upon the position involved. Jobs requiring physical stress or labor may require a fairly early retirement age. Later retirement ages should be considered for those in white collar jobs.

But if the employer wants long-term employees—including white collar ones—an early retirement age with a substantial service requirement should be provided.

An early retirement age, however, may cause a loss of expertise by spurring senior employees to retire early. A recent phenomenon in the civil service is a case in point. Retirees were getting full inflation-adjusted benefits while active employees saw their pay capped or restrained, thus creating an economic incentive for senior employees to leave at earliest eligibility.

Two major questions are involved in setting the retirement eligibility age. At what age may an employee retire with an immediate annuity? And when may he or she retire with an unreduced annuity?

Currently, the earliest age at which federal employees can retire with an immediate annuity is 55. Employees retiring at that age also receive an unreduced annuity. Age 55 is a common minimum retirement age elsewhere, but except in state and local governments, employers usually reduce annuities between 2 and 6 percent for every year under the more typical retirement age of 62.

An unreduced retirement benefit available at age 55 costs employers twice as much as full retirement at age 65. This is the main reason employers reduce the annuity for those who retire at an early age.

It should be noted that almost all private plans recognize social security as part of the total retirement package. Most employers try to structure a pension benefit which provides a reasonable retirement benefit when added to social security. But social security payments do not begin until age 62, so a pension benefit received at an earlier age often is not adequate for retirement.

Thus, providing a retirement benefit equivalent in value to the one currently available at age 55 may be difficult in the new federal plan.

One way to handle this potential problem is for the government to add a supplemental savings plan to the basic pension. The accumulated money in a savings plan could be used to subsidize early retirement.

Regardless of one's position, setting a new retirement age for a future federal work force will be a very sensitive issue. Concern must be shown for the needs of both the government as employer and of the employees themselves.

Vesting—when an employee becomes entitled to an eventual benefit under a pension plan—is another important issue. It is a particularly vital point to employees who want flexible careers, because a benefit vested after relatively short service is a portable benefit.

Under most defined benefit plans, employees are vested after 10 years on the job. Most defined contribution plans, on the other hand, vest either immediately or after only one year of service.

The early vesting in defined contribution plans contributes to the portable nature of such plans. Early vesting in a defined benefit plan can also help employers recruit late-career employees. If the rate of benefit accrual is constant with the new employer, an employee would not necessarily be penalized by leaving a former employer late in career.

But early vesting is often a trade-off for other benefits. Because early vesting costs the employer more as a result of vested employees terminating before retirement, benefits to long-term employees may be restrained to compensate.

Adoption of later vesting can foster increased benefits for long-career employees. In short, if long-career employment is desired, later vesting is preferable. If short-career employment is to be encouraged, earlier vesting is best.

Employee contributions to a pension plan are normally used to reduce employer costs, increase the eventual employee benefit and foster a sense of employee involvement in the plan.

Each percent of contribution means approximately a 3 percent addition to the employee's replacement rate of final salary. So employee contributions can significantly increase benefits. But employee contributions do not bolster an employee's legal right to a benefit. Therefore, a larger retirement benefit is the only employee gain from a mandatory contribution system.

The current federal system requires employees to contribute. However, employees in any new plan will have to pay 7 percent and more up to the maximum earnings base to social security.

The great majority of plans in the private sector are non-contributory. Most in state and local government are contributory. This is because most government plans existed before social security. Governments that have restructured their retirement programs in recent years have tended to convert to non-contributory plans.

If a contributory plan is desirable, adding a voluntary supplemental plan to the basic pension may be the best way to go. Offering an optional plan, particularly one where different contribution amounts are allowed, permits employees to individually build for their retirement.

The rate of accrual of benefits can also affect the work force. Accrual of benefits is how each particular year of service is credited for retirement purposes.

For example, the current civil service system credits 1.5 percent of an employees "high three" years of salary for each of the employees' first five years of service—1.75 percent for each of the next five years and 2 percent for every year thereafter. The retirement benefit cannot exceed 80 percent of the "high three" average, which is reached at 42 years.

This type of benefit accrual is known as "back loading." The civil service retirement system was designed for long-career employees and the back-loaded formula reflects that. Early years of service receive far less benefit accrual than later years, thereby encouraging longer service.

Plans can also be either frontloaded or constant. Some employers may want a youthful work force. If so, the plan's formula would be weighted toward the early years of service. If an employer wants to employ mid- or late-career employees, a frontloaded retirement plan would be an attractive offer.

Finally, the formula can be designed to foster retirements. The Age Discrimination Act generally prohibits mandatory retirement ages, at least outside the government. But many employers circumvent the act by prohibiting further accrual of retirement benefits after age 65. The current system's benefit lid of 80 percent of final salary accomplishes a similar goal.

How Should New System Index Retirement Benefits?

(By James S. Cowen)

Indexation can affect a retirement plan at two different points. The first affects the amount of the initial benefit. The second maintains the real level of the benefit after retirement.

The goal of a good retirement plan is to maintain a career worker's standard of living into retirement. Normally, employees earn their highest incomes in the years just before retirement.

In order to maintain their standard of living, a retirement plan should base its benefits on an average of the salaries of those years.

The problem is cost and accounting. Basing a retirement benefit on a final salary formula is expensive. The fewer years used in the formula, the more expensive the plan.

In addition, private plans must prefund an employee's eventual retirement benefit. A final salary formula requires an employer to project employees' final salaries and to contribute to the pension fund accordingly.

The projections of final salary and other factors required by such a plan are quite variable.

Private industry normally uses the highest five years of salary as a formula to determine retirement benefits. A formula using the highest three years of salary costs more.

Indexation after retirement is used to maintain a retiree's real income over time. In industry, retirees are limited to social security increases and company pensions.

Without cost-of-living adjustments, and assuming inflation continues, the standards of living for a retiree will gradually decline.

Indexation of retirement benefits, however, is expensive. It accounts for more than 30 percent of the cost of the civil service benefit.

The current civil service program is one of the few that offers an automatic and fully adjusted COLA. Many employers will grant ad hoc increases when the company is able to provide them.

But employers realize that retirement benefit increases shift income from active workers to retired ones.

Another problem concerns the method of indexation. The few plans that do provide automatic indexing tie the increases to changes in the cost of living.

The most frequently used index is the Consumer Price Index. Many have criticized the CPI as not accurately reflecting the consumption patterns of the elderly. It is argued that the elderly face smaller cost of living increases than those indicated by changes in the CPI.

Full and automatic indexation of the new civil service pension plan will be heatedly debated. One important note is that the social security benefit is fully indexed, thus relieving some pressure on the new pension plan.

Social security provides a survivor benefit to an aged spouse or one with dependent children. The Employee Retirement Income Security Act additionally requires that a pension plan provide a post retirement survivor benefit equal to 50 percent of the worker's benefit.

But a worker may choose no survivor coverage. One who chooses the survivior benefit often finds his retirement benefit reduced by the total projected value of this benefit, which is usually significant.

Private pension plans are not required to provide a pre-retirement survivor benefit except to those workers who are eligible to retire. Thus, few do.

Most firms, however, provide substantial life insurance coverage, which when coupled with social security may be adequate survivor income.

The current civil service plan offers both a pre and post retirement benefit. With social security serving as the base of the new plan, the extent of additional survivor coverage needs to be considered.

Life insurance could act as an adequate supplement of social security, thereby diminishing the need for additional survivor protection, Also, the increasing number of two-worker families reduces the need for such coverage.

On the other hand, young spouses with no dependents are not eligible for social security benefits, possibly creating a need for some further protection.

Disability benefits are meant to provide a level of income to disabled employees. These benefits support employees during their disability but encourage them to attempt rehabiliation and return to work.

The actual amount to accomplish this is difficult to ascertain and varies among income groups. Social security provides fairly good disability benefits, particularly to those with a low income.

In fact, these often exceed current civil service disability benefits.

Rather than provide disability retirement, many employers offer a long term disability insurance program. If an employee becomes disabled, he is placed in such a program with benefits approximating 50 to 60 percent of his pay.

If his disability meets the social security definition, than the firm's benefits are offset by social security benefits to maintain the 50 to 60 percent of pay as total income.

If he fails to become eligible for social security and is not restored to employment, he can usually remain on the disability program for up to two years and is then cut off.

The current civil service plan maintains employees on the disability rolls as long as they continue to meet the civil service definitions. Those with less than 22 years of service, however, are limited to 40 percent of their "high three" years of salary.

The major issues involved in the design of the new civil service retirement are the definition of disability, the amount of the disability benefit, whether the plan's payments should be offset by social security, and whether those failing to meet social security's definition of disability should be cut off.

In addition to social security and a staff retirement plan, most major employers also offer a supplemental plan, such as a thrift plan, salary reduction, stock option or profit sharing. Two government agencies, the Federal Reserve Board and the Tennessee Valley Authority, now offer thrift plans. The Fed also has a salary reduction plan.

In a thrift plan, an employee's contributions to a savings account are matched by the employer. In a salary reduction plan, the employee sets aside a portion of his pay, deferring some tax liability.

Supplemental plans also are fully portable. Vesting is normally immediate and there are several tax advantages. In any case, supplemental plans can provide a great deal of flexibility to employers and employees in their retirement plans.

Funding Federal Retirement Without Hiding Costs

(By James S. Cowen)

Cost of a pension plan is derived from its benefits, the age of retirements, mortality, turnover, administrative expenses and investment income. A plan's actual cost is equal to benefits paid plus administrative expenses minus investment income.

There are many ways to estimate the cost of a pension plan. Estimates that account for present realities and future probabilities are the most reliable.

The most common method to estimate cost—and the one used by the Board of Actuaries of the civil service system—is termed entry age normal cost.

This method estimates the cost of retirement benefits for a group of newly hired employees, taking into account the plan's benefit formula, wage growth, investment income, price inflation, mortality, turnover, age of retirements and administrative expenses. It reflects a plan's cost as a percentage of current payroll.

For example, the Board of Actuaries has determined the normal cost of the civil service system to be 36 percent of payroll. After the employees' 7 percent contribution, the government must contribute 29 percent of pay to fully fund the total retirement benefits.

But the normal cost method assumes such major economic variables as future wage growth, price inflation and interest income.

If projections for wage growth or price inflation are too low, the system will cost more. If projections for interest are too low, the system will cost less. For instance, holding other things constant, a 1 percent change in the interest component can affect the normal cost by 25 percent.

The Board of Actuaries uses the following economic assumptions to determine normal cost: 6 percent annual interest, 4 percent annual price inflation.

The Social Security Administration uses other sets of economic assumptions for its programs. Its moderate set of assumptions, termed II-B, project 6.1 percent interest, 5.5 percent wage growth and 4 percent inflation.

When these assumptions are used to estimate the cost of the civil service system, the total normal cost is 31 percent rather than 33 percent. The government's cost is 24 percent versus 29 percent.

These estimates do not change the actual cost. They simply provide a measure by which the employer can properly finance the system.

The primary purpose in calculating the cost of a pension system is to determine the funding levels necessary to fulfill the obligations.

Fully funding a system is usually unnecessary. This would entail an employer contributing the total amount required to fund employees' eventual benefits at the beginning of the plan.

Funding a plan as obligations arise, or a "pay as you go system," characterizes the military retirement system. The Internal Revenue Code, however, prohibits a qualified private retirement plan from doing this. Early private plans that did so eventually failed to meet obligations.

The Employee Retirement Income Security Act requires a level of contributions that would, in essence, fund a plan on a normal cost basis. This is one form of partial funding.

ERISA requires a plan to fully fund employees' accrued benefits to assure benefit obligations will be met if a plan is terminated. But because the law provides that other liabilities be amortized over time, accrued benefits usually are not fully funded.

Currently, the civil service system is a partially funded system. If covered by ERISA, however, the system would be deemed underfunded. To comply with ERISA, agencies would be required to fund the normal cost of employees—29 percent of payroll—plus the government would be required to amortize the civil service system's massive unfunded liability in 30 to 40 years.

One of the most serious issues in designing a new civil service plan will be adequacy of funding.

The civil service retirement fund is part of the unified federal budget. Thus, public monies contributed to the fund become government assets.

The government uses agency contributions and treasury appropriations to buy specially issued government bonds, which are placed in the fund. Becasue the transaction is from one account to another within the unified budget—treasury to retirement fund—tax or borrowing increases are not necessary to fund the payments. Such an arrangement is really an accounting transaction.

When benefit payments come due, the government redeems the bonds and pays the benefits. At this point, benefits are paid from tax revenues and funds borrowed from the market. Therefore, the first true budgetary effect of the civil service system occurs when retirees get benefits.

This is very different from what occurs in the private sector. ERISA prohibits a company retirement plan from holding more than a small portion of the company's own stocks or bonds. Therefore, the company must generate real money and contribute it to the funding instruments.

In a sense, the company's budget is affected at the point of contribution. The intent of the law is to secure the eventual benefit payments to retirees. If money is held internally by the company and the firm enters financially troubled times, the adequacy of the retirement fund could be jeopardized.

In the federal plan, the retirement fund is required to hold government securities. Since there is little chance of the federal government going bankrupt, financing the retirement plan from the outside is unnecessary for this purpose.

From a pure budgetary standpoint, there is no need to prefund a new government retirement plan, since the timing of the funding has no impact on the budget or the health of the system.

As long as a new government plan holds only government securities, the budgetary cost in the beginning will be minimal but will increase over time regardless of its funding adequacy. On the other hand, without adequate prefunding, the true cost of a new plan could be hidden until later years, causing backlash now experienced by the civil service system.

Therefore, a new plan should provide for funding methods that the federal government requires of private plans. If funds are to remain within the government, the budgetary impact will remain the same—at the point of benefit distribution.

But the true annual cost to the public will always be known. The recognition of the full cost of a new plan, accompanied by adequate funding, should go a long way to the plan's public acceptance.

How Private Investments Could Change Retirement

(By James S. Cowen)

What are the benefits and draw-backs—from the government's and employee's perspectives—of investing pension funds outside the federal government? And what are the economic implications of such a change?

Currently, funds of the civil service system are invested solely in government securities. Although the interest earnings have no budgetary effect, they do have a positive impact on the accounting solvency of the retirement fund.

If a portion of the new civil service retirement fund is held outside the government and earnings exceed current earnings, the cost of the new plan eventually could be substantially reduced without necessarily affecting benefit levels.

The determinant is called the real rate of return on investments. This is the interest earned over inflation.

The Board of Actuaries of the civil service system estimates the current fund in the long run will earn a 1 percent real rate of return. Long-term rates of return in the private sector, however, have traditionally exceeded this figure.

Thirty and 50 year historical averages show Treasury bill returns barely exceeding inflation, with more mixed investment portfolios of stocks and bonds earning 2 to 3 percent real rates of return.

This can have a dramatic impact on a pension fund. Costs can be reduced in a defined benefit plan or benefits will increase in a defined contribution plan.

Investing solely in government securities can be justified on two counts. One, the government as employer completely controls the money at no risk to itself or to the fund. Two, real money is not needed until benefit payments become due many years after the establishment of the plan.

It should be noted, however, that almost all other pension funds invest outside the employer's entity, including state and local governments to which such investments are optional. The two federal government thrift plans, at the Federal Reserve Board and the Tennessee Valley Authority, invest in a variety of instruments.

In other words, employers have found outside investments beneficial to their pension plans, regardless of the increased risk.

While internally held funds reduce costs in the earlier years, they make no difference in the eventual cost. The primary impact of private investment of a new pension plan would be a short-term federal budget phenomenon.

Real money contributions would be made which, when coupled with benefit payments from the current program, would increase government spending at least for the near term. But the question becomes: What real impact would be felt on financial markets?

Presumably, the Treasury would borrow additional monies from private markets to make the contributions.

Generally, government intrusion into the market increases interest rates because of increased demand on a constant supply of money. In this case, however, the money is returning to the market in the form of long-term investments. So in essence, the same money is borrowed and then recycled back into investments, not altering the total capital available in the markets.

In defined contribution plans or thrift plans, private investment can provide opportunities for employees to become more involved in their own retirement planning. Often these plans grant employees investment options in which they can designate a certain percentage of contributions to specific funds such as stocks, bonds or real estate.

It has been shown that investment needs vary not only among individual employees but also among different age groups. Thus these arrangements could enhance career and retirement flexibility.

Private investment of a government plan also raises the possibility of governmental interference in investment decisions. Stringent safeguards would have to be applied to assure that investments were made solely for the benefit of the participants. An independent board would have to oversee such an arrangement.

Again, though, most state and local government plans and the two federal thrift plans similarly invest in private concerns and are subject to the same potential conflicts a new civil service plan would experience. Adequate protection can be afforded, but it is impossible to absolutely prevent abuse. The risk would always exist.

Questions could be raised as to whether financial markets could absorb such a large infusion of new capital. This is not a serious problem.

The nation's largest 1000 pension funds currently hold more than $750 billion in assets. Total contributions to the new plan will be fairly low in the early years due to its coverage of a relatively few number of people. As the plan's coverage and contributions grow, other funds will similarly grow.

Besides, other large states and corporations have substantial pension funds which do not overwhelm the capital markets.

Finally, a private investment feature in a new plan has the potential of assisting in capital formation. Monies now used solely for benefit payments would be first invested in long-term securities providing additional capital to business.

Private investment of funds by a new civil service plan would be a major break from historical practice, but it should be considered. Such an initiative, however, should be approached carefully.

MISCELLANEOUS TARIFF, TRADE, AND CUSTOMS MATTERS

The **PRESIDING OFFICER.** Under the previous order, the Senate will now resume consideration of H.R. 2163, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes.

Mr. **DOMENICI**. Madam President, I suggest the absence of a quorum.

The **PRESIDING OFFICER** (Mrs. HAWKINS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **HELMS**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER** (Mr. RUDMAN). Without objection, it is so ordered.

AMENDMENT NO. 3028

(Purpose: To provide for a ten percent reduction in budget authority)

Mr. **HELMS**. Mr. President, I send an amendment to the desk.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes an amendment numbered 3028.

Mr. **HELMS**. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the amendment, insert the following:

TEN PERCENT REDUCTION IN SPENDING REQUIRED

SEC. . (a) Notwithstanding any other provision of this Act, it shall not be in order in the Senate to consider a concurrent resolution on the budget for fiscal year 1985 if such concurrent resolution does not comply with the provisions of this section.

(b)(1) A concurrent resolution on the budget for fiscal year 1985 shall set forth for each of the fiscal years 1985, 1986, and 1987, a total amount of budget authority for discretionary Federal programs which does not exceed an amount equal to the product of the total amount of budget authority provided by law for such programs for fiscal year 1984 multiplied by 90 percent.

(2) For purposes of this subsection, the term "discretionary Federal program" means any Federal program other than—

(A) a program classified under the functional category of National Defense in the budget submitted by the President for the applicable fiscal year under section 1105(a) of title 31, United States Code; and

(B) a program for which spending authority (as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974) is provided by law.

(c)(1) A concurrent resolution on the budget for fiscal year 1985 shall set forth for each of the fiscal years 1985, 1986, and 1987, a total amount of budget authority for the payment of obligations under spending authority (as defined in section 401(c)(2)(C) of the Congressional Budget Act of 1974) provided by law which does not exceed an amount equal to the total amount of budget authority provided for such payments for fiscal year 1984 multiplied by 90 percent.

(2) The requirements of paragraph (1) shall not apply to budget authority provided for payments under spending authority provided by titles II and XVIII of the Social Security Act.

(d) To carry out subsection (c), a concurrent resolution on the budget for fiscal year 1985 shall contain provisions to require the committees described in clauses (1) through (10) of this subsection to submit, by June 1, 1984, recommendations to the Senate Committee on the Budget in accordance with such clauses. After receiving those recommendations, the Committee on the Budget shall report to the Senate a reconciliation bill, or resolution, or both, carrying out all such recommendations without any substantive revision.

(1) The Senate Committee on Agriculture, Nutrition and Forestry shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $7,000,000,000 in fiscal year 1985; to reduce budget authority by $8,900,000,000 in fiscal year 1986; and to reduce budget authority by $10,800,000,000 in fiscal year 1987.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $2,500,000,000 in fiscal year 1985; to reduce budget authority by $3,800,000,000 in fiscal year 1986; and to reduce budget authority by $5,000,000,000 in fiscal year 1987.

(3) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $13,500,000,000 in fiscal year 1985; to reduce budget authority by $15,100,000,000 in fiscal year 1986; and to reduce budget authority by $18,700,000,000 in fiscal year 1987.

(4) The Senate Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,900,000,000 in fiscal year 1985; to reduce budget authority by $2,200,000,000 in fiscal year 1986; and to reduce budget authority by $2,500,000,000 in fiscal year 1987.

(5) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,700,000,000 in fiscal year 1985; to reduce budget authority by $1,000,000,000 in fiscal year 1986; and to reduce budget authority by $300,000,000 in fiscal year 1987.

(6) The Senate Committee on the Judiciary shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 in fiscal year 1985; to reduce budget authority by $100,000,000 in fiscal year 1986; and to reduce budget authority by $100,000,000 in fiscal year 1987.

(7) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,300,000,000 in fiscal year 1985; to reduce budget authority by $1,300,000,000 in fiscal year 1986; and to reduce budget authority by $1,300,000,000 in fiscal year 1987.

(8) The Senate Committee on Rules and Administration shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $400,000,000 in fiscal year 1985; to reduce budget authority by $400,000,000 in fiscal year 1986; and to reduce budget authority by $500,000,000 in fiscal year 1987.

(9) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $2,100,000,000 in fiscal year 1985; to reduce budget authority by $2,400,000,000 in fiscal year 1986; and to reduce budget authority by $2,600,000,000 in fiscal year 1987.

(10) The Senate Committee on Indian Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 in fiscal year 1985; to reduce budget authority by $100,000,000 in fiscal year 1986; and to reduce budget authority by $100,000,000 in fiscal year 1987.

Mr. **HELMS**. Mr. President, earlier this year, I indicated I would offer a budget amendment that would substantially reduce the Federal deficit. Along with my distinguished colleagues, Senator MCCLURE and Senator NICKLES, I proposed an amendment to reduce Federal spending by 10 percent in all areas of the budget except the social security function, including medicare, and national defense. I asked for this amendment to be held at the desk until a suitable time during the budget debate.

Mr. President, because of the unusual nature of the budget debate this year, as the first installment on a so-called deficit reduction plan, I feel now is an appropriate time to offer my proposal and to discuss it.

As we always say around this place, my amendment is very simple, Mr. President. It provides for a 10-percent across-the-board reduction in spending for all Federal programs except the ones I have mentioned—specifically, social security, including medicare, and national defense.

The Congressional Budget Office estimates that my proposal, if adopted, would cut roughly $200 billion in Federal spending over the next 3 years. In arriving at that amount of savings, the CBO used economic assumptions which I feel may be overly pessimistic, but which, nevertheless, are consistent with those used by the Senate Budget Committee this year. In terms of defense spending, CBO used numbers suggested by the leadership on this side of the aisle which I understand are fully acceptable to President Reagan.

Mr. President, this amendment would achieve these spending cuts in two ways: First, the amendment provides instructions for the Senate committee having jurisdiction over entitlements to recommend ways of restructuring these programs to reduce the cost to the taxpayers by 10 percent. Again, I emphasize that it specifically exempts social security and medicare. I emphasize that my proposal does not—for the purpose of emphasis, let me reiterate—does not instruct the committees how to reduce the cost of entitlements by 10 percent. I prefer to give the committees a target amount of savings and to have them report ways of streamlining the programs to achieve it.

Second, the pending amendment provides for a 10-percent cut in budget authority relative to fiscal year 1984 levels for the so-called nondefense discretionary programs. In other words, I propose that the Senate cut spending authority for all programs Congress chooses to fund, except defense.

Mr. President, the Congressional Budget Office has prepared several tables which reflect my proposal, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—APR. 23, 1984, HELMS PLAN 3—PRELIMINARY ESTIMATES

[By fiscal year in billions of dollars]

	1984	1985	1986	1987	1985–87 total
SBC Baseline	189.4	197.3	216.9	245.2	
Deficit Reductions:					
Revenues (No change)					0
Spending					
Defense: Senate Republican defense targets		2.6		1.4	4.0
Entitlements: fiscal year 1985–87 outlays 10 percent below fiscal year 1984 exc. soc. sec. and medicare		−30.5	−35.1	−41.9	−107.5
Nondefense discretionary:					
Fiscal year 1985–87 budget authority 10 percent below fiscal year 1984 for other nondefense discretionary		−15.0	−24.8	−31.6	−71.4
Offsets[1]					0
Interest	0	−2.2	−7.8	−15.4	−25.5
Total deficit change	0	−45.1	−67.7	−87.5	−200.4
New deficit	189.4	152.2	149.2	157.7	

[1] Employer share, employee retirement.

TABLE 2.—HELMS REDUCTIONS IN NONDEFENSE DISCRETIONARY SPENDING

	1985		1986		1987		1988		1989	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
150	−3.216	−1.502	−3.768	−2.461	−4.957	−3.255	−5.772	−4.134	−6.502	−5.042
250	−1.760	−1.191	−2.206	−2.005	−2.664	−2.452	−3.173	−2.944	−3.705	−3.465
270	−1.224	−0.620	−1.568	−0.901	−1.932	−1.179	−2.345	−1.491	−2.706	−1.806
300	−2.538	−1.590	−3.065	−2.154	−3.602	−2.778	−4.178	−3.383	−4.777	−3.904
350	−0.628	−0.613	−0.718	−0.706	−0.815	−0.792	−0.905	−0.883	−1.001	−0.982
370	−1.108	−0.462	−1.272	−0.742	−1.440	−1.069	−1.651	−1.417	−1.853	−1.645
400	−2.207	−1.505	−2.590	−2.034	−3.010	−2.747	−3.462	−3.809	−3.942	−4.881
450	−1.083	−0.443	−1.164	−0.645	−1.437	−0.871	−1.720	−1.025	−2.011	−1.277
500	−4.411	−1.102	−5.657	−4.498	−6.939	−5.900	−8.264	−7.174	−9.612	−8.491
550	−1.873	−1.003	−2.366	−2.086	−2.882	−2.584	−3.456	−3.128	−4.059	−3.713
570	−0.000	−0.219	−0.000	−0.287	−0.000	−0.305	−0.000	−0.321	−0.000	−0.337
600	−3.231	−0.863	−3.989	−1.406	−4.805	−2.001	−5.695	−2.550	−6.598	−3.137
650	−0.000	−0.593	−0.000	−0.694	−0.000	−0.755	−0.000	−0.918	−0.000	−0.984
700	−1.827	−1.366	−2.095	−1.835	−2.378	−2.258	−2.673	−2.544	−2.992	−2.854
750	−1.060	−0.867	−1.192	−1.068	−1.328	−1.276	−1.475	−1.440	−1.627	−1.590
800	−1.067	−0.919	−1.194	−1.139	−1.324	−1.296	−1.468	−1.438	−1.618	−1.587
850	−0.100	−0.100	−0.108	−0.108	−0.116	−0.116	−0.124	−0.124	−0.132	−0.132
Total	−27.333	−14.957	−32.952	−24.771	−39.629	−31.634	−46.362	−38.724	−53.135	−45.827

TABLE 3.—HELMS BUDGET PLAN VS. SBC BASELINE ENTITLEMENTS

	1984	1985	1986	1987
Committee:				
Agriculture	0.0	−7.0	−8.9	−10.8
Armed Services	0.0	−2.5	−3.8	−5.0
Banking	0.0	0.0	0.0	0.0
Commerce	0.0	0.0	0.0	0.0
Energy	0.0	0.0	0.0	0.0
Environment	0.0	0.0	0.0	0.0
Finance	0.0	−13.5	−15.1	−18.7
Foreign Affairs	0.0	−1.9	−2.2	−2.5
Government Affairs	0.0	−1.7	−1.0	−0.3
Judiciary	0.0	−0.1	−0.1	−0.1
Human Resources	0.0	−1.3	−1.3	−1.3
Rules	0.0	−0.4	−0.4	−0.5
Veterans	0.0	−2.1	−2.4	−2.6
Indian Affairs	0.0	−0.1	−0.1	−0.1
Total	0.0	−30.5	−35.1	−41.9 −107.5

TABLE 4.—HELMS, FUNCTION 050

[In billions of dollars]

	1984	1985	1986	1987
SBC baseline:				
Budget authority	264.1	297.3	329	367.2
Outlays	234.4	263.4	294.6	329
Helms:				
Budget authority	264.1	299	333.7	372
Outlays	234.4	266	294.6	330.4
Difference:				
Budget authority	0	+1.7	+4.7	+4.8
Outlays	0	+2.6	0	+1.4

TABLE 5.—HELMS PAY PLAN (MAR. 13, 1984) SAVINGS RELATIVE TO THE SBC BASELINE

[By fiscal year, in millions of dollars]

	1985	1986	1987
Function 920:			
Budget authority	−1,008	−2,753	−4,683
Outlays	−1,041	2,885	−4,951

Mr. HELMS. I thank the Chair.

By way of a brief explanation, table No. 1 shows the savings my amendment would achieve over the next 3 years. Using the Senate Budget Committee baseline and the defense spending targets in the underlying amendment, it reflects a savings of $107.5 billion in entitlements and $71.4 billion in nondefense discretionary programs. These cuts alone would save the Federal Government, that is to say, the taxpayers, $25.5 billion in interest payments. All told, my amendment would cut the deficit and save the taxpayers $200.4 billion in 3 years.

Table No. 2 sets forth the necessary spending reduction targets for the nondefense discretionary programs as they appear in the budget resolution. And table No. 3 illustrates the necessary savings by committee for the entitlement programs.

The two remaining tables simply provide the Budget Committee with technical information necessary for consideration and implementation of my proposal as indicated in the pending amendment.

Mr. President, I, of course, fully realize that cutting entitlements is sensitive business, but in light of the enormous growth of these programs in recent years, as well as projected increases for future years, I am convinced that cuts can—and indeed must—be made.

As chairman of the Committee on Agriculture, Nutrition, and Forestry, I have been personally involved in efforts to streamline entitlement programs under the jurisdiction of that committee. I know firsthand that their costs can be reduced without compromising the overall effectiveness of these programs.

For instance, since 1981 the committee has made significant changes in the food stamp and child nutrition programs. When President Reagan signed the Omnibus Budget Reconciliation Act of 1981, $5 billion was trimmed from food stamps and $4 billion from nutrition, and without sacrificing the worthwhile objectives of these programs.

Farmers in North Carolina and, I believe, elsewhere have been more than willing to do their share in reducing the cost of government. Last year, the Agriculture Committee put together the Dairy and Tobacco Adjustment Act, which substantially reduced the costs of dairy price support programs. That legislation will save the taxpayers anywhere from $1 billion to $2 billion over a 4-year period and will save consumers from between $4 billion and $11 billion at the grocery store.

In addition, the President has just signed legislation saving the taxpayers $3 billion over the next 4 years by freezing target prices for many farm commodities.

So you see, Mr. President, I am not asking other Senators or other committees to do something that I have not been willing to do myself or that I have not been willing to have my own committee do. Oh, I admit that cutting entitlements is a tough call politically, but if we are genuine, if we are sincere in our political speeches when we go back home and talk about cutting Federal spending, balancing the budget, and reducing deficits, here is an opportunity to do it.

I do not want to be too blunt about it, but I think it is about time that we put up or shut up on this question.

We can have a marked effect on the economy. We can have a marked effect on interest rates if we but have the courage to do what needs to be done.

So, Mr. President, if our goals are really to reduce Federal spending, eliminate the deficit, bring down the interest rates, and encourage the private enterprise system to function effectively, than I think we owe it to the people we represent to make a commitment and to cast a tough vote, and I know that the news media will do as they always do, be exceedingly critical and make all of the usual charges about hardheartedness, and that sort of thing, but the arithmetic of Federal spending is such that the criticism will not hold water in terms of the drain on the taxpayers of this country.

Congress cannot be content, in my judgment, merely to nibble away at the deficit through one combination or another of tax increases and spending cuts.

So, Mr. President, without a doubt, our Nation is enjoying a rather salutary economic recovery. It could and should be better. We could and should be doing more in terms of creating jobs. But we cannot do it piecemeal. We cannot do it by illusory mirror games. Our job in Congress is to adopt fiscal policies that are consistent with a healthy sustainable level of economic growth that is in tune with the principles of the free enterprise system that we all boast about.

In the process, we should be careful not to overstate the correlation between Federal deficits and interest rates. I realize that some crowding our occurs when the Government competes in private capital markets in order to finance the Federal debt. This tends to put upward pressure on interest rates, but it seems to me that the spending practices of Congress, not the size of the deficit itself, is the real drain on the economy. As I see it, the deficit is symptomatic of the problem. The problem, I believe, is the fiscal irresponsibility of Congress over a long period of time.

I do not make any partisan charges in that regard. It has been a bipartisan folly of 30 years or more.

But I think now is the time to act and I say again that this is an opportunity I think to put up or shut up. It gives us the opportunity to treat the cause of the deficit problem rather than to examine the symptoms.

I hope Senators will look favorably upon my suggestion that we reduce Federal spending by some $200 billion over the next 3 years.

The President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a suffficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. I thank the Chair. I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SPECTER). Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I rise to speak for just a few moments with reference to the amendment that the distinguished Senator, Senator HELMS, has placed before the Senate.

First, I would say that the distinguished Senator he is indeed courageous. There is no doubt in my mind that, as I look at his amendment and listen to his words of support, he clearly understands the major problems that this country has; that is, the size of the deficit. In proceeding with an approach to dramatically reduce the deficit, a couple of things are noteworthy in his approach—certainly with reference to the committee that he has jurisdiction over as chairman and that he works so hard for, the Agriculture Committee. He does not spare his own committee from the across-the-board requirement that their programs be reduced.

Likewise, it seems that the distinguished Senator is aware of the fact that social security has just been reformed, and that medicare is a most difficult and complicated problem for the senior population of this country, and thus he has exempted those two from reductions.

So in one sense, while he is courageous, he also has exhibited a significant sense of concern, compassion, and a very significant degree of fairness. However, I would call one matter to the attention of the Senate that I believe in a real way makes the Senator's amendment an exceptionally difficult one. The Senator does not address defense with the same kind of reduction that he addresses the other part of the budget. Obviously, the Senator has his reasons for that. I think the Senate ought to clearly know that is the case.

Likewise, when you exempt social security, medicare, and defense, clearly you have exempted a rather dramatic part of the budget both in terms of issues, but also in terms of dollars.

You have taken a very, very big window and exempted it from the reductions that are mandated through the committees in the rest of the proposal.

I want to close by saying in addition to courage, as I indicated heretofore, this proposal is very innovative and different with reference to how it would reduce other domestic discretionary and entitlement programs. The distinguished Senator is fully aware of the fact, as I understand it, that you just cannot take entitlement programs and say I am reducing them 10 percent. He is suggesting, if I read it correctly, Senator, that the committee would be ordered to do that, and they would have the jurisdiction to determine how they would restructure—"reform" might be a better word—those particular entitlements so that the reduction causes the remaining program to be as consistent as possible with its original goals and objectives.

That is ultimately one way that the Congress might use to address the very serious issue of deficits. We may indeed have to have some hybrid approach where you do not actually pass the law of the floor which does it the first time around, but, rather, something in the nature of a more precise and specific reconciliation, for lack of a better word. I use that word "reconciliation" not in its typical sense, but in its statutory sense as it is found in the Budget Act, and applied in the past few years.

Having said that, in addition to the remarks that I have made with reference to the proposal and the distinguished Senator who has offered it, I do think the Senator is to be praised for coming here today and offering this so we can get started.

Frankly, I do not think this whole approach here to budget and deficit reduction, which started with the tax package 2½ or 3 weeks ago, has that many issues. I hope Senators will decide to come and propose their packages or their amendments so we can get on with it.

On the other hand, I understand there may be reasons for delay.

I do thank the Senator from my standpoint as one who has to see to it that we get this done; at least we are getting started.

Mr. HELMS. Mr. President, I thank my able and distinguished friend. He is a close friend in the Senate.

This gives me an opportunity to pay tribute to him, one of the hardest working Members of the Senate, with perhaps the most difficult job in the Senate. I have thought many times that no matter how difficult I think the Agriculture chairmanship may be, the Budget Committee is four times as consuming, involving more study and consideration. I want to pay my respects to Senator DOMENICI, a great American and a great Senator.

I know that this will be a difficult proposal for Senators, but I think the time has come for us to put up or maybe shut up about fiscal responsibility. If no one has further comment on the amendment, I am ready to vote.

The PRESIDING OFFICER. Is there further debate?

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, it is always good to hear from anyone who wants to reduce the deficit. From that standpoint, I like the bottom line numbers in the plan of the Senator from North Carolina. It gets the deficits down to $159 billion by 1987. That looks good.

Yet I have always had problems with these across-the-board solutions ever since I was in the Florida State Legislature. It seems to me "across-the-board" is one way of saying we will not look at individual programs and weigh the good along with the bad. Under this proposal we would just apply a 10-percent solution across the board.

You might argue we are doing it fairly and for everyone. But that is not what this amendment would do. This amendment exempts defense from the 10-percent reduction. It exempts social security. But then it imposes a 10-percent reduction on everyone and everything else.

A 10-percent across-the-board reduction in law enforcement programs would mean a combined overall reduction of $257 million below the 1984 appropriations level. That means that personnel-intensive agencies which serve to combat illegal drug trafficking—like the FBI and the Drug Enforcement Agency—would be cut even below last year's actual level at a time when drug trafficking is one of the Nation's few growth businesses.

The FBI would lose $108 million. That would be $80 million less than the 1984 actual levels.

The Drug Enforcement Administration would lose $29 million, $22 million less than the 1984 actual level.

And while we would be cutting $100 million for the FBI and $29 million for drug enforcement, the drug trafficking industry grossed over $100 billion last year—$100 billion.

Does it make good government sense to tell the people that, while we are reducing the money for the FBI and the drug enforcement agencies below the 1984 levels, we have drug trafficking running rampant throughout the United States? That, to me, is neither sound budgeting nor sound fiscal policy.

A 10-percent cut in the foreign aid program would scuttle the President's Central America initiative. If that is what the Senate and the Congress wants to do, I think we ought to vote up or down on the Central America initiative itself. Part of that money is for military and arms as well as economic aid. Yet this aid package would fall by the wayside under a 10-percent, across-the-board plan.

In function 600 we find the supplemental security income program for the elderly and the disabled. These are people who are at and below the poverty line. What we would be saying is that we are either going to cut benefits 10 percent or else 10 percent of the recipients are going to be thrown off the rolls. It would have to be one or the other.

As I look at the plan of the Senator from North Carolina, I notice he does not provide any new revenue. None. So all the dabate we have had on the finance bill would be for naught, because we are not going to have any new revenue. No, we are not going to say to any of the people who have received the tax cut of 25 percent, reducing the rate from 70 to 50 percent, that we are going to change the benefits. But if you are one of those people getting SSI, if you are disabled, if you are aged in this country, we are going to cut you 10 percent or we are going to cut 10 percent off the rolls. That is what we would be saying with this across-the-board plan.

I just wonder if the Senate or the Congress is prepared to do that.

A 10-percent cut from the 1984 appropriations level in compensatory education for disadvantaged children would cut approximately 700,000 children off the rolls. Does that make sense? Is that good, sound economic sense? Do we tell them we just do not have the money? Do we just say, We have to do something about these deficits, and everybody has to take a cut?

You really do not achieve anything when you cut compensatory education, and when you cut disadvantaged children. Eventually we pick them up in the prison system. Eventually we pick them up in the welfare system. Entitlement programs will soon pick them up. If you are in prison, somebody has to pay for you. The Federal courts will say you get a certain amount of exercise room, you get a certain amount of space, you cannot put but so many in a prison. They, in effect, tell the States, "If you do not comply with this, we will let people go. We will put them out on the street."

So we have to put them in the prisons and we have to take care of them. But we are going to cut children off the rolls from compensatory education, approximately 700,000, because we are going to save money. The savings we achieve now, will only mean a higher human and financial cost later.

I think these examples, Mr. President, illustrate why we should not try to enact an across-the-board plan. If we want to look at individual programs and cut them, let us do it. But exempt defense? By exempting defense, we find in addition to its growth of 7 percent it would also grow by inflation. So it gets about a 13-percent increase. But, at the same time, we would turn around and cut SSI 10 percent. So there would be a 23-percent spread between what we are doing for military spending and what we would be doing in the domestic area.

I think defense is tremendously important in this country, Mr. President. I think we have to increase funds for defense. The Senator from Florida has been voting to do that and, has a plan to be debated later that will add to the money we appropriated last year in defense. But to turn around now and say we are going to cut 10 percent off of last year's payment to the people in this country who cannot do for themselves is hard to justify.

Sure, we have some shirkers out there. If we can devise legislation to take them off the rolls, let us do it. But we also have some elderly in this country who cannot do for themselves any more. They have done a lot for the country. They have helped build the Nation's economic base. Some of them cannot take care of themselves now. But we are going to say to them, 10 percent of you off the rolls, or we reduce all of you by 10 percent.

We would be cutting the Coast Guard, an area where the Senator from Florida has a lot of concern, because right now, the Coast Guard is interdicting drugs and refugees pouring into my State. The Federal Government does not want to pay for those refugees. That burden falls on State and local governments. They fill up our hospitals, they fill up our prisons. They are the ones who are seeking help and support.

But we would say we are going to cut the Coast Guard so they are not going to run the cutters and aircraft out there to try to stop some of these refugees and to interdict the drugs that have been coming into my State.

The Coast Guard, under this would lose about $67 million from their procurement account. That buys about 11 patrol boats, it could buy 3 C-130's, or a new major cutter. They would lose $165 million from their operations account. That is 30,000 cutter operating hours that would be reduced. That is an example of the amount it would cut from the Coast Guard.

Mr. President, I could go on with more example, but I think these are sufficient to make the point that I wish to make. A 10-percent cut sounds good when you look at the bottom line and the amount of money saved. But when we start looking at the programs we would indiscriminately cut while accelerating the pace of military spending, I do not think that is very sound. I hope the Senate will not adopt this amendment.

Mr. HELMS. Mr. President, I am not certain which amendment the Senator from Florida is opposing in his remarks. He certainly echoed precisely what was said last year by the distinguished Senator from Colorado (Mr. HART), when he stated his opposition to doing something about the deficit. I have been waiting around this place for 12 years, Mr. President, and for much longer than that when I was a private citizen back in North Carolina, for Congress to do something. It is a pretty clear matter of record that some of the people who complain the loudest and the longest about deficits are the very ones who, in past years, have voted for the excessive appropriations.

Mr. President, if we are just going to say we cannot do anything and bring forth the litany of purported examples of what will happen, then we will not do anything; the Senator from Florida is exactly right. But I do not think he is aware that this amendment bestows upon the committees of the Senate the duty to find ways to reduce Federal spending without doing undue harm to the most worthy aspects of Federal programs.

The litany that the able Senator from Florida listed is almost the same as what Senator HART did last year. This is what we shall hear every time somebody proposes to do something realistic about reducing Federal spending. I am aware of that. It is a game we play around here, to try to nail a Senator, to identify him as hard-hearted and all that sort of thing. But the most hard-hearted attitude Congress can take toward the American people is not to reduce Federal spending, not reduce the Federal deficit, not bring down the interest rates.

I submit that this amendment is fair, it does place a resonsibility on committee chairmen, it does place a responsibility on the Appropriations Committee in particular. But that is what we are paid for, Mr. President. We are paid to do this sort of thing and to take on the difficult responsibilities.

If we want to, we can sit back and say, well, we cannot do this, because we might get some bad publicity back home because some Senator got up and said oh, that thing cannot pass. But if we are really dedicated to the proposition that we are going to move toward a balanced budget, we are going to reduce the Federal deficit, we are going to bring down interest rates, we are going to reduce the public sector of Government, this is a good beginning. I hope the Senate will consider it.

If we do not want to vote for it, that is fine, but I hope we shall not try to obfuscate the meaning of the amendment, the intent of the amendment, by dragging out a litany of things which will not happen if the committees of the Senate will do their duty, which I am sure the committees will.

I thank the Chair.

Mr. DOMENICI. Mr. President, I ask the distinguished Senator from North Carolina if he is ready to vote.

Mr. HELMS. Yes, Mr. President, I am.

Mr. DOMENICI. I am just going to make an observation, Mr. President. This amendment has caused me to develop a quick table. I do not know that it offers anybody a reason for voting for or against it, but for those who want to know something about the Federal Government's budget and what it is really made up of, this amendment has caused the Senator from New Mexico to take the 1984 outlays of the Federal Government and put them up alongside the 1985 outlays as contemplated by the budget resolution reported out before the holiday recess and then break them down into the categories he addresses and adding in net interest, Mr. President. The Senator obviously does not want us to cut interest by 10 percent, but save whatever interest we can by reducing the deficit. The table is very interesting, I am going to just quickly read it.

The outlays for 1984 would be $855 billion, for 1985 would be $924 billion. If you take those items that the distinguished Senator from North Carolina wants to send to committees and let them reduce it by 10 percent at their discretion, taking into account the goals, programs, and objectives and trying to meet them as best possible, interestingly enough, the 1984 outlays for all those programs is only $269 billion.

They would have grown under the budget resolution to only $276 billion. The three items: defense, medicare, and social security, are as follows: $237 billion in 1984 and $266 billion in 1985 for defense; medicare, $60 billion in 1984 and $67 billion in 1985; social security, $179 billion in 1984 and $190 billion in 1985; and then net interest, $110 billion in 1984 and $125 billion in 1985.

I merely state that because out of $855 billion and $924 billion budgets, respectively, for each of the 2 years, only $269 billion and $276 billion are not part of defense, medicare, social security, and net interest.

I send the table which summarizes this to the desk and ask unanimous consent that it be made a part of the RECORD following my remarks and as explanation of my brief statement.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

[In billions of dollars]

	Fiscal years—	
	1984	1985
Total outlays in budget resolution reported by Senate Budget Committee	855	924
Deduct budget elements not subject to Helms amendment 10 percent cut:		
Defense	−237	−266
Medicare	−60	−67
Social Security	−179	−190
Net interest	−110	−125
Outlays subject to Helms amendment 10 percent cut	269	276

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from North Carolina. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maine (Mr. COHEN) and the Senator from North Carolina (Mr. EAST) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART) and the Senator from Kentucky (Mr. HUDDLESTON) are necessarily absent.

I also announce that the Senator from Massachusetts (Mr. KENNEDY) is absent because of a death in the family.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 27, nays 68, as follows:

[Rollcall Vote No. 78 Leg.]

YEAS—27

Andrews
Boren
D'Amato
Denton
Exon
Garn

Goldwater
Hatch
Hecht
Heflin
Helms
Humphrey
Kasten
Laxalt
Long
Mattingly
McClure
Murkowski
Nickles
Nunn
Rudman
Symms
Thurmond
Trible
Warner
Wilson
Zorinsky

NAYS—68

Abdnor
Armstrong
Baker
Baucus
Bentsen
Biden
Bingaman
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cranston
Danforth
DeConcini
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
Evans
Ford
Glenn
Gorton
Grassley
Hatfield
Hawkins
Heinz
Hollings
Inouye
Jepsen
Johnston
Kassebaum
Lautenberg
Leahy
Levin
Lugar
Mathias
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Sarbanes
Sasser
Simpson
Specter
Stafford
Stennis
Stevens
Tower
Tsongas
Wallop
Weicker

NOT VOTING—5

Cohen
East
Hart
Huddleston
Kennedy

So Mr. Helms' amendment (No. 3028) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. McCLURE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ON THE DEATH OF DAVID KENNEDY

Mr. GLENN. Mr. President, the loss of any young life is always tragic. It is doubly so in the case of David Kennedy because he was a young man of such great potential. Annie and I knew David—and we were fortunate enough to know his father as a friend. And in times of great sorrow, Robert Kennedy often quoted Greek poet Aeschylus who wrote:

> God, whose law it is that he who learns must suffer. And even in our sleep, pain that cannot forget falls drop by drop upon the heart, and in our own despair, against our will, comes wisdom to us by the awful grace of God.

Let us pray that in this tragedy, too, the Lord will grant us wisdom. Our prayers and deepest sympathy go out to Ethel, David's brothers and sisters, our colleague, Ted, and the entire Kennedy family.

The PRESIDING OFFICER (Mr. Armstrong). The majority leader is recognized.

Mr. BAKER. Mr. President, I join with the Senator from Ohio in speaking, I am sure, for every Member on this side of the aisle in extending our sympathy to the family of David Kennedy, especially to his mother, Ethel, and his brothers and sisters at this time of sorrow.

I knew David's father well. I served with him in this body. Perhaps I knew David as a young man, as a child.

I wish to express my profound sorrow to our colleague and friend, Ted Kennedy, on this loss of a member of a distinguished American family.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The minority leader is recognized.

Mr. BYRD. Mr. President, I seek the floor at this time in order to ask the distinguished majority leader what the program is for the rest of the day and the rest of the week.

Mr. BAKER. Mr. President, I thank the minority leader.

Mr. President, I would like to see us go to the normal time this afternoon, or until about 6 p.m. I have consulted with the chairman of the Budget Committee, however, and he indicates that as far as he can ascertain at this time no other amendments are ready to be presented.

I see that the Senator from Kansas may have an amendment, or a statement.

Mr. DOLE. Mr. President, if the leader will yield, what we would like to do, if there are no other amendments on this bill, is to proceed with the child support enforcement bill with a time agreement of 10 minutes on each side. We think we have cleared the child support bill on both sides of the aisle. Senator Bradley is here. The distinguished Senator from Louisiana, Senator Long, is also here. The distinguished Presiding Officer (Mr. Armstrong) will manage that bill. We would like to take that bill up, if there are no other amendments pending.

Mr. PROXMIRE. Mr. President, will the minority leader yield?

Mr. BAKER. If the Senator would withhold for a moment, I thank the Senator from Kansas. I have consulted with the Senator and his staff, and agreed that we would try to take this bill up as soon as possible. I think it would be an excellent time to do that. Let me explore that possibility in a moment, and perhaps we can do it this afternoon.

May I inquire of the Senator? Do you think a rollcall vote would be required?

Mr. DOLE. I do not think a rollcall vote will be required. We have agreed to 10 minutes on each side. We do not think it will take that long.

Senator Bradley and I have a colloquy. I have another colloquy with Senator Jepsen. There are no amendments.

Mr. BAKER. I thank the Senator.

Mr. PROXMIRE. Mr. President, if the majority leader would yield, I do not have an amendment. I do have a speech that I would like to make on the economic consequences of the budget reconciliation bill which we are considering. But I would be happy to defer that speech until the Senator from Kansas takes up his bill, if the majority leader wishes to do it that way.

Mr. BAKER. I thank the Senator.

Mr. President, what I propose to do now, if the minority leader can agree, is take us off this bill temporarily, and ask that we go to the child support enforcement bill on a time limitation.

While I explore that possibility with the minority leader, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, the manner of clearing the Child Support Enforcement Act for action at this time will take a little longer. In the meantime, if the Senator from Wisconsin is prepared to do so, I am prepared to put us in morning business, and if the Senate will agree. He can make his speech at that time. Or we could stay on this bill and do it.

Mr. PROXMIRE. Mr. President, my speech relates directly to the bill.

Mr. BAKER. Mr. President, I yield the floor. The Senator may seek recognition for that purpose.

At the conclusion of his speech, may I say to the Members that we will go to the Child Support Enforcement Act, if cleared, or otherwise to a brief period for the transaction of routine morning business. However, I do not expect further action on this bill, or on the pending measure today, with the exception of the statements as in the case of the Senator from Wisconsin.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, may I yield the floor briefly to the Senator from Florida without losing my right to the floor?

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. CHILES. Mr. President, I thank the Senator from Wisconsin. I thank him for initiating the economic assumptions. The Budget Act provides that, first, 4 hours of debate on the budget resolution shall be about economics. Since our main consideration, deficits, is going to be on this bill, I think we ought to start our debate talking about the impact of the deficit reduction plans on the economy.

I will have some comments to make about economic assumptions, but I certainly am delighted that the Senator from Wisconsin—in the role that he has played in regard to the Joint Economic Committee, and his concern about the economy—is here to initiate the remarks.

The PRESIDING OFFICER (Mr. COCHRAN). The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, I thank the Senator from Florida.

WHY FISCAL POLICY FOR THE NEXT SEVERAL YEARS SHOULD BE A TRAIL OF THORNS

Mr. PROXMIRE. Mr. President, this is the first time, to my knowledge, that that provision of law to which the Senator from Florida has referred has been honored in the Senate. It has been honored every year in the House of Representatives where they have had debate on the economic consequences of our action. Of course, the law conceives that this is one that we should certainly discuss and consider, and in some detail. We have not done it. We talk about how we cut the budget, how much we cut the budget, but not what this would do to unemployment, what it would do to interest rates, what it would do to inflation, nor what effect it would have on the lives of American citizens.

So I would like to speak on that briefly. I am delighted to hear that the Senator from Florida may also have some comments on it.

Mr. President, this Senator believes that the mammoth Federal Government deficits that confront this country constitutes far and away our most serious economic problem. Indeed, the deficits with their mamoth size and the likelihood that they will be with us for years to come constitute, in the words of the eminent international economist who heads the International Monetary Fund, the single most serious obstacle to worldwide economic stability and growth. There is absolutely no way that Federal deficits, ranging from $150 billion a year to $300 billion a year can serve any constructive purpose. The damage from these deficits come from the colossal drain on savings represented by Treasury borrowing forced by these deficits. Indeed, some experts estimate the deficits will absorb more than two-thirds of all the savings of the American people over the next 5 years.

So what? So the diminished pool of capital must finance homebuilding, the purchase of automobiles, farm equipment, capital expenditures by American business, and borrowing by State and local municipalities. The deficits will smash into this non-Federal borrowing like a 10-ton truck collision. It will have two perverse effects on the economy.

First, it will drive interest rates up, up, up—real interest rates; that is, interest minus inflation—which are already far above record levels of the past. Those interest rates are rising. As the recovery continues, they can only go one way—up.

The second perverse effect of these deficits will slam thousands of employers and millions of workers flat on their back. Rising interest rates will elbow home buyers and auto buyers out of the market. No industry is nearly as interest rate sensitive as housing. The overwhelming majority of home buyers finance their purchase by borrowing on a mortgage. Whether they buy a new home or not depends on whether their income enables them to meet their monthly payments. When interest rates rise about 15 percent on a long-term mortgage, interest constitutes 75 percent of the entire monthly payments. So rising interest rates mean rising monthly payments and diminishing housing sales. In the last big rise in interest rates during the 1981-82 period, housing starts dropped by an astounding 1 million starts. That drop in housing starts cost about 2 million jobs. Every housing start means approximately 2 man-years of work.

The auto industry is nearly as sensitive to interest rate fluctuations as the housing industry. Seventy-five percent of auto buyers finance their purchases on time. When interest rates go too high, monthly auto payments march right up with them step by step. And the number of auto buyers falls directly and inevitably as interest rates and monthly payments on auto purchases rise. With one out of six jobs in the country dependent on the automobile industry, rising interest rates could cut new auto buying in half and cost millions of jobs.

But the most damaging effect of these king-size Federal deficits comes in the area of foreign trade. The deficits flood the world as well as the domestic American market with Treasury securities. Those U.S. Treasury securities attract Japanese and German and United Kingdom and Mexican investment. And why not? They are risk free and the interest rate is high. So the Japanese sell their yen and buy the dollar to invest in these high flying U.S. securities.

What is the result? The dollar rises in value, the yen falls. Between 1980 and 1982 the dollar rose 21 percent compared to the yen and 30 percent compared to the average value of European currencies. What did that mean? That meant that we could buy Japanese cars at a 21-percent cheaper price—just as if they had a price cut, the same price cut would follow for Japanese TV's, and radios, and computers. But the Japanese had to pay 21 percent more for American goods. So what happened? Our trade balance with the Japanese worsened by 70 percent in those 2 years. With the Europeans it was worse. The dollar rose by a fat 30 percent compared to European currencies. We suffered a 30-percent disadvantage in selling to the Europeans. And of course they greatly increased their exports to us.

The overall result of all this was a disastrous trade year for this country in 1983. Our adverse trade balance went through the stratosphere to $61 billion. And next year? The Secretary of Commerce tells us to grit our teeth and get ready for an incredible $100 billion adverse balance of trade. A few years ago American trade was in balance. The Secretary of Commerce tells us that every billion dollars of adverse trade costs this country 25,000 jobs. So high Federal deficits—by driving interest rates through the roof—will cost this country a $100 billion adverse trade balance which in turn will cost us 2½ million American jobs.

Mr. President, you add up the cost to this country of the jobs the deficit will cost this country in new home construction, in automobile production, and in its impact on our foreign trade and you have the difference between a booming, healthy economy and a first-class depression.

Now unfortunately, Mr. President, what I have said so far tells only a part of the story. The tough problem we face is how we reduce the deficit without paralyzing our economy in the process.

I wrote Senator CHILES and asked for this opportunity to discuss the economic effects of this budget reconciliation policy, because unfortunately we do not face a simple problem of just cutting the deficit. Certainly we have to do that. But we should do it with our eyes wide open to the consequences of the kind of man-sized cuts these deficit reductions must make in American jobs, on the survival of thousands of businesses, and on American economic growth.

Now obviously, Mr. President, one big reason, in fact the major reason, why this country has enjoyed the remarkable recovery we have enjoyed in the past year-and-a-half has been because the Federal Government ran back-to-back deficits of grossly irresponsible size in 1982 and 1983. Consider: in 1981 the Federal Government ran a fat $56 billion deficit. Then the Federal deficits really took off. Mind you, the previous record for deficits had been a monster of $66 billion in 1976. But in 1982, the deficit leaped to an astonishing $109 billion super record level. And then last year—1983—the deficit shot to the amazing level of $195 billion. For the next several years, unless the Congress adopts extraordinary, and I mean extraordinary, measures to hold down spending and increase revenues the Federal deficit will stay at or above the $150 billion level. Interest rates will stay high and interest-sensitive industries—homebuilding, auto production and trade effected industries—will suffer drastically.

Will these high deficits guarantee us continued economic recovery? No. They will have virtually no stimulus because it is the increase, I repeat the increase in the deficit that lifts and pushes the economy. I repeat, the increase—the increase is critical. The economy moved out of the recent recession because the deficit leaped from $56 billion to $109 billion and then to $195 billion. If the deficit floats along at the present level it will not bring any new stimulus to growth or jobs.

What will be the job and growth consequences if we cut the Federal Government deficits as some Senators have proposed by enough to bring the deficit back promptly to the historic levels in relation to the gross national product that we had in the sixties and seventies? The answer, unfortunately, is that we would increase unemployment by millions and very probably push the country back into a serious recession. In fact, it may very well be literally impossible to reduce the deficit over the next 5 years to less than $100 billion because any massive spending cut or tax increase would take so much out of the economy that the unavoidable increased unemployment and welfare costs and the sharply diminished tax revenues would deepen the deficit—at least temporarily. It is very possible that we have irresponsibly plunged this country into an economic dead end.

Even the modest proposals by the administration and the distinguished Senator from Florida on behalf of Senate Democrats on the Budget Committee would, for a time, increase unemployment and reduce the rate of economic growth in the country, according to some respected forecasters.

None of the major forecasters has yet published analyses of the deficit reduction plans, but we have found two recent studies—one on the Senate Republican's $150 billion plan and one on Senator CHILES' $200 billion reduction proposal—both of which show that budget tightening, has a restraining effect on the economy and inflation from what otherwise would have been the case and similarly lowers interest rates. A third budget reduction plan of $185 billion in the House's first concurrent resolution has not yet been formally analyzed, but its effect should be similar to the other two plans.

Allen Sinai, chief economist for Lehman Bros. Kuhn Loeb, used the DRI model on the Republican plan and came up with the following economic results: By 1987, real GNP would be 1.6 percent lower than with no deficit reduction, inflation would be 0.7 percentage points lower, the unemployment rate would be 1.4 percentage points higher, and interest rates would be 1.05 to 1.36 percentage points lower.

Mr. DOMENICI. Will the Senator answer a question?

Mr. PROXMIRE. I will be delighted to.

Mr. DOMENICI. The statement made just before the comment on Senator CHILES, was that compared with doing nothing that that would occur?

Mr. PROXMIRE. That compared with no change in the deficit over the levels that are projected at the present time, if we do not change policy now.

Mr. DOMENICI. So that is if we do nothing, with current policy, a deficit reduction package of the size we offer will harm rather than help? Is that what the Senator is saying?

Mr. PROXMIRE. No; and I am for deeper reductions, as I will come to in a minute, because I think we have to bite the bullet. What it would do is to increase unemployment, but it will also decrease inflation, also decrease interest rates. But the overall effect, according to the studies by these economists, is that it would have some adverse effect on unemployment. The 1.4 percentage points higher is a big increase, well over 1 million jobs. Whether that is worth the price or not is something else. I think it is well worth the price. We ought to go farther. I am trying to spell out the fact that we should have our eyes open.

Mr. DOMENICI. I just wanted to say that I have a thought. There is a statement around that to err is human but to get paid for it is divine.

Mr. PROXMIRE. I agree with the Senator's implications of his remarks. Economists are often wrong. But at the same time I think we ought to be aware of the fact that there is no easy fix here. No matter what we do, we are going to cause some pain. We cannot do this painlessly. I think we ought to be able to recognize that.

A study of the Chiles plan being prepared for Senator BENTSEN by George Tyler of the JEC staff, which also uses the DRI model, seems to be coming up with results very similar to Sinai's—lower growth and inflation, higher unemployment, and lower interest rates.

While these proposals would yield lower deficits than under current policies, they will not actually reduce the deficit below current levels. CBO estimates that the House plan will result in a deficit of $189 billion in fiscal 1984 and $182 billion in fiscal 1987. According to Sinai, the deficit under the Republican plan will grow from $190 billion in 1985 to $198 billion in 1987.

Even more damaging to all these plans is the fact that they all continue to yield very high structural deficits and thus generate significant stimulus even as the economy approaches full capacity and full employment. This amount of stimulus will result in higher inflation and higher interest rates and, in fact, this may already be starting. Since all three plans provide very little deficit reduction in 1985, excessive stimulus will continue to provide strong growth during the rest of this year and the problems of rising inflation and interest rates may occur much sooner than any of the major models currently predict.

Frankly, this Senator would opt for a much stronger deficit reduction program—recognizing the full consequences of this policy to jobs and economic growth during the next 2 or 3 years. I believe that deficit reduction is so critical to the long-term economic health of this country that I favor a program that would cut spending by more than $100 billion per year by 1988 and increase revenues by nearly $100 billion in that year. That program would, by my calculations, give the country a balanced budget if we could bring unemployment down to 7 percent or below, which would be very difficult, obviously.

Between now and 1988, however, the economy would have to suffer through a very painful readjustment, as the Allen Sinai and George Tyler studies show.

But, Mr. President, the principal purpose of my speech this afternoon is to emphasize the critical importance of debating these changes in our fiscal policies—in taxing and spending—with our eyes wide open. We must acknowledge that we are at a stage of Federal budgetmaking in which we cannot bring the kind of drastic changes to our fiscal policy we urgently need without enduring more than the very real pain of reducing popular and desirable spending programs and increasing taxes.

That is tough enough. In addition, we must also honestly face up to the prospect that we shall be putting this Nation through the agonizing ordeal of recession that will, in all probability, last several years.

Mr. President, I wish there were some way we could escape this. Heaven knows, no one wants to advocate a program that is going to mean higher unemployment. But I think we should be honest and recognize we are going to have to go through it. I think we would come out in the long run with a better product.

Mr. President, I yield the floor.

CHILD SUPPORT ENFORCEMENT AMENDMENTS OF 1984

TIME LIMITATION AGREEMENT

Mr. BAKER. Mr. President, I am advised by the minority leader now that a time agreement with respect to H.R. 4325, which is the Child Support Enforcement Amendments of 1984, has been approved on his side. May I now put the time request for the consideration of all Members?

I ask unanimous consent that when the Senate turns to the consideration of Calendar Order No. 761, H.R. 4325, the child support enforcement program bill, it be considered under the following time agreement: 20 minutes on the bill to be equally divided between the Senator from Colorado (Mr. ARMSTRONG) and the ranking minority member of the Finance Committee or their designees; that no amendments be in order with the exception of an amendment reported by the committee in the nature of a substitute; 2 minutes on any debatable motion, appeal, or point of order if such is submitted to the Senate; and that the agreement be in the usual form.

That is the request, Mr. President.

The **PRESIDING OFFICER**. Is there objection? Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. **BAKER**. Mr. President, with that agreement in hand, I ask unanimous consent that the pending unfinished business be temporarily laid aside and that the Senate proceed to the consideration of H.R. 4325, Calendar Order No. 761, and that after disposition of that measure, the Senate resume consideration of the unfinished business.

The **PRESIDING OFFICER**. Is there objection? Without objection, it is so ordered.

Mr. **BYRD**. Mr. President, I ask the majority leader whether or not it is anticipated there will be a rollcall vote on this measure.

Mr. **BAKER**. Mr. President, may I ask the distinguished chairman of the Finance Committee if he anticipates a rollcall on this bill or any amendments thereto?

Mr. **DOLE**. No, Mr. President.

Mr. **BAKER**. I gather they do not, Mr. President.

Mr. **BYRD**. Mr. President, I ask the majority leader if he will put in a very brief quorum call. Mr. LONG is on his way. I ask that that not be charged against him.

Mr. **BAKER**. Mr. President, I ask unanimous consent that it be in order for me to suggest the absence of a quorum without the time consumed thereby to be charged against the time allocated for the consideration of the bill and the amendments thereto.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **BAKER**. Mr. President, I suggest the absence of a quorum.

The legislative clerk proceeded to call the roll.

Mr. **BAKER**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Without objection, the bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4325) to amend part D of title IV of the Social Security Act to assure, through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program, that all children in the United States who are in need of assistance in securing financial support from their parents will receive such assistance regardless of their circumstances, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Finance with an amendment to strike all after the enacting clause and insert:

SHORT TITLE; TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Child Support Enforcement Amendments of 1984".

TABLE OF CONTENTS

Sec. 1. Short title.
Sec. 2. Statement of purpose.
Sec. 3. Federal matching of administrative costs.
Sec. 4. Federal incentive payments.
Sec. 5. 90-percent matching for automated management systems used in income withholding and other required procedures.
Sec. 6. Required State procedures.
Sec. 7. Periodic review of effectiveness of State programs; modification of penalty.
Sec. 8. Special project grants for interstate enforcement.
Sec. 9. Extension of section 1115 demonstration authority to child support enforcement program.
Sec. 10. Modifications in content of annual report of the Secretary.
Sec. 11. Child support enforcement for certain children in foster care.
Sec. 12. Continuation of support enforcement for AFDC recipients whose benefits are being terminated.
Sec. 13. Increased availability of Federal parent locator service to State agencies.
Sec. 14. Availability of social security numbers for child support enforcement purposes.
Sec. 15. Limitation on discharge in bankruptcy of child support obligations.
Sec. 16. Collection of past-due support from Federal tax refunds.
Sec. 17. State guidelines for child support awards.
Sec. 18. Wisconsin child support initiative.
Sec. 19. Sense of the Congress that State and local governments should focus on the problems of child custody, child support, and related domestic issues.

STATEMENT OF PURPOSE

SEC. 2. Section 451 of the Social Security Act is amended by striking out "and obtaining child and spousal support," and inserting in lieu thereof "obtaining child and spousal support, and assuring that assistance in obtaining support will be available under this part to all children (whether or not eligible for aid under part A) for whom such assistance is requested,".

FEDERAL MATCHING OF ADMINISTRATIVE COSTS

SEC. 3. (a) Section 455(a) of the Social Security Act is amended—

(1) by inserting "(1)" after "(a)";

(2) by striking out ", beginning with the quarter commencing July 1, 1975,";

(3) by striking out paragraph (2) and redesignating paragraphs (1) and (3) as subparagraphs (A) and (B), respectively;

(4) by amending paragraph (1)(A) as so redesignated to read as follows:

"(A) equal to the percent specified in paragraph (2) of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454, and";

(5) in paragraph (1)(B) as so redesignated, by striking out "specified in clause (1) or (2)" and inserting in lieu thereof "specified in subparagraph (A)"; and

(6) by adding at the end thereof the following new paragraph:

"(2) The percent applicable to quarters in a fiscal year for purposes of paragraph (1)(A) is—

"(A) 70 percent for fiscal years 1984, 1985, and 1986,

"(B) 69 percent for fiscal year 1987,

"(C) 68 percent for fiscal year 1988,

"(D) 67 percent for fiscal year 1989,

"(E) 66 percent for fiscal year 1990, and

"(F) 65 percent for fiscal year 1991 and each fiscal year thereafter.".

(b) Subsections (d)(1)(B), (d)(2)(A), (d)(2)(B), and (e) of section 452 of such Act are each amended by striking out "455(a)(3)" and inserting in lieu thereof "455(a)(1)(B)".

(c) The amendments made by this section shall apply to fiscal years after fiscal year 1983.

FEDERAL INCENTIVE PAYMENTS

SEC. 4. (a) Section 458 of the Social Security Act is amended to read as follows:

"INCENTIVE PAYMENTS TO STATES

"SEC. 458. (a) In order to encourage and reward State child support programs which perform in a cost-effective and efficient manner to secure support for all children who have sought assistance in securing support, whether such children reside within the State or elsewhere and whether or not they are eligible for aid to families with dependent children under a State plan approved under part A of this title, and regardless of the economic circumstances of their parents, the Secretary shall, from support collected which would otherwise represent the Federal share of assistance to families of absent parents, pay to each State for each fiscal year, on a quarterly basis (as described in subsection (e)) beginning with the quarter commencing October 1, 1985, an incentive payment in an amount determined under subsection (b).

"(b)(1) Except as provided in paragraphs (2), (3), and (4), the incentive payment shall be equal to—

"(A) 6 percent of the total amount of support collected under the plan during the fiscal year in cases in which the support obligation involved is assigned to the State pursuant to section 402(a)(26) or section 471(a)(17) (with such total amount for any fiscal year being hereafter referred to in this section as the State's 'AFDC collections' for that year), plus

"(B) 6 percent of the total amount of support collected during the fiscal year in all other cases under this part (with such total amount for any fiscal year being hereafter referred to in this section as the State's 'non-AFDC collections' for that year).

"(2) If subsection (c) applies with respect to a State's AFDC collections or non-AFDC collections for any fiscal year, the percent specified in paragraph (1)(A) or (B) (with

respect to such collections) shall be increased to the higher percent determined under such subsection (with respect to such collections) in determining the State's incentive payment under this subsection for that year.

"(3) The dollar amount of the portion of the State's incentive payment for any fiscal year which is determined on the basis of its non-AFDC collections under paragraph (1)(B) (after adjustment under subsection (c) if applicable) shall in no case exceed the dollar amount of the portion of such payment which is determined on the basis of its AFDC collections under paragraph (1)(A) (after adjustment under subsection (c) if applicable).

"(4) The Secretary shall make such additional payments to the State under this part, for fiscal year 1986 or 1987, as may be necessary to assure that the total amount of payments under this section and section 455(a)(1)(A) for such fiscal year is no less than 80 percent of the amount that would have been payable to that State and its political subdivisions for such fiscal year under this section and section 455(a)(1) if those sections had remained in effect as they were in effect for fiscal year 1984 prior to the amendments made by the Child Support Enforcement Amendments of 1984.

"(c) If the total amount of a State's AFDC collections or non-AFDC collections for any fiscal year bears a ratio to the total amount expended by the State in that year for the operation of its plan approved under section 454 for which payment may be made under section 455 (with the total amount so expended in any fiscal year being hereafter referred to in this section as the State's 'combined AFDC/non-AFDC administrative costs' for that year) which is equal to or greater than 1.4, the relevant percent specified in subparagraph (A) or (B) of subsection (b)(1) (with respect to such collections) shall be increased to—

"(1) 6.5 percent, plus

"(2) one-half of 1 percent for each full two-tenths by which such ratio exceeds 1.4;

except that the percent so specified shall in no event be increased (for either AFDC collections or non-AFDC collections) to more than 10 percent. For purposes of the preceding sentence, laboratory costs incurred in determining paternity in any fiscal year may at the option of the State be excluded from the State's combined AFDC/non-AFDC administrative costs for that year.

"(d) In computing incentive payments under this section, support which is collected by one State on behalf of individuals residing in another State shall be treated as having been collected in full by each such State.

"(e) The amounts of the incentive payments to be made to the various States under this section for any fiscal year shall be estimated by the Secretary at or before the beginning of such year on the basis of the best information available. The Secretary shall make such payments for such year, on a quarterly basis (with each quarterly payment being made no later than the beginning of the quarter involved), in the amounts so estimated, reduced or increased to the extent of any overpayments or underpayments which the Secretary determines were made under this section to the States involved for prior periods and with respect to which adjustment has not already been made under this subsection. Upon the making of any estimate by the Secretary under the preceding sentence, any appropriations available for payments under this section shall be deemed obligated.".

(b) Section 454 of such Act is amended—

(1) by striking out "and" at the end of paragraph (18);

(2) by striking out the period at the end of paragraph (19) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(20) in order for the State to be eligible to receive any incentive payments under section 458, provide that, if one or more political subdivisions of the State participate in the costs of carrying out activities under the State plan during any period, each such subdivision shall be entitled to receive an appropriate share (as determined by the State) of any such incentive payments made to the State for such period, taking into account the efficiency and effectiveness of the activities carried out under the State plan by such political subdivision.".

(c) The amendments made by this section shall become effective on October 1, 1985.

90-PERCENT MATCHING FOR AUTOMATED MANAGEMENT SYSTEMS USED IN INCOME WITHHOLDING AND OTHER REQUIRED PROCEDURES

SEC. 5. (a) Section 454(16) of the Social Security Act is amended by striking out "and (D)" and inserting in lieu thereof the following: "(D) to facilitate the development and improvement of the income withholding and other procedures required under section 466(a) through the monitoring of child support payments, the maintenance of accurate records regarding the payment of child support, and the prompt provision of notice to appropriate officials with respect to any arrearages in child support payments which may occur, and (E)".

(b) Section 455(a)(1)(B) of such Act (as redesignated by section 3 of this Act) is amended—

(1) by inserting after "automatic data processing and information retrieval system" the following: "(including in such sums the full cost of the hardware components of such system)"; and

(2) by inserting before the semicolon at the end thereof the following: ", or meets such requirements without regard to clause (D) thereof".

(c) The amendments made by this section shall apply with respect to quarters beginning on or after October 1, 1984.

REQUIRED STATE PROCEDURES

SEC. 6. (a) Section 454 of the Social Security Act (as amended by section 4(b) of this Act) is amended—

(1) by striking out "and" at the end of paragraph (19);

(2) by striking out the period at the end of paragraph (20) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(21) provide that (subject to section 466(c)) the State (A) shall have in effect all of the laws required by section 466, and (B) shall implement the procedures (designed to improve child support enforcement effectiveness) which are prescribed in or pursuant to such laws.".

(b) Part D of title IV of such Act is further amended by adding at the end thereof the following new section:

"REQUIREMENT OF STATUTORILY PRESCRIBED PROCEDURES TO IMPROVE EFFECTIVENESS OF CHILD SUPPORT ENFORCEMENT

"SEC. 466. (a) Each State must enact laws requiring the use of the following procedures, consistent with regulations of the Secretary, to increase the effectiveness of the program which the State administers under this part:

"(1) Procedures described in subsection (b) for the withholding from income of amounts payable as support being collected under the plan.

"(2) Procedures under which liens are imposed against real and personal property for amounts of overdue support (as defined in subsection (d)) owed by an absent parent who resides or owns property in the State, in those cases in which the State determines that the imposition of liens is appropriate.

"(3) Procedures under which the State child support enforcement agency shall request, and the State shall provide, that for the purpose of enforcing a support order being enforced under any State plan approved under this part—

"(A) any refund of State income tax which would otherwise be payable to an absent parent will be reduced, after notice has been sent to that absent parent of the proposed reduction and the procedures to be followed to contest it (and after full compliance with all procedural due process requirements of the State), by the amount of any overdue support (as defined in subsection (d)) owed by such absent parent;

"(B) the amount by which such refund is reduced shall be distributed in accordance with section 457(b)(3) or (d)(3) in the case of overdue support assigned to a State pursuant to section 402(a)(26) or 471(a)(17), or, in the case of overdue support which a State has agreed to collect under section 454(6), shall be distributed, after deduction of any fees imposed by the State to cover the costs of collection, to the child or parent to whom such support is owed; and

"(C) notice of the absent parent's social security account number (or numbers, if he has more than one such number) and home address shall be furnished to the State agency requesting the refund offset, and to the State agency enforcing the order.

The Secretary may prescribe regulations specifying the minimum amount of a refund, and the minimum amount of overdue support, to which the procedures required by this paragraph may apply.

"(4) Procedures by which information regarding the amount of overdue support (as defined in subsection (d)) owed by an absent parent residing in the State will be made available to any consumer reporting agency (as defined in section 603(f) of the Fair Credit Reporting Act (15 U.S.C. 1681a(f))) upon the request of such agency; except that (A) if the amount of the overdue support involved in any case is less than $1,000, information regarding such amount shall be made available only at the option of the State, (B) any information with respect to an absent parent shall be made available under such procedures only after notice has been sent to such absent parent of the proposed action, and such absent parent has been given a reasonable opportunity to contest the accuracy of such information (and after full compliance with all procedural due process requirements of the State), and (C) a fee for furnishing such information, in an amount not exceeding the actual cost thereof, may be imposed on the requesting agency by the State.

"(5) Procedures which require in appropriate cases that an absent parent give security, post a bond, or give some other guarantee to secure payment of overdue support (as defined in subsection (d)), after notice has been sent to such absent parent of the proposed action and of the procedures to be fol-

lowed to contest it, and after full compliance with all procedural due process requirements of the State.

"(6) Procedures under which expedited processes are in effect under the State judicial system for establishing paternity and obtaining and enforcing child support orders. All decisions or recommendations resulting from such expedited procedures must be reviewed by a judge of the appropriate court for purposes of ratification or modification or remand, and any appellate procedures applicable under State law shall apply. The Secretary may waive the provisions of this paragraph with respect to one or more political subdivisions within the State on the basis of the effectiveness and timeliness of support order issuance and enforcement within the political subdivision (in accordance with the general rule for waivers under subsection (c)). Political subdivisions using administrative processes shall qualify for such waiver treatment on the same basis as subdivisions using judicial processes.

"(b) The procedures referred to in subsection (a)(1) (relating to the withholding from income of amounts payable as support) must provide for the following:

"(1) In the case of each absent parent against whom a support order is or has been issued or modified in the State, and is being enforced under the State plan, so much of his or her wages must be withheld, in accordance with the succeeding provisions of this subsection, as is necessary to comply with the order and provide for the payment of any fee to the employer which may be required under paragraph (6)(A), up to the maximum amount permitted under section 303(b) of the Consumer Credit Protection Act (15 U.S.C. 1673(b)). If there are arrearages to be collected, amounts withheld to satisfy such arrearages, when added to the amounts withheld to pay current support and provide for the fee, may not exceed the limit permitted under such section 303(b), but the State need not withhold up to the maximum amount permitted under such section in order to satisfy arrearages.

"(2) Such withholding must be provided without the necessity of any application therefor in the case of a child (whether or not eligible for aid under part A) with respect to whom services are already being provided under the State plan, and must be provided in accordance with this subsection on the basis of an application for services under the State plan in the case of any other child in whose behalf a support order has been issued or modified in the State. In either case such withholding must occur without the need for any amendment to the support order involved or for any further action (other than those actions required under this part) by the court or other entity which issued it.

"(3) An absent parent shall become subject to such withholding, and the advance notice required under paragraph (4) shall be given, on the earliest of—

"(A) the date on which the payments which the absent parent has failed to make under such order are at least equal to the support payable for one month,

"(B) the date as of which the absent parent requests that such withholding begin, or

"(C) such earlier date as the State may select.

"(4) Such withholding must be carried out in full compliance with all procedural due process requirements of the State, and the State must send advance notice to each absent parent to whom paragraph (1) applies regarding the proposed withholding and the procedures such absent parent should follow if he or she desires to contest such withholding on the grounds that withholding (including the amount to be withheld) is not proper in the case involved because of mistakes of fact. If the absent parent contests such withholding on such grounds, the State shall determine whether such withholding will actually occur, and (if so) shall, within no more than 30 days after the provision of such advance notice, send notice to such parent of the date on which such withholding is to begin.

"(5) Such withholding must be administered by a public agency designated by the State, and the amounts withheld must be expeditiously distributed by the State or such agency in accordance with section 457 under procedures (specified by the State) which provide for the keeping of adequate records to document payments of support and permit the tracking and monitoring of such payments, except that the State may establish or permit the establishment of alternative procedures for the collection and distribution of such amounts (under the supervision of such public agency) otherwise than through such public agency so long as the entity making such collection and distribution is publicly accountable for its actions taken in carrying out such procedures, and so long as such procedures will assure prompt distribution, provide for the keeping of adequate records to document payments of support, and permit the tracking and monitoring of such payments.

"(6)(A)(i) The employer of any absent parent to whom paragraph (1) applies, upon being given notice as described in clause (ii), must be required to withhold from such absent parent's wages the amount specified by such notice (which may include a fee, established by the State, to be paid to the employer unless waived by him or her) and pay such amount (after deducting and retaining any portion thereof which represents the fee so established) to the appropriate agency (or other entity authorized to collect the amounts withheld under the alternative procedures described in paragraph (4)) for distribution in accordance with section 457.

"(ii) The notice given to the employer shall contain only such information as may be necessary for the employer to comply with the withholding order.

"(B) Methods must be established by the State to simplify the withholding process for employers to the greatest extent possible, including permitting any employer to combine all withheld amounts into a single payment to the appropriate agency or agencies (with the portion thereof which is attributable to each individual employee being separately designated).

"(C) The employer must be held liable to the State for any amount which such employer fails to withhold from wages due an employee when such amount is required under this subsection to be so withheld following receipt by such employer of proper notice under subparagraph (A), but such employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this paragraph.

"(D) Provision must be made for the imposition of a fine against any employer who discharges from employment, refuses to employ, or takes disciplinary action against any absent parent subject to wage withholding required by this subsection because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer.

"(7) Provision must be made under State law for the priority of support collection under this subsection over any other legal process under State law against the same wages.

"(8) The State may take such actions as may be necessary to extend its system of withholding under this subsection so that such system will include withholding from forms of income other than wages, or will include the imposition of bonding or other requirements in cases involving absent parents with income from sources other than wages, in order to assure that child support owed by absent parents in the State will be collected without regard to the types of such absent parents' income or the nature of their income-producing activities.

"(9) The State must extend its withholding system under this subsection so that such system will include withholding from income derived within such State in cases where the applicable support orders were issued in other States, in order to assure that child support owed by absent parents in such State or any other State will be collected without regard to the residence of the child for whom the support is payable or of such child's custodial parent.

"(10) Provision must be made for terminating withholding.

"(c) If a State demonstrates to the satisfaction of the Secretary, through the presentation to the Secretary of such data pertaining to caseloads, processing times, administrative costs, and average support collections, and such other actual data or estimates as the Secretary may specify, that the enactment of any law or the use of any procedure or procedures required by or pursuant to this section will not increase the effectiveness and efficiency of the State child support enforcement program, the Secretary may exempt the State, subject to the Secretary's continuing review and to termination of the exemption should circumstances change, from the requirement to enact the law or use the procedure or procedures involved.

"(d) For purposes of this section, the term 'overdue support' means the amount of a delinquency (which has continued for such minimum period of time as established by the Secretary) pursuant to an obligation determined under a court order, or an order of an administrative process established under State law, for support and maintenance of a minor child, which is owed to or on behalf of a minor child. At the option of the State, overdue support may include spousal support in the same manner as spousal support may be included for purposes of paragraphs (4) and (6) of section 454. At the option of the State, overdue support may include amounts which otherwise meet the definition in the first sentence of this subsection but which are owed to or on behalf of a child who is not a minor child. The option to include spousal support, and the option to include support owed to children who are not minors, shall each apply independently to each procedure required under this section.".

(c) Section 454(6)(B) of such Act is amended to read as follows: "(B) an application fee for furnishing such services shall be imposed, which shall be paid by the individual applying for such services, or recovered from the absent parent, or paid by the State out of its own funds (the payment of which from State funds shall not be considered as an administrative cost of the State for the operation of the plan, and shall not be considered revenue to the program), the amount of

which (i) will not exceed $25 (or such higher or lower amount (which shall be uniform for all States) as the Secretary may determine to be appropriate for fiscal years after fiscal year 1985 to reflect increases or decreases in administrative costs), and (ii) may vary among such individuals on the basis of ability to pay (as determined by the State), and".

(d)(1) Section 454 of such Act (as amended by sections 5(b) and 6(a) of this Act) is amended—

(A) by striking out "and" at the end of paragraph (20);

(B) by striking out the period at the end of paragraph (21) and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new paragraph:

"(22)(A) impose a late payment fee on all overdue support (as defined in section 466(d)) under any obligation being enforced by the State agency, in an amount equal to a uniform percentage determined by the State (which may not be less than 3 percent nor more than 10 percent) of the overdue support, which shall be payable by the absent parent owing the overdue support; and

"(B) assure that the fee will be collected in addition to, and only after full payment of, the overdue support, and that the imposition of the late payment fee shall not directly or indirectly result in a decrease in the amount of the overdue support which is paid to the child to whom, or on whose behalf, it is owed.".

(e) Section 454(5) of the Social Security Act is amended by inserting after "directly to the family" the following: ", and the individual will be notified at least annually of the amount of the support payments collected;".

(f)(1) Except as provided in paragraphs (2) and (3), the amendments made by this section shall become effective on October 1, 1984.

(2) Section 454(22) of the Social Security Act shall become effective with respect to support owed for any month beginning after the date of the enactment of this Act.

(3) In the case of a State with respect to which the Secretary of Health and Human Services has determined that State legislation is required in order to conform the State plan approved under part D of title IV of the Social Security Act to the requirements imposed by any amendment made by this section, the State plan shall not be regarded as failing to comply with the requirements of such part solely by reason of its failure to meet the requirements imposed by such amendment prior to the beginning of the fourth month beginning after the end of the first session of the State legislature which ends on or after October 1, 1984. For purposes of the preceding sentence, the term "session" means a regular, special, budget, or other session of a State legislature.

PERIODIC REVIEW OF EFFECTIVENESS OF STATE PROGRAMS; MODIFICATION OF PENALTY

SEC. 7. (a)(1) Section 452(a)(4) of the Social Security Act is amended by striking out "not less often than annually" and inserting in lieu thereof "not less often than once every three years (or not less often than annually in the case of any State to which a reduction is being applied under section 403(h)(1), or which is operating under a corrective action plan in accordance with section 403(h)(2))".

(2) Section 402(a)(27) of such Act is amended by striking out "operate a child support program in conformity with such plan" and inserting in lieu thereof "operate a child support program in substantial compliance with such plan".

(b) Section 403(h) of such Act is amended to read as follows:

"(h)(1) If a State's program operated under part D is found as a result of a review conducted under section 452(a)(4) not to comply substantially with the requirements of such part, the amount otherwise payable to such State under this part for any quarter beginning after September 30, 1983, shall be reduced by—

"(A) not less than one nor more than two percent, or

"(B) not less than two nor more than three percent, if the finding is the second consecutive such finding made as a result of such a review, or

"(C) not less than three nor more than five percent, if the finding is the third or a subsequent consecutive such finding made as a result of such a review.

"(2)(A) The reductions required under paragraph (1) shall be suspended for any quarter if—

"(i) the State submits a corrective action plan, within a period prescribed by the Secretary following notice of the finding under paragraph (1), which contains steps necessary to achieve substantial compliance within a time period which the Secretary finds to be appropriate;

"(ii) the Secretary does not disapprove such corrective action plan as being insufficient to achieve substantial compliance; and

"(iii) the Secretary finds that the corrective action plan (or any amendment thereto not disapproved by the Secretary under clause (ii)), is being fully implemented by the State and that the State is progressing in accordance with the timetable contained in the plan to achieve substantial compliance with such requirements.

"(B) A suspension of the penalty under subparagraph (A) shall continue until such time as the Secretary determines that—

"(i) the State has achieved substantial compliance, or

"(ii) the State is failing to implement its corrective action plan or has failed to achieve substantial compliance within the appropriate time period (as specified in subparagraph (A)(i)).

"(C) In the case of a State whose penalty suspension ends pursuant to subparagraph (B)(i), the penalty shall not be applied to any quarter during the suspension period. In the case of a State whose penalty suspension ends pursuant to subparagraph (B)(ii), the penalty shall then be applied to all quarters during the suspension period, and in determining the percentage reduction, all reviews carried out during the suspension period shall be considered to be consecutive findings.

"(3) Any reduction under this subsection, whether taken following a finding by the Secretary that the State's plan does not meet the requirements of this part, or that the State is failing to implement its corrective action plan, shall continue until the first quarter throughout which the State is found to be in substantial compliance with all such requirements or throughout which the reduction has been suspended by reason of paragraph (2).

"(4) For purposes of this subsection, section 402(a)(27), and section 452(a)(4), a State which is not in full compliance with the requirements of this part shall be determined to be in substantial compliance with such requirements only if the Secretary determines that any noncompliance with such requirements is of a technical nature which does not adversely affect the performance of the child support enforcement program.".

(c) The amendments made by this section shall become effective on October 1, 1983.

SPECIAL PROJECT GRANTS FOR INTERSTATE ENFORCEMENT

SEC. 8. Section 455 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(e)(1) In order to encourage and promote the development and use of more effective methods of enforcing support obligations under this part in cases where either the children on whose behalf the support is sought or their absent parents do not reside in the State where such cases are filed, the Secretary is authorized to make grants, in such amounts and on such terms and conditions as the Secretary determines to be appropriate, to States which propose to undertake new or innovative methods of support collection in such cases and which will use the proceeds of such grants to carry out special projects designed to demonstrate and test such methods.

"(2) A grant under this subsection shall be made only upon a finding by the Secretary that the project involved is likely to be of significant assistance in carrying out the purpose of this subsection. The Secretary may waive any of the requirements of this part which would otherwise be applicable, to such extent and for such period as the Secretary determines is necessary or desirable in order to enable the State to carry out such project.

"(3) At the time of its application for a grant under this subsection the State shall submit to the Secretary a statement describing in reasonable detail the project for which the proceeds of the grant are to be used, and the State shall from time to time thereafter submit to the Secretary such reports with respect to the project as the Secretary may specify.

"(4) Amounts expended by a State in carrying out a special project assisted under this subsection shall be considered, for purposes of section 458(b), to have been expended for the operation of the State's plan approved under section 454.

"(5) There are authorized to be appropriated $5,000,000 for fiscal year 1985, $10,000,000 for fiscal year 1986, and $15,000,000 for fiscal year 1987 and each fiscal year thereafter, to be used by the Secretary in making grants under this subsection.".

EXTENSION OF SECTION 1115 DEMONSTRATION AUTHORITY TO CHILD SUPPORT ENFORCEMENT PROGRAM

SEC. 9. (a) Section 1115(a) of the Social Security Act is amended—

(1) by striking out "part A" in the matter preceding paragraph (1) and inserting in lieu thereof "part A or D";

(2) by striking out "402," in paragraph (1) and inserting in lieu thereof "402, 454,"; and

(3) by striking out "403," in paragraph (2) and inserting in lieu thereof "403, 455,".

(b) Section 1115 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) In the case of any experimental, pilot, or demonstration project undertaken under subsection (a) to assist in promoting the objectives of part D of title IV, the project—

"(1) must be designed to improve the financial well-being of children or otherwise improve the operation of the child support program;

"(2) may not permit modifications in the child support program which would have the effect of disadvantaging children in need of support; and

"(3) must not result in increased cost to the Federal Government under the program of aid to families with dependent children.".

MODIFICATIONS IN CONTENT OF ANNUAL REPORT OF THE SECRETARY

Sec. 10. (a) Section 452(a)(10)(C) of the Social Security Act is amended to read as follows:

"(C) the following data, with the data required under each clause being separately stated for cases where the child is receiving aid to families with dependent children (or foster care maintenance payments under part E), cases where the child was formerly receiving such aid or payments and the State is continuing to collect support assigned to it under section 402(a)(26) or 471(a)(17), and all other cases:

"(i) the total number of cases in which a support obligation has been established in the fiscal year for which the report is submitted, and the total amount of such obligations;

"(ii) the total number of cases in which a support obligation has been established, and the total amount of such obligations;

"(iii) the number of cases described in clause (i) in which support was collected during such fiscal year, and the total amount of such collections;

"(iv) the number of cases described in clause (ii) in which support was collected during such fiscal year, and the total amount of such collections; and

"(v) the number of child support cases filed in each State, and the amount of the collections made in each State, on behalf of children residing in another State or against parents residing in another State;".

(b) Section 452(a) of such Act is amended—

(1) by striking out "and" at the end of subparagraph (G);

(2) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof "; and"; and

(3) by inserting after subparagraph (H) the following new subparagraph:

"(I) the amount of administrative costs which are expended in each functional category of expenditures, including establishment of paternity.".

(c) The amendments made by this section shall be effective for reports for fiscal year 1986 and each fiscal year thereafter.

CHILD SUPPORT ENFORCEMENT FOR CERTAIN CHILDREN IN FOSTER CARE

Sec. 11. (a)(1) Section 457 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the preceding provisions of this section, amounts collected by a State as child support for months in any period on behalf of a child for whom a public agency is making foster care maintenance payments under part E—

"(1) shall be retained by the State to the extent necessary to reimburse it for the foster care maintenance payments made with respect to the child during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(2) shall be paid to the public agency responsible for supervising the placement of the child to the extent that the amounts collected exceed the foster care maintenance payments made with respect to the child during such period but not the amounts required by a court or administrative order to be paid on behalf of the child during such period; and the responsible agency may use the payments in the manner it determines will serve the best interests of the child, including setting such payments aside for the child's future needs or making all or a part thereof available to the person responsible for meeting the child's day-to-day needs; and

"(3) shall be retained by the State, if any portion of the amounts collected remains after making the payments required under paragraphs (1) and (2), to the extent that such portion is necessary to reimburse the State (with appropriate reimbursement to the Federal Government to the extent of its participation in the financing) for any past foster care maintenance payments (or payments of aid to families with dependent children) which were made with respect to the child (and with respect to which past collections have not previously been retained);

and any balance shall be paid to the State agency responsible for supervising the child care placement, for use by such agency in accordance with paragraph (2).".

(2) Section 457(b) of such Act is amended by inserting "(subject to subsection (d))" after "shall" in the matter preceding paragraph (1).

(b) Part D of title IV of such Act is further amended—

(1) in section 454(4)(B), by inserting "including an assignment with respect to a child on whose behalf a State agency is making foster care maintenance payments under part E," immediately after "such assignment is effective,", and by inserting "or E" immediately after "part A"; and

(2) in section 456(a), by inserting "or secured on behalf of a child receiving foster care maintenance payments" immediately after "section 402(a)(26)".

(c) Section 471(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (15);

(2) by striking out the period at the end of paragraph (16) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(17) provides that, where appropriate, all steps will be taken, including cooperative efforts with the State agencies administering the plans approved under parts A and D, to secure an assignment to the State of any rights to support on behalf of each child receiving foster care maintenance payments under this part.".

(d) Section 464(a) of such Act is amended—

(1) by inserting "or section 471(a)(17)" after "402(a)(26)"; and

(2) by inserting "or (d)(3)" after "457(b)(3)".

(e) The amendments made by this section shall become effective on the date of the enactment of this Act, and shall apply to collections made on or after that date.

CONTINUATION OF SUPPORT ENFORCEMENT FOR AFDC RECIPIENTS WHOSE BENEFITS ARE BEING TERMINATED

Sec. 12. (a) Section 457(c) of the Social Security Act is amended—

(1) by striking out "may" in the matter preceding paragraph (1) and inserting in lieu thereof "shall"; and

(2) by striking out "the net amount of" in paragraph (2), and by striking out "to the family" and all that follows in such paragraph and inserting in lieu thereof "to the family (without any application) on the same basis as in the case of other individuals who are not receiving assistance under part A of this title,".

(b) The amendments made by subsection (a) shall become effective on October 1, 1984.

INCREASED AVAILABILITY OF FEDERAL PARENT LOCATOR SERVICE TO STATE AGENCIES

Sec. 13. (a) Section 453(f) of the Social Security Act is amended by striking out ", after determining that the absent parent cannot be located through the procedures under the control of such State agencies,".

(b) The amendment made by this section shall become effective on the date of the enactment of this Act.

AVAILABILITY OF SOCIAL SECURITY NUMBERS FOR CHILD SUPPORT ENFORCEMENT PURPOSES

Sec. 14. (a) Section 453(b) of the Social Security Act is amended by inserting "the social security account number (or numbers, if he has more than one such number) and" before "the most recent address".

(b)(1) Section 6103(l)(6)(A)(i) of the Internal Revenue Code of 1954 is amended by inserting "social security account number (or numbers, if he has more than one such number)," before "address".

(2) Section 6103(l)(8)(A) of such Code is amended by inserting "the social security account number (or numbers, if he has more than one such number)," before "net earnings".

(c) The amendments made by this section shall become effective on the date of the enactment of this Act.

LIMITATION ON DISCHARGE IN BANKRUPTCY OF CHILD SUPPORT OBLIGATIONS

Sec. 15. (a) Section 523(a)(5) of title 11, United States Code, is amended—

(1) by inserting after "property settlement agreement," the following: "or any other order, resulting from a judicial or administrative proceeding, requiring the payment of such alimony, maintenance, or support,"; and

(2) by striking out "pursuant to section 402(a)(26)" and inserting in lieu thereof "to the State for collection under the State plan approved under part D of title IV".

(b) Section 456(b) of the Social Security Act is amended by striking out "under section 402(a)(26)" and inserting in lieu thereof "for collection under the State plan approved under this part".

(c) The amendments made by this section shall become effective on the date of the enactment of this Act.

COLLECTION OF PAST-DUE SUPPORT FROM FEDERAL TAX REFUNDS

Sec. 16. (a) Section 464(a) of the Social Security Act is amended by inserting "(1)" after "Sec. 464. (a)" and by adding at the end thereof the following new paragraphs:

"(2) Upon receiving notice from a State agency administering a plan approved under this part that a named individual owes past-due support (as that term is defined for purposes of this paragraph under subsection (c)) which such State has agreed to collect under section 454(6), and that the State agency has sent notice to such individual in accordance with paragraph (3), the Secretary of the Treasury shall determine whether any amounts, as refunds of Federal taxes paid, are payable to such individual (regardless of whether such individual filed a tax return as a married or unmarried individual). If the Secretary of the Treasury finds that any such amount is payable, he shall withhold from such refunds an amount equal to such past-due support, and shall concurrently send notice to such individual

that the withholding has been made and send notice to any other person who may have filed a joint return with such individual of the steps which such other person may take in order to secure his or her proper share of the refund. The Secretary of the Treasury shall pay the amount withheld to the State agency, and the State shall pay to the Secretary of the Treasury any fee imposed by the Secretary of the Treasury to cover the costs of the withholding and any required notification. The State agency shall, subject to paragraph (4), distribute such amount to or on behalf of the child to whom the support was owed.

"(3) Prior to notifying the Secretary of the Treasury under paragraph (2) that an individual owes past-due support, the State shall send notice to such individual that a withholding will be made from any refund otherwise payable to such individual. The notice shall also instruct the individual owing the past-due support of the steps which may be taken to contest the State's determination that past-due support is owed or the amount of the past-due support. The notice shall also provide information, as may be prescribed by the Secretary of Health and Human Services by regulation, with respect to procedures to be followed, in the case of a joint return, to protect the share of the refund which may be payable to another person.

"(4) If the Secretary of the Treasury determines that an amount should be withheld under paragraph (2), and that the refund from which it should be withheld is based upon a joint return, the Secretary of the Treasury shall notify the State that the withholding is being made from a refund based upon a joint return, and shall furnish to the State the names and addresses of each taxpayer filing such joint return. The State may delay distribution of the amount withheld in the case of such a withholding until the State has been notified by the Secretary of the Treasury that the other person filing the joint return has received his or her proper share of the refund, but such delay may not exceed six months.

"(5) If the other person filing the joint return with the named individual owing the past-due support takes appropriate action to secure his or her proper share of a refund from which a withholding was made under paragraph (2), the Secretary of the Treasury shall pay such share to such other person. The Secretary of the Treasury shall deduct the amount of such payment from amounts subsequently payable to the State agency to which the amount originally withheld from such refund was paid.

"(6) In any case in which an amount was withheld under paragraph (2) and paid to a State, and the State subsequently determines that the amount certified as past-due support was in excess of the amount actually owed at the time the amount withheld is to be distributed to or on behalf of the child, the State shall pay the excess amount withheld to the named individual thought to have owed the past-due support (or, in the case of amounts withheld on the basis of a joint return, jointly to the parties filing such return).".

(b) Section 464(b) of such Act is amended—

(1) by inserting "(1)" after "(b)";

(2) by adding at the end of paragraph (1) as so redesignated the following: "Any fee paid to the Secretary pursuant to this subsection may be used to reimburse appropriations which bore all or part of the cost of applying such procedure."; and

(3) by adding at the end thereof the following new paragraph:

"(2) In the case of withholdings made under subsection (a)(2), the regulations promulgated pursuant to this subsection shall include the following requirements:

"(A) The withholding shall apply only in the case where the State determines that the amount of the past-due support which will be owed at the time the withholding is to be made, based upon the pattern of payment of support and other enforcement actions being pursued to collect the past-due support, is equal to or greater than $500. The State may limit the $500 threshhold amount to amounts of past-due support accrued since the time that the State first began to enforce the child support order involved under the State plan, and may limit the application of the withholding to past-due support accrued since such time.

"(B) The fee which the Secretary of the Treasury may impose to cover the costs of the withholding and notification may not exceed $25 per case submitted.".

(c) Section 464(c) of such Act is amended—

(1) by striking out "(c) As used in this part" and inserting in lieu thereof "(c)(1) Except as provided in paragraph (2), as used in this part"; and

(2) by adding at the end thereof the following new paragraph:

"(2) For purposes of subsection (a)(2), the term 'past-due support' means only past-due support owed to or on behalf of a minor child.".

(d) Section 454(6) of the Social Security Act is amended—

(1) by redesignating clause (C) as clause (D);

(2) by striking out "fee so imposed" in clause (D) as so redesignated and inserting in lieu thereof "fees so imposed"; and

(3) by striking out ", and" at the end of clause (B) and inserting in lieu thereof ", (C) a fee of not more than $25 may be imposed in any case where the State requests the Secretary of the Treasury to withhold past-due support owed to or on behalf of such individual from a tax refund pursuant to section 464(a)(2), and".

(e)(1) Section 6402(c) of the Internal Revenue Code of 1954 is amended—

(A) by striking out "to which such support has been assigned" and inserting in lieu thereof "collecting such support"; and

(B) by inserting before the last sentence thereof the following: "A reduction under this subsection shall be applied first to satisfy any past-due support which has been assigned to the State under section 402(a)(26) or 471(a)(17) of the Social Security Act, and shall be applied to satisfy any other past-due support after any other reductions allowed by law (but before a credit against future liability for an internal revenue tax) have been made.".

(2) Section 6402 of such Code is further amended by adding at the end thereof the following new subsection:

"(d) Treatment of Payments to States.—The Secretary may provide that, for purposes of determining interest, the payment of any amount withheld under subsection (c) to a State shall be treated as a payment to the person or persons making the overpayment.".

(f)(1) Section 6103(l) of such Code is amended by adding at the end thereof the following new paragraph:

"(9) Disclosure of certain information to agencies requesting a reduction under section 6402(c).—

"(A) Return information from Internal Revenue Service.—The Secretary shall, upon receiving a written request, disclose to officers and employees of a State agency seeking a reduction under section 6402(c)—

"(i) the fact that a reduction has been made or has not been made under such subsection with respect to any taxpayer;

"(ii) the amount of such reduction;

"(iii) whether such taxpayer filed a joint return;

"(iv) Taxpayer Identity information with respect to the taxpayer against whom a reduction was made or not made and of any other person filing a joint return with such taxpayer; and

"(v) the fact that a payment was made (and the amount of the payment) on the basis of a joint return in accordance with section 464(a)(5) of the Social Security Act.

"(B) Restriction on use of disclosed information.—Any officers and employees of an agency receiving return information under subparagraph (A) shall use such information only for the purposes of, and to the extent necessary in, establishing appropriate agency records or in the defense of any litigation or administrative procedure ensuing from a reduction made under section 6402(c).".

(2) Section 6103(p)(3)(A) of such Code is amended by striking out "(l)(1), (4)(B), (5), (7), or (8)" and inserting in lieu thereof "(l)(1), (4)(B), (5), (7), (8), or (9)".

(3) Section 6103(p)(4) of such Code is amended by striking out "(l)(1), (2), or (5)" and inserting in lieu thereof "(l)(1), (2), (5), or (9)".

(4) Section 6103(p)(4)(F)(ii) of such Code is amended by striking out "(l)(1), (2), (3), or (5)" and inserting in lieu thereof "(l)(1), (2), (3), (5), or (9)".

(5) Section 7213(a)(2) of such Code is amended by striking out "(l) (6), (7), or (8)" and inserting in lieu thereof "(l) (6), (7), (8), or (9)".

(g) The amendments made by this section shall apply with respect to refunds payable under section 6402 of the Internal Revenue Code of 1954 after December 31, 1985.

STATE GUIDELINES FOR CHILD SUPPORT AWARDS

Sec. 17. (a) Part D of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"STATE GUIDELINES FOR CHILD SUPPORT AWARDS

"Sec. 467. (a) Each State, as a condition for having its State plan approved under this part, must establish guidelines for child support award amounts within the State. The guidelines may be established by law or by judicial or administrative action.

"(b) The guidelines established pursuant to subsection (a) shall be made available to all judges and other officials who have the power to determine child support awards within such State, but need not be binding upon such judges or other officials.

"(c) The Secretary shall furnish technical assistance to the States for establishing the guidelines, and each State shall furnish the Secretary with copies of its guidelines.".

(b) The amendment made by subsection (a) shall become effective on October 1, 1986.

WISCONSIN CHILD SUPPORT INITIATIVES

Sec. 18. (a)(1) If the State of Wisconsin requests the Secretary of Health and Human Services to waive the requirements of parts A and D of title IV of the Social Security Act, or to waive the requirements of part D and only those requirements of part A of such Act as relate to the provision of aid to dependent children as defined in section 406(a) of the Social Security Act (hereafter referred to in this section as "dependent children in single-parent families"), in order to permit the State to make an adequate test in any county or counties, or throughout the State, of its Child Support Initiative, the Secretary shall waive such requirements if—

(A) the State provides a complete description, in accordance with paragraph (2), of the program, known as the Initiative, which it will operate in place of the programs under such parts A and D, and makes the description readily available to the public throughout the State;

(B) the Governor provides assurances that, under the Initiative, assistance will be provided to all children in need of financial support, and the State will continue to operate an effective child support enforcement program;

(C) the State agrees that, during the conduct of such test, it will continue to determine eligibility for medical assistance under the State plan approved under title XIX of the Social Security Act, applying the criteria (insofar as may be applicable to members of families with dependent children affected by the Initiative) in effect under its State plan approved under part A of title IV for the month preceding the month in which the Initiative (approved under this section) becomes effective, except that such criteria shall be deemed to have been changed to the extent necessary to comply with generally applicable changes in Federal law or regulations occurring after the date of the enactment of this Act;

(D) the State specifies measurable performance objectives, submits an evaluation plan (including criteria for evaluating the Initiative), and agrees to submit interim and final evaluations and reports, at such time or times and containing such information, as the Secretary may require; and

(E) the State agrees to obtain, at least once every two years, a financial and compliance audit of the funds received under this section and to obtain, after the close of the operation of the Initiative under this section, such an audit and make it public within the State on a timely basis and provide a copy to the Secretary within 30 days after its completion.

(2) The program description provided under paragraph (1)(A) shall describe in detail how the proposed Initiative will affect children and families, with specific reference to the principles for calculating benefits and establishing and enforcing child support obligations. The description shall also include estimates of cost and program effects and provide other relevant information necessary for the Secretary to determine whether the financial well-being of children and their families will be adversely affected by the operation of the Initiative.

(b) The Child Support Initiative proposed by the State of Wisconsin as detailed in the program description submitted to the Secretary, and the related requested waivers, shall become effective within 120 days after its submission unless the Secretary determines that the financial well-being of children in the State will be adversely affected by the Initiative. The Secretary shall notify the State in writing that, effective with the beginning of the following quarter (or of such later quarter as the State may select), the State may operate its Child Support Initiative instead of its programs of aid to families with dependent children (or, if the State had so requested, instead of its program of aid to dependent children in single-parent families) and child support enforcement in such county or counties, or on a statewide basis, as the State has indicated in its request.

(c)(1) For each quarter during which such program is in effect throughout the State, the Secretary will pay to the State with respect to any quarter the sum of its proportionate share (as defined in paragraph (4)(A)) of each of the following:

(A) the amount advanced by the Secretary to all the other States (as defined in section 1101(a) of the Social Security Act) for such quarter with respect to section 403(a)(1) and (2) of such Act;

(B) the amount so advanced by the Secretary with respect to section 403(a)(3) of such Act;

(C) the amount so advanced by the Secretary with respect to section 455(a) of such Act; and

(D) the amount so advanced by the Secretary with respect to section 458(a) of such Act;

reduced by so much of its proportionate share of support collections on behalf of individuals receiving aid to families with dependent children (as defined in paragraph (4)(B)) as would have been credited to the Federal Government under section 457(b) of such Act had such collections been made in the last quarter of fiscal year 1986.

(2) If in any quarter the Initiative approved under this section is in operation in fewer than all the counties in the State, the amount paid to the State with respect to the counties to which the waiver under subsection (a) applies shall equal (in lieu of the amount specified in paragraph (1)), the proportionate share with respect to the counties in which the Initiative is operated (as defined in paragraph (5)(A)) of the amount advanced to the State under the four authorities specified in paragraph (1) with respect to all the other counties for such quarter, reduced by so much of the proportionate share of support collections (as defined in paragraph (5)(B)) with respect to the counties in which the Initiative is operated, as would have been credited to the Federal Government under section 457(b) of such Act had such collections been made in the last quarter of fiscal year 1985.

(3) Payment under this subsection shall be estimated by the Secretary before the beginning of each quarter during which the Initiative is in effect on the basis of the advances made under parts A and D of title IV of the Social Security Act for such quarter, and the Secretary shall make payments for such quarter on a monthly basis (with each payment made no later than the beginning of the month involved), in the amounts so estimated, and adjusted as necessary to reflect the amount of any previously made overpayment or underpayment under this section. Payment of any amount determined with respect to paragraphs (1)(A) and (1)(B) shall be made from amounts appropriated to carry out part A of title IV of the Social Security Act for the appropriate fiscal year; payment of any amount determined with respect to paragraphs (1)(C) and (1)(D) shall be made from amounts appropriated to carry out part D of title IV of the Social Security Act.

(4)(A) The State's proportionate share of each amount enumerated in paragraph (1) shall be the portion of such amount that bears the same ratio to such amount as the corresponding portion advanced to the State for quarters in fiscal years 1984 through 1986 bears to the total corresponding amount advanced to all the other States for such quarters.

(B) The State's proportionate share of support collections means the amount that bears the same ratio to such collections on behalf of individuals receiving aid to families with dependent children by all the other States for the quarter involved as such collections by the State for quarters in fiscal years 1984 through 1986 bear to the total of such collections by all the other States for such quarters.

(5)(A) The proportionate share with respect to the counties in which the Initiative is operated, in the case of—

(i) the amount advanced to the State under section 403(a)(1) of the Social Security Act;

(ii) the amount advanced to the State under section 403(a)(3) of such Act;

(iii) the amount advanced to the State under section 455(a) of such Act; and

(iv) the amount advanced to the State with respect to section 458(a) of such Act;

is the sum of such amounts, each having been multiplied by the ratio of (I) the corresponding amount advanced with respect to such counties for all quarters in fiscal years 1984 through 1986 to (II) the corresponding amount advanced with respect to all the other counties in the State for all such quarters.

(B) The proportionate share of support collections for any quarter, with respect to the counties in which the Initiative is operated, means the amount that bears the same ratio to such collections on behalf of individuals receiving aid to families with dependent children with respect to all the other counties in the State for such quarter as such collections by such counties for quarters in fiscal years 1984 through 1986 bear to the total of such collections by all the other counties in the State for such quarters.

(6) If the State requests, under subsection (a), waiver of only those requirements under part A of title IV of the Social Security Act as relate to the provision of aid to dependent children in single-parent families, and continues to operate its program of aid to families with dependent children deprived by reason of the unemployment of a parent—

(A) the State's proportionate share of the amount specified in paragraph (1)(A) (and only that amount) shall be computed under paragraph (4) by application of the ratio of (i) the amount advanced to the State, under section 403(a)(1) of the Social Security Act for quarters in fiscal years 1984 through 1986 with respect to expenditures in the form of aid to dependent children in single-parent families, to (ii) the amount advanced to all the other States, under section 403(a)(1) and (2) of such Act with respect to such expenditures, rather than by application of the ratio specified in paragraph (4); and

(B) part A of title IV of such Act shall continue to apply to the State's program of aid to families with dependent children deprived by reason of the unemployment of a parent; except that section 403(a)(3) shall not apply during the period, and in the part or parts of the State, that the Initiative is in effect.

(d)(1) The State may cease to conduct the Initiative under this section and (if it so chooses) return to the administration of its plans approved under part A and part D of title IV of the Social Security Act upon the provision to the Secretary of at least 3 months notice (or such greater advance notice as may be necessary so that administration of such plans will resume at the beginning of a quarter in the fiscal year).

(2) The Secretary may terminate approval of the Initiative upon the giving of 3 months

advance notice (or such greater amount as specified in paragraph (1)) to the State if it is determined that the financial well-being of children in the State (or county or counties involved) would be better achieved by the operation of programs under part A and part D of title IV of the Social Security Act.

(e) This section shall be in effect for quarters beginning after September 30, 1986, and ending before October 1, 1994.

SENSE OF THE CONGRESS THAT STATE AND LOCAL GOVERNMENTS SHOULD FOCUS ON THE PROBLEMS OF CHILD CUSTODY, CHILD SUPPORT, AND RELATED DOMESTIC ISSUES

SEC. 19. (a) The Congress finds that—

(1) the divorce rate in the United States has reached alarming proportions and the number of children being raised in single parent families has grown accordingly;

(2) there is a critical lack of child support enforcement, which Congress has undertaken to address through the child support enforcement program;

(3) Congress is strengthening that program to recognize the needs of all children;

(4) related domestic issues, such as visitation rights and child custody, are often intricately intertwined with the child support problem and have received inadequate consideration; and

(5) these related issues remain within the jurisdiction of State and local governments, but have a critical impact on the health and welfare of the children of the Nation.

(b) It is the sense of Congress that—

(1) State and local governments must focus on the vital issues of child support, child custody, visitation rights, and other related domestic issues that are properly within the jurisdictions of such governments;

(2) all individuals involved in the domestic relations process should recognize the seriousness of these matters to the health and welfare of our Nation's children and assign them the highest priority; and

(3) a mutual recognition of the needs of all parties involved in divorce actions will greatly enhance the health and welfare of America's children and families.

Mr. DOLE. Mr. President, I rise in support of the Finance Committee amendment in the nature of a substitute to H.R. 4325, the Child Support Enforcement Amendments of 1984. The House of Representatives passed H.R. 4325 on November 16, 1983, by a vote of 422 yeas to 0 nays. The substitute was unanimously approved by the committee on March 23, 1984. The administration strongly supports the Finance Committee amendments to H.R. 4325, many of which were contained in the administrations' own child support enforcement reform legislation, S. 1691, introduced on July 27, 1983, and cosponsored by every majority member of the Finance Committee. I urge my colleagues to support the Finance Committee substitute and vote to send the bill to conference without delay.

The chairman of the subcommittee on Social Security and Income Maintenance programs (Mr. ARMSTRONG) will assume the duties of floor manager for this important bill and will describe the major provisions of the substitute. I would like to take this opportunity to commend the Senator from Colorado (Mr. ARMSTRONG) for the effective leadership he has demonstrated in helping to move this legislation through the committee. Senator ARMSTRONG is the chief sponsor of S. 1691 and chaired hearings on the reform proposal in his subcommittee and in the full committee. Senators PACKWOOD, DURENBERGER, and GRASSLEY were especially active in the development of the proposals we are considering today. On the minority side, Senator BRADLEY supplied important input. In addition to these committee members, Senators KASSEBAUM, HAWKINS, HATCH, and TRIBLE provided valuable support during the legislation's development. For several months, these members and their staffs worked with representatives of the administration and members of the Finance Committee staff to develop a consensus package for consideration by the committee. The committee needed only 1 day for markup of the package and the substitute was unanimously approved by the committee on Friday, March 23.

Mr. President, I would like to acknowledge and commend the longstanding interest in this program demonstrated by the ranking minority member of the Finance Committee, the senior Senator from Louisiana. Senator LONG is rightly known as the "father" of the child support enforcement program and his advice and counsel was valuable in the development of the committee substitute. I want to assure the Senator from Louisiana that this Senator feels the same dedication to the success of this program that he has indicated over the years. Our interest in child support enforcement will not end with the enactment of these amendments.

Finally, I would like to recognize the efforts of the President and those of the Secretary of Health and Human Services, Margaret Heckler, in guiding this legislation through the House and the Finance Committee. Mrs. Heckler has made the child support program one of her highest priorities. Beyond the passage of this legislation and its effective implementation, Mrs. Heckler plans a child support symposium here in Washington during the month of August. It is my understanding that she intends to bring together Governors, State legislators, State administrators, judicial officials, and parents to discuss the problems of child support enforcement, child custody and visitation issues. The President, as Senator LONG pointed out during our hearings, has been a supporter of a strong child support program since his days as Governor of California. The program can look forward to his continued interest and enthusiasm.

THE CHILD SUPPORT PROBLEM

Many of us are familiar with the grim statistics surrounding the payment—or nonpayment—of child support. According to the U.S. Census Bureau, more than 8.4 million women in 1981 were raising children whose fathers were absent; 30 percent of these women and children were living in poverty. Although most of the women should receive child support payments, obligations have been established on behalf of only 4 million of them.

More than one-half of those 4 million received only partial payment of child support or received no payment at all. The Census Bureau estimates that these defaults are depriving children of nearly $4 billion in properly due child support each year. Clearly, this lack of support is a significant factor in the increase in the number of women and children in poverty.

Even more alarming than the fact that regular child support payments are made in such a small percentage of cases is the fact that there has been a steady decline in the amount of support being received. The Census Bureau study indicated that there has been a steady decline in the amount of support being received. The Census Bureau study indicated that for those who did receive child support, payments after adjustment for inflation averaged about 16 percent lower in 1981 than in 1978. Payments were also being received in fewer cases in 1981 than in 1978.

The problem will not get any smaller. Every year the parents of 1.2 million children are divorced and another 700,000 children are born out of wedlock. Incredibly, half of the children born this year are expected to live in single parent families before age 18. This disturbing trend has led to a rapid increase in the number of child support and paternity cases which are brought to the State Child Support Enforcement Office. Annually an estimated 2 million children with potential child support problems are added to the existing backlog of cases. One large city in California reports that its child support office takes on 1,000 new cases every week, more 50,000 families a year.

THE CHILD SUPPORT PROGRAM

The growing problem of child support was recognized by the Finance Committee as early as 1967. Finally, in 1975, the Federal-State child support enforcement program was established. The program provides services to locate absent parents, establish paternity, and assist in the establishment and collection of child support. The program covers both welfare and nonwelfare families.

Currently, there are wide variations in the effectiveness of the State programs. For example, if we look at families receiving welfare payments—families that make up one-third of all families owed support—six States account for 88 percent of all support collected, but spend only 32 percent of the total administrative funds. The remaining States spend 68 percent of the administrative funds, but collect only 12 percent of the support for welfare families.

Clearly, the State programs must be reformed—to do a better job of collecting the support that is owed to children and to reduce their administrative overhead. The administration and many of us here in Congress believe that the program can and should do a better job. That is why the House unanimously passed H.R. 4325 and the Finance Committee added several important amendments. H.R. 4325, as amended, contains legislative measures which will provide greater incentive to States to run effective, cost-efficient programs.

The legislation provides the tools for the States to increase collections—such as mandatory withholding from wages for overdue support, the interception of State and Federal income tax refunds which are then offset for amounts of past-due support, and the placement of liens against property when support is delinquent.

Under H.R. 4325, as amended, the States will be encouraged to strengthen the welfare portion of the child-support program and to place new and strong emphasis on the nonwelfare caseload. It has been well documented that for many women, one or two late or never received support checks means the difference between remaining independent of the welfare system or being forced to accept public support.

The administration and the Finance Committee place a high priority on the improvement of State performance in making collections for welfare and nonwelfare cases. The lack of incentive payments for the nonwelfare caseload under current law was frequently mentioned by witnesses at the Finance Committee hearings as the main cause of the dismal State performance in this area. The new incentive payment of at least 6 percent and up to 10 percent of nonwelfare collections should encourage States with poor records to improve substantially.

Introducing the cost-effectiveness factor should also cause the States to place greater emphasis on streamlining procedures and reducing unnecessary and wasteful spending. All States should, at a minimum, be expected to improve the cost-effectiveness ratio of their programs to at least the current national average of $1.33 in collections to $1 in costs. In fact, the administration estimates that after implementation of the mandatory enforcement practices contained in the Finance Committee substitute, all States should be able to achieve substantial improvement, to the point that in fiscal year 1986, the national average should be approximately $1.40 in collections for every $1 in costs.

The Finance Committee substitute places a cap on the nonwelfare incentive payments at an amount equal to 100 percent of the welfare incentive payments. It is my view that this cap will encourage the States to provide a balance in their programs, so that both welfare and nonwelfare families may anticipate a fair share of program resources and staff attention.

It is also my view that a cap on the nonwelfare incentive payments is necessary so that States will not be encouraged simply to transfer to the federally funded child support program those activities which are currently financed out of State and local funds, with not increase in the level or efficiency of child support services. All States will benefit from the new nonwelfare incentive payment because, as my colleagues know, currently no incentives at all are being paid for collections made on behalf of this group.

The 100-percent cap is necessary to insure that States operate balanced child support programs. A higher cap, or removing the cap entirely, could lead to many States concentrating almost exclusively on the nonwelfare caseload where collections are likely to be higher due to higher incomes and support awards. A certain amount of creaming is sure to occur, that is, State offices working cases that are easy and neglecting paternity and other difficult and time-consuming cases.

Finally, the potential for nonwelfare collections is enormous. Since these incentives are totally financed by the Federal Treasury, if incentives are paid on a larger percentage of the collections, the Federal deficit in the program is sure to increase. For fiscal year 1985, for example, the current law incentive program is projected to cause a $140 million deficit in the program—all charged to the Federal taxpayer.

Some of you may have heard from your Governors or State program administrators protesting the committee's adoption of a slight, gradual decrease in the Federal matching percentage for administrative costs associated with running the child support program. As you know, the Federal Government currently pays 70 percent of the administrative costs of the program. This was reduced from 75 percent by a House-passed provision of the Tax Equity and Fiscal Responsibility Act of 1982. Fiscal year 1983 administrative expenditures totaled $691 million—the Federal share was $483.7 million.

The Finance Committee substitute introduces a 1-percent reduction in the Federal match for administrative costs each year, beginning in fiscal year 1987 and ending in fiscal year 1991 when the match would reach 65 percent. The Congressional Budget Office estimates that this small change would save $70 million for fiscal years 1987 through 1989. Additionally, the substitute contains a hold harmless provision which would be in effect for fiscal years 1986 and 1987. Under this provision, a State would be guaranteed the higher of 80 percent of what they would receive under current law, or the amount they would receive under the new incentive and match provisions.

In my opinion, this is a reasonable provision. When the child support program began, the exceedingly high 75-percent match was necessary to encourage the States to participate in the new program. Now that the program has proved its value, as testimony before our committee on behalf of the National Governors Association demonstrated, it is time to move toward a more equal sharing of costs. An increased stake in the program by the States and local jurisdictions will have the effect of causing closer scrutiny of expenditures of scarce dollars.

Historically, the States have benefited greatly from the child support program. State savings for fiscal year 1976 through fiscal year 1983 equal $1.8 billion. During the same period, the program had a net cost to the Federal Government of $648 million. Even the 19 States which spend more than they collect currently benefit from the program.

While the States complain about the need for more money in order to improve program performance, it is clear that the $1.8 million in State savings from the program has not all been invested in program expansion or improvement. In fact, many State program directors believe that much of the State profit has been used for nonrelated programs.

As mentioned earlier, the Federal match was reduced in 1982 from 75 percent to 70 percent. State administrators predicted serious cutbacks—if not shutdowns—in some State and local programs. In fact, no reduction in State and local child support enforcement staff has become evident. According to State reports, program staffing on a national basis has remained constant at the equivalent of about 23,000 full-time employees. Meanwhile, State administrative expenditures increased by nearly 17 percent between fiscal years 1982 and 1983.

Given the already mentioned staffing levels, some of this increase must represent administrative costs, formerly financed entirely with State and local funds and newly claimed for Federal matching, without any addition to child support enforcement services actually rendered. This cost shifting is unfortunately the normal State response when what the States should really be seeking is a reduction in costs through more efficient management.

I would remind my colleagues that even 70 percent is an unusually rich Federal match. As you know, the national average Federal match for the aid to families with dependent children program is about 54 percent. Also, it should be remembered that the child support program provides a 90-percent match for acquisition and installation of computer systems.

Finally, to show the extent to which some jurisdictions will go to have the Federal Government pick up the tab for State costs—the Office of Child Support Enforcement is currently involved in a couple of interesting disputes. One State is attempting to claim matching funds for the costs of jailing individuals found in contempt of court for nonpayment of child support. A second State is seeking Federal matching funds for the purpose of securing legal counsel for indigent child support obligors. These are certainly not the kinds of expenditures that I have in mind as proper for the Federal Government to match at 70 percent.

As I mentioned earlier, the Finance Committee included several mandatory enforcement procedures which have proven effective in collecting support in a number of States. The committee substitute requires States to have these procedures in place and operating as a part of the State child support program. However, the committee substitute also allows the States sufficient flexibility to use the procedures in those cases in which they will be most effective.

Finally, I would stress for my colleagues that this legislation represents the continuing commitment of the Federal Government to the child support enforcement program. The addition of incentive payments for nonwelfare collections, even when coupled with the slight reduction in the Federal match, will still produce increased State savings for all but the worst performing States. If all States improve their collections, as they should through the use of the mandatory procedures, no State will suffer a loss of Federal funding.

It is important to remember that the Federal-State child support enforcement program is designed not to produce revenue for the States and local jurisdictions—or for the Federal Government. The goal of this program is to collect child support for children at a reasonable cost. I believe that the Finance Committee amendment to H.R. 4325 will help the States to do a better job in reaching that goal, as well as slowly equalize the State and Federal financial involvement in the program.

We must all—Federal, State, and local governments—work harder to insure that all American children receive the financial support to which they are entitled. The partnership which has developed over the years in the child support enforcement program can and must be strengthened. This bill, with the amendments adopted by the Finance Committee, will help to strengthen that partnership for the good of all children.

I urge my colleagues to support H.R. 4325, as amended.

Mr. JEPSEN. Mr. President, I appreciate the excellent work of my colleagues on the Finance Committee in promptly addressing the serious problem of child support enforcement. Only in the last several years has the extent of this problem been brought to light.

Mr. President, I would like to ask my distinguished colleague from Kansas and chairman of the Finance Committee, Senator Dole, several questions about an aspect of the legislation that concerns many noncustodial parents: visitation enforcement.

This issue is briefly addressed in Senate Concurrent Resolution 84 which I understand is a provision of the bill before us today. I wholeheartedly support that resolution and encourage State and local governments to take its message to heart. The last paragraph reads: "A mutual recognition of the needs of all parties involved in divorce actions will greatly enhance the health and welfare of America's children and families."

Let me premise my questions to Senator Dole by saying that although in many cases both child support payments and visitation are ordered by a court in a divorce settlement, refusal to make timely support payments is not an appropriate response to a denial of visitation rights.

Senator Dole, let me thank you again for the timely legislation you have before us today on this sensitive issue. I appreciate your cooperation in clarifying the following points:

Is there anything in this bill that would prevent States from enforcing visitation with as much diligence as they enforce child support payments?

Mr. DOLE. I thank my colleague from Iowa for raising this important issue. It is one which concerned me and members of the Finance Committee during the hearings on the child support amendments and during the committee deliberations. Let me assure my colleague that there is nothing in H.R. 4325, as amended by the Finance Committee, which would hamper or prevent the States, or other political jurisdictions, from enforcing visitation rights with as much vigor as child support orders. Many States already actively enforce visitation rights and it is my hope that the language included by the committee will encourage other States to do the same. I encourage the interested noncustodial parents to work at the State and local level for the type of changes which will lead to greater visitation enforcement.

Mr. JEPSEN. Is there anything in this bill that would prevent States from moving further in the direction of joint custody/shared parental responsibility which 31 States already have as either an option or preference?

Mr. DOLE. Mr. President, again I would assure my colleague from Iowa that there is nothing in the Finance Committee amendments which would prevent States from moving in the direction of joint custody or shared parental duties. The Finance Committee believes that these are areas of domestic law which are properly in the jurisdiction of the States. Nothing in the bill or in the committee amendments should be construed as altering that fact. I would note that a number of studies have recently been done which indicate that joint custody arrangements lead to more involvement for both parents. Also demonstrated is the fact that child support obligations are met on a regular basis in most cases of joint custody or shared parental responsibility. I thank my colleague for raising these important issues.

Mr. JEPSEN. I thank my friend and colleague. Mr. President, it is important that we take it clear that in most cases, it is in the best interest of children to have both parents involved in their lives. Both financial support and visitation are essential aspects of that involvement.

I recommend a column to my colleagues by James J. Kilpatrick on the balance needed in this delicate issue. I ask unanimous consent that the column be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Fathers Must Be Heard, Too

(By James J. Kilpatrick)

Those of us in the news business are expected to heed a maxim of Roman law: Audi alteram partem. Hear the other side. I bypassed that sound admonition the other day in a column on a child support bill that is currently pending in the Senate. Let me make amends.

The bill would require the states, as a condition of receiving federal funds for welfare, to enact a series of tough laws in the field of child support. A parent who failed to make court-ordered payments would become subject to attack from half a dozen quarters. His wages could be withheld, his income tax refunds intercepted, his salary garnisheed.

In the vast majority of cases in which support payments are ordered, it is the father who pays. The trouble is that many fathers don't pay. The National Law Journal reports that non-compliance now amounts to an estimated $4 billion a year. Census Bureau figures show that fewer than half of the custodial parents actually get what a court has awarded them. My recent column accordingly gave a hiding to "deadbeat daddies."

The alliteration was OK, but the emphasis was unfair. There are malicious mothers also. My mail brings pathetic and resentful letters from fathers whose ex-wives have behaved inexcusably. One father whose gross income was $2,000 a month sent $500 a month for the support of his two children. His ex-wife, he says, spent most of the money "on clothes for herself and presents for the man she was sleeping with."

She effectively prevented him from seeing his daughters. When her lover moved to a remote part of the state, she packed up and moved with the children to be near him. When the father briefly stopped his $500 checks, she sued for collection and got a judgment against him. When he finally managed to see his girls, "both of them were in shabby, dirty jeans, and one of them was wearing sneakers so badly worn that her big toe was sticking out."

Much of the problem lies in the area of visitation rights. Most divorced fathers, I am told, want to maintain bonds with their children. The usual custom is for a divorce decree to guarantee such rights. In practice, it appears, such decrees are often unenforceable. If an embittered ex-wife wishes to prevent her ex-husband from seeing his children, she can find ways of achieving that purpose.

The resentful fathers are seeking amendments to the pending bill that would balance the equities. They want the same kind of swift and effective mechanisms for enforcing visitation rights that the law would provide for enforcing child support payments. They want a rebuttable presumption that the mother is to be regarded automatically as the first choice for custody. They argue convincingly that in many cases a judge will award hefty child support as a kind of alimony, and this they resent.

Whatever these problems may be, as the Law Journal observes, they are certain to get worse. One-third of all children born in the 1980s, before they turn 18, will see their parents divorced.

The typical American family, beloved of government statisticians, supposedly is composed of a resident mother and father and two children. Such families are going the way of the orc and the dodo. Between illegitimacy and divorce, the trend points increasingly to single-parent households most often headed by a woman.

The bill now awaiting action in the Senate Finance Committee sailed through the House last November on a vote of 422-0. Senate hearings were held in January. With powerful bipartisan sponsorship, the bill is expected to pop out of committee this month. Prospects for lopsided approval are excellent.

Much as I resent federal laws that say a state "must" enact prescribed legislation, the bill still impresses me as a desirable measure. It is the innocent child who suffers when his father fails to pay support. All the same, the responsible ex-husbands who have written me make a convincing case. There are indeed two sides to this issue. The fathers deserve to be heard.

Mr. HATCH. Mr. President, I thank my distinguished colleagues from Kansas and Iowa, Senators Dole and Jepsen, for raising the issue of visitation rights, and I am pleased to learn that nothing in this legislation would interfere with State enforcement of court ordered visitation.

The entire issue of child support enforcement revolves around what is best for the child. I support this legislation's efforts to insure that the absent parent is indeed paying court-ordered child support. Further, this legislation does not prevent States from moving further in the direction of joint custody/shared parental responsibility, which 31 States already have as either an option or preference.

In our national community, the tragedy of a broken or separated family is a problem which cannot be placed on hold, or left for another Congress to ponder or try to solve. We can, however, reaffirm a parent's responsibility for a child, who is otherwise all too vulnerable to the ill wind of desertion, separation, or divorce. In looking after the needs of our children, two important steps are to insure that parents comply with court orders to pay child support and court orders determining visitation rights.

We all owe thanks to Senator Dole for his dedicated leadership in assuring passage of this legislation. His legislative craftsmanship is admirable, especially in this bill which demonstrates our commitment to States that we welcome their efforts to diligently develop workable programs within their own communities. I strongly support this legislation, and support its quick enactment.

Mr. ARMSTRONG. Mr. President, it is a pleasure for me to bring before the Senate this much needed child suppport enforcement legislation. I would first like to thank Senator Dole, Senator Long, Senator Grassley, and Senator Durenberger for their contributions in putting together this legislation. This legislation unanimously passed the Senate Finance Committee and is endorsed by the Reagan administration. I feel confident that its passage will help correct a serious and expensive problem for many of our country's women and children—this problem is the failure of absent parents to fulfill child support obligations.

Four million children of divorced, separated, or unmarried parents are not receiving either full or timely child support payments. In 1981, according to the Census Bureau, more than 8 million women were raising children alone. Most of these women were eligible for child support, but obligations has been established for only 4 million children. The total unmet obligation amounts to almost $4 billion a year—an unbelievable amount considering the young lives being affected. Specifically: First, 40 percent of single parents lack a child support order because the father is not known, or the mother chooses not to seek one. Second, of the 60 percent of single parents with court ordered child support, 28 percent get no support assistance at all, a quarter receive some assistance while only 47 percent receive full amount due in a particular. In my own State, Colorado, more than 130,000 child support cases are now processed a year.

This legislation before us today amends the Social Security Act to improve the ability of States to collect support for non-AFDC and AFDC families. It is expected to increase child support collections by at least $600 million over the next 4 years. In brief, the bill includes the following provisions:

It provides financial incentives for States that develop effective child support enforcement programs. These incentives would gradually increase a State's cost-effectiveness ratio up to a maximum of an additional 10 percent.

It requires States to impose mandatory wage withholding on absent fathers who are more than 30 days behind in child support.

It requires States to intercept State tax refunds from absent fathers behind in child support.

It prevents an absent parent from discharging child support obligations in bankruptcy proceedings.

Finally, it requires States to develop procedures that would expedite judicial proceedings on child support cases in civil courts.

These provisions have already been enacted by many States, and provide only the minimum requirements that States may enact to increase collections. In addition the Federal match would remain 70 percent until fiscal year 1987. This match would then be gradually reduced by 1 percent each year until 65 percent was reached in 1991. This would allow States time to implement these new collection mechanisms and to benefit from increased collections reducing the burden of State administration costs.

American children are being cheated out of several billions of dollars of court ordered child support. Each year the problem becomes increasingly worse as an additional 2 million children are being raised in single parent families. In addition, the nonpayment of child support has pushed more and more families onto the welfare rolls resulting in taxpayers actually subsidizing child support cheaters. Some 87 percent of those receiving Federal welfare payments through the aid to families with dependent children are eligible because child support is not being paid. Annual AFDC costs now exceed $13 billion.

Yet loss of Federal money by nonpayment of support is not the only tragedy. Each day many custodial parents face the anguish and frustration of trying to support children alone complicated by financial difficulties and perhaps the frustration of waiting months for court redress. It is crucial that we enact this legislation quickly to prevent further suffering of these individuals and the 2 million children who may be added to this list each year. I ask unanimous consent that a summary of the Senate Finance Committee substitute be included in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

CHILD SUPPORT ENFORCEMENT AMENDMENTS

I. SUMMARY

The bill (H.R. 4325), as amended by the Committee, strengthens the child support enforcement and paternity establishment program authorized by title IV-D of the Social Security Act by requiring the States to implement effective enforcement procedures, by providing incentives to the States to make available services to both Aid to Families with Dependent Children (AFDC) and non-AFDC families and to increase the effectiveness of their programs, and by otherwise improving Federal and State administration of the program.

Purpose of the program.—Language is added to the statement of purpose assuring that services will be made available to non-AFDC families as well as AFDC families.

Federal matching of administrative costs.—The Federal matching share is gradually reduced from 70 percent as follows: 69 percent in fiscal year 1987, 68 percent in fiscal year 1988, 67 percent in fiscal year 1989, 66 percent in fiscal year 1990, and 65 percent in fiscal year 1991 and years thereafter.

Federal incentive payments.—The current incentive formula which gives States 12 percent of their AFDC collections (paid for out of the Federal share of the collections) is replaced with a new formula that is designed to encourage States to develop programs that emphasize collections on behalf of both AFDC and non-AFDC families, and to improve program cost effectiveness. The basic incentive payment will be equal to 6 percent of the State's AFDC collections, and 6 percent of its non-AFDC collections. States may qualify for higher incentive payments, up to a maximum of 10 percent of collections, if their AFDC or non-AFDC collections exceed combined administrative costs for both AFDC and non-AFDC components of the program. The total dollar amount of incentives paid for non-AFDC families may not exceed the amount of the State's incentive payment for AFDC collections. States may exclude the laboratory costs of determining paternity from combined administrative costs for purposes of computing incentive payments. States are required to pass through to local jurisdictions that participate in the cost of the program an appropriate share of the incentive payments, as determined by the State, taking into account program effectiveness and efficiency. Amounts collected in interstate cases will be credited, for purposes of computing the incentive payments, to both the initiating and responding States.

As part of the new funding formula, the Committee has included "hold harmless" protection for fiscal years 1986 and 1987 which assures the States that for those years they will receive the higher of the amount due them under the new incentive and Federal match provisions, or 80 percent of what they would have received under prior law.

The provision is effective beginning with fiscal year 1986.

Matching for automated management systems used in income withholding and other procedures.—The amendment specifies that the 90 percent Federal matching rate that is available to States that elect to establish an automatic data processing and information retrieval system may be used, at the option of the State, for the development and improvement of the income withholding and other procedures required in the bill through the monitoring of child support payments, the maintenance of accurate records regarding the payment of child support, and the provision of prompt notice to appropriate officials with respect to any arrearages that occur.

The amendment also specifies that the 90 percent matching is available to pay for the acquisition of computer hardware.

The provision is effective October 1, 1984.

Improved child support enforcement through required State laws end procedures.—States are required to enact laws establishing the following procedures with respect to their IV-D cases:

1. Mandatory wage withholding for all IV-D families (ADFC and non-AFDC) if support payments are delinquent in an amount equal to 1 month's support. States must also allow absent parents to request withholding at an earlier date.
2. Imposing liens against real and personal property for amounts of overdue support.
3. Withholding of State tax refunds payable to a parent of a child receiving IV-D services, if the parent is delinquent in support payments.
4. Making available information regarding the amount of overdue support owed by an absent parent, to any consumer credit bureau, upon request of such organization.
5. Requiring individuals who have demonstrated a pattern of delinquent payments to post a bond, or give some other guarantee to secure payment of overdue support.
6. Establishing expedited processes within the State judicial system for determining paternity and obtaining and enforcing child support orders. Decisions or recommendations resulting from the expedited process must be reviewed (i.e., ratified, modified, or remanded) by judges of the courts. Appellate review would be conducted by the regular court system at the request of either party.
7. Notifying each AFDC recipient at least once each year of the amount of child support collected on behalf of that recipient.

The Secretary may grant an exemption to a State or political subdivision from the required procedures, subject to later review, if the State can demonstrate that such procedures will not improve the efficiency and effectiveness of the State IV-D program.

The provision is effective October 1, 1984. However, if a State agency administering a plan approved under part D of title IV of the Social Security Act demonstrates to the satisfaction of the Secretary of the Department of Health and Human Services, that it cannot, by reason of State law, comply with requirements of a provision mentioned above, the Secretary may prescribe that the provision will become effective beginning with the fourth month beginning after the close of the first session of such State's legislature ending on or after October 1, 1984.

Fees for services to non-AFDC families.—States will be required to charge an application fee for non-AFDC cases not to exceed $25. The amount of the maximum allowable fee may be adjusted periodically by the Secretary to reflect changes in administrative costs. The State may charge the fee against the custodial parent, or pay the fee out of State funds, or it may recover the fee from the absent parent.

In addition, a late payment fee must be charged to the noncustodial parents of AFDC and non-AFDC families on support that is overdue. The State may not take any action which would have the effect of reducing the amount of support paid to the child and will collect the fee only after the full amount of the overdue support has been paid to the child. The late payment fee provision is effective upon enactment.

Periodic review of State programs; modification of penalty.—The Director of the Federal Office of Child Support Enforcement is required to establish standards of performance and to conduct audits at least every three years to determine whether the standards and other requirements have been met. A more flexible penalty provision is provided, equal to at least 1 but no more than 2 percent for the first failure to comply substantially with the standards and requirements, at least 2 but no more than 3 percent for the second failure, and at least 3 but no more than 5 percent of the third and any subsequent consecutive failures. Annual audits would be required unless a State is in substantial compliance. If a State is not in substantial compliance, the penalty may be suspended only if the State is actively pursuing a corrective action plan which can be expected to bring the State into substantial compliance on a specific and reasonable timetable. A State which is not in full compliance would be determined to be in substantial compliance only if the Secretary determines that any noncompliance is of a technical nature which does not adversely affect the performance of the child support enforcement program.

The provision is effective beginning in fiscal year 1984.

Special project grants to promote improvement in interstate enforcement.—The Secretary is authorized to make demonstration grants to States which propose to undertake new or innovative methods of support collection in interstate cases. The authorization is $5 million in 1985, $10 million in 1986, and $15 million in 1987 and years thereafter.

Extension of sec. 1115 demonstration authority to the child support program.—The sec. 1115 demonstration authority is expanded to include the child support enforcement program under specified conditions.

The provision is effective upon enactment.

Modification in content of annual report by the Secretary.—The present annual report information requirements are expanded to include data needed to evaluate State programs.

The provision is effective for reports issued for fiscal year 1986 and years thereafter.

Child support enforcement for certain children in foster care.—State child support agencies are required to undertake child support collections on behalf of children receiving foster care maintenance payments under title IV-E, if an assignment of rights to support to the State has been secured by the foster care agency. In addition, foster care agencies are required to take steps, where appropriate, to secure an assignment to the State of any rights to support on behalf of a child receiving foster care maintenance payments under the title IV-E foster care program.

The provision is effective upon enactment.

Continuation of support enforcement for AFDC recipients whose benefits are being terminated.—States must provide that families whose eligibility for AFDC is terminated due to the receipt of (or an increase in) child support payments will be automatically transferred from AFDC to non-AFDC status under the IV-D program, without requiring application for IV-D services.

The provision is effective October 1, 1984.

Increased availability of Federal parent locator services to State agencies.—The present law requirement that the States exhaust all State child support locator resources before they request the assistance of the Federal Parent Locator Service is repealed.

The provision is effective upon enactment.

Availability of social security numbers for purposes of child support enforcement.—The absent parent's social security number may be disclosed to child support agencies both through the Federal Parent Locator Service and by the IRS.

The provision is effective upon enactment.

Limitation on discharge in bankruptcy of child support obligations.—The Bankruptcy Act is amended to provide that obligations that have been assigned to the State on behalf of a non-AFDC child as part of the IV-D enforcement process may not be discharged in bankruptcy. (Current law prohibits discharge in bankruptcy for obligations assigned to the State on behalf of an AFDC child.)

The provision is effective upon enactment.

Collection of overdue support from Federal tax refunds.—Current law requires the Secretary of the Treasury upon receiving notice from a State child support agency that an individual owes past due support which has been assigned to the State as a condition of AFDC eligibility, to withhold from any tax refunds due that individual an amount equal to any past due support. The Committee amendment extends this requirement to provide for withholding of refunds on behalf of non-AFDC families, under specified conditions.

The provision is effective for refunds payable after the year ending December 31, 1984.

Guidelines for determining support obligations.—Each state must develop guidelines to be considered in determining support obligations.

The provision is effective October 1, 1986.

Wisconsin child support initiative.—The Secretary of HHS is required to grant waivers to the State of Wisconsin to allow it to implement its proposed child support initiative in all or parts of the State as a replacement for the AFDC and child support programs. The State must meet specified conditions and give specific guarantees with respect to the financial well-being of the children involved.

Sense of the Congress that State and local governments should focus on the problems of child custody, child support, and related domestic issues.—The Committee amendment incorporates the language of S. Con. Res. 84 urging State and local governments to focus on the vital issues of child support, child custody, visitation rights, and other related domestic issues that are within the jurisdictions of such governments.

Mr. ARMSTRONG. Mr. President, I also ask unanimous consent that in addition to the members of the Finance Committee, the following Senators be listed as cosponsors of the committee substitute to H.R. 4325: Senators DOMENICI, WARNER, MATTINGLY, JEPSEN, HAWKINS, HATCH, TRIBLE, COCHRAN, KASSEBAUM, CHILES, MATSUNAGA, NUNN, and WARNER.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, we have toiled long and hard to finally reach the point where the full Senate is able to consider this measure. The Committee on Finance held extensive hearings on the various proposals regarding reform of the child support enforcement program, and we have reported out a bill worthy of every Senator's support.

I am very gratified to see such a large portion of my bill, S. 1708, incorporated into the committee package. I am particularly pleased that the committee accepted an amendment I offered along with Senators PACKWOOD and DURENBERGER which would extend the current system of offsetting Federal income tax refunds to collect past-due child support to non-AFDC children. This provision will help us make good on our pledge to assist all children in obtaining their court-ordered child support payments. We should not wait until families are forced on AFDC as a result of delinquent child support before we offer them assistance.

The compliance rate of child support payments is abysmally low. Changing domestic circumstances have made the need for a strong child support enforcement program even more necessary. Increases in the divorce rate and the number of single parent families have heightened that need. The traditional two-parent family with two children is not necessarily the norm in America. We need to recognize that fact.

H.R. 4325 does just that. By focusing on methods to insure appropriate child support payments, we are helping address the problems which often ensue after the breakup of a family. It is a disgrace that only 47 percent of the individuals due child support payments in 1981 received the full amount due. The primary responsibility of any parent is the well-being of their children.

Since the inception of the child support enforcement or IV-D program in 1975, great strides have been made to assist children in receiving their support payments. Proven enforcement techniques have been developed, and although individual track records vary, the States and localities have worked hard to provide good services to children having difficulty receiving their support payments.

By scrutinizing the experiences of the various States and their individual programs, certain enforcement techniques have been shown to be the most effective in dealing with nonpayment. The Senate Finance Committee has compiled a package of reforms in the current IV-D program which calls on all States to utilize these proven enforcement methods. The measures included in the package will greatly unify the operation of the program, aiding the often exasperating process of interstate collections.

We have also made some much needed changes in the financing of the program in order to better reflect the performances of the States in pursuing delinquent payors. These changes have been made with great consideration, and I might add, after much compromising. It seems the committee had as many options for the financing portion of the packages, as there are committee members. I feel confident the final version will provide for incentives to the States to do a good job in securing support for both AFDC and non-AFDC families.

Payments of support is an obligation no parents should take lightly. Similarly, visitation is a right which must be observed and honored. It is our intention that both court ordered payments, and court-ordered visitation rights be followed. The financial and emotional well-being of the child can only be enhanced if both parents live up to their end of the custody agreement. The child should not be used in an undeclared war between divorced individuals. I sincerely hope States take seriously their responsibility and fulfill the goal the committee amendment makes concerning an examination of visitation rights, custody and child support levels. Senator LONG made an important contribution to this package through his successful inclusion of an amendment requiring the States to develop a set of guidelines to be considered by judges in determining support orders.

The passage of this legislation will signal our commitment to insuring all children who need assistance in obtaining their support payments will be aided. H.R. 4325 deserves the unanimous support of this body. I hope all of my colleagues will join me in voicing their stong approval of the child support enforcement amendments.

Mr. DOMENICI. Mr. President, although more and more Federal dollars are spent every year on social programs to benefit children, there can be no question that parents bear the ultimate responsibility for the support and well-being of their children. We as a Nation believe in this fundamental duty. It cannot be neglected.

In 1975 Congress passed legislation to enforce this responsibility. This legislation established the child support enforcement program.

The purpose of this program is to enforce the support obligations owed by absent parents to both their children and spouses. Through a long judicial, administrative, and at times, clinical process, the program attempts to locate these parents, to establish paternity, and to obtain a court order for support.

This is a formidable task. The Census Bureau reports that 8.4 million women are raising children whose fathers are absent. Over the last 12 years the number of families with a female head of household increased 71 percent. Such a trend adversely affects our Nation's children.

The child support enforement program has been successful since its beginning in fiscal year 1976. Between fiscal year 1976 and fiscal year 1982 more than $8.8 billion in payments have been collected, $3.8 billion on behalf of families receiving AFDC and $5 billion on behalf of non-AFDC families. In fiscal year 1981 over 782,000 parents were located, a fourfold incease over parents located in fiscal year 1976. Over 174,000 paternities were established in fiscal year 1982, up from 15,000 in fiscal year 1976. The number of support orders established increased from 24,000 to 468,000 during this period. In addition, more than 32,000 cases were removed from the AFDC rolls due to child support collections.

Despite the program's initial success, more must be done. It is estimated that overdue payments for AFDC-related child support total $9 billion and are growing at a rate of $1.5 billion each year. A preliminary report from the General Accounting Office, prepared at my request, indicates that only one-third of the support due AFDC families is being paid. For both AFDC and non-AFDC cases, State child support agencies do not act on delinquent cases until the payment is 3 months late. Improvements can and should be made.

Mr. President, that is why I rise to support H.R. 4325, the Child Support Enforcement Amendments of 1983, as reported by the Finance Committee. This legislation would broaden the program to provide assistance in obtaining support for all children and spouses deprived of financial support. It would require the implementation of effective collection techniques, and would provide a financial incentive system to reward States for administering efficient programs.

The alarming growth of families with a female head of household but without financial support requires passage of this legislation. The child support enforcement program is intended to require payment of this support. It is unfortunate that such a program is necessary, but parent's financial support for their children is an unconditional responsibility.

Congress must not and cannot ignore the millions of children living without the proper financial, social, and moral support of their parents. The thought of these children growing up in an increasingly complex world without this support is frightening. Congress has responded to this crisis with assistance through such programs as aid to families with dependent children, food stamps, and other programs that assist low-income families. But direct Federal support is only a financial band-aid. The real solution is adequate parental support for their children.

Mr. ABDNOR. Mr. President, I rise today as a cosponsor of the child support enforcement measure developed by my friend and colleague from Colorado, Mr. ARMSTRONG, the distinguished chairman of the Finance Committee, Mr. DOLE, and others.

Mr. President, as the distinguished Senator from Colorado has pointed out, 8 million of the children in our Nation are being raised by one parent, and more than half of these children are not receiving child support or are receiving it more than 2 months late. These children, and the single parents who are struggling to raise them alone, are being victimized. Many of these single parent families are being forced to seek Federal welfare assistance.

Mr. President, the vast majority of these custodial parents are women, many of them are struggling to make ends meet. They and their children are suffering due to the inability under the present system, of the States and Federal Government to enforce adequately court-ordered child support payments. This measure will serve to assist these single parent families while each year saving taxpayers approximately $120 million in welfare payments.

I wish to commend and congratulate my colleague from Colorado for taking the lead in formulating this vital legislation.

Mr. MOYNIHAN. Mr. President, I rise today to support this legislation, and focus attention on one of the most deplorable situations affecting the Nation's social welfare—the nonpayment of child support. The current record of child support collections is intolerable: Almost 55 percent of the more than 4 million women legally entitled to child support payments are not receiving the full amount; 28 percent of these women receive nothing at all. Nonpayment for child support increases the likelihood that a child will fall into poverty and remain so, prolonging reliance on public assistance.

Congress created the Office of Child Support Enforcement in 1975 to establish and enforce child support obligations, to establish paternity, and to assist in the enforcement of interstate support cases. This is a Federal and State effort, and its 9-year history is one of significant success. More than $8.8 billion has been collected in child support, over 2.2 million support orders have been established, and the paternity of more than 8,000 children have been determined. But this is not enough. The record of compliance on child support orders remains disgraceful.

The measure under consideration today will provide the stronger tools needed to enforce child support obligations and relieve the difficult economic circumstances facing a growing number of American families. It provides assistance for children who need such to secure the financial support due them from their absent parents. This measure imposes vigorous enforcement mechanisms including mandatory wage withholding of child support when a support payment is 1 month late, mandatory interception of State and Federal income tax refunds for back child support, and imposition of liens on real and personal property to secure payments. These reforms in the administration of the child support system are essential, and I am pleased to support them.

I am also a cosponsor of Senate Concurrent Resolution 84, expressing the sense of Congress that State and local governments focus energy and efforts on the problems of child support, custody, visitation rights, and other domestic matters. The issue of child support goes far beyond the matter of collecting support payments. Congress has taken an important step to assure such prompt collections, but it is the responsibility of the States and localities to address the related issues of visitation and custody. These are complex and sensitive matters, best addressed at the State and local level.

There are strong links between female-headed households, poverty, welfare dependency, and delinquent child support. According to the Census Bureau, 19 percent of all families with children are headed by women—and 12.5 million children under age 18 live in female-headed households; 59 percent of the poor black Americans lived in female-headed families in 1980. Between 1970 and 1981, the number of these households increased more than 100 percent. Poverty rates among women who head their households are much higher than for male heads of households and husband-wife couples. Fifty-two percent of all in female-headed families with children had incomes below the poverty line, compared with 11 percent married couple families with children. Lack of child support from an absent parent, which happens in more than 50 percent of all cases where child support is due, is a compelling explanation for the preponderance of poverty among single-parent female-headed households, and for the substantial numbers of such families who become part of the welfare system.

A few years ago, in a paper I published in the Journal of Socioeconomic Studies, I examined increases in the proportion of children who need and receive public assistance. The projections, though necessarily tentative so far as the future is concerned, are striking. One child in three born in 1980 will receive public assistance (AFDC) before he or she is 18. That is more than four times the ratio for children born in 1940.

Certain profound changes in the composition of those Americans who need and receive welfare are also quite pertinent to our discussion today. The welfare population is associated to an increasing degree, not with widowhood, but with abandoned female-headed families.

Let us consider but one more illustration of the pervasiveness and complexity of this matter, regarding enforcement of child support obligations. For all American women with incomes below the poverty line, only 60 percent received any child support payments, and the average such annual payment was just $1,440. In other words, custodial parents received merely $120 a month, on average, from absent parents to support their children. If every AFDC family with no father present had received just that $1,440 average annual payment in 1982, the savings in welfare payments would have been nearly $5 billion, rather than $800 million. This is money that could have been used to enhance services for our Nation's AFDC children for child nutrition programs, for the school lunch program, or other social welfare programs that have suffered severe funding cuts in recent years.

Adoption of this legislation will not remedy all the problems associated with the child support system, but this measure most certainly will improve collection of both AFDC and non-AFDC support obligations.

This measure is a most responsive one to the well-documented problem of child support enforcement. I am pleased to support it, and I encourage my colleagues to join me in enacting it.

Mr. MATTINGLY. Mr. President, I am pleased that the Senate is today considering legislation to strengthen our Nation's child support system. As my colleagues are aware, the House of Representatives earlier this year passed its version of the child support enforcement amendments without a dissenting vote. As a cosponsor of the measure in the Senate, I hope that we in this body will also demonstrate its commitment to this Nation's children by passing this bill.

According to the Census Bureau, in 1981 only 47 percent, less than one-half, of the 4 million women in this country who were due child support received the full amount due them. A quarter of them received no payment at all. While the Census Bureau talks in terms of women who are due payments, the fact, Mr. President, is that the children are due support. It is the children who suffer when parents refuse to pay court-ordered child support. In 1981 alone, children were cheated out of $4 billion in support. This is a tragic situation, and I think it is incumbent upon us to do what we can to remedy the situation and to return to the children the support they are due.

Current law has provided Federal incentives to States to make strong efforts to collect support payments from parents in arrears when the support payments would go to families who receive AFDC payments. No such incentives were in place for non-AFDC families, and the sad result has been that many families not currently receiving AFDC gradually lapse into poverty. This bill would reverse that trend by providing incentives to States to collect support as vigorously for nonwelfare families as they do for their welfare counterparts. In addition, the measure would require the mandatory withholding of wages from the paychecks of parents who are in arrears with child support payments. Federal income tax refunds would also be withheld.

When the citizens of this Nation decide not to obey the law, they should not be allowed to continue. Child support orders should be enforced. The children in this Nation should be cared for, by those who ultimately bear the responsibility for doing so—their parents.

I urge my colleagues to join me in casting a vote in favor of this important legislation.

Mr. WARNER. Mr. President, millions of children in this country are not receiving court-ordered support from their parents.

As a cosponsor of S. 1691, the Senate version of H.R. 4325 now before the Senate, I want to add my support to the amendments being offered by the Finance Committee.

At present, 8 million children are being raised by only one parent. Of these 8 million, more than half are not receiving any child support. These children and the parents with whom they live are being cheated out of $4 billion a year.

These amendments will provide a means to insure that these children receive the assistance to which they are entitled.

Parents have a responsibility to help raise their children. Many of these children are living in poverty; this must not continue.

The action we are taking today is long overdue. We may find that in the future additional amendments will be needed, but this legislation starts this Nation on the right path.

I urge my colleagues to support this legislation.

Mr. D'AMATO. Mr. President, I rise in support of H.R. 4325, the Child Support Enforcement Amendments of 1983. This important legislation will amend part D of title IV of the Social Security Act to assure that all children in America in need of assistance in securing financial support from their parents will receive such assistance, regardless of their circumstances. This bill will insure this assistance through mandatory income withholding, incentive payments to States, and other improvements in the child support enforcement program.

The intent of H.R. 4325 is to encourage States to make child support enforcement services available to all families, particularly those not dependent on the welfare system. Our current child support enforcement program began in 1975 as a cooperative effort among all levels of government. Its two aims were the fostering of family stability and a reduction in the cost of welfare to the taxpayer. Neither aim has been accomplished.

In New York, the child support enforcement program has progressed steadily since its inception in 1975, as evidenced by the increase in aid to families with dependent children collections from $31 million in fiscal year 1976 to $65 million in fiscal year 1983. Moreover, New York State has already instituted a number of enforcement practices, such as including automatic wage withholding and unemployment benefit withholding, and a State tax refund offset system.

There is a clear need to improve our child support enforcement programs. Of the more than 4 million American women legally owed child support, more than half receive only partial payment and nearly one-third receive no payments at all. American children are being cheated out of nearly $4 billion a year.

This loss of child support results in heavy financial burdens on State and Federal welfare programs, whose rolls are swelled by those deprived of the support they are owed by absent parents. Almost 90 percent of all child welfare recipients owe their welfare eligibility to the failure of parents to pay child support.

Part of the reason can be directly traced to the way the system operates. A General Accounting Office report, released in March 1983 concluded that the States now have little incentive to improve their programs performance. The flow of Federal dollars to States is based on what the States spend, not on the collection results they achieve.

Mr. President, I strongly urge my colleagues to pass this legislation today. I believe it will bring relief to many children across the United States who have been denied their entitled child support.

Thank you, Mr. President.

Mr. ARMSTRONG. Mr. President, I now yield to my colleague from Minnesota (Mr. DURENBERGER), who has been especially interested and active on this issue.

Mr. DURENBERGER. Mr. President, I thank my colleague from Colorado. I, too, am extremely pleased that we are finally considering the legislation before us today which will strengthen our child support enforcement system. In particular, I commend the chairman of the Finance Committee for his efforts in reporting this bill and add my own comments relative to the ranking minority member of that committee (Mr. Long), who has not only spent more time on this issue over the years but during the course of the debate on the child support amendments that we have before us today probably spent as much time in hearings with a variety of witnesses from all over the United States of America than all the other members of the committee put together.

I also recognize Senator Grassley, Senator Packwood, and Senator Armstrong for their tremendous work on this legislation.

Failure to pay child support in this country has reached epidemic proportions. In fact, this situation has become so serious that everyone knows someone who is not receiving child support.

Translated into dollars and cents and national statistics, this problem is even more horrifying. Between a quarter and a third of fathers never make a single court-ordered payment. Absent parents fail to pay approximately $3 billion each year, and this trend is growing.

In addition, the number of single-parent families has mushroomed. In 1980, there were 8.5 million single-parent families, an increase of over 100 percent from 1970. The Census Bureau predicts that only half of all children born this year will spend their entire childhood living with both natural parents. Women head 90 percent of the rapidly growing number of single-parent familes.

What happens to a woman when confronted with a marriage that has been irreconcilably broken by financial problems, communication breakdowns, and changing values? At age 40, she may find herself raising her children alone, with no or limited means of support and terribly frightened.

Her efforts to achieve self-sufficiency and regain her self-esteem are frustrated by forces beyond her control. She quickly learns that the chances of employment are few without job skills and experience. She is confronted by the fact that the same society that encouraged her to raise and care for her family, now refuses to attach a value to the work she has performed.

If she is fortunate enough to obtain an order for child support from her former spouse, there is no guarantee that the support will ever be paid. While her standard of living quickly declines, she sees her former husband's increasing.

In many cases, she will be forced to turn to public assistance just to make ends meet. Only then can she find help collecting past-due support. Once the support starts arriving her financial situation improves—she now has enough income to obtain adequate dependent care, pay her medical bills, and provide for transportation expenses.

Unfortunately, once she becomes self-sufficient she no longer finds child support collection officials anxious to pursue her child support claims. In time, the support stops and she is forced to return to public assistance. This catch-22 may continue throughout her children's lives.

The breakdown of the American family is shocking in a society that has placed that institution at the apex of its social structure. Family dissolution is a problem that we, as national leaders, must address in the coming years. If we are going to maintain the backbone of our society, we must begin to search for ways in which we can keep the family together.

All too often we have ignored this need and sacrificed family unity and self-reliance for well-intentioned economic considerations. In doing so, we have damaged the health of America's children.

A child confronted by dissolution is frequently caught in an unwinnable and unhealthy situation. Far too often, children are used as puppets by parents who are acting out their own frustrations.

Not only do these children suffer during the course of the legal proceedings, but their anguish may continue for many years to come. In many cases, visitation and support issues rapidly interwine to catch the children in their parents' game of cat and mouse. For example, any one of the following are typical scenarios—first, the absent parent fails to pay support, and the custodial parent terminates visitation, second, the custodial parent refuses visitation, and the absent parent stops paying support, third, the absent parent purchases gifts for the children in lieu of support, or fourth, either or both parents move to a new locality.

These are just a few of the tragic situations that follow divorce, but they all lead to one inevitable conclusion—the innocent children are the ultimate victims.

Although these serious family law issues are primarily within the jurisdiction of the State and local governments, Congress does have an obligation to protect these children's financial well-being by tackling the child support enforcement problem.

I am pleased that the Senate is finally considering a strong child support bill. I have been extremely concerned about this problem and made child support enforcement a signficant part of both the Economic Equity Act of 1981 and the Economic Equity Act of 1983. I strongly support passage of this forceful legislation. The time has come for action.

The bill which we are considering today is a strong piece of legislation and incorporates many of the provisions of title V of the Economic Equity Act. It includes:

Mandatory wage withholding after arrearages equal 1 month.

Mandatory quasi-judicial procedures.

Mandatory Federal and State income tax offsets for both AFDC and non-AFDC families.

Mandatory liens against real and personal property.

Mandatory security and bonding procedures.

Support for State and local government initiatives with respect to visitation, child custody, and related domestic issues.

Mandatory development of objective standards for support.

This legislation also establishes a new incentive formula for both AFDC and non-AFDC collections. Hopefully, this change will encourage States to become more cost-effective and respnsive to all families—not just those receiving AFDC.

There is a gradual reduction in the Federal matching formula incuded in the bill. Although I, personally, would have preferred maintaining the Federal match at 70 percent, the new rate represents a compromise that recognizes the enormous Federal deficit and the needs of the States. When coupled with new incentive payments and greater State efficiency, this change will be negligible.

Passage of this legislation by the Senate will send a signal to American women that we intend to remove economic discrimination now. But, this does not complete our task. We must take action to insure passage of all the other provisions of the Economic Equity Act. We must increase the availability of the dependent care tax credit. We must remove all insurance discrimination that currently exists. We must reform public pensions for civil service spouses. Finally, we must set an example by removing impediments established in our regulatory Tax Codes.

Mr. President, the challenge that awaits us is great, but enactment of strong child support enforcement legislation is an important beginning. As we move ahead to our next goal, I believe it is vital that we keep in mind the importance of removing economic barriers which confront women. Hubert Humphrey articulated this well, in 1966, when he stated:

> Despite the fact that we are doing better in this respect than most other countries, it

still remains true that the richest under-realized resource in America is the talent of its women.

Mr. ARMSTRONG. Mr. President, I thank the Senator from Minnesota. I would be remiss if I did not point out to Senators that the first legislation on this subject of child support which has emerged as a major national problem was in fact presented by the Senator from Minnesota, and I compliment him for bringing this to the attention of the Finance Committee and taking the lead on it.

Mr. LONG. Mr. President, will the manager yield?

Mr. ARMSTRONG. Yes. Of course, in fact, I think the Senator from Louisiana has time, and I will be happy to yield the floor.

Mr. LONG. Mr. President, in order to put all Senators on record, I ask for the yeas and nays on the bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, first let me thank the distinguished chairman of the committee (Mr. DOLE) for the part he has played in bringing this legislation before the Senate, and Mr. ARMSTRONG, the manager of the bill, and Mr. DURENBERGER for the fine work they have done in connection with this matter.

I also congratulate my colleague from New Jersey (Mr. BRADLEY) for the fine contribution he has made in shaping this legislation and bringing it before the Senate.

Mr. President, 10 years ago the Finance Committee recommended legislation based on the proposition that children have a right to be supported by their parents. This legislation was enacted into law as the child-support enforcement program.

The existence of that program has greatly improved the extent to which the child's right to support has become a reality. In its brief history this program has collected nearly $5 billion for welfare families and over $6 billion for families not on welfare. This is a program which directly benefits children and which also saves the taxpayer money.

The child-support program has been successful. But there are still too many cases where children receive little or no support from absent parents who could and should be providing that support. The bill before the Senate would, in most respects, strengthen the program. States would be required to establish systems of wage withholding. They would have to use other enforcement techniques against parents who became delinquent in meeting this support obligation. Federal assistance for State enforcement efforts will be expanded by providing easier access to information in Federal files; this will help locate absent parents. In addition, the highly successful procedure of withholding past-due support from tax-refund checks will be made available to nonwelfare as well as welfare families.

The original child-support bill called upon States to help all children—not just those on welfare—to obtain the support due them. Some States have vigorously carried out this mandate; others have not. The pending bill reemphasizes this responsibility. It restructures the incentive payments to provide a financial bonus for State performance in this area.

This bill can do a great deal to strengthen the enforcement of child-support orders. But an effective enforcement mechanism will have little impact if the support orders themselves are not carefully and reasonably established. Too often, support orders are set at levels well below the level which represents reasonable support in the light of the child's needs and the parents' resources. The bill requires each State to devote attention to this problem and to develop a set of guidelines for judges to consider in establishing support orders.

To meet our goals, the bill includes a number of new requirements and procedures. But it must be recognized that the success of the child-support program will continue to depend on the seriousness with which it is pursued by those who administer the program at the Federal, State, and local levels.

The bill reemphasizes the responsibilities of the Director of the Office of Child Support Enforcement. He must set standards of effectiveness and conduct audits to assure that States achieve an effective level of operation in all areas of responsibility. This includes establishing paternity, locating absent parents, establishing support orders, collecting support orders, and providing adequately for interstate enforcement.

The one area in which I find the committee bill somewhat disappointing is in its financial provisions. Fortunately, the committee did agree to retain the incentive financing at approximately its current level. The bill does this by providing a 6-percent incentive rate for welfare and nonwelfare collections. However, the incentive provisions are structured in a way which could discourage efforts to determine paternity. In addition, the committee provides for a further reduction, from 70 to 65 percent, in the general Federal matching rate for this program. Although this reduction is phased in over 5 years, it may raise doubt on the part of the States about the seriousness and stability of the Federal commitment.

On balance, however, I believe the bill reported by the Finance Committee will strengthen the program. If its provisions are properly implemented, there should be a significant improvement in State efforts to obtain the support payments which are owed by absent parents to their children. I intend to vote for this bill, and I urge the Senate to approve it.

I yield 2 minutes to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I rise as a supporter of the child-support enforcement reform bill now before the Senate. This bill is modeled on legislation that I introduced last January to insure that court-ordered child-support payments are actually made. The current record of compliance with court orders in this area is nothing short of a national disgrace. Today, we have a real chance to change that.

Mr. President, there has been a major increase in recent years in the number of children living in single-parent families. In 1980, there were over 8 million single-parent families in the United States—an increase of over 100 percent since 1970. Women headed 90 percent of these families.

For many of these families, child-support payments from the absent parent should be a major source of income. But for 40 percent of those families no child support has been awarded by a court. And what of the remaining 60 percent? Fewer than half received the full amount due; 23 percent received only part of what they were entitled to; and 28 percent received nothing at all—even though a court had ordered payments to be made.

The nonpayment cheats children out of $4 billion in support annually. I repeat, the failure of a significant proportion of absent parents to take financial responsibility for their children is a national disgrace.

Mr. President, there has been a lot written lately about the feminization of poverty—the alarming increase of women and children living below the poverty level. The statistics here are compelling. The mean income of female-headed families is only 42 percent of two-parent families' income. And a recent study concluded that two-thirds of the children in female-headed families depend on AFDC.

It is fully a proper Government role to try to help women who head single-parent families. We need to increase income assistance, and education, and training opportunities for these women and their families. And we also need to make sure that noncustodial parents fulfill their financial responsibilities for their children; if all absent parents paid their child support, we would see a significant reduction in the number of women living in poverty.

Mr. President, steps have been taken in New Jersey and elsewhere to improve child-support collections. In 1982, in New Jersey, $130 million in child-support collections were made. Over 3,000 families were removed from AFDC due to child-support collections, over 30,000 absent parents were located and almost 10,000 paternities were established. The New Jersey program is much better than average. For example, for every $1 in CSE administrative costs, the program collected over $4 in child support, much better than the national average.

The CSE program has had a positive impact, but much more needs to be done. There is a wide disparity in performance among States and no State has even a 50-percent compliance rate with court orders. The system is in major need of tightening up.

Mr. President, earlier this year Senator DURENBERGER and I introduced legislation that has been cosponsored by 20 Senators designed to help women who are not receiving the child-support payments legally due them. While the legislation before us today is not as strong in some respects as the bill we introduced, it will substantially improve the collection of child-support payments from parents who are ignoring their legal obligations. The Finance Committee bill is a bipartisan effort to insure the payment of child support through mandatory income withholding, incentive payments to States, and other improvements in the child-support enforcement program. The major provisions of the bill are as follows:

Mandatory wage withholding if child-support payments are delinquent in an amount equal to 1 month's support.

New streamlined administrative procedures to assure that States will make all reasonable efforts to improve the enforcement of child-support obligations. These procedures were set up in New Jersey in Essex County with tremendous results: child-support payments doubled, administrative costs were cut by a half million dollars, and the huge backlog of court cases was eliminated.

The withholding of State and Federal tax refunds if the noncustodial parent is delinquent in support payments.

Requiring individuals who have demonstrated a pattern of delinquent payments to post a bond, or give some other guarantee to secure payment of past-due support.

A new incentive formula. Instead of rewarding States solely for collections made on behalf of AFDC families, the new formula rewards States for collections made on behalf of both AFDC and non-AFDC families. The Federal incentive payment increases as the State's ratio of collections to administrative costs improves; $15 million a year in demonstration grants to States to test methods of improving interstate child-support collections.

Mr. President, these are significant changes that I believe will help improve our record on the child-support enforcement. But these efforts may not be enough to correct the abuse and neglect we are witnessing today. If these reforms do not prove to be a sufficient enforcement tool, we may well have to incorporate automatic withholding of child-support payments from the wages of those obligated to pay as a part of the original court decree. I will certainly be monitoring the performance of States over the next couple of years to see how effectively the changes we are making today actually work.

Mr. President, while the House and Senate bills are similar in most respects, there are a few differences between them. I am hopeful that the House-Senate conferees agree to strengthen the final version of the bill in three ways. First, I would like to see all tax refunds from noncustodial parents with delinquent payments be attached, not just refunds owed to welfare families. Second, we need a transitional measure to provide 4 months of medicaid coverage to families going off AFDC because of improved collections. And, third, the incentive payment to States should be expanded to further encourage States target all delinquent noncustodial parents, not just those whose children are on AFDC families.

Mr. President the differences between the House and Senate bills are not insurmountable. I hope that we can resolve these differences quickly and get this bill enacted so that corrective action can begin quickly. There is no reason for delay. Millions of needy children are waiting for us to act.

During the Finance Committee deliberations on the child support bill, I offered an amendment requiring States to provide 4 months of medicaid coverage for AFDC families who lose eligibility for AFDC and medicaid as a result of increased child support. Unfortunately, this amendment lost on a vote of 9 to 10 in committee. I had intended to propose an amendment on the floor that would permit States, at their option, to provide the 4 months of medicaid coverage.

Mr. President, a 4-month extension of medicaid provides critical support to families in the difficult period of transition from AFDC to self-sufficiency. Loss of medicaid is often one of the most devastating byproducts of losing AFDC, since poor children are more likely than other children to need medical care.

The concept of a 4-month extension of medicaid for a family that loses AFDC in such circumstances is not new. The Social Security Act already provides for similar coverage when a family loses AFDC due to increased income from wages. The amendment that I offered in committee was therefore simply an equitable extension of a benefit already available to families who lose AFDC due to wages.

Medicaid coverage would only assist families who desperately need the medical coverage because HHS is proposing regulations that require States to seek medical-support coverage from the absent parent whenever medical coverage is available at a reasonable cost. Therefore, most people will have private insurance available to cover medical costs and therefore won't need the medicaid coverage.

Mr. President, in an effort to expedite this bill through the Senate, the chairman of the Finance Committee has asked me not to offer this amendment on the Senate floor. Can the chairman give me some assurances that the conferees will at the least allow States at their option to provide 4 months of medicaid coverage?

Mr. DOLE. As my colleague knows, I did not support the amendment he offered with our colleague from Minnesota (Mr. DURENBERGER) to require States to provide 4 months of medicaid coverage. However, it is my position that States should be allowed the option to provide such coverage. That will be the position I will take as a member of the conference. While I cannot speak for the other Senate conferees, given the vote in the committee, some provision for medicaid coverage is likely to emerge from the conference.

I thank my colleague from New Jersey for his courtesy and cooperation in this matter.

Mr. BRADLEY. I thank the Senator.

Mr. DURENBERGER. Mr. President, the Senator from New Jersey and I were cosponsors of an amendment that failed I think by one vote in committee on this subject. I came to the issue before from my interest in medicaid and health policy and also from the standpoint of a very extensive study conducted in my State by the University of Minnesota over the last couple of years about what happens to families when they move off of AFDC because of increased income, either jobs or AFDC. That study reported that somewhere between one-fourth and one-third of all adults and fully one-third of all children involved even 4 months after termination of AFDC were without medical or dental coverage because they could not afford to purchase that coverage on the outside.

I am pleased that the chairman has indicated that in conference he would be willing to consider optional treatment for medicaid coverage.

Mr. ARMSTRONG. Mr. President, I yield to our colleague from Virginia (Mr. TRIBLE).

The **PRESIDING OFFICER**. The Senator from Virginia is recognized.

Mr. **TRIBLE**. Mr. President, I thank my distinguished colleague from Colorado for yielding. I, too, commend him for his leadership and that of Senator LONG, Senator DURENBERGER, Senator DOLE, and the other distinguished members of the Finance Committee.

Our Nation can no longer tolerate the costs of our current system of child support. It perpetuates a culture of poverty, leads to the neglect of defenseless children, and fosters disrespect for the law.

A recently published Census Bureau report showed that 28 percent of the mothers owed child support during 1981 received not 1 cent during the entire year; and half the women due support did not receive the full amount they were owed. That means that children in more than 4 million homes across our land are being shortchanged and cheated. It is time we do something about it. This is nothing less than theft from innocent children.

For the mothers involved, it is an economic catastrophe. It has contributed to the "feminization of poverty." We now find that while some 14 percent of the population-at-large falls below the poverty line. Among single mothers caring for children, the figure is more than double to 35 percent.

During the depths of the Great Depression, President Roosevelt spoke of one-third of a nation being ill-housed, ill-clad, and ill-fed. We confront a comparable situation in female-headed, single-parent households today.

Yet, according to a 1982 Stanford University study, most noncustodial parents who are not meeting their child support obligations are capable of doing so, and, indeed are capable of paying significantly more than the amounts awarded.

Quite clearly, the present system of child support collection is costly and ineffective. In nearly all cases, the mother lacks either the time or the money to go back to court and enforce what is legally due her and her children. When she does go back to court, she faces delays and roadblocks. The time has come for a new system of enforcing what is already a legal and moral obligation, and that includes withholding of child support payments from wages.

Mr. President, our Nation has no more important responsibility than protecting the family bond. Our laws must assert every parents responsibility to suport his or her children. That is why this is so important an initiative. I commend my colleagues for their leadership, and I urge the Senate to adopt this amendment.

Mr. **ARMSTRONG**. Mr. President, does the Senator from Florida seek recognition?

Mrs. **HAWKINS**. Yes.

Mr. **ARMSTRONG**. I am pleased to yield to the Senator.

Mr. President, how much time remains?

The **PRESIDING OFFICER**. One minute and 28 seconds.

Mr. **ARMSTRONG**. I yield 1 minute and 20 seconds to the Senator.

Mrs. **HAWKINS**. I thank the distinguished Senator from Colorado.

Mr. President, I am pleased that the Senate is considering legislation to improve the Federal Child Support Enforcement Act. I commend the distinguished Senator from Florida for providing the leadership for passage of this most important legislation, probably the most important legislation we will handle this year.

Passage of the original act in 1975 was significant because for the first time a Federal law addressed the causes as well as the symptoms of poverty among children. While we must continue our financial support of social service programs addressing the immediate needs of children living in poverty, I feel that we must step up our efforts to address the causes. We must face the ugly fact that at least 80 percent of the families seeking aid for families with dependent children (AFDC) do so because of insufficient child support from the absent parent.

We have all heard much about the "feminization of poverty." It is almost a buzz-word. It is a very real problem for women in this country. Indeed, the statistics prove that women in this country are the ones who are bearing the great brunt of any downturn in the economy. As more and more women go to work, more and more children are left untended. More and more children are missing. I do not know when it became a right in this country for a father to abandon the responsibility of providing for his child.

I am thinking about the children all the time I am in the Senate, because they provide the basic unit of the family. Mothers and fathers are involved with making a living.

There is still much hidden discrimination against women in terms of, jobs, child care, child support, and retirement benefits. Since the 1940's there has been a tremendous increase in the female labor force—but no increase in economic security. Women are still making less money than men. Women are still by far the ones forced on welfare.

But it is the children who are most deeply affected by the "feminization of poverty." It is the children who suffer when their mother's child care needs are not properly met. And it is the children who suffer most from nonpayment of child support.

Congress made a good effort to address this problem in 1975 with the child support enforcement program. This program required each State to enforce child support by tracing fathers through the social security system and using income-tax offsets and wage withholding. It was a good start, but much more needed to be done.

My own State of Florida recognized the problem and enacted its own child support enforcement legislation in 1974, a year before passage of the Federal legislation. But reforms are needed now to improve this program and make it more effective. In 1980, our Florida Office of Child Support Enforcement entered into a contract with the Center for Governmental Responsibility at Holland Law Center at the University of Florida. They undertook a 2-year research project to determine what factors affect the collection of court-ordered child support payments and which methods of enforcement are most effective. The final results will be published this February, and then the center will embark on a 1-year pilot project in 20 Florida counties to implement some of the research findings.

The results of the research study should give Florida a better idea of how to improve the State child support enforcement program even more. It will also provide valuable data about which enforcement techniques seem to be the most effective.

Although the final research results have not yet been published, a researcher from the center did travel to Washington, DC, this November to discuss the preliminary findings with the staff of both the Senate children's caucus and family caucus. The center discovered wide discrepancies from county to county regarding enforcement and enforcement techniques. An alarming discovery was that many of the courts responsible for enforcement were unaware of the variety of enforcement techniques available to them. For example, many of the judges were not aware that Florida State law permitted the courts to impose mandatory wage assignment on non-AFDC as well as AFDC recipients if the absent parent missed two or more payments. Even worse, many judges who were aware of the provision were reluctant to use it because of the liability the provision imposed on their clerks who administer the depository account. The original language made the clerk of the court personally liable for any checks to the court depository accepted by him. The clerks were, therefore, understandably reluctant to accept support payment except in the form of money orders or certified checks. When this situation was discovered, Florida modified its law to provide that the clerks of the circuit court not be personally liable if the personal check tendered by the employer is returned by the bank. This improved and encouraged the use of one of the most effective methods of enforcing child support payment.

A disturbing statistic that emerged from the Florida study—as well as national studies on child support enforcement—is the low percentage of nonwelfare child support cases that are processed. Although the Federal law requires that State child support agencies offer services to custodial parents who are not AFDC recipients, in Florida, our non-AFDC caseload is only 4 percent. Only 10,000 of the 267,000 cases in Florida in 1982 were nonwelfare cases. The reason is an economic one. There is a built-in disincentive for spending staff time on nonwelfare cases. But there is no other substantive difference between them; the problems of child support enforcement are common to both welfare and nonwelfare families. Unfortunately, the financial benefits of pursuing non-AFDC child support cases are not immediately apparent. However, several studies are now being done to determine the cost-avoidance aspects of the non-AFDC program.

Ultimately, the real reason for encouraging the enforcement of all child support orders, regardless of the parent's dependence on governmental support is a matter of children's right and need to be supported by their parents. We in Congress must pursue our goal of returning the responsibility of caring for children to the parents.

I commend Senator Dole, Senator Long, Senator Bradley, and Senator Durenberger, and all members of the Senate Finance Committee for their efforts in developing legislation that improves the child support enforcement program and insures that all children in the United States who are in need of assistance in securing financial support from their parents will receive assistance regardless of their circumstances. I ask my colleagues to support this legislation.

The PRESIDING OFFICER. The Senator from Louisiana has 7 minutes and 20 seconds remaining.

Mr. LONG. I yield back the remainder of our time.

Mr. ARMSTRONG. I am prepared to yield back our time.

Has the committee amendment been adopted?

The PRESIDING OFFICER. It has not.

Mr. ARMSTRONG. I am prepared to proceed to adoption of the committee amendment and then to vote on the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. All time having been yielded back, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maine (Mr. Cohen) and the Senator from North Carolina (Mr. East), are necessarily absent.

I further announce that, if present and voting, the Senator from Maine (Mr. Cohen) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. Hart), the Senator from Kentucky (Mr. Huddleston) and the Senator from Connecticut (Mr. Dodd), are necessarily absent.

I also announce that the Senator from Massachusetts (Mr. Kennedy) is absent because of a death in the family.

I further announce that, if present and voting, the Senator from Kentucky (Mr. Huddleston), would vote "yea."

The PRESIDING OFFICER (Mr. Boschwitz). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 94, nays 0, as follows:

[Rollcall vote No. 79 Leg.]

YEAS—94

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Biden
Bingaman
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd
Chafee
Chiles
Cochran
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
Durenberger
Eagleton
Evans
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hecht
Heflin
Heinz
Helms
Hollings
Humphrey
Inouye
Jepsen
Johnston
Kassebaum
Kasten
Lautenberg
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
McClure
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sarbanes
Sasser
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Trible
Tsongas
Wallop
Warner
Weicker
Wilson
Zorinsky

NOT VOTING—6

Cohen
Dodd
East
Hart
Huddleston
Kennedy

So the bill (H.R. 4325), as amended, was passed.

The PRESIDING OFFICER (Mr. Boschwitz). The Senator from Colorado is recognized.

Mr. ARMSTRONG. Mr. President, in a moment I will move to reconsider the vote. But, before I do, I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, I ask unanimous consent that the following Senators be added as cosponsors to the amendment: Senators Long, Nunn, Hollings, Bradley, Moynihan, Matsunaga, Inouye, Leahy, Levin, Exon, Andrews, Abdnor, Warner, Sasser, and Boschwitz.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Colorado is recognized.

Mr. ARMSTRONG. Mr. President, I also would like to acknowledge that the passage of this bill—which, as several Senators have observed, is an extremely important piece of legislation—has been made possible by the smooth and quick floor debate. It also has been made possible by the truly outstanding staff work of Sydney Olson and Margaret Webber of the majority staff; and, by Mike Stern and Joe Humphreys of the minority staff.

Behind the scenes, there was a lot of negotiating, pulling and hauling, as there always is on a bill like this. The fact that we were able to handle it with such great dispatch and in a timely manner is a tribute to the work that they have done, and we are grateful to them for that.

Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Senators who managed this measure, and I thank the Senators who sponsored it for their cooperation. I congratulate them on the passage of this important piece of legislation. I know it has been a great matter of interest of the Senator from Louisiana for a long time, of the Senator from Kansas, and also of the Senator from Colorado in particular.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask that there now be a period for the transaction of routine morning business for not past the hour of 6:15 p.m. in which Senators may speak.

The PRESIDING OFFICER (Mr. Warner). Without objection, it is so ordered.

DEFICIT REDUCTION PACKAGE

Mr. ARMSTRONG. Mr. President, yesterday in speaking on the pending deficit reduction package, I pointed out the very great danger facing our country if we are not in some way to bring into balance the revenues and outlays of the Federal Government. The prospect of these deficits of a magnitude of $200 billion or more this year and years into the future is truly awesome. It presents a concern which I think is out of the ordinary and calls for a degree of compromise and self-sacrifice by Senators and others in the country which, as I pointed out yesterday, I think is above and beyond what we have routinely faced.

I hope all Senators will approach the debate on this matter in a spirit of accommodation and compromise, and will, as I have suggested that I am prepared to do, relinquish all the sacred cows and do whatever is necessary to balance the budget.

My purpose in seeking recognition, however, is not to elaborate on that statement, but simply to correct one statement which I made yesterday.

Some Senators might find it embarrassing to correct themselves on such short notice but I have had a fair amount of practice in trying to correct my own mistakes. I want to put the minds of Senators at ease about one statement I made yesterday.

I pointed out that I was concerned about the real validity of the proposed spending caps in this proposal. That is, I was concerned that a majority of a quorum could waive on motion the spending caps on which this whole deficit reduction package, inadequate though I believe it to be, depends.

It is true, and I was correct in pointing out, that a majority of a quorum could waive the spending caps even though they were in the law, because there is a specific provision in the bill that permits that.

Where I erred, and I want Senators to know that I was mistaken because it is an important point, was that I mentioned that the motion for such waiver, which appears in the Senate RECORD at page S4729, would not be debatable, that it would be subject to a 1-hour time limit. The reason I mentioned that was because that would be the regular course of things under a budget reconciliation or a budget resolution. That is, points of order and waivers only get 1 hour of debate.

But upon reflection and rereading and with advice of staff, I want to make clear to the Senate that I was in error about that point. The specific waiver which is provided for in the pending amendment, the so-called leadership amendment or the rose garden budget, whatever you call it, would be subject to not 1 hour of debate but to unlimited debate. In fact, to shut off debate, cloture would be necessary.

I want to correct the record on that. I apologize for unintentionally misstating that. I put all Senators on notice that in the event these limitations are in fact enacted into law and that at some future time next year or the year after someone tried to bring to the floor an appropriations bill or an amendment which exceeded those limits specified herein, any waiver of the limit would be subject to very extended debate, and I might well propose such debate myself if circumstances warranted. I wanted to clear up the record before any time elapsed. That was my purpose in rising. I thank the majority leader for having yielded.

THE CALENDAR

Mr. BAKER. Mr. President, I have some calendar items. The acting minority leader is on the floor and has been briefed about them. I would like to do them en bloc, if he does not object.

Let me now ask unanimous consent that the Senate consider en bloc the following items: Calendar Order Nos. 737, 739, 749, 751, 768, 769, 770, and 771.

Does the acting minority leader have any comments?

Mr. BINGAMAN. We have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

RELIEF OF HARVEY E. WARD

The bill (S. 1126) for the relief of Harvey E. Ward, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1126

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Harvey E. Ward of Zion, Illinois, the sum of $15,475.59, pursuant to the findings of the United States Claims Court in Ward against United States, Congressional Reference Case numbered 6-76 (1982), in full satisfaction of all claims of the said Harvey E. Ward against the United States for withheld disability retirement pay from service in the United States Coast Guard.

SEC. 2. No part of any amount appropriated by this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, any contract to the contrary notwithstanding. A violation of this section is a misdemeanor punishable by a fine in an amount not exceeding $1,000.

REFERRAL OF S. 413 TO THE CHIEF JUDGE OF THE U.S. CLAIMS COURT

The resolution (S. Res. 48) to refer S. 413 to the chief judge of the U.S. Claims Court, was considered, and agreed to as follows:

S. RES. 48

Resolved, That S. 413, entitled "A Bill for the Relief of James P. Purvis", now pending in the Senate, together with all accompanying papers, is referred to the Chief Judge of the United States Claims Court, and the Chief Judge shall proceed with the same in accordance with the provisions of sections 1492 and 2509, title 28, United States Code, notwithstanding the bar of any statute of limitations, laches, or bar of sovereign immunity, and report thereon to the Senate, at the earliest practicable date, giving such findings of fact and conclusion thereof as shall be sufficient to inform the Congress of the nature and character of the demand of the claim, legal or equitable, against the United States, or a gratuity, and the amount, if any, legally or equitably due from the United States to James P. Purvis.

RELIEF OF VLADIMIR VICTOROVICH YAKIMETZ

The Senate proceeded to consider the bill (S. 1989) for the relief of Vladimir Victorovich Yakimetz, which had been reported from the Committee on the Judiciary with an amendment to strike all after the enacting clause and insert:

That (a) notwithstanding paragraphs (14) and (28) of section 212(a) of the Immigration and Nationality Act, for purposes of such Act, Vladimir Victorovich Yakimetz shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to reduce by the proper number, during the current fiscal year or the fiscal year next following, the total number of immigrant visas which are made available to natives of the country of the alien's birth under section 203(a) of the Immigration and Nationality Act or, if applicable, the total number of immigrant visas which are made available to natives of the country of the alien's birth under section 202(e) of such Act.

(b)(1) Vladimir Victorovich Yakimetz shall be held and considered to have satisfied the provisions of section 316 of the Immigration and Nationality Act which relate to required periods of residence and physical presence within the United States and shall not be held or considered to be within any of the classes of persons described in section 313 of such Act.

(2) Notwithstanding the provisions of section 310(d) of that Act, Vladimir Victorovich Yakimetz may be naturalized at any time after the date of enactment of this Act if otherwise eligible for naturalization under the Immigration and Nationality Act.

Mr. MOYNIHAN. Mr. President, I rise to invite my colleagues to join me in supporting S. 1989, a bill to confer U.S. citizenship on Mr. Vladimir V. Yakimetz. Mr. Yakimetz, recently a citizen of the Soviet Union, worked until December 1983 as an international civil servant in the United Nations Secretariat in New York City.

Before going any further, I wish to express my appreciation to the distinguished chairman of the Judiciary Committee (Mr. THURMOND), the ranking member of the committee (Mr. BIDEN), and the chairman of the Immigration Subcommittee (Mr. SIMPson) for their cooperation in expediting consideration of S. 1989. S. 1989 was introduced on October 21, 1983. On April 5, 1984, it was reported favorably by the Judiciary Committee.

S. 1989 is a private bill with a public purpose. The purpose is to encourage employees of the United Nations to believe in—and to uphold—the Charter of the United Nations.

Passage of S. 1989 will not make the U.N. perfect. But it would be a tangible demonstration of congressional support for the noble principle enshrined in the charter. It would represent a small step toward enabling the U.N. to live up to those principles.

The case for the bill before us may be put simply: Mr. Yakimetz is a man who has lived up to the charter, and—due to the intervention of the Soviet Government—has lost his job at the U.N. in consequence. With American citizenship, he will be able to return to his post as a U.N. employee, beholden to no interest other than the U.N.

I reveal no closely held secret of the intelligence community when I state that it is standard practice for Soviet bloc employees at the U.N. to accept instruction from their governments and to use their privileged diplomatic positions in New York to engage in espionage aganist the United States and other nations. This is in unambiguous violation of article 100 of the U.N. Charter which states that:

> (I)n the performance of their duties the Secretary-General and the staff shall not seek or receive instructions from any government or from any other authority external to the Organization.

It may fairly be said that this provision lies at the very heart of what it is required of an international organization if it is to function as intended. If the organization is ever to enjoy the confidence of member states, the Secretariat must be truly international in character.

Vladimir Yakimetz merits our attention precisely because he has sought to live up to the principle expressed in article 100.

In 1982, while serving, as he had for several years, as a program officer responsible for budget planning in the Department of International Economic and Social Affairs, Mr. Yakimetz was instructed by officials of the Soviet mission at the U.N. to engage in activities he knew to be inconsistent with his oath as an international civil servant. He refused, and was consequently ordered back to Moscow.

Mr. Yakimetz thereupon requested, and received, on February 9, 1983, political asylum in the United States. The Soviets, not surprisingly, sought to have him dismissed from the U.N.

To his great credit, Secretary-General Javier Perez de Cuellar decided to permit Mr. Yakimetz to remain at the U.N. through the conclusion of his employment contract, despite the fact that the country which had seconded him to the U.N.—the U.S.S.R.—no longer wanted him to remain there.

While this represented a certain measure of victory for the principle of independence in the international civil service, it was only an interim solution. When Mr. Yakimetz's contract expired on December 26, 1983, the Secretary-General was bound by the precedents of the U.N. not to employ him unless he were to be seconded by a member country of the U.N.

In order to be seconded, Mr. Yakimetz must be a citizen of said member country. For a number of reasons, the logical choice is the United States—not least because it would be in the American national interest to see that the often-abused principle of an independent U.N. civil service is strengthened in practice, as it would be by retention of Mr. Yakimetz in the U.N. Secretariat.

Thus S. 1989, and the proposal to expedite the citizenship process for Vladimir Yakimetz. With American citizenship, he will promptly be seconded and rehired. And the employees of the U.N. will see that it is possible to abide by the chapter.

It is important to note that Vladimir Yakimetz does not seek early citizenship for personal gain or convenience. Having been granted political asylum, he could look forward to becoming an American citizen in the course of time through the normal procedures. With his background as a physicist, linguist and administrator, he could also expect to fare well in the American job market.

Yet Mr. Yakimetz believes in abiding by the U.N. Charter, and would like to continue to do so as an employee of the Secretariat. If he did not, he could easily have cooperated with the Soviet mission at the U.N. in violating that charter.

The permanent representative of the United States to the United Nations, Ambassador Jeane J. Kirkpatrick, has written me in support of this effort, noting in her letter that—

> The immediate bestowal of U.S. citizenship on this worthy individual who has chosen freedom seems to me not only warranted but essential.

I hope that my colleagues will join me in supporting S. 1989. If we fail to act on this case, we will encourage the Soviet Union still further to believe they can ignore their charter commitments with impurity. And other U.N. employees from the Soviet bloc will understand that to insist on principle is to lose a livelihood.

The principles of the U.N. Charter, the noble goal of an international civil service and the personal courage of Vladimir Yakimetz deserve our recognition.

I ask unanimous consent that the full text of S. 1989, as reported, and the text of Ambassador Kirkpatrick's letter in support of S. 1989, be printed in the Record.

There being no objection, the bill and letter was ordered to be printed in the Record, as follows:

S. 1989

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding paragraphs (14) and (28) of section 212(a) of the Immigration and Nationality Act, for purposes of such Act, Vladimir Victorovich Yakimetz shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to reduce by the proper number, during the current fiscal year or the fiscal year next following, the total number of immigrant visas which are made available to natives of the country of the alien's birth under section 203(a) of the Immigration and Nationality Act of, if applicable, the total number of immigrant visas which are made available to natives of the country of the alien's birth under section 202(e) of such Act.

(b)(1) Vladimir Victorovich Yakimetz shall be held and considered to have satisfied the provisions of section 316 of the Immigration and Nationality Act which relate to required periods of residence and physical presence within the United States and shall not be held or considered to be within any of the classes of persons described in section 313 of such Act.

(2) Notwithstanding the provisions of section 310(d) of that Act, Vladimir Victorovich Yakimetz may be naturalized at any time after the date of enactment of this Act if otherwise eligible for naturalization under the Immigration and Nationality Act.

The Representative of the
United States of America to
the United Nations,
September 27, 1983.

Hon. Daniel Patrick Moynihan,
U.S. Senate,
Washington, DC.

Dear Pat: I am writing to you in support of the effort to secure expedited U.S. citizenship for Mr. Vladimir Yakimetz, a former Soviet national assigned to the Department of International Economic and Social Affairs in the UN Secretariat. Last February, Mr. Yakimetz defected to the United States after he was notified by Soviet Mission authorities in New York that he was to be sent home in connection with allegations that he had participated in black market activities.

Following his confrontation with the Soviet authorities, Mr. Yakimetz contacted his UN supervisor who, in turn, assisted him in retaining Orville H. Schell, Esq., of Hughes, Hubbard and Reed, a New York law firm. Mr. Schell negotiated an agreement with the UN Secretary General that permitted Mr. Yakimetz to retain his position in the Secretariat through December 26, 1983, when his current contract expires. The agreement also appears to open the way for Mr. Yakimetz to arrange a new contract with the Secretariat after December, provided he secures U.S. citizenship by that time.

The Secretary General normally extends the employment of capable and time-tested Secretariat personnel who enjoy the support of the UN member state of which they are citizens. In this case, the hostility of the country of original nationality makes it impossible for the Secretary General to grant an extension of contract unless the staff member concerned obtains citizenship of a supportive member state. For this reason, the immediate bestowal of U.S. citizenship on this worthy individual who has chosen freedom seems to me not only warranted but essential.

Many senior officials of this Mission have been working with Mr. Yakimetz's attorneys and with interested Washington agencies to ensure that Mr. Yakimetz's rights and his status as an international civil servant and UN employee of good standing are secure. I understand that his attorney has discussed with your staff the introduction of a private bill granting Mr. Yakimetz citizenship. I want you to know that I am in full accord with the course he proposes. If I can help further, I am at your service.

Sincerely,

JEANE J. KIRKPATRICK.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMERICAN GOLD STAR MOTHERS, INC.

The Senate proceeded to consider the bill (S. 2413) to recognize the organization known as the American Gold Star Mothers, Inc., which had been reported from the Committee on the Judiciary with amendments:

On page 2, line 17, strike "incorporation" and insert "incorporation and shall include a continuing commitment, on a national basis, to—

(a) keep alive and develop the spirit that promoted world services;

(b) maintain the ties of fellowship born of that service, and to assist and further all patriotic work;

(c) inculcate a sense of individual obligation to the community, State, and Nation;

(d) assist veterans of World War I, World War II, the Korean Conflict, Vietnam, and other strategic areas and their dependents in the presentation of claims to the Veterans' Administration, and to aid in any way in their power the men and women who served and died or were wounded or incapacitated during hostilities;

(e) perpetuate the memory of those whose lives were sacrificed in our wars;

(f) maintain true allegiance to the United States of America;

(g) inculcate lessons of patriotism and love of country in the communities in which we live;

(h) inspire respect for the Stars and Stripes in the youth of America;

(i) extend needful assistance to all Gold Star Mothers and, when possible, to their decendants; and

(j) to promote peace and good will for the United States and all other Nations.

On page 6, line 11, strike "(60)" and insert "(62)".

So as to make this bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

CHARTER

SECTION 1. American Gold Star Mothers, Incorporated, organized and incorporated under the laws of the District of Columbia, is hereby recognized as such and is granted a charter.

POWERS

SEC. 2. American Gold Star Mothers, Incorporated (hereinafter referred to as the "corporation") shall have only those powers granted to it through its bylaws and articles of incorporation filed in the State or States which it is incorporated and subject to the laws of such State or States.

OBJECTS AND PURPOSES OF CORPORATION

SEC. 3. The objects and purposes for which the corporation is organized shall be those provided in its articles of incorporation and shall include a continuing commitment, on a national basis, to—

(a) keep alive and develop the spirit that promoted world services;

(b) maintain the ties of fellowship born of that service, and to assist and further all patriotic work;

(c) inculcate a sense of individual obligation to the community, State, and Nation;

(d) assist veterans of World War I, World War II, the Korean Conflict, Vietnam, and other strategic areas and their dependents in the presentation of claims to the Veterans' Administration, and to aid in any way in their power the men and women who served and died or were wounded or incapacitated during hostilities;

(e) perpetuate the memory of those whose lives were sacrificed in our wars;

(f) maintain true allegiance to the United States of America;

(g) inculcate lessons of patriotism and love of country in the communities in which we live;

(h) inspire respect for the Stars and Stripes in the youth of America;

(i) extend needful assistance to all Gold Star Mothers and, when possible, to their descendants; and

(j) promote peace and good will for the United States and all other nations.

SERVICE OF PROCESS

SEC. 4. With respect to service of process, the corporation shall comply with the laws of the States in which it is incorporated and those States in which it carries on its activities in furtherance of its corporate purposes.

MEMBERSHIP

SEC. 5. Eligibility for membership in the corporation and the rights and privileges of members shall be as provided in the bylaws of the corporation.

BOARD OF DIRECTORS; COMPOSITION; RESPONSIBILITIES

SEC. 6. The board of directors of the corporation and the responsibilities thereof shall be as provided in the articles of incorporation of the corporation and in conformity with the laws of the State or States in which it is incorporated.

OFFICERS OF CORPORATION

SEC. 7. The officers of the corporation, and the election of such officers shall be as is provided in the articles of incorporation of the corporation in conformity with the laws of the State or States wherein it is incorporated.

RESTRICTIONS

SEC. 8. (a) No part of the income or assets of the corporation shall inure to any member, officer, or director of the corporation or be distributed to any such person during the life of this charter. Nothing in this subsection shall be construed to prevent the payment of reasonable compensation to the officers of the corporation or reimbursement for actual necessary expenses in amounts approved by the board of directors.

(b) The corporation shall not make any loan to any officer, director, or employee of the corporation.

(c) The corporation and any officer and director of the corporation, acting as such officer or director, shall not contribute to, support or otherwise participate in any political activity or in any manner attempt to influence legislation.

(d) The corporation shall have no power to issue any shares of stock not to declare or pay any dividends.

(e) The corporation shall not claim congressional approval or Federal Government authority for any of its activities.

(f) The corporation shall retain and maintain its status as a corporation organized and incorporated under the laws of the State or States wherein it is incorporated.

LIABILITY

SEC. 9. The corporation shall be liable for the acts of its officers and agents when acting within the scope of their authority.

BOOKS AND RECORDS; INSPECTION

SEC. 10. The corporation shall keep correct and complete books and records of account and shall keep minutes of any proceeding of the corporation involving any of its members, the board of directors, or any committee having authority under the board of directors. The corporation shall keep at its principal office a record of the names and addresses of all members having the right to vote. All books and records of such corporation may be inspected by any member having the right to vote, or by any agent or attorney of such member, for any proper purpose, at any reasonable time. Nothing in this section shall be construed to contravene any applicable State law.

AUDIT OF FINANCIAL TRANSACTIONS

SEC. 11. The first section of the Act entitled "An Act to provide for audit of accounts of private corporations established under Federal law", approved August 30, 1964 (36 U.S.C. 1101), is amended by adding at the end thereof the following:

"(60)*(62)* American Gold Star Mothers, Incorporated".

ANNUAL REPORT

SEC. 12. The corporation shall report annually to the Congress concerning the activities of the corporation during the preceding fiscal year. Such annual report shall be submitted at the same time as is the report of the audit required by section 11 of this Act. The report shall not be printed as a public document.

RESERVATION OF RIGHT TO AMEND OR REPEAL CHARTER

SEC. 13. The right to alter, amend, or repeal this Act is expressly reserved to the Congress.

DEFINITION OF "STATE"

SEC. 14. For purposes of this Act, the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

TAX-EXEMPT STATUS

SEC. 15. The corporation shall maintain its status as an organization exempt from taxation as provided in the Internal Revenue

Code of 1954. If the corporation fails to maintain such status, the charter granted hereby shall expire.

TERMINATION

SEC. 16. If the corporation shall fail to comply with any of the restrictions or provisions of this Act the charter granted hereby shall expire.

Mr. DENTON. Mr. President, the American Gold Star Mothers, Inc., was originally founded on June 4, 1928, by a group of 25 mothers residing in Washington, DC, as a nondenominational, nonprofit, and nonpolitical national organization. On January 5, 1929, the organization was incorporated under the laws of the District of Columbia.

The organization is composed of mothers whose sons or daughters served and died in the line of duty in the Armed Forces in World War I, World War II, the Korean conflict, Vietnam, and other strategic areas, or who died as a result of injuries received during such service. It is open for membership to all eligible women regardless of race, color, religion, or national origin.

The noble objectives of the organization include:

Maintaining the ties of fellowship born of service, and assisting and furthering all patriotic work;

Inculcating a sense of individual obligation to the community, State, and Nation;

Assisting veterans of World War I, World War II, the Korean conflict, Vietnam, and other strategic areas and their dependents in the presentation of claims to the Veterans' Administration, and providing all possible assistance to the men and women who served and died or were wounded or incapacitated during hostilities;

Perpetuating the memory of those whose lives were sacrificed in the line of duty;

Maintaining true allegiance to the United States of America;

Inculcating lessons of patriotism and love of country in the communities in which they live;

Inspiring respect for the Stars and Stripes in the youth of America;

Extending needed assistance to all Gold Star Mothers and, when possible, to their descendants; and

Promoting peace and good will for the United States and all other nations.

The organization has accomplished those objectives during the past 55 years through its total commitment to public service, a commitment that entails working with families to help adjust to a way of life without their loved ones and to providing many hours of volunteer work and personal service in all hospitals for veterans. The organization exemplifies a high level of patriotism in its efforts to protect the rights of mothers whose sons or daughters made the ultimate sacrifice on behalf of their country.

Mr. President, the organization met all the requirements outlined in the "Standards for the Granting of Federal Charters" and it met the Judiciary Committee's requirement for cosponsors, having collected 77 cosponsors. On April 4, 1984, the bill was favorably reported with amendments.

I believe that it is appropriate for the Congress to grant a Federal charter to an organization that strives to promote the patriotic ideals of public service. The words and deeds of the American Gold Star Mothers truly justify favorable congressional action.

I urge my colleagues to support S. 2413.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SOLIDARITY SUNDAY

The Senate proceeded to consider the resolution (S. Res. 367) to express the sense of the Senate in support of "Solidarity Sunday."

Mr. MOYNIHAN. Mr. President, I rise today to invite my colleagues to join me in supporting Senate Resolution 367, a resolution expressing the sense of the Senate that Congress supports Solidarity Sunday for Soviet Jewry. On April 11, 45 Senators having joined as original cosponsors, I introduced Senate Resolution 367. Thanks to the gracious cooperation of the majority leader, (Senator BAKER), the minority leader (Senator BYRD), the chairman of the Judiciary Committee (Senator THURMOND), and the ranking member (Senator BIDEN), the resolution was placed immediately on the Senate Calendar.

Sunday, May 6, 1984, is Solidarity Sunday, in New York City, when thousands of Americans of all faiths will gather to march together in a demonstration of their solidarity with the nearly 3 million oppressed Jews of the Soviet Union. First organized and coordinated by the Greater New York Conference on Soviet Jewry 13 years ago, Solidarity Sunday has become a tradition. One regrets that this has been necessary, but one is heartened by the continuing willingness of Americans to undertake this effort.

This resolution would be an important expression of our unwavering concern as a free people for the plight of Soviet Jews and other persecuted minorities in the Communist world. Solidarity Sunday is especially important this year, given the increasing pressure by the Soviet Government on Soviet Jews who wish to express themselves religiously and culturally. Despite commitments undertaken in the Helsinki Final Act and the Universal Declaration of Human Rights, the Soviet Government has in recent months intensified its persecution of Jewish citizens. Hebrew classes are disrupted, prayer services are dispersed, Jews are prevented from practicing their faith.

In this season of Passover—the holiday when Jews around the world commemorate the exodus of the ancient Israelites from slavery in Egypt—Jews in the Soviet Union remain in religious and cultural bondage. The Passover Seder is an expression of freedom that is not allowed in the Soviet Union. Soviet authorities will not even permit Jews to gather to share the holidays of their history, so central to their faith.

One obvious measure of the officially sanctioned campaign of anti-Semitism in the Soviet Union is the ease or restrictiveness of emigration. In 1983, only 1,314 Jews were permitted to emigrate from the Soviet Union. This represents the lowest level of Jewish emigration in 20 years, and the declining trend appears to be continuing in 1984. In March, only 51 Jews were allowed to leave the Soviet Union.

The Soviet Government, and the official Anti-Zionist Committee it established 1 year ago, would have the world believe that most of the Jews who wish to emigrate already now have done so. They assert, contrary to all evidence, that religious freedom is not an issue in the Soviet Union. We know this is deception; we must never forget the facts.

It is a fact that there are close to 3 million Jews today in the Soviet Union. It is a fact that at least 400,000 Jews have begun the difficult process of applying for emigrant visas. It is a fact that once a Soviet Jew has applied for a visa, he or she is subjected to KGB harassment, physical intimidation, and often outright dismissal from their jobs. Sadly, there is no insurance that conditions for Soviet Jews are improving in 1984.

Mr. President, the free world must continue to speak out against this injustice. The hopes of the beleaguered Jews of the Soviet Union rest on our efforts.

Anatoly Shcharansky's suffering in Chistopol Prison must teach us to never forget the fate awaiting observant Jews in the Soviet Union who do dare to speak out. In October 1983, Iosef Begun received a sentence of 12 years, for the crime of teaching Hebrew. Aleksandr Paritsky, Ida Nudel, Levi Elbert—the list goes on and on, of people yearning for freedom. We will not forget them.

I invite all my colleagues to join me in supporting Solidarity Sunday for Soviet Jewry. May 6, 1984, can and must send an important message to the Government of the Soviet Union.

I ask unanimous consent that the full text of the resolution be printed in the RECORD.

Mr. GLENN. Mr. President, today I am pleased to join in recognizing Solidarity Sunday for Soviet Jewry.

Soviet Jewry faces a crisis in emigration. In 1979, Jewish emigration reached a highpoint of 51,320. In 1982, the number plummeted to 2,688. Last year, a mere 1,314 Soviet Jews were allowed to emigrate. To date in 1984 only 229 have been allowed to leave. Clearly this disturbing trend merits concern and condemnation.

As disturbing as these numbers are, it is even more unsettling to recognize the vicious turn that Soviet policy has taken. In April of last year, the Soviet Government organized an official Anti-Zionist Committee to renounce Zionism, hasten forced assimilation and foster anti-Semitism. Under the guise of anti-Zionism anti-Semitic articles have increased in the Soviet press in an attempt to cut through the very fiber of Jewish culture. The most outlandish attempt to break the will and spirit of the Jewish people purports that Soviet Jews collaborated with the Nazis during World War II. Such propaganda invokes chilling analogies; these are indeed ominous forces at work in the Soviet Union.

The Soviets appear to believe they are somehow punishing the United States for its hard-line policies. Moscow maintains Washington's tough talk rhetoric has seriously harmed United States-Soviet relations. In reaction to the current East-West chill, the Soviets have frozen shut emigration's door. Today I believe we must make the Soviet Union understand we will never forget Soviet Jewry and that a relaxation of emigration restrictions would send a promising signal. We must never unnecessarily escalate tensions with our principal adversary—for such escalation affects the very lives of those forcibly contained within Soviet borders.

I believe Solidarity Sunday helps to bring the difficulties of Soviet Jewry to the forefront of national and world attention. We all hope these efforts may someday convince the Soviets to end their use of Jews as political pawns and to respect their rights as human beings. We hope these efforts may someday show the Soviets that they must treat the Helsinki Accords as a serious international commitment.

It is a sad fact that injustice and anti-Semitism exist around the world—where Jews fear in the future the shadows of the past. It is a sad fact that Jews today still suffer many of the hardships and injustices they have endured for so many years. This sad legacy of the Jewish past must be interrupted. Anti-Semitism must be extinguished. We must continue to stand up for the principles of human liberty and religious freedom on which our Nation was founded. I salute the organizers and participants of Solidarity Sunday.

Mr. PELL. Mr. President, May 6, 1984, will be the 13th annual Solidarity Sunday for Soviet Jewry. On that day, Americans of all faiths will participate in rallies and other activities to show their support for Soviet Jews and their determination to force the Soviet Union to provide all of its citizens, Jewish and non-Jewish alike, with basic human rights and freedoms, including the freedom to emigrate. As one who has spent many years working on behalf of Soviet Jews and other oppressed peoples in the Soviet Union and Eastern Europe, I strongly support the campaign to be undertaken on Solidarity Sunday.

As a party to the U.N. Charter and various international covenants on human rights and as a signatory of the Helsinki Final Act, the Soviet Union has pledged respect for human rights and fundamental freedoms. Yet, it has repeatedly violated these pledges, especially in its treatment of Soviet Jews.

In recent years, discrimination against Jews, particularly in the areas of education and employment, has increased. Since 1980, the Soviet Government has stepped up its campaign against Jews who exercise their right of religious worship and/or participate in Jewish self-study groups. Those attempting to organize unofficial Jewish religious study groups have been subjected to threats of arrests, harassment, house searches, surveillance, and other forms of intimidation. This treatment is akin to that received by Jewish activists in the dissident, human rights, and emigration movements—men and women such as Anatoly Shcharansky, Iosif Begun, and Ida Nudel, to name only a few, who have endured unjust treatment to secure human rights for themselves and their fellow citizens. In an effort to escape the anti-Semitic policies and practices of the Soviet Government, many Soviet Jews have turned to emigration as a means of self-preservation. But emigration is no longer a solution. In fact, Soviet Jewish emigration is in a state of crisis.

In 1979, a record level of 51,320 Jews were allowed to leave the Soviet Union. Since that time, however, the annual rate of Jewish emigration has decreased steadily and markedly. In 1980, 21,471 Jews emigrated to the West. In 1981, 9,447 Jews were allowed to leave, and in 1982, Jewish emigration plummeted to 2,688. In 1983, only 1,315 Jews were permitted to leave. This figure is the lowest since the Jewish emigration movement began in the late 1960's; 1984 does not promise to reverse the trend. Only 229 Jews were allowed to leave in the first 3 months of this year. On the basis of an average monthly figure of 76, the total for 1984 will be approximately 912—a figure less than that of 1983 and a sure indication that the Soviet Union is trying to halt Jewish emigration entirely.

The frustration and despair of not being able to obtain an exit permit are compounded by the treatment which Soviet Jews receive after applying to emigrate. Many are removed from their jobs, evicted from their apartments, and subjected to constant harassment by the authorities.

Soviet Jews are crying out for our help. In the past, we have seen that the Soviet Union does respond to the pressure of public opinion from the West. On Solidarity Sunday, Americans will bring that pressure to bear once again. Senate Resolution 367, which I cosponsor, expresses Congress support for Solidarity Sunday and encourages Americans to take part in the important events to take place on that day.

I urge my colleagues to support this resolution as a symbol of our commitment to Soviet Jews.

The resolution (S. Res. 367) was agreed to.

The preamble was agreed to.

The resolution, and the preamble, are as follows:

S. Res. 367

Whereas on May 6, 1984, the constituent agencies of the Greater New York Conferences on Soviet Jewry will convene the thirteenth annual "Solidarity Sunday for Soviet Jewry" in reaffirmation of the American People's resolve to secure freedom for Soviet Jews and beleaguered persons everywhere; and

Whereas Americans of all faiths will join in myriad activities on that day in public expression of soldarity with the long suffering Jewish community in the Soviet Union; and

Whereas the right to emigrate freely and to be reunited with one's family abroad is denied Jews and many others in the Soviet Union; and

Whereas the Universal Declaration of Human Rights, adopted by the General Assembly of the United Nations, and the Helsinki Final Act explicitly assert guarantees of those rights; and

Whereas the Government of the Soviet Union has nevertheless continued to implement new restrictive measures further reducing the number of persons able to emigrate, bringing Jewish emigration from the Soviet Union to a virtual halt in 1983; and

Whereas the Government of the Soviet Union is persecuting its Jewish citizens and denying them even those few rights and privileges accorded other recognized religions in the Soviet Union; and

Whereas the Government of the Soviet Union discriminates against Jewish cultural activities by banning and suspending Hebrew and Jewish cultural classes, by arresting teachers of Hebrew, and by harassing those Soviet Jews who seek only to practice their religion; and

Whereas leading Soviet Jewish activist and prisoner of conscience Anatoly Shcharansky, who was arrested in March of 1977 and falsely charged with espionage and "anti-Soviet agitation", continues to suffer exceptionally harsh treatment in Chistopol prison; and

Whereas a virulent anti-Semitic campaign continues unabated in the Soviet Union and Soviet Jews are increasingly deprived of occupational and educational opportunities; and

Whereas thousands of innocent Jews and other persons, having applied to leave the Soviet Union, have been subjected to immediate induction into the armed forces, improper incarceration in mental institutions, explusion from school, and constant surveillance and harassment; and

Whereas the Government of the Soviet Union will not succeed in isolating Soviet Jews from their friends in the free world so long as those who cherish liberty continue to speak on behalf of beleaguered people everywhere; and

Whereas "Solidarity Sunday for Soviet Jewry" shall provide vigorous expression of American determination to secure freedom for Soviet Jewish prisoners of conscience incarcerated solely for their desire to emigrate; and

Whereas the Government of the Soviet Union refuses to permit the free exercise of religious beliefs and cultural expression and also refuses to remove all obstacles to the free emigration of its Jewish citizens and others who wish to leave and live in other countries: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Congress fully supports "Solidarity Sunday for Soviet Jewry" and encourages Americans to participate.

NATIONAL NURSING HOME RESIDENTS DAY

The Senate proceeded to consider the joint resolution (S.J. Res. 198) designating April 27, 1984, as "National Nursing Home Residents Day."

Mr. PRYOR. Mr. President, I would like to take this opportunity to thank my colleagues for their support of Senate Joint Resolution 198, designating April 27 of this year as "National Nursing Home Residents Day." I am pleased that the Senate has shown its approval of my efforts to gain recognition of a small but important segment of our population—the nursing home residents of this Nation.

I have introduced this legislation consistently over the past several years, and I want my colleagues to know that my efforts have been rewarded many times over by residents of these facilities who have shared with me the manner in which they have celebrated their special day. I can think of no better or more satisfying form of thanks.

In recent years the Congress has been, and will continue to be focusing its attentions on some very basic issues which will impact in a major way on the lives of our Nation's elderly—financing of the social security retirement system, restructuring of the medicare program, and the like. We are painfully aware of the need for our Nation to begin to ready itself for future health care needs. Among these will be a variety of alternatives to institutionalization. But the nursing home setting will remain a very necessary and important part of long-term health care.

And so it is of the greatest necessity that we remain aware of nursing home residents' needs, and that we do our utmost to see that these needs are met. I believe that recognition of a special day in honor of our nursing home residents is a first step toward the encouragement of community recognition of, and involvement in, the lives of nursing home residents, something which is so vitally needed.

Once again, I would like to thank my colleagues for their support of this measure.

The joint resolution (S.J. Res. 198) was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution and preamble are as follows:

S.J. Res. 198

Whereas over one million older Americans reside in nursing homes and one in five older Americans likely will reside in a nursing home at some time;

Whereas nursing home residents have contributed to the growth, development, and progress of this Nation and, as elders, offer a wealth of knowledge and experience;

Whereas Congress recognizes the importance of the continued participation of these institutionalized senior citizens in the life of our Nation;

Whereas in an effort to foster reintegration of these citizens into their communities Congress encourages community recognition of and involvement in the lives of nursing home residents;

Whereas the Congress recognizes the importance of safeguarding the rights of nursing home residents; and

Whereas it is appropriate for the American people to join in support of nursing home residents to demonstrate their concern and respect for these citizens: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That April 27, 1984, is designated as "National Nursing Home Residents Day", a time of renewed recognition, concern, and respect for the Nation's nursing home residents. The President is authorized and requested to issue a proclamation calling upon the people of the United States to observe this day with appropriate ceremonies and activities.

NATIONAL WOMEN VETERANS RECOGNITION WEEK

The Senate proceeded to consider the joint resolution (S.J. Res. 227) designating the week beginning November 11, 1984, as "National Women Veterans Recognition Week."

Mr. CRANSTON. Mr. President, as the ranking minority member of the Committee on Veterans' Affairs and the author of this resolution, I rise in strong support of Senate Joint Resolution 227, a measure I introduced on February 7 to designate the week beginning November 11, 1984, as "National Women Veterans Recognition Week." Joining with me as original cosponsors of this measure were the chairman of the Veterans' Affairs Committee, my good friend and colleague from Wyoming (Mr. SIMPSON), as well as Senators RANDOLPH, MATSUNAGA, DECONCINI, and INOUYE.

The response to this initiative has been very gratifying. In particular, I want to thank the chairman and ranking minority member of the Judiciary Committee, Senator THURMOND and Senator BIDEN, for their support and assistance in bringing this measure through the Judiciary Committee from which it was reported on April 12, and before the Senate so quickly.

Mr. President, despite the fact that many women have served bravely and well in the Armed Forces—there are at present 1.15 million women veterans—their service in the military has, until very recently, been largely ignored. As a consequence, for far too long neither did they receive the public recognition and thanks they deserved nor, in many instances, were they made aware of the many benefits available to them from the Federal Government because of their service.

In 1982, the General Accounting Office issued a report—GAO HRD 82-98—based on an important study requested by the Senator from Hawaii (Mr. INOUYE) on the VA's efforts to provide health care to women veterans. Although the GAO report focused directly only on medical benefits for women veterans, its findings highlighted the fact that many women veterans were unaware of the veterans' benefits available to them and that there were many shortcomings in the VA's efforts to locate and contact women veterans and to meet their needs for benefits and services.

Since that GAO report was issued, a number of important actions have increased the awareness of the contributions of women veterans. Most prominent was the establishment of a VA Advisory Committee on Women Veterans, first on an administrative basis last year by the Administrator of Veterans' Affairs, Harry N. Walters, and in November 1983 by a statutory provision I authored in the Senate that was enacted in Public Law 98-160. The Advisory Committee will have its third meeting very shortly and has already issued its first set of recommendations to the VA Administrator. It is most gratifying that almost all of these recommendations were accepted by the Administrator. I believe that the Advisory Committee will continue to make many important contributions in the months and years ahead as it identifies problem areas in the Federal Government's response to women veterans and recommends solutions.

Another area relating to women veterans in which important steps have recently been taken involves access to VA health care. In Public Law 98-160, the Congress enacted legislation I proposed directing the VA to "ensure that each VA health-care facility is able to provide appropriate care, in a timely fa[illegible] for any gender-specific disability [illegible] a woman veteran." The VA's Department of Medicine and Surgery has issued several directives to its facilities across the country in order to try to insure that all of its health-care facilities are aware of women veterans' health-care needs and are prepared to meet them. I hope that these steps will result in meaningful progress toward correcting the problems identified by the GAO.

Mr. President, I have been involved for several years in another area of concern to many women veterans—namely efforts to see that studies of the health effects of exposure to the herbicide agent orange that was sprayed in Vietnam include examination of its possible effects on the women who served there. I am happy to say that some progress is finally being made on this score as well. However, the way this has occurred clearly demonstrates how the needs and service of women veterans have so often been overlooked.

As we undertook efforts to insure that women were included in studies on agent orange, it became apparent that little was known about the women who served in Vietnam. In fact, when I first began my inquiries in this area, no one even knew how many women had served there. Consequently, the scientific community expressed doubt that valid epidemiological study of women Vietnam veterans could be accomplished.

To its credit, the Army Agent Orange Task Force, headed by a very energetic and exacting individual, Mr. Richard Christian, undertook to determine, through manual review of military records, how many women served in Vietnam and their names. He recognized the need for this information and believed that his task force, working in conjunction with representatives from the other three services, had the ability to research and provide the information.

As a direct result of the efforts of the Army Agent Orange Task Force, the Centers for Disease Control in Atlanta is presently evaluating the feasibility of conducting a study of women veterans as one component of the epidemiological study of Vietnam veterans mandated by Public Law 96-151 and modified by Public Law 97-72. As the author of these statutory provisions on the study, I am very pleased at this development and will continue working to insure that this component is carried out.

Mr. President, I ask that a March 27, 1984, letter to me from Mr. Christian, detailing the Army Agent Orange Task Force's progress in identifying women Vietnam veterans, be placed in the RECORD at the conclusion of my remarks.

Mr. President, despite the important strides made on behalf of women veterans, a concern lingers that far too many citizens remain unaware of the contributions women veterans have made to our Nation. It is for this reason that I proposed with my colleagues that the week beginning on Veterans' Day this year be designated as "National Women Veterans Recognition Week." Our goal has been and is to provide a fitting and proper focus on the many contributions of women veterans over the years. Such a week, with appropriate ceremonies and events, should help bring these patriotic women into public view and gain for them the proper degree of recognition they so richly deserve.

Thus, I am delighted by the warm reception and the rapid consideration that Senate Joint Resolution 227 has received in the Senate. I hope and strongly urge that our colleagues in the other body will take swift action to insure enactment of this measure in time to allow advance publicity of the week it proposes to proclaim.

The letter follows:

DEPARTMENT OF THE ARMY,
ARMY AGENT ORANGE TASK FORCE,
Washington, DC, March 27, 1984.

Hon. ALAN CRANSTON,
Ranking Minority Committee Member on Veterans' Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR CRANSTON: This is in response to your letter of April 11, 1983 regarding the Veterans' Affairs Committee hearings held on March 9 and 10, 1983. During the hearings, you indicated that a lack of reliable data existed on the number of women who served in the Armed Forces in the Vietnam War. You requested that I provide, for the record, information on the status of the project to identify these veterans. I submitted testimony that the research was underway and more complete data would be furnished to the committee in 12 months.

With the exception of the Air Force which had the needed information available on computer, this effort has been time consuming as units involved in the Vietnam War did not maintain separate lists of assigned women. Consequently, a manual analysis was required of personnel reporting records of the many units known to have, or believed to have had, women attached.

The most reliable data sources were morning reports, personnel diaries, distribution control reports and, in certain cases, computer tapes. These provided personnel information. Organizational and historical records, as well as oral histories, were also of use.

To date we have determined that women were assigned to 92 U.S. Army units in Vietnam. The Air Force has identified 33 units and the Navy, eight. Marine Corps women were assigned to Headquarters, Military Assistance Command Vietnam and Commander Naval Forces Vietnam.

From these units we have been able to identify 5,816 women who served in the Vietnam area of operations between 1961 and 1973. A breakdown by service reveals the following distribution of women: 4,588 (Army), 771 (Air Force), 421 (Navy), and 36 (Marine Corps). We are continuing our research and will keep you informed.

I am happy to be of assistance in this important matter.

Sincerely,
RICHARD S. CHRISTIAN, C.R.M.,
Director, Environmental Support Group.

The joint resolution (S.J. Res. 227) was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution and preamble are as follows:

S.J. RES. 227

Whereas there are more than one million one hundred thousand women veterans in this country, representing 4.1 per centum of the total veteran population;

Whereas the number and proportion of women veterans will continue to grow as the number and proportion of women serving in the Armed Forces continue to increase;

Whereas women veterans through honorable military service often involving hardship and danger have contributed greatly to our national security;

Whereas the contributions and sacrifices of women veterans on behalf of this Nation have not been adequately recognized;

Whereas this lack of recognition has denied women veterans the public appreciation and praise they deserve;

Whereas the special needs of women veterans, especially in the area of health care, have often been overlooked or inadequately addressed by the Federal Government;

Whereas this lack of attention to the special needs of women veterans has discouraged or prevented women veterans from taking full advantage of the benefits and services to which they are entitled as veterans of the United States Armed Forces; and

Whereas recognition of women veterans by the Congress and the President throught enactment of legislation declaring the week beginning on November 11, 1984, as "National Women Veterans Recognition Week" would serve to create greater public awareness and recognition of the contributions of women veterans, to express the Nation's appreciation for their service, and to inspire more responsive care and services for women veterans: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning on November 11, 1984, is designated "National Women Veterans Recognition Week". The President is requested to issue a proclamation calling upon all citizens, community leaders, interested organizations, and government officials to observe that week with appropriate programs, ceremonies, and activities.

NATIONAL ASTHMA AND ALLERGY AWARENESS WEEK

The joint resolution (S.J. Res. 244) designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week," was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution and preamble are as follows:

S.J. Res. 244

Whereas asthma and allergic diseases result in physical, emotional, and economic hardship for more than thirty-five million Americans and their families;

Whereas thousands of Americans, many of them young, die each year from asthma even though sufficient medical knowledge and resources exist to prevent many asthma-related deaths;

Whereas student absenteeism is due in significant part to asthma and allergic diseases;

Whereas environmental conditions in the workplace often cause or exacerbate asthma and allergic diseases among employees;

Whereas many hospital patients suffer allergic reactions to prescribed medications;

Whereas it is estimated that the American public pays $2,000,000,000 per year in medical bills directly attributable to the treatment and diagnosis of asthma and allergic diseases and pays another $2,000,000,000 per year as a result of the indirect social cost of such illnesses;

Whereas, because of recent developments in the study of immunology, health care providers are better equipped to diagnose and treat asthma and allergic diseases; and

Whereas increased public awareness of recent scientific advancements in the study of immunology will help dispel many of the common misconceptions concerning asthma, allergic diseases, and the victims of those illnesses: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning on May 6, 1984, is hereby designated as "National Asthma and Allergy Awareness Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the several items were passed and/or agreed to.

Mr. BINGAMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMITTEES DISCHARGED FROM CONSIDERATION AND BILLS PLACED ON CALENDAR—H.R. 3259, H.R. 3376, AND H.R. 3555

Mr. BAKER. Mr. President, I have a few other brief matters that I shall run through quickly.

I ask unanimous consent that the Select Committee on Indian Affairs be discharged from further consideration of H.R. 3259, a bill to declare that the United States holds certain lands in trust for the Pueblo DeCochiti, and that the bill be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be discharged from further consideration of H.R. 3376, a bill to declare that the United States holds certain lands in trust for the Makah Indian Tribe, and that the bill be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be discharged from further consideration of H.R. 3555, a bill to declare certain lands held by the Seneca Nation of Indians to be part of the Allegany Reservation in the State of New York, and that the bill be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

BILLS PLACED ON CALENDAR—H.R. 4170 AND H.R. 5394

Mr. BAKER. Mr. President, I ask unanimous consent that, when the Senate receives from the House of Representatives H.R. 4170, the House tax bill, it be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that, when the Senate receives from the House H.R. 5394, the Omnibus Budget Reconciliation Act of 1984 Medicare and Medicaid Budget Reconciliation Amendments of 1984, it be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

CREDIT AND DEBIT CARD COUNTERFEITING AND FRAUD ACT OF 1983

Mr. BAKER. Mr. President, I ask unanimous consent that the Chair lay before the Senate S. 1870, Calendar Order No. 725.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be stated.

The assistant legislative clerk read as follows:

A bill (S. 1870) to amend title 18 of the United States Code to provide penalties for credit and debit card counterfeiting and related fraud.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments:

On page 2, line 6, strike "in circumstances" and insert "in a circumstance".

On page 2, line 9, after "buys," insert "receives".

On page 2, line 11, after "knowingly," insert "and with intent to defraud or transfer unlawfully,".

On page 2, line 13, strike "with intent to defraud or transfer unlawfully,"

On page 3, strike lines 2 through 4 and insert:

for not more than fifteen years, or both, if the offense involves—

"(A) any device-making equipment;

"(B) five or more fraudulent payment devices; or

"(C) money, goods, services or any other things of value aggregating $20,000 or more in value in any one or more transactions occurring in any twelve-month period; or

On page 3, line 16, strike "circumstances" and insert "circumstance".

On page 4, line 3, strike "existing for the purpose of obtaining," and insert "that can be used".

On page 4, line 5, after "device" insert "to obtain".

On page 4, line 6, strike "for the purpose of initiating" and insert "that can be used to initiate".

On page 4, line 14, after "incomplete" insert "expired, revoked, canceled".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Credit and Debit Card Counterfeiting and Fraud Act of 1983".

Sec. 2. (a) Chapter 47 of title 18, United States Code, is amended by adding the following new section 1029 at the end thereof:

"§ 1029. Fraud and related activity in connection with payment devices

"(a) Whoever, in a circumstance described in subsection (c) of this section—

"(1) knowingly and with intent to defraud, produces, buys, receives, sells, or transfers a fraudulent payment device;

"(2) knowingly, and with intent to defraud or transfer unlawfully, possesses or has control or custody of, five or more fraudulent payment devices;

"(3) knowingly produces, buys, sells, transfers, has control or custody of, or possesses device-making equipment, with the intent that such equipment be used in the production of a fraudulent payment device; or

"(4) attempts or conspires to do so,

shall be punished as provided in subsection (b) of this section.

"(b) The punishment for an offense under subsection (a) of this section is—

"(1) a fine of not more than $10,000 or imprisonment for not more than ten years, or both;

"(2) a fine of not more than $50,000 or imprisonment for not more than fifteen years, or both, if the offense involves—

"(A) any device-making equipment;

"(B) five or more fraudulent payment devices; or

"(C) money, goods, services or any other things of value aggregating $20,000 or more in value in any one or more transactions occurring in any twelve-month period; or

"(3) a fine of not more than $100,000 or imprisonment for not more than twenty years, or both, in the case of second or repeated offenses.

"(c) The circumstance referred to in subsection (a) of this section is that—

"(1) the offense affects a financial institution or interstate or foreign commerce;

"(2) the offender in the course of the offense uses an instrumentality of interstate or foreign commerce; or

"(3) the fraudulent payment device or device-making equipment, or any aspect or component thereof, has been in interstate or foreign commerce.

"(d) As used in this section—

"(1) the term 'payment device' means any card, plate, code, account number, or other means of account that can be used, alone or in conjunction with another payment device, to obtain money, goods, services, or any other thing of value, or that can be used to initiate a transfer of funds (other than a transfer originated solely by paper instrument);

"(2) the term 'fraudulent payment device' means—

"(A) any payment device or a representation, depiction, facsimile, aspect or component of a payment device that is counterfeit, fictitious, altered, forged, lost, stolen, incomplete, expired, revoked, canceled, fraudulently obtained or obtained as part of a scheme to defraud; or

"(B) any invoice, voucher, sales draft, or other reflection or manifestation of such a device;

"(3) the term 'produce' means to make, design, alter, authenticate, duplicate, or assemble;

"(4) the term 'financial institution' means an institution that holds deposits or accounts insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration; and

"(5) the term 'device-making equipment' means any equipment, mechanism, or impression designed, used, or that can be used to produce a payment device, a fraudulent payment device, or any aspect or component thereof.".

"(e) The United States Secret Service shall have jurisdiction to investigate offenses under this section, in addition to any other agency having such jurisdiction.".

(b) The table of sections at the beginning of chapter 47 of title 18 of the United States Code is amended by adding at the end the following new item:

"1029. Fraud and related activity in connection with payment devices.".

Mr. BAKER. I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

Mr. DOLE. Mr. President, I rise in support of S. 1870, the Credit and Debit Card Counterfeiting and Fraud Act of 1983. I was pleased to have had the opportunity to work with Senator Thurmond and representatives of the credit card industry in developing this legislation which takes aim at providing more effective penalties for credit card and debit card fraud. As a cosponsor of S. 1870, I would urge my colleagues to join in my support of this effort to strengthen penalties against the fraudulent use of credit cards.

In the context of enacting major revisions to the Criminal Code, the Committee on the Judiciary has been frequently approached by groups representing important commercial interests who wish to see Federal criminal jurisdiction expanded to deal with particular problems of their industry. The difficulty arises when the harsh reality is faced that the Federal enforcement resources are quite limited.

The fact is that hard choices must be made by Federal enforcement authorities as to which areas of the Federal criminal law will receive the primary thrust of enforcement activities. Testimony received during the course of the hearings on S. 1870 from Justice Department officials made it abundantly clear that credit fraud enforcement would command a relatively low priority, unless, for example, a particular case involved a nationwide scheme by organized crime. It would be impossible to have the FBI investigate every possible case of credit card fraud—even if all other Federal enforcement activities came to a halt.

Under these circumstances it becomes incumbent on the credit industry to adopt self-help measures which reduce the likelihood of credit card abuse. The industry—in the early 1970's, acting in cooperation with the National Bureau of Standards—adopted uniform specifications on the dimensions of credit cards. Likewise, credit companies should be encouraged to develop and apply new card identification technology to reduce the potential for fraud and abuse. Cost-effective means can be developed and implemented that will insure the reliability of credit card transactions.

IDENTIFICATION DOCUMENT FRAUD

During the first session of the 98th Congress, the Judiciary Committee held 3 days of hearings on S. 1706, my bill dealing with abuses of Federal identification systems. This bill would amend the Federal Criminal Code to move toward the positive identification of persons holding identification documents. It is intended to serve as a vehicle to focus executive and congressional attention on the confusion, conflict, and redundancy which now exists in the various Federal and State identification systems, to explore the dimensions of the problem, and develop possible solutions.

The May 12, 1983, report of the Senate Permanent Subcommittee on Investigations dealing with Federal identification fraud underscores the tremendous need for reforms. The report shows that this fraud is costing the taxpayers, through various Federal, State, and local entitlement programs, in excess of $24 billion annually. Illegal aliens have easy access to identification documents such as social security cards, birth certificates, and drivers licenses. At present, more than 7,000 agencies using more than 1,000 different formats issue original or duplicate birth certificates. These certificates are then used to obtain drivers licenses, passports, social security cards, food stamp identification cards, and innumerable additional documents. These documents then enable fraud artists to collect unemployment compensation, food stamps, tax refunds, student loans, and other Government benefits. The problem is serious and its magnitude expands with each passing year.

S. 1706 has now passed the Senate in the form of a committee amendment to the omnibus crime bill, S. 1762.

DOLE AMENDMENT

Mr. President, I shall offer an amendment aimed at establishing the goal of positive verification for credit card transactions. This amendment would be compatible with the positive identification objective of S. 1706. If approved, it would encourage and assist private industry to help itself in dealing with the problem of credit card fraud. To the extent that the bona fides of a particular credit card transaction can be established at the time of the transaction, the opportunity for fraud and abuse will be greatly reduced.

Discussions have been held with representatives of the credit card manufacturers and issuers. I understand that the proposed amendment is not opposed by those groups who have been urging passage of the legislation before us today.

The industry should work with Federal and State officials having responsibility for the development and operation of identification documents to standardize identification data elements and formats. Perhaps someday, it will be possible for fraud-proof identification documents to be utilized directly for credit or debit transactions in automated point-of-sale systems.

Rapidly developing technology in the field will allow highly reliable means of identity verification on a real-time basis. This technology should be utilized to eliminate fraud and abuse as well as redundancy and unnecessary expense.

I appreciate the willingness of the floor managers to accommodate me on this matter.

AMENDMENT NO. 3029

(Purpose: To encourage the establishment of a system to positively verify persons holding and using payment devices)

Mr. BAKER. Mr. President, I send to the desk an amendment on behalf of the Senator from Kansas (Mr. Dole) and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. Baker), for Mr. Dole, proposes an amendment numbered 3029.

On page 4, add the following after the matter which follows line 23:

Sec. 3. As soon as feasible, reliable, and economically viable, all persons who produce, have control or custody of or possess device-making equipment, or systems utilizing payment devices should attempt to establish a system or systems which are capable of positively verifying the holder of such payment device or the transaction in which such device is or has been utilized while minimizing intrusions on personal privacy.

Mr. MATHIAS. Mr. President, the amendment to S. 1870 offered by Senator Dole is an important addition to the Credit and Debit Card Counterfeiting and Fraud Act. It calls upon the credit industry to take steps to protect itself against credit-card fraud and abuse. I commend the Senator from Kansas for his initiative, which encourages the industry's self-help efforts, in connection with legislation that will also bring Federal law enforcement resources to bear on this serious and growing problem.

I am also pleased that Senator DOLE has agreed to include in his amendment language encouraging efforts to minimize intrusions on personal privacy. Clearly, the Senator from Kansas recognizes that improvements in security in credit and debit card systems may involve tradeoffs in privacy protection.

Credit is an essential ingredient in our economy. Few Americans can satisfy their needs for food, clothing, shelter, and transportation without taking advantage of extensions of credit. Banks, insurance companies, and other financial institutions have by now amassed extensive data banks containing a wide variety of information about the millions of Americans who have borrowed money for one reason or another. The widespread computerization of these data banks has made it easier than ever to collect, store, manipulate, and retrieve this personal information. While important steps have been taken, both through industry self-regulation and through legislation on the State and Federal levels, to subject these data banks to controls designed to protect privacy, the fact remains that data banks in the hands of private financial institutions pose a real threat to the right to privacy.

The establishment of positive verification mechanisms for credit and debit card systems is an important and worthwhile goal. Its achievement will prevent the loss of tens of millions of dollars that are today misappropriated every year by credit-card criminals. All law-abiding users of credit will benefit from this savings. But positive verification mechanisms may also exact a price from each of the millions of Americans involved in the credit system. That price may be as minimal as the inconvenience of memorizing yet another random number in order to be permitted access to an approved line of credit. But that price may also be as intrusive as the demand to submit a fingerprint, voiceprint, or some other physical exemplar in order to establish one's right to use a credit or debit card. I do not think that the U.S. Senate should adopt an attitude of neutrality toward the choice among the proposed alternative means of attaining positive verification of the identity of persons presenting credit or debit cards or similar payment devices.

Mr. President, the Senate has demonstrated its continuing concern about issues of privacy by creating a subcommittee of the Senate Judiciary Committee with explicit jurisdiction over privacy matters. As chairman of this subcommittee, the Subcommittee on Patents, Copyrights, and Trademarks, I am committed to protecting the privacy of Americans against the challenges posed by a host of powerful new technologies, including those incorporated into today's sophisticated credit and debit card systems. I know that the senior Senator from Kansas, who is a valued member of that subcommittee, shares my commitment. I commend him for his sensible amendment to S. 1870, and I look forward to working with him in the months ahead to explore more fully these complex and important issues.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3029) was agreed to.

AMENDMENT NO. 3030

(Purpose: To make a technical change in the short title of the bill)

Mr. BAKER. Mr. President, I send to the desk an amendment by Mr. THURMOND and ask for its consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), for the Senator from South Carolina (Mr. THURMOND) proposes an amendment numbered 3030: On page 1, line 4, strike out "1983" and insert "1984".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 3030) was agreed to.

Mr. THURMOND. Mr. President, as the sponsor of S. 1870, the Credit and Debit Card Counterfeiting and Fraud Act, I urge my colleagues to join me in strong support of this important measure. Since I introduced the bill last September, this has been a bipartisan undertaking by the Judiciary Committee, which has also enjoyed great cooperation from numerous members of the Senate Banking, Housing, and Urban Affairs Committee. Cosponsors of the bill include the ranking minority member of the Judicary Committee, Senator JOSEPH R. BIDEN, Jr.; the chairman of the Subcommittee on Criminal Law, Senator PAUL LAXALT; the chairman of the Banking Committee, Senator JAKE GARN; and the distinguished Senator from New York, ALFONSE D'AMATO.

I introduced S. 1870 after consultations with affected industry representatives, the Department of Justice, and the Secret Service. It responds to the recent substantial increase in the counterfeiting of credit and debit cards, and related fraudulent activities by correcting certain inadequacies in current Federal criminal law. It is patterned after legislation enacted in the 97th Congress in response to the equally troublesome phenomenon of false identification.

As reported by the Judicary Committee, S. 1870 would create new Federal offenses in title 18 of the United States Code relating to manufacturing and trafficking in counterfeit credit and debit cards. Specifically, where jurisdictional requirements are met, it would make it illegal to:

First, knowingly and with intent to defraud, produce, buy, receive or transfer fraudulent payment devices;

Second, knowingly, and with intent to defraud or transfer unlawfully, possess five or more fraudulent payment devices; or

Third, knowingly produce, buy, transfer, or possess equipment capable of producing fraudulent payment devices.

Attempts and conspiracies to commit these offenses are also punishable under the bill.

Mr. President, the Judiciary Committee received compelling testimony concerning the nature and magnitude of the counterfeiting and fraud problems in this country relating to credit and debit cards. For instance, according to the American Bankers Association, losses stemming from VISA and Mastercard counterfeiting and alteration activities increased from $175,000 in 1978 to more than $25 million in 1982. Witnesses also indicated that these activities are frequently the work of traditional organized crime and crime rings formed specifically for these purposes. In order to provide an effective deterrent, the bill contains stiff maximum penalties for the offenses which I have outlined. The basic penalty is $10,000 and/or 10 years of imprisonment. Where device-making equipment, five or more devices, or large losses are involved, the penalty is $50,000 and/or 15 years of imprisonment. Finally, for repeat offenders, the penalty is $100,000 and/or 20 years of imprisonment.

The amendment sponsored by Senator DOLE would express the sense of Congress that, as soon as feasible and economically viable, persons producing or possessing device-making equipment, or systems utilizing payment devices, should attempt to establish reliable systems which are capable of positively verifying cardholders or the transaction. We all recognize, as the Justice Department did in its testimony before the committee, that a Federal law alone will not be sufficient to quell the rising tide of counterfeiting and other fraudulent activities. This must be a joint effort between government and industry if we are to succeed. This provision is exhortatory only and would not, of course, serve as a basis for any criminal or civil proceeding.

Based on discussions with the Treasury Department, we anticipate that any costs incurred in fiscal year 1984 in connection with enforcement efforts relating to these new offenses would be absorbed in existing appropriations.

Mr. President, S. 1870 is urgently needed legislation. According to the International Association of Credit Card Investigators, which is composed of many State and local law enforcement members, where major traffickers and manufacturers are involved. Federal assistance is essential. I therefore urge my colleagues to support S. 1870 and its prompt enactment.

Mr. BIDEN. Mr. President, as a cosponsor, I rise to speak in support of the legislation entitled the "Credit and Debit Card Counterfeiting and Fraud Act of 1984." This bill will assist Federal agencies in the investigation and prosecution of a growing crime problem that has ties to organized crime.

The American Bankers Association, a supporter of the bill, estimates that losses from VISA and MasterCard counterfeiting and alteration of cards have increased one hundred and fifty-fold, from $175,000 in 1978 to more than $25 million in 1982. The Justice Department estimates that the losses from bank robberies were approximately one-third of those attributable to credit card fraud in 1982.

My interest in the bill goes beyond protecting banks from economic loss. I am also very concerned about the loss to the consumer. Consumers lose every time their bank is, in effect, held up by the use of a fraudulent or counterfeit credit card. Those unfortunate citizens who have their own cards stolen suffer a financial loss and must pay an inflated cost of goods charged by retailers who must protect themselves from business losses due to processing counterfeit credit cards. Consumers as well as banks must be protected from the increasing incidence of these crimes and the Federal Government has the resources to assist them, particularly with respect to large-scale organizations that have become involved in complex networks of counterfeiting and fraud.

My one concern about this bill was how to insure that the relationship between State and local law enforcement and the Federal agencies is coordinated in the investigation and prosecution of these offenses. Witnesses at the hearing chaired by Senator THURMOND, documented the need for Federal involvement in appropriate cases. The increasing sophistication and organized nature of these activities makes Federal involvement and resources useful, particularly where counterfeiting activities take place in connection with other criminal endeavors, such as drug trafficking and the manufacture of false identification. Second, the interstate and international aspects of the problem were amply demonstrated at the committee's hearing. Finally, the involvement of federally chartered banks and financial institutions and Federal regulation of credit cards and electronic funds transfers serve as additional reason for Federal criminal legislation.

While the Federal interest is clear, witnesses testifying before the committee emphasized that Federal involvement was not desirable in small or routine cases. I agree with this and am satisfied the bill reported by the Judiciary Committee calls for Federal involvement only on major counterfeiting and trafficking activities. Provisions of the bill that require an offense must affect a financial institution or interstate commerce or foreign commerce before there is Federal jurisdiction, adequately resolves my concern.

I compliment Chairman THURMOND for his expedience in moving this bill to the Senate floor. As in the past, I enjoyed working with the chairman as a cosponsor of this bill and in guiding another important piece of crime legislation through the Judiciary Committee and now before the full Senate.

Mr. BAKER. Mr. President, are there further amendments to the bill?

The PRESIDING OFFICER. There are no further amendments.

If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1870

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Credit and Debit Card Counterfeiting and Fraud Act of 1984".

SEC. 2. (a) Chapter 47 of title 18, United States Code, is amended by adding the following new section 1029 at the end thereof:

"§ 1029. Fraud and related activity in connection with payment devices

"(a) Whoever, in a circumstance described in subsection (c) of this section—

"(1) knowingly and with intent to defraud, produces, buys, receives, sells, or transfers a fraudulent payment device;

"(2) knowingly, and with intent to defraud or transfer unlawfully, possesses or has control or custody of, five or more fraudulent payment devices;

"(3) knowingly produces, buys, sells, transfers, has control or custody of, or possesses device-making equipment, with the intent that such equipment be used in the production of a fraudulent payment device; or

"(4) attempts or conspires to do so,

shall be punished as provided in subsection (b) of this section.

"(b) The punishment for an offense under subsection (a) of this section is—

"(1) a fine of not more than $10,000 or imprisonment for not more than ten years, or both;

"(2) a fine of not more than $50,000 or imprisonment for not more than fifteen years, or both, if the offense involves—

"(A) any device-making equipment;

"(B) five or more fraudulent payment devices; or

"(C) money, goods, services or any other things of value aggregating $20,000 or more in value in any one or more transactions occuring in any twelve-month period; or

"(3) a fine of not more than $100,000 or imprisonment for not more than twenty years, or both, in the case of second or repeated offenses.

"(c) The circumstance referred to in subsection (a) of this section is that—

"(1) the offense affects a financial institution or interstate or foreign commerce;

"(2) the offender in the course of the offense uses an instrumentality of interstate or foreign commerce; or

"(3) the fraudulent payment device or device-making equipment, or any aspect or component thereof, has been in interstate or foreign commerce.

"(d) As used in this section—

"(1) the term 'payment device' means any card, plate, code, account number, or other means of account access that can be used, alone or in conjunction with another payment device, to obtain money, goods, services, or any other thing of value, or that can be used to initiate a transfer of funds (other than a transfer originated solely by paper instrument);

"(2) the term 'fraudulent payment device' means—

"(A) any payment device or a representation, depiction, facsimile, aspect or component of a payment device that is counterfeit, fictitious, altered, forged, lost, stolen, incomplete, expired, revoked, canceled, fraudulently obtained or obtained as part of a scheme to defraud; or

"(B) any invoice, voucher, sales draft, or other reflection or manifestation of such a device;

"(3) the term 'produce' means to make, design, alter, authenticate, duplicate, or assemble;

"(4) the term 'financial institution' means an institution that holds deposits or accounts insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration; and

"(5) the term 'device-making equipment' means any equipment, mechanism, or impression designed, used, or that can be used to produce a payment device, a fraudulent payment device, or any aspect or component thereof."

"(e) The United States Secret Service shall have jurisdiction to investigate offenses under this section, in addition to any other agency having such jurisdiction.".

(b) The table of sections at the beginning of chapter 47 of title 18 of the United States Code is amended by adding at the end the following new item:

"1029. Fraud and related activity in connection with payment devices.".

SEC. 3. As soon as feasible, reliable, and economically viable, all persons who produce, have control or custody of or possess device-making equipment, or systems utilizing payment devices should attempt to establish a system or systems which are capable of positively verifying the holder of such payment device or the transaction in which such device is or has been utilized while minimizing intrusions on personal privacy.

Mr. BAKER. I move to reconsider the vote by which the bill passed.

Mr. BINGAMAN. I move to reconsider the vote by which the bill passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ARMENIAN MARTYRS' DAY

Mr. PERCY. Mr. President, the 20th century has tragically seen unprecedented mass slaughter of whole peoples. Yesterday we commemorated the 69th anniversary of Armenian Martyrs Day. In 1915 and for several years thereafter, an estimated 1.5 million Armenians were killed or died of hunger, disease, and exposure in the forced killing or dispersal of the Armenian population of the lands that had formed the old Ottoman Empire.

The Armenians we honor today were sadly not the last ethnic identity to be threatened by mass extermination in our century. The Nazi Holocaust sought to eliminate the Jews, and in recent years millions of Cambodians have been slaughtered.

Our purpose is thus twofold. We are here to honor the memory of the Armenian martyrs and the Armenian heritage that lives on and has made a significant contribution to our own country. We are here also to pledge our best efforts to insure that there are not future genocides and that all ethnic identities are free to live in peace and security.

THANK YOU, SECRETARIES

Mr. MOYNIHAN. Mr. President, saying thank you is not always an easy thing. The hurried pace of events here as elsewhere in the working world, often causes us to ask much of others without properly thanking them. And so we in Congress designate days in which to express the Nation's gratitude to many of the people whom we often forget to thank.

Today, Mr. President, is Professional Secretaries Day, a day set aside to express publicly our appreciation to secretaries for the contributions they make. Without secretaries, my office, most certainly, would cease to function. My office is a busy place, and virtually every matter of business which must be attended to involves a secretary in one way or another. I cannot imagine what I or my staff would do without them.

Indeed, I would like to take this opportunity to thank the secretaries in my office: Ms. Vicki Bear, Ms. Emily Cavanagh, Ms. Fran Cochran, Ms. Kelley Prunesti, and Ms. Julie Smith. Each is a treasure without par. I do not always remember to thank them. I wish to do so now. Thank you Emily, Fran, Kelley, Julie, and Vicki. I and everyone else in the office, owes you more than we could imagine—and far more, I am sure, than you would ever let us know. I am proud to have all of you on my staff. Indeed, to Kelley Prunesti I extend my best wishes for a speedy recovery. We miss you and hope to have you back with us again soon.

PLAY BALL

Mr. KASTEN. Mr. President, last Tuesday, April 17, I had the pleasure of attending the baseball home opener of the Milwaukee Brewers; 53,038 fans braved 40-degree weather, 16-mile-an-hour winds, rain, snow, and sleet to see the Brewers defeat the Chicago White Sox 7 to 3.

Milwaukee, America's 16th largest city, had baseball's second largest opening day crowd this year. A real tribute to the team, the management and the ownership of the Milwaukee Brewers.

The Wisconsin baseball tradition contrasts sharply with some other franchises and I would like to share with my colleagues the baseball commentary by Lewis H. Lapham in the April 21 edition of the Washington Post. Mr. Lapham laments in his article about a baseball owner's degradation of America's great pastime and the fantasies of the fans were they to be owners.

The "owner-to-be" fans nostalgically agreed that their team would be as in the days of yesteryear: No electronic scoreboard, no instant replay. The team would travel by train and their salaries would be on par with the President of the United States. Relief pitchers would walk from the bullpen. And the beer served is from the local brewery.

But it is 1984, not 1944, and Milwaukee has its electronic scoreboard, an instant replay machine, salaries higher then the President's, a mascot who slides down a beer mug after each win, and double-knit uniforms. And even though we wish our baseball heroes wore belted uniforms made of wool—baggy trousers and socks worn high, just below the knee, we can be thankful in Milwaukee for owners who revere the franchise and the fans.

Wisconsin is blessed with civic leaders who happen to also be the owners of the Milwaukee Brewers. The team is a part of the heart of our city and our State and the players give of themselves in youth work, beautification programs and other civic works.

Milwaukee is a very lucky baseball franchise. And we can thank Bud Selig, Harry Dalton and the other owners. Their ownership goals for baseball and Milwaukee are dreams and hopes of the fans. They are fans who happen to be owners.

Spring is here. The fans are in the stands. "Play ball" are the two most melodic words we hear. And things just seem a little better today—baseball's back.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AND NOW BACK TO THE GAME

(By Lewis H. Lapham)

NEW YORK.—On opening day at Yankee Stadium, the cognoscenti behind first base talked mostly about the avarice of George Steinbrenner. Nobody bothered to say much about the game in progress against the Minnesota Twins. After a week on the road, the Yankees already looked dispirited and old, as if they were playing out their sentences on a prison team in West Texas. The concensus of opinion in the field-level seats held that Steinbrenner would fire Yogi Berra as manager before July 4, and that after the usual trades and recriminations, the team would finish a poor fourth in the Eastern Division behind Baltimore, Toronto and Detroit.

What was left to talk about except the ways in which the principal owner had degraded the great American game? The television screen in right center field was showing commercials, and a Dixieland jazz band was trying to make what it thought was a happy sound. The pregame ceremonies had involved a fund-raising spiel for the 1984 Olympics; a tiny figure skater, cute as a button in sneakers and designer jeans, had thrown out the first ball.

"Maybe next year Steinbrenner will hire cheerleaders," a fan wearing a Brooklyn Dodgers cap said.

"Maybe," said somebody else, "he'll rent advertising space in the latrines."

Within a community of about five rows, the fans in residence had accumulated roughly 200 years of attendance at baseball games. Their disgust with Steinbrenner was unequivocal, but they understood that the man's swinishness was symptomatic of the times. The game had been lost to the networks and the big money, and it was hard to conceive of an owner who wouldn't put his mother out on waivers.

Before the end of the fourth inning, the cognoscenti had lost interest in the events on the field, and they began to speculate on what they would do if they owned a team in some congenial city, possibly Cleveland or St. Louis. "Almost anywhere except New York," said the fan in the Dodgers cap. "In New York, the media eats out the heart of a thing."

Drinking beer they were sure had been watered by Steinbrenner's thieving concessionaires, the fans comforted themselves with the dream of innocence regained. I didn't take notes, but as best as I can remember their desiderata, they agreed—in no particular order of importance—on the following points:

Dimensions of park: Irregular and designed for baseball. No ovals, domes or bowls.

Hot dogs: Standard size. The vendors apply the mustard with a stick.

Designated hitters: None, not even if the team is in the American League.

Night games: None.

Gloves: Standard size and color. No gloves that look like jai alai baskets.

Relief pitchers: All must walk from the bullpen, slowly and with an ambling gait. No golf carts; no Toyotas.

Billboard advertising: Accepted only from local merchants. A sign in left center field promises a free suit to any batter who can bounce a ball off it.

Televised games: Limited to 26 away games, two with each of the other teams in the league.

Center field bleacher seats: Distributed free to local youth groups. All other bleacher seats sell for $1.

Scoreboard: Not electronic. A spotter climbs a ladder and places the number in the slot. No television screens in the park; no instant replays; no neon exclamations of joy.

Misconduct in the stands: Suppressed without apology or delay.

Beer: Supplied in long-necked bottles by a local brewery. The vendors open the bottle in the presence of the patron.

Playing field: Grass. When obliged to play on astroturf in alien arenas, the team files a formal protest.

Uniforms: Belted and made of wool. No polyester or double-knit materials. Trousers must be baggy in shape, and socks must be worn high, just below the knee.

Travel: By train—whenever distance and schedule permit.

Names of players; Traditional—Roy, Eddie, Early, Moose, Buck, Tim, Mickey.

Radio announcers: Former players whose voices reflect their border-state origins.

Security of franchise: Absolute. The owners sign a binding agreement with the municipal authorities. Even to make jokes about selling the team to Indianapolis is cause for a public hearing.

Mascots and clowns: Shot on sight.

Salaries: On a par with salaries paid to the chief justice of the Supreme Court and the president of the United States. The baseball club doesn't make deals in the free agent market. Players come up through the farm system.

In the middle of the seventh inning, a cynic suggested that a team operated on such noble principles surely would go broke. The fan in the Dodgers cap thought otherwise. "On the contrary, gentlemen," he said, "the team would earn a fortune."

Such a team, he said, would be the wonder of the world. The mercenary pygmies employed elsewhere in the league would learn the meaning of the game. Even fans as debased as those in New York would pay to see ballplayers made of the old stuff.

TRIBUTE TO GEN. MARK WAYNE CLARK

Mr. THURMOND. Mr. President, on April 17, 1984, one of America's finest soldiers, my very good friend, Gen. Mark Wayne Clark, passed away at the age of 87. He was the last of our legendary World War II field commanders to die, taking his place in history alongide Generals Eisenhower, MacArthur, Patton, and Bradley.

I was honored to attend his funeral at the Citadel in Charleston, SC, and I want to again extend my sincere condolences to his devoted wife, Mary, son, Bill, five grandchildren, and three great-grandchildren.

From his birth at a military post in New York, to his burial at the Citadel, General Clark was consumed with a strong desire to serve his country in the Armed Forces. Born the son of an Army infantry colonel, he aspired to a similar destiny, graduating from the U.S. Military Academy at West Point in 1917, and subsequently pursuing an illustrious military career which spanned nearly 40 years of his life. When asked several years ago how he wanted to be remembered, the four-star general humbly replied, "For what I am: A military man."

However, history will remember General Clark as being much more than a military man. Indeed, he will be immortalized as a military giant whose undying patriotism and courageous leadership elevated him to a position of preeminence as a great defender of freedom throughout the world.

Early in 1943, General Clark was promoted to commanding general of the U.S. 5th Army, which invaded Italy and soundly defeated the Italian and German forces of Mussolini and Hitler. The liberation of Rome, which General Clark called the proudest accomplishment of his life, stands as one of the many great achievements of his distinguished Army career.

Perhaps one of his most famous accomplishments occurred in 1952, when as commander in chief of the United Nations Command, he signed the military armistice agreement between the United Nations Command and the North Korean Army and the Chinese forces, thus marking the end of the Korean war in 1953.

The end of the Korean conflict drew to a close General Clark's remarkable career on active duty, yet, his service to our national defense continued for many years following.

Shortly after his retirement, then South Carolina Gov. James F. Byrnes recommended him to take on the duties of the president of the Citadel in 1953. For 11 years, he performed his administrative duties there with the same high standards which typified his military career. He retired from this post in 1965, leaving behind a stronger educational program and a renewed commitment to military strength and discipline.

Mr. President, accomplishments of General Clark's magnitude are rare, and are the product of his natural leadership ability and diligent work. The sincerity of his actions won him universal honor and admiration. He was a champion of freedom because he was an enemy of tyranny and oppression. General Clark despised the cancer of communism and hated the terror of Hitler's reign, and fought with all his strength to conquer any enemy which threatened freedom-loving peoples worldwide.

Those who served under him and with him, as well as those who had the privilege of knowing him in other capacities, fully recognized his lifetime of contributions. President Reagan said of General Clark:

> We are free because of men like him. His professionalism and dedication will be the standard of every soldier who takes the oath to defend our Nation.

Dr. Billy Graham, who was a personal friend of General Clark's, was unable to attend the funeral, but wrote the homily which was delivered at the memorial service. In his remarks, Dr. Graham highlighted four principles which characterized General Clark's life:

> Quality over quantity; commitment, not convenience; character, not compromise; and a belief in Christ and commitment to Christian ideals.

General Clark's deep religious convictions served as a motivating force behind his service to mankind, and his contributions to South Carolina, the Nation, and the entire free world were but an extension of his service to God.

Mr. President, I knew Gen. Mark Clark to be a man of honesty, integrity, and determination. His courage rivals that of other great men in American history, and his uncommon valor will forever serve as a shining example to future soldiers. He will, indeed, be missed by many in military and civilian circles; yet, we are grateful for his valiant efforts which helped secure peace for our Nation and for all friends of democracy.

Mr. President, in order to provide my colleagues with a more comprehensive account of the remarkable life and accomplishments of Gen. Mark W. Clark, I ask unanimous consent that the following articles and editorials, as well as Dr. Graham's eulogy, be included in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FUNERAL SERVICE OF GEN. MARK WAYNE CLARK

(Written by Dr. Billy Graham—Delivered by Col. Sidney R. Crumpton)

We are gathered here today to pay our respects to General Mark Wayne Clark.

General Clark was much more than a soldier—he was a soldier/statesman; a man who saw the big picture. He had all the qualities that would have made him a great president of the United States.

It was my privilege to know him first in the winter of 1952. I was in Tokyo, Japan, on my way to Korea near Christmas to speak to missionaries and Christians in Korea, when totally unexpectedly I was asked to come to his office. I did not know that he had ever heard of me. I went, and after a rather long chat he turned to me and said. "Mr. Graham, I would like for you to go to Korea and preach to the troops at Christmas. Everyone will cooperate and it will be a great encouragement to our troops." I was overwhelmed, and immediately answered that I would. I wrote a book about my experiences.

When his time was finished in the Far East, it was my privilege to be with him on a number of occasions. He honored me by giving me an honorary degree here at The Citadel, and he invited me to speak here on a number of occasions. I had talks with him a number of times and from his lips I heard some of the most thrilling stories about

World War II, the Korean War, politics and religion as we sat for hours at a time either alone, or with friends.

There are many lessons we can learn from his life. But today I would like to briefly mention four.

First, Mark Clark was a man who was concerned with quality not quantity. He believed that a well-trained, well-disciplined, courageous fighting unit could overcome an enemy that was numerically superior. And he proved it during the long and bitter Italian campaign of World War II.

His writings and speeches show that he returned from Europe convinced that every man in the Army should be trained first as an infantryman before going on to other specialized training. When the situation demanded it, he wanted every man in the army—cook, driver, typist, mechanic, everyone—to be trained and able to pick up a rifle and take his place on the fighting line.

As Chief of Army Field Forces from 1949-52, he put his ideas into practice and today's training still reflects his influence.

In his emphasis on quality rather than quantity, he mirrors the experience of one of the great military commanders in the Bible—a man named Gideon.

Second, Mark Clark demonstrated his belief in commitment, not convenience. His four decades of military service were punctuated by long and painful separations from his family. He was unable to attend his daughter's wedding and almost missed his son's because of his commitment to his country and to duty.

Service of any kind—military, political, or spiritual—has never been a matter of convenience and it never will. Somehow, in our modern age, we have allowed ourselves to become captives to set periods of time. We want to know just exactly how long everything is going to last, and when the time is up, we're ready to pack up and go home.

But the people who have left their mark on history have been those who committed themselves to a task with no thought of quitting until it was finished. I believe we need to recapture that spirit in America today.

General Clark once closed a speech commemorating the anniversary of the Chaplains Corps by quoting these lines:

There are people who carry life's burdens,
  Their own and others beside;
There are people who stand in their places,
  And who stand there whatever betide.

There are two kinds of people—you know them,
  As you journey along life's track,
The people who take your strength from you,
  And the others who put it all back.

As he observed the world picture at the end of the Korean War, Mark Clark considered the global struggle and wrote something we should recall today:

"Perhaps, both sides, with the frightening instruments of total destruction in their hands, may decide that these terrible weapons must never be used. I pray fervently that this be true, not only because of the lives that would be saved, but also because I know America can reap a richer harvest from peace than can her enemies." (Calculated Risk, p. 330)

But he also had a conviction that peace will be granted us only if we are strong. He believed that peace, like life itself, was a matter of commitment, not convenience. Mark Clark, lover of peace, believed that there are certain things for which a man must be willing to lay down his life.

Thirdly, Mark Clark believed in character, not compromise. He was always concerned about the spiritual lives of those under his command.

While serving as Chief of Army Field Forces, he was observing a live ammunition training exercise in which recruits crawled on their bellies under barbed wire while machine gun bullets were being fired over their heads.

He noticed a group of chaplains standing nearby, also observing, and asked one of them if he had been through this training exercise. When the chaplain said, "No," General Clark said, "Don't you think it would be a good idea if you shared the hardships and the dangers of the men and went through these exercises?"

From that time on, he officially urged chaplains to share as many of the trainees' hardships and dangers as they could. By making the long marches and crawling through the mud with the soldiers, the chaplains gained the respect and confidence of the men. The result was a marked increase in the rapport between the chaplains and the soldiers, and increased chapel attendance, not just in training, but also in combat areas.

He once told of receiving a letter from a woman who said she hoped he would make a man out of her son who had just enlisted in the army. She hoped that the army would develop her son's character.

Mark Clark wrote her back, saying that he would do his best to see that her son's military service would help him. But, he said, the army would have her son for only eighteen months. She had had him for eighteen years. He closed by reminding her, and all of us today, that the job of developing character in our youth is primarily the responsibility of the home, the churches, and the schools. Mark Clark believed in character.

And finally, Mark Clark was a man who believed in Christ. His belief was more than just an intellectual assent or lip service to Christian ideals, but a personal faith in Christ as his own Lord and Savior.

In 1953, he concluded an Easter message to all those serving in Korea by saying:

"Easter, commemorating the resurrection of Jesus Christ, is a time of renewed conviction in the triumph of life over death, of good over evil, of the spiritual over the material. That conviction will carry us through whatever lies ahead."

As we honor General Mark Clark today, his life and his memory challenge us to live lives of Quality, of Commitment, and of Character.

Today we do not say goodby to Mark Clark. We say, as the French would say, "Au revoir!" "Till we meet again."

CLARK RECALLED AS COURAGEOUS SOLDIER, PATRIOT

[From the Charleston Evening Post, Apr. 17, 1984]

Generals, statesmen, religious leaders and friends remembered Gen. Mark W. Clark Tuesday as a courageous soldier and patriot.

"A noble and gentle friend has left us," said Maj. Gen. T. Eston Marchant, S.C. Adjutant General. "Gen. Mark Clark was not only one of our greatest military commanders, but one of the most respected and admired Americans in our country's history. He recognized the threats to our survival as a free nation. He conveyed them in a forceful and effective manner. The general will be sorely missed."

Gov. Richard W. Riley said Clark will be remembered "as a great patriot and a great leader both on the battlefield and as president of The Citadel. He had an enduring love of country throughout his life and a later love for South Carolina, which he made his adopted state after his retirement from the military," Riley said.

A long-standing friend of Clark, U.S. Sen. Strom Thurmond, R-S.C., said the nation "has lost one of its most courageous and dedicated soldiers. His death is a great loss for me, as well as for the nation. I am deeply saddened by his passing."

Thurmond spoke with Clark last week and tried to visit him at the hospital but doctors didn't think the visit would be advisable.

"The Citadel and this state have lost a priceless asset," said Citadel President Maj. Gen. James A. Grimsley. "He is . . . the last of the World War II giants. Those of us who were alive at that time and who fought that war saw at that time America reach its greatest heights."

"The Citadel today directly reflects Gen. Clark's many contributions to this college" as president from 1954 to 1965, Grimsley said.

Retired Gen. William C. Westmoreland, who served under Clark in the Korean War, recalled that Clark treated him much as a son.

"He was very popular with his troops. He had quite a personal touch and was quite popular with his troops and subsequently with the cadets he had under him at The Citadel," Westmoreland said.

Maj. Gen. Jack Farris, commander of the U.S. Army troops in last fall's invasion of Grenada, was the regimental commander of cadets in The Citadel class of 1958. Farris recalled that some of the lessons he learned from Clark were useful during the Grenadan invasion.

"He talked to me about his command in Italy and what it meant in terms of leadership to command at that level," Farris said. "He used to emphasize that you had to take care of your soldiers and if you did, they would take care of you. He said you had to be tough-minded enough to make the tough decisions. They're never clear cut, they're just areas of grays."

"Another thing I'll never forget that he told me was that as a complete military commander you never make pure military decisions," Farris said. "There are political and social nuances that have real impact on how you conduct your war."

Clark was "the kind of fellow who really wouldn't have wanted too many flowery things said about his passing," said Citadel Board of Visitors Chairman George C. James. But "Gen. Clark contributed as much as anyone to the country and to the world and there is going to be a big void with him gone."

U.S. Sen. Ernest F. Hollings, D-S.C., said Gen. Clark's contribution to The Citadel, the state and the nation is unequaled. "Gen. Clark is one of the great Americans of my time."

Rep. Thomas F. Hartness, R-S.C., termed Clark "one of America's last, truely great heroes."

"He felt such a real deep love for this country and the way of life he had fought to preserve," Hartness said of Clark. The congressman said he found the depth of Clark's patriotism "almost sad" to observe because it isn't shared by the vast majority of Americans today.

Rep. Butler Derrick, D-S.C., also mentioned Clark's contribution to youth, noting the summer camps Clark had established at The Citadel. "The state of the nation suffered a great loss" with Clark's death, said Derrick. "He will go down in history as one of the great warriors of our time, together with Gens. Eisenhower, Bradley, Patton and others, as World War II heroes."

"The passing of Gen. Clark really is the passing of an era * * *" said North Charleston Mayor John E. Bourne, Jr. "His tremendous service to the nation and to the world, really, as a military commander, and then his major contributions to education as president of The Citadel and contributions he's made to every walk of life can hardly be duplicated."

Novelist Pat Conroy, author of "The Lords of Discipline" and a 1967 graduate of The Citadel, said the general was president of The Citadel for two years while the novelist attended the school.

"My greatest impression of him is that he was—by far—the most exciting, exhilarating, wonderful public speaker I've ever heard," Conroy said, adding that he remenbers Clark "from the vantage point of a kid."

"To me, he appeared to be the soul of how a great man looked and acted.* * * He had this aura of grandeur and I guess you could say I was terrified of him. But, then, great men scare people who are not great. * * * Everything that he did, everything that he touched, seemed to have importance. Because he was the soul of honor."

Charleston Mayor Joseph P. Riley, Jr. said, "The city of Charleston and the United States of America today lost a very special citizen. It was Charleston's great fortune that after Gen. Clark's extraordinary military career as one of the great generals of World War II and Supreme Commander in Korea that we enjoyed 30 years of his leadership at The Citadel and in our community."

In addition to his many contributions to this community and nation, the Roman Catholic Church is indebted to Clark "for the humane way in which he governed Italy during the tragic days of World War II," said the Most Rev. Ernest L. Unterkoefler, bishop of the Diocese of Charleston. "He had close association with Pope Pius XII and Pope Paul VI."

"The world is indebted to Gen. Clark for his understanding of human freedom and civil liberty. * * * We pray for his family. May he rest in peace," Unterkoefler said.

GEN. MARK W. CLARK

[From the Columbia Record, Apr. 17, 1984]

At the Medical University of South Carolina early today, retired four-star Army Gen. Mark W. Clark breathed his last. As he expired, the last of the fabled combat commanders of the Second World War passed from us.

Throughout his adult years, Mark Clark remained with snappy salute a good and faithful servant of this nation of free peoples, believing in his innermost being in the intrinsic values of the country. He valued the sanctity and security of the individual, without fear or favor of oppressive governments, as a military protector.

A brilliant and successful strategist and tactician who always strove to proceed to decisions with cared consideration for each life, he was a West Point graduate commissioned in 1917 whose future career was both illustrious, appreciated and dutiful.

With care, precision and personal ardor in the Second World War, he helped plan the invasion of North Africa as Deputy Commander in Chief of Allied Forces. Few will ever know the full weight of responsibilities that fell on his shoulders and struck his heart.

He coordinated plans for the Salerno invasion of Italy in 1943, tried vainly to secure more troops and extra naval firepower—and landed. Citizen soldiers of National Guard components fought brilliantly against skilled German defense counter-attacks and, rather swiftly, the Fifth Army captured Rome, the first Axis capital to be liberated.

A confidante and friend of the late Dwight Eisenhower, Clark felt that in Korea military success was conceivable but dutifully saluted in acquiescence to a peace treaty to end that conflict.

As president of The Citadel, he again served well. As a good and faithful servant, he deserves a global salute.

[From the Washington Post, Apr. 18, 1984]

GEN. MARK CLARK DIES; COMMANDED ALLIED FORCES IN ITALY IN WORLD WAR II

Retired Gen. Mark Clark, 87, a brilliant and sometimes controversial Army group commander in Italy in World War II and the last head of United Nations forces in Korea during the conflict there, died of pancreatic cancer yesterday at the Medical University of South Carolina in Charleston, S.C.

Gen. Clark first saw combat in World War I, during which he was wounded. His service in World War II included a notable cloak-and-dagger mission to North Africa and command of the U.S. Fifth Army in Italy, the job for which he was best known. His principal campaigns were the bloody landing at Salerno, Italy, in which he himself led an attack against German tanks threatening the beachhead; the lost opportunity of Anzio, an amphibious attack that might have opened the way to Rome but resulted in a lengthy stalemate; the bitter and costly fighting for Monte Cassino; the capture of Rome and the ultimate liberation of Italy.

After the war, he was U.S. High Commissioner in Austria and commander of Army Ground Forces. He retired from active duty in 1953 at the conclusion of his service in Korea and the end of the conflict there. From 1954 to 1965, he was president of The Citadel, a military college in Charleston, S.C.

Gen. Clark, a tall, energetic man known for his intelligence, courage and charm, was the youngest Allied-Army group commander in the war. Winston Churchill called him "an American eagle." General of the Army Dwight D. Eisenhower said he was "the best organizer, planner and trainer of troops that I have met." General of the Army George C. Marshall, the wartime chief of staff, praised him as "a very good soldier and very loyal."

If his superiors praised him at the time, most historians have been content to state the problems Gen. Clark faced and the solutions he brought to them, and to let these speak for themselves. In general, they provide a sense that the general did a difficult job well.

Like other major operations, the one Gen. Clark conducted in Italy was dictated not only by the relative strength of the opposing sides, but by geography, politics, and strategic considerations, both in the Mediterranean theater and elsewhere in the world. In some of these categories Gen. Clark and his troops were at a loss to muster parity, much less superiority.

Most obvious was the matter of terrain. The Allies' task was to dislodge an enemy that enjoyed nearly every advantage the lay of the land could offer. The narrow Italian peninsula with its high ribbing of mountains forced attackers into head-on assaults. There were few opportunities for rapid and sweeping armored envelopments, such as those conducted by the Germans early in the war and by Gen. George S. Patton and other Allied commanders on the plains of northern and eastern Europe later in the conflict.

The frontal attacks were costly and gained little. An alternative was an amphibious flanking movement, such as the one at Anzio. For want of effective leadership on the ground, the opportunity presented by Anzio was lost, and it, too, settled into months of bitter and unproductive fighting.

In addition to terrain, there were the problems inherent in such a heterogeneous force as the 15th Army Group. Gen. Clark took command in December 1944, succeeding Field Marshal Sir Harold R. L. G. Alexander of Britain. The group was made up of units from 26 nations and the general had only varying degrees of control over the various components. His enemy, by contrast, was led by a unified German command that had some of the best soldiers and officers in the history of Europe.

Adding to those problems was the fact that for political and strategic reasons Italy was to a certain extent a "forgotten" war. The Normandy invasion and the battle in the Pacific received priority in terms of officers, men, materiel and precious naval units.

Whatever the difficulties, Gen. Clark never lacked critics, including some subordinate commanders and some historians.

They fault him for Salerno, where the Allies nearly were thrown back into the sea, and for Anzio. They fault him for the destruction of the historic abbey at Monte Cassino. They fault him for the heavy casualties his army took for little gain.

They fault his strategy, asserting that it contributed to the degeneration of the Italian fighting into a prolonged slugging match. They contrast it to the lightning advances achieved in northern Europe and the comparatively bloodless drives of Gen. Douglas MacArthur in the Southwest Pacific.

But the criticism does not change the fact that Gen. Clark conducted one of the most difficult campaigns of the war and brought it to a successful conclusion.

In a written statement, President Reagan praised Gen. Clark as a soldier who served "with courage, dignity, integrity and, above all, honor. General Clark's memory will live forever in the hearts of his countrymen."

Mark Wayne Clark was born on May 1, 1896, at Madison Barracks, N.J. He graduated from the U.S. Military academy at West Point in 1917 and was commissioned in the infantry. He was wounded in France in 1918 and later served with occupation forces in Germany.

Between the world wars, he graduated from the Army War College, the Command and Staff College and the Infantry School at Fort Benning. He was attached to the Army General Staff when this country entered World War II. He became chief of staff of Army Ground Forces in May 1942, and in July of that year he became commander of all American Ground Forces in Europe.

Before the 1942 Anglo-American invasion of French North Africa, Gen. Clark made a daring secret trip to Algiers, where he attempted to persuade French Vichy Forces to welcome rather than fight American forces when they came ashore. His memoirs of this hazardous voyage by submarine and rubber boat, and his nocturnal wanderings and secret rendezvous with French officials, make exciting reading.

Although the mission was not entirely successful, it resulted in arrangements that greatly reduced the opposition that French forces put up to Allied landings.

The Fifth Army was activated in January 1943 at Oujda, Morocco. It was composed of the U.S. VI Corps under Maj. Gen. John P. Lucas and the British X Corps. With the British Eighth Army under Field Marshal Sir Bernard L. Montgomery, it made up the 15th Army Group.

The Army Group, led by Field Marshal Alexander, invaded Italy in September 1943. The Fifth Army hit the beaches at Salerno on the 9th. Italy had announced it was leaving the Axis and surrendering to the Allies only hours before the landing. The Americans, perhaps anticipating little opposition, were stunned by furious counterattacks by German forces, who had no intention of conceding Italy to the Allies.

With the beachhead in danger and some senior commanders planning to evacuate the troops, Gen. Clark announced that he was landing to take command of the forces ashore. He personally led an infantry assault against a group of 18 tanks that almost had reached the shore. The Germans were turned back and six of their tanks were destroyed. The general called upon airborne troops to drop between the Allied front line and the sea to reinforce the beachhead.

For his actions on the beachhead, Gen. Clark was awarded the Distinguished Service Cross, the Army's highest award for valor except for the Medal of Honor. The citation spoke of his "utter disregard for personal safety" while he "spread an infectious spirit of determination and courage."

The northward advance from Salerno, through the mountains, was slow and costly. In January 1944, halted 90 miles south of Rome by the German Gustav Line, Gen. Clark developed a plan calling for a coordinated attack on the German positions and an amphibious end-run 60 miles behind the line.

The forces aimed across the Rapido River at the Liri Valley were bloodily repulsed in the Gustav Line, while the VI Corps went ashore unopposed at Anzio. Instead of driving for Rome or moving to take the Gustav positions in the rear, Gen. Lucas, the corps commander, chose to advance less than 10 miles and await reinforcements and supplies. The Germans had time to gather enough forces to halt the Anzio invasion in its tracks.

These operations were the ones that brought the greatest criticism of Gen. Clark. After the war, a group of former 36th Infantry Division officers appeared before a Senate committee to oppose a promotion for Gen. Clark. They said his order to cross the Rapido sent their division against impossible odds at the cost of enormous casualties. A War Department investigation concluded that the commander had exercised "sound judgment," and he was promoted.

The Anzio landing took place on Jan. 22, 1944. On Feb. 15, heavy artillery and air bombardment destroyed the historic Benedictine monastery on Monte Cassino. Gen. Clark had opposed this, not only on religious and cultural grounds, but also because the attack would be of little military significance. He was overruled and the abbey was turned to ruins. For some, the responsibility remains with Gen. Clark.

It was not until May 25 that the forces fighting through the Gustav Line and those at Anzio linked up.

Just prior to this, Gen. Clark made what was perhaps his biggest mistake of the war. He tried to seize Rome rather than encircle German forces on the Gustav Line. The result was that large numbers of German soldiers escaped to the north and Rome was not captured until June 4, 1944, just as Allied forces were preparing to go ashore in Normandy.

The war ended for Mark Clark on May 2, 1945. He spent the next two years as Allied High Commissioner in Austria, where his flinty disposition was a fitting match for his Red Army counterparts.

From 1949 to May 1952, he was commander of Armed Ground Forces. He then succeeded Gen. Matthew B. Ridgway as U.S. commander and supreme commander of U.N. forces in Korea. It was a time of frustrating negotiation rather than fighting. On July 27, 1953, he signed the armistice that resulted in the end of the Korean conflict.

In the 1950s, Gen. Clark, who lived in Charleston, wrote two volumes of war memoirs, "Calculated Risk" and "From the Danube to Yalu."

In addition to the Distingushed Service Cross, his decorations included four Distinguished Service Medals, the Legion of Merit and the Purple Heart Medal. He also received high honors from Britain, France, Belgium, Morocco, Poland, Brazil and the Soviet Union.

Gen. Clark's first wife, the former Maurine Doran, died in 1966. Their daughter, Patricia Ann Oosting, died in 1962.

Survivors include his wife of 17 years, the former Mary Mildred Applegate, of Charleston; a son by his first marriage, retired Army Maj. William Doran Clark of Washington, and four grandchildren.

[From the Charleston (S.C.) News and Courier, Apr. 20, 1984]

GENERAL CLARK LAID TO REST AT THE CITADEL

In a simple funeral service, as he had wished, retired Army General Mark Wayne Clark was laid to rest Thursday near The Citadel parade ground where he had reviewed thousands of young cadets over the years.

The last of the four-star generals from World War II, and president emeritus of The Citadel, Clark died Tuesday at the age of 87.

Two sprays of white gladiolus decorated the altar in Summerall chapel, where about 1,250 people heard former Citadel Chaplain Sidney R. Crumpton read a homily written by the Rev. Billy Graham. Graham was in Europe Thursday and could not attend the funeral.

"General Clark was much more than a soldier—he was a soldier/statesman; a man who saw the big picture. He had all the qualities that would have made him a great president of the United States," Graham wrote.

Graham met Clark in 1952 and was surprised by Clark's request that he preach to American troops in Korea at Christmas. The two met again many times after the war, and Clark recognized Graham with an honorary degree from The Citadel.

"There are many lessons we can learn from his life . . . First, Mark Clark was a man who was concerned with quality and not quantity. He believed that a well-trained, well-disciplined, courageous fighting unit could overcome an enemy that was numerically superior. And he proved it during the long and bitter Italian campaign of World War II."

A man who believed in commitment, not convenience, Clark often had long and painful separations from his family during his four decades of military service, Graham wrote. "But the people who have left their mark on history have been those who committed themselves to a task with no thought of quitting until it was finished. I believe we need to recapture that spirit in America today."

Graham drew on Clark's writings in the book "Calculated Risk" to show that the general was a lover of peace who "believed that there are certain things for which a man must be willing to lay down his life." Musing on the world picture at the end of the Korean War, Clark wrote:

"Perhaps, both sides, with the frightening instruments of total destruction in their hands, may decide that these terrible weapons must never be used. I pray fervently that this be true, not only because of the lives that would be saved, but also because I know America can reap a richer harvest from peace than can her enemies."

Clark also believed in character over compromise, Graham wrote.

"He once told of receiving a letter from a woman who said she hoped he would make a man out of her son who had just enlisted in the Army. She hoped that the Army would develop her son's character.

"Mark Clark wrote her back, saying that he would do his best to see that her son's military service would help him. But, he said, the army would have her son for only 18 months. She had had him for 18 years. He closed by reminding her, and all of us today, that the job of developing character in our youth is primarily the responsibility of the home, the churches, and the schools.

The funeral also included readings of Psalm 121 and Psalm 23, as well as a reading from the Gospel of John. The Citadel Choir Chorale sang "The Lord's Prayer" by Malotte.

At the graveside, Crumpton read words of committal that were also written by Graham.

"Mark Clark was a man who believed in Christ. His belief was more than just an intellectual assent of lip service to Christian ideals, but a personal faith in Christ as his own Lord and Savior."

Clark's life and memory should challenge everyone "to live lives of quality, of commitment, and of character," Graham wrote.

"Today we do not say goodbye to Mark Clark. We say, as the French would say, 'Au revoir!' Till we meet again."

[From the Greenville (S.C.) News, Apr. 20, 1984]

GEN. MARK W. CLARK

Gen. Mark Wayne Clark was laid to rest yesterday at The Citadel, the military college of South Carolina over which he presided for 12 fruitful years after retiring from a distinguished career.

Mark Clark was an Army man literally all his life. Born on a military base, he grew up in the Army, and naturally became a graduate of West Point. He saw much combat and was wounded in World War I. He attained international fame as combat commander and military diplomat in World War II, in which he became liberator of Rome and all of Italy, and was credited with saving Austria for the West.

It was Mark Clark who commanded United Nations forces in the final stages of the Korean War and negotiated the cease-fire.

General Clark was courageous, tough, candid. He had the respect of subordinates and of the world leaders with whom he dealt. But his toughness and candor led him into some political disfavor after World War II.

An indication of his sense of propriety was refusal to go to Rome as ambassador to the Vatican 30 years ago, as suggested by President Truman, without Senate confirmation.

Proof of his abiding concern for the nation came in the general's declining years when he chose to discuss controversial security issues, rather than sit quietly in earned retirement.

And so it was that many admirers paid tribute to a revered individual as he went to honored rest at the college he loved and served and in the state which proudly made him an adopted son.

MEASURES PLACED ON THE CALENDAR

The Select Committee on Indian Affairs was discharged from the further consideration of the following bills, and the bills were placed on the calendar by unanimous consent:

H.R. 3259. An act to declare that the United States holds certain lands in trust for the Pueblo de Cochita;

H.R. 3376. An act to declare that the United States holds certain lands in trust for the Makah Indian Tribe, Washington; and

H.R. 3555. An act to declare certain lands held by the Seneca Nation of Indians to be part of the Allegany Reservation in the State of New York.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3065. A communication from the Acting Deputy Assistant Secretary of Defense for Manpower, Installations, Logistics, Military Personnel, and Force Management transmitting, pursuant to law, a report listing persons who have filed reports under section 410 of Public Law 91-121; to the Committee on Armed Services.

EC-3066. A communication from the Principal Deputy Assistant Secretary of the Navy for Shipbuilding and Logistics transmitting, pursuant to law, a report on a decision to convert the storage and warehousing function at the Naval Air Station, Norfolk, Va. to performance under contract; to the Committee on Armed Services.

EC-3067. A communication from the Deputy Assistant Secretary of Defense for Administration transmitting, pursuant to law, a report on real and personal property of the Department of Defense as of September 30, 1983; to the Committee on Armed Services.

EC-3068. A communication from the Secretary of Agriculture transmitting, pursuant to law, the annual Animal Welfare Enforcement Report; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3069. A communication from the Secretary of Agriculture transmitting a draft of proposed legislation to ensure continued financial integrity of Rural Electrification and Telephone Revolving Fund; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3070. A communication from the Acting Secretary of Agriculture transmitting a draft of proposed legislation to simplify administration, contain escalating costs, and create greater flexibility in operation of programs under National School Lunch Act and Child Nutrition Act; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3071. A communication from the Secretary of Agriculture transmitting, pursuant to law, a report on the National Rural Development Strategy; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3072. A communication from the Director of the Office of Management and Budget transmitting, pursuant to law, a report on revised estimates of the President's budget for 1985 and projections for 1984-89; jointly, pursuant to the order of January 30, 1975, to the Committee on Appropriations and the Committee on the Budget.

EC-3073. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report on three new deferrals of budget authority; jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations, the Budget, Commerce, Science, and Transportation, and the Judiciary.

EC-3074. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report on the examination of the balance sheets of the Office of the Attending Physician Revolving Fund, 1982 and 1983; to the Committee on Appropriations.

EC-3075. A communication from the Chairman of the Board of Governors of the Federal Reserve System transmitting, pursuant to law, the Seventieth Annual Report of the Board of Governors of the Federal Reserve System; to the Committee on Banking, Housing, and Urban Affairs.

EC-3076. A communication from the chairman of the Federal Home Loan Bank Board transmitting, pursuant to law, the 1983 report of the Federal Home Loan Bank Board; to the Committee on Banking, Housing, and Urban Affairs.

EC-3077. A communication from the Secretary of Housing and Urban Development transmitting, pursuant to law, the 1984 consolidated report on Community Development programs; to the Committee on Banking, Housing, and Urban Affairs.

EC-3078. A communication from the chairman of the Securities and Exchange Commission transmitting a draft of proposed legislation to authorize the Commission to regulate the proxy processing activities of banks, associations, and other entities; to the Committee on Banking, Housing, and Urban Affairs.

EC-3079. A communication from the chairman of the Interstate Commerce Commission transmitting, pursuant to law, the Commission's 97th annual report on its activities during 1983; to the Committee on Commerce, Science, and Transportation.

EC-3080. A communication from the Secretary of Transportation transmitting a draft of proposed legislation to amend the Hazardous Materials Transportation Act to authorize appropriations; to the Committee on Commerce, Science, and Transportation.

EC-3081. A communication from the Secretary of Transportation transmitting, pursuant to law, the annual report on the Automotive Fuel Economy program; to the Committee on Commerce, Science, and Transportation.

EC-3082. A communication from the Administrator of the Federal Aviation Administration transmitting, pursuant to law, the FAA's report on the effectiveness of the Civil Aviation Security program; to the Committee on Commerce, Science, and Transportation.

EC-3083. A communication from the Secretaries of Commerce, the Interior and the Executive Director of the Marine Mammal Commission transmitting a draft of proposed legislation to authorize appropriations through fiscal year 1987 for the Marine Mammal Protection Act; to the Committee on Commerce; Science, and Transportation.

EC-3084. A Communication from the Secretary of the Interior transmitting, pursuant to law, financial statements of the Colorado River Basin Project for 1983; to the Committee on Energy and Natural Resources.

EC-3085. A Communication from the Secretary of Energy transmitting, pursuant to law, a report on the delay of a decision relative to location of test and evaluation facilities at sites of nuclear waste repositories; to the Committee on Energy and Natural Resources.

EC-3086. A Communication from the Chairman of the Nuclear Regulatory Commission transmitting, pursuant to law, a report on the study of existing and alternative programs for improving quality assurance and quality control in the construction of commercial nuclear powerplants; to the Committee on Environment and Public Works.

EC-3087. A Communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, copies of international agreements, other than treaties, entered into by the United States within the 60 days previous to April 18, 1984; to the Committee on Foreign Relations.

EC-3088. A Communication from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on the international agreements, other than treaties, entered into by the United States in the 60-day period prior to April 10, 1984; to the Committee on Foreign Relations.

EC-3089. A Communication from the Secretary of State, transmitting, pursuant to law, the semiannual reports on voluntary contributions to international organizations for the period April 1983–September 1983; to the Committee on Foreign Relations.

EC-3090. A communication from the Assistant Secretary of State (Legislative and Intergovernmental Affairs), transmitting, pursuant to law, a copy of the Presidential determination and justification for the furnishing of defense articles and services to Grenada; to the Committee on Foreign Relations.

EC-3091. A communication from the Acting Director of the Agency for International Development, transmitting, pursuant to law, the annual report of the Agency on activities under title XII of the Foreign Assistance Act (Famine Prevention and Freedom from Hunger) for fiscal year 1983; to the Committee on Foreign Relations.

EC-3092. A communication from the Secretary of Commerce, transmitting a draft of proposed legislation to eliminate the requirement for a decennial census of drainage; to the Committee on Governmental Affairs.

EC-3093. A communication from the chairman of the Board of Trustees of the Public Defender Service of the District of Columbia, transmitting, pursuant to law, the annual report of the Board for fiscal year 1982; to the Committee on Governmental Affairs.

EC-3094. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a list of the reports issued by the General Accounting Office during March 1984; to the Committee on Governmental Affairs.

EC-3095. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Reported Purchase of LaMancha, Inc.", to the Committee on Governmental Affairs.

EC-3096. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Follow Up Audit of the University of the District of Columbia's Athletic Department"; to the Committee on Governmental Affairs.

EC-3097. A communication from the Secretary of the Postal Rate Commission, transmitting, pursuant to law, the annual report of the Commission on implementation of the Government in the Sunshine Act during calendar year 1983; to the Committee on Governmental Affairs.

EC-3098. A communication from the chairman of the Federal Trade Commission, transmitting, pursuant to law, the annual report of the Commission on implementation of the Government in the Sunshine Act for calendar year 1983; to the Committee on Governmental Affairs.

EC-3099. A communication from the District of Columbia Auditor, transmitting, pursuant to law, a report entitled "Annual Report on the Boxing and Wrestling Commission; to the Committee on Governmental Affairs.

EC-3100. A communication from the chairman and members of the Personnel Appeals Board, General Accounting Office, transmitting, pursuant to law, the annual report of the Personnel Appeals Board for fiscal year 1983; to the Committee on Governmental Affairs.

EC-3101. A communication from the Executive Secretary of the National Mediation Board, transmitting, pursuant to law, the annual report of the Board on implementation of the Government in the Sunshine Act for calendar year 1983; to the Committee on Governmental Affairs.

EC-3102. A communication from the Assistant Attorney General (administration), transmitting, pursuant to law, notice of a computerized matching program being run by the Department of Justice; to the Committee on Governmental Affairs.

EC-3103. A communication from the Administrator of the Office of Federal Procurement Policy, Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on competition in the award of subcontracts by Federal prime contractors in fiscal year 1982; to the Committee on Governmental Affairs.

EC-3104. A communication from the Executive Director of the Civil Air Patrol, transmitting, pursuant to law, the annual report of the Civil Air Patrol for calendar year 1983; to the Committee on the Judiciary.

EC-3105. A communication from the Chairman of the Federal Election Commission, transmitting, pursuant to law, the annual Freedom of Information Act report of the Commission for calendar year 1983; to the Committee on the Judiciary.

EC-3106. A communication from the Director of the National Institute of Corrections, transmitting, pursuant to law, the annual report of the National Institute of Corrections for fiscal year 1983; to the Committee on the Judiciary.

EC-3107. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend section 1110 of title 11, United States Code; to the Committee on Judiciary.

EC-3108. A communication from the Commissioner of the Rehabilitation Services Administration, Department of Education, transmitting, pursuant to law, notice that the annual report on activities under the Rehabilitation Act of 1973 will be submitted by August 3, 1984; to the Committee on Labor and Human Resources.

EC-3109. A communication from the Secretary of Education, transmitting, pursuant to law, a document on assistance for local education agencies in areas affected by Federal activities and arrangements for education of children where local educational agencies cannot provide suitable free public education—elective school board for section 6 schools; to the Committee on Labor and Human Resources.

EC-3110. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to extend and amend programs under the Developmental Disabilities Assistance and Bill of Rights Act, and for other purposes; to the Committee on Labor and Human Resources.

EC-3111. A communication from the chairman of the National Arthritis Board, transmitting, pursuant to law, a supplement to the 1983 annual report of the Board; to the Committee on Labor and Human Resources.

EC-3112. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the fifth annual report on implementation of the Age Discrimination Act of 1975 by departments and agencies which administer programs of Federal financial assistance; to the Committee on Labor and Human Resources.

EC-3113. A communication from the Secretary of Education, transmitting, pursuant to law, the annual report of the National Technical Institute for the Deaf for fiscal year 1983; to the Committee on Labor and Human Resources.

EC-3114. A communication from the Administrator of Veterans' Affairs, transmitting a draft of proposed legislation to repeal section 201(b) of Public Law 96-22; to the Committee on Veterans' Affairs.

EC-3115. A communication from the Administrator of Veterans' Affairs, transmitting, pursuant to law, a response to a subcommittee report on the "status of the staffing guidelines effort by March 1, 1984"; to the Committee on Veterans' Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TOWER, from the Committee on Armed Services, without amendment:

S. 2100. A bill to authorize the Secretary of the Army to sell ammunition for use for avalanche-control purposes (Rept. No. 98-411).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs, without amendment:

S. 2597. An original bill to authorize the awarding of special congressional gold medals to the daughter of Harry S. Truman, to Lady Bird Johnson, and to Elie Wiesel.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. WARNER, from the Committee on Armed Services: James H. Webb, Jr., of Virginia, to be an Assistant Secretary of Defense.

By Mr. TOWER, from the Committee on Armed Services:

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations:

In the Air Force there are 50 appointments to the grade of colonel—list begins with Ted K. Broyhill, in the Air Force there are five appointments to the grade of second lieutenant—list begins with Jeffery L. Amerine, and in the Air Force Reserve there is one promotion to the grade of colonel for David F. Rice. Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORDS of April 12 and April 24, 1984, at the end of the Senate proceedings.)

By Mr. PERCY, from the Committee on Foreign Relations:

Harry E. Bergold, Jr., of Florida, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Nicaragua:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Harry E. Bergold, Jr.
Post: Nicaragua.
Contributions, amount.
1. Self, none.
2. Spouse, none.
3. Children and spouses names, none.
4. Parents names, none.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

Thomas H. Anderson, Jr., of Mississippi, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Barbados, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Commonwealth of Dominica, Ambassador Extraordinary and Plenipotentiary of the United States of America to Saint Lucia, Ambassador Extraordinary and Plenipotentiary of the United States of America to Saint Vincent and the Grenadines, Ambassador Extraordinary and Plenipotentiary of the United States of America to Antigua and Barouda, and Ambassador Extraordinary and Plenipotentiary of the United States of America to St. Christopher and Nevis.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Anderson, Thomas H., Jr.

Post: Ambassador to Barbados.

Contributions, amount.

1. Self, none.

2. Spouse, Katherine Milner Anderson, none.

3. Children and spouses names, none.

4. Parents names, Mr. and Mrs. Thomas Hulsey Anderson, none.

5. Grandparents names, none.

6. Brothers and spouses names, none.

7. Sisters and spouses names, Mr. and Mrs. Charles Buchas, none.

(The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BENTSEN:

S. 2588. A bill to assist the United States and Mexican border economy, and for other purposes; to the Committee on Finance.

By Mrs. KASSEBAUM:

S. 2589. A bill to amend the Federal Trade Commission Act to impose certain requirements with respect to the acquisition of substantial energy reserves holders, and for other purposes; to the Committee on the Judiciary.

By Mr. BAKER (for himself and Mr. Sasser):

S. 2590. A bill to designate certain lands in the Cherokee National Forest, Tenn., as wilderness areas and wilderness study areas, and to allow management of certain lands for uses other than wilderness; to the Committee on Agriculture, Nutrition, and Forestry.

By Mrs. HAWKINS:

S. 2591. A bill to increase the penalties for major drug offenses and provide for the forfeiture of illegal drug profits; to the Committee on the Judiciary.

By Mr. BAKER (for himself and Mr. Byrd):

S. 2592. A bill to authorize the President to award a Medal of Honor to the unknown American of the Vietnam era; to the Committee on Armed Services.

By Mr. TRIBLE (for himself and Mr. Gorton):

S. 2593. A bill to amend the Communications Act of 1934 respecting retransmission of programs originated by local television broadcast stations; to the Committee on Commerce, Science, and Transportation.

By Mr. LAUTENBERG (for himself and Mr. Bradley):

S. 2594. A bill to name the U.S. Post Office Building in Moorestown, N.J., as the "Edwin B. Forsythe Post Office Building;" to the Committee on Governmental Affairs.

By Mr. D'AMATO (for himself and Mr. Moynihan):

S. 2595. A bill to transfer jurisdiction from the Government of the State of New York to the Federal Government for a portion of Fire Island, N.Y., and to transfer jurisdiction for Camp Hero from the Federal Government to the Government of the State of New York; to the Committee on Governmental Affairs.

By Mr. MATSUNAGA:

S. 2596. A bill to extend duty free treatment to scrolls or tablets imported for use in religious observances; to the Committee on Finance.

By Mr. GARN:

S. 2597. An original bill to authorize the awarding of special congressional gold medals to the daughter of Harry S. Truman, to Lady Bird Johnson, and to Elie Wiesel; from the Committee on Banking, Housing, and Urban Affairs; placed on the calendar.

By Mr. KASTEN (for himself, Mr. Jepsen, Mr. Boren, Mr. Percy, Mr. Boschwitz, Mr. Cohen, Mr. Dole, Mr. Hollings, Mr. Wilson, Mr. Durenberger, Mr. Inouye, Mr. East, Mr. Gorton, Mr. Proxmire, Mr. McClure, Mr. Symms, Mr. Humphrey, Mr. Danforth, Mr. Thurmond, Mr. Melcher, Mr. Lugar, Mr. Stafford, Mr. Murkowski, Mr. Dixon, Mr. Zorinsky, Mr. Andrews, Mr. Hatch, Mr. Huddleston, Mr. Stevens, Mr. Cochran, Mr. Bradley, Mr. Heflin, Mr. Grassley, Mr. Domenici, and Mrs. Hawkins):

S.J. Res. 279. Joint resolution to designate the week of November 11, 1984, through November 17, 1984, as "Women in Agriculture Week;" to the Committee on the Judiciary.

By Mr. LAUTENBERG (for himself and Mr. Bradley):

S.J. Res. 280. Joint resolution designating the Barnegat and Brigantine units of the National Wildlife Refuge System as the Edwin B. Forsythe Barnegat National Wildlife Refuge and the Edwin B. Forsythe Brigantine National Wildlife Refuge; to the Committee on Energy and Natural Resources.

By Mr. GOLDWATER (for himself, Mr. Garn and Mr. Sasser):

S.J. Res. 281. Joint resolution to provide for the reappointment of A. Leon Higginbotham, Jr. as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

By Mr. GOLDWATER (for himself, Mr. Garn and Mr. Sasser):

S.J. Res. 282. Joint resolution to provide for the reappointment of Anne Legendre Armstrong as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SIMPSON (for himself, Mr. Mathias, Mr. Thurmond, Mr. Baker, Mr. Tower, and Mr. Dole):

S. Res. 372. Resolution expressing the sense of the Senate regarding exposure of members of the Armed Forces to ionizing radiation and to herbicides containing dioxin; to the Committee on Veterans' Affairs.

By Mr. BAKER (for himself and Mr. Byrd):

S. Con. Res. 107. Concurrent resolution authorizing the rotunda of the Capitol to be used from May 25, 1984, through May 28, 1984, for the unknown American of the Vietnam era to lie in state; to the Committee on Rules and Administration.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BENTSEN:

S. 2588. A bill to assist the United States and Mexican border economy, and for other purposes; to the Committee on Finance.

UNITED STATES-MEXICAN BORDER ECONOMIC RECOVERY ACT

● Mr. BENTSEN. Mr. President, I have long been profoundly concerned about the economic problems that exist along the United States-Mexican border. Recent events, including a dramatic reduction in the value of the peso and disastrous weather conditions, have increased the problems to a point that demands the attention of the Congress.

The problems that have resulted from the economic shocks of the peso devaluation and severe weather conditions are grim indeed. Unemployment in one county along the Rio Grande in Texas—Starr County—has reached 46.2 percent, a result of severe damage in both the agricultural sector because of the December freeze and the retail sector because of the peso devaluation. In the first 6 months after the peso devaluation, retail sales in Brownsville declined $136 million, causing over 200 businesses to close their doors. The situation has not improved since. Many of the businesses still in operation along the border are teetering on the brink of financial disaster. The losses in the agricultural sector resulting from the freeze are still being totaled, but will surely exceed $50 million.

The ripple effect of these losses is felt all along the border: Employee layoffs, lowered purchasing power, and a decline in tax revenues for municipalities that are among the poorest in the Nation. The desperation of the jobless in these depressed, crippled counties can hardly be overstated or overemphasized. I have been working for several weeks to develop a number of ideas to aid the border economy, both short and long term. The legislation I am introducing today is the product of that effort.

It is an omnibus measure, containing seven titles. I ask unanimous consent that a factsheet providing details on the several titles be printed in the Record immediately following my remarks.

Mr. President, I think we have to be realistic about the prospects for passing this legislation this year. I do not want to get into a position of getting hopes too high for millions of Americans who are, at best, in very difficult circumstances. I expect that some elements of this proposal will be approved by this Congress, and I am prepared to work very hard toward that objective. But I am also aware that some elements will require considerable deliberation and it may not be possible to complete that process in this abbreviated session. I want to emphasize, however, that I am serious about this proposal, and I will be back in the next Congress with those portions not approved this year.

I believe the time has come for the Senate to address the pressing needs of the people who live along the United States-Mexican border. My legislation will start the Senate down that path. I hope that we can work aggressively to solve these problems in a bipartisan fashion and restore the prosperity and a sense of well-being that the American people along the border demand and deserve.

There being no objection, the fact sheet was ordered to be printed in the RECORD, as follows:

FACTSHEET ON SENATOR LLOYD BENTSEN'S BORDER AID INITIATIVE

TITLE I: ECONOMIC DEVELOPMENT ADMINISTRATION

The Bentsen proposal would reauthorize the Economic Development Administration, which is now operating under authority of the Continuing Resolution. The Bentsen proposal will include two changes of current law that will benefit the Border economy:

Current law providing aid to communities suffering from sudden and severe economic hardship will be amended to provide a specific setaside for areas suffering from the effects of extraordinary, severe and temporary natural conditions, and foreign currency devaluations.

Expired provisions allowing the EDA to place funds into other agencies for programs providing fast jobs availability will be renewed.

TITLE II: TRADE

The Trade Act of 1974 will be amended to direct the Secretary of Commerce to make technical assistance available to cities which are located on or near the Border between the United States and Mexico to assist them to develop, apply for, and implement programs to increase the localities' foreign trade capacity.

TITLE III: CUSTOMS

The Customs Authorization Act of 1983 will be amended to prohibit the Customs Service from implementing any personnel cuts Fiscal Year 1985. Such a provision will prevent the Administration's proposed reduction of 954 positions from being put into effect.

TITLE IV: ENTERPRISE ZONES

This title will provide that if any Federal law is enacted which provides for the designation of enterprise zones, that the head of the department or agency making such decisions shall designate any county meeting the following requirements:

Economic dislocation resulting from foreign currency devaluations.

An unemployment rate at least one and one half times the national unemployment rate.

A poverty rate 20 percent or more above that of the United States.

TITLE V: VETERANS' ADMINISTRATION

The Veterans Assistance Act will be amended to require the Administrator of the Veterans Administration to conduct a study to determine the need for the construction of a Veterans Administration Hospital to serve the 78,000 veterans in the 14 southern-most counties in Texas. The study is to be completed by the end of Fiscal Year 1985, with a report to be submitted to Congress by September 31, 1985.

TITLE VI: SMALL BUSINESS ADMINISTRATION

The Small Business Act will be amended to authorize loans to any small business concern located in an area suffering from economic dislocations resulting from extraordinary, severe and temporary natural conditions, and foreign currency devaluations. As under the expired foreign currency devaluation assistance program, loans would be limited to $100,000 and the interest rate could not exceed 8 percent.

TITLE VII: FARMERS HOME ADMINISTRATION

Title VII will reauthorize the Farmers Home Administration community loan programs which have had no authorization since Fiscal Year 1982. These loan programs include assistance for water and sewer, community facilities, and business and industry development. In addition, the community facilities section would be corrected to make migrant health care clinics eligible once again for loans.●

By Mrs. KASSEBAUM:

S. 2589. A bill to amend the Federal Trade Commission Act to impose certain requirements with respect to the acquisition of substantial energy reserves holders, and for other purposes; to the Committee on the Judiciary.

(The remarks of Mrs. KASSEBAUM on this legislation appear earlier in today's RECORD.)

By Mr. BAKER (for himself and Mr. SASSER):

S. 2590. A bill to designate certain lands in the Cherokee National Forest, TN, as wilderness areas and wilderness study areas, and to allow management of certain lands for uses other than wilderness; to the Committee on Agriculture, Nutrition, and Foresty.

TENNESSEE WILDERNESS ACT OF 1984

Mr. BAKER. Mr. President, it is with great pride that I introduce the Tennessee Wilderness Act of 1984. This Nation has maintained the highest standard of excellence in its national wilderness legislation, and Tennessee's forests should be no exception. The timberlands of Tennessee are among the finest, and this act would be a most effective safeguard against any possible future exploitation.

Up to this time, no significant wilderness acreage has been recommended or designated in the Cherokee National Forest as part of the national wilderness preservation system. The Tennessee Wilderness Act would protect the four most outstanding areas in the southern part of the forest—Citico Creek, Bald River Gorge, Little Frog Mountain, and Big Frog Mountain. These areas are home to various numbers of rare or threatened animals which, along with a rich assortment of virgin timber, characterize the forests' unusual pristine quality.

These lands are virtually untouched, and designating them as wilderness areas would only insure that they remain in their present unspoiled condition. Because of the small amount of development that has taken place in these areas there are few, if any, adverse consequences in protecting them under the Wilderness Act of 1964.

Once again, I stress the importance of preserving our Nation's forests, and the Tennessee Wilderness Act of 1984 provides such an opportunity. It is essential to maintain the existence of today's wilderness not only for the enrichment of our generation, but also for the lifetimes of many Americans to come.

I urge the Senate to act positively on this legislation.

● Mr. SASSER. Mr. President, I am pleased to join my distinguished senior colleague, Mr. BAKER, in sponsoring S. 2590, a bill to designate certain lands in the Cherokee National Forest as wilderness. The Cherokee National Forest is the only one of its kind in Tennessee. Future generations deserve an opportunity to observe firsthand the beauty and rare physical integrity of the Cherokee National Forest.

The bill which we are introducing today is almost identical to a bill already in the other body and cosponsored by the majority of the Tennessee delegation in that body.

Mr. President, S. 2590 addresses four outstanding areas in the southern portion of the Cherokee National Forest—Citico Creek, Bald River Gorge, Little Frog Mountain, and Big Frog Mountain. The combined acreage that would be protected in the southern portion under S. 2590 constitutes only 12 percent of the 298,526 acres located in the southern portion of the Cherokee National Forest.

Mr. President, wilderness designation for this area has received broad-based support. The Tennessee Wildlife Resources Agency, the Sierra Club, the Audubon Society, Trout Unlimited, Tennessee Citizens for Wilderness Planning, Tennessee Trails Association, Izaak Walton League, Tennessee Ornithological Society, Smoky Mountains Hiking Club, Chota Canoe Club, and the Chattanooga Trout Association all support wilderness designation for the southern portion of the Cherokee National Forest.

In addition, Mr. President, the Cherokee National Forest is contiguous with another outstanding resource—the Great Smoky Mountains National Park. The Smoky Mountains lie directly north of the Cherokee National Forest. Like the Smokies, the Cherokee National Forest is already being managed administratively as wilderness. However, Mr. President, we must go one step further to insure that the Cherokee National Forest and the Smokies maintain their high wilderness value for future generations to come.

Mr. President, an adequate appreciation of our growth as a nation depends, in large part, on our past. Opportunities to reflect quietly upon our evolution as a people are rare indeed. Wilderness areas provide unique and enduring windows to our past.

Mr. President, I am pleased to cosponsor this measure with Senator BAKER. I look forward to swift approval of S. 2590.●

By Mrs. HAWKINS:

S. 2591. A bill to increase the penalties for major drug offenses and provide for the forfeiture of illegal drug profits; to the Committee on the Judiciary.

DRUG AND VIOLENT CRIME SENTENCING ACT OF 1984

Mrs. HAWKINS. Madam President, I send a bill to the desk.

Madam President, this body talks a great deal about crises. We have talked this morning about deficit crises. I have listened to inflation crises speeches. I have listened to worldwide recession crises speeches. We talk about a trade deficit crisis. But the real crisis in the United States today is that major drug traffickers walk out on light bails and soft sentences. Drug traffickers are nothing less than mass murderers who poison our children and communities.

In an effort to strike back, as chairman of the 48-member Senate Drug Enforcement Caucus, I am introducing the Drug and Violent Crime Sentencing Act of 1984. My legislation would provide for capital punishment for drug traffickers involved in murder and mandate life sentences, heavy fines, and forfeiture of drug profits for major traffickers.

Narcotics trafficking has become one of this Nation's largest business. Illegal drug sales have been estimated to exceed $100 billion. It has been responsible for an explosive growth in other illegal enterprises. A study by Dr. John Ball found that the criminal activity of most drug addicts is staggering in scope and scale. Dr. Ball studied 243 heroin addicts over an 11-year period.

Of the addicts in his study, he discovered that 237 were active criminals, the rest of them were thieves. He described 156 as career thieves: 57 engaged in at least one theft a month, 58 committed at least a theft a week, and 41 scored a theft every day. Besides theft, the addicts in the study also dabbled in the full range of street crime—armed robbery, assault, burglary, and of course drug trafficking. The findings of this study shocked even law enforcement officers. During the 11-year study, the 237 drug addicts chalked up more than 500,000 crimes. They were nothing more than violent crime machines. Today, we have nearly half a million heroin addicts.

A February 1984 Department of Justice report on Federal drug law violators revealed that major traffickers now receive soft sentences, light fines, and early parole. Narcotic violators are now sentenced to less than half the prison time of bank robbers. Drug traffickers get an average sentence of 54 months while bank robbers are sentenced to an average of 122 months. The average time actually served in prison was 41 months for drug trafficking and 67 months for bank robbers. The study found that 80 percent of the people convicted of drug trafficking did not use drugs themselves. In fact, more bank robbers, 35 percent, used narcotics than did traffickers. Only 36 percent of all investigations into drug violations presented to U.S. attorneys resulted in imprisonment. The imprisonment rate for bank robbers was 47 percent.

The Department of Justice study reviews eight major offenses: drugs, bank robberies, illegal weapons, embezzlement, fraud, forgery, immigration, and larceny. The conviction rate in drug cases was the lowest of all the crimes studied, at 76 percent.

Soft-hearted judges have allowed low bails to be a cost of doing business for drug kingpins, as only a few cases make clear.

A kingpin of a major underground organization was arrested for smuggling marihuana. The Government requested $1 million bail. The bail, however, was set at only $50,000. The suspect posted bail and fled.

A man who controlled several drug trafficking operations was delivering hundreds of pounds of marihuana from the Gulf of Mexico to the Southeastern United States. He was making $250,000 to $500,000 a month. He was arrested and bail was set at $21 million. Later, however, bail was reduced to $10 million, then to $500,000. The man posted bail, fled, and is still at large.

Two people were arrested in Miami for possession of 20 kilograms of cocaine. The Government recommended that each be held on $5 million bail. A bail of only $500,000 was set for one. The suspect posted bail, fled and is still at large. The original recommendation was followed for the other suspect, however. He remained in jail, was convicted, and is now serving a prison term.

In Virginia, five men were convicted of smuggling 25 tons of marihuana. At the time of their arrest, these men had $1.7 million in cash in their possession. The presiding judge sentenced the offenders to prison terms ranging from 10 to 20 years, but recently the judge ordered the early release of three of the men. Of the three men released, two had served less than a year in jail. The third had served only 13 months. In another case from 1981, several men were arrested and charged with conspiring to import 2,937,000 quaalude pills and 7,500 pounds of marihuana into Florida. One of the men pleaded guilty to the charge, and in February 1982, a U.S. district judge gave the man a sentence of 5 years probation. The felon did not serve a day in jail.

This problem is particularly disturbing and insidious disturbing because drug abuse and drug-related crimes are so often committed in the vicinity of our schools; insidious because the victims of drug abuse are so often vulnerable and deeply impressionable adolescents and even children.

DRUG AND VIOLENT CRIME SENTENCING ACT OF 1984

For murder committed during the production, or trafficking of an illegal or controlled substance—drug—the individual shall be imprisoned for life or punished by death if the verdict of the jury shall so direct. Also property is subject to criminal forfeiture.

For possession with intent to sell heroin or cocaine—10 kilograms or more—the individual shall be sentenced to a mandatory term of life imprisonment, and in addition, a fine of not more than $500,000. Also property is subject to criminal forfeiture.

For possession with intent to sell heroin or cocaine—at least 100 grams but less than 10 kilograms—the individual shall be sentenced to a mandatory term of imprisonment of 20 years, and, in addition, a fine of not more than $250,000. Also property is subject to criminal forfeiture.

For possession with intent to sell marihuana—10 kilograms or more—the individual shall be sentenced to a mandatory term of imprisonment of 20 years, and, in addition, may be fined not more than $250,000. Also property is subject to criminal forfeiture.

PRESENT DRUG SENTENCES

For murder committed during the production, or trafficking of an illegal or controlled substance—drug—this is not a Federal offense and is dealt with through the State courts.

For possession with intent to sell heroin or cocaine—quantity is not set at a certain standard—first offense, not more than 15 years and/or $25,000 or both; second offense, not more than 30 years and/or $50,000 or both.

For possession with intent to sell marihuana—quantity is not set at a certain standard as long as it is not 1,000 pounds or more—first offense, 5 years and $15,000; second offense, 10 years and $30,000.

For possession with intent to sell marihuana—1,000 pounds or more—first offense, up to 15 years and $125,000; second offense, up to 30 years and $250,000.

Drug trafficking is a pernicious but enormously profitable crime; 1 ounce of impure cocaine retails at a higher cost than an ounce of pure gold. Thousands and thousands of pounds of cocaine are dealt annually. Because money is the reward of drug trafficking, punishments must be harsh enough, a deterrent strong enough, to outweigh the tremendous incentives.

Mandatory sentences and forfeiture of narcotics would be powerful weapons in the fight against drug trafficking. Depriving a criminal or a criminal organization of its ill-gotten gains serves, along with bail reform and imprisonment, to disrupt or cripple the criminal enterprise, to impair its financial viability, and to reduce the incentives others may perceive in narcotics trafficking.

Drug traffickers are not merely petty thieves. Money—the taxpayers, the buyers, the smugglers—is not the chief issue here. The problem is graver than that. These criminals must be punished as the murderers and saboteurs they are, strangling our way of life, betraying our children, and sabotaging the future. The time has come to put crime-prone addicts and amoral drug traffickers on ice, and take the heat off crime-plagued American citizens.

This is a crisis that can be solved by action of this body, by quick action, by severe action, and the solution is up to Congress, if we have the courage to pass this bill.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2591

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Drug and Violent Crime Sentencing Act of 1984".

Sec. 2. Subsection (b) of section 401 of the Controlled Substances Act (21 U.S.C. 841 (b)) is amended—

(1) in paragraph (1), by—

(A) redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively, and inserting after "(1)" a new subparagraph to read as follows:

"(A) (i) In the case of a violation of subsection (a) of this section involving at least 100 grams but less than 10 kilograms of a controlled substance in schedule I or II which is a mixture or substance containing a detectable amount of a narcotic drug other than a narcotic drug consisting of—

"(I) coca leaves;

"(II) a compound, manufacture, salt, derivative, or preparation of coca leaves; or

"(III) a substance chemically identical thereto; such person shall be sentenced to a mandatory term of imprisonment of 20 years, and in addition, a fine of not more than $250,000.

"(ii) In the case of a violation of subsection (a) of this section involving 10 kilograms or more of a controlled substance in schedule I or II which is a mixture or substance containing a detectable amount of a narcotic drug other than a narcotic drug consisting of—

"(I) coca leaves;

"(II) a compound, manufacture, salt, derivative, or preparation of coca leaves; or

"(III) a substance chemically identical thereof; such person shall be sentenced to a mandatory term of life imprisonment, and in addition, a fine of not more than $500,000.".

Sec. 3. Paragraph (6) of subsection (b) of section 401 of such Act is further amended to read as follows:

"(6) In the case of a violation of subsection (a) of this section involving a quantity of marihuana of 10 kilograms or more, such person shall be sentenced to a mandatory term of imprisonment of 20 years, and in addition, may be fined not more than $250,000.".

Sec. 4. Section 401 of such Act is further amended by adding at the end thereof the following:

"(e) (1) Whoever, in committing, or attempting to commit, any offense defined in this section, or in avoiding or attempting to avoid apprehension for the commission of such offense, or in freeing himself or attempting to free himself from arrest or confinement for such offense, kills any person, shall be sentenced to a mandatory term of life imprisonment, or punished by death if the verdict of the jury shall so direct.

"(2) (A) A person shall be subjected to the penalty of death for the offense prohibited by this subsection only if a hearing is held in accordance with this paragraph.

"(B) When a defendant is found guilty of or pleads guilty to an offense under this subsection, the judge who presided at the trial or before whom the guilty plea was entered shall conduct a separate sentencing hearing to determine the existence or nonexistence of the factors set forth in subparagraphs (F) and (G), for the purpose of determining the sentence to be imposed. The hearing shall not be held if the Government stipulates that none of the aggravating factors set forth in subparagraph (G) exists or that one or more of the mitigating factors set forth in subparagraph (F) exists. The hearings shall be conducted—

"(i) before the jury which determined the defendant's guilt;

"(ii) before a jury impaneled for the purpose of the hearing if—

"(I) the defendant was convicted upon a plea of guilty;

"(II) the defendant was convicted after a trial before the court sitting without a jury; or

"(III) the jury which determined the defendant's guilt has been discharged by the court for good cause; or

"(iii) before the court alone, upon the motion of the defendant and with the approval of the court and of the Government.

"(C) In the sentencing hearing the court shall disclose to the defendant or his counsel all material contained in any presentence report, if one has been prepared, except such material as the court determines is required to be withheld for the protection of human life. Any presentence information withheld from the defendant shall not be considered in determining the existence or the nonexistence of the factors set forth in subparagraph (F) or (G). Any information relevant to any of the mitigating factors set forth in subparagraph (F) may be presented by either the Government or the defendant, regardless of its admissibility under the rules governing admission of evidence at criminal trials; but the admissibility of information relevant to any of the aggravating factors set forth in subparagraph (F) shall be governed by the rules governing the admission of evidence at criminal trials. The Government and the defendant shall be permitted to rebut any information received at the hearing, and shall be given fair opportunity to present argument as to the adequacy of the information to establish the existence of any of the factors set forth in subparagraph (F) or (G). The burden of establishing the existence of any of the factors set forth in subparagraph (G) is on the Government. The burden of establishing the existence of any of the factors set forth in subparagraph (F) is on the defendant.

"(D) The jury, or if there is no jury, the court shall return a special verdict setting forth its findings as to the existence or nonexistence of each of the factors set forth in subparagraph (F) and as to the existence or nonexistence of each of the factors set forth in subparagraph (G).

"(E) If the jury or, if there is no jury, the court finds by a preponderance of the information that one or more of the factors set forth in subparagraph (G) exists and that none of the factors set forth in subparagraph (F) exists, the court shall sentence the defendant to death. If the jury or, if there is no jury, the court finds that none of the aggravating factors set forth in subparagraph (G) exists, or finds that one or more of the mitigating factors set forth in subparagraph (F) exists, the court shall not sentence the defendant to death but shall impose any other sentence provided for the offense for which the defendant was convicted.

"(F) The court shall not impose the sentence of death on the defendant if the jury or, if there is no jury, the court finds by a special verdict is provided in subparagraph (D) that at the time of the offense—

"(i) he was under the age of eighteen;

"(ii) his capacity to appreciate the wrongfulness of his conduct or to conform his conduct to the requirements of law was significantly impaired, but not so impaired as to constitute a defense to prosecution;

"(iii) he was under unusual and substantial duress, although not such duress as to constitute a defense to prosecution;

"(iv) he was a principal (as defined in section 2(a) of title 18 of the United States Code (18 U.S.C. 2(a))) in the offense, which was committed by another, but his participation was relatively minor, although not so minor as to constitute a defense to prosecution; or

"(v) he could not reasonably have foreseen that his conduct in the course of the commission of the offense for which he was convicted would cause, or would create a grave risk of causing death to another person.

"(G) If no factor set forth in subparagraph (F), is present, the court shall impose the sentence of death on the defendant if the jury, or, if there is no jury, the court finds by a special verdict as provided in subparagraph (D) that—

"(i) the death of another person resulted from the commission of the offense but after the defendant had seized or exercised control of the aircraft; or

"(ii) The death of another person resulted from the commission or attempted commission of the offense, and

"(I) the defendant has been convicted of another Federal or State offense (committed either before or at the time of the commission or attempted commission of the offense) for which a sentence of life imprisonment or death was imposable;

"(II) the defendant has previously been convicted of two or more State or Federal offenses with a penalty of more than one year imprisonment (committed on different occasions before the time of the commission or attempted commission of the offense), involving the infliction of serious bodily injury upon another person;

"(III) in the commission or attempted commission of the offense, the defendant knowingly created a grave risk of death to another person in addition to the victim of the offense or attempted offense; or

"(IV) the defendant committed or attempted to commit the offense in an especially heinous, cruel, or depraved manner.".

Sec. 5. Subsection (b) of section 1010 of the Controlled Substances Import and Export Act (21 U.S.C. 960(b)) is amended—

(1) in paragraph (1), by—

(A) redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and inserting after "(b)" a new paragraph to read as follows;

"(1) (A) In the case of a violation of subsection (a) of this section involving at least 100 grams but less than 10 kilograms of a controlled substance in schedule I or II which is a mixture or substance containing a detectable amount of a narcotic drug other than a narcotic drug consisting of—

"(i) coca leaves;

"(ii) a compound, manufacture, salt, derivative, or preparation of coca leaves; or

"(iii) a substance chemically identical thereto; such person shall be sentenced to a mandatory term of imprisonment of 20 years, and in addition, a fine of not more than $250,000.

"(3) In the case of a violation of subsection (a) of this section involving 10 kilograms or more of a controlled substance in schedule I or II which is a mixture or substance containing a detectable amount of a narcotic drug other than a narcotic drug consisting of—

"(i) coca leaves;

"(ii) a compound, manufacture, salt, derivative, or preparation of coca leaves; or

"(iii) a substance chemically identical thereto;

such person shall be sentenced to a mandatory term of imprisonment of life imprisonment, and in addition, a fine of not more than $500,000.".

Sec. 6. (a) Part D of title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 841 et seq.) is amended by adding at the end thereof the following new sections 413 and 414:

"CRIMINAL FORFEITURES

"Property Subject to Criminal Forfeiture

"Sec. 413. (a) Any person convicted of a violation of this title or title III punishable by imprisonment for more than one year shall forfeit to the United States, irrespective of any provision of State law—

"(1) any property constituting, or derived from, any proceeds the person obtained, directly or indirectly, as the result of such violation;

"(2) any of the person's property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, such violation; and

"(3) in the case of a person convicted of engaging in a continuing criminal enterprise in violation of section 408 of this title (21 U.S.C. 848), the person shall forfeit, in addition to any property described in paragraph (1) or (2), any of his interest in, claims against, and property or contractual rights affording a source of control over, the continuing criminal enterprise.

The court, in imposing sentence on such person, shall order, in addition to any other sentence imposed pursuant to this title or title III, that the person forfeit to the United States all property described in this subsection.

"MEANING OF TERM 'PROPERTY'

"(b) Property subject to criminal forfeiture under this section includes—

"(1) real property, including things growing on, affixed to, and found in land; and

"(2) tangible and intangible personal property, including rights, privileges, interests, claims, and securities.

"THIRD PARTY TRANSFERS

"(c) All right, title, and interest in property described in subsection (a) vests in the United States upon the commission of the act giving rise to forfeiture under this section. Any such property that is subsequently transferred to a person other than the defendant may be the subject of a special verdict of forfeiture and thereafter shall be ordered forfeited to the United States, unless the transferee establishes in a hearing pursuant to subsection (o) that he is a bona fide purchaser for value of such property who at the time of purchase was reasonably without cause to believe that the property was subject to forfeiture under this section.

"(d) If any of the property described in subsection (a)—

"(1) cannot be located;

"(2) has been transferred to, sold to, or deposited with a third party;

"(3) has been placed beyond the jurisdiction of the court;

"(4) has been substantially diminished in value by any act or ommission of the defendant; or

"(5) has been commingled with other property which cannot be divided without difficulty;

the court shall order the forfeiture of any other property of the defendant up to the value of any property described in paragraphs (1) through (5).

"REBUTTABLE PRESUMPTION

"(e) There is a rebuttable presumption at trial that any property of a person convicted of a felony under this title or title III is subject to forfeiture under this section if the United States establishes by a preponderance of the evidence that—

"(1) such property was acquired by such person during the period of the violation of this title or title III or within a reasonable time after such period; and

"(2) there was no likely source for such property other than the violation of this title or title III.

"PROTECTIVE ORDERS

"(f)(1) Upon application of the United States, the court may enter a restraining order or injunction, require the execution of a satisfactory performance bond, or take any other action to preserve the availability of property described in subsection (a) for forfeiture under this section—

"(A) Upon the filing of an indictment or information charging a violation of this title or title III for which criminal forfeiture may be ordered under this section and alleging that the property with respect to which the order is sought would, in the event of conviction, be subject to forfeiture under this section; or

"(B) prior to the filing of such an indictment or information, if, after notice to persons appearing to have an interest in the property and opportunity for a hearing, the court determines that—

"(i) there is a substantial probability that the United States will prevail on the issue of forfeiture and that failure to enter the order will result in the property being destroyed, removed from the jurisdiction of the court, or otherwise made unavailable for forfeiture; and

"(ii) the need to preserve the availability of the property through the entry of the requested order outweighs the hardship on any party against whom the order is to be entered:

Provided, however, That an order entered pursuant to subparagraph (B) shall be effective for not more than ninety days, unless extended by the court for good cause shown or unless an indictment or information described in subparagraph (A) has been filed.

"(2) A temporary restraining order under this subsection may be entered upon application of the United States without notice or opportunity for a hearing when an information or indictment has not yet been filed with respect to the property, if the United States demonstrates that there is probable cause to believe that the property with respect to which the order is sought would, in the event of conviction, be subject to forfeiture under this section and that provision of notice will jeopardize the availability of the property for forfeiture. Such a temporary order shall expire not more than ten days after the date on which it is entered, unless extended for good cause shown or unless the party against whom it is entered consents to an extension for a longer period. A hearing requested concerning an order entered under this paragraph shall be held at the earliest possible time and prior to the expiration of the temporary order.

"(3) The court may receive and consider, at a hearing held pursuant to this subsection, evidence and information that would be inadmissible under the Federal Rules of Evidence.

"WARRANT OF SEIZURE

"(g) The Government may request the issuance of a warrant authorizing the seizure of property subject to forfeiture under this section in the same manner as provided for a search warrant. If the court determines that there is probable cause to believe that the property to be seized would, in the event of conviction, be subject to forfeiture and that an order under subsection (f) may not be sufficient to assure the availability of the property for forfeiture, the court shall issue a warrant authorizing the seizure of such property.

"EXECUTION

"(h) Upon entry of an order of forfeiture under this section, the court shall authorize the Attorney General to seize all property ordered forfeited upon such terms and conditions as the court shall deem proper. Following entry of an order declaring the property forfeited, the court may, upon application of the United States, enter such appropriate restraining orders or injunctions, require the execution of stalsfactory performance bonds, appoint receivers, conservators, appraisers, accountants, or trustees, or take any other action to protect the interest of the United States in the property ordered forfeited. Any income accruing to or derived from property ordered forfeited under this section may be used to offset ordinary and necessary expenses to the property which are required by law, or which are necessary to protect the interests of the United States or third parties.

"DISPOSITION OF PROPERTY

"(i) Following the seizure of property ordered forfeited under this section, the Attorney General shall direct the disposition of the property by sale or any other commercially feasible means, making due provision for the rights of any innocent persons. Any property right or interest not exercisable by, or transferable for value to, the United States shall expire and shall not revert to the defendant, nor shall the defendant or any person acting in concert with him or on his behalf be eligible to purchase forfeited property at any sale held by the United States. Upon application of a person, other than the defendant or a person acting in concert with him or on his behalf, the court may restrain or stay the sale or disposition of the property pending the conclusion of any appeal of the criminal case giving rise to the forfeiture, if the applicant demonstrates that proceeding with the sale or disposition of the property will result in irreparable injury, harm, or loss to him.

"AUTHORITY OF THE ATTORNEY GENERAL

"(j) With respect to property ordered forfeited under this section, the Attorney General is authorized to—

"(1) grant petitions for mitigation or remission of forfeiture, restore forfeited property to victims of a violation of this chapter, or take any other action to protect the rights of innocent persons which is in the interest of justice and which is not inconsistent with the provisions of this section;

"(2) compromise claims arising under this section;

"(3) award compensation to persons providing information resulting in a forfeiture under this section;

"(4) direct the disposition by the United States, in accordance with the provisions of section 511(e) of this title (21 U.S.C. 881(e)), of all property ordered forfeited under this section by public sale or any other commercially feasible means, making due provision for the rights of innocent persons; and;

"(5) take appropriate measures necessary to safeguard and maintain property ordered forfeited under this section pending its disposition.

"APPLICABILITY OF CIVIL FORFEITURE PROVISIONS

"(k) Except to the extent that they are inconsistent with the provisions of this section, the provisions of section 511(a) of this title (21 U.S.C. 881(d)) shall apply to a criminal forfeiture under this section.

"BAR ON INTERVENTION

"(l) Except as provided in subsection (o), no party claiming an interest in property subject to forfeiture under this section may—

"(1) intervene in a trial or appeal of a criminal case involving the forfeiture of such property under this section; or

"(2) commence an action at law or equity against the United States concerning the validity of his alleged interest in the property subsequent to the filing of an indictment or information alleging that the property is subject to forfeiture under this section.

"JURISDICTION TO ENTER ORDERS

"(m) The district courts of the United States shall have jurisdiction to enter orders as provided in this section without regard to the location of any property which may be subject to forfeiture under this section or which has been ordered forfeited under this section.

"DEPOSITIONS

"(n) In order to facilitate the identification and location of property declared forfeited and to facilitate the disposition of petitions for remission or mitigation of forfeiture, after the entry of an order declaring property forfeited to the United States, the court may, upon application of the United States, order that the testimony of any witness relating to the property forfeited be taken by deposition and that any designated book, paper, document, record, recording, or other material not privileged be produced at the same time and place, in the same manner as provided for the taking of depositions under Rule 15 of the Federal Rules of Criminal Procedure.

"THIRD PARTY INTERESTS

"(o)(1) Following the entry of an order of forfeiture under this section, the United States shall publish notice of the order and of its intent to dispose of the property for at least seven successive court days in such manner as the Attorney General may direct. The Government may also, to the extent practicable, provide direct written notice to any person known to have alleged an interest in the property that is the subject of the order of forfeiture as a substitute for published notice as to those persons so notified.

"(2) Any person, other than the defendant, asserting a legal interest in property which has been ordered forfeited to the United States pursuant to this section may, within thirty days of the final publication of notice or his receipt of notice under paragraph (1), whichever is earlier, petition the court for a hearing to adjudicate the validity of his alleged interest in the property. The hearing shall be held before the court alone, without a jury.

"(3) The petition shall be signed by the petitioner under penalty of perjury and shall set forth the nature and extent of the petitioner's right, title, or interest in the property, the time and circumstances of the petitioner's acquisition of the right, title, or interest in the property, any additional facts supporting the petitioner's claim, and the relief sought.

"(4) The hearing on the petition shall, to the extent practicable and consistent with the interests of justice, be held within thirty days of the filing of the petition. The court may consolidate the hearing on the petition with a hearing on any other petition filed by a person other than the defendant under this subsection.

"(5) At the hearing, the petitioner may testify and present evidence and witnesses on his own behalf, and cross-examine witnesses who appear at the hearing. The United States may present evidence and witnesses in rebuttal and in defense of its claim to the property and cross-examine witnesses who appear at the hearing. In addition to testimony and evidence presented at the hearing, the court shall consider the relevant portions of the record of the criminal case which resulted in the order of forfeiture.

"(6) If, after the hearing, the court determines that the petitioner has established by a preponderance of the evidence that—

"(A) the petitioner has a legal right, title, or interest in the property, and such right, title, or interest renders the order of forfeiture invalid in whole or in part because the right, title, or interest was vested in the petitioner rather than the defendant or was superior to any right, title, or interest of the defendant at the time of the commission of the acts which gave rise to the forfeiture of the property under this section; or

"(B) the petitioner is a bona fide purchaser for value of the right, title, or interest in the property and was at the time of purchase reasonably without cause to believe that the property was subject to forfeiture under this section;

the court shall amend the order of forfeiture in accordance with its determination.

"(7) Following the court's disposition of all petitions filed under this subsection, or if no such petitions are filed following the expiration of the period provided in paragraph (2) for the filing of such petitions, the United States shall have clear title to property that is the subject of the order of forfeiture and may warrent good title to any subsequent purchaser or transferee.".

"(p) The provisions of this section shall be liberally construed to effectuate its remedial purposes.

"INVESTMENT OF ILLICIT DRUG PROFITS

"SEC. 414. (a) It shall be unlawful for any person who has received any income derived, directly or indirectly, from violation of this title or title III punishable by imprisonment for more than one year in which such person has participated as a principal within the meaning of section 2 of title 18, United States Code, to use or invest, directly or indirectly, any part of such income, or the proceeds of such income, in acquisition of any interest in, or the establishment or operation of, any enterprise which is engaged in, or the activities of which affect interstate or foreign commerce. A purchase of securities on the open market for purposes of investment, and without the intention of controlling or participating in the control of the issuer, or of assisting another to do so, shall not be unlawful under this section if the securities of the issuer held by the purchaser, the members of his immediate family, and his or their accomplices in any violation of this title or title III after such purchase do not amount in the aggregate to 1 per centum of the outstanding securities of any one class, and do not confer, either in law or in fact, the power to elect one or more directors of the issuer.

"(b) Whoever violates this section shall be fined not more than $50,000 or imprisoned not more than ten years, or both.

"(c) As used in this section, the term 'enterprise' includes any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity.

"(d) The provisions of this section shall be liberally construed to effectuate its remedial purposes.".

(b) Section 304 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 824) is amended by adding at the end of subsection (f) the following sentence: "All right, title, and interest in such controlled substances shall vest in the United States upon a revocation order becoming final.".

(c) Section 408 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 848) is amended—

(1) in subsection (a)—

(A) by striking out "(1)";

(B) by striking out "paragraph (2)"; each time it appears, and in lieu thereof "section 413 of this title"; and

(C) by striking out paragraph (2); and

(2) by striking out subsection (d).

(d) Section 511 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 881) is amended—

(1) in subsection (a) by inserting at the end thereof the following new subsection:

"(7) All real property, including any right, title, and interest in the whole of any lot or tract of land and any appurtenances or improvements, which is used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, a violation of this title punishable by more than one year's imprisonment, except that no property shall be forfeited under this paragraph, to the extent of an interest of an owner, by reason of any act or omission established by that owner to have been committed or omitted without the knowledge or consent of that owner.";

(2) in subsection (b)—

(A) by inserting "civil or criminal" after "Any property subject to"; and

(B) by striking out in paragraph (4) "has been used or is intended to be used in violation of" and inserting in lieu thereof "is subject to civil or criminal forfeiture under";

(3) in subsection (c)—

(A) by inserting in the second sentence "any of" after "Whenever property is seized under"; and

(B) by inserting in paragraph (3) ", if practicable," after "remove it";

(4) in subsection (d), by inserting "any of" after "alleged to have been incurred, under";

(5) in subsection (e)—

(A) by inserting "civilly or criminally" in the first sentence after "Whenever property is"; and

(B) by striking out in paragraph (3) "and remove it for disposition" and inserting in lieu thereof "and dispose of it"; and

(6) by inserting at the end thereof the following new subsections:

"(h) All right, title, and interest in property described in subsection (a) shall vest in the United States upon commission of the act giving rise to forfeiture under this section.

"(i) The filing of an indictment or information alleging a violation of this title or title III which is also related to a civil forfeiture proceeding under this section shall, upon motion of the United States and for good cause shown, stay the civil forfeiture proceeding.

"(j) In addition to the venue provided for in section 1395 of title 28, United States Code, or any other provision of law, in the case of property of a defendant charged with a violation that is the basis for forfeiture of the property under this section, a proceeding for forfeiture under this section may be brought in the judicial district in which the defendant owning such property is found or in the judicial district in which the criminal prosecution is brought.".

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mrs. HAWKINS. I yield to my gracious colleague from West Virginia.

Mr. RANDOLPH. Mr. President, I commend the documentary evidence presented in a very straightforward manner by our able colleague from Florida.

I wish to add for the record that in the Federal Court for the Northern District of West Virginia the initial trial began yesterday involving 4 of the 39 defendants named in a 465-page indictment relating to a drug ring that covers areas in north central West Virginia and many areas of the United States. There is evidence of intrigue and very careful planning for the distribution and sale of drugs that apparently amounts to hundreds of millions of dollars nationwide.

What our colleague has said about leniency in certain drug-related cases should be taken to heart by all Members of Congress. The warning she has given is one that is dramatic, as we listen, and it is factual.

For that reason, I think that we in this body must attempt to reach the point which we have not yet come to, where we will begin to understand that there is an undermining of the very governmental system of the United States by these individuals who not only are trafficking with the lives of people who use drugs, but also, in a real sense, are aiding even the enemies of government itself in disrupting the legal and moral functions of this country.

I thank the Senator from Florida for the opportunity to make this observation.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

By Mr. TRIBLE (for himself and Mr. GORTON):

S. 2593. A bill to amend the Communications Act of 1934 respecting retransmission of programs originated by local television broadcast stations; to the Committee on Commerce, Science, and Transportation.

RETRANSMISSION OF PROGRAMS ORIGINATED BY BROADCAST STATIONS

Mr. TRIBLE. Mr. President, Senator GORTON and I introduce today legislation to insure that our citizens who subscribe to cable television system will continue to receive quality local programing.

It is my belief that the localism principle is of such surpassing importance that it should be codified, and the legislation I have introduced today accomplishes that goal.

Simply put, the "local carriage" or "must carry" rules require cable systems to carry the signals of local television stations. They require a station to be carried, upon its request, by all cable systems within a 35-mile radius or within the station's predicted grade B contour. They also require carriage of distant stations which have such a large audience that they are defined as "significantly viewed" in the cable system's service area.

Since 1965, when the Federal Communications Commission adopted the "local carriage" rule (47 C.F.R. § 76.51 et seq.), this principle of localism has been under attack. The most recent example was a petition filed by the Turner Broadcasting System which was denied by the FCC earlier this month.

If the continued attacks on the "local carriage" provisions ever prove successful, the results would be deterimental to many of our citizens. Many local television stations outside of the major metropolitan markets would be eliminated by cable systems. As a consequence, the ability of cable subscribers to receive local news, sports, and weather, and other programing of unique local interest, would be curtailed. Once connected to a cable system, a viewer's ability to receive channels is either eliminated or the signal is subject to interference which reduces the quality of reception.

I wish to note that this legislation does not seek a change in FCC policy. Rather, it simply ratifies the practice which has existed for the past 19 years, and it is drafted to give the FCC the flexibility to alter its current regulations in response to changing circumstances.

This is a sound and necessary intiative, and I urge its prompt passage.

I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2593

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

RETRANSMISSION OF PROGRAMS ORIGINATED BY BROADCAST STATIONS

SECTION 1. Section 303(g) of Title 47 of the United States Code is amended by inserting at the end thereof, the following new language: "to that end, the Commission shall maintain and enforce rules requiring cable television systems to carry the signals of local television broadcast stations as provided in 47 C.F.R. sections 76.51 through and including 76.61 as those provisions existed on October 1, 1983, except that the Commission shall retain authority to modify said rules from time to time for the purpose of ease of administration but not alteration of the substance of or principles embodied in those rules."

By Mr. LAUTENBERG (for himself and Mr. BRADLEY):

S. 2594. A bill to name the U.S. Post Office Building in Moorestown, NJ, as the "Edwin B. Forsythe Post Office Building"; to the Committee on Governmental Affairs.

S.J. Res. 280. Joint resolution designating the Barnegat and Brigantine units of the national wildlife refuge system as the Edwin B. Forsythe-Barnegat National Wildlife Refuge and the Edwin B. Forsythe-Brigantine National Wildlife Refuge; to the Committee on Energy and Natural Resources.

COMMENDING EDWIN B. FORSYTHE

● Mr. LAUTENBERG. Mr. President, last month, we marked the passing of a respected citizen of New Jersey and valued Member of the Congress, Ed Forsythe.

Today, I am introducing two measures, cosponsored by my colleague from New Jersey, Senator BRADLEY, to create fitting memorials to Ed Forsythe, and his contribution to his district, our State, and the public at large.

Ed Forsythe was in the midst of his seventh term as Representative for the 13th and old Sixth Districts, when he passed away. The people of Moorestown, in Burlington County, perhaps know him best of all. Born in Pennsylvania, Ed was reared in Burlington County and was a longtime resident of Moorestown. His family owned a dairy farm nearby. He began his political carreer in Moorestown in 1948 as a secretary to the board of adjustment. He rose to other local positions and was elected to the State senate in 1963, where he served in leadership positions until his election to the House of Representatives in 1970.

In recognition of his dedication to his hometown, we introduce a bill to name the U.S. Post Office Building there for Ed Forsythe. By taking this action, as the House of Representatives has already done, we will provide the people of Moorestown with a lasting tribute to Ed Forsythe as an exemplary public servant.

Our second measure acknowledges Ed Forsythe's contributions to preserving our precious wildlife and natural resources. He was a defender of our coast. He was a leader in the passage of the Endangered Species Act, the Marine Mammal Protection Act, the Fishery Conservation and Management Act, and the Nongame Wildlife Act. As ranking member of the Merchant Marine and Fisheries Committee, he occupied a valued role in the protection of the State's natural resources. In tribute to him, and his accomplishments, and his commitment, we are also introducing a point resolution to designate the Barnegat and Brigantine units of the national wildlife refuge system in his name. Congressman JOHN BREAUX, Ed's colleague in the House Merchant Marine and Fisheries Committee, has introduced similar legislation in the House of Representatives. That resolution is cosponsored by the entire New Jersey delegation in the House as well as many others.

I ask unanimous consent that the text of these two measures be printed in the RECORD.

There being no objection, the bill and joint resolution were ordered to be printed in the RECORD, as follows:

S. 2594

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Post Office Building located at 200 Chester Avenue, Moorestown, New Jersey, shall hereafter be known and designated as the "Edwin B. Forsythe Post Office Building". Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the "Edwin B. Forsythe Post Office Building".

S.J. RES. 280

Whereas, Congressman Edwin B. Forsythe, in his role as Ranking Minority Member of the Committee on Merchant Marine and Fisheries and the Subcommittee on Fisheries and Wildlife Conservation and the Environment, was an outstanding leader for conservation of our natural resources and protection of our Nation's natural beauty;

Whereas, during his career he played a critical role in such important natural resource legislation such as the Marine Mammal Protection Act of 1972, the Endangered Species Act of 1973, and the Fishery Conservation and Management Act of 1976;

Whereas, he was the major Congressional sponsor of the Nongame Wildlife Act, which increased public interest and concern for species of wildlife not subject to taking for sport;

Whereas, throughout his Congressional career, he was a strong defender of the National Wildlife Refuge System;

Whereas, he had a deep affection for the coastal wildlife refuges in his home State of New Jersey; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Barnegat National Wildlife Refuge and the Brigantine National Wildlife Refuge in the State of New Jersey shall hereafter be named and designated as the "Edwin B. Forsythe-Barnegat National Wildlife Refuge" and the "Edwin B. Forsythe-Brigantine National Wildlife Refuge". Any reference in a law, map, regulation, document, record, or other paper of the United States to the Barnegat Wildlife Refuge shall be held to be a reference to the "Edwin B. Forsythe-Barnegat National Wildlife Refuge", and any reference in a law, map, regulation, document, record, or other paper of the United States to the Brigantine Wildlife Refuge shall be held to be a reference to the "Edwin B. Forsythe-Brigantine National Wildlife Refuge".●

● Mr. BRADLEY. Mr. President, on Thursday, March 29, 1984, Congressman Edwin B. Forsythe died of lung cancer at his home in Moorestown, NJ; 68 years old at the time of his death. Mr. Forsythe was New Jersey's senior Republican in the U.S. House of Representatives, having first been elected to the Congress in 1970. Mr. Forsythe had a long career in the public sector, first becoming active in municipal government in 1948 as secretary of the Moorestown Board of Adjustment. For the next 36 years, Ed served the public interest in a variety of positions including mayor of Moorestown, NJ, State senator—including president of the senate and acting Governor, delegate to the New Jersey Constitutional Convention in 1966, delegate to the Republican National Convention in 1968 and 1976, and, finally, as Congressman for the sprawling 13th district for 14 years.

In recognition of Ed Forsythe's dedication to his district, the Garden State, and this Nation, I am cosponsoring, along with my colleague Senator LAUTENBERG, two measures that will create permanent memorials.

First, we are introducing a bill to name the U.S. Post Office Building in Moorestown, NJ, Ed's hometown, for the late Congressman. It is only proper that the community that Ed enjoyed as a private citizen and served as a public official should have a permanent memorial.

The second measure, a joint resolution, will rename the Barnegat National Wildlife Refuge and the Brigantine National Wildlife Refuge as the Edwin B. Forsythe-Barnegat National Wildlife Refuge and the Edwin B. Forsythe-Brigantine National Wildlife Refuge. This change recognizes Ed's dedication and work as a member of the House Merchant Marine and Fisheries Committee. As the ranking member of this committee, Ed worked hard to preserve wildlife and our natural resources: in fact, for the last several years he sponsored legislation that would force communities in the New York metropolitan area to stop dumping their sewage 12 miles off the North Jersey coast.

I am honored to have been a member of the New Jersey delegation with Congressman Forsythe. New Jersey has lost a loyal advocate and dedicated public servant. Because I believe these memorials will remind the people of the Garden State of this special legislator for years to come, I ask that my colleagues join in support of this tribute.●

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 2595. A bill to transfer jurisdiction from the government of the State of New York to the Federal Government for a portion of Fire Island, NY, and to transfer jurisdiction for Camp Hero from the Federal Government to the government of the State of New York; to the Committee on Governmental Affairs.

TRANSFER OF JURISDICTION OF CERTAIN LAND IN THE STATE OF NEW YORK

● Mr. D'AMATO. Mr. President, I rise today to introduce legislation which I believe presents a reasonable solution to a very divisive conflict. The conflict to which I refer has pitted the Federal Government against the State of New York and its residents—it has centered around disposition of the old Air Force base in Montauk, Long Island.

The General Services Administration (GSA) has caused this controversy by attempting to sell a parcel of land previously used as an Air Force base. The opposition to this sale is based primarily on the fact that this land is an environmentally sensitive tract which ought to be preserved. The intrusion of saltwater, the proximity of precious wetlands, and the migratory habits of rare species of birds at the site are compelling reasons to keep this land in its natural state. Any other use would be foolish.

Senator Moynihan and I originally supported a proposal which would have transferred title to the land to the State outright. This proposal was opposed by GSA as a giveaway. While I do not believe this to be the case, I understand those objections.

Consequently, we now have decided to introduce legislation to mandate an exchange of properties: We propose to transfer to the Federal Government property worth considerably more than that which it will give to the State. This is indeed a compromise. The Department of the Interior would acquire valuable lands contiguous to existing holdings of the Department and New York State would acquire a park for its citizens.

Mr. President, this bill is put forward as a good faith effort to meet the needs of both the State and Federal Governments. I urge its swift adoption. I also ask unanimous consent that the legislation be printed in the Record in its entirety at the conclusion of my remarks.

Thank you, Mr. President.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2595

Be it enacted by the House of Representatives of the United States of America in Congress assembled, The Administrator of General Services shall assign to the Secretary of the Interior for use as a public park or recreation area, portions of the Montauk Air Force Station in East Hampton Township, Suffolk County, New York, totaling two hundred and seventy-eight acres that were declared surplus to the needs of the United States Government on December 21, 1981.

The Administrator of General Services shall assign the land identified in the first section of this Act to the Secretary of the Interior within thirty days of enactment of this Act. Within thirty days of said assignment, the Secretary of the Interior shall, in exchange for the transfer of the fee title to one hundred and twenty-five acres of the real property owned by the State of New York at Fire Island, New York, to the Secretary of the Interior, convey the property to the State of New York for public park or recreation uses in accordance with section 203(k)(2) of the Federal Property and Administrative Act of 1949 (40 U.S.C. 484(k)(2).●

● Mr. MOYNIHAN. Mr. President, I rise today and join my colleague from New York, Senator D'Amato, in offering legislation compelling the Administrator of General Services to relinquish to the Secretary of the Interior 278 acres of the Montauk Air Force Station in Suffolk County, NY. This land was declared surplus by the Federal Government in December 1981. The Secretary of the Interior will exchange the land for 125 acres of State-owned property on Fire Island.

This legislation, similar to a bill, S. 2041, I introduced last year; simply directs the Government to do that which a 35-year-old statute authorizes and encourages. Since 1949, Federal law has allowed the free transfer of surplus Federal property for park and recreation uses. The desire of the current administration has been inconsistent with the intent of the law; GSA has sold such properties to the highest bidder and, in fact, attempted to do just that with Montauk Air Force Base.

This amendment will insure that a marvelous tract of recreational land is added to Montauk State Park, in accordance with the unanimity of opinion among elected officials and citizens of eastern Long Island. The Department of the Interior will be compensated by acquiring a stretch of beach property worth perhaps three times that of the Montauk tract. A gap in the Fire Island National Seashore will be closed because of this kind offer from the New York State Office of Parks and Recreation.

My feelings on the fate of the land in question are a matter of record. I shall not belabor the point. This amendment satisfies the intent of a Federal statute and the desires of many New Yorkers who will benefit greatly from the added parkland and increased recreational opportunities. The legislation we now offer will preserve as parkland that which would otherwise be unjustly sold for development by GSA as part of an unwise and unsuccessful program of property dissolution.●

By Mr. MATSUNAGA:

S. 2596. A bill to extend duty-free treatment to scrolls or tablets imported for use in religious observances; to the Committee on Finance.

DUTY-FREE TREATMENT OF RELIGIOUS SCROLLS OR TABLETS

Mr. MATSUNAGA. Mr. President, I am today introducing a bill designed to accord duty-free status to scrolls or tablets, commonly known as Gohonzon, imported for use in public or private religious observances. Gohonzon, literally defined as "most respected object of worship," embody the essential religious doctrines of certain Buddhist denominations and are enshrined by believers in home altars, much as Christians use the cross as a symbol of their faith.

Duty-free treatment is currently not accorded to Gohonzon distributed to believers due to an administrative interpretation limiting such treatment to such religious articles as are used solely by religious institutions. I believe that such a distinction between church and home use of religious articles is tenuous, particularly as to those articles which are integral to the practice of one's faith. Moreover, in regard to those religions which emphasize home as opposed to church worship, any such distinction must be regarded as fundamentally unfair and inappropriate.

The Gohonzon is an integral part of the practice of certain Buddhist denominations and home worship is the focal point of such faiths. The bill which I am introducing is consistent with the recent amendment to the tariff schedules according duty-free status to prayer shawls, whether or not imported for the use of religious institutions. This legislation will serve to insure equivalent tariff treatment to Gohonzon whether used in public or private religious observances. A companion measure has been introduced in the House by Congressman Robert Matsui.

I ask unanimous consent that the text of the bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2596

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part 4 of schedule 8 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended—

(1) by striking out "and 854.30" in headnote 1 and inserting in lieu thereof "854.30, and 854.40"; and

(2) by inserting in numerical sequence the following:

" 854.40	Scrolls or tablets of wood or paper, commonly known as gohonzons, imported for use in public or private religious observances.	Free	Free	".

Sec. 2. The amendments made by this Act shall apply with respect to articles entered, or withdrawn from warehouse for consumption, on or after the date of enactment of this Act.

By Mr. KASTEN, (for himself, Mr. Jepsen, Mr. Boren, Mr. Percy, Mr. Boschwitz, Mr. Cohen, Mr. Dole, Mr. Hollings, Mr. Wilson, Mr. Durenberger, Mr. Inouye, Mr. East, Mr. Gorton, Mr. Proxmire, Mr. McClure, Mr. Symms, Mr. Humphrey, Mr. Danforth, Mr. Thurmond, Mr. Melcher, Mr. Lugar, Mr. Stafford, Mr. Murkowski, Mr. Dixon, Mr. Zorinsky, Mr. Andrews, Mr. Hatch, Mr. Huddleston, Mr. Stevens, Mr. Cochran, Mr. Bradley, Mr. Heflin, Mr. Grassley, Mr. Domenici, and Mrs. Hawkins):

S.J. Res 279. Joint resolution to designate the week of November 11, 1984, through November 17, 1984, as

"Women in Agriculture Week"; to the Committee on the Judiciary.

WOMEN IN AGRICULTURE WEEK

Mr. KASTEN. Mr. President, I am proud and pleased to introduce a joint resolution to designate the week of November 11, 1984, as "Women in Agriculture Week." My distinguished colleague, Congressman FOLEY, will today introduce this resolution to the House of Representatives.

More than 1 million women are solely or jointly responsible for individual farming and ranching operations in the United States. They act as accountants, merchandisers, managers, counselors, educators, and bankers. In addition, many combine their on-farm career with off-farm employment. Coupled with their many work responsibilities, these women also volunteer and contribute their valuable time to community, church school, professional, and civic organizations.

Their commitment to achieving a more prosperous agriculture is strengthened through the organizations they have formed with this objective in mind: The American Agri-Women (AAW), Women Involved in Farm Economics (WIFE), Rural American Women (RAW), American Farm Bureau Federation Women, American National Cowbells, National Porkettes, and Wheathearts are but a few of these organizations.

Women involved in agriculture are well informed and articulate when sharing their message with others. Not only are they strong advocates and participants in educating the public to the story of agriculture, but they have been active proponents in advancing needed changes in estate tax law, commonly referred to as the widow's tax.

Dr. Hiram Drache, a well-known agricultural history writer and speaker of Concordia College in Moorhead, MN, conducted a study of farm couples in several States. He discovered that the more innovative the farm, the more sophisticated the involvement by the farm wife. His research established that the wife of a successful farmer possesses seven key traits which are crucial to the farm business. I ask that Dr. Drache's article, which appeared in the November 1982 issue of Farm Wife News, be made a part of the RECORD. Dr. Drache eloquently describes the importance of the woman's role in agriculture.

I invite my colleagues to join with me in honoring these outstanding women for their accomplishments and commitment to agriculture, their community, and country.

Mr. President, I ask unanimous consent that the article and the joint resolution be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S.J. RES. 279

Whereas farm women contribute substantially to the stabilization of family farms in the United States;

Whereas more than one million women are engaged, either solely or jointly, in the operation of farms in the United States;

Whereas farm women are involved in all aspects of farming operations either as accountants, machine operators, veterinarians, crop specialists, businesswomen, mothers, or other occupations;

Whereas farm women also make significant contributions to agriculture, the leading employer in the United States, by virtue of their motivation and pride;

Whereas farm women are committed to the preservation of their families and farming operations and to the prosperity of our nation's agricultural economy; and

Whereas the appropriate recognition of the contributions made by our nation's farm women is long overdue: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of November 11, 1984, through November 17, 1984, is designated as "Women in Agriculture Week" and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

Farm Women Are the Secret of Agriculture's Success

(By Dr. Hiram Drache)

Just how much do farm women contribute to the short and longrun success of farming? And what qualities do these women bring to the farm business and home?

THE FARM WIFE?

After interviewing farm couples in several states. I've discovered that the more innovative the farm, the more sophisticated the involvement by the farm wife. Besides doing the marketing and running into town for parts, the farm wife also drives the truck or combine during harvest, feeds the livestock and keeps the books.

Many hours of research on this topic have established that the wife of a successful farmer posesses seven key traits which are crucial to the farm business. These are:

The progressive farmer's wife is generally risk-oriented. This is an important trait during a period when farmers must borrow large amounts of money in the face of rapidly changing markets.

The farmer's wife is most often the attitude setter in the family. She is the key to getting family cooperation. It is generally the mother's attitude which is crucial in deciding whether or not any of the children will farm.

The farm wife is a stabilizer in the farming business. This is also a crucial trait during a period when national and international events can change farm outlook drastically overnight. During the period of heavy capital obligations, blight, drought, falling prices and other tension-causing disasters, the farm wife can be a major factor in overcoming the adversity.

The wife frequently helps share the burden when problems or workloads become so great a single person cannot endure them. It is a historic fact that a large portion of early farm failures came when the wife could no longer mentally or physically withstand the burden.

The farm wife asks the key question. While the farmer asks the questions "how and can we?" the wife asks "why?" This determines the true reason why farmers do what they do and keeps them setting goals.

The final two traits found in the successful farm wife are motivation and pride. The wife knows how to motivate those around her. She is proud of being a farm wife. All people need these two traits if they are to succeed.

* * * * *

The challenges that face the family farm in the 1980's will be greater than ever before. Experts advise farmers to increase production so that there will be enough food to feed the country's growing population plus export abroad. Yet, any farmer knows overproduction is one of his greatest enemies.

Environmental legislation faces agriculture. Many people object to the use of fertilizers and pesticides in food production. These individuals want farmers to grow food like they did 100 years ago. But at the same time consumers expect a wide variety of meats, fruits and vegetables at the lowest possible cost.

The farm wife of the future will need to keep abreast of all of these issues. She'll need to be politically "aware". And, she will need to help find the means to manage the farm in the most profitable and environmentally responsible way.

* * * * *

I'm optimistic about the long-term outlook for agriculture. In the Book of Genesis, 8:22, the Lord said, "While the earth remaineth, seedtime and harvest, and cold and heat, and summer and winter, and day and night shall not cease." That prediction has held true for thousands of years. There is no doubt in my mind that it will hold true for the future—with the help of the farm wife.

Mr. McCLURE. Mr. President, they keep the records and do the books. They run the combines and drive the trucks. They tend the flocks and milk the cows. They move irrigation pipe, bale hay, pull calves, and hedge on the futures market. They are not your average farmer. They are the women in agriculture today.

Today, more than 1 million women are solely or jointly responsible for individual farming and ranching operations in the United States. I see them every time I am out in Idaho. They act as accountants, merchandisers, bankers, and brokers. They own, operate, or manage part of the Nation's largest industry. In addition, many combine their on-farm career with off-farm employment.

In addition to their on-farm and off-farm work responsibilities many women also volunteer their time and valuable knowledge to community, church, school, professional, and civic organizations. The accomplishments and commitment of these women to agriculture is often overlooked but deserves the highest recognition.

Today I join with my distinguished colleagues in the Senate to introduce a joint resolution requesting the President to designate the week of November 11, 1984, as "Women in Agriculture Week." I urge the President to acknowledge the contributions that women have made and continue to make to the most efficient food-producing machine in the world, American agriculture. It is time to recognize the valuable contributions that women have made to agriculture by setting aside a week in their honor.

Mr. WILSON. Mr. President, when Americans think of farmers, they too often picture "American Gothic" scenes of men in overalls wielding pitchforks and women in gingham dresses serving up hearty meals for the menfolk. Nothing could be further from the truth.

Today's men and women in agriculture are highly educated professionals who combine specialized knowledge of their own field with an understanding of business, marketing, and many other areas to compete in a very risky financial endeavor.

Women in agriculture, especially, are misunderstood. Many are "farm wives," but they have never been confined to the kitchen, at least in the way in which urban Americans often imagine. Most are as capable of driving a tractor or balancing the books as their husbands, fathers, brothers, and sons.

Over 1 million American women are solely or jointly responsible for farming and ranching operation. Many run the financial side of the business, but just as many are likely to be in the fields at planting or harvesting time. Many farm women supplement the family's income with a career off the farm.

But women in agriculture do not just live on farms. They are veterinarians, crop specialists, extension economists, marketing specialists, agribusiness representatives, and more.

What all these women in their diverse fields share is a commitment to furthering the well-being of the agriculture community. In honor of their dedication and their contributions to agriculture, and with the hope of perhaps helping to correct the mistaken impression many Americans hold about the role of women in agriculture, I am today joining my colleague from Wisconsin, Senator KASTEN, in introducing a joint resolution requesting the President to designate the week of November 11, 1984, as "Women in Agriculture Week."

ADDITIONAL COSPONSORS

S. 875

At the request of Mr. MATHIAS, the name of the Senator from Illinois (Mr. PERCY) was added as a cosponsor of S. 875, a bill to amend title 18 of the United States Code to strengthen the laws against the counterfeiting of trademarks, and for other purposes.

S. 1201

At the request of Mr. MATHIAS, the names of the Senator from Colorado (Mr. ARMSTRONG), and the Senator from Florida (Mr. CHILES) were added as cosponsors of S. 1201, a bill to amend title 17 of the United States Code to protect semiconductor chips and masks against unauthorized duplication, and for other purposes.

S. 1405

At the request of Mr. DENTON, the names of the Senator from North Carolina (Mr. HELMS), and the Senator from North Carolina (Mr. EAST) were added as cosponsors of S. 1405, a bill to assure the first amendment rights of all citizens and to provide criminal penalties for violations thereof.

S. 1651

At the request of Mr. CRANSTON, the names of the Senator from South Dakota (Mr. PRESSLER), and the Senator from Maryland (Mr. SARBANES), the Senator from West Virginia (Mr. BYRD), and the Senator from New Jersey (Mr. BRADLEY) were added as cosponsors of S. 1651, a bill to amend title 38, United States Code, to provide for presumption of service connection to be established by the Administrator of Veterans' Affairs for certain diseases of certain veterans exposed to dioxin or radiation during service in the Armed Forces; to require the Administrator to develop, through process of public participation and subject to judicial review, regulations specifying standards for the presumptions applicable to the resolution of claims for disability compensation based on such exposures; to require that such regulations address certain specified diseases; and to require that all claimants for Veterans' Administration benefits be given the benefit of every reasonable doubt in claims adjudications, and for other purposes.

At the request of Mr. SPECTER, the names of the Senator from Montana (Mr. MELCHER), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of S. 1651, supra.

S. 1795

At the request of Mr. MOYNIHAN, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1795, a bill to further the national security and improve the economy of the United States by providing grants for the improvement of proficiency in critical languages, for the improvement of elementary and secondary foreign language instruction, and for per capita grants to reimburse institutions of higher education to promote the growth and improve the quality of postsecondary foreign language instruction.

S. 1857

At the request of Mr. DURENBERGER, the name of the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 1857, a bill to amend the International Revenue Code of 1954 to remove certain impediments to the effective philanthropy of private foundations.

S. 2014

At the request of Mr. SPECTER, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 2014, a bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide for assistance in locating missing children.

S. 2116

At the request of Mr. MATSUNAGA, the name of the Senator from Colorado (Mr. HART) was added as a cosponsor of S. 2116, a bill to accept the findings and to implement the recommendations of the Commission on Wartime Relocation and Internment of Civilians.

S. 2152

At the request of Mr. DENTON, the name of the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 2152, a bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1954 to assure adequate controls on social investing by pension plans.

S. 2256

At the request of Mr. HUDDLESTON, the names of the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Iowa (Mr. JEPSEN) were added as cosponsors of S. 2256, a bill to exempt restaurant central kitchens from Federal inspection requirements.

S. 2266

At the request of Mr. CRANSTON, the names of the Senator from Indiana (Mr. LUGAR), the Senator from California (Mr. WILSON), the Senator from Colorado (Mr. HART), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Illinois (Mr. DIXON) were added as cosponsors of S. 2266, a bill to grant a Federal charter to Vietnam Veterans of America, Inc.

At the request of Mr. CRANSTON, the name of the Senator from Oklahoma (Mr. NICKLES) was withdrawn as a cosponsor of S. 2266, supra.

S. 2299

At the request of Mr. DOLE, the name of the Senator from Oklahoma (Mr. BOREN) was added as a cosponsor of S. 2299, a bill entitled the "Antifraudulent Adoption Practices Act of 1984."

S. 2374

At the request of Mr. STAFFORD, the name of the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 2374, a bill to extend the authorization for 5 years for the low-income home energy assistance program, for the community services block grant, and for the Head Start program, and for other purposes.

S. 2375

At the request of Mr. Weicker, the names of the Senator from Maryland (Mr. Sarbanes), and the Senator from Massachusetts (Mr. Kennedy) were added as cosponsors of S. 2375, a bill to amend the Small Business Act to improve the operation of the secondary market for loans guaranteed by the Small Business Administration.

S. 2378

At the request of Mr. Abdnor, the names of the Senator from Alaska (Mr. Stevens) and the Senator from Kentucky (Mr. Ford) were added as cosponsors of S. 2378, a bill to provide authorizations of appropriations for the impact aid program under Public Law 874 of the 81st Congress, and for other purposes.

S. 2515

At the request of Mr. Sarbanes, the name of the Senator from Louisiana (Mr. Johnston) was added as a cosponsor of S. 2515, a bill to extend the provisions of chapter 61 of title 10, United States Code, relating to retirement and separation for physical disability, to cadets and midshipmen.

SENATE JOINT RESOLUTION 165

At the request of Mr. Mathias, the names of the Senator from Vermont (Mr. Stafford) and the Senator from Arkansas (Mr. Bumpers) were added as cosponsors of Senate Joint Resolution 165, a joint resolution to commemorate the bicentennial anniversary of the constitutional foundation for patent and copyright laws.

SENATE JOINT RESOLUTION 227

At the request of Mr. Cranston, the names of the Senator from Delaware (Mr. Biden) and the Senator from South Dakota (Mr. Abdnor) were added as cosponsors of Senate Joint Resolution 227, a joint resolution designating the week beginning November 11, 1984, as "National Women Veterans Recognition Week."

SENATE JOINT RESOLUTION 230

At the request of Mr. Specter, the names of the Senator from South Dakota (Mr. Abdnor), the Senator from Minnesota (Mr. Boschwitz), the Senator from Florida (Mr. Chiles), the Senator from Connecticut (Mr. Dodd), the Senator from New Mexico (Mr. Domenici), the Senator from Minnesota (Mr. Durenburger), the Senator from Washington (Mr. Gorton), the Senator from Florida (Mrs. Hawkins), the Senator from Pennsylvania (Mr. Heinz), the Senator from New Hampshire (Mr. Humphrey), the Senator from Iowa (Mr. Jepsen), the Senator from Wisconsin (Mr. Kasten), the Senator from Indiana (Mr. Lugar), the Senator from Maryland (Mr. Mathias), the Senator from Maine (Mr. Mitchell), the Senator from New York (Mr. Moynihan), the Senator from Oklahoma (Mr. Nickles), the Senator from Illinois (Mr. Percy), the Senator from West Virginia (Mr. Randolph), the Senator from Vermont (Mr. Stafford), the Senator from South Carolina (Mr. Thurmond), the Senator from Massachusetts (Mr. Tsongas) and the Senator from Connecticut (Mr. Weicker) were added as cosponsors of Senate Joint Resolution 230, a joint resolution to designate the week of October 7 through October 13, 1984, as "National Bird of Prey Conservation Week."

SENATE JOINT RESOLUTION 231

At the request of Mr. Dodd, the names of the Senator from Iowa (Mr. Grassley), and the Senator from Wyoming (Mr. Simpson) were added as cosponsors of Senate Joint Resolution 231, a joint resolution to provide for the awarding of a gold medal to Elie Wiesel in recognition of his humanitarian efforts and outstanding contributions to world literature and human rights.

SENATE JOINT RESOLUTION 236

At the request of Mr. Matsunaga, the names of the Senator from Vermont (Mr. Leahy), and the Senator from Arkansas (Mr. Bumpers) were added as cosponsors of Senate Joint Resolution 236, a joint resolution relating to cooperative East-West ventures in space as an alternative to a space arms race.

SENATE JOINT RESOLUTION 244

At the request of Mr. Dole, the names of the Senator from Arkansas (Mr. Bumpers), the Senator from Arkansas (Mr. Pryor), and the Senator from Rhode Island (Mr. Chafee) were added as cosponsors of Senate Joint Resolution 244, a joint resolution designating the week beginning on May 6, 1984, as "National Asthma and Allergy Awareness Week."

SENATE JOINT RESOLUTION 253

At the request of Mr. Pressler, the names of the Senator from Illinois (Mr. Percy), and the Senator from Rhode Island (Mr. Pell) were added as cosponsors of Senate Joint Resolution 253, a joint resolution to authorize and request the President to designate September 16, 1984 as "Ethnic American Day."

SENATE JOINT RESOLUTION 258

At the request of Mr. Biden, the names of the Senator from Pennsylvania (Mr. Specter), and the Senator from Nevada (Mr. Hecht) were added as cosponsors of Senate Joint Resolution 258, a joint resolution to designate the week of June 24 through June 30, 1984, as "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 265

At the request of Mrs. Hawkins, the name of the Senator from Alabama (Mr. Denton) was added as a cosponsor of Senate Joint Resolution 265, a joint resolution designating the week of April 29 through May 5, 1984, as "National Week of the Ocean."

SENATE JOINT RESOLUTION 270

At the request of Mr. Cochran, the names of the Senator from South Dakota (Mr. Abdnor), the Senator from Arkansas (Mr. Bumpers), and the Senator from Minnesota (Mr. Boschwitz) were added as cosponsors of Senate Joint Resolution 270, a joint resolution designating the week of July 1 through July 8, 1984, as "National Duck Stamp Week" and 1984 as the "Golden Anniversary Year of the Duck Stamp."

SENATE CONCURRENT RESOLUTION 84

At the request of Mr. Durenberger, the names of the Senator from Iowa (Mr. Jepsen), and the Senator from New York (Mr. Moynihan) were added as cosponsors of Senate Concurrent Resolution 84, a concurrent resolution to encourage State and local governments to focus on the problems of child custody, child support, and related domestic issues.

SENATE RESOLUTION 122

At the request of Mr. Moynihan, the name of the Senator from Michigan (Mr. Riegle) was added as a cosponsor of Senate Resolution 122, a resolution expressing the sense of the Senate that the President should reduce imports of apparel so that imported apparel comprises no more than 25 percent of the American apparel market.

SENATE RESOLUTION 283

At the request of Mr. Cohen, the name of the Senator from Colorado (Mr. Hart) was added as a cosponsor of Senate Resolution 283, a resolution relating to chemical weapons.

SENATE RESOLUTION 329

At the request of Mr. Nunn, the names of the Senator from Kansas (Mrs. Kassebaum), and the Senator from New Jersey (Mr. Lautenberg) were added as cosponsors of Senate Resolution 329, a resolution expressing the support of the Senate for the expansion of confidence-building measures between the United States and the U.S.S.R., including the establishment of nuclear-risk-reduction centers, in Washington and in Moscow, with modern communications linking the centers.

SENATE RESOLUTION 358

At the request of Mr. Chiles, the name of the Senator from South Dakota (Mr. Abdnor) was added as a cosponsor of Senate Resolution 358, a resolution commending the Government of Colombia for its major achievement in seizing large amounts of cocaine, and for other purposes.

SENATE CONCURRENT RESOLUTION 107—AUTHORIZING THE USE OF THE ROTUNDA OF THE CAPITOL TO BE USED FOR THE UNKNOWN AMERICAN OF THE VIETNAM ERA TO LIE IN STATE

Mr. BAKER (for himself and Mr. BYRD) submitted the following concurrent resolution; which was referred to the Committee on Rules and Administration:

S. CON. RES. 107

Resolved by the Senate (the House of Representatives concurring), That the Rotunda of the United States Capitol may be used from May 25, 1984, through May 28, 1984, both dates inclusive, for the remains of the unknown American of the Vietnam era to lie in state, and for appropriate proceedings and ceremonies in connection therewith.

SENATE RESOLUTION 372—RELATING TO EXPOSURE TO DIOXIN BY MEMBERS OF THE ARMED FORCES

Mr. SIMPSON (for himself, Mr. MATHIAS, Mr. THURMOND, Mr. BAKER, Mr. TOWER, and Mr. DOLE) submitted the following resolution; which was referred to the Committee on Veterans' Affairs:

S. RES. 372

Whereas, veterans who served in Southeast Asia during the Vietnam conflict and veterans who participated in atmospheric nuclear tests or the occupation of Hiroshima or Nagasaki are deeply concerned about possible long-term health effects of exposure to ionizing radiation or to herbicides containing dioxins;

Whereas, there is scientific and medical uncertainty regarding the health effects occasioned by such exposures;

Whereas, the Congress has responded to such uncertainty by authorizing high priority medical care at all Veterans' Administration medical facilities (including approximately one million incidents of such care to date) for any veteran who may have been so exposed and is suffering from any disorder conceivably resulting from such exposure, even though there is insufficient medical evidence to associate such disability with such exposure;

Whereas, the Congress has further responded to such medical and scientific uncertainty by legislatively mandating the conduct of thorough epidemiological studies of the health effects experienced by veterans in connection with exposure to both radiation and herbicides containing dioxin, and by mandating the development of radioepidemiological tables, currently projected for completion in mid-1984, setting forth the probabilities of causation between various cancers and exposure to radiation;

Whereas, there are a total of sixty-six federally sponsored research projects currently being conducted relating to herbicides containing dioxin, at a cost to the Federal Government in excess of $130,000,000;

Whereas, the results of one such project—an epidemiological study, conducted by the United States Air Force School of Aerospace Medicine, of the health status of the "Ranch Hand" veterans who carried out the actual loading and aerial spraying of herbicides containing dioxin in Vietnam and in the process came into direct skin contact with such herbicides in their most concentrated liquid form—were recently released, on February 24, 1984, with the conclusion that there is insufficient evidence that this group of veterans is suffering adverse health effects related to their herbicide exposure;

Whereas, the medical and scientific communities have reached a consensus that—

(1) there is an increased risk of many types of leukemia associated with certain levels of radiation exposure; and

(2) there is a connection between exposure to herbicides containing dioxin and the diseases of chloracne and porphyria cutanea tarda;

Whereas, the "film badges" which were originally issued to members of the Armed Forces of the United States in connection with the nuclear testing program have previously constituted the primary source of dose information for veterans filing claims for Veterans' Administration disability compensation in connection with their exposure to radiation;

Whereas, such film badges are likely to provide an incomplete measure of radiation exposure, since such badges were not capable of recording inhaled, ingested, or neutron dose, were not issued to all participants, and were worn only for limited periods during and after each nuclear blast;

Whereas, standards governing the reporting of dose estimates in connection with radiation-related claims for Veterans' Administration disability compensation vary among the several branches of the Armed Forces, and no uniform minimum standards exist;

Whereas, the Veterans' Administration has not promulgated permanent regulatory guidelines setting forth the specific procedures for the adjudication of claims for Veterans' Administration disability compensation based on exposure to radiation or herbicides containing dioxin; and

Whereas, such claims present adjudicatory issues which are significantly different from issues presented in claims based upon more traditional types of injuries, particularly with respect to the difficulty of determining a connection between certain disabilities (frequently those involving long latency periods and ambiguities of causation) arising subsequent to military service, and exposure during service: Now, therefore, be it

Resolved, That it is the sense of the Senate that

(1) it should always be the defined policy of the United States to provide Veterans' Administration disability compensation as authorized by chapter 11 of title 38, United States Code, to veterans for all disabilities arising subsequent to military service which are recognized, by a reasonable medical consensus, as having a connection to exposure during military service to ionizing radiation from atmospheric nuclear tests or the occupation of Hiroshima or Nagasaki, Japan, or to a herbicide containing dioxin;

(2) the Administrator of Veterans' Affairs should promptly—

(A) establish guidelines for the approval of the findings of epidemiological and clinical studies relating to the possible relationship between the latent manifestation of adverse health effects and exposure to radiation or herbicides containing dioxin, when such studies contain findings that are statistically significant or otherwise valid, are capable of replication, and withstand peer review, as determined in consultation with an advisory committee, to be established by the Administrator, consisting of individuals who are recognized authorities in epidemiology and other pertinent scientific disciplines;

(B) prescribe regulations, through a public review and comment process in accordance with the provisions of section 553 of title 5, United States Code—

(i) establishing clear guidelines, and, where appropriate, standards and criteria (to include provisions for the use of study findings approved pursuant to the guidelines established under subparagraph (A)), for the resolution of each claim for Veterans' Administration disability compensation based on a veteran's exposure either (I) to ionizing radiation from the detonation of a nuclear device in connection with the veteran's participation in an atmospheric nuclear test or with the occupation of Hiroshima or Nagasaki, Japan, by the Armed Forces of the United States prior to July 1, 1946, or (II) to a herbicide containing dioxin during service in the Republic of Vietnam during the Vietnam era; and

(ii) ensuring that if, after consideration of all the evidence of record with respect to such a claim, there is an approximate balance of positive and negative evidence regarding an issue material to the claim, the benefit of the doubt in resolving such issue shall be given to the claimant;

(C) add chloracne and, subject to the continued existence of medical consensus, porphyria cutanea tarda, pursuant to the Administrator's authority under section 301(3) of title 38, United States Code, to the list of chronic diseases presumed to be service-connected under section 312(a)(1) of such title, for particular application in the case of any veteran who served in the Republic of Vietnam during the Vietnam era and who, during such service, was exposed to a herbicide containing dioxin; and

(D) develop a plan, through a public review and comment process (to include publication in the Federal Register), to ensure that, in the adjudication of claims for Veterans' Administration disability compensation based on leukemia or other forms of cancer suffered by veterans exposed to ionizing radiation during military service, consideration is given to estimates of attributable risk derived from the radioepidemiological tables as issued by the Secretary of Health and Human Services;

(3) it has historically been and should be the function of the Congress, in exercising its legislative and oversight functions, to authorize compensation to veterans for disabilities resulting from every disease which is shown, by a reasonable medical consensus, as determined in the course of appropriate medical and scientific study, to have a connection to exposure during military service to ionizing radiation or to a herbicide containing dioxin;

(4) The Director of the Defense Nuclear Agency should, as Department of Defense executive agent for the Nuclear Test Personnel Review Program, prescribe guidelines through a public review and comment process (to include publication in the Federal Register)—

(A) specifying the minimum standards governing the preparation of radiation dose estimates in connection with claims for Veterans' Administration disability compensation;

(B) making such standards uniformly applicable to the several branches of the Armed Forces; and

(C) requiring that each such estimate furnished to the Veterans' Administration and to any veteran include comprehensive information regarding all material aspects of the radiation environment to which the veteran was exposed and which form the basis of the veteran's claim, including inhaled, ingested, and neutron dose;

(5) in connection with the duties of the Director of the Defense Nuclear Agency relating to the preparation of radiation dose estimates with regard to claims for Veterans' Administration disability compensation, the Director should—

(A) conduct a review of the current state of the art with respect to scientific and technical devices and techniques such as "whole body counters" which may be useful in determining previous radiation exposure;

(B) submit a report to the Administrator of Veterans' Affairs and the Committees on Veterans' Affairs of the Senate and House of Representatives, not later than December 1, 1984, regarding the results of such review, including information concerning the availability of such devices and techniques, the categories of cases in which use of such devices and techniques may be appropriate, and the reliability and accuracy of dose estimates which may be derived from such devices and techniques; and

(C) enter into an interagency agreement with the Administrator for the purpose of (i) assisting the Administrator in identifying agencies or other entities capable of furnishing services involving such devices and techniques, and (ii) facilitating arrangements for the use of such devices and techniques; and

(6) the Administrator of Veterans' Affairs, in resolving material defferences between a competent radiation dose estimate submitted by a veteran and a radiation dose estimate prepared and transmitted by the Director of the Defense Nuclear Agency, should furnish such competent estimate to the Director together with a request that the Director provide for the preparation of a radiation dose estimate by an independent expert not affiliated with the Defense Nuclear Agency and, further, should provide for the consideration of such independent estimate in connection with the adjudication of the veteran's claim for Veterans' Administration disability compensation.

SEC. 2. (a) This resolution may be cited as the "Veterans' Dioxin and Radiation Exposure Initiative of 1984".

(b) The Secretary of the Senate shall transmit a copy of this resolution to the President, the Administrator of Veterans' Affairs, and the Secretary of Defense.

Mr. SIMPSON. Mr. President, I am very pleased to submit today, for myself and Senators MATHIAS, THURMOND, BAKER, TOWER, and DOLE, the proposed Veterans' Dioxin and Radiation Exposure Initiative of 1984, relating to the exposure of veterans to herbicides such as agent orange and to radiation in connection with atmospheric nuclear tests or the occupation of Hiroshima or Nagasaki.

This measure is the result of extensive and painstaking negotiations with administration officials from the Veterans' Administration, the Office of Management and Budget, and the Defense Nuclear Agency. In the process of pursuing the full administration cooperation which is essential to the effective implementation of the initiative, I have obtained explicit written commitments of full compliance and implementation from each agency affected. This level of cooperation, premised simply upon Senate passage, has rendered reliance on a bill format unnecessary, and has permitted use of a Senate resolution format which—by not being subject to House consideration or a lengthy conference process or formal Presidential approval—will guarantee significantly expedited, if not immediate, implementation. Thus, this is considerably more than the ordinary "sense of the Senate" resolution: It will have the effect of a legislative mandate.

The resolution would provide for a number of major substantive and procedural improvements in the handling of veterans' claims for disability compensation based upon exposure either to herbicides or to radiation from an atomic weapon. It would provide for the immediate establishment of a presumption of service connection for two diseases presently known to be related to agent orange—chloracne and a liver disease known as porphyria cutanea tarda—PCT. It would direct the VA to promptly develop and publish a plan for the adjudication of all radiation-related claims for leukemia and all other cancers in accordance with the radioepidemiological tables mandated by Congress in last year's Orphan Drug Act and due to be completed sometime this summer. It would direct the VA to develop and publish new guidelines for approving or rejecting the findings of scientific studies relating to dioxin or radiation, and to establish an advisory committee composed of recognized scientific experts to implement those guidelines—thus imposing some order on, and letting some "sunshine" into, a process which has previously not been open to public scrutiny. It would direct the Administrator to provide for the use of such approved study findings in the adjudication of claims for VA benefits. It would direct the VA to establish additional guidelines, standards, and criteria—in a manner similar to the core provisions of legislation (S. 1651) proposed by my good friend from California, AL CRANSTON—for use specifically in the adjudication of radiation and agent orange claims.

These provisions would be explicitly premised upon two key principles: First, that it is imperative that VA compensation be paid whenever there is a consensus of medical opinion linking a disease to agent orange or radiation exposure; and second, that it is and must remain the role of the Congress to decide in what way the VA compensation system should be adjusted or expanded to appropriately reflect the presently known and yet-to-be-learned health effects of agent orange and radiation exposure.

In addition, the initiative would provide for a number of improvements affecting the accuracy of the radiation dose estimates which are prepared by the Defense Nuclear Agency and which the VA relies upon in adjudicating claims based upon radiation exposure. It would direct DNA to develop and implement for the first time clear minimum standards for the preparation of dose estimates, uniformly applicable to all branches of the Armed Forces. It would direct DNA to include in all dose estimates furnished to the VA comprehensive information on all types of dose relevant to a veteran's claim, including inhaled and ingested dose—the present practice is generally to include only certain types of external dose. It would direct DNA to inquire into the usefulness of various medical and scientific techniques and devices such as "whole body counters"—which are capable of detecting small amounts of radiation which can remain in certain parts of the human body for many years after exposure—and to work with the VA in making such techniques and devices available for use in the preparation of DNA dose estimates.

Finally, it would provide for the preparation and use, in the case of a discrepancy between a DNA radiation dose estimate and in expert estimate submitted by a veteran, of a third estimate by an independent expert in order to help resolve the discrepancy.

Mr. President, several of the key provisions do deserve some additional comment. For example, with regard to the provision in clause (1) which would direct the VA to pay compensation whenever there is a consensus of medical opinion linking a disease to agent orange or radiation exposure, the term "reasonable medical consensus" was carefully chosen to reflect the VA's current policy—a policy which is applied whenever in the adjudication of a compensation claim there is an approximate balance of evidence for and against the claim—or resolving any "reasonable doubt" in favor of the claimant. I would emphasize that this standard is not intended to require unanimity of medical opinion regarding actual causation. It would be my intention that this standard would be met whenever it can be said that there is general agreement among 50 percent or more of the medical community linking a specific disease—or, in the language of epidemiology, establishing a significantly increased risk, or incidence, of such a disease—with exposure to dioxin or radiation.

With regard to the membership of the scientific advisory committee which would be established under clause (2)(A), it is my understanding with VA officials that the committee would be composed of a broad range of recognized scientific experts from both within and without the Government, and that the committee's meetings and records would be open to lay individuals representing, for example, all interested veteran and consumer groups. In addition, it would be my recommendation that the VA Administrator, in selecting the members of the committee, consult with all such interested groups and solicit their suggestions regarding the selection of committee members.

With regard to the statement of congressional responsibility in clause (3), this provision is designed to affirm that the task of identifying and adding specific diseases to the list of diseases presumed to be service connected for purposes of VA compensation, more properly falls to the Congress than to the administration, in keeping with Congress responsibility to coordinate, oversee, and legislate entitlement programs. Most assuredly, there is no intention of mine to suggest that cost considerations should drive the Government's rightful response on agent orange and radiation compensation issues, but simply to emphasize that whatever is to be done by way of expansion of any entitlement type of program, must be clearly authorized or otherwise directed or approved by Congress.

With regard to the requirement that the VA develop a plan for the use of the HHS radicepidemiological tables in the adjudication of all radiation-related claims for cancer, it would be my recommendation that, because these tables have not yet been published in final form, the plan which is developed by the VA should reflect this fact by including elements such as a provision for review by objective and independent scientific experts to determine the validity and usefulness of the tables specifically in the context of the adjudication of veterans' claims, and a provision allowing modification of or amendment to the tables in accordance with recommendations made by the scientific advisory committee as it carries out its task of reviewing and approving the findings of scientific studies regarding the adverse health effects of exposure to radiation.

Finally, it would be my recommendation that the VA, in developing its guidelines, standards, and criteria under clause (2)(B)(i) for the resolution of agent orange and radiation claims should bear in mind and give particular attention to the types of adjudicatory problems which are likely to arise in connection with claims based upon not only those diseases which are specified in the measure I am proposing today, but also those diseases which are specified in other legislative initiatives before this Congress—and which have thus generated particular concern among veterans and their families—including soft tissue sarcoma in connection with agent orange claims, and polycythemia vera and hypothyroidism or a thyroid nodule in connecton with radiation exposure.

Mr. President, I strongly recommend the Veterans' Dioxin and Radiation Exposure Initiative of 1984 to my colleagues as being the best and strongest approach—consistent with sound policy, scientific evidence, and preserving the continued integrity of the VA service-connected disability compensation system—for addressing the controversies surrounding the agent orange and radiation issues. It is designed to honor our clear and unarguable obligation to all veterans who have suffered disability in connection with their military service while recognizing the need for scientific and medical evidence in order to establish any such connection, and while recognizing also that, particularly with regard to agent orange, the evidence-gathering process is still under way, on a massive scale and at great expense I might add, and that this vital and complex process does not lend itself to easy duplication—and it is not likely to be improved upon—through a quick fix and decidedly complex administrative rulemaking proceeding. It is indeed worth emphasizing that when we speak of "gathering evidence" on agent orange, the reference is not only to the massive and highly publicized CDC epidemiological study due to be completed sometime in 1987 or 1988—for which the Congress appropriated $54 million just last year—but it is also to the dozens of other federally sponsored studies and numerous other independent and foreign studies the results of which have been coming in, and will be coming in in a constant stream over the next several years. All of these studies, as well as the great mass of important radiation studies past, present, and future, would, under the requirements of the initiative, be reviewed and approved or rejected in accordance with a comprehensive system of administrative guidelines which would be implemented in the glare of public scrutiny by an objective, expert scientific advisory committee.

Mr. President, I want to express my appreciation to the remarkably effective and spirited VA Administrator Harry Walters, DNA Director Lt. Gen. Richard Saxer, and my friend, OMB Director Dave Stockman, and their excellent and conscientious staffs, for working with me and my staff and for their receptiveness to my concerns and proposed improvements. Their patience and cooperation in this endeavor have reflected their great dedication to insuring that all possible responsible actions are taken for protecting the legitimate interests and concerns of veterans who may have been exposed to radiation or agent orange.

I would additionally wish to express my deeply felt thanks to Anthony Principi, the new and very capable majority chief counsel and staff director, and to general counsel Scott Wallace—both of whom have been working tirelessly in pursuit of solutions to the many and thorny issues surrounding agent orange and radiation exposure. Their dedication is apparent in the quality of this measure I present today.

This brings me to the regrettable fact that today I bid a special farewell to Scott Wallace who has been an invaluable member of the Veterans' Affairs Committee staff. During Scott's 3-year tenure with the committee, his talents have been utilized in a wide variety of legislation and oversight matters including agent orange and radiation, legislation establishing a right of judicial review for claimants for VA benefits, a recent bill to provide interim solvency for the VA's housing loan guaranty program, veterans' education issues, compensation and employment matters, budget and appropriations concerns, as well as Public Law 98-77, the Veterans' Emergency Job Training Act. Scott has served the committee in a most diligent and thoroughly professional manner. He is a thoughtful and sincere man and his warm personality is blended with a fine legal and problem-solving capability, and he surely will be missed. Our loss, however, is Senator SPECTER's gain—for next week Scott will be a fine addition to my esteemed colleague's staff for the Judiciary's Subcommittee on Juvenile Justice. Scott, I do wish you the very best.

Mr. President, the measure that I am introducing today, in addition to having the support of the administration, is supported by AMVETS and the Paralyzed Veterans of America. I strongly urge all of my colleagues to join me in supporting this important initiative for the benefit of all veterans, and the families of all veterans, who may have been exposed to agent orange or ionizing radiation during their military service.

Mr. President, I would ask that at the conclusion of my remarks, there be printed the letter of support and commitment from VA Administrator Harry Walters, the letter from me to the Director of the Defense Nuclear Agency and his responsing letter—which contains his commitment to carry out the initiative—two letters of support from the Paralyzed Veterans of America and AMVETS, and finally, two excellent newspaper editorials on agent orange, one from the Washington Post and one from the Chicago Tribune.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

VETERANS' ADMINISTRATION,
Washington, DC, April 12, 1984.
Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I support your proposed resolution addressing veterans' concerns about exposure to Agent Orange in Vietnam or to ionizing radiation during the atmospheric nuclear weapons tests or occupations of Hiroshima and Nagasaki, Japan.

Your resolution is far preferable to S. 1651. You are to be commended for fashioning a well-reasoned alterantive, and, if passed by the Senate, I agree to carry out its provisions for various VA administrative improvements.

Advice has been received from the Office of Management and Budget that there is no objection to the submission of this letter and that it is in accord with the program of the President.

Sincerely,

HARRY N. WALTERS,
Administrator.

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, January 13, 1984.
Lt. Gen. RICHARD K. SAXER,
Director, Defense Nuclear Agency, Hybla Valley Federal Building, Alexandria, VA.

DEAR GENERAL SAXER: I am writing with regard to the radiation dose reports prepared by DNA and used by the VA in processing radiation-related claims for VA benefits (see 32 C.F.R. Part 218; 38 C.F.R. Part 3, § 3.311). This is a process to which I have given some considerable attention, and I would like to share with you some of my thoughts on the subject. I trust that you will find them helpful.

As you know, the health effects of exposure to low-level ionizing radiation have been studied very extensively over the years, and the further scientific study provided for under title VI of the recently enacted Veterans' Health-Care Programs Improvements Act of 1983, Public Law 98-160, is still in the planning stage and is of uncertain scope at this time. I am mindful, however, that the utility of the existing body of knowledge for purposes of claims for VA benefits is dependent upon the accuracy and thoroughness of the underlying dose information compiled in each individual veteran's case. In this regard, I am aware of the limitations of the badge data gathered during the various tests, and of DNA's and VA's principal reliance on these data. It is this awareness which leads to my greatest concern in this area: that we do all in our power to ensure that the dose information relied upon by the VA reflects the complete radiation environment to which a veteran may have been exposed in connection with that veteran's participation in the nuclear testing program or in the occupation of Hiroshima or Nagasaki. And as is so well recognized in DNA regulations containing current dose reconstruction methodology (32 C.F.R. § 218.3), the complete radiation environment has numerous separate component parts, spanning both initial and residual radiation, and external and internal dose.

In considering the various aspects of the complete radiological environment, and in incorporating them into the dose reconstruction process, there is one important constant which must be borne in mind: the central core of the necessary data—the size and nature of the blast, meteorological conditions, extent and scope of participation of troops—is predominantly, if not solely (in the case of certain still-classified material) within the control of the Federal Government. The burden thus lies heavily on DNA and related agencies to make the fullest possible use of those data, and to avoid any need for the claimant to produce through secondary sources information which is readily available or may feasibly be extrapolated from the Government data base.

All this leads to my central recommendation to DNA: that a dose estimate encompassing the complete radiological environment, and based on the most reliable and up-to-date methodology and assumptions, be furnished in every case where the VA requests dose information from DNA. Under current practice, as I understand it, DNA need only furnish a bare estimate of gamma dose (whether by direct badge reading or indirect badge "reconstruction") while a calculation of initial and internal dose would be performed only where such dose is "identified as a meaningful contribution to the total dose" (32 C.F.R. § 218.2(l)). It is also my understanding that as a matter of practice, such calculations are performed quite infrequently. My recommendation would recognize that, in keeping with the long-standing adjudicatory policy of giving VA claimants the benefit of the doubt on factual issues, it would be appropriate to implement a presumption that initial dose, internal dose, and the various aspects of residual radiation dose have all made a "meaningful contribution to the total dose"—in the absence of affirmative evidence to the contrary. This would mean that in the great bulk of cases where there is no specific affirmative evidence either confirming or refuting such a "meaningful contribution", a comprehensive dose reconstruction would nevertheless be performed, as a matter of course, so that determinations regarding the relative significance of the various possible dose components might be based on facts rather than presumptions. To do otherwise effectively imposes upon the VA claimant the very difficult burden of coming forward (see 38 C.F.R. § 3.311(c)(4)) with evidence which, as I have noted, is less accessible to the claimant than to DNA.

If DNA were to develop computer models of each individual nuclear event (including Hiroshima and Nagasaki) in which U.S. servicemembers participated, applying appropriate methodology, and taking into account individual variables such as location, protection, particpation in post-shot activities, food sources, etc., the result might be a series of dose figures, graphs or tables, available for ready correlation with the circumstances of an individual veteran's case. I note that a comparable, and quite comprehensive, radiological survey has been performed with respect to residents of the Marshall islands, and has resulted in the publication of both scientific and lay reference volumes. These volumes provide sufficiently detailed exposure information so that a claims-adjudicating body (i.e., the tribunal which would be established under the pending U.S.-Marshall Islands agreement) will be able to determine most individuals' approximate aggregate dose from all sources without the need for further scientific inquiry or processing of data. I recognize that this exposure information itself may not be applicable to American nuclear test personnel, inasmuch as its focus is on very long-term exposure—i.e., the 30 years that have followed the Marshall Islands testing—with a particular emphasis on long-term internal dose through the indigenous food chain. However, it seems to me that the two situations differ more in degree than in kind. I would single out two aspects of the Marshall Islands experience which may be instructive with regard to this country's own veteran population. The first is the format of the Marshall Islands survey: it consists of a series of tables for residents of each individual island in the various atolls, each reflecting a different group of assumptions regarding variable elements (such as whether the individual ate food only from that individual's own island, visited other islands, ate some imported food, or gathered coconuts on another island). And second—and most importantly—the fact that such exposure information has been assembled with respect to the civilian, non-U.S.-citizen residents of the Marshall Islands whose lives have been affected by U.S. atomic testing, leads inescapably to the conclusion that we can and must do no less for this country's own veterans.

I would greatly appreciate having the benefit of DNA's views on the issues I have raised—not only on the feasibility of implementation, but also on related issues such as 1) the mechanics of implementation—that is, whether volumes of finished dose information should be prepared and transmitted to the VA in advance of individual dose requests being made to DNA, or whether a two-stage process should be utilized, first developing all the necessary computer models, and only later programming in individual variables on an ad hoc basis; 2) the amount of time necessary for implementation (including revision of applicable regulations and VA/DNA interagency agreements); 3) all associated cost ramifications; and 4) questions regarding the performance of the requisite computer modeling and data processing functions—how, by whom, how transmitted to the VA, etc. Please do not hesitate to include any recommendations for legislative action.

Please be assured of my very great interest in working with DNA to pursue all workable improvements in this process in order to secure the most thorough and equitable adjudication of radiation-related claims for VA benefits. I do look forward to receiving your reply at your earliest convenience.

My best personal regards to you,

Sincerely,

ALAN K. SIMPSON,
Chairman.

DEFENSE NUCLEAR AGENCY,
Washington, DC.
Hon. ALAN K. SIMPSON,
U.S. Senate, Washington, DC.

DEAR SENATOR SIMPSON: I am pleased to have this opportunity to respond to your letter of January 13, 1984, regarding radiation dose determinations for Veterans Administration (VA) compensation claims involving atmospheric nuclear test participants. We share your view that the accuracy and thoroughness of the dose information compiled in these cases is absolutely vital to the proper resolution of these claims.

As you are aware, the Defense Nuclear Agency (DNA) has conducted the Nuclear Test Personnel Review (NTPR) Program since 1978. During this time, we have performed scientific and historical research concerning the atmospheric nuclear testing program and developed analytical techniques to assess the potential radiation exposures of the participants. Each military service has its own NTPR team which researches and responds to VA and veterans' inquiries. DNA assists in this effort by providing radiation dose reconstructions when necessary.

As stated in our published dose reconstruction methodology, all potential exposure pathways should be considered in each case. If the available dosimetry does not include all of the time during which the veteran may have been exposed, or it there were any potential for neutron or meaningful internal exposure, an individual dose reconstruction should be performed. The determination is made by the service concerned with assistance provided by DNA.

Based upon the concerns expressed in your letter, we have reviewed the procedures employed by the various services. Because the potential for neutron or internal exposure was very small for the overwhelming majority of veterans, most of the responses to inquiries by veterans and the Veterans Administration have addressed only external gamma exposures. Therefore, many veterans believe that the information provided to the VA is incomplete and that internal and neutron exposures are not adequately considered. Clearly, to maintain our credibility with the veterans, our procedures must be improved to assure that our responses reflect the fact that we do consider all potential exposure pathways.

We have developed guidelines requiring all Nuclear Test Personnel Review (NTPR) service teams to address these basic issues in responding to Veterans Administration (VA) claims. These guidelines, which will be published in the Federal Register for public information and comment prior to implementation, will require discussion of alternative exposure pathways. A synopsis of these guidelines is enclosed. I must emphasize that the guidelines will establish minimum essential requirements. Any additional information which may be available to the service will also be provided. Any information provided by the veteran will be considered in performing the dose reconstruction unless that information is demonstratively erroneous. A copy of all responses to the VA, along with the incoming VA requests, will be sent to the claimant so that the veteran is aware of what has been furnished and can challenge any portion which he or she believes to be in error.

Your letter suggests that the Defense Nuclear Agency (DNA) provide an internal dose reconstruction for all veterans who are seeking VA compensation on the theory that internal exposure may have made a "meaningful contribution" in those cases. As you may imagine, dose reconstructions are both time consuming and expensive. In the past, reconstructions have averaged $5,000 each. Moreover, internal doses do not "contribute meaningfully" to total dose in the vast majority of cases. Therefore, I propose reconstructing internal exposures for VA cases as follows:

First, DNA will perform individual reconstructions for any claimant whose internal exposure could have exceeded 0.15 rem to the bone in one year. This threshold was selected because it is one percent of the radiation protection guideline for internal doses. (National Council on Radiation Protection (NCRP) Publication 22 recommends a radiation protection guideline for occupational exposure of 15 rem internal dose per year to an individual organ.) While 0.15 rem to the bone is clearly not a meaningful internal dose, it does provide for individual reconstructions for any veteran whose dose could have exceeded one percent of the guideline. In any case in which there is a claim for disability based upon a thyroid problem or any potential exists for neutron exposure, an individual dose reconstruction will be performed.

Second to assist the services in determining whether an individual internal dose reconstruction is required, we plan to prepare a scientific report which specifically identifies those categories of cases in which there was no neutron exposure or internal dose exceeding 0.15 rem to the bone and provides a comprehensive explanation of why the 0.15 rem could not have been exceeded. The cost of this effort is approximately $150,000 and a draft of the report will be completed by the end of 1984. After appropriate scientific peer review, the report will be made available to the Veterans Administration (VA) and to the roughly 700 libraries which receive our historical documentation. Responses to inquiries form the VA and veterans concerning those cases which are identified in the report will include neutron and internal doses in accordance with the report in lieu of an individual internal dose reconstruction.

We have carefully considered your suggestion that the Defense Nuclear Agency (DNA) prepare scientific and lay reference volumes from which individuals and adjudicatory bodies could perform their own dose calculation with respect to each pathway. In a large number of the cases, there was no potential for exposure to neutron radiation or a meaningful internal dose. These cases will be thoroughly reviewed in the scientific study referred to above. In the limited number of cases in which there was increased potential for neutron or internal exposure, the dose is highly dependent upon individual activities. The veterans who participated in the atmospheric nuclear testing program performed a wide variety of duties in differing radiation environments. Some were present a few hours or days while others were present for an extended period of time and participated in many tests. This is in marked contrast to the situation regarding the people of the Marshall Islands alluded to in your letter, since those populations generally spend a lifetime on their residential atolls and their variations in lifestyles and diet have been well documented and readily described. We have, therefore, determined that the universe of veterans activities is too large to encompass within even the most comprehensive set of reference materials and that we can best serve the veteran by continuing to perform individual dose reconstructions in appropriate cases. We will, of course, continue to furnish the VA and the veteran with full explanations of the assumptions and methodologies employed.

The establishment of uniform guidelines, assignment of a quantified value to the term "meaningful internal dose," and preparation of a scientific study documenting the conclusion that the internal exposure commitment could not have exceeded 0.15 rem to the bone in various categories of cases are all substantial improvements to the program. Accordingly, we will review the 2,000 or so doses provided for Veterans Administration (VA) claims that have been processed to date. If this review discloses any cases in which an individual neutron or internal dose calculation should be performed, a reconstructed dose will be prepared and provided to the VA.

We have reviewed the proposed resolution your staff furnished on April 10, 1984 and believe its provisions are sound. Accordingly, if the resolution with no other measure is adopted, the Defense Nuclear Agency (DNA) will comply fully with its provisions.

I would like to take this opportunity to thank you for your interest in our program and your efforts on behalf of America's veterans. Your insights and suggestions have resulted, I believe, in marked improvements to the Nuclear Test Personnel Review Program. I look forward to continuing our cooperative efforts to assure that veterans' claims are fully and fairly considered.

Sincerely,

RICHARD K. SAXER,
Lieutenant General, USAF, Director.

SUMMARY OF GUIDELINES TO BE ADDRESSED IN VA INQUIRY

1. Can it be documented that the veteran was a test participant? If so, what tests did he attend and what were the specifics of these tests (date, time, yield, type, location, etc.)?

2. What unit was the man in? What was the mission and activities of the unit at the test?

3. What was the man's rank, and, if possible, what were his duties at the test?

4. Can you corroborate the specific information provided by the claimant to the Veterans Administration and forwarded to the Department of Defense? What is the impact of these specific activities on the claimant's reconstructed dose?

5. Was there a potential for fallout contamination?

6. Is there any recorded radiation exposure for the individual? Does this recorded exposure cover the full period of test participation?

7. Is a dose reconstruction necessary? What is his reconstructed dose?

8. Is there evidence of significant internal exposure? What is the reconstruction?

PARALYZED VETERANS OF AMERICA,
Washington, DC, April 17, 1984.

Senator ALAN K. SIMPSON,
Chairman, Senate Committee on Veterans' Affairs, Russell Senate Office Building, Washington, DC.

DEAR CHAIRMAN SIMPSON: On behalf of the members of Paralyzed Veterans of America it is a pleasure to inform you of our support for your resolution addressing the issue of "Agent Orange." Your resolution and the accompanying commitments by the Administrator of Veterans Affairs and the Director of the Defense Nuclear Agency to carry out its provisions offer a positive step in resolving the complexities inherent with "Agent Orange" and simultaneously addressing the need to care for the nation's veterans. While there have been several meaningful legislative proposals introduced during the 98th Congress reflecting the deep concern for veterans who have experienced exposure to herbicides and ionizing radiation, your resolution establishes the most practicable procedures to address the well-being of veterans within the context of existing scientific evidence.

"Agent Orange" is a highly emotional issue for many veterans, has received wide media attention, and for many Americans is synonymous with the entire war in Southeast Asia. PVA, in addressing this issue and viewing the needs of veterans, has given careful consideration to the potential effect of the various pending legislative proposals on existing and future veterans' benefits and programs. We have, in as dispassionate a way as possible, attempted to examine each proposal and determine to what extent the needs of veterans who were exposed to

herbicides and ionizing radiation would be addressed.

The Senate Resolution being offered by you, Mr. Chairman, if passed by the Senate, would not have the force of law. However, the commitments to adhere to its provisions made by Mr. Harry Walters, VA Administrator, and Lieutenant General Richard K. Saxer, Director of the Defense Nuclear Agency, mitigate our concerns and lead us to support the Resolution. This factor coupled with the reasonable approaches contained in the Resolution to have in place mechanisms and procedures to address scientific and medical findings as they become available make the Resolution a viable approach in meeting the needs of veterans who were exposed to herbicides and ionizing radiation.

Additionally, the willingness of you and your staff to reconsider and address the two specific concerns PVA had regarding the Resolution were particularly appreciated. PVA could not support the Resolution while it contained language equating the granting of service-connection to budgetary and entitlement spending considerations. It has long been a cornerstone of PVA's efforts on behalf of veterans that the provision of compensation for service-connected disabilities is part of the continuing cost of our freedom and way of life. The sacrifices of the men and women who have served the nation transcend monetary issues, and compensation is the nation's recognition of the losses and injuries sustained in its defense.

The second issue which we were pleased to see addressed was the constitution of the proposed advisory committee. PVA believes that to allay the concerns of many veterans and to assure impartial and unquestioned independence the committee must be composed of individuals from within and outside the Veterans Administration and must contain consumer members. The advisory committee, so established, would be reflective of all concerned both by the scientific and medical communities, as well as, by individual veterans and their representatives.

Again, Mr. Chairman, PVA is pleased to support this humane and balanced step in addressing "Agent Orange" and ionizing radiation problems of veterans. Believing that your proposal is in the best interest of all veterans we offer our assistance to you on this issue.

Sincerely yours,

R. Jack Powell,
Executive Director.

AMVETS,
Lanham, MD, April 23, 1984.

Hon. Alan K. Simpson,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Dear Senator Simpson: Reflecting the legitimate concern of our Vietnam veterans and their families regarding the possible disabling effects of exposure to Agent Orange and the effects of atomic radiation on other veterans, AMVETS has consistently supported legislation and administrative initiative to scientifically define the epidemiological connection, if any, between exposure and various compensable conditions. To encourage the expeditious resolution of questions about this disturbing subject, we supported the essential intent of H.R. 1961, sponsored by Mr. Daschle, even though the scientific issues remain open.

In supporting presumed Agent Orange service connection for chloracne, porphyria cutanea tarda (PCT) and soft tissue sarcoma, pending completion of congressionally **mandated CDC studies, AMVETS nevertheless expressed strong reservations about charging the VA with the responsibility of administratively establishing additional presumptive conditions. We believe that it is the responsibility of Congress (as opposed to the Administration) to decide how the VA compensation system should be adjusted or expanded to reflect the health effects of Agent Orange. AMVETS is pleased to note the passage of H.R. 1961 by the House without the provisions for open-ended expansion of conditions presumed to be service connected to Agent Orange or radiation exposure.**

AMVETS is grateful for the efforts of Senator Cranston in strongly advocating legislation on this subject to adequately compensate and medically treat those veterans and their dependents who may have suffered disability as a result of exposure to Agent Orange and nuclear radiation. We believe, however, that the scope of the Cranston Bill, S. 1651, is far too broad in the light of the current reasonable medical consensus. AMVETS also believes that Senator Cranston's approach is inconsistent with our views regarding congressional and administrative responsibility in establishing presumptive service connection, and we demur from the provision in S. 1651 for special judicial review which is not made applicable to all VA adjudicative determinations.

Realizing that the effects of radiation exposure may take years to manifest themselves, AMVETS has advocated a 25-year period for presumed service connection for those conditions which, according to accepted epidemiological principles, may result from nuclear exposure.

The Veterans Dioxin and Radiation Exposure Initiative of 1984, formulated by Chairman Simpson of the Senate Committee on Veterans' Affairs intelligently and effectively addresses the issues regarding Agent Orange and radiation exposure. Except for exclusion of soft tissue sarcoma, for which medical evidence of its connection to Agent Orange is questionable at best, Chairman Simpson's proposed resolution is consistent with our position on H.R. 1961 regarding Agent Orange. AMVETS also believes that it provides an honest and scientifically responsible methodology regarding the effects of nuclear radiation and we support it.

Sincerely,

Robert L. Wilbraham,
National Commander.

[From the Washington Post, Mar. 1, 1984]

New Findings on Agent Orange

Many Vietnam veterans have, for too many years, been suffering from uncertainty about the health effects of exposure to the herbicide Agent Orange. Now, at last, there is scientific evidence that should offer them some measure of comfort. The Air Force has released findings from a study of heavily exposed veterans that found no evidence of either higher death rates or of diseases most strongly suspected of being linked to the types of dioxin found as contaminants in Agent Orange.

The government has been very slow in providing Vietnam veterans with the evidence to which they are entitled about possible long-term effects of their service. As a result it is right that the Veterans Administration—under congressional direction—has already taken the precaution of providing full health care for all veterans exposed to Agent Orange who suffer any disability not attributable to another cause. And, of course, the government should continue its extensive research program.

It is always possible that further study of the Air Force study participants, or the larger studies of the entire Vietnam veteran population being done by the Centers for Disease Control, will provide evidence of linkages between Agent Orange exposure and certain illnesses. But it is certainly encouraging that comparisons between the so-called Ranch Hands—the pilots and crews continuously involved in the spraying operations—and carefully chosen comparison groups found that, with a few possible exceptions, the Ranch Hands do not seem to have been affected by their exposure.

The Ranch Hands did experience higher rates of non-melanomic skin cancer—the commonest form of cancer among the white population—and certain liver and circulatory disorders. They also reported more minor birth defects, neonatal deaths and physical handicaps among their offspring, although these results have not yet been verified. The Air Force plans further study to determine whether these differences can be explained by exposure to sunlight, cigarette and alcohol consumption and other known causal factors.

Most striking is that the study did not find a single case of soft-tissue sarcoma (a form of cancer), chloracne (a severe skin disorder known to be caused by exposure to heavy doses of dioxin) or porphyria cutanea tarda (a rare liver disorder) among the Ranch Hands. A bill passed by the House last month would entitle Vietnam veterans who suffer from these illnesses to the same monetary compensation they would receive if they had suffered direct injury in battle.

Congress is understandably eager to compensate veterans for service-caused injuries. When slow-developing diseases can be reliably linked to service, compensation is certainly justified. But it would be a mistake to undermine the basis for compensation systems—or for warranted extensions of those systems—by indemnifying illness without adequate scientific basis.

[From the Chicago Tribune, Mar. 19, 1984]

Looking for Agent Orange Facts

(By Joan Beck)

The Supreme Court has cleared the way for a mass trial to begin in May that will pit thousands of Vietnam veterans claiming to have been harmed by Agent Orange against several manufacturers of the herbicide.

Chances are remote that such a showcase trial will establish a true cause-and-effect connection between Agent Orange and the spectrum of health problems that veterans blame on it. The case will probably hinge on legal technicalities, not medical truth.

Despite thousands of disturbing reports from veterans about their illnesses and those of their children, it will be years before medical science can show with reasonable certainty whether the dioxin in Agent Orange harmed the veterans. If dioxin isn't to blame, proving that to the satisfaction of the veterans will be even more difficult.

At least nine major studies are currently underway in efforts to sort out links between Agent Orange and veterans' health problems. They include four sponsored by the Centers for Disease Control and three by the Veterans Administration. It will be years before all are completed.

Even if the government were to yield to political pressures and reimburse veterans for their medical problems without waiting for strong evidence against Agent Orange, it's still essential to do all of these studies. That's true, too, no matter who wins the upcoming trial or what the legal arguments.

The danger is that because of political pressures and sympathy for the veterans, dioxin may be wrongly blamed and the real cause of some cancers, birth defects and other disorders may go undetected and unchecked.

Take, for example, the first report just issued by the U.S. Air Force from its Ranch Hand study. The research compared the health of Air Force personnel involved in herbicide spraying in Vietnam with other carefully matched veterans who flew cargo in Vietnam, but had no contact with herbicides. The Ranch Handers were more heavily exposed to Agent Orange than all other American personnel; they worked with the substance up to 10 or 12 hours a day, five or six days a week, for a year or more and were often dusted with it.

So far, the Ranch Hand study is generally reassuring. It found no link between exposure to Agent Orange and health problems. The Ranch Handers had no more neurological, heart, renal, pulmonary or endocrine problems than the comparison veterans. They had no more cancers (except for a few more simple skin cancers, most commonly caused by sunlight). None had chloracne, the first and most diagnostic sign of dioxin damage.

There were no significant differences in fertility and infertility, miscarriages, stillbirths and birth defects (except for Ranch Hander parents' reports of more minor birth marks and rashes) among their children. Ranch Hander parents also reported more deaths of children during the first month of life and more physical handicaps among their offspring, although these data need further checking.

Both groups are actually "faring better" in health than men of similar age in the general population, the report concludes. Follow-up research will continue for 20 years, with further studies where data aren't clear.

But one of the most important findings of the Ranch Hand study has slipped by generally unnoticed. What is strongly linked with birth defects, infant deaths and learning disabilities in both the Ranch Hander families and those of the comparisons is smoking by the mother during pregnancy. Drinking during pregnancy is also strongly associated with physical handicaps in children in both groups.

Such a strong indictment of smoking and drinking during pregnancy—backing up other scientific evidence—should be good news to other prospective parents. It should be comforting to know that they can protect their children from two significant causes of birth defects just by their own actions.

But such information isn't always welcome. A new New York City health regulation now requires all bars, restaurants and liquor stores to post a notice reading, "Warning: Drinking Alcoholic Beverages During Pregnancy Can Cause Birth Defects." Objections have come from bars, the liquor industry, some physicians who aren't convinced total abstinence is necessary—and some women's groups who say the public notice is sex discrimination.

The cause of cancer, birth defects and neurological abnormalities are, of course, multiple and complex. It's tempting to blame them on Agent Orange or EDB, on toxic wastes or nuclear energy, on government or big corporations and to look for solutions in the political, not scientific, process. But in the long run, that won't work. We need all those studies of veterans—and other groups, too. We must look at the results with an open mind and apply the same objective standards to the data, whether they point the blame at corporate irresponsibility or our own personal pleasures.

AMENDMENTS SUBMITTED

FEDERAL BOAT SAFETY ACT AMENDMENTS

HELMS AMENDMENT NO. 3028

Mr. HELMS proposed an amendment to amendment No. 3027 proposed by Mr. Baker (and others) to the bill (H.R. 2163) to amend the Federal Boat Safety Act of 1971, and for other purposes; as follows:

At the appropriate place in the amendment, insert the following:

TEN PERCENT REDUCTION IN SPENDING REQUIRED

Sec. . (a) Notwithstanding any other provision of this Act, it shall not be in order in the Senate to consider a concurrent resolution on the budget for fiscal year 1985 if such concurrent resolution does not comply with the provisions of this section.

(b)(1) A concurrent resolution on the budget for fiscal year 1985 shall set forth for each of the fiscal years 1985, 1986, and 1987, a total amount of budget authority for discretionary Federal programs which does not exceed an amount equal to the product of the total amount of budget authority provided by law for such programs for fiscal year 1984 multiplied by 90 percent.

(2) For purposes of this subsection, the term "discretionary Federal program" means any Federal program other than—

(A) a program classified under the functional category of National Defense in the budget submitted by the President for the applicable fiscal year under section 1105(a) of title 31, United States Code; and

(B) a program for which spending authority (as defined in section 401 (c)(2)(C) of the Congressional Budget Act of 1974) is provided by law.

(c)(1) A concurrent resolution on the budget for fiscal year 1985 shall set forth for each of the fiscal years 1985, 1986, and 1987, a total amount of budget authority for the payment of obligations under spending authority (as defined in section 401 (c)(2)(C) of the Congressional Budget Act of 1974) provided by law which does not exceed an amount equal to the total amount of budget authority provided for such payments for fiscal year 1984 multiplied by 90 percent.

(2) The requirements of paragraph (1) shall not apply to budget authority provided for payments under spending authority provided by titles II and XVIII of the Social Security Act.

(d) To carry out subsection (c), a concurrent resolution on the budget for fiscal year 1985 shall contain provisions to require the committees described in clauses (1) through (10) of this subsection to submit, by June 1, 1984, recommendations to the Senate Committee on the Budget in accordance with such clauses. After receiving those recommendations, the Committee on the Budget shall report to the Senate a reconciliation bill, or resolution, or both, carrying out all such recommendations without any substantive revision.

(1) The Senate Committee on Agriculture, Nutrition and Forestry shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $7,000,000,000 in fiscal year 1985; to reduce budget authority by $8,900,000,000, in fiscal year 1986; and to reduce budget authority by $10,800,000,000 in fiscal year 1987.

(2) The Senate Committee on Armed Services shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $2,500,000,000 in fiscal year 1985; to reduce budget authority by $3,800,000,000 in fiscal year 1986; and to reduce budget authority by $5,000,000,000 in fiscal year 1987.

(3) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $13,500,000,000 in fiscal year 1985; to reduce budget authority by $15,100,000,000 in fiscal year 1986; and to reduce budget authority by $18,700,000,000 in fiscal year 1987.

(4) The Senate Committee on Foreign Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,900,000,000 in fiscal year 1985; to reduce budget authority by $2,200,000,000 in fiscal year 1986; and to reduce budget authority by $2,500,000,000 in fiscal year 1987.

(5) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,700,000,000 in fiscal year 1985; to reduce budget authority by $1,000,000,000 in fiscal year 1986; and to reduce budget authority by $300,000,000 in fiscal year 1987.

(6) The Senate Committee on the Judiciary shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 in fiscal year 1985; to reduce budget authority by $100,000,000 in fiscal year 1986; and to reduce budget authority by $100,000,000 in fiscal year 1987.

(7) The Senate Committee on Labor and Human Resources shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $1,300,000,000 in fiscal year 1985; to reduce budget authority by $1,300,000,000 in fiscal year 1986; and to reduce budget authority by $1,300,000,000 in fiscal year 1987.

(8) The Senate Committee on Rules and Administration shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $400,000,000 in fiscal year 1985; to reduce budget authority by $400,000,000 in fiscal year 1986; and to reduce budget authority by $500,000,000 in fiscal year 1987.

(9) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $2,100,000,000 in fiscal year 1985; to reduce budget authority by $2,400,000,000 in fiscal year 1986; and to reduce budget authority by $2,600,000,000 in fiscal year 1987.

(10) The Senate Committee on Indian Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by $100,000,000 in fiscal year 1985; to reduce budget authority by $100,000,000 in fiscal year 1986; and to reduce budget authority by $100,000,000 in fiscal year 1987.

CREDIT AND DEBIT CARD COUNTERFEITING AND FRAUD ACT

DOLE AMENDMENT NO. 3029

Mr. BAKER (for Mr. DOLE) proposed an amendment to the bill (S. 1870) to amend title 18 of the United States Code to provide penalities for credit and debit card counterfeiting and related fraud; as follows:

On page 4, add the following after the matter which follows line 23:

Sec. 3. As soon as feasible, reliable, and economically viable, all persons who produce, have control or custody of or possess device-making equipment, or systems utilizing payment devices should attempt to establish a system or systems which are capable of positively verifying the holder of such payment device or the transaction in which such device is or has been utilized while minimizing intrusions on personal privacy.

THURMOND AMENDMENT NO. 3030

Mr. BAKER (for Mr. THURMOND) proposed an amendment to the bill S. 1870, supra; as follows:

On page 1, line 4, strike out "1983" and insert "1984".

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Committee on Rules and Administration will meet on Thursday, April 26, 1984, at 9:30 a.m., in SR-301, Russell Building, to receive testimony on the Federal Election Commission's request for funding for fiscal year 1985, and S. 2556, a bill to authorize appropriations for the American Folklife Center for fiscal years 1985 through 1989.

Representatives of the Federal Election Commission will present testimony on their requested amount of $13,648,000 for the fiscal year beginning October 1, 1984.

Dr. Daniel J. Boorstin, the Librarian of Congress, and Dr. Alan Jabbour, director of the American Folklife Center, will testify on S. 2556 which provides for a 5-year reauthorization in the following amounts: $930,000 for fiscal year 1985; $1,021,150 for fiscal year 1986; $1,104,025 for fiscal year 1987; $1,216,525 for fiscal year 1988; and $1,319,550 for fiscal year 1989.

For further information regarding these hearings, please contact Carole Blessington of the Rules Committee staff on 224-0278.

Mr. President, I wish to announce that the Committee on Rules and Administration will meet on Tuesday, May 1, 1984, at 9:30 a.m., in SR-301, Russell Building, to consider pending legislative and administrative business.

The following items on the committee's legislative agenda are scheduled for markup: An original bill to authorize appropriations for the Federal Election Commission for fiscal year 1985; S. 2556, to authorize appropriations for the American Folklife Center of the Library of Congress for fiscal years 1985 through 1989; S. 2418, to authorize the construction of the Library of Congress Mass Book Deacidification Facility; an original resolution to authorize the purchase of U.S. Capitol Historical Society "We The People" 1985 calendars; and a number of original resolutions to pay gratuities to survivors of deceased Senate employees.

The committee will consider the following administrative business: Amendments to the mass mail regulations and a contract for the Senate Productivity Award.

A status report on office automation will also be presented.

For further information regarding this business meeting, please contact Carole Blessington of the Rules Committee staff on 224-0278.

SUBCOMMITTEE ON EMPLOYMENT AND PRODUCTIVITY

Mr. QUAYLE. The Subcommittee on Employment and Productivity will hold hearings on the Job Training Partnership Act (JTPA) to examine whether the long-term goals of the act can be achieved. At this time, the subcommittee is soliciting requests to testify that address the following kinds of questions:

Does the structure of JTPA promote the ultimate goal of improving training opportunities for the disadvantaged and chronically unemployed that will lead to productive jobs in the private sector?

Do the administrative provisions of JTPA permit adequate flexibility and stability for program operation or are they burdensome?

Does JTPA provide adequate safeguards to insure a reasonable accountability of public funds and measurable returns on our training investment?

The transition from CETA to JTPA has been a national undertaking, occurring in every State and locality involving all levels of government and bringing in new participants from the private sector. Since the enactment of JTPA the focus has been on the details of meeting deadlines and sorting out questions regarding authority. Several studies documents the transition in great detail, enumerating the number and type of service delivery areas, private industry council members, and service deliveries.

Now that the job training plans for the 2-year program period have been developed, the subcommittee would like to shift the focus of attention. Rather than questioning how the transition occurred and decisions that were made, the subcommittee would like to look at the broader, long-term goals of the act and the Federal role in promoting successful program operations.

The subcommittee is soliciting testimony that analyzes the interrelationship of components of JTPA and whether the structure contributes to program success. For example, how will the relationship between the performance standards and the cost limitations affect program participants and administrative decisions? Hearings will focus on whether the requirements of JTPA adequately reflect its underlying philosophy and provide a workable system for movement toward achieving the goals of the act.

Please submit requests to testify along with a written statement or a brief summary of the issues you wish to address to the attention of Renee Coe at the Labor and Human Resources Committee, SD428, Dirksen Senate Office Building, Washington, DC 20510. Time and locations for the hearings will be announced following a review of the responses received. Staff will also visit selected sites in order to seek further clarification of issues and concerns raised.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Wednesday, April 25, at 10 a.m., to hold a hearing to consider programs administered by the Food and Nutrition service—food stamps, child nutrition, and commodity distribution.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, April 25, at 10 a.m., to consider the nominations of Chapman Cox to be General Counsel of Defense, and James Webb to be Assistant Secretary of Defense for Reserve Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, April 25, at 10 a.m., to hold a hearing on the receipt of the annual report of the Postmaster General.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, April 25, in order to receive testimony concerning the following nominations:

U.S. DISTRICT JUDGE

Alicemarie H. Stotler, of California, to be U.S. District Judge for the Central District of California; Lloyd D. George, of Nevada, to be U.S. District Judge for the District of Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet during the session of the Senate on Wednesday, April 25, to hold an oversight hearing on the Indian Child Welfare Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate at 2 p.m., on Wednesday, April 25, to hold a hearing on strategic defense and antisatellite weapons.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE ILLEGALITY OF THE SECRET WAR AGAINST NICARAGUA

● Mr. KENNEDY. Mr. President, during the recent debate over funding for the Reagan administration's secret war against Nicaragua, many of us raised serious questions about the administration's willingness to comply with U.S. and international law.

In a recent article in the Los Angeles Times, Mr. David J. Scheffer, an associate of Harvard University's Center for International Affairs, presents a cogent critique of how the administration has bent to its purposes or ignored altogether at least four legal strictures:

The administration has abandoned the purpose of Executive Order No. 12333 in its public admissions of support for the Contras;

The administration has ignored clear congressional intent that covert assistance should not be used to overthrow the Sandinista government;

The administration's support for the Contras violates the U.N. Charter, the Organization of American States Charter, and the Rio Treaty;

Finally, a Federal district judge last November found enough merit in a lawsuit alleging violation of the 1794 Neutrality Act to order the Attorney General to conduct a preliminary investigation into U.S. support for the Contras.

I ask that the full text of this interesting analysis entitled "Law Is at the Breaking Point in CIA Aid to the Contras," be printed in the RECORD.

The analysis follows:

[From the Los Angeles Times, Apr. 3, 1984]

LAW IS AT THE BREAKING POINT IN CIA AID TO THE CONTRAS

(By David J. Scheffer)

This week Congress continues its debate over the Reagan Administration's request to funnel $21 million via the Central Intelligence Agency to rebel forces battling Nicaragua's Sandinista government. The operation, still officially "covert," raises serious questions about the Administration's willingness to comply with U.S. and international law.

In its stated goal to protect "our strategic interests" against the spread of communism in Latin America, the Administration has so far bent at least four legal strictures to its purpose—or ignored them altogether.

First, there is the problematical CIA mandate, which was overhauled in the late 1970s in response to agency excesses. In addition to intelligence-gathering functions the CIA is empowered to conduct "special activities approved by the President" (this under Executive Order No. 12333, signed by President Reagan in 1981). These activities are to be "in support of national foreign-policy objectives abroad which are planned and executed so that the role of the U.S. government is not apparent or acknowledged publicly." But they should not be intended to "influence U.S. political processes, public opinion, policies or media."

In public references to the so-called contras' activities, Administration officials have almost exhausted their lexicon to admit the unadmittable. Reagan speaks in general terms of "supporting" the contras, describing them as democratic elements of the Nicaraguan revolution who have been shut out by the Sandinista government. Off the record, Administration officials confirm that the CIA is training and equipping the contras. Members of Congress routinely give reporters details about the size and type of the aid.

Is there any doubt that CIA support for the contras is both "apparent" and with any reasoned interpretation of Administration admissions, "acknowledged publicly"? Isn't it clear that the effect of the CIA operations is to influence not only Managua, Havana and Moscow but also U.S. public opinion, Congress and, perhaps, the 1984 elections?

The purpose of Executive Order No. 12333 has thus been abandoned.

Second, Congress has been clear in its intent that covert assistance should not be used to overthrow the Sandinista government. Until last December, the law explicitly prohibited use of funds by the CIA or the Department of Defense for that purpose, or for "provoking a military exchange between Nicaragua and Honduras."

Last year the Senate Select Committee on Intelligence labored for months to restrict the CIA operations to interdicting the flow of arms from Nicaragua to guerrillas in El Salvador. The Administration asserted that it would not try to overthrow the Sandinista government, with which it still maintains diplomatic relations. With that understanding, Congress scrapped the legal restrictions on the purposes for which the covert aid could be used. To meet its oversight role, Congress then imposed a limit—$24 million—on 1984 expenditures for "military or paramilitary operations in Nicaragua."

Congress was misled; at a minimum it should restore explicit prohibitions on use of aid to overthrow the Nicaraguan government.

The contras' recent attacks on major oil and industrial facilities and their mining of Nicaraguan ports arouses deep suspicions about the actual use of CIA assistance. On Monday an anonymous "well-placed U.S. official" was quoted in this newspaper as predicting that an entire Nicaraguan army unit—3,000 men—would soon join the contra forces. To employ a favorite Reagan buzzword, how does the United States "verify" what the contras are doing? Are they using CIA training and supplies—and risking their lives—exclusively to stop the arms flow to El Salvador, rather than to further their expressed objective of toppling the Sandinista government?

Perhaps it doesn't matter. Regardless of the contras' true intentions and performance, Washington can continue to insist that whatever they do they are thwarting Nicaragua's ability to aid the Salvadoran insurgents.

Even if that somehow could be proved, U.S. participation in Nicaragua's guerrilla war and the U.S.-Honduran army maneuvers have undoubtedly heightened the possibility of a military exchange between Nicaragua and Honduras, where the anti-Sandinista rebels find sanctuary (and, presumably, their CIA advisers).

Third, the 1794 Neutrality Act makes it a criminal offense to furnish money or prepare for a military enterprise against a country at peace with the United States. Last November a federal district judge in San Francisco found enough merit in a lawsuit alleging violation of the Neutrality Act to order the attorney general to conduct a preliminary investigation into U.S. support for the anti-Sandinista rebels. The Justice Department has not commenced that investigation because the judge's ruling is still on appeal.

Finally, CIA support for the contras challenges international law. The charters of the United Nations and the Organization of American States, the Rio Treaty and various U.N. resolutions and declarations make a strong case for prohibiting U.S. military support to guerrila groups seeking to overthrow the legitimate recognized government of a sovereign state.

Of course, Nicaragua also violates international law when it lends military assistance to guerrillas in El Salvador. But the CIA's "covert" operations are doubly unjustifiable, both in terms of international law and in the spirit of executive and legislative oversight of covert activities.

On both sides of the debate over aid to the contras, senators and members of the House typically argue whether such aid is in the national interest of the United States. They either ignore the legalities or attach them as addenda to their main arguments. Perhaps this year enough members of our legislature will agree that it is in the highest national interest to observe the rule of law.●

VISIT OF ARGENTINE FOREIGN MINISTER DANTE CAPUTO

● Mr. KENNEDY. Mr. President, 2 weeks ago I had the honor to meet with the new Foreign Minister of Argentina, Mr. Dante Caputo, a thoughtful and vigorous advocate of the new democratic government's policies. During this first official visit to Washington, Mr. Caputo delivered an insightful speech to the National Press Club. He discussed basic problems in Latin American relations with the United States stemming from different emphases on security.

Comparing the development of postwar United States-European relations with United States-Latin American relations, Mr. Caputo made an extraordinary point—that our security concerns in Latin America did not have the same link with freedom and prosperity that had been established in Europe.

What meaning can there be in defending the freedom you do not enjoy or protecting a prosperity you do not have? Mr. Caputo asked. Hence, every time the United States tried to preserve its security interest by developing ties with the dominant minorities in Latin America, the result has been conflict and controversy.

Mr. Caputo expressed his concern that United States and Latin American points of view might drift apart to the point of closing off candid dialog. But he also offered the hope that once democracy earns the predominant position in Latin American politics, the United States concern for its security will no longer be seen as an "attempt to exercise hegemony" because democracy will be more than "empty rhetoric."

For all my colleagues who share these concerns and hopes, I strongly commend Mr. Caputo's speech. I submit the full text of his speech for the Record.

The text follows:

Speech Delivered by the Foreign Minister of Argentina, Dante Caputo, at the National Press Club

Ladies and Gentlemen: Last year the Argentine people in a free election put an end to half a century of political frustration and tragedy which has had, and still has, serious economic and social consequences. In that election Raul Alfonsin obtained more than half the votes and received a clear mandate to rebuild the economy and to restore democracy, protect freedom, guarantee pluralism, human rights, and the due process of law.

To understand the magnitude of the challenge faced by my government it is perhaps useful to recall briefly, the evolution of our country in the last 50 years.

In 1930 Argentina had one of the largest income per capita in the world.

Though our land was rich, and the nature of our people and our society was such that it promised a future of peace, prosperity, freedom, and justice, that future never came about.

In the last fifty years we have not prospered, but rather we have lived from crisis to crisis. A fact which resulted in poverty and even hunger for many Argentines. Instead of freedom, we were frequently subjected to authoritarian rule. Instead of peace and justice, we suffered violence, intolerance, and inequalities.

Today my government is committed to change these conditions by turning the democratic faith of our people into a living reality.

We do not doubt that these democratic goals are also shared by the people of the United States. Yet, despite this coincidence in values, there have been—and still are—problems between our two countries. I am speaking about the kind of difficulties that are systematically present in the relations between the United States and the majority of the Latin American countries.

These difficulties, so common in the Western Hemisphere relations are the topic of my talk today.

Compare what has happened between the United States and Latin America, with the relations between the United States and Western Europe since the end of the Second World War.

In Western Europe at the end of the Second World War there was a strong commitment to return to democracy. It was obvious that this commitment would never become a reality unless it would be based upon solid economic accomplishments that would restore the economies devastated by war. The Marshall Plan was thus designed as the link between a prosperous economy and democracy which guaranteed the security of the Western world. As the conditions of freedom were achieved, the will to defend them was strengthened. Democracy, economic development, and security became three tightly linked issues that laid the foundations of a stable framework in which the relations between Western Europe and the United States could develop.

The American relationship with Latin America was quite different although we are as much part of the West as Europe.

Security has been the prime concern of the United States in its relationships with Latin American and with Western Europe. For America, security is understood as promoting prosperity, defending freedom and maintaining the status of the United States in the world. We cannot question the legitimate interest of any American citizen to defend his way of life.

But why has this concern with security repeatedly generated conflict in United States relations with Latin America?

If we return to our comparison of United States/Latin relations with United States/European relations, the reason becomes evident. For Europeans, security was linked to freedom and hopes for prosperity. It is a fact that in order to value security, it is necessary to have something to lose, and Europeans had something to lose. But, what meaning can there be in defending the freedom you do not enjoy or protecting a prosperity you do not have?

Therefore, it should not be a surprise that by making security its paramount concern, the United States in Latin America has frequently formed alliances with the few who have had something to protect: the small groups of people that sought to preserve their privileges.

But, by making this choice, the United States has, on several occasions, alienated the goodwill and support of populations who desired freedom and democracy while demanding a prosperity that has been denied to them by the existence of unjust conditions in our societies.

In hemispheric relations security has lacked those links to democracy and economic well-being which can establish a solid and deep consensus between our countries.

Every time the United States tried to preserve its security interest by developing ties with the dominant minorities in Latin America, the result has been conflict and controversy. These ties to privileged minorities paradoxically risk the very security that is a goal of the United States policy, by linking American interests with internal situations of oppression and injustice which lead to turmoil and social unrest. Viewed in this way, security issues facilitate the introduction of the East-West conflict in many of our countries.

Today throughout Latin America, a vigorous desire to recover democracy has become a reality, and we, in Argentina, can testify to the truth of this statement. Authoritarian experiments are being rejected while revolutionary movements end in disappointment.

We are tired of the violence of terrorism and the violence of repression. We need to live together in peace and in democracy to solve our problems.

Latin American democracies are strengthened as they prove themselves capable of solving their problems. With the solution of these problems, the democratic system of government will earn a predominant position in Latin American politics, and the defense of democracy will be something more than empty rhetoric. When this comes about, the United States concern for its security in the continent will not seem—as it has frequently appeared to many Latin Americans—an attempt to exercise hegemony. Security will then have the same meaning for all of our peoples: the defense of tangible and concrete social, political, and economic interests.

Last week President Reagan said that "The American concept of peace is more than absence of war. We favor the flowering of economic growth and individual liberty in a world of peace."

This suggests that we can conceive the relations between security, democracy, and development in the same basic way, despite our different points of view.

As to these differences, there can be no doubt that the United States stresses security in its dealings with Latin America. It is also evident that Latin Americans stress economic development when dealing with the United States.

I believe, and this is one of my central points, that hemispheric relations face a far greater threat than the issues that are probably in the forefront of your minds, such as Central America or the international debt crisis. I am referring to the drifting apart of our two points of view, which could close off the possibility of a frank and essential dialogue between the United States and Latin America.

My concern is not that we will stop talking, for we will always be able to do so. My worry is that little by little we will cease to understand one another.

We need all our imagination to avoid this danger. It is only by means of a frank and comprehensive dialogue that we can both anticipate problems and avoid creating them.

It would be useful to establish a mechanism that will allow us to harmonize our views about the interdependence between security, development, and democracy. By means of this mechanism, we will be able to address the short and medium-term issues of the Western Hemisphere with a common language and criteria that can contribute to a mutual understanding of our hemispheric problems.

The real challenge for hemispheric relations is to develop a shared frame work that helps us analize priorities and organize cooperative actions based upon mutually accepted criteria.

If we succeed in this enterprise, we will develop truly mature relations and consolidate democracies in the hemisphere.

Thank you very much.●

ARMENIAN MARTYRS DAY

● Mr. **BOSCHWITZ**. Mr. President, it is with a great deal of personal pride that I rise today to join my colleagues in commemorating the genocide of approximately 1.5 million Armenians by the Turkish Government just seven decades ago. In doing so we honor the memory of those who tragically and valiantly gave their lives as we pay tribute to the great contributions the Armenian people have made to our Nation.

This particular collective victim, the Armenian peoples, remain convinced that its catastrophic confrontation with the 20th century has never received adequate recognition and understanding, not to mention a solution. The Armenian community, spread out into a worldwide disapora, believes its tragic history to be "a forgotten genocide."

The Armenian incidents were among the more brutal and costly human dislocations that occurred during the First World War in the crumbling Ottoman Empire. In June 1915, a deportation policy was announced to relocate the Armenians of the war zones in less critical areas, namely the desert regions of eastern Syria. From 1915-17 approximately 1 million people were marched from their homes in the eastern provinces and the coastal cities of Cilicia.

There are some explicit accounts of internment camps and resettlement villages in the Syrian desert region, and many allege that the lack of adequate food and water caused many deaths. It has, therefore, been characterized as a deportation to death, with no real provision for a permanent resettlement at the relocation site.

As a survivor of the Jewish Holocaust, I sympathize with the anguish and suffering that these Armenian people experienced and emphathize with the present generation who are frustrated by this grossly inadequate justice.

When Hitler first proposed his final solution, he was told that the world would never permit such a mass murder. Hitler silenced his advisers by asking, "who remembers the Armenians?"

Today, I join my colleagues in answering Hitler by pledging to preserve the truth. We must make it clear to all those who support racial hatred that our great Nation will never forget the persecuted individuals, whether they be Armenians, Jews, or native Indians. Just because of Turkey's strategic role, we must not condone the atrocity perpetrated against the Armenian people.

It is time to stop closing our eyes to man's inhumanity against man. We have witnessed too many barbarous acts in this century. By commemorating the memory of these victims on the 69th anniversary of Armenian Martyrs Day, we can try once again to prevent history from repeating itself. Such dreadful tragedies can only be prevented in the future if they are remembered in the present.●

THE 69TH ANNIVERSARY OF ARMENIAN MARTYRS DAY

● Mr. **LAUTENBERG**. Mr. President, today we remember the atrocities done to the Armenian people in Turkey in the early years of this century. The genocide of the Armenians involved the killing of some 1.5 million people in the land of the Ottoman Empire, and the scattering of thousands more. Armenians were forcibly deported across Asia Minor. They were persecuted, banished, and slaughtered while much of Europe was engaged in World War I. The height of the activity occurred in 1915.

At the time, America registered strong protests. U.S. Ambassador to Turkey Henry Morgenthau offered protests to the slaughter he chronicled. America offered its hand of relief to the survivors. The Near East Relief, chartered by Congress, provided some $113 million to the survivors, while thousands of orphans became foster children of American people. And, Mr. President, forever more, America, as a moral nation, must not forget. Just as it must not forget the Holocaust that was to follow less than three decades later.

What is a worse deed than the genocide of a people, is genocide denied. There are those who deny the occurrence of the Armenian genocide. Unfortunately, some would answer the denials with uncertainty. Maybe what happened did not. Fact becomes alleged fact. What the world may have learned is unlearned. Uncertainty leads to indifference. And indifference is the bane of moral nations. We are not willing to stand by unmoved when nations stoop to the depths. We are not willing to forget. For the sake of the future, we must not forget the past.●

NOT JUST ACADEMIC

● Mr. **KASTEN**. Mr. President, the current debate over events and policies in Central America too often ignore thoughtful views from people who actually live in the area.

Through the media, we are treated almost daily to the views of both sides, often presented in a paternalistic manner without much weight given to what the views might be of those who live the reality of the current turmoil in Central America. I would like to share with my colleagues a well-written article which appeared in last Friday's Wall Street Journal by a professor of economics at Francisco Marroquin University in Guatemala City. I believe it is important that my colleagues examine the views from all sides, especially from those who live in that troubled region.

Mr. President, I ask that the article I mentioned appear in the RECORD at this point.

The article referred to follows:

IN CENTRAL AMERICA, TERMINOLOGY IS NOT JUST ACADEMIC

(By Fritz Thomas)

GUATEMALA CITY, GUATEMALA.—Words call to mind images that help shape attitudes. The few choice words associated with the Central American problem should leave any educated opinion feeling underfed. However, public opinion outside Central America is apparently nourished with such terms as "left wing," "right wing," "moderate" and "reform," to name just a few.

Mention the term "guerrilla fighters," and many people conjure up the image of Robin Hood. Those lads are out to topple the oligarchy and the bloodthirsty military. In their crusade to liberate the oppressed people, they roam the countryside, eating wild fruits and berries. They are nice to peasants and children and work without compensation.

Move to "right wing" and there appears the image of violent, recalcitrant people who stand in the way of progress. All death squads, for example, are right wing.

Moderates are the people in the center, away from extremes. They come in all colors.

"Reform" is a mantra: If it is said often enough, nirvana is achieved. Reform is what things are fixed with when they don't work. This commodity is exported by the industrial countries, since they don't consume it themselves.

We Central Americans are a bit more pragmatic in our definitions. Our analyses, no doubt, sound unrefined to eminent scholars in the north, but our definitions are honed by reality. The problems we confront are, after all, at our doorstep. We do not have the luxury of analyzing these problems from the sanctuary of a classroom thousands of miles from the action.

To begin with, the guerrilla organizations operating in El Salvador and Guatemala are decidedly more than left wing. They are communist. They have said as much and demonstrated as much by their actions. They wage a war of attrition to destroy productive capital by blasting away millions of dollars in infrastructure. Bombing bridges and power supplies, they make their way into the news. Equally important, and just as illuminating about their nature, is the fact that much of their seed money, as well as most "internal sources of funds," is connected with kidnapping, murder and theft.

What is so incredible is that while waging a war of terror, they can organize campus anti-war activities from Paris to Seattle, Wash., to picket in support of their movement. When speaking through these groups, their mask is not even left wing; it is only liberal, thus eligible for support from politicians and church groups, from Strasbourg, France, to Mexico City (not to mention Washington). It isn't likely that a U.S. home-grown revolutionary group that kidnapped North American children and murdered businessmen (while blasting away the Golden Gate Bridge) would get much support on campuses and within U.S. political corridors. However, Central America is at a safe enough distance to indulge one's ideological fantasies.

It's terribly difficult to come up with a working definition of "right wing." Are these the people who live in the twilight of feudalism, or are they the people that believe in a free economy? This brings us to the thin thread that separates the terms "free economy" and "private enterprise." There is a difference, and it is rather basic. Unfortunately, the images seem to be tied together.

There are in Central America business leaders who support ideas concerning freedom in politics and the marketplace and who realize that these ideas do, in the long run, support a good business climate. There are political groups that believe that the government's power of intervention, regulation and monopoly should be curtailed if there is to be any development at all, and that rule by law—rather than rule by a few men—is fundamental. There are institutions and think tanks in Guatemala and El Salvador that conduct research and publish results to demonstrate the superiority of market solutions over government plans. At present there is no proper label for this line of thinking. Rather, it is huddled together into the right wing, where all sorts of images float (including, of course, those of the right-wing death squads).

Until the supporters of a free market can manage to form a consensus in Central America, reform remains a concept proffered only by those on the left. But leftist reform in Central America is more than a concept. We have been the guinea pigs for both revolutionary reform and so-called moderate reform. We can consider the effects of both types of reform based on recent history.

Every country and situation is unique, but the results of the guerrillas coming to power in El Salvador or Guatemala could easily be predicted. Nicaragua provides us with a case study of how revolutionary reform would develop in El Salvador or Guatemala.

The legitimacy of the ruling council in our new revolutionary junta would rest on the objective fact that it was put there by history and the armed will of the people. Thus there is no immediate need for elections, because the people have already voted with guns and there is too much work to do.

By the first anniversary of the revolution, the armed forces have been integrated into the party, followed by party police, party youth, party schools, party sunrise and party sunset. While 92% of those polled agree with everything, the literacy rate shoots up to 95%; now everybody can read the names of the commandants and the tales of their labors in comicbook format and murals. The shortage of goods and the sacrifices that have to be made are due to the fact that the worms (right-wingers) took everything with them to Miami. Any dissent is put out or put away. As the state gobbles up the economy, education and the press, the underlying business climate is governed by the idea that the revolution didn't come all this way so that people could do business and make a profit. Control over the movement of the population tightens, excused by the threat of enemies at the border.

As to moderate reform, we have the example of El Salvador, where change took hold by the graces of the armed forces and an American "proconsul." It meant instituting a "Made in U.S.A." academic exercise: paying with 20-year bonds and seizing by gunpoint decree some of the most efficiently managed farms in Central America. (Before "land reform" was introduced, the average yield per acre on Salvadoran coffee farms was almost twice that of neighboring Guatemala, Honduras or Nicaragua.) Banks and financial institutions were taken over by the government, with the same method and payment. What an intriguing idea. Support the cause of a free society by eliminating private capital markets.

There is a psychological defeat entangled in misguided reforms. Apparent moderates and liberals have in reality pushed in quieter versions of basic policy elements of the communist political platform. In doing so, they are sending a subliminal message to the population. It would seem hard to win a war while thinking all the time that the enemy has reason on his side.●

SOLIDARITY SUNDAY FOR SOVIET JEWRY

● Mr. **BURDICK**. Mr. President, I am pleased to cosponsor Senate Resolution 367, legislation expressing the support of the Congress for "Solidarity Sunday for Soviet Jewry."

On May 6, in New York City, thousands of Americans will gather to demonstrate their solidarity with Jews in the Soviet Union. Americans of all faiths are committed to this human rights campaign. It is only fitting that Congress take this opportunity to express its concern about the plight of Soviet Jews, and its solidarity with those Americans who are working tirelessly to secure freedom for Soviet prisoners of conscience.

Now, more than ever, Soviet Jews are depending on their friends in the free world to speak out on their behalf. They depend on us to tell the world that the Soviets are callously ignoring their commitments under the Helsinki Final Act and the Universal Declaration of Human Rights. Only we can effectively speak out against the continued harrassment of the Jewish community, and the Soviets' insidious efforts to eliminate any vestiges of Jewish culture in the Soviet Union.

Most importantly, Soviet Jews depend on us to reveal the lie in the Soviets' assertion that most of the Jews who wish to emigrate have already done so. That is simply not true. We know that there are at least 400,000 Jews who have officially applied to leave the Soviet Union for the West. Most of them will never know freedom if present trends continue and only 1,000 Jews are allowed to leave per year.

We in the free world have no obligation to speak out against human rights violations wherever they occur. If we say nothing, then nothing will change. But, if we gather together on occasions like "Solidarity Sunday" to express our commitment to the struggle for freedom, we bring some small measure of hope into the lives of people who need hope so desperately.●

GEN. MARK W. CLARK: A SOLDIER'S SOLDIER AND A PATRIOT'S PATRIOT

● Mr. **HOLLINGS**. Mr. President, the passing of Gen. Mark W. Clark last week took from us one of America's truly great citizens. He was indeed a soldier's soldier and a patriot's patriot. His life had a steadfastness of purpose and a granite integrity the likes of which the Nation seldom see. South Carolina's history is replete with the accomplishments of many distinguished sons and daughters, but few have achieved so much for their country and adopted State as Mark Clark.

It was my honor to serve with General Clark on the Hoover Commission in 1954. General Clark was asked to chair the Hoover Commission's investigation to study and enhance the effectiveness of our intelligence operations. For the better part of a year he and I, as Commission members, traveled each week to Washington. These trips, and our service together, were not only very educational and informative for me, personally rewarding too, because I saw firsthand the intelligence, the integrity, and the grace of this good and gallant man.

We are filled with sadness at this passing—but also filled with pride at what our friend and neighbor contributed to the betterment of all our lives. "He loves his country best who strives to make it best," some one once wrote. That, to me, is the best definition of a patriot—and the best description of Mark Clark.

His many accomplishments and record were hailed in article after article in the South Carolina media. Mr. President, I ask that a few of these articles be printed in the Record.

The articles follow:

[From the Charleston (SC) News and Courier, Apr. 18, 1984]

GEN. MARK WAYNE CLARK

Sorrow is best tempered by fond memories. And so it is with our sorrow at the passing of Gen. Mark Wayne Clark, a great and good soldier, and a very old friend of Charleston.

Gen. Clark retired from the Army in 1953 when, the memory of their sacrifice and triumph in the Great War still fresh, military men were revered in this country. Considering the honors bestowed on him by his country, he could have entered civilian life as the president or chairman of a major corporation, a path followed by many great leaders from World War II. Instead of instant wealth, he chose the presidency of The Citadel.

It's doubtful that even Gen. Clark's greatest admirers of 30 years ago realized how lucky this city was in his decision. Why did the general choose Charleston as his home after leaving the Army?

Mark Clark was fond of saying that there is "more patriotism per square inch in Charleston" than any other place in the world. We happen to agree with him.

A modest and unassuming man, Gen. Clark preferred to show, rather than tell, his feelings. His tenure at The Citadel marked a period of great expansion for that institution, growth not measured in brick and mortar alone. He attracted the best faculty and student body in the country, professors and cadets who built on the great reputation The Citadel already enjoyed.

In 1981, Gen. Clark demonstrated his esteem for and commitment to the The Citadel by donating a large part of his personal fortune—$500,000—to the college's Development Foundation.

At his passing, Mark Clark was more than president-emeritus of The Citadel. He exemplified the very spirit of the college and the young men within its walls. He was more than a soldier's soldier. He was an officer that other officers were proud to follow, a great captain for his country in war.

He was an engrossing storyteller, who periodically contributed personal anecdotes which were published on this page under the heading, "An Old Soldier Remembers."

He was a man who held action above words, yet he showed great depths of humor and tenderness.

While the nation mourns a national hero, Charlestonians mourn a friend, a friend who left behind a treasure of memories to soften the grief we all feel at his passing.

[From the Columbia (SC) State, Apr. 20, 1984]

NATION HAS TO HAVE MEN LIKE MARK CLARK

After World War I—"the war to end all wars"—the U.S. military was allowed to go fallow. There were other concerns, chief among them the Great Depression.

But a dedicated group of World War I veterans remained in uniform, suffering low pay and the dislocations of frequent reassignments to train, to stay ready—just in case. Some of them were from military families and knew no other life.

When World War II broke out, the United States was fortunate to have an experienced cadre of officers in place to assume positions of leadership. Poised to take their place in military history, to cite only U.S. Army officers, were true leaders like George C. Marshall, who became the Army Chief of Staff, and such combat commanders as Douglas MacArthur, Dwight D. Eisenhower, Omar Bradley, George Patton—and Mark W. Clark.

General Clark, the last of the great field commanders of that war, died Tuesday in Charleston at 87. But what a life of service to his nation he lived.

He was a valued South Carolinian for the last 30 years. But for all the time before that, the only homes he knew were on Army posts around the country and around the world. The son of an infantry colonel, he was destined for West Point (Class of '17) and a military career.

He saw his first combat in France in World War I and was wounded in action. Shortly after the United States entered World War II, Mark Clark became a major general and immediately received major assignments.

By mid-1942, General Clark was commander of all U.S. ground troops in the European Theater of Operations under General Eisenhower. Up to that point the Allies had been on the run. A tough, hardnosed, demanding soldier, General Clark was blunt about the mission of American troops in England: "We are not here to sit on our backsides and be on the defensive. We are here on the offensive. They talk about a Second Front. All I can say is, the sooner the better."

The first offensive, however, was not in Europe but in French North Africa. As the chief Eisenhower deputy, General Clark paved the way for it by slipping into Algeria by submarine and intriguing with French officers. Later "Ike" credited the dangerous and sensitive Clark mission with reducing resistance and casualties.

General Clark led the 5th Army on the tough, nasty invasion of Italy and was criticized for taking heavy casualties. But after hard fighting, he captured Rome and received the surrender of the Italian government. Pushing northward as commander of the 15th Army Group, he forced the surrender of the German army and ended the war in Italy.

Seven years later, he followed Douglas MacArthur and Matthew Ridgeway as commander of all United Nations forces in the Korean war and conducted the difficult negotiations that resulted in the 1953 armistice that still holds.

That same year he retired from the Army, but he didn't leave the military. Instead he accepted the presidency of The Citadel, headed the S.C. military college for 12 years, and loved it for the rest of his days. "It is a little oasis of honor, duty and enlightened discipline," he said. "I see so much Americanism here."

Those were the qualities that meant so much to Mark Clark. Those were the qualities that made him one of the great soldiers of his time, a time when great soldiers were essential to the survival of the Free World.

South Carolina was enhanced when he chose to render his last service here, and it is so honored that he chose the campus of this "little oasis" of patriotism as his final resting place.

[From the Evening (Charleston, SC) Post, Apr. 17, 1984]

GEN. MARK W. CLARK

(By Thomas R. Waring)

A soldier in three wars, Gen. Mark Wayne Clark served 36 years in the U.S. Army and capped his military career with 11 years as president of the Military College of South Carolina, better known as The Citadel. In those 47 years of service in uniform, Gen. Clark built a formidable reputation as an American patriot and an international figure in a period of upheaval that reshaped the world.

South Carolina was honored when Gen. Clark in 1953 accepted the invitation of Gov. James F. Byrnes to become president of The Citadel on his retirement from the Army. He had been commander in chief of the Far East Command in the Korean War.

"I am determined to dedicate my remaining years of service," Gen. Clark said, "to training the cream of our young manhood to be the kind of leaders we need so desperately for the salvation of our way of life."

That terse statement summed up aims and ideals that guided Gen. Clark throughout his distinguished career. He was born May 1, 1896, to an army family stationed at Madison Barracks, N.Y., and grew up on military posts. Among his early heroes was Douglas MacArthur, whom he first met when Gen. MacArthur was calling on Gen. Clark's sister. Graduating from West Point in April of 1917, he was among those graduated early for duty in World War I. Commissioned a second lieutenant a few days before his 21st birthday, he moved up fast, to first lieutenant in May and captain in June. He went overseas immediately and was wounded in the Vosges mountains in France. Transferred to staff headquarters of the First Army, he took part in the St. Mihiel and Meuse-Argonne offensives, and later was with the Third Army in Belgium and Germany.

Back in the United States, he served in various assignments, including a year with the Civilian Conservation Corps. By May 1942 he had become chief of staff of the Army Ground Forces and two months later he was chosen to command Army Ground Forces in the European Theater of World War II. In October of 1942, he was appointed deputy commander in chief of allied forces in North Africa. Gen. Clark made the preparations for the landing in North Africa. His personal trip by plane and submarine for a secret rendezvous with leaders of the French Resistance was one of the most sensational stories of high-level daring in World War II.

After the landings, Gen. Clark took custody of Adm. Darlan, commander of French forces in North Africa, and induced him to repudiate the Vichy regime and cease resistance to British and American forces.

In January of 1943, Gen. Clark took command of the Fifth Army and prepared for invasion of Italy. The invasion began in September, and on Oct. 1 Gen. Clark captured Naples. The landings at Anzio and Nettuna followed in January of 1944. He captured Rome that June, the first liberation of an Axis capital. Gen. Clark received the surrender at the Brenner Pass of 230,000 German troops, the first large-scale surrender of a German field command.

In June of 1945 he was named commander of U.S. occupation forces in Austria. As high commissioner to Austria, he snatched that country from Soviet efforts to push it behind the Iron Curtain. Later he went to London and Moscow to negotiate a treaty for Austria.

During this period, Gen. Clark was associated with many world leaders. Tall and slender, with sharp features and military bearing, Gen. Clark was dubbed "the eagle" by Winston Churchill.

After the war, he commanded the Sixth Army at the Presidio in San Francisco, and later was chief of Army Field Forces at Fort Monroe. On April 30, 1952, he was appointed to the Far East Command at a time when the Korean War was winding down. President Truman had removed Gen. MacArthur and replaced him with Gen. Matthew Ridgeway. Gen. Clark succeeded Gen. Ridgeway, and on July 27, 1953, signed an armistice agreement with North Korea. He requested retirement Oct. 31, 1953, at age 57, and took office March 1, 1954, as president of The Citadel.

Gen. Clark acquired a string of decorations, honorary degrees and other citations. He had a store of anecdotes, both serious and funny, and was a gifted orator. He married Miss Maurine Doran in 1924. They had two children. Their daughter, Mrs. Patricia Ann Clark Oosting, died in California. Their son, Maj. William D. Clark, a retired Army officer, lives in Washington. Mrs. Maurine Clark died in 1966. Gen. Clark later married Mrs. Mary Millard Applegate.

In Charleston, Gen. Clark gave generously of his time and talents to civic affairs. The Mark Clark Expressway, now under construction, was named in his honor. He never lost touch with The Citadel, and chose the campus for his final resting place. His memory provides a perpetual source of admiration and respect. His name is among the best known of our time. His countrymen owe him gratitude and homage as a hero of the Republic.

[From the (Columbia, SC) State, Apr. 18, 1984]

Gen. Mark Wayne Clark: Old Soldiers Sometimes Die

(By Ron Wenzell)

Asked several years ago how he wanted to be remembered, Gen. Mark W. Clark replied without hesitation, "For what I am: a military man."

A soldier is all Clark ever wanted to be, and that's how most South Carolinians and national and world leaders will remember the last of the top five field commanders of World War II and president emeritus of the Citadel, who died Tuesday in Charleston.

Clark, 87, who led American efforts in World War II with Gens. Dwight Eisenhower, Douglas MacArthur, George Patton and Omar Bradley, had been in critical condition since Thursday.

He entered Medical University of South Carolina Hospital on March 20 for observation of what hospital authorities said was a variety of conditions associated primarily with his heart.

Funeral services will be Thursday at noon in Summerall Chapel on The Citadel campus. In accordance with his wishes, the general will be buried with full military honors in a plot between Summerall Chapel and Mark Clark Hall, the cadet activities building that was dedicated in 1957.

The epitaph, which he wrote, on his tombstone will read: "Mark Wayne Clark, General, U.S. Army, President of the Citadel, 1954-1965, Born May 1, 1896, Died April 17, 1984."

The funeral cortege will consist of the college's corps of cadets and units of the 82nd Airborne Division. There will be a 17-gun salute.

Clark assumed the presidency of the Citadel in 1954 and held the post for 11 years. He was regarded as a demanding administrator but generally is credited with breathing new life into the Charleston military college.

He was tireless in recruiting top-notch faculty and staff, constructing new campus buildings, instituting an honor code similar to West Point's and beefing up the athletic program.

David E. McCuen of Geenville, who was chairman of the board of visitors during Clark's tenure, called him "a very remarkable man whose service to The Citadel was invaluable."

After his retirement in 1965, Clark founded and headed an advisory committee to the board of visitors, was active in The Citadel Development Foundation and was custodian of the college's fiscal affairs.

He was urged to seek political office after 1965 but declined, saying: "My mission is accomplished."

In 1981, he donated $500,000 to the college. The money was placed in trust until his death. Upon presenting the gift the general said, "I had the money sitting there and thought I might as well donate it now while I can make suggestions on how it should be used."

As a military leader, Clark probably will be remembered longest as the liberator of Rome in World War II and as signer of the Korean armistice.

He has been quoted as calling the liberation of Rome by his Fifth Army the proudest accomplishment of his life.

A photograph of Clark entering the Italian capital in his Army jeep, the gleaming dome of St. Peter's Basilica in the background, hangs in a place of honor in his comfortable home on James Island.

"We had terrible fighting there, terrible," Clark told one historian writing of the Italian campaign.

Recalling the battle for Salerno, he said, "The brillance of the citizen soldier never shone brighter. The great ability of the American officer leadership from the Reserve Training Corps, who had trained many years, often without proper equipment or schooling was truly an amazing feat."

After the conquest of Rome in June 1944, he was elevated to command the 15th Army Group in the Mediterranean. During the last months of the war he achieved a decisive victory and in April 1945 received the surrender of 230,000 German troops in Italy, the Tyrol and Salzburg.

Following the war he became commander of the U.S. occupation force in Austria.

Until his last illnesses, he regularly attended reunions with old comrades in arms from North Africa, Italy and Korea, while maintaining a heavy correspondence with many of the men who served under him.

In an interview with The State three years ago, he expressed surprise that "I still get a letter once a week from one of my men who was in the Italian campaign."

Historians writing about him have portrayed Clark as a tenacious leader with a quick, thorough mind and the ability to rally his troops in the most difficult of circumstances.

The story is told how he once ordered an entire encampment searched for a pair of hard-to-find, small-sized shoes he had promised to a soldier who had lost his shoes fighting. The soldier got the shoes.

Born at a military post in New York state, he graduated from West Point in 1917, following in his father's footsteps. "The only thing I ever wanted to be was a soldier," he told an interviewer in 1978.

Clark served overseas in World War I and was promoted to first lieutenant and captain in the same year. He was wounded by shrapnel while fighting in France and was in Coblenz, Germany, when the war ended. He was promoted to major in 1933, to lieutenant colonel in 1940, to brigadier general in 1942, and to general in 1945.

At the outset of World War II he was commander of U.S. Army ground forces in the European Theatre of Operations under Eisenhower. At about this time he first met Winston Churchill, whom he called "the greatest man I have ever known."

For several months Clark had dinner with the British prime minister and Eisenhower almost every Wednesday as the three planned the invasion of North Africa.

Clark was Eisenhower's deputy during "Operation Torch" and was involved in secret negotiations with French leaders, trying to persuade them to join the allies.

He and a small staff of officers traveled by submarine to the coast of Algiers where they took off silently in rubber boats to keep a rendezvous with French officers. When the police, tipped by Arabs, entered the house where they were meeting, Clark and his party were forced to hide in the basement.

On the return trip to the submarine, the boats capsized in rough seas. Clark managed to save himself but lost his pants and 750,000 francs in gold, the equivalent of about $93,000 in American currency.

His daring mission earned him a promotion to three-star general at age 46, the youngest to hold the rank until that time.

When the landings by American forces took place he became deputy commander of the allied forces in the North African Theater.

From bases established in Africa, Clark's Fifth Army captured Naples and then landed at Anzio and Nettono, beginning the campaign up the boot of Italy.

Clark and his family were guests of Churchill at Chequers after the war, and one of his prize possessions was a wartime letter from the prime minister marked "personal and confidential."

The letter was displayed next to his red-white-and-blue-ribboned Legion of Merit medal, Bronze Star, four Distinguished Service Medals and a Distinguished Service Cross.

Clark was commander in chief of the U.N. Command from 1952 until the end of the Korean War, and he signed the armistice ending the hostilities.

He retired from the Army in 1953 after 36 years and accepted the presidency of The Citadel at the invitation of Gov. James F. Byrnes and with the encouragement of his old World War II boss, President Eisenhower.

He was available only because his nomination by President Harry Truman as U.S. ambassador to the Vatican in 1951 brought a storm of protest and forced Truman to withdraw the nomination. (The United States did not have an ambassador to the Vatican until 1984.)

Clark was not above controversy as a military tactician and later for his views on foreign and domestic affairs.

He was criticized by British Field Marshal Earl Alexander, allied commander in chief in the Mediterranean, for his decision to go straight for Rome—a move that gave the Germans a chance to escape to the north and regroup.

His outspoken patriotism in the 1960s and 1970s was considered unfashionable by some, as was his tough stance against the Soviet Union. He once referred to the communist leaders as "liars, murderers and cheaters who will stoop to anything to gain world domination."

He was outspoken against drug and alcohol problems in today's military, opposed a volunteer army and couldn't abide female cadets at his beloved West Point.

In later years, a good part of his time was spent compiling information for his biography, which is being written by military historian Martin Blumensen.

"I believe the word integrity best sums him up," Blumensen said in a telephone interview with United Press International from his home in Washington.

Surviving are his widow, Mrs. Mary Mildred Applegate Clark; a son, retired Army Maj. William Doran Clark, principal deputy assistant secretary of the Army for Manpower and Reserve Affairs; five grandchildren; and three great-grandchildren.

J. Henry Stuhr's Funeral Home of Charleston is in charge of arrangements.

Mrs. Maurine Doran Clark, his first wife, died in 1966, and their daughter, Patricia Ann, died in 1962.

HIGHLIGHTS IN LIFE OF MILITARY MAN

1896: Born at Madison Barracks, New York, May 1.

1917: Graduated from the U.S. Military Academy at West Point and commissioned a second lieutenant in the infantry.

1936: Served as deputy chief of staff for the Civilian Conservation Corps, VII Corps area.

1937: Graduated from the Army War College.

1940: Served as instructor at the Army War College; named assistant chief of staff for operations at Army general headquarters.

1942: Named deputy chief of staff of Army ground forces, later promoted to chief of staff; assigned as commanding general of II Corps in England; named commander of Army ground forces in Europe; named deputy commander in chief of allied forces in North Africa; led a successful secret mission to secure information in North Africa before the Allied invasion of that area; awarded the distinguished service medal; promoted to lieutenant general.

1943: Designated commanding general of the Fifth Army and directed the training of the American and French troops that comprised it; established infantry and amphibious bases on African soil and coordinated activities of ground, sea and air forces in planning the surprise landing on the Italian west coast; given command of the 15th Army group.

1945: Appointed commander of U.S. occupation forces in Austria and U.S. high commissioner for Austria; promoted to full general.

1947: Served as deputy to the secretary of state; assumed command of the Sixth Army; appointed chief of Army field forces at Fort Monroe, Va.

1951: Nominated by President Truman to be a diplomatic envoy to the Vatican; asked that his name be withdrawn after controversy over the move surfaced.

1952: Appointed commander in chief, Far East Command; served simultaneously as commander in chief, United Nations Command, commanding general, U.S. Army Forces, Far East.

1953: Signed the military armistice agreement involving the U.N. command and the military commanders of North and South Korea; retired from military service at his own request and accepted the presidency of The Citadel.

1954: Became president of The Citadel; named chairman of a task force to investigate the Central Intelligence Agency and other U.S. intelligence organizations.

1965: Retired as president of The Citadel, named president emeritus.

[From the (Charleston, SC) News & Courier, Apr. 18, 1984]

DETAILS OF FINAL RITES FOR GENERAL CLARK OUTLINED

(By Edward D. Murphy)

A eulogy penned by the Rev. Billy Graham will be read before hundreds expected to gather near the tree-lined gravesite of retired Army Gen. Mark W. Clark on The Citadel campus Thursday.

Clark, a retired four-star general, president of The Citadel from 1954 to 1965, and later president emeritus, died Tuesday at the age of 87.

The commander of the 5th Army forces in Italy during World War II, post-war occupation forces in Austria and U.S. forces in the Korean War was described Tuesday as a "true American hero" by President Reagan.

The public may pay respects to Clark tonight from 6 p.m. to 9 p.m. at Stuhr's downtown chapel on Calhoun Street. A private memorial service will be held for Citadel cadets on the campus tonight.

Praise for the liberator of Rome poured in from national leaders Tuesday, including Reagan, who said, "Gen. Clark proudly wore the uniform of an American soldier—with courage, dignity, integrity and, above all, honor.

"Gen. Clark's memory will live forever in the hearts of his countrymen," Reagan said "we are free because of men like him. His professionalism and dedication will be the standard of every soldier who takes the oath to defend our nation. Nancy and I extend to Gen. Clark's family our deepest sympathies."

Meanwhile, flags at all federal buildings in the state were lowered to half-staff at the request of Sen. Ernest F. Hollings, D-S.C., who called Clark a "soldier's soldier and a patriot's patriot."

"Our nation has lost one of its most courageous and dedicated soldiers—a man who pledged his entire life to serving our country and the military," Sen. Strom Thurmond, R-S.C., remarked. "General Clark was a personal friend, so his death is a great loss for me, as well as for the nation I am deeply saddened by his passing. However, his accomplishments—both in the Army and at The Citadel, where he served with distinction as its president—will certainly live on."

Clark was "one of America's last, truly great heroes," Rep. Thomas F. Hartnett, R-S.C., said.

"He felt such a real deep love for this country and the way of life he had fought to preserve," Hartnett said. "He was one who really wanted to take the cream of America's youth and help mold them into the leaders we needed in the future."

Rep. Butler Derrick, D-S.C., mentioned the summer camps Clark established for youths at The Citadel. Clark made a "tremendous contribution" to South Carolina as president of The Citadel, he said.

"The nation suffered a great loss," Derrick said. Clark "will go down in history as one of the great warriors of our time, together with Gens. (Dwight D.) Eisenhower, (Omar N.) Bradley, (George S.) Patton and others, as World War II heroes "

"General Clark will long be remembered as a great patriot and a great leader both on the battlefield and as president of The Citadel," Gov. Richard W. Riley added. "He had an enduring love of country throughout his life and a later love for South Carolina, which he made his adopted state after his retirement from the military.

"He endeared himself to all South Carolinians as an outstanding general and war hero and as an inspiring leader of young men at The Citadel who came under his guiding hand," Riley said.

Charleston Mayor Joseph P. Riley, Jr., who graduated from The Citadel during Clark's presidency, said the city and nation have "lost a very special citizen.

"It was Charleston's great fortune that after Gen. Clark's extraordinary military career . . . we enjoyed 30 years of his leadership at The Citadel and in our community," Mayor Riley said. "Gen. Clark was active in our community up until just the last few months. He would not miss a community function if it was physically possible, also he was interested in his neighborhood and I would frequently hear from him in that regard."

North Charleston Mayor John E. Bourne Jr., said Clark's death marked "the passing of an era," and the state's adjutant general, Maj. Gen. T. Eston Marchant, said Clark was "one of the most respected and admired Americans in our country's history."

Citadel Board of Visitors Chairman George C. James, contacted in Sumter, said Clark "was the kind of fellow who really wouldn't have wanted too many flowery things said about his passing." But, he said, "It's a sad occasion for the country and the world to lose a man like that."

Retired Gen. William C. Westmoreland, who had served under Clark in the Korean War, remembered Clark as a man who treated him as a son.

Clark did a magnificient job heading The Citadel, Westmoreland said. "They were kind of made for each other. It was a perfect fit."

The burial site between Mark Clark Hall and Summerall Chapel, in front of the bell tower, was chosen by Clark.

A hearse will carry the casket to The Citadel's main gate shortly before noon Thursday, where it will be met by six honorary pallbearers chosen by Clark and eight cadets who will be the active pallbearers.

Clark chose four classmates from his days at West Point—Gen. J. Walton Collins, Maj. Gen. Charles H. Gerhardt, Maj. Gen. William C. McMahon and Gen Matthew B. Ridgeway—to act as honorary pallbearers, along with current Citadel President Maj. Gen. James A. Grimsley Jr. and Maj. Gen. Charles E. Saltzman, a friend and member of The Citadel"s Board of Visitors Advisory Committee, spokesmen said.

Four units of 66 cadets will be assembled on the school's parade ground, and the funeral cortege, headed by the honorary pallbearers, will move down the Avenue of Rememberance to Summerall Chapel, where a brief funeral service is scheduled to begin at noon.

The funeral service will be conducted by Col. Sidney R. Crumpton, who was chaplain of The Citadel from 1962 to 1974 and 1976 to 1977. He will be assisted by Chaplain Gordon E. Garthe, chaplain to the Corps of Cadets.

There will be about 250 seats available for the public in the chapel, and a public address system will be set up outside for those who are not able to find seating.

Following the service, the cadet pallbearers will take the casket to the gravesite through a column formed by the 82nd Airborne Division Honor Guard from Fort Bragg, N.C. The cadets gathered on the parade grounds will present arms when the casket is moved, and "Ruffles and Flourishes" will be played by The Citadel Band.

The eulogy written by Graham will be read by Crumpton at the gravesite. Graham is in Europe on an evangelical crusade.

During the burial, three volleys will be fired and a cadet bugler will play "Taps." After the casket is lowered into the grave, a flag draping the coffin will be folded and presented to a member of the family.

Pentagon officials said Tuesday the official delegation to the funeral is expected to include Army Vice Chief of Staff Gen. Maxwell R. Thurman and several World War II dignitaries.

Citadel spokesmen said they expected to know today which other dignitaries would be attending the funeral.

[From the (Charleston, SC) Evening Post, Apr. 19, 1984]

GEN. MARK CLARK LAID TO REST ON CAMPUS OF SCHOOL HE LOVED

(By Edward D. Murphy)

Retired Army Gen. Mark Wayne Clark was buried today beside the building that bears his name on the campus of The Citadel, where he served as president for more than 11 years.

Clark, who died early Tuesday at the age of 87, selected the tree-lined gravesite between Summerall Chapel and Mark Clark Hall. Present-day cadets, past graduates, military leaders, politicians and foreign representatives were on hand to see his casket lowered into the grave.

The funeral procession came through Lesesne gates on Moultrie Avenue about noon, and was led by the Citadel Bagpipers playing "Gen. Clark, Liberator of Rome," as they moved along the Avenue of Rememberance to Summerall Chapel.

Following the bagpipers were 10 honorary pallbearers, then the hearse that carried the body of Clark, one of the leading generals of World War II who commanded the 5th Army forces in Italy that opened the first front on the European continent and liberated Rome.

Military men and women snapped to attention as the hearse, preceded by the American flag and flanked by eight Citadel cadets, slowly moved along the avenue. As the hearse stopped at the chapel, the Citadel Band played "Onward Christian Soldiers."

A large crowd had gathered near the entrance to the chapel and paid silent respects to Clark.

Clark, the general who liberated Rome in World War II and who later signed the armistice that ended the Korean War, wanted to be remembered not as a war hero, but as a soldier and the president of the college he loved. So the headstone on his grave identifies him simply as an Army general and president of the military school.

After he retired from active duty, Clark became president of The Citadel in 1954. He stayed in that post until his retirement in 1965, and was then named the school's only president emeritus.

Honorary pallbearers included one of Clark's classmates from his days at West Point—Gen. William C. McMahon.

Other honorary pallbearers were Citadel President Maj. Gen. James A. Grimsley Jr.; Maj. Gen. Charles E. Saltzman; Gen. Bernard Rogers, the supreme allied commander in Europe; Gen. Calvin G. Ryan; Gen. Lyman Lemnitzer; Gen. William C. Westmoreland; Army Vice Chief of Staff Gen. Max Thurman; Adm. Jerauld Wright and Gen. C.V.R. Schuyler.

Leading the official delegation to the funeral was Secretary of the Army John Marsh, representing President Reagan.

Others expected to attend the funeral were retired Army Gen. Maxwell Taylor.

Both of South Carolina's U.S. Senators—Republican Strom Thurmond and Democrat Ernest F. Hollings—were there, along with Gov. Richard W. Riley, U.S. Rep. Thomas F. Hartinett, R-S.C., and Mayors Joseph P. Riley Jr. of Charleston and John E. Bourne, Jr., of North Charleston.

The funeral began shortly after noon in the chapel, with a brief service highlighted by the reading of a homily composed for the funeral by the Rev. Billy Graham. The evangelist was in Europe and could not attend the funeral.

Former Citadel chaplain Col. Sidney R. Crumpton read the homily, then later the eulogy, which was delivered at graveside.

Following the service, pallbearers took the casket from the chapel to the grave through a column formed by the 82nd Airborne Division Honor Guard from Ft. Bragg, N.C.

A 17-gun salute was fired during the burial and a cadet bugler played Taps. Four cadet units were on the parade grounds facing the chapel during the funeral procession, the service and the burial.

Clark was buried in his uniform with his cap and gloves.

Wednesday night, hundreds were at Stuhr's downtown funeral chapel to pay respects to Clark.

The guest book was sprinkled with military titles, and one man noted that he was in Florence, Italy, when the Clark's forces liberated the city during World War II.

There were wreaths from the Citadel, the Association of Citadel Men and The Citadel Class of 1958, which was the first class to spend a complete four years under Clark's presidency at the institution.

Other wreaths came from various military units and organizations, and one from the Indiana National Guard, where Clark was an instructor from 1929 to 1933.

Wreaths were also sent from Austria, where Clark commanded postwar occupation forces. One wreath was from the city of Linz and had a banner attached that read, "We Didn't Forget."

[From the (Charleston, SC) Evening Post, Apr. 19, 1984]

THE HOMILY

The following is the homily written by the Rev. Billy Graham for use at Gen. Mark W. Clark's funeral today:

We are gathered here today to pay our respects to Gen. Mark Wayne Clark.

Gen. Clark was much more than a soldier—he was a soldier/statesman; a man who saw the big picture. He had all the qualities that would have made him a great president of the United States.

It was my privilege to know him first in the winter of 1952. I was in Tokyo, Japan, on my way to Korea near Christmas to speak to missionaries and Christians in Korea, when totally unexpectedly I was asked to come to his office. I did not know that he had ever heard of me. I went, and after a rather long chat he turned to me and said, "Mr. Graham, I would like for you to go to Korea and preach to the troops at Christmas. Everyone will cooperate and it will be a great encouragement to our troops." I was overwhelmed, and immediately answered that I would. I wrote a book about my experiences.

When his time was finished in the Far East, it was my privilege to be with him on a number of occasions. He honored me by giving me an honorary degree at The Citadel, and he invited me to speak here on a number of occasions. I had talks with him a number of times and from his lips I heard some of the most thrilling stories about World War II, the Korean War, politics and religion as we sat for hours at a time either alone, or with friends.

There are many lessons we can learn from his life. But today I would like to briefly mention four.

First, Mark Clark was a man who was concerned with quality not quantity. He believed that a well-trained, well-disciplined, courageous fighting unit could overcome an enemy that was numerically superior. And he proved it during the long and bitter Italian campaign of World War II.

His writings and speeches show that he returned from Europe convinced that every man in the Army should be trained first as an infantryman before going on to other specialized training. When the situation demanded it, he wanted every man in the Army—cook, driver, typist, mechanic, everyone—to be trained and able to pick up a rifle and take his place on the fighting line.

As Chief of Army Field Forces from 1949-52, he put his ideas into practice and today's training still reflects his influence.

In his emphasis on quality rather than quantity, he mirrors the experience of one of the great military commanders in the Bible—a man named Gideon.

Second, Mark Clark demonstrated his belief in commitment, not convenience. His four decades of military service were punctuated by long and painful separations from his family. He was unable to attend his daughter's wedding and almost missed his son's because of his commitment to this country and to duty.

Service of any kind—military, political, or spiritual—has never been a matter of convenience and it never will. Somehow, in our modern age, we have allowed ourselves to become captives to set periods of time. We want to know just exactly how long everything is going to last, and when the time is up, we're ready to pack up and go home.

But the people who have left their mark on history have been those who committed themselves to a task with no thought of quitting until it was finished. I believe we need to recapture that spirit in America today.

Gen. Clark once closed a speech commemorating the anniversary of the Chaplains Corps by quoting these lines:

There are people who carry life's burdens,
Their own and others beside:
There are people who stand in their places,
And who stand there whatever betide.
There are two kinds of people—you know them
As you journey along life's track,
The people who take your strength from you,
And the others who put it all back.

As he observed the world picture at the end of the Korean War, Mark Clark considered the global struggle and wrote something we should recall today:

"Perhaps, both sides, with the frightening instruments of total destruction in their hands, may decide that these terrible weapons must never be used. I pray fervently that this be true, not only because of the lives that would be saved, but also because I know America can reap a richer harvest from peace than can her enemies." ("Calculated Risk," p. 330)

But he also had a conviction that peace will be granted us only if we are strong. He believed that peace, like life itself, was a matter of commitment, not convenience. Mark Clark, lover of peace, believed that there are certain things for which a man must be willing to lay down his life.

Thirdly, Mark Clark believed in character, not compromise. He was always concerned about the spiritual lives of those under his command.

While serving as Chief of Army Field Forces, he was observing a live ammunition training exercise in which recruits crawled on their bellies under barbed wire while machine gun bullets were being fired over their heads.

He noticed a group of chaplains standing nearby, also observing, and asked one of them if he had been through this training exercise. When the chaplain said, "No," Gen. Clark said, "Don't you think it would be a good idea if you shared the hardships and the dangers of the men and went through these exercises?"

From that time on, he officially urged chaplains to share as many of the trainees' hardships and dangers as they could. By making the long marches and crawling through the mud with the soldiers, the chaplains gained the respect and confidence of the men. The result was a marked increase in the rapport between the chaplains and the soldiers, and increased chapel attendance, not just in training, but also in combat areas.

He once told of receiving a letter from a woman who said she hoped he would make a man out of her son who had just enlisted in the Army. She hoped that the Army would develop her son's character.

Mark Clark wrote her back, saying that he would do his best to see that her son's military service would help him. But, he said, the Army would have her son for only 18 months. She had had him for 18 years. He closed by reminding her, and all of us today, that the job of developing character in our youth is primarily the responsibility of the home, the churches, and the schools. Mark Clark believed in character.

And finally, Mark Clark was a man who believed in Christ. His belief was more than just an intellectual assent or lip service to Christian ideals, but a personal faith in Christ as his own Lord and Savior.

In 1953, he concluded an Easter message to all those serving in Korea by saying:

"Easter, commemorating the resurrection of Jesus Christ, is a time of renewed conviction in the triumph of life over death, of good over evil, of the spiritual over the material. That conviction will carry us through whatever lies ahead."

As we honor Gen. Mark Clark today, his life and his memory challenge us to live lives of quality, of commitment, and of character.

Today we do not say goodbye to Mark Clark. We say, as the French would say, "Au revoir!" "Till we meet again."●

A PEACE ACADEMY IN OUR TIME?

● Mr. SYMMS. Mr. President, it can be very difficult to oppose the Peace Academy, if for no other reason than its name. But I honestly fear that the academy, if approved, would give peace a bad name.

The fundamental idea of the Academy is to foster conflict resolution between the superpowers; and if the United States and the Soviet Union, in their great struggle over values, resembled disgruntled spouses in need of a marriage counselor. A former and distinguished colleague of ours, Senator S. I. "Sam" Hayakawa, recently paid a visit to my office to discuss this flawed foundation of the Peace Academy proposal.

In his eloquent way, Sam highlighted the serious weakness of the plan, which he called hopelessly Utopian.

First of all, those advancing the Academy concept are seeking a moral balance, a moral equivalency that just does not exist in the real world. Senator Hayakawa and I find it absolutely appalling that American taxpayers could be asked to underwrite a scholarly dogmatism that belittles American values, while glossing over the defects of the Soviet system. The Academy charter, which has a distinct emphasis on peace over liberty and freedom, blurs the distinctions between the democratic West and the totalitarian East.

Second, assuming that this is a worthy idea, why seek public financing, instead of private-sector support for the Academy? After all, the American taxpayer is already supporting the State Department and the United Nations. If the professional diplomats in these institutions cannot bring us peace, can a Peace Academy do the job?

Third, the Academy, as proposed, has a mandate to facilitate "justice," be it economic or political "justice." This grants the Academy the right to lobby for a world in its own ideological image.

Finally, in the context of the Soviet Union, the Peace Academy is toothless. The Academy's reports or "findings" are hardly going to induce the Soviets to withdraw from Afghanistan or cause them to alter their stated course of world domination. I do not believe that a dictatorship capable of scattering boobytrapped toys around Afghan villages is likely to quake at the prospect of a pedantic scolding from the Peace Academy. You would do better to hit them with pillows.

The superpower that has built up imperial garrisons in Cuba and Nicaragua, subsidized and fostered international terrorism and murdered innocent airline passengers, is hardly going to recognize the efficacy of constructive dialog and "workshops" on hostility. It would be an obscenity to equate the genocide of the Cambodian people with a breakdown in communications.

As columnist George Will noted:

> The idea of a Peace Academy flows from many premises, all mistaken. One is that mankind's "natural" condition is peace, the breakdown of which results from remedial "mistakes" and "misunderstandings." Another premise is that peace can be taught as a discrete subject, like dentistry.

Mr. President, a Peace Academy would be as effective and as relevant to preventing war as the Kellogg-Briand Pact, which outlawed the Second World War. I ask that an article by Jeffrey Salmon and Richard DiEugenio in the fall 1983 edition of the Journal of Contemporary Studies be printed in the RECORD.

The article referred to follows:

A U.S. PEACE ACADEMY?

(By Jeffrey Salmon and Richard DiEugenio)

The United States government is on the verge of creating a wholly new kind of institution of higher learning called a "U.S. Academy for Peace." This is, we are told, "an idea whose time has come." The academy would be a federally funded national university dedicated to the search for peace—designed, in columnist Jack Anderson's words, to "train young Americans to promote peace, just as the three military academies prepare young Americans to fight when war breaks out."

As currently envisioned in legislation with good prospects of passage in both the House and the Senate, the academy would be established at an estimated cost of $23.5 million or perhaps even lower—far less, as proponents are fond of pointing out, than the price of many a tank or airplane that may not even work. Specifically, its mandate would be to conduct research on peace and conflict resolution, provide degree-granting peace education and research programs at the graduate and postgraduate levels; publish scholarly works; establish a clearinghouse for disseminating information from the field of peace learning to the public and to governmental personnel; and make grants to support and promote peace studies to "educate the Nation about this field."

Activities such as collecting information on past successful and unsuccessful peace negotiations seem wholesome enough, and the idea's almost universal popularity among Republicans and Democrats alike is not surprising. Support has come even from such normally conservative senators as Jepsen (R-Iowa), Simpson (R-Wyo.), and Cochran (R-Miss.). After all, senators and congressmen, like most Americans, are disposed to do what they can to advance the cause of peace, and in any case, peace makes good politics. Why not go ahead with the experiment? Who indeed would want to stand up in opposition to peace?

LEARNING PEACE

Proponents argue that regardless of substantive impact, the Peace Academy would be *symbolically* invaluable as a tangible sign of America's commitment to a more peaceful world. The United States spends vast sums on its military establishment and it is morally disgraceful, in this view, that there has never been any concomitant national effort to foster peace. We need, then, "an official arm of our U.S. Government committed first of all to peace."

While this symbolic importance is stressed, it is also, and more fundamentally, argued that a U.S. Academy for Peace (USAP) would greatly enhance the development of a new discipline of potentially critical human importance, "peace learning." As Senator Jennings Randolph (D-W.Va.) explained: Conflict resolution, or management skills, is an emerging social science. It has so much to gain from so many fields, and there is a desperate need to pull together, collect and correlate the work already being done in those fields. Somehow we must work to find ways to incorporate all this immense, diverse growing fund of human knowledge into a workable new science of peace learning and then we must transmit it to others.

Legislation for the academy resulted directly from recommendations of a blue-ribbon governmental study commission, the "U.S. Commission on Proposals for the National Academy of Peace and Conflict Resolution." The commission report stressed that the USAP would have great practical utility for the U.S. government because it would "amplify the field of peace learning and extend peacemaking expertise. . . ." The report cites approvingly the testimony of one witness that "peace studies and conflict research are pointless . . . if they are without practical application in the real world."

Exactly how, then, is the Peace Academy going to further peace? Here one might justly become a little vague—after all, the academy is presumably set up partly to answer this very question. However, many proponents have been quite clear about their vision of the general outline, if not all the details, and at this point it is worthwhile to delve into some of their deeper analyses. One authoritative source is a statement of support by a prestigious organization called the Center for Information in America, whose editorial advisory board comprises, among others, such notable public figures as Professor Henry S. Commager; Richard Cortright of the National Education Association; Sister Sarah Fasenmyer, dean, School of Education, Catholic University; and Philip Handler, president of the National Academy of Sciences. This group's argument makes apparent a certain kind of commitment to social change: Experience has shown that only the legitimating structure of a formal institution can provide the necessary impetus of [positive] change. Institutions serve a vital regulatory function. They channel human action and provide procedures for guiding human conduct in accord with the desires of society. But, the nature of this relationship is such that, not infrequently, the desires of society manifest themselves and find clear articulation only after an institution is born. In other words, society sometimes must be shown (usually by a few courageous visionaries) what it ultimately wants but is unable or unwilling to achieve.

It is clear enough that in this view our current leadership, and indeed the American "establishment" generally, fails to articulate society's true inner desires. It is only upon being taken over by these nonestablishment visionaries that society will discover its real desires, in terms of a number of truths that the publication asserts repeatedly. These include the notions that American foreign policy and policymakers are hopelessly ethnocentric and inculcated with a zero-sum mentality in which "every situation must produce a winner and a loser; the idea that situations can be manipulated so that all parties emerge victorious is anathema." A false division of the world into crude "us-them," "good-bad" categories is assumed to underlie U.S. participation in global politics.

The Center for Information excoriates the institutions of our national Government: Government of, by, and for the people has become government from, without, and against the people. Disinterest has bred abuse; trust, cynicism; and ignorance, manipulation. Where once there was (or so we like to think) confidence, pride, and allegiance, now there is timidity, selfloathing, and egoism.

These are serious charges—so serious, indeed, as to cast into doubt the apparent moderation of the proposed remedy. We are told that as U.S. citizens we must counterbalance our government's "negative approach to peace" by taking "positive measures . . . we must look to the creation of new institutions that hold that attainment of peace to be their raison d'être." The solution is before us. "Unknown to most Americans, a unique opportunity to make up for this institutional shortcoming has presented itself: a proposed National Academy of Peace."

It is quite possible that the more expansive visions of the Peace Academy's role in American life will not prevail, but in any case its basic design has become clear. It is to be an activist institution in the service of major social change. And most importantly, its activity is to be defined by an essentially novel if quite popular academic discipline, "peace studies."

PEACE STUDIES

Thus whether or not the idea for a national peace academy is benign turns to a large extent on the nature, goals, and methods of "peace studies" learning and political action. Indeed, it is fair to view the proposed academy as only the most recent and conspicuous manifestation of what is unquestionably a burgeoning national movement for peace studies.

Peace studies programs, which are also taught under the rubric of world order studies, are proliferating at both the undergraduate and graduate levels all over the country. Prior to 1967, Vermont's Manchester College had the nation's only peace studies program. Then campus turmoil over the American involvement in Vietnam gave the world order approach its first substantial inroads into academia, and by 1971 some fifty colleges and universities maintained such programs. After this brief period of great popularity, interest in peace studies declined as memories of the war faded during the decade of the 1970s—although almost all the courses and programs, which by then had been institutionalized, survived intact. This apathy toward the field lingered into the early 1980s, when enthusiasm and programs picked up as the nuclear freeze movement gained popularity. The Spring 1983 edition of "World Policy Forum" published by the World Policy Institute (formerly the Institute for World Order) reported "a tremendous growth in the development of peace and social justice courses and, more narrowly defined, nuclear war education." The Forum added that it simply could not count the number of new courses and programs that were springing up.

Thus we are in the midst of what has been called a "virtual explosion" of interest in the field: according to even the most conservative estimates, full peace studies programs are now in place in at least eighty-nine colleges and universities. The movement seems at this point quite likely to become a powerful force in American education. Especially if it succeeds in gaining the federal government's seal of approval in the form of the national Peace Academy, the peace studies approach may well dominate our nation's political education in the 1980s.

IDEOLOGICAL UNDERPINNINGS

In order to judge the import of this success, it is necessary to understand that peace, or, as they are sometimes known, "world order" studies represent a radical break with the traditional or classic "power politics" approach to the study of international relations. According to the world order school, the concept of balance of power, with its nearly exclusive focus on the activities of nation-states, is incapable of explaining the myriad changes and new actors that have emerged in world politics since the end of World War II. As one recent publication on peace and world order puts it, "the balance of power framework that has guided U.S. foreign policy for more than three decades no longer provides a reliable map for thought and action in an increasingly interdependent world." Due to the advent of nuclear weapons, the growing economic interdependence of states, and threats to the planet's ecosystem resulting from overpopulation, pollution, and resource depletion, the traditional "self-help" or state-of-nature system that once drove world politics must, world order advocates say, give way to common efforts for global preservation and peace. Safety can no longer be the handmaiden of brute force because the narrow self-interested pursuit of power can only lead, in this world of megatonnage overkill, to global destruction. Consequently, a new school of international politics that takes a global perspective—that rises above mere national interest—must replace the anachronistic and indeed humanity-threatening approach that regards state interests as prior to planetary concerns. Since it espouses the view that unless revolutionary new ways are found to cope with our planetary woes, the earth faces nearly inevitable destruction, the global perspective asserts not only an analytical superiority to balance-of-power approaches but an ethical superiority as well.

Organized around the potent central themes of the failure of power politics to bring about world peace and the danger of nuclear armageddon, peace studies programs have thus expanded in scope to include the entire "new agenda" of international politics. Among the key assumptions common to much of the literature on peace learning and to many of the programs are that the "Soviet threat" is vastly overrated; that the United States is somehow the principal threat to world peace; that "power politics" is evil and dangerous, the product of an increasingly obsolete nation-state system; that no legitimate purpose could ever be furthered by using even one nuclear weapon; and that even the mere possession of nuclear weapons poses unacceptable risks.

The ultimate purposes of the world order agenda are clearly articulated in one of the seminal works of the peace studies literature, Peace and World Order Systems: Teaching and Research, by Paul Wehr and Michael Washburn. The authors argue that while the war in Vietnam failed to have any lasting beneficial influence on elite attitudes towards world politics, the vast expansion of the study of peace and future world orders in academia since that war is very encouraging because "peace researchers and teachers are increasingly determined to play a more active role in public education and policy formation." Wehr and Washburn's claims for the potential influence of these academic activists are, from this point of view, optimistic indeed. They consider the university the critical focus for effective world order thinking and eventual global transformation. In an effort to give peace studies what they term "its own theoretical rationale," Wehr and Washburn argue that "the model for a viable future global system must first emerge within the university itself if that community is to train the shapers of the global community." And that model will come not from traditional political science or international relations classes, but from the study of peace.

Table 1 delineates the overall scope of the world order discipline as drawn up by Richard Falk, a key spokesman for the peace studies movement. Clearly the discipline is designed to encompass a startling variety of subjects. Indeed, even the most cursory review reveals that world order courses span an enormous quantity of subject matter. Curriculum proposals from such organizations as the Consortium on Peace Research Education and Development (COPRED) and the World Policy Institute, as well as actual peace programs, reveal peace-related courses in nearly every conceivable discipline.

TABLE 1.—SCOPE OF WORLD ORDER INQUIRY

Level and perspective	Unit of analysis	Explanatory focus
I—Religion Culture	Civilization	Beliefs, symbols Myths, values Consciousness
II—History	Nation State Region World	Events Patterns, laws Narrative line
III—Politics	Polity State State system	Power, authority Influence Leadership
IV—Economics	Society Market Class	Wealth, trade Ownership Productive process Capital Accumulation Process
V—Psychology	Person Group Species	Inner man Motivation Behavioral patterns
VI—Biology	Species	Evolutionary patterns
VII—Anthropology	Tribe Society	Alternative societal forms
VIII—Ecology	Ecosystem Biosphere	Nature Ecological principles
IX—Astrophysics	Stars, planets Solar systems Galaxies Universe	Physical laws and relations

Source: Richard A. Falk, "Contending Approaches to World Order," in Peace and World Order Studies: A Curriculum Guide (New York: Institute for World Order, 1981), 3rd ed., p. 43.

Yet despite this comprehensive scope the field in the end is narrowly circumscribed, for it seeks to confine thinking and research to a well-defined political perspective. This is easily illustrated by glancing at the formal course titles for peace studies programs. For example, in the Winter 1981 edition of the International Peace Studies Newsletter, Theodore Herman of Colgate University presented a total of 133 different course titles that were being taught. A representative sampling of these includes "Modern American Violence," "Alternative Life Styles," "Socio-Cultural Futures," "Toward a Human Economics," "Introduction to Global Poverty," "Peace Conversion," "Cooperative Global Living," "Philosophy of Social Change," "Intellectual History of Nonviolence," "Women's Liberation and Ethics," "The Anti-War Novel," "Self, Society and Conflict," "Biology of Human Behavior," and "Game Theory, Stimulation and Conflict Analysis." Yet among these 133 actual courses, and indeed among the fifty or so syllabi examined in the course of research for this article, there was not one course even remotely related to Soviet politics, culture, or foreign policy—an astounding omission. While such topics no doubt are being treated in some peace studies programs, it is nonetheless significant that none of them merits reference in the major literature on curriculum development.

Peace studies has always expressly been a multidisciplinary or transdisciplinary field of research and teaching, and very few, if any, current programs are isolated within a single department; rather, they may span the disciplines from political science to history, from sociology to astrophysics. This multidisciplinary focus is considered important because it breaks out of the intellectually crippling confines of the traditional separation of learning into arbitrary fields, enabling the student to see problems as an interrelated whole and, consequently, to figure our how to solve them. The intention of such an approach, as one world order advocate puts it, is that "rather than function as the central intelligence agencies for the status quo, our educational systems must become servants of genuinely progressive social change."

This perspective accurately characterizes proponents' overall approach to the study of politics: the purpose is not so much to learn about the world as to change it. The program is, it is eminently fair to say, ideological—and most peace studies advocates openly avow their intent. One prominent spokesman, Roy Preiswerk, goes so far as to argue that the solution to the problem of today's dehumanized, irrelevant, and dangerous educational system is a new social science with an explicitly egalitarian ideological grounding. "There is no science without ideology," Preiswerk contends, and this new social science "must be committed to the reduction of social inequality." Scholarship, in short, is to be in the service of politics, or more exactly, in the service of a particular political purpose and program.

Such overt calls for an ideological discipline within the university are to be found throughout the peace studies literature. Education is considered simply as a tool to be used to enhance the possibility of political and social transformations. It is typical of such an approach to politics that the ends to be sought through political activism are generally agreed upon; it is only the means that demand study and debate. Thus Wehr and Washburn note that one major peace studies effort, the World Order Models Project, "has projected alternative global normative systems, an essential step in identifying a set of survival values that the global community can embrace." For these experts the difficulty lies "not so much, perhaps, in identifying the ends the world's populations should be striving for as in defining the means by which we can realize them." In peace studies, the "ought" is given.

The problematic aspects of proposing to transform American education to the ideology of peace studies and to institutionalize this ideology in a national university are perhaps most evident when we examine the values students are to inherit with their B.A.'s in peace. As we have seen, the adoption of a "planetary" or global perspective is intended to create a body of student and eventually professional activists bent on radical transformations of domestic and international "governance" structures; and their activities are to be encouraged by institutional means such as, most notably, formal "internship" programs. Wehr and Washburn insist that providing internship programs for active engagement in the peace and conflict process is "in many ways the most essential ingredient of peace and world order studies." Jerry Folk, writing in the journal Peace and Change, contends that a peace studies program is clearly "incomplete" without a "peace action" component. "Moreover, this component must be seen not as a mere formal requirement, or a tail on the donkey, but as an important, even indispensable part of a well-balanced peace studies program.

These internships are designed to take place in urban environments, though some will occur in an international setting. Curiously, however, it is not the international possibilities for "experiential learning" that attract Wehr and Washburn; there is no detailed account, for instance, of how one hires on for a semester or two with UNESCO or the like. What proponents of world order studies discuss and promote is active intervention in the struggles for equality occurring in America's cities. This field work must not only provide a ground for testing the theories of conflict resolution learned in the classroom against the actual practice of community service, but also must be designed to exert a genuine influence on some current urban crisis.

Some problems, however, are not amenable to solution through negotiation or conflict resolution techniques; one must turn in these cases to the "peace-building skill" known as "creative conflict." As defined by Wehr and Washburn, creative conflict is a catalytic process by which latent conflict symptomatic of unjust relationships is transformed into overt conflict. Once out in the open, it can then be regulated to create more just and harmonious relationships between antagonists. Such conflicts are sometimes called empowerment struggles.

One wants to avoid unfair exaggeration. Not all peace studies programs are set up to train and graduate a core of activists ready to invade our cities and smash the system. The various programs are diverse in their requirements, and there is good reason to believe that only a minority offer anything modeled on these creative conflict internships. However, the peace studies literature makes clear that this lack is to be considered a great defect, for without proper "hands-on" experience in creative conflict and peace action, students will be ill-equipped for real-world application of their knowledge.

Returning to the authoritative views of Wehr and Washburn, it becomes evident that central to this peace studies ideology is the conviction that the great powers are equally degenerate: "The political and moral bankruptcy of the two superpowers' policies produced Vietnam, Czechosolvakia and Watergate." And again, "In the USSR, the Military Industrial Commission is the counterpart of the state managerial administration in the United States." Or, as Preiswerk puts it more generally, the United States and the Soviet Union are equally "supermonsters." Such moral myopia naturally seeps into the way in which books are read and interpreted, and can extend to quite absurd lengths. In discussing U.S. institutional failures and corruption during Vietnam, Wehr and Washburn offers the following analogy: "Solzhenitzyn chronicles *the same institutional concentration of power* in the Soviet governmental institutions [as in the United States] in his *Gulag Archipelago*." Thus the discipline that seeks to replace ethically neutral social science with a value-oriented approach cannot distinguish between the ethics of Communism and the ethics of liberalism. This is not surprising, given that the peace studies advocates' elevation of "peace" above all other goals necessarily blurs the distinction between the different political, moral, and ethical philosophies of the United States and Soviet Union.

We have seen, moreover, that peace itself rests on the creation of universal justice defined in terms of equality. So long as individuals are denied access to power sufficient to satisfy their various needs and desires, "Empowerment struggles" will be justified, with conflict the natural and indeed proper result. Paradoxically, the quest for a lasting peace may well require the advocacy of war, or "creative conflict" in the softer words of the champions of peace studies.

Now what this would mean for a U.S. Peace Academy remains obscure, though we are given sobering hints by its proponents. With a mandate to further peace, the academy could not be arbitrarily limited in scope. For example, one of the members of the commission on proposals for the academy, William Lincoln, has testified during Senate hearings that it would be impossible to limit the activities of a Peace Academy to the realm of foreign affairs or international conflict: "In the interests of intra- and international security, justice is the goal, justice is the mission." The argument is that since much of the world's conflict—domestic as well as international—results from the unequal distribution of wealth, the denial of basic human rights, and a wretched standard of living, a Peace Academy must reflect this reality and include domestic as well as international conflict within the scope of its research and teaching. In fact, during one Senate hearing it was especially noted that even though there is no explicit reference to a domestic focus for the academy, nothing in the legislation as currently drafted would preclude such activity.

Thus the current legislation is certain to be interpreted by some to expand vastly the scope and mandate of the Peace Academy's activities—far beyond the bounds anticipated by many of its cosponsors. Given the activist nature of the peace studies movement, the likelihood that a USAP would eventually take an interest in domestic politics is far from remote. Indeed, such political activism would appear to be a natural outcome of any successful peace academy.

A PERNICIOUS IDEA

It is true that at first blush, the growth of peace studies and the creation of a U.S. Academy for Peace appear unobjectionable. Much of modern education lacks a concern with ethics and so seems impotent and irrelevant to young minds aching for a better world. Moreover, who can question the need for greater study of conflict resolution in a geopolitical situation ripe for conflagration? Finally, why take issue with such a relatively inexpensive national commitment to peace and conflict resolution as the USAP?

Yet despite this allure, peace studies and the federally funded academy reveal themselves as, in essence, an ideological assault on traditional education. Rather than expand our ability to understand the world around us, peace studies, with its fearful unwillingness to distinguish between totalitarianism and liberty, distorts reality by making all differences of principle seem unimportant and hence subject to easy compromise. This perception so warps the simple truths of politics (e.g., that there is a considerable difference between the Gulag and American involvement in Vietnam) that peace studies graduates will end up utterly incapable of comprehending world politics, let alone bringing about peace.

In setting forth the intellectual roots of the USAP we have tried to deepen the debate over this institution. Quite clearly the Peace Academy represents an "easy vote," for in the politically charged atmosphere created by the nuclear freeze movement no congressman wishes to have to explain a vote against "peace." But in resisting a political stampede for a national peace university, Congress would save the public more than money. We would all be spared the institutionalization of an ideology that threatens our ability to educate the young and distorts sober reflection on American foreign policy.●

SUPER COP—WILLIAM H. WEBSTER

● Mr. HOLLINGS. Mr. President, the April 1984 issue of the Washingtonian includes an excellent article entitled "Super Cop" by Blaine Harden. The "Super Cop" is our distinguished Director of the Federal Bureau of Investigation, the Honorable William H. Webster.

As the former chairman, and now ranking minority member of the Commerce, Justice, State, and the Judiciary Subcommittee that controls the funding of the FBI, I have more than the usual interest in the Bureau's activities. For more than 13 years—longer than any other Senator—I have served on the subcommittee.

In 1972, I managed the bill while our former colleague, the late, distinguished Senator from Arkansas, John McClellan campaigned for reelection, and held the last hearing that J. Edgar Hoover attended. Those were the days of closed hearings with much discussion off the record, a fact I regret as I have struggled to rebuild the record of that historic hearing.

For example, Director Hoover told us that day that he did not want the FBI Building then under construction named after him. Shortly after his death, Congress did approve naming the building the J. Edgar Hoover Building. Unfortunately, it was impossible to document that it was against Mr. Hoover's wishes as that remark was apparently made off the record.

Over the succeeding years I have known Mr. Hoover's successors, the short-termed L. Patrick Gray III, and the even shorter termed William D. Ruckelshaus, Clarence M. Kelly, and, since 1978, Judge Webster.

Over the intervening years we have opened up our hearings and have markups in the sunshine. At the same time, Judge Webster has restored the FBI. Together we have worked to expand the Bureau into its new activities in drug law enforcement. Each day seemingly brings new results of that effort that has successfully linked the Bureau and the Drug Enforcement Administration. At the same time, we have maintained the priority for foreign counterintelligence, terrorism, white collar crime, and the other vital crime-fighting activities of the FBI.

Mr. President, I commend this article to my colleagues and ask that it be printed in the RECORD at the conclusion of my remarks. It is no secret that I am a great admirer of Judge Webster. He has restored the great respect that the Bureau has always enjoyed with the American people. The article describes several instances where the Director has withstood political pressures in maintaining the FBI integrity as the Nation's preeminent law enforcement agency.

In my opinion, if President Reagan had nominated Judge Webster to be Attorney General, he would have avoided the current difficulties. I daresay that he would have been confirmed unanimously.

The article follows:

SUPER COP

(By Blaine Harden)

For J. Edgar Hoover, the moment would have been delicious. The forum was a hearing before a friendly, almost fawning Senate subcommittee. The star witness was the director of the Federal Bureau of Investigation. The senators were asking hanging-curve-ball questions—the kind any self-respecting small-town police chief, let along America's top cop, could hit out of the ballpark.

Senator John P. East, the conservative Republican from North Carolina, threw the fastest pitch of all. He asked if the balance in law enforcement in the United States had tipped "against society and in favor of the criminal element."

Had Hoover been asked such a question, the Director would have rounded up his usual suspects for the decline of Western Civilization. They included, in Hoover's words, "theorists, pseudocriminologists, hypersentimentalists, criminal coddlers, convict lovers, and fiddle-faced reformers." Crooks were "rats," those who kept them out of jail were "yammerheads," and that, in Hoover's cosmology of criminal jurisprudence, was that.

The FBI director, however, who had to answer Senator East's question was William H. Webster. And Webster, ignoring the senator's invitation to law-and-order demagoguery, responded with a 700-word lecture on justice in America. First, he stroked East's ego by assuring the senator that this question was intelligent. Then the director (only Hoover, dead twelve years, is the Director) acknowledged "serious problems" in the criminal-justice system. He said legal technicalities should not protect those who are clearly guilty of crime. But he added that police must always understand and honor those technicalities, no matter how complicated. Webster closed by saying that he felt the rights of society and of accused lawbreakers were in a near "state of balance."

It was all so smooth, so measured, so unquotable, so utterly unlike anything J. Edgar Hoover said in his 48-year reign over the FBI. Indeed, a couple of Webster's remarks made him sound suspiciously like a "theorist" or even a "yammerhead." Webster had refused to play ball with East's lock-up-the-vermin biases. He had gently chastised the senator for paying more attention to appearance than to fact. But he was so blandly polite about it that the senator did not seem to notice.

That answer stands as a near-perfect example of what William Hedgcock Webster has done at the FBI. The former federal judge from St. Louis—who has run the FBI for more than six years, longer than anyone except Hoover—has radically changed the mission, image, and techniques of America's only national police force. Yet "the judge," as he like to be called, has been so polite, so studiedly colorless that few Americans seem to have noticed either the magnitude of the changes or the man who effected them. The judge has presided over an anomalous era at the FBI, an era in which the Bureau has become both bigger and less publicized, more powerful and less feared, more capable of violating the civil liberties of Americans and less disposed to do so.

The FBI's Webster era, however, may soon end. The judge does not plan to complete his ten-year term as director, a non-renewable term that expires in 1988. He has told friends that he has accomplished what he set out to do when he moved to Washington in 1978 and that he will probably leave the FBI in August when he becomes eligible for a government pension.

William Webster's departure raises the possibility that the FBI again could become what it was for much of the 1960s and '70s—a highly politicized, often out-of-control secret police. In 1973, William Ruckleshaus, during his tumultous 70-day tenure as acting FBI director, warned that the Bureau has "enormous power and thus can be a force for evil as well as good. . . . The FBI does not exist aside from the people in it. More particularly, it owes much of its force, effectiveness, and tone to its director."

Civil libertarians, fearful of the past repeating itself and already exorcised by Ronald Reagan's nomination of Edwin Meese III as attorney general, are afraid that Webster's successor will be neither as non-ideological nor as independent as the judge. They fear that, unlike Webster, a new FBI director will be unwilling to stand up to his boss in the Justice Department. Meese, a law-and-order activist who is known in the White House as "Officer Ed," made no secret of his distaste for legal technicalities that interfere with criminal prosecutions or for judges who meddle in social issues.

"If and when Webster leaves and we get somebody Reagan selects, we can only expect real problems," worries Representative Don Edwards, once an FBI agent and now a liberal California Democrat who chairs the House Judiciary Subcommittee on Civil and Constitutional Rights.

The FBI director who succeeds Webster will take control of a 20,000-member police force that, said Webster in an interview, "is not like any traditional bureaucratic organization. . . . It wants to respond to leadership." Those who worry about a replay of the bad old days at the FBI would do well to understand what sort of man Webster is and how he has so quietly expanded the power of a paramilitary bureaucracy where the three most powerful words in the English language continue to be "The director wants. . . ."

As an appointee of Jimmy Carter's, Webster came to Washington to salvage an agency whose reputation had taken a precipitous fall. Under Hoover, the Bureau had insinuated itself into American mythology as the epitome of right-thinking, clean-shaven, crook-catching professionalism. That myth was soiled in the 1970s by Senate investigations and news reports exposing the FBI's seamy side. Between 1965 and 1975, according to Gallup pollsters, the percentage of Americans who gave the FBI a "highly favorable" rating fell from 84 to 37 percent.

FBI agents, in the public mind, were no longer fearless, upstanding G-men. Some appeared as black-bag thugs for whom illegal break-ins, blackmail, and bedroom buggings were all part of a crusade called COINTELPRO. That counter-intelligence crusade was supposed to protect "right-thinking" Americans from those who, in Hoover's words, were "subversive force[s] dedicated to the complete destruction of our traditional democratic values."

Webster, according to civil libertarians who had been most critical of the Bureau, quickly convinced his agents that no one would get ahead in his FBI by tromping on the civil rights of any American. In a characteristically quiet, evenhanded decision, he fired or disciplined FBI supervisors who had ordered illegal surveillance of relatives and friends of the Weather Underground fugitives. He refused to punish, and won the allegiance of, agents who had simply followed orders. Webster demanded more legal training for FBI agents and made sure they were apprised within 48 hours of changes in federal law related to their investigative authority.

"Whatever maverick FBI agents there are out there around the country, if they stray away from the legal path, they know they will not get support in Washington," says Frank J. Donner, a civil-liberties lawyer and author of The Age of Surveillance. "The perception of risk [for renegade agents] is greater under Webster than it has ever been before."

Webster also has given the FBI the independence to dare disagree with public statements by the President—something that Hoover, for all his vaunted power, almost never did. Webster's independence survived Carter's defeat and has been asserted repeatedly, if diplomatically, under Ronald Reagan. In the fall of 1982, Reagan said there was "plenty of evidence" that the Soviet Union had "inspired" and was "manipulating" the US nuclear-freeze movement. Last August, Webster flatly, but quietly, said Reagan was wrong. In a written reply to a question from Senator Orrin G. Hatch of Utah, Webster stated, "There is no evidence . . . that the Soviets or the organizations they control have a dominant role in the US peace movement."

While tidying up the FBI's image, Webster has—again, quietly—expanded his power. His FBI has won sharp increases in spending on law-enforcement hardware and personnel, as well as far-reaching increases in investigative authority.

Since Webster took over in 1978, the FBI's budget has more than doubled to just over $1 billion a year. With an 8.8 percent increase in the 1985 budget request, a request that is usually sacrosanct in Congress, the Bureau is one of the fastest-growing parts of the federal government.

The number of FBI agents is at an all-time high of 8,488 (with a record 11,580 clerical and technical employees). By the end of next year, the Bureau will have spent more than $430 million for a computer-network and communications system that will permit almost instantaneous access in 59 field offices to the FBI's huge criminal and investigative data bank.

In the wake of Abscam—Webster's most publicized and, for the most part, applauded investigation—the FBI has made an unprecedented plunge into undercover operations that rely on bribe money, underworld informants, electronic bugs, and concealed cameras. These undercover operations target individuals who, in Webster's words, "smell" suspicious. In the past six years, the annual number of these investigations has increased sixfold, from 56 to more than 315. Undercover spending on bribe money and equipment, not counting salaries, has increased ninefold.

Building on changes initiated by his predecessor, Clarence M. Kelley, Webster has backed the FBI away from its obsession with bank robbery and car theft and aimed it at investigations of white-collar and organized crime, espionage, and terrorism. When the Reagan administration pressured Webster to do more about violent crime, he moved the Bureau into drug enforcement, a move that Hoover had long resisted for fear his agents would be corrupted. In one of the smoothest bureaucratic takeovers ever seen in Washington, Webster two years ago gained control of the Drug Enforcement Administration (DEA), with its 2,200 agents and $290 million budget. He appointed his loyal friend and former FBI executive Francis M. (Bud) Mullen to run the agency. On a hot-line telephone, Webster calls Mullen's office nearly every day.

The cap on Webster's empire-building is a new set of guidelines expanding the FBI's authority to investigate and infiltrate domestic political groups. The guidelines replace more restrictive rules handed down in 1976 by former attorney general Edward H. Levi, rules that were intended to prevent a recurrence of past FBI abuses. The new guidelines, issued last year by Attorney General William French Smith, allow the FBI to launch a full-scale investigation based entirely on "advocacy" of crime, particularly violent crime. They also allow the FBI to amass dossiers, using public information, on any domestic group. Finally, the new guidelines allow preliminary investigations—using informers and undercover agents—to begin solely on the basis of an "allegation or information indicating the possibility of criminal activity."

Webster has built a law-enforcement empire that is more powerful than anything Hoover ever had. Yet the judge says he will not allow the FBI to run roughshod again over the constitutional rights of Americans. And many of the FBI's most severe critics believe him.

"On civil liberties, it is the difference between night and day in Hoover's era and Webster's FBI," says Jerry J. Berman, legislative council for the American Civil Liberties Union.

"Webster is not ideological. Without question he has changed the style of the FBI. He is not deceptive," says Victor Navasky, editor of *The Nation*, a liberal journal that for decades was shelved in the FBI's New York field office alongside Communist-produced publications.

Judge Webster, quite simply, is an easy man to trust. It begins with his looks. Good looks, often underestimated as a part of leadership, are especially important in the FBI. Back in the early 1960s, when 40 million Americans tuned in to The FBI television show every week, Efrem Zimbalist Jr. epitomized the perfect G-man. He was handsome, polite, smart, patriotic and neatly attired. Hoover admired Zimbalist so much that, according to one of his publicists, the Director demanded that FBI recruiters look for new agents who conformed to the "Zimmy image." Webster does. If anything, the judge is better looking and better dressed than Zimmy.

Webster's eyes are blue, his jaw is square, and his waist is trim. He has what one friend calls a "pixie" smile. When he gets angry, associates say, his blue eyes turn cold, his soft voice grows even softer. Webster's dark-brown hair is always crisply parted, and his hairline is as resolutely nonreceding as Reagan's (Webster's hair is trimmed regularly at FBI headquarters by Ray Cabacar, a former Navy steward who is also the chief cook in the FBI executive dining room.)

A Christian Scientist, Webster rarely drinks and never smokes. The drink in his hand at official Washington gatherings is usually 7-Up.

Griffin B. Bell, the former attorney general who has said Webster's selection to run the FBI was Carter's best appointment, says the judge was chosen because "he was intelligent, had unusual balance, was a straight-arrow type, and had a patrician approach. He is quiet and he moves in quiet ways."

Webster invariably dresses in dark suits, usually pin-striped, with cuffed pants, button-down shirts, and prep ties. At the age of 60 with gray beginning to frost his temples, he has the look of a well-born, well-compensated executive who keeps in shape at the country club.

Tennis is Webster's passion. Friends say he is a sound player, more driven to win than skilled. He plays several times a week at St. Albans Tennis Club against members of the Washington establishment, including members of Congress and prominent journalists such as synidicated columnist Carl Rowan and Fred Graham of CBS News. "He has a funny-looking serve," says Graham, who often reports on the FBI. "But he beats players you wouldn't think he could." Graham says there is "some truth" to the notion that Webster's friendship with selected Washington journalists has helped diffuse the mutual hostility between the FBI and the media in the 1970s.

The son of a prosperous St. Louis businessman who owned and operated a number of small firms, including the St. Louis Ear Mold Laboratory, Webster grew up wanting to be a laywer. He attended Amherst College, a highly regarded liberal-arts college in Massachusetts where a midwesterner can make career contacts and acquire a bit of eastern sophistication. Former CIA director Stansfield Turner, a college classmate and friend, says Webster was a serious student "but not a stick-in-the-mud." He headed the debating club, belonged to a fraternity and two honor societies, and went to church regularly. At Amherst, Webster established a pattern for professional probity and high-brow social involvement that he has maintained throughout his life.

After serving in the Navy in both World War II and the Korean War and graduating from Washington University Law School in St. Louis, Webster built a $120,000-a-year corporate-law practice in his hometown. (His net worth when he was confirmed as FBI director in February 1978 was $880,296.) He and his wife, Drusilla, belonged to several exclusive clubs in St. Louis, and one of their daughters was a debutante at the Veiled Prophet Ball, an event sponsored by that city's oldest, most powerful families.

Since coming to Washington, Webster and his wife have become regulars at black-tie social events and diplomatic parties. Friends say the judge enjoys and is good at social hobnobbing. He is past president of the Alfalfa Club, an exclusive organization of powerful Washington men. But unlike many of his high-powered peers, Webster does little official entertaining at home. He usually invites only close friends, many of them from St. Louis, to his $358,000 house in Bethesda. (The house, on a wooded lot with a swimming pool, is not guarded by the FBI. A driver takes the director to and from work in a government sedan. A close friend says Webster insists on sitting beside the driver in the front seat.)

In St. Louis, Webster was active in Republican politics and served two years as a US attorney. President Nixon chose Webster in 1971 to be a US district court judge, and he accepted the $40,000-a-year job, although it meant a big cut in pay. He took the job, he says, when the country "was going through the riots, the burning of ROTC buildings and so forth. I was convinced that the next generation would question whether the system works. Some of us could prove maybe that it did work."

In 1973, Nixon elevated Webster to the 8th US Circuit Court of Appeals, where he compiled a generally conservative record. He was unwilling to let police procedural errors interfere with criminal convictions, but he often stood up for the constitutional rights of minorities. He was labeled a "do-gooder" by the warden at the St. Louis City Jail after he ordered sweeping reforms to correct what he termed "inhumane" conditions.

Webster was one of six people whose backgrounds were checked when a vacancy opened up on the US Supreme Court in 1975. For much of his life, friends say, Webster has coveted a seat on the high court. He lunches several times a year with his friends Chief Justice Warren Burger and Associate Justice Harry Blackmun, usually in the Supreme Court dining room.

When Webster learned he was being considered for the FBI job, he went to a St. Louis public library and took out several books on the Bureau. He had never wanted to be an FBI agent, had never considered running the national police force. He decided to take the job, he says, for the same reason that he became a judge: He is a patriot, and his country needed him. Weeks before he moved to Washington, the St. Louis Post-Dispatch carried a profile of the local-boy-turned-number-one-G-man. The story, quoting an unnamed long-time friend of Webster's, assessed his character this way:

"If a pie is on the table and everybody's got a knife and fork, Bill is not going to take a back seat. He will be polite, of course, but he will get his share of the pie."

Webster quickly proved he was capable of getting his share of the pie here. He rebuilt the FBI far more successfully than had his predecessors in the 1970s—Clarence Kelley, William Ruckelshaus, and L. Partick Gray III. (Gray was indicted for approving illegal break-ins when he was acting director in 1972-73. Charges were later dropped for lack of evidence.)

Unlike Hoover, Webster did not rebuild the FBI by playing to a national audience. The judge avoided the theatrics that had prompted former senator George Norris of Nebraska to brand Hoover "the greatest publicity hound on the American continent."

Beginning in the late 1930s, Hoover put together a public-relations machine that made certain that all of the FBI's successes were attributed to the Director's personal vigilance. Hoover led carefully staged raids on the hideouts of gangsters and racketeers. He developed a friendly stable of writers who fed FBI-approved stories to magazines, movies, radio shows, even comic books. An official FBI photograph of Hoover in 1944 carried this caption: "Tough and looks it, is Mr. J. Edgar Hoover. . . . This stockily built chief has a sensational record for bringing public enemies of all kinds . . . to justice. Mr. Hoover is the hero of all American schoolboys."

When Webster came to Washington, he chose not to be a hero. "There was a conscious effort on Webster's part to keep the FBI publicity mechanism from deifying him," recalls Russell J. Bruemmer, a law clerk to Webster in St. Louis who came to the FBI as a special assistant to the director. Webster warned the FBI press office not to tell reporters that his favorite dessert was apple pie. (Hoover had publicized his taste for Key-lime pie.)

Webster changed the time-honored FBI practice of using an Autopen to sign the director's signature to thousands of routine documents. He delegated authority like a corporate chief executive officer, giving power to three executive assistant directors who operate as group vice presidents for administration, law enforcement, and investigation. Although he is far more accessible to Congress and the press than Hoover ever was, Webster never speaks out of school. He talks slowly seeming to examine the implications of each word. His public statements are invariably balanced, often boring.

Webster's only venture into big-time image-making, the FBI-sanctioned ABC television show Today's FBI, was as balanced and boring as the director's speeches. In G-Men, a recent book about the FBI, social historian Richard Gid Powers says the agents of Today's FBI were "careful to explain, justify, and apologize for every move they made, as though there were a posse of ACLU lawyers, PTA fuss-budgets, and the editorial board of The Nation lurking just out of camera range, ready to push the 'abort' button the first time an agent bumped into the Bill of Rights." The show was canceled after one season because of low ratings.

Webster has attained his goal of not becoming a national celebrity. His FBI, according to Powers, has an image in the popular culture that has evolved beyond Hoover's G-men and the black-bag thugs of the '70s. That new image, says Powers, "is a washed-out nothing."

Webster told me that a lower profile for the FBI "is consistent with a long-term approach to doing our best work. A pattern had developed over 48 years of focusing on the director. . . . I think there is more potential for the director to damage the FBI by his own public actions than there is for him to enhance it.

"When I sit down with you, I'd like to think I've earned the right to be believed. You are not sitting there saying, 'Is he lying to me?' I don't think hero-making, in the long run, will serve that purpose."

The director's emergence as a non-hero may have washed the color out of the FBI's public image, but it has not kept Webster from building and consolidating power. Herbert Kaufman, a former senior fellow at the Brookings Institution and author of a study of the administrative behavior of federal bureau chiefs, says strong connections in Washington are far more important in running a bureaucracy than is a national constituency. "The visibility thing," says Kaufman, "is somewhat overdone."

On a level that is usually invisible, Webster has proved himself a master at the bureaucratic game. Taking advantage of a mandatory 55-and-out retirement rule that forced 800 agents to leave the FBI the month he arrived. Webster began installing younger agents in high-level positions. Within a few years, nearly every senior official in Bureau headquarters and in the 59 field offices was a Webster appointee whose loyalty was to the current director, not to the past.

Unlike his friend Stansfield Turner, who bloodily cut 154 senior employees out of the CIA and precipitated a much-publicized collapse in spy morale, Webster was careful not to arouse the ire of the career agents who make the FBI one of the federal government's most insular bureaucracies. Webster did not demote older agents, and, according to his former special assistant Bruemmer, he never denigrated them, even among intimates. The judge simply waited for them to retire—as about 43 percent of them have.

In the meantime, Webster enthusiastically paid homage to the FBI's sacred cows. He never misses the annual meeting of the 8,000-member Society of Former Special Agents. Last year at their meeting in Denver, he gave the retired agents, many of whom have important contacts with law-enforcement and political leaders around the country, a glowing report on what he called "our FBI family." Like Hoover, Webster attends quarterly graduation ceremonies at the FBI National Academy at Quantico, Virginia, where each year 1,000 police officers from around the country are taught how to fight crime the FBI way. Webster often tours FBI field offices; in Washington, he poses for pictures with visiting field agents. He attends funerals of agents killed in the line of duty and personally comforts their widows.

Outside the FBI bureaucracy, Webster has been equally diligent in touching all the power bases. He repeatedly has referred to the attorney general as his boss, something Hoover was loath to do. Webster makes a point of inviting FBI critics to lunch. Navasky, the editor of The Nation, has lunched with Webster, as has Jerry Berman of the ACLU. After Abscam, when the National Association of Arab Americans objected to FBI undercover agents posing as Arab sheiks, Webster invited members of the group to voice their complaints in his office.

The site of most of his bridge-building is the FBI executive dining room, located about 30 feet down the hall from Webster's imposingly large office on the seventh floor of the FBI building. After arriving at work at 8:30 am, Webster breakfasts there nearly every morning. He lunches there about three times a week. About half of the meals are given over to "outsiders"; the rest are briefing sessions with FBI executives.

Most important, Webster has developed a rapport with members of Congress who have come to trust his judgment and believe his words. Unlike Hoover, who usually made one Capitol Hill appearance a year (before a doting House Appropriations subcommittee that served up puffball questions), Webster testifies before Congress at least eight times a year, and the questions are often critical.

"When Hoover was alive, you got nothing. There were no hearings, and everybody [in Congress] was afraid of him," says Representative Edwards. "Webster has been forthright, an honest administrator . . . a cool head."

The judge came to Washington determined to be believable. "What I brought with me, I think, was the benefit of the doubt," says Webster. "From then on, it was up to me to never do anything to cause people to wonder." According to Russell Bruemmer, the director's former aide and close friend, "Webster sensed that his credibility and integrity before Congress were the two things that could buy him time to prove he could run the Bureau."

Five months after Webster came to Washington, his signature was affixed, with an Autopen, to a letter that was glaringly false. That letter was sent to then-representative Paul McCloskey, a liberal Republican from California. McCloskey had asked Webster if a former Black Panther leader named Elmer "Geronimo" Pratt had been the target of the FBI's Counterintelligence Program (COINTELPRO) at the time of a 1968 murder in Santa Monica, a killing for which Pratt had been convicted and was serving life in prison. Webster's letter said flatly, "You may be assured that Pratt was never a target of the FBI's COINTELPRO."

FBI documents proved otherwise. The documents, obtained by Pratt's lawyers under the Freedom of Information Act, said the Bureau had a plan to publicize Pratt's "illicit sexual activities" and to "attack, expose, and ridicule the image of [Pratt] amongst current and past membership" of the Black Panthers.

McCloskey, having seen these documents, wrote back to the director, cited evidence that the earlier Webster letter had ignored, and accused the FBI of "acting defensively." McCloskey, who now practices law in Palo Alto, recalls he was astonished at Webster's reaction.

"By God, he called me back in 24 hours. He ordered an immediate investigation. Within a week, I was invited to a meeting with Webster and his staff," says McCloskey. "Any leader is not going to say, 'My staff has lied to me'. But it was quite clear from the way he gave instructions in the meeting that he knew they had not told him the truth. They came back with a much more detailed report, conceding they had targeted Pratt."

Recalling the incident, Webster says he was angry at his subordinates for not doing their "homework." He feared the error would damage the credibility on which he hoped to rebuild the FBI. Webster often invokes the Pratt affair, aides say, to demand that documents prepared for his signature be checked for accuracy. "Being a straight arrow," says former FBI special assistant Steve Andrews, "is very important to the judge."

To remain a straight arrow at an agency that has sullied the reputation of previous directors, Webster has relied on his experience as a judge. For more than six years, he has hired temporary "special assistants"—young lawyers, most of them former clerks to federal judges—to sniff around the Bureau. Reporting only to him, they annotate sources for speeches, review applications for wiretaps, and assess progress of undercover investigations. While they are resented by FBI career bureaucrats, they have been useful. It was a special assistant, for example, who handled the Pratt foul-up.

Even his critics say Webster thinks like a judge. He monitors federal court rulings around the country and orders FBI agents to modify their behavior according to the most recent decisions. "He is a judge in a bureaucrat's role, a balancer who tries to weigh conflicting interests," says Jerry Berman of the ACLU. "He is politically tuned to both the right and left, and he manages to walk a very bright white line down the middle of the road."

For all his judicial finickiness, Webster's tenure at the FBI has been marked by several errors of judgment and major investigative failures. These failings, according to congressional staffers who keep tabs on the FBI, have occurred, in part, because Webster is too much the judge and not enough of an expert on how to control undercover operations.

In Abscam, in which undercover agents offered bribes to lawmakers in exchange for favors, a Senate select committee found that the FBI kept sloppy records of tapes and phone conversations, had poor reporting from the field to headquarters on what was going on, and gave convicted con man and middleman Mel Weinberg too much latitude in directing the operation. While appeals courts have upheld all seven convictions of congressmen who accepted Abscam bribes, Webster has admitted that the FBI could have done a better job. "I wish now we had more documentation," he said in 1982. "But [we] always improve on the next operation."

Not always. Two years after Abscam, the collapse of an undercover operation in Cleveland showed that the FBI under Webster can be farcically incompetent. In "Operation Corkscrew," the idea was to uncover corrupt judges in Cleveland's municipal court. The investigation was built around a middleman named Marvin Bray, a court bailiff who was supposed to be offering FBI bribe money to judges but was instead pocketing the money and taking the Bureau for a ride.

The FBI made it easy for Bray. Cleveland agents working with the bailiff failed to make a routine computer check to see if he had a criminal record. He did, for burglary. An FBI undercover agent, who met with two "judges" whom Bray claimed to have bribed, did not check to see if they were, in fact, judges. They were not. One was a bailiff, the other a housewife. To spot the ringers, the agent would only have to walk into the courtrooms of the real judges and look at them.

Throughout Corkscrew, the FBI demonstrated a stubborn refusal to believe that Bray was a liar. Even after the FBI figured out that Bray had forged signatures and staged a taped conversation—with Bray playing the roles of both briber and judge—he was sent out to bribe another judge. The only indictments to come out of Corkscrew were against Bray and his make-believe judges.

Webster says that the problem with the operation "was simply this: A young agent failed to do what he was instructed to do. . . . Corkscrew is unfortunate, but it doesn't represent something wrong with undercover work."

Operation Corkscrew does represent something wrong with the way the Bureau supervises undercover operations, according to Representative Edwards, whose Judiciary subcommittee reviewed the entire 28,000-page FBI file. "The Bureau didn't have the proper safeguards in place. They thought they were supervising, but they weren't," says Edwards. The subcommittee found that the FBI's undercover review committee (which Webster points to as a centerpiece of the Bureau's ability to control undercover operations) had almost no role in controlling Corkscrew. The review committee gave six-month approval for the operation in late 1979 but did not meet to discuss the operation again for a year. The subcommittee found no documents suggesting that the FBI supervisor in Washington, who was responsible for Corkscrew, had criticized the operation.

"It was a case of Abscamitis. There never was any solid evidence indicating the judges were corrupt," says one senior congressional staffer who is familiar with Corkscrew. "Webster believes that the undercover review committee has an important role. He thinks that because he has guidelines and procedures, everything will be all right. But in Corkscrew, it didn't filter down."

Webster himself is partially to blame for the Cleveland fiasco, Edwards asserts, because the director "did not go beneath the surface on what the facts were."

Inside the FBI, those who have worked closely with Webster say he is quick to spot fuzzy thinking in subordinates, but he is limited by his lack of law-enforcement experience and his corporate management style.

These aides say it was incompetence, not bad faith, that caused the FBI to withhold information from a Senate committee in its review of the nomination of Raymond J. Donovan as Secretary of Labor. The Donovan affair provoked the bluntest criticism of the FBI since Webster became director. A report of the Senate Committee on Labor and Human Resources said, "The FBI's inaccuracies, lack of clarity, and untimely production [of information on alleged ties between Donovan and organized crime] compromised the Senate's ability to inform itself."

A former FBI official says foul-ups like Corkscrew and the Donovan case are inevitable in the Bureau under Webster: "The risk is, every once in a while one of these things is going to get a little out of hand before the operational guys tell the director what is going on."

It would be shortsighted to make too much of Webster's blind spots. They are the inevitable result of placing a judge and an outsider in charge of an inbred police force. No one suggests that Webster covers up these foul-ups once he finds out about them.

Far more significant than his mistakes is the revolution Webster has wrought in how the Bureau goes about defending the nation from crimes and criminals that have aroused widespread public anxiety. The dimensions of this little-noticed revolution can only be understood by looking back at how deftly the Bureau—before Webster—exploited nationwide paranoia.

From its creation in 1908 through the early 1970s, the Bureau expanded its power and widened its domain by plugging into a series of national menaces. In 1910, the menace was "white slavery. "There was widespread, and mostly unfounded, hysteria that white women were being spirited off to houses of prostitution. Stanley W. Finch, head of the Bureau of Investigation (as the FBI was then called), told Congress that "unless a girl was actually confined in a room and guarded . . . there was no girl, regardless of her station in life, who was altogether safe." The upshot of Finch's testimony was passage of the Mann Act, which resulted in significant expansion of the Bureau's authority.

Similarly, the Bureau shrewdly plugged into the menaces of "the radical element" during World War I, kidnapping and gangsters in the '30s, Communists in the '40s and '50s, black activists and assorted "radicals" in the '60s. In G-Men, Richard Powers writes, "Each time, the Bureau was the effective means whereby the law could be mobilized in a pageant of popular politics: Through highly publicized dragnets, the Bureau sought to demonstrate the government's opposition to unpopular behavior or opinions."

In the 1980s the great new menace is terrorism. There is widespread public fear of terrorist attacks in the United States. The White House, Capitol, and State Department are now fortified to ward off suicide bombers of the kind that last year killed 241 American servicemen in Beirut. Reagan-administration officials, especially former Secretary of State Alexander Haig, have claimed Soviet influence over terrorism worldwide, including inside the US. Fear of terrorism pushed the Justice Department last year to relax guidelines for opening domestic-security investigations.

Through it all, Webster—in a historic departure from the behavior of past FBI directors—has refused to exploit public anxiety over terrorism in a way that might endear him to the President or enhance the power of the FBI. Dissatisfied with the FBI's ability to gather and analyze information on terrorism, Webster ordered new personnel to look at the issue. "He felt his own people were giving him rhetoric, not enough substance," says Bud Mullen, formerly one of the FBI's top three executives. "He wanted to be sure the FBI was not hyping the numbers."

The director shot down Soviet-conspiracy theories in 1981, saying in a television interview, "Within the US, we seem at this point to be free of any type of direct deliberate Soviet domination or control or instigation of terrorist activity." He told a House subcommittee in February that while terrorism was a major concern of the FBI, there had been a decrease in the number of terrorist incidents in the US. He said there were 31 such incidents in 1983, down by 40 percent from the previous year. In that hearing, Webster volunteered that he had "never felt that the US was very fertile ground for development of virulent terrorist groups."

While refusing to exaggerate this new menace, Webster has taken the FBI into law-enforcement areas that are less likely than terrorism to capture the public imagination. The average man, George Orwell wrote, "wants the current struggles of the world to be transformed into a simple story about individuals." Hoover instinctively understood this. The Director found individual enemies for the average man: John Dellinger, Baby Face Nelson, and the Ten Most Wanted. Webster does not seem to worry about the average man's hunger for a simple story. His FBI investigates commodity-option swindles, suspected fraud in the failure of the Penn Square Bank in Oklahoma, and organized crime control of trash collection in the Bronx.

"The greatest damage is done not by individuals, but by groups," Webster says. "We still respond to every bank robbery, but we don't ring the firebell and empty the office."

Webster has led the FBI into areas where it is unlikely to get the quick, clean results Hoover insisted upon. In the last two years, the FBI has devoted about one-eighth of its manpower to organized-crime involvement in drug trafficking. Despite the investment, there has been little change in the availability of illicit drugs in the U.S. The purity and supply of cocaine have increased sharply in the past two years, as prices have gone down. According to Russell Bruemmer, Webster's former special assistant, "It doesn't bother the judge to take the FBI into areas where you are not going to get impressive crime-solving statistics and where public understanding is not well defined."

Webster has been able to force these far-reaching changes in the 76-year-old habits of the FBI because of the changes he has chosen not to make. The judge has carefully preserved the paramilitary structure of the Bureau. As it was under Hoover, the FBI is rigidly hierarchical, highly disciplined. Its employees are exempt from civil-service protections. "Which means I can fire people," says Webster. "I can transfer as appropriate. We do have discipline, and we accept it."

"Webster's FBI has hired many female and minority agents. Most are hired in their early twenties and plan to remain in the Bureau their entire career. Management positions are nearly always filled from within. "Sure, they are hiring women and blacks, but they still take these young people when they are not fully formed," says one Hill staffer who has watched the FBI for a decade. "They turn them all into G-men—make that G-persons."

The FBI also remains obsessed with secrecy. FBI "raw files" are still all but unavailable to outside review. Bureaucrats outside the FBI "family" are still regarded with suspicion. Webster has pushed Congress to exempt the FBI from certain disclosure requirements of the Freedom of Information Act. Since the FBI took over the Drug Enforcement Administration, the General Accounting Office—the investigative arm of Congress—reports it access to DEA investigative files has dried up. "It is far easier to get secret information from the Pentagon about weapons than it is to get anything from the FBI," says Representative Edwards.

As William Webster says, the FBI "wants to respond to leadership." The nationwide resources of the Bureau—its growing computerized information network, its broad authority to initiate undercover operations and domestic surveillance, its highly disciplined agents—are all at the disposal of the director. This was true under Webster, and after his retirement, it will be true under whoever replaces him. The FBI remains a loaded gun.

By exercising his power judiciously, Webster de-fanged the FBI's critics in the press and in Congress, reducing public scrutiny of the Bureau while making it even more powerful.

The choice of the next director, which Reagan will probably have to make in the late summer of 1984, is an appointment with Orwellian implications.

In nominating Webster, President Carter put aside partisan considerations. The Democratic President—sensing the need for an FBI director of unimpeachable integrity—picked a Republican, a patrician, a judge clearly more conservative than he. In selecting Webster's successor, Reagan also would be well advised to downplay politics in favor of character. Considering its shadowy past, its newfound strength, and the abiding power of the director, the FBI more than ever needs a director who understands and is devoted to the Bill of Rights.

Echoing the concerns of several former special assistants to Webster, Russell Bruemmer warns, "The FBI still attracts people who respond to the director's determination of what the law should be."●

INTERNATIONAL MONETARY FUND

● Mr. GARN. Mr. President, last year I supported Senate action approving the United States' portion of an increase in the funding of the International Monetary Fund for two primary reasons. First, it protected U.S. exports and U.S. jobs. Without the funding increase, debtor nations would have been forced to drastically cut their imports from the United States and elsewhere. The sudden loss of these markets would have resulted in widespread unemployment in U.S. agriculture and industry.

The second key reason for my support of increased IMF funding was that it enabled the Fund to continue working with debtor countries to help them help themselves. The IMF loans that were funded did not constitute a "bailout" for either the debtor countries or the banks. To the contrary, as preconditions to the IMF loans, the debtor countries were required to adopt sound economic policies and the banks were required to contribute to the workout by increasing their own lending.

An "Outlook" column in the April 23, 1984, edition of the Wall Street Journal discusses recent events in Mexico. The tremendous strides that country has made toward solving its debt problems are the result of new policies developed through joint efforts by the Government of Mexico and the IMF.

Such a success story supports the wisdom of the Senate in acting last year to enable the IMF to continue this important work.

I ask that the Wall Street Journal column be reprinted in the RECORD.

The article follows:

[From the Wall Street Journal, Apr. 23, 1984]

WORLD DEBT PROBLEMS EASE—AT LEAST FOR NOW

(By Art Pine)

WASHINGTON.—At the height of the global debt crisis last February, Citicorp banker George J. Clark outraged members of the House Banking Committee by arguing at a hearing that Mexico would bail itself out of the worst of its problems more quickly than most people thought.

Although things admittedly looked bleak, Mr. Clark predicted, "We will see a very rapid turnaround" in Mexico "within 18 months." At one point he even ventured that, with a little bit of luck, people soon would be pointing to Mexico as a model of how a country can pull itself out of the mess.

Disbelieving lawmakers all but sneered at Mr. Clark's ebullience, but so far if anything he has proved to be too conservative. It took only eight or nine months—not 18—for Mexico to begin showing improvement. After an initial slash in imports, Mexico's trade balance is in surplus, and its exports have begun growing again. The country is meeting its borrowing needs without serious difficulty. There is even speculation now that in a year or two Mexico may be able to resume borrowing at market rates. Its belt-tightening efforts have become the envy of other Third World governments.

The vignette may not exonerate bankers for their past overoptimism, but it does illustrate a point: In the past 18 months, both creditors and debtors have done a lot to adjust to the debt problem. Like any long-overdue adjustment, this process has had it uncertainties and confrontations. But there has been gradual improvement. So far, the world has been able to muddle through.

There's a parallel, up to a point, with the oil crisis of the 1970s: When oil prices quadrupled in 1974, global hand-wringing quickly reached a frenzy. The financial system would be strained to the point of rupture. The Arabs would use their new-found billions for political blackmail. The oil cartel would be unbreakable. Developing countries would be unable to withstand the pain. Most ominous, there was the dreaded "recycling" problem: The oil price jump would give the Persian Gulf states billions of dollars in new revenues; if the world economy were to keep functioning, the money would have to be channeled back to the oil-consuming countries. Would commercial banks be able to handle the flow?

In reality, however, the world struggled through, with a few fits and starts: Floating exchange rates helped ease the financial strains. The Arabs kept their investments free of politics. The oil cartel began to weaken as soon as the U.S. decontrolled its petroleum prices. The West proved able to cut its oil consumption far more than had seemed imaginable. Developing countries survived. And the banks accomplished the "recycling" *too* well: Excessive lending to developing countries helped bring on the current debt crisis.

There were similarly dire predictions at the start of the current debt crisis: Borrowing countries would be unable to squeeze their economies enough to stay float. The financial system would be strained to the point of rupture. Borrowers would unite to form a "debtors' cartel" that would hold the banks hostage and repudiate outstanding debt. Austerity programs imposed from outside would rend the social fabric of the borrowing countries. Political instability and even revolution would result.

But these forecasts, too, have proved excessively pessimistic—so far. Industrial nations moved in with financial-rescue packages more efficiently than anyone expected. Borrowing countries have proved far more resilient than had been supposed. The austerity programs have pushed debtor countries to make long-overdue changes designed to streamline their economies. And debtor countries haven't formed a cartel.

The analogy to the oil crisis has its limits, of course. Most analysts agree the debt problem will be far more protracted than the oil crisis was, lingering on through the end of the present decade. And its resolution hinges on a broader and more complex set of developments—continuation of the recovery in the industrial world, a pickup in trade, an easing in the value of the dollar, a rise in commodity prices and moderation in interest rates—over which the lenders and borrowers have little control.

By common agreement, the biggest threat at the moment is the specter of rising interest rates. A sharp increase in debt-service costs quickly could undo any progress that's been achieved—a prospect "far more worrying than the doomsday predictions of 1982," an international official concedes.

Mounting protectionism also poses a danger: Trade restrictions by the industrial countries already are impeding the borrowing countries' efforts to sell their exports. Debt burdens still are growing. And there's increasing uncertainty about how long the debtor countries will be able to continue their austerity programs. Ironically, one problem is that the belt-tightening comes at a time when the Latin American debtor countries, at least, are moving toward a resumption of democracy; the more responsive a government must be, the more difficult it is to keep an austerity program in force.

Karl Otto Poehl, president of West Germany's Bundesbank, suggests the next steps in the "adjustment process" should be up to the banks-to offer debtors many concessions permitting easier repayment terms.

But there has been scant movement on this front. So the turmoil now seems likely to continue for the next several years-requiring a confrontation here and there to get movement on specific issues. The trick for all sides will be to manage that turmoil skillfully enough so the debt problem can be weathered.●

BILL GIANELLI RETIRES

● Mr. STAFFORD. Mr. President, at the end of next week, William R. Gianelli will step down as Assistant Secretary of the Army (Civil Works). Mr. Gianelli and his wife will be returning to California to what he describes as retirement; personally, I hope he will be able to resist that urge. We need Bill Gianelli's continued help in solving this Nation's water resources development challenge.

Those of us who have worked with Bill Gianelli will miss him greatly. He is a man of warmth, intelligence, decency and thoughtfulness.

While I am certain that he often felt frustrated during his 3 years in office, Bill Gianelli brought great tenacity and imagination to a very difficult job—the job of building support for our Federal water resources programs, particularly the work of the U.S. Army Corps of Engineers.

We must work to modernize the management of our water resources. Bill Gianelli realizes that. And in providing the leadership and vision, Bill Gianelli leaves having established himself as a great Assistant Secretary of the Army.

Before he came to Washington, Bill Gianelli had a long and distinguished career in water management. After taking an engineering degree at the University of California, he joined the California State Engineer's Office and the Department of Water Resources, serving in a variety of capacities. Following 7 years in a private engineering practice, Mr. Gianelli returned to State government as Gov. Ronald Reagan's director of the California Department of Water Resources.

While in that important job, he directed the completion of the initial features of the $2.5 billion California water project, much of which was financed with money from direct beneficiaries.

He also served, during that period, as a member of the National Commission on Water Quality, headed by the late Vice President Nelson Rockefeller.

From 1973 until the time he became Assistant Secretary in June 1981, Bill Gianelli again worked as a consulting engineer, specializing of water supply, water rights, and related problems.

It has been during the past 3 years that Bill Gianelli brought these experiences together to reshape our national water agenda. He forced us to examine a number of important and controversial issues, the most significant of which is the way project costs are shared and financed.

He clearly demonstrated the feasibility of increased non-Federal financing of Federal water projects when he was able to secure voluntary non-Federal commitments for higher levels of project funding on 16 new construction starts.

He instituted a process for two-step feasibility studies as a way to eliminate corps studies that were unlikely to produce practical project.

He developed major changes in the repayment policies of the Corps of Engineers for municipal and industrial water supply, increasing the recovery of Federal investments.

Mr. President, the members of the Committee on Environment and Public Works who have had the pleasure to work with Bill Gianelli will miss him, as will all proponents of sound water resources development policy.

Good luck, Bill, and thanks.●

LAWRENCE (LONNIE) HEINER

● Mr. MURKOWSKI. Mr. President, I take this opportunity to congratulate Lawrence E. (Lonnie) Heiner, president of NERCO Minerals Co., for being chosen as the Business Leader of the Year by the Associated Students of Business at the University of Alaska in Fairbanks. This award is just one of many recently bestowed upon Lonnie. He has also received the Distinguished Alumnus Award from the university and the American Institute of Mining, Metallurgical & Petroleum Engineers. In addition, he was recently recognized by the Alaska State Legislature for his "deep commitment to the People of Alaska and to the future of Interior Alaska." Lonnie's personal efforts on behalf of the business and civic improvements in the Fairbanks area are well known and appreciated.

I ask that an editorial which appeared in the Fairbanks Daily News-Miner on April 7, 1984, be printed in the Record at this point.

The editorial follows:

[From the Daily News-Miner, Fairbanks, AK, Apr. 7, 1984]

Recognizing a Commitment

Our congratulations to Lawrence E. "Lonnie" Heiner, who will be honored tonight by the Associated Students of Business as business leader of the year.

Heiner, president of NERCO Minerals Co., has shown a commitment to Interior Alaska that reminds us continuously of the vast potential of our area.

A graduate of the University of Alaska, Heiner in 1971 organized Resource Associates of Alaska. Over the years, the business grew from its small beginnings; its investments in Alaska minerals exploration now total more than $36 million.

After the business was acquired by NERCO Inc., an Oregon-based company, in 1981, Heiner remained as its president and then president of NERCO Minerals Co. At that level, he continued his commitment to Fairbanks, choosing to locate company headquarters here in a new office building that will bear NERCO's name.

Tonight, members of the business community will join the University of Alaska-Fairbanks students to pay tribute to Mr. Heiner for his contributions to our community. The honor is well-deserved.●

TRIBUTE TO ANSEL ADAMS

● Mr. BINGAMAN. Mr. President, I would like to take just a moment to pay tribute here in the Senate to the memory of Ansel Adams, who died this past Sunday.

Though he is now gone, this great photographer of the American West has left a rich legacy—the thousands of beautiful pictures he took over this long and prolific lifetime.

Adams was able to a remarkable degree to produce visual poetry with his camera. Through the eye of his lens he captured forever the greatest natural monuments of the West in all of their majesty and their many moods. Who can forget Adams' Yosemite, or his Kings Canyon, or his magnificent Moonrise, Hernandez, NM, perhaps his greatest work. That last photograph alone has made his work forever memorable in my eyes.

He left us not only a treasure of monumental images, but also with the memory of a passion for the preservation of the landscapes he photographed. He was an active and effective champion of the wild landscapes he photographed. It is said that his photographs of California's Kings Canyon, which he carried to Washington in the 1930's, were instrumental in helping create that great national park.

It is difficult to measure the influence his photographs must have had in creating within the American people the desire and the drive to preserve other wild and beautiful natural regions of this country.

Adams ranks as one of the finest of American artists. Few have captured Western landscape images with more reliability or believability than he. I have read that he sought in his art a "spiritual resonance as moving and profound as great music." I think his photographs demonstrate that he succeeded to a very great extent.

Mr. President, we own much to this master craftsman who had the eye of the poet and the soul of the musician, and who combined both in the magnificent visual images he has left as his legacy to us all.●

CATHOLIC BISHOPS SEE ABORTION-ERA CONNECTION

● Mr. GARN. Mr. President, I have just learned that the National Conference of Catholic Bishops has announced that it will have no alternative but to oppose the equal rights amendment unless ERA is amended to make it neutral with regard to abortion and abortion funding. The bishops have taken this position because of the serious moral problems that would be presented by ratification of the equal rights amendment as now written. The bishops have also taken note of certain other implications of the proposed ERA, such as its effect on private schools and other charitable organizations.

I oppose the equal rights amendment, and I have taken this floor on several occasions to explain that one of the reasons for my opposition is the ERA-abortion connection. This past year has been especially enlightening: The country has been treated to hearings in both the Senate and the House on the meaning of the equal rights amendment. The Senate hearings, conducted by my colleague from Utah (Orrin Hatch), have been especially informative since they featured the testimony of Hon. Henry Hyde, one of this country's great defenders of life, and the colloquy between Prof. John Noonan and Prof. Ann Freedman. The House hearings were enlightening in their own way, and they were sufficient to persuade formerly undecided Members such as Hon. Michael DeWine of the ERA-abortion connection. The House hearings also convinced Hon. James Sensenbrenner to offer his abortion neutral amendment in the committee and subcommittee markups. The failure of the Sensenbrenner amendment in committee, and the refusal of the House leadership to allow a floor vote on the Sensenbrenner amendment, convinced many more people of the ERA-abortion connection. Pro-life groups were active in the fight for a vote on the Sensenbrenner amendment, and because of the refusal to have a vote on the Sensenbrenner amendment I suppose that there is not a pro-life group in America that now fails to recognize the ERA-abortion connection.

Also during the past year we have had an important study produced by Karen Lewis of the Congressional Research Service and we have had the Pennsylvania ERA-abortion case, Fischer against Dept. of Public Welfare. The major developments I have listed, together with a thousand other influences on thousands of people, have helped to outline, more completely than ever before, the reality and enormity of the ERA-abortion connection.

I ask that a press release of the National Catholic News Service and an

article from the Baltimore Catholic Review be printed in the RECORD.

The material follows:

BISHOPS SAY THEY WILL OPPOSE ERA WITHOUT ANTIABORTION AMENDMENT (570)

WASHINGTON.—The National Conference of Catholic Bishops announced April 19 it will "have no alternative but to oppose" the Equal Rights Amendment if a clause is not added excluding abortion and abortion funding from its scope.

In a news release the NCCB said its Administrative Committee in March approved a resolution stating the new position on ERA "because of the serious moral problems" that would be presented by an ERA without the inclusion of an anti-abortion clause.

The NCCB also announced establishment of an ad hoc interdisciplinary committee to study implications of the ERA. The committee is chaired by Archbishop John L. May of St. Louis. NCCB vice president.

Msgr. Daniel F. Hoye, NCCB general secretary, said the Administrative Committee at its March meeting had noted recent developments in Congress and the courts which he said raise questions about ERA's implications not only for abortion but for private educational institutions, the tax-exempt status of charitable organizations, religious exemptions in federal grant statutes and government aid programs.

"In general, it seems fair to say that the potential gravity of the amendment's implications is the product not so much of its own terms as originally understood by sponsors and supporters, as it is of an ambiguous congressional record and the interaction among ERA, legislative enactments and other legal principles," Msgr. Hoye said in a statement.

The ad hoc committee studying the implications of the ERA will present its findings and recommendations to the Administrative Committee in September, the NCCB said.

Previously the bishops have taken no position on the ERA itself. Last fall, without changing its basic neutrality, the bishops' conference announced support for a proposed amendment to the ERA sponsored by Rep. F. James Sensenbrenner, R-Wis., which supporters say would make ERA "abortion neutral."

Major supporters of the ERA, such as the National Organization for Women, want Congress to resubmit the proposal to the states for ratification without amendment.

The NCCB statement said that at the March Administrative Committee meeting a joint report on the issue was presented by the NCCB Committee on Pro-Life Activities, chaired by Cardinal Joseph Bernardin of Chicago, and by Wilfred Caron, NCCB general counsel.

The statement said the Administrative Committee also discussed a March 9 ruling in which the Commonwealth Court of Pennsylvania used that state's ERA to strike down Pennsylvania's prohibitions on public funding of abortions. Pro-life groups have argued that a federal ERA similarly could affect federal abortion restrictions.

Msgr. Hoye said the Administrative Committee in its discussion reaffirmed the bishops' commitment to women's rights.

"The discussion made clear the committee's concern that there be no doubt about the conference's fundamental commitment to civil rights and the dignity of the person, and its support of governmental and private efforts to promote fair treatment of all people and prevent all forms of wrongful discrimination between the sexes," he said.

The Administrative Committee is a panel of some 40 bishops which conducts the business of the NCCB between annual general meetings.

The proposed federal ERA states, "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex."

In a column in the National Catholic Register March 11, Russell Shaw, U.S. bishops' secretary for public affairs, said that Catholics could not support the ERA without an anti-abortion clause because courts would interpret the amendment as guaranteeing a "right" to abortion.

[From the (Baltimore) Catholic Review, Mar. 16, 1984]

SAYS ERA NEEDS ANTIABORTION PROVISO

LOS ANGELES.—Russell Shaw, the U.S. bishops' secretary for public affairs, said in a newspaper column published here that Catholics could not support the Equal Rights Amendment today without an anti-abortion clause attached.

"A Catholic cannot support a law which would mandate or encourage what is immoral," Shaw wrote in a new weekly question-and-answer column in the National Catholic Register, a Los Angeles-based Catholic weekly.

He wrote that "evidence is persuasive" that the ERA today, without such an anti-abortion clause, "would be interpreted by the courts as guaranteeing a 'right' to abortion and public funding" of abortion.

Shaw is public affairs secretary for the National Conference of Catholic Bishops and U.S. Catholic Conference. He writes his column in a personal capacity, however, and not as an official reflection of NCCB-USCC policy.

Almost two dozen bishops individually endorsed the ERA before it failed in 1982 to gain ratification by the necessary 38 states. The U.S. bishops as a body have taken no position on the proposal.

But in 1983, as Congress considered sending the ERA back to the states for another attempt at ratification, the USCC, public policy arm of the bishops, endorsed a proposed "abortion neutralizing" addition to the ERA sponsored by Rep. F. James Sensenbrenner Jr., R-Wis.

Shaw's column focused on the new legislative history of the ERA developing because of Sensenbrenner's proposed amendment, which says that "nothing in (the ERA) shall be construed to grant or secure any right relating to abortion or the funding thereof."

Sensenbrenner's amendment has been rejected by a House Judiciary subcommittee and by the full House Committee, but has not come to a vote on either the House or Senate floor.

"Legislative history," wrote Shaw, "is important to courts in interpreting the meaning of a law or a constitutional amendment. As congressional consideration of ERA proceeds, however, a substantial legislative history is building in support of the proposition that it would lock abortion and abortion funding into the Constitution."

He added, "If the Sensenbrenner amendment fails to pass, it's hard to see how a Catholic who opposed abortion and public funding of abortion could support the unamended ERA."

Asked by NC News if his column reflected a judgment against the 23 bishops who had endorsed the ERA, Shaw said that the position adopted by bishops or others "several months or even several years ago would not necessarily be 'as rem' (to the point) now."

The reason, he said, is that the introduction of the Sensenbrenner amendment has changed the legislative history of the ERA since its first time around.

The approval or rejection of such anti-abortion language by Congress would place the legislative intent of the ERA directly on one side or the other of the abortion question, he said, while this was not true of the legislative history of ERA when it was first sent to the states in 1972.

Two bishops who had backed ERA in 1982 told NC News that they would have to look at it anew to decide whether they could back it now.

The two—Bishops Maurice Dingman of Des Moines, Iowa, and Raymond Lucker of New Ulm, Minn.—said they favored the Sensenbrenner amendment.

"I came to the conclusion a couple of years ago that it (ERA) would not include abortion," said Bishop Lucker.

"It's a risk, but it was a good risk" at that time, Bishop Dingman said.

Both agreed with Shaw that if an anti-abortion amendment to ERA fails, a good argument can be made that it would be used to promote access to abortion, but each bishop said he had not been following recent developments closely enough to judge the situation yet.

"I'm concerned that in all of this the equal rights of women are going to fall" victim to the abortion question, Bishop Lucker said. "The Equal Rights Amendment as worded is just too simple, just too bare * * * We don't know what they (the courts) are going to do with it."

In his column Shaw wrote that "some Catholic feminist groups have taken the position that the ERA and abortion are 'separate and distinct issues.'"

He said that pro-abortion groups take a different position, however. He cited "the National Organization for Women, which says it will oppose ERA if it is amended to exclude abortion and abortion funding."

The question which prompted Shaw's column noted that Catholics have both supported and opposed the ERA, "and both sides cite Catholic principles in favor of their positions.

"Can a Catholic support the ERA?" the question concluded.

When the ERA came to a House vote Nov. 15 under rules permitting only limited debate and no amendments from the floor, it failed because the 278-147 vote in favor was six short of the two-thirds necessary for passage ●

RELOCATION OF PROFESSIONAL SPORTS FRANCHISES

● Mr. GORTON. Mr. President, on March 29 of this year, the city of Baltimore was robbed. It was robbed of a most treasured asset, the Baltimore Colts. On that day, I introduced legislation which would insure that cities such as Baltimore are no longer helpless to prevent such acts of desertion by major league sports team owners.

Although I have a great deal of sympathy for the people of Baltimore, my reason for introducing this legislation was largely parochial. Seattle, too, was once the victim of owner whim. The Seattle Pilots came to Seattle in 1969, stayed just long enough to generate a significant commitment by the com-

munity to invest in a new stadium, now known as the Kingdome, and left town in 1970. I do not want Seattle to be abandoned like that again.

In 1982, Mr. President, Pete Rozelle while testifying before the Senate Judiciary Committee noted that there were seven teams in the NFL whose stadium leases would expire by 1988. It is not in the best interests of our cities to permit these other franchises to follow the sad example of Mr. Irsay. This bill is an attempt to bring the substantial interests of our cities into the determination of when franchise relocation is appropriate.

Since the introduction of S. 2505, I have received valuable feedback from many interested parties. As a result, I am placing in the RECORD today a new draft of the bill which I intend to be the vehicle for discussion in the Commerce Committee. I ask that a copy of that draft be printed in the RECORD.

The draft follows:

S. 2505

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Professional Sports Team Community Protection Act".

FINDINGS AND POLICY

SEC. 2. (a) The Congress finds that—

(1) professional sports teams achieve a strong local identity with the people of the territory and metropolitan location where they play, and provide a source of pride and entertainment to their supporters;

(2) professional sports teams are invested with a strong public interest;

(3) the public, through a municipal stadium authority (which is typically a city or county agency or a municipal corporation), generally authorizes capital construction bonds to finance the construction of the stadium in which a professional sports team plays;

(4) normally, the lease or use agreement between the municipal stadium authority and the professional sports team sets rent to defray only the operating costs of the stadium, and does not reimburse the public for the costs of constructing the stadium; and

(5) despite the close association with and support from the people in the territory and metropolitan location where it plays, a professional sports team may be enticed from time to time to relocate to a new geographical location without regard to important interests and considerations which may be thought to be inconsistent with immediate financial gain for the owner of such a team.

(b) It is the policy of the Congress in this Act to discourage relocation of any professional sports team which is receiving adequate support from people in the territory and metropolitan location where such team plays, unless such relocation is necessary to prevent severe financial hardship.

PURPOSE

SEC. 3. It is the purpose of this Act to provide people in the territory and metropolitan location where a professional sports team plays the right of first refusal when, with the approval of the relevant league, the owner of such a team intends to relocate the team, or when a bona fide offer to purchase and relocate such a team or the acceptance of an offer to sell such a team has been received.

DEFINITIONS

SEC. 4. As used in this Act, the term—

(1) "Board" means the Professional Sports Team Arbitration Board established in section 7 of this Act;

(2) "broadcasting" means all broadcasting over the airwaves (whether by radio, television, cable television, any form of pay or toll television, or otherwise) of any contest or exhibition engaged in by any professional sports team subject to the provisions of this Act;

(3) "league" means an association composed of two or more professional sports teams which, by agreement, have adopted, accepted or put into effect rules for the conduct of professional sports teams which are members of that association and the regulation of contests and exhibitions in which such teams regularly engage;

(4) "proposed relocation" means, as the context requires, a proposal to relocate a team by the owner of such team who intends to retain ownership, or either the acceptance of an offer of sale of a team by the owner or the offering to purchase a team by any person, as a result of which such team will not continue to be located in the metropolitan area in which it then plays;

(5) "offer of retention" means any offer made by a person to purchase a professional sports team and to continue to locate such team in the metropolitan area in which it then plays, or to provide terms not involving a transfer of ownership which will ensure that such team continues to be located in the metropolitan area in which it then plays;

(6) "person" means any individual, partnership, corporation, or any unincorporated association, or any combination or association thereof, or any political subdivision;

(7) "professional sports team" or "team" means any group of professional athletes organized to play major league baseball, basketball, football, hockey or soccer which has been engaged in competition in such sport for more than 5 years;

(8) "stadium" means the physical facility within which a professional sports team regularly plays; and

(9) "territory" means the geographic area within which a professional sports team has agreed to operate.

AUTHORITY FOR RELOCATION

SEC. 5. (a) Any person or league seeking to change the metropolitan location or territory of any professional sports team must—

(1) prior to furnishing notice under section 6 of this Act, receive the approval of the relevant league, if such league has a rule regarding the relocation of teams which are members of that league, and

(2) receive the approval of the Board pursuant to the provisions of section 7 of this Act.

(b) The provisions of this section shall apply to any professional sports team, notwithstanding any filing by such team of a petition for relief pursuant to chapter 11 of title 11, United States Code. The judge presiding over a proceeding involving any such petition shall perform the functions of the Board specified in section 7 of this Act, except that the judge may, by order, shorten the time periods specified in such section if the judge determines that such action is necessary or desirable and if such action is consistent with the provisions of this Act and title 11, United States Code.

NOTICES

SEC. 6. (a)(1) Any person or league wishing to relocate a professional sports team to a territory or metropolitan location other than the territory or location in which it is then playing shall furnish notice of such proposed relocation at least eight months before the proposed date for such relocation.

(2) Such notice shall be furnished to the municipality where the team plays, and shall—

(A) be in writing;

(B) be delivered through certified mail or be personally delivered;

(C) contain a statement of intention to relocate, the new location, reasons for such relocation, documentation supporting a claim of financial hardship (in accordance with section 7(d) of this Act), and the date on which such relocation is scheduled to occur; and

(D) a certified copy of approval by the relevant league of such proposed relocation.

(b)(1) When any owner of a professional sports team receives a bona fide offer of purchase or a bona fide acceptance of an offer of sale of such team, and the acceptance of such offer of purchase or such acceptance could result in the relocation of such team, the owner shall, either before accepting such offer or as a condition of accepting such offer, furnish notice of offer to purchase and intent to sell the team or acceptance of such offer of sale by the owner at least eight months before the date of any sale.

(2) Such notice shall be furnished to the municipality where the team plays, and shall—

(A) be in writing;

(B) be delivered through certified mail or be personally delivered;

(C) contain a statement that, but for the terms of this Act, the owner would execute a contract of sale;

(D) contain a statement of intention to sell, any potential location for relocation of the team, any documentation available to the owner supporting a claim of financial hardship (in accordance with section 7(d) of this Act), the date on which the sale of the team is scheduled to occur, and any estimated date for relocation after the sale of the team has occurred (if the owner is aware of such date);

(E) contain all terms and conditions of such offer, including a written copy of such offer, signed by the maker of such offer, and

(F) a certified copy of approval by the relevant league of such proposed relocation.

(c)(1) Within five months after the establishment of the Board, any person wishing to make an offer of retention under this Act shall make such offer and furnish notice of such offer in accordance with the provisions of this subsection.

(2) Such notice shall be furnished to the relevant league, to the municipality where the team plays, and to the Board. Such notice shall—

(A) be in writing;

(B) be delivered through certified mail or be personally delivered, and

(C) contain a statement of intention to purchase such team and to continue thereafter to locate the team in the metropolitan area in which it then plays or to provide terms not involving a transfer of ownership which are more favorable to such team than the terms currently in effect.

ARBITRATION BOARD

SEC. 7. (a) There shall from time to time be established a Professional Sports Team Arbitration Board to carry out the activities of this section. The Board shall be composed of three members, who shall be appointed as follows:

(1) One member shall be appointed by the relevant league.

(2) One member shall be appointed by the governmental authority of the metropolitan location in which is located the stadium in which the involved professional sports team regularly plays.

(3) One member shall be appointed by the Secretary of Commerce.

(b) The Board shall be appointed within 30 days after notice is delivered pursuant to section 6 of this Act, and shall terminate when the Board has approved a proposed relocation of offer of retention in accordance with the provisions of this section. The members shall select a chairman from among its members. Any member of the Board who is not an officer or employee of the Federal Government shall be entitled to receive compensation at a rate not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day (including traveltime) during which the member is engaged in the actual performance of the duties of the Board. No individual may serve on the Board if such individual has (or as a result or relocation or sale of such team, might have) a financial or other pecuniary interest in any professional sports team which engages in—

(1) the same sport as the professional sports team involved in the proposed relocation; or

(2) any other sport regularly played in the same territory where the team then plays or in the territory of proposed relocation.

(c) All information required by section 6 (a) and (b) of this Act shall also be furnished promptly to the Board. Any person who makes an offer to purchase a team or accepts an offer which would result in the relocation of a team, and any owner transmitting any notice under this Act, shall, upon request of the Board, provide access to all relevant financial records necessary to allow the Board to make the determination required in subsection (d) of this section.

(d)(1) During the period between the fifth and sixth months after the establishment of the Board, the Board shall conduct a formal hearing on the record to—

(A) consider whether, in accordance with paragraph (2) of this subsection, a claim of financial hardship is warranted;

(B) consider testimony regarding the estimated value of any such proposed relocation or offer of retention; and

(C) take evidence regarding any such proposed relocation or offer of retention.

During such period, the Board shall make a finding as to whether such claim is warranted.

(2) A claim of financial hardship is considered to be warranted under this Act if the Board determines that the involved team has incurred net operating losses, exclusive of deductions for depreciation and amortization, to an extent that poses significant danger to the continued existence of the team, or that the team has filed or soon will file a petition for reorganization pursuant to chapter 11 of title 11, United States Code.

(e) The Board shall, during the period between the sixth and seventh months after the establishment of the Board, determine whether any offer of retention is equal to or greater in value than the proposed relocation. The Board shall, to the extent provided in advance by appropriation Acts, contract with an independent actuary for all such valuations. In making any such valuation, projected revenues arising out of broadcasting in either the current or future location of the team shall not be considered, unless the Board has made a finding of financial hardship, in accordance with subsection (d) of this section. In addition, in any case where the team has been playing in a stadium which is owned by the owner of such team, neither the value to the owner of the stadium (and improvements to the stadium) nor the value to the owner of any stadium in which the team would play in any other territory shall be considered in making such valuation.

(f) If the Board determines under subsection (e) of this section that it has received an offer of retention which is equal to or greater in value than a proposed relocation, it shall not approve any proposed relocation. If the Board receives no offer of retention which is equal to or greater in value than the proposed relocation, the Board shall, in accordance with the provisions of this Act, approve the proposed relocation.

(g)(1) If more than one offer of retention has been made and the Board determines under subsection (e) of this section that each such offer is of a value equal to or greater than the value of any proposed relocation, the owner of the team may, if the owner chooses, accept the offer of the owner's choice. The Board shall have no jurisdiction with respect to any other terms of the sale of such team.

(2) Any offer of retention involving the sale of a team which is accepted by an owner must contain a commitment, enforceable through specific performance, that such team will continue to be located in the metropolitan area in which it then plays.

(h) All determinations of the Board shall be final and binding on all parties involved in such arbitration.

(i) Notwithstanding the provisions of this section, if any person makes an offer of retention which is accepted by the owner of such team, the owner shall immediately notify the Board of such acceptance. The Board shall approve such offer if, where the offer involves a transfer of ownership, it also contains a written commitment, enforceable through specific performance, from any purchaser to continue to locate such team in the metropolitan area in which it then plays. Upon such approval, the Board shall dismiss any other pending proceedings under this section.

(j) The provisions of this section shall not apply to a proposed relocation regarding any professional sports team if, within 6 months after the establishment of the Board, the Board has not received any offer of retention.

(k) The Board shall not carry out the provisions of this section in any situation in which a judge is performing the functions of the Board, as specified in section 5(b) of this Act.

CIVIL ACTIONS

SEC. 8. Any governmental entity in a metropolitan area from which a professional sports team relocates or any person adversely affected by any such relocation may bring a civil action in any appropriate United States district court for damages and relief, including injunctive relief, on the grounds that such relocation did not comply with the provisions of this Act, including the grounds that any owner or other party did not comply with the arbitration procedures or any decision issued pursuant to section 7 of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. There are authorized to be appropriated to the Secretary of Commerce, for purposes of section 7 of this Act, such sums as may be necessary for fiscal year 1985. Such sums shall remain available until expended.

APPLICABILITY

SEC. 10. This Act shall apply to any proposed relocation of any professional sports team located in the United States which occurs or is intended to occur after January 1, 1984, or relocation of any professional sports team located in the United States with respect to which an eminent domain proceeding was pending on such date.

SEVERABILITY

SEC. 11. If any provision of this Act, or the application of such provision to any person or circumstance, is held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those with respect to which it is held invalid, shall not be affected by such invalidation.●

A TRIBUTE TO DR. BENJAMIN MAYS, A GREAT TEACHER

● **Mr. HOLLINGS.** Mr. President, on March 28, 1984, this Nation lost a great teacher, Dr. Benjamin Mays.

Born the son of former slaves in Epworth, SC, he was educated at Bates College and the University of Chicago. He taught at Howard University, South Carolina State, and Morehouse College, where he served as president for 27 years. He became known as the schoolmaster of the civil rights movement. And was recognized by Dr. Martin Luther King, Jr., as his spiritual mentor. He served as president of the Atlanta Board of Education for 12 years.

Benjamin Elijah Mays throughout his distinguished career of more than half a century as an educator, theologian, author, and civil rights leader has inspired people of all races throughout the world by his persistent commitment to excellence. Though I only knew him in his later years, he managed to inspire me, as well. But it was those students which provided Dr. Mays with his inspiration.

One student, Michael R. Hollis, now an attorney and founder and chairman of Air Atlanta, shared his special part of the Benjamin Mays story with the readers of the Atlanta Constitution on April 10. I would like to share it with you today. Mr. President, I ask that Mr. Hollis' article be printed in the RECORD.

The article follows:

[From the Atlanta Constitution, Apr. 10, 1984]

THE DAY A STUDENT AND HIS TEACHER GRADUATED

(By Michael R. Hollis)

My hero, Dr. Benjamin E. Mays, has passed away. As I looked across the sea of sad faces at the Martin Luther King Jr. Chapel at Morehouse College during his memorial services, I realized how much this great man improved the lives of those around him.

I first met Dr. Mays when I was 15 and a student at Booker T. Washington High School in Atlanta. What I remembered the most during that first meeting was not so much what Dr. Mays said, but how intently he listened. He respected my views and my right to express them despite my youth. I learned early from Dr. Mays that everyone has some insight and wisdom because each of us has a unique pool of experiences from which to synthesize ideas.

By listening to others and keeping an open mind, it is possible to snatch creative thoughts from the unlikeliest of sources.

When it was time for me to go to college, it was Dr. Mays who perhaps best understood my desire to go to Dartmouth. He encouraged me, and stated that I would have to compete academically, and otherwise, at the top. He insisted that I finish with honors.

He came to the Dartmouth campus for the first time, at the age of 77, during my freshman year. He spoke briefly of an earlier yearning to attend what he called "Daniel Webster's college." He began his remarks by saying, "If it takes me as long to make it back, then I shan't return." I was moved, and determined that he would come back one day.

While a sophomore at Dartmouth, Dr. Mays encouraged me to seek the coveted position of student assistant to John G. Kemeny, the president of Dartmough, a position to which I was appointed. I remember Dr. Mays telling me that I had a rare opportunity to be close to and "pick the brain" of Dr. Kemeny, who had been a protege of Albert Einstein. To Dr. Mays, this one-on-one interaction between elder and youth was education in its purest form.

In his book, Born to Rebel, Dr. Mays tells how as a high-school senior he had wanted to go to Dartmouth College but was unable to do so. Hearing his earlier comments during my freshman year, reading his autobiography, having grown up in Atlanta and seeing the results of his years of great work, I took it upon myself to make certain that Dr. Mays would become a member of the Dartmouth family.

Nothing has given me greater honor and sense of pride than to have nominated Dr. Mays for an honorary doctorate degree from Dartmouth, and to witness his degree being conferred at the same commencement where I received my own degree—with honors.

I shall never forget the two days that Dr. Mays and I spent at Daniel Webster's college. In his own way, then and later, he bragged about us being "classmates," and took great pride in being a member of the Class of 1975. It was a great day for both of us, a rare and precious moment.

Dr. Mays set intellectual patterns for his many students, including me. When it was time for me to apply to law school, I did not even have to consult my mentor. I knew his advice would be "don't take the easy way out"—so I applied, was accepted and was graduated from the University of Virginia School of Law.

When I had an idea in 1979 of starting a regional jet airline in Atlanta, I shared my thoughts with Dr. Mays. Just as he had listened to me as a young man years earlier, he listened again. I set out my grand design for him. He smiled and said, "Well, I've always said to reach for the moon, and beyond. I have no doubt your plans will succeed if you persevere, despite the opposition of those who will tell you it cannot be done."

Dr. Mays always said that each man and woman is put on this Earth to do one thing unique or special, and if that person fails to do it—it will not be done. Only during the past two years, have I come to understand fully the significance of what Dr. Mays was saying.

For these reflections are penned as I sit in an airborne Air Atlanta Boeing 727 jet. As I look out on a glorious spring and blue horizon, it occurs to me that my hero, Dr. Benjamin E. Mays is not really gone. The man with the wise eyes and soft smile is watching us from the other side of yonder clouds.●

RESPONSE TO JACK ANDERSON

● **Mr. MURKOWSKI. Mr. President, I submit herewith a copy of Jack Anderson's column from the Washington Post dated March 1984 and my response:**

DEAR MR. ANDERSON: I am writing in response to your recent article in which you allege that personal gain is my motivation for pushing legislation for the marketing of Alaska natural gas and the export of Alaska crude oil.

Although your allegations may make interesting newspaper copy, they are simply not correct.

First, there is no legislation pending in Congress regarding the marketing of Alaska natural gas in the Pacific Rim; nor have I proposed any. Therefore, it is impossible for me to push any bill on this issue.

Second, you say that the major oil companies stand to gain millions of dollars if a pipeline were built to make North Slope gas available to Pacific Rim nations. If these companies stand to make so much money on the export of Alaska natural gas, then why aren't they supporting the project? At an oversight hearing on the marketing of Alaska natural gas which I held last November at the request of my constituents, Exxon and Sohio representatives failed to voice their support for a project to transport the gas from the North Slope, liquefy and export it.

Finally, I think it is important that you recognize the State of Alaska's position on the export of its natural resources. The Alaska Legislature has passed five pieces of legislation expressing their support for marketing Alaska natural gas. One resolution expressing the State's support for any effort to get the gas to market was passed by the Legislature and was signed by the Governor in March, 1983. As one of the State's representatives in the U.S. Congress, it is my duty to follow the policy dictates of the State of Alaska.

This also applies to my support for the export of Alaska crude oil. Several weeks ago, Alaska Governor Bill Sheffield introduced a resolution passed by the Natural Governors' Association which puts the organization on record against the Alaska oil export ban in its current form. In addition, a resolution which calls for the removal of the ban on the export of Alaska oil has been introduced in the Alaska Legislature.

Outside of Alaska, newspapers including the New York Times, the Los Angeles Times, the Boston Globe and others have published editorials saying that the export of Alaska oil is in the nation's best interest.

Finally, I would like to point out that my personal investment interests in related energy production or exploration concerns were acquired prior to my election to the Senate. They have been fully disclosed each year since that time.

Sincerely,

FRANK H. MURKOWSKI,
U.S. Senator.

SENATORS GET SOME PRAISE AND CRITICISM

(By Jack Anderson)

Today I'd like to present awards to two members of the Senate: kudos for one, a kick for the other.

The kudos goes to Sen. John Melcher (D-Mont.) for his humanitarian efforts to get American rice shipped to thousands of desperately needy families in the Philippines.

The kick goes to Sen. Frank H. Murkowski (R-Alaska) for his efforts to push legislation that would benefit his own oil and gas leases.

Here are the citations that go with the awards:

Melcher: The 59-year-old senator from the Big Sky country spent this past Christmas holiday in the Philippines, and what he saw there has haunted him ever since. He visited the slums of Manila and saw hordes of hungry children whose parents have been unable to find work in the shattered Philippine economy.

Cardinal Jaime Sin, head of the Roman Catholic Church in the Philippines, appealed to Melcher for help in getting an emergency shipment of food for his starving flock. Melcher, who has two grandchildren of his own, was eager to be of service.

So the prelate wrote a letter to President Reagan, asking for 30,000 tons of rice from America's bulging granaries. The rice would fill the shrunken bellies of 100,000 Filipino families, the cardinal wrote. Melcher promised to deliver the letter to the president personally.

But Melcher, a World War II combat infantryman, found the White House's bureaucratic defenses tougher to penetrate than the Siegfried line. In the weeks since he has been back, he has been unable to get an appointment with the president to hand-deliver Cardinal Sin's letter, as he promised he would. The best a White House aide offered was to "send a messenger" to pick up the letter. Melcher refused.

On Jan. 17, the senator pleaded his case with Robert C. McFarlane, the president's national security affairs adviser. He asked that the administration approve Cardinal Sin's appeal for food. Melcher told my associate Lucette Lagnado that McFarlane promised he'd take care of the matter.

So far, he hasn't. Neither has the State Department, the Agency for International Development or the U.S. Embassy in Manila. When U.S. Ambassador Michael Armacost returned to Washington early last month, Melcher collared him and told him of the trouble he'd had trying to deliver the cardinal's letter. Armacost suggested he might have more luck if he enlisted a Republican ally.

Melcher took the suggestion. He wrote a letter to the president, outlining the hunger problem in the Philippines and Cardinal Sin's hopes of alleviating it with American rice. Then he got Sen. Jesse Helms (R-N.C.), chairman of the Agriculture Committee, to cosign the letter.

With Helm's clout, Melcher may yet deliver the cardinal's appeal, and the slum kids of Manila won't have to go to bed hungry.

Murkowski: One of Big Oil's best friends on the Energy Committee, he has been enthusiastic lately in his support of a new trans-Alaska pipeline that would make North Slope natural gas available for sale to Japan, Taiwan and South Korea. He also proposed an amendment to the Export Administration Act that would legalize sale of Alaskan crude to foreign countries.

The new pipeline, which needs congressional approval before it can be used to ship gas, could make millions for Exxon, ARCO, Sohio and other big oil companies that own most of the gas leases in the region.

It could also be a bonanza for a cooperative venture of which Murkowski owns about 2 percent; its leases are in the Prudhoe Bay area that would be served by the proposed pipeline.●

GEN. MARK W. CLARK

● Mr. TOWER. Mr. President, through a half-century of war and peace, Gen. Mark W. Clark served our Nation with distinction and dedication. We mourn his passing.

General Clark began his military career as a cadet at the U.S. Military Academy at West Point. He served, and was wounded, during World War I. During World War II, he was the youngest Allied army group commander, charged with the important but difficult Italian campaign. During the Korean conflict, General Clark again was called upon to lead American troops into battle.

Even after his retirement from the armed services in 1953, he continued his life of service as president of the Citadel in South Carolina from 1954 to 1965.

During his distinguished career, his courage, intelligence, and charm won him much-deserved acclaim here and abroad. General of the Army Dwight D. Eisenhower called him the best organizer, planner, and trainer of troops that I have met. Winston Churchill called him an American eagle. He received the Army's Distinguished Service Cross for his utter disregard for personal safety as he led an infantry assault against German tanks during the Italian campaign.

General Clark's passing ends an era, for he was the last of our great World War II generals left among us. We must insure that the example he set for service to his Nation endures for this generation and generations to come.

We are grateful for his many contributions to the free world, and we will miss him mightily.●

ORDER FOR RECESS UNTIL TOMORROW AT 10 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF CERTAIN SENATORS ON TOMORROW AND DESIGNATING A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Now, Mr. President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, four Senators be recognized under special orders for not to exceed 15 minutes each, in this order: Senators EVANS, PROXMIRE, EAGLETON, and BENTSEN; and that following the execution of the special orders there be a period for the transaction of routine morning business to extend not later than 11:30 a.m. in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow the Senate will convene at 10 a.m.

After recognition of the two leaders under the standing order, four Senators will be recognized on special orders of not to exceed 15 minutes, to be followed by a period for the transaction of routine morning business until 11:30 a.m., at which time the Senate will resume consideration of the unfinished business, which is H.R. 2163, the Federal Boat Safety Act as amended. At that time, the pending question will be amendment No. 3027.

Votes are expected throughout the day.

Mr. President, may I also say that it appears that the Senate will likely be in session on Friday of this week, and I urge Senators to schedule their appointments accordingly.

The reason for that is, after both cloakrooms have solicited amendments to the pending amendment and to the underlying bill, so far we have developed the meager total of 46. I have not yet had the courage to add up the total time which was requested but it amounts to several days.

I hope that is not a permanent situation, that some Senators will reconsider their requests and reconsider the necessity for offering such a generous allocation of amendments.

But in any event, if that situation still persists tomorrow, if we are still faced with that workload, I think it would be unconscionable to ask the Senate to be out on Friday.

So I urge Senators to consider that, if by noon tomorrow we still are faced with the same dilemma, they should expect to be in on Friday of this week.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, if no other Senator is seeking recognition, and I see none, I move, in accordance with the order previously entered, that the Senate now stand in recess until the hour of 10 a.m. tomorrow.

The motion was agreed to, and the Senate, at 6:23 p.m., recessed until Thursday, April 26, 1984, at 10 a.m.

HOUSE OF REPRESENTATIVES—*Wednesday, April 25, 1984*

The House met, at 3 p.m., and was called to order by the Speaker pro tempore (Mr. FOLEY).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. FOLEY) laid before the House the following communication from the Speaker pro tempore (Mr. WRIGHT):

WASHINGTON, DC,
April 24, 1984.

I hereby designate the Honorable THOMAS S. FOLEY to act as Speaker pro tempore on Wednesday, April 25, 1984.

JIM WRIGHT,
Speaker pro tempore,
House of Representatives.

PRAYER

The Reverend Richard E. Downing, St. James Episcopal Church, Washington, DC, offered the following prayer:

Almighty and everlasting God, we praise Thee for all that Thou hast done for the United States of America. Give us Thy grace to deepen the root of our life as a nation in Thy everlasting righteousness, lest Thy blessings be withdrawn. Make us equal to the trust Thou hast placed upon us, reverent in the use of freedom, just in the exercise of power, and generous in the protection of weakness. Inspire the men and women who direct this Nation that they may guide it wisely; give insight, faithfulness, and strength to our legislators; and may our deepest trust always be in Thee, the Lord of Nations and the King of Kings; through Jesus Christ our Lord. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

ANSEL ADAMS—THE EARTH HAS LOST A GREAT FRIEND

(Mr. PANETTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PANETTA. Mr. Speaker, as news reports have confirmed over the last 2 days, this Nation, and my district in particular, have lost one of the world's truly great giants in nature photography by the passing of Ansel Adams. He died late Sunday at age 82 in the Community Hospital of the Monterey Peninsula, near the Point Lobos and Big Sur coastlines where he lived, worked, photographed, and battled for his beloved environment.

Photography to Ansel was not a business—it was a consummate joy. He deeply cared about what he photographed because he knew that photographs alone could never fully preserve the beauty and magnificence of nature.

For him, the greatest gift God had granted him was Earth itself, and surely he was Earth's greatest friend. He once wrote of nature: "It is all very beautiful and magical here . . . a quality which cannot be described."

His photographs, more than any words, came the closest to capturing that beauty and magic.

While we will miss his personal friendship and vitality, there is great comfort in knowing that his work will go on to inspire future generations with his love of nature and his great dedication to its preservation.

For those interested in commenting on his contributions, I will have a special order on this coming Tuesday.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE JOINT RESOLUTION 509 AND OF H.R. 1029

Mr. GLICKMAN. Mr. Speaker, I ask unanimous consent that my name be withdrawn as a cosponsor of House Joint Resolution 509 and of H.R. 1029.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

PERMISSION FOR COMMITTEE ON ARMED SERVICES TO HAVE UNTIL MIDNIGHT TOMORROW TO FILE REPORT ON H.R. 5395

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services have until midnight tomorrow, Thursday, April 26, 1984, to file a report on H.R. 5395, the Department of Energy National Security and Military Applications of Nuclear Energy Authorization Act of 1985. The minority concurs in this request.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MORE THAN MEETS THE EYE

(Mr. WISE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WISE. Mr. Speaker, my State of West Virginia has not fared well in various ratings over the past few years.

What West Virginians have always known has just been made public. A recent study conducted by Prof. Robert Pierce of the State University of New York, places two West Virginia cities (including my hometown of Charleston, WV) among the Nation's top 10 best cities in which to live. According to his research, Charleston ranks in the top 15 percent among the safest U.S. cities. It has one of the lowest violent crime rates. Charleston ranks in the top quarter of American cities with a comfortable climate, quality of housing at a reasonable cost and availability of public transportation. The State is also one of the country's leading energy producers.

We West Virginians have long treasured our attractive quality of life. As a matter of fact, just yesterday a Charleston newspaper stated that West Virginia has the highest percentage of homeownership in the entire country. As the newspaper pointed out, it says something about the "stability of our work force" and our "commitment to family, home, and basic American values."

Now that the secret is out, Mr. Speaker, we will roll the red carpet out. Pay us a visit in West Virginia. You will see why we are proud!

INDEFENSIBLE CUTS IN VETERANS' HEALTH CARE PROGRAMS

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, I wish to express my opposition to a report issued by the Congressional Budget Office which proposes draconian and indefensible cuts in health care programs affecting millions of veterans in this Nation.

According to today's Jack Anderson column, the CBO will propose cuts totaling more than $3.3 billion a year from the VA operating budget beginning in fiscal year 1985. These savage cuts would be accomplished through imposing means tests on veterans including those over 65 who seek care. It

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☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

would also impose a new copayment process including a $356 deductible for any hospital stay up to 60 days in length.

As the article states:

> The most severe impact of the proposed cutoffs would be on older veterans who have no service connected condition but who need long term care. A significant number of these World War I and World War II veterans would no longer be eligible for VA medical care.

Hopefully we can avert this proposal from even being introduced as legislation. It represents a mentality which has no place in our policy toward those Americans who fought to keep our Nation free in time of war. For us to turn our backs on those veterans in their hour of need would be the very height of cruelty. Veterans in this Nation deserve and have warranted our respect—and deserve to have the medical care they need. They do not need the cold back of the hand from their Government.

"WHERE'S THE BEEF"? LET'S LOOK AT THE NATIONAL DEBT

(Mr. HYDE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HYDE. Mr. Speaker, our national debt now stands at $1.488 trillion. Who can comprehend that amount of money? I have done a little arithmetic to make it easier to understand:

You want to know "Where's the beef"?—The national debt would buy 4,907 Wendy's hamburgers for every American—that is over 235 million of us. You want to invite the rest of the world to lunch? How about 244 hamburgers for every person in the world.

For Americans, the per capita debt equals $6,330.30.

If we paid $1,000 on the debt every second, it would take 47 years to pay it off.

In $1 bills stacked up, it would reach halfway to the Moon.

Laid end-to-end, it could go 51.3 million miles past the Sun, or circle the Earth at the Equator 5,790 times.

In $1 bills, it weighs more than 1½ million tons—more than the total combined weight of 15 carriers, 2 battleships, 4 dock landing ships, 9 amphibious assault ships, 4 fleet oilers, 2 cruisers, and 12 destroyers.

I am introducing legislation today to help reduce the national debt. I hope my colleagues will read more about my bill in the Extensions of Remarks section of today's Record and join me in this effort.

WHAT GENDER GAP?

(Mr. CARNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARNEY. Mr. Speaker, we have been hearing a lot about a gender gap lately. The media would have us believe this is a Republican problem. Why? Republicans are not responsible for the income gap between men and women. Moreover, suggestions that we want to limit opportunities for women are unfounded and unfair. It should be noted that the only woman sitting on the Supreme Court was appointed by a Republican President, the only two females in the other body are Republicans. And, as a member of the House Science and Technology Committee, I am proud to point to our professional staff as further evidence that Republicans did not create the gender gap.

Most people would agree that it is not always easy to find qualified women for science and engineering positions, simply because fewer women choose technical careers. Because of this, and especially because of the fact that the minority party has far fewer hiring opportunities than does the majority party, I believe we have done very well indeed.

Four out of the seven subcommittees' ranking Republicans have selected women to be the technical consultants for their subcommittees. I might add that as members of the minority party, the Republicans do not have the luxury of having a consultant for each individual discipline; our consultants are expected to cover all issues that come before the subcommittee. This can cover a very broad range of disciplines, especially for a subcommittee such as Science, Research and Technology. The issues that come before this subcommittee can range from medicine, to geology, to patent legislation, and could easily challenge several people to provide the needed expertise. On my own subcommittee, Transportation, Aviation and Materials, we deal not only with legislation pertaining to all modes of transportation, but also materials and communications issues as well.

I am sure I speak for my colleagues on Science and Technology when I say that all four of the women that we have selected as our technical consultants are a credit to their professions and proof that qualified women scientists and engineers are out there. And, Mr. Speaker, I want the record to show that it was the Republicans who found them.

THE AMERICAN PEOPLE DESERVE PROTECTION

(Mr. LIVINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIVINGSTON. Mr. Speaker, it is quite clear that the American people believe that particularly brutal killers deserve to be punished by death. Since the Supreme Court first found capital punishment statutes procedurally deficient, dozens of States have reconsidered and revised their laws to restore the death penalty to their arsenal of weapons for the protection of the public. The Supreme Court has made it plain that capital punishment does not violate the Constitution when there are sufficient procedural protections to guarantee a fair trial. The Court has told us what those procedures are, and they have been enacted into law in State after State.

The American people deserve the same protection from Federal criminals which they have insisted upon in their own States. President Reagan, in his comprehensive crime control proposal, has urged Congress to enact these procedural reforms so that the death penalty provisions already existing in Federal law may constitutionally be enforced.

This is a fairly simple proposition, Mr. Speaker. We know what the American people want. We know what the Constitution requires. All we have to do is to decide whether we have the will to protect the American people with capital punishment procedures consistent with the Constitution. In the past, the leadership of this House has never trusted the membership to make that decision. This year, Mr. Speaker, let the people's voice be heard. Let us vote.

HOUSE LEADERSHIP SHOULD WITHDRAW OPPOSITION TO CRIME BILL

(Mr. HANSEN of Utah asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HANSEN of Utah. Mr. Speaker, 10 years ago, two men entered the Hi Fi shop in Ogden, UT. They pulled a gun on the employees, took them down to the basement, and bound them. Parents of the employees became concerned when their children did not come home after closing time. They went to the Hi Fi shop where they were taken prisoners and bound in the basement.

First, the men poured Drano down the five victims' throats. Next they poked a ballpoint pen in one man's ear and kicked it into his skull. They raped a teenage girl. In execution style, they then shot each of the five victims in the head, forcing a son to see his mother killed, and forcing a father to see his son killed. Miraculously, two of the five victims lived.

Since 1974, these Hi Fi murderers have appealed their case on a number of occasions to higher courts, and all of the courts have upheld the conviction of first-degree murder. Unfortunately, they still have an avenue to delay the carrying out of justice—namely, the writ of habeas corpus at the Federal level. They can now file an almost unlimited number of writs of habeas corpus. In fact, one convict in Missouri has filed over 100 writs to date. Each writ is reviewed first by the Federal district court, then by the Federal appeals court, and finally by the U.S. Supreme Court. These Hi Fi convicts could conceivably file for writs of habeas corpus until they die of old age.

After one writ has been denied, killers find new grounds to file another writ of habeas corpus to challenge a certain aspect of the case. A recent study of habeas corpus found that about 40 percent of habeas corpus petitions were filed more than 5 years after conviction, and nearly a third were filed more than 10 years after conviction. In some cases, writs of habeas corpus were being filed 50 years after conviction.

The abuse of habeas corpus must cease. It is an abuse of justice and a terrible burden on the judicial system. I, therefore, urge the House leadership to stop delaying and to withdraw their opposition to the crime bill, part of which would establish a 1-year limit on habeas corpus applications.

WE MUST HAVE ACTION ON THE CRIME PACKAGE

(Mr. MACK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MACK. Mr. Speaker, when people think of southwest Florida, they think of beautiful beaches, a pleasant climate, a relaxed lifestyle, and quiet retirement communities.

They do not think of southwest Florida as a place where people are afraid to leave their homes at night.

It surprised and disturbed me when I learned from survey results that one out of four southwest Floridians is afraid to walk our streets at night, and last year 56 people were murdered in my district, 212 were raped, and over 1,200 were assaulted.

It is distressing then to have to tell my constituents that the leadership of this House can find no room on its agenda for action on criminal justice reform.

Our State and local officials have led the fight, but they cannot do it alone.

We must have action here in the House on the crime package that is now gathering dust in the Judiciary Committee.

The agenda of the American people calls for tougher sentencing, less lenient bail, the streamlining of the appeals process, and the closing of loopholes that allow criminals to go free.

I urge the House leadership to listen to the American people and to act responsibly and expeditiously on criminal justice reform.

CRIME LEGISLATION BEING HELD HOSTAGE BY HOUSE LEADERSHIP

(Mr. GREGG asked and was given permission to address the House for 1 minute.)

Mr. GREGG. Mr. Speaker, on April 13 the life of Christopher Wilder came to an abrupt end in Colebrook, NH. This was a man who was accused of killing a number of women across this country.

He died in a struggle with two courageous State police detectives, Wayne Fortier and Leo "Chuck" Jellison who grew curious about his activities while in Colebrook.

One of the State police officers was shot; Detective Jellison. He will recover.

Fortunately for us these State police officers were there to participate in stopping Mr. Wilder. But unfortunately for us, today we see that the House leadership is blocking a bill which would have allowed us to subject Mr. Wilder to prosecution. For had Mr. Wilder survived, he probably would have used the insanity defense used by Mr. Hinckley in order to avoid prosecution under Federal law.

I, therefore, call on the House leadership to release as its hostage the legislation involving crime reform and to allow us on the House floor to vote for this package which is so essential if we are to accomplish criminal reform at the Federal level.

COMPREHENSIVE CRIME CONTROL ACT SHOULD BE BROUGHT BEFORE THE HOUSE

(Mr. ROBERTS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROBERTS. Mr. Speaker, each year 3 out of 10 households in this country are touched by crime. Every minute of every day, about the time it takes for a Member to give a speech in the House of Representatives, Americans are victims of a robbery and eight burglaries. A murder occurs every 23 minutes, a rape every 6 minutes. Our response to these statistics is a national tragedy. We have ignored the victims. We have allowed our courts and the entire justice system to ignore the right of society as a whole to live in security.

We have heard the horror stories repeated time and again on this House floor and we have been reminded that an answer to this growing problem now is in the hands of our House leadership. Reform is needed and it is needed now.

Our response should be bipartisan. Mr. Speaker, the other body has acted in a bipartisan manner with a vote of 91 to 1 in passing an omnibus crime reform package. That Comprehensive Crime Control Act now languishes here in the House. I urge that this legislation be given a top priority—this session; 8 of every 10 Americans think our courts are ineffective and irresponsible. Urban and rural residents alike name crime as a top problem facing this country.

Let us be responsive—let us take action. I urge that the Comprehensive Crime Control Act be brought to the full House as quickly as possible.

LET US MOVE SWIFTLY TO ESTABLISH PROCEDURES FOR IMPOSITION OF DEATH PENALTY

(Mr. DANIEL B. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIEL B. CRANE. Mr. Speaker, various provisions of the U.S. Criminal Code now authorize the imposition of the death penalty for crimes of homicide, treason, and espionage. However, these sentences are generally unenforceable because they fail to incorporate a set of legislated guidelines. Today only the relevant provisions of the aircraft piracy law appear to comply with the death penalty decisions of the Supreme Court.

In 1981, murders were occurring every 23 minutes. According to the Department of Justice, in 1981, 25 million Americans were victims of crimes and 23,000 Americans were killed by criminals.

The stabbing deaths of two guards and an inmate at the Federal penitentiary in Marion, IL, in October 1983 is only one example of a need for capital punishment. Both guards were killed by inmates already serving multiple life sentences for murder. Prisoners serving life sentences can sit back and scoff at a criminal justice system which is powerless to deal with their actions. Prisoners serving life sentences are in effect immune.

Conservatives conclude that the safety of society and retribution for crime should be the predominant concern. The practice of leniency in our judicial system has not curtailed crime in America, but made it easier for a person to commit a crime knowing that his or her chances for just punishment are slim. Now it is time for us to act against the staggering increase of violent crimes. Let us move swiftly, in a bipartisan effort to establish procedures for the imposition of the death penalty.

CONGRESSIONAL PAY RAISE

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, we in this House have been working so hard over the last several weeks that some of our colleagues believe we deserved a pay increase. And, in fact, voted for one just the other day.

That is right, one of the few accomplishments for this session of Congress so far is another congressional pay increase.

The reconciliation bill that we passed just the other day, before leaving on our Easter recess, included another pay raise retroactive to January 1 at that. Anyone who voted for that bill voted to raise his or her own pay.

The American people are justifiably sick and tired of a Congress that does little, period, does practically nothing to deal with the real crises of our times and yet manages to enrich itself.

I would say to the American people, check how your Representative voted on that bill. Did he or she vote for another secret pay hike? If so, is he or she trustworthy enough to continue to represent you in this Congress.

How long are we going to permit sneaky pay increases? How long are the people going to sit still for Congressmen who talk about deficits and vote to line their own pockets?

The budget process in this House has become a way to sneak through more congressional pay. It happened last year, it happened again this year, and we are on the track to have it happen again next year.

□ 1520

We may not be doing much in this House, we may not be working very hard, but some of us voted to have us paid more, nevertheless.

THE NEED FOR COMPREHENSIVE REFORM OF OUR CRIMINAL LAWS

(Mr. LOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LOTT. Mr. Speaker, it is time for the Democratic leadership of this body to recognize that the American people depend on their elected officials for laws that will address the problem of crime. While much of the jurisdiction in criminal justice matters belongs to the States, it is a great tragedy that those who control this Chamber have declined to offer any leadership for the Nation whatsoever, on the need for comprehensive reform of our criminal laws.

While the other body has taken action to reform our bail laws, sentencing, capital punishment procedures, exclusionary rule, forfeiture rules, habeas corpus law, and many other areas, such action was greeted by the leadership of this body with such comments as "dead on arrival," and remarks that many of these changes are "too controversial."

While it may be true that omnibus reform of our criminal laws is a difficult process requiring action by a number of subcommittees as charged by some of the critics of the President's Comprehensive Crime Control Act of 1983, such naysaying has a way of actualizing itself. The fact of the matter is that the only reason that we do not have a comprehensive crime reform bill on the floor of this Chamber is that those in the Democratic Party who control the committee structure of this House have consciously made the decision not to act on it. This is evidenced by the fact that the bill was not even referred to the relevant subcommittees with jurisdiction for nearly 1 year. By contrast, the fact that the other body promptly went to work on omnibus criminal justice reform and passed legislation reflects a different set of priorities.

The admonition of Scripture is appropriate in that we are told that "ye shall know them by their fruits." Needless to say, when it comes to crime legislation in the House, the "pickings have been pretty slim."

VOLUNTARY SCHOOL PRAYER, BALANCED BUDGET AND LINE-ITEM VETO CONSTITUTIONAL AMENDMENTS

(Mr. PHILIP M. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PHILIP M. CRANE. Mr. Speaker, at this time I would hope to offer a unanimous-consent request calling for the consideration of the amendments to permit voluntary school prayer, a balanced budget amendment, and the line-item veto.

The Chair has ruled that to make these requests in order I have to have the approval of both the majority and the minority leaderships. I have received that clearance from the minority leadership, and I would now yield to any spokesman representing the Democratic majority leadership for similar consent.

As Joan Rivers would say, help me, help me.

Hearing no response, Mr. Speaker, that should make it clear to the American people who stands in the way of these three important issues—the Democratic leadership of this body.

And I think they have subscribed to that immortal counsel that you can fool some of the people all of the time and all of the people some of the time, and that is enough.

COMPREHENSIVE CRIME CONTROL ACT OF 1983

(Mr. BLILEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, I am pleased to be able to join with my colleagues to commend the Reagan administration for its efforts to address the violence that inflicts the cities, towns, and neighborhoods of America through the Comprehensive Crime Control Act of 1983.

This 44-point crime package is a major step toward stemming the tide of criminal activity which currently threatens the citizens of our Nation. Some of its most important features include: A reform of our bail laws in order to make it more difficult for a defendant that is likely to be a threat to the community to be released on bail; a provision that would establish determinate sentencing without possibility of parole; the establishment of a "good faith" exception to the exclusionary rule; and a criminal forfeiture provision that would strike at the economic base of criminal enterprises and deny those engaged in racketeering and drug trafficking the fruits of their ill gotten gain.

These and other important provisions of the bill warrant the prompt action of Congress. In this regard, I am heartened by the fact that the other body has enacted legislation embodying the concepts in the President's bill. It is my feeling that it is imperative that this House should likewise not delay any further the consideration of this much needed reform of our criminal laws.

PRESIDENT VETOED BILL ON CRIME CONTROL

(Mr. WILLIAMS of Montana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILLIAMS of Montana. Mr. Speaker, this afternoon during these 1-minute speeches we have heard a considerable amount from the minority about the necessity of the Congress passing a Crime Control Act. Not long ago in a nationally televised press conference the President of the United States made the same plea.

I agree that Congress needs to address this issue, but both the President of the United States and our friends on the minority side have forgotten one very critical fact. Last year this Congress passed the Omnibus Crime Control Act. The President of the United States vetoed the act. He did not like it. That act had in it the very things, the very elements, that the President in his nationally televised press conference said the Congress should pass. It had in it the very elements that the minority this afternoon said the Congress should pass. The Congress did pass it. Ronald Reagan vetoed it.

VICTIMS' ASSISTANCE

(Mr. DAUB asked and was given permission to address the House for 1 minute and to extend his remarks.)

Mr. DAUB. Mr. Speaker, last week was Victims Assistance Week. I had the privilege of having a very distinguished and dedicated Nebraskan in my office, Shirley Kuhle of the Nebraska Crime Commission. She told me of her progress in making Nebraska one of the leading States in terms of assisting battered women. Now she has focused on even more far-reaching goals which include setting up victims assistance programs that work in conjunction with local police departments.

Imagine the difficulty I had explaining to her why this body does not find these same issues to be important ones. I had to explain that the Senate passed a comprehensive crime reform package almost immediately but the House took 51 weeks to even refer the bill to the relevant subcommittees. The House leadership has taken a "we could care less" attitude toward criminal reform and its time for some of us to speak up and protest.

This is, and always has been a nation of laws. But first of all it is a nation of individuals for whom those laws were made. Seeing as this House is the people's body, some of us want to let the American people know that we are listening. We do see criminal statistics and know that crime is a real threat to each of us and that legislation can address this important matter. Let us debate and consider this legislation.

THE INSANITY DEFENSE

(Mr. GINGRICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGRICH. Mr. Speaker, all Americans were startled when President Reagan's assailant was acquitted by reason of insanity. I will not try to second guess the jury in that case, but that decision caused many Americans to take a second look at the insanity defense. One of those Americans was the victim of that crime, Ronald Reagan, and he has submitted the results of his reflections to us as part of the Comprehensive Crime Control Act of 1983.

Since the last century a defendant who is truly mentally ill has been able to win acquittal by demonstrating that he did not know what he was doing or that he did not know it was wrong. In recent years, however, many courts have also permitted acquittals where a defendant lacked substantial capacity to conform his conduct to the requirements of the law. Trials have become a contest of expert witnesses, with victory going to the side with the most persuasive psychiatrist. Many a defendant has gone free, even though he knew his acts were wrong, because his doctor said, "He could not help himself." Even worse, some courts require the prosecution to prove beyond a reasonable doubt that the defendant could control his conduct.

The President's proposal simply restores the traditional rule. No longer will a defendant be able to claim that he could not keep from doing what he knew to be wrong. Moreover, the defendant will have the burden of proving his insanity by clear and convincing evidence.

Sometimes, Mr. Speaker, it makes sense to turn back the clock. The President is seeking to protect our citizens by restoring a rule that has worked well in the past. I urge the House to support him in his effort.

□ 1530

COMPREHENSIVE CRIMINAL JUSTICE REFORM

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend this remarks.)

Mr. RUDD. Mr. Speaker, comprehensive criminal justice reform deserves serious consideration in the House of Representatives.

Like so many other pieces of important legislation that the American people have called on us to consider, however, such as the balanced budget/tax limitation constitutional amendment, the school prayer amendment, and the line-item veto amendment, I fear that Criminal Code reform has also fallen by the wayside in this democratically controlled House.

It is an outrage that it took the leadership 51 weeks after the introduction of the comprehensive Criminal Code reform package to even refer it to the appropriate subcommittees of the Judiciary Committee.

The other body has already acted in a bipartisan manner to approve an omnibus Criminal Code reform package on a vote of 91 to 1. Since the Democrat majority controls the House schedule, it should be crystal clear to the American people who is standing in the way of restoring the balance in our criminal justice system in favor of law-abiding citizens.

THE CRIME PACKAGE SHOULD COME TO THE FLOOR

(Mr. WEBER asked and was given permission to address the House for 1 minute.)

Mr. WEBER. Mr. Speaker, some members of the majority party have criticized our position on crime by recalling the President's veto of H.R. 3963 in the last Congress. This was a crime measure which was rushed through in the closing moments of the last Congress. I would agree with them that there were several good provisions on that bill. I would also argue that there were several questionable provisions in that bill which would have in fact complicated the process of fighting crime. The President concluded that the bad features outweighed the good, and while any one might have made a different judgment, I can understand how the President reached his.

Nevertheless, the half-hearted measure passed by the last Congress is no excuse to the failure of this Congress to act. The other body has passed bail reform and sentencing reform; the majority leadership in this House has not given us the chance to vote on either. The leadership has not given us a chance to vote on the reform of the insanity defense or the restoration of the death penalty. Neither have we had an opportunity to restrict the absurd practice by which important probative evidence is excluded from consideration by the jury because of technical infringements of obscure judicial rules by police.

The record of the coming months will show whether or not the 98th Congress is serious about crime control. President Reagan and his supporters in this House have put together a comprehensive and effective package to give the American people the protection they need. We call upon the leadership of this House to move that package to the floor for a vote.

WORRY, WORRY; WAIT AND WAIT

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, one gentleman today, one gentleman yesterday and the Speaker, on March 27, tried to deflect criticism on the question of the crime control package by suggesting that the President essentially vetoed this same bill a year and a half ago. That is absolute nonsense; it is garbage; it has nothing to do with the facts. The President vetoed a 6-point package that had only four elements that even looked like elements in his 42-point package. They are not even talking about the other 38.

The bill that the President vetoed had nothing to do with sentencing reform; had nothing to do with bail reform; had nothing to do with changing the exclusionary rule; had nothing to do with the insanity defense; had nothing to do with changing habeas corpus; had nothing to do with reestablishing capital punishment, and a whole host of other things.

All right, you have criticized the President for his veto, but what is the excuse for these 2 years to sit here day-in and day-out and refuse to bring it up? The insanity defense has not been brought up to this floor. Most Members do not know that the child pornography bill has not yet passed in final form. We passed out a version of this last year; it is my information the compromise version is sitting at the Speaker's desk where it has been sitting for 4 weeks.

If you happen to be a head of a major labor union, you can get this House to change a Supreme Court decision within 28 days; if you happen to be concerned about child pornography, you have to worry, and worry, and wait, and wait.

REMOVAL OF NAME OF MEMBER AS SPONSOR OF H.R. 5345

Mr. DORGAN. Mr. Speaker, I ask unanimous consent to have my name removed as a sponsor of the bill, H.R. 5345.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 2570, TO CONTINUE TRANSITION PROVISIONS OF THE BANKRUPTCY ACT UNTIL MAY 26, 1984

Mr. WHEAT, from the Committee on Rules, submitted a privileged report (Rept. No. 98-698) on the resolution (H. Res. 490) providing for the consideration of the Senate bill (S. 2570) to continue the transition provisions of the Bankruptcy Act until May 26, 1984, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4275, RECLAMATION HYDROELECTRIC POWERPLANTS AUTHORIZATION ACT OF 1983

Mr. WHEAT, from the Committee on Rules, submitted a privileged report (Rept. No. 98-699) on the resolution providing for the consideration of the bill (H.R. 4275) authorizing the Secretary of the Interior to construct, operate, and maintain hydroelectric powerplants at various existing water projects, and for other purposes, which was referred to the House Calendar and ordered to be printed.

NATIONAL SCIENCE FOUNDATION AUTHORIZATION ACT, FISCAL YEAR 1985

Mr. WHEAT. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 480 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES 480

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4974) to authorize appropriations to the National Science Foundation for fiscal years 1985 and 1986, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Science and Technology, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Science and Technology now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and each section of said substitute shall be considered as having been read. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. WHEAT) is recognized for 1 hour.

Mr. WHEAT. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Missouri (Mr. TAYLOR), for purposes of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 480 is an open rule providing for the consideration of H.R. 4974, the National Science Foundation Authorization Act for fiscal years 1985 and 1986. The rule provides for 1 hour of general debate to be divided equally and controlled between the chairman and ranking minority member of the Committee on Science and Technology and makes in order an amendment in the nature of a substitute which is recommended by the Committee on Science and Technology and is now printed in the bill. This amendment in the nature of a substitute shall be considered as original text for the purposes of amendment under the 5-minute rule and each section of the substitute shall be considered as having been read.

The rule also provides for one motion to recommit, with or without instructions.

Mr. Speaker, H.R. 4974 authorizes $1.56 billion for the National Science Foundation for fiscal year 1985 and such sums as may be necessary for fiscal year 1986. Included in the bill is $60 million for advanced scientific computing and $84 million for graduate research fellowships in the fields of science and engineering.

Also included in the legislation is $258.1 million for behavioral, social and information sciences and $52.4 million for programs that come under Scientific, Technological, and International Affairs.

Finally, H.R. 4974 amends the National Science Foundation Act of 1950 to permit the Foundation to initiate and support fundamental engineering research and engineering education programs and to provide greater flexibility in establishing special commissions by the National Science Board.

Mr. Speaker, I urge that we adopt the rule so that we may proceed to consideration of this bill.

Mr. TAYLOR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 480 is a 1-hour, open rule under which the House will consider legislation authorizing $1.56 billion in appropriations for the National Science Foundation for fiscal 1985.

The rule is a straightforward open rule, allowing any germane amendments under the 5-minute rule. The rule provides that the Science and Technology Committee substitute now printed in the bill be considered as an original bill for the purpose of amendment, and each section of the substitute shall be considered as having been read.

In addition, the rule provides the usual language regarding one motion to recommit with or without instructions.

Mr. Speaker, the bill made in order by this rule, H.R. 4974, authorizes a total of $1.56 billion for the National Science Foundation for fiscal 1985. This amount is a $244 million increase over the appropriations made for fiscal 1984, and is some $58.5 million above the President's request.

As the Members will note in the minority views that accompany the committee report, the President has acknowledged the importance of research in the mathematical and physical sciences and the other programs of the National Science Foundation by requesting healthy increases both this year and last.

The minority members of the Committee on Science and Technology oppose the authorization level in the bill as reported, and under this rule will be permitted to offer amendments to bring the bill in line with the President's request.

I urge adoption of this rule, so the House can proceed to debate the bill.

□ 1540

Mr. Speaker, I yield back the balance of my time.

Mr. WHEAT. Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The **SPEAKER** pro tempore. Pursuant to House Resolution 280 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4974.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4974) to authorize appropriations to the National Science Foundation for fiscal years 1985 and 1986, with Mr. **WHEAT** in the chair.

The Clerk read the title of the bill.

The **CHAIRMAN**. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Florida (Mr. **FUQUA**) will be recognized for 30 minutes and the gentleman from New Hampshire (Mr. **GREGG**) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. **FUQUA**).

Mr. **FUQUA**. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, H.R. 4974 provides authorizations of appropriations for the National Science Foundation of $1,557.5 million for fiscal year 1985 for the research and educational activities supported by the Foundation. This amount represents a $58.5 million increase above that requested by the administration. The committee concurs with the administration's proposed allocation of funds within the Foundation budget, and therefore has not adjusted the base funding level of any research program. The budget increase recommended by the committee is an addition which the committee feels is required to establish or maintain key programs in advanced scientific computing, graduate research fellowships, to stimulate competitive research, and strengthen information sciences. Even with these increases the committee action is less than NSF's request to the Office of Management and Budget.

Of the add-on, $40 million will be used to increase the initial funding for the advanced scientific computing program. This program, designed to supply academic science and engineering researchers with access to powerful computing resources, allows for advances in science and technology now stalemated by the lack of access to large-scale computing or supercomputers. This initiative will also stimulate our high technology industry. U.S. industries, under increasing competition from abroad, rely upon a strong science and technology base and a worldwide market demand for its products and services. In this respect, the National Science Foundation's efforts to stimulate innovation play a key role.

Another key component of the basic foundation of U.S. science and technology is its manpower. It is vitally important that the Nation continue a strong investment in the maintenance of high quality scientific and engineering personnel. To this end, the committee has included an additional $8 million for graduate research fellowships, bringing the total to $29 million. These moneys will allow for greater numbers of awards and an increase in the cost-of-education allowance for each fellowship. Also, the increase reflects the request the National Science Foundation made to the Office of Management and Budget in this area for the fiscal year 1985 budget.

Within the research directorates, we have, again this year, increased funding for the behavioral, social, and information sciences by $5 million to bring them nearer the 1980 funding levels. Over the last several years, funding cuts, followed by only small increases have greatly decreased the amount of worthy research that can be supported in these areas. Much of this work is essential to understanding economic trends and problems in our increasingly information-driven society.

Funding for the experimental program to stimulate competitive research (EPSCoR) has been restored to $3 million to allow for the program's continuation. Designed to more evenly distribute Federal funding for research among the States, EPSCoR has allowed many participating States to more successfully compete for Federal research funds from all agencies. Continued funding will let other States take advantage of this opportunity.

Finally, we have increased the research improvement in the minority institutions program by $2.5 million to a total of $5 million. Reflecting demographic changes, language has also been included which directs NSF to make these funds available to universities which educate a large number of minority groups, including not only blacks but also Hispanics, American Indians, and Asian Americans.

The committee's authorization bill also includes an amendment to the National Science Foundation Organic Act of 1950, which provides technical changes already reflected by the Foundation's support of fundamental engineering research. This amendment was carefully considered in subcommittee and full committee hearings, and is supported by a variety of prominent professional and academic organizations. The committee expects the amendment to emphasize and strengthen support for both basic scientific and fundamental engineering research within the Foundation.

Mr. Chairman, I wish to call particular attention to the importance of the $40 million we have added for the advanced scientific computing initiative. Supercomputers have become an essential tool in solving the complex problems vital to our defense, economic, and scientific interests. There is clear evidence that the lack of access to large-scale computing resources limits progress in many aspects of science and engineering. The Science and Technology Committee chose to authorize an additional $40 million for the coming fiscal year for this new initiative, in order to begin a viable and sustainable program. An effective large-scale computing program involves not only developing supercomputer centers, but also the support of a wide-reaching network, local university computer support, software development and researcher access to each new generation of machines. Initial funding must allow for the implementation of all the vital program components. Based on the sound advice of NSF's supercomputing advisory committees and from the input from the scientific community, private sector, and other Federal agencies, we are confident that these funds represent a necessary first and will be spent wisely. In coming years, we expect that this program will have developed into an integral part of the scientific enterprise carried on by the NSF.

In summary, our recommendations for the Foundation provide support for all areas of basic science and engineering research. Emphasis is placed on a new initiative to develop an advanced scientific computing program necessary to stimulate economic growth, advance the frontiers of science and technology, and enhance the education of our future scientists and engineers. The 17-percent increase over last year's budget represents the Science and Technology Committee's commitment to insuring the continued vitality and health of university science and engineering research and education.

For the use of all Members, I have included in my statement the summary from Committee Report No. 98-642 accompanying H.R. 4974.

Mr. **GREGG**. Mr. Chairman, I yield myself such time as I may consume.

As the ranking minority member of the Science, Research and Technology Subcommittee of the Committee on Science and Technology, I would like to commend my fellow committee members, and especially the chairman of the subcommittee, the gentleman from Pennsylvania (Mr. **WALGREN**) for their expedient action in bringing the annual authorization bills to the floor. Particularly under the leadership of the gentleman from Florida, **DON FUQUA**, and the ranking Republican, the gentleman from Kansas, **LARRY WINN**, we have worked diligently to iron out differences with these bills wherever possible.

To date, the House has acted on three such pieces of legislation: the fiscal year 1985 authorizations for NASA, NOAA, and EPA. This week, the House will consider what we are considering today, which is H.R. 4974, the fiscal year 1985 NSF authorization bill, and H.R. 5172, the fiscal year 1984 and 1985 NBS authorization bill. Finally, the DOE bill, which was reported to the House, is awaiting a rule.

As is frequently the case with the Science Committee, differences between members rest more so with appropriate levels of spending rather than opposition to programs or initiatives. Such is the case with this bill that we are considering today. The administration, despite the national deficit problems, has requested a 32-percent increase in funding for NSF since fiscal year 1982. I wish to emphasize that fact. In 1984, the request was an 18-percent increase; and in 1985, the request was a 13.6-percent increase. That is a tremendous increase for any agency in these times of fiscal stringency.

Many Members, and certainly constituents of mine, ask why such an increase has come from an administration committed to holding down Federal spending and balancing the budget. The answer is clear and, I believe, admirable. The answer is that our national strength and integrity are closely linked to a solid support for basic and applied science and engineering research and education.

The National Science Foundation is one agency with a unique capability of promoting such excellence and innovation in all fields of science and engineering through its support to colleges, universities, and individual investigators, graduate students, minority institutions, Nobel Prize winners, and notable scientific and engineering organizations and think tanks.

In fiscal year 1983, NSF's basic research obligations accounted for 16 percent of the total Federal support of basic research and nearly 25 percent of the total Federal support for such research at academic institutions.

In the past 4 years, Congress received requests for significant increases for NSF-supported research and equipment, instrumentation, and facilities received a 100-percent increase between 1982 and 1984, and an additional 20 percent is requested in 1985.

□ 1550

Major emphasis has been placed on the precollege education role of NSF to facilitate an increase in quality science instruction for the young of our Nation. Centers for cross-disciplinary research in engineering, accounting for $10 million new initiative for 1985, have been proposed to integrate teaching of engineering practices for undergraduate and graduate students through research experience and close interaction with industry.

For 1985, researchers at predominantly undergraduate institutions may receive increased support, from $36.8 million to $42.4 million, while at the same time graduate research fellowship funds have been proposed for increase. Since last year, the Foundation has reorganized its computing resources to accommodate an ever-increasing demand for research on conventional and parallel processing, software, and software needs. Increased supercomputer time has been made available to individual researchers, and the fiscal year 1985 request contains two proposals to further advance this need. A $20 million effort to increase computer time, networking demands, and local linkage is also included. Also the National Center for Atmospheric Research will receive an additional supercomputer in fiscal year 1985.

In all, Mr. Chairman, it is unfair to say that the administration has been anything less than receptive. Rather, it has been extremely generous to the needs of the science and engineering research communities.

Mr. Chairman, I rise in support of the fiscal year 1985 Presidential request. I do, however, oppose H.R. 5974 which we are considering today because it has increased rather significantly the funding levels requested by the President which, as I noted before, under the President's proposal, represented an approximately 33-percent increase over the last 2 years. At the appropriate time, I intend to offer an amendment to reestablish that requested 32-percent increase in funding for fiscal year 1985, and I urge the support of that amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. FUQUA. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the Subcommittee on Science, Research and Technology, the gentleman who is responsible for getting this bill through all the hearings and to the committee and on to the floor. He has done a great job and has shown great dedication to this task. I am very happy to yield such time as he may consume to the gentleman from Pennsylvania (Mr. WALGREN).

Mr. WALGREN. Mr. Chairman I thank the gentleman very much, and I certainly appreciate those kind words. I want to emphasize, too, that every member of our subcommittee and also of the full committee has contributed a great deal to bringing this authorization to the level of consensus that it has received and to the shape that it is in presently. I think that that credit goes to the Committee on Science and Technology as a whole. Certainly everyone in the science community knows of the particular interest of the chairman of the full committee in this subject, and so there is a lot of credit to go around.

Mr. Chairman, I wish to encourage support for this authorization as it is reported by the committee. I think we should pause to consider how important the National Science Foundation is and what a substantial role it plays in the investment which we must make together really as a Government, because there is no other source of support for truly basic research. We should recognize how important this function is for our Nation as a whole.

The National Science Foundation is literally the lifeblood of our Nation's academic community, including 2,300 universities and colleges. Thousands of faculty, undergraduates, and graduate students depend on the financial resources made available by the Foundation.

We should also pause to remember that the National Foundation is the only agency in our society that has responsibility—responsibility delegated to it directly by the Congress and by law for the health of American science and engineering. And in that sense, although other funds flow to science and engineering from other mission agencies, no other agency sits down and looks itself in the eye and tries to meet the broad responsibility for the health of science in each of its various forms.

As such, the National Science Foundation makes an absolutely critical contribution to the health of this country, both in defense, in the basic defense, and also particularly in the economic sense, now that we are moving so rapidly into an international economy and an international economy that is so dependent on technology and advances in science for economic growth.

This is an area where we truly cannot afford to be stingy. It represents our Nation's investment in our future.

In view of the importance of the National Science Foundation to the national interest, the Committee on Science and Technology has recommended a 4-percent increase in the authorization for fiscal year 1985 for the National Science Foundation over and above the administration's request. Most of this increase will support the initiation of a new advanced scientific computing program, an initiative in supercomputers that is truly critical to the future of our economy. That accounts for literally $40 million out of the $58 million that was added by the committee over and above the administration's recognition of the effort that we ought to make in this area. The remainder of the increase is targeted to restore and upgrade ongoing

National Science Foundation programs which have contributed effectively and enhanced our standing in science and engineering research.

The importance of the computer initiative is widely recognized. In the Washington Post of February 7, 1984, the headline reads: "Japanese Firms Build Two of the World's Fastest Computers."

Every commission—and we have had several that have been put in the field by the National Science Foundation and by the President's science adviser—every commission has recognized the critical effort that we must make in this area, and every commission has recognized that we must do substantially more than the administration requested in its authorization. The initial review, known as the Bardon Report, found that our necessary investment would be on the level of $180 million.

We have essentially a $60 million initial effort in this function for supercomputers in this fiscal year which we are authorizing, and I think every reasonable view is that that is only a reasonable start on the problem.

So I think we really have to recognize the importance and legitimacy of this effort on this level in supercomputers.

Another point should be underscored, and that is the importance of our continuing efforts to support scientific and engineering personnel. At present, the United States has a severe shortage in many areas of people power, trained people power in the areas of science and technology. A contributing factor to this shortage has been the decreased Federal support for fellowships and research assistantships which have fallen from a total of 80,000 in 1969 supported by the National Science Foundation to, as I understand it, only 40,000 today. This has come at a time when the cost of education has also outdistanced the amount of individual stipends which we were provided.

I think it is instructive to compared the National Science Foundation's level of support in this area with that experienced by other mission agencies, particularly the Department of Defense. Under funding for the Department of Defense, the fellowships and the research assistants type programs have kept pace or have done substantially better in keeping pace with increased costs compared to the National Science Foundation. For example, during the first year of support under the DOD fellowships, a researcher was supplied $13,000 in stipends and full tuition at the university that is involved, plus an award of $2,000 that goes directly to the academic department involved. In contrast, the National Science Foundation's stipend is only $9,000 a year, with the cost of education allowance, rather than full tuition, being only $4,900.

□ 1600

Therefore, the committee has attempted to add funds, some $8 million to the National Science Foundation program to increase both the number of the fellowships and the stipends in order to make up for the cost of this kind of discrepancy.

Third, we again recognize this year that we have to do something more in the area of behavioral, social, and information sciences in order to restore them to previous levels of effort. In 1980 and 1981, the behavioral and social sciences were reduced substantially greater in percentage terms than were the other areas of interest to the National Science Foundation. At the time, I think that there was general recognition that those reductions were harmful and general recognition that particularly in the area of behavioral and social sciences lies the key to the improvement of economic productivity that this country seeks to enhance.

I can never forget listening to "Face the Nation" shortly after the present administration took office and when the president of General Motors was asked what changes were really needed in order to restore a healthy economic function of his firm, he said, "Rather than change regulations or taxes or any economic burden, if our people would just come to work half the time, we would be in pretty good shape."

I think the behavioral and social sciences have a tremendous amount to contribute to our understanding of what the best motivations are for our people and how to get the best contribution from our work force to our economic problems.

Certainly when we measure the effort given by other societies, such as Japan, we have a long way to go.

So we add a small amount, which does not as yet bring this educational and research function back to 1980 levels even on an absolute basis, but we tried to add a little bit to strengthen the administration's authorization in this area in order to recognize the importance and the legitimacy of the social and behavioral sciences.

I think the National Science Foundation deserves certainly recognition for the increasing emphasis on engineering research represented by their initiatives in the Centers for cross-disciplinary research. Engineering and science cross and blend in a way that really cannot be separated one from another and one way we can enhance the engineering function is to involve that level at each of these disciplines in a cross-disciplinary effort and that will go a long way to helping us strengthen some of the engineering capabilities we need in this country.

The committee also added language in the organic act supporting and directing the National Science Foundation effort an increased emphasis on fundamental engineering research. I think that is certainly recommendable in view of the direct contribution that engineering has to make to our engineering health and in view of the difficulty of getting adequate funding to basic engineering research. When we look at our engineering establishment, we realize there are serious shortages in the educational component, particularly on the Ph.D. and other levels, and certainly the National Science Foundation, in keeping with its responsibility for the basic scientific health of the country, has a substantial role to play there and we recognize that in the committee amendment.

I would really urge all Members to be supportive of the work product of this committee. I think there is substantial consensus on both sides of the aisle of the direction to go and for the most part the level of effort we should be giving and I hope that wide consensus is recognized by the House.

Mr. GREGG. Mr. Chairman, I yield back the balance of my time.

Mr. FUQUA. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from California (Mr. BROWN), a member of our committee.

Mr. BROWN of California. Mr. Chairman, I thank the chairman of the full committee for yielding time to me to make a few remarks with regard to this legislation.

Mr. Chairman, I rise in support of H.R. 4974, the fiscal year 1985 National Science Foundation authorization. I congratulate the full committee and subcommittee chairmen and ranking members for their excellent work on this legislation. I was pleased with the administration's request for the National Science Foundation when it was brought before the Science and Technology Committee earlier this year. The administration request reflected a greater understanding of the importance of adequate funding for scientific research to the overall health and vitality of our country. The Science and Technology Committee made a few minor changes, and some additions, where the Members felt that some areas had been overlooked.

The committee provided $40 million to the National Science Foundation for advanced scientific computing. Mr. Speaker, scientific computing is proving to be the key to our future. The Working Group on Computers for Research's report, "A National Computing Environment for Academic Research"—the Bardon/Curtis report—estimated the United States needed $180 million to properly support academic supercomputing facilities. Today many U.S. science and engineering researchers must go to foreign facilities for supercomputing. The $20 million requested by the administration would fund only a study of our long-range computing needs. For this reason the committee requested an additional $40 million to allow NSF to start to enhance its scientific computing program and to maintain NSF as the lead in coordinating interagency supercomputer centers and networks. The $40 million would also make a clear statement to U.S. supercomputer companies that our Nation supports supercomputers.

Mr. Chairman, I am particularly gratified that the committee agreed to an amendment I offered in subcommittee to increase the amount available for graduate fellowships by $8 million. This amendment will allow the Science and Engineering Education Directorate to increase the number of graduate fellowships, as well as the cost-of-education allowance. This would be a first step in increasing these stipends to a level comparable to similar Department of Defense fellowship programs. I would like to reiterate the emphasis placed in the Science Committee's NSF Report (H. Rept. 98-642) on the need for a vigorous education program relating to predominantly undergraduate institutions.

I am also pleased that the committee took favorable action on an amendment offered by distinguished colleague from New Mexico (Mr. SKEEN) and me, regarding the role of NSF in fundamental engineering research. Following a hearing on March 21, 1984, the full committee approved a compromise amendment derived from legislation Mr. SKEEN and I introduced, H.R. 4822, which includes fundamental engineering research as an explicit activity of NSF in its charter. I would like to include two editorials on this subject appearing in this week's Science magazine by Dr. Lewis Branscomb, Chairman of the National Science Board in answer to an earlier editorial by Dr. Frank Press, President of the National Academy of Sciences.

[From Science, Apr. 13, 1984]

AMENDING THE NATIONAL SCIENCE FOUNDATION ACT

The intent of a proposal before Congress to amend the National Science Foundation Statutory Act of 1950 is to provide for a stronger emphasis on engineering in NSF programs, principally by inserting the words "engineering" or "engineers" in almost every place that "science" or "scientist" appears in the text. I fully share the concerns that prompted the suggested changes, and I have spoken to the importance of efforts to ensure our continuing technological strength, both nationally and internationally. Among the many problems we face are faculty shortages; inadequate, often outdated instruments and equipment; insufficient funding for engineering research; inefficient transfer of new scientific and engineering knowledge into public and commercial sectors; and inefficient transfer from industry to the universities of industrial knowledge and needs.

We do have to act. That agreed, there are, in terms of the proposed amendment, several questions before us. What can effectively be done within the existing statutory framework? Are new arrangements needed, and what are their likely effects? What processes should be followed for forming new arrangements and for implementing them?

First, what can be effectively done within existing arrangements? The Administration's proposed fiscal year 1985 budget answers the question. For example, there is a substantial increase for engineering research in the NSF budget—the largest proportionate increase for any of the directorates. In addition, support for engineering is embedded in the budgets of the mission agencies, with individual agencies providing much more support than the $147 million proposed in fiscal 1985 for engineering research within NSF. In 1984, an estimated $786 million was provided by the federal government for basic research in engineering, most of that coming from agencies other than NSF.

Let us assume that the new arrangements of the sort suggested in the proposed revisions are adopted. What are the likely outcomes? A major change may be to dilute the fundamental mission for which NSF was created—to support basic research in all the sciences. One needs to remember that, in contrast to engineering, many of the sciences are not related to any agency's mission except NSF. Is there any assurance that, as engineering research grows within NSF, there will be commensurate growth in its overall budget? If not, what impact will competition for funds have on the sciences that depend heavily on NSF support, such as mathematics, and chemistry?

Although partitioning NSF between science and engineering is not the intent of the House Committee on Science and Technology, the wording used in the amendment can be given this unfortunate interpretation. Given the very few changes made to date in the 1950 act, can that act not, in its present form, provide for a larger role for engineering within NSF?

The science and engineering communities—academic, industrial, and governmental—should work together in a constructive way to address the problems of engineering. But one must ask whether legislative remedies will be truly effective in promoting this dialogue or may instead lead to corrosive frictions? Amendment of the NSF organic act is a serious undertaking whose consequences are uncertain. Will there be other requests to amend the act? Will we have a "discipline of the month" series of amendments, leading to the ultimate decay of one of the most successful institutions established by the federal government?

It is not clear that the changes are necessary. They may even be counterproductive. What is critical is to continue the dialogue on engineering that has been under way for several years. That dialogue has aleady produced substantial results. And, if conducted in a collegial manner with all parties involved, then we may fashion more effective remedies that will benefit not only engineering but also science and the federal role in research and development.—Frank Press, President, National Academy of Sciences, Washington, D.C. 20037.

[From Science, Apr. 27, 1984]

ENGINEERING AND THE NATIONAL SCIENCE FOUNDATION

For some years the National Science Board has been working with the directors of the National Science Foundation—in particular, Richard Atkinson, John Slaughter, and Edward Knapp—to modernize the NSF mission in support of academic engineering. With strong encouragement from the National Academy of Engineering and professional societies, and with the support of the Office of Science and Technology Policy, gratifying progress has been made. The Engineering Directorate has been established, a new mission for NSF in engineering established by NSB, and new program directions established by the NSF director.

All this has been accomplished within the frame work of the NSF Act, which, as Frank Press points out in his editorial (April 13), does not require amendment to permit this. Nevertheless, the consensus of the NSB is that the amendments proposed by the House Committee on Science and Technology are reasonable and constructive. Engineering would no longer be defined as a scientific discipline. At the same time NSF's role would be support for programs ". . . fundamental to the engineering process and programs to strengthen engineering research potential and engineering education. . . ."

This proposed new phrasing should help put to rest two concerns that have bothered both scientists and engineers. Engineering is seen as more than science. We should not say to engineers, "You can receive support only if your work competes as science." Such pressures in the past have hurt U.S. engineering, have hurt the economy, and have not helped science. The phrasing also emphasizes the academic and research orientation of NSF support and makes clear that NSF will not do the engineering work of other agencies or engage in commercially oriented problem-solving.

For these reasons, I do not share Press' concern about the "likely outcomes" of adoption of the proposed amendments. His main concerns are that (i) NSF's fundamental mission will be diluted and (ii) the engineering budget will grow at the expense of science. On the first point, the fundamentals of engineering are being defined and their educational linkages strengthened. On the second, there is a way for science to lose but also a way for both science and engineering to gain.

If we insist that engineering is only another discipline of science, like physics or anthropology, all the pressures to modernize American engineering in the interests of national security and economic competitiveness will be played out in a fixed-pie scenario—one discipline against another. Or, if this process frustrates those concerned with upgrading our national engineering capability to the point that they abandon NSF as a significant participant in the effort, it will lead to a National Technology Foundation or some other new federal structure to do the job. Much of the political support enjoyed by fundamental science today might well be bled off into the support for the budget of such an agency, which would focus the majority of its work on near-term benefits. Growth in the budget for science could be a major casualty. So too would be much of the fruitful interchange between science and engineering, which is best promoted with a single agency incorporating both.

Engineers should help NSF refine the research and education strategy that best fulfills the NSF mission in engineering and should support the study of engineering research priorities now under way at the NAE. Industry needs to understand how well its interests are served by a supportive but nonintrusive NSF program and help NSF get the additional resources it deserves. Scientists should welcome the development of new NSF initiatives that build an ever stronger case for the economic importance of basic science through an effective engineering capability that can deliver added benefits to the American people.—Lewis M. Branscomb, Chairman, National Science Board, Washington, D.C. 20550.

Mr. Chairman, both the west and the east coast experienced earthquakes within the last several days. Yesterday's San Francisco, CA, earthquake registered 6.2 on the Richter scale. Sunday night, a moderate earthquake was experienced from Washington, DC, to New York. The Earthquake Hazards Reduction Act, signed into law by the President on March 22, 1984, includes authorization of the National Science Foundation, as well as the National Bureau of Standards, the Federal Emergency Management Agency, and the Department of the Interior. In the interest of simplicity, I understand that the chairman of the committee will offer a technical amendment to clarify the intent of the committee not to provide "double authorization" for the earthquake programs. Since the Earthquake Hazards Reduction Act has already been signed by the President, this should have no adverse effect on the programs. However, this action should not be construed as a reduced commitment of the committee for the earthquake research support provided by NSF. I would like to include for the RECORD an article appearing in Newsweek regarding the earthquake threat in an area of the United States not usually thought of as earthquake prone, but which suffered one of the most severe earthquakes in written history, New Madrid, MO. I also include a Los Angeles Times article on the recent San Francisco earthquake.

[From Newsweek, Apr. 30, 1984]

QUAKING IN THE MIDWEST?

During the winter of 1811-12 the small Missouri town of New Madrid was devastated by three of the most powerful earthquakes ever to jolt the North American continent. Three times the land heaved and rocked like a roller coaster gone berserk. Trees and buildings collapsed like so many matchsticks, the flow of the mighty Mississippi actually reversed and church bells in distant Boston rang from the shock. Each quake was followed by a series of aftershocks, leaving the ground trembling "like the flesh of a beef just killed," according to one account.

Scars on the landscape still provide reminders of those giant temblors, which may have reached an awesome 8.7 on the Richter scale, and the 3,200 present inhabitants of New Madrid are accustomed to the rumblings of minor subterranean indigestion. But since 1895, when a moderate tremor (about magnitude 6) struck, the region has been relatively quiet. Too quiet. Geologists have identified the smoking gun—a fault created some 500 million years ago when the continent almost ripped apart—and they have known for years that the gun is being loaded again with underground pressure. While gigantic earthquakes seem to occur in the area about every 600 years, smaller but still potentially dangerous tremors have hit every 40 to 80 years, making a quake overdue. "There is a high disaster potential," explains geophysicist Otto Nuttli of St. Louis University. The warnings have finally set bureaucratic wheels turning; last week the Federal Emergency Management Agency (FEMA) granted $300,000 to a seven-state consortium that is struggling to predict—and prepare for—the aftermath of a big shock.

NATURAL DISASTER

The consortium's conclusions will undoubtedly echo what scientists have already said: a repeat of the 1811-12 quakes would cause the worst natural disaster in U.S. history. In at least seven states, buildings would topple, bridges would collapse and pipelines would break. The result would be widespread devastation, roaring firestorms, billions of dollars in damages and thousands of deaths. It would be, Nuttli has said, "a disaster whose magnitude would only be eclipsed by an all-out nuclear war."

One major problem has been that few building codes acknowledge the threat of massive temblors. Architects have successfully argued that because quakes happen so infrequently in the Midwest compared with California, buildings need not meet stricter California standards for earthquake-proofing. The seven-state consortium, FEMA hopes, will be able to change the codes so that when the big one comes, a few buildings might remain standing.

The shadow hanging directly over their town, however, does not seem to faze the residents of New Madrid. Mayor James Cravens sells T shirts emblazoned with the gallows-humor slogan, "Visit New Madrid (While It's still There)," and L. H. Recker, editor, publisher and owner of the New Madrid Weekly Record, professes indifference. "The predictions are so far-fetched," he complains. "Most people here don't give it a thought."

[From the Los Angeles Times, Apr. 25, 1984]

MAJOR QUAKE ROCKS NORTHERN PART OF STATE

(By Jerry Belcher and Eric Malnic)

A major earthquake rocked vast reaches of Northern California Tuesday, injuring at least a dozen people, jolting homes off their foundations and touching off a number of fires.

The quake's epicenter was 12 miles east of San Jose and registered 6.2 on the Richter scale, according to seismologists at the University of California, Berkeley.

Most of the damage and injuries occurred in and around the farming town of Morgan Hill, 10 miles southeast of San Jose.

The city of San Jose also was heavily jolted by the quake, which struck at 1:15 p.m., and two major fires broke out within minutes of the initial shock. Seismologists said the quake, followed by a series of aftershocks, was centered on the Calaveras Fault.

SKYSCRAPERS SWAY

A crack opened in the roadway atop Anderson Dam, five miles east of San Jose, and upstream gates were immediately closed, but a spokeswoman for the state Office of Emergency Services said there apparently was no immediate danger.

Skyscrapers in San Francisco swayed alarmingly. In Berkeley and Oakland, many workers fled into the streets. In Fremont, at least one high school was evacuated, with about 2,000 youngsters dashing for open spaces.

"It swayed so much I thought I was on a horse," said rancher Rex Lindsay, who lives on Mt. Hamilton, east of San Jose, virtually on the epicenter of the temblor.

"It is chaos here," said a Morgan Hill policeman. Another police officer said there were 12 people injured in the town of 16,000, none of them seriously, and that nine buildings were damaged, three so badly they had to be condemned. In addition there were several fires, but the officer said he could not estimate how bad the situation was.

"Most of the damage has been in the Morgan Hill and San Martin area," reported Mary McLellen, director of disaster services for the Santa Clara Valley Red Cross in San Jose.

She said several children at Raymond Gwinn Elementary School were injured by falling objects. "There are maybe a dozen injuries reported," she said.

McLellen said first reports indicate several homes were damaged in San Martin and in Jackson Oaks, near the Anderson Dam.

"We're ready to open a shelter if the need exists," the Red Cross official said. "We have a team going to the south county to assess damage now."

Jane Decker of the Santa Clara County Office of Emergency Services said that "considering the magnitude of the quake we don't seem to be faced with a lot of major damage." She also reported that the Morgan Hill area seemed hardest hit.

ELECTRICAL POWER OUT

The quake knocked out electrical power in several parts of Northern California, but most was restored within a matter of minutes. However, there were reports that electricity was out all around Morgan Hill. Telephone communications in and out of Morgan Hill also were disrupted for a time. Decker also said the quake reportedly set off fires in a garage in an East San Jose shopping center, causing an estimated $1 million damage. Another fire caused heavy damage to a San Jose restaurant.

Thomes McEvilly, professor of seismology at UC Berkeley, said the temblor, at 6.2 on the Richter scale, "was a major earthquake." There were four or five aftershocks in the range of 3.5 to 4 within the next two hours, McEvilly said.

TWO ROLLING JOLTS REPORTED

"If it (the epicenter) had been in a built-up area it would have done a lot of damage," McEvilly said.

The San Francisco earthquake of 1906—the 78th anniversary of that disaster was observed only last Thursday—was rated at 8.3 on the Richter Scale. The Coalinga earthquake on May 2, 1983, which virtually wiped out the town's business center, registered 6.7.

Most people reported Tuesday's temblor as two rolling jolts.

"I felt it as two big jerks," said Lotus Bakes, a clerk at the Lick Observatory near the epicenter. "Everybody dashed out of the building," she said. "Dishes were broken. Things fell off shelves."

A large boulder jolted loose by the quake rolled down a hill and slammed into a car that Bakes' husband [illegible] working on. She said he wasn't hurt.

In San Francisco's landmark Tadich's Grill, manager Chris Sentovich said the quake "startled" late luncheon patrons. But he added, "when it was over, they clapped. The chef didn't spill a drop of food."

"I was standing there (doing the dishes) and all of a sudden the doors started shaking," said South San Francisco housewife Lee Brian. "It wasn't sharp, but it just kept going. At first I thought . . . is my house blowing away? The cat ran into the garage. . . . I'd been thinking about canceling my earthquake insurance. Now maybe I won't."

San Francisco advertising executive Jennifer Wilkinson was convinced she was about to die. She was on the second floor of a downtown building. "It was incredible," she recalled. "I saw the Venetian blinds jumping up and down. In all my life in the Bay Area I've never felt an earthquake. This time I thought . . . 'I'm going to die.' "

In San Jose, City Hall and Santa Clara County Hall of Administration workers fled into the street. Elevators in the buildings automatically shut down, and about a dozen people were trapped inside for a time.

There were reports of pictures knocked from walls, chandeliers swinging wildly, plaster falling and merchandise and dishes jolted from shelves throughout much of the area.

"It was the worst;" said Mary Guglielmo, owner of the Plateau 7 Restaurant, atop a seven-story building in San Jose. She said wine bottles toppled from shelves and a small tree fell over. "It just went on and on," She said.

In Minden, Nev., Douglas County Librarian Connie Brashear said the jolt "moved some shelving . . . caused plants to wave back and forth, swayed the building and woke up one of our cats."

In Martinez, 35 miles east of San Francisco, Nel Veder said it was the strongest she'd felt in 15 years. "Cupboards rattled, chandeliers swayed. It was a long rolling quake of about 20 seconds duration."

California's last significant earthquake was on Jan. 22, when a temblor centered on the Monterey Peninsula hit 5.25 on the Richter scale. The Richter scale is a gauge of energy released by an earthquake as measured by ground motion recorded on seismographs. Each higher number on the scale represents a tenfold increase in energy released.

Mr. Chairman, I urge my colleagues to support the Science and Technology Committee bill.

☐ 1610

Mr. FUQUA. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Alabama (Mr. FLIPPO), a former member of the Science and Technology Committee.

Mr. FLIPPO. Mr. Chairman, I rise in support of this bill. I commend the gentleman from Pennsylvania (Mr. WALGREN) and the gentleman from Florida (Mr. FUQUA) for their work and leadership in bringing this measure to the House floor. All the Members of the House should be pleased and proud of the work and leadership all the members of the Committee of Science and Technology are providing in developing national goals, policies, and programs to maintain the leadership of our country in science and technology.

H.R. 4974 deserves the support of every Member of this body. The bill carefully balances the national need to invest in basic research with the requirement for Federal fiscal responsibility. This measure prudently establishes research priorities and the allocation of funds in the bill accurately reflects national goals and objectives.

Mr. Chairman, I want to direct my remarks in support of one area of the NSF budget that is of interest to me and I am sure most of my colleagues. For some years I have been interested in seeing a wider development of scientific talent and of centers of excellence across the country, and a more equitable distribution of Federal funds to support such development.

The awarding of Federal grants on the basis of quality and technical merit insures that only first-rate research will be supported. This is sound policy insuring that the investment of Federal revenues will yield the highest returns. We must recognize, however, that this policy also tends to perpetuate the uneven distribution of research capability throughout the country. Of the total Federal budget for fundamental research spent on college campuses, the bulk of the funds are distributed to those campuses in the States with the highest level of funding. For example, this year 60 to 65 percent of available Federal research dollars have been allocated to campuses in 10 States where the support for higher education is the highest, while only 1 to 2 percent went to schools in the 10 States where funding is lowest.

The National Science Foundation has, at the urging of the Committee on Science and Technology and many other Members of the House, given some attention to this problem.

For the last 5 years NSF has been operating the experimental program to stimulate competitive research (EPSCoR). This program was designed to first, increase the capability of scientists and engineers in States that have been relatively less successful in competing for Federal R&D funds; and to second, encourage a wider distribution of scientific talent, and Federal funds.

Under the EPSCoR program NSF awarded $2.5 million to $3 million each year from fiscal year 1981 through fiscal year 1984 to universities in five States that were among the lowest in total Federal research funding. The awards were made to help support statewide research improvement plans, and the five States chosen were Arkansas, Maine, Montana, South Carolina, and West Virginia.

The EPSCoR is scheduled to end this year. Fortunately, the members of the Committee on Science and Technology saw fit to reauthorize this program in H.R. 4974. This was a wise decision on the part of the committee. The program has been successful yielding great benefits to the country.

A report by NSF in October 1983, midway through the program, showed that while the change in the rank-order of States participating in the EPSCoR program was not dramatic, a number of results were noted. These include:

The quality of the faculty in participant institutions had been improved;

Over one-half of the 183 EPSCoR-supported scientists had already received other Federal awards;

Interaction between scientists in participant States and nationally recognized scientists had increased significantly;

Participant scientists were getting increased exposure, and research productivity had been increased; and

In all participating States, internal communication between scientists, administrators, legislators, and the community had been improved.

In a recent Science editorial, Prof. Gary A. Strobel, who has directed the EPSCoR program at Montana State University, highlights a number of achievements made at this university under the program. He states that well over 50 percent of the original EPSCoR investigators have acquired extramural research funds from Federal, State, and private organizations and agencies—in amounts which nearly double those originally received from NSF. Dr. Strobel says that after NSF funding has ceased, the program will continue with State funding.

Looking at the record of what has been accomplished with a relatively small investment of funding under this NSF program, it seems to me it is an emphasis worth continuing.

I feel this is important not only because it enables these less-than-top funded institutions to compete for Federal research dollars, but because it enhances our total research base, improves undergraduate education in science in these locations, and provides better graduate education.

It seems to me that in these times, when our Nation is struggling to keep its leadership in science, high quality centers of excellence need to be encouraged in all areas of the country and scientific talents developed and used wherever they are available.

Mr. Chairman, H.R. 4974 is a sound piece of legislation. I urge my colleagues to vote for the bill.

Mr. FUQUA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Montana (Mr. WILLIAMS).

Mr. WILLIAMS of Montana. Mr. Chairman, I rise in support of H.R. 4974, the National Science Foundation reauthorization bill. The National Science Foundation provides support for basic research, primarily through grants to colleges and universities. These funds are essential in helping our current scientists and future scientists address the needs of our country.

Of those areas of scientific research funded by the National Science Foundation, I believe that the behavioral and social science programs are of special importance in providing essential information that can be used to improve the quality of American life in such areas as education, health, and economic stability. This includes research on how our children learn and how we can teach them to grasp complicated concepts in such important subjects as mathematics and science. The Nation has placed a special emphasis on improving the education system in this country, and by strongly supporting this type of research on teaching and learning, we can insure a healthier educational system.

I strongly support H.R. 4974, and am particularly pleased to see that this bill increases funding for behavioral and social science programs by $3.6 million. This increase will assist in preserving the quality of behavioral and social science research, which affects all our citizens.

● Mr. GEJDENSON. Mr. Chairman, as we consider H.R. 4974, the fiscal year 1985 reauthorizations for the National Science Foundation (NSF), I would like to offer my support for the addition of funds for the biological, behavioral and social sciences (BBS) directorate of NSF. For the past several years, funding for the behavioral and social science research programs within BBS has been inconsistent and has fallen behind the strong pace of other NSF research programs.

This trend is continued in the administration's budget request for fiscal year 1985, where many of the behavioral and social science programs would barely keep pace with inflation. In contrast, an overall 14-percent increase is proposed for NSF's research programs.

The disparate funding for these sciences jeopardizes progress in areas of research that have implications for any enterprise where humans are involved. Some examples are the workplace, where human efficiency and productivity are primary concerns; energy use at home and in industry; science education; aviation, where safety often depends on human performance; and the health care system, where disease prevention and health care promotion efforts are often a matter of developing healthy behavior.

I am proud to represent two academic institutions that conduct NSF-supported research: The University of Connecticut, Storrs Campus, and Wesleyan University. Together, these schools received more than $125,000 in fiscal year 1983 ($110,421 University of Conn.; $24,790 Westleyan University) for research in neurobiology, economics, history, and psychobiology, among others. I am quite familiar with the high quality of the work being done in both universities and would decry any attempt to slow their research efforts in these important fields. That is why I urge my colleagues—many of whom represent institutions receiving NSF support for behavioral and social science research—to support the improved funding for these sciences that is contained in H.R. 4974.●

● Mr. FRENZEL. Mr. Chairman, I shall vote against this bill, not because of any problem with the focus or function of the National Science Foundation, but merely because it is an unacceptable increase in spending at a time of deficit crisis.

The committee has brought us a bill that increases funding for NSF by about 18 percent. If we allowed increases of that magnitude to every worthy function, we would add another $85 billion to our deficit in 1 fiscal year alone.

No function of Government can be allowed such an increase as this. I have no choice except to vote "no."●

● Mr. McCURDY. Mr. Chairman, I rise to add my wholehearted support to this authorization bill, because it will inject new strength into many excellent National Science Foundation programs.

I want to focus on sections of the bill that deals with the science and engineering programs administered through NSF. The proposed funding will give the Foundation an active role in helping to overcome a key problem: Our children are not acquiring the knowledge and skills they need in today's technological world.

Substantial amounts of advanced technology research are now being conducted in Oklahoma by both the public and private sectors. I am interested in seeing that we have competent and productive workers to fill these jobs. The NSF role—although only a portion of the Federal involvement in education—adds credibility and a sense of direction to science and engineering education programs.

The emphasis this bill places on computers and education is also commendable. A strong NSF computing effort will support increased services for science and engineering university researchers and help the budding role of computers in precollege classrooms.

I am pleased that this bill reflects many of the initiatives set forth in H.R. 1310 passed by the House early last year. H.R. 1310 puts emphasis on the need for comprehensive teacher training to improve instruction in science, math, and foreign languages, but the other body has yet to act on it. I cannot emphasize too strongly my desire to see these programs implemented.

There are few causes as worthy of our precious budget dollars as an investment in the minds of our young people. I urge my colleagues to support this authorization bill.●

● Mr. DANIEL B. CRANE. Mr. Chairman, I wish to state the importance of scientific research and technology in modern society and the need to maintain the strong U.S. position in these areas.

Although I am unable to support H.R. 4974, the National Science Foundation Authorization Act of 1985, due to the additional $58.5 million increase over the President's requests, I offer my support for the advanced scientific computing concerns contained in this legislation.

The rapid advances in information and communications technology has enhanced the opportunity and need to coordinate and integrate research and development of the supercomputer. If we are to maintain economic growth and productivity, and remain competitive in the international market, we must address the needs of the U.S. supercomputer users and developers.

The Government has supported the U.S. computer industry since its inception. It is our responsibility to continue the progress of the computer industry, and insure the U.S. continued leadership in this technology which is vital to scientific advances and our national security.

Within the realm of fiscal responsibility, I state my support for the promotion of the supercomputer technology insuring the competitive edge of the U.S. science and national security.●

● Mr. MOODY. Mr. Chairman, today's debate on H.R. 4974, the fiscal year 1985 authorizing legislation for the National Science Foundation (NSF) involves several important issues relating to Federal support of research. It is essential that we not overlook the impact that this legislation will have outside the scientific community as well. I am referring specifically to the improvements proposed in H.R. 4974 for NSF's behavioral and social science research programs. H.R. 4974 would help offset the pattern of inadequate funding that has been the case for these programs for the last several years.

Behavioral and social science research addresses the human elements of a variety of problems that are of concern to this Nation. This research ranges from investigations in the physiological aspects of behavior to the measurement of socioeconomic phenomena, and is conducted in a wide variety of disciplines, including neuroscience, psychobiology, perception and memory, economics, anthropology, linguistics, and sociology.

Two institutions in my district—the University of Wisconsin and Marquette University—conduct topnotch, rigorous research in each of these disciplines as well as in other behavioral and social sciences. In fiscal year 1983, the NSF directorate of biological, behavioral and social sciences (BBS) awarded well over $200,000 in behavioral and social science research support to these schools.

Knowing this, I am concerned that the fiscal year 1985 budget request for NSF once again offers only second-class treatment to most of NSF's behavioral and social science research activities. The small increase of $5 million for BBS that is included in H.R. 4974 would go a long way toward restoring the beleaguered budget for these sciences and would allow them to operate with greater vitality than they have experienced in recent years.

For these reasons, I would urge my colleagues in the House to approve the modifications to the fiscal year 1985 budget of NSF that are proposed in H.R. 4974 and, in particular, urge your support of the much-needed addition for behavioral and social science research.●

Mr. FUQUA. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. Kastenmeier). All time has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute now printed in the reported bill shall be considered as an original bill for purposes of amendment, and each section shall be considered as having been read.

The Clerk will designate section 1.

The text of section 1 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Science Foundation Authorization Act, Fiscal Year 1985".

The CHAIRMAN pro tempore. Are there any amendments to section 1?

If not, the Clerk will designate section 2.

The text of section 2 is as follows:

Sec. 2. (a) There is authorized to be appropriated to the National Science Foundation for the fiscal year 1985 the sums set forth in the following categories:

(1) Mathematical and Physical Sciences, $416,710,000.

(2) Engineering, $147,100,000.

(3) Biological, Behavioral, and Social Sciences, $258,120,000.

(4) Astronomical, Atmospheric, Earth, and Ocean Sciences, $373,480,000.

(5) Antarctic Research Programs, $115,080,000.

(6) Scientific, Technological, and International Affairs, $52,400,000.

(7) Program Development and Management, $70,907,000.

(8) Science and Engineering Education, $83,700,000.

(b) In addition to the sums authorized by subsection (a), not more than $40,000,000 (over and above the $20,000,000 available for Advanced Scientific Computing in subsection (a)) is authorized to be appropriated for the fiscal year 1985 for Advanced Scientific Computing.

(c) Of the amount authorized under subsection (a)(3), not less than $73,880,000 shall be available to the Behavioral and Neural Sciences Division and the Social and Economic Sciences Division, and not less than $8,000,000 shall be available to the Information Science and Technology Division.

AMENDMENT OFFERED BY MR. FUQUA

Mr. FUQUA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Fuqua: On page 2, line 6, strike $147,100,000 and insert in lieu thereof, $127,150,000, and

On page 2, line 10, strike $373,480,000 and insert in lieu thereof, $364,765,000, and

On page 3, after line 3, add a new subsection (d) to read as follows:

(d) Program funds for earthquake research in addition to amounts for related programs which are authorized under subsections (a)(2) and (a)(4) have been provided separate authorization of $28,665,000 under Public Law 98-241, the Earthquake Hazards Reduction Act.

Mr. FUQUA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. FUQUA. Mr. Chairman, funds for Federal earthquake programs have in previous years been included in the NSF authorization bill as well as the national earthquake hazards reduction authorization bill to insure that this important program is authorized. In fiscal year 1985, funds for earthquake research were again included in both bills.

On March 22, the Science and Technology Committee ordered the NSF authorization bill reported. On the same day, the President signed the Earthquake Hazards Reduction Act (Public Law 98-241) into law. Therefore, Mr. Chairman, since the earthquake research program at NSF has already been authorized for fiscal year 1985 in Public Law 98-241, the amendment eliminates the double authorization.

The Committee on Science and Technology wishes to insure, in coming fiscal years, that the important earthquake research is continued as an integral part of the NSF program. Therefore, the committee will expect NSF to continue to request funds for this program in future fiscal years. As in the situation this year, the committee will consider appropriate action to provide one authorization depending on the progress of the two bills which authorize earthquake programs.

Mr. GREGG. Mr. Chairman, I rise in support of the amendment. I think it is appropriate that we do delete this language.

I would like to note, however, that this is not a reduction in the authorization level of the NSF from the levels the committee passed under this bill because of the fact that we had a double authorization here. Therefore, I know the chairman has mentioned it, but I do not think anyone who is listening should feel that there is any reduction in funding levels as a result of this amendment being passed.

The funding levels remain at the same level which, as I mentioned before, we intend to offer an amendment to reduce.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Florida (Mr. Fuqua).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. FUQUA

Mr. FUQUA. Mr. Chairman, I offer several amendments, and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. Fuqua: On page 4, line 22, strike the dash.

On page 4, line 23, strike the "(1)".

On page 4, line 24, strike everything after "explanation", and insert a period.

On page 5, strike lines 1 through 4.

☐ 1620

The CHAIRMAN. Does the gentleman ask unanimous consent that we go to section 7 for the purpose of considering these amendments?

Mr. FUQUA. Yes, I do, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. FUQUA. Mr. Chairman, I am offering this amendment to clarify the report and wait provisions in the bill. The language being removed by the amendment from the bill was written as a convenience to the executive branch, but we have learned they do not wish to see it retained in the bill. So, therefore, I am asking its deletion.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Florida (Mr. Fuqua).

The amendments were agreed to.

The CHAIRMAN. Are there other amendments to section 2?

AMENDMENTS OFFERED BY MR. GREGG

Mr. GREGG. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. Gregg: On page 2, line 8, strike "$258,120,000" and insert in lieu thereof $253,120,000".

On page 2, line 13, strike "$52,400,000" and insert in lieu thereof $46,900,000".

On page 2, line 17, strike "$83,700,000" and insert in lieu thereof $75,700,000".

On page 2, strike lines 18 through 25 and renumber the remaining lines accordingly.

On page 3, strike lines 1 through 3 and renumber the remaining lines accordingly.

On page 5, strike lines 1 through 4 and renumber the remaining lines accordingly.

Mr. GREGG (during the reading). Mr. Chairman, I ask unanimous consent the amendment be considered en bloc, considered as read, and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Hampshire?

Mr. FUQUA. Reserving the right to object, Mr. Chairman, and I do not intend to, is the gentleman's amendment the same amendment that he provided before the debate began?

Mr. GREGG. Will the gentleman yield, Mr. Chairman.

Mr. FUQUA. I yield to the gentleman from New Hampshire.

Mr. GREGG. Yes, it is.

Mr. FUQUA. Mr. Chairman, I thank the gentleman, and I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. GREGG. Mr. Chairman, I also ask unanimous consent that that section of this amendment which amends section 3 be allowed, that it be made in order.

The CHAIRMAN. The gentleman requests that the amendment be made in order for section 7?

Mr. GREGG. Yes, Mr. Chairman. I ask unanimous consent it be made in order relative to section 7.

PARLIAMENTARY INQUIRY

Mr. FUQUA. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FUQUA. Has not section 7 previously been amended by the amendment just agreed to?

Mr. GREGG. I believe the chairman of the committee is correct on that. I would change my request, Mr. Chairman.

The CHAIRMAN. The gentleman is correct; that part of the amendment has already been agreed to.

Mr. GREGG. Mr. Chairman. I ask unanimous consent that my amendment be modified to delete the last line of it, which begins "On page 5."

The CHAIRMAN. Is there objection to the request of the gentleman from New Hampshire?

There is no objection.

The modification to the amendments offered by Mr. GREGG is as follows: Strike out "On page 5" and all that follows through the end of the amendment.

Mr. GREGG. Mr. Chairman, this amendment which is offered in the spirit of strong support for the scientific and engineering demands of the Nation is an amendment which brings the funding of NSF to a level which is 13.4 percent higher than last year and approximately 33 percent higher than 2 years ago.

It is, however, approximately 5 percent less than the increased funding levels proposed by the majority in the bill.

The gravamen of this issue is the supercomputer or additional supercomputer money which have been placed in the bill, which are in the bill above the President's budget levels. This is approximately $40 million of the $58 million, which is involved in my amendment as the difference between the majority's funding levels and my amendment's funding levels.

The reason I have reduced the supercomputer request by $40 million is that this money simply cannot be handled by NSF at this time.

The bill has in it, as presented and not amended by myself, $20 million for supercomputers. In addition, the NSF, with that money, the NSF is going to be able to obtain one new supercomputer. There are presently a number of supercomputers at the Federal level, 36 I believe it is, and there are, in this year being purchased, 6 more supercomputers.

The fact that the NSF is unable at this time to handle the supercomputer additional funds which have been requested by the majority was made clear not only in our testimony, I believe, before our committee, but also by Dr. Keyworth, who stated in a letter to the committee which I intend to present in the full House:

THE WHITE HOUSE,
Washington, DC, March 21, 1984.

Hon. DON FUQUA,
House of Representatives,
Washington, DC.

DEAR DON: I understand that the House Subcommittee on Science, Research and Technology is planning to report out an NSF authorization bill almost $100 million above the President's request, with $80 million of this increase for university advanced scientific computing. It is my firm belief that a one year increase of this magnitude would be a serious misallocation of science support resources.

There have been reports in the newspapers in the past several weeks of the alleged superiority of the latest Japanese supercomputers, especially the Fujitsu VP200, compared to the current U.S. models. Our latest discussions with knowledgeable experts from both industry and academia indicate that these reports were grossly exaggerated and misleading, and that the current Cray X-MP is still the machine to beat. There is no question, however, that the U.S. industry is being challenged. We are completely sympathetic to the notion that greater university access to supercomputers will be a major factor in developing the talent and stimulating the demand for future advanced computing systems that will maintain our superiority in this field.

Nevertheless, after extensive discussions with university researchers, and with other key players, we are convinced that the universities could not effectively absorb the proposed rate of increase in supercomputer funds. It will be a year or more before the three existing university supercomputer centers are able to offer the level of support and service necessary to meet the needs of new scientific supercomputer users, especially at remote locations. We are working to increase the number of such centers, as you know, but it cannot happen overnight. Similarly, computer science departments cannot all become instant supercomputer research experts. Finally, we should not lose sight of the significant support for university supercomputer related research from other agencies, such as DOE and DARPA. I am working to establish a visible, high-level focus for coordination and prioritization of agency supercomputer related activities.

Supercomputers remain an extremely high priority on our science policy agenda. We are concerned that key areas, such as software and parallel processing may be receiving less than appropriate attention. In general I support the priorities established by the NSF Advisory Committe on Advanced Scientific Computing Resources. However, I believe that an increase of the proposed magnitude both would be wasteful and could disrupt other, equally important, scientific research initiatives within the agency.

Yours truly,

G. A. KEYWORTH,
Science Adviser to the President.

In other words, our chief science adviser at the Federal level feels rather strongly, as does the NSF's leadership, that it cannot at this time handle the moneys which are being added to an already large increase in the budget.

I think it should be noted, also, that last year we added additional funds into the NSF budget and those funds were not able to be spent on the new programs authorized, and as a result, the Appropriations Committee ended up taking moneys out of needed basic research to use in a program which did not get off the ground and therefore the basic research program suffered and the new program was not started.

I am afraid that if we go forward with this supercomputer allocation as proposed by the majority, we will end up in the same type of situation again without our desire, but in any event, effecting the research components of the NSF.

The other moneys involved in the amendment are approximately $8 million, which was an add-on in subcommittee made by Mr. BROWN of California, which add-on was for additional graduate fellowships. Now I happen to be a very strong supporter of the elementary and secondary school education programs of the NSF and in fact feel that I have played an instrumental role in getting the NSF back into the business of helping out at the elementary and secondary school level.

These funds, these additional $8 million, have been added on to the elementary and secondary school level; they are however for graduate school programs.

Again, I think we have a problem with that sort of funding. I do not believe that the NSF is in a position to handle the additional dollars. I am also afraid that we will again end up with the Appropriations Committee funding that $8 million by taking money out of either basic research or possibly out of the fledgling elementary and secondary school areas which are getting off the ground and thus negatively impacting those programs.

We know there are other moneys already in this budget, significant moneys for graduate programs. In fact, the vast majority of the money spent on the NSF budget is for graduate programs.

(By unanimous consent, Mr. Gregg was allowed to proceed for 3 additional minutes.)

Mr. GREGG. In fact, the majority of the funds in this budget go to graduate programs and postsecondary programs. Thus, I feel that if we do anything in this funding resolution which impacts the very small amount which is now being spent on elementary and secondary school funding, the $75 million we have in the budget out of $1.5 billion budget, or which may impact them, we would be making a serious mistake.

There are additional funding changes in my amendment; specifically in the STIA area. We take $5.5 million out and in the biological and behavioral science area we take another $5 million out. These were add-on proposals which occurred over the administration's budget. I wish to stress again that this is not anywhere near a barebones budget as proposed by the administration.

We are talking about a 13.4-percent increase over this coming year on top of a significant increase in the prior year; adding up to 33 percent of increase over the last 2 years. At a time when all of us are going back to our districts and discussing deficit and how we are going to address the deficit, I believe it is very hard to justify an increase in excess of 33 percent over 2 years for one agency, no matter how valuable that agency may be and in this case, I consider it to be one of our most valuable agencies.

Everyone in this House can vote for my amendment and go back to their district and effectively present the case that they have voted for a 33-percent increase in funding for NSF over 2 years.

□ 1630

And have voted for specifically a 13.4-percent increase in funding for NSF this year and know that they have also maintained budget fiscal responsiblity.

It seems to me that this is an amendment on which one can win going both ways and one which is rare in this time of fiscal restraint to be able to have before us.

Therefore, I would ask the House Members' support for this amendment.

Mr. WALGREN. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I would urge Members to think twice and maybe thrice about supporting the amendment of the gentleman from New Hampshire. I know that the amendment is offered in very good faith. But I believe that at bottom the gravamen of this amendment is an unwillingness to accept the responsibility we have in the Congress to make our own judgments about the importance and the distribution of the programs which we authorize.

I am sure the gentleman can point to support for the statement that the NSF would have difficulty consuming the funds that would be provided under this authorization.

At the same time, there is very expert opinion in support of the exact opposite conclusion. Dr. Lewis Branscomb, the Chairman of the National Science Board, testified before the Appropriations Committee that the $20 million that we would go back to in this amendment was simply not enough money to meet a well-documented need. We know that NSF's own 1985 authorization request to OMB for supercomputers was $47 million, more than the total provided here and over $27 million more than the gentleman from New Hampshire would provide under his amendment.

You can go back, depending on where you start, and allege that the effort under the National Science Foundation is being increased. Part of the problem is that the decreases in certain efforts were so substantial in 1981 and 1982 that when the Congress reassested its responsibility to make judgments about the levels of those programs, we are put in a position of asking for substantial dollar increases.

But there are two edges to that sword. The real problem goes back to those 1981 cuts. If we come to the conclusion, as I think most have, that those cuts were unwise, particularly the cuts in science education that cried out for being restored then it is incumbent on us, I believe, as the body in which the Constitution invests the responsibility to make these judgments to do the right thing. And I cannot imagine that we should risk underfunding in the area of accessing our scientific community to supercomputers.

I would ask that the amendments be rejected.

Mr. WINN. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, I hope the Members listened carefully to the excellent statement of the gentleman from New Hampshire who is offering this amendment. I strongly support his amendment. In no way does this amendment do damage to the National Science Foundation. It simply restores the President's budget request for the coming fiscal year.

It was only a few short years ago, in the previous administration, when the budget for the National Science Foundation was about $1 billion per year. Today, we are talking about authorizing over $1.5 billion for the Foundation. In any era, this is substantial growth, even taking inflation into account. Given the difficult fiscal and economic situations this Nation has faced in recent years, I find the relative prosperity enjoyed by the National Science Foundation doubly extraordinary. As the gentleman from New Hampshire has pointed out, in just the past 2 years alone, the Foundation has received from the administration a requested increase of 18 percent for fiscal year 1984 and a 13.6-percent requested increase for fiscal year 1985. A more than 31-percent increase over 2 years is a much better budget increase than that enjoyed by the Department of Defense, and yet I do not hear my colleagues saying that this is excessive for NSF.

This amendment does not cut any programs in the Foundation. Adequate funding is still supplied for engineering research, advanced scientific computing, instrumentation, programs for women, minorities, and handicapped, the behavioral and social sciences, science and engineering education, and many other worthwhile programs. I know that like myself the gentleman from New Hampshire strongly supports the programs of the National Science Foundation. He proves that by the careful way that he has drafted this amendment. It will provide for vigorous and sustained growth by the Foundation, but it will do so in a fiscally responsible manner.

Mr. Chairman, I urge the adoption of this amendment and yield back the balance of my time.

Mr. BROWN of California. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, as has already been indicated, the gentleman from New Hampshire has made a very valuable contribution to this legislation and to the general operations of the National Science Foundation.

I find myself in agreement with many of the emphases which he has sponsored with regard to the improvement of scientific and technical education. He is quite correct about the importance of providing funding at the elementary and secondary levels and for fellowships at the undergraduate level. His amendment, however, proposes to reduce the amount of the graduate fellowships which, as I indicated earlier and he indicated, were put in to the authorization as a result of an amendment which I offered in the subcommittee.

I, as he knows, would have preferred to offer additional funding for undergraduate fellowships and to strengthen our total scientific and technical education efforts in other ways, but we restrained ourselves in committee, although the report does give substantial support for continued initiatives by the Foundation.

Much as I respect the gentleman's effort to reduce the amount in the authorization to the level requested by the administration, I would suggest to all of the Members that this is really not the best criteria to use.

If this House insisted on adhering to the administration's requests across the board on all budgetary items, the gentleman knows that it would increase the amount of the deficit by $30 or $40 billion above that which the House has already approved in their budget resolution.

☐ 1640

So, as a general rule, to adhere to an effort to bring all items of authorization or spending that come before us to the level of what the President has recommended would drastically increase the amount of deficit that faces this country. I know the gentleman does not propose to do that. I know he does not think he can balance the budget with the National Science Foundation's authorization, and I respect his motives. But I suggest that this is not the wisest way to proceed at this particular time. He knows the effort that was put into analyzing the need for additional support for advanced computational facilities. This was not a partisan effort in any sense of the word; it was shared by many Members of the minority. There is a feeling that we are at a critical juncture in connection with the competitive posture of this country with regard to the rest of the world in this important field. The effort that we are making to improve our posture in advanced computation is one which will contribute to the security of this country. The gentleman knows that, and I am sure that he feels that this funding can be approved later, that it is something that the administration itself will request in future years. It is the feeling of the committee—and I hope that the House will support it—that we cannot afford to procrastinate in this vital area of technological competition with the rest of the world.

That is the reason for these small, almost miniscule, increases that have been put into the authorization bill by the committee after years of study of this situation.

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. BROWN of California. I will be happy to yield to the gentleman from New Hampshire, whose views I respect very highly.

Mr. GREGG. I certainly agree with many of the representations the gentleman has made. However, I think it should be clear—and I am sure the gentleman is aware of it—that there are six new supercomputers in this budget as presented, not in this specific budget, but in the President's budget, and I think that is a fairly aggressive commitment to this type of technology by the administration.

Is the gentleman supportive of those six supercomputers?

Mr. BROWN of California. I certainly am, and I commend the administration, as I have already indicated, for the initiatives they have taken.

Mr. GREGG. And, of course, we do have in this budget as presented a 13.4-percent increase represented, and I think that again shows the administration has made a commitment here.

The CHAIRMAN. The time of the gentleman from California (Mr. BROWN) has expired.

(On request of Mr. GREGG and by unanimous consent, Mr. BROWN of California was allowed to proceed for 3 additional minutes.)

Mr. GREGG. Does not that also show that the administration has made a commitment?

Mr. BROWN of California. That also shows a renewed commitment by this administration to the advancement of science and technology. And again I commend the administration. But I will speak further to that point.

Mr. GREGG. Well, I would just like to represent at that point that we agree on those two points, because we are talking about supercomputers and spending here, that I do not believe that this budget falls into the category of many of the other budgets the gentleman has been referring to that have come from the administration which the gentleman may have disagreement with. This budget is a little unique—it is extremely unique. It represents significant increases, it represents significant new initiatives, and I believe that we can vote for it, as amended, and still reflect the significant increases and new initiatives.

Mr. BROWN of California. If the gentleman will allow me, may I ask him a question?

Mr. GREGG. Certainly.

Mr. BROWN of California. Is it the gentleman's position that the entire budget presented by this administration is sacrosanct and that it should not be subjected to any changes?

Mr. GREGG. Well, since I voted against the defense budget last year, I would say that that being the biggest item, I would say that was not the case.

Mr. BROWN of California. So the gentleman is not supporting every request that the administration is making in connection with their budget this year?

Mr. GREGG. If the gentleman will yield further, no. In fact, there are a number of budgets which I have not supported. But this one I think is on the right track, and that is why I am supportive of it, because of its increases and because of the new initiatives.

Mr. BROWN of California. I commend the gentleman for his pragmatic approach. I admire him, and I think he is doing the right thing, except in this particular case I think he has strayed off course for reasons which I will be glad to elaborate on further.

With regard to the position that he takes, that the 14-percent increase this year solves all of our problems or that the 33-percent increase of the last 2 years is an indication that this administration is on the right track, I would point out to the gentleman—and I am sure he is well aware of this—that we still have an fiscal year 1985 authorizing level in this bill which is approximately the same as the last budget of the Carter administration in 1981. In other words, despite the increases, they come on top of 2 years of substantial decreases which were made in this budget.

Mr. GREGG. If the gentleman will yield at that point, if we are going to bring in that Carter increase, that Carter increase I think had some mirrors, smoke, and political ramifications to it because it represented close to a 45-percent increase in 1 year in budgeting for NSF, which I do not think anybody could reasonably expect NSF could have handled in that short a timeframe.

In fact, some of the increase we put in last year NSF is going to have to lapse because of the fact that it simply cannot get the programs up in time, especially science education in elementary and secondary.

Mr. BROWN of California. I appreciate the gentleman's point. There was a belated recognition in the last year of the Carter administration that there was political gain from giving the science programs in this country what they really needed.

The CHAIRMAN. The time of the gentleman from California (Mr. BROWN) has again expired.

(By unanimous consent, Mr. BROWN of California was allowed to proceed for 1 additional minute.)

Mr. BROWN of California. I think there was a certain amount of political posturing. But from my standpoint, I do not think that that was an ill-conceived budget. And the point that I am making is that this budget merely brings us back to the proposed budget of 4 years ago.

The gentleman certainly cannot contend that that represents a horrendous increase in the support for science and technology in this country.

I happen to honestly believe that our future as a nation, in its economic activities, its defense activities, in all of its activities, depends upon our giving support to science and technology in a reasonably generous way.

I think this budget begins to do it. It is still not as good as I would like. But because it is moving in the right direction, I have commended the administration for it, and I urge that this amendment be defeated so that we may continue on the path that we have taken.

Mr. WALKER. Mr. Chairman, I move to strike the penultimate word.

Mr. SKEEN. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from New Mexico.

Mr. SKEEN. Mr. Chairman, I rise in strong support of the Gregg amendment to H.R. 4974, authorizing appropriations for the National Science Foundation for fiscal years 1985 and 1986. I strongly support the leadership role the National Science Foundation is undertaking in initiating the development of an effective long-term and large-scale computing program. I believe the use of supercomputers for the advancement of many areas of science and engineering is in the national interest. It is not in the national interest, however, to increase the budget request for supercomputers $40 million over the administration and the NSF's own advisory committee request.

And while I am on the subject of matters in the national interest, I should point out to members of the committee that as we consider this authorization, we are faced with a deficit level approaching $200 billion for fiscal year 1985. And so Mr. Chairman, it is in the national interest that I cannot support the NSF authorization bill for fiscal year 1985 unless the amendment by Mr. Gregg is adopted by this body.

Mr. WALKER. Mr. Chairman, I rise in strong support of the Gregg amendment.

It seems to me that this amendment goes in the right direction of finding ways in which to reduce the funding that is in the committee bill back to the level that was originally proposed by the President which, as has been mentioned here previously, was 13.5 percent more than what we spent in 1984. In 1984, we had a budget which proposed an 18-percent increase. So we have regularly increased these budgets. So we are talking about a rate of increase here which is four times what the rate of inflation is in the country.

The Gregg approach is an approach aimed at trying to assure that we do stay within some budget limits.

Now, I would say that the reason why I strongly support the Gregg amendment is because this is a targeted approach, it is an attempt to take the business of cutting back on the spending levels in this bill and targeting it in a way in which we assure that the money reduced is in a reasonable kind of area in each case.

However, I would suggest to the committee that there are other ways of cutting budgets. There are other ways of reducing authorizations. And if we cannot do it by a targeted approach, we can certainly take a look, perhaps, at untargeted approaches to reduce the levels, as well.

Now, whether or not you are for this amendment, I guess, does depend upon where you come from. If in fact you take a very narrow perspective of the world and a narrow perspective of what we do here, you can probably find reasons to accept the arguments of the gentleman from the other side. If in fact you want to focus on only this bill and you want to focus on only the things that are covered by this bill, you can say: "Oh, yes, we can justify more money here, and we can justify more money there, and we can justify more money over here." Every one of these programs is a good program. Every one of these programs has some merit to it. And if you want to be that narrow about this program, you can find reasons for supporting the increased levels of spending that are in the committee's bill.

However, if you want to take a little more broad view of national policy and recognize that we are faced with a $175 billion deficit, I would suggest that the Gregg amendment is something you ought to take a very close look at.

Now, we cannot simply come to this floor and consistently say that the President's budget is meaningless and we ought not to look at that in this case. Virtually every argument that is made out here is in some way trying to justify the congressional budget or the President's budget, whichever is higher. Now, that is the reason why we have gotten ourselves into so much trouble down through the years.

As I mentioned during the budget debate here a couple weeks ago, when we came to this floor with a budget, we were coming out here with a phony, to begin with, because we have managed in this Congress to exceed our own budget projections over the last 5 years by $276 billion.

□ 1650

We cannot stick within our own budgets because we are always coming out here and violating either the President's budget or our own budget, whichever happens to be the higher figure. That is exactly what we are doing here; we are coming in here with more spending. We are coming in here with $58 billion of spending increase over the President's budget. If we want to get the spending cut back, if we want to do something about reducing spending levels, here is a place to start, and you can do it in a very responsible way with the Gregg amendment which targets those spending cuts at various locations.

I would say that if we cannot do it by the Gregg route, we will have an opportunity then to do it by another route, and I would suggest that that may be a good deal tougher to vote against.

I would hope that the committee will assess its position and decide that the Gregg route is by far the best way to go. That this is the way in which the committee can reduce the spending back to a 13.5-percent increase and go forward from there. If we cannot do that here, than I would ask where we can do it, and my suggestion is that probably we cannot do it anywhere.

Mr. FUQUA. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, the gentleman from New Hampshire has offered an amendment, and I am sure well intended, to do what he thinks is best in bringing this bill back to the budget request of the President. The committee and the subcommittee held numerous days of hearings under the able leadership of the gentleman from Pennsylvania (Mr. Walgren) and Mr. Gregg serves as the ranking minority member on that subcommittee, and his attendance and efforts have been very constructive in trying to bring this bill to the floor.

I think the amendment that is offered today just totally ignores some of the priorities that the members of the committee feel that should be included. One of them is to help, and it is a very small program, but to help stimulate competitive research in a lot of colleges and universities that do not participate in the NSF programs. We have some money in for research and improvement in minority institutions, a very important program.

Let us get to the most important one that the committee added funds for, and that is the $40 million for the advanced scientific computing. Now, in this country we have over 2,000 colleges and universities. Only three of those have supercomputing capability. I will guarantee you that just about every Federal agency that wants one has one. The Department of Defense, Department of Energy, NASA, they all have them. But they use them for their own work; they are not teaching anybody; they are not doing any research in these programs that they have. Most of them are cloaked with secrecy because of the security aspects with them. So universities have no way to participate in these programs.

Reference was made to the letter from Dr. Keyworth, the President's Science Adviser. Well, at the time that letter was written the subcommittee, and I think wisely so, had added about $80 million to this program. There was some concern whether it could be adequately spent within this fiscal year. Dr. Keyworth addressed his letter to that figure. But I might add, in the last page of his letter, the last paragraph, he says that:

"Supercomputers remain an extremely high priority in our science policy agenda." And that, "In general I support the priorities established by the NSF Advisory Committee on Advanced Scientific Computing Resources."

Well, what did they recommend? They recommended in the course of their studies $180 million plus be added to this program for supercomputer activities. They said then that they felt like they fell short of the need with even that amount of money. There was $20 million in the budget, and we added $40 million; I offered the amendment in committee to reduce it back in half. I did not do that with any great amount of pride, but I thought it was a compromise, a prudent compromise, and it would take care of some of the concerns that Dr. Keyworth had mentioned in his letter.

A member of the Grace Commission on March 30 of this year, Carl Bays, who is from the research and development task force of the Grace Commission, said, and I would like to quote, he said:

> A central challenge for the government is in the maintenance of strong support for a broad range of research and development activities.

He did not end there, he went on to say:

> This is not an easy challenge in time of deep concern about government budgets, but it is one that we must meet, and the government does have a clear role.

I think that we must look at what will the supercomputers be doing. Well, they will be distributing to areas where we can have low-cost, higher capability supercomputers; they will introduce advanced prototype machines for use in the university setting for training and development. Where does the Government and industry obtain the talent it needs to operate supercomputers? Where do they come from? They come from colleges and universities. Only three, only three, Mr. Chairman, in the whole United States.

Many of our scientific people and researchers are now forced to go to foreign countries in order to get supercomputer time so that they can do their work properly. The supercomputer industry in the United States is under very stiff competition from outside developers including the Japanese superspeed project, and some other programs in Europe. It is very vital, Mr. Chairman and the members of this committee, that we in this Congress have a responsibility to exercise our duties also as well as the executive branch.

The CHAIRMAN. The time of the gentleman from Florida (Mr. FUQUA) has expired.

(By unanimous consent, Mr. FUQUA was allowed to proceed for 1 additional minute.)

Mr. FUQUA. This is money that will make back tenfold this investment in jobs, in knowledge, and advancement of a very important field that is very crucial to this country for our continuation as a technological leader in the late 1990's and the years after that.

The CHAIRMAN. The time of the gentleman from Florida (Mr. FUQUA) has expired.

(On request of Mr. GREGG and by unanimous consent, Mr. FUQUA was allowed to proceed for 2 additional minutes.)

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. FUQUA. I yield to the gentleman from New Hampshire.

Mr. GREGG. I thank the gentleman for yielding.

The gentleman has made the point about the three computers in the universities that presently exist, and I obviously agree with him that there are three computers, but I think that it should also be made clear, Dr. Keyworth made clear, and some of the testimony I think implies that those computers right now are not able to be used to full capacity. Because they are not set up, there is not the necessary support, to quote from Dr. Keyworth:

> It will be a year or more before the three existing university supercomputer centers are able to offer the level of support and services necessary to meet the needs of the new scientific supercomputers used.

Thus, we will need more supercomputers at the university level, there is no question about that. But to add it in at this time is going to be premature, and I suspect may end up with the Appropriations Committee doing what they did to us in education last year which was to drain off some research dollars in order to stay at the 13.4-percent increase.

Mr. FUQUA. Let me say to the gentleman that we are not talking about necessarily spending all this money on buying more or new supercomputers so that we can put one in every one of the 2,000-plus colleges and universities; what we are trying to do is to advance the concept of networking the utilization and expand the frontiers of availability to the colleges and universities so that they can utilize these computers.

There may be additional uses for computers, but not a mass market for them or procurement of them. But we are trying to utilize them because the ones that are owned by the Government have very limited access to colleges and universities. We are trying to open that up, but the very sense of the programs that many of them have limits the availability to outside people doing computational work on their computers.

The gentleman from New York (Mr. BOEHLERT), a member of our committee, has made great contribution in a bill last year about networking so that we can hook up through satellites and better utilize the capacity of these machines. This is what we are talking about.

□ 1700

Mr. GREGG. If the gentleman will yield further on that point, I think the point that is being made by Mr. Knapp and is being made here by Dr. Keyworth is that they are not in a position to spend more money than they are already going to get in this budget, which has a 13.4-percent increase, in order to bring about either the new networking that would be additionally added under the gentleman's $40 million, or to add a new computer which might be bought with this additional money.

The CHAIRMAN. The time of the gentleman from Florida (Mr. FUQUA) has again expired.

(On request of Mr. GREGG and by unanimous consent, Mr. FUQUA was allowed to proceed for 1 additional minute.)

Mr. GREGG. But they are pursuing the issue of Networking, they are aggressively pursuing the issue of expanding the availability of these three university systems, and are working with the three universities to do that. However, they feel they can do it withisn the 13.4-percent increase and they do not need an additional 5 percent here on top of an already increased budget.

Mr. FUQUA. Let me point out to the gentleman that Dr. Keyworth said he was in general support of the priorities established by the NSF Advisory Committee on Advanced Scientific Computing Resources, and they recommended $188 million. We are way, way lower than that, and I think we are at a level that can adequately be expended in a very prudent fashion.

I would not want to ask for more money than can be spent in a prudent fashion. We want to get the value for the money and I think we are at that level. Dr. Keyworth's letter was written when we were at twice that amount in the program.

Mr. GREGG. But, if the gentleman will yield further, Dr. Keyworth's letter is to the specific issue of the supercomputers and asks that they not be approved.

Mr. WIRTH. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, as a member of the Committee on the Budget, I wanted to respond to one of the comments made for this amendment, that the budget can be cut by approving this amendment. This is an authorization, not an appropriation. There is plenty of room in the appropriation for the Committee on Appropriations to expend this money if the Committee on Appropriations so chooses.

The budget ceiling is already set. This is not an issue of whether or not we are cutting the budget; it is an issue of what kind of priorities we want to set in the authorization.

That, then, goes to the second point, the issue raised so well by the chairman of the Committee on Science and Technology, the gentleman from Florida (Mr. FUQUA). What we are talking about here is not authorizing a lot of new computers; we are saying who is to have access to the existing computers.

Under the administration's program, the Government itself has access; DOE has them, Department of Defense has them, NASA's highly specialized aviation needs have access. But the university community overall does not have access. As the NSF's advisory committee has pointed out, biologists, chemists, specialists in atmospheric and oceanographic sciences, engineers of all disciplines, everybody else also ought to have access to supercomputers and that is what this money is for.

The networking that Chairman FUQUA talked about is providing access to universities and scholars all over the country to supercomputers. Should they have access, or should just the Government have access? That is the issue at stake here. I think they should all have access, and to maintain that kind of access, we should turn down the amendment.

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I will be happy to yield to the gentleman from New Hampshire.

Mr. GREGG. I thank the gentleman for yielding.

Mr. Chairman, in response to the two points, first, my point on the reallocation of moneys was that last year we did the same thing. We initiated a new program essentially in math, science, elementary school education, which I know the gentleman is a strong supporter of, and the Committee on Appropriations, in funding that program, ended up transferring funds around which impacted on the research directorates, which are the core of the NSF, and they did it as a result of our creating new authorization levels which I happen to support, but I think it was unfortunate to see research impacted that way.

I think if we do this we run the risk, again, of doing that with really no great return, because I do not think NSF is going to be able to handle the funds.

On the gentleman's second point, NSF is right now doing the networking with the private sector. They are spending several million, actually $6 million right now, that they have out in grant applications to do exactly what the gentleman requested that they do, which is to bring in the networking RFP's in order to get some private access into Federal computer time.

Mr. WIRTH. Mr. Chairman, if I may reclaim my time, I appreciate what the gentleman is saying. I think that the priorities that we are arguing for on this side are simply to expand that networking and make sure that it is available to many, many more disciplines than it is now. We believe that is possible and conforms with the priorities set by the NSF Advisory Board. I would defer to what the scientific community has said, and the scientific community has asked that we support this particular amendment.

So I understand the gentleman wanting to cut that down and we just disagree on what those priorities ought to be. If we want to network, let us turn down this amendment.

Mr. WALGREN. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I would be happy to yield to the gentleman from Pennsylvania.

Mr. WALGREN. I thank the gentleman for yielding.

Mr. Chairman, I think the best evidence on what the scientific community recognizes as the proper course in this area would be the Advisory Committee for Advanced Scientific Computing Resources of the National Science Foundation. Their report received March 2, 1984, says, and I quote:

> We urge the National Science Foundation to do everything possible to see that funding for the initiative reaches the threshold level to achieve full cooperation from the rest of the community in elevating the total program to full equality with experimental and theoretical science.

Then when one looks in the report for what the threshhold level is, it indicates that they cite again the Bardon-Curtis report, citing a level of $180 million, and state:

> We agree that immediate needs are of this order.

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I would be happy to yield to the gentleman from Florida.

Mr. FUQUA. I thank the gentleman for yielding.

Mr. Chairman, I might further point out that Dr. Lewis Branscomb, the chairman of the National Science Board, when asked——

Mr. WIRTH. The chief scientist for IBM.

Mr. FUQUA. The chief scientist for IBM, when asked before the Appropriations Subcommittee, if he felt that $20 million was adequate, he said it was not adequate; that they did need more money for the very things the gentleman talked about, not to buy computers, even though they may have to purchase some, but really to buy access time, access charges, pay copyright fees, networking costs, so that we can broaden the accessibility of this program to a broader spectrum, rather than just the select few that have access to this.

The Government, as I pointed out, has plenty of access to their programs, but the universities and the people who train the people they need do not have it. We are choking off the source of future scientists.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New Hampshire (Mr. GREGG), as modified.

The question was taken, and on a division (demanded by Mr. WALKER) there were—ayes 7, noes 9.

Mr. WALKER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 92]

Akaka
Albosta
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
Archer
AuCoin
Badham
Barnard
Barnes
Bartlett
Bateman
Bates
Bedell
Beilenson
Bennett
Berman
Bethune
Biaggi
Bilirakis
Bliley
Boehlert
Boggs
Boland
Boner
Bonior
Borski
Boucher
Breaux
Britt
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Burton (IN)
Byron
Carney
Carper
Carr
Chandler
Chappell
Cheney
Clarke
Clay
Clinger
Coats
Coleman (MO)
Coleman (TX)
Conable
Conyers
Cooper
Corcoran
Coughlin
Courter
Coyne
Craig
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Darden
Daub
Davis
de la Garza
Dellums
Derrick
DeWine
Dickinson
Dingell
Dixon
Dorgan
Dowdy
Downey
Dreier

Duncan
Durbin
Dwyer
Dyson
Early
Eckart
Edgar
Edwards (CA)
Edwards (OK)
English
Erdreich
Erlenborn
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Fiedler
Fields
Fish
Flippo
Florio
Foley
Ford (MI)
Frank
Franklin
Frenzel
Fuqua
Garcia
Gaydos
Gejdenson
Gekas
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Gray
Green
Gregg
Gunderson
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hansen (UT)
Harkin
Hartnett
Hatcher
Hawkins
Hayes
Hefner
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffords
Jenkins
Johnson
Jones (NC)
Jones (OK)
Kasich
Kastenmeier
Kemp
Kildee
Kindness
Kleczka
Kolter
Kostmayer
Kramer
Lagomarsino
Lantos
Latta
Leach
Leath
Leland
Lent
Levin
Levitas
Lewis (CA)
Lewis (FL)
Livingston
Lloyd
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Mack
MacKay
Madigan
Martin (IL)
Martin (NC)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCain
McCandless
McCloskey
McCollum
McCurdy
McEwen
McGrath
McHugh
McKernan
McKinney
Mica
Michel
Mikulski
Miller (OH)
Mineta
Mitchell
Moakley
Molinari
Mollohan
Montgomery
Moody
Moore
Moorhead
Morrison (CT)
Morrison (WA)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Nielson
O'Brien
Oakar
Oberstar
Obey
Olin
Ottinger
Owens
Oxley
Packard
Panetta
Parris
Pashayan
Pease
Penny
Pepper
Perkins
Petri
Porter
Price
Pritchard
Quillen
Rahall
Ratchford
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Ritter
Roberts
Roe
Roemer
Rogers
Rose
Roukema
Rowland
Rudd
Sabo
Savage
Schaefer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Sikorski
Siljander
Simon
Sisisky
Skeen
Slattery
Smith (FL)
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solarz
Solomon
Spence
Spratt
Staggers
Stangeland
Stark
Stenholm
Stratton
Studds
Stump
Sundquist
Swift
Synar
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Vander Jagt
Vandergriff
Vento
Volkmer
Walgren
Walker
Watkins
Waxman
Weaver
Weber
Wheat
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Winn
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

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The CHAIRMAN pro tempore (Mr. WILLIAMS of Montana). Three hundred and fifty-three Members have answered to their names, a quorum is present, and the committee will resume its business.

RECORDED VOTE

The CHAIRMAN pro tempore. The pending business is the demand of the gentleman from Pennsylvania (Mr. WALKER) for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This vote will be reduced to a limit of 5 minutes.

The vote was taken by electronic device, and there were—ayes 175, noes 180, not voting 78, as follows:

[Roll No. 93]

AYES—175

Anderson
Andrews (TX)
Applegate
Archer
AuCoin
Badham
Bartlett
Bateman
Bates
Bethune
Bilirakis
Bliley
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Byron
Carney
Carper
Chandler
Cheney
Clinger
Coats
Coleman (MO)
Conable
Cooper
Corcoran
Coughlin
Courter
Craig
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
de la Garza
DeWine
Dickinson
Dreier
Duncan
Dyson
Edwards (OK)
English
Erlenborn
Evans (IA)
Fiedler
Fields
Fish
Franklin
Frenzel
Gaydos
Gekas
Gingrich
Goodling
Gradison
Gramm
Gregg
Gunderson
Hall (OH)
Hall, Sam
Hammerschmidt
Hansen (UT)
Hartnett
Hiler
Hillis
Holt
Hopkins
Hubbard
Huckaby
Hughes
Hunter
Hyde
Johnson
Jones (OK)
Kasich
Kemp
Kindness
Kolter
Kramer
Lagomarsino
Latta
Leach
Lent
Lewis (CA)
Lewis (FL)
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Martin (IL)
Martin (NC)
Martin (NY)
McCain
McCandless
McCollum
McEwen
McGrath
McKernan
Michel
Miller (OH)
Molinari
Montgomery
Moore
Moorhead
Morrison (WA)
Murphy
Nielson
O'Brien
Olin
Oxley
Packard
Parris
Pashayan
Penny
Petri
Porter
Pritchard
Quillen
Ray
Regula
Ridge
Rinaldo
Ritter
Roberts
Roemer
Rogers
Roukema
Rudd
Schaefer
Schneider
Schroeder
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Sisisky
Skeen
Slattery
Smith (NE)
Smith, Denny
Smith, Robert
Snowe
Snyder
Solomon
Spence
Stangeland
Stenholm
Stump
Sundquist
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Vander Jagt
Vandergriff
Walker
Weber
Whitehurst
Whittaker
Whitten
Winn
Wolf
Wortley
Wylie
Yatron
Young (AK)
Young (FL)
Zschau

NOES—180

Akaka
Albosta
Andrews (NC)
Annunzio
Anthony
Barnard
Barnes
Bedell
Beilenson
Bennett
Berman
Biaggi
Boehlert
Boggs
Boland
Boner
Bonior
Borski
Boucher
Breaux
Britt
Brooks
Brown (CA)
Carr
Chappell
Clarke
Clay
Coleman (TX)
Conyers
Coyne
Crockett
Darden
Davis
Dellums
Derrick
Dingell
Dixon
Dorgan
Dowdy
Downey
Durbin
Dwyer
Early
Eckart
Edgar
Edwards (CA)
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Flippo
Florio
Foley
Ford (MI)
Frank
Fuqua
Garcia
Gejdenson
Gibbons
Gilman
Glickman
Gonzalez
Gore
Gray
Green
Hall, Ralph
Hamilton
Harkin
Hatcher
Hawkins
Hayes
Hefner
Hertel
Horton
Howard
Hoyer
Hutto
Ireland
Jeffords
Jenkins
Jones (NC)
Kastenmeier
Kildee
Kleczka
Kostmayer
Lantos
Leath
Lehman (FL)
Leland
Levin
Levitas
Lloyd
Long (LA)
Long (MD)
Lowry (WA)
Luken
Lundine
MacKay
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McKinney
Mica
Mikulski
Mineta
Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Mrazek
Murtha
Myers
Natcher
Neal
Nelson
Nichols
Oakar
Oberstar
Obey
Ottinger
Owens
Panetta
Pease
Pepper
Perkins
Price
Rahall
Ratchford
Reid
Richardson
Roe
Rose
Rowland
Sabo
Savage
Scheuer
Schumer
Seiberling
Sharp
Shelby
Sikorski
Simon
Smith (FL)
Smith (NJ)
Solarz
Spratt
Staggers
Stark
Stratton
Studds
Swift
Synar
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Wheat
Whitley
Williams (MT)
Williams (OH)
Wirth
Wise
Wolpe
Wyden
Yates
Young (MO)

NOT VOTING—78

Ackerman
Addabbo
Alexander
Aspin
Bereuter
Bevill
Bonker
Bosco
Boxer
Bryant
Burton (CA)
Campbell
Chappie
Coelho
Collins
Conte
D'Amours
Daschle
Dicks
Donnelly
Dymally
Edwards (AL)
Emerson
Ferraro
Foglietta
Ford (TN)
Fowler
Frost
Gephardt
Guarini
Hall (IN)
Hance
Hansen (ID)
Harrison
Heftel
Hightower
Jacobs
Jones (TN)
Kaptur
Kazen
Kennelly
Kogovsek
LaFalce
Lehman (CA)
Levine
Lipinski
Markey
Marlenee
Marriott
McDade
McNulty
Miller (CA)
Minish
Nowak
Ortiz
Patman
Patterson
Paul
Pickle
Pursell
Rangel
Robinson
Rodino
Rostenkowski
Roth
Roybal
Russo
Sawyer
Shannon
Skelton
Smith (IA)
St Germain
Stokes
Valentine
Vucanovich
Weiss
Wilson
Wright

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The Clerk announced the following pairs:

On this vote:

Mr. Emerson for, with Mr. Addabbo against.

Mr. Edwards of Alabama for, with Mr. Miller of California against.

Mr. Marriott for, with Mr. Guarini against.

Mr. Paul for, with Mrs. Collins against.

Mr. Chappie for, with Mr. Levine of California against.

Mr. Robinson for, with Mr. Lehman of California against.

Messrs. BIAGGI and SIKORSKI changed their votes from "aye" to "no."

So the amendments, as modified, were rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. BOEHLERT

Mr. BOEHLERT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOEHLERT: On page 3, after line 3, insert the following new subsection:

(d) In the obligation, use, and expenditure of the amounts authorized under subsection (a)(3) for Biotic Systems and Resources and the amounts authorized under subsection (a)(4) for Atmospheric Sciences, emphasis shall be placed on basic scientific research to support a better understanding of the environmental processes that contribute to acid rain.

Mr. BOEHLERT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The **CHAIRMAN** pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOEHLERT. Mr. Chairman, the purpose of this amendment is simple. It would insure that we are attacking acid rain with the sense of urgency the problem demands.

Each new study on acid rain brings forth alarming new evidence about the extent and severity of the acid rain problem. We cannot afford to just sit back and ignore this growing threat to our lakes, farms, and forests.

That point was brought home more forcefully than ever in a report just issued by the National Wildlife Federation—the largest and most conservative environmental group in the country.

The report opens with the bold declaration that "acid rain is not just New England's problem any more." The report then goes on to document the presence of, and damage done by acid rain in 21 States, covering every region of the country.

Indeed, if Woody Guthrie were alive today, he could easily rewrite "This Land Is Your Land" into a protest song about acid rain. We have the hard facts to prove that "from California to the New York Island, from the Redwood Forest to the Gulf Stream waters," this land is being destroyed by acid rain.

Let me just cite a few of the stark statistics compiled by the Wildlife Federation.

In my home State of New York, the average rainfall is 25 times more acidic than unpolluted rain. And rainfall has been measured that is as much as 40 times more acidic as unpolluted rain. The resulting level of sulfates deposited in Adirondack lakes is twice the level needed to begin destroying aquatic life.

It is no wonder, then, that almost 200 lakes in the Adirondack Mountains are now devoid of life. An additional 256 lakes in this once-pristine region are in need of hospice care.

But the effects of acid rain are hardly limited to fish. The federation report is just the most recent of several studies to point to acid rain as a cause of the dramatic deterioration of forests all up and down the eastern seaboard. Thanks to acid rain, we are potentially facing what one leading scientist has called the ecological catastrophe of the century.

Acid rain also hits closer to home. Drinking water supplies have been polluted by toxic wastes that acid rain leaches out of the soil and plumbing. A reservoir just north of my district has become so acidified that lead concentrations in drinking water exceed the maximum limit for human consumption.

All told, the New York State Department of Environmental Conservation has estimated that acid rain could be costing New York and New England as much as $2.5 billion a year in agricultural, industrial, and other losses.

But what is most significant, as I stated at the outset, is that New York's sad situation is far from unique.

I urge each of you to look up the details on your own State in the federation report. You will quickly see why acid rain has been called chemical leprosy and a sewer in the sky. I am afraid that for many the information in the report will be a rude awakening.

But such an awakening is much indeed. The report should be a sounding of reveille. It should wake us up to the responsibility of dealing with this major problem.

Now, I have long been an advocate of immediate action to stop acid rain. As a cosponsor of H.R. 3400, the Waxman-Sikorski bill, and of H.R. 4404, the New England Caucus' acid rain bill, I have argued vehemently that we know what causes acid rain, and that we know how to eliminate it at a reasonable cost. I believe more strongly than ever that the time to mandate a cut in sulfur dioxide and nitrogen oxide emissions is right now.

I have pressed that point in speeches, at congressional hearings, in letters to the President, and in a private meeting with William Ruckelshaus, the head of the EPA.

But calls by me and other Members for prompt action have been drowned out by a Greek chorus chanting "More research, more research."

There is no question that more research is needed. But many of us fear that, as one pundit has put it, "If we just do more research, we're going to end up with the best documented environmental disaster in history."

However, conducting research is certainly preferable to doing nothing at all. Unfortunately, more often than not, congressional calls for more research have simply been a way to put off more decisive action.

The amendment I am proposing would give us a chance to put our votes where our mouths are. The amendment would not require us to spend more money, but it would put us on record as mandating the most comprehensive, the most rigorous, the most effective acid rain research program possible. If we are serious about learning more about acid rain, we have to require that our national research effort focus on the problem.

We have recently seen just how effective a concentrated national research effort can be. When the Government decided that AIDS was our No. 1 health threat, it made AIDS research a priority. As a result, in a remarkably brief period of time, scientists believe they have discovered the cause of the syndrome.

Well, the President declared last year that acid rain was our No. 1 environmental priority—as it should be. Acid rain's effect on the environment is just as wide ranging and debilitating as the effect of AIDS on the human body. Both break down the natural systems vital to life. But with acid rain, all of us are in a high-risk group.

The only way we are going to learn enough about acid rain to create a consensus for action is by making acid rain the primary focus of our national research effort. This amendment would simply make that priority clear to the National Science Foundation.

For too long, our response to acid rain has been hand wringing. Now it is time to do some alarm ringing instead. We have got to commit our financial resources to dealing with acid rain if we are going to preserve our natural resources.

I urge my colleagues to support this amendment.

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I yield to the distinguished committee chairman.

Mr. FUQUA. Mr. Chairman, we had a chance on this side to review the gentleman's amendment. We think it contributes to the bill and addresses a very important issue that we feel must have additional emphasis. We are willing to accept the amendment.

Mr. BOEHLERT. I thank the distinguished chairman of the committee.

Mr. GREGG. Mr. Chairman, will the gentleman yield?

Mr. BOEHLERT. I am glad to yield to my colleague, the gentleman from New Hampshire.

Mr. GREGG. Mr. Chairman, I want to compliment the gentleman for his amendment. As someone who has been very active in the acid rain battle and who supports stronger emphasis, I join with the gentleman from New York in his battle because it so grievously harms his district and I strongly support the proposal and the amendment.

Mr. BOEHLERT. Mr. Chairman I thank the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. BOEHLERT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: On page 3, following line 3, add the following new subsection:

"(d) Of the sums authorized pursuant to this section, each sum is hereby reduced by 3.9 percent."

Mr. WALKER. Mr. Chairman, this amendment is strictly a 3.9-percent across-the-board reduction in the funding of the NSF programs.

What it does is it attempts to bring the program funding into line with the President's original request which was a 13.6-percent increase over last year's funding. This particular measure would not gut any program in NSF. As a matter of fact, it still allows an adequate funding for everything from engineering through the women and minorities programs to science education.

□ 1740

In other words, adopt this amendment and you are still adopting a 13.5-percent increase in the NSF budget. The House has already agreed to hold NASA to a very modest growth level. It seems to me that the National Science Foundation could also be held to a modest 13.6-percent increase in its funding.

When this bill came out of the committee, it did not come out unanimously. This bill came out of committee on a 24-to-14 vote. It seems to me if we want to exercise some fiscal discipline, if we want to stay true to what we claim in terms of deficits that we ought to be doing something about ending those deficits.

Let me suggest that if we cannot keep the funding of NSF under control, we cannot keep anything under control.

There are many programs within the National Science Foundation that are very worthwhile programs. I am going to talk about a few programs here for a moment that may be very worthwhile, but the question that this House had better answer now and you had better be able to answer out on the campaign trail this fall is whether or not these kinds of programs are the kinds of things we ought to be spending money on as add-on to the Federal deficit, because that is what we are talking about here; add-on to the Federal deficit.

The latest list of programs under the National Science Foundation that they have spent money for, taxpayers money for, includes such meritorious items as: The social ecology of the free-ranging coyotes.

Now, I would suggest that $6,000 of taxpayers money going to study the social ecology of free-ranging coyotes might be something that your constituents would have a little bit of trouble understanding why you voted for $58 million more to do that.

Mr. WEBER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman.

Mr. WEBER. I thank the gentleman. How much money did the gentleman say was spent on that particular study?

Mr. WALKER. My information here was—I am sorry, I said $6,000 and that is wrong. It is actually three times that amount. It was $18,742 that was spent.

Mr. WEBER. Would the gentleman yield further?

Mr. WALKER. Glad to.

Mr. WEBER. I am glad the gentleman cleared that up. I would not want to see us financing an inadequate study of the social ecology of free-ranging coyotes, and I am glad to know it was $18,000 rather than a mere $6,000.

But I have a question. Does the gentleman know whether this was a comparative study? Was there also a study done on the social ecology of house-bound coyotes?

Mr. WALKER. I do not think that study has been done yet. But it may be in this year's budget. They appropriate $58 million more.

Mr. WEBER. I see. I thank the gentleman. I am anxious to hear more on his list.

Mr. WALKER. The gentleman would be interested to know that another meritorious project that we spent money on was the function and ontogeny of the leech nervous system. We not only spent money on that, $60,000 at one university, but we had two universities looking into that particular matter, the leech nervous system at $60,000 each; that is $120,000. The leeches are important to us, but I do not know that they are that important.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. DANNEMEYER. I thank the gentleman.

Mr. Chairman, I want to have this cleared up if we can. Are these programs that are in the authorization measure that are before us now or are they programs that were in a previous authorization?

Mr. WALKER. The latest information that we have is 1982 and these are programs that NSF has seen fit to fund within the last couple of years.

This is the most current information we have. Some of these programs are ongoing.

Mr. DANNEMEYER. This is the most current information, so we have every reason to believe that the continuation of these studies may very well be in this bill.

Mr. WALKER. The gentleman is correct. And the thing is this is a pattern. I mean, I am reading from some current things. If you go back a couple of years, we find out they have sent money on things like an assessment of the social consequences of the adoption and use of citizen band radios in the United States. Now there is a dandy. That cost us $136,000.

We produced three films with this money; three films on the behavior of the ring dove; that cost us $193,000. We made a study on the crowding and its effect on humans. Maybe we ought to take a look at that study in this House. That cost us $52,000.

And we continue to spend. This is part of a pattern, this is what the taxpayers' money is being used for.

Mr. DANNEMEYER. Mr. Chairman, will the gentleman yield?

Mr. WALKER. Glad to yield to the gentleman.

Mr. DANNEMEYER. I thank the gentleman.

I just have to ask the question: Do you think that study on "An Empirical Approach to Automobile Industry Issues" is in this bill?

Mr. WALKER. It very well could be. We have already spent $60,000 for it, but we may well be wanting to spend a lot more. We are going over the budget here.

The CHAIRMAN pro tempore. The time of the gentleman from Pennsylvania (Mr. WALKER) has expired.

Mr. WALKER. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Ms. MIKULSKI. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. DANNEMEYER. Mr. Chairman, I move to strike the last word.

The CHAIRMAN pro tempore. The gentleman from California (Mr. DANNEMEYER) is recognized for 5 minutes.

Mr. DANNEMEYER. Mr. Chairman, I think, Members, that it is appropriate for us to understand some of the provisions that are in this piece of legislation. And if you want to go home and explain to your constituents at a time when we are facing $180 billion deficit or more that this House is continuing the authorization for boondoggles that are described by this nomenclature, go right ahead.

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman.

Mr. FUQUA. I thank the gentleman.

Mr. Chairman, will the gentleman explain to me his determination of "boondoggle?" I was looking back at some program called the "Viruses in Monkey Cells." Do you know what? Some guy, I do not know whether he deserved it or not, won a Nobel Prize for that; because it helped develop polio vaccine by Dr. Salk.

Mr. DANNEMEYER. You know, I will reclaim my time.

Here's one, physical education in 19th century British universities: The Scottish universities. Now, I ask my colleagues, do you think it is realistic in that esoteric pursuit we are likely to discover yet another vaccine to alleviate human suffering? I do not think it is reasonable to expect.

Mr. WEBER. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I will be happy to yield to my colleague.

Mr. WEBER. I thank the gentleman for yielding.

The point I would like to make to the distinguished chairman of the committee is this body has just voted down a very reasonable, targeted amendment by the gentleman from New Hampshire which would have succeeded in imposing some reasonable restraint on the budgets of the National Science Foundation without endangering other programs and repeatedly this body continues to vote down those kinds of amendments.

What the gentleman in the well, I think, is trying to illustrate is that if we cannot find some place to cut the NSF budget, then indeed, we ought to just pack up and go home, because we cannot cut anything.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. Happy to yield to my colleague.

Mr. WALKER. I thank the gentleman for yielding, because I started off by mentioning some of these may be worthwhile. I do not know. From the titles of them, you would have to question it. But I would suggest another study we are spending $55,000 for that is entitled the "Vocal Variables and the Nature of the Interviewer Respondent Interaction in Telephone Surveys" is something that our constituents would just as soon be without. They are tired of telephone surveys anyhow.

To spend $55,000 of their money to study them is something we can cut out and I do not think we are going to stop anybody from developing a polio vaccine by cutting out that kind of money.

Mr. PEASE. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I would be happy to yield to my colleague (Mr. PEASE).

Mr. PEASE. I thank the gentleman.

Mr. Chairman, I used to serve on the Science Committee; I no longer do. I think it is very appropriate for questions to be raised on the floor about whether we are exceeding the budget resolution, whether we are authorizing more than the President recommended and so on.

But I hope that we would not reduce the level of the debate to the level of ridiculing scientific research. If there is anything we need in our country today, it is scientific research. We are engaged in a battle with the Japanese and others, and I hope we will not go through this know-nothingism that I see on this floor today.

Mr. DANNEMEYER. I will reclaim my time from the gentleman.

No one, I will respond to my colleague, nobody in this Chamber objects to the legitimate pursuit of science for science's sake and what it may bring to our attention in years to come.

But now I ask you, the adaptive strategies of Georgia farmers. What is that; a rehash of the Carter campaign? What possible good could come from that?

Mr. WALGREN. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. Happy to yield to my colleague.

Mr. WALGREN. Is there an implication in what the gentleman raises that this money that we are authorizing in this bill would fund that study? I would think not. The truth of the matter is that these titles that are being raised are being raised from times past; not times future.

□ 1750

The National Science Foundation and the Director thereof, which is an appointment of President Reagan, has absolute control over what the specific funding is that will be given to these projects.

Mr. DANNEMEYER. Mr. Chairman, I am reclaiming my time and yield to my colleague, the gentleman from Pennsylvania (Mr. WALKER).

Mr. WALKER. I thank the gentleman for yielding.

The gentleman from Pennsylvania is correct that these are past studies. What we have here though is a whole series of years and years and years of this type of performance out of NSF.

What I am suggesting is that if the Members want to bust the budget—and that is what you are doing you are busting the budget to $58 million and you have been busting the budget on NSF for years and years and years—what you are getting for all the additional money you are spending are programs that are very, very hard to justify to the taxpayers out there.

This is a taxpayer argument. You can make all the intellectual arguments you want to make, but the question is whether the taxpayers of this country deserve better than they have been getting out of this money. I think they deserve far better than some of the programs that we have had come out of NSF over a period of years.

Mr. LUJAN. Mr. Chairman, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from New Mexico.

Mr. LUJAN. I thank the gentleman for yielding.

Mr. Chairman, so many times we get into arguments here about that if we try to reduce the level of authorization for some particular agency that we are against that particular agency. I happen to be a supporter of the National Science Foundation. They do a lot of good research work, but that does not mean that we give them an unlimited amount of money.

I think that the amendment is good and it is proper to bring it back to the level that the National Science Foundation asked for. The committee went ahead and put more money in because they wanted to do so. But, as a matter of fact, the amount is what NSF has asked for.

Mr. FUQUA. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I hope that our debate does not degenerate into one of fancy titles and so forth that some researcher may have dreamed up because you can generally get a pretty good belly laugh when you read some of them until you better understand what the results were.

I live in Florida. It is a very humid area. I remember as a kid the devastating effect of the screwworm fly. And somebody had the audacity to apply to somebody for a study of the sex life of the screwworm. Now that total menace has been eliminated from all of those Southern States where it was such a terrible thing.

Somebody starting talking about the skin grafts in rabbits. Now I am sure people go around and want to do a lot of skin grafts in rabbits, but the Nobel Prize was awarded for immune responses and opened the door to organ transplants because of some work that was done on skin grafts in rabbits.

There was another one about the excretion of urine in a dog. Now that is a subject that I hope we do not degenerate into that type of talk, but Dr. James Shannon, a former Director of NIH, later won one of the highest awards in this country, the National Medal of Service, for his research in this area. It led to the function of understanding human kidneys in relation to hormones and kidney functions.

So I think we had better be extremely careful, Mr. Chairman, as we come out with some of these so-called ridiculous sounding names.

Sometime go to a college graduation and look at the titles of some of the research papers, yet, we have produced some very outstanding scientists.

Let us get back to the subject of the amendment. The amendment cuts across the board almost 4 percent. Many of the requests that the administration has made that they feel are very important are such as in the field of mathematical and physical sciences and engineering, even in our Antarctic program. Many of the others are cut across the board by this amendment. And I would hope that the Members of this body and the committee would act in the same prudent fashion they did on the previous amendment and reject this amendment overwhelmingly.

Mr. HUNTER. Mr. Chairman, I move to strike the requisite number of words.

I would simply like to ask the distinguished chairman of the committee a question. I agree that scientific research is important. My question would simply be that in light of some of the expenditures that have been enumerated by the gentleman from Pennsylvania, could the chairman tell us, for example, what in regard to physics education in 19th century British universities: The Scottish universities, what relation does that have to scientific research?

I think there are some questionable items in the list that has been offered by the gentleman from Pennsylvania.

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to the gentleman from Florida.

Mr. FUQUA. I thank the gentleman for yielding.

Well, there is a category in the National Science Foundation relating to biological, behavioral, and social sciences, trying to understand behaviors of certain things from a scientific basis. I am not familiar with the study. I am not standing here to defend it or condone it. But I might say that we will be happy to try to find the purposes of the research and where it came from for any Member of Congress. They are entitled to that. They have access to the National Science Foundation. Dr. Knapp, who is a very find scientist, was appointed by this President, approved by the Senate, and I think he does a very good job in prudently spending the taxpayers' money.

Mr. HUNTER. I thank the gentleman.

Mr. THOMAS of California. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to the gentleman from California.

Mr. THOMAS of California. I thank the gentleman for yielding.

I think it is possible to explain a study in 19th century Scotland on the question of physics in terms of what cultural tendencies are present when certain discoveries are made at certain times. I think it is entirely possible to explain that kind of research as reasonable and appropriate.

I want to support the chairman's comment about the screwworm. It seems to me that a few years ago if a proposal had been offered to study the sex life of the fruit fly, for example, either the Oriental or the Mexican fruit fly, that we could have ridiculed that as well.

But clearly it has provided us with the primary nonpesticide control of these flies through the sex cycle understanding and the use of Malathion.

I think the point I would like to make, however, is that I believe the rejection of reasonable amendments, as I believe the Gregg amendment to have been, only promotes the kind of action that we have here where we get into the ridiculous examination of various projects.

And what I would ask the Members to do is examine reasoned offerings to limit the amounts of money, to provide for necessary research, but rational reasonable limitations. I believe that was rejected.

Therefore, I think the fault lies on both sides of the aisle in terms of the degeneration of this discussion.

Mr. WEBER. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to the gentleman from Minnesota.

Mr. WEBER. I thank the gentleman for yielding.

Mr. Chairman, I just want to make the point to my colleague from California, who just spoke, that his point is absolutely well taken, were it not for the fact that the committee has proven now, 4 years running, that it is incapable of doing precisely what the gentleman from California just suggested. Republican members of the committee have suggested reasonable amendments to reduce funding in all those years and they have been rejected.

So we are forced to take this approach.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. HUNTER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding, because I think it is important to understand that a few minutes ago I rose in strong support of the Gregg amendment and said that it was a targeted approach that should be accepted by the House because that was the way in which to reduce this particular budget.

I also suggested at that time that if we could not take that targeted approach that you can take an across-the-board approach. When you take an across-the-board approach it seems to me it is entirely reasonable then to take a look at how we are spending the money within that agency at the present time.

Some of the ways in which we are spending money in that agency at the present time cannot be justified on this House floor. The Members know it and they are very sensitive to the fact that these points get raised.

I would prefer not to raise these points. For 3 years running I have not raised these points on the House floor for that reason.

But I think that it is high time that we recognize that every time we vote to bust the budget around here, we are busting the budget to spend taxpayers' dollars on wholly irresponsible kinds of things out in the countryside. It is high time that that irresponsible spending be brought under control. This would be a good start to cut this budget by 3.9 percent.

Mr. HUNTER. I thank the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALKER.)

The question was taken, and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. WALKER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 170, noes 183, not voting 80, as follows:

[Roll No. 94]

AYES—170

Andrews (NC)
Applegate
Archer
Badham
Bartlett
Bateman
Bethune
Bilirakis
Bliley
Breaux
Britt
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Byron
Carney
Carper
Chandler
Cheney
Clinger
Coats
Coleman (MO)
Conable
Corcoran
Coughlin
Courter
Craig
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
Davis
DeWine
Dickinson
Dreier
Duncan
English
Erdreich
Erlenborn
Evans (IA)
Fiedler
Fields
Fish
Franklin
Frenzel
Gaydos
Gekas
Gingrich
Goodling
Gradison
Gramm
Gregg
Gunderson
Hall (OH)
Hall, Sam
Hamilton
Hammerschmidt
Hansen (UT)
Hartnett
Hefner
Hiler
Hillis
Holt
Hopkins
Hubbard
Hughes
Hunter
Hyde
Johnson
Kasich
Kemp
Kindness
Kolter
Kostmayer
Kramer
Lagomarsino
Latta
Lent
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Luken
Lungren
Mack
Martin (IL)
Martin (NC)
Martin (NY)
McCain
McCandless
McCollum
McEwen
McGrath

Michel
Miller (OH)
Molinari
Montgomery
Moore
Moorhead
Morrison (WA)
Murphy
Myers
Neal
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Penny
Petri
Porter
Pritchard
Quillen
Ray
Regula
Rinaldo
Ritter
Roberts
Roemer
Rogers
Roukema
Rudd
Schaefer
Schulze
Sensenbrenner
Sharp
Shaw
Shumway
Shuster
Sikorski
Siljander
Sisisky
Skeen
Slattery
Smith (NE)
Smith (NJ)
Smith, Denny
Smith, Robert
Snyder
Solomon
Spence
Stenholm
Stump
Sundquist
Tallon
Tauke
Tauzin
Taylor
Thomas (CA)
Vander Jagt
Vandergriff
Walker
Watkins
Weber
Whitehurst
Whitley
Whittaker
Williams (OH)
Winn
Wolf
Wortley
Wylie
Yatron
Young (AK)
Young (FL)
Zschau

NOES—133

Akaka
Albosta
Anderson
Andrews (TX)
Annunzio
Anthony
AuCoin
Barnard
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Biaggi
Boehlert
Boggs
Boland
Boner
Bonior
Borski
Boucher
Brooks
Brown (CA)
Carr
Chappell
Clarke
Clay
Coleman (TX)
Conyers
Cooper
Coyne
Crockett
Darden
de la Garza
Dellums
Derrick
Dingell
Dixon
Dorgan
Dowdy
Downey
Durbin
Dwyer
Dyson
Early
Eckart
Edgar
Edwards (CA)
Evans (IL)
Fascell
Fazio
Feighan
Flippo
Florio
Foley
Ford (MI)
Frank
Fuqua
Garcia
Gejdenson
Gibbons
Gilman
Glickman
Gonzalez
Gore
Gray
Green
Hall, Ralph
Harkin
Hatcher
Hawkins
Hayes
Hertel
Horton
Howard
Hoyer
Huckaby
Hutto
Ireland
Jeffords
Jenkins
Jones (NC)
Jones (OK)
Kastenmeier
Kildee
Kleczka
Lantos
Leach
Leath
Lehman (FL)
Leland
Levin
Levitas
Lewis (CA)
Lewis (FL)
Lloyd
Long (LA)
Long (MD)
Lowry (WA)
Lundine
MacKay
Madigan
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McHugh
McKernan
McKinney
Mica
Mikulski
Mineta
Mitchell
Moakley
Mollohan
Moody
Morrison (CT)
Mrazek
Murtha
Natcher
Nelson
Nichols
Oakar
Oberstar
Obey
Olin
Ottinger
Owens
Panetta
Pease
Pepper
Perkins
Price
Rahall
Ratchford
Reid
Richardson
Ridge
Roe
Rose
Rowland
Sabo
Savage
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shelby
Simon
Smith (FL)
Snowe
Solarz
Spratt
Staggers
Stark
Stratton
Studds
Swift
Synar
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Udall
Vento
Volkmer
Walgren
Waxman
Weaver
Wheat
Whitten
Williams (MT)
Wirth
Wise
Wolpe
Wyden
Yates
Young (MO)

NOT VOTING—80

Ackerman
Addabbo
Alexander
Aspin
Bereuter
Bevill
Bonker
Bosco
Boxer
Bryant
Burton (CA)
Campbell
Chappie
Coelho
Collins
Conte
D'Amours
Daschle
Dicks
Donnelly
Dymally
Edwards (AL)
Edwards (OK)
Emerson
Ferraro
Foglietta
Ford (TN)
Fowler
Frost
Gephardt
Guarini
Hall (IN)
Hance
Hansen (ID)
Harrison
Heftel
Hightower
Jacobs
Jones (TN)
Kaptur
Kasen
Kennelly
Kogovsek
LaFalce
Lehman (CA)
Levine
Lipinski
Markey
Marlenee
Marriott
McDade
McNulty
Miller (CA)
Minish
Nowak
Ortiz
Patman
Patterson
Paul
Pickle
Pursell
Rangel
Robinson
Rodino
Rostenkowski
Roth
Roybal
Russo
Sawyer
Shannon
Skelton
Smith (IA)
St Germain
Stangeland
Stokes
Valentine
Vucanovich
Weiss
Wilson
Wright

□ 1810

The Clerk announced the following pairs:

On this vote:

Mr. Emerson for, with Mr. Addabbo, against.

Mr. Paul for, with Mr. Guarini against.

Mrs. Vucanovich for, with Mr. Lehman of California against.

Mr. Marriott for, with Ms. Kaptur against.

Mr. Chappie for, with Mrs. Collins against.

Ms. **MIKULSKI** changed her vote from "aye" to "no."

Mr. **KOLTER** and Mrs. **JOHNSON** changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. **WIRTH.** Mr. Chairman, I move to strike the last word.

Mr. Chairman, according to your committee report, you strongly recommend that the National Science Foundation support and use television for science and math education. I believe that this is an extremely important and timely issue for strong Federal support particularly given that recent reports on education indicate that our country is falling behind in these areas. In fact, a recent National Science Board report calls television "the most pervasive medium of informal education," and recommends increased Federal support for science and math programing for children.

Mr. Chairman, public television has had several important successes in the area of science education. Programs such as "3-2-1 Contact," "Nova," "Discover: The World of Science," "Innovation," "Science in Action," and others have played a critical role in educating our children. Yet, while NSF has supported some of these programs, funding for these important shows has often been very limited.

Public television witnesses have testified before Congress that increased funds are needed to continue to produce new shows, such as 20 new episodes for "3-2-1 Contact," and to develop and produce a new companion math series for children. These two activities alone will cost about $10 million during the next fiscal year.

Mr. Chairman, does this authorization bill include sufficient funds to expand NSF's role in funding science and math programs for children?

Mr. **WALGREN.** Mr. Chairman, will the gentleman yield?

Mr. **WIRTH.** I yield to the gentleman from Pennsylvania.

Mr. **WALGREN.** As the committee report on H.R. 4974 makes clear, we strongly urge that NSF expand its commitment to math and science programing for children. Programs such as "3-2-1 Contact" have achieved remarkable results in science education in the home and in the classroom. They are an extremely cost-effective way to enhance the education of children.

In addition, WQED, our public television station in Pittsburgh has developed Project Prism to produce more science programing, and involve the entire community—teachers, parents, businesses, and other institutions—in science education. This is an extremely innovative and worthwhile proposal which could greatly enhance the public's understanding of science.

NSF has made an important contribution to some of these efforts, but I agree that a much greater proportion of funding should go toward public television for science and math education.

Mr. **WIRTH.** Thank you, Mr. Chairman. I would also like to ask Mr. Gregg for his thoughts on NSF's role in supporting this math and science programing for children.

Mr. **GREGG.** Mr. Chairman, if the gentleman will yield, I agree with Mr. Wirth, and with you, Mr. Chairman, that NSF should expand its role in supporting public broadcasting. Given that the average child spends some 10,000 to 15,000 hours in front of the television set before he or she graduates from high school, the quality of the programing offered is critical. As our committee report outlines, I strongly concur that NSF should offer increasing support for television programing for science and math education. Further, support for innovative technologies, such as computers and interactive video discs should be encouraged.

Mr. **WIRTH.** I thank my colleagues, and compliment you on this legislation. I look forward to working with both of you to increase the funding for public television for science and math programs for children.

□ 1820

The **CHAIRMAN** pro tempore. Are there further amendments to section 2? If not, the Clerk will designate section 3.

Mr. **FUQUA.** Mr. Chairman, I ask unanimous consent that the remainder of the bill be printed in the Record and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The remaining text of H.R. 4974 is as follows:

Sec. 3. Appropriations made under authorizations provided in sections 2 and 5 shall remain available for obligation or obligation and expenditure for periods specified in the Acts making the appropriations.

Sec. 4. From appropriations made under authorizations provided in this Act, not more than $3,500 may be used for official consultation, representation, or other extraordinary expenses at the discretion of the Director of the National Science Foundation. His determination shall be final and conclusive upon the accounting officers of the Government.

Sec. 5. In addition to the sums authorized by section 2, not more than $2,800,000 is authorized to be appropriated for the fiscal year 1985 for expenses of the National Science Foundation incurred outside the United States, to be drawn from foreign currencies that the Treasury Department determines to be excess to the normal requirements of the United States.

Sec. 6. If the total amount of appropriations made by any Act for the fiscal year 1985 for program activities included in sections 2 and 5 is less than the total amount authorized to be appropriated for those activities by sections 2 and 5, the amount available from such appropriations for any particular program activity shall bear the same ratio to the amount authorized to be appropriated for that activity by sections 2 and 5 as the total amount of the appropriations made by such appropriation Act for all included program activities bears to the total amount authorized to be appropriated for those activities by sections 2 and 5 (with the minimum amounts required by section 2(b) being reduced in the same ratio), except to the extent specifically otherwise provided in the text of the Act making the appropriations for the program activities involved.

Sec. 7. (a) Funds may be transferred among the categories listed in section 2(a) so long as the net funds transferred to or from any category do not exceed 10 per centum of the amount authorized for that category in section 2.

(b) In addition, the Director of the Foundation may propose transfers to or from any category exceeding 10 per centum of the amounts authorized for that category in section 2; but an explanation of any such proposed transfer must be transmitted in writing to the Speaker of the House, the President of the Senate, and the appropriate authorizing committees of the House and Senate, and the proposed transfer may be made only when—

(1) thirty calendar days have passed after the transmission of such written explanation, or

(2) the chairman of each of the appropriate authorizing committees of the House and Senate has notified the Director in writing that such committee has no objection to the proposed transfer.

Sec. 8. (a) The last sentence of section 4(e) of the National Science Foundation Act of 1950 is amended by striking out "by registered mail or certified mail mailed to his last known address of record".

(b) The text of section 9 of such Act is amended to read as follows:

"Sec. 9. (a) Each special commission established under section 4(h) shall be appointed by the Board, and shall consist of such members as the Board considers appropriate.

"(b) Special commissions may be established to study and make recommendations to the Foundation on issues relating to research and education in science and engineering.".

(c) Section 12 of such Act is amended by striking out subsection (b), and by striking out "(a)" after "Sec. 12.".

(d) Section 14 of such Act is amended by striking out subsection (b).

(e) Section 6 of the National Science Foundation Authorization Act, Fiscal Year 1978 (Public Law 95-99), is repealed.

(f) Section 10 of the National Science Foundation Authorization Act, Fiscal Year 1978 (Public Law 95-99), is repealed.

Sec. 9. (a) Section 3(a)(1) of the National Science Foundation Act of 1950 is amended—

(1) by striking out "engineering,"; and

(2) by inserting after "other sciences," the following: "and to initiate and support research fundamental to the engineering process and programs to strengthen engineering research potential and engineering education programs at all levels in the various fields of engineering,".

(b)(1)(A) Section 3(a)(3) of such Act is amended—

(i) by inserting "and engineering" after "scientific"; and

(ii) by inserting "and engineers" after "scientists".

(B) Section 3(a)(4) of such Act is amended by inserting "and engineering" after "sciences".

(C) Section 3(a)(5) of such Act is amended by inserting "and fields of engineering" after "sciences".

(D) Section 3(a)(6) of such Act is amended by striking out "technical" each place it appears and inserting in lieu thereof "engineering".

(E) Section 3(a)(7) of such Act is amended by inserting "and engineering" after "scientific".

(2) Section 3(b) of such Act is amended by inserting "and engineering" after "scientific" each place it appears.

(3) Section 3(c) of such Act is amended—

(A) by inserting "and engineering" after "scientific" in the first sentence; and

(B) by inserting "and engineering research" after "applied scientific research" in the second sentence.

(4) Section 3(d) of such Act is amended by striking out "basic research and education in the sciences" and inserting in lieu thereof "research and education in science and engineering".

(5) Section 3(e) of such Act is amended by inserting "and engineering" after "sciences".

(6) Section 4(c) of such Act is amended—

(A) by inserting "and engineering" after "scientific" in clause (3) of the first sentence;

(B) by inserting "and engineering" after "scientific" in the second sentence; and

(C) by inserting "the National Academy of Engineering," after "National Academy of Sciences,", and ", engineering," after "scientific", in the third sentence.

(7) The first sentence of section 10 of such Act is amended by striking out "scientific study or scientific work in the mathematical, physical, medical, biological, engineering, social, and other sciences" and inserting in lieu thereof "study and research in the sciences or in engineering".

(8) Section 11 of such Act is amended—

(A) by inserting "or engineering" after "scientific" each place it appears in subsections (c) and (i); and

(B) by inserting ", engineering," after "scientific" where it first appears in subsection (g).

(9) Section 12 of such Act is amended by inserting "or engineering" after "scientific".

(10) Section 13 of such Act is amended—

(A) by inserting "or engineering" after "scientific" each place it appears; and

(B) by inserting "or engineers" after "scientists" in subsection (a).

(11) Section 14 of such Act is amended—

(A) by inserting "or engineering" after "scientific" each place it appears in subsection (f); and

(B) by striking out "technical" in subsection (g) and inserting in lieu thereof "engineering".

(12) Section 15(b) of such Act is amended—

(A) by striking out "technical" in paragraph (1) and inserting in lieu thereof "engineering"; and

(B) by inserting "or engineering" after "scientific" in paragraph (2).

(13) Section 2(b) of Public Law 94-86 is amended by inserting "or engineering" after "science" each place it appears.

(c) The amendments made by this section shall be effective on the date of the enactment of this Act.

The CHAIRMAN pro tempore. Are there further amendments to the bill?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN pro tempore. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Murtha) having assumed the chair, Mr. Williams of Montana, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4974) to authorize appropriations to the National Science Foundation for fiscal years 1985 and 1986 pursuant to House Resolution 480, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The **SPEAKER** pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. **DANNEMEYER.** Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 252, noes 99, not voting 82, as follows:

[Roll No. 95]

AYES—252

Akaka
Albosta
Anderson
Andrews (NC)
Andrews (TX)
Annunzio
Anthony
Applegate
AuCoin
Barnard
Barnes
Bateman
Bates
Bedell
Beilenson
Bennett
Berman
Biaggi
Boehlert
Boggs
Boland
Boner
Bonior
Borski
Boucher
Breaux
Britt
Brooks
Brown (CA)
Byron
Carney
Carper
Carr
Chandler
Chappell
Clay
Clinger
Coleman (MO)
Coleman (TX)
Conyers
Cooper
Coughlin
Coyne
Crockett
Darden
Davis
de la Garza
Dellums
Derrick
Dingell
Dixon
Dorgan
Dowdy
Downey
Duncan
Durbin
Dwyer
Dyson
Early
Eckart
Edgar
Edwards (CA)
English
Erdreich
Erlenborn
Evans (IA)
Evans (IL)
Fascell
Fazio
Feighan
Fish
Flippo
Florio
Foley
Ford (MI)
Frank
Fuqua
Garcia
Gaydos
Gejdenson
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Gore
Gradison
Gray
Green
Hall (OH)
Hall, Ralph
Hamilton
Harkin
Hatcher
Hawkins
Hayes
Hefner
Hertel
Hillis
Holt
Horton
Howard
Hoyer
Huckaby
Hughes
Hutto
Ireland
Jeffords
Jenkins
Johnson
Jones (OK)
Kastenmeier
Kildee
Kleczka
Kolter
Kostmayer
Lantos
Leach
Leath
Lehman (FL)
Leland
Lent
Levin
Levitas
Lloyd
Long (LA)
Long (MD)
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
MacKay
Madigan
Martin (NC)
Martin (NY)
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McGrath
McHugh
McKernan
McKinney
Mica
Mikulski
Mineta
Mitchell
Moakley
Molinari
Mollohan
Montgomery
Moody
Moore
Morrison (CT)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nelson
Nichols
O'Brien
Oakar
Oberstar
Obey
Olin
Ottinger
Owens
Panetta
Pease
Penny
Pepper
Perkins
Porter
Price
Pritchard
Quillen
Rahall
Ratchford
Ray
Regula
Reid
Richardson
Ridge
Rinaldo
Roe
Rose
Rowland
Sabo
Savage
Scheuer
Schroeder
Schulze
Schumer
Seiberling
Sharp
Shaw
Shelby
Sikorski
Simon
Sisisky
Skeen
Smith (FL)
Smith (NJ)
Smith, Robert
Snowe
Solarz
Spratt
Staggers
Stratton
Studds
Swift
Synar
Tallon
Tauke
Tauzin
Thomas (GA)
Torres
Torricelli
Towns
Udall
Vander Jagt
Vandergriff
Vento
Volkmer
Walgren
Watkins
Waxman
Weaver
Wheat
Whitehurst
Whitley
Whitten
Williams (MT)
Williams (OH)
Wirth
Wise
Wolf
Wolpe
Wortley
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zschau

NOES—99

Archer
Badham
Bartlett
Bethune
Bilirakis
Billey
Broomfield
Brown (CO)
Broyhill
Burton (IN)
Cheney
Coats
Conable
Corcoran
Courter
Craig
Crane, Daniel
Crane, Philip
Daniel
Dannemeyer
Daub
DeWine
Dickinson
Dreier
Edwards (OK)
Fiedler
Fields
Franklin
Frenzel
Gekas
Goodling
Gramm
Gregg
Gunderson
Hall, Sam
Hammerschmidt
Hansen (UT)
Hartnett
Hiler
Hopkins
Hubbard
Hunter
Hyde
Kasich
Kemp
Kindness
Kramer
Lagomarsino
Latta
Lewis (CA)
Lewis (FL)
Livingston
Loeffler
Lott
Lungren
Mack
Martin (IL)
McCain
McCandless
McCollum
McEwen
Michel
Miller (OH)
Moorhead
Morrison (WA)
Nielson
Oxley
Packard
Parris
Pashayan
Petri
Ritter
Roberts
Roemer
Rogers
Roukema
Rudd
Schaefer
Schneider
Sensenbrenner
Shumway
Shuster
Siljander
Slattery
Smith (NE)
Smith, Denny
Snyder
Solomon
Spence
Stangeland
Stenholm
Stump
Sundquist
Taylor
Thomas (CA)
Walker
Weber
Whittaker
Winn

NOT VOTING—82

Ackerman
Addabbo
Alexander
Aspin
Bereuter
Bevill
Bonker
Bosco
Boxer
Bryant
Burton (CA)
Campbell
Chappie
Clarke
Coelho
Collins
Conte
D'Amours
Daschle
Dicks
Donnelly
Dymally
Edwards (AL)
Emerson
Ferraro
Foglietta
Ford (TN)
Fowler
Frost
Gephardt
Guarini
Hall (IN)
Hance
Hansen (ID)
Harrison
Heftel
Hightower
Jacobs
Jones (NC)
Jones (TN)
Kaptur
Kazen
Kennelly
Kogovsek
LaFalce
Lehman (CA)
Levine
Lipinski
Markey
Marlenee
Marriott
McDade
McNulty
Miller (CA)
Minish
Nowak
Ortiz
Patman
Patterson
Paul
Pickle
Pursell
Rangel
Robinson
Rodino
Rostenkowski
Roth
Roybal
Russo
Sawyer
Shannon
Skelton
Smith (IA)
St Germain
Stark
Stokes
Traxler
Valentine
Vucanovich
Weiss
Wilson
Wright

□ 1830

The Clerk announced the following pairs:

On this vote:

Mr. Addabbo for, with Mr. Paul against.

Mr. Miller of California for, with Mrs. Vucanovich against.

Mr. Pursell for, with Mr. Marriott against.

Mr. Conte for, with Mr. Chappie against.

So the bill was passed.

The result of the vote was announced as above recorded.

The title of the bill was amended so as to read: "A bill to authorize appropriations to the National Science Foundation for the fiscal year 1985."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. **FUQUA.** Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on H.R. 4974, the bill just passed.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. **WALKER.** Mr. Speaker, reserving the right to object, I reserve the right to object because it would certainly be unreasonable for me, I suppose, to object to the request, but I am a little bit disturbed about the way that we have proceeded with debate around here today.

What this request is basically all about is to allow Members who never participated in the debate to put material in the RECORD as though they had participated in the debate.

When some of us on the floor today were trying to make points, some on the majority side decided that we should be shut off, that we should be in effect gagged. It is one more example of the kind of tyranny that we see more and more in this House, a tyranny of the majority that says that if you are saying things that they do not like on the House floor, you are to be shut off and gagged by Members on the majority side.

□ 1840

I suggest that that is not the way we ought to be proceeding in debate and some of the very people who are willing to engage in gagging Members of Congress are also the people who parade around the country talking about the need for free speech and talking about the need for extended debate on many, many subjects.

I was extremely disappointed in the character of the debate. I realize that there were some people who did not like the idea that some issues were being raised that they would prefer not to have discussed in some of these issues with regard to the science budget, but that is no reason, it seems to me, to try to impose gag procedures in the debate.

So therefore, Mr. Speaker, I have reserved the right to object simply to inquire of the gentleman from Florida whether or not we can expect the same kind of pattern from the majority side when we debate another controversial bill tomorrow, the NBS. I know the gentleman from Florida did not engage in it. I am not accusing the gentleman from Florida, but it was people from his side who brought about the problem and he unfortunately was the floor leader of those people in this particular debate.

I will be glad to yield to the gentleman.

Mr. FUQUA. Well, I appreciate the gentlemen yielding and I appreciate the exoneration that I was not a participant in that and do not ever intend to be a participant in anything of that kind.

This is the usual procedure of routine so that tables and other things can be included. I know that the gentleman from New Hampshire (Mr. Gregg) sought permission to include a letter.

Matters of that type, as the gentleman knows, must have permission in the House to include that.

I have no control over what Members may or may not include in the thing. It was only intended so that I could include some tables and so forth about funding as it related to this bill.

Of course, I granted that privilege to other Members, but if the gentleman would object, I would just ask permission for my own sake.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida (Mr. Fuqua)?

Mr. WALKER. Reserving the right to object, Mr. Speaker, my question to the gentleman was whether or not as floor leader tomorrow, whether or not we can expect some change in the character of the debate which would assure those of us who have amendments to offer and have things to say on the bill that we might expect that his side of the aisle, with the gentleman from Florida as floor leader, would allow full participation in the debate by those of us on the floor and not to go to a debate that ends up being included in the Record as though it was actually taking place and Members just deciding what they will say and how they will say it by virtue of written statements.

Mr. FUQUA. Well, if the gentleman will yield.

Mr. WALKER. I would be glad to yield to the gentleman.

Mr. FUQUA. Let me say that I have no intention to shut off debate. I think that every amendment anybody offered today was made. We offered no attempt to block it. It was an open rule.

I only know of one occasion when I think someone may have objected to someone extending their time beyond the allotted 5 minutes. I did not instruct the Member to do that. As the gentleman well knows, I do not control the Members on this side of the aisle or Members on that side of the aisle. Members are free to express themselves and to interdict the rules any time they choose, but it is not my intention to gag or to in any way engage in any fashion that would restrict the opportunity of Members to express themselves on any side of the issue tomorrow who are seeking to be recognized.

Mr. WALKER. Further reserving the right to object, Mr. Speaker, I do so only to say that these matters of unanimous-consent requests that allow these procedures to take place are done within the comity of the House. It is within the comity of the House to be able to request extensions as long as they are not unreasonable extensions when you are debating from the floor of the House as well.

It was this Member who was cut off from debate because I was obviously saying things the majority side did not like to hear, so at that point I was gagged.

I would suggest that if that is going to be a pattern of performance around here, if that is the way in which we are going to behave from the majority side, that the minority side does have as one of its abilities to literally shut off all unanimous-consent requests for any purpose.

As I say, I do not intend to do so here, but I give this as fair warning that if we proceed with this kind of debate pattern in the future, there will be no unanimous-consent requests go through on the House floor and we will see how the House can operate without them.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida (Mr. Fuqua)?

There was no objection.

REPORT ON RESOLUTION OF INQUIRY CONCERNING THE CENTRAL INTELLIGENCE AGENCY AND DEATH SQUADS IN EL SALVADOR

Mr. BOLAND, from the Permanent Select Committee on Intelligence, submitted a privileged report (Rept. No. 98-709) on the resolution (H. Res. 467) directing the President of the United States to provide certain information to the House of Representatives concerning the Central Intelligence Agency and death squads in El Salvador, which was referred to the House Calendar and ordered to be printed.

PERSONAL EXPLANATION

Mr. RICHARDSON. Mr. Speaker, on rollcall No. 91, I am recorded inadvertently as voting "present."

I wish the Record to show that I intended to vote "aye" on S. 373, the Arctic Research and Policy Act of 1983.

REPORT TO COMMITTEE ON ARMED SERVICES REGARDING TRIP TO GRENADA

(Mr. DELLUMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, yesterday, Mr. Gingrich, of Georgia, raised questions about certain Members' involvement in foreign policy.

In the course of the discussion, Mr. Gingrich referred to me. He unfortunately failed to mention correspondence I had sent to him on the matter. He also failed to note that he had not read the report which was of such interest to him.

For the benefit of Mr. Gingrich and the House, I am including these in the Record:

April 24, 1984.

Hon. Newt Gingrich,
U.S. House of Representatives, Longworth House Office Building, Washington, DC.

Dear Newt: I received your letter regarding Congressional involvement in foreign policy in a manner which you believe undermines the effectiveness of the United States.

In your letter, you specifically express your concern about a report about Grenada that I prepared and presented to the Chairman of the Committee on Armed Services. I believe you might be interested in the factual situation that led to the production of that report.

Secretary of Defense Weinberger, in his 1982 Annual Report to Congress, stated the following: "The Cubans are constructing air and naval facilities on Grenada which far exceed the requirements of that tiny island nation. * * *"

In order to better and more fully understand these allegations, and the potential U.S. policies and options that might follow, I requested the Chairman of the Committee on Armed Services to send a delegation to Grenada to review the matter. I was authorized by the Committee to visit the island for a review. Unfortunately, no other Members were available.

I prefaced my on-site inspection with briefings by the Commander, Atlantic Fleet, USN, and the Air Defense Command at Homestead Air Force Base. These briefings occurred on April 7 and 8, 1982. I then went to Grenada with members of my staff, inspected the sites of the supposed Naval base and the commercial airway then under construction (the source of the Secretary's concern), and discussed the issues with Grenadian government leaders. The staff members paid their own way.

Upon my return, I prepared a report for the Chairman of the Committee on Armed Services. Given the extensive data in the report and with what you know to be my abiding interest in factual accuracy, I requested that one of my aides have the Grenadians verify the factual accuracy of the data included in the report. I assume that you have read the report and therefore are aware of the extent of the factual content. No changes were suggested, and none were made, to our draft. The report, an unclassified document, was then submitted to the Chairman of the Committee.

Since Member reports do not normally circulate, and given the importance of the issue, I had copies of the report made and sent to the Members of the Committee on Armed Services, and some members of the press, at my expense.

Having provided you with this information, which should assure you as to the bona fides of my report and the proper conduct of my staff, let me now turn to what I believe to be a matter of far greater and broader significance. Your special order, whether intended or not, has a frighteningly chilling impact upon our democratic heritage of public discourse and debate, both on the individual Members of Congress and the institution.

The Congress is a co-equal branch of government. It has a moral and constitutional responsibility to look behind the pronouncements of the executive branch and independently to ascertain the facts. Error unchallenged remains error. To neglect our responsibility is to neglect the Constitution itself.

My views on Grenada are public and well known. My public and private expressions, whether to my colleagues, the executive branch, the press or the public, have been consistent and honest. We, you and I, disagree on this issue, but we have the right to disagree. It is a fundamental prerogative of citizens and indeed our duty as Members of Congress, charged with the responsibility for guiding this nation, to air our various views in the development and pursuit of our policies.

I trust this is of assistance. Candidly, I have found the repeated questions and assertions regarding the matter unworthy of response. In response to your inquiry, however, I will make this letter public.

Sincerely,

Ronald V. Dellums,
Member of Congress.

Report to the House Committee on Armed Services by Ronald V. Dellums, Member of Congress, Concerning Congressman Dellums' Trip to Grenada From April 13 Through April 15, 1982

House of Representatives,
June 14, 1982.

Hon. Melvin Price,
Chairman, Committee on Armed Services, Rayburn House Office Building, Washington, DC.

Dear Mr. Chairman: It is with pleasure that I submit the following report for your review, consideration and acceptance. My recent trip to Grenada proved not only rewarding but also successful and beneficial. This report is intended to give an overview of the military questions and concerns of the United States as well as an objective assessment of factual information regarding Grenada and the building of the new international airport.

It is my hope that, when printed, every member of the Committee will consider this material valuable and will refer to it as a precedent to seek the truth and present constructive arguments against many misconceptions regarding our relationship with Grenada.

Thank you in advance for your continued cooperation. Should you have further questions and/or comments, please feel free to contact me.

Sincerely,

Ronald V. Dellums,
Member of Congress.

To: Honorable Melvin Price, Chairman, Committee on Armed Services.
From: Ronald V. Dellums, Member, Committee on Armed Services.
Subject: Fact finding mission—Grenada.

INTRODUCTION

In my capacity as a Member of the House Armed Services Committee, I conducted a fact finding mission to the Eastern Caribbean Island of Grenada from April 13 through April 15, 1982. Accompanying me were the following members of my staff: Mrs. Barbara Lee-Chisom, Ms. Carlottia Scott and Mr. John Apperson. Prior to departing on April 7, 1982, I traveled to Norfolk, Virginia, the Atlantic Fleet Command Headquarters. Ms. Marilyn Elrod and Mr. Robert Brauer of my staff accompanied me to this briefing. In addition, prior to departure for Grenada, I was briefed on April 8, 1982 by the Air Defense Command for the Caribbean at Homestead Air Force Base.

PURPOSE OF TRIP

Secretary of Defense, Caspar Weinberger, in his 1982 Annual Report to the Congress stated the following: "Cuba has not only been active in Nicaragua and El Salvador, but has also coordinated clandestine support organizations in Honduras, Costa Rica and Guatemala. In fact, convincing evidence of Cuban subversion has surfaced in virtually every Caribbean Basin country. In Grenada, Cuban influence has reached such a high level that Grenada can be considered a Cuban Satellite. The Cubans are constructing air and naval facilities on Grenada, which far exceed the requirements of that tiny island nation." Mr. Weinberger makes these comments in the context of the challenge to the western hemisphere that he alleges is posed by the USSR, Cuba, Grenada, and Nicaragua. Given this statement, I journeyed to Grenada to meet with government and airport development officials to discuss the purpose and nature of the proposed airport. In addition to discussions and site visits to the airport, I looked at the site of the alleged submarine base which, according to British sources, is being developed as a military harbor for use by the Cubans.

BRIEFINGS: THE MILITARY SITUATION

In an effort to better understand the specific situation regarding Grenada, on April 7, 1982, I visited the headquarters of the Atlantic Fleet. The Atlantic Fleet Commander has authority over U.S. and NATO units in the Atlantic and Caribbean area. Following an extensive and comprehensive briefing I came away with the absolute impression that nothing being done in Grenada constitutes a threat to the United States or her allies. There is particularly, no concern regarding the new international airport currently under construction in Grenada.

The Atlantic Fleet Commander stated that the new international airport is a Military non sequitor.

On April 8, 1982, in continuing my effort to better assess specifics regarding the U.S. military position with respect to the construction of the airport in Grenada, I visited Homestead Air Force Base, home of the Air Defense Command. I was briefed by high level officials and was again assured that that the airport in Grenada is of no consequence to the United States and has not now or ever presented a threat to the security of the U.S.

MEETINGS

On Tuesday, April 13, I met with the Prime Minister Maurice Bishop and the Deputy Prime Minister, Bernard Coard. Our discussions centered around the aforementioned issues.

Regarding the proposed naval base, I was told that the site in question was the Calivgny Inlet (see appendix 1) which has a tightly restricted area called Egmont Harbor. It is the area which is said to be off limits to all but Cuban technical advisors due to the construction of a possible submarine base.

The Prime Minister indicated to me that the inlet is too shallow to admit or accommodate large boats, and the only restricted area was Egmont Harbor where Camp Feldon, a military installation is located. My request to visit this site was granted and my observations are noted.

During this meeting, the Prime Minister also indicated to me that since 1955, studies have been conducted which conclude that the current airport retards the potential economic growth of the island. Tourism is the island's second largest industry and is greatly impeded by the current airport which has a 5,000 foot runway, cannot accommodate large planes and has no night landing. In addition, I was told that the airport is needed for trade purposes. Mr. Bishop indicated that Point Salines, the site of the airport now under construction, is the only site on the island where such an airport can be built due to the mountainous terrain of the country.

In sum, the Prime Minister and Deputy Prime Minister reiterated Grenada's position with regard to the new international airport. It is needed for the economic development of the island and not for military uses as has been stated by the Department of Defense, Department of State and the CIA.

AIRPORT BACKGROUND

Grenada is one of the smallest independent nations in the Western Hemisphere. It has a total land mass of only 133 square miles, 344 square kilometers, a population of 110,000 and a per capita GDP of $400 (US). The state of Grenada consists of the island of Grenada and a number of offshore islands known as the Grenadines, Carriacou and Petit Martinique.

Geologically, Grenada is not endowed with any known mineral resources. Its economy has evolved around agriculture and tourism. Chief exports are nutmeg, bananas and cocoa. As one of the most beautiful islands of the Caribbean, the development of tourism is the second largest earner of foreign exchange next to agriculture.

With such limited natural resources, Grenada seeks development through the building of an international airport, which is considered the most important project in the country's economic history. The construction of the new airport is the largest and most important project thus far undertaken by the Peoples Revolutionary Government.

The idea of an international airport dates back to British colonial rule when the British economic experts first suggested such an initiative in 1954. Feasibility studies were subsequently carried out (by the British) in 1969. Studies by the World Bank, 1976 and 1977 confirmed that Grenada needed a modern airport and that the best site would be the southern peninsula or Point Salines, site of current construction. It should be noted that previous governments, before the present government, the PRG, ignored these studies and no attempts were ever made to construct a new and more modern airport of Grenada.

The existing airport, Pearls, the only airstrip on the mainland of Grenada, is situated on the east coast of the island, 2.5 kilometers north of Grenville, the second largest population center. The distance, by road, to St. Georges, the Capital, is approximately 45 minutes to one hour by car (20 miles). The airfield was opened to traffic in January, 1943; extended in 1948 to accommodate DC 3 passenger Dakota aircraft; widened and lengthened in 1964/65 to accommodate the 50 passenger Viscount aircraft; strengthened in 1973/74 to accommodate the BAC-111, 100 seater jet aircraft which was then flown by Court Lines of the

United Kingdom. LIAT (Leeward Island Air Transport), prior to the introduction of the BAC-111 and since the demise of Court Lines, flies an HS 748, 48 passenger craft and is the main carrier used to make connections to Grenada. Pearls runway has paved length of 1,600 meters, 5,250 feet and is oriented 08-26 magnetic, with take off and landing predominantly in 08 to the east. The airport is surrounded by heavily wooded and hilly terrain except to the east where it is open to the sea. The site is marginally suitable for daylight hours and under good weather conditions. This runway does not meet ICAO (International Civil Aviation Organization) standards. The most notable deficiencies are as follows: The width of the airstrip is 300 ft. vs. the recommended 500 ft.; the approach slope to the runway 08 is approximately 1:11 vs. the recommended 1:20 for daylight operations; and the longitudinal slope exceeds the recommended 1 percent for a class B runway.

In addition, the hills surrounding this site make night landing and/or instrument approach operations an impossibility. The lack of night landing facilities and the lack of potential for further development identify Pearls as a major constraint to air traffic and tourism development in Grenada. The basic problems with this airstrip is the steep curved approach path that an aircraft must fly to maintain adequate terrain clearance over the hills. As there are no approved procedure for such an approach, pilots must assess flight situation on an individual basis.

Recognising the potential impact of the airport, the PRG began seeking funding for the project in September of 1979, approaching the U.S., European, Arab and Caribbean countries for assistance. In a gesture of friendship and solidarity, Cuba gave vital aid, providing technical expertise, construction equipment, skilled labor and materials such as steel and concrete. Help also came from the Arab countries which contributed $50 million (EC) and Venezuela which gave 10,000 barrels of diesel fuel. The EEC held a co-financing conference to seek funds. Only the U.S. refused to assist and to date still remains silent. Cuban assistance made the project a reality and construction teams of Cubans and Grenadians work and live together at the airport site. Statistics for the new international airport are as follows:

Proposed runway length: 2,743 meters (9,000 feet), Proposed width: 45 meters (150 feet).

Aircraft design: B 747.

Worked Commenced: January 1980.

Target Dates for completion (Operational runway only): 1,500 meters (5,000 feet), 1983 First Quarter; 2,740 meters (9,000 feet), 1984 First Quarter.

Estimated Total Cost: $192 Million (EC) ($71 Million (US)) (see attach. IV).

Number of workers: Cuban: 250, Grenadian 360.

During the April 13, 1982 meeting in which I discussed with the Prime Minister and Deputy Prime Minister the purpose of my visit to Grenada, I asked and given permission to inspect and observe the construction of the new international airport at Point Salines. The Prime Minister expressed his desire to afford me every opportunity to evaluate the nature and purpose of the airport. He also expressed his desire to ally any and all misconceptions regarding its construction stating that "this is the most important undertaking in Grenada's economic history" and is only for the potential development of Grenada's second largest source of foreign exchange, tourism.

The following outlines aspects of the full impact of the development potential of the new international airport as was explained by the Deputy Prime Minister, who is also the Minister of Finance and Trade:

Grenada possesses the greatest potential for tourism development in the Caribbean today. Various independent sources including the World Bank have confirmed this potential. The World Bank's Tourism Sector review and Project Identification Visit of September 11-22, 1976, states:

"Grenada is one of the most attractive islands in the Caribbean. Its excellent beaches are backed by spectacular mountain scenery, rich with lush vegetation. Its harbour at St. George's, the Capital, is rated the prettiest in the islands and serves both as a port-of-call for cruise ships as well as a centre for yachting in the Grenadines. The climate is warm with a pleasant seabreeze throughout the year. In short, Grenada fulfills most people's image of a tropical paradise."

This image is supported by the European Tourism Demand Study conducted by Steinenberger Consulting on the Caribbean Product of 1980. It should be pointed out that Grenada possesses ideal hotel sites on numerous white sand beaches yet to be developed—in close proximity to the proposed international airport and main shopping centre.

Today, however, it has been very difficult, if not impossible, to begin to realize the full tourism potential because of the following handicaps:

(i) The present inadequate airport facilities which can accommodate no passenger aircraft larger than the Avro 748 Turboprop with a maximum capacity of 48 passengers;

(ii) The absence or lack of night-landing facilities. This means that all flights into Grenada must arrive before darkness falls thereby limiting or restricting the number of flights into Grenada;

(iii) Because most International airline flights into the Caribbean arrive at our two major connecting points, Barbados and Trinidad, in the very late afternoon or early evening, passengers bound for Grenada are forced to overnight at either of these two points. This factor causes these passengers great inconvenience and extra unnecessary expenditure. Estimates show that approximately 50% of annual visitors overnight at these points at an approximate cost of US $85 per person resulting in the loss to Grenada of US $1.3 million (EC$ 3.5 million);

(iv) Because of the extreme difficulty experienced by Travel Agents and tour Operators in obtaining confirmed bookings for their clients between Barbados and Grenada, many of them have discontinued selling Grenada as a destination to their clients. This is especially true in countries where Consumer Protection Laws hold the Travel Agents liable for confirmed travel arrangements sold that did not materialize;

(v) Despite being the only country among twenty-six Caribbean countries given top ratings (in the European Tourism Demand Study 1980) on natural attractions, Beaches and Climate, yet in that study Grenada was designated a Touristically Disadvantaged Destination as a result of "Accessibility problems; no gateway airport for flights . . ."

Furthermore, the International Civil Aviation Organization (ICAO) in its Circular Report 141-a-46 of 1978 states:

"Caribbean traffic growth and changes in aircraft technology require the continued expansion of existing facilities and raise the problem of financing such development. In general terms it can be said that the absence of at least one runway of not less than 3,000 m (9,800 ft.) in a country restricts the operation of long-haul international services with modern equipment and is a potential limiting factor on the development of a pattern that fully meets the transport requirements of a country."

Trends in the airline industry (including deregulation of airlines) are resulting in a change to wide-bodied jet aircraft and other Caribbean destinations have had to upgrade their facilities to keep abreast of these developments, and as a result they have experienced a marked increase in stay-over visitors every year while Grenada with its limited and restricted airport facilities have shown very little increase if any, as can be seen by the following:

STAY-OVER VISITORS STATISTICS

Grenada: 30,426; 37,933; 33,490; 32,336; 29,434.

St. Lucia: 29,529 42,399; 45,809; 69,300; 85,000.

It should be noted that St. Lucia's International Airport at Hewanorra came into operation in 1972.

It is believed, that the establishment of an international airport in Grenada will bring many benefits to the country and its people. Such benefits would include:

New Hotel Development.—On information from the Deputy Prime Minister, investors have expressed and some have actually submitted proposals for the development of new hotels on the numerous beach sites on the island. This would mean more employment for people of Grenada both skilled and unskilled during the construction period and also more permanent employment for the people required to service the hotels and their guests after their completion. He also stated that is significant to note that present local hotel owners and other local entrepreneurs have already presented concrete proposals to the Government for expansion of existing facilities as well as the establishment of new ancillary projects.

In continuing Mr. Coard explained that just as interesting is the fact that seven proposals to the government of Grenada for the establishment and operation of "Air Grenada" and preliminary approaches from five major international airlines for landing rights have been made contingent on the establishment of an international airport.

Explaining further, he stated that separate and distinct offers from many different groups of investors from the United States, Canada, Britain have been submitted, proposing the establishment of a national carrier to bring large numbers of tourists from Western Europe, and North America, directly into Grenada.

This is apart from five major international airlines which have made preliminary approaches with respect to the question of landing rights when the international airport comes on stream—Airlines which do not have planes for landing on a strip of only 5,000 ft. or 1,500 m. but are interested in landing rights only on the completion of the full international airport of 2,750 meters or 9,000 ft.

Agricultural and Fishing Development.—With the increased number of hotel guests expected to come to Grenada there will be provided a ready market for the development of agricultural products and fishing industry in order to feed these guests and so the inter-sector linkages and the multiplier effects within the economy would be felt as a result to the expansion of the tourism sector.

Cultural Development.—The increased activity in tourist development would create a demand for entertainment at hotels and other establishments. This would serve as an incentive to our people to fully realize their cultural potential and establish a truly national identity.

Ancillary Development.—Other areas of development which the international airport will generate substantial and significant economic activity include the restaurant business, yachting and other water sports, taxi service and overland tours, shopping both specialized and general, and to a very large degree dealers in foodstuffs, liquor, craftwork and other commodities used directly and indirectly in the tourist industry.

With the establishment of an international airport projected to open in 1983 and with the increased marketing and promotional efforts by the Grenada Department of Tourism, it is anticipated with good justification that there will be a significant increase in stay-over visitor arrivals and are projected as follows:

Year	G'da optimistic projections	G'da pessimistic projections	Percent of Caribbean total
1981	34,800	33,200	0.4
1982	36,400	34,000	.4
1983	57,600	52,800	.6
1984	60,600	54,600	.6
1985	84,800	74,400	.8
1986	88,800	76,800	.8
1987	117,000	99,000	1.0
1988	122,000	120,000	1.0
1989	129,000	105,000	1.0
1990	135,000	108,000	1.0

In addition to the construction of an international airport, concrete steps have been taken by the government to stimulate the development of a viable tourist industry.

The restructured Tourist Organization creates for the first time a Department of Tourism budget from (EC $150,000 to EC $700,000 in a space of one year representing an increase of approx. 500 percent with the emphasis in that budget placed on aggressive marketing and promotion.

The establishment of tourist offices for the first time in two major tourist markets—North America and Europe.

Conscious of the extreme difficulty of getting visitors to Grenada from connection points in the Eastern Caribbean, the Government has recently purchased a Banderanti Commuter aircraft at a cost of (US) $1.5 million which has been leased to LIAT.

A Grenada Interline desk has been established at the Grantley Adams International airport in Bardados to facilitate Grenada bound passengers interlining from international flights.

The Prime Minister went on to explain the existing facilities at Pearls Airfield much as are outlined in the background section of this report. He further stressed the need for the new airport given the adverse conditions and deficiencies associated with Pearls.

PROPOSALS FOR AIRPORT DEVELOPMENT

The Deputy Prime Minister detailed proposals for airport development which date as far back as January 1955, when the Scott Wilson Kirkpatrick & Partners, a British firm in their report on "Airfields for Grenada and St. Vincent" recommended strongly in favour of the Point Salines site in view of the need for a site which would cater for aircraft of the size and class of Viscount (55 passenger) aircraft and larger.

He stated that in July 1960, the now defunct federal government of the West Indies appointed a Commission to report on Civil Aviation in the West Indies. In their report, the Commissioners identified Point Salines as the logical choice for future airport development in Grenada and recommended that "construction be started as soon as conveniently possible."

In 1960, he continued the governments of UK, USA and Canada established a "Tripartite Economic Commission" to carry out a survey of the Windward and Leeward Islands, including Grenada, then referred to as the "Little Eight" islands, in order to "identify the obstacles to economic growth in the islands and the priorities in terms of expenditures and policies required to remove them."

As a follow-up to the Tripartite Economic Survey of UK, USA and Canada, the Department of Transport of the Canadian Government undertook a "Study Paper on Airports for Leeward and Windward Islands" and published their report in March 1967. Following on recommendation for the more northerly of the Islands the Department indicated that "the proposed jet airports on St. Lucia and Grenada have also been assigned top priorities." The report recommended development of the airport in three stages,

Stage 1 Viscount, BAC-111, DC-9, B-737 type operations—5,500 ft.

Stage 2 Jet operations—medium range, extending the airport of Point Salines to 7,500 ft.

Stage 3 jet operations—long range, extending that airport of Point Salines further to 9,000 ft.

Of the juncture, it is important to appreciate that the idea, for an international airport at Point Salines, did not come from the present Government of Grenada, but has been the dream of successive Governments of Grenada, for 26 years.

It is important also to note that the concept of an airport of 9,000 ft. long is not some idea first conceived by the present Government in the last years, but has come up repeatedly in different reports of different countries that have studied this problem, including the United States. The report from the Canadian government Transportation Department suggested three stages for the development of Point Salines Airport.

The Deputy Prime Minister went on to explain that in January 1969, Scott Wilson Kirkpatrick & Partners jointly with the Economist Intelligence Unit, both of London were commissioned by the British Ministry of Overseas Development at the request of the government of Grenada to carry out an Economic and Technical Feasibility Study which was produced in 2 volumes.

The report, entitled "An Economic and Technical Feasibility Study", four possible alignments were studied, and the results of soil and topographic surveys including marine borings were presented. It was a well-executed study and while these investigations were repeated in considerably greater detail by the Cuban/Grenadian team in late 1979/80, nothing emerged during the investigations or in the sixteen-month of construction work to date, at Point Salines which is in conflict with the findings of the 2969 feasibility report.

The engineering feasibility study—including all of the soil and rock samples, and marine borings by the Scott Wilson Kirkpatrick & Partners team which were executed as a study, and throughly documented and detailed, but in addition, 9 volumes intensive and even more comprehensive and detailed engineering feasibility study undertaken by a team of more than 20 Cuban and Grenadian technical experts in this field confirmed all of these findings. The summary of the report of Scott Wilson Kirkpatrick and the Economic Intelligence Unit confirmed once more that the "most likely alternative existed in the construction of an airport on a new site at Point Lanines."

Like the Canadian study, this report envisaged a stage development, a first stage of 5,800 ft., a second stage of 7,800 ft. which was stipulated for the Lockheed L1011, and the possibility of development to 9,000 ft. in a later stage.

The report, too, looked at the development of Point Salines airport into an international airport in three stages ending with the final stage of 9,000 ft.

Earlier in 1968, the Operational Services Overseas Branch of the Board of Trade, London, which body then exercised responsibility for the flight operational aspects of airports (at that time Grenada was a colony of Britain), reported on Pearls Airport and on the proposed new airport at Point Salines.

They reported on all the operational aspects related to Point Salines and Messrs. Scott Wilson Kirkpatrick & Partners in their 1969 feasibility report on Point Salines record that "Advice was sought throughout from the Operational Serves Overseas Branch of the Department of Civil Aviation of the Board of Trade on all operational matters likely to affect the physical standards to be adopted for the airport layout and the proposals put forward comply with their recommendations."

In 1970/71—Scott Wilson Kirkpatrick & Partners undertook an Engineering Feasibility Study of the Pearls crosswind runway proposal. This reported favorably on the crosswind runway but the results of the report were considered doubtful when assessed by Crown Agents (UK) Engineers, Airline pilots, and Grenadian Ministry Engineers who were experienced in this field. Ultimately, it was identified that the wind data made available to the consultants had been faulty because of faulty instrumentation and that the proposal for a crosswind runway was not a sound one.

In 1972, yet another study of Grenada's airport was commissioned by the British Overseas Development Ministry. This was in fact, an updating of the economic feasibility aspects of the 1969 report.

In May/June 1976, proposals for nightflying at Pearls, Grenada and Arnos Vale, St. Vincent were prepared by the Civil Aviation Authority, London, and presented to local authorities. The regional airline LIAT, and the Airline Pilots Association, accepted the proposals for the lighting of the airport at St. Vincent, but rejected the proposals for Pearls airport, Grenada because of safety considerations bearing in mind the unfavorable topography and the need to use a steep curved approach path for landing.

In other words, no possibility whatever of Grenada being able to have even night-landing, even without an international airport, but just night-landing with the existing 5,000 ft. at the present airport at Pearls.

In September 1976, and again in December 1976, the World Bank sent an Identification and Appraisal Mission to Grenada to look specifically at the Airport Development Project. The team comprising of an aviation engineer, an aviation economist and a general economist, reviewed the various alternatives possible, and concluded:

"That the existing runway at Pearls acted and would continue to act as a constraint on the development of air transport and tourism growth" and

"That taking into consideration the country's needs, constraints and development potential, the Point Salines site for a new airport would best serve Grenada's needs and further study should concentrate on this site to determine its overall technical, economic and financial feasibility."

The World Bank team recommended that yet, another technical and economic feasibility study be undertaken.

Finally, in late 1979, the Government of Grenada acting on advice from a panel of Caribbean Technical experts who had been invited to advise on the matter meteorological experts from Barbados, civil aviation experts from the region, in charge of airports of the region, of the Caribbean routes, Venezuelan engineers, Cuban engineers, Grenadian engineers experience in building airports, including the engineer who built St. Vincent's airport, pilots from BWIA from LIAT another airline, a panel of people representing all the different fields, and who had studied all these former reports. It is this team of experts which finally advised the Government of Grenada to end the studies and start the work. Therefore the decision to proceed with runway construction at Point Salines was taken. Initially, a draft master plan updating the proposals contained in the 1969 Joint Scott Wilson Kirkpatrick & Partners and Economist Intelligence Unit (UK) feasibility study was prepared by a Joint Cuba/Grenada team and construction commenced based upon this in January 1980.

The master plan envisaged a runway construction in two stages, the first being to have a runway 2,400 m (7,800 ft.) long with the Boeing 727 as the design aircraft and with the feasibility of extending to 2,750 m (9,000 ft.) to accommodate DC-10, L-1011 and Boeing 747 when the demand warranted it. This was, essentially, the 1969 UK Consultants Proposals displaced by the 10 year intervening period.

However, airline operators servicing the routes on which the bulk of the tourist traffic and potential for growth lie—Europe and North America—are replacing the aircraft currently in use (B 707 class aircraft) and they are replacing that type of aircraft with wide bodied jet aircraft, eg B-747, DC-10, L-1011, and this has been the current experience in St. Lucia, Antigua and Barbados. As a result, in mid 1980, Government took the decision to construct the full length of 2,750 m during the present phase of construction.

Although it is to be in two stages, nevertheless there will be an element concurrent between stages 1 and 2, so that upon completion the entire 9,000 ft. would be available in order to accommodate the shift-over by most airlines away from the B-707 class of aircraft to the larger the more wide-bodied long-haul jets of the 747, DC-10, L-1011.

The runway will be approximately 2,750 m long, 1,500 m of which will be open to traffic, including night operations, during the 1982/83 tourist season.

A 2,750 m runway when completed is intended to provide facilities recommended by ICAO up to the level of an Instrument Approach runway.

In the provisional stage, the 1,500 m runway will accommodate aircraft of the class of the US-748 turbo-prop currently operated by LIAT, while a 2,750 m runway will be generally to ICAO Code letter A specifications.

International Airport site visit

Following my meeting with the Prime Minister and Deputy Prime Minister, I was driven to the construction site of the new international airport. Upon arrival, my staff and I were met by Mr. Ronald G. Smith, International Airport Project Manager, who introduced us to an assistant who was engaged in negotiations with a group of contractors from Great Britain, France and Finland. We were told that the negotiations were for the installation of equipment and systems for the airport.

As we viewed a model of the completed airport site which was enclosed in glass, Mr. Smith explained to use the process of developing this site. As Point Salines was identified as the only viable site on the island which could be developed into an airport with nightlanding and flying facilities and capable of accommodating wide bodied aircraft, this site had to undergo quite a physical transition. The runway, currently under construction, had to be built across a body of water, Hardy Bay, which is approximately 425 meters wide and approximately 8 meters deep. The bay had a layer of unstable material which had to be removed by suction dredge and discarded, then pumped and deposited between two dykes which were built after the removal of much material. The dredging process, one of two major phases of the site, cost approximately $3 million (US). The firm contracted for this dredging project in Lane Dredging, Co., a United States firm of specialists based in Miami, Florida. (photos attached)

It was explained that the site comprises a promontary on which a number of extremely steep sided spurs ran at right angles to the required and only feasible center direction of the runway. The soil, organic clay and clay stratas, was hard and had to be loosened with explosives. It is interesting to note that the explosives used to blast the terrain were made of molasses and nitro. From the photographs shown us of the site in its various stages of development, it seems, in my estimation, to be a project of great undertaking and great potential.

My staff and I were escorted by Mr. Smith and other project personnel to the runway which is slated to be operational by the Spring of 1983. It is hoped that the first 5000 ft. will be ready for use for normal LIAT flights within the next nine months. The runway will, upon completion be 2743 meters in length. Mr. Smith stated that the actual length needed to accommodate a 747 is 3000 meters according to International Aviation specifications standards. He further explained the phases of the construction activity of the project. The dredging process as was mentioned earlier in the airport background and the surfacing of the runway. A third activity, related to these phases he explained is putting into operation a Quarry, Rock crushing Plant and Asphalt Plant which is necessary to produce the asphaltic concrete for paving the runway. The Asphalt Plant was officially opened during the March 13th Anniversary Celebrations this year.

Surfacing of the runway began in September 1981. A total of five layers of varying layers of thicknesses have already been completed and work has begun on the aircraft parking apron where future passengers will embark and disembark aircraft. Plans for the terminal have been prepared and are under consideration.

While viewing the airport construction site, it was particularly interesting to note a medical student from the nearby Medical University jogging in the area, as well as a busload of children visiting the site from a Parish school in addition to many visitors simply observing the beautiful view of the sea. (The Western end of the point at which the Caribbean and Atlantic oceans meet and from where we stood was quite a lovely view). Mr. Smith explained that with the University so near the construction site that all blasting which was conducted to level to site was done so in a manner to ensure no damage to either buildings or individuals.

Upon departing the runway site we were then driven to a training school which was established on the airport site and is operated by a team of Cuban and Grenadian instructors. It was explained that recruits for driving, mechanic, drill operator and equipment operators are given instruction in safety and theory for a period of 2 to 6 weeks after which practical training commences. Truck drivers are required a minimum of 6 weeks training and are required to have a Grenada drivers license and minimum of three years driving experience before they are accepted.

Mr. Smith stated that there are currently 250 Cuban workers and 360 Grenadian workers employed on the entire airport project:

(1) Contractors; Plessey Airports, Ltd., United Kingdom; Tompson, CSF, France; Metex, Ltd. Finland.

Items being negotiated: radio and communications equipment; navigational aid equipment; lighting facilities for the runway; fire engines; fitting for the terminal.

Calivigny Inlet site visit

I personally visited the site of the proposed submarine or naval base. I rode up the dirt road for about 1 mile prior to reaching the restricted area. Camp Feldon, a military installation, is located in this restricted area. The camp is where firing practices, a public announcement is made over the local radio station to warn fishermen to stay out of the area.

On the eastern side, I noticed a paved road leading to the point, Ft. Jeudy. On the western side, I noticed several members of the Peoples Revolutionary Army alongside the road as well as what appeared to be army barracks.

My visit to the site, the Calivigny Inlet, showed no construction nor shipping. The area has an unrestricted sea coast with no posted restricted area, except for the west side of Egmont Harbor, into which the inlet runs, which again, is the location of Camp Feldon. I rode alongside Egmont Harbor and noticed many well-kept homes with views of this entire area. It clearly isn't hidden. This inlet was too shallow to admit boats larger than schooners. I was told that the government may develop this area as a yacht marina.

Upon my request, I was driven up the paved road to Ft. Jeudy and noticed several large homes owned by both Granadians and foreigners. I stood at the point of Ft. Jeudy and could see with no obstacles, the entire Calivigny Inlet, including Egmont Harbor and Camp Feldon. The residential areas of Lans Aux Pines and Westerhall were both visible.

There were no signs of any construction or naval activity, nor did my findings and observations conclude that this is a tightly restricted area for use by the Cubans or Soviets. Factual information about this area was readily available.

My staff and I departed Grenada on April 15. Upon our arrival in Barbados I had an opportunity to pay a courtesy call to our representative to the Eastern Caribbean. In the absence of Ambassador Milan Bish, Deputy Ambassador Ludlow Flowers and I had an extremely stimulating and interesting exchange on the important events and issues regarding the region: the President's recent visit to Barbados, the Caribbean Basin Initiative and the state of United States-Grenada relations.

VIEWS—UNITED STATES GOVERNMENT

During the past 5 years, the Caribbean has become a region of increasingly political and strategic interest. In his statement to members of the board of Trustees of the Caribbean Central American Action in 1980, former President Jimmy Carter stated that the economies of this area are quite vulnerable to the intrusion of alien forces which have created an open avenue for Cuban adventurism. President Reagan, in his February 24, 1982 speech to the Organization of American States stated "The well-being and security of our neighbors in this region are in our own vital interest".

The Caribbean Basin Initiative is the United States response to the political, military and economic needs of the Caribbean. It is my contention that this response was totally inappropriate and did not speak to the economic and social needs of the region. It spoke to the military and security needs of Central America, specifically El Salvador. The Congressional Black Caucus, of which I am a member, presented testimony to the subcommittee on International Economic Policy and Trade and the subcommittee on Inter-American Affairs which outlined specific issues which require critical examination in this initiative. Specifically, of extreme concern was the exclusion of certain Caribbean countries, including Grenada, due to ideological differences.

With regard to Grenada, President Reagan characterized it as a totalitarian left government and while in Barbados during his recent vacation, stated that Grenada "now bears the Soviet and Cuban trademark, which means that it will attempt to spread the virus among its neighbors." According to press accounts, the President indicated that Grenada's inclusion in the Caribbean Basin Initiative would require a change in policies and behavior.

As I have stated before in this report, of extreme concern to the United States is the construction of a new international airport in Grenada. Official and unofficial reports have stated that this airport is being built by the Cubans for military rather than tourism purposes.

Taking the above views of the United States goverment into account, I believed that it was critical that the Armed Services committee and the United States Congress be presented a factual report on Grenada and its perceived military threat to this country.

Although the Grenadians consider this the most important project in their history, the United States response came swiftly and angrily, denouncing the new airport as a military project, the brainchild of Cuba who would wish to use it as a Soviet launch site. In the fall of 1980 the Reagan Administration cited the Grenada Revolution as indeed a case of Soviet-Cuban aggression in the Western Hemisphere when the Grenadian-Cuban cooperation on the airport project began. According to the Administration this was a cooperation of "Cuban expansionism." The State Department and the Pentagon have described the airport as "airfield much larger than the small islands' tourist industry will require" and assert that "with its strategic location, the airfield could serve as a staging area and refueling stop for Cuban troops on the way to Africa or South America and another Soviet base in the Western Hemisphere capable of servicing Soviet bombers, including the new supersonic backfire." (1. film "Attack on the Americas," produced by the American Security Council Foundation; quotes by State Department and Pentagon experts). There was no mention, however, that six Eastern Caribbean islands have airports of equal or greater size or that Cuban troops have been reaching Africa since 1975 without any assistance from Grenada. (Attachment I and IA airport lengths of other islands).

The United States government also attempted to levy pressure on its western allies to boycott a co-financing conference held in Brussels in April 1982. However, all scheduled representatives attended the meeting and most of the requested funds for further development of the airport were pledged by Scandinavia, Nigeria and the EEC (European Economic Community). Claude Cheysson, Commissioner for Developing Countries, described Grenada's request for aid as "entirely normal". The only abnormal thing is the American interest. . . . This decision is a decision for the EEC and Grenada." (See attachment II—list of contributors) (See attachment II-A—list of contributors).

The Administration's attempt to economically squeeze Grenada has drawn criticism from diverse sectors. The Caribbean Conference of Churches as well as the 12 countries of CARICOM of the English speaking Caribbean issued statements of strong condemnation against the United States. Also, 61 member countries of the African, Caribbean and Pacific States (ACP) endorsed a resolution supporting construction of Grenada's international airport and denounced United States pressure against the project.

Based on my own experience while in Grenada, the most determined supporters of the airport are the Grenadian people themselves, who have purchased $850,000 (EC) worth of airport bonds to help finance the construction and have formed local airport development committees to help raise funds. Pledges have come from every sector of the society: unions, farmers, women, youth, and the Church and community groups. (Attachment III—airport bond) Members of my staff attended a fundraiser sponsored by the Women's Airport Development Committee on Sunday, April 11. They noted, during a briefing session afterward, that a broad based and diverse sector of the population participated in this event. Of particular interest to the staff was the active participation of Grenada's elderly ie. selling tickets, serving food, greeting guests, and accompanying newcomers around the airport complex.

OBSERVATION AND RECOMMENDATIONS

Based on my personal observations, discussions and analysis of the new international airport under construction in Grenada, it is my conclusion that this project is specifically, now and has always been for the purpose of the economic development of Grenada and IS NOT intended for military use as has been stated by United States Administration officials. Given the facts and figures as presented by our own military experts and by the Grenadians as well, it is my thought that it is absurd, patronizing and totally unwarranted for the United States Government to charge that this airport is for military purposes and a threat to our national security. Moreover, the use of such allegations by the United States as the basis for a foreign policy of confrontation toward Grenada is counterproductive. Inasmuch as the United States has not and does not intend to contribute financially or otherwise to the construction of the airport and given that this airport does not and will not threaten the United States or her allies (within the hemisphere or elsewhere), it is my contention that our government should be officially unconcerned with the airport in Grenada.

The economic and social development of this tiny, poor island nation will depend in large on the completion of this airport and the United States should in no way attempt to undermine Grenada's pursuit of further development. The long range impact of this project for Grenada's economy far extends the short term rhetoric that is exhibited toward the initiative. Having witnessed the construction process and the commitment of the workers and that of the Government and peoples of Grenada I am convinced of its economic importance. I am, further, in agreement with others of the international community, the EEC, the World Bank and all who have studied, at length, the feasibility of this project, that this new airport is a priority undertaking for the survival of the country. It in addition, in my opinion provides the greatest development potential for Grenada.

President Reagan in his February 24 statement to the Organization of American States stated that Grenada is a "totalitarian left regime" and while in Barbados during the same period as my fact finding trip to Grenada, stated that Grenada is a country that "now bears the Soviet-Cuban trademark, which means that it will attempt to spread the virus among its neighbors". It is my contention that such rhetoric is apparently used to enhance the validity of the allegations regarding military development. Based on my briefings by both the Commanders of the Atlantic Fleet and the Air Defense Command who emphatically assured me that the airport under construction in Grenada is of no military consequence to the United States, my question to my colleagues is why then the continued rhetoric against Grenada? It seems obvious that there are far more underlying circumstances that surround the issue of United States-Grenada relations than meet the eye.

It is my sincere hope that my colleagues of the Armed Services Committee and of Congress at large will read, assess and evaluate this report and use it as a basis for a critique of the Administration's hostile and hegemonistic policy toward Grenada. More importantly, I hope it will be used as a foundation for a more constructive, conciliatory policy toward a tiny island nation that is deserving of not only the assistance and cooperation of the United States but also of our friendship.

I wish to thank the Chairman, the Commanders of the Atlantic Fleet and Air Defense Command, the Government and People of Grenada for providing me the opportunity to fully evaluate the military aspects and concerns regarding the construction of the international airport in Grenada. Further, I appreciate the opportunity to present my findings and analyses and more importantly hope that this mission will serve as a precedent for others to seek the truth, present fair and constructive arguments against unfounded and unwarranted misconceptions, and attempt to educate the American public on all aspects of the issues.

[Attachment No. 1]

ANNOTATED DATA ON SELECTED CARIBBEAN AIRPORTS

Destination	Area (square miles)	Population	Runway length	Runway width
Antigua	108	70,000	9,000	150
Aruba	70	66,000	8,997	148
Bahamas	4,405	210,000	11,000	150
Curacao	210	156,000	11,187	197
Dominican Republic	18,817	4,836,000	11,000	197
Guadeloupe	530	327,000	11,499	148
Jamaica	4,411	2,072,000	8,565	150
Martinique	1,100	325,000	10,827	148
Puerto Rico	3,500	3,210,000	10,002	200
St. Lucia	238	120,000	9,000	150
Trinidad	1,980	1,100,000	9,500	150
Venezuela	352,140	12,361,000	11,483	148
Barbados	166	259,000	11,000	150
Grenada	133	120,000	[1] 5,250	NA
			[1] 9,000	150

[1] New.

Source: Caribbean tourism demand study (1980)—Steinemberger.

ANNEX I

It is clear from the examples of Caribbean territories quoted that a definite correlation exists between access to international flights, direct connections to major markets, and accelerated growth of tourist arrivals to those territories.

All of the islands quoted have had direct connections from international airlines from their major markets, who have the necessary airport facilities to service tourist arrivals adequately.

On the other side of the coin, as detailed below, are the TDD's (touristically disadvantaged destinations)—as they have been designated in volume I of the European Tourism Demand Study "Accessibility: No gateway airports for flights" in the common denominator which identified a TDD. These statements are borne out by the figures quoted hereafter.

Country	Size (square kilometers)	Population	Tourist arrivals 1979	Transportation
Antigua	280	70,000	99,536	"International airport with 9,000 ft runway of sufficient capacity and adequate service quality with international connections."
Aruba	182	66,000	185,141	"Very attractive international airport (9,000 ft runway) with ground-handling facilities and terminal."
Bahamas	11,405	225,000	1,129,430	"International airports in Nassau (11,000 ft runway) and Freeport additionally 25 smaller airports and airstrip air taxi services. Good air connections to U.S., Canada and Europe."
Barbados	430	250,500	370,915	"Large international airport with 11,000 ft runway * * *." "Direct connections from Europe and North America."
Bonaire	311	9,000	19,696	"Airport expansion * * * with construction of extended runway to 2,483 for direct access to U.S. markets. Quality and capacity of the facilities are excellent * * *." N.B. It may be of interest that Bonaire possesses a foot of runway for every member of its population.
Cayman Islands	264	14,000	100,527	"* * * airport with 6,000 ft runway. * * * new airport in planning."
Curacao	544	158,000	[1] 200,000	"International airport with 11,200 ft runway accommodating wide bodied aircraft. Terminal facilities sufficient."
Dominican Republic	48,734	5,000,000	342,578	"Two international airports provide good accessibility to North American market and to Europe via Madrid."
Guadeloupe	1,373	327,000	[1] 225,000	"Large international airport with a runway of 11,500 ft suitable for all aircraft with good capacity and standard in terminal for passenger and baggage handling."
Jamaica	11,425	2,000,000	426,540	"Two international airports (Kingston and Montego Bay) and 5 smaller airports provide good air accessibility and facilities."
Martinique	2,849	325,000	159,379	"Large international airport with 11,000 ft runway for all aircraft with full technical navigational equipment. The large terminal meets capacity and quality demands."
Puerto Rico	9,065	3,200,000	1,661,971	"International airport at San Juan with 10,000 ft runway. Seven national airports provide intra-Puerto Rico scheduled service and additionally there are four general aviation airports and eight private airports for taxi services."
St. Kitts/Nevis	262	49,000	25,074	"International airport with runway of 8,200 ft and a new modern terminal building."
St. Lucia	617	120,000	[1] 80,000	"International airport with 9,000 ft runway on southern tip and a regional airport north of Castries."
Trinidad and Tobago	5,128	1,100,000	[1] 200,000	"International airport in Trinidad with a 9,500 ft runway equipped for wide-bodied aircraft. Smaller airport in Tobago with 6,000 ft runway * * *."
Venezuela	912,041	12,300,000	[1] 850,000	"International gateway airport with 11,500 ft runway and good connections to South America, North America and Europe. Airport facilities are modern and adequate."
Touristically disadvantaged destination:				
Grenada	345	110,000	29,300	"Regional airport in North-East with a runway of 5,250 ft suitable for smaller planes and day-time operations only." "Regional carrier has booking, reservations and re-confirmation difficulties."
Dominica	790	77,000	20,111	"Small airport for regional travel in North-East of island with 4,800 ft runway. Carrier experienced reservation, booking and re-confirmation difficulties."

[1] Estimate.

[Attachment No. 2]

AID CONTRIBUTORS FOR INTERNATIONAL AIRPORT

(1) Cuba, (US) $33.6 million (material and technical aid).

(2) Libya, (US) $4.0 million (cash).

(3) Syria, (US) $2.0 million (cash).

(4) Iraq, (US) $2.0 million (cash).

(5) ECGD, (US) $12.0 million (loan). (Consortium of Export Credit Agencies approved by the British Government.)

(6) Venezuela, (EC) $0.4 million (petroleum products, 10,000 barrels of diesel fuel, asphalt.

(7) Algeria (US) $6.0 million.

NOTE.—Airport bonds bought in both England and the U.S. by Grenadian nationals, $108.0 mil. (EC). Airport bond sold locally in Grenada—$850,000 (EC)

[Attachment No. 3]

PROSPECTUS

The List of Applications will be opened at 10 o'clock on 1st December, 1979 and will remain open until the issue is subscribed or until further notice.

GRENADA GOVERNMENT—INTERNATIONAL AIRPORT DEVELOPMENT

6% Bonds 1999/2000.

Issue of $10,000,000 U.S. Authorized under the Loan (Development) Act, 1974. Interest payable on 31st May and 30th November of each year. Price of issue—100 percent.

The Government of Grenada invites applications for Grenada 6% development bonds as indicated above.

Purposes: The proceeds of the loan will be applied for the purposes set out hereunder namely: Schedule, Section 5(1): Construction of International Airport—EC $30,000,000.

Denominations: The bonds will be of the denominations of $10, $50, $100, $500, $10,000, $25,000, $50,000 and $100,000.

Interest: Interest will be payable half-yearly by bearer coupons (attached to the bonds) on 31st May and 30th November of each year.

Coupons will be encashed on presentation at the Treasury, St. George's.

The principal and interest thereon will not be subject to any taxes, duties or levies of the Government of Grenada.

[Attachment No. 4]

AIRPORT AT POINT SALINES

MISCELLANEOUS ESTIMATES OF COST

[Excluding cost of land]

Year and report	Estimated cost
1955—Report on new airport for Grenada and St Vincent by Scott Wilson Kirkpatrick & Partners, consulting engineers: Runway 4,800 ft. long	£600,000
1967—Study paper on airports for Leeward and Windward Islands by Department of Transport, Canada:	
A. Runway, 5,500 ft. runway	Can$4,940,000
B. Runway, 7,500 ft. runway	Can$8,741,000
C. Runway, 9,000 ft. runway	Can$11,042,000
1969—Grenada airport, economic and technical feasibility study by Scott Wilson Kirkpatrick & Partners and the Economist Intelligence Unit:	
1st stage, 5,800 ft	£4,523,000
2d stage, 7,800 ft.	£4,073,000
Subtotal	£8,596,000
1981—Point Salines International Airport project: EDC Consultancy, SOFREAVIA, Paris	[1] US$70,988,800

[1] Including cost of land.

[Attachment No. 5A]

STATE DEPARTMENT BRIEFING MATERIALS

U.S. RELATIONS WITH THE EASTERN CARIBBEAN

Our relations with all of the democratic governments of the Eastern Caribbean (EC) are friendly and range from good to excellent. The islands are generally supportive of our basic interests in the region which include the maintenance of democratic, friendly governments and the denial of influence in the EC to powers hostile to the U.S. We maintain a policy of distancing ourselves from Grenada, the only Marxist-oriented, totalitarian government in the Eastern.

As the islands are gaining independence, the UK is steadily withdrawing from the region. Barbados, the most stable, prosperous and democratic of the mini-states, has repeatedly affirmed its desire to work closely with the U.S. to develop an effective security capability and a regional economic program.

Beginning in December 1979, the Eastern Caribbean witnessed a series of elections which brought to power moderate-to-conservative, pro-U.S. governments. These elections clearly were a rejection of leftist parties embracing closer ties with Cuba and Grenada. They were also a reaffirmation of West Indian support for moderate, pro-U.S. parties reflecting recognition of the increased level of U.S. aid and attention to and support for the region. The principal questions regarding our relations with the Eastern Caribbean are whether this relatively stable political environmental will endure and what policy options can most effectively be utilized to ensure continued, if not enhanced, stability in the area.

[Attachment No. 5B]

Eastern Caribbean: Economic Overview

The Eastern Caribbean islands of St. Kitts-Nevis, Anguilla, Antigua, Montserrat, Dominica, St. Lucia and St. Vincent vary in population from 12,000 to 120,000. The largest island (Dominica) has a land area of 750 square kilometers.

The Eastern Caribbean islands differ considerably in their stages of development, but share a common British Commonwealth tradition, and seek to work together in such areas as common government services to minimize inherent smallness of scale difficulties.

Unemployment, approaching 50 percent among young adults in some islands, is a chronic problem throughout the Eastern Caribbean. Private sector production is hampered by small domestic markets, expensive and irregular transport, the emigration of skilled workers, and a paucity of medium-to-long-term financing for new productive enterprises. As a result, insufficient revenue has been generated to fund basic recurrent government services. In some of the islands, infrastructure deficiencies, and the difficulty of maintaining existing infrastructure, are a factor in developing the domestic private sector and attracting foreign investment. Domestic policies in such areas as interest rates, and land tenure have also been important constraints. The perilous state of the islands' economies has fueled political instability.

Fortunately, some of the islands have recently shown some success in attracting non-traditional export industries, in part due to favorable low wages and tax holidays granted by the Eastern Caribbean governments. Their ability to attract further such industries, and to reverse a decade-long decline in agricultural production, is regarded as key to addressing the pressing economic problems of unemployment and a heavy reliance on imported-foodstuffs. In addition, the islands do possess considerable tourism potential which might be exploited with greater promotion efforts and better transportation facilities.

Recognizing the serious economic difficulties of the Eastern Caribbean islands, they have recently drawn increased foreign donor focus, particularly by the US, the UK, Canada and the EEC. While this donor activity has helped to buttress the democratically-elected Eastern Caribbean governments, it has just begun to stimulate the private sector, which is vitally needed to generate employment and sustained growth.

[Attachment No. 5D]

U.S. 1980 IMPORTS FROM CARIBBEAN BASIN COUNTRIES

[In millions of dollars]

Country	Total	GSP actual	Dutiable	(1)	(2)
Netherlands Antilles	$2,537	$4	$2,432	$4	$4
Trinidad and Tobago	2,385	4	2,306	2	1
Bahamas	1,373	6	1,323	61	61
Dominican Republic	790	51	397	397	308
Guatemala	431	87	83	64	56
El Salvador	426	19	117	117	98
Honduras	418	63	103	103	90
Jamaica	379	29	35	35	21
Costa Rica	357	56	114	114	75
Panama	330	62	43	28	27
Haiti	253	35	174	174	102
Nicaragua	214	15	102	102	88
Guyana	120	34	8	8	5
Suriname	109	19	0.2	0.2	0.2
Barbados	96	42	52	52	36
Belize	58	33	19	19	9
St. Christopher-Nevis-Anguilla	12	8	4	4	2
British Virgin Islands	10	2	8		
Saint Lucia	7		7	7	6
Turks and Caymen Islands	6	0.1	0.1	0.1	0.1
Antigua	3		3	3	
Dominica, Grenada, Saint Vincent, Montserrat	2	0.1	0.5	0.5	0.4
Totals	10,314	570	7,330	1,293	989
Percent of total imports	100.0	5.5	71.1	12.5	9.6

[1] Dutiable excl. petroleum.

[2] Dutiable excl. petroleum and textiles.

U.S. Department of State,
Bureau of Public Affairs,
Washington, DC, April 1980.

(Following are remarks by President Jimmy Carter at a White House reception, to members of the board of trustees of the Caribbean/Central American Action, April 9, 1980.)

We have before us an exciting and extremely important new enterprise. I know you've spent time today discussing what might be accomplished in the future and some of the elements that comprise the circumstances under which we will be working together, not only among ourselves but with literally thousands of other Americans who share our interest in the Caribbean region, including the islands and the countries of Central America.

Tonight marks what I think will be a significant new effort to forge bonds of friendship between the people of the United States of America and our neighbors to the south. Bob Graham has named this group Caribbean/Central American Action, and the emphasis, as you well know, is on the word "action." This is important to us, because what we do will go far beyond good intentions or even good speeches or public statements. We're looking for results, exemplified by lasting friendships both between nations and between people.

This action group represents a coming together of two concerns: first, our shared concern about the vital importance of the entire Caribbean region—that concern and interest has been growing lately—and secondly, a recognition that the friendship on a people-to-people basis must be the foundation for any progress that we envision taking place.

Let me say just a few words about each one of these aspects of our interest. The United States is one of large number of nations and peoples who are washed by the waters of the Caribbean. We are a Caribbean nation ju[illegible]s surely as we are an Atlantic nation [illegible] a Pacific nation. Geographically, it's not only the Virgin Islands and Puerto Rico, but it's also other States as well; Florida, Alabama, Mississippi, Louisiana, Texas are Caribbean States.

The cultures of our regions enrich one another—language, shared music, a common interest in sports, a common historical background, a common realization of the opportunities for the future. The ties of blood kinship are very strong, and this can be a basis on which we predicate future progress. Members of the same immediate family share citizenship and residence here in our country and citizenship and residence in every other one of the nations in the Caribbean region.

We recognize the extreme strategic importance of the region. This is not of importance only to the United States, but every one of the nations in whom we are interested also must share that common strategic interest and importance. Our security is related one to another.

The waters of the Caribbean touch more than 20 independent nations and more than a half-dozen dependencies. And as you know, the formation of new nations has been an almost explosive and a very exciting event in the last few years, and in the next few years as well. Except for us and Venezuela, Mexico, and Colombia, the other nations are relatively small, but each one is important in its own right.

The economies of this area are quite vulnerable to international or global price structures and actions taken on a multinational basis outside the region. Many of these countries are heavily dependent on one or two or very few commodities. And when the prices for their products are set outside the borders of their own country, there is a tendency to blame all domestic problems on outside forces. This causes people to want to lash out or to distrust outsiders. It creates instability, and it also makes possible the intrusion of alien forces into a country who do not have the best interests of the people as a prime consideration.

The exploitation of dissatisfaction and the desire for change is a recognized fact. These factors have created an open avenue for Cuban adventurism—a Cuba supported by and encouraged by, financed by the Soviet Union. We tend to misunderstand the threat of Cuba. Certainly they contribute to violence and instability in the Caribbean region, but the real threat of Cuba is that they claim to offer a model to be emulated by people who are dissatisfied with their own lot or who are struggling to change things for the better. Cuba's promise, as you well know, is an empty one, just as Cuba's claimed independence is a myth. The inability of Cuban leaders to breathe one critical word of Soviet imperialism, even refraining from criticizing the Soviets' actual invasion of Afghanistan, shows a total absence of independence on the part of Cuba.

As you know, the Soviets prop up Cuba's bankrupt economy with an infusion of several millions of dollars every day. Moveover, Cuba is the only nation on Earth, I believe, that is more dependent on one major commodity now than it was 20 years ago. The stagnation there is debilitating indeed. And we see the hunger of many people on that island to escape political deprivation of freedom and also economic adversity. Our heart goes out to the almost 10,000 freedom loving Cubans who entered a temporarily opened gate at the Peruvian Embassy just within this week.

We have a concern, yes, about Cuba's threatening role in the Caribbean, but our overriding interest is not to respond to threats of this kind. Our overriding interest must be the well-being, the unselfish relationship between Americans of all kinds and the people who live in that troubled region, but important region.

They're not the only ones who are troubled. Our country, as you well know, shares the same problems, the same troubles of excessive dependence on outside energy, on excessive inflation rates, on relatively high unemployment rates, on a common desire for security, on a struggle to exemplify in our own lives the principles and ideals which we hold so precious. We're not a big brother setting a perfect example in a perfect society for others who are less fortunate than we. We share with our neighbors to the south the same basic problems and also, most importantly, the same basic opportunities.

This is a time when people who suffer under dictatorships of the left and the right want a free voice to express their displeasure and their urging for change, and we are concerned when they're deprived of a right to speak or to act in their own best interest.

Democracy is a vital force in the Caribbean region. We want to encourage that vital force. We've seen tangible evidence in the Caribbean and the South American region of an improvement in the turning toward democracy by many peoples there; in the Dominican Republic, for instance, in the 1976 election—first time in the history of that country when there had been a peaceful change of administration brought about by open and free elections. In Saint Vincent and Saint Kitts/Nevis, the recent elections have also demonstrated that democracy works. In some, there've been temporary setbacks—in Suriname and in Grenada, for instance—but we hope that that interruption will be temporary.

I'd like to say that Central America, as contrasted with the Caribbean, is going through an even more turbulent time right now, when political polarization increases. The advocates of peaceful and democratic change become the targets of both extremes from the right and the left. This is happening in El Salvador. We're deeply concerned about occurrences there. It could happen in other places. The Government of El Salvador is struggling with some very significant reforms in land ownership—one of the most sweeping land reform efforts that I have ever witnessed. And of course we know that this is an effort that both extremes of the right and left would like to see fail.

The challenge to us is to refrain from unwarranted intervention in the internal affairs of any other country, but in a completely proper and open way to help those who want to improve their own lifestyle, their own freedom, and their own economic well-being.

We ourselves are undergoing very rapid change. We're trying to reverse our dependence on imported oil. We are one of the players on the international scene, along with other countries. We're seeking to alter our ideas and develop better relationships with countries in the developing world. Throughout my own Presidency, we have increased our interest in democratic principles, human rights, and the individuality and the recognition of the importance of each particular country in this troubled region.

Since I was inaugurated, we have more than doubled aid to the Caribbean region. When the Congress completes action on the present aid program, which I think will pass, we will have nearly quadrupled our aid to Central America. And as you all know, this is a time of extraordinary budgetary restraint.

In addition to these bilateral efforts, we have encouraged the formation and worked very closely with 30 other nations and 15 international institutions to provide additional economic help for the Caribbean region—working with the World Bank and others. Multilateral assistance has increased fourfold between 1976 and 1980, from $110 million to more than $400 million in that brief period of time.

In short, we have put a high priority on a better aid program for the Caribbean region and for Central America. Our values and our concerns require that we play an active role in this region. We've done a lot as a government. I need not go down any more details, but I would like to say that the relationship between our countries is shaped very slightly by actual, tangible, definite government action.

In many nations of the south, the "U.S. Government" itself is at least partially suspect—likely without good reason, on occasion with reason. And that's what makes it so important for us to expand what the Government can do in a limited way at the Federal level and encompass other elements of American life who can act more definitively and more effectively to magnify the beneficial influence of our great country among the nations and the peoples in the Caribbean region.

The talent, the scientific knowledge, the eductional ability, the wealth, the technology of our country is not focused in the Federal Government. It's focused in farmers and workers and businesses and universities, in local governments; it's focused in churches; it's focused among civic groups who have a benevolent character. This is where the real strength of our country lies, and this is an opportunity for tapping the treasure of what the United States is to reach the goals that you are defining in this new entity. That's why we're here today.

I might say that we don't want to supplant the outstanding groups already devoted to similar purposes. We are not going to create a new bureaucracy. We're going to try to coordinate, as best we can, those groups already doing such a wonderful job, build on them, and bring in other thousands of Americans to help us with this common purpose. We're interested in dignity, development, and democracy.

Dignity, to be derived in the hearts and minds of hundreds of thousands of our neighbors who know for a fact, because we are sincere, that we value them, that we want them to have a better life, that we want them to trust us with good reason, not because we have any selfish intent to exploit them as a customer or even as a political ally, but because we know for certain that they and we share common opportunities and common purposes.

Development, not in the form of huge projects perhaps, but community-type interrelationships that can be derived only with a clear understanding of their opportunities and their needs—here again, there is no way to separate the mutuality of benefit to be derived.

And democracy, not trying to foist on others an exact replica of our own government, but to demonstrate by how we act and what we do that our way of life, based on freedom, based on the value of the individual, is worthy of free adoption by others through their own exercise of their own judgment.

Many of you have spent a good part of the day discussing these issues; I know that. But we ought not to forget that everyone here ought to be the core of an enlarging group to encourage diversity of ideas and actions. Each one of you can very quckly think of 10 different organizations or 100 different people that might very well be interested in a particular aspect of people-to-people relationships that would build on friendship, or a business or other relationship that would give us mutually a better life. And I hope that the universities and the churches and the professional groups and others will search diligently for new opportunities for the future.

I happen to be particularly interested in the Friendship Force, because Rosalynn and I organized it while I was Governor of Georgia. We had a sister state in Latin America, and we would send back and forth every year two or three hundred Georgians to live in private homes, and that same state would send two or three hundred of their people to live in the private homes in Georgia. It never got a nickel of any government money, and it provided an exciting new dimension of knowledge of one another. And we've tried to bring that now to the Federal level.

Obviously, there are many other ideas that can be built upon or created. The Partners of the Americas have tremendous experience that can permeate this entire organization, all aspects of what we do, for the better. And of course, the Sister Cities program is another than can be expanded rapidly to encompass the people who live in the Caribbean region. A mission on agriculture is now underway, with Dr. E. T. York heading it up. And I hope that all these groups and many others will make a beneficial impact among our people and to the south.

The last point I want to make is this: We ought always to remember and let our thoughts and our actions exemplify the fact that the benefits to be derived are reciprocal. We're not embarking on this effort to do other people a favor as a handout from a more rich and more powerful neighbor. We should remember that this is a two-way street or a three-way street. We could get many people involved in these kinds of programs. It's a mutual exchange. If we are to speak to others, then we must be equally eager to listen. If we are to teach, we must be equally eager to learn. And if we are to deliver, then we must also be willing to receive, which may perhaps be the most difficult of all.

I've written every one of the heads of state in this region. I've met with several groups here at the White House and over in the Cabinet Room. The response has been very enthusiastic. I think the Caribbean, including us and other nations, are ready for accomplishment of these goals. We want to reach out and make sure that we don't fail.

This is a time when we can let this effort exemplify the finest aspects of American life. And if and when our effort is successful, then it can serve as a pattern, modified considerably or slightly, for the beneficial extension of American hands of warmth and hearts of friendship to other people throughout the world. It's kind of a test case. With your leadership and your support, with full participation by me when you request and the entire administration here, I have no doubt that we will succeed.

This is not a government program; it is your program. And I hope that each one of you will feel equally as responsible for leadership and for inspiration and for innovation as I myself feel or as your leader, Bob Graham, feels. There is no limit to what we can achieve together, and I stand ready and eager to help in any way possible.

[From the Washington Post, Mar. 20, 1981]

U.S. PRESSES EEC TO REFUSE AID FOR LEFTIST GRENADA

(By Karen DeYoung)

The Reagan administration has made a second attempt to persuade the European Economic Community to withhold aid from a Third World country because of U.S. political and strategic concerns.

In an action that has irritated some of the 10 member countries of the Common Market, a U.S. official was sent to the organization's headquarters in Brussels last week to try to head off possible community assistance to Grenada, a small Caribbean island whose government has close ties to Cuba.

Possible differences of view with the Reagan administration on Central American policy were also apparent in a decision announced Tuesday by the Common Market countries to resume aid to El Salvador through the International Red Cross after a month-long break triggered by a U.S. request to shut off supplies that might fall into the hands of guerrillas fighting El Salvador's government.

Asked about the approach to Europe on the issue of Grenada, a U.S. official said that the United States, although not an EEC member, can express its views to the organization on "something which, because of its implications, [involves] more than just economic interests." A number of the European allies, the official said, share the U.S. view, and "we're not the only ones to be concerned."

The official declined to be identified and would not comment on the level at which the diplomatic presentation was made.

U.S. relations with Grenada have been cool since shortly after a group of young leftists ousted the island's longtime autocratic ruler two years ago. The level of bilateral rhetoric has increased over the past year. The United States has charged the government of Prime Minister Maurice Bishop with curtailing civil rights and turning the country into a militarized Cuban pawn. Bishop has accused Washington of trying to destabilize the island through economic warfare and the promotion of counterrevolutionary forces.

Although some EEC members are known to disagree with the U.S. assessment of the situation, others particularly the British, who maintain active involvement among former colonies in the region, have consulted closely with the administration on problems in the Caribbean. But the organization feels that such bilateral concerns should not enter into decisions that, under its own regulations, are strictly economic.

More important, administration efforts to influence EEC decisions are viewed as unseemly attempts at intervention that are likely to create strains across the Atlantic by compromising the Common Market's relation with the Third World.

Last month, in what was described as a virtually unprecedented request casting doubt on the independence of the Common Market's aid channels, the administration asked the organization to free more than $1 million in emergency food and medical shipments to El Salvador on grounds that it might fall into the hands of leftist guerrillas there.

The EEC imposed a month-long moratorium on such shipments, but resumed funding for aid to El Salvador after seeing a Red Cross report that indicated the aid would be delivered to the intended recipients.

While there is no war under way in Grenada, a small island northwest of Venezuela, the administration maintains that EEC assistance on an airport construction program would help further what it says are Cuba's "expansionist" aims in the Caribbean basin.

Grenada is a signatory to the Lome Convention, a trade and aid pact that joins the Common Market to 60 Third World countries in Africa, the Caribbean and the Pacific. Under the terms of the pact, the EEC guarantees fixed amounts of development assistance to member nations that propose feasible economic development projects.

The Grenadan government has asked for EEC help in completing a new airport, now under construction.

GRENADA—THREAT TO AMERICA'S CARIBBEAN OIL ROUTES

(By Timothy Ashby)

The repudiation of Cuban-style Marxism by Jamaica and other Caribbean mini-states in their 1980 elections has stimulated a reappraisal of this region's strategic importance by American defense and political analysts. Although the general pro-Western political shift has eased State Department fears about a galaxy of Castroite satellites in America's "back yard", Washington should not be lulled into ignoring a Soviet/Cuban bastion of growing importance in the southern Caribbean just ninety miles off the coast of Venezuela. This Cuban-controlled base is the island of Grenada—strategically placed in the heart of one of the richest oil-producing regions in the Western Hemisphere.

CUBAN-BACKED REVOLUTION

Grenada, with a total land area of 120 square miles and a population of 110,000, became independent from Great Britain in 1974. In March 1979, a successful coup d'etat was mounted by thirty members of the New Jewel Movement—a Marxist political party led by Maurice Bishop and Bernard Coard, two native lawyers who held Opposition seats in the Grenadian parliament. Their new regime was named The People's Revolutionary Government.

The revolutionaries had been trained and equipped by the Cuban intelligence agency DCI, and several Cuban operatives took part in the putsch. Within two weeks of the overthrow, Soviet Antonov An-12 transport aircraft had landed three thousand stands of AK-47 rifles. SA-7 Grail surface-to-air missiles and tons of other military equipment to outfit the newly formed People's Revolutionary Army and People's Militia. The PRA and PM were organized along textbook Soviet lines by Cuban military instructors who remained in Grenada following the initial training program, to become permanent officers and NCO's.

In December 1979, a 250-man Cuban construction battalion arrived on the island to begin work on what was publicized as a "new International Airport" to be built at Point Saline, a peninsula on Grenada's south coast. The Cubans were accompanied by 103 pieces of new Soviet construction and earthmoving equipment, including KrAZ seven-ton trucks, T-100M3 tractors and GAZ-66 mobile command post vehicles—the latter serving as offices at Point Saline.

Under the direction of Soviet and East German engineers, the Cubans constructed a military-style camp on the airport site consisting of 18 Pre-fabricated wooden barracks designed to house forty men each. The "International Airport" has 2,800-meter runways that could be extended to 3,300 meters. After clearing and leveling the "international Airport" site, the Cubans directed their efforts towards the construction of a 1,600-meter airstrip some two miles away. Grenada's only surviving newspapers, the Free West Indian and the New Jewel—both owned by the People's Revolutionary Government and seemingly written by propagandists from Granma and Pravdo—originally announced that this short airstrip was to be the site of "government housing for the poor." Two weeks later it suddenly became a "new highway to our International Airport" (paralleling the two-lane, dual-carriageway True Blue road some fifty meters away). The latest press releases refer to the nearly completed Cuban construction as "an executive airstrip for government officials and businessmen."

Executive airstrip? The only government or private aircraft permanently based on Grenada are a Cheyenne II loaned to Prime Minister Maurice Bishop by Fidel Castro and a Beechcraft owned by St. George's University Medical School. These are parked at Pearls Airport on Grenada's northeast coast—a perfectly adequate strip for smaller aircraft which has served as Grenada's tourist airport since World War II.

NAVAL BASE

The two airfields are not the only Cuban construction projects. There is also a maritime facility going up along the shores of Egmont Harbour, a deep-water hurricane haven two and a half miles north of Point Saline. Yachting and naval experts consider Egmont Harbour one of the finest protected anchorages in the southern Caribbean. Here, the Cubans have erected six barracks, a machine shop, a large bunker, and a new road connecting the facility to Grenada's coastal highway. A pile-driving barge is at work building a substantial jetty.

Egmont Harbour is surrounded by Calivigny Point, the site of Grenada's main military base. The encampment houses some four hundred personnel, including two platoons of Soviet Army "advisers" who are rotated bimonthly from their parent brigade in Cuba. The approaches to Egmont Harbour are commanded by well-camouflaged batteries of 240-mm mortars and quadruple ZU-23 23-mm antiaircraft guns.

STRATEGIC IMPORTANCE

For all of Grenada's miniscule size, it is viewed as an important addition to the Soviet hegemony by Warsaw Pact strategists. Within a five-hundred-mile radius of the island are oilfields and refineries which currently supply 56 percent of the oil consumed on the eastern seaboard of the United States. During the period January to June 1980, U.S. imports of crude oil alone from Latin America and the Caribbean was 6,011,000 b/d (barrels per day). Individual refined oil production figures of countries falling within a five-hundred-mile radius of Grenada are as follows:

Venezuela, 1,013 thousand b/d;

Netherlands Antilles, 588 thousand b/d;

U.S. Virgin Islands, 504 thousand b/d;
Puerto Rico, 786 thousand b/d;
Trinidad, 235 thousand b/d.

In the Netherlands Antilles, the island of Aruba has an Exxon subsidiary refinery which produces 480,000 b/d. Shell operates a refinery at Emmastaad in Curacao with a capacity of 370,000 b/d, which in turn supplies a Shell one million b/d transshipment terminal on the same island. A second terminal with a capacity of 450,000 b/d is operated in Bonaire by Northville Industries and Paktank.

On St. Lucia, one hundred miles north of Grenada, Amerada Hess has constructed a transshipment terminal with a storage capacity of 15 million barrels; a 250,000 b/d refinery may be added. Hess also operates a 700,000 b/d refinery on St. Croix, U.S. Virgin Islands, which produces fuel oil chiefly for export to the U.S. east coast.

In 1979, Trinidad imported 141,455 b/d of crude oil for refining and subsequent reexport. The bulk of this crude came from Saudi Arabia (103,840 b/d), all of which was destined for the U.S. market.

In the event of war, this region would be of vital strategic importance to the United States. The destruction of refineries and transshipment terminals coupled with the severing of tanker lanes could cause rapid economic and social chaos in the eastern United States. The Soviets have perceived this for years, along with the fact that their air and naval bases in Cuba, over a thousand miles from Grenada are beyond the range necessary for effective offensive operations in the southeastern Caribbean.

There are currently ten squadrons of Soviet aircraft based in Cuba, including the excellent MiG-27 (NATO designation "Flogger D") and the older Ilyushin Il-28 "Beagle" tactical strike aircraft. None of these aircraft have the combat range (600 miles for the MiG-27; 684 miles for the Il-28) to allow them to carry out missions against strategic targets in the southern Caribbean from Cuban bases. Even if fuel drop tanks were to be carried, the distance is so great that American and Venezuelan fighters would have ample time to intercept Cuba-based raiders before they could reach their targets.

Grenada provides the perfect solution to this strategic quandary—a mountainous, easily-defended bastion commanding the heart of this rich oil-producing region.

WARTIME HYPOTHESIS

In the event of escalating U.S.-Soviet tensions, which experts on both sides would view as inevitably leading to a military confrontation . . . aircraft could be pre-positioned at Grenada's new "Executive" and "International" airports, both capable of Soviet strike aircraft. This would be in keeping with that facet of current Soviet military strategy which relies on the "Pearl Harbor" principle of simultaneous surprise attacks on key installations to cripple the enemy and cause a scattering of his forces to far-flung defensive positions.

MiG-27's operating from Grenada could strike the totally unprotected refineries in southern Trinidad within ten minutes, based on their operational speeds of 770 to 1,055 miles per hour; the same length of time would be required to destroy the vast Hess oil storage complex in St. Lucia. Similarly, the major Venezuelan oil fields are only seventeen to twenty-five minutes' flying time away, and the essential refineries and storage facilities in the Netherlands Antilles could be reached in about 35 minutes.

Grenada's Egmont Harbour would provide a superb small naval base protected by the nearly encompassing hills from both offshore surveillance and attack. * * *

GRENADA SEEKING CUBAN SYSTEM AND U.S. TOURISTS

(By Barbara Crossette)

ST. GEORGE'S, GRENADA.—The crowd clapped rhythmically and began to sing.

"When the Yankee soldiers come,
When the Yankee soldiers come,
I want to be in the front line,
When the Yankee soldiers come."

Nearly a thousand people had gathered on the waterfront of this island nation's capital to commemorate the death of a local hero. But the occasion rapidly turned into an anti-American rally, reinforcing the belief here that Washington is on the verge of military action against Grenada.

It has been almost three years since a group of young rebels overthrew the government of Sir Eric M. Gairy and began to build a new society, radical in domestic policy and stridently pro-Cuban in foreign affairs.

UNITED STATES WON'T EXCHANGE ENVOYS

Since the coup on March 13, 1979, the United States, under both Jimmy Carter and Ronald Reagan, has demonstrated its displeasure with events in Grenada by refusing to exchange ambassadors with the Government of Prime Minister Maurice Bishop and his New Jewel Party. The State Department says that when Grenada shows signs of returning to democratic principles, better relations can be discussed.

In public speeches, both Secretary of State Alexander M. Haig, Jr. and Thomas O. Enders, Assistant Secretary of State for Inter-American Affairs, have portrayed Grenada as a client of Havana and a bad example to the Caribbean.

Meanwhile, the Government here, while continuing to seek normal relations with Washington, has used Washington's policy of "distancing" itself as a basis for the belief that the Reagan Administration is seeking its overthrow.

Information Minister Don Rojas said in an interview that Grenada "takes very seriously" the threat of invasion, citing American military exercises off Puerto Rico last year as evidence that the attack has already been rehearsed.

AN ARMY OF 1,000

As in Nicaragua, whose revolutionary Government is praised and emulated by the New Jewel Party, the breach with Washington has provided the justification for the creation of a large armed force. According to Government figures, the Grenadian Army has about 1,000 soldiers—similar in size to that of Trinidad and Tobago, which has a population 10 times larger than Grenada's 110,000.

In addition to a regular army, Grenada is also arming a civilian militia that numbers, the Government says, in the tens of thousands. Despite the buildup, however, there is no military presence in Grenada's clean and relaxed capital city. Government offices are unguarded and easily accessible, and no hostility was shown to an American visitor.

Grenadians are urged, in public speeches and in a totally controlled press, to feel "solidarity" with Cuba and Nicaragua. The local Government crafts shop sells a poster of Mr. Bishop shoulder to shoulder with Fidel Castro and Daniel Ortega Saavedra, the Nicaraguan leader.

At the recent rally, Phyllis Coard, head of the island's women's organization, told the crowd that the people of El Salvador were being bombed "on a daily basis" with napalm. She also told the audience that South African troops were "all over" Angola.

Rejecting the idea that the British-style parliamentary system of government did anything for the people of Grenada in the two decades of transition from British rule to independence in 1974 and on through the Gairy years, Mr. Rojas said that the Peoples Revolutionary Government was building "participatory democracy at the grass-roots level" through zonal and parish councils and several Government-sponsored social organizations. There are no plans for elections.

The New Jewel Movement, with its Soviet-style politburo and central committee ruling a one-party state, has closed down all opposition newspapers, allowing only its own paper and another weekly publication it subsidizes and controls to publish. Jewel stands for Joint Endeavor for Welfare, Education and Liberation.

Paradoxically, the Government has expropriated no private companies and plans no action, apart from higher taxation, against the private sector. Several Grenadians in private business told a visitor, however, that they feared that increased tax rates and service charges proposed by the Government to pay for its extensive public spending, such as public corporations in the fisheries industry, tourism and Grenada's new airport, would sooner or later force them to close.

COMMITTED TO A MIXED ECONOMY

Clairemont Kirton, the island's chief economic planner, said that 'the Government is committed to a mixed economy."

"No displacement of the private sector is taking place," he said.

Grenada recently hired a New York public relations company to promote American tourism here, where hotels operate at only about 30 percent capacity. It is also building a new airport to handle large jets, a project that has fallen well behind schedule.

The international airport, being built by Cubans, is one of the sources of friction between the island and the State Department in Washington, which sees it as suspiciously large for Grenada's tourist industry and as a potential military base to handle what Secretary of State Haig has termed "every aircraft in the Soviet-Cuban inventory."

While Grenada's leaders insist that they have not completely ruled out elections, there seems little chance, judging from Mr. Bishop's public statements, than any organized opposition will be allowed on the island.

[From U.S. News & World Report, Apr. 12, 1982]

THE LESSON OF GRENADA'S SWING TO MARXISM

(By Lee Martin)

ST. GEORGE'S, GRENADA.—What El Salvador can expect if Marxists win power in that strifetorn nation clearly is seen on this tiny Caribbean island nation that already is being run Cuban style.

Since the March 13, 1979, coup by Prime minister Maurice Bishop and his Havana-oriented regime, the Cuban presence has taken over.

For the most part, the swarms of Cuban workers, technicians and teachers keep a low profile. Yet a favorite saying here is that Grenada's real government can be found in the Cuban Embassy.

Some of the Cubans are building a new airfield with a 9,500-foot runway—ostensibly for planes packed with tourists. But U.S Secretary of State Alexander Haig has said the installation could handle "every aircraft in the Soviet-Cuban inventory."

Other Cubans work on a project so secret that even Grenadians are locked out. Rumors abound that it is to be a submarine base.

The tourist trade once was the backbone of the economy. No longer. North Americans bypass Grenada's famed beaches for other islands.

Even the St. George's University School of Medicine, which enrolls Americans turned down by medical schools at home, may leave.

Grenada, never rich, is poorer than ever, largely because prices for major crops—nutmeg, cocoa, bananas—are unprofitably low.

Calypso dogma. Despite poverty, Grenadians still have a zest for life and music. But calypso now is the voice of revolution. Here's what visitors hear, set to a rhythmic beat—

On majority rule for all peoples: "China for the Chinamen; Syria for the Syrians; Europe for Europeans; righteousness must win."

On Cuba: "People yearning, people learning, about the Cubans in Grenada, about Cubans in Jamaica."

The Bishop government campaigns to convince everyone that the U.S. is about to invade the island. Youths wearing Ché Guevara berets chant: "Tell them one sweet Grenada. Tell them one revolution. When the mercenaries come, we go use the AK [Soviet assault rifle] on them."

The U.S. refuses to exchange ambassadors until the government returns to democratic ways. Bishop uses this refusal to justify his military buildup. The Army—1,000 strong—is equivalent to that maintained by next-door Trinidad and Tobago, with a population 10 times larger than Grenada's. A civilian militia is to be armed.

Socialism does not yet dominate the economy. Shops and restaurants are privately run. But British-style democracy, inherited with independence in 1974, has given way to one-party control. Opposition newspapers have been closed down.

The move toward a Marxist society has not wiped out corruption that tainted the earlier government. The new rulers drive expensive cars, and their children attend Grenada's best private school.

[From the U.S. News & World Report, Dec. 1, 1980]

WHERE CASTRO STILL THREATENS IN CARIBBEAN

(By Dennis Mullin)

ST. GEORGE'S, GRENADA.—Despite setbacks for Cuban-style Marxism elsewhere in the Caribbean, Fidel Castro's drive for revolution has forged a solid foothold in Grenada—posing a major challenge for the administration of Ronald Reagan.

Since seizing power in a virtually bloodless coup 20 months ago, Prime Minister Maurice Bishop has parlayed police-state tactics and substantial Cuban-assistance into an English-speaking outpost of international socialism in America's back yard.

Castro, thwarted in attempts to plant his brand of Communism in the other fledgling island nations, has thrown down the gauntlet to the U.S. in Grenada. He proclaims the coup here "a large revolution in a small country" that could serve as a showcase of socialist development for the Caribbean. Grenada already backs revolutionary opposition groups in Haiti and the opposition party in democratic Barbados and is demanding independence for Puerto Rico.

How Washington responds to Castro's challenge could determine whether the recent election defeat of a Castro-backed administration in Jamaica or the installation of a Castro-backed government in Grenada is the sign of the future in the Caribbean.

Revolutionary fervor has been the rule in Grenada since March 1979, when Bishop's New Jewel Movement toppled the unpopular regime of Sir Eric Gairy. A firm believer in the existence of unidentified flying objects, Gairy had ruled the country since Grenada won its independence from Britain in 1974.

Cuban involvement is apparent everywhere on the island. The first thing visitors see when their turboprop airliners touch down at Grenada's small Pearls Airport is a large billboard offering "revolutionary greetings." A reception hall is adorned with Cuban posters pledging "revolutionary victory."

Throughout this harbor capital are other billboards with revolutionary slogans. A large mural of Cuba's revolutionary hero, Ché Guevara, has been painted on a hillside. Large portraits of Fidel Castro, Nicaraguan leaders and Libya's Mu'ammar Qadhafi decorate the Prime Minister's office, where everyone is referred to as "comrade."

About 350 Cuban engineers are building an international airport south of the city—a project that had been badly needed for years but which many Grenadians believe will be used as a transit stop for Cuban troops en route to join Castro forces in Africa.

A Soviet presence, too. Cuban doctors and technicians have fanned out over the island's 133 square miles. A revolutionary Army is being formed by Cuban advisers. A Soviet fishing trawler lies at anchor in the harbor, while its crew assists the Grenadians in building a fishing industry. Moscow has delivered some new police cars.

Cuba also is helping to expand the radio station so that Grenadian officials can send their message of revolution throughout the Caribbean.

Bishop has made some social improvements. Inexpensive housing-repair loans have been instituted. He has provided schoolchildren with milk produced by state farms converted from 30 estates totaling more than 4,000 acres of land that Gairy had accumulated.

About 200 students are abroad on scholarships, mostly in Cuba, Hungary and other Eastern European countries.

The British-educated Prime Minister also has retained a private economy in a socialist state. Industries have not been nationalized. Foreigners' rights and investments have been protected. Businessmen are working with the regime on various projects.

But despite the gains, Bishop's popularity has been steadily waning since the heady days when a broad parliamentary coalition supported his takeover and pledged to work toward reforms and new elections.

The promised elections have been delayed, alienating many of Bishop's moderate supporters. He explains that he has postponed a vote because the U.S. Central Intelligence Agency might undermine the elections, as he claims it did in Jamaica. Critics contend that early elections would only lead to the Prime Minister's defeat.

Elections: A luxury? Real reason for the delay, according to a government official: "Elections are a luxury of the petty bourgeoisie. We are moving toward a Cuban-style dictatorship of the proletariat. But that will take time."

Bishop's slide toward Marxism has antagonized many Grenadians. Typical is a comment by one government worker: "I backed the revolution and support the reforms. But I never expected that we would become a full-fledged Communist dictatorship."

Widespread Cuban involvement has angered many residents in this traditionally British-oriented, capitalist nation. "Grenadians have a high sense of propriety and tradition," explains a longtime resident. "They don't understand the need for a revolution and are offended by the changes that the Cubans represent."

Evidence exists that Bishop's New Jewel Movement had been working with Castro's agents long before the coup. Some Grenadians say that a Cuban ship unloaded weapons here just three days after Bishop seized power.

Many islanders now are bracing for what may turn out to be years of Cuban-style government. Newspapers on this English-speaking island are teaching Spanish words. Businessmen tape their own telephone conversations to avoid being framed. Mail is opened.

Opposition is emerging, although at this point it lacks a leader of sufficient stature to challenge Bishop. About 125 political prisoners occupy the imposing Richmond Hill Prison overlooking St. George's picturesque harbor.

Several antigovernment bombings have occurred, including one explosion in June under a podium from which the Prime Minister was speaking. On November 17, five Bishop supporters were killed in two separate attacks by unidentified gunmen. "The people will fight," says a Grenadian. "They're alienated from their government."

But a businessman worries that violent opposition to Bishop's regime will only invite Cuban military intervention. "Something has to give. Grenada is more important to Cuba than Jamaica was. Once they finish the airport, I don't think it will be possible to force the Cubans to leave."

A tighter grip. In the face of challengers to his regime, Bishop is solidifying his hold. More than 1,000 supporters get an hour a day of political indoctrination from Cuban advisers. On militia night each Wednesday, hundreds of other young people are being trained and armed by the government.

The state-controlled press daily calls upon the people to stop "counterrevolutionaries" and to report them to the police. Says one Grenadian: "The government is asking the children to spy on their parents and friends."

All this political turmoil seems out of place on such a beautiful island. Known as the Island of Spice, Grenada still exports nutmeg, high-quality cocoa, mace and bananas.

Tourism vital. The island is such an attraction that in a good year 110,000 people will visit on cruise ships and 32,000 more will stay longer—pumping millions into the economy. About 60 percent of Granada's hard currency once came from tourism.

Whether that will continue remains uncertain. Hoteliers report that business is off by some 50 percent, as North American tourists avoid the politically troubled island. The government is trying to stem the loss by sending promotional teams abroad.

But the political climate no longer is conducive to tourism. Reports one Grenadian: "Bishop has canceled elections, closed the free press, brought in the Cubans, and the economy and the repression are getting worse."

Grenada's appeal to North Americans may wane even more as relations with the U.S. continue to deteriorate. Bishop accuses Washington of "back yardism" for allegedly trying to influence Grenada's choice of allies. He also charges that the U.S. has failed to respond to his request for weapons to safeguard his revolution.

What happens on Grenada would go a long way in deciding the outcome of a larger battle going on across the Caribbean, where a generation of young radicals hopes to exploit unrest over slow economic growth, double-digit inflation and 25 percent unemployment.

Supporters of pro-Western governments contend that if the conservative tide that has surfaced recently in Jamaica, St. Vincent, St. Kitts-Nevis. Antigua and Dominica is to continue the U.S. must send more development aid.

Since 1975, U.S. aid had grown slowly, from 35 million dollars to 115 million, in a region where the eastern Caribbean islands alone spend 500 million dollars a year just to import food. "We cannot become complacent and view the Jamaican election as a conclusive victory," says a U.S. diplomat. "It was just a respite. America must take an active role in Caribbean development."

When Christopher Columbus discovered this island in 1498, it was inhabited by cannibalistic Carib Indians. None survived colonial times, when British buccaneers hid from the Spanish Navy in the island's hurricane-free ports. The last 600 Caribs were forced to abandon their way of life and jump to their deaths from a cliff now called Caribe's Leap.

Today, Grenadians who oppose the new government fear that if they cannot halt Bishop's Cuban-supported march to socialism, they either will have to leave their island or suffer the same fate as the Carib Indians, who lost their homeland to a foreign ideology.

[From the Chicago Sun Times, Mar. 3, 1982]

GRENADA LOOMS BIG AS SOVIET AIR BASE

WASHINGTON.—A top Pentagon official says leftist-ruled Grenada, a tiny Caribbean Island Nation, "has become an air base available to the Soviet Union."

Fred C. Ikle, undersecretary of defense for policy, made that cryptic remark to the Senate Armed Services Committee in listing what he said were Soviet gains around the world.

Although Ikle did not elaborate in his recent testimony, it was learned that a new, secret U.S. intelligence report quotes Grenada's minister of national mobilization as saying a big new airfield—being built with major Cuban help—would be used by Soviet and Cuban planes.

U.S. intelligence sources said the statement by the government minister, identified only as "Strachan," was the first confirmation that the air base would be used for anything except the tourist trade, which is the way it was advertised when construction started in 1979.

Selwyn Strachan is Grenada's minister of mobilization. The U.S. intelligence report did not make clear when or where the remarks attributed to him was made.

Grenada is strategically located on the eastern rim of the Caribbean, north of Venezuela.

Although the Reagan administration has concentrated its public statements of concern of what it says are Cuban-backed guerrilla movements in Central America, this administration and the Carter administration have been worried about perceived Cuban efforts to establish footholds among small and impoverished island nations in the Caribbean.

Nearly three years ago, a coup by the leftist "New Jewel Movement," headed by Maurice Bishop, took control of Grenada, which became independent in 1974 after having been a British colony.

Within months of the coup, U.S. intelligence detected the arrival of Cuban military personnel, who were reportedly establishing training and security missions there.

One of the first visible signs of Cuban activity was the start of construction of an airport.

U.S. intelligence has been watching the progress of the airport and now says that it has a completed asphalt runway stretching nearly two miles and is capable of handling Soviet and Cuban troop and cargo transports and other large aircraft.

Supporting the belief that the new airfield is likely to be used by Soviet and Cuban aircraft is a report received by U.S. intelligence that a Soviet air defense system will be installed in the vicinity of that field.

ENTERPRISE ZONE A SUCCESS IN NEW BRITAIN

(Mrs. JOHNSON asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. JOHNSON. Mr. Speaker, in my home city of New Britain, the State urban enterprise zone program is being credited for bringing $14 million in investments to the central business district during the past year. This economic development is truly exciting for an area where plant closings and job losses have caused and continue to cause great suffering.

In view of the demonstrated success of New Britain's enterprise zone program, I am dismayed that the House has not acted to pass Federal enterprise zone proposals introduced 3 years ago. Indeed, it is ironic that the advocates of jobs legislation have not devoted themselves with equal energy to pushing enterprise zone legislation. While city officials in New Britain are talking about a "period of unprecedented growth" due to enterprise zone incentives, the House fails to acknowledge the potential of this program and stalls appropriate legislation.

I believe the story of New Britain deserves the attention of my colleagues and should be told around the country. How long must the American people wait for the passage of enterprise zone legislation which, in New Britain, is creating new jobs and helping to revitalize a once distressed city? In comparison, passage of "jobs bills" is a weak effort with what we know now is comparatively limited impact. I urge my colleagues to support Federal enterprise zone legislation and am submitting an article from the New York Times that presents the success of this program in Connecticut.

[From the New York Times, Apr. 22, 1984]

NEW BRITAIN CITES URBAN-ZONE GAINS

(By Pete Mobilia)

New Britain officials credit the state's Urban Enterprise Zone program with bringing $14 million in investments to the city's central business district in the last year.

"We really feel we're picking up momentum," said James T. Mahoney, executive director of New Britain's Municipal Action Council, a public-private partnership formed to encourage economic development.

"If you look at this year and last year, and compare it with a couple of years before that, this is really a period of unprecedented growth in the city, and our enterprise zone is a major part of that," he said.

Among the developments cited by Mr. Mahoney are the leasing of two long-vacant major stores in a shopping center, the announcement of a developer's plans to create offices from a 150,000-square-foot factory bulding and the expansion of a small bakery.

"We put up almost another 2,000 square feet and were able to purchase up-to-date equipment that we needed," said Frank Napolitano, vice president of the bakery, Red Door Pizzeria, which manufactures frozen pizza products for institutional use. "It was a good opportunity."

New Britain's Urban Enterprise Zone is one of six created by the state's Department of Economic Development in 1982 under terms of a bill passed that year by the legislature. The zones are intended to attract economic development through incentives such as loans, grants, and tax abatements available to companies moving into a zone or expanding within it. The five other zones are in Hartford, Bridgeport, New Haven, New London and Norwalk.

"We're the only enterprise zone in a central business district," said Mayor William J. McNamara. Based on the recommendations of a consultant, officials have emphasized the cultural and recreational benefits of the zone's downtown location in marketing it to prospective developers.

"Besides not only being a good investment, it's a good place to live, work and enjoy yourself." said Mr. Mahoney.

The Municipal Action Council, he said, has also stressed New Britain's site in the center of the state and the zone's easy access to major highways.

The six-lane Route 72 passes through the area now, and the State Department of transportation recently announced plans to incorporate it into the Central Connecticut Expressway, which, when completed by 1989, is to link I-84 in Farmington with I-91 in Cromwell. The expressway is also to incorporate a long unused section of highway adjacent to Route 72 that has become known as the "road to nowhere." When built in 1979, the 1.37-mile-long section of pavement was intended as part of a planned I-291, which was later abandoned by the state in the face of opposition from environmentalists.

Transportation officials say the "road to nowhere" will open in 1986 when other segments of the new expressway are built, linking it to route 175 in Newington and Route 72 in downtown New Britain.

"New Britain is prime for development now because of the highway access," said Mr. Mahoney.

John A. Doig, president of Munro, Jennings & Doig Associates, a real estate development company with offices in Farmington and Vermont, agrees.

"There's an old saw in real estate: There's three things that give real estate value, the first is location, the second is location, and the third is location," Mr. Doig said.

His company announced on March 26 that it had taken an option to purchase the Grove Street plant of the Fafnir Bearing Division of Textron Inc. The plant is to be vacated this year as the manufacturer consolidates its operations in the New Britain area.

"The building is one of the best mills we have walked into," said Mr. Doig. "It would support R and D activities, light assemblage and so forth, which many high-tech firms in particular are demanding in today's market."

Mr. Doig said that he expected to begin a $7 million renovation on the building within 90 days and that some sections could be ready for occupancy late this year. "It is to our knowledge one of the largest undertakings of first-class office space, whether rehab or not, in an enterprise zone in the state," he said.

Under the enterprise zone program, city officials are allowed to defer for two years 100 percent of the increase in real property assessments that result from renovations. In his case, Mr. Doig estimated those savings at $150,000 and said his company would be able to charge tenants less than $10 a square foot because of reduced taxes.

"It gives this project, from an operating standpoint, a tremendous advantage over any similarly constituted property" in this part of the state," he said.

In addition, New Britain recently enacted a three-year personal property tax abatement program.

"We feel this can be a major incentive for facilities that have a lot of personal properties, data processing facilities, high-tech research-and-development-type facilities," said Mr. Mahoney.

The enterprise zone encompasses 320 acres of New Britain's major industrial complex and commercial business district. A bill now before the Legislature would allow the inclusion in New Britain's zone of its last major urban-renewal tract, an adjacent area of about seven acres.

City officials said the only negative comment they had heard from business people about the zone was that some of them think it may be too small. Some businesses in other parts of the city, they say, have expressed interest in obtaining the benefits provided in the zone.

"New Britain has been one of the most aggressive communities in marketing and promoting their enterprise zone," said John J. Carson, the state's Commissioner of Economic Development. "I've been impressed with their efforts."

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TRIBUTE TO THE LATE HONORABLE FRANK CHURCH

The **SPEAKER** pro tempore. Under a previous order to the House, the gentleman from California (Mr. LANTOS) is recognized for 60 minutes.

GENERAL LEAVE

Mr. **LANTOS**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. **LANTOS**. Mr. Speaker, a few weeks ago, my wife, Annette, and I visited the late Senator Frank Church and his wife, Bethine. Frank Church was on the last leg. His body had aged beyond recognition. It was clear that the end was near.

And in a tragic, and moving, and unforgettable meeting, Frank Church spoke not of his own ailment as he was losing his fight against cancer, but he was speaking of his vision of America.

Along with a lot of my colleagues in this body, I would like to take a few moments this evening to remember Frank Church, a Senator for 24 years, a patriot, a scholar, a person of unique intelligence and integrity, He had a distinguished and dedicated record of public service.

He was born in Idaho. He went to school at Stanford and for 24 years served in the U.S. Senate, culminating his public service as chairman of the Senate Foreign Relations Committee.

In 1976, he ran for the Presidency and it was my great and distinct pleasure, and honor, and privilege to lead the California delegation pledged to Frank Church to the Democratic National Convention in New York.

Although Frank is principally remembered for his historic contributions in the field of foreign policy, his range of interests covered the broadest possible spectrum. He was a champion of the elderly. He was a fighter for civil rights and human rights. He was one of the most effective spokesmen for our environment, for our wild and scenic rivers, for the nature he loves so much.

He began his adult career as an intelligence officer in the Burma/China/India theater, and it was probably his military experience that made him so profoundly conscious of the importance of fighting for peace.

He was the conscience of the Senate and indeed the conscience of the Congress. And he wrote his own truest epitaph when he spoke on the occasion of the passing of his friend and mine, Bobby Kennedy. I remember well what Frank Church said on that occasion:

> Too often men who would win elections tend to be followers, not leaders. They are inclined to go along in order to get along. They are specialists in telling the people what they want to hear. They are animated mirrors, styled to the fashion of the moment, bent to reflect current opinion.

Robert Kennedy, said Frank Church—and I am saying this today of Frank Church—was "a shining exception to that rule. He was no ordinary garden variety politician. He scorned conformity. He insisted on being himself and he sought to prod the conscience of America."

That basically was Frank's assignment in life, to prod the conscience of the Nation he loved so much.

This Nation and all of us who had the privilege of knowing Frank have been enriched by his presence on this planet. He became chairman of the Senate Foreign Relations Committee at the apex of his career.

He should have been President and our Nation would have gained immeasurably by his leadership.

Mr. **SEIBERLING**. Mr. Speaker, will the gentleman yield?

Mr. **LANTOS**. I would now yield, if I may, to my friend and distinguished colleague from Ohio (Mr. SEIBERLING).

Mr. **SEIBERLING**. I thank the gentleman from California and commend him for taking this time to discuss one of the truly great Americans of our time, certainly one of the greatest Members of Congress in our day.

Other speakers joining in this special order in memory of Frank Church will no doubt recall, as the gentleman from California has, his tremendous contributions in the field of foreign policy, and others will note the great significance and lasting value of his contributions to ending American involvement in the war in Vietnam and instituting greater accountability with regard to the intelligence agencies of the United States. Those were indeed areas where Senator Church made a tremendous contribution to the public interest and to the interests of those very principles on which our Government is based. And I join with others in taking this special order to salute Senator Church for those achievements.

But, Mr. Speaker, I would like for a moment to concentrate on another aspect of Senator Church's career and public life, and that is the area of conservation. Here, too, his contributions were outstanding.

In fact, it would be safe to say that Senator Church never did anything in a small or petty way. He was always an achiever in the greatest sense of the word.

Few of us here today were in Congress in April 1963 when Senator Church was floor manager during Senate consideration of the Wilderness Act of 1964, what ultimately became the Wilderness Act of 1964. But history shows that Senator Church led the charge for Senate passage of the bill and was a key figure in defeating several weakening amendments during Senate debate of this measure.

In more recent times, Senator Church was instrumental in many other conservation efforts involving resources and values of many parts of the Nation. More particularly, he was a tireless advocate of protection for some of the priceless wilderness areas of his native State of Idaho.

Earlier this year, Congress approved and the President signed legislation, S. 2354, designating the River of No Return Wilderness in Idaho as the "Frank Church—River of No Return Wilderness."

It was my pleasure to be able to call Senator Church when the House acted on that measure and to tell him of it, and he was really quite moved, and I am sure was very grateful at this tribute, a well-deserved tribute indeed it was. Such a special mark of recognition among areas that would have been designated wilderness by that bill was indeed appropriate to Senator Church. He had endeavored to protect those areas much earlier than the year in which it was enacted.

The Wilderness Act of 1964 would have included these in the act as wilderness areas, but they were downgraded in a House-Senate conference from wilderness to wilderness study status, and the opportunity at that time for wilderness designation was lost.

But Frank Church did not rest. Due to complications in the wilderness review process the River of No Return area was not again presented for congressional consideration until the late 1970's when Senator Church introduced new legislation to designate this as a wilderness area.

In the interim, Senator Church had enhanced his reputation as one of the Nation's foremost wildland conservationists by securing enactment of legislation to protect numerous areas nationwide, particularly the spectacular Sawtooth, Hell's Canyon, and Gospel-Hump Wilderness Areas in Idaho. But it was perhaps for central Idaho lands encompassed in the River of No Return Wilderness that Senator Church saved his utmost efforts.

As the Senator said of the area during Senate floor debate on the bill and the conference report, and I do not know whether the gentleman has time for me to read some of those words, but if the gentleman from California has the time, I would just like to read some of his words.

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He said:

> This superlative region of the Rocky Mountains is what Idahoans mean when they refer to our State as "God's country." For me, and for countless other people, the Salmon River—the famous river of no return—has become a symbol of life. Yesterday is a part of the river which we have already run; it is gone forever. Tomorrow is always unknown, a part of the river which lies around the next bend, obscured by the roar of the next set of rapids, and hidden from sight by the towering cliffs of the canyon. . . I have always believed that Idaho is big enough to leave some of the public land alone, as a refuge for fish and game, to protect our watersheds, and as sanctuary for those who, from time to time, feel the need to get away from it all. . . .
>
> That, to me is what the battle for the River of No Return Wilderness is really all about. It is a fight to preserve for all time a part of the vanishing American frontier. . . .
>
> As one who has spent many happy days amidst the mountains and streams of this wild region of Idaho, I can think of no finer patrimony for our grandchildren than to leave this region in the same untamed condition in which it was left to us by the Creator.

So Frank Church has passed to his creator, and yet I think his own language perhaps describes this next part of his adventure. And he said:

> Yesterday is part of the river which we have already run. It is gone forever. Tomorrow is always unknown. A part of the river which lies around the next bend obscured by the roar of the next set of rapids and hidden from sight by the towering cliffs of the canyon.

Senator Church has gone around that bend, I am sure to further achievements and to further adventures. Frank Church, during his final term in Congress, did just that sort of thing. Undaunted by the fact that his reelection was fast approaching and that a very large wilderness area might cost him a few votes but secure in the knowledge that he was right and that many of the citizens of Idaho as well as people nationwide supported his efforts, Senator Church tirelessly held hearings, negotiations, markups and other meetings to help insure the passage of his wilderness dream and in the end, the Nation was made much wealthier through the preservation of a magnificient 2,239,000-acre wilderness, the largest by far in the lower 40 States.

I would like to say just one other thing, if the gentleman would yield further, and that is that during all this process, Senator Church came to me, even after the bill had passed the Senate and said:

> You know, I found that this little community woud be affected if we put this particular area in wilderness because there is a saw mill there and I hope you will take action to make an adjustment to help those people.

He was constantly thinking about the welfare of those people even though they may be small in number; whom he had moral obligation to protect and to help and he did that and still managed to preserve this magnificent wilderness for those people and for all others to enjoy.

Let me just say one other thing, if I may.

Mr. Speaker, each generation has its own rendezvous with the land. Senator Frank Church was a leader for over 20 years of a nationwide movement to set aside public lands as natural areas and as wilderness, our country's highest form of land protection. The establishment of wilderness areas and leaving them in an untrammelded condition for the benefit of generations unborn is truly a measure not only of the man, but also of a civilized and free society.

So, Mr. Speaker, while I certainly join in praising all of the tremendous achievements in Frank Church's great record, I want to be sure that the American people are aware of and remember his special contributions with regard to the preservation of our country's wilderness treasures and I thank the gentleman for yielding me this time.

Mr. LANTOS. I am very grateful to my friend and colleague, who is one of our Nation's leaders in the field of protecting our environment for this very moving tribute to our friend, Frank Church.

You mentioned Idaho many times during the course of your remarks and there is no place that Frank Church loved more and appreciated more than his native Idaho.

He was a native of Boise; he grew up in a Republican household. And he became the magnificent orator by debating his father, arguing with his father after every dinner, on every conceivable issue.

It was fitting that the conservative people of Idaho, a State that is so often viewed as a Republican State, should elect this great Democratic leader as Senator four times. And I was with Frank in Idaho on many an occasion, meeting with his constituents, who told him that while they disagreed with him on many, many things, their admiration for his integrity and for his intelligence and for his patriotism was unbounded.

So I think it is appropriate if I may, Mr. Speaker, if I yield now to my Republican friend and colleague from Idaho to express his tribute to Frank Church.

Mr. CRAIG. I certainly want to thank my colleague from California for setting aside this time to pay tribute to former Senator Frank Church.

I think it is very fitting on this day that we do so.

"The great heart of the world is sad today * * * sad because a great voice has been stilled in death." With those words, mourners bade farewell to one of the most eminent statesmen Idaho ever produced. Forty-four years ago those words were used as the lion of Idaho, Senator William Borah, was laid to rest.

The heart of the world was again saddened—saddened because another great voice from the State of Idaho has been stilled in death. The memory of Senator Church will long endure as has the memory of Senator Borah. And it should because they shared the same aspirations, dreamed many of the same dreams of greatness for America, and represented their State, Nation, and parties with an honor bestowed on every few who serve in public office.

Although Senator Borah was a Republican, he was Senator Church's boyhood idol. Both men served as chairman of the Senate Foreign Relations Committee, both men were presidential candidates, and more importantly, both men are recognized as statesmen.

It would be inappropriate for me to extol the political stewardship of Senator Church without recognizing that we held few philosophical beliefs in common. Even so, I, Idaho, and the Nation mourn his passing because he was a man and a leader of deep commitment and a sincere personal resolve to pursue policies he felt were in the best interest of the Nation.

Many Members of Congress will come and go, but few will carve out of their tenures a place in history. Those that do, usually have done so out of their strength of commitment and statesmanship. The passing of Frank Church is the passing of one of those men.

The greatest strength of the American political process is the tolerance, integrity, and intensity of its deliberative process, where men and women of divergent positions seek to implement policies that will steer the country toward a peaceful, prosperous, and free future. Positions on the specific issues at the time define the political participants in that process, but history and force of personal commitment to the process define statesmen. On April 8, 1984, the Nation lost another statesman from Idaho.

Once again, I thank my colleague for the opportunity of remembering Frank Church.

Mr. LANTOS. I want to thank my colleague and friend from Idaho for his very moving tribute to Frank Church.

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And I thought it was particularly appropriate that in paying homage to Frank the gentleman mentioned the great Senator Borah of the State of Idaho, because while Frank and Senator Borah did not share all views, they shared the greatness and the love for this Nation. I know that Frank Church had the highest admiration for Senator Borah of Idaho. He talked to me of Senator Borah many times in our discussions and walks.

I think it is the genius of Idaho and it is the genius of the Nation that it produces great Republicans and great Democrats equally committed to the service of our Nation.

I would like to yield at this time to the gentleman from California (Mr. Anderson), one of the most distinguished Members of this body, former Lieutenant Governor of the State of California, a man who has known Frank Church for a long time, who shared his views and philosophy in so many ways, and who would like to say his tribute to the late Senator Church.

Mr. ANDERSON. Mr. Speaker, I want to thank my colleague from California, Tom Lantos, for arranging this special order, enabling us to reflect on the life and career of Frank Church, former Senator of Idaho. I was saddened, as all of us were, to hear of the death of this great man 2 weeks ago from cancer.

We are indebted to him for his outspoken words, especially on arms control, the environment, the elderly, and the Vietnam war. During his 24 years in the Senate, Frank left behind an impressive legacy.

Known as the "boy orator" in the Senate, Frank served for 8 years as chairman of the Senate Committee on Aging. In this capacity, he made significant progress in insuring adequate cost-of-living increases for the elderly. In 1975, the Senate Select Committee on Intelligence was established under his chairmanship. The committee's final report, which documented numerous improper activities of the FBI and the CIA played an important role in curbing abuses of power by these Agencies. In 1976, he was a candidate for the Presidency.

However, he was to achieve his other major ambition when he became chairman of the Senate Foreign Relations Committee in 1979. Prior to becoming chairman, Frank made a number of major contributions as a member of the Foreign Relations Committee. These included his strong backing for the 1963 Nuclear Test Ban Treaty and his floor leadership during ratification of the Panama Canal treaties in 1978. He is most renowned, though, for his early stand against U.S. involvement in the Vietnam war. In 1970, Frank coauthored the Cooper-Church amendment which placed the first limits on expanding the war in Cambodia and Laos. And, in 1972, he pushed for legislation to end all American military activities in Southeast Asia. After leaving the Senate in 1980, Frank continued to speak out on important issues, particularly arms control and world peace.

Frank Church will always be remembered as a fighter. In 1947, he was diagnosed with cancer and given only 6 months to live. However, after shrinking to only 80 pounds, a second doctor disagreed with the terminal diagnosis and prescribed surgery and radiation treatment that led to his almost miraculous recovery.

I join my colleagues in extending condolences to his wife Jean and his two sons, Forrest and Chase. Frank's leadership and companionship will be greatly missed by us all.

Mr. LANTOS. I want to thank my friend from California.

Mr. Speaker, I would like to yield to my good friend and colleague from the State of New York (Mr. Gilman).

Mr. GILMAN. Mr. Speaker, I thank my colleague from California, Mr. Lantos, for coordinating today's special order and giving Congress the oprotunity to express its deepest sorrow on the loss of one of its most dedicated and hard-working servants of the people, the Honorable Frank Church of Idaho.

Many of us in the House of Representatives had the distinct privilege of serving and working with Frank Church during his service in the Senate, and had come to admire his sincerity and dedication in pursuing his goals. For 24 years he served the State of Idaho as an outstanding Member of the U.S. Senate and in the last 2 years of his distinguished career he chaired the Senate Foreign Relations Committee.

Senator Church was an eloquent and independent voice in the Senate for nearly a quarter of a century who pleaded for compassion at home and courageous commonsense abroad. Above all, Frank Church was a moral man, and a man of intergrity. His intelligence tempered with his sense of compassion led him to publicly demonstrate his outrage for the gross disproportion between means and ends in American foreign policy. He was convinced that America was strongest when it was true to its most generous and humane instincts.

Truly, Frank Church cared. He brilliantly represented Idaho in the Senate. He was a leading conservationist, an advocate for the elderly, a champion for arms controls, but he went beyond that, for he was a man with a national vision, one that allowed him the flexibility to champion principles which transcend State boundaries.

There can be no doubt that Frank Church left his mark on the country which he so passionately loved. We are today a greater Nation for his efforts and dedication. The Congress and the Nation as a whole will sorely miss the leadership and courage of Frank Church.

Mr. LANTOS. I want to thank my friend from the State of New York for paying his tribute to Frank Church.

Mr. Speaker, we already have on hand scores of tributes from colleagues from across this land, Republicans and Democrats, colleagues from small rural States and from large urban areas, a cross section of America.

As we say farewell to Frank Church, we speak on behalf of a grateful nation.

● Mr. RODINO. Mr. Speaker, I want to add my sorrowful voice to those of the many who mourn the death of Senator Frank Church.

Senator Church succumbed to cancer 37 years after he was first stricken with that dread disease. At that time, he was given only 6 months to live. However, surgery, treatments, and his own indomitable will allowed him to fight off the affliction and live on to devote a life to service to his State and Nation, including 24 years in the Senate. While we mourn his death, we also give thanks that we could benefit from his intellect and leadership.

The qualities of character for which we admire Senator Church are well known: His grace, his civility, his courage and determination, his steadfastness in his convictions. He was a profound thinker, an eloquent orator. And the product of his work in the Senate speaks eloquently for itself and will long be remembered.

He was an early and outspoken critic of this country's policies in Southeast Asia at a time when such criticism, especially in his home State of Idaho, was not at all fashionable. Two pieces of legislation that bear his name—the Cooper-Church and the Case-Church amendments—were instrumental in finally extracting us from our bloody misadventures in Southeast Asia.

We are indebted to Senator Church for the work of the several panels he chaired.

One of his investigations in the early 1970's exposed links between a multinational corporation and the CIA, bribery of foreign officials by corporations and an Arab blacklist of pro-Israel businesses. Another revealed abuses of power by our intelligence agencies, disclosures that led to the creation of our intelligence committees and a closer liaison between the Congress and the agencies.

Senator Church was instrumental in yet another protection of congressional prerogatives. He was cochairman of a committee whose work resulted in legislation that limited a President's power to declare an emergency and exercise extraordinary power independent of the Congress.

As the influential chairman of the Foreign Relations Committee, Senator Church was in the forefront of the major foreign policy issues of our time; as chairman of the Senate Committee on Aging, he worked industriously to protect the interest of the elderly. Indeed, he was a longtime champion of legislation to protect the civil rights of all Americans.

Senator Church was a true national leader, but he did not neglect the needs and interests of his Idaho constituency. It is most fitting that the Congress earlier this year, in recognition for his determined efforts to protect our environment and natural resources, named 2.2 million acres in Idaho in his honor: The Frank Church River of No Return.

Mr. Speaker, Senator Church's contributions and accomplishments will be a lasting tribute to his years in service of his nation. I want to join his long list of friends and admirers in expressing my condolences to Mrs. Church and the members of her family.●

● Mr. MAZZOLI. Mr. Speaker, I join my colleagues today in paying tribute to our former colleague, Senator Frank Church of Idaho.

Senator Church served in the Senate for 24 years and spent much of his time and energy formulating our Nation's foreign policies. He served as chairman of the Foreign Relations Committee, and he was a sensitive and articulate statesman who rendered true service to his State and country. His passing is a loss to us all.●

● Mr. BOLAND. Mr. Speaker, I want to join with my colleagues in paying tribute to the late Senator Frank Church of Idaho.

Frank Church had a career of distinction and accomplishment in the U.S. Senate. His was a voice of reason in a number of areas, and he was a particularly eloquent spokesman for the causes of peace and social justice. While perhaps best known for his work in foreign policy and his service on the Senate Foreign Relations Committee, Senator Church also made important contributions to legislative efforts to safeguard the environment and to protect the rights of the elderly. He was a man of decency and compassion for whom adherence to principle was the standard of a lifetime.

As the chairman of the Senate Select Committee on Intelligence, Senator Church was the guiding force behind that committee's investigation into the scope and propriety of the activities of our intelligence-gathering agencies. The six-volume report that was issued in 1976 at the conclusion of the committee's inquiry remains a model of balanced and insightful commentary on intelligence functions, and particularly on the usefulness of covert actions. When the House Permanent Select Committee on Intelligence acted last year to recommend the termination of the covert operation in Nicaragua, the report of the Senate committee provided an important resource. The continued utility of that report is due in large part to the guidance and leadership of Frank Church.

Mr. Speaker, the people of the United States were well served by Frank Church's career in public life. He left his mark on the Senate and the history of his country, and he will not be forgotten. I want to extend my sympathies to his wife, Bethine, and his family.●

● Mr. HOYER. Mr. Speaker, it is a privilege for me to join with my colleagues today to pay tribute to the memory of a distinguished colleague and devoted public servant—Senator Frank Church.

For 24 years, Senator Church served as a forceful and effective legislator on behalf of his constituents in Idaho. He began his career in the Senate in 1957 after defeating former U.S. Senator Glen Taylor by a mere 170 votes. At age 32, he was the youngest Member of the Senate.

As a member of the Senate Foreign Relations Committee, Senator Church took an early stand against excessive American military involvement abroad. In 1963, long before it was popular, he called for an end to U.S. military aid to South Vietnam if its Government continued repressing political opposition. Three years later, he joined 14 of his Democratic colleagues in asking President Johnson to continue his suspension of air strikes against North Vietnam, and in 1970 he coauthored an amendment designed to limit, for the first time, the expansion of the Vietnam war into Cambodia and Laos.

Through his work as chairman of the Senate Energy Research and Development Subcommittee, Senator Church was lauded for his considerable efforts to preserve our Nation's natural beauty. A recipient of the Idaho Conservation Award and numerous accolades from the National Wildlife Federation, the Senator worked to insure passage of the Wild and Scenic Rivers Act and other significant environmental legislation.

I first met Senator Church when I worked as a page at the Democratic National Convention 20 years ago in Atlantic City. His gracious manner and natural warmth, and that of his wife, left an indelible impression on me. It was readily apparent that he was a humanitarian, a man who fought against injustices in our socity, a man who supported social welfare programs and endorsed legislation dealing with fundamental human liberties such as civil rights and equal rights for women.

Senator Church first learned he had cancer while a student at Harvard Law School in 1948. Although doctors predicted he had but 6 months to live, he did not give up. His strong will and courage saw him through a painful series of x-ray treatments and surgery which eventually restored him to health. Almost 30 years later, recalling that period in his life, he said it made him more inclined to take chances that came his way. In many ways, Senator Church took those chances. He stood behind issues which were not always supported by others. He resisted sacrificing his principles and beliefs in the face of strong, sometimes persistent, opposition.

Mr. Speaker, I join with my colleagues and citizens around our Nation in honoring a truly courageous man, a leader of our Nation, Senator Frank Church, and in extending our sympathies to his widow, Bethine, and their two sons. Senator Frank Church has been missed from the Senate and he will now be missed by us all.●

● Mr. OWENS. Mr. Speaker, today we remember Senator Frank Church. Senator Church was well known beyond his native Idaho. He brought a perspective to the Senate which was heard throughout this land. Frank Church had the courage to publicly say that there were limits to America's role in the world. Some of what he said dismayed and angered many Americans. To others it was a word of caution as the Nation plunged into overseas ventures with the certainty that they were good guys and that that was the key to making America prevail over its perceived enemies.

I believe that we can best remember Senator Church's vision by recalling his warning in February 1965. At that time he said:

> Head-in-the-sand isolationism died a generation ago. But the pendulum of our foreign policy can swing from one extreme to the other. Once we thought that anything which happened abroad was none of our business; now we evidently think that everything which happens abroad has become our business. In 30 years, an excess of isolationism has been transformed into an excess of interventionism.
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> Why have we spread ourselves so thin? What compulsion draws us, ever deeper, into the internal affairs of so many countries in Africa and Asia, having so remote a connection with the vital interests of the United States?
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> The answer, I think, stems from our intensely ideological view of the cold war. We have come to treat Communism, regardless of what form it may take in any given country, as the enemy. We fancy ourselves as guardian of the free world, though most of it is not free, and never has been. We seek to immunize this world against further Communist infection through massive injections of American aid, and, wherever, necessary, through direct American intervention.
>
> Such a vast undertaking has at least two defects. First, it exceeds our national capability. Second, among the newly emerging nations, where the specter of Western imperialism is dreaded more than Communism, such a policy can be self-defeating. As a seasoned, friendly foreign diplomat recently put it: The United States is getting involved in situations where no one—not even a nation of saints—would be welcome.

Senator Church was defeated in his reelection bid in 1980. At that time he was victim of negative commercials. Looking back at his ideas, it is clear that Frank Church left the Senate as a man of principle who has contributed much to the national dialog. His ideas remain as a legacy to all who would seek balance and reason in a complex world that requires more than simple answers.●

● Mr. DE LA GARZA. Mr. Speaker, today I join with my fellow colleagues to mourn the recent passing of Senator Frank Church. With his death we have lost a great statesman, patriot, and more significantly a great man.

For 24 years as a Member of the Senate Frank Church was a presence on our national stage. He spent his long and illustrious career in service to the people of this native Idaho as well as the Nation—always exemplifying the virtues of dedication, wisdom and clarity of purpose.

His efforts in such diverse areas as foreign policy, social justice, and conservation were tireless. Frank Church was a leading and eloquent voice strongly supportive of civil rights protection, expanded benefits for the elderly, equal rights for women and other social service programs. He was also a leading conservationist. It was, however, primarily in the area of foreign affairs that Frank Church made his mark achieving in 1979 the goal of becoming chairman of the Senate Foreign Relations Committee.

He leaves behind his mark and his vision. We will remember Frank Church for his belief in the worth and dignity of the individual; for his conviction that the United States has a moral mission in the world; and for his leadership in international affairs. As a charismatic leader who sought to translate visions into concrete realities Frank Church's accomplishments will live on as a warm and glowing testimonial to his energy and vision.

To his family I extend my prayers and condolences.●

● Mr. WEAVER. Mr. Speaker, Frank Church was a dear and wonderful man, his goodness of a magnitude rare among us.

He was a friend, a champion of issues of foreign policy, personal liberty, and natural resources on which our democracy rests and a man on whose strength we counted. He is so deeply missed by all of us.●

● Mr. FAZIO. Mr. Speaker, a vital voice of vision, reason, and integrity was lost to America with the recent passing of Senator Frank Church. A Member of the U.S. Senate for 24 years, Frank Church embodied that all too rare combination of courage, eloquence, and decency. During his service in the Senate and after his departure from that body, Frank Church elevated the quality of both thought and debate in the American political arena.

Perhaps Senator Church's most lasting contribution, and there were many, to his country was his understanding of and commitment to the fundamental American precepts of freedom and justice, and his dedication to applying those precepts to our Nation's policies toward the rest of the world.

Frank Church understood that poverty, injustice, and political repression contain the seeds of their own demise regardless of ideological machinations. He understood that the inexorable forces of history are best addressed peacefully, and that military force in the face of social upheaval is more often than not destined to fail.

Frank Church understood more deeply than most the words Horace, the immortal poet and philosopher of ancient Rome, "Force without wisdom falls of its own weight."

We should do Senator Frank Church the honor of heeding his words and his wisdom more diligently in his absence than we did when he was with us.●

● Mr. FORD of Michigan. Mr. Speaker, it is with great sadness that I rise today to acknowledge the death of former Senator Frank Church of Idaho. I would like to take just a few moments to note some important qualities of Senator Church.

During his quarter century of public service in the U.S. Senate, Frank Church stood out not only as a man of ideas, but more importantly, as a man of ideals. He consistently, fought for civil rights for all Americans, benefits for the elderly, and equal rights for women. However, above all else, Senator Church stood for a sensible and responsible foreign policy. He continually argued against the disproportion between the means and the ends in American foreign policy, first in the CIA excesses in Chile and Cuba, then in the war in Vietnam, and finally, in the undeclared war in Central America. It seems sad to me that only in death are many of his fears and warnings receiving the recognition they deserved years ago.

Yet, beyond all of these causes rises Frank Church, the individual. The tenacity and dedication he applied to his job gained him respect, if not genuine admiration from Republican and Democratic members alike. It is these qualities we should remember and take to heart, for long after the causes have faded, the ideals of dedication, perserverence, principle, and service Frank Church symbolized will stand as a goal few attain, but many strive for.●

● Mr. PANETTA. Mr. Speaker, I deeply appreciate this opportunity to join in remembrance of one of our Nation's most competent and compassionate legislators, the late Frank F. Church.

Though perhaps best remembered for speaking out against the war in Vietnam long before it was fashionable and for working to curb the excesses of past U.S. intelligence activities, Senator Church was also a tireless and effective champion of social justice and environmental issues at home.

During his remarkable 24-year tenure in the U.S. Senate, Frank Church demonstrated his courage time and again in taking the lead on issues obscured by controversy. His leadership and the immense integrity with which he conducted himself earned Senator Church the lasting respect of his colleagues.

This house and, indeed, the Nation as a whole join in paying tribute to Senator Church—a statesman whose wisdom and clarity of purpose will be missed tremendously, but whose example shall forever inspire. We join in extending condolences to his wife Bethine, and their two sons.●

● Mr. SMITH of Iowa. Mr. Speaker, it was my privilege to know Frank Church for more than 30 years—before either one of us came to Congress. From the beginning, there was no question in my mind that this young man would make his mark in American public affairs. In those days, as in later years, he carried a reserve of impeccable civility, but behind that reserve was a warm, compassionate, and witty human being. Decency, independence, principle, and a courageous commitment to justice are the attributes I most closely associate with Senator Church. His eloquence was fueled by conviction and there was always substance in his message. In his private life, he waged a gallant fight against cancer; in his public career, he fought for peace and for policies of moral leadership by our Government in both foreign and domestic affairs.

He pointed out "America's inability to come to terms with revolutionary change in the Third World" but it is important to note that his vision was positive, not negative. Shortly before his untimely death, he wrote that he was looking to the day when the United States would stop "trying to repress the irrepressible" in the Third World and exchange "our unreasonable fear of communism for a rekindled faith in freedom." Frank Church left an indelible imprint for good on U.S. public affairs.

I am proud to have known him, and Bea and I extend our heartfelt sympathies to Beth and his family.●

● Mr. BARNES. Mr. Speaker, I am pleased that we have an opportunity today to honor the late Senator Frank Church of Idaho. I was privileged to know him personally, and he was a truly extraordinary man—a brilliant orator, a talented legislator on a broad range of national and internatonal issues, Presidential candidate, and a man who could relate easily to world statesmen and to all of the people of Idaho who he represented with such distinction from 1957 to 1981.

Frank Church was best known nationally for his role in foreign affairs, his chairmanship of the Senate Foreign Relations Committee, his efforts to provide a proper constitutional and legal framework for the work of our intelligence agencies, and for his early and courageous opposition to the Vietnam war. His constituents in Idaho admired Frank Church for his convictions, even as they sometimes disagreed with him on issues. But he was also a local legislator in the best tradition, defending the interests of his State vigorously in committees and on the Senate floor.

One of the events I remember from my early interest in politics was Frank Church's keynote speech to the 1960 Democratic Convention. It was a remarkable oration, and confirmed that the man who had been the "boy wonder" of the Senate would be a powerful voice in the party for a long time to come.

Following his departure from the Senate, Frank Church was a valued elder statesman in the Democratic Party, and it is unfortunate that we will lack his counsel at this time, when so many of the major foreign policy issues which engaged his interest are before us.●

● Mr. ROYBAL. Mr. Speaker, my distinguished colleagues, it is with great sorrow that I rise to pay tribute to Frank Church. He showed the same courage and dignity in his death that he brought to his long career as a public servant. His strong character and his skills as an orator were consistently and successfully brought to the struggle for civil rights, the concerns of the aged and the basic needs of his fellow man.

Frank Church was looked upon with great respect, especially in the foreign affairs arena, because he was not afraid to stand up and challenge a decision he felt would adversely affect this Nation. Perhaps his most admirable crusade was his condemnation of our involvement in Southeast Asia. He denounced the executive branch's independent war-time operations and demanded that Congress be given proper jurisdiction over military involvement.

Frank loved this country and was a patriot in the highest sense because he placed the immediate needs of his homeland above any international concern. He demonstrated this through his strong support for social welfare programs. Even as a freshman Senator, Frank was an influential advocate of our social security system. And under President Kennedy he established himself as a supporter of public education, urban renewal, medicare and programs to eradicate poverty. Frank believed in providing all Americans with every opportunity to advance.

I extend my condolences to Frank's family. I know they will miss his companionship, dedication, and leadership, as will we all. But while we mourn the loss of this great Senator who served this Nation for nearly a quarter of this century, we must salute the fine example he set for us all.●

● Mr. OTTINGER. Mr. Speaker, I was deeply saddened to learn earlier this month of the loss of my good friend and former colleague from Idaho, Senator Frank Church. His untimely death is a loss to all Americans.

Throughout his 24 years of service in the Senate, Frank Church championed the rights of the common person. His leadership in fighting for civil rights, the rights of the elderly, equality for women, and conservation of our natural resources were fights born of wisdom and reason. His courageous stand against this country's presence in Southeast Asia and his efforts to curb abuses by U.S. intelligence agencies, while initially unpopular, proved visionary.

Frank Church's final battle, his toughest, was fought with the same tenacity and clarity of purpose as any of his floor fights. Frank's commitment to improving the quality of life stands as a model to us in these halls as well as in life.

The Congress, the country and I will miss Frank Church's intelligence, compassion and dedication to principles. I offer my condolences to his wife and sons.●

THE CONFLICT IN CYPRUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. FEIGHAN) is recognized for 60 minutes.

Mr. FEIGHAN. Mr. Speaker, I have called this special order today because I believe that this House must tell Turkey in no uncertain terms that we expect them to help us resolve the conflict on Cyprus.

It has been nearly 10 years since 40,000 Turkish troops invaded and divided that tiny island; 10 years since 200,000 Greek-Cypriots were driven from their homes; 10 years since thousands more were killed and captured by Turkish soldiers who were using American weapons in a manner prohibited by American law.

Today, Cyprus is still divided. Over 200,000 Turkish troops continue to occupy Cyprus, and they have been joined by 50,000 Turkish colonists who were lured from the mainland by the promise of land that had belonged to Greek-Cypriots. The Turkish lire is not the official currency of occupied Cyprus, and the Turkish Government subsidizes over 50 percent of Rauf Denktash's budget.

These unhelpful actions have been taken despite an increasingly generous program of U.S. foreign aid to Turkey. Since our aid embargo was lifted in 1978, we have sent close to $3.5 billion to Turkey, making that country our third largest aid recipient after Israel and Egypt. Administration officials have estimated that future assistance could top $1 billion a year for the next 10 years—more than the much-publicized Kissinger Commission requested for the war-torn nations of Central

America. All of this aid has been—and will be—provided under that clearly expressed condition that Turkey would cooperate fully in efforts to bring about a solution on Cyprus.

Last month, the Senate Foreign Relations Committee passed a measure which provides a positive incentive for Turkey to break the deadlock on Cyprus. The bill would provide Turkey with $716 million in military aid, but the Turkish Government would receive the $216 million grant portion of that package only if it returns the city of Varosha to the Republic of Cyprus under U.N. auspices. In other words, if Turkey withdraws its forces from Varosha, and makes a concrete contribution to a peace settlement on Cyprus, it will get as much military aid as last year. If not, it will get an amount equal to Greece, and $255 million below the administration's request.

This condition is a reasonable and attainable test of Turkey's good faith. It does not demand a total withdrawal of occupation forces or a derecognition of the Turkish-Cypriot regime—two conditions that would be consistent with stated U.S. policy. All it asks is for Turkey to carry out a policy it has agreed to many times: In 1978, Turkey suggested that the town would be returned if the arms embargo was lifted. It was, but Famagusta was not. One year later, Turkish-Cypriot leader Denktash signed a 10-point plan with Cypriot President Kyprianou, which included the return of Famagusta. But this also became a dead letter. And this Janaury, Denktash again said he would return Varosha to the United Nation. But nothing has happened.

We cannot wait any longer. The conflict on Cyprus must be resolved. At stake are some basic issues of international law and international morality that have a wider relevance for U.S. foreign policy. At stake are some key strategic interests. At stake is a small country's right to govern itself, free from outside pressures, threat, or blackmail. At stake is the basic belief that American aid should serve American interests and American values.

In sum, America has paid too much to Turkey for too little in return. It is time for Congress to take action.

Today, we have to ask if our taxpayers' dollars have been well spent. I submit that they have not. Turkey is working hard to partition Cyprus permanently and consolidate its control over the northern third of the island.

To get a clear picture of Turkey's designs, we can look back to last November 15 when the Turkish-Cypriots unilaterally declared their part of the island an independent republic. This act, done with the full advice and consent of the Turkish Government, occurred only hours after President Reagan signed a foreign aid bill granting nearly $1 billion to Turkey. Since then, Denktash has consistently rejected U.N. efforts to salvage a settlement with a number of provocative actions. In February, he unfurled a new flag; last month, he called for a constitutional referendum and elections; and just last week, his so-called republic exchanged Ambassadors with the Turkish Government in Ankara. Today, Turkey stands alone in its recognition of the Turkish Republic of Northern Cyprus.

This Congress, President Reagan, and the international community have all condemned these moves by Denktash and his patrons in Ankara. But this administration's actions have failed to match its tough words. The State Department proposed to increase military aid to Turkey this year, rejecting the legislative mandate to link aid to Turkey to progress on Cyprus.

Clearly, we do have a strategic interest in maintaining good relations with Turkey. But we must not let one-sided support for that country undermine our broader interests in the eastern Mediterranean. Our unquestioning approach to Turkey is fueling a rising tide of anti-Americanism in Greece and Cyprus, and the logjam on Cyprus has strained relations between Athens and Ankara to the breaking point—a development that can only serve to weaken NATO's southern flank.

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Mr. Speaker, at this time I would like to yield to my colleague, the gentlewoman from Maine (Ms. SNOWE), who has been a very consistent and a very reasonable voice of concern for the conflict that rages in Northern Cyprus.

Ms. SNOWE. Mr. Speaker, I want to thank the gentleman for yielding and commend him not only for his statement but also for calling a special order here this evening to call attention to an issue which has been of concern to many of us here in the Congress for some time.

Mr. Speaker, the issue of Cyprus is again before us, as we approach the 10-year anniversary of Turkey's illegal occupation and partition of this independent and sovereign country. Along with many other Members of this body, I am deeply troubled by the continuing injustice and human suffering on Cyprus. In these 10 years a disturbing pattern has developed and, year by year, U.S. interests in the eastern Mediterranean have become increasingly imperiled.

Each year, just as Congress considers foreign aid legislation, there appears a sudden flurry of diplomatic activity; Turkey hints of an impending breakthrough in delicate negotiations. Always, there is the official rumor of an interim agreement over the vacant area of Famagusta and Varosha that would allow the return of its Greek-Cypriot inhabitants. Each year Congress approves increased aid for Turkey—not wanting to prejudice the chances for real progress. Suddenly the negotiations evaporate. Last fall, as Congress considered a continuing resolution containing aid for Turkey, there was talk of a summit between Greek-Cypriot and Turkist-Cypriot leaders and—of course—the return of Varosha and Famagusta. Three days after the legislation passed, Northern Cyprus declared unilateral independence with the support of Turkey.

The latest installment of this tired charade occurred last month. Due to the sincere efforts and hard work of Ed Derwinski our former colleague, and the Secretary General of the United Nations, the Turkish-Cypriot leader, Mr. Denktash, appeared to demonstrate new flexibility. Mr. Denktash talked of restarting the intercommunal talks and delaying the implementation of his unilateral declaration of an independent state on Northern Cyprus. Not surprisingly, the Foreign Affairs Committee was working on foreign aid legislation. Administration officials advised the committee not to cut back Turkish aid, or—if it did—to take the responsibility for upsetting delicate negotiations. Again, there were specific hints of an early return of Varosha.

Soon after the committee accepted increased economic aid for Turkey and improved terms for military aid, Mr. Dentask—upon consultation with Ankara—flatly refused the Secretary General's request that Varosha be returned as a good-will gesture. He then raised an independent flag the first time over Northern Cyprus.

There is no greater threat, ladies and gentlemen, to U.S. interests in the eastern Mediterranean than the present impasse on Cyprus. Turkey's costly occupation and subsidy of its enclave on Cyprus largely negates the effectiveness of U.S. aid, supposedly provided for Turkey's role in NATO. Greece, our other NATO ally in the eastern Mediterranean, increasingly questions our interest in seeking a resolution of the Cyprus conflict and drifts toward neutralism.

As long as the Cyprus issue festers, the dangerous situation in the eastern Mediterranean will only worsen. I am tired of misleading hints of progress offered up for the consumption of Congress, and I am tired of rewarding in advance empty promises. I believe it is time for the United States to begin taking positive action in the search for a solution on Cyprus, and to begin rewarding results. There are issues that still need to be resolved between the Turkish and Greek communities on Cyprus, but the underlying difficulty is the unwillingness of Turkey to alter its occupation force of 18,000 to 25,000 troops. There is still mistrust between the two Cypriot communities, but

Turkey has yet proved unwilling to support a demonstration of good faith even on the easily resolved issue of Varosha.

Awaiting scheduling in the Senate is a foreign aid bill that ties a portion of Turkey's aid to real progress on the issue of Varosha and Famagusta resettlement. There are many other incentives available to Congress. Some may still argue that if Congress were to take even the mild action being considered by the Senate, the sudden promise of some new negotiation might be threatened. Perhaps—somehow—even the imminent return of Varosha and Famagusta would be imperiled. Frankly, I have become numb to such arguments. It is time for this country to seek results, and no longer be diverted from its purpose by the whisper of promises. A lack of a legislative statement at this point will only perpetuate a situation that has gotten worse and has existed for more than a decade; and if it is not rectified, it could lead to a permanent partition of the island of Cyprus. Frankly that is the most concern that I have about the present U.S. policy toward the problem on Cyprus.

Again I want to thank the gentleman from Ohio for taking the leadership on what is a very important issue to many of us.

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Mr. FEIGHAN. I want to thank the gentlewoman from Maine for her presentation which I think is a very accurate portrayal of the efforts that have been made, the failed efforts, over the past several years to reach a solution to the conflict in Northern Cyprus. More importantly, to point out the accuracy of your portrayal of the consequences of failure to reach a solution.

The gentlewoman from Maine, as I said, has been a very consistent and responsible voice on this issue; one that I think the House should listen to very clearly, and I thank the gentlewoman for her participation today.

Mr. Speaker, I yield to the gentleman from Florida.

Mr. BILIRAKIS. I thank the gentleman for yielding to me.

Mr. Speaker, I wish to commend my colleague from Ohio (Mr. FEIGHAN) for requesting this special order on Cyprus today. I believe this is a most worthwhile effort, and hope that our words will bring attention to the very serious problems which continue to exist on a long-troubled island.

I first want to state that today's remarks come at a most significant and important time, as we have just witnessed another reversal in the peace negotiations on Cyprus. Exactly 1 week ago yesterday, the nation of Turkey and its puppet government on Northern Cyprus exchanged Ambassadors—an action that has caused growing concern throughout the world and among many concerned individuals here in America.

In fact, a State Department spokesman was quoted as saying that the exchange of Ambassadors "has caused us deep concern because it could set back United Nations Secretary General Javier Perez de Cuellar's effort to win a negotiated solution." I, for one, am in complete agreement with this assessment, and would even go a bit further to predict that this action will definitely impede any progress in future attempts at negotiation.

I believe this action by Turkey, the only nation and I repeat and emphasize, the only nation to officially recognize the unilateral declaration of independence by the Turkish-Cypriot community, is a direct rebuke to the requests of the United States and other nations which have sought a reversal to the recognition of this illegal state. It appears that instead of willfully cooperating and working for a united Cyprus, Turkey has added another dimension to the already complex situation which dominates events on Cyprus.

For almost 10 years since the initial invasion of Cyprus by Turkey, I believe we have been patient, but that we have seen little, if any, progress. And to be quite honest, I believe the patience of this Congress and of many Americans has worn thin.

One area where I believe our patience is being stretched to the limit is in the provision of foreign aid and military assistance to Turkey. At a time when we are confronted by large budget deficits, it is difficult to understand why we should continue to indirectly support the Turkish-occupying forces through our financial and military aid programs.

In this regard, relevant committees in both the House and Senate have already taken initial steps to curtail U.S. assistance to Turkey. It is my hope that if progress continues to lag, the full Congress will act and send a clear message to Turkey and the Turkish-Cypriot community that we are tired of waiting and hearing false promises.

In addition, perhaps the time has also come for Congress to consider other measures to address Turkey's actions and the illegal state on Cyprus. Adding new conditions or limitations on U.S. assistance to Turkey is, in my mind, a viable option.

Altogether, I believe the important point is that action is needed now. Now is not the time to wait. Now is not the time for Congress to sit back, and approve full funding for military and economic assistance to Turkey—to act, in effect, as if nothing has happened in the past year.

Something has happened. An illegal state has been declared and Turkey has acted to accommodate the existence of this state. I would ask this Congress how we can possibly ignore these events and the continuing division of Cyprus. I would ask this Congress how can we pretend that there has been any progress, when, in fact, there have been new impediments constructed to a united Cyprus.

I do not believe we can sit idly by. Action is needed now. Otherwise, I am afraid that Cyprus will remain indefinitely divided, and that Turkey's act of neocolonialism will become a precedent for other nations to follow. In effect, if we do not act, we will be saying to the world that Turkey's actions are acceptable and that the United States will only engage in empty rhetoric.

Mr. FEIGHAN. I thank my colleague from Florida. I think that the gentleman really has captured the frustration and the impatience that is growing among Members of Congress and the American people generally as we are willing to allow the process, through the Secretary General's office, to proceed; as we are willing to allow the State Department to ask the Congress and the House Foreign Affairs Committee to withhold action as we did just several weeks ago on restraining or conditioning any aid to Turkey until a peaceful settlement could be reached or at least until the process could be underway and then defined as we have displayed that willingness for patience to see the Turkish Government to take the additional step that the gentleman referred to in exchanging Ambassadors with the new self-proclaimed government. One that can only exacerbate the tensions and the problems that exist in Northern Cyprus today.

I yield to my colleague from New York.

Mr. GILMAN. I thank the gentleman for yielding to me.

Mr. Speaker. I would like to take this opportunity to thank the distinguished gentleman from Ohio (Mr. FEIGHAN) for organizing today's special order on Cyprus. Certainly, it has become evident over the last few years that this troubled sector of the globe remains a cause of great concern to all Members of Congress, to our Nation and to many other nations.

Almost 12 years have passed since the Turkish occupation of Cyprus. Since 1974 the Turkish Government has been illegally controlling a large section of Cyprus, and during this period hundreds of thousands of native Cypriots have been forced to flee their homes and villages and thousands of Cypriots have disappeared.

There are many facets to this complex situation, not least among them the humanitarian aspect. Because international security and political interests are motivated as well, it is important that the United States continue to press the Turkish Government for removal of their troops from Cyprus as an important first step toward settling the issues of Cypriot unification and self-determination.

The other considerations that need to be taken into account include the need to reestablish NATO's superiority on its southern flank. The dispute currently raging between Greece and Turkey must not be allowed to overtake the region, since to do so would be to jeopardize the world's supply of oil. Furthermore, to continue this conflict only enhances the Soviet Union's goals in this region, as they closely monitor every move made by the parties involved.

This special order serves as a vehicle, not only in expressing our congressional concern that this conflict in the Mediterranean be expeditiously resolved, but also in restating our desire that the United Nations continue to probe every avenue for peace and reconciliation in this troubled region.

Just 1 year ago this month, Secretary General of the U.N. Cuellar announced his personal involvement in the Cyprus dispute. The following month, a resolution was adopted in the United Nations which called for the removal of all occupying forces. But the Turkish Government still remains, occupying Cyprus and in fact, responded to this peace initiative by introducing the Turkish lire as the new currency, and arranged for a new "Central Bank" to be set up in the northern part of Cyprus.

Secretary General Cuellar continued his efforts, and in July presented himself again as an arbitrator. While a favorable response was received from the Greek-Cypriots, the Turkish-Cypriots rejected these new initiatives, and called for a summit meeting, which was later contradicted by a rejection.

Mr. Speaker, it has become obvious over the years that the Turkish Government is not serious about resolving this serious conflict. Although still considered a Western ally, it is widely known that Turkey has become the largest recipient of Soviet aid outside the Eastern bloc. This one fact discloses more about the Soviet Union's designs on the region than many volumes of analysis of historical data could ever reveal.

Today's special order is an important reminder to our colleagues of the pressing need which remains in resolving this dispute. Our Nation and the United Nations should redouble all efforts to find a just and lasting peace in Cyprus.

Mr. FEIGHAN. I want to thank my colleague from New York for his statement on this issue this afternoon. He has been a very vocal and a very important voice on the House Foreign Affairs Committee on this issue for several years.

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Mr. Speaker, this special order today is one that comes after much discussion with one of our colleagues who has been a very important voice on issues related to American foreign policy in the eastern Mediterranean area. That individual is our colleague from Pennsylvania (Mr. Yatron) who unfortunately was not able to join us for the special order, although he has submitted a very important and provocative statement for the Record.

I really would like to stress my gratitude and I think the gratitude of the entire House to our colleague, Mr. Yatron, for the strength that he has provided on this issue. I think that no voice in the Congress in recent years has been more reasoned, has been stronger, or has been more effective than that of our colleague, the gentleman from Pennsylvania (Mr. Yatron) in moving public opinion and in moving the House as well as various administrations to a responsible, reasonable American policy toward a peaceful solution to the conflict in Northern Cyprus.

● Mr. MARKEY. Mr. Speaker, I would like to thank my colleague Ed Feighan for requesting this special order on Cyprus, and to commend him for his outstanding leadership on this issue.

Mr. Speaker, it is time for stronger action to help end the seething conflict in Cyprus.

On November 15, Turkish Cypriots unilaterally declared a "Turkish Republic of Northern Cyprus." This illegal declaration, recognized by Turkey and Turkey alone, has seriously aggravated tensions in NATO's southern flank. Turkey's support for the unilateral declaration of independence, and the continued occupation of Cyprus by Turkish troops, are serious obstacles to the improvement of relations among Greece and Turkey, our key NATO allies in southern Europe.

The State Department has rightly condemned the unilateral declaration of independence and Turkey's recognition of it. This Congress has also gone on record condemning this action. But it has become clear that words alone will not persuade Turkey to stop obstructing progress on the Cyprus issue. It seems that Turkey will continue to try to force its will on the Cyprus issue until we make clear that we will not accept a policy of settling disputes by faits accompli and military action. Turkey's unresponsiveness is particularly galling in light of the fact that the United States has given Turkey almost $1 billion in aid for fiscal year 1984.

It is time to take tougher action to convince Turkey to take a more responsive and conciliatory attitude toward the Cyprus issue and, by extension, to foster more harmonious relations within NATO's southern flank. That is why I have joined my good friend and colleague Ed Feighan in cosponsoring a resolution which would condition further military aid to Turkey on Turkish cooperation on the Cyprus issue.

I would again like to commend my colleague from Ohio for his leadership on this issue, and for arranging this special order on this pressing issue.●

● Mr. YATRON. Mr. Speaker, I want to commend the gentleman from Ohio, Congressman Feighan, for holding this special order on Cyprus. I have the privilege and honor of serving with the gentleman on the Foreign Affairs Committee. In the brief time the gentleman has been a member of the committee, he has gained the respect and admiration of our colleagues on both sides of the aisle for his unwavering commitment and diligent efforts to bring about a just and lasting solution to the Cyprus dispute.

Mr. Speaker, this discussion today is of particular importance given our plans to consider the foreign assistance authorization legislation for fiscal year 1985 on the House floor in the coming weeks. At that time the Congress will be asked to approve an aid package, including almost $1 billion in military assistance for Turkey.

Over the last few years the Congress has complied with administration policy initiatives with respect to Cyprus. The situation, however, has worsened. Over the last 6 months, Turkish-sponsored actions on Cyprus make it clear that the Turkish Cypriots and their superiors in Ankara do not favor a peaceful solution to this 10-year tragedy. Moreover, the illegal declaration of independence by the Turkish Cypriot community last November and its recent exchange of Ambassadors with Ankara bring Turkey a step closer to realizing its ultimate goal: the annexation of Northern Cyprus.

Mr. Speaker, what I find most frustrating is that no matter what Turkey does in Cyprus, U.S. policy remains unchanged. Turkey becomes more intransigent and we increase our military assistance program. I can only conclude that U.S. policy toward the Eastern Mediterranean is solely concerned with building Turkey's defense and not with resolving the Cyprus conflict. This policy is shortsighted and will only undermine U.S. security interests in the long term.

Given the tensions which now exist between our two allies, Greece and Turkey, the worsening situation on Cyprus could bring both countries to war. If, in fact, this were to occur, NATO would be in complete disarray and the Soviet Union would most certainly seize the initiative to extend its influence in the region.

Mr. Speaker, I support a strong Turkey but its illegal occupation of

Cyprus cannot and should not be accepted by the United States as a fait accompli. It is incumbent on the Congress to reassert its rightful role in the formulation of American foreign policy and pressure Turkey to remove its troops from Cyprus. The stability of the NATO alliance is at stake and the responsibility of the United States as the world leader of human rights and self-determination calls for no less.●

● Mr. MAVROULES. Mr. Speaker, I want to thank the gentleman from Ohio (Mr. FEIGHAN) for inviting me to participate in today's special order concerning the very serious situation in Cyprus. As we here in Congress prepare to consider levels of foreign aid to be given to Turkey, now is indeed an opportune time to carefully review past and present developments in this strategically vital area of NATO's southern flank.

Mr. Speaker, July 20 will mark the 10th anniversary of the Turkish military invasion of Cyprus. On that fateful day in 1974, 40,000 Turkish troops began an operation which would result in the occupation of over one-third of the land area of the Republic of Cyprus.

The Turkish invasion forces gained a virtual stranglehold on the economy of the Cypriot nation. The extent of that control is far reaching; 70 percent of the gross output, 65 percent of the tourist accommodation capacity, 83 percent of the general cargo handling, 56 percent of the mining and quarrying output, 41 percent of the livestock production, 48 percent of the agricultural exports, and 46 percent of the plant production are all in the hands of the intruding Turkish forces.

When we consider that the Greek Cypriots make up over 83 percent of the population compared with less than 17 percent for the Turkish Cypriots, the injustice served on the Republic of Cyprus is even further underscored.

Clearly, the record of Mr. Denktash and the Turkish Cypriots is indefensible. This wrong must be righted.

In the area of human rights violations, the Turks have a similarly indefensible position/record. Since the invasion, over 4,000 Greek Cypriots have been killed—with another 1,600 listed as captured or missing. In addition, 15 American citizens fall under that latter category and remain unaccounted for. I would like to remind you, Mr. Speaker, that for 10 years we have had people suffering. We have had people homeless. We have had people under a regime where they cannot practice their own democracy. How long will the Greek Cypriots be forced to endure these injustices before action is taken to prod Mr. Denktash to move toward alleviating this situation?

In the past, congressional action has created a measure of hope for Cyprus. An embargo on all arms and military assistance to Turkey was imposed by Congress after the Turkish invasion of 1974. Pressure from the Turkish Government of Mr. Denktash and the Turkish Cypriots led to the first of Denktash's dangling carrots, a promise to discuss the resettlement of over 40,000 Greek Cypriot refugees from the city of Famagusta and its Varosha suburbs. Unfortunately, the Congress took Mr. Denktash's promise on its face value and lifted the embargo in 1978. The result was that discussions never materialized. The carrot was gone.

I must point out that the Turkish sense of timing is no less than uncanny. Last year, 1 day after President Reagan signed an aid package of nearly $900 million to Turkey, the Turks, with their aid money firmly committed, gave Denktash clearance to declare the formation of his Turkish Cypriot rump state in Northern Cyprus.

This action was clearly an aggressive cohersion—a step of intimidation and confiscation—and morally and legally indefensible. We must not let this clear-cut violation of international law, with its total disregard for any measure of territorial integrity of the sovereign rights of an independent nation, be rewarded by granting another increased aid request for Turkey.

I urge my colleagues to support the levels of foreign aid to Turkey that have received approval from our colleagues in the Senate Foreign Relations Committee. Only when we agree to grant aid to Turkey contingent upon progress on the Cyprus situation, will we ever see results.

Let us keep in mind, Mr. Speaker, that when we talk about the southern flank for the defense of the NATO alliance, Cyprus and Greece are also a part of that strategic flank. They are America's friends.

We must always remember that the security of the United States in the long run, will hinge upon our adhering to the principles and ideas concerning human rights, justice, and international law. I believe that if we set a precedent and compromise our ideals for the sake of strategic interests, we run the risk of losing respect for these ideals, and weaken the security and threaten the common interest of the free world.●

● Mr. GEKAS. Mr. Speaker, this evening we are gathered to focus attention directly on the illegal and unilateral declaration of independence by the so-called Turkish Republic of Northern Cyprus. All too often, unjustified takeovers of countries or territories are accepted by the international community after the passage of time. An immediate cry of protest may be issued, but with time, attention is diverted by other issues, and the original misdeeds are forgotten. When a smaller nation is involved, people forget all the sooner.

For these reasons, it is important tonight that we indeed try to focus attention on the attempt by Turkish Cypriots to declare themselves independent of the government which rightfully controls the island of Cyprus. In 1974, Turkish soldiers captured a portion of Cyprus illegally, and for years we have been waiting for them to return the land to the Government of Cyprus. Thousands of Greek Cypriots were uprooted from their homes and forced to flee, and 10 years later they still cannot return. Now, the Turkish Government wants to legitimatize their wrongful act by officially recognizing the Turkish Republic of Northern Cyprus. The international community cannot allow this to happen. We cannot let time go by without doing something, so that this unilateral declaration will ultimately be accepted, as wrong as it is, by other nations of world in addition to Turkey.

Although this is my first term in the U.S. Congress, the problem of Cyprus has been on my mind for quite some time now. In 1977, as a Senator in the Pennsylvania Legislature, I introduced a resolution asking the President and Congress to exert their best efforts to resolving the crisis in Cyprus, to restore the 200,000 suffering Cypriot refugees to their homes, and to restore to the people of Cyprus the right of self-determination. The resolution also urged them to give generous American support to the Cypriot refugees. I would never have dreamed then that the terrible situation in Cyprus would have been magnified today by the attempted legitimization of this Turkish Cypriot annexation.

Mr. Speaker, it is true that I am a Greek American, but as a Member of the U.S. House of Representatives and a U.S. citizen, I am an American first and always will be. Certainly, I am aware of the importance of Turkey to our NATO alliance. Early in this, my first term in Congress, I was briefed by defense officials as to Turkey's significant role in NATO. However, as an American, I cannot remain quiet as I see actions taken in Northern Cyprus that are highly disruptive to the relations of two NATO allies, and also disruptive to the relations between the United States and those allies. The results are dangerously harmful to the condition of NATO's southern flank.

Also, as an American, I cannot stand by as a NATO country takes part in an exercise totally alien to the values and norms of our democratic society. The recognition of this new nation encourages the Turkish Cypriots to abandon attempts at a negotiated solution to this problem that was caused 10 years ago by an undemocratic land grab. As Americans, we should all be concerned about these issues and willing to take some positive action to solve them.

The United States must act now to address this situation in Cyprus. Time is of the essence. Therefore, I heartily applaud the action taken by the Senate Foreign Relations Committee last month. As many of you know, they voted to grant a portion of our aid to Turkey on the condition that Famagusta/Varosha in Cyprus be returned to the Government of Cyprus under the auspices of the United Nations, to begin immediate resettlement of the Greek Cypriot refugees expelled from the town by Turkish troops in 1974. The Turkish Government has been promising to return the town to its Greek inhabitants for several years without following through, so this committee vote may finally result in some concrete action being taken in this regard. It is my sincere hope that the House will also support similar conditions if the foreign aid bill reaches the floor for consideration.

The placing of conditions on aid to Turkey will hopefully speed up the resolution of this festering international problem, and will then relieve the tensions building up between the NATO allies involved. It is my hope that our efforts tonight will serve to focus a bright spotlight on this problem, and thereby prevent it from continuing into the future, to be accepted with time.●

● Mr. **BERMAN.** Mr. Speaker, I commend my colleague from Ohio for calling for this special order on the Cyprus issue.

The rush of events in international affairs has swept this crucial issue aside in the past few months.

The situation has not changed. The Turkish Republic of Northern Cyprus remains. Its leader, Rauf Denktash, maintains his intransigent position. And the nation of Turkey, a long-time and trusted NATO ally still recognizes this new state and supports it with the 18,000 to 35,000 troops occupying the island and with funds and with words of encouragement.

Our fundamental belief is also unchanged: Our national interests and the interests of the Cypriot people, would be best served by a bizonal, federal solution. The majority of the people of Cyprus want a unified and independent state.

But the new Turkish Republic of Northern Cyprus seems focused more on consolidating power than on working toward a negotiated resolution of the problem. They have written a new constitution, are creating a new flag and a national anthem. Such actions can only make many Cypriots, and many of us here in this House, wonder whether the goal of the new state is unification or partition.

The unilateral declaration of independendence by Denktash and this faction has been opposed by every nation in the world except Turkey. The United Nations has passed a resolution condemning the action.

The question now facing us, with the U.N.-sponsored negotiations at a delicate stage, is how we can best act to promote the goal of peace. The House Foreign Affairs Committee has taken a first step by maintaining aid to Turkey at last year's levels. Although it is clear Denktash and his government are becoming increasingly independent of Turkey, the Ankara government still has considerable leverage. We have demonstrated our continued support for a valued friend, but also express our dismay at the recent policies with regard to Cyprus. We can hope that our demonstrations of concern will send a clear message to Turkey. They should understand that if they continue to support this divisive force in Cyprus and do not use their influence to moderate the situation, many of us in Congress will favor firmer action.

Prime Minister Ozal, the recently elected civilian leader in Turkey, is dedicated to democratic principles. In the name of democracy and peace, he should take the necessary action to bring stability to the eastern Mediterranean.●

● Mr. **FASCELL.** Mr. Speaker, those in the Congress who value NATO and are dedicated to strengthening all of its elements are deeply troubled by the weakness which plagues the alliance's southern flank. At the heart of that problem is the situation on Cyprus. I therefore approach this special order with mixed emotions. While I am disappointed and frustrated on the one hand, I am also determined and hopeful on the other.

My frustration, of course, flows from more than a decade of Turkey's unwillingness to undo the negative consequences resulting from its invasion of Cyprus. My hope is that this situation can be corrected if a determined effort is made by all parties concerned.

Of this I am certain: Turkey must demonstrate responsible and consistent movement on this issue. Those in the Congress who recognize Turkey's long relationship with the United States and value its contribution to NATO can expect and be satisfied with nothing less.

Ten long years of stalemate is too long. Turkey's unwillingness to take adequate and effective steps to negotiate a solution to the problem is unacceptable. This failure to move merits criticism and will lead to congressional action with respect to U.S. assistance to Turkey. I join in this effort to tell our Turkish allies that our patience is worn thin and that the time for action is now. It is time for the Government of Turkey and its people to recognize that their long-term best interests depend to a large extent on what happens with respect to Cyprus. That issue can and must be resolved or Turkey's relations with its NATO allies and the United States will suffer. That is not in anybody's interests and only Turkey can prevent this from happening.●

● Mr. **AuCOIN.** Mr. Speaker, I commend my colleague, Mr. FEIGHAN, for setting aside this time to discuss the unacceptable Turkish occupation of Northern Cyprus—incredibly, now in its 10th year. As the tragic events of the last few months prove all too clearly, it is time for the United States to reevaluate its policy toward this country.

The nation of Cyprus has long been marked by turmoil. Under the sway of various governments for centuries, Cyprus finally gained independence from Britain in 1960. Special conditions laid down at the time of independence insured equal representation for the Turkish Cypriots who comprise 18 percent of the population. Further, the 1960 Treaty of Guarantee prohibited intervention by Turkey, Greece, or Britain to change the political balance in Cyprus.

However, in 1974 Turkey violated the treaty when it dispatched 40,000 troops to Cyprus. The Turkish Cypriots laid claim to over 40 percent of the island and set up their own Parliament under the protection of the 20,000 Turkish troops who remain in Northern Cyprus. In addition, they have brought roughly 60,000 Turkish settlers to the northern half of the island. This division has meant the loss of homes and property for tens of thousands of Greek Cypriots.

The Turkish Cypriots have refused to comply with U.N. resolutions calling for the removal of all troops from Cyprus, are unwilling to answer allegations concerning the several thousand Greek Cypriots who disappeared during the occupation, and have impeded progress toward a negotiated settlement.

The tension in Cyprus increased last November when the Turkish Cypriots announced the creation of an independent Turkish Republic of Northern Cyprus—recognized only by Turkey. This announcement, timed so as not to endanger the $700 million in military aid that the United States granted Turkey last year, signals a deterioration in the human rights situation in Northern Cyprus, with members of the Parliament coerced into approving creation of the new state.

Creation of an independent state is an illegal and provocative action which has further polarized the situation, making any negotiated settlement all the more elusive.

While there has been relatively little violence since the announcement of the Turkish Republic, the reinforcement of defensive positions on both sides of the green line and recent talk of Greek guardsmen being brought to the island are ominous signs.

Because the continuing turmoil in Cyprus poses a direct threat to the stability of the Mediterranean and NATO's southern flank, it is crucial that the United States push for a settlement.

However, the administration's approach to the situation is all carrot and no stick. In a January report to the Congress, President Reagan indicated that he does not have a comprehensive plan to ease the tensions on Cyprus. And, while refusing to recognize the Turkish Republic of Cyprus the administration tried, again this year, to boost military and economic aid to Turkey, seeing this country as an ideal staging ground for a U.S. Rapid Deployment Force.

The administration's focus on Turkey has apparently resulted in a loss of peripheral vision. In its zeal to rearm Turkey, the administration is willing to ignore that country's record of human rights abusues, it's problems in paying already outstanding U.S. loans for military equipment and even it's continued, illegal occupation of Cyprus.

These actions, viewed by many as tacit approval of the Turkish Cypriots, ignore the history of Cyprus and alienate Greece, our longstanding ally in the region.

Further, unless and until there is a solution to the problems on Cyprus, there is no guarantee of security for U.S. military or economic investments anywhere in the region.

Fortunately, the House Foreign Affairs Committee has taken action to maintain a balance in the Mediterranean by whittling down the administration's request for military aid to Turkey by $39 million, bringing it back into line with the traditional 7-to-10 ratio and stipulating that both Greece and Turkey support the ongoing talks on Cyprus and agree to withdraw their troops from the island.

The administration should be initiating these actions as a matter of policy. Improved relations between Greece and Turkey are the No. 1 order of business for insuring the security of the region and advancing U.S. policy goals.

Giving Turkey preferential treatment does not forward U.S. policy goals and sets back any chance for improvement of the situation in Cyprus. We should use our aid to persuade the Turks to take a more realistic approach to the issue of Cyprus. We must use our influence to end the illegal occupation and to support the establishment of a constructive independent government on Cyprus.●

● Mr. ECKART. Mr. Speaker, I would like to commend my colleague from northeast Ohio for arranging this special order to discuss the current situation in Cyprus.

As the situation grows worse on this island country, the role of the United States and of Congress must be to mediate the surmounting tensions between Turkey and Cyprus. A resolution of this longstanding conflict is, indeed, a vital necessity in order to insure the stability of this troubled region of the world. Only through the leverage the United States has over Turkey—through our large military aid program to this country—can we influence Turkey to reevaluate its present occupation of Cyprus and pressure the Turkish Cypriots to moderate their position.

Tensions in Cyprus, which originated 10 years ago with the Turkish invasion of Cyprus, were recently fueled by the recent exchange of Ambassadors between Turkey and the self-proclaimed Turkish Cypriot Government on Cyprus. This ongoing conflict not only harms our strategic interests and investments in the Mediterranean and the Middle East, but also damages our relationship with this island country that has been a dependable friend to the United States.

I could list many examples of this dependability including; the Government of Cyprus granting the United States full access to its facilities when our planes needed to serve the marines stationed in Lebanon; allowing U.S. U-2 overflights of the Middle East and the Soviet Union to originate on its territory; and it remains the only nation in the region to exchange Ambassadors with Israel.

By escalating this year's military aid to Turkey, the administration is walking away from an opportunity to play its hand in an attempt to facilitate a political solution to the Cyprus problem.

Conditioned Turkish aid may not be the only solution to the problems facing Cyprus, however, it is one way to pressure the Turkish Government to realize the importance of a peaceful solution to this growing problem.●

● Mr. BROOMFIELD. Mr. Speaker, I eagerly support this special order on Cyprus. Now is the time to do something about the continuing tragedy of Cyprus. Unless real headway is made soon, I believe that Congress will seriously consider cutting military aid to Turkey. Although I regret that such action may be necessary, something must be done now to remedy the current sad situation on that island.

Let us take a look at the facts. As all of you know, Northern Cyprus recently declared itself an independent Turkish-Cypriot Republic. This illegal state is to be separate from the Greek-Cypriot majority of the strategic Mediterranean island. The Turkish-Cypriot Legislative Assembly, meeting in the northern Turkish part of the country, made this shocking and shameful decision. In recent weeks, the Turkish Government established formal diplomatic relations with the synthetic new country. I am angered and disappointed by the shortsightedness and insensitivity of this illegal action.

As many of my colleagues well remember, Turkey invaded Cyprus in 1974 and occupied part of the island. Thousands of innocent Cypriots were killed in the bloodbath that followed. Many young and innocent Greek-Cypriots are missing. Turkey occupied over 40 percent of the island with over 30,000 combat troops. In recent years, Turkey brought in over 40,000 Anatolian settlers and gave them large areas of Northern Cyprus. Many native Cypriots have been forced from their ancestral villages. Ironically, 78 percent of the population of Cyprus has always been Greek-Cypriot.

Since 1974, the United Nations Special Representative has sought a political solution to the problems of Cyprus. Progress has been essentially nil thanks to the intransigence of the Turkish-Cypriots. Our Government recognizes the Government of the Republic of Cyprus as the only legitimate government of that island. We have called for the withdrawal of all foreign forces from Cyprus and have supported a unified Cyprus under one government. We have also undertaken extensive diplomatic efforts with the Turkish Government to persuade them to support our position on this issue.

The recent unilateral declaration of independence and Turkey's decision to exchange Ambassadors with Northern Cyprus only serves to heighten tensions between two key NATO allies. Prolonging difficulties will only undermine America's security interests in the important Mediterranean region. These foolish actions can only lead to further strife, tension, and possible bloodletting.

I believe that the Turkish Government must clearly be told, in no uncertain terms, that what happens on the island of Cyprus does matter to the United States and to NATO. Ankara must soon realize that security assistance to that country can be directly linked to progress on the resolution of the Cyprus issue. Continued delay on the part of Ankara will further harm the NATO alliance and worsen relations betwen Turkey and the United States. The Turkish Government must realize the urgency of giving this issue their full attention.

I strongly urge my colleagues in the House to support this timely and appropriate special order.●

● Mr. FLORIO. Mr. Speaker, I take this opportunity to focus the attention of my colleagues on the dismal plight of the Cypriot people as they have struggled for the past 10 years to free their country from Turkish occupying forces. I commend my colleague from Ohio, Mr. FEIGHAN, for his initiative in calling this special order and in drawing the attention of the Congress to this grave situation. I am pleased to join him today in this worthwhile effort.

Mr. Speaker, as the 10-year anniversary of the violation of Cyprus fast approaches, the Cypriot people are no closer to achieving their goal of a unified and peaceful Cyprus than they were the day Turkish troops landed on Cyprus and forced 170,000 to flee from their homes, causing more casualties, desecrating churches and cemeteries, and completely disregarding the outrage expressed by an astounded international community. Though feeble attempts have been made throughout this past decade to reach a solution acceptable to all the Cypriot people, the intransigence of the Turkish and Turkish Cypriots has impeded any progress. The infrequent resumptions of the intercommunal talks between the Turkish and Greek Cypriots have proven futile and frustrating.

Our own country's best interest in the Mediterranean and the Middle East dictate that we work diligently and tirelessly to seek an effective solution to the conflict that continues to plague the Cypriot people. The intransigence that the Turkish Government has exhibited during this seemingly endless conflict should be condemned by our Government and by all nations that respect the value and sanctity of human life.

Instead of pressuring the Turkish Government to comply with international law and resolve the Cyprus conflict, the administration has chosen to rely on the U.N. Secretary General's attempts and has even proposed an increase in levels of military aid to Turkey. To condemn the Turkish Government on the one hand and to reward the Turkish Government with inceased military aid on the other hand is paradoxical and hypocritical. In its foreign aid request, the administration recently proposed an increase in military aid to Turkey and requested $759 million. Of this total, $230 million would be provided as a free grant, $250 million in credits at a concessional rate of 5 percent—well below the prime lending rate in our country—and $275 million in credits at market rates of interest. The military aid request for Greece and Cyprus, however, was left at last year's levels of $500 million for Greece and only $3 million for Cyprus. This aid request not only disrupts the traditional 7-to-10 ratio between Greece and Turkey but also causes grave concern within the Greek Government. This is no way to treat a trustworthy and important ally.

I am gratified that the House Foreign Affairs Committee and the Senate Foreign Relations Committee had the courage to cut the administration's aid request. In the House, the Foreign Affairs Committee trimmed $40 million from the Turkish aid and brought the grant aid down to $215 million, reinstating the 7-to-10 ratio. The Senate Foreign Relations Committee went one step further and attached conditions to the $215 million grant aid. Under the Senate version, the grant aid will not be released to Turkey until the President can certify to Congress that the formerly Greek-Cypriot city of Famagusta/Varosha has been returned to the Government of Cyprus under the auspices of the United Nations for the immediate resettlement of refugees. Both committees increased aid to Cyprus to last year's level of $15 million. Similar amendments will probably be offered in the House when the foreign aid authorization bill reaches the House floor.

Last November, the Turkish Cypriot leader Rauf Denktash, supported by the Government of Turkey, issued a universal declaration of independence declaring the secession of Turkish occupied Northern Cyprus and effecting a devastating partition of Cyprus. To quell any doubts about the seriousness of Mr. Denktash's declaration and intentions of partition, I would like to inform my colleagues that the Turkish Cypriots have already developed their own flag, and just last week, exchanged Ambassadors with the Government of Turkey. Turkey continues to recognize the Turkish occupied section of Cyprus as a separate state and thus further lessens the chances of a settlement.

For the past decade, we have silently looked on and we have ignored our own strategic interests in not doing all that we could to promote an effective and durable solution to the Cyprus conflict. We have silently looked on as Turkey created a new Berlin Wall dividing north and south and adding a physical barrier to the already existing delicate relations of coexisting Greek and Turkish Cypriots. And we are now not only silently looking on but also rewarding with increased military aid a nation that has condoned the partition of Cyprus.

The actions taken by the House Foreign Affairs and Senate Foreign Relations Committees in cutting aid to Turkey and in imposing conditions on the remaining aid are to be commended. I would urge my colleagues to support these actions and I hope that the aid cuts will be sustained when the aid bill reaches the House and Senate floors.

The situation that currently exists on Cyprus is simply not acceptable. We have the ultimate responsibility for sending a clear signal to the Turkish authorities that we are convinced that the illegal partition of Cyprus is not only contrary to the interests of the Cypriot people but also to those of the United States. Our country's reputation has been built on our active support for justice and political and religious freedoms throughout the world. In keeping with our traditional support for liberty and freedom, it is our responsibility to actively speak out against this injustice and act to solve this conflict.●

● Mr. ANNUNZIO. Mr. Speaker, I rise to join with my colleagues in expressing my deep concern about the present situation in Cyprus. It has been almost 10 years since the armed forces of Turkey invaded this small country, occupying nearly 40 percent of the island, and forcing about 200,000 Greek Cypriots to flee south from their homes in the northern part of the island. Yet the Turks still have not been held accountable for their numerous human rights violations and flagrant breaches of international law.

There is extensive documented evidence of gross atrocities and crimes against humanity committed by the Turks during the invasion, and over 1,500 Greek Cypriots are still missing from this conflict. This Turkish action resulted in censorship of the press, imprisonment of innocent individuals, torture, rape, murder, and an immense loss of property and lives.

Most recently, in an attempt to legitimize their barbaric acts, the Turks illegally declared the northern third of Cyprus an independent republic. This action is a culmination of a decade of Turkish aggression on Cyprus, which has been in direct contradiction with established international law, the United Nations Charter, the Charter of the North Atlantic Treaty Organization, and the European Convention on Human Rights.

Mr. Speaker, it is time to stand behind our trusted Greek and Greek Cypriot friends in the NATO alliance, and put pressure on Turkey to reach a resolution to this ongoing conflict. We should immediately utilize all available means to hold Turkey accountable for its illegal actions, to call for the withdrawal of Turkish forces currently occupying Northern Cyprus and for retribution for crimes against the Greek Cypriots.

Almost $3.5 billion has been sent to Turkey since 1978 in U.S. aid, and it is time for our Nation and this Congress to condition continuing American financial assistance to Turkey on tangible and positive Turkish efforts to achieve a peaceful solution on Cyprus.●

● Mr. STARK. Mr. Speaker, I want to thank my colleague Mr. FEIGHAN of Ohio for setting up this special order. The issue of the status of Cyprus is important to the United States for two reasons: First, it involves central questions of international law, and second, it involves a dispute between two NATO allies.

Resolution of this dispute between the states that comprise NATO's southern flank would enhance our security, and remove a troublesome dilemma from our relations with both Greece and Turkey. Yet, 10 years after the Turkish military intervention in and occupation of Northern Cyprus, prospects for such a settlement seem more distant than ever.

The Turkish occupation of Northern Cyprus continues at this very moment. Despite lengthy U.N. efforts to mediate, the dilemma remains.

One major reason that I am pessimistic about a resolution of the dispute is the unilateral declaration of independence made by the Turkish occupied sector of Cyprus. This act, which is in total violation of the Treaties of Association and Guarantee of 1960, has created new tensions and new barriers to a peaceful resolution of this dispute. I will continue to oppose that act.

I will support U.S. efforts to promote concessions from both sides. But as long as Turkish troops remain on Cyprus I will oppose military assistance to Turkey.●

● Mr. FRANK. Mr. Speaker, the recent exchange of Ambassadors between the Republic of Turkey and the independent Turkish Republic on Northern Cyprus remind us that the Cyprus question will not go away. The situation on Cyprus has serious strategic implications, since both Turkey and Greece are our NATO allies. Surely it is not in America's interest for these two nations to be in conflict. At the same time, the Cyprus situation involves fundamental questions of justice and of self-determination.

Ultimately, we all hope to see a settlement whereby the people of Cyprus can govern themselves, whereby foreign armies are removed, the island reunified, and the rights of all Cypriots are respected. Obviously this is a delicate matter which will involve delicate negotiations. The latest round in this dispute, however, brings into question the good faith of Turkey. Beginning with the declaration of independence, the Turks have signaled us that they prefer theatrics and escalation of tension to serious negotiations. This is not only damaging to Cyprus, but to the NATO alliance, and Turkey has correctly been censured by the world community for its recklessness.

We are all interested in preserving good relations with Turkey, Mr. Speaker, and we should support the effort to revive democratic institutions in that country. But if we are to maintain good relations, we must put pressure on Turkey to refrain from jockeying for position on Cyprus. It is counterproductive; it will only lead to further tension, and that will make democracy harder to achieve, both in Turkey and on Cyprus.●

● Mr. BARNES. Mr. Speaker, I want to commend the gentleman from Ohio (Mr. FEIGHAN) for giving Members this opportunity to speak on this important issue today.

We are now approaching the 10th anniversary of the Cyprus conflict and we have as yet seen no hope of a resolution in the near future. In fact, due to recent actions by the Turkish Cypriots declaring an independent Turkish Cypriot Federated State and exchanging ambassadors with Turkey, we are now perhaps further from a resolution than we were only 5 months ago.

There is no doubt that the United States has vital security interests in Turkey, but Turkey alone does not constitute the strength of the southern flank of NATO. If the problems on Cyprus are left to fester, relations between Greece and Turkey will continue to deteriorate and United States and NATO security interests will be further weakened. The effectiveness of NATO is severely undermined by the tension between Greece and Turkey, and that tension is profoundly exacerbated by the feud between these two nations over Turkey's intervention and continued occupation of 40 percent of Cyprus. The threat of regional war, which almost broke out after the invasion, has not been eliminated.

The United States must make it clear to Turkey that it is not in Turkey's interest to continue its intransigence on this issue. While the argument that it is in the U.S. national interest to assist in upgrading Turkey's defenses is a valid one, this must be considered in concert with the fact that Turkey spends roughly $200 million annually to support the 25,000 Turkish troops on Cyprus. In addition, 40 percent of the Turkish Cypriots' budget is underwritten by the almost bankrupt Turkish economy. Pressure must be placed on the Turks to insure that U.S. assistance is utilized as it was intended—to help strengthen Turkey's participation in NATO—rather than to pay for the continuation of the Turkish occupation of Northern Cyprus.

In addition to the security aspect of the conflict, the tragedy of the 1,600 disappeared—including 8 American citizens—continues. For 10 years, the Turks have refused to provide any information on any of these cases, despite hundreds of petitions presented by family members.

The United States is rightfully concerned about American security interests and a strong Turkey; however, should this concern supercede the importance of our relations with both Greece and Cyprus, we will all be the losers. U.S. assistance to Turkey is vital, but without cooperation from Turkey to end this decade-long dispute, our efforts to protect the southern flank of NATO will be wasted. Absent a just resolution of the conflict on Cyprus, there will be no peace in the eastern Mediterranean and no security for NATO.

Steps by Turkey to remove its troops from the island, to provide an accounting of the disappeared, and to agree to the return and resettlement of Farmagusta, would certainly go a long way toward lessening the tensions in the region and in diffusing the opposition to aid to Turkey in the Congress. The ball is in Turkey's court, as it has been for the past decade. We must make it clear that Turkey is out of "timeouts."●

● Mr. McHUGH. Mr. Speaker, the division of Cyprus is an issue of continuing importance to the United States and thus I am pleased that so many of our colleagues have joined today in addressing the tragic history of that island. It is especially timely in light of recent Turkish and Turkish Cypriot actions which can only aggravate tensions in the eastern Mediterranean.

As we all know, Mr. Speaker, the Republic of Turkey exchanged envoys last week with the self-proclaimed Turkish Republic of Northern Cyprus, sending an ambassador to the island to present his credentials. Clearly, this ill-conceived action can only undermine efforts to promote national reconciliation between the two communities on Cyprus.

U.S. policy since the early 1960's has been aimed at preserving an autonomous, united and sovereign Cypriot Republic as mandated by the treaties of 1960 under which Cyprus gained its independence. This policy was severely tested by the Turkish invasion of Cyprus in the early 1970's. At that time, the United States imposed an arms embargo on Turkey.

Since the Turkish invasion, successive administrations, cooperating with the United Nations, have sought to mediate the dispute and to bring about the removal of Turkish forces from the island. They have done so because of our traditional support for a unified Cyprus, and because they have recognized that the continuing division of the island only exacerbates tensions between Greece and Turkey, both important American allies and members of the North Atlantic Treaty Organization. In order to facilitate efforts at mediation, Congress agreed to lift the arms embargo against Turkey at the request of President Carter. We were told that lifting the embargo would encourage Turkey to be more forthcoming in the continuing effort to negotiate a solution.

Despite our efforts to promote a solution, Turkish and Turkish Cypriot actions since last November offer little hope that they are committed to a united Cyprus. Actions such as we have seen in the last week damage the prospects for unification in two ways. First, in the short-term, the exchange of envoys implies an increased Turkish commitment to Turkish Cypriot sovereignty, which is clearly incompatible with national reconciliation and a unified Cypriot Republic. Second, in the long term, Turkish and Turkish Cypriot actions since last November have further polarized the Cypriot community and heightened tensions between Greece and Turkey.

While this most recent move may have been intended to confront Greece and the Greek Cypriots with a fait accompli, thereby solidifying the Turkish Cypriot negotiating position, the practical effect has been to undermine efforts to achieve a negotiated solution. Indeed, the Secretary-General of the United Nations, Mr. Perez de Cuellar, has indicated that he deeply regrets these developments, which have placed current U.N. negotiating efforts in jeopardy.

The Turkish decision to recognized the so-called Turkish Republic of Northern Cyprus is in direct violation of Security Council Resolution 541, and the talks between Mr. Perez de Cuellar and Rauf Denktash, the leader of the Turkish Cypriots, would appear to be stalemated. As a result, we seem no closer to a resolution of this issue today than we were a decade ago.

Clearly, the continuing lack of progress can only cast a pall over the relationship between Turkey and the United States. The sending of a Turkish Ambassador to Nicosia completely ignores the expression of congressional sentiment contained in House Concurrent Resolution 220, which condemned the unilateral declaration of independence by the Turkish Cypriots last November. And it was made in spite of the fact that the United States has substantially increased aid to Turkey since President Reagan assumed office. In fiscal year 1985, for example, the President is requesting $934 million in economic and military aid for Turkey, more than twice the funding level when the Reagan administration took office.

In summary, Mr. Speaker, recent Turkish and Turkish Cypriot actions have damaged the prospects for national reconciliation, jeopardized U.N. efforts to resolve the conflict, and threaten to further damage good relations between Turkey and the United States. I am deeply troubled by these developments, and I sincerely hope that some moderation in the Turkish and Turkish Cypriot position will be forthcoming.

Until we see a more forthcoming position, I would have to oppose the ever higher levels of assistance to Turkey that President Reagan is recommending.●

● Mr. BLILEY. Mr. Speaker, we continue to hear about the situation on Cyprus from many people on all sides of the issues involved there, but one thing that remains as true today as it was 10 years ago is that the situation is not getting any better. There have been numerous talks under the auspices of the United Nation and there have been many missions from the United States. The result of all of these efforts at mediation has been a blatant attempt at permanent partition by the Government of Turkey.

Last fall, the day after President Reagan signed a foreign aid package to Turkey, the Turkish Cypriots declared their portion of the island an independent nation. They were able to get away with this secession because of the presence of 20,000 Turkish Army troops on Cyprus. This latest insult to the international effort to restore Cyprus as an independent and unified nation was a coldly calculated act that must not go unrecognized by our Nation. The fact that the newspapers of Greece and Cyprus carried the news of the secession right above the story about our $1 billion aid to Turkey had to have been planned by the Turks for maximum negative effect on our vital relations with Greece.

I am the first to acknowledge that Turkey is an important part of NATO. As such, Turkey needs to be helped and supported in its ability to resist any military or political moves by the Soviet Union. However, the strategic value of a nation does not replace its obligation to live by moral principles and to halt aggression upon and occupation of another nation's territory. Turkey refuses, despite all efforts of the world's diplomats, to withdraw from its occupation of Cyprus.

Mr. Speaker, I am disheartened by the actions of the Government of Turkey. I do not believe that the United States should deal with the continuing crisis in Cyprus in separation from its other dealings with Turkey. I shall do all that I can to see that Cyprus is reunified and returned to its former status as an independent nation which rules its own destiny and its own people.●

● Mr. PORTER. Mr. Speaker, I am deeply concerned about the situation on Cyprus. Ten years ago Turkish troops occupied the northern one-third of the island; 200,000 Greek Cypriots were uprooted from their homes, and our two allies in NATO were thrust into a deep emnity. In November 1983, a virtual independent state was declared by the Turkish Cypriots, and last month, after Turkish gunboats fired near Greek vessels, Greece recalled its ambassador from Turkey and put its armed forces on alert. And still, 20,000 Turkish troops occupy Northern Cyprus. The tragic situation seems to be worsening.

At a time when our country's strategic interests are clearly being threatened in the Middle East and Persian Gulf, Turkey with its need to defend its eastern borders with Syria, Iraq, Iran, and the Soviet Union, is distracted by its continuing fued with Greece to the West. Greece, on the other hand, has threatened to withdraw from NATO over our apparent indifference to the situation. Both countries are vital to secure NATO's southeastern flank. It is clear that finding a quick and equitable solution to the situation in Cyprus is crucial to American interests.

I commend my colleague, Mr. Feighan, for his efforts in allowing us this opportunity to reaffirm the commitment of the Congress toward finding a peaceful settlement for Cyprus. We must restate our determination to work for the freedom of all of Cyprus. In the past, Congress has endorsed rewarding cooperation and punishing intransigence in finding a peaceful solution to the matter. The International Security Assistance Act of 1978 which specified that "any future aid requests for Turkey be analyzed in terms of the steps Turkey has taken to facilitate a Cyprus settlement, with emphasis on removal of Turkish troops from Cyprus and the return of refugees to their homes." The linking of U.S. military aid to Turkey's assurance of continuing to seek settlement may be the best way of securing freedom for Cyrpus. Yet, since 1978, and especially in the past 2 years, military aid to Turkey has increased substantially. Indirectly, this aid is allowing Turkey to continue to keep its troops on Cyprus. It is time to carefully review our aid program in this light, and to make Turkish assurance of active cooperation in seeking a just settlement to the Cyprus problem a precondition for continuing further military aid.

I urge my colleagues to take note of the continuing suffering of Cypriots, the danger to NATO security, and the growing demand of the American people for a peaceful and speedy resolution to the stalemate on Cyprus. Freedom on Cyprus can only come with the removal of all foreign troops. When considering further military aid to Turkey, I urge you to also consider the impact that guarantees made for that aid can have on resolving this crisis.●

● Mr. EDGAR. Mr. Speaker, Congress deservedly devotes a good deal of time toward Middle Eastern affairs, yet events concerning Cyprus are often overlooked. Thus I am pleased to join my colleagues in a discussion of the current situation on Cyprus.

It has been a decade since Turkish troops invaded and partitioned Cyprus. Unfortunately, the island remains divided and there has been no decrease in tension; Turkish troops remain in northern Cyprus. Last year Turkish-Cypriot leaders illegally declared the creation of an independent state in Northern Cyprus, and this month the Turkish Government exchanged ambassadors with the so-called Turkish Republic of Northern Cyprus. While Turkey stands alone in its recognition of this "state," it is urgent that a negotiated solution is reached before this illegal partition becomes permanent.

Mr. Speaker, it is imperative that our Government make all possible attempts to assist the Government of the Republic of Cyprus in attempting to resolve the island's problems. It is in our strategic interest to see that this conflict, one that also involves Greece and Turkey, is ended and NATO's southern flank strengthened. Also, it is appropriate that we come to the aid of one of our most dependable allies in the Middle East. We need only look back to recent times to see what a dependable ally Cyprus has been. When the United States needed a base from which it could serve our marines in Lebanon, Cyprus was more than willing to grant us full access to its facilities. The Cypriot people have been staunch friends of the United States.

In November we passed House Concurrent Resolution 220, in which this House condemned the UDI. My comments at that time provide an important message:

> While talks on the reunificaton of Cyprus have been proceeding slowly, they have continued. Optimism has been particularly high since the accession of a democratically-elected government in Turkey last month. However, the Turkish-Cypriot community has now taken an unnecessary action which may lead to the permanent division of Cyprus into two hostile states. We must condemn this attempt to secede from the Republic of Cyprus: it destroys the country's territorial integrity and unity and it serves to make permanent the disruptions caused by the 1974 occupation of Cyprus, in which thousands of people were dislocated and others remain unaccounted for.

We must remember this situation as we consider this year's foreign aid bill, which includes large sums for Turkey. We have an interest in supporting Turkey as a vital part of NATO and an ally. However, we must also remember that the Turkish Government is the key to the resolution of the continuing standoff on Cyprus. The President of Cyprus, Mr. Kyprianou, has recently come forth with a comprehensive plan to resolve the conflict. Likewise, U.N. Secretary General Perez de Cuellar has been working for months to bring about a resumption of negotiations on the future of Cyprus. However, this willingness must be matched by the Turkish Cypriots if real progress is to be made. Mr. Speaker, I believe that this is the area in which the United States can be of assistance. We must find ways to spur all sides to sit down and negotiate an end to this prolonged and unfortunate crisis.●

● Mr. STUDDS. Mr. Speaker, I am pleased to participate in today's special order concerning the situation in Cyprus.

In 1974 Turkish military forces invaded the independent nation of Cyprus. This action, which was condemned by both the United Nations and the United States, initiated what has become a serious threat to peace in the eastern Mediterranean region.

For 10 years now, international bodies have repeatedly condemned this occupation and have called for the immediate disengagement of the military presence in Cyprus, and for 10 years the Government of Turkey has ignored these demands. On November 15, 1983, the Turkish occupation of nearly one-third the entire island was solidified by the illegal declaration of the region as an "independent" state.

Yet, despite its undeniable involvement in this act, Turkey continues to be the third largest recipient of U.S. military aid. I am well aware that Turkey plays a vital role as an ally in a critical area of the world. I am also aware that expressing support of this nation by reauthorizing current levels of military aid implicitly condones Turkey's violations of international law and pursuit of a policy of aggression against another dependable U.S. ally.

When the House Foreign Affairs Committee considered President Reagan's request for continued military aid to Turkey, I reluctantly supported a compromise agreement allowing that aid to move forward because of signs of progress toward negotiations. However, a number of us on the committee intend to seriously reexamine that decision when the foreign aid bill reaches the floor in several weeks, and will base our final determination on military aid for Turkey on specific progress toward a solution to the Cyprus problem. I urge my colleagues to join me in monitoring very closely developments in this regard, and to consider what concrete steps have been taken for peace before any military aid to Turkey is approved.●

● Mr. ASPIN. Mr. Speaker, it has been a decade now since Turkish troops landed on Cyprus and the island was effectively divided in two. It has been 21 years since intercommunal fighting broke out and the first steps toward partition began. One might say that this is a problem that is now coming of age.

Last November 15, the leadership of the Turkish-Cypriot community issued what it called a declaration of independence in an attempt to secede from the Republic of Cyprus. Apart from the Government in Ankara, no government has recognized this secession. In fact, it has been condemned almost universally. I am happy to see that the Reagan administration has made known its displeasure, as has the United Nations.

The solution to the wrenching problems of divided Cyprus will not be found in yet deeper division. The islanders share one small island; that is a fact that all the secessionist declarations in the world cannot alter.

I would hope that the Congress would go on record as supporting the territorial integrity of Cyprus and opposing its bifurcation.

Vocal declarations of support for the central Government—the internationally recognized Government—of Cyprus are important for another reason as well. As a member of the House Armed Services Committee, I would like to highlight this other reason for Members who may not be aware of it. During the deployment of our marines in Lebanon, the Government of Cyprus went out of its way to be helpful. It made available to our Armed Forces the airport at Larnaca, without which we could not have so easily moved mail, medicines and supplies to our task force off Beirut. Throughout the world, many countries—including nations allied to us by treaty—refused to help. Now, many of us were unhappy with the administration's Lebanon policy. But I think it is very important to remember that despite the controversy of that policy domestically and abroad, the Government of Cyprus was willing to brave criticism and help us to reduce the cost and complexity of that deployment. Governments willing to be of such assistance should not lightly be pushed aside or ignored when they ask for our assistance.

Right now, the assistance that the Government of Cyprus requests is very modest. It simply wants our support for the principle of a united Cyprus. We should give that support mainly because it is the right thing to do, because a policy of partition is no solution for the travails that bedevil that island. And we should give that support enthusiastically, loudly, and unstintingly because Cyprus stood by us when it was not always the popular thing to do. If we are to expect other small countries to stand by us in the future, they must know they can expect our unswerving support when they are right.

Mr. Speaker, I will not pretend to outline a constitutional resolution for the problems of Cyprus. That is not for me or for the American Government to do. A settlement in Cyprus must be worked out by the communities that live on Cyprus, not by us or any other outside powers. But the hopes for settlement are not enhanced by secessionist declarations. The hopes for settlement can be improved as the nations of the world, and the United States, make abundantly clear that we are not about to accept that secession.●

● Mrs. BOXER. Mr. Speaker, 10 years have passed since the army of the Republic of Turkey invaded the sovereign Republic of Cyprus on the pretext that they were protecting the rights of their Turkish minority compatriots. The dimensions of this so-called protection of Turkish minority rights have been continually expanded since that tragic day. Just recently Turkey exchanged Ambassadors with the political entity they forcibly created on the territory of the Republic of Cyprus.

Can we in good conscience stand by while Turkey uses the military assistance we provided for offensive purposes when they are only supposed to use our assistance for defensive purpose? Can we stand by while Turkey expels the inhabitants of Cyprus, wipes out every trace of their history and culture, and de facto incorporates this land into itself with the importation of thousands of colonists? I think that we cannot.

As the major supplier of arms and technical support for the Turkish military we share responsibility for their actions. We must take positive steps to end this blatant aggression or end our assistance to Turkey. That is why I strongly support House Resolution 4505, a bill that would terminate our assistance program to Turkey unless action is taken to revoke the illegal declaration of independence of the rump Turkish state of Cyprus. As I wrote in testimony before the Foreign Affairs Subcommittee on Europe and the Middle East:

> The only legal and responsible course to take in this situation is to insist that the military assistance we provide be used for defensive purposes only, and not in support of blatant aggression. This principle must be the cornerstone of our policy.

The continuing partition of Cyprus is a personal tragedy for many of my constituents whose own families have suffered exile from their homes and the destruction of their historic and religious sites on Cyprus. It seems unmistakably clear to me that the Turkish Government by its recent establishment of diplomatic relations with its puppet republic has no intention of respecting the integrity of Cyprus and is unlikely do do so unless we take stern action to remind them that it is not our policy to reward military invasions and occupations with out military and economic assistance.●

● Mr. MATSUI. Mr. Speaker, I rise today to address an issue that is of vital importance to U.S. interests and to international peace as a whole: the situation in Cyprus.

Since 1974, Turkish troops have illegally occupied a portion of the sovereign nation of Cyprus. Regardless of U.S. and U.N. efforts, Turkey has shown little indication of willingness to withdraw from the island. Considering the circumstances, the United States must send a strong and clear message to the Government of Turkey that meaningful negotiations must begin immediately.

In an effort to provide adequate pressure, I believe the United States must inform Turkey that future aid will specifically depend on Turkey's willingness to begin negotiating a peaceful resolution to the Cyprus problems. Aid should be conditioned on the resumption of U.N. negotiations and progress in settling the conflict based on democratic principles of majority rule with full minority rights. In addition, it should be stressed that all Turkish military forces in excess of those permitted by the 1959 Treaty of Alliance should be withdrawn from Cyprus and necessary steps taken to reverse the declaration of an independent state in Northern Cyprus.

While these steps are justifiable solely on the basis of human and civil rights for the people of Cyprus, it is also important to remember that Cyprus is of significant strategic importance to the Western nations. It is part of the southeastern flank of NATO, and there are two British bases and a U.S. radar base on the island. These bases provide important assistance to NATO and Western interests in the area, including the operation of surveillance flights and over the horizon monitoring of Soviet nuclear launches.

Considering the gravity of the circumstances, the United States must strongly express its dissatisfaction over the current situation. It is my hope that by specific and emphatic action, we can convince the Turkish Government to reconsider its precipitous and unwise actions.●

● Mr. IRELAND. Mr. Speaker, the stability and security of our southern flank in Europe is being undermined by the tension between two of our important allies—Greece and Turkey. One of the most serious problems contributing to this tension is the conflict regarding Cyprus. A mutually, satisfactory reconciliation of differences regarding Cyprus could resolve this problem.

Unfortunately, last November Rauf Denktash exacerbated the problem by declaring a separate and independent Turkish-Cypriot state. This declaration was uniformly condemned by the world community because it sought to foster secession from the recognized Republic of Cyprus and to destroy its territorial integrity and unity. President Reagan condemned the declaration and called for its nonrecognition and reversal. Both Houses of Congress, also, condemned the declaration and called for its nonrecognition and reversal. In Resolution 541, the Security Council of the United Nations deplored the declaration as a "legally invalid" act and called for its nonrecognition and reversal. The European Community, the Council of Europe and the European Parliament condemned it as well.

One country stood alone in support of this declaration—Turkey. In addition, Turkey continues to subsidize the Turkish-Cypriot community and maintains thousands of troops over 37 percent of the island, which protects this declaration. Without this support the Turkish Cypriots would be forced to work for a political reunification of their country with the Greek Cypriots.

The United States can play a role in resolving this problem which affects our own security. Through our foreign assistance to Turkey, we can send a clear message to Turkey that they must begin to work for a resolution of this question as opposed to supporting a division between these two communities.

Therefore, when the House considers the foreign assistance bill, I will work for such a clear message.●

NEW ERA FOR ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 10 minutes.

● Mr. CORCORAN. Mr. Speaker, I am introducing the New Economic Recovery Act of 1984 today to usher in a new era of economic growth. We can credit our country's surprisingly rapid economic recovery to reduced inflation and the impact of the Economic Recovery Tax Act of 1981, both results of the leadership of President Reagan. President Reagan took a lesson from the books of President Kennedy, reducing taxes and stimulating saving, consumption, and investment—all essentials of a healthy economy.

The new era bill is geared toward business investment and growth. It would amend the Internal Revenue Code to reduce all levels of corporate income tax rates, collapsing the five existing rate categories into three. Section 11(b) of the Internal Revenue Code currently taxes corporate income at rates of: 46 percent for income in excess of $100,000; 40 percent for income between $75,001 and $100,000; 30 percent between $50,001 and $75,000; 18 percent between $25,001 and $50,000; and 15 percent for income not in excess of $25,000. My bill would tax corporate income at rates of: 36 percent for income in excess of $100,000; 24 percent for income between $50,001 and $100,000; and 12 percent for income not in excess of $50,000.

In addition to simplifying taxes, an advantage in and of itself, new era would promote the private sector growth necessary to the creation of jobs and reduction of unemployment. When we reduce the tax on corporate income, we free up capital for investment, modernization, research and development, hiring—in short, for economic prosperity.

A most popular misconception exists that corporations do not share equally the tax burdens of America. Abysmal corporate profits explain all too well reduced corporate tax revenues of recent years. The decline in corporate tax receipts as a proportion of total Federal tax receipts reflects the long-term reduction of corporate profits as a share of our national income and the incredible growth of payroll tax burdens on employers and workers. In less than 25 years, payroll tax receipts have increased from 18 percent of total receipts to over 33 percent.

That businesses have not been able to absorb the disastrous effects of three recessions in just 8 years is evident from a study of key indicators of corporate financial strength. According to the New York Stock Exchange Office of Economic Research, corporate profits were down to 6.6 percent in the first three quarters of 1982, from an average of almost 10 percent in the seventies and almost 13 percent in the 1964 to 1969 period, reflecting a steady and sharp decline. Short-term debt is up, requiring constant repayment or debt rollover, and the interest coverage ratio—the ratio of interest liabilities to corporate profits—reach all time lows in 1980, 1981, and again in the first three quarters of 1982. This means that interest payments relative to corporate profits have greatly increased, placing a strain on businesses' ability to finance debt obligations. In short, corporations are more in debt with less ability to handle that debt. Debt-equity ratios have also deteriorated, making it difficult to find additional financing. The sorry state of corporate finances is most painfully reflected in the levels of business failure in 1981 and 1982, the highest rates in half a century.

There are many sources for this financial strain—the recessions, burgeoning Federal budget growth and accompanying crowding out of private investment, tax biases toward debt financing, inflation and deflation, high and volatile interest rates—you name it. The solutions are more difficult to locate, but a key element must be to ease the pressure toward debt by returning money to the businesses. This will improve cash-flow, alleviate the need for borrowing, reduce the pressure of continuing high interest rates, and increase ability to finance existing debt.

In the short term, a reduction in corporate tax rates will doubtless lead to some revenue loss to the Treasury, but the long-term increase in economic growth will provide a more stable and profitable source of revenue growth than does a policy that continues to encourage business failure, with attendant job and revenue losses.

Some of my colleagues point to the deficit and cry out for tax increases, a foolhardy step just as our economy is beginning to revive. Such increases would, in the short run, raise revenues, but in the long run we would choke our fledgling recovery and set into motion another cycle of economic devastation.

I hope my colleagues will consider the evidence of the past and stay with the course President Reagan set for us in 1981, a course of private sector recovery combined with spending control—a course that we know works. My bill follows this path, and I urge my colleagues to support my bill and a new era of growth.

Mr. Speaker, for the benefit of our colleagues, I would like to include in the Record at this point the text of the bill I am introducing today.

H.R. 5506

A bill to amend the Internal Revenue Code of 1954 to reduce the rates of income tax on corporations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "New Economic Recovery Act of 1984".

SEC. 2. RATES OF INCOME TAX IMPOSED ON CORPORATIONS REDUCED.

(a) In General.—Subsection (b) of section 11 of the Internal Revenue Code of 1954 (relating to amount of income tax imposed on corporations) is amended to read as follows:

"(b) Amount of Tax.—The amount of tax imposed by subsection (a) shall be the sum of—

"(1) 12 percent of so much of the taxable income as does not exceed, $50,000;

"(2) 24 percent of so much of the taxable income as exceeds, $50,000 but does not exceed $100,000; plus

"(3) 36 percent of so much of the taxable income as exceeds $100,000."

(b) Effective Date.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 1983.●

PRO-AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Philip M. Crane) is recognized for 30 minutes.

● Mr. PHILIP M. CRANE. Mr. Speaker, I would like to call your attention to the work of an organization that deserves recognition for its many contributions to the preservation of the principles upon which our Nation was founded.

The organization to which I refer is Pro-America, a nonpartisan organization of women volunteers founded in 1933 by Mrs. Theodore Roosevelt. Organized to support the principles of the Constitution and its traditional ideals and values, Pro-America accomplishes this by:

First, combating all destructive influences which would imperil the sacred heritage of liberty bequeathed the Nation by its Founding Fathers.

Second, establishing educational programs.

Third, supporting legislation which is consistent with the intent of the Constitution and the Bill of Rights.

Fourth, participating in the election process through the identification and support of truly qualified candidates.

Fifth, giving input to the executive branch and the U.S. Congress on issues of concern to the membership of Pro-America.

Sixth, addressing State legislators and local officials on issues of concern to the members of Pro-America.

The organization has developed Pro-America resolutions which constitute its policies. Hours of study and deliberation go into the writing of these resolutions, and every effort is made to formulate ones which will stand the test of time.

Following are a few of the many principles Pro-America seeks to preserve. These resolutions were adopted at the Pro-America national board meeting in 1983.

Pro-America believes that as an immediate strategic objective, the U.S. Government should use its space technology to accomplish the following:

Reverse the adverse trends in the strategic weapons balance;

Replace the failed strategy of mutual assured destruction with a strategy of assured survival and peace through strength;

Provide both protection and incentive for U.S. industry to tap the enormous industrial potentials of space; and

Adopt the high frontier concept which fulfills these objectives.

The National Association of Pro America:

Opposes a nuclear freeze and continues to advocate a buildup of all areas of defense to convince the Soviets that they could not win a war against the United States.

Recognizes the involvement of the Soviet Union in terrorist activities throughout the world as well as the role of the Soviets as instigator/motivator behind so-called peace groups, and deplores any action by U.S. citizens which lends credibility to such activities as detrimental to the national security of the United States.

Seeks to educate the general public by publicizing the subversive actions of the Soviet Union, Soviet agents and other misguided individuals in order to preserve the security of the United States and its citizens.

Demands that our Government, as a first step toward world peace, end "most favored nation" status, cancel all loan guarantees, cut off further credit, rigidly enforce the espionage laws to prevent theft or smuggling, and bring an immediate end to this suicidal and treasonous transfer of technology and technical expertise to the world's largest arms producer and threat to peace, the Soviet Union and all other Communist nations.

Supports all efforts to oppose and expose the Soviet active measures, especially in the nuclear freeze movement.

Supports the liberty amendment.

Opposes the equal rights amendment.

Urges the administration to honor the Taiwan Relations Act.

Supports complete suspension of funding for the Asian Development Bank if Taiwan is ousted.

Opposes abortion.

I would like to take this opportunity to commend Pro-America for its dedication and perseverance in upholding the ideals our Founding Fathers advanced. I would personally like to thank all those involved with Pro-America for their unending support and ability to keep the faith in the face of great adversity. These individuals, who have given so freely of their time, should be saluted for their hard work and enthusiasm. I wish them success in continuing this vital service, guided by the traditional values promulgated by our Founding Fathers.●

PERSONAL EXPLANATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. BATEMAN) is recognized for 5 minutes.

● Mr. **BATEMAN**. Mr. Speaker, I was unavoidably absent yesterday for rollcall No. 91, which was final passage of S. 373, the Arctic Research and Policy Act of 1984. I am a supporter of this bill, which in its present form is the product of both of the committees on which I serve, the Committee on Science and Technology and the Committee on Merchant Marine and Fisheries. I would like the record to reflect that if I had been present I would have voted "Aye."●

FREEDOM AND DEFENSE OF THIS COUNTRY

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 60 minutes.

Mr. **BURTON** of Indiana. Mr. Speaker, many times we hear a lot of unnecessary rhetoric on this floor, and I do not like to participate in that. However, there are two areas in which I feel a great deal of concern and those areas are the subjects of my special order tonight. One is freedom and the other is the defense of this country and the immediate threat to our security and freedom by problems that originate very close to our borders.

Mr. Speaker, I was recently watching "ABC World News Tonight" and heard a very interesting account of the Vietnamese boat people, who continue to try to escape Communist tyranny by the sea. The newsman on this show, Peter Jennings, remarked about how horrible the Thai pirates are: Of the 138 boats which reached Thailand, 77 had been attacked by Thai pirates. Since 1981 more than 500 refugees, mostly young women, have been abducted by the pirates, most all were raped and then either thrown overboard to drown or sold into prostitution. The U.S. Committee on Refugees says something must be done to help the Government of Thailand's efforts to stop piracy or it will never end. I agree.

Equally horrendous, however, are the atrocities perpetrated on the Vietnamese by the Communists who have taken over the country.

I believe these barbarous acts are clearly described by Nuygen Vu, who is a very young man who escaped to freedom from Vietnam. Nuygen Vu was one of those boat people. Three years ago his family was one of the lucky ones that made it to the United States and ended up in College Park, GA. Nuygen Vu is now in the fifth grade. I would like to read to my colleagues the essay he wrote and read before the Georgia Association of Educators, and I quote:

> Sometimes I wake up in the middle of the night and wonder whether I'm in Vietnam or in America. I can't believe that I'm in an American school with wonderful teachers and friends—have I forgotten everything? I store it in my heart day after day. That's the suffering I experienced during my early childhood. When I was four, just like other children, I had a family, we had a happy life, but one day something happened to us. It was like a mean storm took away our happiness.
>
> The Communists conquered South Vietnam after the Americans left, and my parents worried how life would be. I could see wrinkles come over their faces. In 1975 the Communists took my father to a concentration camp, we did not have enough food to eat so we saved what food we had for my mother so she could eat and work. We only had one meal a day. Sometimes I was so hungry I would sneak into my mother's kitchen and have a spoon of soup. I looked at the weary faces of my relatives. Everyone was tired and hungry. There was no food at all except leaves from the trees. I often went to school hungry, but I studied hard to make my mother happy, because she told me we are poor, but if you want to have a brighter future you must study very hard. I thought that a boy like me coming to USA was like a Christian going to Heaven. I believe that we would never make it, but after two failures we finally escaped to America.
>
> I love America as I did my own country. I don't have to worry about someone taking my father to prison unjustly or stopping me from leaving. I have the right to stand as tall as everybody else. I wish I could tell every American how truly precious their freedom is and not to take it for granted.

Mr. Speaker, this young 9-year-old boy is proud to be in America. He can stand tall. He can go to school and learn. He can eat and not be hungry. He is free.

Sometimes, as Americans, we do not realize just how lucky we are. We do not realize how horrible it is to live under Communist rule. We do not realize how it feels to have hunger pains, to have one of our parents taken away to a concentration camp, or to live in fear of another attack on our towns and our families.

☐ 1950

THINGS THAT GO KABOOM

Another issue that was brought to my attention just today by one of my friends in the House was an article that was written by R. Emmet Tyrell, Jr., in the Washington Post on April 23, 1984, and the title of that article was "Things That Go Kaboom." I would like to read just a little bit of that article to you because I think it bears upon the freedom I just talked about that this young Vietnamese boy has finally attained by coming to the United States of America.

> How very much like our 535 U.S. Congressmen and Senators are those sadly unappreciated mines now floating in Puerto Corinto, Puerto Sandino, and El Bluff off the progressive Nicaraguan coast, and how curious it is that so many of these 535 Machiavels now rail against them. These are mines whose only talent is to let off shocking fortissimos of noise. They do not sink ships. They hardly damage them. All they do is fulminate, and yet they have been the object of indignant yells from Congressmen and Senators, many of whom are themselves mere fulminators.
>
> Our loud and theatrical Congressmen cannot effect a balanced budget. They cannot cut the deficit. They cannot stop the spread of unfriendly Marxist regimes in Central America. All they can do is go kaboom when they brush up against a genuine question of American national interest, much as our mines merely go kaboom when they brush up against a ship laden with arms to strengthen Nicaragua's anti-American regime or El Salvador's anti-American rebels.
>
> These mines, or course, destroy themselves during their great glorious outbursts, and it is not unthinkable that our noisy Machiavels are destroying themselves too. The American electorate is not going to be pleased when faced with the increased danger of Central American bases abounding in Soviet missiles, guerrilla fighters and terrorists.
>
> In Central America there is a growing threat to American Security, very few interested observers remain in doubt as to this. According to the bipartisan Kissinger Commission Report, "The Commission encountered no leader in Central America, including democratic and unarmed Costa Rica; who did not express deep foreboding about the impact of a militarized, totalitarian Nicaragua on the peace and security of the entire region." To be ignorant of this danger

one has to be a left-wing ideologue or a self-righteous inhabitant of Capitol Hill.

Of course, all those who voted last week against our involvement in mining Nicaraguan ports solemnly claim that they will not allow another Cuba in Central America. Senator Christopher Dodd (D-Conn.) said it himself last April 27 when, in delivering the Democrats' response, he proclaimed, "We will oppose the establishment of Marxist states in Central America."

Well, on what ground can he and his colleagues make good on his promises? If, as they say, international law proscribes us from assisting the Nicaraguan freedom fighters in mining Nicaraguan ports, what sacred passage in international law will allow them to "oppose the establishment of Marxist States in Central America"? Furthermore, how are they going to "oppose" the establishment of these states by exploding in oratory on Capitol Hill?

On ABC's "This Week With David Brinkley," Senator Patrick Leahy (D-Vt) went so far as to say that were Nicaragua to allow the emplacement of Soviet missile sites, "We would have the opportunity, in fact the right, to go in and remove that."

Well, if international law bars us from stopping hostile shipping into Nicaragua, how will Senator Leahy justify the immensely more costly and dangerous task of removing missile sites—Soviet missile sites from that area?

Comes that grim day when the Soviets do in Nicaragua what they have done in Cuba, the Machiavels of Capitol Hill will lose themselves again in oratory and pettifoggery. That is all. The fact is they do not want to do anything about the growing danger in our hemisphere. They lack the pluck. They believe in what we might call the enduring present, a present that finds them very comfortable and unbothered about tomorrow.

Thus, there is farce. In Central America others fight our battles. On Capitol Hill the orators thunder against the CIA, as though it were our enemy. Last week as money ran out for those Nicaraguan freedom fighters who might bring to their country the peace our troops brought to Grenada, the Capitol Hill Machiavels indulged their appetite for noise and theater by pursuing the vexed procedural question of who in the CIA had told whom in Congress about what and in how many sentences.

Senator Daniel Moynihan, Democrat of New York, says the CIA vouchsafed him but one sentence, that is, and so he will resign as vice chairman of the Senate Select Committee on Intelligence. How many sentences would have prevented this calamity, and how many words per sentence, the Senator did not divulge. Meanwhile, the wars in Central America spread.

Freedom is directly tied to the stopping of Communist aggression, not only in our hemisphere but throughout the rest of the world. This young Vietnamese refugee who is not in the United States and who enjoys freedom summed it up very well in the last sentence of his speech when he gave it in Georgia. I would like to once again repeat that:

> I wish I could tell every American how truly precious their freedom is and to not take it for granted.

We must address these issues in our hemisphere. Otherwise, our freedom is jeopardized.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER pro tempore (Mr. Murtha). The Chair would remind the gentleman from Indiana that he should not mention, under the rules of the House, Members of the other body by name or quote Members in the other body.

Mr. BURTON of Indiana. Mr. Speaker, I was not aware that I could not read a newspaper article that named those. Is that a fact?

I know I cannot mention them in my speech, but when quoting a newspaper article, is it permissible?

The SPEAKER pro tempore. The rule still applies.

Mr. BURTON of Indiana. Well, I stand corrected. I thank the Chair.

SYNTHETIC FUELS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Michel) is recognized for 15 minutes.

● Mr. MICHEL. Mr. Speaker, my colleague from Illinois, Tom Corcoran, has devoted considerable attention to the synthetic fuels program during his 6 years on the Energy and Commerce Committee. When congressional interest in promoting domestic production of synthetic fuels heightened in 1979, Tom represented Republican members of the old Energy and Power Subcommittee in Interstate and Foreign Commerce Committee deliberations on various proposals. Today, as the senior Republican member of the Energy and Commerce Committee's Subcommittee on Fossil and Synthetic Fuels, Tom continues to evaluate the synfuels program now administered by the independent Federal Synthetic Fuels Corporation.

On Tuesday, April 24, the synthetic fuels group of the American Petroleum Institute had the opportunity to discuss synfuels policy with Tom, and I insert his address in the Record at this point:

Synfuels—A Middle Course Address by Congressman Tom Corcoran

Synthetic Fuels. Before we ask, "Where is it going?", let's ask, "Where has it been?"

In 1979 I voted for a $3 billion research and development bill produced by the House Banking Committee as an amendment to the Defense Production Act.

It was argued, and I agreed, that the national security would be advanced by publicly-sponsored research into how to produce liquid transportation fuels from our domestic resources of coal.

Shortly after that modest (only in Washington is $3 billion "modest") bill passed the House, several events occurred:

1. The Iranian Revolution and subsequent import disruptions,
2. The Election Year, and
3. Jimmy Carter caught "malaise".

The result was the Congress overreacted to the Iranian Revolution and was looking to "do something". The modest $3 billion R&D bill became a huge $80 plus billion "Commercialization" bill. Where was the usual caution that can slow down a "new idea" until it can be examined? The Election Year had the Carter White House focusing on methods to avoid electoral losses in oil and gas producing states without creating losses in consuming states—and spending a great deal of public money usually is the answer. And, to overcome "malaise", something very big was necessary.

The Senate added billions and billions to the bill as one committee after another competed to outdo the other. Remember, this was a bill which would surely be signed into law and so it tended to attract all of the pet projects which never could command enough support on their own. The bill grew to a final tally of roughly $93 billion, with $88 billion for synfuels.

In as brief a story as I can retell it, that's the atmosphere in which Congress created the Energy Security Act. I voted against the final conference report not just because of the high price tag but also because the central mission of the original bill had been lost in the frenzy.

It is no surprise to many in this room that I am no supporter of the Energy Security Act, but you may well be surprised to know that I am a supporter of government-funded research for synthetic fuels. I introduced a bill a year ago that would realign the mission of the SFC to research and development and reduce its budget to $3 billion.

As I noted, one reason the Energy Security Act became law and the Synthetic Fuels Corporation was created was to accelerate development of a synthetic fuels industry in America so that we could back out foreign oil. In 1978, you may recall, we were dependent upon imports for 42 percent of our oil supply, and in the aftermath of the revolution in Iran we became painfully aware of what that extent of dependence meant. Synfuels were seen by many as a substantial element in reducing our import dependence.

Since 1979 and 1980, the portion of our oil supply which is imported has dramatically declined, to 34 percent in 1981 and, at the present time, to 29 percent, according to the Department of Energy's Energy Information Administration. Still, with increased energy demand due to the continuing strong economic recovery quite likely resulting in higher imports, especially with the equivalent of a million barrels of oil a day in natural gas supplies being "shut in" (according to Energy Department testimony not long ago), there is concern that another devastating "oil crisis" could occur. That is the most common justification offered by those who say we need the Synthetic Fuels Corporation as it was constituted by Congress in 1980. I disagree. Massive subsidies to synfuels projects are not the way to energy security.

Imported oil is the marginal supply, and its cost is thus higher than domestic supplies—about $29 a barrel today. Synthetic fuels will never be substituted for imports on a permanent basis unless they are less expensive. Contemporary synfuels technologies yield products costing more than twice as much as imported oil's current price. Even if oil import prices go up, they will undoubtedly be far lower than the $70-$80 a barrel price of synthetic oil from coal or the $67 a barrel shale oil price. Synfuels simply cannot be competitively priced when produced with current technology.

What we must do, I believe, is to restructure the federal synfuels program, investing in research on and development of technologies which may yield cost-competitive synthetic fuels. Spending $15 billion on subsidies under the present Synthetic Fuels Corporation mandate does not provide the market test needed to ensure that synfuels will play a long-term role in our energy future.

I am no supporter of the current synthetic fuel program but am no opponent of synthetic fuels or even of government support for them. My view is simply this:

1. That Congress was not at its best when it wrote the Energy Security Act and it ought to amend it;

2. That the energy market has become substantially more competitive as a result of oil decontrol, a policy I supported wholeheartedly;

3. That every investor in any new energy project, but especially high-risk ventures, needs to keep one eye on the market and another on its costs;

4. That technologies that seemed ready for commercialization in the expectation of ever-rising energy prices may not be ready at all for the tougher reality of the energy market of the 1980's and 1990's; and

That the public will tolerate high government spending for only so long without demanding an accounting. Every program better be ready to pass the test at the time given.

Does that sound like the opinion of "one of the most vociferous critics of the Syn-Fuels Corporation" as the Oil Daily called me in February? Or does it sound like any prudent member of one of your Boards of Directors meetings to discuss a potential investment in synthetic fuels?

I want to pause a moment and ask you to imagine yourself in my shoes, a Congressman with taxpayers worried about the prospects of even higher taxes if the government cannot control its spending. But also consider yourself as a Director of the SFC who believes—as I do—that some role for Federal spending is appropriate but who is limited to "commercialization" when the very best scientists tell you that further research is necessary.

There is indeed a middle course. It is my basic theme today to tell you that the Energy Security Act needs to be amended not just to save Federal funds but in fact to save the synfuels program.

There is support for synfuels research among those taxpayers I represent because they believe—as I do—that at some point this country may well need to tap the huge resources of domestic energy trapped today. But moving too fast with too much ambition and too little homework will endanger the support for synfuels research.

Let me try to explain the current unrest with synfuels on Capitol Hill. First I believe that the design of the current program—its huge fund, the concentration on commercialization—is the heart of the problem.

The allegations of malfeasance, of misdirection and of mismanagement by the SFC all add to the theater of Congress' current disfavor with its own child. I have to admit it's more than a bit fickle, if not phony, for Congress to gush $93 billion on synfuels in 1980 and rush to renege four years later.

All the focus on "the personalities and the peccadilloes" disturbs me more than you may realize. It removes the focus of the debate from the policy, which I would like to see seriously explored, to one of personnel.

What I would like to impress upon you is that if the current program is never amended by Congress, or to the extent possible by real leadership at the SFC, then the program will ultimately fail. And this failure will mean a loss not just of public monies on technologies not ready for the rigors of highly competitive world market, but also loss of the public's confidence. Support for any program can, over time, grow so thin that it goes beyond rescue, beyond salvage, beyond realignment. The Clinch River Breeder reactor is a perfect example. When that happens, those of us who argued to replace the program with one capable of passing the test of the market and of the public trust will also have failed.

I supported the Clinch River Breeder Reactor for many years, and still do. I am a supporter because I believe that America needs to invest in maintaining its leadership in nuclear power and Clinch River is the kind of research and development project that will help us to do that. Yet this Congress, despite support from the President and his Secretary of Energy, killed funding for Clinch River. Some say it was because its most visible supporter, senator Howard Baker, became a lame duck when he announced his retirement. Well, Senator Baker would have retired one day. No, I believe the reason is that the opponents of Clinch River had a long-term strategy to cut its funding while the supporters of the Breeder Reactor stayed on the defensive, playing brinksmanship. "Toughing it out" isn't necessarily the wiser course than compromise in politics, especially when you forfeit the middle ground.

Support for Synfuels in Congress can go the same way. But it need not.

Here is my suggestion. Realign the synfuels program to sponsor the research necessary to refine various technologies so that when the market genuinely is ready, the technology will be. A new plan for synfuels that acknowledges the competitive market which exists for all energy types will be much healthier for the synfuels industry in the long run.

The Synthetic Fuels Corporation could start this reexamination. By June 30, the SFC is required to submit to Congress the "comprehensive strategy" for how it will meet the goals established by the Energy Security Act. Why not add a more timely challenge—why not plan to meet the challenges of the market and of the public trust by proposing to Congress that more research and development is needed and that "commercialization" in this country ought to mean the private sector.

Today there are 186 co-sponsors of a bill, introduced by Congressman Howard Wolpe, to suspend all SFC funding until both Houses of Congress approve the comprehensive strategy by joint resolution. Many of these co-sponsors, myself included, would support a realigned synthetic fuels program while others opposed the Clinch River Breeder Reactor. The point is that a near majority of the House of Representatives is showing its disapproval of the current program. Why shouldn't supporters of synfuels come forward with their own alternative?

This may well return support for the synfuels program to Congress. As of now, support is waning. Chairman John Dingell has called for the resignation of two SFC Board members, (Messrs. Noble and Thompson), while the White House has announced its intention to nominate one replacement, Eric Reichl, who Energy Daily called a "Synfuels virtuoso."

Since the SFC must have four board members to constitute a quorum, isn't that just one step forward, two steps back?

I want to leave you with this one observation. The Energy Security Act, a $93 billion overreaction of government intervention into the energy industry, was created during the tempest of the Carter-Mondale reelection effort of 1980. But candidates Walter Mondale and Gary Hart, both supporters of government intervention in the energy markets generally, have come out for abolishing the SFC.

I believe that the policy of the synfuels program should be changed. If it is not, it may not survive for long.

It may seem that the SFC is ready to commit nearly all its $15 billion and that supporters of synfuels would be foolhardy to "cut a deal" on the advent of such a large check in the mail. Remember Clinch River—those funds were cut years after private money was expended after one ironclad promise of government after another. Don't be so sure the check won't bounce.

As we say on Capitol Hill: When you don't have the votes, cut a deal. When you cut a deal early, you get a better deal.

Think about it.●

SMALL BUSINESSES SAY NO TO CREDIT CARD SURCHARGES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, the battle over whether credit card surcharges should be banned is often put in the context of big against little, with those in favor of surcharges claiming that surcharges are the only way small merchants can fairly recover the allegedly burdensome costs of credit cards imposed by the large credit card issuers. Nothing could be further from the truth, and my mail on this issue is proof of this.

Those who favor credit card surcharges claim that cash customers subsidize credit card customers because merchants must pay a merchant discount, or fee, to the credit card issuer for honoring a credit card. A Federal Reserve study claims this fee typically ranges between 1 and 5 percent of the amount of the charge. According to surcharge proponents, this amount is passed along to all customers in the form of higher prices. Surcharge proponents make this claim even though the Federal Reserve found that the cost of credit represents only 1 percent of the retail price of an item. For many merchants, the cost is even less, as low as one-half of 1 percent.

Merchants are supposedly in favor of surcharges because it would permit them to allocate the so-called hidden costs of credit cards to the affluent credit card customers from the less affluent customers. In the eyes of the surcharge proponents, surcharges would enable merchants to stop having the poor subsidizing the rich.

What do merchants think of surcharges? After all, why would merchants want to anger their cash customers by making them pay for a service they do not receive? In a broader context, do merchants anger their pedestrian customers by offering free parking to customers who use the parking lot free of charge? Or are both of these costs borne by merchants to attract and serve customers?

The letters that I have received from merchants indicate that the small merchants of America oppose credit card surcharges. These merchants are the backbone of the retailing industry. They know what is beneficial for their businesses and their customers and they oppose credit card surcharges.

Consider a letter I have received from the Professional Cleaners' Association. This trade association represents carpet, furniture, and drapery cleaners in all 50 States. It opposes credit card surcharges:

> Surcharge legislation would increase consumer costs * * * since small companies * * * would be forced to carry burdensome accounts receivable, stand bad check losses and suffer collection costs associated with credit operations. These cumulative costs would, in our opinion, far exceed the 5 percent to 6 percent range.

For this group of small merchants, the impact of surcharges would be immeasurably damaging and would inevitably lead to overall loss of business and higher consumer prices.

The Chicagoland Bowling Proprietors Association also opposes credit card surcharges. The association, which represents over 130 bowling establishments with more than 250,000 bowlers in the Chicago area, believes that Congress should "permanently ban any surcharge of any type on credit card purchases."

Individual businesses have written in opposition to surcharges as well. Linwood M. Aron, a real estate appraisers and consultant from Richmond, VA, wrote that "a surcharge on charges made on credit cards is both arbitrary and inflationary." Larry E. Dixon, president of MAP International of Wheaton, IL, points out that for travelers "it would be extremely difficult to depend on carrying cash and traveler's checks."

Small businesses are not fooled by the rhetoric emanating from the proponents of credit card surcharges. They know that surcharges are a bad idea for consumers, and a bad idea for businesses. It is time that surcharge proponents start listening to those businesses who they seek to help by allowing surcharges, and start understanding what those businesses are saying: Vote no on surcharges!●

MARY GAIL BLACK: A GREAT CITIZEN OF SAN LUIS OBISPO

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, on April 27, the San Luis Obispo Democratic Central Committee will pay tribute to Mary Gail Black, a great citizen of San Luis Obispo who has made enormous contributions to the community since she moved there several decades ago. I would like to take this opportunity to join in that tribute and to bring to the attention of my colleagues in the House the career of this remarkable woman.

After a career in journalism and publishing, with a summa cum laude degree from the University of California at Berkeley and a masters degree from Smith College earned along the way, Ms. Black moved to San Luis Obispo in the early 1950's, in time to work there on Adlai Stevenson's Presidential campaign. She has led three county campaigns since that time, including two congressional campaigns and a State senate campaign. Since 1962, she has been a member of the San Luis Obispo County Democratic Central Committee and has served as both chair and vice chair of the committee. For 3 years in the mid-1970's, Ms. Black coedited the Central Democrat, a local newsletter. She is a founding member of the San Luis Obispo Democratic Club.

In addition to her activities in the political sphere, Ms. Black has been very active in community affairs. She is a founding member of the local World Affairs Council and has held several leadership positions in the American Association of University Women. For 20 years, she worked as a volunteer for the Cancer Society, and for 3 years, she was a member of the Diocesan Council for the Episcopal Diocese of California. Finally, after 4 years on the Area Agency Council for the Aging, Ms. Black has recently been elected as a member of its board of directors.

Mr. Speaker, Mary Gail Black is a woman who has committed her life to the betterment of her community, the Nation, and the world. Her spirit of dedication is an inspiration to all of us, and I know all of my colleagues join me in paying tribute to her today. It takes citizens like Mary Gail Black to make democracy work, and Ms. Black can be proud of the great contribution she has made through the years.●

PERSONAL EXPLANATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. NELSON) is recognized for 5 minutes.

● Mr. NELSON of Florida. Mr. Speaker, due to official business yesterday, Tuesday, April 24, I missed one vote.

On rollcall No. 91, final passage for S. 373, the Arctic Research and Policy Act, I would have voted "aye" had I been present.●

PERSONAL EXPLANATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentlewoman from Colorado (Mrs. SCHROEDER) is recognized for 5 minutes.

● Mrs. SCHROEDER. Mr. Speaker, I was absent yesterday for the vote on S. 373, Arctic Research/Critical Materials Policy, rollcall No. 91.

Had I been present, I would have voted "yea."●

THE JAMIE WHITTEN DELTA STATES RESEARCH CENTER

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, I have today introduced legislation that would designate the Delta States Research Center in Stoneville, MS, as the Jamie Whitten Delta States Research Center.

I am pleased to have the opportunity to honor the dean of the House and the dean of the Mississippi delegation in this way. He has been closely related to the agricultural communities for many years. His contributions to the farm have been innumerable.

I think it is especially fitting that the Delta States Research Center be renamed to honor Chairman WHITTEN. He was instrumental in the establishment of the center in Stoneville. His continual influence and support for agricultural research both at this center and nationwide has contributed much to the current role the United States plays in worldwide agriculture.

Our dean is renowned and widely acclaimed as one of the foremost authorities in the U.S. Congress on agricultural research. His national leadership has certainly had an influence on the ongoing programs that are being initiated at the Midsouth regional headquarters at Stoneville. I cannot think of a better name for this research center and I am pleased to take this opportunity to seek the change from the Delta States Research Center to the Jamie Whitten Delta States Research Center.●

COKE PRODUCTION FALLS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from West Virginia (Mr. RAHALL) is recognized for 5 minutes.

● Mr. RAHALL. Mr. Speaker, an essential element in steelmaking is coke, a material made from metallurgical coal. The importance of this material cannot be underestimated, for without it, a good deal of the steel used by this Nation could not be produced.

A situation has developed in which domestic coke production has precipitously fallen. In 1982, U.S. coke production was only 28 million tons, down from 60.5 million tons 10 years earlier. Obviously, the demand for metallurgical coal and coke is derived primarily from the demand for pig iron and raw steel. Hence, the declining trend in coke production and metallurgical coal use is due primarily to the slump in steelmaking.

However, the ability of domestic coke producers to respond to a sudden and unexpected increase in demand for coke has been eroded. A great many coke ovens have been shut down and those which are operating are growing old and less efficient. According to a recent report by Paine Webber Mitchell Hutchins, Inc., entitled "World Coke Dynamics," an age profile shows troubled times ahead with much capacity close to the threshold of useful life and effective productivity rates. The study adds that USA coke capacity seems within 5 years of serious oven-age problems and productivity losses unless major investments are soon made.

Perhaps the most startling finding of the study is that by 1985 U.S. coke capacity could fall short of demand by 5 to 9 million short tons.

Indeed, in 1978 an 8 million short ton domestic coke shortfall did occur. Domestic coke stocks dropped by 46 percent and the United States imported 5.7 million short tons of coke in order to meet steelmaking demands. However, if the United States was facing a national emergency, it is doubtful that imported tonnage could have been obtained quickly enough to meet defense-related steel requirements.

I would also point out that if those 8 million short tons of coke had been produced by domestic coke ovens, U.S. metallurgical coal production would have been 11.7 million short tons greater than it was, providing for 3,256 coal miner jobs.

The dire prospect of the U.S. steel industry operating at an artifically low rate because of growing constraints on domestic coke production exists. Such a situation would have grave consequences on the Nation in the event of a national emergency.

For this reason, today I am introducing legislation which would add coke to the national defense stockpile. I believe such a requirement would fulfill the two criteria placed on materials which are considered strategic and/or critical for stockpile purposes by the Strategic and Critical Materials Stock Piling Revision Act of 1979. First, the material would be needed to supply the military, industrial and essential civilian needs of the United States during a national emergency. Second, the material is not found or produced in the United States in sufficient quantities to meet such need.

Under current law, the Federal Emergency Management Agency is the executive agency primarily responsible for setting acquisition goals for materials to be stockpiled. The basic criteria used for this purpose is the determination of how much material would be needed during a wartime emergency lasting 3 years. As such, the bill I am introducing directs the President to acquire a 3-year supply of coke. This coke would be purchased by FEMA from domestic coke ovens which use domestically produced metallurgical coal.

According to a CRS analysis of this situation, between 47.5 million and 63.5 million short tons of coke would be needed under the stockpiling scenario outlined by my bill based on data relevant to the 3-year period of 1985 to 1987.

Mr. Speaker, purchasing coke through long-term contracts for the national defense stockpile would have the effect of encouraging steelmakers to invest in new and more modern coke ovens.

The requirement to stock coke would also work to stimulate the demand for metallurgical coal. Currently, it takes 1.5 tons of metallurgical coal to produce 1 ton of coke. Coke is produced by heating metallurgical coal to very high temperatures in the absence of air. The general requirements for coking coal to be designated as a metallurgical coal are a volatile matter of up to 35 percent, a low sulfur content and a low, but uniform, ash content. The coke is then combined with iron ore and limestone in a blast furnace to produce pig iron which is transferred to a steelmaking furnace.

As such, this legislation would stimulate the production of between 71.25 and 95.25 million short tons of low-volatile, low-sulfur metallurgical coal. Much of this type of coal is produced in southern West Virginia, Virginia, and eastern Kentucky.

While I realize that the 1979 act established guidelines for the President to follow in determining which materials should be included in the stockpile, I am making this legislative initiative to add coke because of this administration's record of ignoring the value coal holds for national security goals. When we have an administration that does not recognize the importance of coal to national energy goals—or for that matter does not even deem it important to have an energy policy—I hardly think it will consider the critical importance of coal for national security purposes.

Currently, FEMA is stocking a wide variety of minerals and materials including those in the aluminum metal group, asbestos, bauxite, chromium, copper, lead, rubber, and tin. Surely, coke has an equal value as these elements during a time of national emergency.●

GENERAL LEAVE

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject of my special order speech this evening.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. **Weiss** (at the request of Mr. **Wright**), for April 24 and 25, on account of illness.

Mr. **Ackerman** (at the request of Mr. **Wright**), on April 25, on account of official business.

Mr. **Skelton** (at the request of Mr. **Wright**), for the week of April 24, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. **Burton** of Indiana) to revise and extend their remarks and include extraneous material:)

Mr. **Corcoran**, for 10 minutes, today.

Mr. **Philip M. Crane**, for 30 minutes, today.

Mr. **Bateman**, for 5 minutes, today.

Mr. **Burton** of Indiana, for 60 minutes, today.

Mr. **Walker**, for 60 minutes, on April 30.

Mr. **Weber**, for 60 minutes, on April 30.

Mr. **Gingrich**, for 60 minutes, on April 30.

Mr. **Walker**, for 60 minutes, on May 1.

Mr. **Weber**, for 60 minutes, on May 1.

Mr. **Gingrich**, for 60 minutes, on May 1.

Mr. **Walker**, for 60 minutes, on May 2.

Mr. **Gingrich**, for 60 minutes, on May 2.

Mr. **Weber**, for 60 minutes, on May 2.

Mr. **Walker**, for 60 minutes, on May 3.

Mr. **Weber**, for 60 minutes, on May 3.

Mr. **Gingrich**, for 60 minutes, on May 3.

Mr. **Michel**, for 15 minutes, today.

(The following Members (at the request of Mr. **Richardson**) to revise and extend their remarks and include extraneous material:)

Mr. **Annunzio**, for 5 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mr. NELSON, for 5 minutes, today.

Mrs. SCHROEDER, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. RAHALL, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. PANETTA, for 60 minutes, on May 1.

Mr. REID, for 60 minutes, on May 1.

Mr. LANTOS, for 60 minutes, on May 1.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DELLUMS and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $2,183.

Mr. GREGG, to include a letter in the RECORD that he spoke of during debate on H.R. 4974 in the Committee of the Whole today.

(The following Members (at the request of Mr. BURTON of Indiana) and to include extraneous matter:)

Mr. DANNEMEYER in three instances.

Mr. PHILIP M. CRANE in two instances.

Mr. BADHAM.

Mr. CORCORAN.

Mrs. JOHNSON.

Mr. HYDE in two instances.

Mr. MILLER of Ohio in three instances.

Mr. SENSENBRENNER.

Mr. SOLOMON.

Mr. FRENZEL.

Mr. KEMP.

Mr. GREEN.

Mr. SILJANDER in two instances.

Mr. O'BRIEN.

Mr. YOUNG of Florida.

Mr. MCKINNEY.

Mr. CLINGER.

Mr. GILMAN.

Mr. MOLINARI.

Mr. GEKAS.

(The following Members (at the request of Mr. RICHARDSON) and to include extraneous matter:)

Mr. UDALL.

Mr. RODINO.

Mr. RAHALL.

Mr. MATSUI in three instances.

Mr. DYSON.

Mr. GAYDOS in three instances.

Mr. FORD of Michigan.

Mr. LEHMAN of Florida.

Mr. MOLLOHAN.

Mr. STARK.

Mr. MCHUGH.

Mr. GARCIA in three instances.

Mr. SMITH of Florida.

Mr. KOSTMAYER.

Mr. CHAPPELL in two instances.

Mr. BOUCHER.

Mr. FRANK.

Mr. GEJDENSON in two instances.

Mr. LELAND.

Mr. BERMAN in two instances.

Mr. LONG of Maryland.

Mr. ROE.

Mr. LANTOS in two instances.

Mr. ERDREICH.

Mr. OLIN.

Mr. SISISKY.

Mr. MCCLOSKEY.

Mr. FLORIO.

Ms. MIKULSKI.

Mr. FAUNTROY.

Mr. STUDDS.

Mr. HARKIN.

Mr. SHELBY.

Mr. HAMILTON.

Mr. GORE.

Mr. LONG of Louisiana.

ADJOURNMENT

Mr. FEIGHAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 54 minutes p.m.), the House adjourned until tomorrow, Thursday, April 26, 1984, at 11 a.m.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of various individuals and delegations traveling under authorizations from the Speaker concerning the foreign currencies and U.S. dollars utilized by them during the first quarter of calendar year 1984 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO ASIA AND ITALY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 7 AND JAN. 22, 1984

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Debra Cabral	1/7	1/9	Hong Kong	2,843.80	366.00						366.00
	1/10	1/13	Thailand	10,167.50	444.000		57.67		77.71		579.38
	1/14	1/16	Pakistan	4,399.92	324.00				13.21		337.21
	1/17	1/18	Turkey	33,113	108.00						108.00
	1/18	1/22	Rome	876,168	516.00						516.00
Military air transport							7,887.57				7,887.57
James Rowan	1/7	1/9	Hong Kong	2,843.80	366.00						366.00
	1/10	1/13	Thailand	10,167.50	444.00		57.67		77.71		579.38
	1/14	1/16	Pakistan	4,399.92	324.00				13.21		337.21
	1/17	1/18	Turkey	33,113	108.00						108.00
	1/18	1/22	Rome	876,168	516.00						516.00
Military air transport							7,887.57				7,887.57
Committee total					3,516.00		15,890.48		181.84		19,588.32

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

DEBRA M. CABRAL, FEB. 21, 1984.

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO ASIA AND ITALY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 7 AND JAN. 22, 1984

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Debra Cabral	1/7	1/10	Hong Kong	2,843.80	366.00		31.86		47.92		445.78
	1/10	1/14	Thailand	10,167.50	444.00		57.67		58.48		560.15

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO ASIA AND ITALY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 7 AND JAN. 22, 1984—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
	1/14	1/16	Pakistan	4,399.92	324.00				32.45		356.45
	1/17	1/18	Turkey	33,113	108.00		7.50		34.44		149.94
	1/18	1/21	Italy	876,168	516.00		54.61		70.14		640.75
Military air transport							7,887.56				7,887.56
James Rosen	1/7	1/10	Hong Kong	2,843.80	366.00		31.86		47.92		445.78
	1/10	1/14	Thailand	10,167.50	44.00		57.67		58.48		560.15
	1/14	1/16	Pakistan	4,399.92	324.00				32.45		356.45
	1/17	1/18	Turkey	33,113	108.00		7.50		34.44		149.94
	1/18	1/21	Italy	876,168	516.00		54.61		70.14		640.75
Military air transport							7,887.56				7,887.56
Committee total					3,516.00		16,078.40		496.86		20,081.26

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

DEBRA CABRAL, Mar. 26, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO INDIA, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN FEB. 13 AND FEB. 22, 1984

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Lisa Gomer	2/13	2/21	India		774.00		[3] 2,421.00		[4] 10.74		3,205.74
			India				[5] 178.05				178.05
	2/21	2/22	Nepal		150.00		[3] 284.00				434.00
Michael Teitelbaum	2/15	2/21	India		516.00		[3] 2,427.00		10.74		2,953.74
			India				[5] 178.05				178.05
	2/21	2/22	Nepal		150.00		[3] 284.00				434.00
Committee total					1,590.00		5,772.10		21.48		7,383.58

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Air.
[4] Miscellaneous.
[5] Car.

LISA GOMER, Mar. 22, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, DELEGATION TO THE NORTH ATLANTIC ASSEMBLY, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN FEB. 15 AND FEB. 21, 1984

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Levitas, E. H.	2/15	2/17	France		182.00						182.00
	2/17	2/21	Sweden		488.00						488.00
Commercial transportation							3,576.00				3,576.00
Abbruzzese, P. A.	2/15	2/17	France		182.00						182.00
	2/17	2/21	Sweden		488.00						488.00
Commercial transportation							3,709.00				3,709.00
Committee total					1,340.00		7,285.00				8,625.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

ELLIOTT H. LEVITAS, Mar. 15, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, JOSEPH R. RUTLEDGE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN FEB. 10 AND FEB. 13, 1984

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Joseph Robert Rutledge	2/10	2/13	Grenada								399.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JOE RUTLEDGE, Mar. 14, 1984.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL DELEGATION TO SOUTH AMERICA, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 3 AND JAN. 17, 1984

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Campbell, Frances	1/3	1/5	Costa Rica		150.00				142.23		292.23
	1/5	1/9	Peru		300.00				100.85		400.85
	1/9	1/11	Argentina		225.00				70.24		295.24
	1/11	1/15	Brazil		342.00				339.63		681.63
	1/15	1/16	Barbados		156.00				102.76		258.76
	1/16	1/16	Grenada						60.45		60.45
	1/16	1/17	Jamaica		109.00				80.91		189.91
Military transportation							6,823.82				6,823.82
Commercial transportation							137.19				137.19
Gille, Kathy	1/3	1/5	Costa Rica		150.00				142.23		292.23
	1/5	1/9	Peru		300.00				100.85		400.85
	1/9	1/11	Argentina		225.00				70.24		295.24
	1/11	1/15	Brazil		342.00				339.63		681.63
	1/15	1/16	Barbados		156.00				102.76		258.76
	1/16	1/16	Grenada						60.45		60.45
	1/16	1/17	Jamaica		109.00				80.91		189.91
Military transportation							6,823.82				5,823.82
Commercial transportation							137.19				137.19
Killen, Carson	1/3	1/5	Costa Rica		150.00				142.23		292.23
	1/5	1/9	Peru		300.00				100.85		400.85
	1/9	1/11	Argentina		225.00				70.24		295.24
	1/11	1/15	Brazil		342.00				339.63		681.63
	1/15	1/16	Barbados		156.00				102.76		258.76
	1/16	1/16	Grenada						60.45		60.45
	1/16	1/17	Jamaica		109.00				80.91		189.91
Military transportation							6,823.82				6,823.82
Commercial transportation							137.19				137.19
Mellody, Charles	1/3	1/5	Costa Rica		150.00				142.23		292.23
	1/5	1/9	Peru		300.00				100.85		400.85
	1/9	1/11	Argentina		225.00				70.24		295.24
	1/11	1/15	Brazil		342.00				339.63		681.63
	1/15	1/16	Barbados		156.00				102.76		258.76
	1/16	1/16	Grenada						60.45		60.45
	1/16	1/17	Jamaica		109.00				80.91		189.91
Military transportation							6,823.82				6,823.82
Commercial transportation							137.19				137.19
Committee total					5,128.00		27,844.04		3,588.28		36,560.32

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

CARSON K. KILLEN, Mar. 29, 1984.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3208. A letter from the Secretary of Agriculture, transmitting the annual animal welfare enforcement report for fiscal year 1983, pursuant to Public Law 89-544, section 25 (84 Stat. 1565); to the Committee on Agriculture.

3209. A letter from the Acting Deputy Assistant Secretary of Defense (Military Personnel and Force Management), transmitting a report on defense contractors and consultants who during the past 3 years held positions of GS-13 or above within the Department, pursuant to 10 U.S.C. 2397(e) (96 Stat. 1293); to the Committee on Armed Services.

3210. A letter from the Deputy Assistant Secretary of Defense, transmitting information on the real and personal property of the Department as of September 30, 1983, pursuant to 10 U.S.C. 2701(b); to the Committee on Armed Services.

3211. A letter from the Secretary of Housing and Urban Development, transmitting a report on the community development, rehabilitation loan, and the urban homesteading programs, pursuant to Public Law 93-383, section 113(a) (91 Stat. 1124); Public Law 98-560, section 312(k) (92 Stat. 2081; 93 Stat. 1101) and Public Law 93-383, section 810(e); to the Committee on Banking, Finance and Urban Affairs.

3212. A letter from the Auditor, District of Columbia, transmitting a copy of a report entitled, "Follow-up Audit of the University of the District of Columbia's Athletic Department", pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

3213. A letter from the Auditor, District of Columbia, transmitting a copy of a report entitled, "Reported Purchase of LaMancha, Inc.", pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

3214. A letter from the Secretary of Education, transmitting the 1983 annual report of the National Technical Institute for the Deaf, pursuant to Public Law 89-36, section 5(b)(3); to the Committee on Education and Labor.

3215. A letter from the Executive Vice President, National Industries for the Blind, transmitting its annual report for 1983; to the Committee on Education and Labor.

3216. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to extend and amend programs under the Developmental Disabilities Assistance and Bill of Rights Act, and for other purposes, pursuant to 31 U.S.C. 1110; to the Committee on Energy and Commerce.

3217. A letter from the Comptroller General of the United States, transmitting a list of GAO reports that were issued in March, pursuant to 31 U.S.C 719(h); to the Committee on Government Operations.

3218. A letter from the Chairman, Federal Election Commission, transmitting a report on the Commission's activities under the Freedom of Information Act during 1983, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

3219. A letter from the Executive Secretary, National Mediation Board, transmitting a report on the Board's compliance with the laws relating to open meetings of agencies of the Government (Government in the Sunshine Act) during 1983, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

3220. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend section 1110 of title 11, United States Code, pursuant to 31 U.S.C. 1110; to the Committee on the Judiciary.

3221. A letter from the Special Counsel, Merit Systems Protection Board, transmitting his review of the Veterans' Administration's investigation of allegations of a violation of regulations, abuse of authority, and a substantial and specific danger to public health and safety at the VA Medical Center, Murfreesboro, Tenn., pursuant to 5 U.S.C. 1206(b)(5)(A) (92 Stat. 1125); to the Committee on Post Office and Civil Service.

3222. A letter from the Chairman, Securities and Exchange Commission, transmitting a draft of proposed legislation to amend the Securities Exchange Act of 1934, pursuant to 31 U.S.C. 1110; jointly, to the Committees on Energy and Commerce and Banking Finance and Urban Affairs.

3223. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal year 1985 and for other purposes, pursuant to 31 U.S.C. 1110; jointly, to the Committees on Public Works and Transportation and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS: Committee on Government Operations. H.R. 1244. A bill to amend the provisions of title 31, United States Code, relating to the President's budget to require it to separately identify and summarize the capital investment expenditures of the United States, to amend the Public Works and Economic Development Act of 1965 to require the Secretary of Commerce to conduct an inventory and assessment of the Nation's public facilities, and for other purposes; with amendments (Rept. No. 98-153, Pt II). Referred to the Committee of the Whole House on the State of the Union.

Mr. MOAKLEY: Committee on Rules. House Resolution 490. Resolution providing for the consideration of S. 2570, a bill to continue the transition provisions of the Bankruptcy Act until May 26, 1984, and for other purposes. (Rept. No. 98-698). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 491, providing for the consideration of H.R. 4275, a bill to authorize the Secretary of the Interior to construct, operate, and maintain hydroelectric powerplants at various existing water projects, and for other purposes (Rept. No. 98-699). Referred to the House Calendar.

Mr. ASPIN: Committee on Armed Services. H.R. 5027. A bill to amend title 10, United States Code, to modify procedures for payment of military retired pay to spouses and former spouses of members of the uniformed services in compliance with court orders without amendment (Rept. No. 98-700). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 5051. A bill to give permanent effect to the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of United States commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations; with amendments (Rept. No. 98-701). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 4585. A bill to authorize appropriations for the Office of Environmental Quality and the Council on Environmental Quality for fiscal years 1985, 1986, and 1987; with amendments (Rept. No. 98-702). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 4921. A bill to provide for the selection of additional lands for inclusion within the Bon Secour National Wildlife Refuge; with amendments (Rept. No. 98-703). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 5050. A bill to extend until October 1, 1986, the authority and authorization of appropriations for certain programs under the Fish and Wildlife Act of 1956; with amendments (Rept. No. 98-704). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 5271. A bill to extend the Wetlands Loan Act (Rept. No. 98-705). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. House Joint Resolution 537. Joint resolution designating the Brigantine and Barnegat units of the National Wildlife Refuge System as the Edwin B. Forsythe National Wildlife Refuge (Rept. No. 98-706). Referred to the House Calendar.

Mr. BROOKS: Committee on Government Operations. H.R. 3987. A bill to improve the preservation and management of Federal records, and for other purposes; with an amendment (Rept. No. 98-707). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. H.R. 4821. A bill to establish uniform audit requirements for State and local governments receiving Federal financial assistance; with an amendment (Rept. No. 98-708). Referred to the Committee of the Whole House on the State of the Union.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. BOLAND: Permanent Select Committee on Intelligence. House Resolution 467. Resolution directing the President of the United States to provide certain information to the House of Representatives concerning the Central Intelligence Agency and death squads in El Salvador (Rept. No. 98-709). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON (for himself, Mr. Howard, Mr. Snyder, and Mr. Shuster):

H.R. 5504. A bill to apportion funds for construction of the National System of Interstate and Defense Highways for fiscal years 1985 and 1986, to revise authorizations for mass transportation, to expand and improve the relocation assistance program, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. BIAGGI (for himself, Mr. Jones of North Carolina, and Mr. Snyder) (by request):

H.R. 5505. A bill to amend title XII of the Merchant Marine Act, 1936; to the Committee on Merchant Marine and Fisheries.

By Mr. CORCORAN:

H.R 5506. A bill to amend the Internal Revenue Code of 1954 to reduce the rates of income tax on corporations; to the Committee on Ways and Means.

By Mr. FLORIO:

H.R. 5507. A bill to amend the Federal Trade Commission Act to give the Federal Trade Commission authority with respect to certain regulations of the Civil Aeronautics Board relating to unfair acts or practices, and for other purposes; jointly, to the Committees on Energy and Commerce and Public Works and Transportation.

By Mr. GORE:

H.R. 5508. A bill to amend the Federal Food, Drug, and Cosmetic Act to require manufacturers, importers, and distributors of medical devices to maintain certain records respecting the handling of complaints, analysis of device failures, and the return of devices; to the Committee on Energy and Commerce.

By Mr. HERTEL of Michigan:

H.R. 5509. A bill to amend title 5, United States Code, to provide civil penalties for false claims and statements made to the United States, to certain recipients of property, services, or money from the United States, or to parties to contracts with the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. HYDE:

H.R. 5510. A bill to amend the Internal Revenue Code of 1954 to provide a mechanism for taxpayers to designate overpayments of income tax, and to contribute other amounts, for purposes of reducing the public debt of the United States; to the Committee on Ways and Means.

By Mr. KOSTMAYER:

H.R. 5511. A bill to amend title 23, United States Code, to provide incentive grants in order to encourage States to adopt and enforce laws requiring the use of safety belts by schoolchildren in new school buses, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. MOLINARI:

H.R. 5512. A bill to amend the Federal Water Pollution Control Act to reinstate and reinforce the biological integrity of our Nation's waters; to the Committee on Public Works and Transportation.

By Mr. MONTGOMERY (for himself, Mr. Lott, Mr. Dowdy of Mississippi, and Mr. Franklin):

H.R. 5513. A bill to designate the Delta States Research Center in Stoneville, Miss., as the "Jamie Whitten Delta States Research Center"; to the Committee on Agriculture.

By Mr. PAUL:

H.R. 5514. A bill to amend the Internal Revenue Code of 1954 to provide a 100-percent tax credit for tuition paid for the education of any individual; to the Committee on Ways and Means.

By Mr. PRICE (for himself and Mr. Dickinson):

H.R. 5515. A bill to authorize the President to award the Medal of Honor to the unknown American who lost his life while serving in the Armed Forces of the United States in Southeast Asia during the Vietnam era and who has been selected to be buried in the Memorial Amphitheater at Arlington National Cemetery; to the Committee on Armed Services.

By Mr. RAHALL:

H.R 5516. A bill to require that a 3-year supply of coke be acquired for the national defense stockpile; to the Committee on Armed Services.

By Mrs. SCHROEDER:

H.R. 5517. A bill to amend title 31, United States Code, to provide for certain additional experts and consultants for the General Accounting Office, to provide for certain additional positions within the General Accounting Office Senior Executive Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. SUNDQUIST:

H.R. 5518. A bill to require high-buoyancy life vests aboard commercial aircraft; to the Committee on Public Works and Transportation.

By Mr. UDALL (for himself, Mr. McNulty, Mr. McCain, and Mr. Richardson):

H.R. 5519. A bill to reauthorize and amend the Indian Financing Act; to the Committee on Interior and Insular Affairs.

By Mr. FOLEY (for himself, Mr. McCloskey, Mr. Emerson, Mr. Walgren, Mr. Kastenmeier, Mr. Roth, Mr. Harkin, Mr. Annunzio, Mr. Weaver, Mr. Evans of Iowa, Mr. Robinson, Mr. Chappie, Mr. Roberts, Mr. Pritchard, Mr. Jones of North Carolina, Mr. Broyhill, Ms. Kaptur, Mr. Morrison of Washington, Mr. Chandler, Mr. Swift, Mr. Owens, Mr. Evans of Illinois, Mr. Fauntroy, Mr. Won Pat, Mr. Jenkins, Mr. Martin of New York, Mr. Towns, Mr. Jeffords, Mr. Alexander, Mr. Hefner, Mr. Gunderson, Mr. Bonior of Michigan, Mr. Lowry of Washington, Mr. Murphy, Mr. de la Garza, Mr. Stokes, Mr. Skelton, Mr. Dymally, Mr. Dorgan, Mr. Hammerschmidt, Mr. Franklin, Mr. Tauke, Mr. Boehlert, Mr. Volkmer, Mr. Horton, Mr. Dixon, Mrs. Smith of Nebraska, Mr. English, Mr. Kramer, Mr. Wolpe, Mr. Thomas of California, Mr. Shumway, Mr. Panetta, Mr. Smith of Florida, Mr. Frenzel, Mr. Aspin, Mr. Watkins, Mr. Wolf, Mr. Bates, Mr. Stenholm, Mr. Lewis of California, Mr. Robert F. Smith, Mr. Leland, Mr. Lagomarsino, Mr. Brown of California, Mr. Rose, Mr. Stangeland, Mr. Perkins, Mr. Tallon, Mr. Skeen, Mr. Dicks, Mr. Corrada, Mr. Lundine, Mr. Roe, Mr. Shelby, Mr. Staggers, Mrs. Martin of Illinois, Mr. Moody, Mr. Vento, Mr. Kramer, and Mr. Petri):

H.J. Res. 554. Joint resolution to designate the week of November 11, 1984, through November 17, 1984, as "Women in Agriculture Week"; to the Committee on Post Office and Civil Service.

By Mr. FUQUA:

H.J. Res. 555. Joint resolution to designate July 20, 1984, as "Space Exploration Day"; to the Committee on Post Office and Civil Service.

By Mr. SIMON (for himself and Mr. Gilman):

H.J. Res. 556. Joint resolution to proclaim October 16, 1984, as "World Food Day"; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

372. By the SPEAKER: Memorial of the Legislature of the State of Colorado, relative to H.R. 5185; to the Committee on Interior and Insular Affairs.

373. Also, memorial of the Legislature of the State of Colorado, relative to POW-MIA Day; to the Committee on Post Office and Civil Service.

374. Also, memorial of the Legislature of the State of Nebraska, relative to Federal health policy; to the Committee on Ways and Means.

375. Also, memorial of the Legislature of the State of Kentucky, relative to foreign steel imports; to the Committee on Ways and Means.

376. Also, memorial of the Legislature of the State of Idaho, relative to programs that would reestablish wolf populations in Idaho; jointly, to the Committees on Interior and Insular Affairs, Agriculture, and Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. Brown of California:

H.R. 5520. A bill for the relief of David Labbaf; to the Committee on the Judiciary.

By Mr. Frank:

H.R. 5521. A bill for the relief of Barbara Killion Applegate; to the Committee on the Judiciary.

By Mr. Mollohan:

H.R. 5522. A bill for the relief of Jody Guthrie; to the Committee on the Judiciary.

H.R. 5523. A bill for the relief of Flora C. Ralston; to the Committee on the Judiciary.

By Mr. Wolpe:

H.R. 5524. A bill to provide for the free entry of a ring of eight bells for the use of Kalamazoo College, Kalamazoo, Mich.; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 953: Mr. Andrews of North Carolina.

H.R. 1242: Mr. Albosta and Mr. Florio.

H.R. 1315: Mr. Britt, Mr. Gray, Mr. Martin of New York, Mr. Clay, Mr. Roth, and Mr. Rahall.

H.R. 1743: Mr. Brown of California, Mr. Annunzio, Mr. Rinaldo, Mr. Smith of Florida, Mr. Moody, Mr. Richardson, Mr. Price, and Mr. Scheuer.

H.R. 1925: Mr. Courter.

H.R. 1955: Mr. Boucher.

H.R. 1991: Mr. Reid.

H.R. 2474: Mr. Snyder, Mr. Wylie, and Mr. Gejdenson.

H.R. 2837: Mr. McNulty, Mr. Hyde, and Mr. Thomas of Georgia.

H.R. 2944: Mr. Gore.

H.R. 2960: Mr. Panetta and Mr. Studds.

H.R. 3105: Mr. Edgar.

H.R. 3277: Mr. Moody.

H.R. 3282: Mr. Roybal and Mr. Boucher.

H.R. 3811: Mr. Daschle and Mr. Cooper.

H.R. 3832: Mr. Nowak and Mr. Mazzoli.

H.R. 3917: Mr. Lagomarsino.

H.R. 3966: Mr. Paul, Mr. Kindness, Mr. Gramm, Mr. Loeffler, Mr. Bliley, Mr. Young of Missouri, Mr. Corcoran, Mr. Stenholm, Mr. Wolf, Mr. Whitehurst, Mr. Frost, Mr. Tauke, Mr. Bartlett, Mr. Vandergriff, Mr. Leath of Texas, Mr. Wilson, Mr. Andrews of Texas, Mr. Dowdy of Mississippi, Mr. Archer, and Mr. Marriott.

H.R. 3987: Mr. Skelton, Mr. Bates, and Mr. Daschle.

H.R. 4080: Mr. Vander Jagt and Mr. Harkin.

H.R. 4098: Mr. Lowery of California and Mr. MacKay.

H.R. 4124: Mr. Dwyer of New Jersey, Mr. Rinaldo, Mr. Shannon, Mr. Walgren, Mr. McCloskey, Mr. Ford of Michigan, Mr. Eckart, Mr. Murphy, Mr. Davis, Mr. Stokes, Mr. Donnelly, Mr. Rose, and Ms. Oakar.

H.R. 4272: Mr. Daniel, Mr. Brown of California, Mr. Smith of New Jersey, Mr. Jacobs, and Mr. Ortiz.

H.R. 4273: Mr. Brown of California, Mr. Williams of Montana, Mr. Smith of New Jersey, and Mr. Ortiz.

H.R. 4274: Mr. Brown of California, Mr. Smith of New Jersey, Mr. Dickinson, and Mr. Ortiz.

H.R. 4287: Mr. Tauke.

H.R. 4300: Mr. de Lugo, Mr. Kastenmeier, Mr. Edgar, Mr. Dixon, Mr. McCloskey, Mrs. Kennelly, Mr. Mavroules, Mr. Biaggi, Mr. Wirth, Mr. Bateman, Mrs. Schroeder, Mr. Gejdenson, Mr. Bennett, Mr. Daschle, Mr. Gore, Mr. Richardson, and Mr. Torres.

H.R. 4345: Mr. Brown of California.

H.R. 4395: Mr. Shumway, Mr. Minish, Mr. Pursell, and Mr. Edgar.

H.R. 4440: Mr. McKinney and Ms. Oakar.

H.R. 4447: Mr. Wirth, Mr. Gephardt, Mr. Carper, Mr. Hertel of Michigan, Mr. Gray, Mr. Carr, and Mr. Ford of Michigan.

H.R. 4468: Mrs. Burton of California.

H.R. 4571: Mr. Edgar.

H.R. 4642: Mr. Hunter and Mr. McEwen.

H.R. 4685: Mr. Smith of New Jersey.

H.R. 4686: Mr. Smith of New Jersey.

H.R. 4760: Mr. Guarini, Mr. Mrazek, and Mr. Aspin.

H.R. 4772: Mr. Levin of Michigan, Mr. Ackerman, and Mr. Sisisky.

H.R. 4800: Mr. Donnelly and Mr. Frost.

H.R. 4813: Mr. Oberstar.

H.R. 4877: Mr. Huckaby, Mr. Long of Louisiana, and Mr. Williams of Ohio.

H.R. 4966: Mr. Britt, Mr. Edgar, Mr. Feighan, and Mr. Traxler.

H.R. 5011: Mr. Williams of Montana, Mr. DeWine, Mr. Hoyer, Mr. Volkmer, and Mr. Anderson.

H.R. 5015: Mr. Nielson of Utah.

H.R. 5032: Mr. Bates, Mrs. Schneider, Mr. St Germain, Mr. Leland, Mr. Roe, Mr. Mineta, and Mr. Biaggi.

H.R. 5042: Mr. Kildee.

H.R. 5068: Mr. Donnelly.

H.R. 5090: Mr. Bereuter, Mr. Duncan, Mr. Jeffords, Mr. Regula, Mr. Crockett, Mr. Morrison of Connecticut, Mr. Hughes, Mr. McHugh, Mr. Boner of Tennessee, Mr. DeWine, Mr. Daub, Mr. Chappell, Mr. Roe, Mr. Wortley, Mr. Richardson, Mr. MacKay, Mr. McCain, Mr. Sundquist, Mr. Owens, Mr. D'Amours, Mr. de Lugo, Mr. Vento, Mr. Bates, Mr. Cooper, Mr. Gore, Mr. Mrazek, and Mr. Edgar.

H.R. 5108: Mr. Frost, Mr. Corrada, and Mr. Simon.

H.R. 5141: Mr. Boner of Tennessee, Mr. Solarz, Mr. Gray, Mr. Mavroules, Mr. Pepper, Mr. Hance, Mr. Coleman of Texas, Mr. Ralph M. Hall, Mr. Dowdy of Mississippi, Mrs. Collins, Mr. Mitchell, Mrs. Kennelly, Ms. Ferraro, and Mr. Roybal.

H.R. 5173: Mr. Schumer.

H.R. 5195: Mr. Morrison of Connecticut, Mr. Edgar, and Mr. Seiberling.

H.R. 5196: Mr. Britt and Mr. Gore.

H.R. 5238: Mr. Mineta, Mr. Murphy, and Mr. Stokes.

H.R. 5265: Mr. Roybal, Mr. Evans of Iowa, Mr. Hammerschmidt, Mr. McKernan, Mr. Ford of Michigan, Mr. Crockett, Mr. Florio, Mr. Frank, Mrs. Schneider, Mr. Wolpe, Mr. Mitchell, Mr. Downey of New York, Mr. Smith of Florida, Ms. Mikulski, and Mr. Albosta.

H.R. 5321: Mr. Clay.

H.R. 5361: Mr. Jacobs.

H.R. 5367: Mr. Smith of New Jersey.

H.R. 5383: Mr. Florio.

H.R. 5389: Mr. Anthony, Mr. Flippo, Mr. Jenkins, and Mr. Russo.

H.R. 5390: Mr. Simon.

H.R. 5391: Mr. Alexander, Mr. Applegate, Mr. Aspin, Mr. AuCoin, Mr. Berman, Mr. Boucher, Mrs. Boxer, Mrs. Burton of California, Mr. Conyers, Mr. Coyne, Mr. Dowdy of Mississippi, Mr. Gunderson, Mr. Hammerschmidt, Mr. Hawkins, Ms. Kaptur, Mr. Kildee, Mr. LaFalce, Mr. Long of Maryland, Mr. McCloskey, Mr. Mavroules, Mr. Mitchell, Mr. Nowak, Mr. Owens, Mr. Regula, Mr. Roe, Mr. Roemer, Mr. St Germain, Mrs. Schroeder, Mr. Sikorski, Mr. Robert F. Smith, Mr. Torres, Mr. Williams of Ohio, Mr. Wylie, and Ms. Mikulski.

H.R. 5422: Mr. Vander Jagt.

H.R. 5426: Mr. Gingrich.

H.J. Res. 120: Mr. Lundine.

H.J. Res. 254: Mr. Coughlin.

H.J. Res. 272: Mrs. Byron, Ms. Snowe, Mr. Applegate, Mr. Shelby, Mr. Gore, and Mr. Synar.

H.J. Res. 433: Mr. Winn, Mr. Fauntroy, Mr. Sabo, Mr. Early, and Mrs. Kennelly.

H.J. Res. 446: Mr. Luken and Mr. Ritter.

H.J. Res. 450: Mr. Denny Smith, Mr. English, Mr. Wortley, Mr. Gunderson, Mr. Synar, Mr. Edwards of Oklahoma, Mr. Gramm, Mr. Swift, and Mr. Erdreich.

H.J. Res. 451: Mr. MacKay, Mr. Rudd, and Mr. Roemer.

H.J. Res. 457: Mr. Wirth, Mr. Roe, Mr. AuCoin, Mr. Markey, Mr. Frost, Mr. Wortley, Mr. Won Pat, Mr. Walgren, Ms. Mikulski, Mr. Panetta, Mr. Hertel of Michigan, Mr. Clarke, Mr. Frank, Mr. Conyers, Mr. Jacobs, Mr. Owens, Ms. Kaptur, Mr. Mineta, Mr. Kogovsek, Mr. Duncan, Mr. Daub, Mr. Hawkins, Mr. Solarz, Mr. Berman, Mr. Daniel, Mr. Dwyer of New Jersey, Mr. Lagomarsino, Mr. Olin, Mr. Oberstar, Mr. Leland, Mr. Fuqua, Ms. Snowe, Mr. Murphy, Mr. LaFalce, Mr. Scheuer, Mr. Crockett, Mr. Akaka, Mr. Frenzel, Mr. Winn, Mr. Bedell, Mr. Boehlert, Mr. Biaggi, Mr. Bonior of Michigan, Mrs. Boxer, Mr. Breaux, Mr. Britt, Mr. Carper, Mr. Vento, Mr. Corrada, Mr. Chappie, Mr. Ralph M. Hall, Mr. Regula, Mr. Ford of Tennessee, Ms. Ferraro, Mr. Wyden, Mr. Reid, Mr. Rangel, Mr. Bateman, Mrs. Collins, Mr. Fish, Mr. Downey of New York, Mr. Ford of Michigan, Mr. Guarini, Mr. Waxman, Mr. Minish, Mr. Green, Mr. Bilirakis, Mr. Sabo, Mr. Horton, Mr. Rowland, Mr. Weiss, Mr. Kasich, Mr. Coughlin, Mr. Coelho, Mr. Dicks, Mr. Madigan, Mr. Borski, Ms. Oakar, Mr. Skelton, Mr. Ackerman, Mr. Harrison, Mr. Roybal, Mr. Rinaldo, Mr. Sikorski, Mr. Fascell, Mr. Fazio, Mr. Sisisky, Mr. Williams of Ohio, Mr. Hutto, Mr. Emerson, Mr. Shaw, Mr. Hefner, Mr. Matsui, Mr. Latta, Mr. Anthony, Mr. Moakley, Mr. Patterson, Mr. Ritter, Mr. Savage, Mr. Young of Alaska, Mrs. Lloyd, Mr. Carney, Mr. Towns, Mr. Kemp, Mr. Molinari, Mr. Lent, Mr. McHugh, Mr. Smith of New Jersey, Mr. Kostmayer, Mr. Simon, Mr. Long of Maryland, Mr. Moody, Mr. Murtha, Mr. Martin of New York, Mr. Morrison of Connecticut, Mr. Price, Mr. Rodino, Mr. Lantos, Mr. Neal, Mr. Ortiz, Mr. Ireland, Mr. Kolter, Mr. Wheat, Mr. Mavroules, Mr. Weber, Mr. Wolpe, Mr. Valentine, Mr. Jones of Tennessee, Mr. Hayes, Mr. Erdreich, Mr. Albosta, Mr. Dyson, Mr. Mollohan, Mr. Boner of Tennessee, Mrs. Schneider, Mr. Hammerschmidt, Mr. Stenholm, Mr. Synar, Mr. Ratchford, Mr. Smith of Iowa, Mr. Martinez, Mrs. Kennelly, Mr. Tauke, Mr. Traxler, Mr. Edgar, Mr. Addabbo, Mr. Perkins, Mr. Richardson, Mr. Stokes, Mr. Mazzoli, Mr. Kastenmeier, Mr. Clay, Mr. de Lugo, Mr. Alexander, Mr. Anderson, Mr. Bevill, Mr. Foglietta, Mr. Foley, Mr. Feighan, Mr. Weaver, Mr. Yatron, Mr. Bethune, Mr. Leach of Iowa, Mr. Vandergriff, Mr. Bryant, Mr. Garcia, Mr. Lowry of Washington, Mr. Gekas, Mr. Gramm, Mr. Schulze, Mr. Robinson, Mr. Hunter, Mr. Moorhead, Mr. Dixon, Mr. Corcoran, Mr. Pritchard, Mr. Lowery of California, Mr. Swift, Mr. Fauntroy, Mr. Sunia, Mr. Andrews of Texas, Mr. Gunderson, Mr. DeWine, Mr. Annunzio, Mr. McDade, Mr. Whitley, Mr. Patman, Mr. Donnelly, Mr. Roberts, Mr. Florio, Mrs. Holt, Mr. Barnes, Mr. Rose, Mr. Gray, Mr. Hubbard, Mr. Martin of North Carolina, Mr. Bennett, Mr. Young of Missouri, Mr. Wilson, Mr. Shumway, Mr. Coleman of Missouri, Mr. English, Mr. Roemer, Mr. Carr, Mr. Howard, Mr. Vander Jagt, Mr. Levin of Michigan, Mr. Hughes, Mr. Torres, Mr. Jones of North Carolina, Mr. Brooks, Mr. Jeffords, Mr. Taylor, Mr. Hatcher, Mr. Staggers, Mr. Shannon, Mr. de la Garza, Mr. Mica, Mr. Lehman of Florida, and Mr. Montgomery.

H.J. Res. 463: Mr. Denny Smith, Mr. Dingell, Mr. Volkmer, Mr. Paul, Mr. Thomas of Georgia, Mr. Skelton, Mr. Pursell, Mr. Jones of Tennessee, Mr. Luken, Mr. Oberstar, Mr. Corcoran, Mr. Gramm, Mr. Simon, Mr. Savage, Mr. Barnard, Mr. Hatcher, Mr. Brooks, Mr. Guarini, Mr. Annunzio, Mr. Anderson, Mr. Torricelli, Mr. Durbin, Mr. Carper, Mr. Martin of North Carolina, Mr. St Germain, Mr. Lowery of California, Mr. Synar, Mr. Ritter, Mr. Gonzalez, Mr. Young of Alaska, Mr. Coughlin, Mr. Gunderson, Mrs. Martin of Illinois, Mrs. Kennelly, Mr. Gilman, Mr. Bennett, Mr. Daub, Mr. Frank, Mr. Vander Jagt, Mr. Yatron, Mr. Florio, Mr. Carr, Mr. Conable, Mr. Rudd, and Mr. Richardson.

H.J. Res. 472: Mr. Skelton and Mr. Emerson.

H.J. Res. 482: Mr. Skelton, Mr. Daub, Mr. Hyde, Ms. Mikulski, Mr. Traxler, Mrs. Schroeder, Mr. Rostenkowski, Mr. Edgar, Mr. Anthony, Ms. Ferraro, and Mr. Richardson.

H.J. Res. 486: Mr. Howard, Mr. Kemp, Mr. Murphy, Mr. Walgren, Mr. McDade, Mr. Frost, Mr. Kolter, Mr. Andrews of Texas, Mr. Ritter, Mr. Young of Missouri, Mr. McGrath, Mr. Fuqua, Mr. Biaggi, Mr. Winn, Mr. Fazio, Mr. Berman, Mrs. Boxer, Mr. Davis, Mr. Downey of New York, Mr. Mavroules, Mr. Edwards of Oklahoma, Mr. Gramm, Mr. Carper, Mr. Waxman, Mr. Hutto, Mrs. Lloyd, Mr. Leach of Iowa, Mr. Marriott, Mr. Dwyer of New Jersey, Mr. Neal, Mr. Duncan, Mr. Mineta, Mr. Ratchford, Mr. Britt, Mr. Tauke, Mr. Rowland, Mr. McEwen, Mr. Price, Mr. Hertel of Michigan, Mr. Yatron, Mr. Nichols, Mrs. Holt, Mr. St Germain, Mr. Gregg, Mr. Reid, Mr. Sawyer, Mr. Sisisky, Mr. Skelton, Mr. Hyde, Mr. Hansen of Idaho, Mr. Molinari, Mr. Wilson, Mr. Volkmer, Mr. Donnelly, Mr. Dowdy of Mississippi, Mr. Torricelli, Mr. Pepper, Mrs. Kennelly, Mr. Rodino, Mr. Lagomarsino, Mr. Mitchell, Mr. Derrick, Mr. Quillen, Mr. Kramer, Mr. Levine of California, and Mr. de la Garza.

H.J. Res. 509: Mr. Barnes, Mr. Bevill, Mr. Brooks, Mr. Broomfield, Mr. Burton of Indiana, Mr. Conte, Mr. Corrada, Mr. Daschle, Mr. Dickinson, Mr. Foglietta, Mr. Hance, Mr. Hillis, Mr. Kemp, Mr. Lent, Mr. Dymally, Mr. Sunia, Mr. Leath of Texas, Mr. Richardson, Mr. Rose, Mr. Roybal, Mr. Stokes, and Mr. McCurdy.

H.J. Res. 512: Mr. Bonior of Michigan, Mr. Markey, Mr. Coleman of Texas, Mr. Frost, Mr. McGrath, Mr. Bryant, Mr. Waxman, Mr. Guarini, Ms. Ferraro, Mr. Minish, Mr. Edgar, Mr. Bartlett, Mr. Ford of Tennessee, Mr. Gregg, Mr. Gephardt, Mr. Gramm, Mr. Stratton, Mr. Early, and Mr. Young of Missouri.

H.J. Res. 528: Mr. Kasich, Mr. Donnelly, Mr. Martin of New York, Mr. Owens, Mr. Britt, Mr. Clinger, Mr. Duncan, Mr. Morrison of Connecticut, Mr. Moore, Mrs. Boggs, and Mr. Breaux.

H.J. Res. 532: Mr. DeWine, Mr. Frank, Mr. Rowland, Mr. Bryant, Mr. Murphy, Mr. Edgar, Mr. Young of Florida, Mr. Wirth, Mr. Mavroules, Mr. Frenzel, Mr. Bilirakis, Mr. Winn, Mr. Lipinski, Mr. Vento, Mr. Corrada, Mr. Smith of Iowa, Mr. Jeffords, Mr. McGrath, Mr. Crockett, Ms. Mikulski, Mr. Guarini, Mr. Robinson, Mr. Waxman, Ms. Snowe, Mr. Britt, Mr. Ford of Tennessee, Mr. Madigan, Mr. Coats, Mr. Siljander, Mr. Daschle, Mr. Gore, Mr. Martinez, Mr. Bennett, Mr. Smith of Florida, Mr. Pritchard, Mr. Lowery of California, Mr. Oberstar, Mr. Horton, Mrs. Lloyd, Mr. Fish, Mr. Sisiski, Mr. Petri, Mr. Wolpe, Mr. Volkmer, Mr. Hughes, Mr. Torres, Mr. Lagomarsino, Mr. Fauntroy, Mr. Harkin, Mr. Fields, Mr. LaFalce, Mr. Young of Missouri, Mr. Hefner, Mr. de la Garza, Mr. Stenholm, Mr. Murphy, Mr. Coyne, Mr. Emerson, Mr. Towns, Mr. Lewis of Florida, Mr. Coelho, Mr. Hertel of Michigan, Mr. Bedell, Mr. Conyers, Mr. Roe, Mr. Lantos, Mr. Fascell, Mr. Jacobs, Ms. Kaptur, Mr. Smith of New Jersey, Mr. Fazio, Mr. Wolf, Mr. Won Pat, Mr. Frost, Mr. Brown of California, Mr. Daub, Mr. Hawkins, Mr. Berman, Mr. Markey, Mr. Thomas of Georgia, Mr. Barnes, Mr. Akaka, Mr. Mitchell, Mr. Dwyer of New Jersey, Mr. Owens, Mr. Stangeland, Mr. Leland, Mr. Rahall, Mr. Fuqua, Mr. McEwen, Mr. Evans of Iowa, Mr. Levin of Michigan, Mr. Florio, and Mr. Carney.

H.J. Res. 535: Mr. Solarz, Mr. Rahall, Mr. Britt, Mr. Feighan, Mr. Edgar, Mr. Fazio, Mr. Simom, Mrs. Kennelly, and Mr. Bonior of Michigan.

H.J. Res. 537: Mr. Shaw.

H.J. Res. 543: Mr. Evans of Illinois, Mr. Volkmer, Mr. English, Mr. Roberts, Mr. Durbin, and Mr. Daschle.

H.J. Res. 553: Mr. Shaw.

H. Con. Res. 107: Mr. Dyson.

H. Con. Res. 260: Mr. Brown of Colorado, Mr. Waxman, and Mr. Lowry of Washington.

H. Con. Res. 265: Mr. Gejdenson, Mr. Lowry of Washington, Mr. Schumer, and Mr. Wolpe.

H. Res. 337: Mr. Ottinger, Mr. Brown of California, Mr. Lent, Ms. Oakar, Mr. Conte, Mr. Roe, Mr. Panetta, Mr. Scheuer, Mr. Simon, Mr. Won Pat, Mr. Matsui, Mr. Frost, Mr. Fazio, Mr. Bedell, Mr. Conyers, and Mr. Udall.

H. Res. 468: Mr. Tauke.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 1029: Mr. Glickman.

H.R. 5345: Mr. Dorgan.

H.J. Res. 509: Mr. Glickman.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

346. By the SPEAKER: Petition of the City Council of Melbourne, Fla., relative to the Comprehensive Crime Control Act; to the Committee on the Judiciary.

347. Also, petition of the American Public Works Association, Chicago, Ill., relative to the interstate cost estimates; to the Committee on Public Works and Transportation.

348. Also, petition of the Suffolk County Legislature, Riverhead, N.Y., relative to Brookhaven National Laboratory Research Hospital; to the Committee on Science and Technology.

EXTENSIONS OF REMARKS

RALPH FOSTER—PIONEER RADIO BROADCASTER

HON. THOMAS F. EAGLETON

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Wednesday, April 25, 1984

● Mr. EAGLETON. Mr. President, today, Mr. Ralph Foster is celebrating his 91st birthday. For everyone in southwestern Missouri, Ralph is known as "Mr. Conservation," and a pioneer in radio broadcasting.

Ralph Foster's success in radio broadcasting is attributed to his ability to provide wholesome family programs and innovative programing techniques. He started his first station in St. Joseph, MO, in 1926. Ralph's radio station was the first to originate Weather Bureau direct forecasting and to syndicate radio shows nationally. "The Ozarks Jubilee" was the first regular country music show on television and one of the biggest tourist attractions in Missouri in the mid-1950's. Through this program and other programs he produced for KWTO in Springfield, Ralph Foster has brought many an outstanding entertainment personality to the Ozarks.

It was Ralph's love for the outdoors that brought him to the Ozarks in 1933, where he has lived with his wife, Harriet, for over 53 years. In addition to his outstanding achievements in the field of radio and television, Ralph has been the catalyst in establishing good conservation practices for the State of Missouri. Mr. Foster helped establish the Conservation Commission in 1936 and has been collecting Native American artifacts for years. In the mid-1960's, Mr. Foster donated his collection to the School of the Ozarks Museum, and in 1967, the college changed the name of the museum to the Ralph Foster Museum.

Ralph Foster has dedicated his life to his fellowman. He currently is vice chairman of the Ralph Foster Museum Board, member of the Board of Trustees of the School of the Ozarks, and a member of the board of the Lester E. Cox Medical Center.

I know my colleagues join me in wishing Mr. Foster a very special 91st birthday. Ralph Foster has given Missourians and so many others so much joy through his caring and happiness through his radio programing.●

AN EMERALD THREAD SPANS THE GENERATIONS IN SCRANTON

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. HYDE. Mr. Speaker, one of the most famous events celebrating March 17 is the annual dinner in Scranton, PA, of the Friendly Sons of St. Patrick. Every year they have outstanding speakers, usually a clergyman and a political figure.

In 1964, Robert Kennedy delivered one of the most memorable addresses ever presented to that distinguished gathering, and I am pleased to provide a newspaper account from the Philadelphia Inquirer of March 18, 1984, written by its editor, Edwin Guthman, reminiscing about that unforgettable occasion. Mr. Guthman's article also adverted to this year's most moving address by Father William J. Byron, S.J., the president of the Catholic University of America.

Father Byron's address should reach into the heart of every person who reads it, and so I take great honor and pleasure in providing both Mr. Guthman's column and Father Byron's address to my colleagues:

[From the Philadelphia Inquirer, Mar. 18, 1984]

AN EMERALD THREAD SPANS THE GENERATIONS IN SCRANTON

(By Edwin Guthman)

SCRANTON.—"So you were here with Bobby Kennedy in 1964, were you now," the young man said grabbing my hand. "I was too. I'll never forget it."

I looked him over. Maybe 28 he was or 30 at best.

"Aw, you couldn't have been," I said. "You're not old enough."

"I was only 9," he said. "My father sneaked me in."

Maybe his father did. There's hardly an Irishman in Scranton who'll admit he wasn't in the old Hotel Casey on that raw March night when Kennedy gave one of the most heart-wringing speeches of his life. Not a one did I meet at the Friendly Sons of St. Patrick dinner last night.

And why should I have. It was a very special event.

It was here on St. Patrick's Day, 1964 that Kennedy appeared before a large public gathering in the United States for the first time following President Kennedy's death.

He went somewhat reluctantly and only after insistent urging by Rep. Dan Flood of Wilkes-Barre for through the crushing weeks after the assassination in Dallas he had been desolate; holding his grief inwardly, functioning tautly and wondering bleakly what he would do with his life.

As spring approached he began to perk up, but just below the surface one often saw signs of a new somberness and fatalism, caused not only by the trauma of his brother's death, but also by the realization that any decision he would make about his future depended on events beyond his control.

Scranton marked a turning point.

When his plane landed at Scranton-Wilkes-Barre Airport on a gray afternoon, more than 2,000 people, most of them young, broke through police lines and crowded around him—jumping, shouting, laughing as they tried to touch him—so that he could not move from the bottom of the ramp until police cleared a path.

He was taken into Scranton to officiate at ground-breaking ceremonies for the new John F. Kennedy Elementary School and then driven to nearby Yatesville to speak briefly at a St. Patrick's Day dinner. Heavy, wet snow had begun to fall and along the route about 10,000 men, women and children huddled under umbrellas to catch a glimpse of him.

They were still lining the highway when he drove back to Scranton.

At the Hotel Casey the crowd was so large and so exuberant that the hotel's heavy doors were torn from their hinges as people pressed forward to shake his hand.

His appearance before the Friendly Sons was one of the most difficult he ever made. He had drafted a sentimental Irish speech and for the ending he had written:

"I like to think—as did President Kennedy—that the emerald thread runs into the cloth we weave today . . . and I like to think that his policies will survive and continue as the cause of Irish freedom survived the death of 'The Liberator,' Owen Roe O'Neill."

And he proposed to close with a poem written after O'Neill's death, when Ireland was overwhelmed with grief:

Your troubles are all over, you're at rest
with God on high, But we're slaves
and we're orphans, Owen!
—why did you die?

We're sheep without a shepherd when the
snow shuts out the sky—Oh! Why did
you leave us, Owen? Why did you die?

When I worked some changes he wanted into the speech, I eliminated the poem. When he read the redrafted text, he asked.

"Why did you do that?"

"Because you'll never get through it," I said.

"I've been practicing in front of a mirror," he said, "can't get through it yet—but I will."

And in Scranton he did—just barely, but among the 600 stalwart sons of Erin in the audience, many a man wept openly.

Kennedy would never forget Scranton. On the plane back to Washington, astonished by the reception he had received—the poignant outpouring of love for President Kennedy and so much evidence that he stood well with the people in his own right—that he made an irrevocable decision about his future. Somehow, someway, he would remain in public service.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

At Scranton's 79th annual dinner of the Friendly Sons of St. Patrick last night, the speaker was a Philadelphian, the Rev. William J. Byron, now president of Catholic University in Washington, and there was an emerald thread that stretched back across the years.

Kennedy had urged the men of Scranton to be true to their Irish heritage.

"Let us hold out our hands to those who struggle for freedom today—at home and abroad—as Ireland struggled for a thousand years. Let us not leave them to be 'sheep without a shepherd, when the snow shuts out the sky.' Let us show them that we have not forgotten the constance and the faith and the hope of the Irish."

Last night, Father Byron, dispensing with any Irish sentiment, went directly to the heart of his concern: hunger in Africa, Latin America and Asia. He began by reminding "every Irish one of you" that their forebearers came to America destitute, fleeing from the Irish famine of the 1840s.

"For any Irishman with a sense of history," he said, "the words—'migrate or face starvation'—have to carry with them the shock of recognition. The problem in Bolivia, and Kampuchea, and Mozambique, and in so many parts of the world, not to mention parts of these United States, is hunger and what to do about it.

"And it ill becomes an Irish-American to be uninterested . . . Let's, therefore, be courageous enough to entertain this question tonight: What are we doing about the problem of hunger *now*?

". . . Let's follow the urging of that faith our forebearers carried with them to these shores—that impulse which prompts us to show our love of God through love of neighbor. Your neighbor, in the global village you now inhabit, is hungry. What Irishman can allow himself to look the other way?"

Surely now, was that Bob Kennedy I heard applauding above the rest of us?

Rim of the World, Edge of Starvation: A Saint Patrick's Day Reflection

(By the Reverend William J. Byron, S.J.)

John McShain, the famous Irish-American contractor from Philadelphia, always wanted to build a great national monument and a beautiful cathedral. As a young man he opened a Washington office just to be there in the nation's capital when an opportunity presented itself to bid on a great public project. His patience, persistence, resourcefulness and competence eventually paid off. Within a few decades, he built the gracious Jefferson Memorial, the sprawling Pentagon, the extensive White House renovations, the new State Department, and the grand Kennedy Center for the Performing Arts. But he takes greatest pride in his cathedral—the National Shrine of the Immaculate Conception, our national Catholic monument to Mary, on the campus of The Catholic University of America. It is the world's seventh largest cathedral and its largest Marian shrine.

The National shrine was built by John McShain in the 1950's at the invitation of the then Archbishop of Washington, Patrick Cardinal O'Boyle. In the 1970's, the last remaining space for a dedicated chapel in that great structure was transformed, through the generosity of Mr. McShain, into an "Irish Oratory." On the marble wall of that prayer chapel, which attracts thousands of visitors every year, these words are inscribed: "For all we Irish living on the world's rim are disciples of Saints Peter and Paul."

So there is Ireland—on the rim of the world! And everywhere now around the world are the Irish—men and women of faith, disciples all of Saints Peter and Paul, and this through the missionary labors of Saint Patrick.

If, as the Irish novelist James Joyce once remarked, "the poet is the mediator between the world of reality and the world of dreams," permit me to use that poetic positioning of Ireland "on the world's rim" to draw your attention to a link between the rim of the world and the edge of starvation, between the world of contemporary reality and the world of Irish dreams.

You know, every Irish one of you, that your forebearers, for the most part, came to this country poor and famished, victims of the Great Hunger of the 1840's. They arrived on these shores stripped of everything save the breath of life and the faith which Patrick brought to their homeland and which they brought with them to America. They knew oppression, hunger, suffering, discrimination, and the denial of their human rights. They knew abject poverty. But they also knew family love and high-hearted hope grounded in their Christian faith.

The Irish came to these shores as the "boat people" of the 1840's. Theirs was a flight from famine. Yet, if we are honest with ourselves today, we have to admit that concern for the hungry of the world is not high on the list of Irish-American priorities. This is strange—"passing strange," as Irish storytellers might say—when you really think about our Irish hunger then and our Irish-American power and influence and affluence now.

What other immigrant group left so many famished behind and brought so many fevered with them, only to die over here as an ultimate consequence of the potato failure over there?

And yet we seem to have forgotten that sunken eyes, pallid lips, protruding bones and bloated bellies—characteristics so much in evidence today in the African nations of Somalia, Chad, Mozambique, Rwanda, Ghana, Sao Tome, Principe and Cape Verde—were part of the scenery on an Emerald Isle blackened by blight in 1846. Millions of inhabitants of our world in our time—particularly in Africa, Asia and Latin America—exhibit today the same symptoms and experience the same despair that the Irish suffered in the second half of the decade of the 1840's. Chad this year, Cambodia a few years back, Bangladesh a decade before, Ireland 138 years ago. The question is hunger and what to do about it.

I asked your permission a moment ago to bridge for your reflection tonight "the world of reality and the world of dreams." Presuming that I have that permission, I now direct your attention to this description of the world of reality. Time magazine, November 12, 1979, page 42. A description of Cambodians (now called Kampucheans) crossing the border into Thailand.

". . . on reed-thin legs . . . a grisley cavalcade of specters, wrapped in black rags. Many are in the last stages of malnutrition, or are ravaged by . . . dysentery, tuberculosis and malaria. Perhaps the most pathetic images of all are those of tearful, exhausted mothers cradling hollow-eyed children with death's-head faces, their bellies swollen, their limbs as thin and fragile as dried twigs."

That description is the direct descendent of a letter published in the Times (of London) on December 24, 1346. Mr. Nicholas Cummins, Magistrate of Cork, horrified by what he saw on December 15, 1846 in Skibbereen in the County of Cork, wrote to the Duke of Wellington, who was an Irishman, and also sent a copy to the Times which published the letter on December 24, 1846.

"My Lord Duke: Without apology or preface, I presume so far to trespass on your Grace as to state to you, and by the use of your illustrious name, to present to the British public the following statement of what I have myself seen within the last three days. Having for many years been intimately connected with the western portion of the County of Cork, and possessing some small property there, I thought it right personally to investigate the truth of several lamentable accounts which had reached me, of the appalling state of misery to which that part of the country was reduced. I accordingly went on the 15th instant to Skibbereen, and to give the instance of one townland which I visited, as an example of the state of the entire coast district, I shall state simply what I there saw. . . . Being aware that I should have to witness scenes of frightful hunger, I provided myself with as much bread as five men could carry, and on reaching the spot I was surprised to find the wretched hamlet apparently deserted. I entered some of the hovels to ascertain the cause, and the scenes which presented themselves were such as no tongue or pen can convey the slightest idea of. In the first, six famished and ghastly skeletons, to all appearances dead, were huddled in a corner on some filthy straw, their sole covering what seemed a ragged horsecloth, their wretched legs hanging about, naked above the knees. I approached with horror, and found by a low moaning they were alive—they were in fever, four children, a woman and what had once been a man. It is impossible to go through the detail. Suffice it to say, that in a few minutes I was surrounded by at least 200 such phantoms, such frightful spectres as no words can describe, either from famine or from fever. Their demoniac yells are still ringing in my ears, and their horrible images are fixed upon my brains. My heart sickens at the recital, but I must go on."

He did. I shall not. If you want to read the full account you can pick it up on page 162 in Cecil Woodham-Smith's "the Great Hunger."

Ireland then; Africa today. Senator John Danforth (Republican of Missouri) visited Africa several months ago. In an essay published in the Washington Post under the title, "Africa: Does Anybody Really Care?" the Senator wrote:

"Politicians argue about the extent of hunger in the United States, but for Africa there can be no debate. No food has reached the drought-stricken, guerilla plagued settlement of Changanini in Mozambique since November. The people are eating leaves from the trees, roots and cashew nuts, and the results of such a diet are predicatable. One need not be a physician to diagnose starvation: emaciated bodies, distended bellies, discolored hair and haunting eyes are symptoms anyone can recognize. As of last week, such infrequent aid as has arrived from international donors was sporadic and unsupervised. Unlike the Thailand-Cambodia border of 1979, volunteers from organizations such as CARE, Catholic Relief Services or World Vision had not yet arrived." (the Washington Post, January 25, 1984, A-23)

Permit me just one more reference to hunger today—in this case, Latin America.

In a January 17, 1984 article describing human suffering due to drought right now in Bolivia, the Washington Post concluded:

"These are the scenes of a devastating drought in poor landlocked Bolivia where as much as half the population of close to six million normally depends on subsistence agriculture for a living. Crop losses valued at over $300 million in the last year have undermined the fragile foundation of the country's economy, caused food shortages in the cities and confronted thousands of rural families with a terrible choice—migrate or face starvation."

For any Irishman with a sense of history those words—"migrate or face starvation"—have to carry with them the shock of recognition. The problem in Bolivia, and Kampuchea, and Mozambique, and in so many parts of the world, not to mention parts of these United States, is hunger and what to do about it. And it ill becomes an Irish-American to be uninterested.

Somewhere on a shelf or file cabinet in the White House is the 1980 report produced by Jimmy Carter's Presidential Commission on World Hunger. Chief among the report's recommendations is the idea that the United States should "make the elimination of hunger the primary focus of its relationship with the developing countries, beginning with the decade of the 1980's." That decade is now well on its way; we have not yet implemented the Carter Commission recommendation. Now we have not only another President, but another Presidential Commission on hunger! Ronald Reagan's Task Force on Food Assistance looked only at domestic U.S. hunger. The panel reported that it found "no evidence that widespread undernutrition is a major health problem in the United States." It further reported that it had "not been able to substantiate allegations of rampant hunger" in America.

How wide is "widespread?" At what level does a health problem become "major?" Must hunger-related suffering become "rampant" in order to attract decisive Federal action?

With a Reagan in the White House, an O'Neill in the House Speaker's chair, and names like Kennedy, Moynihan and Leahy responding to Senate roll calls while McDade, McHugh, Foley, O'Brien and Markey sit with scores of other Irishmen in the House of Representatives, the hungry of the world who know anything at all about the famine of the 1840's might be forgiven for asking when Irish-American political leadership is going to emerge to champion the cause of the hungry poor.

There were hundreds of thousands, perhaps as many as two million Irish men, women and children who died from starvation and disease related to the great potato famine. British lawmakers at that time lined up on the side of protectionism and laissez-faire. Government initiatives did establish public works to provide wages, paltry as they were, for potatoless farmers. But provision of food for starving Irishmen was left to private enterprise. As everyone now knows, that simply did not work.

It is fair to ask how history is likely to evaluate today's occupant of the Oval Office and all those Irishmen in the U.S. Congress in terms of their response to hunger at home and abroad. Sure, the Friendly Sons raise more glasses than questions on St. Patrick's Day. That is only natural. But out of the Irish-American experience comes a question that simply must be asked as the decade of the 1980's moves along: Will America make the elimination of hunger the primary focus of its relationship with the developing countries? Must America wait until hunger at home is clearly and by all measures "rampant" before it organizes the political will to eliminate it?

By the year 2100, it is conceivable that political leadership in the United States government could be in the hands of Cambodian-Americans, or Somali-Americans or Bolivian-Americans. Those possibilities are not less likely than was the expectation in the 1840's that the Irish could rise to the top of our executive and legislative branches of government. Such groups—the Vietnamese-Americans or Mozambique-Americans, to offer a couple of additional examples—could well have their own black-tie events on special days to celebrate their own heritage. The rice or whatever on their plates, like the potato on the plate of every Friendly Son tonight, could stimulate some musings about past hardship and present responsibilities. Some might be prompted to wonder what a political leadership, which happened to be Irish in America in the 1980's, did for the hungry of the world at that time. The answer to that question is being shaped today in the Reagan White House and the Congress of the O'Neills and all those other Irish-Americans who enjoy our admiration and respect, as well as our votes.

World hunger is not a problem for the politicians alone (few problems are!). Each one of us has to think about it. Each one of us must do what can be done.

When I return to Washington and next visit John McShain's Irish Oratory, I'll be thinking of 138 years of extraordinarily impressive Irish-American achievement in business, politics, education, ecclesiastical leadership, the arts, the military and all the other walks of American life. I'll thank God that the Irish-Americans have kept the faith. I'll pray that God will inspire us to find a link between the rim of the world (our Irish dreams) and the edge of starvation (the harsh reality confronting so many human beings today). I'll also pray that Irish-American genius, generosity, creativity and commitment will come together in a leadership effort to eliminate the scourge of hunger from our world.

It is frightening to consider what some very recent scholarship is suggesting, namely, that the entrepreneurial inadequacy of the Irish landlord class had more than a little to do with allowing Irish poverty in the 1840s to spread from tolerable and even manageable scarcity to death-dealing famine. The 1846 Irish equivalent of today's prosperous and powerful Irish-American "Friendly Son" was the landlord. If you grant that, then try this stretch of the imagination: Perhaps we (our class, our kind) could have prevented hunger then! Let's, therefore, be courageous enough to entertain this question tonight: What are we doing about the problem of hunger now?

"Nothing" is, by anybody's measure, certainly not enough! Let's go forth from here tonight and start to write a better answer with deeds that show our gratitude for the progress we have made. Let's follow the urging of that faith our forebearers carried with them to these shores—that impulse which prompts us to show our love of God through love of neighbors. Your neighbor, in the global village you now inhabit, is hungry. What Irishman can allow himself to look the other way?●

CALVARY BAPTIST CHURCH TO MARK 100TH ANNIVERSARY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GAYDOS. Mr. Speaker, for the past several months the congregation of the Calvary Baptist Church in West Mifflin, PA, has held a series of events commemorating the 100th anniversary of their church's founding. The highlight of this observance will be staged May 26 at an anniversary dinner in the church hall.

The occasion, however, will be touched with a tinge of sadness for at that time the congregation will bid farewell to the pastor who has served them so faithfully for the past 19 years—the Reverend Joseph D. Sullivan.

It was under Reverend Sullivan's leadership that the present church was constructed. In addition to his counseling and administrative duties, Reverend Sullivan has taught adult church school classes and led numerous Bible study groups. His wife, Alberta, also has been extremely active in the work of the church, serving as director of Christian education, choir leader, pianist, and teacher.

Reverend and Mrs. Sullivan will leave Calvary Church on June 3 and retire to Kentucky but they will long be remembered by the works they leave behind.

Calvary Church began as a Baptist Mission in October 1883, meeting in McClure Hall in Homestead, PA. It was officially designated the "First Baptist Church" in 1884 and became affiliated with the Pittsburgh Baptist Association the following year.

Its first full-time pastor was the Reverend F.R. Scully and under his leadership the congregation acquired its first building, which was dedicated in 1887. As a point of interest, the church was presented a pipe organ—the first in the town—by Andrew J. Carnegie, the great philanthropist.

Over the years the church prospered under a succession of dedicated pastors and as membership grew the congregation was relocated. In 1965, shortly after the arrival of Reverend Sullivan, a decision was made to construct a new church on the present site in West Mifflin. Ground was broken for the new edifice in 1972 and on April 18, 1975, the "First Baptist Church" was renamed the "Calvary Baptist Church."

Mr. Speaker, it would be impossible to list by name all those individuals and pastors who devoted time, energy, and talent to the growth of Calvary Church over the past century. But, I deem it appropriate that my colleagues in the Congress of the United

States join me in extending our congratulations to the congregation of Calvary Baptist Church on the 100th anniversary of their church and wish it continued success in the years to come.●

A FOR THE EFFORT OF POSTAL EMPLOYEES

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GARCIA. Mr. Speaker, I would like to include in the RECORD a copy of a letter published in the April 3 edition of the New York Times by Vincent Sombrotto, president of the National Association of Letter Carriers, on the quality of mail delivery in New York City.

Mr. Sombrotto makes a good case for the hard work being done by the employees of the Postal Service in New York City. He deals with the reality of the situation in the city of New York. He is clear on the difficulties yet to be surmounted, and just as clear on the determination of the employees of the Postal Service in overcoming those difficulties. I think he is right on target, and I submit his statement for my colleagues.

[From the New York Times, Apr. 3, 1984]

WERE NEW YORK TO "SECEDE" FROM THE POSTAL SERVICE

TO THE EDITOR: Representative Bill Green's complaint about the quality of mail service in New York City (Op-Ed March 10) culminates in a classic example of throwing out the baby with the bath water.

Suspending the Private Express Statutes in the Manhattan-Bronx postal district to open the door for private services would not only lead to far worse mail delivery in New York City, it would also lead to the eventual destruction of the U.S. Postal Service and thus end the universal mail service Americans everywhere have historically enjoyed.

New York City is not an island to itself. There is no practical way of allowing New York or any other large, congested urban area to secede from the Postal Service's universal delivery network without the entire system crumbling.

In fact, the suspension of the Private Express Statutes (the body of law that provides for a universal mail system) for New York City would create a chaotic situation as the various private couriers working within the city's confines would attempt to link up their competing networks with that of the Postal Service. Mail coming into the city would be delayed significantly, as would mail leaving it.

In sum, privatizing mail service, even in a single city, will not improve it—just as breaking up A.T.&T. certainly has not improved telephone service. What privatizing could do, however, is to destroy what is universally regarded as the most efficient, most cost-effective mail service in the free world.

In fiscal year 1983, the Postal Service processed over 119 billion pieces of mail—more than all other countries' postal services combined. Gross productivity increased for the ninth consecutive year as the amount of mail processed per full-time worker rose to an all-time high of 173,320, far more than any other postal service. And the nationwide delivery performance for local mail was 96 percent. Finally, first-class postage in this country is the second lowest in the free world. Only in Switzerland can you mail a letter for less.

By opposing a frivolous and highly parochial proposal, however, I am not arguing that the quality of mail service in New York City cannot be improved. As Mr. Green pointed out, delivery in a densely populated, highly transient and congested area like New York City presents major challenges. The Postal Service and all postal employees are committed to overcoming these challenges.

VINCENT P. SOMBROTTO,
President, National Association of Letter Carriers.●

FUTURE INDUSTRIAL POLICY

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. BARNES. Mr. Speaker, our colleague, Senator THOMAS EAGLETON, recently delivered a speech at a symposium on industrial policy sponsored by the Women's National Democratic Club. In this speech, Senator EAGLETON presented some ideas about U.S. competition in the world market, the need for a sounder fiscal and monetary policy, the development and upgrading of human resources and scientific and technological innovation. I believe that his remarks are thought-provoking and deserving of our attention.

UNMORTGAGING THE FUTURE: AN ALTERNATIVE TO REAGANOMICS AND REAGANISM

(By Senator Thomas F. Eagleton)

Next to the overriding issue of war and peace in a nuclear age, the fundamental question facing the country is whether the policies of Ronald Reagan have laid the foundation for long-term economic growth and prosperity. What does the future hold for our children who are just preparing to graduate from high school or college? What does it hold for those who are 35 or 40 in a job which appeared secure several years ago, but seems less certain now?

My own view can be simply stated. We are all grateful for the present economic recovery, but it is a recovery built on sand. No one ever doubted that $200 billion deficits could fuel consumer spending and help drive the economy out of the recession, but no one believes we can sustain for very long a recovery in the face of mega-deficits projected for the rest of the decade. The disarray among the President's economic advisers, the widening U.S. trade deficit, and the plunge in the stock market reflect that grim reality.

Even more fundamentally, we have not put into place the long-range policies needed for success in the 1980's and beyond. Nostalgic for the good old days when our industrial dominance was unquestioned, the Reagan Administration is a passive bystander as the winds of change sweep across our land. In a very real sense, the industrial policy debate is not about central planning or the wisdom of "a bank"; it is about what is needed for success in a changing world and the future competitiveness of our industries.

1. THE WORLD WE FACE

We are enmeshed in a world economy characterized by intense international competition. Fully 70 percent of our products compete against those from abroad; virtually every one of our major industries has suffered a significant loss of market to foreign competition.

The good old days are gone and won't be returning. Japan will be a formidable competitor in all the high technology and information sectors central to future prosperity. The Europeans are making a determined effort to target the same sectors. Nor is that the only competition; the newly-industrializing countries such as Mexico, Brazil, South Korea, and Taiwan, continue to shift rapidly from supplying raw materials and inexpensive labor to becoming prime suppliers of increasingly sophisticated products. South Korea and Taiwan have already begun to produce steel and ships more efficiently than Japan. They are moving aggressively into consumer electronics and, in the case of the South Koreans, even into automobiles and the semiconductor business. A recent article in Fortune Magazine captured the frenetic pace of competition by observing that "the world economy is like a crowded staircase, with each nation scrambling upward as though there was a fire in the basement."

The dazzling pace of technological change intensifies the pressure of international competition. When the internal combustion engine transformed almost every facet of American life, its introduction was spread over generations. Today, new technologies, even new industries, develop, mature and are in worldwide use in a friction of the time. Unprecedent changes in product, production and communications technology ensure that our children will see more change in the next twenty years than our grandparents did in a half century.

I think that we are beginning to adjust to these new realities. The blast of competition has energized our business sector; the complacency of the past is gone. Our automobile industry, for example, has made extraordinary changes in a very few years: the quality of the product and the relationships on the factory floor have improved radically. Our vibrant high-technology sector reminds us how dynamic private enterprise can be. Our great universities, national laboratories, and corporate research centers continue to set the pace in leading-edge technologies. The recession and international competition have produced a new realism about the link between wages and productivity—and a moderation that may last.

2. MORTGAGING THE FUTURE: THE SHORTSIGHTEDNESS OF REAGANOMICS AND REAGANISM

We have the resources to deal with this challenging period. What we lack is political leadership which understands the critical role which government must play. Some of our most prominent business leaders—Lee Iacocca at Chrysler; William Norris at Control Data, James Beré at Borg Warner; Ed Jefferson at DuPont—have pointed out that we can meet the challenges of international competition and technological change only if government enters into an effective partnership with other key sectors of the country, for the benefit of all.

Government policy can make the difference between success and failure in a keenly competitive world. In the 1950s-'60s, the Japanese government took the lead in building a consensus that developing world-class basic industries was critical, and Japan became the world's leader in steel, shipbuilding and autos. When the outlines of the future, based on high technology and information industries started to emerge, Japan emphasized education and training, encouraged research and development, licensed or purchased advanced technologies from us where possible, and formulated legislation and other strategies to ease the transition out of basic industries into higher technology. Today, they still lead the world in steel, shipbuilding and autos, but also lead in robotics, VCRs and consumer electronics, and they are keenly competitive with us in semiconductors, computers and biotechnology.

In contrast, Harvard Professor Otto Eckstein, former member of the Council of Economic Advisers, has recently traced the decline in United States manfacturing squarely to the economic policies of both Republican and Democratic Administrations. High interest rates made the cost of capital to business twice what it is in Japan, blocking investment. Tax laws made it reasonable for families to consume, rather than save, and for businesses to embark on unproductive mergers, rather than build factories. The dollar, which was overvalued deliberately after World War II to help Japan and Europe, stayed overvalued long after the original justification ceased to be valid, doing incalculable harm to our trade sectors. Overall, we formulated policy with absolutely no concern about the impact it would have on industial competitiveness.

Obviously, the Reagan Administration did not create this situation. But it has had the chance to explain the realities of a changing world and rally the country behind new policies. Instead, the Administration has given us massive deficits and a stunning trade imbalance, and the ideological, reflexive answer that the free market can take care of everything and that government has no meaningful role to play in helping to chart our future.

In contrast, DuPont Chairman Ed Jefferson has made this observation:

"Any successful industrial strategy in the U.S. must be thoroughly consistent with the idea of private enterprise. . . But at the same time I would reject the notion that pure free market economics will suffice to ensure our international competitiveness.

Our competitors recognize their nation's vital interest in quality education. The Reagan Administration slashes at federal funding for education, apparently thinking tuition tax credits and school prayer alone will propel us into the 21st century. Science and technology are critical to our ability to compete, but the Reagan Administration has reduced support for non-military applied R&D, and totally refused to carry out the Stevenson-Wydler Act, a farsighted measure enacted to spur innovation in this country. The need to train displaced workers for new jobs and to cushion the adjustment period are obvious. Yet the Administration has refused to fund the Jobs Partnership Training Act fully, and abolished the Trade Adjustment Assistance program without suggesting anything to replace it.

The future direction of our economy and the role of government warrants a full and honest debate.

In fact, and in truth, every Administration, Democratic or Republican, intervenes in the free market through tax, regulatory, trade and other decisions all the time. The Reagan Administration, for example, has denied trade relief to the machine tool industry, but granted it to Harley-Davidson motorcycles. They have radically transformed the pattern of capital investment in the U.S.A. through the 1981 tax cut. They have dramatically increased defense research while slashing funds for energy research.

The real question is whether the Federal government's intervention in the market will be effective, and for what ends. Will we continue to practice what Robert Reich and Ira Magaziner have called "industrial policy by default . . . an irrational and uncoordinated policy," dictated by political expediency, "in which the goal of international competitiveness has not figured?" Will we continue with irresponsible, budget-busting tax cuts for the wealthy while scrimping on our vital investments like education for our children?

3. THE DEMOCRATIC ALTERNATIVE

The Democrats offer a two-part alternative.

Policies designed to enhance our competitiveness will not help unless we reduce the deficits to manageable proportions. It isn't easy to advocate raising taxes, reducing defense expenditures or touching sensitive items like entitlements, but all the Democratic Presidential candidates have been offering detailed proposals for doing so. Leadership demands that kind of courage; it is not leadership to submit a budget which sweeps the problem under the rug until after the election, or to express a willingness to reduce the deficit while ruling out every option which has a chance of helping the situation.

Beyond deficit reduction, Democrats are recommending new policies and organizational arrangements to enhance our competitiveness and make our economy more adaptable:

We emphasize education and training for reasons that the authors of Global Stakes: The Future of High Technology in America, describe well.

"Whereas American wealth and power have traditionally been based on natural resources and on capital investment in physical plant and machinery, the balance is now tipping toward investments in people and knowledge as key resources . . ."

We favor extending Title I to secondary schools; targeting vocational education; upgrading instruction in science, math, computer and foreign language instruction; and providing aid to gifted students. And we remain angered by the sheer hypocrisy of President Reagan's posturing in the area of education.

As A. Graham Down, Executive Director of the Council for Basic Education recently observed:

"One enemy of excellence is cheapness. The Reagan Administration allies itself with the popular cause of school improvement, but is unwilling to assume responsibilities that the federal government alone can shoulder . . ."

Innovation—in process and product technology—is at the heart of our ability to compete. We favor creation of technology extension centers, modeled after the successful Agricultural Extension Service, to function as a clearinghouse and to assure the effective transfer and utilization of new technology. We also favor clarifying the antitrust laws to permit joint research and development, and creating a national technology foundation which would do for technology what NSF has done for basic science.

We want industries to modernize to restore competitiveness where it is flagging, and we would provide temporary trade relief to enable them to do so. However, the quid pro quo for relief would be a realistic, hardheaded modernization plan hammered out by all affected parties. The public is entitled to receive something for the relief given; no longer would U.S. Steel get trade and regulatory relief and then proceed to buy Marathon Oil!

In our effort to enhance competitiveness in our capital-intensive industries and high-technology, we cannot neglect our labor-intensive industries. A dozen years ago, one out of eight industrial workers was in the textiles, apparel and clothing industry. No longer. Low-wage foreign imports in this industry increased 17 percent last year alone. In my view, market-sharing arrangements, such as those envisioned in the Multi Fiber Agreement, sensitive to the needs of both developed and developing nations—are crucial to these labor-intensive industries.

The pressure of competition and the pace of change ensures that thousands of jobs will be created while many others will be destroyed. Prosperity will not be evenly distributed among regions and communities. It is the role of government to ensure that the burdens of change are shared; that individuals who lose their jobs are recognized as the victims of circumstances beyond their control—not failures—and aided in the search for new work through retraining and adjustment assistance.

Finally, Democrats are proposing creation of a 20-person advisory Council on Economic Competitiveness and Cooperation to serve as the forum in which the nation's industrial strategy would be debated and formulated. The Council would also establish, after a request from the private sector, advisory working groups to analyze and consider responses to problems that affect individual industries and geographical areas.

Our current approach to economic, industrial and trade policy is ad hoc, fragmented, fundamentally adversarial, and therefore, destined to be reactive, rather than anticipatory. A recent House report observed that Japan's approach is characterized by a "web of policies," while ours is a "heap." We cannot afford the luxury of this kind of policymaking when other countries, stressing government-business cooperation, are pursuing tightly-integrated industrial and trade policies.

We need to bring parties together to identify problems and opportunities earlier, and respond to them more quickly. If such a Council had been in place, our steel industry might have avoided the agony which has marked the last decade. Business, labor, government and academia could have combined their knowledge of the present situation and their reading of the future. Strategic investments could have been made in a timely fashion; wages could have been moderated when it counted; the industry now restructuring itself could have done so in the middle '70s. Thousands of jobs might have been saved; unavoidable dislocation would have been eased. The Japanese are the number one steel producers in the world, but Japan has been planning, since the mid-1970s, how to ease the transition during which steel production would be reduced.

Some critics of the Council argue that consensus-building comes easy in a homogeneous society like Japan, and we should not pretend that we can imitiate them. But any democratic society needs to have consensus before taking significant action. The more diverse and contentious the society, the more you need institutions to build consensus. The Japanese may have ingrained the habit of building consensus, but the have also relied on institutions like their Industrial Structure Council to produce a process where consensus could be built.

The Reagan Administration condemns these proposals to solve problems through cooperation and consensus-building as somehow un-American. Flying the flag of free enterprise, they offer trickle-down economics and Social Darwinism—survival of the fittest. They misread, or ignore, American history.

Our greatest accomplishments have resulted when government cooperated with private enterprise: to build our extraordinary strength in agriculture; to make us the "Arsenal of Democracy" in World War II; to produce the space program which responded to Sputnik.

In his State of the Union, President Reagan told us that "America is back." We are not back, and in fact, we can't go back. We have entered upon what one commentator called "a great white-water river of change." We will navigate it successfully if we enlist all segments of the society in a cooperative effort. The alternative is drift and decline. As Benjamin Franklin warned the citizens of the faltering new republic two centuries ago, "we can all hang together, or we will all hang separately." He might also have added: by hanging together, there is no limit to the great things that can be done.●

MAYOR TOM BRADLEY ATTENDS THE FEDERAL EMERGENCY MANAGEMENT AGENCY'S INTEGRATED EMERGENCY MANAGEMENT COURSE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. BROWN of California. Mr. Speaker, most Members will recall that the Federal Emergency Management Agency (FEMA) was established in 1978 to create an improved and more efficient organization for implementing Federal activities for emergency planning, mitigation, relief, and recovery. FEMA manages and provides coordination for the national flood insurance, crime insurance, civil defense program, strategic and critical materials stockpiling program, defense production act authorities; and the disaster relief programs, in addition to the earthquake and fire prevention and control programs.

For years I have urged FEMA to develop a multihazard research, planning and mitigation approach to deal with emergencies. It has been my belief that research findings and knowledge gained in developing comprehensive mitigation and response plans for an emergency such as an earthquake may be applicable to other hazards.

For example, an earthquake may be accompanied by other manmade and natural disasters in the course of events, and a multihazard mitigation and response plan would be necessary to deal with these related problems. The earthquake which occurred near San Jose, CA, on Tuesday, April 24, provided a vivid demonstration of multiple emergencies accompanying a moderate earthquake.

I am happy to report that FEMA has developed an integrated emergency management program to deal with multiple problems that would occur as a result of a disaster. The benefits of this program have already been realized by Mayor Tom Bradley and city officials in Los Angeles.

During the first week of March, Mayor Bradley transported 50 of his top city officials to the Emergency Management Institute in Emmitsburg, MD, for an intensive weeklong exposure to FEMA's new integrated emergency management course. In the course, Los Angeles officials were faced with multiple disasters in rapid succession, to test how they would react.

I submit two articles recently in the print media and a letter from Mayor Tom Bradley to FEMA director, Gen. Louis O. Giuffrida, regarding the merits of the program be included in the RECORD directly after my remarks.

The articles follow:

[From the Los Angeles Times, Mar. 9, 1984]

DISASTER STRIKES LOS ANGELES: THIS IS A TEST

(By Evan Maxwell and Bill Farr)

EMMITSBURG, MD.—Mayor Tom Bradley and 50 top officials of the City of Los Angeles had quite a day Thursday. In rapid succession, they faced these problems.

Ten-thousand angry demonstrators tried to parade from the Westwood Federal Building to the UCLA campus without a permit.

A terrorist group demanded the release of two of their comrades and blew up a downtown high-rise building to underscore their seriousness.

A storm dumped four inches of rain on the city, further saturating hillsides that had been deluged by six inches of rain in the last two weeks. High winds struck several parts of the city simultaneously.

Bradley and other city officials had to deal with these emergencies, not in sunny Southern California, but while ensconced in the snowy hills of western Maryland, 10 miles from the historic battlefields of Gettysburg and 3,000 miles from the scene of the "disasters."

In reality, the multiple disasters were fictional; they were dreamed up as a training session to test how the city's top leaders would react.

"This should be a good dress rehearsal for a potential problem at the Olympics, but the training is more broad-based and designed to put them to the test on how they would handle any major emergency," said one of the organizers of the session, Louis Giuffrida, director of the Federal Emergency Management Agency.

The session, staged during three days at the agency's Emergency Management Institute, was extraordinary, according to its managers, in both the stature of the participants and the magnitude of the problems they faced.

Besides Bradley, eight directors and a large number of top executives of city departments took part, including City Council President Pat Russell, Fire Chief Donald Manning and Administrative Officer Keith Comrie.

Bradley said the decision to hold the workshop at the institute in rural Emmitsburg was made to isolate the participants from the distraction of "a hundred phone calls a day in the normal operation of their offices" and to force them to focus on the emergency situations they were facing.

"This allows us to see the total operation and underscores the concept of team planning for emergencies," Russell said.

The showpiece of the training session was an extended role-playing situation in which the mayor and the other officials were given a scenario of multiple crises, all of which have happened in Los Angeles at one time or another.

"All these things have occurred," said Cmdr. George Morrison, who heads the Los Angeles Police Department's headquarters uniformed services command and who was a key designer of the intricate scenario. "Not everything achieved the magnitude we use here, but these are realistic situations."

As the scenario progressed, new twists were added, much in the way that real emergency situations unfold. For instance, the terrorist incident escalated dramatically over a period of hours, Morrison said.

The incident began when the FBI authorities arrested two suspected members of a right-wing terrorist group. Shortly thereafter, Bradley's "office" received a tape-recorded threat to blow up downtown buildings unless the terrorists were released.

Subsequently the role-players were informed that a bomb had been found in one of the city's largest office buildings. Police bomb experts X-rayed the bomb and determined that it could not be disarmed. The role players had to devise an emergency evacuation and traffic control plan, then to deal with the ultimate disaster when the bomb exploded and all but leveled the high-rise structure.

At the same time, the decision-makers and their emergency operations personnel were trying to cope with a disastrous rainstorm and student unrest on the Westside, where a lawful protest against cuts in educational aid turned into an illegal march by 10,000 demonstrators. As the scenario progressed, the city officials invoked mutual aid agreements and had to cope with everything from police cars running out of gas to borrowing bulldozers from private contractors to control storm damage.

"These people had to face the real possibility of the city running out of resources when hit by multiple emergencies," Morrison said.

Even the city's legal department was drawn into the maelstrom, with Deputy City Atty. Cheryl Ward Smith dealing with the legal ramifications of "sidewalk contracts" for emergency food and shelter and with the nuances of invoking a "state of local emergency."

Bradley said the workshop was "not designed for Olympic purposes." But, he said, "lessons learned cover any kind of emergency, under any circumstances, including the Olympics."

Agency officials said the Los Angeles training session is part of an expanding program to acquaint politicians and government managers with the most sophisticated forms of emergency control and to educate them to considerations they might not normally include in their contingency plans.

Bradley said one of the most important lessons he learned from the classroom part of the workshop is that the law enforcement officers, firefighters and other city employees confronting a disaster are subjected to enormous stress.

"We just take for granted that they are superhuman and will perform, but they are subjected to the same stress reaction as everyone else. We need to try to prepare them better," the mayor said.

Over the next few days, workshop organizers will evaluate the performances of the Los Angeles officials and departments during the mock disaster.

"We are pretty certain the city survived, but it suffered some scars," Morrison said.

Los Angeles City Officials Visit Emergency Training Center

Emmitsburg, Md., March 8, 1984.—The string of disasters that Mayor Tom Bradley and 60 Los Angeles city officials endured at the National Emergency Training Center were only fantasy, but their frazzling effects on officials' nerves were real.

In just one day, Bradley, Fire Chief Don Manning, City Council President Pat Russell, and other top officials withstood a major storm, a street cave-in and an evacuation 3,000 miles from home.

Bradley's mark? An A for the day from a Federal Emergency Management Agency head.

The exercise at the facility 75 miles from Washington, D.C., culminated an intense three-day Emergency Management Institute course tailored especially for Los Angeles, the nation's third largest city.

"I was very proud of the way our people performed," Bradley told UPI. "The exercise attempted to break us, to overwhelm us with incidents."

He said some city officials "still need to sharpen skills and resolve conflicts over defining turf."

Los Angeles, which has experienced a major earthquake, mudslides, serious flooding and a series of devastating brush fires, has "a running start" in disaster exercises, Bradley said.

"We've gone through other practice runs and real life situations," he said. "We have had considerable experience and we have a lot of resources in Los Angeles."

A "great benefit" of the federally-funded exercise that cost $45,000 to produce was the camaraderie that developed among city department managers who rarely if ever before participated in such an exchange with their colleagues, the mayor said.

As expected, he said, "the demands exceeded our resources and we had to call on outside agencies to send in personnel."

Los Angeles County fire departments have organized a mutual aid network with surrounding areas to help each other during major brush fires and other emergencies.

Andy Casper, a former San Francisco fire chief who heads FEMAs Comprehensive Emergency Management Program and directed the exercise, praised Bradley's handling of the exercise.

"He's very cool. He's decisive," Casper said. "I haven't seen anything really shake him, and we gave him some tough problems."

"I worked for three mayors in San Francisco—Joseph Alioto, George Moscone and Dianne Feinstein—and they were all excellent. But Tom Bradley is the first mayor I ever saw take a strong lead with his sleeves rolled up."

Casper said many California cities have a much higher disaster potential than cities in other parts of the country because, "They're living with the threat of a major earthquake."

Los Angeles "has its act together" in handling disasters, but needs "some fine tuning," he said.

"The weaknesses were not obvious in the police, fire and public works departments, but (in) other city departments (that) don't have the daily activities (to gain such experience,)" he said.

To prepare for the exercise, a FEMA team went to Los Angeles, analyzed its previous and threatened disasters and created a scenario for the exercise.

In the first two days, officials were given lectures and shown gruesome slides of real-life disasters from the FEMA collection that includes the Kansas City hotel skyway collapse and the Pacific Southwest Airlines crash in San Diego.

Bradley, a former Los Angeles police officer, was not shaken. "We emphasize stress and brink of disaster," Casper said. "We cover everything that's possible from natural and man-made emergencies.

City of Los Angeles,
Office of the Mayor,
Los Angeles, CA, March 29, 1984.

Gen. Louis Giuffrida,
Federal Emergency Management Agency,
Washington, DC.

Dear General Giuffrida: This letter is a small expression of the appreciation that I, as Director of the Emergency Operations Organization of the City of Los Angeles, as Mayor of this City and as a private citizen, wish to convey to you and the FEMA/NETC staff. I am thanking you from this threefold perspective because the "Integrated Emergency Management Training" your organization provided in Emmitsburg, Maryland, March 5 through 9, 1984 has provided benefit and momentum to the City in all three areas. Our Emergency Operations Organization has gained new insights into its operational structure and the resources which would be available during a disaster. City General Managers and Division Heads have received a vision of the unity and teamwork necessary to successfully mitigate or manage a disaster; and the citizens of Los Angeles have been assured the best possible mobilization of emergency resources.

Your concept of "Integrated Emergency Management" is a vision which will be of benefit to cities, large and small, across the nation. It conveys so well the principle of teamwork at the management level being brought to bear against all types of disasters. The "Integrated Emergency Management Team" of the City of Los Angeles is richer for the training you have provided.

Yours truly,

Tom Bradley,
Mayor.●

WOMEN FROM WEBA TO FIGHT ABORTIONS

HON. MARK D. SILJANDER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. SILJANDER. Mr. Speaker, of the 1.5 million abortions performed each year in the United States, it is estimated that over 150,000 second and third trimester babies are legally terminated. According to the Centers for Disease Control in Atlanta, approximately 500 babies actually survive the "procedure" and go on to be adopted. Thousands more survive momentarily, but receive no treatment whatsoever. Clearly, the unborn child is a pathetic victim whose right to live is predicated solely on whether or not he or she is wanted.

But it is becoming increasingly clear that they are not the only victims.

As Nancyjo Mann, founder of Women Exploited by Abortion (WEBA) points out in the August 4, 1983, edition of the Washington Times, the women who abort are also victims.

Mr. Speaker, Ms. Mann should know. She had a saline abortion when her baby was 5½ months gestation. She gave birth to a dead baby girl poisoned by the salt. She has been through hell trying to deal with what she permitted a doctor to do to her baby. She feels she has been ripped off by the abortionist who trivialized the nature of the deed and conned by a legal system that stretches freedom of choice to include the painful destruction of children. She named her baby girl Shauna Marie.

In the article she says:

> Once they put the saline in there's no way to reverse it. And for the next hour and a half I felt my daughter thrash around violently while she was being choked, poisoned, burned, and suffocated to death. I didn't know any of that was going to happen. And I remember talking to her and I do remember telling her I didn't want to do this, I wished she could live.

Less than 1 year ago, Ms. Mann founded WEBA. Its 10,000 members all had abortions and are eager—despite the personal pain involved in going public—to get the message out that abortion exploits women.

Recently I had the honor of meeting the president of WEBA, Lorijo Nerad, who lives in my district. Articulate and sincere I was impressed with her determination to make all Americans aware of the double tragedy of abortion. As many of us have been strong advocates of the rights of the unborn children—Lorijo helps us to focus on the need to concern ourselves with the tragedy facing those women who have been misled by others in the media, in the community, and sometimes in public office.

I compliment her work and urge all my colleagues to read the interview in the Washington Times to further understand the enormous importance that WEBA has to our Nation.

[From the Washington Times, Aug. 3, 1983]

Women Form WEBA To Fight Abortions

Nancyjo Mann on the horror of having an abortion, and of the mission of Women Exploited By Abortion.

Every year for the past 10 years 1.5 million women have had an abortion. For many, according to Nancyjo Mann, founder and president of Women Exploited By Abortion (WEBA), having an abortion only began their problem. Mann was interviewed by Washington Times staff writer and columnist Tom Diaz.

Q: Tell us about your experience with abortion and its consequences,

A: My experience goes back to 1974, the month of October, 30th day—the day that I killed my baby girl. It was a second trimester abortion. I was 5½ months pregnant.

I went to the doctor because family members had pressured me, had encouraged me. There was no "Nancy maybe you should reconsider," because it was not my idea in the first place, it was theirs.

My husband had walked out the door and deserted us. The responsibility of three children was just too much for him. I went to my mother and my brother and asked. "What am I going to do?" And my mother said "It's obvious, Nancy, no man's going to want you with three children, let alone the two you already have. You're probably not going to amount to a hill of beans and you're probably going to be on welfare the rest of your life."

And following those three positive, uplifting statements, she said "You're going to have to have an abortion." Then she called one of the leading ob/gyns in the Midwest, and he said, "Absolutely, no problem. Bring her on in."

Q: Did he know at the time how far you were along?

A: Absolutely. He does all kinds of second trimesters no problem.

I went in and I asked, "What are you going to do to me?" All he did was look at my stomach and say, "I'm going to take a little fluid out, put a little fluid in, you'll have severe cramps and expel the fetus."

I said, "Is that all?" He said, "That's all."

It didn't sound too bad But what that doctor described to me was not the truth.

I went to the hospital and 60 ccs of amniotic fluid were drawn out, and a saline solution injected. Immediately the needle went through the abdomen I hated Nancyjo, I hated myself. With every ounce of my being I wanted to scream out "Please, stop, don't do this to me." But I couldn't get it out.

Once they put in the saline there's no way to reverse it. And for the next hour and a half I felt my daughter thrash around violently while she was being choked, poisoned, burned and suffocated to death. I didn't know any of that was going to happen. And I remember talking to her and I remember telling her I didn't want to do this, I wished she could live. And yet she was dying and I remember her very last kick on her left side. She had no strength left.

I've tried to imagine us dying that kind of death, a pillow put over us, suffocating. In four minutes we'd pass out. We'd have that gift of passing out and then dying. But it took her an hour and a half just to die.

Then I was given an intravenous injection to help stimulate labor and I went into hard labor for 12 hours. And at 5:30 a.m. on the 31st of October I delivered my daughter whose name is now Charmaine Marie. She was 14 inches long. She weighed over a pound and a half. She had a head of hair and her eyes were opening.

I got to hold her because the nurses didn't make it to the room in time. I delivered my girl myself. They grabbed her out of my hands and threw her, threw her, into a bedpan. After they finished and took her away in the bedpan, they brought a lady in to finish her last hour of labor lying next to me. She had a healthy baby boy.

That was tough.

I liked Nancyjo, I liked me, prior to the abortion. But shame and remorse and guilt set in—I mean, when you get a hold of your own daughter and you see what you did. She was not a "fetus." She was not a "product of conception." She was not a "tissue adhering to the uterine wall." She was my daughter and I got to hold her, at only 5½ months, 22 weeks. So those are cheap, inhuman words to use around me.

I chose to be sterilized because I couldn't cope with the idea that I could possibly kill again. It was too devastating. It was not something you go around telling people, that you just killed your baby, no problem. I was ashamed, totally ashamed.

Q: But some people would say that although this experience obviously had a great impact on you, it is not characteristic of most other women who have abortions. Is your case unusual?

A: No, my case is not unusual at all. People want to say "Oh, but Nancy, you're the extreme." That's not true. In fact there are so many more of us than there are the other. The emotional hurt is so deep. You do not discuss your abortion, the suction machines and the needles and everything else, over a cup of tea and a cookie. Women just don't do this. The pain is just too deep and too great.

I'm sure there are women out there who are never fazed, never, by their abortion. But I would say that 98, 99 percent of them are fazed, whether it's for a small period of time or for the rest of their life, whether they suffer only a small degree or die from their abortions.

Q: How did WEBA—Women Exploited By Abortion—get started?

A: About one year ago I was talking to another recording artist who was pro-life. I asked what pro-life meant and he said he was anti-abortion. I said "Hank, I had an abortion in 1974. I was 5½ months pregnant. It hurt so bad for so long."

He just about drove the car off the road. And he said, "Nancy, you've got to tell the story." So, a year ago I went public, founded WEBA.

Q: How many members do you have?

A: I'm a 10-month-old corporation and in 10 months I've gone from being two people, my vice president and myself, in two states, Virginia and Iowa, to now having 34 states with approximately 10,000 women in my group.

Q: What are some of the effects of abortion on women?

A. I have women who cannot vacuum their carpets. They have to have the neighbor or their husbands do it while they're at the grocery store, because of the suction sound. You see, the suction machine (used in many abortions) makes that sucking sound—it's 29 times more powerful than the vacuum we use in our home. The majority of the women aren't put to sleep. It's done without being put to sleep. It's heartbreaking to me that they can't run a vacuum cleaner—that's a deep wound.

One psychological effect we see almost all the time is guilt. Others are suicidal impulses, a sense of loss, of unfulfillment. Mourning, regret and remorse. Withdrawal, loss of confidence in decision-making capabilities. They feel that maybe they've made a wrong decision, maybe they can't make another decision right in their life. Lowering of self esteem. Preoccupation with death. Hostilities, self-destructive behavior, anger and rage. You can lose your temper quickly. A despair, helplessness, desire to remember the death date which is really weird but you do that. You remember these dates very strongly. A preoccupation with the would-be due date or due month. My daughter was due in early March, so in early March it's there.

An intent interest in babies but a thwarted maternal instinct. Women really are interested in babies, but I have many members who can't hold children. A hatred for anyone connected with abortion. Lack of desire to enter into a relationship with a partner, loss of interest in sex, an inability to forgive self, feeling of dehumanization, nightmares, seizures and tremors, frustrations, feelings of being exploited. And child abuse. We see a lot of child abuse.

I want you to understand that I do not come from any right to life organization. We are connected with no one. We remain neutral. But we are the ones they are all arguing about and discussing and debating. We are the voice of experience.

I told Congressman (Henry A.) Waxman, D-Cal., at a recent hearing, "Have you ever had your cervix dilated and the womb ripped open? Have you ever had tubes stuck inside of you and everything sucked out? Have you ever had needles stuck through your abdomen? Have you ever felt your baby thrash around and die? Have you ever had hard labor, delivered and held your baby? Because if you haven't, sir, you can't intelligently talk to me about this. We are the voice of experience. We've all had this done to us."

And that's a fact. So we hold our own ground, our own turf, our own territory.

Q: What is it that your organization does as a voice of experience?

A: We are a support group for those women who hurt—physically, emotionally, mentally and spiritually—from their abortions. We are there when the phone rings at 3 in the morning and someone is suicidal because maybe it was four years ago on that day and they still can't cope with it. We cry with them and talk with them. We are a support group. We also are a political group. I am classified as that, and I guess the strongest thing of what I intend to do—I intend to shut the abortion industry down. I intend to shut the abortion-on-demand industry down.

We also have rape victims and incest victims among our members—the other 3 percent (not abortion-on-demand). And every one of them is getting ready to go public, to speak very publicly—their full names, ages, everything. They're not ashamed. They know what happened to their lives. They became victims of an industry that is making lots of money, that was supposed to be a quick answer.

And now they're under psychiatric care, psychological care. Because of the abortion, not the rape and incest. They overcame the rape and the incest. Sure they needed help, but they overcame that. But they have had a very difficult time overcoming killing that innocent baby.

They heard of WEBA and they contacted us. And two of them were so brutally beaten they couldn't make it to the hospital in time. Pure rapes, I'm not talking about just a strong sexual aggressiveness. I'm talking about women who were brutally beaten, true rape victims.

Q: You talked about political activity. What's been your experience here in the Congress?

A: I testified two weeks ago before Rep. Waxman, Barbara Mikulski and a few other congressmen. It was a stacked hearing—14 to 1 doesn't sound very balanced to me. But I went in very open and honest with them, they sat very intently and very amazed at the story I had to tell about my organization, myself and my constituency, WEBA.

Barbara Mikulski said "I've never heard this side." I said, "No, Pandora's box got opened up 10 years ago and now you're just starting to see it." I predict that in five years we will see an epidemic of mental and nervous breakdowns among the women of this country. People are not going to know why and I'm going to be able to tell you why: because they've had an abortion, that's why.

It's a quick solution. Abortion is not an ending of problems, it's the down payment for a whole new set of problems. That's what it is. It doesn't get rid of them.

Q: Have congressmen been exposed to your view, the voice of experience?

A: No. I hear time and time again, "I've never heard this side before." "Are there many more like you?" they ask. And my answer is this. Take the 15 million of us who have, by legal abortion-on-demand, killed our babies. I will give 2 million or 3 million to Planned Parenthood, NOW or whoever they want. I will give another 2 million or 3 million who have two or three abortions without open remorse.

And justification to oneself is important here, by the way. I don't know how many women I told to go have abortions. Justification. It's like, if you can have a few more, go do what you did and kind of justify it, it makes it better. It makes it not quite so bad.

That still leaves 9 million of us who've been hurt in one way, shape or form or the other—psychologically, physically, emotionally or spiritually.

Q: So you believe that there are—by conservative estimate—perhaps 10 million women who suffered as you did?

A: I believe being very conservative there's 8 million who have been hurt.

Q. Where can they write or call? Or what can they do if they need somebody, such as your organization?

A. They can call or they can write. The address is WEBA, 1553 24th St., Des Moines, Iowa 50311. Or they can reach me at 515-255-0552, my business phone. If they hurt, if they're at a certain state, I may have a state representative where a girl can be with them and talk with them. I get so many women who have written me to say, "Thank God, there is somebody that I can now finally pour the whole thing out to."

And I'm thankful that I am a Christian because I couldn't carry that load. If you could read my mail . . . It started off where I'd get two and three letters a day and now they're wrapping it in bundles to bring to me. And I get mail from all over the world.

Q. Within 10 months this has happened?

A. In 10 months. There is such a need. No one thought 10 years ago of the aftermath. We're the aftermath.●

U.S. EMBASSY MOVE IN ISRAEL

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. RAHALL. Mr. Speaker, recently the Subcommittee on Europe and the Middle East and the Subcommittee on International Operations of the House Foreign Affairs Committee held joint hearings on legislation that would require that the U.S. Embassy in Israel be moved to Jerusalem. I would like to congratulate the two subcommittee chairmen—the gentleman from Indiana (Mr. Hamilton) and the gentleman from Florida (Mr. Mica) on the success of these hearings. Excellent testimony was heard both in favor of and in opposition to this legislation. I would like to insert for the benefit of my colleagues the testimony of a former colleague of ours—Pete McCloskey—who traveled 3,000 miles to testify before these two subcommittees. I feel that Pete's testimony is interesting reading to consider with regard to this legislation.

Statement of Pete McCloskey to the Committee on Foreign Affairs

Mr. Chairman, I have come 3,000 miles today to respectfully urge my former colleagues on this Committee to vote against House Resolution 4877.

In my judgment, passage of this Resolution could cost more American lives and cause greater problems for American foreign policy than did a similar break with U.S. Constitutional history 20 years ago.

In 1964, in enacting the Gulf of Tonkin Resolution, Congress overrode a basic constitutional protection by authorizing a President to make war without a formal declaration of war by the Congress.

It took 9 years and nearly 50,000 American deaths before Congress recognized and remedied that tragic error.

Today, H.R. 4877 would mandate the President to conduct foreign policy in the Mideast, not as the Constitution clearly provides, by and through the President's exclusive power to appoint and receive ambassadors, but against the President's will by requiring him to locate our ambassador in a particular city in violation of a long history of solemn U.S. treaty and diplomatic commitments.

These commitments are not just of diplomatic expediency. They go to the heart and soul of American principles and morality.

These commitments start with the historic provision of the United Nations Charter * * * prohibiting the expansion of territory by armed force . . . the treaty obligations of the Geneva Conventions prohibiting the settlement of foreign nationals in occupied territories . . . the principle of Nuremberg where we punished German officers for the destruction of villages in occupied territories . . . the language of the original U.N. General Assembly Resolution 181 which created Israel and set aside Jerusalem as an international city . . . U.N. Security Council Resolution 242 which mandated ultimate Israeli withdrawal from territories occupied in the 1967 War, including East Jerusalem . . . the commitment at Camp David which gave Israel security on its southern border in return for Israel's commitment to the principles of Resolution 242.

I suggest, Mr. Chairman, that for Congress to adopt H.R. 4877 is to place the United States in square violation of each in this long series of commitments.

This Committee, however, has already heard from far abler scholars than I the long-range constitutional and legal problems which this Resolution presents.

If I may, I would like to focus my own testimony on what I believe to be the greatest practical and short-range difficulty with this Resolution. This is the devastating and possibly-fatal impact the Resolution can have on one of the world's great religious faiths, Islam, and the protective barrier which the Islamic faith has previously interposed between us and our greatest international adversary, the Soviet Union.

We can be under no illusions that our vital interests in the Arabian Gulf . . . interests which both Presidents Carter and Reagan have pledged to protect with ultimate American military force . . . depend directly upon the policies of Islamic nations from Turkey to Pakistan, including the entire Arab world from North Africa to Oman.

In each of these countries, Jerusalem is held in deep reverence, perhaps in greater reverence than the respective governments of the peoples involved.

Jerusalem is not merely a city. It is the third most important center of worship of one of the world's most devout religions.

A United States insensitivity to this reality could well be the final blow to Islamic faith and Arab pride, a faith and pride which have been understandably skeptical of western values since our British predecessors in 1917 gave contradictory promises of a Jewish homeland and Arab sovereignty in the same area of historic Palestine.

Our closest and most moderate friends in the region, the Jordanians, the Saudis and the Egyptians, have warned us of the political impacts of a withdrawal of U.S. commitment to Jerusalem as a neutral center of open access to the three great religions.

There is also a personal danger, however, to American lives as well as to our diplomatic efforts in the region.

On this point I would ask the Committee's indulgence in speaking to a few examples from recent history which demonstrate the depth of Islamic faith and the danger to Americans abroad if this Resolution is enacted.

Each of these examples involves a personal experience rather than an editorial evaluation. Each was an experience gained when I was honored to share with you the privilege of service in this great House.

Several years ago, I visited two Islamic countries, Saudi Arabia and Pakistan, in the company of a distinguished group of Members of this body chaired by the Honorable David Obey. Shortly before our visit, a group of Islamic fundamentalists had seized the holy shrine at Mecca. A brief radio report in Pakistan erroneously attributed this action to the U.S. Central Intelligence Agency.

The result was instantaneous and terrible. Thousands of Pakistanis boiled out of a neighboring university and assaulted, overran and burned the U.S. Embassy in Islamabad. By a miracle of calm judgment on the part of the Deputy Chief of Mission and the courage of a few Marines, the Embassy staff was able to retreat to the refuge of the Embassy's vault and ultimate safety.

This occurred despite the earlier Soviet invasion of Afghanistan and our strong pledge to strengthen U.S. military assistance to Pakistan. Human emotions and religious fervor overwhelmed the niceties of diplomatic and military alliance.

I stress this point because the proposed establishment of the U.S. Embassy in the city of the third most important Islamic shrine could well have similar repercussions in Islamic countries throughout the world, from Turkey to Indonesia.

The second personal experience occurred in early June 1982, shortly after Israel invaded Lebanon and commenced the aerial and artillery bombardment of West Beirut, a city of 600,000 people remarkably similar to San Francisco.

The Islamic world immediately perceived that U.S. bombs and shells were being used against Arabs, regardless of national origin, in violation of the U.S. Arms Control Act, and in specific violation of Israel's specific agreement, made in 1974 and publicly reiterated in 1978, not to use the fearsome cluster bomb (CBU) in civilian areas.

The fact that the United States did not act to invoke U.S. law against Israel, as we had promptly done against Turkey in 1975, was not lost on the Islamic world, and particularly with our NATO ally, Turkey.

Nor was it lost on the single nation on the Arabian peninsula which had acquiesced in our request for basing rights in the Mideast following the Soviet invasion of Afghanistan. This nation was Oman, situated on the strategic Straits of Hormuz. The Government of Oman, alone among the nations in the region, braved the anger of its neighbors by granting basing rights to the United States, giving us at least some hope of meeting the commitments of Presidents Carter and Reagan with respect to military action to prevent intrusion into the Arabian Gulf countries.

In early June, the Omani ambassador to the United States visited my office in the Cannon Building to ask if I would consider the impact on U.S.-Arab relations caused by what was universally perceived as U.S. consent to Israel's invasion of Lebanon, if not U.S. approval of such action.

The ambassador put it on personal terms. I will never forget his words. He said, "Mr. McCloskey, this is not a matter of nation-to-nation relations. In every Arab heart, in the hearts of ordinary people, there is a growing hatred of America and Americans because they perceive that Americans are supporting the killing and maiming of Arabs with American weapons."

The ambassador was not a prepossessing man. He spoke humbly, with tears in his eyes. He did not plead the peril of Oman or its rulers because of Oman's grant of privileges to the United States. He asked merely that I study the situation and determine whether it was in the United States' best interests to back Israeli territorial expansion and new claims to Arab territory.

The ambassador's depth of concern moved me to ask Speaker O'Neill if he would consider sending a second congressional fact-finding delegation to Lebanon. I had served on an earlier such delegation chaired by Toby Moffett of Connecticut in January, 1980.

The Speaker agreed, and in July, 1982, a group of six of us visited Syria, Lebanon, Israel, Egypt, Jordan and Saudi Arabia, seeking an understanding of the impact of Israel's siege of West Beirut, then at its height. The delegation was chaired by Nick Rahall and included Elliot Levitas, Don Bonier, Merv Dymally and Mary Rose Oakar.

While in Beirut we were privileged to meet, as we had in 1980, with most of the Lebanese leaders, including the Gemayel brothers, Walid Jumblatt and Saleb Salaam, then acting as liaison between Ambassador Philip Habib and P.L.O. Chairman Yasser Arafat in the negotiations for withdrawal of P.L.O. forces from Beirut.

We met with Chairman Arafat and asked him to take the long-desired step of recognizing Israel's right to exist. He responded that this was implicit in the P.L.O.'s agreement to accept "all U.N. Resolutions on the question of Palestine," including Resolutions 181 and 242 authorizing the initial founding of Israel in 1947 and confirming its right to exist free of force or threat of force in 1967.

We left our meeting with the Chairman believing that we had achieved a breakthrough.

It was after meeting with Arafat, however, that Mrs. Oakar and I experienced an event which indelibly affected our perception of the problems this Resolution presents for Americans living and working in the Mideast.

After leaving Chairman Arafat's bunker, Mrs. Oakar and I walked through the nearly-deserted streets of downtown West Beirut during a momentary lull in the Israeli air and artillery bombardment.

We came upon a Lebanese woman digging in the rubble of a collapsed apartment building with her son, a boy of perhaps 12 years of age.

Mrs. Oakar asked in Arabic what the woman was looking for and she replied, "the body of my daughter." Her son then pointed at me and said in English, "You Americans have killed my little sister."

For this young Lebanese, it was American bombs, not Israeli bombs, which had killed his sister.

We had seen in Damascus, and were later to see in Amman, plaques on U.S. Embassy reception room walls commemorating the coolness of American Marines when violence erupted against those embassies following real or fancied American slights to the Islamic faith or Arab pride.

A few days later, Egypt's President Mubarik told us that if American support of Israel was not qualified, "it will take armored divisions to defend your embassies in this part of the world." One U.S. ambassador told us, "A lot of us will be returning to Andrews Air Force Base in wooden boxes if U.S. policy doesn't change."

These sentiments of seasoned governmental leaders, however, merely illustrated the growing depth of fury which we had heard from the 12 year old boy in West Beirut and seen in the blackened ruins of our embassy in Islamabad.

If Resolution H.R. 4877 is enacted, young Moslems could be reacting with violence against Americans throughout the Islamic world for generations. Young Armenians even today are killing Turkish diplomats in vengeance for Turkish genocide against Armenians nearly 70 years ago. Our own Civil War invoked feelings of vengeance in the South which required generations to assuage.

It is the unnecessary attack on Islamic and Arab religious feelings, then, which brings me to Washington today to urge your vote against H.R. 4877. This Resolution will not only justifiably heighten Islamic anger; it has no corresponding benefit in easing Jewish fears.

This Committee has tried to deal with Jewish fears and Arab anger in the search for a reasoned and negotiated Mideast peace since 1967. This Committee understands more than most that there are no greater inhibitions to rational negotiations than these two emotions of fear and anger.

In this light, a Resolution which can trigger even greater anger in a volatile region, among moderate nations whom we desire to remain our friends, is not only stupid, but borders on insanity.

It violates one additional treasured principle in our own society.

We Americans have long treasured our basic constitutional recognition of religious freedom and a respect for all faiths, of whatever derivation.

The Islamic faith is an honorable one. Its embodiment in Arab culture includes virtues of grace and hospitality and politeness which we could well emulate. The teachings of the Koran contain inspiration comparable to those of the Old and New Testaments from which they take guidance.

There is no benefit to us in a Resolution which insults the deep religious convictions of hundreds of millions of people otherwise disposed to be friendly to the United States and supportive of friendship with our people.

As I said earlier, H.R. 4877 could cost more American lives than did the Gulf of Tonkin Resolution.●

LOPSIDED PROSPERITY

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GARCIA. Mr. Speaker, recently we have heard more and more about how the Reagan policies have adversely affected the poor and middle class of this country while benefiting the upper class. This evidence substantiates what many of my colleagues and I have been saying for some time.

An article in the Washington Post reiterates my concerns in this regard. Although all the evidence is not in yet, the existing facts, and certainly the trend is clear; the formulas for sharing prosperity in this country are in danger of being skewed to favor the rich at the expense of the poor.

LOPSIDED PROSPERITY

The distribution of income is one of the crucial economic balances in a society. It's one of that society's ways of defining fairness. In the United States, the balance now seems to be shifting in favor of the people who occupy the upper rungs of the income ladder.

It's too early for firm conclusions. The evidence unfolds slowly—which is unfortunate, as a matter of democratic politics. The nature and degree of this possibly profound change deserves attention in Mr. Reagan's campaign for reelection, since it is the result of the Reagan tax and budget legislation. Fully reliable data won't be available until the 1988 election, if then. Readers need to be aware that any judgments currently have to be tentative. But the subject is a good deal too important to be deferred until the statisticians are fully satisfied with the numbers.

Recently there have been many studies showing that the direct effects of tax and spending cuts over the past three years have strongly favored people with higher incomes. That much is unambiguous.

But the Reagan administration has argued from the beginning that those tax and spending cuts would strengthen the private economy, improve the opportunities for wealthy and poor alike and, ultimately, leave everyone better off. That assertion can't be rigorously tested yet. The most important legislation of this administration, the 1981 tax cut, reduced the income tax rates in stages of which the last has taken effect only this year.

And yet a few things are becoming clear. The Internal Revenue Service has now published the aggregate figures from the income tax returns for 1982. To nobody's surprise, they show that the total income of the top one-third of all taxpayers was significantly larger than in 1981. The other two-thirds, taken all together, showed a total income that was lower and, when adjusted for inflation, quite a lot lower than the year before.

Since a recession always skews distribution of income, and the trough of the last recession was in late 1982, that's probably part of the explanation. Since the stock market was rising very fast also in late 1982, that probably explains some of the increase in income reported at the top of the scale. But it's hard to believe that these transient influences will turn out to be the whole reason for these very substantial changes in distribution. The numbers, so far, constitute a warning light. They indicate that the formulas for sharing prosperity in this country may be changing for the first time in nearly four decades, and not in a direction that does much credit to the country's sense of social responsibility.●

VFW POST NO. 894 MARKS 50TH ANNIVERSARY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GAYDOS. Mr. Speaker, throughout the Nation today there is a rekindling of pride in the men and women who serve in the country's Armed Forces. Much of this resurgence in patriotism is due to efforts of veterans' organizations which constantly strive to instill and uphold the honor and respect due those who don a uniform in America's defense.

One such organization in the 20th Congressional District of Pennsylvania will be observing its 50th anniversary next month and I have been privileged to be invited to participate in the ceremonies planned by Post No. 894 of the Veterans of Foreign Wars in Natrona Heights for May 12.

Post No. 894 was organized on January 26, 1934, and the individual who signed its charter as the post's commander-in-chief was a former colleague of ours in the House of Representatives—James E. Van Zandt. "Jimmy" was elected to the House in 1938 and served until 1963 with time out for World War II. In fact, Jimmy served with the Navy in three wars, starting as an apprentice seaman in 1917 and retiring as a rear admiral (USNR) in 1959. So, it is not surprising to learn he is a champion of veterans' rights, serving twice as the Pennsylvania commander of the VFW and three times as its national commander.

Jim, however, is just one of a number of notable figures who have led Post No. 894 over the last 50 years and these past commanders will be singled out for special recognition next month. Among the living past commanders are: Chester Novosielski, Charles Swartziander, Melvin Young, Herbert Johnson, John Kish, Lawrence Silliman, Bernard Adamski, Warren Fox, Charles McDermott, James Finley, Jack Richards, Martin Hoffman, John Pizzuti and Paul Sekeras, now serving a second term as commander.

Post No. 894's Ladies Auxiliary also will be marking its 50th anniversary, having been organized on March 9, 1934. Over the years its membership has grown from 47 to 99 and 4 of its charter members are still living: Stella Critchlow, Emma Elliott, Emma Fulton, and Roberta Rifley. The women have spent thousands of hours in work at veterans hospitals and raised thousands of dollars through community projects to benefit America's veterans.

Mr. Speaker, I am proud to introduce the present officers of Post No. 894 and its Ladies Auxiliary to the Congress and I know my colleagues join me in wishing these two fine groups many years of continued success in their endeavors.

Post No. 894 officers: Paul Sekeras, commander; Melvin Beers, vice commander; George Kuzak, junior vice commander; Art Schrencengost, quartermaster; Henry Demarest, advocate; Emil Gneiting, chaplain; Dr. Hymel Fishkin, surgeon; Chester Novosielski, adjutant, and Merle Sterling, Jack Koedel, and John Malobicky, trustees.

Auxiliary officers: Dorothy Bergstrom, president; Helen Beers, senior vice president; Marietta Dietz, junior vice president; Janet Mack, treasurer; Stella Edmonds, chaplain; Matt Fischer, conductress; Irma Presley, guard, and Esther McCormick and Florence Sweeney, trustees.●

HON. JACK FIELDS ON OIL MERGERS

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. DANNEMEYER. Mr. Speaker, recent mergers in the oil industry have sparked a national debate including calls for a moratorium on such mergers and acquisitions. Hearings have been held in several House committees and the other body voted to instruct its committees to report by July 1 on the situation.

I have personally expressed a number of reservations about the merger phenomenon. As one who is as yet undecided on the issue, I was particularly impressed by a recent op-ed piece by our colleague from Texas (Mr. FIELDS). We serve together on the Committee on Energy and Commerce, and on its Subcommittee on Fossil and Synthetic Fuels, where he is an articulate advocate of free market energy policies.

We are in particular agreement on one aspect of the merger debate and that is the impact on exploration and development. It is indeed ironic, and hypocritical, that some in the Congress profess to be up in arms over the impact of mergers on exploration when it is the Congress which has closed off onshore and offshore public lands, imposed an onerous windfall profits tax and failed to decontrol natural gas.

The column in the Houston Chronicle of April 6, 1984, succinctly addresses and refutes the major contentions of the proponents of moratorium legislation. As such, it is a major contribution to the congressional consideration of this issue and I commend it to my colleagues for their review:

MERGER MORATORIUM NOT THE ANSWER

(By Congressman Jack Fields, Eighth Congressional District, Texas)

The Congress is at it again, trying to insert itself in the oil industry under the guise of defending "the public interest." Such federal intervention has rarely served the public interest in the past, but proponents of a moratorium on mergers within the oil industry seem not to remember the lessons of history.

Neither do they understand that recent mergers within the oil industry are merely a natural economic phenomenon reflecting the current slump in the oil industry. The rapid expansion of the 1970's has given way to a contraction in the 1980's that is natural and should have been expected. This contraction is the result of decreased demand, greater conservation and more competition within the oil industry in recent years.

The mergers which have made news recently are designed not to "corner the market" in the oil industry. Rather, those mergers have been proposed and executed in order to promote greater economic efficiency within the industry, and, in some cases, to preserve the jobs of thousands of workers who might have been thrown out of work if unfriendly mergers had occurred.

Louisiana Sen. Bennett Johnson and several other congressmen and senators recently proposed a six-month ban on mergers within the oil industry. The Senate, wisely, temporarily sidestepped even voting on such a merger moratorium, choosing instead to direct its Finance, Judiciary and Energy Committee to study the economic effects of oil company mergers. The three committees' report is due by July 1. Despite this stopgap measure, the threat of this unfounded federal intrusion in the oil industry is very much alive, with merger proponents making three points which simply do not hold up to scrutiny.

First, they argue that such mergers reduce competition in an already non-competitive industry. Second, they argue that such mergers rob the credit markets of billions of dollars that could be better used by other companies to expand and modernize. And third, they argue that the major oil companies should use their money to explore for and develop our nation's oil reserves, instead of to purchase other oil companies.

Clearly, moratorium backers have come to the conclusion that bigness, in and of itself, is bad. Further, they have concluded that the Federal Trade Commission is incapable of enforcing current laws designed to promote competition within the oil industry, and other industries as well. Their conclusions are highly dubious. America's oil industry is more competitive, and less concentrated, than either the domestic steel industry or the domestic auto industry. But that fact gets lost on a great many people when company A buys company B for several billion dollars. And it's easy to understand why.

Texaco's $10.1 billion takeover of Getty; Standard Oil of California's $13.2 billion takeover of Gulf; and Mobil's $5.7 billion takeover of Superior all obscure the fact that concentration is not a hallmark of the domestic oil industry. Indeed, the nation's 20 largest oil companies control less than 70 percent of the motor gasoline market nationwide. The largest of them, Exxon, has a "staggering" eight percent share.

In other industries, there is a much greater market concentration. The most notable of these are America's steel and automobile industries. The seven largest domestic steel companies produce 65 percent of all the steel produced domestically. And of all the automobiles produced and sold here in the United States, General Motors—the nation's largest automaker—holds a whopping 60 percent market share.

Nonetheless, the Congress fears the adverse effects of concentration only in the oil industry, and proposes to ban future mergers in that industry to "protect the public."

A second argument made by those who propose restrictive new regulations on the recently deregulated oil industry is that such mergers as have occurred in recent weeks, if allowed to continue, would rob the credit markets of billions of dollars that could otherwise be more productively loaned out elsewhere. Recently, The Wall Street Journal observed editorially that "virtually all the money received by the benefiting shareholders in these mergers will flow back into the larger capital pool. What is Gulf CEO James Lee going to do with his estimated $11 million benefit—buy a boat?"

The fear that oil company mergers, or mergers in any industry, might draw large portions of available credit out of the system is unfounded, just as the days when most Americans kept their savings in their mattresses has long since passed.

It took Standard Oil of California less than a week to line up banks worldwide willing and able to lend it the $14 billion necessary to take control of Gulf. Only days earlier, and with equal speed, Atlantic Richfield was able to line up the $12 billion necessary for it to purchase Gulf. Earlier, and without problems, Texaco raised the more than $10 billion which it used to buy Getty. While each of these transactions, and potential transactions, involved large sums of money, they were barely significant in the United States' $3.5 trillion national economy.

When Gulf, Getty and Superior shareholders, whose portfolios have gotten much fatter as a result of these transactions, have the chance to reinvest their funds in the economy, they will do so. Whether they reinvest those funds in other energy concerns, in the stocks and bonds of other companies in other industries, or in savings bonds or bank accounts, our nation's economy will be the stronger, not the weaker, for their having been able to do so.

Finally, merger ban proponents urge oil companies to use their money to explore and develop the nation's energy reserves—not purchase other oil companies. In doing so, they show their lack of understanding of the oil industry and of the effects of earlier federal energy policies.

The reason oil companies are merging at this time is because the oil industry is in a slump, one in which the costs and risks involved in exploration and drilling simply cannot be justified. A far less expensive, and much less risky, strategy in times like these is to simply purchase existing oil companies, and their reserves with them. This is exactly what is happening now.

Many of those who urge oil companies to go out and drill for new reserves are the same congressmen and senators who have closed off most of America to energy exploration and development. They are the same congressmen and senators who passed the so-called "windfall profits tax" which, according to the Internal Revenue Service, has taken $55.75 billion out of the oil industry since that tax's inception, reducing the funds oil companies have had available to them with which to explore. And they are the same congressmen and senators who have opposed virtually all efforts to get the government out, once and for all, of the oil industry.

If federal officials seriously wanted the major oil companies to go out and explore for new oil reserves, those officials wouldn't be proposing merger moratoria. Rather, they would be proposing legislation to open up millions of onshore and offshore acres that have been systematically closed to oil and gas exploration and development. The Outer Continental Shelf, for example, provides the most promising areas for major oil and gas discoveries anywhere in the United States. Yet only about two percent of the OCS has ever been offered for lease, due to lawsuits, congressionally approved leasing moratoria and other devices. Opening more of the Outer Continental Shelf to exploration and development would mean billions of dollars in added income for the federal government (from royalties, bonuses, rental fees and the so-called "windfall profits tax"), thousands of new jobs in the energy industry and related fields, and greater energy security for the United States in the years ahead.

The five year leasing schedule announced in 1981 already has been revised substantially, with millions of acres withdrawn from those offered for lease. Of the more than 131 million acres originally identified as possible lease sites, more than 52 million acres (40 percent of the total) have been withdrawn from consideration in just the last three years! Those 52 million acres are estimated to contain 1.35 billion barrels of oil.

Instead of proposing merger moratoria, the Congress should consider legislation to effectively create incentives for additional exploration and development. Repealing the so-called "windfall profits tax" would be one such mechanism, and deregulating natural gas completely would be another. But the Congress seems inclined to do neither.

While a moratorium on mergers within the oil industry has been, and will continue to be the subject of intense debate on Capitol Hill, the far greater issue concerning most Americans is the state of our domestic energy industry in the years ahead, and whether or not that industry can guarantee the energy security of this generation and of generations to come. Our nation's energy security demands that we act to make the energy industry more efficient and cost-effective, and it demands that we enlarge, not reduce, the area leased for exploration and development.

The current wave of mergers within the oil industry is an economic phenomenon brought about by natural market forces. The Congress should get out of the way and allow the market to make necessary readjustments in response to market conditions. But as usual, the Congress will probably not agree to do so.●

PLAYING WITH AFRICA

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. PHILIP M. CRANE. Mr. Speaker, the time is long overdue for us as legislators for the American people, to closely examine the facts surrounding the ongoing movement for divestment of funds in South Africa.

Misinformed Americans assert that by breaking financial ties with South Africa, the United States will exert the pressure needed to end the system of apartheid rule. They are incorrect in their assumption since it has been the American businesses that have elevated the way of life for many of the blacks in South Africa. If we pull U.S. investment out of South Africa, the momentum for positive change is most certain to halt.

Divestment will take away the vast array of opportunities opened up to blacks and other nonwhites by U.S. corporations. Continued investment in South Africa will help to insure black progress by guaranteeing the overall growth of the South African economy. This will help to expand job opportunities for skilled and semi-skilled black labor. Thus, divestiture will hurt, not help, South African labor markets which are of vital concern to those we intend to help.

It is important to note that social change does not take place overnight. It is evolution, not revolution that the people of South Africa desire. The first steps have been taken. Changes are taking place; among other things, a new constitution has been proposed which would include coloreds and Indians for the first time in the legislature.

It will take years of slow and steady change before the blacks in South Africa enjoy complete equality with their fellow countrymen. To demand a haste and sudden change is unrealistic; to say that the Government of South Africa is doing nothing to promote this change is incorrect.

The following Wall Street Journal editorial (March 23, 1984) points out that not only is investment good for the economy of South Africa but it has been and will probably continue to be South Africa's most powerful force for change. I urge my colleagues and fellow Americans to read this enlightening commentary regarding United States investment in South Africa.

[From the Wall Street Journal, Mar. 23, 1984]

PLAYING WITH AFRICA

All of a sudden the newspapers are full of the big changes now sweeping through southern Africa. The South African government is negotiating peace agreements with its black-ruled neighbors. The whole face of African politics may alter significantly. And how is the U.S. Congress responding? It is busy passing another old-style disinvestment bill.

The House has passed several disinvestment amendments to the Export Administration Act. One would forbid Americans to make any new investments in South Africa, including loans. Another directs a mandatory employment code for U.S. corporations in South Africa. A third bars U.S. banks from lending money to the South African government. A fourth bans the import of South African gold coins. Meetings with the Senate over the bill start today.

The debate in this country over disinvestment is by now predictable. Opponents of disinvestment assert that they have a duty to maximize profits. They insist their presence in South Africa makes blacks there better off. The "disinvestors" answer that American money makes life a bit better for South African blacks today but shores up the government against having to make any real changes tomorrow. The pro-investment people always seem self-interested; the anti-investment people look like the ones willing to make the tough moral choices.

But if you visit South Africa today, you quickly discover a few massively apparent, widely agreed-on facts. First, almost no one at whatever place in the political spectrum is counting on revolution or on forcing the government into all-at-once change. The new security arrangements now being worked out with Mozambique will make it harder for anti-Pretoria guerrillas to find a haven there. The Cubans have made noises about quitting Angola, but the South Africans will believe that when they see it; meanwhile, they are not going to jeopardize their security by turning over next-door Namibia to Soviet-backed Marxists. In theory, a massive uprising against established power can take place anyway. In practice, don't hold your breath.

This means that any strategy of political pressure promising to bring the South African government to its knees is based on a lie. Hostile symbolic gestures from the outside against the government are far more likely to encourage a politics of resentment within the nation than to force change.

Second, the South African government is not unmovable on matters of race. Some of its practices—its current removal and relocation policy, its system of preventive detention—are simply awful in a government that claims to uphold Western standards. But the government is sometimes trying to cope with truly knotty problems, not just expressing its racism. Every African nation, black or white, is trying desperately to control the influx of country people into the city. Every African nation must deal with massive factionalism.

Moreover, the government has in fact been moving on some matters of race. In the past couple of weeks, the country's English-language newspapers—no friends of the Afrikaner government—have been bulging with "liberalization" controversies: a debate over the new national constitution that includes coloreds and Indians for the first time, a debate over the government decision to open central business districts to nonwhites, a debate over mixed marriages.

No one knows where all this yelling and pounding is going to end. But it is simply not justified for critics to accuse those who participate in South Africa's economic life of becoming part of an unchanging evil.

Third, all but a tiny minority of anti-apartheid activists living and working in South Africa absolutely do not want disinvestment. They say that industrialization has been the country's driving force for liberalization and the improvement of black welfare. They cannot imagine why anyone would want to slow down the engine. Listeners should be at least a little dubious when disinvestment activists insist that all these workers and witnesses are wrong.

Individual Americans have every right to crusade for or against whatever they choose, even when they dabble in the political and social complexities of distant countries that they little understand. Some countries, including South Africa, are susceptible to the pressures of outside opinion and such pressures can sometimes produce positive results.

But the American government will usually not be the appropriate body to do the pushing. And even when Americans act as private citizens, there is nothing to justify weakening the economic growth that has been and will probably continue to be South Africa's most powerful force for change.

Disinvestment in South Africa is not moral politics but moralistic selfindulgence. Its proponents have no right to claim the ethical high ground.●

MORRIS UDALL'S VOTING RECORD

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. UDALL. Mr. Speaker, it has become my practice from time to time to list my votes in the House of Representatives here in the CONGRESSIONAL RECORD. I strongly believe that the people of Arizona have a right to know where I stand on the issues decided by the House, and I have found that printing my record here is the best way to provide that information.

This is not an all-inclusive list. I have omitted noncontroversial votes such as quorum calls, motions to resolve into the Committee of the Whole House, and motions to approve the Journal of the previous day.

The descriptions are necessarily somewhat short, and I am sure that some of my constituents will have additional questions about the issues described here. So I invite them to write me for specifics, or to visit my district office at 300 North Main in Tucson or 1419 North Third Street, Suite 103, in Phoenix.

The list is arranged as follows:

KEY

1. Official rollcall number;
2. Number of the bill or resolution;
3. Title of the bill or resolution;
4. A description of issue being voted on;
5. The date of the action;
6. My vote, in the form Y-yes, N-no, and NV-not voting;
7. The vote of the entire Arizona delegation, in the form (Yes—No—Not Voting);
8. An indication whether the motion or amendment was passed or rejected; and
9. The total vote.

251. H.R. 2957. International Recovery and Financial Stability Act. Adoption of the rule (H. Res. 249) providing for House floor consideration of the bill to increase U.S. participation in the International Monetary Fund by $8.4 billion, to extend authority for the Export-Import Bank and to provide multilateral development assistance. Adopted 369-42: Y(4-1-0), July 21, 1983.

252. H.R. 622. Death Benefits for Policemen and Firefighters. Kilkee, D-Mich., motion to suspend the rules and pass the bill to provide a $50,000 lump sum death benefit to survivors of federal law enforcement officers and firefighters killed in the line of duty. Motion agreed to 390-33: Y(3-2-0), July 26, 1983. A two-thirds majority of those present and voting (282 in this case) is required for passage under suspension of the rules.

253. H.R. 2498. Congressional Advisory Commission on Boxing. Florio, D-N.J., motion to suspend the rules and pass the bill to establish a federal agency to regulate professional boxing and set national standards for licensing and regulating the industry. Motion rejected 167-254: Y(2-3-0), July 26, 1983. A two/thirds majority of those present and voting (281 in this case) is required for passage under suspension of the rules.

254. H.R. 2957. International Recovery and Financial Stability Act. Schumer, D-N.Y., amendment to require the U.S. representative to the International Monetary Fund (IMF) to vote for plans imposing lower interest rates and longer maturities on private bank debt when that debt is being restricted under IMF direction. Rejected 157-268: N(1-4-0), July 26, 1983.

255. H.R. 2969. Department of Defense Authorization. Skelton, D-Mo., substitute to the Schroeder, D-Colo., amendment, expressing the sense of Congress that U.S. allies should pay more of the cost of alliance defense. Adopted 329-82: Y(4-1-0), July 26, 1983. (The Schroeder amendment would have reduced the number of U.S. troops stationed abroad to the level so deployed at the end of fiscal 1980).

256. H.R. 2969. Department of Defense Authorization. Shannon, D-Mass., amendment to limit the number of U.S. military advisors in El Salvador to 55 and to limit the number of active duty U.S. military personnel in El Salvador to the number of present on July 25, 1983. Rejected 170-247:

NV(1-3-1), July 26, 1983. A "nay" was a vote supporting the President's position.

257. H.R. 2969. Department of Defense Authorization. Price, D-Ill., motion to end debate on the Markey, D-Mass., amendment and all amendments thereto in 20 minutes. Motion agreed to 213-195: Y(4-1-0), July 26, 1983. (The Markey amendment, to bar the deployment of U.S. combat troops to El Salvador, Nicaragua, Honduras, Guatemala or Costa Rica unless authorized by joint resolution, intended to evacuate U.S. citizens or to respond to a clear and present danger of military attack on the United States, subsequently was adopted.)

258. H.R. 2969. Department of Defense Authorization. Markey, D-Mass., amendment to bar the deployment of U.S. combat troops to El Salvador, Nicaragua, Honduras, Guatemala or Costa Rica unless authorized by joint resolution, intended to evacuate U.S. citizens or to respond to a clear and present danger of military attack on the United States. Rejected 165-259: Y(2-3-0), July 26, 1983. A "nay" was a vote supporting the President's position.

259. H.R. 2969. Department of Defense Authorzation. Dellums, D-Calif., amendment to bar deployment in Europe of Pershing II missiles before Dec. 31, 1984. Rejected 101-320: N(0-5-0), July 26, 1983. A "nay" was a vote supporting the President's position.

260. H.R. 2969. Department of Defense Authorization. Hertel, D-Mich., amendment to allow the allocation of up to $7 billion worth of defense procurement contracts to firms in areas of high unemployment. Adopted 218-201: N(1-4-0), July 26, 1983.

261. H.R. 2969. Department of Defense Authorization. Passage of the bill to authorize $187.4 billion for weapons procurement, military research and operations in fiscal 1984. Passed 305-114: Y(5-0-0), July 26, 1983.

262. H. Res. 267. Committee Funds. Adoption of the resolution to provide not more than $200.000 from the contingent fund of the House for further expenses of investigations by the Committee on Standards of Official Conduct. The money would be used to continue the ethics committee's examination of drug use at the Capitol. Adopted 407-3: Y(5-0-0), July 28, 1983.

263. H.R. 2973. Interest and Dividend Tax Withholding/Caribbean Basin Initiative. Adoption of the conference report on the bill to repeal interest and dividend withholding requirements due to take effect August 5; to impose new tax compliance requirements and penalties, and to provide trade and tax incentives to certain Caribbean nations. Adopted 392-18: Y(5-0-0), July 28, 1983.

264. H.R. 2760. Prohibition on Covert Action in Nicaragua. Barnes, D-Md., amendment to the Young, R-Fla., amendment, to retain the prohibition in the bill on U.S. covert action in Nicaragua and to state the sense of Congress that the government should enter into agreements with other countries in Central America to halt support for anti-government forces in the region. Rejected 213-214: Y(2-3-0), July 28, 1983. A "nay" was a vote supporting the president's position. (The Young amendment, as amended by subsequent amendments, was later deleted by the Wright, D-Texas, substitute amendment.)

265. H.R. 2760. Prohibition on Covert Action in Nicaragua. Boland, D-Mass., amendment to the Mica, D-Fla., amendment to the Young, R-Fla., amendment, to terminate U.S. covert action in Nicaragua for 30 days, after which the president could submit a new plan to Congress for resuming such covert action, and Congress could approve such a plan by passing a joint resolution. Adopted 221-205: Y(2-3-0), July 28, 1983. (The Young amendment, as amended by this and subsequent amendments, was later deleted by the Wright, D-Texas, substitute amendment.)

266. H.R. 2760. Prohibition on Covert Action in Nicaragua. Broomfield R-Mich., amendment (offered on behalf of Mica, D-Fla.), to the Young, R-Fla., amendment, to permit U.S. covert action in Nicaragua to continue if the President submitted to Congress a new plan for interdiction of arms being shipped from or through Nicaragua to antigovernment forces in El Salavador. Rejected 203-223: N(3-2-0), July 28, 1983.

267. H.R. 2760. Prohibition on Covert Action in Nicaragua. Hyde, R-Ill., amendment to the Wright, D-Texas, amendment, to make the prohibition on U.S. covert action in Nicaragua effective 30 days after the House Armed Services, Foreign Affairs and Intelligence committees had held hearings on the feasibility of section 802 of the bill, which authorized overt aid to countries in Central America for the interdiction of cross-border arms shipments. Rejected 194-229: N(3-2-0), July 28, 1983. (The Wright amendment subsequently was adopted by voice vote.)

268. H.R. 2760. Prohibition on Covert Action in Nicaragua. Bereuter, R-Neb., substitute for the Wright, D-Texas, substitute, to prohibit U.S. covert action in Nicaragua after October 1, 1983, unless before that date the President submits to Congress a new plan for interdiction of arms transfers from Nicaragua to guerrillas in El Salvador. The new plan would not be implemented, and the covert action prohibition would take effect, if the President or the Organization of American States verifies that the Government of Nicaragua had ceased to aid antigovernment groups elsewhere in Central America and had taken steps to carry out the promises it made to the Organization of American States in July 1979. Rejected 196-228: N(3-2-0), July 28, 1983. (The Wright substitute subsequently was adopted by voice vote.)

269. H.R. 2760. Prohibition on Covert Action in Nicaragua. Broomfield, R-Mich., motion to recommit the bill to the Foreign Affairs and Intelligence committees. Motion rejected 189-234: N(3-2-0), July 28, 1983.

270. H.R. 2760. Prohibition on Covert Action in Nicaragua. Passage of the bill to prohibit, at a classified date specified by the House Intelligence Committee, support by U.S. intelligence agencies for military or paramilitary operations in Nicaragua and to authorize $30 million in fiscal 1983 and $50 million in fiscal 1984 to help friendly countries in Central America interdict cross-border shipments of arms to anti-government forces in the region. The bill also directed the President to seek action by the Organization of American States to resolve the conflicts in Centeral America and to seek an agreement by the government of Nicaragua to halt its support for anti-government forces in the region. Passed 228-195: Y(2-3-0), July 28, 1983. A "may" was a vote supporting the President's position.

271. H.R. 3069. Supplemental Appropriations, Fiscal 1983. Adoption of the rule (H. Res. 284) providing for House floor consideration of the conference report on the bill to provide supplemental appropriations for fiscal 1983. Adopted 267-138: Y(2-3-0), July 28 1983.

272. H.R. 3069. Supplemental Appropriations, Fiscal 1983. Frost, D-Texas, motion to table (kill) the Gephardt, D-Mo., motion to reconsider the vote by which the rule, providing for House floor consideration of the conference report on the bill to provide supplemental appropriations for fiscal 1983, was adopted. Motion agreed to 271-125: Y(2-3-0), July 28, 1983.

273. H.R. 3069. Supplemental Appropriations, Fiscal 1983. Adoption of the conference report on the bill to appropriate $7,038,061,267 in new budget authority for supplemental funds for various government programs in fiscal 1983. Adopted 257-133: Y(3-2-0), July 28, 1983. The President had requested $15,138,053,808 in new budget authority for fiscal 1983 supplemental funds.

274. H.R. 2957. International Recovery and Financial Stability Act. St Germain, D-R.I., motion to limit debate on the bill to increase U.S. participation in the International Monetary Fund by $8.4 billion, including $5.8 billion in the U.S. quota in the fund and $2.6 billion in the General Arrangements to Borrow; to extend authority for the Export-Import Bank; and to provide multilateral development assistance. Motion agreed to 242-145: NV(2-2-1), July 29, 1983.

275. H.R. 2957. International Recovery and Financial Stability Act. St Germain, D-R.I., amendment to require the U.S. executive director to the International Monetary Fund to negotiate lower interest rates and longer maturities on private loans in debt restructuring agreements, to give other new instructions to the director, and to place restrictions on international lending by U.S. banks. Adopted 332-76: Y(3-2-0), July 29 1983.

276. H.R. 2957. International Recovery and Financial Stability Act. McCollum, R-Fla., amendment to strike the $5.8 billion increase in the U.S. quota in the International Monetary Fund. Rejected 181-226: N(3-2-0), July 29, 1983. A "nay" was a vote supporting the President's position.

277. H.R. 2957. International Recovery and Financial Stability Act. Patman, D-Texas, amendment to strike the portion of the bill increasing the U.S. participation in the International Monetary Fund. Rejected 178-226: N(3-2-0), A "nay" was a vote supporting the President's position.

278. H.R. 3069. Supplemental Appropriations, Fiscal 1983. Whitten, D-Miss., motion that the House recede from its disagreement to the Senate amendment striking House language to make rented land eligible for the Payment-In-Kind (PIK) acreage reduction program and concur with an amendment that restored the language and directed the agriculture secretary to reopen bids for cotton. Motion agreed to 204-191: Y(5-0-0), July 29, 1983. A "nay" was a vote supporting the President's position.

279. H.R. 3069. Supplemental Appropriations, Fiscal 1983. Conte, R-Mass., motion that the House recede from its disagreement to the Senate amendment appropriating $8,464,008,776 for the International Monetary Fund and concur with an amendment to reduce the amount by $40 million. Motion rejected 165-213: Y(2-3-0), July 29, 1983.

280. H.R. 3069. Supplemental Appropriations, Fiscal 1983. Whitten, D-Miss., motion that the House recede from its disagreement to the Senate amendment to raise Senators' pay by 15 percent to $69,800 a year and cap, effective January 1, 1984 the amount of outside earned income a Senator may receive at 30 percent of salary. Motion agreed to 225-106: Y(4-1-0), July 29, 1983.

281. H. Con. Res. 153. District Work Period. Adoption of the concurrent resolution to provide for the recess of the House and Senate until September 12 or two days after members are notified, whichever comes first. Adopted 291-0: Y(4-0-1), July 29, 1983.

282. H.R. 1646. Railroad Retirement Solvency. Passage of the bill to increase taxes and change benefits so as to restore solvency to the Federal railroad retirement unemployment compensation programs. Passed 398-5: Y(5-0-0-), August 1, 1983.

283. H. Res. 256. Most Favored Nation Status for Romania. Frenzel, R-Minn., motion to postpone indefinitely consideration of the resolution to disapprove renewal of most favored nation trade status for Romania. Motion agreed to 279-126: Y(3-2-0), August 1, 1983.

284. S. 675. Omnibus Defense Authorizations. Price, D-Ill., Motion to close the conference committee meetings on the bill to authorize appropriations for Defense Department programs in fiscal 1984. Motion agreed to 396-10: Y(4-1-0), August 1, 1983.

285. H.R. 3409. Federal Supplemental Unemployment Compensation. Rostenkowski, D-Ill., motion to suspend the rules and pass the bill to limit the number of weeks of unemployment compensation any state could lose as a result of strictures in the extended supplemental unemployment compensation program that took effect April 1, 1983. Motion agreed to 338-84: Y(3-2-0), August 2, 1983. A two-thirds majority of those present and voting (282 in this case) is required for passage under suspension of the rules.

286. H.R. 3564. Early Agriculture Program Announcements. De la Garza, D-Texas, motion to suspend the rules and pass the bill to change dates for required federal announcements of crop acreage limitations or set-aside programs, as follows: for 1984 and 1985 feed grain crops, the announcement must be made by September 30 (instead of November 15) of the year before that in which the crop is harvested; for the 1985 wheat crop, announcement must be made by July 1, 1984 (instead of August 15, 1984). Motion agreed to 329-93: Y(2-3-0), August 2, 1983. A two-thirds majority of those present and voting (282 in this case) is required for passage under suspension of the rules.

287. H. Con. Res. 40. Federal Nutrition Programs. De la Garza, D-Texas, motion to suspend the rules and adopt the concurrent resolution expressing the sense of Congress that federal nutrition programs should be protected from budget cuts, that the supplemental food program for women, infants and children (WIC) should be funded to maintain the number of cases carried at the end of fiscal 1983, and that the federal government should maintain current efforts in nutrition programs to prevent increases in domestic hunger. Motion agreed to 407-16: Y(3-2-0), August 2, 1983. A two-thirds majority of those present and voting (282 in this case) is required for adoption under suspension of the rules.

288. S. 64. Irish Wilderness. Seiberling, D-Ohio, motion to suspend the rules and pass the bill to establish as federal wilderness and protect from development the Irish Wilderness Area of about 15,500 acres in the Mark Twain National Forest, Missouri. Motion agreed to 406-18: Y(4-1-0), August 2, 1983.

289. H.R. 3706. Martin Luther King, Jr. Holiday. Hall, D-Ind., motion to suspend the rules and pass the bill to designate the third Monday of every January as a Federal holiday in honor of the late civil rights leader, the Rev. Dr. Martin Luther King, Jr. Motion agreed to 338-90: Y(2-3-0), August 2, 1983. A two-thirds majority of those present and voting (286 in this case) is required for passage under suspension of the rules.

290. H.R. 2780. Revenue Sharing. Horton, R-N.Y., amendment to reauthorize the general revenue sharing program for three years, through September 30, 1986, rather than five years in the bill as reported. Adopted 226-202: Y(5-0-0), August 2, 1983. A "yea" was a vote supporting the President's position.

291. H.R. 2780. Revenue Sharing. McCandless, R-Calif., amendment, to the Horton, R-N.Y., amendment to reduce entitlement funding for local governments from $5.02 billion annually as proposed by the Horton amendment to $4.6 billion, the level requested by the President. Rejected 176-248: N(3-2-0), August 2, 1983. A "yea" was a vote supporting the President's position.

292. H.R. 2780. Revenue Sharing. Horton, R-N.Y., amendment to reduce entitlement funding for local governments to $5.02 billion annually, the level assumed in the first fiscal 1984 budget resolution (H. Con. Res. 91), from the $5.3 billion under the bill as reported. Adopted 381-43: Y(5-0-0), August 2, 1983.

293. H.R. 2780. Revenue Sharing. Williams, R-Ohio, amendment to distribute any increase in funding over $4.6 billion only to localities in countries where the unemployment rate for the previous year, the formula to be weighted to the advantage of countries with the highest unemployment rates. Rejected 154-259: N(0-5-0), August 2, 1983.

294. H.R. 2780. Revenue Sharing. McCandless, R-Calif., amendment to delete from the bill an annual authorization of $2.3 billion in revenue sharing of state governments that applied for funds and received an appropriation of them from Congress. Adopted 218-193: Y(5-0-0), August 2, 1983.

295. H.R. 2780. Revenue Sharing. Levin, D-Mich., amendment to change the factors used in the formula for allocating revenue sharing funds among the states for distribution to local governments so as to take into account all potential revenue availability in each state, rather than just personal income. Rejection 192-220: Y(4-1-0), August 2, 1983.

296. H.R. 2780. Revenue Sharing. Passage of the bill to reauthorize the general revenue sharing program from October 1, 1983, through September 30, 1986, and entitle governments eligible to receive such funds to share $5.02 billion per year. Passed 381-35: Y(4-1-0), August 2, 1983.

298. H.R. 3021. Unemployment Health Insurance. Adoption of the rule (H. Res. 276) providing for House floor consideration of the bill to authorize $4 billion in fiscal 1983-85, for block grants to states for health insurance plans for the unemployed, and for grants to hospitals caring for needy, uninsured people. The bill also required certain changes in employment-based private group health insurance plans to continue coverage for laid-off workers. Adopted 227-196: Y(1-4-0), August 3, 1983.

299. H.R. 3021. Unemployment Health Insurance. Tauke, R-Iowa, motion to recommit the bill to the Energy and Commerce Committee with instructions to substitute a $1.8 billion authorization for block grants to states for health insurance plans for the unemployed, with funding contingent on appropriations and without mandated state contributions and certain other requirements. Motion rejected 171-255: N(3-2-0), August 3, 1983.

300. H.R. 3021. Unemployment Health Insurance. Passage of the bill to authorize $4 billion in fiscal 1983-85 for block grants to states for health insurance plans for the unemployed, and for grants to hospitals caring for the needy, uninsured people. The bill also required certain changes in employment-based private group health insurance plans to continue coverage for laid-off workers. Passed 252-174: Y(2-3-0), August 3, 1983. A "nay" was a vote supporting the President's position. ●

PINELLAS COUNTY STUDENTS LEAD BY EXAMPLE IN DONATING THE GIFT OF LIFE

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. YOUNG of Florida. Mr. Speaker, our Nation's parents and teachers traditionally have sought to set an example to teach our youth. I am happy to report, however, that in Pinellas County, FL, which I represent, the students are the ones setting the example.

One in every ten Pinellas County residents who donates blood to the Community Blood Bank of St. Petersburg is a student. Last year along, students donated more than 3,000 pints of blood.

These students have set an example not only for the county's adults, but also for their peers in school who learn the importance of donating blood and who will retain that lesson throughout their lives.

This program has attracted so much interest that the county's 14 high schools compete for a traveling trophy awarded to the school with the greatest participation in the blood drive. Because blood banks experience shortages during the summer months, many students even are volunteering to donate while on summer vacation.

Following my remarks, I would like to include a copy of a story from the April 7, 1984, edition of the St. Petersburg Evening Independent concerning the high school blood drive. It should serve as inspiration to all Americans and emphasizes the importance of donating blood, the gift of life.

[From the St. Petersburg Independent, Apr. 7, 1984]

BLOOD BANK VALUES ITS STUDENT DONORS

(By Bettineta Harris)

About one of every 10 persons who donates blood in lower Pinellas County is a high school student.

That's why Community Blood Bank officials appreciate high school students. They know students represent the largest blood donor group in the county, according to Kevin Lindberg, blood bank spokesman.

"High school students are such an important part of our program," Lindberg said. "We're conscious of making the experience as pleasant as possible, because this isn't a short-term thing with us."

Last year, the blood bank collected about 32,000 units of blood from lower Pinellas County. Of that amount, high school students donated more than 3,000 pints. Lindberg said projected blood needs in the county for this year have increased to 35,000 pints.

Lindberg said the bloodmobile units make several visits to the 14 county high schools, which compete with each other to donate the largest number of pints for larger schools, or the highest percentages for smaller schools. The winner of each category receives a traveling trophy. School-based civic groups at the different high schools sponsor the blood drives.

Leader of the south-county schools during 1982-83 was Dixie Hollins High School, which collected more than 400 pints.

James Hardy, Dixie Hollins senior, said he started donating blood after he was in the hospital for a month because he'd been hit by a motorcycle as he jogged.

"I didn't need blood, but it had a lasting effect on me," said Hardy, who is president of the Junior Civitan Club, which sponsors the blood drives at Dixie Hollins. "I also try to encourage other people to give blood."

Senior Marci Anderson said she donates blood because: "I want to help people. I know if I need blood, I'd want people to donate to me."

Senior Timothy Ross said he was afraid to give blood at first because he thought it would hurt. However, the first experience was good, Ross said, so he continued to donate because it gave him a good feeling to be able to help somebody.

"I'll continue to donate blood even after I graduate," Ross said.

Besides wanting to help, students are aware of the incentives of giving blood, according to Chris Elliott, Dixie Hollins facility adviser of Junior Civitans.

Ms. Elliott said the high schools are given one credit for each pint of blood donated by students or faculty members. To divert the cost of blood and blood products, credits can be transferred to a student or his family members' account should they ever need blood.

Admiral Farragut Academy's blood drive program, which is less than two years old, began because a faculty officer's wife had cancer and needed surgery, according to Maj. James Harris, chairman of the program.

"A few of us went down and donated blood," Harris said. "We didn't have an account then, but we had one soon after."

Since then, Harris said that the program has been able to help students and family members. He said the academy had accumulated about 200 credits.

Traditionally, blood banks throughout the country have experienced shortages during the summer months because regular donors are on vacation and schools are on summer break. However, Lindberg said blood bank officials are working on a program to avoid the summer slump in donations.

Blood bank officials will ask students to sign pledge cards to give blood when they are contacted by officials during the summer.

"We want them to continue helping even if they're not in school," Lindberg said. "If we do a good job, then we've not gained a blood donor for a day, but for as long as the student lives."●

LAWLESS STATES AND THE MISUSE OF INTERNATIONAL LAW

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. KEMP. Mr. Speaker, the International Court of Justice has under submission a complaint filed by the Government of Nicaragua against the United States of America. The Sandinistas, by their petition, would ask the World Court to issue a protective order to secure their right to oppress the Nicaraguan people free from retribution. That totalitarian government, which knows no law, and respects no right, would seek immunity from aggressive acts against its neighbors, under the color of international law.

The Sandinistas are outraged that ships carrying weapons and military supplies may be deterred from unloading their lethal cargo at Nicaraguan ports. I wonder what depths of hypocrisy are required for a regime to seek protection from small-scale arms interdiction when the weapons that continue to arrive are turned against peaceful neighboring states? And I wonder further about commentators in the United States whose own outrage is turned not against the aggressive acts of the Marxist government in Nicaragua, but against their own country for declining to participate in what would be a judicial charade.

In late February this year, George Will wrote a thoughtful column on the uses and abuses of international law. Of the liberation of Grenada, he writes, "It would have been mere right mindedness * * * to have allowed our values to be extinguished in Grenada so that we could be said to be 'paying attention' to our understanding of 'the law of nations'." The people of Grenada would surely agree.

Increasingly, lawless states have come to practice a new cynical craft: the exploitation of international law for unjust purposes. They would take the most precious values of Western thought, the essence of honor in our culture, and use our very virtue to undermine our strength and to paralyze our ability to defend our values. Because the Soviet Union and its surrogates like Cuban and Nicaragua have no tradition of law or respect for the sovereignty of other states—or the integrity of the individual—they appeal to the best within us, using our honor as a weapon against us; and while we are held in check, they have free rein to destroy that which we would champion.

If our values are to survive, we must be prepared to defend them, and to know that what we are doing is right. I believe that U.S. support for the "Contras" in Nicaragua must be placed in this philosophical context. In preparation for this debate, I urge my colleagues to consider the insights offered by Mr. Will.

[From Newsweek, Feb. 27, 1984]

THE PERILS OF LEGALITY

(By George F. Will)

Pat Moynihan is a traditionalist, but a liberal traditionalist, a keeper of Woodrow Wilson's flame. His loyalty, as elegantly explained in his fine new book "Loyalties," is to the idea of the rule of law in international affairs. He believes the United States pays too little attention to international law. I believe it pays too much.

Decrying what he calls the 'Sovietization" of U.S. policy, he says recent administrations have accepted normalessness, meaning policy insufficiently oriented toward standards of international legality. The role of law, says Moynihan, is to provide proportionate responses to violations of norms. But the very idea of international law is problematic, partly because there is no international consensus about norms. Besides, can there be law among sovereign nations—law where there is no sovereign to adjudicate and enforce judgments?

When the United States invaded Grenada to replace a government, Moynihan said the United States had no "right" to do so and indeed had a "positive obligation not to" because the charter of the Organization of American States declares that no state has a right to intervene, for any reason, in another state's internal affairs. When he said we also had violated the United Nations Charter, I wrote in this space that "it is bad enough we pay for the United Nations; surely we do not have to pay attention to it." Moynihan now rejoins: "Paying attention to the U.N. Charter is paying attention to our understanding of the law of nations." Oh? Says who? Moynihan says the charter imposes a dual obligation on governments "to be law-abiding in their relations with one another" and to protect "'fundamental human rights' as these were understood by British and American constitutional lawyers in 1944." But the charter was a mockery from the moment in 1945 when Stalin's government subscribed to "our understanding" of the law of nations.

VALUES

It would have been mere right-mindedness—a moral pose rendered immoral by its consequences—to have allowed our values to be extinguished in Grenada so that we could be said to be "paying attention" to our understanding of "the law of nations." Had there been no invasion, Grenadians would be groaning beneath a dictatorship imposed with the indispensable help of Cuba, which cares not a fig for the OAS Charter, and the Soviet Union, which is in violation of virtually every clause of the U.N. Charter. In order to seem to be conforming to the forms of international law, Reagan talked rubbish about the invasion being a rescue mission for medical students. The lie reflected misplaced respect for a codification of national obligations that makes no sense in a world menaced by regimes like those in Havana and Moscow. Reagan should have said: international law, such as it is, is an intramural code, useful among nations that share common values but not germane to dealings with totalitarian or gangster regimes.

Moynihan wishes the Reagan administration had approached the Korean airline massacre "as a violation of a treaty, specifically the Chicago Civil Aviation Convention of 1944," which obligates signatories, including the Soviet Union, to help a lost plane, not shoot it down. Well, OK: it is useful to remind Westerners how little such obligations mean to the Soviet Union. But that is a use of the modalities of law to improve the Western mind, not Soviet behavior. And the Western mind is itself at risk because of certain uses of internaitonal law.

The "Helsinki process" might seem to be a use of law, or at least its forms, to do what Moynihan favors. That ongoing process asserts norms in relations between nations and between governments and citizens. But, as Moynihan says, in doing so it fosters a "denial of reality." The 1975 Helsinki accords on human rights were frauds because there was no accord about anything, from the meaning of freedom to the definition of a trade union. In 1976 Moynihan declared that "it has become unmistakably clear that the West was utterly deceived." Surely not. No one thought the Soviet regime had agreed to dismantle itself and its empire, which it would have had to do to comply with the accords. This was détente, the willful suspension of disbelief.

Moynihan cites the International Labor Organization as "the largest single initiative" extending Western, liberal ideas into international law. Well. In 1948 the ILO adopted a convention protecting labor's right to organize free unions. Ninety-four countries have ratified it. Perhaps half of them are not violating it. Many members forbid unions, within the Western meaning of the term. But Western meanings are casualties of participation with communist regimes in things like Helsinki and the ILO. The West seems to agree that there are two diametrically opposed but equally eligible meanings for the crucial words in the political lexicon.

DELUSION

It is said that even organizations like the ILO (the very name is a lie: many member regimes deny representation to labor) and "agreements" reflecting no real agreement are useful as mechanisms for indicting the Soviet. But that sterile exercise does not change Soviet behavior. Signing documents that one side violates in every particular demoralizes—literally, demoralizes—the West. The public is desensitized by a minuet of diplomacy that fosters the delusion that the two sides share a frame of reference. It is said: "But we have to talk to them." Yes, but not at the cost of eviscerating the language of politics.

Many people who are incensed by Reagan's obviously accurate description of the "evil empire" applaud the charade of the Helsinki process, which is meretriciousness institutionalized. Reagan was elected, in part, to restore realism to the language of East-West relations. But he has been too respectful of corruptions perpetrated in the name of international law. At last year's Madrid event in the Helsinki process, all participants, including the Soviet Union and Poland, solemnly vowed respect for worker's rights to free unions and to "the prerogatives that are recognized by international law." Consider the denial of reality required for participation in such a burlesque—a charade conducted in the name of law. The real danger is not the Sovietization of U.S. policy but of the world's vocabulary, and hence its mind.●

BEAUTIFUL BUILDING NAMED FOR A BEAUTIFUL WOMAN

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. LEHMAN of Florida. Mr. Speaker, I am proud to have in my district a very fine institution of higher learning, Barry University. Recently, Barry announced that it will honor a great friend of the university, Inez Andreas, by naming the new school of business building after her.

Mrs. Andreas chairs the university's board of trustees and she has been extremely active on behalf of the school. The Flame, which is published by Barry, described the groundbreaking for the new building and listed the many accomplishments of Inez Andreas. I know my colleague will enjoy reading about this remarkable woman who serves as an example to us all. She knows how to give of herself and work on behalf of others.

The article follows:

BEAUTIFUL BUILDING NAMED FOR A BEAUTIFUL WOMAN

There's no business like school business for Inez Andreas. In her book, it steals all the bows and applause. She enjoys school so much she even dug ground for Barry's new building to house the School of Business.

It is with pride and gratitude that Sister Jeanne O'Laughlin, president of Barry University, announces the name the new building will carry when dedicated—the D. Inez Andreas School of Business Building.

Inez Andreas has chaired the Barry University Board of Trustees since 1977. She is an alumna, having earned the Master of Science in Education, 1975. She and husband Dwayne O. Andreas are deeply involved with Barry University's progress and future.

Andreas has been a dynamic and influential leader in attaining the enrichment and academic goals of Barry University. She has initiated many programs and communication groups relative to the university.

In 1980 she was recognized by the presidents of Florida's 18 independent colleges and universities as the recipient of the Champion of Higher Education in Florida Award (C.H.I.E.F.)

When Inez Andreas becomes involved, she gives of her heart and high energy. Nothing is half-way. She handles things with vigor, aplomb and dignity, plus a tremendous amount of expertise and intellect.

The active and visible chairman of Barry's trustees knows the campus and its students, faculty, staff and administrators, due to her personal contact and interest.

However, with her deep involvement at Barry, she respects the difference between governance and administration. Just as she is unique, so is her service to Barry University unique.

In addition to a B.A. from the University of Minnesota and the M.S. from Barry University, Andreas holds honorary doctor of laws degrees from Hamline University and Barry University.

She is vice chairman of the board of public television, WPBT Channel 2, a former member of the Governor's Conservation Commission; served on the boards of Pillsbury Citizens Service, Citizens Council on Delinquency and Crime, Northwestern Hospital Auxiliary, and former president of the Youth Council of Mound, Minnesota.

Andreas was named Citizen of the Day, May 31, 1975, and the 1982 Community Headliner by the Women in Communications, Inc., Miami. The list of her service and accomplishments locally and nationally goes on. She's a worker and a family women.

Andreas is also a woman of the world. It's commonplace for her to climb into a helicopter, dash for a jumbo jet and take off across the Atlantic or wherever.

When she conceived the idea of holding a tented dinner dance annually on Barry's campus, she walked all over the Barry campus in the hot August sun, seeking the right spot. Thus the Starlight Ball, Barry's major fund-raising event, came into being.

Known nationally and internationally, Inez Andreas still is the Midwest girl at heart. She can whip up a batch of hors d'oeuvres in a minute's notice. If necessary, she can plug in an iron and press the wrinkles out of husband Dwayne's shirt. She is equally adept at entertaining world leaders. Attending dinners and receptions at the White House is an ordinary occurrence for Inez and Dwayne Andreas over many years.

In Proverbs 31, it is stated that the value of a good woman is far above rubies . . . "give her of the fruit of her hands; and let her own works praise her in the gates."

The works of D. Inez Andreas are being praised rightfully by Barry University. The fruit of her hands is being appropriately named: the D. Inez Andreas School of Business Building.●

IN PRAISE OF THE USPS

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GARCIA. Mr. Speaker, an April 2 article in Time magazine gives a good account of the U.S. Postal Service. It praises the USPS and the work of Postmaster General Bolger.

It also talks about the increased productivity of postal employees an increase of 43 percent productivity since the Postal Reorganization Act of 1970. That is an incredible track record.

Our Postal Service has been able to make these improvements while increasing their work load. I want to praise the hard-working employees of the USPS and Postmaster General Bolger for the good work, and I would like to include the April 2 Time article for my colleague's perusal.

The article follows:

[From Time magazine, Apr. 2, 1984]

FIRST CLASS: POSTAL SERVICE DELIVERS

"You just can't stand still in this world any more," says William Bolger. "It can change faster than your mind can change." Such pronouncements would be routine from the boss of an ordinary company, but this one comes from the U.S. Postmaster General, talking about what at one time was the bumbling, inefficient, overstaffed, deficit-ridden, money-losing U.S. Postal Service.

No more. In the 13 years since its conversion into a Government corporation with a

mandate from Congress to become financially self-sustaining, the Postal Service has turned first class. It is handling more mail than ever: 119.4 billion pieces last year, 400 million pieces every workday, up 4.7% from 1982. That is more by far than any other postal system in the world. Since 1971, the service's load has increased by 35 billion pieces, to 18 million new addresses.

The Postal Service corporation is carrying that load with fewer people: 678,845 vs. 741,000 in 1971. Employee productivity has gone up 43%, chiefly because of mechanical mail sorting. In 1971, a postal worker processed 120,212 pieces a year; now a person handles 172,320. Output will go up even more when high-speed optical scanners, which read addresses, convert them into printed bar codes and then send them off for automatic sorting into 136,000 carrier routes, are fully installed.

Perhaps most important of all, the Postal Service has stopped losing money. In 1979, for the first time since World War II, it took in more than it spent. Last year the Postal Service generated a profit, without subsidies, of $616 million, its third in five years. In the early 1970s, it lost as much as $200 million annually.

None of that good news, however, came free. The cost, in part, was sharply increased postal rates for both businesses and individuals. The price of a first-class stamp, a mere 4¢ a generation ago, has risen since 1971 from 8¢ to the current 20¢. The Postal Service has applied to the Postal Rate Commission, which reviews requests for rate increases, for a raise to 23¢ for first-class stamps. It could come as early as October, but probably will not take effect until a few months after the November elections.

The postal system, first headed by Benjamin Franklin in 1775, continues to enjoy a legal monopoly on the delivery of first-class letter mail, although exceptions allow competition from such private organizations as Federal Express and Emery Worldwide. But unlike a few years ago, when the Postal Service sat and waited for business to come its way, it is now aggressively courting customers. For example, it is countering the new overnight carriers with its fast-growing Express Mail, which for $9.35 promises next-day delivery. Another new service is E-COM (for electronic computer-originated mail), which allows transmission of messages to 25 special post offices throughout the U.S., where they are printed and distributed as first-class mail. The Postal Service, though, has yet to make it profitable.

The bulk of the Postal Service's revenues still comes from old-fashioned mail. Despite the computer age and talk about electronic messages doing away with letters, more, not less, mail is being sent. Christmas volume last year ran 800 million pieces ahead of the 1982 rate. U.S. banks and brokers had to send out millions of Internal Revenue Service W-9 forms this year to comply with new requirements on reporting interest income. The Postal Service earned $100 million just on those bank mailings alone.

Bolger, 61, who joined the post office in 1941 as a clerk, has spent his entire career with the system. He is expected to quit at year's end for a job in private industry. Along with the improved efficiency, Bolger's six years as Postmaster General have won more friends for the U.S. mail. A Roper poll last year showed that most Americans give the Postal Service higher marks than the telephone company, insurance firms or hospitals.●

THREE TO BE CITED BY GLASSPORT LEGION

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GAYDOS. Mr. Speaker, American Legion Post 443 of Glassport, PA, has scheduled a testimonial dinner May 5 to honor the organization's "life" members and past commanders.

During the proceedings, officers and members of the post will pause to pay special tribute to three individuals for their outstanding contributions to the work of the legion and to residents of the community.

Awarded "life" memberships because of dedicated service to their comrades-in-arms will be Albert Halucha, a Legionnaire for 33 years, and Raymond Krills, a member of post 443 since 1973.

Cited for her interests and many endeavors on behalf of the citizens of Glassport will be Rita D. Stinner, a lifelong member of the community.

Mr. Halucha and Mr. Krills are veterans of World War II; Mr. Halucha, an infantryman with the Army, and Mr. Krills with the 8th Air Force. Both men also have served as commanders of post 443.

During Halucha's term in office, membership in the post topped the 500 mark for the first time and he had the distinction of being chairman of the building committee when the post burned its first mortgage. Presently, he is chairman of the Vietnam and Korean Memorial Monument committee. His wife, Rose, also has been active in legion activities and has served as president of the post's ladies auxiliary.

In addition to his legion work, Mr. Halucha has been busy in local government, serving four terms on Borough Council and 4 years as president of that body.

Mr. Krills twice served as commander of post 443 and also has held every other major office in the organization. He has been a member of the home association and its board of directors and been the guiding force on numerous legion committees, including the annual Memorial Day observance.

Rita Stinner has been active in both civic and community work. Originally appointed borough auditor in 1974 to fill a vacancy, she remained in that office until 1980 when she was elected to borough council. As chairperson of the recreation department, she initiated an annual fishing contest and a community "light up" night for the holidays. Since leaving council, Rita has directed her energy on behalf of senior citizens and presently serves as legislative chairperson of the local AARP chapter.

Mr. Speaker, I ask my colleagues in the Congress of the United States to join me in extending official congratulations to Rita Stinner, Raymond Krills, and Albert Halucha. They are to be commended for their dedication and service to others.●

FOOD FOR THOUGHT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. PHILIP M. CRANE. Mr. Speaker, though we are well into an election year, some of the behavior evidenced by politicians who should know better has been reprehensible. The article that follows should prove thought provoking to every responsible elected Representative. It appeared in the Wall Street Journal, March 29, 1984, and I commend it to your attention.

[From the Wall Street Journal, Mar. 29, 1984]

UNHINGING OF THE LIBERAL DEMOCRAT

(By Irving Kristol)

As one looks at Washington, D.C., today, the question that springs to mind is not, "Are our representatives in Congress capable of governing the country?" but, "Are they capable of governing themselves?" Not even at the height of dissent over the Vietnam war did so many members of Congress behave in so unruly and irresponsible a manner. Not since the era of Senator Joseph McCarthy have the rules of political civility been so contemptuously violated. All sense of collective purpose and discipline seems to have been eroded.

True, it is an election year, and allowances must be made. But when was the last election year in which the majority leader of the House publicly called the president a "liar"? And this from a congressman generally regarded as a relatively sober and moderate person, and over such a trivial issue as who had been more forthcoming in budget negotiations. When, too, was the last time, even in an election year, that the speaker of the House said of the president that he was unqualified to hold that office—and this, too, over a routine policy disagreement?

SOUR, MADDENING CLIMATE

Are there really votes to be won by such uncivil behavior over perfectly ordinary and traditional clashes of views? No one outside Washington is likely to think so. The American people do not wish to see their president casually vilified in this way—not even those who may be prepared to vote against him. All of the opinion polls reveal far more temperate attitudes, as do passing conversations in bar rooms, taxis and offices. So why is the climate in Washington so sour, so maddening?

My own diagnosis takes its cue from the fact that, this time, it is mainly the liberal wing of the Democratic Party that seems out of rational control, with the Democratic majority being intimidated into going along. And here, once again, there is a reminder of the McCarthy period. Then, a significant segment of conservative opinion felt frustrated and enraged at the way the postwar world was shaping up. Today, it is a significant segment of liberal opinion that is frustrated and enraged by the way the post-Watergate world is shaping up.

For this segment of liberal opinion, Watergate was supposed to be a watershed, signaling a return to a revivified liberalism after an absurd conservative interruption. It is a minority segment, even of liberal opinion, but it now includes the Democratic activists who dominate primary caucuses, and who will—as a result of the post-McGovern party reforms—dominate the convention as well. It also includes the swollen staffs of Democratic congressmen and the bulk of the press—the one busily constructing "news" (usually involving a measure of character assassination) that is promptly leaked to the other. (What we now call "investigative journalism" rarely amounts to anything more than publicizing those leaks.)

In general, the Democratic Party in Congress today makes little effort to stay in tune with the larger Democratic electorate, but instead seizes, desperately and almost randomly, on "issues" generated by what one was once able to call its "ultra-liberal" (or "left-liberal") activists. Now, of course, they are simply "liberal."

Most of these "issues" are either transient or of little real interest to the electorate, and in any case will vanish from the public agenda the day after the election, no matter who wins. It has been truly pathetic to watch the Democratic candidates strive to establish primacy on the issue of a "verifiable nuclear freeze." This is a phony issue, without content, but which does express the utopian hopes and apocalyptic fears of the activists. There is not going to be a "verifiable nuclear freeze."

The Soviets have never permitted onsite verification of their military installations and, in any case, will not today accept a freeze that does not involve the dismantling of the intermediate-range missiles recently emplaced in Western Europe. After all, it was to prevent the installation of those missiles that the Soviets so vigorously encouraged the "nuclear freeze" movement. That was the only meaning the movement had for them, and ever since the deed was done, they have lost interest. (So, coincidentally, has the movement itself.) The American electorate, in its majority, has always sensed the utter pointlessness of the "freeze" issue. It will, in fact, play little or no role in the post-primary campaigns for office. Nevertheless, the party's leaders have, almost without exception, rallied under this banner, though in private conversation they show either a sensible lack of interest or an embarrassed cynicism.

Are there not issues of substance that can constitute a viable "liberal" agenda? No, there are not—and this explains the frustration and rage that is now shaking the party and threatening to cripple it. The liberal activists are willing to accept trade-union money and the endorsement of union leaders, but they can barely hide their contempt for traditional trade-union concerns. They will routinely advocate an increase in taxes for those in the upper brackets, but they can no longer believe that this will have the effect of "reshaping" American society according to some vague principles of "social justice." (After all, we have had such taxes before, with no such larger consequence.) They can talk about "reducing tensions" in foreign affairs but they dare not say a kind word about the U.N.

Behind every liberal claim and assertion today there is the haunting presence of the Carter administration. That was the liberal's administration, as much as a Mondale or Hart administration is likely to be. And it was judged by the electorate to be a miserable failure, in both domestic and foreign policy. The liberal activists are psychologically unable to confront this fact and draw any useful inferences from it. So they talk of "new ideals," but have none.

What they do have is a reactive, destructive urge against any conservative president, all of his appointments and all policies emanating from a conservative administration—even when, as is often the case in foreign policy, these are in no way partisan. The Kissinger Commission, a truly bipartisan body, very accurately reflected majority opinion, in Congress and out, as to what our Central American policy should be. All the leading Democrats on the panel subscribed to its theses, but not a single Democratic candidate has dared endorse it, and Democrats in Congress now pretend it never happened.

Since American politics really do need a responsible, two-party system to function effectively, this state of affairs is deplorable. It is also exceedingly dangerous. For once a political ideology—whether liberal or conservative or radical—becomes unhinged from political reality, it will behave like a loose cannon, wreaking much mischief before its momentum expires.

The reality of American life and American politics today is that we are in a relatively conservative phase of the political cycle. There are no big issues in domestic policy that can electrify the electorate. The biggest issue, presumably, is the budget deficit and, ironically, the voters persist in seeing this as a conservative issue. Most young Americans are now far more career-minded than they are issue-oriented. They are also more patriotic, even somewhat nationalistic. The welfare state is now taken for granted, and specific budgetary allocations to specific programs are not something most people can get terribly excited about.

So these are hard times for liberals, and one can appreciate their frustration. But American liberalism has survived hard times before, and the political cycle always redeems their patience. Why such furious impatience today?

The answer, I think, is that American liberalism has, in the past 15 years, moved markedly to the left, as the exhaustion of the traditional liberal agenda has become more apparent. Its pragmatic temper has diminished, its ideological passions have been exacerbated. And as a result, the political vehicle of American liberalism, the Democratic Party, has become ever more irresponsible.

Such irresponsibility is beginning to assume alarming proportions. This is especially the case in foreign policy, where "new ideas" are indeed available. Actually, they are not new at all, but are novel twists on a very old idea that, for half a century now, has found its home on the extreme right of American conservatism. What is new is that it has suddenly acquired a left-wing hue. To put it plainly: We are today witnessing the emergence of a left-wing American isolationism that threatens to become the orthodoxy of the Democratic Party.

CRUCIAL DIFFERENCES

This new left-wing isolationism differs in some crucial respects from the older, conservative version. The latter was nationalist and believed that America should have adequate military strength to maintain its splendid isolation. The new version believes we should be militarily weak, a weakness to be compensated for by a noble-spirited diplomacy that will shame the world into respecting our interests and rights. It believes, too, that backward and wayward peoples of the world probably have to go through a Marxist-Leninist phase—have to surmount the wave of their immediate future—before they can evolve into decent, self-disciplined, self-governing nations. Its policy, therefore, vis-a-vis the Soviets and their surrogates and all Communist rebellions, is some form of therapeutic appeasement. Thus, it opposes the sending of American arms and, still less, troops, to El Salvador. Or to Honduras. Or to Guatemala. Or to anywhere in the Caribbean. Or to the Persian Gulf. Or, inevitably, to Western Europe or even Mexico.

This new left-wing isolationism does not as yet dare declare its name. It remains in the closet of congressional committees where it festers, finding release in occasional congressional resolutions and general obstructionism. But it is in truth the only new idea on the Democratic agenda of the moment, an idea fatal to the future of democracy, either in the U.S. or in the world at large. ●

REMEMBERING THE ARMENIAN GENOCIDE

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mrs. JOHNSON. Mr. Speaker, today we are commemorating the 68th anniversary of the Armenian genocide. Let us not deceive ourselves. Let us not use semantics to obscure reality. There was a premeditated attempt to exterminate the Armenian people in 1915 and if that, by definition, is not genocide, then what is?

Mr. Speaker, the accuracy of the historical record is not the issue. That there was a genocide has been documented by more historians, in more archives and engraved indelibly upon the hearts and souls of more survivors than there is time to recite before this House today. What I would like to place clearly on the record is the startling accusation made in this body 2 weeks ago regarding the passage of a simple commemorative resolution. House Joint Resolution 247 was to commemorate a day of man's inhumanity to man, especially noting the massacres of the Armenian people during 1915 to 1920, by the Ottoman Turks. Although there were objections on a variety of grounds, the most disturbing was the claim that the genocide of the Armenians was undocumented.

The passage of a commemorative resolution is a small thing but suppression of the truth is not. Richard Cohen, a columnist for the Washington Post, wrote, "to control the present and shape the future, you have to first alter the past—take possession of it and rob it of its lessons."

It is a point worth pondering, and one that totalitarian governments understand well. After the confusion over the passage of House Joint Resolution 247, I am beginning to fear not that we are ignorant of this, but rather that perhaps we are beginning to understand it too well.●

TAX CUTS AREN'T WORKING AS PROMISED

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. STARK. Mr. Speaker, some of our colleagues and the administration have been making new claims about the wonders of the 1981 tax cut.

The fact is that the tax cut has and is continuing to split America into two classes: the very rich and the rest of society. That is not my idea of a tax cut that worked.

April 22, the Washington Post carried an article analyzing the data and concluded that the "tax cuts aren't working as promised."

I include the full text of the article at this point in the RECORD.

[From the Washington Post, Apr. 22, 1984]

TAX CUTS AREN'T WORKING AS PROMISED

(By John M. Berry)

Supply-siders jumped with glee recently when the Internal Revenue Service released preliminary statistics from 1982 individual income tax returns. The IRS figures showed that even with tax rates cut sharply for upper-bracket taxpayers, their share of total taxes went up while the share paid by lower-income individuals went down.

Because 1982 was the first year in which a significant part of the Reagan personal income tax cuts was effective, the supply-siders immediately concluded that the world was working exactly as they had predicted. Apparently lower rates were drawing the rich out of tax shelters and encouraging them to channel more of their income into taxable investments. Crowed a Wall Street Journal editorial, "The numbers are in on 1982 and . . . they vindicate the supply-siders."

And in a column by Warren Brookes distributed by the Heritage Foundation for newspaper use, Rep. Jack Kemp (R-N.Y.), one of the original sponsors of the tax cut, was quoted as saying, "These figures prove what we have argued all along. If you really want to soak the rich, as some of my liberal colleagues are always proposing, the best way to do it is to lower all tax rates, and make it more profitable for them to invest their money in profitable enterprises than to hide it in unproductive tax shelters."

Last week some administration officials were urging that President Reagan cite the numbers in a forthcoming speech as evidence that his tax cuts were working exactly as promised, sources said.

The only problem with these claims of victory is that the evidence proves the opposite. The tax burdens of the 62 percent of all taxpayers with incomes under $25,000 went down because their incomes went down. Their taxes naturally went down, too, but by less than their incomes.

Adjusted for changes in their share of total income, the tax burden of the under-$25,000 group went up, not down, in 1982.

In addition, the figures show conclusively that the increase in income for upper-bracket taxpayers is not the result of some burst of entrepreneurial activity or of the rich getting out of tax shelters. Instead, it probably is the result of the surge in stock prices in the latter half of 1982 and a one-time "unlocking" effect on investment assets from the cut in the maximum capital gains tax rate from 28 to 20 percent.

Total reported income went up by $75 billion from 1981 to 1982, while, as a result of the tax cuts, taxes paid were virtually unchanged.

As a result probably of both inflation and the recession, actual income fell from 1981 to 1982 for taxpayers reporting less than $25,000 in adjusted gross income, or AGI. As a share of total reported AGI, the under-$25,000 group also suffered a decline. This group included 59 million, or 62 percent, of all taxpayers. They had 42 percent of total income.

The drop in the number of taxpayers in this group is part of an ongoing trend related to rising incomes due both to inflation and an increase in real incomes. The recession and the lower rate of inflation in 1982 than in 1981 apparently slowed this movement toward higher-income categories.

At the top end of the scale, taxpayer incomes rose strongly from 1981 to 1982 almost entirely as a result of a sharp increase in reported capital gains.

A big jump in capital gains realizations can be inferred—the IRS figures include no separate data on capital gains—because of what happened to other major sources of income for the high-bracket taxpayers. The average level of interest and dividends and of business income declined for each upper-bracket income group. So did the average level of wages and salaries for those above $500,000. For other upper-bracket groups, average wages and salaries generally rose less than the rate of inflation.

With rents and royalties not significant items and partnerships undoubtedly continuing to generate tax losses as they did in 1981, the only possible reason for the increase in income shown by the upper-bracket taxpayers is an increase in capital gains realizations.

For taxpayers with AGIs above $1 million in 1981, 33.7 percent of their reported income was from capital gains. (Actual gains were much higher, because 60 percent of a gain is normally excluded from AGI.) Out of $11.1 billion in AGI reported by that group, $3.7 billion was capital gains. Another $6.5 billion came from wage and salaries, interest and dividends and business income, leaving less than $850 million from other sources.

In 1982, the AGI for the $1 million-and-up group jumped to $17.6 billion, by far the largest increase in percentage terms for any income group, and the number of returns in the group rose 55 percent. The IRS data shows that wages and salaries, interest and dividends and business income totaled $9 billion. If the remaining portion, other than capital gains, bore roughly the same relationship to the group's total AGI as it did in 1981, the other non-capital-gains income amounted to $1.3 billion.

If this conservative assumption is correct, then capital gains for this group were about $7.3 billion, or almost twice the 1981 level. The average capital gain on the returns filed by this group, according to this arithmetic, was almost $900,000, about $180,000 more than in 1981.

Because long-term capital gains, by definition, can be realized only on assets held for one year or longer, it is not very likely that any large share of the assets sold in 1982 were purchased after the tax cuts were enacted in August 1981. In other words, the lower tax rate and higher after-tax gain encouraged taxpayers to sell some assets they had held for some time and might otherwise have continued to hold.

In such cases, the tax cut left the taxpayer with a higher after-tax gain and represented a windfall relative to what most investors would have expected when they made their investments. The investments themselves were not made as a result of the tax cut.

The other really striking story in the IRS numbers is the increase—not a decrease as claimed by the supply-siders—in the tax burdens in the under-$25,000 taxpayer group.

While total AGI was rising 4.2 percent in 1982, from $1.773 billion to $1.848 billion, that for taxpayers below the $25,000 level dropped $23 billion, or 3 percent.

Meanwhile, as that group's share of total income fell, so did its share of total taxes paid—but not by as much. The group's income share went down by 3 percentage points while its share of total taxes paid fell only 2.1 percentage points.

In other words, when 1981 and 1982 tax burdens are adjusted for changes in income shares, the supply-side story is indeed turned on its head. And why not? Common sense would tell you that when tax rates are cut more for those in the top brackets, tax burdens will rise for those in lower brackets.

The supply-siders argue that by reducing tax rates the government somehow can raise national income above what it otherwise would have been by stimulating the desire to work, save and invest. That way, even though rates have been cut more at the top, after-tax incomes at the bottom could still be higher than they otherwise would have been.

So far there are precious few signs of that happening. Certainly there is nothing in the 1982 IRS figures to indicate that it has.

But on the possibility that it could happen, President Reagan and Congress cut tax rates while cutting domestic spending and rapidly increasing defense spending. The resulting huge budget deficits mean that interest payments on the national debt are rising by leaps and bounds. And that means that taxes in the future will have to be higher than they otherwise would have been just to meet those interest payments.

Assume for a moment that the tax cuts eventually do pay off as the supply-siders still claim they will, and that national income is raised by some increment. Will after-tax incomes be higher than they otherwise would have been once that bigger interest bill is taken into account? Incomes could be up, but taxes could be up still more.

Of course, whatever the level of income, the relative burden of taxes will still have been shifted toward lower-income taxpayers. That is doubly true after counting the Social Security payroll tax.

Perhaps even the supply-siders' faith is being shaken these days. Why else are they so anxious to jump to conclusions about the meaning of preliminary 1982 tax figures?

WHO PAYS THE TAXES—THE BURDEN BY INCOME LEVEL

[Dollars in thousands]

All returns	AGI 1981 (billions)	AGI 1982 (billions)	Change 1982/1981 (billions)	1982 tax as pct of total tax	1981 tax as pct of total tax	Change in tax burden 1981 to 1982
Under 5	$46.8	$44.2	−$2.6	0.25	0.20	0.05
5 under 10	131.4	126.4	−5.0	2.42	2.61	−0.19
10 under 15	175.6	176.7	1.0	5.56	5.96	−0.40
15 under 20	191.5	182.1	−9.4	7.15	7.95	−0.80
20 under 25	204.2	197.1	−7.1	8.77	9.57	−0.80
25 under 30	197.4	208.6	11.2	10.05	10.03	0.03
30 under 40	317.4	338.2	20.8	17.77	18.22	−0.45
40 under 50	185.3	207.9	22.6	12.47	12.27	0.20
50 under 75	164.3	182.1	17.8	12.89	12.78	0.10
75 under 100	55.1	59.5	4.4	5.23	5.18	0.04
100 under 200	67.7	75.6	7.9	7.82	7.57	0.24
200 under 500	33.3	40.7	7.4	5.04	4.49	0.55
500 under 1,000	9.8	14.7	4.9	2.00	1.44	0.56
1,000 or more	11.1	17.6	6.4	2.43	1.72	0.71
Total	1,772.6	1,847.8	75.2			

Source: Internal Revenue Service ●

HONORING REGINALD M. BROWNE, EAGLE SCOUT

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GRAY. Mr. Speaker, as a Life Scout who aspired to be an Eagle Scout, I would like to commend my constituent, Reginald M. Browne, for his outstanding accomplishment in earning the Eagle Award, the highest award in Scouting. On April 28, 1984, his achievement will be officially honored in Philadelphia. I am proud to see a young member of my community excel to a level which merits the recognition of such a prestigious body as the Boy Scouts of America.

Since its establishment in 1910, the Boy Scouts have provided over 64 million American youth with valuable training and experience to carry them through their lives. Through its many programs, the Boy Scouts strengthens character, develops mental and physical agility, fosters leadership, and is an excellent preparation for civic responsibilities. My own Scouting experience helped lead me to pursue a public service career.

The Eagle Award is a performance-based achievement award. To earn this prestigious award, a Scout must demonstrate proficiency in the areas of leadership, service, and outdoor skills and must pass rigorous tests. The candidate must earn a required number of skill awards, which cover the outdoors, family life, and citizenship responsibilities. To qualify for Eagle Scout, the candidate must also earn merit badges which include citizenship in the community, citizenship in the Nation, citizenship in the world, communications, management, and camping. Finally, the Scout must demonstrate participation in increasingly more responsible service projects, and demonstrate leadership skills by holding one or more specific youth leadership positions in his patrol or troop.

The Eagle Award is awarded to less than 3 percent of all Boy Scouts, which means that no more than approximately 900,000 Scouts have achieved this award since 1911. For this reason, it carries a special significance, not only in Scouting, but also in higher education, business and industry, and community service. There are numerous examples of Eagle Scouts who have gone on to distinguish themselves in business and public service. Among these are Senator WILLIAM W. BRADLEY and Representative BARBER E. CONABLE, both currently serving in the 98th Congress.

For joining this distinguished company, I extend my most sincere congratulations to Reginald M. Browne.●

FINANCIAL STATEMENT OF F. JAMES SENSENBRENNER, JR.

HON. F. JAMES SENSENBRENNER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. SENSENBRENNER. Mr. Speaker, through the following statement, I am making my financial net worth as of March 31, 1984, a matter of public record. I have filed a similar statement for each of the 5 preceding years I have served in Congress.

ASSETS

Real property	Value
Single family residence at 701 Kings Court, Alexandria, Va., at assessed valuation. (Assessed at $235,000. Ratio of assessed to market value, 100 percent.) (Encumbered)	$235,000.00
Condominium at N76 W14726 North Point Drive, Village of Menomonee Falls, Waukesha County, Wis., at assessor's estimated market value. (Encumbered)	68,400.00
Undivided [illegible]ths interest in residence at N52 W32654 Maple Lane, Village of Chenequa, Waukesha County, Wis., at assessor's estimated market value. (Unencumbered)	39,600.00
Interest in land contract in two-family residence at 1601 East Lake Bluff Boulevard and 4330 North Newhall Street, Village of Shorewood, Milwaukee County, Wis., sold July 1, 1982 to Timothy Bleach	57,614.22
Total real property	400,614.22

PERSONAL PROPERTY

	Number of shares	Value
COMMON STOCKS		
First Interstate Bancorp. at $40.125	450	$18,056.25
American Telephone & Telegraph at $15.625	337.337	5,270.89
Idaho Power Co. at $33.375	131.410	4,385.81
American Information Technologies at $65.50	31.210	2,044.26
Bell Atlantic at $70.375	31.210	2,196.40
Bell South at $91.625	31.210	2,859.62
NYNEX, Inc. at $59.875	31.210	[illegible]8.70
Pacific Telesis, Inc. at $57.375	31.210	[illegible]90.67
Southwest Bell, Inc. at $57.25	31.210	1,786.77
US West, Inc. at $57.75	31.210	1,802.38
Tenneco Corp. at $41.125	409.215	16,828.97
Nevada Power Co. at $27	236.225	6,378.08
Anchor Hocking Corp. at $24.625	300	7,387.50
General Mills, Inc. at $46.625	360	16,785.00
Kellogg Corp. at $30.125	400	12,050.00
Dunn & Bradstreet, Inc. at $57.875	1,000	57,875.00
Halliburton Co. at $42.875	1,000	42,875.00
Kimberly-Clark Corp. at $91	1,508	137,228.00
Insilco Corp. at $16.50	424	6,996.00
Minnesota Mining & Manufacturing at $72.75	200	14,550.00
Rank Organisation, Ltd. ADR at $3.50	100	350.00
Exxon Corp. at $38.625	616	23,793.00
Standard Oil Co. (Indiana) at $55.50	480	26,640.00
Dart & Kraft, Inc. at $72.875	170	12,388.75
Eastman Kodak Co. at $63.625	480	30,540.00
General Electric Co. at $54.875	200	10,975.00
General Motors Corp. at $65	204	13,260.00
Merck & Co. at $94.125	600	56,475.00
Warner Lambert Co. at $33.875	200	6,775.00
Carnation Corp. at $54.375	286	15,551.75
Continental Corp. at $29.875	100	2,987.50
Sears Roebuck & Co. at $33.875	200	6,775.00
Sperry Corp. at $41.375	213.003	8,813.00
Ogden Corp. at $25.625	455	11,659.38
OMI Corp. at $3	455	1,365.00
International Business Machines Co. at $114	287	32,718.00
Inland Steel Co. at $28.25	900	25,425.00
Monsanto Corp. at $89.75	168	15,078.00
Wisconsin Securities Corp. of Delaware at $200	26	5,200.00
Benton County Mining Co. at no value	333	0
Total common stocks at $		667,784.18

LIFE INSURANCE POLICIES

Company and number	Face amount	Cash surrender value
Northwestern Mutual No. 4378000	$12,000	$9,717.49
Northwestern Mutual No. 4574061	30,000	23,040.17
Massachusetts Mutual No. 4116575	10,000	2,465.00
Massachusetts Mutual No. 150,000		36,340.49
Old Line Life Insurance Co. No. 515950	25,000	13,430.00
Total life insurance policies		84,993.15

BANK AND SAVINGS AND LOAN ACCOUNTS

	Amount
Marine Bank, N.A. of Milwaukee, checking account No. 4000-9368	$74.30
Marine Bank, N.A. of Milwaukee, checking account No. 0046-2368	776.74

BANK AND SAVINGS AND LOAN ACCOUNTS—Continued

	Amount
Marine Bank, N.A. of Milwaukee, money market account No 4011-5247	227,644.72
Marine Bank, N.A. of Milwaukee, saving account No. 418-986	300.19
Marine Bank, N.A. of Milwaukee, saving account No. 497-525	397.51
Freedom Savings & Loan of Menomonee Falls, tax escrow account No. 2-0033192	760.19
Freedom Savings & Loan of Menomonee Falls, savings account No. 2-0033206	6,489.41
Sergeant at Arms, U.S. House of Representatives, checking account No. 748	100.21
Burke & Herbert Bank of Alexandria, Va., checking account No 601-301-5	327.35
Freedom Savings & Loan of Menomonee Falls, individual retirement account Nos. 001-6236335, 001-6238281 and 001-6900847	6,562.42
Total bank and savings and loan accounts	243,562.42

MISCELLANEOUS

	Amount
Bank of America, N.A. travelers checks	$1,200.00
1978 Ford LTD automobile (at Blue Book trade-in value)	1,725.00
Office furniture and equipment	1,000.00
Furniture, clothing and personal property (estimated)	90,000.00
Stamp collection (estimated)	16,000.00
Interest in Wisconsin retirement fund	15,572.13
Deposits in congressional retirement fund	25,769.71
Total miscellaneous	151,226.84
Total assets	1,548,180.81

LIABILITIES

	Amount
David E. Krasno and Lisa Roebuck-Krasno (amount due on land contract purchasing Menomonee Falls, Wis., condominium)	$53,613.90
Perpetual American Federal Savings of Washington, D.C. (amount due on mortgage on Alexandria, Va., residence)	137,915.20
Miscellaneous 30-day charge accounts	2,000.00
Total liabilities	193,529.10
Net worth	1,354,651.71

STATEMENT OF 1983 TAXES PAID

	Amount
Federal income tax	$44,917.00
Wisconsin income tax	15,188.00
Menomonee Falls, Wis., property tax	1,529.90
Alexandria, Va., property tax	3,102.00

I further declare that I am a direct beneficiary of one trust and a contingent beneficiary of one trust. I have no control over the assets of the trust of which I am a direct beneficiary and am a cotrustee of the other trust. Further, my wife, Cheryl Warren Sensenbrenner, and I are trustees of separate trusts established for the benefit of our minor sons, F. James Sensenbrenner III and Robert Alan Sensenbrenner.

Also, I am neither an officer nor a director of any corporation organized under the laws of the State of Wisconsin or of any other State or foreign country.●

BIRMINGHAM/JEFFERSON COUNTY ACADEMIC ALL-STARS

HON. BEN ERDREICH

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. ERDREICH. Mr. Speaker, the performance of two teams of high school students from the Birmingham and Jefferson County public school systems in the 1984 National Academic Superbowl in Jacksonville, FL, recently gives us not only good reason to be proud of them, but also, good reason to be positive about our schools' ability to prepare our young people for the challenges that will face them in the years ahead.

The quest for excellence in education, so important to our economic growth and future job opportunities, is clearly exemplified by the academic performance of these young men and women. They and their school systems are to be congratulated for their emphasis on academic excellence.

The citywide team of high school students from the Birmingham public school system, after defeating nine other school systems and winning the preliminary competition, finished a close second in the finals. This was a particularly outstanding accomplishment in light of the fact that it was only the second time students from the Birmingham school system have competed in the competition. U.S. Secretary of Education Terrel Bell and Jim Coyne, a special assistant to President Reagan, were among those in the audience in Jacksonville who watched our academic all-stars compete.

Included among the high school students from Birmingham who participated in the Academic Superbowl were David Whitfield and Robert Gregg from Huffman High School, Richard White and Richey Halphen of Ramsay Alternative High, Calvin Johnson of Phillips High, William Bryars of Ensley High, and Kevin Powe of Parker High.

A second area team, representing the Jefferson County school system, also participated in the Jacksonville competition. Although they did not reach the final round of competition, these students beat out other county high schools in order to reach the Jacksonville finals, and they deserve our commendation for their outstanding showing in this national academic competition. The students on that team, all from Gardendale High School, were Cheryl Moman, Phyllis Gamble, Rod Hardiman, Brian Anderson, Ginger Ramsey, and Tim Green.

As a recent Birmingham Post-Herald editorial saluting these young people pointed out, it is important that our schools enhance our children's ability to find solutions in an accurate and expedient manner to questions that often have no ready-made answers. We face an urgent need for new, trained minds to carry us through these rapidly changing economic times and over the competition of other scientifically and technologically advanced nations.

Our efforts today to help the youth of Alabama and the Nation become assets to our communities, States, and Nation will determine our place among world powers and our quality of life tomorrow.

I commend all of the youth in Birmingham and Jefferson County who represented the people of the Sixth District of Alabama so well at the National Academic Superbowl in Jacksonville. And we all should especially salute the parents involved, so vital to a healthy school system, and our school systems, for giving priority to academic achievement.

I would like to include the text of the Birmingham Post-Herald editorial which salutes these young people and notes the importance of achieving excellence in academic pursuits to our Nation's future:

The editorial follows:

[From the Birmingham Post-Herald, Apr. 7, 1984]

ACADEMIC STARS

A proper education does more than teach how to answer specific questions within a given amount of time. It teaches methods for discovering solutions to problems that have no clear-cut answers and even how to formulate proper questions in the first place.

But developing the ability to respond quickly to questions provides the base from which these higher goals can be reached. That is what makes events like the recent Invitational Academic Bowl in Jacksonville, Fla., so praiseworthy.

Not only do the participants learn many bits of information in preparing for the contest and practice the verbal abilities that they will need later in life, but the attention the competition receives serves as a useful counterweight to the more frequent attention paid to athletic competitions. The idea that one can earn trophies for academic achievement is an important one for young people who are not athletically inclined.

This year's Academic Bowl was the second in which high school students from the Birmingham school system competed. The all-star team did better than anybody expected, finishing a close second to the champions from Duval County, the host team.

Robert Gregg and David Whitfield, both of Huffman High; Richey Halphen and Richard White, both of Ramsay High; Calvin Johnson, Phillips High; Kevin Powe, Parker High; and William Bryars of Ensley High should be proud of their achievement. We know we share the pride of their parents and teachers in this outstanding performance.

Nor should we overlook the accomplishments of a second area team, which represented the Jefferson County school system. The team from Gardendale High School is the first from the county system to participate in the Jacksonville competition. It was eliminated in earlier competition.

But in order to make the trip, Gardendale had to win in competition with other county high schools. Cheryl Moman, Phyllis Gamble, Rod Hardiman, Brian Anderson, Ginger Ramsey and Tim Green deserve congratulations for this performance and for paving the way for future teams from the county system.

The members of both teams represent the very best of the rising generation.●

LIFE-AND-DEATH LOTTERY IN THE NURSERY

HON. MARK D. SILJANDER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. SILJANDER. Mr. Speaker, in the Washington Post edition of April 19, an op-ed piece by Nat Hentoff vividly portrayed how far certain Americans have strayed from the constitutional recognition of human rights. Despite the fact that this House has declared the nontreatment for purposes of killing handicapped children to be a form of child abuse, and despite the active opposition of the White House to infanticide, certain doctors believe they can ignore God, ignore the Constitution, and ignore the Hipocratic oath in their attempts to eliminate all those who do not measure up to their quality of life standards.

The last paragraph in the column offers a chilling indictment of this country's civil rights organizations and this Congress. Mr. Hentoff writes:

> The Constitution does not appear to base its provisions for due process and equal protection under the law on someones "quality of life", actual or projected. . . . Yet there is not one mumbling word of protest from the civil rights or civil liberties establishment. And Where is Congress?

Mr. Speaker I urge all my colleagues to read this column and consider just how far the United States has strayed from its fundamental basis of justice and liberty for all.

The article follows:

[From the Washington Post, Apr. 19, 1984]

LIFE-AND-DEATH LOTTERY IN THE NURSERY

(By Nat Hentoff)

The Leadership Conference on Civil Rights has fastidiously avoided involvement in any of the Baby Doe cases. And not one of those infants on death row in the neonatal intensive care units has been visited by a lawyer for the American Civil Liberties Union.

Yet, both these guardians of the Bill of Rights might consider examining a medical program in Oklahoma that has been determining which infants handicapped by spina bifida are to live and which are to die. Among the criteria used in the selection process are the economic status of the baby's family and the degree to which society, at this point in time, is willing to provide sufficient resources for whatever care the handicapped child will need in the years ahead.

A prideful account of this "early selection" program appeared in the October 1983 issue of Pediatrics (published by the American Academy of Pediatrics). The authors are some of the medical personnel directing the study, and they recommend that other pediatricians and hospitals around the country follow their prescription for deciding which infants are to be terminated because the odds are that their "quality of life," if they were to survive, would be dismal. Particularly if their parents are poor.

From 1977 to 1982, a team from the University of Oklahoma Health Sciences Center and Oklahoma Children's Memorial Hospital evaluated 69 spina bifida babies. The team included physicians, nurses, physical and occupational therapists, a psychologist and a social worker. It set aside 36 infants for "early vigorous treatment." With regard to spina bifida babies, that means an operation to close the lesion in the spine so infection can be prevented. It also means, most of the time, implanting a shunt to drain excess fluid from the brain so mental retardation can be prevented.

Another group of babies, 24 at last count, was given a failing grade and marked for "supportive care" only. That means no treatment. No surgery, no shunt, no antibiotics to deal with the almost inevitable infections. And indeed, as the Oklahoma doctors say, no "active treatment" for other acute illnesses. And no sedation for the babies as they died.

One of the doctors, Richard Gross—interviewed by journalist Carlton Sherwood during a Cable News Network investigative report of this Oklahoma contribution to advanced pediatrics—said: "We . . . found that virtually all of the babies that were treated survived and virtually all of the ones who had no treatment died." A brilliant contribution to medical research.

In the Pediatrics article, Gross and the other doctors write that in making their selections among the infants, they were influenced by a "quality of life" formula developed some years ago by Dr. Anthony Shaw, director of the Department of Pediatric Surgery at the City of Hope National Medical Center in California. The way it works, if two infants have the same degree of spina bifida and otherwise virtually identical national resources, one might be pushed off the edge of the universe for no medical reasons, according to this formula.

This is Dr. Shaw's handy guide for perplexed physicians:

$QL = NE \times (HS)$.

QL is the infant's estimated quality of life. It equals his natural endowment, physical and intellectual (NE), multiplied by the amount of support he is likely to get from his home (H) and the society (S).

Dr. Shaw has provided an illustration of how this works: ". . . . A child born normally formed but [with] the misfortune of being born in an urban ghetto to an unwed teen-age drug addict" gets zero under H and another zero under S "if society turns its back on this child." Therefore, his QL, alas and alack, is also zero.

Dr. Shaw, who is chairman of the Ethics Committee of the American Pediatrical Surgical Association, has told me that he did not intend his formula to be used as a means test to decide which babies live and which die. But any way you look at it, the formula can help lead to doctors, as in Oklahoma, telling certain parents that they are not "obligated" to have their infants treated.

The parents of the babies picked for death were told of their children's medical conditions, but, according to Sherwood's interviews, were not told by the doctors about the "quality of life" formula that was part of the life-and-death arithmetic. Eight of these parents refused to be intimidated by the authoritative doctors and insisted on full-scale treatment of their babies. Six of the eight survived. How many of the untreated might have survived if they had been seen as human beings?

The Constitution does not appear to base its provisions for due process and equal protection under the law on someone's "quality of life," actual or projected. However, formulas like Shaw's are being applied this very day in hospitals around the country. Yet there is not a mumbling word of protest from the civil rights or civil liberties establishment. And where is Congress?●

THE ANNIVERSARY OF THE WARSAW GHETTO UPRISING

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. LANTOS. Mr. Speaker, This month marks the 41st anniversary of the heroic uprising of the Warsaw ghetto. The story of the Warsaw ghetto represents both one of the most tragic examples of brutal inhumanity and one of the most heroic examples of resistance against overwhelming odds in the annals of human history.

The statement made in one of the underground publications several months before the struggle began was prophetic:

> Warsaw ghetto lives in the shadow of constant danger. Indeed, it must live like a besieged fortress * * * The spirit of our daily actions must be that of Masada.

Their spirit was indeed like that of Masada, and we today honor their heroism and sacrifice. We must never let that memory die. As we remember the Holocaust, may their example ever remain with us.

Yisrael Gutman was one of the Polish Jews confined in the Warsaw ghetto. He took part in the courageous resistance there and has written a firsthand account of those events. His excellent book was reviewed by Arthur K. Steinberg recently for the Jerusalem Post. I commend it to my colleagues in the House.

POLAND INDICTED

(By Arthur K. Steinberg)

Yisrael Gutman's The Jews of Warsaw takes in more than its title may indicate. For it documents Polish indifference to the Jews of pre-World War II Poland, and Polish disregard for those immured in the Warsaw Ghetto.

Gutman begins his study of Polish-Jewish relations with a brief reference to the Kingdom of Mazovia and its incorporation into the Kingdom of Poland in 1527. The city of Warsaw was granted the privilege de non tolerandis judaeis, whereby Jews were not permitted to settle in the city itself, but had to restrict their residential area to the suburbs of Praga. Gutman provides information about other discriminatory practices but observes that in 1860, Jews were finally allowed to live within the city proper. In fact, Polish-Jewish relations were such that approximately 60,000 Jews emigrated from Poland yearly in the period from 1921 to 1931.

When one keeps in mind the general attitude of the Poles towards Polish Jews, it's easier to understand why there was little or no Polish resistance to the establishment of the Warsaw Ghetto. The focal point for opposition to establishment of the Ghetto's boundaries was Polish opposition to the inclusion of certain residential districts in the Ghetto. Gutman provides also a map of the intended boundaries of the Ghetto at different periods.

The establishment of the Ghetto was a prime concern of the Germans. Shortly after receiving his post, Governor-General Hans Frank observed: " . . . under the just regime every man will be able to earn his living by his labours. But there is no place for agitators, profiteers, or Jewish parasitism in the area that has been placed under German Sovereignty." The comparsion of Jews to bacteria was acceptable to many Poles, especially those who observed their business competitors disappear virtually overnight. Since the Germans were pursuing a policy that no Polish organization opposed, within a short time 450,000 Jews were confined in an area the size of a small town.

Adam Czerniakov, the head of the Judenrat, was then moving Jews into the Ghetto. These unlucky individuals were eventually denied the right to take many of their personal belongings with them, and lost their businesses outside the Ghetto walls. By order of the Germans, an Aryan trustee was appointed for many of these businesses. The local Polish-Catholic population was informed that the Ghetto was necessary because Jews transmitted diseases which had to be contained. This was the principal German justification for guaranteeing the Jewish population of Warsaw.

Gutman has a detailed discussion of forced labour and of the Ghetto "shops." Following the German invasion of Russia, the Reich found it needed more manpower for its factories. The Poles were intermenschen but considered physically acceptable for work in German factories within the Reich proper. According to Gutman, there were approximately a million Poles in Germany at one period.

At the same time, the SS and the Wehrmacht had conflicting notions of how to deal with the Jews. For the SS thought the Jews should be disposed of after a short period of use; the Wehrmacht thought Jewish labour should be employed in the factories.

A large part of this excellent book describes the conflict about how the Jews were to be used in the Warsaw Ghetto, and other ghettos under German control. In fact, in the Warsaw Ghetto, many shops existed as branches of the SS and the Wehrmacht for manufacture of items needed for the war effort. Those employed in these "factories," because of their importance to the Germans, were not exposed to the Aktions, for a time anyway.

There were several thousand converts to Christianity who were classified as Jews according to Nazi racial laws. Many of them had been fully assimilated into Polish society. Yet, "as Jews," they found themselves confined to the Ghetto, and subject to German legislation and to its implementation by Poles. The Germans did not yield to constant appeals by Polish-Roman Catholic sources to release these people. These converts were the only individuals who received any degree of support from certain elements of the local Catholic hierarchy.

During the early Ghetto period, the authorities encouraged the Jews to feel that, if they adhered to German regulations, no one would be physically harmed. The Self-Help Associations were allowed to feed as many people as possible. Life continued. The majority of Jews placed their hope in the German promise of resettlement, although many Jews died of starvation and exposure to the elements. Comparatively few Jews disappeared or were hauled off the streets by the Germans. Some tried to escape and live on the Aryan side of the wall. Others were executed because, through smuggling food into the Ghetto, they violated the cordon sanitaire imposed by the Germans.

Germans were not seen performing any tasks in the Ghetto. Its policing was left to the "Blue (the Polish) Police." The miscreant Jewish police, who were identified by their cap and club, were instructed to surrender any perpetrator to the Blue Police. The Poles were then allowed to prosecute individuals for whatever crimes had been committed. Later, it would be these same Poles, with their Ukrainian, Latvian and Lithuanian allies, who would be among the first to enter the Ghetto in the round-up for the first mass deportation to Treblinka II.

A small percentage of the Jewish population in the Ghetto became increasingly aware of the impending disaster for the community of three and a half million Jews—the largest European Jewish community. The Ghetto majority, though, maintained their hope of resettlement and, later, of rescue by the Allies. This notion of approaching disaster became more and more a subject of discussion in the clandestine Ghetto press. Although the Germans did not authorize political parties, there was considerable political activity in the Ghetto. Many inhabitants showed their disapproval of the Judenrat by opting for action in word or deed. Others believed the Jews should attempt to escape. A few did make the attempt, in order to set up branches of their respective movements throughout Poland that would resist the Germans.

The various underground parties maintained as many as 47 publications representing different political persuasions. At least one publication, the Dror He-Halutz *Yediot*, issued a warning to the Ghetto population, and called for action. In June 9, 1942, it stated that the "Warsaw Ghetto lives in the shadow of constant danger. Indeed, it must live like a besieged fortress . . . The spirit of our daily actions must be that of Masada."

Other statements made shortly before the first mass deportation illustrated youth movement attitudes more than the views of the majority of the population. The youth movements felt they had to keep in training for what was inevitable, with or without the assistance of the Ghetto masses.

Despite Ghetto hopes that the German invasion of Russia would usher in better times for Jews under German control, the Germans began dispersing the Ghetto population in 1942. They chose July 22 (the ninth of Av, that is, the day of fasting when Jews remember the destruction of the First and Second Temples) to begin the initial mass deportation. Approximately 250,000 Jews were deported over a period of seven weeks.

It was with dismay that the Jews observed Germans, Poles, Lithuanians and Latvians enter the Ghetto. Rumours had been rife of deportation. There had been promises of immunity but the Germans chose to ignore them, and began to remove Jews for "resettlement." Only some of the workers needed for the German-owned "shops" were granted a temporary respite. More than half the total Ghetto population was included in the first mass deportation. In fact, the final solution envisaged for the Ghetto would have preserved only 10% of its population, who would have laboured for the state.

Gutman includes in his study an account of Janusz Korctzak, also known as Dr. Henryk Goldszmidt, who managed an orphanage in the Ghetto. The Germans, especially anxious to dispose of young children and older persons (those groups who were of no further use to the Reich as labourers), closed the orphanage, and sent off the children to Treblinka II. There were rumours that Treblinka was a death camp. Korctzak, who wanted to shield his charges, escorted them on their one-way train trip.

As news reached the Ghetto of Treblinka and the elimination of various ghettos previously established by the Germans, a core of resistance began to form. It was small and not well organized. Only when the Germans suspended the first deportation did the majority of the remaining Jews realize that their hopes of Russian parachutists, Polish military intervention, and American-British bombing, were illusory. Another deportation followed, and attitudes among the survivors rapidly changed. The Jews began to think for themselves rather than allow the Germans to think for them.

Young Jewish people established fighting units. Gutman devotes several chapters to detailed analyses of these and similar groups, and to their views. They responded to the Germans with a resolution unknown since the final Jewish resistance to the Romans.

When the Germans reentered the Ghetto in April, 1943, they were faced with a situation for which Jurgen Stoff, their commander, was ill-prepared. The elimination of the Ghetto was to have taken three days. It took many months, thanks to the young people of the various Jewish fighting units. They were pitifully small, and lacked weapons, but they gave the Germans a good account of themselves.

The Polish government in exile, which refused to provide any tangible assistance to the Jews, admitted that it was shocked at the resistance of the Ghetto fighters. Doctor Guan provides a quotation which illustrates dismay, surprise and the endemic Polish anti-Semitism: "The last time the Jews fought was 1800 years ago. Who knows whether the Jews will not emerge from the fire purified; if the wandering, parasitical, dangerous Jews will not return to being a normal people. . . ."

Although they would refer occasionally to the bravery of the Jewish fighters, the Poles still refused to provide tangible help for them. During the Aktions, the Polish leadership did not even refer to the Ghetto deportations, and to the uprising, until they were virtually concluded. The Free Polish radio station, Swit, in London, received information about the Ghetto and its situation, yet it transmitted few or no bulletins about the situation of the Jews in the Ghetto. However, the Poles did insinuate that the Jews hadn't fought at all. Rather, Russian Communists had been parachuted into the area, and/or it was the Poles themselves who had penetrated the Ghetto. They, and not the Jews, did the real fighting, and led the revolt against the Germans.

Gutman is an excellent source for anyone interested in the daily life of the inhabitants of the Warsaw Ghetto, in the uprising and in Jewish-Polish relations during this period. His bibliography lists Ghetto to press sources, Polish newspapers and books, and German sources. He combined the many facets of daily life in the Ghetto in one detailed, but highly readable study. He includes discussions of the economic calculations of the Germans in connection with the Ghetto, of Polish duplicity in allowing so many Jews to be slaughtered, and of the lack of material assistance provided by the Poles in resisting the common enemy.

This work does more than portray the life of the Jews of Warsaw prior to, and during the period of, the Warsaw Ghetto. It is an indictment of the Polish people for their behaviour towards the Jews confined to the Ghetto. The indictment is persuasion because Yisrael Gutman himself was confined to the Ghetto and took part in the uprising. He writes with first-hand knowledge.●

LAW IS AT THE BREAKING POINT IN CIA AID TO THE CONTRAS

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. BARNES. Mr. Speaker, recently I spoke at Harvard University, and while I was there I met Mr. David J. Scheffer of Harvard's Center for International Affairs. Since then, Mr. Scheffer has published an article in the Los Angeles Times, which documents how the United States is failing to observe the rule of law in its actions toward Nicaragua. This article was written before the CIA's involvement in the mining of the ports became public, and before our withdrawal from the jurisdiction of the World Court. Obviously, Mr. Scheffer's argument would be even more powerful now.

I wish to include a copy of the article in the RECORD. I hope my colleagues will read it carefully and, particularly, will ponder the last sentence, which reads as follows: "Perhaps this year enough members of our legislature will agree that it is in the highest national interest to observe the rule of law."

The article follows:

[From the Los Angeles Times, Tuesday, Apr. 3, 1984]

LAW IS AT THE BREAKING POINT IN CIA AID TO THE CONTRAS

(By David J. Scheffer)

This week Congress continues its debate over the Reagan Administration's request to funnel $21 million via the Central Intelligence Agency to rebel forces battling Nicaragua's Sandinista government. The operation, still officially "covert," raises serious questions about the Administration's willingness to comply with U.S. and international law.

In its stated goal to protect "our strategic interests" against the spread of communism in Latin America, the Administration has so far bent at least four legal strictures to its purpose—or ignored them altogether.

First, there is the problematical CIA mandate, which was overhauled in the late 1970s in response to agency excesses. In addition to intelligence-gathering functions the CIA is empowered to conduct "special activities approved by the President" (this under Executive Order No. 12333, signed by President Reagan in 1981). These activities are to be "in support of national foreign-policy objectives abroad which are planned and executed so that the role of the U.S. government is not apparent or acknowledged publicly." But they should not be intended to "influence U.S. political processes, public opinion, policies or media."

In public references to the so-called contras' activities, Administration officials have almost exhausted their lexicon to admit the unadmittable. Reagan speaks in general terms of "supporting" the contras, describing them as democratic elements of the Nicaraguan revolution who have been shut out by the Sandinista government. Off the record, Administration officials confirm that the CIA is training and equipping the contras. Members of Congress routinely give reporters details about the size and type of the aid.

Is there any doubt that CIA support for the contras is both "apparent" and, with any reasoned interpretation of Administration admissions, "acknowledged publicly"? Isn't it clear that the effect of the CIA operations is to influence not only Managua, Havana and Moscow but also U.S. public opinion, Congress and, perhaps, the 1984 elections?

The purpose of Executive Order No. 12333 has thus been abandoned.

Second, Congress has been clear in its intent that covert assistance should not be used to overthrow the Sandinista government. Until last December, the law explicitly prohibited use of funds by the CIA or the Department of Defense for that purpose, or for "provoking a military exchange between Nicaragua and Honduras."

Last year the Senate Select Committee on Intelligence labored for months to restrict the CIA operations to interdicting the flow of arms from Nicaragua to guerrillas in El Salvador. The Administration asserted that it would not try to overthrow the Sandinista government, with which it still maintains diplomatic relations. With that understanding, Congress scrapped the legal restrictions on the purposes for which the covert aid could be used. To meet its oversight role, Congress then imposed a limit—$24 million—on 1984 expenditures for "military or paramilitary operations in Nicaragua."

Congress was misled; at a minimum it should restore explicit prohibitions on use of aid to overthrow the Nicaraguan government.

The contras' recent attacks on major oil and industrial facilities and their mining of Nicaraguan ports arouses deep suspicions about the actual use of CIA assistance. On Monday an anonymous "well-placed U.S. official" was quoted in this newspaper as predicting that an entire Nicaraguan army unit—3,000 men—would soon join the contra forces. To employ a favorite Reagan buzzword, how does the United States "verify" what the contras are doing? Are they using CIA training and supplies—and risking their lives—exclusively to stop the arms flow to El Salvador, rather than to further their expressed objective of toppling the Sandinista government?

Perhaps it doesn't matter. Regardless of the contras' true intentions and performance, Washington can continue to insist that whatever they do they are thwarting Nicaragua's ability to aid the Salvadoran insurgents.

Even if that somehow could be proved, U.S. participation in Nicaragua's guerrilla war and the U.S.-Honduran army maneuvers have undoubtedly heightened the possibility of a military exchange between Nicaragua and Honduras, where the anti-Sandinista rebels find sanctuary (and, presumably, their CIA advisers).

Third, the 1794 Neutrality Act makes it a criminal offense to furnish money or prepare for a military enterprise against a country at peace with the United States. Last November a federal district judge in San Francisco found enough merit in a lawsuit alleging violation of the Neutrality Act to order the attorney general to conduct a preliminary investigation into U.S. support for the anti-Sandinista rebels. The Justice Department has not commenced that investigation because the judge's ruling is still on appeal.

Finally, CIA support for the contras challenges international law. The charters of the United Nations and the Organization of American States, the Rio Treaty and various U.N. resolutions and declarations make a strong case for prohibiting U.S. military support to guerrilla groups seeking to overthrow the legitimate recognized government of a sovereign state.

Of course, Nicaragua also violates international law when it lends military assistance to guerrillas in El Salvador. But the CIA's "covert" operations are doubly unjustifiable, both in terms of international law and in the spirit of executive and legislative oversight of covert activities.

On both sides of the debate over aid to the contras, senators and members of the House typically argue whether such aid is in the national interest of the United States. They either ignore the legalities or attach them as addenda to their main arguments. Perhaps this year enough members of our legislature will agree that it is in the highest national interest to observe the rule of law.●

ARMENIAN MARTYR'S DAY

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. PORTER. Mr. Speaker, I join my colleagues in remembrance of the horrible genocide perpetrated on the Armenian population of Turkey in the years 1915-20. The horror of the crime cannot be erased from the minds of the one-half million Americans of Armenian descent, some of whom remain to tell of eyewitness accounts of the absolute brutality and inhumanity inflicted in that first terrible genocide of this century. And it must not be forgotten by all people who attest to a moral dignity in mankind.

As a cosponsor of House Resolution 171 which will affirm recognition by the Congress of the facts of the genocide, I remind my colleagues that just as we cannot ever forget Hitler's attempt to annihilate the Jewish race during World War II, or the horrors perpetrated on untold millions in the Soviet Gulag, we also cannot deny history and ignore the Armenian genocide of 1915. Some totalitarian governments attempt to rewrite history. But America is the world's leading democracy and defender of freedom from tyranny. How can it be that our State Department would try to intervene in House Joint Resolution 247, which would set aside a day of commemoration for victims of the genocide, as Representative Coelho relates to us, for fear of mucking up relations with Turkey. If we are to maintain a moral backbone in our affairs with other nations then we cannot afford to deny a fact of history for the sake of expediency.

Furthermore, the idea that a rememberance of this sort could inflame terrorists to further acts of violence is absurd. Nobody can be mistaken as to the revulsion and condemnation felt by the United States for all acts of terrorism. The Congress must condemn terrorism wherever and whenever we see it. However, lest anyone argue the fact of the massacre of 1.5 million men, women, and children during the Armenian genocide, I request that they read up on the subject in the book, "Ambassador Henry Morgenthau's Story," written by Ambassador Morgenthau, who served in Turkey during that period. I commend this book to my colleagues attention, and urge them to stand by the facts of history and affirm that our foreign affairs must be carried out with an acceptance of the truth of past events.●

CREATION-EVOLUTION AND THE NATIONAL ACADEMY OF SCIENCES

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. DANNEMEYER. Mr. Speaker, not too long ago, on March 5, 1984, as a matter of fact, the President of the National Academy of Sciences, Mr. Frank Press, sent out a letter to all Members of Congress enclosing a booklet entitled "Science and Creationism: A View from the National Academy of Sciences." Although this booklet was neither prepared nor mailed at Government expense, it is nonetheless worthy of comment, especially since more than 40,000 copies were sent to school district superintendents, science department heads and other educators around the country.

The gist of the booklet is that the study of evolution has a place in the science classrooms of America but not the biblical theory of creation. While I can understand members of the scientific community believing in evolution, although I do not share their belief, it puzzles and concerns me that a quasi-official organization as prestigious as the National Academy of Sciences should go one step further and attempt to dismiss the theory of creation altogether. Not only is there scientific evidence to support the theory of creation but there is no scientific "proof" of the theory of evolution. Moreover, education is of little value unless students have some idea of the purposes to which it is to be put, and those purposes cannot be divorced from our system of values which, in turn, are derived from the Judeo-Christian principles set forth in the Bible. And where does the Bible start; with the story of creation of course.

There is something else that troubles me, and should trouble other Members, about all this; a sense of deja vu if you will. It is almost as if those promoting the theory of evolution are admitting that they are afraid, as advocates of creationism once were, of letting their theory be examined on its merits and judged accordingly. If it is so appropriate, then surely they should have enough confidence in teachers and students alike to recognize that fact. But if it is not, then all the more reason for teachers and students to be able to examine competing theories and other explanations for the same phenomenon. After all, what is education if it is not the search for truth and how can the cause of education be advanced if its would-be proponents try and take it out of the larger context into which it fits.

Mr. Speaker, so that Members can refresh their memories as to the contents of Mr. Press's letter and reflect on its implications, I ask unanimous consent that a copy of that letter and my response to it be inserted in the Record at this time.

National Academy of Sciences,
Washington, DC, March 5, 1984.
Hon. William E. Dannemeyer,
House of Representatives,
Washington, DC.

Dear Mr. Dannemeyer: The high level of Congressional interest in science education, along with the ongoing public debate concerning introduction of biblical creationism into science classrooms, has prompted me to send you a copy of "Science and Creationism—A View from the National Academy of Sciences." Contents of the booklet concern the question of whether science, creationism, or both should be taught in the science classroom. This booklet is directed toward educators, parents and others concerned with science education at the secondary level. It offers a special perspective on the issue, which we hope you in the Congress will find useful as the debate continues.

The purpose of this publication is not to attack creationism, as a belief but, rather, to present information in support of science and to make the distinction between creationism and the scientific study of evolution. To teach these as equally sound and valid alternative scientific theories is both misleading and inaccurate. At a time when science is important to the strength of the nation, ignorance and misunderstanding of science and its methodology undermine our ability to achieve greatness.

More than 40,000 copies of this booklet, prepared with private funds, are being mailed to school district superintendents and secondary school science department heads, as well as to organizations such as the National Science Teachers Association and members of the U.S. Congress. Additional copies are available from the National Academy Press, 2101 Constitution Avenue, N.W., Washington, D.C. 20418.

Yours sincerely,
Frank Press, *President.*

House of Representatives,
Washington, DC, March 30, 1984.
Mr. Frank Press,
President, National Academy of Sciences,
Washington, DC.

Dear Mr. Press: Thank you for your letter of March 5, 1984, and the booklet "Science and Creationism", published by the National Academy Press, Washington, D.C., 1984

As a proponent of the theory of creation, which I believe to be a fact, it is comforting to know that persons who share your conviction have gone to the expense of preparing a color product to support the theory of evolution. Our side must be doing something right! What is a little puzzling is that you do not stop at supporting evolution. You also oppose teaching the theory of creation in the public schools as an element of science teaching. Stated another way, you are advocating that courses in science in public schools refer only to the theory of evolution as to the source of all life and matter. Your stated justification for this point is that:

1. The tenets of "creation science" are not supported by scientific evidence;
2. Creationism has no place in a science curriculum at any level;
3. Its proposed teaching would be impossible in any constructive sense for well-informed and conscientious science teachers;
4. Its teaching would be contrary to the nation's need for a scientifically literate citizenry and for a large, well-informed pool of scientific and technical personnel.

A brief rebuttal to your position would include:

1. Faith is the substance of things hoped for, the evidence of things not seen. Why should something in part based on faith be declined a hearing just because you claim it may not be scientifically proved? Can you scientifically prove the "theory of evolution"?
2. A mere conclusion—the issue in dispute;
3. You underestimate the intellectual capacity of teachers—particularly science teachers;
4. You underestimate the intellectual capacity of students—particularly science students.

Let me explain briefly why I believe that science classes in public schools should teach both the theory of creation and evolution.

Education has two equally important goals. The education of competence and conscience.

Every civilization from the beginning of time has been rooted on a moral or ethical base of some sort. The philosophical underpinning of Western Civilization is the Judeo-Christian ethic. The source of this ethic is the Bible. The book of Genesis accounts for the creation of the world and of man. The concept of God and his relation to man, the relation between parent and children, marital fidelity, respect for human life, protection of private property, and personal integrity stem from this source.

For a science teacher in a public school to ignore the philosophical underpinning of Western Civilization on the origin of man is like trying to explain sex between humans without marriage. Marriage is certainly not a condition precedent to sex between humans but it happens to be God's plan for family creation and perpetuation of the human race. Can you imagine a world in which children are raised without the love and discipline of parents? It is just as realistic to expect man to comprehend God's creation without God as the author as it is to expect children to become well-rounded citizens without parents. Science can theorize on the concept of evolution but can never begin to deal with the mystery of life without at least considering the possibility that an omniscient being is behind it all. To deny this insight is an unfortunate development which at this time produces the conflict which causes your publication to be printed.

Secular humanism and Judeo-Christian beliefs are in direct conflict in our culture. The vast majority of Americans believe in a Supreme Being and incidentally produce the tax revenues which pays your salary as head of the National Academy of Sciences. A basic part of secular humanism is that there is no God and that evolution is the theory of how the universe and man came into being. When you advocate, in your capacity as "designated advisor to the Federal Government in matters of science", that only the theory of evolution is to be taught in science classes in our public schools, you are pursuing a course, perhaps unwittingly, which advances a philosophy, secular humanism, which is at variance with the whole basis of Western Civilization.

It is my sincere hope that Federal Judge Overton's view of the unconstitutionality of an Arkansas state law requiring equal treatment for the two theories in the scientific classrooms of the public schools of that state will be reversed by the U.S. Supreme Court. Additionally, it is my hope that the distinguished scholars who serve on your academy will come to realize that there can be no effective education of the conscience of the students of America without at least considering the possibility in science classes that God created the world and man in his own image.

Sincerely,

William E. Dannemeyer,
Member of Congress.●

SOCIAL PRESSURE ON BAHA'I COMMUNITY

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. LANTOS. Mr. Speaker, the following short story, "The Day Light Came to Our House," appears in the latest edition of Liberty, a magazine sponsored by the International Religious Liberty Association.

The story indicates the intense pressure that is placed on the Baha'i community inside Iran today. The ever-present threat of death is well known, following the murder in the last 2 years of 160 innocent followers of the Baha'i faith. Lesser known is the ostracism that faces Baha'is. Families are not allowed to worship with their children or teach other Baha'i children the tenets of their religion. They are treated as "unclean," as less than human.

The short story is a true account of the "conversion" of a Baha'i widow following her husband's murder, so that her children would be accepted by the community and their friends. I recommend it to Members' attention, especially in light of the hearings being held soon on Iranian religious discrimination in the Subcommittee on Human Rights and International Organizations.

THE DAY LIGHT CAME TO OUR HOUSE

(By Bahereh—translated by Bizhan Torabi)

The change came suddenly: My father's corpse, black with stab wounds and floating in its stench of decomposition, was taken away early in the morning and buried without our being told. The corpse had been lying there for what had seemed to us an eternity. It had been refused burial. "This is an unclean corpse," the bearded man from the Komiteh explained to my mother, who had sought a burial license. "If we bury him in the soil of the True Faith we shall provoke the anger of Allah."

My father had been "punished," the bearded man explained, for his refusal to abandon his "filthy beliefs." The man used other Arabic-sounding words which I did not understand. He made it clear that my father's corpse could not be incinerated either as this would cause "fumes over the land of Allah."

My father had been cut down by young men playing their part in spreading the true faith. They stabbed my father 53 times, one stab for each of his years. They delivered the mutilated body to our house, followed by a veritable procession of chanting men and women. I saw them through the upper-floor window. They exchanged a few words with my mother, who had to bring the corpse in with the help of Riaz, my eldest brother, who was in tears. The young men then crossed our garden into the street. They were carried on eager shoulders. Men and women tried to kiss their hands, to get blessed. These were the hands that had meted out the justice of Allah.

Mother ordered me, Riaz, and our two younger brothers, both kids really, not to cry. We were not allowed into Father's room either. When Mother caught Riaz sneaking into the ill-smelling room she rebuked him severely. She tried to fight the stench by pouring rose water on the corpse. But this didn't help much. She stayed awake most of the night, reading the green-covered book from the mantelpiece in our sitting room. We were not allowed to leave the house. Riaz was no longer asked to go on shopping errands, as he had always done during school holidays. "They would sell nothing to us," Mother told us. Not even bread. And a telephone call soon told us that we would have our electricity, water, and phone cut off in three days. Mother talked to the caller, who introduced himself as someone from the Committee to Combat Evil and Promote Good. She listened, her face pale, without uttering a word. Before putting the receiver down she had said only, "But the children."

From the upper-floor window I could see and hear people in the narrow street in front of our house. There were girls from our school. But they avoided looking in my direction as soon as they noticed me. Even Sahba, my best friend, looked away when I called her. I just wanted to tell her that Mother had forbidden us to leave the house. I heard people say that our house would be burned down in three days and that all of us would be "chopped into pieces." Neighbors came to look at our house as if it were a great curiosity. Among them I recognized many of my father's patients. Agha Hassan came, who had always said my father had given him "a second life" by ridding him of an "incurable disease." I heard him tell the crowd that our house should be razed so that a mosque could be built in its place.

And then everything changed. It was the third day. My mother had answered the door. We could see her outside talking quietly to a bearded man. She came inside for a moment while the bearded man waited. We saw her return with the green-covered book in her hand. She put it on the ground, struck a match, and set it on fire. The book burned quickly. The bearded man grinned. A crowd had gathered. A man wearing a turban shouted, "Allah is the greatest." Then he gave my mother a book with a black leather cover. The crowd shouted, "Allah is the greatest." Quickly, our house filled with activity. Bearded men delivered food. There were even flowers and candies. Neighborhood women embraced my mother and talked to her. They helped clean the house. Children came also, at first timidly. Agha Hassan brought melons and black grapes. Sahba brought her stamp collection and the book in which she kept dried butterflies. I had always loved to go through them, but now this gave me no pleasure. I felt I had been taken away from Sahba, to a distant star and forever.

My mother served tea to the women who visited us. We all listened to the man in the turban who told us stories and chanted beautiful songs in Arabic. Before leaving he caressed my hair, saying, "You are quite a lady, my child. You must wear the chador." He also talked to Riaz, telling him to "become a volunteer in the service of Allah." We had visitors until late at night. Sahba was one of the last to leave, almost dragged away by her mother. "I missed you," she told me before leaving. "I am glad you have become like us."

Late into the night I could hear my mother sobbing quietly downstairs.●

INTRODUCTION OF CLEAN WATER ACT AMENDMENTS

HON. GUY V. MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. MOLINARI. Mr. Speaker, today I am introducing legislation that is intended to once again affirm our commitment to reinstate and reinforce the biological integrity of our Nation's waters.

Although much work has been accomplished under the Clean Water Act, what remains to be done is of vital importance. This bill will direct our efforts toward some of those important goals.

It provides for research designed to continue investigating the harmful effects upon people's health by various water pollutants.

It places particular emphasis upon research aimed at eliminating contaminants from valuable sport and commercial aquatic species. Studies will focus on how best to reduce and remove bioaccumulation from these species in order to insure safe consumption and protect human health.

Additional funds may soon be allocated into the Clean Water Act's 208 program, yet the number of 208 programs that are currently being implemented is far from adequate. The 208 plan is a sound concept which should be vigorously pursued. This legislation will reaffirm congressional intent to ensure that the goals of the 208 program are achieved.

Section 208 was designed to provide for comprehensive areawide waste treatment management plans which would consider many variables that otherwise might go unaddressed. More than $200 million have been spent on compiling the data necessary to understand the complex nature of these geographic areas, and to develop a workable methodology that would achieve our goals. This bill would provide the States with a 2-year time limit within which they would come into compliance with section 208. After that time period, the EPA would be prohibited from issuing any treatment works grants unless an approved 208 plan is in effect for the area and is being fully implemented.

Sections 303 and 305 of the Clean Water Act are designed to assure that this Nation will continue to move forward in its pursuit of biologically healthy and sound waters. Section 305(b) requires an inventory of existing water quality for each State which is used to develop a plan of action to carry out the act's goals. The plan, which is good for 2 years is produced under section 303(e).

It is imperative that these tools be fully utilized by the various States. This bill would require that a project requesting funds under the act must first be included into an approved and fully implemented 303(e) plan, which itself reflects and is in compliance with that State's section 305(b)

Mr. Speaker, we are all aware of the difficulty both the EPA and the various States have been experiencing while attempting to keep up with the ever increasing number of water discharge permits. While we must do all that is possible to help alleviate this condition, we cannot afford to allow the gains made thus far to become reversed.

This bill would provide that relief by extending the current 5-year discharge permits to 10 years. It will however, provide protection to our waterways by requiring a midpoint review of both the thermal and the physical discharge components of the permit.

For those waters that are not achieving applicable water quality standards, the bill would require reductions in the level of pollutants being discharged. Additionally, in areas where the waters are not meeting thermal standards, dischargers would be required to reduce their thermal contribution.

Too often the language of the act is less clear than Congress had intended, leaving the interpretation to the discretion of the EPA. The legislation which I introduce today provides clarifying language for a number of terms within the act which have been subject to varying definitions. The term "leachate collection system" has been added to the definition of point source discharge. The terms "balanced indigenous population", "balanced indigenous community", and "balanced population" have been added.

These terms will not affect any existing permit, nor any permit applied for prior to January 1, 1984. For those applications, the current regulatory difinitions will prevail.

I urge my colleagues to join with me in cosponsoring this important legislation that will allow us to move closer toward fulfilling our goal of a biologically viable aquatic environment.●

MEDICAL DEVICE LEGISLATION

HON. ALBERT GORE, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GORE. Mr. Speaker, today I have introduced legislation to clarify and reaffirm the statutory authority of the Food and Drug Administration (FDA) to investigate certain procedures of companies manufacturing medical devices governed by the medical device amendments to the Federal Food, Drug and Cosmetic Act. The bill would enhance FDA's authority to require companies to make available to the agency records of their procedures for handling product complaints, analysis of device failures, and the return of devices.

It is important that the Congress enact this legislation, despite the fact that FDA has broad existing authority to regulate in this field, including procedures for handling product complaints. This bill is necessary for two reasons. First, it will clarify the law in view of a Federal district court decision holding that FDA could not compel a company to disclose such procedures in the absence of specific authorizing regulations. Matter of Medtronic, Inc., 500 F. Supp 536 (1980). Second, it will send a clear message to the agency that Congress intends that complaint file procedure regulations be promulgated.

Under existing regulations, FDA requires manufacturers to make available to the agency the content of complaint files. But it does not require that information regarding procedures for handling complaints, analysis of product failures, and returned products be made available to the agency. Thus, a serious potential gap exists that in certain circumstances could thwart FDA's ability to determine whether a particular device is hazardous to the public.

The problem is that while FDA can examine complaint files, it has no way of assessing the quality of the information in those files if the company decides to be uncooperative with the investigation. Information in the files may be unreliable or misleading, yet FDA has no way of making such a determination. The current situation is analogous to attempting to assess the validity of a study without knowing anything about its methodology.

The Subcommittee on Oversight and Investigations of the Energy and Commerce Committee conducted a hearing on March 13, 1984, into the reasons why a seriously defective pacemaker lead, which carries electrical impulses from the pacemaker into the heart, was marketed for a substantial period of time. Medtronic, Inc., the manufacturer of the lead, persisted in maintaining until recently that there were no serious problems with the lead.

It was only widespread press attention and the prospect of an upcoming hearing before the subcommittee that prompted Medtronic to acknowledge the problems with the lead. Significantly, the company's complaint files were haphazardly maintained and did not reflect numerous complaints that were, in fact, made to the company. Moreover, the company defined product failures in such a way that the actual failure rate was substantially understated.

In this more recent case the company did not attempt to block totally FDA's access to complaint file protocol; although it had in the earlier litigation. Nevertheless, the problems with the files clearly demonstrated the potential difficulties that could be created for FDA in attempting to assess whether a medical device posed a threat to the public health. The legislation that I have introduced, by clarifying and reaffirming FDA's authority in this area, will resolve this problem and can help prevent any needless tragedy.●

PERSONAL EXPLANATION

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. CLINGER. Mr. Speaker, on April 24, 1984, I was absent from the floor of the House of Representatives because I had been in the 23d Congressional District of Pennsylvania attending a Small Business Conference in State College. Had I been present, I would have voted in the following fashion:

Rollcall No. 91: S. 373: Arctic Research/Critical Materials Policy, the House passed the measure to provide comprehensive national policy dealing with national needs and objectives in the Arctic, "Yea".●

MAJ. GEN. JOHN J. KOEHLER, JR.

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. DYSON. Mr. Speaker, few men have impressed me more during my 3 years in Congress than Maj. Gen. John J. Koehler, Jr., who is about to retire as commander of the U.S. Army's Test and Evaluation Command. General Koehler has served this country in the best possible spirit and I would like to call your attention to the numerous contributions he has made during his long and productive career.

Of course, you had a chance to see many of those contributions for yourself when you accompanied me to the Aberdeen Proving Grounds in 1981. You told me then how impressed you were both with General Koehler's management of the base and with his explanation of APG's role in maintaining a strong national defense.

APG, where the Army tests all of its major weapons systems, had benefited tremendously from General Koehler's able leadership. As you know, Mr. Speaker, the base is located in Harford County in my district, and General Koehler and I developed a close personal relationship while working together to improve conditions at the base. That was one of General Koehler's top priorities, and he did an excellent job.

Working closely with General Koehler, I was able to convince Congress to appropriate more than $50 million to begin construction of new barracks and family housing at the base. These projects will mean greatly improved living conditions for 4,000 enlisted personnel and 1,000 officers and their families. Even more importantly, they will improve morale at APG by providing the almost 12,000 men and women there with the assurance that the base has a secure and stable future for generations to come. General Koehler can retire with the assurance that these projects are well underway.

General Koehler's other goal was to strengthen ties between APG and the community outside the base. Here again, he was tremendously successful. In fact, the Hartford County Chamber of Commerce now sponsors an annual celebration called Military Appreciation Week to pay tribute to the huge economic benefits of APG's presence in Hartford County.

Of course, as commander of Tecom, General Koehler was responsible not only for APG but for four other major Army installations as well. All in all, General Koehler oversaw an organization that manages and controls more than 6 million acres of real estate and associated air space. He was also responsible for an annual operating budget exceeding $750 million

When I first arrived in Washington, I was already familiar with General Koehler's reputation as an innovative thinker and an able leader. He was an active commander who inspired respect and pride in the men and women at APG and he was also a very personable man with an excellent sense of humor and an ability to make visitors to the base feel instantly at ease.

General Koehler joined the army in 1944. After 27 months as an enlisted man, he entered the U.S. Military Academy at West Point and was commissioned a lieutenant of field artillery on graduating in 1950.

His decorations include the Silver Star, the Legion of Merit, the Bronze Star Medal with "V" device and first oak cluster, the Meritorious Service Medal, the Joint Service Commendation Medal, the Army Commendation Medal, and the Purple Heart.

In November 1979, he became Tecom's eighth commander and his tenure was the longest in the command's 22-year history. Off the base, General Koehler has given more than 100 speeches across the country on topics ranging from the Soviet threat to the importance of patriotism and I am sure that his speaking abilities will serve him well in the future.

His diplomatic skills have impressed both American and foreign visitors to the base, including visitors from the People's Republic of China, the United Kingdom, Japan, Turkey, Egypt, the Federal Republic of Germany, France, South Korea, India, Austria, and other countries.

General Koehler has also been an important contributor to the peacemaking process. In 1969 and 1970, he served with the office of the Assistant to the Chairman of the Joint Chiefs of Staff for Strategic Arms Negotiations and participated as an adviser to the U.S. SALT delegation at Helsinki and Vienna.

Mr. Speaker, Gen. John Koehler will be greatly missed by the thousands of men and women at APG who have benefited so much from his able leadership. I know I speak for everyone who is acquainted with General Koehler when I wish him all the best in his retirement.●

BEYOND THE NUCLEAR FREEZE

HON LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, April 25, 1983, into the CONGRESSIONAL RECORD:

BEYOND THE NUCLEAR FREEZE

One of the more curious events of this political year is the rancorous debate on arms control between Walter Mondale and Gary Hart, the two frontrunners for the Democratic presidential nomination. The controversy is odd because both these men are strong proponents of arms control and have the public record to prove it. In a way, it is unfortunate that the campaign's demands have made fidelity to the nuclear freeze the litmus test of commitment to arms control for many people. This development could make it much harder for the President, whoever he may be, to get arms control moving again in 1985.

The nuclear freeze movement has made an admirable contribution to the cause of arms control. Without pressure from the movement, it is unlikely that the Reagan Administration would have moved as far as it has toward a realistic negotiating position. Even more important, the movement has played a pivotal role in mobilizing public opinion to insist that our leaders attach the highest priority to arms control and the prevention of nuclear war.

At the same time, it is important that we not view the nuclear freeze as an end in itself. The freeze would do nothing to reduce the danger of war posed by the thousands of nuclear weapons already in the superpowers' arsenals. Nor would it permit prudent modernization of nuclear forces that could help create a more stable and solid strategic relationship. Despite the freeze's seeming simplicity, negotiating it could be a very prolonged process. Moreover, given the likely post-election makeup of the Senate it is doubtful that an arms control treaty based on the freeze alone could muster the two-thirds majority needed for ratification. This raises the frightening prospect that yet another arms control agreement might not pass the acid test of political acceptability in the United States.

For all these reasons, we must leave aside the sterile debate about loyalty to the nuclear freeze. Instead, we must lay out a step-by-step approach to strategic arms control that the President, whether Republican or Democrat, might implement immediately following inauguration.

First, the incoming administration might propose a pause in the testing and deployment of new multi-warhead ICBMs. If these missiles cannot survive attack, they are the most destabilizing and dangerous of all nuclear weapon systems. If agreed to by the Soviets, such a pause would halt testing of our MX and the Soviets' SS-X-24. This would address weapon systems not yet deployed.

We should then proposes to Moscow a compromise approach to strategic arms reductions to address asymmetrics in deployed weapon systems. It is in our interest to accept the Soviets' proposals for cuts in the combined total of missiles and bombers and for more restrictive limits on cruise missile programs, but only if such proposals result in a substantial cutback in nuclear warheads on both sides. The compromise might be the subject of an interim agreement similar in form to the Vladivostok Accord of 1974, with the details of a treaty to be thrashed out in subsequent talks. As an element of an interim understanding, we could propose a permanent ban on testing and deployment of multi-warhead ICBMs. If accepted by Moscow, a temporary halt could evolve into a full-fledged freeze on testing and deployment of the most destabilizing and dangerous weapon systems.

To maintain the strategic Triad, the incoming administration should accelerate development of a small, single-warhead missile, as recommended by the Scowcroft Commission. We would accept the Soviets' development of their new, single-warhead missile, the SS-X-25. Because such missiles may be based in ways that allow them to survive attack, they would preserve an effective retaliatory capability on each side, but at the same time would minimize the incentive to make a first strike. We should also modernize our conventional forces in order to raise the nuclear threshold in Europe. To date, we have not stressed nearly enough the strategic implications of conventional strength.

In view of its own designs and the announced intention of some of the presidential candidates to cancel the MX, Moscow may, at least initially, resist a pause followed by a permanent ban on testing and deployment of multi-warhead ICBMs. Therefore, it must be made clear at the outset of negotiations that, with or without MX, we will do whatever is necessary to maintain deterrence and preserve strategic stability. One way to increase the chances of Soviet acceptance of our proposals is for us to begin active exploration of highly stable alternatives to the MX, which we might adopt should we find ourselves face to face with Soviet intransigence. These might include a greater role for the Stealth-technology bomber and the development of a smaller, quieter, ballistic-missile submarine.

The incoming administration should complement its strategic arms initiatives with effective efforts to move forward in other areas of arms control. For example, it should seek Senate ratification of the 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty. These treaties, which we observe but have not ratified, contain provisions for an exchange of geological data necessary for verifying compliance. Therefore, ratification could facilitate verification and create an environment conducive to negotiation of further limits on nuclear testing.

Some of the Presidential contenders have called the nuclear freeze an integral element of arms control. This is proper given the positive role that it might play in limiting certain highly destabilizing technologies. But the freeze must fit within a broader approach to the basic goal we seek: maintaining deterrence in a progressively less threatening strategic environment. The candidates for the Presidency have an obligation to put the freeze in perspective, so that November's winner can restart the arms control process with greater confidence of success.●

WILLIAM L. DEVRIES: DISTRICT OF COLUMBIA SMALL BUSINESS PERSON OF THE YEAR

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. FAUNTROY. Mr. Speaker, I would like to take this opportunity to honor an outstanding citizen, civic leader, and businessperson in the District of Columbia, William L. Devries. Mr. Devries, president of Honor Guard Security Services, Inc., has been named Small Business Person of the Year for the District of Columbia by the U.S. Small Business Administration district office.

Mr. Devries was selected for the annual award on the basis of his success in building and expanding several small businesses in the Metropolitan Washington area and his contribution to improving life in the District. Mr. Devries' business interests include, in addition to Honor Guard Security Services, Career Consultants, Ability Search, and Career Temporaries.

Career Consultants operates two companies in the personnel and security fields. Ability Search and Career Temporaries are technical and professional recruitment firms which match temporaries and executives with firms in need of their services for the short and long term. Ability Search maintains offices in Washington, New York, and Los Angeles. The company is a recognized innovator in the field of executive search.

Honor Guard Security Services began as a one-man operation and today has grown to employ over 800. The company's expansion has had a very positive effect on the private sector job market in the District of Columbia. Honor Guard is a private police company which emphasizes government work. The company not only operates in the District of Columbia but also in 11 States and Puerto Rico. Annual sales exceed $6 million.

The U.S. economy was built on the efforts of small business people like William Devries. His efforts offer an example to us all on the continued vitality of this sector of the American economy. Entrepreneurship lives in the District of Columbia and helps to continue the upward swing of the American economy.

However, Mr. Devries' tireless efforts to improve the District of Columbia's economic climate do not stop there. He is a citizen in the fullest sense of the word. In 1983 Mr. Devries spearheaded a nationally recognized drive to "Give an Officer a Life Jacket," a fundraising campaign which provided $630,000 for the purchase of 3,700 bulletproof vests for Metropolitan Washington Police officers. In endorsing Mr. Devries' nomination, District of Columbia Police Chief Maurice Turner wrote:

> It is always wonderful to see a small business person take valuable time away from running his business to spend that time helping our community * * * there are a lot of police officers out there who are grateful to Mr. Devries for spearheading the MPDC Vest Fund Drive.

Clearly, Mr. Devries embodies the type of citizen with a public consciousness. His selflessness should be an example for all Americans. Too often, business persons' efforts center on self-interest without much thought for community development. Mr. Devries contradicts this view and makes the residents of the District of Columbia proud to call him their Small Business Person of the Year.●

NATIONAL NURSES' RECOGNITION DAY

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Ms. MIKULSKI. Mr. Speaker, today it gives me great pleasure to introduce a House joint resolution to honor our Nation's professional nurses.

There are 1.7 million registered nurses in the United States, nearly 1.3 million of them are actively employed in the profession. They work in hospitals, nursing homes, home health agencies, schools, industry, clinics—in fact, wherever health care is delivered. They are the largest group of health care providers in America.

Nurses make a significant contribution to the health and well-being of the citizens of this country. These dedicated and compassionate professionals seldom receive the credit they deserve.

Nurses are a key factor in the quality of our health care system. They provide immediate, life-saving intervention in a crisis. They are support staff which facilitate continuity of care. They serve as patient advocates.

Their sevices touch the lives of all of us and our families. Therefore, it is appropriate that we recognize the important contribution of nurses by designating May 6 as "National Nurses' Recognition Day."●

BILL TO PROTECT AIR TRAVELERS INTRODUCED

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. FLORIO. Mr. Speaker, today I am introducing a bill to continue protections for air travelers afforded by current rules relating to such matters as bumping, smoking, discrimination against the handicapped, and baggage practices. Without this legislation, these important protections would lapse with the sunsetting of the Civil Aeronautics Board at the end of 1984. I do not believe Congress ever meant for this to happen, and I am confident there is a consensus supporting the continuation of these protections for consumers.

My bill provides that after January 1, 1985, the specified rules would be enforced by the Federal Trade Commission. The rules in question are for the protection of consumers and rest in large part on this authority of the CAB over unfair and deceptive practices. This statutory authority of the CAB was modeled on the language of the Federal Trade Commission Act. Therefore, it is particularly appropriate that with the sunset of the CAB, responsibility for the rules adopted under this authority and for other related rules should be transferred to the FTC.

It is my understanding that the transfer of responsibility for most of these rules to the FTC is supported by both the FTC and the Department of Transportation, to which other former CAB responsibilities will be transferred.

I would like to say a special word about the importance of the bill's transfer to the FTC of responsibility for certain Federal regulations that protect handicapped travelers against discrimination by the airlines. Currently, Civil Aeronautics Board (CAB) regulations require all airlines to provide adequate service to meet the needs of our country's 22 million handicapped individuals. National surveys indicate that 60 percent of all people in the United States take at least one trip of 100 miles or more each year. For the 1 out of 10 Americans who is handicapped, however, the percentage is much smaller. It is essential, therefore, that we not cut back requirements which are intended to increase travel opportunities for the handicapped.

Mr. Speaker, the consensus supporting the continuation of these important rules reflects a significant lesson which we have learned during the last decade. From nearly all points on the political spectrum there is recognition that the public must continue to have protections that deal with externalities and market failures—the economist's terms for those goods that are not adequately produced by the automatic operation of the unregulated market.

In fact, the ultimate purpose of both economic deregulation and the continuation of such rules as those protecting the public from unfair bumping and the adverse effects of smoking should be the same—the advancement of the welfare of consumers. After a period of years in which the interests of consumers have been under almost constant attack, I am hopeful that the consensus supporting these rules is a sign of a brighter future for the consumers of America.

My bill provides that after responsibility for the specified rules is transferred to the FTC, there would be a 1 year period of evaluation during which the rules would not be changed. After that, the FTC could amend them following procedures under the Administrative Procedures Act.

Finally, I would like to say a word about the question some have raised of whether the consumer protection rules should be transferred to the Department of Transportation instead of the Federal Trade Commission. I believe that in supporting transfer to the FTC, the Department correctly perceives the desirability of consolidating consumer protection in the agency that has this responsibility across the board for other industries. It is the FTC that has the mandate and the experience in consumer matters. Moreover, as an independent agency like the CAB, it is in a better position to maintain the stability from one administration to the next that would be desirable for both the industry and air travelers.●

ANTI-SEMITISM IN THE SOVIET UNION

HON. ALBERT GORE, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GORE. Mr. Speaker, reports of growing, State-sponsored anti-Semitism in the Soviet Union raise new fears about the worsening plight of Soviet Jewry. There now appears to be in effect a near-total prohibition on the teaching of the Hebrew language, Jewish religious instruction, and the celebration of Jewish holidays in the Soviet Union. In the view of some observers, the Soviet authorities have embarked upon a campaign of cultural genocide with the aim of eliminating any vestige of Jewish culture within the borders of the Soviet Union.

Coinciding with the increase in official harassment of Soviet Jews has been a precipitous decline in Jewish emigration. In 1983 only about 1,300 Jews were allowed to leave the Soviet Union, and only 3,000 the year before. By comparison, in 1979 approximately 51,000 Soviet Jews were permitted to emigrate.

The Union of Councils for Soviet Jewry, sponsor of the Congressional Call to Conscience Vigil, and the Student Coalition for Soviet Jewry are among the U.S. groups working year round to provide moral and material assistance to Jews living in the Soviet Union. Both organizations have called on Members of Congress to speak out about the treatment of Jews in the Soviet Union and to remind the Soviet leaders of the commitments they have made to respect human rights and facilitate family reunification through immigration. I am proud to associate myself with the work of these fine groups, and commend them for their efforts on behalf of Soviet Jewry.

Mr. Speaker, there are an estimated 500,000 Jews in the Soviet Union seeking permission to settle in other countries. Among them is Ida Nudel, a courageous 53-year-old woman who first applied to immigrate to Israel in 1971. Denied permission to leave, she continued to press her case while also serving as the guardian angel of jailed Jewish Prisoners of Conscience, giving them food, medicine, and encouragement. In 1978 these actions led to her being arrested for malicious hooliganism and sentenced to 4 years exile in Siberia. Her first year in Siberia, she was confined to a men's hostel with 60 hardened criminals. She subsequently was allowed to live alone in a tiny hut in the forest. It was a life of difficult days and long, cold nights in complete isolation, and her health deteriorated greatly.

Ida Nudel completed her sentence of exile in Siberia in 1982. Her application to return to Moscow, her hometown, was denied, however. The authorities told her she would be sent back to Siberia if she dared set foot in the capital city. After months of sleeping in railway station waiting rooms, she was finally permitted to settle in the city of Bendery in the Moldavian Republic, where she lives to this day. Although a trained economist, she has been denied a job because of her efforts to join her family in Israel.

In 1975 the Soviet Union became a signatory to the Helsinki accords, pledging to respect human rights and fundamental freedoms, including the freedom of thought, conscience, religion, or belief and to work in a positive and humanitarian spirit with the applications of persons who wish to reunite with members of their family.

Ida Nudel is living proof that the Soviet authorities are brazenly ignoring the pledges they made when they signed the Helsinki accords. As the leader of the free world and the symbol of freedom for oppressed peoples throughout the world, it is incumbent upon the United States to protest the odious actions of the Soviet Union. We must raise this issue again and again, at every opportunity, to impress upon officials in the Kremlin our concern for the fate of Soviet Jews and to pressure them into living up to their international commitments.

In a letter smuggled to friends in the West during her exile in Siberia, Ida Nudel wrote:

> What the Soviet authorities did to me was base. . . . I still don't know whether they will ever let me get out of their firm grip. But this does not mean that you should keep silent, resigning yourself to the evil reality. I beg you, in the name of those who are locked behind the iron doors of jails, who cannot or dare not raise their voices. . . . I beg you, do not be silent!

To remain silent about the mistreatment of Soviet Jews is to give tacit approval to the actions of the Soviet Government. I urge my colleagues to lend their voices in support of Soviet Jewry so that officials in the Kremlin will have no doubt about how we view their actions.●

15TH DISTRICT QUESTIONNAIRE RESULTS TABULATED

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. FORD of Michigan. Mr. Speaker, for 20 years I have sent questionnaires to residents of the 15th District. Some of the questions have been repeated over the course of several years to establish trends and patterns. Polling constituents has been an excellent way for me to gauge their feelings on issues before the Congress as well as critical problems at home and throughout the Nation.

The enormous deficit and the state of the ecomony are two issues causing the greatest concern to the residents of the 15th District. A 65-percent majority finds itself in worse financial shape or in about the same shape after 3 years of Reaganomics, while only 35 percent feel they are better off. Still another indication of their concern for economic conditions is the fact that a majority of the respondents listed the economy as the most critical problem facing Congress and the President today.

Fifty percent feel that defense expenditures are too high, while 31 percent believe that the current level of Pentagon spending is about right. Only 19 percent felt that military spending was too low. These statistics are extremely important because the House will consider, in the near future, the 1985 Department of Defense authorization bill which appears to be over the financial limit set by the House budget resolution. I agree with my constituents and believe that Congress can substantially reduce the President's proposed defense budget and still strengthen national security.

I was encouraged by the 63-percent positive response to my question asking whether Congress and the administration should develop and implement an industrial policy. The dramatic recovery of the Chrysler Corp. is proof that the Federal Government can play an important role in assisting vital industries and preserve American jobs. I am pleased that the House Banking Committee recently approved legislation that would make industrial policy a reality and strengthen the competitiveness of American industries. The bill would create a council of Government, business and labor leaders to coordinate efforts to insure that all sectors of our economy are healthy.

Of the several thousand responding to the 1984 questionnaire, a majority of the respondents—45 percent—felt that the U.S. military support in the Middle East should be decreased. At the same time, 55 percent disapprove of the way the President is handling our foreign involvement in Central America. Since mailing the questionnaire, there is additional reason to believe that the executive branch of the U.S. Government is operating independently and secretly in Central America. The time has come for Congress to investigate whether the Central Intelligence Agency's involvement in mining Nicaraguan harbors and other U.S. activities in Central America are violating United States or international law.

Also in the area of foreign affairs, 67 percent of 15th District residents disapprove of President Reagan's action in North Atlantic Treaty countries, while 53 percent of them approve of his actions in Asia and Soviet bloc countries.

In the field of education, a 64-percent majority favors a greater commitment to improving the quality of our schools. In letters and comments attached to the questionnaires, there were requests for expanded support for secondary and postsecondary vocational education programs, increased Federal funding for local programs serving pupils with special educational needs, and recommendations that a thoughtful and comprehensive educational policy be established to assure our future as a democratic nation in the world community.

Many of the citizens who responded said the budget cuts of the past 3 years have hurt them in many areas. More than 36 percent of the respondents experienced cuts in their medical services; 32 percent felt severe cuts in the areas of housing and education and 31 percent in unemployment benefits and senior citizens programs. Food programs received a 29-percent rating and cuts in veterans' benefits only affected 26 percent.

Each year, the number of constituents responding to my annual questionnaire grows, as does the number of individual letters. This questionnaire is the single most effective means I have to learn how 15th District residents feel about the issues before us in Congress. I am heartened that my constituents take so much time and effort to report their views to me, and I recommend this procedure to my colleagues who really want to keep in touch with their districts.●

CONGRESSIONAL VIGIL FOR SOVIET JEWRY

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. STUDDS. Mr. Speaker, I am honored to participate in the Congressonal Vigil for Soviet Jewry.

The oppressive treatment of the approximately 3 million Jews currently living in the Soviet Union is both unjustifiable and inexcusable. The Government of the U.S.S.R. follows a policy of blatant antisemitism. Soviet laws ban even the most fundamental religious practices. Yet, the most heinous offense the Soviet Union commits is denying these people their principal right to emigrate. Not only does this policy defy accepted moral and ethical standards, but the stringent restrictions placed on emigration, even in cases involving the reunification of families contradict past international agreements—such as the Helsinki accords—which the Soviet Union has signed.

While Jews are among the few who may apply for exit visas, those who do submit applications are subsequently subjected to brutal, often terrorist responses from the Government: KGB searches, the loss of one's job, and even imprisonment and exile are just some of the possible consequences facing Jews who wish to leave the country. Today I would like to address the plight of Lev, Raisa, and Tatyana Ulanovsky, just three of the many who are victims of Russian persecution.

In October 1979 Lev Ulanovsky arrived in Israel from the Soviet Union. A refusenik for 5 years, Mr. Ulanovsky left the Soviet Union in the hopes of being later reunited with his mother, Raisa, and bedridden grandmother Tatyana. In 1980 Raisa Ulanovsky filed an exit visa application for herself and Tatyana. She consequently lost her job and has remained unemployed since that time. In 1981, 1 year after it was filed, her application was denied on the grounds that joining her only child in Israel was an "insufficient reason" for emigration.

Since that time, Raisa and Tatyana Ulanovsky have reapplied, and have been rejected again. Mr. Ulanovsky is currently a researcher at the Weizman Institute of Science in Israel, and is still hoping for the release of his mother and grandmother from the Soviet Union.

We of the United States must not allow such treatment, such flagrant violations of human rights, to continue unabated and unanswered. We must not let the plight of the Ulanovsky family, and others like them, be forgotten. I know my colleagues will want to join me in calling for immediate reforms of such abusive practices, so that Soviet Jews, and all other Soviet citizens who wish to emigrate, may be allowed to leave their country.●

CONGRESSIONAL SALUTE TO THE HONORABLE LEON C. ASADOORIAN, PRESIDENT OF THE NATIONAL UTILITY CONTRACTORS ASSOCIATION

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. ROE. Mr. Speaker, I have joined with many of my colleagues here in the Congress in seeking a high production strategy to rebuild America on the premise that a strong and growing economy is the basis of our prosperity, our social stability and justice, our national security, and our influence in the world. We believe that Americans are seeking a common vision and a practical plan to rebuild our economy. Although not all of us agree with every proposal we describe, we believe they offer direction and options Americans must consider if we are to rebuild and restore our economic vitality and growth. Economic growth and maximum production require a healthy and dynamic private sector aided by an efficient and humane public sector. Under Federal leadership, business, labor and Government must be brought together to work cooperatively to create a climate for growth.

An integral basic element of any high production strategy to rebuild America is the investment we must make in our Nation's infracture—the foundation of roads, bridges, water, and sewer systems upon which our Nation depends to deliver essential services to our people. It is critical to the life and livelihood of every citizen and a key element in future economic growth.

Mr. Speaker, as we contemplate our strategy and seek solutions, I would like to call your attention to the National Utility Contractors Association (NUCA) and commend to you the newly elected president of this most prestigious organization, the Honorable Leon C. Asadoorian, and their untiring dedicated efforts to achieve a comprehensive infrastructure rehabilitation program for our Nation's water and waste water systems. NUCA represents 2,500 companies nationwide involved in building water delivery systems, waste water treatment systems and underground construction projects, particularly pipeline projects.

With your permission I would like to insert at this point in our historic journal of Congress, the opening statement of President Leon Asadoorian to the members of NUCA which is eloquently and poignantly summed up in the title: "American Ingenuity Will Prevail," as follows:

AMERICAN INGENUITY WILL PREVAIL

To be named President of the National Utility Contractors Association at this particular time is both an honor and a decided challenge. As Art Linkletter so aptly put it in Dallas; "We're not riding the winds of change—its tornadoes we're talking about!"

And the change I see is, in large measure, change of the positive sort. Our knowledge revolution, and the ability to instantaneously tap that data base, grows by the minute. Due to these new technologies we can now work smarter, not harder.

I have a very positive outlook for our industry. The lengthy depressed construction market and related conditions has kept our industry in a "survival" mode. Today, the improving economy allows us to enter an "aggressive" mode, however, it will take the synergistic efforts of our entire association to again make this one of America's great industries.

Our opportunity is here, now. If you look at the period of time that we're in right now, this is basically a period of "re"-everything-rehabilitate, rebuild, reconstruct. It's a period of catching up on maintenance; it is a period of adjustment.

One of the most encouraging signs on the horizon is the growing recognition that America's deteriorating infrastructure has to be addressed and, addressed soon.

Here is the challenge of the Eighties—our challenge. America's staggering needs must be transformed into a reality. Politicians everywhere are vitally concerned. However, it will require strong pressure from their constituencies before they have the courage to tackle the tremendous creative financing program needed. It is not a job for your association officers and directors alone. Each of you—and your companies—has a personal stake in this communications job.

The level to which we meet this challenge is directly related to our combined abilities to get this infrastructure communications job sold to the general public.

I personally believe in each of you and in this industry. And, I believe that American ingenuity will again prevail.

In testimony to the successful attainment projected for NUCA's goals and objectives under the quality leadership of Leon Asadoorian, I would also like to present the statement prepared and published by his colleagues in a recent issue of NUCA's magazine, The National Utility Contractor, as follows:

MEET NUCA'S 1984 PRESIDENT—LEON C. ASADOORIAN, A MAN OF ACTION

"My goal for the upcoming year is to set ideals founded on professionalism, optimism, and a mutual commitment to the continued growth of our industry and our association," says incoming NUCA President, Leon C. Asadoorain. "I am committed to a strong National Association responsive to the needs of every chapter first and to their members in turn. I am also committed to helping make NUCA contractors the most profitable contractors in our industry. I want every member to look with pride to our association and our industry."

These quotes capsulize the theme and priorities of the man who will be installed as NUCA's Eighteenth President on March 3rd in Dallas. At 41, he is one of the youngest men to take the helm of NUCA. Asadoorain will strive to give NUCA effective leadership and strengthen further the Association's financial resources.

Having spent the past year visiting with many local chapters on NUCA's behalf, Asadoorain listened to renewed hope in the economy and the construction industry as voiced by the local contractors. He agrees with financier Malcolm Forbes, who recently said, "The rebuilding of America's infrastructure is going to be one of the primary economic booms over the next ten years." Drawing from these resources, he intends to build a strong network among NUCA chapters and echo their needs in Washington.

Often when visiting with chapters he has quoted Theodore Roosevelt who said, "Every man owes a part of his time and money to the business or the industry in which he is engaged. No man has a moral right to withhold his support from an organization that is striving to improve conditions within his sphere."

"The major challenge our industry faces this election year, in Washington, D.C., and state governments is to maintain an adequate presence and continue to educate the Administration and Congress of the importance of rebuilding America's underpinnings," explains Asadoorian. "All of this must be done in balance with rising deficit budgets. It is impossible if the priorities of that underpinning and its importance to the future of our country is not kept at the same level as entitlement programs, the defense budget, and the implications of a tax increase. 'Good Water, America' and NUCA's special report on the nation's water and sewer systems, 'Ticking Timebombs,' have been good starts in exposing this problem to the public and Congress. More of the same must be continued during this coming year."

Those close to Leon describe him as a fundamentalist: "No bells and whistles, just straight ahead and stick to the basics." He brings to the NUCA presidency the same "can do" attitude and boundless energy with which he served as president-elect and chairman of NUCA's government relations committee. Active in both state and federal government affairs, he is keenly aware of the need for a continued strong voice to affect more favorable conditions in the construction industry, both in the legislative and the regulatory agencies.

Asadoorian hopes to nurture existing coalitions with other construction organizations throughout the country to promote community and governmental awareness of what contractors do for the country. This awareness can only serve to broaden the financial support for construction projects and improve relations with the general public. He summarized his commitment to this by saying. "We are in a unique position to reshape our own destiny, the need is there, and it is our responsibility to communicate that need through the proper channels."

With these goals, a sense of vision and commitment, Leon Asadoorian accepts the challenge of leading NUCA through this election year. He brings a wealth of experience and successful innovation that will be a strong asset in developing support for NUCA.

Leon Asadoorian is President and owner of Methuen Construction Company, Inc., located in Methuen, Massachusetts. The business was founded by his father Leon G. Asadoorian in 1960, performing small sewer and water contracts. Leon's mother, Elizabeth Asadoorian, handled the bookkeeping responsibilities for the company.

Working with his father on a part-time basis while he attended Northeastern University, a cooperative education college, Leon received invaluable field experience. He completed his studies in 1964 receiving a Bachelor of Science degree in Civil Engineering. He then channelled his efforts full time into the construction business.

In 1964, Methuen Construction Company's annual volume was in 5 figures, with two employees. Upon his father's retirement in 1974, Leon took over as President. Doing business throughout New England and in Phoenix, Arizona, the company has grown considerably. Methuen Construction employs approximately 175 people under the direction of General Manager, Michael Chace.

"It's my personal philosophy that people make any operation, association or business work," he explains, adding that most modern equipment and facilities are not a substitute. He also has found from experience that a person gets out of something only as much as he contributes.

Consistent with his philosophy for NUCA, Asadoorian encourages participation and communication among his employees. Methuen Construction's most important asset is its people. Every employee's birthday is remembered and acknowledged. Company policy is to promote from within and upward mobility is encouraged. The names of operators and truck drivers are attached to the equipment they operate. Many employees have been with the company over ten years; most over five years.

The company prides itself with creating a family atmosphere, responsive to its employees. Leon's daughters, Elizabeth and Margaret, and all employees' families are included in company functions and to share in the company's success.

Liz and Margaret Asadoorian are most important to him. Because business and school often restrains the time spent together, it is not unusual for the girls to attend UCA meetings, or for him to scurry off for a few minutes in the middle of the day to catch Liz running in a track meet, or attend a school function with Margaret.

Asadoorian has served as president of his local chapter, the Utility Contractors Association of New England (UCANE). During his presidency, he implemented programs to improve communications with state, local and city agencies. He successfully initiated programs to promote membership and participation among smaller contractor members. He served on the Board of Directors and various committees including the Budget, Legislative, Executive and Specifications Committees. He continues to be an active member of UCANE as well as the Underground Contractors Association of Arizona. His commitment and involvement reaches out to other activities and organization's as well. He is an Arbitrator and a member of the American Arbitration Association; he is also a member of the AGC, ABC and the ARTBA associations.

Asadoorian, a Massachusetts native, is dedicated to community service. He serves on the board of directors of the Nevins Home, a nonprofit old age home in Methuen. And, is also a member of the Bon Secours Guild (a hospital support organization), the Massachusetts Governor's Infrastructure Task Force, the Management Advisory Group of the Environmental Protection Agency, and the Ancient and Honorable Artillery.

"Leading the Association this year will be fun, an exciting and challenging task," Asadoorian enthusiastically noted. He will have a lot of help in that task. Working with him will be NUCA's dedicated staff under the direction of Bill Harley, Executive Director. With the energetic support of NUCA's Officers, Directors, Committee Chairmen and chapters throughout the country, President Leon C. Asadoorian intends to make 1984 a successful and important year for NUCA and each of its members.

Mr. Speaker, it is indeed appropriate that we reflect on the deeds and achievements of our people who contribute to the quality of life here in America and I am pleased to seek this national recognition of Leon Asadoorian's lifetime of good works, his dreams and aspirations in concert with the members of NUCA—all directed to rebuilding America and our people's estate. As he carries on in his official position as President of National Utility Contractors Association, we do indeed salute a distinguished citizen, good friend and great American—The Honorable Leon Asadoorian—for his contribution to the quality of life for the people of our community, State and Nation.●

VA REGIONAL OFFICE SHINES IN DES MOINES, IA

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. HARKIN. Mr. Speaker, today I would like to bring to the attention of my colleagues the exceptional work of the Veterans' Administration Regional Office in Des Moines, IA. The office has the primary responsibility for the administration of veterans benefits—except medical—within the State of Iowa.

Their work is truly outstanding. I know it is fashionable these days to tell only the horror stories which surface from time to time about the inefficiencies, inequities, and the overall inability of the Government's agencies to carry out their programs. The Veterans' Administration Regional Office in Des Moines, under the direction of Mr. Norman Bauer, is a shining example of an agency that serves its mission well. Its 123 Federal employees serve Iowa's 358,000 veterans with destinction. Of course, there are often disagreements regarding the final decisions they sometimes make, but my constituents are made fully aware of the basis of these decisions and they are completely informed about their right to appellate review.

I only wish all agencies operated as effectively as this one. Mr. Speaker, let the record show that the work done by these dedicated workers is clearly outstanding and is gratefully appreciated by this Member and by the people of Iowa's Fifth District.●

THE GREAT ENERGY GIVEAWAY

HON. JIM BATES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. BATES. Mr. Speaker, the House of Representatives will soon consider H.R. 4275, the Federal Reclamation Hydroelectric Powerplants Authorization Act. Both the San Diego Tribune and the New York Times argue that there may be a more cost effective way for the Government to sell Hoover Dam power. Their editorials, which I encourage my colleagues to read, say the underpricing of Federal power is unfair and discourages conservation.

The editorials follow:

[From the Tribune, San Diego, CA, Mar. 28, 1984]

THE GREAT ENERGY GIVEAWAY

The Federal Government, while running a record deficit of nearly $200 billion, a year, is preparing to renew "sweetheart" contracts to sell Hoover Dam electric power for peanuts.

That's great for many consumers of electricity in the Hoover Dam marketing area, but not for San Diegans. Our power costs are among the highest in the nation, but we cannot participate in the government giveaway. If we could, we could save $10 to $30 million a year, which would help with the high utility bills.

Hoover Dam power sells for less than half a cent a kilowatt hour. The San Diego Gas and Electric Co. is paying six cents a kilowatt hour for the electricity it is buying in Arizona and New Mexico to bring here over the company's new transmission line to the east.

Why can't San Diegans share in the benefits of low-cost federal power? Politics is a big part of the answer. The utilities which contracted for Hoover power in the 1930s got a great bargain, and San Diego Gas and Electric wasn't one of them. The 50-year contracts are expiring in 1987, and the contractors claim the right of renewal. Legislation is being pushed in Congress, by Sen. James McClure, R-Ida., and Rep. Morris Udall, D-Ariz., to give them 30 years more at the trough.

The Environmental Defense Fund says this underpricing of federal hydropower is unfair and merely encourages consumption, increasing demands for coal and nuclear power. We agree.

Fairness demands that Hoover's electricity be auctioned off to the highest bidder.

The old pork-barrel laws for the distribution of public power are out of date. There is no good reason for Uncle Sam to take less than top dollar for the energy generated by the Colorado River. Why should customers served by municipal electric systems in Los Angeles, Glendale and Pasadena have access to low-cost power that is denied to us, merely because we are served by a private power company? They don't own Hoover Dam. The Colorado River belongs to all of us.

Federal officials say they aren't in the business of making a profit from the sale of power. But they aren't generating energy just for the fun of it. And energy is worth far more now than it was worth in 1937. It is the preferred users who are making giant profits, at the expense of the federal treasury and all of us.

Congress should not act hastily to perpetuate this giveaway of public money for another 30 years. The entire structure of federal power pricing needs to be brought up to date.

[From the New York Times, Mar. 21, 1984]

GREEDY FOR POWER

If a giant oil reserve were discovered under the Pentagon, would the Government give it away to voters who live in nearby Maryland and Virginia? That, in effect, is what President Reagan and many members of Congress want to do with the more than $400 million worth of electricity generated annually by Hoover Dam. The last hope of stopping that 30-year sign-away of a public resource rests with the House.

When it was finished in 1937, the giant hydroelectric facility on the Colorado River was still called Boulder Dam. Its size and power output made it one of the seven wonders of the modern world. The Federal Government signed 50-year contracts to deliver the power, at cost, to public and private power authorities in California, Nevada and Arizona.

This electricity was always a bargain; it sold over the decades at an average price of one-sixth of a cent per kilowatt-hour. Wholesale power in the same region now sells for as much as 7 cents a kwh. Hoover Dam power at half a cent is virtually a steal. No wonder that the three benefiting states are pressing for legislation that would lock in the bargain through the year 2017.

The Environmental Defense Fund, perceiving that the underpricing of hydropower discourages conservation and increases demand for coal and nuclear power, argues that Hoover's electricity should be auctioned off to the highest bidders. San Diego, paying very high electricity costs and denied any portion of Hoover power, supports the auction alternative. But these appeals have so far been ignored.

The Administration's budget office might have been expected to oppose such a giveaway of Government resources. But the President is apparently unwilling to upset his Western supporters in an election year.

The sign-away bill breezed through the Senate with bipartisan support. House Democrats, too, seem reluctant to end up on the wrong side of the politics of cheap hydropower. In this case their reluctance is probably reinforced by the fact that Representative Morris Udall, the Tucson Democrat who chairs the House Interior Committee, is a sponsor of the bill.

There are many ways to rationalize support for the measure: It only continues the existing system of power distribution . . . It's too late for effective opposition . . . Millions will benefit from the low-cost electricity. But beyond these rationalizations lies a simple truth. It's just not fair to treat national resources as pork to be sliced up for the neighbors. When California, Nevada and Arizona don't pay their share of energy costs, someone else must.●

NATIONAL SECRETARIES DAY

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. DYSON. Mr. Speaker, since April 25, 1984 is National Secretaries Day, I want to take this opportunity to recognize a good friend and dynamic lady who has been recognized as the Best Secretary on Delmarva in a contest sponsored by White & Leonard, Inc., of Salisbury, MD.

Mrs. Betty J. Sharpley is employed by Ahtes & Hanna Partners, Inc., one of the most highly respected and influential real estate firms on Delmarva. She is the secretary to the partners, Mr. Bill Ahtes and Mr. Henry Hanna.

During her 14 years of employment in the real estate business, she has experienced the fluctuations which are so characteristic of this industry without allowing it to affect her own good judgment, perserverance, and extraordinary stability. In her employers' words, she is "truly a partner in our business and our success would not be nearly so great without her efforts."

Mr. Speaker, there were over 70 candidates submitted for the honor as the Best Secretary of Delmarva. In addition to Mrs. Sharpley, Mrs. Donna Causey, employed by Occidental Chemical of Salisbury, and Mrs. Bobbi Bryon, employed by Peninsula Financial Services of Salisbury, were recognized.

I take this opportunity to congratulate these three fine and accomplished secretaries and to commend White & Leonard, Inc., for conducting such a successful contest.●

HALSEY C. BURKE

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. MINETA. Mr. Speaker, on behalf of Congressmen Don Edwards, Ed Zschau, and myself, I would like to speak in honor of Halsey C. Burke, an American who deserves our highest praise and respect.

Halsey Burke, whose public service in our community serves as a model for all citizens, will be honored at a special dinner during which he will receive the City of Hope's highest recognition—the Spirit of Life Award. Halsey will receive this award for his outstanding contributions to the City of Hope medical center.

The City of Hope is a National Pilot Medical Center which provides superb, ultramodern facilities, and free care for patients from around our Nation. Halsey's extensive efforts have helped enable the City of Hope to serve patients suffering from major catastrophic maladies such as cancer and leukemia. And the generous support offered by Halsey and others has helped make the City of Hope one of our Nation's leading medical research institutions.

Thus, with the help of people like Halsey, the City of Hope has been able to relieve pain, prolong life, and effect cures for thousands of people.

Yet Halsey's record of contribution extends beyond his important work for the City of Hope. He has served as president of the Rotary Club of San Jose, district governor of Rotary International's District 517, and he has been an active volunteer and member of numerous organizations, including the Santa Clara County Manufacturing Group, United Way of Santa Clara County, the Bay Area Council, and the Boy Scouts of America. In addition, Halsey served as one of the youngest captains in the U.S. Merchant Marines, and then he went on to become president and chairman of the board of Burke Industries, Inc., a leading manufacturer of rubber products for industrial applications.

Mr. Speaker, Mr. Edwards, Mr. Zschau, and I have enjoyed working with Halsey, and we are honored to have him as our friend. It is obvious that Halsey C. Burke deserves accolades and thanks for his notable service to our community. In light of this fact, we ask you, Mr. Speaker, and all Members of the U.S. House of Representatives to join us in extending thanks to our friend, Halsey C. Burke.●

WORLD DAY FOR LABORATORY ANIMALS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. LANTOS. Mr. Speaker, I would like to take this opportunity to announce that this Saturday over 70 organizations from all over the United States are sponsoring a gathering to commemorate World Day for Laboratory Animals. The participants will pay respects to those animals that have died, both in the past and the future, in scientific laboratories. The gathering begins at noon and will be held in Lafayette Park across from the White House, on April 28. I invite my colleagues to attend this important event to focus attention on the worldwide suffering of animals used in research and testing.

The International Association Against Painful Experiments on Animals began World Day for Laboratory Animals in 1978. April 24 was the day chosen as it is the birthday of the late Air Chief Marshal Hugh Dowding. Lord Dowding, commander-in-chief of Fighter Command, Royal Air Force, in the Battle of Britain, spoke frequently before the House of Lords on the use of laboratory animals.

This day is an opportunity to reflect on the profound moral dimension to the issue of laboratory animal experimentation. It is time to raise the public conscience on the current use of laboratory animals. As our society has become more sophisticated, we have a responsibility to question the so-called necessity of inflicting suffering to sentient beings. The pain and harsh treatment of animals must become a factor weighed against possible fruits of knowledge in research. I raise these difficult ethical questions in hopes that my colleagues will acknowledge the seriousness of this issue, and will join me in working toward a more humane society for all.●

WOMEN IN MINING HONORED

HON. FRANK McCLOSKEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. McCLOSKEY. Mr. Speaker, on March 16, 1984, I had the opportunity to learn about an important segment of my constituency—women in mining. Not only were these constituents women employed in the mining industry, but they were representatives of a nationwide organization named Women In Mining.

This organization which just began its 11th year of service, is working on a grassroots level to educate the overall public about not only the importance of the mining industry in the United States, but the importance of the education of the individuals in the industry.

In addition to representing the National Organization of Women In Mining, Ms. Debra Schumacher and Ms. Molly Martin are members of two local chapters—The Kentuckianio Chapter headquartered in my district in Evansville, IN, and the St. Louis, MO, chapter.

Too many times those of us who are charged with making the laws of this Nation do not have the time to either learn from or express appreciation for the personal contributions our constituents make to their communities and the general public good.

Neither do we have many opportunities to honor and congratulate those individuals for their sacrifices and dedication.

Therefore, I take great pleasure in and am honored to announce that Joyce L. Fitzgerald, of Evansville, IN, has been named as president and chief executive officer of the National Organization of Women In Mining.

I wish Joyce and the entire national organization the best of luck and commend them on their fine and honorable mission.●

TRIBUTE TO CHARLIE SEALY

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. SHELBY. Mr. Speaker, I would like to share with my colleagues in the House of Representatives a story that appeared recently in the Tuscaloosa News, written by Rhonda Wooldridge of the paper's staff.

The article recognizes a very dear friend of mine, Mr. Charlie Sealy, and tells of his story to fight back from heart bypass surgery. Following is the article as it appeared in the newspaper:

BYPASS SURGERY ISN'T KEEPING DEVELOPER DOWN

(By Rhonda Wooldridge)

At 65, Charlie Sealy has no plans to slow down.

In fact, the local real estate developer is speeding back up as he recovers from heart bypass surgery he underwent last December.

"I feel good about myself," he said. "All I'd like to do is get my strength back and get back into things in the office and in the community."

Today is Heart Sunday, the beginning of the Heart Fund's annual fund-raising campaign.

Money raised during the campaign is used for education and research into heart diseases and their treatment.

Sealy had a heart attack about two and a half years ago, but he said he thought he had gotten over it pretty well.

"It was mild," he said. "The doctor told me if I had to have a heart attack it was the kind to have."

Sealy said he had let up somewhat on his schedule since his heart attack.

"Whenever I got tired I just quit," he said. "A lot of times we have a lot of excitement around here, but whenever things get real excited I just try to get out."

He did not smoke before the attack, so he didn't have that to give up, but he had watched his diet carefully and had taken up regular walking, Sealy said.

It was on one of his usual morning walks that his current trouble first surfaced.

"Normally I get up and walk every morning approximately three miles," he said. "This particular morning I decided to carry my bird dog with me. We went out to the edge of town and started off."

He said when he had gone about a quarter of a mile "at a pretty good pace," he reached a small incline.

"About three-fourths of the way up I began to have a shortness of breath," he said. "I knew going up that small incline that something was wrong."

Sealy said he walked "very slowly" back to his car and drove back home. By the time he got there he was feeling a bit better and decided to wait until the next day to go to the doctor, he said.

The doctor put him into the hospital for an arteriogram, a process by which dye is sent through the arteries into the heart muscle and pictures are taken that show how well the system is working, Sealy said.

"I got the report back Thursday morning with the recommendation that I have open heart surgery," he said.

He said he tried to persuade the doctors to wait until after the holidays, but they said they didn't recommend it because some of the arteries that carried blood to his heart were nearly closed.

He had the surgery—five bypasses and additional cleaning of one artery—on Dec. 19.

"I was well pleased," he said.

Sealy said he spent almost two weeks in Druid City Hospital after the surgery and was impressed with the quality of the treatment there.

"The hospital had wonderful equipment, wonderful nurses," he said. "And they all took a personal interest in me.

"I noticed that they took a personal interest in all of their patients there."

Within a few days he began to get his strength back, Sealy said.

"Before I left the hospital I began to walk up and down the halls, and as soon as I got home and the weather permitted I began to walk outside," he said.

"I started off walking about half a mile and I was exhausted," he said. "Today I'm up to three and a half miles and I'll try to pick that up to four miles next week."

Sealy said he thought his recovery was facilitated by the fact that he was in relatively good condition because he had already been walking regularly.

And the prayers of his pastor, Allan Watson, and his friends were "a plus," he added.

In recent weeks he has begun spending some time back in the office and resuming other activities, Sealy said.

"I'm on my way back to normal. Within a month or six weeks I'll be stronger than I was before I had my surgery," he said.

Sealy said since he has had both a heart attack and bypass surgery it would be easy to spend the rest of his life thinking about what else might happen.

"But I don't worry about that," he said. "I don't ride in rodeos and I don't climb mountains, but I expect to live a full, normal life."

I am confident that Charlie will continue to lead a full and active life. His past achievements and accomplishments are proof of his inherent characteristics of hard work and service to others.

Charlie "started from scratch" to build a prominent Tuscaloosa business, exemplifying the highest level of citizenship all the way. The year 1955 saw the formation of Sealy Realty Co., with business objectives to build and sell real estate in the Tuscaloosa, AL, area. The most visible results of this venture are the more than 1,000 new homes and the more than 800 apartment units he has built for Tuscaloosans, and the 20 or so subdivisions developed by him.

As he has gone about this prolific work over 30 years, Charlie has contributed much to his profession and those who share it. In the early years of his career and the infancy of the modern real estate profession, Charlie attended meetings, seminars, and conventions all over the country, bringing back new ideas and methods which he shared with others in the profession.

Working with the University of Alabama, he was instrumental in the creation of the first real estate courses there many years ago. He has seen the University go from a 13-week, 26-hour first course to a funded chair of real estate, in which he played an instrumental part.

A partial listing of the leadership roles Charlie served in organizations working to further his profession follows:

> Charter member, Homebuilders Association of Tuscaloosa; treasurer, Homebuilders Association of Tuscaloosa; president, Homebuilders Association of Tuscaloosa; director, Homebuilders Association of Tuscaloosa; national director, Homebuilders Association of America; State treasurer, Alabama Real Estate Association (Realtors); 3rd vice president, Alabama Real Estate Association (Realtors); 1st vice president, Alabama Real Estate Association (Realtors); State director, Alabama Real Estate Association (Realtors); president, Alabama Real Estate Association (Realtors); chairman, Education Committee, Alabama Real Estate Association (Realtors); president, Tuscaloosa Board of Realtors; national director, National Association of Real Estate Boards.

Indicative of his professional reputation are these highest awards from his professional peers:

> Realtor of the Year 1963, presented by Tuscaloosa Board of Realtors; Realtor of the Year 1964, presented by Tuscaloosa Board of Realtors; Builder of the Year 1980, presented by Tuscaloosa Homebuilders Association; Ward McFarland, Sr. Community Development Award, presented by Tuscaloosa Board of Realtors 1981.

He is a founder and director of Security Federal Savings & Loan Association, and a founder and director of Peoples Bank of Tuscaloosa. The constructive energy Charlie has shown in his profession has overflowed into the community. In the course of gathering information for this tribute, a common thread of opinion came out in conversations with those who had worked with him on community projects—"If you give him a job to do, it will get done thoroughly and very successfully."

Some of his civic responsibilities over the years have included:

> Director Tuscaloosa County Industrial Development Authority; division chairman, YMCA; division chairman, United Fund; chairman, Enlargement Campaign Drive, Black Warrior Council, Boy Scouts of America; Executive board member, Black Warrior Council, Boy Scouts of America; Institutional representative, Black Warrior Council, Boy Scouts of America; active member Northport Chamber of Commerce; active member Tuscaloosa Chamber of Commerce; executive committee, Tuscaloosa County Industrial Development Authority; chairman, Original City Commission; director, West Alabama Rehabilitation Center.

Charlie has also served through his church in the position of deacon, chairman of the board of deacons, and Sunday school superintendent of Forest Lake Baptist Church. He has also served as an executive board member of the Alabama Baptist State Convention.

For many years Charlie has worked to promote and develop Tuscaloosa and Tuscaloosa County. From heading fundraising drives, to working with sales presentations, to preparing grant applications for Federal assistance, Charlie has worked to help organize and construct projects that would serve others.

He has given so much of himself and not asked for anything in return. People like Charlie Sealy are hard to find these days when it comes to looking for a truly good person.

I want to take this opportunity to thank him for all that he has done for me. I have always known that I could turn to him for wise counsel, friendship, and support. He has never failed to respond with generosity of his time, talents, and compassion.

I feel deep warmth and affection for Charlie Sealy, treasure my associations with him, and look forward to many more years of continuing friendship.●

ARMENIAN GENOCIDE

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. GEJDENSON. Mr. Speaker, I would like to join with my colleagues in commemorating the 69th anniversary of the first genocide of the 20th century, the massacre of Armenians in the Ottoman Empire.

The pattern of torture, exile, and mass killing that was perpetrated by the Turkish Government against the Armenian people was, unfortunately, not the last manifestation of genocide that the world was to witness during this century. The hideous example set by the Ottoman Empire in 1915 has been followed by barbarous regimes from Nazi Germany to Pol Pot's Cambodia. In the now infamous quote, Adolf Hitler, before beginning his Holocaust against the Jews, referred to international indifference in the face of the Armenian genocide. "Who," he asked, "remembers the Armenians?"

We must continually and strongly respond to that question, whether it be spoken or unspoken, "We remember." We remember the Armenians by honoring their suffering. And in remembering, we stand against those forces that would try to rewrite history, asserting, as the current leaders of Turkey do, that reports of the genocide are "exaggerated" and "propaganda." It is unfortunate that despite our long record in the United States of condemning this heinous act, an official of the State Department has seen fit to label as "irresponsible" Representative COELHO's bill, which would have designated April 24, 1984, as "National Day of Remembrance of Man's Inhumanity to Man," and has suggested that it would have a negative impact on our relations with Turkey. It is interesting to note that, despite the fact that the President himself, in his proclamation in honor of the Days of Remembrance of the Holocaust, dated April 22, 1981, referred specifically to the Armenian genocide, one of the State Department's reasons for opposing Mr. COELHO's bill is that the genocide has not been documented. In order to help clarify U.S. policy on this issue, I have cosponsored Mr. PASHAYAN's bill, House Resolution 171, which declares that U.S policy embraces the historical events of the Armenian genocide. I urge my colleagues to join this effort to relieve the administration of its apparent confusion.

It is my hope that in honoring the victims of this barbarous act, we will help prevent further distortions of the truth in the matter of the Armenian genocide. We must continue to remember them so that no future tyrants see in our indifference an assurance that they may commit such atrocities against humanity with impunity.●

EDITORIAL SUPPORT FOR PAC

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. FRENZEL. Mr. Speaker, Mr. Jim Hampton, editor of the Miami Herald, writing in his April 22 editorial pages stated:

> The truest route to political equity, it seems to me, is not to limit PACs contributions to Presidential candidates. Rather, it is to assure that all ideologies have equal access to the process.

His editorial concludes:

> Nor ought the Supreme Court limit Americans' right to speak their political minds freely, both individually and collectively. Rather, the Court ought to reaffirm the first amendment's free speech clause cannot be circumscribed except in extremes. That

case clearly does not obtain in the case now before the Supreme Court.

How sweet it is to see editors beginning to rediscover the first amendment or, perhaps, to discover that amendment applies to others than themselves.

Mr. Hampton's statement is dead right. He concludes PAC's free speech rights are not less than those of the individuals who comprise the PAC's, and that PAC's do not unduly influence Government.

Either the press is waking up, or editors are more clear-headed outside the New York-Washington editorial axis. In either case or in both, it is nice to find the Drew-Shields-Common Cause broadsides have not dulled all the editorial wit in America.●

QUESTIONS CONCERNING THE VIRGINIA WILDERNESS BILL NOT SUBSTANTIAL

HON. FREDERICK C. BOUCHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. BOUCHER. Mr. Speaker, I am hopeful that H.R. 5121, the Virginia National Forest Wilderness Act of 1984, will reach the floor of the House for consideration within the next 2 weeks. The timing is clearly proper for preservation as wilderness of approximately 25,000 acres of national forest land in Virginia. These areas have been carefully selected by the Forest Service, and by hunters, fishermen, campers, hikers, and others interested in preserving these treasures of Virginia's national heritage.

The only questions raised concerning the advisability of declaring these areas as wilderness relate to the possibility that air quality standards may be raised from the current class II to class I in the areas declared as wilderness. It is suggested that should such a reclassification occur, future industrial growth in the area may be limited.

H.R. 5121 does not contain such a reclassification. Moreover, national environmental groups have stated that they will to seek such a reclassification, and I would wholeheartedly oppose such a reclassification occurring.

The insubstantial nature of the questions raised concerning H.R. 5121 are well stated in the following editorial which appeared in the Roanoke Times & World-News, the principal daily newspaper serving the counties wherein our proposed wilderness areas are located. I commend this careful statement of the appropriateness of H.R. 5121 to my colleagues:

[From the Roanoke Times & World-News]

WILDERNESS AND WESTVACO

Time is running out on a concerted effort—backed by the U.S. Forest Service and the Virginia Wilderness Committee, along with other citizens' groups—to give more than 70,000 additional acres the official designation of wilderness in 1984. The effort may founder on objections about clean air standards raised by Westvaco Corp., whose Covington paper mill is near some of the proposed wilderness areas.

Westvaco's objections seem to be based on speculation, undue apprehension and extreme defensiveness. They should not override the case for adding this acreage to the wilderness system.

The company recently announced a $325 million five-year expansion of its bleached board mill in Covington. Management's expressed concern is that if some of the surrounding area is designated wilderness, Westvaco's competitive position might be hurt by having to meet stricter clean-air standards.

For these times, it is a familiar conflict: environmentalists vs. industrialists, clean air vs. jobs. But the conflict may exist more in the minds of Westvaco than in reality.

Indications are that earlier, Westvaco was willing to accept a compromise that would allow wilderness designation for most of the area in question. The compromise provided that air standards for these wilderness regions would remain Class II. Under the Clean Air Act, Class I means, essentially, that the air cannot be made dirtier; Class II allows for as much as 20 times more pollutants than does Class I.

Wilderness proponents charge that Westvaco is backing down from an agreement already negotiated. Whether or not that's true, the company is now taking a strong stand against new wilderness designation in its vicinity. It says that Congress might sometime impose Class I restrictions. Besides, there is the acid-rain controversy, which might lead to a whole new range of limits on emissions.

The scenario might be titled something like "Westvaco strikes back." The company is rethinking its position on wilderness. A spokesman admits that it may come up with a counterproposal that no new wilderness area be designated within a 50-mile radius of Covington. This would not, of course, become a law: it would be a policy statement directed at members of Congress and others involved in the lawmaking process.

That would be extreme, to say the least. Westvaco does not have the evidence to support a claim that its plant—rather than the wilderness—should be given such sweeping protections. The regulatory future may be uncertain, but that's not reason enough to hold off action on wilderness.

Timing is vital. The Virginia Wilderness Committee wants a bill now because it has what a spokesman calls the right constellation of influences: citizen backing and Forest Service recommendations, plus two congressmen and two senators receptive to the proposal.

Westvaco apparently wants to temporize in hopes that the political climate will change and that the Reagan administration will make further inroads in its campaign to reduce government regulation. This is a fight that the company ought to lose.●

REMEMBERING THE ARMENIAN HOLOCAUST

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Ms. FIEDLER. Mr. Speaker, each year, we take time to remember the Armenian Holocaust, which started in April 1915. In the middle of spring, we stop and remember the horror human beings are capable of creating. We also remember that what happened to the Armenians is important to all of us today, and how the Armenian people have never faltered, despite genocide and hardship, in their belief in freedom.

It was spring in Armenia in 1915, not only of the new year, but of the new century, a century that held out the promise for a better life. The 19th century had been largely an era of peace and prosperity, and the hope for progress had reached the mountains of Armenia. There was not only increased literacy and lengthened life expectancy, but also the whisper of a free Armenia.

The Armenian people were no strangers to repression and massacre, but the events that started on that other April 20 were like a chasm opening in a smooth road. The 20th century brought to the people of Armenia not prosperity and liberty, but genocide and exile. Hatred and horror have been with us always, but only in 1915 were they first mixed with modern technology and modern government to produce genocide.

The scars of 1915 have not disappeared from the souls of the Armenian people. But neither has the hope for freedom. That is one of the reasons I am proud to be a cosponsor of House Resolution 171, affirming, and thus remembering, the Armenian Holocaust. Any people that have no past also have no future, and the Armenian Holocaust is one of the most significant events not only in the history of the Armenian people, but of all people. Tyrants can take life, they can take lands, but they cannot take the past. That is the one thing we possess absolutely. Not all of our inheritance may be attractive, but it is all important; and nothing more important than to remember what unreason and power unrestrained by law could attempt to do, starting on April 20, 1915. Yet even this could not destroy the Armenian people, their culture, and their vitality. Let us also remember these things on this Day of Remembrance.●

ARMENIAN MEMORIAL DAY

HON. SALA BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mrs. BURTON of California. Mr. Speaker, I join my colleagues today in observing the 69th anniversary of the Armenian genocide. If the world had acknowledged and condemned this atrocity, it may have prevented Adolf Hitler from committing genocide against the Jews. Today we honor the memory of 1½ million innocent Armenian citizens who were systematically slaughtered by the Ottoman Turkish Government. By doing so, we seek to insure that the horror of this crime remains fresh in the minds of all men and women so that such a tragedy will never occur again.

I am deeply troubled by the State Department's apparent efforts to deny the Armenian genocide. In the August 1982 issue of the Department of State Bulletin, an article appeared which suggested that the United States no longer recognizes the Armenian genocide. My husband Phillip and many other Members of Congress wrote to Secretary of State Shultz to protest any such change in policy. As a result of those efforts, the State Department subsequently published an "editor's note" denying any change in U.S. policy.

More recently, the State Department has obstructed another effort to recognize the Armenian genocide. House Joint Resolution 247, of which I am a cosponsor, would have designated April 24, 1984, as a day of commemoration for the victims of genocide, particularly those of Armenian descent. The State Department objected to the bill and prevented it from even being considered by the House of Representatives.

I believe the State Department's position is wrong. History is clear. The evidence is in our possession in the U.S. Archives. If our own State Department will not recognize the Armenian genocide, how will we ever convince the Turkish Government to do so?

I join my colleagues in commemorating this dark day. Let us rededicate ourselves to a future where such a tragedy will not occur again and let us not forget the millions who gave their lives for their faith and love of freedom.●

HOLOCAUST MEMORIAL COUNCIL

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. MATSUI. Mr. Speaker, the United States Holocaust Memorial Council has designated the week of April 29 to May 6 as Days of Remembrance to commemorate the victims and honor the survivors of the Holocaust. We, the Members of Congress along with the President and the Vice President of the United States, have joined the Governors of each State and the mayors of each city in making local commemorative events a national commitment. In California, the legislature already has adopted a resolution affirming and proclaiming the Days of Remembrance throughout the State. Sacramento Mayor Anne Rudin also will issue a proclamation at a city hall ceremony.

I am very pleased to note that significant steps are being taken in my district to educate the public as to the circumstances and ramifications of the Holocaust. The Sacramento City and County library system is preparing Holocaust reading lists categorized for children, teenagers, and adults. The Interfaith Service Bureau's weekly television show, "Capitol and the Clergy," will focus on the Holocaust, as will a local radio talk show. I am also very encouraged by the designation of May 3 as an interreligious National Day of Prayer and the Interfaith Service Bureau's suggestion to its representative congregations that special sermons and prayers be part of their religious services.

The Holocaust remains a stigma of horror, a blot upon the history of humanity which we must remember for as long as we desire to preserve civil liberty and moral decency in our society. I urge my colleagues, as well as the people of this Nation, to observe these Days of Remembrance and to recognize the profound impact the Holocaust has had upon the world and countless individual lives. Holocaust is defined as the attempted extermination of an entire people or group. The existence of mass, civilian murder today in Asia, Africa, and the Middle East, and in our hemisphere casts an ominous, holocaust-like shadow upon our own relations with countries so preoccupied with the slaughter of innocent people.

Mr. Speaker, I ask you and my colleagues to join me in dedicating this week of commemoration as a somber warning against the possibilities of another holocaust and a memorial honoring the victims of a holocaust whose marks of savagery will never fade away.●

CABLE TV

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. LELAND. Mr. Speaker, I would like to draw my colleagues' attention to an op-ed piece written by Vernon Jordan, former president of the National Urban League. In the article, which was published in the Washington Post on April 6, 1984, Mr. Jordan cites the need for a national policy that fairly defines the rights and obligations of both local governments and cable operators. I believe we all would benefit from a careful reading of this sensible article, and I include it at this point for the information of my colleagues.

The article follows:

[From the Washington Post, Friday, Apr. 6, 1984]

UNTANGLING CABLE TV

(By Vernon E. Jordan Jr.)

What happened to the cable revolution that never took place? How can America benefit from its underutilized cable technology?

Those are important questions raising issues I've followed since the dawn of cable. My involvement started during my work in the civil rights movement, when it became apparent that cable technologies offered new opportunities for educational and skills training programming for poor people. It continued as public access channels suggested new ways for black and poor communities to break through the communications barriers of traditional media. And today, I am involved in cable issues as counsel to the industry.

How cable came to qualify as the nation's most visible underachiever is a fascinating lesson in economics and in local politics.

Despite prohibitive start-up costs, cable would still be economically feasible were it not for the twisted politics of cable franchise awards, which have almost strangled this infant industry. In many cities the franchise award process has led to excesses by both city governments and cable operators, each sucked into the quagmire by greed.

Some companies went into the franchise bidding process with blinkers on and promised far more than they could deliver. They were transfixed by the expectation of large profits that melted away in the heat of grossly overestimated potential profits and grossly underestimated real costs.

And they were led on by cities that unreasonably saw a cable franchise as a bottomless well from which they could draw a variety of fees, up-front payments and unrelated benefits, including donations of trees, swimming pools, and other amenities having nothing to do with the delivery of cable services.

All of this represents hidden taxes on cable consumers, who must pay for them in their monthly bills. It is estimated that over 20 percent of a cable subscriber's monthly bill consists of costs imposed by local regulations.

This self-defeating bidding game accounts for the absence of cable in many cities. Badly burned by the experiences of the past decade, cable operators are wary of blunder-ing deeper into the morass. Faced with negotiating demands that may be politically appealing but economically disastrous, operators are now reluctant to overcommit themselves. And they fear heavy start-up costs while the danger exists that when their franchise expires it could become subject to more political games or awarded to another bidder.

Meanwhile, other technologies are flowing in to fill the vacuum. Microwave distributions, satellite master antenna systems and others are gaining ground, primarily because, unlike cable, they are not subject to local regulation.

There are exceptions to this scenario—in many cities local officials and cable operators negotiated satisfactory and economically sensible franchise arrangements. But there are too many other places where the promise of cable has degenerated into charges of political favoritism, economic extortion, broken commitments, and poor service.

Common sense suggests a national cable policy that preserves local autonomy while setting national guidelines for governing cable telecommunications that serve the public interest.

Congress is now considering a bill that would do just that. The bill would protect the public's stake in wider access to cable services by establishing uniform guidelines—a national regulatory framework that fairly defines the rights and obligations of both local governments and cable operators.

The bill would allow cable to compete with other technologies by freeing operators of some of the more unreasonable uneconomic demands of franchising authorities. Stability would be ensured because franchise renewals would depend on satisfactory performance, not on back-room deals or on meeting escalating local demands.

The cities would be big winners. They would be allowed to charge franchise fees of up to 5 percent of revenues—67 percent more than the Federal Communications Commission now permits. Last year such fees added over $150 million to city treasuries.

The cable revolution could finally become a reality with passage of this bill. Today's chaos would be replaced with a fair, balanced regulatory framework that would ensure public access to a technology that offers wider information and entertainment options as well as the advanced consumer services of the future.●

ARMENIAN MEMORIAL DAY

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 24, 1984

● Mr. ANNUNZIO. Mr. Speaker, I rise to join my distinguished colleague, Hon. Charles Pashayan, Jr. of the 17th District of California, in commemorating Armenian Martyrs' Day.

April 24, 1984 marks the 69th anniversary of the ruthless Turkish massacre of the Armenian people. Between 1915 and 1923 more than 1.5 million Armenians perished in Turkey, and the descendants of those few who survived have to this day borne the horrors and the scars left from this genocide.

Almost seven decades after this heinous crime against their forefathers, those of Armenian descent are continuing their fight for recognition, retribution, and justice. To this day, the Republic of Turkey continues its campaign of denying the Armenian genocide of 1915-23, and this denial is a distortion of recorded history. However, it is public knowledge that our own State Department has irrefutable evidence in its own files of the Armenian genocide, along with Ambassador Henry Morgenthau's eyewitness reports which were cabled to the State Department at the time of the genocide.

Turkish efforts to revise history by attempting to erase the atrocities they committed against the Armenians must be thwarted, and in observing Armenian Martyrs' Day, we insure in large measure that the massacre of more than 1½ million Armenians will not be forgotten.

As a Member of Congress who has a large Armenian-American constituency in my 11th Congressional District of Illinois, I join my colleagues in commemorating this tragic event in world history, and in paying tribute to the memory and martyrdom of the innocent victims of the Armenian genocide.●

BEING SNOOKERED ON CENTRAL AMERICA

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. DORGAN. Mr. Speaker, it is no wonder the American people are confused about our policy in Central America: it's riddled with contradictions. While we preach respect for international law and democratic choice, we spurn the jurisdiction of the International Court of Justice and mine the territorial waters of neighboring Nicaragua.

You do not need to support Nicaragua's junta—which I do not—to oppose an absurd policy of not-so-secret military intervention. If we want to stop the reach of Cuba and the Soviet Union into our own backyard, then let us use the tools which work—not the weapons which fail. I do not suggest that we cut and run, but that we rather offer a civilized presence.

In the words of former Mexican diplomat Carlos Fuentes, let us remember that we will only win the fight for the partnership of our Central American neighbors when we "* * * equate freedom with bread, schools, hospitals, national independence, and a sense of dignity." Food, education, and medicine—not guns, bribes, and mines—should form the struts of our security bridge to the south.

I further commend to my colleagues the following Richard Cohen opinion article, "Contradictions," which shows why the Reagan administration's current policy is either callous, deceitful, foolish—or all three.

[From the Washington Post, Apr. 25, 1984]

"CONTRA"DICTIONS

(By Richard Cohen)

Just imagine you are thinking about enlisting in the CIA-funded army now at war with the Sandinistas. Imagine, further, that you are interested in the contras not because the CIA will put a meal in your belly but because you so loathe the Sandinista regime you are willing to fight—which could mean to die—to topple it.

Now imagine you are the CIA recruitment officer. What do you say? Do you say that the contras will be used only to put pressure on the Sandinista regime? Do you say that the United States only wants to ensure that Nicaragua will relax press censorship, hold free elections and cease exporting revolution to El Salvador?

Now you are once again the potential contra, mulling over enlistment. Would you risk your life to stop Nicaragua from sending arms to the Salvadoran guerrillas? A lot of you care about El Salvador. Would you risk your life to end press censorship in Nicaragua itself. Hah! It's not the ACLU Brigade you're considering. Okay, would you risk your life so that Nicaragua has free elections? Did I hear the word loco?

This is what the Reagan administration is basically asking us to believe. United States policy, in so far as it can be discerned, is not to topple the Nicaraguan government, but to reform it—elections, a free press—and to force it to cease aiding the El Salvador guerrillas. If Nicaragua does all that, it not only will go to OAS heaven, but we will treat the Sandinista regime as any other.

The trouble, of course, is that no one is going to risk his life to implement a series of reforms. Men who fight, fight to win—and winning means a triumphal march into Managua. It means victory, a new government and the spoils of war, including, you can just bet, a regime that will censor the press and not hold elections—just like the one the Sandinistas toppled.

So either the administration is deceiving the contras, or it's deceiving us. It's not playing straight with someone. If a guess is allowed, we are the ones being snookered. There is just too vast an American military buildup going on in Central America merely to effect a reform in Nicaragua. The contra army alone has tripled in the last year and now boosts 15,000 men. Honduras has been turned into a palm-shrouded aircraft carrier. the jungle reverberates with the sound of American air bases being built.

There is, though, a third possibility—the administration is snookering itself. Possibly it thinks it can call the whole thing off—that it can create armies and militarize Central America and then make it all disappear if and when the Sandinistas become Rotarians. History, though, proves otherwise.

In the first place, every army the CIA ever created is either still in place (the golden triangle of Southeast Asia) or, more rationally, has turned to drug smuggling. Either way, through, men who try to topple their own government have a hard time going home again. The contras, in one form or another, will not go away.

And secondly, militarization does not take place in a vacuum. The militarization of Honduras will weaken its nascent democracy. Costa Rica, the Lebanon of Central America, will—like the real Lebanon—get drawn into a regional war not of its own making. (Already, like the PLO, the contras under Eden Pastora are using it as a base.) As for Nicaragua, it has responded to contras pressure with its own militarization. This is what the Salvador left has done, too. Since the Reagan administration started to squeeze the pincers, the number of guerrillas has increased, doubling in the last year alone.

So there you have it, contras are being told they are fighting to topple the Sandinista regime; the American public is being told the contras are fighting just to pressure Nicaragua, and the Reagan administration is telling itself it can, when it wants, simply pull the plug on the whole thing.

An administration that lies to get men to die is callous. One that lies to its own people is immoral. One that lies to itself is a fool. If power politics were hockey, the administration would get the hat trick. It appears to be doing all three.●

KIM COLLINS WINS VOICE OF DEMOCRACY CONTEST

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GINGRICH. Mr. Speaker, every year, the Veterans of Foreign Wars of the United States and their ladies auxiliary conduct a Voice of Democracy contest. This contest is designed to promote the ideals of a democratic system of government among our youth. Over 300,000 high school students participated this year in this national competition. I'm proud to announce that Kim Collins, who is from the city of Griffin in my district, has delivered the winning speech for the State of Georgia. Kim, who is 17 years old, is the daughter of Mr. and Mrs. Henry Collins of Griffin. She plans to pursue a career in journalism and her speech is a strong indication that she'll be successful in that area.

It's a great pleasure to present to my colleagues the speech that Kim gave to the VFW. It reminds all of us that ideals such as responsibility and loyalty are still present in the attitudes and values of our youth. As this younger generation grows older and assumes future leadership roles, it's reassuring to know that there are young adults like Kim who believe in and will uphold the guarantee of our basic rights: the Constitution. The text of the speech follows:

MY ROLE IN UPHOLDING OUR CONSTITUTION

The other day, as I was waiting for my grandfather to close his store, I glanced outside the window and noticed an elderly man crossing the street. In one hand, he firmly grasped what seemed to be an ordinary cane. But upon closer examination, one could see that the cane was handcrafted of the finest white oak. The unseen characteristics of the old man's cane provided the durability needed to give strength to the cane's security. To that man, his cane was his security; it supported him when his legs were weak. It strengthened him, enabling him to putter here and there. To that man, his cane was a concrete object upon which he could rely, and the cane shared the weight of his burdens.

We, the youth of America, are like that cane. We are America's cane. We support her, stand by her, strengthen her, and carry her. "But how," one might ask, "How can I, one teen out of many, uphold my constitution?"

I see my first and major support as a value one. It was with moral values that our constitution was written; it was upon strong beliefs in ethical principles that our Bill of Rights was framed. The constitution is based on fair principles; it does not delineate anyone, yet it protects the dignity and freedom of every American citizen. If I am to strive for excellence, then I must abide by certain principles and standards, such as honesty, virtue, love, respect and faith. And by doing so, I shall set an example for tomorrow's youth. I will not condone dishonesty, whether it is cheating on a test or exaggerating on a college entrance application. But I will hold my temper when I am tempted to tell my mother that she is wrong. I will continue to believe in my creed and my God, even when tempted to stray away from him. Only good men can achieve great things. Teens like me just live by values in order to support America's Constitution.

My second role is education. To achieve great things requires a strongly developed mind. It is the informed citizen who makes wise decisions; wise decisions which may include electing the best man for Student Body President, being asked to defend a minority, or solving an overcrowded lunchroom problem in Student Council. The informed citizen is also one who makes learning an everyday habit. Informed citizens are those who continue their student role throughout life—always learning, analyzing, solving. I must be willing to accept new ideas to understand the constant changing of my flexible constitution.

My third role is responsibility. The man who just sits and thinks, just sits and thinks; he does nothing! I must be willing to put my values and education to work by accepting responsibilities, such as being a safe, sober, defensive driver, paying my fair share of taxes, and contributing to a community cause. Even though my Constitution protects everyone, I must remember that a hungry man has fewer rights than a fortunate one. Through such organizations as the Salvation Army, or even a local church group, I can give the necessary essentials to those less fortunate so that they may one day share in the bounties of liberty. Man must labor to achieve great things.

To uphold my constitution, I must not only preach a good sermon, I must live one. I will continue my search for knowledge and understanding and I shall willingly accept the responsibilities of adulthood.

Just as the cane supported the old man, I help to support America. But just as the cane's durability depends on the wood from which it is made, America relies on the quality of her people. As a teenager, I must first become a good person; then I must become a responsible citizen; then I will be a protector of the source of my freedom—my United States Constitution.●

SOVIET UNION'S CONSISTENT DENIAL OF THE BASIC FREEDOM FOR ITS MANY CITIZENS

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. McKINNEY. Mr. Speaker, as a democratic nation, we possess an innate sense of empathy toward human rights practices around the world. This longstanding concern is a matter of record and continues to be of the utmost priority. The freedom and well-being of those less fortunate than ourselves is of significant importance and it prompts me once again to discuss the issue of human rights in the Soviet Union.

A matter that has been proven to be the antithesis of our own feelings is the Soviet Union's consistent denial of the basic freedom for its many citizens. It is a never-ending struggle for those in the U.S.S.R. whose sole desire is to enjoy basic civil and political liberties. Recent trends have provided the impetus for a renewed sense of urgency.

The problem of immigration which I am speaking has been growing increasingly worse. In 1979, 51,320 Jews were able to leave the U.S.S.R. and immigrate elsewhere. Compare this to an alltime low of 1,314 in 1983. And the requests are rising. In addition, in January 1983, only 81 individuals were granted exit visas, initiating a trend which will result with less than 1,000 emmigrants for the year—a two-thirds reduction from 1982. This figure is not indicative of all those who desire imigration, however, since thousands are not even able to obtain a definite refusal; they are denied access to the application process itself.

I am compelled to draw to the attention of Congress the plight of Yevgeny Liberman in the Soviet Union who is suffering as a result of his desire to freely worship the Lord. In November 1973, Mr. Liberman, a construction engineer who lives with his wife, daughter, and parents in a two-room apartment, applied for emigration papers from the Soviet Union. In March 1974, he became one of thousands of refuseniks denied a visa because of inspecific reasons. The excuse given to Yevgeny was secrecy.

Yevgeny's refusal came earlier than most because of the nature of his application. His name was immediately recognized as one of the 13 organizers of the Symposium on Jewish Culture, which was to be held in December 1976. This nonpolitical symposium, to which professors from many countries were invited, fell victim to official harassment, and Yevgeny himself was arrested. Even before his arrest, his home was searched and his material was confiscated. The offending items were musical scores of Hebrew songs, films, and tapes, about Jewish culture.

Mr. Liberman is only one of many Soviet refuseniks who has been denied those guarantees we so often take for granted here at home. Mr. Liberman is a hard-working man who is being denied a basic freedom because of his belief. Their applications have been repeatedly refused, in spite of the fact that Mr. Liberman's brother Yuli has lived in Israel for 5 years.

Our Constitution has as its foundation the belief that each individual "is endowed with certain inalienable rights" upon which government, as defender of the common welfare, cannot encroach. In a world as interdependent as ours, it seems hypocritical for us to ignore the plight of those citizens of other nations whose sole crime is the pursuit of those liberties among which we have included the right to be free from government violations of one's personal safety and integrity; the undeniable right to the fulfillment of such vital needs as food, shelter, health care, and education; and finally the right to enjoy civil and political liberties.

In reflection of the recent feast of Passover and the joy and promise of Easter still fresh in our minds, I am moved to pray for Yevgeny, and hope that these words, before Congress, can bring him closer to the freedom that grants me the ability to address you today.●

TRIBUTE TO DR. MARGARETTE S. MILLER

HON. NORMAN SISISKY

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. SISISKY. Mr. Speaker, on April 7, Dr. Margarette S. Miller, of Portsmouth, VA, died of cancer, 8 years short of realizing her dream.

Dr. Miller's dream was to see a recreation in 1992 of the National Public School Celebration of 1892 which prompted Francis Bellamy to pen his 23 words we now know as the Pledge of Allegiance.

Dr. Miller devoted 48 years to proving that the author of the Pledge of Allegiance to the U.S. flag was Bellamy. In the course of her crusade, Dr. Miller became the authority on the Pledge of Allegiance.

Her quest began in 1936 when a campaign was begun to credit the pledge to the pen of James B. Upham. Being a skeptic, Miller wrote to a newspaper in Rome, NY, to check out the information it had on a hometown boy named Bellamy. The reply convinced her that Bellamy just possibly was the author of the pledge. From that day on, Dr. Miller was hooked.

In 1942, the 50th anniversary of the pledge, Dr. Miller established the Bellamy Award. This annual award was to present an American flag to a school in a different State each year.

Dr. Miller has been honored many times around the country. She is listed in a dozen volumes such as "Who's Who in America," the "Dictionary of International Biography" and "2,000 Notable Women."

In an interview shortly before her death, Dr. Miller recalled that while she was growing up, she felt that "everything had been done, that there was nothing left for me to do. Then I made this discovery, believing that somebody had to set the record straight."

As a result of setting the record straight, she proved beyond a reasonable doubt that Francis Bellamy penned the original pledge, and her work prompted the U.S. Flag Association in 1939 to conclude that the patriotic oath was, in fact, written by Bellamy. The Library of Congress released a report in 1957 concurring with the Flag Association decision.

Mr. Speaker, although Dr. Miller's dream never was realized, we owe her a debt of thanks for restoring patriotism around the country through her work.●

A TRIBUTE TO THE CALVERT COUNTY DEMOCRATIC WOMEN'S CLUB 50TH ANNIVERSARY

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. DYSON. Mr. Speaker, it is my privilege today to bring to your attention, the inspiring contributions of the Calvert County Democratic Women's Club as they celebrate their 50th anniversary of service to the Democratic Party.

In 1934, at a time when few women shared equal status with their male counterparts, a group of concerned and determined women challenged the myths and stereotypes of the day, forming the Calvert County Democratic Women's Club. The dedication of these ladies can be attested by their accomplishments.

I would like to bring special recognition to the women who have displayed their leadership for this club and have served as president. From 1934, when Mrs. Joseph Lyons was elected as the first president, to the current president, Mrs. Elizabeth Gott, let me share with you the names of the past presidents: Mrs. Robert Meade, Mrs. Claude Turner, Mrs. Willard Ward, Mrs. Earl Hicks, Mrs. Harold Gibson, Mrs. Emma Jane Southard, Mrs. Mary Sullivan, Mrs. Everard Briscoe, Mrs. Oscar Carpenter, Mrs. Carroll King, Miss Mildred Cox, Mrs. Wilhelmina Lyons, Mrs. Patricia Lavato, and Mrs. Barbara Stinnett.

As we reflect upon 50 years of changes in our country's history, from model T's to space shuttles, let us also recognize the integral part this organization has played in shaping our destiny and progress. They had a vision of purpose, dedication to principle, an obligatory sense of duty, and pride in our great United States. Throughout the past 50 years, they have unselfishly devoted time and energy to the preservation of the goals of the Democratic Party. They have reached out into the community to educate and involve the citizens in the electorial process, and today stand proud of their outstanding record of achievement.

The Constitution of the United States gives us the right to freedom, and in return asks that we give our loyalty, participation and interest for the good of our country. The members of the Calvert County Democratic Women's Club, past and present, exemplify this pledge, and I am proud to share this occasion in honoring each of them.●

A.L.T.E.R.

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. CORCORAN. Mr. Speaker, the remarks printed below on the subject of congressional tenure are those of Mr. Fred Meeker of Burlington, IA. I am a longtime proponent of limited tenure for Members, and I have introduced legislation to this effect during the current Congress. Although my proposal, House Joint Resolution 189, which would amend the Constitution to set a limit of five House terms and two Senate terms for any one person, differs from Mr. Meeker's proposal that House and Senate Members alike be limited to 12 years of service in each House, I find Mr. Meeker's general argument in favor of limited tenure stimulating and useful and recommend this reading to my colleagues:

A.L.T.E.R.: AMEND LEGISLATIVE TENURE ENABLING RESPONSIVENESS

(By Fred Meeker)

This is a statement advocating a constitutional amendment to limit members of Congress to twelve years service in each house. Political Action Committees (PACs) are expected to spend $120 million on congressional candidates alone in 1984. That amounts to nearly $2 per voter and is a 50% increase over 1982 with no end in sight. The vast majority of this money goes to incumbents. Incumbents also have many other advantages such as name identification; services to constitutents; large, full-time staffs; and free postage. These advantages, and others, combine to create overwhelming preferences for incumbents. The result is lopsided or even uncontested elections which only contribute to the greed and apathy consuming us. Why bother to vote if the incumbent almost always (about 90% of the time) wins anyway? Also, with few younger models in Congress, the rampant political apathy among our youth should come as no surprise. The key becomes mediocrity. If an incumbent makes few waves, he is virtually assured of remaining in office indefinitely.

A treatment of the symptoms might include public financing of campaigns. However, if public financing means opponents could not outspend their incumbents, it may prove only another incumbent advantage. Another step in the right direction may be four-year terms for representatives. With this, representatives could serve at least a couple of years as statespersons rather than all their time as politicians seeking reelection as is the case with the current two-year terms.

Even the possible improvements of public financing and four-year terms do not sufficiently deal with the problems of reelection concerns, special interest influence, and incumbent advantages. Reform of the seniority system is necessary to insure a more responsive Congress. There are some options. We might elect members of Congress for life. This would eliminate reelection concerns and probably lessen the effects of special interests, but it would remove government even farther from the people. On the other extreme, we might elect members of Congress only for single terms, but this would not allow for much experience or reward for a job well done. Fortunately, there is a third alternative, a middleground between life and single terms. This compromise is supported by 60% of those surveyed in a Gallup Poll. It is a constitutional amendment to limit members of Congress to twelve years service in each house.

Opponents of this limit on legislative tenure will claim that the people's choice should be returned indefinitely. However, representative government evolved to remove the process from the impulses of the masses in the first place. Besides, we now have the technology to allow everyone to vote on every issue. Few would favor such direct democracy, knowing the political views of our neighbors. So the people's choice argument is found wanting.

Others will claim incumbents deserve return for a job well done. This is true to an extent and is why we are not advocating single terms. However, it also ignores the fact that there are many in each constituency who could do the job as well or better than the incumbent. They do not run because the aforementioned incumbent advantages render such a contest virtually an exercise in futility. Then when the incumbent finally dies or retires, a disgraceful number suddenly emerge from the woodwork to take his place.

Still others will argue that a twelve-year limit is too restrictive. With twelve years allowed in each house, an individual could still serve a total of twenty-four years in Congress—a whole generation. Too restrictive?

Historically, the seniority system developed as a result of the post-Civil War one-party South. Prior to that, tradition held that members of Congress serve usually only one or two terms. Indeed, had the Founding Fathers foreseen a time of greater life expectancy or the seniority system they may well have limited legislative tenure at the outset. Our first president, George Washington, established the two-term tradition for the executive branch, and now it is limited by amendment. Thomas Jefferson believed, "Rotation in public office is more reflective of democratic intent." Andrew Jackson wrote, "More is lost by long continuance of men in public office than is to be generally gained by their experience." Harry Truman specifically endorsed the limit saying, "Twelve years of Washington is enough for any man."

The current decline in the average length of service of members of Congress must not be construed as the problem solving itself. A final term is still needed in which members can rise above politics to statespersonship. There would, of course, be a "Grandfather Clause" to allow those elected under the antiquated system to remain as long as their constituents would tolerate it.

There are obstacles to the passage of limited tenure. For example, senior members of Congress are in the best position to effect the change, but will tend to be among those least likely to support it. Also, citizen groups that might otherwise support the amendment will be reluctant due to reliance upon senior members for passage of their pet programs. Furthermore, while the populace recognizes the seniority system as a problem, they regard their own anachronistic member as the exception. Voting against persons of such long standing becomes perceived as almost Un-American. Future citizens who will have come to accept limited tenure as commonplace will surely regard this paradox as curious.

Only a few voters in each constituency making limited tenure their primary consideration will eventually result in the change. It remains to increase support in Congress for the amendment either by conversion or replacement. As Thomas Jefferson wrote in the Declaration of Independence, "Whenever government becomes destructive of these ends (life, liberty, and the pursuit of happiness) it is the duty of the people to alter . . . that government." A.L.T.E.R.: Amend Legislative Tenure Enabling Responsiveness.●

THE FENDER GUITAR AND UNFAIR FOREIGN COMPETITION

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. DANNEMEYER. Mr. Speaker, this is the story of a U.S. industry which once enjoyed a preeminent position in the world but has recently run up against stiff foreign competition, much of it unfair. It is a case study of the problems and challenges facing the U.S. economy.

The Fender electric guitar has been synonymous with rock n' roll music from its inception. When Buddy Holly first appeared on the Ed Sullivan show in 1957, he played a Fender Stratocaster. The list of artists who play Fender guitars includes Eric Clapton, Jimi Hendrix, Bruce Springsteen, Carl Wilson of the Beach Boys, and Dire Straits.

The Fender guitar was invented in 1948 by a radio repairman in his garage in Fullerton, CA, located in the district I am privileged to represent in the Congress. Leo Fender sold the company to CBS Musical Instruments in 1965.

All of us are aware of the problems facing many domestic industries due to imports. The automobile and steel industries are the most visible, but the challenges are equal or greater in areas such as piano and guitar imports. As recently as 1979, the Fender facility in Fullerton employed 914 people. As of this month, that number is down to 384.

In the case of Fender, there is more to the import problem than just the dragging effect of an overvalued dollar on exports and the boost it gives to imports. The problem is compounded by unfair practices of foreign importers, which in this case includes infringement on trademarks of guitar headshapes and bodies.

Fender has been the best-selling electric guitar in the world for many decades. Copying of the popular product began in the mid-1960's. Since headshapes were not patentable as registered trademarks at the time, no infringement action could be taken. Furthermore, the ability of manufacturers to seek protection through State laws of unfair competition was hampered by the U.S. Supreme Court in the Sears and Compco decisions of 1964.

In the 1970's, as changes in trademark laws permitted coverage for headshapes, Fender filed to register the two major guitar headshapes. When the applications were published, around 50 Japanese companies opposed them. A settlement was reached, however, in which the Japanese acknowledged the validity of the Fender trademarks while CBS agreed not to object to Japanese use of any of five specific headshapes.

The headshape registrations were issued in 1981 and CBS has been trying to enforce them at ports of entry, but more must be done by U.S. customs officials and others even though some shipments have been stopped. While the situation was relatively stable until the end of last year, it has become clear that some Japanese importers plan to expand their U.S. sales through use of electric guitar headshapes not allowed by the settlement, thus infringing on the CBS/Fender trademark.

In a sense, this situation is worse than that facing the automobile industry. In the case of autos, the Japanese are bringing in their own models and capturing market share on that basis. With the Fender electric guitar, the Japanese are bringing in identical copies, both headshape and body, against the American product.

The Energy and Commerce Subcommittee on Oversight and Investigations held 5 days of hearings last year on copyright, patent, and trademark infringement by foreign companies. While these and other legislative activities must go forward, I intend to work with like-minded colleagues to make the appropriate executive branch agencies more aware of the need to crack down on shipments of imports which violate U.S. trademark restrictions.●

REDLINE LOW-INCOME NEIGHBORHOODS FOR MAIL DELIVERY

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. LELAND. Mr. Speaker, as the House knows, the U.S. Postal Service delivers the mail 6 days a week. They do that for two reasons: One is that you need to deliver the mail 6 days a week in order to provide an acceptable level of service; the other is that the law requires that the mail be delivered 6 days a week. Every now and then we have a commission or some other group of dignitaries recommend that delivery service be reduced—we even had a Governor or two of the Postal Service who seemed a bit wishy-washy on the subject. So a few years ago we settled the matter by simply prohibiting, by law, any reduction in the number of days each week that mail shall be delivered. The requirement is in the law in two places right now, so you would think that would be sufficiently discouraging to all but the most determined enemies of effective postal services.

Alas, such is not the case: The "Consumer Advocate," an employee of the Postal Rate Commission whose statutory obligation is to "represent the interests of the general public" in Postal Rate Commission proceedings, has introduced testimony in the current postal rate case outlining his interpretation of the public's interest and how he will go about "protecting" it. The Consumer Advocate's expert witness is Mr. Leonard Goodman. I thought my colleagues ought to know how Mr. Goodman views the "public interest."

Mr. Goodman first points out that the statutory prohibition against reducing mail delivery service expires on September 30, 1984, and so, in his words, "will not be in effect in the test year now before the Commission." The test year, I might add, is the imaginary year upon which the rate case is presupposed. So, free from Congress clutches, and determined to save the Postal Service uncounted millions of dollars, our public defender, Mr. Goodman, recommends that the Postal Service simply "redline" low-income neighborhoods in the United States and cease to deliver mail every day in those neighborhoods. Where household income is less than $25,000 and mail volume is light, Mr. Goodman says, mail would simply not be delivered as often as in higher income areas. Since these folks receive only a letter or two a day, and are not among the elite who are deluged with credit card offers and mail order catalogs, Mr. Goodman will—again I use his words—"push the deferred deliveries to the rear" and hop on out to the plush neighborhoods to deliver mail every day.

Now do not jump to the conclusion that Mr. Goodman is short on political judgement. Not for a minute. He knows, and is even kind enough to say, that there just might possibly be someone, somewhere who would consider redlining less opulent neighborhoods to be "socially unwise and unfair" and that the Postal Service should proceed "cautiously." Our public defender even goes so far as to suggest that before redlining American families who have incomes below $25,000, Congress should be given an opportunity to appropriate the money to pay the U.S. Postal Service to deliver mail every day in the redlined neighborhoods. I am sure the House is grateful to Mr. Goodman for permitting us an opportunity to play a role, however small, in these matters of public policy.

I have an alternative suggestion. Instead of appropriating money to permit the redlined citizens to get their mail, the House might simply appropriate the Postal Rate Commission's annual operating budget, as we do with Defense, State, Agriculture, and other agencies. Right now, the Commission gets its money from the Postal Service fund without congressional supervision. Having read the Consumer Advocate's ideas on how to "protect" the public interest, I think it might be a better idea, and most certainly in the public interest, to appropriate the Commission's budget annually.●

REPORT ON EDUCATION CONFERENCE

HON. JAMES R. "JIM" OLIN

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. OLIN. Mr. Speaker, recently I have been holding education fora in my district in Virginia. These meetings give me the chance to meet with parents, teachers, administrators, and other concerned citizens about education issues. I have been very pleased with the number of people attending these fora. They have been very valuable to me. I hear what the people of my district think about education.

I would like to share a summary of the comments I heard at my most recent education forum in Weyers Cave, Va., with my colleagues here in the House. This summary includes comments saying what is good about education as well as what needs to be changed. I think it is very informative.

JIM OLIN'S EDUCATION FORUM, BLUE RIDGE COMMUNITY COLLEGE, MARCH 31, 1984

SUMMARY OF COMMENTS

About 150 parents, teachers, principals, administrators, students and interested citizens from Harrisonburg, Staunton and Augusta, Rockingham, and Highland Counties met at Blue Ridge Community College on a beautiful Saturday morning to discuss educational issues. What is good about our schools and what needs to changed and improved? The following is a summary of the participants' oral and written comments:

What is good about our schools

Everyone has the opportunity to get a free education which is directed to individual needs.

We try to educate all students of diverse backgrounds, regardless of abilities, disabilities and handicaps.

Our schools reflect the good aspects of our society—a mix of people, a force for the transfer of social programs and values.

Our schools provide a good balance of academic subjects and extracurricular activities, opportunity to develop leadership and artistic, musical, and athletic skills.

Schools have been adaptable, have kept pace with technological and social changes.

Vocational-Technical programs are good. So are college preparatory programs, special education, adult education and school libraries.

Headstart and Chapter I have given early help to children who might have later learning problems.

The school lunch program is good.

The drop-out rate has decreased.

There is community and parent support for the schools.

And last, but not least, the majority of our teachers and administrators are hard-working, well-educated, caring and dedicated to providing high quality education to their students.

Some suggestions for change and improvement

Program

Provide more extra help in early years—qualified teacher aides and smaller classes.

Daycare and after school care as part of the school program (in recognition of the high percentage of working mothers.)

More challenging requirements and demands at all levels, especially in verbal and quantitative (math) skills and science.

Fine arts, vocational and physical education must not be neglected.

More help for the average student.

We still need good programs for the emotionally disturbed, learning disabled, physically handicapped and gifted.

A seven period day in high school with a variety of electives is needed.

Less use of visual aids, more field trips.

Minority students should not be shunted into non-academic courses or slow classes.

Increase student awareness of social issues and the business system.

Place less emphasis on competition and more on creativity and individual development.

Emphasize cognitive learning more than memorization, getting good grades and passing tests. Revise the grading system to make it fairer and a measure of real learning. (Some kids stay out of science and math because it's hard to get good grades.)

Learning should be individualized. There is too much emphasis on "assembly line" education.

One suggestion was that we provide general education for all up to age 14 and then an apprentice system for those who choose it. But do not base a student's future on standardized test scores.

Administration

Better communication among administrators, teachers, parents and students.

Must keep classes smaller, especially in elementary school.

Need for stricter discipline, especially in junior high school.

Need for more and better guidance counsellors, especially at the elementary level.

Need for better health services, school nurses and preventive programs. (Mental and physical health.)

Teachers

Need higher pay. (To attract and hold talented people.)

Should have a greater voice in policy making.

Need a better retirement plan.

Need more authority in the classroom.

Have too much paperwork—give them time to teach.

Should have on-going training, help for the (few) weak teachers.

Need to be trained to motivate students and to make the material more relevant to them.

Need programs for exchange of good teaching ideas—from county to county, state to state.

The tenure system needs revision and a "rational" merit pay system should be examined.

Parents and the Family

Should prepare children for school and teach them to want to learn.

More parent participation is needed—in academic as well as other areas.

Should teach religion at home.

The ten small discussion groups looked at the following questions:

1. What should the federal role be in education?

Views ranged from "Get the federal government out of education" and "Reform should start at the local level", to a proposal that the federal government should support one-third of the cost of education, the state one-third and local government one-third. Some other ideas were that the federal government should:

Provide the moral and intellectual leadership and inspiration and set national goals in education. Education is a national concern, it should be a top priority.

Conduct research on effective teacher methods and student motivation, gather and disseminate the data.

Educators should have more input into federal projects.

The Department of Education should be expanded.

Equalize education spending among different areas of the country and among special groups. A common core of learning could be funded.

Provide leadership in setting up new programs, such as handicapped programs and integration.

Fully fund federally mandated programs.

Recognize the professionalism of teachers and help get teachers' salaries competitive with other professionals. This is crucial if we are to keep and attract good teachers. Some suggestions on how to do this were:

Special federal funding for the training of science and math teachers.

Providing of special tax deductions for teachers without increasing the bureaucracy.

Providing of tax incentives for business and industry participation in teacher training and/or hiring teachers in the summer.

Providing highly competitive scholarship and student loans to prospective teachers, loans to be forgiven if the student enters teaching.

2. Which existing programs should be expanded? Eliminated?

Expand: Headstart; chapters I and II; school lunch; vocational programs; programs for the gifted; programs which help early identification of learning problems; special education "PL 94-192 students are increasing at an alarming rate"; new guidelines need to be established to bring the numbers into line with the funding; and implementation of Title IX programs.

Cut back: Impact aid needs to be re-evaluated and Job training Partnership Act (JTPA) has too much money.

3. Should there be federal standards in education?

Yes, we should have national standardized tests for teachers. No, passing a written test does not make a good teacher.

Student standards vary too much throughout the country. Possibly we need a nation-wide standard to challenge students. But, we need to keep local autonomy and control over curriculum. "There is strength in diversity."

4. How much do we as a nation/community value education? Is there a national commitment to it?

Teachers' pay is way below those working in industry and business.

We reward athletic ability way over academic ability, for example in terms of community interest and scholarships.

Parents don't value education as highly now as they did formerly.

Young people can now get jobs without high school or college diplomas.

With both parents working there is less involvement in school.

5. How do we as a nation/community view our teachers?

There are good and bad teachers. Teachers are human.

Low salaries for teachers reflect low prestige and a low view of teachers in the community.

Teachers are not considered professionals but as caretakers, not producers of a product.

The public doesn't realize how hard teachers work.

6. How can we attract and keep high caliber teachers?

Weed out poor teachers before they get a teaching degee.

Give teachers decent starting salaries. Good students will not be attracted to or stay in teaching if salaries are low. Some teachers' families qualify for food stamps, school lunch and housing subsidies!

Society needs to change its concept and expectations of teachers. Their private life should be their own.

Avoid teacher burn out.

(Also, see question No. 1 proposals.)

7. Are we willing to spend more money at federal, state and/or local levels to increase teachers' salaries?

Yes, people are willing to spend more for good teachers.

Federal and State governments must assist in funding for teachers' salaries. localities cannot afford all that is needed. The real estate tax is inadequate.

Place an assessment, earmarked for education, on the federal income tax on a graduated scale and return it to the local schools on the basis of school population.

Pass the American Defense Education Act. (ADEA)

8. The National Commission on Education pointed out some deficiencies in American education. Do these apply to your school?

It was generally felt that the report was too negative, but there was some agreement:

We need better ways of motivating students. There is a "me-oriented" outlook. Too much T.V., too little self discipline.

Sometimes too much emphasis is placed on extra-curricular activities.

Math and science requirements could be strengthened, but this might result in more drop-outs.

Computer literacy should be promoted with exploratory courses, keyboard classes in summer, tutored programs.

Foreign language study should be encouraged and started earlier. "America is a disgrace compared to other countries."

Do away with social promotion.

Try a flexible school year.

Discipline is not a big problem in this area.

9. Are we willing to spend more money at federal, state and/or local levels to correct the above mentioned weaknesses? Some comments on funding for education:

Education needs more support from all three levels of government. There should be more clear cut definitions of guidelines and responsibilities. All three levels need to work together.

Federal support should be dependable, "Don't jerk us around every two years."

Some federal "strings" are reasonable, but local autonomy should be protected.

Block grants have been good. Per pupil funding is preferable to grant writing, but smaller districts may suffer. There should be a financial floor.

Spend less on the United Nations and foreign aid.

Too much money is being spent (and wasted) for defense, the military and weapons. "How many bombs do we need?"

If the federal government reduced taxes, there would be more local monies available for education. Local money goes further.

10. What can the individual citizen do to muster more community support for our schools?

Encourage more people to get personally involved in the schools. Start a program which brings in parents, computer experts, college teachers, lawyers, businessmen, policemen, musicians, artists and the elderly. Get them into the classrooms.

Ask the media to give more and better publicity to the schools—feature articles, T.V. programs—on academic programs, the library, science projects and other programs as well as music and sports. Perhaps the schools need a public relations person.

Participate in the PTA, visit and speak with teachers or attend school board meetings. Tell your elected local officials how you feel about good education. Contact your state and national representatives.

Elected school boards might improve funding for education. "Keep the taxes down" as the basis for local political campaigns hurts the schools.

In general, work to build pride in your schools—among students, teachers, parents and the whole community.

Thanks again to all of you who attended the forum and those who helped plan it. Special thanks to Blue Ridge Community College for allowing us to use their fine facilities. Education is truly an investment in our country's future.●

FIFTH PRECINCT COMMUNITY COUNCIL OF NEW YORK CITY PRESENTS COP-OF-THE-YEAR AWARDS

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GREEN. Mr. Speaker, I rise to honor a distinguished and outstanding citizen of New York City, Police Officer John Smith. This dedicated man will receive the Cop-of-the-Year Award to be presented this evening by the Fifth Precinct Community Council of New York City.

This marks the fifth time the Community Council has presented this award. Each month of the year, one police officer is chosen for performing a courageous deed or for displaying remarkable leadership qualities; Officer Smith has been so distinguished once this year and twice in the past. At the end of the year, a committee chooses the Cop-of-the-Year from the pool of 12 candidates.

I commend the Fifth Precinct Community Council for recognizing the achievements of individual members of the precinct and for enhancing the corporate morale of the precinct. By this action it has renewed the spirit of solidarity that permeates an important multiethnic, multiracial community in New York City.

Police Officer Smith, a member of the force for 12 years, the past 9 with the Fifth Precinct, distinguished himself this year by assisting in the apprehension of a gunman. While on patrol with his partner, he observed a gang member who had fired two shots at another person on Catherine Street. After Smith struggled with the assailant, he wrestled the gun from him. The gun still contained five live rounds and two spent shells. Officer Smith clearly demonstrated his ability to take risks and to act decisively.

Officer Smith, who started his police career at the age of 21, has received other awards and citations including seven excellent police duty awards and four merit awards. Recently he was assigned to the Youth Gang Patrol. In addition to his duties as an officer, Smith is the manager of the Fifth Precinct softball team and is a member of the Board of the Fifth Precinct Club.

Smith is a fine example of an individual who makes the community a strong, healthy, and safe environment in which to live. This man is an asset to his community, both as a keeper of the peace and as a leader of outstanding character whose courageous contributions serve as an inspiration to all of us.●

BILLY MITCHELL, A YOUNG HERO

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. CHAPPELL. Mr. Speaker, I would like to take this opportunity to share with my colleagues the extraordinary rescue made by Billy Mitchell, a young man from Daytona Beach, FL. Billy, a 19-year-old college student, was ending a day of golf recently when he noticed confusion near a pond on the green. As he approached the water's edge, he saw a young boy, 16 months old, and a woman floundering in the water.

Without hesitation, Billy Mitchell dove in, golf cleats and all. Swimming approximately 70 yards, and diving underwater several times to find the young boy who had now lapsed below the surface, Billy's efforts were relentless in finding the child and bringing him to shore for assistance.

Billy then swam back out to save the woman who had first attempted to save the child, but lost footing when the pond dropped off to 15 to 20 feet deep. Both the woman and the child are doing fine thanks to the efforts of Billy Mitchell.

This act of heroism is one that deserves to be commended. There was no doubt in Billy's mind that day as to what he needed to do for his fellow man. It was a decision made without question. I salute Billy Mitchell for his valor, as he helps restore the faith we need in our fellow man.●

JUST WHAT THE ELDERLY NEEDED

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. ROYBAL. Mr. Speaker, last night the National Broadcasting Corp. aired the movie "A Doctor's Story" here in Washington. While there are many movies and television programs about doctors and hospitals, this movie was unusual and carried a critical message. Simply, the message was that the elderly have unique health problems and need special care. When they receive that special care both the elderly and their families benefit greatly.

Art Carney effectively portrayed an elderly widower named Harry who suffered from a heart problem and the apparent onslaught of senility. In real life, this is a fairly typical situation which would usually result in an elderly person, such as Harry, being placed in a nursing home.

However, Harry's problem was not senility. His problem was a misdiagnosis of his condition. What is normally taken as an irreversible slip into a loss of mental function and independence was in fact a side effect of his heart medication. A vital being was almost lost.

What saved Harry was his own rugged determination and the help of a physician. Just as Harry was no ordinary person, the physician was not your usual physician. The physician, skillfully portrayed by actor Howard Rollins, Jr., had two elements essential to helping an elderly person. He cared deeply and he was trained in the practice of geriatric medicine. It was that combination that saved Harry from an unnecessary placement in a nursing home, saved his family from the loss of a parent and grandparent, and saved everyone the immense cost of nursing home care.

This movie deserves much credit. It sends several clear messages. Physicians should see that what is critical in serving the elderly is the willingness to care deeply and the capability to better diagnose their health problems. Families of the elderly should walk away believing that what may appear to be an inevitable slip into dependency and a nursing home need not be so. The elderly person should gather some hope that their health problems are treatable. Growing old does not always mean losing independence and going to a nursing home.

Finally, we policymakers must insure that this Nation has sufficient numbers of physicians who have training in geriatric medicine and who can provide the care our elderly so desperately need.

As chairman of the House Select Committee on Aging, I extend my deep appreciation to NBC, to the actors, Art Carney and Howard Rollins Jr., to the director, Peter Levin, and to the producers for giving us a high quality film on the elderly. I would hope that the success of this film will encourage other filmmakers and other networks to make similar efforts to make the public aware of what it means to grow old in America.●

COL. GEORGE S. ROBERTS

HON. ALAN B. MOLLOHAN

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. MOLLOHAN. Mr. Speaker, it is with great sadness that I must report the death of a great American, and a fellow West Virginian who, through an excellent military career, distinguished himself, his State and his Nation.

Retired Col. George S. Roberts came from my hometown of Fairmont, WV, and, in 1941, at a time that represented great threats to the freedom of America, he became the first black man to be accepted for pilot training by the U.S. Army Air Corps. That accomplishment was only the beginning for Colonel Roberts, whose long career should set a fine example for thousands upon thousands of Americans.

He became the first commander of the famed 99th Fighter Squadron and the first black commander of an integrated Air Force unit at Langley Air Force Base.

Colonel Roberts continued his education and became a professor of air science and tactics at Tuskegee Institute before going on to command the Suwan Air Force Base in Korea. For years, Colonel Roberts served at the very core of the effort to protect America. He served as director of ground radar and the air defense warning system worldwide and was in charge of all fighter aircraft in Vietnam.

Colonel Roberts received much recognition for his years of service. He was the holder of many military decorations including the Distinguished Flying Cross, Air Medal, and Commendation Medal as well as service medals with battle stars.

But, this dedicated West Virginian was more than a new breed of military commander and hero. He was a warm-hearted man with a conscience for social as well as military service. He was the cofounder of the Hipsters—a support organization that assists persons who have had hip surgery, and he founded the Bereavement Society which assists widows and widowers with adjustment problems. He also belonged to a long list of support organizations from the Arthritis Foundation to Industrial and Educational Councils.

Mr. Speaker, Colonel Roberts is representative of his home State. He desire to serve his country and his love of America asked him to face diversity, difficult challenges and sacrifice. He answered that call and not only met those challenges, he excelled in every aspect of service.

I know many of us are aware of the difficulties Colonel Roberts must have faced in his early career as a man who dared to be first. However, I wonder how many of us would have taken on the challenge of breaking down the barriers of prejudice.

Mr. Speaker, I am proud of Colonel Roberts' contributions to the social and military history of America. I am proud of his heritage as a fellow West Virginian, and I hope the example this fine man set with his outstanding career and dedication will not go unnoticed today.

Mr. Speaker, I am sure you will join me in respectfully noting the passing of a great American and a loyal West Virginian.●

TRIBUTE TO MONSIGNOR PETER O'SULLIVAN

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. BERMAN. Mr. Speaker, on Saturday, May 19, 1984, the parishioners of St. John Baptist DeLaSalle Catholic Church in Granada Hills, CA, the community, and civic leaders will honor Monsignor Peter O'Sullivan on the occasion of the 50th anniversary of his ordination to the priesthood.

Peter O'Sullivan was ordained on June 10, 1934 at Cathedral Thurles. Coming to Los Angeles in 1934, he served under three bishops in the diocese and was named a monsignor by Pope Paul VI in May 1978. Monsignor O'Sullivan was assigned to St. John Baptist DeLaSalle on March 2, 1954, and has been its pastor since that date.

Acknowledged as an innovator and community leader in the San Fernando Valley, he is also considered to be one of the pioneers of the church. Active in Kiwanis and in the Granada Hills Chamber of Commerce, Monsignor O'Sullivan was named Granada Hills Citizen of the Year in 1976. He received the Los Angeles Police Department Certificate of Acknowledgment for his support of community safety.

A vital, moving force in his parish and his community, Monsignor O'Sullivan has earned the devotion, love, and admiration of all who have benefited by his untiring, selfless efforts. I ask the Members to join with me in this tribute on this occasion of the 50th anniversary of the ordination of Monsignor Peter O'Sullivan.●

A TRIBUTE TO MR. WILLIAM DOCHTERMAN

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. MATSUI. Mr. Speaker, I would like to pay tribute to a good friend of mine, Mr. William Dochterman, who has provided my district with 25 years of dedicated service as the executive director of the Sacramento-El Dorado Medical Society. These last 25 years Sacramento has grown from a mid-sized town to the fourth largest city in California. Amid such expansion, Bill has provided organized medicine with the leadership necessary to cope with the community's increasing needs.

Bill interrupted his college education to serve our country in the Army Air Corps from 1943 to 1946. After the war, Bill came west to finish his schooling at the University of California, Berkeley. A few years later he was hired as an assistant executive secretary at Alameda-Contra Costa Medical Association, and it was only 5 more years before he was offered the director position for which he is now being honored.

Bill has been sentient and responsive to the pulse of organized medicine as a whole. In addition to directing the medical society in my district, Bill has served on the board of directors for several associations: among them the Sacramento Regional Hospital Planning Council, the Sacramento County Heart Association, the California Medical Political Action Committee, and the Sacramento Metropolitan Chamber of Commerce. He also chaired the 1968 California Medical Executives Conference.

Bill enriches every community body he touches, whether he is acting as a community adviser to the Junior League of Sacramento, a council board member for the Boy Scouts of America, or a United Way "New Horizons" committee member. Bill has helped to better Sacramento, and continues to do so in many ways, not the least of them being his strong support of medicare, which has proven to be a worthy form of community assistance in my district.

Mr. Speaker, I know you join me in applauding the outstanding contributions Bill has made and continues to provide for the Sacramento community. Congratulations Bill, on reaching this noteworthy milestone.●

I KNOW WHERE THE BEEF REALLY IS!

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. HYDE. Mr. Speaker, the oft-asked question this year is "Where's the beef?" Well, I have news for Clara Peller and everyone else, I know where the beef is. I not only know, but I am willing to tell. The beef is in the national debt. It now stands at $1.488 trillion—if that is not beefy, I would like to know what is.

Can anyone comprehend the meaning of $1.488 trillion? I would like to put it in simpler terms:

The national debt would purchase 4,907 Wendy's hamburgers, at $1.29 apiece, for every single one of our 235,059,000 Americans.

It would purchase 244 Wendy's hamburgers for every person in the world.

For Americans, the per capita debt equals $6,330.32.

The U.S. per capita debt equals $315.12 for every man, woman, and child on Earth.

According to the Census Bureau, February 1984, the average price for a new single-family home is $94,500. The national debt would purchase 15,746,031 new homes; one new home for every 15 Americans.

According to Consumer Reports, April 1984, the average price for a 1984 four-door Cadillac De Ville is $18,125. The national debt could buy 82,096,551 of these cars; One new Cadillac for every three Americans.

The average price for a 1984, four-door Chevolet Chevette hatchback is $5,616—we could purchase 264,957,264 of these—one for every American.

If the national debt remained fixed at its current level, and $1,000 were paid every second, it would take 17,222 days (or 47 years) to pay off the debt. The total debt would finally be paid in the year A.D. 2031. At $100 per second it would take 172,222 days; 471 years; A.D. 2455. At $1 per second it would take 17,222,222 days, 47,184 years; A.D. 49168.

The national debt in $1 bills would:

Cover 5,939.8 square miles, more than the combined area of Connecticut and Rhode Island.

Stack up 100,984.8 miles high, almost half the distance to the Moon.

End-to-end, extend 144,196,969.6 miles, 51.3 million miles past the Sun.

End-to-end, circle the Earth at the equator 5,790 times.

Weigh 1,518,367.3 tons, 340.8 times the weight of the U.S. Capitol dome.

Weighs more than the combined weight of 15 carriers, 2 battleships, 4 dock-landing ships, 9 amphibious assualt ships, 4 fleet oilers, 2 cruisers, and 12 destroyers.

I think these figures help highlight the staggering magnitude of the national debt. And I think we can all agree that any and all proposals to help wipe out the debt ought to be given serious consideration.

Today I am introducing legislation which provides a simple mechanism to encourage voluntary contributions to help reduce the national debt.

In its book on instructions for preparing one's tax forms, the IRS has a notice under the section on "general information" regarding voluntary contributions to reduce the public debt. It states:

> You may make voluntary contributions to reduce the national debt. Subject to the limitations on charitable contributions, you can deduct this contribution on your 1984 tax return. If you wish to contribute, enclose a separate check in your tax return envelope made payable to Bureau of the Public Debt. Please keep this contribution separate from any amount on your tax return.

Although Public Law 87-58, the "Contributions To Reduce the Public Debt Act" has been in effect since 1961, the above notice was only first included in the IRS instruction booklet in 1982. Since 1961, slightly over $7 million has been contributed.

By way of comparison, the checkoff on the tax form allowing individuals to designate $1 toward Presidential campaigns generally raises between $30 million to $40 million per year, and there is presently a $176.3 million balance in this fund.

It can be argued, of course, that the discrepancy in the two funds can be explained by the fact that the contributions toward the national debt are charitable donations which come out of the taxpayer's own pocket, whereas designations toward the Presidential Election Campaign Fund come out of the general revenue—it seems like you are giving away someone else's money, that is: Uncle Sam's. But where does Uncle Sam get his money? You guessed it—from the taxpayer. This money set aside from the general revenue is the taxpayers' money and it is that much less going toward other Government-funded programs.

Another explanation for the discrepancy could be that we have made it so simple for people to designate $1 toward Presidential compaigns because of the visibility of the checkoff notice right on the tax form—rather than having a notice printed in the instruction manual for filling out the form.

I am not suggesting that we have contributions toward the national debt come out of the general revenue—although I do feel this would be a far more worthy cause than funding so many pie-in-the-sky Presidential campaigns. What I am suggesting—and what my bill provides—is that we give this voluntary contribution as much visibility on the tax form, as we give the Presidential election campaign fund. My bill will give taxpayers the opportunity to designate any portion of a tax refund due them toward a special account to help reduce the national debt. If the taxpayer will not be receiving a refund, he can still contribute by sending in a separate check with his tax form. Taxpayers will be able to contribute any amount they wish from $1 on up. I repeat—this money will not come out of the general revenue—it will be a voluntary contribution as the law now allows. We will simply be making it easier for taxpayers to designate overpayments of income tax, or to contribute other amounts, toward the debt.

Do I think this is going to wipe out the national debt? No; but the procedure will give the American taxpayers the opportunity to participate, voluntarily, in a concerted effort that would serve the public interest by focusing on the size and weight of the burden we are saddling present and future generations with. More and more people are becoming aware that this $1.488 trillion debt is indeed beefy, and that it is a millstone around our necks that is dragging us down with the economy and can have a dramatic effect on inflation. I believe public notice about how Americans can contribute $1 or more toward a fund to help pay off the debt deserves as much attention and visibility on the IRS form, as a checkoff allowing taxpayers to designate money to more and more quixotic Presidential candidates, whose races at taxpayers' expense are often no more than exercises in self-promotion.

Let's all try to remember where the real beef is, and do something about it. You could buy a lot of cows for $1.488 trillion.●

EIGHTH ANNUAL "SWEET POTATO AFFAIR"

HON. GILLIS W. LONG

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. LONG of Louisiana. Mr. Speaker, the golden sunshine of spring calls to mind that most nutritious of foods—the delicious golden yam. Tomorrow, April 26, we are observing the eighth annual "Sweet Potato Affair," to celebrate the flavor and nutritional value of this excellent vegetable.

Our Nation is enjoying an upsurge of attention to our health and physical condition. We have learned that the kinds and amounts of food we eat can have a definite effect on our wellbeing.

In fact, the National Academy of Sciences recently came up with a number of suggestions on how our diet can affect our susceptibility to several diseases, including cancer. One of the recommendations was that we eat more fruits and vegetables rich in vitamins A and C.

These new facts make our annual "Yam Day," with its goal of encouraging greater consumption of the Nation's sweet potatoes, even more worthwhile. One sweet potato proudly claims 9,230 units of vitamin A, a greater proportion than almost any other comparable food.

The yam is a natural way to satisfy our sweet tooth without adding sugar, and without gaining weight. A medium baked sweet potato adds only 82 calories to a meal.

Bake them, mash them or—for an occasional treat—serve them candied. Sweet potatoes are especially good with poultry and pork, and do not forget that Southern favorite, sweet potato pie.

Because we have such a plentiful yam harvest, the Government uses large amounts of sweet potatoes in its food programs for the military and for schoolchildren. Since a major concern of these programs is to provide foods with a high nutritional value and tasty flavor, the Louisiana yam is custom made. Yams have three great characteristics that make them ideal for government feeding programs: They are extremely nutritious, they are very versatile and can be prepared in many different ways, and they have a natural sweet taste that people—especially children—enjoy.

I encourage the U.S. Department of Agriculture and the Department of Defense to continue and increase their purchases of sweet potatoes, and hope that purchasing decisions will be made as early as possible to assist production planning.●

IN REMEMBRANCE OF SGT. FRANCIS WARNER, SR.

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. CHAPPELL. Mr. Speaker, on March 23, 1984, Sgt. Francis Warner passed away. I would like to share with my colleagues a few words about this man whom so many of us knew.

Sergeant Warner came to work with the Capitol Police in 1968. He worked in the communications division, and also held traffic posts on the House of Representatives detail. This perhaps, is where many of my colleagues had the opportunity to meet him. Sergeant Warner was a man who went out of his way to help others, and will not easily be forgotten. Despite his towering appearance of 6'6", and approximately 300 pounds, Sergeant Warner was a gentle man.

Prior to his job with the Capitol Police, Sergeant Warner worked for 13 years for the District Heights, MD, police force where he began his law enforcement career. A native of Washington, and graduate of St. John's College High School, he served with the Marines during World War II.

Sergeant Warner was a member of the Fraternal Order of Police and the American Legion.

Sergeant Warner was a friend to all who knew him. He was an excellent police officer and will be deeply missed. I offer my sincere condolences to his loved ones as we grieve the loss of our friend, Sgt. Francis Warner, Sr., may he rest in peace.●

THE RETIREMENT OF HOWARD SEELYE

HON. ROBERT E. BADHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. BADHAM. Mr. Speaker, on April 30, 1984, my district representative, Howard Seelye, will be retiring from my Newport Beach staff.

As a member of the California State Assembly from 1962 to 1976, I was covered by Howard, herein referred to as "Aitch," then the Orange County political writer for the Los Angeles Times. Some have accused me of hiring Aitch in 1977 in an effort to substantially reduce any possibility of negative press within Orange County. Although not true, it does make for good copy.

Aitch has been in the newspaper business all of his adult life as a writer, editor, and publisher; Aitch started his professional journalism career in 1946 with the Whittier News as a reporter. He then went on to become managing editor of the El Centro Post-Press in 1952 and publisher of the Pismo Times in 1956. Then in 1960 he returned to the southland as managing editor of the San Gabriel Valley Daily Tribune and completed his newspaper career as the political reporter for the Orange County edition of the Los Angeles Times from 1966 to 1976.

During his tenure in the newspaper business, Aitch received numerous awards for his editing and writing skills from the California Newspaper Publishers Association and from the Orange County Press Club. Aitch also served as the chairman of the California Editors' Conference (CNPA) in 1959.

Aitch came aboard my congressional staff as the district representative in January 1977. His extensive knowledge of Orange County politics and his superior writing skills have been a tremendous asset to me. He has served me and the people of the 40th Congressional District diligently during the past 7½ years.

Aitch would never forgive me if I did not at one point mention that he was born in Whittier and is a graduate of Whittier College. Aitch married Gloria Walls in 1947 and has two grown children. He and Gloria have been blessed with two granddaughters and a third grandchild is due any day.

If a man can be truly measured by his friends, Aitch is a very tall man. I wish him nothing but success and happiness in his semiretirement. I know I speak for the staff when I say he will be missed. Thanks, Aitch, for everything.●

"YOM HASHOA" NATIONAL DAY OF REMEMBRANCE OF MAN'S INHUMANITY TO MAN

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. SMITH of Florida. Mr. Speaker, on the last day of Passover, it is traditional for Jews everywhere to recite "Yizkor", or the mourner's Kaddish, the memorial prayer said for the dead. This Hebrew prayer is said in remembrance of all the departed souls from Biblical times to the present, including those who lost their lives during one of the darkest periods in our society's history—the Nazi Holocaust. As a Jew and as an active member of the Jewish community, and as one who personally suffered family losses, I strongly feel that on "Yom Hashoa", Day of Remembrance, by recalling the horror of the Jews and others killed by the Nazis, society can prevent this tragedy from ever happening again.

We know the pain of remembering the Nazi genocide committed against our people—and feel the loss of each life as if it were our own. We share the sorrow of the survivors and of the families of those who were murdered. Hitler's Nazi genocide happened 40 years ago, but for many Jews who survived the camps, the hiding, and the awful waiting, it happened yesterday. Each Passover, a Seder service is conducted to commemorate the freedom of the Jewish people. Ironically, the Jewish people are still not free, not from the memory of this atrocity. The passover service only contains a few of the many stories and traditions that developed about the bondage of the Jews in Egypt and the birth of Israel as a people. However, of the legends and parables that are told, rabbis that are quoted, and interpretations of Biblical events that are elaborated upon, all are recalled in the hope that in remembering the enslavement of the Jews in Egypt the persecution of a people would come to an end.

"Yom Hashoa" will also be observed in my district on April 29, by the Holocaust Survivors Club of South Florida, the Jewish Federation of Greater Fort Lauderdale, and the Jewish Federation of South Broward. Events such as these serve a greater purpose beyond educating the American public of the roles that survivors and their families play in American life. It brings compassion and reality to the present-day situation of Jews worldwide. The endless efforts of the members of the Jewish Federation of Fort Lauderdale and the Jewish Federation of South Broward who have worked to preserve our heritage should be commended. Their programs remind us of lost friends and of the past as we work toward creating a better future.

I recently had the privilege to view the precious legacy, an exhibit of Judaic treasures from Czechoslovakia's persecuted Jewish community during Hitler's reign of terror. As I toured the collection of objects that were used by Jews of pre-World War II Europe in every facet of their religious and family life, I saw not only mere objects, but also symbols of

Jewish tradition that the Nazis almost eradicated. Amassed by the Nazis as a means of documenting their final solution to the Jewish problem, the collection was intended to become a museum of an extinct race. Instead, these remnants of the rich ethnic culture of the Eastern European Jewish community have become a memorial to the lives and works of a people. During Passover, a time of reflection of suffering and freedom, it is critical to remind ourselves of this unique saga in world history. This culture, as the Nazis preserved it, lives no more. This evidence of Jewish life, however, lives through the survivors who came to the United States after the war. This visible expression of the Jewish heritage must be preserved so that succeeding generations can learn and remember.

During the holiday of Passover, Jews remember the exodus from Egypt from where they left their oppressors for freedom. On this day of "Yom Hashoa," the National Day of Remembrance of "Man's Inhumanity to Man," we also remember the exodus of the survivors of Nazi concentration camps to freedom. The oppression of the Jewish people can be traced back to Biblical times. The persecution of the Jewish people, however, has not been restricted to earlier times only. It still goes on, even today. Therefore, we must also dedicate ourselves to these other causes—the plight of Soviet and Ethiopian Jewry, peace in the Middle East, a safe and secure Israel, the cases of unprosecuted Nazi war criminals, and the welfare of fellow Jews in every Jewish community worldwide.

God bless the memory of the Holocaust victims and the survivors.●

EMEK HEBREW ACADEMY PAYS HONOR

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. BERMAN. Mr. Speaker, Mrs. Helen Pollak, past PTA president and longtime supporter of Emek Hebrew Academy, will be honored on Sunday, May 20, 1984.

Helen and her husband, Alex, were previously honored in 1975 by Emek Hebrew Academy and received the Emek Torah Award.

In addition to her devoted service to Emek Hebrew Academy, Helen is also a past president for Save the Child Guild of Mount S'inai Hospital, and has worked in supporting Hadassah, ORT, and B'nai B'rith.

A true humanitarian, Helen's community service includes involvement in Bnei Akiva, Shaarey Zedek Sisterhood, YMCA, and the Girl Scouts of America.

Helen Pollak has given much of her energy to the community, but has always kept her first priority with her family. She is also a grandmother.

Because of her many contributions to the betterment of her community, I ask the Members to join with Emek Hebrew Academy in paying honor to Helen Pollak.●

BUCKLE-UP AMERICA'S CHILDREN

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. KOSTMAYER. Mr. Speaker, today I am introducing legislation that would provide incentive grants for those States requiring installation of seatbelts in new schoolbuses.

Over the past several years, we have seen a national ground swell of support for increased safety on the highway. Tougher drunk-driving laws and the mandated use of child passenger restraint systems in automobiles are but two examples of society's concern over the growing number of deaths and injuries on the highways each year.

Each year 20 million children ride on schoolbuses. Thousands of children are injured each year in schoolbus-related accidents. There is no question that seatbelts decrease the likelihood of death and injury in all types of vehicles. I believe that we should make our schoolbuses as safe as possible.

The schoolbus design standards enacted in 1977 by the National Highway Traffic Safety Administration have certainly created a much safer bus. I have met with manufacturers, contractors, and drivers of schoolbuses. They are genuinely concerned about child safety. Compartmentalization built into buses manufactured after 1977 has been a step forward. But to increase safety we need to keep the child within this compartment during an accident. Seatbelts would help meet this objective.

The idea of seatbelts in schoolbuses is controversial, Mr. Speaker. Past attempts to increase schoolbus safety have been met with opposition. Concerns over student compliance, vandalism, and other issues have been expressed. The use of seatbelts in several New York communities has not shown these concerns to be a problem, however.

Legitimate differences of opinion do exist as to whether the installation of seatbelts on schoolbuses is warranted. I hope all points of view can be carefully examined in congressional hearings.

This legislation would not mandate seatbelts in schoolbuses. Federal funds would be provided, however, to those States enacting seatbelt requirements for new schoolbuses. Funds could be used for educational programs about seatbelt use, and for other types of child safety/schoolbus issues as well. The choice to mandate seatbelts would be left up to the States.

Seatbelts save lives. America's schoolchildren deserve the full measure of protection we as parents and legislators can reasonably provide. Mr. Speaker, I urge my colleagues to support this new initiative.●

JOBS FOR SENIORS

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. O'BRIEN. Mr. Speaker, I heard a message on the radio when I was back in my district recently that I would like to share with my colleagues. The message, a public service announcement by WBBM Radio in Chicago, was directed at senior citizens 55 and older who are interested in part-time or full-time work. A group called Senior Employment Opportunities, a no-fee, nonsectarian placement service sponsored by the National Council of Jewish Women, is on the lookout for seniors who want to work.

Mr. Speaker, I would like to commend the National Council of Jewish Women for their hard work in trying to find jobs for seniors. Whether it be part-time or full-time work, a job can be a rewarding experience for a senior. I hope some seniors in my district will take them up on the offer. It is a safe bet they will.●

DAYS OF REMEMBRANCE

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. GILMAN. Mr. Speaker, I wish to call to my colleagues' attention events taking place during the week of April 29 to May 6, 1984. For the events to be remembered are such a significant part of Jewish history, of world history, that they warrant special attention. The week beginning April 29 has been designated by Congress and the U.S. Holocaust Memorial Council as our national "Day of Remembrance of the Victims of the Holocaust."

Never before in modern history has an incredible chapter like the Holocaust had such moral significance to the human soul and spirit. Unfortunately, I do not believe that the world has learned from this tragic genocide. Moreover, there are serious challenges to our moral stature as guardians of human rights around the world.

First, one must realize that the horror of all horrors was that the Holocaust was witnessed by many of us who are alive today. Tragically, most were silent. Like so many others who were part of World War II, we saw, only too late, Hitler's atrocities in the death camps. The Holocaust which had a universal impact was the most despicable example of man's inhumanity to man.

Many of us remember. Some of us witnessed and some of us suffered that tragedy. Unfortunately, too few acted and now too many are forgetting. As the Holocaust fades in the memories of so many, those of us who lived through the realization of the horrors of the Holocaust must not relent in our actions. The reason is not only moral. It is also that our generation—the generation of Holocaust witnesses—is fading as well. We are aging, the few living Holocaust survivors are aging, and our Nation is aging. My fear is that with the years that pass between the Holocaust and the future, the next generation—our children and our children's children—will view the Holocaust as just another bland chapter in our history books rather than the single-most moving reminder of the value of human life.

In considering the many human rights violations facing us today, we are immediately reminded of the thousands of Soviet Jews who are refused the right to emigrate—and, in many instances, refused the right to be reunited with their families. We are also reminded that Soviet leaders tried gamely to rationalize their reasons for shooting down a civilian Korean airliner with 269 innocent people aboard. And, the Soviet Union continues to muffle the proud people of Poland who fight for their rights of speech, peaceful assembly, and religion.

Iran is yet another modern day example of the disregard for human rights. Led by ruthless, religious fanatics, Iran's mullahs instruct their followers to execute death missions against our marines in Lebanon, diplomats in embassies abroad, and citizens within their own country. The Ayatollah Khomeini dispatches his nation's children to the front lines to deactiviate land mines in the war with Iraq.

During these days of remembrance, we are also reminded to look to Israel—a nation that regards human life to be most sacred—after 36 years still seeking acceptance from her neighbors so that the peoples of the Middle East can live in peace without fear of terrorism.

Has the world learned the lessons of the Holocaust? One man—Adolf Hitler—was able to stir the innermost evil within many civilized men and women, leading them to perform acts that at the time we could not even comprehend, let alone believe. Are Qadhafi and Khomeini or any other terrorist any different? Is our Nation and the world of nations bowing to international terrorism, allowing the evils of violence to once again prevail over the good of diplomacy?

Fortunately, many people and many nations will not allow evil to overtake good, or violence to overtake peace, or terrorism to overtake diplomacy. Many of us remain committed to the expansion and applications of fundamental human rights. Elie Wiesel, the renowned writer, philosopher, human rights activist, and Holocaust survivor, reminds the world that it must not forget the tragedy of the Holocaust, stating:

> The world has not learned. It did not want to listen. . . . But if we silently drift toward a Holocaust universe, ignoring the testimony of our latest witnesses—the Sakharovs and Timmermans—our real literary prophets will not be Babel or Camus but will be Adolf Hitler.

Yes, let us not forget and let us not allow the world to forget the tragedies of the past.

The second series of events encompassing the week of May 6-13 come at the end of another Passover season—a holiday dedicated to freedom and justice. Yet, many Jews continue to struggle for freedom this very day in the Soviet Union, in Ethiopia, in Syria, and South America. But, just as Moses led the Jews to freedom in the Promised Land of ancient Israel, modern Israel today provides refuge for any Jew in need. Tragically, there was no Israel for the Jews of the Holocaust. There was no country willing to open its doors to them. Had Israel existed then, there may never have been a Holocaust. In these days of remembrance, the existence of Israel and the ashes of the Holocaust are forever intertwined.

As Israel approaches its 36th anniversary of independence, Americans and others throughout the world recognize and pay tribute to Israel's high regard for its democratic values, morals, and ideals. This 36th Independence Day has a special meaning designating a double chai, symbolic of a rededication in the preservation of human life.

As the Holocaust years fade into the past, the tortured memories linger. They linger in the minds of millions of Jews throughout the world. They linger in the violent chapters of the history of World War II. They are remembered by the families of the 6 million who perished.

The United States too remembers. In 1980 Congress approved the creation of a U.S. Holocaust Memorial Council. The Council is an independent Government agency charged with the creation of a living memorial museum to the victims of the Holocaust to honor their memories in annual Days of Remembrance ceremonies. Plans are simultaneously underway for the establishment of a living memorial museum in New York City.

In these Days of Remembrance from April 29 to May 6, and during Jewish Heritage Week from May 6 to May 13, Solidarity Sunday with Soviet Jewry on May 6 at the United Nations in New York City and Israel's "Double Chai" 36th Independence Day on May 7, the United States will continue to remind the world of the horrors of the persecution and genocide of the Holocaust and the hope in the birth of a new nation.

During the Days of Remembrance, I urge my colleagues, my constituents, and all human kind to reflect, and to remember the lessons of the Holocaust, not only during the week of April 29, but in their everyday lives. Parents should be encouraged to discuss the Holocaust with their children, reminding them of the right of all people to live freely, and in peace regardless of race, color, creed, or religion.

In this age of radical terrorism and nuclear weapons, the whole world could be hostage to another genocide. It is therefore incumbent upon those of us who truly believe in our democratic institutions to speak out for human rights, for equality, and for justice, to oppose oppression and intolerance, and never to be silent again.●

TRIBUTE TO SOL ZITTER

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. LEHMAN of Florida. Mr. Speaker, every now and then a remarkable individual comes along who, because of his sensitivity, ability, and determination, leaves lasting impression on his community. Sol Zitter is such a person.

On May 5, a happy crowd will gather in Miami Beach, FL, to celebrate Sol's 70th birthday. It will be more than just a birthday party, however. It will be a celebration of decades of achievement and hard work that will have a lasting impact on our community.

Sol Zitter has spent a lifetime as a pioneer fighting for accessible housing and transportation for handicapped and disabled people. Before Sol, the handicapped were treated as second-class citizens compared to the able bodied. People in wheel chairs were isolated on city blocks with curbs they could not negotiate without assistance. Handicapped people who drove were forced to find parking painfully far from their destinations. Our buildings were designed to be accessible and functional to everyone but the disabled. And handicapped people were forced to accept this discrimination be-

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cause they did not have the clout to change it.

That's when Sol Zitter went to work. With persuasion, organization, political power, and common good sense, Sol appealed to peoples' sense of right and fairness. One by one, the barriers came tumbling down. He fought for and won curbs with ramps so people in wheelchairs could cross the streets. He fought for and won parking for the disabled so that handicapped people could drive with new confidence that they could get to their destinations without fear and exhaustion. He created a new awareness in our community of the problems of the handicapped, the wrongness of arbitrarily excluding them from normal daily activity and the benefits to society of their ingenuity, industriousness and commitment.

Sol Zitter brought people together. He founded the Florida Parapalegic Association and is still the executive director. He is one of the founders of the United Coalition of Handicapped Voters, and still serves on its board of directors. He founded the Florida Council of Handicapped Organizations, and is also a member of the Commission for the Advancement of Physically Handicapped people and the Dade Employ the Handicapped Committee. The list of his accomplishments goes on and on.

Mr. Speaker, in his 70 years, Sol Zitter has selflessly devoted his life to others who needed him, and in so doing, he has helped not only handicapped people, but all of us. I am happy to join with his many friends in offering my warmest congratulations, and thanks.●

BISHOP MOORE DENOUNCES CENTRAL AMERICAN POLICY

HON. GERALD B. H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. SOLOMON. Mr. Speaker, believe it or not, this year a member of the clergy delivered an Easter message that should give, not comfort, but offense to millions of Christians living in Latin America.

The remarks were made by the Rt. Rev. Paul Moore, bishop of the Episcopal Diocese of New York. He denounced President Reagan's policy and lashed out at the violence and terrorism that he claims the United States has inflicted on our neighbors.

Obviously, Bishop Moore has failed to weigh against these claims the terrors, subtle and substantial, that have been experienced by Christians at the hands of the Soviet- and Cuban-backed Sandinista government.

Bishop Moore failed to weigh the extensive censorship of Christian leaders, including the Pope, or the concerted campaigns to infiltrate and undermine legitimate church hierarchies.

Let us ask ourselves what is the ultimate aim of the Marxist Sandinistas? It is not to promote freedom of religion. It is not even to allow freedom of religion. It is to deny the right to worship, and to replace the Judeo-Christian God with the worship of an all-encompassing state.

As leader of the free world, President Reagan is pursuing a course vital to the future of the God-fearing around the globe. The Communists, on the other hand, cannot and will not tolerate religious tolerance.

I plead with Bishop Moore to recognize this simple fact.●

CORINNA KAY CIVIC ASSOCIATION BREAKFAST

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. RODINO. Mr. Speaker, on April 29, the Corinna A. Kay Civic Association will hold an awards breakfast, honoring eight outstanding residents of Essex County. The breakfast will also be an opportunity for us to pay tribute to a dear friend and dedicated leader, Corinna A. Kay.

Corinna is the vice president of Newark's Central High School and is currently seeking her second term on the Essex County Board of Chosen Freeholders. She has served her community with a great deal of distinction, and the civic association in her name is a sign of the esteem in which she is held.

Eight individuals will be honored at the breakfast for their community activities. They are: Mr. Herbert Rama, executive president of the Irvington Chamber of Commerce; Earl Williams, city clerk of East Orange; Joe Clark, principal of East Side High School in Paterson and a resident of South Orange; Gladys Hillman Jones, assistant deputy superintendent of academies for the Newark Board of Education; and Marion Shaw, a senior citizen activist. In addition, student awards will be given to Thelma Ramsey, a high school senior from East Orange, and Sharman Curry, a senior at Columbus High School in Maplewood. The Veterans Award will be presented to Frank Corvasce of Irvington, a veterans activist and State hospital chairman for Menlo Park Soldiers.

The keynote speaker will be Mrs. Jewell Jackson McCabe, national president of the coalition—100 Black Women. The master of ceremonies will be Elmer J. Herrman, Jr., of the Corinna Kay Civic Association.

I am certain that this breakfast will be a very special event, and an opportunity for us to honor some of Essex County's outstanding community leaders, as well as Corinna Kay herself.●

REMEMBRANCE OF THE ARMENIAN GENOCIDE

HON. ROBERT I. MATSUI

OF CALIFORNIA

IN HOUSE OF REPRESENTATIVES

Wednesday, April 25, 1984

● Mr. MATSUI. Mr. Speaker, I would like to take this opportunity to rise in remembrance of the 1.5 million people of Armenian ancestry who were victims of the genocide perpetrated in Turkey between 1915 and 1923. It is essential that we remember these people, both as an acknowledgment to the survivors and as an important lesson to ourselves and future generations.

Genocide is the most terrifying event that has faced the modern world. The attempt to eradicate a people solely because of their ancestry should horrify us all and raise cries of dismay and indignation. But the event becomes more frightening if we choose to forget it occurred. It is important for our children to know that tyranny has existed in the past and that it must be opposed as it arises in the future.

Mr. Speaker, in view of the importance both for the past and our future, I would like to take this moment to recognize the courage and suffering of the Armenian victims. I sincerely hope that their memory will inspire us to work diligently to protect human rights and to oppose tyranny wherever it occurs.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

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Meetings scheduled for Thursday, April 26, 1984, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

APRIL 27

9:30 a.m.
Finance
Health Subcommittee
To hold hearings to examine how to ensure quality health care to low-income persons.
SD-215

10:00 a.m.
Commerce, Science, and Transportation
To hold hearings on S. 2505, to give local communities a right of first refusal when the owner of a professional sports team seeks to relocate that team.
SR-253

APRIL 30

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume oversight hearings to examine the scope and impact of certain occupational diseases.
SD-430

10:00 a.m.
Energy and Natural Resources
To hold oversight hearings on the implementation of the Acid Precipitation Act of 1980 (set forth in subtitle A of title VII of the Energy Security Act (Public Law 96-294)).
SD-366

Judiciary
To resume hearings on S. 462, to clarify certain provisions of the Hobbs Act relating to Federal jurisdiction over labor extortion matters.
SD-226

2:00 p.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Supreme Court, U.S. District Courts/Courts of Appeals, and the U.S. Arms Control and Disarmament Agency.
S-146, Capitol

MAY 1

9:00 a.m.
Appropriations
Labor, Health and Human Services, Education, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Departments of Labor, Health and Human Services, Education, and certain related agencies.
SD-116

9:30 a.m.
Rules and Administration
Business meeting, to consider pending legislative and administrative business.
SR-301

Special on Aging
To hold hearings on protecting medicare and medicaid patients from sanctioned health practitioners.
SD-628

10:00 a.m.
Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the joint weapons program of the Department of Defense.
SD-192

Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Housing and Urban Development.
SD-124

Environment and Public Works
To hold hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings to investigate alleged involvement of organized crime and mismanagement of funds in the Hotel and Restaurant Workers' Union (HEREIU).
SD-342

Judiciary
To continue hearings on S. 462, to clarify certain provisions of the Hobbs Act relating to Federal jurisdiction over labor extortion matters.
SD-226

Labor and Human Resources
Family and Human Services Subcommittee
To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).
SD-430

Joint Economic
To hold hearings on foreign trade issues.
SD-562

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for programs of the U.S. Forest Service, Department of Agriculture.
SD-138

Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the National Oceanic and Atmospheric Administration, Marine Mammal Commission, and the Small Business Administration.
SD-146, Capitol

Judiciary
To hold hearings on S. 2423, to provide financial assistance to State victims of crime programs.
SD-226

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on proposed legislation authorizing funds for the National Institute on Drug Abuse, and the National Institute on Alcohol Abuse and Alcoholism.
SD-430

Joint Economic
Monetary and Fiscal Policy Subcommittee
To hold hearings to review policies to reduce the cost of the Federal Government.
SD-562

MAY 2

9:30 a.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Legal Services Corporation.
SD-146, Capitol

Judiciary
Criminal Law Subcommittee
To hold hearings on S. 804, to reform Federal criminal laws by establishing certain standards and limits for conducting Federal undercover operations and activities.
SD-226

Judiciary
Juvenile Justice Subcommittee
To hold oversight hearings on child sexual abuse issues.
SD-628

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

10:00 a.m.
Agriculture, Nutrition, and Forestry
Business meeting, to consider pending calendar business.
SR-328A

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-138

Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on legislative proposals which authorize funds for those programs which fall within the jurisdiction of the committee.
SD-406

Veterans' Affairs
To hold hearings to review veterans' compensation programs.
SR-418

Joint Economic
Monetary and Fiscal Policy Subcommittee
To continue hearings to review policies to reduce the cost of the Federal Government.
SD-562

2:00 p.m.
Judiciary
To hold hearings on pending nominations.
SD-226

MAY 3

10:00 a.m.
Agriculture, Nutrition, and Forestry
Business meeting, to consider pending calendar business.
SR-328A

Appropriations
Defense Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Defense.
SD-192

Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for U.S. Territories.
SD-138

Appropriations
Transportation and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.
SD-124

Environment and Public Works
To hold hearings on proposed legislation authorizing funds for fiscal year 1985 for the Public Buildings Service, General Services Administration.
SD-406

Judiciary
Business meeting, to consider pending calendar business.
SD-226

Labor and Human Resources
To hold hearings on S. 2117, to establish the National Vaccine-Injury Compensation Program as an elective alternative remedy to judicial action for vaccine related injuries.
SD-562

Labor and Human Resources
Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the Head Start program.
SD-430

MAY 4

9:30 a.m.
Joint Economic
To hold hearings on the employment/unemployment situation for April.
SD-106

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to consider proposed legislation authorizing funds for the impact aid program of the Department of Education.
SD-430

Labor and Human Resources
Family and Human Services Subcommittee
To hold hearings on proposed legislation authorizing funds for the low-energy assistance block grant program.
SD-562

MAY 7

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

MAY 8

9:30 a.m.
Commerce, Science, and Transportation
Business meeting, to consider pending calendar business.
SR-253

Judiciary
Constitution Subcommittee
To hold oversight hearings to discuss certain pornography issues.
SD-226

10:00 a.m.
Appropriations
HUD-Independent Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for certain programs of the Department of Housing and Urban Development and related agencies.
SD-124

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

Labor and Human Resources
Family and Human Services Subcommittee
Business meeting, to consider proposed legislation authorizing funds for programs of the Public Health Service Act, including title X (family planning), and title XX (Adolescent Family Life Act).
SD-430

2:00 p.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Office of Surface Mining, Department of the Interior, and the U.S. Holocaust Memorial Council.
SD-138

2:30 p.m.
Energy and Natural Resources
Energy Conservation and Supply Subcommittee
To hold oversight hearings on the revised constitution of American Samoa.
SD-366

MAY 9

9:30 a.m.
Appropriations
Commerce, Justice, State, the Judiciary, and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Justice.
S-146, Capitol

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

Veterans' Affairs
Business meeting, to mark up a committee resolution to authorize certain construction projects of the Veterans' Administration contained in the administration's budget for fiscal year 1985.
SD-418

MAY 10

9:30 a.m.
Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings on the impact of drugs on crime.
SD-430

Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-124

10:00 a.m.
Appropriations
Interior and Related Agencies Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1985 for the U.S. Geological Survey, Department of the Interior.
SD-138

Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

MAY 15

10:00 a.m.
Judiciary
Juvenile Justice Subcommittee
To resume oversight hearings on child sexual abuse issues.
SD-226

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
To hold hearings on title IX of the Higher Education Act relating to educational equity.
SD-430

MAY 16

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Environment and Public Works
To resume hearings on proposals to extend and amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (Superfund).
SD-406

MAY 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 2329, to improve retirement income security under private multiemployer pension plans and to remove unnecessary barriers to employer participation in those plans by modifying the rules relating to employer withdrawal liability, asset sales, and funding.
SD-430

10:00 a.m.
Appropriations
Defense Subcommittee
To hold open and closed hearings on proposed budget estimates for fiscal

year 1985 for space programs of the Department of Defense.

SD-192

MAY 21

9:30 a.m.

Labor and Human Resources

Labor Subcommittee

To resume oversight hearings to examine the scope and impact of certain occupational diseases.

SD-430

MAY 22

9:30 a.m.

Labor and Human Resources

To hold oversight hearings on alleged corruption by officials of the Boilermaker's Union.

SD-430

MAY 23

9:30 a.m.

Judiciary

Constitution Subcommittee

To resume hearings on Senate Joint Resolution 10, proposing an amendment to the Constitution of the United States relative to equal rights for women and men.

SD-562

10:00 a.m.

Energy and Natural Resources

Business meeting, to consider pending calendar business.

SD-366

11:00 a.m.

Judiciary

Separation of Powers Subcommittee

To resume hearings on S. 1405, proposed Federal Neutrality Act of 1983.

SD-226

JUNE 5

9:30 a.m.

Labor and Human Resources

Labor Subcommittee

To resume oversight hearings to examine the scope and impact of certain occupational diseases.

SD-430

JUNE 6

10:00 a.m.

Veterans' Affairs

To hold oversight hearings on the activities of the Inspector General and Medical Inspector of the Veterans' Administration.

SR-418

JUNE 7

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold hearings on Senate Joint Resolution 138, to establish a National Commission on Teacher Education.

SD-430

JUNE 13

10:00 a.m.

Labor and Human Resources

Business meeting, to consider pending calendar business.

SD-430

Veterans' Affairs

To hold oversight hearings to review the sharing agreement between the Veterans' Administration and the Department of Defense, and to discuss the Veterans' Administration's supply and procurement policy.

SR-418

JUNE 14

10:00 a.m.

Labor and Human Resources

Education, Arts, and Humanities Subcommittee

To hold oversight hearings on college athletic programs.

SD-430

JUNE 19

9:30 a.m.

Labor and Human Resources

To hold oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.

SD-430

JUNE 20

9:30 a.m.

Labor and Human Resources

To continue oversight hearings on the civil rights of victims in labor disputes, focusing on existing agencies ability to protect rank and file employees and the general public during labor disputes.

SD-430

10:00 a.m.

Veterans' Affairs

Business meeting, to markup proposed legislation relating to veterans' compensation.

SR-418

SEPTEMBER 18

11:00 a.m.

Veterans' Affairs

To hold hearings to review the legislative priorities of the American Legion.

SR-325

CANCELLATIONS

MAY 1

10:00 a.m.

Appropriations

Transportation and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1985 for the Department of Transportation and certain related agencies.

SD-138

Labor and Human Resources

Family and Human Services Subcommittee

To resume hearings on proposed legislation authorizing funds for programs of the Public Health Service Act, focusing on title X (family planning).

SD-430